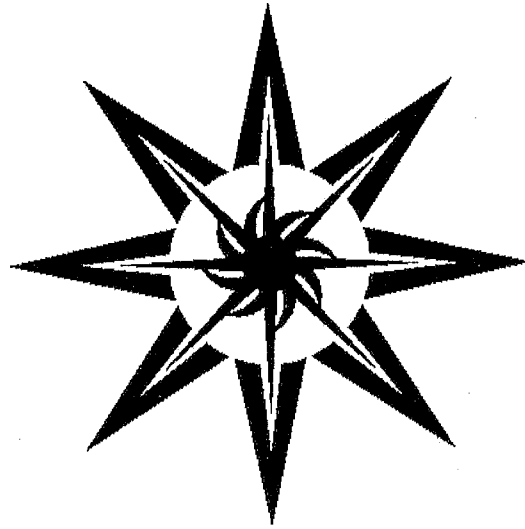


# **City of Prairie Village, Kansas**



## **2015**

# **Comprehensive Annual Financial Report**

For the year ended  
December 31, 2015

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**CITY OF PRAIRIE VILLAGE, KANSAS**

**For the Fiscal Year Ended**

**December 31, 2015**

**Prepared by:**

**FINANCE AND ADMINISTRATION DEPARTMENT**

**City of Prairie Village, Kansas**

CITY OF PRAIRIE VILLAGE, KANSAS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Year Ended December 31, 2015

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CITY OF PRAIRIE VILLAGE, KANSAS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Year Ended December 31, 2015

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CITY OF PRAIRIE VILLAGE, KANSAS

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# THE CITY OF PRAIRIE VILLAGE

## STAR OF KANSAS

June 13, 2016

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, 2015.

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, 2015, 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, 2015, 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.

# CITY OF PRAIRIE VILLAGE, KANSAS

## *Letter of Transmittal*

*For the Year Ended December 31, 2015*

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### **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 21,877 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.

The City maintains budgetary controls to ensure compliance with legal provisions associated with the annual appropriated budget which is approved by the governing body. Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds and the General Obligation Debt Service Fund.

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**

Local city sales and use tax collections increased 4.31% and property tax collections were up 2.42% in 2015. Overall residential properties increased 4.49% and commercial property increased 9.65% in Prairie Village. The average sales price increased 2.95% from 2014 to 2015 while the mean appraised value rose 4.35%.

The Johnson County unemployment rate for 2015 was 3.4%, which is lower than the Kansas rate of 4.2%. Major employers include the grocery stores and WireCo WorldGroup Inc.

# CITY OF PRAIRIE VILLAGE, KANSAS

## *Letter of Transmittal*

*For the Year Ended December 31, 2015*

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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 effect 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**

A five-year forecast of General Fund balances is prepared using current economic information and revenue and expenditure trends. 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.

### **2015 Major Initiatives**

As a part of the preparation for the 2015 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.



# CITY OF PRAIRIE VILLAGE, KANSAS

## *Letter of Transmittal*

*For the Year Ended December 31, 2015*

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### **2015 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 to provide working capital between semi-annual property tax settlements. 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 2015 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, 2014. This was the twenty-ninth 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, 2015. This is the twenty-seventh 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.

# CITY OF PRAIRIE VILLAGE, KANSAS

## *Letter of Transmittal*

*For the Year Ended December 31, 2015*

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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, 2014. This is the third 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.

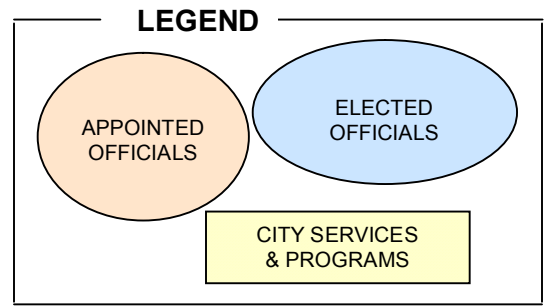
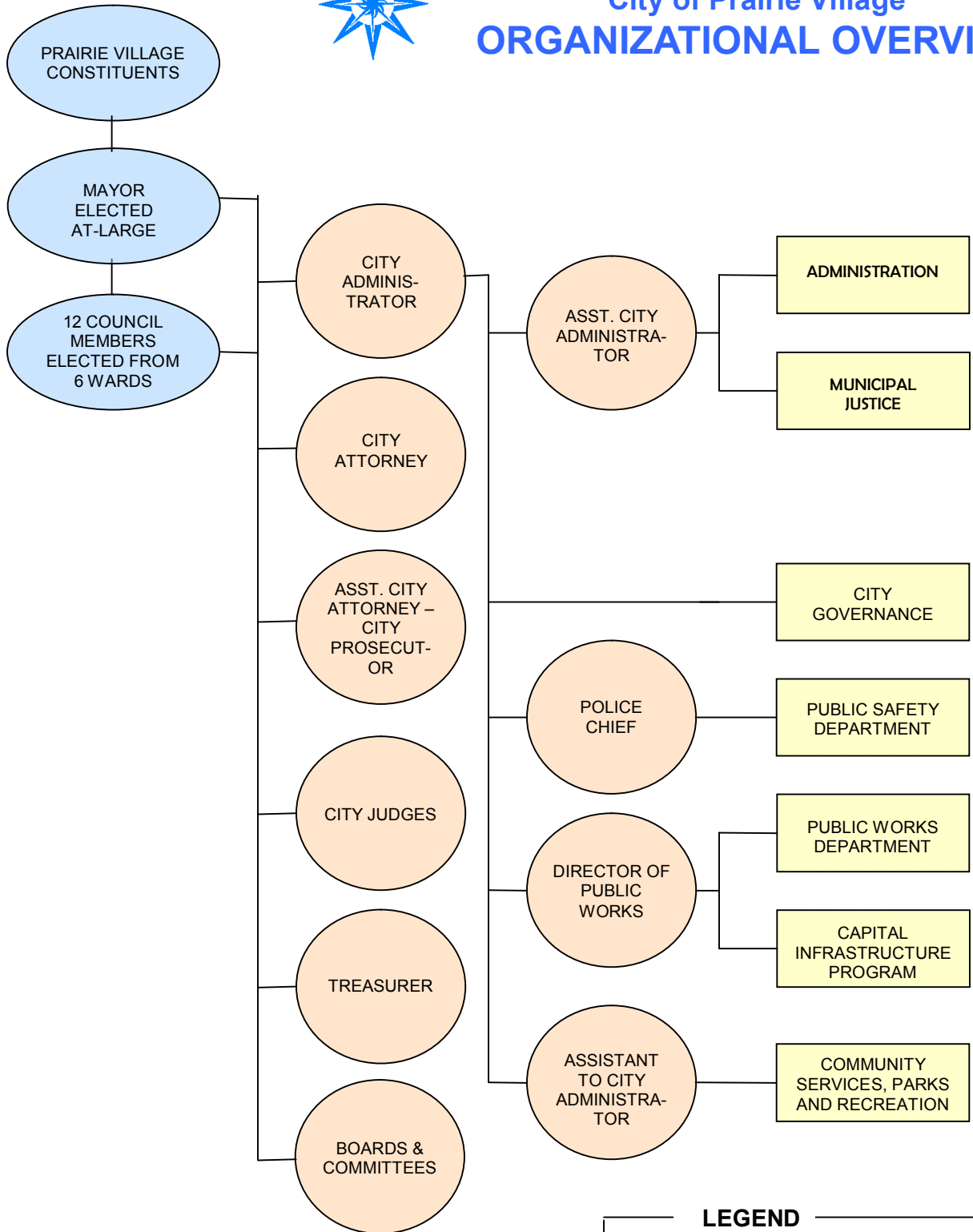
Respectfully submitted,

A handwritten signature in cursive script that reads "Lisa Santa Maria". The signature is written in black ink on a white background.

Lisa Santa Maria  
Finance Director



# City of Prairie Village ORGANIZATIONAL OVERVIEW



CITY OF PRAIRIE VILLAGE, KANSAS

PRINCIPAL OFFICIALS – 2015

Elected Officials

Mayor	Laura Wassmer
Council Member – Ward 1	Ashley Weaver
Council Member – Ward 1	Jori Nelson
Council Member – Ward 2	Steve Noll
Council Member – Ward 2	Ruth Hopkins
Council Member – Ward 3	Eric Mikkelson
Council Member – Ward 3	Andrew Wang
Council Member – Ward 4	Sheila Myers
Council Member – Ward 4	Brooke Morehead
Council Member – Ward 5	David Morrison
Council Member – Ward 5	Dan Runion
Council Member – Ward 6	Terrence Gallagher
Council Member – Ward 6	Ted Odell

Appointed Officials

City Administrator	Quinn Bennion
Assistant City Administrator	Wes Jordan
Chief of Police	Tim Schwartzkopf
Director of Public Works	Keith Bredehoeft
City Clerk	Joyce Hagen Mundy
City Attorney	Catherine Logan
Assistant City Attorney	Stephen Horner
Municipal Judge	M. Bradley Watson
Municipal Judge	Mary Virginia Clarke
City Treasurer	Fielding North, Jr.



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Prairie Village  
Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO



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, 2015, 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2015, 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 8 to the financial statements, on January 1, 2015, the City adopted Governmental Accounting Standards Board Statement No. 68: Accounting and Financial Reporting for Pensions and Governmental Accounting Standards Board Statement No. 71: Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion 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 the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

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

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

*Berberich Trahan & Co., P.A.*

June 13, 2016  
Topeka, Kansas

# CITY OF PRAIRIE VILLAGE, KANSAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2015

This discussion and analysis of the City of Prairie Village's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance. To enhance comparability between governments, the City has followed guidelines prescribed by the Governmental Accounting Standards Board (GASB) Statement 34.

### FINANCIAL HIGHLIGHTS

Key financial highlights for 2015 are as follows:

- The City Council approved a \$33 million budget and did not have a property tax increase.
- As explained in Note 8, the City implemented GASB No. 68 Accounting and Financial Reporting for Pensions which impacted:
  - Beginning net position, which decreased by \$4,905,355 due to a prior period adjustment necessary for the implementation.
  - Combined net position, which decreased by \$2,432,355 or 3%.
  - Unrestricted net position, which decreased \$5,794,486 or 43.4% over the prior year. The implementation of GASB 68 decreased unrestricted net position by \$4,919,192. The remaining change was due to mainly to a decrease in the unrestricted Capital Improvement fund balance.
- The City's total general obligation debt decreased by \$725,000 due to repayment of outstanding debt. Debt service as a percentage of noncapital expenditures is 4.7%.
- The City's total assessed valuation increased to \$306,227,118 from \$291,970,272 in 2014, a 4.9% increase.
- The unrestricted fund balance as a percentage of total revenues is 45.51%.
- Among major funds, the general fund had \$17,986,222 in revenues and other financing sources and \$17,776,832 in expenditures and other financing uses. The general fund's fund balance increased from \$9,846,929 to \$10,056,319.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, *the basic financial statements*, and other supplementary information which presents *combining and individual statements* for non-major government funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.



2. The Fund Financial Statements – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail 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 two government-wide statements report the City's net position and how it has changed. Net position is one way to measure the City's financial health.

The Statement of Net Position - reports all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position, which is the difference between those items, is an important measure of the City's overall financial health. Changes in net position over time help the reader determine whether the City's financial health is improving or deteriorating.

The Statement of Activities - explains how revenues and expenses of the City affected net position during the fiscal year. A unique feature of this statement is how it reports the revenues and expenses of specific programs, and how much of those programs were supported by general revenues such as taxes. To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

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

## Required Supplementary 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, Kansas Public Employees Retirement Plan and funding for postemployment benefits others than pensions have been included to give the reader further insight into the City's pension plan results.

## Other Supplementary Information

Other supplementary information presents combining and individual statements for non-major funds. The Statistical Section provides statistical data about the City.

## Analysis of the Government-wide Financial Statements

The following table provides a summary of the City's net position for 2015 compared to 2014 as of December 31:

	<u>2014</u>	<u>2015</u>	<u>Percentage Change</u>
Current and other assets	\$24,913,569	\$24,233,719	-2.73%
Capital assets	<u>71,362,867</u>	<u>74,081,810</u>	3.81%
Total assets	<u>96,276,436</u>	<u>98,315,529</u>	2.12%
Total deferred outflows of resources	<u>-</u>	<u>1,011,310</u>	
Long-term liabilities	4,714,828	9,677,982	105.27%
Current liabilities	1,037,328	1,173,456	13.12%
Other liabilities	<u>1,224,053</u>	<u>1,094,492</u>	-10.58%
Total liabilities	<u>6,976,209</u>	<u>11,945,930</u>	71.24%
Total deferred inflows of resources	<u>8,721,249</u>	<u>9,234,286</u>	5.88%
Net position:			
Net investment in capital assets	65,944,703	69,402,279	5.24%
Restricted	1,283,840	1,188,395	-7.43%
Unrestricted	<u>13,350,435</u>	<u>7,555,949</u>	-43.40%
Total net position	<u>\$80,578,978</u>	<u>\$78,146,623</u>	-3.02%

The City's combined net position decreased by \$2,432,355 or 3.02% from 2014 to 2015. Capital assets increased \$2,718,973 as a result of upgrading equipment and buildings. GASB 68 had a negative \$4,919,192 effect on unrestricted net position, which decreased 43.4% from 2014. In 2015 a \$5,701,863 net pension liability was included in long-term liabilities and a \$1,011,310 deferred outflow (pensions) was included as a result of implementing GASB 68.

The change in net position as a percentage of assets is a good indicator of the government's financial position. The negative ratio of -3.02% is a result of implementing GASB 68 and not an indication that the City's financial condition has declined.

The City's total net position consists of the following three components:

1. Net investment in capital assets. The largest portion of the City's net position (\$69,402,279) 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 \$1,188,395. Asset restrictions are primarily due to external restrictions imposed by State statutes.
3. Unrestricted net position. The City's unrestricted net position decreased from \$13,350,435 in 2014 to \$7,555,949 in 2015 or 43.4%. The implementation of GASB 68 decreased unrestricted net position by \$4,919,192. The remaining change was mainly due to a decrease in the unrestricted Capital Improvement fund balance.

### **Statement of Activities**

The table below shows the condensed revenues, expenses and changes in net position for 2014 and 2015. The 2014 data was reclassified to reflect a change in shared revenue reporting that was implemented in 2015.

