

CITY OF PRAIRIE VILLAGE, KANSAS

Comprehensive Annual
Financial Report

Year Ended December 31, 2001

(With Independent Auditors' Report Thereon)

CITY OF PRAIRIE VILLAGE, KANSAS

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THE CITY OF PRAIRIE VILLAGE *Star of Kansas*

**prairie
village
kansas**

Saluting our heritage...
Celebrating the present...
Launching our future.

1951-2001

June 24, 2002

To the Residents of the City of Prairie Village:

We are pleased to submit the comprehensive annual financial report (CAFR) of the City of Prairie Village, Kansas (City) for the year ended December 31, 2001. We believe this report presents comprehensive financial information about the City's activities during 2001. The report complies in all material respects with standards promulgated by the Governmental Accounting Standards Board. Responsibility for both the accuracy of the data and completeness and fairness of presentation rests with the City. We believe the data, as presented, is accurate in all material respects and 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 account groups. In addition, we believe all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

The report is divided into three sections: Introductory, Financial, and Statistical. The Introductory Section contains a list of principal City officials, an organizational chart for the City, and a table of contents. The Financial Section contains the report of KPMG LLP, independent auditors, and the general purpose financial statements (GPFS) which are designed to provide an overview of the City's financial position and operating results. The GPFS may be issued separately from the CAFR, possibly for inclusion in official statements, bond offerings, or for distribution to users requiring less detailed information. The notes to financial statements presented with the GPFS are an integral part of the GPFS and should be read for a fuller understanding of the statements and information presented therein. In addition, the combining, individual fund, and account group statements and schedules are presented as other financial information in this section to provide more detailed information to the users of this report. The Statistical Section contains a number of statistical tables that present various financial, economic, social, and demographic data about the City for the last ten years.

The financial reporting entity includes all the funds and account groups of the City as legally defined. Component units are legally separate entities for which the primary government is financially accountable. The City has no component units. City government provides a wide range of services including: police protection and safety programs; construction and maintenance of streets; storm drainage and infrastructure; summer recreational activities and year-round cultural events; residential waste collection, recycling and composting services; and other general services for residents.

In addition to general City activities, the governing body exercises or has the ability to exercise oversight of the revised Prairie Village Police Pension Plan Fund and the Supplemental Retirement Plan Fund; therefore, these activities are included in the report.

Background

The City of Prairie Village was originally the vision of the late J.C. Nichols. After successfully developing the Country Club Plaza area in Kansas City, Missouri, Mr. Nichols turned his company direction and development toward his native Johnson County just a few miles from the Plaza. He had visions of transforming the rolling hills into a well-planned community of beautiful homes and neighborhood shopping centers. Construction in Prairie Village started in 1941 and Mr. Nichols' dream became reality in 1949 when the City was named the best-planned community in America by the National Association of Home Builders.

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CITY HALL (913) 381-6464 381-7755 (Fax)
POLICE (913) 642-6868 385-7710 (Fax)
PUBLIC WORKS (913) 381-6464 642-0117 (Fax)
www.pvkansas.com

The State of Kansas officially recognized Prairie Village as a city in 1951 with a total population of 1,360 and land area of one-half mile. By 1957, it had become a city of the first class. Now, it is one of 22 cities in Johnson County and has the fifth largest population. It is completely surrounded by other cities, sharing its eastern border, State Line Road, with Kansas City, Missouri. The City has a residential population of approximately 22,000 within its 6.7 square mile city limits.

The City operates under the Mayor-Council form of government with an appointed professional City Administrator. The City is divided into six wards with two councilpersons elected from each ward to serve staggered four-year terms. The Mayor is elected by the City at large for a four-year term. The City Administrator has responsibility for administration of all City programs and departments in accordance with policies and the annual budget adopted by the Council.

Economic Condition and Outlook

The City is located in the Kansas City metropolitan area and is considered one of the most desirable suburban communities in the region. The City is conveniently located between the Kansas City, Missouri business/industrial center and the southern Johnson County business districts. The area has experienced steady economic growth during the past two decades, resisting the effects of the cyclical declines in the national economy over the last ten years.

Value of tangible property in Prairie Village increased significantly in 1989 as a result of statewide reappraisal. Values decreased somewhat in 1990 as adjustments were made to original appraisals, but have increased by 65% over the past ten years.

During the last decade, Johnson County has experienced substantial growth in the commercial sector of the economy, with retail and office complexes providing the strongest growth. The area has generally maintained a long period of low unemployment, which is reflected by, and results in, a continuation of the stable economic condition of the entire region.

Based on current projections, the City will continue to be a desired location for those who work in the metropolitan area. As property values continue to increase and the City's housing stock ages, changes in the neighborhood are inevitable. The City is committed to a program for maintenance of the community and future redevelopment, which will contribute to the quality of life for all of the City's residents.

Major Initiatives

For the Year

As a part of the preparation for the 2001 annual budget, the following goals and objectives were established and achieved by the City Council:

- Continue current service levels identified in the long range policy statements
- Develop and implement goals for redevelopment
- Maintain the fiscal strength of the City
- Improve communications between the public, City Council, and City staff
- Develop and implement goals for the City's use of technology

Prairie Village is a desirable community in which to live because of its location, the quality of infrastructure and housing maintenance, the school system, and its sense of community, which pervades the services provided to residents. This milieu has created a gradual change, which significantly increased property values and is transforming the landlocked, fully developed, and aging City into a community which continues to experience improvement and redevelopment of residential and commercial property.

In order to continue current service levels the following new expenditures were initiated:

- federally mandated measurement and analysis of storm water as it leaves the City
- installation of a traffic-light system to increase safety during emergency vehicle services
- the addition of a full-time position and procedural changes within the City's Building and Code enforcement programs

Some of the steps the City has taken to develop and implement goals for redevelopment:

- passage of new ordinances designed to develop a method/process for managing both residential and commercial development in the City, and to communicate to potential developers/redevelopers the types of projects that would be most appropriate for the City
- working with developers to explain the type of projects acceptable to the City

To maintain the fiscal strength of the City:

- a committee was appointed by the Mayor to identify ways to plan a sound fiscal future for the City
- an evaluation was made during budget preparation regarding the long term impact of growth in existing programs and new program proposals

Improved communications between the public, City Council and City staff were made by:

- publication on the City's website, www.pvkansas.com, informing the public about potential redevelopment projects, procedures to increase resident input, as well as special events such as Villagesfest, the Mayor's Holiday Tree lighting, and Peanut Butter Week
- a major renovation of the City Council Chamber to improve the sound and presentation capabilities during City meetings
- the purchase of a reverse 9-1-1 system, which will allow the public safety department to quickly target a precise geographic area and saturate it with telephone calls to the public regarding concerns or problems within the area

Goals for the City's use of technology were developed and implemented by:

- analysis of the City's existing computer systems, which led to major computer network upgrades
- enhancements to the City's website, including job postings, Animal Control Program information, and Public Works on-line service request program

Financial Information

Officials of the City are responsible for establishing and maintaining an internal control structure designed to earn the public's confidence and trust. The procedures established in the City ensure that the assets of the City are protected from loss, theft, or misuse, and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and

benefits requires estimates and judgments by management. As demonstrated by the statement and schedules included in the Financial Section of this report, the City continues meeting its responsibility for sound management.

Budgeting Controls

Members of the City's governing body are involved not only in the development of programs and program costs during preparation of the annual budget, they continue through the year to monitor financial condition and program costs by regular review and discussion of quarterly reports. The governing body routinely reviews budgetary controls established to ensure compliance with legal provisions embodied in the annual appropriated budget. Activities of the General Fund, Special Revenue Funds, and Debt Service Fund are included in the annual appropriated budget. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. This constitutes the City's level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount). The City also maintains an encumbrance accounting system as a method for accomplishing budgetary control.

General Government Functions

The City provides major services of planning, public works, public safety, parks, recreation, and event programming. Fire and health services are provided by the County; utilities are a service provided by the private sector.

Revenue to support City services is primarily derived from taxes and grants or fees from other governmental units.

The following schedule presents a summary of General, Special Revenue, Debt Service, and Capital Projects Fund revenues for the year ended December 31, 2001, and the amount and percentage of increases and decreases in relation to prior year revenues:

| <u>Revenues</u> | <u>2001</u> | <u>2000</u> | <u>Increase (decrease) from 2000</u> | <u>Percentage increase (decrease)</u> | |
|----------------------|----------------------|-------------------|--|---|---|
| Taxes | \$ 9,088,035 | 9,013,654 | 74,381 | 0.83 | % |
| Licenses and permits | 340,086 | 319,122 | 20,964 | 6.57 | |
| Intergovernmental | 2,634,455 | 3,956,504 | (1,322,049) | (33.41) | |
| Charges for services | 1,467,068 | 1,100,990 | 366,078 | 33.25 | |
| Fines and forfeits | 381,582 | 385,493 | (3,911) | (1.01) | |
| Recreational fees | 390,023 | 381,363 | 8,660 | 2.27 | |
| Interest | 516,450 | 538,676 | (22,226) | (4.13) | |
| Miscellaneous | 59,274 | 99,466 | (40,192) | (40.41) | |
| Total | \$ <u>14,876,973</u> | <u>15,795,268</u> | <u>(918,295)</u> | <u>(5.81)</u> | |

In 2001, the City's revenues decreased by \$918,296, or 5.81%. The primary reason for the decline was intergovernmental grant revenue from the County for major storm drainage projects, which fell from \$1,384,963 in 2000 to \$127,782 in 2001.

Off-setting the decline in grant revenue, charges for services increased \$366,077 from 2000 due to a one-time payment made by a local retirement community for use of City services over a period of several years.

The following schedule represents a summary of General, Special Revenue, Debt Service, and Capital Projects Fund expenditures for the year ended December 31, 2001, and the percentage of increases and decreases in relation to prior year amounts:

| <u>Expenditures</u> | <u>2001</u> | <u>2000</u> | <u>Increase (decrease) from 2000</u> | <u>Percentage increase (decrease)</u> |
|---|----------------------|-------------------|--|---|
| Current: | | | | |
| Urban management and planning | \$ 2,273,106 | 1,986,967 | 286,139 | 14.40 % |
| Public works and environmental improvements | 2,841,247 | 2,809,254 | 31,993 | 1.14 |
| Public safety | 3,740,892 | 3,459,711 | 281,181 | 8.13 |
| Municipal justice | 195,487 | 179,729 | 15,758 | 8.77 |
| Leisure, recreation, and education | 610,793 | 932,956 | (322,163) | (34.53) |
| Capital | 4,446,209 | 9,171,783 | (4,725,574) | (51.52) |
| Debt service: | | | | |
| Principal | 1,950,000 | 310,000 | 1,640,000 | 529.03 |
| Interest and fiscal charges | 288,814 | 264,315 | 24,499 | 9.27 |
| Bond issuance costs | — | 18,723 | (18,723) | (100.00) |
| | <u>\$ 16,346,548</u> | <u>19,133,438</u> | <u>(2,786,890)</u> | <u>(14.57)</u> |

Planned fluctuations in expenditures caused significant variances from 2000 to 2001. The largest of which was the consummation of the advance refunding of \$1.62 million in 1994-B General Obligation Police Facility Bonds. The refunding issue was made in 2000, with the proceeds placed into an irrevocable trust until the September 2001 call date.

Capital outlay expenditures are major maintenance of infrastructure, including streets, sidewalks, storm drainage systems and intersection improvements. These expenditures vary significantly as various construction/infrastructure improvements are completed each fiscal year. Primarily due to the 2000 completion of a \$4 million of swimming pool renovation, 2001 expenditures returned to normal levels.

Due to position vacancies in 2000, municipal justice costs were 8.77% higher in 2001.

In the City's largest operating function, public safety personnel expenditures accounted for 6.5% of the 8.13% increase from 2000 to 2001.

General Fund Balance

Excluding the effects of a change in accounting, the fund balance of the General Fund decreased 12%, or \$678,020, from 2000. While expenditures and other financing uses grew by 6.8% to \$12.8 million in 2001, revenues and other financing sources for the year totaled \$12.2 million, a decline of 4.8% from the previous year.

Special Revenue Fund Balance

Virtually all of the \$15,539 decline in fund balance was the result of lower highway maintenance gasoline tax revenues and their associated transfer to the Capital Projects Fund. Revenues from the State liquor tax increased 26% from 2000, while a new contract for solid waste services resulted in related expenditures exceeding revenues by \$32,897.

Capital Projects Fund Balance

Funding for the City's capital projects is comprised of transfers from other funds and intergovernmental grant agreements from Johnson County. Revenues and other financing sources for the year totaled \$5.4 million, while expenditures and other financing uses were \$4.5 million. The net effect of the activity was an increase in fund balance of \$877,107, primarily caused by incomplete projects.

Debt Administration

The City's policy is to use debt sparingly and only for major construction projects. Debt is only structured over the useful life of the project being financed. City affairs are managed to ensure continued bond rating of Aa1 or better. As of December 31, 2001, the City had three debt issues outstanding.

