



**CITY OF PRAIRIE VILLAGE, KANSAS**

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2003

(With Independent Auditors' Report Thereon)

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**CITY OF PRAIRIE VILLAGE, KANSAS**

Comprehensive Annual Financial Report

Fiscal year ended December 31, 2003

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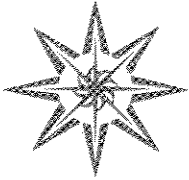
**CITY OF PRAIRIE VILLAGE, KANSAS**

Comprehensive Annual Financial Report

Fiscal year ended December 31, 2003

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THE CITY OF PRAIRIE VILLAGE *Star of Kansas*

April 30, 2004

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, 2003. We believe this report presents comprehensive financial information about the City's activities during 2003. 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.

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 generally accepted accounting principles. 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.

This report has been reformatted to comply with the new financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34. The new reporting model completely changes the format of the City's financial statements and is intended to improve financial reporting by adding significant additional information not previously available in local government financial statements.

The report is divided into three sections:

- 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, Management's Discussion and Analysis (MD&A), as well as the basic financial statements. The MD&A is intended to provide a narrative introduction, overview, and analysis to accompany the basic financial statements, and can be found beginning on page 15.
- 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.

## **Profile of the Government**

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.

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.

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. Fire and health services are provided by the County; utilities are a service provided by the private sector.

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.

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.

## **Factors Affecting Financial Condition**

### ***Local Economy***

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.

Although the City is fully-developed and land-locked, the value of tangible property in Prairie Village has increased by 79% over the past ten years. During the same timeframe, Johnson County as a whole 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***

As a part of the preparation for the 2003 annual budget, the following priorities were established and achieved by the City Council:

- Maintain a "sense of place" and a "sense of community"
- Balance development/redevelopment and quality of life
- Maintain parks and create recreational facilities
- Encourage development/redevelopment, define City's plan for the future
- Improve property values and Code Enforcement
- Continue current service levels
- Maintain financial strength and increase the tax base rather than increasing taxes

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.

***Budgetary 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.

### ***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.

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 volunteer 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.

### ***Pension Benefits***

The City sponsors a single-employer defined benefit pension plan for its commissioned police officers. Each year, an independent actuary calculates the amount of the annual contribution that the City must make to the plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result, the City plan is fully funded the present value of projected benefits earned by employees.

The City also sponsors a single-employer defined contribution plan for its noncommissioned employees. The City contributes 5% of each employee's salary, up to \$2,500, to the plan. The City has no obligation regarding future benefit amounts of this plan.

Additional information regarding both pension plans can be found in note 4. in the notes to the financial statements.

### ***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, located on page 14.

*Awards and Acknowledgements*

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, 2002. This was the seventeenth 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, 2003. This is the fifteenth 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.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of City staff. 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

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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, 2002

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.



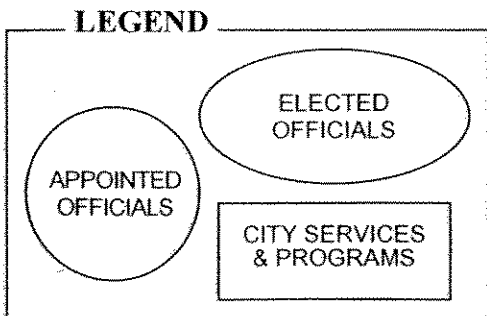
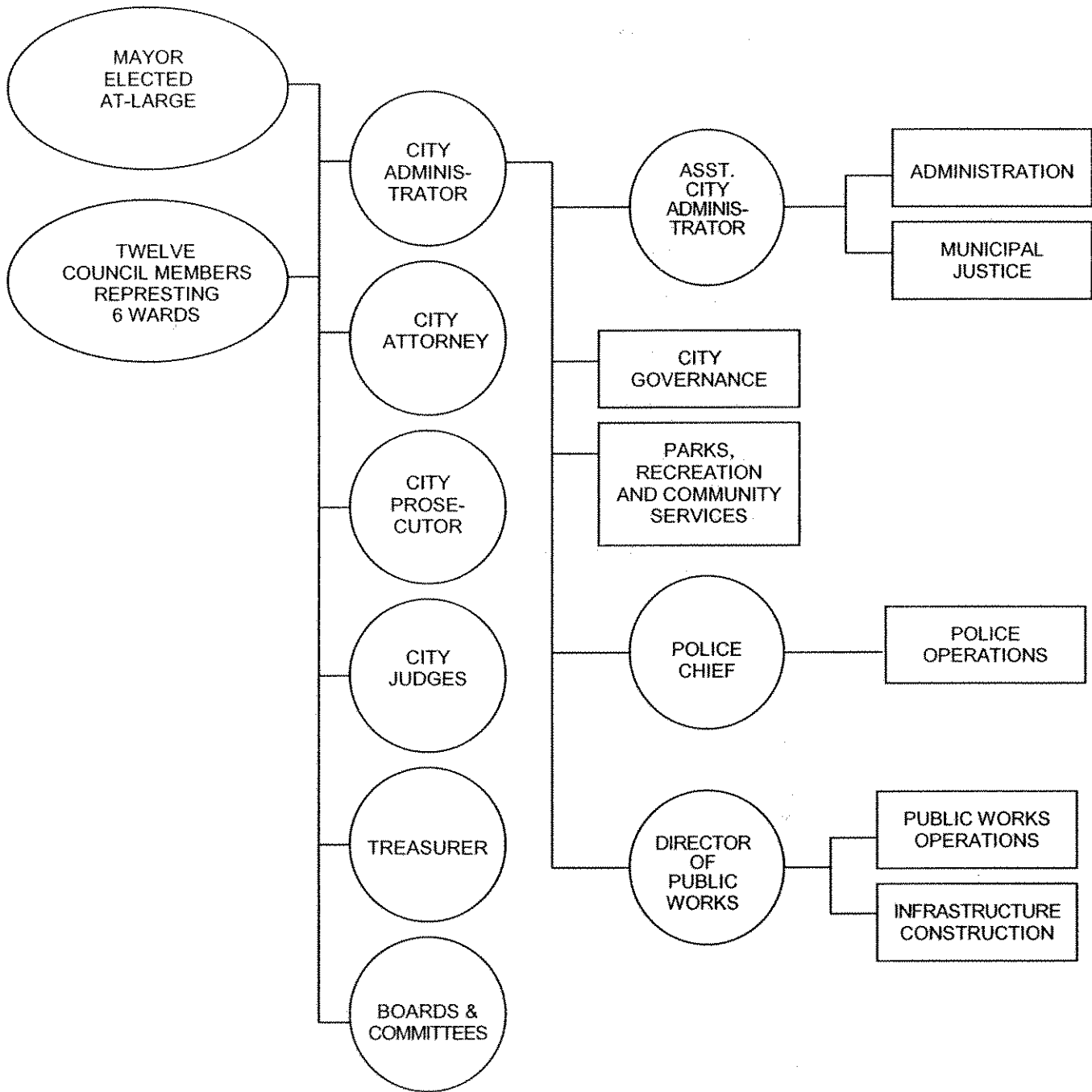
A handwritten signature in black ink, appearing to read "Edward Henry".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Green".

Executive Director

# CITY OF PRAIRIE VILLAGE ORGANIZATIONAL OVERVIEW



**CITY OF PRAIRIE VILLAGE, KANSAS**

List of Elected and Appointed Officials

December 31, 2003

Elected Officials

Mayor	Ronald L. Shaffer
Council Member – Ward 1	Al Herrera
Council Member – Ward 1	Bill Griffith
Council Member – Ward 2	Ruth Hopkins
Council Member – Ward 2	Steve Noll
Council Member – Ward 3	Greg Colston
Council Member – Ward 3	Roy True
Council Member – Ward 4	Laura Wassmer
Council Member – Ward 4	Jerry Kelso
Council Member – Ward 5	Jeff Anthony
Council Member – Ward 5	Kay Wolf
Council Member – Ward 6	Diana Ewy-Sharp
Council Member – Ward 6	Vacant

Appointed Officials

City Administrator	Barbara Vernon
Assistant City Administrator	Douglas Luther
Chief of Police	Charles Grover
Director of Public Works	Robert S. Pryzby
City Clerk	Joyce Hagen-Mundy
City Attorney	Charles E. Wetzler
Assistant City Attorney	Stephen B. Horner
Municipal Judge	Thomas Hamill
Municipal Judge	Mary Virginia Clarke
City Treasurer	Fielding Norton, Jr.

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**KPMG LLP**  
Suite 1000  
1000 Walnut Street  
Kansas City, MO 64106-2162

## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Prairie Village, Kansas (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Prairie Village, Kansas as of December 31, 2003, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, the City adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, during the year ended December 31, 2003.

The management's discussion and analysis, budgetary comparison schedule and schedules of pension trust fund information on pages 13 through 19 and 45 through 48, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Prairie Village's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

Kansas City, Missouri  
July 25, 2004



## CITY OF PRAIRIE VILLAGE, KANSAS

### Management's Discussion And Analysis

December 31, 2003

As management of the City of Prairie Village, Kansas (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2003. Since this is the first year of reporting in conformance with the Governmental Accounting Standards Board's (GASB) Statement No. 34, comparative information for the previous fiscal year is not being provided. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

#### **Financial Highlights**

- As a result of the fiscal year's activity, the City's net assets increased by over \$4 million to \$25.9 million.
- The General Fund reported an increase in fund balance of over \$1.7 million, despite the elimination of \$283,000 of revenue from the State of Kansas budgeted for 2003.
- To offset the anticipated loss of revenue from the State, General Fund expenditures were held to 91% or \$993,000 less than the final budget.
- The City began receiving its legally-required share of the Johnson County ¼ cent sales tax benefiting school districts in the County, which equaled over \$435,704.
- The concentrated enforcement efforts on resident reported areas of speeding and other traffic violations account for a 49% increase in Municipal fines revenues from 2002.

#### **Overview of Financial Statements**

This annual report consists of a series of financial statements. The basic financial statements include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the statements and are essential for the reader's understanding of the financial statements. The remaining statements provide other supplementary information for the reader.

#### ***Government-wide Financial Statements***

The government-wide financial statements have been prepared using the accrual basis of accounting. The focus of these statements is on the City's long-term financial picture. All of the fiscal year's revenues and expenses have been reported, regardless of when cash is received or disbursed.