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>Change</u></b>
<b>REVENUES</b>			
Program Revenues			
Charges for services	\$6,582,502	\$6,458,276	-1.89%
Operating grants and contributions	955,100	952,845	-0.24%
Capital grants and contributions	675,222	138,162	-79.54%
General revenues:			
Property taxes	5,535,425	5,669,245	2.42%
Sales and use taxes	3,859,307	4,032,588	4.49%
Other taxes	3,058,848	2,661,506	-12.99%
Other revenues	3,267,332	3,277,780	0.32%
Total revenues	<u>\$23,933,736</u>	<u>\$23,190,402</u>	<u>-3.11%</u>
<b>EXPENSES</b>			
Urban management and planning	\$5,610,397	\$4,882,050	-12.98%
Public works	10,350,103	8,923,476	-13.78%
Public safety	5,705,184	5,876,297	3.00%
Municipal Justice	403,023	403,523	0.12%
Leisure, recreation and education	1,120,168	555,888	-50.37%
Interest on long-term debt	102,272	76,168	-25.52%
Total expenses	<u>\$23,291,147</u>	<u>\$20,717,402</u>	<u>-11.05%</u>
Increase/(decrease) in net position	\$642,589	\$2,472,999	284.85%
Prior period adjustment	-	(4,905,355)	
Net position, January 1	<u>79,936,389</u>	<u>80,578,978</u>	<u>0.80%</u>
Net position, December 31	<u>\$80,578,978</u>	<u>\$78,146,622</u>	<u>-3.02%</u>

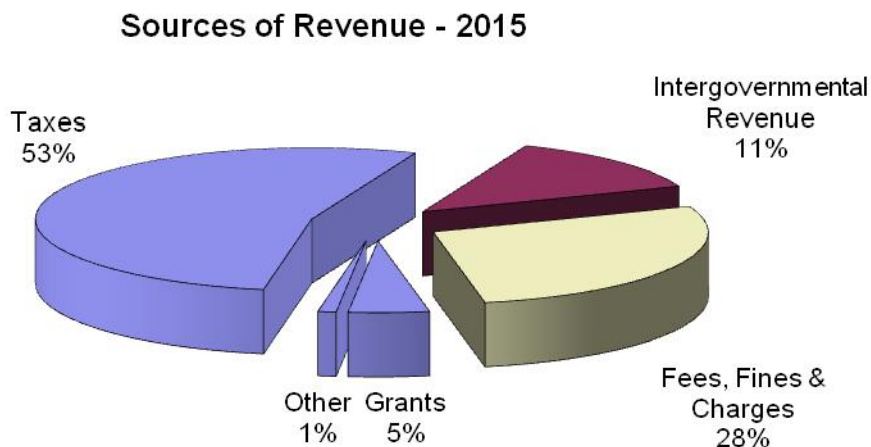
Overall, total revenues decreased by 3.11%. The decrease is mainly attributable to a decline in capital grant funding for the County Assisted Road System (CARS).

Taxes (property, motor vehicle, local sales/use and franchise fees) and intergovernmental revenues (includes shared County sales/use taxes) continue to account for a majority of the City's revenues. Together they account for 64% of total revenues in 2015. Overall, local sales and use taxes increased 4.31%, while County sales and use taxes remained unchanged. Property taxes increased 2.42% and franchise fees decreased 17.33%. 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. Kansas City Power and Light accounts for the majority of the decrease in franchise fees and is a result of a change in distribution from semi-annual to monthly.

Other revenues account for 1% and include investment earnings and any unrealized gains and losses associated with those investments. Actual interest earnings increased during 2015. The gain on disposal of assets also increased in 2015 and is included in other revenues.

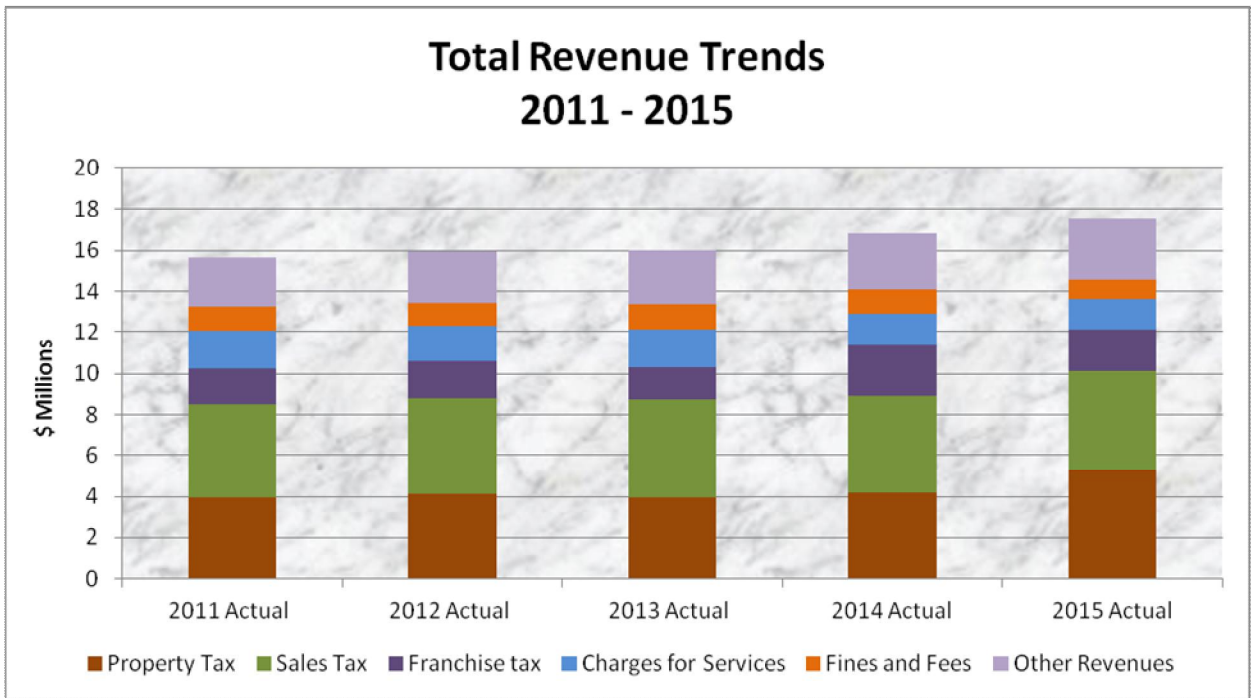
Total expenses for 2015 were lower when compared with 2014, decreasing 11%. Interest on long-term debt decreased in 2015, reflecting the Bond and Interest payment schedule that was created when the general obligation bonds were issued in 2011. Also, Urban Management and Planning expenses decreased as a result of redevelopment activity ending at the two Community Improvement Districts and a decrease in contract services for City related legal fees. The decrease in Public Works reflects a decrease in commodities and capital outlay. The 50.37% decrease in Leisure, recreation and education spending reflects a decrease in capital outlay over 2014 when there was a 65% increase over 2013.

As illustrated by the following graph, 53% of the City's revenues are tax-related. Another 28% are directly related to the City's solid waste management assessments, stormwater assessments and public safety agreement with the City of Mission Hills. Intergovernmental revenues include Liquor, Special Highway, County and specialty sales and use taxes and grant revenue.



The chart on page 8 reflects total sources of revenue from 2011 to 2015. The top five sources of revenue in 2015 are broken out below and accounted for 83% of the total revenue received by the City in 2015.

• Property Tax	30%	Total Use Tax	6%
• Total Sales Tax	27%	Motor Vehicle Tax	3%
• Franchise Fees	11%	Licenses & Permits	4%
• Charges for Services	9%	Recreational	3%
• Fines and Fees	<u>6%</u>	Liquor Tax	<u>1%</u>
<b>Total</b>	<b>83%</b>		<b>17%</b>



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

### Expenses by Function - 2015



The net cost of each program is an important indicator of the financial burden placed on revenues, primarily tax sources. As shown below, \$13 million of the cost of services was paid by the City's tax payers. Beginning in 2015, the city began reporting shared revenues either as unrestricted intergovernmental revenues or as operating/capital grants and contributions (if the revenues were restricted for specific programs) on the statement of activities and as intergovernmental revenues on the statement of revenues, expenditures, and changes in fund balances.

Function/Programs	Total Cost of Services			Net Cost of Services		
	2014	2015	% Chg	2014	2015	% Chg
Governmental activities:						
Urban management and planning	\$ 5,610,397	\$ 4,882,050	-13.0%	\$ 3,622,311	\$ 2,760,621	-23.8%
Public works	10,350,103	8,923,476	-13.8%	8,035,818	7,109,850	-11.5%
Public safety	5,705,184	5,876,297	3.0%	3,170,264	2,690,509	-15.1%
Municipal Justice	403,023	403,523	0.1%	400,818	401,735	0.2%
Leisure and recreation	1,120,168	555,888	-50.4%	695,823	129,237	-81.4%
Interest on long-term debt	102,272	76,168	-25.5%	102,272	76,168	-25.5%
<b>Total governmental activities</b>	<b>\$ 23,291,147</b>	<b>\$ 20,717,402</b>	<b>-11.1%</b>	<b>\$ 16,027,306</b>	<b>\$ 13,168,119</b>	<b>-17.8%</b>

Additional information about program and general revenues may be found on the Statement of Activities located on page 13.

### **Analysis of the Fund Financial Statements**

**General Fund.** Fund balance increased 2.13% in the General Fund mainly as a result of an increase in tax revenues collected. The General Fund 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 20.

**Solid Waste Management Fund.** The Solid Waste Management Fund is used for solid waste collection, recycling, composting services and large item pickup as well as a portion of the City's administrative cost including personal services and supplies. The City collects the Solid Waste fee through a special assessment on property tax bills. The fund balance increased 23.14% as a result of excess revenues over expenditures. The City budgeted for an increase in the cost of providing this service, but was able to hold the fee at the 2014 rate.

**Bond and Interest Fund.** The City issued general obligation refunding and improvement bonds in 2011 for street infrastructure improvement project expenditures. The City's outstanding debt will be paid off in 2021, provided the City does not issue any new debt or restructure current debt. The outstanding general obligation bonds at December 31, 2015 totaled \$4,625,000. This balance represents a 13.6% decrease over the 2014 balance, and follows the Bond and Interest payment schedule that was created when the bonds were issued.

**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 2015 operations. All of the funds collected were used in stormwater management activities. The fund balance at December 31, 2015 totaled \$269,356. The balance represents a 15.9% decrease over the 2014 balance due to an increase in the stormwater program and compliance with NPDES guidelines.

**Capital Projects Fund.** The City's Capital Projects Fund accounts for major infrastructure improvement project expenditures. The 30% decrease in fund balance is a result of planned 25% increase in infrastructure spending, which were primarily street improvements, and a decrease in intergovernmental revenue receipts.

## **General Fund Budget**

The legally adopted budget for the General Fund was not amended by the City Council during 2015. Departments within the City are allowed to transfer budget between line items within programs and between programs within the department. In addition, allocations of contingency budget are recorded as a budget transfer to the affected program. As a result of these budget transfers, the original budget and the final budget in some programs may not be the same.

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

<b>Category</b>	<b>Explanation</b>
Franchise Fees	Franchise fees increased due to a change in the distribution of Kansas City Power and Light franchise fees from semi-annual to monthly. AT&T franchise fees have 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	Licenses and permit fees increased because residential and commercial building permit requests increased. This category also includes admin and retail business licenses.
Charges for services	Charges for services decreased due to a change in the way vehicle maintenance costs are accounted for. This category also includes the fuel center.
Fine and Forfeitures	Fine and forfeiture revenue decreased as a result of an decrease in traffic violations, which was a result of unfilled positions in the Police Department.
Mayor and Council	The budget includes funding for consultants that may be needed by the Council during the year. In 2015, the Council did not utilize the full budget for consultants. In addition, the Council did not utilize the full budget for training and conferences.
Community Services	The budget includes funding for monitoring the City's Animal Control Ordinances. In 2015, contract services were lower than budgeted. Contract services will vary from year to year depending on the volume of calls.
Crime Prevention	Personal services, contract services and commodities were lower than budgeted due to a movement of personnel and unfilled positions in 2015.
Off-Duty Contractual	This program depends on assignments and will vary from year to year.
Traffic	Personal services, contract services and commodities were lower than budgeted due to a movement of personnel and unfilled positions in 2015.
Court	Contract services, which includes jail fees, interpreters and judges were lower than budgeted in 2015.
Community Programs	Personal services were higher than budgeted due to a movement of personnel in 2015.
Swimming Pool and Food Service	This program's difference between budget and actual was due to savings from more efficient scheduling and food inventory procedures.

## **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, 2015 was \$74.1 million. Capital assets increased 3.81% from 2014.

NETWORK	2014	2015	% Chg
Land	\$ 13,861,866	\$ 13,861,866	0.00%
Buildings	3,341,181	3,177,686	-4.89%
Improvements other than buildings	791,114	754,331	-4.65%
Furniture and equipment	2,108,564	2,042,007	-3.16%
Infrastructure	43,832,262	45,347,042	3.46%
Construction in progress	7,427,880	8,898,878	19.80%
Total	<u>\$ 71,362,867</u>	<u>\$ 74,081,810</u>	3.81%

Improvements other than buildings decreased due to continued depreciation of these assets. Furniture and equipment decreased due to the disposal of furniture and equipment. Infrastructure increased due to increased project activity in 2015. Construction in progress increased because many of the 2015 projects were not completed until early 2016. In conformity with GASB 34, Infrastructure completed in the current year has been capitalized. Infrastructure assets not completed by the year-end have been reported as construction in progress.

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

**Long-term debt activity.** As of December 31, 2015, the City had \$4,625,000 of outstanding general obligation bonds. Of the balance outstanding, 82.4% will be paid off within the next five years.

Attesting to the City's favorable economic conditions and sound financial management, Prairie Village's 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.

## **Economic Factors**

Prairie Village is a land-locked, fully developed suburban city in Johnson County. The City benefits from the growth and development of the county and the region. Commercial properties in Prairie Village consist of five neighborhood shopping centers and several small office buildings. The City has two Community Improvement Districts (CIDs) where two of five the shopping centers are located. The shopping centers provide the City with a stable retail base that includes grocery stores and hardware stores as well as niche boutique shops that draw shoppers into the City.

## **Requests for Information**

This report is intended to give the reader a general overview of the City's finances. Questions about information contained in this report or requests for additional information should be directed to the Finance Director, 7700 Mission Rd, Prairie Village, Kansas 66208.



CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF NET POSITION

December 31, 2015

	Governmental Activities
	<u>                    </u>
Assets:	
Cash and investments	\$ 13,034,308
Receivables, net of allowance for uncollectibles:	
Taxes	5,971,429
Other assessments	3,034,218
Accounts	505,689
Due from other governments	1,403,012
Prepaid items	211,701
Restricted cash and investments	73,362
Capital assets not being depreciated:	
Land	13,861,866
Construction in progress	8,898,878
Capital assets, net of accumulated depreciation:	
Buildings	3,177,686
Improvements other than buildings	754,331
Furniture and equipment	2,042,007
Infrastructure	45,347,042
	<u>                    </u>
Total assets	98,315,529
	<u>                    </u>
Deferred outflows of resources:	
Deferred outflows - pensions	1,011,310
	<u>                    </u>
Liabilities:	
Accounts payable	777,300
Accrued payroll	215,346
Payable from restricted assets	73,362
Accrued interest on long-term debt	28,484
Noncurrent liabilities:	
Due within one year	1,173,456
Due in more than one year	9,677,982
	<u>                    </u>
Total liabilities	11,945,930
	<u>                    </u>
Deferred inflows of resources:	
Deferred receivable - property taxes	5,971,429
Deferred receivable - other assessments	3,034,218
Deferred inflows - pensions	228,639
	<u>                    </u>
Total deferred inflows of resources	9,234,286
	<u>                    </u>
Net position:	
Net investment in capital assets	69,402,279
Restricted:	
Special highway	100,257
Special parks and recreation	44,818
Grant provisions	534,015
Development	295,755
Debt service	53,144
Special alcohol	160,406
Unrestricted	7,555,949
	<u>                    </u>
Total net position	<u>                    </u> <u>                    </u>
	\$ 78,146,623

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

<u>Function/Program</u>	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	\$ 4,882,050	\$ 2,121,429	\$ -	\$ -	\$ (2,760,621)
Public works	8,923,476	1,675,464	-	138,162	(7,109,850)
Public safety	5,876,297	2,232,943	952,845	-	(2,690,509)
Municipal justice	403,523	1,789	-	-	(401,734)
Parks and community programs	555,888	426,651	-	-	(129,237)
Interest on long-term debt	76,168	-	-	-	(76,168)
<b>Total governmental activities</b>	<b>\$ 20,717,402</b>	<b>\$ 6,458,276</b>	<b>\$ 952,845</b>	<b>\$ 138,162</b>	<b>(13,168,119)</b>
General revenues:					
Property taxes					5,669,245
Sales and use tax					4,032,588
Motor vehicle tax					681,530
Franchise tax					1,979,976
Intergovernmental revenue not restricted to specific programs					3,015,993
Investment earnings					95,390
Gain on disposal of assets					17,638
Miscellaneous					148,759
<b>Total general revenues</b>					<b>15,641,119</b>
Change in net position					2,473,000
Net position, beginning					80,578,978
Prior period adjustment					(4,905,355)
Net position, ending					<b>\$ 78,146,623</b>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2015

	General	Solid Waste Management
Assets:		
Cash and investments	\$ 8,880,654	\$ 488,138
Receivables:		
Taxes	5,449,618	-
Other assessments	-	1,455,510
Accounts	426,674	-
Due from other governments	1,041,443	-
Due from other funds	38,404	-
Prepaid items	210,673	-
Restricted assets	73,362	-
Total assets	<u>\$ 16,120,828</u>	<u>\$ 1,943,648</u>
Liabilities, deferred inflows of resources, and fund balances:		
Liabilities:		
Accounts payable	\$ 333,899	\$ 113,735
Accrued payroll	207,630	611
Due to other funds	-	-
Payable from restricted assets	73,362	-
Total liabilities	<u>614,891</u>	<u>114,346</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	5,449,618	-
Unavailable revenue - other assessments	-	1,455,510
Total deferred inflows of resources	<u>5,449,618</u>	<u>1,455,510</u>
Fund balances:		
Nonspendable:		
Not in spendable form	210,673	-
Restricted	-	-
Committed	1,887,943	373,792
Assigned	353,439	-
Unassigned	7,604,264	-
Total fund balances	<u>10,056,319</u>	<u>373,792</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,120,828</u>	<u>\$ 1,943,648</u>

See accompanying notes to basic financial statements.

Bond and Interest	Stormwater	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 81,628	\$ 269,356	\$ 2,396,962	\$ 917,570	\$ 13,034,308
521,811	-	-	-	5,971,429
-	1,578,708	-	-	3,034,218
-	-	79,015	-	505,689
-	-	-	361,569	1,403,012
-	-	-	-	38,404
-	-	-	1,028	211,701
-	-	-	-	73,362
<u>\$ 603,439</u>	<u>\$ 1,848,064</u>	<u>\$ 2,475,977</u>	<u>\$ 1,280,167</u>	<u>\$ 24,272,123</u>
\$ -	\$ -	\$ 251,710	\$ 77,956	\$ 777,300
-	-	-	7,105	215,346
-	-	-	38,404	38,404
-	-	-	-	73,362
<u>-</u>	<u>-</u>	<u>251,710</u>	<u>123,465</u>	<u>1,104,412</u>
521,811	-	-	-	5,971,429
-	1,578,708	-	-	3,034,218
<u>521,811</u>	<u>1,578,708</u>	<u>-</u>	<u>-</u>	<u>9,005,647</u>
-	-	-	1,028	211,701
81,628	-	-	1,135,251	1,216,879
-	269,356	-	-	2,531,091
-	-	2,224,267	20,423	2,598,129
-	-	-	-	7,604,264
<u>81,628</u>	<u>269,356</u>	<u>2,224,267</u>	<u>1,156,702</u>	<u>14,162,064</u>
<u>\$ 603,439</u>	<u>\$ 1,848,064</u>	<u>\$ 2,475,977</u>	<u>\$ 1,280,167</u>	<u>\$ 24,272,123</u>

CITY OF PRAIRIE VILLAGE, KANSAS

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

December 31, 2015

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

Total fund balances, governmental funds	\$ 14,162,064
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	74,081,810
Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore are not reported in the funds.	1,011,310
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(10,879,922)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore are not reported in the funds.	<u>(228,639)</u>
Net position of governmental activities	<u>\$ 78,146,623</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, 2015

	General	Solid Waste Management
	<u>                    </u>	<u>                    </u>
Revenues:		
Taxes:		
Property	\$ 5,825,629	\$ -
Sales	2,953,476	-
Franchise	1,979,976	-
Intergovernmental	2,973,188	-
Licenses and permits	672,724	1,515
Charges for services	1,531,907	1,459,277
Fines and forfeitures	905,453	-
Recreational fees	426,651	-
Interest earnings	43,271	6,143
Other	174,457	7,150
	<u>17,486,732</u>	<u>1,474,085</u>
Total revenues		
Expenditures:		
Current:		
Urban management and planning	2,101,567	1,403,839
Public works	5,492,747	-
Public safety	5,451,465	-
Municipal justice	403,441	-
Leisure and recreation	507,771	-
Capital outlay	675,416	-
Debt service:		
Principal	-	-
Interest	-	-
	<u>14,632,407</u>	<u>1,403,839</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	<u>2,854,325</u>	<u>70,246</u>
Other financing sources (uses):		
Transfers in	400,000	-
Transfers out	(3,144,425)	-
Proceeds from sale of general capital assets	99,490	-
	<u>(2,644,935)</u>	<u>-</u>
Total other financing sources (uses)		
Net change in fund balances	209,390	70,246
Fund balances, beginning	9,846,929	303,546
Fund balances, ending	<u>\$ 10,056,319</u>	<u>\$ 373,792</u>

See accompanying notes to basic financial statements.

Bond and Interest	Stormwater	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 525,146	\$ -	\$ -	\$ -	\$ 6,350,775
-	-	-	1,079,112	4,032,588
-	-	-	-	1,979,976
-	-	138,162	837,905	3,949,255
-	6,230	-	-	680,469
-	1,579,416	-	-	4,570,600
-	-	-	-	905,453
-	-	-	-	426,651
3,240	5,707	26,139	10,890	95,390
-	-	-	-	181,607
<u>528,386</u>	<u>1,591,353</u>	<u>164,301</u>	<u>1,927,907</u>	<u>23,172,764</u>
-	-	-	1,116,390	4,621,796
-	-	-	-	5,492,747
-	-	-	92,658	5,544,123
-	-	-	-	403,441
-	-	-	24,000	531,771
-	-	5,995,778	-	6,671,194
725,000	-	-	-	725,000
92,750	-	-	-	92,750
<u>817,750</u>	<u>-</u>	<u>5,995,778</u>	<u>1,233,048</u>	<u>24,082,822</u>
<u>(289,364)</u>	<u>1,591,353</u>	<u>(5,831,477)</u>	<u>694,859</u>	<u>(910,058)</u>
242,108	-	4,879,425	-	5,521,533
-	(1,642,108)	-	(735,000)	(5,521,533)
-	-	-	-	99,490
<u>242,108</u>	<u>(1,642,108)</u>	<u>4,879,425</u>	<u>(735,000)</u>	<u>99,490</u>
(47,256)	(50,755)	(952,052)	(40,141)	(810,568)
128,884	320,111	3,176,319	1,196,843	14,972,632
<u>\$ 81,628</u>	<u>\$ 269,356</u>	<u>\$ 2,224,267</u>	<u>\$ 1,156,702</u>	<u>\$ 14,162,064</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, 2015

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

Net change in fund balances - total governmental funds	\$ (810,568)
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.	2,800,795
The effect of various transactions involving capital assets is to decrease net position.	(81,852)
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.	725,000
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.	(119,470)
Payment of pension contributions is an expenditure in the governmental funds, but reduces the net pension liability in the statement of net position. Additionally, the effects of changes in deferred outflows and deferred inflows for pensions are only recorded in the statement of activities.	<u>(40,905)</u>
Change in net position of governmental activities	<u><u>\$ 2,473,000</u></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 - GENERAL FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 11,691,594	\$ 8,779,105	\$ (2,912,489)
Intergovernmental	124,000	2,973,188	2,849,188
Franchise fees	1,541,819	1,979,976	438,157
Licenses and permits	488,487	672,724	184,237
Charges for services	1,775,575	1,531,907	(243,668)
Fines and forfeitures	1,231,835	905,453	(326,382)
Recreation fees	448,603	426,651	(21,952)
Interest earnings	40,000	22,998	(17,002)
Other	169,219	112,836	(56,383)
<b>Total revenues</b>	<b>17,511,132</b>	<b>17,404,838</b>	<b>(106,294)</b>
<b>Expenditures:</b>			
<b>Urban management and planning:</b>			
<b>City governance:</b>			
Mayor and council	181,039	85,580	95,459
Management and planning	476,138	472,677	3,461
<b>Administrative services:</b>			
Information technology	181,270	155,096	26,174
Legal services	200,000	188,412	11,588
Human resources	184,924	168,456	16,468
Finance	280,663	278,682	1,981
Codes administration	457,398	416,538	40,860
City clerk	306,661	287,456	19,205
<b>Total urban management and planning</b>	<b>2,268,093</b>	<b>2,052,897</b>	<b>215,196</b>
<b>Public works:</b>			
Administration	832,512	910,108	(77,596)
Vehicle maintenance	227,100	211,735	15,365
Street operations and maintenance	2,496,436	2,580,422	(83,986)
Drainage operations and maintenance	357,770	390,105	(32,335)
Buildings and grounds	1,265,680	1,213,862	51,818
Miscellaneous operations and maintenance	369,690	374,855	(5,165)
<b>Total public works and improvements</b>	<b>5,549,188</b>	<b>5,681,087</b>	<b>(131,899)</b>
<b>Public safety:</b>			
Administration	425,941	416,689	9,252
Staff services	807,328	839,302	(31,974)
Community services	195,661	149,789	45,872
Crime prevention	89,279	11,311	77,968
Patrol	3,086,201	2,933,660	152,541
Investigations	617,733	576,444	41,289
Special investigations	186,750	171,342	15,408
Professional standards	177,329	168,936	8,393
Off-duty contractual	55,538	42,316	13,222
Traffic	373,984	275,554	98,430
<b>Total public safety</b>	<b>\$ 6,015,744</b>	<b>\$ 5,585,343</b>	<b>\$ 430,401</b>

(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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance With Final Budget - Positive (Negative)
Municipal justice:			
Judges	\$ 34,459	\$ 30,924	\$ 3,535
Prosecutor	51,900	43,093	8,807
Court clerks	392,856	329,507	63,349
Total municipal justice	479,215	403,524	75,691
Parks and community programs:			
Community programs	163,717	184,725	(21,008)
Swimming pool	365,811	295,965	69,846
Swimming pool food service	70,674	39,730	30,944
Tennis	16,215	13,468	2,747
Total parks and community programs	616,417	533,888	82,529
Contingency	500,000	-	500,000
Total expenditures	15,428,657	14,256,739	1,171,918
Excess of revenues over expenditures	2,082,475	3,148,099	1,065,624
Other financing sources (uses)			
Transfer in	400,000	400,000	-
Transfers out	(7,034,068)	(3,775,583)	3,258,485
Sale of general capital assets	-	99,490	99,490
Total other financing sources (uses)	(6,634,068)	(3,276,093)	3,357,975
Net change in fund balance	(4,551,593)	(127,994)	4,423,599
Fund balance, beginning, budget basis	5,674,729	7,059,237	1,384,508
Fund balance, ending, budget basis	\$ 1,123,136	6,931,243	\$ 5,808,107
<u>Reconciliation to GAAP</u>			
Current year encumbrances		353,439	
Fund balances on the basis of GAAP - General Fund only		7,284,682	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:			
Equipment reserve		787,225	
Risk management reserve		96,469	
Economic development		1,887,943	
Total fund balance, ending		\$ 10,056,319	

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, 2015

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
Revenues:			
Licenses and permits	\$ 2,000	\$ 1,515	\$ (485)
Charges for services	1,441,900	1,459,277	17,377
Interest earnings	3,500	6,143	2,643
Other	14,000	7,150	(6,850)
Total revenues	1,461,400	1,474,085	12,685
Expenditures:			
Urban management and planning	1,415,852	1,403,839	12,013
Net change in fund balance	45,548	70,246	24,698
Fund balance, beginning	230,906	303,546	72,640
Fund balance, ending	<u>\$ 276,454</u>	<u>\$ 373,792</u>	<u>\$ 97,338</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, 2015

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
Revenues:			
Licenses and permits	\$ 4,000	\$ 6,230	\$ 2,230
Charges for services	1,571,647	1,579,416	7,769
Interest earnings	4,300	5,707	1,407
Total revenues	1,579,947	1,591,353	11,406
Other financing uses:			
Transfers out	(1,642,108)	(1,642,108)	-
Net change in fund balance	(62,161)	(50,755)	11,406
Fund balance, beginning	284,352	320,111	35,759
Fund balance, ending	\$ 222,191	\$ 269,356	\$ 47,165

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS  
STATEMENT OF FIDUCIARY NET POSITION

December 31, 2015

	<u>Pension Trust Fund</u>
Assets:	
Restricted cash	\$ 220,010
Restricted investments, at fair value:	
Common stock	7,618,824
Fixed income	3,950,876
Total restricted investments	<u>11,569,700</u>
Interest receivable	<u>34,767</u>
Total assets	11,824,477
Liabilities	<u>-</u>
Net position:	
Restricted for pension	<u><u>\$ 11,824,477</u></u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2015

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 450,000
Plan members	<u>100,926</u>
Total contributions	<u>550,926</u>
Investment earnings:	
Interest and dividends on investments	247,538
Net decrease in the fair value of investments	<u>(225,774)</u>
Total investment earnings	<u>21,764</u>
Total additions	572,690
Deductions:	
Benefits	<u>822,334</u>
Changes in net position	(249,644)
Net position restricted for pension, beginning	<u>12,074,121</u>
Net position restricted for pension, ending	<u><u>\$ 11,824,477</u></u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

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 parks and community programs.

