

2013 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, 2013

Prepared by:

FINANCE AND ADMINISTRATION DEPARTMENT

City of Prairie Village, Kansas

CITY OF PRAIRIE VILLAGE, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2013

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THE CITY OF PRAIRIE VILLAGE

STAR OF KANSAS

June 4, 2014

To the Honorable Mayor, Members of the City Council and Citizens of the City of Prairie Village:

Kansas statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby issue the comprehensive annual report (CAFR) of the City of Prairie Village for the fiscal year ended December 31, 2013.

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 in the areas of: safeguarding assets against loss from unauthorized use or disposition, reliability of financial records, and convenience of access for preparing financial statements and maintaining accountability for assets. The City's accounting system is continually evaluated to assure adequacy of internal controls. 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.

The City of Prairie Village's financial statements have been audited by Berberich Trahan & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Prairie Village for the fiscal year ended December 31, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Prairie Village's financial statements for the fiscal year ended December 31, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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 21,769 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. In 2011 the City created two Community Improvement Districts (CIDs) that have had a positive impact on the local economy. The positive economic environment has also enabled the City to maintain the same quality and level of services without increasing property taxes. The City continues to maintain a favorable financial outlook based on prudent financial practices.

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.

The City maintains a five-year Capital Infrastructure Program which serves as its planning document to ensure its facilities and infrastructure are well maintained and operating in peak condition. Projects are identified by name, cost and funding sources (property taxes, reserves, bonding, assessments, state/federal funding or other). The City also funds its equipment purchases through its budgetary process annually. This ensures that when a piece of equipment is scheduled to be replaced, a majority (if not all) of the funding is available for the purchase of the equipment. This allows the City to stabilize the impact on property tax revenues by building the required amount over a period of time.

2013 Major Initiatives

As a part of the preparation for the 2013 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.

2013 Relevant Financial Policies

During the budget process, the Governing Body directed staff to maintain a minimum unassigned General Fund reserve balance equivalent to 25% of General Fund revenues. The City needs sufficient cash reserves to avoid short-term borrowing to finance operations. The City has unspendable or restricted fund balances for deferrals, prepaid items, and other legal obligations. The City also reports the committed and assigned fund balances for special purposes.

The primary goal of the City's investment policy is to ensure the safety of the principal invested. Cash temporarily idle during the year is invested primarily in certificates of deposit, obligations of the U.S. Treasury, Kansas Municipal Investment Pool, Kansas GO Bonds and Repurchase Agreements. Cash balances from all City funds are pooled into an investment fund and investment income is distributed on a monthly basis based on month end balances. A cash flow analysis is utilized and staggered in a way to meet projected liquidity needs.

Capital financing for major improvements is provided for during the budget or general obligation bonds.

The City of Prairie Village has financial management policies that allow for the planning of adequate funding of services desired by the public, to manage the City finances wisely, and to carefully account for public funds.

In addition to the major initiatives discussed above, the 2013 budget reflected several financial policies the City has established.

- ❖ Continue to strive for financial transparency by implementing a Transparent PV link on the City website which gives citizens easy access to City documents
- ❖ 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, 2012. This was the twenty-seventh 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.

The City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning January 1, 2013. This is the twenty-fifth 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.

In addition, the City received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its PAFR for the fiscal year ended December 31, 2012. This is the first year the City has received this prestigious award. In order to qualify to be awarded an Outstanding Achievement, the government must publish a financial report specifically designed to meet the needs of interested parties who may be unable or unwilling to use traditional financial reports. An Outstanding Achievement is valid for a period of one year only.

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.

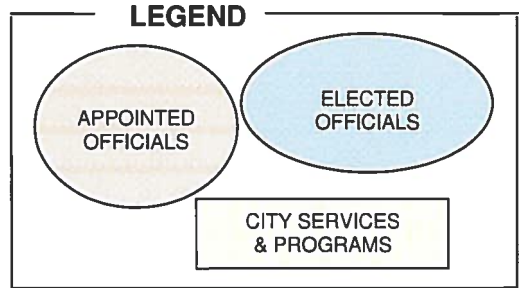
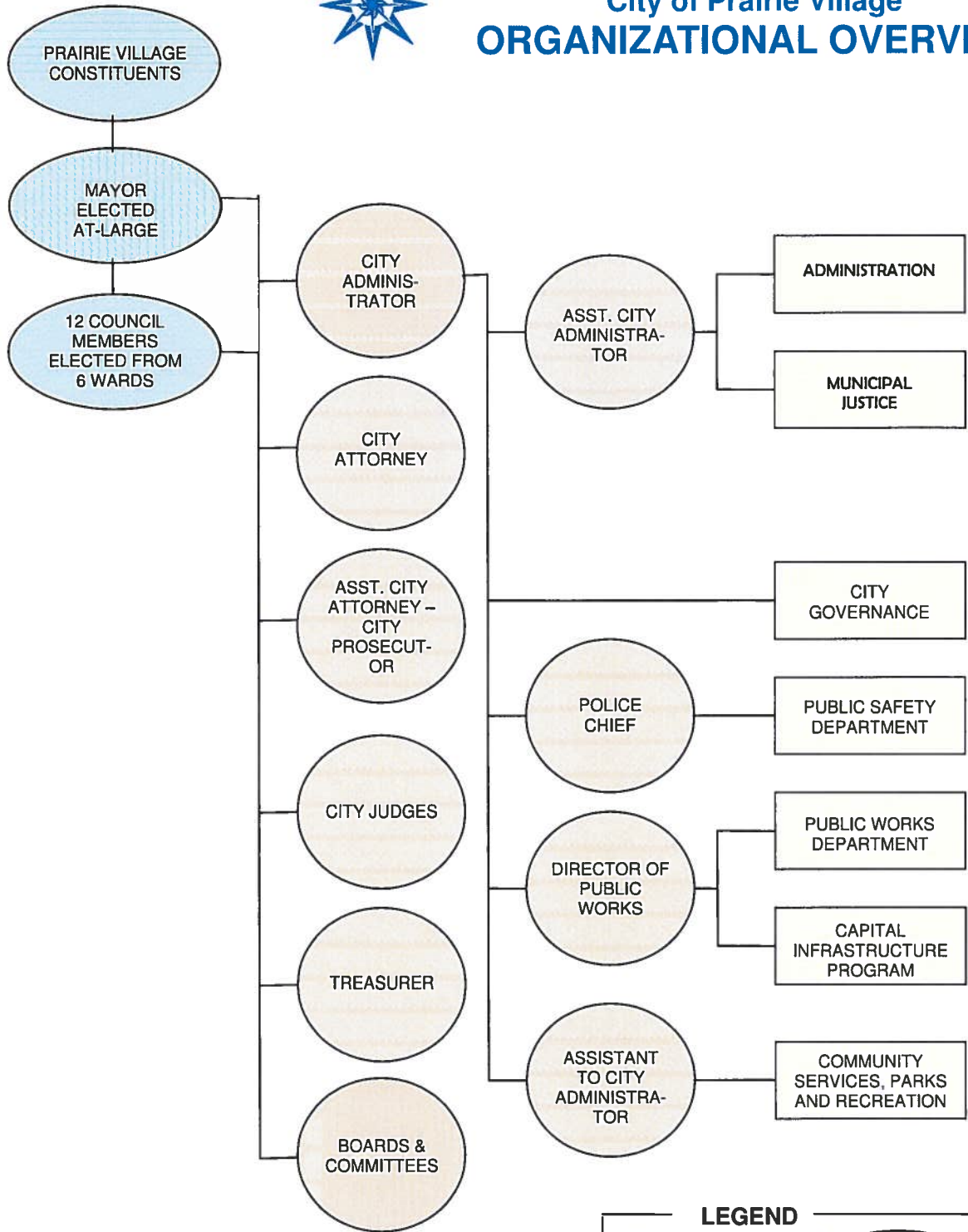
Respectfully submitted,



Lisa Santa Maria
Finance Director



City of Prairie Village ORGANIZATIONAL OVERVIEW



CITY OF PRAIRIE VILLAGE, KANSAS

PRINCIPAL OFFICIALS – 2013

Elected Officials

Mayor

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

Ronald L. Shaffer
Ashley Weaver
Jori Nelson
Steve Noll
Ruth Hopkins
Eric Mikkelson
Andrew Wang
Laura Wassmer
Brooke Morehead
Courtney McFadden
Dan Runion
Terrence Gallagher
Ted Odell

Appointed Officials

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

Quinn Bennion
Kate Gunja
Wes Jordan
Keith Bredehoeft
Joyce Hagen Mundy
Catherine Logan
Stephen Horner
M. Bradley Watson
Mary Virginia Clarke
Fielding North, Jr.



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, 2013, 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.

BERBERICH TRAHAN & CO., P.A. 3630 SW Burlingame Rd., Topeka, KS 66611-2050
785-234-3427 toll free 800-530-5526 785-233-1768
btandco@pa.com

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, 2013, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on January 1, 2012, the City changed its method of accounting to adopt Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion on the financial statements is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 - 12, the Schedules of Funding Progress and Employer Contributions for the Prairie Village Police Pension Plan on pages 62 - 63 and the Schedule of Funding Progress for Other Postemployment Benefits on page 64 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 are 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.

June 4, 2014
Topeka, Kansas

CITY OF PRAIRIE VILLAGE, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2013

This discussion and analysis of the City of Prairie Village's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2013. It should be read in conjunction with the letter of transmittal on page I, the basic financial statements, which begin on page 13, and the accompanying notes to those financial statements.

