



LEE'S SUMMIT
MISSOURI

Comprehensive Annual Financial Report

For The Year Ended June 30, 2013

CITY OF LEE'S SUMMIT, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

Report issued by the Department of Finance

CITY OF LEE'S SUMMIT, MISSOURI

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Introductory Section



LEE'S SUMMIT

M I S S O U R I

December 23, 2013

The Honorable Mayor and City Council members:

Transmitted herewith is the annual financial report for the City of Lee's Summit, Missouri (the City) for the fiscal year ended June 30, 2013. 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.

Honors and Recognition

Fiscal year 2013 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 2013 MWITE (Mid-Western Institute of Transportation Engineers) Transportation Achievement Award for its Neighborhood Traffic Safety Program and also for its School Traffic Safety Study Program.

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 Public Works Department was awarded national re-accreditation for its continued compliance with industry-wide management practices and procedures by the American Public Works Association (APWA).

The Lee's Summit Procurement and Contracts Services Division was awarded the prestigious Achievement of Excellence in Procurement Award (AEP) for 2013 from the National Procurement Institute (NPI).

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 92,292

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 17,534 in 2012. Fall 2013 enrollment saw an increase of 66 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 Education 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 and hundreds of seasonal and permanent part time staff care for over 1,100 acres, almost 70 miles of trails, manage three community centers, a water park, and provide more than 3,100 programs and events annually at less than \$75 per capita of which only \$33 per capita is paid through taxes. To help serve the population, a volunteer program was created; and in 2012-13 approximately 2,600 volunteers contributed over 93,000 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 by administering both the Arts Council and Beautification Commission for 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 69 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 450 acres, more than 1,500 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 twelve 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 in 2012. This 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
2013	5.2%	6.9%	7.6%
2012	5.4%	7.0%	8.2%
2011	6.6%	8.6%	9.1%
2010	6.8%	9.2%	9.4%
2009	7.7%	9.6%	9.5%

The City of Lee's Summit continues to be an active and growing community. 1,874 building permits were issued in calendar year 2012 (including alterations, additions and demolitions).

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 92,292 as of December 2012.

As a growing community, it is important for the City to maintain the ability to provide services to all customers. The Water Utilities Department completed 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 \$29.3 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 3rd 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 18 successful ballot issues in a row.

Long-Term Financial Planning

Fiscal Year 2013 has been a year of slow recovery. The economic downturn significantly affected the City's General Fund revenue in fiscal year 2009. The City has experienced modest growth in revenue categories such as property tax, franchise tax, sales tax, and vehicle tax over the past three 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 2013, 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 2014 budget process to ensure sound financial position. General Fund expenditures are recommended to decrease 1.7% over the previous year's budget. This reduction will minimize our use of non-recurring revenues for the funding of daily operations.

The City utilizes a five-year model for fiscal planning purposes. This model, through active cost containment actions, projects a fund balance of 28% of planned expenditures in Fiscal Year 2018. This exceeds the established fund balance policy of 25%.

Financial Information

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

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

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

Single Audit

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

As a part of the City's single audit, tests are made to determine the adequacy of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2013 provided one instance 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 50% 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 32% 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 28 days to 3.3 years, with an average maturity of 24 months. The average yield on investments was .9%. 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 (72%) and the City of Kansas City, Missouri Water Department (28%). 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 20% 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 buildings 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 anticipated to be completed in 2014.

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.

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, 2012. This was the 35th 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, 2012. 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.

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

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

Rob Binney
Kathy Hofmann

DISTRICT 3

Derek Holland
Ed Cockrell

DISTRICT 2

Brian Whitley
Allan Gray

DISTRICT 4

Dave Mosby
Robert T. Johnson

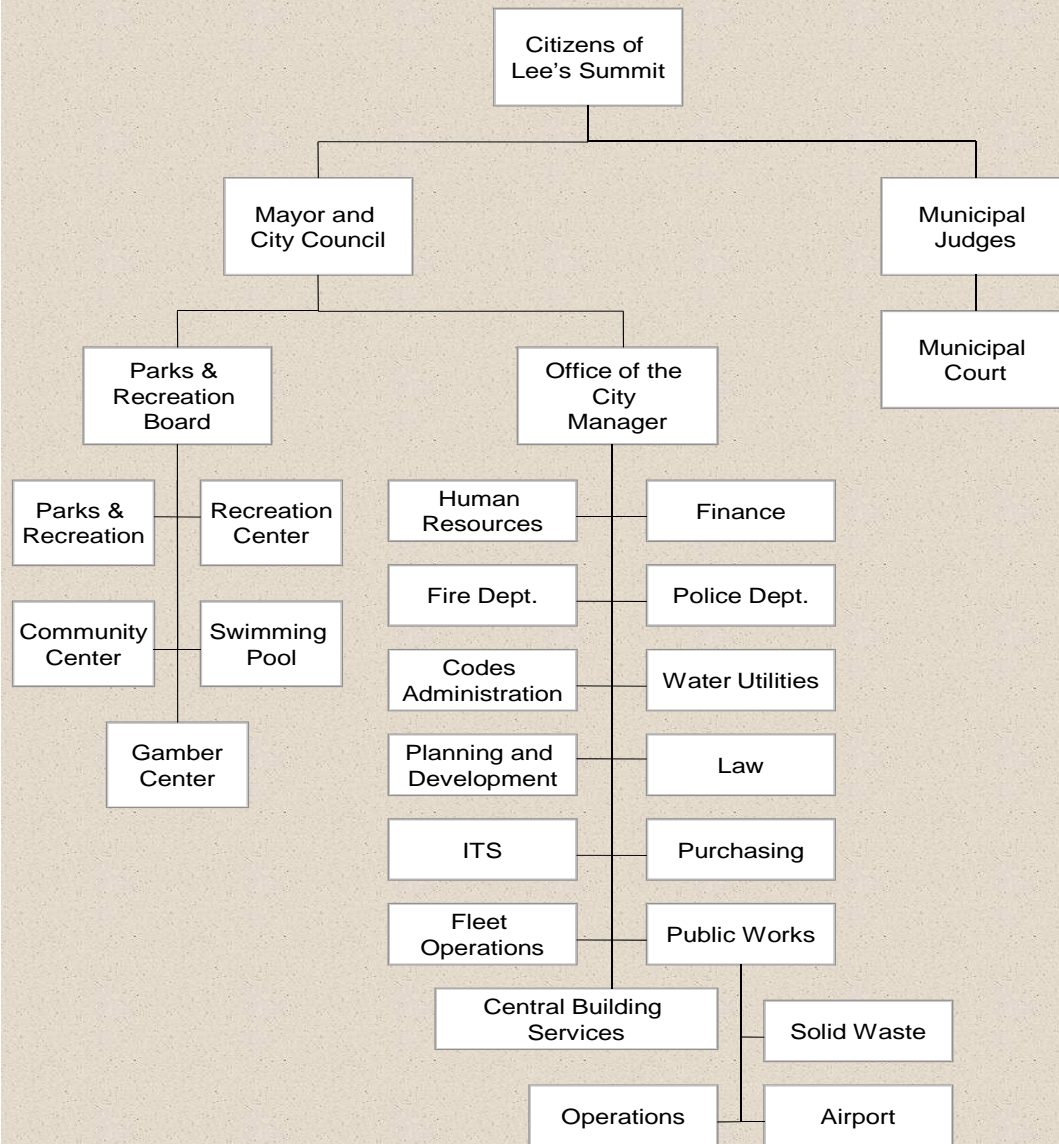
FINANCE & PERSONNEL COMMITTEE

Brian Whitley, Chairman
Allan Gray
Robert T. Johnson
Ed Cockrell

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





Government Finance Officers Association

**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, 2012

Executive Director/CEO

Financial Section



RubinBrown LLP
Certified Public Accountants
& Business Consultants

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Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change In Accounting Principle

As discussed in Note 12 to the financial statements, the City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, the Budgetary Comparison Information on pages 52 through 53, and the Schedule of Funding Progress - Retirement Plan and Other Post Employment Benefit Obligations on page 54 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor 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. Such 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, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the financial statements 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.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2013 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* in considering the City's internal control over financial reporting and compliance.

RubinBrown LLP

December 23, 2013

CITY OF LEE'S SUMMIT, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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, 2013. This is the 11th 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 and deferred outflows of resources of the City of Lee's Summit exceeded its liabilities at the close of the most recent fiscal year by \$686,267,658 (net position). Of this amount, unrestricted net position was a deficit of (\$32,414,329).
- The City's total net position increased \$14.1 million. Of this amount, \$8.5 million was from the City's "governmental activities" and the balance was from the "business-type activities."
- The City's total debt increased approximately \$13.5 million (15.5%) during the current fiscal year. Factors in this increase are the issuance of \$24.4 million in General Obligation debt along with a \$13.7 million General Obligation refunding and 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 position* presents all of the City's assets, deferred outflows of resources and liabilities with the difference between the two reported as *net position*. Net position is an important measure of the City's overall financial health. The increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 position may serve as a useful indicator of the City's financial position. As of June 30, 2013, assets and deferred outflows of resources exceed liabilities by \$686,267,658. The largest portion of the City's net position, \$616,880,685 (89%), 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 Position as of June 30, 2013 and 2012:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 106,618,732	\$ 85,206,742	\$ 42,749,222	\$ 38,460,906	\$ 149,367,954	\$ 123,667,648
Capital assets	428,400,906	427,018,071	220,523,916	220,324,279	648,924,822	647,342,350
Total assets	535,019,638	512,224,813	263,273,138	258,785,185	798,292,776	771,009,998
Deferred outflows of resources	146,936	—	—	—	146,936	—
Long-term liabilities outstanding	77,822,292	61,129,378	15,578,317	16,173,271	93,400,609	77,302,649
Other liabilities	15,000,469	17,270,865	3,770,976	4,284,055	18,771,445	21,554,920
Total liabilities	92,822,761	78,400,243	19,349,293	20,457,326	112,172,054	98,857,569
Net position:						
Net investment in capital assets	403,957,177	395,912,631	212,923,508	211,065,125	616,880,685	606,977,756
Restricted	68,519,039	39,690,100	33,282,263	29,539,755	101,801,302	69,229,855
Unrestricted	(30,132,403)	(1,778,161)	(2,281,926)	(2,277,021)	(32,414,329)	(4,055,182)
Total net position	\$ 442,343,813	\$ 433,824,570	\$ 243,923,845	\$ 238,327,859	\$ 686,267,658	\$ 672,152,429

At the end of the current fiscal year, the City is able to report positive balances in net investment in capital assets and restricted net position. The deficit balance in unrestricted net position 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 position 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 Blue Parkway and Colbern Road (CID). 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 accounts for expenditures related to the 2010 bond election question, Third Street Improvements fund accounts for improvements along Third Street related to a bond issue, Road and Bridge Excise Tax accounts for improvement projects within the City related to an excise tax, and Salt Dome #2 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 position increased to \$686.3 million from \$672.2 million as a result of the year's revenues exceeding expenses as reflected in the next table. The City's unrestricted net position for governmental activities was a deficit of \$(30.1) million. Total unrestricted net position was a deficit of \$(32.4) million including business-type activities of \$(2.2) million.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

By far, the largest portion of the City's net position (89%) 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 position of approximately \$686 million is comprised of \$616.8 million of net investment in capital assets, \$101.8 million is restricted for capital projects, debt service, law enforcement and economic development; \$(32.4) million is unrestricted.

The City's net position increased \$14 million during the current fiscal year. Sixty percent of this increase represents the increase in governmental activities.

Changes In Net Position

The following table reflects the revenues and expenses from the City's activities for the years ended June 30, 2013 and 2012:

	Changes In Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 9,328,573	\$ 9,104,567	\$ 36,425,318	\$ 34,052,037	\$ 45,753,891	\$ 43,156,604
Operating grants and contributions	1,400,858	3,046,594	—	—	1,400,858	3,046,594
Capital grants and contributions	1,921,135	4,322,416	1,191,530	1,200,056	3,112,665	5,522,472
General revenues:						
Property taxes	35,456,745	36,430,730	—	—	35,456,745	36,430,730
Sales and use taxes	32,191,356	29,762,456	—	—	32,191,356	29,762,456
Other revenue	21,179,489	18,075,905	209,943	885,940	21,389,432	18,961,845
Total revenues	101,478,156	100,742,668	37,826,791	36,138,033	139,304,947	136,880,701
Expenses:						
General government	16,793,993	16,992,428	—	—	16,793,993	16,992,428
Public safety	40,435,341	39,839,950	—	—	40,435,341	39,839,950
Public works and streets	23,836,549	18,286,042	—	—	23,836,549	18,286,042
Planning and development	904,265	940,979	—	—	904,265	940,979
Parks and recreation	7,761,931	7,927,148	—	—	7,761,931	7,927,148
Interest on long-term debt	4,287,131	3,745,099	—	—	4,287,131	3,745,099
Combined waterworks and sewerage system	—	—	25,063,889	24,556,071	25,063,889	24,556,071
Sanitary landfill	—	—	2,867,606	3,205,632	2,867,606	3,205,632
Airport	—	—	2,052,157	2,146,464	2,052,157	2,146,464
Recreation center	—	—	1,186,856	1,268,716	1,186,856	1,268,716
Total expenses	94,019,210	87,731,646	31,170,508	31,176,883	125,189,718	118,908,529
Increases in net position before transfers	7,458,946	13,011,022	6,656,283	4,961,150	14,115,229	17,972,172
Transfers	1,060,297	1,766,878	(1,060,297)	(1,766,878)	—	—
Change in net position	8,519,243	14,777,900	5,595,986	3,194,272	14,115,229	17,972,172
Net position, beginning	433,824,570	419,046,670	238,327,859	235,133,587	672,152,429	654,180,257
Net position, ending	\$ 442,343,813	\$ 433,824,570	\$ 243,923,845	\$ 238,327,859	\$ 686,267,658	\$ 672,152,429

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Governmental Activities

Governmental activities increased the City's net position by \$8.5 million.

Property taxes, the largest governmental category at 35% finished the year at \$35.5 million which had a decrease \$1 million or 3% over the prior year. This is due primarily to lower assessed values on real estate. Sales and Use taxes finished the year with an increase of \$2.4 million over the prior year, \$32.2 million compared to \$29.8 million the prior year. Franchise tax came in \$.3 million more than prior year. This was primarily due to less extreme weather conditions. Overall, governmental revenues finished the year \$.7 million above the prior year.

For the fiscal year ended June 30, 2013, revenues totaled \$139.3 million (governmental and business-type). Revenues from governmental activities totaled \$101.5 million or 73% of the total City revenues.

Governmental activities expenses increased \$6.3 million or 7% for the fiscal year ended June 30, 2013 compared to the fiscal year ended June 30, 2012. This increase is primarily due to capital projects currently underway.

