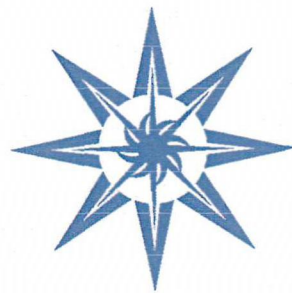




2012 CAFER



City of Prairie Village, Kansas



The Star of Kansas

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

CITY OF PRAIRIE VILLAGE, KANSAS

For the Fiscal Year Ended

December 31, 2012

Prepared by:

FINANCE AND ADMINISTRATION DEPARTMENT

City of Prairie Village, Kansas

CITY OF PRAIRIE VILLAGE, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2012

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i - iii
Organizational Overview	iv
Principal Officials	v
Government Finance Officers Association Certificate of Achievement	vi
FINANCIAL SECTION:	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13 - 14
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16 - 17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis:	
General Fund	19 - 20
Solid Waste Management Fund	21
Stormwater Fund	22
Statement of Net Position – Fiduciary Fund	23
Statement of Changes in Net Position – Fiduciary Fund	24
Notes to Basic Financial Statements	25 - 59

CITY OF PRAIRIE VILLAGE, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2012

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Required Supplementary Information:	
Prairie Village Police Pension Plan	60 - 61
Retiree Health Care Benefit Plan Trust and Pension Plan	62
Other Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	64
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis:	
Special City Street and Highway Fund	65
Special Parks and Recreation Fund	66
Special Alcohol Fund	67
Debt Service Fund	68
STATISTICAL SECTION:	
Financial Trends:	
Net Position by Component	69
Changes in Net Position	70 - 71
Fund Balances of Governmental Funds	72
Changes in Fund Balances of Governmental Funds	73 - 74
Tax Revenues of Governmental Funds by Source	75
Revenue Capacity:	
Local Sales Tax Collections	76 - 77
Assessed Value and Estimated Actual Value of Taxable Property	78 - 79
Direct and Overlapping Property Tax Rates	80
Principal Property Taxpayers	81
Property Tax Levies and Collections	82

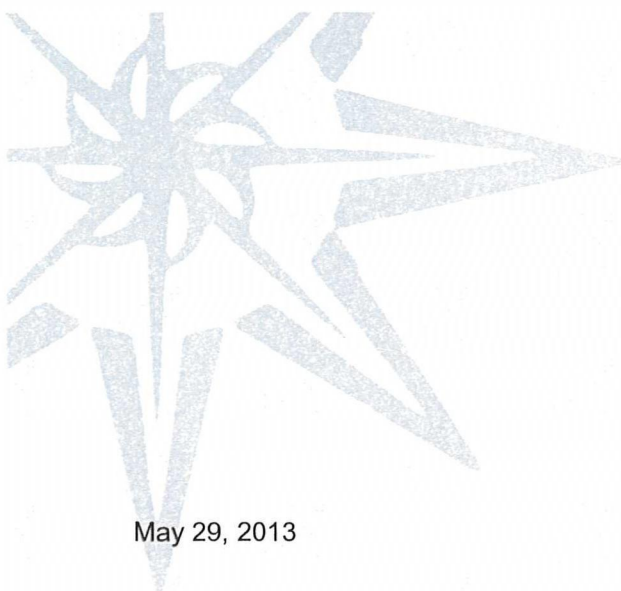
CITY OF PRAIRIE VILLAGE, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2012

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Debt Capacity:	
Ratios of Outstanding Debt by Type	83
Ratios of General Bonded Debt Outstanding	84
Direct and Overlapping Debt	85
Legal Debt Margin	86 - 87
Demographic and Economic Information:	
Demographic and Economic Statistics	88
Principal Employers	89
Operating Information:	
Full-time City Government Employees by Function/Program	90
Operating Indicators by Function/Program	91
Capital Asset Statistics by Function/Program	92



THE CITY OF PRAIRIE VILLAGE

STAR OF KANSAS

May 29, 2013

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, 2012. 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 one.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, 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. We believe the report as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position of the City, on a Government-wide and Fund basis.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. Management's discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

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 20 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 21,795 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. The cyclical declines in the national economy over the last ten years have had a moderate affect on the City's economic growth.

Although the City is fully-developed and land-locked, the value of tangible property in Prairie Village has been maintained over the past ten years. During the same timeframe, Johnson County as a whole has experienced economic challenges and a decline in appraisal values in the midst of a prolonged recession. While the current economy presents challenges, the City maintains a favorable financial outlook based on prudent financial practices. The City, as well as Johnson County, continues to experience the effects of the national economy but not to the extent that many cities, counties and states have in other parts of the country.

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 adopted the "Village Vision" document in May 2007 and will use this document to guide them in strategic planning efforts to insure the viability of this community for the future.

2012 Major Initiatives

As a part of the preparation for the 2012 annual budget, the following priorities were established and achieved by the City Council:

- ❖ Maintain high quality services and programs
- ❖ Maintain quality streets, parks and infrastructure
- ❖ Continue strong financial position
- ❖ Maintain Aaa bond rating
- ❖ Reduce reliance on fund balance and reserves
- ❖ Be mindful of tax burden

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 prevailing climate has created a gradual change, which has helped maintain 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.

2012 Relevant Financial Policies

In addition to the major initiatives discussed above, the 2012 budget reflected several financial policies the City has established.

- ❖ Increase financial transparency by implementing an online checkbook that gives citizens easy access to view how their tax dollars are being spent
- ❖ Conduct a thorough review of all budgeted items at the staff level
- ❖ Provide a revenue structure that pays the full cost of current services, and can be responsive to economic conditions
- ❖ Maintain financial accounting and budget practices that provide full disclosure of the City's financial affairs
- ❖ Assess and plan for technology needs
- ❖ Evaluate existing City services to determine the need and efficiency of such services

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, 2011. This was the twenty-sixth 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, 2012. This is the twenty-fourth 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.

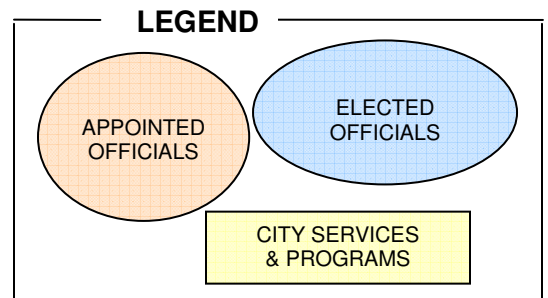
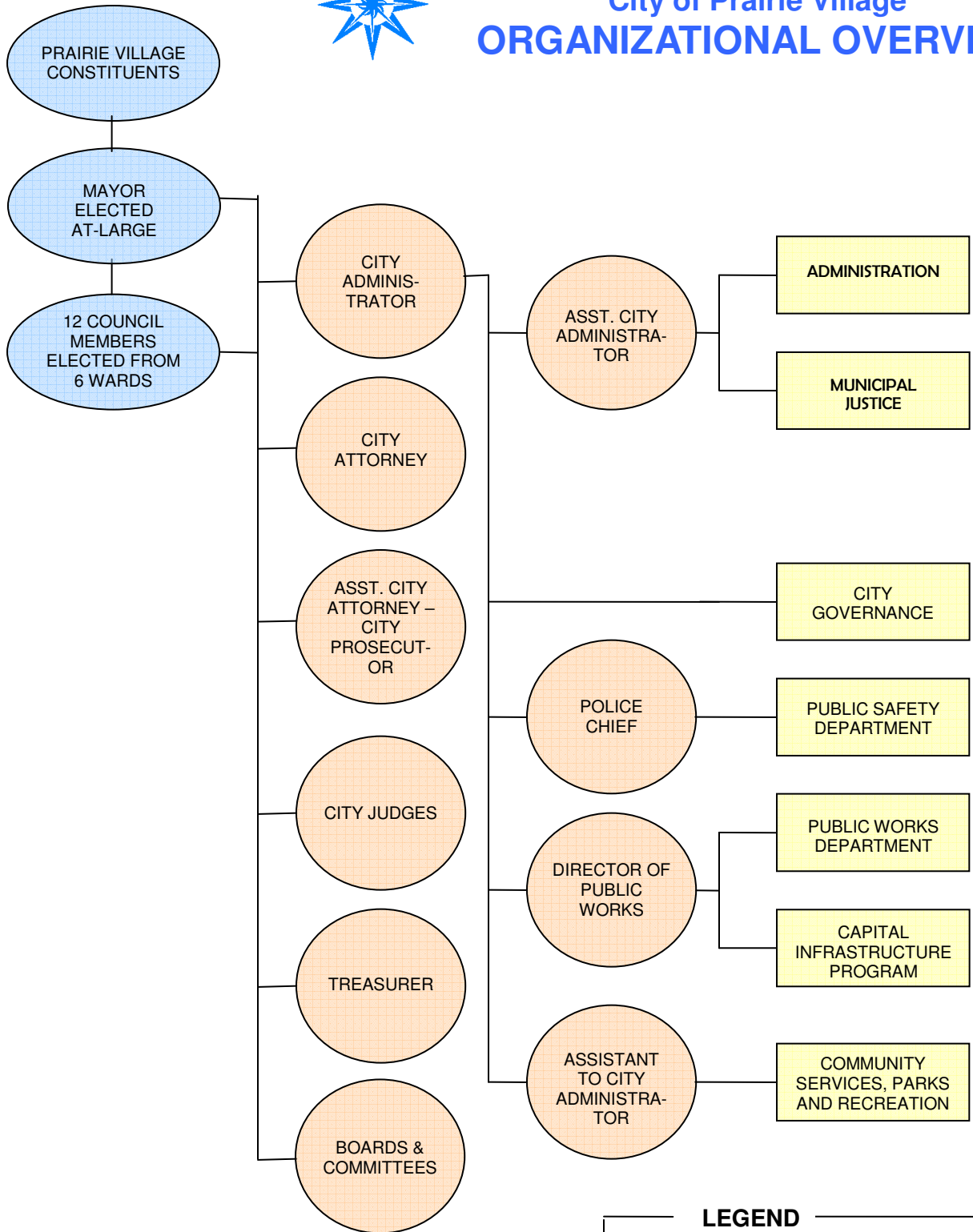
Respectfully submitted,



Lisa Santa Maria
Finance Director



City of Prairie Village ORGANIZATIONAL OVERVIEW



CITY OF PRAIRIE VILLAGE, KANSAS

PRINCIPAL OFFICIALS – 2012

Elected Officials

Mayor	Ronald L. Shaffer
Council Member – Ward 1	Ashley Weaver
Council Member – Ward 1	Dale Warman
Council Member – Ward 2	Steve Noll
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	Brooke Morehead
Council Member – Ward 5	David Morrison
Council Member – Ward 5	Charles Clark
Council Member – Ward 6	David Betz
Council Member – Ward 6	Ted Odell

Appointed Officials

City Administrator	Quinn Bennion
Assistant City Administrator	Dennis Enslinger
Chief of Police	Wes Jordan
Director of Public Works	Bruce McNabb
City Clerk	Joyce Hagen Mundy
City Attorney	Catherine Logan
Assistant City Attorney	Stephen Horner
Municipal Judge	M. Bradley Watson
Municipal Judge	Mary Virginia Clarke
City Treasurer	Fielding North, 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, 2011

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.



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Council
City of Prairie Village, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Prairie Village, Kansas (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 as of December 31, 2012, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 - 10, the Schedules of Funding Progress and Employer Contributions for the Prairie Village Police Pension Plan on pages 60 - 61 and the Schedule of Funding Progress for Other Postemployment Benefits on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Berberich Trahan & Co., P.A.

May 29, 2013
Topeka, Kansas

CITY OF PRAIRIE VILLAGE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2012

This discussion and analysis of the City of Prairie Village's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2012. It should be read in conjunction with the letter of transmittal on page I, the basic financial statements, which begin on page 11, and the accompanying notes to those financial statements.

Financial Highlights

- The City Council approved a \$27 million budget and did not have a property tax increase.
- The City's total assessed valuation increased to \$282,359,048 from \$281,618,238 in 2011, a 0.3% increase.
- The average home sale price in Prairie Village increased 7.19% from 2011 to 2012. And, The City was ranked by Coldwell Banker as the third best suburb in Kansas City to live.
- As part of the Parks master Plan, the City completed the Tomahawk Trail and fence project.
- As a result of this fiscal year's activity, the City's combined net assets increased by \$3.6 million, the majority of which is due to an increase in capital assets and a decrease in long-term liabilities.

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 Position* reports all of the City's assets and liabilities. Net position, which is the difference between those assets and liabilities, is an important measure of the City's overall financial health. Changes in net position 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 position 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.

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 Position. The combined net position of the City as of December 31 were:

	<u>2011</u>	<u>2012</u>	<u>Percentage Change</u>
Current and other assets	\$ 27,528,211	\$ 27,341,777	-0.68%
Capital assets	68,814,881	69,412,449	0.87%
Total assets	<u>\$ 96,343,092</u>	<u>\$ 96,754,226</u>	0.43%
Long-term liabilities	\$ 9,178,738	\$ 7,332,584	-20.11%
Other liabilities	12,959,702	11,664,943	-9.99%
Total liabilities	<u>22,138,440</u>	<u>18,997,527</u>	-14.19%
Net position:			
Net investment in capital assets	\$ 57,840,817	\$ 60,262,019	4.19%
Restricted	815,844	4,174,238	411.65%
Unrestricted	15,547,991	13,320,442	-14.33%
Total net position	<u>74,204,652</u>	<u>77,756,699</u>	4.79%
Total liabilities & net position	<u>\$ 96,343,092</u>	<u>\$ 96,754,226</u>	0.43%

The City's combined net position increased by \$3,552,047 or 4.79% from 2011 to 2012. The majority of that increase was due to an increase in capital assets and a decrease in long-term liabilities.