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 nonfiduciary activities of the City are governmental activities.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. 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.

The government-wide financial statements are reported using the economic resources measurement focus and 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.

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, and 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 reported using the economic resources measurement focus and 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 pension benefit payments to qualified public safety employees.

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)

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, fixed income securities 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 1.00% 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 has been given, 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	\$ 5,449,618
Solid waste management fund other assessments receivable	1,455,510
Bond and interest property taxes receivable	521,811
Stormwater fund other assessments receivable	1,578,708
	9,005,647
	\$ 9,005,647

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, 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. See Note 8 for more information on the deferred outflows for the pensions.

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 two items that qualify for reporting in this category. One item, *unavailable revenue/deferred receivables*, 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/deferred receivables 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. The other item is deferred inflows for the pensions. See Note 8 for more information on the deferred inflows for the pensions.

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. Employees retiring from or terminating their employment with the City are eligible to receive payment for their accumulated vacation and for a portion of their accumulated sick leave.

All vested or accumulated vacation, scheduled holiday leave and sick leave are 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, 2015, 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.

Pensions

For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS, and information about the fiduciary net position of the Prairie Village, Kansas Police Department Retirement Plan (the Plan) and additions/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The investments are reported at fair value.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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, 2015, fund balances for governmental funds are made up of the following:

*Nonspendable fund balances* include 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 balances* include 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 balances* include 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 originally imposed the constraint.

*Assigned fund balances* include 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 balances. 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 balances* are used as the residual classification for the General Fund and include all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

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

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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

	Major Governmental Funds					Other Governmental Funds	Total Governmental Funds
	General	Solid Waste Management	Bond and Interest	Stormwater	Capital Projects		
Fund balances:							
Nonspendable for:							
Prepaid items	\$ 210,673	\$ -	\$ -	\$ -	\$ -	\$ 1,028	\$ 211,701
Restricted for:							
Grants	-	-	-	-	-	534,015	534,015
Park redevelopment	-	-	-	-	-	44,818	44,818
Community improvement districts	-	-	-	-	-	295,755	295,755
Public works	-	-	-	-	-	100,257	100,257
Alcohol awareness programs	-	-	-	-	-	160,406	160,406
Debt	-	-	81,628	-	-	-	81,628
Committed for:							
Trash and recycling services	-	373,792	-	-	-	-	373,792
City infrastructure needs	1,887,943	-	-	269,356	-	-	2,157,299
Assigned for:							
Urban management and planning	353,439	-	-	-	-	-	353,439
Public works	-	-	-	-	2,224,267	14,472	2,238,739
Leisure and recreation	-	-	-	-	-	1,553	1,553
Alcohol awareness programs	-	-	-	-	-	4,398	4,398
Unassigned	7,604,264	-	-	-	-	-	7,604,264
Total fund balances	\$ 10,056,319	\$ 373,792	\$ 81,628	\$ 269,356	\$ 2,224,267	\$ 1,156,702	\$ 14,162,064

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 \$ 295,755 for enabling legislation.

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



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

1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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, 2015, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 72, *Fair Value Measurement and Application*, was issued in February 2015. The objective of this statement is to address financial reporting issues related to fair value measurements. The statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this statement are effective for periods beginning after June 15, 2015.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about the OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The provisions of this statement are effective for periods beginning after June 15, 2017.

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. 77, *Tax Abatement Disclosures*, increases the disclosure requirements for tax abatements affecting the government entity and its ability to raise resources in the future. This standard applies to a reporting government's own tax abatement agreements or agreements entered into by other governments and that reduce the reporting government's tax revenues. The government that enters into the agreement must begin disclosing (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provision for recapturing abated taxes, and the types of commitments made by tax abatement recipients, (2) the gross dollar amount of taxes abated during the period and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. For governments impacted by other governments' tax abatements, the following must be disclosed: (1) the names of the governments that entered into the agreements, (2) the specific taxes being abated, and (3) the gross dollar amount of taxes abated during the period. The provisions of this statement are effective for periods beginning after December 15, 2015.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The provisions of this statement are effective for periods beginning after December 15, 2015.

GASB Statement No. 80, *Blending Requirement for Certain Component Units*, amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The provisions of this statement are effective for periods beginning after June 15, 2016.

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 \$ (10,879,922) difference are as follows:

Bonds payable	\$ (4,625,000)
Issuance premium	(54,531)
Accrued interest payable	(28,484)
Compensated absences	(443,456)
Other postemployment benefits	(26,588)
Net pension liability	<u>(5,701,863)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (10,879,922)</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 this \$ 2,800,795 difference are as follow:

Capital outlay	\$ 6,455,089
Depreciation expense	<u>(3,654,294)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 2,800,795</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 \$ (119,470) difference are as follows:

Compensated absences	\$ (131,128)
Other postemployment benefits	(4,924)
Amortization of bond premium	13,633
Accrued interest	<u>2,949</u>
Net adjustment to reduce net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (119,470)</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 1<sup>st</sup>.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of the notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

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, Capital Projects Fund, or the fiduciary fund.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

3 - Stewardship, Compliance, and Accountability (Continued)

Budgetary Information (Continued)

Expenditures exceeded appropriations in the Corinth CID Fund and the PV Shops CID Fund because sales tax revenues were greater than budgeted and were expended for the projects.

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 a restricted, committed, or assigned fund balance. At December 31, 2015, the City's recorded encumbrances in governmental funds were as follows:

General fund	<u>\$ 353,439</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, 2015, the City’s carrying amount of deposits, including certificates of deposit, was not exposed to custodial credit risk.

Investments

On December 31, 2015, the City’s investments were as follows:

Investment Type	Fair Value	Rating	Maturity (in Years)			
			Less Than 1	1 - 2	3 - 5	6 - 10
State of Kansas Municipal Investment Pool	\$ 1,309,021	AAAF/S1+	\$ 1,309,021	\$ -	\$ -	\$ -
Municipal bonds	1,933,629	A+ to AAA	1,360,235	573,394	-	-
U.S. Agencies	1,443,874	AA+	99,374	1,344,500	-	-
	<u>\$ 4,686,524</u>		<u>\$ 2,768,630</u>	<u>\$ 1,917,894</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

At December 31, 2015, the City has the following investments in its fiduciary fund:

Investment Type	Fair Value	Rating	Maturity (in Years)			
			Less Than 5	5 - 10	10 - 15	16+
Fixed income:						
FHLMC	\$ 487,348	AA+	\$ 258,396	\$ 167,292	\$ 61,660	\$ -
FNMA	408,449	N/A	306,623	101,826	-	-
GNMA	152,934	N/A	62,605	-	-	90,329
U.S. Treasury Note	708,192	N/A	354,839	353,353	-	-
Victory Fund for Income	132,932	NR	-	-	-	132,932
AFLAC	100,528	A-	100,528	-	-	-
Altria Group, Inc.	86,802	BBB+	-	86,802	-	-
Amphenol Corp.	40,007	BBB+	40,007	-	-	-
Autonation Inc.	86,630	BBB-	86,630	-	-	-
Bank of America Corp.	95,779	BBB+	95,779	-	-	-
BB&T Corporation	105,413	A-	105,413	-	-	-
Bunge	75,735	BBB	75,735	-	-	-
CBS Corporation	79,112	BBB	79,112	-	-	-
Constellation Energy Group, Inc.	97,718	BBB-	97,718	-	-	-
Daimler Finance North America, LLC	75,396	A-	75,396	-	-	-
Dayton Power	60,052	BBB-	60,052	-	-	-
Ford Motor Credit Co., LLC	85,270	BBB	85,270	-	-	-
General Electric Corp.	64,015	AA+	64,015	-	-	-
Georgia Power	80,055	A-	80,055	-	-	-
Goldman Sachs Group, Inc.	116,304	BBB+	-	116,304	-	-
Health Care REIT, Inc.	104,533	BBB	104,533	-	-	-
JPMorgan Chase	99,674	A-	-	99,674	-	-
Morgan Stanley	107,533	BBB+	107,533	-	-	-
Northrop Grumman Corporation	82,590	BBB	-	82,590	-	-
Spectra Energy Partners	98,256	BBB	98,256	-	-	-
Stryker Corp.	26,895	A+	26,895	-	-	-
Suntrust Banks, Inc.	80,411	BBB+	80,411	-	-	-
Vale Overseas LTD	99,810	BBB-	99,810	-	-	-
Verizon Communications, Inc.	112,503	BBB+	112,503	-	-	-
Total fixed income	3,950,876		\$ 2,658,114	\$ 1,007,841	\$ 61,660	\$ 223,261
Common stock	7,618,824					
Total	\$ 11,569,700					

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 (the KMIP). The City's investments in the KMIP were rated AA Af/S1+ by Standard & Poor's. Maturities of the above investments may not exceed two years by statute.

The KMIP 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 ten 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 KMIP 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 ten percent 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 percent.

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*

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, 2015, 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, 2015 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	7,427,880	5,995,778	4,524,780	8,898,878
Total capital assets not being depreciated	21,289,746	5,995,778	4,524,780	22,760,744
Capital assets being depreciated:				
Buildings	6,774,928	-	-	6,774,928
Improvements other than buildings	1,445,899	-	-	1,445,899
Furniture and equipment	5,281,317	459,311	534,396	5,206,232
Infrastructure	101,546,811	4,524,780	12,581,650	93,489,941
Total capital assets being depreciated	115,048,955	4,984,091	13,116,046	106,917,000
Less accumulated depreciation for:				
Buildings	3,433,747	163,495	-	3,597,242
Improvements other than buildings	654,785	36,783	-	691,568
Furniture and equipment	3,172,753	444,016	452,544	3,164,225
Infrastructure	57,714,549	3,010,000	12,581,650	48,142,899
Total accumulated depreciation	64,975,834	3,654,294	13,034,194	55,595,934
Total capital assets being depreciated, net	50,073,121	1,329,797	81,852	51,321,066
Governmental activities capital assets, net	\$ 71,362,867	\$ 7,325,575	\$ 4,606,632	\$ 74,081,810

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	\$ 236,089
Public works	3,335,883
Public safety	<u>82,322</u>
 Total depreciation expense	 <u><u>\$ 3,654,294</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, 2015 for capital projects compared to the amount authorized:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitments</u>
Street improvements	\$ 7,542,056	\$ 614,178
Drainage programs	585,474	526,577
Park projects	1,351,590	99,472
Aquatic center	10,224	39,007
City hall improvements	75	24,925
ADA improvements	<u>175,066</u>	<u>35,810</u>
 Total	 <u><u>\$ 9,664,485</u></u>	 <u><u>\$ 1,339,969</u></u>

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

6 - Interfund Receivables, Payables, and Transfers

*Receivables/Payables*

The composition of interfund balances as of December 31, 2015, is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 38,404

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	\$ -	\$ -	\$ 3,144,425	\$ 3,144,425
Stormwater	400,000	242,108	1,000,000	1,642,108
Nonmajor governmental funds	-	-	735,000	735,000
	\$ 400,000	\$ 242,108	\$ 4,879,425	\$ 5,521,533

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, 2015 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity	Principal Payments During 2015	Outstanding December 31, 2015
General obligation bonds:					
Series 2009-A	2.00 - 3.00%	\$ 10,085,000	9/1/2019	\$ 200,000	\$ 850,000
Series 2011-A	0.40 - 2.00%	4,555,000	9/1/2021	525,000	3,775,000
				<u>\$ 725,000</u>	<u>\$ 4,625,000</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:		
Series 2009-A	\$ 200,000	\$ 225,000
Series 2011-A	530,000	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
2016	\$ 730,000	\$ 84,050	\$ 814,050
2017	745,000	73,750	818,750
2018	755,000	61,288	816,288
2019	780,000	47,008	827,008
2020	800,000	31,100	831,100
2021	815,000	16,300	831,300
Total	<u>\$ 4,625,000</u>	<u>\$ 313,496</u>	<u>\$ 4,938,496</u>

Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Current Portion
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 5,350,000	\$ -	\$ 725,000	\$ 4,625,000	\$ 730,000
Premium	68,164	-	13,633	54,531	-
Total bonds payable	<u>5,418,164</u>	<u>-</u>	<u>738,633</u>	<u>4,679,531</u>	<u>730,000</u>
Compensated absences	312,328	505,168	374,040	443,456	443,456
Other postemployment benefits	21,664	11,186	6,262	26,588	-
Net pension liability	4,511,772	1,190,091	-	5,701,863	-
	<u>\$ 10,263,928</u>	<u>\$ 1,706,445</u>	<u>\$ 1,118,935</u>	<u>\$ 10,851,438</u>	<u>\$ 1,173,456</u>

For the governmental activities, compensated absences, the net OPEB benefit obligation, and the net pension liability 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)

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, 2015:

Bond Issue	Interest Rate	Date Issue	Original Issue Amount	Final Maturity	Balance Outstanding
Claridge Court	8.50 - 8.75%	8/28/2003	\$ 9,410,000	8/1/2023	\$ 9,410,000

8 - Employee Retirement Systems and Defined Benefit 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 Prairie Village, Kansas Police Department Retirement Plan (the Plan). The 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 Defined Benefit Pension Plans (Continued)

Kansas Public Employees Retirement System

**General Information About the Pension Plan**

*Description of Pension Plan*

The City participates in a cost-sharing multiple-employer defined benefit pension plan (the Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which include:
  - State/School employees
  - Local employees
- Police and firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Local employees group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Kansas Public Employees Retirement System (Continued)

**General Information About the Pension Plan (Continued)**

*Benefits Provided*

KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members, and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 members is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Kansas Public Employees Retirement System (Continued)

**General Information About the Pension Plan (Continued)**

*Benefits Provided (Continued)*

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

*Contributions*

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6.00% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.00% of total payroll for the KPERS fiscal year ended June 30, 2015.

The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.48% for the year ended December 31, 2015. Contributions to the Pension Plan from the City were \$ 327,042 for the year ended December 31, 2015.

