



LEE'S SUMMIT
MISSOURI

Comprehensive Annual Financial Report

For The Year Ended June 30, 2017

CITY OF LEE'S SUMMIT, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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 - 54
Required Supplementary Information	
Budgetary Comparison Information - General Fund	55
Notes To Budgetary Comparison Information	56
Schedule Of Funding Progress - Retirement Plan And Other Post Employment Benefit Obligations	57 - 58

CITY OF LEE'S SUMMIT, MISSOURI

Table Of Contents

	Page
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	59
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Governmental Funds	60
Combining Balance Sheet - Nonmajor Special Revenue Funds	61
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Special Revenue Funds	62
Budgetary Comparison Schedules:	
Park Board Fund	63
Violence Against Women Grant Fund	64
Combining Balance Sheet - Nonmajor Capital Projects Funds	65 - 66
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Capital Projects Funds	67 - 68
Budgetary Comparison Schedule - Debt Service	69
Combining Statement Of Net Position - Internal Service Funds	70
Combining Statement Of Revenues, Expenses And Changes In Fund Net Position - Internal Service Funds	71
Combining Statement Of Cash Flows - Internal Service Funds	72
Statistical Section (Unaudited)	
Net Position By Component	73
Changes In Net Position	74 - 75
Fund Balances - Governmental Funds	76
Changes In Fund Balances - Governmental Funds	77 - 78
Program Revenues By Function/Program	79
All Governmental Funds Revenues By Source	80
Assessed Value And Estimated Actual Value Of Taxable Property	81
Direct And Overlapping Property Tax Rates	82
Principal Property Taxpayers	83
Property Tax Levies And Collections	84
Ratios Of Outstanding Debt By Type	85
Ratios Of Net General Bonded Debt Outstanding	86
Direct And Overlapping Governmental Activities Debt	87
Legal Debt Margin Information	88
Demographic And Economic Statistics	89
Principal Employers	90
Full-Time Equivalent City Employees By Function	91
Operating Indicators By Function	92
Capital Statistics By Function	93

Introductory Section



LEE'S SUMMIT

M I S S O U R I

December 21, 2017

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, 2017. The Finance Department prepared this report and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Profile of the Government

The City was organized on December 1, 1865 under the laws of the State of Missouri. The City became a Charter City on April 2, 1996 when voters approved the Home Rule Charter. The charter established a government in which the City Council, consisting of eight members, two per district, elected by their respective district's citizens, performs the legislative duties of the City. The City Council holds Regular Sessions the first and third Thursday of each month and has an additional "Work or Study Session" on the second Thursday of each month. The executive power in the City is vested in the Mayor, who is recognized as the head of the City for all legal and ceremonial purposes. The Mayor is elected at large by the City electorate. The City Manager is the chief administrative officer of the City. The City Manager is appointed by the Mayor with the advice and consent of a majority of the City Council.

Lee's Summit is approximately 65 square miles in size and is located at the suburban edge of the Kansas City metropolitan area and has absorbed significant growth in the last three decades. In 1980, the City's population was approximately 28,000 and 46,500 in 1990. The city experienced a 53 percent increase in population from 1990 to 2000 and increased in population by more than 29 percent between 2000 and 2010. Today's population is approximately 95,973.

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 the 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. Recognized as one of the nation's outstanding school districts, the Lee's Summit R-7 School District was named as seventh best in the nation by Money magazine in its annual "Best Places to Live" issue focusing on the nation's top 100 small cities. In addition, the R-7 School District has won Missouri's Distinction in Performance Award, the state's highest recognition for academic achievement. The school district's enrollment has increased from 9,125 pupils in 1990 to 17,927 in 2017. The school district 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 5,000 students enrolled per year. Undergraduate completion programs are available through the University of Central Missouri's Summit Center Campus.

The Mid-Continent Public Library system has two facilities in Lee's Summit, one in the east central section and one in the west central part of the City.

Recreation, Cultural and Religious Facilities

Lee's Summit Parks and Recreation offers a quality of life that is second to none. This Gold Medal Award winning department manages a wide range of programs and activities throughout the Lee's Summit community. One hundred and eleven staff and hundreds of seasonal staff care for over 1,100 acres, almost 70 miles of trails, manage three community centers, a water park, an amphitheater, and provide more than 3,100 programs and events annually. To help serve the population, a volunteer program was created; and approximately 2,600 volunteers contributed over 93,000 hours. Lee's Summit Parks and Recreation nurtures public and private partnerships with county parks, private developers and other city departments to create land agreements, new neighborhood parks and the two dog parks.

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

The Park Board continues to support significant improvements to existing parks and recreation facilities based on a citizen-based strategic plan called "Legacy for Tomorrow and Beyond" with voters approving an extension of the Parks and Soils sales tax in 2005. These projects are funded through user fees, Parks and Soils sales tax and property taxes as well as cooperative development agreements in which potential neighborhood park land is donated by developers.

Lake Jacomo, Longview Lake, Blue Springs Lake and Prairie Lee Lake are located in Jackson County Parks within the City limits of Lee's Summit and offer numerous recreational activities such as boating, fishing, camping, skiing and swimming. Lee's Summit residents and the Kansas City metropolitan area enjoy these lakes.

Commerce, Industry and Employment

Lee's Summit continues to see growth in commercial and residential development.

Two highway interchanges opened in 2010 serving Lee's Summit. The I-470 and 350/50 Highway interchange opened up approximately 150 acres of commercial land for new development and improved access to two regional shopping centers with 1.2 million square feet of retail space along with reducing traffic congestion and improving safety. The Strother Road interchange provides convenient access from the interstate to a light industrial area, alleviates traffic congestion, and helps to spur economic development in the area. Currently under construction is a new interchange on US 50 Highway and Blackwell Road and reconstruction is in the design stages for the interchange on US 50 Highway at M-291 South. These two interchanges will help alleviate traffic congestion.

The City of Lee's Summit has a broad spectrum of major employers. They include companies that manufacture everything from plastic containers to tools to electronic components. In addition to manufacturing, there are a wide variety of services such as customer service centers for pharmaceuticals and telecommunications firms, data management and processing centers and educational institutions. There are eleven business sites in Lee's Summit with 500 employees or more.

John Knox Village is recognized as one of the largest and most comprehensive life plan communities in the nation. The not-for-profit community 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 450 acres, more than 1,500 residents enjoy services and amenities in nearly 1,600 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 486,000-square-foot, open-air lifestyle center, is located east of US 50 Highway and just south of I-470. Opening in August 2009 and anchored by Macy's and JC Penney, it includes men's and women's fashion, fast-casual eateries, sit-down restaurants and specialty retailers. Smaller centers are scattered throughout the City, generally along highways M-291, M-150 and US 50.

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

Major Initiatives

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

Year	Area Unemployment Rate	Statewide Unemployment Rate	United States Unemployment Rate
2017	2.8%	3.9%	4.4%
2016	3.6%	4.9%	4.9%
2015	4.0%	5.3%	5.3%
2014	4.7%	6.3%	6.1%
2013	5.0%	7.1%	7.5%

The City of Lee's Summit continues to be an active and growing community. 1,981 building permits were issued in calendar year 2016 (including alterations, additions and demolitions).

The City's population has grown from 28,416 in 1980, 47,253 in 1990, 70,700 in 2000 and 91,364 in the 2010 census to an estimated population of 95,973 as of December 2016.

Capital projects of \$57.5 million were constructed during the year using proceeds of General Obligation Bonds, Certificates of Participation, water and sewer connection fees, transportation sales and excise taxes together with grant funds for buildings, street, airport, water and sewer improvements.

The Lee's Summit 360° Strategic Planning process completed its 7th year in the implementation phase. In August 2009, the City Council approved a resolution adopting this as the City's long-term strategic plan. This is the third such plan that the community of Lee's Summit has collaborated together to create. The first strategic plan was completed in 1993 with a follow-up in 1998. Many of the accomplishments attributed to the quality of life in our community, and the excellence in City services are a result of the previous two processes. From the new City Hall complex to the renovated downtown corridor, strategic planning has dramatically changed the way Lee's Summit has developed during the last two decades.

Citizen participation has become the norm in Lee's Summit. From involving citizens in identifying problems to inviting them to be part of suggesting solutions, citizens are empowered to contribute their time and talents in many ways. Lee's Summit has a wide variety of volunteer boards and commissions and an opportunity for anyone who desires to get involved. The implementation of our citizen strategic plan is just one of the reasons why Lee's Summit has passed 21 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 modest growth in revenue categories such as property tax, franchise tax, sales tax and vehicle tax in recent years. The City continues to focus on cost containment efforts to continue to meet fiscal priorities to residents. These cost containment efforts began during fiscal year 2009 and continue into 2017, as vacant positions are carefully evaluated and approved and filled only when essential.

General Fund expenditures are recommended to increase 4.3% over the previous year's budget. These increases are due to higher health insurance costs, employee merit increases, and tax abatement and incentive payments.

Financial Information

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

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

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

Single Audit

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

As a part of the City's single audit, tests are made to determine the adequacy of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. 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 44% 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 consisted of a comprehensive assessment phase followed by a strategic planning process. One of many recommendations of the plan was to adjust water rates in order to preserve financial reserves, address needed system improvements and offset increasing operating costs.

The City purchases its water from the City of Independence, Missouri (74%) and the City of Kansas City, Missouri Water Department (26%). 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 34% 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. For fiscal year 2017 the airport was classified as a general aviation utility airport serving planes with gross weights of less than 30,000 pounds and landing speeds less than 121 knots. The airport is equipped with two runways, each approximately 4,000 feet long, and supports an estimated 34,000 takeoffs and landings of personal and business purposes per year. The Airport has 23 buildings and many tie down spots that house approximately 172 aircraft.

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

Following recommendation of the *Airport Business Plan*, the City initiated design and construction work for the runway extension. This work is being performed with the assistance of federal and state aviation grants and was completed in Fall 2017.

Solid Waste Management (Sanitary Landfill)

During 2016 the daily operations of the landfill were outsourced to an outside vendor. The landfill offers trash disposal, Household Hazardous Waste, yard waste/composting and several other environmental programs. The expansion of the original area should provide solid waste disposal until 2018.

Harris Park Community Center

The Harris Park Community Center, formerly known as the Recreation Center is a multipurpose recreational facility that is self-supporting and was renovated in 2008. The Center offers summer day camp for children, volleyball, soccer, basketball leagues and instruction, as well as numerous other activities and programs.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lee's Summit, Missouri for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the 39th consecutive year that the government achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document beginning July 1, 2016. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device.

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

Independent Audit

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

Acknowledgments

The preparation of this report was accomplished through the efforts of the staff of the Finance Department in cooperation with the City's auditors, RubinBrown LLP. Our sincere thanks to all of those who assisted.

Respectfully submitted,



Stephen A. Arbo
City Manager



Conrad E. Lamb
Finance Director

THE CITY OF LEE'S SUMMIT

MAYOR

Randall L. Rhoads

DISTRICT 1

Rob Binney
Diane Forte

DISTRICT 3

Phyllis Edson
Diane Seif

DISTRICT 2

Patricia Carlyle
Craig Faith

DISTRICT 4

Fred DeMoro
Dave Mosby

FINANCE & PERSONNEL COMMITTEE

Diane Forte, Chairman

Dave Mosby

Diane Seif

Trish Carlyle

ADMINISTRATION

Stephen A. Arbo, City Manager

Conrad E. Lamb, Finance Director

Rick Poeschl, Fire Chief

Brian Head, City Attorney

Travis Forbes, Police Chief

J. Thomas Lovell, Parks Administrator

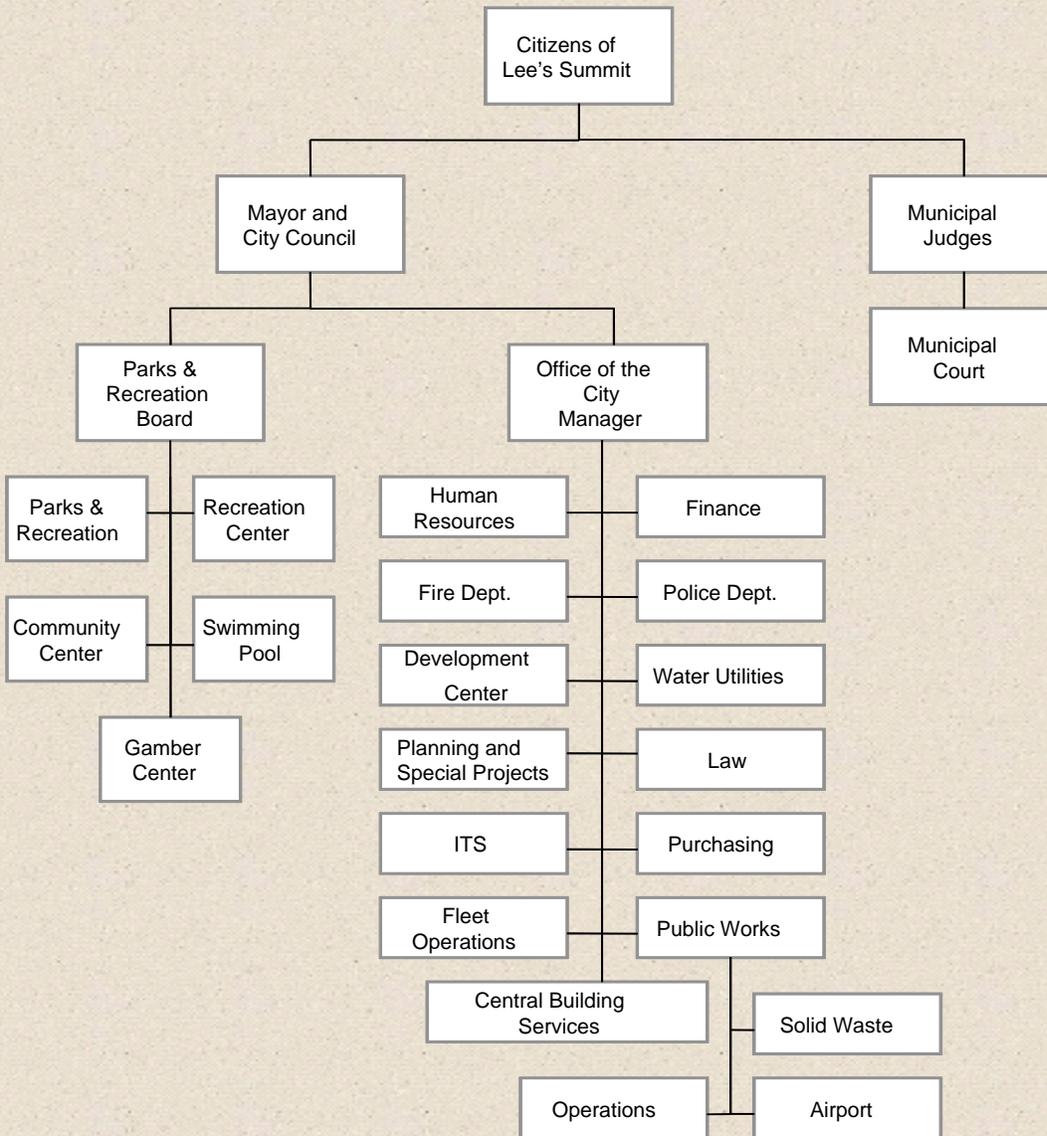
Dena Mezger, Public Works Director

Mark Schaufler, Water Utilities Director

Robert McKay, Planning & Codes Administration Director

Mark Dunning, Development Center Director

Organizational Chart Lee's Summit, Missouri





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lee's Summit
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section



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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, 2017, 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, 2017, and the respective changes in financial position, and where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, the Budgetary Comparison Information on pages 55 through 56, the Schedules of Selected Pension Information on page 57 and the Schedule of Funding Progress on page 58 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 21, 2017, on our consideration of the City of Lee's Summit, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lee's Summit, Missouri's internal control over financial reporting and compliance.

RubinBrown LLP

December 21, 2017

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CITY OF LEE'S SUMMIT, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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, 2017. This is the 15th year of reporting in conformance with the guidelines prescribed in Governmental Accounting Standards Board's (GASB) Statement No. 34. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City of Lee's Summit exceeded its liabilities at the close of the most recent fiscal year by \$862,017,583 (net position). Of this amount, unrestricted net position was \$18,723,143.
- The City's total net position increased \$54.1 million. Of this amount, \$32.4 million was from the City's "governmental activities" and the balance was from the "business-type activities."
- The City's total debt decreased approximately \$12.2 million (13%) 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, 2017, assets exceed liabilities by \$862,017,583. The largest portion of the City's net position, \$733,206,495 (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, 2017 and 2016:

	Net Position					
	Governmental Activities		Business type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 111,930,192	\$ 111,980,349	\$ 61,585,858	\$ 55,873,023	\$ 173,516,050	\$ 167,853,372
Capital assets	518,961,296	487,993,086	261,179,352	241,604,693	780,140,648	729,597,779
Total assets	630,891,488	599,973,435	322,765,210	297,477,716	953,656,698	897,451,151
Deferred outflows of resources	10,565,548	21,137,577	600,643	1,234,373	11,166,191	22,371,950
LT liabilities outstanding	60,926,224	70,894,626	12,892,312	14,254,690	73,818,536	85,149,316
Other liabilities	17,371,565	20,266,686	9,737,809	5,524,342	27,109,374	25,791,028
Total liabilities	78,297,789	91,161,312	22,630,121	19,779,032	100,927,910	110,940,344
Deferred inflows of resources	1,750,963	982,741	126,433	25,150	1,877,396	1,007,891
Net position:						
Net investment in capital assets	475,492,143	444,601,373	257,714,352	237,193,092	733,206,495	681,794,465
Restricted	72,865,528	83,352,650	37,222,417	38,792,349	110,087,945	122,144,999
Unrestricted	13,050,613	1,012,936	5,672,530	2,922,466	18,723,143	3,935,402
Total net position	\$ 561,408,284	\$ 528,966,959	\$ 300,609,299	\$ 278,907,907	\$ 862,017,583	\$ 807,874,866

At the end of the current fiscal year, the City is able to report positive balances in net investment in capital assets and restricted net position. There were five funds that did not have positive fund balances. One of these funds, The Todd George Tax Increment Financing (TIF) Fund, is a capital project fund with an interfund loan outstanding. One fund, Entitlement Fund, is a special revenue fund that is waiting on grant reimbursement. This fund currently has a temporary loan from other funds until proceeds are received. Three other funds are capital project funds. These include: Blue Parkway and Colbern Road CID accounts for improvements related to a recently annexed area in the City, and Longview Farm 2016 TIF for improvements in the Longview Farm area, and lastly Public Safety Bonds 2016 for a new emergency services radio system and relocation of Fire Station 3. These funds have temporary loans from other funds.

The City's combined net position increased to \$862.0 million from \$807.9 million as a result of the year's revenues exceeding expenses as reflected in the next table. The City's unrestricted net position for governmental activities was \$13.0 million. Total unrestricted net position was \$18.7 million including business-type activities of \$5.7 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 \$862.0 million is comprised of \$733.2 million invested in capital assets, net of related debt; \$110.9 million is restricted for pension, capital projects, debt service, law enforcement and economic development; \$18.7 million is unrestricted.

