



LEE'S SUMMIT
MISSOURI

Comprehensive Annual Financial Report

For The Year Ended June 30, 2019

CITY OF LEE'S SUMMIT, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

Report issued by the Department of Finance

CITY OF LEE'S SUMMIT, MISSOURI

Table Of Contents

	Page
Introductory Section	
Letter Of Transmittal	i - x
Principal Officials	xi
Organizational Chart	xii
GFOA Certificate Of Achievement	xiii
Financial Section	
Independent Auditors' Report	1 - 3
Management's Discussion And Analysis	4 - 13
Basic Financial Statements	
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 To The Statement Of Net Position	17
Statement Of Revenues, Expenditures And Changes In Fund Balances	18
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	19
Proprietary Funds:	
Statement Of Net Position	20
Statement Of Revenues, Expenses And Changes In Fund Net Position	21
Statement Of Cash Flows	22
Notes To Basic Financial Statements	23 - 59
Required Supplementary Information	
Budgetary Comparison Information - General Fund	60
Notes To Budgetary Comparison Information	61
Schedule Of Funding Progress - Retirement Plan And Other Post Employment Benefit Obligations	62 - 63

CITY OF LEE'S SUMMIT, MISSOURI

Table Of Contents

	Page
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	64
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Governmental Funds	65
Combining Balance Sheet - Nonmajor Special Revenue Funds	66
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Special Revenue Funds	67
Budgetary Comparison Schedules:	
Park Board Fund	68
Violence Against Women Grant Fund	69
Combining Balance Sheet - Nonmajor Capital Projects Funds	70 - 71
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Capital Projects Funds	72 - 73
Budgetary Comparison Schedule - Debt Service	74
Combining Statement Of Net Position - Internal Service Funds	75
Combining Statement Of Revenues, Expenses And Changes In Fund Net Position - Internal Service Funds	76
Combining Statement Of Cash Flows - Internal Service Funds	77
Statistical Section (Unaudited)	
Net Position By Component	78
Changes In Net Position	79 - 80
Fund Balances - Governmental Funds	81
Changes In Fund Balances - Governmental Funds	82 - 83
Program Revenues By Function/Program	84
All Governmental Funds Revenues By Source	85
Sales Tax Revenue	86
Total City Taxable Sales By Category	87
Sales Tax Rates	88
Assessed Value And Estimated Actual Value Of Taxable Property	89
Direct And Overlapping Property Tax Rates	90
Principal Property Taxpayers	91
Property Tax Levies And Collections	92
Ratios Of Outstanding Debt By Type	93
Ratios Of Net General Bonded Debt Outstanding	94
Direct And Overlapping Governmental Activities Debt	95
Legal Debt Margin Information	96
Demographic And Economic Statistics	97
Principal Employers	98
Full-Time Equivalent City Employees By Function	99
Operating Indicators By Function	100
Capital Statistics By Function	101

Introductory Section



LEE'S SUMMIT

M I S S O U R I

December 19, 2019

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, 2019. 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.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

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 Tuesday of each month and has an additional "Work or Study Session" on the second Tuesday 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 population from 1990 to 2000 and increased in population by more than 29 percent between 2000 and 2010. Today's population is approximately 98,469.

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

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 Spire (formerly 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 *Lee's Summit Journal*, the city is served by the *Lee's Summit Tribune* and *The Examiner*.

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 and is recognized as one of the top educational systems in the state and nation. 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 18,157 in 2018 and expects growth to continue. The R-7 School District has 18 elementary schools, 3 middle schools and 3 high schools, an alternative secondary school, a secondary technology academy, an early education center, a special-education, day-treatment 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 a 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 4,300 students enrolled per year. Undergraduate completion programs are available through the University of Central Missouri's Missouri Innovation 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 and Cultural Facilities

Lee's Summit Parks and Recreation offers a quality of life that is second to none. This Gold Medal Award winning department manages a wide range of programs and activities throughout the Lee's Summit community. Forty-seven full-time staff and hundreds of part-time and seasonal staff care for over 1,200 acres, almost 70 miles of trails, manage four 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 3,100 volunteers contributed over 98,000 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 and culture throughout the City. Through a partnership with the Mid-Continent public Library to provided free children's events, in addition to the free music events held at the Legacy Park Amphitheater, Lee's Summit Parks and Recreation ensures the continuance and growth of a thriving arts community in Lee' Summit.

The Park Board continues to support significant improvements to existing parks and recreation facilities based on a citizen-based strategic plan called "Legacy for Tomorrow and Beyond" with voters approving a fifteen year extension of the Parks and Soils sales tax in 2016. 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.

New highway interchanges and reconstructed interchanges have provided both development and re-development opportunities throughout the city. 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, Lee's Summit Airport, alleviates traffic congestion, and has increased economic development in the area. Completed in the last two years, a new interchange on US 50 Highway and Blackwell Road and reconstruction of the interchange on US 50 Highway at M-291 South. These interchanges will help alleviate traffic congestion, improve safety and spur economic development as well.

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, data management and processing centers, hospitals and educational institutions. There are nine business sites in Lee's Summit with 500 employees or more.

John Knox Village is recognized as one of the most comprehensive not-for-profit retirement communities in the country. As a life plan community, John Knox Village offers a variety of engaging lifestyle opportunities in independent living, assisted living/residential care and skilled nursing as well as an abundance of services and amenities. The Village also provides home health and hospice series to patients who live both on campus and across the metropolitan area. Located on over 400 acres, residents enjoy services and amenities with 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 fifteen 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, Target, and specialty stores such as Michaels and Bed Bath and Beyond. Summit Fair, a 507,000-square-foot, open-air lifestyle center, is located east of US 50 Highway and just south of I-470. Opening in August 2009 and anchored by Macy's and JC Penney, it includes men's and women's fashion, fast-casual eateries, sit-down restaurants and specialty retailers. Smaller centers are scattered throughout the City, generally along highways M-291, M-150 and US 50.

The City, in cooperation with the Unity Village School of Christianity, approved the annexation and development of approximately 300 acres of land south of Colbern Road in 2012. This property contains an estimated 2.2 million square feet capacity for 'Class A' and other commercial oriented development upon full build out.

Major Initiatives

The following table sets forth average annual unemployment figures for Lee's Summit and for the State of Missouri, obtained from the Bureau of Labor Statistics, compared to national figures:

Year	Area Unemployment Rate	Statewide Unemployment Rate	United States Unemployment Rate
2019	2.5%	3.5%	3.8%
2018	2.7%	3.5%	4.2%
2017	2.8%	3.8%	4.5%
2016	3.6%	4.9%	5.1%
2015	4.0%	5.2%	5.5%

The City of Lee's Summit continues to be an active and growing community. 2,282 building permits were issued in calendar year 2018 (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 98,469 as of December 2018.

Capital projects of \$41 million were constructed during the year using proceeds of General Obligation Bonds, water and sewer connection fees, transportation sales and excise taxes together with grant funds for buildings, street, airport, water and sewer improvements.

The City of Lee's Summit is actively engaged in a strategic planning process- *Ignite! Your ideas. Our future.* To capture the long-term vision for the community and provide direction for the organization. The mayor, city council, senior management, stakeholders and citizen embarked on this process in February 2019. This is the fourth 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 1998 and 2009. Many of the accomplishments attributed to the quality of life in our community, and the excellence in City services are a result of these processes. From the City Hall complex to the renovated downtown corridor, strategic planning has dramatically changed the way Lee's Summit has developed during the last 26 years.

Citizen participation has become the norm in Lee's Summit. From involving citizens in identifying problems to inviting them to be part of suggesting solutions, citizens are empowered to contribute their time and talents in many ways. Lee's Summit has a wide variety of volunteer boards and commissions and an opportunity for anyone who desires to get involved. The implementation of our citizen strategic plan is just one of the reasons why Lee's Summit has passed 22 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 City has experienced growth in revenue categories such as property tax, sales tax and vehicle tax in recent years. The City has made efforts in recent fiscal years to increase the general fund reserve balance to ensure a healthy reserve position. Examples of this effort include careful evaluation of vacant positions which are approved and filled only when essential.

General Fund expenditures are recommended to increase 8.91% over the previous year's budget. These increases are due to employee salary increases, EMS insurance adjustments, 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, 2019 provided no instances of material weaknesses in internal control. 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 sales taxes.

Combined property, franchise and excise tax revenues comprise 43% 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). These revenues are used to construct streets, roads, bridges and related improvements.

Sales taxes comprise approximately 32% of total governmental revenue.

The City imposes a total sales tax of 2.25% on all goods and commodities sold within the City limits with the exception of pharmaceutical drugs and farm machinery. The State of Missouri receives the tax from the respective business and distributes the funds monthly to the City.

The general sales tax is a one cent sales tax used for the General Fund.

The transportation tax is a one-half cent sales tax used for funding transportation projects only. This tax is not levied on utilities.

The capital project sales tax is a one-half cent sales tax with a sunset as approved by the voters of Lee's Summit for streets, roads, bridges, stormwater, and other transportation related improvements. The tax became effective beginning April 1, 1998. This tax was approved by voters in April 2017 for an additional fifteen years at the same rate. This tax will sunset on March 31, 2033.

The local parks sales tax is a one-quarter cent sales tax with a sunset 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 capital projects and operations. This tax will sunset on March 31, 2033.

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 outlined a need to improve customer understanding and relations; to develop a program for the renewal of existing aged infrastructure; to establish appropriate policies to address financial challenges; and to proactively address long-term needs to ensure a sustainable utility.

The City purchases its water from the City of Independence, Missouri (78%) and the City of Kansas City, Missouri Water Department (22%). 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 24% 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 60,000 pounds and landing speeds less than 140 knots. The airport is equipped with two runways, a 5,500 foot North/South and a 4,000 foot crosswind and supports an estimated 69,000 takeoffs and landings of personal and business aircraft each year. The Airport houses approximately 154 aircraft in 20 buildings and tie down spots.

In 2019, development of a new Master Plan and *Airport Business Plan* began by the City. These two plans will assess the potential to improve the financial performance, economic development, and operation. Items identified in the plans will look to increase the operations profitability range from the extended runway and to attract more corporate aviation by improving terminal services and initiating marketing strategies.

The recent runway improvements allow heavier corporate jets to take off and land at the airport, and are expected to boost economic development and redevelopment in Lee's Summit by providing another option for transportation and accessibility.

Solid Waste Management (Sanitary Landfill)

During 2019 the daily commercial operations of the landfill were ceased as it reached capacity. The landfill continues to offer public disposal for citizens, Household Hazardous Waste, yard waste/composting and several other environmental programs. The landfill is currently in the closure phase with completion expected in the middle of fiscal year 2020.

Harris Park Community Center

The Harris Park Community Center, formerly known as the Recreation Center is a multipurpose recreational facility providing indoor recreational opportunities for all ages. The Center offers summer day camp for children, recreational athletic leagues, programs instructional classes, special events and rentals.

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, 2018. This was the 41st 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.

Independent Audit

The City Charter requires an annual audit to be made of the financial statements of the various funds. This audit is performed by an independent certified public accounting firm selected by the City. The City's auditor is RubinBrown LLP.

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

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



Bette Wordelman
Finance Director

THE CITY OF LEE'S SUMMIT

MAYOR

Bill Baird

DISTRICT 1

Rob Binney
Diane Forte

DISTRICT 3

Phyllis Edson
Beto Lopez

DISTRICT 2

Trish Carlyle
Craig Faith

DISTRICT 4

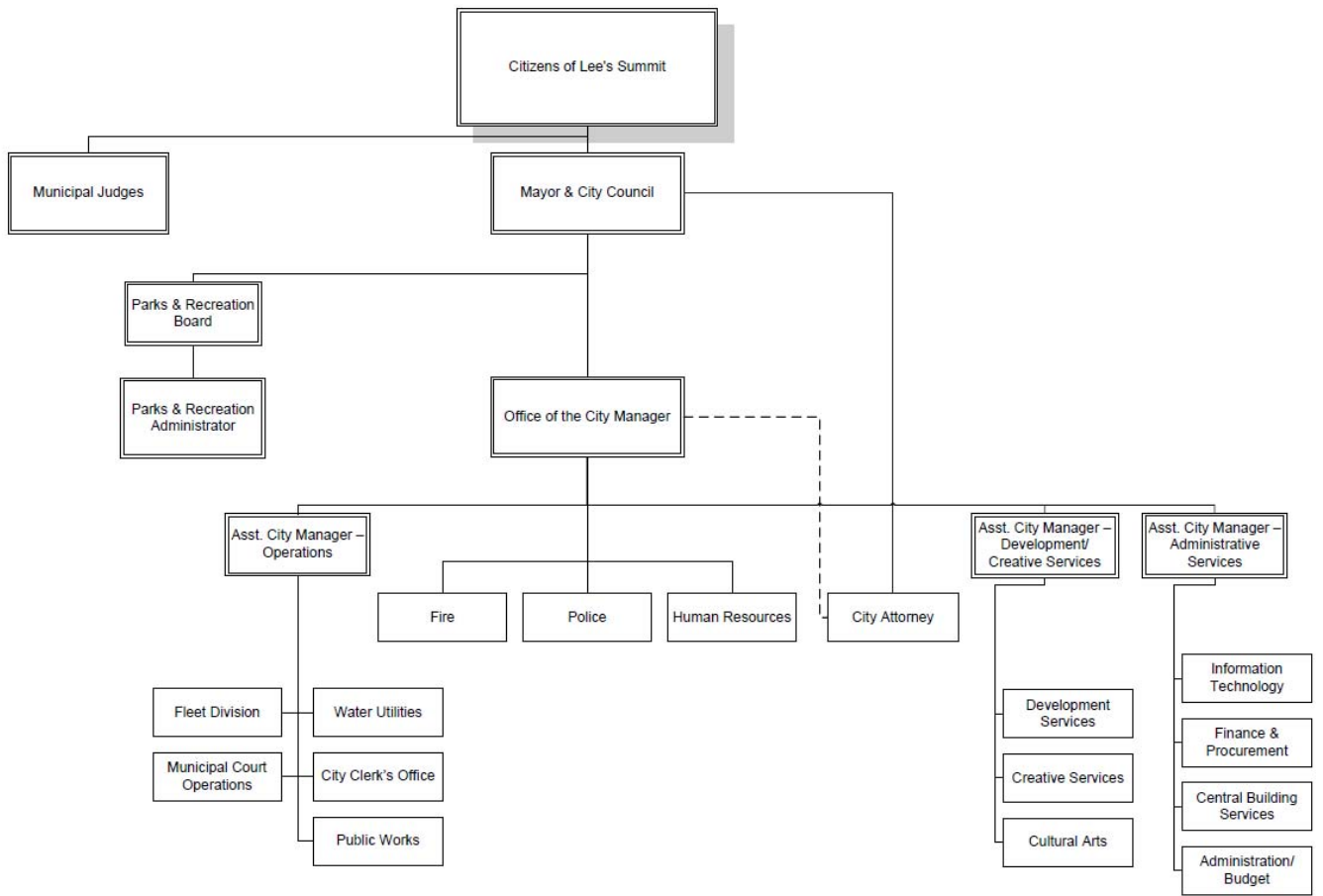
Fred DeMoro
Bob Johnson

FINANCE & PERSONNEL COMMITTEE

Bob Johnson, Chairman
Beto Lopez
Trish Carlyle
Phyllis Edson

ADMINISTRATION

Stephen A. Arbo, City Manager
Bette Wordelman, Finance Director
Rick Poeschl, Fire Chief
Brian Head, City Attorney
Travis Forbes, Police Chief
Joe Snook, Parks Administrator
Dena Mezger, Public Works Director
Mark Schaufler, Water Utilities Director
Mark Dunning, Development Center Director





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, 2018

Christopher P. Morrill

Executive Director/CEO

Financial Section



RubinBrown LLP
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& Business Consultants

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Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Lee's Summit, Missouri, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2019 the City of Lee's Summit, Missouri implemented a change in accounting principle related to GASB No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB No. 71, *Pension Transition and Contributions Made Subsequent to the Measurement Date*, by utilizing a pension liability measurement at the beginning of the fiscal year along with contributions made after the measurement date. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City of Lee's Summit, Missouri restated its June 30, 2018 financial statements to correct an error in the accounting for cash held with a fiscal agent in an in-substance defeasance as of June 30, 2018. Our opinion is not modified with respect to this matter.

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 61 through 62, the Schedules of Selected Pension Information on page 63 and the Schedule of Changes in Total OPEB Liability and Related Ratios on page 64 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, which 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 19, 2019, 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 19, 2019

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CITY OF LEE'S SUMMIT, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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, 2019. This is the 17th year of reporting in conformance with the guidelines prescribed in Governmental Accounting Standards Board's (GASB) Statement No. 34. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the City of Lee's Summit exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$921,572,271 (net position). Of this amount, unrestricted net position was \$9,535,860.
- The City's total net position increased \$38.1 million. Of this amount, \$20.9 million was from the City's "governmental activities" and the balance was from the "business-type activities."
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$99,472,323, an increase of \$3.3 million compared to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$30,549,334 or 43.3 percent of total general fund expenditures.
- The City's total debt decreased by \$8.2 million (7.6%) during the current fiscal year. Factors in this decrease are scheduled reductions of the City's 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, 2019, assets exceed liabilities by \$921,572,271. The largest portion of the City's net position, \$782,822,355 (85%), reflects its investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The following table reflects the condensed Statement of Net Position as of June 30, 2019 and 2018:

	Net Position					
	Governmental Activities		Business type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 149,923,103	\$ 151,455,073	\$ 67,095,783	\$ 64,324,244	\$ 217,018,886	\$ 215,779,317
Capital assets	538,981,287	528,061,298	281,682,481	274,467,857	820,663,768	802,529,155
Total assets	688,904,390	679,516,371	348,778,264	338,792,101	1,037,682,654	1,018,308,472
Deferred outflows of resources	10,705,702	6,239,945	419,587	281,856	11,125,289	6,521,801
LT liabilities outstanding	80,924,171	87,411,143	10,805,926	13,025,218	91,730,097	100,436,361
Other liabilities	25,158,962	15,405,017	243,027	5,276,432	25,401,989	20,681,449
Total liabilities	106,083,133	102,816,160	11,048,953	18,301,650	117,132,086	121,117,810
Deferred inflows of resources	9,766,900	9,896,776	336,686	332,584	10,103,586	10,229,360
Net position:						
Net investment in capital assets	502,857,273	487,120,128	279,965,082	271,846,403	782,822,355	758,966,531
Restricted	84,782,245	97,827,922	44,431,811	40,229,441	129,214,056	138,057,363
Unrestricted	(3,879,459)	(11,904,670)	13,415,319	8,363,879	9,535,860	(3,540,791)
Total net position	\$ 583,760,059	\$ 573,043,380	\$ 337,812,212	\$ 320,439,723	\$ 921,572,271	\$ 893,483,103

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. There were six funds that did not have positive fund balances. Two of these funds, Todd George Tax Increment Financing (TIF) Fund and Park Development, are capital project funds with interfund loans 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 which accounts for improvements related to an annexed area in the City and New Longview Farm 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 \$921.6 million from \$893.4 million as a result of this year's revenues exceeding expenses as reflected in the next table. The City's unrestricted net position for governmental activities was negative \$3.9 million. Total unrestricted net position was \$9.5 million including business-type activities of \$13.4 million.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

By far, the largest portion of the City's net position (85%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Total net position of \$921.6 million is comprised of \$782.8 million invested in capital assets, net of related debt; \$129.2 million is restricted for pension, capital projects, debt service, law enforcement and economic development; \$9.5 million is unrestricted.

Net position increased \$38.1 million during the current fiscal year. Forty-five percent of this increase represents the increase in business type activities.

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, 2019 and 2018:

	Changes In Net Position					
	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 16,641,495	\$ 14,806,671	\$ 43,759,376	\$ 43,525,216	\$ 60,400,871	\$ 58,331,887
Operating grants and contr	1,501,881	1,375,031	—	—	1,501,881	1,375,031
Capital grants and contr	6,636,281	5,661,103	5,992,484	8,077,310	12,628,765	13,738,413
General revenues:						
Property taxes	39,795,245	38,051,491	—	—	39,795,245	38,051,491
Sales and use taxes	40,993,104	39,369,885	—	—	40,993,104	39,369,885
Other revenue	23,692,688	22,121,454	1,900,811	114,217	25,593,499	22,235,671
Total revenues	129,260,694	121,385,635	51,652,671	51,716,743	180,913,365	173,102,378
Expenses:						
Public works	22,500,607	22,878,176	—	—	22,500,607	22,878,176
Public safety	41,548,996	39,526,693	—	—	41,548,996	39,526,693
Parks and rec	10,565,624	9,292,458	—	—	10,565,624	9,292,458
Planning and dev	3,833,363	3,912,862	—	—	3,833,363	3,912,862
General govt	26,419,866	24,349,810	—	—	26,419,866	24,349,810
Interst on LT debt	2,553,293	5,683,481	—	—	2,553,293	5,683,481
Combined water and sewer	—	—	29,269,178	29,115,965	29,269,178	29,115,965
Sanitary landfill	—	—	2,454,125	1,717,642	2,454,125	1,717,642
Airport	—	—	2,347,250	2,214,597	2,347,250	2,214,597
Rec Center	—	—	1,312,852	1,331,319	1,312,852	1,331,319
Total expenses	107,421,749	105,643,480	35,383,405	34,379,523	142,805,154	140,023,003
Change in net position before transfers	21,838,945	15,742,155	16,269,266	17,337,220	38,108,211	33,079,375
Transfers	(948,296)	(2,603,322)	948,296	2,603,322	—	—
Change in net position	20,890,649	13,138,833	17,217,562	19,940,542	38,108,211	33,079,375
Net position - beginning, as previously stated	573,043,380	561,408,284	320,439,723	300,609,299	893,483,103	862,017,583
Prior period adjustment - change in accounting method	5,102,852	(1,503,737)	154,927	(110,118)	5,257,779	(1,613,855)
Prior period adjustment - correction of an error	(15,276,822)	—	—	—	(15,276,822)	—
Net Position - beginning, as restated	562,869,410	559,904,547	320,594,650	300,499,181	883,464,060	860,403,728
Net position ending	\$ 583,760,059	\$ 573,043,380	\$ 337,812,212	\$ 320,439,723	\$ 921,572,271	\$ 893,483,103

Governmental Activities

Governmental activities increased the City's net position by \$20.9 million.