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

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Kansas Public Employees Retirement System (Continued)

**General Information About the Pension Plan (Continued)**

*Contributions (Continued)*

Member contribution rates as a percentage of eligible compensation in fiscal year 2015 are 6.00% for public employees.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2015, the City reported a liability of \$ 2,381,613 for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2015, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and firemen
- Judges

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Kansas Public Employees Retirement System (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the Local group within KPERS for the KPERS fiscal year ended June 30, 2015. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2015 the City's proportion was 0.181381%, which was a decrease of 0.006024% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$ 163,531. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ -	\$ 67,418
Net difference between projected and actual earnings on pension plan investments	-	92,709
Changes of assumptions	-	33,286
Changes in proportionate share	73,906	35,226
City contributions subsequent to measurement date	148,551	-
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 222,457</u>	<u>\$ 228,639</u>

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

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Kansas Public Employees Retirement System (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The \$ 148,551 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2016	\$	(65,594)
2017		(65,594)
2018		(65,594)
2019		38,465
2020		3,584
		\$ (154,733)

*Actuarial Assumptions*

The total pension liability for KPERS in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3.00 percent
Wage inflation	4.00 percent
Salary increases, including wage increases	4.00 to 16.00 percent, including inflation
Long-term rate of return net of investment expense, and including price inflation	8.00 percent

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Kansas Public Employees Retirement System (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions (Continued)*

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for the three year period ending December 31, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	6.30%
Fixed income	13%	0.80%
Yield driven	8%	4.20%
Real return	11%	1.70%
Real estate	11%	5.40%
Alternatives	8%	9.40%
Short-term investments	2%	(0.50%)
	<hr/>	
Total	<u>100%</u>	

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Kansas Public Employees Retirement System (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Discount rate*

The discount rate used by KPERS to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate*

The following presents the City's proportionate share of the collective net pension liability calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7.00%) or one-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the collective net pension liability	\$ 3,380,825	\$ 2,381,613	\$ 1,534,476



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

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Kansas Public Employees Retirement System (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Pension Plan Fiduciary Net Position*

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

*Prior Period Adjustment*

The implementation of GASB 68 resulted in a \$ 2,158,317 increase to the net pension liability, a \$ 127,797 increase to deferred outflows, a \$ 494,312 increase to deferred inflows and a \$ 2,524,832 decrease to net position as of January 1, 2015.

Prairie Village, Kansas Police Department Retirement Plan

**Plan Description**

*Plan Administration*

The City of Prairie Village, Kansas established and appointed the City of Prairie Village Police Pension Board of Trustees (the Pension Board) with responsibility to manage and administer the Prairie Village, Kansas Police Department Retirement Plan (the Plan), a single-employer defined benefit pension plan. The Plan provides pension benefits to eligible full-time commissioned law enforcement officers of the City who have been continually employed by the City for at least one year.

The Pension Board is composed of three members, with two of the members designated by the City and one member designated by the employees.

The Plan does not issue a stand-alone financial report but is included as a pension trust fund of the City.

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

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Prairie Village, Kansas Police Department Retirement Plan (Continued)

**Plan Description (Continued)**

*Plan Membership*

As of January 1, 2015, pension plan membership consisted of the following:

Inactive plan members (or beneficiary) currently receiving benefits	40
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	44
	94

*Benefits Provided*

Retirement benefits for members are calculated as 2.5% of the member's three-year final average salary times the member's years of service (capped at 25). Plan members may retire at age 55 with five years of service or at any age with 20 years of service.

Disability retirement benefits are determined in the same manner as retirement benefits and are payable immediately with an actuarial reduction. Death benefits are determined as a lump sum of the actuarial value of the member's accrued benefit reduced by any life insurance proceeds provided by the City.

The Pension Board reserves the right to amend the provisions of the Plan.

*Contributions*

Members contribute 4.0% of annual earnings. The City makes annual contributions based on a recommendation by an independent actuary. The five-year average contribution rate for plan years beginning 2011-2015 is 17.44% of annual payroll.

City contributions are authorized by local ordinances. The City may terminate the plan or its contributions at any time. The actual employer contribution to the Plan during the year ended December 31, 2015 was \$ \$450,000.

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

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Prairie Village, Kansas Police Department Retirement Plan (Continued)

**Investments**

*Investment Policy*

Investment decisions are governed by the Police Pension Board of Trustees. The objective of the Plan's investment policy is to provide present and future retirement benefits by achieving an investment return that, at a minimum, equals the Plan's actuarial interest rate assumption on an ongoing basis without exposing the Plan to undue risk. The following is the target asset allocation approved by the Pension Board:

Asset Class	Target Allocation
Large Cap Domestic Equity	25%
Mid Cap Domestic Equity	10%
Small Cap Domestic Equity	10%
International Equity	15%
Fixed Income	35%
Other	5%
Cash	0%
	100%
Total	100%

*Method Used to Value Investments*

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

*Rate of Return*

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The cash flows used as inputs in the calculation are determined on a monthly basis.

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

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Prairie Village, Kansas Police Department Retirement Plan (Continued)

**Net Pension Liability**

The City's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

*Actuarial Assumptions*

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions:

Investment rate of return	7.75%
Discount rate	7.75%
Inflation rate	N/A
Salary scale	5.00%
Mortality table	RP 2000
Actuarial cost method	Entry age normal

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

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Prairie Village, Kansas Police Department Retirement Plan (Continued)

**Net Pension Liability (Continued)**

*Actuarial Assumptions (Continued)*

The long-term expected rate of return on pension plan investments was determined using benchmarking, recent performance and historical data to develop estimates of future real rates of return for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real ratio of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	2%
Mid Cap Domestic Equity	1%
Small Cap Domestic Equity	1%
International Equity	1%
Fixed Income	3%
Other	0%
Cash	0%

*Discount Rate*

The discount rate used to measure the total pension liability as of December 31, 2015 was 7.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at 17.44% of covered payroll of current plan members for each year in the future plus contributions for future members in excess of their service costs. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Prairie Village, Kansas Police Department Retirement Plan (Continued)

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2014	\$ 14,427,576	\$ 12,074,121	\$ 2,353,455
Changes for the year:			
Service cost	339,165	-	339,165
Interest	1,118,869	-	1,118,869
Differences between expected and actual experience	81,451	-	81,451
Contributions-employer	-	450,000	(450,000)
Contributions-employee	-	100,926	(100,926)
Net investment income	-	21,764	(21,764)
Benefit payments, including refunds	(822,334)	(822,334)	-
Net changes	717,151	(249,644)	966,795
Balance at December 31, 2015	<u>\$ 15,144,727</u>	<u>\$ 11,824,477</u>	<u>\$ 3,320,250</u>

Plan fiduciary net position as a percentage of the total pension liability is 78.08%.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability, calculated using the discount rate of 7.75%, as well as the net pension liability calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	\$ 5,134,494	\$ 3,320,250	\$ 1,793,033

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

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Prairie Village, Kansas Police Department Retirement Plan (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended December 31, 2015, the City recognized pension expense of \$ 627,942. At December 31, 2015, the City reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 66,083
Net difference between projected and actual earnings on pension plan investments	722,770
	\$ 788,853

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,		
2016	\$	196,061
2017		196,061
2018		196,061
2019		196,059
2020		4,611
	\$	788,853

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Employee Retirement Systems and Defined Benefit Pension Plans (Continued)

Prairie Village, Kansas Police Department Retirement Plan (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
(Continued)**

*Prior period adjustments*

The implementation of GASB 68 resulted in a \$ 2,353,455 increase to the net pension liability, a \$ 27,068 decrease in net pension asset (pre-GASB 68) and a \$ 2,380,523 decrease to net position as of January 1, 2015.

Deferred Compensation Plan

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

9 - Risk Management

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



CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Other Postemployment Benefit Healthcare Plan

*Plan Description.* The City offers postemployment health insurance for retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. The Employee Benefit Plan (the Benefit 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 Benefit 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.

In 2015, the City made contributions of \$ 6,262 to the plan. Plan members receiving benefits contributed \$ 44,398.

*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 (ARC) of the employer, 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 Benefit Healthcare Plan (Continued)

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

Annual required contribution	\$	11,484
Interest on net OPEB obligation		975
Adjustment to annual required contribution		<u>(1,273)</u>
Annual OPEB cost		11,186
Contributions made		<u>(6,262)</u>
Change in net OPEB obligation		4,924
Net OPEB obligation, beginning of year		<u>21,664</u>
Net OPEB obligation, end of year	\$	<u><u>26,588</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Benefit Plan, and the net OPEB obligation for the year ended December 31, 2015 and the two preceding years 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>
2013	\$ 12,151	78%	\$ 19,784
2014	11,877	84%	21,664
2015	11,186	56%	26,588

*Funding Status and Funding Progress.* As of January 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$ 101,471 and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 101,471. The covered payroll (annual payroll of active employees covered by the Benefit Plan) was \$ 5,696,981, and the ratio of the UAAL to the covered payroll was 1.8%.

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

10 - Other Postemployment Benefit 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, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.50% 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 7.00% initially, reduced by decrements to an ultimate rate of 5.00% after eight years. The salary increase assumption is 3.5% per year. The UAAL is being amortized as a level dollar over an open thirty-year period.

11 - Subsequent Events

Subsequent to year end, the City issued \$ 11,300,000 in Series 2016-A general obligation bonds and \$ 8,135,000 in Series 2016-B special obligation bonds for the Meadowbrook TIF project.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of the City's Proportionate Share of the Collective Net Pension Liability

Kansas Public Employees Retirement System

Last Two Fiscal Years<sup>1</sup>

	<u>2015</u>	<u>2014</u>
City's proportion of the collective net pension liability	0.181381%	0.175357%
City's proportionate share of the collective net pension liability	\$ 2,381,613	\$ 2,158,317
City's covered-employee payroll <sup>2</sup>	\$ 3,021,720	\$ 2,831,802
City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	78.82%	76.22%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	66.60%

<sup>1</sup> GASB 68 requires presentation of ten years. Data was not available prior to fiscal year 2014; therefore, ten years of data is unavailable.

<sup>2</sup> Covered employer payroll corresponds to the measurement date for the year ended June 30.

CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of City's Contributions

Kansas Public Employees Retirement System

Last Five Fiscal Years <sup>1</sup>

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 297,680	\$ 259,273	\$ 222,595	\$ 219,294	\$ 198,937
Contributions in relation to the contractually required contribution	<u>(297,680)</u>	<u>(259,771)</u>	<u>(219,417)</u>	<u>(219,294)</u>	<u>(199,650)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (498)</u>	<u>\$ 3,178</u>	<u>\$ -</u>	<u>\$ (713)</u>
City's covered-employee payroll <sup>2</sup>	\$ 3,140,078	\$ 2,938,590	\$ 2,777,726	\$ 2,987,653	\$ 2,962,170
Contributions as a percentage of covered-employee payroll	9.48%	8.82%	8.01%	7.34%	6.72%

<sup>1</sup> Data was not available prior to fiscal year 2011; therefore, 10 years of data is unavailable.

<sup>2</sup> Covered employee payroll is for the year ended December 31.

Source: KPERS and City of Prairie Village

CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of Changes in Net Pension Liability

Prairie Village, Kansas Police Department Retirement Plan

Last Two Fiscal Years<sup>1</sup>

	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 339,165	\$ 330,280
Interest on the total pension liability	1,118,869	1,049,818
Difference between expected and actual experience	81,451	(162,703)
Benefit payments	(822,334)	(671,716)
Net change in total pension liability	717,151	545,679
Total pension liability, beginning of year	14,427,576	13,881,897
Total pension liability, end of year (a)	<u>\$ 15,144,727</u>	<u>\$ 14,427,576</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 450,000	\$ 450,000
Contributions - member	100,926	103,250
Net investment income	21,764	683,502
Benefit payments	(822,334)	(671,716)
Net change in plan fiduciary net position	(249,644)	565,036
Plan fiduciary net position, beginning of year	12,074,121	11,509,085
Plan fiduciary net position, end of year (b)	<u>\$ 11,824,477</u>	<u>\$ 12,074,121</u>
Net pension liability (a) - (b)	<u>\$ 3,320,250</u>	<u>\$ 2,353,455</u>
Plan fiduciary net position as a percentage of the total pension liability	78.08%	83.69%
Covered-employee payroll	\$ 2,646,019	\$ 2,602,453
Net pension liability as a percentage of the covered-employee payroll	125.48%	90.43%

<sup>1</sup> GASB 67 required presentation of ten years. Data was not available prior to fiscal year 2014; therefore, ten years of data is unavailable.

CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of Employer Contributions

Prairie Village, Kansas Police Department Retirement Plan

Last Two Fiscal Years<sup>1</sup>

	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	\$ 433,897	\$ 429,284
Actual contributions recognized during the year	<u>450,000</u>	<u>450,000</u>
Contribution deficiency (excess)	<u>\$ (16,103)</u>	<u>\$ (20,716)</u>
Covered-employee payroll	\$ 2,646,019	\$ 2,602,453
Contributions as a percentage of covered-employee payroll	17.01%	17.29%

Methods and assumptions for actuarially determined contribution

Actuarial cost method	Aggregate
Amortization method	Average remaining service
Salary scale	5.00%
Investment rate of return	7.75%
Mortality table	RP 2000

<sup>1</sup> GASB 67 requires presentation of ten years. Data was not available prior to fiscal year 2014; therefore, ten years of data is unavailable.



CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of Investment Returns

Prairie Village, Kansas Police Department Retirement Plan

Last Two Fiscal Years<sup>1</sup>

<u>Fiscal Year</u>	<u>Annual Money-Weighted Rate of Return</u>
2015	0.18%
2014	5.88%

<sup>1</sup> GASB 67 requires presentation of ten years. Data was not available prior to fiscal year 2014; therefore, ten years of data is unavailable.

CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of Funding Progress

Retiree Health Care Benefit Plan Trust and Pension Plan

December 31, 2015

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (b) - (a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Percent of Payroll (b-a)/(c)</u>
1/1/2009	\$ -	\$ 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%
1/1/2015	-	101,471	101,471	0.0%	5,696,981	1.8%

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, 2015

	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	\$ -	\$ 46,371	\$ 172,887	\$ 534,015	\$ 54,024	\$ 110,273	\$ 917,570
Due from other governments	143,853	-	-	-	102,743	114,973	361,569
Prepaid items	-	-	1,028	-	-	-	1,028
<b>Total assets</b>	<b>\$ 143,853</b>	<b>\$ 46,371</b>	<b>\$ 173,915</b>	<b>\$ 534,015</b>	<b>\$ 156,767</b>	<b>\$ 225,246</b>	<b>\$ 1,280,167</b>
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 978	\$ -	\$ 13,182	\$ 63,796	\$ 77,956
Accrued payroll	-	-	7,105	-	-	-	7,105
Due to other funds	38,404	-	-	-	-	-	38,404
<b>Total liabilities</b>	<b>38,404</b>	<b>-</b>	<b>8,083</b>	<b>-</b>	<b>13,182</b>	<b>63,796</b>	<b>123,465</b>
Fund balances:							
Nonspendable:							
Not in spendable form	-	-	1,028	-	-	-	1,028
Restricted	100,257	44,818	160,406	534,015	140,060	155,695	1,135,251
Assigned	5,192	1,553	4,398	-	3,525	5,755	20,423
<b>Total fund balances</b>	<b>105,449</b>	<b>46,371</b>	<b>165,832</b>	<b>534,015</b>	<b>143,585</b>	<b>161,450</b>	<b>1,156,702</b>
<b>Total liabilities and fund balances</b>	<b>\$ 143,853</b>	<b>\$ 46,371</b>	<b>\$ 173,915</b>	<b>\$ 534,015</b>	<b>\$ 156,767</b>	<b>\$ 225,246</b>	<b>\$ 1,280,167</b>

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2015

	Special Revenue					Total Nonmajor Governmental Funds	
	Special City Street and Highway	Special Parks and Recreation	Special Alcohol	Grant	Corinth CID		PV Shops CID
Revenues:							
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 527,280	\$ 551,832	\$ 1,079,112
Intergovernmental	576,553	128,354	128,353	4,645	-	-	837,905
Interest earnings	4,119	716	3,218	-	1,689	1,148	10,890
Total revenues	<u>580,672</u>	<u>129,070</u>	<u>131,571</u>	<u>4,645</u>	<u>528,969</u>	<u>552,980</u>	<u>1,927,907</u>
Expenditures:							
Current:							
Urban management and planning	-	-	-	-	550,021	566,369	1,116,390
Public safety	-	-	92,658	-	-	-	92,658
Leisure and recreation	-	-	24,000	-	-	-	24,000
Total expenditures	<u>-</u>	<u>-</u>	<u>116,658</u>	<u>-</u>	<u>550,021</u>	<u>566,369</u>	<u>1,233,048</u>
Excess of revenues over (under) expenditures	<u>580,672</u>	<u>129,070</u>	<u>14,913</u>	<u>4,645</u>	<u>(21,052)</u>	<u>(13,389)</u>	<u>694,859</u>
Other financing uses:							
Transfers out	<u>(555,000)</u>	<u>(180,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(735,000)</u>
Net change in fund balances	25,672	(50,930)	14,913	4,645	(21,052)	(13,389)	(40,141)
Fund balances, beginning	<u>79,777</u>	<u>97,301</u>	<u>150,919</u>	<u>529,370</u>	<u>164,637</u>	<u>174,839</u>	<u>1,196,843</u>
Fund balances, ending	<u>\$ 105,449</u>	<u>\$ 46,371</u>	<u>\$ 165,832</u>	<u>\$ 534,015</u>	<u>\$ 143,585</u>	<u>\$ 161,450</u>	<u>\$ 1,156,702</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, 2015

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental	\$ 555,000	\$ 576,553	\$ 21,553
Interest earnings	-	4,119	4,119
	<u>555,000</u>	<u>580,672</u>	<u>25,672</u>
Total revenues			
Other financing uses:			
Transfers out	(555,000)	(555,000)	-
	<u>          </u>	<u>          </u>	<u>          </u>
Net change in fund balance	-	25,672	25,672
Fund balance, beginning	67,480	79,777	12,297
	<u>67,480</u>	<u>79,777</u>	<u>12,297</u>
Fund balance, ending	<u>\$ 67,480</u>	<u>\$ 105,449</u>	<u>\$ 37,969</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, 2015

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 124,000	\$ 128,354	\$ 4,354
Interest earnings	-	716	716
Total revenues	124,000	129,070	5,070
Other financing uses:			
Transfers out	(180,000)	(180,000)	-
Net change in fund balance	(56,000)	(50,930)	5,070
Fund balance, beginning	77,397	97,301	19,904
Fund balance, ending	<u>\$ 21,397</u>	<u>\$ 46,371</u>	<u>\$ 24,974</u>



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, 2015

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 124,000	\$ 128,353	\$ 4,353
Interest earnings	400	3,218	2,818
Miscellaneous	100	-	(100)
	<u>124,500</u>	<u>131,571</u>	<u>7,071</u>
Total revenues			
Expenditures:			
Public safety	92,728	92,658	70
Alcohol programs	24,000	24,000	-
	<u>116,728</u>	<u>116,658</u>	<u>70</u>
Total expenditures			
Net change in fund balance	7,772	14,913	7,141
Fund balance, beginning	<u>113,901</u>	<u>150,919</u>	<u>37,018</u>
Fund balance, ending	<u><u>\$ 121,673</u></u>	<u><u>\$ 165,832</u></u>	<u><u>\$ 44,159</u></u>

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 BUDGETARY BASIS  
 CORINTH CID FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Sales tax	\$ 455,000	\$ 527,280	\$ 72,280
Interest earnings	800	1,689	889
	<u>455,800</u>	<u>528,969</u>	<u>73,169</u>
Total revenues			
Expenditures:			
Urban management and planning	455,000	550,021	(95,021)
	<u>455,000</u>	<u>550,021</u>	<u>(95,021)</u>
Net change in fund balance	800	(21,052)	(21,852)
Fund balance, beginning	25,000	164,637	139,637
	<u>25,000</u>	<u>164,637</u>	<u>139,637</u>
Fund balance, ending	<u>\$ 25,800</u>	<u>\$ 143,585</u>	<u>\$ 117,785</u>

CITY OF PRAIRIE VILLAGE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 BUDGETARY BASIS  
 PV SHOPS CID FUND

Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
Revenues:			
Sales tax	\$ 455,000	\$ 551,832	\$ 96,832
Interest earnings	800	1,148	348
Total revenues	455,800	552,980	97,180
Expenditures:			
Urban management and planning	468,445	566,369	(97,924)
Net change in fund balance	(12,645)	(13,389)	(744)
Fund balance, beginning	38,445	174,839	136,394
Fund balance, ending	<u>\$ 25,800</u>	<u>\$ 161,450</u>	<u>\$ 135,650</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, 2015

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 511,567	\$ 525,146	\$ 13,579
Interest earnings	-	3,240	3,240
Total revenues	<u>511,567</u>	<u>528,386</u>	<u>16,819</u>
Expenditures:			
Debt service:			
Principal	738,633	725,000	13,633
Interest and other charges	92,750	92,750	-
Total expenditures	<u>831,383</u>	<u>817,750</u>	<u>13,633</u>
Deficiency of revenues under expenditures	(319,816)	(289,364)	30,452
Other financing sources:			
Transfers in	242,108	242,108	-
Net change in fund balance	(77,708)	(47,256)	30,452
Fund balance, beginning	<u>119,276</u>	<u>128,884</u>	<u>9,608</u>
Fund balance, ending	<u><u>\$ 41,568</u></u>	<u><u>\$ 81,628</u></u>	<u><u>\$ 40,060</u></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	85 - 91
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	92 - 98
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	99 - 103
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	104 - 105
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	106 - 108
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.*

CITY OF PRAIRIE VILLAGE, KANSAS

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:										
Net investment in										
capital assets	\$ 52,232,309	\$ 55,776,952	\$ 58,921,876	\$ 62,148,880	\$ 57,070,636	\$ 57,840,817	\$ 60,262,019	\$ 64,573,343	\$ 65,944,703	\$ 69,402,279
Restricted	230,513	197,827	258,683	233,847	241,470	815,844	4,174,238	3,870,795	1,283,840	1,188,395
Unrestricted	<u>11,662,290</u>	<u>10,370,135</u>	<u>9,283,608</u>	<u>7,107,359</u>	<u>13,092,359</u>	<u>15,547,991</u>	<u>13,320,442</u>	<u>11,492,251</u>	<u>13,350,435</u>	<u>7,555,949</u>
Total net position	<u>\$ 64,125,112</u>	<u>\$ 66,344,914</u>	<u>\$ 68,464,167</u>	<u>\$ 69,490,086</u>	<u>\$ 70,404,465</u>	<u>\$ 74,204,652</u>	<u>\$ 77,756,699</u>	<u>\$ 79,936,389</u>	<u>\$ 80,578,978</u>	<u>\$ 78,146,623</u>

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)

	2006	2007
<b>Expenses</b>		
<b>Governmental activities:</b>		
Urban management and planning	\$2,843,021	\$2,994,369
Public works	8,807,244	8,203,302
Public safety	4,919,202	5,063,596
Municipal justice	343,226	349,769
Leisure and recreation	824,395	924,399
Interest on long-term debt	112,434	93,165
<b>Total primary government expenses</b>	<b>17,849,522</b>	<b>17,628,600</b>
<b>Program revenues</b>		
<b>Governmental activities:</b>		
<b>Fees, fines, and charges for services:</b>		
Urban management and planning	1,591,817	1,606,386
Public works	72,508	72,054
Public safety	2,139,920	2,163,163
Municipal justice	65,557	59,540
Leisure and recreation	436,041	441,399
<b>Operating grants and contributions:</b>		
Urban management and planning	-	-
Public works	-	-
Public safety	3,197	11,821
<b>Capital grants and contributions:</b>		
Public works	517,484	1,918,004
Public safety	-	-
<b>Total primary government program revenues</b>	<b>4,826,524</b>	<b>6,272,367</b>
<b>Total primary government net (expense)</b>	<b>(13,022,998)</b>	<b>(11,356,233)</b>
<b>General revenues and other changes in net position</b>		
<b>Governmental activities:</b>		
<b>Taxes:</b>		
Property	4,217,789	4,476,911
Sales and use	5,301,867	5,262,107
Motor vehicle	556,985	531,497
Franchise	1,629,706	1,681,147
Intergovernmental revenue not restricted to specific programs	957,868	912,307
Investment earnings	579,452	662,691
Gain (loss) on disposal of assets	-	-
Miscellaneous	110,661	49,375
<b>Total primary government</b>	<b>13,354,328</b>	<b>13,576,035</b>
<b>Change in net position governmental activities</b>	<b>\$331,330</b>	<b>\$2,219,802</b>

(1)

(1) The increase in the change in net position between 2006 and 2007 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.

(2) Beginning in 2015, shared revenues received are being reported (1) either as unrestricted intergovernmental revenues or as operating/capital grants and contributions (if the revenues are restricted for specific programs) on the statement of activities and (2) as intergovernmental revenues on the statement of revenues, expenditures, and changes in fund balances.

Source: City of Prairie Village, Kansas Basic Financial Statements

2008	2009	2010	2011	2012	2013	2014	2015 <sup>(2)</sup>
\$3,132,048	\$3,354,849	\$3,272,655	\$3,895,696	\$4,244,767	\$4,775,294	\$5,610,397	\$4,882,050
7,684,541	8,834,376	9,767,738	8,609,223	8,594,229	8,957,601	10,350,103	8,923,476
5,102,560	5,453,093	5,111,387	5,596,720	5,869,808	5,763,055	5,705,184	5,876,297
370,433	389,952	370,192	395,493	417,302	427,211	403,023	403,523
917,170	713,252	689,398	700,072	692,551	679,215	1,120,168	555,888
<u>72,658</u>	<u>88,186</u>	<u>186,968</u>	<u>164,465</u>	<u>185,077</u>	<u>137,982</u>	<u>102,272</u>	<u>76,168</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>	<u>23,291,147</u>	<u>20,717,402</u>
1,723,680	1,767,715	1,905,694	2,128,353	2,163,143	1,878,669	1,988,086	2,121,429
107,855	1,498,500	1,550,652	1,632,368	1,887,904	1,938,196	1,639,063	1,675,464
2,204,404	2,213,361	2,326,639	2,544,678	2,352,645	2,521,270	2,528,803	2,232,943
64,725	43,313	3,826	2,675	1,215	1,910	2,205	1,789
429,579	437,850	473,123	457,726	482,082	432,665	424,345	426,651
-	15,000	2,517	3,472	-	-	-	-
-	-	169,534	-	-	-	-	-
6,564	22,890	11,016	270,790	248,815	5,275	6,117	952,845
728,705	354,076	30,197	1,078,160	667,306	643,633	675,222	138,162
<u>-</u>	<u>-</u>	<u>201,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>7,263,841</u>	<u>7,549,283</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>	<u>(16,027,306)</u>	<u>(13,168,119)</u>
5,177,298	5,265,998	5,278,073	5,299,216	5,469,028	5,495,129	5,535,425	5,669,245
5,219,057	4,839,903	4,843,179	6,197,430	6,414,899	6,671,852	6,705,394	4,032,588
513,573	544,505	551,265	555,579	591,098	637,276	663,776	681,530
1,829,831	1,717,002	1,792,180	1,820,275	1,798,641	1,594,085	2,395,072	1,979,976
971,712	919,500	935,569	955,456	1,073,000	1,077,749	1,148,390	3,015,993
335,599	125,136	126,307	62,015	10,973	(25,845)	23,219	95,390
-	-	-	-	29,683	36,200	68,700	17,638
<u>86,081</u>	<u>80,613</u>	<u>111,587</u>	<u>153,663</u>	<u>186,339</u>	<u>101,163</u>	<u>129,919</u>	<u>148,759</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>16,669,895</u>	<u>15,641,119</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>	<u>\$642,589</u>	<u>\$2,473,000</u>



CITY OF PRAIRIE VILLAGE, KANSAS  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN YEARS  
 (modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,836	\$ 103,927	\$ 108,959	\$ 173,325	\$ 210,673
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	1,659,165	2,053,036	1,994,854	1,942,029	1,887,943
Assigned	-	-	-	-	-	224,674	273,273	130,290	282,421	353,439
Unassigned	-	-	-	-	-	4,655,983	7,584,026	7,704,714	7,449,154	7,604,264
Reserved	106,738	261,411	278,309	241,521	223,607	-	-	-	-	-
Unreserved	8,961,513	6,579,448	4,273,620	4,658,964	4,610,498	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 9,068,251</b>	<b>\$ 6,840,859</b>	<b>\$ 4,551,929</b>	<b>\$ 4,900,485</b>	<b>\$ 4,834,105</b>	<b>\$ 6,636,658</b>	<b>\$ 10,014,262</b>	<b>\$ 9,938,817</b>	<b>\$ 9,846,929</b>	<b>\$ 10,056,319</b>
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,049	\$ 1,097	\$ 864	\$ 921	\$ 1,028
Restricted	-	-	-	-	-	6,869,182	3,150,862	757,583	1,315,273	1,216,879
Committed	-	-	-	-	-	2,699,470	1,708,872	1,390,809	623,657	643,148
Reserved	945,184	1,116,475	131,782	274,972	36,225	-	-	-	-	-
Assigned	-	-	-	-	-	-	2,888,400	3,579,303	3,185,852	2,244,690
Unreserved reported in:										
Special revenue funds	233,061	1,783,241	2,879,583	3,204,956	3,426,679	-	-	-	-	-
Capital project funds	1,978,556	1,186,432	2,382,006	11,060,360	5,604,888	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 3,156,801</b>	<b>\$ 4,086,148</b>	<b>\$ 5,393,371</b>	<b>\$ 14,540,288</b>	<b>\$ 9,067,792</b>	<b>\$ 9,569,701</b>	<b>\$ 7,749,231</b>	<b>\$ 5,728,559</b>	<b>\$ 5,125,703</b>	<b>\$ 4,105,745</b>

In 2011, the City implemented GASB Statements No. 54, under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to the previous categories of reserved and unreserved.

