



CITY OF LEE'S SUMMIT, MISSOURI

Comprehensive Annual Financial Report

For The Year Ended June 30, 2012

CITY OF LEE'S SUMMIT, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012



Report issued by the Department of Finance

CITY OF LEE'S SUMMIT, MISSOURI

Table Of Contents

	Page
Introductory Section	
Letter Of Transmittal	i - xii
Principal Officials	xiii
Organizational Chart	xiv
GFOA Certificate Of Achievement	xv
Financial Section	
Independent Auditors' Report	1 - 2
Management's Discussion And Analysis	3 - 11
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement Of Net Assets	12
Statement Of Activities	13
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	14
Reconciliation Of The Governmental Funds Balance Sheet To The Statement Of Net Assets	15
Statement Of Revenues, Expenditures And Changes In Fund Balances	16
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	17
Proprietary Funds:	
Statement Of Net Assets	18
Statement Of Revenues, Expenses And Changes In Fund Net Assets	19
Statement Of Cash Flows	20
Notes To Basic Financial Statements	21 - 49
Required Supplementary Information	
Budgetary Comparison Information - General Fund	50
Notes To Budgetary Comparison Information	51
Schedule Of Funding Progress - Retirement Plan And Other Post Employment Benefit Obligations	52

CITY OF LEE'S SUMMIT, MISSOURI

Table Of Contents

	Page
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	53
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Governmental Funds	54
Combining Balance Sheet - Nonmajor Special Revenue Funds	55
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Special Revenue Funds	56
Budgetary Comparison Schedules:	
Park Board Fund	57
Violence Against Women Grant Fund	58
Combining Balance Sheet - Nonmajor Capital Projects Funds	59 - 60
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Capital Projects Funds	61 - 62
Budgetary Comparison Schedule - Debt Service	63
Combining Statement Of Net Assets - Internal Service Funds	64
Combining Statement Of Revenues, Expenses And Changes In Fund Net Assets - Internal Service Funds	65
Combining Statement Of Cash Flows - Internal Service Funds	66
Statistical Section (Unaudited)	
Net Assets By Component	67
Changes In Net Assets	68 - 69
Fund Balances - Governmental Funds	70
Changes In Fund Balances - Governmental Funds	71 - 72
Program Revenues By Function/Program	73
All Governmental Funds Revenues By Source	74
Assessed Value And Estimated Actual Value Of Taxable Property	75
Direct And Overlapping Property Tax Rates	76
Principal Property Taxpayers	77
Property Tax Levies And Collections	78
Ratios Of Outstanding Debt By Type	79
Ratios Of Net General Bonded Debt Outstanding	80
Direct And Overlapping Governmental Activities Debt	81
Legal Debt Margin Information	82
Demographic And Economic Statistics	83
Principal Employers	84
Full-Time Equivalent City Employees By Function	85
Operating Indicators By Function	86
Capital Statistics By Function	87

Introductory Section



CITY OF LEE'S SUMMIT

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

December 21, 2012

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, 2012. The Finance Department prepared this report and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

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

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

Honors and Recognition

Fiscal year 2012 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 2010 Kansas City Institute of Traffic Engineers (KCITE) Excellence in Transportation Award for "green" achievements with the installation of InSync adaptive traffic signal controls and signal synchronization.

The city was designated a Bronze Level Walk Friendly Community for its walk ability initiatives and programs by the Pedestrian and Bicycle Information Center.

The Lee's Summit Police Department received the Commission on Accreditation for Law Enforcement Agencies (CALEA) Advance Laws Enforcement Accreditation. With this accreditation the Lee's Summit Police Department joins an elite class of the top three percent of law enforcement agencies in the country.

The Lee's Summit Fire Department along with architects of the station were the recipient of the Silver Design Award from Fire Chiefs magazine's "Station Style" design competitions. Fire Station No. 2 was honored in the "Satellite Station" category of the competition considered one of the top awards for fire station design.

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.

Lee's Summit is located at the suburban edge of the Kansas City metropolitan area and has absorbed significant growth in the last two decades. In 1980, the City's population was approximately 28,000 and 46,500 in 1990. The city experienced a 53 percent increase in populations from 1990 to 2000 and increased in population by more than 29 percent between 2000 and 2010. Today's population is approximately 91,569.

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 17,617 in 2011. Fall 2012 enrollment saw an decrease of 83 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 offers a quality of life that is second to none. This Gold Medal Award winning department manages a wide range of programs and activities throughout the Lee's Summit community. Forty-two full time staff care for over 1,100 acres, over 50 miles of trails, manages three community centers, a water park, and provide more than 3,100 opportunities and events annually at less than \$28 per capital. To help serve the population, a volunteer program was created; and in 2011-12 approximately 5,500 volunteers contributed over 103,000 hours. Lee's Summit Parks and Recreation nurtures public and private partnerships with county parks, private developers, and other city departments to create land agreements, new neighborhood parks and the first dog park.

Lee's Summit Parks and Recreation also supports and encourages arts, culture and beautification throughout the City. From free downtown festivals, to an Arts Council grant program and Arts Summits, to the Beautification Committee awards, Lee's Summit Parks and Recreation ensure the continuance and growth of a thriving arts community in Lee' Summit.

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 and Beyond" with voters approving an extension of the Parks and Soils sales tax in 2005. 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.

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 widely recognized as one of the best and most comprehensive retirement communities in the Greater Kansas City Area. John Knox Village is a continuing care retirement community that provides senior house, countless services and amenities and long term health care services. Located on 400 acres, more than 1,800 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.

The City, in cooperation with the Unity Village School of Christianity, approved the annexation and development of approximately 300 acres of land south of Colbern Road. The property contains an estimated 2.2 million square feet capacity for 'Class A' and other commercial oriented development upon full build out.

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
2012	5.4%	7.1%	8.2%
2011	6.7%	8.7%	9.1%
2010	6.9%	9.3%	9.4%
2009	7.8%	9.6%	9.5%
2008	3.4%	5.8%	5.6%

The City of Lee's Summit continues to be an active and growing community. 1,485 building permits were issued in calendar year 2011 (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 91,364 in the 2010 census to an estimated population of 91,569 as of December 2011.

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.

Capital projects of \$28 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 2nd 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 2012 has been a year of holding our own during this tough economy. 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 2012, 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 2013 budget process to ensure sound financial position. General Fund expenditures are recommended to increase 2% over the previous year's budget primarily comprised of merit increases and implementation of Phase 2 of a recent compensation and benefit study.

The City utilizes a five-year model for fiscal planning purposes. This model, through active cost containment actions, projects a fund balance of 24% of planned expenditures in Fiscal Year 2017. 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, 2012 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 53% 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 31% 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 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 367 days to 3.4 years, with an average maturity of 27 months. The average yield on investments was .75%. 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.

A strategic plan for the Water Utilities Department was adopted by the City Council in December 2011. This plan consisted of a comprehensive assessment phase followed by a strategic planning process. One of many recommendations of the plan was to adjust water rates in order to preserve financial reserves, address needed system improvements and offset increasing operating cost. The adjustment became effective April 1, 2012 for water service customers. Sanitary sewer service rates remained unchanged in 2012 but are recommended to increase in subsequent years.

The City purchases its water from the City of Independence, Missouri (66%) and the City of Kansas City, Missouri Water Department (34%). Sewage treatment is provided by the Little Blue Valley Sewer District, which charges member cities on a volume treated basis. The City of Lee's Summit represents approximately 19.6% 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. The Airport has 23 building and many tie down spots that house approximately 172 aircraft.

In April 2011, the *Airport Business Plan* was adopted by the City Council. The plan was developed to assess the potential to improve the Airport's financial performance, economic development, and operation. Items identified in the plan to increase profitability range from extending a runway to attract more corporate aviation to improving terminal services and initiating a marketing strategy.

Following recommendation of the *Airport Business Plan*, the City initiated an engineering contract for services to provide the design work for the first phase of development involving the grading for a 1,285 foot extension to the south. This work is being performed with the assistance of federal and state aviation grants and is expected to be completed in late 2012.

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 2017. 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.

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, 2011. This was the 34th 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, 2011. 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 Honorable Mayor
and City Councilmembers
City of Lee's Summit, Missouri

The City's health insurance is provided by Blue Cross and Blue Shield of Kansas City. Dental insurance is provided by Delta Dental. 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
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

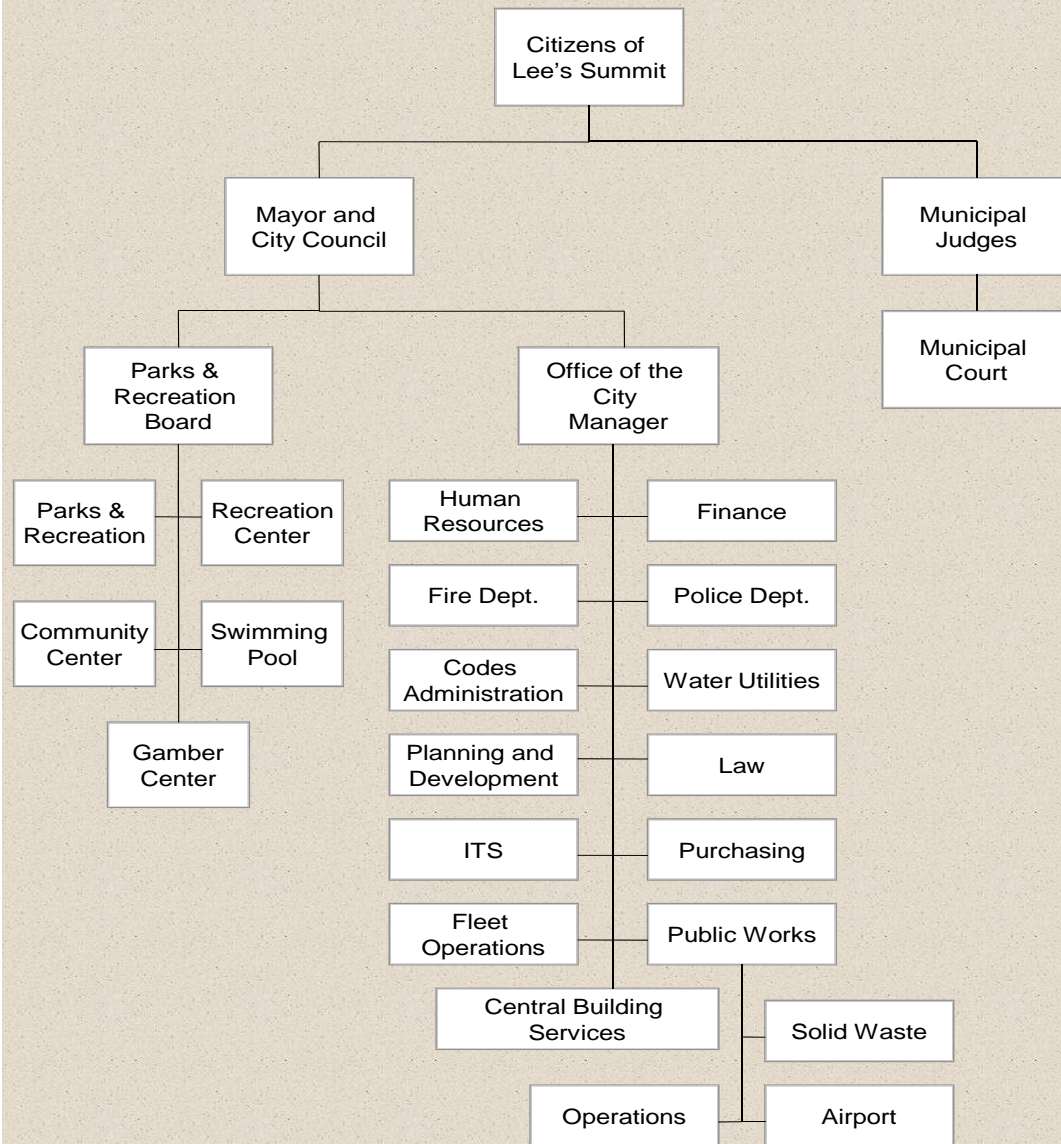
Charles Owsley, Public Works Director

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, 2011

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. Danson

President

Jeffrey R. Emer

Executive Director

Financial Section



RubinBrown LLP
Certified Public Accountants
& Business Consultants

10975 Grandview Drive
Suite 600
Overland Park, KS 66210

T 913.491.4144
F 913.491.6821

W rubinbrown.com
E info@rubinbrown.com

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, 2012, 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, 2012, 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, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the budgetary comparison 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 to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 introductory section, the combining and individual fund financial statements and schedules and the statistical section, as 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. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is 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 the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

RubinBrown LLP

December 21, 2012

CITY OF LEE'S SUMMIT, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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, 2012. This is the tenth 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 \$672,152,429 (net assets). Of this amount, unrestricted net assets were negative \$4,055,182.
- The City's total net assets increased \$18 million. Of this amount, \$14.8 million was from the City's "governmental activities" and the balance was from the "business-type activities."
- The City's total debt decreased approximately \$31.7 million (26.7%) during the current fiscal year. Factors in this decrease are the payout of a \$15.5 million in claims and judgments 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, 2012, assets exceed liabilities by \$672,152,429. The largest portion of the City's net assets, \$606,977,756 (90%), 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, 2012 and 2011:

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 85,206,742	\$ 109,766,674	\$ 38,460,906	\$ 37,604,770	\$ 123,667,648	\$ 147,371,444
Capital assets	427,018,071	416,940,271	220,324,279	222,247,980	647,342,350	639,188,251
Total assets	512,224,813	526,706,945	258,785,185	259,852,750	771,009,998	786,559,695
Long-term liabilities outstanding	61,129,378	71,865,960	16,173,271	19,051,244	77,302,649	90,917,204
Other liabilities	17,270,865	35,794,315	4,284,055	5,667,919	21,554,920	41,462,234
Total liabilities	78,400,243	107,660,275	20,457,326	24,719,163	98,857,569	132,379,438
Net assets:						
Invested in capital assets, net of related debt	395,912,631	388,840,510	211,065,125	208,202,388	606,977,756	597,042,898
Restricted	39,690,100	47,738,657	29,539,755	26,915,369	69,229,855	74,654,026
Unrestricted	(1,778,161)	(17,532,497)	(2,277,021)	15,830	(4,055,182)	(17,516,667)
Total net assets	\$ 433,824,570	\$ 419,046,670	\$ 238,327,859	\$ 235,133,587	\$ 672,152,429	\$ 654,180,257

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 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 net asset 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. Two funds are special revenue funds that are waiting on grant reimbursements. These funds include Entitlement Fund and Energy Efficiency Grant. These funds currently have temporary loans from other funds until proceeds are received. Five other funds are capital project funds. These include: the New Longview TIF fund which accounts for the New Longview TIF, Public Safety Issues fund which accounts for expenditures related to the 2010 bond election question, Third Street Improvements fund which accounts for improvements along Third Street related to a bond issue, Storm Water Improvements fund which accounts for improvements related to a bond issue, and Salt Dome #2, which accounts for the construction of a second salt dome with bond funds. Lastly, the Sanitary Landfill is an enterprise fund that accounts for landfill operations and capital projects. These funds have temporary loans from other funds.

