



**LEE'S SUMMIT**  
MISSOURI

---

Comprehensive Annual Financial Report

For The Year Ended June 30, 2016

---

***CITY OF LEE'S SUMMIT, MISSOURI***  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
*FOR THE YEAR ENDED JUNE 30, 2016*

---

Report issued by the Department of Finance

# CITY OF LEE'S SUMMIT, MISSOURI

## Table Of Contents

|   | <b>Page</b> |
|---|-------------|
| <b>Introductory Section</b>   |             |
| Letter Of Transmittal   | i - x       |
| Principal Officials   | xi          |
| Organizational Chart  | xii         |
| GFOA Certificate Of Achievement   | xiii        |
| <br>  |             |
| <b>Financial Section</b>  |             |
| <br>  |             |
| <b>Independent Auditors' Report</b>   | 1 - 3       |
| <br>  |             |
| <b>Management's Discussion And Analysis</b>   | 4 - 13      |
| <br>  |             |
| <b>Basic Financial Statements</b>   |             |
| Government-Wide Financial Statements:   |             |
| Statement Of Net Position   | 14          |
| Statement Of Activities   | 15          |
| Fund Financial Statements   |             |
| Governmental Funds:   |             |
| Balance Sheet   | 16          |
| Reconciliation Of The Governmental Funds Balance Sheet<br>To The Statement Of Net Position  | 17          |
| Statement Of Revenues, Expenditures And Changes In Fund<br>Balances   | 18          |
| Reconciliation Of The Statement Of Revenues, Expenditures<br>And Changes In Fund Balances Of Governmental Funds To<br>The Statement Of Activities | 19          |
| Proprietary Funds:  |             |
| Statement Of Net Position   | 20          |
| Statement Of Revenues, Expenses And Changes In Fund Net<br>Position   | 21          |
| Statement Of Cash Flows   | 22          |
| Notes To Basic Financial Statements   | 23 - 52     |
| <br>  |             |
| <b>Required Supplementary Information</b>   |             |
| Budgetary Comparison Information - General Fund   | 53          |
| Notes To Budgetary Comparison Information   | 54          |
| Schedule Of Funding Progress - Retirement Plan And Other Post<br>Employment Benefit Obligations   | 55 - 56     |

# CITY OF LEE'S SUMMIT, MISSOURI

## Table Of Contents

|   | <b>Page</b> |
|---|-------------|
| <b>Supplementary Information</b>  |             |
| Combining Balance Sheet - Nonmajor Governmental Funds   | 57          |
| Combining Statement Of Revenues, Expenditures And Changes<br>In Fund Balances - Nonmajor Governmental Funds     | 58          |
| Combining Balance Sheet - Nonmajor Special Revenue Funds  | 59          |
| Combining Statement Of Revenues, Expenditures And Changes In<br>Fund Balances - Nonmajor Special Revenue Funds  | 60          |
| Budgetary Comparison Schedules:   |             |
| Park Board Fund   | 61          |
| Violence Against Women Grant Fund   | 62          |
| Combining Balance Sheet - Nonmajor Capital Projects Funds   | 63 - 64     |
| Combining Statement Of Revenues, Expenditures And Changes In<br>Fund Balances - Nonmajor Capital Projects Funds | 65 - 66     |
| Budgetary Comparison Schedule - Debt Service  | 67          |
| Combining Statement Of Net Position - Internal Service Funds  | 68          |
| Combining Statement Of Revenues, Expenses And Changes In Fund<br>Net Position - Internal Service Funds          | 69          |
| Combining Statement Of Cash Flows - Internal Service Funds  | 70          |
| <b>Statistical Section (Unaudited)</b>  |             |
| Net Position By Component   | 71          |
| Changes In Net Position   | 72 - 73     |
| Fund Balances - Governmental Funds  | 74          |
| Changes In Fund Balances - Governmental Funds   | 75 - 76     |
| Program Revenues By Function/Program  | 77          |
| All Governmental Funds Revenues By Source   | 78          |
| Assessed Value And Estimated Actual Value Of Taxable Property   | 79          |
| Direct And Overlapping Property Tax Rates   | 80          |
| Principal Property Taxpayers  | 81          |
| Property Tax Levies And Collections   | 82          |
| Ratios Of Outstanding Debt By Type  | 83          |
| Ratios Of Net General Bonded Debt Outstanding   | 84          |
| Direct And Overlapping Governmental Activities Debt   | 85          |
| Legal Debt Margin Information   | 86          |
| Demographic And Economic Statistics   | 87          |
| Principal Employers   | 88          |
| Full-Time Equivalent City Employees By Function   | 89          |
| Operating Indicators By Function  | 90          |
| Capital Statistics By Function  | 91          |

---

## **Introductory Section**

---



# LEE'S SUMMIT

## MISSOURI

---

December 21, 2016

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, 2016. 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, 1865 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 95,430.

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. Significant road improvements throughout the community over the past ten years have enhanced safety, alleviated traffic congestion, and opened areas for development. 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 named as seventh best in the nation by Money magazine in its annual "Best Places to Live" issue focusing on the nation's top 100 small cities. 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 17,747 in 2016. 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. Along with 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. One hundred and ten staff and hundreds of seasonal staff care for over 1,100 acres, almost 70 miles of trails, manage three community centers, a water park, an amphitheater, 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's 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.

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

---

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:

| <b>Year</b> | <b>Area<br/>Unemployment<br/>Rate</b> | <b>Statewide<br/>Unemployment<br/>Rate</b> | <b>United States<br/>Unemployment<br/>Rate</b> |
|-------------|---------------------------------------|--|--|
| 2016        | 3.5%                                  | 4.9%                                       | 4.9%   |
| 2015        | 3.8%                                  | 5.2%                                       | 5.3%   |
| 2014        | 4.7%                                  | 6.4%                                       | 6.1%   |
| 2013        | 5.1%                                  | 7.1%                                       | 7.5%   |
| 2012        | 5.3%                                  | 7.0%                                       | 8.2%   |

The City of Lee's Summit continues to be an active and growing community. 1,881 building permits were issued in calendar year 2015 (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 95,430 as of December 2015.

Capital projects of \$50.5 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 6th 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 20 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 six 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 2016, as vacant positions are carefully evaluated and approved and filled only when essential.

General Fund expenditures are recommended to increase 5.2% over the previous year's budget. These increases are due to higher health insurance costs, employee merit increases, and tax abatement and incentive 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, 2016 provided for two significant deficiencies in internal control, which were 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 45% 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 (71%) and the City of Kansas City, Missouri Water Department (29%). 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 25% 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 was completed in 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. During 2016 the daily operations of the landfill were outsourced to an outside vendor. The expansion of the original area should provide solid waste disposal until 2018.

### **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, 2015. This was the 38th 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, 2015. 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. 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  
Trish Carlyle

### **DISTRICT 4**

Robert T. Johnson  
Dave Mosby

## **FINANCE & BUDGET COMMITTEE**

Diane Forte, Chairman

Diane Seif

Dave Mosby

Trish Carlyle

## **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

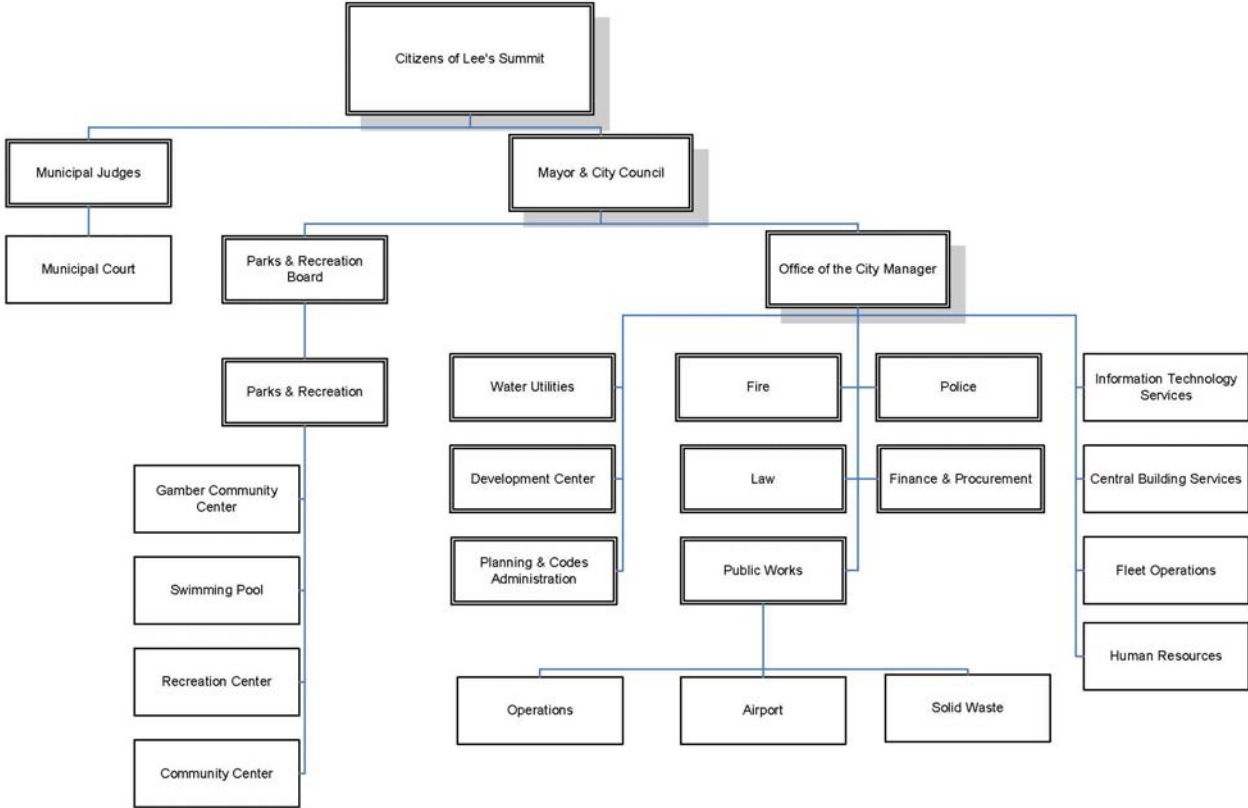
Mark Schaufler, Water Utilities Director

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, 2015**

Executive Director/CEO

---

## **Financial Section**

---



RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

10975 Grandview Drive  
Suite 600  
Overland Park, KS 66210

T 913.491.4144  
F 913.491.6821

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

## 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, 2016, 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, 2016, 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.

### ***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 53 through 54, the Schedules of Selected Pension Information on page 55, and the Schedule of Funding Progress on page 56 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 21, 2016 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 21, 2016

This page was intentionally left blank.

---

**CITY OF LEE'S SUMMIT, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2016**

---

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, 2016. This is the 14th year of reporting in conformance with the guidelines prescribed in Governmental Accounting Standards Board's (GASB) Statement No. 34. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

**Financial Highlights**

- The assets of the City of Lee's Summit exceeded its liabilities at the close of the most recent fiscal year by \$807,874,866 (net position). Of this amount, unrestricted net position was \$3,935,402.
- The City's total net position increased \$39.1 million. Of this amount, \$24.7 million was from the City's "governmental activities" and the balance was from the "business-type activities."
- The City's total debt increased approximately \$3.7 million (4%) during the current fiscal year. Factors in this increase are the issuance of \$14 million in General Obligation debt 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 and liabilities with the difference between the two reported as *net position*. Net position is an important measure of the City's overall financial health. The increases and decreases in net position can be monitored to determine whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).



## CITY OF LEE'S SUMMIT, MISSOURI

---

### Management's Discussion And Analysis (*Continued*)

The government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) separate from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities for the City included general government, public works and streets, public safety, planning and development, and parks and recreation. The business-type activities for the City include the combined waterworks and sewerage system, municipal airport, sanitary landfill, and recreation center.

***Fund Financial Statements.*** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into two categories: governmental funds and proprietary funds.

***Governmental Funds.*** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

***Proprietary Funds.*** The City uses two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and equipment, management information systems, central building services, and self-insurance activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

***Notes To The Financial Statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Other Information.*** In addition to the basic financial statements and accompanying notes, this report also contains certain *required supplementary information* regarding budgetary and pension information. The combining statements for the nonmajor funds and internal service funds are presented immediately following the required supplementary information.

## CITY OF LEE'S SUMMIT, MISSOURI

### Management's Discussion And Analysis (*Continued*)

#### Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of the City's financial position. As of June 30, 2016, assets exceed liabilities by \$807,874,866. The largest portion of the City's net position, \$681,794,465 (84%), 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, 2016 and 2015:

|                                  | Net Position            |                       |                          |                       |                       |                       |
|----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                                  | Governmental Activities |                       | Business type activities |                       | Total                 |                       |
|                                  | 2016                    | 2015                  | 2016                     | 2015                  | 2016                  | 2015                  |
| Current and other assets         | \$ 111,980,349          | \$ 117,922,518        | \$ 55,873,023            | \$ 51,797,134         | \$ 167,853,372        | \$ 169,719,652        |
| Capital assets                   | 487,993,086             | 465,873,487           | 241,604,693              | 230,583,144           | 729,597,779           | 696,456,631           |
| <b>Total assets</b>              | <b>599,973,435</b>      | <b>583,796,005</b>    | <b>297,477,716</b>       | <b>282,380,278</b>    | <b>897,451,151</b>    | <b>866,176,283</b>    |
| Deferred outflows of resources   | 21,137,577              | 7,762,493             | 1,234,373                | 541,211               | 22,371,950            | 8,303,704             |
| LT liabilities outstanding       | 70,894,626              | 69,248,694            | 14,254,690               | 14,562,172            | 85,149,316            | 83,810,866            |
| Other liabilities                | 20,266,686              | 17,776,838            | 5,524,342                | 3,808,942             | 25,791,028            | 21,585,780            |
| <b>Total liabilities</b>         | <b>91,161,312</b>       | <b>87,025,532</b>     | <b>19,779,032</b>        | <b>18,371,114</b>     | <b>110,940,344</b>    | <b>105,396,646</b>    |
| Deferred inflows of resources    | 982,741                 | 255,290               | 25,150                   | 15,073                | 1,007,891             | 270,363               |
| Net position:                    |                         |                       |                          |                       |                       |                       |
| Net investment in capital assets | 444,601,373             | 428,390,412           | 237,193,092              | 225,267,223           | 681,794,465           | 653,657,635           |
| Restricted                       | 83,352,650              | 85,935,329            | 38,792,349               | 34,005,871            | 122,144,999           | 119,941,200           |
| Unrestricted                     | 1,012,936               | (10,048,065)          | 2,922,466                | 5,262,208             | 3,935,402             | (4,785,857)           |
| <b>Total net position</b>        | <b>\$ 528,966,959</b>   | <b>\$ 504,277,676</b> | <b>\$ 278,907,907</b>    | <b>\$ 264,535,302</b> | <b>\$ 807,874,866</b> | <b>\$ 768,812,978</b> |

At the end of the current fiscal year, the City is able to report positive balances in invested in capital assets, net of related debt and restricted net position. The fiscal year 2015 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 five 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. One fund, Entitlement Fund, is a special revenue fund that is waiting on grant reimbursement. This fund currently has a temporary loan from other funds until proceeds are received. Two other funds are capital project funds. These include: Blue Parkway and Colbern Road CID accounts for improvements related to a recently annexed area in the City, and New Longview TIF for historical preservation and improvements in the Longview Farm area. Lastly, the Sanitary Landfill is an enterprise fund that accounts for landfill operations and capital projects. These funds have temporary loans from other funds.

The City's combined net position increased to \$807.9 million from \$768.8 million as a result of the year's revenues exceeding expenses as reflected in the next table. The City's unrestricted net position for governmental activities was \$1.0 million. Total unrestricted net position was \$3.9 million including business-type activities of \$2.9 million.

## **CITY OF LEE'S SUMMIT, MISSOURI**

---

### Management's Discussion And Analysis (*Continued*)

By far, the largest portion of the City's net position (84%) 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 \$807.9 million is comprised of \$681.8 million invested in capital assets, net of related debt; \$122.2 million is restricted for pension, capital projects, debt service, law enforcement and economic development; \$3.9 million is unrestricted.

Net position increased \$39.1 million during the current fiscal year. Sixty-three percent of this increase represents the increase in governmental activities. The City implemented GASB Statement 68 last year. With the reporting change, the City has allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations 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, 2016 and 2015:

|   | Changes In Net Position |                       |                          |                       |                       |                       |
|---|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|   | Governmental Activities |                       | Business Type Activities |                       | Total                 |                       |
|   | 2016                    | 2015                  | 2016                     | 2015                  | 2016                  | 2015                  |
| Revenues:                               |                         |                       |                          |                       |                       |                       |
| Program revenues:                       |                         |                       |                          |                       |                       |                       |
| Charges for services                    | \$ 11,749,520           | \$ 10,927,653         | \$ 46,013,902            | \$ 39,004,941         | \$ 57,763,422         | \$ 49,932,594         |
| Operating grants and contr              | 1,552,368               | 800,689               | —                        | —                     | 1,552,368             | 800,689               |
| Capital grants and contr                | 13,083,572              | 4,696,959             | 4,017,045                | 2,013,286             | 17,100,617            | 6,710,245             |
| General revenues:                       |                         |                       |                          |                       |                       |                       |
| Property taxes                          | 35,178,239              | 33,891,923            | —                        | —                     | 35,178,239            | 33,891,923            |
| Sales and use taxes                     | 36,576,616              | 33,898,956            | —                        | —                     | 36,576,616            | 33,898,956            |
| Other revenue                           | 20,433,658              | 21,346,680            | 500,189                  | 323,107               | 20,933,847            | 21,669,787            |
| <b>Total revenues</b>                   | <b>118,573,973</b>      | <b>105,562,860</b>    | <b>50,531,136</b>        | <b>41,341,334</b>     | <b>169,105,109</b>    | <b>146,904,194</b>    |
| Expenses:                               |                         |                       |                          |                       |                       |                       |
| Public works                            | 15,206,748              | 14,428,155            | —                        | —                     | 15,206,748            | 14,428,155            |
| Public safety                           | 37,568,011              | 40,950,832            | —                        | —                     | 37,568,011            | 40,950,832            |
| Parks and rec                           | 8,797,105               | 8,150,227             | —                        | —                     | 8,797,105             | 8,150,227             |
| Planning and dev                        | 3,212,299               | 1,548,183             | —                        | —                     | 3,212,299             | 1,548,183             |
| General govt                            | 27,934,309              | 14,959,896            | —                        | —                     | 27,934,309            | 14,959,896            |
| Interst on LT debt                      | 2,450,327               | 2,729,500             | —                        | —                     | 2,450,327             | 2,729,500             |
| Combined water and sewer                | —                       | —                     | 28,211,165               | 26,385,019            | 28,211,165            | 26,385,019            |
| Sanitary landfill                       | —                       | —                     | 2,611,974                | 2,744,683             | 2,611,974             | 2,744,683             |
| Airport                                 | —                       | —                     | 2,837,042                | 1,890,626             | 2,837,042             | 1,890,626             |
| Rec Center                              | —                       | —                     | 1,214,241                | 1,119,107             | 1,214,241             | 1,119,107             |
| <b>Total expenses</b>                   | <b>95,168,799</b>       | <b>82,766,793</b>     | <b>34,874,422</b>        | <b>32,139,435</b>     | <b>130,043,221</b>    | <b>114,906,228</b>    |
| Change in net position before transfers | 23,405,174              | 22,796,067            | 15,656,714               | 9,201,899             | 39,061,888            | 31,997,966            |
| Transfers                               | 1,284,109               | 843,076               | (1,284,109)              | (843,076)             | —                     | —                     |
| Change in net position                  | 24,689,283              | 23,639,143            | 14,372,605               | 8,358,823             | 39,061,888            | 31,997,966            |
| Net position beginning, as restated     | 504,277,676             | 480,638,533           | 264,535,302              | 256,176,479           | 768,812,978           | 736,815,012           |
| <b>Net position ending</b>              | <b>\$ 528,966,959</b>   | <b>\$ 504,277,676</b> | <b>\$ 278,907,907</b>    | <b>\$ 264,535,302</b> | <b>\$ 807,874,866</b> | <b>\$ 768,812,978</b> |

### Governmental Activities

Governmental activities increased the City's net position by \$24.7 million.

Sales and use taxes, the largest governmental category at 31% finished the year at \$36.6 million which was a \$2.7 million increase or 7.9% 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. Property taxes, the second largest governmental category at 30% finished the year at \$35.2 million which had an increase \$1.3 million or 3.8% over the prior year. This is due primarily to a rebounding housing market. Franchise tax came below prior year at \$13 million. This was primarily due to mild weather conditions and changes in telecommunications usage in households. Overall, governmental revenues finished the year \$13 million above prior year.

For the fiscal year ended June 30, 2016, revenues totaled \$169.1 million (governmental and business-type). Revenues from governmental activities totaled \$118.6 million or 70% of the total City revenues.

## CITY OF LEE'S SUMMIT, MISSOURI

---

### Management's Discussion And Analysis (*Continued*)

Governmental activities expenses increased \$12.4 million or 15% for the fiscal year ended June 30, 2016 compared to the fiscal year ended June 30, 2015. This increase is primarily due to capital projects that were under construction this year.

Certain revenues are generated that are specific to governmental program activity. These totaled \$4.4 million.

The following table shows expenses and program revenues of the governmental activities for the years ended June 30, 2016 and 2015:

|                            | Net Cost Of Governmental Activities |                      |                        |                        |
|----------------------------|-------------------------------------|----------------------|------------------------|------------------------|
|                            | Total Cost Of Service               |                      | Net Cost Of Service    |                        |
|                            | 2016                                | 2015                 | 2016                   | 2015                   |
| General government         | \$ 27,934,309                       | \$ 14,959,896        | \$ (25,272,726)        | \$ (12,413,928)        |
| Public safety              | 37,568,011                          | 40,950,832           | (31,002,892)           | (35,536,461)           |
| Public works and streets   | 15,206,748                          | 14,428,155           | (1,474,431)            | (9,138,754)            |
| Planning and development   | 3,212,299                           | 1,548,183            | (3,035,001)            | (1,409,222)            |
| Parks and recreation       | 8,797,105                           | 8,150,227            | (5,547,962)            | (5,113,627)            |
| Interest on long-term debt | 2,450,327                           | 2,729,500            | (2,450,327)            | (2,729,500)            |
| <b>Total</b>               | <b>\$ 95,168,799</b>                | <b>\$ 82,766,793</b> | <b>\$ (68,783,339)</b> | <b>\$ (66,341,492)</b> |

As previously noted, expenses from governmental activities totaled \$95.2 million. However, net costs of these services were \$68.8 million. The difference represents direct revenues received from charges for services of \$11.7 million, operating grants and contributions of \$1.6 million and capital grants and contributions of \$13.1 million. Taxes and other revenues of \$92.2 million were collected to cover these net costs.

### **Business-Type Activities**

Business-type activities net position increased by \$14.4 million in the current year.

Overall revenues increased \$9.2 million or 22% compared to last year. This was primarily due to a \$3.6 million Water and Sewer operating revenue increase and a \$3.0 million Airport operating revenue increase. On the other hand, overall expenses increased just less than \$4.6 million or 14% 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, 2016 was \$25.4 million or 43.7% of actual expenditures. This represents an increase of \$5.2 million or a 26% increase over the previous year's balance. Revenues increased \$3.1 million and expenses increased by \$.7 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 \$8.2 million, a decrease of almost \$.9 million or 10%. As of June 30, 2016, the City has issued all but \$75,000 of the \$37 million general obligation debt authorized by the electorate in November 2002 and all but \$1.0 million of the \$37.4 million authorized in November 2010. 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, 2016, \$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, 2016 \$2.0 million of these bonds have not been issued. The City, in accordance with these "No Tax Increase" bond elections, has held the tax levy constant and monitors fluctuations in fund balance for future no tax increase bond issues.

The Capital Improvement Sales Tax Fund ended the year with a fund balance of \$29.5 million. This represents a decrease of \$1.3 million or 4.2% over the previous year. The decrease is due to increased project expenditures.

The Blue Parkway and Colbern Road CID Fund ended the year with a fund balance of negative \$3.7 million. 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 Todd George 50 Highway TIF Fund ended the year with a fund balance of negative \$6.0 million. This represents an increase of \$.7 million or 10% over the previous year. The increase is due to property and sales tax revenues. Construction on a state highway interchange commenced in 2016 and is expected to be complete mid-2017.

The Combined Water and Sewerage system recorded an increase of \$10.1 million in net position for the year. Operating revenues increased over the last fiscal year by \$3.6 million as consumption levels increased due to weather conditions coupled with a slight rate increase.

The Sanitary Landfill fund recorded an increase of \$.6 million in net position for the year. On March 1, 2016 the City began to outsource operations of the landfill to a third party operator. Most heavy equipment was sold and all daily operations are performed by the operator. The City still owns the landfill property and has an operating agreement in place.

The Airport Fund recorded an increase of \$3.6 million in net position for the year. The increase is attributed to \$1.2 million in grant funding received during the fiscal year coupled with an increase in operating revenue of \$3 million.

### **General Fund Budgetary Highlights**

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

The total original expenditure budget of \$60,165,791 increased to \$60,756,375 for an increase of \$590,584.

Actual expenditures were \$1.9 million less than originally budgeted. This was primarily due to prudent usage of fiscal resources.

# CITY OF LEE'S SUMMIT, MISSOURI

## Management's Discussion And Analysis (*Continued*)

Actual revenues were \$2.9 million more than budgeted. Property taxes were \$379,000 more than expected due to growth in the housing market. Sales tax revenues were \$.4 million or 2.9% more than expected. Franchise receipts came in \$.6 million 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 \$.9 million more than expected along with motor vehicle sales taxes also \$.2 million over expectations. This is due to a small rebound in economic conditions.

### 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, 2016 amounts to \$730 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 \$33.1 million during the period.

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

- Completion of earthwork for airport runway extension totaling \$6.6 million for the year.
- Completion of Orchard Street reconstruction totaling \$2 million for the year.
- Completion of Bailey Road (M-291 to Hamblin) totaling \$1.6 million for the year.
- Completion of Legacy Park Amphitheater totaling \$2.1 million for the year.
- Construction on the Blackwell Road/50 Highway interchange totaling \$1.3 million for the year.
- Curb and gutter replacement totaling \$2.8 million for the year.
- Road overlay and slurry seal program totaling \$3 million for the year.
- Progress construction of US 50/Route 291 South interchange totaling \$1.3 million for the year.
- Progress construction of Lee's Summit Road \$6.2 million for the year.
- Progress construction on Tudor Road and bridge totaling \$5.5 million for the year.
- Progress construction on Jefferson Street totaling \$3.3 million for the year.
- Additional system additions and improvements were completed in the Combined Waterworks and Sewerage Fund at a cost of over \$7.2 million including water main rehab of \$1.2 million and sewer improvements of \$2.6 million for the year.

|                          | Governmental Activities |                       | Business-Type Activities |                       | Total                 |                       |
|--------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                          | 2016                    | 2015                  | 2016                     | 2015                  | 2016                  | 2015                  |
| Land                     | \$ 7,857,966            | \$ 7,857,966          | \$ 19,625,415            | \$ 19,625,415         | \$ 27,483,381         | \$ 27,483,381         |
| Construction in progress | 77,102,148              | 145,722,353           | 53,305,866               | 37,869,788            | 130,408,014           | 183,592,141           |
| Buildings                | 64,703,729              | 64,703,729            | —                        | —                     | 64,703,729            | 64,703,729            |
| Improvements             | 48,086,989              | 32,409,947            | 263,562,343              | 262,997,039           | 311,649,332           | 295,406,986           |
| Machinery & equipment    | 32,906,043              | 35,828,746            | 3,501,160                | 3,556,039             | 36,407,203            | 39,384,785            |
| Infrastructure           | 420,034,755             | 332,043,814           | —                        | —                     | 420,034,755           | 332,043,814           |
|                          | <u>\$ 650,691,630</u>   | <u>\$ 618,566,555</u> | <u>\$ 339,994,784</u>    | <u>\$ 324,048,281</u> | <u>\$ 990,686,414</u> | <u>\$ 942,614,836</u> |

## **CITY OF LEE'S SUMMIT, MISSOURI**

---

### Management's Discussion And Analysis (*Continued*)

These capital assets are funded by traditional bond financing, impact fees, and user charges. For more detailed information on capital assets, refer to Note 3 in the Notes to Basic Financial Statements.