The statement of net assets reports all of the City's assets and liabilities. Net assets, which are the difference between those assets and liabilities, are an important measure of the City's overall financial health. Changes in net assets over time help the reader determine whether the City's financial health is improving or deteriorating. It should be noted that general infrastructure assets acquired prior to January 1, 2003 are not reported in the basic financial statements. Retroactive reporting on infrastructure assets will occur by the year ending December 31, 2007.

The statement of activities explains how revenues and expenses of the City affected net assets during the fiscal year. A unique feature of this statement is how it reports the revenues and expenses of specific programs, and how much of those programs were supported by general revenues such as taxes.

# CITY OF PRAIRIE VILLAGE, KANSAS

## Management's Discussion And Analysis

December 31, 2003

In preparing the government-wide financial statements, management has considered all separate legal entities in which the City could be considered financially accountable for. There are no component units which the City is considered to be financially accountable.

### ***Fund Financial Statements***

A fund is a separate entity with a set of self-balancing accounts for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions or limitations. The fund financial statements provide information about the most significant funds, not the City as a whole. The City uses two types of funds to manage its resources: governmental funds and fiduciary funds.

**Governmental Funds.** All of the City's basic services are reported in governmental funds, which are prepared using the modified accrual basis of accounting. Under the modified basis, revenues are recognized when they become measurable and available, while expenditures are recognized when the related liability is incurred. An exception to this is long-term debt and similar items, which are recorded when due. The focus of these reports is on the short-term financial resources available to the specific function rather than the City as a whole. The reconciliation at the end of the fund financial statements details the relationship between the two types of financial statements.

**Fiduciary Funds.** Resources held by the City for the benefit of a third party are reported in fiduciary funds. Although these resources are not available for operations, and therefore not presented in the government-wide financial statements, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### ***Notes to the Financial Statements***

The notes to the financial statements are an integral part of the basic financial statements, containing valuable information necessary for gaining a better understanding of the City's financial statements.

### ***Other Information***

In addition to the basic financial statements and notes described above, required supplementary information regarding the City's funding of its Police Pension Plan has been included to give the reader further insight into the City's pension plan results. The Statistical Section provides statistical data about the City.

CITY OF PRAIRIE VILLAGE, KANSAS

Management's Discussion And Analysis

December 31, 2003

**Analysis of the Government-wide Financial Statements**

*Schedule of Net Assets*

Since 2003 was the first year that government-wide financial statements were prepared by the City, the absence of comparative data from the prior year does not allow for an analysis of changes from the prior year. Therefore, the combined net assets of the City as December 31, 2003 were:

Current and other assets	\$	13,598,932
Capital assets		<u>21,939,912</u>
Total assets		<u>35,538,844</u>
Long-term liabilities		3,508,751
Other liabilities		<u>6,065,995</u>
Total liabilities		<u>9,574,746</u>
Net assets:		
Invested in capital assets, net of related debt		18,554,912
Restricted		87,141
Unrestricted		<u>7,322,045</u>
Total net assets	\$	<u><u>25,964,098</u></u>

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets. The City's combined net assets increased to \$26 million from \$21.8 million as a result of the increase in net assets reflected in the next table. The City's unrestricted net assets for governmental activities were \$7.3 million.

CITY OF PRAIRIE VILLAGE, KANSAS

Management's Discussion And Analysis

December 31, 2003

*Schedule of Activities*

As with the Schedule of Net Assets, 2003 was the first year that government-wide financial statements were prepared by the City, eliminating the ability to compare revenues and expenses to those of the prior year. The following table shows the City's revenues, expenses, and change in net assets for 2003.

Revenues:		
Program revenues:		
Fines, fees, and charges for services	\$	3,655,104
Operating grants and contributions		11,338
Capital grants and contributions		390,246
General revenues:		
Property taxes		3,925,526
Sales and use taxes		4,735,080
Other taxes		2,117,345
Other revenues		1,247,891
Total revenues		<u>16,082,530</u>
Expenses:		
Urban management and planning		2,660,559
Public works and environmental improvements		3,597,853
Public safety		4,172,054
Municipal justice		240,887
Leisure, recreation, and education		1,096,950
Interest on long-term debt		165,211
Total expenses		<u>11,933,514</u>
Increase in net assets		4,149,016
Net assets, January 1		<u>21,815,082</u>
Net assets, December 31	\$	<u><u>25,964,098</u></u>

Governmental activities increased the City's net assets by \$4.2 million. Sales and use taxes, the largest governmental category, were \$4.7 million or 29% of total revenues. For the fiscal year ended December 31, 2003, revenues totaled \$16.1 million.

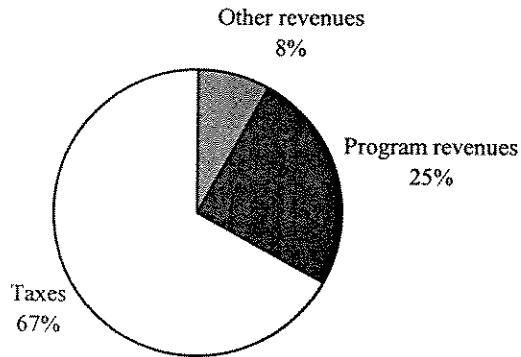
# CITY OF PRAIRIE VILLAGE, KANSAS

## Management's Discussion And Analysis

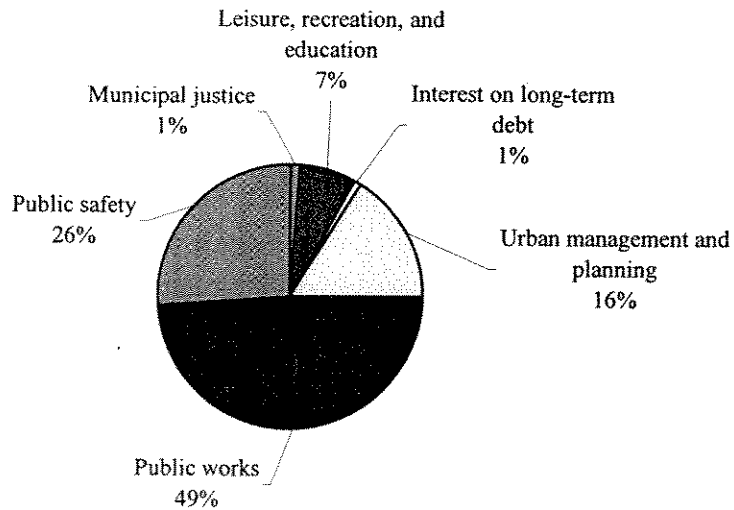
December 31, 2003

As illustrated by the graphs on the following page, 75% of the City's revenues are not specific to operations conducted by the City. The second graph illustrates that public works expenses, which include the maintenance of City infrastructure assets, comprise the largest use of resources.

**Sources of Revenues**



**Expenses by Function**



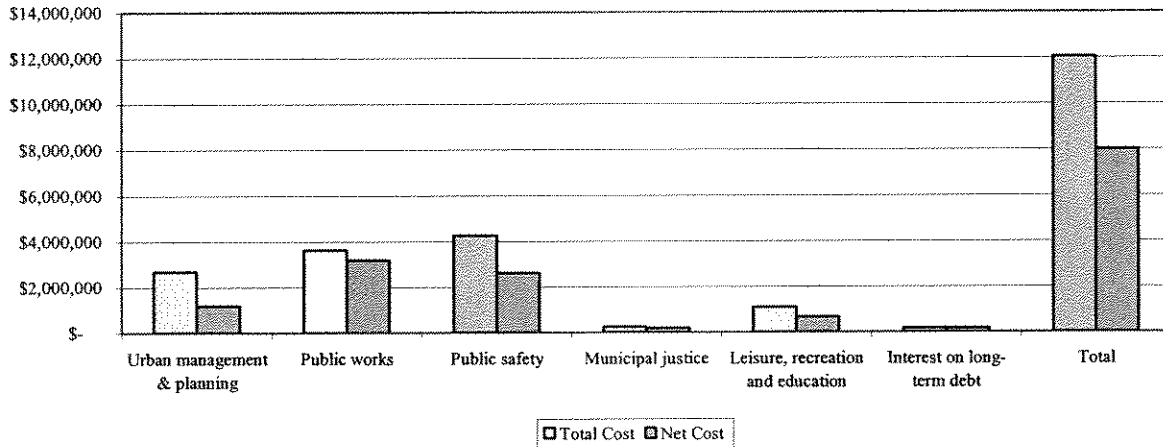
**CITY OF PRAIRIE VILLAGE, KANSAS**

Management's Discussion And Analysis

December 31, 2003

As indicated below, the overall cost of government is more than the revenues generated to support it. This indicates that overall, the City is heavily reliant on revenues from tax sources. See the Statement of Activities for further details on program and general revenues.

**Net Cost of Services**



**Analysis of the Fund Financial Statements**

**General Fund**

Overall, the City's General Fund experienced a 42% or \$1.7 million increase in fund balance. The reason for the significant change was directly related to better than expected revenues and expenditures.

Total revenues for 2003 were \$721,717 more than originally budgeted. A large part of that difference was caused by the City's allocation of a Johnson County sales tax benefiting school districts. By State Statute, cities within the County receive a share of the amount of tax collected by the County. In 2003, the City received \$435,704 from the County sales tax.

Also during the year, the City began to concentrate enforcement efforts on resident reported areas of speeding and other traffic violations. The effect of which was that Municipal Court fines and fees were 89% or \$342,073 higher than originally budgeted.

Without eliminating any key services, the City initiated cost-savings measures that resulted in expenditures finishing the year at 91% of, or \$993,027 less than the final budget.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Management's Discussion And Analysis

December 31, 2003

***Capital Projects Fund***

The City's Capital Projects Fund accounts for major infrastructure improvement project expenditures. Funding for these projects comes from interfund transfers from the City's General Fund, Special City Street & Highway Fund and Special Parks and Recreation Fund. The City also receives intergovernmental grants from Johnson County for street and drainage improvements.

The Capital Projects Fund finished 2003 with an ending fund balance of \$1,612,810, which remains in the fund for unfinished or future capital improvement projects.

