

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF PRAIRIE VILLAGE, KANSAS**

**Year Ended  
December 31, 2005**

**Prepared by the Finance and Administration Department**

CITY OF PRAIRIE VILLAGE, KANSAS

Comprehensive Annual Financial Report  
Year ended December 31, 2005

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i - iii
Organizational Overview	iv
Principal Officials	v
2004 Certificate of Achievement for Excellence in Financial Reporting - Government Finance Officers Association	vi
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 – Actual and Budget	
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 - 32
Required Supplementary Information	
Revised Prairie Village Police Pension Plan	
Schedule of Funding Progress	33
Schedule of Employee Contributions	33
Notes to Required Schedules	33

CITY OF PRAIRIE VILLAGE, KANSAS

Comprehensive Annual Financial Report  
Year ended December 31, 2005

Table of Contents - Continued

	<u>Page</u>
Combining Statements and Individual Fund Schedules	
Combining Statements - Nonmajor Funds	
Fund Descriptions	34
Combining Balance Sheet - Nonmajor Governmental Funds	35
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	36
Combining Balance Sheet - Nonmajor Special Revenue Funds	37
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	38
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget:	
Solid Waste Management Fund	39
Special City Street and Highway Fund	40
TIF Project Fund	41
Special Parks and Recreation Fund	42
Special Alcohol Fund	43
Debt Service Fund	44
Fiduciary Fund Descriptions	45
Combining Statement of Fiduciary Net Assets - Fiduciary Funds	46
Combining Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	47
STATISTICAL SECTION	
Government Wide Expenses by Function - Last Ten Years	48
Government Wide Revenues - Last Ten Years	49
General Governmental Expenditures by Function - Last Ten Years	50
General Governmental Revenues by Source - Last Ten Years	51
General Government Tax Revenues by Source - Last Ten Years	52
Property Tax Levies and Collections - Last Ten Years	53
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	54
Property Tax Rates - Direct and Overlapping Governments - Per \$1,000 of Assessed Valuation - Last Ten Years	55

CITY OF PRAIRIE VILLAGE, KANSAS

Comprehensive Annual Financial Report  
Year ended December 31, 2005

Table of Contents - Continued

	<u>Page</u>
Principal Taxpayers	56
Computation of Legal Debt Margin	57
Ratio of Net General Obligation Bonded Debt to Assessed Value And Net General Obligation Debt per Capita	58
Ratio of Annual Debt Service Expenditures for General Obligation Debt to General Governmental Expenditures - Last Ten Years	59
Computation of Direct and Overlapping Debt	60
Demographics Statistics - Last Ten Years	61
Property Value, Construction and Bank Deposits - Last Ten Years	62
Miscellaneous Statistics	63

May 22, 2006

To the Mayor, Members of the City Council and 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, 2005. Provisions of Kansas State Statutes require the City's financial records to be audited by an independent certified public accountant each year. The report of the auditors has been included as part of this report, located on page 1.

Responsibility for both the accuracy of the data and completeness and fairness of presentation of these financials statements rests with City management. City management is responsible for establishing and maintaining an internal control structure designed to earn the public's confidence and trust. 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.

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.

### **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 19 incorporated cities in Johnson County and has the sixth 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.

### **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. 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.

### **Long Range Financial Plan**

In 2001, the Mayor appointed a committee of Council members to analyze financial trends and the economic condition of the community. The committee established a long range financial plan which is used to develop the City's annual budget. In addition, the City engaged consultants in 2005 to prepare a financial analysis to include recommendations for changes that would stabilize the population and revenue base. This analysis will be used to develop a comprehensive/strategic investment plan to insure the viability of this community for the future.

### **Major Initiatives**

As a part of the preparation for the 2005 annual budget, the following priorities were established and achieved by the City Council:

- ❖ Maintain a sense of place and a sense of community
- ❖ Balance development and quality of life
- ❖ Maintain parks and create recreation facilities
- ❖ Improve property values and code enforcement
- ❖ Continue current service levels
- ❖ Maintain financial strength of the City

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.

### Relevant Financial Policies

In addition to the major initiatives discussed above, the 2005 budget reflected several financial policies the City has established.

- ❖ Maintain operating expenditures at an annual growth rate of no more than 6%
- ❖ Increase City controlled revenue sources (fees, fines, etc.) by the CPI with periodic audits to make certain fees cover the agreed upon level of cost.
- ❖ Maintain the mill rate at it's current level

### Other Information

**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, 2004. This was the nineteenth 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.

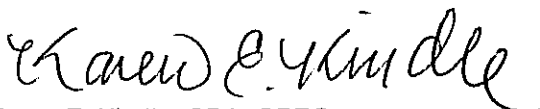
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2005. This is the seventeenth 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.

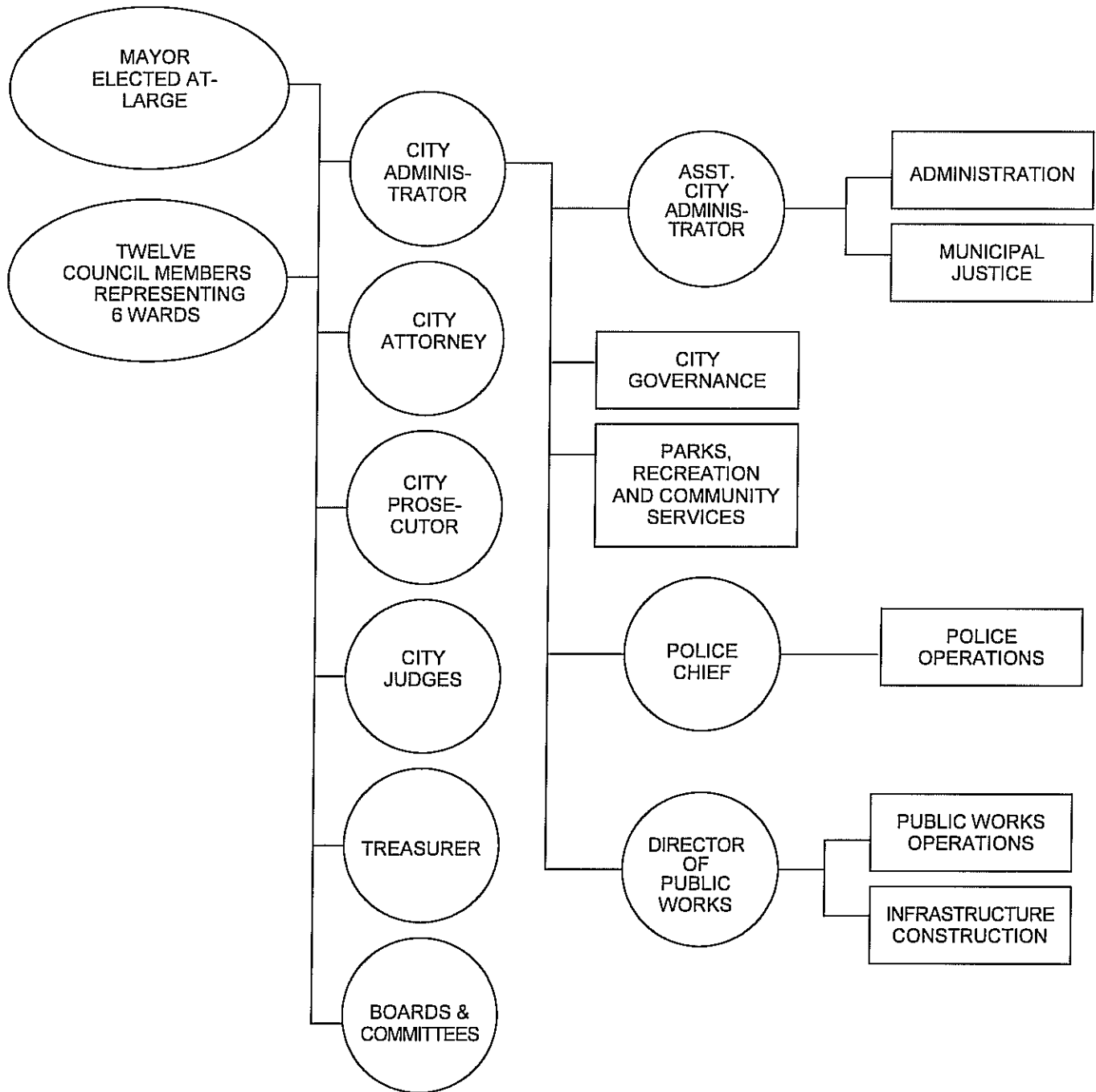
Respectfully submitted,



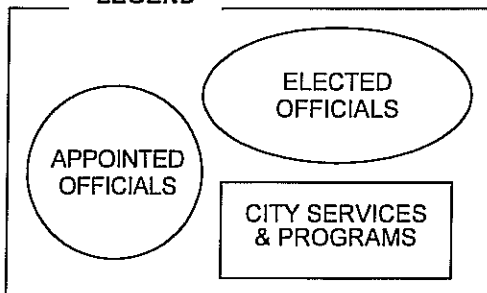
Karen E. Kindle, CPA, CPFO  
Finance Director