#### ***Debt Administration***

The City, at the end of fiscal 2016, had a total of \$74.9 million of outstanding obligations. This was an increase of \$2.8 million or 3.9% 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 slightly increased with \$14.1 million in new obligations issued during the fiscal year.

As of June 30, 2016, the City's total issued General Obligation (G.O.) Bonded Debt was \$48,550,000 and authorized and unissued debt was \$3,733,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$358,467,408. This, less outstanding debt, authorized and unissued debt, and available cash, leaves a legal debt margin of \$312,626,634, which is 87% of the City's total bonding capacity. Bonded debt, net of available debt service funds, amounted to approximately \$479 per capita and represented 2.55% of the assessed value of taxable property.

General Obligation Bonds retired \$7.7 million of their principal amount outstanding this year along with interest payments of \$1.4 million.

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

The total revenue bond amount outstanding at June 30, 2016 was \$4,390,000, which was solely made up of bonds of the Combined Water and Sewer Utility.

The Combined Water and Sewer Utility Fund retired \$900,000 of their principal amount outstanding this year along with interest payments of \$105,800.

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 has \$4,913,000 in Lease Purchase Agreements outstanding for making various capital improvements to Legacy Park and Harris Park.

Additional information on the City's long-term debt can be found beginning with Note 4.

#### **Economic Factors And Next Year's Budgets And Rates**

Combined General Fund revenues for fiscal year 2017 are projected to total \$63.5 million. This represents an increase of \$3.4 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 \$64.4 million compared to \$60.8 million budgeted in fiscal year 2016. This represents a \$3.6 million increase.



## **CITY OF LEE'S SUMMIT, MISSOURI**

---

### Management's Discussion And Analysis (*Continued*)

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 FY17 budget represent a focus on technology enhancements, public communication enhancements, economic development, and workforce development.

#### *Requests For Information*

This financial report is designed to provide the reader a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Conrad Lamb, Finance Director, City of Lee's Summit, 220 SE Green Street, Lee's Summit, Missouri 64063.

---

## **Basic Financial Statements**

---

# CITY OF LEE'S SUMMIT, MISSOURI

## STATEMENT OF NET POSITION

June 30, 2016

|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 |
|--|----------------------------|-----------------------------|-----------------------|
| <b>Assets</b>  |                            |                             |                       |
| Cash and investments                                 | \$ 96,036,772              | \$ 48,909,232               | \$ 144,946,004        |
| Receivables (net of allowance)                       |                            |                             |                       |
| Taxes  | 7,864,875                  | —                           | 7,864,875             |
| Accounts and other                                   | 1,328,196                  | 4,876,742                   | 6,204,938             |
| Interest   | 181,592                    | 113,467                     | 295,059               |
| Internal balances                                    | 1,669,611                  | (1,669,611)                 | —                     |
| Due from other governmental agencies                 | 2,246,966                  | 3,153,604                   | 5,400,570             |
| Inventories  | 149,721                    | 371,314                     | 521,035               |
| Prepaid expenses                                     | 6,233                      | 3,396                       | 9,629                 |
| Other assets   | 10,988                     | 5,721                       | 16,709                |
| Restricted assets                                    |                            |                             |                       |
| Cash and investments                                 | 135,741                    | —                           | 135,741               |
| Pension asset  | 2,349,654                  | 109,158                     | 2,458,812             |
| Capital assets                                       |                            |                             |                       |
| Nondepreciable                                       | 84,960,114                 | 72,931,281                  | 157,891,395           |
| Depreciable, net                                     | 403,032,972                | 168,673,412                 | 571,706,384           |
| Total capital assets                                 | 487,993,086                | 241,604,693                 | 729,597,779           |
| <b>Total Assets</b>                                  | <b>599,973,435</b>         | <b>297,477,716</b>          | <b>897,451,151</b>    |
| <b>Deferred Outflows Of Resources</b>                |                            |                             |                       |
| Pension  | 21,034,723                 | 1,077,233                   | 22,111,956            |
| Deferred amount on refunding                         | 102,854                    | 157,140                     | 259,994               |
| <b>Total Deferred Outflows Of Resources</b>          | <b>21,137,577</b>          | <b>1,234,373</b>            | <b>22,371,950</b>     |
| <b>Liabilities</b>                                   |                            |                             |                       |
| Accounts payable and accrued expenses                | 6,615,168                  | 4,113,462                   | 10,728,630            |
| Payroll liabilities                                  | 2,172,783                  | 196,867                     | 2,369,650             |
| Accrued interest payable                             | 617,406                    | 23,427                      | 640,833               |
| Unearned revenue                                     | —                          | 25,906                      | 25,906                |
| Customer deposits - payable from restricted deposits | 1,728,865                  | 210,051                     | 1,938,916             |
| Long-term obligations                                |                            |                             |                       |
| Due within one year                                  |                            |                             |                       |
| Compensated absences                                 | 160,964                    | 29,629                      | 190,593               |
| Bonds and contracts                                  | 8,971,500                  | 925,000                     | 9,896,500             |
| Due in more than one year                            |                            |                             |                       |
| Compensated absences                                 | 3,946,103                  | 301,211                     | 4,247,314             |
| Other post employment benefits                       | 2,231,210                  | 259,846                     | 2,491,056             |
| Bonds and contracts                                  | 64,717,313                 | 13,693,633                  | 78,410,946            |
| <b>Total Liabilities</b>                             | <b>91,161,312</b>          | <b>19,779,032</b>           | <b>110,940,344</b>    |
| <b>Deferred Inflows Of Resources</b>                 |                            |                             |                       |
| Pension  | 982,741                    | 25,150                      | 1,007,891             |
| <b>Net Position</b>                                  |                            |                             |                       |
| Net investment in capital assets                     | 444,601,373                | 237,193,092                 | 681,794,465           |
| Restricted for                                       |                            |                             |                       |
| Pension  | 22,401,636                 | 1,161,241                   | 23,562,877            |
| Debt service   | 8,172,352                  | 794,000                     | 8,966,352             |
| Capital projects                                     | 47,814,375                 | 36,837,108                  | 84,651,483            |
| Economic development                                 | 4,964,287                  | —                           | 4,964,287             |
| Unrestricted   | 1,012,936                  | 2,922,466                   | 3,935,402             |
| <b>Total Net Position</b>                            | <b>\$ 528,966,959</b>      | <b>\$ 278,907,907</b>       | <b>\$ 807,874,866</b> |

# CITY OF LEE'S SUMMIT, MISSOURI

## STATEMENT OF ACTIVITIES For The Year Ended June 30, 2016

| Functions/Programs                          | Expenses              | Program Revenues        |                                       |                                     | Net (Expense) Revenue And<br>Changes In Net Position |                             |                       |
|---|-----------------------|-------------------------|---------------------------------------|-------------------------------------|--|-----------------------------|-----------------------|
|   |                       | Charges For<br>Services | Operating Grants<br>And Contributions | Capital Grants<br>And Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total                 |
| <b>Governmental Activities</b>              |                       |                         |                                       |                                     |  |                             |                       |
| General government                          | \$ 27,934,309         | \$ 2,100,980            | \$ 560,614                            | \$ —                                | \$ (25,272,715)                                      | \$ —                        | \$ (25,272,715)       |
| Public safety                               | 37,568,011            | 5,573,365               | 991,754                               | —                                   | (31,002,892)   | —                           | (31,002,892)          |
| Public works and streets                    | 15,206,748            | 868,734                 | —                                     | 12,863,572                          | (1,474,442)  | —                           | (1,474,442)           |
| Planning and development                    | 3,212,299             | 177,298                 | —                                     | —                                   | (3,035,001)  | —                           | (3,035,001)           |
| Parks and recreation                        | 8,797,105             | 3,029,143               | —                                     | 220,000                             | (5,547,962)  | —                           | (5,547,962)           |
| Interest on long-term debt                  | 2,450,327             | —                       | —                                     | —                                   | (2,450,327)  | —                           | (2,450,327)           |
| <b>Total Governmental Activities</b>        | <b>95,168,799</b>     | <b>11,749,520</b>       | <b>1,552,368</b>                      | <b>13,083,572</b>                   | <b>(68,783,339)</b>                                  | <b>—</b>                    | <b>(68,783,339)</b>   |
| <b>Business-Type Activities</b>             |                       |                         |                                       |                                     |  |                             |                       |
| Waterworks and sewerage system              | 28,211,165            | 37,155,220              | —                                     | 1,602,548                           | —  | 10,546,603                  | 10,546,603            |
| Sanitary landfill                           | 2,611,974             | 3,289,579               | —                                     | —                                   | —  | 677,605                     | 677,605               |
| Airport                                     | 2,837,042             | 4,336,197               | —                                     | 2,414,497                           | —  | 3,913,652                   | 3,913,652             |
| Recreation center                           | 1,214,241             | 1,232,906               | —                                     | —                                   | —  | 18,665                      | 18,665                |
| <b>Total Business-Type Activities</b>       | <b>34,874,422</b>     | <b>46,013,902</b>       | <b>—</b>                              | <b>4,017,045</b>                    | <b>—</b>   | <b>15,156,525</b>           | <b>15,156,525</b>     |
| <b>Total Primary Government</b>             | <b>\$ 130,043,221</b> | <b>\$ 57,763,422</b>    | <b>\$ 1,552,368</b>                   | <b>\$ 17,100,617</b>                | <b>(68,783,339)</b>                                  | <b>15,156,525</b>           | <b>(53,626,814)</b>   |
| <b>General Revenues</b>                     |                       |                         |                                       |                                     |  |                             |                       |
| <b>Taxes</b>                                |                       |                         |                                       |                                     |  |                             |                       |
| Property taxes, levied for general purposes |                       |                         |                                       |                                     | 26,823,614   | —                           | 26,823,614            |
| Property taxes, levied for debt service     |                       |                         |                                       |                                     | 8,354,625  | —                           | 8,354,625             |
| Franchise taxes                             |                       |                         |                                       |                                     | 13,068,478   | —                           | 13,068,478            |
| Sales and use taxes                         |                       |                         |                                       |                                     | 36,576,616   | —                           | 36,576,616            |
| License taxes                               |                       |                         |                                       |                                     | 647,812  | —                           | 647,812               |
| Motor vehicle taxes                         |                       |                         |                                       |                                     | 3,616,455  | —                           | 3,616,455             |
| Earnings on investments                     |                       |                         |                                       |                                     | 1,005,443  | 449,089                     | 1,454,532             |
| Other revenues                              |                       |                         |                                       |                                     | 2,354,766  | —                           | 2,354,766             |
| Gain (loss) on sale of assets               |                       |                         |                                       |                                     | (259,296)  | 51,100                      | (208,196)             |
| <b>Transfers</b>                            |                       |                         |                                       |                                     | 1,284,109  | (1,284,109)                 | —                     |
| <b>Total General Revenues And Transfers</b> |                       |                         |                                       |                                     | <b>93,472,622</b>                                    | <b>(783,920)</b>            | <b>92,688,702</b>     |
| <b>Change In Net Position</b>               |                       |                         |                                       |                                     | <b>24,689,283</b>                                    | <b>14,372,605</b>           | <b>39,061,888</b>     |
| <b>Net Position - Beginning</b>             |                       |                         |                                       |                                     | <b>504,277,676</b>                                   | <b>264,535,302</b>          | <b>768,812,978</b>    |
| <b>Net Position - Ending</b>                |                       |                         |                                       |                                     | <b>\$ 528,966,959</b>                                | <b>\$ 278,907,907</b>       | <b>\$ 807,874,866</b> |

**CITY OF LEE'S SUMMIT, MISSOURI**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2016**

|   | General<br>Fund      | Debt<br>Service     | Capital<br>Improve-<br>ment<br>Sales Tax | Blue<br>Parkway<br>And<br>Colbern<br>Road CID | Todd<br>George<br>50 HWY<br>TIF | Other<br>Govern-<br>mental<br>Funds | Total<br>Govern-<br>mental<br>Funds |
|---|----------------------|---------------------|--|---|---------------------------------|-------------------------------------|-------------------------------------|
| <b>Assets</b>   |                      |                     |  |   |                                 |                                     |                                     |
| Pooled cash and investments   | \$ 18,718,388        | \$ 7,898,304        | \$ 25,756,339                            | \$ —  | \$ 34,863                       | \$ 33,843,500                       | \$ 86,251,394                       |
| Receivables (net of allowance)  |                      |                     |  |   |                                 |                                     |                                     |
| Taxes   | 4,306,702            | 909,144             | 1,152,774                                | —   | 22,619                          | 1,473,636                           | 7,864,875                           |
| Accounts and other  | 1,248,059            | —                   | —  | —   | —                               | 46,631                              | 1,294,690                           |
| Interest  | 57,097               | 17,710              | 54,407                                   | —   | —                               | 33,509                              | 162,723                             |
| Due from other funds  | 5,153,086            | —                   | 4,172,600                                | —   | —                               | 3,341,537                           | 12,667,223                          |
| Due from other governments  | 335,005              | —                   | 978,382                                  | —   | 54,397                          | 879,182                             | 2,246,966                           |
| Other assets  | 9,966                | —                   | —  | —   | —                               | 1,022                               | 10,988                              |
| Restricted assets   |                      |                     |  |   |                                 |                                     |                                     |
| Cash and investments  | —                    | —                   | —  | 135,741                                       | —                               | —                                   | 135,741                             |
| <b>Total Assets</b>   | <b>\$ 29,828,303</b> | <b>\$ 8,825,158</b> | <b>\$ 32,114,502</b>                     | <b>\$ 135,741</b>                             | <b>\$ 111,879</b>               | <b>\$ 39,619,017</b>                | <b>\$ 110,634,600</b>               |
| <b>Liabilities, Deferred Inflows Of Resources<br/>And Fund Balances Liabilities</b> |                      |                     |  |   |                                 |                                     |                                     |
| Accounts payable and<br>accrued liabilities   | \$ 1,105,012         | \$ 265              | \$ 2,655,451                             | \$ 900  | \$ 15,000                       | \$ 1,979,961                        | \$ 5,756,589                        |
| Payroll liabilities   | 1,492,200            | —                   | —  | —   | —                               | 148,242                             | 1,640,442                           |
| Payable from restricted   | 850,840              | —                   | —  | —   | —                               | 878,025                             | 1,728,865                           |
| Accrued interest payable  | —                    | —                   | —  | 21  | 11,169                          | 2,393                               | 13,583                              |
| Due to other funds  | 1,537                | —                   | —  | 3,832,075                                     | 6,100,000                       | 1,064,000                           | 10,997,612                          |
| <b>Total Liabilities</b>  | <b>3,449,589</b>     | <b>265</b>          | <b>2,655,451</b>                         | <b>3,832,996</b>                              | <b>6,126,169</b>                | <b>4,072,621</b>                    | <b>20,137,091</b>                   |
| <b>Deferred Inflows Of Resources</b>  |                      |                     |  |   |                                 |                                     |                                     |
| Property tax  | 939,386              | 652,541             | —  | —   | —                               | 181,536                             | 1,773,463                           |
| Other   | —                    | —                   | —  | —   | —                               | 5,096                               | 5,096                               |
| <b>Total Deferred Inflows<br/>Of Resources</b>                                      | <b>939,386</b>       | <b>652,541</b>      | <b>—</b>                                 | <b>—</b>                                      | <b>—</b>                        | <b>186,632</b>                      | <b>1,778,559</b>                    |
| <b>Fund Balances</b>  |                      |                     |  |   |                                 |                                     |                                     |
| Nonspendable  |                      |                     |  |   |                                 |                                     |                                     |
| Advances to other funds   | 4,837,886            | —                   | —  | —   | —                               | —                                   | 4,837,886                           |
| Restricted  |                      |                     |  |   |                                 |                                     |                                     |
| Bridges, streets and signals  | —                    | —                   | 29,459,051                               | —   | —                               | 13,617,458                          | 43,076,509                          |
| Economic development  | —                    | —                   | —  | —   | —                               | 4,964,287                           | 4,964,287                           |
| Debt service reserve  | —                    | 8,172,352           | —  | —   | —                               | —                                   | 8,172,352                           |
| Other capital projects  | —                    | —                   | —  | —   | —                               | 4,737,866                           | 4,737,866                           |
| Committed   |                      |                     |  |   |                                 |                                     |                                     |
| Bridges, streets and signals  | —                    | —                   | —  | —   | —                               | 181,885                             | 181,885                             |
| Landfill care   | —                    | —                   | —  | —   | —                               | 4,988,538                           | 4,988,538                           |
| Cemetery care   | —                    | —                   | —  | —   | —                               | 1,286,366                           | 1,286,366                           |
| Assigned  |                      |                     |  |   |                                 |                                     |                                     |
| Parks and recreation  | —                    | —                   | —  | —   | —                               | 4,767,645                           | 4,767,645                           |
| Economic development  | —                    | —                   | —  | —   | —                               | 269,602                             | 269,602                             |
| Other capital projects  | —                    | —                   | —  | —   | —                               | 178,866                             | 178,866                             |
| Other purposes  | —                    | —                   | —  | —   | —                               | 409,959                             | 409,959                             |
| Unassigned  | 20,601,442           | —                   | —  | (3,697,255)                                   | (6,014,290)                     | (42,708)                            | 10,847,189                          |
| <b>Total Fund Balances</b>  | <b>25,439,328</b>    | <b>8,172,352</b>    | <b>29,459,051</b>                        | <b>(3,697,255)</b>                            | <b>(6,014,290)</b>              | <b>35,359,764</b>                   | <b>88,718,950</b>                   |
| <b>Total Liabilities, Deferred<br/>Inflows And Fund Balances</b>                    | <b>\$ 29,828,303</b> | <b>\$ 8,825,158</b> | <b>\$ 32,114,502</b>                     | <b>\$ 135,741</b>                             | <b>\$ 111,879</b>               | <b>\$ 39,619,017</b>                | <b>\$ 110,634,600</b>               |

# CITY OF LEE'S SUMMIT, MISSOURI

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2016

**Total Fund Balance - Governmental Funds** \$ 88,718,950

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    | 623,643,712   |
| Less: Accumulated depreciation | (144,590,413) |

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.

2,294,953

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.

1,778,559

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.

20,494,912

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.

(970,136)

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

(603,823)

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

17,821,261

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

|   |              |
|---|--------------|
| Compensated absences                    | (3,934,058)  |
| Bonds payable                           | (70,543,000) |
| Unamortized discounts                   | 464,471      |
| Unamortized premiums                    | (3,610,284)  |
| Deferred amount on refunding            | 102,854      |
| Other post employment benefit liability | (2,100,999)  |

**Total Net Position - Governmental Activities** \$ 528,966,959

# CITY OF LEE'S SUMMIT, MISSOURI

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS For The Year Ended June 30, 2016

|   | General<br>Fund      | Debt<br>Service     | Capital<br>Improve-<br>ment<br>Sales Tax | Blue<br>Parkway<br>And<br>Colbern<br>Road CID | Todd<br>George<br>50 HWY<br>TIF | Other<br>Govern-<br>mental<br>Funds | Total<br>Govern-<br>mental<br>Funds |
|---|----------------------|---------------------|--|---|---------------------------------|-------------------------------------|-------------------------------------|
| <b>Revenues</b>                             |                      |                     |  |   |                                 |                                     |                                     |
| Taxes                                       |                      |                     |  |   |                                 |                                     |                                     |
| Property                                    | \$ 19,149,720        | \$ 8,332,556        | \$ —                                     | \$ —  | \$ 957,332                      | \$ 6,506,880                        | \$ 34,946,488                       |
| Sales                                       | 15,116,747           | 3,560,042           | 7,557,410                                | 68  | 153,408                         | 9,398,421                           | 35,786,096                          |
| Franchise                                   | 13,068,478           | —                   | —  | —   | —                               | —                                   | 13,068,478                          |
| License                                     | —                    | —                   | —  | —   | —                               | 650,360                             | 650,360                             |
| Bed   | —                    | —                   | —  | —   | —                               | 440,886                             | 440,886                             |
| Motor vehicle                               | 3,616,455            | —                   | —  | —   | —                               | —                                   | 3,616,455                           |
| Other tax                                   | 336,569              | 9,741               | —  | —   | —                               | 3,324                               | 349,634                             |
| Fines and forfeitures                       | 1,508,416            | 45,167              | —  | —   | —                               | 31,109                              | 1,584,692                           |
| Licenses and permits                        | 2,546,789            | —                   | —  | —   | —                               | —                                   | 2,546,789                           |
| Intergovernmental                           | 991,744              | —                   | 2,370,738                                | —   | 54,397                          | 1,901,421                           | 5,318,300                           |
| Charges for services                        | 4,572,805            | —                   | —  | —   | 529                             | 3,044,705                           | 7,618,039                           |
| Investment earnings                         | 206,650              | 115,256             | 345,696                                  | 17  | —                               | 219,283                             | 886,902                             |
| Other                                       | 1,914,858            | —                   | —  | —   | —                               | 439,908                             | 2,354,766                           |
| <b>Total Revenues</b>                       | <b>63,029,231</b>    | <b>12,062,762</b>   | <b>10,273,844</b>                        | <b>85</b>                                     | <b>1,165,666</b>                | <b>22,636,297</b>                   | <b>109,167,885</b>                  |
| <b>Expenditures</b>                         |                      |                     |  |   |                                 |                                     |                                     |
| Current                                     |                      |                     |  |   |                                 |                                     |                                     |
| General government                          | 11,107,585           | —                   | —  | —   | —                               | 1,565,013                           | 12,672,598                          |
| Public safety                               | 34,588,767           | —                   | —  | —   | —                               | —                                   | 34,588,767                          |
| Public works and streets                    | 9,352,070            | —                   | —  | —   | —                               | —                                   | 9,352,070                           |
| Community development                       | 3,212,299            | —                   | —  | —   | —                               | —                                   | 3,212,299                           |
| Parks and recreation                        | —                    | —                   | —  | —   | —                               | 6,027,253                           | 6,027,253                           |
| Debt service                                |                      |                     |  |   |                                 |                                     |                                     |
| Principal                                   | —                    | 9,237,000           | —  | —   | —                               | 1,120,000                           | 10,357,000                          |
| Interest and other charges                  | —                    | 1,753,112           | —  | 82  | —                               | 1,251,848                           | 3,005,042                           |
| Capital outlay                              | —                    | —                   | 11,577,566                               | 78,848  | 507,706                         | 23,636,541                          | 35,800,661                          |
| <b>Total Expenditures</b>                   | <b>58,260,721</b>    | <b>10,990,112</b>   | <b>11,577,566</b>                        | <b>78,930</b>                                 | <b>507,706</b>                  | <b>33,600,655</b>                   | <b>115,015,690</b>                  |
| <b>Excess (Deficiency) Of</b>               |                      |                     |  |   |                                 |                                     |                                     |
| <b>Revenues Over</b>                        |                      |                     |  |   |                                 |                                     |                                     |
| <b>Expenditures</b>                         | <b>4,768,510</b>     | <b>1,072,650</b>    | <b>(1,303,722)</b>                       | <b>(78,845)</b>                               | <b>657,960</b>                  | <b>(10,964,358)</b>                 | <b>(5,847,805)</b>                  |
| <b>Other Financing Sources (Uses)</b>       |                      |                     |  |   |                                 |                                     |                                     |
| Issuance of bonds                           | —                    | 25,157              | —  | —   | —                               | 14,049,843                          | 14,075,000                          |
| Premium on issuance of bonds                | —                    | —                   | —  | —   | —                               | 551,757                             | 551,757                             |
| Transfers in                                | 1,935,428            | —                   | —  | —   | —                               | 3,006,080                           | 4,941,508                           |
| Transfers out                               | (1,456,656)          | (1,975,000)         | —  | —   | —                               | (540,146)                           | (3,971,802)                         |
| <b>Total Other Financing Sources (Uses)</b> | <b>478,772</b>       | <b>(1,949,843)</b>  | <b>—</b>                                 | <b>—</b>                                      | <b>—</b>                        | <b>17,067,534</b>                   | <b>15,596,463</b>                   |
| <b>Net Change In Fund Balances</b>          | <b>5,247,282</b>     | <b>(877,193)</b>    | <b>(1,303,722)</b>                       | <b>(78,845)</b>                               | <b>657,960</b>                  | <b>6,103,176</b>                    | <b>9,748,658</b>                    |
| <b>Fund Balances - Beginning</b>            | <b>20,192,046</b>    | <b>9,049,545</b>    | <b>30,762,773</b>                        | <b>(3,618,410)</b>                            | <b>(6,672,250)</b>              | <b>29,256,588</b>                   | <b>78,970,292</b>                   |
| <b>Fund Balances - Ending</b>               | <b>\$ 25,439,328</b> | <b>\$ 8,172,352</b> | <b>\$ 29,459,051</b>                     | <b>\$ (3,697,255)</b>                         | <b>\$ (6,014,290)</b>           | <b>\$ 35,359,764</b>                | <b>\$ 88,718,950</b>                |

## 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, 2016

|   |                             |
|---|-----------------------------|
| <b>Net Change In Fund Balances - Total Governmental Funds</b>   | <b>\$ 9,748,658</b>         |
| 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 \$12,499,737 in the current period was exceeded by capital outlays over the capitalization threshold totaling \$26,019,288.  | 13,519,551                  |
| Contributions of capital assets are recorded as capital contributions in the Statement of Activities. Contributions primarily represent infrastructure assets.  | 9,317,640                   |
| 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.   | 229,203                     |
| 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   | (14,075,000)                |
| Repayment of principal  | 10,357,000                  |
| Bond discount amortization  | (33,575)                    |
| Bond premium  | (551,757)                   |
| Bond premium amortization   | 551,934                     |
| Deferred amount on refunding  | (14,694)                    |
| Accrued interest  | 52,262                      |
| 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  | (227,098)                   |
| Compensated absences  | 72,478                      |
| Pension expense   | (3,368,859)                 |
| 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.   | <u>(888,460)</u>            |
| <b>Change In Net Position Of Governmental Activities</b>  | <b><u>\$ 24,689,283</u></b> |



