

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF PRAIRIE VILLAGE, KANSAS

**Year Ended
December 31, 2006**

Prepared by the Finance and Administration Department

CITY OF PRAIRIE VILLAGE, KANSAS

Comprehensive Annual Financial Report
Year ended December 31, 2006

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May 15, 2007

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, 2006. 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.

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. The City Council is currently finalizing the "Village Vision" document which will guide them in strategic planning efforts to insure the viability of this community for the future.

Major Initiatives

As a part of the preparation for the 2006 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 2006 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, 2005. This was the twentieth 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.

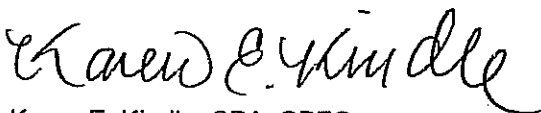
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2006. This is the eighteenth 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.

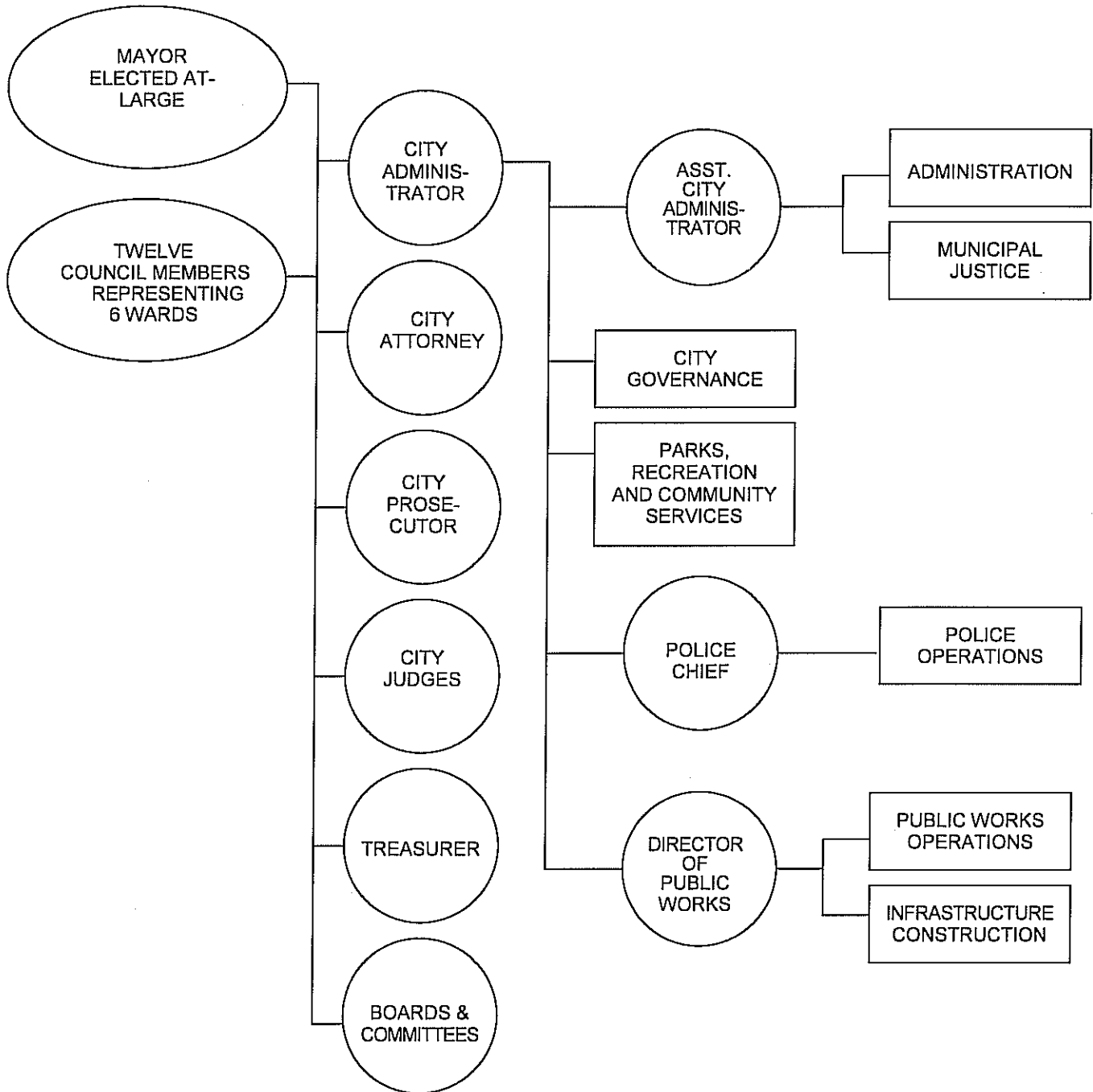
Respectfully submitted,



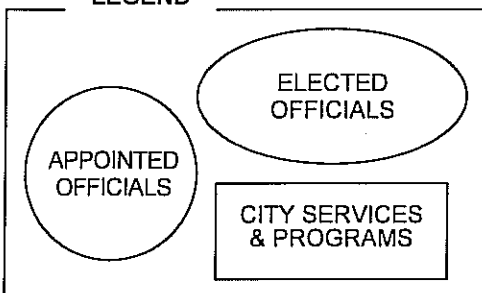
Karen E. Kindle, CPA, CPFO
Finance Director

CITY OF PRAIRIE VILLAGE, KANSAS

ORGANIZATIONAL OVERVIEW



LEGEND



CITY OF PRAIRIE VILLAGE, KANSAS

PRINCIPAL OFFICIALS - 2006

Elected Officials

Mayor	Ronald L. Shaffer
Council Member - Ward 1	Al Herrera
Council Member - Ward 1	Bill Griffith
Council Member - Ward 2	David Voysey
Council Member - Ward 2	Ruth Hopkins
Council Member - Ward 3	Michael Kelly
Council Member - Ward 3	Andrew Wang
Council Member - Ward 4	Laura Wassmer
Council Member - Ward 4	Pat Daniels
Council Member - Ward 5	Wayne Vennard
Council Member - Ward 5	Charles Clark
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	M. Bradley Watson
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, 2005

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.



President

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

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INDEPENDENT AUDITOR'S REPORT

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, 2006, 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 opinions.

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, 2006, and the respective changes in financial position 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 conducted 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, are 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 on them.

Lowenthal, Singleton, Webb & Wilson

Professional Association
May 15, 2007

CITY OF PRAIRIE VILLAGE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2006
(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, 2006. It should be read in conjunction with the letter of transmittal on page i and the City's financial statements, which begin on page 7.

Financial Highlights

- As a result of the fiscal year's activity, the City's net assets increased by over \$7.9 million, the majority of which is due to the retroactive capitalization of the drainage channels and sidewalk infrastructure networks.
- The City continued receiving its legally-required share of the Johnson County ¼ cent sales tax benefiting school districts in the County, which totaled \$395,000

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.

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, 2006
 (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>2005</u>	<u>2006</u>	Percentage <u>Change</u>
Current and other assets	\$ 16,740,495	\$ 19,741,791	17.93%
Capital assets	<u>48,766,856</u>	<u>54,367,309</u>	11.48%
Total assets	<u>\$ 65,507,351</u>	<u>\$ 74,109,100</u>	13.13%
Long-term liabilities	\$ 2,135,000	\$ 1,680,000	-21.31%
Other liabilities	<u>7,180,482</u>	<u>8,303,988</u>	15.65%
Total liabilities	<u>9,315,482</u>	<u>9,983,988</u>	7.18%
Net assets:			
Invested in capital assets, net of related debt	46,196,856	52,232,309	13.06%
Restricted	168,564	230,513	36.75%
Unrestricted	<u>9,826,449</u>	<u>11,662,290</u>	18.68%
Total net assets	<u>56,191,869</u>	<u>64,125,112</u>	14.12%
Total liabilities & net assets	<u>\$ 65,507,351</u>	<u>\$ 74,109,100</u>	13.13%

The City's combined net assets increased by \$7.9 million or 14.12% from 2005 to 2006. The majority of that increase was due to the retroactive capitalization of the drainage channel and sidewalk infrastructure networks and the City's continued accumulation of the revenue received from the school sales tax. At the end of 2006, school sales tax revenue accumulated in the General Fund totaled \$1,538,568.

CITY OF PRAIRIE VILLAGE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2006
(Unaudited)

Statement of Activities. The table below shows the condensed revenues, expenses and changes in net assets for 2005 and 2006.

	<u>2005</u>	<u>2006</u>	<u>Percentage Change</u>
REVENUES			
Program revenues:			
Fines, fees and charges for services	\$ 3,939,819	\$ 4,305,843	9.29%
Operating grants and contributions	71,318	3,197	-95.52%
Capital grants and contributions	544,352	517,484	-4.94%
General revenues:			
Property taxes	4,149,331	4,217,789	1.65%
Sales and use taxes	5,298,202	5,301,867	0.07%
Other taxes	2,198,987	2,186,691	-0.56%
Other revenues	1,309,497	1,647,981	25.85%
Total revenues	<u>17,511,506</u>	<u>18,180,852</u>	3.82%
EXPENSES			
Urban management and planning	2,929,560	2,843,021	-2.95%
Public works and environmental improvements	6,174,532	8,807,244	42.64%
Public safety	4,606,977	4,919,202	6.78%
Municipal justice	280,708	343,226	22.27%
Leisure, recreation and education	787,935	824,394	4.63%
Interest on long-term debt	130,238	112,434	-13.67%
Total expenses	<u>14,909,950</u>	<u>17,849,521</u>	19.72%
Increase/(decrease) in net assets	2,601,556	331,331	-87.26%
Retroactive addition of infrastructure assets	-	7,601,913	
Prior Period Adjustment	[31,313]	-	
Net assets, January 1	<u>53,621,626</u>	<u>56,191,869</u>	
Net assets, December 31	<u>\$ 56,191,869</u>	<u>\$ 64,125,113</u>	14.12%

Overall, total revenues only increased by 3.82%, demonstrating the City's stable revenue base. Tax source revenues (property, sales/use and franchise) account for 64.39% of total revenues in 2006 compared with 66.52% in 2005.

The most significant change in City revenues was the decrease 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. Other revenues experienced a 25.85% increase due to higher interest rates received on City investments in 2006.

