



LEE'S SUMMIT
MISSOURI

Comprehensive Annual Financial Report

For The Year Ended June 30, 2015

CITY OF LEE'S SUMMIT, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

Report issued by the Department of Finance

CITY OF LEE'S SUMMIT, MISSOURI

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CITY OF LEE'S SUMMIT, MISSOURI

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Introductory Section



LEE'S SUMMIT

M I S S O U R I

December 22, 2015

The Honorable Mayor and City Councilmembers:

Transmitted herewith is the annual financial report for the City of Lee's Summit, Missouri (the City) for the fiscal year ended June 30, 2015. 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.

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 approximately 65 square miles in size and is located at the suburban edge of the Kansas City metropolitan area and has absorbed significant growth in the last three 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 93,888.

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 (Laclede Gas Company) and 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 17,610 in 2015. 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 also operates a special-education, day-treatment facility, Miller Park Center, and the Lee's Summit R-7 Aquatic Center. Within City limits, the Blue Springs R-4 School District also has an elementary school and middle school.

There are numerous higher education institutions located within the Kansas City metro area that are accessible to residents in Lee's Summit. For continuing education and associate's programs, the Metropolitan Community College – Longview is another award-winner with nearly 8,000 students enrolled per year. Undergraduate completion programs are available through the University of Central Missouri's Summit Center Campus.

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.

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 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. To help serve the population, a volunteer program was created; and 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 two dog parks.

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 70 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. Currently under construction is a new interchange on US 50 Highway and Blackwell Road and reconstruction is in the design stages for the interchange on US 50 Highway at M-291 South. These two interchanges will help alleviate traffic congestion.

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 six business sites in Lee's Summit with 500 employees or more.

John Knox Village is widely recognized as one of the best and most comprehensive retirement communities in the country. John Knox Village is a continuing care retirement community that provides independent living, countless services and amenities and a full continuum of 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 fourteen 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, it includes men's and women's fashion, fast-casual eateries, sit-down restaurants and specialty retailers. 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
2015	4.2%	5.8%	5.3%
2014	4.7%	6.0%	6.1%
2013	5.1%	6.6%	7.5%
2012	5.3%	6.8%	8.2%
2011	6.7%	8.4%	9.1%

The City of Lee's Summit continues to be an active and growing community. 2,284 building permits were issued in calendar year 2014 (including alterations, additions and demolitions).

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

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 93,888 as of December 2014.

Capital projects of \$40.5 million were constructed during the year using proceeds of General Obligation 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 5th 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 two decades.

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 19 successful ballot issues in a row.

Long-Term Financial Planning

Over the years, one of the City's strengths has been its strong financial condition and prudent financial management. The City has diligently developed and implemented annual budgets that provide our citizens consistent, reliable municipal services and programs.

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 four years. The City continued to focus on cost containment efforts to continue to meet fiscal priorities to residents. These cost containment efforts began during fiscal year 2009 and continue into 2015, as vacant positions are carefully evaluated and approved and filled only when essential, planned studies were deferred and contractual services were reviewed.

General Fund expenditures are recommended to increase 1.2% over the previous year's budget. These increased are due to higher health insurance costs, employee merit increases, and PILOT payments.

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, 2015 provided for one significant deficiency in internal control, which was also a violation 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 48% of total governmental revenue.

Property tax is an ad valorem tax, levied on all real and personal property, based upon the assessed valuation as established by the County Assessor on January 1st of each year. Real property assessed valuation is determined by applying the "market value" times the appropriate assessment ratios. They are as follows: Commercial/Industrial-32%; Residential-19%; Agricultural-12%. Personal property assessed valuation is set at 33% of market value and is determined by the State Tax Commission. Each year the City Council must set the rates to be levied for the City's property taxes.

Utility franchise fees are gross receipt taxes levied on all service charges for customers subscribing to natural gas, electricity, telecommunications and cable television service within the City's boundaries. Franchise taxes are directly dependent on the weather conditions and will vary with extreme periods of heat or cold.

The road excise tax is in the form of a license tax on building contractors to be paid on all development which requires a building permit and results in additional traffic (vehicle trips). The license tax is paid prior to the building permit issuance. These revenues are used to construct streets, roads, bridges and related improvements.

Sales taxes comprise approximately 33% 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.

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 costs.

The City purchases its water from the City of Independence, Missouri (77%) and the City of Kansas City, Missouri Water Department (23%). 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 27% 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 late 2016.

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 2018. 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, 2014. This was the 37th 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, 2014. 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
Diane Forte

DISTRICT 3

Derek Holland
Diane Seif

DISTRICT 2

Allan Gray
Patricia Carlyle

DISTRICT 4

Robert T. Johnson
Dave Mosby

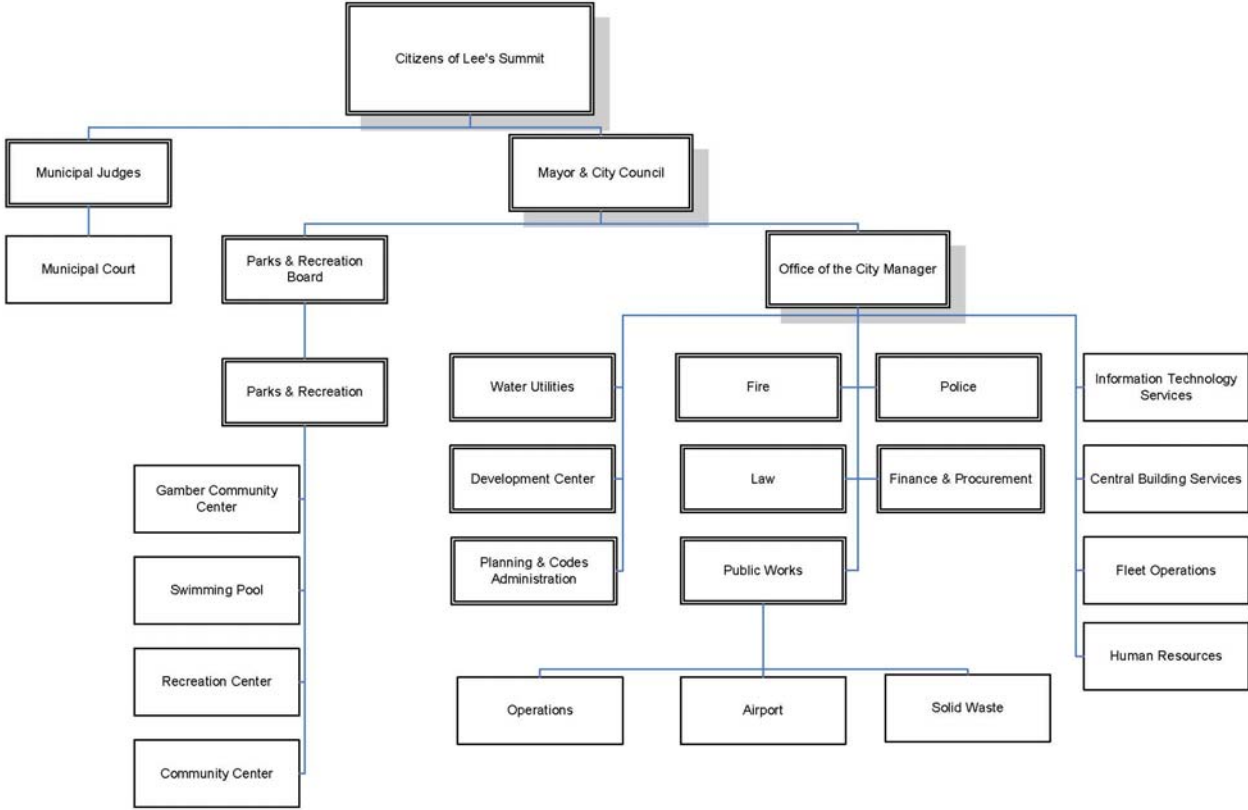
FINANCE & PERSONNEL COMMITTEE

Robert T. Johnson, Chairman
Allan Gray
Derek Holland
Diane Forte

ADMINISTRATION

Stephen A. Arbo, City Manager
Conrad E. Lamb, Finance Director
Rick Poeschl, Fire Chief
Brian Head, City Attorney
Travis Forbes, Police Chief
J. Thomas Lovell, Parks Administrator
Dena Mezger, Public Works Director
Mark Schaufler, Water Utilities Director
Robert McKay, Planning & Codes Administration Director
Mark Dunning, Development Center Director

Organizational Chart





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, 2014

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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Lee's Summit, Missouri'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 from 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 of Lee's Summit, Missouri as of June 30, 2015, 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 1 to the financial statements, in 2015 the City of Lee's Summit, Missouri adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 13, the Budgetary Comparison Information on pages 54 through 55, the Schedules of Selected Pension Information on page 56, and the Schedule of Funding Progress on page 57 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 of Lee's Summit, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 22, 2015 on our consideration of the City of Lee's Summit, Missouri'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 of Lee's Summit, Missouri's internal control over financial reporting and compliance.

RubinBrown LLP

December 22, 2015

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CITY OF LEE'S SUMMIT, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

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, 2015. This is the 13th 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 the City of Lee's Summit exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$768,812,978 (net position). Of this amount, unrestricted net position was negative \$4,785,857.
- The City's total net position increased \$32 million. Of this amount, \$23.6 million was from the City's "governmental activities" and the balance was from the "business-type activities."
- The City's total long-term debt decreased approximately \$6.6 million (-7%) during the current fiscal year. Factors in this decrease are the issuance of \$4 million in General Obligation debt, a net decrease of \$1.5 million due to a refunding of Parks bonds with the issuance of lease purchase agreements and scheduled reductions 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, liabilities and deferred inflows with the difference between these amounts 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, pension and other post employment benefit 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, 2015, assets and deferred outflows exceed liabilities and deferred inflows by \$768,812,978. The largest portion of the City's net position, \$653,657,635 (85%), 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, 2015 and 2014:

	Net Position					
	Governmental Activities		Business type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 117,922,518	\$ 101,721,509	\$ 51,797,134	\$ 47,044,281	\$ 169,719,652	\$ 148,765,790
Capital assets	465,873,487	447,052,183	230,583,144	227,050,673	696,456,631	674,102,856
Total assets	583,796,005	548,773,692	282,380,278	274,094,954	866,176,283	822,868,646
Deferred outflows of resources	7,762,493	132,242	541,211	219,995	8,303,704	352,237
LT liabilities outstanding	69,248,694	74,991,050	14,562,172	15,003,736	83,810,866	89,994,786
Other liabilities	17,776,838	17,430,110	3,808,942	4,346,633	21,585,780	21,776,743
Total liabilities	87,025,532	92,421,160	18,371,114	19,350,369	105,396,646	111,771,529
Deferred inflows of resources	255,290	—	15,073	—	270,363	—
Net position:						
Net investment in capital assets	428,390,412	414,531,277	225,267,223	220,630,436	653,657,635	635,161,713
Restricted	85,935,329	59,637,888	34,005,871	33,273,761	119,941,200	92,911,649
Unrestricted	(10,048,065)	(17,684,391)	5,262,208	1,060,383	(4,785,857)	(16,624,008)
Total net position	\$ 504,277,676	\$ 456,484,774	\$ 264,535,302	\$ 254,964,580	\$ 768,812,978	\$ 711,449,354

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 fund balances. One of these funds, The Todd George Tax Increment Financing (TIF) Fund, is a capital project fund with an interfund loan outstanding. 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: Tudor Road 2010 Fund which accounts for construction of Tudor Road with bond funding. 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. The New Longview TIF fund accounts for public improvements in the historic Longview Farm area. Blue Parkway and Colbern Road CID accounts for improvements related to a recently annexed area in the City, 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.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The City's combined net position increased to \$768.8 million from \$736.8 million (after restatement) 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 negative \$10 million. Total unrestricted net position was negative \$4.8 million including business-type activities of \$5.2 million.

By far, the largest portion of the City's net position (85%) 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 \$768.8 million is comprised of \$653.7 million invested in capital assets, net of related debt; \$119.9 million is restricted for pension, capital projects, debt service, law enforcement and economic development; negative \$4.8 million is unrestricted.

Net position increased \$32 million during the current fiscal year. Seventy-four percent of this increase represents the increase in governmental activities. The City implemented GASB Statement 68 this year. With the new reporting change, the City is required to report its net pension liability (asset), deferred outflows of resources, deferred inflows of resources, and pension expense for the City's participation in the Local Government Employees' Retirement System. A restatement to record the effects of the new reporting guidance increased beginning net position by \$25,365,658. Decisions regarding the actuarial calculations used by the plan to determine the net pension liability and the reported fiduciary net position are made by the administrators of the pension plan, not by the City's management.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Statement of Activities

The following table reflects the revenues and expenses from the City's activities for the years ended June 30, 2015 and 2014:

	Changes in Net Position					
	Governmental Activities		Business type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 10,927,653	\$ 9,869,964	\$ 39,004,941	\$ 38,751,057	\$ 49,932,594	\$ 48,621,021
Operating grants and contr	800,689	1,169,331	—	—	800,689	1,169,331
Capital grants and contr	4,696,959	3,188,981	2,013,286	4,345,037	6,710,245	7,534,018
General revenues:						
Property taxes	33,891,923	33,714,179	—	—	33,891,923	33,714,179
Sales and use taxes	33,898,956	32,220,496	—	—	33,898,956	32,220,496
Other revenue	21,346,680	21,248,418	323,107	183,324	21,669,787	21,431,742
Total revenues	105,562,860	101,411,369	41,341,334	43,279,418	146,904,194	144,690,787
Expenses:						
Public works	14,428,155	16,429,506	—	—	14,428,155	16,429,506
Public safety	40,950,832	40,972,082	—	—	40,950,832	40,972,082
Parks and rec	8,150,227	7,897,133	—	—	8,150,227	7,897,133
Planning and dev	1,548,183	894,521	—	—	1,548,183	894,521
General govt	14,959,896	18,346,278	—	—	14,959,896	18,346,278
Interst on LT debt	2,729,500	3,171,310	—	—	2,729,500	3,171,310
Combined water and sewer	—	—	26,385,019	25,871,350	26,385,019	25,871,350
Sanitary landfill	—	—	2,744,683	2,873,343	2,744,683	2,873,343
Airport	—	—	1,890,626	2,012,142	1,890,626	2,012,142
Rec Center	—	—	1,119,107	1,041,426	1,119,107	1,041,426
Total expenses	82,766,793	87,710,830	32,139,435	31,798,261	114,906,228	119,509,091
Change in net position before transfers	22,796,067	13,700,539	9,201,899	11,481,157	31,997,966	25,181,696
Transfers	843,076	440,422	(843,076)	(440,422)	—	—
Change in net position	23,639,143	14,140,961	8,358,823	11,040,735	31,997,966	25,181,696
Net position beginning, as restated	480,638,533	442,343,813	256,176,479	243,923,845	736,815,012	686,267,658
Net position ending	\$ 504,277,676	\$ 456,484,774	\$ 264,535,302	\$ 254,964,580	\$ 768,812,978	\$ 711,449,354

Governmental Activities

Governmental activities increased the City's net position by \$23.6 million.

Property taxes, tied for the largest governmental category at 32%, finished the year at \$33.9 million which had an increase \$.2 million or .5% over the prior year. This is due primarily to a slight rebound in the housing market. Sales and Use taxes finished the year at \$33.9 million which was a \$1.7 million increase or 5.2% over the prior year. This increase, after recent years of flat or declining sales tax revenues, is fueled by stronger retail sales in the City's two major shopping centers. Franchise tax came below prior year at \$13.9 million. This was primarily due to mild weather conditions and changes in telecommunications usage in households. Overall, governmental revenues finished the year \$4.2 million above prior year.

For the fiscal year ended June 30, 2015, revenues totaled \$146.9 million (governmental and business-type). Revenues from governmental activities totaled \$105.6 million or 72% of the total City revenues.

Governmental activities expenses decreased \$4.9 million or 6% for the fiscal year ended June 30, 2015 compared to the fiscal year ended June 30, 2014. This decrease is primarily due to capital projects that were under construction last year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Certain revenues are generated that are specific to governmental program activity. These totaled \$16.4 million.

The following table shows expenses and net cost of service of the governmental activities for the years ended June 30, 2015 and 2014:

	Net cost of governmental activities			
	Total cost of Service		Net cost of service	
	2015	2014	2015	2014
General government	\$ 14,959,896	\$ 18,346,278	\$ (12,413,928)	\$ (16,152,070)
Public safety	40,950,832	40,972,082	(35,536,461)	(35,677,401)
Public works and streets	14,428,155	16,429,506	(9,138,754)	(12,640,381)
Planning and development	1,548,183	894,521	(1,409,222)	(770,196)
Parks and recreation	8,150,227	7,897,133	(5,113,627)	(5,071,196)
Interest on long-term debt	2,729,500	3,171,310	(2,729,500)	(3,171,310)
Total	\$ 82,766,793	\$ 87,710,830	\$ (66,341,492)	\$ (73,482,554)

As previously noted, expenses from governmental activities totaled \$82.8 million. However, net costs of these services were \$66.3 million. The difference represents direct revenues received from charges for services of \$10.9 million, operating grants and contributions of \$.8 million and capital grants and contributions of \$4.7 million. Taxes and other revenues of \$89.1 million were collected to cover these net costs.

Business-Type Activities

Business-type activities net position increased by \$8.4 million in the current year.

Overall revenues decreased \$1.9 million or 4.5% compared to last year. This was primarily due to a capital grant decrease of \$3.5 million in the Airport fund. On the other hand, overall expenses increased just less than \$.5 million or 1.5% compared to the prior year.

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, 2015 was \$20.1 million or 34.6% of actual expenditures. This represents an increase of \$2.9 million or a 16.6% increase over the previous year's balance. Revenues increased \$.9 million and expenses increased by \$.5 million over the previous fiscal year.