# CITY OF LEE'S SUMMIT, MISSOURI

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2016

|   | Enterprise Funds                                 |                      |                      |   |                       |                      | Internal<br>Service<br>Funds |
|---|--|----------------------|----------------------|---|-----------------------|----------------------|------------------------------|
|   | Combined<br>Waterworks<br>And Sewerage<br>System | Sanitary<br>Landfill | Airport              | Nonmajor<br>Enterprise Fund<br>(Recreation<br>Center) | Total                 |                      |                              |
|   |  |                      |                      |   |                       |                      |                              |
| <b>Assets</b>                               |  |                      |                      |   |                       |                      |                              |
| Current assets                              |  |                      |                      |   |                       |                      |                              |
| Cash and investments                        | \$ 43,453,824                                    | \$ 5,043,402         | \$ 101,434           | \$ 310,572  | \$ 48,909,232         | \$ 9,785,378         |                              |
| Receivables (net of allowance)              |  |                      |                      |   |                       |                      |                              |
| Accounts and other                          | 2,218,722  | 130,936              | 109,276              | —   | 2,458,934             | 33,506               |                              |
| Unbilled accounts                           | 2,417,808  | —                    | —                    | —   | 2,417,808             | —                    |                              |
| Interest                                    | 89,328   | 16,694               | 6,632                | 813   | 113,467               | 18,869               |                              |
| Due from other funds                        | 6,818,275  | —                    | —                    | —   | 6,818,275             | —                    |                              |
| Due from other governments                  | —  | —                    | 3,153,604            | —   | 3,153,604             | —                    |                              |
| Inventories                                 | 341,054  | —                    | 30,260               | —   | 371,314               | 149,721              |                              |
| Prepaid expenses                            | —  | —                    | 3,396                | —   | 3,396                 | 6,233                |                              |
| Other assets                                | 5,721  | —                    | —                    | —   | 5,721                 | —                    |                              |
| <b>Total current assets</b>                 | <b>55,344,732</b>                                | <b>5,191,032</b>     | <b>3,404,602</b>     | <b>311,385</b>  | <b>64,251,751</b>     | <b>9,993,707</b>     |                              |
| Noncurrent assets                           |  |                      |                      |   |                       |                      |                              |
| Pension asset                               | 87,687   | 14,192               | 7,279                | —   | 109,158               | 54,701               |                              |
| Capital assets                              |  |                      |                      |   |                       |                      |                              |
| Nondepreciable                              | 38,558,207                                       | 86,853               | 34,286,221           | —   | 72,931,281            | 104,250              |                              |
| Depreciable, net                            | 152,211,214                                      | 4,549,881            | 11,667,735           | 244,582   | 168,673,412           | 8,835,537            |                              |
| <b>Total noncurrent assets</b>              | <b>190,857,108</b>                               | <b>4,650,926</b>     | <b>45,961,235</b>    | <b>244,582</b>  | <b>241,713,851</b>    | <b>8,994,488</b>     |                              |
| <b>Total Assets</b>                         | <b>246,201,840</b>                               | <b>9,841,958</b>     | <b>49,365,837</b>    | <b>555,967</b>  | <b>305,965,602</b>    | <b>18,988,195</b>    |                              |
| <b>Deferred Outflows Of Resources</b>       |  |                      |                      |   |                       |                      |                              |
| Pension                                     | 865,344  | 140,052              | 71,837               | —   | 1,077,233             | 539,811              |                              |
| Deferred amount of refunding                | 157,140  | —                    | —                    | —   | 157,140               | —                    |                              |
| <b>Total Deferred Outflows Of Resources</b> | <b>1,022,484</b>                                 | <b>140,052</b>       | <b>71,837</b>        | <b>—</b>  | <b>1,234,373</b>      | <b>539,811</b>       |                              |
| <b>Liabilities</b>                          |  |                      |                      |   |                       |                      |                              |
| Current liabilities                         |  |                      |                      |   |                       |                      |                              |
| Accounts payable                            | 2,554,990  | 59,038               | 1,451,101            | 48,333  | 4,113,462             | 858,579              |                              |
| Salaries payable                            | 132,580  | 3,484                | 14,392               | 46,411  | 196,867               | 532,341              |                              |
| Accrued interest payable                    | —  | —                    | 23,427               | —   | 23,427                | —                    |                              |
| Due to other funds                          | —  | —                    | 8,487,886            | —   | 8,487,886             | —                    |                              |
| Unearned revenue                            | —  | —                    | 25,906               | —   | 25,906                | —                    |                              |
| Compensated absences                        | 26,907   | —                    | 1,266                | 1,456   | 29,629                | 11,060               |                              |
| Current portion of long-term debt - bonds   | 925,000  | —                    | —                    | —   | 925,000               | —                    |                              |
| Payable from restricted assets              |  |                      |                      |   |                       |                      |                              |
| Customer deposit                            | 171,649  | —                    | 38,402               | —   | 210,051               | —                    |                              |
| <b>Total current liabilities</b>            | <b>3,811,126</b>                                 | <b>62,522</b>        | <b>10,042,380</b>    | <b>96,200</b>   | <b>14,012,228</b>     | <b>1,401,980</b>     |                              |
| Noncurrent liabilities                      |  |                      |                      |   |                       |                      |                              |
| Revenue bonds                               | 3,643,741  | —                    | —                    | —   | 3,643,741             | —                    |                              |
| Compensated absences                        | 181,705  | 63,407               | 25,031               | 31,068  | 301,211               | 161,949              |                              |
| Closure and post-closure liability          | —  | 10,049,892           | —                    | —   | 10,049,892            | —                    |                              |
| Other post employment benefits              | 208,735  | 33,783               | 17,328               | —   | 259,846               | 130,211              |                              |
| <b>Total noncurrent liabilities</b>         | <b>4,034,181</b>                                 | <b>10,147,082</b>    | <b>42,359</b>        | <b>31,068</b>   | <b>14,254,690</b>     | <b>292,160</b>       |                              |
| <b>Total Liabilities</b>                    | <b>7,845,307</b>                                 | <b>10,209,604</b>    | <b>10,084,739</b>    | <b>127,268</b>  | <b>28,266,918</b>     | <b>1,694,140</b>     |                              |
| <b>Deferred Inflows Of Resources -</b>      |  |                      |                      |   |                       |                      |                              |
| Pension                                     | 20,205   | 3,269                | 1,676                | —   | 25,150                | 12,605               |                              |
| <b>Net Position</b>                         |  |                      |                      |   |                       |                      |                              |
| Net investment in capital assets            | 186,357,820                                      | 4,636,734            | 45,953,956           | 244,582   | 237,193,092           | 8,939,787            |                              |
| Restricted for debt service                 | 794,000  | —                    | —                    | —   | 794,000               | —                    |                              |
| Restricted for capital projects             | 36,772,108                                       | 65,000               | —                    | —   | 36,837,108            | —                    |                              |
| Restricted for pension                      | 932,826  | 150,975              | 77,440               | —   | 1,161,241             | 581,907              |                              |
| Unrestricted                                | 14,502,058                                       | (5,083,572)          | (6,680,137)          | 184,117   | 2,922,466             | 8,299,567            |                              |
| <b>Total Net Position</b>                   | <b>\$ 239,358,812</b>                            | <b>\$ (230,863)</b>  | <b>\$ 39,351,259</b> | <b>\$ 428,699</b>                                     | <b>\$ 278,907,907</b> | <b>\$ 17,821,261</b> |                              |

**CITY OF LEE'S SUMMIT, MISSOURI**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - PROPRIETARY FUNDS  
For The Year Ended June 30, 2016**

|  | Enterprise Funds                                 |                      |                      |   |                       | Total                | Internal<br>Service<br>Funds |
|--|--|----------------------|----------------------|---|-----------------------|----------------------|------------------------------|
|  | Combined<br>Waterworks<br>And Sewerage<br>System | Sanitary<br>Landfill | Airport              | Nonmajor<br>Enterprise Fund<br>(Recreation<br>Center) |                       |                      |                              |
| <b>Operating Revenues</b>                            |  |                      |                      |   |                       |                      |                              |
| Charges for services                                 | \$ 36,278,088                                    | \$ 2,085,005         | \$ 571,225           | \$ 1,100,193  | \$ 40,034,511         | \$ 8,494,965         |                              |
| Material and fuel sales                              | 156,430  | —                    | 670,341              | —   | 826,771               | —                    |                              |
| Intergovernmental                                    | —  | —                    | 3,065,588            | —   | 3,065,588             | —                    |                              |
| Other  | 720,702  | 1,204,574            | 29,043               | 132,713   | 2,087,032             | 28,519               |                              |
| <b>Total Operating Revenues</b>                      | <b>37,155,220</b>                                | <b>3,289,579</b>     | <b>4,336,197</b>     | <b>1,232,906</b>                                      | <b>46,013,902</b>     | <b>8,523,484</b>     |                              |
| <b>Operating Expenses</b>                            |  |                      |                      |   |                       |                      |                              |
| Salaries, wages and employee benefits                | 3,875,396  | 672,459              | 380,002              | 672,486   | 5,600,343             | 3,316,851            |                              |
| Water purchases                                      | 8,437,677  | —                    | —                    | —   | 8,437,677             | —                    |                              |
| Utilities  | 538,518  | 46,908               | 46,743               | 60,250  | 692,419               | 271,298              |                              |
| Repairs and maintenance                              | 343,123  | 395,191              | 81,456               | 15,473  | 835,243               | 714,579              |                              |
| Sewer services                                       | 7,470,225  | —                    | —                    | —   | 7,470,225             | —                    |                              |
| Fuels and lubricants                                 | 61,960   | 80,867               | 453,092              | —   | 595,919               | 4,001                |                              |
| Depreciation   | 4,337,988  | 312,031              | 566,064              | 48,742  | 5,264,825             | 2,396,815            |                              |
| Interdepartment charges                              | 580,833  | 230,701              | 68,482               | 16,646  | 896,662               | 464,022              |                              |
| Miscellaneous  | 2,565,445  | 873,817              | 1,241,203            | 400,644   | 5,081,109             | 2,416,814            |                              |
| <b>Total Operating Expenses</b>                      | <b>28,211,165</b>                                | <b>2,611,974</b>     | <b>2,837,042</b>     | <b>1,214,241</b>                                      | <b>34,874,422</b>     | <b>9,584,380</b>     |                              |
| <b>Operating Income (Loss)</b>                       | <b>8,944,055</b>                                 | <b>677,605</b>       | <b>1,499,155</b>     | <b>18,665</b>   | <b>11,139,480</b>     | <b>(1,060,896)</b>   |                              |
| <b>Nonoperating Revenues (Expenses)</b>              |  |                      |                      |   |                       |                      |                              |
| Interest income                                      | 567,692  | 66,010               | 41,458               | —   | 675,160               | 118,541              |                              |
| Interest expense                                     | (101,745)  | (5,011)              | (52,527)             | (66,788)  | (226,071)             | (1,212)              |                              |
| Gain on disposal of capital assets                   | 51,100   | —                    | —                    | —   | 51,100                | (259,296)            |                              |
| <b>Total Nonoperating Revenues<br/>(Expenses)</b>    | <b>517,047</b>                                   | <b>60,999</b>        | <b>(11,069)</b>      | <b>(66,788)</b>                                       | <b>500,189</b>        | <b>(141,967)</b>     |                              |
| <b>Income Before Contributions And<br/>Transfers</b> | <b>9,461,102</b>                                 | <b>738,604</b>       | <b>1,488,086</b>     | <b>(48,123)</b>                                       | <b>11,639,669</b>     | <b>(1,202,863)</b>   |                              |
| <b>Capital Grants and Contributions</b>              | <b>1,602,548</b>                                 | <b>—</b>             | <b>2,414,497</b>     | <b>—</b>  | <b>4,017,045</b>      | <b>—</b>             |                              |
| <b>Transfers In</b>                                  | <b>—</b>   | <b>103,470</b>       | <b>220,753</b>       | <b>88,970</b>   | <b>413,193</b>        | <b>318,653</b>       |                              |
| <b>Transfers Out</b>                                 | <b>(923,688)</b>                                 | <b>(249,445)</b>     | <b>(524,169)</b>     | <b>—</b>  | <b>(1,697,302)</b>    | <b>(4,250)</b>       |                              |
| <b>Change In Net Position</b>                        | <b>10,139,962</b>                                | <b>592,629</b>       | <b>3,599,167</b>     | <b>40,847</b>   | <b>14,372,605</b>     | <b>(888,460)</b>     |                              |
| <b>Total Net Position - Beginning</b>                | <b>229,218,850</b>                               | <b>(823,492)</b>     | <b>35,752,092</b>    | <b>387,852</b>  | <b>264,535,302</b>    | <b>18,709,721</b>    |                              |
| <b>Total Net Position - Ending</b>                   | <b>\$ 239,358,812</b>                            | <b>\$ (230,863)</b>  | <b>\$ 39,351,259</b> | <b>\$ 428,699</b>                                     | <b>\$ 278,907,907</b> | <b>\$ 17,821,261</b> |                              |

# CITY OF LEE'S SUMMIT, MISSOURI

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS For The Year Ended June 30, 2016

|  | Enterprise Funds                                 |                      |                     |  |                      |                              |
|--|--|----------------------|---------------------|--|----------------------|------------------------------|
|  | Combined<br>Waterworks<br>And Sewerage<br>System | Sanitary<br>Landfill | Airport             | Nonmajor<br>Enterprise<br>Fund<br>(Recreation<br>Center) | Total                | Internal<br>Service<br>Funds |
| <b>Cash Flows From Operating Activities</b>  |  |                      |                     |  |                      |                              |
| Cash received from customers   | \$ 35,799,394                                    | \$ 3,419,637         | \$ 4,330,668        | \$ 1,232,906   | \$ 44,782,605        | \$ 8,506,938                 |
| Cash paid to suppliers   | (20,288,595)                                     | (831,075)            | (411,148)           | (470,294)  | (22,001,112)         | (3,962,124)                  |
| Cash paid to employees   | (3,692,694)                                      | (636,238)            | (362,079)           | (665,925)  | (5,356,936)          | (3,197,920)                  |
| Cash received for interdepartment charges  | —  | —                    | 4,134,821           | —  | 4,134,821            | —                            |
| Cash paid for interdepartment charges  | (580,833)  | (230,701)            | —                   | (16,646)   | (828,180)            | —                            |
| <b>Net Cash Provided By Operating Activities</b>   | <b>11,237,272</b>                                | <b>1,721,623</b>     | <b>7,692,262</b>    | <b>80,041</b>  | <b>20,731,198</b>    | <b>1,346,894</b>             |
| <b>Cash Flows From Noncapital Financing Activities</b>   |  |                      |                     |  |                      |                              |
| Transfers in   | —  | 103,470              | 220,753             | 88,970   | 413,193              | 318,653                      |
| Transfers out  | (923,688)  | (249,445)            | (524,169)           | —  | (1,697,302)          | (4,250)                      |
| <b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>                          | <b>(923,688)</b>                                 | <b>(145,975)</b>     | <b>(303,416)</b>    | <b>88,970</b>  | <b>(1,284,109)</b>   | <b>314,403</b>               |
| <b>Cash Flows From Capital And Related Financing Activities</b>                                |  |                      |                     |  |                      |                              |
| Principal payments on long-term debt   | (900,000)  | —                    | —                   | —  | (900,000)            | —                            |
| Interest paid on long-term debt obligations  | (285,902)  | (9,685)              | (44,682)            | (66,788)   | (407,057)            | —                            |
| Capital grants   | 141,655  | —                    | —                   | —  | 141,655              | —                            |
| Additions to capital assets  | (7,379,209)                                      | 89,650               | (7,327,660)         | (67,177)   | (14,684,396)         | (1,679,223)                  |
| Proceeds from sale of capital assets   | 51,100   | —                    | —                   | —  | 51,100               | (259,296)                    |
| <b>Net Cash Provided By (Used In) Capital And Related Financing Activities</b>                 | <b>(8,372,356)</b>                               | <b>79,965</b>        | <b>(7,372,342)</b>  | <b>(133,965)</b>   | <b>(15,798,698)</b>  | <b>(1,938,519)</b>           |
| <b>Cash Flows Provided By Investing Activities</b>   |  |                      |                     |  |                      |                              |
| Interest received  | 538,777  | 57,907               | 39,496              | 220  | 636,400              | 109,402                      |
| <b>Net Increase (Decrease) In Cash And Cash Equivalents</b>                                    | <b>2,480,005</b>                                 | <b>1,713,520</b>     | <b>56,000</b>       | <b>35,266</b>  | <b>4,284,791</b>     | <b>(167,820)</b>             |
| <b>Cash And Cash Equivalents - Beginning Of Year</b>   | <b>40,973,819</b>                                | <b>3,329,882</b>     | <b>45,434</b>       | <b>275,306</b>   | <b>44,624,441</b>    | <b>9,953,198</b>             |
| <b>Cash And Cash Equivalents - End Of Year</b>   | <b>\$ 43,453,824</b>                             | <b>\$ 5,043,402</b>  | <b>\$ 101,434</b>   | <b>\$ 310,572</b>  | <b>\$ 48,909,232</b> | <b>\$ 9,785,378</b>          |
| Operating income (loss)  | \$ 8,944,055                                     | \$ 677,605           | \$ 1,499,155        | \$ 18,665  | \$ 11,139,480        | \$ (1,060,896)               |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: |  |                      |                     |  |                      |                              |
| Depreciation and amortization  | 4,337,988  | 312,031              | 566,064             | 48,742   | 5,264,825            | 2,396,815                    |
| Changes in assets and liabilities:   |  |                      |                     |  |                      |                              |
| Decrease in inventories  | (72,934)   | —                    | 20,477              | —  | (52,457)             | (3,322)                      |
| (Increase) decrease in accounts receivable   | (299,969)  | 130,058              | (7,928)             | —  | (177,839)            | (16,546)                     |
| Increase in due from other funds   | (1,550,200)                                      | —                    | —                   | —  | (1,550,200)          | —                            |
| Decrease in unbilled revenue   | (808,243)  | —                    | —                   | —  | (808,243)            | —                            |
| Decrease in prepaid expenses   | —  | —                    | —                   | —  | —                    | (1,409)                      |
| Increase in other assets   | 343  | —                    | —                   | —  | 343                  | —                            |
| Decrease in pension related assets, outflow and inflows  | 136,228  | 41,173               | 14,252              | —  | 191,653              | 83,929                       |
| Increase (decrease) in accounts payable  | 751,144  | (64,767)             | 1,390,869           | 6,073  | 2,083,319            | (86,679)                     |
| Increase (decrease) in salaries and wages payable  | 25,892   | (21,078)             | 3,708               | 4,749  | 13,271               | 21,610                       |
| Increase in due to other funds   | —  | —                    | 4,203,303           | —  | 4,203,303            | —                            |
| Increase in customer deposits  | (247,614)  | —                    | 2,399               | —  | (245,215)            | —                            |
| Increase in accrued landfill closure/postclosure care costs                                    | —  | 630,475              | —                   | —  | 630,475              | —                            |
| Increase in other post employment benefits   | 27,704   | 1,245                | 1,801               | —  | 30,750               | 17,460                       |
| Increase (decrease) in accrued compensated absences  | (7,122)  | 14,881               | (1,838)             | 1,812  | 7,733                | (4,068)                      |
| Total adjustments  | 2,293,217  | 1,044,018            | 6,193,107           | 61,376   | 9,591,718            | 2,407,790                    |
| <b>Net Cash Provided By Operating Activities</b>   | <b>\$ 11,237,272</b>                             | <b>\$ 1,721,623</b>  | <b>\$ 7,692,262</b> | <b>\$ 80,041</b>   | <b>\$ 20,731,198</b> | <b>\$ 1,346,894</b>          |

### Supplemental Disclosure Of Cash Flow Information

The City has the following noncash transactions: \$1,460,893 in water and sewer lines were contributed during fiscal year 2016 and \$2,414,497 relates to accounts receivable on capital grants for the Airport.

---

**CITY OF LEE'S SUMMIT, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

---

**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 95,430 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.

#### **Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs use to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

#### **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.

## CITY OF LEE'S SUMMIT, MISSOURI

---

### Notes To Basic Financial Statements (*Continued*)

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

|                |                  |
|----------------|------------------|
| General        | \$ 0.9063        |
| Park board     | 0.1603           |
| Debt service   | <u>0.4697</u>    |
| Total tax levy | <u>\$ 1.5363</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 acquisition value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Infrastructure, such as streets, intersections and storm sewers, has been capitalized in the government-wide financial statements. The City elected to depreciate its infrastructure assets. Infrastructure assets not completed by year end have been reported as construction in progress.

## CITY OF LEE'S SUMMIT, MISSOURI

---

### Notes To Basic Financial Statements (*Continued*)

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year ended June 30, 2016.

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.

## **CITY OF LEE'S SUMMIT, MISSOURI**

---

### Notes To Basic Financial Statements (*Continued*)

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.

***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.

## **CITY OF LEE'S SUMMIT, MISSOURI**

---

### Notes To Basic Financial Statements (*Continued*)

#### **Fund Balance Classification Policies and Procedures**

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

For assigned fund balance, the City Council is authorized to assign amounts to a specific purpose through their expressed written intent. This authorization is also delegated by the City Council to the City Manager. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed by committed, assigned and lastly unassigned.

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

#### **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*)

## 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 fair value of fixed income securities in the portfolio will fall due to changes in the general interest rates by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for ongoing operations and by investing operating funds primarily in short-term fixed securities. Unless matched to a specific cost or a reserve fund, the City will not directly invest in securities maturing more than five years from the date of purchase.

The fair values, as determined by quoted market prices and the maturities, of the City's investments at June 30, 2016 are as follows:

|   | <b>Fair<br/>Value</b> | <b>Less Than<br/>1 Year</b> | <b>1 To 5<br/>Years</b> |
|---|-----------------------|-----------------------------|-------------------------|
| Certificates of deposit                               | \$ 16,566,000         | \$ 9,869,000                | \$ 6,697,000            |
| U.S. Treasury securities                              | 92,779,688            | 25,044,570                  | 67,735,118              |
| Municipal bonds                                       | 10,476,647            | 7,365,602                   | 3,111,045               |
| Repurchase agreements                                 | 10,131,000            | 10,131,000                  | —                       |
| Money market funds                                    | 4,206,736             | 4,206,736                   | —                       |
|   | <u>134,160,071</u>    | <u>\$ 56,616,908</u>        | <u>\$ 77,543,163</u>    |
| Unrestricted cash deposits per books                  | <u>10,921,674</u>     |                             |                         |
| Cash and investments per<br>statement of net position | <u>\$ 145,081,745</u> |                             |                         |

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

## **CITY OF LEE'S SUMMIT, MISSOURI**

---

### Notes To Basic Financial Statements (*Continued*)

The City has the following recurring fair value measurements as of June 30, 2016:

- U.S. Treasury obligations of \$92,779,688 valued using quoted market prices (Level 1 inputs).
- Municipal Bonds of \$10,476,647 valued using a matrix pricing model (Level 2 inputs).
- Repurchase agreements of \$10,131,000 valued using a matrix pricing model (Level 2 inputs).
- Certificates of deposit of \$16,566,000 and money market funds of \$4,206,736 at June 30, 2016, classified as investments by the City for financial reporting purposes, are valued at amortized cost.

#### **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, 2016, 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 fair value; Certificates of deposit and other evidences of deposit at financial institutions; Investment-grade obligations of the states of Missouri or Kansas that are "A" rated or better; Repurchase agreements whose underlying purchased securities consist of the foregoing; Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and Local Government Investment Pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation.

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

|                           | Fair Value            | AAA/Aaa               | AA/Aa               | A/A                 | SP1               | Unrated              |
|---------------------------|-----------------------|-----------------------|---------------------|---------------------|-------------------|----------------------|
| Certificates of deposit   | \$ 16,566,000         | \$ —                  | \$ —                | \$ —                | \$ —              | \$ 16,566,000        |
| U.S. Treasury securities* | 92,779,688            | 92,779,688            | —                   | —                   | —                 | —                    |
| Municipal bonds           | 10,476,647            | —                     | 7,257,120           | 1,907,840           | 815,350           | 496,337              |
| Repurchase agreements     | 10,131,000            | 10,131,000            | —                   | —                   | —                 | —                    |
| Money market funds        | 4,206,736             | —                     | —                   | —                   | —                 | 4,206,736            |
| <b>Total</b>              | <b>\$ 134,160,071</b> | <b>\$ 102,910,688</b> | <b>\$ 7,257,120</b> | <b>\$ 1,907,840</b> | <b>\$ 815,350</b> | <b>\$ 21,269,073</b> |

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

### Concentration Risk

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

| Investment Type  | Minimum Allocation | Maximum Allocation |
|--|--------------------|--------------------|
| General time deposits  | —                  | 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:

| Issuer                | Investment Type | Reported Amount |
|-----------------------|-----------------|-----------------|
| Repurchase Agreements | ***             | \$ 10,131,000   |

\*\*\* 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, 2016, \$135,741 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, 2016 was as follows:

|   | Governmental Activities     |                |               |                             |
|---|-----------------------------|----------------|---------------|-----------------------------|
|   | Balance<br>June 30,<br>2015 | Additions      | Deductions    | Balance<br>June 30,<br>2016 |
| Nondepreciable capital assets:                    |                             |                |               |                             |
| Land  | \$ 7,857,966                | \$ —           | \$ —          | \$ 7,857,966                |
| Construction in progress                          | 145,722,353                 | 25,612,435     | 94,232,640    | 77,102,148                  |
| Total nondepreciable capital assets               | 153,580,319                 | 25,612,435     | 94,232,640    | 84,960,114                  |
| Depreciable capital assets:                       |                             |                |               |                             |
| Buildings   | 64,703,729                  | —              | —             | 64,703,729                  |
| Improvement other than buildings                  | 32,409,947                  | 15,677,042     | —             | 48,086,989                  |
| Furniture, fixtures and equipment                 | 35,828,746                  | 2,525,716      | 5,448,419     | 32,906,043                  |
| Infrastructure                                    | 332,043,814                 | 87,990,941     | —             | 420,034,755                 |
| Total depreciable capital assets                  | 464,986,236                 | 106,193,699    | 5,448,419     | 565,731,516                 |
| Less: Accumulated depreciation                    |                             |                |               |                             |
| Buildings   | 24,974,436                  | 2,479,863      | —             | 27,454,299                  |
| Improvement other than buildings                  | 15,983,679                  | 2,175,669      | —             | 18,159,348                  |
| Furniture, fixtures and equipment                 | 26,157,407                  | 2,557,641      | 4,891,076     | 23,823,972                  |
| Infrastructure                                    | 85,577,546                  | 7,683,379      | —             | 93,260,925                  |
| Total accumulated depreciation                    | 152,693,068                 | 14,896,552     | 4,891,076     | 162,698,544                 |
| Total depreciable capital assets, net             | 312,293,168                 | 91,297,147     | 557,343       | 403,032,972                 |
| Total governmental activities capital assets, net | \$ 465,873,487              | \$ 116,909,582 | \$ 94,789,983 | \$ 487,993,086              |

**CITY OF LEE'S SUMMIT, MISSOURI**

Notes To Basic Financial Statements (*Continued*)

Depreciation expense was charged to functions as follows:

|  |               |
|--|---------------|
| General government   | \$ 862,616    |
| Public safety  | 1,014,460     |
| Public works and streets   | 7,949,127     |
| Parks and recreation   | 2,673,534     |
| Capital assets held by the government's Internal Service Funds<br>charged to the various functions based on their usage<br>of the assets | 2,396,815     |
|  | \$ 14,896,552 |