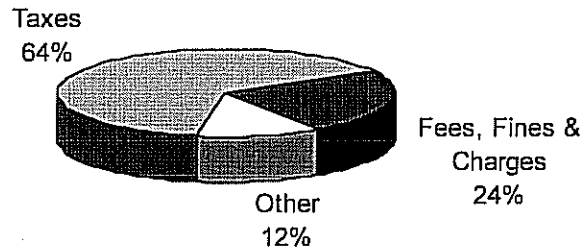
Total expenses for 2006 were higher when compared with 2005, increasing 19.72%. Public Works expenses increased from 2005 as a result of additional street maintenance expenses. Municipal Justice expenses increased in 2006 due to the conversion of one part-time position to full-time in to handle an increase in case load from the addition of the Traffic Unit in the Police Department. This was the first full year for those expenses. In addition, the Municipal Court incurred additional legal fees due an increase in the number of appeal cases. Interest on long-term debt expenses continue to decrease as the amount of debt outstanding decreases each year. The City has not issued bonds since 2000.

CITY OF PRAIRIE VILLAGE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2006
(Unaudited)

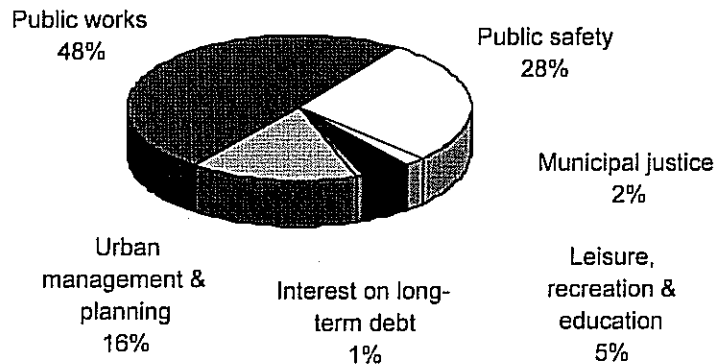
As illustrated by the following graphs, 64% of the City's revenues are tax-related. Another 24% are directly related to the City's solid waste management assessments and public safety agreement with the City of Mission Hills.

Sources of Revenue - 2006



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 - 2006



The net cost of each program is an important indicator of the financial burden placed on revenues, primarily tax sources. As shown below, \$13 million of the cost of services was paid by the City's tax payers.

	Total Cost of Services			Net Cost of Services		
	2005	2006	% Chg	2005	2006	% Chg
Governmental						
Urban management and planning	\$ 2,929,560	\$ 2,843,021	-3.0%	\$ 1,347,307	\$ 1,251,204	-7.1%
Public works	6,174,532	8,807,244	42.6%	5,576,672	8,217,252	47.4%
Public safety	4,606,977	4,919,202	6.8%	2,705,463	2,776,085	2.6%
Municipal Justice	280,708	343,226	22.3%	233,792	277,669	18.8%
Leisure, recreation and education	787,935	824,395	4.6%	360,989	388,354	7.6%
Interest on long-term debt	130,238	112,434	-13.7%	130,238	112,434	-13.7%
Total governmental activities	\$ 14,909,950	\$ 17,849,522	19.7%	\$ 10,354,461	\$ 13,022,998	25.8%

CITY OF PRAIRIE VILLAGE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2006
(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. Fund balance grew in the General Fund as a result of continuing to accumulate the school sales tax revenue. In addition, the City only spent approximately 97% of its budgeted expenditures.

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 2006 with an ending fund balance of \$2.9 million which remains in the fund for unfinished or future capital improvement projects. There were three large projects still in process at the end of 2006.

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, 2006 was \$54.4 million. Capital assets increased 11.48% from 2005.

NETWORK	<u>2005</u>	<u>2006</u>	<u>% Chg</u>
Land	\$ 13,861,866	\$ 13,861,866	0.00%
Buildings	4,224,494	4,127,320	-2.30%
Improvements other than buildings	655,109	1,002,200	52.98%
Furniture and equipment	1,079,264	1,065,841	-1.24%
Infrastructure	24,370,070	32,112,410	31.77%
Construction in progress	<u>4,576,053</u>	<u>2,197,672</u>	-51.97%
Total	<u>\$ 48,766,856</u>	<u>\$ 54,367,309</u>	11.48%

Improvements other than buildings changed significantly from 2005 due to the completion of several park improvement projects. In 2005, some of these projects were included in Construction in Progress. Infrastructure increased primarily due to the retroactive capitalization of the City's sidewalk and drainage channel networks which were acquired prior to January 1, 2003. Construction in progress decreased as a result of several projects open at the end of 2005 being completed during 2006.

Additional information regarding the City's capital assets can be found in Note I, Item C, Section 5, as well as Note IV, Item C.

Long-term debt activity. As of December 31, 2006, the City had \$2,135,000 of outstanding general obligation bonds. Of the balance outstanding, 79% or \$1,705,000 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, 2006

Assets	
Current assets:	
Cash and investments	\$ 10,874,204
Tax receivable (net of uncollectibles)	4,486,338
Special assessments receivable (net of uncollectibles)	1,238,377
Interest receivable	239,300
Other receivable	1,380,909
Due from other governments	1,361,803
Prepaid expenses	91,731
Restricted cash and investments	<u>69,129</u>
Total current assets	<u>19,741,791</u>
Capital assets:	
Capital assets not being depreciated:	
Land	13,861,866
Construction in progress	<u>2,197,672</u>
Total capital assets not being depreciated	<u>16,059,538</u>
Capital assets being depreciated	125,552,318
Less: accumulated depreciation	<u>87,244,547</u>
Total capital assets being depreciated, net	<u>38,307,771</u>
Total capital assets, net	<u>54,367,309</u>
Total assets	<u>\$ 74,109,100</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 762,473
Accrued payroll	208,885
Payable from restricted assets	63,654
Unearned revenue	6,561,771
Accrued interests on long-term debt	33,288
Current portion of compensated absences	218,917
Current portion of general obligation bonds	<u>455,000</u>
Total current liabilities	<u>8,303,988</u>
Noncurrent liabilities:	
General obligations bonds payable	<u>1,680,000</u>
Total noncurrent liabilities	<u>1,680,000</u>
Total liabilities	<u>\$ 9,983,988</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 52,232,309
Restricted	
Debt service	15,023
Solid waste management	144,861
Parks and recreation	40,061
Special alcohol	30,568
Unrestricted	<u>11,662,290</u>
Total net assets	<u>\$ 64,125,112</u>

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

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

	Expenses	Program Revenues			Net [expense] Revenue and Changes in Net Assets-Govt Activities
		Fees, fines, and charges for services	Operating grants and contributions	Capital grants and contribution	
Governmental activities:					
Urban management and planning	\$ 2,843,021	\$ 1,591,817	\$ -	\$ -	\$ [1,251,204]
Public works	8,807,244	72,508	-	517,484	[8,217,252]
Public safety	4,919,202	2,139,920	3,197	-	[2,776,085]
Municipal justice	343,226	65,557	-	-	[277,669]
Leisure and recreation	824,395	436,041	-	-	[388,354]
Interest on long-term debt	112,434	-	-	-	[112,434]
Total governmental activities	\$ 17,849,522	\$ 4,305,843	\$ 3,197	\$ 517,484	[13,022,998]

General Revenues:

Property taxes levied for	
General purposes	3,744,953
Debt service	472,836
Sales and use tax	5,301,867
Motor vehicle tax	556,985
Franchise tax	1,629,706
Grants and contributions not restricted to specific programs	957,868
Investment earnings	579,452
Miscellaneous	110,661
Total general revenues	13,354,328
Change in net assets	331,330
Net assets - beginning	56,191,869
Prior period adjustment	7,601,913
Net assets - beginning, restated	63,793,782
Net assets - ending	\$ 64,125,112

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

CITY OF PRAIRIE VILLAGE, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 8,071,864	\$ 2,437,230	\$ 365,110	\$ 10,874,204
Receivables				
Taxes	4,018,991	-	467,347	4,486,338
Special assessments	-	-	1,238,377	1,238,377
Interest	239,300	-	-	239,300
Miscellaneous	1,380,909	-	-	1,380,909
Due from other governments	8,761	1,136,544	216,499	1,361,804
Due from other fund	-	198,928	-	198,928
Prepaid expenditures	91,475	-	256	91,731
Restricted assets	69,129	-	-	69,129
Total assets	<u>\$ 13,880,429</u>	<u>\$ 3,772,702</u>	<u>\$ 2,287,589</u>	<u>\$ 19,940,720</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 343,173	\$ 65,758	\$ 98,699	\$ 507,630
Accrued payroll	206,140	-	2,744	208,884
Due to other funds	-	-	198,928	198,928
Payable from restricted assets	63,654	-	-	63,654
Deferred revenue	4,199,211	831,514	1,705,847	6,736,572
Total liabilities	<u>4,812,178</u>	<u>897,272</u>	<u>2,006,218</u>	<u>7,715,668</u>
Fund balance:				
Reserved for encumbrances	106,738	896,874	-	1,003,612
Unreserved				
Undesignated, reported in:				
General fund	8,961,513	-	-	8,961,513
Special revenue funds	-	-	233,061	233,061
Debt service fund	-	-	48,310	48,310
Capital projects fund	-	1,978,556	-	1,978,556
Total fund balance	<u>9,068,251</u>	<u>2,875,430</u>	<u>281,371</u>	<u>12,225,052</u>
Total liabilities and fund balances	<u>\$ 13,880,429</u>	<u>\$ 3,772,702</u>	<u>\$ 2,287,589</u>	<u>\$ 19,940,720</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, 2006

Total Governmental Fund Balances \$ 12,225,052

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	2,197,672	
Infrastructure	114,331,835	
Buildings and improvements	7,513,208	
Vehicles and equipment	<u>3,707,275</u>	
	141,611,856	
Accumulated depreciation	<u>87,244,547</u>	54,367,309

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	2,135,000	
Interest payable	<u>33,288</u>	[2,168,288]

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		[254,844]
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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		[218,917]
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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		<u>174,800</u>
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Net Assets of Governmental Activities \$ 64,125,112