Statement of Activities. The table below shows the condensed revenues, expenses and changes in net position for 2011 and 2012.

	<u>2011</u>	<u>2012</u>	<u>Change</u>
REVENUES			
Program revenues			
Charges for services	\$ 6,765,800	\$ 6,886,989	1.79%
Operating grants and contributions	274,262	248,815	-9.28%
Capital grants and contributions	1,078,160	667,306	-38.11%
General revenues:			
Property taxes	5,299,216	5,469,028	3.20%
Sales and use taxes	6,197,430	6,414,899	3.51%
Other taxes	2,375,854	2,389,739	0.58%
Other revenues	1,171,134	1,299,995	11.00%
Total revenues	<u>23,161,856</u>	<u>23,376,771</u>	<u>0.93%</u>
EXPENSES			
Urban management and planning	3,895,696	4,244,767	8.96%
Public works	8,609,223	8,594,229	-0.17%
Public safety	5,596,720	5,869,808	4.88%
Municipal justice	395,493	417,302	5.51%
Leisure, recreation and education	700,072	692,551	-1.07%
Interest on long-term debt	164,465	185,077	12.53%
Total expenses	<u>19,361,669</u>	<u>20,003,734</u>	<u>3.32%</u>
Increase in net position	3,800,187	3,373,037	-11.24%
Prior period adjustment	-	179,010	
Net position, January 1	70,404,465	74,204,652	5.40%
Net position, December 31	<u>\$ 74,204,652</u>	<u>\$ 77,756,699</u>	<u>4.79%</u>

Overall, total revenues increased by 0.93%. The increase is mostly due to increased property taxes and the additional sales tax received from the City's two Community Improvement Districts that began in 2011.

Tax source revenues (property, sales/use and franchise) continue to account for a majority of the City's revenues. Tax source revenues account for 61.0% of total revenues in 2012 compared with 60.0% in 2011. Sales and use taxes increased 3.51% and Property Taxes increased 3.20% due to a small increase in assessed valuation.

Operating grants and contributions decreased 9.28% in 2012 and is mostly attributable to City not receiving reimbursements from the Work Study program administered by the University of Kansas in 2012.

Another significant change in City revenues was the decrease in capital grants and contributions. In 2012, the City received 35% less in reimbursements from the County Assisted Road program (CARS). Reimbursements from the Community Improvement District (CID) to the City are included in capital grants and contributions.

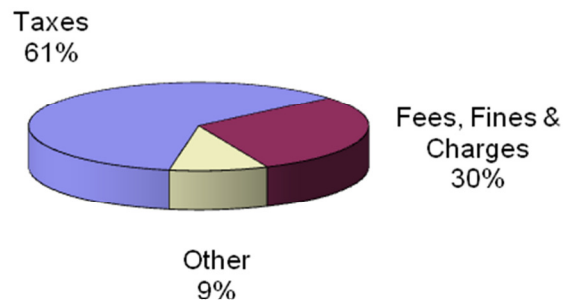
Interest earnings decreased during 2012 due to the economy and the low interest rates that prevailed in 2012.

Gain on disposal of assets increased in 2012 and are included in other revenues.

Total expenses for 2012 were higher when compared with 2011, increasing 3.32%. Interest on long-term debt increased in 2012 because of the general obligation refunding and improvement bonds issued in 2011. Also, Urban Management and Planning expenses increased as a result of increased activity at the two Community Improvement Districts and an increase in contract services for City related legal fees. The increase in Public Safety reflects additional police equipment and vehicles. And, the 5.51% increase in Municipal Justice spending reflects an increase in contract services for interpreters and legal proceedings.

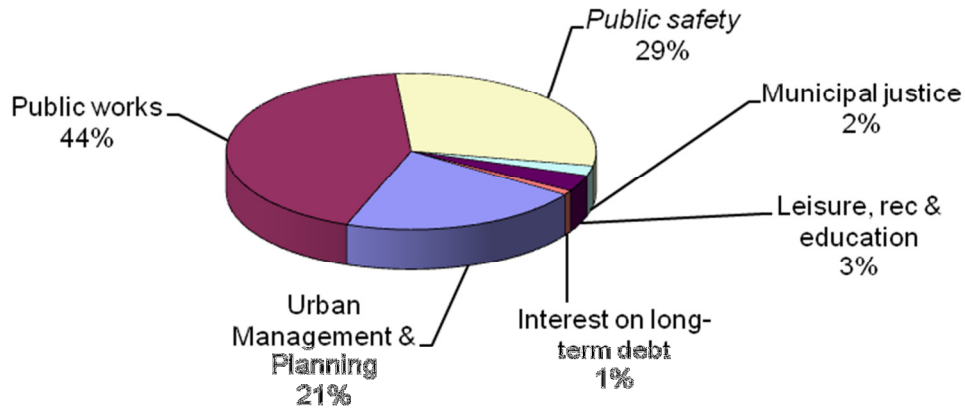
As illustrated by the following graphs, 61% of the City's revenues are tax-related. Another 30% are directly related to the City's solid waste management assessments, stormwater assessments and public safety agreement with the City of Mission Hills.

Sources of Revenue - 2012



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 - 2012



The net cost of each program is an important indicator of the financial burden placed on revenues, primarily tax sources. As shown below, \$12.2 million of the cost of services was paid by the City's tax payers.

	Total Cost of Services			Net Cost of Services		
	2011	2012	% Chg	2011	2012	% Chg
Governmental:						
Urban management and planning	\$ 3,895,696	\$ 4,244,767	9.0%	\$ 1,763,871	\$ 2,081,624	18.0%
Public works	8,609,223	8,594,229	-0.2%	5,898,695	6,039,019	2.4%
Public safety	5,596,720	5,869,808	4.9%	2,781,252	3,268,348	17.5%
Municipal justice	395,493	417,302	5.5%	392,818	416,087	5.9%
Leisure, recreation and education	700,072	692,551	-1.1%	242,346	210,469	-13.2%
Interest on long-term debt	164,465	185,077	12.5%	164,465	185,077	12.5%
Total governmental activities	\$ 19,361,669	\$ 20,003,734	3.3%	\$ 11,243,447	\$ 12,200,624	8.5%

Additional information about program and general revenues may be found on the Statement of Activities located on page 12.

Analysis of the Fund Financial Statements

General Fund. Fund balance increased 6.84% in the General Fund as a result of revenues being 4.87% higher than budgeted and expenditures being only 92% of budget in 2012. The General Fund also reflects the reclassification of three funds. Additional information regarding the fund balance reclassifications can be found in Note 1.

Solid Waste Management Fund. Fund balance increased 2.39% as a result of not spending 100% of the 2012 budget and a rate roll back from the solid waste contractor.

Bond and Interest Fund. The City issued general obligation refunding and improvement bonds in 2011 for street infrastructure improvement project expenditures.

Stormwater Fund. This fund was established at the end of 2008. It is used to account for the stormwater utility fee and the related stormwater management activities. The stormwater fee appeared on the December 2011 tax bills, the receipts from which are used to fund 2012 operations. All of the funds collected were used in stormwater management activities.

Capital Projects Fund. The City's Capital Projects Fund accounts for major infrastructure improvement project expenditures. The decrease in fund balance is a result of 35% decrease in reimbursements from the County Assisted Road program (CARS).

Other Governmental Funds. The fund balance for these funds increased due to an increase in the fund balance for the Community Improvements Districts (CID) Funds, and the Grant Fund. The CID Funds account for the additional 1% sales tax that is expended on development within the improvement districts.

General Fund Budget

The legally adopted budget for the CID funds was amended by the City Council during 2012. The purpose of the budget amendment was for the addition of the CID funds (Corinth and PV Shops). Departments within the City are allowed to transfer budget between line items within programs and between programs within the department. In addition, allocations of contingency budget are recorded as a budget transfer to the affected program. As a result of these budget transfers, the original budget and the final budget in some programs may not be the same.

The following revenue and expenditure categories experienced significant differences between the final budget amount and the actual amount. The explanation of the difference is also included.

Category	Explanation
Taxes	The increase in tax revenue is a result of a higher Sales and Use Tax distributions than budgeted for 2012.
Intergovernmental	This category increased due to the reclassification of Liquor Tax revenue in 2012.
Franchise Fees	Franchise fees declined due to the replacement of land lines with cell phones. Franchise fees are also affected by "internet services" which do not contribute to this revenue source.
Interest Earnings	Interest rates in 2012 remained low throughout the year.
Other	Miscellaneous income was more than budgeted for 2012. These revenue items are difficult to predict and depend on what miscellaneous transactions occur.
Mayor and Council	The budget includes funding for consultants that may be needed by the Council during the year. In 2012, the Council did not utilize the full budget for consultants. In addition, the Council did not utilize the full budget for training and conferences.
Management & Planning	This program budget includes funding for consultants to assist with planning services. In 2012 the budget for consultants was not utilized. The budget for the training and dues was also not fully utilized.
Information Technology	In 2012, the City spent less on IT consulting services than budgeted. The 2012 budget for software maintenance was lower than planned.
Legal Services	The amount of legal expenditures depends on the contracts reviewed; ordinances drafted, law suits, etc. In 2012 the City experienced an increase in legal costs due to a couple of law suits. These services are provided at an hourly rate.
Human Resources	In 2012, the budget for contract services was not fully utilized. These services were paid in part from another department's budget.
Financial Management	The 2012 budget for contract services included a new contract for audit services.
City Clerk	In 2012, the City Clerk did not utilize the full budget for training and conferences.
Public Works Administration	In 2012 the budget for the City engineer were not fully utilized.
Vehicle and Equipment Maintenance	Personal services were less than budgeted due to a movement of personal in Vehicle and Equipment Maintenance.
Streets and Drain	Contract services for streets was more than budget in 2012
Drainage Operation and Maintenance	Contract services, which includes equipment rental and maintenance costs were higher than budgeted in 2012.
Miscellaneous Operations and Maintenance	Contract services, which include building maintenance and utilities costs, were lower than budgeted in 2012.
Buildings and Grounds	Contract services, which include equipment and fuel costs, were lower than budgeted in 2012.
Staff Services	Contract services, which include the Motorola maintenance contract cost, were lower than budgeted in 2012.
Patrol	Capital outlay, which includes police vehicles, and commodities, which includes fuel costs, were both lower than budgeted in 2012.
Investigations	Contract services, which include cleaning service costs, were lower than budgeted in 2012.
Special Investigations	Personal services were less than budgeted due to a movement of personal in Public Safety.
Off-Duty Contractual	This program depends on assignments and will vary from year to year.
Traffic	Contract services, which include vehicular maintenance costs, were lower than budgeted in 2012.
Judicial	This program depends on court case loads and will vary from year to year.
Prosecutor	In 2012 there were not as many appeals planned during the budget process.
Court Clerks	Contract services, which include jail fees, interpreters and judges, were lower than budgeted in 2012.
Swimming Pool	This program's difference between budget and actual was due to overtime savings from more efficient scheduling procedures. Also, the City spent less on commodities such as chemicals than was budgeted for 2012.
Swimming Pool and Food Service	This program's difference between budget and actual was due to overtime savings from more efficient scheduling procedures. Also, the City was more efficient with food inventory and experienced less waste.

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, 2012 was \$69.4 million. Capital assets increased 0.87% from 2011.

NETWORK	<u>2011</u>	<u>2012</u>	<u>% Chg</u>
Land	\$13,861,866	\$ 13,861,866	0.00%
Buildings	\$ 3,590,415	\$ 3,644,485	1.51%
Improvements other than buildings	\$ 901,463	\$ 864,680	-4.08%
Furniture and equipment	\$ 1,898,214	\$ 1,953,598	2.92%
Infrastructure	\$40,530,432	\$ 46,298,842	14.23%
Construction in progress	<u>\$ 8,032,491</u>	<u>\$ 2,788,978</u>	-65.28%
Total	<u>\$68,814,881</u>	<u>\$ 69,412,449</u>	0.87%

Improvements other than buildings decreased due to continued depreciation of these assets. Furniture and equipment increased due to capitalization of public safety camera equipment, a new LIVESCAN fingerprint system and software, upgraded Audio/Visual equipment in the Council chambers and additional Mitel phone system equipment. Infrastructure increased due to the capitalization of projects open at the end of 2011. Construction in progress decreased because projects open at the end of 2011 were completed in early 2012 as well as most 2012 projects being completed by the end of 2012. In conformity with GASB 34, Infrastructure completed in the current year has been capitalized. Infrastructure assets not completed by the year-end have been reported as construction in progress.

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

Long-term debt activity. As of December 31, 2012, the City had \$9,055,000 of outstanding general obligation bonds. Of the balance outstanding, 65% will be paid off within the next five years.

Attesting to the City's favorable economic conditions and sound financial management, Prairie Villages' general obligation bond rating remains at Aaa, with a stable outlook.

Additional information regarding the City's long-term debt activity can be found in Note 7.