The City recognizes the need for a fund balance that can adequately absorb a downturn and to avoid changes and reductions in service levels. The City Council adopted an ordinance committed to maintain an amount equal to that of at least two (2) months of regular General Fund operating revenues or expenditures, whichever is greater (16.67%) based on the prior fiscal year; to address emergencies and provide for economic stability.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The Debt Service Fund ended the year with a fund balance of \$9.0 million, a decrease of almost \$.1 million or .5%. As of June 30, 2015, 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. As of June 30, 2015, \$105,000 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, emergency services radio upgrades and police facility improvements. At the end of Fiscal Year 2015, \$8.4 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. As of June 30, 2015, \$658,000 of these bonds have not been issued. In April 2014, the electorate authorized an additional \$10 million in general obligation debt. The bonds provide for the construction of improvements to the US Highway 50 and Missouri State Route 291 intersection and bridge system. As of June 30, 2015 \$8.6 of these bonds have not been issued. The City, in accordance with these "No Tax Increase" bond elections, has held the tax levy constant and monitors fluctuations in fund balance for future no tax increase bond issues.

The Capital Improvement Sales Tax Fund ended the year with a fund balance of \$30.8 million. This represents an increase of \$3.5 million or 13% over the previous year. The increase is due to steady sales tax revenues coupled with completed projects.

The Blue Parkway and Colbern Road CID Fund ended the year with a fund balance of negative \$3.6 million. The negative balance is due to costs associated with the community improvement district (CID) that will be reimbursed with tax funds generated from development in this area. Construction on a state highway interchange commenced late in the fiscal year.

The Todd George 50 Highway TIF Fund ended the year with a fund balance of negative \$6.7 million. This represents a decrease of \$7.5 million over the previous year. The negative balance is due to costs associated with the tax increment financing (TIF) district that will be reimbursed with tax funds generated from development in this area.

The Combined Water and Sewerage system recorded an increase of \$7.8 million in net position for the year. The increase in 2014 was \$7.6 million. Revenues decreased over the last fiscal year by \$1.9 million as consumption levels decreased due to above average rainfall.

The Sanitary Landfill fund recorded an increase of \$54,000 in net position for the year that is attributed to increased trash flow. Revenues of \$3 million exceeded expenses of \$2.7 million resulting in operating income of \$.3 million. Transfers out and non operating revenues netted to the \$54,000 increase in net position. 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 2018 as planned.

The Airport Fund recorded an increase of \$388,000 in net position for the year. The increase is attributed to \$718,000 in grant funding received during the fiscal year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

General Fund Budgetary Highlights

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

The total original expenditure budget of \$59,782,258 increased to \$60,347,205 for an increase of \$564,947.

Actual revenues were \$2.9 million more than budgeted. Property taxes were \$.8 million more than expected due to growth in the housing market. Sales tax revenues were \$.7 million or 5% more than expected. Franchise receipts came in lower than budget due to mild weather conditions and changes in telecommunication usage by households. Franchise tax revenues are paid by utilities and can vary with customer usage. Licenses, permits and fees were \$.3 million more than expected along with motor vehicle sales taxes also \$.3 million over expectations. This is due to a small rebound in economic conditions.

Actual expenditures were \$1.4 million less than originally 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, 2015 amounts to \$696 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 \$22 million during the period.

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

- Completion of Blue Parkway and Colbern Road improvements totaling \$2.4 million for the year.
- Completion of Tudor Road extension totaling \$1.1 million for the year.
- Completion of Hook Road-Ward to 291 Highway totaling \$1.7 for the year.
- Completion of Town Centre Intersection improvements totaling \$1 million for the year.
- Progress construction on the Blackwell Road/50 Highway interchange totaling \$8.2 million for the year.
- Progress construction of Strother Road totaling \$3.4 million for the year.
- Road overlay and slurry seal program totaling \$2.7 million for the year.
- Progress construction of US 50/Route 291 South interchange totaling \$1.5 million for the year.
- Progress construction of Bailey Road (M-291 to Hamblin) totaling \$1.4 million for the year.
- Progress construction on Orchard Street reconstruction totaling \$1.2 million for the year.
- Additional system additions and improvements were completed in the Combined Waterworks and Sewerage Fund at a cost of over \$6.2 million including water main rehab of \$1.3 million and sewer rehab of \$1 million for the year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 7,857,966	\$ 7,997,075	\$ 19,625,415	\$ 19,625,415	\$ 27,483,381	\$ 27,622,490
Construction in progress	145,722,353	119,213,110	37,869,788	30,229,289	183,592,141	149,442,399
Buildings	64,703,729	42,245,273	—	—	64,703,729	42,245,273
Improvements	32,409,947	17,752,363	262,997,039	176,615,119	295,406,986	194,367,482
Machinery & Equip	35,828,746	10,721,124	3,556,039	580,850	39,384,785	11,301,974
Infrastructure	332,043,814	249,123,238	—	—	332,043,814	249,123,238
	<u>\$ 618,566,555</u>	<u>\$ 447,052,183</u>	<u>\$ 324,048,281</u>	<u>\$ 227,050,673</u>	<u>\$ 942,614,836</u>	<u>\$ 674,102,856</u>

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

At the end of fiscal 2015, the City had a total of \$72.1 million of outstanding debt obligations. This was a decrease of \$7.3 million 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, 2015, the City's total issued General Obligation (G.O.) Bonded Debt was \$42,215,000 and authorized and unissued debt was \$17,808,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$329,896,834. This, less outstanding debt, authorized and unissued debt, and available cash, leaves a legal debt margin of \$277,218,946, which is 84% of the City's total bonding capacity. Bonded debt, net of available debt service funds, amounted to approximately \$413 per capita and represented 2.28% of the assessed value of taxable property.

General Obligation Bonds retired \$6.2 million of their principal amount outstanding this year along with interest payments of \$1.4 million.

The City's Obligation bonds have most recently been rated Aa1 by Moody's Investors Services and AA+ by Standard and Poors.

The total revenue bond amount outstanding at June 30, 2015 was \$5,290,000, which was solely made up of bonds of the Combined Water and Sewer Utility.

The Combined Water and Sewer Utility Fund retired \$880,000 of their principal amount outstanding this year along with interest payments of \$123,400.

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.

The City refunded \$8,985,000 in Certificates of Participation outstanding early in the fiscal year replacing it with \$7,432,500 in Lease Purchase Agreements. This refinanced the costs for 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.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Economic Factors And Next Year's Budgets And Rates

Combined General Fund revenues for fiscal year 2016 are projected to total \$61.2 million. This represents an increase of \$3.3 million over the prior year budget. After recent years of flat sales tax growth and decreased building permit activity, the City has experienced growth in revenue categories such as property taxes, sales taxes and charges for services.

General Fund expenses are projected to total \$61.2 million compared to \$60 million budgeted in fiscal year 2015. This represents a \$1.2 million increase.

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

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 FY16 budget represent a focus on economic development, an update of community planning documents, improved organizational capacity, and enhanced communications.

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, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 90,791,720	\$ 44,624,441	\$ 135,416,161
Receivables (net of allowance)			
Taxes	7,322,820	—	7,322,820
Accounts and other	1,122,731	3,890,660	5,013,391
Interest	115,984	74,139	190,123
Internal balances	(983,492)	983,492	—
Due from other governmental agencies	694,810	880,761	1,575,571
Inventories	146,399	318,857	465,256
Prepaid expenses	4,824	3,396	8,220
Other assets	16,654	6,064	22,718
Restricted assets			
Cash and investments	225,299	—	225,299
Pension asset	18,464,769	1,015,324	19,480,093
Capital assets			
Nondepreciable	153,580,319	57,495,203	211,075,522
Depreciable, net	312,293,168	173,087,941	485,381,109
Total capital assets	465,873,487	230,583,144	696,456,631
Total Assets	583,796,005	282,380,278	866,176,283
Deferred Outflows Of Resources			
Pension	7,644,945	352,643	7,997,588
Deferred amount on refunding	117,548	188,568	306,116
Total Deferred Outflows Of Resources	7,762,493	541,211	8,303,704
Liabilities			
Accounts payable and accrued expenses	5,938,089	2,030,144	7,968,233
Payroll liabilities	1,486,162	183,596	1,669,758
Accrued interest payable	663,651	200,093	863,744
Unearned revenue	—	25,906	25,906
Customer deposits - payable from restricted deposits	2,829,950	455,266	3,285,216
Long-term obligations			
Due within one year			
Compensated absences	221,986	13,937	235,923
Bonds and contracts	6,637,000	900,000	7,537,000
Due in more than one year			
Compensated absences	3,961,627	309,170	4,270,797
Other post employment benefits	1,986,652	229,096	2,215,748
Bonds and contracts	63,300,415	14,023,906	77,324,321
Total Liabilities	87,025,532	18,371,114	105,396,646
Deferred Inflows Of Resources			
Pension	255,290	15,073	270,363
Net Position			
Net investment in capital assets	428,390,412	225,267,223	653,657,635
Restricted for			
Pension	25,854,424	1,352,894	27,207,318
Debt service	9,078,607	794,000	9,872,607
Capital projects	45,840,585	31,858,977	77,699,562
Law enforcement	211,319	—	211,319
Economic development	4,950,394	—	4,950,394
Unrestricted	(10,048,065)	5,262,208	(4,785,857)
Total Net Position	\$ 504,277,676	\$ 264,535,302	\$ 768,812,978

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2015

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	\$ 14,959,896	\$ 2,188,631	\$ 357,337	\$ —	\$ (12,413,928)	\$ —	\$ (12,413,928)
Public safety	40,950,832	4,971,094	443,277	—	(35,536,461)	—	(35,536,461)
Public works and streets	14,428,155	667,442	—	4,621,959	(9,138,754)	—	(9,138,754)
Planning and development	1,548,183	138,886	75	—	(1,409,222)	—	(1,409,222)
Parks and recreation	8,150,227	2,961,600	—	75,000	(5,113,627)	—	(5,113,627)
Interest on long-term debt	2,729,500	—	—	—	(2,729,500)	—	(2,729,500)
Total Governmental Activities	82,766,793	10,927,653	800,689	4,696,959	(66,341,492)	—	(66,341,492)
Business-Type Activities							
Waterworks and sewerage system	26,385,019	33,507,201	—	1,294,885	—	8,417,067	8,417,067
Sanitary landfill	2,744,683	3,049,357	—	—	—	304,674	304,674
Airport	1,890,626	1,320,935	—	718,401	—	148,710	148,710
Recreation center	1,119,107	1,127,448	—	—	—	8,341	8,341
Total Business-Type Activities	32,139,435	39,004,941	—	2,013,286	—	8,878,792	8,878,792
Total Primary Government	\$ 114,906,228	\$ 49,932,594	\$ 800,689	\$ 6,710,245	(66,341,492)	8,878,792	(57,462,700)
General Revenues							
Taxes							
Property taxes, levied for general purposes					25,952,825	—	25,952,825
Property taxes, levied for debt service					7,939,098	—	7,939,098
Franchise taxes					13,870,764	—	13,870,764
Sales and use taxes					33,898,956	—	33,898,956
License taxes					827,620	—	827,620
Motor vehicle taxes					3,514,204	—	3,514,204
Earnings on investments					423,184	323,107	746,291
Other revenues					2,494,438	—	2,494,438
Gain on sale of assets					216,470	—	216,470
Transfers					843,076	(843,076)	—
Total General Revenues And Transfers					89,980,635	(519,969)	89,460,666
Change In Net Position					23,639,143	8,358,823	31,997,966
Net Position - Beginning, As Previously Stated					456,484,774	254,964,580	711,449,354
Prior Period Adjustment					24,153,759	1,211,899	25,365,658
Net Position - Beginning, As Restated					480,638,533	256,176,479	736,815,012
Net Position - Ending					\$ 504,277,676	\$ 264,535,302	\$ 768,812,978

CITY OF LEE'S SUMMIT, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Debt Service	Capital Improve- ment Sales Tax	Blue Parkway And Colbern Road CID	Todd George 50 HWY TIF	Other Govern- mental Funds	Total Govern- mental Funds
Assets							
Pooled cash and investments	\$ 15,956,174	\$ 8,772,500	\$ 27,023,130	\$ 380	\$ 48,953	\$ 29,037,385	\$ 80,838,522
Receivables (net of allowance)							
Taxes	4,061,106	831,657	1,080,836	—	—	1,349,221	7,322,820
Accounts and other	1,063,518	—	—	—	—	42,253	1,105,771
Interest	32,260	12,939	37,500	—	—	22,343	105,042
Due from other funds	3,971,083	—	3,283,500	—	—	3,341,537	10,596,120
Due from other governments	343,052	—	—	—	—	351,758	694,810
Other assets	15,749	—	—	—	—	905	16,654
Restricted assets							
Cash and investments	—	—	—	225,299	—	—	225,299
Total Assets	\$ 25,442,942	\$ 9,617,096	\$ 31,424,966	\$ 225,679	\$ 48,953	\$ 34,145,402	\$ 100,905,038
Liabilities, Deferred Inflows Of Resources And Fund Balances							
Liabilities							
Accounts payable and accrued liabilities	\$ 1,109,367	\$ 530	\$ 662,193	\$ —	\$ 15,062	\$ 2,784,502	\$ 4,571,654
Payroll liabilities	1,272,667	—	—	—	—	123,941	1,396,608
Payable from restricted	2,052,101	—	—	—	—	777,849	2,829,950
Accrued interest payable	—	—	—	14	6,141	1,411	7,566
Due to other funds	1,537	—	—	3,844,075	6,700,000	1,034,000	11,579,612
Total Liabilities	4,435,672	530	662,193	3,844,089	6,721,203	4,721,703	20,385,390
Deferred Inflows Of Resources							
Property tax	815,224	567,021	—	—	—	159,467	1,541,712
Other	—	—	—	—	—	7,644	7,644
Total Deferred Inflows Of Resources	815,224	567,021	—	—	—	167,111	1,549,356
Fund Balances							
Nonspendable							
Advances to other funds	3,451,583	—	—	—	—	—	3,451,583
Restricted							
Bridges, streets and signals	—	—	30,762,773	—	—	8,473,839	39,236,612
Economic development	—	—	—	—	—	4,950,394	4,950,394
Law enforcement	—	—	—	—	—	211,319	211,319
Debt service reserve	—	9,049,545	—	—	—	—	9,049,545
Other capital projects	—	—	—	—	—	6,603,973	6,603,973
Committed							
Bridges, streets and signals	—	—	—	—	—	170,356	170,356
Landfill care	—	—	—	—	—	4,757,298	4,757,298
Cemetery care	—	—	—	—	—	1,241,636	1,241,636
Assigned							
Parks and recreation	—	—	—	—	—	3,052,698	3,052,698
Economic development	—	—	—	—	—	156,840	156,840
Other capital projects	—	—	—	—	—	193,693	193,693
Other purposes	—	—	—	—	—	342,217	342,217
Unassigned	16,740,463	—	—	(3,618,410)	(6,672,250)	(897,675)	5,552,128
Total Fund Balances	20,192,046	9,049,545	30,762,773	(3,618,410)	(6,672,250)	29,256,588	78,970,292
Total Liabilities, Deferred Inflows And Fund Balances	\$ 25,442,942	\$ 9,617,096	\$ 31,424,966	\$ 225,679	\$ 48,953	\$ 34,145,402	\$ 100,905,038

CITY OF LEE'S SUMMIT, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2015

Total Fund Balance - Governmental Funds \$ 78,970,292

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	588,766,255
Less: Accumulated depreciation	(132,550,147)

Pension assets 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.

17,965,072

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.

1,549,356

Some future pension resources are not current financial resources and therefore are not reported in the fund financial statements, but are reported as a deferred outflow of resources in the governmental activities of the Statement of Net Position.

7,471,389

Some future pension resources are not current financial resources and therefore are not reported in the fund financial statements, but are reported as a deferred inflow of resources in the governmental activities of the Statement of Net Position.