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)

	2006	2007
<b>Revenues:</b>		
Taxes	\$11,709,149	\$11,927,153
Intergovernmental	1,387,941	2,746,509
Licenses and permits	390,233	396,755
Charges for services	2,678,435	2,781,749
Fines and forfeitures	1,047,023	999,862
Recreation fees	436,041	441,399
Interest earnings	579,452	662,691
Other	110,661	49,393
<b>Total revenues</b>	<b>18,338,935</b>	<b>20,005,511</b>
<b>Expenditures:</b>		
Urban management and planning	2,801,131	2,960,677
Public works	3,721,868	4,080,429
Public safety	4,946,932	4,999,368
Municipal justice	333,271	359,473
Leisure and recreation	713,470	699,781
Capital outlay	3,320,269	7,648,966
Debt service:		
Principal	435,000	455,000
Interest and other charges	118,720	99,862
<b>Total expenditures</b>	<b>16,390,661</b>	<b>21,303,556</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,948,274</b>	<b>(1,298,045)</b>
<b>Other financing sources (uses):</b>		
Transfer in	4,230,400	7,173,939
Transfer out	(4,230,400)	(7,173,939)
Bond premium	-	-
Sale of bonds	-	-
Proceeds from sale of general capital assets	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,948,274</b>	<b>(1,298,045)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.24%</b>	<b>4.06%</b>

(1) Beginning in 2015, shared revenues received are being reported (1) either as unrestricted intergovernmental revenues or as operating/capital grants and contributions (if the revenues are restricted for specific programs) on the statement of activities and (2) as intergovernmental revenues on the statement of revenues, expenditures, and changes in fund balances.

Source: City of Prairie Village, Kansas Basic Financial Statements

2008	2009	2010	2011	2012	2013	2014	2015 <sup>(1)</sup>
\$12,727,356	\$12,349,694	\$12,464,717	\$13,857,373	\$14,273,666	\$14,398,342	\$15,299,667	\$12,363,339
1,590,358	1,198,401	1,232,019	2,187,709	1,845,599	1,573,842	1,666,363	3,949,255
459,552	413,294	441,168	468,647	462,139	513,642	519,991	680,469
2,953,846	4,466,317	4,665,931	4,976,771	4,974,070	4,693,746	4,569,935	4,570,600
1,006,365	959,292	992,645	1,154,857	1,075,209	1,239,844	1,195,088	905,453
429,579	437,850	473,123	457,726	482,082	432,664	424,345	426,651
335,600	125,115	126,307	59,316	10,973	(25,845)	23,219	95,390
86,081	80,625	119,116	173,311	223,350	146,790	166,428	181,607
<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>	<u>23,865,036</u>	<u>23,172,764</u>
3,154,433	3,314,992	3,338,416	3,743,801	4,000,735	4,739,654	5,283,311	4,621,796
4,301,887	4,540,778	5,010,474	5,102,754	4,906,355	5,125,576	5,283,208	5,492,747
5,363,206	5,610,354	5,386,918	5,448,152	5,583,686	5,413,123	5,591,436	5,544,123
372,212	389,608	393,875	391,753	399,844	410,721	403,023	403,441
759,294	556,029	520,703	531,525	526,896	483,523	496,462	531,771
6,064,642	5,218,463	9,443,862	6,793,162	5,021,011	6,933,360	5,572,037	6,671,194
475,000	1,060,000	1,790,000	2,130,000	1,810,000	1,835,000	1,870,000	725,000
79,770	66,220	169,654	275,459	190,486	164,385	129,003	92,750
<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>24,628,480</u>	<u>24,082,822</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>	<u>(763,444)</u>	<u>(910,058)</u>
6,795,069	4,971,475	5,570,381	2,921,149	3,784,649	4,744,041	4,780,186	5,521,533
(6,795,069)	(4,971,475)	(5,570,381)	(3,299,379)	(3,784,649)	(4,744,041)	(4,780,186)	(5,521,533)
-	136,329	-	-	-	-	-	-
-	10,085,000	-	4,555,000	-	-	-	-
-	-	-	-	29,683	36,200	68,700	99,490
-	<u>10,221,329</u>	-	<u>4,176,770</u>	<u>29,683</u>	<u>36,200</u>	<u>68,700</u>	<u>99,490</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>	<u>(694,744)</u>	<u>(810,568)</u>
3.82%	7.25%	11.80%	13.65%	11.49%	10.73%	9.40%	4.64%

CITY OF PRAIRIE VILLAGE, KANSAS  
TAX REVENUES OF GOVERNMENTAL FUNDS BY SOURCE  
LAST TEN YEARS

December 31, 2015

Fiscal Year Ended December 31,	Property Tax	Local Sales Tax	County Sales Tax	Specialty Sales Tax	Local Use Tax	County Use Tax	Specialty Use Tax	Franchise Tax	Motor Vehicle Tax	Total
2006	\$4,217,789	\$1,972,630	\$1,582,283	\$ 791,143	\$339,299	\$ 411,008	\$ 205,504	\$ 1,632,508	\$ 556,985	\$ 11,709,149
2007	4,452,402	2,021,733	1,573,552	786,777	348,544	354,334	177,167	1,681,147	531,497	11,927,153
2008	5,177,298	2,053,216	1,651,955	825,979	365,981	214,617	107,309	1,817,429	513,572	12,727,356
2009	5,265,998	1,953,924	1,510,595	755,300	340,855	185,060	94,168	1,699,288	544,505	12,349,694
2010	5,278,073	2,023,730	1,412,107	698,682	370,801	224,738	113,121	1,792,180	551,285	12,464,717
2011	5,299,216	2,067,933	1,619,048	1,662,927	397,141	300,254	150,127	1,805,148	555,579	13,857,373
2012	5,469,028	2,128,521	1,673,584	1,734,383	425,411	302,000	151,000	1,798,641	591,098	14,273,666
2013	5,495,129	2,197,833	1,721,994	1,811,556	479,837	307,084	153,547	1,594,085	637,276	14,398,342
2014	5,535,425	2,334,913	1,595,213	1,826,004	496,419	301,891	150,953	2,395,072	663,776	15,299,667
2015	5,669,245	2,418,734	1,589,958	1,874,084	534,741	306,677	153,229	1,979,976	681,530	15,208,174

Source: City of Prairie Village, Kansas Basic Financial Statements

CITY OF PRAIRIE VILLAGE, KANSAS

LOCAL SALES TAX COLLECTIONS  
LAST TEN YEARS

December 31, 2015

Category	Local Sales Tax Collected									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gas Station	\$ 14,927	\$ 20,631	\$ 15,954	\$ 10,932	\$ 20,727	\$ 19,393	\$ 8,862	\$ 4,673	\$ 6,025	\$ 9,904
Grocery Store	524,210	549,053	577,775	565,778	553,777	557,984	550,431	579,481	641,434	666,798
Home Occupation	15,409	18,424	14,835	11,147	12,515	11,138	21,640	-	-	-
Restaurant	219,634	217,308	215,035	203,252	225,575	279,777	302,587	307,726	331,021	364,811
Retail	854,960	863,501	799,277	755,276	709,671	694,473	761,662	815,508	843,497	873,401
Utility	343,490	352,816	430,340	407,539	501,464	495,168	483,339	490,445	512,936	503,820
Total	\$ 1,972,630	\$ 2,021,733	\$ 2,053,216	\$ 1,953,924	\$ 2,023,729	\$ 2,057,933	\$ 2,128,521	\$ 2,197,833	\$ 2,334,913	\$ 2,418,734

Source: Kansas Department of Revenue.

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

Note: Beginning In 2013 Home Occupation was included in Retail for reporting purposes

CITY OF PRAIRIE VILLAGE, KANSAS

LOCAL SALES TAX COLLECTIONS  
LAST TEN YEARS  
(Continued)  
December 31, 2015

Category	Taxable Sales									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gas Station	\$ 1,492,700	\$ 2,063,100	\$ 1,595,400	\$ 1,093,200	\$ 2,072,700	\$ 1,939,300	\$ 886,200	\$ 467,301	\$ 602,500	\$ 990,400
Grocery Store	52,421,000	54,905,300	57,777,500	56,577,800	55,377,700	55,798,400	55,043,100	57,948,062	64,143,400	66,679,800
Home Occupation	1,540,900	1,842,400	1,483,500	1,114,700	1,251,500	1,113,800	2,164,000	-	-	-
Restaurant	21,963,400	21,730,800	21,503,500	20,325,200	22,557,500	27,977,700	30,258,700	30,772,622	33,102,100	36,481,100
Retail	85,496,000	86,350,100	79,927,700	75,527,604	70,967,100	69,447,300	76,166,200	81,550,844	84,349,700	87,340,100
Utility	<u>34,349,000</u>	<u>35,281,600</u>	<u>43,034,000</u>	<u>40,753,900</u>	<u>50,146,400</u>	<u>49,516,800</u>	<u>48,333,900</u>	<u>49,044,497</u>	<u>51,293,600</u>	<u>50,382,000</u>
Total	<u>\$ 197,263,000</u>	<u>\$ 202,173,300</u>	<u>\$ 205,321,600</u>	<u>\$ 195,392,404</u>	<u>\$ 202,372,900</u>	<u>\$ 205,793,300</u>	<u>\$ 212,852,100</u>	<u>\$ 219,783,326</u>	<u>\$ 233,491,300</u>	<u>\$ 241,873,400</u>

CITY OF PRAIRIE VILLAGE, KANSAS

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

December 31, 2015

Fiscal year	Real Property (1)	
	Assessed Value	Estimated Value
2006	\$266,529,461	\$2,285,977,515
2007	278,114,544	2,382,712,905
2008	284,173,687	2,440,934,520
2009	279,586,647	2,411,417,190
2010	273,059,648	2,364,085,300
2011	275,222,619	2,384,685,380
2012	276,238,682	2,384,270,380
2013	278,850,945	2,389,964,100
2014	286,327,787	2,413,478,020
2015	300,666,306	2,477,316,120

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

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

<u>Personal Property (2)</u>		Total	Estimated	Ratio of Assessed	Motor	Recreational	Total
Assessed	Estimated	Assessed	Actual	Value	Vehicles	Vehicles	Direct
Value	Value	Value	Value	to Estimated	Assessed	Assessed	Tax
				Actual Value	Value	Value	Rate
\$10,021,010	\$32,062,360	\$276,550,471	\$2,318,039,875	11.93%	\$32,518,171	\$92,267	16.133
10,021,789	29,639,819	288,136,333	2,412,352,724	11.94%	32,353,006	82,897	18.166
9,330,574	25,875,024	293,504,261	2,466,809,544	11.90%	32,244,915	69,068	18.182
8,211,168	23,451,017	287,797,815	2,434,868,207	11.82%	31,919,314	63,215	18.179
7,465,621	22,538,872	280,525,269	2,386,624,172	11.75%	31,100,970	62,281	18.877
6,395,619	20,012,266	281,618,238	2,404,697,646	11.71%	30,896,870	59,999	19.491
6,120,366	19,118,449	282,359,048	2,403,388,829	11.75%	30,641,443	55,022	19.478
6,287,981	19,615,340	285,138,926	2,409,579,440	11.83%	31,498,552	37,086	19.490
5,642,485	17,548,536	291,970,272	2,431,026,556	12.01%	32,571,090	63,084	19.493
5,560,812	17,240,189	306,227,118	2,494,556,309	12.28%	33,778,600	54,486	19.500



CITY OF PRAIRIE VILLAGE, KANSAS

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

December 31, 2015

Year Ended December 31,	State	General	Debt Service	Total City	County	School District	Johnson County College	Consolidated Fire District	Unified Waste Water	Johnson County Library	Johnson County Parks and Recreation
2006	\$ 1.5	\$ 14.451	\$ 1.682	\$ 16.133	\$ 17.9490	\$ 51.9800	\$ 8.872	\$ 9.335	\$ -	\$ 2.960	\$ 2.290
2007	1.5	16.418	1.748	18.166	17.9850	52.0080	8.749	9.356	-	2.962	2.295
2008	1.5	16.897	1.285	18.182	17.7670	52.0940	8.768	8.992	-	3.057	2.341
2009	1.5	17.277	0.902	18.179	17.7160	55.3180	8.784	8.991	-	3.151	2.346
2010	1.5	14.101	4.776	18.877	17.7480	57.1920	8.799	10.074	-	3.158	2.350
2011	1.5	14.763	4.728	19.491	17.7000	56.1350	8.776	10.098	-	3.145	2.343
2012	1.5	13.898	5.580	19.478	17.7170	55.7660	8.785	10.187	-	3.149	2.344
2013	1.5	14.790	4.700	19.490	17.7450	55.6110	9.551	11.004	-	3.155	2.347
2014	1.5	18.300	1.193	19.493	17.7640	55.9110	9.461	11.003	-	3.157	2.349
2015	1.5	17.796	1.704	19.500	19.5820	54.0590	9.469	11.757	-	3.912	3.101

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.