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 11,169,133	\$ -	\$ 540,016	\$ 11,709,149
Intergovernmental	84,760	517,484	785,697	1,387,941
Licenses and permits	390,233	-	-	390,233
Charges for services	1,446,764	-	1,231,671	2,678,435
Fines and forfeitures	1,047,023	-	-	1,047,023
Recreational fees	436,041	-	-	436,041
Use of money and property	532,957	-	46,495	579,452
Other	110,186	-	475	110,661
Total revenues	<u>15,217,097</u>	<u>517,484</u>	<u>2,604,354</u>	<u>18,338,935</u>
Expenditures				
Current:				
Urban management and planning	1,598,729	-	1,202,402	2,801,131
Public works	3,721,868	-	-	3,721,868
Public safety	4,871,934	-	74,998	4,946,932
Municipal justice	333,271	-	-	333,271
Leisure and recreation	698,470	-	15,000	713,470
Capital outlay	-	3,320,269	-	3,320,269
Debt service:				
Principal	-	-	435,000	435,000
Interest and other charges	-	-	118,720	118,720
Total expenditures	<u>11,224,272</u>	<u>3,320,269</u>	<u>1,846,120</u>	<u>16,390,661</u>
Excess [deficiency] of revenues over [under] expenditures	<u>3,992,825</u>	<u>[2,802,785]</u>	<u>758,234</u>	<u>1,948,274</u>
Other financing sources [uses]				
Transfers in	-	4,230,400	-	4,230,400
Transfers [out]	[3,545,400]	-	[685,000]	[4,230,400]
Total other financing sources [uses]	<u>[3,545,400]</u>	<u>4,230,400</u>	<u>[685,000]</u>	<u>-</u>
Net change in fund balances	447,425	1,427,615	73,234	1,948,274
Fund balances, beginning	<u>8,620,826</u>	<u>1,447,815</u>	<u>208,137</u>	<u>10,276,778</u>
Fund balances, ending	<u>\$ 9,068,251</u>	<u>\$ 2,875,430</u>	<u>\$ 281,371</u>	<u>\$ 12,225,052</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, 2006

Total Net Change In Fund Balances - Governmental Funds		\$ 1,948,274
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	2,280,748	
Depreciation expense	<u>[4,287,232]</u>	[2,006,484]
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.		
		6,286
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.		
		[12,860]
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		[2,803]
Some expenses will utilize future financial resources and are not considered expenditures in governmental funds.		
		[36,083]
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.		
		<u>435,000</u>
Changes In Net Assets of Governmental Activities		<u>\$ 331,330</u>

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 BALANCE - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2006

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Revenues						
Taxes	\$11,169,133	\$ -	\$11,169,133	\$ 9,505,743	\$ 9,505,743	\$ 1,663,390
Intergovernmental	84,760	-	84,760	700,000	700,000	[615,240]
Licenses and permits	390,233	-	390,233	355,000	355,000	35,233
Charges for services	1,446,764	-	1,446,764	797,600	797,600	649,164
Fines and forfeitures	1,047,023	-	1,047,023	1,172,600	1,172,600	[125,577]
Recreation fees	436,041	-	436,041	426,640	426,640	9,401
Interest	532,957	-	532,957	350,000	350,000	182,957
Other	110,186	-	110,186	141,000	141,000	[30,814]
Total revenues	15,217,097	-	15,217,097	13,448,583	13,448,583	1,768,514
Expenditures						
Urban management and planning						
City Governance						
Mayor and council	85,946	[650]	85,296	113,700	114,200	28,904
Management and planning	431,763	[21,942]	409,821	1,254,040	1,053,100	643,279
Administrative Services						
Human resources	99,163	[25,460]	73,703	124,849	124,849	51,146
Administrative services	152,822	[3,000]	149,822	157,971	182,271	32,449
Financial management	182,104	1,239	183,343	186,531	186,531	3,188
Codes administration	308,502	-	308,502	321,126	321,126	12,624
City clerk	338,429	-	338,429	381,532	381,532	43,103
	<u>1,598,729</u>	<u>[49,813]</u>	<u>1,548,916</u>	<u>2,539,749</u>	<u>2,363,609</u>	<u>814,693</u>
Public works and improvements						
Administration	741,088	[15,738]	725,350	824,611	824,611	99,261
Vehicle and equipment maintenance	353,898	-	353,898	356,526	360,526	6,628
Streets and drain	1,761,317	4,068	1,765,385	1,726,730	1,722,730	[42,655]
Buildings and grounds	865,565	[43,908]	821,657	837,345	837,345	15,688
	<u>3,721,868</u>	<u>[55,578]</u>	<u>3,666,290</u>	<u>3,745,212</u>	<u>3,745,212</u>	<u>78,922</u>
Public safety						
Administration	579,492	[43,152]	536,340	523,407	523,407	[12,933]
Staff services	861,006	-	861,006	862,076	920,017	59,011
Community services	142,662	[24,998]	117,664	167,878	167,878	50,214
Community policing	77,658	-	77,658	61,940	61,940	[15,718]
Patrol	2,245,063	-	2,245,063	2,288,730	2,288,730	43,667
Investigations	414,282	-	414,282	441,989	441,989	27,707
Special investigations	146,065	-	146,065	148,829	148,829	2,764
DARE	2,759	-	2,759	4,000	4,000	1,241
Professional standards	145,297	-	145,297	133,905	133,905	[11,392]
Off duty contractual	51,204	-	51,204	49,143	49,143	[2,061]
Traffic	206,446	[35]	206,411	218,521	218,521	12,110
	<u>4,871,934</u>	<u>[68,185]</u>	<u>4,803,749</u>	<u>4,900,418</u>	<u>4,958,359</u>	<u>154,610</u>
Municipal justice						
Judicial	23,056	-	23,056	24,346	24,346	1,290
Prosecutor	41,147	-	41,147	43,440	43,440	2,293
Court clerks	269,068	25	269,093	309,598	309,598	40,505
	<u>333,271</u>	<u>25</u>	<u>333,296</u>	<u>377,384</u>	<u>377,384</u>	<u>44,088</u>
Leisure and recreation						
Community programs	144,126	[75]	144,051	185,335	168,035	23,984
Swimming pool	482,349	[21,175]	461,174	523,219	523,219	62,045
Swimming pool food service	49,893	-	49,893	60,847	60,847	10,954
Tennis	22,102	-	22,102	26,704	26,703	4,601
	<u>698,470</u>	<u>[21,250]</u>	<u>677,220</u>	<u>796,105</u>	<u>778,804</u>	<u>101,584</u>
Total expenditures	11,224,272	[194,801]	11,029,471	12,358,868	12,223,368	1,193,897
Excess [deficiency] of revenues over [under] expenditures	3,992,825	194,801	4,187,626	1,089,715	1,225,215	2,962,411
Other financing sources [uses]						
Transfers [out]	[3,545,400]	-	[3,545,400]	[3,409,900]	[3,545,400]	-
Total other financing sources [uses]	[3,545,400]	-	[3,545,400]	[3,409,900]	[3,545,400]	-
Net change in fund balance	447,425	194,801	642,226	\$ [2,320,185]	\$ [2,320,185]	\$ 2,962,411
Fund balance, beginning	8,620,826	[301,539]	8,319,287			
Fund balance, ending	\$ 9,068,251	\$ [106,738]	\$ 8,961,513			

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, 2006

	<u>Pension Trust Funds</u>
Assets	
Restricted cash	\$ <u>406,932</u>
Restricted investments, at fair value	
Common stock	5,404,892
Pooled equity funds	2,545,305
Fixed income	<u>2,616,225</u>
Total restricted investments	<u>10,566,422</u>
Interest receivable	<u>33,244</u>
Total Assets	<u>\$ 11,006,598</u>
Liabilities	
Net assets	
Held in trust for pension benefits	<u>\$ 11,006,598</u>
Total net assets	<u>11,006,598</u>
Total liabilities and net assets	<u>\$ 11,006,598</u>

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

CITY OF PRAIRIE VILLAGE, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31, 2006

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 322,342
Plan members	88,552
Total contributions	<u>410,894</u>
Investment Earnings:	
Interest and dividends on investments	229,007
Non-cash asset changes	660,713
Net increase/decrease in the fair value of investments	<u>[3,424]</u>
Total investment earnings	<u>886,296</u>
Total additions	<u>1,297,190</u>
Deductions:	
Benefits	<u>411,361</u>
Changes in net assets	885,829
Net assets - beginning	<u>10,120,769</u>
Net assets - ending	<u>\$ 11,006,598</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, 2006

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 unearned 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, 2006

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, 2006

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, 2006 for 2007 of \$4,486,338, which have been recorded as deferred revenue.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. 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.

5. 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.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

Retroactive reporting of the City's major infrastructure assets extends to all assets. 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, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. 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, 2006, will be due within one year. The General, Solid Waste Management and the Special Alcohol Fund are used to liquidate the compensated absence liability.

7. 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.

8. 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 \$15,023 for debt service, \$144,861 for solid waste, \$40,061 for parks and recreation, and \$30,568 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."

9. Use of Estimates

The preparation of the basic financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of 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, 2006

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 2006 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 Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Project</u>		
GAAP FUND BALANCE				
December 31, 2006	<u>\$ 9,068,251</u>	<u>\$ 2,875,430</u>	<u>\$ 281,371</u>	<u>\$ 12,225,052</u>
Adjustments:				
Unreserved fund balances not subject to the Kansas Budget Law:				
Capital Project Fund	-	[2,875,430]	-	[2,875,430]
Reserve for encumbrances	[106,738]	-	-	[106,738]
Total deductions	<u>[106,738]</u>	<u>[2,875,430]</u>	<u>-</u>	<u>[2,982,168]</u>
BUDGETARY FUND BALANCE				
December 31, 2006	<u>\$ 8,961,513</u>	<u>\$ -</u>	<u>\$ 281,371</u>	<u>\$ 9,242,884</u>

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2006

III. RESTATEMENT OF NET ASSETS

The retroactive reporting of the drainage channels and sidewalk infrastructure assets had the following effect on the beginning net assets.

	Governmental <u>Activities</u>
Net Assets December 31, 2005	\$ 56,191,869
Prior period adjustment	<u>7,601,913</u>
Net Assets December 31, 2005, restated	<u>\$ 63,793,782</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 or adjoining 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, 2006, the City has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Maturity</u>		
			<u>Less Than 5 Years</u>	<u>5 - 10 Years</u>	<u>10 - 15 Years</u>
Kansas Municipal Investment Pool	\$ 5,903,786	S&P AAf/S1+	\$ 5,903,786	\$ -	\$ -
FHLB	939,595	AAA	595,516	344,079	-
FHLMC	547,416	AAA	150,773	396,643	-
FNMA	300,860	AAA	300,860	-	-
GNMA	826,178	n/a	-	-	826,178
SBA	<u>2,177</u>	n/a	2,177	-	-
Total	<u>\$ 8,520,012</u>				

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2006

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

At December 31, 2006, the City had invested \$5,903,786 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the US government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares.