Certain revenues are generated that are specific to governmental program activity. These totaled \$4.3 million. The following table shows expenses and program revenues of the governmental activities for the years ended June 30, 2013 and 2012:

	Net Cost Of Governmental Activities			
	Total Cost Of Service		Net Cost Of Service	
	2013	2012	2013	2012
General Government	\$ 16,793,993	\$ 16,992,428	\$ (14,537,269)	\$ (13,150,188)
Public Safety	40,435,341	39,839,950	(34,825,756)	(34,235,492)
Public Works and streets	23,836,549	18,286,042	(21,574,511)	(13,822,349)
Planning and development	904,265	940,979	(763,486)	(787,016)
Parks and recreation	7,761,931	7,927,148	(5,380,491)	(5,517,925)
Interest on long-term debt	4,287,131	3,745,099	(4,287,131)	(3,745,099)
Total	\$ 94,019,210	\$ 87,731,646	\$ (81,368,644)	\$ (71,258,069)

As previously noted, expenses from governmental activities totaled \$94 million. However, net costs of these services were \$81.4 million. The difference represents direct revenues received from charges for services of \$9.3 million, operating grants and contributions of \$1.4 million and capital grants and contributions of \$1.9 million. Taxes and other revenues of \$4 million were collected to cover these net costs.

Business-Type Activities

Business-type activities net position increased by \$5.6 million in the current year.

Overall revenues increased \$1.7 million or 4.7% compared to last year. This was primarily due to an increase in water revenues during the current year of 8% or \$2.3 million. Dry conditions early in the fiscal year and a rate increase were factors this increase. On the other hand, expenses also increased \$.5 million or 2% compared to the prior year.

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, 2013 was \$14.9 million or 25% of actual expenditures. This represents an increase of \$1.9 million or a 15% increase over the previous year's balance. Revenues increased \$3.3 million and expenses increased by \$1.7 million over the previous fiscal year.

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 fund balance was drawn down to 17% after settlement of a lawsuit. The City has rebuilt its fund balance back to the minimum of 25% of expenditures in two years.

The Debt Service Fund ended the year with a fund balance of \$9 million, an increase of \$2 million or 29%. As of June 30, 2013, 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, 2013 \$1.5 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 2013 \$9.5 million of these bonds have not been issued. In April 2013, the electorate authorized an additional \$7.49 million in general obligation debt. The bonds provide for cultural arts facilities including an amphitheater at Legacy Park, rehabilitation of the old downtown post office/city hall building, and creating an outdoor performance and festival space downtown. It also included Orchard Street and Pryor Road improvements. 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 deficit of \$2.3 million at June 30, 2013. This is an improvement of \$1 million from the previous year. 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 \$24.7 million. This represents an increase of \$5.2 million or 27% over the previous year. The increase is due to steady sales tax revenues coupled with projects still in the design stages.

The Blue Parkway and Colbern Road CID Fund ended the year with a fund deficit of \$.2 million. The negative balance is due to start up costs associated with the community improvement district (CID) that will be reimbursed with tax funds generated from development in this area. This fund was established in Fiscal Year 2013.

The Combined Water and Sewerage system recorded an increase of \$6.1 million in net position for the year. Revenues increased over the last fiscal year by \$2.3 million as consumption levels increased while operating expenses only increased by \$.7 million. During the current fiscal year, weather conditions were dry during the first half of the fiscal year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The Sanitary Landfill fund recorded a decrease of \$800,000 in net position for the year that is attributed to payments to the Post Closure Fund in the amount of \$175,000. Along with expenses of \$2.8 million exceeding revenues of \$2.3 million; resulting in an operating loss of \$500,000. 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.

The Airport Fund recorded an increase of \$147,000 in net position for the year. The increase is attributed to \$763,000 in grant funding received during 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 \$58,958,406 increased to \$59,515,978 for an increase of \$557,572.

Actual revenues were \$195,000 more than budgeted. Property taxes were \$700,000 more than expected due to conservative revenue projections. While sales tax revenues were \$1.1 million or 8% less than expected. Franchise receipts were \$300,000 lower than budget primarily due to mild weather conditions. Franchise tax revenues are paid by utilities and can vary with weather conditions.

Actual expenditures were \$2.2 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, 2013 amounts to \$649 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 \$1.6 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 \$2.8 million for the year.
- Sidewalk rehabilitation totaling \$600,000 for the year.
- Progress on the Police Facility improvements at \$1.2 million for the year.
- Public Safety Radio upgrades totaling \$800,000 for the year.
- Progress construction of Storm water Improvements city wide totaling \$1.2 million for the year.
- Progress construction on city wide curb replacement totaling \$3.1 million for the year.
- Additional system additions and improvements were completed in the Combined Waterworks and Sewerage Fund at a cost of almost \$2.9 million including water main rehab of \$1.5 million and sanitary sewer rehab of \$349,000 for the year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

	Governmental Activities		Capital Assets		Total	
			Business-Type Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 7,997,075	\$ 7,997,075	\$ 19,625,415	\$ 19,625,415	\$ 27,622,490	\$ 27,622,490
Construction in progress	113,869,805	103,702,293	19,874,198	15,186,818	133,744,003	118,889,111
Buildings	44,745,487	47,249,421	—	—	44,745,487	47,249,421
Improvements	19,128,186	20,816,385	180,471,895	184,937,462	199,600,081	205,753,847
Machinery and equipment	11,160,302	10,425,149	552,408	574,584	11,712,710	10,999,733
Infrastructure	231,500,051	236,827,748	—	—	231,500,051	236,827,748
Total assets	\$ 428,400,906	\$ 427,018,071	\$ 220,523,916	\$ 220,324,279	\$ 648,924,822	\$ 647,342,350

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 2013, had a total of \$82.7 million of outstanding obligations. This was an increase of \$9.2 million or 13% 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, 2013, the City's total issued General Obligation (G.O.) Bonded Debt was \$43,815,000 and authorized and unissued debt was \$18,543,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$322,343,269. This, less outstanding debt, authorized and unissued debt, and available cash, leaves a legal debt margin of \$266,689,024, which is 83% of the City's total bonding capacity. Bonded debt, net of available debt service funds, amounted to approximately \$401 per capita and represented 2.28% of the assessed value of taxable property.

General Obligation Bonds retired \$21,660,000 of their principal amount outstanding this year along with interest payments of \$1.1 million. This was done through the sale of refunding general obligation bonds. The 2013 General Obligation Refunding Bonds redeemed in full the \$15,550,000 of outstanding 2003-A bonds. This will generate a savings of just over \$3 million in interest costs.

The City's Obligation bonds have most recently been rated Aa1 by Moody's Investors Services.

The total revenue bond amount outstanding at June 30, 2013 was \$7,075,000, which was solely made up of bonds of the Combined Water and Sewer Utility.

The Combined Water and Sewer Utility Fund retired \$1,605,000 of their principal amount outstanding this year along with interest payments of \$205,000.

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 \$10,850,000 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 2014 are projected to total \$57.8 million. This represents an increase of \$58,000 over the prior year budget. After recent years of flat sales tax growth and decreased building permit activity, the City has experienced modest growth in revenue categories such as property taxes and charges for services.

General Fund expenses are projected to total \$59.4 million compared to \$59.5 million budgeted in fiscal year 2013. This represents an \$80,000 decrease.

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 is in its second year with a new carrier 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.

Key initiatives funded in the fiscal year 2014 budget represent a focus on improving service delivery. Highlights include: public safety, infrastructure improvements, process improvements and economic development.

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 POSITION

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 93,059,441	\$ 39,054,105	\$ 132,113,546
Receivables (net of allowance):			
Taxes	7,113,986	—	7,113,986
Accounts and other	1,252,575	3,327,172	4,579,747
Interest	209,158	130,067	339,225
Internal balances	220,603	(220,603)	—
Due from other governmental agencies	996,099	121,097	1,117,196
Inventories	153,701	324,977	478,678
Prepaid expenses	4,035	4,403	8,438
Other assets	21,593	8,004	29,597
Deferred bond issue costs, net	—	—	—
Restricted assets:			
Cash and investments	3,587,541	—	3,587,541
Capital assets:			
Nondepreciable	121,866,880	39,499,613	161,366,493
Depreciable, net	306,534,026	181,024,303	487,558,329
Total Capital Assets	428,400,906	220,523,916	648,924,822
Total Assets	535,019,638	263,273,138	798,292,776
Deferred Outflows Of Resources			
Deferred amount on refunding	146,936	—	146,936
Liabilities			
Accounts payable and accrued expenses	5,095,911	1,988,729	7,084,640
Payroll liabilities	1,777,238	150,928	1,928,166
Accrued interest payable	689,762	199,819	889,581
Unearned revenue	—	25,906	25,906
Customer deposits - payable from restricted deposits	1,282,588	438,249	1,720,837
Long-term obligations:			
Due within one year:			
Compensated absences	159,970	12,345	172,315
Bonds and contracts	5,995,000	955,000	6,950,000
Due in more than one year:			
Compensated absences	3,738,550	289,340	4,027,890
Net pension obligation	532,493	—	532,493
Other post employment benefits	1,480,024	168,872	1,648,896
Bonds and contracts	72,071,225	15,120,105	87,191,330
Total Liabilities	92,822,761	19,349,293	112,172,054
Net Position			
Net investment in capital assets	403,957,177	212,923,508	616,880,685
Restricted for:			
Debt service	8,907,910	794,000	9,701,910
Capital projects	47,317,559	32,488,263	79,805,822
Law enforcement	6,963,353	—	6,963,353
Economic development	5,330,217	—	5,330,217
Unrestricted	(30,132,403)	(2,281,926)	(32,414,329)
Total Net Position	\$ 442,343,813	\$ 243,923,845	\$ 686,267,658

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 16,793,993	\$ 2,063,185	\$ 465,943	\$ —	\$ (14,264,865)	\$ —	\$ (14,264,865)
Public safety	40,435,341	4,667,249	924,387	17,949	(34,825,756)	—	(34,825,756)
Public works and streets	23,836,549	358,852	—	1,903,186	(21,574,511)	—	(21,574,511)
Planning and development	904,265	130,251	10,528	—	(763,486)	—	(763,486)
Parks and recreation	7,761,931	2,381,440	—	—	(5,380,491)	—	(5,380,491)
Interest on long-term debt	4,287,131	—	—	—	(4,287,131)	—	(4,287,131)
Total Governmental Activities	94,019,210	9,600,977	1,400,858	1,921,135	(81,096,240)	—	(81,096,240)
Business-Type Activities							
Waterworks and sewerage system	25,063,889	31,413,865	—	428,079	—	6,778,055	6,778,055
Sanitary landfill	2,867,606	2,346,247	—	—	—	(521,359)	(521,359)
Airport	2,052,157	1,456,710	—	763,451	—	168,004	168,004
Recreation center	1,186,856	1,208,496	—	—	—	21,640	21,640
Total Business-Type Activities	31,170,508	36,425,318	—	1,191,530	—	6,446,340	6,446,340
Total Primary Government	\$ 125,189,718	\$ 46,026,295	\$ 1,400,858	\$ 3,112,665	(81,096,240)	6,446,340	(74,649,900)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					27,399,947	—	27,399,947
Property taxes, levied for debt service					8,056,798	—	8,056,798
Franchise taxes					14,080,374	—	14,080,374
Sales and use taxes					32,191,356	—	32,191,356
License taxes					552,206	—	552,206
Motor vehicle taxes					3,262,217	—	3,262,217
Earnings on investments					372,899	209,943	582,842
Other revenues					1,933,609	—	1,933,609
Gain on sale of assets					705,780	—	705,780
Transfers					1,060,297	(1,060,297)	—
Total General Revenues And Transfers					89,615,483	(850,354)	88,765,129
Change In Net Position					8,519,243	5,595,986	14,115,229
Net Position - Beginning					433,824,570	238,327,859	672,152,429
Net Position - Ending					\$ 442,343,813	\$ 243,923,845	\$ 686,267,658

CITY OF LEE'S SUMMIT, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Debt Service	Chapel Ridge TIF	Capital Improve- ment Sales Tax	Blue Parkway And Colbern Road CID	Other Govern- mental Funds	Total Govern- mental Funds
Assets							
Pooled cash and investments	\$11,522,409	\$ 8,635,093	\$ 1	\$ 22,300,490	\$ —	\$ 42,559,924	\$ 85,017,917
Receivables (net of allowance):							
Taxes	3,887,009	845,715	57,448	978,765	—	1,345,049	7,113,986
Accounts and other	1,204,131	—	—	—	—	33,322	1,237,453
Interest	44,002	27,537	—	64,436	—	46,990	182,965
Due from other funds	2,820,178	—	—	1,456,362	—	3,341,537	7,618,077
Due from other governments	316,627	—	45,151	—	—	634,321	996,099
Other assets	10,262	—	—	—	—	10,400	20,662
Restricted assets:							
Cash and investments	—	—	—	—	3,587,541	—	3,587,541
Total Assets	\$19,804,618	\$ 9,508,345	\$ 102,600	\$ 24,800,053	\$ 3,587,541	\$ 47,971,543	\$ 105,774,700
Liabilities And Fund Balances							
Liabilities							
Accounts payable and accrued liabilities	\$ 2,023,372	\$ —	\$ —	\$ 87,327	\$ —	\$ 2,035,761	\$ 4,146,460
Payroll liabilities	1,604,347	—	—	—	—	106,201	1,710,548
Payable from restricted	454,907	—	—	—	—	827,681	1,282,588
Accrued interest payable	—	—	5,664	—	—	10,022	15,686
Due to other funds	1,537	—	2,430,350	—	3,832,075	1,133,512	7,397,474
Total Liabilities	4,084,163	—	2,436,014	87,327	3,832,075	4,113,177	14,552,756
Deferred Inflows Of Resources							
Property tax	866,518	553,730	—	—	—	165,335	1,585,583
Other	—	—	—	—	—	3,682	3,682
Total Deferred Inflows Of Resources	866,518	553,730	—	—	—	169,017	1,589,265
Fund Balances							
Nonspendable							
Advances to other funds	2,368,183	—	—	—	—	—	2,368,183
Restricted							
Bridges, streets and signals	—	—	—	24,712,726	—	15,336,055	40,048,781
Economic development	—	—	—	—	—	5,330,217	5,330,217
Law enforcement	—	—	—	—	—	6,963,353	6,963,353
Debt service reserve	—	8,954,615	—	—	—	—	8,954,615
Other capital projects	—	—	—	—	—	7,268,778	7,268,778
Committed							
Bridges, streets, & signals	—	—	—	—	—	159,705	159,705
Landfill care	—	—	—	—	—	4,360,229	4,360,229
Cemetery care	—	—	—	—	—	1,158,299	1,158,299
Other capital projects	—	—	—	—	—	14,745	14,745
Assigned							
Parks and recreation	—	—	—	—	—	3,392,138	3,392,138
Economic development	—	—	—	—	—	46,676	46,676
Other capital projects	—	—	—	—	—	181,449	181,449
Other purposes	—	—	—	—	—	193,827	193,827
Unassigned	12,485,754	—	(2,333,414)	—	(244,534)	(716,122)	9,191,684
Total Fund Balances	14,853,937	8,954,615	(2,333,414)	24,712,726	(244,534)	43,689,349	89,632,679
Total Liabilities, Deferred Inflows And Fund Balances	\$19,804,618	\$ 9,508,345	\$ 102,600	\$ 24,800,053	\$ 3,587,541	\$ 47,971,543	\$ 105,774,700

CITY OF LEE'S SUMMIT, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2013

Total Fund Balance, Governmental Funds \$ 89,632,679

Amounts reported for governmental activities in the Statement of Net Position 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 Position.

Governmental capital assets	528,809,277
Less: Accumulated depreciation	(111,255,977)

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.