The City's combined net assets increased to \$672.2 million from \$654.2 million as a result of the year's revenues exceeding expenses as reflected in the next table. The City's unrestricted net assets for governmental activities were \$(1.8) million. Total unrestricted net assets were \$(4.1) million including business-type activities of \$(2.3) million.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

By far, the largest portion of the City's net assets (90%) 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 \$672 million is comprised of \$607 million invested in capital assets, net of related debt; \$69.2 million is restricted for capital projects, debt service, law enforcement and economic development; \$(4.1) million is unrestricted.

The City's net assets increased \$18 million during the current fiscal year. Eighty-two 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, 2012 and 2011:

	Changes In Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 9,104,567	\$ 8,232,002	\$ 34,052,037	\$ 31,655,970	\$ 43,156,604	\$ 39,887,972
Operating grants and contributions	3,046,594	5,664,487	—	—	3,046,594	5,664,487
Capital grants and contributions	4,322,416	1,725,891	1,200,056	1,134,261	5,522,472	2,860,152
General revenues:						
Property taxes	36,430,730	38,698,817	—	—	36,430,730	38,698,817
Sales and use taxes	29,762,456	28,720,660	—	—	29,762,456	28,720,660
Other revenue	18,075,905	20,923,605	885,940	590,813	18,961,845	21,514,418
Total revenues	100,742,668	103,965,462	36,138,033	33,381,044	136,880,701	137,346,506
Expenses:						
General government	16,992,428	18,438,529	—	—	16,992,428	18,438,529
Public safety	39,839,950	36,379,439	—	—	39,839,950	36,379,439
Public works and streets	18,286,042	36,254,828	—	—	18,286,042	36,254,828
Planning and development	940,979	948,798	—	—	940,979	948,798
Parks and recreation	7,927,148	7,491,321	—	—	7,927,148	7,491,321
Interest on long-term debt	3,745,099	4,604,626	—	—	3,745,099	4,604,626
Combined waterworks and sewerage system	—	—	24,556,071	22,341,294	24,556,071	22,341,294
Sanitary landfill	—	—	3,205,632	4,108,646	3,205,632	4,108,646
Airport	—	—	2,146,464	2,121,901	2,146,464	2,121,901
Recreation Center	—	—	1,268,716	1,295,805	1,268,716	1,295,805
Total liabilities	87,731,646	104,117,541	31,176,883	29,867,646	118,908,529	133,985,187
Increases in net assets before transfers	13,011,022	(152,079)	4,961,150	3,513,398	17,972,172	3,361,319
Transfers	1,766,878	1,324,636	(1,766,878)	(1,324,636)	—	—
Increase in net assets	14,777,900	1,172,557	3,194,272	2,188,762	17,972,172	3,361,319
Net assets, beginning	419,046,670	417,874,113	235,133,587	232,944,825	654,180,257	650,818,938
Net assets, ending	\$ 433,824,570	\$ 419,046,670	\$ 238,327,859	\$ 235,133,587	\$ 672,152,429	\$ 654,180,257

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Governmental Activities

Governmental activities increased the City's net assets by \$14.8 million.

Property taxes, the largest governmental category at 36% finished the year at \$36.4 million which had a decrease \$2.3 million or 6% over the prior year. This is due primarily to lower assessed values on real estate. Sales and Use taxes finished the year with increase of \$1 million over the prior year, \$29.8 million compared to \$28.8 million the prior year. Franchise tax came in \$2.5 million less than the prior year as well. This was primarily due to mild weather conditions. Overall, governmental revenues finished the year \$3.2 million below the prior year.

For the fiscal year ended June 30, 2012, revenues totaled \$136.9 million (governmental and business-type). Revenues from governmental activities totaled \$100.7 million or 74% of the total City revenues.

Governmental activities expenses decreased \$16.4 million or 16% for the fiscal year ended June 30, 2012 compared to the fiscal year ended June 30, 2011. This decrease in primarily due to the settlement of a lawsuit that was recognized in fiscal year 2011.

Certain revenues are generated that are specific to governmental program activity. These totaled \$5.9 million. The following table shows expenses and program revenues of the governmental activities for the years ended June 30, 2012 and 2011:

	Net Cost Of Governmental Activities			
	Total Cost Of Service		Net Cost Of Service	
	2012	2011	2012	2011
General Government	\$ 16,992,428	\$ 18,438,529	\$ (13,150,188)	\$ (12,387,911)
Public Safety	39,839,950	36,379,439	(34,235,492)	(31,126,564)
Public Works and streets	18,286,042	36,254,828	(13,822,349)	(34,403,962)
Planning and development	940,979	948,798	(787,016)	(826,427)
Parks and recreation	7,927,148	7,491,321	(5,517,925)	(5,145,671)
Interest on long-term debt	3,745,099	4,604,626	(3,745,099)	(4,604,626)
Total	\$ 87,731,646	\$ 104,117,541	\$ (71,258,069)	\$ (88,495,161)

As previously noted, expenses from governmental activities totaled \$87.7 million. However, net costs of these services were \$71.3 million. The difference represents direct revenues received from charges for services of \$9.1 million, operating grants and contributions of \$3 million and capital grants and contributions of \$4.3 million. Taxes and other revenues of \$86 million were collected to cover these net costs.

Business-Type Activities

Business-type activities net assets increased by \$3.2 million in the current year.

Overall revenues increased \$2.8 million or 8.3% compared to last year. This was primarily due to an increase in water revenues during the current year of 9.4% or \$2.5 million. Dry conditions and a rate increase were factors in this increase. On the other hand, expenses also increased \$1.3 million or 4% compared to the prior year. Again, water utility expenditures increased \$1.8 million over the prior year. This was due to increased water purchases during the drought.

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, 2012 was \$12.9 million or 23% of actual expenditures. This represents an increase of \$735,000 or a 6% increase over the previous year's balance. Revenues decreased \$1 million and expenses decreased by \$16.9 million over the previous fiscal year. This decrease in expenditures was due primarily to the settlement of a lawsuit for \$15.5 million in Fiscal Year 2011 and savings in labor costs due less inclement winter weather.

The City recognizes the need for a fund balance that can adequately absorb any downturn 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, the fund balance was drawn down to 17% after settlement of a lawsuit. The City's financial model is showing recovery to 24% fund balance at the end of fiscal year 2017.

The Debt Service Fund ended the year with a fund balance of \$6.9 million, an increase of \$247,000 or 4%. As of June 30, 2012, 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, 2012, \$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 2012 \$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 future "no tax increase" bond issues.

The Chapel Ridge TIF Fund ended the year with a fund balance of negative \$3.3 million at June 30, 2012. The negative fund balance is due to an interfund loan of \$3.4 million. Funds were used to construct the Strother Road Interchange. This loan will be paid off in fiscal year 2015.

The Capital Improvement Sales Tax Fund ended the year with a fund balance of \$19.5 million. This represents an increase of \$4.4 million or 29% over the previous year. The increase is due to steady sales tax revenues coupled with projects still in the design stages.

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 \$3.2 million. Revenues increased over the last fiscal year by \$2.5 million as consumption levels increased. During the current fiscal year, weather conditions very dry throughout the winter, spring and early summer.

The Sanitary Landfill fund recorded a decrease of \$600,000 in net assets for the year that is attributed to resuming payments to the Post Closure Fund in the amount of \$175,000. Along with expenses of \$3.2 million exceeding revenues of \$2.9 million resulting in an operating loss of \$300,000. The City monitors tipping fees in order to remain competitive with other landfills. Daily tonnage is also monitored to ensure that the life of the landfill lasts until 2017 as planned.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The Airport Fund recorded a decrease of \$265,000 in net assets for the year. The decrease is attributed to an operating loss of \$194,000 for the fiscal year.

General Fund Budgetary Highlights

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

The total original expenditure budget of \$57,552,018 increased to \$57,608,878 for an increase of \$56,860.

Actual revenues were \$3.8 million less than budgeted. Property taxes were \$239,000 less than expected due to decreased values from reassessment. Revenue from sales taxes was \$189,000 or 2% higher than expected. Franchise receipts were \$1.6 million lower than budget primarily due to mild weather conditions. Franchise tax revenues are paid by utilities and can vary with weather conditions. Interest earnings were \$198,000 lower than anticipated due to lower than expected interest rates on investments.

Actual expenditures were \$2 million less than budgeted. This was primarily due to on-going cost containment measures.

Capital Assets And Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$647 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 \$8.2 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 million.
- Road overlay and slurry seal program totaling \$4.3 million for the year.
- Final completion of the new Todd George Parkway between Woods Chapel and Colbern roads totaling \$2.35 million for the year.
- Arterial Street Light replacement totaling \$1 million for the year.
- Progress on Public Safety Emergency Radio System upgrade at \$1.1 million for the year.
- Progress design and right of way acquisition of Bailey Road totaling \$1.1 million for the year.
- Progress construction of Storm water Improvements city wide totaling \$2.4 million for the year.
- Progress construction on city wide curb replacement totaling \$6 million for the year.
- Additional system additions and improvements were completed in the Combined Waterworks and Sewerage Fund at a cost of over \$1.5 million including water main rehab of \$535,000 and progress the Prairie Lee sewer line of \$585,000 for the year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 7,997,075	\$ 7,997,075	\$ 19,625,415	\$ 19,625,415	\$ 27,622,490	\$ 27,622,490
Construction in progress	103,702,293	110,334,347	15,186,818	20,870,215	118,889,111	131,204,562
Buildings	47,249,421	45,924,560	—	—	47,249,421	45,924,560
Improvements	20,816,385	20,289,311	184,937,462	181,082,548	205,753,847	201,371,859
Machinery and equipment	10,425,149	10,406,169	574,584	669,802	10,999,733	11,075,971
Infrastructure	236,827,748	221,988,809	—	—	236,827,748	221,988,809
Total assets	\$ 427,018,071	\$ 416,940,271	\$ 220,324,279	\$ 222,247,980	\$ 647,342,350	\$ 639,188,251

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 2012, had a total of \$73.4 million of outstanding obligations. This was a decrease of \$17.2 million or 19% from the previous year.

The City's aggressive debt retirement schedule is the reason the overall obligations for both governmental activities and business-type activities decreased.

As of June 30, 2012, the City's total issued General Obligation (G.O.) Bonded Debt was \$27,375,000 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 \$319,634,286. This, less outstanding debt, authorized and unissued debt, and available cash, leaves a legal debt margin of \$262,701,741, which is 82% of the City's total bonding capacity. Bonded debt, net of available debt service funds, amounted to approximately \$234 per capita and represented 1.3% of the assessed value of taxable property.

General Obligation Bonds retired in fiscal year 2012 totaled \$6.6 million.

Over the course of fiscal year 2012 the City's bond rating was downgraded by Moody's from Aaa to Aa1. The \$15.5 million lawsuit settlement significantly reduced fund balance. The City is committed to rebuilding the balance to levels comparable to other Aaa entities.

The total revenue bond amount outstanding at June 30, 2012 was \$8,680,000, which was solely made up of bonds of the Combined Water and Sewer Utility.

The Combined Water and Sewer Utility Fund retired \$12,585,000 of their principal amount outstanding this year along with interest payments of \$775,000. This was done through the sale of refunding revenue bonds. The 2012 combined Waterworks and Sewerage System Refunding Bonds redeemed in full the \$8,865,000 remaining 2002A bonds. This will generate a savings of just over \$1 million in interest costs.

The City's Combined Water and Sewer Revenue Bonds carry an Aa2 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 appropriations.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The City has \$12,290,000 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 2013 are projected to total \$59.6 million. This represents an increase of 2.0% over the prior year budget of \$58.4 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 sales taxes and charges for services.

General Fund expenses are projected to total \$59.4 million compared to \$57.6 million budgeted in fiscal year 2012. This represents a 3.1% increase.

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

Health insurance premium increases were budgeted with a 10% increase based on preliminary estimates, as the City switched carriers in fiscal year 2012 and is gathering new claims experience data.

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

During the budget process, the Mayor and City Council reemphasized their budget priorities into the following categories: public safety, public infrastructure, sustainable development, new technologies, customer service enhancements, communication and citizen engagement and performance excellence. The goal of the budget was to fund these priorities and maintain the high level of services offered by the City. The City has continued to meet the challenges created by the economic down turn. 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 2013.

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, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 71,926,009	\$ 32,775,212	\$ 104,701,221
Receivables (net of allowance):			
Taxes	7,313,126	—	7,313,126
Accounts and other	1,155,707	3,908,218	5,063,925
Interest	253,478	133,079	386,557
Internal balances	(609,660)	609,660	—
Due from other governmental agencies	1,033,826	134,301	1,168,127
Inventories	135,678	386,632	522,310
Prepaid expenses	3,996	5,360	9,356
Other assets	24,623	4,988	29,611
Deferred bond issue costs, net	629,959	11,381	641,340
Restricted assets:			
Cash and investments	3,340,000	492,075	3,832,075
Capital assets:			
Nondepreciable	111,699,368	34,812,233	146,511,601
Depreciable, net	315,318,703	185,512,046	500,830,749
Total Capital Assets	427,018,071	220,324,279	647,342,350
Total Assets	512,224,813	258,785,185	771,009,998
Liabilities			
Accounts payable and accrued expenses	8,618,478	2,118,465	10,736,943
Accrued interest payable	620,492	33,005	653,497
Unearned revenues	—	25,906	25,906
Customer deposits - payable from restricted deposits	—	437,263	437,263
Long-term obligations:			
Due within one year:			
Compensated absences	171,895	14,416	186,311
Bonds and contracts	7,860,000	1,655,000	9,515,000
Due in more than one year:			
Compensated absences	3,662,138	290,770	3,952,908
Net pension obligation	534,912	—	534,912
Other post employment benefits	1,175,952	125,612	1,301,564
Bonds and contracts	55,756,376	15,756,889	71,513,265
Total Liabilities	78,400,243	20,457,326	98,857,569
Net Assets			
Invested in capital assets, net of related debt	395,912,631	211,065,125	606,977,756
Restricted for:			
Debt service	6,821,937	794,000	7,615,937
Capital projects	23,415,764	28,745,755	52,161,519
Law enforcement	1,654,710	—	1,654,710
Economic development	7,797,689	—	7,797,689
Unrestricted	(1,778,161)	(2,277,021)	(4,055,182)
Total Net Assets	\$ 433,824,570	\$ 238,327,859	\$ 672,152,429

