

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF PRAIRIE VILLAGE, KANSAS

**Year Ended
December 31, 2004**

Prepared by the Finance and Administration Department

This page intentionally left blank.

CITY OF PRAIRIE VILLAGE, KANSAS
 Comprehensive Annual Financial Report
 Year ended December 31, 2004

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i - iv
Organizational Overview	v
Principal Officials	vi
2003 Certificate of Achievement for Excellence in Financial Reporting - Government Finance Officers Association	vii
FINANCIAL SECTION	
Independent Auditor's Report on the Basic Financial Statements	1
Management's Discussion and Analysis	2 - 6
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements	
Balance Sheet - Governmental Funds	9
Reconciliation of the Total Governmental Fund Balances to Net Assets of Governmental Activities	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the Government Wide Statement of Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)	
General Fund	13
Statement of Fiduciary Net Assets - Fiduciary Funds	14
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	15
Notes to the Basic Financial Statements	16 - 33
Required Supplementary Information	
Revised Prairie Village Police Pension Plan	
Schedule of Funding Progress	34
Schedule of Employee Contributions	34
Notes to Required Schedules	34

CITY OF PRAIRIE VILLAGE, KANSAS
 Comprehensive Annual Financial Report
 Year ended December 31, 2004

Table of Contents - Continued

	<u>Page</u>
Combining Statements and Individual Fund Schedules	
Combining Statements - Nonmajor Funds	
Fund Descriptions	35
Combining Balance Sheet - Nonmajor Governmental Funds	36
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	37
Combining Balance Sheet - Nonmajor Special Revenue Funds	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	39
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis):	
Solid Waste Management Fund	40
Special City Street and Highway Fund	41
TIF Project Fund	42
Special Parks and Recreation Fund	43
Special Alcohol Fund	44
Debt Service Fund	45
Fiduciary Fund Descriptions	46
Combining Statement of Fiduciary Net Assets - Fiduciary Funds	47
Combining Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	48
STATISTICAL SECTION	
Government Wide Expenses by Function - Last Ten Years	49
Government Wide Revenues - Last Ten Years	50
General Governmental Expenditures by Function - Last Ten Years	51
General Governmental Revenues by Source - Last Ten Years	52
General Government Tax Revenues by Source - Last Ten Years	53
Property Tax Levies and Collections - Last Ten Years	54
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	55
Property Tax Rates - Direct and Overlapping Governments - Per \$1,000 of Assessed Valuation - Last Ten Years	56

CITY OF PRAIRIE VILLAGE, KANSAS

Comprehensive Annual Financial Report
Year ended December 31, 2004

Table of Contents - Continued

	<u>Page</u>
Principal Taxpayers	57
Computation of Legal Debt Margin	58
Ratio of Net General Obligation Bonded Debt to Assessed Value And Net General Obligation Debt per Capita	59
Ratio of Annual Debt Service Expenditures for General Obligation Debt to General Governmental Expenditures - Last Ten Years	60
Computation of Direct and Overlapping Debt	61
Demographics Statistics - Last Ten Years	62
Property Value, Construction and Bank Deposits - Last Ten Years	63
Miscellaneous Statistics	64

This page intentionally left blank.



THE CITY OF PRAIRIE VILLAGE *Star of Kansas*

May 18, 2005

To the Residents of the City of Prairie Village:

We are pleased to submit the comprehensive annual financial report (CAFR) of the City of Prairie Village, Kansas (City) for the year ended December 31, 2004. We believe this report presents comprehensive financial information about the City's activities during 2004. 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. 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 was reformatted in 2003 to comply with the new financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34. The new reporting model completely changed the format of the City's financial statements and was 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 Lowenthal, Singleton, Webb & Wilson, 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 2.
- 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.

7700 MISSION ROAD ✪ PRAIRIE VILLAGE, KANSAS 66208 ✪

MUNICIPAL BUILDING	913/381-6464	913/381-7755 Fax
PUBLIC SAFETY	913/642-6868	913/385-7710 Fax
PUBLIC WORKS	913/381-6464	913/642-0117 Fax
www.pvkansas.com		

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 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 considerably 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 2004 annual budget, the following priorities were established and achieved by the City Council:

- ❖ Continue public service levels
- ❖ Maintain effective Police protection, education and information
- ❖ The maintenance of City-owned property
- ❖ The maintenance of the City's infrastructure improvement budget at a minimum annual amount of \$3 million
- ❖ Improvement and maintenance of other property in the City
- ❖ Park development and recreation programs
- ❖ Planning and redevelopment that improves the community
- ❖ Maintain a sense of place and sense of community
- ❖ Effective communication with residents and business owners
- ❖ Community events
- ❖ Maintain the financial strength of the City
- ❖ Ensure a strong economy for the City
- ❖ Continue a conservative approach to budgeting
- ❖ Maintain a fund balance of at least 18% of revenue

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 non-commissioned 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 V. 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 Lowenthal, Singleton, Webb & Wilson, 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 basic financial statements taken as a whole. The report of the auditors has been included as part of this report, located on page 1.

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, 2003. This was the eighteenth 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, 2004. This is the sixteenth 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.

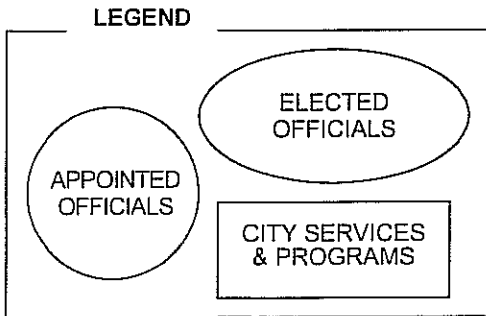
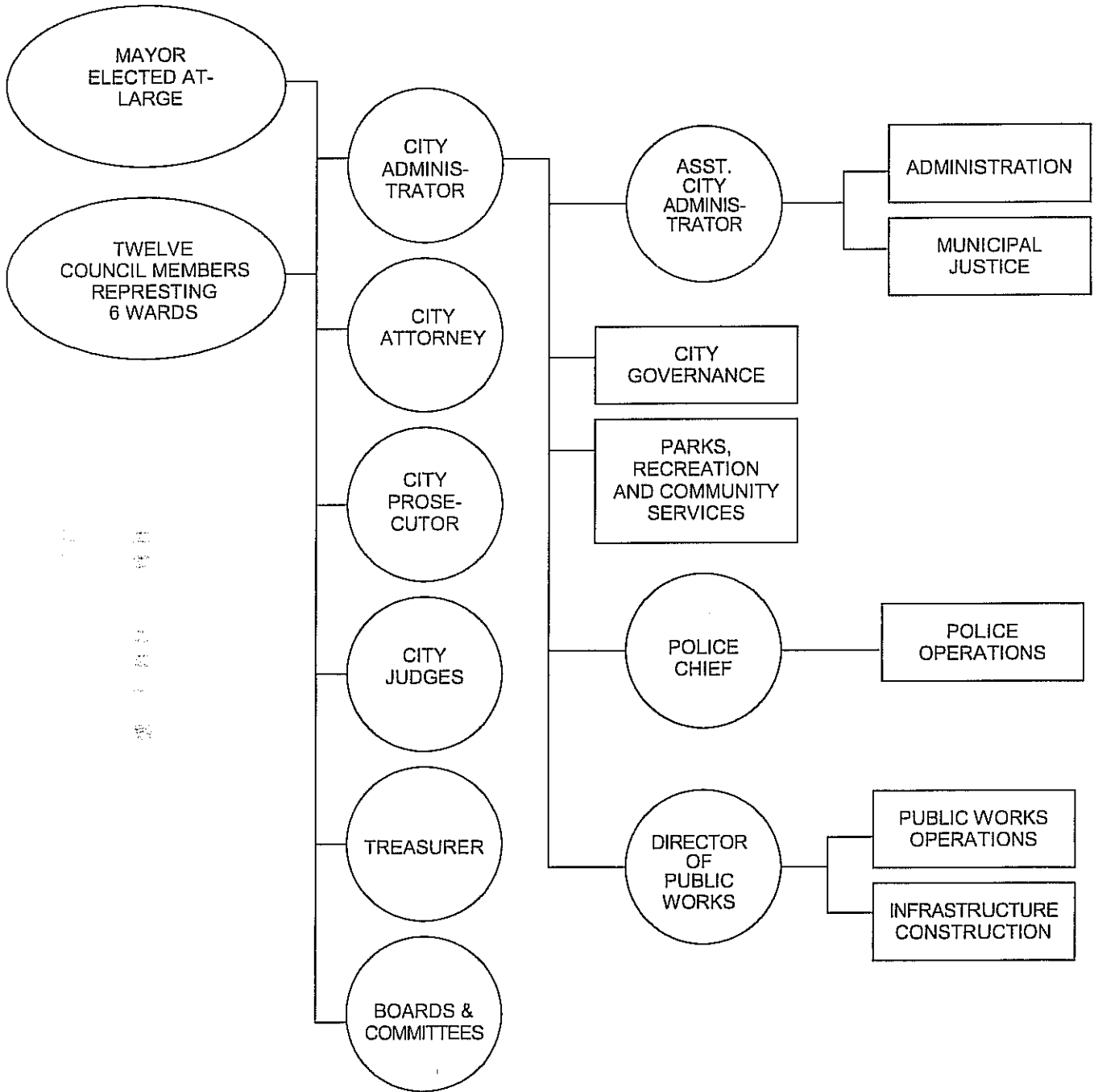
Although City staff accomplished the preparation and documentation of this report, it is the leadership and support of the governing body that provides the policy direction and financial integrity on which the report is based.

Respectfully submitted,

Jamie T. Shell
Finance Director

CITY OF PRAIRIE VILLAGE, KANSAS

ORGANIZATIONAL OVERVIEW



CITY OF PRAIRIE VILLAGE, KANSAS

PRINCIPAL OFFICIALS - 2004

Elected Officials

Mayor

Council Member - Ward 1
Council Member - Ward 1
Council Member - Ward 2
Council Member - Ward 2
Council Member - Ward 3
Council Member - Ward 3
Council Member - Ward 4
Council Member - Ward 4
Council Member - Ward 5
Council Member - Ward 5
Council Member - Ward 6
Council Member - Ward 6

Al Herrera
Bill Griffith
Steve Noll
Ruth Hopkins
Greg Colston
Andrew Wang
Laura Wassmer
Pat Daniels
Kay Wolf
Jeff Anthony
David Belz
Diana Ewy-Sharp

Appointed Officials

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

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

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, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director

This page intentionally left blank.