Police Facility Bonds issued in 1994 were the subject of a crossover refunding in January of 1999. The outstanding balance of the bonds was \$1.76 million, was refunded on September 1, 2001, by bond proceeds held in escrow.

Under current State Statutes, the City's general obligation bonded debt issuances are subject to a legal limitation based on 29.45% of the total assessed valuation. As of December 31, 2001, the City's net general obligation bonded debt level of \$4.1 million was well below the legal limit of approximately \$75 million.

Fiduciary Funds

Despite the effects of the recent recession that caused a significant decline in the net assets of the Revised Prairie Village Police Pension Plan and the Supplementary Retirement Plan, the annual actuarial valuation continues to reflect a positive trend in the City's funding of the plans.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, and obligations of the U.S. Treasury and the State of Kansas Municipal Investment Pool (as authorized by State law effective July 1, 1992). The City earned interest revenue of \$516,450 on investment of temporarily idle funds (excluding pensions assets) in 2001.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on invested funds. Accordingly, deposits are either insured by federal depository insurance or fully collateralized.

The Pension Trust Funds' investment portfolios are recommended by the Board of Trustees for the plans in conformance with an investment policy adopted by the City Council.

Risk Management

The City's Risk Management Plan is recommended and monitored by a committee of professionals in the insurance industry. The plan is implemented by City staff. Members of the committee evaluate potential liabilities which the City could incur. These risks are covered by a plan which includes the purchase of insurance with relatively high deductible levels supported by a City insurance reserve account sufficient to finance a loss.

City staff regularly conducts safety programs developed to be both job specific and general in content. Police personnel have trained in "high liability" procedures on an annual basis to learn new techniques and as a "refresher". Recreation personnel, specifically lifeguards, are tested on their skills every year before they begin work for the season. They also have in-service training throughout the season.

Other Information

Independent Audit

Provisions of Kansas State Statutes require the City's financial records to be audited by an independent certified public accountant each year. The firm of KPMG LLP, selected by the City Council, was approved to perform this audit. The audit was conducted in such a manner as to enable the auditors to form an opinion on the general purpose financial statements taken as a whole. The report of the auditors has been included as part of this report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2000. This was the fifteenth consecutive year the government received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

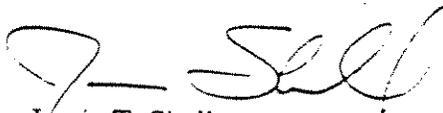
In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning January 1, 2001. This is the thirteenth year the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organizational guidance.

Acknowledgments

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the staff of the Finance Department and the City's auditing firm, KPMG LLP. Those individuals who contributed to the preparation of this report have our sincere appreciation for their efforts.

Although City staff accomplished the preparation and documentation of this report, it is the leadership and support of the governing body that provides the policy direction and financial integrity on which the report is based.

Respectfully submitted,



Jamie T. Shell
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Prairie Village,
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



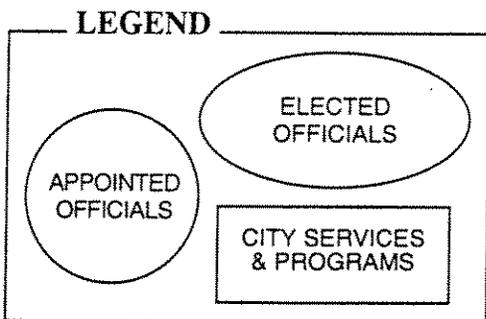
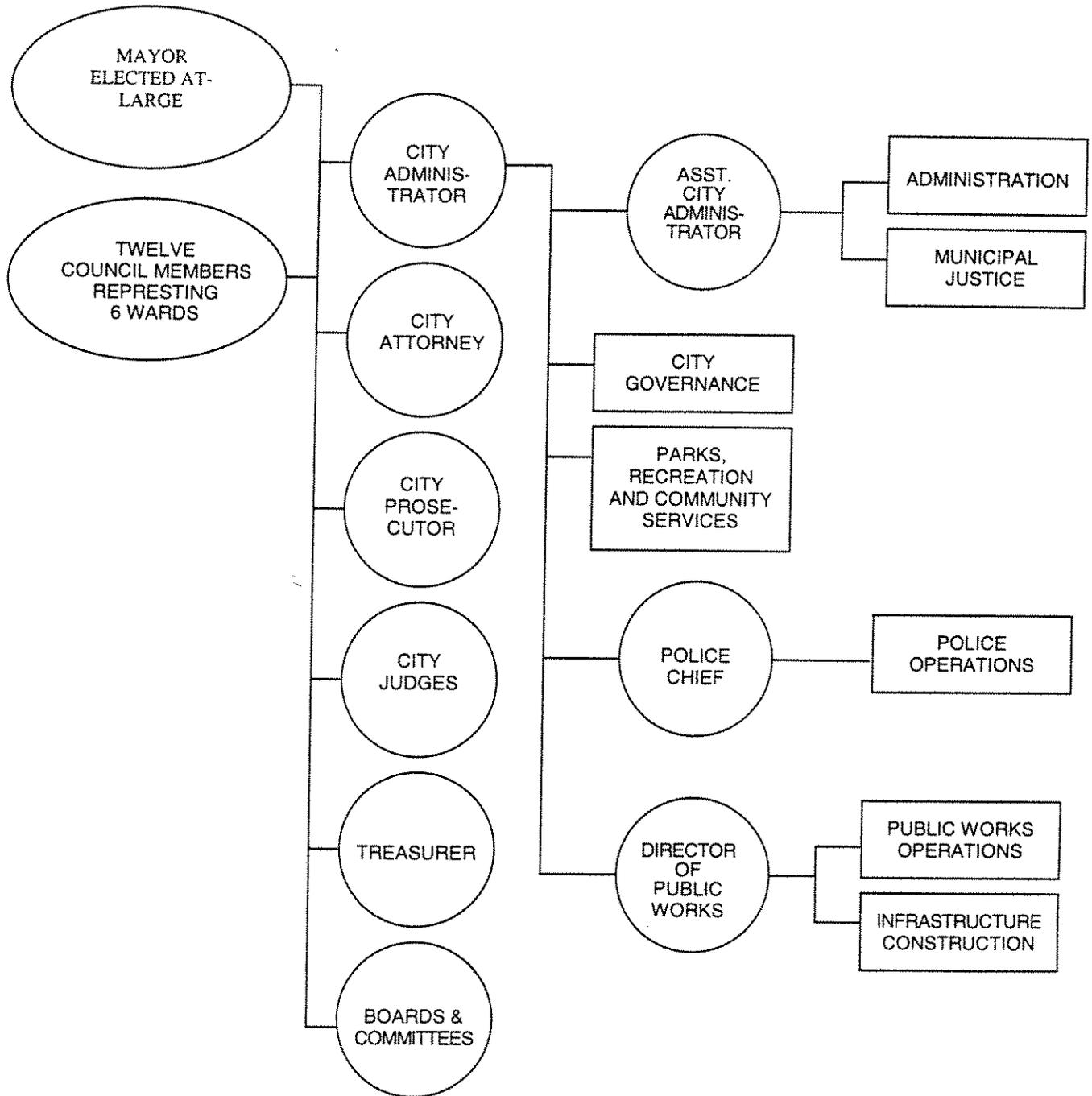
Imelda Greve

President

Jeffrey L. Esser

Executive Director

CITY OF PRAIRIE VILLAGE ORGANIZATIONAL OVERVIEW



CITY OF PRAIRIE VILLAGE, KANSAS

Municipal Officials

December 31, 2001

MAYOR

Ronald L. Shaffer

CITY COUNCIL

Nancy Vennard – Council President
Diana Ewy-Lamberson
Bill Griffith
Al Herrera
Patty Markley
Kay Wolf

Laura Wassmer
Steve Noll
Ruth Hopkins
Jerry Kelso
Bob Pierson
Roy True

MAYOR'S APPOINTMENTS

City Attorney
Assistant City Attorney
City Treasurer
Municipal Judge
Municipal Judge
City Administrator
City Clerk
Chief of Police
Director of Public Works
Assistant City Administrator

Charles E. Wetzler
Stephen B. Horner
Fielding Norton, Jr.
Thomas Hamill
Mary Virginia Clarke
Barbara Vernon
Joyce Hagen Mundy
Charles Grover
Robert S. Pryzby
Douglas Luther



1000 Walnut, Suite 1600
P.O. Box 13127
Kansas City, MO 64106

Independent Auditors' Report

The Honorable Mayor and Members
of the City Council
City of Prairie Village, Kansas:

We have audited the general purpose financial statements of the City of Prairie Village, Kansas (the City) as of and for the year then ended December 31, 2001, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose 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 *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Prairie Village, Kansas at December 31, 2001, and the results of its operations and changes in plan net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As disclosed in note 12 to the general purpose financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements, schedules, and other supplementary information, listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The schedule of funding progress on page 34 is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedule of funding progress certain limited procedures prescribed by professional standards, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the schedule.



The information included in the introduction and statistical data sections listed in the accompanying table of contents is presented for purposes of additional analysis, and is not a required part of the general purpose financial statements. Accordingly, such information was not audited by us and we express no opinion on it.

KPMG LLP

April 26, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

The following portion of the Financial Section contains the General Purpose Financial Statements, which are intended to provide report users with an overview and broad perspective of financial position and results of operations for the City of Prairie Village, Kansas as a whole. The General Purpose Financial Statements report aggregated data for each generic fund type (General, Special Revenue, Debt Service, Capital Projects, and Fiduciary) and for the account groups (General Fixed Assets and General Long-term Debt) in separate adjacent columns, captioned with generic fund type and account group titles.

CITY OF PRAIRIE VILLAGE, KANSAS

Exhibit A

Combined Balance Sheet – All Fund Types and Account Groups

December 31, 2001

(With comparative totals for 2000)

| Assets and Other Debits | Governmental fund types | | | | Fiduciary fund type | Account groups | | Totals (memorandum only) | |
|--|-------------------------|-----------------|----------------|------------------|---------------------|----------------------|------------------------|--------------------------|-------------------|
| | General | Special revenue | Debt service | Capital projects | Pension Trust Funds | General fixed assets | General long-term debt | 2001 | 2000 |
| Pooled cash and investments (note 3) | \$ 4,966,957 | 384,976 | — | 1,959,525 | — | — | — | 7,311,458 | 7,152,691 |
| Receivables: | | | | | | | | | |
| Taxes (note 4) | 3,705,673 | 2,781 | 550,158 | — | — | — | — | 4,258,612 | 3,444,556 |
| Interest | 104,570 | — | — | — | — | — | — | 104,570 | 57,957 |
| Other | 142,602 | — | — | — | — | — | — | 142,602 | 260,373 |
| Due from other governments (note 5) | 67,874 | 178,738 | — | 566,483 | — | — | — | 813,095 | 904,437 |
| Due from other funds | 181,519 | — | — | — | — | — | — | 181,519 | 180,615 |
| Restricted assets (note 3): | | | | | | | | | |
| Cash | 5,294 | — | — | — | — | — | — | — | — |
| Investments | — | — | — | — | — | — | — | 5,294 | 15,864 |
| General fixed assets (note 6) | — | — | — | — | 8,914,406 | — | — | 8,914,406 | 11,031,348 |
| Amount available in Debt Service Fund | — | — | — | — | — | 17,010,179 | — | 17,010,179 | 16,893,169 |
| Amount to be provided for retirement of general long-term debt | — | — | — | — | — | — | — | — | 1,653,124 |
| Total assets and other debits | \$ 9,174,489 | 566,495 | 550,158 | 2,526,008 | 8,914,406 | 17,010,179 | 4,130,000 | 42,871,735 | 44,339,306 |
| Liabilities, Equity, and Other Credits | | | | | | | | 42,871,735 | 46,033,440 |
| Liabilities: | | | | | | | | | |
| Accounts payable and other liabilities | \$ 311,901 | 297,263 | — | 534,327 | — | — | — | 1,143,491 | 1,304,568 |
| Compensated absences (note 7) | 238,503 | — | — | — | — | — | — | 238,503 | 367,025 |
| Due to other funds | — | 181,519 | — | — | — | — | — | 181,519 | 180,615 |
| Liabilities payable from restricted assets – Municipal Court bonds | 5,294 | — | — | — | — | — | — | 5,294 | 15,864 |
| General obligation bonds payable (note 7) | — | — | — | — | — | — | — | — | — |
| Deferred revenue | 2,907,425 | — | 550,158 | 301,559 | — | — | 4,130,000 | 4,130,000 | 6,080,000 |
| Total liabilities | 3,463,123 | 478,782 | 550,158 | 835,886 | — | — | 4,130,000 | 9,457,949 | 11,651,107 |
| Equity and other credits: | | | | | | | | | |
| Investments in general fixed assets | — | — | — | — | — | 17,010,179 | — | 17,010,179 | 16,893,169 |
| Fund balances: | | | | | | | | | |
| Reserved for encumbrances | 227,413 | — | — | 795,994 | — | — | — | 1,023,407 | 896,439 |
| Reserved for pension benefits (note 10) | — | — | — | — | 8,914,406 | — | — | 8,914,406 | 9,410,418 |
| Reserved for debt service | — | — | — | — | — | — | — | — | — |
| Unreserved: | | | | | | | | | |
| Designated for contingencies (note 10(b)) | 851,765 | — | — | — | — | — | — | 851,765 | 782,855 |
| Undesignated | 4,632,188 | 87,713 | — | 894,128 | — | — | — | 5,614,029 | 4,746,328 |
| Total equity and other credits | 5,711,366 | 87,713 | — | 1,690,122 | 8,914,406 | 17,010,179 | — | 33,413,786 | 34,382,333 |
| Total liabilities, equity, and other credits | \$ 9,174,489 | 566,495 | 550,158 | 2,526,008 | 8,914,406 | 17,010,179 | 4,130,000 | 42,871,735 | 46,033,440 |