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 16,992,428	\$ 1,827,798	\$ 2,014,442	\$ —	\$ (13,150,188)	\$ —	\$ (13,150,188)
Public safety	39,839,950	4,572,306	1,032,152	—	(34,235,492)	—	(34,235,492)
Public works and streets	18,286,042	141,277	—	4,322,416	(13,822,349)	—	(13,822,349)
Planning and development	940,979	153,963	—	—	(787,016)	—	(787,016)
Parks and recreation	7,927,148	2,409,223	—	—	(5,517,925)	—	(5,517,925)
Interest on long-term debt	3,745,099	—	—	—	(3,745,099)	—	(3,745,099)
Total Governmental Activities	87,731,646	9,104,567	3,046,594	4,322,416	(71,258,069)	—	(71,258,069)
Business-Type Activities							
Waterworks and sewerage system	24,556,071	28,899,909	—	786,755	—	5,130,593	5,130,593
Sanitary landfill	3,205,632	2,583,031	—	—	—	(622,601)	(622,601)
Airport	2,146,464	1,454,730	—	413,301	—	(278,433)	(278,433)
Recreation center	1,268,716	1,114,367	—	—	—	(154,349)	(154,349)
Total Business-Type Activities	31,176,883	34,052,037	—	1,200,056	—	4,075,210	4,075,210
Total Primary Government	\$ 118,908,529	\$ 43,156,604	\$ 3,046,594	\$ 5,522,472	(71,258,069)	4,075,210	(67,182,859)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					28,935,033	—	28,935,033
Property taxes, levied for debt service					7,495,697	—	7,495,697
Franchise taxes					13,743,797	—	13,743,797
Sales and use taxes					29,762,456	—	29,762,456
License taxes					613,669	—	613,669
Earnings on investments					606,847	236,172	843,019
Other revenues					2,853,482	649,768	3,503,250
Gain on sale of assets					258,110	—	258,110
Transfers					1,766,878	(1,766,878)	—
Total General Revenues And Transfers					86,035,969	(880,938)	85,155,031
Change In Net Assets					14,777,900	3,194,272	17,972,172
Net Assets - Beginning					419,046,670	235,133,587	654,180,257
Net Assets - Ending					\$ 433,824,570	\$ 238,327,859	\$ 672,152,429

CITY OF LEE'S SUMMIT, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Debt Service	Chapel Ridge TIF	Capital Improve- ment Sales Tax	Other Governmental Funds	Total Governmental Funds
Assets						
Pooled cash and investments	\$ 8,321,900	\$ 6,633,797	\$ 401	\$ 16,213,180	\$ 32,476,122	\$ 63,645,400
Receivables (net of allowance):						
Taxes	3,822,460	787,391	56,032	922,938	1,724,305	7,313,126
Accounts and other	1,155,707	—	—	—	—	1,155,707
Interest	51,323	28,198	—	52,660	93,098	225,279
Due from other funds	2,985,978	—	—	2,324,051	240,000	5,550,029
Due from other governments	304,871	—	39,104	—	689,851	1,033,826
Other assets	9,966	—	—	—	2,217	12,183
Restricted assets:						
Cash and investments	—	—	—	—	3,340,000	3,340,000
Total Assets	\$ 16,652,205	\$ 7,449,386	\$ 95,537	\$ 19,512,829	\$ 38,565,593	\$ 82,275,550
Liabilities And Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 2,922,711	\$ —	\$ —	\$ 21,457	\$ 4,907,133	\$ 7,851,301
Accrued interest payable	—	—	12,611	—	12,732	25,343
Due to other funds	—	—	3,394,000	—	3,143,900	6,537,900
Deferred revenue	822,329	521,508	—	—	439,037	1,782,874
Total Liabilities	3,745,040	521,508	3,406,611	21,457	8,502,802	16,197,418
Fund Balances						
Nonspendable						
Advances to other funds	2,838,778	—	—	—	—	2,838,778
Restricted						
Bridges, streets and signals	—	—	—	19,491,372	7,767,570	27,258,942
Economic development	—	—	—	—	11,112,543	11,112,543
Law enforcement	—	—	—	—	1,654,710	1,654,710
Debt service reserve	—	6,927,878	—	—	—	6,927,878
Other capital projects	—	—	—	—	1,610,449	1,610,449
Committed						
Bridges, streets, & signals	—	—	—	—	154,691	154,691
Landfill care	—	—	—	—	4,164,904	4,164,904
Cemetery care	—	—	—	—	1,123,591	1,123,591
Other capital projects	—	—	—	—	1,109,057	1,109,057
Assigned						
Parks and recreation	—	—	—	—	3,987,317	3,987,317
Economic development	—	—	—	—	47,397	47,397
Other capital projects	—	—	—	—	102,587	102,587
Other purposes	—	—	—	—	250,951	250,951
Unassigned	10,068,387	—	(3,311,074)	—	(3,022,976)	3,734,337
Total Fund Balances	12,907,165	6,927,878	(3,311,074)	19,491,372	30,062,791	66,078,132
Total Liabilities And Fund Balances	\$ 16,652,205	\$ 7,449,386	\$ 95,537	\$ 19,512,829	\$ 38,565,593	\$ 82,275,550

CITY OF LEE'S SUMMIT, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS June 30, 2012

Total Fund Balance, Governmental Funds \$ 66,078,132

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	517,291,123
Less: Accumulated depreciation	(100,489,786)

Some of the City's taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.

1,782,874

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

(595,149)

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

18,076,231

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	(3,684,501)
Net pension obligation	(534,912)
Bonds payable	(64,210,000)
Unamortized discounts	1,005,513
Unamortized premiums	(411,889)
Unamortized bond issue costs	629,959
Other post employment benefit liability	(1,113,025)

Total Net Assets - Governmental Activities \$ 433,824,570

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS For The Year Ended June 30, 2012

	General Fund	Debt Service	Chapel Ridge TIF	Capital Improve- ment Sales Tax	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Property	\$ 20,188,941	\$ 7,601,638	\$ 1,448,672	\$ —	\$ 7,568,620	\$ 36,807,871
Sales	11,736,388	2,775,089	494,450	5,867,075	8,889,454	29,762,456
Franchise	13,743,797	—	—	—	—	13,743,797
License	—	—	—	—	613,669	613,669
Bed	—	—	—	—	297,045	297,045
Fines and forfeitures	1,406,207	58,147	—	—	23,114	1,487,468
Licenses and permits	1,328,522	—	—	—	2,224,344	3,552,866
Intergovernmental	823,492	—	167,450	—	2,279,696	3,270,638
Charges for services	3,605,332	—	—	—	161,856	3,767,188
Investment earnings	218,742	50,622	—	78,370	211,106	558,840
Other	1,619,206	—	63,142	824	1,170,310	2,853,482
Total Revenues	54,670,627	10,485,496	2,173,714	5,946,269	23,439,214	96,715,320
Expenditures						
Current:						
General government	11,100,245	—	—	—	1,147,864	12,248,109
Public safety	33,423,433	—	—	—	—	33,423,433
Public works and streets	10,103,785	—	—	—	—	10,103,785
Community development	940,979	—	—	—	—	940,979
Parks and recreation	—	—	—	—	6,038,617	6,038,617
Debt Service:						
Principal	—	7,650,000	—	—	4,860,000	12,510,000
Interest and other charges	—	1,757,708	30,568	—	1,788,983	3,577,259
Capital Outlay	—	—	2,346,889	1,572,519	21,624,186	25,543,594
Total Expenditures	55,568,442	9,407,708	2,377,457	1,572,519	35,459,650	104,385,776
Excess (Deficiency) Of						
Revenues Over Expenditures	(897,815)	1,077,788	(203,743)	4,373,750	(12,020,436)	(7,670,456)
Other Financing Sources (Uses)						
Transfers in	2,502,778	505,794	297,712	—	1,187,472	4,493,756
Transfers out	(869,549)	(1,336,250)	—	—	(1,111,756)	(3,317,555)
Total Other Financing Sources (Uses)	1,633,229	(830,456)	297,712	—	75,716	1,176,201
Net Change In Fund Balances	735,414	247,332	93,969	4,373,750	(11,944,720)	(6,494,255)
Fund Balances - Beginning	12,171,751	6,680,546	(3,405,043)	15,117,622	42,007,511	72,572,387
Fund Balances - Ending	\$ 12,907,165	\$ 6,927,878	\$ (3,311,074)	\$ 19,491,372	\$ 30,062,791	\$ 66,078,132

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, 2012

Net Change In Fund Balances - Total Governmental Funds \$ (6,494,255)

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 \$15,913,857 exceeded depreciation of \$10,407,782 in the current period. 5,506,075

Contributions of capital assets are recorded as capital contributions in the Statement of Activities. Contributions primarily represent infrastructure assets. 4,098,380

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. (377,141)

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:

Repayment of principal	12,510,000
Bond discount amortization	(54,053)
Bond premium amortization	91,299
Bond issue cost amortization	(80,317)
Accrued interest	(125,584)

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	(341,313)
Compensated absences	(80,913)
Net pension obligation	(105,520)

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. 231,242

Change In Net Assets Of Governmental Activities \$ 14,777,900

CITY OF LEE'S SUMMIT, MISSOURI
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2012

	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	\$ 30,221,226	\$ 2,238,925	\$ 183,203	\$ 131,858	\$ 32,775,212	\$ 8,280,609	
Restricted cash and investments	492,075	—	—	—	492,075	—	
Receivables (net of allowance):							
Accounts and other	2,238,390	199,852	87,000	—	2,525,242	—	
Unbilled accounts	1,382,976	—	—	—	1,382,976	—	
Interest	113,206	18,188	1,412	273	133,079	28,199	
Due from other funds	2,439,764	—	—	—	2,439,764	378,211	
Due from other governments	—	—	134,301	—	134,301	—	
Inventories	338,248	—	48,384	—	386,632	135,678	
Prepaid expenses	—	—	5,360	—	5,360	3,996	
Other assets	4,988	—	—	—	4,988	12,440	
Total current assets	37,230,873	2,456,965	459,660	132,131	40,279,629	8,839,133	
Noncurrent assets:							
Deferred bond issue costs, net	3,645	—	7,736	—	11,381	—	
Capital assets:							
Nondepreciable	14,733,329	81,687	19,997,217	—	34,812,233	104,250	
Depreciable, net	166,016,657	5,724,380	13,606,926	164,083	185,512,046	10,112,484	
Total noncurrent assets	180,753,631	5,806,067	33,611,879	164,083	220,335,660	10,216,734	
Total Assets	217,984,504	8,263,032	34,071,539	296,214	260,615,289	19,055,867	
Liabilities							
Current liabilities:							
Accounts payable	1,851,399	120,640	59,855	86,571	2,118,465	767,135	
Salaries payable	—	—	—	—	—	42	
Accrued interest payable	11,771	10,998	10,129	107	33,005	—	
Due to other funds	—	—	1,830,104	—	1,830,104	—	
Unearned revenue	—	—	25,906	—	25,906	—	
Compensated absences	9,245	2,315	1,061	1,795	14,416	9,501	
Current portion of long-term debt - bonds	1,605,000	—	50,000	—	1,655,000	—	
Payable from restricted assets:							
Customer deposit	404,686	—	32,577	—	437,263	—	
Total current liabilities	3,882,101	133,953	2,009,632	88,473	6,114,159	776,678	
Noncurrent liabilities:							
Revenue bonds	7,113,881	—	—	—	7,113,881	—	
Certificates of participation	—	—	490,273	—	490,273	—	
Compensated absences	185,819	45,355	25,578	34,018	290,770	140,031	
Closure and post-closure liability	—	8,152,735	—	—	8,152,735	—	
Other post employment benefits	101,589	15,012	9,011	—	125,612	62,927	
Total noncurrent liabilities	7,401,289	8,213,102	524,862	34,018	16,173,271	202,958	
Total Liabilities	11,283,390	8,347,055	2,534,494	122,491	22,287,430	979,636	
Net Assets							
Invested in capital assets, net of related debt	172,031,105	5,806,067	33,063,870	164,083	211,065,125	10,216,734	
Restricted for debt service	794,000	—	—	—	794,000	—	
Restricted for capital projects	28,319,285	39,832	386,638	—	28,745,755	—	
Unrestricted	5,556,724	(5,929,922)	(1,913,463)	9,640	(2,277,021)	7,859,497	
Total Net Assets	\$ 206,701,114	\$ (84,023)	\$ 31,537,045	\$ 173,723	\$ 238,327,859	\$ 18,076,231	

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For The Year Ended June 30, 2012

	Enterprise Funds					
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total	Internal Service Funds
Operating Revenues						
Charges for services	\$ 28,837,624	\$ 2,583,031	\$ 552,649	\$ 1,114,367	\$ 33,087,671	\$ 7,100,014
Material and fuel sales	62,285	—	902,081	—	964,366	—
Other	175,163	315,643	37,620	121,342	649,768	76,098
Total Operating Revenues	29,075,072	2,898,674	1,492,350	1,235,709	34,701,805	7,176,112
Operating Expenses						
Salaries, wages and employee benefits	3,484,047	916,615	390,943	699,424	5,491,029	2,764,722
Water purchases	7,635,822	—	—	—	7,635,822	—
Utilities	751,467	75,860	54,001	77,749	959,077	346,564
Repairs and maintenance	690,326	235,495	157,951	20,846	1,104,618	686,265
Sewer services	4,830,382	—	—	—	4,830,382	—
Fuels and lubricants	124,264	242,710	741,485	—	1,108,459	8,112
Depreciation	4,258,678	281,590	577,036	32,997	5,150,301	2,672,468
Miscellaneous	2,212,800	1,429,503	178,034	437,351	4,257,688	1,365,436
Total Operating Expenses	23,987,786	3,181,773	2,099,450	1,268,367	30,537,376	7,843,567
Operating Income (Loss)	5,087,286	(283,099)	(607,100)	(32,658)	4,164,429	(667,455)
Nonoperating Revenues (Expenses)						
Interest income	203,221	29,040	3,911	—	236,172	48,007
Capital grants and contributions	—	—	413,301	—	413,301	—
Interest expense	(568,285)	(23,859)	(47,014)	(349)	(639,507)	1,903
Gain on disposal of capital assets	—	—	—	—	—	258,110
Total Nonoperating Revenues (Expenses)	(365,064)	5,181	370,198	(349)	9,966	308,020
Income Before Contributions And Transfers	4,722,222	(277,918)	(236,902)	(33,007)	4,174,395	(359,435)
Capital Contributions	786,755	—	—	—	786,755	—
Transfers In	273,407	—	55,700	79,050	408,157	590,677
Transfers Out	(1,783,329)	(308,398)	(83,308)	—	(2,175,035)	—
Change In Net Assets	3,999,055	(586,316)	(264,510)	46,043	3,194,272	231,242
Total Net Assets - Beginning	202,702,059	502,293	31,801,555	127,680	235,133,587	17,844,989
Total Net Assets - Ending	\$ 206,701,114	\$ (84,023)	\$ 31,537,045	\$ 173,723	\$ 238,327,859	\$ 18,076,231