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 Finance Director, 7700 Mission Rd, Prairie Village, Kansas 66208.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF NET POSITION

December 31, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 16,868,818
Receivables, net of allowance for uncollectibles:	
Taxes	5,499,769
Special assessments	2,853,474
Accounts	552,487
Due from other governments	1,317,677
Prepaid items	105,024
Deferred charges	89,179
Restricted cash and investments	47,981
Net pension asset	7,368
Capital assets not being depreciated:	
Land	13,861,866
Construction in progress	2,788,978
Capital assets, net of accumulated depreciation:	
Buildings	3,644,485
Improvements other than buildings	864,680
Furniture and equipment	1,953,598
Infrastructure	46,298,842
Total assets	<u>96,754,226</u>
Liabilities:	
Accounts payable	934,636
Accrued payroll	145,877
Payable from restricted assets	47,981
Unearned revenue	8,353,243
Accrued interest on long-term debt	57,301
Noncurrent liabilities:	
Due within one year	2,125,905
Due in more than one year	7,332,584
Total liabilities	<u>18,997,527</u>
Net position:	
Net investment in capital assets	60,262,019
Restricted:	
Debt service	35,357
Special highway	2,472,829
Special parks and recreation	49,132
Grant provisions	517,336
Economic development	1,030,503
Special alcohol	69,081
Unrestricted	13,320,442
Total net position	<u>\$ 77,756,699</u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position-Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contribution</u>
Governmental activities:					
Urban management and planning	\$ 4,244,767	\$ 2,163,143	\$ -	\$ -	\$ (2,081,624)
Public works	8,594,229	1,887,904	-	667,306	(6,039,019)
Public safety	5,869,808	2,352,645	248,815	-	(3,268,348)
Municipal justice	417,302	1,215	-	-	(416,087)
Leisure and recreation	692,551	482,082	-	-	(210,469)
Interest on long-term debt	185,077	-	-	-	(185,077)
Total governmental activities	\$ 20,003,734	\$ 6,886,989	\$ 248,815	\$ 667,306	(12,200,624)
General revenues:					
Property taxes					5,469,028
Sales and use tax					6,414,899
Motor vehicle tax					591,098
Franchise tax					1,798,641
Grants and contributions not restricted to specific programs					1,073,000
Investment earnings					10,973
Gain on disposal of assets					29,683
Miscellaneous					186,339
Total general revenues					15,573,661
Change in net position					3,373,037
Net position, beginning, as previously stated					74,204,652
Prior period adjustment					179,010
Net position, beginning, as restated					74,383,662
Net position, ending					\$ 77,756,699

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2012

	<u>General</u>	<u>Solid Waste Management</u>
Assets:		
Cash and investments	\$ 8,809,671	\$ 408,042
Receivables:		
Taxes	3,924,171	-
Special assessments	-	1,320,847
Accounts	536,975	-
Due from other governments	996,420	-
Due from other funds	104,364	-
Prepaid items	103,927	-
Restricted assets	47,981	-
	<u>14,523,509</u>	<u>1,728,889</u>
Total assets	<u>\$ 14,523,509</u>	<u>\$ 1,728,889</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 392,199	\$ 137,327
Accrued payroll	144,896	389
Due to other funds	-	-
Payable from restricted assets	47,981	-
Deferred revenue	3,924,171	1,320,847
	<u>4,509,247</u>	<u>1,458,563</u>
Total liabilities	<u>4,509,247</u>	<u>1,458,563</u>
Fund balances:		
Nonspendable:		
Not in spendable form	103,927	-
Restricted	-	-
Committed	2,053,036	270,326
Assigned	273,273	-
Unassigned	7,584,026	-
	<u>10,014,262</u>	<u>270,326</u>
Total fund balance	<u>10,014,262</u>	<u>270,326</u>
	<u>\$ 14,523,509</u>	<u>\$ 1,728,889</u>
Total liabilities and fund balances	<u>\$ 14,523,509</u>	<u>\$ 1,728,889</u>

See accompanying notes to basic financial statements.

<u>Bond and Interest</u>	<u>Stormwater</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,479	\$ 408,043	\$ 5,635,264	\$ 1,604,319	\$ 16,868,818
1,575,598	-	-	-	5,499,769
-	1,532,627	-	-	2,853,474
-	-	15,512	-	552,487
-	-	-	321,257	1,317,677
-	-	19,816	-	124,180
-	-	-	1,097	105,024
-	-	-	-	47,981
<u>\$ 1,579,077</u>	<u>\$ 1,940,670</u>	<u>\$ 5,670,592</u>	<u>\$ 1,926,673</u>	<u>\$ 27,369,410</u>
\$ -	\$ -	\$ 282,449	\$ 122,661	\$ 934,636
-	-	-	592	145,877
-	-	-	124,180	124,180
-	-	-	-	47,981
1,575,598	1,532,627	-	-	8,353,243
<u>1,575,598</u>	<u>1,532,627</u>	<u>282,449</u>	<u>247,433</u>	<u>9,605,917</u>
-	-	-	1,097	105,024
3,479	-	2,500,084	647,299	3,150,862
-	408,043	-	1,030,503	3,761,908
-	-	2,888,059	341	3,161,673
-	-	-	-	7,584,026
<u>3,479</u>	<u>408,043</u>	<u>5,388,143</u>	<u>1,679,240</u>	<u>17,763,493</u>
<u>\$ 1,579,077</u>	<u>\$ 1,940,670</u>	<u>\$ 5,670,592</u>	<u>\$ 1,926,673</u>	<u>\$ 27,369,410</u>

CITY OF PRAIRIE VILLAGE, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

December 31, 2012

Total fund balance in Governmental Funds Balance Sheet	\$ 17,763,493
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	69,412,449
The net pension asset is not a financial resource and therefore is not reported in the funds.	7,368
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(9,426,611)</u>
Net position of governmental activities	<u><u>\$ 77,756,699</u></u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

Year Ended December 31, 2012

	General	Solid Waste Management
Revenues:		
Taxes:		
Property	\$ 4,511,663	\$ -
Sales	5,517,309	-
Franchise	1,798,641	-
Intergovernmental	124,583	-
Licenses and permits	457,034	1,605
Charges for services	1,723,554	1,680,763
Fines and forfeitures	1,075,209	-
Recreational fees	482,082	-
Interest earnings	5,631	255
Other	206,751	15,776
Total revenues	<u>15,902,457</u>	<u>1,698,399</u>
Expenditures:		
Current:		
Urban management and planning	1,977,966	1,692,097
Public works	4,906,355	-
Public safety	5,507,505	-
Municipal justice	399,844	-
Leisure and recreation	511,896	-
Capital outlay	800,452	-
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	<u>14,104,018</u>	<u>1,692,097</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,798,439</u>	<u>6,302</u>
Other financing sources (uses):		
Transfers in	450,000	-
Transfers out	(1,636,649)	-
Sale of general capital assets	29,683	-
Total other financing sources (uses)	<u>(1,156,966)</u>	<u>-</u>
Net change in fund balances	641,473	6,302
Fund balances, beginning	9,372,789	264,024
Fund balances, ending	<u>\$ 10,014,262</u>	<u>\$ 270,326</u>

See accompanying notes to basic financial statements.

Bond and Interest	Stormwater	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 1,548,463	\$ -	\$ -	\$ -	\$ 6,060,126
-	-	-	897,590	6,414,899
-	-	-	-	1,798,641
-	-	667,305	1,053,711	1,845,599
-	3,500	-	-	462,139
-	1,569,753	-	-	4,974,070
-	-	-	-	1,075,209
-	-	-	-	482,082
107	399	4,240	341	10,973
123	700	-	-	223,350
<u>1,548,693</u>	<u>1,574,352</u>	<u>671,545</u>	<u>1,951,642</u>	<u>23,347,088</u>
-	-	-	330,672	4,000,735
-	-	-	-	4,906,355
-	-	-	76,181	5,583,686
-	-	-	-	399,844
-	-	-	15,000	526,896
-	-	4,220,559	-	5,021,011
1,810,000	-	-	-	1,810,000
190,486	-	-	-	190,486
<u>2,000,486</u>	<u>-</u>	<u>4,220,559</u>	<u>421,853</u>	<u>22,439,013</u>
<u>(451,793)</u>	<u>1,574,352</u>	<u>(3,549,014)</u>	<u>1,529,789</u>	<u>908,075</u>
450,830	-	2,883,819	-	3,784,649
-	(1,485,000)	-	(663,000)	(3,784,649)
-	-	-	-	29,683
<u>450,830</u>	<u>(1,485,000)</u>	<u>2,883,819</u>	<u>(663,000)</u>	<u>29,683</u>
(963)	89,352	(665,195)	866,789	937,758
4,442	318,691	6,053,338	812,451	16,825,735
<u>\$ 3,479</u>	<u>\$ 408,043</u>	<u>\$ 5,388,143</u>	<u>\$ 1,679,240</u>	<u>\$ 17,763,493</u>

CITY OF PRAIRIE VILLAGE, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

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

Net change in fund balances - total governmental funds. \$ 937,758

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. 597,569

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,810,000

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. 27,710

Change in net position of governmental activities \$ 3,373,037

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

Year Ended December 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance With Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 9,526,149	\$ 10,028,972	\$ 502,823
Intergovernmental	-	124,583	124,583
Franchise fees	1,899,800	1,798,641	(101,159)
Licenses and permits	454,900	457,034	2,134
Charges for services	1,744,000	1,723,554	(20,446)
Fines and forfeitures	992,000	1,075,209	83,209
Recreation fees	448,950	482,082	33,132
Interest earnings	40,000	5,631	(34,369)
Other	58,700	206,751	148,051
Total revenues	15,164,499	15,902,457	737,958
Expenditures:			
Urban management and planning:			
City governance:			
Mayor and council	137,459	78,927	58,532
Management and planning	457,693	384,103	73,590
Administrative services:			
Information technology	205,050	121,709	83,341
Legal services	125,000	225,682	(100,682)
Human resources	142,912	117,167	25,745
Financial management	259,583	299,590	(40,007)
Codes administration	392,829	385,697	7,132
City clerk	322,499	306,829	15,670
Total urban management and planning	2,043,025	1,919,704	123,321
Public works and improvements:			
Administration	782,767	700,431	82,336
Vehicle and equipment maintenance	505,778	444,727	61,051
Streets and drain	2,351,246	2,405,496	(54,250)
Drainage operation and maintenance	501,043	511,345	(10,302)
Miscellaneous operation and maintenance	386,200	273,626	112,574
Buildings and grounds	1,064,680	1,007,192	57,488
Total public works and improvements	5,591,714	5,342,817	248,897
Public safety:			
Administration	384,868	395,734	(10,866)
Staff services	775,310	749,526	25,784
Community services	197,886	186,518	11,368
Community policing	83,189	77,094	6,095
Patrol	2,997,217	2,967,552	29,665
Investigations	634,172	614,956	19,216
Special investigations	187,919	173,222	14,697
Professional standards	167,451	159,681	7,770
Off duty contractual	66,031	41,780	24,251
Traffic	367,754	292,275	75,479
Total public safety	\$ 5,861,797	\$ 5,658,338	\$ 203,459

(Continued)

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL- BUDGETARY BASIS - GENERAL FUND
(Continued)

Year Ended December 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance With Final Budget - Positive (Negative)
Municipal justice:			
Judicial	\$ 33,702	\$ 32,082	\$ 1,620
Prosecutor	50,500	41,351	9,149
Court clerks	375,331	326,411	48,920
Total municipal justice	459,533	399,844	59,689
Leisure and recreation:			
Community programs	151,353	142,105	9,248
Swimming pool	334,581	322,452	12,129
Swimming pool food service	76,527	66,509	10,018
Tennis	17,770	15,172	2,598
Total leisure and recreation	580,231	546,238	33,993
Contingency	500,000	-	500,000
Total expenditures	15,036,300	13,866,941	1,169,359
Excess (deficit) of revenues over (under) expenditures	128,199	2,035,516	1,907,317
Other financing sources (uses)			
Transfer in	450,000	737,500	287,500
Transfers out	(5,106,523)	(1,932,330)	3,174,193
Sale of general capital asset	-	29,683	29,683
Total other financing sources (uses)	(4,656,523)	(1,165,147)	3,491,376
Net change in fund balance	(4,528,324)	870,369	5,398,693
Fund balance, beginning	5,535,465	6,346,635	811,170
Fund balance, ending	\$ 1,007,141	\$ 7,217,004	\$ 6,209,863
<u>Reconciliation to GAAP</u>			
Change in encumbrances		273,273	
Fund balances on the basis of GAAP - General Fund only.		7,490,277	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials.			
Equipment reserve		382,371	
Risk management reserve		88,579	
Economic development		2,053,035	
Total fund balance, ending		\$ 10,014,262	

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS -
SOLID WASTE MANAGEMENT FUND

Year Ended December 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Licenses and permits	\$ 4,000	\$ 1,605	\$ (2,395)
Charges for services	1,758,425	1,680,763	(77,662)
Interest earnings	1,000	255	(745)
Other	-	15,776	15,776
	<hr/>	<hr/>	<hr/>
Total revenues	1,763,425	1,698,399	(65,026)
Expenditures:			
Urban management and planning	1,741,703	1,692,097	49,606
	<hr/>	<hr/>	<hr/>
Net change in fund balance	21,722	6,302	(15,420)
Fund balance, beginning	199,080	264,024	64,944
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 220,802</u>	<u>\$ 270,326</u>	<u>\$ 49,524</u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS -
STORMWATER FUND

Year Ended December 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Licenses and permits	\$ 4,600	\$ 3,500	\$ (1,100)
Charges for services	1,532,627	1,569,753	37,126
Interest earnings	1,000	399	(601)
Other	-	700	700
	<hr/>	<hr/>	<hr/>
Total revenues	1,538,227	1,574,352	36,125
Expenditures:			
Public works	26,000	-	26,000
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	1,512,227	1,574,352	62,125
Other financing uses:			
Transfers out	(1,485,000)	(1,485,000)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	27,227	89,352	62,125
Fund balance, beginning	10,770	318,691	307,921
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 37,997</u>	<u>\$ 408,043</u>	<u>\$ 370,046</u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF NET POSITION
FIDUCIARY FUND

December 31, 2012

	<u>Pension Trust Fund</u>
Assets:	
Restricted cash	\$ 404,835
Restricted investments, at fair value:	
Common stock	5,991,218
Fixed income	<u>3,501,302</u>
Total restricted investments	<u>9,492,520</u>
Interest receivable	<u>23,088</u>
Total assets	9,920,443
Liabilities and net position:	
Liabilities	<u>-</u>
Net position:	
Held in trust for pension benefits	<u><u>\$ 9,920,443</u></u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

Year Ended December 31, 2012

	Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 450,000
Plan members	99,095
	549,095
Total contributions	549,095
Investment earnings:	
Interest and dividends on investments	206,383
Net increase in the fair value of investments	692,634
	899,017
Total investment earnings	899,017
Total additions	1,448,112
Deductions:	
Benefits	655,618
	655,618
Changes in net position	792,494
Net position, beginning	9,127,949
	9,127,949
Net position, ending	\$ 9,920,443

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

1 - Summary of Significant Accounting Policies

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All activities of the City are governmental activities. The government-wide financial 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

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.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property, sales, utility franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

While property taxes receivable and special assessments receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by deferred revenue accounts.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

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 *Solid Waste Management 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 and is funded by the solid waste management fee, a special assessment on all properties in the City based on square feet of impervious area.