See accompanying notes to general purpose financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances – All Governmental Fund Types
 Year ended December 31, 2001
 (With comparative totals for 2000)

| | Governmental fund types | | | | Totals (memorandum only) | |
|--|-------------------------|--------------------|------------------|---------------------|-----------------------------|-------------------|
| | General | Special revenue | Debt service | Capital projects | 2001 | 2000 |
| Revenues: | | | | | | |
| Taxes (note 4) | \$ 8,563,062 | 84,542 | 440,431 | — | 9,088,035 | 9,013,654 |
| Licenses and permits | 340,086 | — | — | — | 340,086 | 319,122 |
| Intergovernmental (note 5) | 1,339,488 | 757,871 | 65,848 | 471,248 | 2,634,455 | 3,956,504 |
| Charges for services | 605,424 | 861,644 | — | — | 1,467,068 | 1,100,990 |
| Fines and forfeits | 381,582 | — | — | — | 381,582 | 385,493 |
| Recreational fees | 390,023 | — | — | — | 390,023 | 381,363 |
| Investment income | 430,727 | 17,090 | 68,633 | — | 516,450 | 538,676 |
| Miscellaneous | 58,869 | — | 405 | — | 59,274 | 99,466 |
| Total revenues | 12,109,261 | 1,721,147 | 575,317 | 471,248 | 14,876,973 | 15,795,268 |
| Expenditures: | | | | | | |
| Current operating: | | | | | | |
| Urban management and planning | 1,276,935 | 996,173 | — | — | 2,273,108 | 1,986,967 |
| Public works and environmental improvements | 2,841,247 | — | — | — | 2,841,247 | 2,809,254 |
| Public safety | 3,725,738 | 15,000 | 154 | — | 3,740,892 | 3,459,711 |
| Municipal justice | 195,487 | — | — | — | 195,487 | 179,729 |
| Leisure, recreation, and education | 599,056 | 11,724 | 12 | — | 610,792 | 932,956 |
| Capital outlay | — | — | — | 4,446,209 | 4,446,209 | 9,171,783 |
| Debt service: | | | | | | |
| Principal retirement | — | — | 1,950,000 | — | 1,950,000 | 310,000 |
| Interest | — | — | 288,814 | — | 288,814 | 264,315 |
| Bond issue costs | — | — | — | — | — | 18,723 |
| Total expenditures | 8,638,463 | 1,022,897 | 2,238,980 | 4,446,209 | 16,346,549 | 19,133,438 |
| Excess (deficiency) of revenues over (under) expenditures | 3,470,798 | 698,250 | (1,663,663) | (3,974,961) | (1,469,576) | (3,338,170) |
| Other financing sources (uses): | | | | | | |
| Operating transfers in (note 8) | 77,721 | — | 10,539 | 4,929,789 | 5,018,049 | 6,305,629 |
| Operating transfers out (note 8) | (4,226,539) | (713,789) | — | (77,721) | (5,018,049) | (6,305,629) |
| Proceeds of bonds | — | — | — | — | — | 1,600,000 |
| Total other financing sources (uses) | (4,148,818) | (713,789) | 10,539 | 4,852,068 | — | 1,600,000 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (678,020) | (15,539) | (1,653,124) | 877,107 | (1,469,576) | (1,738,170) |
| Fund balances at beginning of year, as previously stated | 5,509,355 | 103,252 | 1,653,124 | 813,015 | 8,078,746 | 9,816,916 |
| Effect of change in accounting principle (note 13) | 880,031 | — | — | — | 880,031 | — |
| Fund balance at beginning of year, as restated | 6,389,386 | 103,252 | 1,653,124 | 813,015 | 8,958,777 | 9,816,916 |
| Fund balances end of year | \$ 5,711,366 | 87,713 | — | 1,690,122 | 7,489,201 | 8,078,746 |

See accompanying notes to general purpose financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances –
 Budget and Actual – General, Budgeted Special Revenue, and Debt Service Fund Types
 Year ended December 31, 2001

| | General fund | | Budgeted special revenue funds | | Debt service fund | |
|--|--------------------|--------------------|--------------------------------|------------------|-------------------|------------------|
| | Revised budget | Actual | Revised budget | Actual | Revised budget | Actual |
| Revenues: | | | | | | |
| Taxes | \$ 9,088,020 | 8,563,062 | — | — | 451,980 | 440,431 |
| Licenses and permits | 344,200 | 340,086 | — | — | — | — |
| Intergovernmental | 1,353,780 | 1,339,488 | 754,000 | 757,871 | 79,105 | 65,848 |
| Charges for services | 336,500 | 605,424 | 863,000 | 861,644 | — | — |
| Fines and forfeits | 349,800 | 381,582 | — | — | — | — |
| Recreational fees | 437,000 | 390,023 | — | — | — | — |
| Investment income | 350,000 | 430,727 | 20,000 | 17,090 | 29,495 | 68,633 |
| Miscellaneous | 26,620 | 33,977 | — | — | — | 405 |
| Total revenues | 12,285,920 | 12,084,369 | 1,637,000 | 1,636,605 | 560,580 | 575,317 |
| Expenditures: | | | | | | |
| Current operating: | | | | | | |
| Urban management and planning | 1,448,400 | 1,298,198 | 924,800 | 911,631 | — | — |
| Public works and environmental improvements | 2,980,200 | 2,829,316 | — | — | — | — |
| Public safety | 3,775,200 | 3,650,699 | 15,000 | 15,000 | — | 154 |
| Municipal justice | 222,301 | 189,936 | — | — | — | — |
| Leisure, recreation, and education | 800,763 | 610,309 | 12,000 | 11,724 | — | 12 |
| Debt service: | | | | | | |
| Principal retirement | — | — | — | — | 1,950,000 | 1,950,000 |
| Interest | — | — | — | — | 289,000 | 288,814 |
| Total expenditures | 9,226,864 | 8,578,458 | 951,800 | 938,355 | 2,239,000 | 2,238,980 |
| Excess (deficiency) of revenues over (under) expenditures | 3,059,056 | 3,505,911 | 685,200 | 698,250 | (1,678,420) | (1,663,663) |
| Other financing sources (uses): | | | | | | |
| Operating transfers in | — | 77,721 | — | — | — | 10,539 |
| Operating transfers out | (4,216,000) | (4,226,539) | — | (713,789) | — | — |
| Total other financing sources (uses) | (4,216,000) | (4,148,818) | — | (713,789) | — | 10,539 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses – budgetary basis | \$ (1,156,944) | (642,907) | 685,200 | (15,539) | (1,678,420) | (1,653,124) |
| Effect of current year encumbrances | | 245,322 | | — | | — |
| Effect of prior year encumbrances | | (280,435) | | — | | — |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | | (678,020) | | (15,539) | | (1,653,124) |
| Fund balances at beginning of year | | 5,509,355 | | 103,252 | | 1,653,124 |
| Effect of change in accounting principle | | 880,031 | | — | | — |
| Fund balance at beginning of year, as restated | | 6,389,386 | | 103,252 | | 1,653,124 |
| Fund balances end of year | \$ | <u>5,711,366</u> | | <u>87,713</u> | | <u>—</u> |

See accompanying notes to general purpose financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

Statement of Changes in Plan Net Assets –
Fiduciary Fund Type – Pension Trust FundsYear ended December 31, 2001
(With comparative totals for 2000)

| | Supplementary Retirement Fund | Revised Prairie Village Police Pension Fund | Totals (memorandum only) | |
|--|-------------------------------------|--|-----------------------------|-----------|
| | | | 2001 | 2000 |
| Additions: | | | | |
| Contributions | \$ 74,877 | 40,614 | 115,491 | 87,935 |
| Interest and dividends | 45,382 | 232,018 | 277,400 | 350,417 |
| Net appreciation (depreciation) in fair value of investments | (67,720) | (504,029) | (571,749) | 468,231 |
| Total additions | 52,539 | (231,397) | (178,858) | 906,583 |
| Deductions: | | | | |
| Benefit payments | 69,227 | 240,299 | 309,526 | 386,348 |
| Administrative expenses | 15 | 7,613 | 7,628 | 7,171 |
| Total deductions | 69,242 | 247,912 | 317,154 | 393,519 |
| Excess (deficiency) of additions over deductions | (16,703) | (479,309) | (496,012) | 513,064 |
| Plan net assets held in trust for pension benefits: | | | | |
| Beginning of year | 1,519,111 | 7,891,307 | 9,410,418 | 8,897,354 |
| End of year | \$ 1,502,408 | 7,411,998 | 8,914,406 | 9,410,418 |

See accompanying notes to general purpose financial statements.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

(1) Summary of Significant Accounting Policies

The City of Prairie Village, Kansas (the City) is located in Johnson County and was incorporated in 1951. The City is a city of the first class and operates under a Mayor-Council form of government, providing services to its approximately 22,000 residents in many areas including urban management and planning; public works and environmental improvement; public safety; municipal justice; and leisure, recreation, and education.

The general purpose financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The more significant of the City's accounting policies are described below.

(a) Reporting Entity

In evaluating the City's financial reporting entity, management has considered all potential component units over which the City may be financially accountable. Financial accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Based on these criteria, there are no entities for which the City is considered to be financially accountable and, as such, no component units are reported in the general purpose financial statements.

(b) Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The City's funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types."

- *Governmental Funds* are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (Special Revenue Funds), the acquisition or construction of general fixed assets (Capital Projects Fund), and the servicing of general long-term debt (Debt Service Fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.
- *Fiduciary Funds* are used to account for assets held on behalf of outside parties or on behalf of other funds within the government. Two Pension Trust Funds have been used for those assets held under the terms of a formal trust agreement.

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

(c) Basis of Accounting

The accounting and financial treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The Pension Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Their operating statements present additions and deductions in net total assets.

The modified accrual basis of accounting is used by all Governmental Fund Types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Sales and utility franchise taxes are considered measurable when collected by the vendor and are recognized as revenue if they are determined to be available. Other major revenues that are susceptible to accrual included property taxes, interest revenue, and intergovernmental revenue. Fines and forfeits, recreational fees, licenses and permits, and charges for services are not susceptible to accrual because generally they are not measurable until received in cash. However, property taxes levied during any year are, under Kansas State Statutes, revenues to be used to finance the budget of the ensuing year. Therefore, property taxes are recognized as taxes receivable and deferred revenue at the levy date. A sixty-day period is used for revenue recognition for all other Governmental Fund Type revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year.

The accrual basis of accounting is utilized by the Pension Trust Fund. Under this method, additions are recorded when earned and deductions are recorded at the time liabilities are incurred. Benefits are recorded when due and payable under terms of the Plan.

(d) General Fixed Assets

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized at cost in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost when historical records are available and at estimated historical costs when records do not exist. Contributed fixed assets are recorded in general fixed assets at estimated fair market value at the time received.

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

Public domain (infrastructure) fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

Major outlays for capital assets and improvements are capitalized in the General Fixed Assets Account Group as construction-in-progress as projects are constructed.

No depreciation has been provided on general fixed assets, and interest has not been capitalized because it has not been material.

(e) *Compensated Absences*

Full-time City employees earn vacation based upon length of service, and unused vacation days can be carried forward to future years with certain limitations. The City accrues the cost of vacation pay as it is earned as a liability in the General Fund.

Sick leave is earned by regular City employees at a rate of one day per month of employment, with total accumulation limited to 1,140 hours or 142.5 days. A liability has been recorded in the General Fund.

(f) *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized in the Governmental Funds. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures.

(g) *Reserves and Designations*

Reserves are reported in the various funds to indicate that a portion of the fund balance is restricted by law or contract for a specific purpose. Designations of fund balances in Governmental Funds indicate City management's plans for use of financial resources in a future period.

(h) *Use of Estimates*

The preparation of general purpose 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 general purpose financial statements, and the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

(i) *Accounting for Investments*

All investments are stated at fair value. The fair value of marketable securities is based on quotations which are generally obtained from national securities exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms or national pricing services.