Financial Highlights

- The City Council approved a \$31 million budget and did not have a property tax increase.
- The City's total assessed valuation increased to \$285,138,926 from \$282,359,048 in 2012, a 1.0% increase.
- The average home sale price in Prairie Village increased 6.93% from 2012 to 2013. Of the 9,939 households in Prairie Village, 77.8% are owned, 17.7% are rented and 5% are not currently occupied. And, The City was ranked by Coldwell Banker as the third best for suburbanites and eighth best for social seekers in Kansas City to live.
- The composition of the City's property tax base is 13% commercial and 87% residential.
- As a result of this fiscal year's activity, the City's combined net assets increased by \$2.1 million, the majority of which is due to an increase in capital assets and a decrease in long-term liabilities.
- The 2013 average unemployment rate in Prairie Village was 4.7% (Kansas avg. was 5.4%).

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 assets, which are the difference between those assets and liabilities, are an important measure of the City's overall financial health. Changes in net assets over time help the reader determine whether the City's financial health is improving or deteriorating.

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

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

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

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

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 was:

	<u>2012</u>	<u>2013</u>	<u>Percentage Change</u>
Current and other assets	\$ 27,341,777	\$ 25,561,701	-6.51%
Capital assets	69,412,449	71,875,139	3.55%
Total assets	<u>\$ 96,754,226</u>	<u>\$ 97,436,840</u>	0.71%
Long-term liabilities	\$ 7,332,584	\$ 5,451,581	-25.65%
Current liabilities	2,125,905	2,116,460	-0.44%
Other liabilities	1,185,795	1,344,319	13.37%
Deferred inflows of resources	8,353,243	8,588,091	2.81%
Total liabilities and deferred inflows of resources	<u>18,997,527</u>	<u>17,500,451</u>	-7.88%
Net position:			
Net investment in capital assets	\$ 60,262,019	\$ 64,573,343	7.15%
Restricted	4,174,238	3,870,795	-7.27%
Unrestricted	13,320,442	11,492,251	-13.72%
Total net position	<u>77,756,699</u>	<u>79,936,389</u>	2.80%
Total liabilities and deferred inflows of resources & net position	<u>\$ 96,754,226</u>	<u>\$ 97,436,840</u>	0.71%

The City's combined net position increased by \$2,179,690 or 2.8% from 2012 to 2013. The majority of that increase was due to an increase in capital assets and a decrease in long-term liabilities. The change in net position as a percentage of assets is a good indicator of the government's financial position. The positive ratio of 2.80% indicates the City's financial condition has improved.

The City's total net assets consist of the following three components:

1. Net investment in capital assets. The largest portion of the City's net position (\$64,573,343) represents its investment in capital assets (e.g. land structures and improvements, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.
2. Restricted net position. The City's restricted net position at year-end was \$3,870,795. Asset restrictions are primarily due to external restrictions imposed by State statutes.
3. Unrestricted net position. The City's unrestricted net position is \$11,492,251.

Statement of Activities. The table below shows the condensed revenues, expenses and changes in net position for 2012 and 2013.

	<u>2012</u>	<u>2013</u>	<u>Change</u>
REVENUES			
Program revenues			
Charges for services	\$ 6,886,989	\$ 6,772,710	-1.66%
Operating grants and contributions	248,815	5,275	-97.88%
Capital grants and contributions	667,306	643,633	-3.55%
General revenues:			
Property taxes	5,469,028	5,495,129	0.48%
Sales and use taxes	6,414,899	6,671,852	4.01%
Other taxes	2,389,739	2,231,361	-6.63%
Other revenues	1,299,995	1,189,267	-8.52%
Total revenues	<u>23,376,771</u>	<u>23,009,227</u>	<u>-1.57%</u>
EXPENSES			
Urban management and planning	4,244,767	4,775,294	12.50%
Public works	8,594,229	8,957,601	4.23%
Public safety	5,869,808	5,763,055	-1.82%
Municipal justice	417,302	427,211	2.37%
Leisure, recreation and education	692,551	679,215	-1.93%
Interest on long-term debt	185,077	137,982	-25.45%
Total expenses	<u>20,003,734</u>	<u>20,740,358</u>	<u>3.68%</u>
Increase (decrease) in net position	3,373,037	2,268,869	-32.74%
Prior period adjustment	179,010	(89,179)	
Net position, January 1	74,204,652	77,756,699	4.79%
Net position, December 31	<u>\$ 77,756,699</u>	<u>\$ 79,936,389</u>	<u>2.80%</u>

Overall, total revenues decreased by 1.57%. The decrease is mostly due to the completion of the geothermal grant and a decrease in franchise fees. Franchise fees include electric, gas, telephone, cable and open source video companies. The fee is 5% of gross receipts as defined and permitted by state statutes.

Tax source revenues (property, sales/use and franchise) continue to account for a majority of the City's revenues. Tax source revenues account for 63.0% of total revenues in 2013 compared with 61.0% in 2012. Sales tax and use taxes increased 4.01% and property taxes increased 0.48%. Other taxes decreased 6.63% and are mostly made up of franchise fees.

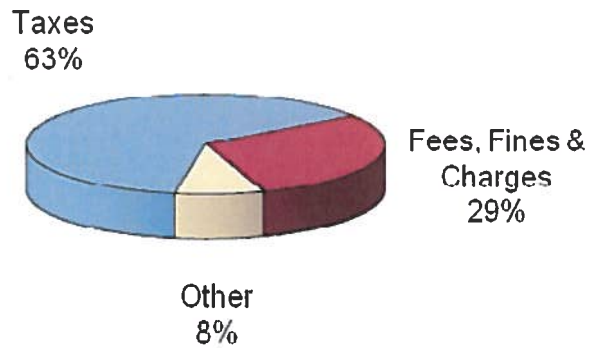
Other revenues decreased 8.52% and include investment earnings and any unrealized gains and losses associated with those investments. Actual interest earnings increased during 2013. The gain on disposal of assets increased slightly in 2013 and is included in other revenues.

Another significant change in City revenues was the decrease in operating grants and contributions. The decrease reflects the City finalizing the geothermal project in 2012.

Total expenses for 2013 were higher when compared with 2012, increasing 3.68%. Interest on long-term debt decreased in 2013 because of the general obligation refunding and improvement bonds issued in 2011. Also, Urban Management and Planning expenses increased as a result of significant activity at the two Community Improvement Districts and an increase in contract services for City related legal fees. The increase in Public Works reflects an increase in contract services and commodities. And, the 2.37% increase in Municipal Justice spending reflects an increase in contract services that is related to new software maintenance expenses.

As illustrated by the following graphs, 63% of the City's revenues are tax-related. Another 29% 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 - 2013



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 - 2013



The net cost of each program is an important indicator of the financial burden placed on revenues, primarily tax sources. As shown below, \$13.3 million of the cost of services was paid by the City's tax payers.

Function/Programs	Total Cost of Services			Net Cost of Services		
	2012	2013	% Chg	2012	2013	% Chg
Governmental activities:						
Urban management and planning	\$ 4,244,767	\$ 4,775,294	12.5%	\$ 2,081,624	\$ 2,896,625	39.2%
Public works	8,594,229	8,957,601	4.2%	6,039,019	3,017,165	-50.0%
Public safety	5,869,808	5,763,055	-1.8%	3,268,348	6,595,117	101.8%
Municipal justice	417,302	427,211	2.4%	416,087	575,812	38.4%
Leisure, recreation and education	692,551	679,215	-1.9%	210,469	96,039	-54.4%
Interest on long-term debt	185,077	137,982	-25.4%	185,077	137,982	-25.4%
Total governmental activities	\$ 20,003,734	\$ 20,740,358	3.7%	\$ 12,200,624	\$ 13,318,740	9.2%

Additional information about program and general revenues may be found on the Statement of Activities located on page 14.

Analysis of the Fund Financial Statements

General Fund. Fund balance decreased 0.75% in the General Fund as a result of revenues being 1.57% less than 2012 and includes non-budgeted funds for Equipment Reserve, Risk Management Reserve and Economic Development Reserve. Additional information regarding the fund balance may be found on the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual-Budgetary Basis – General Fund located on page 22.

Solid Waste Management Fund. Fund balance decreased 15.29% as a result of a rate roll back from the solid waste contractor that was passed on to the citizens.

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 2012 tax bills, the receipts from which are used to fund 2013 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 33.67% decrease in fund balance is a result of 53% increase infrastructure spending which were primarily street improvements.

Other Governmental Funds. The fund balance for these funds decreased due to an increase in project expenses related to the two Community Improvements Districts (CID) Funds. 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 General Fund was not amended by the City Council during 2013. 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.

Community Improvement District (CID) Fund Budget

The legally adopted budget for the two Community Improvement District (CID) Funds was amended by the City Council during 2013. The purpose of the budget amendment was to increase the total expenditure budgets for the CID funds (Corinth and PV Shops).