**Capital Assets and Long-Term Debt Activity**

***Capital Assets***

The total amount invested in capital assets by the City at December 31, 2003 was \$21,939,912, net of accumulated depreciation. This represents a 10% increase from the beginning of the year, when assets net of accumulated depreciation were \$19,893,765.

Major additions to capital assets during 2003 included:

Park improvements	\$	199,532
Furniture and equipment		397,801
Drainage improvements		82,850
Street improvements		933,855
Total	\$	<u>1,614,038</u>

***Long-Term Debt Activity***

As of December 31, 2003, the City had \$3,385,000 of outstanding general obligation bonds. Of the balance outstanding, 64% or \$2,180,000 will be paid off within the next five years, with the remainder paid off by the year 2014.

For the past 10 years, the City has received a credit rating of Aa1 from Moody's Investor Service, Inc., which represents the second-highest possible rating from Moody's.

**Requests for Information**

This report is intended to give the reader a general overview of the City's finances. Questions about information contained in this report or requests for additional information should be directed to the Director of Finance, 7700 Mission Rd, Prairie Village, Kansas 66208.

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**BASIC FINANCIAL STATEMENTS**

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CITY OF PRAIRIE VILLAGE, KANSAS

Statement of Net Assets

December 31, 2003

<b>Assets</b>	
Cash and investments	\$ 7,074,607
Tax receivables (net of uncollectibles)	5,240,965
Other receivables	61,084
Due from other governments	1,031,488
Prepaid expenses	101,110
Restricted cash and investments	89,678
Capital assets:	
Nondepreciable	14,859,800
Depreciable, net	<u>7,080,112</u>
Total assets	<u>35,538,844</u>
<b>Liabilities</b>	
Accounts payable	1,267,829
Payable from restricted assets	89,678
Deferred revenue	4,656,851
Accrued interest on long-term debt	51,637
Long-term liabilities:	
Due within one year	400,000
Due in more than one year	<u>3,108,751</u>
Total liabilities	<u>9,574,746</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	18,554,912
Restricted	87,141
Unrestricted	<u>7,322,045</u>
Total net assets	<u>\$ 25,964,098</u>

See accompanying notes to basic financial statements.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Statement of Activities

For the year ended December 31, 2003

		<u>Program revenues</u>			<u>Net (expense) revenue and changes in net assets – governmental activities</u>
	<u>Expenses</u>	<u>Fees, fines, and charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
Governmental activities:					
Urban management and planning	\$ 2,660,559	1,496,591	—	—	(1,163,968)
Public works	3,597,853	60,140	—	390,246	(3,147,467)
Public safety	4,172,054	1,614,123	11,338	—	(2,546,593)
Municipal justice	240,887	48,818	—	—	(192,069)
Leisure, recreation, and education	1,096,950	435,432	—	—	(661,518)
Interest on long-term debt	165,211	—	—	—	(165,211)
Total governmental activities	<u>\$ 11,933,514</u>	<u>3,655,104</u>	<u>11,338</u>	<u>390,246</u>	<u>(7,876,826)</u>
General revenues:					
Taxes					\$ 10,777,951
Grants and contributions not restricted to specific programs					899,494
Earnings on investments					122,111
Miscellaneous					226,286
Total general revenues					<u>12,025,842</u>
Change in net assets					4,149,016
Net assets, beginning of year					<u>21,815,082</u>
Net assets, ending of year					<u>\$ 25,964,098</u>

See accompanying notes to basic financial statements.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Balance Sheet

Governmental Funds

December 31, 2003

<b>Assets</b>	<b>General</b>	<b>Capital projects</b>	<b>Nonmajor governmental</b>	<b>Total</b>
Cash and investments	\$ 5,100,059	1,575,876	398,672	7,074,607
Receivables	4,735,522	—	571,045	5,306,567
Due from other governments	82,026	751,530	197,932	1,031,488
Due from other funds	—	197,932	—	197,932
Restricted cash and investments	89,678	—	—	89,678
<b>Total assets</b>	<b>\$ 10,007,285</b>	<b>2,525,338</b>	<b>1,167,649</b>	<b>13,700,272</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 541,151	206,528	290,930	1,038,609
Due to other funds	—	—	197,932	197,932
Payable from restricted assets	89,678	—	—	89,678
Deferred revenue	3,567,007	706,000	571,045	4,844,052
<b>Total liabilities</b>	<b>4,197,836</b>	<b>912,528</b>	<b>1,059,907</b>	<b>6,170,271</b>
<b>Fund balances:</b>				
Reserved for:				
Encumbrances	203,932	298,285	—	502,217
Debt service	—	—	20,601	20,601
Unreserved	5,605,517	1,314,525	—	6,920,042
Unreserved, reported in nonmajor special revenue funds	—	—	87,141	87,141
<b>Total fund balances</b>	<b>5,809,449</b>	<b>1,612,810</b>	<b>107,742</b>	<b>7,530,001</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,007,285</b>	<b>2,525,338</b>	<b>1,167,649</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	\$ 21,939,912
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	182,681
Future-period expenditures paid with current financial resources, not reported in the funds.	101,110
Current-period expenditures paid with future financial resources, not reported as accounts payable.	(229,218)
Accrued bond interest payable, not due in the current period, therefore, not reported in the funds.	(51,637)
Long-term liabilities, including bonds payable, and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.	(3,508,751)
<b>Net assets of governmental activities</b>	<b>\$ 25,964,098</b>

See accompanying notes to basic financial statements.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the year ended December 31, 2003

	<u>General</u>	<u>Capital projects</u>	<u>Other governmental</u>	<u>Total</u>
<b>Revenues:</b>				
Taxes	\$ 10,033,141	—	654,093	10,687,234
Licenses and permits	351,017	—	—	351,017
Intergovernmental	84,419	390,245	785,391	1,260,055
Charges for services	1,236,542	—	1,176,975	2,413,517
Fines and forfeits	727,073	—	—	727,073
Recreational fees	435,432	—	—	435,432
Investment income	111,527	—	10,584	122,111
Miscellaneous	226,286	—	—	226,286
<b>Total revenues</b>	<b>13,205,437</b>	<b>390,245</b>	<b>2,627,043</b>	<b>16,222,725</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Urban management and planning	1,374,024	—	1,287,659	2,661,683
Public works and environmental improvements	3,396,033	—	—	3,396,033
Public safety	4,069,470	—	62,700	4,132,170
Municipal justice	238,120	—	—	238,120
Leisure, recreation, and education	974,433	—	—	974,433
Capital outlay	—	2,630,252	—	2,630,252
<b>Debt service:</b>				
Principal retirement	—	—	380,000	380,000
Interest	—	—	170,785	170,785
<b>Total expenditures</b>	<b>10,052,080</b>	<b>2,630,252</b>	<b>1,901,144</b>	<b>14,583,476</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,153,357</b>	<b>(2,240,007)</b>	<b>725,899</b>	<b>1,639,249</b>
<b>Other financing sources (uses):</b>				
Transfers in	—	2,145,190	—	2,145,190
Transfers out	(1,440,960)	—	(704,230)	(2,145,190)
<b>Total other financing sources and uses</b>	<b>(1,440,960)</b>	<b>2,145,190</b>	<b>(704,230)</b>	<b>—</b>
<b>Net change in fund balances</b>	<b>1,712,397</b>	<b>(94,817)</b>	<b>21,669</b>	<b>1,639,249</b>
Fund balances – beginning	4,097,052	1,707,627	86,073	5,890,752
Fund balances – ending	\$ <u>5,809,449</u>	<u>1,612,810</u>	<u>107,742</u>	<u>7,530,001</u>

See accompanying notes to basic financial statements.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities

For the year ended December 31, 2003

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ 1,639,249
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlays reported as expenditures in 2003	2,589,723
Depreciation expense in 2003	(578,367)
The principal repayment of long-term debt consumes current financial resources of governmental funds	380,000
Accrued interest expenditures on long-term debt do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	5,574
Street lighting and traffic signal expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	5,714
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	92,437
Accrued compensated absences utilize future financial resources are not considered expenditures in governmental funds.	(8,602)
Expenditures in the funds are for future periods and are not considered expenses on the statement of activities.	<u>23,288</u>
Changes in net assets of governmental activities	\$ <u><u>4,149,016</u></u>

See accompanying notes to basic financial statements.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2003

	<u>Pension Trust Funds</u>
Assets:	
Restricted cash and investments	\$ 9,080,817
Interest receivables	25,129
Total assets	<u>\$ 9,105,946</u>
Liabilities and net assets:	
Liabilities	\$ —
Net assets:	
Held in trust for pension benefits	<u>9,105,946</u>
Total net assets	<u>9,105,946</u>
Total liabilities and net assets	<u>\$ 9,105,946</u>

See accompanying notes to basic financial statements.



**CITY OF PRAIRIE VILLAGE, KANSAS**  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the year ended December 31, 2003

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 180,280
Plan members	74,187
Miscellaneous	23
Total contributions	<u>254,490</u>
Investment earnings:	
Interest on investments	237,192
Realized loss on the sale of investments	(78,590)
Net increase in the fair value of investments	<u>1,150,644</u>
Total investment earnings	1,309,246
Less investment expense	<u>341</u>
Net investment earnings	<u>1,308,905</u>
Total additions	<u>1,563,395</u>
Deductions:	
Benefits	<u>295,822</u>
Change in net assets	1,267,573
Net assets -- beginning	<u>7,838,373</u>
Net assets -- ending	<u>\$ 9,105,946</u>

See accompanying notes to basic financial statements.

# CITY OF PRAIRIE VILLAGE, KANSAS

## Notes to Basic Financial Statements

December 31, 2003

### (1) Summary of Significant Accounting Policies

#### (a) Reporting Entity

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

#### Component Units

In evaluating the City's financial reporting entity, management has considered whether certain organizations for which the primary government is financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, this requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. Based on these criteria, there are no entities for which the City is considered to be financially accountable and, as such, no component units were reported in the basic financial statements.

#### (b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Effective January 1, 2003, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*. These Statements establish new financial reporting requirements and significantly change the format and content of the City's financial statements. They require new information and restructure much of the information that the City has presented in the past.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the City as a whole, except for fiduciary activities. The statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

## CITY OF PRAIRIE VILLAGE, KANSAS

### Notes to Basic Financial Statements

December 31, 2003

Under Kansas State Statutes, property taxes levied during any year are considered revenues to be used to finance the budget of the ensuing year. Therefore, property taxes levied during the current year are reported as deferred revenue on the statement of net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in among program revenues are reported instead as general revenues.