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.

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. By City policy, investments should be rated A or higher. Corporate debt securities should be of investment grade or better and only domestic fixed income securities are allowed. No more than 10% of the market value of the fixed income portion of the portfolio can be invested in any obligation of a single issuer, except for the U.S. Government and its agencies. In regard to interest rate risk, the portfolio duration will not vary from the duration of the benchmark (Lehman Brothers Intermediate Government/Corporate fixed Income Index) by plus or minus 20%.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2006

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables and Payables

Receivables as of December 31, 2006 for the City's major and nonmajor funds are as follows:

	<u>General</u>	<u>Capital Project</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Taxes	\$ 4,028,824	\$ -	\$ 468,607	\$ 4,497,431
Special assessments	-	-	1,238,377	1,238,377
Intergovernmental	8,761	1,136,543	216,499	1,361,803
Interest	239,300	-	-	239,300
Other	<u>1,380,909</u>	<u>-</u>	<u>-</u>	<u>1,380,909</u>
Gross receivables	5,657,794	1,136,543	1,923,483	8,717,820
Less allowance for uncollectibles	<u>[9,833]</u>	<u>-</u>	<u>[1,260]</u>	<u>[11,093]</u>
Net receivables	<u>\$ 5,647,961</u>	<u>\$ 1,136,543</u>	<u>\$ 1,922,223</u>	<u>\$ 8,706,727</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:

2007 property taxes	\$ 4,024,411	\$ -	\$ 467,470	\$ 4,491,881
Special assessments	-	-	1,238,377	1,238,377
Intergovernmental receivables	-	831,514	-	831,514
Franchise fee (unavailable)	<u>174,800</u>	<u>-</u>	<u>-</u>	<u>174,800</u>
Total deferred revenue	<u>\$ 4,199,211</u>	<u>\$ 831,514</u>	<u>\$ 1,705,847</u>	<u>\$ 6,736,572</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, 2006

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Restatements</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,861,866	\$ -	\$ -	\$ 13,861,866
Construction in progress	4,576,053	3,320,268	5,698,649	2,197,672
Total	<u>18,437,919</u>	<u>3,320,268</u>	<u>5,698,649</u>	<u>16,059,538</u>
Capital assets being depreciated:				
Buildings	6,196,246	59,453	-	6,255,699
Improvements other than buildings	888,951	368,558	-	1,257,509
Furniture and equipment	3,529,792	414,690	237,207	3,707,275
Infrastructure	94,220,671	26,722,292	6,611,128	114,331,835
Total	<u>104,835,660</u>	<u>27,564,993</u>	<u>6,848,335</u>	<u>125,552,318</u>
Less accumulated depreciation for:				
Buildings	1,971,752	156,627	-	2,128,379
Improvements other than buildings	233,842	21,467	-	255,309
Furniture and equipment	2,450,528	427,120	236,214	2,641,434
Infrastructure	69,850,601	18,979,952	6,611,128	82,219,425
Total	<u>74,506,723</u>	<u>19,585,166</u>	<u>6,847,342</u>	<u>87,244,547</u>
Total capital assets being depreciated, net	<u>30,328,937</u>	<u>7,979,827</u>	<u>993</u>	<u>38,307,771</u>
Governmental activities capital assets, net of depreciation	<u>\$ 48,766,856</u>	<u>\$ 11,300,095</u>	<u>\$ 5,699,642</u>	<u>\$ 54,367,309</u>

The City's infrastructure assets were restated, for the year ended December 31, 2006, due to the retroactive capitalization of the drainage channels and sidewalks.

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

Governmental activities:	
Urban management and planning	\$ 45,779
Public works	3,884,925
Public safety	234,772
Municipal justice	345
Leisure and recreation	<u>121,411</u>
Total	<u>\$ 4,287,232</u>

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2006

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, 2006. The following represents the amount of 2006 funds due to the Capital Projects Fund for that reason.

	Due from	Due to
Major Funds:		
Capital Project Fund	\$ -	\$ 198,929
Nonmajor Funds:		
Special City Street and Highway Fund	198,929	-

Transfers

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

	To	From
Major funds:		
General Fund	\$ -	\$ 3,545,400
Capital Projects Fund	4,230,400	-
Nonmajor funds:		
Special City Street and Highway Fund	-	605,000
Special Parks and Recreation Fund	-	80,000
	\$ 4,230,400	\$ 4,230,400

E. Leases

The City leases building and office facilities and other equipment under operating leases. Total costs for such leases were \$72,042 for the year ended December 31, 2006. The future minimum lease payments for these leases are as follows:

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

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2006

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, <u>2005</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2006</u>	Current <u>Portion</u>
General Obligation Bonds	\$ 2,570,000	\$ -	\$ 435,000	\$ 2,135,000	\$ 455,000
Accrued Compensated Absences	<u>188,231</u>	<u>342,048</u>	<u>311,362</u>	<u>218,917</u>	<u>218,917</u>
	<u>\$ 2,758,231</u>	<u>\$ 342,048</u>	<u>\$ 746,362</u>	<u>\$ 2,353,917</u>	<u>\$ 673,917</u>

The balance outstanding as of December 31, 2006 was comprised of the following issues:

<u>Bond Issue</u>	<u>Interest Rate</u>	<u>Date Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>	<u>Interest paid in 2006</u>
Park refunding	3.90-5.00%	1/1/94	\$ 1,240,000	9/1/09	\$ 360,000	\$ 24,288
Police facility	3.70-4.00%	1/1/99	1,660,000	9/1/10	770,000	37,810
Pool improvement	4.75-6.50%	2/15/00	<u>1,600,000</u>	9/1/14	<u>1,005,000</u>	<u>56,622</u>
			<u>\$ 4,500,000</u>		<u>\$ 2,135,000</u>	<u>\$ 118,720</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year:			
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	125,000	29,298	154,298
2012-2014	<u>430,000</u>	<u>46,531</u>	<u>476,531</u>
Total	<u>\$ 2,135,000</u>	<u>\$ 355,175</u>	<u>\$ 2,490,175</u>

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2006

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, 2006.

<u>Bond Issue</u>	<u>Interest Rate</u>	<u>Date Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
Lockton Insurance	10.635%	6/1/85	\$ 4,150,000	7/1/15	\$ 2,244,244
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	8,890,000
Station Development	4.25%	7/1/01	4,000,000	2/1/12	3,098,757
			<u>\$ 21,790,000</u>		<u>\$ 18,733,001</u>

V. OTHER INFORMATION

A. Employee Retirement Systems and Pension Plans

Pension Plans

All employees of the City, after meeting eligibility requirements, are covered under the Kansas Public Employees Retirement System (KPERS) and the Supplementary Retirement Plan, except commissioned police officers, who are covered by the Revised Prairie Village Police Pension Plan. The Supplemental Retirement and Police Pension plans are accounted for as separate Pension Trust Funds, while KPERS is administered by the State of Kansas. Each plan is described below.

Kansas Public Employees Retirement System

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

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate was 4.61% from January 1 to June 30, 2006 and 4.81% from July 1, 2006 to December 31, 2006. The City contributions to KPERS for the years ending December 31, 2006, 2005, and 2004 were \$96,221, \$70,427, and \$65,836, respectively, equal to the statutory required contributions for each year.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2006

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. The City established the plan and is the administrator of the plan. Plan provisions and contribution requirements are established by the plan document which is adopted by the City Council. 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 2006 was approximately \$4.8 million. The City's contributions to this defined contribution plan were based on estimated payroll of approximately \$2.2 million. The City made the required 5% contribution up to a maximum contribution of \$2,500 per employee, which amounted to \$102,004 during 2006.

A stand alone financial report is not issued for the Plan. The financial statements for the supplemental retirement plan are as follows:

Supplemental Retirement Fund
Statement of Plan Net Assets
December 31, 2006

ASSETS	
Restricted cash and investments	\$ 2,545,305
Interest receivable	<u>7,451</u>
Total assets	<u>\$ 2,552,756</u>
LIABILITIES AND NET ASSETS	
Liabilities	\$ -
Net assets	
Held in trust for pension benefits	<u>2,552,756</u>
Total net assets	<u>2,552,756</u>
Total liabilities and net assets	<u>\$ 2,552,756</u>

CITY OF PRAIRIE VILLAGE, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2006

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, 2006

Additions:	
Contributions :	
Employer	\$ 102,004
Total contributions	<u>102,004</u>
Investment Earnings:	
Interest and dividends on investments	13,841
Non-cash asset changes	28,875
Net increase/decrease in the fair value of investments	<u>199,349</u>
Total investment earnings	<u>242,065</u>
Total additions	<u>344,069</u>
Deductions:	
Benefits	<u>25,450</u>
Changes in net assets	318,619
Net assets - beginning	<u>2,234,137</u>
Net assets - ending	<u>\$ 2,552,756</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 2006. 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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. At January 1, 2007, there were forty-one active participants (eight fully vested, seventeen partially vested and sixteen nonvested), eight vested terminees (not currently receiving benefits), and twenty-nine 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 2006 was \$126,271.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2006

V. OTHER INFORMATION (CONTINUED)

A. Employee Retirement Systems and Pension Plans (Continued)

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. Administrative costs of the Plan are financed outside of plan assets.