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
Franchise Fees	Franchise fees declined due to a change in the way the Kansas City Power and Light franchise fee was accounted for during the audit. AT&T franchise fees have also been steadily declining since 2009 which is a result in part of the replacement of land lines with cell phones. Franchise fees are also affected by "internet services" which do not contribute to this revenue source.
Licenses and Permits	This category increased due to an increase in Building Permit revenue in 2013.
Fine and Forfeitures	Fine and forfeiture revenue increased as a result of an increase in traffic violations.
Interest Earnings	Interest earnings are netted against investment unrealized gains and losses. In 2013 there was an unrealized loss on investments that was more than the earnings.
Recreation Fees	Recreation fees decreased as a result of decreased pool revenue. The pool season is during the summer months only and in 2013 the summer temperatures were cooler than usual and thus gate fees and concession revenue declined.
Mayor and Council	The budget includes funding for consultants that may be needed by the Council during the year. In 2013, 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 2013 the budget for consultants was exceeded. The budget for the training and dues was also fully utilized.
Information Technology	In 2013, the City budgeted to replace computer equipment, but ended up being able to use the same equipment. The City also spent less on IT consulting services than budgeted. The 2013 expenditure 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 2013 the City experienced an increase in legal costs due to a couple of law suits. These services are provided at an hourly rate.
City Clerk	In 2013, the City Clerk had lower than budgeted personal services costs due to a turn-over in staff.
Public Works Administration	In 2013 the budget for personal services was not fully utilized due to a turn-over in staff.
Buildings and Grounds	Personal services were less than budgeted due to a movement of personal and contract services was less than budgeted mainly due to Tree Trimming services not being fully utilized.
Staff Services	Contract services, which include the Intergraph maintenance contract cost, were lower than budgeted in 2013.
Community Services	Contract services, which include the School Crossing Guards, were less than budgeted in 2013 due to the outsourcing of the School Crossing Guard contract.
Crime Prevention	Personal services and commodities were lower than budgeted due to a movement of personnel in 2013.
Off-Duty Contractual	This program depends on assignments and will vary from year to year.
Traffic	Contract services, which include fuel and clothing costs, were lower than budgeted in 2013.
Prosecutor	In 2013 there were not as many appeals as were budgeted for.
Community Programs	Seasonal salaries and part-time salaries were less than budgeted. Commodities, which include clothing and testing for pool staff, were lower than budgeted in 2013.
Swimming Pool	The difference between budget and actual was due to lower personal services costs and less was spent on commodities than expected.
Swimming Pool and Food Service	This programs difference was a result of less overtime costs, inventory and food waste.
Tennis	This program depends on the number of lessons given and will vary from year to year.

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, 2013 was \$71.9 million. Capital assets increased 3.55% from 2012.

NETWORK	2012	2013	% Change
Land	\$ 13,861,866	\$ 13,861,866	0.00%
Buildings	3,644,485	3,504,676	-3.84%
Improvements other than buildings	864,680	827,897	-4.25%
Furniture and equipment	1,953,598	1,854,730	-5.06%
Infrastructure	46,298,842	44,454,885	-3.98%
Construction in progress	2,788,978	7,371,085	164.29%
Total	<u>\$ 69,412,449</u>	<u>\$ 71,875,139</u>	3.55%

Improvements other than buildings decreased due to continued depreciation of these assets. Furniture and equipment decreased due to the disposal of older furniture and equipment. Infrastructure decreased due to projects open at the end of 2012. Construction in progress increased because many of the 2013 projects were not completed until early 2014. 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 1, as well as Note 5.

Long-term debt activity. As of December 31, 2013, the City had \$7,220,000 of outstanding general obligation bonds. Of the balance outstanding, 67% 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 ACTIVITIES

Year Ended December 31, 2013

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position-Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution	
Governmental activities:					
Urban management and planning	\$ 4,775,294	\$ 1,878,669	\$ -	\$ -	\$ (2,896,625)
Public works	8,957,601	1,938,196	-	643,633	(6,375,772)
Public safety	5,763,055	2,521,270	5,275	-	(3,236,510)
Municipal justice	427,211	1,910	-	-	(425,301)
Leisure and recreation	679,215	432,665	-	-	(246,550)
Interest on long-term debt	137,982	-	-	-	(137,982)
Total governmental activities	<u>\$ 20,740,358</u>	<u>\$ 6,772,710</u>	<u>\$ 5,275</u>	<u>\$ 643,633</u>	<u>(13,318,740)</u>
General revenues:					
Property taxes					5,495,129
Sales and use tax					6,671,852
Motor vehicle tax					637,276
Franchise tax					1,594,085
Grants and contributions not restricted to specific programs					1,077,749
Investment earnings (loss)					(25,845)
Gain on disposal of assets					36,200
Miscellaneous					101,163
Total general revenues					<u>15,587,609</u>
Change in net position					<u>2,268,869</u>
Net position, beginning, as previously stated					77,756,699
Change in accounting principle					<u>(89,179)</u>
Net position, beginning, as restated					<u>77,667,520</u>
Net position, ending					<u>\$ 79,936,389</u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2013

	<u>General</u>	<u>Solid Waste Management</u>
Assets:		
Cash and investments	\$ 9,211,552	\$ 341,551
Receivables:		
Taxes	4,217,205	-
Other assessments	-	1,454,988
Accounts	263,299	-
Due from other governments	1,027,285	-
Due from other funds	-	-
Prepaid items	108,959	-
Restricted assets	125,541	-
	<u>\$ 14,953,841</u>	<u>\$ 1,796,539</u>
Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Accounts payable	\$ 605,049	\$ 112,098
Accrued payroll	67,229	450
Due to other funds	-	-
Payable from restricted assets	125,541	-
	<u>797,819</u>	<u>112,548</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	4,217,205	-
Unavailable revenue - other assessments	-	1,454,988
	<u>4,217,205</u>	<u>1,454,988</u>
Fund balances:		
Nonspendable:		
Not in spendable form	108,959	-
Restricted	-	-
Committed	1,994,854	229,003
Assigned	130,290	-
Unassigned	7,704,714	-
	<u>9,938,817</u>	<u>229,003</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,953,841</u>	<u>\$ 1,796,539</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>
\$ 43,448	\$ 411,159	\$ 3,383,612	\$ 1,420,068	\$ 14,811,390
1,340,154	-	-	-	5,557,359
-	1,575,744	-	-	3,030,732
-	-	301,584	-	564,883
-	-	-	328,242	1,355,527
-	-	132,453	-	132,453
-	-	-	864	109,823
-	-	-	-	125,541
<u>\$ 1,383,602</u>	<u>\$ 1,986,903</u>	<u>\$ 3,817,649</u>	<u>\$ 1,749,174</u>	<u>\$ 25,687,708</u>
\$ -	\$ -	\$ 243,580	\$ 145,755	\$ 1,106,482
-	-	-	86	67,765
-	-	-	132,453	132,453
-	-	-	-	125,541
-	-	243,580	278,294	1,432,241
1,340,154	-	-	-	5,557,359
-	1,575,744	-	-	3,030,732
<u>1,340,154</u>	<u>1,575,744</u>	<u>-</u>	<u>-</u>	<u>8,588,091</u>
-	-	-	864	109,823
43,448	-	-	714,135	757,583
-	411,159	-	750,647	3,385,663
-	-	3,574,069	5,234	3,709,593
-	-	-	-	7,704,714
<u>43,448</u>	<u>411,159</u>	<u>3,574,069</u>	<u>1,470,880</u>	<u>15,667,376</u>
<u>\$ 1,383,602</u>	<u>\$ 1,986,903</u>	<u>\$ 3,817,649</u>	<u>\$ 1,749,174</u>	<u>\$ 25,687,708</u>

CITY OF PRAIRIE VILLAGE, KANSAS

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

December 31, 2013

Total fund balance in Governmental Funds Balance Sheet	\$ 15,667,376
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.	71,875,139
The net pension asset is not a financial resource and therefore is not reported in the funds.	6,446
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(7,612,572)</u>
Net position of governmental activities	<u><u>\$ 79,936,389</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, 2013

	General	Solid Waste Management
Revenues:		
Taxes:		
Property	\$ 4,407,529	\$ -
Sales	5,735,502	-
Franchise	1,594,085	-
Intergovernmental	123,403	-
Licenses and permits	508,214	1,648
Charges for services	1,786,321	1,335,909
Fines and forfeitures	1,239,844	-
Recreational fees	432,664	-
Interest earnings	(17,641)	3,685
Other	134,278	12,512
Total revenues	<u>15,944,199</u>	<u>1,353,754</u>
Expenditures:		
Current:		
Urban management and planning	2,125,561	1,395,077
Public works	5,125,576	-
Public safety	5,339,259	-
Municipal justice	410,721	-
Leisure and recreation	468,604	-
Capital outlay	490,735	-
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	<u>13,960,456</u>	<u>1,395,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,983,743</u>	<u>(41,323)</u>
Other financing sources (uses):		
Transfers in	423,467	-
Transfers out	(2,518,855)	-
Proceeds from sale of general capital assets	36,200	-
Total other financing sources (uses)	<u>(2,059,188)</u>	<u>-</u>
Net change in fund balances	(75,445)	(41,323)
Fund balances, beginning	10,014,262	270,326
Fund balances, ending	<u>\$ 9,938,817</u>	<u>\$ 229,003</u>

See accompanying notes to basic financial statements.

Bond and Interest	Stormwater	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 1,724,876	\$ -	\$ -	\$ -	\$ 6,132,405
-	-	-	936,350	6,671,852
-	-	-	-	1,594,085
-	-	643,633	806,806	1,573,842
-	3,780	-	-	513,642
-	1,571,516	-	-	4,693,746
-	-	-	-	1,239,844
-	-	-	-	432,664
1,726	4,396	(22,904)	4,893	(25,845)
-	-	-	-	146,790
<u>1,726,602</u>	<u>1,579,692</u>	<u>620,729</u>	<u>1,748,049</u>	<u>22,973,025</u>
-	-	-	1,219,016	4,739,654
-	-	-	-	5,125,576
-	-	-	73,864	5,413,123
-	-	-	-	410,721
-	-	-	14,919	483,523
-	-	6,442,625	-	6,933,360
1,835,000	-	-	-	1,835,000
164,385	-	-	-	164,385
<u>1,999,385</u>	<u>-</u>	<u>6,442,625</u>	<u>1,307,799</u>	<u>25,105,342</u>
<u>(272,783)</u>	<u>1,579,692</u>	<u>(5,821,896)</u>	<u>440,250</u>	<u>(2,132,317)</u>
312,752	-	4,007,822	-	4,744,041
-	(1,576,576)	-	(648,610)	(4,744,041)
-	-	-	-	36,200
<u>312,752</u>	<u>(1,576,576)</u>	<u>4,007,822</u>	<u>(648,610)</u>	<u>36,200</u>
39,969	3,116	(1,814,074)	(208,360)	(2,096,117)
3,479	408,043	5,388,143	1,679,240	17,763,493
<u>\$ 43,448</u>	<u>\$ 411,159</u>	<u>\$ 3,574,069</u>	<u>\$ 1,470,880</u>	<u>\$ 15,667,376</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, 2013