Program revenues reported on the statement of activities include charges for services, operational and capital grants. Program revenues are netted with program expenses to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Each fund is considered to be a separate accounting entity, accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Governmental resources are allocated to and accounted for within individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the City's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in aggregate.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property, sales, and utility franchise taxes are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Other major revenues susceptible to accrual include interest on investments and intergovernmental revenue. Licenses and permits, fines, and recreational fees are not susceptible to accrual because they generally are not measurable until received in cash.

# CITY OF PRAIRIE VILLAGE, KANSAS

## Notes to Basic Financial Statements

December 31, 2003

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 in the fund financial statements as taxes receivable and deferred revenue at the levy date.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. Also, amounts paid to reduce long-term indebtedness are reported as fund expenditures.

The financial statements for the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due, as the City has a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The City reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for major infrastructure project expenditures.

Additionally, the City reports the following fiduciary fund type:

*Pension Trust Funds*, which report the Supplemental Retirement Fund and the Revised Prairie Village Police Pension Fund.

(c) ***Assets, Liabilities, Fund Balance, and Net Assets***

(1) **Deposits and Investments**

The City's cash and investments are considered to be demand deposits, time deposits, and cash held by the State of Kansas Municipal Investment Pool.

Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are nontransferable, with terms unaffected by changes in market interest rates.

Changes in fair value that occur during the fiscal year are recognized as investment revenue reported for that fiscal year. Investment revenue includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

**(2) Receivables and Payables**

Receivables are reported on the government-wide financial statements net of an allowance for uncollectibles. The largest allowance for uncollectibles is for property taxes, equal to 1.67% of the fiscal year's total property taxes assessment.

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

Taxes receivable include property taxes levied on November 1, 2003 for 2004 of \$3,950,851, which have been recorded as deferred revenue.

**(3) Restricted Assets**

Certain cash and investments are classified as restricted assets on the statement of net assets and balance sheet because their use is limited to repay Municipal Court bonds, fire/explosion cleanup bonds or employee Section 125 plan expenses.

**(4) Capital Assets**

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (streets, curbs, sidewalks, drainage systems, etc.), are reported in the government-wide financial statements as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Preservation costs, which are expected to extend the life of the asset are capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure completed in the current year has been capitalized. Infrastructure assets not completed by year-end have been reported as construction in process. Retroactive reporting of the City's major infrastructure assets extends only to the assets which were completed the current year, in which prior year costs for such projects were included. As allowed with the provisions of implementing GASB 34, all other retroactive reporting of infrastructure assets will occur by the year ending December 31, 2007.

Capital assets, excluding land, are depreciated over their useful lives in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net assets.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

Depreciation expense is calculated for capital assets, excluding land and infrastructure assets using the straight-line method and the estimated asset useful lives listed below. Depreciation expense for infrastructure assets is calculated using a composite rate based on the estimated historical cost and estimated useful life of each network of assets. The following is the estimated useful life of each network:

<b>Asset classification</b>	<b>Estimated life</b>
Buildings	40
Improvements other than buildings:	
Playground equipment	15
Furniture and equipment:	
Vehicles:	
Patrol	2
Street sweepers/other	7
Public works trucks, trailers, tractors	10
Public works skid loaders, backhoes	12
Office equipment:	
Computer equipment	3
Computer software	5
Office equipment (including printers/fax)	5
Telephone systems, other	10
Kitchen equipment	12
Art work	25
Field equipment:	
Mowers	5
Police tactical vests	5
Miscellaneous equipment	7
Eyewitness video systems	8
Emergency warning sirens	10
Generators, intoxilyzers, portable difibulators, radar equipment, radios, salt spreaders, snow plows, traffic controllers, trailers	10
Light equipment	15
Firearms	20

**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

Asset classification	Estimated life
Infrastructure:	
Pipes	40
Drainage channels	40
Drainage structures	40
Pavement – surface	20
Pavement – base & wear surface	40
Pavement – sidewalks	30
Pavement – curbs	30
Pavement – pedestrian ramps	30

**(5) Compensated Absences**

Full-time City employees earn vacation leave based upon length of service, and unused vacation days can be carried forward to future years with certain limitations. Sick leave is earned at a rate of one day per month of employment, with a total accumulation limited to 1,120 hours or 142 days.

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**(6) Fund Balances**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes.

**(7) Net Assets**

In the government-wide financial statements, equity is displayed in three components as follows:

*Invested in Capital Assets, Net of Related Debt* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Restricted net assets include \$23,899 for solid waste, \$30,295 for parks and recreation, and \$32,947 for alcohol programs.

*Unrestricted* – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

CITY OF PRAIRIE VILLAGE, KANSAS

Notes to Basic Financial Statements

December 31, 2003

**(8) New Accounting Pronouncements**

Effective January 1, 2003, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and Statement No. 37, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus*. These Statements establish new financial reporting requirements and significantly change the format and content of the City’s financial statements. They require new information and restructure much of the information that the City has presented in the past.

Effective January 1, 2003, the City adopted the provision of Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*. This Statement modifies, establishes, and rescinds certain financial statement note disclosures.

This report does not incorporate GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 44, *Economic Condition Reporting*. The City will adopt and implement these Statements at the required times.

These statements had a significant effect on the City’s financial reporting model. All statements were retroactively applied to January 1, 2003. Restatement of net assets within the government-wide financial statement is as follows:

General Fund	\$	4,097,052
Special Revenue Funds		64,765
Debt Service Fund		21,308
Capital Projects Fund		1,707,627
Total fund equity, December 31, 2002		5,890,752
Required GASB 34 adjustments:		
Capital assets, net of accumulated depreciation		19,893,765
Long-term and other liabilities		(3,880,149)
Other		(89,286)
Total net assets, December 31, 2003	\$	<u>21,815,082</u>

**(9) Use of Estimates**

The preparation of the basic financial statement in conformity with generally accepted accounting principles 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 basic financial statements and the reported amounts of



**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(2) Detailed Notes**

**(a) Deposits and Investments**

Cash and investments are reported as follows in the accompanying financial statements:

Statement of net assets:	
Pooled cash and investments	\$ 7,074,607
Restricted cash and investments	89,678
Statement of fiduciary net assets:	
Cash and investments	<u>9,080,817</u>
Total cash and investments	<u><u>\$ 16,245,102</u></u>

Cash and investments at December 31, 2003 consisted of the following:

Petty cash on hand	\$ 1,050
Demand deposits held by City	3,666,516
Certificates of deposit held by City	3,000,000
Investment in State Municipal Investment Pool held by City	<u>496,719</u>
Total pooled cash and investments	<u>7,164,285</u>
Pension plan assets:	
Cash	674,027
Equity securities	5,502,261
Fixed income securities	<u>2,904,529</u>
Total pension plan assets	<u>9,080,817</u>
Total cash and investments	<u><u>\$ 16,245,102</u></u>

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 Special Revenue Fund and the Debt Service

**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

Fund based on month-end cash and investment balances. The General Fund finances capital projects through transfers and, as such, the investment revenue earned remains with the General Fund.

The City's deposits at December 31, 2003 are categorized below to give an indication of the level of credit risk assumed by the City at year-end.

Category 1 – insured or collateralized with securities held by the City or its agent in the City's name

Category 2 – collateralized with securities held by the pledging financial institution's trust department or agent in the City's name

Category 3 – uncollateralized or collateralized with securities held by the pledging financial institution or agent, but not in the City's name

The City's deposits are held in the City's name and are either insured by the Federal Depository Insurance Corporation or collateralized with government securities held in the City's name. As of December 31, 2003, the deposit balances were as follows:

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>balance</u>	<u>amount</u>
Deposits held by City:					
Demand deposits	\$ 100,000	3,626,555	—	3,726,556	3,666,516
Certificate of deposit	100,000	2,900,000	—	3,000,000	3,000,000
Petty cash	—	—	1,050	—	1,050
Total	<u>\$ 200,000</u>	<u>6,526,555</u>	<u>1,050</u>	<u>6,726,556</u>	<u>6,667,566</u>
Investments held by City not subject to categorization:					
Investments in State Municipal Investment Pool					496,719
Investments in trust for pension plans					<u>9,080,817</u>
Total investments					<u>\$ 16,245,102</u>

The Kansas Statement 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 Pension Trust Fund investments are held by the bank's trust department in the City's name.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

**(b) Receivables and Payables**

Receivables as of December 31, 2003 for the City's major, nonmajor, and fiduciary funds are as follows:

	<u>General</u>	<u>Capital projects</u>	<u>Nonmajor governmental</u>	<u>Total</u>
Taxes	\$ 5,031,138	—	571,045	5,602,183
Interest	16,705	—	—	16,705
Intergovernmental	82,026	751,530	197,932	1,031,488
Other	48,897	—	—	48,897
	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	5,178,766	751,530	768,977	6,699,273
Less allowance for uncollectibles	(305,499)	—	(60,239)	(365,738)
	<hr/>	<hr/>	<hr/>	<hr/>
Net receivables	\$ 4,873,267	751,530	708,738	6,333,535
	<hr/>	<hr/>	<hr/>	<hr/>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the year, the components of deferred revenue were as follows:

	<u>General Fund</u>	<u>Capital projects</u>	<u>Nonmajor governmental</u>	<u>Total</u>
2004 property taxes	\$ 3,441,113	—	509,739	3,950,852
Delinquent property taxes	308,782	—	61,306	370,088
Intergovernmental receivables	—	706,000	—	706,000
Franchise fee (unavailable)	172,092	—	—	172,092
Miscellaneous receivables	6,238	—	—	6,238
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred revenue	\$ 3,928,225	706,000	571,045	5,205,270
	<hr/>	<hr/>	<hr/>	<hr/>

Accounts payable consist of amounts due to vendors and are expected to be paid within one year.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