(247,873)

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

(656,085)

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

18,709,721

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	(4,006,536)
Bonds payable	(66,825,000)
Unamortized discounts	498,047
Unamortized premiums	(3,610,462)
Deferred amount on refunding	117,548
Other post employment benefit liability	(1,873,901)

Total Net Position - Governmental Activities \$ 504,277,676

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS For The Year Ended June 30, 2015

	General Fund	Debt Service	Capital Improve- ment Sales Tax	Blue Parkway And Colbern Road CID	Todd George 50 HWY TIF	Other Govern- mental Funds	Total Govern- mental Funds
Revenues							
Taxes							
Property	\$ 18,709,442	\$ 7,967,013	\$ —	\$ —	\$ 979,480	\$ 6,363,029	\$ 34,018,964
Sales	14,145,869	3,326,917	7,071,794	—	—	8,587,313	33,131,893
Franchise	13,870,764	—	—	—	—	—	13,870,764
License	—	—	—	—	—	830,167	830,167
Bed	—	—	—	—	—	401,460	401,460
Motor vehicle	3,514,204	—	—	—	—	—	3,514,204
Other tax	342,354	17,194	—	—	—	6,055	365,603
Fines and forfeitures	1,583,793	50,248	—	—	—	27,630	1,661,671
Licenses and permits	2,226,752	—	—	—	—	—	2,226,752
Intergovernmental	443,277	—	—	—	—	1,449,847	1,893,124
Charges for services	3,935,146	—	—	—	—	3,104,084	7,039,230
Investment earnings	74,824	54,806	156,276	139	4,401	84,172	374,618
Other	2,005,325	1,457	23,696	—	—	463,960	2,494,438
Total Revenues	60,851,750	11,417,635	7,251,766	139	983,881	21,317,717	101,822,888
Expenditures							
Current							
General government	11,556,523	—	—	—	—	634,982	12,191,505
Public safety	35,133,894	—	—	—	—	—	35,133,894
Public works and streets	10,115,557	—	—	—	—	—	10,115,557
Community development	1,548,183	—	—	—	—	—	1,548,183
Parks and recreation	—	—	—	—	—	6,590,327	6,590,327
Debt service							
Principal	—	16,217,500	—	—	—	1,570,000	17,787,500
Interest and other charges	—	1,866,532	—	62	—	1,314,340	3,180,934
Capital outlay	—	—	3,747,658	2,428,546	8,522,195	18,433,213	33,131,612
Total Expenditures	58,354,157	18,084,032	3,747,658	2,428,608	8,522,195	28,542,862	119,679,512
Excess (Deficiency) Of							
Revenues Over							
Expenditures	2,497,593	(6,666,397)	3,504,108	(2,428,469)	(7,538,314)	(7,225,145)	(17,856,624)
Other Financing Sources (Uses)							
Issuance of bonds	—	7,493,850	—	—	—	3,908,650	11,402,500
Premium on issuance of bonds	—	—	—	—	—	308,185	308,185
Transfers in	1,030,008	—	—	—	—	1,318,120	2,348,128
Transfers out	(655,336)	(925,000)	—	—	—	(123,471)	(1,703,807)
Total Other Financing Sources (Uses)	374,672	6,568,850	—	—	—	5,411,484	12,355,006
Net Change In Fund Balances	2,872,265	(97,547)	3,504,108	(2,428,469)	(7,538,314)	(1,813,661)	(5,501,618)
Fund Balances - Beginning	17,319,781	9,147,092	27,258,665	(1,189,941)	866,064	31,070,249	84,471,910
Fund Balances - Ending	\$ 20,192,046	\$ 9,049,545	\$ 30,762,773	\$ (3,618,410)	\$ (6,672,250)	\$ 29,256,588	\$ 78,970,292

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, 2015**

Net Change In Fund Balances - Total Governmental Funds	\$ (5,501,618)
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 \$10,617,710 in the current period was exceeded by capital outlays over the capitalization threshold totaling \$27,033,343 and a net loss on disposal of \$161,029.	16,254,604
Contributions of capital assets are recorded as capital contributions in the Statement of Activities. Contributions primarily represent infrastructure assets.	3,604,524
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.	(129,588)
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	(11,402,500)
Repayment of principal	17,787,500
Bond discount amortization	(72,585)
Bond premium	(308,185)
Bond premium amortization	485,034
Deferred amount on refunding	(14,694)
Accrued interest	56,977
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	(238,781)
Compensated absences	(72,478)
Pension expense	2,157,952
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.	1,032,981
Change In Net Position Of Governmental Activities	\$ 23,639,143

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF NET POSITION – PROPRIETARY FUNDS June 30, 2015

	Enterprise Funds					
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total	Internal Service Funds
Assets						
Current assets						
Cash and investments	\$ 40,973,819	\$ 3,329,882	\$ 45,434	\$ 275,306	\$ 44,624,441	\$ 9,953,198
Receivables (net of allowance)						
Accounts and other	1,918,753	260,994	101,348	—	2,281,095	16,960
Unbilled accounts	1,609,565	—	—	—	1,609,565	—
Interest	60,413	8,591	4,490	645	74,139	10,942
Due from other funds	5,268,075	—	—	—	5,268,075	—
Due from other governments	141,655	—	739,106	—	880,761	—
Inventories	268,120	—	50,737	—	318,857	146,399
Prepaid expenses	—	—	3,396	—	3,396	4,824
Other assets	6,064	—	—	—	6,064	—
Total current assets	50,246,464	3,599,467	944,511	275,951	55,066,393	10,132,323
Noncurrent assets						
Pension asset	802,306	144,204	68,814	—	1,015,324	499,697
Capital assets						
Nondepreciable	30,500,739	35,722	26,958,742	—	57,495,203	104,250
Depreciable, net	155,624,913	5,002,693	12,233,800	226,535	173,087,941	9,553,129
Total noncurrent assets	186,927,958	5,182,619	39,261,356	226,535	231,598,468	10,157,076
Total Assets	237,174,422	8,782,086	40,205,867	502,486	286,664,861	20,289,399
Deferred Outflows Of Resources						
Pension	278,658	50,085	23,900	—	352,643	173,556
Deferred amount of refunding	188,568	—	—	—	188,568	—
Total Deferred Outflows Of Resources	467,226	50,085	23,900	—	541,211	173,556
Liabilities						
Current liabilities						
Accounts payable	1,803,846	123,805	60,233	42,260	2,030,144	1,366,435
Salaries payable	106,688	24,562	10,684	41,662	183,596	89,554
Accrued interest payable	179,837	4,674	15,582	—	200,093	—
Due to other funds	—	—	4,284,583	—	4,284,583	—
Unearned revenue	—	—	25,906	—	25,906	—
Compensated absences	8,255	2,845	1,631	1,206	13,937	9,373
Current portion of long-term debt - bonds	900,000	—	—	—	900,000	—
Payable from restricted assets						
Customer deposit	419,263	—	36,003	—	455,266	—
Total current liabilities	3,417,889	155,886	4,434,622	85,128	8,093,525	1,465,362
Noncurrent liabilities						
Revenue bonds	4,604,489	—	—	—	4,604,489	—
Compensated absences	207,479	45,681	26,504	29,506	309,170	167,704
Closure and post-closure liability	—	9,419,417	—	—	9,419,417	—
Other post employment benefits	181,031	32,538	15,527	—	229,096	112,751
Total noncurrent liabilities	4,992,999	9,497,636	42,031	29,506	14,562,172	280,455
Total Liabilities	8,410,888	9,653,522	4,476,653	114,634	22,655,697	1,745,817
Deferred Inflows Of Resources -						
Pension	11,910	2,141	1,022	—	15,073	7,417
Net Position						
Net investment in capital assets	180,809,731	5,038,415	39,192,542	226,535	225,267,223	9,657,379
Restricted for debt service	794,000	—	—	—	794,000	—
Restricted for capital projects	35,266,099	34,054	(3,441,176)	—	31,858,977	—
Restricted for pension	1,069,054	192,148	91,692	—	1,352,894	665,836
Unrestricted	11,279,966	(6,088,109)	(90,966)	161,317	5,262,208	8,386,506
Total Net Position	\$ 229,218,850	\$ (823,492)	\$ 35,752,092	\$ 387,852	\$ 264,535,302	\$ 18,709,721

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS For The Year Ended June 30, 2015

	Enterprise Funds					Total	Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)			
Operating Revenues							
Charges for services	\$ 33,116,074	\$ 3,017,827	\$ 552,313	\$ 1,037,761	\$ 37,723,975	\$ 8,519,639	
Material and fuel sales	158,632	—	726,697	—	885,329	—	
Other	232,495	31,530	41,925	89,687	395,637	1,030,017	
Total Operating Revenues	33,507,201	3,049,357	1,320,935	1,127,448	39,004,941	9,549,656	
Operating Expenses							
Salaries, wages and employee benefits	3,636,808	878,330	338,916	624,675	5,478,729	2,946,003	
Water purchases	6,989,219	—	—	—	6,989,219	—	
Utilities	571,685	89,424	57,196	53,055	771,360	286,007	
Repairs and maintenance	353,918	395,086	72,204	22,155	843,363	516,139	
Sewer services	7,169,193	—	—	—	7,169,193	—	
Fuels and lubricants	95,264	179,554	541,144	—	815,962	4,843	
Depreciation	4,300,307	286,144	553,591	46,147	5,186,189	2,645,468	
Interdepartment charges	613,251	208,009	83,507	16,519	921,286	425,703	
Miscellaneous	2,536,294	686,788	206,794	308,246	3,738,122	2,153,005	
Total Operating Expenses	26,265,939	2,723,335	1,853,352	1,070,797	31,913,423	8,977,168	
Operating Income (Loss)	7,241,262	326,022	(532,417)	56,651	7,091,518	572,488	
Nonoperating Revenues (Expenses)							
Interest income	267,999	36,005	19,103	—	323,107	48,566	
Interest expense	(119,080)	(21,348)	(37,274)	(48,310)	(226,012)	(3,298)	
Gain on disposal of capital assets	—	—	—	—	—	216,470	
Total Nonoperating Revenues (Expenses)	148,919	14,657	(18,171)	(48,310)	97,095	261,738	
Income Before Contributions And Transfers	7,390,181	340,679	(550,588)	8,341	7,188,613	834,226	
Capital Grants and Contributions	1,294,885	—	718,401	—	2,013,286	—	
Transfers In	—	—	297,449	58,186	355,635	198,755	
Transfers Out	(835,347)	(286,668)	(76,696)	—	(1,198,711)	—	
Change In Net Position	7,849,719	54,011	388,566	66,527	8,358,823	1,032,981	
Total Net Position - Beginning, As Previously Stated	220,411,492	(1,049,626)	35,281,389	321,325	254,964,580	17,080,297	
Prior Period Adjustment	957,639	172,123	82,137	—	1,211,899	596,443	
Total Net Position - Beginning, As Restated	221,369,131	(877,503)	35,363,526	321,325	256,176,479	17,676,740	
Total Net Position - Ending	\$ 229,218,850	\$ (823,492)	\$ 35,752,092	\$ 387,852	\$ 264,535,302	\$ 18,709,721	

CITY OF LEE'S SUMMIT, MISSOURI

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS For The Year Ended June 30, 2015

	Enterprise Funds					Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total	
Cash Flows From Operating Activities						
Cash received from customers	\$ 33,845,604	\$ 3,055,949	\$ 1,312,770	\$ 1,127,448	\$ 39,341,771	\$ 9,549,708
Cash paid to suppliers	(21,392,536)	(930,013)	(1,202,859)	(386,750)	(23,912,158)	(2,910,091)
Cash paid to employees	(3,710,262)	(908,049)	(344,897)	(624,053)	(5,587,261)	(2,983,481)
Cash received (paid) for interdepartment charges	(613,251)	(208,009)	1,032,244	(16,519)	194,465	—
Net Cash Provided By Operating Activities	8,129,555	1,009,878	797,258	100,126	10,036,817	3,656,136
Cash Flows From Noncapital Financing Activities						
Transfers in	—	—	297,449	58,186	355,635	198,755
Transfers out	(835,347)	(286,668)	(76,696)	—	(1,198,711)	—
Net Cash Provided By (Used In) Noncapital Financing Activities	(835,347)	(286,668)	220,753	58,186	(843,076)	198,755
Cash Flows From Capital And Related Financing Activities						
Principal payments on long-term debt	(880,000)	—	—	—	(880,000)	—
Interest paid on long-term debt obligations	(123,401)	(20,301)	(34,302)	(48,310)	(226,314)	—
Capital grants	(141,655)	—	60,000	—	(81,655)	—
Additions to capital assets	(6,193,079)	(5,901)	(1,176,666)	(48,697)	(7,424,343)	(1,607,643)
Proceeds from sale of capital assets	—	—	—	—	—	216,470
Net Cash Used In Capital And Related Financing Activities	(7,338,135)	(26,202)	(1,150,968)	(97,007)	(8,612,312)	(1,391,173)
Cash Flows Provided By Investing Activities						
Interest received	249,458	33,081	15,640	354	298,533	44,370
Net Increase (Decrease) In Cash And Cash Equivalents	205,531	730,089	(117,317)	61,659	879,962	2,508,088
Cash And Cash Equivalents - Beginning Of Year	40,768,288	2,599,793	162,751	213,647	43,744,479	7,445,110
Cash And Cash Equivalents - End Of Year	\$ 40,973,819	\$ 3,329,882	\$ 45,434	\$ 275,306	\$ 44,624,441	\$ 9,953,198
Operating income (loss)	\$ 7,241,262	\$ 326,022	\$ (532,417)	\$ 56,651	\$ 7,091,518	\$ 572,488
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	4,300,307	286,144	553,591	46,147	5,186,189	2,645,468
Changes in assets and liabilities:						
Decrease in inventories	74,477	—	20,738	—	95,215	3,609
(Increase) decrease in accounts receivable	235,281	6,592	(10,500)	—	231,373	52
Increase in due from other funds	(3,576,885)	—	—	—	(3,576,885)	—
Decrease in unbilled revenue	102,720	—	—	—	102,720	—
Decrease in prepaid expenses	—	—	—	—	—	966
Increase in other assets	(543)	—	—	—	(543)	—
Increase in pension related assets, outflow and inflows	(111,415)	(20,025)	(9,555)	—	(140,995)	(69,393)
Increase (decrease) in accounts payable	(174,012)	(30,290)	(346,259)	(3,294)	(553,855)	471,031
Increase (decrease) in salaries and wages payable	7,791	(207)	62	2,433	10,079	13,314
Increase in due to other funds	—	—	1,115,751	—	1,115,751	—
Increase in customer deposits	402	—	2,335	—	2,737	—
Increase in accrued landfill closure/postclosure care costs	—	451,129	—	—	451,129	—
Increase in other post employment benefits	23,046	5,393	1,674	—	30,113	14,532
Increase (decrease) in accrued compensated absences	7,124	(14,880)	1,838	(1,811)	(7,729)	4,069
Total adjustments	888,293	683,856	1,329,675	43,475	2,945,299	3,083,648
Net Cash Provided By Operating Activities	\$ 8,129,555	\$ 1,009,878	\$ 797,258	\$ 100,126	\$ 10,036,817	\$ 3,656,136

Supplemental Disclosure Of Cash Flow Information

The City has the following noncash transactions: \$1,294,885 in water and sewer lines were contributed during fiscal year 2015.

CITY OF LEE'S SUMMIT, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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 93,092 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.

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.

Todd George 50 Highway TIF Fund - Capital projects fund established to account for public improvements needed to support development of property in the 50 highway corridor between Blackwell Road and Todd George Road.

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 revenues, expenses and 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	\$ 0.9349
Park board	0.1654
Debt service	<u>0.4697</u>
Total tax levy	<u><u>\$ 1.5700</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, 2015.

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 expensed 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 is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This consists of net position that does 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

New Accounting Standards

For fiscal year ended June 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements established standards for measuring and recognizing assets, liabilities, deferred outflows and inflows of resources, and expense. As a result of the implementation, net position as of July 1, 2014 was restated as follows:

	Governmental Activities (Including Internal Service Funds)	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Internal Service Funds
Net position, as previously reported	\$ 456,484,774	\$ 220,411,492	\$ (1,049,626)	\$ 35,281,389	\$ 17,080,297
Prior period adjustments					
Net pension asset (measurement date of June 30, 2014)	23,627,079	957,639	172,123	82,137	596,443
Reversal of prior net pension obligation	526,680	—	—	—	—
Total prior period adjustment	24,153,759	957,639	172,123	82,137	596,443
Net position, as restated	\$ 480,638,533	\$ 221,369,131	\$ (877,503)	\$ 35,363,526	\$ 17,676,740

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, 2015 are as follows:

	Fair Value	Less Than 1 Year	1 To 5 Years
Certificates of deposit	\$ 26,713,000	\$ 9,899,000	\$ 16,814,000
U.S. Treasury securities	66,781,924	28,716,416	38,065,508
Municipal bonds	18,458,818	7,879,397	10,579,421
Repurchase agreements	11,409,000	11,409,000	—
Money market funds	3,835,852	3,835,852	—
	<u>127,198,594</u>	<u>\$ 61,739,665</u>	<u>\$ 65,458,929</u>
Unrestricted cash deposits per books	<u>8,442,866</u>		
Cash and investments per statement of net position	<u>\$ 135,641,460</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, 2015, 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 counterparty 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 investments 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.

	<u>Fair Value</u>	<u>AAA/Aaa</u>	<u>AA/Aa</u>	<u>A/A</u>	<u>SP1</u>	<u>Unrated</u>
Certificates of deposit	\$ 26,713,000	\$ —	\$ —	\$ —	\$ —	\$ 26,713,000
U.S. Treasury securities*	66,781,924	66,781,924	—	—	—	—
Municipal bonds	18,458,818	175,558	12,468,016	3,943,426	1,085,406	786,412
Repurchase agreements	11,409,000	11,409,000	—	—	—	—
Money market funds	3,835,852	—	—	—	—	3,835,852
Total	\$ 127,198,594	\$ 78,366,482	\$ 12,468,016	\$ 3,943,426	\$ 1,085,406	\$ 31,335,264

* 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:

<u>Investment Type</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
General time deposits	—	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	—	75%
U.S. Government Agency Callable Securities	—	15%
Missouri/Kansas State or Municipal Debt	—	25%

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Repurchase Agreements	***	\$ 11,409,000

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

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, 2015, \$225,299 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.

3. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Governmental Activities			
	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Nondepreciable capital assets:				
Land	\$ 7,997,075	\$ —	\$ 139,109	\$ 7,857,966
Construction in progress	119,213,110	26,509,243	—	145,722,353
Total nondepreciable capital assets	127,210,185	26,509,243	139,109	153,580,319
Depreciable capital assets:				
Buildings	65,110,751	—	407,022	64,703,729
Improvement other than buildings	32,137,383	307,344	34,780	32,409,947
Furniture, fixtures and equipment	36,426,398	1,969,064	2,566,716	35,828,746
Infrastructure	328,439,290	3,604,524	—	332,043,814
Total depreciable capital assets	462,113,822	5,880,932	3,008,518	464,986,236
Less: Accumulated depreciation				
Buildings	22,865,478	2,496,417	387,459	24,974,436
Improvement other than buildings	14,385,020	1,633,439	34,780	15,983,679
Furniture, fixtures and equipment	25,705,273	2,871,829	2,419,695	26,157,407
Infrastructure	79,316,053	6,261,493	—	85,577,546
Total accumulated depreciation	142,271,824	13,263,178	2,841,934	152,693,068
Total depreciable capital assets, net	319,841,998	(7,382,246)	166,584	312,293,168
Total governmental activities capital assets, net	\$ 447,052,183	\$ 19,126,997	\$ 305,693	\$ 465,873,487

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Depreciation expense was charged to functions as follows:

General government	\$ 880,162
Public safety	1,004,032
Public works and streets	6,552,992
Parks and recreation	2,180,524
Capital assets held by the government's Internal Service Funds charged to the various functions based on their usage of the assets	2,645,468
	\$ 13,263,178

Business-Type Activities

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Nondepreciable capital assets:				
Land	\$ 19,625,415	\$ —	\$ —	\$ 19,625,415
Construction in progress	30,229,289	7,640,499	—	37,869,788
Total nondepreciable capital assets	49,854,704	7,640,499	—	57,495,203
Depreciable capital assets:				
Structures and improvements	261,947,540	1,049,499	—	262,997,039
Furniture, fixtures and equipment	3,527,377	28,662	—	3,556,039
Total depreciable capital assets	265,474,917	1,078,161	—	266,553,078
Less: Accumulated depreciation				
Structures and improvements	85,332,421	5,073,081	—	90,405,502
Furniture, fixtures and equipment	2,946,527	113,108	—	3,059,635
Total accumulated depreciation	88,278,948	5,186,189	—	93,465,137
Total depreciable capital assets, net	177,195,969	(4,108,028)	—	173,087,941
Total business-type activities capital assets, net	\$ 227,050,673	\$ 3,532,471	\$ —	\$ 230,583,144

Depreciation expense was charged to functions as follows:

Combined waterworks and sewerage system	\$ 4,300,307
Sanitary landfill	286,144
Airport	553,591
Nonmajor enterprise funds	46,147
	\$ 5,186,189

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

4. Long-Term Obligations

Debt payable at June 30, 2015 is composed of the following:

	Interest Rates	Maturity Date	Balance
Governmental Activities			
General obligation bonds:			
Improvement bonds – 2011	3.00	4/1/2017	\$ 4,500,000
Improvement bonds – 2013A	2.00 - 3.00	4/1/2028	19,640,000
Refunding (2003) – 2013	3.00 - 4.00	4/1/2023	11,275,000
Improvement bonds – 2013C	2.00 - 5.00	4/1/2021	4,005,000
Improvement bonds 2015A	2.00 - 5.00	4/1/2019	<u>2,795,000</u>
Total general obligation bonds			<u>\$ 42,215,000</u>
Lease financing debt	4.00 - 4.30	7/1/2018	<u>\$ 6,410,000</u>
TIF bonds:			
Summit fair – 2011	5.625 - 7.25	4/1/2030	<u>\$ 18,200,000</u>
Business-Type Activities			
Combined Waterworks and Sewerage Fund:			
Revenue bonds:			
Waterworks – 2012	1.00 - 2.00	7/1/2021	<u>\$ 5,290,000</u>

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2015:

Governmental Activities	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
General obligation bonds	\$ 44,455,000	\$ 3,970,000	\$ (6,210,000)	\$ 42,215,000	\$ 5,140,000
Add: Bond premium	3,787,310	308,185	(485,033)	3,610,462	—
Total general obligation bonds	48,242,310	4,278,185	(6,695,033)	45,825,462	5,140,000
Certificates of participation	8,985,000	—	(8,985,000)	—	—
Less: Bond discount	(39,009)	—	39,009	—	—
Total certificates of participation	8,945,991	—	(8,945,991)	—	—
Lease financing debt	—	7,432,500	(1,022,500)	6,410,000	1,497,000
TIF bonds	19,770,000	—	(1,570,000)	18,200,000	—
Less: Bond discount	(531,623)	—	33,576	(498,047)	—
Total TIF bonds	19,238,377	—	(1,536,424)	17,701,953	—
Accrued compensated absences	4,107,066	1,106,917	(1,030,370)	4,183,613	221,986
Other post employment benefits	1,733,339	348,313	(95,000)	1,986,652	—
Total governmental activities long-term obligations	\$ 82,267,083	\$ 13,165,915	\$ (19,325,318)	\$ 76,107,680	\$ 6,858,986

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The total long-term liabilities of \$76,107,680 consist of compensated absences and other post employment benefits of \$177,077 and \$112,751, respectively, related to Internal Service Funds, while the remaining amount of \$75,817,852 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.

Business-Type Activities	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Combined waterworks and sewerage system fund					
Revenue bonds	\$ 6,170,000	\$ —	\$ (880,000)	\$ 5,290,000	\$ 900,000
Add: Bond premium	250,237	—	(35,748)	214,489	—
Total revenue bonds	6,420,237	—	(915,748)	5,504,489	900,000
Compensated absences	208,610	18,717	(11,593)	215,734	8,255
Other post employment benefits	157,985	23,046	—	181,031	—
Total waterworks and sewerage fund	6,786,832	41,763	(927,341)	5,901,254	908,255
Sanitary landfill fund					
Landfill closure/post closure care	8,968,288	451,129	—	9,419,417	—
Compensated absences	63,406	—	(14,880)	48,526	2,845
Other post employment benefits	27,145	5,393	—	32,538	—
Total sanitary landfill fund	9,058,839	456,522	(14,880)	9,500,481	2,845
Airport fund					
Compensated absences	26,297	3,417	(1,579)	28,135	1,631
Other post employment benefits	13,853	1,674	—	15,527	—
Total airport fund	40,150	5,091	(1,579)	43,662	1,631
Nonmajor enterprise fund:					
Compensated absences	32,500	38,203	(39,991)	30,712	1,206
Total business-type activities long-term obligations	\$ 15,918,321	\$ 541,579	\$ (983,791)	\$ 15,476,109	\$ 913,937

Debt service requirements on long-term debt at June 30, 2015 are as follows:

Year	General Obligation Bonds		Governmental Activities Lease Purchase Financing		TIF Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 5,140,000	\$ 1,424,850	\$ 1,497,000	\$ 76,430	\$ —	\$ 1,199,491
2017	5,295,000	1,270,150	2,401,500	50,115	—	1,199,491
2018	3,545,000	1,087,300	2,511,500	16,953	—	1,199,491
2019	3,690,000	975,300	—	—	755,000	1,178,256
2020	3,040,000	821,200	—	—	935,000	1,130,725
2021-2025	12,955,000	2,552,200	—	—	5,280,000	4,813,025
2026-2030	8,550,000	516,500	—	—	11,230,000	2,726,927
	\$ 42,215,000	\$ 8,647,500	\$ 6,410,000	\$ 143,498	\$ 18,200,000	\$ 13,447,406

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Enterprise Funds		
Combined Waterworks And Sewerage System		
Revenue Bonds		
Year	Principal	Interest
2016	\$ 900,000	\$ 105,800
2017	925,000	87,800
2018	950,000	69,300
2019	980,000	50,300
2020	995,000	30,700
2021-2025	540,000	10,800
	\$ 5,290,000	\$ 354,700

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, 2015, the constitutionally imposed total general obligation debt limit was \$329,896,834, which after reduction for authorized general obligation bonds net of available resources in the Debt Service Fund, provides a general obligation debt margin of \$277,218,946.

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, 2015. The City is also in compliance with minimum net revenue covenants (as defined in the indenture) at June 30, 2015.

Bond Issuance

On September 3, 2014, the City issued a total of \$7,432,500 in Lease Purchase Agreements from UMB Banc Leasing Corporation. The proceeds were used to provide for a current refunding of the City's Certificates of Participation (Park Project) Series 2006 bonds. The interest rate is 1.35 percent and maturity is July 1, 2018. The proceeds were used to redeem all outstanding coupons remaining on the Series 2006 bonds, resulting in a cash flow savings of \$294,507 and an economic gain of approximately \$400,000. The resulting deferred loss on refunding was not material to the financial statements and therefore not recorded by the City.

On January 22, 2015, the City issued a total of \$3,970,000 in General Obligation Bonds Series 2015A to be used for the construction of storm sewers and road improvements. Interest rates range from 2.00 - 5.00 percent and the bonds mature through March 2019.

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:

	Contract Amount	Amount Funded By Grants
Nonmajor Governmental	\$ 653,214	\$ —
Combined Waterworks and Sewage System	530,270	141,655
Airport	36,641	—
	\$ 1,220,125	\$ 141,655

6. Interfund Receivables, Payables And Transfers

The composition of interfund balances as of June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	\$ 507,500
General Fund	Todd George/50 Hwy TIF	1,273,000
General Fund	Blue Parkway/Colbern CID	12,000
General Fund	Airport	2,178,583
Capital Improvement Sales Tax	Nonmajor Governmental	214,500
Capital Improvement Sales Tax	Todd George/50 Hwy TIF	2,211,000
Capital Improvement Sales Tax	Airport	858,000
Nonmajor Governmental	Blue Parkway/Colbern CID	3,340,000
Nonmajor Governmental	General Fund	1,537
Combined Waterworks and Sewerage System	Nonmajor Governmental	312,000
Combined Waterworks and Sewerage System	Todd George/50 Hwy TIF	3,216,000
Combined Waterworks and Sewerage System	Blue Parkway/Colbern CID	492,075
Combined Waterworks and Sewerage System	Airport	1,248,000
Total		\$ 15,864,195

The \$2,178,583 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 10 years. Other payables from the Airport Fund; \$858,000 to the Capital Improvements Sales Tax Fund and \$1,248,000 to the Combined Water/Sewer Fund represent an interfund loan approved in 2014 to temporarily fund airport capital expansion during the grant reimbursement process.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The \$3,340,000, \$492,075 and \$12,000 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.

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	Nonmajor Govern- mental	Airport Fund	Nonmajor Enterprise	Internal Service	
Transfers from						
General Fund	\$ —	\$ 162,171	\$ 297,449	\$ 58,186	\$ 137,530	\$ 655,336
Debt Service Fund	—	925,000	—	—	—	925,000
Nonmajor Governmental Combined Waterworks and Sewerage System	6,297	55,949	—	—	61,225	123,471
Sanitary Landfill	835,347	—	—	—	—	835,347
Airport	111,668	175,000	—	—	—	286,668
	76,696	—	—	—	—	76,696
	<u>\$ 1,030,008</u>	<u>\$ 1,318,120</u>	<u>\$ 297,449</u>	<u>\$ 58,186</u>	<u>\$ 198,755</u>	<u>\$ 2,902,518</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, 2015, \$835,347 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's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered By Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	225
Inactive employees entitled to but not yet receiving benefits	207
Active employees	608
	<u>1,040</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. Employer contribution rates are 12.4% (General), 15.8% (Police) and 14.5% (Fire) of annual covered payroll.

Net Pension Liability (Asset)

The employer's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2015.

Actuarial Assumptions

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method:	Entry Age Normal
Asset Valuation Method:	5 – year smoothed market
Amortization Method:	Level percentage payroll, closed
Inflation:	3.5% wage inflation; 3.0% price inflation
Salary Increase:	3.5% to 6.8% including wage inflation
Investment rate of return:	7.25%

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 0 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate Of Return</u>
Equity	48.50%	5.00%
Fixed Income	25.00%	2.50%
Real Assets	20.00%	4.00%
Strategic Assets	6.50%	5.00%

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes In The Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances At June 30, 2014	\$ 151,726,942	\$ 176,565,920	\$ (24,838,978)
Changes For The Year:			
Service cost	4,094,213	—	4,094,213
Interest	10,954,647	—	10,954,647
Changes in benefit terms	—	—	—
Difference between expected and actual experience	318,903	—	318,903
Contributions - employer	—	4,831,163	(4,831,163)
Contributions - employee	—	—	—
Net investment income	—	3,552,574	(3,552,574)
Benefit payments, including refunds	(5,373,300)	(5,373,300)	—
Administrative expense	—	(89,852)	89,852
Other changes	—	1,714,993	(1,714,993)
Net changes	9,994,463	4,635,578	5,358,885
Balances At June 30, 2015	\$ 161,721,405	\$ 181,201,498	\$ (19,480,093)

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

		1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$	5,061,563	\$ (19,480,093)	\$ (39,804,520)

Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

For the year ended June 30, 2015 the City recognized pension expense of \$2,462,822. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences in experience	\$ 567,966	\$ (270,363)
Differences in assumptions	—	—
Excess (deficit) investment returns	7,429,622	—
Contributions subsequent to the measurement date*	—	—
Total	<u>\$ 7,997,588</u>	<u>\$ (270,363)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability (Asset) for the year ending June 30, 2015.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows Of Resources
2016	\$ 1,878,704
2017	1,878,704
2018	1,878,704
2019	1,878,705
2020	21,299
Thereafter	191,109
Total	<u>\$ 7,727,225</u>

8. Other Post Employment Benefits

Plan Description

In addition to providing the pension benefits described above, the City provides employees that retire under the plan at the same 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.

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	\$ 214,243
Amortization of unfunded actuarial accrued liability (Amortization factor 19.03577)	164,093
	<u>378,336</u>
Interest on OPEB obligation	57,711
Adjustment to annual required contribution	<u>(86,621)</u>
Annual OPEB cost	349,426
Expected contribution (related to implicit rate subsidy)	<u>66,000</u>
	283,426
Net OPEB obligation, beginning of year	<u>1,932,322</u>
Net OPEB obligation, end of year	<u><u>\$ 2,215,748</u></u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

Schedule Of Employer Contributions

	For The Year Ended June 30,	Annual OPEB Cost	*Percentage Contributed	Net OPEB Obligation
2013		\$ 437,332	21%	\$ 1,648,896
2014		349,426	19%	1,932,322
2015		349,426	16%	2,215,748

* 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, 2013	\$ —	\$ 3,017,998	\$ 3,017,998	—	\$ 32,130,565	9%

* 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 the July 1, 2013 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 3.5% valuation interest rate (or discount rate) an inflation rate of 3.0% and a healthcare cost trend rate of 9% reduced annually to an ultimate rate of 5% after 9 years.

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

9. Litigation And Contingent Liabilities

Legal Matters

The City is a party to a number of other lawsuits as a result of condemnation proceedings, zoning decisions, personal injury and certain law enforcement activities. Although potential claims against the City not covered by insurance, if any, resulting from such litigation are not determinable, it is the opinion of the City's legal counsel and management that the resolution of these matters will not have a materially adverse effect on the financial position of the City.

Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect itself against these risks of loss, the City carries liability and fidelity insurance coverage provided by One Beacon Insurance Group and property coverage is provided by Travelers Property Casualty Company of America.

The City is self-insured with respect to its obligations to provide workers' compensation for its employees. The estimated liability for payment of incurred (both reported and unreported) but unpaid claims is recorded in the government-wide and internal service fund financial statements.

At June 30, 2015, the City's total estimated liability for payment of incurred but unpaid claims for workers' compensation was \$829,342 and is included in accounts payable in the Workers' Compensation Self-Insurance Fund.

Changes in self-insured claims liability at June 30, 2015 and 2014 were as follows:

Balance - June 30, 2013	\$ 797,632
Add: Current year claims and change in estimate	287,466
Less: Claim payments	<u>340,301</u>
Balance - June 30, 2014	744,797
Add: Current year claims and change in estimate	487,689
Less: Claim payments	<u>403,143</u>
Balance - June 30, 2015	<u><u>\$ 829,342</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 \$9,419,417 reported as landfill closure and postclosure care liability at June 30, 2015 represents the cumulative estimate of closure and postclosure care costs based on the use of approximately 90% of the ultimate capacity of the landfill.

The City will recognize the remaining estimated cost of closure and postclosure care of \$989,929 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 2015 costs. The City expects to close the landfill in the year 2018. 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, 2015, the City had outstanding contracts of obligation in the amount of \$10,270,600 that were approved by the Department of Natural Resources subsequent to year end. The City expects that all closure and postclosure care costs, as well as future inflation costs, will be paid from available operating revenues, reserves and interest earnings on cash and short-term investments held in the Sanitary Landfill Fund. However, if these resources are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be recovered through charges to future landfill users.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

11. Deficits

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

Blue Parkway and Colbern Road CID	\$ 3,618,410
Todd George and 50 Hwy TIF	6,672,250
Enterprise Funds - Sanitary Landfill	823,492
Capital Project Funds - Nonmajor	
New Longview TIF	22,262
Public Safety Issues	282,549
Third Street Road Improvements	2,644
Salt Dome No. 2	58,293
Tudor Road Improvements	509,486
	<u>875,234</u>
Special Revenue Funds - Nonmajor	
Entitlement Fund	9,068
Energy Efficiency Grant	13,373
	<u>22,441</u>
	<u>\$ 12,011,827</u>

12. Municipal Court Traffic Violations Fines And Costs

Missouri House Bill No. 103 amending RSMo Section 302.341.2 became effective on August 28, 2013. The amendment to the statute now requires municipalities to report an accounting of the percent of “annual general operating revenue” from fines and costs for traffic violations. Total fines and court cost revenues for the fiscal year, which includes fines and court costs related to traffic violations, summed to \$1,335,024. This accounts for 2.45% of the City’s total general operating revenues of \$54,468,001 for the year ended June 30, 2015.