Net position increased \$54.1 million during the current fiscal year. Sixty percent of this increase represents the increase in governmental activities. The City implemented GASB Statement 68 two years ago. With the reporting change, the City has allocated its proportionate share of the Local Government Employees' Retirement System's net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by the City's management.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Statement of Activities

The following table reflects the revenues and expenses from the City's activities for the years ended June 30, 2017 and 2016:

	Changes In Net Position					
	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 13,387,971	\$ 11,749,520	\$ 48,847,818	\$ 46,013,902	\$ 62,235,789	\$ 57,763,422
Operating grants and contr	1,570,982	1,552,368	—	—	1,570,982	1,552,368
Capital grants and contr	24,491,263	13,083,572	5,644,782	4,017,045	30,136,045	17,100,617
General revenues:						
Property taxes	36,718,136	35,178,239	—	—	36,718,136	35,178,239
Sales and use taxes	37,662,496	36,576,616	—	—	37,662,496	36,576,616
Other revenue	21,187,446	20,433,658	416,564	500,189	21,604,010	20,933,847
Total revenues	135,018,294	118,573,973	54,909,164	50,531,136	189,927,458	169,105,109
Expenses:						
Public works	14,759,666	15,206,748	—	—	14,759,666	15,206,748
Public safety	40,634,376	37,568,011	—	—	40,634,376	37,568,011
Parks and rec	9,674,365	8,797,105	—	—	9,674,365	8,797,105
Planning and dev	3,479,519	3,212,299	—	—	3,479,519	3,212,299
General govt	32,139,295	27,934,309	—	—	32,139,295	27,934,309
Interst on LT debt	2,517,687	2,450,327	—	—	2,517,687	2,450,327
Combined water and sewer	—	—	29,061,497	28,211,165	29,061,497	28,211,165
Sanitary landfill	—	—	343,754	2,611,974	343,754	2,611,974
Airport	—	—	1,856,761	2,837,042	1,856,761	2,837,042
Rec Center	—	—	1,317,821	1,214,241	1,317,821	1,214,241
Total expenses	103,204,908	95,168,799	32,579,833	34,874,422	135,784,741	130,043,221
Change in net position before transfers	31,813,386	23,405,174	22,329,331	15,656,714	54,142,717	39,061,888
Transfers	627,939	1,284,109	(627,939)	(1,284,109)	—	—
Change in net position	32,441,325	24,689,283	21,701,392	14,372,605	54,142,717	39,061,888
Net position beginning	528,966,959	504,277,676	278,907,907	264,535,302	807,874,866	768,812,978
Net position ending	\$ 561,408,284	\$ 528,966,959	\$ 300,609,299	\$ 278,907,907	\$ 862,017,583	\$ 807,874,866

Governmental Activities

Governmental activities increased the City's net position by \$32.4 million.

Sales and Use taxes, the largest governmental category at 28% finished the year at \$37.7 million which was a \$1.1 million increase or 3% over the prior year. This increase, after recent years of flat or declining sales tax revenues, is fueled by stronger retail sales in the City's two major shopping centers. Property taxes, the second largest governmental category at 27% finished the year at \$36.7 million which had an increase \$1.5 million or 4.4% over the prior year. This is due primarily to a rebounding housing market. The third largest category, capital grants and contributions came in at \$24.5 million for an increase of \$11.4 million. The growth in this category occurred in contributed streets. These are streets and related improvements as a result of new development. Contributed streets totaled \$18.7 million. Overall, governmental revenues finished the year \$16.4 million above prior year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

For the fiscal year ended June 30, 2017, revenues totaled \$189.9 million (governmental and business-type). Revenues from governmental activities totaled \$135 million or 71% of the total City revenues.

Governmental activities expenses increased \$8 million or 8.4% for the fiscal year ended June 30, 2017 compared to the fiscal year ended June 30, 2016. This increase is primarily due to capital projects that were under construction this year.

Certain revenues are generated that are specific to governmental program activity. These totaled \$4.4 million. This was virtually unchanged from the prior year.

The following table shows expenses and program revenues of the governmental activities for the years ended June 30, 2017 and 2016:

	Net Cost Of Governmental Activities			
	Total Cost Of Service		Net Cost Of Service	
	2017	2016	2017	2016
General government	\$ 32,139,295	\$ 27,934,309	\$ (29,552,761)	\$ (25,272,726)
Public safety	40,634,376	37,568,011	(32,404,754)	(31,002,892)
Public works and streets	14,759,666	15,206,748	10,618,437	(1,474,431)
Planning and development	3,479,519	3,212,299	(3,281,011)	(3,035,001)
Parks and recreation	9,674,365	8,797,105	(6,616,916)	(5,547,962)
Interest on long-term debt	2,517,687	2,450,327	(2,517,687)	(2,450,327)
Total	\$ 103,204,908	\$ 95,168,799	\$ (63,754,692)	\$ (68,783,339)

As previously noted, expenses from governmental activities totaled \$103.2 million. However, net costs of these services were \$63.8 million. The difference represents direct revenues received from charges for services of \$13.4 million, operating grants and contributions of \$1.6 million and capital grants and contributions of \$24.5 million. Taxes and other revenues of \$95.6 million were collected to cover these net costs.

Business-Type Activities

Business-type activities net position increased by \$21.7 million in the current year.

Overall revenues increased \$4.4 million or 9% compared to last year. This was primarily due to a \$1.8 million Water and Sewer increase in program revenues, a \$5.1 million increase in program revenues for the Airport and a \$2.6 million decrease in program revenues in the Sanitary Landfill. In addition, overall expenses decreased \$2.3 million or 7% compared to the prior year.

Financial Analysis Of The City's Funds

The General Fund is the chief operating fund of the City. The fund balance of the General Fund at June 30, 2017 was \$26.8 million or 41.2% of actual expenditures. This represents an increase of \$1.3 million or a 5% increase over the previous year's balance. Revenues increased \$2.2 million and expenses increased by \$6.1 million over the previous fiscal year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

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.

The Debt Service Fund ended the year with a fund balance of \$9.6 million, an increase of almost \$1.5 million or 18%. As of June 30, 2017, the City has issued all but \$75,000 of the \$37 million general obligation debt authorized by the electorate in November 2002 and all but \$1.0 million of the \$37.4 million authorized in November 2010. In April 2013, the electorate authorized an additional \$7.49 million in general obligation debt. The bonds provide for cultural arts facilities including an amphitheater at Legacy Park, rehabilitation of the old downtown post office/city hall building, and creating an outdoor performance and festival space downtown. It also included road improvements. As of June 30, 2017, \$658,000 of these bonds have not been issued. In April 2014, the electorate authorized \$10 million in general obligation debt. The bonds provide for the construction of improvements to the US Highway 50 and Missouri State Route 291 intersection and bridge system. As of June 30, 2017 \$2.0 million of these bonds have not been issued. In November 2016, the electorate authorized \$14.5 million in general obligation debt to fund public safety improvements including a new emergency services radio system and the relocation of Fire Station 3. As of fiscal year end, these bonds had not been issued yet. The City, in accordance with these "No Tax Increase" bond elections, has held the tax levy constant and monitors fluctuations in fund balance for future no tax increase bond issues.

The Capital Improvement Sales Tax Fund ended the year with a fund balance of \$28.6 million. This represents a decrease of \$.9 million or 3% over the previous year. The decrease is due to increased project expenditures.

The Blue Parkway and Colbern Road CID Fund ended the year with a fund balance of negative \$3.7 million. The negative balance is due to costs associated with the tax increment financing (TIF) district that will be reimbursed with tax funds generated from development in this area.

The Todd George 50 Highway TIF Fund ended the year with a negative fund balance of \$5.4 million. This represents increase of \$.6 million or 10% over the previous year. The increase is due to property and sales tax revenues. Construction on a state highway interchange commenced in 2016 and is expected to be complete fall 2017.

The Combined Water and Sewerage system recorded an increase of \$10.7 million in net position for the year. Operating revenues increased over the last fiscal year by \$1.8 million due to a slight rate increase.

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

The Airport Fund recorded an increase of \$10.4 million in net position for the year. The increase is attributed to \$4 million in grant funding received during the fiscal year coupled with an increase in operating revenue of \$3.5 million.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

General Fund Budgetary Highlights

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

The total original expenditure budget of \$63,878,810 increased to \$65,728,069 for an increase of \$1,849,259.

Actual expenditures were \$.8 million less than the amended budget. This was primarily due to prudent usage of fiscal resources.

Actual revenues were \$3.6 million more than budgeted. Property taxes were \$946,216 more than expected due to growth in the housing market. Sales tax revenues were \$.4 million or 2.9% more than expected. Franchise receipts came in \$.6 million lower than budget due to mild weather conditions and changes in telecommunication usage by households. Franchise tax revenues are paid by utilities and can vary with customer usage. Licenses, permits and fees were \$.9 million more than expected along with Charges for services were almost \$1 million over expectations. This is due to economic growth 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, 2017 amounts to \$780 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 \$50.5 million during the period.

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

- Completion of Lee's Summit Road (Colbern to City Limit) reconstruction totaling \$4.6 million for the year.
- Completion of Jefferson Street improvements between Persels and Stuart totaling \$2.9 million for the year.
- Completion of Tudor Road and bridge totaling \$3.2 million for the year.
- Completion of Ward Road Improvements (M-150 to County Line) totaling \$2.1 million for the year.
- Curb and gutter replacement totaling \$3.8 million for the year.
- Road overlay and slurry seal program totaling \$3.4 million for the year.
- Progress construction of US 50/Route 291 South interchange totaling \$5.4 million for the year.
- Progress construction of airport runway extension pavement \$8.4 million for the year.
- Progress construction on new Water Utility Operations Facility totaling \$8.2 million for the year.
- Progress construction on Stormwater Improvements totaling \$1.3 million for the year.
- Additional system additions and improvements were completed in the Combined Waterworks and Sewerage Fund at a cost of over \$3.4 million including water main rehab of \$2.3 million for the year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 7,857,966	\$ 7,857,966	\$ 19,625,415	\$ 19,625,415	\$ 27,483,381	\$ 27,483,381
Construction in progress	101,467,023	77,102,148	74,706,854	53,305,866	176,173,877	130,408,014
Buildings	64,703,729	64,703,729	—	—	64,703,729	64,703,729
Improvements	48,882,018	48,086,989	266,707,212	263,562,343	315,589,230	311,649,332
Machinery & equipment	34,106,377	32,906,043	3,501,160	3,501,160	37,607,537	36,407,203
Infrastructure	438,767,425	420,034,755	—	—	438,767,425	420,034,755
	\$ 695,784,538	\$ 650,691,630	\$ 364,540,641	\$ 339,994,784	\$ 1,060,325,179	\$ 990,686,414

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 2017, had a total of \$62.7 million of outstanding obligations. This was a decrease of \$12.2 million or 16% from the previous year.

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

As of June 30, 2017, the City's total issued General Obligation (G.O.) Bonded Debt was \$41,980,000 and authorized and unissued debt was \$18,233,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$361,635,661. This, less outstanding debt, authorized and unissued debt, and available cash, leaves a legal debt margin of \$308,334,549, which is 85% of the City's total bonding capacity. Bonded debt, net of available debt service funds, amounted to approximately \$379 per capita and represented 2.1% of the assessed value of taxable property.

General Obligation Bonds retired \$6.6 million of their principal amount outstanding this year along with interest payments of \$1.6 million.

The City's 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, 2017 was \$3,465,000, which was solely made up of bonds of the Combined Water and Sewer Utility.

The Combined Water and Sewer Utility Fund retired \$925,000 of their principal amount outstanding this year along with interest payments of \$87,800.

The City's Combined Water and Sewer Revenue Bonds carry an Aa2 rating from Moody's Investors Service. The most recent Special Obligation Bonds were rated AA- by Standard & Poor's. This rating reflects the City's covenant to budget and appropriate for debt service, subject to annual appropriations.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The City has \$2,511,500 in Lease Purchase Agreements outstanding for making various capital improvements to Legacy Park and Harris Park.

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

Economic Factors And Next Year's Budgets And Rates

Combined General Fund revenues for fiscal year 2018 are projected to total \$68.9 million. This represents an increase of \$6.3 million over the prior year budget. After recent years of flat sales tax growth and decreased building permit activity, the City has experienced growth in revenue categories such as property taxes, sales taxes and charges for services.

General Fund expenses are projected to total \$67.2 million compared to \$65.7 million budgeted in fiscal year 2017. This represents a \$6.3 million increase.

Personal Services expenditures are estimated using a wage adjustment pool for the employee pay-for-performance system. In fiscal year 2018, the organization is undertaking a compensation and benefit study to measure the competitiveness of the City's pay structures to attract and retain quality employees. The City has budgeted \$2 million for wage adjustments that may be identified in the study.

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

Key initiatives funded in the FY18 budget represent a focus on strategic initiatives adopted by the Mayor and City Council in December 2016. These include safety, education, culture and arts, transportation, health and human services, infrastructure, and economic development.

Requests for Information

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

Basic Financial Statements

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 85,549,028	\$ 51,379,969	\$ 136,928,997
Receivables (net of allowance)			
Taxes	8,470,948	—	8,470,948
Accounts and other	2,429,592	4,877,214	7,306,806
Interest	228,429	139,628	368,057
Internal balances	3,088,151	(3,088,151)	—
Due from other governmental agencies	1,547,329	7,162,050	8,709,379
Inventories	160,565	460,844	621,409
Prepaid expenses	5,676	2,291	7,967
Other assets	12,886	6,076	18,962
Restricted assets			
Cash and investments	118,999	—	118,999
Pension asset	10,318,589	645,937	10,964,526
Capital assets			
Nondepreciable	109,324,989	94,332,269	203,657,258
Depreciable, net	409,636,307	166,847,083	576,483,390
Total Assets	630,891,488	322,765,210	953,656,698
Deferred Outflows Of Resources			
Pension	10,477,388	474,931	10,952,319
Deferred amount on refunding	88,160	125,712	213,872
Total Deferred Outflows Of Resources	10,565,548	600,643	11,166,191
Liabilities			
Accounts payable and accrued expenses	5,188,914	8,305,596	13,494,510
Payroll liabilities	2,132,856	189,665	2,322,521
Accrued interest payable	644,934	35,989	680,923
Unearned revenue	—	25,906	25,906
Customer deposits - payable from restricted deposits	1,369,162	218,092	1,587,254
Long-term obligations			
Due within one year			
Compensated absences	179,199	12,561	191,760
Bonds and contracts	7,856,500	950,000	8,806,500
Due in more than one year			
Compensated absences	4,463,120	267,423	4,730,543
Other post employment benefits	2,475,768	290,596	2,766,364
Bonds and contracts	53,987,336	12,334,293	66,321,629
Total Liabilities	78,297,789	22,630,121	100,927,910
Deferred Inflows Of Resources			
Pension	1,750,963	126,433	1,877,396
Net Position			
Net investment in capital assets	475,492,143	257,714,352	733,206,495
Restricted for			
Pension	19,045,014	994,435	20,039,449
Debt service	9,636,552	794,000	10,430,552
Capital projects	40,293,187	35,433,982	75,727,169
Economic development	3,890,775	—	3,890,775
Unrestricted	13,050,613	5,672,530	18,723,143
Total Net Position	\$ 561,408,284	\$ 300,609,299	\$ 862,017,583

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2017

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	\$ 32,139,295	\$ 2,179,233	\$ 407,301	\$ —	\$ (29,552,761)	\$ —	\$ (29,552,761)
Public safety	40,634,376	7,065,941	1,163,681	—	(32,404,754)	—	(32,404,754)
Public works and streets	14,759,666	886,840	—	24,491,263	10,618,437	—	10,618,437
Planning and development	3,479,519	198,508	—	—	(3,281,011)	—	(3,281,011)
Parks and recreation	9,674,365	3,057,449	—	—	(6,616,916)	—	(6,616,916)
Interest on long-term debt	2,517,687	—	—	—	(2,517,687)	—	(2,517,687)
Total Governmental Activities	103,204,908	13,387,971	1,570,982	24,491,263	(63,754,692)	—	(63,754,692)
Business-Type Activities							
Waterworks and sewerage system	29,061,497	38,972,386	—	1,636,336	—	11,547,225	11,547,225
Sanitary landfill	343,754	716,764	—	—	—	373,010	373,010
Airport	1,856,761	7,871,625	—	4,008,446	—	10,023,310	10,023,310
Recreation center	1,317,821	1,287,043	—	—	—	(30,778)	(30,778)
Total Business-Type Activities	32,579,833	48,847,818	—	5,644,782	—	21,912,767	21,912,767
Total Primary Government	\$ 135,784,741	\$ 62,235,789	\$ 1,570,982	\$ 30,136,045	(63,754,692)	21,912,767	(41,841,925)
General Revenues							
Taxes							
Property taxes, levied for general purposes					28,048,242	—	28,048,242
Property taxes, levied for debt service					8,669,894	—	8,669,894
Franchise taxes					12,941,800	—	12,941,800
Sales and use taxes					37,662,496	—	37,662,496
License taxes					1,436,321	—	1,436,321
Motor vehicle taxes					3,663,028	—	3,663,028
Earnings on investments					417,669	42,972	460,641
Other revenues					2,463,264	373,592	2,836,856
Gain on sale of assets					265,364	—	265,364
Transfers					627,939	(627,939)	—
Total General Revenues And Transfers					96,196,017	(211,375)	95,984,642
Change In Net Position					32,441,325	21,701,392	54,142,717
Net Position - Beginning					528,966,959	278,907,907	807,874,866
Net Position - Ending					\$ 561,408,284	\$ 300,609,299	\$ 862,017,583

CITY OF LEE'S SUMMIT, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Debt Service	Capital Improve- ment Sales Tax	Blue Parkway And Colbern Road CID	Todd George 50 HWY TIF	Other Govern- mental Funds	Total Govern- mental Funds
Assets							
Pooled cash and investments	\$ 18,870,797	\$ 9,315,417	\$ 22,471,911	\$ —	\$ 1,098	\$ 25,250,329	\$ 75,909,552
Receivables (net of allowance)							
Taxes	4,589,706	963,487	1,321,682	—	38,120	1,557,953	8,470,948
Accounts and other	1,676,249	—	695,366	—	—	38,260	2,409,875
Interest	85,251	25,338	57,671	—	—	38,714	206,974
Due from other funds	5,257,326	—	4,308,900	—	—	3,340,000	12,906,226
Due from other governments	334,942	—	849,126	—	35,246	328,015	1,547,329
Other assets	9,966	—	—	—	—	2,920	12,886
Restricted assets							
Cash and investments	—	—	—	118,999	—	—	118,999
Total Assets	\$ 30,824,237	\$ 10,304,242	\$ 29,704,656	\$ 118,999	\$ 74,464	\$ 30,556,191	\$ 101,582,789
Liabilities, Deferred Inflows Of Resources And Fund Balances Liabilities							
Accounts payable and accrued liabilities	\$ 927,383	\$ —	\$ 1,125,392	\$ —	\$ 15,000	\$ 1,975,265	\$ 4,043,040
Payroll liabilities	1,472,574	—	—	—	—	144,488	1,617,062
Payable from restricted	744,933	—	—	—	—	624,229	1,369,162
Accrued interest payable	—	—	—	34	11,885	—	11,919
Due to other funds	—	—	—	3,832,075	5,450,000	536,000	9,818,075
Total Liabilities	3,144,890	—	1,125,392	3,832,109	5,476,885	3,279,982	16,859,258
Deferred Inflows Of Resources							
Property tax	920,198	667,690	—	—	—	183,251	1,771,139
Total Deferred Inflows Of Resources	920,198	667,690	—	—	—	183,251	1,771,139
Fund Balances							
Nonspendable							
Advances to other funds	5,167,826	—	—	—	—	—	5,167,826
Restricted							
Bridges, streets and signals	—	—	28,579,264	—	—	8,274,592	36,853,856
Economic development	—	—	—	—	—	3,890,775	3,890,775
Debt service reserve	—	9,636,552	—	—	—	—	9,636,552
Other capital projects	—	—	—	—	—	3,439,331	3,439,331
Committed							
Bridges, streets and signals	—	—	—	—	—	183,718	183,718
Landfill care	—	—	—	—	—	5,184,987	5,184,987
Cemetery care	—	—	—	—	—	1,308,916	1,308,916
Assigned							
Parks and recreation	—	—	—	—	—	4,827,596	4,827,596
Economic development	—	—	—	—	—	333,252	333,252
Other capital projects	—	—	—	—	—	255,243	255,243
Other purposes	—	—	—	—	—	504,503	504,503
Unassigned	21,591,323	—	—	(3,713,110)	(5,402,421)	(1,109,955)	11,365,837
Total Fund Balances	26,759,149	9,636,552	28,579,264	(3,713,110)	(5,402,421)	27,092,958	82,952,392
Total Liabilities, Deferred Inflows And Fund Balances	\$ 30,824,237	\$ 10,304,242	\$ 29,704,656	\$ 118,999	\$ 74,464	\$ 30,556,191	\$ 101,582,789

CITY OF LEE'S SUMMIT, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2017

Total Fund Balance - Governmental Funds \$ 82,952,392

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	667,483,514
Less: Accumulated depreciation	(158,666,456)

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.