**(c) Capital Assets**

Capital asset activity for the year ended December 31, 2003 was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,861,866	—	—	13,861,866
Construction in progress	<u>22,250</u>	<u>997,934</u>	<u>22,250</u>	<u>997,934</u>
Total	<u>13,884,116</u>	<u>997,934</u>	<u>22,250</u>	<u>14,859,800</u>
Capital assets being depreciated:				
Buildings	6,154,946	—	—	6,154,946
Improvements other than buildings	317,554	173,047	—	490,601
Furniture and equipment	3,644,593	397,801	347,731	3,694,663
Infrastructure	<u>—</u>	<u>1,043,190</u>	<u>—</u>	<u>1,043,190</u>
Total	<u>10,117,093</u>	<u>1,614,038</u>	<u>347,731</u>	<u>11,383,400</u>
Less accumulated depreciation for:				
Buildings	1,510,132	153,873	—	1,664,005
Improvements other than buildings	172,726	21,327	—	194,053
Furniture and equipment	2,424,586	369,842	382,523	2,411,905
Infrastructure	<u>—</u>	<u>33,325</u>	<u>—</u>	<u>33,325</u>
Total	<u>4,107,444</u>	<u>578,367</u>	<u>382,523</u>	<u>4,303,288</u>
Total capital assets being depreciated, net	<u>6,009,649</u>	<u>1,035,671</u>	<u>(34,792)</u>	<u>7,080,112</u>
Governmental activities capital assets, net of depreciation	\$ <u><u>19,893,765</u></u>	<u><u>2,033,605</u></u>	<u><u>(12,542)</u></u>	<u><u>21,939,912</u></u>

**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:		
Urban management and planning	\$	33,556
Public works and environmental improvements		219,683
Public safety		199,662
Municipal justice		2,276
Leisure, recreation, and education		123,190
Total	\$	<u>578,367</u>

**(d) Interfund Receivables, Payables, and Transfers**

**Receivables/Payables**

Cash representing accrued revenue from the Special City Highway Fund was received by the City after December 31, 2003. The following represents the amount of 2003 funds due to the Capital Projects Fund for that reason.

	<u>Due from</u>	<u>Due to</u>
Major Funds:		
Capital Projects Fund	\$ —	197,932
Nonmajor Funds:		
Special City Street and Highway Fund	197,932	—

**Transfers**

Transfers to fund capital projects by fund for the year were as follows:

	<u>In</u>	<u>Out</u>
Major funds:		
General Fund	\$ —	1,440,960
Capital Projects Fund	2,145,190	—
Nonmajor funds:		
Special City Street & Highway Fund	—	639,230
Special Parks & Recreation Fund	—	65,000
	\$ <u>2,145,190</u>	<u>2,145,190</u>

**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

*(e) Leases*

The City leases building and office facilities and other equipment under operating leases. Total costs for such leases were \$61,176 for the year ended December 31, 2003. The future minimum lease payments for these leases are as follows:

	<u>Amount</u>
Fiscal year ending December 31:	
2004	\$ 60,078
2005	60,078
2006	59,334
2007	47,848
2008	18,438

*(f) Long-Term Liabilities*

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities such as the swimming pool, various public parks, and the public safety facility.

Change in long-term liabilities:

	<u>Balance December 31, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2003</u>	<u>Current portion</u>
General Obligation Bonds	\$ 3,765,000	—	(380,000)	3,385,000	400,000
Accrued Compensated Absences	115,149	8,602	—	123,751	—
	<u>\$ 3,880,149</u>	<u>8,602</u>	<u>(380,000)</u>	<u>3,508,751</u>	<u>400,000</u>

The balance outstanding as of December 31, 2003 was comprised of the following issues:

<u>Bond issue</u>	<u>Interest rate</u>	<u>Date issue</u>	<u>Original issue amount</u>	<u>Final maturity</u>	<u>Balance outstanding</u>	<u>Interest paid in 2003</u>
Park refunding	3.90-5.00%	1/1/94	\$ 1,240,000	9/1/09	\$ 770,000	41,268
Police facility	3.70-4.00%	1/1/99	1,660,000	9/1/10	1,325,000	57,880
Pool improvement	4.75-6.50%	2/15/00	1,600,000	9/1/14	1,290,000	71,635
			<u>\$ 4,500,000</u>		<u>\$ 3,385,000</u>	<u>170,783</u>

**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

Annual debt service requirements through maturity for general obligation bonds are as follows:

Year:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 400,000	154,143	554,143
2005	415,000	136,338	551,338
2006	435,000	118,720	553,720
2007	455,000	99,863	554,863
2008	475,000	79,770	554,770
2009-13	1,055,000	167,516	1,222,516
2014	150,000	8,025	158,025
Total	<u>\$ 3,385,000</u>	<u>764,375</u>	<u>4,149,375</u>

**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 no obligation beyond the initial lease or loan which has been assigned to various financial or banking entities. Therefore, the bonds are not reported as a liability in the accompanying financial statements. The following is a list of the outstanding bonds as of December 31, 2003.

<u>Bond issue</u>	<u>Interest rate</u>	<u>Date issue</u>	<u>Original issue amount</u>	<u>Final maturity</u>	<u>Balance outstanding</u>
Lockton Insurance	10.635%	6/1/85	\$ 4,150,000	7/1/15	\$ 2,853,736
JC Nichols	Variable	12/1/85	4,500,000	12/1/15	4,500,000
Claridge Court	8.50-8.75%	8/15/93	40,705,000	8/15/23	9,100,000
Station Development	4.25%	7/1/01	4,000,000	2/12/12	3,453,346
			<u>\$ 53,355,000</u>		<u>\$ 19,907,082</u>

**(3) Other Information**

**(a) Employee Retirement Systems and Pension Plans**

**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. The Supplemental Retirement and Police Pension plans are accounted for as separate Pension Trust Funds, while KPERS is administered by the State of Kansas. Each plan is described below.

## CITY OF PRAIRIE VILLAGE, KANSAS

### Notes to Basic Financial Statements

December 31, 2003

#### **Kansas Public Employees Retirement System**

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 contacting KPERS (400 S.W. 8<sup>th</sup> Avenue, Suite 200, Topeka, Kansas, 66603-3925; 1-800-228-0366; or [www.kpers.org](http://www.kpers.org)).

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 2003 is 3.67%. The City contributions to KPERS for the years ending December 31, 2003, 2002, and 2001 were \$60,706, \$63,480, and \$56,088, respectively, equal to the statutory required contributions for each year.

#### **Supplemental 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<sup>st</sup> 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 based on years of service and annual salary. Employee accounts are vested 40% after four years' service, 45% after five years, 50% after six years service, with such percentage increasing 10% per year thereafter, resulting in full vesting after eleven years. Participants include sixty-one current and former employees (twenty-five fully vested, twenty-two partially vested and fourteen nonvested). City contributions for, and interest forfeited by, employees who leave employment before becoming fully vested are allocated to other participant accounts based upon their share of plan assets.

The City's total payroll in 2003 was approximately \$4.3 million. The City's contributions to this defined contribution plan were based on estimated payroll of approximately \$2,036,000. The City made the required 5% contribution up to a maximum contribution of \$2,500 per employee, which amounted to \$95,703 during 2003.

#### **Revised Prairie Village Police Pension Plan**

The Revised Prairie Village Police Pension Plan, single-employer, defined benefit pension plan, was established in 1966 and was amended to its current form in 2002. The plan covers eligible full-time commissioned officers who have been continuously employed by the City



**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

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 4% of earnings which earns interest each year. At January 1, 2003, there were thirty-four active participants (nine fully vested, seventeen partially vested and eight nonvested), thirteen vested terminees (not currently received benefits), and nineteen retired participants and beneficiaries (currently receiving benefits).

Kansas State Statutes require that current liabilities are funded currently. The plan's funding policy provides for periodic employer contributions at actuarially determined amounts that are expressed as percentages of annual covered payroll and are sufficient to accumulate assets adequate to pay benefits when due. The City's actuarially determined contribution to this defined benefit plan in 2003 was \$78,418.

City contributions are authorized by local ordinance, and all actuarially required contributions were made. The City may terminate the plan or its contributions at any time. The following is a schedule of employer contributions for the past five years:

Year:	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation (asset)</u>
2001	\$ —	100%	\$ —
2002	—	100%	—
2003	78,418	100%	(6,159)

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2003
Actuarial cost method	Aggregate
Asset valuation method	Five-year average of adjusted market value of the trust fund assets
Remaining amortization period	Approximately 7.5 years
Actuarial assumptions:	
Investment rate of return	8% per annum
Projected salary increases	6.5% per year

The actuarial method used for 2003 was changed from the entry age normal method to the aggregate method to provide a more predictable funding pattern into the future.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Notes to Basic Financial Statements

December 31, 2003

**(b) Other Commitments and Contingencies**

**Tax Increment Financing District**

In 1999, the City passed an ordinance establishing a Tax Increment Financing District. Establishment of the district allows the City to provide public improvements to encourage the development of blighted and 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 district was established and the combined levies of all taxing jurisdictions to reimburse infrastructure improvement costs related to the project. 1999 was established as the base year for the TIF. Included in the City's 2003 assessed valuation is \$1,206,280, representing the incremental increase in property value since 1998. Tax revenue available to the TIF for the year ended December 31, 2003 was \$107,159 and is included as property tax revenue in the TIF Project Fund (a Special Revenue Fund).

In prior years, a total of \$571,786 of reimbursable development costs were incurred for land acquisition and street improvements. As of December 31, 2003, the remaining amount of incremental property tax eligible for the developer infrastructure cost reimbursement was \$206,057.

**(c) 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 for which the City carries commercial insurance coverage. The following is a list of the maximum liability for each policy.