1,589,265

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

(674,076)

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

17,819,304

Some liabilities, such as compensated absences and bonds payable (net of unamortized discounts), are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.

Compensated absences	(3,728,539)
Net pension obligation	(532,493)
Bonds payable	(75,115,000)
Unamortized discounts	613,961
Unamortized premiums	(3,565,186)
Deferred amount on refunding	146,936
Other post employment benefit liability	(1,396,338)

Total Net Position - Governmental Activities \$ 442,343,813

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS For The Year Ended June 30, 2013

	General Fund	Debt Service	Chapel Ridge TIF	Capital Improve- ment Sales Tax	Blue Parkway And Colbern Road CID	Other Govern- mental Funds	Total Govern- mental Funds
Revenues							
Taxes							
Property	\$ 18,121,482	\$ 8,024,576	\$ 1,480,193	\$ —	\$ —	\$ 7,745,486	\$ 35,371,737
Sales	13,076,121	3,080,480	493,896	6,536,667	—	8,350,085	31,537,249
Franchise	14,080,374	—	—	—	—	—	14,080,374
License	—	—	—	—	—	830,823	830,823
Bed	—	—	—	—	—	310,884	310,884
Motor vehicle	3,262,217	—	—	—	—	—	3,262,217
Other tax	339,417	2,825	—	—	—	981	343,223
Fines and forfeitures	1,511,860	59,848	28,256	—	—	52,188	1,652,152
Licenses and permits	1,607,383	—	—	—	—	—	1,607,383
Intergovernmental	860,763	—	203,908	—	—	1,332,772	2,397,443
Charges for services	3,688,256	—	—	—	—	2,653,186	6,341,442
Investment earnings	18,009	41,054	—	78,824	368	186,469	324,724
Other	1,438,937	9,107	—	1,624	—	483,941	1,933,609
Total Revenues	58,004,819	11,217,890	2,206,253	6,617,115	368	21,946,815	99,993,260
Expenditures							
Current:							
General government	11,309,415	—	—	—	—	620,797	11,930,212
Public safety	34,131,490	—	—	—	—	—	34,131,490
Public works and streets	10,927,267	—	—	—	—	—	10,927,267
Community development	904,265	—	—	—	—	—	904,265
Parks and recreation	—	—	—	—	—	5,612,207	5,612,207
Debt service:							
Principal	—	23,050,000	—	—	—	4,145,000	27,195,000
Interest and other charges	—	1,823,820	28,302	—	—	1,669,618	3,521,740
Capital outlay	—	—	1,200,291	1,395,761	244,902	21,589,744	24,430,698
Total Expenditures	57,272,437	24,873,820	1,228,593	1,395,761	244,902	33,637,366	118,652,879
Excess (Deficiency) Of							
Revenues Over							
Expenditures	732,382	(13,655,930)	977,660	5,221,354	(244,534)	(11,690,551)	(18,659,619)
Other Financing Sources (Uses)							
Issuance of bonds	—	13,740,000	—	—	—	24,360,000	38,100,000
Premium on issuance of bonds	—	1,919,417	—	—	—	1,419,305	3,338,722
Transfers in	1,753,912	1,709,500	—	—	—	1,275,228	4,738,640
Transfers out	(539,522)	(1,686,250)	—	—	—	(1,737,424)	(3,963,196)
Total Other Financing Sources	1,214,390	15,682,667	—	—	—	25,317,109	42,214,166
Net Change In Fund Balances	1,946,772	2,026,737	977,660	5,221,354	(244,534)	13,626,558	23,554,547
Fund Balances - Beginning	12,907,165	6,927,878	(3,311,074)	19,491,372	—	30,062,791	66,078,132
Fund Balances - Ending	\$ 14,853,937	\$ 8,954,615	\$ (2,333,414)	\$ 24,712,726	\$ (244,534)	\$ 43,689,349	\$ 89,632,679

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, 2013

Net Change In Fund Balances - Total Governmental Funds	\$ 23,554,547
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 depreciation of \$10,766,191 in the current period exceeded capital outlays over the capitalization threshold totaling \$10,593,605.	(172,586)
Contributions of capital assets are recorded as capital contributions in the Statement of Activities. Contributions primarily represent infrastructure assets.	924,550
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.	(193,609)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In the Statement of Activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the net effect of these differences in the treatment of long-term debt and related items:	
Issuance of bonds	(38,100,000)
Repayment of principal	27,195,000
Bond discount amortization	(391,552)
Bond premium	(3,338,722)
Bond premium amortization	185,424
Removal of bond issuance costs as a result of adopting GASB 65	(629,959)
Deffered amount on refunding	146,936
Accrued interest	(78,927)
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	(283,313)
Compensated absences	(44,038)
Net pension obligation	2,419
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.	(256,927)
Change In Net Position Of Governmental Activities	\$ 8,519,243

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2013

	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	\$ 36,687,865	\$ 2,042,338	\$ 160,313	\$ 163,589	\$ 39,054,105	\$ 8,041,524	
Receivables (net of allowance):							
Accounts and other	1,825,236	242,452	71,163	—	2,138,851	15,122	
Unbilled accounts	1,188,321	—	—	—	1,188,321	—	
Interest	112,382	16,795	667	223	130,067	26,193	
Due from other funds	1,604,404	—	—	—	1,604,404	—	
Due from other governments	—	—	121,097	—	121,097	—	
Inventories	251,895	—	73,082	—	324,977	153,701	
Prepaid expenses	—	—	4,403	—	4,403	4,035	
Other assets	8,004	—	—	—	8,004	931	
Total current assets	41,678,107	2,301,585	430,725	163,812	44,574,229	8,241,506	
Noncurrent assets:							
Capital assets:							
Nondepreciable	18,714,119	82,157	20,703,337	—	39,499,613	104,250	
Depreciable, net	162,339,748	5,442,802	13,015,368	226,385	181,024,303	10,743,356	
Total noncurrent assets	181,053,867	5,524,959	33,718,705	226,385	220,523,916	10,847,606	
Total Assets	222,731,974	7,826,544	34,149,430	390,197	265,098,145	19,089,112	
Liabilities							
Current liabilities:							
Accounts payable	1,781,029	106,839	40,298	60,563	1,988,729	949,451	
Salaries payable	85,829	21,468	7,279	36,352	150,928	66,690	
Accrued interest payable	179,837	10,635	9,347	—	199,819	—	
Due to other funds	—	—	1,825,007	—	1,825,007	—	
Unearned revenue	—	—	25,906	—	25,906	—	
Compensated absences	7,882	1,982	945	1,536	12,345	8,822	
Current portion of long-term debt - bonds	905,000	—	50,000	—	955,000	—	
Payable from restricted assets:							
Customer deposit	406,211	—	32,038	—	438,249	—	
Total current liabilities	3,365,788	140,924	1,990,820	98,451	5,595,983	1,024,963	
Noncurrent liabilities:							
Revenue bonds	6,204,562	—	—	—	6,204,562	—	
Certificates of participation	—	—	440,846	—	440,846	—	
Compensated absences	187,064	49,717	21,399	31,160	289,340	161,159	
Closure and post-closure liability	—	8,474,697	—	—	8,474,697	—	
Other post employment benefits	134,940	21,752	12,180	—	168,872	83,686	
Total noncurrent liabilities	6,526,566	8,546,166	474,425	31,160	15,578,317	244,845	
Total Liabilities	9,892,354	8,687,090	2,465,245	129,611	21,174,300	1,269,808	
Net Position							
Net investment in capital assets	173,944,305	5,524,959	33,227,859	226,385	212,923,508	10,847,606	
Restricted for debt service	794,000	—	—	—	794,000	—	
Restricted for capital projects	31,886,468	52,717	549,078	—	32,488,263	—	
Unrestricted	6,214,847	(6,438,222)	(2,092,752)	34,201	(2,281,926)	6,971,698	
Total Net Position	\$ 212,839,620	\$ (860,546)	\$ 31,684,185	\$ 260,586	\$ 243,923,845	\$ 17,819,304	

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS For The Year Ended June 30, 2013

	Enterprise Funds					Total	Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)			
Operating Revenues							
Charges for services	\$ 31,176,266	\$ 2,325,465	\$ 542,975	\$ 1,081,378	\$ 35,126,084	\$ 7,216,563	
Material and fuel sales	87,193	—	869,127	—	956,320	—	
Other	150,406	20,782	44,608	127,118	342,914	55,231	
Total Operating Revenues	31,413,865	2,346,247	1,456,710	1,208,496	36,425,318	7,271,794	
Operating Expenses							
Salaries, wages and employee benefits	3,474,057	841,010	326,485	625,845	5,267,397	2,872,930	
Water purchases	7,516,039	—	—	—	7,516,039	—	
Utilities	536,264	80,297	53,529	85,522	755,612	284,240	
Repairs and maintenance	214,893	121,083	102,911	12,063	450,950	571,485	
Sewer services	5,642,291	—	—	—	5,642,291	—	
Fuels and lubricants	123,488	190,739	718,613	—	1,032,840	7,509	
Depreciation	4,181,935	281,579	591,556	35,474	5,090,544	2,633,367	
Interdepartment charges	527,129	510,504	69,909	15,325	1,122,867	441,266	
Miscellaneous	2,470,817	806,093	139,792	311,408	3,728,110	1,759,418	
Total Operating Expenses	24,686,913	2,831,305	2,002,795	1,085,637	30,606,650	8,570,215	
Operating Income (Loss)	6,726,952	(485,058)	(546,085)	122,859	5,818,668	(1,298,421)	
Nonoperating Revenues (Expenses)							
Interest income	176,732	31,504	1,707	—	209,943	48,175	
Capital grants and contributions	—	—	763,451	—	763,451	—	
Interest expense	(376,976)	(36,301)	(49,362)	(101,219)	(563,858)	2,686	
Gain on disposal of capital assets	—	—	—	—	—	705,780	
Total Nonoperating Revenues (Expenses)	(200,244)	(4,797)	715,796	(101,219)	409,536	756,641	
Income Before Contributions And Transfers	6,526,708	(489,855)	169,711	21,640	6,228,204	(541,780)	
Capital Contributions	428,079	—	—	—	428,079	—	
Transfers In	—	—	57,000	65,223	122,223	284,853	
Transfers Out	(816,281)	(286,668)	(79,571)	—	(1,182,520)	—	
Change In Net Position	6,138,506	(776,523)	147,140	86,863	5,595,986	(256,927)	
Total Net Position - Beginning	206,701,114	(84,023)	31,537,045	173,723	238,327,859	18,076,231	
Total Net Position - Ending	\$ 212,839,620	\$ (860,546)	\$ 31,684,185	\$ 260,586	\$ 243,923,845	\$ 17,819,304	

CITY OF LEE'S SUMMIT, MISSOURI

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS For The Year Ended June 30, 2013

	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	\$ 32,023,199	\$ 2,303,646	\$ 1,472,008	\$ 1,208,496	\$ 37,007,349	\$ 7,256,672	
Cash paid to suppliers	(15,655,465)	(890,339)	(1,058,143)	(435,001)	(18,038,948)	(2,509,944)	
Cash paid to employees	(3,354,995)	(808,773)	(320,332)	(592,610)	(5,076,710)	(2,765,074)	
Cash paid for interdepartment charges	(527,129)	(510,504)	(75,006)	(15,325)	(1,127,964)	—	
Net Cash Provided By Operating Activities	12,485,610	94,030	18,527	165,560	12,763,727	1,981,654	
Cash Flows From Noncapital Financing Activities							
Transfers in	—	—	57,000	65,223	122,223	284,853	
Transfers out	(816,281)	(286,668)	(79,571)	—	(1,182,520)	—	
Net Cash Provided By (Used In) Noncapital Financing Activities	(816,281)	(286,668)	(22,571)	65,223	(1,060,297)	284,853	
Cash Flows From Capital And Related Financing Activities							
Proceeds from the issuance of long-term debt	—	—	—	—	—	—	
Principal payments on long-term debt	(1,605,000)	—	(50,000)	—	(1,655,000)	—	
Interest paid on long-term debt obligations	(205,265)	(36,664)	(42,408)	(101,326)	(385,663)	—	
Capital grants	—	—	776,655	—	776,655	—	
Additions to capital assets	(4,062,055)	(182)	(705,545)	(97,776)	(4,865,558)	(3,346,090)	
Proceeds from sale of capital assets	—	—	—	—	—	787,631	
Net Cash Used In Capital And Related Financing Activities	(5,872,320)	(36,846)	(21,298)	(199,102)	(6,129,566)	(2,558,459)	
Cash Flows Provided By Investing Activities							
Interest received	177,555	32,897	2,452	50	212,954	52,867	
Net Increase (Decrease) In Cash And Cash Equivalents	5,974,564	(196,587)	(22,890)	31,731	5,786,818	(239,085)	
Cash And Cash Equivalents - Beginning Of Year	30,713,301	2,238,925	183,203	131,858	33,267,287	8,280,609	
Cash And Cash Equivalents - End Of Year	\$ 36,687,865	\$ 2,042,338	\$ 160,313	\$ 163,589	\$ 39,054,105	\$ 8,041,524	
Operating income (loss)	\$ 6,726,952	\$ (485,058)	\$ (546,085)	\$ 122,859	\$ 5,818,668	\$ (1,298,421)	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation and amortization	4,181,935	281,579	591,556	35,474	5,090,544	2,633,367	
Changes in assets and liabilities:							
(Increase) decrease in inventories	86,353	—	(24,698)	—	61,655	(18,023)	
(Increase) decrease in accounts receivable	413,154	(42,601)	15,837	—	386,390	(15,122)	
Decrease in due from other funds	835,360	—	—	—	835,360	378,211	
Decrease in unbilled revenue	194,655	—	—	—	194,655	—	
(Increase) decrease in prepaid expenses	—	—	957	—	957	(39)	
(Increase) decrease in other assets	(3,016)	—	—	—	(3,016)	11,509	
Increase (decrease) in accounts payable	(70,370)	(14,089)	(19,557)	(26,008)	(130,024)	182,316	
Increase in salaries and wages payable	85,829	21,468	7,279	36,352	150,928	66,648	
Decrease in due to other funds	—	—	(5,097)	—	(5,097)	—	
Increase (decrease) in customer deposits	1,525	—	(539)	—	986	—	
Increase in accrued landfill closure/postclosure care costs	—	321,962	—	—	321,962	—	
Increase in other post employment benefits	33,351	6,740	3,169	—	43,260	20,759	
Increase (decrease) in accrued compensated absences	(118)	4,029	(4,295)	(3,117)	(3,501)	20,449	
Total adjustments	5,758,658	579,088	564,612	42,701	6,945,059	3,280,075	
Net Cash Provided By Operating Activities	\$ 12,485,610	\$ 94,030	\$ 18,527	\$ 165,560	\$ 12,763,727	\$ 1,981,654	

Supplemental Disclosure Of Cash Flow Information

The City has the following noncash transactions: \$428,079 in water and sewer lines were contributed during fiscal year 2013.

CITY OF LEE'S SUMMIT, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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 Manager is the chief administrative officer of the City. The City provides services to more than 92,292 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 Position 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 Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances 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 - Capital projects fund 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.

Blue Parkway And Colbern Road CID Fund - Capital projects fund established to account for costs associated with construction of infrastructure in the Blue Parkway and Colbern Road Community Improvement District.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

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

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.