9,990,343

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.

1,771,139

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.

10,236,042

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.

(1,686,714)

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

(633,015)

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

18,495,624

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

Compensated absences	(4,450,813)
Bonds payable	(59,221,500)
Unamortized discounts	430,895
Unamortized premiums	(3,053,231)
Deferred amount on refunding	88,160
Other post employment benefit liability	(2,328,096)

Total Net Position - Governmental Activities \$ 561,408,284

CITY OF LEE'S SUMMIT, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2017**

	General Fund	Debt Service	Capital Improve- ment Sales Tax	Blue Parkway And Colbern Road CID	Todd George 50 HWY TIF	Other Govern- mental Funds	Total Govern- mental Funds
Revenues							
Taxes							
Property	\$ 20,288,004	\$ 8,654,745	\$ —	\$ —	\$ 1,221,550	\$ 6,556,161	\$ 36,720,460
Sales	15,582,207	3,694,833	7,790,055	10	412,102	9,388,464	36,867,671
Franchise	12,941,800	—	—	—	—	—	12,941,800
License	—	—	—	—	—	1,441,417	1,441,417
Bed	—	—	—	—	—	443,399	443,399
Motor vehicle	3,663,028	—	—	—	—	—	3,663,028
Other tax	332,015	14,460	—	—	—	4,951	351,426
Fines and forfeitures	1,308,666	47,420	—	—	—	24,311	1,380,397
Licenses and permits	2,691,658	—	—	—	—	—	2,691,658
Intergovernmental	1,163,681	—	5,137,078	—	92,227	936,589	7,329,575
Charges for services	6,244,366	—	—	—	1,484	3,070,066	9,315,916
Investment earnings	92,659	55,110	95,361	39	—	131,007	374,176
Other	1,851,723	—	26,995	—	—	584,546	2,463,264
Total Revenues	66,159,807	12,466,568	13,049,489	49	1,727,363	22,580,911	115,984,187
Expenditures							
Current							
General government	13,785,272	—	—	—	—	1,477,382	15,262,654
Public safety	37,477,223	—	—	—	—	—	37,477,223
Public works and streets	10,192,055	—	—	—	—	—	10,192,055
Community development	3,479,519	—	—	—	—	—	3,479,519
Parks and recreation	—	—	—	—	—	6,589,288	6,589,288
Debt service							
Principal	—	8,971,500	—	—	—	2,350,000	11,321,500
Interest and other charges	—	1,855,868	—	131	—	1,141,279	2,997,278
Capital outlay	—	—	13,929,276	15,773	1,115,494	19,499,233	34,559,776
Total Expenditures	64,934,069	10,827,368	13,929,276	15,904	1,115,494	31,057,182	121,879,293
Excess (Deficiency) Of							
Revenues Over							
Expenditures	1,225,738	1,639,200	(879,787)	(15,855)	611,869	(8,476,271)	(5,895,106)
Other Financing Sources (Uses)							
Transfers in	1,008,788	—	—	—	—	518,818	1,527,606
Transfers out	(914,705)	(175,000)	—	—	—	(309,353)	(1,399,058)
Total Other Financing Sources (Uses)	94,083	(175,000)	—	—	—	209,465	128,548
Net Change In Fund Balances	1,319,821	1,464,200	(879,787)	(15,855)	611,869	(8,266,806)	(5,766,558)
Fund Balances - Beginning	25,439,328	8,172,352	29,459,051	(3,697,255)	(6,014,290)	35,359,764	88,718,950
Fund Balances - Ending	\$ 26,759,149	\$ 9,636,552	\$ 28,579,264	\$ (3,713,110)	\$ (5,402,421)	\$ 27,092,958	\$ 82,952,392

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, 2017

Net Change In Fund Balances - Total Governmental Funds \$ (5,766,558)

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 \$14,076,044 in the current period was exceeded by capital outlays over the capitalization threshold totaling \$25,107,133. 11,031,089

Contributions of capital assets are recorded as capital contributions in the statement of activities. Contributions primarily represent infrastructure assets. 18,732,670

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. (7,420)

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:

Repayment of principal	11,321,500
Bond discount amortization	(33,576)
Bond premium amortization	557,053
Deferred amount on refunding	(14,694)
Accrued interest	(29,192)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Other post-employment benefits	(227,097)
Compensated absences	(516,755)
Pension expense	(3,280,058)

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. 674,363

Change In Net Position Of Governmental Activities \$ 32,441,325

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF NET POSITION - PROPRIETARY FUNDS June 30, 2017

	Enterprise Funds					
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total	Internal Service Funds
Assets						
Current assets						
Cash and investments	\$ 45,836,755	\$ 5,153,523	\$ 27,558	\$ 362,133	\$ 51,379,969	\$ 9,639,476
Receivables (net of allowance)						
Accounts and other	2,304,483	168,349	100,978	—	2,573,810	19,717
Unbilled accounts	2,303,404	—	—	—	2,303,404	—
Interest	115,625	18,036	5,243	724	139,628	21,455
Due from other funds	7,386,315	—	—	—	7,386,315	—
Due from other governments	—	—	7,162,050	—	7,162,050	—
Inventories	421,821	—	39,023	—	460,844	160,565
Prepaid expenses	—	—	2,291	—	2,291	5,676
Other assets	6,076	—	—	—	6,076	—
Total current assets	58,374,479	5,339,908	7,337,143	362,857	71,414,387	9,846,889
Noncurrent assets						
Pension asset	525,557	77,858	42,522	—	645,937	328,246
Capital assets						
Nondepreciable	50,628,496	159,542	43,544,231	—	94,332,269	104,250
Depreciable, net	149,570,400	4,483,362	12,595,913	197,408	166,847,083	10,039,988
Total noncurrent assets	200,724,453	4,720,762	56,182,666	197,408	261,825,289	10,472,484
Total Assets	259,098,932	10,060,670	63,519,809	560,265	333,239,676	20,319,373
Deferred Outflows Of Resources						
Pension	386,420	57,246	31,265	—	474,931	241,346
Deferred amount of refunding	125,712	—	—	—	125,712	—
Total Deferred Outflows Of Resources	512,132	57,246	31,265	—	600,643	241,346
Liabilities						
Current liabilities						
Accounts payable	5,079,336	18,047	3,170,567	37,646	8,305,596	1,145,874
Salaries payable	120,371	2,889	13,568	52,837	189,665	515,794
Accrued interest payable	—	—	35,989	—	35,989	—
Due to other funds	—	—	10,474,466	—	10,474,466	—
Unearned revenue	—	—	25,906	—	25,906	—
Compensated absences	9,911	—	1,090	1,560	12,561	9,100
Current portion of long-term debt - bonds	950,000	—	—	—	950,000	—
Payable from restricted assets						
Customer deposit	167,699	—	50,393	—	218,092	—
Total current liabilities	6,327,317	20,936	13,771,979	92,043	20,212,275	1,670,768
Noncurrent liabilities						
Revenue bonds	2,657,993	—	—	—	2,657,993	—
Compensated absences	208,785	9,550	27,794	21,294	267,423	182,406
Closure and post-closure liability	—	9,676,300	—	—	9,676,300	—
Other post-employment benefits	236,439	35,027	19,130	—	290,596	147,672
Total noncurrent liabilities	3,103,217	9,720,877	46,924	21,294	12,892,312	330,078
Total Liabilities	9,430,534	9,741,813	13,818,903	113,337	33,104,587	2,000,846
Deferred Inflows Of Resources -						
Pension	102,870	15,240	8,323	—	126,433	64,249
Net Position						
Net investment in capital assets	196,733,896	4,642,904	56,140,144	197,408	257,714,352	10,144,238
Restricted for debt service	794,000	—	—	—	794,000	—
Restricted for capital projects	35,368,982	65,000	—	—	35,433,982	—
Restricted for pension	809,107	119,864	65,464	—	994,435	505,343
Unrestricted	16,371,675	(4,466,905)	(6,481,760)	249,520	5,672,530	7,846,043
Total Net Position	\$ 250,077,660	\$ 360,863	\$ 49,723,848	\$ 446,928	\$ 300,609,299	\$ 18,495,624

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS For The Year Ended June 30, 2017

	Enterprise Funds						Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total		
Operating Revenues							
Charges for services	\$ 38,453,841	\$ —	\$ 662,810	\$ 1,103,436	\$ 40,220,087	\$ 9,496,413	
Material and fuel sales	281,018	—	583,580	—	864,598	—	
Intergovernmental	—	—	6,578,141	—	6,578,141	—	
Other	237,527	1,090,356	47,094	183,607	1,558,584	3,434,923	
Total Operating Revenues	38,972,386	1,090,356	7,871,625	1,287,043	49,221,410	12,931,336	
Operating Expenses							
Salaries, wages and employee benefits	3,982,429	77,524	407,578	699,994	5,167,525	3,530,269	
Water purchases	8,496,023	—	—	—	8,496,023	—	
Utilities	561,679	—	57,083	66,973	685,735	292,142	
Repairs and maintenance	606,456	118,893	137,583	19,924	882,856	800,179	
Sewer services	7,627,729	—	—	—	7,627,729	—	
Fuels and lubricants	62,743	792	406,694	—	470,229	3,282	
Depreciation	4,277,150	66,519	574,903	52,626	4,971,198	2,094,860	
Interdepartment charges	684,704	—	77,004	22,357	784,065	513,717	
Miscellaneous	2,762,584	80,026	195,916	455,947	3,494,473	5,830,772	
Total Operating Expenses	29,061,497	343,754	1,856,761	1,317,821	32,579,833	13,065,221	
Operating Income (Loss)	9,910,889	746,602	6,014,864	(30,778)	16,641,577	(133,885)	
Nonoperating Revenues (Expenses)							
Interest income	213,306	20,124	9,062	—	242,492	43,493	
Interest expense	(87,245)	—	(106,822)	(5,453)	(199,520)	—	
Gain on disposal of capital assets	—	—	—	—	—	265,364	
Total Nonoperating Revenues (Expenses)	126,061	20,124	(97,760)	(5,453)	42,972	308,857	
Income Before Contributions And Transfers	10,036,950	766,726	5,917,104	(36,231)	16,684,549	174,972	
Capital Grants And Contributions Transfers In	1,636,336	—	4,008,446	—	5,644,782	—	
Transfers In	—	—	523,735	57,958	581,693	499,391	
Transfers Out	(954,438)	(175,000)	(76,696)	(3,498)	(1,209,632)	—	
Change In Net Position	10,718,848	591,726	10,372,589	18,229	21,701,392	674,363	
Total Net Position - Beginning	239,358,812	(230,863)	39,351,259	428,699	278,907,907	17,821,261	
Total Net Position - Ending	\$ 250,077,660	\$ 360,863	\$ 49,723,848	\$ 446,928	\$ 300,609,299	\$ 18,495,624	

CITY OF LEE'S SUMMIT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2017

	Enterprise Funds						Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total		
Cash Flows From Operating Activities							
Cash received from customers	\$ 38,997,079	\$ 1,052,943	\$ 7,891,914	\$ 1,287,043	\$ 49,228,979	\$ 12,945,125	
Cash paid to suppliers	(18,242,030)	(614,294)	914,532	(553,531)	(18,495,323)	(7,163,084)	
Cash paid to employees	(3,833,131)	(99,621)	(392,037)	(703,238)	(5,028,027)	(3,434,294)	
Cash received for interdepartment charges	—	—	1,909,576	—	1,909,576	—	
Cash paid for interdepartment charges	(684,704)	—	—	(22,357)	(707,061)	—	
Net Cash Provided By Operating Activities	16,237,214	339,028	10,323,985	7,917	26,908,144	2,347,747	
Cash Flows From Noncapital Financing Activities							
Transfers in	—	—	523,735	57,958	581,693	499,391	
Transfers out	(954,438)	(175,000)	(76,696)	(3,498)	(1,209,632)	—	
Net Cash Provided By (Used In) Noncapital Financing Activities	(954,438)	(175,000)	447,039	54,460	(627,939)	499,391	
Cash Flows From Capital And Related Financing Activities							
Principal payments on long-term debt	(925,000)	—	—	—	(925,000)	—	
Interest paid on long-term debt obligations	(91,565)	—	(94,260)	(5,453)	(191,278)	—	
Additions to capital assets	(12,070,289)	(72,689)	(10,761,091)	(5,452)	(22,909,521)	(3,382,554)	
Proceeds from sale of capital assets	—	—	—	—	—	348,607	
Net Cash Used In Capital And Related Financing Activities	(13,086,854)	(72,689)	(10,855,351)	(10,905)	(24,025,799)	(3,033,947)	
Cash Flows Provided By Investing Activities							
Interest received	187,009	18,782	10,451	89	216,331	40,907	
Net Increase (Decrease) In Cash And Cash Equivalents	2,382,931	110,121	(73,876)	51,561	2,470,737	(145,902)	
Cash And Cash Equivalents - Beginning Of Year	43,453,824	5,043,402	101,434	310,572	48,909,232	9,785,378	
Cash And Cash Equivalents - End Of Year	\$ 45,836,755	\$ 5,153,523	\$ 27,558	\$ 362,133	\$ 51,379,969	\$ 9,639,476	
Operating income (loss)	\$ 9,910,889	\$ 746,602	\$ 6,014,864	\$ (30,778)	\$ 16,641,577	\$ (133,885)	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation and amortization	4,277,150	66,519	574,903	52,626	4,971,198	2,094,860	
Changes in assets and liabilities:							
Increase in inventories	(80,767)	—	(8,763)	—	(89,530)	(10,844)	
(Increase) decrease in accounts receivable	(85,761)	(37,413)	8,298	—	(114,876)	13,789	
Increase in due from other funds	(568,040)	—	—	—	(568,040)	—	
Decrease in unbilled revenue	114,404	—	—	—	114,404	—	
Decrease in prepaid expenses	—	—	1,105	—	1,105	557	
Increase in other assets	(355)	—	—	—	(355)	—	
Decrease in pension related assets, outflows and inflows	123,719	31,111	11,976	—	166,806	76,564	
Increase (decrease) in accounts payable	2,524,346	(40,991)	1,719,466	(10,687)	4,192,134	287,295	
Increase (decrease) in salaries and wages payable	(12,209)	(595)	(824)	6,426	(7,202)	(16,547)	
Increase in due to other funds	—	—	1,986,580	—	1,986,580	—	
Increase (decrease) in customer deposits	(3,950)	—	11,991	—	8,041	—	
Decrease in accrued landfill closure/postclosure care costs	—	(373,592)	—	—	(373,592)	—	
Increase in other post employment benefits	27,704	1,244	1,802	—	30,750	17,461	
Increase (decrease) in accrued compensated absences	10,084	(53,857)	2,587	(9,670)	(50,856)	18,497	
Total adjustments	6,326,325	(407,574)	4,309,121	38,695	10,266,567	2,481,632	
Net Cash Provided By Operating Activities	\$ 16,237,214	\$ 339,028	\$ 10,323,985	\$ 7,917	\$ 26,908,144	\$ 2,347,747	

Supplemental Disclosure Of Cash Flow Information

The City has the following noncash transactions: \$1,636,336 in water and sewer lines were contributed during fiscal year 2017 and \$4,008,446 relates to accounts receivable on capital grants for the Airport.

CITY OF LEE'S SUMMIT, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

1. Summary Of Significant Accounting Policies

The City of Lee's Summit, Missouri (the City) was incorporated in 1868 and covers an area of approximately 64 square miles in Jackson and Cass Counties, Missouri. Lee's Summit is a charter city operating under an elected Mayor-City Council form of government. The City Manager is the chief administrative officer of the City. The City provides services to more than 95,973 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Basis Of Presentation

The City's basic financial statements include both the government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major and, in the aggregate, nonmajor funds).

Government-Wide Financial Statements: The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. As a general rule, interfund activity has been eliminated from these statements to minimize the duplication of internal activities, with the exception of interfund services provided and used. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services to external parties for support.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Following the government-wide financial statements are separate fund financial statements for the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds in their respective categories.

Since the accounting differs significantly between the governmental funds and the governmental activities of the government-wide financial statements, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances identifying categories that required conversion from the fund statements.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. There are two categories of funds used by the City, governmental and proprietary.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Governmental Funds: Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income. The following are the City's major governmental funds:

General Fund - This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service - This fund accounts for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on long-term obligations other than obligations payable from the operations of Proprietary Fund Types.

Capital Improvement Sales Tax - Established to account for construction of road projects related to the renewal of a 1/2 - cent sales tax by the voters in 2007.

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

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

The other governmental funds of the City are considered nonmajor. They are special revenue and capital project funds, which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

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

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

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

The City reports the following nonmajor enterprise and internal service fund types:

Recreation Center - Established to account for all assets, liabilities, revenues and expenses related to the operation of the City-owned recreation center at Harris Park.

Internal Service Funds - These funds account for the costs of the Central Vehicles, Information Technology Services, Self-Insurance Funds and the Building and Equipment Replacement Fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Measurement Focus

Government-Wide Financial Statements: The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of the City are included on the statement of net position.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, certain deferred outflows, current liabilities and certain deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis Of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange And Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. For the City, available means expected to be received within 60 days of year end.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales taxes, franchise taxes, interest, grants and rentals.

Expenses/Expenditures

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Cash, Cash Equivalents And Investments

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

Investments for the City are reported at fair value.

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.

Property Tax Revenue Recognition

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

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

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

General	\$ 0.9093
Park board	0.1608
Debt service	<u>0.4697</u>
Total tax levy	<u><u>\$ 1.5398</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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year ended June 30, 2017.