Sales and Use taxes, the largest governmental category at 32% finished the year at \$41 million which was a \$1.6 million increase or 4.1% over the prior year. This increase is fueled by strong retail sales in the City's two major shopping centers and two Walmart stores and various dining establishments. Property taxes, the second largest governmental category at 31% finished the year at \$40 million which had an increase \$1.7 million or 4.6% over the prior year. This is due primarily to a robust local housing market and new commercial construction. The third largest category, Franchise tax, came in at \$12.5 million for a decrease of \$900,000. Overall, governmental revenues finished the year \$7.9 million above prior year. This increase was rounded out with other smaller revenue categories finishing above prior year: charges for services \$1.8 million, Capital grants \$1 million, and interest earnings \$2.5 million.

For the fiscal year ended June 30, 2019, revenues totaled \$180.9 million (governmental and business-type). Revenues from governmental activities totaled \$129.3 million or 71% of the total City revenues.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Governmental activities expenses increased \$1.8 million or 1.7% for the fiscal year ended June 30, 2019 compared to the fiscal year ended June 30, 2018. This increase is primarily due to public safety expenditures this fiscal year, including public safety related capital projects.

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, 2019 and 2018:

	Net Cost Of Governmental Activities			
	Total Cost Of Service		Net Cost Of Service	
	2019	2018	2019	2018
General government	\$ 26,419,866	\$ 24,349,810	\$ (23,600,416)	\$ (21,707,547)
Public safety	41,548,996	39,526,693	(30,764,877)	(30,325,478)
Public works and streets	22,500,607	22,878,176	(14,971,584)	(16,081,518)
Planning and development	3,833,363	3,912,862	(3,661,150)	(3,729,340)
Parks and recreation	10,565,624	9,292,458	(7,090,772)	(6,273,311)
Interest on long-term debt	2,553,293	5,683,481	(2,553,293)	(5,683,481)
Total	\$ 107,421,749	\$ 105,643,480	\$ (82,642,092)	\$ (83,800,675)

As previously noted, expenses from governmental activities totaled \$107.4 million. However, net costs of these services were \$82.6 million. The difference represents direct revenues received from charges for services of \$16.6 million, operating grants and contributions of \$1.5 million and capital grants and contributions of \$6.6 million. Taxes and other revenues of \$104.5 million were collected to cover these net costs.

Business-Type Activities

Business-type activities net position increased by \$17.2 million in the current year.

Overall revenues decreased \$64,000 or 0.1% compared to last year. This was primarily due to a decrease in airport grant revenues of \$1.4 million and a decrease \$0.5 million decrease in Sanitary Landfill revenue. Overall expenses increased \$1 million or 2.9% compared to the prior year. This is due to an increase in landfill costs.

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, 2019 was \$32.8 million or 46.6% of actual expenditures. This represents an increase of \$4.4 million or a 15.7% increase over the previous year's balance. Revenues increased \$5.8 million and expenses increased by \$3.5 million over the previous fiscal year.

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

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The Debt Service Fund ended the year with a fund balance of \$8.1 million, a decrease of \$200,000 or 2.8%. As of June 30, 2019, the City has issued all of the \$45.3 million in general obligation debt authorized by the electorate. The City has held the debt service tax levy constant for several years 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 \$33.5 million. This represents an increase of \$2 million or 6.4% over the previous year. The increase is due to steady sales tax revenue growth and higher returns on investments.

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 future development in this area.

The Todd George 50 Highway TIF Fund ended the year with a negative fund balance of \$3.6 million. This represents an increase of \$1.2 million or 25% over the previous year. The increase is due to property and sales tax revenues from development in the area after a state highway interchange was completed fall 2017.

The Road and Bridge Sales Tax Fund ended the year with a fund balance of \$0.7 million. This represents a decrease of \$2 million. The decrease is due to increased capital outlay.

Park Development Fund ended the year with a negative fund balance of \$2.2 million. This represents a decrease of \$2.3 million or 96% over the previous year. The decrease is due to capital outlay.

The Combined Water and Sewerage system recorded an increase of \$14.3 million in net position for the year. Operating revenues increased over the last fiscal year by \$0.5 million due to a slight rate increase.

The Sanitary Landfill fund recorded a decrease of \$2.4 million in net position for the year. In April 2019 operations were ceased at the landfill as it had reached capacity. The landfill is currently in the closure phase with completion expected in the middle of fiscal year 2020.

The Airport Fund recorded an increase of \$5.4 million in net position for the year. The increase is attributed to \$4.2 million in grant funding received during the fiscal year coupled with a transfer in of \$1.9 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 \$71,150,068 increased to \$74,599,639 for an increase of \$3,449,571.

Actual expenditures were \$2.6 million less than the amended budget. 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 \$4.6 million more than budgeted. Property taxes were \$0.5 million more than expected due to growth in the housing and commercial market. Sales tax revenues were \$0.2 million or 1.2% more than expected. Franchise receipts came in \$5,000 below budget. Franchise tax revenues are paid by utilities and can vary with customer usage. Licenses, permits and fees were \$0.1 million less than expected. This is due to timing of construction permits in both retail and new housing.

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, 2019 amounts to \$820.7 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 \$18.1 million during the period.

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

- Completion of a new recreation center, Longview Community Center, totaling \$5.7 million.
- Progress construction on South Ward Road between M-150 Highway to Raintree Parkway totaling \$3 million for the year.
- Curb and gutter replacement totaling \$1.6 million for the year.
- Road overlay and slurry seal program totaling \$5.1 million for the year.
- Completion of airport taxiway extension \$3.4 million for the year.
- Improvements to NW Ward Road between Tudor Road and Blue Parkway totaling \$1.4 million.
- Progress on emergency services radio system totaling \$2.7 million for the year.
- Progress on sanitary landfill closure totaling \$1.7 million for the year.
- Additional system additions and improvements were completed in the Combined Waterworks and Sewerage Fund at a cost of over \$6.3 million including water main rehab of \$1.4 million and sanitary sewer rehab of \$1 million for the year.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 7,857,966	\$ 7,857,966	\$ 26,037,280	\$ 19,625,415	\$ 33,895,246	\$ 27,483,381
Construction in progress	136,498,355	116,186,662	92,285,163	91,338,744	228,783,518	207,525,406
Buildings	64,703,729	64,703,729	—	—	64,703,729	64,703,729
Improvements	52,534,446	52,231,638	269,628,492	267,367,716	322,162,938	319,599,354
Machinery & equipment	38,440,237	35,513,906	3,466,738	3,560,167	41,906,975	39,074,073
Infrastructure	447,517,022	443,709,198	—	—	447,517,022	443,709,198
	\$ 747,551,755	\$ 720,203,099	\$ 391,417,673	\$ 381,892,042	\$ 1,138,969,428	\$ 1,102,095,141

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 2019, had a total of \$76.6 million of outstanding obligations. This was a decrease of \$7.4 million or 9% from the previous year.

The City's aggressive debt retirement schedule is the reason the overall obligation for both governmental and business-type activities decreased with \$3.7 million in new obligations issued during the fiscal year.

As of June 30, 2019, the City's total issued and authorized General Obligation (G.O.) Bonded Debt was \$45,286,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$398,196,908. This, less outstanding debt, authorized and unissued debt, and available cash, leaves a legal debt margin of \$359,602,468, which is 89% of the City's total bonding capacity. Bonded debt, net of available debt service funds, amounted to approximately \$410 per capita and represented 2% of the assessed value of taxable property.

General Obligation Bonds retired \$8.4 million of their principal amount outstanding this year along with interest payments of \$1.8 million.

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

The total revenue bond amount outstanding at June 30, 2019 was \$1,535,000, which was solely made up of bonds of the Combined Water and Sewer Utility.

The Combined Water and Sewer Utility Fund retired \$980,000 of their principal amount outstanding this year along with interest payments of \$50,300.

The City's Combined Water and Sewer Revenue Bonds were upgraded to an Aa1 rating from Moody's Investors Service. This rating reflects the City's covenant to budget and appropriate for debt service, subject to annual appropriations.

The City has \$29,815,000 in TIF debt outstanding for various public infrastructure improvements associated with the Summit Fair shopping area.

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 2020 are projected to total \$75.7 million. This represents an increase of \$4.6 million over the prior year budget. The City continues to experience growth in revenue categories such as property taxes, sales taxes and licenses, permits and fees.

General Fund expenses are projected to total \$77.4 million compared to \$74.6 million budgeted in fiscal year 2019. This represents a \$2.8 million increase.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Personal Services expenditures are estimated using a wage adjustment pool for the employee pay-for-performance system. In fiscal year 2020, the organization placed a greater importance on providing wage enhancement for current employees over expanding personnel.

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.

A key initiative in the FY20 budget is funding to redesign the City's annual budget process. As resources become scarcer and needs more prevalent, it is imperative to utilize a more transparent and qualitative financial planning process. In FY20, staff will transition to the Priority Based Budgeting methodology. With this framework, it will be easier for our elected officials and staff to match resources to needs. New budget software is being implemented in FY20 for the FY21 budget.

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 Bette Wordelman, 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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 115,846,284	\$ 60,393,730	\$ 176,240,014
Receivables (net of allowance)			
Taxes	8,540,743	—	8,540,743
Accounts and other	2,798,600	4,889,172	7,687,772
Interest	470,483	244,264	714,747
Due from other governmental agencies	766,135	173,617	939,752
Inventories	210,623	470,778	681,401
Prepaid expenses	5,904	—	5,904
Other assets	11,400	7,447	18,847
Restricted assets			
Cash and investments	2,798	—	2,798
Pension asset	21,270,133	916,775	22,186,908
Capital assets			
Nondepreciable	144,356,321	118,322,443	262,678,764
Depreciable, net	394,624,966	163,360,038	557,985,004
Total Assets	688,904,390	348,778,264	1,037,682,654
Deferred Outflows Of Resources			
Pension	9,785,068	272,898	10,057,966
Other post employment benefits	861,862	83,833	945,695
Deferred amount on refunding	58,772	62,856	121,628
Total Deferred Outflows Of Resources	10,705,702	419,587	11,125,289
Liabilities			
Accounts payable and accrued expenses	7,646,108	3,998,454	11,644,562
Payroll liabilities	2,660,938	262,007	2,922,945
Accrued interest payable	549,010	39,548	588,558
Unearned revenue	—	25,906	25,906
Customer deposits - payable from restricted deposits	1,690,584	234,009	1,924,593
Internal balances	5,334,267	(5,334,267)	—
Long-term obligations			
Due within one year			
Compensated absences	272,055	22,370	294,425
Bonds and contracts	7,006,000	995,000	8,001,000
Due in more than one year			
Compensated absences	4,793,366	356,842	5,150,208
Other post employment benefits	5,513,106	442,841	5,955,947
Bonds and contracts	70,617,699	10,006,243	80,623,942
Total Liabilities	106,083,133	11,048,953	117,132,086
Deferred Inflows Of Resources			
Pension	8,383,375	336,686	8,720,061
Deferred amount on refunding	1,383,525	—	1,383,525
Total Deferred Inflows Of Resources	9,766,900	336,686	10,103,586
Net Position			
Net investment in capital assets	502,857,273	279,965,082	782,822,355
Restricted for			
Pension	22,671,826	852,987	23,524,813
Debt service	8,077,926	794,000	8,871,926
Capital projects	49,525,477	42,784,824	92,310,301
Economic development	4,507,016	—	4,507,016
Unrestricted	(3,879,459)	13,415,319	9,535,860
Total Net Position	\$ 583,760,059	\$ 337,812,212	\$ 921,572,271

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 26,419,866	\$ 2,474,682	\$ 344,768	\$ —	\$ (23,600,416)	\$ —	\$ (23,600,416)
Public safety	41,548,996	9,627,006	1,157,113	—	(30,764,877)	—	(30,764,877)
Public works and streets	22,500,607	892,742	—	6,636,281	(14,971,584)	—	(14,971,584)
Planning and development	3,833,363	172,213	—	—	(3,661,150)	—	(3,661,150)
Parks and recreation	10,565,624	3,474,852	—	—	(7,090,772)	—	(7,090,772)
Interest on long-term debt	2,553,293	—	—	—	(2,553,293)	—	(2,553,293)
Total Governmental Activities	107,421,749	16,641,495	1,501,881	6,636,281	(82,642,092)	—	(82,642,092)
Business-Type Activities							
Waterworks and sewerage system	29,269,178	40,692,905	—	1,764,703	—	13,188,430	13,188,430
Sanitary landfill	2,454,125	37,875	—	—	—	(2,416,250)	(2,416,250)
Airport	2,347,250	1,713,630	—	4,227,781	—	3,594,161	3,594,161
Recreation center	1,312,852	1,314,966	—	—	—	2,114	2,114
Total Business-Type Activities	35,383,405	43,759,376	—	5,992,484	—	14,368,455	14,368,455
Total Primary Government	\$ 142,805,154	\$ 60,400,871	\$ 1,501,881	\$ 12,628,765	(82,642,092)	14,368,455	(68,273,637)
General Revenues							
Taxes							
Property taxes, levied for general purposes					30,217,528	—	30,217,528
Property taxes, levied for debt service					9,577,717	—	9,577,717
Franchise taxes					12,525,332	—	12,525,332
Sales and use taxes					40,993,104	—	40,993,104
License taxes					922,389	—	922,389
Motor vehicle taxes					3,653,245	—	3,653,245
Earnings on investments					3,255,225	1,900,811	5,156,036
Other revenues					2,348,637	—	2,348,637
Gain on sale of assets					987,860	—	987,860
Transfers					(948,296)	948,296	—
Total General Revenues And Transfers					103,532,741	2,849,107	106,381,848
Change In Net Position					20,890,649	17,217,562	38,108,211
Net Position - Beginning, As Previously Stated					573,043,380	320,439,723	893,483,103
Prior Period Adjustment - Change In Accounting Method					5,102,852	154,927	5,257,779
Prior Period Adjustment - Correction Of An Error					(15,276,822)	—	(15,276,822)
Net Position - Beginning, As Restated					562,869,410	320,594,650	883,464,060
Net Position - Ending					\$ 583,760,059	\$ 337,812,212	\$ 921,572,271

See the notes to basic financial statements.

CITY OF LEE'S SUMMIT, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Debt Service	Capital Improvement Sales Tax	Blue Parkway And Colbern Road CID	Todd George 50 HWY TIF	Road And Bridge Improvement	Park Development	Other Governmental Funds	Total Governmental Funds
Assets									
Pooled cash and investments	\$ 25,917,063	\$ 7,764,034	\$ 31,362,261	\$ —	\$ 88,031	\$ 180,170	\$ 2,087,500	\$ 37,186,006	\$ 104,585,065
Receivables (net of allowance)									
Taxes	4,451,772	996,494	1,416,976	—	43,716	1,279,556	—	352,229	8,540,743
Accounts and other	2,706,578	—	—	—	—	—	—	68,300	2,774,878
Interest	201,362	36,006	116,453	42	—	585	367	75,779	430,594
Due from other funds	3,808,354	—	2,212,000	—	—	3,314,859	—	395,000	9,730,213
Due from other governments	347,145	—	—	—	70,501	—	—	348,489	766,135
Other assets	9,966	—	—	—	—	—	—	1,434	11,400
Restricted assets									
Cash and investments	—	—	—	2,798	—	—	—	—	2,798
Total Assets	\$ 37,442,240	\$ 8,796,534	\$ 35,107,690	\$ 2,840	\$ 202,248	\$ 4,775,170	\$ 2,087,867	\$ 38,427,237	\$ 126,841,826
Liabilities, Deferred Inflows Of Resources And Fund Balances Liabilities									
Accounts payable and accrued liabilities	\$ 689,039	\$ —	\$ 1,598,836	\$ 10,064	\$ 26,170	\$ 2,030,389	\$ 182,646	\$ 2,047,908	\$ 6,585,052
Payroll liabilities	1,905,212	—	—	—	—	—	—	211,330	2,116,542
Payable from restricted	1,090,574	—	—	—	—	—	—	600,010	1,690,584
Accrued interest payable	—	—	—	—	17,155	5,821	12,627	5,454	41,057
Due to other funds	—	—	—	3,709,480	3,800,000	2,000,000	4,100,000	1,455,000	15,064,480
Total Liabilities	3,684,825	—	1,598,836	3,719,544	3,843,325	4,036,210	4,295,273	4,319,702	25,497,715
Deferred Inflows Of Resources									
Property tax	931,639	718,608	—	—	—	—	—	190,545	1,840,792
Other	—	—	—	—	—	—	—	30,996	30,996
Total Deferred Inflows Of Resources	931,639	718,608	—	—	—	—	—	221,541	1,871,788
Fund Balances									
Nonspendable									
Advances to other funds	2,276,442	—	1,559,028	—	—	3,314,859	—	278,398	7,428,727
Restricted									
Bridges, streets and signals	—	—	31,949,826	—	—	—	—	8,248,407	40,198,233
Economic development	—	—	—	—	—	—	—	4,507,016	4,507,016
Debt service reserve	—	8,077,926	—	—	—	—	—	—	8,077,926
Other capital projects	—	—	—	—	—	—	—	9,327,244	9,327,244
Committed									
Bridges, streets and signals	—	—	—	—	—	—	—	213,318	213,318
Landfill care	—	—	—	—	—	—	—	5,778,167	5,778,167
Cemetery care	—	—	—	—	—	—	—	1,323,742	1,323,742
Assigned									
Parks and recreation	—	—	—	—	—	—	—	4,338,207	4,338,207
Economic development	—	—	—	—	—	—	—	399,322	399,322
Other capital projects	—	—	—	—	—	—	—	410,646	410,646
Other purposes	—	—	—	—	—	—	—	422,755	422,755
Unassigned	30,549,334	—	—	(3,716,704)	(3,641,077)	(2,575,899)	(2,207,406)	(1,361,228)	17,047,020
Total Fund Balances	32,825,776	8,077,926	33,508,854	(3,716,704)	(3,641,077)	738,960	(2,207,406)	33,885,994	99,472,323
Total Liabilities, Deferred Inflows And Fund Balances	\$ 37,442,240	\$ 8,796,534	\$ 35,107,690	\$ 2,840	\$ 202,248	\$ 4,775,170	\$ 2,087,867	\$ 38,427,237	\$ 126,841,826

CITY OF LEE'S SUMMIT, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2019

Total Fund Balance - Governmental Funds \$ 99,472,323

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	714,916,207
Less: Accumulated depreciation	(187,625,016)

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.

20,828,311

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.

1,871,788

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.

9,653,548

Some future other post employment benefits 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.

804,502

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.

(8,221,115)

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

(507,953)

The assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.