**Business-Type Activities**

|  | <b>Balance<br/>June 30,<br/>2015</b> | <b>Additions</b> | <b>Deductions</b> | <b>Balance<br/>June 30,<br/>2016</b> |
|--|--------------------------------------|------------------|-------------------|--------------------------------------|
| Nondepreciable capital assets:                     |                                      |                  |                   |                                      |
| Land   | \$ 19,625,415                        | \$ —             | \$ —              | \$ 19,625,415                        |
| Construction in progress                           | 37,869,788                           | 15,860,822       | 424,744           | 53,305,866                           |
| Total nondepreciable capital assets                | 57,495,203                           | 15,860,822       | 424,744           | 72,931,281                           |
| Depreciable capital assets:                        |                                      |                  |                   |                                      |
| Structures and improvements                        | 262,997,039                          | 931,985          | 366,681           | 263,562,343                          |
| Furniture, fixtures and equipment                  | 3,556,039                            | 59,092           | 113,971           | 3,501,160                            |
| Total depreciable capital assets                   | 266,553,078                          | 991,077          | 480,652           | 267,063,503                          |
| Less: Accumulated depreciation                     |                                      |                  |                   |                                      |
| Structures and improvements                        | 90,405,502                           | 5,148,139        | 230,623           | 95,323,018                           |
| Furniture, fixtures and equipment                  | 3,059,635                            | 116,686          | 109,248           | 3,067,073                            |
| Total accumulated depreciation                     | 93,465,137                           | 5,264,825        | 339,871           | 98,390,091                           |
| Total depreciable capital assets, net              | 173,087,941                          | (4,273,748)      | 140,781           | 168,673,412                          |
| Total business-type activities capital assets, net | \$ 230,583,144                       | \$ 11,587,074    | \$ 565,525        | \$ 241,604,693                       |

Depreciation expense was charged to functions as follows:

|   |              |
|---|--------------|
| Combined waterworks and sewerage system | \$ 4,337,988 |
| Sanitary landfill                       | 312,031      |
| Airport                                 | 566,064      |
| Nonmajor enterprise funds               | 48,742       |
|   | \$ 5,264,825 |

**CITY OF LEE'S SUMMIT, MISSOURI**

Notes To Basic Financial Statements (*Continued*)

**4. Long-Term Obligations**

Debt payable at June 30, 2016 is composed of the following:

|  | <b>Interest<br/>Rates</b> | <b>Maturity<br/>Date</b> | <b>Balance</b>       |
|--|---------------------------|--------------------------|----------------------|
| <b>Governmental Activities</b>         |                           |                          |                      |
| General obligation bonds:              |                           |                          |                      |
| Improvement bonds – 2011               | 3.00                      | 4/1/2017                 | \$ 2,300,000         |
| Improvement bonds – 2013A              | 2.00 - 3.00               | 4/1/2028                 | 19,320,000           |
| Refunding (2003) – 2013                | 3.00 - 4.00               | 4/1/2023                 | 9,940,000            |
| Improvement bonds – 2013C              | 2.00 - 5.00               | 4/1/2021                 | 3,365,000            |
| Improvement bonds 2015A                | 2.00 - 5.00               | 4/1/2019                 | 2,150,000            |
| Improvement bonds 2016A                | 1.75 - 5.00               | 4/1/2029                 | <u>11,475,000</u>    |
| Total general obligation bonds         |                           |                          | <u>\$ 48,550,000</u> |
| Lease financing debt                   | 4.00 - 4.30               | 7/1/2018                 | <u>\$ 4,913,000</u>  |
| TIF bonds:                             |                           |                          |                      |
| Summit fair – 2011                     | 5.625 - 7.25              | 4/1/2030                 | <u>\$ 17,080,000</u> |
| <b>Business-Type Activities</b>        |                           |                          |                      |
| Combined Waterworks and Sewerage Fund: |                           |                          |                      |
| Revenue bonds:                         |                           |                          |                      |
| Waterworks – 2012                      | 1.00 - 2.00               | 7/1/2021                 | <u>\$ 4,390,000</u>  |

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2016:

| <b>Governmental Activities</b>                      | <b>Balance<br/>June 30,<br/>2015</b> | <b>Additions</b>     | <b>Reductions</b>      | <b>Balance<br/>June 30,<br/>2016</b> | <b>Amounts<br/>Due Within<br/>One Year</b> |
|---|--------------------------------------|----------------------|------------------------|--------------------------------------|--|
| General obligation bonds                            | \$ 42,215,000                        | \$ 14,075,000        | \$ (7,740,000)         | \$ 48,550,000                        | \$ 6,570,000                               |
| Add: Bond premium                                   | 3,610,462                            | 551,757              | (551,935)              | 3,610,284                            | —  |
| Total general obligation bonds                      | <u>45,825,462</u>                    | <u>14,626,757</u>    | <u>(8,291,935)</u>     | <u>52,160,284</u>                    | <u>6,570,000</u>                           |
| Certificates of participation                       | —                                    | —                    | —                      | —                                    | —  |
| Less: Bond discount                                 | —                                    | —                    | —                      | —                                    | —  |
| Total certificates of participation                 | <u>—</u>                             | <u>—</u>             | <u>—</u>               | <u>—</u>                             | <u>—</u>                                   |
| Lease financing debt                                | 6,410,000                            | —                    | (1,497,000)            | 4,913,000                            | 2,401,500                                  |
| TIF bonds   | 18,200,000                           | —                    | (1,120,000)            | 17,080,000                           | —  |
| Less: Bond discount                                 | (498,047)                            | —                    | 33,576                 | (464,471)                            | —  |
| Total TIF bonds                                     | <u>17,701,953</u>                    | <u>—</u>             | <u>(1,086,424)</u>     | <u>16,615,529</u>                    | <u>—</u>                                   |
| Accrued compensated absences                        | 4,183,613                            | 271,692              | (348,238)              | 4,107,067                            | 160,964                                    |
| Other post employment benefits                      | 1,986,652                            | 406,558              | (162,000)              | 2,231,210                            | —  |
| Total governmental activities long-term obligations | <u>\$ 76,107,680</u>                 | <u>\$ 15,305,007</u> | <u>\$ (11,385,597)</u> | <u>\$ 80,027,090</u>                 | <u>\$ 9,132,464</u>                        |

**CITY OF LEE'S SUMMIT, MISSOURI**

Notes To Basic Financial Statements (*Continued*)

The total long-term liabilities of \$80,027,090 consist of compensated absences and other post employment benefits of \$173,009 and \$130,211, respectively, related to Internal Service Funds, while the remaining amount of \$79,723,870 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.

| <b>Business-Type Activities</b>                      | <b>Balance<br/>June 30,<br/>2015</b> | <b>Additions</b> | <b>Reductions</b> | <b>Balance<br/>June 30,<br/>2016</b> | <b>Amounts<br/>Due Within<br/>One Year</b> |
|--|--------------------------------------|------------------|-------------------|--------------------------------------|--|
| Combined waterworks and sewerage system fund         |                                      |                  |                   |                                      |  |
| Revenue bonds  | \$ 5,290,000                         | \$ —             | \$ (900,000)      | \$ 4,390,000                         | \$ 925,000                                 |
| Add: Bond premium                                    | 214,489                              | —                | (35,748)          | 178,741                              | —  |
| Total revenue bonds                                  | 5,504,489                            | —                | (935,748)         | 4,568,741                            | 925,000                                    |
| Compensated absences                                 | 215,734                              | 11,357           | (18,479)          | 208,612                              | 26,907                                     |
| Other post employment benefits                       | 181,031                              | 27,704           | —                 | 208,735                              | —  |
| Total waterworks and sewerage fund                   | 5,901,254                            | 39,061           | (954,227)         | 4,986,088                            | 951,907                                    |
| Sanitary landfill fund                               |                                      |                  |                   |                                      |  |
| Landfill closure/post closure care                   | 9,419,417                            | 630,475          | —                 | 10,049,892                           | —  |
| Compensated absences                                 | 48,526                               | 17,726           | (2,845)           | 63,407                               | —  |
| Other post employment benefits                       | 32,538                               | 1,245            | —                 | 33,783                               | —  |
| Total sanitary landfill fund                         | 9,500,481                            | 649,446          | (2,845)           | 10,147,082                           | —  |
| Airport fund   |                                      |                  |                   |                                      |  |
| Compensated absences                                 | 28,135                               | (207)            | (1,631)           | 26,297                               | 1,266                                      |
| Other post employment benefits                       | 15,527                               | 1,801            | —                 | 17,328                               | —  |
| Total airport fund                                   | 43,662                               | 1,594            | (1,631)           | 43,625                               | 1,266                                      |
| Nonmajor enterprise fund:                            |                                      |                  |                   |                                      |  |
| Compensated absences                                 | 30,712                               | 3,164            | (1,352)           | 32,524                               | 1,456                                      |
| Total business-type activities long-term obligations | \$ 15,476,109                        | \$ 693,265       | \$ (960,055)      | \$ 15,209,319                        | \$ 954,629                                 |

Debt service requirements on long-term debt at June 30, 2016 are as follows:

| <b>Year</b> | <b>General Obligation Bonds</b> |                     | <b>Governmental Activities<br/>Lease Purchase Financing</b> |                  | <b>TIF Bonds</b>     |                      |
|-------------|---------------------------------|---------------------|---|------------------|----------------------|----------------------|
|             | <b>Principal</b>                | <b>Interest</b>     | <b>Principal</b>  | <b>Interest</b>  | <b>Principal</b>     | <b>Interest</b>      |
| 2017        | \$ 6,570,000                    | \$ 1,633,900        | \$ 2,401,500  | \$ 50,115        | \$ —                 | \$ 1,136,491         |
| 2018        | 5,345,000                       | 1,387,300           | 2,511,500   | 16,953           | —                    | 1,136,491            |
| 2019        | 5,490,000                       | 1,185,300           | —   | —                | —                    | 1,136,491            |
| 2020        | 3,940,000                       | 959,200             | —   | —                | 570,000              | 1,120,459            |
| 2021        | 3,380,000                       | 819,600             | —   | —                | 910,000              | 1,078,834            |
| 2022-2026   | 15,950,000                      | 2,533,600           | —   | —                | 5,690,000            | 4,484,984            |
| 2027-2030   | 7,875,000                       | 369,500             | —   | —                | 9,910,000            | 1,976,134            |
|             | <u>\$ 48,550,000</u>            | <u>\$ 8,888,400</u> | <u>\$ 4,913,000</u>   | <u>\$ 67,068</u> | <u>\$ 17,080,000</u> | <u>\$ 12,069,884</u> |

## CITY OF LEE'S SUMMIT, MISSOURI

---

### Notes To Basic Financial Statements (*Continued*)

| Enterprise Funds                        |              |            |
|---|--------------|------------|
| Combined Waterworks And Sewerage System |              |            |
| Revenue Bonds                           |              |            |
| Year                                    | Principal    | Interest   |
| 2017                                    | \$ 925,000   | \$ 87,800  |
| 2018                                    | 950,000      | 69,300     |
| 2019                                    | 980,000      | 50,300     |
| 2020                                    | 995,000      | 30,700     |
| 2021                                    | 540,000      | 10,800     |
|   | \$ 4,390,000 | \$ 248,900 |

#### **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, 2016, the constitutionally imposed total general obligation debt limit was \$358,467,408, which after reduction for authorized general obligation bonds net of available resources in the Debt Service Fund, provides a general obligation debt margin of \$312,626,634.

## CITY OF LEE'S SUMMIT, MISSOURI

---

### Notes To Basic Financial Statements (*Continued*)

#### **Combined Waterworks And Sewerage Revenue Bonds**

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

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

All required minimum reserve amounts for each revenue bond series have been properly maintained by the City at June 30, 2016. The City is also in compliance with minimum net revenue covenants (as defined in the indenture) at June 30, 2016.

#### **Bond Issuance**

On January 21, 2016, the City issued a total of \$14,075,000 in General Obligation Bonds Series 2016A 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 2024.

## **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:

|                                       | <b>Contract<br/>Amount</b> | <b>Amount<br/>Funded<br/>By Grants</b> |
|---------------------------------------|----------------------------|--|
| Nonmajor governmental                 | \$ 1,203,687               | \$ —                                   |
| Combined waterworks and sewage system | 205,102                    | —                                      |
|                                       | <u>\$ 1,408,789</u>        | <u>\$ —</u>                            |

## CITY OF LEE'S SUMMIT, MISSOURI

---

### Notes To Basic Financial Statements (*Continued*)

## 6. Interfund Receivables, Payables And Transfers

The composition of interfund balances as of June 30, 2016 is as follows:

| <u>Receivable Fund</u>                  | <u>Payable Fund</u>      | <u>Amount</u>        |
|---|--------------------------|----------------------|
| General fund                            | Nonmajor governmental    | \$ 315,200           |
| General fund                            | Todd George/50 Hwy TIF   | 1,342,000            |
| General fund                            | Airport                  | 3,495,886            |
| Capital improvement sales tax           | Nonmajor governmental    | 297,600              |
| Capital improvement sales tax           | Todd George/50 Hwy TIF   | 1,891,000            |
| Capital improvement sales tax           | Airport                  | 1,984,000            |
| Nonmajor governmental                   | Blue Parkway/Colbern CID | 3,340,000            |
| Nonmajor governmental                   | General fund             | 1,537                |
| Combined waterworks and sewerage system | Nonmajor governmental    | 451,200              |
| Combined waterworks and sewerage system | Todd George/50 Hwy TIF   | 2,867,000            |
| Combined waterworks and sewerage system | Blue Parkway/Colbern CID | 492,075              |
| Combined waterworks and sewerage system | Airport                  | 3,008,000            |
| <b>Total</b>                            |                          | <b>\$ 19,485,498</b> |

The \$3,495,886 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; \$1,984,000 to the Capital Improvements Sales Tax Fund and \$3,008,000 to the Combined Water/Sewer Fund represent an interfund loan approved in 2014 to temporarily fund airport capital expansion during the grant reimbursement process.

The \$3,340,000 and \$492,075 payable from Blue Parkway and Colbern Road CID respectively, 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.



**CITY OF LEE'S SUMMIT, MISSOURI**

Notes To Basic Financial Statements (*Continued*)

Interfund transfers:

|  | Transfers To    |                               |                 |                  |                        |                     | Total        |
|--|-----------------|-------------------------------|-----------------|------------------|------------------------|---------------------|--------------|
|  | General<br>Fund | Nonmajor<br>Govern-<br>mental | Airport<br>Fund | Landfill<br>Fund | Nonmajor<br>Enterprise | Internal<br>Service |              |
| <b>Transfers from</b>                      |                 |                               |                 |                  |                        |                     |              |
| General fund                               | \$ —            | \$ 834,380                    | \$ 220,753      | \$ 92,022        | \$ 74,580              | \$ 234,921          | \$ 1,456,656 |
| Debt service fund                          | —               | 1,975,000                     | —               | —                | —                      | —                   | 1,975,000    |
| Nonmajor governmental                      | 468,230         | 21,700                        | —               | —                | —                      | 50,216              | 540,146      |
| Combined waterworks<br>and sewerage system | 871,057         | —                             | —               | 8,975            | 14,390                 | 29,266              | 923,688      |
| Sanitary landfill                          | 74,445          | 175,000                       | —               | —                | —                      | —                   | 249,445      |
| Airport                                    | 521,696         | —                             | —               | 2,473            | —                      | —                   | 524,169      |
| Internal service                           | —               | —                             | —               | —                | —                      | 4,250               | 4,250        |
|  | \$ 1,935,428    | \$ 3,006,080                  | \$ 220,753      | \$ 103,470       | \$ 88,970              | \$ 318,653          | \$ 5,673,354 |

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, 2016, \$871,057 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](http://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, 2016, the following employees were covered by the benefit terms:

|  |              |
|--|--------------|
| Inactive employees or beneficiaries currently receiving benefits | 248          |
| Inactive employees entitled to but not yet receiving benefits    | 219          |
| Active employees   | 606          |
|  | <u>1,073</u> |

**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 10.1% (General), 12.9% (Police) and 11.4% (Fire) of annual covered payroll.

**Net Pension Liability (Asset)**

The employer's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 29, 2016.

## CITY OF LEE'S SUMMIT, MISSOURI

---

### Notes To Basic Financial Statements (*Continued*)

#### Actuarial Assumptions

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                   |  |
|-----------------------------------|--|
| <b>Actuarial Method:</b>          | Entry Age Normal                                     |
| <b>Asset Valuation Method:</b>    | 5 – year smoothed market                             |
| <b>Amortization Method:</b>       | Level percentage payroll, closed                     |
| <b>Inflation:</b>                 | 3.25% wage inflation; 2.5% price inflation           |
| <b>Salary Increase:</b>           | 3.25% to 6.55% (7.15% Fire) including wage inflation |
| <b>Investment Rate Of Return:</b> | 7.25%  |

Mortality rates were based on the applicable RP-2014 Mortality Tables for both males and females.

The actuarial assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The assumptions for wage inflation, price inflation and salary increases were reduced by 0.25%, 0.50% and 0.25%, respectively, for the February 29, 2016 actuarial valuation. The mortality tables used were also updated from the 1994 Group Annuity Mortality Table to the RP-2014 Mortality Tables.

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:

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

**CITY OF LEE'S SUMMIT, MISSOURI**

Notes To Basic Financial Statements (*Continued*)

**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<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability (Asset)<br>(a) - (b) |
| <b>Balances At June 30, 2015</b>                  | \$ 161,721,405                    | \$ 181,201,498                        | \$ (19,480,093)                               |
| <b>Changes For The Year:</b>                      |                                   |                                       |   |
| Service cost                                      | 4,116,855                         | —                                     | 4,116,855                                     |
| Interest  | 11,691,666                        | —                                     | 11,691,666                                    |
| Changes in benefit terms                          | —                                 | —                                     | —   |
| Difference between expected and actual experience | (892,732)                         | —                                     | (892,732)                                     |
| Changes of assumptions                            | 6,279,349                         | —                                     | 6,279,349                                     |
| Contributions - employer                          | —                                 | 4,153,904                             | (4,153,904)                                   |
| Contributions - employee                          | —                                 | —                                     | —   |
| Net investment income (loss)                      | —                                 | (235,139)                             | 235,139                                       |
| Benefit payments, including refunds               | (5,047,211)                       | (5,047,211)                           | —   |
| Administrative expense                            | —                                 | (84,734)                              | 84,734  |
| Other changes                                     | —                                 | 339,826                               | (339,826)                                     |
| Net changes                                       | 16,147,927                        | (873,354)                             | 17,021,281                                    |
| <b>Balances At June 30, 2016</b>                  | \$ 177,869,332                    | \$ 180,328,144                        | \$ (2,458,812)                                |

**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.

|                               | Current Single Discount |                          |                      |
|-------------------------------|-------------------------|--------------------------|----------------------|
|                               | 1% Decrease<br>6.25%    | Rate Assumption<br>7.25% | 1% Increase<br>8.25% |
| Net Pension Liability (Asset) | \$ 25,893,919           | \$ (2,458,812)           | \$ (25,616,550)      |

## CITY OF LEE'S SUMMIT, MISSOURI

---

### Notes To Basic Financial Statements (Continued)

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

For the year ended June 30, 2016 the City recognized pension expense of \$7,798,346. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows<br/>Of Resources</b> | <b>Deferred<br/>Inflows<br/>Of Resources</b> |
|---|---|--|
| Differences in experience                         | \$ 500,724                                    | \$ (1,007,890)                               |
| Changes in assumptions                            | 5,359,402                                     | —  |
| Difference between expected and actual earnings   | 16,251,830                                    | —  |
| Contributions subsequent to the measurement date* | —   | —  |
| <b>Total</b>                                      | <b>\$ 22,111,956</b>                          | <b>\$ (1,007,890)</b>                        |

\*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, 2016.

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

| <b>Year Ending<br/>June 30</b> | <b>Net Deferred<br/>Outflows Of<br/>Resources</b> |
|--------------------------------|---|
| 2017                           | \$ 5,359,294                                      |
| 2018                           | 5,359,294   |
| 2019                           | 5,359,296   |
| 2020                           | 3,501,886   |
| 2021                           | 786,864   |
| Thereafter                     | 737,432   |
| <b>Total</b>                   | <b>\$ 21,104,066</b>                              |

## **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.

## CITY OF LEE'S SUMMIT, MISSOURI

### Notes To Basic Financial Statements (Continued)

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:

|  |                     |
|--|---------------------|
| <b>Annual Required Contribution</b>  |                     |
| Normal costs   | \$ 251,597          |
| Amortization of unfunded actuarial accrued liability<br>(Amortization factor 19.03577) | 224,559             |
|  | <u>476,156</u>      |
| Interest on OPEB obligation  | 77,551              |
| Adjustment to annual required contribution   | (116,399)           |
| Annual OPEB cost   | <u>437,308</u>      |
| Expected contribution (related to implicit rate subsidy)                               | <u>162,000</u>      |
|  | 275,308             |
| Net OPEB obligation, beginning of year   | <u>2,215,748</u>    |
|  | <u>\$ 2,491,056</u> |

#### Schedule Of Employer Contributions

| <b>For The Year<br/>Ended<br/>June 30,</b> | <b>Annual<br/>OPEB<br/>Cost</b> | <b>*Percentage<br/>Contributed</b> | <b>Net<br/>OPEB<br/>Obligation</b> |
|--|---------------------------------|------------------------------------|------------------------------------|
| 2014                                       | 349,426                         | 19%                                | \$ 1,932,322                       |
| 2015                                       | 349,426                         | 19%                                | 2,215,748                          |
| 2016                                       | 437,308                         | 37%                                | 2,491,056                          |

\* Contribution related to implicit rate subsidy

#### Schedule Of Funding Progress

| <b>Actuarial<br/>Valuation Date</b> | <b>(a)<br/>Actuarial<br/>Value<br/>Of Assets</b> | <b>(b)<br/>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</b> | <b>(b-a)<br/>Unfunded<br/>Accrued<br/>Liability<br/>(UAAL)</b> | <b>(a/b)<br/>Funded<br/>Ratio</b> | <b>*(c)<br/>Annual<br/>Covered<br/>Payroll</b> | <b>((b-a)/c)<br/>UAAL As A<br/>Percentage<br/>Of Covered<br/>Payroll</b> |
|-------------------------------------|--|--|--|-----------------------------------|--|--|
| July 1, 2015                        | \$ —   | \$ 4,130,100   | \$ 4,130,100   | —                                 | \$ 33,762,535                                  | 12%  |

\* 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, 2015 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 6.5% reduced annually to an ultimate rate of 5% after 6 years.

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

## **9. Litigation And Contingent Liabilities**

### **Legal Matters**

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

### **Self-Insurance**

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

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

## CITY OF LEE'S SUMMIT, MISSOURI

---

### Notes To Basic Financial Statements (*Continued*)

At June 30, 2016, the City's total estimated liability for payment of incurred but unpaid claims for workers' compensation was \$751,002 and is included in accounts payable in the Workers' Compensation Self-Insurance Fund.

Changes in self-insured claims liability at June 30, 2016 and 2015 were as follows:

|   |                          |
|---|--------------------------|
| 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                         | 829,342                  |
| Add: Current year claims and change in estimate | 433,880                  |
| Less: Claim payments                            | <u>512,220</u>           |
| Balance - June 30, 2016                         | <u><u>\$ 751,002</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 \$10,049,892 reported as landfill closure and postclosure care liability at June 30, 2016 represents the cumulative estimate of closure and postclosure care costs based on the use of approximately 95.17% of the ultimate capacity of the landfill.



## CITY OF LEE'S SUMMIT, MISSOURI

---

### Notes To Basic Financial Statements (*Continued*)

The City will recognize the remaining estimated cost of closure and postclosure care of \$510,045 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 2016 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, 2016, the City had outstanding contracts of obligation for approximately \$10,300,000 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.

## 11. Deficits

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

|                                      |    |                  |
|--------------------------------------|----|------------------|
| Blue Parkway and Colbern Road CID    | \$ | 3,697,255        |
| Todd George and 50 Hwy TIF           |    | 6,014,290        |
| Enterprise Funds - Sanitary Landfill |    | 230,863          |
| Capital Project Funds - Nonmajor     |    |                  |
| New Longview TIF                     |    | 36,240           |
| Special Revenue Funds - Nonmajor     |    |                  |
| Entitlement Fund                     |    | <u>6,468</u>     |
|                                      | \$ | <u>9,985,116</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 \$1,270,713. This accounts for 2.28% of the City's total general operating revenues of \$55,673,986 for the year ended June 30, 2016.