CITY OF PRAIRIE VILLAGE, KANSAS

ORGANIZATIONAL OVERVIEW



LEGEND





CITY OF PRAIRIE VILLAGE, KANSAS

PRINCIPAL OFFICIALS - 2005

Elected Officials

Mayor	
Council Member - Ward 1	Al Herrera
Council Member - Ward 1	Bill Griffith
Council Member - Ward 2	Steve Noll
Council Member - Ward 2	Ruth Hopkins
Council Member - Ward 3	Greg Colston
Council Member - Ward 3	Andrew Wang
Council Member - Ward 4	Laura Wassmer
Council Member - Ward 4	Pat Daniels
Council Member - Ward 5	Kay Wolf/Nayne Vennard
Council Member - Ward 5	Jeff Anthony
Council Member - Ward 6	David Belz
Council Member - Ward 6	Diana Ewy-Sharp

Appointed Officials

City Administrator	Barbara Vernon
Assistant City Administrator	Douglas Luther
Chief of Police	Charles Grover
Director of Public Works	Robert S. Pryzby
City Clerk	Joyce Hagen-Mundy
City Attorney	Charles Wetzler
Assistant City Attorney	Stephen Horner
Municipal Judge	Thomas Hamill
Municipal Judge	Mary Virginia Clarke
City Treasurer	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, 2004

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.



*Carla E. Fudge*

President

*Jeffrey R. Emer*

Executive Director

---

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

\_\_\_\_\_  
Abram M. Chrislip, 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, 2005, 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.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2005, 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 schedules, 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 and schedules 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

March 31, 2006

CITY OF PRAIRIE VILLAGE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year Ended December 31, 2005  
(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, 2005. It should be read in conjunction with the letter of transmittal on page i and the City's financial statements, which begin on page 8.

**Financial Highlights**

- As a result of the fiscal year's activity, the City's net assets increased by over \$2.5 million.
- Lower than budgeted expenditures increased fund balance in the General Fund by over \$1.2 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 \$396,000

**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, 2005  
 (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 combined net assets of the City as of December 31 were:

	<u>2004</u>	<u>2005</u>	<u>Percentage Change</u>
Current and other assets	\$ 14,936,660	\$ 16,740,495	12.08%
Capital assets	<u>48,029,626</u>	<u>48,766,856</u>	1.53%
Total assets	<u>\$ 62,966,286</u>	<u>\$ 65,507,351</u>	4.04%
Long-term liabilities	\$ 2,985,000	\$ 2,135,000	-28.48%
Other liabilities	<u>6,359,660</u>	<u>7,180,482</u>	12.91%
Total liabilities	<u>9,344,660</u>	<u>9,315,482</u>	-0.31%
Net assets:			
Invested in capital assets, net of related debt	45,044,626	46,196,856	2.56%
Restricted	128,990	168,564	30.68%
Unrestricted	<u>8,448,010</u>	<u>9,826,449</u>	16.32%
Total net assets	<u>53,621,626</u>	<u>56,191,869</u>	4.79%
Total liabilities and net assets	<u>\$ 62,966,286</u>	<u>\$ 65,507,351</u>	4.04%

The City's combined net assets increased by \$2.5 million or 4.79% from 2004 to 2005. The majority of that increase was due to lower than anticipated expenses and the City's continued accumulation of the revenue received from the school sales tax. At the end of 2005, school sales tax revenue accumulated in the General Fund totaled \$1,040,244.

CITY OF PRAIRIE VILLAGE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year Ended December 31, 2005  
(Unaudited)

**Statement of Activities.** The table below shows the condensed revenues, expenses and changes in net assets for 2004 and 2005.

	<u>2004</u>	<u>2005</u>	<u>Change</u>
<b>REVENUES</b>			
Program revenues:			
Fines, fees and charges for services	\$ 3,752,594	\$ 3,939,819	4.99%
Operating grants and contributions	3,355	71,318	2025.72%
Capital grants and contributions	745,288	544,352	-26.96%
General revenues:			
Property taxes	4,027,484	4,149,331	3.03%
Sales and use taxes	5,237,058	5,298,202	1.17%
Other taxes	2,127,810	2,198,987	3.35%
Other revenues	1,354,716	1,309,497	-3.34%
Total revenues	<u>17,248,305</u>	<u>17,511,506</u>	1.53%
<b>EXPENSES</b>			
Urban management and planning	2,843,833	2,929,560	3.01%
Public works and environmental improvements	6,743,408	6,174,532	-8.44%
Public safety	4,293,500	4,606,977	7.30%
Municipal justice	260,073	280,708	7.93%
Leisure, recreation and education	817,561	787,935	-3.62%
Interest on long-term debt	148,189	130,238	-12.11%
Total expenses	<u>15,106,564</u>	<u>14,909,950</u>	-1.30%
Increase/(decrease) in net assets	2,141,742	2,601,556	21.47%
Retroactive addition of infrastructure assets	25,515,786	-	
Prior Period Adjustment	-	(31,313)	
Net assets, January 1	<u>25,964,098</u>	<u>53,621,626</u>	
Net assets, December 31	<u>\$ 53,621,626</u>	<u>\$ 56,191,869</u>	4.79%

Overall, total revenues only increased by 1.53%, demonstrating the City's stable revenue base. Tax source revenues (property, sales/use and franchise) account for 66.51% of total revenues in 2005 compared with 66.06% in 2004.

The most significant change in City revenues was the increase in operating grants and contributions. In 2005, the City deployed police officers to the Gulf Coast to assist with hurricane relief efforts and received reimbursement for the related costs. Capital grants and contribution revenue decreased significantly in 2005 due to a lower level of County funding for capital projects. County funding will vary from year to year depending on the projects undertaken by the City and at what level the County will provide funding for those projects.

Total expenses for 2005 were also stable when compared with 2004, decreasing 1.30%. Public Works expenses decreased from 2004 as a result of less inclement weather expenses, less vehicle maintenance expenses and less street operating supply expenses. The winters in 2005 were milder than anticipated so costs for chemicals were less. In 2005, maintenance costs for police vehicles began to be reported under Public Safety. In 2004, the City upgraded regulation-type signage based on a quality control check performed by the County causing a spike in expenses. Public Safety expenses increased over 2004 because of higher gasoline prices and vehicle maintenance costs. The Police Department uses a significant amount of gasoline, so a large change in price such as what happened in 2005 will have a significant effect on expenses. In addition, the Police Department started paying their own vehicle maintenance costs, which in the past, were reported under Public Works.

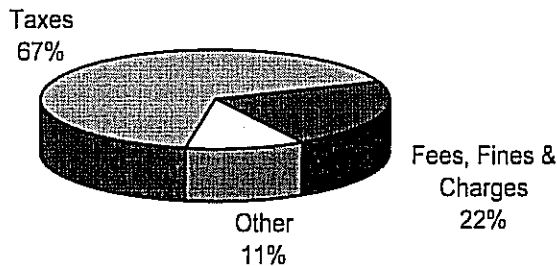
CITY OF PRAIRIE VILLAGE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year Ended December 31, 2005  
(Unaudited)

Municipal Justice expenses increased over 2004 due to converting a part-time position to a full-time position to handle the increased caseload in the Municipal Court.