CITY OF PRAIRIE VILLAGE, KANSAS

Notes to General Purpose Financial Statements

December 31, 2001

(j) Memorandum Only – Total Columns

Total columns on the general purpose financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position and results of operations in conformity with GAAP. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(k) Comparative Data

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the government’s financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

(l) Governmental Accounting Standards Board (GASB) Statement No. 34

This report does not incorporate GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. The City will adopt and implement the GASB 34 statement for the year ended December 31, 2003. The City has not completed the process of evaluating the impact of adopting this statement, and, therefore, is unable to disclose the impact that adopting this statement will have on its financial position and results of operations when such statement is implemented.

(2) Budget Basis

Kansas State Statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute), and Debt Service Fund. Annual operating budgets are not adopted for the TIF Project Fund (Special Revenue Fund) and the Capital Projects Fund; instead, budgetary control is maintained through the use of cumulative project authorizations.

The Statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the financial budget on or before August 25.

The annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized on the modified accrual basis. Expenditures include disbursements, accounts payable, and encumbrances. All unencumbered appropriations lapse at year-end.

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

The Statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The reported budgetary data represents the final approved budget after amendments as adopted by the City Council.

The Statutes permit transferring budgeted amounts between line items or departments within an individual fund by the governing body, and the City Council has given the City Administrator that authority. The Statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. The City's legal level of budgetary control is at the fund level.

Kansas Statutes prohibit cities from creating indebtedness unless there is money on hand in the proper fund and unencumbered by previous commitments with which to pay the indebtedness. The execution of a contract, or the issuing of a purchase order, automatically encumbers the money in the fund for the payment of the amount represented by the commitment. It makes no difference that the amount may not have to be paid until more monies are in the fund or until the following year. An exception to this cash basis law is the issuance of debt, in the form of bonds, notes, or warrants, pursuant to statutory authority, referendum, or by the State Board of Tax Appeals. In the event debt is issued, funds need not be on hand for future payments.

(3) Cash and Investments

Kansas State Statutes authorize the City, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, and United States treasury bills and notes. Statutes also require that collateral pledged must have a fair value equal to 100% of the deposits (less insured amounts) and investments, and must be assigned for the benefit of the City. The Statutes provide for an exception for peak deposit periods during tax-paying time where, for a period of sixty days, the amount of required collateral can be reduced by one-half. The City maintains a cash and investment pool that is available for use by all funds, except for the Pension Trust Funds. Each fund type's portion of this pool is presented on the combined balance sheet as pooled cash and investments. Investment income is allocated to the General Fund, Solid Waste Management, and the Bond and Interest Fund based on specific identification. The General Fund finances the capital projects through operating transfers and, as such, the investment income earned remains with the General Fund.

Deposits – At December 31, 2001, the carrying amount of the City's deposits, including certificates of deposit, was \$7,304,431. The bank balance was \$7,349,945. Of the bank balance, \$200,000 was covered by federal depository insurance and \$7,149,945 was covered by collateral held by the City's agent in the City's name.

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

Investments – At year-end, the City had investments with a fair value of \$8,925,777 summarized as follows:

| | |
|---|---------------------|
| Kansas State Municipal Investment Pool | \$ <u>11,371</u> |
| Pension Trust Funds: | |
| Pooled investments | 6,143,706 |
| U. S. government agencies | 1,429,483 |
| Small Business Administration obligations | 276,045 |
| U. S. treasury notes | 178,992 |
| Nongovernment obligations | <u>886,180</u> |
| | <u>8,914,406</u> |
| | <u>\$ 8,925,777</u> |

U. S treasury bills and treasury notes are registered in the name of a bank's trust department and held with the Kansas State Municipal Investment Pool at the Federal Reserve. The Kansas State Municipal Investment Pool (the Pool) is governed by the State of Kansas Pooled Money Investment Board. The Pool invests in commercial paper, overnight repurchase agreements, certificates of deposit, and government agencies. The Pool maintains a separate account for each participant and the participant may then direct its investment in various investment options offered by the Pool. The Pool is accounted for at fair value, which is the same as the pool shares. The remaining Pension Trust Fund investments are held by the bank's trust department in the City's name.

The investments of the Pension Trust Funds are held separately from those of other City funds with outside entities in investment pools.

A summary of deposits, investments, and petty cash and the financial statement classifications for the year ended 2001 are as follows:

| | |
|--|----------------------|
| Total deposits | \$ 7,304,431 |
| Total investments | 8,925,777 |
| Petty cash | <u>950</u> |
| | <u>\$ 16,231,158</u> |
| General purpose financial statement classifications: | |
| Pooled cash and investments | \$ 7,311,458 |
| Restricted assets: | |
| Cash | 5,294 |
| Investments | <u>8,914,406</u> |
| | <u>\$ 16,231,158</u> |

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

(4) Tax Revenue and Receivables

Tax revenue by fund type for the year was as follows:

| | General | Special revenue | Debt service |
|--------------------------|----------------|----------------------------|-------------------------|
| Property tax | \$ 2,593,222 | 84,542 | 440,431 |
| City sales tax | 3,992,760 | — | — |
| Local consumers' use tax | 322,205 | — | — |
| Franchise tax | 1,654,875 | — | — |
| | \$ 8,563,062 | 84,542 | 440,431 |

The City's property tax is levied and a lien attached each November 1 on the assessed value as of the prior January 1 for all property located in the City. Assessed values are established by the County Assessor. The assessed value for property located in the City as of January 1, 2001 on which the 2001 levy was based was \$236,125,305.

The City's property tax levy per \$1,000 assessed valuation for the year ended December 31, 2001 was \$13.382 (General Fund, \$11.268 and Debt Service Fund, \$2.114).

Property taxes are due in total by December 31 following the levy date, or may be paid in equal installments if paid by December 20 (first installment) and the following June 20 (second installment). They are remitted by the County Treasurer to the City subsequent to collection.

Taxes receivable represent property taxes levied on November 1, 2001 for 2002 which have been recorded as deferred revenue and franchise taxes which have been recorded as revenues.

During 1999, the City passed an ordinance to establish a Tax Increment Financing District (TIF). The establishment of this district allows the City to provide public improvements to encourage developers to construct and make new investments within blighted conservation or economic areas. Through the use of a TIF district, the City can utilize the taxes generated by the incremental increase in property value from the date the TIF was established and the combined levies of all taxing jurisdictions for infrastructure improvements. 1999 was established as the base year for the TIF. Included in the City's 2001 assessed valuation is \$1,089,853 representing the incremental increase in property value since 1998. Tax revenue available to the TIF for the year then ended December 31, 2001 was \$81,761 and is included as property tax revenue in the TIF Project Fund (a Special Revenue Fund).

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

(5) Intergovernmental Revenues and Receivables

Intergovernmental revenue by fund type during the year consisted of the following:

| | <u>General</u> | <u>Special revenue</u> | <u>Debt service</u> | <u>Capital projects</u> |
|--|---------------------|----------------------------|-------------------------|-----------------------------|
| Federal – COPS Fast Grant | \$ 319 | — | — | — |
| State: | | | | |
| Revenue sharing | 195,287 | — | — | — |
| Highway maintenance gasoline tax | — | 672,205 | — | — |
| Special liquor tax | 42,833 | 85,666 | — | — |
| | <u>238,120</u> | <u>757,871</u> | <u>—</u> | <u>—</u> |
| County: | | | | |
| Stormwater Management Advisory Council | 20,667 | — | — | 107,115 |
| County Assisted Road System | — | — | — | 358,306 |
| Motor vehicle tax | 445,859 | — | 65,633 | — |
| Recreational vehicle and heavy trucks tax | 1,492 | — | 215 | — |
| | <u>468,018</u> | <u>—</u> | <u>65,848</u> | <u>465,421</u> |
| Local: | | | | |
| Local CEP reimbursements | — | — | — | 5,827 |
| Mission Hills | 633,031 | — | — | — |
| Total | <u>\$ 1,339,488</u> | <u>757,871</u> | <u>65,848</u> | <u>471,248</u> |

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

Intergovernmental receivables at year-end consisted of the following:

| | <u>General</u> | <u>Special revenue</u> | <u>Capital projects</u> |
|---|------------------|----------------------------|-----------------------------|
| State: | | | |
| Highway maintenance gasoline tax | \$ — | 178,738 | — |
| County: | | | |
| Stormwater Management Advisory Council | — | — | 98,630 |
| County Assisted Road System | — | — | 148,462 |
| Local: | | | |
| Mission Hills | 57,353 | — | 313,360 |
| Overland Park | — | — | 1,500 |
| Mission | — | — | 4,531 |
| Shawnee Mission School District | 10,521 | — | — |
| | <u>\$ 67,874</u> | <u>178,738</u> | <u>566,483</u> |

(6) General Fixed Assets

Following is a summary of changes in general fixed assets for the year:

| | <u>Balance beginning of year</u> | <u>Additions/ transfers</u> | <u>Retirements/ transfers</u> | <u>Balance end of year</u> |
|-------------------------------------|--|---------------------------------|-----------------------------------|------------------------------------|
| Land | \$ 1,716,555 | — | — | 1,716,555 |
| Building | 6,550,803 | — | — | 6,550,803 |
| Improvements other than building | 5,211,272 | 15,670 | — | 5,226,942 |
| Furniture and equipment | 3,414,539 | 299,948 | 198,608 | 3,515,879 |
| | <u>\$ 16,893,169</u> | <u>315,618</u> | <u>198,608</u> | <u>17,010,179</u> |

(7) General Long-Term Debt and Leases

Following is a summary of general long-term debt transactions during the year:

| | <u>General obligation bonds</u> | <u>Compensated absences</u> | <u>Total</u> |
|---------------------------|---|---------------------------------|------------------|
| Balance beginning of year | \$ 6,080,000 | 12,430 | 6,092,430 |
| Additions | — | — | — |
| Reductions | (1,950,000) | (12,430) | (1,962,430) |
| Balance end of year | <u>\$ 4,130,000</u> | <u>—</u> | <u>4,130,000</u> |

CITY OF PRAIRIE VILLAGE, KANSAS

Notes to General Purpose Financial Statements

December 31, 2001

General obligation bonds outstanding at the end of the year are as follows:

| <u>Description</u> | <u>Interest rates</u> | <u>Date</u> | <u>Original amount</u> | <u>Final maturity</u> | <u>Unmatured principal</u> |
|---------------------------------|-----------------------|-------------|------------------------|-----------------------|----------------------------|
| Park refunding bonds | 3.85% – 5.00% | 01/01/94 | 1,240,000 | 09/01/09 | 1,015,000 |
| Police facility refunding | 3.60% – 4.00% | 01/01/99 | 1,660,000 | 09/01/10 | 1,660,000 |
| Swimming pool improvement bonds | 4.75% – 6.50% | 2/15/00 | 1,600,000 | 09/01/14 | 1,455,000 |
| | | | | | <u>\$ 4,130,000</u> |

The annual requirements to amortize bonded debt at the end of the year are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------|---------------------|------------------|------------------|
| 2002 | \$ 365,000 | 186,843 | 551,843 |
| 2003 | 380,000 | 170,783 | 550,783 |
| 2004 | 400,000 | 154,143 | 554,143 |
| 2005 | 415,000 | 136,338 | 551,338 |
| 2006 | 435,000 | 118,720 | 553,720 |
| Thereafter | 2,135,000 | 355,175 | 2,490,175 |
| | <u>\$ 4,130,000</u> | <u>1,122,002</u> | <u>5,252,002</u> |

Park Improvement Bonds, Series 2000A

On February 15, 2000, the City issued \$1,600,000 of General Obligation Park Improvement Bonds, Series 2000A to fund pool improvements. The interest rates on these bonds range from 4.75% to 6.5% and have a maturity date of September 1, 2014. The bonds maturing on or after September 1, 2009 are subject to redemption at the option of the City on September 1, 2008.

Crossover Refunding

In January 1999, the City issued \$1,660,000 of General Obligation Refunding Bonds Series 1999-A (Refunding Bonds) with interest rates ranging from 3.6% to 4.0% to advance refund \$1,620,000 of outstanding General Obligation Police Facility Bonds, Series 1994-B (Refunded Bonds). The transaction is accounted for as a crossover refunding. The net proceeds of \$1,628,005 (after payment of bond issue costs of \$36,781 and receipt of accrued interest of \$4,786) were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the payment of interest on the Refunded Bonds from September 1, 1999 through September 1, 2001, and to call and redeem all outstanding Refunded Bonds on September 1, 2001. The escrow did not provide funds to pay any interest on the Refunding Bonds. The crossover refunding refunded the Series 1994-B Bonds resulting in an economic gain of \$90,840.

On September 4, 2001, the amounts in the irrevocable trust were used by the City to call and retire all Refunded Bonds.

CITY OF PRAIRIE VILLAGE, KANSAS

Notes to General Purpose Financial Statements

December 31, 2001

Conduit Debt

The City has issued debt for economic development from time to time. This debt is issued for the benefit of third parties and the City has no obligation beyond the initial lease or loan which has been assigned to various financial or banking entities. Debt still outstanding of this nature includes Taxable Industrial Revenue Bonds for Lockton Insurance Agency 85 for \$3,290,000, J. C. Nichols 85 for \$4,500,000, and Claridge Court 93 for \$9,255,000.