Required Supplementary Information



CITY OF LEE'S SUMMIT, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON INFORMATION GENERAL FUND
For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget - Positive (Negative)</u>
Revenues				
Taxes	\$ 48,887,960	\$ 48,887,960	\$ 50,582,633	\$ 1,694,673
Fees and forfeitures	1,328,566	1,328,566	1,583,793	255,227
Licenses and permits	1,568,441	1,568,441	2,226,752	658,311
Intergovernmental	755,470	755,470	443,277	(312,193)
Charges for services	3,633,578	3,633,578	3,935,146	301,568
Investment earnings	79,405	79,405	74,824	(4,581)
Other	1,664,410	1,664,410	2,005,325	340,915
Total Revenues	57,917,830	57,917,830	60,851,750	2,933,920
Expenditures				
Current				
General government				
Administration	3,015,685	3,040,858	2,689,228	351,630
Codes administration	1,198,238	1,198,238	1,057,793	140,445
Finance	6,092,469	6,092,469	5,837,092	255,377
Municipal court	800,607	800,607	767,330	33,277
Legal	1,258,971	1,258,971	1,205,080	53,891
Public safety				
Law enforcement	19,193,196	19,193,196	19,079,507	113,689
Fire/EMS	15,526,898	16,066,672	16,054,387	12,285
Public works and streets				
Public works/engineering	3,842,083	3,842,083	3,751,667	90,416
Street operations	7,079,262	7,079,262	6,363,890	715,372
Community development	795,735	795,735	789,063	6,672
Development Center	979,114	979,114	759,120	219,994
Total Expenditures	59,782,258	60,347,205	58,354,157	1,993,048
Excess (Deficiency) Of Revenues				
Over Expenditures	(1,864,428)	(2,429,375)	2,497,593	4,926,968
Other Financing Sources (Uses)				
Transfers in	1,066,302	1,066,302	1,030,008	(36,294)
Transfers out	(663,668)	(663,668)	(655,336)	8,332
Total Other Financing				
Sources (Uses)	402,634	402,634	374,672	(27,962)
Net Change In Fund Balances	(1,461,794)	(2,026,741)	2,872,265	4,899,006
Fund Balances - Beginning	17,319,781	17,319,781	17,319,781	—
Fund Balances - Ending	\$ 15,857,987	\$ 15,293,040	\$ 20,192,046	\$ 4,899,006

CITY OF LEE'S SUMMIT, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) NOTES TO BUDGETARY COMPARISON INFORMATION For The Year Ended June 30, 2015

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)
SCHEDULES OF SELECTED PENSION INFORMATION – MISSOURI LOCAL
GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)
For The Year Ended June 30, 2015**

Schedule Of Contributions

Fiscal Year	Actuarially Determined Contribution	Contribution In Relation To The Required Contribution	Contribution Deficiency	Covered Employee Payroll	Contribution As A Percentage Of Covered Payroll
2006	\$ 3,646,965	\$ 3,621,680	\$ 25,285	\$ 27,985,422	12.94%
2007	4,120,390	4,120,390	—	30,786,616	13.38%
2008	4,353,341	4,353,341	—	32,205,118	13.52%
2009	4,444,189	4,444,189	—	33,331,742	13.33%
2010	4,339,960	4,339,960	—	34,045,869	12.75%
2011	5,780,423	4,971,369	809,054	36,109,178	13.77%
2012	5,366,779	5,033,542	333,237	33,995,659	14.81%
2013	5,477,506	5,450,822	26,684	34,590,433	15.76%
2014	5,114,998	5,114,998	—	35,056,858	14.59%
2015	4,831,113	4,831,113	—	35,275,972	13.70%

Schedule Of Changes In Net Pension Liability (Asset) And Related Ratios

Fiscal Year Ending June 30,	2015
Total Pension Liability	
Service Cost	\$ 4,094,113
Interest on Total Pension Liability	10,954,647
Changes of Benefit Terms	—
Difference between expected and actual experience	318,903
Changes of Assumptions	—
Benefit payments, including refunds	5,400,300
Net Change In Total Pension Liability	9,994,463
Total Pension Liability - Beginning	151,726,942
Total Pension Liability - Ending (a)	\$ 161,721,405
Plan Fiduciary Net Position	
Contributions - employer	\$ 4,831,163
Contributions - employee	—
Net investment income	3,552,574
Benefit payments, including refunds	5,373,300
Pension Plan Administrative Expense	89,852
Other (Net Transfer)	1,714,993
Net Change In Plan Fiduciary Net Position	4,635,578
Plan Fiduciary Net Position - Beginning	176,565,920
Plan Fiduciary Net Position - Ending (b)	\$ 181,201,498
Net Pension Liability/(Asset) - Ending (a) - (b)	(19,480,093)
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	112.05%
Covered-Employee Payroll	\$ 34,283,100
Net Pension Liability (Asset) As A Percentage Of Covered Employee Payroll	-56.82%

Note: The above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LEE'S SUMMIT, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF FUNDING PROGRESS – OTHER POST EMPLOYMENT
BENEFIT OBLIGATIONS
For The Year Ended June 30, 2015**

Other Post Employment Benefit Obligations

Actuarial Valuation Date	(a) Actuarial Value Of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAL As A Percentage Of Covered Payroll
July 1, 2009	\$ —	\$ 1,586,434	\$ 1,586,434	—	\$ 32,175,017	5%
July 1, 2011	—	3,525,313	3,525,313	—	32,106,836	11%
July 1, 2013	—	3,017,998	3,017,998	—	32,130,565	9%

Supplementary Information

Combining And Individual Fund Financial
Statements And Schedules

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Pooled cash and investments	\$ 10,718,112	\$ 18,319,273	\$ 29,037,385
Receivables (net of allowance)			
Taxes	87,886	1,261,335	1,349,221
Accounts and other	41,143	1,110	42,253
Interest	13,874	8,469	22,343
Due from other funds	—	3,341,537	3,341,537
Due from other governments	132,420	219,338	351,758
Other assets	67	838	905
Total Assets	\$ 10,993,502	\$ 23,151,900	\$ 34,145,402
Liabilities And Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 347,731	\$ 2,436,771	\$ 2,784,502
Payroll liabilities	123,941	—	123,941
Payable from restricted	772,849	5,000	777,849
Accrued interest payable	—	1,411	1,411
Due to other funds	29,000	1,005,000	1,034,000
Total Liabilities	1,273,521	3,448,182	4,721,703
Deferred Inflows Of Resources			
Property tax	159,467	—	159,467
Other	—	7,644	7,644
Total Deferred Inflows Of Resources	159,467	7,644	167,111
Fund Balances			
Restricted			
Bridges, streets and signals	—	8,473,839	8,473,839
Economic development	—	4,950,394	4,950,394
Law enforcement	—	211,319	211,319
Other capital projects	—	6,603,973	6,603,973
Committed			
Bridges, streets and signals	170,356	—	170,356
Landfill care	4,757,298	—	4,757,298
Cemetery care	1,241,636	—	1,241,636
Assigned			
Parks and recreation	2,914,608	138,090	3,052,698
Economic development	156,840	—	156,840
Other capital projects	—	193,693	193,693
Other purposes	342,217	—	342,217
Unassigned	(22,441)	(875,234)	(897,675)
Total Fund Balances	9,560,514	19,696,074	29,256,588
Total Liabilities, Deferred Inflows And Fund Balances	\$ 10,993,502	\$ 23,151,900	\$ 34,145,402

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, 2015**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property	\$ 3,080,222	\$ 3,282,807	\$ 6,363,029
Sales	—	8,587,313	8,587,313
License	—	830,167	830,167
Bed	401,460	—	401,460
Other tax	6,055	—	6,055
Fines and forfeitures	26,362	1,268	27,630
Intergovernmental	357,411	1,092,436	1,449,847
Charges for services	3,074,731	29,353	3,104,084
Investment earnings	59,550	24,622	84,172
Other	273,310	190,650	463,960
Total Revenues	7,279,101	14,038,616	21,317,717
Expenditures			
Current			
General government	634,982	—	634,982
Parks and recreation	6,590,327	—	6,590,327
Debt service			
Principal	—	1,570,000	1,570,000
Interest and other charges	—	1,314,340	1,314,340
Capital outlay	—	18,433,213	18,433,213
Total Expenditures	7,225,309	21,317,553	28,542,862
Excess (Deficiency) Of Revenues Over Expenditures	53,792	(7,278,937)	(7,225,145)
Other Financing Sources (Uses)			
Issuance of bonds	—	3,908,650	3,908,650
Premium on issuance of bonds	—	308,185	308,185
Transfers in	498,490	819,630	1,318,120
Transfers out	(62,246)	(61,225)	(123,471)
Total Other Financing Sources	436,244	4,975,240	5,411,484
Net Change In Fund Balances	490,036	(2,303,697)	(1,813,661)
Fund Balances - Beginning	9,070,478	21,999,771	31,070,249
Fund Balances - Ending	\$ 9,560,514	\$ 19,696,074	\$ 29,256,588

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, 2015**

	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	\$ 3,403,066	\$ 242,299	\$ 66	\$ 4,751,067	\$ 1,263,093	\$ 941,835	\$ 116,059	\$ 627	\$ 10,718,112
Receivables (net of allowance)									
Taxes receivable, net	87,886	—	—	—	—	—	—	—	87,886
Accounts and other	—	393	—	—	—	—	40,750	—	41,143
Interest	4,463	119	—	6,231	1,625	1,370	66	—	13,874
Due from other governments	—	109,770	22,650	—	—	—	—	—	132,420
Other assets	67	—	—	—	—	—	—	—	67
Total Assets	\$ 3,495,482	\$ 352,581	\$ 22,716	\$ 4,757,298	\$ 1,264,718	\$ 943,205	\$ 156,875	\$ 627	\$ 10,993,502
Liabilities And Fund Balances									
Liabilities									
Accounts payable and accrued liabilities	\$ 298,397	\$ 10,364	\$ 16,784	\$ —	\$ 22,151	\$ —	\$ 35	\$ —	\$ 347,731
Payroll liabilities	123,010	—	—	—	931	—	—	—	123,941
Payable from restricted	—	—	—	—	—	772,849	—	—	772,849
Due to other funds	—	—	15,000	—	—	—	—	14,000	29,000
Total Liabilities	421,407	10,364	31,784	—	23,082	772,849	35	14,000	1,273,521
Deferred Inflows Of Resources									
Property tax	159,467	—	—	—	—	—	—	—	159,467
Fund Balances									
Committed									
Bridges, streets and signals	—	—	—	—	—	170,356	—	—	170,356
Landfill care	—	—	—	4,757,298	—	—	—	—	4,757,298
Cemetery care	—	—	—	—	1,241,636	—	—	—	1,241,636
Assigned									
Parks and recreation	2,914,608	—	—	—	—	—	—	—	2,914,608
Economic development	—	—	—	—	—	—	156,840	—	156,840
Other purposes	—	342,217	—	—	—	—	—	—	342,217
Unassigned	—	—	(9,068)	—	—	—	—	(13,373)	(22,441)
Total Fund Balances	2,914,608	342,217	(9,068)	4,757,298	1,241,636	170,356	156,840	(13,373)	9,560,514
Total Liabilities, Deferred Inflows And Fund Balances	\$ 3,495,482	\$ 352,581	\$ 22,716	\$ 4,757,298	\$ 1,264,718	\$ 943,205	\$ 156,875	\$ 627	\$ 10,993,502

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, 2015**

	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	\$ 3,080,222	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,080,222
Bed	—	—	—	—	—	—	401,460	—	401,460
Other tax	6,055	—	—	—	—	—	—	—	6,055
Fines and forfeitures	19,817	—	—	—	—	—	6,545	—	26,362
Intergovernmental	75	106,684	250,652	—	—	—	—	—	357,411
Charges for services	2,940,570	—	—	—	134,161	—	—	—	3,074,731
Investment earnings (loss)	17,529	1,450	—	27,157	7,045	6,305	64	—	59,550
Other	184,315	—	—	—	88,995	—	—	—	273,310
Total Revenues	6,248,583	108,134	250,652	27,157	230,201	6,305	408,069	—	7,279,101
Expenditures									
Current:									
General government	—	50,005	249,003	—	—	—	335,974	—	634,982
Parks and recreation	6,412,431	—	—	—	177,896	—	—	—	6,590,327
Total Expenditures	6,412,431	50,005	249,003	—	177,896	—	335,974	—	7,225,309
Excess (Deficiency) Of Revenues Over Expenditures	(163,848)	58,129	1,649	27,157	52,305	6,305	72,095	—	53,792
Other Financing Sources (Uses)									
Transfers in	309,290	—	—	175,000	—	—	14,200	—	498,490
Transfers out	(30,985)	—	—	—	(24,964)	—	(6,297)	—	(62,246)
Total Other Financing Sources (Uses)	278,305	—	—	175,000	(24,964)	—	7,903	—	436,244
Net Change In Fund Balances	114,457	58,129	1,649	202,157	27,341	6,305	79,998	—	490,036
Fund Balances - Beginning	2,800,151	284,088	(10,717)	4,555,141	1,214,295	164,051	76,842	(13,373)	9,070,478
Fund Balances - Ending	\$ 2,914,608	\$ 342,217	\$ (9,068)	\$ 4,757,298	\$ 1,241,636	\$ 170,356	\$ 156,840	\$ (13,373)	\$ 9,560,514

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE

PARK BOARD

For The Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 3,017,000	\$ 3,017,000	\$ 3,080,222	\$ 63,222
Other tax	1,000	1,000	6,055	5,055
Fines and forfeitures	20,250	20,250	19,817	(433)
Intergovernmental	—	—	75	75
Charges for services	2,915,079	2,915,079	2,940,570	25,491
Investment earnings	5,800	5,800	17,529	11,729
Other	135,523	135,523	184,315	48,792
Total Revenues	6,094,652	6,094,652	6,248,583	153,931
Expenditures				
Current				
Parks and recreation	6,684,139	6,684,139	6,412,431	271,708
Excess (Deficiency) Of Revenues Over Expenditures				
	(589,487)	(589,487)	(163,848)	425,639
Other Financing Sources (Uses)				
Transfers in	317,285	317,285	309,290	(7,995)
Transfers out	(30,985)	(30,985)	(30,985)	—
Total Other Financing Sources (Uses)	286,300	286,300	278,305	(7,995)
Net Change In Fund Balances	(303,187)	(303,187)	114,457	417,644
Fund Balances - Beginning	2,800,151	2,800,151	2,800,151	—
Fund Balances - Ending	\$ 2,496,964	\$ 2,496,964	\$ 2,914,608	\$ 417,644

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
VIOLENCE AGAINST WOMEN GRANT
For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive - (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits				
Intergovernmental	\$ 207,561	\$ 207,561	\$ 106,684	\$ (100,877)
Investment earnings	—	—	1,450	1,450
Total Revenues	207,561	207,561	108,134	(99,427)
Expenditures				
Current				
General government	175,778	175,778	50,005	125,773
Net Change In Fund Balances	31,783	31,783	58,129	26,346
Fund Balances - Beginning	284,088	284,088	284,088	—
Fund Balances - Ending	\$ 315,871	\$ 315,871	\$ 342,217	\$ 26,346

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.

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.

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

Hartley's Block Tax Increment Financing - Established to account for improvements needed to support redevelopment of 1.3 acres in the historic downtown area.

I-470 Business Center Tax Increment Financing - Established to account for public improvements needed to support development of 125 acres in the I-470 corridor.

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

Downtown Improvements - Established to account for improvement projects in the downtown area of the City related to a 2002 general obligation bond issue.

Public Safety Issues - Established to account for construction of a new animal control facility and installation of 17 additional storm sirens within the City related to a 2002 general obligation bond issue.

Third Street Road Improvements - Established to account for construction of Third Street related to a 2002 general obligation bond issue.

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.

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.

Cultural Arts 2013 Bonds - Established to account for costs associated with public improvements for cultural arts, including improvements to the Legacy Park Amphitheater, rehabilitating the old downtown post office/city hall building and creating a downtown outdoor performance and festival space.

Road Improvements 2013 - Established to account for costs to construct road improvements, sidewalks, curbs and drainage facilities for Orchard Street and paved shoulders for Pryor Road.

Public Safety Equipment Replacement - Established to account for revenues and expenditures related to equipment used for public safety that is not included in other replacement programs.

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 1 Of 2
June 30, 2015**

	Fire Facility No. 7	Fire Facility No. 2	Road And Bridge Improve- ment	Road And Bridge Excise Tax	Ritter Plaza TIF	Park Develop- ment	Summit Woods TIF	Chapel Ridge TIF	New Longview TIF	Hartley's Block TIF	I-470 Business Center TIF	Summit Woods East TIF	Downtown Improve- ments	Public Safety Issues
Assets														
Pooled cash and investments	\$ 170,783	\$ —	\$ 179,070	\$ 1,497,808	\$ 227,997	\$ 260,385	\$ 65,005	\$ 838,568	\$ 12,407	\$ 152	\$ 254,357	\$ 3,613,738	\$ 75,634	\$ 7,451
Receivables (net of allowance)														
Taxes	—	—	1,054,930	7,643	—	—	—	52,815	11,539	—	—	134,408	—	—
Accounts and Other	—	—	1,110	—	—	—	—	—	—	—	—	—	—	—
Interest	—	—	809	1,449	196	2,077	1,825	692	64	363	126	67	—	—
Due from other funds	—	—	3,340,000	—	—	—	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	22,211	—	—	46,227	7,080	—	61,282	82,538	—	—
Other assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Assets	\$ 170,783	\$ —	\$ 4,575,919	\$ 1,506,900	\$ 250,404	\$ 262,462	\$ 66,830	\$ 938,302	\$ 31,090	\$ 515	\$ 315,765	\$ 3,830,751	\$ 75,634	\$ 7,451
Liabilities And Fund Balances														
Liabilities														
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 300,647	\$ —	\$ —	\$ 125,038	\$ 63,054	\$ —	\$ 8,306	\$ —	\$ 9,196	\$ 19,620	\$ —	\$ —
Payable from restricted	—	—	—	—	—	—	—	—	5,000	—	—	—	—	—
Accrued interest payable	—	—	725	—	—	(666)	—	46	46	—	—	257	—	—
Due to other funds	—	—	—	—	—	—	—	—	40,000	—	—	360,000	—	290,000
Total Liabilities	—	—	301,372	—	—	124,372	63,054	46	53,352	—	9,196	379,877	—	290,000
Deferred Inflows Of Resources														
Other	—	—	—	7,644	—	—	—	—	—	—	—	—	—	—
Fund Balances														
Restricted														
Bridges, streets and signals	—	—	4,274,547	1,499,256	—	—	—	—	—	—	—	—	—	—
Economic development	—	—	—	—	250,404	—	3,776	938,256	—	515	306,569	3,450,874	—	—
Law enforcement	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other capital projects	170,783	—	—	—	—	—	—	—	—	—	—	—	—	—
Assigned														
Parks and recreation	—	—	—	—	—	138,090	—	—	—	—	—	—	—	—
Other capital projects	—	—	—	—	—	—	—	—	—	—	—	—	75,634	—
Unassigned	—	—	—	—	—	—	—	—	(22,262)	—	—	—	—	(282,549)
Total Fund Balances	170,783	—	4,274,547	1,499,256	250,404	138,090	3,776	938,256	(22,262)	515	306,569	3,450,874	75,634	(282,549)
Total Liabilities, Deferred Inflows And Fund Balances	\$ 170,783	\$ —	\$ 4,575,919	\$ 1,506,900	\$ 250,404	\$ 262,462	\$ 66,830	\$ 938,302	\$ 31,090	\$ 515	\$ 315,765	\$ 3,830,751	\$ 75,634	\$ 7,451