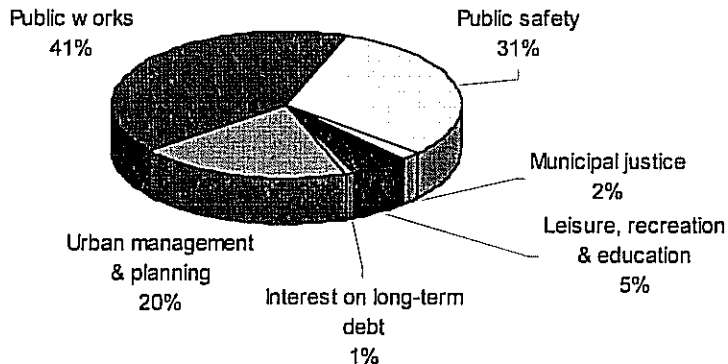
As illustrated by the following graphs, 67% of the City's revenues are tax-related. Another 22% are directly related to the City's solid waste management assessments and public safety agreement with the City of Mission Hills.

Sources of Revenue - 2005



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 - 2005



The net cost of each program is an important indicator of the financial burden placed on revenues, primarily tax sources. As shown below, \$10.3 million of the cost of services was paid by the City's tax payers.

Governmental	Total Cost of Services			Net Cost of Services		
	2004	2005	% Chg	2004	2005	% Chg
Urban management & planning	\$ 2,843,833	\$ 2,929,560	3.0%	\$ 1,291,952	\$ 1,347,307	4.3%
Public works	6,743,408	6,174,532	-8.4%	5,939,878	5,576,672	-6.1%
Public safety	4,293,500	4,606,977	7.3%	2,575,326	2,705,463	5.1%
Municipal justice	260,073	280,708	7.9%	213,151	233,792	9.7%
Leisure, recreation & education	817,561	787,935	-3.6%	436,832	360,989	-17.4%
Interest on long-term debt	148,189	130,238	-12.1%	148,189	130,238	-12.1%
Total governmental activities	\$ 15,106,564	\$ 14,909,950	-1.3%	\$ 10,605,328	\$ 10,354,461	-2.4%

CITY OF PRAIRIE VILLAGE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year Ended December 31, 2005  
(Unaudited)

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.** As discussed above in the analysis of the government-wide statements, expenditures decreased and the City continued to accumulate the school sales tax revenue.

**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 2005 with an ending fund balance of \$1.4 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, 2005 was \$48.7 million. Capital assets increased 1.53% from 2004.

NETWORK	<u>2004</u>	<u>2005</u>	<u>% Chg</u>
Land	\$ 13,861,866	\$ 13,861,866	0.00%
Buildings	4,337,068	4,224,494	-2.60%
Improvements other than buildings	384,900	655,109	70.20%
Furniture and equipment	1,144,418	1,079,264	-5.69%
Infrastructure	23,771,989	24,370,070	2.52%
Construction in progress	<u>4,529,385</u>	<u>4,576,053</u>	1.03%
Total	<u>\$ 48,029,626</u>	<u>\$ 48,766,856</u>	1.53%

Improvements other than buildings changed significantly from 2004 due to capitalizing the completed Harmon Skate Park. In 2004, this project was included in Construction in Progress. 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, 2005, the City had \$2,570,000 of outstanding general obligation bonds. Of the balance outstanding, 78% or \$2,015,000 will be paid off within the next five years, with the remainder paid off by the year 2014.

For the past 11 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, 2005

Assets

Current assets:

Cash and investments	\$ 9,286,790
Tax receivable (net of uncollectibles)	4,245,328
Interest receivable	109,294
Other receivable	453,690
Due from other governments	2,416,641
Prepaid expenses	140,301
Restricted cash and investments	<u>88,451</u>
Total current assets	<u>16,740,495</u>

Capital assets:

Capital assets not being depreciated:	
Land	13,861,866
Construction in progress	<u>4,576,053</u>
Total capital assets not being depreciated	<u>18,437,919</u>
Capital assets being depreciated	104,835,660
Less: accumulated depreciation	<u>74,506,723</u>
Total capital assets being depreciated [net]	<u>30,328,937</u>
Total capital assets [net]	<u>48,766,856</u>

Total assets \$ 65,507,351

Liabilities

Current liabilities:

Accounts payable	\$ 1,028,309
Accrued payroll	182,223
Payable from restricted assets	88,502
Deferred revenue	5,218,644
Accrued interests on long-term debt	39,573
Current portion of compensated absences	188,231
Current portion of general obligation bonds	<u>435,000</u>
Total current liabilities	<u>7,180,482</u>

Noncurrent liabilities:

General obligations bonds payable	<u>2,135,000</u>
Total noncurrent liabilities	<u>2,135,000</u>

Total liabilities \$ 9,315,482

Net Assets

Invested in capital assets, net of related debt	\$ 46,196,856
Restricted	
Debt service	13,060
Solid waste management	78,478
Parks and recreation	38,498
Special alcohol	38,528
Unrestricted	<u>9,826,449</u>

Total net assets \$ 56,191,869

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, 2005

	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
<b>Governmental activities:</b>					
Urban management and planning	\$ 2,929,560	\$ 1,582,253	\$ -	\$ -	\$ [1,347,307]
Public works	6,174,532	53,508	-	544,352	[5,576,672]
Public safety	4,606,977	1,830,196	71,318	-	[2,705,463]
Municipal justice	280,708	46,916	-	-	[233,792]
Leisure and recreation	787,935	426,946	-	-	[360,989]
Interest on long-term debt	130,238	-	-	-	[130,238]
<b>Total governmental activities</b>	<b>\$ 14,909,950</b>	<b>\$ 3,939,819</b>	<b>\$ 71,318</b>	<b>\$ 544,352</b>	<b>[10,354,461]</b>

**General Revenues:**

Property taxes levied for	
General purposes	3,552,163
TIF project	120,333
Debt service	476,835
Sales and use tax	5,298,202
Motor vehicle tax	569,568
Franchise tax	1,629,419
Grants and contributions not restricted to specific programs	935,916
Investment earnings	309,886
Miscellaneous	63,695
<b>Total general revenues</b>	<b>12,956,017</b>
<b>Change in net assets</b>	<b>2,601,556</b>
<b>Net assets - beginning</b>	<b>53,621,626</b>
<b>Prior period adjustment</b>	<b>[31,313]</b>
<b>Net assets - beginning, restated</b>	<b>53,590,313</b>
<b>Net assets - ending</b>	<b>\$ 56,191,869</b>

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

CITY OF PRAIRIE VILLAGE, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2005

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 7,684,016	\$ 1,195,070	\$ 407,704	\$ 9,286,790
Receivables				
Taxes	3,770,304	-	475,024	4,245,328
Interest	109,294	-	-	109,294
Miscellaneous	453,690	-	-	453,690
Due from other governments	1,091,950	1,110,126	214,565	2,416,641
Due from other fund	-	214,565	-	214,565
Prepaid expenditures	139,317	-	984	140,301
Restricted assets	88,451	-	-	88,451
Total assets	<u>\$ 13,337,022</u>	<u>\$ 2,519,761</u>	<u>\$ 1,098,277</u>	<u>\$ 16,955,060</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 489,390	\$ 99,150	\$ 197,785	\$ 786,325
Accrued payroll	184,977	-	2,643	187,620
Due to other funds	-	-	214,565	214,565
Payable from restricted assets	88,502	-	-	88,502
Deferred revenue	3,953,327	972,796	475,147	5,401,270
Total liabilities	<u>4,716,196</u>	<u>1,071,946</u>	<u>890,140</u>	<u>6,678,282</u>
<b>Fund balance:</b>				
Reserved for encumbrances	301,539	965,102	-	1,266,641
Unreserved				
Undesignated, reported in:				
General fund	8,319,287	-	-	8,319,287
Special revenue funds	-	-	155,504	155,504
Debt service fund	-	-	52,633	52,633
Capital projects fund	-	482,713	-	482,713
Total fund balance [deficit]	<u>8,620,826</u>	<u>1,447,815</u>	<u>208,137</u>	<u>10,276,778</u>
Total liabilities and fund balances	<u>\$ 13,337,022</u>	<u>\$ 2,519,761</u>	<u>\$ 1,098,277</u>	<u>\$ 16,955,060</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, 2005

Total Governmental Fund Balances \$ 10,276,778

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	4,576,053	
Infrastructure	94,220,671	
Buildings and improvements	7,085,197	
Vehicles and equipment	<u>3,529,792</u>	
	123,273,579	
Accumulated depreciation	<u>74,506,723</u>	48,766,856

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	2,570,000	
Interest payable	<u>39,573</u>	[2,609,573]

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		[241,982]
---	--	-----------

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		[182,834]
----------------------	--	-----------

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		177,602
Miscellaneous revenues		<u>5,022</u>