The *Bond and Interest Fund* is used to account for the accumulation of resources and payment of the City's long-term debt.

The *Stormwater Fund* is used to account for the operation of the City's stormwater management program and is funded by the stormwater utility fee, a special assessment on all properties in the City based on square feet of impervious area.

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

Additionally the City reports the following fiduciary fund type:

Pension Trust Fund, which reports the Revised Prairie Village Police Pension Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

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.

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.

Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are considered delinquent and accrue interest at a per annum rate established by State law until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale on or before August 1 of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

Personal taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal taxes are not paid when due, and after written notice, warrants are issued and placed in the hands of the sheriff for collection. If not paid on or before October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

Motor vehicle taxes are collected periodically throughout the year concurrently with the renewal of motor vehicle tags based upon the value of such vehicles. Such tax receipts are distributed to all taxing subdivisions, including the State of Kansas, in proportion to the number of mills levied within each taxpayer's tax levy unit.

The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser.

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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the governmental funds had no unearned revenue. Deferred revenue is report as follows:

General fund property taxes receivable	\$ 3,924,171
Solid waste management fund special assessment taxes receivable	1,320,847
Stormwater fund special assessment taxes receivable	1,532,627
Bond and interest property taxes receivable	<u>1,575,598</u>
	<u>\$ 8,353,243</u>

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. Prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

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

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (streets, curbs, sidewalks, drainage systems, etc.), and construction in progress are reported in the government-wide financial statements as assets. Capital assets are defined by the City 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 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.

Capital assets, excluding land and infrastructure assets, are depreciated 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 lives as follows:

Buildings	40 years
Improvements other than buildings	15 years
Vehicles	2 - 12 years
Office equipment	3 - 25 years
Field equipment	5 - 20 years
Infrastructure	20 - 40 years

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.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Continued)

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, 2012, will be due within one year.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2012, fund balances for governmental funds are made up of the following:

Nonspendable fund balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance – includes amounts that can only be used for specific purposes determined by a formal action, an ordinance, of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action, an ordinance, that imposed the constraint originally.

Assigned fund balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council authorizes by resolution certain City personnel to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of the assignment.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds					Other Governmental Funds	Total Governmental Funds
	General	Solid Waste Management	Bond and Interest	Stormwater	Capital Projects		
Fund balances:							
Nonspendable for:							
Prepaid items	\$ 103,927	\$ -	\$ -	\$ -	\$ -	\$ 1,097	\$ 105,024
Restricted for:							
Urban management and planning	-	-	-	-	-	517,336	517,336
Leisure and recreation	-	-	-	-	-	49,132	49,132
Public works	-	-	-	-	-	11,750	11,750
Public safety	-	-	-	-	-	69,081	69,081
Capital projects	-	-	-	-	2,500,084	-	2,500,084
Debt	-	-	3,479	-	-	-	3,479
Committed for:							
Urban management and planning	-	270,326	-	-	-	-	270,326
Public works	2,053,036	-	-	408,043	-	1,030,503	3,491,582
Assigned for:							
Urban management and planning	27,656	-	-	-	-	260	27,916
Public works	226,901	-	-	-	2,888,059	68	3,115,028
Leisure and recreation	18,716	-	-	-	-	13	18,729
Unassigned	7,584,026	-	-	-	-	-	7,584,026
Total fund balances	\$ 10,014,262	\$ 270,326	\$ 3,479	\$ 408,043	\$ 5,388,143	\$ 1,679,240	\$ 17,763,493

Net Position

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

Net Investment in Capital Assets – 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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Restricted net position includes \$ 35,357 for debt service and \$ 1,677,850 for enabling legislation.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Use of Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At December 31, 2012, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, was issued in November 2010. The objective of this statement is to improve financial reporting by modifying certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria and guidance for reporting component units as if they were part of the primary government (that is, blending). Additionally, this statement requires a primary government to report its equity interest in a component unit as an asset. The provisions of this statement are effective for periods beginning after June 15, 2012.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued in March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. In addition, debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. Accounting changes adopted to conform to the provisions of the Statement should be applied retroactively by restating financial statements, if practical, for all periods presented.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, was issued in June 2012. The objective of this statement is to improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and to enhance its value for assessing accountability and interperiod measure of pension expense. This statement enhances decision-usefulness and accountability through new note disclosures and required supplementary information. This statement also improves the consistency and transparency of the information reported by employers and governmental nonemployer contributing entities about pension transactions. Additionally, this statement improves the comparability of reported pension information through changes related to the attribution method used to determine service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions. The provisions of this statement are effective for periods beginning after June 15, 2014.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Prior Period Adjustment

Beginning net position for governmental activities on the statement of net position was restated to properly state franchise taxes. The effect of this restatement on the beginning balance was an increase of \$ 179,010 in the governmental activities on the statement of net position. There was no effect on current year revenue or expenses as a result of this adjustment.

Restatement of Fund Balance

In 2012, it was determined that the proper classification for three funds, two previously categorized as internal service funds and one previously categorized as a special revenue fund, was for the funds to be combined with the general fund. The effect of this restatement is as follows:

	<u>Governmental Fund</u>		<u>Internal Service Fund</u>	
	General Fund	Special Revenue Fund <u>Economic Development Fund</u>	Risk Management Fund	Equipment Reserve Fund
Fund balance, beginning	\$ 6,636,658	\$ 2,116,755	\$ 66,885	\$ 552,491
Change in fund classification	<u>2,736,131</u>	<u>(2,116,755)</u>	<u>(66,885)</u>	<u>(552,491)</u>
Fund balance, beginning, restated	<u>\$ 9,372,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ (9,426,611) difference are as follows:

Bonds payable	\$ (9,055,000)
Less: Deferred charge for issuance costs	89,179
Less: Issuance premium	(95,430)
Accrued interest payable	(57,301)
Compensated absences	(290,905)
Other postemployment benefits	<u>(17,154)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u><u>\$ (9,426,611)</u></u>

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of the reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$ 597,569 difference are as follow:

Capital outlay	\$ 4,706,897
Depreciation expense	<u>(4,109,328)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 597,569</u>

Another element of that reconciliation states that “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.” The details of this \$ 27,710 difference are as follows:

Compensated absences	\$ 2,282
Other postemployment benefits	(3,319)
Pension related benefit	21,840
Amortization of bond issuance costs	(10,008)
Amortization of bond premium	13,634
Accrued interest	<u>3,281</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 27,710</u>

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - 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 the debt service fund. 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.

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 2012 budget was amended for the Bond and Interest Fund.

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.

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 Grant Fund, Corinth CID Fund, PV Shops CID Fund, Capital Projects Fund and the fiduciary funds.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

3 - Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

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 City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2012, the City's recorded encumbrances in governmental funds were as follows:

General fund	<u><u>\$ 273,273</u></u>
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Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the Special Alcohol Fund by \$ 969.

4 - Deposits and Investments

Deposits

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. The City's deposit policy for custodial credit risk requires 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.

CITY OF PRAIRIE VILLAGE, KANSAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 (Continued)

4 - Deposits and Investments (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits (Continued)

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.

The City maintains a cash and investment pool that is available for use by all funds. Each fund’s portion of this pool is included in cash and investments on the balance sheet. At December 31, 2012, the City’s carrying amount of deposits, including certificates of deposit, was not exposed to custodial credit risk.

Investments

On December 31, 2012, the city’s pooled investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
State of Kansas Municipal Investment Pool	\$ 1,607,471

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

At December 31, 2012, the City has the following investments in its fiduciary fund:

Investment Type	Fair Value	Rating	Maturity Less Than 5 Years	5 - 10 Years	10 - 15 Years
Fixed income:					
FHLMC	\$ 334,339	NA	\$ -	\$ 294,975	\$ 39,364
FNMA	371,884	NA	-	371,884	-
GNMA	471,526	NA	-	210,926	260,600
US Treasury Note	657,434	AAA	657,434	-	-
Doubeline Total Return Bond Fund	164,170	NR	164,170	-	-
Victory Fund for Income	159,836	NR	159,836	-	-
Bank of America Corp.	58,551	A-	58,551	-	-
Bunge	78,272	BBB-	78,272	-	-
Cisco Systems, Inc.	88,787	A+	-	88,787	-
Daimler Finance North America, LLC	77,102	A-	77,102	-	-
Ford Motor Credit Co., LLC	87,635	BBB+	87,635	-	-
General Electric Corp.	41,564	AA+	-	41,564	-
Georgia Power	85,601	A	-	85,601	-
Glendale, AZ Mun. Prop.	40,080	AA+	-	40,080	-
Goldman Sachs Group, Inc.	42,341	A-	42,341	-	-
Health Care REIT, Inc.	83,660	BBB-	83,660	-	-
Hewlett Packard	65,765	BBB+	65,765	-	-
Home Depot, Inc.	85,871	A-	-	85,871	-
Hyundai Cap America, Inc.	53,964	BBB+	53,964	-	-
JPMorgan Chase	76,613	A	76,613	-	-
Overseas Private Investment Corp.	76,079	NA	76,079	-	-
Rio Timto Fin. USA	103,015	A-	-	103,015	-
Sigma Aldrich	26,682	A+	-	26,682	-
St. Charles, MO. School District	56,052	AA+	56,052	-	-
Stryker Corp.	28,185	A+	-	28,185	-
Vale Overseas LTD	86,294	A-	86,294	-	-
Total fixed income	3,501,302		\$ 1,823,768	\$ 1,377,570	\$ 299,964
Common stock	5,991,218				
Total	\$ 9,492,520				

NA - not applicable

NR - not rated

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

Credit Risk

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 fund: U.S. Treasury bills or notes or the Municipal Investment Pool (KMIP). The City's investments in the Municipal Investment Pool were rated AAf/S1+ by Standard & Poor's. Maturities of the above investments may not exceed two years by statute.

The municipal investment pool is under the oversight of the Pooled Money Investment Board (the 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.

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 U.S. 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.

The Pension Trust Fund investments are held by a 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 fair 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 by plus or minus 20%.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to fair value losses arising from increasing interest rates, the City has a formally adopted investment policy that limits investment maturities. The policy states that the City must attempt to match investments with anticipated cash flow requirements.

Concentrations of Credit 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 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-Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2012, the City's investments were not exposed to custodial credit risk.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,861,866	\$ -	\$ -	\$ 13,861,866
Construction in progress	8,032,491	4,219,060	9,462,573	2,788,978
Total capital assets, not being depreciated	21,894,357	4,219,060	9,462,573	16,650,844
Capital assets being depreciated:				
Buildings	6,535,212	216,644	-	6,751,856
Improvements other than buildings	1,445,899	-	-	1,445,899
Furniture and equipment	5,421,531	487,836	266,548	5,642,819
Infrastructure	120,415,655	9,245,929	21,650,601	108,010,983
Total capital assets being depreciated	133,818,297	9,950,409	21,917,149	121,851,557
Less accumulated depreciation for:				
Buildings	2,944,797	162,574	-	3,107,371
Improvements other than buildings	544,436	36,783	-	581,219
Furniture and equipment	3,523,317	432,452	266,548	3,689,221
Infrastructure	79,885,223	3,477,519	21,650,601	61,712,141
Total accumulated depreciation	86,897,773	4,109,328	21,917,149	69,089,952
Total capital assets being depreciated, net	46,920,524	5,841,081	-	52,761,605
Governmental activities capital assets, net	\$ 68,814,881	\$ 10,060,141	\$ 9,462,573	\$ 69,412,449

CITY OF PRAIRIE VILLAGE, KANSAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 (Continued)

5 - Capital Assets (Continued)

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

Governmental activities:	
Urban management and planning	\$ 60,574
Public works	3,684,547
Public safety	166,098
Municipal justice	17,459
Leisure and recreation	<u>180,650</u>
 Total depreciation expense	 <u><u>\$ 4,109,328</u></u>

Capital Projects

The City is currently working on paving projects and performing various improvements. These projects are being funded primarily by the issuance of bonds.

Following is a summary of costs to December 31, 2012 for capital projects compared to the amount authorized:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitments</u>
Street improvements	<u><u>\$ 1,126,623</u></u>	<u><u>\$ 2,868,019</u></u>

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Interfund Receivables, Payables, and Transfers

Receivables/Payables

The composition of interfund balances as of December 31, 2012, is as follows:

<u>Due to</u>	<u>Due from</u>		<u>Total</u>
	<u>General fund</u>	<u>Capital Projects Fund</u>	
Nonmajor governmental	\$ 104,364	\$ 19,816	\$ 124,180

The interfund balances result from the time lag between the dates that (1) transactions are recorded in the accounting system, and (2) payments between funds are made.