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
2004	\$ 92,381	100%	\$ -
2005	100,238	100%	-
2006	126,271	95%	-

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, 2006

ASSETS	
Restricted cash and investments	\$ 8,420,598
Interest receivable	<u>33,244</u>
Total assets	<u>\$ 8,453,842</u>
LIABILITIES AND NET ASSETS	
Liabilities	\$ -
Net assets	
Held in trust for pension benefits	<u>8,453,842</u>
Total net assets	<u>8,453,842</u>
Total liabilities and net assets	<u>\$ 8,453,842</u>

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2006

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, 2006

Additions:	
Contributions :	
Employer	\$ 220,338
Plan members	<u>88,552</u>
Total contributions	<u>308,890</u>
Investment Earnings:	
Interest and dividends on investments	215,166
Non-cash asset changes	631,838
Net increase/decrease in the fair value of investments	<u>[202,773]</u>
Total investment earnings	<u>644,231</u>
Total additions	<u>953,121</u>
Deductions:	
Benefits	<u>385,911</u>
Changes in net assets	567,210
Net assets - beginning	<u>7,886,632</u>
Net assets - ending	<u>\$ 8,453,842</u>

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2007
Actuarial cost method	Aggregate
Asset valuation method	Actuarial value of plan assets as of the beginning of the prior year, increased by contributions paid and assumed interest earnings at the valuation interest rate, reduced by benefit payments during the year.
Amortization method	Average remaining service
Remaining amortization period	Approximately 8 years
Actuarial assumptions:	
Investment rate of return	8% per annum
Projected salary increases - due to merit	6.5% per year

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2006

V. OTHER INFORMATION (CONTINUED)

B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance coverage. The City has not been involved in any settlements where the amounts exceeded insurance coverage in the past three years. 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

C. 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 2006, the City had remitted \$63,450 for services performed by the engineering firm.

D. New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements which will or may affect the City:

Statement 43 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" which establishes new reporting standards for Other Post Employment Benefit Plans (OPEB). This statement would impact the City in the event that it should decide to fund its OPEB liability as reported under Statement 45. See below. Statement 43 would be effective immediately after the implementation of Statement 45 in the event that the OPEB were funded.

Statement 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" which requires that the cost of providing Other Post Employment Benefits (OPEB) be accounted for in basically the same way as pension benefits including the use of actuarial valuation methods. The liability reported under this standard may be funded as provided for by Statement 43 above. Statement 45 is effective for the fiscal year beginning January 1, 2008.

The City implemented GASB Statement 44 for the year ended December 31, 2006. Statement 44 changes the requirements of the statistical section to conform with Statement 34 previously implemented by the City and to provide information that GASB considers more useful than previously reported.

CITY OF PRAIRIE VILLAGE, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2006

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]
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
2006	8,946,395	N/A*	N/A	N/A	2,002,039	N/A

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

Schedule of Employer Contributions

Year:	Annual Pension Cost [APC]	Percentage of APC Contributed	Net Pension Obligation
2004	\$ 92,381	100%	\$ -
2005	100,238	100%	-
2006	126,271	95%	-

Notes to Required Schedules

Valuation date	January 1, 2007
Actuarial cost method	Aggregate
Asset valuation method	Actuarial value of plan assets as of the beginning of the prior year, increased by contributions paid and assumed interest earnings at the valuation interest rate, reduced by benefit payments during the year.
Amortization method	Average remaining service
Remaining amortization period	Approximately 8 years
Actuarial assumptions:	
Investment rate of return	8% per annum
Projected salary increases - due to merit	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. **Special Parks and Recreation Fund** - This fund is used to fund various City-sponsored park and recreation activities funded by the state liquor tax.
4. **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, 2006

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 316,677	\$ 48,433	\$ 365,110
Taxes receivable	-	467,347	467,347
Special assessments receivable	1,238,377	-	1,238,377
Prepaid expenditures	256	-	256
Due from other governments	216,499	-	216,499
Total assets	<u>\$ 1,771,809</u>	<u>\$ 515,780</u>	<u>\$ 2,287,589</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 98,699	\$ -	\$ 98,699
Accrued payroll	2,744	-	2,744
Due to other funds	198,928	-	198,928
Deferred revenue	1,238,377	467,470	1,705,847
Total liabilities	<u>1,538,748</u>	<u>467,470</u>	<u>2,006,218</u>
 Fund balance:			
Reserved			
For debt service	-	48,310	48,310
Unreserved			
Undesignated [deficit]	233,061	-	233,061
Total fund balance [deficit]	<u>233,061</u>	<u>48,310</u>	<u>281,371</u>
Total liabilities and fund balances	<u>\$ 1,771,809</u>	<u>\$ 515,780</u>	<u>\$ 2,287,589</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, 2006

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ -	\$ 540,016	\$ 540,016
Intergovernmental	785,697	-	785,697
Charges for services	1,231,671	-	1,231,671
Other	475	-	475
Use of money and property	<u>37,114</u>	<u>9,381</u>	<u>46,495</u>
Total Revenues	<u>2,054,957</u>	<u>549,397</u>	<u>2,604,354</u>
Expenditures			
Current			
Urban management and planning	1,202,402	-	1,202,402
Public safety	74,998	-	74,998
Leisure, recreation	15,000	-	15,000
Debt service			
Principal	-	435,000	435,000
Interest and other charges	<u>-</u>	<u>118,720</u>	<u>118,720</u>
Total Expenditures	<u>1,292,400</u>	<u>553,720</u>	<u>1,846,120</u>
Excess [deficiency] of revenues over [under] expenditures	<u>762,557</u>	<u>[4,323]</u>	<u>758,234</u>
Other Financing Sources [Uses]			
Transfers [out]	<u>[685,000]</u>	<u>-</u>	<u>[685,000]</u>
Total Other Financing Sources [Uses]	<u>[685,000]</u>	<u>-</u>	<u>[685,000]</u>
Net change in fund balances	77,557	[4,323]	73,234
Fund balance, beginning	<u>155,504</u>	<u>52,633</u>	<u>208,137</u>
Fund balance, ending	<u>\$ 233,061</u>	<u>\$ 48,310</u>	<u>\$ 281,371</u>

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2006

ASSETS	<u>Solid Waste Management</u>	<u>Special City Street and Highway</u>	<u>Special Parks and Recreation</u>	<u>Special Alcohol</u>	<u>Totals</u>
Cash and investments	\$ 244,207	\$ -	\$ 40,061	\$ 32,409	\$ 316,677
Special assessments receivable	1,238,377	-	-	-	1,238,377
Prepaid expenditures	-	-	-	256	256
Due from other governments	-	216,499	-	-	216,499
Total assets	<u>\$ 1,482,584</u>	<u>\$ 216,499</u>	<u>\$ 40,061</u>	<u>\$ 32,665</u>	<u>\$ 1,771,809</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 98,681	\$ -	\$ -	\$ 18	\$ 98,699
Accrued payroll	665	-	-	2,079	2,744
Deferred revenue	1,238,377	-	-	-	1,238,377
Due to other funds	-	198,928	-	-	198,928
Total liabilities	<u>1,337,723</u>	<u>198,928</u>	<u>-</u>	<u>2,097</u>	<u>1,538,748</u>
Fund balances					
Unreserved and undesignated	<u>144,861</u>	<u>17,571</u>	<u>40,061</u>	<u>30,568</u>	<u>233,061</u>
Total fund balances	<u>144,861</u>	<u>17,571</u>	<u>40,061</u>	<u>30,568</u>	<u>233,061</u>
Total liabilities and fund balances	<u>\$ 1,482,584</u>	<u>\$ 216,499</u>	<u>\$ 40,061</u>	<u>\$ 32,665</u>	<u>\$ 1,771,809</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, 2006

	<u>Solid Waste Management</u>	<u>Special City Street and Highway</u>	<u>Special Parks and Recreation</u>	<u>Special Alcohol</u>	<u>Total</u>
Revenues					
Intergovernmental	\$ -	\$ 622,571	\$ 81,563	\$ 81,563	\$ 785,697
Charges for services	1,231,671	-	-	-	1,231,671
Other	-	-	-	475	475
Use of money and property	<u>37,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,114</u>
Total revenues	<u>1,268,785</u>	<u>622,571</u>	<u>81,563</u>	<u>82,038</u>	<u>2,054,957</u>
Expenditures					
Current:					
Urban management and planning	1,202,402	-	-	-	1,202,402
Public safety	-	-	-	74,998	74,998
Leisure, recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Total expenditures	<u>1,202,402</u>	<u>-</u>	<u>-</u>	<u>89,998</u>	<u>1,292,400</u>
Excess [deficiency] of revenues over [under] expenditures	<u>66,383</u>	<u>622,571</u>	<u>81,563</u>	<u>[7,960]</u>	<u>762,557</u>
Other financing sources [uses]					
Transfers [out]	<u>-</u>	<u>[605,000]</u>	<u>[80,000]</u>	<u>-</u>	<u>[685,000]</u>
Total other financing sources [uses]	<u>-</u>	<u>[605,000]</u>	<u>[80,000]</u>	<u>-</u>	<u>[685,000]</u>
Net change in fund balances	66,383	17,571	1,563	[7,960]	77,557
Fund balances, beginning	<u>78,478</u>	<u>-</u>	<u>38,498</u>	<u>38,528</u>	<u>155,504</u>
Fund balances, ending	<u>\$ 144,861</u>	<u>\$ 17,571</u>	<u>\$ 40,061</u>	<u>\$ 30,568</u>	<u>\$ 233,061</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, 2006

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Revenues						
Charges for services	\$ 1,231,671	\$ -	\$ 1,231,671	\$ 1,220,000	\$ 1,220,000	\$ 11,671
Use of money and property	37,114	-	37,114	9,000	9,000	28,114
Total revenues	<u>1,268,785</u>	<u>-</u>	<u>1,268,785</u>	<u>1,229,000</u>	<u>1,229,000</u>	<u>39,785</u>
Expenditures						
Urban management and planning	1,202,402	-	1,202,402	1,212,014	1,212,014	9,612
Total expenditures	<u>1,202,402</u>	<u>-</u>	<u>1,202,402</u>	<u>1,212,014</u>	<u>1,212,014</u>	<u>9,612</u>
Net change in fund balance	66,383	-	66,383	\$ 16,986	\$ 16,986	\$ 49,397
Fund balance, beginning	78,478	-	78,478			
Fund balance, ending	<u>\$ 144,861</u>	<u>\$ -</u>	<u>\$ 144,861</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, 2006

	GAAP	Adjustments	Budgetary	Budgeted Amounts		Variance
	Basis Actual		Basis Actual	Original	Final	Positive [Negative]
Revenues						
Intergovernmental	\$ 622,571	\$ -	\$ 622,571	\$ 605,000	\$ 605,000	\$ 17,571
Total revenues	<u>622,571</u>	<u>-</u>	<u>622,571</u>	<u>605,000</u>	<u>605,000</u>	<u>17,571</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>622,571</u>	<u>-</u>	<u>622,571</u>	<u>605,000</u>	<u>605,000</u>	<u>17,571</u>
Other financing sources [uses]						
Transfers [out]	[605,000]	-	[605,000]	[605,000]	[605,000]	-
Total other financing sources [uses]	<u>[605,000]</u>	<u>-</u>	<u>[605,000]</u>	<u>[605,000]</u>	<u>[605,000]</u>	<u>-</u>
Net change in fund balance	17,571	-	17,571	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,571</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>			
Fund balance, ending	<u>\$ 17,571</u>	<u>\$ -</u>	<u>\$ 17,571</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, 2006