Net Assets of Governmental Activities \$ 56,191,869

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, 2005

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>				
Taxes	\$ 10,969,486	\$ -	\$ 669,863	\$ 11,639,349
Intergovernmental	148,268	544,352	783,019	1,475,639
Licenses and permits	384,820	-	-	384,820
Charges for services	1,328,287	-	1,223,462	2,551,749
Fines and forfeitures	820,766	-	-	820,766
Recreational fees	426,946	-	-	426,946
Use of money and property	287,624	2,746	22,261	312,631
Other	63,249	-	-	63,249
<b>Total revenues</b>	<u>14,429,446</u>	<u>547,098</u>	<u>2,698,605</u>	<u>17,675,149</u>
<b>Expenditures</b>				
Current:				
Urban management and planning	1,573,547	-	1,324,198	2,897,745
Public works	3,194,551	-	-	3,194,551
Public safety	4,655,314	-	65,477	4,720,791
Municipal justice	279,083	-	-	279,083
Leisure and recreation	643,556	-	15,000	658,556
Capital outlay	-	3,891,276	-	3,891,276
Debt service:				
Principal	-	-	415,000	415,000
Interest and other charges	-	-	136,338	136,338
<b>Total expenditures</b>	<u>10,346,051</u>	<u>3,891,276</u>	<u>1,956,013</u>	<u>16,193,340</u>
<b>Excess [deficiency] of revenues over [under] expenditures</b>	<u>4,083,395</u>	<u>[3,344,178]</u>	<u>742,592</u>	<u>1,481,809</u>
<b>Other financing sources [uses]</b>				
Transfers in	-	3,505,769	-	3,505,769
Transfers [out]	[2,796,650]	-	[709,119]	[3,505,769]
<b>Total other financing sources [uses]</b>	<u>[2,796,650]</u>	<u>3,505,769</u>	<u>[709,119]</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>1,286,745</u>	<u>161,591</u>	<u>33,473</u>	<u>1,481,809</u>
Fund balances, beginning	7,365,394	1,286,224	174,664	8,826,282
Prior period adjustment	[31,313]	-	-	[31,313]
Fund balances, beginning, restated	<u>7,334,081</u>	<u>1,286,224</u>	<u>174,664</u>	<u>8,794,969</u>
<b>Fund balances, ending</b>	<u>\$ 8,620,826</u>	<u>\$ 1,447,815</u>	<u>\$ 208,137</u>	<u>\$ 10,276,778</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, 2005

Total Net Change In Fund Balances - Governmental Funds \$ 1,481,809

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	4,337,136	
Loss on sale of assets	[10,383]	
Depreciation expense	<u>[3,589,522]</u>	737,231

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.

6,100

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.

[27,031]

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

3,173

Some expenses will utilize future financial resources and are not considered expenditures in governmental funds.

[14,726]

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.

415,000

Changes In Net Assets of Governmental Activities

\$ 2,601,556

CITY OF PRAIRIE VILLAGE, KANSAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND  
For the Year Ended December 31, 2005

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive (Negative)
	Actual	Adjustments		Original	Final	
<b>Revenues</b>						
Taxes	\$ 10,969,486	\$ -	\$ 10,969,486	\$ 9,553,225	\$ 9,553,225	\$ 1,416,261
Intergovernmental	148,268	-	148,268	317,855	317,855	[169,587]
Licenses and permits	384,820	-	384,820	350,500	350,500	34,320
Charges for services	1,328,287	-	1,328,287	286,400	286,400	1,041,887
Fines and forfeitures	820,766	-	820,766	756,850	756,850	63,916
Recreation fees	426,946	-	426,946	555,630	555,630	[128,684]
Interest	287,624	-	287,624	130,000	130,000	157,624
Other	63,249	-	63,249	133,000	133,000	[69,751]
<b>Total revenues</b>	<b>14,429,446</b>	<b>-</b>	<b>14,429,446</b>	<b>12,083,460</b>	<b>12,083,460</b>	<b>2,345,986</b>
<b>Expenditures</b>						
<b>Urban management and planning</b>						
City Governance						
Mayor and council	95,633	650	96,283	113,790	140,640	44,357
Management and planning	525,779	[144,052]	381,727	1,205,405	562,083	180,356
Administrative Services						
Human resources	68,291	25,460	93,751	-	97,278	3,527
Administrative services	126,998	1,500	128,498	230,451	158,633	30,135
Financial management	158,990	850	159,840	190,391	190,391	30,551
Codes administration	277,097	-	277,097	304,750	304,750	27,653
City clerk	320,759	[4,925]	315,834	358,219	358,219	42,385
	1,573,547	[120,517]	1,453,030	2,403,006	1,811,994	358,964
<b>Public works and Improvements</b>						
Administration	793,703	[1,094]	792,609	818,408	824,362	31,753
Vehicle and equipment maintenance	314,573	[32,642]	281,931	278,921	278,921	[3,010]
Streets and drain	1,387,738	18,149	1,405,887	1,598,706	1,598,706	192,819
Buildings and grounds	698,537	26,887	725,424	774,206	768,252	42,828
	3,194,551	11,300	3,205,851	3,470,241	3,470,241	264,390
<b>Public safety</b>						
Administration	416,894	43,152	460,046	456,177	456,177	[3,869]
Staff services	798,610	-	798,610	812,074	812,074	13,464
Community services	111,738	24,998	136,736	211,849	211,849	75,113
Community policing	60,449	-	60,449	57,272	57,272	[3,177]
Patrol	2,317,878	[46,074]	2,271,804	2,212,978	2,212,978	[58,826]
Investigations	456,915	-	456,915	470,220	470,220	13,305
Special investigations	138,986	-	138,986	140,476	140,476	1,490
DARE	8,449	-	8,449	-	-	[8,449]
Professional standards	132,295	-	132,295	136,284	146,484	14,189
Off duty contractual	49,469	-	49,469	38,405	38,405	[11,064]
Traffic	163,631	35	163,666	-	244,712	81,046
	4,655,314	22,111	4,677,425	4,535,735	4,790,647	113,222
<b>Municipal Justice</b>						
Judicial	19,511	-	19,511	19,368	19,368	[143]
Prosecutor	35,201	-	35,201	30,960	30,960	[4,241]
Court clerks	224,371	-	224,371	239,540	239,540	15,169
	279,083	-	279,083	289,868	289,868	10,785
<b>Leisure and recreation</b>						
Community programs	150,651	2,333	152,984	140,532	150,532	[2,452]
Swimming pool	428,225	13,754	441,979	467,579	477,579	35,600
Swimming pool food service	46,330	-	46,330	50,616	50,616	4,286
Tennis	18,350	-	18,350	26,898	26,898	8,548
	643,556	16,087	659,643	685,625	705,625	45,982
<b>Total expenditures</b>	<b>10,346,051</b>	<b>[71,019]</b>	<b>10,275,032</b>	<b>11,384,475</b>	<b>11,068,375</b>	<b>793,343</b>
<b>Excess [deficiency] of revenues over [under] expenditures</b>	<b>4,083,395</b>	<b>71,019</b>	<b>4,154,414</b>	<b>698,985</b>	<b>1,015,085</b>	<b>3,139,329</b>
<b>Other financing sources [uses]</b>						
Transfers [out]	[2,796,650]	-	[2,796,650]	[2,480,550]	[2,796,650]	-
<b>Total other financing sources [uses]</b>	<b>[2,796,650]</b>	<b>-</b>	<b>[2,796,650]</b>	<b>[2,480,550]</b>	<b>[2,796,650]</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>1,286,745</b>	<b>71,019</b>	<b>1,357,764</b>	<b>\$ [1,781,565]</b>	<b>\$ [1,781,565]</b>	<b>\$ 3,139,329</b>
<b>Fund balance, beginning</b>	<b>7,365,394</b>	<b>[372,558]</b>	<b>6,992,836</b>			
<b>Prior period adjustment</b>	<b>[31,313]</b>	<b>-</b>	<b>[31,313]</b>			
<b>Fund balance, ending</b>	<b>\$ 8,620,826</b>	<b>\$ [301,539]</b>	<b>\$ 8,319,287</b>			

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, 2005

	Pension Trust <u>Funds</u>
<b>Assets</b>	
Restricted cash and investments	\$ 10,103,162
Interest receivable	<u>17,607</u>
<b>Total Assets</b>	<b><u>\$ 10,120,769</u></b>
<b>Liabilities</b>	
<b>Net assets</b>	
Held in trust for pension benefits	<u>10,120,769</u>
<b>Total net assets</b>	<b><u>10,120,769</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 10,120,769</u></b>

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, 2005

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 106,132
Plan members	74,249
Total contributions	<u>180,381</u>
Investment Earnings:	
Interest and dividends on investments	175,237
Non-cash asset changes	226,815
Net increase/decrease in the fair value of investments	<u>198,027</u>
Total investment earnings	<u>600,079</u>
Total additions	<u>780,460</u>
Deductions:	
Benefits	<u>368,029</u>
Changes in net assets	<u>412,431</u>
Net assets - beginning	9,708,200
Prior period adjustment	<u>138</u>
Net assets - beginning, restated	<u>9,708,338</u>
Net assets - ending	<u>\$ 10,120,769</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, 2005

**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, 2005

**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, 2005

**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 May 10 (second installment). They are collected by the County Treasurer and subsequently remitted to the City.