**Required Supplementary Information**



**CITY OF LEE'S SUMMIT, MISSOURI**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
BUDGETARY COMPARISON INFORMATION GENERAL FUND  
For The Year Ended June 30, 2016**

|  | Budgeted Amounts     |                      | Actual               | Variances With<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|--|
|  | Original             | Final                |                      |  |
| <b>Revenues</b>  |                      |                      |                      |  |
| Taxes  | \$ 50,830,925        | \$ 50,830,925        | \$ 51,287,969        | \$ 457,044   |
| Fees and forfeitures   | 1,532,144            | 1,532,144            | 1,508,416            | (23,728)   |
| Licenses and permits   | 1,655,673            | 1,655,673            | 2,546,789            | 891,116  |
| Intergovernmental  | 979,021              | 979,021              | 991,744              | 12,723   |
| Charges for services   | 3,566,230            | 3,566,230            | 4,572,805            | 1,006,575  |
| Investment earnings  | —                    | —                    | 206,650              | 206,650  |
| Other  | 1,557,065            | 1,557,065            | 1,914,858            | 357,793  |
| <b>Total Revenues</b>  | <b>60,121,058</b>    | <b>60,121,058</b>    | <b>63,029,231</b>    | <b>2,908,173</b>   |
| <b>Expenditures</b>  |                      |                      |                      |  |
| Current  |                      |                      |                      |  |
| General government   |                      |                      |                      |  |
| Administration   | 3,311,199            | 3,311,199            | 2,751,713            | 559,486  |
| Codes administration   | —                    | —                    | —                    | —  |
| Finance  | 6,395,253            | 6,599,872            | 6,444,234            | 155,638  |
| Municipal court  | 809,800              | 809,800              | 788,944              | 20,856   |
| Legal  | 1,219,257            | 1,219,257            | 1,122,694            | 96,563   |
| Public safety  |                      |                      |                      |  |
| Law enforcement  | 19,693,650           | 19,693,650           | 19,441,279           | 252,371  |
| Fire/EMS   | 14,780,185           | 15,104,986           | 15,147,488           | (42,502)   |
| Public works and streets                                     |                      |                      |                      |  |
| Public works/engineering                                     | 3,337,049            | 3,398,213            | 3,256,636            | 141,577  |
| Street operations  | 6,769,131            | 6,769,131            | 6,095,434            | 673,697  |
| Community development  | 962,684              | 962,684              | 766,412              | 196,272  |
| Development Center   | 2,887,583            | 2,887,583            | 2,445,887            | 441,696  |
| <b>Total Expenditures</b>                                    | <b>60,165,791</b>    | <b>60,756,375</b>    | <b>58,260,721</b>    | <b>2,495,654</b>   |
| <b>Excess (Deficiency) Of Revenues<br/>Over Expenditures</b> | <b>(44,733)</b>      | <b>(635,317)</b>     | <b>4,768,510</b>     | <b>5,403,827</b>   |
| <b>Other Financing Sources (Uses)</b>                        |                      |                      |                      |  |
| Transfers in   | 1,066,302            | 1,066,302            | 1,935,428            | 869,126  |
| Transfers out  | (1,020,014)          | (1,020,014)          | (1,456,656)          | (436,642)  |
| <b>Total Other Financing<br/>Sources (Uses)</b>              | <b>46,288</b>        | <b>46,288</b>        | <b>478,772</b>       | <b>432,484</b>   |
| <b>Net Change In Fund Balances</b>                           | <b>1,555</b>         | <b>(589,029)</b>     | <b>5,247,282</b>     | <b>5,836,311</b>   |
| <b>Fund Balances - Beginning</b>                             | <b>27,326,458</b>    | <b>27,326,458</b>    | <b>20,192,046</b>    | <b>(7,134,412)</b>   |
| <b>Fund Balances - Ending</b>                                | <b>\$ 27,328,013</b> | <b>\$ 26,737,429</b> | <b>\$ 25,439,328</b> | <b>\$ (1,298,101)</b>                                      |

## CITY OF LEE'S SUMMIT, MISSOURI

---

### REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) NOTES TO BUDGETARY COMPARISON INFORMATION For The Year Ended June 30, 2016

#### **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, 2016**

**Schedule Of Contributions**

| <b>Fiscal Year</b> | <b>Actuarially Determined Contribution</b> | <b>Contribution In Relation To The Required Contribution</b> | <b>Contribution Deficiency</b> | <b>Covered Employee Payroll</b> | <b>Contribution As A Percentage Of Covered Payroll</b> |
|--------------------|--|--|--------------------------------|---------------------------------|--|
| 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%   |
| 2016               | 4,130,742                                  | 4,130,742  | —                              | 35,381,386                      | 11.67%   |

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

| <b>Fiscal Year Ending June 30,</b>  | <b>2015</b>           | <b>2016</b>           |
|---|-----------------------|-----------------------|
| <b>Total Pension Liability</b>  |                       |                       |
| Service Cost  | \$ 4,094,113          | \$ 4,116,855          |
| Interest on Total Pension Liability   | 10,954,647            | 11,691,666            |
| Changes of Benefit Terms  | —                     | —                     |
| Difference between expected and actual experience                                 | 318,903               | (892,732)             |
| Changes of Assumptions  | —                     | 6,279,349             |
| Benefit payments, including refunds   | 5,400,300             | 5,047,211             |
| <b>Net Change In Total Pension Liability</b>                                      | <b>9,994,463</b>      | <b>16,147,927</b>     |
| <b>Total Pension Liability - Beginning</b>  | <b>151,726,942</b>    | <b>161,721,405</b>    |
| <b>Total Pension Liability - Ending (a)</b>                                       | <b>\$ 161,721,405</b> | <b>\$ 177,869,332</b> |
| <b>Plan Fiduciary Net Position</b>  |                       |                       |
| Contributions - employer  | \$ 4,831,163          | \$ 4,153,904          |
| Contributions - employee  | —                     | —                     |
| Net investment income   | 3,552,574             | (235,139)             |
| Benefit payments, including refunds   | 5,373,300             | 5,047,211             |
| Pension Plan Administrative Expense   | 89,852                | 84,734                |
| Other (Net Transfer)  | 1,714,993             | 339,826               |
| <b>Net Change In Plan Fiduciary Net Position</b>                                  | <b>4,635,578</b>      | <b>(873,354)</b>      |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | <b>176,565,920</b>    | <b>181,201,498</b>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <b>\$ 181,201,498</b> | <b>\$ 180,328,144</b> |
| <b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>                           | <b>(19,480,093)</b>   | <b>(2,458,812)</b>    |
| <b>Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability</b> | <b>112.05%</b>        | <b>101.38%</b>        |
| <b>Covered-Employee Payroll</b>   | <b>\$ 34,283,100</b>  | <b>\$ 35,017,663</b>  |
| <b>Net Pension Liability (Asset) As A Percentage Of Covered Employee Payroll</b>  | <b>-56.82%</b>        | <b>-7.02%</b>         |

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, 2016**

Other Post Employment Benefit Obligations

| <b>Actuarial<br/>Valuation Date</b> | <b>(a)<br/>Actuarial<br/>Value<br/>Of Assets</b> | <b>(b)<br/>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</b> | <b>(b-a)<br/>Unfunded<br/>Accrued<br/>Liability<br/>(UAAL)</b> | <b>(a/b)<br/>Funded<br/>Ratio</b> | <b>(c)<br/>Annual<br/>Covered<br/>Payroll</b> | <b>((b-a)/c)<br/>UAL As A<br/>Percentage<br/>Of Covered<br/>Payroll</b> |
|-------------------------------------|--|--|--|-----------------------------------|---|---|
| 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%  |
| July 1, 2015                        | —  | 4,130,100  | 4,130,100  | —                                 | 33,762,535                                    | 12%   |

---

**Supplementary Information**

---

Combining And Individual Fund Financial  
Statements And Schedules

---

**CITY OF LEE'S SUMMIT, MISSOURI**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2016**

|  | <b>Special<br/>Revenue</b> | <b>Capital<br/>Projects</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|----------------------------|-----------------------------|--|
| <b>Assets</b>  |                            |                             |  |
| Pooled cash and investments                                      | \$ 12,081,376              | \$ 21,762,124               | \$ 33,843,500  |
| Receivables (net of allowance)                                   |                            |                             |  |
| Taxes  | 102,513                    | 1,371,123                   | 1,473,636  |
| Accounts and other   | 46,631                     | —                           | 46,631   |
| Interest   | 21,498                     | 12,011                      | 33,509   |
| Due from other funds   | —                          | 3,341,537                   | 3,341,537  |
| Due from other governments                                       | 102,423                    | 776,759                     | 879,182  |
| Other assets   | 229                        | 793                         | 1,022  |
| <b>Total Assets</b>  | <b>\$ 12,354,670</b>       | <b>\$ 27,264,347</b>        | <b>\$ 39,619,017</b>                                 |
| <b>Liabilities And Fund Balances</b>                             |                            |                             |  |
| Liabilities  |                            |                             |  |
| Accounts payable and accrued liabilities                         | \$ 299,394                 | \$ 1,680,567                | \$ 1,979,961   |
| Payroll liabilities  | 148,242                    | —                           | 148,242  |
| Payable from restricted  | 873,025                    | 5,000                       | 878,025  |
| Accrued interest payable   | —                          | 2,393                       | 2,393  |
| Due to other funds   | 9,000                      | 1,055,000                   | 1,064,000  |
| <b>Total Liabilities</b>   | <b>1,329,661</b>           | <b>2,742,960</b>            | <b>4,072,621</b>                                     |
| <b>Deferred Inflows Of Resources</b>                             |                            |                             |  |
| Property tax   | 181,536                    | —                           | 181,536  |
| Other  | —                          | 5,096                       | 5,096  |
| <b>Total Deferred Inflows Of Resources</b>                       | <b>181,536</b>             | <b>5,096</b>                | <b>186,632</b>                                       |
| <b>Fund Balances</b>   |                            |                             |  |
| Restricted   |                            |                             |  |
| Bridges, streets and signals                                     | —                          | 13,617,458                  | 13,617,458   |
| Economic development   | —                          | 4,964,287                   | 4,964,287  |
| Law enforcement  | —                          | —                           | —  |
| Other capital projects   | —                          | 4,737,866                   | 4,737,866  |
| Committed  |                            |                             |  |
| Bridges, streets and signals                                     | 181,885                    | —                           | 181,885  |
| Landfill care  | 4,988,538                  | —                           | 4,988,538  |
| Cemetery care  | 1,286,366                  | —                           | 1,286,366  |
| Assigned   |                            |                             |  |
| Parks and recreation   | 3,713,591                  | 1,054,054                   | 4,767,645  |
| Economic development   | 269,602                    | —                           | 269,602  |
| Other capital projects   | —                          | 178,866                     | 178,866  |
| Other purposes   | 409,959                    | —                           | 409,959  |
| Unassigned   | (6,468)                    | (36,240)                    | (42,708)   |
| <b>Total Fund Balances</b>                                       | <b>10,843,473</b>          | <b>24,516,291</b>           | <b>35,359,764</b>                                    |
| <b>Total Liabilities, Deferred Inflows<br/>And Fund Balances</b> | <b>\$ 12,354,670</b>       | <b>\$ 27,264,347</b>        | <b>\$ 39,619,017</b>                                 |



**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, 2016**

|  | <b>Special<br/>Revenue</b> | <b>Capital<br/>Projects</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|----------------------------|-----------------------------|--|
| <b>Revenues</b>  |                            |                             |  |
| Taxes  |                            |                             |  |
| Property   | \$ 3,131,869               | \$ 3,375,011                | \$ 6,506,880   |
| Sales  | —                          | 9,398,421                   | 9,398,421  |
| License  | —                          | 650,360                     | 650,360  |
| Bed  | 440,886                    | —                           | 440,886  |
| Other tax  | 3,324                      | —                           | 3,324  |
| Fines and forfeitures                                    | 20,037                     | 11,072                      | 31,109   |
| Intergovernmental  | 560,614                    | 1,340,807                   | 1,901,421  |
| Charges for services                                     | 3,011,362                  | 33,343                      | 3,044,705  |
| Investment earnings                                      | 130,318                    | 88,965                      | 219,283  |
| Other  | 439,898                    | 10                          | 439,908  |
| <b>Total Revenues</b>                                    | <b>7,738,308</b>           | <b>14,897,989</b>           | <b>22,636,297</b>                                    |
| <b>Expenditures</b>                                      |                            |                             |  |
| Current  |                            |                             |  |
| General government                                       | 830,180                    | 734,833                     | 1,565,013  |
| Parks and recreation                                     | 6,027,253                  | —                           | 6,027,253  |
| Debt service   |                            |                             |  |
| Principal  | —                          | 1,120,000                   | 1,120,000  |
| Interest and other charges                               | —                          | 1,251,848                   | 1,251,848  |
| Capital outlay   | —                          | 23,636,541                  | 23,636,541   |
| <b>Total Expenditures</b>                                | <b>6,857,433</b>           | <b>26,743,222</b>           | <b>33,600,655</b>                                    |
| <b>Excess (Deficiency) Of Revenues Over Expenditures</b> | <b>880,875</b>             | <b>(11,845,233)</b>         | <b>(10,964,358)</b>                                  |
| <b>Other Financing Sources (Uses)</b>                    |                            |                             |  |
| Issuance of bonds  | —                          | 14,049,843                  | 14,049,843   |
| Premium on issuance of bonds                             | —                          | 551,757                     | 551,757  |
| Transfers in   | 482,818                    | 2,523,262                   | 3,006,080  |
| Transfers out  | (80,734)                   | (459,412)                   | (540,146)  |
| <b>Total Other Financing Sources</b>                     | <b>402,084</b>             | <b>16,665,450</b>           | <b>17,067,534</b>                                    |
| <b>Net Change In Fund Balances</b>                       | <b>1,282,959</b>           | <b>4,820,217</b>            | <b>6,103,176</b>                                     |
| <b>Fund Balances - Beginning</b>                         | <b>9,560,514</b>           | <b>19,696,074</b>           | <b>29,256,588</b>                                    |
| <b>Fund Balances - Ending</b>                            | <b>\$ 10,843,473</b>       | <b>\$ 24,516,291</b>        | <b>\$ 35,359,764</b>                                 |

# 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, 2016**

|  | Park<br>Board       | Violence<br>Against<br>Women<br>Grant | Entitlement<br>Fund | Landfill<br>Post<br>Closure<br>Fund | Cemetery<br>Trust<br>Fund | Road<br>And<br>Bridge<br>Escrow | Business<br>And<br>Industry<br>Fund | Energy<br>Efficiency<br>Grant | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds |
|--|---------------------|---------------------------------------|---------------------|-------------------------------------|---------------------------|---------------------------------|-------------------------------------|-------------------------------|--|
| <b>Assets</b>  |                     |                                       |                     |                                     |                           |                                 |                                     |                               |  |
| Pooled cash and investments                                      | \$ 4,199,813        | \$ 339,216                            | \$ 942              | \$ 4,979,582                        | \$ 1,285,710              | \$ 1,053,043                    | \$ 223,070                          | \$ —                          | \$ 12,081,376                                    |
| Receivables (net of allowance)                                   |                     |                                       |                     |                                     |                           |                                 |                                     |                               |  |
| Taxes receivable, net  | 102,513             | —                                     | —                   | —                                   | —                         | —                               | —                                   | —                             | 102,513  |
| Accounts and other   | —                   | 393                                   | —                   | —                                   | —                         | —                               | 46,238                              | —                             | 46,631   |
| Interest   | 7,595               | 519                                   | —                   | 8,956                               | 2,267                     | 1,867                           | 294                                 | —                             | 21,498   |
| Due from other governments                                       | —                   | 78,225                                | 24,198              | —                                   | —                         | —                               | —                                   | —                             | 102,423  |
| Other assets   | 229                 | —                                     | —                   | —                                   | —                         | —                               | —                                   | —                             | 229  |
| <b>Total Assets</b>  | <b>\$ 4,310,150</b> | <b>\$ 418,353</b>                     | <b>\$ 25,140</b>    | <b>\$ 4,988,538</b>                 | <b>\$ 1,287,977</b>       | <b>\$ 1,054,910</b>             | <b>\$ 269,602</b>                   | <b>\$ —</b>                   | <b>\$ 12,354,670</b>                             |
| <b>Liabilities And Fund Balances</b>                             |                     |                                       |                     |                                     |                           |                                 |                                     |                               |  |
| <b>Liabilities</b>   |                     |                                       |                     |                                     |                           |                                 |                                     |                               |  |
| Accounts payable and accrued liabilities                         | \$ 267,076          | \$ 8,394                              | \$ 22,608           | \$ —                                | \$ 1,316                  | \$ —                            | \$ —                                | \$ —                          | \$ 299,394                                       |
| Payroll liabilities  | 147,947             | —                                     | —                   | —                                   | 295                       | —                               | —                                   | —                             | 148,242  |
| Payable from restricted  | —                   | —                                     | —                   | —                                   | —                         | 873,025                         | —                                   | —                             | 873,025  |
| Due to other funds   | —                   | —                                     | 9,000               | —                                   | —                         | —                               | —                                   | —                             | 9,000  |
| <b>Total Liabilities</b>   | <b>415,023</b>      | <b>8,394</b>                          | <b>31,608</b>       | <b>—</b>                            | <b>1,611</b>              | <b>873,025</b>                  | <b>—</b>                            | <b>—</b>                      | <b>1,329,661</b>                                 |
| <b>Deferred Inflows Of Resources</b>                             |                     |                                       |                     |                                     |                           |                                 |                                     |                               |  |
| Property tax   | 181,536             | —                                     | —                   | —                                   | —                         | —                               | —                                   | —                             | 181,536  |
| <b>Fund Balances</b>   |                     |                                       |                     |                                     |                           |                                 |                                     |                               |  |
| <b>Committed</b>   |                     |                                       |                     |                                     |                           |                                 |                                     |                               |  |
| Bridges, streets and signals                                     | —                   | —                                     | —                   | —                                   | —                         | 181,885                         | —                                   | —                             | 181,885  |
| Landfill care  | —                   | —                                     | —                   | 4,988,538                           | —                         | —                               | —                                   | —                             | 4,988,538  |
| Cemetery care  | —                   | —                                     | —                   | —                                   | 1,286,366                 | —                               | —                                   | —                             | 1,286,366  |
| <b>Assigned</b>  |                     |                                       |                     |                                     |                           |                                 |                                     |                               |  |
| Parks and recreation   | 3,713,591           | —                                     | —                   | —                                   | —                         | —                               | —                                   | —                             | 3,713,591  |
| Economic development   | —                   | —                                     | —                   | —                                   | —                         | —                               | 269,602                             | —                             | 269,602  |
| Other purposes   | —                   | 409,959                               | —                   | —                                   | —                         | —                               | —                                   | —                             | 409,959  |
| Unassigned   | —                   | —                                     | (6,468)             | —                                   | —                         | —                               | —                                   | —                             | (6,468)  |
| <b>Total Fund Balances</b>                                       | <b>3,713,591</b>    | <b>409,959</b>                        | <b>(6,468)</b>      | <b>4,988,538</b>                    | <b>1,286,366</b>          | <b>181,885</b>                  | <b>269,602</b>                      | <b>—</b>                      | <b>10,843,473</b>                                |
| <b>Total Liabilities, Deferred Inflows<br/>And Fund Balances</b> | <b>\$ 4,310,150</b> | <b>\$ 418,353</b>                     | <b>\$ 25,140</b>    | <b>\$ 4,988,538</b>                 | <b>\$ 1,287,977</b>       | <b>\$ 1,054,910</b>             | <b>\$ 269,602</b>                   | <b>\$ —</b>                   | <b>\$ 12,354,670</b>                             |

**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, 2016**

|  | 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 |
|--|---------------------|------------------------------|-------------------|----------------------------|---------------------|------------------------|----------------------------|-------------------------|--------------------------------------|
| <b>Revenues</b>  |                     |                              |                   |                            |                     |                        |                            |                         |                                      |
| Taxes  |                     |                              |                   |                            |                     |                        |                            |                         |                                      |
| Property   | \$ 3,131,869        | \$ —                         | \$ —              | \$ —                       | \$ —                | \$ —                   | \$ —                       | \$ —                    | \$ 3,131,869                         |
| Bed  | —                   | —                            | —                 | —                          | —                   | —                      | 440,886                    | —                       | 440,886                              |
| Other tax  | 3,324               | —                            | —                 | —                          | —                   | —                      | —                          | —                       | 3,324                                |
| Fines and forfeitures                                    | 17,782              | —                            | —                 | —                          | —                   | —                      | 2,255                      | —                       | 20,037                               |
| Intergovernmental  | —                   | 86,319                       | 474,295           | —                          | —                   | —                      | —                          | —                       | 560,614                              |
| Charges for services                                     | 2,930,703           | —                            | —                 | —                          | 80,659              | —                      | —                          | —                       | 3,011,362                            |
| Investment earnings (loss)                               | 44,053              | 2,527                        | —                 | 56,240                     | 14,349              | 11,529                 | 1,620                      | —                       | 130,318                              |
| Other  | 267,057             | —                            | —                 | —                          | 172,841             | —                      | —                          | —                       | 439,898                              |
| <b>Total Revenues</b>                                    | <b>6,394,788</b>    | <b>88,846</b>                | <b>474,295</b>    | <b>56,240</b>              | <b>267,849</b>      | <b>11,529</b>          | <b>444,761</b>             | <b>—</b>                | <b>7,738,308</b>                     |
| <b>Expenditures</b>                                      |                     |                              |                   |                            |                     |                        |                            |                         |                                      |
| Current:   |                     |                              |                   |                            |                     |                        |                            |                         |                                      |
| General government                                       | —                   | 21,104                       | 471,695           | —                          | —                   | —                      | 337,381                    | —                       | 830,180                              |
| Parks and recreation                                     | 5,825,834           | —                            | —                 | —                          | 201,419             | —                      | —                          | —                       | 6,027,253                            |
| <b>Total Expenditures</b>                                | <b>5,825,834</b>    | <b>21,104</b>                | <b>471,695</b>    | <b>—</b>                   | <b>201,419</b>      | <b>—</b>               | <b>337,381</b>             | <b>—</b>                | <b>6,857,433</b>                     |
| <b>Excess (Deficiency) Of Revenues Over Expenditures</b> | <b>568,954</b>      | <b>67,742</b>                | <b>2,600</b>      | <b>56,240</b>              | <b>66,430</b>       | <b>11,529</b>          | <b>107,380</b>             | <b>—</b>                | <b>880,875</b>                       |
| <b>Other Financing Sources (Uses)</b>                    |                     |                              |                   |                            |                     |                        |                            |                         |                                      |
| Transfers in   | 280,245             | —                            | —                 | 175,000                    | —                   | —                      | 14,200                     | 13,373                  | 482,818                              |
| Transfers out  | (50,216)            | —                            | —                 | —                          | (21,700)            | —                      | (8,818)                    | —                       | (80,734)                             |
| <b>Total Other Financing Sources (Uses)</b>              | <b>230,029</b>      | <b>—</b>                     | <b>—</b>          | <b>175,000</b>             | <b>(21,700)</b>     | <b>—</b>               | <b>5,382</b>               | <b>13,373</b>           | <b>402,084</b>                       |
| <b>Net Change In Fund Balances</b>                       | <b>798,983</b>      | <b>67,742</b>                | <b>2,600</b>      | <b>231,240</b>             | <b>44,730</b>       | <b>11,529</b>          | <b>112,762</b>             | <b>13,373</b>           | <b>1,282,959</b>                     |
| <b>Fund Balances - Beginning</b>                         | <b>2,914,608</b>    | <b>342,217</b>               | <b>(9,068)</b>    | <b>4,757,298</b>           | <b>1,241,636</b>    | <b>170,356</b>         | <b>156,840</b>             | <b>(13,373)</b>         | <b>9,560,514</b>                     |
| <b>Fund Balances - Ending</b>                            | <b>\$ 3,713,591</b> | <b>\$ 409,959</b>            | <b>\$ (6,468)</b> | <b>\$ 4,988,538</b>        | <b>\$ 1,286,366</b> | <b>\$ 181,885</b>      | <b>\$ 269,602</b>          | <b>\$ —</b>             | <b>\$ 10,843,473</b>                 |

---

**CITY OF LEE'S SUMMIT, MISSOURI**

**BUDGETARY COMPARISON SCHEDULE**

**PARK BOARD**

**For The Year Ended June 30, 2016**

---

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variances With<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------|---------------------------|--|
|  | <u>Original</u>         | <u>Final</u>        |                           |  |
| <b>Revenues</b>  |                         |                     |                           |  |
| Taxes  |                         |                     |                           |  |
| Property taxes   | \$ 3,111,019            | \$ 3,111,019        | \$ 3,131,869              | \$ 20,850  |
| Other tax  | 2,500                   | 2,500               | 3,324                     | 824  |
| Fines and forfeitures  | 22,250                  | 22,250              | 17,782                    | (4,468)  |
| Intergovernmental  | —                       | —                   | —                         | —  |
| Charges for services   | 2,835,903               | 2,835,903           | 2,930,703                 | 94,800   |
| Investment earnings  | 5,498                   | 5,498               | 44,053                    | 38,555   |
| Other  | 142,549                 | 142,549             | 267,057                   | 124,508  |
| <b>Total Revenues</b>  | <b>6,119,719</b>        | <b>6,119,719</b>    | <b>6,394,788</b>          | <b>275,069</b>   |
| <b>Expenditures</b>  |                         |                     |                           |  |
| Current  |                         |                     |                           |  |
| Parks and recreation   | 6,009,752               | 6,055,631           | 5,825,834                 | 229,797  |
| <b>Excess (Deficiency) Of Revenues Over<br/>Expenditures</b> | <b>109,967</b>          | <b>64,088</b>       | <b>568,954</b>            | <b>504,866</b>   |
| <b>Other Financing Sources (Uses)</b>                        |                         |                     |                           |  |
| Transfers in   | 295,530                 | 295,530             | 280,245                   | (15,285)   |
| Transfers out  | (56,201)                | (56,201)            | (50,216)                  | 5,985  |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>239,329</b>          | <b>239,329</b>      | <b>230,029</b>            | <b>(9,300)</b>   |
| <b>Net Change In Fund Balances</b>                           | <b>349,296</b>          | <b>303,417</b>      | <b>798,983</b>            | <b>495,566</b>   |
| <b>Fund Balances - Beginning</b>                             | <b>2,914,608</b>        | <b>2,914,608</b>    | <b>2,914,608</b>          | <b>—</b>   |
| <b>Fund Balances - Ending</b>                                | <b>\$ 3,263,904</b>     | <b>\$ 3,218,025</b> | <b>\$ 3,713,591</b>       | <b>\$ 495,566</b>  |

---

---

**CITY OF LEE'S SUMMIT, MISSOURI**

---

**BUDGETARY COMPARISON SCHEDULE  
VIOLENCE AGAINST WOMEN GRANT  
For The Year Ended June 30, 2016**

|                                    | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts</u> | <u>Variances With<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|------------------------------------|-------------------------|-------------------|---------------------------|--|
|                                    | <u>Original</u>         | <u>Final</u>      |                           |  |
| <b>Revenues</b>                    |                         |                   |                           |  |
| Licenses and permits               |                         |                   |                           |  |
| Intergovernmental                  | \$ 304,334              | \$ 304,334        | \$ 86,319                 | \$ (218,015)   |
| Investment earnings                | —                       | —                 | 2,527                     | 2,527  |
| <b>Total Revenues</b>              | <b>304,334</b>          | <b>304,334</b>    | <b>88,846</b>             | <b>(215,488)</b>   |
| <b>Expenditures</b>                |                         |                   |                           |  |
| Current                            |                         |                   |                           |  |
| General government                 | 152,167                 | 152,167           | 21,104                    | 131,064  |
| <b>Net Change In Fund Balances</b> | <b>152,167</b>          | <b>152,167</b>    | <b>67,742</b>             | <b>(84,424)</b>  |
| <b>Fund Balances - Beginning</b>   | <b>342,217</b>          | <b>342,217</b>    | <b>342,217</b>            | <b>—</b>   |
| <b>Fund Balances - Ending</b>      | <b>\$ 494,384</b>       | <b>\$ 494,384</b> | <b>\$ 409,959</b>         | <b>\$ (84,425)</b>   |

# 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.

***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, 2016**

|  | Fire<br>Facility<br>No. 7 | Road<br>And<br>Bridge<br>Improve-<br>ment | Road<br>And<br>Bridge<br>Excise<br>Tax | Ritter<br>Plaza<br>TIF | Park<br>Develop-<br>ment | Summit<br>Woods<br>TIF | Chapel<br>Ridge<br>TIF | New<br>Longview<br>TIF | Hartley's<br>Block<br>TIF | I-470<br>Business<br>Center<br>TIF | Summit<br>Woods<br>East<br>TIF | Downtown<br>Improve-<br>ments | Public<br>Safety<br>Issues |
|--|---------------------------|---|--|------------------------|--------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------------------|--------------------------------|-------------------------------|----------------------------|
| <b>Assets</b>  |                           |   |  |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Pooled cash and investments  | \$ —                      | \$ 694                                    | \$ 2,065,663                           | \$ 44,356              | \$ 1,138,333             | \$ 65,729              | \$ 530,196             | \$ 48,517              | \$ —                      | \$ 73,387                          | \$ 4,061,341                   | \$ —                          | \$ —                       |
| Receivables (net of allowance)                                       |                           |   |  |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Taxes  | —                         | 1,100,315                                 | 5,096                                  | 1,451                  | —                        | —                      | 71,132                 | 15,681                 | —                         | 20,214                             | 157,234                        | —                             | —                          |
| Interest   | —                         | 585                                       | 3,330                                  | 145                    | 3,042                    | 1,851                  | 1,465                  | 63                     | —                         | 638                                | —                              | —                             | —                          |
| Due from other funds   | —                         | 3,340,000                                 | —                                      | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | —                          |
| Due from other governments   | —                         | 373,680                                   | —                                      | 28,283                 | —                        | —                      | 112,498                | 14,020                 | —                         | 92,675                             | 155,603                        | —                             | —                          |
| Other assets   | —                         | —   | —                                      | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | —                          |
| <b>Total Assets</b>  | <b>\$ —</b>               | <b>\$ 4,815,274</b>                       | <b>\$ 2,074,089</b>                    | <b>\$ 74,235</b>       | <b>\$ 1,141,375</b>      | <b>\$ 67,580</b>       | <b>\$ 715,291</b>      | <b>\$ 78,281</b>       | <b>\$ —</b>               | <b>\$ 186,914</b>                  | <b>\$ 4,374,178</b>            | <b>\$ —</b>                   | <b>\$ —</b>                |
| <b>Liabilities And Fund Balances</b>                                 |                           |   |  |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| <b>Liabilities</b>   |                           |   |  |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Accounts payable and accrued liabilities                             | \$ —                      | \$ 340,649                                | \$ —                                   | \$ —                   | \$ 87,321                | \$ 63,055              | \$ —                   | \$ 14,435              | \$ —                      | \$ 5,408                           | \$ 25,225                      | \$ —                          | \$ —                       |
| Payable from restricted  | —                         | —   | —                                      | —                      | —                        | —                      | —                      | 5,000                  | —                         | —                                  | —                              | —                             | —                          |
| Accrued interest payable   | —                         | 2,084                                     | —                                      | —                      | —                        | —                      | —                      | 86                     | —                         | —                                  | 223                            | —                             | —                          |
| Due to other funds   | —                         | 600,000                                   | —                                      | —                      | —                        | —                      | —                      | 95,000                 | —                         | —                                  | 360,000                        | —                             | —                          |
| <b>Total Liabilities</b>   | <b>—</b>                  | <b>942,733</b>                            | <b>—</b>                               | <b>—</b>               | <b>87,321</b>            | <b>63,055</b>          | <b>—</b>               | <b>114,521</b>         | <b>—</b>                  | <b>5,408</b>                       | <b>385,448</b>                 | <b>—</b>                      | <b>—</b>                   |
| <b>Deferred Inflows Of Resources</b>                                 |                           |   |  |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Other  | —                         | —   | 5,096                                  | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | —                          |
| <b>Fund Balances</b>   |                           |   |  |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Restricted   |                           |   |  |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Bridges, streets and signals   | —                         | 3,872,541                                 | 2,068,993                              | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | —                          |
| Economic development   | —                         | —   | —                                      | 74,235                 | —                        | 4,525                  | 715,291                | —                      | —                         | 181,506                            | 3,988,730                      | —                             | —                          |
| Other capital projects   | —                         | —   | —                                      | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | —                          |
| Assigned   |                           |   |  |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Parks and recreation   | —                         | —   | —                                      | —                      | 1,054,054                | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | —                          |
| Other capital projects   | —                         | —   | —                                      | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | —                          |
| Unassigned   | —                         | —   | —                                      | —                      | —                        | —                      | —                      | (36,240)               | —                         | —                                  | —                              | —                             | —                          |
| <b>Total Fund Balances</b>   | <b>—</b>                  | <b>3,872,541</b>                          | <b>2,068,993</b>                       | <b>74,235</b>          | <b>1,054,054</b>         | <b>4,525</b>           | <b>715,291</b>         | <b>(36,240)</b>        | <b>—</b>                  | <b>181,506</b>                     | <b>3,988,730</b>               | <b>—</b>                      | <b>—</b>                   |
| <b>Total Liabilities,<br/>Deferred Inflows<br/>And Fund Balances</b> | <b>\$ —</b>               | <b>\$ 4,815,274</b>                       | <b>\$ 2,074,089</b>                    | <b>\$ 74,235</b>       | <b>\$ 1,141,375</b>      | <b>\$ 67,580</b>       | <b>\$ 715,291</b>      | <b>\$ 78,281</b>       | <b>\$ —</b>               | <b>\$ 186,914</b>                  | <b>\$ 4,374,178</b>            | <b>\$ —</b>                   | <b>\$ —</b>                |