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

Net change in fund balances - total governmental funds. \$ (2,096,117)

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. 2,462,691

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 on net position. Also, governmental funds report the effect of 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. 1,835,000

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. 67,295

Change in net position of governmental activities \$ 2,268,869

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance With Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 9,932,046	\$ 10,143,031	\$ 210,985
Intergovernmental	-	123,403	123,403
Franchise fees	1,787,100	1,594,085	(193,015)
Licenses and permits	472,497	508,214	35,717
Charges for services	1,833,534	1,786,321	(47,213)
Fines and forfeitures	1,166,406	1,239,844	73,438
Recreation fees	469,238	432,664	(36,574)
Interest earnings	30,000	(32,389)	(62,389)
Other	78,094	129,845	51,751
Total revenues	15,768,915	15,925,018	156,103
Expenditures:			
Urban management and planning:			
City governance:			
Mayor and council	136,507	81,561	54,946
Management and planning	438,198	464,034	(25,836)
Administrative services:			
Information technology	194,050	152,105	41,945
Legal services	115,000	249,735	(134,735)
Human resources	163,146	152,345	10,801
Financial management	254,349	253,685	664
Codes administration	395,772	375,839	19,933
City clerk	297,997	266,889	31,108
Total urban management and planning	1,995,019	1,996,193	(1,174)
Public works and improvements:			
Administration	768,248	597,776	170,472
Vehicle and equipment maintenance	520,419	522,529	(2,110)
Streets and drain	2,474,100	2,328,514	145,586
Drainage operation and maintenance	378,971	363,932	15,039
Miscellaneous operation and maintenance	312,694	294,064	18,630
Buildings and grounds	1,189,571	1,042,804	146,767
Total public works and improvements	5,644,003	5,149,619	494,384
Public safety:			
Administration	384,409	394,743	(10,334)
Staff services	765,556	710,795	54,761
Community services	209,922	171,629	38,293
Community policing	84,730	75,317	9,413
Patrol	3,024,040	2,786,921	237,119
Investigations	614,390	598,785	15,605
Special investigations	169,669	174,375	(4,706)
Professional standards	162,612	161,357	1,255
Off duty contractual	66,717	44,288	22,429
Traffic	363,182	321,640	41,542
Total public safety	\$ 5,845,227	\$ 5,439,850	\$ 405,377

(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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance With Final Budget - Positive (Negative)
Municipal justice:			
Judicial	\$ 33,722	\$ 32,278	\$ 1,444
Prosecutor	50,500	37,600	12,900
Court clerks	361,897	341,283	20,614
Total municipal justice	<u>446,119</u>	<u>411,161</u>	<u>34,958</u>
Leisure and recreation:			
Community programs	162,463	106,942	55,521
Swimming pool	346,918	282,724	64,194
Swimming pool food service	76,048	64,376	11,672
Tennis	18,479	13,354	5,125
Total leisure and recreation	<u>603,908</u>	<u>467,396</u>	<u>136,512</u>
Contingency	500,000	-	500,000
Total expenditures	<u>15,034,276</u>	<u>13,464,219</u>	<u>1,570,057</u>
Excess of revenues over expenditures	<u>734,639</u>	<u>2,460,799</u>	<u>1,726,160</u>
Other financing sources (uses)			
Transfer in	423,467	423,467	-
Transfers out	(5,784,646)	(2,830,674)	2,953,972
Sale of general capital asset	-	36,200	36,200
Total other financing sources (uses)	<u>(5,361,179)</u>	<u>(2,371,007)</u>	<u>2,990,172</u>
Net change in fund balance	(4,626,540)	89,792	4,716,332
Fund balance, beginning, budget basis	<u>5,667,486</u>	<u>7,204,311</u>	<u>1,536,825</u>
Fund balance, ending, budget basis	<u>\$ 1,040,946</u>	<u>7,294,103</u>	<u>\$ 6,253,157</u>
<u>Reconciliation to GAAP</u>			
Change in encumbrances		<u>142,982</u>	
Fund balances on the basis of GAAP - General Fund only		7,437,085	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:			
Equipment reserve		439,284	
Risk management reserve		67,594	
Economic development		<u>1,994,854</u>	
Total fund balance, ending		<u>\$ 9,938,817</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 -
SOLID WASTE MANAGEMENT FUND

Year Ended December 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Licenses and permits	\$ 2,300	\$ 1,648	\$ (652)
Charges for services	1,320,847	1,335,909	15,062
Interest earnings	2,900	3,685	785
Other	19,000	12,512	(6,488)
Total revenues	1,345,047	1,353,754	8,707
Expenditures:			
Urban management and planning	1,400,214	1,395,077	5,137
Net change in fund balance	(55,167)	(41,323)	13,844
Fund balance, beginning	285,404	270,326	(15,078)
Fund balance, ending	<u>\$ 230,237</u>	<u>\$ 229,003</u>	<u>\$ (1,234)</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, 2013

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Licenses and permits	\$ 4,600	\$ 3,780	\$ (820)
Charges for services	1,532,627	1,571,516	38,889
Interest earnings	1,000	4,396	3,396
Total revenues	<u>1,538,227</u>	<u>1,579,692</u>	<u>41,465</u>
Expenditures:			
Public works	3,000	-	3,000
Other	23,000	-	23,000
Total expenditures	<u>26,000</u>	<u>-</u>	<u>26,000</u>
Excess of revenues over expenditures	1,512,227	1,579,692	67,465
Other financing uses:			
Transfers out	<u>(1,576,576)</u>	<u>(1,576,576)</u>	<u>-</u>
Net change in fund balance	(64,349)	3,116	67,465
Fund balance, beginning	<u>345,918</u>	<u>408,043</u>	<u>62,125</u>
Fund balance, ending	<u>\$ 281,569</u>	<u>\$ 411,159</u>	<u>\$ 129,590</u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF NET POSITION
FIDUCIARY FUND

December 31, 2013

	<u>Pension Trust Fund</u>
Assets:	
Restricted cash	<u>\$ 291,346</u>
Restricted investments, at fair value:	
Common stock	7,856,141
Fixed income	<u>3,331,989</u>
Total restricted investments	<u>11,188,130</u>
Interest receivable	<u>29,609</u>
Total assets	11,509,085
Liabilities and net position:	
Liabilities	<u>-</u>
Net position:	
Held in trust for pension benefits	<u><u>\$ 11,509,085</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, 2013

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 450,000
Plan members	<u>104,209</u>
Total contributions	<u>554,209</u>
Investment earnings:	
Interest and dividends on investments	225,218
Net increase in the fair value of investments	<u>1,486,619</u>
Total investment earnings	<u>1,711,837</u>
Total additions	2,266,046
Deductions:	
Benefits	<u>677,404</u>
Changes in net position	1,588,642
Net position, beginning	<u>9,920,443</u>
Net position, ending	<u><u>\$ 11,509,085</u></u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2013

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 unavailable 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 Pension Trust fund is custodial in nature and does not measure results of operations or have a measurement focus. The Pension Trust fund does, however, use the accrual basis of accounting.

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, is used to accumulate the resources for post-employment health care benefits to qualified employees. The agency fund is used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments.

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

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.

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.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

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.

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.

The City also assesses fees for the solid waste and stormwater funds that are collected through the tax statements mailed on November 1 each year.

Governmental funds report unavailable 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 unavailable revenue is reported as follows:

General fund property taxes receivable	\$ 4,217,205
Solid waste management fund other assessments receivable	1,454,988
Stormwater fund other assessments receivable	1,575,744
Bond and interest property taxes receivable	1,340,154
	<hr/>
	\$ 8,588,091
	<hr/> <hr/>

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

1 - Summary of Significant Accounting Policies (Continued)

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.

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 \$ 5,000 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

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds and governmental activities report unavailable revenues from two sources: property taxes and other assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

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

All vested or accumulated vacation and scheduled holiday leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City estimates that the entire compensated absence liability, as of December 31, 2013, will be due within one year.

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

1 - Summary of Significant Accounting Policies (Continued)

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 are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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, 2013, 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.

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.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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 the City Administrator 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)

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	\$ 108,959	\$ -	\$ -	\$ -	\$ -	\$ 864	\$ 109,823
Restricted for:							
Urban management and planning	-	-	-	-	-	519,801	519,801
Leisure and recreation	-	-	-	-	-	77,113	77,113
Public works	-	-	-	-	-	11,733	11,733
Public safety	-	-	-	-	-	105,488	105,488
Debt	-	-	43,448	-	-	-	43,448
Committed for:							
Urban management and planning	-	229,003	-	-	-	-	229,003
Public works	1,994,854	-	-	411,159	-	750,647	3,156,660
Assigned for:							
Urban management and planning	20,634	-	-	-	-	4,397	25,031
Public works	104,730	-	-	-	3,574,069	85	3,678,884
Leisure and recreation	4,926	-	-	-	-	752	5,678
Unassigned	7,704,714	-	-	-	-	-	7,704,714
Total fund balances	<u>\$ 9,938,817</u>	<u>\$ 229,003</u>	<u>\$ 43,448</u>	<u>\$ 411,159</u>	<u>\$ 3,574,069</u>	<u>\$ 1,470,880</u>	<u>\$ 15,667,376</u>

Change in Accounting Principle

In previous years, debt issuance costs were classified as assets and amortized over the lives of the underlying debt issuances. With the implementation of GASB Statement No. 65 in 2013, debt issuance costs are to be recognized as an expense in the period incurred. The provisions of this statement are to be applied retroactively to the earliest period presented in the financial statements. The beginning net position of the governmental activities has been restated by \$89,179 to retroactively apply the provisions of this statement. There was no effect on current year revenues or expenses as a result of this adjustment.