Taxes receivable include property taxes levied on November 1, 2005 for 2006 of \$4,245,328, 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, 2005

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, 2005

**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, 2005, 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 \$13,060 for debt service, \$78,478 for solid waste, \$38,498 for parks and recreation, and \$38,528 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, 2005

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 2005 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>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Nonmajor</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Project</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
GAAP FUND BALANCE				
December 31, 2005	\$ 8,620,826	\$ 1,447,815	\$ 208,137	\$ 10,276,778
Adjustments:				
Unreserved fund balances not subject to the Kansas Budget Law:				
Capital Project Fund	-	[1,447,815]	-	[1,447,815]
Reserve for encumbrances	[301,539]	-	-	[301,539]
Total deductions	[301,539]	[1,447,815]	-	[1,749,354]
BUDGETARY FUND BALANCE				
December 31, 2005	\$ 8,319,287	\$ -	\$ 208,137	\$ 8,527,424

CITY OF PRAIRIE VILLAGE, KANSAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 December 31, 2005

**III. RESTATEMENT OF EQUITY**

The miscalculation of the prior period interest receivable had the following effect on the beginning equity balances.

	<u>Governmental Activities</u>	<u>General Fund</u>
Fund Balance/Net Assets December 31, 2004	\$ 53,621,626	\$ 7,365,394
Prior period adjustment	<u>[31,313]</u>	<u>[31,313]</u>
Fund Balance/Net Assets December 31, 2004, restated	<u>\$ 53,590,313</u>	<u>\$ 7,334,081</u>

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The City's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to KSA 12-1675. The statute requires that the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes or the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to KSA 10-131. This statute allows additional investment authority beyond that of KSA 12-1675. Investments of bond proceeds may follow KSA 12-1675 or include other investments such as the KMIP, direct obligations of the US government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in KSA 10-131.

At December 31, 2005, the City has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	<u>\$ 5,098,068</u>	S&P AAAf/S1+

The City's investment policy provides direction on concentration risk. The City policy states that funds held in the General Fund and other funds shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be established, with periodic review and revision, as appropriate. Before a significant change in type of investments is made, staff will consult with the Legislative/Finance Committee.



CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2005

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

In establishing specific diversification strategies, the following general policies and constraints will apply:

Maturities will be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities will be selected which provide for income stability and reasonable liquidity.

For short term cash management fund liquidity, investment practices will be followed which ensure that funds required for the next disbursement date and payroll date are covered through maturing investments or marketable U.S. Treasury securities.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. If any mortgage is involved in the underlying value of the instruments pledged as security by an institution, City funds should be collateralized at market to 120% of total investment.

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

**B. Receivables and Payables**

Receivables as of December 31, 2005 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	\$ 3,777,370	\$ -	\$ 475,891	\$ 4,253,261
Intergovernmental	1,091,950	1,110,126	214,565	2,416,641
Interest	109,294	-	-	109,294
Other	<u>453,690</u>	<u>-</u>	<u>-</u>	<u>453,690</u>
Gross receivables	5,432,304	1,110,126	690,456	7,232,886
Less allowance for uncollectibles	<u>[7,066]</u>	<u>-</u>	<u>[867]</u>	<u>[7,933]</u>
Net receivables	<u>\$ 5,425,238</u>	<u>\$ 1,110,126</u>	<u>\$ 689,589</u>	<u>\$ 7,224,953</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>
2006 property taxes	\$ 3,771,190	\$ -	\$ 475,147	\$ 4,246,337
Intergovernmental receivables	-	972,796	-	972,796
Franchise fee (unavailable)	<u>182,137</u>	<u>-</u>	<u>-</u>	<u>182,137</u>
Total deferred revenue	<u>\$ 3,953,327</u>	<u>\$ 972,796</u>	<u>\$ 475,147</u>	<u>\$ 5,401,270</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, 2005

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,861,866	\$ -	\$ -	\$ 13,861,866
Construction in progress	4,529,385	284,216	237,548	4,576,053
Total	<u>18,391,251</u>	<u>284,216</u>	<u>237,548</u>	<u>18,437,919</u>
Capital assets being depreciated:				
Buildings	6,154,946	41,300	-	6,196,246
Improvements other than buildings	612,040	276,911	-	888,951
Furniture and equipment	3,826,895	286,178	583,281	3,529,792
Infrastructure	92,295,313	3,686,079	1,760,721	94,220,671
Total	<u>102,889,194</u>	<u>4,290,468</u>	<u>2,344,002</u>	<u>104,835,660</u>
Less accumulated depreciation for:				
Buildings	1,817,878	153,874	-	1,971,752
Improvements other than buildings	227,140	6,702	-	233,842
Furniture and equipment	2,682,477	340,949	572,898	2,450,528
Infrastructure	68,523,324	3,087,998	1,760,721	69,850,601
Total	<u>73,250,819</u>	<u>3,589,523</u>	<u>2,333,619</u>	<u>74,506,723</u>
Total capital assets being depreciated, net	<u>29,638,375</u>	<u>700,945</u>	<u>10,383</u>	<u>30,328,937</u>
Governmental activities capital assets, net of depreciation	<u>\$ 48,029,626</u>	<u>\$ 985,161</u>	<u>\$ 247,931</u>	<u>\$ 48,766,856</u>

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

Governmental activities:	
Urban management and planning	\$ 37,134
Public works	3,273,618
Public safety	148,028
Municipal justice	345
Leisure and recreation	<u>130,398</u>
Total	<u>\$ 3,589,523</u>

CITY OF PRAIRIE VILLAGE, KANSAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2005

**IV. DETAILED NOTES ON ALL FUNDS (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, 2005. The following represents the amount of 2005 funds due to the Capital Projects Fund for that reason.

	Due from	Due to
Major Funds:		
Capital Project Fund	\$ -	\$ 214,565
Nonmajor Funds:		
Special City Street and Highway Fund	214,565	-

**Transfers**

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

	In	Out
Major funds:		
General Fund	\$ -	\$ 2,796,650
Capital Projects Fund	3,505,769	-
Nonmajor funds:		
Special City Street and Highway Fund	-	629,119
Special Parks and Recreation Fund	-	80,000
	\$ 3,505,769	\$ 3,505,769

**E. Leases**

The City leases building and office facilities and other equipment under operating leases. Total costs for such leases were \$71,748 for the year ended December 31, 2005. The future minimum lease payments for these leases are as follows:

	Amount
Fiscal year ending December 31:	
2006	\$ 72,042
2007	60,556
2008	26,595
2009	8,157
2010	894

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS (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, 2004	Additions	Deductions	Balance December 31, 2005	Current Portion
General Obligation Bonds	\$ 2,985,000	\$ -	\$ 415,000	\$ 2,570,000	\$ 435,000
Accrued Compensated Absences	168,114	338,285	318,168	188,231	188,231
	<u>\$ 3,153,114</u>	<u>\$ 338,285</u>	<u>\$ 733,168</u>	<u>\$ 2,758,231</u>	<u>\$ 623,231</u>

The balance outstanding as of December 31, 2005 was comprised of the following issues:

Bond Issue	Interest Rate	Date Issue	Original Issue Amount	Final Maturity	Balance Outstanding	Interest paid in 2005
Park refunding	3.90-5.00%	1/1/94	\$ 1,240,000	9/1/09	\$ 505,000	\$ 30,363
Police facility	3.70-4.00%	1/1/99	1,660,000	9/1/10	960,000	44,840
Pool improvement	4.75-6.50%	2/15/00	1,600,000	9/1/14	1,105,000	61,135
			<u>\$ 4,500,000</u>		<u>\$ 2,570,000</u>	<u>\$ 136,338</u>

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

Year:	Principal	Interest	Total
2006	\$ 435,000	\$ 118,720	\$ 553,720
2007	455,000	99,863	554,863
2008	475,000	79,770	554,770
2009	385,000	58,435	443,435
2010	265,000	41,278	306,278
2011-2014	555,000	75,830	630,830
Total	<u>\$ 2,570,000</u>	<u>\$ 473,896</u>	<u>\$ 3,043,896</u>

CITY OF PRAIRIE VILLAGE, KANSAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2005

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Liabilities (Continued)**

**Conduit Debt**

The City has issued debt for economic development in prior years. 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, 2005.