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

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

Deferred Outflows Of Resources

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

Compensated Absences

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

Long-Term Obligations

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Deferred Inflows Of Resources

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

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

Unbilled Revenue

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

Interfund And Related Party Transactions

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

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

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

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

Net Position

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

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

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

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

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

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures and long-term receivables, not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

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

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

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

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Fund Balance Classification Policies and Procedures

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

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

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

Capital Contributions

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

Pensions

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

Use Of Estimates

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

2. Deposits And Investments

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

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

Interest Rate Risk

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

The carrying amounts or fair values and the maturities of the City's investments at June 30, 2017 are as follows:

	Carrying Amount Or Fair Value	Less Than 1 Year	1 To 5 Years
Certificates of deposit	\$ 6,197,000	\$ 6,197,000	\$ —
U.S. Treasury securities	113,667,884	25,954,302	87,713,582
Municipal bonds	2,272,304	2,272,304	—
Repurchase agreements	9,304,921	9,304,921	—
Money market funds	3,329,386	3,329,386	—
	<u>134,771,495</u>	<u>\$ 47,057,913</u>	<u>\$ 87,713,582</u>
Unrestricted cash deposits per books	2,276,501		
Cash and investments per statement of net position	<u>\$ 137,047,996</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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City has the following recurring fair value measurements as of June 30, 2017:

- U.S. Treasury obligations of \$113,667,884 valued using quoted market prices (Level 1 inputs)
- Municipal Bonds of \$2,272,304 valued using a matrix pricing model (Level 2 inputs)
- Repurchase agreements of \$9,304,921 valued using a matrix pricing model (Level 2 inputs)
- Certificates of deposit of \$6,197,000 and money market funds of \$3,329,386 at June 30, 2017, classified as investments by the City for financial reporting purposes, are valued at amortized cost.

Custodial Credit Risk

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

The City's policy requires all deposits placed in financial institutions to be at least 105% collateralized with securities that are acceptable to the Finance Director of the City and in accordance with state statutes. As of June 30, 2017, the City's deposits were properly collateralized.

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All trades, where applicable, will be executed by delivery vs. payment to ensure that fixed income securities are deposited in eligible financial institutions prior to the release of funds. All fixed income securities are perfected in the name, or for the account of the City, and are held by a third-party custodian as evidenced by safekeeping receipts. All of the City's investments in repurchase agreements are held by the investment's counterparty, not in the name of the City.

Credit Risk

Credit risk is the risk that the City will not recover its investment due to the ability of the counterparty to fulfill their obligation. The City minimizes credit risk by prequalifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

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

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

	Carrying Amount					
	Or Fair Value	AAA/Aaa	AA/Aa	A/A	SP1	Unrated
Certificates of deposit	\$ 6,197,000	\$ —	\$ —	\$ —	\$ —	\$ 6,197,000
U.S. Treasury securities*	113,667,884	113,667,884	—	—	—	—
Municipal bonds	2,272,304	—	1,646,848	625,456	—	—
Repurchase agreements	9,304,921	9,304,921	—	—	—	—
Money market funds	3,329,386	—	—	—	—	3,329,386
Total	\$ 134,771,495	\$ 122,972,805	\$ 1,646,848	\$ 625,456	\$ —	\$ 9,526,386

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

Concentration Risk

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

Investment Type	Minimum Allocation	Maximum Allocation
General time deposits	—	30%
U.S. Treasury Securities having principal and interest guaranteed by the U.S. government	15%	100%
U.S. government agencies and governmental sponsored enterprises	—	75%
U.S. government agency callable securities	—	15%
Missouri/Kansas state or municipal debt	—	25%

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

Issuer	Investment Type	Reported Amount
Repurchase agreements	***	\$ 9,304,921

*** Represents collateralized repurchase agreements that are backed by collateral comprised of U.S. agency securities.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

Restricted Cash And Investments

During fiscal year 2012, the City entered into an escrow agreement with the Unity School of Christianity totaling \$3,832,075 to be spent on public improvements within the 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, 2017, \$118,999 of this amount remained in the escrow account. This amount is restricted and can only be used for construction expenses related to Unity Village property public improvements.

3. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Governmental Activities			
	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Nondepreciable capital assets:				
Land	\$ 7,857,966	\$ —	\$ —	\$ 7,857,966
Construction in progress	77,102,148	24,581,529	216,654	101,467,023
Total nondepreciable capital assets	84,960,114	24,581,529	216,654	109,324,989
Depreciable capital assets:				
Buildings	64,703,729	—	—	64,703,729
Improvement other than buildings	48,086,989	842,778	47,749	48,882,018
Furniture, fixtures and equipment	32,906,043	3,329,784	2,129,450	34,106,377
Infrastructure	420,034,755	18,732,670	—	438,767,425
Total depreciable capital assets	565,731,516	22,905,232	2,177,199	586,459,549
Less: Accumulated depreciation				
Buildings	27,454,299	2,479,863	—	29,934,162
Improvement other than buildings	18,159,349	2,707,962	—	20,867,311
Furniture, fixtures and equipment	23,823,973	2,243,135	2,046,207	24,020,901
Infrastructure	93,260,925	8,739,943	—	102,000,868
Total accumulated depreciation	162,698,544	16,170,903	2,046,207	176,823,242
Total depreciable capital assets, net	403,032,972	6,734,329	130,992	409,636,307
Total governmental activities capital assets, net	\$ 487,993,086	\$ 31,315,858	\$ 347,646	\$ 518,961,296

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Depreciation expense was charged to functions as follows:

General government	\$ 864,246
Public safety	1,020,995
Public works and streets	9,005,691
Parks and recreation	3,185,111
Capital assets held by the government's Internal Service Funds charged to the various functions based on their usage of the assets	2,094,860
	\$ 16,170,903

Business-Type Activities

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Nondepreciable capital assets:				
Land	\$ 19,625,415	\$ —	\$ —	\$ 19,625,415
Construction in progress	53,305,866	21,400,988	—	74,706,854
Total nondepreciable capital assets	72,931,281	21,400,988	—	94,332,269
Depreciable capital assets:				
Structures and improvements	263,562,343	3,144,869	—	266,707,212
Furniture, fixtures and equipment	3,501,160	—	—	3,501,160
Total depreciable capital assets	267,063,503	3,144,869	—	270,208,372
Less: Accumulated depreciation				
Structures and improvements	95,323,018	4,865,159	—	100,188,177
Furniture, fixtures and equipment	3,067,073	106,039	—	3,173,112
Total accumulated depreciation	98,390,091	4,971,198	—	103,361,289
Total depreciable capital assets, net	168,673,412	(1,826,329)	—	166,847,083
Total business-type activities capital assets, net	\$ 241,604,693	\$ 19,574,659	\$ —	\$ 261,179,352

Depreciation expense was charged to functions as follows:

Combined waterworks and sewerage system	\$ 4,277,150
Sanitary landfill	66,519
Airport	574,903
Nonmajor enterprise funds	52,626
	\$ 4,971,198

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

4. Long-Term Obligations

Debt payable at June 30, 2017 is composed of the following:

	Interest Rates	Maturity Date	Balance
Governmental Activities			
General obligation bonds:			
Improvement bonds - 2011	3.00	4/1/2017	\$ —
Improvement bonds - 2013A	2.00 - 3.00	4/1/2028	19,040,000
Refunding (2003) - 2013	3.00 - 4.00	4/1/2023	8,565,000
Improvement bonds - 2013C	2.00 - 5.00	4/1/2021	2,700,000
Improvement bonds 2015A	2.00 - 5.00	4/1/2019	1,475,000
Improvement bonds 2016A	1.75 - 5.00	4/1/2029	10,200,000
Total general obligation bonds			<u>\$ 41,980,000</u>
Lease financing debt	1.35	7/1/2018	<u>\$ 2,511,500</u>
TIF bonds:			
Summit fair - 2011	5.625 - 7.25	4/1/2030	<u>\$ 14,730,000</u>
Business-Type Activities			
Combined Waterworks and Sewerage Fund:			
Revenue bonds:			
Waterworks - 2012	1.00 - 2.00	7/1/2021	<u>\$ 3,465,000</u>

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2017:

Governmental Activities	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
General obligation bonds	\$ 48,550,000	\$ —	\$ (6,570,000)	\$ 41,980,000	\$ 5,345,000
Add: Bond premium	3,610,284	—	(557,053)	3,053,231	—
Total general obligation bonds	52,160,284	—	(7,127,053)	45,033,231	5,345,000
Lease financing debt	4,913,000	—	(2,401,500)	2,511,500	2,511,500
TIF bonds	17,080,000	—	(2,350,000)	14,730,000	—
Less: Bond discount	(464,471)	—	33,576	(430,895)	—
Total TIF bonds	16,615,529	—	(2,316,424)	14,299,105	—
Accrued compensated absences	4,107,067	809,782	(274,530)	4,642,319	179,199
Other post employment benefits	2,231,210	429,558	(185,000)	2,475,768	—
Total governmental activities long-term obligations	<u>\$ 80,027,090</u>	<u>\$ 1,239,340</u>	<u>\$ (12,304,507)</u>	<u>\$ 68,961,923</u>	<u>\$ 8,035,699</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The total long-term liabilities of \$68,961,923 consist of compensated absences and other post-employment benefits of \$191,506 and \$147,672, respectively, related to Internal Service Funds, while the remaining amount of \$68,622,745 is a reconciling item of the Governmental Funds balance sheet to the statement of net position. Compensated absences are primarily liquidated by the General Fund.

Business-Type Activities	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Combined waterworks and sewerage system fund					
Revenue bonds	\$ 4,390,000	\$ —	\$ (925,000)	\$ 3,465,000	\$ 950,000
Add: Bond premium	178,741	—	(35,748)	142,993	—
Total revenue bonds	4,568,741	—	(960,748)	3,607,993	950,000
Compensated absences	208,612	36,991	(26,907)	218,696	9,911
Other post employment benefits	208,735	27,704	—	236,439	—
Total waterworks and sewerage fund	4,986,088	64,695	(987,655)	4,063,128	959,911
Sanitary landfill fund					
Landfill closure/post closure care	10,049,892	—	(373,592)	9,676,300	—
Compensated absences	63,407	—	(53,857)	9,550	—
Other post employment benefits	33,783	1,244	—	35,027	—
Total sanitary landfill fund	10,147,082	1,244	(427,449)	9,720,877	—
Airport fund					
Compensated absences	26,297	3,853	(1,266)	28,884	1,090
Other post employment benefits	17,328	1,802	—	19,130	—
Total airport fund	43,625	5,655	(1,266)	48,014	1,090
Nonmajor enterprise fund:					
Compensated absences	32,524	(8,214)	(1,456)	22,854	1,560
Total business-type activities long-term obligations	\$ 15,209,319	\$ 63,380	\$ (1,417,826)	\$ 13,854,873	\$ 962,561

Debt service requirements on long-term debt at June 30, 2017 are as follows:

Year	General Obligation Bonds		Governmental Activities Lease Purchase Financing		TIF Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 5,345,000	\$ 1,387,300	\$ 2,511,500	\$ 16,953	\$ —	\$ 1,004,303
2019	5,490,000	1,185,300	—	—	—	1,004,303
2020	3,940,000	959,200	—	—	—	1,004,303
2021	3,380,000	819,600	—	—	—	1,004,303
2022	2,980,000	700,200	—	—	105,000	1,001,350
2023 - 2027	16,420,000	2,055,150	—	—	6,145,000	4,427,712
2028 - 2029	4,425,000	147,750	—	—	8,480,000	1,314,788
	\$ 41,980,000	\$ 7,254,500	\$ 2,511,500	\$ 16,953	\$ 14,730,000	\$ 10,761,062

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Enterprise Funds Combined Waterworks And Sewerage System Revenue Bonds		
Year	Principal	Interest
2018	\$ 950,000	\$ 69,300
2019	980,000	50,300
2020	995,000	30,700
2021	540,000	10,800
	\$ 3,465,000	\$ 161,100

Tax Increment Revenue Bonds (TIF) - Series 2001 And 2011

The tax increment revenue bonds were issued to finance the cost of certain public improvements in the Summit Woods Crossing and Summit Fair redevelopment area. The debt service on these issues is paid solely from Payments in Lieu of Taxes (PILOTS), economic activity tax revenues, special assessments and monies on deposit in the Debt Service Reserve Fund.

General Obligation Debt Margin

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "city purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or sanitary or storm sewer systems and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation of taxable property.

At January 1, 2017, the constitutionally imposed total general obligation debt limit was \$361,635,661, which after reduction for authorized general obligation bonds net of available resources in the Debt Service Fund, provides a general obligation debt margin of \$308,334,550.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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, 2017. The City is also in compliance with minimum net revenue covenants (as defined in the indenture) at June 30, 2017.

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	\$ 671,894	\$ —
Combined waterworks and sewage system	76,938	—
Sanitary landfill	208,311	—
Airport	52,632	50,000
	\$ 1,009,775	\$ 50,000

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

6. Interfund Receivables, Payables And Transfers

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 157,700
General fund	Todd George/50 Hwy TIF	1,199,000
General fund	Airport	3,900,626
Capital improvement sales tax	Nonmajor governmental	145,500
Capital improvement sales tax	Todd George/50 Hwy TIF	1,635,000
Capital improvement sales tax	Airport	2,528,400
Nonmajor governmental	Blue Parkway/Colbern CID	3,340,000
Combined waterworks and sewerage system	Nonmajor governmental	232,800
Combined waterworks and sewerage system	Todd George/50 Hwy TIF	2,616,000
Combined waterworks and sewerage system	Blue Parkway/Colbern CID	492,075
Combined waterworks and sewerage system	Airport	4,045,440
Total		\$ 20,292,541

The \$3,900,626 payable from the Airport Fund to the General Fund represents funds that were provided to the Airport to decrease borrowings to outside parties and to fund operations. This amount is being repaid over the next 10 years. Other payables from the Airport Fund; \$2,528,400 to the Capital Improvements Sales Tax Fund and \$4,045,440 to the Combined Water/Sewer Fund represent an interfund loan approved in 2014 to temporarily fund airport capital expansion during the grant reimbursement process.

The \$3,340,000 and \$492,075 payable from Blue Parkway and Colbern Road CID, respectively, represents funds that were escrowed to fund infrastructure improvements during a voluntary property annexation into City limits. This liability will be repaid with revenues generated by future development.

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

Interfund transfers:

	Transfers To					Total
	General Fund	Nonmajor Governmental	Airport Fund	Nonmajor Enterprise	Internal Service	
Transfers from						
General fund	\$ —	\$ 144,285	\$ 257,467	\$ 57,958	\$ 454,995	\$ 914,705
Debt service fund	—	175,000	—	—	—	175,000
Nonmajor governmental	8,868	21,035	266,268	—	13,182	309,353
Combined waterworks and sewerage system	923,224	—	—	—	31,214	954,438
Sanitary landfill	—	175,000	—	—	—	175,000
Airport	76,696	—	—	—	—	76,696
Nonmajor Enterprise	—	3,498	—	—	—	3,498
	\$ 1,008,788	\$ 518,818	\$ 523,735	\$ 57,958	\$ 499,391	\$ 2,608,690

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, 2017, \$923,224 was transferred from the Combined Waterworks and Sewer System Fund to the General Fund for general and administrative expenses.

7. Employee Retirement Plan

Plan Description

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

Benefits Provided

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

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

Employees Covered By Benefit Terms

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	261
Inactive employees entitled to but not yet receiving benefits	226
Active employees	<u>617</u>
	<u><u>1,104</u></u>

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. Employer contribution rates are 11.2% (general), 13.1% (police) and 11.9% (fire) of annual covered payroll.

Net Pension Liability (Asset)

The employer's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2017.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Actuarial Assumptions

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method:	Entry age normal
Asset Valuation Method:	5 - year smoothed market
Amortization Method:	Level percentage payroll, closed
Inflation:	3.25% 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, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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%

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

Discount Rate

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

Changes In The Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances At June 30, 2016	\$ 177,869,332	\$ 180,328,143	\$ (2,458,811)
Changes For The Year:			
Service cost	4,304,459	—	4,304,459
Interest	12,869,316	—	12,869,316
Changes in benefit terms	—	—	—
Difference between expected and actual experience	(10,067)	—	(10,067)
Changes of assumptions	—	—	—
Contributions - employer	—	4,348,764	(4,348,764)
Contributions - employee	—	90,862	(90,862)
Net investment income (loss)	—	21,474,775	(21,474,775)
Benefit payments, including refunds	(5,040,382)	(5,040,382)	—
Administrative expense	—	(87,751)	87,751
Other changes	—	(157,227)	157,227
Net changes	12,123,326	20,629,041	(8,505,715)
Balances At June 30, 2017	\$ 189,992,658	\$ 200,957,184	\$ (10,964,526)

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

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

	Current Single Discount		
	1% Decrease 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
Net pension liability (asset)	\$ 18,916,958	\$ (10,964,526)	\$ (35,413,177)

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

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

For the year ended June 30, 2017 the City recognized pension expense of \$7,872,192. 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	\$ 1,533,227	\$ (1,877,396)
Changes in assumptions	4,439,455	—
Difference between expected and actual earnings	4,979,637	—
Total	\$ 10,952,319	\$ (1,877,396)

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.

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

Year Ending June 30,	Net Deferred Outflows Of Resources
2018	\$ 3,587,970
2019	3,587,972
2020	1,730,562
2021	(984,456)
2022	326,154
Thereafter	826,721
Total	\$ 9,074,923

8. Other Post-Employment Benefits

Plan Description

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

Retirees who elect to continue coverage in the medical and dental plans offered through the City are required to pay the entire premium amount until the employee becomes eligible for Medicare. Since the retirees pay the premiums each year, the City share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation.

Funding Policy

The City does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group.

Annual OPEB Costs And Net OPEB Obligation

The following table shows the components of the City's annual OPEB cost and net OPEB obligation for the year:

Annual Required Contribution	
Normal costs	\$ 251,597
Amortization of unfunded actuarial accrued liability (Amortization factor 19.03577)	224,559
	<u>476,156</u>
Interest on OPEB obligation	77,551
Adjustment to annual required contribution	<u>(116,399)</u>
Annual OPEB cost	437,308
Expected contribution (related to implicit rate subsidy)	<u>162,000</u>
	275,308
Net OPEB obligation, beginning of year	<u>2,491,056</u>
Net OPEB obligation, end of year	<u>\$ 2,766,364</u>

Schedule Of Employer Contributions

	For The Year Ended June 30,	Annual OPEB Cost	*Percentage Contributed	Net OPEB Obligation
2015	\$	349,426	19%	\$ 2,215,748
2016		437,308	37%	2,491,056
2017		437,308	37%	2,766,364

* Contribution related to implicit rate subsidy

Schedule Of Funding Progress

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

* Annualized pay for actives eligible to participate in the health plan.

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

Actuarial Methods And Assumptions

The population valued is based on a closed group. Only current employees and retirees as of the valuation date are considered; no provision is made for future new hires.

As of the July 1, 2015 actuarial valuation, the liabilities were computed using the projected unit credit method with a 30-year level dollar, open period amortization of the unfunded actuarial accrued liability. The actuarial assumption utilized a 3.5% valuation interest rate (or discount rate) an inflation rate of 2.75% and a healthcare cost trend rate of 6.5% reduced annually to an ultimate rate of 5% after 6 years.

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

9. Litigation And Contingent Liabilities

Legal Matters

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

Self-Insurance

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

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

At June 30, 2017, the City's total estimated liability for payment of incurred but unpaid claims for workers' compensation was \$581,167 and is included in accounts payable in the Workers' Compensation Self-Insurance Fund.