21,672,176

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

Compensated absences	(4,856,573)
Bonds payable	(75,101,000)
Unamortized discounts	245,226
Unamortized premiums	(2,767,925)
Deferred amount on refunding	(1,324,753)
Other post employment benefit liability	(5,299,687)

Total Net Position - Governmental Activities \$ 583,760,059

CITY OF LEE'S SUMMIT, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2019**

	General Fund	Debt Service	Capital Improvement Sales Tax	Blue Parkway And Colbern Road CID	Todd George 50 HWY TIF	Road And Bridge Improvement	Park Development	Other Governmental Funds	Total Governmental Funds
Revenues									
Taxes									
Property	\$ 22,166,626	\$ 9,612,954	\$ —	\$ —	\$ 1,500,084	\$ —	\$ —	\$ 6,667,143	\$ 39,946,807
Sales	17,328,879	3,939,055	8,657,073	239	444,263	7,869,317	—	1,876,572	40,115,398
Franchise	12,525,332	—	—	—	—	—	—	—	12,525,332
License	—	—	—	—	—	—	—	891,393	891,393
Bed	—	—	—	—	—	—	—	570,499	570,499
Motor vehicle	3,653,245	—	—	—	—	—	—	—	3,653,245
Other tax	291,208	11,989	—	—	—	—	—	4,010	307,207
Fines and forfeitures	1,171,958	49,653	—	—	524	—	—	37,984	1,260,119
Licenses and permits	2,605,209	—	—	—	—	—	—	—	2,605,209
Intergovernmental	1,157,114	—	—	—	136,939	31,067	—	814,218	2,139,338
Charges for services	9,093,424	—	—	—	1,554	—	—	3,681,189	12,776,167
Investment earnings	727,475	339,320	984,267	1,749	—	14,371	481	826,281	2,893,944
Other	4,995,967	—	5,934	—	—	960	594	315,885	5,319,340
Total Revenues	75,716,437	13,952,971	9,647,274	1,988	2,083,364	7,915,715	1,075	15,685,174	125,003,998
Expenditures									
Current									
General government	16,386,215	—	—	—	—	—	32,748	1,425,023	17,843,986
Public safety	39,843,145	—	—	—	—	—	—	—	39,843,145
Public works and streets	10,434,096	—	—	—	—	—	—	—	10,434,096
Community development	3,833,363	—	—	—	—	—	—	—	3,833,363
Parks and recreation	—	—	—	—	—	—	—	7,120,852	7,120,852
Debt service									
Principal	—	8,432,000	—	—	—	—	—	1,695,000	10,127,000
Interest and other charges	—	1,777,509	—	262	—	—	51,336	1,438,273	3,267,380
Capital outlay	—	—	7,637,234	4,048	876,067	8,084,981	6,859,542	7,285,825	30,747,697
Total Expenditures	70,496,819	10,209,509	7,637,234	4,310	876,067	8,084,981	6,943,626	18,964,973	123,217,519
Excess (Deficiency) Of									
Revenues Over									
Expenditures	5,219,618	3,743,462	2,010,040	(2,322)	1,207,297	(169,266)	(6,942,551)	(3,279,799)	1,786,479
Other Financing Sources (Uses)									
Issuance of bonds	—	—	—	—	—	—	—	3,658,000	3,658,000
Transfers in	742,110	—	—	—	—	—	4,650,000	676,012	6,068,122
Transfers out	(1,517,278)	(3,975,000)	—	—	—	(1,859,616)	—	(879,988)	(8,231,882)
Total Other Financing Sources (Uses)	(775,168)	(3,975,000)	—	—	—	(1,859,616)	4,650,000	3,454,024	1,494,240
Net Change In Fund Balances	4,444,450	(231,538)	2,010,040	(2,322)	1,207,297	(2,028,882)	(2,292,551)	174,225	3,280,719
Fund Balances - Beginning, As									
Previously Stated	28,381,326	8,309,464	31,498,814	(3,714,382)	(4,848,374)	2,767,842	85,145	48,988,591	111,468,426
Prior Period Adjustment	—	—	—	—	—	—	—	(15,276,822)	(15,276,822)
Fund Balances - Beginning, As									
Restated	28,381,326	8,309,464	31,498,814	(3,714,382)	(4,848,374)	2,767,842	85,145	33,711,769	96,191,604
Fund Balances - Ending	\$ 32,825,776	\$ 8,077,926	\$ 33,508,854	\$ (3,716,704)	\$ (3,641,077)	\$ 738,960	\$ (2,207,406)	\$ 33,885,994	\$ 99,472,323

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, 2019

Net Change In Fund Balances - Total Governmental Funds \$ 3,280,719

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 \$14,572,336 in the current period was exceeded by capital outlays over the capitalization threshold totaling \$20,607,002. 6,034,666

Contributions of capital assets are recorded as capital contributions in the statement of activities. Contributions primarily represent infrastructure assets. 3,807,824

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. (120,566)

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 premiums and discounts when debt is first issued, whereas these amounts are netted with debt 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	(3,658,000)
Repayment of principal	10,127,000
Bond discount amortization	(13,315)
Bond premium amortization	544,100
Deferred amount on refunding	111,081
Accrued interest	72,221

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	(306,448)
Compensated absences	(496,664)
Pension expense	(821,321)

Internal service funds are used by management to charge the costs of certain activities internally to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 2,329,352

Change In Net Position Of Governmental Activities \$ 20,890,649

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2019

	Enterprise Funds					Total	Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)			
Assets							
Current assets							
Cash and investments	\$ 56,112,360	\$ 3,765,141	\$ 129,037	\$ 387,192	\$ 60,393,730	\$ 11,261,219	
Receivables (net of allowance)							
Accounts and other	2,383,625	24,141	130,768	—	2,538,534	23,722	
Unbilled accounts	2,350,638	—	—	—	2,350,638	—	
Interest	216,723	17,248	9,416	877	244,264	39,889	
Due from other funds	8,034,621	—	—	—	8,034,621	—	
Due from other governments	—	—	173,617	—	173,617	—	
Inventories	441,298	—	29,480	—	470,778	210,623	
Prepaid expenses	—	—	—	—	—	5,904	
Other assets	7,447	—	—	—	7,447	—	
Total current assets	69,546,712	3,806,530	472,318	388,069	74,213,629	11,541,357	
Noncurrent assets							
Pension asset	819,027	35,863	61,885	—	916,775	441,822	
Capital assets							
Nondepreciable	67,244,462	164,372	50,913,609	—	118,322,443	104,250	
Depreciable, net	145,614,789	2,749,008	14,850,450	145,791	163,360,038	11,585,846	
Total noncurrent assets	213,678,278	2,949,243	65,825,944	145,791	282,599,256	12,131,918	
Total Assets	283,224,990	6,755,773	66,298,262	533,860	356,812,885	23,673,275	
Deferred Outflows Of Resources							
Pension	243,802	10,676	18,420	—	272,898	131,520	
Other post-employment benefits	73,538	1,471	8,824	—	83,833	57,360	
Deferred amount of refunding	62,856	—	—	—	62,856	—	
Total Deferred Outflows Of Resources	380,196	12,147	27,244	—	419,587	188,880	
Liabilities							
Current liabilities							
Accounts payable	3,160,831	628,708	191,549	17,366	3,998,454	1,061,056	
Salaries payable	166,999	4,011	24,324	66,673	262,007	544,396	
Accrued interest payable	—	—	39,548	—	39,548	—	
Due to other funds	—	—	2,700,354	—	2,700,354	—	
Unearned revenue	—	—	25,906	—	25,906	—	
Compensated absences	18,748	—	2,523	1,099	22,370	10,683	
Current portion of long-term debt - bonds	995,000	—	—	—	995,000	—	
Payable from restricted assets							
Customer deposit	169,945	—	64,064	—	234,009	—	
Total current liabilities	4,511,523	632,719	3,048,268	85,138	8,277,648	1,616,135	
Noncurrent liabilities							
Revenue bonds	611,497	—	—	—	611,497	—	
Compensated absences	278,389	9,897	45,301	23,255	356,842	198,165	
Closure and post-closure liability	—	9,394,746	—	—	9,394,746	—	
Other post-employment benefits	395,625	17,323	29,893	—	442,841	213,419	
Total noncurrent liabilities	1,285,511	9,421,966	75,194	23,255	10,805,926	411,584	
Total Liabilities	5,797,034	10,054,685	3,123,462	108,393	19,083,574	2,027,719	
Deferred Inflows Of Resources -							
Pension	300,789	13,170	22,727	—	336,686	162,260	
Net Position							
Net investment in capital assets	211,217,799	3,993,333	64,608,159	145,791	279,965,082	11,690,096	
Restricted for debt service	794,000	—	—	—	794,000	—	
Restricted for capital projects	42,694,253	—	90,571	—	42,784,824	—	
Restricted for pension	762,040	33,369	57,578	—	852,987	411,082	
Unrestricted	22,039,271	(7,326,637)	(1,576,991)	279,676	13,415,319	9,570,998	
Total Net Position	\$ 277,507,363	\$ (3,299,935)	\$ 63,179,317	\$ 425,467	\$ 337,812,212	\$ 21,672,176	

CITY OF LEE'S SUMMIT, MISSOURI

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
For The Year Ended June 30, 2019**

	Enterprise Funds						Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total		
Operating Revenues							
Charges for services	\$ 40,242,495	\$ —	\$ 762,561	\$ 1,011,122	\$ 42,016,178	\$ 9,871,679	
Material and fuel sales	159,845	—	928,510	—	1,088,355	—	
Other	290,565	37,875	22,559	303,844	654,843	3,930,277	
Total Operating Revenues	40,692,905	37,875	1,713,630	1,314,966	43,759,376	13,801,956	
Operating Expenses							
Salaries, wages and employee benefits	4,059,624	108,397	557,770	636,686	5,362,477	3,391,482	
Water purchases	8,341,012	—	—	—	8,341,012	—	
Utilities	634,559	8,200	69,362	112,135	824,256	267,462	
Repairs and maintenance	532,447	8,758	77,967	35,651	654,823	769,571	
Sewer services	8,229,709	—	—	—	8,229,709	—	
Fuels and lubricants	77,631	803	656,752	—	735,186	3,481	
Depreciation	4,114,098	227,607	556,641	23,823	4,922,169	2,196,900	
Interdepartment charges	674,794	1,353	109,174	19,135	804,456	465,725	
Miscellaneous	2,605,304	943,106	319,584	485,422	4,353,416	6,162,885	
Total Operating Expenses	29,269,178	1,298,224	2,347,250	1,312,852	34,227,504	13,257,506	
Operating Income (Loss)	11,423,727	(1,260,349)	(633,620)	2,114	9,531,872	544,450	
Nonoperating Revenues (Expenses)							
Interest income	1,846,124	159,746	79,279	—	2,085,149	361,281	
Interest expense	(46,245)	—	(138,093)	—	(184,338)	—	
Loss on disposal of capital assets	—	(1,155,901)	—	—	(1,155,901)	208,157	
Total Nonoperating Revenues (Expenses)	1,799,879	(996,155)	(58,814)	—	744,910	569,438	
Income (Loss) Before Contributions And Transfers	13,223,606	(2,256,504)	(692,434)	2,114	10,276,782	1,113,888	
Capital Grants And Contributions	1,764,703	—	4,227,781	—	5,992,484	—	
Transfers In	—	31,121	1,936,312	—	1,967,433	1,215,464	
Transfers Out	(724,904)	(214,018)	(76,696)	(3,519)	(1,019,137)	—	
Change In Net Position	14,263,405	(2,439,401)	5,394,963	(1,405)	17,217,562	2,329,352	
Total Net Position - Beginning, As Previously Stated	263,105,423	(866,523)	57,773,951	426,872	320,439,723	19,267,510	
Prior Period Adjustment	138,535	5,989	10,403	—	154,927	75,314	
Total Net Position - Beginning, As Restated	263,243,958	(860,534)	57,784,354	426,872	320,594,650	19,342,824	
Total Net Position - Ending	\$ 277,507,363	\$ (3,299,935)	\$ 63,179,317	\$ 425,467	\$ 337,812,212	\$ 21,672,176	

CITY OF LEE'S SUMMIT, MISSOURI

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS For The Year Ended June 30, 2019

	Enterprise Funds					Total	Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)			
Cash Flows From Operating Activities							
Cash received from customers	\$ 41,368,053	\$ 111,816	\$ 1,698,127	\$ 1,314,966	\$ 44,492,962	\$ 13,798,673	
Cash paid to suppliers	(23,146,104)	(1,670,350)	(2,746,142)	(679,674)	(28,242,270)	(8,374,961)	
Cash paid to employees	(3,958,104)	(106,088)	(540,570)	(629,887)	(5,234,649)	(3,342,489)	
Cash received for interdepartment charges	—	508,147	(1,912,678)	—	(1,404,531)	—	
Cash paid for interdepartment charges	(674,794)	—	—	(19,135)	(693,929)	—	
Net Cash Provided By (Used In) Operating Activities	13,589,051	(1,156,475)	(3,501,263)	(13,730)	8,917,583	2,081,223	
Cash Flows From Noncapital Financing Activities							
Transfers in	—	31,121	1,936,312	—	1,967,433	1,215,464	
Transfers out	(724,904)	(214,018)	(76,696)	(3,519)	(1,019,137)	—	
Net Cash Provided By (Used In) Noncapital Financing Activities	(724,904)	(182,897)	1,859,616	(3,519)	948,296	1,215,464	
Cash Flows From Capital And Related Financing Activities							
Principal payments on long-term debt	(980,000)	—	—	—	(980,000)	—	
Interest paid on long-term debt obligations	(50,565)	—	(171,810)	—	(222,375)	—	
Capital grants	—	—	5,633,270	—	5,633,270	—	
Additions to capital assets	(7,537,761)	(1,928)	(3,988,302)	—	(11,527,991)	(3,285,134)	
Proceeds from sale of capital assets	—	—	—	—	—	218,892	
Net Cash Provided By (Used In) Capital And Related Financing Activities	(8,568,326)	(1,928)	1,473,158	—	(7,097,096)	(3,066,242)	
Cash Flows Provided By Investing Activities							
Interest received	1,803,034	160,312	77,921	46	2,041,313	359,483	
Net Increase (Decrease) In Cash And Cash Equivalents	6,098,855	(1,180,988)	(90,568)	(17,203)	4,810,096	589,928	
Cash And Cash Equivalents - Beginning Of Year	50,013,505	4,946,129	219,605	404,395	55,583,634	10,671,291	
Cash And Cash Equivalents - End Of Year	\$ 56,112,360	\$ 3,765,141	\$ 129,037	\$ 387,192	\$ 60,393,730	\$ 11,261,219	
Operating income (loss)	\$ 11,423,727	\$ (1,260,349)	\$ (633,620)	\$ 2,114	\$ 9,531,872	\$ 544,450	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	4,114,098	227,607	556,641	23,823	4,922,169	2,196,900	
Changes in assets and liabilities:							
(Increase) decrease in inventories	(57,473)	—	22,687	—	(34,786)	(16,412)	
(Increase) decrease in accounts receivable	370,325	73,941	(28,374)	—	415,892	(3,283)	
(Increase) decrease in due from other funds	(2,753,246)	509,500	—	—	(2,243,746)	—	
Decrease in unbilled revenue	305,036	—	—	—	305,036	—	
Decrease in prepaid expenses	—	—	2,291	—	2,291	(125)	
Increase in other assets	(361)	—	—	—	(361)	—	
Increase in pension related assets, outflows and inflows	(139,984)	(6,477)	(10,868)	—	(157,329)	(72,905)	
Increase (decrease) in accounts payable	85,638	606,061	(1,647,455)	(46,466)	(1,002,222)	(689,300)	
Increase in salaries and wages payable	37,401	496	3,423	5,699	47,019	10,486	
Increase in due to other funds	—	—	(1,803,504)	—	(1,803,504)	—	
Increase (decrease) in customer deposits	(213)	—	12,871	—	12,658	—	
Decrease in accrued landfill closure/postclosure care costs	—	(1,315,544)	—	—	(1,315,544)	—	
Increase in other post employment benefits outflow and liability	162,835	7,644	11,670	—	182,149	82,946	
Increase in accrued compensated absences	41,268	646	12,975	1,100	55,989	28,466	
Total adjustments	2,165,324	103,874	(2,867,643)	(15,844)	(614,289)	1,536,773	
Net Cash Provided (Used In) By Operating Activities	\$ 13,589,051	\$ (1,156,475)	\$ (3,501,263)	\$ (13,730)	\$ 8,917,583	\$ 2,081,223	

Supplemental Disclosure Of Cash Flow Information

The City has the following noncash transactions: \$1,764,703 in water and sewer lines were contributed during fiscal year 2019 and \$4,227,781 relates to accounts receivable on capital grants for the Airport.

CITY OF LEE'S SUMMIT, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

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 98,469 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.

Road And Bridge Improvement - Established to account for road and bridge improvement projects within the City related to a fiscal year 1995 tax levy.

Park Development - Established to account for construction of new parks.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

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

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

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, 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.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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.

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.

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 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*)

Property Tax Revenue Recognition

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

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

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

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

General	\$ 0.8886
Park board	0.1571
Debt service	<u>0.4697</u>
Total tax levy	<u><u>\$ 1.5154</u></u>

Inventories And Prepaid Items

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) method or market. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid expenses represent the payment of insurance premiums for coverage that benefits more than one fiscal period. The premium amounts are amortized over the policy periods.

Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the applicable balance sheets and statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Capital Assets

Capital assets include land, buildings, improvements, equipment and infrastructure assets (e.g., roads, bridges, storm sewers and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements and within the proprietary funds within the fund financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased capital assets are measured at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are measured 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.

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, 2019.

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.

Compensated Absences

All accumulated vacation, scheduled holiday leave and accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the government-wide financial statements as a long-term liability as it is expected to be paid from future resources. Upon leaving employment of the City, an employee is entitled to payment for accrued vacation. Only vested employees are paid sick leave upon retirement or resignation. A liability for these amounts is reported in the governmental funds only if the amounts due at year end have matured.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and obligations are reported in the statement of net position as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows Of Resources

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

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

Unbilled Revenue

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

Interfund And Related Party Transactions

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

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

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

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

Net Position

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

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

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

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

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

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

Fund Balance Classification Policies and Procedures

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

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

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

Capital Contributions

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

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 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.

Change In Accounting Method and Correction Of An Error

For fiscal year ended June 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB No. 71, *Pension Transition and Contributions Made Subsequent to the Measurement Date*. For fiscal year ended June 30, 2019, the City implemented a change in accounting method by utilizing a pension liability measurement at the beginning of the fiscal year and reporting as a deferred outflow contributions made after the measurement date. The beginning of fiscal year measurement is preferable to the end of year measurement as the necessary information for the latter is not available to the City on a timely basis. Additional pension information can be found in Note 7 and the required supplementary information section. As a result of this change in method, net position as of July 1, 2018, was restated.

The City has restated the ending net position for the year ended June 30, 2018 to correct an error in accounting for cash held with fiscal agent in connection with an advanced refunding.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The impact of the change in accounting method and correction of an error, which has been adjusted in the restated financial statements, is as follows:

	Governmental Activities	Business-Type Activities	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Internal Service Funds
Net position - beginning, as previously stated	\$ 573,043,380	\$ 320,439,723	\$ 263,105,423	\$ (866,523)	\$ 57,773,951	\$ 19,267,510
Prior period adjustment - change in accounting method	5,102,852	154,927	138,535	5,989	10,403	75,314
Prior period adjustment - correction of error	(15,276,822)	—	—	—	—	—
Net position - beginning, as restated	\$ 562,869,410	\$ 320,594,650	\$ 263,243,958	\$ (860,534)	\$ 57,784,354	\$ 19,342,824

	Other Governmental Funds	Summit Woods East TIF
Fund balance - beginning, as previously stated	\$ 48,988,591	\$ 18,570,004
Prior period adjustment - correction of error	(15,276,822)	(15,276,822)
Fund balance - beginning, as restated	\$ 33,711,769	\$ 3,293,182

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The carrying amounts or fair values and the maturities of the City's investments at June 30, 2019 are as follows:

	Carrying Amount Or Fair Value	Less Than 1 Year	1 To 5 Years
U.S. Treasury securities	\$ 83,315,178	\$ 42,921,055	\$ 40,394,123
U.S. Agency securities	67,673,813	13,969,940	53,703,873
Repurchase agreements	11,689,000	11,689,000	—
Money market funds	3,175,898	3,175,898	—
	<u>165,853,889</u>	<u>\$ 71,755,893</u>	<u>\$ 94,097,996</u>
Unrestricted cash deposits per books	10,388,923		
Cash and investments per statement of net position	<u>\$ 176,242,812</u>		

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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.

The City has the following recurring fair value measurements as of June 30, 2019:

- U.S. Treasury obligations of \$83,315,178 valued using quoted market prices (Level 1 inputs)
- U.S. Agency obligations of \$67,673,813 valued using quoted market prices (Level 1 inputs)
- Repurchase agreements of \$11,689,000 valued using a matrix pricing model (Level 2 inputs)
- Money market funds of \$3,175,898 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, 2019, the City's deposits were properly collateralized.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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.

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.

	Carrying Amount					
	Or Fair Value	AAA/Aaa	AA/Aa	A/A	SP1	Unrated
U.S. Treasury securities*	\$ 83,315,178	\$ 83,315,178	\$ —	\$ —	\$ —	\$ —
U.S. Agency securities	67,673,813	67,673,813	—	—	—	—
Repurchase agreements**	11,689,000	11,689,000	—	—	—	—
Money market funds	3,175,898	—	—	—	—	3,175,898
Total	\$ 165,853,889	\$ 162,677,991	\$ —	\$ —	\$ —	\$ 3,175,898

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

** The collateral underlying the City's repurchase agreements is AAA rated.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Concentration Risk

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

<u>Investment Type</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
General time deposits	—	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	—	50%
U.S. government agency callable securities	—	15%

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

<u>Issuer</u>	<u>Percentage Concentration</u>
Federal National Mortgage Association	6%
Federal Home Loan Bank	18%
Federal Farm Credit Bank	15%

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 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, 2019, \$2,798 of this amount remained in the escrow account. This amount is restricted and can only be used for construction expenses related to Unity Village property public improvements.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

3. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Governmental Activities			
	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Nondepreciable capital assets:				
Land	\$ 7,857,966	\$ —	\$ —	\$ 7,857,966
Construction in progress	116,186,662	20,311,693	—	136,498,355
Total nondepreciable capital assets	124,044,628	20,311,693	—	144,356,321
Depreciable capital assets:				
Buildings	64,703,729	—	—	64,703,729
Improvement other than buildings	52,231,638	302,808	—	52,534,446
Furniture, fixtures and equipment	35,513,906	3,277,635	351,304	38,440,237
Infrastructure	443,709,198	3,807,824	—	447,517,022
Total depreciable capital assets	596,158,471	7,388,267	351,304	603,195,434
Less: Accumulated depreciation				
Buildings	32,414,025	2,409,144	—	34,823,169
Improvement other than buildings	23,632,327	2,977,959	—	26,610,286
Furniture, fixtures and equipment	25,091,386	2,297,991	340,569	27,048,808
Infrastructure	111,004,063	9,084,142	—	120,088,205
Total accumulated depreciation	192,141,801	16,769,236	340,569	208,570,468
Total depreciable capital assets, net	404,016,670	(9,380,969)	10,735	394,624,966
Total governmental activities capital assets, net	\$ 528,061,298	\$ 10,930,724	\$ 10,735	\$ 538,981,287

Depreciation expense was charged to functions as follows:

General government	\$ 863,868
Public safety	907,810
Public works and streets	9,343,863
Parks and recreation	3,456,795
Capital assets held by the government's Internal Service	
Funds are charged to the various functions based on their usage of the assets	2,196,900
	<u>\$ 16,769,236</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Business-Type Activities				
	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Nondepreciable capital assets:				
Land	\$ 19,625,415	\$ 6,411,865	\$ —	\$ 26,037,280
Construction in progress	91,338,744	11,527,993	10,581,574	92,285,163
Total nondepreciable capital assets	110,964,159	17,939,858	10,581,574	118,322,443
Depreciable capital assets:				
Structures and improvements	267,367,716	5,934,410	3,673,634	269,628,492
Furniture, fixtures and equipment	3,560,167	—	93,429	3,466,738
Total depreciable capital assets	270,927,883	5,934,410	3,767,063	273,095,230
Less: Accumulated depreciation				
Structures and improvements	104,219,561	4,888,863	2,517,733	106,590,691
Furniture, fixtures and equipment	3,204,624	33,306	93,429	3,144,501
Total accumulated depreciation	107,424,185	4,922,169	2,611,162	109,735,192
Total depreciable capital assets, net	163,503,698	1,012,241	1,155,901	163,360,038
Total business-type activities capital assets, net	\$ 274,467,857	\$ 18,952,099	\$ 11,737,475	\$ 281,682,481

Depreciation expense was charged to functions as follows:

Combined waterworks and sewerage system	\$ 4,114,098
Sanitary landfill	227,607
Airport	556,641
Nonmajor enterprise funds	23,823
	<u>23,823</u>
	<u>\$ 4,922,169</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

4. Long-Term Obligations

Debt payable at June 30, 2019 is composed of the following:

	Interest Rates	Maturity Date	Balance
Governmental Activities			
General obligation bonds:			
Improvement bonds - 2013A	3.00	4/1/2028	\$ 17,390,000
Refunding (2003) - 2013	4.00	4/1/2023	5,825,000
Improvement bonds - 2013C	5.00	4/1/2021	1,330,000
Improvement bonds 2016A	1.75 - 2.50	4/1/2029	6,600,000
Improvement bonds 2017A	1.75 - 4.00	4/1/2026	12,350,000
Total general obligation bonds			<u>\$ 43,495,000</u>
Bonds from direct placement:			
Improvement bonds 2018A	2.74	4/1/2020	<u>1,791,000</u>
TIF bonds:			
Summit fair - 2017	3.50 - 4.875	11/1/2037	<u>\$ 29,815,000</u>
Business-Type Activities			
Combined Waterworks and Sewerage Fund:			
Revenue bonds:			
Waterworks - 2012	2.00	7/1/2021	<u>\$ 1,535,000</u>

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2019:

Governmental Activities	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
General obligation bonds	\$ 50,060,000	\$ —	\$ (6,565,000)	\$ 43,495,000	\$ 5,215,000
Add: Bond premium	3,312,025	—	(544,100)	2,767,925	—
Total general obligation bonds	<u>53,372,025</u>	<u>—</u>	<u>(7,109,100)</u>	<u>46,262,925</u>	<u>5,215,000</u>
Bonds from direct placement	—	3,658,000	(1,867,000)	\$ 1,791,000	1,791,000
TIF bonds	31,510,000	—	(1,695,000)	29,815,000	—
Less: Bond discount	(258,541)	—	13,315	(245,226)	—
Total TIF bonds	<u>31,251,459</u>	<u>—</u>	<u>(1,681,685)</u>	<u>29,569,774</u>	<u>—</u>
Accrued compensated absences	4,540,291	1,087,002	(561,872)	5,065,421	272,055
Other post employment benefits	5,004,764	508,342	—	5,513,106	—
Total governmental activities long-term obligations	<u>\$ 94,168,539</u>	<u>\$ 5,253,344</u>	<u>\$ (11,219,657)</u>	<u>\$ 88,202,226</u>	<u>\$ 7,278,055</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The total long-term liabilities of \$88,202,226 consist of compensated absences and other post-employment benefits of \$208,848 and \$213,419, respectively, related to Internal Service Funds, while the remaining amount of \$87,779,959 is a reconciling item of the Governmental Funds balance sheet to the statement of net position. Compensated absences and other post employment benefits are primarily liquidated by the General Fund.