LOWENTHAL SINGLETON WEBB & WILSON
P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
E-mail: lswwcpa@lswwcpa.com

David A. Lowenthal, CPA
Thomas E. Singleton, CPA
Patricia L. Webb, CPA
Thomas G. Wilson, CPA
Audrey M. Odermann, CPA

Paul M. Borchardt, CPA
Abram M. Chrislip, CPA
Grant A. Huddin, CPA
Leanne E. Miller, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS

Mayor and 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, as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The basic financial statements as of and for the year ended December 31, 2003, were audited by other auditors whose report dated July 25, 2004, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the "Kansas Municipal Audit Guide". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Prairie Village, Kansas, at December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 6 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 made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. We did not audit the data included in the introductory and statistical sections of this report and therefore, we express no opinion thereon.

Lowenthal, Singleton, Webb & Wilson

Professional Association

May 18, 2005

CITY OF PRAIRIE VILLAGE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year Ended December 31, 2004
(Unaudited)

This section of the report contains an overview and analysis of the City of Prairie Village's financial statements for the fiscal year ended December 31, 2004. It should be read in conjunction with the letter of transmittal on page i and the City's financial statements, which begin on page 7.

Financial Highlights

- As a result of the fiscal year's activity, the City's net assets increased by over \$2.1 million
- The City's retroactive reporting of infrastructure assets also increased net assets by \$25.5 million, for a cumulative increase of \$27.6 million
- Higher than expected use taxes and municipal fine revenues coupled with lower than budgeted expenditures increased fund balance in the General Fund by over \$1.5 million
- The City continued receiving its legally-required share of the Johnson County ¼ cent sales tax benefiting school districts in the County, which totaled \$493,000

The Basic 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 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 related to the City's sidewalk and drainage channel networks which were acquired prior to January 1, 2003 were not reported in the basic financial statements. Retroactive reporting on these 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.

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.

CITY OF PRAIRIE VILLAGE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year Ended December 31, 2004
(Unaudited)

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.

Analysis of the Government-wide Financial Statements

Net assets. The City's combined net assets increased by \$27.6 million or 106.5% from 2003 to 2004. The majority of that increase was a result of the retroactive reporting of \$25.5 million of infrastructure assets. As a result of operations, the City's net assets increased \$2.1 million or 8.2% from 2003.

The combined net assets of the City as December 31, 2004 were:

	<u>2003</u>	<u>2004</u>	<u>Percentage Change</u>
Current and other assets	\$ 13,598,932	\$ 14,936,660	9.80%
Capital assets	21,939,912	48,029,626	118.90%
Total assets	<u>\$ 35,538,844</u>	<u>\$ 62,966,286</u>	125.00%
Long-term liabilities	\$ 3,385,000	\$ 2,985,000	-11.80%
Other liabilities	6,189,746	6,359,660	2.70%
Total liabilities	<u>9,574,746</u>	<u>9,344,660</u>	-2.40%
Net assets:			
Invested in capital assets, net of related debt	18,554,912	45,044,626	142.80%
Restricted	87,141	128,990	48.00%
Unrestricted	<u>7,322,045</u>	<u>8,448,010</u>	15.40%
Total net assets	<u>25,964,098</u>	<u>53,621,626</u>	106.50%
Total liabilities and net assets	<u>\$ 35,538,844</u>	<u>\$ 62,966,286</u>	77.20%

As indicated above, the \$45 million or 84% of the City's net assets are invested in capital assets such as streets, curbs and drainage systems.

Statement of Activities. Overall, total revenues increased by 7.2% from \$16.1 in 2003 to \$17.2 million in 2004. Tax source revenues such as: property; sales/use; and franchise fees, account for \$11.4 million or 66% of 2004 revenue.

The most significant change in City revenues was the 10.6% increase in sales and use tax revenues. The increase in use tax revenues was due to the State Legislature's expanded distribution of use tax revenues received by municipalities as a benefit from streamlined sales taxes and the collection and remittance of taxes from Internet sales. Prior to the Legislature's action, local use taxes only applied to vehicle sales.

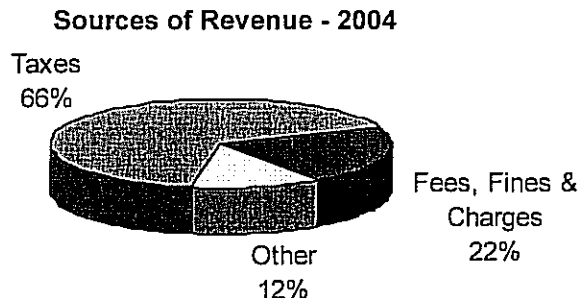
CITY OF PRAIRIE VILLAGE, KANSAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the year Ended December 31, 2004
 (Unaudited)

Total expenses for 2004 increased 26.6%, due to the 87.4% increase in Public works and environmental improvement expenses primarily related to the additional depreciation expense from the retroactive addition of infrastructure assets.

Expenses incurred for leisure, recreation and education were also down over 25.5% due to repair costs to the City swimming pool incurred in 2003, as well as a cooler than expected summer which reduced operating revenues and expenses.

	<u>2003</u>	<u>2004</u>	<u>Percentage Change</u>
REVENUES			
Program revenues:			
Fines, fees and charges for services	\$ 3,655,104	\$ 3,752,594	2.70%
Operating grants and contributions	11,338	3,355	-70.40%
Capital grants and contributions	390,246	745,288	91.00%
General revenues:			
Property taxes	3,925,526	4,027,484	2.60%
Sales and use taxes	4,735,080	5,237,058	10.60%
Other taxes	2,117,344	2,127,810	0.50%
Other revenues	1,247,892	1,354,716	8.60%
Total revenues	<u>16,082,530</u>	<u>17,248,305</u>	7.20%
EXPENSES			
Urban management and planning	2,660,559	2,843,833	6.90%
Public works and environmental improvements	3,597,853	6,743,408	87.40%
Public safety	4,172,054	4,293,500	2.90%
Municipal justice	240,887	260,073	8.00%
Leisure, recreation and education	1,096,950	817,561	-25.50%
Interest on long-term debt	165,211	148,189	-10.30%
Total expenses	<u>11,933,514</u>	<u>15,106,564</u>	26.60%
Increase/(decrease) in net assets	4,149,016	2,141,742	-48.40%
Retroactive addition of infrastructure assets	-	25,515,786	100.00%
Net assets, January 1	<u>21,815,082</u>	<u>25,964,098</u>	19.00%
Net assets, December 31	<u>\$ 25,964,098</u>	<u>\$ 53,621,626</u>	106.50%

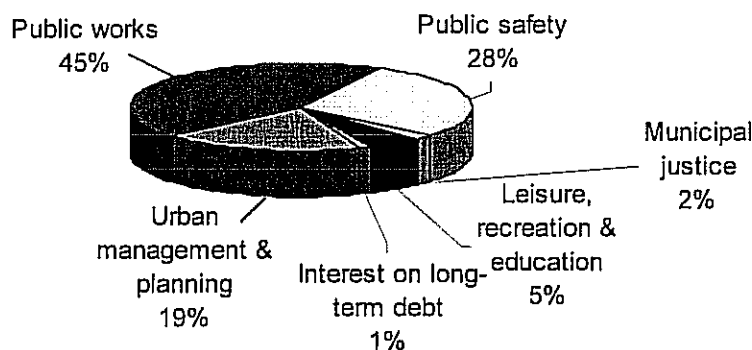
As illustrated by the following graphs, 66% of the City's revenues are tax-related. Another 22% are directly related to the City's solid waste management assessments and public safety agreement with the City of Mission Hills.



CITY OF PRAIRIE VILLAGE, KANSAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the year Ended December 31, 2004
 (Unaudited)

The second graph illustrates that public works expenses, which include the depreciation of City infrastructure assets, comprise the largest use of resources.

Expenses by Function - 2004



As presented below, the additional depreciation expense recognized in the Public works function and related to the retroactive reporting of infrastructure assets caused a dramatic increase in both total expenses, as well as each program's net cost (total cost less fees generated by the activity). The net cost of each program is an important indicator of the financial burden placed on revenues, primarily tax sources.

	Total Cost of Services			Net Cost of Services		
	2003	2004	% Chg	2003	2004	% Chg
Governmental						
Urban management & planning	\$ 2,660,559	\$ 2,843,833	6.9%	\$ 1,163,968	\$ 1,291,952	11.0%
Public works	3,597,853	6,743,408	87.4%	3,147,467	5,939,878	88.7%
Public safety	4,172,054	4,293,500	2.9%	2,546,593	2,575,326	1.1%
Municipal justice	240,887	260,073	8.0%	192,069	213,151	11.0%
Leisure, recreation & education	1,096,950	817,561	-25.5%	661,518	436,832	-34.0%
Interest on long-term debt	165,211	148,189	-10.3%	165,211	148,189	-10.3%
Total governmental activities	\$ 11,933,514	\$ 15,106,564	26.6%	\$ 7,876,826	\$ 10,605,327	34.6%

Additional information about program and general revenues may be found on the Statement of Activities located on page 8.

Analysis of the Fund Financial Statements

General Fund. Overall, the City's General Fund experienced a 25.1% or \$1.6 million increase in fund balance. The reason for the significant change was directly related to better than expected revenues and expenditures (\$1.5 million), as well as the establishment of an asset to record prepaid insurance premiums (\$100,000).

Total *revenues* for 2004 were \$1.5 million more than originally budgeted, largely a result of the City's recognition 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 2004, the City recognized \$492,877 of revenue from the County sales tax. As previously discussed, use tax revenues (excluding use taxes from the Johnson County sales tax) also finished the year \$482,628 or 134% higher than originally budgeted.

CITY OF PRAIRIE VILLAGE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year Ended December 31, 2004
(Unaudited)

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 2004 with an ending fund balance of \$1.3 million which remains in the fund for unfinished or future capital improvement projects.