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	\$ 2,458,694
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	4,000,000	2/1/12	3,183,307
			<u>\$ 21,790,000</u>		<u>\$ 19,282,001</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. 8<sup>th</sup> Avenue, Suite 200, Topeka, Kansas, 66603-3925; 1-800-228-0366; or [www.kpers.org](http://www.kpers.org)).

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate was 4.01% from January 1 to June 30, 2005 and 4.21% from July 1, 2005 to December 31, 2005. The City contributions to KPERs for the years ending December 31, 2005, 2004, and 2003 were \$70,427, \$65,836, and \$60,706, respectively, equal to the statutory required contributions for each year.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2005

**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 2005 was approximately \$4.6 million. The City's contributions to this defined contribution plan were based on estimated payroll of approximately \$2.5 million. The City made the required 5% contribution up to a maximum contribution of \$2,500 per employee, which amounted to \$106,132 during 2005.

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

Supplemental Retirement Fund  
Statement of Plan Net Assets  
December 31, 2005

ASSETS	
Restricted cash and investments	\$ 2,233,536
Interest receivable	<u>601</u>
Total assets	<u>\$ 2,234,137</u>
LIABILITIES AND NET ASSETS	
Liabilities	\$ -
Net assets	
Held in trust for pension benefits	<u>2,234,137</u>
Total net assets	<u>2,234,137</u>
Total liabilities and net assets	<u>\$ 2,234,137</u>

CITY OF PRAIRIE VILLAGE, KANSAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2005

**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, 2005

Additions:	
Contributions :	
Employer	\$ 106,132
Total contributions	<u>106,132</u>
Investment Earnings:	
Interest and dividends on investments	9,500
Non-cash asset changes	[3,127]
Net increase/decrease in the fair value of investments	<u>112,319</u>
Total investment earnings	<u>118,692</u>
Total additions	<u>224,824</u>
Deductions:	
Benefits	<u>10,112</u>
Changes in net assets	214,712
Net assets - beginning	<u>2,019,425</u>
Net assets - ending	<u>\$ 2,234,137</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, 2005, there were thirty-nine active participants (eleven fully vested, seventeen partially vested and eleven nonvested), ten vested terminees (not currently receiving benefits), and twenty-three 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 2005 was \$100,238

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, 2005

**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
2003	\$ 78,418	100%	\$ -
2004	92,381	100%	-
2005	100,238	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, 2005

<b>ASSETS</b>	
Restricted cash and investments	\$ 7,869,626
Interest receivable	<u>17,006</u>
Total assets	<u>\$ 7,886,632</u>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities	\$ -
Net assets	
Held in trust for pension benefits	<u>7,886,632</u>
Total net assets	<u>7,886,632</u>
Total liabilities and net assets	<u>\$ 7,886,632</u>



CITY OF PRAIRIE VILLAGE, KANSAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2005

**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, 2005

Additions:	
Contributions :	
Plan members	\$ 74,249
Total contributions	<u>74,249</u>
Investment Earnings:	
Interest and dividends on investments	165,875
Net increase/decrease in the fair value of investments	<u>315,650</u>
Total investment earnings	<u>481,525</u>
Total additions	<u>555,774</u>
Deductions:	
Benefits	<u>357,917</u>
Changes in net assets	197,857
Net assets - beginning	<u>7,688,775</u>
Net assets - ending	<u>\$ 7,886,632</u>

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2005
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 2005 assessed valuation is \$1,258,260, representing the incremental increase in property value since 1998. Tax revenue available to the TIF for the year ended December 31, 2005 was \$120,333 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, 2005

**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, 2005, the TIF is complete and has been terminated by City ordinance.

**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	-	1,000,000
Employee benefit liability	1,000	3,000,000
Public official and employment practices	15,000	1,000,000
Law enforcement liability	10,000	1,000,000
Commercial auto	1,000	1,000,000
Crime	1,000	500,000
Umbrella	10,000	10,000,000
Fiduciary	5,000	500,000

**D. Related Party Transaction**

The City has entered into a professional consulting agreement with an engineering firm. A member of the City Council is a partner in this firm. For 2005, the City had remitted \$50,593 for services performed by the engineering firm.

CITY OF PRAIRIE VILLAGE, KANSAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 December 31, 2005

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
2005	8,458,475	N/A*	N/A	N/A	1,964,033	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%
2005	100,238	100%

Notes to Required Schedules

Valuation date	January 1, 2005
Actuarial cost method	Aggregate
Asset valuation method	Five-year average of adjusted market value of the trust fund assets
Remaining amortization period	Approximately 6.5 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, 2005

	Total Nonmajor Special Revenue <u>Funds</u>	Total Nonmajor Debt Service <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 354,948	\$ 52,756	\$ 407,704
Taxes receivable	-	475,024	475,024
Prepaid expenditures	984	-	984
Due from other governments	<u>214,565</u>	<u>-</u>	<u>214,565</u>
Total assets	<u>\$ 570,497</u>	<u>\$ 527,780</u>	<u>\$ 1,098,277</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 197,785	\$ -	\$ 197,785
Accrued payroll	2,643	-	2,643
Due to other funds	214,565	-	214,565
Deferred revenue	<u>-</u>	<u>475,147</u>	<u>475,147</u>
Total liabilities	<u>414,993</u>	<u>475,147</u>	<u>890,140</u>
<b>Fund balance:</b>			
Reserved			
For debt service	-	52,633	52,633
Unreserved			
Undesignated [deficit]	<u>155,504</u>	<u>-</u>	<u>155,504</u>
Total fund balance [deficit]	<u>155,504</u>	<u>52,633</u>	<u>208,137</u>
Total liabilities and fund balances	<u>\$ 570,497</u>	<u>\$ 527,780</u>	<u>\$ 1,098,277</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, 2005

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 120,333	\$ 549,530	\$ 669,863
Intergovernmental	783,019	-	783,019
Charges for services	1,223,462	-	1,223,462
Use of money and property	<u>16,001</u>	<u>6,260</u>	<u>22,261</u>
Total Revenues	<u>2,142,815</u>	<u>555,790</u>	<u>2,698,605</u>
Expenditures			
Current			
Urban management and planning	1,324,198	-	1,324,198
Public safety	65,477	-	65,477
Leisure, recreation	15,000	-	15,000
Debt service			
Principal	-	415,000	415,000
Interest and other charges	-	<u>136,338</u>	<u>136,338</u>
Total Expenditures	<u>1,404,675</u>	<u>551,338</u>	<u>1,956,013</u>
Excess [deficiency] of revenues over [under] expenditures	<u>738,140</u>	<u>4,452</u>	<u>742,592</u>
Other Financing Sources [Uses]			
Transfers [out]	<u>[709,119]</u>	<u>-</u>	<u>[709,119]</u>
Total Other Financing Sources [Uses]	<u>[709,119]</u>	<u>-</u>	<u>[709,119]</u>
Net change in fund balances	29,021	4,452	33,473
Fund balance, beginning	<u>126,483</u>	<u>48,181</u>	<u>174,664</u>
Fund balance, ending	<u>\$ 155,504</u>	<u>\$ 52,633</u>	<u>\$ 208,137</u>