Business-Type Activities	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Combined waterworks and sewerage system fund					
Revenue bonds	\$ 2,515,000	\$ —	\$ (980,000)	\$ 1,535,000	\$ 995,000
Add: Bond premium	107,245	—	(35,748)	71,497	—
Total revenue bonds	2,622,245	—	(1,015,748)	1,606,497	995,000
Compensated absences	255,869	118,896	(77,628)	297,137	18,748
Other post employment benefits	354,749	40,876	—	395,625	—
Total waterworks and sewerage fund	3,232,863	159,772	(1,093,376)	2,299,259	1,013,748
Sanitary landfill fund					
Landfill closure/post closure care	10,710,290	445,353	(1,760,897)	9,394,746	—
Compensated absences	9,251	646	—	9,897	—
Other post employment benefits	15,336	1,987	—	17,323	—
Total sanitary landfill fund	10,734,877	447,986	(1,760,897)	9,421,966	—
Airport fund					
Compensated absences	34,849	14,902	(1,927)	47,824	2,523
Other post employment benefits	26,638	3,255	—	29,893	—
Total airport fund	61,487	18,157	(1,927)	77,717	2,523
Nonmajor enterprise fund:					
Compensated absences	23,254	2,582	(1,482)	24,354	1,099
Total business-type activities long-term obligations	\$ 14,052,481	\$ 628,497	\$ (2,857,682)	\$ 11,823,296	\$ 1,017,370

Debt service requirements on long-term debt at June 30, 2019 are as follows:

Year	Governmental Activities					
	General Obligation Bonds		Direct Placement		TIF Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 5,215,000	\$ 1,326,386	\$ 1,791,000	\$ 49,073	\$ —	\$ 1,296,025
2021	4,855,000	1,092,350	—	—	—	1,296,025
2022	4,380,000	928,700	—	—	—	1,296,025
2023	4,945,000	805,750	—	—	5,565,000	1,296,025
2024	5,345,000	649,500	—	—	—	1,101,250
2025 - 2029	18,755,000	1,221,650	—	—	9,250,000	4,766,250
2030 - 2034	—	—	—	—	—	3,656,250
2035 - 2037	—	—	—	—	15,000,000	2,193,750
	\$ 43,495,000	\$ 6,024,336	\$ 1,791,000	\$ 49,073	\$ 29,815,000	\$ 16,901,600

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Enterprise Funds Combined Waterworks And Sewerage System Revenue Bonds		
Year	Principal	Interest
2020	\$ 995,000	\$ 30,700
2021	540,000	10,800
	\$ 1,535,000	\$ 41,500

Tax Increment Revenue Bonds (TIF) - Series 2011 And 2017

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.

On December 28, 2017 the City issued the Special Obligation Tax Increment and Special District Refunding and Improvement Bonds, Series 2017 in the amount of \$33,450,000 with interest rates ranging from 3.500% to 4.875%, due in three balloon payments ranging from \$9,200,000 to \$15,000,000 from 2023 to 2037. Interest is payable semiannually. A portion of the Series 2017 Bonds were issued to refund \$14,585,000 of the Tax Increment Revenue Bonds, Series 2011. The City completed the refunding to reduce its total debt service payments by \$4,227,723 over the next nineteen years to obtain a \$4,628,354 economic gain (difference between present values of the old and new debt service payments).

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, 2019, the constitutionally imposed total general obligation debt limit was \$398,196,908, which after reduction for authorized general obligation bonds net of available resources in the Debt Service Fund, provides a general obligation debt margin of \$353,602,468.

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, 2019. The City is also in compliance with minimum net revenue covenants (as defined in the indenture) at June 30, 2019.

Acceleration of Maturity in Event of Default

If the City defaults on the Waterworks and Sewerage Revenue Bond for a period of sixty days, the registered Owners of not less than 25% in aggregate principal amount of bonds then outstanding may by notice in writing delivered to the City, declare the principal of all bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

An Owner means the registered owner of any Bond as shown on the bond register maintained by the Bond Registrar.

If, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of principal and interest on the Bonds, together with the reasonable and proper expenses of the Bond Registrar and Paying Agent, and all other sums then payable by the Authority shall either be paid or provision shall be made for such payment, then and in every such case the Authority shall, but only with the approval of the Owners of not less than 50% in aggregate principal amount of the Bonds Outstanding, rescind such declaration and annul such default in its entirety.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

5. Construction Commitments

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

	Contract Amount	Amount Funded By Grants
Nonmajor governmental	\$ 4,815,512	\$ —
Combined waterworks and sewage system	775,659	—
Airport	330,846	314,303
	\$ 5,922,017	\$ 314,303

6. Interfund Receivables, Payables And Transfers

The composition of interfund balances as of June 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental	\$ 363,000
General fund	Todd George/50 Hwy TIF	836,000
General fund	Road & Bridge Improvement	440,000
General fund	Blue Parkway/Colbern CID	15,000
General fund	Airport	2,154,354
Capital improvement sales tax	Nonmajor governmental	392,000
Capital improvement sales tax	Todd George/50 Hwy TIF	1,064,000
Capital improvement sales tax	Road & Bridge Improvement	560,000
Capital improvement sales tax	Airport	196,000
Road & Bridge Improvement	Blue Parkway/Colbern CID	3,314,859
Nonmajor governmental	Nonmajor governmental	70,000
Nonmajor governmental	Todd George/50 Hwy TIF	190,000
Nonmajor governmental	Road & Bridge Improvement	100,000
Nonmajor governmental	Airport	35,000
Combined waterworks and sewerage system	Nonmajor governmental	630,000
Combined waterworks and sewerage system	Todd George/50 Hwy TIF	1,710,000
Combined waterworks and sewerage system	Road & Bridge Improvement	900,000
Combined waterworks and sewerage system	Park Development	4,100,000
Combined waterworks and sewerage system	Blue Parkway/Colbern CID	379,621
Combined waterworks and sewerage system	Airport	315,000
Total		\$ 17,764,834

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

The \$2,154,354 payable from the Airport Fund to the General Fund represents interfund loans that were provided to the Airport to fund capital expansion during the grant reimbursement process and to fund operations in past years. Other payables from the airport fund: \$196,000 to the Capital Improvement Sales Tax Fund, \$315,000 to the Combined Water /Sewer Fund, and \$35,000 to other funds that represent an interfund loan to temporarily fund capital expansion during the grant reimbursement process.

The \$3,314,859 and \$379,621 payable from Blue Parkway and Colbern Road CID represents funds that were escrowed to fund infrastructure improvements during a voluntary property annexation into City limits. This liability will be repaid with revenues generated by future development.

The \$1,710,000, \$1,064,000, \$836,000, and \$190,000 payable from the Todd George/50 Highway TIF represents an interfund loan approved in 2015 to build the Blackwell Road Interchange at US Highway 50. This loan is being repaid with TIF revenues.

The \$4,100,000 payable from the Park Development Fund to the Combined Waterworks and Sewerage System fund is an interfund loan approved in 2018 to acquire and make improvements to the Longview Community Center. This loan is being repaid with Park Fund revenues.

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.

Interfund transfers:

	Transfers To							Total
	General Fund	Park Development Fund	Nonmajor Governmental	Airport Fund	Landfill Fund	Internal Service		
Transfers from								
General fund	\$ —	\$ —	\$ 264,897	\$ 76,696	\$ 31,121	\$ 1,144,564	\$ 1,517,278	
Debt service fund	—	3,800,000	175,000	—	—	—	3,975,000	
Road and bridge improvement	—	—	—	1,859,616	—	—	1,859,616	
Nonmajor governmental	11,410	850,000	18,578	—	—	—	879,988	
Combined waterworks and sewerage system	654,004	—	—	—	—	70,900	724,904	
Sanitary landfill	—	—	214,018	—	—	—	214,018	
Airport	76,696	—	—	—	—	—	76,696	
Nonmajor enterprise	—	—	3,519	—	—	—	3,519	
	<u>\$ 742,110</u>	<u>\$ 4,650,000</u>	<u>\$ 676,012</u>	<u>\$ 1,936,312</u>	<u>\$ 31,121</u>	<u>\$ 1,215,464</u>	<u>\$ 9,251,019</u>	

Transfers are used to move revenues from one fund to the other due to budgetary authorizations or by ordinance in the normal course of business. In addition, unrestricted revenues collected in the General Fund are used to finance various programs in other funds and are transferred in accordance with budgetary authorizations.

During the year ended June 30, 2019, \$654,004 was transferred from the Combined Waterworks and Sewer System Fund to the General Fund for general and administrative expenses and engineering.

7. Employee Retirement Plan

Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

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

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

Employees Covered By Benefit Terms

The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	280
Inactive employees entitled to but not yet receiving benefits	246
Active employees	618
	<hr/>
	1,144
	<hr/> <hr/>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. Employer contribution rates are 10.8% (general), 13.9% (police) and 10.4% (fire) of annual covered payroll.

Net Pension Liability (Asset)

The employer's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2018.

Actuarial Assumptions

The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method:	Entry Age Normal and Modified Terminal Funding
Asset Valuation Method:	5 - year smoothed market
Amortization Method:	Level percentage payroll, closed
Inflation:	3.25% wage inflation; 2.5% price inflation
Salary Increase:	3.25% to 6.55% (7.15% fire) including wage inflation
Investment Rate Of Return:	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 28, 2018 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate Of Return
Equity	48.00%	4.81%
Fixed income	28.50%	1.72%
Real assets	23.50%	3.42%

Discount Rate

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

Changes In The Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances At June 30, 2018	\$ 189,992,658	\$ 200,957,184	\$ (10,964,526)
Changes For The Year:			
Service cost	4,472,193	—	4,472,193
Interest	13,726,033	—	13,726,033
Changes in benefit terms	—	—	—
Difference between expected and actual experience	(421,915)	—	(421,915)
Changes of assumptions	—	—	—
Contributions - employer	—	4,306,689	(4,306,689)
Contributions - employee	—	—	—
Net investment income (loss)	—	24,845,050	(24,845,050)
Benefit payments, including refunds	(5,832,114)	(5,832,114)	—
Administrative expense	—	(90,844)	90,844
Other changes	—	(62,202)	62,202
Net changes	11,944,197	23,166,579	(11,222,382)
Balances At June 30, 2019	\$ 201,936,855	\$ 224,123,763	\$ (22,186,908)

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

Sensitivity Of The Net Pension Liability (Asset) 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 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
Net pension liability (asset)	\$ 9,199,594	\$ (22,186,908)	\$ (47,893,417)

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

For the year ended June 30, 2019 the City recognized pension expense of \$5,257,779. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences in experience	\$ 2,102,006	\$ (2,590,262)
Changes in assumptions	3,519,508	—
Difference between expected and actual earnings	—	(6,129,798)
Contributions subsequent to the measurement date of June 30, 2018*	4,436,451	—
Total	\$ 10,057,965	\$ (8,720,060)

- * Some years may have amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date. Those amounts would be recognized as a reduction in the net pension liability (asset) during the following year.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

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

<u>Year Ending June 30,</u>	Net Deferred Outflows (Inflows) Of Resources
2020	\$ 1,416,122
2021	(441,288)
2022	(3,156,306)
2023	(1,845,700)
2024	430,535
Thereafter	498,091
Total	\$ (3,098,546)

8. Other Post-Employment Benefits

Plan Description

In addition to providing the pension benefits described above, the City provides employees that retire under the plan the opportunity for continuation of medical and dental insurance coverage offered through the City's fully insured group insurance plan.

Retirees who elect to continue coverage in the medical and dental plans offered through the City are required to pay the entire premium amount until the employee becomes eligible for Medicare. Since the retirees pay the premiums each year, the City share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. The Plan is funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Employees Covered By Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees and/or spouses	23
Active employees	643
	<hr/>
	666
	<hr/> <hr/>

Benefits Provided

Employees must attain a minimum of ten years of service and be less than age 65 to be eligible for retiree coverage. Medical coverage is available to qualifying retirees until Medicare eligibility through the City's group insurance program. Retirees must contribute group plan rates to maintain coverage. Upon retiree death or attainment of age 65, spouses may continue cobra coverage for up to three years not to exceed their own age 65. The required retiree premium rates are based on combined active and retiree experience so retirees are not charged the full age-based projected cost. Effective January 1, 2018 the City switched from Cost-Plus to a Fully Insured plan. Premiums are reviewed and set annually based on projections and claims history provided by the insurance carrier.

Total OPEB Liability And Changes In OPEB Liability

The City's total OPEB liability was based on an actuarial valuation dated July 1, 2017 using a measurement date of June 30, 2019 and the changes in the OPEB liability are as follows:

Net OPEB liability - Beginning of year	\$ 5,401,487
Service costs	291,148
Interest	184,128
Differences between expected and actual experience	168,067
Changes in assumptions and inputs	137,117
Employer contributions (benefit payments)	<u>(226,000)</u>
Net OPEB liability - end of year	<u>\$ 5,955,947</u>

The net OPEB liability is included in the other long-term liability within the statement of net position at June 30, 2019.

Changes for the July 1, 2017 actuarial valuation relative to the July 1, 2015 valuation include the following:

1. The retirement, disability and turnover assumptions were updated when applicable based on the latest LAGERS pension valuation.
2. The assumed healthy life mortality was updated to reflect the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement. Disabled life mortality was updated in a similar fashion.
3. The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial evaluation.
4. The actuarial cost method was changed from the Projected Unit Credit Method to Entry Age Normal –Level %-of-Pay Method as mandated by the GASB 75. The assumed salary scale is 3% per year.
5. The discount rate was changed from 3.3% (beginning-of-year measurement) to 3.0% (end-of-year measurement) in accordance with GASB 75.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

6. The assumed proportion of future employees retiring at ages 60 to 64 electing coverage with the city was lowered from 50% to 45%. City experience from September 1, 2012 to May 31, 2018 retirements was evaluated.

The net OPEB obligation is reported as a component of other long-term liabilities on the statement of net position.

The actuarial calculations reflect a long-term perspective that involves estimates of reported amounts and assumptions about the probability of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. As allowed by GASB, this reporting requirement is being implemented prospectively. Data is not available for prior years. The actuarial calculations are based on the substantive plan (i.e. benefit terms) and pertinent law as they exist at the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method:	Entry Age - Level Percent of Pay
Valuation Date:	July 1, 2017
Measurement Date:	June 30, 2019
Salary Scale:	3%
Discount Rate:	3.0% (measurement date); 3.3% (year preceding measurement date)
Mortality:	RPH-2014 Adjusted to 2006 Total Dataset Headcount- weighted mortality with MP- 2018 full generational improvement
Healthcare Cost Trend:	7.5% decreasing to ultimate rate of 4.5%

To the extent Plan (i.e. Trust) assets are projected to be sufficient to make projected benefit payments, the discount rate will equal the expected return on such assets. To the extent a Plan is not projected to be sufficient make future benefit payments the yield or index for 20-yr, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher should be factored in. Plan assets do not apply to the City's program. In order to determine the municipal bond rate we took the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 3.3% and 3.0% as of the beginning and end of year measurement dates, respectively. These were used as the discount rates to determine present value costs.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

GASB 75 requires full updated valuations every 2 years unless a material change occurs. The next full valuation should be for FY 2019-20. In this context a “full” valuation is meant to entail an updated census and a revised analysis of per capita costs/assumptions/actuarial methods. Though a full valuation was not required for fiscal year 2018-19 (unless a material change occurs) the OPEB expense and Net OPEB Liability was re-measured using a discount rate based on the published bond rates as of the measurement date of June 30, 2019.

Sensitivity Of The Total OPEB Liability To Changes In The Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.0 percent) or 1-percentage point higher (4.0 percent) than the current discount rate:

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
Total OPEB Liability	\$ 6,483,479	\$ 5,955,947	\$ 5,467,915

Sensitivity Of The Total OPEB Liability To Changes In The Healthcare Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	Current Trend Rate		
	1% Decrease	Rate Assumption	1% Increase
Total OPEB Liability	\$ 5,204,444	\$ 5,955,947	\$ 6,848,254

OPEB Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$567,302. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 154,061	\$ —
Changes in assumptions	791,634	—
Contributions subsequent to the measurement date	—	—
Total	\$ 945,695	\$ —

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Year Ending June 30,	Deferred Outflows Of Resources
2020	\$ 92,026
2021	92,026
2022	92,026
2023	92,026
2024	92,026
Thereafter	485,565
Total	\$ 945,695

9. Litigation And Contingent Liabilities

Legal Matters

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

Self-Insurance

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

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

At June 30, 2019, the City's total estimated liability for payment of incurred but unpaid claims for workers' compensation was \$868,408 and is included in accounts payable in the Workers' Compensation Self-Insurance Fund.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Changes in self-insured claims liability at June 30, 2019 and **2018** were as follows:

Self Insurance (Workers Comp) Table	
Balance - June 30, 2017	\$ 581,167
Add: Current year claims and change in estimate	1,601,343
Less: Claim payments	<u>648,212</u>
Balance - June 30, 2018	1,534,298
Add: Current year claims and change in estimate	(242,836)
Less: Claim payments	<u>423,054</u>
Balance - June 30, 2019	<u><u>\$ 868,408</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. The City closed the landfill effective April 13, 2019. The \$9,394,746 reported as landfill closure and postclosure liability at June 30, 2019, represents the City's estimate of remaining closure costs and postclosure care costs.

With the closing of the landfill, the City recognized the remaining expenses of closure and postclosure care this fiscal year. These amounts are based on what it would cost to perform all closure and postclosure care valued in 2019 costs. Actual costs 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, 2019, the City had outstanding contract obligations of approximately \$11,000,000 approved by the Department of Natural Resources subsequent to fiscal year end. The City expects that all closure and postclosure care costs, as well as future inflation costs, will be paid from investments held in the Sanitary Landfill and Postclosure funds. 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 other City funds.

11. Deficits

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

Blue Parkway and Colbern Road CID	\$	3,716,704
Todd George and 50 Hwy TIF		3,641,077
Park Development		2,207,406
Special Revenue Funds - Nonmajor		
Entitlement Fund		54,473
Capital Projects Funds - Nonmajor		
New Longview TIF		1,306,755
		<hr/>
	\$	10,926,415
		<hr/>

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 \$940,307. This accounts for 1.55% of the City’s total general operating revenues of \$60,469,932 for the year ended June 30, 2019.

13. Tax Abatements

The City of Lee’s Summit can grant tax abatements as outlined below:

Tax Increment Financing - The City of Lee’s Summit grants tax diversion to promote new investment, infrastructure improvements, and job growth by providing financial assistance and incentives to redevelopers. Created pursuant to Section 99.800 of the Revised Statutes of Missouri (RSMo). State statute authorizes the redirection of the incremental increase in property taxes prior to the development. State statute also authorizes the redirection of 50% of the incremental increase in taxes generated by economic activities with the project as well. The maximum term is 23 years. Per City policy, incentives granted shall be capped at an amount not to exceed 25% of the total private development costs. To qualify for site specific incentives over the 25% cap, the project must demonstrate extraordinary qualifications.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Section 353 Tax Abatement - Grants tax abatement to encourage investment and assist in the removal of blight and blighting conditions within urban redevelopment areas. The abatement is calculated on the increase in assessed value of both land and improvements. Per City policy, incentives shall be capped at an abatement of 50% over a 10 year period. To qualify for site specific incentives over the 50% cap and/or beyond the initial 10 years, the project must demonstrate extraordinary qualifications.