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 2 Of 2
June 30, 2015**

	Third Street Road Improve- ments	Storm Water Improve- ment	Sidewalk Bond Program	Arterial Street Lights II	Salt Dome Bonds #2	US 50 Hwy & Rte 291 South Interchange	ERP System	Road Improve- ments	Tudor Road Improve- ments	Infrastruc- ture Improve- ments	Public Safety 10	Cultural Arts 2013 Bonds	Road Improve- ments 2013	Public Safety Equip- ment Replace- ment	Total Nonmajor Capital Projects Funds
Assets															
Pooled cash and investments	\$ 356	\$ 4,431,552	\$ —	\$ 83,131	\$ 1,707	\$ 44,659	\$ 30,219	\$ 1,281,602	\$ 783	\$ 150,884	\$ 211,047	\$ 2,049,392	\$ 2,743,662	\$ 86,924	\$ 18,319,273
Receivables (net of allowance)															
Taxes	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,261,335
Accounts and Other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,110
Interest	—	69	—	—	—	—	46	—	—	253	272	18	29	114	8,469
Due from other funds	—	—	—	—	—	—	—	—	1,537	—	—	—	—	—	3,341,537
Due from other governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	219,338
Other assets	—	—	—	—	—	—	793	45	—	—	—	—	—	—	838
Total Assets	\$ 356	\$ 4,431,621	\$ —	\$ 83,131	\$ 1,707	\$ 44,659	\$ 31,058	\$ 1,281,647	\$ 2,320	\$ 151,137	\$ 211,319	\$ 2,049,410	\$ 2,743,691	\$ 87,038	\$ 23,151,900
Liabilities And Fund Balances															
Liabilities															
Accounts payable and accrued liabilities	\$ —	\$ 48,350	\$ —	\$ 11,216	\$ —	\$ 13	\$ 37	\$ 1,099,526	\$ 457,580	\$ 752	\$ —	\$ —	\$ 293,436	\$ —	\$ 2,436,771
Payable from restricted	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5,000
Accrued interest payable	—	179	—	2	—	—	—	142	226	—	—	225	229	—	1,411
Due to other funds	3,000	65,000	—	1,000	60,000	11,000	—	71,000	54,000	—	—	5,000	45,000	—	1,005,000
Total Liabilities	3,000	113,529	—	12,218	60,000	11,013	37	1,170,668	511,806	752	—	5,225	338,665	—	3,448,182
Deferred Inflows Of Resources															
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,644
Fund Balances															
Restricted															
Bridges, streets and signals	—	—	—	—	—	33,646	—	110,979	—	150,385	—	—	2,405,026	—	8,473,839
Economic development	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,950,394
Law enforcement	—	—	—	—	—	—	—	—	—	—	211,319	—	—	—	211,319
Other capital projects	—	4,318,092	—	70,913	—	—	—	—	—	—	—	2,044,185	—	—	6,603,973
Assigned															
Parks and recreation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	138,090
Other capital projects	—	—	—	—	—	—	31,021	—	—	—	—	—	—	87,038	193,693
Unassigned	(2,644)	—	—	—	(58,293)	—	—	—	(509,486)	—	—	—	—	—	(875,234)
Total Fund Balances	(2,644)	4,318,092	—	70,913	(58,293)	33,646	31,021	110,979	(509,486)	150,385	211,319	2,044,185	2,405,026	87,038	19,696,074
Total Liabilities, Deferred Inflows And Fund Balances	\$ 356	\$ 4,431,621	\$ —	\$ 83,131	\$ 1,707	\$ 44,659	\$ 31,058	\$ 1,281,647	\$ 2,320	\$ 151,137	\$ 211,319	\$ 2,049,410	\$ 2,743,691	\$ 87,038	\$ 23,151,900

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, 2015

	Fire Facility No. 7	Fire Facility No. 2	Road And Bridge Improvement	Road And Bridge Excise Tax	Ritter Plaza TIF	Park Develop- ment	Summit Woods TIF	Chapel Ridge TIF	New Longview TIF	Hartley's Block TIF	I-470 Business Center TIF	Summit Woods East TIF	Downtown Improve- ments	Public Safety Issues
Revenues														
Taxes														
Property	\$ —	\$ —	\$ —	\$ —	\$ 61,604	\$ —	\$ —	\$ 1,129,912	\$ 240,593	\$ 42,582	\$ 382,995	\$ 1,425,121	\$ —	\$ —
Sales	—	—	6,677,898	—	67,306	—	—	481,009	72,240	—	178,279	1,110,581	—	—
License	—	—	—	830,167	—	—	—	—	—	—	—	—	—	—
Fees and fines	—	—	—	—	—	—	—	1,268	—	—	—	—	—	—
Intergovernmental	—	—	294,232	112,018	22,211	75,000	—	193,395	27,345	—	61,282	306,953	—	—
Charges for services	—	—	—	—	—	—	21,619	—	114	—	503	7,093	—	—
Investment earnings	216	60	290	3,900	682	1,868	477	1,226	252	1,602	680	1,277	95	—
Other	—	—	100,292	90,343	—	—	—	—	—	—	—	15	—	—
Total Revenues	216	60	7,072,712	1,036,428	151,803	76,868	22,096	1,806,810	340,544	44,184	623,739	2,851,040	95	—
Expenditures														
Debt service														
Principal	—	—	—	—	—	—	—	—	—	—	—	1,570,000	—	—
Interest and other charges	—	—	—	—	—	—	21,619	1,470	76	—	—	1,285,900	—	—
Capital outlay	—	—	6,553,608	23,060	986	615,653	—	221,566	373,587	297,212	385,871	65,671	—	—
Total Expenditures	—	—	6,553,608	23,060	986	615,653	21,619	223,036	373,663	297,212	385,871	2,921,571	—	—
Excess (Deficiency) Of Revenues														
Over Expenditures	216	60	519,104	1,013,368	150,817	(538,785)	477	1,583,774	(33,119)	(253,028)	237,868	(70,531)	95	—
Other Financing Sources														
Issuance of bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Premium on issuance of bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers in	—	—	—	—	—	750,000	—	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Other Financing Sources	—	—	—	—	—	750,000	—	—	—	—	—	—	—	—
Net Change In Fund Balances	216	60	519,104	1,013,368	150,817	211,215	477	1,583,774	(33,119)	(253,028)	237,868	(70,531)	95	—
Fund Balances - Beginning	170,567	(60)	3,755,443	485,888	99,587	(73,125)	3,299	(645,518)	10,857	253,543	68,701	3,521,405	75,539	(282,549)
Fund Balances - Ending	\$ 170,783	\$ —	\$ 4,274,547	\$ 1,499,256	\$ 250,404	\$ 138,090	\$ 3,776	\$ 938,256	\$ (22,262)	\$ 515	\$ 306,569	\$ 3,450,874	\$ 75,634	\$ (282,549)

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, 2015

	Third Street Road Improve- ments	Storm Water Improve- ment	Sidewalk Bond Program	Arterial Street Lights II	Salt Dome Bond #2	US 50 Hwy & Rte 291 South Interchange	ERP System	Road Improve- ments	Tudor Road Improve- ments	Infrastruc- ture Improve- ments	Public Safety 10	Cultural Arts 2013 Bonds	Road Improve- ments 2013	Public Safety Equipment Replace- ment	Total Nonmajor Capital Projects Funds
Revenues															
Taxes															
Property	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,282,807
Sales	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,587,313
License	—	—	—	—	—	—	—	—	—	—	—	—	—	—	830,167
Fees and fines	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,268
Intergovernmental	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,092,436
Charges for services	—	—	24	—	—	—	—	—	—	—	—	—	—	—	29,353
Investment earnings	—	2,271	—	274	—	7	495	595	183	2,419	1,155	1,714	2,471	413	24,622
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	190,650
Total Revenues	—	2,271	24	274	—	7	495	595	183	2,419	1,155	1,714	2,471	413	14,038,616
Expenditures															
Debt service															
Principal	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,570,000
Interest and other charges	—	666	(2)	37	—	—	—	1,341	1,030	—	—	1,006	1,197	—	1,314,340
Capital outlay	—	827,009	—	195,244	—	1,457,262	17,021	3,381,468	1,051,103	294,972	102,545	670,018	1,899,357	—	18,433,213
Total Expenditures	—	827,675	(2)	195,281	—	1,457,262	17,021	3,382,809	1,052,133	294,972	102,545	671,024	1,900,554	—	21,317,553
Excess (Deficiency) Of Revenues Over Expenditures	—	(825,404)	26	(195,007)	—	(1,457,255)	(16,526)	(3,382,214)	(1,051,950)	(292,553)	(101,390)	(669,310)	(1,898,083)	413	(7,278,937)
Other Financing Sources (Uses)															
Issuance of bonds	—	1,389,544	—	—	—	1,381,939	—	1,137,167	—	—	—	—	—	—	3,908,650
Premium on issuance of bonds	—	109,561	—	—	—	108,962	—	89,662	—	—	—	—	—	—	308,185
Transfers in	—	—	—	—	—	—	—	—	—	—	—	—	—	69,630	819,630
Transfers out	—	—	—	—	—	—	(61,225)	—	—	—	—	—	—	—	(61,225)
Total Other Financing Sources	—	1,499,105	—	—	—	1,490,901	(61,225)	1,226,829	—	—	—	—	—	69,630	4,975,240
Net Change In Fund Balances	—	673,701	26	(195,007)	—	33,646	(77,751)	(2,155,385)	(1,051,950)	(292,553)	(101,390)	(669,310)	(1,898,083)	70,043	(2,303,697)
Fund Balances - Beginning	(2,644)	3,644,391	(26)	265,920	(58,293)	—	108,772	2,266,364	542,464	442,938	312,709	2,713,495	4,303,109	16,995	21,999,771
Fund Balances - Ending	\$ (2,644)	\$ 4,318,092	\$ —	\$ 70,913	\$ (58,293)	\$ 33,646	\$ 31,021	\$ 110,979	\$ (509,486)	\$ 150,385	\$ 211,319	\$ 2,044,185	\$ 2,405,026	\$ 87,038	\$ 19,696,074

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE**

For The Year Ended June 30, 2015

	<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	\$ 8,033,772	\$ 8,033,772	\$ 7,967,013	\$ (66,759)
Sales	3,216,567	3,216,567	3,326,917	110,350
Other tax	—	—	17,194	17,194
Fines and forfeitures	40,000	40,000	50,248	10,248
Investment earnings	162,500	162,500	54,806	(107,694)
Other	7,192	7,192	1,457	(5,735)
Total Revenues	11,460,031	11,460,031	11,417,635	(42,396)
Expenditures				
Debt Service:				
Principal	8,830,000	16,367,651	16,217,500	150,151
Interest and other charges	2,180,213	2,180,213	1,866,532	313,681
Total Expenditures	11,010,213	18,547,864	18,084,032	463,832
Excess Of Revenues Over Expenditures	449,818	(7,087,833)	(6,666,397)	421,436
Other Financing Sources (Uses)				
Issuance of bonds	—	—	7,493,850	7,493,850
Transfers out	(925,000)	(925,000)	(925,000)	—
Total Other Financing Sources (Uses)	(925,000)	(925,000)	6,568,850	7,493,850
Net Change In Fund Balances	(475,182)	(8,012,833)	(97,547)	7,915,286
Fund Balances - Beginning	9,147,092	9,147,092	9,147,092	—
Fund Balances - Ending	\$ 8,671,910	\$ 1,134,259	\$ 9,049,545	\$ 7,915,286

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 Claims And Damages Reserve Fund - Established to account for premium refunds and special assessment charges for self-insurance funding for health and dental liability claims.

Health Insurance Reserve Fund - Established to account for the City's comprehensive self insured health insurance program.

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, 2015

	Central Vehicle Services	Unemployment Insurance	Insurance Claims And Damages Reserve Fund	Health Insurance Reserve Fund	I.T. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Central Building Services	Total
Assets									
Current assets									
Cash and investments	\$ 2,071,386	\$ 75,021	\$ 144,653	\$ 1,375,954	\$ 2,989,335	\$ 135,762	\$ 2,119,124	\$ 1,041,963	\$ 9,953,198
Receivables (net of allowance)									
Accounts and other	—	—	—	—	—	—	16,960	—	16,960
Interest receivable	2,134	104	273	—	3,740	144	2,842	1,705	10,942
Inventories	146,399	—	—	—	—	—	—	—	146,399
Prepaid expenses	—	—	—	—	4,811	—	—	13	4,824
Other assets	—	—	—	—	—	—	—	—	—
Total current assets	2,219,919	75,125	144,926	1,375,954	2,997,886	135,906	2,138,926	1,043,681	10,132,323
Noncurrent assets									
Pension asset	146,066	—	—	—	231,459	—	—	122,172	499,697
Capital assets									
Nondepreciable	104,250	—	—	—	—	—	—	—	104,250
Depreciable, net	8,202,843	—	—	—	291,514	—	—	1,058,772	9,553,129
Total noncurrent assets	8,453,159	—	—	—	522,973	—	—	1,180,944	10,157,076
Total Assets	10,673,078	75,125	144,926	1,375,954	3,520,859	135,906	2,138,926	2,224,625	20,289,399
Deferred Outflows Of Resources - Pension	50,732	—	—	—	80,391	—	—	42,433	173,556
Liabilities									
Current liabilities									
Accounts payable	24,564	—	19,285	421,177	50,948	—	835,646	14,815	1,366,435
Salaries payable	18,766	—	—	—	55,860	1,496	—	13,432	89,554
Compensated absences	2,150	—	—	—	5,082	—	—	2,141	9,373
Total current liabilities	45,480	—	19,285	421,177	111,890	1,496	835,646	30,388	1,465,362
Noncurrent liabilities									
Compensated absences	36,750	—	—	—	93,756	—	—	37,198	167,704
Other post employment benefits	32,958	—	—	—	52,226	—	—	27,567	112,751
Total noncurrent liabilities	69,708	—	—	—	145,982	—	—	64,765	280,455
Total Liabilities	115,188	—	19,285	421,177	257,872	1,496	835,646	95,153	1,745,817
Deferred Inflows Of Resources - Pension	2,168	—	—	—	3,436	—	—	1,813	7,417
Net Position									
Net investment in capital assets	8,307,093	—	—	—	291,514	—	—	1,058,772	9,657,379
Restricted for pension	194,630	—	—	—	308,414	—	—	162,792	665,836
Unrestricted	2,104,731	75,125	125,641	954,777	2,740,014	134,410	1,303,280	948,528	8,386,506
Total Net Position	\$ 10,606,454	\$ 75,125	\$ 125,641	\$ 954,777	\$ 3,339,942	\$ 134,410	\$ 1,303,280	\$ 2,170,092	\$ 18,709,721

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, 2015

	Central Vehicle Services	Unemployment Insurance	Insurance Claims And Damages Reserve Fund	Health Insurance Reserve Fund	I.T. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Central Building Services	Total
Operating Revenues									
Charges for services	\$ 2,492,264	\$ 25,869	\$ 885,784	\$ —	\$ 3,195,842	\$ 32,236	\$ 895,539	\$ 992,105	\$ 8,519,639
Other	1,975	—	—	954,777	12,344	—	49,546	11,375	1,030,017
Total Operating Revenues	2,494,239	25,869	885,784	954,777	3,208,186	32,236	945,085	1,003,480	9,549,656
Operating Expenses									
Salaries, wages and employee benefits	653,682	—	—	—	1,756,884	12,921	—	522,516	2,946,003
Utilities	56,575	—	—	—	—	—	—	229,432	286,007
Repairs and maintenance	19,080	—	—	—	413,458	—	—	83,601	516,139
Fuels and lubricants	2,265	—	—	—	138	—	—	2,440	4,843
Depreciation	2,477,628	—	—	—	77,381	—	—	90,459	2,645,468
Interdepartment charges	82,349	—	—	—	302,591	—	—	40,763	425,703
Miscellaneous	149,605	15,285	778,301	—	471,798	—	683,875	54,141	2,153,005
Total Operating Expenses	3,441,184	15,285	778,301	—	3,022,250	12,921	683,875	1,023,352	8,977,168
Operating Income (Loss)	(946,945)	10,584	107,483	954,777	185,936	19,315	261,210	(19,872)	572,488
Nonoperating Revenue									
Interest income	9,219	411	1,237	—	15,469	611	14,509	7,110	48,566
Interest expense	—	—	—	—	—	—	(3,298)	—	(3,298)
Gain on disposal of capital assets	216,470	—	—	—	—	—	—	—	216,470
Total Nonoperating Revenue	225,689	411	1,237	—	15,469	611	11,211	7,110	261,738
Income (Loss) Before Transfers	(721,256)	10,995	108,720	954,777	201,405	19,926	272,421	(12,762)	834,226
Transfers in	—	—	—	—	198,755	—	—	—	198,755
Change In Net Position	(721,256)	10,995	108,720	954,777	400,160	19,926	272,421	(12,762)	1,032,981
Total Net Position - Beginning, As									
Previously Stated	11,153,365	64,130	16,921	—	2,663,511	114,484	1,030,859	2,037,027	17,080,297
Prior Period Adjustment	174,345	—	—	—	276,271	—	—	145,827	596,443
Total Net Position - Beginning	11,327,710	64,130	16,921	—	2,939,782	114,484	1,030,859	2,182,854	17,676,740
Total Net Position - Ending	\$ 10,606,454	\$ 75,125	\$ 125,641	\$ 954,777	\$ 3,339,942	\$ 134,410	\$ 1,303,280	\$ 2,170,092	\$ 18,709,721