Transfers

Transfers to fund capital projects, insurance reserves and economic development activities by fund for the year were as follows:

<u>Transfers out</u>	<u>Transfers in</u>			<u>Total</u>
	<u>General Fund</u>	<u>Bond and Interest Fund</u>	<u>Capital Projects Fund</u>	
General	\$ -	\$ -	\$ 1,636,649	\$ 1,636,649
Nonmajor governmental funds	-	-	663,000	663,000
Stormwater	450,000	450,830	584,170	1,485,000
	<u>\$ 450,000</u>	<u>\$ 450,830</u>	<u>\$ 2,883,819</u>	<u>\$ 3,784,649</u>

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt

General Obligation Bonds

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.

General obligation bonds payable at December 31, 2012 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity	Principal Payments During 2012	Outstanding December 31, 2012
General obligation bonds:					
Series 2009-A	2.00 -3.00%	\$ 10,085,000	9/1/2019	\$ 1,725,000	\$ 4,585,000
Series 2011-A	.45 - 2.00%	4,555,000	9/1/2021	85,000	4,470,000
				<u>\$ 1,810,000</u>	<u>\$ 9,055,000</u>

Call provisions at the option of the City included in the above bonds are as follows:

Series 2009-A: Callable September 1, 2014 at par plus accrued interest
Series 2011-A: Callable September 1, 2016 at par plus accrued interest

The installment ranges for the general obligation bonds are as follows:

	Installment Range	
	Low	High
General Obligation Bonds:		
2009-A	\$ 200,000	\$ 1,785,000
2011-A	85,000	815,000

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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

Year	Principal	Interest	Total
2013	\$ 1,835,000	\$ 166,785	\$ 2,001,785
2014	1,870,000	129,003	1,999,003
2015	725,000	92,750	817,750
2016	730,000	84,050	814,050
2017	745,000	73,750	818,750
2018 - 2022	<u>3,150,000</u>	<u>155,696</u>	<u>3,305,696</u>
Total	<u>\$ 9,055,000</u>	<u>\$ 702,034</u>	<u>\$ 9,757,034</u>

Change in Long-Term Liabilities:

Long-term liability activity for the year ended December 31, 2012 was as follows:

	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012	Current Portion
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 10,865,000	\$ -	\$ 1,810,000	\$ 9,055,000	\$ 1,835,000
Premium	109,064	-	13,634	95,430	-
Total bonds payable	<u>10,974,064</u>	<u>-</u>	<u>1,823,634</u>	<u>9,150,430</u>	<u>1,835,000</u>
Compensated absences	293,187	298,642	300,924	290,905	290,905
Other postemployment benefits	13,835	3,319	-	17,154	-
	<u>\$ 11,281,086</u>	<u>\$ 301,961</u>	<u>\$ 2,124,558</u>	<u>\$ 9,458,489</u>	<u>\$ 2,125,905</u>

For the governmental activities, compensated absences and the net OPEB benefit obligation are generally liquidated by the general, solid waste management and special alcohol funds.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Defeased Debt

The City has defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2012, \$ 235,000 of the bonds that are considered defeased remain outstanding.

Conduit Debt Obligations

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, 2012.

Bond Issue	Interest Rate	Date Issue	Original Issue Amount	Final Maturity	Balance Outstanding
JC Nichols	Variable	12/1/1985	\$ 4,500,000	12/1/2015	\$ 4,500,000
Claridge Court	8.50 - 8.75%	8/28/2003	9,410,000	8/1/2023	9,410,000
			<u>\$ 13,910,000</u>		<u>\$ 13,910,000</u>

8 - 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), except commissioned police officers, who are covered by the Revised Prairie Village Police Pension Plan. The Police Pension plan is accounted for as a separate Pension Trust Fund, while KPERs is administered by the State of Kansas. Each plan is described below.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Employee Retirement Systems and Pension Plans (Continued)

Kansas Public Employees Retirement System

The City participates in the Kansas Public Employees Retirement System (KPERS). KPERS is part of 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. This report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for all employees hired prior to July 1, 2009. K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate at 6% of covered salary for all employees hired after July 1, 2009. 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 rates 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 employer contribution rates. The KPERS employer rate established by statute from January through December 2012 was 8.34%. Included in this rate is the contribution for Group Death and Disability Insurance of 1.0%. There was a moratorium on the collection of Group Death and Disability Insurance premium from April 1, 2012 through June 30, 2012. The employer contributions to KPERS for the years ended December 31, 2012, 2011 and 2010 were \$ 241,276, \$ 222,466, and \$ 190,724, respectively, equal to the statutory required contributions for each year.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Employee Retirement Systems and Pension Plans (Continued)

Revised Prairie Village Police Pension Plan

Summary of significant accounting policies and plan asset matters

The financial statements for the pension trust fund 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 the plan.

Methods Used to Value Investments

The Pension Plan's cash and investments consist of a diversified portfolio of high quality marketable securities including common stocks, fixed income securities, mutual funds, and ETF's. The portfolio is valued at its current overall market value of the underlying securities on a monthly basis for reporting purposes.

Management of Plan Assets

The Pension Plan's asset management is governed by an Investment Policy Statement written and approved by the City Council. The investment management of the assets is currently the responsibility of UMB Private Wealth Management. The cost of investment management is deducted from the plan on a monthly basis.

Reserves and Concentrations

There are no assets legally reserved for purposes other than the payment of the plan member benefits. The plan assets are well diversified, and consist entirely of marketable securities. There are no concentrated positions.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Employee Retirement Systems and Pension Plans (Continued)

Revised Prairie Village Police Pension Plan (Continued)

The Revised Prairie Village Police Pension Plan (the Plan), a 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 continually 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, 2012, there were 55 active participants (49 fully vested, 6 nonvested), 17 vested terminees (not currently receiving benefits), and 37 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 2012 was \$ 428,111.

City contributions are authorized by local ordinances. The City may terminate the plan or its contributions at any time. Administrative costs of the Plan are financed outside of plan assets. The actual employer contribution to the Plan during the year ended December 31, 2012 was \$ 450,000.

The City's annual pension cost and changes in the City's net pension asset/obligation consisted of the following for the year ended December 31, 2012:

Annual required contribution	\$ 428,111
Interest on net pension obligation	1,158
Adjustment to annual required contribution	<u>(1,109)</u>
Annual pension cost	<u>\$ 428,160</u>

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Employee Retirement Systems and Pension Plans (Continued)

Revised Prairie Village Police Pension Plan (Continued)

The schedule of employer contributions is as follows:

Annual pension cost	\$ 428,160
Less contributions made	450,000
Decrease in net pension obligation	(21,840)
Net pension obligation, beginning of year	14,472
Net pension obligation (asset), end of year	\$ (7,368)

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

	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Net Pension Obligation	Net Pension Asset
Year:					
2010	\$ 469,045	96%	\$ 469,050	\$ 19,830	\$ -
2011	444,541	101%	444,642	14,472	-
2012	428,111	105%	428,160	-	7,638

The change in the annual pension cost is due to a decrease of investment performance, increase in the rate of retirement at 20 years of service and a decrease in the salary increase assumption. A separate pension plan report is not available.

As of the year ended January 1, 2012, the most recent actuarial valuation date, the plan was 87% funded. The actuarial accrued liability for benefits was \$ 12,262,230 and the actuarial value of asset was \$ 10,715,139, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 1,547,091. The covered payroll (annual payroll of active employees covered by the plan) was \$ 2,686,248, and the ratio of the UAAL to the covered payroll was 57.6%.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8 - Employee Retirement Systems and Pension Plans (Continued)

Revised Prairie Village Police Pension Plan (Continued)

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The aggregate actuarial cost method is used to calculate the ARC. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2012
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	Level percent of payroll, closed
Remaining amortization period	Approximately five years
Actuarial assumptions:	
Investment rate of return	8% per annum
Projected salary increases - due to merit	4.5% per year
Projected salary increases - inflation	2.0% per year

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Employee Retirement Systems and Pension Plans (Continued)

Deferred Compensation Plan

The City offers City employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the accounts and all other matters. Plan balances and activities are not reflected in the City's financial statements.

9 - Risk Management

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

10 - Other Postemployment Healthcare Plan

Plan Description. The City offers postemployment health insurance for retired employees. The benefits are provided through a single employer defined benefit healthcare plan administered by the City. The Employee Benefit Plan (the Plan) provides medical benefits to eligible early retirees and their spouses. KSA 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Healthcare Plan (Continued)

Funding Policy. The contribution requirements of plan participants and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. If the employee retired prior to January 1, 2009, the contributions are equal to 100% of the full active premium. If the employee retired on or after January 1, 2009, the contributions are equal to 125% of the full active premium except if the employee accepted the early retirement incentive program during 2009 they pay only 100% of the full active premium.

In 2012, the City made contributions of \$ 9,068 to the plan. Plan members receiving benefits contributed \$ 31,413.

Premium amounts are as follows:

	<u>Health</u>	<u>Dental</u>	<u>Vision</u>	<u>Total</u>
Base plan:				
Single	\$ 399	\$ 26	\$ 6	\$ 431
Single + 1	965	49	11	1,025
Family	1,423	90	16	1,529
Buy-up plan:				
Single	\$ 531	\$ 39	\$ 6	\$ 576
Single + 1	1,285	74	11	1,370
Family	1,894	137	16	2,047

Annual OPEB Cost and Net OPEB Obligations. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Healthcare Plan (Continued)

The following table shows the components of the City's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Plan:

Annual required contribution	\$	12,577
Interest on net OPEB obligation		623
Adjustment to annual required contribution		(813)
		12,387
Annual OPEB cost (expense)		12,387
Contributions made		9,068
		3,319
Change in net OPEB obligation		3,319
Net OPEB obligation, beginning of year		13,835
		17,154
Net OPEB obligation, end of year	\$	17,154

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2012 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 9,324	96%	\$ 13,407
2011	9,811	96%	13,835
2012	12,387	73%	17,154

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Healthcare Plan (Continued)

Funding Status and Funding Progress. As of January 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$ 117,100 and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 117,100. The covered payroll (annual payroll of active employees covered by the plan) was \$ 5,667,954, and the ratio of the UAAL to the covered payroll was 2.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actual accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 8% initially, reduced by decrements to an ultimate rate of 5% after ten years. The inflationary impact assumption is 2%. The UAAL is being amortized as a level dollar over an open thirty-year period.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PRAIRIE VILLAGE, KANSAS

PRAIRIE VILLAGE POLICE PENSION PLAN

December 31, 2012

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]
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
2007 **	9,472,318	8,608,129	(864,189)	110.0%	2,214,722	N/A
2008	9,986,591	9,822,242	(164,349)	101.7%	2,337,311	N/A
2009	8,626,028	10,413,740	1,787,712	82.8%	2,369,803	75.4
2010	9,300,644	11,312,478	2,011,834	82.2%	2,453,257	82.0%
2011	9,972,255	11,625,339	1,653,084	85.8%	2,434,651	67.9%
2012	10,715,139	12,262,230	1,547,091	87.4%	2,686,248	57.6%

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

** The actuarial accrued liability determined using the entry age normal cost method is displayed beginning in 2007, in accordance with GASB No. 50.

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Net Pension Obligation	Net Pension Asset
2007	\$ 139,270	100%	\$ 140,272	\$ -	\$ 26,609
2008	251,409	95%	252,344	-	14,265
2009	445,120	97%	445,045	780	-
2010	469,045	96%	469,050	19,830	-
2011	444,541	101%	444,642	14,472	-
2012	428,111	105%	428,160	-	7,368

CITY OF PRAIRIE VILLAGE, KANSAS

PRAIRIE VILLAGE POLICE PENSION PLAN

December 31, 2012

The change in the annual pension cost is due to a decrease of investment performance, increase in the rate of retirement at 20 years of service and a decrease in the salary increase assumption.

Valuation date	January 1, 2012
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 five years
Actuarial assumptions:	
Investment rate of return	8% per annum
Projected salary increases - due to merit	6.5% per year
Projected salary increases - inflation	2.0% per year

CITY OF PRAIRIE VILLAGE, KANSAS

RETIREE HEALTH CARE BENEFIT PLAN TRUST AND PENSION PLAN

December 31, 2012

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (b) - (a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Percent of Payroll (b-a)/(c)</u>
1/1/2008	\$ -	\$ 187,455	\$ 187,455	0.0%	\$ 4,992,396	3.8%
1/1/2009	-	107,201	107,201	0.0%	5,242,016	2.0%
1/1/2012	-	117,100	117,100	0.0%	5,667,954	2.1%

OTHER SUPPLEMENTARY INFORMATION

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

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

1. **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.
2. **Special Parks and Recreation Fund** – This fund is used to fund various City-sponsored park and recreation activities funded by the state liquor tax.
3. **Special Alcohol Fund** – This fund accounts for the operation of services and programs pertaining to alcohol misuse and is funded by the state liquor tax.
4. **Grant Fund** – This fund accounts for the revenues and expenditures related to state and federal grants.
5. **Corinth CID** – This fund accounts for monies received from the Community Improvement District additional 1% sales tax to be expended on development within Corinth Square.
6. **PV Shops CID** – This fund accounts for monies received from the Community Improvement District additional 1% sales tax to be expended on development within PV Shops.