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Revenues						
Intergovernmental	\$ 81,563	\$ -	\$ 81,563	\$ 72,000	\$ 72,000	\$ 9,563
Total revenues	<u>81,563</u>	<u>-</u>	<u>81,563</u>	<u>72,000</u>	<u>72,000</u>	<u>9,563</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>81,563</u>	<u>-</u>	<u>81,563</u>	<u>72,000</u>	<u>72,000</u>	<u>9,563</u>
Other financing sources [uses]						
Transfers [out]	[80,000]	-	[80,000]	[80,000]	[80,000]	-
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	1,563	-	1,563	\$ [8,000]	\$ [8,000]	\$ 9,563
Fund balance, beginning	<u>38,498</u>	<u>-</u>	<u>38,498</u>			
Fund balance, ending	<u>\$ 40,061</u>	<u>\$ -</u>	<u>\$ 40,061</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, 2006

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Intergovernmental	\$ 81,563	\$ -	\$ 81,563	\$ 72,000	\$ 72,000	\$ 9,563
Miscellaneous	475	-	475	-	-	475
Total revenues	<u>82,038</u>	<u>-</u>	<u>82,038</u>	<u>72,000</u>	<u>72,000</u>	<u>10,038</u>
Expenditures						
Public safety	74,998	-	74,998	74,998	74,998	-
Leisure, recreation	15,000	-	15,000	15,000	15,000	-
Total expenditures	<u>89,998</u>	<u>-</u>	<u>89,998</u>	<u>89,998</u>	<u>89,998</u>	<u>-</u>
Net change in fund balance	[7,960]	-	[7,960]	<u>\$ [17,998]</u>	<u>\$ [17,998]</u>	<u>\$ 10,038</u>
Fund balance, beginning	<u>38,528</u>	<u>-</u>	<u>38,528</u>			
Fund balance, ending	<u>\$ 30,568</u>	<u>\$ -</u>	<u>\$ 30,568</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, 2006

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 540,016	\$ -	\$ 540,016	\$ 542,815	\$ 542,815	\$ [2,799]
Use of money and property	9,381	-	9,381	4,000	4,000	5,381
Total revenues	<u>549,397</u>	<u>-</u>	<u>549,397</u>	<u>546,815</u>	<u>546,815</u>	<u>2,582</u>
Expenditures						
Debt service						
Principal	435,000	-	435,000	435,000	435,000	-
Interest and other charges	118,720	-	118,720	118,720	118,720	-
Total expenditures	<u>553,720</u>	<u>-</u>	<u>553,720</u>	<u>553,720</u>	<u>553,720</u>	<u>-</u>
Net change in fund balance	[4,323]	-	[4,323]	\$ [6,905]	\$ [6,905]	\$ 2,582
Fund balance, beginning	<u>52,633</u>	<u>-</u>	<u>52,633</u>			
Fund balance, ending	<u>\$ 48,310</u>	<u>\$ -</u>	<u>\$ 48,310</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, 2006

ASSETS	Supplemental Retirement Fund	Revised Prairie Village Police Pension Fund	Total
Restricted cash	\$ 7,451	\$ 399,481	\$ 406,932
Restricted investments, at fair value			
Common stock	-	5,404,892	5,404,892
Pooled equity funds	2,545,305	-	2,545,305
Fixed income	-	2,616,225	2,616,225
Total restricted investments	<u>2,545,305</u>	<u>8,021,117</u>	<u>10,566,422</u>
Interest receivable	-	33,244	33,244
 Total assets	 <u>\$ 2,552,756</u>	 <u>\$ 8,453,842</u>	 <u>\$ 11,006,598</u>
 LIABILITIES AND NET ASSETS			
Liabilities			
Net assets			
Held in trust for pension benefits	\$ 2,552,756	\$ 8,453,842	\$ 11,006,598
Total net assets	<u>2,552,756</u>	<u>8,453,842</u>	<u>11,006,598</u>
 Total liabilities and net assets	 <u>\$ 2,552,756</u>	 <u>\$ 8,453,842</u>	 <u>\$ 11,006,598</u>

See independent auditor's report on the financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2006

	Supplemental Retirement Fund	Revised Prairie Village Police Pension Fund	Total
Additions:			
Contributions :			
Employer	\$ 102,004	\$ 220,338	\$ 322,342
Plan members	-	88,552	88,552
Total contributions	<u>102,004</u>	<u>308,890</u>	<u>410,894</u>
Investment Earnings:			
Interest and dividends on investments	13,841	215,166	229,007
Non-cash asset changes	28,875	631,838	660,713
Net increase/decrease in the fair value of investments	<u>199,349</u>	<u>[202,773]</u>	<u>[3,424]</u>
Total investment earnings	<u>242,065</u>	<u>644,231</u>	<u>886,296</u>
Total additions	<u>344,069</u>	<u>953,121</u>	<u>1,297,190</u>
Deductions:			
Benefits	<u>25,450</u>	<u>385,911</u>	<u>411,361</u>
Changes in net assets	318,619	567,210	885,829
Net assets - beginning	<u>2,234,137</u>	<u>7,886,632</u>	<u>10,120,769</u>
Net assets - ending	<u>\$ 2,552,756</u>	<u>\$ 8,453,842</u>	<u>\$ 11,006,598</u>

See independent auditor's report on the financial statements.

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CITY OF PRAIRIE VILLAGE, KANSAS
NET ASSETS BY COMPONENT
LAST TEN YEARS (1)
(Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 18,554,912	\$ 45,044,626	\$ 46,196,856	\$ 52,232,309 (2)
Restricted	87,141	128,990	168,564	230,513
Unrestricted	<u>7,322,045</u>	<u>8,448,010</u>	<u>9,826,449</u>	<u>11,662,290</u>
Total Net Assets	<u>\$ 25,964,098</u>	<u>\$ 53,621,626</u>	<u>\$ 56,191,869</u>	<u>\$ 64,125,112</u>

(1) Data became available with the inception of GASB 34 during fiscal year 2003, therefore 10 years of data is unavailable

(2) The large increase in capital assets net of related debt is due to the City retroactive capitalization of the Drainage Channel and Sidewalk infrastructure network values prior to 2003.

Source: City of Prairie Village, Kansas Basic Financial Statements.

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CITY OF PRAIRIE VILLAGE, KANSAS
CHANGE IN NET ASSETS
LAST TEN YEARS (1)
(Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental Activities:				
Urban management and planning	\$ 2,660,559	\$ 2,843,833	\$ 2,929,560	\$ 2,843,021
Public works	3,597,853	6,743,408	6,174,532	8,807,244
Public safety	4,172,054	4,293,500	4,606,977	4,919,202
Municipal justice	240,887	260,073	280,708	343,226
Leisure and recreation	1,096,950	817,561	787,935	824,395
Interest on Long-Term Debt	165,211	148,189	130,238	112,434
Total Primary Government Expenses	<u>11,933,514</u>	<u>15,106,564</u>	<u>14,909,950</u>	<u>17,849,522</u>
Program Revenues				
Governmental Activities:				
Fees, fines, and charges for services	3,655,104	3,752,594	3,939,819	4,305,843
Operating grants and contributions	11,338	3,355	71,318	3,197
Capital grants and contributions	390,246	745,288	544,352	517,484
Total Primary Government Program Revenues	<u>4,056,688</u>	<u>4,501,237</u>	<u>4,555,489</u>	<u>4,826,524</u>
Total Primary Government Net [Expense]	<u>[7,876,826]</u>	<u>[10,605,327]</u>	<u>[10,354,461]</u>	<u>[13,022,998]</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes	3,996,633	4,027,484	4,149,331	4,217,789
Sales and use tax	4,735,080	5,237,058	5,298,202	5,301,867
Motor vehicle tax	431,049	560,644	569,568	556,985
Franchise tax	1,615,189	1,567,167	1,629,419	1,629,706
Grants and contributions not restricted to specific programs	899,494	890,611	935,916	957,868
Investment earnings	122,111	164,161	309,886	579,452
Miscellaneous	226,286	299,944	63,695	110,661
Total primary government	<u>12,025,842</u>	<u>12,747,069</u>	<u>12,956,017</u>	<u>13,354,328</u>
Change in Net Assets				
Governmental activities	<u>\$ 4,149,016</u>	<u>\$ 2,141,742</u>	<u>\$ 2,601,556</u>	<u>\$ 331,330</u>
		(2)		(2)

(1) Data became available with the inception of GASB 34 during fiscal year 2003, therefore 10 years of data is unavailable.

(2) The decrease in the change in net assets between 2003 and 2004 is due to additional depreciation expense in 2004 resulting from the retroactive addition of most of the infrastructure networks.

The decrease in the change in net assets between 2005 and 2006 is due to additional depreciation expense in 2006 resulting from the retroactive addition of the Drainage Channel and Sidewalk infrastructure networks. In addition, the City incurred additional street maintenance expenses.

Source: City of Prairie Village, Kansas Basic Financial Statements.

TABLE 3
(UNAUDITED)

CITY OF PRAIRIE VILLAGE, KANSAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (Modified Accrual Basis of Accounting)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$ 112,995	\$ 377,947	\$ 248,305	\$ 280,435
Unreserved	<u>4,719,041</u>	<u>5,648,737</u>	<u>4,422,630</u>	<u>5,228,920</u>
Total General Fund	<u>\$ 4,832,036</u>	<u>\$ 6,026,684</u>	<u>\$ 4,670,935</u>	<u>\$ 5,509,355</u>
All Other Governmental Funds				
Reserved	\$ 1,986,222	\$ 355,829	\$ 4,768,372	\$ 616,004
Unreserved, reported in:				
Special revenue funds	621,241	651,609	426,576	103,252
Debt service fund	-	-	-	-
Capital project funds	<u>322,859</u>	<u>1,788,587</u>	<u>[1,718,788]</u>	<u>197,011</u>
Total All Other Governmental Funds	<u>\$ 2,930,322</u>	<u>\$ 2,796,025</u>	<u>\$ 3,476,160</u>	<u>\$ 916,267</u>

Source: City of Prairie Village, Kansas Basic Financial Statements.