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

1 - Summary of Significant Accounting Policies (Continued)

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 \$ 1,470,016 for enabling legislation.

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, 2013, 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:

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. 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.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, was issued in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

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 \$ (7,612,572) difference are as follows:

Bonds payable	\$ (7,220,000)
Less: Issuance premium	(81,797)
Accrued interest payable	(44,531)
Compensated absences	(246,460)
Other postemployment benefits	<u>(19,784)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u><u>\$ (7,612,572)</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 \$ 2,462,691 difference are as follow:

Capital outlay	\$ 6,477,268
Depreciation expense	<u>(4,014,577)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ 2,462,691</u></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 \$ 67,295 difference are as follows:

Compensated absences	\$ 44,445
Other postemployment benefits	(2,630)
Pension related cost	(922)
Amortization of bond premium	13,633
Accrued interest	<u>12,769</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ 67,295</u></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 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, 2013, the City's recorded encumbrances in governmental funds were as follows:

General fund	\$ <u>130,290</u>
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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 K.S.A. 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 K.S.A. 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, 2013, the City's carrying amount of deposits, including certificates of deposit, was not exposed to custodial credit risk.

Investments

On December 31, 2013, the City's pooled investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
State of Kansas Municipal Investment Pool	\$ <u>973,865</u>

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

4 - Deposits and Investments (Continued)

Investments (Continued)

At December 31, 2013, 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	16+ Years	
Fixed income:							
FHLMC	\$ 499,377	AA+	\$ 274,424	\$ 136,410	\$ 88,543	\$ -	
FNMA	312,568	N/A	54,653	257,915	-	-	
GNMA	319,725	NA	53,018	93,623	173,084	-	
US Treasury Note	340,185	AAA	340,185	-	-	-	
Doubeline Total Return Bond Fund	102,301	NR	-	-	-	102,301	
Victory Fund for Income	127,326	NR	-	-	-	127,326	
AFLAC	103,191	A-	103,191	-	-	-	
Bank of America Corp.	57,090	A-	57,090	-	-	-	
Bunge	77,135	BBB-	77,135	-	-	-	
Daimler Finance North America, LLC	76,168	A-	76,168	-	-	-	
Dayton Power	60,490	BBB-	60,490	-	-	-	
Ford Motor Credit Co., LLC	115,843	BBB-	115,843	-	-	-	
General Electric Corp.	112,607	AA+	72,414	40,193	-	-	
Georgia Power	81,584	A	-	81,584	-	-	
Glendale, AZ Mun. Prop.	37,778	AA	-	37,778	-	-	
Goldman Sachs Group, Inc.	139,287	A-	139,287	-	-	-	
Health Care REIT, Inc.	108,700	BBB-	108,700	-	-	-	
Hewlett Packard	66,080	BBB+	66,080	-	-	-	
JPMorgan Chase	50,718	A3	50,718	-	-	-	
Missouri ST Health	35,135	NA	35,135	-	-	-	
Morgan Stanley	114,252	A-	114,252	-	-	-	
Rio Timto Fin. USA	95,875	A-	30,594	65,281	-	-	
St. Charles, MO. School District	53,827	AA+	53,827	-	-	-	
Spectra Energy Partners	30,409	BBB	-	30,409	-	-	
Stryker Corp.	27,019	A+	-	27,019	-	-	
Urs Corp.	76,404	BBB-	76,404	-	-	-	
Vale Overseas LTD	110,915	A-	110,915	-	-	-	
Total fixed income	3,331,989		\$ 2,070,523	\$ 770,212	\$ 261,627	\$ 229,627	
Common stock	7,856,141						
Total	\$ 11,188,130						

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 K.S.A. 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 Kansas 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 U.S. 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 K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 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 K.S.A. 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, 2013, 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, 2013 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	2,788,978	6,442,622	1,860,515	7,371,085
Total capital assets, not being depreciated	16,650,844	6,442,622	1,860,515	21,232,951
Capital assets being depreciated:				
Buildings	6,751,856	23,072	-	6,774,928
Improvements other than buildings	1,445,899	-	-	1,445,899
Furniture and equipment	5,642,819	305,818	516,142	5,432,495
Infrastructure	108,010,983	1,566,270	3,656,329	105,920,924
Total capital assets being depreciated	121,851,557	1,895,160	4,172,471	119,574,246
Less accumulated depreciation for:				
Buildings	3,107,371	162,881	-	3,270,252
Improvements other than buildings	581,219	36,783	-	618,002
Furniture and equipment	3,689,221	404,686	516,142	3,577,765
Infrastructure	61,712,141	3,410,227	3,656,329	61,466,039
Total accumulated depreciation	69,089,952	4,014,577	4,172,471	68,932,058
Total capital assets being depreciated, net	52,761,605	(2,119,417)	-	50,642,188
Governmental activities capital assets, net	\$ 69,412,449	\$ 4,323,205	\$ 1,860,515	\$ 71,875,139

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	\$ 55,017
Public works	3,567,339
Public safety	208,732
Municipal justice	16,489
Leisure and recreation	<u>167,000</u>
Total depreciation expense	<u><u>\$ 4,014,577</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, 2013 for capital projects compared to the amount authorized:

Project	Spent-to-Date	Remaining Commitments
Street improvements	<u>\$ 3,876,035</u>	<u>\$ 1,025,726</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, 2013, is as follows:

Due to	Due from Capital Projects Fund
Nonmajor governmental	\$ 132,453

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:

Transfers out	Transfers in			Total
	General Fund	Bond and Interest Fund	Capital Projects Fund	
General	\$ -	\$ -	\$ 2,518,855	\$ 2,518,855
Stormwater	423,467	312,752	840,357	1,576,576
Nonmajor governmental funds	-	-	648,610	648,610
	\$ 423,467	\$ 312,752	\$ 4,007,822	\$ 4,744,041

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, 2013 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity	Principal Payments During 2013	Outstanding December 31, 2013
General obligation bonds:					
Series 2009-A	2.00 - 3.00%	\$ 10,085,000	9/1/2019	\$ 1,750,000	\$ 2,835,000
Series 2011-A	.65 - 2.00%	4,555,000	9/1/2021	85,000	4,385,000
				<u>\$ 1,835,000</u>	<u>\$ 7,220,000</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
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	755,000	61,288	816,288
2019 - 2023	2,395,000	94,408	2,489,408
Total	<u>\$ 7,220,000</u>	<u>\$ 535,249</u>	<u>\$ 7,755,249</u>

Change in Long-Term Liabilities:

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013	Current Portion
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 9,055,000	\$ -	\$ 1,835,000	\$ 7,220,000	\$ 1,870,000
Premium	95,430	-	13,633	81,797	-
Total bonds payable	<u>9,150,430</u>	<u>-</u>	<u>1,848,633</u>	<u>7,301,797</u>	<u>1,870,000</u>
Compensated absences	290,905	297,699	342,144	246,460	246,460
Other postemployment benefits	17,154	12,151	9,521	19,784	-
	<u>\$ 9,458,489</u>	<u>\$ 309,850</u>	<u>\$ 2,200,298</u>	<u>\$ 7,568,041</u>	<u>\$ 2,116,460</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, 2013, \$ 120,000 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, 2013.

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 2013 was 8.94%. 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, 2013 through June 30, 2013. The employer contributions to KPERS for the years ended December 31, 2013, 2012 and 2011 were \$ 237,308, \$ 241,276, and \$ 222,466, respectively, equal to the statutory required contributions for each year.

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.

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)

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.

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, 2013, there were 44 active participants (41 fully vested, 3 nonvested), 9 vested terminees (not currently receiving benefits), and 37 retired participants and beneficiaries (currently receiving benefits).

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)

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 2013 was \$ 450,838.

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, 2013 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, 2013:

Annual required contribution	\$ 450,838
Interest on net pension obligation	(571)
Adjustment to annual required contribution	655
Annual pension cost	\$ 450,922

The schedule of employer contributions is as follows:

Annual pension cost	\$ 450,922
Less contributions made	450,000
Decrease in net pension asset	(922)
Net pension asset, beginning of year	7,368
Net pension asset, end of year	\$ 6,446

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

Year:	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Net Pension Obligation	Net Pension Asset
2011	\$ 444,541	101%	\$ 444,642	\$ 14,472	\$ -
2012	428,111	105%	428,160	-	7,368
2013	450,838	100%	450,922	-	6,446

The change in the annual pension cost is due to a change in plan assumptions. The assumed interest rate was lowered from 8% to 7.75%, the salary scale assumption was changed from 6.5% to 5% and the retirement rate assumption when first eligible was increased from 20% to 50%.

As of January 1, 2013, the most recent actuarial valuation date, the plan was 87% funded. The actuarial accrued liability for benefits was \$ 13,212,785 and the actuarial value of asset was \$ 11,471,397, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 1,741,388. The covered payroll (annual payroll of active employees covered by the plan) was \$ 2,546,753, and the ratio of the UAAL to the covered payroll was 68.4%.

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.

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)

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2013
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	7.75% per annum
Projected salary increases - due to merit	5.0% per year
Projected salary increases - inflation	3.0% per year

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.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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. K.S.A. 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.

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.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Healthcare Plan (Continued)

In 2013, the City made contributions of \$ 9,521 to the plan. Plan members receiving benefits contributed \$ 33,810.

Premium amounts are as follows:

	Health	Dental	Vision	Total
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	\$	12,387
Interest on net OPEB obligation		772
Adjustment to annual required contribution		(1,008)
Annual OPEB cost		12,151
Contributions made		9,521
Change in net OPEB obligation		2,630
Net OPEB obligation, beginning of year		17,154
Net OPEB obligation, end of year	\$	19,784

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, 2013 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>
2011	\$ 9,811	96%	\$ 13,835
2012	12,387	73%	17,154
2013	12,151	78%	19,784

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%.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Healthcare Plan (Continued)

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, 2013

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]
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%
2013	11,471,397	13,212,785	1,741,388	86.8%	2,546,753	68.4%

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
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
2013	450,838	100%	450,922	-	6,446

CITY OF PRAIRIE VILLAGE, KANSAS
PRAIRIE VILLAGE POLICE PENSION PLAN

December 31, 2013

The change in the annual pension cost is due to a change in plan assumptions. The assumed interest rate was lowered from 8% to 7.75%, the salary scale assumption was changed from 6.5% to 5% and the retirement rate assumption when first eligible was increased from 20% to 50%.