Capital Assets and Long-Term Debt Activity

Capital assets. As presented below, the total amount invested in capital assets (net of accumulated depreciation) by the City at December 31, 2004 was \$48 million. As a result of the retroactive addition of previously unrecorded infrastructure assets owned/maintained by the City (\$25.5 million), as well as current year additions of \$777,635, the \$48 million represents a \$26.1 million increase from 2003. Excluding the retroactive addition of infrastructure assets, capital assets increased 2.6% from 2003.

NETWORK	<u>2003</u>	<u>2004</u>	<u>% Chg</u>
Land -	\$ 13,861,866	\$ 13,861,866	0.00%
Buildings	4,490,941	4,337,068	-3.40%
Improvements other than buildings	296,547	384,900	29.80%
Furniture and equipment	1,282,757	1,144,418	-10.80%
Infrastructure	1,009,865	23,771,989	2254.00%
Construction in progress	997,934	4,529,385	353.90%
Total	<u>\$ 21,939,910</u>	<u>\$ 48,029,626</u>	118.90%

As previously stated, general infrastructure assets related to the City's sidewalk and drainage channel networks which were acquired prior to January 1, 2003 were not reported in the basic financial statements.

Additional information regarding the City's capital assets can be found in Note I, Item C, Section 4, as well as Note IV, Item C.

Long-term debt activity. As of December 31, 2004, the City had \$2,985,000 of outstanding general obligation bonds. Of the balance outstanding, 73% or \$2,165,000 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.

Additional information regarding the City's long-term debt activity can be found in Note IV, Item F.

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.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF NET ASSETS
December 31, 2004

Assets

Current assets:

Cash and investments	\$ 8,301,060
Tax receivable (net of uncollectibles)	5,091,842
Interest receivable	95,357
Other receivable	278,671
Due from other governments	962,689
Prepaid expenses	100,628
Restricted cash and investments	<u>106,413</u>
Total current assets	<u>14,936,660</u>

Capital assets:

Capital assets not being depreciated:

Land	13,861,866
Construction in progress	<u>4,529,385</u>
Total capital assets not being depreciated	<u>18,391,251</u>

Capital assets being depreciated	102,889,194
Less: accumulated depreciation	<u>73,250,819</u>
Total capital assets being depreciated [net]	<u>29,638,375</u>

Total capital assets [net]	<u>48,029,626</u>
----------------------------	-------------------

Total assets	<u>\$ 62,966,286</u>
--------------	----------------------

Liabilities

Current liabilities:

Accounts payable	\$ 1,413,729
Accrued payroll	179,130
Payable from restricted assets	106,413
Deferred revenue	4,446,601
Accrued interests on long-term debt	45,673
Current portion of compensated absences	168,114
Current portion of general obligation bonds	<u>415,000</u>
Total current liabilities	<u>6,774,660</u>

Noncurrent liabilities:

General obligations bonds payable	<u>2,570,000</u>
Total noncurrent liabilities	<u>2,570,000</u>

Total liabilities	<u>\$ 9,344,660</u>
-------------------	---------------------

Net Assets

Invested in capital assets, net of related debt	\$ 45,044,626
Restricted	
Debt service	2,508
Solid waste management	42,880
Parks and recreation	41,548
Special alcohol	42,054
Unrestricted	<u>8,448,010</u>

Total net assets	<u>\$ 53,621,626</u>
------------------	----------------------

The notes to the financial statements are an integral part of this statement.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

	Expenses	Program Revenues			Net [expense]
		Fees, fines, and charges for services	Operating grants and contributions	Capital grants and contribution	Revenue and Changes in Net Assets-govt Activities
Governmental activities:					
Urban management and planning	\$ 2,843,833	\$ 1,551,881	\$ -	\$ -	\$ [1,291,952]
Public works	6,743,408	58,243	-	745,288	[5,939,877]
Public safety	4,293,500	1,714,819	3,355	-	[2,575,326]
Municipal justice	260,073	46,922	-	-	[213,151]
Leisure and recreation	817,561	380,729	-	-	[436,832]
Interest on long-term debt	148,189	-	-	-	[148,189]
Total governmental activities	\$ 15,106,564	\$ 3,752,594	\$ 3,355	\$ 745,288	[10,605,327]

General Revenues:

Property taxes levied for	
General purposes	3,408,676
TIF project	113,237
Debt service	505,571
Sales and use tax	5,237,058
Motor vehicle tax	560,644
Franchise tax	1,567,167
Grants and contributions not restricted to specific programs	890,611
Investment earnings	164,161
Miscellaneous	299,944
Total general revenues	12,747,069
Change in net assets	2,141,742
Net assets - beginning	25,964,098
Prior period adjustment	25,515,786
Net assets - beginning, restated	51,479,884
Net assets - ending	\$ 53,621,626

The notes to the financial statements are an integral part of this statement.

CITY OF PRAIRIE VILLAGE, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 6,485,129	\$ 1,540,703	\$ 275,228	\$ 8,301,060
Receivables				
Taxes	4,619,991	-	471,851	5,091,842
Interest	95,357	-	-	95,357
Miscellaneous	278,671	-	-	278,671
Due from other governments	95,560	650,142	216,988	962,690
Due from other fund	-	216,988	-	216,988
Prepaid expenditures	99,517	-	1,111	100,628
Restricted assets	106,413	-	-	106,413
Total assets	<u>\$ 11,780,638</u>	<u>\$ 2,407,833</u>	<u>\$ 965,178</u>	<u>\$ 15,153,649</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 440,167	\$ 659,835	\$ 98,777	\$ 1,198,779
Accrued payroll	176,232	-	2,898	179,130
Due to other funds	-	-	216,988	216,988
Payable from restricted assets	106,413	-	-	106,413
Deferred revenue	3,692,432	461,773	471,851	4,626,056
Total liabilities	<u>4,415,244</u>	<u>1,121,608</u>	<u>790,514</u>	<u>6,327,366</u>
Fund balance:				
Reserved for encumbrances	372,558	280,342	-	652,900
Unreserved				
Undesignated, reported in:				
General fund	6,992,836	-	-	6,992,836
Special revenue funds	-	-	126,483	126,483
Debt service fund	-	-	48,181	48,181
Capital projects fund	-	1,005,883	-	1,005,883
Total fund balance [deficit]	<u>7,365,394</u>	<u>1,286,225</u>	<u>174,664</u>	<u>8,826,283</u>
Total liabilities and fund balances	<u>\$ 11,780,638</u>	<u>\$ 2,407,833</u>	<u>\$ 965,178</u>	<u>\$ 15,153,649</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRAIRIE VILLAGE, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2004

Total Governmental Fund Balances \$ 8,826,283

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. Those assets consist of:

Land	13,861,866	
Construction in progress	4,529,385	
Infrastructure	92,295,313	
Buildings and improvements	6,766,986	
Vehicles and equipment	<u>3,826,895</u>	
	121,280,445	
Accumulated depreciation	<u>73,250,819</u>	48,029,626

Long-term liabilities, including bonds payable, are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets as follows:

General obligation bonds payable	2,985,000	
Interest payable	<u>45,673</u>	[3,030,673]

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

Street lighting/traffic signal billings		[214,951]
---	--	-----------

The City's employee leave balances reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences		[168,114]
----------------------	--	-----------

Some of the City's revenues will be collected after year end, but are neither measurable or available as current financial resources. Therefore, these revenues are reported as deferred revenue in the funds.

Electric franchise fees		170,431
Charges for services		1,699
Miscellaneous revenues		<u>7,325</u>

Net Assets of Governmental Activities \$ 53,621,626

The notes to the financial statements are an integral part of this statement.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 10,702,344	\$ -	\$ 691,671	\$ 11,394,015
Intergovernmental	72,607	745,288	766,957	1,584,852
Licenses and permits	350,032	-	-	350,032
Charges for services	1,254,508	-	1,224,555	2,479,063
Fines and forfeitures	751,101	-	-	751,101
Recreational fees	380,729	-	-	380,729
Use of money and property	152,949	-	11,211	164,160
Other	284,805	-	-	284,805
Total revenues	<u>13,949,075</u>	<u>745,288</u>	<u>2,694,394</u>	<u>17,388,757</u>
Expenditures				
Current:				
Urban management and planning	1,501,786	-	1,326,722	2,828,508
Public works	3,339,749	-	-	3,339,749
Public safety	4,178,648	-	61,270	4,239,918
Municipal justice	256,843	-	-	256,843
Leisure and recreation	695,588	-	-	695,588
Capital outlay	-	4,278,825	-	4,278,825
Debt service:				
Principal	-	-	400,000	400,000
Interest and other charges	-	-	154,154	154,154
Total expenditures	<u>9,972,614</u>	<u>4,278,825</u>	<u>1,942,146</u>	<u>16,193,585</u>
Excess [deficiency] of revenues over [under] expenditures	<u>3,976,461</u>	<u>[3,533,537]</u>	<u>752,248</u>	<u>1,195,172</u>
Other financing sources [uses]				
Transfers in	-	3,206,952	-	3,206,952
Transfers out	<u>[2,520,500]</u>	-	<u>[686,452]</u>	<u>[3,206,952]</u>
Total other financing sources [uses]	<u>[2,520,500]</u>	<u>3,206,952</u>	<u>[686,452]</u>	<u>-</u>
Net change in fund balances	<u>1,455,961</u>	<u>[326,585]</u>	<u>65,796</u>	<u>1,195,172</u>
Fund balances, beginning	5,809,449	1,612,810	107,742	7,530,001
Prior period adjustment	<u>99,984</u>	-	<u>1,126</u>	<u>101,110</u>
Fund balances, beginning, restated	<u>5,909,433</u>	<u>1,612,810</u>	<u>108,868</u>	<u>7,631,111</u>
Fund balances, ending	<u>\$ 7,365,394</u>	<u>\$ 1,286,225</u>	<u>\$ 174,664</u>	<u>\$ 8,826,283</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRAIRIE VILLAGE, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Total Net Change In Fund Balances - Governmental Funds \$ 1,195,172

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

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	4,084,943	
Depreciation expense	<u>[3,511,016]</u>	573,927

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased. 5,965

Some street lighting and traffic signals do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 3,679

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 7,363

Some expenses will utilize future financial resources and are not considered expenditures in governmental funds. [44,364]