Section 100 Projects --The City of Lee's Summit can issue taxable bonds to assist with the construction or rehabilitation of eligible commercial facilities. The City takes formal ownership of the business assets and therefore provide property (real and personal) abatement for up to 15 years. Created pursuant to Sections 100.010 to 100.200 RSMo. The abatement is calculated based upon city ownership of the real and/or personal property which would render it exempt from taxes. Sales taxes on purchases of materials used in the construction of the facility may be constructed such that the City's sales tax exemption is used. Per City policy, incentives considered will be at an abatement level of 50% over a 10 year period for new development and redevelopment. Business equipment incentives will be considered at an abatement level of 50% over a 5 year period. To qualify for site specific incentives over these amounts, the project must demonstrate extraordinary qualifications.

LCRA (Land Clearance Redevelopment Authority) - Grants abatement to encourage investment and assists in the removal of blight and blighting conditions with urban renewal areas. Created pursuant to Sections 99.300 to 99.660 RSMo. The abatement is calculated on the increase in assessed value of both land and improvements. Per City policy, incentives shall be capped at an abatement of 50% over a 10 year period. To qualify for site specific incentives over the 50% cap, the project must demonstrate extraordinary qualifications.

The City provided tax abatements under the four economic development programs noted above. For the fiscal year ended June 30, 2019, the City's tax revenue was diverted through various abatements necessary to incent development within the City totaling an estimated \$6,722,557 under the following programs:

Tax Abatement Program	City Portion Of Taxes Affected	Other Organizations' Portion Of Taxes Affected	Total Taxes Affected By		Net Taxes Affected By		Percentage Abatement	Amount Of Taxes Abated During The Fiscal Year
			Abatements	Less Other Payments	Abatements			
Tax increment financing	\$ 1,233,625	\$ 6,047,075	\$ 7,280,700	\$ —	\$ 7,280,700	57.0%	\$ 4,153,552	
Section 353 abatement	28,302	138,732	167,034	83,517	83,517	100.0%	83,517	
Section 100 projects	675,224	3,596,645	4,271,869	1,924,375	2,347,494	100.0%	2,347,494	
LCRA	20,145	117,849	137,994	—	137,994	100.0%	137,994	
							<u>\$ 6,722,557</u>	

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The following tax abatement agreements each exceeded 10% of the total amount abated and are included in the previous table:

Lee's Summit East TIF - In August 2006, the City approved the tax increment plan for the area commonly known as "Summit Fair." The project area contains approximately 72 acres in an area that is bounded by US Highway 50 on the west, I-470 and Ward Road on the north, Blue Parkway on the east and NW Chipman Road on the south. The estimated value of tax revenue abated during fiscal year 2019 is \$2,882,403 with the City's portion of taxes abated at \$548,257.

I-470 Business and Technology TIF - In July 2006 the City approved the tax increment plan for the area located south of Strother Road, west of I-470 and east of the Lee's Summit Airport. The project is expected to consist of over 500,000 square feet of office and warehouse space, approximately 64,500 square feet of retail space, 13,000 square feet of restaurant space, a 42,000 square foot hotel and a 45,000 square foot retail center. The plan provides for on-site improvements to facilitate storm water runoff near the development, wetland mitigation and public road improvements. The estimated value of tax revenue abated during fiscal year 2019 is \$737,390 with the city's portion of taxes abated at \$180,918.

KC Summit Technology 1998 – In February 1998 the City approved a Section 100 plan for the industrial development project located in the former Western Electric facility. This former facility was converted to a multi-tenant office complex. The estimated value of tax revenue abated during fiscal year 2019 is \$1,014,696 with the city's portion of taxes abated at \$192,643.



Required Supplementary Information



CITY OF LEE'S SUMMIT, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON INFORMATION - GENERAL FUND
For The Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 55,333,483	\$ 55,333,483	\$ 55,965,290	\$ 631,807
Fines and forfeitures	1,199,105	1,199,105	1,171,958	(27,147)
Licenses and permits	2,655,300	2,655,300	2,605,209	(50,091)
Intergovernmental	1,148,065	1,148,065	1,157,114	9,049
Charges for services	8,826,224	8,826,224	9,093,424	267,200
Investment earnings	120,000	120,000	727,475	607,475
Other	1,830,838	1,830,838	4,995,967	3,165,129
Total Revenues	71,113,015	71,113,015	75,716,437	4,603,422
Expenditures				
Current:				
General government				
Administrative	3,349,845	3,497,665	3,373,210	124,455
Finance	10,631,258	11,013,647	10,670,364	343,283
Municipal court	990,859	1,032,107	905,018	127,089
Legal	1,412,666	1,542,316	1,437,623	104,693
Public Safety				
Law enforcement	20,549,185	21,500,077	21,138,713	361,364
Fire/EMS	18,343,050	19,388,277	18,704,432	683,845
Public works and streets				
Public works/engineering	5,474,274	5,708,298	5,527,222	181,076
Street operations	4,743,655	4,876,734	4,906,874	(30,140)
Community development	690,824	712,338	451,261	261,077
Development center	3,466,254	3,804,982	3,382,102	422,880
Total Expenditures	69,651,870	73,076,441	70,496,819	2,579,622
Excess Of Revenues Over Expenditures	1,461,145	(1,963,426)	5,219,618	2,023,800
Other Financing Sources (Uses)				
Transfers in	804,515	804,515	742,110	(62,405)
Transfers out	(1,498,198)	(1,523,198)	(1,517,278)	5,920
Total Other Financing Uses	(693,683)	(718,683)	(775,168)	(56,485)
Net Change In Fund Balances	767,462	(2,682,109)	4,444,450	1,967,315
Fund Balances - Beginning	28,381,326	28,381,326	28,381,326	—
Fund Balances - Ending	\$ 29,148,788	\$ 25,699,217	\$ 32,825,776	\$ (7,126,559)

CITY OF LEE'S SUMMIT, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) NOTES TO BUDGETARY COMPARISON INFORMATION For The Year Ended June 30, 2019

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 yearend. 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 and the Business and Industry 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, 2019

Schedule Of Contributions

Fiscal Year	Actuarially Determined Contribution	Contribution In Relation To The Required Contribution	Contribution Deficiency	Covered Payroll	Contribution As A Percentage Of Covered Payroll
2010	\$ 4,463,868	\$ 4,463,868	\$ —	\$ 33,489,930	13.33%
2011	4,347,805	4,347,805	—	34,114,082	12.74%
2012	5,805,293	4,992,660	812,633	36,279,509	13.76%
2013	5,394,938	5,059,758	335,180	34,189,853	14.80%
2014	5,509,368	5,482,466	26,902	34,808,668	15.75%
2015	5,148,222	5,148,222	—	35,306,669	14.58%
2016	4,868,423	4,868,423	—	35,576,862	13.68%
2017	4,146,492	4,146,492	—	35,525,693	11.67%
2018	4,156,827	4,147,466	9,361	37,349,420	11.10%
2019	4,315,843	4,306,689	9,153	37,966,666	11.34%

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

Fiscal Year Ending June 30,	2016	2017	2018	2019
Total Pension Liability				
Service cost	\$ 4,094,113	\$ 4,116,855	\$ 4,304,459	\$ 4,472,193
Interest on total pension liability	10,954,647	11,691,666	12,869,316	13,726,033
Changes of benefit terms	—	—	—	—
Difference between expected and actual experience	318,903	(892,732)	(10,067)	(421,915)
Changes of assumptions	—	6,279,349	—	—
Benefit payments, including refunds	(5,373,300)	(5,047,211)	(5,040,382)	(5,832,114)
Net Change In Total Pension Liability	9,994,363	16,147,927	12,123,326	11,944,197
Total Pension Liability - Beginning	151,727,042	161,721,405	177,869,332	189,992,658
Total Pension Liability - Ending (a)	\$ 161,721,405	\$ 177,869,332	\$ 189,992,658	\$ 201,936,855
Plan Fiduciary Net Position				
Contributions - employer	\$ 4,831,163	\$ 4,153,904	\$ 4,348,764	\$ 4,306,689
Contributions - employee	—	—	90,862	—
Net investment income	3,552,574	(235,139)	21,474,775	24,845,050
Benefit payments, including refunds	(5,373,300)	(5,047,211)	(5,040,382)	(5,832,114)
Pension plan administrative expense	(89,852)	(84,734)	(87,751)	(90,844)
Other (net transfer)	1,714,993	339,826	(157,228)	(62,202)
Net Change In Plan Fiduciary Net Position	4,635,578	(873,354)	20,629,040	23,166,579
Plan Fiduciary Net Position - Beginning	176,565,920	181,201,498	180,328,144	200,957,184
Plan Fiduciary Net Position - Ending (b)	\$ 181,201,498	\$ 180,328,144	\$ 200,957,184	\$ 224,123,763
Net Pension Liability/(Asset) - Ending (a) - (b)	(19,480,093)	(2,458,812)	(10,964,526)	(22,186,908)
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	112.05%	101.38%	105.77%	110.99%
Covered Payroll	\$ 34,283,100	\$ 35,017,663	\$ 36,728,368	\$ 37,483,205
Net Pension Liability (Asset) As A Percentage Of Covered Payroll	-56.82%	-7.02%	-29.85%	-59.19%

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 CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - OTHER POST EMPLOYMENT BENEFITS For The Year Ended June 30, 2019

Total OPEB Liability	June 30, 2018	June 30, 2019
Service cost	\$ 229,155	\$ 291,148
Interest	153,982	184,128
Changes in benefit terms	—	—
Difference between expected and actual experience	—	168,067
Changes in assumptions or other inputs	799,131	137,117
Benefit payments	(161,000)	(226,000)
Net change in total OPEB liability	1,021,268	554,460
Total OPEB Liability - beginning	4,380,219	5,401,487
Total OPEB Liability - ending	\$ 5,401,487	\$ 5,955,947
Covered payroll	\$ 35,567,476	\$ 35,567,475
Total OPEB liability as a percentage of covered payroll	15.19%	16.75%

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

Changes for the July 1, 2017 actuarial valuation relative to the July 1, 2015 valuation include the following:

1. The retirement, disability and turnover assumptions were updated when applicable based on the latest LAGERS pension valuation.
2. The assumed healthy life mortality was updated to reflect the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MO-2017 Full Generational Improvement. Disabled life mortality was updated in a similar fashion.
3. The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial evaluation.
4. The actuarial cost method was changed from the Projected Unit Credit Method to Entry Age Normal - Level %-of-Pay Method as mandated by the GASB 75. The assumed salary scale is 3% per year.
5. The discount rate was changed from 3.3% (beginning-of-year measurement) to 3.0% (end-of-year measurement).
6. The assumed proportion of future employees retiring at ages 60 to 64 electing coverage with the city was lowered from 50% to 45%. City experience from September 1, 2012 to May 31, 2018 retirements was evaluated.

Supplementary Information

Combining And Individual Fund Financial
Statements And Schedules

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Pooled cash and investments	\$ 13,427,142	\$ 23,758,864	\$ 37,186,006
Receivables (net of allowance)			
Taxes	97,537	254,692	352,229
Accounts and other	68,300	—	68,300
Interest	48,372	27,407	75,779
Due from other funds	—	395,000	395,000
Due from other governments	36,506	311,983	348,489
Other assets	641	793	1,434
Total Assets	\$ 13,678,498	\$ 24,748,739	\$ 38,427,237
Liabilities And Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 205,475	\$ 1,842,433	\$ 2,047,908
Payroll liabilities	211,330	—	211,330
Payable from restricted	595,010	5,000	600,010
Accrued interest payable	100	5,354	5,454
Due to other funds	55,000	1,400,000	1,455,000
Total Liabilities	1,066,915	3,252,787	4,319,702
Deferred Inflows Of Resources			
Property tax	190,545	—	190,545
Other	—	30,996	30,996
Total Deferred Inflows			
Total Deferred Inflows Of Resources	190,545	30,996	221,541
Fund Balances			
Nonspendable			
Advances to other funds	—	278,398	278,398
Restricted			
Bridges, streets and signals	—	8,248,407	8,248,407
Economic development	—	4,507,016	4,507,016
Other capital projects	—	9,327,244	9,327,244
Committed			
Bridges, streets and signals	213,318	—	213,318
Landfill care	5,778,167	—	5,778,167
Cemetery care	1,323,742	—	1,323,742
Assigned			
Parks and recreation	4,338,207	—	4,338,207
Economic development	399,322	—	399,322
Other capital projects	—	410,646	410,646
Other purposes	422,755	—	422,755
Unassigned	(54,473)	(1,306,755)	(1,361,228)
Total Fund Balances	12,421,038	21,464,956	33,885,994
Total Liabilities, Deferred Inflows And Fund Balances	\$ 13,678,498	\$ 24,748,739	\$ 38,427,237

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, 2019**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property	\$ 3,575,825	\$ 3,091,318	\$ 6,667,143
Sales	—	1,876,572	1,876,572
License	—	891,393	891,393
Bed	570,499	—	570,499
Other tax	4,010	—	4,010
Fines and forfeitures	18,359	19,625	37,984
Intergovernmental	344,772	469,446	814,218
Charges for services	3,456,494	224,695	3,681,189
Investment earnings	409,284	416,997	826,281
Other	315,885	—	315,885
Total Revenues	8,695,128	6,990,046	15,685,174
Expenditures			
Current			
General government	1,040,184	384,839	1,425,023
Parks and recreation	7,120,852	—	7,120,852
Debt service			
Principal	—	1,695,000	1,695,000
Interest and other charges	—	1,438,273	1,438,273
Capital outlay	—	7,285,825	7,285,825
Total Expenditures	8,161,036	10,803,937	18,964,973
Excess (Deficiency) Of Revenues Over Expenditures	534,092	(3,813,891)	(3,279,799)
Other Financing Sources (Uses)			
Issuance of bonds	—	3,658,000	3,658,000
Transfers in	486,301	189,711	676,012
Transfers out	(879,988)	—	(879,988)
Total Other Financing Sources (Uses)	(393,687)	3,847,711	3,454,024
Net Change In Fund Balances	140,405	33,820	174,225
Fund Balances - Beginning, As Previously Stated	12,280,633	36,707,958	48,988,591
Prior Period Adjustment	—	(15,276,822)	(15,276,822)
Fund Balances - Beginning - As Restated	12,280,633	21,431,136	33,711,769
Fund Balances - Ending	\$ 12,421,038	\$ 21,464,956	\$ 33,885,994

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.

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019**

	Park Board	Violence Against Women Grant	Entitlement Fund	Landfill Post Closure Fund	Cemetery Trust Fund	Road And Bridge Escrow	Business And Industry Fund	Total Nonmajor Special Revenue Funds
Assets								
Pooled cash and investments	\$ 4,776,916	\$ 423,512	\$ 4,547	\$ 5,758,375	\$ 1,327,750	\$ 805,546	\$ 330,496	\$ 13,427,142
Receivables (net of allowance)								
Taxes receivable, net	97,537	—	—	—	—	—	—	97,537
Accounts and other	—	393	—	—	—	—	67,907	68,300
Interest	19,766	519	—	19,792	4,594	2,782	919	48,372
Due from other governments	—	12,086	24,420	—	—	—	—	36,506
Other assets	641	—	—	—	—	—	—	641
Total Assets	\$ 4,894,860	\$ 436,510	\$ 28,967	\$ 5,778,167	\$ 1,332,344	\$ 808,328	\$ 399,322	\$ 13,678,498
Liabilities And Fund Balances								
Liabilities								
Accounts payable and accrued liabilities	\$ 158,337	\$ 13,755	\$ 28,440	\$ —	\$ 4,943	\$ —	\$ —	\$ 205,475
Payroll liabilities	207,671	—	—	—	3,659	—	—	211,330
Payable from restricted	—	—	—	—	—	595,010	—	595,010
Accrued interest payable	100	—	—	—	—	—	—	100
Due to other funds	—	—	55,000	—	—	—	—	55,000
Total Liabilities	366,108	13,755	83,440	—	8,602	595,010	—	1,066,915
Deferred Inflows Of Resources								
Property tax	190,545	—	—	—	—	—	—	190,545
Fund Balances								
Committed								
Bridges, streets and signals	—	—	—	—	—	213,318	—	213,318
Landfill care	—	—	—	5,778,167	—	—	—	5,778,167
Cemetery care	—	—	—	—	1,323,742	—	—	1,323,742
Assigned								
Parks and recreation	4,338,207	—	—	—	—	—	—	4,338,207
Economic development	—	—	—	—	—	—	399,322	399,322
Other purposes	—	422,755	—	—	—	—	—	422,755
Unassigned	—	—	(54,473)	—	—	—	—	(54,473)
Total Fund Balances	4,338,207	422,755	(54,473)	5,778,167	1,323,742	213,318	399,322	12,421,038
Total Liabilities, Deferred Inflows And Fund Balances	\$ 4,894,860	\$ 436,510	\$ 28,967	\$ 5,778,167	\$ 1,332,344	\$ 808,328	\$ 399,322	\$ 13,678,498

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, 2019**

	Park Board	Violence Against Women Grant	Entitlement Fund	Landfill Post Closure Fund	Cemetery Trust Fund	Road And Bridge Escrow	Business And Industry Fund	Total Nonmajor Special Revenue Funds
Revenues								
Taxes								
Property	\$ 3,575,825	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,575,825
Bed	—	—	—	—	—	—	570,499	570,499
Other tax	4,010	—	—	—	—	—	—	4,010
Fines and forfeitures	18,359	—	—	—	—	—	—	18,359
Intergovernmental	4	12,086	332,682	—	—	—	—	344,772
Charges for services	3,398,660	—	—	—	57,834	—	—	3,456,494
Investment earnings	164,318	—	—	171,455	40,519	24,368	8,624	409,284
Other	245,768	—	—	—	70,117	—	—	315,885
Total Revenues	7,406,944	12,086	332,682	171,455	168,470	24,368	579,123	8,695,128
Expenditures								
Current:								
General government	—	176,826	233,985	—	—	—	629,373	1,040,184
Parks and recreation	6,990,746	—	—	—	130,106	—	—	7,120,852
Total Expenditures	6,990,746	176,826	233,985	—	130,106	—	629,373	8,161,036
Excess (Deficiency) Of Revenues Over Expenditures								
	416,198	(164,740)	98,697	171,455	38,364	24,368	(50,250)	534,092
Other Financing Sources (Uses)								
Transfers in	272,283	—	—	214,018	—	—	—	486,301
Transfers out	(850,000)	—	—	—	(18,578)	—	(11,410)	(879,988)
Total Other Financing Sources (Uses)	(577,717)	—	—	214,018	(18,578)	—	(11,410)	(393,687)
Net Change In Fund Balances	(161,519)	(164,740)	98,697	385,473	19,786	24,368	(61,660)	140,405
Fund Balances - Beginning	4,499,726	587,495	(153,170)	5,392,694	1,303,956	188,950	460,982	12,280,633
Fund Balances - Ending	\$ 4,338,207	\$ 422,755	\$ (54,473)	\$ 5,778,167	\$ 1,323,742	\$ 213,318	\$ 399,322	\$ 12,421,038

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE

PARK BOARD

For The Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 3,375,700	\$ 3,375,700	\$ 3,575,825	\$ 200,125
Other tax	2,500	2,500	4,010	1,510
Fines and forfeitures	17,000	17,000	18,359	1,359
Intergovernmental	—	—	4	4
Charges for services	2,921,129	3,739,212	3,398,660	(340,552)
Investment earnings (loss)	12,000	12,000	164,318	152,318
Other	250,074	256,018	245,768	(10,250)
Total Revenues	6,578,403	7,402,430	7,406,944	4,514
Expenditures				
Current:				
Parks and recreation	6,438,267	7,419,040	6,990,746	(428,294)
Excess Of Revenues Over Expenditures	140,136	(16,610)	416,198	432,808
Other Financing Sources (Uses)				
Transfers in	281,636	281,636	272,283	(9,353)
Transfers out	(850,000)	(850,000)	(850,000)	-
Total Other Financing Sources	(568,364)	(568,364)	(577,717)	(9,353)
Net Change In Fund Balances	(428,228)	(584,974)	(161,519)	423,455
Fund Balances - Beginning	4,499,726	4,499,726	4,499,726	—
Fund Balances - Ending	\$ 4,071,498	\$ 3,914,752	\$ 4,338,207	\$ 423,455

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
VIOLENCE AGAINST WOMEN GRANT
For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits				
Intergovernmental	\$ —	\$ —	\$ 12,086	\$ 12,086
Expenditures				
Current:				
General government	130,000	130,000	176,826	(46,826)
Net Change In Fund Balances	(130,000)	(130,000)	(164,740)	(34,740)
Fund Balances - Beginning	587,495	587,495	587,495	587,495
Fund Balances - Ending	\$ 457,495	\$ 457,495	\$ 422,755	\$ 552,755

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:

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.

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.

New Longview Tax Increment Financing 2003 - Established to account for public improvements needed to support new private development in the Longview Farm area.

Longview Farm 2016 Tax Increment Financing - Established to account for redevelopment of certain historic structures on the Longview Farm property.

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 - Capital projects fund established to account for public improvements needed to support new private development in the I-470 and M-350 Highway area.

Public Safety Bonds 2016 - Established to account for public safety improvements including emergency series radio equipment and related infrastructure, Fire Station 3 replacement and acquisition of fire equipment and apparatus.

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*)

US 50 Highway & Route 291 South Exchange - Established to account for construction of road improvements and acquire right-of-way to the US Highway 50 and State Route 291 intersection and bridge system related to the 2013 bond election.

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.

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.

Lee's Summit Sports Complex TIF - Established to account for public improvements needed to support new private development of a sports and entertainment complex in the area of I-470 and View High Drive.