Valuation date	January 1, 2013
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	7.75% per annum
Projected salary increases - due to merit	5% per year
Projected salary increases - inflation	3% per year

CITY OF PRAIRIE VILLAGE, KANSAS

RETIREE HEALTH CARE BENEFIT PLAN TRUST AND PENSION PLAN

December 31, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	Percent of Payroll (b-a)/(c)
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, 2013

	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	\$ 3,952	\$ 77,397	\$ 108,389	\$ 519,801	\$ 155,292	\$ 555,237	\$ 1,420,068
Prepaid items	-	-	864	-	-	-	864
Due from other governments	140,319	-	-	-	93,362	94,561	328,242
Total assets	\$ 144,271	\$ 77,397	\$ 109,253	\$ 519,801	\$ 248,654	\$ 649,798	\$ 1,749,174
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 2,347	\$ -	\$ 81,935	\$ 61,473	\$ 145,755
Accrued payroll	-	-	86	-	-	-	86
Due to other funds	132,453	-	-	-	-	-	132,453
Total liabilities	132,453	-	2,433	-	81,935	61,473	278,294
Fund balances:							
Nonspendable:							
Not in spendable form	-	-	864	-	-	-	864
Restricted	11,733	77,113	105,488	519,801	-	-	714,135
Committed	-	-	-	-	165,463	585,184	750,647
Assigned	85	284	468	-	1,256	3,141	5,234
Total fund balances	11,818	77,397	106,820	519,801	166,719	588,325	1,470,880
Total liabilities and fund balances	\$ 144,271	\$ 77,397	\$ 109,253	\$ 519,801	\$ 248,654	\$ 649,798	\$ 1,749,174

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ 476,882	\$ 459,468	\$ 936,350
Intergovernmental	553,171	123,403	124,957	5,275	-	-	806,806
Interest earnings	17	282	457	-	1,138	2,999	4,893
Total revenues	<u>553,188</u>	<u>123,685</u>	<u>125,414</u>	<u>5,275</u>	<u>478,020</u>	<u>462,467</u>	<u>1,748,049</u>
Expenditures:							
Current:							
Urban management and planning	-	-	-	2,810	743,173	473,033	1,219,016
Public safety	-	-	73,864	-	-	-	73,864
Leisure and recreation	-	-	14,919	-	-	-	14,919
Total expenditures	<u>-</u>	<u>-</u>	<u>88,783</u>	<u>2,810</u>	<u>743,173</u>	<u>473,033</u>	<u>1,307,799</u>
Excess of revenues over expenditures	<u>553,188</u>	<u>123,685</u>	<u>36,631</u>	<u>2,465</u>	<u>(265,153)</u>	<u>(10,566)</u>	<u>440,250</u>
Other financing uses:							
Transfers out	(553,188)	(95,422)	-	-	-	-	(648,610)
Net change in fund balances	<u>-</u>	<u>28,263</u>	<u>36,631</u>	<u>2,465</u>	<u>(265,153)</u>	<u>(10,566)</u>	<u>(208,360)</u>
Fund balances, beginning	<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>
Fund balances, ending	<u>\$ 11,818</u>	<u>\$ 77,397</u>	<u>\$ 106,820</u>	<u>\$ 519,801</u>	<u>\$ 166,719</u>	<u>\$ 588,325</u>	<u>\$ 1,470,880</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, 2013

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 565,813	\$ 553,171	\$ (12,642)
Interest earnings	-	17	17
Total revenues	565,813	553,188	(12,625)
Other financing uses:			
Transfers out	(565,813)	(553,188)	12,625
Net change in fund balance	-	-	-
Fund balance, beginning	36,121	11,818	(24,303)
Fund balance, ending	<u>\$ 36,121</u>	<u>\$ 11,818</u>	<u>\$ (24,303)</u>

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 95,422	\$ 123,403	\$ 27,981
Intreest earnings	-	282	282
Total revenues	95,422	123,685	28,263
Other financing uses:			
Transfers out	(95,422)	(95,422)	-
Net change in fund balance	-	28,263	28,263
Fund balance, beginning	7,548	49,134	41,586
Fund balance, ending	\$ 7,548	\$ 77,397	\$ 69,849

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 95,422	\$ 124,957	\$ 29,535
Interest earnings	-	457	457
Total revenues	<u>95,422</u>	<u>125,414</u>	<u>29,992</u>
Expenditures:			
Public safety	75,857	73,864	1,993
Leisure and recreation	15,000	14,919	81
Total expenditures	<u>90,857</u>	<u>88,783</u>	<u>2,074</u>
Net change in fund balance	4,565	36,631	32,066
Fund balance, beginning	<u>29,464</u>	<u>70,189</u>	<u>40,725</u>
Fund balance, ending	<u><u>\$ 34,029</u></u>	<u><u>\$ 106,820</u></u>	<u><u>\$ 72,791</u></u>

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 BUDGETARY BASIS
 BOND AND INTEREST FUND

Year Ended December 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 1,721,592	\$ 1,724,876	\$ 3,284
Interest earnings	-	1,726	1,726
Total revenues	<u>1,721,592</u>	<u>1,726,602</u>	<u>5,010</u>
Expenditures:			
Debt service:			
Principal	1,848,633	1,835,000	13,633
Interest and other charges	164,385	164,385	-
Total expenditures	<u>2,013,018</u>	<u>1,999,385</u>	<u>13,633</u>
Deficiency of revenues under expenditures	(291,426)	(272,783)	18,643
Other financing sources:			
Transfers in	312,752	312,752	-
Net change in fund balance	21,326	39,969	18,643
Fund balance, beginning	-	3,479	3,479
Fund balance, ending	<u>\$ 21,326</u>	<u>\$ 43,448</u>	<u>\$ 22,122</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 71 - 77

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 78 - 84

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

Debt Capacity 85 - 89

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 90 - 91

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 92 - 94

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets	\$ 45,044,526	\$ 46,196,856	\$ 52,232,309	\$ 55,776,952	\$ 58,921,876	\$ 62,148,880	\$ 57,070,636	\$ 57,840,817	\$ 60,262,019	\$ 64,573,343
Restricted	128,990	168,564	230,513	197,827	258,683	233,847	241,470	815,844	4,174,238	3,870,795
Unrestricted	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	11,492,251
Total net position	\$ 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	\$ 79,936,389

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)

	2004	2005	2006
Expenses			
Governmental activities:			
Urban management and planning	\$ 2,843,833	\$ 2,929,560	\$ 2,843,021
Public works	6,743,408	6,174,532	8,807,244
Public safety	4,293,500	4,606,977	4,919,202
Municipal justice	260,073	280,708	343,226
Leisure and recreation	817,561	787,935	824,395
Interest on long-term debt	148,189	130,238	112,434
Total primary government expenses	<u>15,106,564</u>	<u>14,909,950</u>	<u>17,849,522</u>
Program revenues			
Governmental activities:			
Fees, fines, and charges for services:			
Urban management and planning	1,551,881	1,582,253	1,591,817
Public works	58,243	53,508	72,508
Public safety	1,714,819	1,830,196	2,139,920
Municipal justice	46,922	46,916	65,557
Leisure and recreation	380,729	426,946	436,041
Operating grants and contributions:			
Urban management and planning	-	-	-
Public works	-	-	-
Public safety	3,355	71,318	3,197
Capital grants and contributions:			
Public works	745,288	544,352	517,484
Public safety	-	-	-
Total primary government program revenues	<u>4,501,237</u>	<u>4,555,489</u>	<u>4,826,524</u>
Total primary government net (expense)	<u>(10,605,327)</u>	<u>(10,354,461)</u>	<u>(13,022,998)</u>
General revenues and other changes in net assets			
Governmental activities:			
Taxes:			
Property	4,027,484	4,149,331	4,217,789
Sales and use	5,237,058	5,298,202	5,301,867
Motor vehicle	560,644	569,568	556,985
Franchise	1,567,167	1,629,419	1,629,706
Grants and contributions not restricted to specific programs	890,611	935,916	957,868
Investment earnings	164,161	309,886	579,452
Gain (loss) on disposal of assets	-	-	-
Miscellaneous	299,944	63,695	110,661
Total primary government	<u>12,747,069</u>	<u>12,956,017</u>	<u>13,354,328</u>
Change in net position governmental activities	<u>\$ 2,141,742</u>	<u>\$ 2,601,556</u>	<u>\$ 331,330</u> (1)

(1) 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.