**CITY OF LEE'S SUMMIT, MISSOURI**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 2 Of 2  
June 30, 2016**

|  | Third<br>Street<br>Road<br>Improvements | Storm<br>Water<br>Improvement | Arterial<br>Street<br>Lights II | Salt<br>Dome<br>Bonds<br>#2 | US 50 Hwy<br>& Rte 291<br>South<br>Interchange | ERP<br>System    | Road<br>Improvements | Tudor<br>Road<br>Improvements | Infrastruc-<br>ture<br>Improvements | Public<br>Safety<br>10 | Cultural<br>Arts<br>2013<br>Bonds | Road<br>Improvements<br>2013 | Public<br>Safety<br>Equipment<br>Replacement | Total<br>Nonmajor<br>Capital<br>Projects<br>Funds |
|--|---|-------------------------------|---------------------------------|-----------------------------|--|------------------|----------------------|-------------------------------|-------------------------------------|------------------------|-----------------------------------|------------------------------|--|---|
| <b>Assets</b>  |   |                               |                                 |                             |  |                  |                      |                               |                                     |                        |                                   |                              |  |   |
| Pooled cash and investments                                  | \$ —                                    | \$ 4,291,919                  | \$ —                            | \$ —                        | \$ 5,602,164                                   | \$ 30,425        | \$ —                 | \$ 2,481,245                  | \$ 13,525                           | \$ —                   | \$ 587,643                        | \$ 580,070                   | \$ 146,917                                   | \$ 21,762,124                                     |
| Receivables (net of allowance)                               |   |                               |                                 |                             |  |                  |                      |                               |                                     |                        |                                   |                              |  |   |
| Taxes  | —                                       | —                             | —                               | —                           | —  | —                | —                    | —                             | —                                   | —                      | —                                 | —                            | —  | 1,371,123   |
| Interest   | —                                       | —                             | —                               | —                           | —  | 53               | —                    | —                             | 161                                 | —                      | —                                 | —                            | 678  | 12,011  |
| Due from other funds   | —                                       | —                             | —                               | —                           | —  | —                | —                    | 1,537                         | —                                   | —                      | —                                 | —                            | —  | 3,341,537   |
| Due from other governments                                   | —                                       | —                             | —                               | —                           | —  | —                | —                    | —                             | —                                   | —                      | —                                 | —                            | —  | 776,759   |
| Other assets   | —                                       | —                             | —                               | —                           | —  | 793              | —                    | —                             | —                                   | —                      | —                                 | —                            | —  | 793   |
| <b>Total Assets</b>  | <b>\$ —</b>                             | <b>\$ 4,291,919</b>           | <b>\$ —</b>                     | <b>\$ —</b>                 | <b>\$ 5,602,164</b>                            | <b>\$ 31,271</b> | <b>\$ —</b>          | <b>\$ 2,482,782</b>           | <b>\$ 13,686</b>                    | <b>\$ —</b>            | <b>\$ 587,643</b>                 | <b>\$ 580,070</b>            | <b>\$ 147,595</b>                            | <b>\$ 27,264,347</b>                              |
| <b>Liabilities And Fund Balances</b>                         |   |                               |                                 |                             |  |                  |                      |                               |                                     |                        |                                   |                              |  |   |
| <b>Liabilities</b>   |   |                               |                                 |                             |  |                  |                      |                               |                                     |                        |                                   |                              |  |   |
| Accounts payable and accrued liabilities                     | \$ —                                    | \$ 39,487                     | \$ —                            | \$ —                        | \$ —   | \$ —             | \$ —                 | \$ 851,509                    | \$ 752                              | \$ —                   | \$ 102,209                        | \$ 150,517                   | \$ —   | \$ 1,680,567                                      |
| Payable from restricted                                      | —                                       | —                             | —                               | —                           | —  | —                | —                    | —                             | —                                   | —                      | —                                 | —                            | —  | 5,000   |
| Accrued interest payable                                     | —                                       | —                             | —                               | —                           | —  | —                | —                    | —                             | —                                   | —                      | —                                 | —                            | —  | 2,393   |
| Due to other funds   | —                                       | —                             | —                               | —                           | —  | —                | —                    | —                             | —                                   | —                      | —                                 | —                            | —  | 1,055,000   |
| <b>Total Liabilities</b>                                     | <b>—</b>                                | <b>39,487</b>                 | <b>—</b>                        | <b>—</b>                    | <b>—</b>                                       | <b>—</b>         | <b>—</b>             | <b>851,509</b>                | <b>752</b>                          | <b>—</b>               | <b>102,209</b>                    | <b>150,517</b>               | <b>—</b>                                     | <b>2,742,960</b>                                  |
| <b>Deferred Inflows Of Resources</b>                         |   |                               |                                 |                             |  |                  |                      |                               |                                     |                        |                                   |                              |  |   |
| Other  | —                                       | —                             | —                               | —                           | —  | —                | —                    | —                             | —                                   | —                      | —                                 | —                            | —  | 5,096   |
| <b>Fund Balances</b>   |   |                               |                                 |                             |  |                  |                      |                               |                                     |                        |                                   |                              |  |   |
| Restricted   |   |                               |                                 |                             |  |                  |                      |                               |                                     |                        |                                   |                              |  |   |
| Bridges, streets and signals                                 | —                                       | —                             | —                               | —                           | 5,602,164                                      | —                | —                    | 1,631,273                     | 12,934                              | —                      | —                                 | 429,553                      | —  | 13,617,458  |
| Economic development   | —                                       | —                             | —                               | —                           | —  | —                | —                    | —                             | —                                   | —                      | —                                 | —                            | —  | 4,964,287   |
| Other capital projects                                       | —                                       | 4,252,432                     | —                               | —                           | —  | —                | —                    | —                             | —                                   | —                      | 485,434                           | —                            | —  | 4,737,866   |
| Assigned   |   |                               |                                 |                             |  |                  |                      |                               |                                     |                        |                                   |                              |  |   |
| Parks and recreation   | —                                       | —                             | —                               | —                           | —  | —                | —                    | —                             | —                                   | —                      | —                                 | —                            | —  | 1,054,054   |
| Other capital projects                                       | —                                       | —                             | —                               | —                           | —  | 31,271           | —                    | —                             | —                                   | —                      | —                                 | —                            | 147,595                                      | 178,866   |
| Unassigned   | —                                       | —                             | —                               | —                           | —  | —                | —                    | —                             | —                                   | —                      | —                                 | —                            | —  | (36,240)  |
| <b>Total Fund Balances</b>                                   | <b>—</b>                                | <b>4,252,432</b>              | <b>—</b>                        | <b>—</b>                    | <b>5,602,164</b>                               | <b>31,271</b>    | <b>—</b>             | <b>1,631,273</b>              | <b>12,934</b>                       | <b>—</b>               | <b>485,434</b>                    | <b>429,553</b>               | <b>147,595</b>                               | <b>24,516,291</b>                                 |
| <b>Total Liabilities, Deferred Inflows And Fund Balances</b> | <b>\$ —</b>                             | <b>\$ 4,291,919</b>           | <b>\$ —</b>                     | <b>\$ —</b>                 | <b>\$ 5,602,164</b>                            | <b>\$ 31,271</b> | <b>\$ —</b>          | <b>\$ 2,482,782</b>           | <b>\$ 13,686</b>                    | <b>\$ —</b>            | <b>\$ 587,643</b>                 | <b>\$ 580,070</b>            | <b>\$ 147,595</b>                            | <b>\$ 27,264,347</b>                              |

**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, 2016

|  | Fire<br>Facility<br>No. 7 | Road<br>And<br>Bridge<br>Improvement | Road And<br>Bridge<br>Excise<br>Tax | Ritter<br>Plaza<br>TIF | Park<br>Develop-<br>ment | Summit<br>Woods<br>TIF | Chapel<br>Ridge<br>TIF | New<br>Longview<br>TIF | Hartley's<br>Block<br>TIF | I-470<br>Business<br>Center<br>TIF | Summit<br>Woods<br>East<br>TIF | Downtown<br>Improve-<br>ments | Public<br>Safety<br>Issues |
|--|---------------------------|--------------------------------------|-------------------------------------|------------------------|--------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------------------|--------------------------------|-------------------------------|----------------------------|
| <b>Revenues</b>  |                           |                                      |                                     |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Taxes  |                           |                                      |                                     |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Property   | \$ —                      | \$ —                                 | \$ —                                | \$ 60,789              | \$ —                     | \$ —                   | \$ 1,229,697           | \$ 234,051             | \$ 231                    | \$ 428,319                         | \$ 1,421,924                   | \$ —                          | \$ —                       |
| Sales  | —                         | 7,121,477                            | —                                   | 19,334                 | —                        | —                      | 593,532                | 114,751                | —                         | 388,297                            | 1,161,030                      | —                             | —                          |
| License  | —                         | —                                    | 650,360                             | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | —                          |
| Fees and fines   | —                         | —                                    | —                                   | —                      | —                        | —                      | 11,048                 | —                      | 24                        | —                                  | —                              | —                             | —                          |
| Intergovernmental  | —                         | 399,594                              | —                                   | 6,072                  | 220,000                  | —                      | 225,063                | 30,487                 | —                         | 146,908                            | 312,683                        | —                             | —                          |
| Charges for services   | —                         | —                                    | —                                   | —                      | —                        | 22,722                 | —                      | 686                    | —                         | 2,915                              | 7,020                          | —                             | —                          |
| Investment earnings  | —                         | 697                                  | 20,040                              | 1,431                  | 13,929                   | 749                    | 11,120                 | 406                    | 299                       | 3,606                              | 1,888                          | —                             | —                          |
| Other  | —                         | —                                    | —                                   | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | 10                             | —                             | —                          |
| <b>Total Revenues</b>  | <b>—</b>                  | <b>7,521,768</b>                     | <b>670,400</b>                      | <b>87,626</b>          | <b>233,929</b>           | <b>23,471</b>          | <b>2,070,460</b>       | <b>380,381</b>         | <b>554</b>                | <b>970,045</b>                     | <b>2,904,555</b>               | <b>—</b>                      | <b>—</b>                   |
| <b>Expenditures</b>  |                           |                                      |                                     |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| General government   | —                         | 512                                  | —                                   | 68,737                 | —                        | —                      | —                      | 1,540                  | —                         | 658,706                            | —                              | —                             | —                          |
| Debt service   |                           |                                      |                                     |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Principal  | —                         | —                                    | —                                   | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | 1,120,000                      | —                             | —                          |
| Interest and other charges                                   | —                         | —                                    | —                                   | —                      | —                        | 22,722                 | —                      | 302                    | —                         | —                                  | 1,195,172                      | —                             | —                          |
| Capital outlay   | —                         | 7,923,262                            | 100,663                             | 195,058                | 1,117,965                | —                      | 2,293,425              | 392,517                | 4                         | 436,402                            | 51,527                         | —                             | —                          |
| <b>Total Expenditures</b>                                    | <b>—</b>                  | <b>7,923,774</b>                     | <b>100,663</b>                      | <b>263,795</b>         | <b>1,117,965</b>         | <b>22,722</b>          | <b>2,293,425</b>       | <b>394,359</b>         | <b>4</b>                  | <b>1,095,108</b>                   | <b>2,366,699</b>               | <b>—</b>                      | <b>—</b>                   |
| <b>Excess (Deficiency) Of Revenues<br/>Over Expenditures</b> | <b>—</b>                  | <b>(402,006)</b>                     | <b>569,737</b>                      | <b>(176,169)</b>       | <b>(884,036)</b>         | <b>749</b>             | <b>(222,965)</b>       | <b>(13,978)</b>        | <b>550</b>                | <b>(125,063)</b>                   | <b>537,856</b>                 | <b>—</b>                      | <b>—</b>                   |
| <b>Other Financing Sources</b>                               |                           |                                      |                                     |                        |                          |                        |                        |                        |                           |                                    |                                |                               |                            |
| Issuance of bonds  | —                         | —                                    | —                                   | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | —                          |
| Premium on issuance of bonds                                 | —                         | —                                    | —                                   | —                      | —                        | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | —                          |
| Transfers in   | —                         | —                                    | —                                   | —                      | 1,800,000                | —                      | —                      | —                      | —                         | —                                  | —                              | —                             | 282,549                    |
| Transfers out  | (170,783)                 | —                                    | —                                   | —                      | —                        | —                      | —                      | —                      | (1,065)                   | —                                  | —                              | (75,634)                      | —                          |
| <b>Total Other Financing<br/>Sources</b>                     | <b>(170,783)</b>          | <b>—</b>                             | <b>—</b>                            | <b>—</b>               | <b>1,800,000</b>         | <b>—</b>               | <b>—</b>               | <b>—</b>               | <b>(1,065)</b>            | <b>—</b>                           | <b>—</b>                       | <b>(75,634)</b>               | <b>282,549</b>             |
| <b>Net Change In Fund Balances</b>                           | <b>(170,783)</b>          | <b>(402,006)</b>                     | <b>569,737</b>                      | <b>(176,169)</b>       | <b>915,964</b>           | <b>749</b>             | <b>(222,965)</b>       | <b>(13,978)</b>        | <b>(515)</b>              | <b>(125,063)</b>                   | <b>537,856</b>                 | <b>(75,634)</b>               | <b>282,549</b>             |
| <b>Fund Balances - Beginning</b>                             | <b>170,783</b>            | <b>4,274,547</b>                     | <b>1,499,256</b>                    | <b>250,404</b>         | <b>138,090</b>           | <b>3,776</b>           | <b>938,256</b>         | <b>(22,262)</b>        | <b>515</b>                | <b>306,569</b>                     | <b>3,450,874</b>               | <b>75,634</b>                 | <b>(282,549)</b>           |
| <b>Fund Balances - Ending</b>                                | <b>\$ —</b>               | <b>\$ 3,872,541</b>                  | <b>\$ 2,068,993</b>                 | <b>\$ 74,235</b>       | <b>\$ 1,054,054</b>      | <b>\$ 4,525</b>        | <b>\$ 715,291</b>      | <b>\$ (36,240)</b>     | <b>\$ —</b>               | <b>\$ 181,506</b>                  | <b>\$ 3,988,730</b>            | <b>\$ —</b>                   | <b>\$ —</b>                |

**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, 2016

|  | Third<br>Street<br>Road<br>Improve-<br>ments | Storm<br>Water<br>Improve-<br>ment | Arterial<br>Street<br>Lights II | Salt<br>Dome<br>Bond<br>#2 | US 50 Hwy<br>& Rte 291<br>South<br>Interchange | ERP<br>System    | Road<br>Improve-<br>ments | Tudor<br>Road<br>Improve-<br>ments | Infrastruc-<br>ture<br>Improve-<br>ments | Public<br>Safety<br>10 | Cultural<br>Arts<br>2013<br>Bonds | Road<br>Improve-<br>ments<br>2013 | Public<br>Safety<br>Equip-<br>ment<br>Replace-<br>ment | Total<br>Nonmajor<br>Capital<br>Projects<br>Funds |
|--|--|------------------------------------|---------------------------------|----------------------------|--|------------------|---------------------------|------------------------------------|--|------------------------|-----------------------------------|-----------------------------------|--|---|
| <b>Revenues</b>  |  |                                    |                                 |                            |  |                  |                           |                                    |  |                        |                                   |                                   |  |   |
| Taxes  |  |                                    |                                 |                            |  |                  |                           |                                    |  |                        |                                   |                                   |  |   |
| Property   | \$ —   | \$ —                               | \$ —                            | \$ —                       | \$ —   | \$ —             | \$ —                      | \$ —                               | \$ —                                     | \$ —                   | \$ —                              | \$ —                              | \$ —   | 3,375,011   |
| Sales  | —  | —                                  | —                               | —                          | —  | —                | —                         | —                                  | —  | —                      | —                                 | —                                 | —  | 9,398,421   |
| License  | —  | —                                  | —                               | —                          | —  | —                | —                         | —                                  | —  | —                      | —                                 | —                                 | —  | 650,360   |
| Fees and fines   | —  | —                                  | —                               | —                          | —  | —                | —                         | —                                  | —  | —                      | —                                 | —                                 | —  | 11,072  |
| Intergovernmental  | —  | —                                  | —                               | —                          | —  | —                | —                         | —                                  | —  | —                      | —                                 | —                                 | —  | 1,340,807   |
| Charges for services   | —  | —                                  | —                               | —                          | —  | —                | —                         | —                                  | —  | —                      | —                                 | —                                 | —  | 33,343  |
| Investment earnings  | —  | 9,195                              | 189                             | —                          | 8,913  | 280              | 190                       | 7,254                              | 605                                      | 611                    | 2,278                             | 2,255                             | 3,030  | 88,965  |
| Other  | —  | —                                  | —                               | —                          | —  | —                | —                         | —                                  | —  | —                      | —                                 | —                                 | —  | 10  |
| <b>Total Revenues</b>  | <b>—</b>                                     | <b>9,195</b>                       | <b>189</b>                      | <b>—</b>                   | <b>8,913</b>                                   | <b>280</b>       | <b>190</b>                | <b>7,254</b>                       | <b>605</b>                               | <b>611</b>             | <b>2,278</b>                      | <b>2,255</b>                      | <b>3,030</b>   | <b>14,897,989</b>                                 |
| <b>Expenditures</b>  |  |                                    |                                 |                            |  |                  |                           |                                    |  |                        |                                   |                                   |  |   |
| General government   | —  | 5,338                              | —                               | —                          | —  | —                | —                         | —                                  | —  | —                      | —                                 | —                                 | —  | 734,833   |
| Debt service   |  |                                    |                                 |                            |  |                  |                           |                                    |  |                        |                                   |                                   |  |   |
| Principal  | —  | —                                  | —                               | —                          | —  | —                | —                         | —                                  | —  | —                      | —                                 | —                                 | —  | 1,120,000   |
| Interest and other charges                                   | —  | —                                  | 91                              | —                          | 33,561   | —                | —                         | —                                  | —  | —                      | —                                 | —                                 | —  | 1,251,848   |
| Capital outlay   | —  | 184,106                            | 71,011                          | —                          | 1,259,411                                      | 30               | 114,991                   | 5,497,107                          | 138,056                                  | —                      | 1,561,029                         | 1,977,728                         | 322,249  | 23,636,541  |
| <b>Total Expenditures</b>                                    | <b>—</b>                                     | <b>189,444</b>                     | <b>71,102</b>                   | <b>—</b>                   | <b>1,292,972</b>                               | <b>30</b>        | <b>114,991</b>            | <b>5,497,107</b>                   | <b>138,056</b>                           | <b>—</b>               | <b>1,561,029</b>                  | <b>1,977,728</b>                  | <b>322,249</b>   | <b>26,743,222</b>                                 |
| <b>Excess (Deficiency) Of Revenues<br/>Over Expenditures</b> | <b>—</b>                                     | <b>(180,249)</b>                   | <b>(70,913)</b>                 | <b>—</b>                   | <b>(1,284,059)</b>                             | <b>250</b>       | <b>(114,801)</b>          | <b>(5,489,853)</b>                 | <b>(137,451)</b>                         | <b>611</b>             | <b>(1,558,751)</b>                | <b>(1,975,473)</b>                | <b>(319,219)</b>                                       | <b>(11,845,233)</b>                               |
| <b>Other Financing Sources (Uses)</b>                        |  |                                    |                                 |                            |  |                  |                           |                                    |  |                        |                                   |                                   |  |   |
| Issuance of bonds  | —  | 110,259                            | —                               | —                          | 6,593,635                                      | —                | 3,678                     | 7,342,271                          | —  | —                      | —                                 | —                                 | —  | 14,049,843  |
| Premium on issuance of bonds                                 | —  | 4,330                              | —                               | —                          | 258,942  | —                | 144                       | 288,341                            | —  | —                      | —                                 | —                                 | —  | 551,757   |
| Transfers in   | 2,644  | —                                  | —                               | 58,293                     | —  | —                | —                         | —                                  | —  | —                      | —                                 | —                                 | 379,776  | 2,523,262   |
| Transfers out  | —  | —                                  | —                               | —                          | —  | —                | —                         | —                                  | —  | (211,930)              | —                                 | —                                 | —  | (459,412)   |
| <b>Total Other Financing Sources</b>                         | <b>2,644</b>                                 | <b>114,589</b>                     | <b>—</b>                        | <b>58,293</b>              | <b>6,852,577</b>                               | <b>—</b>         | <b>3,822</b>              | <b>7,630,612</b>                   | <b>—</b>                                 | <b>(211,930)</b>       | <b>—</b>                          | <b>—</b>                          | <b>379,776</b>   | <b>16,665,450</b>                                 |
| <b>Net Change In Fund Balances</b>                           | <b>2,644</b>                                 | <b>(65,660)</b>                    | <b>(70,913)</b>                 | <b>58,293</b>              | <b>5,568,518</b>                               | <b>250</b>       | <b>(110,979)</b>          | <b>2,140,759</b>                   | <b>(137,451)</b>                         | <b>(211,319)</b>       | <b>(1,558,751)</b>                | <b>(1,975,473)</b>                | <b>60,557</b>  | <b>4,820,217</b>                                  |
| <b>Fund Balances - Beginning</b>                             | <b>(2,644)</b>                               | <b>4,318,092</b>                   | <b>70,913</b>                   | <b>(58,293)</b>            | <b>33,646</b>                                  | <b>31,021</b>    | <b>110,979</b>            | <b>(509,486)</b>                   | <b>150,385</b>                           | <b>211,319</b>         | <b>2,044,185</b>                  | <b>2,405,026</b>                  | <b>87,038</b>  | <b>19,696,074</b>                                 |
| <b>Fund Balances - Ending</b>                                | <b>\$ —</b>                                  | <b>\$ 4,252,432</b>                | <b>\$ —</b>                     | <b>\$ —</b>                | <b>\$ 5,602,164</b>                            | <b>\$ 31,271</b> | <b>\$ —</b>               | <b>\$ 1,631,273</b>                | <b>\$ 12,934</b>                         | <b>\$ —</b>            | <b>\$ 485,434</b>                 | <b>\$ 429,553</b>                 | <b>\$ 147,595</b>                                      | <b>\$ 24,516,291</b>                              |

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE

For The Year Ended June 30, 2016

|   | Budgeted Amounts    |                     | Actual<br>Amounts   | Variances<br>With Final<br>Budget -<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|---|
|   | Original            | Final               |                     |   |
| <b>Revenues</b>                                 |                     |                     |                     |   |
| Taxes   |                     |                     |                     |   |
| Property taxes                                  | \$ 8,162,690        | \$ 8,162,690        | \$ 8,332,556        | \$ 169,866  |
| Sales   | 3,502,715           | 3,502,715           | 3,560,042           | 57,327  |
| Other tax                                       | —                   | —                   | 9,741               | 9,741   |
| Fines and forfeitures                           | 41,250              | 41,250              | 45,167              | 3,917   |
| Investment earnings                             | 48,500              | 48,500              | 115,256             | 66,756  |
| Other   | —                   | —                   | —                   | —   |
| <b>Total Revenues</b>                           | <b>11,755,155</b>   | <b>11,755,155</b>   | <b>12,062,762</b>   | <b>307,607</b>  |
| <b>Expenditures</b>                             |                     |                     |                     |   |
| Debt Service:                                   |                     |                     |                     |   |
| Principal                                       | 10,997,000          | 10,997,000          | 9,237,000           | 1,760,000   |
| Interest and other charges                      | 1,681,548           | 1,681,548           | 1,753,112           | (71,564)  |
| <b>Total Expenditures</b>                       | <b>12,678,548</b>   | <b>12,678,548</b>   | <b>10,990,112</b>   | <b>1,688,436</b>  |
| <b>Excess Of Revenues Over<br/>Expenditures</b> | <b>(923,393)</b>    | <b>(923,393)</b>    | <b>1,072,650</b>    | <b>1,996,043</b>  |
| <b>Other Financing Sources (Uses)</b>           |                     |                     |                     |   |
| Issuance of bonds                               | —                   | —                   | 25,157              | 25,157  |
| Transfers out                                   | (1,975,000)         | (1,975,000)         | (1,975,000)         | —   |
| <b>Total Other Financing Sources (Uses)</b>     | <b>(1,975,000)</b>  | <b>(1,975,000)</b>  | <b>(1,949,843)</b>  | <b>25,157</b>   |
| <b>Net Change In Fund Balances</b>              | <b>(2,898,393)</b>  | <b>(2,898,393)</b>  | <b>(877,193)</b>    | <b>2,021,200</b>  |
| <b>Fund Balances - Beginning</b>                | <b>9,049,545</b>    | <b>9,049,545</b>    | <b>9,049,545</b>    | <b>—</b>  |
| <b>Fund Balances - Ending</b>                   | <b>\$ 6,151,152</b> | <b>\$ 6,151,152</b> | <b>\$ 8,172,352</b> | <b>\$ 2,021,200</b>   |