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 1 Of 2
June 30, 2019**

	Road And Bridge Excise Tax	Ritter Plaza TIF	Summit Woods TIF	New Longview TIF	Longview Farm 2016 TIF	I-470 Business Center TIF	Summit Woods East TIF	Public Safety Bonds 2016
Assets								
Pooled cash and investments	\$ 5,225,237	\$ 338,911	\$ 1,088,985	\$ 79,442	\$ 105,421	\$ 52,044	\$ 3,485,297	\$ 6,948,280
Receivables (net of allowance)								
Taxes	30,996	7,569	—	12,169	2,651	21,455	179,852	—
Interest	18,527	949	3,068	927	229	680	943	—
Due from other funds	395,000	—	—	—	—	—	—	—
Due from other governments	—	36,507	—	14,124	6,727	87,447	167,178	—
Other assets	—	—	—	—	—	—	—	—
Total Assets	\$ 5,669,760	\$ 383,936	\$ 1,092,053	\$ 106,662	\$ 115,028	\$ 161,626	\$ 3,833,270	\$ 6,948,280
Liabilities And Fund Balances								
Liabilities								
Accounts payable and accrued liabilities	\$ 40,475	\$ 3,276	\$ 1,072,001	\$ 3,063	\$ —	\$ —	\$ 19,620	\$ 663,045
Payable from restricted	—	—	—	5,000	—	—	—	—
Accrued interest payable	—	—	—	5,354	—	—	—	—
Due to other funds	—	—	—	1,400,000	—	—	—	—
Total Liabilities	40,475	3,276	1,072,001	1,413,417	—	—	19,620	663,045
Deferred Inflows Of Resources								
Other	30,996	—	—	—	—	—	—	—
Fund Balances								
Nonspendable								
Advances to other funds	278,398	—	—	—	—	—	—	—
Restricted								
Bridges, streets and signals	5,319,891	—	—	—	—	—	—	—
Economic development	—	380,660	20,052	—	115,028	161,626	3,813,650	—
Other capital projects	—	—	—	—	—	—	—	6,285,235
Assigned								
Other capital projects	—	—	—	—	—	—	—	—
Unassigned	—	—	—	(1,306,755)	—	—	—	—
Total Fund Balances	5,598,289	380,660	20,052	(1,306,755)	115,028	161,626	3,813,650	6,285,235
Total Liabilities, Deferred Inflows And Fund Balances	\$ 5,669,760	\$ 383,936	\$ 1,092,053	\$ 106,662	\$ 115,028	\$ 161,626	\$ 3,833,270	\$ 6,948,280

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 2 Of 2
June 30, 2019**

	Storm Water Improvement	US 50 Hwy & Rte 291 South Interchange	ERP System	Road Improve- ments	Cultural Arts 2013 Bonds	Road Improve- ments 2013	Public Safety Equipment Replacement	Lee's Summit Sports Complex TIF	Total Nonmajor Capital Projects Funds
Assets									
Pooled cash and investments	\$ 2,931,705	\$ 2,264,435	\$ 13,847	\$ 100,340	\$ 110,304	\$ 600,232	\$ 398,970	\$ 15,414	\$ 23,758,864
Receivables (net of allowance)									
Taxes	—	—	—	—	—	—	—	—	254,692
Interest	—	—	48	—	—	—	1,450	586	27,407
Due from other funds	—	—	—	—	—	—	—	—	395,000
Due from other governments	—	—	—	—	—	—	—	—	311,983
Other assets	—	—	793	—	—	—	—	—	793
Total Assets	\$ 2,931,705	\$ 2,264,435	\$ 14,688	\$ 100,340	\$ 110,304	\$ 600,232	\$ 400,420	\$ 16,000	\$ 24,748,739
Liabilities And Fund Balances									
Liabilities									
Accounts payable and accrued liabilities	\$ —	\$ —	\$ —	\$ 36,491	\$ —	\$ —	\$ 4,462	\$ —	\$ 1,842,433
Payable from restricted	—	—	—	—	—	—	—	—	5,000
Accrued interest payable	—	—	—	—	—	—	—	—	5,354
Due to other funds	—	—	—	—	—	—	—	—	1,400,000
Total Liabilities	—	—	—	36,491	—	—	4,462	—	3,252,787
Deferred Inflows Of Resources									
Other	—	—	—	—	—	—	—	—	30,996
Fund Balances									
Nonspendable									
Advances to other funds	—	—	—	—	—	—	—	—	278,398
Restricted									
Bridges, streets and signals	—	2,264,435	—	63,849	—	600,232	—	—	8,248,407
Economic development	—	—	—	—	—	—	—	16,000	4,507,016
Other capital projects	2,931,705	—	—	—	110,304	—	—	—	9,327,244
Assigned									
Other capital projects	—	—	14,688	—	—	—	395,958	—	410,646
Unassigned	—	—	—	—	—	—	—	—	(1,306,755)
Total Fund Balances	2,931,705	2,264,435	14,688	63,849	110,304	600,232	395,958	16,000	21,464,956
Total Liabilities, Deferred Inflows And Fund Balances	\$ 2,931,705	\$ 2,264,435	\$ 14,688	\$ 100,340	\$ 110,304	\$ 600,232	\$ 400,420	\$ 16,000	\$ 24,748,739

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, 2019

	Road And Bridge Excise Tax	Ritter Plaza TIF	Summit Woods TIF	New Longview TIF	Longview Farm 2016 TIF	I-470 Business Center TIF	Summit Woods East TIF	Public Safety Bonds 2016
Revenues								
Taxes								
Property	\$ —	\$ 188,797	\$ —	\$ 277,713	\$ 35,909	\$ 811,414	\$ 1,775,830	\$ —
Sales	—	68,832	—	143,644	29,874	205,593	1,428,629	—
License	891,393	—	—	—	—	—	—	—
Fines and forfeitures	—	19,625	—	—	—	—	—	—
Intergovernmental	—	29,904	—	22,209	7,855	56,450	353,028	—
Charges for services	—	448	15,980	1,174	—	1,350	196,184	—
Investment earnings/(loss)	155,190	5,352	16,718	7,731	1,741	4,774	(143,819)	222,392
Total Revenues	1,046,583	312,958	32,698	452,471	75,379	1,079,581	3,609,852	222,392
Expenditures								
Current:								
General government	—	13,155	—	—	4,351	276,444	—	1,375
Debt service								
Principal	—	—	—	—	—	—	1,695,000	—
Interest and other charges	1,980	—	15,980	23,543	—	—	1,360,205	—
Capital outlay	75,966	3,335	—	1,294,859	575	812,765	34,179	3,967,916
Total Expenditures	77,946	16,490	15,980	1,318,402	4,926	1,089,209	3,089,384	3,969,291
Excess (Deficiency) Of Revenues Over Expenditures								
	968,637	296,468	16,718	(865,931)	70,453	(9,628)	520,468	(3,746,899)
Other Financing Sources								
Issuance of bonds	—	—	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—	—	—
Total Other Financing Sources	—	—	—	—	—	—	—	—
Net Change In Fund Balances	968,637	296,468	16,718	(865,931)	70,453	(9,628)	520,468	(3,746,899)
Fund Balances - Beginning As Previously Stated	4,629,652	84,192	3,334	(440,824)	44,575	171,254	18,570,004	10,032,134
Prior Period Adjustment	—	—	—	—	—	—	(15,276,822)	—
Fund Balances - Beginning, As Restated	4,629,652	84,192	3,334	(440,824)	44,575	171,254	3,293,182	10,032,134
Fund Balances - Ending	\$ 5,598,289	\$ 380,660	\$ 20,052	\$ (1,306,755)	\$ 115,028	\$ 161,626	\$ 3,813,650	\$ 6,285,235

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, 2019

	Storm Water Improvement	US 50 Hwy & Rte 291 South Interchange	ERP System	Road Improve- ments	Cultural Arts 2013 Bonds	Road Improvements 2013	Public Safety Equipment Replacement	Lee's Summit Sports Complex TIF	Total Nonmajor Capital Projects Funds
Revenues									
Taxes									
Property	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,655	\$ 3,091,318
Sales	—	—	—	—	—	—	—	—	1,876,572
License	—	—	—	—	—	—	—	—	891,393
Fines and forfeitures	—	—	—	—	—	—	—	—	19,625
Intergovernmental	—	—	—	—	—	—	—	—	469,446
Charges for services	—	—	—	—	—	—	—	9,559	224,695
Investment earnings/(loss)	66,944	38,120	421	11,536	6,060	9,717	10,768	3,352	416,997
Total Revenues	66,944	38,120	421	11,536	6,060	9,717	10,768	14,566	6,990,046
Expenditures									
Current:									
General government	—	260	—	—	6,929	5,173	77,126	26	384,839
Debt service									
Principal	—	—	—	—	—	—	—	—	1,695,000
Interest and other charges	10,485	17,387	—	8,693	—	—	—	—	1,438,273
Capital outlay	115,033	577	—	938,994	40,274	—	1,352	—	7,285,825
Total Expenditures	125,518	18,224	—	947,687	47,203	5,173	78,478	26	10,803,937
Excess (Deficiency) Of Revenues Over Expenditures	(58,574)	19,896	421	(936,151)	(41,143)	4,544	(67,710)	14,540	(3,813,891)
Other Financing Sources (Uses)									
Issuance of bonds	—	2,000,000	—	1,000,000	63,000	595,000	—	—	3,658,000
Transfers in	—	—	—	—	—	—	189,711	—	189,711
Total Other Financing Sources	—	2,000,000	—	1,000,000	63,000	595,000	189,711	—	3,847,711
Net Change In Fund Balances	(58,574)	2,019,896	421	63,849	21,857	599,544	122,001	14,540	33,820
Fund Balances - Beginning As Previously Stated	2,990,279	244,539	14,267	—	88,447	688	273,957	1,460	36,707,958
Prior Period Adjustment	—	—	—	—	—	—	—	—	(15,276,822)
Fund Balances - Beginning, As Restated	2,990,279	244,539	14,267	—	88,447	688	273,957	1,460	21,431,136
Fund Balances - Ending	\$ 2,931,705	\$ 2,264,435	\$ 14,688	\$ 63,849	\$ 110,304	\$ 600,232	\$ 395,958	\$ 16,000	\$ 21,464,956

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE

For The Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variances</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 9,107,330	\$ 9,107,330	\$ 9,612,954	\$ 505,624
Sales	3,822,020	3,822,020	3,939,055	117,035
Other tax	—	—	11,989	11,989
Fines and forfeitures	45,160	45,160	49,653	4,493
Investment earnings	67,500	67,500	339,320	271,820
Total Revenues	13,042,010	13,042,010	13,952,971	910,961
Expenditures				
Debt Service:				
Principal	6,800,000	6,800,000	8,432,000	(1,632,000)
Interest and other charges	1,453,908	1,453,908	1,777,509	(323,601)
Total Expenditures	8,253,908	8,253,908	10,209,509	(1,955,601)
Excess Of Revenues Over Expenditures	4,788,102	4,788,102	3,743,462	2,866,562
Other Financing Sources (Uses)				
Transfers out	(3,275,000)	(3,275,000)	(3,975,000)	(700,000)
Total Other Financing Sources (Uses)	(3,275,000)	(3,275,000)	(3,975,000)	(700,000)
Net Change In Fund Balances	1,513,102	1,513,102	(231,538)	2,166,562
Fund Balances - Beginning	8,309,464	8,309,464	8,309,464	8,309,464
Fund Balances - Ending	\$ 9,822,566	\$ 9,822,566	\$ 8,077,926	\$ (728,082)

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, 2019

	Central Vehicle Services	Unemployment Insurance	Insurance Claims And Damages Reserve Fund	Health Insurance Reserve Fund	I.T. Services	Short- Term Disability Fund	Workers' Compensation Self-Insurance	Central Building Services	Total
Assets									
Current assets									
Cash and investments	\$ 108,319	\$ 153,054	\$ 712,343	\$ 2,348,316	\$ 3,481,476	\$ 178,512	\$ 3,157,878	\$ 1,121,321	\$ 11,261,219
Receivables (net of allowance) accounts and other	878	—	—	—	—	—	22,844	—	23,722
Interest receivable	275	532	2,923	8,355	11,525	514	11,316	4,449	39,889
Inventories	210,581	42	—	—	—	—	—	—	210,623
Prepaid expenses	—	—	—	—	5,904	—	—	—	5,904
Total current assets	320,053	153,628	715,266	2,356,671	3,498,905	179,026	3,192,038	1,125,770	11,541,357
Noncurrent assets									
Pension asset	140,476	—	—	—	210,793	—	—	90,553	441,822
Capital assets									
Nondepreciable	104,250	—	—	—	—	—	—	—	104,250
Depreciable, net	10,197,942	—	—	—	46,453	—	—	1,341,451	11,585,846
Total noncurrent assets	10,442,668	—	—	—	257,246	—	—	1,432,004	12,131,918
Total Assets	10,762,721	153,628	715,266	2,356,671	3,756,151	179,026	3,192,038	2,557,774	23,673,275
Deferred outflows of resources									
Pension	41,816	—	—	—	62,748	—	—	26,956	131,520
Other post employment benefits	13,237	—	—	—	35,298	—	—	8,825	57,360
Total deferred outflows of resources	55,053	—	—	—	98,046	—	—	35,781	188,880
Liabilities									
Current liabilities									
Accounts payable	84,075	225	4,390	—	73,647	—	868,408	30,311	1,061,056
Salaries payable	23,228	—	—	421,177	90,074	—	—	9,917	544,396
Compensated absences	1,759	—	—	—	7,610	—	—	1,314	10,683
Total current liabilities	109,062	225	4,390	421,177	171,331	—	868,408	41,542	1,616,135
Noncurrent liabilities									
Compensated absences	33,728	—	—	—	143,243	—	—	21,194	198,165
Other post employment benefits	67,856	—	—	—	101,822	—	—	43,741	213,419
Total noncurrent liabilities	101,584	—	—	—	245,065	—	—	64,935	411,584
Total Liabilities	210,646	225	4,390	421,177	416,396	—	868,408	106,477	2,027,719
Deferred Inflows Of Resources - Pension	51,590	—	—	—	77,414	—	—	33,256	162,260
Net Position									
Net investment in capital assets	10,302,192	—	—	—	46,453	—	—	1,341,451	11,690,096
Restricted for pension	130,702	—	—	—	196,127	—	—	84,253	411,082
Unrestricted	122,644	153,403	710,876	1,935,494	3,117,807	179,026	2,323,630	1,028,118	9,570,998
Total Net Position	\$ 10,555,538	\$ 153,403	\$ 710,876	\$ 1,935,494	\$ 3,360,387	\$ 179,026	\$ 2,323,630	\$ 2,453,822	\$ 21,672,176

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, 2019**

	Central Vehicle Services	Unemployment Insurance	Insurance Claims And Damages Reserve Fund	Health Insurance Reserve Fund	I.T. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Central Building Services	Total
Operating Revenues									
Charges for services	\$ 2,902,539	\$ 49,801	\$ 1,065,271	\$ —	\$ 3,793,568	\$ 31,904	\$ 900,408	\$ 1,128,188	\$ 9,871,679
Other	3,033,044	—	53,235	141,182	16,997	—	680,442	5,377	3,930,277
Total Operating Revenues	5,935,583	49,801	1,118,506	141,182	3,810,565	31,904	1,580,850	1,133,565	13,801,956
Operating Expenses									
Salaries, wages and employee benefits	616,920	—	—	—	2,409,805	10,454	—	354,303	3,391,482
Utilities	57,912	—	—	—	—	—	—	209,550	267,462
Repairs and maintenance	27,414	—	—	—	608,740	—	—	133,417	769,571
Fuels and lubricants	1,535	—	—	—	253	—	—	1,693	3,481
Depreciation	2,028,949	—	—	—	35,531	—	—	132,420	2,196,900
Interdepartment charges	134,683	—	—	—	307,583	—	—	23,459	465,725
Miscellaneous	3,254,234	10,397	923,500	18,124	1,124,101	—	611,538	220,991	6,162,885
Total Operating Expenses	6,121,647	10,397	923,500	18,124	4,486,013	10,454	611,538	1,075,833	13,257,506
Operating Income (Loss)	(186,064)	39,404	195,006	123,058	(675,448)	21,450	969,312	57,732	544,450
Nonoperating Revenue									
Interest income	10,621	4,295	23,276	76,826	97,316	4,381	101,442	43,124	361,281
Gain on disposal of capital assets	208,157	—	—	—	—	—	—	—	208,157
Total Nonoperating Revenue	218,778	4,295	23,276	76,826	97,316	4,381	101,442	43,124	569,438
Income (Loss) Before Transfers	32,714	43,699	218,282	199,884	(578,132)	25,831	1,070,754	100,856	1,113,888
Transfers in	250,000	—	—	—	965,464	—	—	—	1,215,464
Change In Net Position	282,714	43,699	218,282	199,884	387,332	25,831	1,070,754	100,856	2,329,352
Total Net Position - Beginning, As Previously Stated	10,248,884	109,704	492,594	1,735,610	2,937,004	153,195	1,252,876	2,337,643	19,267,510
Prior Period Adjustment	23,940	—	—	—	36,051	—	—	15,323	75,314
Total Net Position - Beginning, As Restated	10,272,824	109,704	492,594	1,735,610	2,973,055	153,195	1,252,876	2,352,966	19,342,824
Total Net Position - Ending	\$ 10,555,538	\$ 153,403	\$ 710,876	\$ 1,935,494	\$ 3,360,387	\$ 179,026	\$ 2,323,630	\$ 2,453,822	\$ 21,672,176

CITY OF LEE'S SUMMIT, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2019

	Central Vehicle Services	Unemployment Insurance	Insurance Claims And Damages Reserve Fund	Health Insurance Reserve Fund	I.T. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Central Building Services	Total
Cash Flows From Operating Activities									
Cash received from customers	\$ 5,934,705	\$ 49,801	\$ 1,118,506	\$ 141,182	\$ 3,810,565	\$ 31,904	\$ 1,578,445	\$ 1,133,565	\$ 13,798,673
Cash paid to suppliers	(3,497,107)	(10,172)	(934,798)	(18,124)	(1,973,111)	—	(1,283,867)	(657,782)	(8,374,961)
Cash paid to employees	(602,817)	—	—	—	(2,368,032)	(11,656)	—	(359,984)	(3,342,489)
Net Cash Provided By (Used In) Operating Activities	1,834,781	39,629	183,708	123,058	(530,578)	20,248	294,578	115,799	2,081,223
Cash Flows From Noncapital Financing Activities									
Transfers in	250,000	—	—	—	965,464	—	—	—	1,215,464
Cash Flows From Capital And Related Financing Activities									
Additions to capital assets	(3,030,926)	—	—	—	—	—	—	(254,208)	(3,285,134)
Proceeds from sale of capital assets	218,892	—	—	—	—	—	—	—	218,892
Net Cash Used In Capital And Related Financing Activities	(2,812,034)	—	—	—	—	—	—	(254,208)	(3,066,242)
Cash Flows Provided By Investing Activities									
Interest received	12,799	4,114	22,537	77,048	95,116	4,298	100,091	43,480	359,483
Net Increase (Decrease) In Cash And Cash Equivalents	(714,454)	43,743	206,245	200,106	530,002	24,546	394,669	(94,929)	589,928
Cash And Cash Equivalents - Beginning Of Year	822,773	109,311	506,098	2,148,210	2,951,474	153,966	2,763,209	1,216,250	10,671,291
Cash And Cash Equivalents - End Of Year	\$ 108,319	\$ 153,054	\$ 712,343	\$ 2,348,316	\$ 3,481,476	\$ 178,512	\$ 3,157,878	\$ 1,121,321	\$ 11,261,219
Operating income (loss)	\$ (186,064)	\$ 39,404	\$ 195,006	\$ 123,058	\$ (675,448)	\$ 21,450	\$ 969,312	\$ 57,732	\$ 544,450
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation and amortization	2,028,949	—	—	—	35,531	—	—	132,420	2,196,900
Changes in assets and liabilities:									
Increase in inventories	(16,412)	—	—	—	—	—	—	—	(16,412)
Increase in accounts receivable	(878)	—	—	—	—	—	(2,405)	—	(3,283)
Increase in pension related assets, outflow and inflows	(23,203)	—	—	—	(34,250)	—	—	(15,452)	(72,905)
Increase (decrease) in accounts payable	(4,917)	225	(11,298)	—	67,691	—	(672,329)	(68,672)	(689,300)
Increase in prepaid expenses	—	—	—	—	(125)	—	—	—	(125)
Increase (decrease) in salaries and wages payable	4,330	—	—	—	10,939	(1,202)	—	(3,581)	10,486
Increase in other post employment benefits outflow and liability	27,507	—	—	—	37,601	—	—	17,838	82,946
Increase (decrease) in accrued compensated absences	5,469	—	—	—	27,483	—	—	(4,486)	28,466
Total adjustments	2,020,845	225	(11,298)	—	144,870	(1,202)	(674,734)	58,067	1,536,773
Net Cash Provided By (Used In) Operating Activities	\$ 1,834,781	\$ 39,629	\$ 183,708	\$ 123,058	\$ (530,578)	\$ 20,248	\$ 294,578	\$ 115,799	\$ 2,081,223

**Statistical Section
(Unaudited)**

Lee's Summit, Missouri

Statistical Section

This part of the City of Lee's Summit's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	78
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	84
These schedules contain information to help the reader assess the government's most significant local revenue sources, sales and property tax.	
Debt Capacity	93
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	97
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	99
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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 367,750,571	\$ 388,840,510	\$ 395,912,631	\$ 403,957,177	\$ 414,531,277	\$ 428,390,412	\$ 444,601,373	\$ 475,492,143	\$ 487,120,128	\$ 502,857,273
Restricted	16,223,089	47,738,657	39,690,100	68,519,039	85,003,546	85,935,329	83,352,650	72,865,528	97,827,922	84,782,245
Unrestricted	33,900,453	(17,532,497)	(1,778,161)	(30,132,403)	(17,684,391)	(10,048,065)	1,012,936	13,050,613	(11,904,670)	(3,879,459)
Total governmental activities net position	\$ 417,874,113	\$ 419,046,670	\$ 433,824,570	\$ 442,343,813	\$ 481,850,432	\$ 504,277,676	\$ 528,966,959	\$ 561,408,284	\$ 573,043,380	\$ 583,760,059
Business-type activities										
Net investment in capital assets	\$ 200,815,159	\$ 208,202,388	\$ 211,065,125	\$ 212,923,508	\$ 220,630,436	\$ 225,267,223	\$ 237,193,092	\$ 257,714,352	\$ 271,846,403	\$ 279,965,082
Restricted	32,355,420	26,915,369	29,539,755	33,282,263	33,273,761	34,005,871	38,792,349	37,222,417	40,229,441	44,431,811
Unrestricted	(225,754)	15,830	(2,277,021)	(2,281,926)	1,060,383	5,262,208	2,922,466	5,672,530	8,363,879	13,415,319
Total business-type activities net position	\$ 232,944,825	\$ 235,133,587	\$ 238,327,859	\$ 243,923,845	\$ 254,964,580	\$ 264,535,302	\$ 278,907,907	\$ 300,609,299	\$ 320,439,723	\$ 337,812,212
Primary government										
Net investment in capital assets	\$ 568,565,730	\$ 597,042,898	\$ 606,977,756	\$ 616,880,685	\$ 635,161,713	\$ 653,657,635	\$ 681,794,465	\$ 733,206,495	\$ 758,966,531	\$ 782,822,355
Restricted	48,578,509	74,654,026	69,229,855	101,801,302	118,277,307	119,941,200	122,144,999	110,087,945	138,057,363	129,214,056
Unrestricted	33,674,699	(17,516,667)	(4,055,182)	(32,414,329)	(16,624,008)	(4,785,857)	3,935,402	18,723,143	(3,540,791)	9,535,860
Total primary government net position	\$ 650,818,938	\$ 654,180,257	\$ 672,152,429	\$ 686,267,658	\$ 736,815,012	\$ 768,812,978	\$ 807,874,866	\$ 862,017,583	\$ 893,483,103	\$ 921,572,271