TABLE 3
(UNAUDITED)

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 227,413	\$ 234,573	\$ 203,932	\$ 372,558	\$ 301,539	\$ 106,738
<u>5,483,953</u>	<u>6,862,479</u>	<u>5,605,517</u>	<u>6,992,836</u>	<u>8,319,287</u>	<u>8,961,513</u>
<u>\$ 5,711,366</u>	<u>\$ 7,097,052</u>	<u>\$ 5,809,449</u>	<u>\$ 7,365,394</u>	<u>\$ 8,620,826</u>	<u>\$ 9,068,251</u>
\$ 795,994	\$ 298,285	\$ 298,285	\$ 280,342	\$ 965,102	\$ 896,874
87,713	64,765	87,141	126,483	155,504	233,061
-	-	20,601	48,181	52,633	48,310
<u>894,128</u>	<u>1,409,342</u>	<u>1,314,525</u>	<u>1,005,883</u>	<u>482,713</u>	<u>1,978,556</u>
<u>\$ 1,777,835</u>	<u>\$ 1,772,392</u>	<u>\$ 1,720,552</u>	<u>\$ 1,460,889</u>	<u>\$ 1,655,952</u>	<u>\$ 3,156,801</u>

TABLE 4
(UNAUDITED)

CITY OF PRAIRIE VILLAGE, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Revenues			
Taxes, Net	\$ 7,969,985	\$ 8,631,974	\$ 8,763,221
Intergovernmental	3,865,837	3,984,037	2,712,642
Licenses and permits	319,496	319,890	313,003
Charges for services	890,460	946,877	912,188
Fines and forfeitures	283,165	331,931	263,803
Recreational fees	234,347	253,775	248,347
Use of money and property	543,903	538,683	607,584
Other	17,146	148,118	72,866
Total revenues	<u>14,124,339</u>	<u>15,155,285</u>	<u>13,893,654</u>
Expenditures			
Urban management and planning	1,743,545	1,770,380	1,929,823
Public works	2,426,518	2,143,721	2,649,379
Public safety	2,983,763	3,075,701	3,437,676
Municipal justice	133,940	155,018	187,706
Leisure and recreation	654,264	691,017	741,997
Capital outlay	5,617,573	5,719,089	5,174,062
Debt service			
Principal	330,000	350,000	205,000
Interest and other charges	229,764	209,098	271,113
Total expenditures	<u>14,119,367</u>	<u>14,114,024</u>	<u>14,596,756</u>
Excess of revenues over [under] expenditures	<u>4,972</u>	<u>1,041,261</u>	<u>[703,102]</u>
Other financing sources [uses]			
Transfers in	8,759,920	5,990,044	7,652,770
Transfers out	[8,759,920]	[5,990,044]	[7,652,770]
Sale of bonds	-	-	1,664,786
Total other financing sources [uses]	<u>-</u>	<u>-</u>	<u>1,664,786</u>
Net change in fund balances	<u>\$ 4,972</u>	<u>\$ 1,041,261</u>	<u>\$ 961,684</u>
Debt service as a percentage of noncapital expenditures	6.58%	6.66%	5.05%

Source: City of Prairie Village, Kansas Basic Financial Statements.

TABLE 4
(UNAUDITED)

	2000	2001	2002	2003	2004	2005	2006
\$	9,013,654	\$ 9,088,035	\$ 8,938,293	\$ 10,687,234	\$ 11,394,015	\$ 11,639,349	\$ 11,709,149
	3,956,504	2,634,454	4,782,758	1,260,055	1,584,852	1,475,639	1,387,941
	319,122	340,086	312,230	351,017	350,032	384,820	390,233
	1,100,990	1,467,067	1,547,520	2,413,516	2,479,063	2,551,749	2,678,435
	385,493	381,582	488,565	727,073	751,101	820,766	1,047,023
	381,363	390,023	442,569	435,432	380,729	426,946	436,041
	538,676	516,450	255,070	122,110	164,160	312,631	579,452
	99,466	59,274	173,426	226,288	284,805	63,249	110,661
	<u>15,795,268</u>	<u>14,876,971</u>	<u>16,940,431</u>	<u>16,222,725</u>	<u>17,388,757</u>	<u>17,675,149</u>	<u>18,338,935</u>
	1,986,967	2,273,106	2,619,356	2,661,683	2,828,508	2,897,745	2,801,131
	2,809,254	2,841,247	5,613,507	3,396,033	3,339,749	3,194,551	3,721,868
	3,445,711	3,740,892	3,911,193	4,132,170	4,239,918	4,720,791	4,946,932
	179,729	195,487	209,873	238,120	256,843	279,083	333,271
	946,956	610,793	663,919	974,433	695,588	658,556	713,470
	9,171,783	4,446,209	5,045,797	2,630,252	4,278,825	3,891,276	3,320,269
	310,000	1,950,000	365,000	380,000	400,000	415,000	435,000
	283,038	288,814	186,843	170,785	154,154	136,338	118,720
	<u>19,133,438</u>	<u>16,346,548</u>	<u>18,615,488</u>	<u>14,583,476</u>	<u>16,193,585</u>	<u>16,193,340</u>	<u>16,390,661</u>
	<u>[3,338,170]</u>	<u>[1,469,577]</u>	<u>[1,675,057]</u>	<u>1,639,249</u>	<u>1,195,172</u>	<u>1,481,809</u>	<u>1,948,274</u>
	6,305,629	5,018,049	4,540,583	2,145,190	3,206,952	3,505,769	4,230,400
	[6,305,629]	[5,018,049]	[4,540,583]	[2,145,190]	[3,206,952]	[3,505,769]	[4,230,400]
	1,600,000	-	-	-	-	-	-
	<u>1,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>[1,738,170]</u>	<u>[1,469,577]</u>	<u>[1,675,057]</u>	<u>\$ 1,639,249</u>	<u>\$ 1,195,172</u>	<u>\$ 1,481,809</u>	<u>\$ 1,948,274</u>
	5.95%	18.81%	4.07%	4.61%	4.65%	4.48%	4.24%

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CITY OF PRAIRIE VILLAGE, KANSAS
GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN YEARS
December 31, 2006
(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>
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	511,025	10,687,234
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
2006	4,217,789	5,301,867	1,632,508	556,985	11,709,149

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

Source: City of Prairie Village, Kansas Basic Financial Statements.

TABLE 6
(UNAUDITED)

CITY OF PRAIRIE VILLAGE
 ASSESSED AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY (1)
 LAST TEN YEARS
 December 31, 2006

Fiscal Year	<u>Real Property(1)</u>		<u>Personal Property(2)</u>	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1997	\$ 169,247,103	\$ 1,336,610,601	\$ 10,124,998	\$ 32,521,001
1998	172,775,588	1,364,476,426	10,362,079	33,337,140
1999	200,122,603	1,444,363,130	11,650,365	37,617,358
2000	212,804,428	1,680,599,839	11,111,072	35,917,337
2001	224,870,291	1,775,888,681	11,255,014	36,364,658
2002	233,177,860	1,841,496,804	10,972,412	35,413,694
2003	240,559,204	1,899,790,166	10,049,767	32,312,991
2004	246,178,002	2,072,880,390	9,613,535	30,783,709
2005	259,785,677	2,188,001,305	10,021,010	32,061,045
2006	266,529,461	2,285,977,515	10,021,789	32,062,360

(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 difference 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%.

	<u>Total Assessed Value</u>		<u>Estimated Actual Value</u>	<u>Ratio of Assessed Value to Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>
\$	179,372,101	\$	1,369,131,602	13.10%	16.379
	183,137,667		1,397,813,566	13.10%	16.011
	211,772,968		1,481,980,488	14.29%	13.827
	223,915,500		1,716,517,176	13.04%	13.324
	236,125,305		1,812,253,339	13.03%	13.382
	244,150,272		1,876,910,498	13.01%	15.744
	250,608,971		1,932,103,157	12.97%	15.765
	255,791,537		2,103,664,099	12.16%	15.843
	269,806,687		2,220,062,350	12.15%	15.720
	276,551,250		2,318,039,875	11.93%	16.133

TABLE 7
(UNAUDITED)

CITY OF PRAIRIE VILLAGE, KANSAS
PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
PER \$1,000 OF ASSESSED VALUATION
LAST TEN YEARS
December 31, 2006

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
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
2006	1.5	16.133	17.9490	51.9800	8.872	9.335	0.000	2.960	2.290

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

Note A: Overlapping rates are those of local and county government that apply to property owners within the City of Prairie Village. Not all overlapping rates apply to all Prairie Village property owners.

CITY OF PRAIRIE VILLAGE, KANSAS

PRINCIPAL TAXPAYERS
December 31, 2006 and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2006 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>	<u>1997 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>
Highwoods Realty Limited	Real Estate	\$ 16,286,977	1	5.89%	\$ -		0.00%
J.C. Nichols Co.	Real Estate	-		0.00%	15,126,552	1	8.43%
State Line OPCO LLC	Real Estate	3,515,101	2	1.27%	-		0.00%
Kansas City Power & Light	Utility	2,862,856	3	1.04%	2,408,665	2	1.34%
Wilmington Trust Company	Real Estate	-		0.00%	2,121,850	3	1.18%
Victor L. Regnier Trust	Real Estate	-		0.00%	1,073,786	4	0.60%
Southwestern Bell Telephone	Utility	-		0.00%	972,715	5	0.54%
Kenilworth L.L.C.	Real Estate	2,007,452	4	0.73%	-		0.00%
CNL Retirement	Adult living facility	1,766,342	5	0.64%	-		0.00%
Towers Properties Company	Real Estate	1,177,900	6	0.43%	-		0.00%
Prairie Village Office Center	Real Estate	1,090,075	7	0.39%	-		0.00%
Meadowbrook Center, L.L.C.	Real Estate	961,776	8	0.35%	-		0.00%
Cornith Paddock, L.L.C.	Real Estate	955,052	9	0.35%	-		0.00%
Western Resources	Utility	-		0.00%	636,796	7	0.36%
Meadowbrook Golf & Country	Country Club	-		0.00%	582,000	8	0.32%
Lockton Insurance Agency	Insurance Agent	-		0.00%	498,785	9	0.28%
Homestead Country Club	Country Club	-		0.00%	475,028	10	0.26%
Melody Sutherland	Real Estate	<u>883,825</u>	10	<u>0.32%</u>	<u>802,476</u>	6	<u>0.45%</u>
Total		<u>\$ 31,507,356</u>		<u>11.39%</u>	<u>\$24,698,653</u>		<u>13.77%</u>