<b>Policy</b>	<b>Deductible</b>	<b>Limit</b>
Property	\$ 5,000	Agreed amounts
Equipment breakdown	5,000	250,000
Inland marine	Various	Actual cash value
General liability	—	2,000,000
Employee benefit liability	1,000	3,000,000
Public official and employment practices	5,000	1,000,000
Law enforcement liability	10,000	1,000,000
Commercial auto	1,000	1,000,000
Crime	500	500,000
Umbrella	10,000	10,000,000
Fiduciary	5,000	500,000
Special crime	—	1,000,000

**CITY OF PRAIRIE VILLAGE, KANSAS**  
 Required Supplementary Information (Unaudited)  
 Budgetary Comparison Schedule  
 General Fund  
 Year ended December 31, 2003

	Budgeted amounts			Variance with final budget – positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Property	\$ 3,483,970	3,483,970	3,342,540	(141,430)
Sales and use	4,345,000	4,345,000	4,735,080	390,080
Motor vehicle	429,855	429,855	431,049	1,194
Franchise fees	1,365,000	1,365,000	1,524,472	159,472
Licenses and permits	361,000	361,000	351,017	(9,983)
Intergovernmental	220,850	220,850	84,419	(136,431)
Charges for services	1,191,500	1,191,500	1,236,542	45,042
Fines and forfeits	385,000	385,000	727,073	342,073
Recreational fees	408,500	408,500	435,432	26,932
Interest on investments	218,045	218,045	111,527	(106,518)
Miscellaneous	75,000	75,000	226,286	151,286
Total revenues	<u>12,483,720</u>	<u>12,483,720</u>	<u>13,205,437</u>	<u>721,717</u>
Expenditures:				
Urban management and planning	2,340,440	1,991,548	1,361,726	629,822
Public works	3,595,440	3,517,301	3,372,198	145,103
Public safety	4,160,810	4,223,361	4,067,984	155,377
Municipal justice	242,620	242,620	238,970	3,650
Leisure, recreation, and education	725,290	1,042,930	983,856	59,074
Total expenditures	<u>11,064,600</u>	<u>11,017,760</u>	<u>10,024,734</u>	<u>993,026</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	1,394,120	1,440,960	1,440,960	—
Total other financing sources (uses)	<u>1,394,120</u>	<u>1,440,960</u>	<u>1,440,960</u>	<u>—</u>
Net changes in fund balance – budgetary basis	25,000	25,000	1,739,743	1,714,743
Effect of current year encumbrances	—	—	193,507	—
Effect of prior year encumbrances	—	—	(220,853)	—
Fund balances – beginning (GAAP)	4,097,052	4,097,052	4,097,052	—
Fund balances – ending (GAAP)	<u>\$ 4,122,052</u>	<u>4,122,052</u>	<u>5,809,449</u>	<u>1,714,743</u>

See accompanying independent auditors' report.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Required Supplementary Information (Unaudited)

Note to the Budgetary Comparison Schedule

Year ended December 31, 2003

**Budgetary Information**

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 budget:

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

The annual operating budgets are prepared using the modified accrual basis of accounting, further modified 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.

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. There were no supplemental budgetary appropriations required in the period ended December 31, 2003.

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 the debt is issued, funds need not be on hand for future payments.

**CITY OF PRAIRIE VILLAGE, KANSAS**  
 Required Supplementary Information (Unaudited)  
 Note to the Budgetary Comparison Schedule  
 Year ended December 31, 2003

***Capital Projects Fund – Project Authorizations***

As indicated, annual operating budgets are not adopted for the Capital Projects Fund. Instead, budgetary control is maintained through the use of cumulative project authorizations. The following is a summary of activity for the year ended December 31, 2003.

<u>Project type</u>	<u>Project authorizations</u>	<u>Total expenditures (budgetary basis)</u>
Park improvements	\$ 169,938	158,153
Drainage improvements	740,425	492,547
Street improvements	3,127,933	1,676,891
Other improvements	626,335	345,743
Total	<u>\$ 4,664,631</u>	<u>2,673,334</u>

**CITY OF PRAIRIE VILLAGE, KANSAS**

Required Supplementary Information

December 31, 2003

**Schedule of Funding Progress**

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) – entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll [(b-a)/c]
1998	\$ 5,325,400	3,911,490	(1,413,910)	136.1%	\$ 1,273,872	(111.0)%
1999	5,757,357	4,111,811	(1,645,546)	140.0%	1,330,356	(123.7)%
2000	6,279,640	4,408,884	(1,870,756)	142.4%	1,431,900	(130.6)%
2001	6,818,770	4,786,591	(2,032,179)	142.5%	1,517,220	(133.9)%
2002	7,171,582	5,012,081	(2,159,501)	143.1%	1,596,240	(135.3)%
2003	7,167,797	N/A*	N/A	N/A	1,665,102	N/A

\*The aggregate actuarial cost method does not have an unfunded actuarial accrual liability.

**Schedule of Employer Contributions**

Year:	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation (asset)
1999	\$ —	100%	\$ —
2000	—	100%	—
2001	—	100%	—
2002	—	100%	—
2003	78,418	100%	(6,159)

**Notes to Required Schedules**

Valuation date	January 1, 2003
Actuarial cost method	Aggregate
Asset valuation method	Five-year average of adjusted market value of the trust fund assets
Remaining amortization period	Approximately 7.5 years
Actuarial assumptions:	
Investment rate of return	8% per annum
Projected salary increases	6.5% per year

See accompanying independent auditors' report.

## CITY OF PRAIRIE VILLAGE, KANSAS

### Supplementary Information

December 31, 2003

#### **Nonmajor Governmental Funds**

##### ***Special Revenue Funds***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Solid Waste Management Fund* – This fund is used to account for the operation of the City's solid waste management system, which provides for the 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* – This fund accounts for gasoline taxes designated for construction and maintenance of the City streets and curbing and related expenditures.

*TIF Project Fund* – This fund accounts for the repayment of TIF redevelopment project costs of certain blighted areas within the City.

*Special Park and Recreation Fund* – This fund is used to fund various City-sponsored park and recreation activities funded by the state liquor tax.

*Special Alcohol Fund* – This fund accounts for the operation of services and programs pertaining to alcohol misuse and is funded by the state liquor tax.

##### ***Debt Service Fund***

*Debt Service Fund* – This fund accounts for resources required to service long-term debt.

##### ***Pension Trust Funds***

The *Supplemental Retirement Fund* accounts for the activities of the Supplement Pension Benefit Plan and Trust, which accumulates resources for pension benefit payments to qualified employees.

The *Revised Prairie Village Police Pension Fund* accounts for the activities of the Prairie Village Police Department Retirement Trust, which accumulates resources for pension benefit payments to qualified public safety officers.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2003

Assets	Special revenue					Debt service	Total
	Solid waste management	Special city street and highway	TIF Project	Special Park and recreation	Special alcohol		
Cash and investments	\$ 312,135	—	—	30,295	35,641	20,601	398,672
Receivables	—	—	—	—	—	571,045	571,045
Due from other governments	—	197,932	—	—	—	—	197,932
<b>Total assets</b>	<b>\$ 312,135</b>	<b>197,932</b>	<b>—</b>	<b>30,295</b>	<b>35,641</b>	<b>591,646</b>	<b>1,167,649</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 288,235	—	—	—	2,695	—	290,930
Due to other funds	—	197,932	—	—	—	—	197,932
Deferred revenue	—	—	—	—	—	571,045	571,045
<b>Total liabilities</b>	<b>288,235</b>	<b>197,932</b>	<b>—</b>	<b>—</b>	<b>2,695</b>	<b>571,045</b>	<b>1,059,907</b>
Fund balances:							
Reserved for debt service	—	—	—	—	—	20,601	20,601
Unreserved	23,899	—	—	30,295	32,947	—	87,141
<b>Total fund balances</b>	<b>23,899</b>	<b>—</b>	<b>—</b>	<b>30,295</b>	<b>32,947</b>	<b>20,601</b>	<b>107,742</b>
<b>Total liabilities and fund balances</b>	<b>\$ 312,134</b>	<b>197,932</b>	<b>—</b>	<b>30,295</b>	<b>35,642</b>	<b>591,646</b>	<b>1,167,649</b>

See accompanying independent auditors' report.



**CITY OF PRAIRIE VILLAGE, KANSAS**  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
For the year ended December 31, 2003

	<u>Special revenue</u>						<u>Total</u>
	<u>Solid waste management</u>	<u>Special city street and highway</u>	<u>TIF Project</u>	<u>Special Park and recreation</u>	<u>Special alcohol</u>	<u>Debt service</u>	
Revenues:							
Taxes	\$ —	—	107,159	—	—	546,934	654,093
Intergovernmental	—	639,230	—	73,080	73,081	—	785,391
Charges for services	1,176,975	—	—	—	—	—	1,176,975
Investment income	7,440	—	—	—	—	3,144	10,584
Total revenues	<u>1,184,415</u>	<u>639,230</u>	<u>107,159</u>	<u>73,080</u>	<u>73,081</u>	<u>550,078</u>	<u>2,627,043</u>
Expenditures:							
Current:							
Urban management and planning	1,180,500	—	107,159	—	—	—	1,287,659
Public safety	—	—	—	—	62,700	—	62,700
Debt service:							
Principal	—	—	—	—	—	380,000	380,000
Interest	—	—	—	—	—	170,785	170,785
Total expenditures	<u>1,180,500</u>	<u>—</u>	<u>107,159</u>	<u>—</u>	<u>62,700</u>	<u>550,785</u>	<u>1,901,144</u>
Excess (deficiency) of revenues over expenditures	3,915	639,230	—	73,080	10,381	(707)	725,899
Other financing sources/(uses):							
Transfers out	—	(639,230)	—	(65,000)	—	—	(704,230)
Net change in fund balances	3,915	—	—	8,080	10,381	(707)	21,669
Fund balances – beginning	19,984	—	—	22,215	22,566	21,308	86,073
Fund balances – ending	<u>\$ 23,899</u>	<u>—</u>	<u>—</u>	<u>30,295</u>	<u>32,947</u>	<u>20,601</u>	<u>107,742</u>

See accompanying independent auditors' report.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Solid Waste Management Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year ended December 31, 2003

	<b>Budgeted amounts</b>		<b>Actual amounts (budgetary basis)</b>	<b>Variance with final budget positive/ (negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Charges for services	\$ 1,172,000	1,172,000	1,176,975	4,975
Interest income	10,000	10,000	7,440	(2,560)
Total revenue	<u>1,182,000</u>	<u>1,182,000</u>	<u>1,184,415</u>	<u>2,415</u>
Expenditures:				
Current:				
Urban management and planning	<u>1,180,500</u>	<u>1,180,500</u>	<u>1,180,500</u>	<u>—</u>
Total expenditures	<u>1,180,500</u>	<u>1,180,500</u>	<u>1,180,500</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	1,500	1,500	3,915	2,415
Fund balances – beginning	<u>19,984</u>	<u>19,984</u>	<u>19,984</u>	<u>—</u>
Fund balances – ending	<u>\$ 21,484</u>	<u>21,484</u>	<u>23,899</u>	<u>2,415</u>

See accompanying independent auditors' report.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Special City Street and Highway Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year ended December 31, 2003

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive/ (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 650,000	650,000	639,230	(10,770)
Total revenue	650,000	650,000	639,230	(10,770)
Expenditures				
Total expenditures	—	—	—	—
Excess (deficiency) of revenues over expenditures	650,000	650,000	639,230	(10,770)
Other financing uses:				
Transfers out	650,000	650,000	639,230	(10,770)
Net change in fund balance	—	—	—	—
Fund balances – beginning	—	—	—	—
Fund balances – ending	\$ —	—	—	—

See accompanying independent auditors' report.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Special Park and Recreation Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year ended December 31, 2003

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive/ (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 50,000	50,000	73,080	23,080
Total revenue	50,000	50,000	73,080	23,080
Expenditures	—	—	—	—
Total expenditures	—	—	—	—
Excess (deficiency) of revenues over expenditures	50,000	50,000	73,080	23,080
Other financing uses:				
Transfers out	65,000	65,000	65,000	—
Net change in fund balance	(15,000)	(15,000)	8,080	23,080
Fund balances – beginning	22,215	22,215	22,215	—
Fund balances – ending	\$ 7,215	7,215	30,295	23,080

See accompanying independent auditors' report.