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2015**

	Central Vehicle Services	Unemployment Insurance	Insurance Claims And Damages Reserve Fund	Health Insurance Reserve Fund	I.T. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Central Building Services	Total
Cash Flows From Operating Activities									
Cash received from customers	\$ 2,494,239	\$ 25,869	\$ 885,784	\$ 954,777	\$ 3,208,186	\$ 32,236	\$ 945,137	\$ 1,003,480	\$ 9,549,708
Cash paid to suppliers	(319,097)	(15,285)	(792,620)	421,177	(1,139,963)	—	(621,043)	(443,260)	(2,910,091)
Cash paid to employees	(671,081)	—	—	—	(1,773,298)	(11,425)	—	(527,677)	(2,983,481)
Net Cash Provided By (Used In) Operating Activities	1,504,061	10,584	93,164	1,375,954	294,925	20,811	324,094	32,543	3,656,136
Cash Flows From Noncapital Financing Activities									
Transfers in	—	—	—	—	198,755	—	—	—	198,755
Cash Flows From Capital And Related Financing Activities									
Additions to capital assets	(1,288,109)	—	—	—	(126,160)	—	—	(193,374)	(1,607,643)
Proceeds from sale of capital assets	216,470	—	—	—	—	—	—	—	216,470
Net Cash Used In Capital And Related Financing Activities	(1,071,639)	—	—	—	(126,160)	—	—	(193,374)	(1,391,173)
Cash Flows Provided By Investing Activities									
Interest received	9,456	527	2,012	—	14,344	569	10,120	7,342	44,370
Net Increase (Decrease) In Cash And Cash Equivalents	441,878	11,111	95,176	1,375,954	381,864	21,380	334,214	(153,489)	2,508,088
Cash And Cash Equivalents - Beginning Of Year	1,629,508	63,910	49,477	—	2,607,471	114,382	1,784,910	1,195,452	7,445,110
Cash And Cash Equivalents - End Of Year	\$ 2,071,386	\$ 75,021	\$ 144,653	\$ 1,375,954	\$ 2,989,335	\$135,762	\$ 2,119,124	\$ 1,041,963	\$ 9,953,198
Operating income (loss)	\$ (946,945)	\$ 10,584	\$ 107,483	\$ 954,777	\$ 185,936	\$ 19,315	\$ 261,210	\$ (19,872)	\$ 572,488
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation and amortization	2,477,628	—	—	—	77,381	—	—	90,459	2,645,468
Changes in assets and liabilities:									
Decrease in inventories	3,609	—	—	—	—	—	—	—	3,609
Decrease in accounts receivable	—	—	—	—	—	—	52	—	52
Increase in pension related assets, outflow and inflows	(20,285)	—	—	—	(32,143)	—	—	(16,965)	(69,393)
Increase (decrease) in accounts payable	(12,832)	—	(14,319)	421,177	47,056	—	62,832	(32,883)	471,031
Decrease in prepaid expenses	—	—	—	—	966	—	—	—	966
Increase in salaries and wages payable	2,360	—	—	—	8,551	1,496	—	907	13,314
Increase in other post employment benefits	3,694	—	—	—	7,700	—	—	3,138	14,532
Increase (decrease) in accrued compensated absences	(3,168)	—	—	—	(522)	—	—	7,759	4,069
Total adjustments	2,451,006	—	(14,319)	421,177	108,989	1,496	62,884	52,415	3,083,648
Net Cash Provided By (Used In) Operating Activities	\$ 1,504,061	\$ 10,584	\$ 93,164	\$ 1,375,954	\$ 294,925	\$ 20,811	\$ 324,094	\$ 32,543	\$ 3,656,136

**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	72
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	78
These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.	
Debt Capacity	84
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	88
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	91
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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 271,248,246	\$ 268,374,160	\$ 318,493,023	\$ 347,357,418	\$ 367,750,571	\$ 388,840,510	\$ 395,912,631	\$ 403,957,177	\$ 414,531,277	\$ 428,390,412
Restricted	—	22,781,337	25,677,019	24,641,173	16,223,089	47,738,657	39,690,100	68,519,039	85,003,546	85,935,329
Unrestricted	124,673,675	45,828,361	23,999,251	25,320,421	33,900,453	(17,532,497)	(1,778,161)	(30,132,403)	(17,684,391)	(10,048,065)
Total governmental activities net position	\$ 395,921,921	\$ 336,983,858	\$ 368,169,293	\$ 397,319,012	\$ 417,874,113	\$ 419,046,670	\$ 433,824,570	\$ 442,343,813	\$ 481,850,432	\$ 504,277,676
Business-type activities										
Net investment in capital assets	\$ 189,358,113	\$ 170,092,880	\$ 176,522,686	\$ 189,410,131	\$ 200,815,159	\$ 208,202,388	\$ 211,065,125	\$ 212,923,508	\$ 220,630,436	\$ 225,267,223
Restricted	2,250,958	33,686,074	35,241,087	33,179,870	32,355,420	26,915,369	29,539,755	33,282,263	33,273,761	34,005,871
Unrestricted	41,963,890	3,665,286	6,490,633	4,939,002	(225,754)	15,830	(2,277,021)	(2,281,926)	1,060,383	5,262,208
Total business-type activities net position	\$ 233,572,961	\$ 207,444,240	\$ 218,254,406	\$ 227,529,003	\$ 232,944,825	\$ 235,133,587	\$ 238,327,859	\$ 243,923,845	\$ 254,964,580	\$ 264,535,302
Primary government										
Net investment in capital assets	\$ 460,606,359	\$ 438,467,040	\$ 495,015,709	\$ 536,767,549	\$ 568,565,730	\$ 597,042,898	\$ 606,977,756	\$ 616,880,685	\$ 635,161,713	\$ 653,657,635
Restricted	2,250,958	56,467,411	60,918,106	57,821,043	48,578,509	74,654,026	69,229,855	101,801,302	118,277,307	119,941,200
Unrestricted	166,637,565	49,493,647	30,489,884	30,259,423	33,674,699	(17,516,667)	(4,055,182)	(32,414,329)	(16,624,008)	(4,785,857)
Total primary government net position	\$ 629,494,882	\$ 544,428,098	\$ 586,423,699	\$ 624,848,015	\$ 650,818,938	\$ 654,180,257	\$ 672,152,429	\$ 686,267,658	\$ 736,815,012	\$ 768,812,978

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Public works and streets	\$ 13,050,566	\$ 28,530,677	\$ 24,315,160	\$ 17,096,253	\$ 18,589,088	\$ 36,254,828	\$ 18,286,042	\$ 23,836,549	\$ 16,429,506	\$ 14,428,155
Public safety	30,610,276	29,091,623	32,717,551	32,784,126	33,569,829	36,379,439	39,839,950	40,435,341	40,972,082	40,950,832
Parks and recreation	4,794,351	5,979,484	6,661,913	7,182,799	7,027,799	7,491,321	7,927,148	7,761,931	7,897,133	8,150,227
Planning and development	851,343	996,657	1,127,859	1,055,523	957,816	948,798	940,979	904,265	894,521	1,548,183
General government	13,828,963	10,847,633	27,343,082	16,362,262	16,352,917	18,438,529	16,992,428	16,793,993	18,346,278	14,959,896
Interest on long-term debt	2,325,784	2,606,257	2,604,665	3,093,910	2,857,436	4,604,626	3,745,099	4,287,131	3,171,310	2,729,500
Total governmental activities expenses	65,461,283	78,052,331	94,770,230	77,574,873	79,354,885	79,354,885	87,731,646	94,019,210	87,710,830	82,766,793
Business-type activities										
Waterworks and sewerage system	21,885,768	22,098,586	21,625,664	22,439,078	21,439,285	22,341,294	24,556,071	25,063,889	25,871,350	26,385,019
Sanitary landfill	2,632,034	2,571,247	2,730,052	2,260,489	2,451,476	4,108,646	3,205,632	2,867,606	2,873,343	2,744,683
Airport	1,702,652	1,426,900	1,717,974	1,744,777	1,489,979	2,121,901	2,146,464	2,052,157	2,012,142	1,890,626
Recreation center	873,576	689,699	700,386	1,127,142	1,234,450	1,295,805	1,268,716	1,186,856	1,041,426	1,119,107
Total business-type activities expenses	27,094,030	26,786,432	26,774,076	27,571,486	26,615,190	26,615,190	31,176,883	31,170,508	31,798,261	32,139,435
Total primary government expenses	92,555,313	104,838,763	121,544,306	105,146,359	105,970,075	105,970,075	118,908,529	125,189,718	119,509,091	114,906,228
Program Revenues										
Governmental activities										
Charges for services										
Public works and streets	1,047,323	1,971,762	528,090	229,237	122,053	124,975	141,277	358,852	600,144	667,442
Public safety	3,882,943	3,828,994	4,290,547	4,064,716	4,351,615	4,237,673	4,572,306	4,667,249	4,502,832	4,971,094
Parks and recreation	1,493,466	1,720,768	1,706,070	1,908,112	2,039,612	2,184,127	2,409,223	2,381,440	2,825,122	2,961,600
Planning and development	222,229	305,029	243,875	119,625	103,360	122,371	153,963	130,251	124,325	138,886
General government	2,016,546	2,270,212	2,002,955	1,946,117	1,929,236	1,562,856	1,827,798	1,790,781	1,817,541	2,188,631
Operating grants and contributions	7,120,522	3,210,418	3,324,353	2,843,958	2,608,621	5,664,487	3,046,594	1,400,858	1,169,331	800,689
Capital grants and contributions	—	8,484,471	12,251,710	6,432,484	2,857,211	1,725,891	4,322,416	1,921,135	3,188,981	4,696,959
Total governmental activities program revenues	15,783,029	21,791,654	24,347,600	17,544,249	14,011,708	14,011,708	16,473,577	12,650,566	14,228,276	16,425,301
Business-type activities										
Charges for services										
Waterworks and sewerage system	27,863,510	28,854,605	27,825,359	25,978,839	25,472,281	26,474,620	28,899,909	31,413,865	33,357,588	33,507,201
Sanitary landfill	2,755,723	2,714,978	2,508,750	2,531,502	2,071,725	2,881,382	2,583,031	2,346,247	2,942,970	3,049,357
Airport	1,085,046	1,001,628	1,195,026	1,118,415	1,048,659	1,217,812	1,454,730	1,456,710	1,403,945	1,320,935
Recreation center	869,720	657,134	662,132	849,238	970,765	1,082,156	1,114,367	1,208,496	1,046,554	1,127,448
Capital grants and contributions	4,394,554	11,578,303	4,707,840	5,587,682	2,221,289	1,134,261	1,200,056	1,191,530	4,345,037	2,013,286
Total business type activities program revenues	36,968,553	44,806,648	36,899,107	36,065,676	31,784,719	32,790,231	35,252,093	37,616,848	43,096,094	41,018,227
Total primary government revenues	52,751,582	66,598,302	61,246,707	53,609,925	45,796,427	46,801,939	51,725,670	50,267,414	57,324,370	57,443,528

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense) Revenue										
Governmental activities	\$ (49,678,254)	\$ (56,260,677)	\$ (70,422,630)	\$ (60,030,624)	\$ (65,343,177)	\$ (65,343,177)	\$ (71,258,069)	\$ (81,368,644)	\$ (73,482,554)	\$ (66,341,492)
Business-type activities	9,874,523	18,020,216	10,125,031	8,494,190	5,169,529	6,175,041	4,075,210	6,446,340	11,297,833	8,878,792
Total primary government net expense	(39,803,731)	(38,240,461)	(60,297,599)	(51,536,434)	(60,173,648)	(59,168,136)	(67,182,859)	(74,922,304)	(62,184,721)	(57,462,700)
General Revenues And Other Changes In Net Position										
Governmental activities										
General revenues										
Property taxes	31,767,813	32,179,406	34,826,369	36,978,616	38,276,295	38,698,817	36,430,730	35,456,745	33,714,179	33,891,923
Sales and use taxes	28,369,222	28,197,210	28,981,264	27,235,214	26,566,723	28,720,660	29,762,456	32,191,356	32,220,496	33,898,956
Franchise fees	8,617,948	9,022,063	14,662,791	12,736,943	14,825,593	16,249,638	13,743,797	14,080,374	14,083,783	13,870,764
License taxes	—	—	—	—	—	458,972	613,669	552,206	600,233	827,620
Motor vehicle taxes	—	—	—	—	—	—	—	3,262,217	3,397,313	3,514,204
License, permits, fines and forfeitures	1,443,066	4,073,268	6,632,484	6,522,094	2,797,132	3,290,249	2,853,482	2,206,013	2,548,479	2,494,438
Revenues from use of money and property	3,187,915	5,752,661	4,689,430	2,184,572	370,871	681,673	606,847	372,899	314,089	423,184
Other revenue	3,086,832	404,198	331,941	94,938	301,952	243,073	258,110	705,780	304,521	216,470
Transfers	2,818,505	2,462,646	2,567,891	1,682,948	2,128,600	1,324,636	1,766,878	1,060,297	440,422	843,076
Total governmental activities	79,291,301	82,091,452	92,692,170	87,435,325	85,267,166	89,667,718	86,035,969	89,887,887	87,623,515	89,980,635
Business-type activities										
General revenues										
Revenues from use of money and property	1,444,627	2,588,566	2,709,663	1,401,400	400	325,226	236,172	209,943	183,324	323,107
Other revenue	5,707,126	676,794	768,363	1,061,955	1,951,491	265,587	649,768	—	—	—
Transfers	(2,818,505)	(2,462,646)	(2,567,891)	(1,682,948)	(2,128,600)	(1,324,636)	(1,766,878)	(1,060,297)	(440,422)	(843,076)
Total business-type activities	4,333,248	802,714	910,135	780,407	(176,709)	(733,823)	(880,938)	(850,354)	(257,098)	(519,969)
Total primary government	83,624,549	82,894,166	93,602,305	88,215,732	85,090,457	88,933,895	85,155,031	89,037,533	87,366,417	89,460,666
Change In Net Position										
Governmental activities	29,613,047	25,830,775	22,269,540	27,404,701	19,923,989	24,324,541	14,777,900	8,519,243	14,140,961	23,639,143
Business-type activities	14,207,771	18,822,930	11,035,166	9,274,597	4,992,820	5,441,218	3,194,272	5,595,986	11,040,735	8,358,823
Total city	\$ 43,820,818	\$ 44,653,705	\$ 33,304,706	\$ 36,679,298	\$ 24,916,809	\$ 29,765,759	\$ 17,972,172	\$ 14,115,229	\$ 25,181,696	\$ 31,997,966

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ 58	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved	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	1,926,540	3,451,583
Unassigned	—	—	—	—	—	5,062,318	10,068,387	12,485,754	15,393,241	16,740,463
Total general fund	\$ 24,149,880	\$ 15,940,698	\$ 21,201,763	\$ 23,217,065	\$ 27,326,459	\$ 12,171,751	\$ 12,907,165	\$ 14,853,937	\$ 17,319,781	\$ 20,192,046
All other governmental funds										
Unreserved, designated										
Debt service	\$ 4,124,774	\$ 6,948,934	\$ 9,479,421	\$ 9,335,782	\$ 7,612,321	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in										
Special revenue funds	6,081,591	6,142,921	6,277,063	5,822,482	6,185,228	—	—	—	—	—
Capital project funds	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	9,147,092	9,049,545
Special revenue funds	—	—	—	—	—	6,558,759	7,119,249	8,271,128	8,810,480	9,582,955
Capital project funds	—	—	—	—	—	52,917,276	45,457,890	60,847,069	51,186,715	51,334,081
Unassigned										
Special revenue funds	—	—	—	—	—	(105,171)	(173,475)	(45,880)	259,998	(22,441)
Capital project funds	—	—	—	—	—	(5,650,774)	(6,160,575)	(3,248,190)	(2,252,156)	(11,165,894)
Total all other governmental funds	\$ 53,898,763	\$ 66,455,905	\$ 68,223,537	\$ 52,388,071	\$ 41,129,134	\$ 60,400,636	\$ 53,170,967	\$ 74,778,742	\$ 67,152,129	\$ 58,778,246

(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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes:										
Property	\$ 31,125,831	\$ 32,103,628	\$ 32,995,034	\$ 36,025,629	\$ 37,424,151	\$ 38,520,943	\$ 36,807,871	\$ 35,371,737	\$ 33,631,009	\$ 34,018,964
Sales	28,032,328	27,863,482	28,572,537	27,235,214	26,566,723	28,720,660	29,762,456	31,537,249	31,506,326	33,131,893
Franchise	8,617,948	9,022,063	14,662,791	12,736,943	14,825,593	16,249,638	13,743,797	14,080,374	14,083,783	13,870,764
License	1,443,066	995,950	1,246,919	320,284	666,550	458,972	613,669	830,823	593,724	830,167
Bed	336,894	333,728	408,727	351,854	311,027	334,472	297,045	310,884	342,603	401,460
Motor vehicle	—	—	—	—	—	—	—	3,262,217	3,397,313	3,514,204
Other tax	—	—	—	—	—	—	—	343,223	371,567	365,603
Intergovernmental	7,120,522	6,958,803	5,902,434	1,601,620	2,720,659	5,768,509	3,270,638	2,397,443	1,429,137	1,893,124
Charges for services	2,981,095	3,335,611	3,669,795	3,048,308	3,536,567	3,443,051	3,767,188	3,844,620	1,757,827	7,039,230
Licenses and permits	3,927,153	4,132,411	3,407,950	3,561,666	3,172,705	3,312,931	3,552,866	3,831,801	1,898,261	2,226,752
Fines and forfeitures	1,754,259	1,632,793	1,685,351	3,214,037	1,525,577	1,476,020	1,487,468	1,652,152	6,683,000	1,661,671
Interest	3,187,915	5,141,994	4,076,656	1,887,689	355,711	624,550	558,840	324,724	276,277	374,618
Other	2,895,123	4,073,268	6,640,923	11,925,934	2,653,906	2,790,229	2,853,482	2,206,013	2,548,479	2,494,438
Total Revenues	91,422,134	95,593,731	103,269,117	101,909,178	93,759,169	101,699,975	96,715,320	99,993,260	98,519,306	101,822,888
Expenditures										
Current										
General government	9,899,765	10,547,111	10,711,595	9,960,732	9,903,683	28,034,317	12,248,109	11,930,212	11,728,975	12,191,505
Public works and streets	9,026,371	9,998,734	10,229,253	31,748,561	10,630,529	10,477,224	10,103,785	10,927,267	10,761,292	35,133,894
Public safety	26,285,657	27,983,655	30,808,723	10,620,789	32,544,577	33,179,819	33,423,433	34,131,490	34,361,768	10,115,557
Community development	851,343	996,657	1,127,859	1,055,523	957,816	948,798	940,979	904,265	894,521	1,548,183
Parks and recreation	4,221,016	4,766,431	5,197,900	5,753,927	5,367,440	5,743,896	6,038,617	5,612,207	5,880,029	6,590,327
Debt service										
Principal retirements	11,525,000	8,175,000	9,765,000	9,025,000	10,520,000	9,255,000	12,510,000	27,195,000	8,745,000	17,787,500
Interest and fiscal charges	2,268,297	2,922,990	2,618,185	3,072,474	2,721,034	4,592,654	3,577,259	3,521,740	3,506,820	3,180,934
Capital outlay										
General government	13,144,007	—	—	—	—	1,205,332	1,153,562	1,027,783	12,947	17,021
Public works and streets	26,485,702	36,894,296	30,121,913	42,098,875	33,899,215	43,249,279	22,292,216	20,493,282	26,655,680	31,726,375
Public safety	659,925	2,914,649	2,168,011	371,660	193,224	2,183,247	1,532,546	2,278,350	7,085,710	102,545
Parks and recreation	1,205,846	6,057,450	14,876,232	5,085,195	1,023,734	594,310	565,270	631,283	1,883,720	1,285,671
Total Expenditures	105,572,929	111,256,973	117,624,671	118,792,736	107,761,252	139,463,876	104,385,776	118,652,879	111,516,462	119,679,512