Operating Lease

The City has entered into an operating lease agreement for a public works storage facility which will expire in 2003. Rental expense for this facility in 2001 was \$15,576. Future minimum rental payments for each of the next two years are as follows:

| <u>Fiscal year</u> | <u>Amount</u> |
|------------------------|------------------|
| 2002 | \$ 16,200 |
| 2003 | 16,848 |
| Total | <u>\$ 33,048</u> |

(8) Operating Transfers

Operating transfers by fund for the year were as follows:

| | <u>Transfers out</u> | <u>Transfers in</u> |
|---------------------------------|--------------------------|-------------------------|
| General Fund | \$ 4,226,539 | 77,721 |
| Special Revenue Fund: | | |
| Special City Street and Highway | 686,789 | — |
| Special Park and Recreation | 27,000 | — |
| | <u>713,789</u> | <u>—</u> |
| Debt Service Fund | — | 10,539 |
| Capital Projects Fund | 77,721 | 4,929,789 |
| Total | <u>\$ 5,018,049</u> | <u>5,018,049</u> |

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

(9) Capital Projects Fund

As indicated in note 2, annual operating budgets are not adopted for the Capital Projects Fund. Instead, control is maintained through use of cumulative project authorization. Following is a summary of 2001 activity:

| | Project authorization | Total expenditures to date |
|---|----------------------------------|---|
| Park improvements | \$ 128,000 | 56,001 |
| Building | 252,550 | 245,035 |
| Drainage projects – storm drainage | 1,023,737 | 911,856 |
| Street projects – street resurfacing and maintenance | 3,636,605 | 2,816,519 |
| Other projects – sidewalk, ramps, bridges, and miscellaneous | 875,815 | 691,611 |
| Total | \$ 5,916,707 | 4,721,022 |

(10) Commitments and Contingencies

(a) Defined Pension Plans

All employees of the City, after meeting eligibility requirements, are covered under the Kansas Public Employees Retirement System (KPERs) and the Supplementary Retirement Plan, except commissioned police officers who are covered by the Revised Prairie Village Police Pension Plan. Kansas State Statutes require that current liabilities be funded currently. The City sponsors and administers the Supplementary Retirement Plan and the Revised Prairie Village Police Pension Plan. These two plans are accounted for as separate Pension Trust Funds. KPERs is administered by the State of Kansas. Each plan is described below.

Kansas Public Employees Retirement System

Plan description – The City participates in KPERs, a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to KPERs (400 S.W. 8th Avenue, Suite 200; Topeka, Kansas 66603-3925) or by calling 1-800-228-0366.

Funding policy – K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The City rate established by Statute for calendar year 2000 is 2.77%. The City contributions to KPERs for the years ending December 31, 2001, 2000, and 1999

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

were \$56,088, \$34,976, and \$55,148, respectively, equal to the statutory required contributions for each year.

Supplementary Retirement Plan

As a supplement to KPERS, the City provides a defined contribution supplementary retirement plan to all eligible employees, except commissioned police officers. This is a defined contribution plan in which the benefits depend solely on amounts contributed to the plan plus investment earnings. The City contributes 5% of the employee's base salary as of January 1 to a maximum of \$2,500 per employee per year. There are no employee contributions. The City's contributions (and investment earnings) are allocated to employee accounts and are vested 40% after four years of service, 45% after five years' service, 50% after six years' service, with such percentage increasing 10% per year thereafter, resulting in full vesting after eleven years. There were no retirees and three vested termines who received lump-sum payments in 2001. There was no lump-sum distribution due to a death. Participants include forty-six active employees (twelve fully vested, sixteen partially vested, and eighteen nonvested). City contributions for, and interest forfeited by, employees who leave employment before becoming fully vested are allocated to other participant accounts based upon length of service and annual salary.

The City's total payroll in 2001 was approximately \$4,208,000. The City's contributions to this defined contribution plan were based on estimated payroll of approximately \$1,850,000. The City made the required 5% contribution, up to a maximum contribution of \$2,500 per employee, which amounted to \$88,320 during 2001.

Revised Prairie Village Police Pension Plan

The Revised Prairie Village Police Pension Plan, a defined benefit plan (single employer pension plan), was established in 1966 and was amended to its current form in 1993. The plan covers eligible full-time commissioned police officers who have been continuously employed by the City for at least one year and who have not attained the age of retirement established by the plan. The plan provides for lifetime benefits upon retirement, along with death and disability benefits. The plan allows retirement upon attainment of twenty years of credited service, regardless of age, or attainment of age fifty-five and five years of service. A three-year average of earnings is used to determine benefits. The plan requires each participating officer to contribute 1.09% of earnings which earns interest each year. At December 31, 2001, there were thirty-four active participants (five fully vested, twenty-five partially vested, and four nonvested), thirteen vested termines (not currently receiving benefits), and nineteen retirees (currently receiving benefits). The City's total payroll for the years ended December 31, 2001 and 2000 was approximately \$4,208,000 and \$4,044,000, respectively, of which approximately \$1,596,000 and \$1,517,000, respectively, was payroll of plan participants.

The plan's funding policy provides for periodic employer contributions at actuarially determined rates that are expressed as percentages of annual covered payroll and are sufficient to accumulate sufficient assets to pay benefits when due. There were no required employer contributions for 2001.

City contributions are as authorized by local ordinance and all actuarially required contributions are made. The City may terminate the plan or its contributions at any time.

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

Schedule of Employer Contributions

| Fiscal year ending December 31: | <u>Annual pension cost (APC)</u> | <u>Percentage of APC contributed</u> | <u>Net pension obligation (asset)</u> |
|------------------------------------|--|--|---|
| 1996 | \$ 24,500 | 100 | % \$ — |
| 1997 | 820 | 100 | — |
| 1998 | — | 100 | — |
| 1999 | — | 100 | — |
| 2000 | — | 100 | — |
| 2001 | — | 100 | — |

The information presented was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation follows:

| | |
|-------------------------------|--|
| Valuation date | January 1, 2002 |
| Actuarial cost method | Entry age normal |
| Asset valuation method | Five-year average of adjusted market value of the trust fund assets |
| Authorization method | Level percentage open |
| Remaining amortization period | Approximately seventeen years |
| Actuarial assumptions: | |
| Investment rate of return | 8% per annum |
| Projected salary increases | 6.5% per year |

The actuarial methods and assumptions are the same as those used in the previous year valuation.

(b) Risk Management

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. The City has provided commercial insurance coverage for up to the maximum of the statutory limit for each workers' compensation claim, \$1 million each for general liability, auto liability, and auto physical damage (\$1,000 deductible) with a \$10 million umbrella coverage (\$10,000 deductible), \$500,000 crime coverage (\$500 deductible), \$500,000 for surety bond coverage of the City Treasurer and City Clerk, \$1 million public officials coverage (\$5,000 deductible), \$500,000 in fiduciary coverage (\$5,000 deductible), and \$1 million in law enforcement coverage (\$10,000 deductible).

CITY OF PRAIRIE VILLAGE, KANSAS
Notes to General Purpose Financial Statements
December 31, 2001

The City has a designated unreserved fund balance contingency amount in the General Fund for the purpose of funding any unforeseen and unanticipated expenditures. This account is set up at the beginning of the year and represents 5% of the City's annual budget. At December 31, 2001, the City had \$851,765 in this account. The designated unreserved contingency account supplements the City's commercial insurance coverage if any claims exceed the insured amounts. Settled claims have never exceeded the commercial coverage.

(11) Compliance With Kansas Statutes and Other Finance-Related Legal Matters

The City was in compliance with Kansas Statutes and finance-related legal matters.

(12) New Accounting Pronouncement

A prior period adjustment was made to the beginning of year fund balance of \$880,031 in the General Fund, as a result of the implementation of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The City now records sales tax revenue when the original transaction occurs as opposed to when the money is received by the City.

CITY OF PRAIRIE VILLAGE, KANSAS

Required Supplementary Information (Unaudited)

Schedule of Funding Progress – Revised Prairie Village Police Pension Plan

For the year ended December 31, 2001

| <u>Actuarial valuation date</u> | <u>(a) Actuarial value of assets</u> | <u>(b) Actuarial accrued liability (AAL)</u> | <u>(a/b) Funded ratio</u> | <u>(a-b) Funded AAL</u> | <u>(c) Covered payroll</u> | <u>((a-b)/(c)) AAL as a percentage of covered payroll</u> |
|---------------------------------|--|--|-------------------------------|-----------------------------|--------------------------------|---|
| 1996 | \$ 4,935,090 | 3,801,360 | 130 % | \$ 1,133,730 | 1,329,516 | 85 % |
| 1997 | 5,325,400 | 3,911,490 | 136 | 1,413,910 | 1,273,872 | 111 |
| 1998 | 5,757,357 | 4,111,811 | 140 | 1,645,546 | 1,330,356 | 124 |
| 1999 | 6,279,460 | 4,408,884 | 142 | 1,870,576 | 1,431,900 | 131 |
| 2000 | 6,818,770 | 4,786,591 | 142 | 2,032,179 | 1,517,220 | 134 |
| 2001 | 7,171,582 | 5,012,081 | 143 | 2,159,501 | 1,596,244 | 135 |

**COMBINING, INDIVIDUAL FUND, ACCOUNT GROUPS,
AND OTHER SUPPLEMENTARY INFORMATION**

CITY OF PRAIRIE VILLAGE, KANSAS

Detail Schedule of Expenditures –
Budget and Actual – General FundYear ended December 31, 2001
(With comparative actual amounts for 2000)

| | 2001 | | 2000 |
|--|----------------------|-------------------|-------------------|
| | Budget | Actual | Actual |
| Urban management and planning: | | | |
| Salaries | \$ 734,000 | 671,873 | 441,311 |
| Services | 586,900 | 513,804 | 448,390 |
| Supplies | 98,465 | 91,035 | 68,164 |
| Capital outlay | 29,035 | 21,486 | 58,944 |
| | <u>1,448,400</u> | <u>1,298,198</u> | <u>1,016,809</u> |
| Public works and environmental improvements: | | | |
| Salaries | 1,124,100 | 1,071,848 | 1,033,295 |
| Services | 1,361,700 | 1,301,145 | 1,268,878 |
| Supplies | 313,800 | 312,355 | 301,006 |
| Capital outlay | 180,600 | 143,968 | 212,453 |
| | <u>2,980,200</u> | <u>2,829,316</u> | <u>2,815,632</u> |
| Public safety: | | | |
| Salaries | 2,908,100 | 2,806,510 | 2,635,173 |
| Services | 567,300 | 544,371 | 523,478 |
| Supplies | 149,500 | 149,011 | 157,815 |
| Capital outlay | 150,300 | 150,807 | 213,355 |
| | <u>3,775,200</u> | <u>3,650,699</u> | <u>3,529,821</u> |
| Municipal justice: | | | |
| Salaries | 181,100 | 158,975 | 153,839 |
| Service | 30,688 | 22,883 | 10,931 |
| Supplies | 4,013 | 4,013 | 4,759 |
| Capital outlay | 6,500 | 4,065 | 16,787 |
| | <u>222,301</u> | <u>189,936</u> | <u>186,316</u> |
| Leisure, recreation, and education: | | | |
| Salaries | 455,000 | 291,384 | 479,604 |
| Services | 241,763 | 216,916 | 270,904 |
| Supplies | 89,000 | 100,049 | 98,342 |
| Capital outlay | 15,000 | 1,960 | 19,754 |
| | <u>800,763</u> | <u>610,309</u> | <u>868,604</u> |
| Total expenditures before other financing uses | 9,226,864 | 8,578,458 | 8,417,182 |
| Other financing uses – operating transfers out – | | | |
| Capital Projects Fund | 4,216,000 | 4,216,000 | 3,658,725 |
| Debt Service Fund | — | 10,539 | — |
| Total expenditures and other financing uses | <u>\$ 13,442,864</u> | <u>12,804,997</u> | <u>12,075,907</u> |

See accompanying independent auditors' report.

SPECIAL REVENUE FUNDS

Solid Waste Management Fund accounts for the operation of the City's solid waste management system which provides for collection, storage, and transportation of solid waste in a manner which ensures protection of the health, safety, and welfare of City residents.

Special City Street and Highway Fund accounts for gasoline taxes designated for construction and maintenance of the City streets and curbing and related expenditures.

Special Alcohol Program Fund accounts for the operation of services and programs pertaining to alcohol misuse. Financing is provided by the state liquor tax.

Special Park and Recreation Fund accounts for various City-sponsored park and recreation activities funded by the state liquor tax.

TIF Project Fund accounts for TIF redevelopment projects of certain blighted areas within the City.