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, deferred outflows, liabilities and deferred inflows associated with the operation of the City are included on the statement of net position.

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, certain deferred outflows, current liabilities and certain deferred inflows 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, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 inflows, 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.

Expenses/Expenditures

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Cash, Cash Equivalents And Investments

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

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

Property Tax Revenue Recognition

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

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

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

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

General	\$ 0.9213
Park board	0.1630
Debt service	<u>0.4697</u>
Total tax levy	<u><u>\$ 1.5540</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 position 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.

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, 2013.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

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

Deferred Outflows Of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred amounts on refunding incurred as a result of debt refunding have been deferred and are being amortized over the life of the bonds using the straight-line method.

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 position as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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 expenses as incurred.

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.

Deferred Inflows Of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

On the modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

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 position 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 Position

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

Net Investment In Capital Assets - 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Unrestricted Net Position - This consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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.

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.

Capital Contributions

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

Use Of Estimates

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

2. Deposits And Investments

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

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

Interest Rate Risk

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The fair values, as determined by quoted market prices and the maturities, of the City's investments at June 30, 2013 are as follows:

	Fair Value	Less Than 1 Year	1 To 5 Years
Certificates of deposit	\$ 14,135,000	\$ 7,687,000	\$ 6,448,000
U.S. Treasury securities	87,041,418	57,938,019	29,103,399
Municipal bonds	15,714,618	9,973,427	5,741,191
Repurchase agreements	13,772,000	13,772,000	—
Money market funds	6,488,625	6,488,625	—
	<u>137,151,661</u>	<u>\$ 95,859,071</u>	<u>\$ 41,292,590</u>
Unrestricted cash deposits per books	<u>(1,450,574)</u>		
Cash and investments per Statement of Net Assets	<u>\$ 135,701,087</u>		

Custodial Credit Risk

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

The City's policy requires all deposits placed in financial institutions to be at least 105% collateralized with securities that are acceptable to the Finance Director of the City and in accordance with state statutes. As of June 30, 2013, 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 investment due to the ability of the counterpart to fulfill their obligation. The city minimizes credit risk by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

In addition, the city's investment policy allows for the following investment types: U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value; Certificates of deposit and other evidences of deposit at financial institutions; Investment-grade obligations of the states of Missouri or Kansas that are "A" rated or better; Repurchase agreements whose underlying purchased securities consist of the foregoing; Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and Local Government Investment Pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation.

Investment in derivatives of the above instruments or leveraging shall be prohibited per Missouri Revised Statutes.

	Fair Value	AAA/Aaa	AA/Aa	A/A	SP1	Unrated
Certificates of deposit	\$ 14,135,000	\$ —	\$ —	\$ —	\$ —	\$ 14,135,000
U.S. Treasury securities*	87,041,418	—	—	—	—	87,041,418
Municipal bonds	15,714,618	—	12,195,329	1,520,549	1,998,740	—
Repurchase agreements	13,772,000	—	—	—	—	13,772,000
Money market funds	6,488,625	—	—	—	—	6,488,625
Total	\$ 137,151,661	\$ —	\$ 12,195,329	\$ 1,520,549	\$ 1,998,740	\$ 121,437,043

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

Concentration Risk

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

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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>
Manhattan Kansas Temporary Notes	Municipal Security	\$ 8,047,470
Repurchase Agreements	***	13,772,000

** 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. At June 30, 2013, \$3,587,541 of this amount remained in the escrow account. 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, 2013 was as follows:

	Governmental Activities			
	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Nondepreciable capital assets:				
Land	\$ 7,997,075	\$ —	\$ —	\$ 7,997,075
Construction in progress	103,702,293	10,167,512	—	113,869,805
Total nondepreciable capital assets	111,699,368	10,167,512	—	121,866,880
Depreciable capital assets:				
Buildings	65,088,620	22,131	—	65,110,751
Improvement other than buildings	31,759,391	21,808	—	31,781,199
Furniture, fixtures and equipment	33,166,858	3,728,243	1,671,155	35,223,946
Infrastructure	303,605,459	924,550	—	304,530,009
Total depreciable capital assets	433,620,328	4,696,732	1,671,155	436,645,905
Less: Accumulated depreciation				
Buildings	17,839,199	2,526,065	—	20,365,264
Improvement other than buildings	10,943,006	1,710,007	—	12,653,013
Furniture, fixtures and equipment	22,741,709	2,911,239	1,589,304	24,063,644
Infrastructure	66,777,711	6,252,247	—	73,029,958
Total accumulated depreciation	118,301,625	13,399,558	1,589,304	130,111,879
Total depreciable capital assets, net	315,318,703	(8,702,826)	81,851	306,534,026
Total governmental activities capital assets, net	\$ 427,018,071	\$ 1,464,686	\$ 81,851	\$ 428,400,906

Depreciation expense was charged to functions as follows:

General government	\$ 884,875
Public safety	1,131,893
Public works and streets	6,563,043
Parks and recreation	2,186,380
Capital assets held by the government's Internal Service Funds charged to the various functions based on their usage of the assets	2,633,367
	<u>\$ 13,399,558</u>

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

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Nondepreciable capital assets:				
Land	\$ 19,625,415	\$ —	\$ —	\$ 19,625,415
Construction in progress	15,186,818	4,687,380	—	19,874,198
Total nondepreciable capital assets	34,812,233	4,687,380	—	39,499,613
Depreciable capital assets:				
Structures and improvements	260,194,985	520,187	—	260,715,172
Furniture, fixtures and equipment	3,301,595	82,614	—	3,384,209
Total depreciable capital assets	263,496,580	602,801	—	264,099,381
Less: Accumulated depreciation				
Structures and improvements	75,257,523	4,985,754	—	80,243,277
Furniture, fixtures and equipment	2,727,011	104,790	—	2,831,801
Total accumulated depreciation	77,984,534	5,090,544	—	83,075,078
Total depreciable capital assets, net	185,512,046	(4,487,743)	—	181,024,303
Total governmental activities capital assets, net	\$ 220,324,279	\$ 199,637	\$ —	\$ 220,523,916

Depreciation expense was charged to functions as follows:

Combined waterworks and sewerage system	\$ 4,181,935
Sanitary landfill	281,579
Airport	591,556
Nonmajor enterprise funds	35,474
	<u>\$ 5,090,544</u>

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

Debt payable at June 30, 2013 is composed of the following:

	Interest Rates	Maturity Date	Balance
Governmental Activities			
General obligation bonds:			
Improvement bonds – 2011	3.00	4/1/2017	\$ 8,600,000
Improvement bonds – 2013	2.00 - 3.00	4/1/2028	21,475,000
Refunding (2003) – 2013	3.00 - 4.00	4/1/2023	<u>13,740,000</u>
Total general obligation bonds			<u><u>\$ 43,815,000</u></u>
Certificates of participation:			
City park – 2006	4.00 – 4.30	7/1/2018	<u>\$ 10,355,000</u>
Total certificates of participation			<u><u>\$ 10,355,000</u></u>
TIF bonds:			
Summit fair – 2011	5.625 – 7.25	4/1/2030	<u>\$ 20,945,000</u>
Total TIF bonds			<u><u>\$ 20,945,000</u></u>
Business-Type Activities			
Combined Waterworks and Sewerage Fund:			
Revenue bonds:			
Waterworks – 2012	1.00-2.00	7/1/2021	<u>\$ 7,075,000</u>
Total revenue bonds			<u><u>\$ 7,075,000</u></u>
Airport Fund:			
Certificates of participation – Airport – 2000	4.00-4.375	9/1/2021	<u>\$ 495,000</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, 2013:

Governmental Activities	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
General obligation bonds	\$ 27,375,000	\$ 38,100,000	\$ (21,660,000)	\$ 43,815,000	\$ 4,625,000
Less: Bond discount	(111,453)	—	111,453	—	—
Add: Bond premium	411,889	3,338,722	(185,425)	3,565,186	—
Total general obligation bonds	27,675,436	41,438,722	(21,733,972)	47,380,186	4,625,000
Certificates of participation	11,745,000	—	(1,390,000)	10,355,000	1,370,000
Less: Bond discount	(58,514)	—	9,753	(48,761)	—
Total certificates of participation	11,686,486	—	(1,380,247)	10,306,239	1,370,000
TIF bonds	25,090,000	—	(4,145,000)	20,945,000	—
Less: Bond discount	(835,546)	—	270,346	(565,200)	—
Total TIF bonds	24,254,454	—	(3,874,654)	20,379,800	—
Accrued compensated absences	3,834,033	261,102	(196,615)	3,898,520	159,970
Net pension obligation	534,912	—	(2,419)	532,493	—
Other post employment benefits	1,175,952	394,072	(90,000)	1,480,024	—
Total governmental activities long-term obligations	\$ 69,161,273	\$ 42,093,896	\$ (27,277,907)	\$ 83,977,262	\$ 6,154,970

The total long-term liabilities of \$83,977,262 consist of compensated absences and other post employment benefits of \$169,981 and \$83,686, respectively, related to Internal Service Funds, while the remaining amount of \$83,723,595 is a reconciling item of the Governmental Funds balance sheet to the statement of net position. 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, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Combined waterworks and sewerage system fund:					
Revenue bonds	\$ 8,680,000	\$ —	\$ (1,605,000)	\$ 7,075,000	\$ 905,000
Less: Deferred amount on refunding	(282,852)	—	31,429	(251,423)	—
Add: Bond premium	321,733	—	(35,748)	285,985	—
Total revenue bonds	8,718,881	—	(1,609,319)	7,109,562	905,000
Compensated absences	195,064	7,765	(7,883)	194,946	7,882
Other post employment benefits	101,589	33,351	—	134,940	—
Total waterworks and sewerage fund	9,015,534	41,116	(1,617,202)	7,439,448	912,882
Sanitary landfill fund:					
Landfill closure/post closure care	8,152,735	321,962	—	8,474,697	—
Compensated absences	47,670	6,011	(1,982)	51,699	1,982
Other post employment benefits	15,012	6,740	—	21,752	—
Total sanitary landfill fund	8,215,417	334,713	(1,982)	8,548,148	1,982
Airport fund:					
Certificates of participation	545,000	—	(50,000)	495,000	50,000
Less: Bond discount	(4,727)	—	573	(4,154)	—
Total certificates of participation	540,273	—	(49,427)	490,846	50,000
Compensated absences	26,639	1,195	(5,490)	22,344	945
Other post employment benefits	9,011	3,169	—	12,180	—
Total airport fund	575,923	4,364	(54,917)	525,370	50,945
Nonmajor enterprise fund:					
Compensated absences	35,813	3,251	(6,368)	32,696	1,536
Total business-type activities long-term obligations	\$ 17,842,687	\$ 383,444	\$ (1,680,469)	\$ 16,545,662	\$ 967,345

Debt service requirements on long-term debt at June 30, 2013 are as follows:

Year	General Obligation Bonds		Governmental Activities Certificates Of Participation		TIF Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 4,625,000	\$ 1,364,817	\$ 1,370,000	\$ 440,938	\$ —	\$ 1,353,897
2015	3,775,000	1,186,600	2,330,000	382,713	—	1,353,897
2016	3,855,000	1,098,350	2,600,000	283,688	415,000	1,342,225
2017	3,955,000	1,007,900	2,355,000	173,188	970,000	1,303,272
2018	2,175,000	892,050	1,700,000	73,100	1,060,000	1,246,178
2019-2023	11,530,000	3,362,550	—	—	4,925,000	5,390,937
2024-2028	13,900,000	1,272,150	—	—	6,640,000	3,710,440
2029-2030	—	—	—	—	6,935,000	755,994
	\$ 43,815,000	\$ 10,184,417	\$ 10,355,000	\$ 1,353,627	\$ 20,945,000	\$ 16,456,840

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Year	Enterprise Funds			
	Combined Waterworks And Sewerage System		Airport	
	Revenue Bonds		Certificates Of Participation	
	Principal	Interest	Principal	Interest
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	950,000	69,300	65,000	13,063
2019-2022	2,515,000	91,800	210,000	17,550
	\$ 7,075,000	\$ 610,550	\$ 495,000	\$ 113,761

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 And 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, 2013, the constitutionally imposed total general obligation debt limit was \$322,343,269, which, after reduction for authorized general obligation bonds net of available resources in the Debt Service Fund, provides a general obligation debt margin of \$266,689,024.

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, 2013. The City is also in compliance with minimum net revenue covenants (as defined in the indenture) at June 30, 2013.

Bond Refunding

On February 21, 2013, the City issued a total of \$38,100,000 in General Obligation Bonds Series 2013A and Series 2013B. Series 2013A bonds totaling \$24,360,000 with interest rates ranging between 2.00-3.00 percent were issued for capital projects. General Obligation Refunding Bonds Series 2013B totaling \$13,740,000 with interest rates ranging between 3.00-4.00 percent were issued to refund \$15,550,000 million of outstanding Series 2003-A bonds with interest rates ranging between 2.00-4.75 percent. The net proceeds of \$15,550,000 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 2003 bonds. These bonds were paid in full by this escrow agent on April 1, 2013.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$146,936. This difference, reported in the accompanying financial statements as a deferred outflow, is being charged to operations through the year 2023 using the straight line interest method. The City completed the 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 \$2,996,671, which resulted in an economic gain of \$2,665,812.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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:

	<u>Contract Amount</u>	<u>Amount Funded By Grants</u>
Nonmajor Governmental	\$ 6,146,263	\$ —
Combined Waterworks and Sewerage System	29,260	—
Airport	10,263	—
	<u>\$ 6,185,786</u>	<u>\$ —</u>

6. Interfund Receivables, Payables And Transfers

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 457,495
General Fund	Chapel Ridge TIF	537,676
General Fund	Airport	1,825,007
Capital Improvement Sales Tax	Nonmajor Governmental	383,279
Capital Improvement Sales Tax	Chapel Ridge TIF	1,073,083
Nonmajor Governmental	Blue Parkway/Colbern CID	3,340,000
Nonmajor Governmental	General Fund	1,537
Combined Waterworks and Sewerage System	Nonmajor Governmental	292,738
Combined Waterworks and Sewerage System	Chapel Ridge TIF	819,591
Combined Waterworks and Sewerage System	Blue Parkway/Colbern CID	492,075
Total		<u>\$ 9,222,481</u>

The \$1,825,007 payable from the Airport Fund to the General Fund represents funds that were provided to the Airport to decrease borrowings to outside parties and to fund operations. This amount is being repaid over the next ten years.

The \$2,430,350 payable from Chapel Ridge TIF represents an interfund loan approved in 2010 to build the Strother Road Interchange on I-470. This loan is being repaid with revenues over the next two years.