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Deficiency Of Revenues										
Over Expenditures	\$ (14,150,795)	\$ (15,663,242)	\$ (14,355,554)	\$ (16,883,558)	\$ (14,002,083)	\$ (37,763,901)	\$ (7,670,456)	\$ (18,659,619)	\$ (12,997,156)	\$ (17,856,624)
Other Financing Sources (Uses)										
Proceeds from bonds	11,475,000	17,095,000	—	—	5,000,000	39,300,000	—	38,100,000	6,840,000	11,402,500
Premium on issuance of bonds	—	—	—	—	98,075	510,796	—	3,338,722	654,643	308,185
Discount on issuance of bonds	—	—	—	—	—	(628,000)	—	—	—	—
Transfers in	15,154,900	17,527,289	5,049,555	14,820,477	5,802,385	7,213,175	4,493,756	4,738,640	3,674,877	2,348,128
Transfers out	(13,943,821)	(15,700,775)	(3,006,199)	(13,502,101)	(4,047,920)	(4,515,276)	(3,317,555)	(3,963,196)	(3,333,133)	(1,703,807)
Total Other Financing Sources	12,686,079	18,921,514	2,043,356	1,318,376	6,852,540	41,880,695	1,176,201	42,214,166	7,836,387	12,355,006
Net change in fund balances	\$ (1,464,716)	\$ 3,258,272	\$ (12,312,198)	\$ (15,565,182)	\$ (7,149,543)	\$ 4,116,794	\$ (6,494,255)	\$ 23,554,547	\$ (5,160,769)	\$ (5,501,618)
Debt service as a percentage of noncapital expenditures	19.9	14.0	15.4	15.9	16.8	11.8	18.2	28.4	14.5	22.6

CITY OF LEE'S SUMMIT, MISSOURI

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Public works	\$ 7,479,198	\$ 10,456,233	\$ 12,779,800	\$ 6,661,721	\$ 2,979,264	\$ 1,850,866	\$ 4,463,693	\$ 2,262,038	\$ 3,789,125	\$ 5,289,401
Public safety	4,961,412	4,805,304	5,368,925	4,933,305	5,032,806	5,252,875	5,604,458	5,609,585	5,294,681	5,414,371
Parks and recreation	1,563,486	2,036,544	1,740,070	1,926,112	2,126,592	2,345,650	2,409,223	2,381,440	2,825,937	3,036,600
Planning and development	223,310	305,029	243,875	119,625	103,360	122,371	153,963	140,779	124,325	138,961
General government	3,313,869	4,188,544	4,214,930	3,903,486	3,769,686	6,050,618	3,842,240	2,256,724	2,194,208	2,545,968
Subtotal governmental activities	17,541,275	21,791,654	24,347,600	17,544,249	14,011,708	15,622,380	16,473,577	12,650,566	14,228,276	16,425,301
Business-type activities										
Waterworks and sewerage system	32,258,064	30,779,904	30,793,474	27,213,137	25,711,528	27,226,409	29,686,664	31,841,944	34,172,355	34,802,086
Sanitary landfill	2,755,723	2,714,978	2,508,750	2,531,502	2,071,725	2,881,382	2,583,031	2,346,247	2,942,970	3,049,357
Airport	1,085,046	10,654,632	2,934,751	5,471,799	3,030,701	1,600,284	1,868,031	2,220,161	4,934,215	2,039,336
Recreation center	869,720	657,134	662,132	849,238	970,765	1,082,156	1,114,367	1,208,496	1,046,554	1,127,448
Subtotal business-type activities	36,968,553	44,806,648	36,899,107	36,065,676	31,784,719	32,790,231	35,252,093	37,616,848	43,096,094	41,018,227
Total primary government	\$ 54,509,828	\$ 66,598,302	\$ 61,246,707	\$ 53,609,925	\$ 45,796,427	\$ 48,412,611	\$ 51,725,670	\$ 50,267,414	\$ 57,324,370	\$ 57,443,528

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	Motor Vehicle Taxes	Franchise Fees	Other Taxes	Licenses, Permits, Fines And Forfeitures	Revenues From Use Of Money And Property	Other Revenue	Total Revenues
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	31,537,249	3,262,217	14,080,374	1,484,930	5,483,953	324,724	8,448,076	99,993,260
2014	33,631,009	31,506,326	3,397,313	14,083,783	1,307,894	3,186,964	276,277	11,129,740	98,519,306
2015	34,018,964	33,131,893	3,514,204	13,870,764	1,597,230	3,888,423	374,618	11,426,792	101,822,888

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				
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%
2014	1,108,746,200	1,451,583	230,459,773	1,340,657,556	313,377,047	38,140,767	1,692,175,370	1.5540	7,636,606,943	22.16%
2015	1,124,495,638	1,423,206	231,295,077	1,357,213,921	288,455,371	40,474,902	1,686,144,194	1.5700	7,653,646,514	22.03%

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	
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	10.1264
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
2014	0.9213	0.1630	0.4697	1.5540	6.0627	0.5298	0.0300	0.7535	8.9300
2015	0.9349	0.1654	0.4697	1.5700	6.1192	0.5141	0.0300	0.7550	8.9883

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	5.7000
Hickman Mills	6.4217
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	0.2374
Mental Health	0.1223
Handicap Workshop	0.0753
Library	0.3200
	0.7550

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

	2015			2006		
	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 (formerly Aquila)	\$ 31,762,541	1	1.88%	\$ 11,490,465	2	0.81%
Summit Wood SPE LLC	13,173,632	2	0.78%			
Sprint	8,345,195	3	0.49%	4,408,814	9	0.31%
Southern Union	4,838,731	4	0.29%	5,440,910	7	0.38%
Toys R Us	4,457,543	5	0.26%	6,520,204	5	0.46%
MREI III Summit Ridge LLC	4,404,196	6	0.26%	3,595,253	10	0.25%
John Knox Village	3,757,236	7	0.22%	7,212,371	4	0.51%
Laclede Gas Company (fomerly Missouri Gas Energy)	3,503,664	8	0.21%			
Cerner Corporation	3,237,359	9	0.19%			
Target Corporation	3,168,640	10	0.19%			
Sprint Spectrum				15,932,727	1	1.13%
Pfizer Chemical Company				7,491,555	3	0.53%
Southwestern Bell				6,200,187	6	0.44%
Wal-Mart				4,828,300	8	0.34%
Total	\$ 80,648,737		4.77%	\$ 73,120,786		5.16%

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
2006	\$ 21,490,030	\$ 19,864,540	92.4%	\$ 1,554,894	\$ 21,419,434	99.7%
2007	22,305,148	21,156,122	94.8%	1,071,541	22,227,663	99.7%
2008	23,870,679	22,634,488	94.8%	1,137,704	23,772,192	99.6%
2009	24,703,017	23,359,076	94.6%	1,240,498	24,599,574	99.6%
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%	727,310	25,000,474	99.8%
2014	25,707,026	24,968,147	97.1%	713,685	25,681,832	99.9%
2015	25,852,261	25,249,083	97.7%	—	25,249,083	97.7%

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	Lease Financing Debt	TIF Bonds	Certificates Of Participation	Revenue Bonds			
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
2014	48,242,310	8,945,991	—	19,238,377	—	6,420,237	82,846,915	93,092	890
2015	45,825,462	—	6,410,000	17,701,953	—	5,504,489	75,441,904	93,888	804

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 Of Property	a	b	Per Capita
2006	\$ 38,173,947	\$ 3,834,139	\$ 34,339,808	2.43%		\$	390
2007	33,812,709	5,292,263	28,520,446	1.90%			316
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%			314
2012	27,675,436	5,922,455	21,452,545	1.32%			238
2013	47,380,186	6,778,725	40,601,461	2.48%			440
2014	48,242,310	7,007,192	41,235,118	2.44%			443
2015	45,825,462	7,345,112	38,480,350	2.28%			410

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, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Share Of Overlapping Debt
Debt repaid with property taxes			
Lee's Summit R-7 School District	\$ 129,774,337	82.88%	\$ 107,556,971
Blue Springs R-4 School District	123,005,000	20.17%	24,810,109
Raymore-Peculiar School District	36,990,346	8.00%	2,959,228
Grandview School District	31,982,271	0.41%	131,127
Hickman Mills School District	30,350,147	0.12%	<u>36,420</u>
Subtotal, overlapping debt			135,493,855
City Direct Debt			<u>69,937,415</u>
Total direct and overlapping debt			<u><u>\$ 205,431,270</u></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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Legal debt limit (1)	\$ 280,139,899	\$ 279,382,420	\$ 326,887,829	\$ 331,406,460	\$ 328,184,891	\$ 327,131,701	\$ 319,634,286	\$ 322,343,269	\$ 331,688,357	\$ 329,896,834
Total net debt applicable to limit	34,620,861	28,782,737	22,125,327	40,261,020	33,566,610	27,974,016	56,932,545	55,654,245	59,225,808	52,677,888
Legal debt margin	\$ 245,519,038	\$ 250,599,683	\$ 304,762,502	\$ 291,145,440	\$ 294,618,281	\$ 299,157,685	\$ 262,701,741	\$ 266,689,024	\$ 272,462,549	\$ 277,218,946
Total net debt applicable to the limit as a percentage of debt limit	12.36	10.30	6.77	12.15	10.23	8.55	17.81	17.27	17.86	15.97

- (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		
2006	88,666							15,858	2.80%
2007	90,785							16,381	2.90%
2008	91,586							16,742	3.40%
2009	92,927							16,986	7.60%
2010	93,163							17,120	6.70%
2011	91,364	\$ 71,772	\$ 31,266	38.8	16.4%	29.9%	50.1%	17,287	6.70%
2012	91,767							17,524	5.30%
2013	92,292							17,559	5.10%
2014	93,092							17,615	4.70%
2015	93,888							17,610	4.20%

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	2015			2006		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Lee's Summit R-7 School	2,589	1	5.14%	1,850	1	4.67%
National Benefits Center	1,325	2	2.63%			
City of Lee's Summit	1,153	3	2.29%	450	8	1.14%
John Knox Village	1,025	4	2.03%	950	4	2.40%
Saint Luke's East - Lee's Summit	1,006	5	2.00%			
National Records Center	550	6	1.09%	450	9	1.14%
Metropolitian Community College-Longview	397	7	0.79%	532	6	1.34%
Truman Medical Center Lakewood	383	8	0.76%	1,200	3	3.03%
Lee's Summit Medical Center	289	9	0.57%	400	10	1.01%
Unity Practical School of Christianity	270	10	0.54%	550	5	1.39%
AT&T				1,200	2	3.03%
Immigration and Naturalization Services				500	7	1.26%
	8,987		17.84%	8,082		20.41%

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Administration	33.05	35.00	33.50	32.50	32.50	31.00	32.00	27.00	27.00	26.31
Public Works-Engineering	54.55	53.96	37.17	39.27	39.27	37.60	38.95	41.80	38.70	38.90
Police	172.32	167.32	181.70	188.70	196.70	205.20	209.70	208.70	204.00	204.00
Fire	137.00	140.00	146.00	146.00	146.00	146.00	146.00	146.00	146.00	144.00
Finance	18.00	18.00	18.00	18.00	18.00	18.00	18.00	22.50	21.00	21.00
Planning and development	11.00	12.00	11.00	11.00	11.00	9.00	9.00	9.00	9.90	8.37
Court	11.90	11.90	11.90	12.00	12.75	12.75	12.75	12.75	11.50	12.50
Codes administration	19.00	19.00	18.00	18.00	18.00	17.00	17.00	17.00	16.00	13.35
Law	9.75	9.75	9.50	9.50	9.50	9.50	9.50	10.50	10.50	11.50
Public Works-Operations	47.00	47.00	47.75	48.75	48.75	47.00	50.24	49.21	46.70	41.34
Development Center	—	—	—	—	—	—	—	—	—	7.47
Parks and recreation										
Community center	8.90	6.35	7.15	6.80	6.70	6.70	6.75	7.15	39.26	37.16
Parks and recreation	23.00	29.00	29.00	30.00	29.00	24.50	24.95	23.95	26.15	26.16
Pool	0.55	0.30	0.30	0.30	0.95	0.95	1.05	1.60	17.73	17.44
Cemetery	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation center	3.60	2.40	2.75	2.15	5.30	5.85	6.15	6.15	21.99	22.78
Senior center	—	—	—	2.05	2.05	2.05	2.10	2.15	10.05	9.41
Airport	7.30	7.30	7.98	7.60	7.60	7.60	7.60	7.04	6.30	6.22
Water utilities	57.50	57.50	58.50	58.50	58.50	58.50	59.50	59.50	60.00	59.50
Solid waste	13.00	13.00	14.20	14.80	14.80	14.80	14.80	15.00	14.80	14.80
Central building services	—	—	11.00	11.00	10.00	9.50	8.50	8.75	8.80	8.62
Fleet	8.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00	9.00	9.12
Information technology services	17.00	17.00	17.00	19.00	20.00	20.00	20.00	22.00	26.20	25.89
Total	653.42	655.78	671.40	684.92	696.37	693.5	704.54	707.75	772.58	766.84

Source: City of Lee's Summit Finance Department

CITY OF LEE'S SUMMIT, MISSOURI

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Building Permits Issued (1)										
Residential/single family	791	489	380	129	110	170	166	270	319	319
Residential/multi family	82	55	58	8	1	—	—	2	6	7
Commercial/industrial	44	80	35	23	19	13	10	14	9	15
Additions	1,223	2,820	1,937	1,245	1,082	1,302	*5,229	1,588	1,404	1,943
Police protection (1)										
Part I crimes	2,357	2,254	2,521	2,378	2,290	2,232	1,854	1,700	1,749	1,628
Notable part II crimes	2,424	2,047	2,178	2,222	2,295	2,385	2,268	2,378	1,972	2,015
Traffic crashes	2,206	2,114	2,125	2,083	1,912	2,047	1,906	1,753	1,821	1,750
Calls for service	64,548	61,624	64,715	76,322	85,255	91,037	88,846	77,008	75,325	73,244
Number of officers	112	117	122	129	136	136	143	142	142	142
Animal control calls for service	8,844	8,562	8,110	8,161	8,857	8,737	8,474	8,960	9,358	9,848
Fire protection										
Fire personnel	137	140	140	146	146	146	146	146	146	144
Calls answered	7,003	7,051	7,750	8,401	8,015	9,144	9,147	9,027	8,917	9,073
Water source										
Kansas City Water Co.	42.30%	38.43%	32.82%	33.94%	12.00%	19.40%	34.30%	27.90%	27.60%	23.20%
Independence Water Co.	57.70%	61.57%	67.18%	66.06%	88.00%	80.60%	65.70%	72.10%	72.40%	76.80%
Water										
Number of service connections	32,889	32,950	33,666	33,735	33,800	34,260	34,242	34,538	34,774	35,160
Number of fire hydrants	4,975	4,975	4,975	4,871	4,887	4,922	4,940	4,940	5,006	5,021
Average daily consumption (gallons)	11,300,000	10,360,000	10,705,000	9,540,000	8,960,000	9,650,000	11,603,000	10,790,000	10,390,000	9,270,000
Maximum contract amount	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	27,500,000	27,500,000	27,500,000
Maximum daily demand	25,400,000	23,920,000	22,000,000	15,000,000	16,500,000	20,400,000	22,810,000	25,500,000	19,000,000	19,000,000
Storage capacity (gallons)	35,200,000	35,200,000	35,200,000	35,200,000	35,200,000	35,200,000	35,200,000	35,200,000	35,200,000	35,200,000

(1) Statistics based on calendar year

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

Source: City records

CITY OF LEE'S SUMMIT, MISSOURI

CAPITAL STATISTICS BY FUNCTION Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Protection										
Stations	6	7	7	7	7	7	7	7	7	7
Public Works										
Residential centerline miles			325	327	327	337	308	271	309	309
Collector centerline miles			67	102	102	83	88	90	92	92
Arterial centerline miles			75	91	91	103	83	91	81	81
Parks and Recreation										
Parks	27	27	27	27	27	28	28	28	29	29
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	3	3	3	3	3	3	3	3
Water										
Miles of water mains	637	637	637	637	604	607	604	604	607	607

Source: City records