# 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, 2016

|  | Central<br>Vehicle<br>Services | Unemployment<br>Insurance | Insurance<br>Claims And<br>Damages<br>Reserve Fund | Health<br>Insurance<br>Reserve<br>Fund | I.T.<br>Services    | Short-Term<br>Disability<br>Fund | Workers'<br>Compensation<br>Self-Insurance | Central<br>Building<br>Services | Total                |
|--|--------------------------------|---------------------------|--|--|---------------------|----------------------------------|--|---------------------------------|----------------------|
| <b>Assets</b>  |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Current assets                                       |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Cash and investments                                 | \$ 1,870,705                   | \$ 66,928                 | \$ 166,783   | \$ 1,147,903                           | \$ 2,961,504        | \$ 115,983                       | \$ 2,373,611                               | \$ 1,081,961                    | \$ 9,785,378         |
| Receivables (net of allowance)<br>accounts and other | —                              | —                         | —  | —                                      | —                   | —                                | 17,636                                     | 15,870                          | 33,506               |
| Interest receivable                                  | 2,638                          | 139                       | 417  | 3,192                                  | 5,721               | 223                              | 4,382                                      | 2,157                           | 18,869               |
| Inventories  | 149,721                        | —                         | —  | —                                      | —                   | —                                | —  | —                               | 149,721              |
| Prepaid expenses                                     | —                              | —                         | —  | —                                      | 6,233               | —                                | —  | —                               | 6,233                |
| Other assets   | —                              | —                         | —  | —                                      | —                   | —                                | —  | —                               | —                    |
| <b>Total current assets</b>                          | <b>2,023,064</b>               | <b>67,067</b>             | <b>167,200</b>                                     | <b>1,151,095</b>                       | <b>2,973,458</b>    | <b>116,206</b>                   | <b>2,395,629</b>                           | <b>1,099,988</b>                | <b>9,993,707</b>     |
| Noncurrent assets                                    |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Pension asset  | 15,505                         | —                         | —  | —                                      | 25,870              | —                                | —  | 13,326                          | 54,701               |
| Capital assets                                       |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Nondepreciable                                       | 104,250                        | —                         | —  | —                                      | —                   | —                                | —  | —                               | 104,250              |
| Depreciable, net                                     | 7,561,844                      | —                         | —  | —                                      | 205,874             | —                                | —  | 1,067,819                       | 8,835,537            |
| <b>Total noncurrent assets</b>                       | <b>7,681,599</b>               | <b>—</b>                  | <b>—</b>   | <b>—</b>                               | <b>231,744</b>      | <b>—</b>                         | <b>—</b>                                   | <b>1,081,145</b>                | <b>8,994,488</b>     |
| <b>Total Assets</b>                                  | <b>9,704,663</b>               | <b>67,067</b>             | <b>167,200</b>                                     | <b>1,151,095</b>                       | <b>3,205,202</b>    | <b>116,206</b>                   | <b>2,395,629</b>                           | <b>2,181,133</b>                | <b>18,988,195</b>    |
| <b>Deferred Outflows Of Resources - Pension</b>      | <b>153,013</b>                 | <b>—</b>                  | <b>—</b>   | <b>—</b>                               | <b>255,304</b>      | <b>—</b>                         | <b>—</b>                                   | <b>131,494</b>                  | <b>539,811</b>       |
| <b>Liabilities</b>                                   |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Current liabilities                                  |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Accounts payable                                     | 13,190                         | 5,706                     | 18,541   | 3,238                                  | 25,422              | —                                | 757,656                                    | 34,826                          | 858,579              |
| Salaries payable                                     | 22,484                         | —                         | —  | 421,177                                | 69,019              | 988                              | —  | 18,673                          | 532,341              |
| Compensated absences                                 | 1,962                          | —                         | —  | —                                      | 7,225               | —                                | —  | 1,873                           | 11,060               |
| <b>Total current liabilities</b>                     | <b>37,636</b>                  | <b>5,706</b>              | <b>18,541</b>                                      | <b>424,415</b>                         | <b>101,666</b>      | <b>988</b>                       | <b>757,656</b>                             | <b>55,372</b>                   | <b>1,401,980</b>     |
| Noncurrent liabilities                               |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Compensated absences                                 | 40,106                         | —                         | —  | —                                      | 92,135              | —                                | —  | 29,708                          | 161,949              |
| Other post employment benefits                       | 36,909                         | —                         | —  | —                                      | 61,583              | —                                | —  | 31,719                          | 130,211              |
| <b>Total noncurrent liabilities</b>                  | <b>77,015</b>                  | <b>—</b>                  | <b>—</b>   | <b>—</b>                               | <b>153,718</b>      | <b>—</b>                         | <b>—</b>                                   | <b>61,427</b>                   | <b>292,160</b>       |
| <b>Total Liabilities</b>                             | <b>114,651</b>                 | <b>5,706</b>              | <b>18,541</b>                                      | <b>424,415</b>                         | <b>255,384</b>      | <b>988</b>                       | <b>757,656</b>                             | <b>116,799</b>                  | <b>1,694,140</b>     |
| <b>Deferred Inflows Of Resources - Pension</b>       | <b>3,573</b>                   | <b>—</b>                  | <b>—</b>   | <b>—</b>                               | <b>5,962</b>        | <b>—</b>                         | <b>—</b>                                   | <b>3,070</b>                    | <b>12,605</b>        |
| <b>Net Position</b>                                  |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Net investment in capital assets                     | 7,666,094                      | —                         | —  | —                                      | 205,874             | —                                | —  | 1,067,819                       | 8,939,787            |
| Restricted for pension                               | 164,945                        | —                         | —  | —                                      | 275,212             | —                                | —  | 141,750                         | 581,907              |
| Unrestricted   | 1,908,413                      | 61,361                    | 148,659  | 726,680                                | 2,718,074           | 115,218                          | 1,637,973                                  | 983,189                         | 8,299,567            |
| <b>Total Net Position</b>                            | <b>\$ 9,739,452</b>            | <b>\$ 61,361</b>          | <b>\$ 148,659</b>                                  | <b>\$ 726,680</b>                      | <b>\$ 3,199,160</b> | <b>\$ 115,218</b>                | <b>\$ 1,637,973</b>                        | <b>\$ 2,192,758</b>             | <b>\$ 17,821,261</b> |

## 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, 2016

|                                       | Central<br>Vehicle<br>Services | Unemployment<br>Insurance | Insurance<br>Claims And<br>Damages<br>Reserve Fund | Health<br>Insurance<br>Reserve<br>Fund | I.T.<br>Services    | Short-Term<br>Disability<br>Fund | Workers'<br>Compensation<br>Self-Insurance | Central<br>Building<br>Services | Total                |
|---------------------------------------|--------------------------------|---------------------------|--|--|---------------------|----------------------------------|--|---------------------------------|----------------------|
| <b>Operating Revenues</b>             |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Charges for services                  | \$ 2,556,507                   | \$ 20,368                 | \$ 881,903   | \$ —                                   | \$ 2,987,522        | \$ —                             | \$ 907,493                                 | \$ 1,141,172                    | \$ 8,494,965         |
| Miscellaneous                         |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Other                                 | 1,020                          | —                         | 21,494   | 139                                    | 2,747               | —                                | 2,350                                      | 769                             | 28,519               |
| <b>Total Operating Revenues</b>       | <b>2,557,527</b>               | <b>20,368</b>             | <b>903,397</b>                                     | <b>139</b>                             | <b>2,990,269</b>    | <b>—</b>                         | <b>909,843</b>                             | <b>1,141,941</b>                | <b>8,523,484</b>     |
| <b>Operating Expenses</b>             |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Salaries, wages and employee benefits | 689,020                        | —                         | —  | 100                                    | 1,936,646           | 20,605                           | —  | 670,480                         | 3,316,851            |
| Utilities                             | 50,164                         | —                         | —  | —                                      | —                   | —                                | —  | 221,134                         | 271,298              |
| Repairs and maintenance               | 26,041                         | —                         | —  | —                                      | 605,774             | —                                | —  | 82,764                          | 714,579              |
| Fuels and lubricants                  | 1,748                          | —                         | —  | —                                      | 290                 | —                                | —  | 1,963                           | 4,001                |
| Depreciation                          | 2,211,118                      | —                         | —  | —                                      | 85,640              | —                                | —  | 100,057                         | 2,396,815            |
| Interdepartment charges               | 97,154                         | —                         | —  | —                                      | 330,793             | —                                | —  | 36,075                          | 464,022              |
| Miscellaneous                         | 104,540                        | 35,030                    | 882,926  | 244,236                                | 521,996             | —                                | 603,229                                    | 24,857                          | 2,416,814            |
| <b>Total Operating Expenses</b>       | <b>3,179,785</b>               | <b>35,030</b>             | <b>882,926</b>                                     | <b>244,336</b>                         | <b>3,481,139</b>    | <b>20,605</b>                    | <b>603,229</b>                             | <b>1,137,330</b>                | <b>9,584,380</b>     |
| <b>Operating Income (Loss)</b>        | <b>(622,258)</b>               | <b>(14,662)</b>           | <b>20,471</b>                                      | <b>(244,197)</b>                       | <b>(490,870)</b>    | <b>(20,605)</b>                  | <b>306,614</b>                             | <b>4,611</b>                    | <b>(1,060,896)</b>   |
| <b>Nonoperating Revenue</b>           |                                |                           |  |  |                     |                                  |  |                                 |                      |
| Interest income                       | 18,802                         | 898                       | 2,547  | 16,100                                 | 35,685              | 1,413                            | 29,291                                     | 13,805                          | 118,541              |
| Interest expense                      | —                              | —                         | —  | —                                      | —                   | —                                | (1,212)                                    | —                               | (1,212)              |
| Loss on disposal of capital assets    | (259,296)                      | —                         | —  | —                                      | —                   | —                                | —  | —                               | (259,296)            |
| <b>Total Nonoperating Revenue</b>     | <b>(240,494)</b>               | <b>898</b>                | <b>2,547</b>                                       | <b>16,100</b>                          | <b>35,685</b>       | <b>1,413</b>                     | <b>28,079</b>                              | <b>13,805</b>                   | <b>(141,967)</b>     |
| <b>Income (Loss) Before Transfers</b> | <b>(862,752)</b>               | <b>(13,764)</b>           | <b>23,018</b>                                      | <b>(228,097)</b>                       | <b>(455,185)</b>    | <b>(19,192)</b>                  | <b>334,693</b>                             | <b>18,416</b>                   | <b>(1,202,863)</b>   |
| Transfers in                          | —                              | —                         | —  | —                                      | 314,403             | —                                | —  | 4,250                           | 318,653              |
| Transfers out                         | (4,250)                        | —                         | —  | —                                      | —                   | —                                | —  | —                               | (4,250)              |
| <b>Change In Net Position</b>         | <b>(867,002)</b>               | <b>(13,764)</b>           | <b>23,018</b>                                      | <b>(228,097)</b>                       | <b>(140,782)</b>    | <b>(19,192)</b>                  | <b>334,693</b>                             | <b>22,666</b>                   | <b>(888,460)</b>     |
| <b>Total Net Position - Beginning</b> | <b>10,606,454</b>              | <b>75,125</b>             | <b>125,641</b>                                     | <b>954,777</b>                         | <b>3,339,942</b>    | <b>134,410</b>                   | <b>1,303,280</b>                           | <b>2,170,092</b>                | <b>18,709,721</b>    |
| <b>Total Net Position - Ending</b>    | <b>\$ 9,739,452</b>            | <b>\$ 61,361</b>          | <b>\$ 148,659</b>                                  | <b>\$ 726,680</b>                      | <b>\$ 3,199,160</b> | <b>\$ 115,218</b>                | <b>\$ 1,637,973</b>                        | <b>\$ 2,192,758</b>             | <b>\$ 17,821,261</b> |



**CITY OF LEE'S SUMMIT, MISSOURI**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For The Year Ended June 30, 2016**

|  | Central<br>Vehicle<br>Services | Unemployment<br>Insurance | Insurance<br>Claims And<br>Damages<br>Reserve Fund | Health<br>Insurance<br>Reserve<br>Fund | I.T.<br>Services    | Short-Term<br>Disability<br>Fund | Workers'<br>Compensation<br>Self-Insurance | Central<br>Building<br>Services | Total               |
|--|--------------------------------|---------------------------|--|--|---------------------|----------------------------------|--|---------------------------------|---------------------|
| <b>Cash Flows From Operating Activities</b>  |                                |                           |  |  |                     |                                  |  |                                 |                     |
| Cash received from customers   | \$ 2,557,527                   | \$ 20,368                 | \$ 903,397   | \$ 139                                 | \$ 2,990,269        | \$ —                             | \$ 909,167                                 | \$ 1,126,071                    | \$ 8,506,938        |
| Cash paid to suppliers   | (294,343)                      | (29,324)                  | (883,670)  | (240,998)                              | (1,485,801)         | —                                | (681,219)                                  | (346,769)                       | (3,962,124)         |
| Cash paid to employees   | (648,498)                      | —                         | —  | (100)                                  | (1,880,406)         | (21,113)                         | —  | (647,803)                       | (3,197,920)         |
| <b>Net Cash Provided By (Used In) Operating Activities</b>   | <b>1,614,686</b>               | <b>(8,956)</b>            | <b>19,727</b>                                      | <b>(240,959)</b>                       | <b>(375,938)</b>    | <b>(21,113)</b>                  | <b>227,948</b>                             | <b>131,499</b>                  | <b>1,346,894</b>    |
| <b>Cash Flows From Noncapital Financing Activities</b>   |                                |                           |  |  |                     |                                  |  |                                 |                     |
| Transfers in   | —                              | —                         | —  | —                                      | 314,403             | —                                | —  | 4,250                           | 318,653             |
| Transfers out  | (4,250)                        | —                         | —  | —                                      | —                   | —                                | —  | —                               | (4,250)             |
| <b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>                                    | <b>(4,250)</b>                 | <b>—</b>                  | <b>—</b>   | <b>—</b>                               | <b>314,403</b>      | <b>—</b>                         | <b>—</b>                                   | <b>4,250</b>                    | <b>314,403</b>      |
| <b>Cash Flows From Capital And Related Financing Activities</b>  |                                |                           |  |  |                     |                                  |  |                                 |                     |
| Additions to capital assets  | (1,570,119)                    | —                         | —  | —                                      | —                   | —                                | —  | (109,104)                       | (1,679,223)         |
| Proceeds from sale of capital assets   | (259,296)                      | —                         | —  | —                                      | —                   | —                                | —  | —                               | (259,296)           |
| <b>Net Cash Used In Capital And Related Financing Activities</b>   | <b>(1,829,415)</b>             | <b>—</b>                  | <b>—</b>   | <b>—</b>                               | <b>—</b>            | <b>—</b>                         | <b>—</b>                                   | <b>(109,104)</b>                | <b>(1,938,519)</b>  |
| <b>Cash Flows Provided By Investing Activities</b>   |                                |                           |  |  |                     |                                  |  |                                 |                     |
| Interest received  | 18,298                         | 863                       | 2,403  | 12,908                                 | 33,704              | 1,334                            | 26,539                                     | 13,353                          | 109,402             |
| <b>Net Increase (Decrease) In Cash And Cash Equivalents</b>  | <b>(200,681)</b>               | <b>(8,093)</b>            | <b>22,130</b>                                      | <b>(228,051)</b>                       | <b>(27,831)</b>     | <b>(19,779)</b>                  | <b>254,487</b>                             | <b>39,998</b>                   | <b>(167,820)</b>    |
| <b>Cash And Cash Equivalents - Beginning Of Year</b>   | <b>2,071,386</b>               | <b>75,021</b>             | <b>144,653</b>                                     | <b>1,375,954</b>                       | <b>2,989,335</b>    | <b>135,762</b>                   | <b>2,119,124</b>                           | <b>1,041,963</b>                | <b>9,953,198</b>    |
| <b>Cash And Cash Equivalents - End Of Year</b>   | <b>\$ 1,870,705</b>            | <b>\$ 66,928</b>          | <b>\$ 166,783</b>                                  | <b>\$ 1,147,903</b>                    | <b>\$ 2,961,504</b> | <b>\$ 115,983</b>                | <b>\$ 2,373,611</b>                        | <b>\$ 1,081,961</b>             | <b>\$ 9,785,378</b> |
| Operating income (loss)  | \$ (622,258)                   | \$ (14,662)               | \$ 20,471  | \$ (244,197)                           | \$ (490,870)        | \$ (20,605)                      | \$ 306,614                                 | \$ 4,611                        | \$ (1,060,896)      |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                                |                           |  |  |                     |                                  |  |                                 |                     |
| Depreciation and amortization  | 2,211,118                      | —                         | —  | —                                      | 85,640              | —                                | —  | 100,057                         | 2,396,815           |
| Changes in assets and liabilities:   |                                |                           |  |  |                     |                                  |  |                                 |                     |
| Decrease in inventories  | (3,322)                        | —                         | —  | —                                      | —                   | —                                | —  | —                               | (3,322)             |
| Decrease in accounts receivable  | —                              | —                         | —  | —                                      | —                   | —                                | (676)                                      | (15,870)                        | (16,546)            |
| Increase in pension related assets, outflow and inflows  | 29,685                         | —                         | —  | —                                      | 33,202              | —                                | —  | 21,042                          | 83,929              |
| Increase (decrease) in accounts payable  | (11,374)                       | 5,706                     | (744)  | 3,238                                  | (25,526)            | —                                | (77,990)                                   | 20,011                          | (86,679)            |
| Decrease in prepaid expenses   | —                              | —                         | —  | —                                      | (1,422)             | —                                | —  | 13                              | (1,409)             |
| Increase in salaries and wages payable   | 3,718                          | —                         | —  | —                                      | 13,159              | (508)                            | —  | 5,241                           | 21,610              |
| Increase in other post employment benefits   | 3,951                          | —                         | —  | —                                      | 9,357               | —                                | —  | 4,152                           | 17,460              |
| Increase (decrease) in accrued compensated absences  | 3,168                          | —                         | —  | —                                      | 522                 | —                                | —  | (7,758)                         | (4,068)             |
| Total adjustments  | 2,236,944                      | 5,706                     | (744)  | 3,238                                  | 114,932             | (508)                            | (78,666)                                   | 126,888                         | 2,407,790           |
| <b>Net Cash Provided By (Used In) Operating Activities</b>   | <b>\$ 1,614,686</b>            | <b>\$ (8,956)</b>         | <b>\$ 19,727</b>                                   | <b>\$ (240,959)</b>                    | <b>\$ (375,938)</b> | <b>\$ (21,113)</b>               | <b>\$ 227,948</b>                          | <b>\$ 131,499</b>               | <b>\$ 1,346,894</b> |

---

**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.

| <b>Contents</b>   | <b>Page</b> |
|---|-------------|
| Financial Trends  | 71          |
| These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.   |             |
| Revenue Capacity  | 77          |
| These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.   |             |
| Debt Capacity   | 82          |
| These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.                   |             |
| Demographic and Economic Information  | 87          |
| 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   | 90          |
| 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           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  |
| <b>Governmental activities</b>                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets                   | \$ 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        | \$ 444,601,373        |
| 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            | 83,352,650            |
| Unrestricted                                       | 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)          | 1,012,936             |
| <b>Total governmental activities net position</b>  | <b>\$ 336,983,858</b> | <b>\$ 368,169,293</b> | <b>\$ 397,319,012</b> | <b>\$ 417,874,113</b> | <b>\$ 419,046,670</b> | <b>\$ 433,824,570</b> | <b>\$ 442,343,813</b> | <b>\$ 481,850,432</b> | <b>\$ 504,277,676</b> | <b>\$ 528,966,959</b> |
| <b>Business-type activities</b>                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets                   | \$ 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        | \$ 237,193,092        |
| Restricted   | 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            | 38,792,349            |
| Unrestricted                                       | 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             | 2,922,466             |
| <b>Total business-type activities net position</b> | <b>\$ 207,444,240</b> | <b>\$ 218,254,406</b> | <b>\$ 227,529,003</b> | <b>\$ 232,944,825</b> | <b>\$ 235,133,587</b> | <b>\$ 238,327,859</b> | <b>\$ 243,923,845</b> | <b>\$ 254,964,580</b> | <b>\$ 264,535,302</b> | <b>\$ 278,907,907</b> |
| <b>Primary government</b>                          |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets                   | \$ 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        | \$ 681,794,465        |
| Restricted   | 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           | 122,144,999           |
| Unrestricted                                       | 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)           | 3,935,402             |
| <b>Total primary government net position</b>       | <b>\$ 544,428,098</b> | <b>\$ 586,423,699</b> | <b>\$ 624,848,015</b> | <b>\$ 650,818,938</b> | <b>\$ 654,180,257</b> | <b>\$ 672,152,429</b> | <b>\$ 686,267,658</b> | <b>\$ 736,815,012</b> | <b>\$ 768,812,978</b> | <b>\$ 807,874,866</b> |

# CITY OF LEE'S SUMMIT, MISSOURI

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

|   | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          |
| <b>Expenses</b>                                 |               |               |               |               |               |               |               |               |               |               |
| Governmental activities                         |               |               |               |               |               |               |               |               |               |               |
| Public works and streets                        | \$ 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 | \$ 15,206,748 |
| Public safety                                   | 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    | 37,568,011    |
| Parks and recreation                            | 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     | 8,797,105     |
| Planning and development                        | 996,657       | 1,127,859     | 1,055,523     | 957,816       | 948,798       | 940,979       | 904,265       | 894,521       | 1,548,183     | 3,212,299     |
| General government                              | 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    | 27,934,309    |
| Interest on long-term debt                      | 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     | 2,450,327     |
| Total governmental activities expenses          | 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    | 95,168,799    |
| Business-type activities                        |               |               |               |               |               |               |               |               |               |               |
| Waterworks and sewerage system                  | 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    | 28,211,165    |
| Sanitary landfill                               | 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     | 2,611,974     |
| Airport   | 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     | 2,837,042     |
| Recreation center                               | 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     | 1,214,241     |
| Total business-type activities expenses         | 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    | 34,874,422    |
| Total primary government expenses               | 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   | 130,043,221   |
| <b>Program Revenues</b>                         |               |               |               |               |               |               |               |               |               |               |
| Governmental activities                         |               |               |               |               |               |               |               |               |               |               |
| Charges for services                            |               |               |               |               |               |               |               |               |               |               |
| Public works and streets                        | 1,971,762     | 528,090       | 229,237       | 122,053       | 124,975       | 141,277       | 358,852       | 600,144       | 667,442       | 868,734       |
| Public safety                                   | 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     | 5,573,365     |
| Parks and recreation                            | 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     | 3,029,143     |
| Planning and development                        | 305,029       | 243,875       | 119,625       | 103,360       | 122,371       | 153,963       | 130,251       | 124,325       | 138,886       | 177,298       |
| General government                              | 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     | 2,100,980     |
| Operating grants and contributions              | 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       | 1,552,368     |
| 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     | 13,083,572    |
| Total governmental activities program revenues  | 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    | 26,385,460    |
| Business-type activities                        |               |               |               |               |               |               |               |               |               |               |
| Charges for services                            |               |               |               |               |               |               |               |               |               |               |
| Waterworks and sewerage system                  | 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    | 37,155,220    |
| Sanitary landfill                               | 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     | 3,289,579     |
| Airport   | 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     | 4,336,197     |
| Recreation center                               | 657,134       | 662,132       | 849,238       | 970,765       | 1,082,156     | 1,114,367     | 1,208,496     | 1,046,554     | 1,127,448     | 1,232,906     |
| Capital grants and contributions                | 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     | 4,017,045     |
| Total business type activities program revenues | 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    | 50,030,947    |
| Total primary government revenues               | 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    | 76,416,407    |

# CITY OF LEE'S SUMMIT, MISSOURI

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

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
| <b>Net (Expense) Revenue</b>                                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                                       | \$ (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)      | \$ (68,783,339)      |
| Business-type activities                                      | 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            | 15,156,525           |
| Total primary government net expense                          | (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)         | (53,626,814)         |
| <b>General Revenues And Other Changes<br/>In Net Position</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General revenues  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Property taxes  | 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           | 35,178,239           |
| Sales and use taxes   | 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           | 36,576,616           |
| Franchise fees  | 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           | 13,068,478           |
| License taxes   | —                    | —                    | —                    | —                    | 458,972              | 613,669              | 552,206              | 600,233              | 827,620              | 647,812              |
| Motor vehicle taxes   | —                    | —                    | —                    | —                    | —                    | —                    | 3,262,217            | 3,397,313            | 3,514,204            | 3,616,455            |
| License, permits, fines and forfeitures                       | 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            | 2,354,766            |
| Revenues from use of money and property                       | 5,752,661            | 4,689,430            | 2,184,572            | 370,871              | 681,673              | 606,847              | 372,899              | 314,089              | 423,184              | 1,005,443            |
| Other revenue   | 404,198              | 331,941              | 94,938               | 301,952              | 243,073              | 258,110              | 705,780              | 304,521              | 216,470              | (259,296)            |
| Transfers   | 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              | 1,284,109            |
| Total governmental activities                                 | 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           | 93,472,622           |
| Business-type activities                                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General revenues  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Revenues from use of money and property                       | 2,588,566            | 2,709,663            | 1,401,400            | 400                  | 325,226              | 236,172              | 209,943              | 183,324              | 323,107              | 449,089              |
| Other revenue   | 676,794              | 768,363              | 1,061,955            | 1,951,491            | 265,587              | 649,768              | —                    | —                    | —                    | 51,100               |
| Transfers   | (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)            | (1,284,109)          |
| Total business-type activities                                | 802,714              | 910,135              | 780,407              | (176,709)            | (733,823)            | (880,938)            | (850,354)            | (257,098)            | (519,969)            | (783,920)            |
| Total primary government                                      | 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           | 92,688,702           |
| <b>Change In Net Position</b>                                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                                       | 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           | 24,689,283           |
| Business-type activities                                      | 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            | 14,372,605           |
| <b>Total city</b>   | <b>\$ 44,653,705</b> | <b>\$ 33,304,706</b> | <b>\$ 36,679,298</b> | <b>\$ 24,916,809</b> | <b>\$ 29,765,759</b> | <b>\$ 17,972,172</b> | <b>\$ 14,115,229</b> | <b>\$ 25,181,696</b> | <b>\$ 31,997,966</b> | <b>\$ 39,061,888</b> |