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 400,000

Changes In Net Assets of Governmental Activities \$ 2,141,742

CITY OF PRAIRIE VILLAGE, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP)
GENERAL FUND
For the Year Ended December 31, 2004

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive (Negative)
	Actual	Adjustments		Original	Final	
Revenues						
Taxes	\$ 10,702,344	\$ -	\$ 10,702,344	\$ 9,565,972	\$ 9,565,972	\$ 1,136,372
Intergovernmental	72,607	-	72,607	950,000	950,000	[877,393]
Licenses and permits	350,032	-	350,032	332,600	332,600	17,432
Charges for services	1,254,508	-	1,254,508	356,500	356,500	898,008
Fines and forfeitures	751,101	-	751,101	500,000	500,000	251,101
Recreation fees	380,729	-	380,729	460,000	460,000	[79,271]
Interest	152,949	-	152,949	193,200	193,200	[40,251]
Other	284,805	-	284,805	115,000	115,000	169,805
Total revenues	13,949,075	-	13,949,075	12,473,272	12,473,272	1,475,803
Expenditures						
Urban management and planning						
City Governance						
Mayor and council	114,567	-	114,567	93,800	93,800	[20,767]
Management and planning	440,349	174,160	614,509	1,189,643	874,870	260,361
Administrative Services						
Administrative services	154,614	[2,584]	152,030	224,716	224,716	72,686
Financial management	183,060	[13,700]	169,360	179,268	179,268	9,908
Codes administration	285,194	[89]	285,105	303,407	303,407	18,302
City clerk	324,002	5,396	329,398	353,917	353,917	24,519
	1,501,786	163,183	1,664,969	2,344,751	2,029,978	365,009
Public works and improvements						
Administration	819,516	[27,692]	791,824	772,631	772,631	[19,193]
Vehicle and equipment maintenance	331,094	-	331,094	278,492	278,492	[52,602]
Streets and drain	1,503,860	23,546	1,527,406	1,682,242	1,642,242	114,836
Buildings and grounds	685,279	23,470	708,749	755,237	755,237	46,488
	3,339,749	19,324	3,359,073	3,488,602	3,448,602	89,529
Public safety						
Administration	405,077	-	405,077	392,174	395,419	[9,658]
Staff services	767,358	[25,350]	742,008	758,081	768,790	26,782
Community services	144,280	-	144,280	168,891	168,891	24,611
Community policing	54,237	-	54,237	61,723	62,648	8,411
Patrol	2,026,560	41,967	2,068,527	2,112,764	2,142,987	74,460
Investigations	465,970	-	465,970	477,293	484,081	18,111
Special investigations	126,570	-	126,570	142,845	145,051	18,481
DARE	9,215	-	9,215	4,800	4,800	[4,415]
Professional standards	128,261	-	128,261	128,699	130,076	1,815
Off duty contractual	51,120	-	51,120	36,789	36,789	[14,331]
	4,178,648	16,617	4,195,265	4,284,059	4,339,532	144,267
Municipal justice						
Judicial	17,785	-	17,785	18,829	18,829	1,044
Prosecutor	30,505	-	30,505	25,833	25,833	[4,672]
Court clerks	208,553	[850]	207,703	202,469	202,469	[5,234]
	256,843	[850]	255,993	247,131	247,131	[8,862]
Leisure and recreation						
Community programs	134,657	-	134,657	138,196	134,196	[461]
Swimming pool	454,707	[29,648]	425,059	452,678	456,678	31,619
Swimming pool food service	38,718	-	38,718	47,661	47,661	8,943
Tennis	67,506	-	67,506	31,456	31,456	[36,050]
	695,588	[29,648]	665,940	669,991	669,991	4,051
Total expenditures	9,972,614	168,626	10,141,240	11,034,534	10,735,234	593,994
Excess (deficiency) of revenues over (under) expenditures	3,976,461	[168,626]	3,807,835	1,438,738	1,738,038	2,069,797
Other financing sources (uses)						
Transfers out	[2,520,500]	-	[2,520,500]	[2,221,200]	[2,520,500]	-
Total other financing sources (uses)	[2,520,500]	-	[2,520,500]	[2,221,200]	[2,520,500]	-
Net change in fund balance	1,455,961	[168,626]	1,287,335	\$ [782,462]	\$ [782,462]	\$ 2,069,797
Fund balance, beginning	5,809,449	[203,932]	5,605,517			
Prior period adjustment	99,984	-	99,984			
Fund balance, ending	\$ 7,365,394	\$ [372,558]	\$ 6,992,836			

The notes to the financial statements are an integral part of this statement.

CITY OF PRAIRIE VILLAGE, KANSAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2004

Assets

Restricted cash and investments	\$ 9,688,695
Interest receivable	<u>19,505</u>

Total Assets	<u>\$ 9,708,200</u>
--------------	---------------------

Liabilities	\$ -
-------------	------

Net assets

Held in trust for pension benefits	<u>9,708,200</u>
Total net assets	<u>9,708,200</u>

Total liabilities and net assets	<u>\$ 9,708,200</u>
----------------------------------	---------------------

The notes to the financial statements are an integral part of this statement.

CITY OF PRAIRIE VILLAGE, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31, 2004

Additions:		
Contributions:		
Employer	\$	188,940
Plan members		<u>76,908</u>
Total contributions		<u>265,848</u>
Investment Earnings:		
Interest and dividends on investments		651,224
Non-cash asset changes		36,966
Net increase/decrease in the fair value of investments		<u>36,839</u>
Total investment earnings		<u>725,029</u>
Total additions		<u>990,877</u>
Deductions:		-
Benefits		<u>384,255</u>
Changes in net assets		606,622
Net assets - beginning		<u>9,101,578</u>
Net assets - ending	\$	<u><u>9,708,200</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

I. 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; public safety; municipal justice; and leisure and recreation.

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

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. For the most part, the effect of interfund activity has been removed from these statements. 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.

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.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

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.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2004 for 2005 of \$3,984,828, 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 to all assets with the exception of the drainage channels and the sidewalks. 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.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Fund Balance, and Net Assets (Continued)

4. Capital Assets (Continued)

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.

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:

Asset Classification	Estimated Life
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
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

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Fund Balance, and Net Assets (Continued)

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 and scheduled holiday 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. The City estimates that the entire compensated absence liability, as of December 31, 2004, will be due within one year. The General, Solid Waste Management and the Special Alcohol Fund are used to liquidate the compensated absence liability.

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 \$2,508 for debt service, \$42,880 for solid waste, \$41,548 for parks and recreation, and \$42,054 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."

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Kansas 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 funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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 2004 budget was not amended.

The statutes permit management to transfer budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbered appropriations are carried forward.

A legal operating budget is not required for the Capital Projects Fund and the fiduciary funds.

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	<u>Major Governmental Funds</u>		Other Nonmajor	Total
	<u>General Fund</u>	<u>Capital Project</u>	Governmental <u>Funds</u>	Governmental <u>Funds</u>
GAAP FUND BALANCE				
December 31, 2004	<u>\$ 7,365,394</u>	<u>\$ 1,286,225</u>	<u>\$ 174,664</u>	<u>\$ 8,826,283</u>
Adjustments:				
Unreserved fund balances not subject to the Kansas Budget Law:				
Capital Project Fund	-	[1,286,225]	-	[1,286,225]
Reserve for encumbrances	[372,558]	-	-	[372,558]
Total deductions	[372,558]	[1,286,225]	-	[1,658,783]
BUDGETARY FUND BALANCE				
December 31, 2004	<u>\$ 6,992,836</u>	<u>\$ -</u>	<u>\$ 174,664</u>	<u>\$ 7,167,500</u>

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

III. RESTATEMENT OF EQUITY

The capitalization of infrastructure assets in the government wide financial statements and the recording of prior period prepaid expense had the following effect on the beginning balances.

	Governmental <u>Activities</u>	General <u>Fund</u>	Special Alcohol <u>Fund</u>
Fund Balance/Net Assets December 31, 2003	\$ 25,964,098	\$ 5,809,449	\$ 32,947
Capitalization of infrastructure	25,515,786	-	-
Prior period prepaid expenses	<u>-</u>	<u>99,984</u>	<u>1,126</u>
Fund Balance/Net Assets December 31, 2003, restated	<u>\$ 51,479,884</u>	<u>\$ 5,909,433</u>	<u>\$ 34,073</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

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

Statement of net assets:	
Cash and investments	\$ 8,301,060
Restricted cash and investments	106,413
Statement of fiduciary net assets:	
Cash and investments	<u>9,688,695</u>
Total cash and investments	<u>\$ 18,096,168</u>

Cash and investments at December 31, 2004 consisted of the following:

Demand deposits held by City	\$ 1,421,296
Certificates of deposit held by City	3,000,000
Investment in U.S. Treasury Note held by City	999,879
Investment in State Municipal investment Pool held by City	<u>2,986,298</u>
Total pooled cash and investments	<u>8,407,473</u>
Pension plan assets:	
Cash	527,891
Equity securities	6,810,572
Fixed income securities	<u>2,350,232</u>
Total pension plan assets	<u>9,688,695</u>
Total cash and investments	<u>\$ 18,096,168</u>

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

A. Deposits and Investments (Continued)

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 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, 2004 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, 2004, the deposit balances were as follows:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Deposits held by City:					
Demand deposits	\$ 100,000	\$ 1,405,568	\$ -	\$ 1,505,568	\$ 1,421,296
Certificate of deposit	100,000	2,900,000	-	3,000,000	3,000,000
U.S. government agencies	999,879	-	-	999,879	999,879
Total	<u>\$ 1,199,879</u>	<u>\$ 4,305,568</u>	<u>\$ -</u>	<u>\$ 5,505,447</u>	<u>5,421,175</u>

Investments held by City not subject to categorization:

Investments in State Municipal Investment Pool	2,986,298
Investments in trust for pension plans	<u>9,688,695</u>

Total cash and investments \$ 18,096,168

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 THE BASIC FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

B. Receivables and Payables

Receivables as of December 31, 2004 for the City's major and nonmajor funds are as follows:

	<u>General</u>	<u>Capital Project</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Taxes	\$ 4,679,654	\$ -	\$ 479,865	\$ 5,159,519
Intergovernmental	95,560	650,142	216,988	962,690
Interest	95,357	-	-	95,357
Other	<u>278,671</u>	<u>-</u>	<u>-</u>	<u>278,671</u>
Gross receivables	5,149,242	650,142	696,853	6,496,237
Less allowance for uncollectibles	<u>[59,663]</u>	<u>-</u>	<u>[8,014]</u>	<u>[67,677]</u>
Net receivables	<u>\$ 5,089,579</u>	<u>\$ 650,142</u>	<u>\$ 688,839</u>	<u>\$ 6,428,560</u>

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>
2005 property taxes	\$ 3,512,977	\$ -	\$ 471,851	\$ 3,984,828
Intergovernmental receivables	-	461,773	-	461,773
Franchise fee (unavailable)	<u>179,455</u>	<u>-</u>	<u>-</u>	<u>179,455</u>
Total deferred revenue	<u>\$ 3,692,432</u>	<u>\$ 461,773</u>	<u>\$ 471,851</u>	<u>\$ 4,626,056</u>

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

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Adjustment</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>997,934</u>	<u>-</u>	<u>3,736,973</u>	<u>205,522</u>	<u>4,529,385</u>
Total	<u>14,859,800</u>	<u>-</u>	<u>3,736,973</u>	<u>205,522</u>	<u>18,391,251</u>
Capital assets being depreciated:					
Buildings	6,154,946	-	-	-	6,154,946
Improvements other than buildings	490,600	-	121,440	-	612,040
Furniture and equipment	3,694,662	1,815	168,575	38,157	3,826,895
Infrastructure	<u>1,043,190</u>	<u>91,930,712</u>	<u>261,664</u>	<u>940,253</u>	<u>92,295,313</u>
Total	<u>11,383,398</u>	<u>91,932,527</u>	<u>551,679</u>	<u>978,410</u>	<u>102,889,194</u>
Less: accumulated depreciation for:					
Buildings	1,664,005	-	153,873	-	1,817,878
Improvements other than buildings	194,053	-	33,087	-	227,140
Furniture and equipment	2,411,905	[499]	308,729	37,658	2,682,477
Infrastructure	<u>33,325</u>	<u>66,414,925</u>	<u>3,015,327</u>	<u>940,253</u>	<u>68,523,324</u>
Total	<u>4,303,288</u>	<u>66,414,426</u>	<u>3,511,016</u>	<u>977,911</u>	<u>73,250,819</u>
Total capital assets being depreciated, net	<u>7,080,110</u>	<u>25,518,101</u>	<u>[2,959,337]</u>	<u>499</u>	<u>29,638,375</u>
Governmental activities capital assets, net of depreciation	<u>\$ 21,939,910</u>	<u>\$ 25,518,101</u>	<u>\$ 777,636</u>	<u>\$ 206,021</u>	<u>\$ 48,029,626</u>

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

Governmental activities:	
Urban management and planning	\$ 36,897
Public works	3,211,891
Public safety	133,491
Municipal justice	1,645
Leisure and recreation	<u>127,092</u>
Total	<u>\$ 3,511,016</u>

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

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, 2004. The following represents the amount of 2004 funds due to the Capital Projects Fund for that reason.

	Due from	Due to
Major Funds:		
Capital Project Fund	\$ -	\$ 216,988
Nonmajor Funds:		
Special City Street and Highway Fund	216,988	-

Transfers

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

	In	Out
Major funds:		
General Fund	\$ -	\$ 2,520,500
Capital Projects Fund	3,206,952	-
Nonmajor funds:		
Special City Street and Highway Fund	-	628,452
Special Parks and Recreation Fund	-	58,000
	\$ 3,206,952	\$ 3,206,952

E. Leases

The City leases building and office facilities and other equipment under operating leases. Total costs for such leases were \$65,229 for the year ended December 31, 2004. The future minimum lease payments for these leases are as follows:

	Amount
Fiscal year ending December 31:	
2005	\$ 64,485
2006	63,885
2007	52,399
2008	18,438

CITY OF PRAIRIE VILLAGE, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

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:

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004	Current Portion
General Obligation Bonds	\$ 3,385,000	\$ -	\$ 400,000	\$ 2,985,000	\$ 415,000
Accrued Compensated Absences	<u>123,751</u>	<u>268,697</u>	<u>224,334</u>	<u>168,114</u>	<u>168,114</u>
	<u>\$ 3,508,751</u>	<u>\$ 268,697</u>	<u>\$ 624,334</u>	<u>\$ 3,153,114</u>	<u>\$ 583,114</u>

The balance outstanding as of December 31, 2004 was comprised of the following issues:

Bond Issue	Interest Rate	Date Issue	Original Issue Amount	Final Maturity	Balance Outstanding	Interest paid in 2004
Park refunding	3.90-5.00%	1/1/94	\$ 1,240,000	9/1/09	\$ 640,000	\$ 36,018
Police facility	3.70-4.00%	1/1/99	1,660,000	9/1/10	1,145,000	51,590
Pool improvement	4.75-6.50%	2/15/00	<u>1,600,000</u>	9/1/14	<u>1,200,000</u>	<u>66,535</u>
			<u>\$ 4,500,000</u>		<u>\$ 2,985,000</u>	<u>\$ 154,143</u>

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

	Principal	Interest	Total
Year:			
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
2008	385,000	58,435	443,435
2010-14	<u>820,000</u>	<u>117,109</u>	<u>937,109</u>
Total	<u>\$ 2,985,000</u>	<u>\$ 610,235</u>	<u>\$ 3,595,235</u>

CITY OF PRAIRIE VILLAGE, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

F. Long-Term Liabilities (Continued)

Conduit Debt

The City has issued debt for economic development from time to time. This debt is issued for the benefit of third parties and the City has no obligation beyond the initial lease or loan which has been assigned to various financial or banking entities. 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, 2004.

Bond Issue	Interest Rate	Date Issue	Original Issue Amount	Final Maturity	Balance Outstanding
Lockton Insurance	10.635%	6/1/85	\$ 4,150,000	7/1/15	\$ 2,661,653
JC Nichols	Variable	12/1/85	4,500,000	12/1/15	4,500,000
Claridge Court	8.50-8.75%	8/28/03	9,140,000	8/1/23	9,140,000
Station Development	4.25%	7/1/01	<u>4,000,000</u>	2/1/12	<u>3,283,875</u>
			<u>\$ 21,790,000</u>		<u>\$ 19,585,528</u>

V. 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.

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. 8th Avenue, Suite 200, Topeka, Kansas, 66603-3925; 1-800-228-0366; or 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 employer rate was 3.22% from January 1 to June 30, 2004 and 3.82% from July 1 to December 31, 2004. The City contributions to KPERs for the years ending December 31, 2004, 2003, and 2002 were \$65,836, \$60,706, and \$63,480, respectively, equal to the statutory required contributions for each year.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

V. OTHER INFORMATION (CONTINUED)

A. Employee Retirement Systems and Pension Plans (Continued)

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 1st 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 2004 was approximately \$4.8 million. The City's contributions to this defined contribution plan were based on estimated payroll of approximately \$2.4 million. The City made the required 5% contribution up to a maximum contribution of \$2,500 per employee, which amounted to \$98,594 during 2004.

The financial statements for the supplemental retirement plan are as follows:

Supplemental Retirement Fund
Statement of Plan Net Assets
December 31, 2004

ASSETS	
Restricted cash and investments	\$ 2,018,532
Interest receivable	<u>893</u>
Total assets	<u>\$ 2,019,425</u>
LIABILITIES AND NET ASSETS	
Liabilities	\$ -
Net assets	
Held in trust for pension benefits	<u>2,019,425</u>
Total net assets	<u>2,019,425</u>
Total liabilities and net assets	<u>\$ 2,019,425</u>

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

V. OTHER INFORMATION (CONTINUED)

A. Employee Retirement Systems and Pension Plans (Continued)

Supplemental Retirement Plan
Statement of Changes in Plan Net Assets
For the Year Ended December 31, 2004

Additions:	
Contributions :	
Employer	\$ 98,594
Total contributions	<u>98,594</u>
Investment Earnings:	
Interest and dividends on investments	257,461
Non-cash asset changes	36,966
Net increase/decrease in the fair value of investments	<u>[102,459]</u>
Total investment earnings	<u>191,968</u>
Total additions	<u>290,562</u>
Deductions:	
Benefits	<u>62,619</u>
Changes in net assets	227,943
Net assets - beginning	<u>1,791,482</u>
Net assets - ending	<u>\$ 2,019,425</u>

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 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, 2004, there were thirty-nine active participants (nine fully vested, sixteen partially vested and fourteen nonvested), twelve vested terminees (not currently receiving benefits), and twenty-two 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 2004 was \$92,381.

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.

CITY OF PRAIRIE VILLAGE, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2004

V. OTHER INFORMATION (CONTINUED)

A. Employee Retirement Systems and Pension Plans (Continued)

The following is a schedule of employer contributions for the past three years:

Year:	Annual Pension Cost [APC]	Percentage of APC Contributed	Net Pension Obligation
2002	\$ -	100%	\$ -
2003	78,418	100%	-
2004	92,381	100%	-

A separate pension plan report is not available. The financial statements for the Revised Prairie Village Police Pension Plan are as follows.

Revised Prairie Village Police Pension Plan
 Statement of Plan Net Assets
 December 31, 2004

ASSETS	
Restricted cash and investments	\$ 7,670,163
Interest receivable	<u>18,612</u>
Total assets	<u>\$ 7,688,775</u>
LIABILITIES AND NET ASSETS	
Liabilities	\$ -
Net assets	
Held in trust for pension benefits	<u>7,688,775</u>
Total net assets	<u>7,688,775</u>
Total liabilities and net assets	<u>\$ 7,688,775</u>

CITY OF PRAIRIE VILLAGE, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2004

V. OTHER INFORMATION (CONTINUED)

A. Employee Retirement Systems and Pension Plans (Continued)

Revised Prairie Village Police Pension Plan
 Statement of Changes in Plan Net Assets
 For the Year Ended December 31, 2004

Additions:	
Contributions :	
Employer	\$ 90,346
Plan members	<u>76,908</u>
Total contributions	<u>167,254</u>
Investment Earnings:	
Interest and dividends on investments	393,763
Net increase/decrease in the fair value of investments	<u>139,298</u>
Total investment earnings	<u>533,061</u>
Total additions	<u>700,315</u>
Deductions:	
Benefits	<u>321,636</u>
Changes in net assets	378,679
Net assets - beginning	<u>7,310,096</u>
Net assets - ending	<u>\$ 7,688,775</u>

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2004
Actuarial cost method	Aggregate
Asset valuation method	Five-year average of adjusted market value of the trust fluid assets
Remaining amortization period	Approximately 7.5 years
Actuarial assumptions:	
Investment rate of return	8% per annum
Projected salary increases	6.5% per year

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 low-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 2004 assessed valuation is \$1,221,610, representing the incremental increase in property value since 1998. Tax revenue available to the TIF for the year ended December 31, 2004 was \$113,237 and is included as property tax revenue in the TIF Project Fund (a Special Revenue Fund).