Changes in self-insured claims liability at June 30, 2017 and 2016 were as follows:

Self Insurance (Workers Comp) Table	
Balance - June 30, 2015	\$ 829,342
Add: Current year claims and change in estimate	433,880
Less: Claim payments	<u>512,220</u>
Balance - June 30, 2016	751,002
Add: Current year claims and change in estimate	440,750
Less: Claim payments	<u>610,585</u>
Balance - June 30, 2017	<u><u>\$ 581,167</u></u>

Settled claims have not exceeded insurance coverage in any of the past three years.

10. Closure And Postclosure Care Costs

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$9,676,300 reported as landfill closure and postclosure care liability at June 30, 2017 represents the cumulative estimate of closure and postclosure care costs based on the use of approximately 90.18% of the ultimate capacity of the landfill.

The City will recognize the remaining estimated cost of closure and postclosure care of \$1,053,685 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care valued in 2017 costs. The City expects to close the landfill in the year 2019. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The City has documented its commitment to pay for closure and postclosure costs through the issuance of contracts of obligation with the Department of Natural Resources. These contracts legally bind the City to pay for closure and postclosure costs. As of June 30, 2017, the City had outstanding contracts of obligation for approximately \$10,300,000 that were approved by the Department of Natural Resources subsequent to year end. The City expects that all closure and postclosure care costs, as well as future inflation costs, will be paid from available operating revenues, reserves and interest earnings on cash and short-term investments held in the Sanitary Landfill Fund. However, if these resources are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be recovered through charges to future landfill users.

11. Deficits

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

Blue Parkway and Colbern Road CID	\$	3,713,110
Todd George and 50 Hwy TIF		5,402,421
Special Revenue Funds - Nonmajor Entitlement Fund		114,872
Capital Projects Funds - Nonmajor Longview Farm 2016 TIF		300,000
Public Safty Bonds 2016		<u>695,083</u>
	\$	<u><u>10,225,486</u></u>

12. Municipal Court Traffic Violations Fines And Costs

Missouri House Bill No. 103 amending RSMo Section 302.341.2 became effective on August 28, 2013. The amendment to the statute now requires municipalities to report an accounting of the percent of “annual general operating revenue” from fines and costs for traffic violations. Total fines and court cost revenues for the fiscal year, which includes fines and court costs related to traffic violations, summed to \$1,052,684. This accounts for 1.85% of the City’s total general operating revenues of \$56,900,038 for the year ended June 30, 2017.

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, 2017, the City's tax revenue was diverted through various abatements necessary to incent development within the City totaling an estimated \$6,945,091 under the following programs:

Tax Abatement Program	City Portion Of Taxes Affected	Other Organizations' Portion Of Taxes Affected	Total Taxes Affected By Abatements	Less Other Payments	Net Taxes Affected By Abatements	Percentage Abatement	Amount Of Taxes Abated During The Fiscal Year
Tax increment financing	\$ 1,275,389	\$ 6,020,889	\$ 7,296,278	\$ —	\$ 7,296,278	47.1%	\$ 3,438,510
Section 353 abatement	3,664	20,724	24,389	12,194	12,194	100.0%	12,194
Section 100 projects	783,642	4,431,868	5,215,510	1,807,696	3,407,814	100.0%	3,407,814
LCRA	13,008	73,566	86,573	—	86,573	100.0%	86,573
							<u>\$ 6,945,091</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:

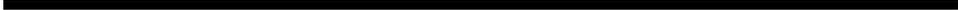
Lee's Summit East TIF - In August 2006, the City approved the tax increment plan for the area commonly known as "Summit Fair." The project area contains approximately 72 acres in an area that is bounded by US Highway 50 on the west, I-470 and Ward Road on the north, Blue Parkway on the east and NW Chipman Road on the south. The estimated value of tax revenue abated during fiscal year 2017 is \$2,451,314 with the City's portion of taxes abated at \$490,487.

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 2017 is \$862,076 with the City's portion of taxes abated at \$178,872.

Cerner Section 100 (2015) - In December 2015, the City approved a Section 100 plan for the industrial development project consisting of (1) the acquisition of the north building and land at 777 NW Blue Parkway, (2) the design and construction of improvements to the utility structure serving the North Building, (3) necessary improvement to the North Building so as to increase the space utilized as a data center by Cerner Corp., (4) associated site work and infrastructure and (5) acquisition and installation of certain machinery and equipment. The estimated value of tax revenue abated during fiscal year 2017 is \$1,562,669 with the City's portion of taxes abated at \$333,226.

14. Subsequent Event

In August 2017, the City issued additional general obligation bonds that have a principal amount of \$14,575,000, with interest ranging between 1.75% and 5% to be repaid through April 1, 2026.



Required Supplementary Information



CITY OF LEE'S SUMMIT, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON INFORMATION - GENERAL FUND
For The Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variances With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 51,700,181	\$ 51,700,181	\$ 52,807,054	\$ 1,106,873
Fees and forfeitures	1,412,986	1,412,986	1,308,666	(104,320)
Licenses and permits	1,786,379	1,786,379	2,691,658	905,279
Intergovernmental	826,253	826,253	1,163,681	337,428
Charges for services	5,271,476	5,271,476	6,244,366	972,890
Investment earnings	64,103	64,103	92,659	28,556
Other	1,544,400	1,544,400	1,851,723	307,323
Total Revenues	62,605,778	62,605,778	66,159,807	3,554,029
Expenditures				
Current				
General government				
Administration	3,381,188	3,570,386	3,351,548	218,838
Finance	8,046,556	8,257,846	8,436,314	(178,468)
Municipal court	841,616	823,952	753,794	70,158
Legal	1,271,229	1,271,229	1,243,616	27,613
Public safety				
Law enforcement	19,584,155	19,693,488	19,880,704	(187,216)
Fire/EMS	16,671,054	17,658,694	17,596,519	62,175
Public works and streets				
Public works/engineering	5,321,876	5,349,703	5,451,999	(102,296)
Street operations	5,018,924	5,085,926	4,740,056	345,870
Community development	535,170	535,170	486,012	49,158
Development Center	3,207,042	3,481,675	2,993,507	488,168
Total Expenditures	63,878,810	65,728,069	64,934,069	794,000
Excess (Deficiency) Of Revenues Over Expenditures	(1,273,032)	(3,122,291)	1,225,738	4,348,029
Other Financing Sources (Uses)				
Transfers in	954,515	954,515	1,008,788	54,273
Transfers out	(568,210)	(951,123)	(914,705)	36,418
Total Other Financing Sources	386,305	3,392	94,083	90,691
Net Change In Fund Balances	(886,727)	(3,118,899)	1,319,821	4,438,720
Fund Balances - Beginning	25,439,328	25,439,328	25,439,328	—
Fund Balances - Ending	\$ 24,552,601	\$ 22,320,429	\$ 26,759,149	\$ 4,438,720

CITY OF LEE'S SUMMIT, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) NOTES TO BUDGETARY COMPARISON INFORMATION For The Year Ended June 30, 2017

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, 2017

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
2008	\$ 4,372,639	\$ 4,372,639	\$ —	\$ 32,354,718	13.51%
2009	4,463,868	4,463,868	—	33,489,930	13.33%
2010	4,347,805	4,347,805	—	34,114,082	12.74%
2011	5,805,293	4,992,660	812,633	36,279,509	13.76%
2012	5,394,938	5,059,758	335,180	34,189,853	14.80%
2013	5,509,368	5,482,466	26,902	34,808,668	15.75%
2014	5,148,222	5,148,222	—	35,306,669	14.58%
2015	4,868,423	4,868,423	—	35,576,862	13.68%
2016	4,146,492	4,146,492	—	35,525,693	11.67%
2017	4,156,827	4,147,466	9,361	37,349,420	11.10%

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

Fiscal Year Ending June 30,	2015	2016	2017
Total Pension Liability			
Service cost	\$ 4,094,113	\$ 4,116,855	\$ 4,304,459
Interest on total pension liability	10,954,647	11,691,666	12,869,316
Changes of benefit terms	—	—	—
Difference between expected and actual experience	318,903	(892,732)	(10,067)
Changes of assumptions	—	6,279,349	—
Benefit payments, including refunds	5,400,300	5,047,211	5,040,382
Net Change In Total Pension Liability	<u>9,994,463</u>	<u>16,147,927</u>	<u>12,123,326</u>
Total Pension Liability - Beginning	<u>151,726,942</u>	<u>161,721,405</u>	<u>177,869,332</u>
Total Pension Liability - Ending (a)	<u>\$ 161,721,405</u>	<u>\$ 177,869,332</u>	<u>\$ 189,992,658</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 4,831,163	\$ 4,153,904	\$ 4,348,764
Contributions - employee	—	—	90,862
Net investment income	3,552,574	(235,139)	21,474,775
Benefit payments, including refunds	5,373,300	5,047,211	5,040,382
Pension plan administrative expense	89,852	84,734	87,751
Other (net transfer)	1,714,993	339,826	(157,227)
Net Change In Plan Fiduciary Net Position	<u>4,635,578</u>	<u>(873,354)</u>	<u>20,629,041</u>
Plan Fiduciary Net Position - Beginning	<u>176,565,920</u>	<u>181,201,498</u>	<u>180,328,143</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 181,201,498</u>	<u>\$ 180,328,144</u>	<u>\$ 200,957,184</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>(19,480,093)</u>	<u>(2,458,812)</u>	<u>(10,964,526)</u>
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	112.05%	101.38%	105.77%
Covered Payroll	\$ 34,283,100	\$ 35,017,663	\$ 36,728,368
Net Pension Liability (Asset) As A Percentage Of Covered Payroll	-56.82%	-7.02%	-29.85%

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

CITY OF LEE'S SUMMIT, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT
BENEFIT OBLIGATIONS
For The Year Ended June 30, 2017**

Other Post Employment Benefit Obligations

Actuarial Valuation Date	(a) Actuarial Value Of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAL As A Percentage Of Covered Payroll
July 1, 2011	\$ —	\$ 3,525,313	\$ 3,525,313	—	\$ 32,106,836	11%
July 1, 2013	—	3,017,998	3,017,998	—	32,130,565	9%
July 1, 2015	—	4,130,100	4,130,100	—	33,762,535	12%

Supplementary Information

Combining And Individual Fund Financial
Statements And Schedules

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Pooled cash and investments	\$ 12,609,334	\$ 12,640,995	\$ 25,250,329
Receivables (net of allowance)			
Taxes	92,405	1,465,548	1,557,953
Accounts and other	38,260	—	38,260
Interest	27,411	11,303	38,714
Due from other funds	—	3,340,000	3,340,000
Due from other governments	123,998	204,017	328,015
Other assets	2,127	793	2,920
Total Assets	\$ 12,893,535	\$ 17,662,656	\$ 30,556,191
Liabilities And Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 252,988	\$ 1,722,277	\$ 1,975,265
Payroll liabilities	144,488	—	144,488
Payable from restricted	619,229	5,000	624,229
Due to other funds	35,000	501,000	536,000
Total Liabilities	1,051,705	2,228,277	3,279,982
Deferred Inflows Of Resources			
Property tax	183,251	—	183,251
Fund Balances			
Restricted			
Bridges, streets and signals	—	8,274,592	8,274,592
Economic development	—	3,890,775	3,890,775
Other capital projects	—	3,439,331	3,439,331
Committed			
Bridges, streets and signals	183,718	—	183,718
Landfill care	5,184,987	—	5,184,987
Cemetary care	1,308,916	—	1,308,916
Assigned			
Parks and recreation	4,258,075	569,521	4,827,596
Economic development	333,252	—	333,252
Other capital projects	—	255,243	255,243
Other purposes	504,503	—	504,503
Unassigned	(114,872)	(995,083)	(1,109,955)
Total Fund Balances	11,658,579	15,434,379	27,092,958
Total Liabilities, Deferred Inflows And Fund Balances	\$ 12,893,535	\$ 17,662,656	\$ 30,556,191

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, 2017**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property	\$ 3,268,274	\$ 3,287,887	\$ 6,556,161
Sales	—	9,388,464	9,388,464
License	—	1,441,417	1,441,417
Bed	443,399	—	443,399
Other tax	4,951	—	4,951
Fines and forfeitures	19,058	5,253	24,311
Intergovernmental	407,301	529,288	936,589
Charges for services	3,039,282	30,784	3,070,066
Investment earnings	50,183	80,824	131,007
Other	584,546	—	584,546
Total Revenues	7,816,994	14,763,917	22,580,911
Expenditures			
Current			
General government	796,036	681,346	1,477,382
Parks and recreation	6,589,288	—	6,589,288
Debt service			
Principal	—	2,350,000	2,350,000
Interest and other charges	—	1,141,279	1,141,279
Capital outlay	—	19,499,233	19,499,233
Total Expenditures	7,385,324	23,671,858	31,057,182
Excess (Deficiency) Of Revenues Over Expenditures	431,670	(8,907,941)	(8,476,271)
Other Financing Sources (Uses)			
Transfers in	426,521	92,297	518,818
Transfers out	(43,085)	(266,268)	(309,353)
Total Other Financing Sources (Uses)	383,436	(173,971)	209,465
Net Change In Fund Balances	815,106	(9,081,912)	(8,266,806)
Fund Balances - Beginning	10,843,473	24,516,291	35,359,764
Fund Balances - Ending	\$ 11,658,579	\$ 15,434,379	\$ 27,092,958

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, 2017**

	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	\$ 4,581,151	\$ 442,047	\$ 2,910	\$ 5,173,861	\$ 1,313,283	\$ 801,213	\$ 294,869	\$ 12,609,334
Receivables (net of allowance)								
Taxes receivable, net	92,405	—	—	—	—	—	—	92,405
Accounts and other	—	392	—	—	—	—	37,868	38,260
Interest	10,691	519	—	11,126	2,826	1,734	515	27,411
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	65,816	58,182	—	—	—	—	123,998
Other assets	2,127	—	—	—	—	—	—	2,127
Total Assets	\$ 4,686,374	\$ 508,774	\$ 61,092	\$ 5,184,987	\$ 1,316,109	\$ 802,947	\$ 333,252	\$ 12,893,535
Liabilities And Fund Balances								
Liabilities								
Accounts payable and accrued liabilities	\$ 102,372	\$ 4,271	\$ 140,964	\$ —	\$ 5,381	\$ —	\$ —	\$ 252,988
Payroll liabilities	142,676	—	—	—	1,812	—	—	144,488
Payable from restricted	—	—	—	—	—	619,229	—	619,229
Due to other funds	—	—	35,000	—	—	—	—	35,000
Total Liabilities	245,048	4,271	175,964	—	7,193	619,229	—	1,051,705
Deferred Inflows Of Resources								
Property tax	183,251	—	—	—	—	—	—	183,251
Fund Balances								
Committed								
Bridges, streets and signals	—	—	—	—	—	183,718	—	183,718
Landfill care	—	—	—	5,184,987	—	—	—	5,184,987
Cemetery care	—	—	—	—	1,308,916	—	—	1,308,916
Assigned								
Parks and recreation	4,258,075	—	—	—	—	—	—	4,258,075
Economic development	—	—	—	—	—	—	333,252	333,252
Other purposes	—	504,503	—	—	—	—	—	504,503
Unassigned	—	—	(114,872)	—	—	—	—	(114,872)
Total Fund Balances	4,258,075	504,503	(114,872)	5,184,987	1,308,916	183,718	333,252	11,658,579
Total Liabilities, Deferred Inflows And Fund Balances	\$ 4,686,374	\$ 508,774	\$ 61,092	\$ 5,184,987	\$ 1,316,109	\$ 802,947	\$ 333,252	\$ 12,893,535

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, 2017**

	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	\$ 3,268,274	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,268,274
Bed	—	—	—	—	—	—	443,399	443,399
Other tax	4,951	—	—	—	—	—	—	4,951
Fines and forfeitures	18,168	—	890	—	—	—	—	19,058
Intergovernmental	—	126,245	281,056	—	—	—	—	407,301
Charges for services	2,941,597	—	—	—	97,685	—	—	3,039,282
Investment earnings	18,434	—	1,110	21,449	5,363	2,957	870	50,183
Other	451,104	—	—	—	133,442	—	—	584,546
Total Revenues	6,702,528	126,245	283,056	21,449	236,490	2,957	444,269	7,816,994
Expenditures								
Current:								
General government	—	31,701	391,460	—	—	1,124	371,751	796,036
Parks and recreation	6,396,383	—	—	—	192,905	—	—	6,589,288
Total Expenditures	6,396,383	31,701	391,460	—	192,905	1,124	371,751	7,385,324
Excess (Deficiency) Of Revenues Over Expenditures	306,145	94,544	(108,404)	21,449	43,585	1,833	72,518	431,670
Other Financing Sources (Uses)								
Transfers in	251,521	—	—	175,000	—	—	—	426,521
Transfers out	(13,182)	—	—	—	(21,035)	—	(8,868)	(43,085)
Total Other Financing Sources (Uses)	238,339	—	—	175,000	(21,035)	—	(8,868)	383,436
Net Change In Fund Balances	544,484	94,544	(108,404)	196,449	22,550	1,833	63,650	815,106
Fund Balances - Beginning	3,713,591	409,959	(6,468)	4,988,538	1,286,366	181,885	269,602	10,843,473
Fund Balances - Ending	\$ 4,258,075	\$ 504,503	\$ (114,872)	\$ 5,184,987	\$ 1,308,916	\$ 183,718	\$ 333,252	\$ 11,658,579

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE**PARK BOARD****For The Year Ended June 30, 2017**

	<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	\$ 3,186,691	\$ 3,186,691	\$ 3,268,274	\$ 81,583
Other tax	2,500	2,500	4,951	2,451
Fines and forfeitures	20,250	20,250	18,168	(2,082)
Charges for services	2,839,429	2,839,429	2,941,597	102,168
Investment earnings	5,900	5,900	18,434	12,534
Other	262,791	262,791	451,104	188,313
Total Revenues	6,317,561	6,317,561	6,702,528	384,967
Expenditures				
Current				
Parks and recreation	6,187,325	6,187,325	6,396,383	(209,058)
Excess Of Revenues Over Expenditures	130,236	130,236	306,145	175,909
Other Financing Sources (Uses)				
Transfers in	295,530	295,530	251,521	(44,009)
Transfers out	(13,182)	(13,182)	(13,182)	—
Total Other Financing Sources (Uses)	282,348	282,348	238,339	(44,009)
Net Change In Fund Balances	412,584	412,584	544,484	131,900
Fund Balances - Beginning	3,713,591	3,713,591	3,713,591	—
Fund Balances - Ending	\$ 4,126,175	\$ 4,126,175	\$ 4,258,075	\$ 131,900

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
VIOLENCE AGAINST WOMEN GRANT
For The Year Ended June 30, 2017**

	<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	\$ 106,684	\$ 106,684	\$ 126,245	\$ 19,561
Expenditures				
Current				
General government	57,000	57,000	31,701	25,300
Net Change In Fund Balances	49,684	49,684	94,544	44,861
Fund Balances - Beginning	409,959	409,959	409,959	—
Fund Balances - Ending	\$ 459,643	\$ 459,643	\$ 504,503	\$ 44,860

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

Road And Bridge Excise Tax - Established to account for road and bridge improvement projects within the City related to an excise tax and a ten year capital improvement sales tax that was approved by voters in 1997.

Ritter Plaza Tax Increment Financing - Established to account for public improvements needed to support new private development in M-291 and Swann Road area.

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

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

Chapel Ridge Tax Increment Financing - Capital projects fund established to account for public improvements needed to support new private development in the I-470 and Woods Chapel Road area.