**CITY OF PRAIRIE VILLAGE, KANSAS**  
Special Alcohol Program Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Year ended December 31, 2003

	<u>Budgeted amounts</u>		<u>Actual amounts (budgetary basis)</u>	<u>Variance with final budget positive/ (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 50,000	50,000	73,081	23,081
Total revenue	<u>50,000</u>	<u>50,000</u>	<u>73,081</u>	<u>23,081</u>
Expenditures:				
Public safety	<u>62,700</u>	<u>62,700</u>	<u>62,700</u>	<u>—</u>
Total expenditures	<u>62,700</u>	<u>62,700</u>	<u>62,700</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	(12,700)	(12,700)	10,381	23,081
Fund balances – beginning	<u>22,566</u>	<u>22,566</u>	<u>22,566</u>	<u>—</u>
Fund balances – ending	<u>\$ 9,866</u>	<u>9,866</u>	<u>32,947</u>	<u>23,081</u>

See accompanying independent auditors' report.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year ended December 31, 2003

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive/ (negative)
	Original	Final		
Revenues:				
Taxes	\$ 550,645	550,645	546,934	(3,711)
Interest	1,955	1,955	3,144	1,189
Total revenue	<u>552,600</u>	<u>552,600</u>	<u>550,078</u>	<u>(2,522)</u>
Expenditures:				
Debt service:				
Principal	380,000	380,000	380,000	—
Interest	171,000	171,000	170,785	(215)
Total expenditures	<u>551,000</u>	<u>551,000</u>	<u>550,785</u>	<u>(215)</u>
Excess (deficiency) of revenues over expenditures	1,600	1,600	(707)	(2,307)
Fund balances – beginning	<u>21,308</u>	<u>21,308</u>	<u>21,308</u>	<u>—</u>
Fund balances – ending	<u>\$ 22,908</u>	<u>22,908</u>	<u>20,601</u>	<u>(2,307)</u>

See accompanying independent auditors' report.

**CITY OF PRAIRIE VILLAGE, KANSAS**  
Combining Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2003

	<b>Supplemental Retirement Fund</b>	<b>Revised Prairie Village Police Pension Fund</b>	<b>Total</b>
<b>Assets:</b>			
Restricted cash and investments	\$ 1,791,482	7,289,335	9,080,817
Interest receivables	4,368	20,761	25,129
Total assets	\$ 1,795,850	7,310,096	9,105,946
<b>Liabilities and net assets:</b>			
Liabilities	\$ —	—	—
<b>Net assets:</b>			
Held in trust for pension benefits	1,795,850	7,310,096	9,105,946
Total net assets	1,795,850	7,310,096	9,105,946
Total liabilities and net assets	\$ 1,795,850	7,310,096	9,105,946

See accompanying independent auditors' report.

**CITY OF PRAIRIE VILLAGE, KANSAS**  
Combining Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the year ended December 31, 2003

	<u>Supplemental Retirement Fund</u>	<u>Revised Prairie Village Police Pension Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 95,703	84,577	180,280
Plan members	—	74,187	74,187
Miscellaneous	—	23	23
Total contributions	<u>95,703</u>	<u>158,787</u>	<u>254,490</u>
Investment earnings:			
Interest on investments	42,390	194,802	237,192
Realized loss on the sale of investments	(22,107)	(56,483)	(78,590)
Net increase in the fair value of investments	<u>232,427</u>	<u>918,217</u>	<u>1,150,644</u>
Total investment earnings	252,710	1,056,536	1,309,246
Less investment expense	<u>68</u>	<u>273</u>	<u>341</u>
Net investment earnings	<u>252,642</u>	<u>1,056,263</u>	<u>1,308,905</u>
Total additions	<u>348,345</u>	<u>1,215,050</u>	<u>1,563,395</u>
Deductions:			
Benefits	<u>11,525</u>	<u>284,297</u>	<u>295,822</u>
Change in net assets	336,820	930,753	1,267,573
Net assets – beginning	<u>1,459,030</u>	<u>6,379,343</u>	<u>7,838,373</u>
Net assets – ending	<u>\$ 1,795,850</u>	<u>7,310,096</u>	<u>9,105,946</u>

See accompanying independent auditors' report.



**CITY OF PRAIRIE VILLAGE, KANSAS**

Government-wide Expenses by Function

Last Ten Fiscal Years

<u>Fiscal year</u>	<u>Urban management and planning</u>	<u>Public works and environmental improvements</u>	<u>Public safety</u>	<u>Municipal justice</u>	<u>Leisure, recreation, and education</u>	<u>Interest on long-term debt</u>	<u>Total</u>
1994							
1995							
1996							
1997							
1998							
1999							
2000							
2001							
2002							
2003	2,678,162	3,625,311	4,239,376	243,654	1,096,950	165,211	12,048,664

Fiscal year 2003 was the first year that government-wide expenses were available for reporting.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Government-wide Revenues

Last Ten Fiscal Years

<u>Fiscal year</u>	<u>Program revenues</u>				<u>General revenues</u>			<u>Total</u>
	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Taxes</u>	<u>Grants and contributions not restricted to specific programs</u>	<u>Unrestricted investment earnings</u>	<u>Miscellaneous</u>	
1994								
1995								
1996								
1997								
1998								
1999								
2000								
2001								
2002								
2003	3,655,104	11,338	390,246	10,777,951	899,494	122,110	226,288	16,082,531

Fiscal year 2003 was the first year that government-wide revenues were available for reporting.

**CITY OF PRAIRIE VILLAGE, KANSAS**  
 General Governmental Expenditures by Function<sup>1</sup>  
 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>
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
2002	2,619,356	5,613,507	3,911,193	209,873	663,919	5,045,797	551,843	18,615,488
2003	2,661,683	3,396,033	4,132,170	238,120	974,433	2,630,252	550,785	14,583,476

<sup>1</sup>Includes general, special revenue, debt service, and capital projects funds.

CITY OF PRAIRIE VILLAGE, KANSAS  
 General Governmental Revenues by Source<sup>1</sup>  
 Last Ten Fiscal Years

<u>Fiscal year</u>	<u>Taxes</u>	<u>Licenses and permits</u>	<u>Inter-governmental</u>	<u>Charges for services</u>	<u>Fines and forfeits</u>	<u>Recreational fees</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
1994	\$ 7,150,107	265,323	3,208,752	1,372,990	216,872	235,886	399,378	42,900	12,892,208
1995	7,439,077	286,592	2,448,858	1,295,329	233,740	242,259	614,451	28,183	12,588,489
1996	7,781,869	272,331	3,642,539	809,456	253,711	239,480	644,086	121,495	13,764,967
1997	7,969,985	319,496	3,865,837	890,460	283,165	234,347	543,903	17,146	14,124,339
1998	8,631,974	319,890	3,984,037	946,877	331,931	253,775	538,683	148,118	15,155,285
1999	8,763,221	313,003	2,712,642	912,188	263,803	248,347	607,584	72,866	13,893,654
2000	9,013,654	319,122	3,956,504	1,100,990	385,493	381,363	538,676	99,466	15,795,268
2001	9,088,035	340,086	2,634,454	1,467,067	381,582	390,023	516,450	59,274	14,876,971
2002	8,938,293	312,230	4,782,758	1,547,520	488,565	442,569	255,070	173,426	16,940,431
2003	10,687,234	351,017	1,260,056	2,413,516	727,073	435,432	122,110	226,288	16,222,726

<sup>1</sup>Includes general, special revenue, debt service, and capital projects funds.

**CITY OF PRAIRIE VILLAGE, KANSAS**  
 General Governmental Tax Revenues by Source<sup>1</sup>  
 Last Ten Fiscal Years

Fiscal year	Property tax	Sales tax	Franchise tax	Motor vehicle tax <sup>2</sup>	Total
1994	\$ 2,679,239	3,263,767	1,139,865		7,082,871
1995	2,738,868	3,481,116	1,131,035		7,351,019
1996	2,703,331	3,814,905	1,263,633		7,781,869
1997	2,714,480	3,952,780	1,302,725		7,969,985
1998	2,987,707	4,374,357	1,269,910		8,631,974
1999	3,060,193	4,414,019	1,289,009		8,763,221
2000	3,076,364	4,447,228	1,490,062		9,013,654
2001	3,118,194	4,314,964	1,654,877		9,088,035
2002	3,333,898	4,179,059	1,425,336		8,938,293
2003	3,916,657	4,735,080	1,524,472	511,024	10,687,233

<sup>1</sup>Includes general, special revenue, debt service, and capital projects funds.

<sup>2</sup>For 1994 through 2002, motor vehicle property taxes were included as intergovernmental revenue.