CITY OF PRAIRIE VILLAGE, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

December 31, 2012

	Special Revenue					Total Nonmajor Governmental Funds	
	Special City Street and Highway	Special Parks and Recreation	Special Alcohol	Grant	Corinth CID		PV Shops CID
Assets:							
Cash and investments	\$ -	\$ 49,134	\$ 69,905	\$ 517,336	\$ 404,002	\$ 563,942	\$ 1,604,319
Prepaid items	-	-	1,097	-	-	-	1,097
Due from other governments	135,998	-	-	-	88,983	96,276	321,257
Total assets	\$ 135,998	\$ 49,134	\$ 71,002	\$ 517,336	\$ 492,985	\$ 660,218	\$ 1,926,673
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 221	\$ -	\$ 61,113	\$ 61,327	\$ 122,661
Accrued payroll	-	-	592	-	-	-	592
Due to other funds	124,180	-	-	-	-	-	124,180
Total liabilities	124,180	-	813	-	61,113	61,327	247,433
Fund balances:							
Nonspendable:							
Not in spendable form	-	-	1,097	-	-	-	1,097
Restricted	11,750	49,132	69,081	517,336	-	-	647,299
Committed	-	-	-	-	431,754	598,749	1,030,503
Assigned	68	2	11	-	118	142	341
Total fund balances	11,818	49,134	70,189	517,336	431,872	598,891	1,679,240
Total liabilities and fund balances	\$ 135,998	\$ 49,134	\$ 71,002	\$ 517,336	\$ 492,985	\$ 660,218	\$ 1,926,673

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2012

	Special Revenues					Total Nonmajor Governmental Funds	
	Special City Street and Highway	Special Parks and Recreation	Special Alcohol	Grant	Corinth CID		PV Shops CID
Revenues:							
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 444,523	\$ 453,067	\$ 897,590
Intergovernmental	555,629	124,584	124,683	248,815	-	-	1,053,711
Interest earnings	68	2	11	-	118	142	341
Total revenues	<u>555,697</u>	<u>124,586</u>	<u>124,694</u>	<u>248,815</u>	<u>444,641</u>	<u>453,209</u>	<u>1,951,642</u>
Expenditures:							
Current:							
Urban management and planning	-	-	-	2,269	238,588	89,815	330,672
Public safety	-	-	76,181	-	-	-	76,181
Leisure and recreation	-	-	15,000	-	-	-	15,000
Total expenditures	<u>-</u>	<u>-</u>	<u>91,181</u>	<u>2,269</u>	<u>238,588</u>	<u>89,815</u>	<u>421,853</u>
Excess of revenues over expenditures	<u>555,697</u>	<u>124,586</u>	<u>33,513</u>	<u>246,546</u>	<u>206,053</u>	<u>363,394</u>	<u>1,529,789</u>
Other financing uses:							
Transfers out	<u>(580,000)</u>	<u>(83,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(663,000)</u>
Net change in fund balances	<u>(24,303)</u>	<u>41,586</u>	<u>33,513</u>	<u>246,546</u>	<u>206,053</u>	<u>363,394</u>	<u>866,789</u>
Fund balances, beginning	<u>36,121</u>	<u>7,548</u>	<u>36,676</u>	<u>270,790</u>	<u>225,819</u>	<u>235,497</u>	<u>812,451</u>
Fund balances, ending	<u>\$ 11,818</u>	<u>\$ 49,134</u>	<u>\$ 70,189</u>	<u>\$ 517,336</u>	<u>\$ 431,872</u>	<u>\$ 598,891</u>	<u>\$ 1,679,240</u>

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 BUDGETARY BASIS
 SPECIAL CITY STREET AND HIGHWAY FUND

Year Ended December 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 580,000	\$ 555,629	\$ (24,371)
Interest earnings	-	68	68
Total revenues	580,000	555,697	(24,303)
Other financing uses:			
Transfers out	(580,000)	(580,000)	-
Net change in fund balance	-	(24,303)	(24,303)
Fund balance, beginning	61,397	36,121	(25,276)
Fund balance, ending	\$ 61,397	\$ 11,818	\$ (49,579)

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 BUDGETARY BASIS
 SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 83,000	\$ 124,584	\$ 41,584
Intrest earnings	-	2	2
Total revenues	83,000	124,586	41,586
Other financing uses:			
Transfers out	(83,000)	(83,000)	-
Net change in fund balance	-	41,586	41,586
Fund balance, beginning	-	7,548	7,548
Fund balance, ending	\$ -	\$ 49,134	\$ 49,134

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 BUDGETARY BASIS
 SPECIAL ALCOHOL FUND

Year Ended December 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 83,000	\$ 124,683	\$ 41,683
Interest earnings	-	11	11
Total revenues	<u>83,000</u>	<u>124,694</u>	<u>41,694</u>
Expenditures:			
Public safety	75,212	76,181	(969)
Leisure and recreation	15,000	15,000	-
Total expenditures	<u>90,212</u>	<u>91,181</u>	<u>(969)</u>
Net change in fund balance	(7,212)	33,513	40,725
Fund balance, beginning	<u>25,027</u>	<u>36,676</u>	<u>11,649</u>
Fund balance, ending	<u><u>\$ 17,815</u></u>	<u><u>\$ 70,189</u></u>	<u><u>\$ 52,374</u></u>

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 BUDGETARY BASIS
 DEBT SERVICE FUND

Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,538,820	\$ 1,538,820	\$ 1,548,463	\$ 9,643
Interest earnings	-	-	107	107
Other	-	-	123	123
Total revenues	<u>1,538,820</u>	<u>1,538,820</u>	<u>1,548,693</u>	<u>9,873</u>
Expenditures:				
Debt service:				
Principal	1,830,000	1,943,675	1,810,000	133,675
Interest and other charges	140,475	95,537	190,486	(94,949)
Total expenditures	<u>1,970,475</u>	<u>2,039,212</u>	<u>2,000,486</u>	<u>38,726</u>
Deficiency of revenues under expenditures	(431,655)	(500,392)	(451,793)	48,599
Other financing sources:				
Transfers in	<u>450,830</u>	<u>450,830</u>	<u>450,830</u>	<u>-</u>
Net change in fund balance	19,175	(49,562)	(963)	48,599
Fund balance, beginning	<u>76,325</u>	<u>76,325</u>	<u>4,442</u>	<u>(71,883)</u>
Fund balance, ending	<u>\$ 95,500</u>	<u>\$ 26,763</u>	<u>\$ 3,479</u>	<u>\$ (23,284)</u>

CITY OF PRAIRIE VILLAGE, KANSAS

Statistical Section

This part of the City of Prairie Village's *Comprehensive Annual Financial Report (CAFR)* presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends	69 - 75
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	76 - 82
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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity	83 - 87
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economical Information	88 - 89
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	90 - 92
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Financial Report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF PRAIRIE VILLAGE, KANSAS

NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Net investment in capital assets	\$ 18,554,912	\$ 45,044,526	\$ 46,196,856	\$ 52,232,309	(1) \$ 55,776,952	\$ 58,921,876	\$ 62,148,880	\$ 57,070,636	\$ 57,840,817	\$ 60,262,019
Restricted	87,141	128,990	168,564	230,513	197,827	258,683	233,847	241,470	815,844	4,174,238
Unrestricted	7,322,045	8,448,010	9,826,449	11,662,290	10,370,135	9,283,608	7,107,359	13,092,359	15,547,991	13,320,442
Total net position	\$ 25,964,098	\$ 53,621,526	\$ 56,191,869	\$ 64,125,112	\$ 66,344,914	\$ 68,464,167	\$ 69,490,086	\$ 70,404,465	\$ 74,204,652	\$ 77,756,699

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

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

CITY OF PRAIRIE VILLAGE, KANSAS

CHANGE IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2003	2004	2005
Expenses			
Governmental activities:			
Urban management and planning	\$ 2,660,559	\$ 2,843,833	\$ 2,929,560
Public works	3,597,853	6,743,408	6,174,532
Public safety	4,172,054	4,293,500	4,606,977
Municipal justice	240,887	260,073	280,708
Leisure and recreation	1,096,950	817,561	787,935
Interest on long-term debt	165,211	148,189	130,238
Total primary government expenses	<u>11,933,514</u>	<u>15,106,564</u>	<u>14,909,950</u>
Program revenues			
Governmental activities:			
Fees, fines, and charges for services:			
Urban management and planning	1,496,591	1,551,881	1,582,253
Public works	60,140	58,243	53,508
Public safety	1,614,123	1,714,819	1,830,196
Municipal justice	48,818	46,922	46,916
Leisure and recreation	435,432	380,729	426,946
Operating grants and contributions:			
Urban management and planning	-	-	-
Public works	-	-	-
Public safety	11,338	3,355	71,318
Capital grants and contributions:			
Public works	390,246	745,288	544,352
Public safety	-	-	-
Total primary government program revenues	<u>4,056,688</u>	<u>4,501,237</u>	<u>4,555,489</u>
Total primary government net (expense)	<u>(7,876,826)</u>	<u>(10,605,327)</u>	<u>(10,354,461)</u>
General revenues and other changes in net assets			
Governmental activities:			
Taxes:			
Property	3,996,633	4,027,484	4,149,331
Sales and use	4,735,080	5,237,058	5,298,202
Motor vehicle	431,049	560,644	569,568
Franchise	1,615,189	1,567,167	1,629,419
Grants and contributions not restricted to specific programs	899,494	890,611	935,916
Investment earnings	122,111	164,161	309,886
Gain on disposal of assets	-	-	-
Miscellaneous	226,286	299,944	63,695
Total primary government	<u>12,025,842</u>	<u>12,747,069</u>	<u>12,956,017</u>
Change in net position governmental activities	<u>\$ 4,149,016</u>	<u>\$ 2,141,742</u>	<u>\$ 2,601,556</u>

(1)

(1) 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.

(2) 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.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2,843,021	\$ 2,994,369	\$ 3,132,048	\$ 3,354,849	\$ 3,272,655	\$ 3,895,696	\$ 4,244,767
8,807,244	8,203,302	7,684,541	8,834,376	9,767,738	8,609,223	8,594,229
4,919,202	5,063,596	5,102,560	5,453,093	5,111,387	5,596,720	5,869,808
343,226	349,769	370,433	389,952	370,192	395,493	417,302
824,395	924,399	917,170	713,252	689,398	700,072	692,551
112,434	93,165	72,658	88,186	186,968	164,465	185,077
<u>17,849,522</u>	<u>17,628,600</u>	<u>17,279,410</u>	<u>18,833,708</u>	<u>19,398,338</u>	<u>19,361,669</u>	<u>20,003,734</u>
1,591,817	1,606,386	1,723,680	1,767,715	1,905,694	2,128,353	2,163,143
72,508	72,054	107,855	1,498,500	1,550,652	1,632,368	1,887,904
2,139,920	2,163,163	2,204,404	2,213,361	2,326,639	2,544,678	2,352,645
65,557	59,540	64,725	43,313	3,826	2,675	1,215
436,041	441,399	429,579	437,850	473,123	457,726	482,082
-	-	-	15,000	2,517	3,472	-
-	-	-	-	169,534	-	-
3,197	11,821	6,564	22,890	11,016	270,790	248,815
517,484	1,918,004	728,705	354,076	30,197	1,078,160	667,306
-	-	-	-	201,359	-	-
<u>4,826,524</u>	<u>6,272,367</u>	<u>5,265,512</u>	<u>6,352,705</u>	<u>6,674,557</u>	<u>8,118,222</u>	<u>7,803,110</u>
<u>(13,022,998)</u>	<u>(11,356,233)</u>	<u>(12,013,898)</u>	<u>(12,481,003)</u>	<u>(12,723,781)</u>	<u>(11,243,447)</u>	<u>(12,200,624)</u>
4,217,789	4,476,911	5,177,298	5,265,998	5,278,073	5,299,216	5,469,028
5,301,867	5,262,107	5,219,057	4,839,903	4,843,179	6,197,430	6,414,899
556,985	531,497	513,573	544,505	551,265	555,579	591,098
1,629,706	1,681,147	1,829,831	1,717,002	1,792,180	1,820,275	1,798,641
957,868	912,307	971,712	919,500	935,569	955,456	1,073,000
579,452	662,691	335,599	125,136	126,307	62,015	10,973
-	-	-	-	-	-	29,683
110,661	49,375	86,081	80,613	111,587	153,663	186,339
<u>13,354,328</u>	<u>13,576,035</u>	<u>14,133,151</u>	<u>13,492,657</u>	<u>13,638,160</u>	<u>15,043,634</u>	<u>15,573,661</u>
<u>\$ 331,330</u>	<u>\$ 2,219,802</u>	<u>\$ 2,119,253</u>	<u>\$ 1,011,654</u>	<u>\$ 914,379</u>	<u>\$ 3,800,187</u>	<u>\$ 3,373,037</u>
(2)						