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

V. OTHER INFORMATION (CONTINUED)

B. Other Commitments and Contingencies (Continued)

In prior years, a total of \$571,786 of reimbursable development costs were incurred for land acquisition and street improvements. As of December 31, 2004, the remaining amount of incremental property tax eligible for the developer infrastructure cost reimbursement was \$92,820.

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.

Policy	Deductible	Limit
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
 December 31, 2004

Schedule of Funding Progress

Actuarial valuation date	Actuarial value of assets (a)	Actuarial 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]
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	7,510,292	N/A*	N/A	N/A	1,665,102	N/A
2004	7,980,584	N/A*	N/A	N/A	1,877,088	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
1999	\$ -	100%
2000	-	100%
2001	-	100%
2002	-	100%
2003	78,418	100%
2004	92,381	100%

Notes to Required Schedules

Valuation date	January 1, 2004
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
COMBINING STATEMENTS - NONMAJOR FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

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

1. **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.
2. **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.
3. **TIF Project Fund** - This fund accounts for the repayment of TIF redevelopment project costs of certain blighted areas within the City.
4. **Special Parks and Recreation Fund** - This fund is used to fund various City-sponsored park and recreation activities funded by the state liquor tax.
5. **School Alcohol Fund** - This fund accounts for the operation of services and programs pertaining to alcohol misuse and is funded by the state liquor tax.

NONMAJOR DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources and payment of the City's long-term debt.

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

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2004

	Total Nonmajor Special Revenue <u>Funds</u>	Total Nonmajor Debt Service <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS			
Cash and investments	\$ 227,047	\$ 48,181	\$ 275,228
Taxes receivable	-	471,851	471,851
Prepaid expenditures	1,111	-	1,111
Due from other governments	216,988	-	216,988
Total assets	<u>\$ 445,146</u>	<u>\$ 520,032</u>	<u>\$ 965,178</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 98,777	\$ -	\$ 98,777
Accrued payroll	2,898	-	2,898
Due to other funds	216,988	-	216,988
Deferred revenue	-	471,851	471,851
Total liabilities	<u>318,663</u>	<u>471,851</u>	<u>790,514</u>
 Fund balance:			
Reserved			
For debt service	-	48,181	48,181
Unreserved			
Undesignated [deficit]	126,483	-	126,483
Total fund balance [deficit]	<u>126,483</u>	<u>48,181</u>	<u>174,664</u>
Total liabilities and fund balances	<u>\$ 445,146</u>	<u>\$ 520,032</u>	<u>\$ 965,178</u>

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 113,237	\$ 578,434	\$ 691,671
Intergovernmental	766,957	-	766,957
Charges for services	1,224,555	-	1,224,555
Use of money and property	7,911	3,300	11,211
Total Revenues	<u>2,112,660</u>	<u>581,734</u>	<u>2,694,394</u>
Expenditures			
Current			
Urban management and planning	1,326,722	-	1,326,722
Public safety	61,270	-	61,270
Debt service			
Principal	-	400,000	400,000
Interest and other charges	-	154,154	154,154
Total Expenditures	<u>1,387,992</u>	<u>554,154</u>	<u>1,942,146</u>
Excess [deficiency] of revenues over [under] expenditures	<u>724,668</u>	<u>27,580</u>	<u>752,248</u>
Other Financing Sources [Uses]			
Transfers out	<u>[686,452]</u>	-	<u>[686,452]</u>
Total Other Financing Sources [Uses]	<u>[686,452]</u>	-	<u>[686,452]</u>
Net change in fund balances	<u>38,216</u>	<u>27,580</u>	<u>65,796</u>
Fund balance, beginning	87,141	20,601	107,742
Prior period adjustment	<u>1,126</u>	-	<u>1,126</u>
Fund balance, beginning, restated	<u>88,267</u>	<u>20,601</u>	<u>108,868</u>
Fund balance, ending	<u>\$ 126,483</u>	<u>\$ 48,181</u>	<u>\$ 174,664</u>

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2004

ASSETS	Solid Waste Management	Special City Street and Highway	TIF Project	Special Parks and Recreation	Special Alcohol	Totals
Cash and investments	\$ 142,600	\$ -	\$ -	\$ 41,548	\$42,899	\$227,047
Prepaid expenditures	-	-	-	-	1,111	1,111
Due from other governments	-	216,988	-	-	-	216,988
Total assets	<u>\$ 142,600</u>	<u>\$ 216,988</u>	<u>\$ -</u>	<u>\$ 41,548</u>	<u>\$44,010</u>	<u>\$445,146</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 98,681	\$ -	\$ -	\$ -	\$ 96	\$ 98,777
Accrued payroll	1,039	-	-	-	1,859	2,898
Due to other funds	-	216,988	-	-	-	216,988
Total liabilities	<u>99,720</u>	<u>216,988</u>	<u>-</u>	<u>-</u>	<u>1,955</u>	<u>318,663</u>
Fund balances						
Unreserved and undesignated	42,880	-	-	41,548	42,055	126,483
Total fund balances	<u>42,880</u>	<u>-</u>	<u>-</u>	<u>41,548</u>	<u>42,055</u>	<u>126,483</u>
Total liabilities and fund balances	<u>\$ 142,600</u>	<u>\$ 216,988</u>	<u>\$ -</u>	<u>\$ 41,548</u>	<u>\$44,010</u>	<u>\$445,146</u>

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2004

	<u>Solid Waste Management</u>	<u>Special City Street and Highway</u>	<u>TIF Project</u>	<u>Special Parks and Recreation</u>	<u>Special Alcohol</u>	<u>Total</u>
Revenues						
Taxes	\$ -	\$ -	\$ 113,237	\$ -	\$ -	\$ 113,237
Intergovernmental	-	628,452	-	69,253	69,252	766,957
Charges for services	1,224,555	-	-	-	-	1,224,555
Use of money and property	<u>7,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,911</u>
Total revenues	<u>1,232,466</u>	<u>628,452</u>	<u>113,237</u>	<u>69,253</u>	<u>69,252</u>	<u>2,112,660</u>
Expenditures						
Current:						
Urban management and planning	1,213,485	-	113,237	-	-	1,326,722
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,270</u>	<u>61,270</u>
Total expenditures	<u>1,213,485</u>	<u>-</u>	<u>113,237</u>	<u>-</u>	<u>61,270</u>	<u>1,387,992</u>
Excess [deficiency] of revenues over [under] expenditures	<u>18,981</u>	<u>628,452</u>	<u>-</u>	<u>69,253</u>	<u>7,982</u>	<u>724,668</u>
Other financing sources [uses]						
Transfers out	<u>-</u>	<u>[628,452]</u>	<u>-</u>	<u>[58,000]</u>	<u>-</u>	<u>[686,452]</u>
Total other financing sources [uses]	<u>-</u>	<u>[628,452]</u>	<u>-</u>	<u>[58,000]</u>	<u>-</u>	<u>[686,452]</u>
Net change in fund balances	<u>18,981</u>	<u>-</u>	<u>-</u>	<u>11,253</u>	<u>7,982</u>	<u>38,216</u>
Fund balances, beginning	23,899	-	-	30,295	32,947	87,141
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,126</u>	<u>1,126</u>
Fund balances, beginning, restated	<u>23,899</u>	<u>-</u>	<u>-</u>	<u>30,295</u>	<u>34,073</u>	<u>88,267</u>
Fund balances, ending	<u>\$ 42,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,548</u>	<u>\$ 42,055</u>	<u>\$ 126,483</u>

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP)
 SOLID WASTE MANAGEMENT FUND
 For the Year Ended December 31, 2004

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Revenues						
Charges for services	\$ 1,224,555	\$ -	\$ 1,224,555	\$ 1,220,000	\$ 1,220,000	\$ 4,555
Use of money and property	7,911	-	7,911	5,000	5,000	2,911
Total revenues	<u>1,232,466</u>	<u>-</u>	<u>1,232,466</u>	<u>1,225,000</u>	<u>1,225,000</u>	<u>7,466</u>
Expenditures						
Urban management and planning	1,213,485	-	1,213,485	1,222,876	1,222,876	9,391
Total expenditures	<u>1,213,485</u>	<u>-</u>	<u>1,213,485</u>	<u>1,222,876</u>	<u>1,222,876</u>	<u>9,391</u>
Net change in fund balance	18,981	-	18,981	<u>\$ 2,124</u>	<u>\$ 2,124</u>	<u>\$ 16,857</u>
Fund balance, beginning	<u>23,899</u>	<u>-</u>	<u>23,899</u>			
Fund balance, ending	<u>\$ 42,880</u>	<u>\$ -</u>	<u>\$ 42,880</u>			

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP)
 SPECIAL CITY STREET AND HIGHWAY FUND
 For the Year Ended December 31, 2004

	GAAP		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Basis Actual	Adjustments		Original	Final	
Revenues						
Intergovernmental	<u>\$628,452</u>	<u>\$ -</u>	<u>\$628,452</u>	<u>\$645,000</u>	<u>\$645,000</u>	<u>\$ [16,548]</u>
Total revenues	<u>628,452</u>	<u>-</u>	<u>628,452</u>	<u>645,000</u>	<u>645,000</u>	<u>[16,548]</u>
Expenditures						
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	<u>628,452</u>	<u>-</u>	<u>628,452</u>	<u>645,000</u>	<u>645,000</u>	<u>[16,548]</u>
Other financing sources [uses]						
Transfers out	<u>[628,452]</u>	<u>-</u>	<u>[628,452]</u>	<u>[645,000]</u>	<u>[645,000]</u>	<u>16,548</u>
Total other financing sources [uses]	<u>[628,452]</u>	<u>-</u>	<u>[628,452]</u>	<u>[645,000]</u>	<u>[645,000]</u>	<u>16,548</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>			
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP)
TIF PROJECT FUND