Source: Johnson County Clerks Office

TABLE 9
(UNAUDITED)

CITY OF PRAIRIE VILLAGE, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
December 31, 2006

<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>
1997	\$ 2,656,669	\$ 2,579,573	97.10%	\$ 16,639
1998	2,937,936	2,857,923	97.28%	12,506
1999	2,932,216	2,872,644	97.97%	26,529
2000	2,928,185	2,821,069	96.34%	12,776
2001	2,983,450	2,889,696	96.86%	18,774
2002	3,159,829	3,091,234	97.83%	27,653
2003	3,843,902	3,770,837	98.10%	38,661
2004	4,052,505	3,991,470	98.49%	36,014
2005	4,170,531	4,101,195	98.34%	40,963
2006	4,387,093	4,177,028	95.21%	40,761

TABLE 9
(UNAUDITED)

	<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>
\$	2,596,212	97.7%	\$ 189,590	7.30%
	2,870,429	97.7%	334,193	11.64%
	2,899,173	98.9%	386,166	13.32%
	2,833,845	96.8%	390,376	13.78%
	2,908,470	97.5%	293,812	10.10%
	3,118,887	98.7%	335,684	10.76%
	3,809,498	99.1%	370,088	9.71%
	4,027,484	99.4%	395,109	9.81%
	4,142,158	99.3%	423,482	10.22%
	4,217,789	96.1%	592,786	14.05%

TABLE 10
(UNAUDITED)

CITY OF PRAIRIE VILLAGE, KANSAS
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total</u>	<u>City Population</u>	<u>Personal Income</u>	<u>Debt Per Capita</u>	<u>Percentage of Personal Income</u>
1997	\$ 3,685,000	\$ 3,685,000	23,545	\$ 816,469,965	157	0.45%
1998	3,335,000	3,335,000	23,545	816,469,965	142	0.41%
1999	4,790,000	4,790,000	23,365	810,228,105	205	0.59%
2000	6,080,000	6,080,000	22,072	765,390,744	275	0.79%
2001	4,130,000	4,130,000	21,962	761,576,274	188	0.54%
2002	3,765,000	3,765,000	21,514	746,040,978	175	0.50%
2003	3,385,000	3,385,000	21,514	746,040,978	157	0.45%
2004	2,985,000	2,985,000	21,729	753,496,533	137	0.40%
2005	2,570,000	2,570,000	21,887	758,975,499	117	0.34%
2006	2,135,000	2,135,000	21,511	745,936,947	99	0.29%

Source: Johnson County Clerk and City of Prairie Village Records.

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, 2006

<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>
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	21514	255,791,537	2,985,000	48,181	2,936,819	1.15%	136.51
2005	21887	269,806,687	2,570,000	52,633	2,517,367	0.93%	115.02
2006	21511	276,551,250	2,135,000	48,310	2,086,690	0.75%	97.01

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

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CITY OF PRAIRIE VILLAGE, KANSAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2006

<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	\$ 2,135,000	100.00%	\$ 2,135,000
Overlapping debt: (1)			
Johnson County	160,345,000	3.63%	5,820,524
Shawnee Mission School (U.S.D. 512)	215,065,000	8.90%	19,140,785
Fire District #2	1,825,000	38.53%	703,173
Johnson County Community College	10,180,000	3.63%	369,534
Johnson County Parks and Recreation	4,820,000	3.63%	174,966
Total overlapping debt	<u>392,235,000</u>		<u>26,208,981</u>
Total direct and overlapping debt	<u>\$ 394,370,000</u>		<u>\$ 28,343,981</u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the overlapping debt of those overlapping governments that is borne by the resident and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also applied to the other debt of the overlapping governmental units.

TABLE 13
(UNAUDITED)

CITY OF PRAIRIE VILLAGE, KANSAS
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Total Assessed Valuation of Taxable Property	\$ 179,372,101	\$ 183,137,667	\$ 211,772,968	\$ 223,915,500
Debt Limit Percent of Assessed Value	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>
Debt Limit	53,811,630	54,941,300	63,531,890	67,174,650
Total net debt applicable to limit	<u>3,685,000</u>	<u>3,335,000</u>	<u>4,790,000</u>	<u>6,080,000</u>
Legal Debt Margin	<u>\$ 50,126,630</u>	<u>\$ 51,606,300</u>	<u>\$ 58,741,890</u>	<u>\$ 61,094,650</u>
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	6.85%	6.07%	7.54%	9.05%

Note: Under State finance law, the City's outstanding general obligation debt should not exceed 30 percent of the total assessed property value.

Source: Assessed valuation from Johnson County Clerk.

TABLE 13
(UNAUDITED)

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 236,125,305	\$ 244,150,272	\$ 250,608,971	\$ 255,791,537	\$ 269,806,687	\$ 276,551,250
30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
70,837,592	73,245,082	75,182,691	76,737,461	80,942,006	82,965,375
<u>4,130,000</u>	<u>3,765,000</u>	<u>3,385,000</u>	<u>2,985,000</u>	<u>2,570,000</u>	<u>2,135,000</u>
<u>\$ 66,707,592</u>	<u>\$ 69,480,082</u>	<u>\$ 71,797,691</u>	<u>\$ 73,752,461</u>	<u>\$ 78,372,006</u>	<u>\$ 80,830,375</u>
5.83%	5.14%	4.50%	3.89%	3.18%	2.57%

TABLE 14
(UNAUDITED)

CITY OF PRAIRIE VILLAGE, KANSAS
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
December 31, 2006

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>	<u>Personal Income</u>
1997	23545	6027	1.4%	\$ 816,469,965
1998	23545	7002	1.6%	816,469,965
1999	23365	7219	1.1%	810,228,105
2000	22072	6682	1.5%	765,390,744
2001	21962	6954	3.7%	761,576,274
2002	21514	6750	4.3%	746,040,978
2003	21514	6573	3.9%	746,040,978
2004	21729	6563	4.3%	753,496,533
2005	21887	6145	4.5%	758,975,499
2006	21511	6054	4.1%	745,936,947

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

CITY OF PRAIRIE VILLAGE, KANSAS
PRINCIPAL EMPLOYERS
December 31, 2006 and Nine Years Ago

<u>Employer</u>	December 31, 2006			December 31, 1997		
	Employees	Rank	Percentage of Total Employment	Employees (1)	Rank	Percentage of Total Employment
USD #512	769	1	3.57%	Not Available		0.00%
Reece and Nichols	280	2	1.30%	Not Available		0.00%
Hen House	187	3	0.87%	Not Available		0.00%
Brighton Gardens	140	4	0.65%	Not Available		0.00%
City of Prairie Village	132	5	0.61%	Not Available		0.00%
Claridge Court	120	6	0.56%	Not Available		0.00%
Macy's	100	7	0.46%	Not Available		0.00%
Blue Mouse	60	8	0.28%	Not Available		0.00%
Meadowbrook Country Club	55	9	0.26%	Not Available		0.00%
Life Care Home Health	45	10	0.21%	Not Available		0.00%
Total	<u>1,888</u>		<u>8.78%</u>	<u>-</u>		<u>0.00%</u>

Source: City of Prairie Village

TABLE 16
(UNAUDITED)

CITY OF PRAIRIE VILLAGE, KANSAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
For the Year Ended December 31, 2006

<u>Function/Program</u>	
Public Safety/Municipal Justice	
911 Calls Received	8,055
DUI Arrests	200
Traffic/Parking Complaints	11,960
Accidents	593
Investigations Cases	441
Total Court Cases Processed	12,522
Public Works	
Curb Miles Swept	1,360
Number of Catch Basins Cleaned	2,056
Number of Potholes Patched	1,002
Streets Slurry Sealed (Square Yards)	95,925
Streets Milled and Overlaid (Linear Feet)	11,895
Sidewalk Replaced (Square Yards)	3,951
Curb and Gutter Replaced (Linear Feet)	27,097
Acres of Lawn Mowed	1,319
Urban Management and Planning	
Building Permits Processed	1,169
Building Inspections Performed	2,309
Plan Reviews Performed	333
Leisure and Recreation	
Facility Reservations Processed	1,415
Facility Reservation Revenue	22,750
Pool Memberships Sold	4,724
Pool Revenue	198,717
Tennis Lessons Taught	186
Junior Tennis League Memberships Sold	104
Tennis Program Revenue	14,574

Source: City of Prairie Village

CITY OF PRAIRIE VILLAGE, KANSAS
FULL TIME CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
General Government										
City Administrator	3.9	3.9	3.9	4.0	4.4	4.0	4.6	4.6	4.6	4.0
Legal	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Licensing/Personnel	6.0	6.0	6.0	6.0	4.9	4.9	3.9	3.9	3.9	4.1
Finance (Includes IT)	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Municipal Court	6.1	4.8	4.3	4.3	4.3	4.3	4.3	3.8	3.8	3.3
Planning	3.1	3.1	3.2	3.0	3.0	3.2	3.2	3.2	3.2	3.0
Public Works	29.0	29.0	27.0	28.0	28.0	27.0	31.5	30.5	30.5	31.0
Police	61.0	58.0	58.0	58.0	57.0	55.0	56.0	56.0	55.8	54.5
Parks & Recreation	<u>21.0</u>	<u>20.8</u>	<u>20.8</u>	<u>20.3</u>	<u>20.4</u>	<u>21.2</u>	<u>20.9</u>	<u>17.9</u>	<u>17.9</u>	<u>17.9</u>
Total	132.3	127.8	125.4	125.8	124.2	121.8	126.6	122.1	121.9	119.9

Source: City of Prairie Village Budget Document

TABLE 18
(UNAUDITED)

CITY OF PRAIRIE VILLAGE, KANSAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Police										
Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works										
Miles of streets	112.5	112.5	112.5	112.5	112.5	112.5	112.5	112.5	112.5	112.5
Streetlights	2,146.0	1,990.0	1,990.0	1,990.0	1,990.0	*	*	*	*	*
Parks & Recreation										
Parks	11.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Park acreage	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0
Pools	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Golf courses (private)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

Source: City of Prairie Village Budget Document

* City owned streetlights were not accounted for prior to 2002.