CITY OF PRAIRIE VILLAGE, KANSAS

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,836	\$ 103,927
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	1,659,165	2,053,036
Assigned	-	-	-	-	-	-	-	-	224,674	273,273
Unassigned	-	-	-	-	-	-	-	-	4,655,983	7,584,026
Reserved	203,932	372,558	301,539	106,738	261,411	278,309	241,521	223,607	-	-
Unreserved	5,605,517	6,992,836	8,319,287	8,961,513	6,579,448	4,273,620	4,658,964	4,610,498	-	-
Total general fund	<u>\$ 5,809,449</u>	<u>\$ 7,365,394</u>	<u>\$ 8,620,826</u>	<u>\$ 9,068,251</u>	<u>\$ 6,840,859</u>	<u>\$ 4,551,929</u>	<u>\$ 4,900,485</u>	<u>\$ 4,834,105</u>	<u>\$ 6,636,658</u>	<u>\$ 10,014,262</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,049	\$ 1,097
Restricted	-	-	-	-	-	-	-	-	6,869,182	3,150,862
Committed	-	-	-	-	-	-	-	-	2,699,470	1,708,872
Reserved	318,886	328,523	1,017,735	945,184	1,116,475	131,782	274,972	36,225	-	-
Assigned	-	-	-	-	-	-	-	-	-	2,888,400
Unreserved, reported in:										
Special revenue funds	87,141	126,483	155,504	233,061	1,783,241	2,879,583	3,204,956	3,426,679	-	-
Capital project funds	1,314,525	1,005,883	482,713	1,978,556	1,186,432	2,382,006	11,060,360	5,604,888	-	-
Total all other governmental funds	<u>\$ 1,720,552</u>	<u>\$ 1,460,889</u>	<u>\$ 1,655,952</u>	<u>\$ 3,156,801</u>	<u>\$ 4,086,148</u>	<u>\$ 5,393,371</u>	<u>\$ 14,540,288</u>	<u>\$ 9,067,792</u>	<u>\$ 9,569,701</u>	<u>\$ 7,749,231</u>

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

CITY OF PRAIRIE VILLAGE, KANSAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS

(modified accrual basis of accounting)

	2003	2004	2005
Revenues:			
Taxes	\$ 10,687,234	\$ 11,394,015	\$ 11,639,349
Intergovernmental	1,260,055	1,584,852	1,475,639
Licenses and permits	351,017	350,032	384,820
Charges for services	2,413,516	2,479,063	2,551,749
Fines and forfeitures	727,073	751,101	820,766
Recreational fees	435,432	380,729	426,946
Interest earnings	122,110	164,160	312,631
Other	226,288	284,805	63,249
Total revenues	<u>16,222,725</u>	<u>17,388,757</u>	<u>17,675,149</u>
Expenditures:			
Urban management and planning	2,661,683	2,828,508	2,897,745
Public works	3,396,033	3,339,749	3,194,551
Public safety	4,132,170	4,239,918	4,720,791
Municipal justice	238,120	256,843	279,083
Leisure and recreation	974,433	695,588	658,556
Capital outlay	2,630,252	4,278,825	3,891,276
Debt service:			
Principal	380,000	400,000	415,000
Interest and other charges	170,785	154,154	136,338
Total expenditures	<u>14,583,476</u>	<u>16,193,585</u>	<u>16,193,340</u>
Excess of revenues over (under) expenditures	<u>1,639,249</u>	<u>1,195,172</u>	<u>1,481,809</u>
Other financing sources (uses):			
Transfers in	2,145,190	3,206,952	3,505,769
Transfers out	(2,145,190)	(3,206,952)	(3,505,769)
Bond premium	-	-	-
Sale of bonds	-	-	-
Sale of general capital assets	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,639,249</u>	<u>\$ 1,195,172</u>	<u>\$ 1,481,809</u>
Debt service as a percentage of noncapital expenditures	4.61%	4.65%	4.48%

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

2006	2007	2008	2009	2010	2011	2012
\$ 11,709,149	\$ 11,927,153	\$ 12,727,356	\$ 12,349,694	\$ 12,464,717	\$ 13,857,373	\$ 14,273,666
1,387,941	2,746,509	1,590,358	1,198,401	1,232,019	2,187,709	1,845,599
390,233	396,755	459,552	413,294	441,168	468,647	462,139
2,678,435	2,781,749	2,953,846	4,466,317	4,665,931	4,976,771	4,974,070
1,047,023	999,862	1,006,365	959,292	992,645	1,154,857	1,075,209
436,041	441,399	429,579	437,850	473,123	457,726	482,082
579,452	662,691	335,600	125,115	126,307	59,316	10,973
110,661	49,393	86,081	80,625	119,116	173,311	223,350
18,338,935	20,005,511	19,588,737	20,030,588	20,515,026	23,335,710	23,347,088
2,801,131	2,960,677	3,154,433	3,314,992	3,338,416	3,743,801	4,000,735
3,721,868	4,080,429	4,301,887	4,540,778	5,010,474	5,102,754	4,906,355
4,946,932	4,999,368	5,363,206	5,610,354	5,386,918	5,448,152	5,583,686
333,271	359,473	372,212	389,608	393,875	391,753	399,844
713,470	699,781	759,294	556,029	520,703	531,525	526,896
3,320,269	7,648,966	6,064,642	5,218,463	9,443,862	6,793,162	5,021,011
435,000	455,000	475,000	1,060,000	1,790,000	2,130,000	1,810,000
118,720	99,862	79,770	66,220	169,654	275,459	190,486
16,390,661	21,303,556	20,570,444	20,756,444	26,053,902	24,416,606	22,439,013
1,948,274	(1,298,045)	(981,707)	(725,856)	(5,538,876)	(1,080,896)	908,075
4,230,400	7,173,939	6,795,069	4,971,475	5,570,381	2,921,149	3,784,649
(4,230,400)	(7,173,939)	(6,795,069)	(4,971,475)	(5,570,381)	(3,299,379)	(3,784,649)
-	-	-	136,329	-	-	-
-	-	-	10,085,000	-	4,555,000	-
-	-	-	-	-	-	29,683
-	-	-	10,221,329	-	4,176,770	29,683
\$ 1,948,274	\$ (1,298,045)	\$ (981,707)	\$ 9,495,473	\$ (5,538,876)	\$ 3,095,874	\$ 937,758
4.24%	4.06%	3.82%	7.25%	11.80%	13.65%	11.49%

CITY OF PRAIRIE VILLAGE, KANSAS

TAX REVENUES OF GOVERNMENTAL FUNDS BY SOURCE
LAST TEN YEARS

December 31, 2012

Fiscal Year December 31,	Property Tax	Local Sales Tax	County Sales Tax	Specialty Sales Tax	Use Tax	Franchise Tax	Motor Vehicle Tax	Total
2003	\$ 3,916,657	\$ 1,874,469	\$ 1,571,589	\$ 785,796	\$ 503,226	\$ 1,524,472	\$ 511,025	\$ 10,687,234
2004	4,027,484	1,930,870	1,578,930	789,467	937,791	1,568,829	560,644	11,394,015
2005	4,142,158	1,970,758	1,584,624	792,314	950,506	1,629,419	569,570	11,639,349
2006	4,217,789	1,972,630	1,582,283	791,143	955,811	1,632,508	556,985	11,709,149
2007	4,452,402	2,021,733	1,573,552	786,777	880,045	1,681,147	531,497	11,927,153
2008	5,177,298	2,053,216	1,651,955	825,979	687,907	1,817,429	513,572	12,727,356
2009	5,265,998	1,953,924	1,510,595	755,300	620,084	1,699,288	544,505	12,349,694
2010	5,278,073	2,023,730	1,412,107	698,682	708,660	1,792,180	551,285	12,464,717
2011	5,299,216	2,067,933	1,619,048	1,662,927	847,522	1,805,148	555,579	13,857,373
2012	5,469,028	2,128,521	1,673,584	1,734,383	878,411	1,798,641	591,098	14,273,666

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

CITY OF PRAIRIE VILLAGE, KANSAS

LOCAL SALES TAX COLLECTIONS
LAST TEN YEARS

December 31, 2012

Category	Local Sales Tax Collected									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gas station	\$ 31,293	\$ 17,538	\$ 15,377	\$ 14,927	\$ 20,631	\$ 15,954	\$ 10,932	\$ 20,727	\$ 19,393	\$ 8,862
Grocery store	505,803	515,013	526,631	524,210	549,053	577,775	565,778	553,777	557,984	550,431
Home occupation	25,325	17,272	15,336	15,409	18,424	14,835	11,147	12,515	11,138	21,640
Restaurant	191,741	190,202	210,468	219,634	217,308	215,035	203,252	225,575	279,777	302,587
Retail	688,450	776,541	830,545	854,960	863,501	799,277	755,276	709,671	694,473	761,662
Utility	431,796	414,304	372,401	343,490	352,816	430,340	407,539	501,465	495,168	483,339
Total	\$ 1,874,408	\$ 1,930,870	\$ 1,970,758	\$ 1,972,630	\$ 2,021,733	\$ 2,053,216	\$ 1,953,924	\$ 2,023,730	\$ 2,057,933	\$ 2,128,521

(Continued)

Source: Kansas Department of Revenue.

Note: The City of Prairie Village's sales tax rate is 1%.

CITY OF PRAIRIE VILLAGE, KANSAS

LOCAL SALES TAX COLLECTIONS
LAST TEN YEARS
(Continued)

December 31, 2012

Category	Taxable Sales									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gas station	\$ 3,129,300	\$ 1,753,800	\$ 1,537,700	\$ 1,492,700	\$ 2,063,100	\$ 1,595,400	\$ 1,093,200	\$ 2,072,700	\$ 1,939,300	\$ 886,200
Grocery store	50,580,300	51,501,300	52,663,100	52,421,000	54,905,300	57,777,500	58,577,800	56,377,700	55,798,400	55,043,100
Home occupation	2,532,500	1,727,200	1,533,616	1,540,900	1,842,400	1,483,500	1,114,700	1,251,500	1,113,800	2,164,000
Restaurant	19,174,100	19,020,200	21,046,800	21,963,400	21,730,800	21,503,500	20,325,200	22,557,500	27,977,700	30,258,700
Retail	68,845,000	77,654,100	83,054,500	85,496,000	86,350,100	79,927,700	75,527,604	70,967,100	69,447,300	76,166,200
Utility	43,179,600	41,430,400	37,240,100	34,349,000	35,281,600	43,034,000	40,753,900	50,146,400	49,516,800	48,333,900
Total	\$ 187,440,800	\$ 193,087,000	\$ 197,075,816	\$ 197,263,000	\$ 202,173,300	\$ 205,321,600	\$ 197,392,404	\$ 203,372,900	\$ 205,793,300	\$ 212,852,100

Source: Kansas Department of Revenue.

CITY OF PRAIRIE VILLAGE, KANSAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY (1)
LAST TEN YEARS

December 31, 2012

Fiscal Year	Real Property (1)		Personal Property (2)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003	\$ 240,559,204	\$ 1,899,790,166	\$ 9,972,412	\$ 32,312,991
2004	246,178,002	2,072,880,390	10,049,767	30,783,709
2005	259,785,677	2,188,001,305	9,613,535	32,061,045
2006	266,529,461	2,285,977,515	10,021,010	32,062,360
2007	278,114,544	2,382,712,905	10,021,789	29,639,819
2008	284,173,687	2,440,934,520	9,330,574	25,875,024
2009	279,586,647	2,411,417,190	8,211,168	23,451,017
2010	273,059,648	2,364,085,300	7,465,621	22,538,872
2011	275,222,619	2,384,685,380	6,395,619	20,012,266
2012	276,238,682	2,384,270,380	6,120,366	19,118,449

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

(2) 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>Motor Vehicles Assessed Value</u>	<u>Recreational Vehicles Assessed Value</u>	<u>Total Direct Tax Rate</u>
\$ 250,531,616	\$ 1,932,103,157	12.97%	\$ 32,559,955	\$ 97,789	15.765
256,227,769	2,103,664,099	12.18%	32,567,896	98,815	15.843
269,399,212	2,220,062,350	12.13%	32,826,881	103,536	15.720
276,550,471	2,318,039,875	11.93%	32,518,171	92,267	16.133
288,136,333	2,412,352,724	11.94%	32,353,006	82,897	18.166
293,504,261	2,466,809,544	11.90%	32,244,915	69,068	18.182
287,797,815	2,434,868,207	11.82%	31,919,314	63,215	18.179
280,525,269	2,386,624,172	11.75%	31,100,970	62,281	18.877
281,618,238	2,404,697,646	11.71%	30,896,870	59,999	19.491
282,359,048	2,403,388,829	11.75%	30,641,443	55,022	19.478

CITY OF PRAIRIE VILLAGE, KANSAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES
PER \$ 1,000 OF ASSESSED VALUATION
LAST TEN YEARS

December 31, 2012

Year Ended December 31,	State	General	Debt Service	Total City	County	School District	Johnson County Community College	Consolidated Fire District	Unified Waste Water	Johnson County Library	Johnson County Parks and Recreation
2003	1.5	13.731	2.034	15.765	16.3810	37.7740	9.432	9.240	0.000	2.954	2.365
2004	1.5	13.967	1.876	15.843	16.0410	42.6550	9.438	9.241	0.000	2.956	2.367
2005	1.5	13.961	1.759	15.720	17.9220	49.7480	8.960	9.405	0.000	2.955	2.286
2006	1.5	14.451	1.682	16.133	17.9490	51.9800	8.872	9.335	0.000	2.960	2.290
2007	1.5	16.418	1.748	18.166	17.9850	52.0080	8.749	9.356	0.000	2.962	2.295
2008	1.5	16.897	1.285	18.182	17.7670	52.0940	8.768	8.992	0.000	3.057	2.341
2009	1.5	17.277	0.902	18.179	17.7160	55.3180	8.784	8.991	0.000	3.151	2.346
2010	1.5	14.101	4.776	18.877	17.7480	57.1920	8.799	10.074	0.000	3.158	2.350
2011	1.5	14.763	4.728	19.491	17.7000	56.1350	8.776	10.098	0.000	3.145	2.343
2012	1.5	13.898	5.580	19.478	17.7170	55.7660	8.785	10.187	0.000	3.149	2.344