The \$3,832,075 payable from Blue Parkway and Colbern Road CID represents funds that were escrowed to fund infrastructure improvements during a voluntary property annexation into city limits. This liability will be repaid with revenues generated by future development.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Interfund transfers:

	Transfers To						Total
	General Fund	Debt Service Fund	Nonmajor Governmental	Airport Fund	Nonmajor Enterprise	Internal Service	
Transfers from:							
General Fund	\$ —	\$ —	\$ 142,321	\$ 57,000	\$ 65,223	\$ 274,978	\$ 539,522
Debt Service Fund	750,000	—	936,250	—	—	—	1,686,250
Nonmajor Governmental	6,267	1,709,500	21,657	—	—	—	1,737,424
Combined Waterworks and Sewerage System	809,281	—	—	—	—	7,000	816,281
Sanitary Landfill	111,668	—	175,000	—	—	—	286,668
Airport	76,696	—	—	—	—	2,875	79,571
	<u>\$ 1,753,912</u>	<u>\$ 1,709,500</u>	<u>\$ 1,275,228</u>	<u>\$ 57,000</u>	<u>\$ 65,223</u>	<u>\$ 284,853</u>	<u>\$ 5,145,716</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, 2013, \$809,281 was transferred from the Combined Waterworks and Sewer System Fund to the General Fund for general and administrative expenses.

7. Employee Retirement Plan

Plan Description

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

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 14.5% (general), 17.8% (police), and 16.6% (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, 2013 are as follows:

Annual required contribution	\$ 5,423,929
Interest on net pension obligation	38,781
Adjustment to annual required contribution	<u>(41,200)</u>
Annual pension cost	5,421,510
Actual contributions	<u>5,423,929</u>
Change in net pension obligation	(2,419)
Net pension obligation, beginning of the year	<u>534,912</u>
Net pension obligation, end of the year	<u><u>\$ 532,493</u></u>

The annual required contribution (ARC) was determined as part of the February 28, 2013 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 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 28, 2013 was 18 years for the General division, 17 years for the Police division and 20 years for the Fire division.

Three-Year Trend Information

Year	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 5,367,402	92.0%	\$ 429,392
June 30, 2012	5,108,574	97.9%	534,912
June 30, 2013	5,421,510	100.0%	532,493

Funding Status And Progress

As of February 28, 2013, the most recent actuarial valuation date, the plan was 93% funded. The actuarial accrued liability for benefits was \$102,511,785, and the actuarial value of assets was \$94,985,096, resulting in an unfunded actuarial accrual liability (UAAL) of \$7,526,689. The covered payroll (annual payroll of active employees covered by the plan) was \$33,944,254, and the ratio of the UAAL to the covered payroll was 22%.

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 the opportunity for continuation of medical and dental insurance coverage offered through the city's fully insured group insurance plan.

Retirees who elect to continue coverage in the medical and dental plans offered through the City are required to pay the entire premium amount 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.

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>90,000</u>
	347,332
Net OPEB obligation, beginning of year	<u>1,301,564</u>
Net OPEB obligation, end of year	<u><u>\$ 1,648,896</u></u>

Schedule Of Employer Contributions

	For The Year Ended June 30,	Annual OPEB Cost	*Percentage Contributed	Net OPEB Obligation
2009		\$ 294,154	12%	\$ 517,828
2010		223,202	13%	712,030
2011		223,202	17%	896,232
2012		437,332	7%	1,301,564
2013		437,332	21%	1,648,896

* 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 valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to financial statements, presents multiyear trend information whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL benefits.

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) an inflation rate of 2.75% 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

At June 30, 2013, the City's total estimated liability for payment of incurred but unpaid claims for workers' compensation was \$797,632 and is included in accounts payable in the Workers' Compensation Self-Insurance Fund.

Changes in self-insured claims liability at June 30, 2013 and 2012 were as follows:

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	558,429
Add: Current year claims and change in estimate	848,926
Less: Claim payments	<u>609,723</u>
Balance - June 30, 2013	<u><u>\$ 797,632</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 \$8,474,697 reported as landfill closure and postclosure care liability at June 30, 2013 represents the cumulative estimate of closure and postclosure care costs based on the use of approximately 84% of the ultimate capacity of the landfill.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City will recognize the remaining estimated cost of closure and postclosure care of \$1,641,928 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 2013 costs. The City expects to close the landfill in the year 2016. 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, 2013, the City had outstanding contracts of obligation in the amount of \$10,116,625 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.

11. Deficits

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

Chapel Ridge TIF - Major	\$ 2,333,414
Blue Parkway and Colbern Road CID	244,534
Enterprise Funds - Sanitary Landfill	860,546
Capital Project Funds - Nonmajor	
Public Safety Issues	313,879
Third Street Road Improvements	49,566
Salt Dome No. 2	58,547
New Longview TIF	7,692
Road and Bridge Excise/Sales Tax	<u>240,558</u>
	<u>670,242</u>
Special Revenue Funds - Nonmajor	
Entitlement Fund	32,507
Energy Efficiency Grant	<u>13,373</u>
	<u>45,880</u>
	<u>\$ 3,910,082</u>

12. Change In Accounting Principle

In fiscal year 2013, the City adopted two new accounting standards as follows:

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of GASB 63 in the City's financial statements was the renaming of "Net Assets" to "Net Position", including changing the name of the financial statement from "Statement of Net Assets" to "Statement of Net Position".

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The City has early adopted this statement as it is effective for periods beginning after December 15, 2012. As a result the following assets and liabilities have been reclassified, as indicated:

<u>Item</u>	<u>New Classification</u>	<u>Amount</u>
Deferred amount on refunding (previously included in bonds payable, net)	Deferred outflow of resources	\$ 146,936
Bond issuance costs (the unamortized portion was previously reported as an asset)	Outflow of resources	—
Other revenue in governmental funds not collected within 60 days of year end (previously reported as a liability)	Deferred inflow of resources	(3,682)
Property tax revenue in governmental funds not collected within 60 days of year end (previously reported as a liability)	Deferred inflow of resources	(1,585,583)



Required Supplementary Information



CITY OF LEE'S SUMMIT, MISSOURI
BUDGETARY COMPARISON INFORMATION
GENERAL FUND
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variances With
	Original	Final		Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 49,319,421	\$ 49,319,421	\$ 48,879,611	\$ (439,810)
Fees and forfeitures	1,526,818	1,526,818	1,511,860	(14,958)
Licenses and permits	1,142,674	1,142,674	1,607,383	464,709
Intergovernmental	715,348	715,348	756,935	41,587
Charges for services	3,505,177	3,505,177	3,688,256	183,079
Investment earnings	152,052	152,052	18,009	(134,043)
Other	1,448,167	1,448,167	1,542,765	94,598
Total Revenues	57,809,657	57,809,657	58,004,819	195,162
Expenditures				
Current:				
General government:				
Administration	2,970,473	3,402,019	3,028,275	373,744
Codes administration	1,472,518	1,472,518	1,365,888	106,630
Finance	4,969,769	4,995,795	4,989,379	6,416
Municipal court	851,675	851,675	829,616	22,059
Legal	1,198,193	1,198,193	1,096,257	101,936
Public Safety:				
Law enforcement	19,522,264	19,452,264	18,254,195	1,198,069
Fire/EMS	15,696,172	15,901,172	15,877,295	23,877
Public works and streets:				
Public works/engineering	4,090,005	4,090,005	3,894,944	195,061
Street operations	7,213,303	7,213,303	7,032,323	180,980
Community development	974,034	939,034	904,265	34,769
Total Expenditures	58,958,406	59,515,978	57,272,437	2,243,541
Excess (Deficiency) Of Revenues				
Over Expenditures	(1,148,749)	(1,706,321)	732,382	2,438,703
Other Financing Sources (Uses)				
Transfers in	1,756,350	1,756,350	1,753,912	(2,438)
Transfers out	(478,570)	(539,522)	(539,522)	—
Total Other Financing				
Sources (Uses)	1,277,780	1,216,828	1,214,390	(2,438)
Net Change In Fund Balances	129,031	(489,493)	1,946,772	2,436,265
Fund Balances - Beginning	27,326,458	27,326,458	12,907,165	(14,419,293)
Fund Balances - Ending	\$ 27,455,489	\$ 26,836,965	\$ 14,853,937	\$ (11,983,028)

CITY OF LEE'S SUMMIT, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) NOTES TO BUDGETARY COMPARISON INFORMATION For The Year Ended June 30, 2013

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.

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, 2013**

Schedule Of Funding Progress

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

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial	Actuarial	Actuarial	Unfunded	Funded	Annual	UAL As A
Valuation Date	Value	Accrued	Accrued	Ratio	Covered	Percentage
	Of Assets	Liability	Liability (UAL)		Payroll	Of Covered
						Payroll
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%
February 28, 2013	94,985,096	102,511,785	7,526,689	93%	33,944,254	22%

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

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial	Actuarial	Actuarial	Unfunded	Funded	Annual	UAL As A
Valuation Date	Value	Liability	Liability	Ratio	Covered	Percentage
	Of Assets	(AAL)	(UAAL)		Payroll	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, 2013**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Pooled cash and investments	\$ 9,309,403	\$ 33,250,521	\$ 42,559,924
Receivables (net of allowance):			
Taxes	115,895	1,229,154	1,345,049
Accounts and other	33,322	—	33,322
Interest	28,444	18,546	46,990
Due from other funds	—	3,341,537	3,341,537
Due from other governments	106,865	527,456	634,321
Other assets	637	9,763	10,400
Total Assets	\$ 9,594,566	\$ 38,376,977	\$ 47,971,543
Liabilities And Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 244,601	\$ 1,791,160	\$ 2,035,761
Payroll liabilities	106,201	—	106,201
Payable from restricted	822,681	5,000	827,681
Accrued interest payable	—	10,022	10,022
Due to other funds	30,500	1,103,012	1,133,512
Total Liabilities	1,203,983	2,909,194	4,113,177
Deferred Inflows Of Resources			
Property tax	165,335	—	165,335
Other	—	3,682	3,682
Total Deferred Inflows Of Resources	165,335	3,682	169,017
Fund balances:			
Restricted			
Bridges, streets and signals	—	15,336,055	15,336,055
Economic development	—	5,330,217	5,330,217
Law enforcement	—	6,963,353	6,963,353
Other capital projects	—	7,268,778	7,268,778
Committed			
Bridges, streets and signals	159,705	—	159,705
Landfill care	4,360,229	—	4,360,229
Cemetery care	1,158,299	—	1,158,299
Other capital projects	—	14,745	14,745
Assigned			
Parks and recreation	2,352,392	1,039,746	3,392,138
Economic development	46,676	—	46,676
Other capital projects	—	181,449	181,449
Other purposes	193,827	—	193,827
Unassigned	(45,880)	(670,242)	(716,122)
Total Fund Balances	8,225,248	35,464,101	43,689,349
Total Liabilities, Deferred Inflows And Fund Balances	\$ 9,594,566	\$ 38,376,977	\$ 47,971,543

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, 2013**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property	\$ 3,027,000	\$ 4,718,486	\$ 7,745,486
Sales	—	8,350,085	8,350,085
License	—	830,823	830,823
Bed	310,884	—	310,884
Other tax	981	—	981
Fines and forfeitures	23,527	28,661	52,188
Licenses and permits	—	—	—
Intergovernmental	558,045	774,727	1,332,772
Charges for services	2,630,317	22,869	2,653,186
Investment earnings	25,942	160,527	186,469
Other	444,634	39,307	483,941
Total Revenues	7,021,330	14,925,485	21,946,815
Expenditures			
Current:			
General government	615,703	5,094	620,797
Parks and recreation	5,612,207	—	5,612,207
Debt Service:			
Principal	—	4,145,000	4,145,000
Interest and other charges	—	1,669,618	1,669,618
Capital outlay	—	21,589,744	21,589,744
Total Expenditures	6,227,910	27,409,456	33,637,366
Excess (Deficiency) Of Revenues Over Expenditures	793,420	(12,483,971)	(11,690,551)
Other Financing Sources (Uses)			
Issuance of bonds	—	24,360,000	24,360,000
Premium on issuance of bonds	—	1,419,305	1,419,305
Transfers in	513,978	761,250	1,275,228
Transfers out	(27,924)	(1,709,500)	(1,737,424)
Total Other Financing Sources	486,054	24,831,055	25,317,109
Net Change In Fund Balances	1,279,474	12,347,084	13,626,558
Fund Balances - Beginning	6,945,774	23,117,017	30,062,791
Fund Balances - Ending	\$ 8,225,248	\$ 35,464,101	\$ 43,689,349

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, 2013**

	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	\$ 2,685,485	\$ 109,041	\$ 66	\$ 4,347,377	\$ 1,161,046	\$ 979,467	\$ 26,894	\$ 27	\$ 9,309,403
Receivables (net of allowance):									
Taxes receivable, net	115,895	—	—	—	—	—	—	—	115,895
Accounts and other	—	—	—	—	—	—	33,322	—	33,322
Interest	8,034	335	—	12,852	4,145	2,919	159	—	28,444
Due from other governments	—	96,213	10,652	—	—	—	—	—	106,865
Other assets	637	—	—	—	—	—	—	—	637
Total Assets	\$ 2,810,051	\$ 205,589	\$ 10,718	\$ 4,360,229	\$ 1,165,191	\$ 982,386	\$ 60,375	\$ 27	\$ 9,594,566
Liabilities And Fund Balances									
Liabilities									
Accounts payable and accrued liabilities	\$ 187,817	\$ 11,762	\$ 26,125	\$ —	\$ 5,198	\$ —	\$ 13,699	\$ —	\$ 244,601
Payroll liabilities	104,507	—	—	—	1,694	—	—	—	106,201
Payable from restricted	—	—	—	—	—	822,681	—	—	822,681
Due to other funds	—	—	17,100	—	—	—	—	13,400	30,500
Total Liabilities	292,324	11,762	43,225	—	6,892	822,681	13,699	13,400	1,203,983
Deferred Inflows Of Resources									
Property tax	165,335	—	—	—	—	—	—	—	165,335
Fund Balances									
Committed									
Bridges, streets and signals	—	—	—	—	—	159,705	—	—	159,705
Landfill care	—	—	—	4,360,229	—	—	—	—	4,360,229
Cemetery care	—	—	—	—	1,158,299	—	—	—	1,158,299
Assigned									
Parks and recreation	2,352,392	—	—	—	—	—	—	—	2,352,392
Economic development	—	—	—	—	—	—	46,676	—	46,676
Other purposes	—	193,827	—	—	—	—	—	—	193,827
Unassigned	—	—	(32,507)	—	—	—	—	(13,373)	(45,880)
Total Fund Balances	2,352,392	193,827	(32,507)	4,360,229	1,158,299	159,705	46,676	(13,373)	8,225,248
Total Liabilities, Deferred Inflows And Fund Balances	\$ 2,810,051	\$ 205,589	\$ 10,718	\$ 4,360,229	\$ 1,165,191	\$ 982,386	\$ 60,375	\$ 27	\$ 9,594,566