CITY OF PRAIRIE VILLAGE, KANSAS
 Combining Balance Sheet – Special Revenue Funds
 December 31, 2001
 (With comparative totals for 2000)

| Assets | Solid waste management | Special city street and highway | Special alcohol program | Special park and recreation | TIF project fund | Totals | |
|---|------------------------------|---|-------------------------------|--------------------------------------|------------------------|----------------|----------------|
| | | | | | | 2001 | 2000 |
| Pooled cash and investments | \$ 329,942 | — | 27,553 | 27,481 | — | 384,976 | 368,237 |
| Receivables: | | | | | | | |
| Property taxes | — | — | — | — | 2,781 | 2,781 | — |
| Interest | — | — | — | — | — | — | 5,764 |
| Due from other governments | — | 178,738 | — | — | — | 178,738 | 195,199 |
| Total assets | <u>\$ 329,942</u> | <u>178,738</u> | <u>27,553</u> | <u>27,481</u> | <u>2,781</u> | <u>566,495</u> | <u>569,200</u> |
| Liabilities and Fund Balance | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 297,263 | — | — | — | — | 297,263 | 285,333 |
| Due to other funds | — | 178,738 | — | — | 2,781 | 181,519 | 180,615 |
| Total liabilities | 297,263 | 178,738 | — | — | 2,781 | 478,782 | 465,948 |
| Fund balance – unreserved and undesignated | 32,679 | — | 27,553 | 27,481 | — | 87,713 | 103,252 |
| Total liabilities and fund balance | <u>\$ 329,942</u> | <u>178,738</u> | <u>27,553</u> | <u>27,481</u> | <u>2,781</u> | <u>566,495</u> | <u>569,200</u> |

See accompanying independent auditors' report.

CITY OF PRAIRIE VILLAGE, KANSAS

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Special Revenue Funds

Year ended December 31, 2001
(With comparative totals for 2000)

| | Solid waste management | Special city street and highway | Special alcohol program | Special park and recreation | TIF project | Totals | |
|--|------------------------------|---|-------------------------------|--------------------------------------|----------------|-----------|-----------|
| | | | | | | 2001 | 2000 |
| Revenues: | | | | | | | |
| Property taxes | \$ — | — | — | — | 84,542 | 84,542 | 94,865 |
| Intergovernmental | — | 672,205 | 42,833 | 42,833 | — | 757,871 | 800,823 |
| Charges for services | 861,644 | — | — | — | — | 861,644 | 786,841 |
| Investment income | 17,090 | — | — | — | — | 17,090 | 18,935 |
| Total revenues | 878,734 | 672,205 | 42,833 | 42,833 | 84,542 | 1,721,147 | 1,701,464 |
| Expenditures: | | | | | | | |
| Urban management and planning | 911,631 | — | — | — | 84,542 | 996,173 | 958,065 |
| Public safety | — | — | 15,000 | — | — | 15,000 | 14,000 |
| Leisure, recreation, and education | — | — | 11,724 | — | — | 11,724 | 11,500 |
| Total expenditures | 911,631 | — | 26,724 | — | 84,542 | 1,022,897 | 983,565 |
| Excess (deficiency) of revenues over (under) expenditures | (32,897) | 672,205 | 16,109 | 42,833 | — | 698,250 | 717,899 |
| Other financing uses – operating transfers out | — | (686,789) | — | (27,000) | — | (713,789) | (965,000) |
| Excess (deficiency) of revenues over (under) expenditures and other financing uses | (32,897) | (14,584) | 16,109 | 15,833 | — | (15,539) | (247,101) |
| Fund balances beginning of year | 65,576 | 14,584 | 11,444 | 11,648 | — | 103,252 | 426,576 |
| Residual equity transfer | — | — | — | — | — | — | (76,223) |
| Fund balances end of year | \$ 32,679 | — | 27,553 | 27,481 | — | 87,713 | 103,252 |

See accompanying independent auditors' report.

CITY OF PRAIRIE VILLAGE, KANSAS

Special Revenue – Solid Waste Management Fund

Schedule of Revenues and Expenditures – Budget and Actual

Year ended December 31, 2001

(With comparative actual amounts for 2000)

| | 2001 | | 2000 |
|--|-------------|-----------|----------|
| | Budget | Actual | Actual |
| Revenues: | | | |
| Charges for services | \$ 863,000 | 861,644 | 786,841 |
| Investment income | 20,000 | 17,090 | 18,935 |
| Total revenues | 883,000 | 878,734 | 805,776 |
| Expenditures – urban management and planning | 924,800 | 911,631 | 879,328 |
| Deficiency of revenues under expenditures – budgetary basis | \$ (41,800) | (32,897) | (73,552) |
| Fund balance beginning of year (GAAP basis) | | 65,576 | 139,128 |
| Fund balance end of year (GAAP basis) | | \$ 32,679 | 65,576 |

See accompanying independent auditors' report.

CITY OF PRAIRIE VILLAGE, KANSAS

Special Revenue – Special City Street and Highway Fund
Schedule of Revenues and Expenditures – Budget and ActualYear ended December 31, 2001
(With comparative actual amounts for 2000)

| | 2001 | | 2000 |
|---|------------|-----------|-----------|
| | Budget | Actual | Actual |
| Revenues – intergovernmental | \$ 700,000 | 672,205 | 732,811 |
| Other financing uses – operating transfer out | (700,000) | (686,789) | (940,000) |
| Deficiency of revenues under other financing uses | \$ — | (14,584) | (207,189) |
| Fund balance beginning of year (GAAP basis) | | 14,584 | 221,773 |
| Fund balance end of year (GAAP basis) | | \$ — | 14,584 |

See accompanying independent auditors' report.

CITY OF PRAIRIE VILLAGE, KANSAS
 Special Revenue – Special Alcohol Program Fund
 Schedule of Revenues and Expenditures – Budget and Actual
 Year ended December 31, 2001
 (With comparative actual amounts for 2000)

| | <u>2001</u> | | <u>2000</u> |
|---|-----------------|------------------|-----------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Revenues – intergovernmental | \$ 27,000 | 42,833 | 34,006 |
| Expenditures: | | | |
| Leisure, recreation, and education | (12,000) | (11,724) | (25,500) |
| Public safety | (15,000) | (15,000) | — |
| Total expenditures | <u>(27,000)</u> | <u>(26,724)</u> | <u>(25,500)</u> |
| Excess of revenues over expenditures | <u>\$ —</u> | 16,109 | 8,506 |
| Fund balance beginning of year (GAAP basis) | | <u>11,444</u> | <u>2,938</u> |
| Fund balance end of year (GAAP basis) | | <u>\$ 27,553</u> | <u>11,444</u> |

See accompanying independent auditors' report.

CITY OF PRAIRIE VILLAGE, KANSAS

Special Revenue – Special Park and Recreation Fund

Schedule of Revenues and Expenditures – Budget and Actual

Year ended December 31, 2001

(With comparative actual amounts for 2000)

| | 2001 | | 2000 |
|---|-----------|-----------|----------|
| | Budget | Actual | Actual |
| Revenues – intergovernmental | \$ 27,000 | 42,833 | 34,006 |
| Other financing uses – operating transfers out | (27,000) | (27,000) | (25,000) |
| Excess of revenues over other financing uses | \$ — | 15,833 | 9,006 |
| Fund balance beginning of year (GAAP basis) | | 11,648 | 2,642 |
| Fund balance end of year (GAAP basis) | | \$ 27,481 | 11,648 |

See accompanying independent auditors' report.

PENSION TRUST FUNDS

To account for assets held by the government in a trustee capacity for pension benefit payments.

CITY OF PRAIRIE VILLAGE, KANSAS
 Combining Balance Sheet – Pension Trust Funds
 December 31, 2001
 (With comparative totals for 2000)

| Assets | Supplementary Retirement Fund | Revised Prairie Village Police Pension Fund | Totals | |
|---|--|--|------------------|------------------|
| | | | 2001 | 2000 |
| Restricted assets: | | | | |
| Investments, at market | \$ 7,411,998 | 1,502,408 | 8,914,406 | 9,410,418 |
| Total assets | <u>\$ 7,411,998</u> | <u>1,502,408</u> | <u>8,914,406</u> | <u>9,410,418</u> |
| Fund Balance | | | | |
| Total fund balance – reserved for pension benefits | <u>\$ 7,411,998</u> | <u>1,502,408</u> | <u>8,914,406</u> | <u>9,410,418</u> |

See accompanying independent auditors' report.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets used in operations.

CITY OF PRAIRIE VILLAGE, KANSAS
 Schedule of General Fixed Assets – By Source
 December 31, 2001
 (With comparative amounts for 2000)

| | <u>2001</u> | <u>2000</u> |
|--|----------------------|-------------------|
| General fixed assets: | | |
| Land | \$ 1,716,555 | 1,716,555 |
| Building | 6,550,803 | 6,550,803 |
| Improvements other than building | 5,226,942 | 5,211,272 |
| Furniture and equipment | 3,515,879 | 3,414,539 |
| Total general fixed assets | <u>\$ 17,010,179</u> | <u>16,893,169</u> |
| Investment in general fixed assets from: | | |
| General Fund | \$ 6,214,138 | 6,097,128 |
| Solid waste management | 8,787 | 8,787 |
| Special Revenue Funds: | | |
| Federal and state grants | 631,713 | 631,713 |
| Other | 136,030 | 136,030 |
| Special machinery and bridges | 66,517 | 66,517 |
| Park acquisition | 633,747 | 633,747 |
| Capital Projects Fund | 9,257,848 | 9,257,848 |
| Community Development Block Grant | 61,399 | 61,399 |
| Total investment in general fixed assets | <u>\$ 17,010,179</u> | <u>16,893,169</u> |

See accompanying independent auditors' report.

CITY OF PRAIRIE VILLAGE, KANSAS
 Schedule of General Fixed Assets – By Function
 December 31, 2001

| | <u>Total</u> | <u>Land</u> | <u>Building</u> | <u>Improvements other than building</u> | <u>Furniture and equipment</u> |
|---|----------------------|------------------|------------------|---|--|
| Function: | | | | | |
| Urban management and planning | \$ 1,997,359 | 13,500 | 1,220,665 | 421,322 | 341,872 |
| Public works and environmental improvement | 4,723,281 | 1,004,472 | 1,077,959 | 883,305 | 1,757,545 |
| Public safety | 3,995,999 | — | 2,623,832 | 30,204 | 1,341,963 |
| Municipal justice | 23,052 | — | — | — | 23,052 |
| Leisure, recreation, and education | <u>6,270,488</u> | <u>698,583</u> | <u>1,628,347</u> | <u>3,892,111</u> | <u>51,447</u> |
| Total general fixed assets | <u>\$ 17,010,179</u> | <u>1,716,555</u> | <u>6,550,803</u> | <u>5,226,942</u> | <u>3,515,879</u> |

See accompanying independent auditors' report.

CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of Changes in General Fixed Assets – By Function

Year ended December 31, 2001

| Function: | <u>Beginning of year</u> | <u>Additions/ transfers in *</u> | <u>Retirements/ transfers out *</u> | <u>End of year</u> |
|--|----------------------------------|--|---|------------------------|
| Urban management and planning | \$ 1,992,654 | 4,705 | — | 1,997,359 |
| Public works and environmental improvement | 4,641,899 | 137,963 | (56,581) | 4,723,281 |
| Public safety | 3,980,746 | 157,280 | (142,027) | 3,995,999 |
| Municipal justice | 23,052 | — | — | 23,052 |
| Leisure, recreation, and education | <u>6,254,818</u> | <u>15,670</u> | <u>—</u> | <u>6,270,488</u> |
| Total general fixed assets | \$ <u>16,893,169</u> | <u>315,618</u> | <u>(198,608)</u> | <u>17,010,179</u> |

* Does not include transfers in/out of construction in process.

See accompanying independent auditors' report.