New Longview Tax Increment Financing 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 - 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.

Tudor Road Improvements - Established to account for costs associated with construction of Tudor Road related to a 2010 general obligation bond issue.

Infrastructure Improvements - Established to account for costs associated with sidewalk rehabilitation and curb replacement related to a 2010 general obligation bond issue.

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

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

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

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 1 Of 2
June 30, 2017**

	Road And Bridge Improve- ment	Road And Bridge Excise Tax	Ritter Plaza TIF	Park Develop- ment	Summit Woods TIF	Chapel Ridge TIF	New Longview TIF	Longview Farm 2016 TIF	I-470 Business Center TIF	Summit Woods East TIF	Public Safety Bonds 2016
Assets											
Pooled cash and investments	\$ 690,589	\$ 3,516,183	\$ 73,607	\$ 573,919	\$ 66,176	\$ 87,992	\$ 296,112	\$ 10,000	\$ 100,034	\$ 3,199,127	\$ 273
Receivables (net of allowance)											
Taxes	1,267,262	—	3,479	—	—	—	13,303	—	25,768	155,736	—
Interest	646	6,709	243	1,945	190	—	495	—	400	9	—
Due from other funds	3,340,000	—	—	—	—	—	—	—	—	—	—
Due from other governments	—	—	26,482	—	—	—	8,475	—	76,339	92,721	—
Other assets	—	—	—	—	—	—	—	—	—	—	—
Total Assets	\$ 5,298,497	\$ 3,522,892	\$ 103,811	\$ 575,864	\$ 66,366	\$ 87,992	\$ 318,385	\$ 10,000	\$ 202,541	\$ 3,447,593	\$ 273
Liabilities And Fund Balances											
Liabilities											
Accounts payable and accrued liabilities	\$ 813,510	\$ —	\$ 7,385	\$ 6,343	\$ 63,055	\$ 438	\$ 3,063	\$ —	\$ 62,352	\$ 19,620	\$ 679,356
Payable from restricted	—	—	—	—	—	—	5,000	—	—	—	—
Accrued interest payable	—	—	—	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	310,000	—	175,000	16,000
Total Liabilities	813,510	—	7,385	6,343	63,055	438	8,063	310,000	62,352	194,620	695,356
Deferred Inflows Of Resources											
Other	—	—	—	—	—	—	—	—	—	—	—
Fund Balances											
Restricted											
Bridges, streets and signals	4,484,987	3,522,892	—	—	—	—	—	—	—	—	—
Economic development	—	—	96,426	—	3,311	87,554	310,322	—	140,189	3,252,973	—
Other capital projects	—	—	—	—	—	—	—	—	—	—	—
Assigned											
Parks and recreation	—	—	—	569,521	—	—	—	—	—	—	—
Other capital projects	—	—	—	—	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	(300,000)	—	—	(695,083)
Total Fund Balances	4,484,987	3,522,892	96,426	569,521	3,311	87,554	310,322	(300,000)	140,189	3,252,973	(695,083)
Total Liabilities, Deferred Inflows And Fund Balances	\$ 5,298,497	\$ 3,522,892	\$ 103,811	\$ 575,864	\$ 66,366	\$ 87,992	\$ 318,385	\$ 10,000	\$ 202,541	\$ 3,447,593	\$ 273

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 2 Of 2
June 30, 2017**

	Storm Water Improvement	US 50 Hwy & Rte 291 South Interchange	ERP System	Tudor Road Improvements	Infrastructure Improvements	Cultural Arts 2013 Bonds	Road Improvements 2013	Public Safety Equipment Replacement	Total Nonmajor Capital Projects Funds
Assets									
Pooled cash and investments	\$ 3,075,033	\$ 266,034	\$ 13,357	\$ —	\$ 641	\$ 430,812	\$ 679	\$ 240,427	\$ 12,640,995
Receivables (net of allowance)									
Taxes	—	—	—	—	—	—	—	—	1,465,548
Interest	—	—	34	—	—	—	—	632	11,303
Due from other funds	—	—	—	—	—	—	—	—	3,340,000
Due from other governments	—	—	—	—	—	—	—	—	204,017
Other assets	—	—	793	—	—	—	—	—	793
Total Assets	\$ 3,075,033	\$ 266,034	\$ 14,184	\$ —	\$ 641	\$ 430,812	\$ 679	\$ 241,059	\$ 17,662,656
Liabilities And Fund Balances									
Liabilities									
Accounts payable and accrued liabilities	\$ 66,514	\$ —	\$ —	\$ —	\$ 641	\$ —	\$ —	\$ —	\$ 1,722,277
Payable from restricted	—	—	—	—	—	—	—	—	5,000
Accrued interest payable	—	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	501,000
Total Liabilities	66,514	—	—	—	641	—	—	—	2,228,277
Deferred Inflows Of Resources									
Other	—	—	—	—	—	—	—	—	—
Fund Balances									
Restricted									
Bridges, streets and signals	—	266,034	—	—	—	—	679	—	8,274,592
Economic development	—	—	—	—	—	—	—	—	3,890,775
Other capital projects	3,008,519	—	—	—	—	430,812	—	—	3,439,331
Assigned									
Parks and recreation	—	—	—	—	—	—	—	—	569,521
Other capital projects	—	—	14,184	—	—	—	—	241,059	255,243
Unassigned	—	—	—	—	—	—	—	—	(995,083)
Total Fund Balances	3,008,519	266,034	14,184	—	—	430,812	679	241,059	15,434,379
Total Liabilities, Deferred Inflows And Fund Balances	\$ 3,075,033	\$ 266,034	\$ 14,184	\$ —	\$ 641	\$ 430,812	\$ 679	\$ 241,059	\$ 17,662,656

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, 2017

	Road And Bridge Improvement	Road And Bridge Excise Tax	Ritter Plaza TIF	Park Develop- ment	Summit Woods TIF	Chapel Ridge TIF	New Longview TIF	Longview Farm 2016 TIF	I-470 Business Center TIF	Summit Woods East TIF	Public Safety Bonds 2016
Revenues											
Taxes											
Property	\$ —	\$ —	\$ 60,453	\$ —	\$ —	\$ 1,050,979	\$ 232,757	\$ —	\$ 528,084	\$ 1,415,614	\$ —
Sales	7,391,179	—	29,938	—	—	366,907	216,882	—	272,032	1,111,526	—
License	—	1,441,417	—	—	—	—	—	—	—	—	—
Fees and fines	—	—	—	—	—	1,290	—	—	3,963	—	—
Intergovernmental	96,488	—	5,045	—	—	106,396	23,984	—	60,253	237,122	—
Charges for services	—	—	149	—	21,661	—	740	—	1,509	6,725	—
Investment earnings	190	12,482	439	4,355	518	4,355	935	—	193	3,728	—
Total Revenues	7,487,857	1,453,899	96,024	4,355	22,179	1,529,927	475,298	—	866,034	2,774,715	—
Expenditures											
General government	—	—	19,257	—	—	—	—	300,000	362,060	—	—
Debt service											
Principal	—	—	—	—	—	—	—	—	—	2,350,000	—
Interest and other charges	—	—	—	—	23,393	—	303	—	—	1,117,467	—
Capital outlay	6,609,143	—	54,576	488,888	—	2,157,664	128,433	—	545,291	43,005	695,083
Total Expenditures	6,609,143	—	73,833	488,888	23,393	2,157,664	128,736	300,000	907,351	3,510,472	695,083
Excess (Deficiency) Of Revenues Over Expenditures	878,714	1,453,899	22,191	(484,533)	(1,214)	(627,737)	346,562	(300,000)	(41,317)	(735,757)	(695,083)
Other Financing Sources											
Transfers in	—	—	—	—	—	—	—	—	—	—	—
Transfers out	(266,268)	—	—	—	—	—	—	—	—	—	—
Total Other Financing Sources	(266,268)	—	—	—	—	—	—	—	—	—	—
Net Change In Fund Balances	612,446	1,453,899	22,191	(484,533)	(1,214)	(627,737)	346,562	(300,000)	(41,317)	(735,757)	(695,083)
Fund Balances - Beginning	3,872,541	2,068,993	74,235	1,054,054	4,525	715,291	(36,240)	—	181,506	3,988,730	—
Fund Balances - Ending	\$ 4,484,987	\$ 3,522,892	\$ 96,426	\$ 569,521	\$ 3,311	\$ 87,554	\$ 310,322	\$ (300,000)	\$ 140,189	\$ 3,252,973	\$ (695,083)

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, 2017

	Storm Water Improvement	US 50 Hwy & Rte 291 South Interchange	ERP System	Tudor Road Improvements	Infrastructure Improvements	Cultural Arts 2013 Bonds	Road Improvements 2013	Public Safety Equipment Replacement	Total Nonmajor Capital Projects Funds
Revenues									
Taxes									
Property	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,287,887
Sales	—	—	—	—	—	—	—	—	9,388,464
License	—	—	—	—	—	—	—	—	1,441,417
Fees and fines	—	—	—	—	—	—	—	—	5,253
Intergovernmental	—	—	—	—	—	—	—	—	529,288
Charges for services	—	—	—	—	—	—	—	—	30,784
Investment earnings	23,692	19,138	65	4,645	2	3,746	1,174	1,167	80,824
Total Revenues	23,692	19,138	65	4,645	2	3,746	1,174	1,167	14,763,917
Expenditures									
General government	29	—	—	—	—	—	—	—	681,346
Debt service									
Principal	—	—	—	—	—	—	—	—	2,350,000
Interest and other charges	—	—	—	—	116	—	—	—	1,141,279
Capital outlay	1,267,576	5,355,268	17,152	1,635,918	12,820	58,368	430,048	—	19,499,233
Total Expenditures	1,267,605	5,355,268	17,152	1,635,918	12,936	58,368	430,048	—	23,671,858
Excess (Deficiency) Of Revenues Over Expenditures	(1,243,913)	(5,336,130)	(17,087)	(1,631,273)	(12,934)	(54,622)	(428,874)	1,167	(8,907,941)
Other Financing Sources (Uses)									
Transfers in	—	—	—	—	—	—	—	92,297	92,297
Transfers out	—	—	—	—	—	—	—	—	(266,268)
Total Other Financing Sources	—	—	—	—	—	—	—	92,297	(173,971)
Net Change In Fund Balances	(1,243,913)	(5,336,130)	(17,087)	(1,631,273)	(12,934)	(54,622)	(428,874)	93,464	(9,081,912)
Fund Balances - Ending	4,252,432	5,602,164	31,271	1,631,273	12,934	485,434	429,553	147,595	24,516,291
Fund Balances - Ending	\$ 3,008,519	\$ 266,034	\$ 14,184	\$ —	\$ —	\$ 430,812	\$ 679	\$ 241,059	\$ 15,434,379

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE**

For The Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 8,071,441	\$ 8,071,441	\$ 8,654,745	\$ 583,304
Sales	3,744,865	3,744,865	3,694,833	(50,032)
Other tax	17,194	17,194	14,460	(2,734)
Fines and forfeitures	41,250	41,250	47,420	6,170
Investment earnings	50,000	50,000	55,110	5,110
Total Revenues	11,924,750	11,924,750	12,466,568	541,818
Expenditures				
Debt service:				
Principal	8,971,500	8,971,500	8,971,500	—
Interest and other charges	1,981,363	1,981,363	1,855,868	125,495
Total Expenditures	10,952,863	10,952,863	10,827,368	125,495
Excess Of Revenues Over Expenditures	971,887	971,887	1,639,200	667,313
Other Financing Sources (Uses)				
Transfers out	(175,000)	(175,000)	(175,000)	—
Net Change In Fund Balances	796,887	796,887	1,464,200	667,313
Fund Balances - Beginning	8,172,352	8,172,352	8,172,352	—
Fund Balances - Ending	\$ 8,969,239	\$ 8,969,239	\$ 9,636,552	\$ 667,313

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, 2017

	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	\$ 1,246,345	\$ 70,935	\$ 205,915	\$ 1,172,584	\$ 3,062,769	\$ 161,024	\$ 2,550,230	\$ 1,169,674	\$ 9,639,476
Receivables (net of allowance accounts and other)	—	—	—	—	—	—	19,717	—	19,717
Interest receivable	2,010	160	1,137	3,119	6,256	287	5,676	2,810	21,455
Inventories	160,523	42	—	—	—	—	—	—	160,565
Prepaid expenses	—	—	—	—	5,676	—	—	—	5,676
Total current assets	1,408,878	71,137	207,052	1,175,703	3,074,701	161,311	2,575,623	1,172,484	9,846,889
Noncurrent assets									
Pension asset	90,826	—	—	—	157,688	—	—	79,732	328,246
Capital assets									
Nondepreciable	104,250	—	—	—	—	—	—	—	104,250
Depreciable, net	8,825,544	—	—	—	151,206	—	—	1,063,238	10,039,988
Total noncurrent assets	9,020,620	—	—	—	308,894	—	—	1,142,970	10,472,484
Total Assets	10,429,498	71,137	207,052	1,175,703	3,383,595	161,311	2,575,623	2,315,454	20,319,373
Deferred Outflows Of Resources - Pension	66,781	—	—	—	115,941	—	—	58,624	241,346
Liabilities									
Current liabilities									
Accounts payable	24,247	8,263	18,999	—	467,180	—	598,194	28,991	1,145,874
Salaries payable	18,192	—	—	421,177	61,370	1,221	—	13,834	515,794
Compensated absences	1,961	—	—	—	5,964	—	—	1,175	9,100
Total current liabilities	44,400	8,263	18,999	421,177	534,514	1,221	598,194	44,000	1,670,768
Noncurrent liabilities									
Compensated absences	39,063	—	—	—	107,245	—	—	36,098	182,406
Other post employment benefits	40,861	—	—	—	70,941	—	—	35,870	147,672
Total noncurrent liabilities	79,924	—	—	—	178,186	—	—	71,968	330,078
Total Liabilities	124,324	8,263	18,999	421,177	712,700	1,221	598,194	115,968	2,000,846
Deferred Inflows Of Resources - Pension	17,778	—	—	—	30,865	—	—	15,606	64,249
Net Position									
Net investment in capital assets	8,929,794	—	—	—	151,206	—	—	1,063,238	10,144,238
Restricted for pension	139,829	—	—	—	242,764	—	—	122,750	505,343
Unrestricted	1,284,554	62,874	188,053	754,526	2,362,001	160,090	1,977,429	1,056,516	7,846,043
Total Net Position	\$ 10,354,177	\$ 62,874	\$ 188,053	\$ 754,526	\$ 2,755,971	\$ 160,090	\$ 1,977,429	\$ 2,242,504	\$ 18,495,624

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, 2017**

	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	\$ 2,419,652	\$ 29,297	\$ 1,051,858	\$ —	\$ 3,713,234	\$ 62,702	\$ 950,699	\$ 1,268,971	\$ 9,496,413
Other	3,249,953	—	134,999	37,695	3,855	—	1,688	6,733	3,434,923
Total Operating Revenues	5,669,605	29,297	1,186,857	37,695	3,717,089	62,702	952,387	1,275,704	12,931,336
Operating Expenses									
Salaries, wages and employee benefits	698,316	—	—	10,850	2,137,871	18,428	—	664,804	3,530,269
Utilities	55,679	—	—	—	—	—	—	236,463	292,142
Repairs and maintenance	23,274	—	—	—	648,396	—	—	128,509	800,179
Fuels and lubricants	1,213	—	—	—	175	—	—	1,894	3,282
Depreciation	1,900,161	—	—	—	86,860	—	—	107,839	2,094,860
Interdepartment charges	115,899	—	—	—	333,014	—	—	64,804	513,717
Miscellaneous	2,780,711	28,145	1,150,614	2,800	1,214,539	—	627,427	26,536	5,830,772
Total Operating Expenses	5,575,253	28,145	1,150,614	13,650	4,420,855	18,428	627,427	1,230,849	13,065,221
Operating Income (Loss)	94,352	1,152	36,243	24,045	(703,766)	44,274	324,960	44,855	(133,885)
Nonoperating Revenue									
Interest income	5,009	361	3,151	3,801	11,186	598	14,496	4,891	43,493
Gain on disposal of capital assets	265,364	—	—	—	—	—	—	—	265,364
Total Nonoperating Revenue	270,373	361	3,151	3,801	11,186	598	14,496	4,891	308,857
Income (Loss) Before Transfers	364,725	1,513	39,394	27,846	(692,580)	44,872	339,456	49,746	174,972
Transfers in	250,000	—	—	—	249,391	—	—	—	499,391
Change In Net Position	614,725	1,513	39,394	27,846	(443,189)	44,872	339,456	49,746	674,363
Total Net Position - Beginning	9,739,452	61,361	148,659	726,680	3,199,160	115,218	1,637,973	2,192,758	17,821,261
Total Net Position - Ending	\$ 10,354,177	\$ 62,874	\$ 188,053	\$ 754,526	\$ 2,755,971	\$ 160,090	\$ 1,977,429	\$ 2,242,504	\$ 18,495,624

CITY OF LEE'S SUMMIT, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2017

	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	\$ 5,669,605	\$ 29,297	\$ 1,186,857	\$ 37,695	\$ 3,717,089	\$ 62,702	\$ 950,306	\$ 1,291,574	\$ 12,945,125
Cash paid to suppliers	(2,976,521)	(25,630)	(1,150,156)	(6,038)	(1,753,809)	—	(786,889)	(464,041)	(7,163,084)
Cash paid to employees	(674,584)	—	—	(10,850)	(2,089,865)	(18,195)	—	(640,800)	(3,434,294)
Net Cash Provided By (Used In) Operating Activities	2,018,500	3,667	36,701	20,807	(126,585)	44,507	163,417	186,733	2,347,747
Cash Flows From Noncapital Financing Activities									
Transfers in	250,000	—	—	—	249,391	—	—	—	499,391
Cash Flows From Capital And Related Financing Activities									
Additions to capital assets	(3,247,104)	—	—	—	(32,192)	—	—	(103,258)	(3,382,554)
Proceeds from sale of capital assets	348,607	—	—	—	—	—	—	—	348,607
Net Cash Used In Capital And Related Financing Activities	(2,898,497)	—	—	—	(32,192)	—	—	(103,258)	(3,033,947)
Cash Flows Provided By Investing Activities									
Interest received	5,637	340	2,431	3,874	10,651	534	13,202	4,238	40,907
Net Increase (Decrease) In Cash And Cash Equivalents	(624,360)	4,007	39,132	24,681	101,265	45,041	176,619	87,713	(145,902)
Cash And Cash Equivalents - Beginning Of Year	1,870,705	66,928	166,783	1,147,903	2,961,504	115,983	2,373,611	1,081,961	9,785,378
Cash And Cash Equivalents - End Of Year	\$ 1,246,345	\$ 70,935	\$ 205,915	\$ 1,172,584	\$ 3,062,769	\$ 161,024	\$ 2,550,230	\$ 1,169,674	\$ 9,639,476
Operating income (loss)	\$ 94,352	\$ 1,152	\$ 36,243	\$ 24,045	\$ (703,766)	\$ 44,274	\$ 324,960	\$ 44,855	\$ (133,885)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation and amortization	1,900,161	—	—	—	86,860	—	—	107,839	2,094,860
Changes in assets and liabilities:									
Increase in inventories	(10,802)	(42)	—	—	—	—	—	—	(10,844)
(Increase) decrease in accounts receivable	—	—	—	—	—	—	(2,081)	15,870	13,789
Decrease in pension related assets, outflow and inflows	25,116	—	—	—	32,448	—	—	19,000	76,564
Increase (decrease) in accounts payable	11,057	2,557	458	(3,238)	441,758	—	(159,462)	(5,835)	287,295
Decrease in prepaid expenses	—	—	—	—	557	—	—	—	557
Decrease in salaries and wages payable	(4,292)	—	—	—	(7,649)	233	—	(4,839)	(16,547)
Increase in other post employment benefits	3,952	—	—	—	9,358	—	—	4,151	17,461
Increase (decrease) in accrued compensated absences	(1,044)	—	—	—	13,849	—	—	5,692	18,497
Total adjustments	1,924,148	2,515	458	(3,238)	577,181	233	(161,543)	141,878	2,481,632
Net Cash Provided By (Used In) Operating Activities	\$ 2,018,500	\$ 3,667	\$ 36,701	\$ 20,807	\$ (126,585)	\$ 44,507	\$ 163,417	\$ 186,733	\$ 2,347,747