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, 2013**

	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	\$ 3,027,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,027,000
Bed	—	—	—	—	—	—	310,884	—	310,884
Other tax	981	—	—	—	—	—	—	—	981
Fines and forfeitures	23,521	—	—	—	6	—	—	—	23,527
Licenses and permits	—	—	—	—	—	—	—	—	—
Intergovernmental	—	225,093	332,952	—	—	—	—	—	558,045
Charges for services	2,539,824	—	—	—	90,493	—	—	—	2,630,317
Investment earnings (loss)	(5,861)	325	—	20,325	5,893	5,014	246	—	25,942
Other	294,395	—	—	—	150,239	—	—	—	444,634
Total Revenues	5,879,860	225,418	332,952	20,325	246,631	5,014	311,130	—	7,021,330
Expenditures									
Current:									
General government	—	42,542	205,357	—	—	—	367,804	—	615,703
Parks and recreation	5,421,941	—	—	—	190,266	—	—	—	5,612,207
Total Expenditures	5,421,941	42,542	205,357	—	190,266	—	367,804	—	6,227,910
Excess (Deficiency) Of Revenues Over Expenditures	457,919	182,876	127,595	20,325	56,365	5,014	(56,674)	—	793,420
Other Financing Sources (Uses)									
Transfers in	276,758	—	—	175,000	—	—	62,220	—	513,978
Transfers out	—	—	—	—	(21,657)	—	(6,267)	—	(27,924)
Total Other Financing Sources (Uses)	276,758	—	—	175,000	(21,657)	—	55,953	—	486,054
Net Change In Fund Balances	734,677	182,876	127,595	195,325	34,708	5,014	(721)	—	1,279,474
Fund Balances - Beginning	1,617,715	10,951	(160,102)	4,164,904	1,123,591	154,691	47,397	(13,373)	6,945,774
Fund Balances - Ending	\$ 2,352,392	\$ 193,827	\$ (32,507)	\$ 4,360,229	\$ 1,158,299	\$ 159,705	\$ 46,676	\$ (13,373)	\$ 8,225,248

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE

PARK BOARD

For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 2,913,280	\$ 2,913,280	\$ 3,027,000	\$ 113,720
Other tax	2,500	2,500	981	(1,519)
Fines and forfeitures	24,250	24,250	23,521	(729)
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for services	2,589,008	2,589,008	2,539,824	(49,184)
Investment earnings (loss)	3,300	3,300	(5,861)	(9,161)
Other	419,301	419,301	294,395	(124,906)
Total Revenues	5,951,639	5,951,639	5,879,860	(71,779)
Expenditures				
Current:				
Parks and recreation	6,081,910	6,081,910	5,421,941	659,969
Excess (Deficiency) Of Revenues Over Expenditures	(130,271)	(130,271)	457,919	588,190
Other Financing Sources (Uses)				
Transfers in	291,089	291,317	276,758	(14,559)
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	291,089	291,317	276,758	(14,559)
Net Change In Fund Balances	160,818	161,046	734,677	573,631
Fund Balances - Beginning	1,617,715	1,617,715	1,617,715	—
Fund Balances - Ending	\$ 1,778,533	\$ 1,778,761	\$ 2,352,392	\$ 573,631

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
VIOLENCE AGAINST WOMEN GRANT
For The Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variances With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits				
Intergovernmental	\$ 101,114	\$ 101,114	\$ 225,093	\$ 123,979
Investment earnings	—	—	325	325
Total Revenues	101,114	101,114	225,418	124,304
Expenditures				
Current:				
General government	101,114	101,114	42,542	58,572
Net Change In Fund Balances	—	—	182,876	182,876
Fund Balances - Beginning	10,951	10,951	10,951	—
Fund Balances - Ending	\$ 10,951	\$ 10,951	\$ 193,827	\$ 182,876

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:

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 (*Continued*)

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, 2013**

	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	\$ 169,010	\$ 35,075	\$ 1,912,110	\$ —	\$ 39,295	\$ 1,157,343	\$ 61,908	\$ 8,277	\$ 214,786	\$ 171,617	\$ 3,420,949	\$ 74,847	\$ 131
Receivables (net of allowance)													
Taxes	—	—	930,033	141,148	—	—	—	6,706	—	—	151,267	—	—
Interest	601	—	2,544	—	82	367	2,179	37	623	1,147	261	217	—
Due from other funds	—	—	3,340,000	—	—	—	—	—	—	—	—	—	—
Due from other governments	—	—	440,979	—	—	—	—	4,643	—	—	81,834	—	—
Other assets	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Assets	\$ 169,611	\$ 35,075	\$ 6,625,666	\$ 141,148	\$ 39,377	\$ 1,157,710	\$ 64,087	\$ 19,663	\$ 215,409	\$ 172,764	\$ 3,654,311	\$ 75,064	\$ 131
Liabilities And Fund Balances													
Liabilities													
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 147,581	\$ —	\$ —	\$ 116,660	\$ 61,041	\$ 555	\$ —	\$ 19,067	\$ 19,666	\$ —	\$ 31,194
Payable from restricted	—	—	—	—	—	—	—	5,000	—	—	—	—	—
Accrued interest payable	—	297	—	1,876	—	1,304	—	—	—	—	—	—	1,023
Due to other funds	—	50	—	376,148	—	—	—	21,800	—	—	210,121	—	281,793
Total Liabilities	—	347	147,581	378,024	—	117,964	61,041	27,355	—	19,067	229,787	—	314,010
Deferred Inflows Of Resources													
Other	—	—	—	3,682	—	—	—	—	—	—	—	—	—
Fund Balances													
Restricted													
Bridges, streets and signals	—	—	6,478,085	—	—	—	—	—	—	—	—	—	—
Economic development	—	—	—	—	39,377	—	3,046	—	215,409	153,697	3,424,524	—	—
Law enforcement	—	—	—	—	—	—	—	—	—	—	—	—	—
Other capital projects	169,611	34,728	—	—	—	—	—	—	—	—	—	—	—
Committed													
Other capital projects	—	—	—	—	—	—	—	—	—	—	—	—	—
Assigned													
Parks and recreation	—	—	—	—	—	1,039,746	—	—	—	—	—	—	—
Other capital projects	—	—	—	—	—	—	—	—	—	—	—	75,064	—
Unassigned	—	—	—	(240,558)	—	—	—	(7,692)	—	—	—	—	(313,879)
Total Fund Balances	169,611	34,728	6,478,085	(240,558)	39,377	1,039,746	3,046	(7,692)	215,409	153,697	3,424,524	75,064	(313,879)
Total Liabilities Deferred Inflows, And Fund Balances	\$ 169,611	\$ 35,075	\$ 6,625,666	\$ 141,148	\$ 39,377	\$ 1,157,710	\$ 64,087	\$ 19,663	\$ 215,409	\$ 172,764	\$ 3,654,311	\$ 75,064	\$ 131

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 2 Of 2
June 30, 2013**

	Third Street Road Improve- ments	Storm 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	\$ 6,426,217	\$ 352,366	\$ 455,957	\$ 764	\$ 1,516,850	\$ 119,885	\$ 2,477,790	\$ 2,918,270	\$ 3,886,200	\$ 7,830,818	\$ 33,250,521
Receivables (net of allowance)												
Taxes	—	—	—	—	—	—	—	—	—	—	—	1,229,154
Interest	—	1,528	—	—	—	4,047	1,277	467	601	958	1,610	18,546
Due from other funds	—	—	—	—	—	—	—	—	1,537	—	—	3,341,537
Due from other governments	—	—	—	—	—	—	—	—	—	—	—	527,456
Other assets	—	8,970	—	—	—	—	793	—	—	—	—	9,763
Total Assets	\$ 56	\$ 6,436,715	\$ 352,366	\$ 455,957	\$ 764	\$ 1,520,897	\$ 121,955	\$ 2,478,257	\$ 2,920,408	\$ 3,887,158	\$ 7,832,428	\$ 38,376,977
Liabilities And Fund Balances												
Liabilities												
Accounts payable and accrued liabilities	\$ 46,602	\$ 50,737	\$ 43,773	\$ 7,902	\$ —	\$ 26,733	\$ 825	\$ —	\$ 1,212	\$ 360,023	\$ 857,589	\$ 1,791,160
Payable from restricted	—	—	—	—	—	—	—	—	—	—	—	5,000
Accrued interest payable	320	2,467	195	325	311	—	—	137	94	687	986	10,022
Due to other funds	2,700	65,000	600	9,600	59,000	—	—	22,500	5,500	37,700	10,500	1,103,012
Total Liabilities	49,622	118,204	44,568	17,827	59,311	26,733	825	22,637	6,806	398,410	869,075	2,909,194
Deferred Inflows Of Resources												
Other	—	—	—	—	—	—	—	—	—	—	—	3,682
Fund Balances												
Restricted												
Bridges, streets and signals	—	—	—	—	—	—	—	2,455,620	2,913,602	3,488,748	—	15,336,055
Economic development	—	—	—	—	—	1,494,164	—	—	—	—	—	5,330,217
Law enforcement	—	—	—	—	—	—	—	—	—	—	6,963,353	6,963,353
Other capital projects	—	6,318,511	307,798	438,130	—	—	—	—	—	—	—	7,268,778
Committed												
Other capital projects	—	—	—	—	—	—	14,745	—	—	—	—	14,745
Assigned												
Parks and recreation	—	—	—	—	—	—	—	—	—	—	—	1,039,746
Other capital projects	—	—	—	—	—	—	106,385	—	—	—	—	181,449
Unassigned	(49,566)	—	—	—	(58,547)	—	—	—	—	—	—	(670,242)
Total Fund Balances	(49,566)	6,318,511	307,798	438,130	(58,547)	1,494,164	121,130	2,455,620	2,913,602	3,488,748	6,963,353	35,464,101
Total Liabilities												
Deferred Inflows, And Fund Balances	\$ 56	\$ 6,436,715	\$ 352,366	\$ 455,957	\$ 764	\$ 1,520,897	\$ 121,955	\$ 2,478,257	\$ 2,920,408	\$ 3,887,158	\$ 7,832,428	\$ 38,376,977

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, 2013

	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	\$ —	\$ —	\$ —	\$ —	\$ 37,510	\$ —	\$ 1,811,643	\$ 199,816	\$ 50,326	\$ 569,411	\$ 1,077,418	\$ —	\$ —
Sales	—	—	6,161,738	—	—	—	1,139,547	44,122	—	—	1,004,678	—	—
License	—	—	—	830,823	—	—	—	—	—	—	—	—	—
Fees and fines	—	—	—	—	—	—	57	—	174	28,430	—	—	—
Intergovernmental	—	—	23,400	—	—	—	445,004	18,429	—	—	287,894	—	—
Charges for services	—	—	—	—	—	—	16,984	—	—	191	5,694	—	—
Investment earnings (loss)	865	558	11,761	754	(187)	12,703	79,259	212	806	2,997	13,175	383	—
Other	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenues	865	558	6,196,899	831,577	37,323	12,703	3,492,494	262,579	51,306	601,029	2,388,859	383	—
Expenditures													
General government	—	410	—	—	—	—	—	—	—	—	—	—	—
Debt service:													
Principal	—	—	—	—	—	—	3,245,000	—	—	—	900,000	—	—
Interest and other charges	—	—	—	8,124	—	3,026	152,686	128	—	—	1,470,950	—	3,433
Capital outlay	—	250,333	5,090,190	33,700	3,113	631,283	6,504,678	266,323	15,739	569,411	34,118	—	—
Total Expenditures	—	250,743	5,090,190	41,824	3,113	634,309	9,902,364	266,451	15,739	569,411	2,405,068	—	3,433
Excess (Deficiency) Of Revenues Over Expenditures	865	(250,185)	1,106,709	789,753	34,210	(621,606)	(6,409,870)	(3,872)	35,567	31,618	(16,209)	383	(3,433)
Other Financing Sources (Uses)													
Issuance of bonds	—	—	—	—	—	—	—	—	—	—	—	—	—
Premium on issuance of bonds	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers in	—	—	—	—	—	761,250	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	(1,709,500)	—	—	—	—	—	—	—
Total Other Financing Uses	—	—	—	—	—	(948,250)	—	—	—	—	—	—	—
Net Change In Fund Balances	865	(250,185)	1,106,709	789,753	34,210	(1,569,856)	(6,409,870)	(3,872)	35,567	31,618	(16,209)	383	(3,433)
Fund Balances - Beginning	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)
Fund Balances - Ending	\$ 169,611	\$ 34,728	\$ 6,478,085	\$ (240,558)	\$ 39,377	\$ 1,039,746	\$ 3,046	\$ (7,692)	\$ 215,409	\$ 153,697	\$ 3,424,524	\$ 75,064	\$ (313,879)

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, 2013

	Third Street Road Improve- ments	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	\$ —	\$ —	\$ —	\$ —	\$ —	972,362	\$ —	\$ —	\$ —	\$ —	\$ —	4,718,486
Sales	—	—	—	—	—	—	—	—	—	—	—	8,350,085
License	—	—	—	—	—	—	—	—	—	—	—	830,823
Fees and fines	—	—	—	—	—	—	—	—	—	—	—	28,661
Intergovernmental	—	—	—	—	—	—	—	—	—	—	—	774,727
Charges for services	—	—	—	—	—	—	—	—	—	—	—	22,869
Investment earnings	—	4,018	1,132	1,435	—	2,083	11,950	2,147	2,602	4,156	7,718	160,527
Other	—	8,970	—	—	—	30,337	—	—	—	—	—	39,307
Total Revenues	—	12,988	1,132	1,435	—	1,004,782	11,950	2,147	2,602	4,156	7,718	14,925,485
Expenditures												
General government	—	—	—	—	—	—	—	—	—	4,684	—	5,094
Debt service:												
Principal	—	—	—	—	—	—	—	—	—	—	—	4,145,000
Interest and other charges	—	15,141	868	534	595	—	—	10,879	347	—	2,907	1,669,618
Capital outlay	—	1,198,105	187,106	224,921	—	462,424	1,027,783	80,335	264,429	2,717,736	2,028,017	21,589,744
Total Expenditures	—	1,213,246	187,974	225,455	595	462,424	1,027,783	91,214	264,776	2,722,420	2,030,924	27,409,456
Excess (Deficiency) Of Revenues Over Expenditures	—	(1,200,258)	(186,842)	(224,020)	(595)	542,358	(1,015,833)	(89,067)	(262,174)	(2,718,264)	(2,023,206)	(12,483,971)
Other Financing Sources (Uses)												
Issuance of bonds	—	8,500,000	—	—	—	—	—	2,000,000	2,500,000	4,360,000	7,000,000	24,360,000
Premium on issuance of bonds	—	416,175	—	—	—	—	—	126,782	235,230	309,269	331,849	1,419,305
Transfers in	—	—	—	—	—	—	—	—	—	—	—	761,250
Transfers out	—	—	—	—	—	—	—	—	—	—	—	(1,709,500)
Total Other Financing Sources	—	8,916,175	—	—	—	—	—	2,126,782	2,735,230	4,669,269	7,331,849	24,831,055
Net Change In Fund Balances	—	7,715,917	(186,842)	(224,020)	(595)	542,358	(1,015,833)	2,037,715	2,473,056	1,951,005	5,308,643	12,347,084
Fund Balances - Beginning	(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
Fund Balances - Ending	\$ (49,566)	\$ 6,318,511	\$ 307,798	\$ 438,130	\$ (58,547)	\$ 1,494,164	\$ 121,130	\$ 2,455,620	\$ 2,913,602	\$ 3,488,748	\$ 6,963,353	\$ 35,464,101