Table 1

CITY OF PRAIRIE VILLAGE, KANSAS
 General Governmental Expenditures by Function (1)
 Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Urban management and planning</u> | <u>Public works and environmental improvement</u> | <u>Public safety</u> | <u>Municipal justice</u> | <u>Leisure, recreation, and education</u> | <u>Capital outlay</u> | <u>Debt service</u> | <u>Total</u> |
|--------------------|--------------------------------------|---|----------------------|--------------------------|---|-----------------------|---------------------|--------------|
| 1992 | \$ 1,761,097 | 2,128,528 | 2,568,628 | 117,014 | 381,870 | 1,600,831 | 407,323 | 8,965,291 |
| 1993 | 1,591,812 | 2,162,246 | 2,612,115 | 136,585 | 674,053 | 2,379,144 | 340,837 | 9,896,792 |
| 1994 | 1,611,095 | 2,007,576 | 2,742,506 | 127,611 | 697,188 | 4,395,382 | 278,322 | 11,859,680 |
| 1995 | 1,455,505 | 2,038,830 | 2,789,130 | 140,464 | 701,747 | 5,259,539 | 761,729 | 13,146,944 |
| 1996 | 1,599,628 | 2,959,690 | 2,918,653 | 136,489 | 606,109 | 5,414,025 | 565,717 | 14,200,311 |
| 1997 | 1,743,545 | 2,426,518 | 2,983,763 | 133,940 | 654,264 | 5,617,573 | 559,764 | 14,119,367 |
| 1998 | 1,770,380 | 2,143,721 | 3,075,701 | 155,018 | 691,017 | 5,719,089 | 559,098 | 14,114,024 |
| 1999 | 1,929,823 | 2,649,379 | 3,437,676 | 187,706 | 741,997 | 5,174,062 | 476,113 | 14,596,756 |
| 2000 | 1,986,967 | 2,809,254 | 3,445,711 | 179,729 | 946,956 | 9,171,783 | 593,038 | 19,133,438 |
| 2001 | 2,273,106 | 2,841,247 | 3,740,892 | 195,487 | 610,793 | 4,446,209 | 2,238,814 | 16,346,548 |

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

Table 2

CITY OF PRAIRIE VILLAGE, KANSAS
 General Governmental Revenues by Source (1)
 Last Ten Fiscal Years

| Fiscal year ended | Taxes | Licenses and permits | Inter-governmental | Charges for services | Fines and forfeits | Recreational fees | Interest | Miscellaneous | Total |
|-------------------|--------------|----------------------|--------------------|----------------------|--------------------|-------------------|----------|---------------|------------|
| 1992 | \$ 7,166,544 | 277,564 | 614,798 | 1,155,027 | 201,858 | 181,368 | 207,631 | 125,413 | 9,930,203 |
| % | 72.17 | 2.80 | 6.19 | 11.63 | 2.03 | 1.83 | 2.09 | 1.26 | |
| 1993 | 7,766,564 | 269,244 | 414,492 | 1,233,331 | 211,584 | 201,697 | 181,676 | 158,814 | 10,437,402 |
| % | 74.41 | 2.58 | 3.97 | 11.82 | 2.03 | 1.93 | 1.74 | 1.52 | |
| 1994 | 7,150,107 | 265,323 | 3,208,752 | 1,372,990 | 216,872 | 235,886 | 399,378 | 42,900 | 12,892,208 |
| % | 55.46 | 2.06 | 24.89 | 10.65 | 1.68 | 1.83 | 3.10 | 0.33 | |
| 1995 | 7,439,077 | 286,592 | 2,448,858 | 1,295,329 | 233,740 | 242,259 | 614,451 | 28,183 | 12,588,489 |
| % | 59.09 | 2.28 | 19.45 | 10.29 | 1.86 | 1.92 | 4.88 | 0.22 | |
| 1996 | 7,781,869 | 272,331 | 3,642,539 | 809,456 | 253,711 | 239,480 | 644,086 | 121,495 | 13,764,967 |
| % | 56.53 | 1.98 | 26.46 | 5.88 | 1.84 | 1.74 | 4.68 | 0.88 | |
| 1997 | 7,969,985 | 319,496 | 3,865,837 | 890,460 | 283,165 | 234,347 | 543,903 | 17,146 | 14,124,339 |
| % | 56.43 | 2.26 | 27.37 | 6.30 | 2.01 | 1.66 | 3.85 | 0.12 | |
| 1998 | 8,631,974 | 319,890 | 3,984,037 | 946,877 | 331,931 | 253,775 | 538,683 | 148,118 | 15,155,285 |
| % | 56.96 | 2.11 | 26.29 | 6.25 | 2.19 | 1.67 | 3.55 | 0.98 | |
| 1999 | 8,763,221 | 313,003 | 2,712,642 | 912,188 | 263,803 | 248,347 | 607,584 | 72,866 | 13,893,654 |
| % | 63.07 | 2.25 | 19.53 | 6.57 | 1.90 | 1.79 | 4.37 | 0.52 | |
| 2000 | 9,013,654 | 319,122 | 3,956,504 | 1,100,990 | 385,493 | 381,363 | 538,676 | 99,466 | 15,795,268 |
| % | 57.07 | 2.02 | 25.05 | 6.97 | 2.44 | 2.41 | 3.41 | 0.63 | |
| 2001 | 9,088,035 | 340,086 | 2,634,454 | 1,467,067 | 381,582 | 390,023 | 516,450 | 59,274 | 14,876,972 |
| % | 61.09 | 2.29 | 17.71 | 9.86 | 2.56 | 2.62 | 3.47 | 0.40 | |

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

Table 2A

CITY OF PRAIRIE VILLAGE, KANSAS
 General Governmental Tax Revenues by Source (1)
 Last Ten Fiscal Years

| Fiscal year ended | Property tax | Sales tax | Franchise tax | Gasoline tax | Motor vehicle tax | Other | Total |
|--------------------------|---------------------|------------------|----------------------|---------------------|--------------------------|--------------|--------------|
| 1992 \$ | 2,476,491 | 2,514,957 | 1,027,316 | 563,176 | 542,014 | 42,589 | 7,166,543 |
| 1993 | 2,489,530 | 2,847,546 | 1,149,829 | 610,989 | 607,401 | 61,269 | 7,766,564 |
| 1994 | 2,679,239 | 3,263,767 | 1,139,865 | (2) | (2) | — | 7,082,871 |
| 1995 | 2,738,868 | 3,481,116 | 1,131,035 | (2) | (2) | — | 7,351,019 |
| 1996 | 2,703,331 | 3,814,905 | 1,263,633 | (2) | (2) | — | 7,781,869 |
| 1997 | 2,714,480 | 3,952,780 | 1,302,725 | (2) | (2) | — | 7,969,985 |
| 1998 | 2,987,707 | 4,374,357 | 1,269,910 | (2) | (2) | — | 8,631,974 |
| 1999 | 3,060,193 | 4,414,019 | 1,289,009 | (2) | (2) | — | 8,763,221 |
| 2000 | 3,076,364 | 4,447,228 | 1,490,062 | (2) | (2) | — | 9,013,654 |
| 2001 | 3,118,194 | 4,314,964 | 1,654,877 | (2) | (2) | — | 9,088,035 |

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

(2) For 1994 through 1998, motor vehicle tax and gasoline tax are included in intergovernmental revenue.

CITY OF PRAIRIE VILLAGE, KANSAS

Table 3

Property Tax Levies and Collections

Last Ten Fiscal Years

| Fiscal year | Total tax levy | Current tax collection | Percent of levy collected | Delinquent tax collection | Total tax collection | Percent of total tax collections to tax levy | Outstanding delinquent taxes | Percent of delinquent taxes to total levy |
|-------------|----------------|------------------------|---------------------------|---------------------------|----------------------|--|------------------------------|---|
| 1992 | \$ 2,385,968 | 2,353,225 | 98.63 | % \$ 21,906 | 2,375,131 | 99.55 | % \$ 103,579 | 4.34 |
| 1993 | 2,406,815 | 2,373,963 | 98.64 | 12,861 | 2,386,824 | 99.17 | 91,800 | 3.81 |
| 1994 | 2,588,416 | 2,556,343 | 98.76 | 16,885 | 2,573,228 | 99.41 | 107,768 | 4.16 |
| 1995 | 2,635,675 | 2,604,424 | 98.81 | 20,353 | 2,624,777 | 99.59 | 150,878 | 5.72 |
| 1996 | 2,639,540 | 2,570,295 | 97.38 | 14,610 | 2,584,905 | 97.93 | 205,752 | 7.79 |
| 1997 | 2,656,669 | 2,579,573 | 97.10 | 16,639 | 2,596,212 | 97.72 | 189,590 | 7.14 |
| 1998 | 2,937,936 | 2,857,923 | 97.28 | 12,506 | 2,870,429 | 97.70 | 334,193 | 11.38 (1) |
| 1999 | 2,932,216 | 2,872,644 | 97.97 | 26,529 | 2,899,173 | 98.87 | 386,166 | 13.17 (1) |
| 2000 | 2,928,185 | 2,821,069 | 96.34 | 12,776 | 2,833,845 | 96.78 | 390,376 | 13.33 (1) |
| 2001 | 2,983,450 | 2,889,696 | 96.86 | 18,774 | 2,908,470 | 97.49 | 293,812 | 9.84 |

(1) The higher percentage of delinquent taxes are largely caused by the Claridge Court protest to pay the property taxes.

Table 4

CITY OF PRAIRIE VILLAGE, KANSAS
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal year | Real property (1) | | Personal Property (2) | | Total | | Ratio of total assessed to total estimated actual value |
|-------------|-------------------|------------------------|-----------------------|------------------------|----------------|------------------------|---|
| | Assessed value | Estimated actual value | Assessed value | Estimated actual value | Assessed value | Estimated actual value | |
| 1992 | \$ 135,608,879 | 1,009,455,181 * | 7,296,711 | 24,322,369 | 142,905,590 | 1,033,777,550 | 13.82 % |
| 1993 | 128,865,259 | 1,011,648,320 | 8,434,296 | 26,846,855 | 137,299,555 | 1,038,495,175 | 13.22 |
| 1994 | 129,944,765 | 1,024,372,559 | 9,720,021 | 31,010,518 | 139,664,786 | 1,055,383,077 | 13.23 |
| 1995 | 151,740,491 | 1,198,354,400 | 9,837,598 | 31,458,190 | 161,578,089 | 1,229,812,590 | 13.14 |
| 1996 | 152,606,792 | 1,205,195,550 | 9,692,058 | 31,101,793 | 162,298,850 | 1,236,297,343 | 13.13 |
| 1997 | 169,247,103 | 1,336,610,601 | 10,124,998 | 32,521,001 | 179,372,101 | 1,369,131,602 | 13.10 |
| 1998 | 172,775,588 | 1,364,476,426 | 10,362,079 | 33,337,140 | 183,137,667 | 1,397,813,566 | 13.10 |
| 1999 | 200,122,603 | 1,444,363,130 | 11,650,365 | 37,617,358 | 211,772,968 | 1,481,980,488 | 14.29 |
| 2000 | 212,804,428 | 1,680,599,839 | 11,111,072 | 35,917,337 | 223,915,500 | 1,716,517,176 | 13.04 |
| 2001 | 224,870,291 | 1,775,888,681 | 11,255,014 | 36,364,658 | 236,125,305 | 1,812,253,338 | 13.03 |

(1) The County Assessor values real property as required by State Statute and rulings of the State Board of Tax Appeals. Prior to reassessment in 1989, real property was valued at 24% of estimated value. Real property is now valued at different percentages which reflect the property's use. Residential land, improvement, and vacant lots (\$176,627,675, estimated at 83%) are assessed at 11.5% of actual value. Commercial land and improvements (\$36,176,753, estimated at 17%) are assessed at 25% of actual value.

(2) Assessed personal property (\$7,416,492) is assessed at 30% of actual value. State assessed utilities (\$3,694,580) are assessed at 33%.

* Estimated.

Table 5

CITY OF PRAIRIE VILLAGE, KANSAS
 Property Tax Rates – Direct and Overlapping
 Governments (Per \$1,000 of Assessed Value)
 Last Ten Fiscal Years

| Fiscal year | State | County | City | County library | County park | County community college | School district | Consolidated fire district | Unified waste water | Total |
|-------------|----------|--------|--------|----------------|-------------|--------------------------|-----------------|----------------------------|---------------------|---------|
| 1992 | \$ 1.500 | 16.112 | 16.842 | 2.787 | 1.534 | 10.658 | 56.873 | 6.783 | 6.497 | 119.586 |
| 1993 | 1.500 | 17.779 | 18.846 | 3.443 | 1.678 | 10.146 | 54.101 | 7.518 | 6.736 | 121.747 |
| 1994 | 1.500 | 17.389 | 18.846 | 3.608 | 1.676 | 10.138 | 62.107 | 7.513 | 6.814 | 129.591 |
| 1995 | 1.500 | 16.563 | 16.336 | 3.419 | 1.620 | 9.314 | 61.779 | 7.410 | 6.140 | 124.081 |
| 1996 | 1.500 | 16.590 | 16.369 | 3.478 | 1.620 | 8.946 | 56.233 | 8.107 | 6.041 | 118.884 |
| 1997 | 1.500 | 15.305 | 16.379 | 3.254 | 1.512 | 8.540 | 51.808 | 7.529 | 5.938 | 111.765 |
| 1998 | 1.500 | 14.345 | 16.011 | 3.174 | 1.437 | 7.746 | 42.968 | 7.522 | 5.704 | 100.407 |
| 1999 | 1.500 | 16.112 | 13.827 | 3.137 | 1.451 | 7.184 | 41.246 | 6.868 | 5.166 | 96.491 |
| 2000 | 1.500 | 15.676 | 13.324 | 2.981 | 1.322 | 7.646 | 40.327 | 7.197 | 4.647 | 94.620 |
| 2001 | 1.500 | 16.333 | 13.382 | 2.971 | 1.382 | 7.743 | 38.699 | 7.703 | 4.181 | 93.894 |