CITY OF LEE'S SUMMIT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2012

	Enterprise Funds					Total	Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)			
Cash Flows From Operating Activities							
Cash received from customers	\$ 28,266,306	\$ 2,922,741	\$ 1,384,348	\$ 1,235,709	\$ 33,809,104	\$ 7,176,112	
Cash paid to suppliers	(18,788,077)	(1,583,747)	(1,192,398)	(540,640)	(22,104,862)	(2,429,754)	
Cash paid to employees	(3,432,313)	(912,873)	(387,046)	(697,053)	(5,429,285)	(2,746,641)	
Net Cash Provided By (Used In) Operating Activities	6,045,916	426,121	(195,096)	(1,984)	6,274,957	1,999,717	
Cash Flows From Noncapital Financing Activities							
Transfers in	273,407	—	55,700	79,050	408,157	590,677	
Transfers out	(1,783,329)	(308,398)	(83,308)	—	(2,175,035)	—	
Net Cash Provided By (Used In) Noncapital Financing Activities	(1,509,922)	(308,398)	(27,608)	79,050	(1,766,878)	590,677	
Cash Flows From Capital And Related Financing Activities							
Principal payments on long-term debt	(4,345,000)	—	(45,000)	—	(4,390,000)	—	
Interest paid on long-term debt obligations	(725,294)	(18,799)	(46,063)	(264)	(790,420)	—	
Capital grants	—	—	413,301	—	413,301	—	
Additions to capital assets	(1,923,150)	(45,876)	(440,568)	(8,518)	(2,418,112)	(3,145,814)	
Proceeds from sale of capital assets	—	—	—	—	—	258,110	
Net Cash Used In Capital And Related Financing Activities	(6,993,444)	(64,675)	(118,330)	(8,782)	(7,185,231)	(2,887,704)	
Cash Flows Provided By Investing Activities							
Interest received	153,908	20,521	3,655	(273)	177,811	35,571	
Net Increase (Decrease) In Cash And Cash Equivalents	(2,303,542)	73,569	(337,379)	68,011	(2,499,341)	(261,739)	
Cash And Cash Equivalents - Beginning Of Year	33,016,843	2,165,356	520,582	63,847	35,766,628	8,542,348	
Cash And Cash Equivalents - End Of Year	\$ 30,713,301	\$ 2,238,925	\$ 183,203	\$ 131,858	\$ 33,267,287	\$ 8,280,609	
Operating income (loss)	\$ 5,087,286	\$ (283,099)	\$ (607,100)	\$ (32,658)	\$ 4,164,429	\$ (667,455)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	4,258,678	281,590	577,036	32,997	5,150,301	2,672,468	
Changes in assets and liabilities:							
(Increase) decrease in inventories	(46,528)	—	657	—	(45,871)	2,999	
(Increase) decrease in accounts receivable	(430,702)	24,067	3,703	—	(402,932)	—	
Increase in due from other government agencies	—	—	(111,176)	—	(111,176)	—	
Increase in due from other funds	(2,439,764)	—	—	—	(2,439,764)	(378,211)	
Increase in unbilled revenue	(373,207)	—	—	—	(373,207)	—	
(Increase) decrease in prepaid expenses	—	—	1,340	—	1,340	(1,295)	
(Increase) decrease in other assets	20,135	—	—	—	20,135	205,697	
Increase (decrease) in accounts payable	(76,859)	(9,558)	(62,924)	(4,694)	(154,035)	147,433	
Increase in salaries and wages payable	—	—	—	—	—	42	
Decrease in due to other funds	—	—	(2,648)	—	(2,648)	—	
Increase (decrease) in customer deposits	(4,857)	—	2,119	—	(2,738)	—	
Increase in accrued landfill closure/postclosure care costs	—	409,379	—	—	409,379	—	
Increase in other post employment benefits	33,351	6,740	3,169	—	43,260	20,759	
Increase (decrease) in accrued compensated absences	18,383	(2,998)	728	2,371	18,484	(2,720)	
Total adjustments	958,630	709,220	412,004	30,674	2,110,528	2,667,172	
Net Cash Provided By (Used In) Operating Activities	\$ 6,045,916	\$ 426,121	\$ (195,096)	\$ (1,984)	\$ 6,274,957	\$ 1,999,717	

Supplemental Disclosure Of Cash Flow Information

The City has the following noncash transactions: \$786,755 in water and sewer lines were contributed during fiscal year 2012 and the City advance refunded \$8,865,000 of Series 2002-A bonds by issuing \$7,940,000 in Revenue Refunding Bonds.

CITY OF LEE'S SUMMIT, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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.

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.

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.

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, 2012.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Unbilled Revenue

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

Interfund And Related Party Transactions

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

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

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

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

Net Assets

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

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

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

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

Capital Contributions

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

Use Of Estimates

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

2. Deposits And Investments

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

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

Interest Rate Risk

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

The fair values, as determined by quoted market prices and the maturities, of the City's investments at June 30, 2012 are as follows:

	Fair Value	Less Than 1 Year	1 To 5 Years	5 To 10 Years
Certificates of deposit	\$ 15,880,000	\$ 7,191,000	\$ 8,689,000	\$ —
U.S. Treasury securities	49,880,391	23,191,250	26,689,141	—
Municipal bonds	16,051,516	7,266,185	8,785,331	—
Repurchase agreements	14,595,000	14,595,000	—	—
Guaranteed investment contracts	1,676,500	—	—	1,676,500
Money market funds	10,234,672	10,234,672	—	—
	108,318,079	\$ 62,478,107	\$ 44,163,472	\$ 1,676,500
Unrestricted Cash deposits per books	215,217			
Cash and investments per Statement of Net Assets	\$ 108,533,296			

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution.

The City's policy requires all deposits placed in financial institutions to be at least 105% collateralized with securities that are acceptable to the Finance Director of the City and in accordance with state statutes. As of June 30, 2012, 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.

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, 2012, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

	Fair Value	AAA/Aaa	MIG1/VMIG1	Unrated
Certificates of deposit	\$ 15,880,000	\$ —	\$ —	\$ 15,880,000
U.S. Treasury securities*	49,880,391	—	—	49,880,391
Municipal bonds	16,051,516	—	16,051,516	—
Repurchase agreements	14,595,000	—	—	14,595,000
Guaranteed investment contracts	1,676,500	—	—	1,676,500
Money market funds	10,234,672	—	—	10,234,672
Total	\$ 108,318,079	\$ —	\$ 16,051,516	\$ 92,266,563

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Concentration Risk

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

<u>Investment Type</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
General Time Deposits	0%	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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Johnson County, MO Hospital Build America Bonds	Municipal Bond	\$ 5,003,700
Manhattan Kansas Temporary Notes	Municipal Security	6,339,043
Repurchase Agreements	**	14,595,000

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

Restricted Cash and Investments

During fiscal year 2012, the City entered into an escrow agreement with the Unity School of Christianity totaling \$3,832,075 to be spent on public improvements within the recently annexed Unity Village property. As of June 30, 2012, the City deposited \$3,832,075 into the escrow account for the first phase of the construction project. This amount is restricted and can only be used for construction expenses related to Unity Village property public improvements.

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

Capital asset activity for the year ended June 30, 2012 was as follows:

	Governmental Activities			
	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Nondepreciable capital assets:				
Land	\$ 7,997,075	\$ —	\$ —	\$ 7,997,075
Construction in progress	110,334,347	15,627,615	22,259,669	103,702,293
Total nondepreciable capital assets	118,331,422	15,627,615	22,259,669	111,699,368
Depreciable capital assets:				
Buildings	61,325,375	3,763,245	—	65,088,620
Improvement other than buildings	29,574,901	2,184,490	—	31,759,391
Furniture, fixtures and equipment	32,251,500	3,232,923	2,317,565	33,166,858
Infrastructure	282,743,584	20,861,875	—	303,605,459
Total depreciable capital assets	405,895,360	30,042,533	2,317,565	433,620,328
Less: Accumulated depreciation				
Buildings	15,400,815	2,438,384	—	17,839,199
Improvement other than buildings	9,285,590	1,657,416	—	10,943,006
Furniture, fixtures and equipment	21,845,331	2,961,514	2,065,136	22,741,709
Infrastructure	60,754,775	6,022,936	—	66,777,711
Total accumulated depreciation	107,286,511	13,080,250	2,065,136	118,301,621
Total depreciable capital assets, net	298,608,849	16,962,283	252,429	315,318,703
Total governmental activities capital assets, net	\$ 416,940,271	\$ 32,589,898	\$ 22,512,098	\$ 427,018,071

Depreciation expense was charged to functions as follows:

General government	\$ 886,730
Public safety	1,055,898
Public works and streets	6,333,318
Parks and recreation	2,131,836
Capital assets held by the government's Internal Service Funds are charged to the various functions based on their usage of the assets	2,672,468
	<u>\$ 13,080,250</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Business-Type Activities				
	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Nondepreciable capital assets:				
Land	\$ 19,625,415	\$ —	\$ —	\$ 19,625,415
Construction in progress	20,870,215	2,431,325	8,114,722	15,186,818
Total nondepreciable capital assets	40,495,630	2,431,325	8,114,722	34,812,233
Depreciable capital assets:				
Structures and improvements	251,293,507	8,901,478	—	260,194,985
Furniture, fixtures and equipment	3,334,032	8,519	40,956	3,301,595
Total depreciable capital assets	254,627,539	8,909,997	40,956	263,496,580
Less: Accumulated depreciation				
Structures and improvements	70,210,959	5,046,564	—	75,257,523
Furniture, fixtures and equipment	2,664,230	103,737	40,956	2,727,011
Total accumulated depreciation	72,875,189	5,150,301	40,956	77,984,534
Total depreciable capital assets, net	181,752,350	3,759,696	—	185,512,046
Total governmental activities capital assets, net	\$ 222,247,980	\$ 6,191,021	\$ 8,114,722	\$ 220,324,279

Depreciation expense was charged to functions as follows:

Combined waterworks and sewerage system	\$ 4,258,678
Sanitary landfill	281,590
Airport	577,036
Nonmajor enterprise funds	32,997
	<u> </u>
	<u>\$ 5,150,301</u>

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

Debt payable at June 30, 2012 is composed of the following:

	Interest Rates	Maturity Date	Balance
Governmental Activities			
General obligation bonds:			
City hall – 2003	2.00 - 4.87	4/1/2023	\$ 16,775,000
Improvement bonds – 2011	3.00	4/1/2017	<u>10,600,000</u>
Total general obligation bonds			<u><u>\$ 27,375,000</u></u>
Certificates of participation:			
City park – 2006	4.00 – 4.30	7/1/2018	<u>\$ 11,745,000</u>
TIF bonds:			
Summit woods crossing – 2001	4.85 – 6.25	5/1/2017	\$ 3,245,000
Summit fair – 2011	5.625 – 7.25	4/1/2023	<u>21,845,000</u>
Total TIF bonds			<u><u>\$ 25,090,000</u></u>
Business-Type Activities			
Combined Waterworks and Sewerage Fund:			
Revenue bonds:			
Waterworks – 2004	2.93	4/1/2013	\$ 740,000
Waterworks – 2012	1.00-2.00	7/1/2021	<u>7,940,000</u>
Total revenue bonds			<u><u>\$ 8,680,000</u></u>
Airport Fund:			
Certificates of participation – airport – 2000	4.00-4.375	9/1/2021	<u>\$ 545,000</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes 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, 2012:

Governmental Activities	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
General obligation bonds	\$ 33,975,000	\$ —	\$ (6,600,000)	\$ 27,375,000	\$ 3,225,000
Less: Bond discount	(121,819)	—	10,366	(111,453)	—
Add: Bond Premium	503,188	—	(91,299)	411,889	—
Total general obligation bonds	34,356,369	—	(6,680,933)	27,675,436	3,225,000
Certificates of participation	12,795,000	—	(1,050,000)	11,745,000	1,390,000
Less: Bond discount	(68,267)	—	9,753	(58,514)	—
Total certificates of participation	12,726,733	—	(1,040,247)	11,686,486	1,390,000
TIF bonds	29,950,000	—	(4,860,000)	25,090,000	3,245,000
Less: Bond discount	(869,479)	—	33,933	(835,546)	—
Total TIF bonds	29,080,521	—	(4,826,067)	24,254,454	3,245,000
Accrued compensated absences	3,755,840	312,075	(233,882)	3,834,033	171,895
Net pension obligation	429,392	105,520	—	534,912	—
Claims and judgments	15,500,000	—	(15,500,000)	—	—
Other post employment benefits	813,880	394,072	(32,000)	1,175,952	—
Total governmental activities long-term obligations	\$ 96,662,735	\$ 811,667	\$ (28,313,129)	\$ 69,161,273	\$ 8,031,895

The total long-term liabilities of \$69,161,273 consist of compensated absences and other post employment benefits of \$149,532 and \$62,927, respectively, related to Internal Service Funds, while the remaining amount of \$68,948,814 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, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Combined waterworks and sewerage system fund:					
Revenue bonds	\$ 13,325,000	\$ 7,940,000	\$ (12,585,000)	\$ 8,680,000	\$ 1,605,000
Less: Deferred amount on refunding	—	(282,852)	—	(282,852)	—
Add: Bond premium	—	321,733	—	321,733	—
Total revenue bonds	13,325,000	7,978,881	(12,585,000)	8,718,881	1,605,000
Compensated absences	176,681	40,294	(21,911)	195,064	9,245
Other post employment benefits	68,238	33,351	—	101,589	—
Total waterworks and sewerage fund	13,569,919	8,052,526	(12,606,911)	9,015,534	1,614,245
Sanitary landfill fund:					
Landfill closure/post closure care	7,743,356	409,379	—	8,152,735	—
Compensated absences	50,668	—	(2,998)	47,670	2,315
Other post employment benefits	8,272	6,740	—	15,012	—
Total sanitary landfill fund	7,802,296	416,119	(2,998)	8,215,417	2,315
Airport fund:					
Certificates of participation	590,000	—	(45,000)	545,000	50,000
Less: Bond discount	(5,300)	—	573	(4,727)	—
Total certificates of participation	584,700	—	(44,427)	540,273	50,000
Compensated absences	25,911	1,789	(1,061)	26,639	1,061
Other post employment benefits	5,842	3,169	—	9,011	—
Total airport fund	616,453	4,958	(45,488)	575,923	51,061
Nonmajor enterprise fund:					
Compensated absences	33,442	2,371	—	35,813	1,795
Total business-type activities long-term obligations	\$ 22,022,110	\$ 8,475,974	\$ (12,655,397)	\$ 17,842,687	\$ 1,669,416

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Debt service requirements on long-term debt at June 30, 2012 are as follows:

Year	General Obligation Bonds		Governmental Activities Certificates Of Participation		TIF Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 3,225,000	\$ 1,015,375	\$ 1,390,000	\$ 500,013	\$ 3,245,000	\$ 1,545,959
2014	3,275,000	906,375	1,370,000	440,938	—	1,404,241
2015	3,425,000	795,375	2,330,000	382,713	465,000	1,391,303
2016	3,600,000	700,375	2,600,000	283,688	850,000	1,354,459
2017	3,750,000	598,625	2,355,000	173,188	970,000	1,303,272
2018-2022	8,225,000	1,628,726	1,700,000	73,100	4,935,000	5,668,249
2023-2027	1,875,000	89,063	—	—	6,145,000	4,120,512
2028-2030	—	—	—	—	8,480,000	1,314,788
	\$ 27,375,000	\$ 5,733,914	\$ 11,745,000	\$ 1,853,640	\$ 25,090,000	\$ 18,102,783

Year	Enterprise Funds			
	Combined Waterworks And Sewerage System		Airport	
	Revenue Bonds		Certificates Of Participation	
	Principal	Interest	Principal	Interest
2013	\$ 1,605,000	\$ 190,567	\$ 50,000	\$ 27,640
2014	905,000	132,450	50,000	25,040
2015	880,000	123,400	55,000	22,310
2016	900,000	105,800	55,000	19,423
2017	925,000	87,800	60,000	16,375
2018-2022	3,465,000	161,100	275,000	30,613
	\$ 8,680,000	\$ 801,117	\$ 545,000	\$ 141,401

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.