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Public works and streets	\$ 18,589,088	\$ 36,254,828	\$ 18,286,042	\$ 23,836,549	\$ 16,429,506	\$ 14,428,155	\$ 15,206,748	\$ 14,759,666	\$ 22,878,176	\$ 22,500,607
Public safety	33,569,829	36,379,439	39,839,950	40,435,341	40,972,082	40,950,832	37,568,011	40,634,376	39,613,387	41,548,996
Parks and recreation	7,027,799	7,491,321	7,927,148	7,761,931	7,897,133	8,150,227	8,797,105	9,674,365	9,292,458	10,565,624
Planning and development	957,816	948,798	940,979	904,265	894,521	1,548,183	3,212,299	3,479,519	3,912,862	3,833,363
General government	16,352,917	18,438,529	16,992,428	16,793,993	18,346,278	14,959,896	27,934,309	32,139,295	24,263,116	26,419,866
Interest on long-term debt	2,857,436	4,604,626	3,745,099	4,287,131	3,171,310	2,729,500	2,450,327	2,517,687	5,683,481	2,553,293
Total governmental activities expenses	79,354,885	104,117,541	87,731,646	79,354,885	87,710,830	82,766,793	95,168,799	103,204,908	105,643,480	107,421,749
Business-type activities										
Waterworks and sewerage system	21,439,285	22,341,294	24,556,071	25,063,889	25,871,350	26,385,019	28,211,165	29,061,497	29,115,965	29,269,178
Sanitary landfill	2,451,476	4,108,646	3,205,632	2,867,606	2,873,343	2,744,683	2,611,974	343,754	1,717,642	2,454,125
Airport	1,489,979	2,121,901	2,146,464	2,052,157	2,012,142	1,890,626	2,837,042	1,856,761	2,214,597	2,347,250
Recreation center	1,234,450	1,295,805	1,268,716	1,186,856	1,041,426	1,119,107	1,214,241	1,317,821	1,331,319	1,312,852
Total business-type activities expenses	26,615,190	29,867,646	31,176,883	26,615,190	31,798,261	32,139,435	34,874,422	32,579,833	34,379,523	35,383,405
Total primary government expenses	105,970,075	133,985,187	118,908,529	105,970,075	119,509,091	114,906,228	130,043,221	135,784,741	140,023,003	142,805,154
Program Revenues										
Governmental activities										
Charges for services										
Public works and streets	122,053	124,975	141,277	358,852	600,144	667,442	868,734	886,840	1,135,555	892,742
Public safety	4,351,615	4,237,673	4,572,306	4,667,249	4,502,832	4,971,094	5,573,365	7,065,941	8,309,713	9,627,006
Parks and recreation	2,039,612	2,184,127	2,409,223	2,381,440	2,825,122	2,961,600	3,029,143	3,057,449	3,019,147	3,474,852
Planning and development	103,360	122,371	153,963	130,251	124,325	138,886	177,298	198,508	183,522	172,213
General government	1,929,236	1,562,856	1,827,798	1,790,781	1,817,541	2,188,631	2,100,980	2,179,233	2,158,734	2,474,682
Operating grants and contributions	2,608,621	5,664,487	3,046,594	1,400,858	1,169,331	800,689	1,552,368	1,570,982	1,375,031	1,501,881
Capital grants and contributions	2,857,211	1,725,891	4,322,416	1,921,135	3,188,981	4,696,959	13,083,572	24,491,263	5,661,103	6,636,281
Total governmental activities program revenues	14,011,708	15,622,380	16,473,577	14,011,708	14,228,276	16,425,301	26,385,460	39,450,216	21,842,805	24,779,657
Business-type activities										
Charges for services										
Waterworks and sewerage system	25,472,281	26,474,620	28,899,909	31,413,865	33,357,588	33,507,201	37,155,220	38,972,386	40,216,812	40,692,905
Sanitary landfill	2,071,725	2,881,382	2,583,031	2,346,247	2,942,970	3,049,357	3,289,579	716,764	550,830	37,875
Airport	1,048,659	1,217,812	1,454,730	1,456,710	1,403,945	1,320,935	4,336,197	7,871,625	1,436,672	1,713,630
Recreation center	970,765	1,082,156	1,114,367	1,208,496	1,046,554	1,127,448	1,232,906	1,287,043	1,320,902	1,314,966
Capital grants and contributions	2,221,289	1,134,261	1,200,056	1,191,530	4,345,037	2,013,286	4,017,045	5,644,782	8,077,310	5,992,484
Total business type activities program revenues	31,784,719	32,790,231	35,252,093	37,616,848	43,096,094	41,018,227	50,030,947	54,492,600	51,602,526	49,751,860
Total primary government revenues	45,796,427	48,412,611	51,725,670	51,628,556	57,324,370	57,443,528	76,416,407	93,942,816	73,445,331	74,531,517

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense) Revenue										
Governmental activities	\$ (65,343,177)	\$ (88,495,161)	\$ (71,258,069)	\$ (65,343,177)	\$ (71,258,069)	\$ (66,341,492)	\$ (68,783,339)	\$ (63,754,692)	\$ (83,800,675)	\$ (82,642,092)
Business-type activities	5,169,529	2,922,585	4,075,210	11,001,658	4,075,210	8,878,792	15,156,525	21,912,767	17,223,003	14,368,455
Total primary government net expense	(60,173,648)	(85,572,576)	(67,182,859)	(54,341,519)	(67,182,859)	(57,462,700)	(53,626,814)	(41,841,925)	(66,577,672)	(68,273,637)
General Revenues And Other Changes In Net Position										
Governmental activities										
General revenues										
Property taxes	38,276,295	38,698,817	36,430,730	35,456,745	33,714,179	33,891,923	35,178,239	36,718,136	38,051,491	39,795,245
Sales and use taxes	26,566,723	28,720,660	29,762,456	32,191,356	32,220,496	33,898,956	36,576,616	37,662,496	39,369,885	40,993,104
Franchise fees	14,825,593	16,249,638	13,743,797	14,080,374	14,083,783	13,870,764	13,068,478	12,941,800	13,425,421	12,525,332
License taxes	—	458,972	613,669	552,206	600,233	827,620	647,812	1,436,321	1,087,048	922,389
Motor vehicle taxes	—	—	—	3,262,217	3,397,313	3,514,204	3,616,455	3,663,028	3,704,598	3,653,245
License, permits, fines and forfeitures	2,797,132	3,290,249	2,853,482	2,206,013	2,548,479	2,494,438	2,354,766	2,463,264	2,905,917	2,348,637
Revenues from use of money and property	370,871	681,673	606,847	372,899	314,089	423,184	1,005,443	417,669	778,964	3,255,225
Other revenue	301,952	243,073	258,110	705,780	304,521	216,470	(259,296)	265,364	219,506	987,860
Transfers	2,128,600	1,324,636	1,766,878	1,060,297	440,422	843,076	1,284,109	627,939	(2,603,322)	(948,296)
Total governmental activities	85,267,166	89,667,718	86,035,969	89,887,887	87,623,515	89,980,635	93,472,622	96,196,017	96,939,508	103,532,741
Business-type activities										
General revenues										
Revenues from use of money and property	400	325,226	236,172	209,943	183,324	323,107	449,089	42,972	114,217	1,900,811
Other revenue	1,951,491	265,587	649,768	—	—	—	51,100	373,592	—	—
Transfers	(2,128,600)	(1,324,636)	(1,766,878)	(1,060,297)	(440,422)	(843,076)	(1,284,109)	(627,939)	2,603,322	948,296
Total business-type activities	(176,709)	(733,823)	(880,938)	(850,354)	(257,098)	(519,969)	(783,920)	(211,375)	2,717,539	2,849,107
Total primary government	85,090,457	88,933,895	85,155,031	89,037,533	87,366,417	89,460,666	92,688,702	95,984,642	99,657,047	106,381,848
Change In Net Position										
Governmental activities	19,923,989	1,172,557	14,777,900	24,544,710	14,777,900	23,639,143	24,689,283	32,441,325	13,138,833	20,890,649
Business-type activities	4,992,820	2,188,762	3,194,272	10,151,304	3,194,272	8,358,823	14,372,605	21,701,392	19,940,542	17,217,562
Total city	\$ 24,916,809	\$ 3,361,319	\$ 17,972,172	\$ 34,696,014	\$ 17,972,172	\$ 31,997,966	\$ 39,061,888	\$ 54,142,717	\$ 33,079,375	\$ 38,108,211

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved	27,326,459	—	—	—	—	—	—	—	—	—
Nonspendable	—	7,109,433	2,838,778	2,368,183	1,926,540	3,451,583	4,837,886	5,167,826	2,082,174	2,276,442
Unassigned	—	5,062,318	10,068,387	12,485,754	15,393,241	16,740,463	20,601,442	21,591,323	26,299,152	30,549,334
Total general fund	\$ 27,326,459	\$ 12,171,751	\$ 12,907,165	\$ 14,853,937	\$ 17,319,781	\$ 20,192,046	\$ 25,439,328	\$ 26,759,149	\$ 28,381,326	\$ 32,825,776
All other governmental funds										
Unreserved, designated										
Debt service	\$ 7,612,321	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in										
Special revenue funds	6,185,228	—	—	—	—	—	—	—	—	—
Capital project funds	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	9,636,552	8,309,464	8,077,926
Special revenue funds	—	6,558,759	7,119,249	8,271,128	8,810,480	9,582,955	10,849,941	11,773,451	12,433,803	12,475,511
Capital project funds	—	52,917,276	45,457,890	60,847,069	51,186,715	51,334,081	54,011,582	45,008,726	71,500,583	54,443,139
Nonspendable										
Capital project funds	—	—	—	—	—	—	—	—	—	5,152,285
Unassigned										
Special revenue funds	—	(105,171)	(173,475)	(45,880)	259,998	(22,441)	(6,468)	(114,872)	(153,170)	(54,473)
Capital project funds	—	(5,650,774)	(6,160,575)	(3,248,190)	(2,252,156)	(11,165,894)	(9,747,785)	(10,110,614)	(9,003,580)	(13,447,841)
Total all other governmental funds	\$ 41,129,134	\$ 60,400,636	\$ 53,170,967	\$ 74,778,742	\$ 67,152,129	\$ 58,778,246	\$ 63,279,622	\$ 56,193,243	\$ 83,087,100	\$ 66,646,547

(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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes:										
Property	\$ 37,424,151	\$ 38,520,943	\$ 36,807,871	\$ 35,371,737	\$ 33,631,009	\$ 34,018,964	\$ 34,946,488	\$ 36,720,460	\$ 37,830,276	\$ 39,946,807
Sales	26,566,723	28,720,660	29,762,456	31,537,249	31,506,326	33,131,893	35,786,096	36,867,671	38,493,358	40,115,398
Franchise	14,825,593	16,249,638	13,743,797	14,080,374	14,083,783	13,870,764	13,068,478	12,941,800	13,425,421	12,525,332
License	666,550	458,972	613,669	830,823	593,724	830,167	650,360	1,441,417	1,087,048	891,393
Bed	311,027	334,472	297,045	310,884	342,603	401,460	440,886	443,399	533,037	570,499
Motor vehicle	—	—	—	3,262,217	3,397,313	3,514,204	3,616,455	3,663,028	3,704,598	3,653,245
Other tax	—	—	—	343,223	371,567	365,603	349,634	351,426	343,490	307,207
Intergovernmental	2,720,659	5,768,509	3,270,638	2,397,443	1,429,137	1,893,124	5,318,300	7,329,575	2,094,361	2,139,338
Charges for services	3,536,567	3,443,051	3,767,188	3,844,620	1,757,827	7,039,230	7,618,039	9,315,916	10,764,152	12,776,167
Licenses and permits	3,172,705	3,312,931	3,552,866	3,831,801	1,898,261	2,226,752	2,546,789	2,691,658	2,762,581	2,605,209
Fines and forfeitures	1,525,577	1,476,020	1,487,468	1,652,152	6,683,000	1,661,671	1,584,692	1,380,397	1,279,938	1,260,119
Interest	355,711	624,550	558,840	324,724	276,277	374,618	886,902	374,176	710,234	2,893,944
Other	2,653,906	2,790,229	2,853,482	2,206,013	2,548,479	2,494,438	2,354,766	2,463,264	2,905,917	5,319,340
Total Revenues	93,759,169	101,699,975	96,715,320	99,993,260	98,519,306	101,822,888	109,167,885	115,984,187	115,934,411	125,003,998
Expenditures										
Current										
General government	9,903,683	28,034,317	12,248,109	11,930,212	11,728,975	12,191,505	12,672,598	15,262,654	16,170,372	17,843,986
Public works and streets	10,630,529	10,477,224	10,103,785	10,927,267	10,761,292	35,133,894	9,352,070	10,192,055	10,178,521	10,434,096
Public safety	32,544,577	33,179,819	33,423,433	34,131,490	34,361,768	10,115,557	34,588,767	37,477,223	38,387,142	39,843,145
Community development	957,816	948,798	940,979	904,265	894,521	1,548,183	3,212,299	3,479,519	3,912,862	3,833,363
Parks and recreation	5,367,440	5,743,896	6,038,617	5,612,207	5,880,029	6,590,327	6,027,253	6,589,288	6,417,411	7,120,852
Debt service										
Principal retirements	10,520,000	9,255,000	12,510,000	27,195,000	8,745,000	17,787,500	10,357,000	11,321,500	11,448,656	10,127,000
Interest and fiscal charges	2,721,034	4,592,654	3,577,259	3,521,740	3,506,820	3,180,934	3,005,042	2,997,278	4,319,403	3,267,380
Capital outlay										
General government	—	1,205,332	1,153,562	1,027,783	12,947	17,021	12,164,120	15,060,543	7,127,032	11,248,464
Public works and streets	33,899,215	43,249,279	22,292,216	20,493,282	26,655,680	31,726,375	22,196,327	19,010,345	10,150,347	8,670,423
Public safety	193,224	2,183,247	1,532,546	2,278,350	7,085,710	102,545	322,249	—	4,746,075	3,969,268
Parks and recreation	1,023,734	594,310	565,270	631,283	1,883,720	1,285,671	1,117,965	488,888	4,602,811	6,859,542
Total Expenditures	107,761,252	139,463,876	104,385,776	118,652,879	111,516,462	119,679,512	115,015,690	121,879,293	117,460,632	123,217,519

CITY OF LEE'S SUMMIT, MISSOURI

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis Of Accounting)

Page 2 Of 2

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Deficiency Of Revenues Over Expenditures	\$ (14,002,083)	\$ (37,763,901)	\$ (7,670,456)	\$ (18,659,619)	\$ (12,997,156)	\$ (17,856,624)	\$ (5,847,805)	\$ (5,895,106)	\$ (1,526,221)	\$ 1,786,479
Other Financing Sources (Uses)										
Proceeds from bonds	5,000,000	39,300,000	—	38,100,000	6,840,000	11,402,500	14,075,000	—	48,025,000	3,658,000
Premium on issuance of bonds	98,075	510,796	—	3,338,722	654,643	308,185	551,757	—	803,598	—
Discount on issuance of bonds	—	(628,000)	—	—	—	—	—	—	(265,375)	—
	—	—	—	—	—	—	—	—	(14,227,844)	—
Transfers in	5,802,385	7,213,175	4,493,756	4,738,640	3,674,877	2,348,128	4,941,508	1,527,606	5,492,557	6,068,122
Transfers out	(4,047,920)	(4,515,276)	(3,317,555)	(3,963,196)	(3,333,133)	(1,703,807)	(3,971,802)	(1,399,058)	(9,785,681)	(8,231,882)
Total Other Financing Sources	6,852,540	41,880,695	1,176,201	42,214,166	7,836,387	12,355,006	15,596,463	128,548	30,042,255	1,494,240
Net change in fund balances	\$ (7,149,543)	\$ 4,116,794	\$ (6,494,255)	\$ 23,554,547	\$ (5,160,769)	\$ (5,501,618)	\$ 9,748,658	\$ (5,766,558)	\$ 28,516,034	\$ 3,280,719
Debt service as a percentage of noncapital expenditures	16.80%	11.80%	18.20%	28.40%	14.50%	22.60%	15.00%	14.80%	15.87%	13.10%

CITY OF LEE'S SUMMIT, MISSOURI

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Public works	\$ 2,979,264	\$ 1,850,866	\$ 4,463,693	\$ 2,262,038	\$ 3,789,125	\$ 5,289,401	\$ 13,732,317	\$ 25,378,103	\$ 6,796,658	\$ 7,529,023
Public safety	5,032,806	5,252,875	5,604,458	5,609,585	5,294,681	5,414,371	6,565,119	8,229,622	9,201,215	10,784,119
Parks and recreation	2,126,592	2,345,650	2,409,223	2,381,440	2,825,937	3,036,600	3,249,143	3,057,449	3,019,147	3,474,852
Planning and development	103,360	122,371	153,963	140,779	124,325	138,961	177,298	198,508	183,522	172,213
General government	3,769,686	6,050,618	3,842,240	2,256,724	2,194,208	2,545,968	2,661,583	2,586,534	2,642,263	2,819,450
Subtotal governmental activities	14,011,708	15,622,380	16,473,577	12,650,566	14,228,276	16,425,301	26,385,460	39,450,216	21,842,805	24,779,657
Business-type activities										
Waterworks and sewerage system	25,711,528	27,226,409	29,686,664	31,841,944	34,172,355	34,802,086	38,757,768	40,608,722	42,666,420	42,457,608
Sanitary landfill	2,071,725	2,881,382	2,583,031	2,346,247	2,942,970	3,049,357	3,289,579	716,764	550,830	37,875
Airport	3,030,701	1,600,284	1,868,031	2,220,161	4,934,215	2,039,336	6,750,694	11,880,071	7,064,374	5,941,411
Recreation center	970,765	1,082,156	1,114,367	1,208,496	1,046,554	1,127,448	1,232,906	1,287,043	1,320,902	1,314,966
Subtotal business-type activities	31,784,719	32,790,231	35,252,093	37,616,848	43,096,094	41,018,227	50,030,947	54,492,600	51,602,526	49,751,860
Total primary government	\$ 45,796,427	\$ 48,412,611	\$ 51,725,670	\$ 50,267,414	\$ 57,324,370	\$ 57,443,528	\$ 76,416,407	\$ 93,942,816	\$ 73,445,331	\$ 74,531,517

CITY OF LEE'S SUMMIT, MISSOURI

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

Fiscal Year	Property Taxes	Sales And Use Taxes	Motor Vehicle Taxes	Franchise Fees	Other Taxes	Licenses, Permits, Fines And Forfeitures	Revenues From Use Of Money And Property	Other Revenue	Total Revenues
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
2017	36,720,460	36,867,671	3,663,028	12,941,800	2,236,242	4,072,055	374,176	19,108,755	115,984,187
2018	37,830,276	38,493,358	3,704,598	13,425,421	1,963,575	4,042,519	710,234	15,764,430	115,934,411
2019	39,946,807	40,115,398	3,653,245	12,525,332	1,769,099	3,865,328	2,893,944	20,234,845	125,003,998

Note:

As set out in Section 32.057 of the Missouri Revised State Statues, it is a violation to make known in any manner the tax returns or departmental records derived from the Missouri Department of Revenue, including sales taxes, franchise fees, and other tax sources. Due to the confidentiality of earnings information, the above alternative information is provided to assist the users in understanding these revenue sources, including sales taxes, the City's largest own-source revenue.

CITY OF LEE'S SUMMIT, MISSOURI

SALES TAX REVENUES Last Ten Fiscal Years (Modified Accrual Basis Of Accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Sales Tax Revenue										
General Fund	\$ 10,660,362	\$ 11,298,645	\$ 11,736,388	\$ 13,076,121	\$ 13,584,137	\$ 14,145,869	\$ 15,116,747	\$ 15,582,207	\$ 16,402,093	\$ 17,328,879
Road & Bridge Improvement Fund (Transportation)	5,056,252	5,361,791	5,548,681	6,161,738	6,358,517	6,677,898	7,121,477	7,391,179	7,848,034	7,869,317
Capital Improvements Sales Tax Fund	5,327,832	5,647,682	5,867,075	6,536,667	6,790,655	7,071,794	7,557,410	7,790,055	8,199,738	8,657,073
Debt Service (Local Parks)	2,530,368	2,679,624	2,775,089	3,080,480	3,179,966	3,326,917	3,560,042	3,694,833	3,923,403	3,939,055
TIF & CID Funds (consolidated)	2,991,909	3,732,918	3,835,223	2,682,243	1,593,051	1,909,415	2,430,420	2,409,397	2,120,090	2,321,074
Total	\$ 26,566,723	\$ 28,720,660	\$ 29,762,456	\$ 31,537,249	\$ 31,506,326	\$ 33,131,893	\$ 35,786,096	\$ 36,867,671	\$ 38,493,358	\$ 40,115,398

CITY OF LEE'S SUMMIT, MISSOURI

TOTAL CITY TAXABLE SALES BY CATEGORY
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)

	Fiscal Year	
	2019	
Sales By Retail Category:		
Clothing Department Store/Jewelry	\$	265,618
Grocery Stores		212,535
Home Centers/Home Repair		146,386
Full Service Restaurants		109,599
Limited Service Restaurants		107,767
Utilities/Telecom/Cable		73,640
Other Retail General Merchandise		92,054
Gas Stations with Convenience Stores		40,135
New/Used Car Dealers		22,337
All Other Outlets		708,532
<hr/>		
Total	\$	1,778,603
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Note: Amounts are in thousands of dollars

Source: Missouri Department of Revenue

Ten years of data is not available, but will be accumulated over time.