CITY OF PRAIRIE VILLAGE, KANSAS

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal year</u>		<u>Total tax levy</u>	<u>Current tax collection</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collection</u>	<u>Total tax collection</u>	<u>Percent of total tax collection to tax levy</u>	<u>Outstanding delinquent taxes</u>	<u>Percent of delinquent taxes to total levy</u>
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%
1999		2,932,216	2,872,644	97.97%	26,529	2,899,173	98.87%	386,166	13.17%
2000		2,928,185	2,821,069	96.34%	12,776	2,833,845	96.78%	390,376	13.33%
2001		2,983,450	2,889,696	96.86%	18,774	2,908,470	97.49%	293,812	9.84%
2002		3,159,829	3,091,234	97.83%	27,653	3,118,887	98.70%	335,684	10.62%
2003		3,843,902	3,770,837	98.10%	38,661	3,809,498	99.10%	370,088	9.63%

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

Fiscal year	Real Property <sup>1</sup>		Personal Property <sup>2</sup>		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	
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	1,812,253,339	13.03%
2002	233,177,860	1,841,496,804	10,972,412	35,413,694	244,150,272	1,876,910,498	13.01%
2003	240,559,204	1,899,790,166	10,049,767	32,312,991	250,608,971	1,932,103,157	12.97%

<sup>1</sup>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 (estimated at 83% of real property) are assessed at 11.5% of actual value. Commercial land and improvements (estimated at 17% of real property) are assessed at 25% of actual value.

<sup>2</sup>Assessed personal property (\$6,135,201) is assessed at 30% of actual value. State assessed utilities (\$3,914,566) are assessed at 33%.

**CITY OF PRAIRIE VILLAGE, KANSAS**

Property Tax Rates -- Direct and Overlapping  
Governments (per \$1,000 of Assessed Value)

Last Ten Fiscal Years

<u>Fiscal year</u>	<u>State</u>	<u>County</u>	<u>City</u>	<u>County library</u>	<u>County park</u>	<u>County community college</u>	<u>School district</u>	<u>Consolidated fire district</u>	<u>Unified waste water</u>	<u>Total</u>
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
2002	1.500	16.221	15.744	2.948	1.602	9.428	42.238	8.008	---	97.689
2003	1.500	16.381	15.765	2.954	2.365	9.432	37.774	9.240	---	95.411



**CITY OF PRAIRIE VILLAGE, KANSAS**

Principal Taxpayers

December 31, 2003

<u>Taxpayer</u>	<u>Type of business</u>	<u>Real property</u>	<u>Personal property</u>	<u>State assessed utilities</u>	<u>2003 total assessed valuation</u>	<u>Percentage of total assessed value</u>
Highwoods Realty Limited	Real estate	\$ 15,399,397	—	—	15,399,397	6.14%
SM Properties, L.P.	Real estate	2,817,501	—	—	2,817,501	1.12%
Kansas City Power & Light	Utility	—	—	2,380,280	2,380,280	0.95%
Kenilworth L.L.C.	Real estate	1,815,827	—	—	1,815,827	0.72%
May Department Stores	Retail	1,543,425	208,911	—	1,752,336	0.70%
Marriott Senior Living	Adult living facility	1,355,988	94,432	—	1,450,420	0.58%
Melody W. Sutherland	Real estate	1,045,000	—	—	1,045,000	0.42%
Southwestern Bell	Utility	—	—	995,263	995,263	0.40%
Corinth Paddock L.L.C.	Real estate	869,354	—	—	869,354	0.35%
Meadowbrook Center, L.L.C.	Real estate	742,051	—	—	742,051	0.30%
<b>Total</b>		<b>\$ 25,588,543</b>	<b>303,343</b>	<b>3,375,543</b>	<b>29,267,429</b>	<b>11.68%</b>
<b>Total assessed valuation</b>		<b>\$ 240,559,204</b>	<b>6,135,201</b>	<b>3,914,566</b>	<b>250,608,971</b>	
<b>Principal taxpayers as a % of total assessed valuation</b>		<b>10.64%</b>	<b>4.94%</b>	<b>86.23%</b>	<b>11.68%</b>	

CITY OF PRAIRIE VILLAGE, KANSAS

Computation of Legal Debt Margin

December 31, 2003

Assessed valuation	\$ 250,608,971
Plus assessed value, motor vehicles <sup>1</sup>	<u>32,658,744</u>
Total assessed value for purposes of calculating legal debt limit	<u>\$ 283,267,715</u>
Legal debt limit (30% of assessed valuation)	30%
Amount of debt allowed	\$ 84,980,315
General obligation bond indebtedness	<u>3,385,000</u>
Legal debt margin	<u>\$ 81,595,315</u>
Percentage of debt capacity used to date	3.98%

<sup>1</sup> Source: Johnson County Clerk's Office

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

<u>Fiscal year</u>	<u>Estimated population</u>	<u>Assessed value<sup>5</sup></u>	<u>Gross bonded debt</u>	<u>Debt Service monies available<sup>6</sup></u>	<u>Net bonded debt</u>	<u>Ratio of Net bonded debt to assessed value</u>	<u>Net bonded debt per capita</u>
1994	238,241 (1)	\$ 139,664,786	4,775,000	256,842	4,518,158	0.03% \$	189.65
1995	23,244 (1)	161,578,089	4,330,000	157,652	4,172,348	0.03%	179.50
1996	23,056 (2)	162,298,089	4,015,000	124,776	3,890,224	0.02%	168.73
1997	23,545 (3)	179,372,101	3,685,000	51,612	3,633,388	0.02%	154.32
1998	23,545 (3)	183,137,667	3,335,000	52,437	3,282,563	0.02%	139.42
1999	23,365 (3)	211,772,968	4,790,000	1,669,821	3,120,179	0.01%	133.54
2000	22,072 (3)	223,915,500	6,080,000	1,653,124	4,426,876	0.02%	200.57
2001	21,962 (4)	236,125,305	4,130,000	—	4,130,000	0.02%	187.11
2002	21,514 (5)	244,150,272	3,765,000	21,308	3,743,692	0.02%	174.01
2003	21,514 (5)	250,608,971	3,385,000	20,601	3,364,399	0.01%	156.38

<sup>1</sup>Source: Kansas League of Municipalities

<sup>2</sup>Source: Kansas Census Bureau

<sup>3</sup>Source: U.S. Bureau of the Census

<sup>4</sup>Source: Kansas Secretary of State

<sup>5</sup>From the Assessed and Estimated Actual Value table in this section

<sup>6</sup>Amount available for repayment of general obligation bonds

**CITY OF PRAIRIE VILLAGE, KANSAS**

Ratio of Annual Debt Service Expenditures  
for General Obligation Bonded Debt to Total  
General 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<sup>1</sup></u>	<u>Ratio of debt service to total general expenditures</u>
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%
2002	365,000	186,843	551,843	18,615,488	2.96%
2003	380,000	170,785	550,785	14,583,476	3.78%

<sup>1</sup>Includes General, Special Revenue, Debt Service, and Capital Projects funds.

<sup>2</sup>\$1,760,000 of \$1,950,000 of principal was due to cross-over refunding of proceeds received in fiscal year 2000.

**CITY OF PRAIRIE VILLAGE, KANSAS**  
 Computation of Direct and Overlapping Debt  
 December 31, 2003

<u>Jurisdiction</u>	<u>Bonded debt outstanding</u>	<u>Percentage applicable to city</u>	<u>Amount applicable to city</u>
City of Prairie Village <sup>1</sup>	\$ 3,385,000	100.00%	\$ 3,385,000
Subtotal – direct debt	<u>3,385,000</u>	100.00%	<u>3,385,000</u>
Johnson County <sup>2</sup>	133,835,000	3.94%	5,273,099
Johnson County Park and Recreation <sup>2</sup>	6,350,000	3.94%	250,190
U.S.D. #512 <sup>2</sup>	125,745,000	9.09%	11,430,221
Johnson County Cons. Fire District #2	<u>2,125,000</u>	38.66%	<u>821,525</u>
Subtotal – overlapping debt	<u>268,055,000</u>	55.63%	<u>17,775,035</u>
Total	<u>\$ 271,440,000</u>	155.63%	<u>\$ 21,160,035</u>

<sup>1</sup>Excludes amount available for repayment in the Debt Service Fund.

<sup>2</sup>Information provided by Johnson County Clerk's Office.

**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>
1994	23,824 (1)	5,895	2.0%
1995	23,244 (1)	5,735	1.6%
1996	23,056 (3)	5,811	1.8%
1997	23,545 (4)	6,027	1.4%
1998	23,545 (4)	7,002	1.6%
1999	23,365 (1)	7,219	1.1%
2000	22,072 (5)	6,682	1.5%
2001	21,962 (5)	6,954	3.7%
2002	21,514 (5)	6,750	4.3%
2003	21,514 (5)	6,573	3.9%

<sup>1</sup>Source: Kansas League of Municipalities

<sup>2</sup>Source: Kansas Department of Human Resources (Johnson County)

<sup>3</sup>Source: Kansas Census Bureau

<sup>4</sup>Source: United States Bureau of the Census

<sup>5</sup>Source: Kansas Secretary of State

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

Fiscal year	Commercial construction number of units <sup>1</sup>	Value <sup>1</sup>	Residential construction number of units <sup>1</sup>	Value <sup>1</sup>	Total real property value (in thousands) <sup>2</sup>	Bank deposits (in thousands) <sup>3</sup>
1994	1	\$ 2,378,000	4	\$ 16,524,000	1,024,372	573,963
1995	1	3,690,428	2	527,000	1,198,354	617,858
1996	1	437,079	2	263,268	1,205,196	584,047
1997	1	9,148,000	1	135,000	1,336,611	582,147
1998	2	2,079,801	3	1,170,865	1,364,476	570,515
1999	—	—	11	4,707,117	1,444,363	619,678
2000	—	—	10	5,207,400	1,680,600	572,249
2001	11	8,191,907	5	3,151,805	1,775,889	599,898
2002	—	—	3	1,257,000	1,841,497	672,998
2003	1	1,000,000	2	992,000	1,899,790	717,957

<sup>1</sup>Determined from building permit information

<sup>2</sup>From the Assessed and Estimated Actual Value table in this section

<sup>3</sup>Source: Federal Depository Insurance Corporation

CITY OF PRAIRIE VILLAGE, KANSAS

Miscellaneous Statistics

December 31, 2003

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	42
Education:	
Private schools	4
Elementary schools	5
Junior high schools	2
Senior high schools	1
Recreation:	
Number of parks	9
Total park acres	<u>64</u>
Number of golf courses	1 private
Number of swimming pools	5 public
Full-time City employees	97