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, 2011, the constitutionally imposed total general obligation debt limit was \$319,634,286, which, after reduction for authorized general obligation bonds net of available resources in the Debt Service Fund, provides a general obligation debt margin of \$262,701,741.

Combined Waterworks And Sewerage Revenue Bonds

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

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

All required minimum reserve amounts for each revenue bond series have been properly maintained by the City at June 30, 2012. The City is also in compliance with minimum net revenue covenants (as defined in the indenture) at June 30, 2012.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Bond Refunding

On May 15, 2012, the City issued \$7,940,000 million in Waterworks and Sewerage Revenue Refunding Bonds Series 2012 with interest rates ranging between 1.0-2.0 percent to advance refund \$8,865,000 million of outstanding Series 2002-A bonds with interest rates ranging between 3.0-5.0 percent. The net proceeds of \$9.0 million (after payment of underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 2002-A bonds. As a result, \$8,865,000 of the Series 2002-A Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$282,852. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2021 using the straight line interest method. The City completed the advance refunding to lower the interest rates related to the debt. As a result of the refunding, the City reduced its total debt service requirements by \$1,851,078, which resulted in an economic gain of \$1,500,796.

5. Construction Commitments

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

	Contract Amount	Amount Funded By Grants
General	\$ 176,460	\$ —
Nonmajor Governmental	5,844,807	
Combined Waterworks and Sewage System	414,366	—
Sanitary Landfill	15,516	—
	<u>\$ 6,451,150</u>	<u>\$ —</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

6. Interfund Receivables, Payables And Transfers

The composition of interfund balances as of June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	\$ 147,200
General Fund	Chapel Ridge TIF	1,008,674
General Fund	Airport	1,830,104
Nonmajor Governmental	Nonmajor Governmental	240,000
Capital Improvement		
Sales Tax	Chapel Ridge TIF	2,324,051
Combined Waterworks and		
Sewerage System	Nonmajor Governmental	2,378,489
Combined Waterworks and		
Sewerage System	Chapel Ridge TIF	61,275
Internal Service	Nonmajor Governmental	<u>378,211</u>
Total		<u><u>\$ 8,368,004</u></u>

The \$1,830,104 payable from the Airport Fund to the General Fund represents funds that were provided to the Airport to decrease borrowings to outside parties and to fund operations. This amount is being repaid over the next ten years.

Other interfund payables and receivables represent fund overdraws of cash, which are made in the ordinary course of business. 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	Chapel Ridge TIF	Nonmajor Governmental	Water & Sewer	Airport Fund	Nonmajor Enterprise	Internal Service	
Transfers from:									
General Fund	\$ —	\$ —	\$ —	\$ 149,652	\$ —	\$ 55,700	\$ 79,050	\$ 585,147	\$ 869,549
Debt Service Fund	1,000,000	—	—	336,250	—	—	—	—	1,336,250
Nonmajor Governmental	6,293	505,794	297,712	28,550	273,407	—	—	—	1,111,756
Combined Waterworks and Sewerage System	1,285,309	—	—	498,020	—	—	—	—	1,783,329
Sanitary Landfill	133,398	—	—	175,000	—	—	—	—	308,398
Airport	77,778	—	—	—	—	—	5,530	83,308	
	<u>\$ 2,502,778</u>	<u>\$ 505,794</u>	<u>\$ 297,712</u>	<u>\$ 1,187,472</u>	<u>\$ 273,407</u>	<u>\$ 55,700</u>	<u>\$ 79,050</u>	<u>\$ 590,677</u>	<u>\$ 5,492,590</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, 2012, \$1,285,309 was transferred from the Combined Waterworks and Sewer System Fund to the General Fund for general and administrative expenses.

7. Employee Retirement Plan

Plan Description

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

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

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 13.5% (general), 17.0% (police), and 15.6% (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 30, 2012 are as follows:

Annual required contribution	\$ 5,110,372
Interest on net pension obligation	31,131
Adjustment to annual required contribution	<u>(32,929)</u>
Annual pension cost	5,108,574
Actual contributions	<u>5,003,054</u>
Increase in net pension obligation	105,520
Net pension obligation, beginning of the year	<u>429,392</u>
Net pension obligation, end of the year	<u><u>\$ 534,912</u></u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The annual required contribution (ARC) was determined as part of the February 29, 2012 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 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 106.0% 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 years 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 pay roll on an open basis. The amortization period as of February 29, 2012 was 30 years for the General division, 17 years for the Police division and 30 years for the Fire division.

Three-Year Trend Information

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$ 4,316,017	100%	\$ —
June 30, 2011	5,367,402	92.0	429,392
June 30, 2012	5,108,574	97.9	534,912

Funding Status And Progress

As of February 29, 2012, the most recent actuarial valuation date, the plan was 87% funded. The actuarial accrued liability for benefits was \$97,730,444, and the actuarial value of assets was \$85,298,025, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,432,419. The covered payroll (annual payroll of active employees covered by the plan) was \$33,681,861, and the ratio of the UAAL to the covered payroll was 37%.

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 130 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	\$ 261,369
Amortization of Unfunded Actuarial Accrued Liability (Amortization Factor 19.03577)	<u>191,676</u>
	453,045
Interest On OPEB Obligation	31,368
Adjustment To Annual Required Contribution	<u>(47,081)</u>
Annual OPEB Cost	437,332
Expected Contribution (related to implicit rate subsidy)	<u>32,000</u>
	405,332
Net OPEB Obligation, Beginning Of Year	<u>896,232</u>
Net OPEB Obligation, End Of Year	<u><u>\$ 1,301,564</u></u>

Schedule Of Employer Contributions

For The Year Ended June 30,	Annual OPEB Cost	*Percentage Contributed	Net OPEB Obligation
2008	\$ 294,154	12%	\$ 258,914
2009	294,154	12%	517,828
2010	223,202	13%	712,030
2011	223,202	17%	896,232
2012	437,332	7%	1,301,564

* 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%
July 1, 2011	—	3,525,313	3,525,313	—	32,106,836	11%

* 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 July 1, 2011 actuarial valuation, the liabilities were computed using the projected unit credit method with a 30 year level dollar, open period amortization of the unfunded actuarial accrued liability. The actuarial assumption utilized a 3.50% valuation interest rate (or discount rate) and a healthcare cost trend rate of 8% reduced annually to an ultimate rate of 5% after 7 years.

As of valuation date, there are no plan assets recognized under GASB 45 rules.

9. Litigation And Contingent Liabilities

Legal Matters

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.

At June 30, 2012, the City's total estimated liability for payment of incurred but unpaid claims for workers' compensation was \$558,429 and is included in accounts payable in the Workers' Compensation Self-Insurance Fund.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Changes in self-insured claims liability at June 30, 2012 and 2011 were as follows:

Balance – June 30, 2010	\$ 388,710
Add: Current year claims and change in estimate	431,530
Less: Claim payments	<u>385,050</u>
Balance – June 30, 2011	435,190
Add: Current year claims and change in estimate	464,074
Less: Claim payments	<u>340,835</u>
Balance – June 30, 2012	<u><u>\$ 558,429</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 \$8,152,735 reported as landfill closure and postclosure care liability at June 30, 2012 represents the cumulative estimate of closure and postclosure care costs based on the use of approximately 81% of the ultimate capacity of the landfill.

The City will recognize the remaining estimated cost of closure and postclosure care of \$1,916,099 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 2012 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, 2012, the City had outstanding contracts of obligation in the amount of \$10,068,834 that are pending approval by the Department of Natural Resources. 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.

Chapel Ridge TIF - Major	\$ 3,311,074
Enterprise Funds - Sanitary Landfill	84,023
Capital Project Funds - Nonmajor	
Storm Water Improvement	1,397,406
Public Safety Issues	310,446
Third Street Road Improvements	49,566
Salt Dome No. 2	57,952
New Longview TIF	3,820
Road & Bridge Excise/Sales Tax	<u>1,030,311</u>
	<u>2,849,501</u>
Special Revenue Funds - Nonmajor	
Entitlement Fund	160,102
Energy Efficiency Grant	<u>13,373</u>
	<u>173,475</u>
	<u>\$ 6,418,073</u>

12. Fund Balance Categories And Classifications

In the governmental financial statements, fund balances are displayed in five components as follows:

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.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 bill or resolution passed by the City Council. 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 through their expressed written intent. This authorization is also delegated by the City Council to the City Manager. 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, 2012

	Budgeted Amounts		Actual	Variances With
	Original	Final		Final Budget -
				Positive
				(Negative)
Revenues				
Taxes	\$ 47,405,799	\$ 47,405,799	\$ 45,669,126	\$ (1,736,673)
Fees and forfeitures	1,460,004	1,460,004	1,406,207	(53,797)
Licenses and permits	3,254,660	3,254,660	1,328,522	(1,926,138)
Intergovernmental	887,466	887,466	823,492	(63,974)
Charges for services	3,321,102	3,321,102	3,605,332	284,230
Investment earnings	416,935	416,935	218,742	(198,193)
Other	1,676,499	1,676,499	1,619,206	(57,293)
Total Revenues	58,422,465	58,422,465	54,670,627	(3,751,838)
Expenditures				
Current:				
General government:				
Administration	3,503,864	3,560,724	3,341,060	219,664
Codes administration	1,424,374	1,424,374	1,304,350	120,024
Finance	4,182,041	4,182,041	4,251,656	(69,615)
Municipal court	816,667	816,667	835,763	(19,096)
Legal	1,173,735	1,173,735	1,367,416	(193,681)
Public Safety:				
Law enforcement	19,043,736	19,043,736	18,036,443	1,007,293
Fire/EMS	15,595,990	15,595,990	15,386,990	209,000
Public works and streets:				
Public works/engineering	3,690,710	3,690,710	3,726,103	(35,393)
Street operations	7,096,639	7,096,639	6,377,682	718,957
Community development	1,024,262	1,024,262	940,979	83,283
Total Expenditures	57,552,018	57,608,878	55,568,442	2,040,436
Excess (Deficiency) Of Revenues				
Over Expenditures	870,447	813,587	(897,815)	(1,711,402)
Other Financing Sources (Uses)				
Transfers in	2,479,466	2,479,466	2,502,778	23,312
Transfers out	(759,402)	(759,402)	(869,549)	(110,147)
Total Other Financing				
Sources (Uses)	1,720,064	1,720,064	1,633,229	(86,835)
Net Change In Fund Balances	2,590,511	2,533,651	735,414	(1,798,237)
Fund Balances - Beginning	27,015,455	27,015,455	12,171,751	(14,843,704)
Fund Balances - Ending	\$ 29,605,966	\$ 29,549,106	\$ 12,907,165	\$ (16,641,941)

CITY OF LEE'S SUMMIT, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) NOTES TO BUDGETARY COMPARISON INFORMATION For The Year Ended June 30, 2012

Budgets And Budgetary Accounting

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

- (1) Prior to the beginning of the fiscal year, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget provides a complete financial plan of all funds and activities for the upcoming fiscal year. In no event shall the total proposed expenditures exceed the estimated revenues to be received plus any unencumbered cash reserves estimated to be on hand at the beginning of the budget year.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to July 1, the budget is legally enacted through passage of an ordinance.

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

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

The majority of Special Revenue Funds have annual appropriated budgets; funds that do not are the Entitlement Fund, Landfill Postclosure Fund, Cemetery Trust Fund, Road and Bridge Escrow Fund, the Business and Industry Fund and the 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, 2012:

<u>Fund</u>	<u>Amount</u>
Debt Service	\$ 3,299,333
Violence Against Women	74,671

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, 2012**

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, 2007	\$ 63,909,716	\$ 68,365,801	\$ 4,456,085	93%	\$ 30,071,377	15%
February 29, 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%
February 29, 2012	85,298,025	97,730,444	12,432,419	87%	33,681,861	37%

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%
July 1, 2011	—	3,525,313	3,525,313	—	32,106,836	11%

Supplementary Information

Combining And Individual Fund Financial
Statements And Schedules

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Pooled cash and investments	\$ 7,944,042	\$ 24,532,080	\$ 32,476,122
Receivables (net of allowance):			
Taxes	109,098	1,615,207	1,724,305
Interest	59,158	33,940	93,098
Due from other funds	240,000	—	240,000
Due from other governments	3,528	686,323	689,851
Other assets	2,217	—	2,217
Restricted assets:			
Cash and investments	—	3,340,000	3,340,000
Total Assets	\$ 8,358,043	\$ 30,207,550	\$ 38,565,593
Liabilities And Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,215,231	\$ 3,691,902	\$ 4,907,133
Accrued interest payable	—	12,732	12,732
Due to other funds	40,300	3,103,600	3,143,900
Unearned revenue	156,738	282,299	439,037
Total Liabilities	1,412,269	7,090,533	8,502,802
Fund balances:			
Restricted			
Bridges, streets and signals	—	7,767,570	7,767,570
Economic development	—	11,112,543	11,112,543
Law enforcement	—	1,654,710	1,654,710
Other capital projects	—	1,610,449	1,610,449
Committed			
Bridges, streets and signals	154,691	—	154,691
Landfill care	4,164,904	—	4,164,904
Cemetery care	1,123,591	—	1,123,591
Other capital projects	—	1,109,057	1,109,057
Assigned			
Parks and recreation	1,377,715	2,609,602	3,987,317
Economic development	47,397	—	47,397
Other capital projects	—	102,587	102,587
Other purposes	250,951	—	250,951
Unassigned	(173,475)	(2,849,501)	(3,022,976)
Total Fund Balances	6,945,774	23,117,017	30,062,791
Total Liabilities And Fund Balances	\$ 8,358,043	\$ 30,207,550	\$ 38,565,593