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE

For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
				<u>Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes				
Property taxes	\$ 7,868,694	\$ 7,868,694	\$ 8,024,576	\$ 155,882
Sales	3,035,733	3,035,733	3,080,480	44,747
Other tax	7,192	7,192	2,825	(4,367)
Fines and forfeitures	48,855	48,855	59,848	10,993
Investment earnings	70,581	70,581	41,054	(29,527)
Other	—	—	9,107	9,107
Total Revenues	11,031,055	11,031,055	11,217,890	186,835
Expenditures				
Debt Service:				
Principal	7,880,000	7,880,000	23,050,000	(15,170,000)
Interest and other charges	1,539,660	1,539,660	1,823,820	(284,160)
Total Expenditures	9,419,660	9,419,660	24,873,820	(15,454,160)
Excess Of Revenues Over				
Expenditures	1,611,395	1,611,395	(13,655,930)	(15,267,325)
Other Financing Sources (Uses)				
Issuance of bonds	—	—	13,740,000	13,740,000
Premium on issuance of bonds	—	—	1,919,417	1,919,417
Transfers in	—	—	1,709,500	1,709,500
Transfers out	(1,686,250)	(1,686,250)	(1,686,250)	—
Total Other Financing Sources (Uses)	(1,686,250)	(1,686,250)	15,682,667	17,368,917
Net Change In Fund Balances	(74,855)	(74,855)	2,026,737	2,101,592
Fund Balances - Beginning	6,927,878	6,927,878	6,927,878	—
Fund Balances - Ending	\$ 6,853,023	\$ 6,853,023	\$ 8,954,615	\$ 2,101,592

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 POSITION INTERNAL SERVICE FUNDS June 30, 2013

	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	\$ 2,082,700	\$ 104,066	\$ 54,158	\$ 2,705,436	\$ 91,848	\$ 1,781,351	\$ 1,221,965	\$ 8,041,524
Receivables (net of allowance)								
Accounts and other	—	—	—	—	—	15,122	—	15,122
Interest receivable	5,976	503	1,217	7,627	206	5,618	5,046	26,193
Inventories	153,701	—	—	—	—	—	—	153,701
Prepaid expenses	—	—	—	4,022	—	—	13	4,035
Other assets	—	—	—	—	—	931	—	931
Total current assets	2,242,377	104,569	55,375	2,717,085	92,054	1,803,022	1,227,024	8,241,506
Noncurrent assets:								
Capital assets:								
Nondepreciable	104,250	—	—	—	—	—	—	104,250
Depreciable, net	9,658,738	—	—	250,710	—	—	833,908	10,743,356
Total noncurrent assets	9,762,988	—	—	250,710	—	—	833,908	10,847,606
Total Assets	12,005,365	104,569	55,375	2,967,795	92,054	1,803,022	2,060,932	19,089,112
Liabilities								
Current liabilities:								
Accounts payable	78,221	435	6,642	36,742	—	801,464	25,947	949,451
Salaries payable	14,019	—	—	40,453	575	—	11,643	66,690
Compensated absences	2,476	—	—	4,795	—	—	1,551	8,822
Total current liabilities	94,716	435	6,642	81,990	575	801,464	39,141	1,024,963
Noncurrent liabilities:								
Compensated absences	35,607	—	—	93,608	—	—	31,944	161,159
Other post employment benefits	25,570	—	—	36,826	—	—	21,290	83,686
Total noncurrent liabilities	61,177	—	—	130,434	—	—	53,234	244,845
Total Liabilities	155,893	435	6,642	212,424	575	801,464	92,375	1,269,808
Net Position								
Net investment in capital assets	9,762,988	—	—	250,710	—	—	833,908	10,847,606
Unrestricted	2,086,484	104,134	48,733	2,504,661	91,479	1,001,558	1,134,649	6,971,698
Total Net Position	\$ 11,849,472	\$ 104,134	\$ 48,733	\$ 2,755,371	\$ 91,479	\$ 1,001,558	\$ 1,968,557	\$ 17,819,304

CITY OF LEE'S SUMMIT, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For The Year Ended June 30, 2013

	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	\$ 2,532,574	\$ —	\$ —	\$ 2,923,794	\$ 32,372	\$ 422,007	\$ 1,305,816	\$ 7,216,563
Other	5,270	—	—	—	—	8,570	41,391	55,231
Total Operating Revenues	2,537,844	—	—	2,923,794	32,372	430,577	1,347,207	7,271,794
Operating Expenses								
Salaries, wages, and employee benefits	583,250	—	—	1,748,586	22,306	—	518,788	2,872,930
Utilities	42,715	—	—	—	—	—	241,525	284,240
Repairs and maintenance	17,474	—	—	477,633	—	—	76,378	571,485
Fuels and lubricants	3,325	—	—	850	—	—	3,334	7,509
Depreciation	2,388,481	—	—	176,916	—	—	67,970	2,633,367
Interdepartment charges	101,652	—	—	297,344	—	—	42,270	441,266
Miscellaneous	169,034	26,739	113,252	370,715	—	966,614	113,064	1,759,418
Total Operating Expenses	3,305,931	26,739	113,252	3,072,044	22,306	966,614	1,063,329	8,570,215
Operating Income (Loss)	(768,087)	(26,739)	(113,252)	(148,250)	10,066	(536,037)	283,878	(1,298,421)
Nonoperating Revenue (Expense)								
Interest income (loss)	25,216	922	820	10,405	396	12,502	(2,086)	48,175
Interest expense	—	—	—	—	—	2,686	—	2,686
Gain on disposal of capital assets	705,780	—	—	—	—	—	—	705,780
Total Nonoperating Revenue (Expense)	730,996	922	820	10,405	396	15,188	(2,086)	756,641
Income (Loss) Before Transfers	(37,091)	(25,817)	(112,432)	(137,845)	10,462	(520,849)	281,792	(541,780)
Transfers in	2,875	—	75,000	206,978	—	—	—	284,853
Change In Net Position	(34,216)	(25,817)	(37,432)	69,133	10,462	(520,849)	281,792	(256,927)
Total Net Position - Beginning	11,883,688	129,951	86,165	2,686,238	81,017	1,522,407	1,686,765	18,076,231
Total Net Position - Ending	\$ 11,849,472	\$ 104,134	\$ 48,733	\$ 2,755,371	\$ 91,479	\$ 1,001,558	\$ 1,968,557	\$ 17,819,304

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2013**

	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	\$ 2,537,844	\$ —	\$ —	\$ 2,923,794	\$ 32,372	\$ 415,455	\$ 1,347,207	\$ 7,256,672
Cash paid to suppliers	(26,612)	(36,885)	(106,610)	(1,149,463)	(716)	(719,010)	(470,648)	(2,509,944)
Cash paid to employees	(559,920)	—	—	(1,683,402)	(21,731)	—	(500,021)	(2,765,074)
Net Cash Provided By (Used In) Operating Activities	1,951,312	(36,885)	(106,610)	90,929	9,925	(303,555)	376,538	1,981,654
Cash Flows From Noncapital Financing Activities								
Transfers in	2,875	—	75,000	206,978	—	—	—	284,853
Cash Flows From Capital And Related Financing Activities								
Additions to capital assets	(3,332,001)	—	—	(1)	—	—	(14,088)	(3,346,090)
Proceeds from sale of capital assets	787,631	—	—	—	—	—	—	787,631
Net Cash Used In Capital And Related Financing Activities	(2,544,370)	—	—	(1)	—	—	(14,088)	(2,558,459)
Cash Flows Provided By Investing Activities								
Interest received (paid)	28,677	1,015	897	9,576	377	16,046	(3,721)	52,867
Net Increase (Decrease) In Cash And Cash Equivalents	(561,506)	(35,870)	(30,713)	307,482	10,302	(287,509)	358,729	(239,085)
Cash And Cash Equivalents - Beginning Of Year	2,644,206	139,936	84,871	2,397,954	81,546	2,068,860	863,236	8,280,609
Cash And Cash Equivalents - End Of Year	\$ 2,082,700	\$ 104,066	\$ 54,158	\$ 2,705,436	\$ 91,848	\$ 1,781,351	\$ 1,221,965	\$ 8,041,524
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ (768,087)	\$ (26,739)	\$ (113,252)	\$ (148,250)	\$ 10,066	\$ (536,037)	\$ 283,878	\$ (1,298,421)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	2,388,481	—	—	176,916	—	—	67,970	2,633,367
Changes in assets and liabilities:								
Increase in inventories	(18,023)	—	—	—	—	—	—	(18,023)
Increase in accounts receivable	—	—	—	—	—	(15,122)	—	(15,122)
Decrease in due from other funds	378,211	—	—	—	—	—	—	378,211
Increase in prepaid expenses	—	—	—	(26)	—	—	(13)	(39)
Decrease in other assets	—	—	—	—	—	11,509	—	11,509
Increase (decrease) in accounts payable	(52,600)	(10,146)	6,642	(2,895)	(716)	236,095	5,936	182,316
Increase in salaries and wages payable	14,019	—	—	40,411	575	—	11,643	66,648
Increase in other post employment benefits	6,312	—	—	10,273	—	—	4,174	20,759
Increase in accrued compensated absences	2,999	—	—	14,500	—	—	2,950	20,449
Total adjustments	2,719,399	(10,146)	6,642	239,179	(141)	232,482	92,660	3,280,075
Net Cash Provided By (Used In) Operating Activities	\$ 1,951,312	\$ (36,885)	\$ (106,610)	\$ 90,929	\$ 9,925	\$ (303,555)	\$ 376,538	\$ 1,981,654

**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	69
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	75
These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.	
Debt Capacity	81
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	85
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	88
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs	

CITY OF LEE'S SUMMIT, MISSOURI

NET POSITION BY COMPONENT Last Ten Fiscal Years (Accrual Basis Of Accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 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	\$ 403,957,177
Restricted	4,969,818	—	—	22,781,337	25,677,019	24,641,173	16,223,089	47,738,657	39,690,100	68,519,039
Unrestricted	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)	(30,132,403)
Total governmental activities net position	\$ 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	\$ 442,343,813
Business-type activities										
Net investment in capital assets	\$ 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	\$ 212,923,508
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	33,282,263
Unrestricted	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)	(2,281,926)
Total business-type activities net position	\$ 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	\$ 243,923,845
Primary government										
Net investment in capital assets	\$ 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	\$ 616,880,685
Restricted	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	101,801,302
Unrestricted	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)	(32,414,329)
Total primary government net position	\$ 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	\$ 686,267,658

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Public works and streets	\$ 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	\$ 23,836,549
Public safety	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	40,435,341
Parks and recreation	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	7,761,931
Planning and development	708,004	793,067	851,343	996,657	1,127,859	1,055,523	957,816	948,798	940,979	904,265
General government	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	16,793,993
Interest on long-term debt	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	4,287,131
Total governmental activities expenses	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	94,019,210
Business-type activities:										
Waterworks and sewerage system	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	25,063,889
Sanitary landfill	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	2,867,606
Airport	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	2,052,157
Recreation center	721,648	701,088	873,576	689,699	700,386	1,127,142	1,234,450	1,295,805	1,268,716	1,186,856
Total business-type activities expenses	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	31,170,508
Total primary government expenses	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	125,189,718
Program Revenues										
Governmental activities:										
Charges for services:										
Public works and streets	—	379,543	1,047,323	1,971,762	528,090	229,237	122,053	124,975	141,277	358,852
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	4,667,249
Parks and recreation	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	2,381,440
Planning and development	—	69,020	222,229	305,029	243,875	119,625	103,360	122,371	153,963	130,251
General government	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	1,790,781
Operating grants and contributions	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	1,400,858
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	1,921,135
Total governmental activities program revenues	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	12,650,566
Business-type activities:										
Charges for services:										
Waterworks and sewerage system	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	31,413,865
Sanitary landfill	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	2,346,247
Airport	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	1,456,710
Recreation center	705,231	788,274	869,720	657,134	662,132	849,238	970,765	1,082,156	1,114,367	1,208,496
Capital grants and contributions	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	1,191,530
Total business type activities program revenues	35,882,245	34,452,182	36,968,553	44,806,648	36,899,107	36,065,676	31,784,719	31,784,719	35,252,093	37,616,848
Total primary government revenues	53,368,033	56,476,910	52,751,582	66,598,302	61,246,707	53,609,925	45,796,427	45,796,427	51,725,670	50,267,414

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense) Revenue										
Governmental activities	\$ (41,530,238)	\$ (42,784,827)	\$ (49,678,254)	\$ (56,260,677)	\$ (70,422,630)	\$ (60,030,624)	\$ (65,343,177)	\$ (65,343,177)	\$ (71,258,069)	\$ (81,368,644)
Business-type activities	12,622,517	9,866,601	9,874,523	18,020,216	10,125,031	8,494,190	5,169,529	5,169,529	4,075,210	6,446,340
Total primary government net expense	(28,907,721)	(32,918,226)	(39,803,731)	(38,240,461)	(60,297,599)	(51,536,434)	(60,173,648)	(60,173,648)	(67,182,859)	(74,922,304)
General Revenues And Other Changes In Net Position										
Governmental activities:										
General revenues										
Property taxes	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	35,456,745
Sales and use taxes	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	32,191,356
Motor vehicle taxes	—	—	—	—	—	—	—	—	—	3,262,217
Franchise fees	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	14,080,374
License, permits, fines and forfeitures	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	2,206,013
Revenues from use of money and property	1,397,978	1,792,049	3,187,915	5,752,661	4,689,430	2,184,572	370,871	681,673	606,847	372,899
Other revenue	4,537,816	1,810,229	3,086,832	404,198	331,941	94,938	301,952	702,045	871,779	1,257,986
Transfers	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	1,060,297
Total governmental activities	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	89,887,887
Business-type activities:										
General revenues										
Revenues from use of money and property	467,371	1,191,954	1,444,627	2,588,566	2,709,663	1,401,400	400	325,226	236,172	209,943
Other revenue	872,978	2,299,961	5,707,126	676,794	768,363	1,061,955	1,951,491	265,587	649,768	—
Transfers	(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)	(1,060,297)
Total business-type activities	(2,160,759)	792,267	4,333,248	802,714	910,135	780,407	(176,709)	(176,709)	(880,938)	(850,354)
Total primary government	73,685,745	72,134,046	83,624,549	82,894,166	93,602,305	88,215,732	85,090,457	85,090,457	85,155,031	89,037,533
Change In Net Position										
Governmental activities	34,316,266	28,556,952	29,613,047	25,830,775	22,269,540	27,404,701	19,923,989	19,923,989	14,777,900	8,519,243
Business-type activities	10,461,758	10,658,868	14,207,771	18,822,930	11,035,166	9,274,597	4,992,820	4,992,820	3,194,272	5,595,986
Total city	\$ 44,778,024	\$ 39,215,820	\$ 43,820,818	\$ 44,653,705	\$ 33,304,706	\$ 36,679,298	\$ 24,916,809	\$ 24,916,809	\$ 17,972,172	\$ 14,115,229

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Reserved	\$ 5,326	\$ 5,187	\$ 58	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved	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	2,368,183
Unassigned	—	—	—	—	—	—	—	5,062,318	10,068,387	12,485,754
Total general fund	\$ 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	\$ 14,853,937
All other governmental funds										
Reserved	\$ 2,164,528	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved, designated:										
Debt service	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	2,949,943	5,157,712	6,081,591	6,142,921	6,277,063	5,822,482	6,185,228	—	—	—
Capital project funds	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	8,954,615
Special revenue funds	—	—	—	—	—	—	—	6,558,759	7,119,249	8,271,128
Capital project funds	—	—	—	—	—	—	—	52,917,276	45,457,890	60,847,069
Unassigned										
Special revenue funds	—	—	—	—	—	—	—	(105,171)	(173,475)	(45,880)
Capital project funds	—	—	—	—	—	—	—	(5,650,774)	(6,160,575)	(3,248,190)
Total all other governmental funds	\$ 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	\$ 74,778,742