**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	73
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	79
These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.	
Debt Capacity	84
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	89
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	92
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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 318,493,023	\$ 347,357,418	\$ 367,750,571	\$ 388,840,510	\$ 395,912,631	\$ 403,957,177	\$ 414,531,277	\$ 428,390,412	\$ 444,601,373	\$ 475,492,143
Restricted	25,677,019	24,641,173	16,223,089	47,738,657	39,690,100	68,519,039	85,003,546	85,935,329	83,352,650	72,865,528
Unrestricted	23,999,251	25,320,421	33,900,453	(17,532,497)	(1,778,161)	(30,132,403)	(17,684,391)	(10,048,065)	1,012,936	13,050,613
Total governmental activities net position	\$ 368,169,293	\$ 397,319,012	\$ 417,874,113	\$ 419,046,670	\$ 433,824,570	\$ 442,343,813	\$ 481,850,432	\$ 504,277,676	\$ 528,966,959	\$ 561,408,284
Business-type activities										
Net investment in capital assets	\$ 176,522,686	\$ 189,410,131	\$ 200,815,159	\$ 208,202,388	\$ 211,065,125	\$ 212,923,508	\$ 220,630,436	\$ 225,267,223	\$ 237,193,092	\$ 257,714,352
Restricted	35,241,087	33,179,870	32,355,420	26,915,369	29,539,755	33,282,263	33,273,761	34,005,871	38,792,349	37,222,417
Unrestricted	6,490,633	4,939,002	(225,754)	15,830	(2,277,021)	(2,281,926)	1,060,383	5,262,208	2,922,466	5,672,530
Total business-type activities net position	\$ 218,254,406	\$ 227,529,003	\$ 232,944,825	\$ 235,133,587	\$ 238,327,859	\$ 243,923,845	\$ 254,964,580	\$ 264,535,302	\$ 278,907,907	\$ 300,609,299
Primary government										
Net investment in capital assets	\$ 495,015,709	\$ 536,767,549	\$ 568,565,730	\$ 597,042,898	\$ 606,977,756	\$ 616,880,685	\$ 635,161,713	\$ 653,657,635	\$ 681,794,465	\$ 733,206,495
Restricted	60,918,106	57,821,043	48,578,509	74,654,026	69,229,855	101,801,302	118,277,307	119,941,200	122,144,999	110,087,945
Unrestricted	30,489,884	30,259,423	33,674,699	(17,516,667)	(4,055,182)	(32,414,329)	(16,624,008)	(4,785,857)	3,935,402	18,723,143
Total primary government net position	\$ 586,423,699	\$ 624,848,015	\$ 650,818,938	\$ 654,180,257	\$ 672,152,429	\$ 686,267,658	\$ 736,815,012	\$ 768,812,978	\$ 807,874,866	\$ 862,017,583

CITY OF LEE'S SUMMIT, MISSOURI

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis Of Accounting)

Page 1 Of 2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Public works and streets	\$ 24,315,160	\$ 17,096,253	\$ 18,589,088	\$ 36,254,828	\$ 18,286,042	\$ 23,836,549	\$ 16,429,506	\$ 14,428,155	\$ 15,206,748	\$ 14,759,666
Public safety	32,717,551	32,784,126	33,569,829	36,379,439	39,839,950	40,435,341	40,972,082	40,950,832	37,568,011	40,634,376
Parks and recreation	6,661,913	7,182,799	7,027,799	7,491,321	7,927,148	7,761,931	7,897,133	8,150,227	8,797,105	9,674,365
Planning and development	1,127,859	1,055,523	957,816	948,798	940,979	904,265	894,521	1,548,183	3,212,299	3,479,519
General government	27,343,082	16,362,262	16,352,917	18,438,529	16,992,428	16,793,993	18,346,278	14,959,896	27,934,309	32,139,295
Interest on long-term debt	2,604,665	3,093,910	2,857,436	4,604,626	3,745,099	4,287,131	3,171,310	2,729,500	2,450,327	2,517,687
Total governmental activities expenses	94,770,230	77,574,873	79,354,885	104,117,541	79,354,885	94,019,210	87,710,830	82,766,793	95,168,799	103,204,908
Business-type activities										
Waterworks and sewerage system	21,625,664	22,439,078	21,439,285	22,341,294	24,556,071	25,063,889	25,871,350	26,385,019	28,211,165	29,061,497
Sanitary landfill	2,730,052	2,260,489	2,451,476	4,108,646	3,205,632	2,867,606	2,873,343	2,744,683	2,611,974	343,754
Airport	1,717,974	1,744,777	1,489,979	2,121,901	2,146,464	2,052,157	2,012,142	1,890,626	2,837,042	1,856,761
Recreation center	700,386	1,127,142	1,234,450	1,295,805	1,268,716	1,186,856	1,041,426	1,119,107	1,214,241	1,317,821
Total business-type activities expenses	26,774,076	27,571,486	26,615,190	29,867,646	26,615,190	31,170,508	31,798,261	32,139,435	34,874,422	32,579,833
Total primary government expenses	121,544,306	105,146,359	105,970,075	133,985,187	105,970,075	125,189,718	119,509,091	114,906,228	130,043,221	135,784,741
Program Revenues										
Governmental activities										
Charges for services										
Public works and streets	528,090	229,237	122,053	124,975	141,277	358,852	600,144	667,442	868,734	886,840
Public safety	4,290,547	4,064,716	4,351,615	4,237,673	4,572,306	4,667,249	4,502,832	4,971,094	5,573,365	7,065,941
Parks and recreation	1,706,070	1,908,112	2,039,612	2,184,127	2,409,223	2,381,440	2,825,122	2,961,600	3,029,143	3,057,449
Planning and development	243,875	119,625	103,360	122,371	153,963	130,251	124,325	138,886	177,298	198,508
General government	2,002,955	1,946,117	1,929,236	1,562,856	1,827,798	1,790,781	1,817,541	2,188,631	2,100,980	2,179,233
Operating grants and contributions	3,324,353	2,843,958	2,608,621	5,664,487	3,046,594	1,400,858	1,169,331	800,689	1,552,368	1,570,982
Capital grants and contributions	12,251,710	6,432,484	2,857,211	1,725,891	4,322,416	1,921,135	3,188,981	4,696,959	13,083,572	24,491,263
Total governmental activities program revenues	24,347,600	17,544,249	14,011,708	15,622,380	14,011,708	12,650,566	14,228,276	16,425,301	26,385,460	39,450,216
Business-type activities										
Charges for services										
Waterworks and sewerage system	27,825,359	25,978,839	25,472,281	26,474,620	28,899,909	31,413,865	33,357,588	33,507,201	37,155,220	38,972,386
Sanitary landfill	2,508,750	2,531,502	2,071,725	2,881,382	2,583,031	2,346,247	2,942,970	3,049,357	3,289,579	716,764
Airport	1,195,026	1,118,415	1,048,659	1,217,812	1,454,730	1,456,710	1,403,945	1,320,935	4,336,197	7,871,625
Recreation center	662,132	849,238	970,765	1,082,156	1,114,367	1,208,496	1,046,554	1,127,448	1,232,906	1,287,043
Capital grants and contributions	4,707,840	5,587,682	2,221,289	1,134,261	1,200,056	1,191,530	4,345,037	2,013,286	4,017,045	5,644,782
Total business type activities program revenues	36,899,107	36,065,676	31,784,719	32,790,231	35,252,093	37,616,848	43,096,094	41,018,227	50,030,947	54,492,600
Total primary government revenues	61,246,707	53,609,925	45,796,427	48,412,611	49,263,801	50,267,414	57,324,370	57,443,528	76,416,407	93,942,816

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense) Revenue										
Governmental activities	\$ (70,422,630)	\$ (60,030,624)	\$ (65,343,177)	\$ (88,495,161)	\$ (65,343,177)	\$ (71,258,069)	\$ (73,482,554)	\$ (66,341,492)	\$ (68,783,339)	\$ (63,754,692)
Business-type activities	10,125,031	8,494,190	5,169,529	2,922,585	8,636,903	4,075,210	11,297,833	8,878,792	15,156,525	21,912,767
Total primary government net expense	(60,297,599)	(51,536,434)	(60,173,648)	(85,572,576)	(56,706,274)	(67,182,859)	(62,184,721)	(57,462,700)	(53,626,814)	(41,841,925)
General Revenues And Other Changes In Net Position										
Governmental activities										
General revenues										
Property taxes	34,826,369	36,978,616	38,276,295	38,698,817	36,430,730	35,456,745	33,714,179	33,891,923	35,178,239	36,718,136
Sales and use taxes	28,981,264	27,235,214	26,566,723	28,720,660	29,762,456	32,191,356	32,220,496	33,898,956	36,576,616	37,662,496
Franchise fees	14,662,791	12,736,943	14,825,593	16,249,638	13,743,797	14,080,374	14,083,783	13,870,764	13,068,478	12,941,800
License taxes	—	—	—	458,972	613,669	552,206	600,233	827,620	647,812	1,436,321
Motor vehicle taxes	—	—	—	—	—	3,262,217	3,397,313	3,514,204	3,616,455	3,663,028
License, permits, fines and forfeitures	6,632,484	6,522,094	2,797,132	3,290,249	2,853,482	2,206,013	2,548,479	2,494,438	2,354,766	2,463,264
Revenues from use of money and property	4,689,430	2,184,572	370,871	681,673	606,847	372,899	314,089	423,184	1,005,443	417,669
Other revenue	331,941	94,938	301,952	243,073	258,110	705,780	304,521	216,470	(259,296)	265,364
Transfers	2,567,891	1,682,948	2,128,600	1,324,636	1,766,878	1,060,297	440,422	843,076	1,284,109	627,939
Total governmental activities	92,692,170	87,435,325	85,267,166	89,667,718	86,035,969	89,887,887	87,623,515	89,980,635	93,472,622	96,196,017
Business-type activities										
General revenues										
Revenues from use of money and property	2,709,663	1,401,400	400	325,226	236,172	209,943	183,324	323,107	449,089	42,972
Other revenue	768,363	1,061,955	1,951,491	265,587	649,768	—	—	—	51,100	373,592
Transfers	(2,567,891)	(1,682,948)	(2,128,600)	(1,324,636)	(1,766,878)	(1,060,297)	(440,422)	(843,076)	(1,284,109)	(627,939)
Total business-type activities	910,135	780,407	(176,709)	(733,823)	(880,938)	(850,354)	(257,098)	(519,969)	(783,920)	(211,375)
Total primary government	93,602,305	88,215,732	85,090,457	88,933,895	85,155,031	89,037,533	87,366,417	89,460,666	92,688,702	95,984,642
Change In Net Position										
Governmental activities	22,269,540	27,404,701	19,923,989	1,172,557	20,692,792	14,777,900	14,140,961	23,639,143	24,689,283	32,441,325
Business-type activities	11,035,166	9,274,597	4,992,820	2,188,762	7,755,965	3,194,272	11,040,735	8,358,823	14,372,605	21,701,392
Total city	\$ 33,304,706	\$ 36,679,298	\$ 24,916,809	\$ 3,361,319	\$ 28,448,757	\$ 17,972,172	\$ 25,181,696	\$ 31,997,966	\$ 39,061,888	\$ 54,142,717

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved	21,201,763	23,217,065	27,326,459	—	—	—	—	—	—	—
Nonspendable	—	—	—	7,109,433	2,838,778	2,368,183	1,926,540	3,451,583	4,837,886	5,167,826
Unassigned	—	—	—	5,062,318	10,068,387	12,485,754	15,393,241	16,740,463	20,601,442	21,591,323
Total general fund	\$ 21,201,763	\$ 23,217,065	\$ 27,326,459	\$ 12,171,751	\$ 12,907,165	\$ 14,853,937	\$ 17,319,781	\$ 20,192,046	\$ 25,439,328	\$ 26,759,149
All other governmental funds										
Unreserved, designated										
Debt service	\$ 9,479,421	\$ 9,335,782	\$ 7,612,321	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in										
Special revenue funds	6,277,063	5,822,482	6,185,228	—	—	—	—	—	—	—
Capital project funds	52,467,053	37,229,807	27,331,585	—	—	—	—	—	—	—
Restricted/committed										
Assigned										
Debt service	—	—	—	6,680,546	6,927,878	8,954,615	9,147,092	9,049,545	8,172,352	9,636,552
Special revenue funds	—	—	—	6,558,759	7,119,249	8,271,128	8,810,480	9,582,955	10,849,941	11,773,451
Capital project funds	—	—	—	52,917,276	45,457,890	60,847,069	51,186,715	51,334,081	54,011,582	45,008,726
Unassigned										
Special revenue funds	—	—	—	(105,171)	(173,475)	(45,880)	259,998	(22,441)	(6,468)	(114,872)
Capital project funds	—	—	—	(5,650,774)	(6,160,575)	(3,248,190)	(2,252,156)	(11,165,894)	(9,747,785)	(10,110,614)
Total all other governmental funds	\$ 68,223,537	\$ 52,388,071	\$ 41,129,134	\$ 60,400,636	\$ 53,170,967	\$ 74,778,742	\$ 67,152,129	\$ 58,778,246	\$ 63,279,622	\$ 56,193,243

(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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes:										
Property	\$ 32,995,034	\$ 36,025,629	\$ 37,424,151	\$ 38,520,943	\$ 36,807,871	\$ 35,371,737	\$ 33,631,009	\$ 34,018,964	\$ 34,946,488	\$ 36,720,460
Sales	28,572,537	27,235,214	26,566,723	28,720,660	29,762,456	31,537,249	31,506,326	33,131,893	35,786,096	36,867,671
Franchise	14,662,791	12,736,943	14,825,593	16,249,638	13,743,797	14,080,374	14,083,783	13,870,764	13,068,478	12,941,800
License	1,246,919	320,284	666,550	458,972	613,669	830,823	593,724	830,167	650,360	1,441,417
Bed	408,727	351,854	311,027	334,472	297,045	310,884	342,603	401,460	440,886	443,399
Motor vehicle	—	—	—	—	—	3,262,217	3,397,313	3,514,204	3,616,455	3,663,028
Other tax	—	—	—	—	—	343,223	371,567	365,603	349,634	351,426
Intergovernmental	5,902,434	1,601,620	2,720,659	5,768,509	3,270,638	2,397,443	1,429,137	1,893,124	5,318,300	7,329,575
Charges for services	3,669,795	3,048,308	3,536,567	3,443,051	3,767,188	3,844,620	1,757,827	7,039,230	7,618,039	9,315,916
Licenses and permits	3,407,950	3,561,666	3,172,705	3,312,931	3,552,866	3,831,801	1,898,261	2,226,752	2,546,789	2,691,658
Fines and forfeitures	1,685,351	3,214,037	1,525,577	1,476,020	1,487,468	1,652,152	6,683,000	1,661,671	1,584,692	1,380,397
Interest	4,076,656	1,887,689	355,711	624,550	558,840	324,724	276,277	374,618	886,902	374,176
Other	6,640,923	11,925,934	2,653,906	2,790,229	2,853,482	2,206,013	2,548,479	2,494,438	2,354,766	2,463,264
Total Revenues	103,269,117	101,909,178	93,759,169	101,699,975	96,715,320	99,993,260	98,519,306	101,822,888	109,167,885	115,984,187
Expenditures										
Current										
General government	10,711,595	9,960,732	9,903,683	28,034,317	12,248,109	11,930,212	11,728,975	12,191,505	12,672,598	15,262,654
Public works and streets	10,229,253	31,748,561	10,630,529	10,477,224	10,103,785	10,927,267	10,761,292	35,133,894	9,352,070	10,192,055
Public safety	30,808,723	10,620,789	32,544,577	33,179,819	33,423,433	34,131,490	34,361,768	10,115,557	34,588,767	37,477,223
Community development	1,127,859	1,055,523	957,816	948,798	940,979	904,265	894,521	1,548,183	3,212,299	3,479,519
Parks and recreation	5,197,900	5,753,927	5,367,440	5,743,896	6,038,617	5,612,207	5,880,029	6,590,327	6,027,253	6,589,288
Debt service										
Principal retirements	9,765,000	9,025,000	10,520,000	9,255,000	12,510,000	27,195,000	8,745,000	17,787,500	10,357,000	11,321,500
Interest and fiscal charges	2,618,185	3,072,474	2,721,034	4,592,654	3,577,259	3,521,740	3,506,820	3,180,934	3,005,042	2,997,278
Capital outlay										
General government	—	—	—	1,205,332	1,153,562	1,027,783	12,947	17,021	12,164,120	15,060,543
Public works and streets	30,121,913	42,098,875	33,899,215	43,249,279	22,292,216	20,493,282	26,655,680	31,726,375	22,196,327	19,010,345
Public safety	2,168,011	371,660	193,224	2,183,247	1,532,546	2,278,350	7,085,710	102,545	322,249	—
Parks and recreation	14,876,232	5,085,195	1,023,734	594,310	565,270	631,283	1,883,720	1,285,671	1,117,965	488,888
Total Expenditures	117,624,671	118,792,736	107,761,252	139,463,876	104,385,776	118,652,879	111,516,462	119,679,512	115,015,690	121,879,293

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Deficiency Of Revenues Over Expenditures	\$ (14,355,554)	\$ (16,883,558)	\$ (14,002,083)	\$ (37,763,901)	\$ (7,670,456)	\$ (18,659,619)	\$ (12,997,156)	\$ (17,856,624)	\$ (5,847,805)	\$ (5,895,106)
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	—
Premium on issuance of bonds	—	—	98,075	510,796	—	3,338,722	654,643	308,185	551,757	—
Discount on issuance of bonds	—	—	—	(628,000)	—	—	—	—	—	—
Transfers in	5,049,555	14,820,477	5,802,385	7,213,175	4,493,756	4,738,640	3,674,877	2,348,128	4,941,508	1,527,606
Transfers out	(3,006,199)	(13,502,101)	(4,047,920)	(4,515,276)	(3,317,555)	(3,963,196)	(3,333,133)	(1,703,807)	(3,971,802)	(1,399,058)
Total Other Financing Sources	2,043,356	1,318,376	6,852,540	41,880,695	1,176,201	42,214,166	7,836,387	12,355,006	15,596,463	128,548
Net change in fund balances	\$ (12,312,198)	\$ (15,565,182)	\$ (7,149,543)	\$ 4,116,794	\$ (6,494,255)	\$ 23,554,547	\$ (5,160,769)	\$ (5,501,618)	\$ 9,748,658	\$ (5,766,558)
Debt service as a percentage of noncapital expenditures	15.40%	15.90%	16.80%	11.80%	18.20%	28.40%	14.50%	22.60%	15.00%	14.80%