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, 2012**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property	\$ 2,818,270	\$ 4,750,350	\$ 7,568,620
Sales	—	8,889,454	8,889,454
License	—	613,669	613,669
Bed	297,045	—	297,045
Fines and forfeitures	23,114	—	23,114
Licenses and permits	2,224,344	—	2,224,344
Intergovernmental	1,009,941	1,269,755	2,279,696
Charges for services	161,856	—	161,856
Investment earnings	41,543	169,563	211,106
Other	608,107	562,203	1,170,310
Total Revenues	7,184,220	16,254,994	23,439,214
Expenditures			
Current:			
General government	1,146,776	1,088	1,147,864
Parks and recreation	6,038,617	—	6,038,617
Debt Service:			
Principal	—	4,860,000	4,860,000
Interest and other charges	—	1,788,983	1,788,983
Capital outlay	—	21,624,186	21,624,186
Total Expenditures	7,185,393	28,274,257	35,459,650
Excess Of Revenues Over Expenditures	(1,173)	(12,019,263)	(12,020,436)
Other Financing Sources (Uses)			
Transfers in	528,202	659,270	1,187,472
Transfers out	(34,843)	(1,076,913)	(1,111,756)
Total Other Financing Sources (Uses)	493,359	(417,643)	75,716
Net Change In Fund Balances	492,186	(12,436,906)	(11,944,720)
Fund Balances - Beginning	6,453,588	35,553,923	42,007,511
Fund Balances - Ending	\$ 6,945,774	\$ 23,117,017	\$ 30,062,791

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, 2012**

	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	\$ 1,643,273	\$ 21,054	\$ 443	\$ 4,152,573	\$ 1,127,423	\$ 974,261	\$ 15,088	\$ 9,927	\$ 7,944,042
Receivables (net of allowance):									
Taxes receivable, net	109,098	—	—	—	—	—	—	—	109,098
Interest	6,679	410	—	12,331	4,318	3,111	32,309	—	59,158
Due from other funds	240,000	—	—	—	—	—	—	—	240,000
Due from other governments	—	—	3,528	—	—	—	—	—	3,528
Other assets	2,167	—	—	—	50	—	—	—	2,217
Total Assets	\$ 2,001,217	\$ 21,464	\$ 3,971	\$ 4,164,904	\$ 1,131,791	\$ 977,372	\$ 47,397	\$ 9,927	\$ 8,358,043
Liabilities And Fund Balances									
Liabilities									
Accounts payable and accrued liabilities	\$ 226,764	\$ 10,513	\$ 147,073	\$ —	\$ 8,200	\$ 822,681	\$ —	\$ —	\$ 1,215,231
Due to other funds	—	—	17,000	—	—	—	—	23,300	40,300
Unearned revenue	156,738	—	—	—	—	—	—	—	156,738
Total Liabilities	383,502	10,513	164,073	—	8,200	822,681	—	23,300	1,412,269
Fund Balances									
Committed									
Bridges, streets and signals	—	—	—	—	—	154,691	—	—	154,691
Landfill care	—	—	—	4,164,904	—	—	—	—	4,164,904
Cemetery care	—	—	—	—	1,123,591	—	—	—	1,123,591
Assigned									
Parks and recreation	1,377,715	—	—	—	—	—	—	—	1,377,715
Economic development	—	—	—	—	—	—	47,397	—	47,397
Other purposes	240,000	10,951	—	—	—	—	—	—	250,951
Unassigned	—	—	(160,102)	—	—	—	—	(13,373)	(173,475)
Total Fund Balances	1,617,715	10,951	(160,102)	4,164,904	1,123,591	154,691	47,397	(13,373)	6,945,774
Total Liabilities And Fund Balances	\$ 2,001,217	\$ 21,464	\$ 3,971	\$ 4,164,904	\$ 1,131,791	\$ 977,372	\$ 47,397	\$ 9,927	\$ 8,358,043

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, 2012

	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	\$ 2,818,270	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,818,270
Bed	—	—	—	—	—	—	297,045	—	297,045
Fines and forfeitures	23,023	—	—	—	—	—	91	—	23,114
Licenses and permits	2,224,344	—	—	—	—	—	—	—	2,224,344
Intergovernmental	288,782	208,660	386,146	—	—	—	—	126,353	1,009,941
Charges for services	74,629	—	—	—	87,227	—	—	—	161,856
Investment earnings	7,820	356	—	20,546	5,918	6,630	273	—	41,543
Other	440,501	—	—	—	167,606	—	—	—	608,107
Total Revenues	5,877,369	209,016	386,146	20,546	260,751	6,630	297,409	126,353	7,184,220
Expenditures									
Current:									
General government	—	175,785	518,103	—	—	76	367,832	84,980	1,146,776
Parks and recreation	5,800,352	—	—	—	238,265	—	—	—	6,038,617
Total Expenditures	5,800,352	175,785	518,103	—	238,265	76	367,832	84,980	7,185,393
Excess (Deficiency) Of Revenues Over Expenditures	77,017	33,231	(131,957)	20,546	22,486	6,554	(70,423)	41,373	(1,173)
Other Financing Sources (Uses)									
Transfers in	290,982	—	—	175,000	—	—	62,220	—	528,202
Transfers out	—	—	—	—	(28,550)	—	(6,293)	—	(34,843)
Total Other Financing Sources (Uses)	290,982	—	—	175,000	(28,550)	—	55,927	—	493,359
Net Change In Fund Balances	367,999	33,231	(131,957)	195,546	(6,064)	6,554	(14,496)	41,373	492,186
Fund Balances - Beginning	1,249,716	(22,280)	(28,145)	3,969,358	1,129,655	148,137	61,893	(54,746)	6,453,588
Fund Balances - Ending	\$ 1,617,715	\$ 10,951	\$ (160,102)	\$ 4,164,904	\$ 1,123,591	\$ 154,691	\$ 47,397	\$ (13,373)	\$ 6,945,774

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE

PARK BOARD

For The Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variances With
	Original	Final		Final Budget -
				Positive (Negative)
Revenues				
Taxes				
Property taxes	\$ 2,896,892	\$ 2,896,892	\$ 2,818,270	\$ (78,622)
Fines and forfeitures	482,764	482,764	23,023	(459,741)
Licenses and permits	47,176	47,176	2,224,344	2,177,168
Intergovernmental	2,114,021	2,114,021	288,782	(1,825,239)
Charges for services	30,250	30,250	74,629	44,379
Investment earnings	3,300	3,300	7,820	4,520
Other	479,365	479,365	440,501	(38,864)
Total Revenues	6,053,768	6,053,768	5,877,369	(176,399)
Expenditures				
Current:				
Parks and recreation	6,197,868	6,197,868	5,800,352	397,516
Excess Of Revenues Over Expenditures	(144,100)	(144,100)	77,017	221,117
Other Financing Sources (Uses)				
Transfers in	291,089	320,089	290,982	(29,107)
Transfers out	—	(29,000)	—	29,000
Total Other Financing Sources	291,089	291,089	290,982	(107)
Net Change In Fund Balances	146,989	146,989	367,999	221,010
Fund Balances - Beginning	1,249,716	1,249,716	1,249,716	—
Fund Balances - Ending	\$ 1,396,705	\$ 1,396,705	\$ 1,617,715	\$ 221,010

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
VIOLENCE AGAINST WOMEN GRANT
For The Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variances With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits				
Intergovernmental	\$ 101,114	\$ 101,114	\$ 208,660	\$ 107,546
Charges for services	—	—	—	—
Investment earnings	—	—	356	356
Miscellaneous	—	—	—	—
Total Revenues	101,114	101,114	209,016	107,902
Expenditures				
Current:				
General government	101,114	101,114	175,785	(74,671)
Net Change In Fund Balances	—	—	33,231	33,231
Fund Balances - Beginning	16,139	16,139	(22,280)	(38,419)
Fund Balances - Ending	\$ 16,139	\$ 16,139	\$ 10,951	\$ (5,188)

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.

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.

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 Bonds #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.

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, 2012**

	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	New Longview TIF	Hartley's Block TIF	1-470 Business Center TIF	Summit Woods East TIF	Downtown Improve- ments	Public Safety Issues
Assets														
Pooled cash and investments	\$ —	\$ 168,127	\$ 285,306	\$ 1,571,581	\$ 457	\$ 5,152	\$ 2,875,865	\$ 5,928,536	\$ 8,309	\$ 179,380	\$ 140,538	\$ 4,927,007	\$ 74,455	\$ 648
Receivables (net of allowance)														
Taxes	—	—	—	858,568	282,299	—	—	359,908	7,993	—	—	106,439	—	—
Interest	—	619	—	13,412	—	15	4,627	1,702	163	462	579	4,243	226	—
Due from other governments	—	—	—	440,979	—	—	—	182,555	4,870	—	—	57,919	—	—
Restricted assets:														
Cash and investments	—	—	—	3,340,000	—	—	—	—	—	—	—	—	—	—
Total Assets	\$ —	\$ 168,746	\$ 285,306	\$ 6,224,540	\$ 282,756	\$ 5,167	\$ 2,880,492	\$ 6,472,701	\$ 21,335	\$ 179,842	\$ 141,117	\$ 5,095,608	\$ 74,681	\$ 648
Liabilities And Fund Balances														
Liabilities														
Accounts payable and accrued liabilities	\$ —	\$ —	\$ —	\$ 853,164	\$ —	\$ —	\$ 30,551	\$ 59,785	\$ 8,063	\$ —	\$ 19,038	\$ 1,654,875	\$ —	\$ 31,194
Accrued interest payable	—	—	193	—	4,268	—	339	—	92	—	—	—	—	900
Due to other funds	—	—	200	—	1,026,500	—	240,000	—	17,000	—	—	—	—	279,000
Deferred revenue	—	—	—	—	282,299	—	—	—	—	—	—	—	—	—
Total Liabilities	—	—	393	853,164	1,313,067	—	270,890	59,785	25,155	—	19,038	1,654,875	—	311,094
Fund Balances														
Restricted														
Bridges, streets and signals	—	—	—	5,371,376	—	—	—	—	—	—	—	—	—	—
Economic development	—	—	—	—	—	5,167	—	6,412,916	—	179,842	122,079	3,440,733	—	—
Law enforcement	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other capital projects	—	168,746	284,913	—	—	—	—	—	—	—	—	—	—	—
Committed														
Other capital projects	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Assigned														
Parks and recreation	—	—	—	—	—	—	2,609,602	—	—	—	—	—	—	—
Other capital projects	—	—	—	—	—	—	—	—	—	—	—	—	74,681	—
Unassigned	—	—	—	—	(1,030,311)	—	—	—	(3,820)	—	—	—	—	(310,446)
Total Fund Balances	—	168,746	284,913	5,371,376	(1,030,311)	5,167	2,609,602	6,412,916	(3,820)	179,842	122,079	3,440,733	74,681	(310,446)
Total Liabilities And Fund Balances	\$ —	\$ 168,746	\$ 285,306	\$ 6,224,540	\$ 282,756	\$ 5,167	\$ 2,880,492	\$ 6,472,701	\$ 21,335	\$ 179,842	\$ 141,117	\$ 5,095,608	\$ 74,681	\$ 648

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 2 Of 2
June 30, 2012**

	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	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	\$ 56	\$ —	\$ 411	\$ 634,202	\$ 698,002	\$ 366	\$ 950,267	\$ 1,151,239	\$ 422,945	\$ 506,117	\$ 2,024,502	\$ 1,978,612	\$ 24,532,080
Receivables (net of allowance)													
Taxes	—	—	—	—	—	—	—	—	—	—	—	—	1,615,207
Interest	—	—	41	—	—	—	2,456	5,395	—	—	—	—	33,940
Due from other governments	—	—	—	—	—	—	—	—	—	—	—	—	686,323
Restricted assets:													
Cash and investments	—	—	—	—	—	—	—	—	—	—	—	—	3,340,000
Total Assets	\$ 56	\$ —	\$ 452	\$ 634,202	\$ 698,002	\$ 366	\$ 952,723	\$ 1,156,634	\$ 422,945	\$ 506,117	\$ 2,024,502	\$ 1,978,612	\$ 30,207,550
Liabilities And Fund													
Balances Liabilities													
Accounts payable and accrued liabilities	\$ 46,601	\$ —	\$ 148,653	\$ 154	\$ 18,589	\$ —	\$ 917	\$ 19,671	\$ —	\$ 60,380	\$ 420,146	\$ 320,121	\$ 3,691,902
Accrued interest payable	321	—	2,205	408	763	318	—	—	40	191	1,413	1,281	12,732
Due to other funds	2,700	—	1,247,000	139,000	16,500	58,000	—	—	5,000	5,000	65,200	2,500	3,103,600
Deferred revenue	—	—	—	—	—	—	—	—	—	—	—	—	282,299
Total Liabilities	49,622	—	1,397,858	139,562	35,852	58,318	917	19,671	5,040	65,571	486,759	323,902	7,090,533
Fund Balances													
Restricted													
Bridges, streets and signals	—	—	—	—	—	—	—	—	417,905	440,546	1,537,743	—	7,767,570
Economic development	—	—	—	—	—	—	951,806	—	—	—	—	—	11,112,543
Law enforcement	—	—	—	—	—	—	—	—	—	—	—	1,654,710	1,654,710
Other capital projects	—	—	—	494,640	662,150	—	—	—	—	—	—	—	1,610,449
Committed													
Other capital projects	—	—	—	—	—	—	—	1,109,057	—	—	—	—	1,109,057
Assigned													
Parks and recreation	—	—	—	—	—	—	—	—	—	—	—	—	2,609,602
Other capital projects	—	—	—	—	—	—	—	27,906	—	—	—	—	102,587
Unassigned	(49,566)	—	(1,397,406)	—	—	(57,952)	—	—	—	—	—	—	(2,849,501)
Total Fund Balances	(49,566)	—	(1,397,406)	494,640	662,150	(57,952)	951,806	1,136,963	417,905	440,546	1,537,743	1,654,710	23,117,017
Total Liabilities And Fund Balances													
	\$ 56	\$ —	\$ 452	\$ 634,202	\$ 698,002	\$ 366	\$ 952,723	\$ 1,156,634	\$ 422,945	\$ 506,117	\$ 2,024,502	\$ 1,978,612	\$ 30,207,550