For the Year Ended December 31, 2004

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Revenues						
Taxes	\$ 113,237	\$ -	\$ 113,237	\$ 105,000	\$ 105,000	\$ 8,237
Total revenues	<u>113,237</u>	<u>-</u>	<u>113,237</u>	<u>105,000</u>	<u>105,000</u>	<u>8,237</u>
Expenditures						
Urban management and planning	<u>113,237</u>	<u>-</u>	<u>113,237</u>	<u>105,000</u>	<u>105,000</u>	<u>[8,237]</u>
Total expenditures	<u>113,237</u>	<u>-</u>	<u>113,237</u>	<u>105,000</u>	<u>105,000</u>	<u>[8,237]</u>
Net change in fund balance	-	-	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning	-	-	-			
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP)
 SPECIAL PARKS AND RECREATION FUND
 For the Year Ended December 31, 2004

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Revenues						
Intergovernmental	<u>\$ 69,253</u>	<u>\$ -</u>	<u>\$ 69,253</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 19,253</u>
Total revenues	<u>69,253</u>	<u>-</u>	<u>69,253</u>	<u>50,000</u>	<u>50,000</u>	<u>19,253</u>
Expenditures						
Leisure and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	<u>69,253</u>	<u>-</u>	<u>69,253</u>	<u>50,000</u>	<u>50,000</u>	<u>19,253</u>
Other financing sources [uses]						
Transfers out	<u>[58,000]</u>	<u>-</u>	<u>[58,000]</u>	<u>[58,000]</u>	<u>[58,000]</u>	<u>-</u>
Total other financing sources [uses]	<u>[58,000]</u>	<u>-</u>	<u>[58,000]</u>	<u>[58,000]</u>	<u>[58,000]</u>	<u>-</u>
Net change in fund balance	<u>11,253</u>	<u>-</u>	<u>11,253</u>	<u>\$ [8,000]</u>	<u>\$ [8,000]</u>	<u>\$ 19,253</u>
Fund balance, beginning	<u>30,295</u>	<u>-</u>	<u>30,295</u>			
Fund balance, ending	<u>\$ 41,548</u>	<u>\$ -</u>	<u>\$ 41,548</u>			

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP)
 SPECIAL ALCOHOL FUND

For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Intergovernmental	\$ 69,252	\$ -	\$ 69,252	\$ 50,000	\$ 50,000	\$ 19,252
Total revenues	<u>69,252</u>	<u>-</u>	<u>69,252</u>	<u>50,000</u>	<u>50,000</u>	<u>19,252</u>
Expenditures						
Public safety	61,270	-	61,270	61,270	61,270	-
Total expenditures	<u>61,270</u>	<u>-</u>	<u>61,270</u>	<u>61,270</u>	<u>61,270</u>	<u>-</u>
Net change in fund balance	7,982	-	7,982	\$ [11,270]	\$ [11,270]	\$ 19,252
Fund balance, beginning	32,947	-	32,947			
Prior period adjustment	<u>1,126</u>	<u>-</u>	<u>1,126</u>			
Fund balance, ending	<u>\$ 42,055</u>	<u>\$ -</u>	<u>\$ 42,055</u>			

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP)
 DEBT SERVICE FUND
 For the Year Ended December 31, 2004

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 578,434	\$ -	\$ 578,434	\$ 575,628	\$ 575,628	\$ 2,806
Use of money and property	<u>3,300</u>	<u>-</u>	<u>3,300</u>	<u>1,800</u>	<u>1,800</u>	<u>1,500</u>
Total revenues	<u>581,734</u>	<u>-</u>	<u>581,734</u>	<u>577,428</u>	<u>577,428</u>	<u>4,306</u>
Expenditures						
Debt service						
Principal	400,000	-	400,000	400,000	400,000	-
Interest and other charges	<u>154,154</u>	<u>-</u>	<u>154,154</u>	<u>154,154</u>	<u>154,154</u>	<u>-</u>
Total expenditures	<u>554,154</u>	<u>-</u>	<u>554,154</u>	<u>554,154</u>	<u>554,154</u>	<u>-</u>
Net change in fund balance	27,580	-	27,580	<u>\$ 23,274</u>	<u>\$ 23,274</u>	<u>\$ 4,306</u>
Fund balance, beginning	<u>20,601</u>	<u>-</u>	<u>20,601</u>			
Fund balance, ending	<u>\$ 48,181</u>	<u>\$ -</u>	<u>\$ 48,181</u>			

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

FIDUCIARY FUNDS

Pension Trust Funds

1. 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.
2. 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 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 December 31, 2004

ASSETS	Supplemental Retirement Fund	Revised Prairie Village Police Pension Fund	Totals
Restricted cash and investments	\$ 2,018,532	\$ 7,670,163	\$ 9,688,695
Interest receivable	<u>893</u>	<u>18,612</u>	<u>19,505</u>
Total assets	<u>\$ 2,019,425</u>	<u>\$ 7,688,775</u>	<u>\$ 9,708,200</u>
 LIABILITIES AND NET ASSETS			
Liabilities	\$ -	\$ -	\$ -
Net assets			
Held in trust for pension benefits	<u>2,019,425</u>	<u>7,688,775</u>	<u>9,708,200</u>
Total net assets	<u>2,019,425</u>	<u>7,688,775</u>	<u>9,708,200</u>
 Total liabilities and net assets	 <u>\$ 2,019,425</u>	 <u>\$ 7,688,775</u>	 <u>\$ 9,708,200</u>

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2004

	Supplemental Retirement Fund	Revised Prairie Village Police Pension Fund	Total
Additions:			
Contributions :			
Employer	\$ 98,594	\$ 90,346	\$ 188,940
Plan members	-	76,908	76,908
Total contributions	<u>98,594</u>	<u>167,254</u>	<u>265,848</u>
Investment Earnings:			
Interest and dividends on investments	257,461	393,763	651,224
Non-cash asset changes	36,966	-	36,966
Net increase/decrease in the fair value of investments	<u>[102,459]</u>	<u>139,298</u>	<u>36,839</u>
Total investment earnings	<u>191,968</u>	<u>533,061</u>	<u>725,029</u>
Total additions	<u>290,562</u>	<u>700,315</u>	<u>990,877</u>
Deductions:			
Benefits	<u>62,619</u>	<u>321,636</u>	<u>384,255</u>
Changes in net assets	227,943	378,679	606,622
Net assets - beginning	<u>1,791,482</u>	<u>7,310,096</u>	<u>9,101,578</u>
Net assets - ending	<u>\$ 2,019,425</u>	<u>\$ 7,688,775</u>	<u>\$ 9,708,200</u>

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS
 GOVERNMENT-WIDE EXPENSES BY FUNCTION
 LAST TEN YEARS
 December 31, 2004
 (Unaudited)

<u>Year Ended</u> <u>December 31,</u>	<u>Urban</u> <u>Management</u> <u>and Planning</u>	<u>Public Works</u>	<u>Public</u> <u>Safety</u>	<u>Municipal</u> <u>Justice</u>	<u>Leisure and</u> <u>Recreation</u>	<u>Interest on</u> <u>Long-term</u> <u>Debt</u>	<u>Totals</u>
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
2004	2,843,833	6,743,408	4,293,500	260,073	817,561	148,189	15,106,564

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 YEARS

December 31, 2004

(Unaudited)

Year Ended December 31,	Program Revenues			General Revenues				Totals
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted	Investment Earnings	Miscellaneous	
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
2004	3,752,594	3,355	745,288	11,392,353	890,611	164,161	299,944	17,248,306

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 (1)
 LAST TEN YEARS
 December 31, 2004
 (Unaudited)

<u>Year Ended</u> <u>December 31,</u>	<u>Urban</u> <u>Management</u> <u>and Planning</u>	<u>Public</u> <u>Works</u>	<u>Public</u> <u>Safety</u>	<u>Municipal</u> <u>Justice</u>	<u>Leisure and</u> <u>Recreation</u>	<u>Capital</u> <u>Outlay</u>	<u>Debt</u> <u>Services</u>	<u>Totals</u>
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
2004	2,828,508	3,339,749	4,239,918	256,843	695,588	4,278,825	554,154	16,193,585

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

CITY OF PRAIRIE VILLAGE, KANSAS

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
 LAST TEN YEARS
 December 31, 2004
 (Unaudited)

<u>Fiscal Year</u> <u>December 31,</u>	<u>Taxes</u>	<u>Licenses</u> <u>and</u> <u>Permits</u>	<u>Inter-</u> <u>governmental</u>	<u>Charges</u> <u>for</u> <u>Services</u>	<u>Fines and</u> <u>Forfeitures</u>	<u>Recreational</u> <u>Fees</u>	<u>Use of</u> <u>Money</u> <u>and Property</u>	<u>Other</u>	<u>Totals</u>
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
2004	11,394,015	350,032	1,584,852	2,479,063	751,101	380,729	164,160	284,805	17,388,757

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

CITY OF PRAIRIE VILLAGE, KANSAS

GENERAL GOVERNMENT TAX REVENUES BY SOURCE
 LAST TEN YEARS
 December 31, 2004
 (Unaudited)

<u>Fiscal Year</u> <u>December 31,</u>	<u>Property</u> <u>Tax</u>	<u>City Sales</u> <u>Tax</u>	<u>Franchise</u> <u>Tax</u>	<u>Motor</u> <u>Vehicle Tax(2)</u>	<u>Total</u>
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
2004	4,027,484	5,237,058	1,568,829	560,644	11,394,015

(2)- For 1995 through 2002, motor vehicle property taxes were included as intergovernmental revenue

CITY OF PRAIRIE VILLAGE, KANSAS

PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN YEARS
 December 31, 2004
 (Unaudited)