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 December 31, 2005

ASSETS	Solid Waste <u>Management</u>	Special City Street and <u>Highway</u>	TIF <u>Project</u>	Special Parks and <u>Recreation</u>	Special <u>Alcohol</u>	<u>Totals</u>
Cash and investments	\$ 276,484	\$ -	\$ -	\$ 38,498	\$ 39,966	\$ 354,948
Prepaid expenditures	-	-	-	-	984	984
Due from other governments	<u>-</u>	<u>214,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,565</u>
 Total assets	 <u>\$ 276,484</u>	 <u>\$ 214,565</u>	 <u>\$ -</u>	 <u>\$ 38,498</u>	 <u>\$ 40,950</u>	 <u>\$ 570,497</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 197,361	\$ -	\$ -	\$ -	\$ 424	\$ 197,785
Accrued payroll	645	-	-	-	1,998	2,643
Due to other funds	<u>-</u>	<u>214,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,565</u>
 Total liabilities	 <u>198,006</u>	 <u>214,565</u>	 <u>-</u>	 <u>-</u>	 <u>2,422</u>	 <u>414,993</u>
 Fund balances						
Unreserved and undesignated	<u>78,478</u>	<u>-</u>	<u>-</u>	<u>38,498</u>	<u>38,528</u>	<u>155,504</u>
 Total fund balances	 <u>78,478</u>	 <u>-</u>	 <u>-</u>	 <u>38,498</u>	 <u>38,528</u>	 <u>155,504</u>
 Total liabilities and fund balances	 <u>\$ 276,484</u>	 <u>\$ 214,565</u>	 <u>\$ -</u>	 <u>\$ 38,498</u>	 <u>\$ 40,950</u>	 <u>\$ 570,497</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, 2005

	<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	\$ -	\$ -	\$ 120,333	\$ -	\$ -	\$ 120,333
Intergovernmental	-	629,119	-	76,950	76,950	783,019
Charges for services	1,223,462	-	-	-	-	1,223,462
Use of money and property	16,001	-	-	-	-	16,001
Total revenues	<u>1,239,463</u>	<u>629,119</u>	<u>120,333</u>	<u>76,950</u>	<u>76,950</u>	<u>2,142,815</u>
Expenditures						
Current:						
Urban management and planning	1,203,865	-	120,333	-	-	1,324,198
Public safety	-	-	-	-	65,477	65,477
Leisure, recreation	-	-	-	-	15,000	15,000
Total expenditures	<u>1,203,865</u>	<u>-</u>	<u>120,333</u>	<u>-</u>	<u>80,477</u>	<u>1,404,675</u>
Excess [deficiency] of revenues over [under] expenditures	<u>35,598</u>	<u>629,119</u>	<u>-</u>	<u>76,950</u>	<u>[3,527]</u>	<u>738,140</u>
Other financing sources [uses]						
Transfers [out]	-	[629,119]	-	[80,000]	-	[709,119]
Total other financing sources [uses]	<u>-</u>	<u>[629,119]</u>	<u>-</u>	<u>[80,000]</u>	<u>-</u>	<u>[709,119]</u>
Net change in fund balances	35,598	-	-	[3,050]	[3,527]	29,021
Fund balances, beginning	<u>42,880</u>	<u>-</u>	<u>-</u>	<u>41,548</u>	<u>42,055</u>	<u>126,483</u>
Fund balances, ending	<u>\$ 78,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,498</u>	<u>\$ 38,528</u>	<u>\$ 155,504</u>

See independent auditor's report on the financial statements.



CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 SOLID WASTE MANAGEMENT FUND  
 For the Year Ended December 31, 2005

	GAAP	Adjustments	Budgetary	Budgeted Amounts		Variance Positive [Negative]
	Basis Actual		Basis Actual	Original	Final	
<b>Revenues</b>						
Charges for services	\$ 1,223,462	\$ -	\$ 1,223,462	\$ 1,210,708	\$ 1,210,708	\$ 12,754
Use of money and property	16,001	-	16,001	-	-	16,001
<b>Total revenues</b>	<u>1,239,463</u>	<u>-</u>	<u>1,239,463</u>	<u>1,210,708</u>	<u>1,210,708</u>	<u>28,755</u>
<b>Expenditures</b>						
Urban management and planning	1,203,865	-	1,203,865	1,210,708	1,210,708	6,843
<b>Total expenditures</b>	<u>1,203,865</u>	<u>-</u>	<u>1,203,865</u>	<u>1,210,708</u>	<u>1,210,708</u>	<u>6,843</u>
Net change in fund balance	35,598	-	35,598	\$ -	\$ -	\$ 35,598
Fund balance, beginning	<u>42,880</u>	<u>-</u>	<u>42,880</u>			
Fund balance, ending	<u>\$ 78,478</u>	<u>\$ -</u>	<u>\$ 78,478</u>			

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
SPECIAL CITY STREET AND HIGHWAY FUND  
For the Year Ended December 31, 2005

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Revenues						
Intergovernmental	\$ 629,119	\$ -	\$ 629,119	\$ 633,900	\$ 633,900	\$ [4,781]
Total revenues	<u>629,119</u>	<u>-</u>	<u>629,119</u>	<u>633,900</u>	<u>633,900</u>	<u>[4,781]</u>
Expenditures						
Public works	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	<u>629,119</u>	<u>-</u>	<u>629,119</u>	<u>633,900</u>	<u>633,900</u>	<u>[4,781]</u>
Other financing sources [uses]						
Transfers [out]	[629,119]	-	[629,119]	[633,900]	[633,900]	4,781
Total other financing sources [uses]	<u>[629,119]</u>	<u>-</u>	<u>[629,119]</u>	<u>[633,900]</u>	<u>[633,900]</u>	<u>4,781</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 - ACTUAL AND BUDGET  
 TIF PROJECT FUND  
 For the Year Ended December 31, 2005

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Revenues						
Taxes	\$ 120,333	\$ -	\$ 120,333	\$ 100,000	\$ 100,000	\$ 20,333
Total revenues	<u>120,333</u>	<u>-</u>	<u>120,333</u>	<u>100,000</u>	<u>100,000</u>	<u>20,333</u>
Expenditures						
Urban management and planning	120,333	-	120,333	100,000	100,000	[20,333]
Total expenditures	<u>120,333</u>	<u>-</u>	<u>120,333</u>	<u>100,000</u>	<u>100,000</u>	<u>[20,333]</u>
Net change in fund balance	-	-	-	\$ -	\$ -	\$ -
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 - ACTUAL AND BUDGET  
 SPECIAL PARKS AND RECREATION FUND  
 For the Year Ended December 31, 2005

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Revenues						
Intergovernmental	\$ 76,950	\$ -	\$ 76,950	\$ 70,000	\$ 70,000	\$ 6,950
Total revenues	<u>76,950</u>	<u>-</u>	<u>76,950</u>	<u>70,000</u>	<u>70,000</u>	<u>6,950</u>
Expenditures						
Leisure and recreation	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	<u>76,950</u>	<u>-</u>	<u>76,950</u>	<u>70,000</u>	<u>70,000</u>	<u>6,950</u>
Other financing sources [uses]						
Transfers [out]	<u>[80,000]</u>	<u>-</u>	<u>[80,000]</u>	<u>[80,000]</u>	<u>[80,000]</u>	<u>-</u>
Total other financing sources [uses]	<u>[80,000]</u>	<u>-</u>	<u>[80,000]</u>	<u>[80,000]</u>	<u>[80,000]</u>	<u>-</u>
Net change in fund balance	<u>[3,050]</u>	<u>-</u>	<u>[3,050]</u>	<u>\$ [10,000]</u>	<u>\$ [10,000]</u>	<u>\$ 6,950</u>
Fund balance, beginning	<u>41,548</u>	<u>-</u>	<u>41,548</u>			
Fund balance, ending	<u>\$ 38,498</u>	<u>\$ -</u>	<u>\$ 38,498</u>			

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 SPECIAL ALCOHOL FUND  
 For the Year Ended December 31, 2005

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Intergovernmental	\$ 76,950	\$ -	\$ 76,950	\$ 70,000	\$ 70,000	\$ 6,950
Total revenues	<u>76,950</u>	<u>-</u>	<u>76,950</u>	<u>70,000</u>	<u>70,000</u>	<u>6,950</u>
Expenditures						
Public safety	65,477	-	65,477	65,546	65,546	69
Leisure, recreation	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total expenditures	<u>80,477</u>	<u>-</u>	<u>80,477</u>	<u>80,546</u>	<u>80,546</u>	<u>69</u>
Net change in fund balance	[3,527]	-	[3,527]	\$ [10,546]	\$ [10,546]	\$ 7,019
Fund balance, beginning	<u>42,055</u>	<u>-</u>	<u>42,055</u>			
Fund balance, ending	<u>\$ 38,528</u>	<u>\$ -</u>	<u>\$ 38,528</u>			