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

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
| General fund                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved                                  | \$ —                 | \$ —                 | \$ —                 | \$ —                 | \$ —                 | \$ —                 | \$ —                 | \$ —                 | \$ —                 | \$ —                 |
| Unreserved                                | 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            | 4,837,886            |
| Unassigned                                | —                    | —                    | —                    | —                    | 5,062,318            | 10,068,387           | 12,485,754           | 15,393,241           | 16,740,463           | 20,601,442           |
| <b>Total general fund</b>                 | <b>\$ 15,940,698</b> | <b>\$ 21,201,763</b> | <b>\$ 23,217,065</b> | <b>\$ 27,326,459</b> | <b>\$ 12,171,751</b> | <b>\$ 12,907,165</b> | <b>\$ 14,853,937</b> | <b>\$ 17,319,781</b> | <b>\$ 20,192,046</b> | <b>\$ 25,439,328</b> |
| All other governmental funds              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Unreserved, designated                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Debt service                              | \$ 6,948,934         | \$ 9,479,421         | \$ 9,335,782         | \$ 7,612,321         | \$ —                 | \$ —                 | \$ —                 | \$ —                 | \$ —                 | \$ —                 |
| Unreserved, reported in                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Special revenue funds                     | 6,142,921            | 6,277,063            | 5,822,482            | 6,185,228            | —                    | —                    | —                    | —                    | —                    | —                    |
| Capital project funds                     | 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            | 8,172,352            |
| Special revenue funds                     | —                    | —                    | —                    | —                    | 6,558,759            | 7,119,249            | 8,271,128            | 8,810,480            | 9,582,955            | 10,849,941           |
| Capital project funds                     | —                    | —                    | —                    | —                    | 52,917,276           | 45,457,890           | 60,847,069           | 51,186,715           | 51,334,081           | 54,011,582           |
| Unassigned                                |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Special revenue funds                     | —                    | —                    | —                    | —                    | (105,171)            | (173,475)            | (45,880)             | 259,998              | (22,441)             | (6,468)              |
| Capital project funds                     | —                    | —                    | —                    | —                    | (5,650,774)          | (6,160,575)          | (3,248,190)          | (2,252,156)          | (11,165,894)         | (9,747,785)          |
| <b>Total all other governmental funds</b> | <b>\$ 66,455,905</b> | <b>\$ 68,223,537</b> | <b>\$ 52,388,071</b> | <b>\$ 41,129,134</b> | <b>\$ 60,400,636</b> | <b>\$ 53,170,967</b> | <b>\$ 74,778,742</b> | <b>\$ 67,152,129</b> | <b>\$ 58,778,246</b> | <b>\$ 63,279,622</b> |

(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        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                             | 2007               | 2008               | 2009               | 2010               | 2011               | 2012               | 2013               | 2014               | 2015               | 2016               |
| <b>Revenues</b>             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Taxes:                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Property                    | \$ 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      | \$ 34,946,488      |
| Sales                       | 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         | 35,786,096         |
| Franchise                   | 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         | 13,068,478         |
| License                     | 995,950            | 1,246,919          | 320,284            | 666,550            | 458,972            | 613,669            | 830,823            | 593,724            | 830,167            | 650,360            |
| Bed                         | 333,728            | 408,727            | 351,854            | 311,027            | 334,472            | 297,045            | 310,884            | 342,603            | 401,460            | 440,886            |
| Motor vehicle               | —                  | —                  | —                  | —                  | —                  | —                  | 3,262,217          | 3,397,313          | 3,514,204          | 3,616,455          |
| Other tax                   | —                  | —                  | —                  | —                  | —                  | —                  | 343,223            | 371,567            | 365,603            | 349,634            |
| Intergovernmental           | 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          | 5,318,300          |
| Charges for services        | 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          | 7,618,039          |
| Licenses and permits        | 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          | 2,546,789          |
| Fines and forfeitures       | 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          | 1,584,692          |
| Interest                    | 5,141,994          | 4,076,656          | 1,887,689          | 355,711            | 624,550            | 558,840            | 324,724            | 276,277            | 374,618            | 886,902            |
| Other                       | 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          | 2,354,766          |
| <b>Total Revenues</b>       | <b>95,593,731</b>  | <b>103,269,117</b> | <b>101,909,178</b> | <b>93,759,169</b>  | <b>101,699,975</b> | <b>96,715,320</b>  | <b>99,993,260</b>  | <b>98,519,306</b>  | <b>101,822,888</b> | <b>109,167,885</b> |
| <b>Expenditures</b>         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Current                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General government          | 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         | 12,672,598         |
| Public works and streets    | 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         | 9,352,070          |
| Public safety               | 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         | 34,588,767         |
| Community development       | 996,657            | 1,127,859          | 1,055,523          | 957,816            | 948,798            | 940,979            | 904,265            | 894,521            | 1,548,183          | 3,212,299          |
| Parks and recreation        | 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          | 6,027,253          |
| Debt service                |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Principal retirements       | 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         | 10,357,000         |
| Interest and fiscal charges | 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          | 3,005,042          |
| Capital outlay              |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General government          | —                  | —                  | —                  | —                  | 1,205,332          | 1,153,562          | 1,027,783          | 12,947             | 17,021             | 12,164,120         |
| Public works and streets    | 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         | 22,196,327         |
| Public safety               | 2,914,649          | 2,168,011          | 371,660            | 193,224            | 2,183,247          | 1,532,546          | 2,278,350          | 7,085,710          | 102,545            | 322,249            |
| Parks and recreation        | 6,057,450          | 14,876,232         | 5,085,195          | 1,023,734          | 594,310            | 565,270            | 631,283            | 1,883,720          | 1,285,671          | 1,117,965          |
| <b>Total Expenditures</b>   | <b>111,256,973</b> | <b>117,624,671</b> | <b>118,792,736</b> | <b>107,761,252</b> | <b>139,463,876</b> | <b>104,385,776</b> | <b>118,652,879</b> | <b>111,516,462</b> | <b>119,679,512</b> | <b>115,015,690</b> |



**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

|   | <b>Fiscal Year</b>  |                        |                        |                       |                     |                       |                      |                       |                       |                     |
|---|---------------------|------------------------|------------------------|-----------------------|---------------------|-----------------------|----------------------|-----------------------|-----------------------|---------------------|
|   | <b>2007</b>         | <b>2008</b>            | <b>2009</b>            | <b>2010</b>           | <b>2011</b>         | <b>2012</b>           | <b>2013</b>          | <b>2014</b>           | <b>2015</b>           | <b>2016</b>         |
| <b>Deficiency Of Revenues</b>                           |                     |                        |                        |                       |                     |                       |                      |                       |                       |                     |
| <b>Over Expenditures</b>                                | \$ (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)       | \$ (5,847,805)      |
| <b>Other Financing Sources (Uses)</b>                   |                     |                        |                        |                       |                     |                       |                      |                       |                       |                     |
| Proceeds from bonds                                     | 17,095,000          | —                      | —                      | 5,000,000             | 39,300,000          | —                     | 38,100,000           | 6,840,000             | 11,402,500            | 14,075,000          |
| Premium on issuance of bonds                            | —                   | —                      | —                      | 98,075                | 510,796             | —                     | 3,338,722            | 654,643               | 308,185               | 551,757             |
| Discount on issuance of bonds                           | —                   | —                      | —                      | —                     | (628,000)           | —                     | —                    | —                     | —                     | —                   |
| Transfers in  | 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             | 4,941,508           |
| Transfers out   | (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)           | (3,971,802)         |
| <b>Total Other Financing Sources</b>                    | <b>18,921,514</b>   | <b>2,043,356</b>       | <b>1,318,376</b>       | <b>6,852,540</b>      | <b>41,880,695</b>   | <b>1,176,201</b>      | <b>42,214,166</b>    | <b>7,836,387</b>      | <b>12,355,006</b>     | <b>15,596,463</b>   |
| <b>Net change in fund balances</b>                      | <b>\$ 3,258,272</b> | <b>\$ (12,312,198)</b> | <b>\$ (15,565,182)</b> | <b>\$ (7,149,543)</b> | <b>\$ 4,116,794</b> | <b>\$ (6,494,255)</b> | <b>\$ 23,554,547</b> | <b>\$ (5,160,769)</b> | <b>\$ (5,501,618)</b> | <b>\$ 9,748,658</b> |
| Debt service as a percentage of noncapital expenditures | 14.0                | 15.4                   | 15.9                   | 16.8                  | 11.8                | 18.2                  | 28.4                 | 14.5                  | 22.6                  | 15.0                |

# CITY OF LEE'S SUMMIT, MISSOURI

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

| Function/Program                         | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
| <b>Governmental activities</b>           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Public works                             | \$ 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         | \$ 13,732,317        |
| Public safety                            | 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            | 6,565,119            |
| Parks and recreation                     | 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            | 3,249,143            |
| Planning and development                 | 305,029              | 243,875              | 119,625              | 103,360              | 122,371              | 153,963              | 140,779              | 124,325              | 138,961              | 177,298              |
| General government                       | 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            | 2,661,583            |
| <b>Subtotal governmental activities</b>  | <b>21,791,654</b>    | <b>24,347,600</b>    | <b>17,544,249</b>    | <b>14,011,708</b>    | <b>15,622,380</b>    | <b>16,473,577</b>    | <b>12,650,566</b>    | <b>14,228,276</b>    | <b>16,425,301</b>    | <b>26,385,460</b>    |
| <b>Business-type activities</b>          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Waterworks and sewerage system           | 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           | 38,757,768           |
| Sanitary landfill                        | 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            | 3,289,579            |
| Airport                                  | 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            | 6,750,694            |
| Recreation center                        | 657,134              | 662,132              | 849,238              | 970,765              | 1,082,156            | 1,114,367            | 1,208,496            | 1,046,554            | 1,127,448            | 1,232,906            |
| <b>Subtotal business-type activities</b> | <b>44,806,648</b>    | <b>36,899,107</b>    | <b>36,065,676</b>    | <b>31,784,719</b>    | <b>32,790,231</b>    | <b>35,252,093</b>    | <b>37,616,848</b>    | <b>43,096,094</b>    | <b>41,018,227</b>    | <b>50,030,947</b>    |
| <b>Total primary government</b>          | <b>\$ 66,598,302</b> | <b>\$ 61,246,707</b> | <b>\$ 53,609,925</b> | <b>\$ 45,796,427</b> | <b>\$ 48,412,611</b> | <b>\$ 51,725,670</b> | <b>\$ 50,267,414</b> | <b>\$ 57,324,370</b> | <b>\$ 57,443,528</b> | <b>\$ 76,416,407</b> |

**CITY OF LEE'S SUMMIT, MISSOURI**

**ALL GOVERNMENTAL FUNDS REVENUES BY SOURCE  
Last Ten Fiscal Years  
(Modified Accrual Basis Of Accounting)**

| <b>Fiscal Year</b> | <b>Property Taxes</b> | <b>Sales And Use Taxes</b> | <b>Motor Vehicle Taxes</b> | <b>Franchise Fees</b> | <b>Other Taxes</b> | <b>Licenses, Permits, Fines And Forfeitures</b> | <b>Revenues From Use Of Money And Property</b> | <b>Other Revenue</b> | <b>Total Revenues</b> |
|--------------------|-----------------------|----------------------------|----------------------------|-----------------------|--------------------|---|--|----------------------|-----------------------|
| 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           |
| 2016               | 34,946,488            | 35,786,096                 | 3,616,455                  | 13,068,478            | 1,440,880          | 4,131,481                                       | 886,902  | 15,291,105           | 109,167,885           |

# 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 |                              |                       |                        |  |
| 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%   |
| 2016        | 1,201,757,935        | 1,310,788             | 245,083,004         | 1,448,151,727    | 299,295,035       | 44,890,274              | 1,792,337,036                | 1.5363                | 8,149,086,142          | 21.99%   |

**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<br>Direct And<br>Overlapping<br>Tax Rate |
|-------------|----------------------|---------------|-----------------|-----------------|---|-------------------|--------|--------|--|
|             | General<br>Fund      | Park<br>Board | Debt<br>Service | Total<br>Direct | Lee's<br>Summit<br>R-7 School<br>District | Jackson<br>County | State  | Other  |  |
| 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   |
| 2016        | 0.9063               | 0.1603        | 0.4697          | 1.5363          | 5.9813                                    | 0.4956            | 0.0300 | 0.7425 | 8.7857   |

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     | 5.9130 |
| Hickman Mills    | 6.5935 |
| Grandview        | 5.7856 |
| 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 \$0.2287

Note (3): Other breakdown for current year:

|                   |        |
|-------------------|--------|
| Junior College    | 0.2343 |
| Mental Health     | 0.1198 |
| Handicap Workshop | 0.0738 |
| Library           | 0.3146 |
|                   | 0.7425 |

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

|  | 2016                   |      |                                    | 2007*                  |      |                                    |
|--|------------------------|------|------------------------------------|------------------------|------|------------------------------------|
|  | 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) | \$ 37,642,553          | 1    | 2.10%                              | \$ 11,490,465          | 2    | 0.81%                              |
| Summit Wood SPE LLC                              | 14,087,468             | 2    | 0.79%                              | —                      |      | 0.00%                              |
| Sprint   | 8,005,119              | 3    | 0.45%                              | 4,408,814              | 9    | 0.31%                              |
| John Knox Village                                | 7,427,733              | 4    | 0.41%                              | 7,212,371              | 4    | 0.51%                              |
| Wal-Mart   | 5,860,936              | 5    | 0.33%                              | 4,828,300              | 8    | 0.34%                              |
| MREI III Summit Ridge LLC                        | 5,335,430              | 6    | 0.30%                              | 3,595,253              | 10   | 0.25%                              |
| Southern Union                                   | 4,541,819              | 7    | 0.25%                              | 5,440,910              | 7    | 0.38%                              |
| Toys R Us  | 4,243,099              | 8    | 0.24%                              | 6,520,204              | 5    | 0.46%                              |
| Google Fiber                                     | 4,090,907              | 9    | 0.23%                              | —                      |      | 0.00%                              |
| Target Corporation                               | 3,368,288              | 10   | 0.19%                              | —                      |      | 0.00%                              |
| 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%                              |
| <b>Total</b>                                     | <b>\$ 94,603,352</b>   |      | <b>5.29%</b>                       | <b>\$ 73,120,786</b>   |      | <b>5.16%</b>                       |

Source: Jackson County Tax Department

\* Information from 2006 is being presented as Jackson County was unable to provide 2007 information due to a computer problem.

**CITY OF LEE'S SUMMIT, MISSOURI**

---

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>Total Tax Levy For Fiscal Year</b> | <b>Collected Within The Fiscal Year Of The Levy</b> |                           | <b>Collections In Subsequent Years</b> | <b>Total Collections To Date</b> |                           |
|--------------------|---------------------------------------|---|---------------------------|--|----------------------------------|---------------------------|
|                    |                                       | <b>Amount</b>                                       | <b>Percentage Of Levy</b> |  | <b>Amount</b>                    | <b>Percentage Of Levy</b> |
| 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%                     |
| 2016               | 26,744,543                            | 25,996,349  | 97.2%                     | —                                      | 25,996,349                       | 97.2%                     |

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<br>Primary<br>Government | Population | Per<br>Capita |
|-------------|--------------------------------|-------------------------------------|----------------------------|---------------|-------------------------------------|------------------|---------------|--------------------------------|------------|---------------|
|             | General<br>Obligation<br>Bonds | Certificates<br>Of<br>Participation | Lease<br>Financing<br>Debt | TIF<br>Bonds  | Certificates<br>Of<br>Participation | Revenue<br>Bonds |               |                                |            |               |
| 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        |               |
| 2016        | 52,160,284                     | —                                   | 4,913,000                  | 16,615,529    | —                                   | 4,568,741        | 78,257,554    | 95,430                         | 820        |               |

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<br>Obligation<br>Bonds | Less: Amounts<br>Available<br>In Debt<br>Service<br>Fund | Net<br>General<br>Bonded<br>Debt<br>Outstanding | Percentage<br>Of Actual<br>Taxable<br>Value<br>Of Property | a | b | Per<br>Capita |
|-------------|--------------------------------|--|---|--|---|---|---------------|
| 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           |
| 2016        | 52,160,284                     | 6,442,226  | 45,718,058                                      | 2.55%  |   |   | 479           |

**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, 2016**

| <b>Governmental Unit</b>          | <b>Debt<br/>Outstanding</b> | <b>Estimated<br/>Percentage<br/>Applicable <sup>(1)</sup></b> | <b>Estimated<br/>Share Of<br/>Overlapping<br/>Debt</b> |
|-----------------------------------|-----------------------------|---|--|
| Debt repaid with property taxes   |                             |   |  |
| Lee's Summit R-7 School District  | \$ 208,494,724              | 82.88%  | \$ 172,800,427   |
| Blue Springs R-4 School District  | 110,511,675                 | 20.17%  | 22,290,205   |
| Raymore-Peculiar School District  | 56,767,741                  | 8.00%   | 4,541,419  |
| Grandview School District         | 28,533,225                  | 0.41%   | 116,986  |
| Hickman Mills School District     | 29,575,338                  | 0.12%   | 35,490   |
| Subtotal, overlapping debt        |                             |   | 199,784,527  |
| City Direct Debt                  |                             |   | 73,688,813   |
| Total direct and overlapping debt |                             |   | \$ 273,473,340   |

(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           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  |
| Legal debt limit (1)  | \$ 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        | \$ 358,467,408        |
| Total net debt applicable to limit                                      | 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            | 45,840,774            |
| <b>Legal debt margin</b>  | <b>\$ 250,599,683</b> | <b>\$ 304,762,502</b> | <b>\$ 291,145,440</b> | <b>\$ 294,618,281</b> | <b>\$ 299,157,685</b> | <b>\$ 262,701,741</b> | <b>\$ 266,689,024</b> | <b>\$ 272,462,549</b> | <b>\$ 277,218,946</b> | <b>\$ 312,626,634</b> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 10.30                 | 6.77                  | 12.15                 | 10.23                 | 8.55                  | 17.81                 | 17.27                 | 17.86                 | 15.97                 | 12.79                 |

- (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 |                   |                   |
| 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%   | 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%             |                   |
| 2016 | 95,430     |                         |                            |            |                                 |   | 17,747                                 | 3.50%             |                   |

**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                                | 2016      |      |  | 2007      |      |  |
|---|-----------|------|--|-----------|------|--|
|   | Employees | Rank | Percentage<br>Of Total<br>City<br>Employment | Employees | Rank | Percentage<br>Of Total<br>City<br>Employment |
| John Knox Village                       | 3,673     | 1    | 7.26%  | 1,050     | 4    | 2.65%  |
| Lee's Summit R-7 School                 | 2,420     | 2    | 4.78%  | 2,525     | 1    | 6.38%  |
| Saint Luke's East - Lee's Summit        | 2,015     | 3    | 3.98%  | 541       | 8    | 1.37%  |
| University of Central Missouri          | 2,000     | 4    | 3.95%  | —         | —    | 0.00%  |
| City of Lee's Summit                    | 1,380     | 5    | 2.73%  | 659       | 6    | 1.67%  |
| Unity Village                           | 528       | 6    | 1.04%  | 550       | 9    | 1.39%  |
| CVS Caremark Inc                        | 450       | 7    | 0.89%  | 559       | 7    | 1.41%  |
| Missouri State Highway Patrol           | 425       | 8    | 0.84%  | —         | —    | 0.00%  |
| Lee's Summit Medical Center             | 413       | 9    | 0.82%  | 480       | 10   | 1.21%  |
| Metropolitan Community College-Longview | 400       | 10   | 0.79%  | 1,000     | 5    | 2.53%  |
| AT&T                                    |           |      |  | 1,200     | 2    | 3.03%  |
| Truman Medical Center-Lakewood          |           |      |  | 1,200     | 3    | 3.03%  |
|   | 13,704    |      | 27.08%                                       | 9,764     |      | 24.67%                                       |

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                        | 2007          | 2008          | 2009          | 2010          | 2011         | 2012          | 2013          | 2014          | 2015          | 2016          |
|---------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|
| General fund                    |               |               |               |               |              |               |               |               |               |               |
| Administration                  | 35.00         | 33.50         | 32.50         | 32.50         | 31.00        | 32.00         | 27.00         | 27.00         | 26.31         | 27.39         |
| Public Works-Engineering        | 53.96         | 37.17         | 39.27         | 39.27         | 37.60        | 38.95         | 41.80         | 38.70         | 38.90         | 33.80         |
| Police                          | 167.32        | 181.70        | 188.70        | 196.70        | 205.20       | 209.70        | 208.70        | 204.00        | 204.00        | 202.00        |
| Fire                            | 140.00        | 146.00        | 146.00        | 146.00        | 146.00       | 146.00        | 146.00        | 146.00        | 144.00        | 144.00        |
| Finance                         | 18.00         | 18.00         | 18.00         | 18.00         | 18.00        | 18.00         | 22.50         | 21.00         | 21.00         | 22.00         |
| Planning and development        | 12.00         | 11.00         | 11.00         | 11.00         | 9.00         | 9.00          | 9.00          | 9.90          | 8.37          | 9.70          |
| Court                           | 11.90         | 11.90         | 12.00         | 12.75         | 12.75        | 12.75         | 12.75         | 11.50         | 12.50         | 11.29         |
| Codes administration            | 19.00         | 18.00         | 18.00         | 18.00         | 17.00        | 17.00         | 17.00         | 16.00         | 13.35         | —             |
| Law                             | 9.75          | 9.50          | 9.50          | 9.50          | 9.50         | 9.50          | 10.50         | 10.50         | 11.50         | 10.25         |
| Public Works-Operations         | 47.00         | 47.75         | 48.75         | 48.75         | 47.00        | 50.24         | 49.21         | 46.70         | 41.34         | 38.00         |
| Development Center              | —             | —             | —             | —             | —            | —             | —             | —             | 7.47          | 27.68         |
| Parks and recreation            |               |               |               |               |              |               |               |               |               |               |
| Community center                | 6.35          | 7.15          | 6.80          | 6.70          | 6.70         | 6.75          | 7.15          | 39.26         | 37.16         | 37.32         |
| Parks and recreation            | 29.00         | 29.00         | 30.00         | 29.00         | 24.50        | 24.95         | 23.95         | 26.15         | 26.16         | 26.06         |
| Pool                            | 0.30          | 0.30          | 0.30          | 0.95          | 0.95         | 1.05          | 1.60          | 17.73         | 17.44         | 14.96         |
| Cemetery                        | 1.00          | 1.00          | 1.00          | 1.00          | 1.00         | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Recreation center               | 2.40          | 2.75          | 2.15          | 5.30          | 5.85         | 6.15          | 6.15          | 21.99         | 22.78         | 24.23         |
| Senior center                   | —             | —             | 2.05          | 2.05          | 2.05         | 2.10          | 2.15          | 10.05         | 9.41          | 7.95          |
| Airport                         | 7.30          | 7.98          | 7.60          | 7.60          | 7.60         | 7.60          | 7.04          | 6.30          | 6.22          | 6.26          |
| Water utilities                 | 57.50         | 58.50         | 58.50         | 58.50         | 58.50        | 59.50         | 59.50         | 60.00         | 59.50         | 60.50         |
| Solid waste                     | 13.00         | 14.20         | 14.80         | 14.80         | 14.80        | 14.80         | 15.00         | 14.80         | 14.80         | 14.80         |
| Central building services       | —             | 11.00         | 11.00         | 10.00         | 9.50         | 8.50          | 8.75          | 8.80          | 8.62          | 10.62         |
| Fleet                           | 8.00          | 8.00          | 8.00          | 8.00          | 9.00         | 9.00          | 9.00          | 9.00          | 9.12          | 9.12          |
| Information technology services | 17.00         | 17.00         | 19.00         | 20.00         | 20.00        | 20.00         | 22.00         | 26.20         | 25.89         | 24.71         |
| <b>Total</b>                    | <b>655.78</b> | <b>671.40</b> | <b>684.92</b> | <b>696.37</b> | <b>693.5</b> | <b>704.54</b> | <b>707.75</b> | <b>772.58</b> | <b>766.84</b> | <b>763.64</b> |

Source: City of Lee's Summit Finance Department

# CITY OF LEE'S SUMMIT, MISSOURI

## OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

|                                     | Fiscal Year |            |            |            |            |            |            |            |            |            |
|-------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                     | 2007        | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       |
| <b>Building Permits Issued (1)</b>  |             |            |            |            |            |            |            |            |            |            |
| Residential/single family           | 489         | 380        | 129        | 110        | 170        | 166        | 270        | 319        | 319        | 310        |
| Residential/multi family            | 55          | 58         | 8          | 1          | —          | —          | 2          | 6          | 7          | 7          |
| Commercial/industrial               | 80          | 35         | 23         | 19         | 13         | 10         | 14         | 9          | 15         | 16         |
| Additions                           | 2,820       | 1,937      | 1,245      | 1,082      | 1,302      | *5,229     | 1,588      | 1,404      | 1,943      | 1,548      |
| <b>Police protection (1)</b>        |             |            |            |            |            |            |            |            |            |            |
| Part I crimes                       | 2,254       | 2,521      | 2,378      | 2,290      | 2,232      | 1,854      | 1,700      | 1,749      | 1,628      | 1,542      |
| Notable part II crimes              | 2,047       | 2,178      | 2,222      | 2,295      | 2,385      | 2,268      | 2,378      | 1,972      | 2,015      | 2,104      |
| Traffic crashes                     | 2,114       | 2,125      | 2,083      | 1,912      | 2,047      | 1,906      | 1,753      | 1,821      | 1,750      | 1,800      |
| Calls for service                   | 61,624      | 64,715     | 76,322     | 85,255     | 91,037     | 88,846     | 77,008     | 75,325     | 73,244     | 67,451     |
| Number of officers                  | 117         | 122        | 129        | 136        | 136        | 143        | 142        | 142        | 142        | 143        |
| Animal control calls for service    | 8,562       | 8,110      | 8,161      | 8,857      | 8,737      | 8,474      | 8,960      | 9,358      | 9,848      | 10,518     |
| <b>Fire protection</b>              |             |            |            |            |            |            |            |            |            |            |
| Fire personnel                      | 140         | 140        | 146        | 146        | 146        | 146        | 146        | 146        | 144        | 144        |
| Calls answered                      | 7,051       | 7,750      | 8,401      | 8,015      | 9,144      | 9,147      | 9,027      | 8,917      | 9,073      | 10,000     |
| <b>Water source</b>                 |             |            |            |            |            |            |            |            |            |            |
| Kansas City Water Co.               | 38.43%      | 32.82%     | 33.94%     | 12.00%     | 19.40%     | 34.30%     | 27.90%     | 27.60%     | 23.20%     | 28.60%     |
| Independence Water Co.              | 61.57%      | 67.18%     | 66.06%     | 88.00%     | 80.60%     | 65.70%     | 72.10%     | 72.40%     | 76.80%     | 71.40%     |
| <b>Water</b>                        |             |            |            |            |            |            |            |            |            |            |
| Number of service connections       | 32,950      | 33,666     | 33,735     | 33,800     | 34,260     | 34,242     | 34,538     | 34,774     | 35,160     | 35,379     |
| Number of fire hydrants             | 4,975       | 4,975      | 4,871      | 4,887      | 4,922      | 4,940      | 4,940      | 5,006      | 5,021      | 5,076      |
| Average daily consumption (gallons) | 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  | 10,150,000 |
| Maximum contract amount             | 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 | 32,500,000 |
| Maximum daily demand                | 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 | 21,300,000 |
| 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

|                              | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------|------|------|------|------|------|------|------|------|------|------|
| <b>Police Protection</b>     |      |      |      |      |      |      |      |      |      |      |
| Stations                     | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| <b>Fire Protection</b>       |      |      |      |      |      |      |      |      |      |      |
| Stations                     | 7    | 7    | 7    | 7    | 7    | 7    | 7    | 7    | 7    | 7    |
| <b>Public Works</b>          |      |      |      |      |      |      |      |      |      |      |
| Residential centerline miles |      | 325  | 327  | 327  | 337  | 308  | 271  | 309  | 309  | 306  |
| Collector centerline miles   |      | 67   | 102  | 102  | 83   | 88   | 90   | 92   | 92   | 94   |
| Arterial centerline miles    |      | 75   | 91   | 91   | 103  | 83   | 91   | 81   | 81   | 83   |
| <b>Parks and Recreation</b>  |      |      |      |      |      |      |      |      |      |      |
| Parks                        | 27   | 27   | 27   | 27   | 28   | 28   | 28   | 29   | 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    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
| <b>Water</b>                 |      |      |      |      |      |      |      |      |      |      |
| Miles of water mains         | 637  | 637  | 637  | 604  | 607  | 604  | 604  | 607  | 607  | 611  |

Source: City records