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u> <u>Tax</u> <u>Levy</u>	<u>Current</u> <u>Taxes</u> <u>Collected</u>	<u>Percent of</u> <u>Levy Collected</u>	<u>Delinquent</u> <u>Tax</u> <u>Collections</u>	<u>Total Tax</u> <u>Collections</u>	<u>Ratio of</u> <u>Total Tax</u> <u>Collections</u> <u>to Tax Levy</u>	<u>Outstanding</u> <u>Delinquent</u> <u>Taxes</u>	<u>Percent of</u> <u>Delinquent</u> <u>Taxes to</u> <u>Total Levy</u>
1995	\$2,635,675	\$2,604,424	98.81%	\$ 20,353	\$2,624,777	99.6%	\$ 150,878	5.75%
1996	2,639,540	2,570,295	97.38%	14,610	2,584,905	97.9%	205,752	7.96%
1997	2,656,669	2,579,573	97.10%	16,639	2,596,212	97.7%	189,590	7.30%
1998	2,937,936	2,857,923	97.28%	12,506	2,870,429	97.7%	334,193	11.64%
1999	2,932,216	2,872,644	97.97%	26,529	2,899,173	98.9%	386,166	13.32%
2000	2,928,185	2,821,069	96.34%	12,776	2,833,845	96.8%	390,376	13.78%
2001	2,983,450	2,889,696	96.86%	18,774	2,908,470	97.5%	293,812	10.10%
2002	3,159,829	3,091,234	97.83%	27,653	3,118,887	98.7%	335,684	10.76%
2003	3,843,902	3,770,837	98.10%	38,661	3,809,498	99.1%	370,088	9.71%
2004	4,052,505	3,991,470	98.49%	36,014	4,027,484	99.4%	395,109	9.81%

CITY OF PRAIRIE VILLAGE

ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY (1)
LAST TEN YEARS
December 31, 2004
(Unaudited)

Fiscal Year	<u>Real Property(1)</u>		<u>Personal Property(2)</u>		Total Assessed Value	Estimated Actual Value	Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
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%
2004	246,178,002	2,072,880,390	9,613,535	30,783,709	255,791,537	2,103,664,099	12.16%

(1) - The County Assessor values real property as required by State Statute and rulings of the State Board of Tax Appeals. Prior to 1989, real property was valued at 24% of estimated values. 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.

(2) - Assessed personal property is assessed at 30% of actual value. State assessed utilities are assessed at 33%.

CITY OF PRAIRIE VILLAGE, KANSAS

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
 PER \$1,000 OF ASSESSED VALUATION
 LAST TEN YEARS
 December 31, 2004
 (Unaudited)

<u>Year Ended</u> <u>December 31,</u>	<u>State</u>	<u>City</u>	<u>County</u>	<u>School</u> <u>District</u>	<u>Johnson</u> <u>County</u> <u>Community</u> <u>College</u>	<u>Consolidated</u> <u>Fire</u> <u>District</u>	<u>Unified</u> <u>Waste</u> <u>Water</u>	<u>Johnson</u> <u>County</u> <u>Library</u>	<u>Johnson</u> <u>County</u> <u>Parks and</u> <u>Recreation</u>
1995	1.5	16.336	16.5630	61.7790	9.314	7.410	6.140	3.419	1.620
1996	1.5	16.369	16.5900	56.2330	8.946	8.107	6.041	3.478	1.620
1997	1.5	16.379	15.3050	51.8080	8.540	7.529	5.938	3.254	1.512
1998	1.5	16.011	14.3450	42.9680	7.746	7.522	5.704	3.174	1.437
1999	1.5	13.827	16.1120	41.2460	7.184	6.868	5.166	3.137	1.451
2000	1.5	13.324	15.6760	40.3270	7.646	7.197	4.647	2.981	1.322
2001	1.5	13.382	16.3330	38.6990	7.743	7.703	4.181	2.971	1.382
2002	1.5	15.744	16.2210	42.2380	9.428	8.008	0.000	2.948	1.602
2003	1.5	15.765	16.3810	37.7740	9.432	9.240	0.000	2.954	2.365
2004	1.5	15.843	16.0410	42.6550	9.438	9.241	0.000	2.956	2.367

Information provided by the Johnson County, Kansas County Clerk's Annual Abstract of Taxes.

CITY OF PRAIRIE VILLAGE, KANSAS

PRINCIPAL TAXPAYERS

December 31, 2004

(Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>	2004 <u>Assessed Valuation</u>	% of Total <u>Assessed Valuation</u>
Highwoods Realty Limited	Real Estate	\$ 15,053,047	5.88%
SM Properties, L.P.	Real Estate	2,817,501	1.10%
Kansas City Power & Light	Utility	2,562,409	1.00%
Kenilworth L.L.C.	Real Estate	1,769,839	0.69%
May Department Stores	Real Estate	1,543,425	0.60%
CNL Retirement	Adult living facility	1,355,988	0.53%
Melody W. Sutherland	Real Estate	1,045,000	0.41%
Southwestern Bell Telephone	Utility	955,320	0.37%
Cornith Paddock, L.L.C.	Real Estate	828,886	0.32%
Meadowbrook Center, L.L.C.	Real Estate	<u>742,051</u>	<u>0.29%</u>
Total		<u>\$ 28,673,466</u>	<u>11.21%</u>

CITY OF PRAIRIE VILLAGE, KANSAS
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2004
(Unaudited)

Total assessed value	\$ 255,791,537
Debt limitation percentage in accordance with K.S.A. 10-308	<u> x 30%</u>
2004 debt limitation	76,737,461
Bond indebtedness	<u> 2,985,000</u>
Legal debt margin	<u>\$ 73,752,461</u>

CITY OF PRAIRIE VILLAGE, KANSAS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA
LAST TEN YEARS
December 31, 2004
(Unaudited)

<u>Year Ended</u> <u>December 31,</u>	<u>Population(1)</u>	<u>Assessed</u> <u>Value</u>	<u>Gross</u> <u>Bonded</u> <u>Debt</u>	<u>Less</u> <u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Net</u> <u>Bonded</u> <u>Debt</u>	<u>Ratio of</u> <u>Net</u> <u>Bonded</u> <u>Debt to</u> <u>Assessed</u> <u>Value</u>	<u>Net</u> <u>Bonded</u> <u>Debt per</u> <u>Capita</u>
1995	23244	\$ 161,578,089	\$ 4,330,000	\$ 157,652	\$ 4,172,348	2.58%	\$ 179.50
1996	23056	162,298,089	4,015,000	124,776	3,890,224	2.40%	168.73
1997	23545	179,372,101	3,685,000	51,612	3,633,388	2.03%	154.32
1998	23545	183,137,667	3,335,000	52,437	3,282,563	1.79%	139.42
1999	23365	211,772,968	4,790,000	1,669,821	3,120,179	1.47%	133.54
2000	22072	223,915,500	6,080,000	1,653,124	4,426,876	1.98%	200.57
2001	21962	236,125,305	4,130,000	-	4,130,000	1.75%	188.05
2002	21514	244,150,272	3,765,000	21,308	3,743,692	1.53%	174.01
2003	21514	250,608,971	3,385,000	20,601	3,364,399	1.34%	156.38
2004	21729	255,791,537	2,985,000	48,181	2,936,819	1.15%	135.16

(1) Information provided by the Johnson County Economic Research Institute.

CITY OF PRAIRIE VILLAGE, KANSAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
OBLIGATION DEBT TO GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS
December 31, 2004
(Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>General Governmental Expenditures (1)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
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%
2004	400,000	154,154	554,154	16,193,585	3.42%

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

(2) \$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, 2004
 (Unaudited)

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Mission</u>	<u>Amount Applicable to City of Mission</u>
Direct debt:			
City of Prairie Village, Kansas	<u>\$ 2,985,000</u>	100.00%	\$ 2,985,000
Overlapping debt: (1)			
Johnson County	140,460,000	3.82%	5,365,572
Shawnee Mission School (U.S.D. 512)	168,180,000	9.02%	15,169,836
Fire District #2	2,030,000	38.33%	778,099
Johnson County Community College	13,270,000	3.82%	506,914
Johnson County Parks and Recreation	<u>5,825,000</u>	3.82%	<u>222,515</u>
Total overlapping debt	<u>329,765,000</u>		<u>22,042,936</u>
Total direct and overlapping debt	<u>\$ 332,750,000</u>		<u>\$ 25,027,936</u>

(1) Information provided by Johnson County Clerk's Office.

CITY OF PRAIRIE VILLAGE, KANSAS

DEMOGRAPHIC STATISTICS
LAST TEN YEARS
December 31, 2004
(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>
1995	23,244	5,735	1.6%
1996	23,056	5,811	1.8%
1997	23,545	6,027	1.4%
1998	23,545	7,002	1.6%
1999	23,365	7,219	1.1%
2000	22,072	6,682	1.5%
2001	21,962	6,954	3.7%
2002	21,514	6,750	4.3%
2003	21,514	6,573	3.9%
2004	21,729	6,563	4.3%

(1) Obtained from Johnson County Economic Research Institute and Bureau of Census.
Unemployment rates are for Johnson County.

CITY OF PRAIRIE VILLAGE, KANSAS
PROPERTY VALUE, CONSTRUCTION AND
BANK DEPOSITS
LAST TEN YEARS
December 31, 2004

Fiscal Year	Commercial Construction		Residential Construction		Total Real Property Value (in thousands)	Bank Deposits (3)
	Number of Permits (1)	Value (2)	Number of Permits (1)	Value (2)		
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
2004	1	1,700,000	1	512,000	2,212,000	715,413

(1) Determined from building permit information.

(2) From the assessed and estimated actual value table in this section.

(3) Source: Federal Depository Insurance Corporation

CITY OF PRAIRIE VILLAGE, KANSAS

MISCELLANEOUS STATISTICS

December 31, 2004

(Unaudited)

Date of incorporation	1951
Form of government	Council/Mayor with City Administrator
Full-time City employees	97
Area in square miles	6.70
City of Prairie Village facilities and services:	
Miles of streets	112.5
Number of street lights	1,990
Culture and recreation:	
Parks	9
Park acreage	64
Swimming pools	5
Golf courses (private)	1
Police protection:	
Number of stations	1
Number of police personnel and officers	42
Education:	
Number of private schools	4
Number of elementary school	5
Number of junior high schools	2
Number of senior high schools	1