(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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes:										
Property	\$ 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	\$ 35,371,737
Sales	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	31,537,249
Franchise	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	14,080,374
License	1,824,422	1,497,236	1,443,066	995,950	1,246,919	320,284	666,550	458,972	613,669	830,823
Bed	320,133	318,358	336,894	333,728	408,727	351,854	311,027	334,472	297,045	310,884
Motor vehicle	—	—	—	—	—	—	—	—	—	3,262,217
Other tax	—	—	—	—	—	—	—	—	—	343,223
Intergovernmental	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	2,397,443
Charges for services	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	3,844,620
Licenses and permits	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	3,831,801
Fines and forfeitures	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	1,652,152
Interest	1,037,448	1,739,332	3,187,915	5,141,994	4,076,656	1,887,689	355,711	624,550	558,840	324,724
Other	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	2,206,013
Total Revenues	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	99,993,260
Expenditures										
Current:										
General government	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	11,930,212
Public works and streets	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	10,927,267
Public safety	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	34,131,490
Community development	708,004	745,017	851,343	996,657	1,127,859	1,055,523	957,816	948,798	940,979	904,265
Parks and recreation	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	5,612,207
Debt service:										
Principal retirements	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	27,195,000
Interest and fiscal charges	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	3,521,740
Capital outlay:										
General government	13,770,779	8,541,860	13,144,007	—	—	—	—	1,205,332	1,153,562	1,027,783
Public works and streets	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	20,493,282
Public safety	—	13,301	659,925	2,914,649	2,168,011	371,660	193,224	2,183,247	1,532,546	2,278,350
Parks and recreation	6,903,969	471,617	1,205,846	6,057,450	14,876,232	5,085,195	1,023,734	594,310	565,270	631,283
Total Expenditures	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	118,652,879

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Deficiency Of Revenues										
Over Expenditures	\$ (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)	\$ (18,659,619)
Other Financing Sources (Uses)										
Proceeds from bonds	—	—	11,475,000	17,095,000	—	—	5,000,000	39,300,000	—	38,100,000
Premium on issuance of bonds	—	—	—	—	—	—	98,075	510,796	—	3,338,722
Discount on issuance of bonds	—	—	—	—	—	—	—	(628,000)	—	—
Transfers in	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	4,738,640
Transfers out	(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)	(3,963,196)
Total Other Financing Sources	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	42,214,166
Net change in fund balances	\$ (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)	\$ 23,554,547
Debt service as a percentage of noncapital expenditures	18.6%	16.4%	19.9%	14.0%	15.4%	15.9%	16.8%	11.8%	18.2%	28.4%

CITY OF LEE'S SUMMIT, MISSOURI

**PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Accrual Basis Of Accounting)**

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Public works	\$ 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	\$ 2,262,038
Public safety	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	5,609,585
Parks and recreation	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	2,381,440
Planning and development	1,669,198	75,939	223,310	305,029	243,875	119,625	103,360	122,371	153,963	140,779
General government	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	2,256,724
Subtotal governmental activities	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	12,650,566
Business-type activities:										
Waterworks and sewerage system	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	31,841,944
Sanitary landfill	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	2,346,247
Airport	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	2,220,161
Recreation center	705,231	788,274	869,720	657,134	662,132	849,238	970,765	1,082,156	1,114,367	1,208,496
Subtotal business-type activities	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	37,616,848
Total primary government	\$ 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	\$ 50,267,414

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
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
2013	35,371,737	35,142,689	14,080,374	5,483,953	324,724	9,589,783	99,993,260

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				
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	1.5258	7,367,770,686	22.00%
2013	1,096,348,979	1,432,067	212,077,219	1,309,858,265	298,510,960	30,316,580	1,638,685,805	1.5540	7,444,250,964	22.01%

Source: Jackson County and Cass County

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	
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
2013	0.9213	0.1630	0.4697	1.5540	6.0579	0.5298	0.0300	0.7515	8.9232

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	5.6700
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 \$0.2300

Note (3): Other breakdown for current year:

Junior College	0.2349
Mental Health	0.1218
Handicap Workshop	0.0748
Library	0.3200
	0.7515

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

	2013			2004		
	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	\$ 21,631,957	1	1.32%			
Cerner Corporation	7,946,037	2	0.48%			
SUMC Admin & Retail Stores	7,249,868	3	0.44%			
John Knox Village	6,435,344	4	0.39%	29,096,806	1	2.38%
Sprint Spectrum	6,201,101	5	0.38%	7,069,354	4	0.58%
Toys R Us	5,251,882	6	0.32%	6,442,050	5	0.53%
Wal-Mart	5,154,614	7	0.31%	4,834,715	8	0.40%
Missouri Gas Energy	4,243,432	8	0.26%	5,440,910	7	0.45%
Southern Union	4,168,628	9	0.25%			
Polytainers	3,820,138	10	0.23%			
Missouri Public Service (Aquila)				12,661,799	2	1.04%
Pfizer Chemical Company				8,408,300	3	0.69%
Southwestern Bell				5,824,168	6	0.48%
Sprint				4,016,780	9	0.33%
AMLIWS Summit Ridge LLC				3,595,253	10	0.29%
Total	\$ 72,103,001		4.38%	\$ 87,390,135		7.17%

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
2004	\$ 18,850,627	\$ 17,477,843	92.7%	\$ 1,320,410	\$ 18,246,589	96.8%
2005	19,576,491	18,171,917	92.8%	1,339,398	18,726,123	95.7%
2006	21,490,030	19,864,540	92.4%	1,554,894	20,362,927	94.8%
2007	22,305,148	21,156,122	94.8%	1,071,541	21,805,881	97.8%
2008	23,870,679	22,634,488	94.8%	1,137,704	23,161,386	97.0%
2009	24,703,017	23,359,076	94.6%	1,240,498	24,321,778	98.5%
2010	24,406,228	23,601,764	96.7%	708,136	24,309,900	99.6%
2011	24,874,955	24,200,420	97.3%	551,417	24,751,837	99.5%
2012	24,465,967	23,723,403	97.0%	433,332	24,156,735	98.7%
2013	25,046,007	24,273,164	96.9%	—	24,273,164	96.9%

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			
2004	\$ 38,805,000	\$ 13,870,000	\$ 665,000	\$ 14,840,000	\$ 855,689	\$ 37,617,972	\$ 106,653,661	82,528	\$ 1,292
2005	34,512,616	11,995,000	—	13,800,000	821,262	34,992,151	96,121,029	85,642	1,122
2006	38,173,947	8,260,000	—	12,725,000	786,835	32,266,331	92,212,113	88,666	1,040
2007	33,812,709	21,452,723	—	11,600,000	752,408	29,395,511	97,013,351	90,785	1,069
2008	28,779,412	16,747,475	—	10,425,000	712,981	26,389,690	83,054,558	91,586	907
2009	26,607,748	15,822,228	—	9,550,000	673,554	23,238,870	75,892,400	97,927	775
2010	23,605,000	14,445,000	—	8,625,000	629,127	19,925,314	67,229,441	93,163	722
2011	34,656,369	12,726,732	—	29,080,521	584,700	13,256,183	90,304,505	91,364	988
2012	27,675,436	11,686,486	—	24,254,454	540,273	8,718,881	72,875,530	91,569	796
2013	47,380,186	10,306,239	—	20,379,800	490,846	7,109,562	85,666,633	92,292	928

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
2004	\$ 38,612,577	\$ 4,310,880	\$ 34,301,697	2.81%	\$ 416
2005	34,512,616	5,610,191	28,902,425	2.25%	337
2006	38,173,947	3,834,139	34,339,808	2.43%	387
2007	33,812,709	5,292,263	28,520,446	1.90%	314
2008	28,779,412	6,899,673	22,050,327	1.34%	241
2009	26,607,748	6,548,980	20,186,020	1.21%	206
2010	23,605,000	5,113,390	18,491,610	1.12%	198
2011	34,656,369	6,000,984	28,655,385	1.73%	306
2012	27,675,436	5,922,455	21,452,545	1.32%	234
2013	47,380,186	6,778,725	40,601,461	2.48%	440

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, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Share Of Overlapping Debt
Debt repaid with property taxes			
Lee's Summit R-7 School District	\$ 184,228,464	82.88%	\$ 152,688,551
Blue Springs R-4 School District	133,447,144	20.17%	26,916,289
Raymore-Peculiar School District	45,987,421	8.00%	3,678,994
Grandview School District	29,563,382	0.41%	121,210
Hickman Mills School District	34,313,522	0.12%	<u>41,176</u>
Total direct and overlapping debt			<u>\$ 183,446,220</u>

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

CITY OF LEE'S SUMMIT, MISSOURI

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Legal debt limit (1)	\$ 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	\$ 322,343,269
Total net debt applicable to limit	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	55,654,245
Legal debt margin	\$ 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	\$ 266,689,024
Total net debt applicable to the limit as a percentage of debt limit	19.09%	16.04%	12.36%	10.30%	6.77%	12.15%	10.23%	8.55%	17.81%	17.27%

- (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		
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%
2013	92,292							17,534	5.20%

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	2013			2004		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Lee's Summit R-7 School	2,199	1	4.35%	2,150	1	5.61%
Truman Medical Center Lakewood	1,374	2	2.72%	1,144	3	2.98%
National Benefits Center	1,325	3	2.62%	960	5	2.50%
Saint Luke's East - Lee's Summit	941	4	1.86%	950	6	2.48%
John Knox Village	875	5	1.73%	1,053	4	2.75%
City of Lee's Summit	645	6	1.28%	580	8	1.51%
AT&T	619	7	1.22%	1,400	2	3.65%
National Records Center	550	8	1.09%			0.00%
Unity Practical School of Christianity	400	9	0.79%	530	10	1.38%
Metropolitan Community College-Longview	397	10	0.79%	700	7	1.83%
Calmar				580	9	1.51%
	<u>9,325</u>		<u>18.45%</u>	<u>11,047</u>		<u>28.80%</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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Administration	34.17	33.05	33.05	35.00	33.50	32.50	32.5	31.00	32.00	27.00
Engineering	43.75	43.50	54.55	53.96	37.17	39.27	39.3	37.60	38.95	41.80
Police	163.32	166.32	172.32	167.32	181.70	188.70	196.7	205.20	209.70	208.70
Fire	134.00	137.00	137.00	140.00	146.00	146.00	146.0	146.00	146.00	146.00
Finance	18.00	18.00	18.00	18.00	18.00	18.00	18.0	18.00	18.00	22.50
Planning and development	7.00	9.00	11.00	12.00	11.00	11.00	11.0	9.00	9.00	9.00
Court	10.90	10.90	11.90	11.90	11.90	12.00	12.8	12.75	12.75	12.75
Codes administration	19.70	19.00	19.00	19.00	18.00	18.00	18.0	17.00	17.00	17.00
Law	8.00	10.00	9.75	9.75	9.50	9.50	9.5	9.50	9.50	10.50
Street	46.00	47.00	47.00	47.00	47.75	48.75	48.8	47.00	50.24	49.21
Parks and recreation										
Community center	8.90	8.90	8.90	6.35	7.15	6.80	6.7	6.70	6.75	7.15
Parks and recreation	23.00	23.00	23.00	29.00	29.00	30.00	29.0	24.50	24.95	23.95
Pool	0.55	0.55	0.55	0.30	0.30	0.30	1.0	0.95	1.05	1.60
Cemetery	1.00	1.00	1.00	1.00	1.00	1.00	1.0	1.00	1.00	1.00
Recreation center	3.60	3.60	3.60	2.40	2.75	2.15	5.3	5.85	6.15	6.15
Senior center	—	—	—	—	—	2.05	2.1	2.05	2.10	2.15
Airport	8.00	8.00	7.30	7.30	7.98	7.60	7.6	7.60	7.60	7.04
Water utilities	57.25	57.25	57.50	57.50	58.50	58.50	58.5	58.50	59.50	59.50
Solid waste	13.00	13.00	13.00	13.00	14.20	14.80	14.8	14.80	14.80	15.00
Central building services	—	—	—	—	11.00	11.00	10.0	9.50	8.50	8.75
Fleet	8.00	8.00	8.00	8.00	8.00	8.00	8.0	9.00	9.00	9.00
Information technology services	12.00	14.00	17.00	17.00	17.00	19.00	20.0	20.00	20.00	22.00
Total	620.14	631.07	653.42	655.78	671.40	684.92	696.4	693.50	704.54	707.75

Source: City of Lee's Summit Finance Department

CITY OF LEE'S SUMMIT, MISSOURI

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Building Permits Issued (1)										
Residential/single family	853	911	791	489	380	129	110	170	166	270
Residential/multi family	81	69	82	55	58	8	1	—	—	2
Commercial/industrial	78	67	44	80	35	23	19	13	10	14
Additions	1,279	1,131	1,223	2,820	1,937	1,245	1,082	1,302	*5,229	1,588
Police protection (1)										
Part I crimes	2,385	2,576	2,357	2,254	2,521	2,378	2,290	2,232	1,854	1,700
Notable part II crimes	1,903	2,131	2,424	2,047	2,178	2,222	2,295	2,385	2,268	2,378
Traffic crashes	2,244	2,313	2,206	2,114	2,125	2,083	1,912	2,047	1,906	1,753
Calls for service	65,001	65,856	64,548	61,624	64,715	76,322	85,255	91,037	88,846	77,008
Number of officers	106	108	112	117	122	129	136	136	143	142
Animal control calls for service	7,126	8,523	8,844	8,562	8,110	8,161	8,857	8,737	8,474	8,960
Fire protection										
Fire personnel	121	131	137	140	140	146	146	146	146	146
Calls answered	5,862	6,421	7,003	7,051	7,750	8,401	8,015	9,144	9,147	9,027
Water source										
Kansas City Water Co.	35.41%	32.97%	42.30%	38.43%	32.82%	33.94%	12.00%	19.40%	34.30%	27.90%
Independence Water Co	64.59%	67.03%	57.70%	61.57%	67.18%	66.06%	88.00%	80.60%	65.70%	72.10%
Water										
Number of service connections	30,891	31,991	32,889	32,950	33,666	33,735	33,800	34,260	34,242	34,538
Number of fire hydrants	3,751	4,867	4,975	4,975	4,975	4,871	4,887	4,922	4,940	4,940
Average daily consumption (gallons)	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	10,790,000
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	27,500,000
Maximum daily demand	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	25,500,000
Storage capacity (gallons)	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	35,200,000

(1) Statistics based on calendar year

* This includes re-roof premits. 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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Protection										
Stations	6	6	6	7	7	7	7	7	7	7
Public Works										
Residential centerline miles					325	327	327	337	308	271
Collector centerline miles					67	102	102	83	88	90
Arterial centerline miles					75	91	91	103	83	91
Parks and Recreation										
Parks	26	26	27	27	27	27	27	28	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	1
Tennis courts	15	15	15	15	15	15	15	15	15	15
Community centers	2	2	2	2	3	3	3	3	3	3
Water										
Miles of water mains	569	600	637	637	637	637	604	607	604	604

Source: City records