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 DEBT SERVICE FUND  
 For the Year Ended December 31, 2005

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 549,530	\$ -	\$ 549,530	\$ 555,200	\$ 555,200	\$ [5,670]
Use of money and property	6,260	-	6,260	1,930	1,930	4,330
Total revenues	<u>555,790</u>	<u>-</u>	<u>555,790</u>	<u>557,130</u>	<u>557,130</u>	<u>[1,340]</u>
Expenditures						
Debt service						
Principal	415,000	-	415,000	415,000	415,000	-
Interest and other charges	136,338	-	136,338	136,338	136,338	-
Total expenditures	<u>551,338</u>	<u>-</u>	<u>551,338</u>	<u>551,338</u>	<u>551,338</u>	<u>-</u>
Net change in fund balance	4,452	-	4,452	<u>\$ 5,792</u>	<u>\$ 5,792</u>	<u>\$ [1,340]</u>
Fund balance, beginning	<u>48,181</u>	<u>-</u>	<u>48,181</u>			
Fund balance, ending	<u>\$ 52,633</u>	<u>\$ -</u>	<u>\$ 52,633</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, 2005

ASSETS	Supplemental Retirement Fund	Revised Prairie Village Police Pension Fund	Total
Restricted cash and investments	\$ 2,233,536	\$ 7,869,626	\$ 10,103,162
Interest receivable	601	17,006	17,607
Total assets	\$ 2,234,137	\$ 7,886,632	\$ 10,120,769
 LIABILITIES AND NET ASSETS			
Liabilities			
Net assets			
Held in trust for pension benefits	\$ 2,234,137	\$ 7,886,632	\$ 10,120,769
Total net assets	2,234,137	7,886,632	10,120,769
Total liabilities and net assets	\$ 2,234,137	\$ 7,886,632	\$ 10,120,769

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, 2005

	Supplemental Retirement Fund	Revised Prairie Village Police Pension Fund	Total
Additions:			
Contributions :			
Employer	\$ 106,132	\$ -	\$ 106,132
Plan members	-	74,249	74,249
Total contributions	<u>106,132</u>	<u>74,249</u>	<u>180,381</u>
Investment Earnings:			
Interest and dividends on investments	9,500	165,737	175,237
Non-cash asset changes	[3,127]	229,942	226,815
Net increase/decrease in the fair value of investments	<u>112,319</u>	<u>85,708</u>	<u>198,027</u>
Total investment earnings	<u>118,692</u>	<u>481,387</u>	<u>600,079</u>
Total additions	<u>224,824</u>	<u>555,636</u>	<u>780,460</u>
Deductions:			
Benefits	<u>10,112</u>	<u>357,917</u>	<u>368,029</u>
Changes in net assets	<u>214,712</u>	<u>197,719</u>	<u>412,431</u>
Net assets - beginning	2,019,425	7,688,775	9,708,200
Prior period adjustment	<u>-</u>	<u>138</u>	<u>138</u>
Net assets - beginning, restated	<u>2,019,425</u>	<u>7,688,913</u>	<u>9,708,338</u>
Net assets - ending	<u>\$ 2,234,137</u>	<u>\$ 7,886,632</u>	<u>\$ 10,120,769</u>

See independent auditor's report on the financial statements.

This page intentionally left blank.

CITY OF PRAIRIE VILLAGE, KANSAS

GOVERNMENT-WIDE EXPENSES BY FUNCTION  
 LAST TEN YEARS  
 December 31, 2005  
 (Unaudited)

<u>Year Ended December 31,</u>	<u>Urban Management and Planning</u>	<u>Public Works</u>	<u>Public Safety</u>	<u>Municipal Justice</u>	<u>Leisure and Recreation</u>	<u>Interest on Long-term Debt</u>	<u>Totals</u>
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
2005	2,929,560	6,174,532	4,606,977	280,708	787,935	130,238	14,909,950

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, 2005  
 (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	
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
2005	3,939,819	71,318	544,352	11,646,520	935,916	309,886	63,695	17,511,506

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, 2005  
 (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>
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
2005	2,897,745	3,194,551	4,720,791	279,083	658,556	3,891,276	551,338	16,193,340

(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, 2005  
 (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>
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
2005	11,639,349	384,820	1,475,639	2,551,749	820,766	426,946	312,631	63,249	17,675,149

(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, 2005  
 (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>
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
2005	4,142,158	5,298,202	1,629,419	569,570	11,639,349

(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, 2005  
 (Unaudited)

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Taxes Collected</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Total Levy</u>
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%
2005	4,170,531	4,101,195	98.34%	40,963	4,142,158	99.3%	423,482	10.22%



CITY OF PRAIRIE VILLAGE

ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY (1)  
LAST TEN YEARS  
December 31, 2005  
(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			
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%
2005	259,785,677	2,188,001,305	10,021,010	32,061,045	269,806,687	2,220,062,350	12.15%

(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% 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, 2005  
 (Unaudited)

Year Ended December 31,	State	City	County	School District	Johnson County Community College	Consolidated Fire District	Unified Waste Water	Johnson County Library	Johnson County Parks and Recreation
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
2005	1.5	15.720	17.9220	49.7480	8.960	9.405	0.000	2.955	2.286

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

CITY OF PRAIRIE VILLAGE, KANSAS

PRINCIPAL TAXPAYERS

December 31, 2005

(Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Highwoods Realty Limited	Real Estate	\$ 16,504,193	6.12%
SM Properties, L.P.	Real Estate	3,148,426	1.17%
Kansas City Power & Light	Utility	2,783,041	1.03%
Kenilworth L.L.C.	Real Estate	1,960,486	0.73%
May Department Stores	Real Estate	1,499,025	0.56%
CNL Retirement	Adult living facility	1,407,968	0.52%
Prairie Village Office Center	Real Estate	1,012,501	0.38%
Melody W. Sutherland	Real Estate	985,675	0.37%
Meadowbrook Center, L.L.C.	Real Estate	961,776	0.36%
Southwestern Bell Telephone	Utility	916,960	0.34%
Cornith Paddock, L.L.C.	Real Estate	<u>915,228</u>	<u>0.34%</u>
Total		<u>\$ 32,095,279</u>	<u>11.90%</u>

CITY OF PRAIRIE VILLAGE, KANSAS  
COMPUTATION OF LEGAL DEBT MARGIN  
December 31, 2005  
(Unaudited)

Total assessed value	\$ 269,806,687
Debt limitation percentage in accordance with K.S.A. 10-308	<u>        x 30%</u>
2005 debt limitation	80,942,006
Bond indebtedness	<u>        2,570,000</u>
Legal debt margin	<u>\$ 78,372,006</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, 2005  
(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>
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
2005	21887	269,806,687	2,570,000	52,633	2,517,367	0.93%	115.02

(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, 2005  
(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>
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%
2005	415,000	136,338	551,338	16,193,340	3.40%

(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, 2005  
 (Unaudited)

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Prairie Village</u>	<u>Amount Applicable to City of Prairie Village</u>
Direct debt:			
City of Prairie Village, Kansas	<u>\$ 2,570,000</u>	100.00%	\$ 2,570,000
Overlapping debt: (1)			
Johnson County	174,535,000	3.81%	6,649,784
Shawnee Mission School (U.S.D. 512)	224,580,000	9.20%	20,661,360
Fire District #2	1,930,000	38.86%	749,998
Johnson County Community College	13,270,000	3.81%	505,587
Johnson County Parks and Recreation	<u>5,240,000</u>	3.81%	<u>199,644</u>
Total overlapping debt	<u>419,555,000</u>		<u>28,766,373</u>
Total direct and overlapping debt	<u>\$ 422,125,000</u>		<u>\$ 31,336,373</u>

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

CITY OF PRAIRIE VILLAGE, KANSAS

DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
December 31, 2005  
(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>
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%
2005	21,887	6,145	4.5%

(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, 2005

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)		
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	2,072,880	715,413
2005	58	7,595,804	912	12,693,105	2,188,001	708,063

(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, 2005

(Unaudited)

Date of incorporation	1951
Form of government	Council/Mayor with City Administrator
Full-time City employees	109
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	61
Education:	
Number of private schools	4
Number of elementary school	5
Number of junior high schools	2
Number of senior high schools	1