CITY OF LEE'S SUMMIT, MISSOURI

SALES TAX RATES Last Ten Fiscal Years (Modified Accrual Basis Of Accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Direct Sales Tax Rate City of Lee's Summit										
General Fund	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Capital Projects	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Transportation	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Local Parks	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%
Total Direct Sales Tax Rate City of Lee's Summit	2.250%	2.250%	2.250%	2.250%	2.250%	2.250%	2.250%	2.250%	2.250%	2.250%
Transportation Development District/Community Improvement District	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Total Direct Sales Tax Rate	3.250%	3.250%	3.250%	3.250%	3.250%	3.250%	3.250%	3.250%	3.250%	3.250%
	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Local Option Sales Tax Rates										
State of Missouri	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%
Mo. State Conservation	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%
Mo. State Parks and Soils	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Jackson County	1.125%	1.125%	1.125%	1.125%	1.125%	1.125%	1.125%	1.125%	1.125%	1.125%
Jackson County-Community Children's Services	—	—	—	—	—	—	—	0.125%	0.125%	0.125%
Kansas City Zoo	—	—	0.125%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
City of Lee's Summit	2.250%	2.250%	2.250%	2.250%	2.250%	2.250%	2.250%	2.250%	2.250%	2.250%
Transportation Development District/Community Improvement District	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Total Direct And Overlapping Sales Tax Rate	8.600%	8.600%	8.725%	8.600%	8.600%	8.600%	8.600%	8.725%	8.725%	8.725%

Note: The rate shown for the Transportation Development District/Community Improvement District is for the Summit Fair development only

Source: Missouri Department of Revenue

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				
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%
2017	1,220,068,318	1,223,048	254,082,649	1,475,374,015	328,954,444	46,341,994	1,850,670,453	1.5398	8,367,262,925	22.12%
2018	1,299,320,319	1,408,220	282,055,171	1,582,783,710	336,349,873	44,137,496	1,963,271,079	1.5154	9,164,875,610	21.42%
2019	1,333,377,533	1,292,357	295,256,200	1,629,926,090	355,630,630	47,148,477	2,032,705,197	1.5154	9,176,229,323	22.15%

Source: Jackson County and Cass County

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

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

Note: Assessed value does not include Abatement and/or TIF (Tax Increment Financing) values.

CITY OF LEE'S SUMMIT, MISSOURI

DIRECT AND OVERLAPPING PROPERTY TAX RATES (Rate Per \$100 Of Assessed Value) Last Ten Fiscal Years

Fiscal Year	City Of Lee's Summit				Overlapping Rates (See Notes)				Total Direct And Overlapping Tax Rate
	General Fund	Park Board	Debt Service	Total Direct	Lee's Summit R-7 School District	Jackson County	State	Other	
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
2017	0.9093	0.1608	0.4697	1.5398	5.9957	0.5025	0.0300	0.7431	8.8111
2018	0.8886	0.1571	0.4697	1.5154	5.8777	0.4849	0.0300	0.8133	8.7213
2019	0.8886	0.1571	0.4697	1.5154	5.8777	0.7013	0.0300	0.8159	8.9437

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	5.8010
Hickman Mills	7.0402
Grandview	5.6255
Raymore-Peculiar	5.3622

Note (2): Cass County is located in the southern portion of the city (approximately 2 square miles). The Cass County tax rate is \$0.2220

Note (3): Other breakdown for current year:

Junior College	0.2305
Mental Health	0.1171
Handicap Workshop	0.0720
Library	0.3963
	0.8159

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

	2019			2010		
	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)	\$ 38,097,537	1	1.87%	\$ 12,135,470	3	0.73%
Sprint	19,875,110	2	0.98%			
Google Fiber	19,852,894	3	0.98%			
Summit Woods SPE LLC	15,021,280	4	0.74%			
Wal-Mart	9,527,366	5	0.47%	4,451,863	7	0.27%
John Knox Village	8,160,541	6	0.40%	6,678,502	5	0.40%
Southern Union dba Mo Gas Energy	6,627,539	7	0.33%	3,992,856	8	0.24%
JVM Summit Ridge Apartments	5,601,452	8	0.28%			
Summit DC Real Estate Holdings	4,998,035	9	0.25%			
Union Pacific	2,835,557	10	0.14%			
Sprint Spectrum				31,385,118	1	1.90%
Cerner				16,221,721	2	0.98%
Toys R Us				6,729,801	4	0.41%
AT&T and Southwestern Bell				5,630,929	6	0.34%
Grand Street Company LLC				3,992,704	9	0.24%
Total	\$ 130,597,311		6.44%	\$ 91,218,964		5.51%

Source: Jackson County Tax Department

CITY OF LEE'S SUMMIT, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy For Fiscal Year	Collected Within The Fiscal Year Of The Levy		Collections In Subsequent Years	Total Collections To Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
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%	538,937	25,788,020	99.8%
2016	26,744,543	25,996,349	97.2%	702,274	26,698,623	99.8%
2017	27,771,086	27,099,938	97.6%	622,888	27,722,826	99.8%
2018	29,004,228	28,190,476	97.2%	739,012	28,929,488	99.7%
2019	30,194,612	29,461,669	97.6%	—	29,461,669	97.6%

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

Source: Jackson and Cass County

CITY OF LEE'S SUMMIT, MISSOURI

**RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Population	Per Capita
	General Obligation Bonds	Certificates Of Participation	Lease Financing Debt	TIF Bonds	Certificates Of Participation	Revenue Bonds				
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	
2017	45,033,231	—	2,511,500	14,299,105	—	3,607,993	65,451,829	95,973	682	
2018	53,372,025	—	—	31,251,459	—	2,622,245	87,245,729	97,135	898	
2019	48,053,925	—	—	29,569,774	—	1,606,497	79,230,196	98,469	805	

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements.

CITY OF LEE'S SUMMIT, MISSOURI

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Net General Bonded Debt Outstanding	Percentage Of Actual Taxable Value ^a Of Property	Per Capita ^b
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
2017	45,033,231	6,911,888	38,121,343	2.06%	397
2018	53,372,025	8,083,046	45,288,979	2.23%	466
2019	48,053,925	7,691,454	40,362,471	1.99%	410

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

a Taxable Assessed Values provided by Cass and Jackson County Assessors' Offices.

b Population figures provided by Lee's Summit Planning and Development Department.

CITY OF LEE'S SUMMIT, MISSOURI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As Of June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share Of Overlapping Debt
Debt repaid with property taxes			
Lee's Summit R-7 School District	\$ 106,005,587	88.28%	\$ 93,581,732
Blue Springs R-4 School District	172,454,977	20.17%	34,784,169
Raymore-Peculiar School District	40,502,323	8.00%	3,240,186
Grandview School District	22,148,078	0.41%	90,807
Hickman Mills School District	36,282,764	0.12%	43,539
Subtotal, overlapping debt			131,740,433
City Direct Debt			77,623,699
Total direct and overlapping debt			\$ 209,364,132

Note: (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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Legal debt limit (1)	\$ 328,184,891	\$ 327,131,701	\$ 319,634,286	\$ 322,343,269	\$ 331,688,357	\$ 329,896,834	\$ 358,467,408	\$ 361,635,661	\$ 384,675,374	\$ 398,196,908
Total net debt applicable to limit	33,566,610	27,974,016	56,932,545	55,654,245	59,225,808	52,677,888	45,840,774	53,301,112	45,634,954	44,594,440
Legal debt margin	\$ 294,618,281	\$ 299,157,685	\$ 262,701,741	\$ 266,689,024	\$ 272,462,549	\$ 277,218,946	\$ 312,626,634	\$ 308,334,549	\$ 339,040,420	\$ 353,602,468
Total net debt applicable to the limit as a percentage of debt limit	10.23	8.55	17.81	17.27	17.86	15.97	12.79	14.74	11.86	11.20

Note: (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		
2010	93,163							17,120	6.70%
2011	91,364	\$ 71,772	\$ 31,266	38.8	16.4%	29.9%	50.1%	17,287	6.70%
2012	91,767							17,524	5.30%
2013	92,292							17,559	5.10%
2014	93,092							17,615	4.70%
2015	93,888							17,610	4.20%
2016	95,430							17,747	3.50%
2017	95,973							17,927	2.80%
2018	97,135							18,157	2.70%
2019	98,469							17,937	2.50%

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	2019			2010		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Lee's Summit R-7 School	3,116	1	6.16%	2,581	1	6.52%
Homeland Security-USCIS	3,000	2	5.93%	—	—	0.00%
Saint Luke's East - Lee's Summit	1,430	3	2.82%	608	8	1.54%
Truman Medical Center-Lakewood	1,200	4	2.37%	1,128	3	2.85%
John Knox Village	1,000	5	1.98%	1,050	4	2.68%
GEHA Holdings Inc	880	6	1.74%	—	—	0.00%
City of Lee's Summit	786	7	1.55%	659	7	1.67%
Lee's Summit Medical Center	730	8	1.44%	550	10	1.39%
Rediscover	550	9	1.09%	—	—	0.00%
CVS Caremark Inc	450	10	0.89%	559	9	1.41%
Metropolitan Community College-Longview				1,000	5	2.53%
AT&T				1,200	2	3.03%
Immigration & Naturalization Service				900	6	2.27%
	13,142		25.97%	10,235		25.89%

Source: Lee's Summit Economic Development Council: *Workforce, Major Employer*

CITY OF LEE'S SUMMIT, MISSOURI

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Administration	32.50	31.00	32.00	27.00	27.00	26.31	27.39	26.99	27.98	30.29
Public Works-Engineering	39.27	37.60	38.95	41.80	38.70	38.90	33.80	41.10	42.25	42.25
Police	196.70	205.20	209.70	208.70	204.00	204.00	202.00	202.00	205.50	206.50
Fire	146.00	146.00	146.00	146.00	146.00	144.00	144.00	153.00	154.00	154.00
Finance	18.00	18.00	18.00	22.50	21.00	21.00	22.00	22.00	22.00	22.00
Planning and development	11.00	9.00	9.00	9.00	9.90	8.37	9.70	4.01	4.00	4.00
Court	12.75	12.75	12.75	12.75	11.50	12.50	11.29	11.87	11.38	11.96
Codes administration	18.00	17.00	17.00	17.00	16.00	13.35	—	—	—	—
Law	9.50	9.50	9.50	10.50	10.50	11.50	10.25	10.50	10.51	10.50
Public Works-Operations	48.75	47.00	50.24	49.21	46.70	41.34	38.00	34.20	33.80	33.80
Development Center	—	—	—	—	—	7.47	27.68	33.86	36.68	36.68
Parks and recreation										
Community center	6.70	6.70	6.75	7.15	39.26	37.16	37.32	36.99	37.18	37.95
Parks and recreation	29.00	24.50	24.95	23.95	26.15	26.16	26.06	26.23	26.30	25.83
Pool	0.95	0.95	1.05	1.60	17.73	17.44	14.96	14.47	14.61	13.60
Cemetery	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Harris Park Recreation Center	5.30	5.85	6.15	6.15	21.99	22.77	24.23	24.34	25.07	24.31
Gamber Community Center	2.05	2.05	2.10	2.15	10.05	9.41	7.95	7.86	7.38	6.76
Longview Community Center	—	—	—	—	—	—	—	—	—	—
Airport	7.60	7.60	7.60	7.04	6.30	6.22	6.26	7.46	9.16	8.46
Water utilities	58.50	58.50	59.50	59.50	60.00	59.50	60.50	60.50	62.50	62.46
Solid waste	14.80	14.80	14.80	15.00	14.80	14.80	14.80	1.00	1.00	1.60
Central building services	10.00	9.50	8.50	8.75	8.80	8.62	10.62	10.62	8.62	8.12
Fleet	8.00	9.00	9.00	9.00	9.00	9.12	9.12	9.12	9.12	9.12
Information technology services	20.00	20.00	20.00	22.00	26.20	25.89	24.71	27.76	28.06	28.13
Total	696.37	693.50	704.5	707.75	772.58	766.83	763.64	766.88	778.10	779.32

Source: City of Lee's Summit Finance Department

CITY OF LEE'S SUMMIT, MISSOURI

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Building Permits Issued (1)										
Residential/single family	110	170	166	270	319	319	310	324	391	339
Residential/multi family	1	—	—	2	6	7	7	27	52	18
Commercial/industrial	19	13	10	14	9	15	16	32	20	20
Additions	1,082	1,302	*5,229	1,588	1,404	1,943	1,548	1,572	2,047	2,282
Police protection (2)										
Homicide	0.01	0.02	—	—	—	0.02	0.01	0.03	0.01	0.02
Rape	0.17	0.19	0.18	0.14	0.19	0.19	0.17	0.22	0.31	0.24
Robbery	0.30	0.28	0.33	0.26	0.16	0.20	0.19	0.37	0.38	0.25
Aggravated Assault	0.64	0.57	0.64	0.78	0.62	0.45	0.71	0.48	0.21	0.68
Burglary	4.37	3.16	3.53	2.84	2.87	2.61	2.30	2.15	1.76	2.11
Larceny	19.24	18.76	18.23	18.99	16.98	15.43	15.55	14.02	12.21	17.45
Motor Vehicle Theft	1.57	1.33	1.25	1.17	1.17	1.11	1.10	0.87	1.70	1.82
Arson	0.09	0.05	0.08	0.06	-	-	0.03	0.01	0.02	0.01
Violent Crime	1.21	1.06	1.15	1.18	0.98	0.86	1.09	1.08	1.17	1.20
Property Crime	25.27	23.31	23.09	23.06	21.01	19.14	18.98	17.05	16.70	21.39
Population	93,163	91,364	91,767	92,292	93,092	93,888	95,430	95,973	97,135	98,469
Traffic Crashes	1,912	2,047	1,906	1,753	1,821	1,750	1,800	1,885	2,030	2,098
Calls for Service	85,255	91,037	88,846	77,008	75,325	73,244	67,244	65,235	71,459	71,702
Number of Officers	136	136	143	142	142	142	143	143	146	148
Animal Control Calls for Service	8,857	8,857	8,737	8,474	8,960	9,848	10,518	8,905	10,034	9,745
Fire protection (1)										
Fire personnel	146	146	146	146	146	144	144	153	154	154
Calls answered	8,015	9,144	9,147	9,027	8,917	9,073	10,000	9,811	10,388	10,709
Water source										
Kansas City Water Co.	12.00%	19.40%	34.30%	27.90%	27.60%	23.20%	28.60%	25.90%	27.30%	22.00%
Independence Water Co.	88.00%	80.60%	65.70%	72.10%	72.40%	76.80%	71.40%	74.10%	72.70%	78.00%
Water										
Number of service connections	33,800	34,260	34,242	34,538	34,774	35,160	35,379	35,816	36,322	36,472
Number of fire hydrants	4,887	4,922	4,940	4,940	5,006	5,021	5,076	5,188	5,226	5,273
Average daily consumption (gallons)	8,960,000	9,650,000	11,603,000	10,790,000	10,390,000	9,270,000	10,150,000	9,950,000	9,944	9,659
Maximum contract amount	21,500,000	21,500,000	21,500,000	27,500,000	27,500,000	27,500,000	32,500,000	32,500	32,500	32,500
Maximum daily demand	16,500,000	20,400,000	22,810,000	25,500,000	19,000,000	19,000,000	21,300,000	18,800,000	1,800,000	1,800,000
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

(2) Statistics based on FBI Uniform Crime Report data per 1,000 residents.

* 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Protection										
Stations	7	7	7	7	7	7	7	7	7	7
Public Works										
Residential centerline miles	327	337	308	271	309	309	306	309	311	315
Collector centerline miles	102	83	88	90	92	92	94	95	95	97
Arterial centerline miles	91	103	83	91	81	81	83	84	84	84
Parks and Recreation										
Parks	27	28	28	28	29	29	29	30	30	30
Swimming pools	1	1	1	1	1	1	1	1	1	1
Indoor aquatic center	1	1	1	1	1	1	1	1	1	2
Tennis courts	15	15	15	15	15	15	15	15	15	15
Community centers	3	3	3	3	3	3	3	3	3	4
Water										
Miles of water mains	604	607	604	604	607	607	611	617	620	622

Source: City records

CITY OF LEE'S SUMMIT, MISSOURI
UNIFORM GUIDANCE
SINGLE AUDIT REPORT
JUNE 30, 2019

Contents

	Page
Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	1 - 2
Independent Auditors' Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; And Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance	3 - 5
Schedule Of Expenditures Of Federal Awards	6
Notes To Schedule Of Expenditures Of Federal Awards	7
Schedule Of Findings And Questioned Costs	8 - 10
Summary Schedule Of Prior Audit Findings.....	11



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**Independent Auditors' Report On Internal
Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit
Of Financial Statements Performed In Accordance
With *Government Auditing Standards***

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lee's Summit, Missouri (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

December 19, 2019

**Independent Auditors' Report On Compliance For
Each Major Federal Program; Report On Internal Control
Over Compliance; And Report On Schedule
Of Expenditures Of Federal Awards
Required By The Uniform Guidance**

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

Report On Compliance For Each Major Federal Program

We have audited the City of Lee's Summit, Missouri's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion On Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

Report On Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RubinBrown LLP

January 14, 2020, (except for our report on the
Schedule of Expenditures of Federal Awards,
which is dated December 19, 2019)

CITY OF LEE'S SUMMIT, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying/Grant Number	Total Federal Expenditures	Passed Through To Subrecipients
U.S. Department Of Housing And Urban Development				
Direct:				
Community Development Block Grant - entitlement program	14.218	B-10-MC-29-0010	\$ 3,000	\$ —
Community Development Block Grant - entitlement program	14.218	B-11-MC-29-0010	3,000	—
Community Development Block Grant - entitlement program	14.218	B-16-MC-29-0010	16,436	—
Community Development Block Grant - entitlement program	14.218	B-17-MC-29-0010	243,109	149,094
Community Development Block Grant - entitlement program	14.218	B-18-MC-29-0010	92,658	32,904
			<u>358,203</u>	<u>181,998</u>
U.S. Department Of Justice				
Office of Justice Programs:				
Direct:				
Bulletproof Vest Program	16.607		7,441	—
Violence Against Women Grant Office:				
Violence Against Women Grant	16.590	2015-WE-AX-0038	12,086	—
Total US Department Of Justice			<u>19,527</u>	<u>—</u>
U.S. Office Of National Drug Control Policy				
Passed through the Kansas Bureau of Investigation				
Midwest HIDTA Program	95.001	G17MW0003A	66,108	—
Midwest HIDTA Program	95.001	G18MW0003A	91,667	—
Total US Office Of National Drug Control Policy			<u>157,775</u>	<u>—</u>
U.S. Department Of Transportation				
Passed through Missouri Department of Transportation				
Airport Improvement Program	20.106	AIR 16-109A-1	3,951,146	—
			<u>3,951,146</u>	<u>—</u>
Passed through Missouri Department of Public Safety				
Federal 402 project	20.600	18-PT-02-018	3,969	—
Federal 402 project	20.600	18-M5VE-03-019	9,672	—
Federal 402 project	20.600	19-PT-02-019	25,486	—
Federal 402 project	20.600	19-M5VE-03-006	16,886	—
			<u>56,013</u>	<u>—</u>
Federal Highway Administration through the Missouri Department of Transportation				
Work Zone Safety Grant	20.205	CWZEG05Z	6,981	—
Total U.S. Department Of Transportation			<u>4,014,140</u>	<u>—</u>
Federal Equitable Sharing Program				
Department of Justice	16.922		285,243	—
Total Federal Equitable Sharing Program			<u>285,243</u>	<u>—</u>
Total Expenditures Of Federal Awards			<u>\$ 4,834,888</u>	<u>\$ 181,998</u>

CITY OF LEE'S SUMMIT, MISSOURI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2019

1. **Organization**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of City of Lee's Summit, Missouri (the City) for the year ended June 30, 2019. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2. **Basis Of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. **Local Government Contributions**

Local cost sharing, as defined by the Uniform Guidance, is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. **Additional Audits**

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results which may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at June 30, 2019.

5. **Indirect Cost Rate**

The City has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

CITY OF LEE'S SUMMIT, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

Section I - Summary Of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes x none reported

Noncompliance material to financial statements noted?

___ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes x none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

___ yes x no

Identification of major programs:

<u>Name Of Federal Program Or Cluster</u>	<u>CFDA Number</u>
U.S. Department Of Transportation Airport Improvement Program	20.106

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

x yes ___ no

CITY OF LEE'S SUMMIT, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

June 30, 2019

Section II - Financial Statement Findings

None

CITY OF LEE'S SUMMIT, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

June 30, 2019

Section III - Federal Award Findings And Questioned Costs

None



LEE'S SUMMIT MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For The Year Ended June 30, 2019

Finding No.	CFDA No.	Program	Condition	Current Year Status
2018-001	NA	NA	During fiscal year 2018, the City refinanced a portion of its debt. The internal controls specific to debt and capital assets did not reflect current guidance for the financial reporting of debt refundings.	Corrective Action Taken
2018-002	14.218	CDBG - Entitlement Grants Cluster	In two instances, subrecipient monitoring forms could not be observed. The City could not demonstrate internal controls over subrecipient monitoring.	Corrective Action Taken
2018-0003	14.218	CDBG - Entitlement Grants Cluster	During our audit procedures, we noted one instance where the City did not submit the HUD 60002 report by the required deadline. The City did not properly implement internal controls over the reporting compliance requirements to ensure that HUD 60002 was filed timely.	Corrective Action Taken