2007	2008	2009	2010	2011	2012	2013
\$ 2,994,369	\$ 3,132,048	\$ 3,354,849	\$ 3,272,655	\$ 3,895,696	\$ 4,244,767	\$ 4,775,294
8,203,302	7,684,541	8,834,376	9,767,738	8,609,223	8,594,229	8,957,601
5,063,596	5,102,560	5,453,093	5,111,387	5,596,720	5,869,808	5,763,055
349,769	370,433	389,952	370,192	395,493	417,302	427,211
924,399	917,170	713,252	689,398	700,072	692,551	679,215
93,165	72,658	88,186	186,968	164,465	185,077	137,982
<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>	<u>20,740,358</u>
1,606,386	1,723,680	1,767,715	1,905,694	2,128,353	2,163,143	1,878,669
72,054	107,855	1,498,500	1,550,652	1,632,368	1,887,904	1,938,196
2,163,163	2,204,404	2,213,361	2,326,639	2,544,678	2,352,645	2,521,270
59,540	64,725	43,313	3,826	2,675	1,215	1,910
441,399	429,579	437,850	473,123	457,726	482,082	432,665
-	-	15,000	2,517	3,472	-	-
-	-	-	169,534	-	-	-
11,821	6,564	22,890	11,016	270,790	248,815	5,275
1,918,004	728,705	354,076	30,197	1,078,160	667,306	643,633
-	-	-	201,359	-	-	-
<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>7,421,618</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>	<u>(13,318,740)</u>
4,476,911	5,177,298	5,265,998	5,278,073	5,299,216	5,469,028	5,495,129
5,262,107	5,219,057	4,839,903	4,843,179	6,197,430	6,414,899	6,671,852
531,497	513,573	544,505	551,265	555,579	591,098	637,276
1,681,147	1,829,831	1,717,002	1,792,180	1,820,275	1,798,641	1,594,085
912,307	971,712	919,500	935,569	955,456	1,073,000	1,077,749
662,691	335,599	125,136	126,307	62,015	10,973	(25,845)
-	-	-	-	-	29,683	36,200
49,375	86,081	80,613	111,587	153,663	186,339	101,163
<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>15,587,609</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>	<u>\$ 2,268,869</u>

CITY OF PRAIRIE VILLAGE, KANSAS

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,836	\$ 103,927	\$ 108,959
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	1,659,165	2,053,036	1,994,854
Assigned	-	-	-	-	-	-	-	224,674	273,273	130,290
Unassigned	-	-	-	-	-	-	-	4,655,983	7,584,026	7,704,714
Reserved	372,558	301,539	106,738	261,411	278,309	241,521	223,607	-	-	-
Unreserved	6,992,836	8,319,287	8,961,513	6,579,448	4,273,620	4,658,964	4,610,498	-	-	-
Total general fund	\$ 7,365,394	\$ 8,620,826	\$ 9,068,251	\$ 6,840,859	\$ 4,551,929	\$ 4,900,485	\$ 4,834,105	\$ 6,636,658	\$ 10,014,262	\$ 9,938,817
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,049	\$ 1,097	\$ 864
Restricted	-	-	-	-	-	-	-	6,869,182	3,150,862	757,583
Committed	-	-	-	-	-	-	-	2,699,470	1,708,872	1,390,809
Reserved	328,523	1,017,735	945,184	1,116,475	131,782	274,972	36,225	-	-	-
Assigned	-	-	-	-	-	-	-	-	2,888,400	3,579,303
Unreserved, reported in:										
Special revenue funds	126,483	155,504	233,061	1,783,241	2,879,583	3,204,956	3,426,679	-	-	-
Capital project funds	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	\$ 1,460,889	\$ 1,655,952	\$ 3,156,801	\$ 4,086,148	\$ 5,393,371	\$ 14,540,288	\$ 9,067,792	\$ 9,569,701	\$ 7,749,231	\$ 5,728,559

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)

	2004	2005	2006
Revenues:			
Taxes	\$ 11,394,015	\$ 11,639,349	\$ 11,709,149
Intergovernmental	1,584,852	1,475,639	1,387,941
Licenses and permits	350,032	384,820	390,233
Charges for services	2,479,063	2,551,749	2,678,435
Fines and forfeitures	751,101	820,766	1,047,023
Recreational fees	380,729	426,946	436,041
Interest earnings	164,160	312,631	579,452
Other	284,805	63,249	110,661
Total revenues	<u>17,388,757</u>	<u>17,675,149</u>	<u>18,338,935</u>
Expenditures:			
Urban management and planning	2,828,508	2,897,745	2,801,131
Public works	3,339,749	3,194,551	3,721,868
Public safety	4,239,918	4,720,791	4,946,932
Municipal justice	256,843	279,083	333,271
Leisure and recreation	695,588	658,556	713,470
Capital outlay	4,278,825	3,891,276	3,320,269
Debt service:			
Principal	400,000	415,000	435,000
Interest and other charges	154,154	136,338	118,720
Total expenditures	<u>16,193,585</u>	<u>16,193,340</u>	<u>16,390,661</u>
Excess of revenues over (under) expenditures	<u>1,195,172</u>	<u>1,481,809</u>	<u>1,948,274</u>
Other financing sources (uses):			
Transfers in	3,206,952	3,505,769	4,230,400
Transfers out	(3,206,952)	(3,505,769)	(4,230,400)
Bond premium	-	-	-
Sale of bonds	-	-	-
Proceeds from sale of general capital assets	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,195,172</u>	<u>\$ 1,481,809</u>	<u>\$ 1,948,274</u>
Debt service as a percentage of noncapital expenditures	4.65%	4.48%	4.24%

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

2007	2008	2009	2010	2011	2012	2013
\$ 11,927,153	\$ 12,727,356	\$ 12,349,694	\$ 12,464,717	\$ 13,857,373	\$ 14,273,666	\$ 14,398,342
2,746,509	1,590,358	1,198,401	1,232,019	2,187,709	1,845,599	1,573,842
396,755	459,552	413,294	441,168	468,647	462,139	513,642
2,781,749	2,953,846	4,466,317	4,665,931	4,976,771	4,974,070	4,693,746
999,862	1,006,365	959,292	992,645	1,154,857	1,075,209	1,239,844
441,399	429,579	437,850	473,123	457,726	482,082	432,664
662,691	335,600	125,115	126,307	59,316	10,973	(25,845)
49,393	86,081	80,625	119,116	173,311	223,350	146,790
<u>20,005,511</u>	<u>19,588,737</u>	<u>20,030,588</u>	<u>20,515,026</u>	<u>23,335,710</u>	<u>23,347,088</u>	<u>22,973,025</u>
2,960,677	3,154,433	3,314,992	3,338,416	3,743,801	4,000,735	4,739,654
4,080,429	4,301,887	4,540,778	5,010,474	5,102,754	4,906,355	5,125,576
4,999,368	5,363,206	5,610,354	5,386,918	5,448,152	5,583,686	5,413,123
359,473	372,212	389,608	393,875	391,753	399,844	410,721
699,781	759,294	556,029	520,703	531,525	526,896	483,523
7,648,966	6,064,642	5,218,463	9,443,862	6,793,162	5,021,011	6,933,360
455,000	475,000	1,060,000	1,790,000	2,130,000	1,810,000	1,835,000
99,862	79,770	66,220	169,654	275,459	190,486	164,385
<u>21,303,556</u>	<u>20,570,444</u>	<u>20,756,444</u>	<u>26,053,902</u>	<u>24,416,606</u>	<u>22,439,013</u>	<u>25,105,342</u>
<u>(1,298,045)</u>	<u>(981,707)</u>	<u>(725,856)</u>	<u>(5,538,876)</u>	<u>(1,080,896)</u>	<u>908,075</u>	<u>(2,132,317)</u>
7,173,939	6,795,069	4,971,475	5,570,381	2,921,149	3,784,649	4,744,041
(7,173,939)	(6,795,069)	(4,971,475)	(5,570,381)	(3,299,379)	(3,784,649)	(4,744,041)
-	-	136,329	-	-	-	-
-	-	10,085,000	-	4,555,000	-	-
-	-	-	-	-	29,683	36,200
<u>-</u>	<u>-</u>	<u>10,221,329</u>	<u>-</u>	<u>4,176,770</u>	<u>29,683</u>	<u>36,200</u>
<u>\$ (1,298,045)</u>	<u>\$ (981,707)</u>	<u>\$ 9,495,473</u>	<u>\$ (5,538,876)</u>	<u>\$ 3,095,874</u>	<u>\$ 937,758</u>	<u>\$ (2,096,117)</u>
4.06%	3.82%	7.25%	11.80%	13.65%	11.49%	10.73%

CITY OF PRAIRIE VILLAGE, KANSAS

TAX REVENUES OF GOVERNMENTAL FUNDS BY SOURCE
LAST TEN YEARS

December 31, 2013

Fiscal Year December 31,	Property Tax	Local Sales Tax	County Sales Tax	Specialty Sales Tax	Use Tax	Franchise Tax	Motor Vehicle Tax	Total
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
2013	5,495,129	2,197,833	1,721,994	1,811,556	940,469	1,594,085	637,276	14,398,342

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

CITY OF PRAIRIE VILLAGE, KANSAS

LOCAL SALES TAX COLLECTIONS
LAST TEN YEARS

December 31, 2013

Category	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gas station	\$ 17,538	\$ 15,377	\$ 14,927	\$ 20,631	\$ 15,954	\$ 10,932	\$ 20,727	\$ 19,393	\$ 8,862	\$ 4,673
Grocery store	515,013	526,631	524,210	549,053	577,775	565,778	553,777	557,984	550,431	579,481
Home occupation	17,272	15,336	15,409	18,424	14,835	11,147	12,515	11,138	21,640	-
Restaurant	190,202	210,468	219,634	217,308	215,035	203,252	225,575	279,777	302,587	307,726
Retail	776,541	830,545	854,960	863,501	799,277	755,276	709,671	694,473	761,662	815,508
Utility	414,304	372,401	343,490	352,816	430,340	407,539	501,465	495,168	483,339	490,445
Total	\$ 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	\$ 2,197,833

(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, 2013

Category	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gas station	\$ 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	\$ 467,301
Grocery store	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	57,948,062
Home occupation	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	19,020,200	21,046,800	21,963,400	21,730,800	21,503,500	20,325,200	22,557,500	27,977,700	30,258,700	30,772,622
Retail	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	81,550,844
Utility	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	49,044,497
Total	\$ 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	\$ 219,783,326

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, 2013

Fiscal Year	Real Property (1)		Personal Property (2)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
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
2013	278,850,945	2,389,964,100	6,287,981	19,615,340