CITY OF PRAIRIE VILLAGE, KANSAS

Table 6

Principal Taxpayers

December 31, 2001

| <u>Taxpayer</u> | <u>Type of business</u> | <u>Real estate</u> | <u>Personal property</u> | <u>State assessed utilities</u> | <u>2001 Total assessed valuation</u> | <u>Percentage of total assessed value</u> |
|---------------------------------|-------------------------|--------------------|--------------------------|---------------------------------|--------------------------------------|---|
| Highwoods Realty Limited | Real Estate | \$ 16,403,874 | — | — | 16,403,874 | 6.95 % |
| Wilmington Trust Company | Real Estate | 2,788,450 | — | — | 2,788,450 | 1.18 |
| Kansas City Power & Light | Utility | — | — | 2,166,858 | 2,166,858 | 0.92 |
| J. C. Nichols | Real Estate | 1,600,605 | — | — | 1,600,605 | 0.68 |
| May Department Stores | Retail | 1,536,157 | — | — | 1,536,157 | 0.65 |
| Victor L. Regnier Trust | Real Estate | 1,475,000 | — | — | 1,475,000 | 0.62 |
| Marriott Senior Living | Adult Living Facility | 1,264,230 | — | — | 1,264,230 | 0.54 |
| Southwestern Bell Telephone | Utility | 1,118,575 | — | — | 1,118,575 | 0.47 |
| Melody W. Sutherland | Commercial Property | — | — | 976,697 | 976,697 | 0.41 |
| Lockton Insurance Agency, Inc. | Insurance Agent | — | 815,390 | — | 815,390 | 0.35 |
| Homestead Country Club | Country Club | 660,251 | — | — | 660,251 | 0.28 |
| Windsor Continental Investors | Real Estate | 624,491 | — | — | 624,491 | 0.26 |
| 2014, LLC | Real Estate | — | 616,086 | — | 616,086 | 0.26 |
| Meadowbrook Golf & Country Club | Country Club | 594,718 | — | — | 594,718 | 0.25 |
| Total | | \$ 28,066,351 | 1,431,476 | 3,143,555 | 32,641,382 | 13.82 |
| Total assessed valuation | | \$ 224,870,291 | 7,453,230 | 3,801,784 | 236,125,305 | |

Table 7

CITY OF PRAIRIE VILLAGE, KANSAS
 Ratio of Net General Bonded Debt to Assessed Value
 and Net Bonded Debt Per Capita
 Last Ten Fiscal Years

| <u>Fiscal year</u> | <u>Population</u> | <u>Assessed value</u> | <u>Gross bonded debt</u> | <u>Debt service monies available</u> | <u>Net bonded debt</u> | <u>Ratio of net bonded debt to assessed value</u> | <u>Net bonded debt per capita</u> |
|--------------------|-------------------|-----------------------|--------------------------|--------------------------------------|------------------------|---|-----------------------------------|
| 1992 | 23,108 (1) \$ | 142,906,000 | 2,575,000 | 14,050 | 2,560,950 | 1.792 % \$ | 110.83 |
| 1993 | 23,075 (2) | 142,900,000 | 2,320,000 | 24,907 | 2,295,093 | 1.607 | 99.50 |
| 1994 | 23,824 (3) | 139,664,786 | 4,775,000 | 256,842 | 4,518,158 | 3.235 | 189.65 |
| 1995 | 23,244 (3) | 161,578,089 | 4,330,000 | 157,652 | 4,172,348 | 2.582 | 179.50 |
| 1996 | 23,056 (1) | 162,298,850 | 4,015,000 | 124,776 | 3,890,224 | 2.397 | 168.73 |
| 1997 | 23,545 (4) | 179,372,101 | 3,685,000 | 51,612 | 3,633,388 | 2.026 | 154.32 |
| 1998 | 23,545 (4) | 183,137,667 | 3,335,000 | 52,437 | 3,282,563 | 1.792 | 139.42 |
| 1999 | 23,365 (4) | 211,772,968 | 4,790,000 | 1,669,821 | 3,120,179 | 1.473 | 133.54 |
| 2000 | 22,072 (4) | 223,915,500 | 6,080,000 | 1,653,124 | 4,426,876 | 1.977 | 200.57 |
| 2001 | 22,072 (4) | 236,125,305 | 4,130,000 | — | 4,130,000 | 1.749 | 187.11 |

(1) Source: Kansas Census Bureau.

(2) Estimated based on building information.

(3) Source: Kansas League of Municipalities.

(4) Source: U. S. Bureau of the Census.

Table 8

CITY OF PRAIRIE VILLAGE, KANSAS
 Computation of Direct and Overlapping Debt
 December 31, 2001

| <u>Jurisdiction</u> | <u>Bonded debt outstanding</u> | <u>Percentage applicable to city</u> | <u>Amount applicable to city</u> |
|---|--|--|--|
| City of Prairie Village, Kansas (2) | \$ 4,130,000 | 100.00 % | \$ 4,130,000 |
| Subtotal – Direct Debt | <u>4,130,000</u> | | <u>4,130,000</u> |
| Johnson County (1) | 179,605,000 | 4.07 | 7,309,924 |
| Johnson County Park and Recreation (1) | 7,325,000 | 4.07 | 298,128 |
| U. S. D. #512 (1) | 140,605,000 | 9.03 | 12,696,632 |
| Johnson County Consolidated Fire #2 (1) | <u>2,300,000</u> | 38.46 | <u>884,580</u> |
| Subtotal – Overlapping Debt | <u>329,835,000</u> | | <u>21,189,264</u> |
| Total | <u>\$ 333,965,000</u> | | <u>25,319,264</u> |

(1) Information provided by office of the County Clerk, Johnson County, Kansas.

(2) Excludes amount available for repayment in the Debt Service Fund.

Table 9

CITY OF PRAIRIE VILLAGE, KANSAS
 Ratio of Annual Debt Service Expenditures for
 General Bonded Debt to Total Governmental Expenditures
 Last Ten Fiscal Years

| <u>Fiscal year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total debt service</u> | <u>Total governmental expenditures (1)</u> | <u>Ratio of debt service to total general expenditures</u> |
|--------------------|------------------|-----------------|---------------------------|--|--|
| 1992 | \$ 230,000 | 177,323 | 407,323 | 9,611,316 | 4.24 % |
| 1993 | 255,000 | 161,835 | 416,835 | 9,896,792 | 4.21 |
| 1994 | 195,000 | 144,600 | 339,600 | 11,859,680 | 2.86 |
| 1995 | 445,000 | 301,837 | 746,837 | 12,657,080 | 5.90 |
| 1996 | 315,000 | 249,476 | 564,476 | 14,200,311 | 3.98 |
| 1997 | 330,000 | 229,764 | 559,764 | 14,119,367 | 3.96 |
| 1998 | 350,000 | 209,098 | 559,098 | 14,114,024 | 3.96 |
| 1999 | 205,000 | 271,113 | 476,113 | 14,596,756 | 3.26 |
| 2000 | 310,000 | 264,315 | 574,315 | 19,133,438 | 3.00 |
| 2001 | 1,950,000 (2) | 288,814 | 2,238,814 | 16,346,548 | 13.70 (2) |

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

(2) \$1,760,000 of \$1,950,000 total is from cross-over refunding of Police Facility.

Table 10

CITY OF PRAIRIE VILLAGE, KANSAS

Demographic Statistics

Last Ten Fiscal Years

| <u>Fiscal year</u> | <u>Population</u> | | <u>School enrollment</u> | <u>Unemployment rate</u> | |
|--------------------|-------------------|-----|--------------------------|--------------------------|-----|
| 1992 | 23,108 | (3) | 5,658 | 2.9% | (5) |
| 1993 | 23,075 | (1) | 5,794 | 1.9% | (5) |
| 1994 | 23,824 | (4) | 5,895 | 2.0% | (6) |
| 1995 | 23,244 | (4) | 5,735 | 1.6% | (6) |
| 1996 | 23,056 | (3) | 5,811 | 1.8% | (6) |
| 1997 | 23,545 | (2) | 6,027 | 1.4% | (6) |
| 1998 | 23,545 | (2) | 7,002 | 1.6% | (6) |
| 1999 | 23,365 | (4) | 7,219 | 1.1% | (6) |
| 2000 | 22,072 | (2) | 6,682 | 1.5% | (6) |
| 2001 | 22,072 | (2) | 6,954 | 3.7% | (7) |

- (1) Estimated based on building information.
(2) Source: United States Bureau of the Census (July 1996).
(3) Source: Kansas Census Bureau.
(4) Source: Kansas League of Municipalities.
(5) Source: Johnson County Census.
(6) Source: Kansas Department of Human Resources.
(7) Source: Kansas Department of Human Resources (Johnson County).

CITY OF PRAIRIE VILLAGE, KANSAS

Computation of Legal Debt Limitation

December 31, 2001

| | |
|---|-----------------------|
| Assessed value, real and personnel property, 1988 | \$ 74,505,667 |
| Plus assessed value, motor vehicles, 1988 | 29,846,220 |
| Total assessed value, 1988 | <u>104,351,887</u> |
| Debt limitation for 1989 | <u>30.00%</u> |
| 1989 debt limitation | <u>\$ 31,305,566</u> |
| Assessed value, real and personnel property, 1989 | \$ 75,374,185 |
| Plus assessed value, motor vehicles, 1989 | 30,916,420 |
| Total assessed value, 1989 | <u>\$ 106,290,605</u> |
| 1989 debt limitation | \$ 31,305,566 |
| Divided by 1989 total assessed value | <u>106,290,605</u> |
| Debt limitation percentage | <u>29.45%</u> |
| Assessed value, real and personnel property, 1999 | \$ 211,772,968 |
| Plus assessed value, motor vehicles, 1999 | 34,035,147 |
| Total assessed value, 1999 | <u>245,808,115</u> |
| Debt limitation percentage | <u>29.45%</u> |
| 2000 debt limitation | <u>\$ 72,390,490</u> |
| Assessed value, real and personnel property, 2000 | \$ 223,915,500 |
| Plus assessed value, motor vehicles, 2000 | 31,923,694 |
| Total assessed value, 2000 | <u>255,839,194</u> |
| Debt limitation percentage | <u>29.45%</u> |
| 2001 debt limitation | <u>\$ 75,344,643</u> |

NOTE: Effective January 1, 1990, K.S.A. 79-5037 suspended the existing statutory debt limitations computed on the basis of a percentage of assessed valuation of a taxing district. Prior to January 1, 1990, the applicable percentage was 30% (K.S.A. 10-307 and 10-308).

K.S.A. 79-5037 provided that for the years 1990 and thereafter, the debt limitation of a taxing district is limited to a percentage which is calculated by dividing the amount of indebtedness authorized for the taxing district in 1988, the year before implementation (as calculated under the relevant statute before modification), by the total year-end assessed valuation for 1989, the year of implementation.

Table 12

CITY OF PRAIRIE VILLAGE, KANSAS
Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years

| Fiscal year | Commercial construction | | Residential construction | | Total real property value (in thousands) (2) | Bank deposits (in thousands) (3) |
|-------------|-------------------------|--------------|--------------------------|--------------|--|----------------------------------|
| | Number of units (1) | Value (1) | Number of units (1) | Value (1) | | |
| 1992 | 4 | \$ 5,634,000 | 6 | \$ 2,940,900 | 1,009,455 | 674,868 (3) |
| 1993 | 2 | 2,468,000 | 4 | 739,880 | 1,011,648 | 912,816 (3) |
| 1994 | 1 | 2,378,000 | 4 | 16,524,000 | 1,024,372 | 573,963 (4) |
| 1995 | 1 | 3,690,428 | 2 | 527,000 | 1,198,354 | 617,858 (4) |
| 1996 | 1 | 437,079 | 2 | 263,268 | 1,205,196 | 584,047 (4) |
| 1997 | 1 | 9,148,000 | 1 | 135,000 | 1,336,611 | 582,147 (4) |
| 1998 | 2 | 2,079,801 | 3 | 1,170,865 | 1,364,476 | 570,515 (4) |
| 1999 | — | — | 11 | 4,707,117 | 1,444,363 | 619,678 (4) |
| 2000 | — | — | 10 | 5,207,400 | 1,680,600 | 572,249 (4) |
| 2001 | 11 | 8,191,907 | 5 | 3,151,805 | 1,775,889 | 599,898 (4) |

- (1) Determined from building permit information.
(2) Source: Table 4.
(3) Information provided by financial institutions located in the City.
(4) Information provided by FDIC web site (1994–2001).

Table 13

CITY OF PRAIRIE VILLAGE, KANSAS

Miscellaneous Statistics

December 31, 2001

| | |
|-------------------------------|-----------------------------|
| Date of incorporation | 1951 |
| Form of government | Mayor-Council-Administrator |
| Area | 6.7 square miles |
| Miles of streets | 112.5 miles |
| Number of street lights | 1,990 |
| Police protection: | |
| Number of stations | 1 |
| Number of police officers | 41 |
| Education: | |
| Private schools | 4 |
| Number of elementary schools | 5 |
| Number of junior high schools | 2 |
| Number of senior high schools | 1 |
| Recreation: | |
| Number of parks | 9 |
| Total park acres | 64 acres |
| Number of golf courses | 1 private |
| Number of swimming pools | 5 public |
| Full-time City employees | 97 |