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, 2012

	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	New Longview TIF	Hartley's Block TIF	1-470 Business Center TIF	Summit Woods East TIF	Downtown Improve- ments	Public Safety Issues
Revenues														
Taxes														
Property	\$ 310,976	\$ —	\$ —	\$ —	\$ —	\$ 600	\$ —	\$ 1,818,703	\$ 212,582	\$ 47,113	\$ 320,802	\$ 1,065,298	\$ —	\$ —
Sales	—	—	—	5,548,681	—	—	—	2,349,246	44,481	—	—	947,046	—	—
License	—	—	—	—	613,669	—	—	—	—	—	—	—	—	—
Intergovernmental	—	623	—	41,205	224,044	—	—	772,091	14,665	—	—	217,127	—	—
Investment earnings	1,216	—	953	21,956	834	23	7,705	86,767	180	503	949	10,026	385	—
Other	11	—	—	—	810	11	—	22,414	3,314	1,925	7,763	525,950	—	—
Total Revenues	312,203	623	953	5,611,842	839,357	634	7,705	5,049,221	275,222	49,541	329,514	2,765,447	385	—
Expenditures														
General government	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt service:														
Principal	—	—	—	—	—	—	—	4,405,000	—	—	—	455,000	—	—
Interest and other charges	—	—	—	—	9,962	—	427	645,785	47	—	—	1,121,795	—	1,898
Capital outlay	13,714	—	70,504	7,598,183	50,379	10	565,270	92,549	259,042	4,347	301,091	90,599	—	—
Total Expenditures	13,714	—	70,504	7,598,183	60,341	10	565,697	5,143,334	259,089	4,347	301,091	1,667,394	—	1,898
Excess (Deficiency) Of Revenues Over Expenditures	298,489	623	(69,551)	(1,986,341)	779,016	624	(557,992)	(94,113)	16,133	45,194	28,423	1,098,053	385	(1,898)
Other Financing Sources (Uses)														
Transfers in	—	—	—	—	—	—	161,250	—	—	—	—	—	—	—
Transfers out	(297,712)	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Other Financing Sources (Uses)	(297,712)	—	—	—	—	—	161,250	—	—	—	—	—	—	—
Net Change In Fund Balances	777	623	(69,551)	(1,986,341)	779,016	624	(396,742)	(94,113)	16,133	45,194	28,423	1,098,053	385	(1,898)
Fund Balances - Beginning	(777)	168,123	354,464	7,357,717	(1,809,327)	4,543	3,006,344	6,507,029	(19,953)	134,648	93,656	2,342,680	74,296	(308,548)
Fund Balances - Ending	\$ —	\$ 168,746	\$ 284,913	\$ 5,371,376	\$ (1,030,311)	\$ 5,167	\$ 2,609,602	\$ 6,412,916	\$ (3,820)	\$ 179,842	\$ 122,079	\$ 3,440,733	\$ 74,681	\$ (310,446)

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, 2012

	Third Street Road Improve- ments	Senior Center Construc- tion	Storm Water Improve- ment	Sidewalk Bond Program	Arterial Street Lights II	Salt Dome Bond #2	Todd George 50 HWY TIF	ERP System	Road Improve- ments	Tudor Road Improve- ments	Infrastruc- ture Improve- ments	Public Safety 10	Total Nonmajor Capital Projects Funds
Revenues													
Taxes													
Property	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	974,276	\$ —	\$ —	\$ —	\$ —	\$ —	4,750,350
Sales	—	—	—	—	—	—	—	—	—	—	—	—	8,889,454
License	—	—	—	—	—	—	—	—	—	—	—	—	613,669
Intergovernmental	—	—	—	—	—	—	—	—	—	—	—	—	1,269,755
Investment earnings	—	326	1,010	1,890	2,697	—	2,506	11,662	871	1,363	10,318	5,423	169,563
Other	—	—	—	—	—	—	5	—	—	—	—	—	562,203
Total Revenues	—	326	1,010	1,890	2,697	—	976,787	11,662	871	1,363	10,318	5,423	16,254,994
Expenditures													
General government	—	—	—	1,088	—	—	—	—	—	—	—	—	1,088
Debt service:													
Principal	—	—	—	—	—	—	—	—	—	—	—	—	4,860,000
Interest and other charges	—	1,117	3,394	—	1,363	392	—	9	154	—	—	2,640	1,788,983
Capital outlay	—	—	2,403,391	539,391	1,002,890	—	340,559	1,153,562	56,094	367,858	5,252,711	1,462,042	21,624,186
Total Expenditures	—	1,117	2,406,785	540,479	1,004,253	392	340,559	1,153,562	56,103	368,012	5,252,711	1,464,682	28,274,257
Excess (Deficiency) Of Revenues Over Expenditures	—	(791)	(2,405,775)	(538,589)	(1,001,556)	(392)	636,228	(1,141,900)	(55,232)	(366,649)	(5,242,393)	(1,459,259)	(12,019,263)
Other Financing Sources (Uses)													
Transfers in	—	—	—	—	—	—	—	498,020	—	—	—	—	659,270
Transfers out	—	(505,794)	—	—	—	—	—	(273,407)	—	—	—	—	(1,076,913)
Total Other Financing Sources (Uses)	—	(505,794)	—	—	—	—	—	224,613	—	—	—	—	(417,643)
Net Change In Fund Balances	—	(506,585)	(2,405,775)	(538,589)	(1,001,556)	(392)	636,228	(917,287)	(55,232)	(366,649)	(5,242,393)	(1,459,259)	(12,436,906)
Fund Balances - Beginning	(49,566)	506,585	1,008,369	1,033,229	1,663,706	(57,560)	315,578	2,054,250	473,137	807,195	6,780,136	3,113,969	35,553,923
Fund Balances - Ending	\$ (49,566)	\$ —	\$ (1,397,406)	\$ 494,640	\$ 662,150	\$ (57,952)	\$ 951,806	\$ 1,136,963	\$ 417,905	\$ 440,546	\$ 1,537,743	\$ 1,654,710	\$ 23,117,017

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE**

For The Year Ended June 30, 2012

	<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	\$ 7,853,358	\$ 7,853,358	\$ 7,601,638	\$ (251,720)
Sales	2,430,762	2,430,762	2,775,089	344,327
Fines and forfeitures	48,855	48,855	58,147	9,292
Investment earnings	63,169	63,169	50,622	(12,547)
Total Revenues	10,396,144	10,396,144	10,485,496	89,352
Expenditures				
Debt Service:				
Principal	5,200,000	5,200,000	7,650,000	(2,450,000)
Interest and other charges	908,375	908,375	1,757,708	(849,333)
Total Expenditures	6,108,375	6,108,375	9,407,708	(3,299,333)
Excess Of Revenues Over Expenditures	4,287,769	4,287,769	1,077,788	(3,209,981)
Other Financing Sources (Uses)				
Transfers in	—	—	505,794	505,794
Transfers out	(1,336,250)	(1,336,250)	(1,336,250)	—
Total Other Financing Sources	(1,336,250)	(1,336,250)	(830,456)	505,794
Net Change In Fund Balances	2,951,519	2,951,519	247,332	(2,704,187)
Fund Balances - Beginning	6,731,178	6,731,178	6,680,546	—
Fund Balances - Ending	\$ 9,682,697	\$ 9,682,697	\$ 6,927,878	\$ (2,754,819)

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, 2012

	Central Vehicle Services	Unemployment Insurance	Insurance Reserve	I.T. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Central Building Services	Total
Assets								
Current assets:								
Cash and investments	\$ 2,644,206	\$ 139,936	\$ 84,871	\$ 2,397,954	\$ 81,546	\$ 2,068,860	\$ 863,236	\$ 8,280,609
Interest receivable	9,437	596	1,294	6,798	187	6,476	3,411	28,199
Due from other funds	378,211	—	—	—	—	—	—	378,211
Inventories	135,678	—	—	—	—	—	—	135,678
Prepaid expenses	—	—	—	3,996	—	—	—	3,996
Other assets	—	—	—	—	—	12,440	—	12,440
Total current assets	3,167,532	140,532	86,165	2,408,748	81,733	2,087,776	866,647	8,839,133
Noncurrent assets:								
Capital assets:								
Nondepreciable	104,250	—	—	—	—	—	—	104,250
Depreciable, net	8,797,069	—	—	427,625	—	—	887,790	10,112,484
Total noncurrent assets	8,901,319	—	—	427,625	—	—	887,790	10,216,734
Total Assets	12,068,851	140,532	86,165	2,836,373	81,733	2,087,776	1,754,437	19,055,867
Liabilities								
Current liabilities:								
Accounts payable	130,821	10,581	—	39,637	716	565,369	20,011	767,135
Salaries payable	—	—	—	42	—	—	—	42
Compensated absences	1,899	—	—	3,309	—	—	4,293	9,501
Total current liabilities	132,720	10,581	—	42,988	716	565,369	24,304	776,678
Noncurrent liabilities:								
Compensated absences	33,185	—	—	80,594	—	—	26,252	140,031
Other post employment benefits	19,258	—	—	26,553	—	—	17,116	62,927
Total noncurrent liabilities	52,443	—	—	107,147	—	—	43,368	202,958
Total Liabilities	185,163	10,581	—	150,135	716	565,369	67,672	979,636
Net Assets								
Invested in capital assets, net of related debt	8,901,319	—	—	427,625	—	—	887,790	10,216,734
Unrestricted	2,982,369	129,951	86,165	2,258,613	81,017	1,522,407	798,975	7,859,497
Total Net Assets	\$ 11,883,688	\$ 129,951	\$ 86,165	\$ 2,686,238	\$ 81,017	\$ 1,522,407	\$ 1,686,765	\$ 18,076,231

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, 2012

	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	\$ 2,696,171	\$ 23,186	\$ —	\$ 2,695,046	\$ 31,485	\$ 404,603	\$ 1,249,523	\$ 7,100,014
Other	19,063	—	—	7,823	—	8,201	41,011	76,098
Total Operating Revenues	2,715,234	23,186	—	2,702,869	31,485	412,804	1,290,534	7,176,112
Operating Expenses								
Salaries, wages, and employee benefits	559,030	—	—	1,678,157	30,914	—	496,621	2,764,722
Utilities	47,932	—	—	43,384	—	—	255,248	346,564
Repairs and maintenance	132,531	—	—	396,863	—	—	156,871	686,265
Fuels and lubricants	3,482	—	—	1,017	—	—	3,613	8,112
Depreciation	2,311,886	—	—	303,421	—	—	57,161	2,672,468
Miscellaneous	157,665	29,395	41,724	442,487	—	593,037	101,128	1,365,436
Total Operating Expenses	3,212,526	29,395	41,724	2,865,329	30,914	593,037	1,070,642	7,843,567
Operating Income (Loss)	(497,292)	(6,209)	(41,724)	(162,460)	571	(180,233)	219,892	(667,455)
Nonoperating Revenue								
Interest income	19,222	751	656	11,276	243	11,363	4,496	48,007
Interest expense	—	—	—	—	—	1,903	—	1,903
Gain on disposal of capital assets	258,110	—	—	—	—	—	—	258,110
Total Nonoperating Revenue	277,332	751	656	11,276	243	13,266	4,496	308,020
Income (Loss) Before Transfers	(219,960)	(5,458)	(41,068)	(151,184)	814	(166,967)	224,388	(359,435)
Transfers in	5,530	—	75,000	400,000	—	—	110,147	590,677
Change In Net Assets	(214,430)	(5,458)	33,932	248,816	814	(166,967)	334,535	231,242
Total Net Assets - Beginning	12,098,118	135,409	52,233	2,437,422	80,203	1,689,374	1,352,230	17,844,989
Total Net Assets - Ending	\$ 11,883,688	\$ 129,951	\$ 86,165	\$ 2,686,238	\$ 81,017	\$ 1,522,407	\$ 1,686,765	\$ 18,076,231

CITY OF LEE'S SUMMIT, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2012

	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	\$ 2,715,234	\$ 23,186	\$ —	\$ 2,702,869	\$ 31,485	\$ 412,804	\$ 1,290,534	\$ 7,176,112
Cash paid to suppliers	(667,894)	(18,814)	(46,182)	(688,654)	716	(484,900)	(524,026)	(2,429,754)
Cash paid to employees	(553,459)	—	—	(1,671,234)	(30,914)	—	(491,034)	(2,746,641)
Net Cash Provided By (Used In) Operating Activities	1,493,881	4,372	(46,182)	342,981	1,287	(72,096)	275,474	1,999,717
Cash Flows From Noncapital Financing Activities								
Transfers in	5,530	—	75,000	400,000	—	—	110,147	590,677
Cash Flows From Capital And Related Financing Activities								
Additions to capital assets	(2,790,731)	—	—	(36,329)	—	—	(318,754)	(3,145,814)
Proceeds from sale of capital assets	258,110	—	—	—	—	—	—	258,110
Net Cash Used In Capital And Related Financing Activities	(2,532,621)	—	—	(36,329)	—	—	(318,754)	(2,887,704)
Cash Flows Provided By Investing Activities								
Interest received (paid)	15,845	540	(1,608)	7,231	174	10,409	2,980	35,571
Net Increase (Decrease) In Cash And Cash Equivalents	(1,017,365)	4,912	27,210	713,883	1,461	(61,687)	69,847	(261,739)
Cash And Cash Equivalents - Beginning Of Year	3,661,571	135,024	57,661	1,684,071	80,085	2,130,547	793,389	8,542,348
Cash And Cash Equivalents - End Of Year	\$ 2,644,206	\$ 139,936	\$ 84,871	\$ 2,397,954	\$ 81,546	\$ 2,068,860	\$ 863,236	\$ 8,280,609
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ (497,292)	\$ (6,209)	\$ (41,724)	\$ (162,460)	\$ 571	\$ (180,233)	\$ 219,892	\$ (667,455)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	2,311,886	—	—	303,421	—	—	57,161	2,672,468
Changes in assets and liabilities:								
Decrease in inventories	2,999	—	—	—	—	—	—	2,999
Increase in due from other funds	(378,211)	—	—	—	—	—	—	(378,211)
Increase in prepaid expenses	—	—	—	(1,295)	—	—	—	(1,295)
(Increase) decrease in other assets	—	—	—	213,551	—	(7,854)	—	205,697
Increase (decrease) in accounts payable	48,928	10,581	(4,458)	(17,159)	716	115,991	(7,166)	147,433
Increase in salaries and wages payable	—	—	—	42	—	—	—	42
Increase in other post employment benefits	6,312	—	—	10,273	—	—	4,174	20,759
Increase (decrease) in accrued compensated absences	(741)	—	—	(3,392)	—	—	1,413	(2,720)
Total adjustments	1,991,173	10,581	(4,458)	505,441	716	108,137	55,582	2,667,172
Net Cash Provided By (Used In) Operating Activities	\$ 1,493,881	\$ 4,372	\$ (46,182)	\$ 342,981	\$ 1,287	\$ (72,096)	\$ 275,474	\$ 1,999,717

**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 Ten Fiscal Years (Accrual Basis Of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 395,912,631
Restricted	6,034,247	4,969,818	—	—	22,781,337	25,677,019	24,641,173	16,223,089	47,738,657	39,690,100
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)	(1,778,161)
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	\$ 433,824,570
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	\$ 211,065,125
Restricted	—	—	1,921,513	2,250,958	33,686,074	35,241,087	33,179,870	32,355,420	26,915,369	29,539,755
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	(2,277,021)
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	\$ 238,327,859
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	\$ 606,977,756
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	69,229,855
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)	(4,055,182)
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	\$ 672,152,429