- (1) The County Assessor values real property as required by State Statute and rulings of the State Board of Tax Appeals. 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>
\$ 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
285,138,926	2,409,579,440	11.83%	31,498,552	37,086	19.490

CITY OF PRAIRIE VILLAGE, KANSAS

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

December 31, 2013

Year Ended December 31,	State	General	Debt Service	Total City	County	School District	Johnson County		Unified Waste Water	Johnson County Library	Johnson County Parks and Recreation
							Community College	Consolidated Fire District			
2004	\$1.5	\$13,967	\$1,876	\$15,843	\$16,0410	\$42,6550	\$9,438	\$9,241	\$0,000	\$2,96	\$2,37
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
2013	1.5	14,790	4,700	19,490	17,7450	55,6110	9,551	11,004	0,000	3,155	2,347

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, 2013 and Nine Years Ago

Taxpayer	Type of Business	2013 Assessed Valuation	Rank	% of Total Assessed Valuation	2004 Assessed Valuation	Rank	% of Total Assessed Valuation
Highwood Realty Limited	Real Estate				\$ 15,053,047	1	5.87%
PV Retail Partners, LLC	Real Estate	\$ 6,702,424	1	2.35%			
CSN Retail Partners, LLC	Real Estate	4,668,250	2	1.64%			
Prairie Property LL, LLC	Real Estate	4,140,690	3	1.45%			
Tower Properties Company	Real Estate	3,232,392	4	1.13%			
SM Properties, L.P.	Real Estate				2,817,501	2	1.10%
Kansas City Power & Light	Utility				2,562,409	3	1.00%
State Line OPCO LLC	Real Estate	2,394,750	5	0.84%			
HCP MA4 Kansas City KS, LP	Real Estate	1,786,948	6	0.63%			
TVO Kenilworth LLC	Real Estate				1,769,839	4	0.69%
May Department Stores Company	Retail				1,543,425	5	0.60%
MVS, LLC	Real Estate	1,358,949	7	0.48%			
CNL Retirement	Adult Living Facility				1,355,988	6	0.53%
CSS Retail Partners	Real Estate	1,347,753	8	0.47%			
Melody W Sutherland	Real Estate				1,045,000	7	0.41%
Southwestern Bell Telephone	Utility				955,320	8	0.37%
Prairie Village Office Center	Real Estate	925,500	9	0.32%			
MB -18, LLC	Insurance Agent	890,182	10	0.31%			
TVO Corinth Paddock LLC	Real Estate				828,886	9	0.32%
Meadowbrook Center, LLC	Real Estate				742,051	10	0.29%
Total		<u>\$ 27,447,838</u>		<u>9.63%</u>	<u>\$ 28,673,466</u>		<u>11.19%</u>

Source: Johnson County Clerks Office

CITY OF PRAIRIE VILLAGE, KANSAS

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

December 31, 2013

Year Ended December 31,	Total Tax Levy	Current Taxes Collected	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Total Levy
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%
2013	5,557,359	5,445,494	97.99%	49,635	5,495,129	98.9%	993,077	18.07%

CITY OF PRAIRIE VILLAGE, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

December 31, 2013

Fiscal Year	General Obligation Bonds	Total	City Population	Personal Income	Debt Per Capita	Percentage of Personal Income
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%
2013	7,301,797	7,301,797	21,769	1,068,139,523	335	0.68%

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, 2013

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
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%
2013	21,769	285,138,926	7,301,797	43,448	7,258,349	2.55%	333.43	0.30%

(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, 2013

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	\$ 7,301,797	100.00%	\$ 7,301,797
Overlapping debt: ⁽¹⁾			
Johnson County	290,901,090	3.76%	10,937,881
Shawnee Mission School (U.S.D. 512)	193,790,000	9.94%	19,262,726
Fire District #2	900,000	39.74%	357,660
Johnson County Parks and Recreation	266,000	3.76%	10,002
Total overlapping debt	485,857,090		30,568,269
Total direct and overlapping debt	\$ 493,158,887		\$ 37,870,066
Direct and overlapping debt per capita	1,739.63		
Direct and overlapping debt as a percentage of assessed valuation	13.28%		
Direct and overlapping debt as a percentage of actual value	1.57%		

(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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total assessed valuation of taxable property	\$ 255,791,537	\$ 269,806,687	\$ 276,551,250	\$ 287,445,118
Debt limit percent of assessed value	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>
Debt limit	76,737,461	80,942,006	82,965,375	86,233,535
Total net debt applicable to limit	<u>2,985,000</u>	<u>2,570,000</u>	<u>2,135,000</u>	<u>1,680,000</u>
Legal debt margin	<u>\$ 73,752,461</u>	<u>\$ 78,372,006</u>	<u>\$ 80,830,375</u>	<u>\$ 84,553,535</u>
Total net debt applicable to the limit as a percentage of debt limit	3.89%	3.18%	2.57%	1.95%

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 292,384,855	\$ 287,052,268	\$ 280,265,557	\$ 281,618,238	\$ 282,359,048	\$ 285,138,926
<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>
87,715,457	86,115,680	84,079,667	84,485,471	84,707,714	85,541,678
<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>7,301,797</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>	<u>\$ 78,239,881</u>
1.37%	12.04%	10.18%	12.99%	10.80%	8.54%

CITY OF PRAIRIE VILLAGE, KANSAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS

December 31, 2013

Fiscal Year	Population ⁽¹⁾	School Enrollment	Unemployment Rate ⁽¹⁾	Per Capital Personal Income	Personal Income
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
2013	21,769	5,593	4.7%	49,067	1,068,139,523

(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, 2013 and Nine Years Ago

Employer	December 31, 2013			December 31, 2004		
	Employees	Rank	Percentage of Total Employment	Employees (1)	Rank	Percentage of Total Employment
USD #512	452	1	2.08%	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	0.51%	Not Available		0.00%
Hen House #22	109	6	0.50%	Not Available		0.00%
Better Homes & Gardens Real Estate	100	7	0.46%	Not Available		0.00%
Macy's	99	8	0.45%	Not Available		0.00%
Bijin Salon	88	9	0.40%	Not Available		0.00%
Country Club Bank	80	10	0.37%	Not Available		0.00%
Total	<u>1,487</u>		<u>6.84%</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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government:										
City administrator	-	-	-	-	-	3.9	3.9	3.9	3.9	3.9
Legal	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
Licensing/personnel	-	-	-	-	-	6.0	6.0	6.0	6.0	6.0
Finance (includes IT)	-	-	-	-	-	2.1	2.1	2.1	2.1	2.1
Municipal court	-	-	-	-	-	6.1	6.1	6.1	4.8	4.3
Planning	-	-	-	-	-	3.1	3.1	3.1	3.1	3.2
City governance*	2.4	2.4	2.4	2.4	2.4	-	-	-	-	-
Administrative services*	12.2	12.2	11.7	11.7	12.7	-	-	-	-	-
Municipal court*	6.1	6.1	6.1	6.1	6.1	-	-	-	-	-
Public works	28.0	28.0	28.0	28.0	29.0	29.0	29.0	29.0	29.0	27.0
Police	63.0	63.0	62.0	61.0	61.0	62.0	61.0	61.0	58.0	58.0
Parks and recreation	20.8	20.8	20.8	20.8	20.8	20.8	21.0	21.0	20.8	20.8
Total	132.5	132.5	131.0	130.0	132.0	133.1	132.3	132.3	127.8	125.4

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, 2013

Function/Program	2013	2012	2011	2010	2009	2008	2007
Public safety/municipal justice:							
911 calls received	7,602	7,414	7,720	7,569	7,806	7,999	8,115
DUI arrests	290	221	249	292	236	228	208
Traffic/parking complaints	9,475	7,971	7,643	8,426	7,099	9,815	8,563
Accidents	465	523	568	531	444	585	615
Investigations cases	333	386	437	560	414	417	449
Total court cases processed	15,419	12,677	13,279	12,597	11,687	13,729	11,849
Public works:							
Curb miles swept	3,229	3,101	1,970	1,933	2,106	2,897	1,630
Number of catch basins cleaned	2,131	1,713	1,818	1,557	1,923	2,492	1,851
Number of potholes patched	2,392	1,244	3,951	7,986	2,124	4,660	2,874
Streets slurry sealed (square yards)	84,094	72,332	69,650	63,513	68,725	64,668	86,743
Streets milled and overlaid (linear feet)	8,500	14,450	26,500	17,451	12,350	13,482	15,759
Sidewalk replaced (square yards)	9,301	7,806	12,583	10,966	5,713	7,556	6,023
Curb and gutter replaced (linear feet)	27,722	32,121	49,797	52,925	36,016	33,982	37,251
Acres of lawn mowed	1,203	1,187	1,230	1,231	1,160	1,214	1,314
Urban management and planning:							
Building permits processed	1,390	1,313	1,157	1,138	973	1,007	1,215
Building inspections performed	3,602	2,622	2,477	2,371	2,041	2,230	2,651
Plan reviews performed	297	272	241	260	235	259	293
Leisure and recreation:							
Facility reservations processed	866	755	855	675	724	1,016	1,392
Facility reservation revenue	41,264	41,025	39,983	32,536	35,578	27,557	27,028
Pool membership sold	3,706	4,163	4,119	4,583	4,018	4,192	4,317
Pool revenue	338,941	397,568	384,098	396,373	365,902	357,444	400,951
Tennis lessons taught	132	136	140	258	192	133	121
Junior tennis league memberships sold	70	72	64	67	68	82	98
Tennis program revenue	12,209	13,563	12,049	13,514	14,293	16,742	13,421

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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
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	114.4	112.5	112.5	112.5	112.5
Streetlights	2,091.0	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
Parks and recreation:										
Parks	12.0	12.0	12.0	12.0	12.0	12.0	11.0	11.0	9.0	9.0
Park acreage	61.6	61.6	61.6	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	6.0	5.0	6.0	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.