CITY OF LEE'S SUMMIT, MISSOURI

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Public works	\$ 12,779,800	\$ 6,661,721	\$ 2,979,264	\$ 1,850,866	\$ 4,463,693	\$ 2,262,038	\$ 3,789,125	\$ 5,289,401	\$ 13,732,317	\$ 25,378,103
Public safety	5,368,925	4,933,305	5,032,806	5,252,875	5,604,458	5,609,585	5,294,681	5,414,371	6,565,119	8,229,622
Parks and recreation	1,740,070	1,926,112	2,126,592	2,345,650	2,409,223	2,381,440	2,825,937	3,036,600	3,249,143	3,057,449
Planning and development	243,875	119,625	103,360	122,371	153,963	140,779	124,325	138,961	177,298	198,508
General government	4,214,930	3,903,486	3,769,686	6,050,618	3,842,240	2,256,724	2,194,208	2,545,968	2,661,583	2,586,534
Subtotal governmental activities	24,347,600	17,544,249	14,011,708	15,622,380	16,473,577	12,650,566	14,228,276	16,425,301	26,385,460	39,450,216
Business-type activities										
Waterworks and sewerage system	30,793,474	27,213,137	25,711,528	27,226,409	29,686,664	31,841,944	34,172,355	34,802,086	38,757,768	40,608,722
Sanitary landfill	2,508,750	2,531,502	2,071,725	2,881,382	2,583,031	2,346,247	2,942,970	3,049,357	3,289,579	716,764
Airport	2,934,751	5,471,799	3,030,701	1,600,284	1,868,031	2,220,161	4,934,215	2,039,336	6,750,694	11,880,071
Recreation center	662,132	849,238	970,765	1,082,156	1,114,367	1,208,496	1,046,554	1,127,448	1,232,906	1,287,043
Subtotal business-type activities	36,899,107	36,065,676	31,784,719	32,790,231	35,252,093	37,616,848	43,096,094	41,018,227	50,030,947	54,492,600
Total primary government	\$ 61,246,707	\$ 53,609,925	\$ 45,796,427	\$ 48,412,611	\$ 51,725,670	\$ 50,267,414	\$ 57,324,370	\$ 57,443,528	\$ 76,416,407	\$ 93,942,816

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
2008	\$ 32,995,034	\$ 28,981,264	\$ —	\$ 14,662,791	\$ —	\$ 6,340,220	\$ 4,076,656	\$ 16,213,152	\$ 103,269,117
2009	36,025,629	27,235,214	—	12,736,943	—	4,970,212	1,887,689	19,053,491	101,909,178
2010	37,424,151	26,566,723	—	14,825,593	—	4,698,282	355,711	9,933,860	93,804,320
2011	38,520,943	28,720,660	—	16,249,638	—	4,788,951	624,550	12,795,233	101,699,975
2012	36,807,871	29,762,456	—	13,743,797	—	5,040,334	558,840	10,802,022	96,715,320
2013	35,371,737	31,537,249	3,262,217	14,080,374	1,484,930	5,483,953	324,724	8,448,076	99,993,260
2014	33,631,009	31,506,326	3,397,313	14,083,783	1,307,894	3,186,964	276,277	11,129,740	98,519,306
2015	34,018,964	33,131,893	3,514,204	13,870,764	1,597,230	3,888,423	374,618	11,426,792	101,822,888
2016	34,946,488	35,786,096	3,616,455	13,068,478	1,440,880	4,131,481	886,902	15,291,105	109,167,885
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

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

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				
2008	\$ 1,061,941,277	\$ 1,046,075	\$ 261,341,151	\$ 1,324,328,503	\$ 306,131,951	\$ 19,426,630	\$ 1,649,887,084	1.4926	\$ 7,402,953,802	22.29%
2009	1,086,693,800	1,130,329	258,032,434	1,345,856,563	308,454,126	16,778,622	1,671,089,311	1.4926	7,522,354,484	22.21%
2010	1,081,547,156	1,348,931	243,812,712	1,326,708,799	314,215,650	14,108,195	1,655,032,644	1.4926	7,461,957,208	22.18%
2011	1,090,366,221	1,826,726	233,119,537	1,325,312,484	303,852,879	24,844,210	1,654,009,573	1.5258	7,480,895,310	22.11%
2012	1,085,944,781	1,736,470	207,576,049	1,295,257,300	299,370,428	26,221,756	1,620,849,484	1.5258	7,367,770,686	22.00%
2013	1,096,348,979	1,432,067	212,077,219	1,309,858,265	298,510,960	30,316,580	1,638,685,805	1.5540	7,444,250,964	22.01%
2014	1,108,746,200	1,451,583	230,459,773	1,340,657,556	313,377,047	38,140,767	1,692,175,370	1.5540	7,636,606,943	22.16%
2015	1,124,495,638	1,423,206	231,295,077	1,357,213,921	288,455,371	40,474,902	1,686,144,194	1.5700	7,653,646,514	22.03%
2016	1,201,757,935	1,310,788	245,083,004	1,448,151,727	299,295,035	44,890,274	1,792,337,036	1.5363	8,149,086,142	21.99%
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%

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	
2008	0.8690	0.1539	0.4697	1.4926	5.8116	0.5355	0.0300	0.5357	9.8980
2009	0.8690	0.1539	0.4697	1.4926	5.8359	0.5430	0.0300	0.7323	10.1264
2010	0.8690	0.1539	0.4697	1.4926	5.9347	0.5430	0.0300	0.7432	8.7435
2011	0.8966	0.1595	0.4697	1.5258	6.0548	0.5430	0.0300	0.7495	8.9031
2012	0.8966	0.1595	0.4697	1.5258	6.1050	0.5298	0.0300	0.7501	8.9407
2013	0.9213	0.1630	0.4697	1.5540	6.0579	0.5298	0.0300	0.7515	8.9232
2014	0.9213	0.1630	0.4697	1.5540	6.0627	0.5298	0.0300	0.7535	8.9300
2015	0.9349	0.1654	0.4697	1.5700	6.1192	0.5141	0.0300	0.7550	8.9883
2016	0.9063	0.1603	0.4697	1.5363	5.9813	0.4956	0.0300	0.7425	8.7857
2017	0.9093	0.1608	0.4697	1.5398	5.9957	0.5025	0.0300	0.7431	8.8111

Note (1): Five other school districts are in the City of Lee's Summit. Tax rates in these districts are:

Blue Springs	5.7286
Independence	5.9130
Hickman Mills	6.5575
Grandview	5.8047
Raymore-Peculiar	5.0397

Note (2): Cass County is located in the southern portion of the city (approximately 2 square miles). The Cass County tax rate is \$0.2287

Note (3): Other breakdown for current year:

Junior College	0.2339
Mental Health	0.1201
Handicap Workshop	0.0738
Library	0.3153
	0.7431

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

	2017			2008		
	Taxable Assessed Value	Rank	% Of Total City Net Assessed Value	Taxable Assessed Value	Rank	% Of Total City Net Assessed Value
Kansas City Power & Light-GMOC (formerly Aquila)	\$ 37,136,551	1	2.01%	\$ 11,490,465	2	0.70%
Google Fiber	16,219,982	2	0.88%			0.00%
Summit Wood SPE LLC	14,087,468	3	0.76%			0.00%
John Knox Village	8,003,756	4	0.43%	7,212,371	4	0.44%
Sprint	7,195,288	5	0.39%	4,408,814	9	0.27%
Wal-Mart	5,860,936	6	0.32%	4,828,300	8	0.29%
MREI III Summit Ridge LLC	5,335,430	7	0.29%	3,595,253	10	0.22%
Southern Union	4,541,819	8	0.25%	5,440,910	7	0.33%
Polytainers Inc	4,110,881	9	0.22%			0.00%
Toys R Us	3,584,000	10	0.19%	6,520,204	5	0.40%
Sprint Spectrum				15,932,727	1	0.97%
Pfizer Chemical Company				7,491,555	3	0.45%
Southwestern Bell				6,200,187	6	0.38%
Total	\$ 106,076,111		5.74%	\$ 73,120,786		4.45%

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
2008	\$ 23,870,679	\$ 22,634,488	94.8%	\$ 1,137,704	\$ 23,772,192	99.6%
2009	24,703,017	23,359,076	94.6%	1,240,498	24,599,574	99.6%
2010	24,406,228	23,601,764	96.7%	708,136	24,309,900	99.6%
2011	24,874,955	24,200,420	97.3%	551,417	24,751,837	99.5%
2012	24,465,967	23,723,403	97.0%	433,332	24,156,735	98.7%
2013	25,046,007	24,273,164	96.9%	727,310	25,000,474	99.8%
2014	25,707,026	24,968,147	97.1%	713,685	25,681,832	99.9%
2015	25,852,261	25,249,083	97.7%	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%	—	27,099,938	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			
2008	\$ 28,779,412	\$ 16,747,475	\$ —	\$ 10,425,000	\$ 712,981	\$ 26,389,690	\$ 83,054,558	91,586	\$ 907
2009	26,607,748	15,822,228	—	9,550,000	673,554	23,238,870	75,892,400	97,927	775
2010	23,605,000	14,445,000	—	8,625,000	629,127	19,925,314	67,229,441	93,163	722
2011	34,656,369	12,726,732	—	29,080,521	584,700	13,256,183	90,304,505	91,364	988
2012	27,675,436	11,686,486	—	24,254,454	540,273	8,718,881	72,875,530	91,569	796
2013	47,380,186	10,306,239	—	20,379,800	490,846	7,109,562	85,666,633	92,292	928
2014	48,242,310	8,945,991	—	19,238,377	—	6,420,237	82,846,915	93,092	890
2015	45,825,462	—	6,410,000	17,701,953	—	5,504,489	75,441,904	93,888	804
2016	52,160,284	—	4,913,000	16,615,529	—	4,568,741	78,257,554	95,430	820
2017	45,033,231	—	2,511,500	14,299,105	—	3,607,993	65,451,829	95,973	682

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
2008	\$ 28,779,412	\$ 6,899,673	\$ 22,050,327	1.34%	241
2009	26,607,748	6,548,980	20,186,020	1.21%	206
2010	23,605,000	5,113,390	18,491,610	1.12%	198
2011	34,656,369	6,000,984	28,655,385	1.73%	314
2012	27,675,436	5,922,455	21,452,545	1.32%	238
2013	47,380,186	6,778,725	40,601,461	2.48%	440
2014	48,242,310	7,007,192	41,235,118	2.44%	443
2015	45,825,462	7,345,112	38,480,350	2.28%	410
2016	52,160,284	6,442,226	45,718,058	2.55%	479
2017	45,033,231	6,911,888	38,121,343	2.06%	397

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, 2017

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	\$ 142,946,698	88.28%	\$ 126,193,345
Blue Springs R-4 School District	96,578,618	20.17%	19,479,907
Raymore-Peculiar School District	51,256,000	8.00%	4,100,480
Grandview School District	21,496,620	0.41%	88,136
Hickman Mills School District	26,746,709	0.12%	<u>32,096</u>
Subtotal, overlapping debt			149,893,964
City Direct Debt			<u>61,843,836</u>
Total direct and overlapping debt			<u><u>\$ 211,737,800</u></u>

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

CITY OF LEE'S SUMMIT, MISSOURI

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Legal debt limit (1)	\$ 326,887,829	\$ 331,406,460	\$ 328,184,891	\$ 327,131,701	\$ 319,634,286	\$ 322,343,269	\$ 331,688,357	\$ 329,896,834	\$ 358,467,408	\$ 361,635,661
Total net debt applicable to limit	22,125,327	40,261,020	33,566,610	27,974,016	56,932,545	55,654,245	59,225,808	52,677,888	45,840,774	53,301,112
Legal debt margin	\$ 304,762,502	\$ 291,145,440	\$ 294,618,281	\$ 299,157,685	\$ 262,701,741	\$ 266,689,024	\$ 272,462,549	\$ 277,218,946	\$ 312,626,634	\$ 308,334,549
Total net debt applicable to the limit as a percentage of debt limit	6.77	12.15	10.23	8.55	17.81	17.27	17.86	15.97	12.79	14.74

- (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 ⁽¹⁾	Median Age ⁽¹⁾	Education Level			School Enrollment ⁽¹⁾	Unemployment Rate
					High School Graduate Percentage ⁽¹⁾	Some College Or Associate's Degree or Higher Percentage ⁽¹⁾	Bachelor's Degree Or Higher Percentage ⁽¹⁾		
2008	91,586							16,742	3.40%
2009	92,927							16,986	7.60%
2010	93,163							17,120	6.70%
2011	91,364	\$ 71,772	\$ 31,266	38.8	16.4%	29.9%	50.1%	17,287	6.70%
2012	91,767							17,524	5.30%
2013	92,292							17,559	5.10%
2014	93,092							17,615	4.70%
2015	93,888							17,610	4.20%
2016	95,430							17,747	3.50%
2017	95,973							17,927	2.80%

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	2017			2008		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Lee's Summit R-7 School	2,420	1	4.74%	2,578	1	6.51%
University of Central Missouri	2,000	2	3.92%	—	—	0.00%
City of Lee's Summit	1,380	3	2.70%	659	6	1.67%
Saint Luke's East - Lee's Summit	1,300	4	2.55%	541	9	1.37%
Truman Medical Center-Lakewood	1,200	5	2.35%	1,200	3	3.03%
John Knox Village	1,000	6	1.96%	1,050	4	2.65%
Lee's Summit Medical Center	600	7	1.17%	480	10	1.21%
Aspen Contracting Inc	550	8	1.08%	—	—	0.00%
GEHA Holdings Inc	511	9	1.00%	—	—	0.00%
AT&T Call Center	500	10	0.98%	1,200	2	3.03%
Metropolitan Community College-Longview				1,000	5	2.53%
CVS Caremark Inc				559	7	1.41%
Unity Village				550	8	1.39%
	11,461		22.45%	9,817		24.80%

Source: Lee's Summit Economic Development Council

CITY OF LEE'S SUMMIT, MISSOURI

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Administration	33.50	32.50	32.50	31.00	32.00	27.00	27.00	26.31	27.39	26.99
Public Works-Engineering	37.17	39.27	39.27	37.60	38.95	41.80	38.70	38.90	33.80	41.10
Police	181.70	188.70	196.70	205.20	209.70	208.70	204.00	204.00	202.00	202.00
Fire	146.00	146.00	146.00	146.00	146.00	146.00	146.00	144.00	144.00	153.00
Finance	18.00	18.00	18.00	18.00	18.00	22.50	21.00	21.00	22.00	22.00
Planning and development	11.00	11.00	11.00	9.00	9.00	9.00	9.90	8.37	9.70	4.01
Court	11.90	12.00	12.75	12.75	12.75	12.75	11.50	12.50	11.29	11.87
Codes administration	18.00	18.00	18.00	17.00	17.00	17.00	16.00	13.35	—	—
Law	9.50	9.50	9.50	9.50	9.50	10.50	10.50	11.50	10.25	10.50
Public Works-Operations	47.75	48.75	48.75	47.00	50.24	49.21	46.70	41.34	38.00	34.20
Development Center	—	—	—	—	—	—	—	7.47	27.68	33.86
Parks and recreation										
Community center	7.15	6.80	6.70	6.70	6.75	7.15	39.26	37.16	37.32	36.99
Parks and recreation	29.00	30.00	29.00	24.50	24.95	23.95	26.15	26.16	26.06	26.23
Pool	0.30	0.30	0.95	0.95	1.05	1.60	17.73	17.44	14.96	14.47
Cemetery	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation center	2.75	2.15	5.30	5.85	6.15	6.15	21.99	22.78	24.23	24.34
Senior center	—	2.05	2.05	2.05	2.10	2.15	10.05	9.41	7.95	7.86
Airport	7.98	7.60	7.60	7.60	7.60	7.04	6.30	6.22	6.26	7.46
Water utilities	58.50	58.50	58.50	58.50	59.50	59.50	60.00	59.50	60.50	60.50
Solid waste	14.20	14.80	14.80	14.80	14.80	15.00	14.80	14.80	14.80	1.00
Central building services	11.00	11.00	10.00	9.50	8.50	8.75	8.80	8.62	10.62	10.62
Fleet	8.00	8.00	8.00	9.00	9.00	9.00	9.00	9.12	9.12	9.12
Information technology services	17.00	19.00	20.00	20.00	20.00	22.00	26.20	25.89	24.71	27.76
Total	671.40	684.92	696.37	693.5	704.54	707.75	772.58	766.84	763.64	766.88

Source: City of Lee's Summit Finance Department

CITY OF LEE'S SUMMIT, MISSOURI

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Building Permits Issued (1)										
Residential/single family	380	129	110	170	166	270	319	319	310	324
Residential/multi family	58	8	1	—	—	2	6	7	7	27
Commercial/industrial	35	23	19	13	10	14	9	15	16	32
Additions	1,937	1,245	1,082	1,302	*5,229	1,588	1,404	1,943	1,548	1,572
Police protection (1)										
Part I crimes	2,521	2,378	2,290	2,232	1,854	1,700	1,749	1,628	1,542	1,842
Notable part II crimes	2,178	2,222	2,295	2,385	2,268	2,378	1,972	2,015	2,104	2,271
Traffic crashes	2,125	2,083	1,912	2,047	1,906	1,753	1,821	1,750	1,800	1,885
Calls for service	64,715	76,322	85,255	91,037	88,846	77,008	75,325	73,244	67,451	65,235
Number of officers	122	129	136	136	143	142	142	142	143	143
Animal control calls for service	8,110	8,161	8,857	8,737	8,474	8,960	9,358	9,848	10,518	8,905
Fire protection										
Fire personnel	140	146	146	146	146	146	146	144	144	153
Calls answered	7,750	8,401	8,015	9,144	9,147	9,027	8,917	9,073	10,000	9,811
Water source										
Kansas City Water Co.	32.82%	33.94%	12.00%	19.40%	34.30%	27.90%	27.60%	23.20%	28.60%	25.90%
Independence Water Co.	67.18%	66.06%	88.00%	80.60%	65.70%	72.10%	72.40%	76.80%	71.40%	74.10%
Water										
Number of service connections	33,666	33,735	33,800	34,260	34,242	34,538	34,774	35,160	35,379	35,816
Number of fire hydrants	4,975	4,871	4,887	4,922	4,940	4,940	5,006	5,021	5,076	5,188
Average daily consumption (gallons)	10,705,000	9,540,000	8,960,000	9,650,000	11,603,000	10,790,000	10,390,000	9,270,000	10,150,000	9,950,000
Maximum contract amount	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	27,500,000	27,500,000	27,500,000	32,500,000	32,500
Maximum daily demand	22,000,000	15,000,000	16,500,000	20,400,000	22,810,000	25,500,000	19,000,000	19,000,000	21,300,000	18,800,000
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

* 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	325	327	327	337	308	271	309	309	306	309
Collector centerline miles	67	102	102	83	88	90	92	92	94	95
Arterial centerline miles	75	91	91	103	83	91	81	81	83	84
Parks and Recreation										
Parks	27	27	27	28	28	28	29	29	29	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	1
Tennis courts	15	15	15	15	15	15	15	15	15	15
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Miles of water mains	637	637	604	607	604	604	607	607	611	617

Source: City records