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 PROPERTY TAXPAYERS

December 31, 2012 and Nine Years Ago

Taxpayer	Type of Business	2012 Assessed Valuation	Rank	% of Total Assessed Valuation	2003 Assessed Valuation	Rank	% of Total Assessed Valuation
PV Retail Partners, LLC	Real estate	\$ 6,369,318	1	2.26%			
Highwoods Realty Limited	Real estate				\$ 15,399,397	1	6.14%
CSN Retail Partners, LLC	Real estate	4,258,325	2	1.51%			
SM Properties, L.P.	Real estate				2,817,501	2	1.12%
Prairie Property LL, LLC	Real estate	4,088,825	3	1.45%			
Kansas City Power & Light	Utility				2,380,280	3	0.95%
Towers Properties Company	Real estate	3,153,142	4	1.12%			
Kenilworth L.L.C.	Real estate				1,815,827	4	0.72%
State Line OPCO LLC	Real estate	2,379,750	5	0.84%			
May Department Stores Company	Retail				1,752,336	5	0.70%
HCP MA4 Kansas City Kansas, LP	Real estate	1,669,343	6	0.59%			
Marriott Senior Living	Adult living facility				1,450,420	6	0.58%
CSS Retail Partners, LLC	Real estate	1,562,503	7	0.55%			
Melody W. Sutherland	Real estate				1,045,000	7	0.42%
MVS, LLC	Real estate	963,000	8	0.34%			
Southwestern Bell	Utility				995,263	8	0.40%
MB - 18, LLC	Real estate	871,225	9	0.31%			
Corinth Paddock L.L.C.	Real estate				869,354	9	0.35%
Prairie Village Office Center	Real estate	925,500	10	0.33%			
Meadowbrook Center, L.L.C.	Real estate				742,051	10	0.30%
Total		<u>\$ 26,240,931</u>		<u>9.30%</u>	<u>\$ 29,267,429</u>		<u>11.68%</u>

Source: Johnson County Clerk's Office

CITY OF PRAIRIE VILLAGE, KANSAS

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

December 31, 2012

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Taxes Collected</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Total Levy</u>
2003	\$ 3,843,902	\$ 3,770,837	98.10%	\$ 38,661	\$ 3,809,498	99.1%	\$ 370,088	9.71%
2004	4,052,505	3,991,470	98.49%	36,014	4,027,484	99.4%	395,109	9.81%
2005	4,170,531	4,101,195	98.34%	40,963	4,142,158	99.3%	423,482	10.22%
2006	4,387,093	4,177,028	95.21%	40,761	4,217,789	96.1%	592,786	14.05%
2007	4,461,602	4,404,837	98.73%	47,565	4,452,402	99.8%	601,986	13.52%
2008	5,223,069	5,151,333	98.63%	25,965	5,177,298	99.1%	647,757	12.51%
2009	5,316,020	5,229,025	98.36%	36,973	5,265,998	99.1%	697,779	13.25%
2010	5,290,573	5,197,682	98.24%	80,391	5,278,073	99.8%	710,279	13.46%
2011	5,489,021	5,244,806	95.55%	54,410	5,299,216	96.5%	900,084	16.99%
2012	5,499,790	5,434,660	98.82%	34,368	5,469,028	99.4%	930,846	17.02%

CITY OF PRAIRIE VILLAGE, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN 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>
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%
2007	1,680,000	1,680,000	21,414	742,573,278	78	0.23%
2008	1,205,000	1,205,000	21,422	742,850,694	56	0.16%
2009	10,366,329	10,366,329	21,479	744,827,283	483	1.39%
2010	8,562,696	8,562,696	21,447	743,717,619	399	1.15%
2011	10,974,064	10,974,064	21,447	743,717,619	512	1.48%
2012	9,150,430	9,150,430	21,795	1,060,108,800	420	0.86%

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

CITY OF PRAIRIE VILLAGE, KANSAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

December 31, 2012

Year Ended December 31,	Population ⁽¹⁾	Assessed Value	Gross Bonded Debt ⁽²⁾	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Ratio of Net Bonded Debt to Actual Value
2003	21,514	\$ 250,608,971	\$ 3,385,000	\$ 20,601	\$ 3,364,399	1.34%	\$ 158.38	0.17%
2004	21,514	255,791,537	2,985,000	48,181	2,936,819	1.15%	136.51	0.14%
2005	21,887	269,806,687	2,570,000	52,633	2,517,367	0.93%	115.02	0.11%
2006	21,511	276,551,250	2,135,000	48,310	2,086,690	0.75%	97.01	0.09%
2007	21,414	288,136,333	1,680,000	30,121	1,649,879	0.57%	77.05	0.07%
2008	21,422	293,504,261	1,205,000	35,735	1,169,265	0.40%	54.58	0.05%
2009	21,479	287,797,815	10,366,329	20,013	10,346,316	3.59%	481.69	0.42%
2010	21,447	280,525,269	8,562,696	35,287	8,527,409	3.04%	397.60	0.36%
2011	21,447	281,618,238	10,974,064	4,442	10,969,622	3.90%	511.48	0.46%
2012	21,795	282,359,048	9,150,430	3,479	9,146,951	3.24%	419.68	0.41%

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

(2) This is the general bonded debt, net of original issuance discounts and premiums.

CITY OF PRAIRIE VILLAGE, KANSAS

DIRECT AND OVERLAPPING DEBT

December 31, 2012

Name of Governmental Unit	Net Debt Obligation	Percentage Applicable to City of Prairie Village	Amount Applicable to City of Prairie Village
Direct debt:			
City of Prairie Village, Kansas	\$ 9,150,430	100.00%	\$ 9,150,430
Overlapping debt: ⁽¹⁾			
Johnson County	290,901,089	3.78%	10,996,061
Shawnee Mission School (U.S.D. 512)	207,765,000	9.91%	20,589,512
Fire District #2	1,070,000	39.47%	422,329
Johnson County Parks and Recreation	3,000,000	3.78%	113,400
Total overlapping debt	502,736,089		32,121,302
Total direct and overlapping debt	\$ 511,886,519		\$ 41,271,732
Direct and overlapping debt per capita	1,952.64		
Direct and overlapping debt as a percentage of assessed valuation	14.87%		
Direct and overlapping debt as a percentage of actual value	1.74%		

(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 residents 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.

CITY OF PRAIRIE VILLAGE, KANSAS

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total assessed valuation of taxable property	\$ 250,608,971	\$ 255,791,537	\$ 269,806,687	\$ 276,551,250
Debt limit percent of assessed value	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>
Debt limit	75,182,691	76,737,461	80,942,006	82,965,375
Total net debt applicable to limit	<u>3,385,000</u>	<u>2,985,000</u>	<u>2,570,000</u>	<u>2,135,000</u>
Legal debt margin	<u>\$ 71,797,691</u>	<u>\$ 73,752,461</u>	<u>\$ 78,372,006</u>	<u>\$ 80,830,375</u>
Total net debt applicable to the limit as a percentage of debt limit	4.50%	3.89%	3.18%	2.57%

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.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 287,445,118	\$ 292,384,855	\$ 287,052,268	\$ 280,265,557	\$ 281,618,238	\$ 282,359,048
<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>
86,233,535	87,715,457	86,115,680	84,079,667	84,485,471	84,707,714
<u>1,680,000</u>	<u>1,205,000</u>	<u>10,366,329</u>	<u>8,562,696</u>	<u>10,974,064</u>	<u>9,150,430</u>
<u>\$ 84,553,535</u>	<u>\$ 86,510,457</u>	<u>\$ 75,749,351</u>	<u>\$ 75,516,971</u>	<u>\$ 73,511,407</u>	<u>\$ 75,557,284</u>
1.95%	1.37%	12.04%	10.18%	12.99%	12.11%

CITY OF PRAIRIE VILLAGE, KANSAS

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

December 31, 2012

<u>Fiscal Year</u>	<u>Population ⁽¹⁾</u>	<u>School Enrollment</u>	<u>Unemployment Rate ⁽¹⁾</u>	<u>Per Capital Personal Income</u>	<u>Personal Income</u>
2003	21,514	6,573	3.9%	\$ 34,677	\$ 746,040,978
2004	21,729	6,563	4.3%	34,677	753,496,533
2005	21,887	6,145	4.5%	34,677	758,975,499
2006	21,511	6,054	4.1%	34,677	745,936,947
2007	21,414	5,992	4.0%	34,677	742,573,278
2008	21,422	5,884	4.8%	34,677	742,850,694
2009	21,479	5,833	4.8%	34,677	744,827,283
2010	21,447	5,120	6.8%	34,677	743,717,619
2011	21,447	5,730	5.1%	34,677	743,717,619
2012	21,795	5,567	4.5%	48,640	1,060,108,800

(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, 2012 and Nine Years Ago

Employer	December 31, 2012			December 31, 2003		
	Employees	Rank	Percentage of Total Employment	Employees (1)	Rank	Percentage of Total Employment
USD #512	492	1	2.26%	Not available		0.00%
Hy-Vee	196	2	0.90%	Not available		0.00%
City of Prairie Village	132	3	0.61%	Not available		0.00%
Claridge Court	121	4	0.56%	Not available		0.00%
Brighton Gardens	110	5	0.50%	Not available		0.00%
Hen House #22	109	6	0.50%			
Better Homes & Gardens Real Estate	100	7	0.46%	Not available		0.00%
Macy's	99	8	0.45%	Not available		0.00%
Country Club Bank	80	9	0.37%	Not available		0.00%
Hen House #28	79	10	0.36%	Not available		0.00%
Consentino Service Corporation	79	10	0.36%	Not available		0.00%
Total	<u>1,597</u>		<u>7.33%</u>			<u>0.00%</u>

Source: City of Prairie Village.

CITY OF PRAIRIE VILLAGE, KANSAS

FULL TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government:										
City administrator	-	-	-	-	3.9	3.9	3.9	3.9	3.9	4.0
Legal	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1
Licensing/personnel	-	-	-	-	6.0	6.0	6.0	6.0	6.0	6.0
Finance (includes IT)	-	-	-	-	2.1	2.1	2.1	2.1	2.1	2.1
Municipal court	-	-	-	-	6.1	6.1	6.1	4.8	4.3	4.3
Planning	-	-	-	-	3.1	3.1	3.1	3.1	3.2	3.0
City governance*	2.4	2.4	2.4	2.4	-	-	-	-	-	-
Administrative services*	12.2	11.7	11.7	12.7	-	-	-	-	-	-
Municipal court*	6.1	6.1	6.1	6.1	-	-	-	-	-	-
Public works	28.0	28.0	28.0	29.0	29.0	29.0	29.0	29.0	27.0	28.0
Police	63.0	62.0	61.0	61.0	62.0	61.0	61.0	58.0	58.0	58.0
Parks and recreation	20.8	20.8	20.8	20.8	20.8	21.0	21.0	20.8	20.8	20.3
Total	132.5	131.0	130.0	132.0	133.1	132.3	132.3	127.8	125.4	125.8

Source: City of Prairie Village Budget Document.

* Note: Categories changed to reflect the categories used in the budget document.

CITY OF PRAIRIE VILLAGE, KANSAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

For the Year Ended December 31, 2012

Function/Program	2012	2011	2010	2009	2008	2007	2006
Public safety/municipal justice:							
911 calls received	7,414	7,720	7,569	7,806	7,999	8,115	8,055
DUI arrests	221	249	292	236	228	208	200
Traffic/parking complaints	7,971	7,643	8,426	7,099	9,815	8,563	11,960
Accidents	523	568	531	444	585	615	593
Investigations cases	386	437	560	414	417	449	441
Total court cases processed	12,677	13,279	12,597	11,687	13,729	11,849	12,522
Public works:							
Curb miles swept	3,101	1,970	1,933	2,106	2,897	1,630	1,360
Number of catch basins cleaned	1,713	1,818	1,557	1,923	2,492	1,851	2,056
Number of potholes patched	1,244	3,951	7,986	2,124	4,660	2,874	1,002
Streets slurry sealed (square yards)	72,332	69,650	63,513	68,725	64,668	86,743	95,925
Streets milled and overlaid (linear feet)	14,450	26,500	17,451	12,350	13,482	15,759	11,895
Sidewalk replaced (square yards)	7,806	12,583	10,966	5,713	7,556	6,023	3,951
Curb and gutter replaced (linear feet)	32,121	49,797	52,925	36,016	33,982	37,251	27,097
Acres of lawn mowed	1,187	1,230	1,231	1,160	1,214	1,314	1,319
Urban management and planning:							
Building permits processed	1,313	1,157	1,138	973	1,007	1,215	1,169
Building inspections performed	2,622	2,477	2,371	2,041	2,230	2,651	2,309
Plan reviews performed	272	241	260	235	259	293	333
Leisure and recreation:							
Facility reservations processed	755	855	675	724	1,016	1,392	1,415
Facility reservation revenue	41,025	39,983	32,536	35,578	27,557	27,028	22,750
Pool membership sold	4,163	4,119	4,583	4,018	4,192	4,317	4,724
Pool revenue	397,568	384,098	396,373	365,902	357,444	400,951	198,717
Tennis lessons taught	136	140	258	192	133	121	186
Junior tennis league memberships sold	72	64	67	68	82	98	104
Tennis program revenue	13,563	12,049	13,514	14,293	16,742	13,421	14,574

Source: City of Prairie Village

Data became available in 2006, therefore, 10 years of data is unavailable.

CITY OF PRAIRIE VILLAGE, KANSAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	114.4	114.4	114.4	114.4	114.4	112.5	112.5	112.5	112.5	112.5
Streetlights	2,091.0	2,091.0	2,165.0	2,165.0	2,165.0	2,154.0	2,146.0	1,990.0	1,990.0	1,990.0
Parks and recreation:										
Parks	12.0	12.0	12.0	12.0	12.0	11.0	11.0	9.0	9.0	9.0
Park acreage	61.6	61.6	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0
Pools	6.0	6.0	6.0	6.0	6.0	5.0	6.0	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.