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 18,286,042
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	39,839,950
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	7,927,148
Planning and Development	748,157	708,004	793,067	851,343	996,657	1,127,859	1,055,523	957,816	948,798	940,979
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	16,992,428
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	3,745,099
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	87,731,646
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	24,556,071
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	3,205,632
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	2,146,464
Recreation Center	731,802	721,648	701,088	873,576	689,699	700,386	1,127,142	1,234,450	1,295,805	1,268,716
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	31,176,883
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	118,908,529
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	141,277
Public Safety	—	—	3,769,771	3,882,943	3,828,994	4,290,547	4,064,716	4,351,615	4,237,673	4,572,306
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	2,409,223
Planning and Development	—	—	69,020	222,229	305,029	243,875	119,625	103,360	122,371	153,963
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	1,827,798
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	3,046,594
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	4,322,416
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	16,473,577
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	28,899,909
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	2,583,031
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	1,454,730
Recreation Center	625,489	705,231	788,274	869,720	657,134	662,132	849,238	970,765	1,082,156	1,114,367
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	1,200,056
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	35,252,093
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	51,725,670

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	\$ (71,258,069)
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	4,075,210
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)	(67,182,859)
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	36,430,730
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	29,762,456
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	13,743,797
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	2,853,482
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	606,847
Other revenue	5,345,173	4,537,816	1,810,229	3,086,832	404,198	331,941	94,938	301,952	702,045	871,779
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	1,766,878
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	86,035,969
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	236,172
Other Revenue	900,617	872,978	2,299,961	5,707,126	676,794	768,363	1,061,955	1,951,491	265,587	649,768
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)	(1,766,878)
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)	(880,938)
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	85,155,031
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	14,777,900
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	3,194,272
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	\$ 17,972,172

CITY OF LEE'S SUMMIT, MISSOURI
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	2,838,778
Unassigned	—	—	—	—	—	—	—	—	5,062,318	10,068,387
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	\$ 12,907,165
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	6,927,878
Special revenue funds	—	—	—	—	—	—	—	—	6,558,759	7,119,249
Capital project funds	—	—	—	—	—	—	—	—	52,917,276	45,457,890
Unassigned:										
Special revenue funds	—	—	—	—	—	—	—	—	(105,171)	(173,475)
Capital project funds	—	—	—	—	—	—	—	—	(5,650,774)	(6,160,575)
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	\$ 53,170,967

(1) 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 Ten Fiscal Years

(Modified Accrual Basis Of Accounting)

Page 1 Of 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 36,807,871
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	29,762,456
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	13,743,797
License	1,587,628	1,824,422	1,497,236	1,443,066	995,950	1,246,919	320,284	666,550	458,972	613,669
Bed	305,959	320,133	318,358	336,894	333,728	408,727	351,854	311,027	334,472	297,045
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	3,270,638
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	3,767,188
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	3,552,866
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	1,487,468
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	558,840
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	2,853,482
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	96,715,320
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	12,248,109
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	10,103,785
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	33,423,433
Community Development	748,157	708,004	745,017	851,343	996,657	1,127,859	1,055,523	957,816	948,798	940,979
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	6,038,617
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	12,510,000
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	3,577,259
Capital outlay:										
General Government	504,422	13,770,779	8,541,860	13,144,007	—	—	—	—	1,205,332	1,153,562
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	22,292,216
Public Safety	18,510	—	13,301	659,925	2,914,649	2,168,011	371,660	193,224	2,183,247	1,532,546
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	565,270
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	104,385,776

CITY OF LEE'S SUMMIT, MISSOURI

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis Of Accounting)

Page 2 Of 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	\$ (7,670,456)
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	4,493,756
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)	(3,317,555)
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	1,176,201
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	\$ (6,494,255)
 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%	18.2%

CITY OF LEE'S SUMMIT, MISSOURI

PROGRAM REVENUES BY FUNCTION/PROGRAM

**Last Ten Fiscal Years
(Accrual Basis Of Accounting)**

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 4,463,693
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	5,604,458
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	2,409,223
Planning and development	1,464,601	1,669,198	75,939	223,310	305,029	243,875	119,625	103,360	122,371	153,963
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	3,842,240
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	16,473,577
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	29,686,664
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	2,583,031
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	1,868,031
Recreation center	625,489	705,231	788,274	869,720	657,134	662,132	849,238	970,765	1,082,156	1,114,367
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	35,252,093
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	\$ 48,412,611	\$ 51,725,670

CITY OF LEE'S SUMMIT, MISSOURI

ALL GOVERNMENTAL FUNDS REVENUES BY SOURCE Last Ten Fiscal Years (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
2012	36,807,871	29,762,456	13,743,797	5,040,334	558,840	10,802,022	96,715,320

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				
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%
2012	1,085,944,781	1,736,470	207,576,049	1,295,257,300	299,370,428	26,221,756	1,620,849,484	1.5540	7,367,770,686	22.00%

Source: Jackson County and Cass County

Note: The Jackson County Assessor's Office did not start breaking out the real property into residential, agricultural, and commercial until 2002. For 2000 and 2001 the breakout is estimated based on the ratio of these property types in 2002.

Note: The Cass County Assessor's Office does not break out the real property into residential, agricultural and commercial. Thus all real property associated with Cass County is shown as residential.

Note: Assessed value is set at 19% for residential property; 12% for agricultural property; and 32% for commercial property of the estimated market value.

Note: 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	
	2003	0.9600	0.1700	0.4800	1.6100	5.3900	0.5700	0.0300	
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
2012	0.8966	0.1595	0.4697	1.5258	6.1050	0.5298	0.0300	0.7501	8.9407

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	5.5800
Hickman Mills	6.3217
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 \$0.2520

Note (3): Other breakdown for current year:

Junior College	0.2335
Mental Health	0.1218
Handicap Workshop	0.0748
Library	0.3200
	0.7501

Note (4): Commercial real property is also assessed an additional "replacement tax" of \$1.437 per \$100 assessed value.

CITY OF LEE'S SUMMIT, MISSOURI

PRINCIPAL PROPERTY TAXPAYERS Current Year And Nine Years Ago

	2012			2003		
	Taxable Assessed Value	Rank	% of Total City Net Assessed Value	Taxable Assessed Value	Rank	% of Total City Net Assessed Value
Kansas City Power & Light-GMOC	\$ 17,285,330	1	1.07%			
Cerner Corporation	12,610,199	2	0.78%			
SUMC Admin & Retail Stores	9,855,951	3	0.61%			
Sprint	8,488,308	4	0.52%	24,619,822	1	2.30%
John Knox Village	6,591,379	5	0.41%	6,904,296	5	0.64%
Toys R Us	5,425,124	6	0.33%	7,033,380	4	0.66%
Wal-Mart	5,288,467	7	0.33%	3,759,869	8	0.35%
Southern Union (Missouri Gas Energy)	4,168,628	8	0.26%	5,282,438	7	0.49%
Missouri Gas Energy	4,166,893	9	0.26%	3,391,432	9	0.32%
FabTech Inc	3,784,555	10	0.23%			
Missouri Public Service				11,648,391	2	1.09%
Pfizer Chemical Company				7,356,806	3	0.69%
Southwestern Bell				6,471,250	6	0.60%
A Zeregas Sons, Inc				3,235,921	10	0.30%
Total	\$ 77,664,834		4.79%	\$ 79,703,605		7.44%

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
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%	1,126,759	25,327,179	101.8%
2012	24,465,967	23,723,403	97.0%	—	23,723,403	97.0%

Note: Collections may exceed the levy due to adjustments made by the county subsequent to the initial levy.

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			
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
2012	27,375,000	11,745,000	—	25,090,000	545,000	8,680,000	73,435,000	91,569	802

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
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
2012	27,375,000	5,922,455	21,452,545	1.32%	234

Notes: Details regarding the City's outstanding debt can be found in the notes to the 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, 2012

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	\$ 195,840,773	82.88%	\$ 162,312,833
Blue Springs R-4 School District	126,147,907	20.17%	25,444,033
Raymore-Peculiar School District	50,232,172	8.00%	4,018,574
Grandview School District	32,793,662	0.41%	134,454
Hickman Mills School District	36,381,848	0.12%	43,658
Total direct and overlapping debt			\$ 191,953,551

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

CITY OF LEE'S SUMMIT, MISSOURI

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Legal debt limit (1)	\$ 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	\$ 319,634,286
Total net debt applicable to limit	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	56,932,545
Legal debt margin	\$ 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	\$ 262,701,741
Total net debt applicable to the limit as a percentage of debt limit	24.09%	19.09%	16.04%	12.36%	10.30%	6.77%	12.15%	10.23%	8.55%	17.81%

- (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	Per Capita Personal Income	Median Age	Education Level			School Enrollment	Unemployment Rate
					High School Graduate Percentage	Some College Or Associate's Degree or Higher Percentage	Bachelor's Degree Or Higher Percentage		
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%
2012	91,569							17,617	5.40%

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 year is not readily available

CITY OF LEE'S SUMMIT, MISSOURI

PRINCIPAL EMPLOYERS Current Year And Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Lee's Summit R-7 School	2,581	1	5.22%	1,850	2	4.82%
AT&T Telecommunication-Cust. Serv.	1,200	2	2.43%	1,900	1	4.95%
Truman Medical Center Lakewood	1,128	3	2.28%	960	3	2.50%
John Knox Village	1,050	4	2.12%	950	4	2.48%
Longview Community College	1,000	5	2.02%	532	7	1.39%
Nat'l Benefits Ctr./Dept. of Homeland Security	900	6	1.82%	500	8	1.30%
City of Lee's Summit	659	7	1.33%	450	9	1.17%
Saint Luke's East - Lee's Summit	608	8	1.23%			
Caremark	559	9	1.13%			
Lee's Summit Hospital	550	10	1.11%	450	10	1.17%
Calmar				580	5	1.51%
Unity Village				550	6	1.43%
	<u>10,235</u>		<u>20.69%</u>	<u>8,722</u>		<u>22.72%</u>

Source: Lee's Summit Economic Development Council

CITY OF LEE'S SUMMIT, MISSOURI

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Administration	32.50	34.17	33.05	33.05	35.00	33.50	32.50	32.5	31.00	32.00
Engineering	41.50	43.75	43.50	54.55	53.96	37.17	39.27	39.3	37.60	38.95
Police	157.62	163.32	166.32	172.32	167.32	181.70	188.70	196.7	205.20	209.70
Fire	130.00	134.00	137.00	137.00	140.00	146.00	146.00	146.0	146.00	146.00
Finance	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.0	18.00	18.00
Planning & Development	9.00	7.00	9.00	11.00	12.00	11.00	11.00	11.0	9.00	9.00
Court	10.90	10.90	10.90	11.90	11.90	11.90	12.00	12.8	12.75	12.75
Codes Administration	18.70	19.70	19.00	19.00	19.00	18.00	18.00	18.0	17.00	17.00
Law	7.00	8.00	10.00	9.75	9.75	9.50	9.50	9.5	9.50	9.50
Street	42.00	46.00	47.00	47.00	47.00	47.75	48.75	48.8	47.00	50.24
Parks and Recreation										
Community Center	7.90	8.90	8.90	8.90	6.35	7.15	6.80	6.7	6.70	6.75
Parks & Recreation	18.00	23.00	23.00	23.00	29.00	29.00	30.00	29.0	24.50	24.95
Pool	0.55	0.55	0.55	0.55	0.30	0.30	0.30	1.0	0.95	1.05
Cemetery	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.0	1.00	1.00
Recreation Center	3.55	3.60	3.60	3.60	2.40	2.75	2.15	5.3	5.85	6.15
Senior Center	—	—	—	—	—	—	2.05	2.1	2.05	2.10
Airport	8.00	8.00	8.00	7.30	7.30	7.98	7.60	7.6	7.60	7.60
Water Utilities	57.25	57.25	57.25	57.50	57.50	58.50	58.50	58.5	58.50	59.50
Solid Waste	13.00	13.00	13.00	13.00	13.00	14.20	14.80	14.8	14.80	14.80
Central Building Services			—	—	—	11.00	11.00	10.0	9.50	8.50
Fleet	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.0	9.00	9.00
Information Technology Services	11.00	12.00	14.00	17.00	17.00	17.00	19.00	20.0	20.00	20.00
Total	595.47	620.14	631.07	653.42	655.78	671.40	684.92	696.4	693.50	704.54

Source: City of Lee's Summit Finance Department

CITY OF LEE'S SUMMIT, MISSOURI

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Building Permits Issued (1)										
Residential/single family	887	853	911	791	489	380	129	110	170	166
Residential/multi family	116	81	69	82	55	58	8	1	—	—
Commercial/industrial	61	78	67	44	80	35	23	19	13	10
Additions	1,090	1,279	1,131	1,223	2,820	1,937	1,245	1,082	1,302	*5,229
Police Protection (1)										
Part I Crimes	2,021	2,385	2,576	2,357	2,254	2,521	2,378	2,290	2,232	1,854
Notable Part II Crimes	1,914	1,903	2,131	2,424	2,047	2,178	2,222	2,295	2,385	2,268
Traffic Crashes	2,241	2,244	2,313	2,206	2,114	2,125	2,083	1,912	2,047	1,906
Calls for Service	62,547	65,001	65,856	64,548	61,624	64,715	76,322	85,255	91,037	88,846
Number of Officers	103	106	108	112	117	122	129	136	136	143
Animal Control Calls for Service	6,490	7,126	8,523	8,844	8,562	8,110	8,161	8,857	8,737	8,474
Fire Protection										
Fire Personnel	126	121	131	137	140	140	146	146	146	146
Calls Answered	6,253	5,862	6,421	7,003	7,051	7,750	8,401	8,015	9,144	9,147
Water Source										
Kansas City Water Co.	45.85%	35.41%	32.97%	42.30%	38.43%	32.82%	33.94%	12.00%	19.40%	34.30%
Independence Water Co	54.15%	64.59%	67.03%	57.70%	61.57%	67.18%	66.06%	88.00%	80.60%	65.70%
Water										
# of Service Connections	28,662	30,891	31,991	32,889	32,950	33,666	33,735	33,800	34,260	34,242
# of Fire Hydrants	3,566	3,751	4,867	4,975	4,975	4,975	4,871	4,887	4,922	4,940
Avg Daily Consumption in Gallons	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	11,603,000
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	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	22,810,000
Storage Capacity (gallons)	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	35,200,000

(1) Statistics based on calendar year

* This includes re-roof permits. In April 2011 a significant hail storm hit the area.

Source: City records

CITY OF LEE'S SUMMIT, MISSOURI

CAPITAL STATISTICS BY FUNCTION Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Protection										
Stations	6	6	6	6	7	7	7	7	7	7
Public Works										
Residential Centerline Miles						325	327	327	337	308
Collector Centerline Miles						67	102	102	83	88
Arterial Centerline Miles						75	91	91	103	83
Parks and Recreation										
Parks	26	26	26	27	27	27	27	27	28	28
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Indoor Aquatic Center	—	1	1	1	1	1	1	1	1	1
Tennis Courts	15	15	15	15	15	15	15	15	15	15
Community Centers	1	2	2	2	2	3	3	3	3	3
Water										
Miles of Water Mains	555	569	600	637	637	637	637	604	607	604

Source: City records