## CITY OF PRAIRIE VILLAGE, KANSAS

## PRINCIPAL PROPERTY TAXPAYERS

December 31, 2015 and Ten Years Ago

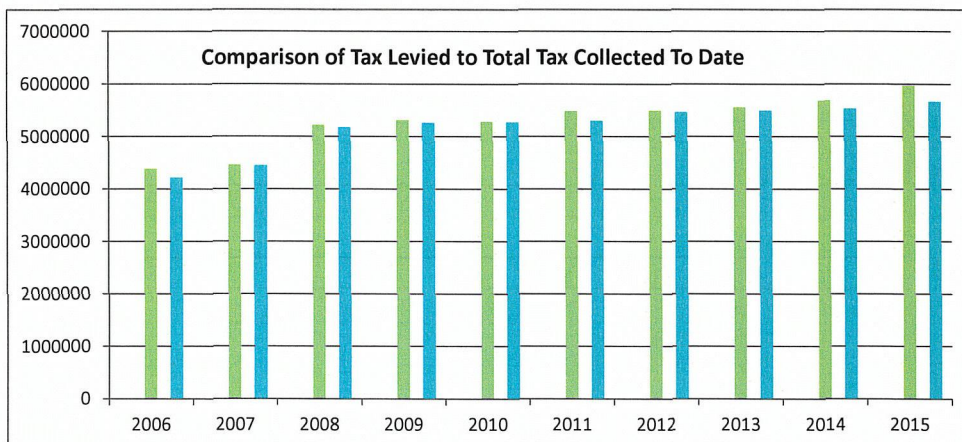
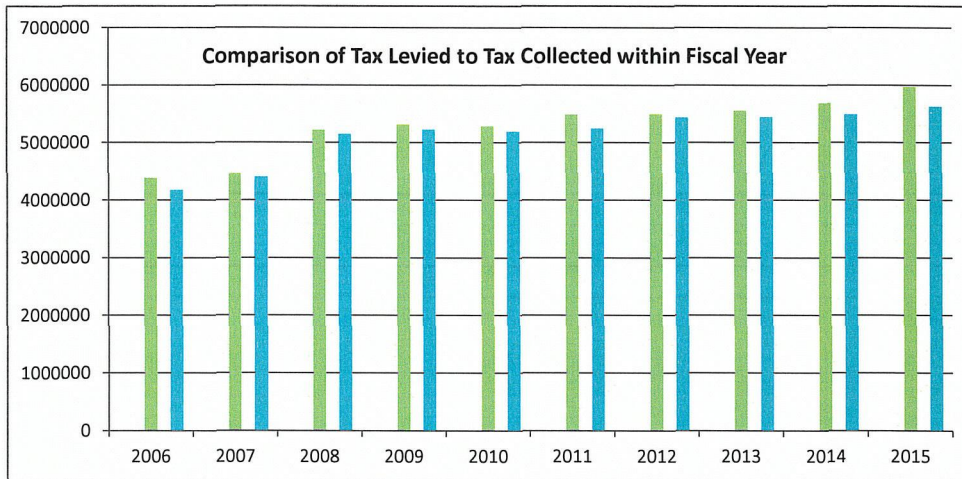
Taxpayer	Type of Business	2015		% of Total		2005		% of Total	
		Assessed	Rank	Assessed	Valuation	Rank	Assessed	Valuation	
Highwood Realty Limited	Real Estate					\$ 16,504,193	1		6.13%
GRI Prairie Village LLC	Real Estate	\$ 8,092,284.00	1	2.64%					
GRI Corinth North LLC	Real Estate	6,212,250.00	2	2.03%					
Prairie Property LL, LLC	Real Estate	4,810,105.00	3	1.57%					
State Line OPCO LLC	Real Estate	3,790,501.00	4	1.24%					
Tower Properties Company	Real Estate	3,407,392.00	5	1.11%					
SM Properties, L.P.	Real Estate					3,148,426	2		1.17%
Kansas City Power & Light	Utility					2,783,041	3		1.03%
TVO Kenilworth LLC	Real Estate					1,960,486	4		0.73%
GRI Corinth South LLC	Real Estate	1,952,250.00	6	0.64%					
May Department Stores Company	Retail					1,499,025	5		0.56%
CNL Retirement	Adult Living Facility					1,407,968	6		0.52%
HCP MA4 Kansas City KS, LP	Real Estate	1,246,176.00	7	0.41%					
MB -18, LLC	Insurance Agent	1,075,760.00	8	0.35%					
Prairie Village Office Center	Real Estate	1,036,251.00	9	0.34%					
Prairie Village Office Center	Real Estate					1,012,501	7		0.38%
MVS, LLC	Real Estate	1,011,610.00	10	0.33%					
Melody W Sutherland	Real Estate					985,675	8		0.37%
Meadowbrook Center, LLC	Real Estate					961,776	9		0.36%
Southwestern Bell Telephone	Utility					916,960	10		0.34%
Total		<u>\$ 32,634,579</u>		<u>10.66%</u>		<u>\$ 31,180,051</u>			<u>11.57%</u>

Source: Johnson County Clerk's Office

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

December 31, 2015

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percent of to Tax Levy	Delinquent Tax Collections	Amount	Percentage to Tax Levy
2006	\$ 4,387,093	\$ 4,177,028	95.21%	40,761	\$ 4,217,789	96.1%
2007	4,461,602	4,404,837	98.73%	47,565	4,452,402	99.8%
2008	5,223,069	5,151,333	98.63%	25,965	5,177,298	99.1%
2009	5,316,020	5,229,025	98.36%	36,973	5,265,998	99.1%
2010	5,290,573	5,197,682	98.24%	80,391	5,278,073	99.8%
2011	5,489,021	5,244,806	95.55%	54,410	5,299,216	96.5%
2012	5,499,790	5,434,660	98.82%	34,368	5,469,028	99.4%
2013	5,556,292	5,445,494	98.01%	49,635	5,495,128	98.9%
2014	5,690,849	5,490,171	96.47%	45,253	5,535,424	97.3%
2015	5,972,115	5,629,840	94.27%	39,405	5,669,245	94.9%



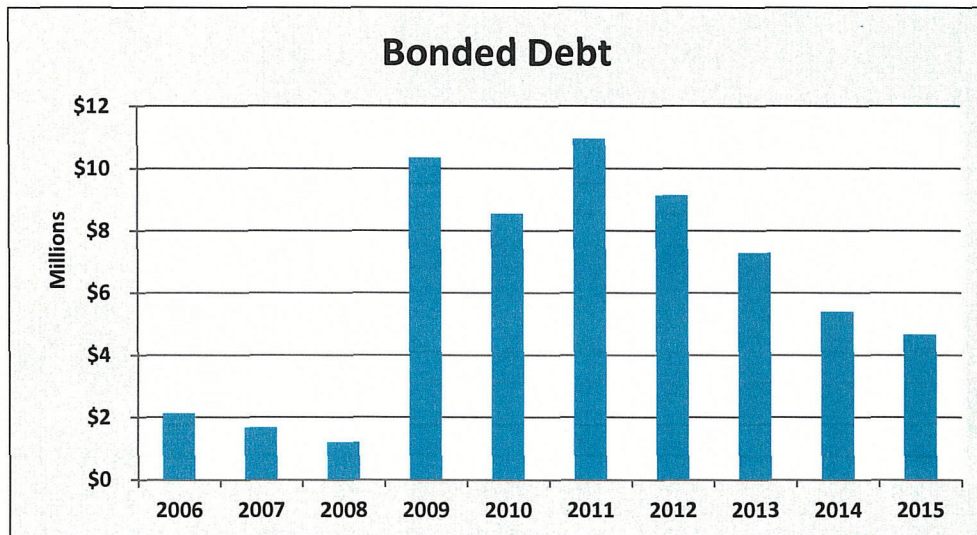
CITY OF PRAIRIE VILLAGE, KANSAS

RATIOS OF OUTSTANDING DEBT BT TYPE  
LAST TEN YEARS

December 31, 2015

Fiscal Year	General Obligation Bonds		City Population	Personal Income	Debt per Capita	Percentage of Personal Income
	Obligation	Total				
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	21,477	743,717,619	399	1.15%
2011	10,974,064	10,974,064	21,477	743,717,619	511	1.48%
2012	9,150,430	9,150,430	21,795	1,060,108,800	420	0.86%
2013	7,301,798	7,301,798	21,769	1,068,139,523	335	0.68%
2014	5,418,165	5,418,165	21,892	1,010,315,800	247	0.54%
2015	4,679,531	4,679,531	21,877	1,034,213,298	214	0.45%

Source: US Census Bureau and City of Prairie Village Records.



CITY OF PRAIRIE VILLAGE, KANSAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS

December 31, 2015

Year Ended	Population	Assessed Value	Gross Bonded debt	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
December 31, 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	0.38%
2013	21,769	285,138,926	7,301,797	43,448	7,258,349	2.55%	333.43	0.30%
2014	21,892	291,970,272	5,418,165	128,884	5,289,281	1.81%	241.61	0.22%
2015	21,877	306,227,118	4,679,531	81,628	4,597,903	1.50%	210.17	0.18%

CITY OF PRAIRIE VILLAGE, KANSAS

DIRECT AND OVERLAPPING DEBT

December 31, 2015

Name of Government Unit	Net Debt Obligation	Percentage Applicable to City of Prairie Village	Amount Applicable to City of Prairie Village
Direct Debt:			
City of Prairie Village	<u>\$4,679,531</u>	100.00%	<u>\$4,679,531</u>
Overlapping debt:			
Johnson County	356,670,000	3.60%	12,840,120
Shawnee Mission School (U.S.D. 512)	302,299,684	9.71%	29,353,299
Fire District #2	545,000	39.71%	216,420
Johnson County Parks and Recreation	<u>2,315,000</u>	3.60%	<u>83,340</u>
Total overlapping debt	<u>661,829,684</u>		<u>42,493,179</u>
Total direct and overlapping debt	<u>\$666,509,215</u>		<u>\$47,172,710</u>
Direct and overlapping debt per capita	2,156.27		
Direct and overlapping debt as a percentage of assessed value	15.40%		
Direct and overlapping debt as a percentage of actual value	1.89%		

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

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

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government 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>2006</u>	<u>2007</u>	<u>2008</u>
Total assessed valuation of taxable property	\$276,551,250	\$287,445,118	\$292,384,855
Debt limit percent of assessed value	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>
Debt limit	82,965,375	86,233,535	87,715,457
Total net debt applicable to limit	<u>2,135,000</u>	<u>1,680,000</u>	<u>1,205,000</u>
Legal debt limit	<u>80,830,375</u>	<u>84,553,535</u>	<u>86,510,457</u>
Total net debt applicable to the limit as percentage of debt limit	2.57%	1.95%	1.37%

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

Source: Assessed valuation from Johnson County Clerk.

2009	2010	2011	2012	2013	2014	2015
\$287,052,268	\$280,255,557	\$281,618,238	\$282,359,048	\$285,138,926	\$291,970,272	\$306,227,118
<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>
86,115,680	84,076,667	84,485,471	84,707,714	85,541,678	87,591,082	91,868,135
<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>5,418,165</u>	<u>4,679,531</u>
<u><u>75,749,351</u></u>	<u><u>75,513,971</u></u>	<u><u>73,511,407</u></u>	<u><u>75,557,284</u></u>	<u><u>78,239,881</u></u>	<u><u>82,172,917</u></u>	<u><u>87,188,604</u></u>
12.04%	10.18%	12.99%	10.80%	8.54%	6.19%	5.09%



CITY OF PRAIRIE VILLAGE, KANSAS

DEMOGRAPHICS AND ECONOMIC STATICS  
LAST TEN YEARS

December 31, 2015

Fiscal Year	Population	School Enrollment	Unemployment (1) Rate	Per Capita Personal Income	Personal Income
2006	21,511	6,054	4.1%	\$34,667	\$745,721,837
2007	21,414	5,992	4.0%	34,667	742,359,138
2008	21,422	5,884	4.8%	34,667	742,636,474
2009	21,479	5,833	4.8%	34,667	744,612,493
2010	21,447	5,120	6.8%	34,667	743,503,149
2011	21,447	5,730	5.1%	34,667	743,503,149
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
2014	21,892	5,573	3.3%	46,150	1,010,315,800
2015	21,877	5,573	3.4%	47,274	1,034,213,298

(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, 2015 and Ten Years Ago

<u>Employer</u>	<u>December 31, 2015</u>			<u>December 31, 2005</u>		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
USD #512	424	1	1.94%	Not Available		0.00%
Hy-Vee	196	2	0.90%	Not Available		0.00%
WireCo WorldGroup Inc	156	3	0.71%	Not Available		0.00%
Claridge Court	141	4	0.64%	Not Available		0.00%
City of Prairie Village	131	5	0.60%	Not Available		0.00%
Brighton Gardens	110	6	0.50%	Not Available		0.00%
Hen House #22	102	7	0.47%	Not Available		0.00%
Better Homes & Garden Real Estate	100	8	0.46%	Not Available		0.00%
Macy's	98	9	0.45%	Not Available		0.00%
Bijin Salon & Day Spa	98	10	0.45%	Not Available		0.00%
<b>Total</b>	<u>1,556</u>		<u>7.11%</u>	<u>-</u>		<u>0.00%</u>

Source: City of Prairie Village.

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

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government										
City Administrator	-	-	-	-	-	-	-	3.9	3.9	3.9
Legal	-	-	-	-	-	-	-	0.1	0.1	0.1
Licensing/Personnel	-	-	-	-	-	-	-	6.0	6.0	6.0
Finance (Includes IT)	-	-	-	-	-	-	-	2.1	2.1	2.1
Municipal Court	-	-	-	-	-	-	-	6.1	6.1	6.1
Planning	-	-	-	-	-	-	-	3.1	3.1	3.1
City Governance *	2.4	2.4	2.4	2.4	2.35	2.4	2.4	-	-	-
Administrative Services *	12.35	12.1	11.6	11.7	11.7	11.7	12.7	-	-	-
Municipal Court *	5.25	5.25	5.25	6.1	6.1	6.1	6.1	-	-	-
Public Works	28.0	28.0	28.0	28.0	28.0	28.0	29.0	29.0	29.0	29.0
Police	60.0	60.0	63.0	63.0	62.0	61.0	61.0	62.0	61.0	61.0
Parks & Recreation	<u>20.8</u>	<u>20.8</u>	<u>20.8</u>	<u>20.8</u>	<u>20.8</u>	<u>20.8</u>	<u>20.8</u>	<u>20.8</u>	<u>21.0</u>	<u>21.0</u>
Total	128.8	128.6	131.1	132.0	130.95	130.0	132.0	133.1	132.3	132.3

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  
 LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Public Safety/Municipal Justice</b>										
911 Calls Received	7,698	7,599	7,602	7,414	7,720	7,569	7,806	7,999	8,115	8,055
DUI Arrests	221	203	290	221	249	292	236	228	208	200
Traffic/Parking Complaints	10,201	9,498	9,475	7,971	7,643	8,426	7,099	9,815	8,563	11,960
Accidents	489	405	455	523	539	531	444	585	615	593
Investigations Cases	395	365	333	386	437	560	414	417	449	441
Total Court Cases Processed	11,014	12,707	15,419	12,677	13,279	12,597	11,687	13,729	11,849	12,522
<b>Public Works</b>										
Curb Miles Swept	2,272	2,950	3,229	3,101	1,970	1,933	2,106	2,897	1,630	1,360
Number of Catch Basins Cleaned	2,126	3,255	2,131	1,713	1,818	1,557	1,923	2,492	1,851	2,056
Number of Potholes Patched	2,154	1,336	2,392	1,244	3,951	7,986	2,124	4,660	2,874	1,002
Streets Slurry Sealed (Square Yards)	83,193	92,866	84,094	72,332	69,650	63,513	68,725	64,668	86,743	95,925
Streets Milled and Overlaid (Linear Feet)	34,520	21,648	8,500	14,450	26,500	17,451	12,350	13,482	15,759	11,895
Sidewalk Replaced (Square Yards)	12,027	9,396	9,301	7,806	12,583	10,966	5,713	7,556	6,023	3,951
Curb and Gutter Replaced (Linear Feet)	68,641	27,696	27,722	32,121	49,797	52,925	36,016	33,982	37,251	27,097
Acres of Lawn Mowed	1,145	1,219	1,203	1,187	1,230	1,231	1,160	1,214	1,314	1,319
<b>Urban Management and Planning</b>										
Building Permits Processed	1,613	1,315	1,390	1,313	1,157	1,138	973	1,007	1,215	1,169
Building Inspections Performed	3,234	2,931	3,602	2,622	2,477	2,371	2,041	2,230	2,651	2,309
Plan Reviews Performed	560	284	297	272	241	260	235	259	293	333
<b>Leisure and Recreation</b>										
Facility Reservations Processed	1,055	1,021	866	755	855	675	724	1,016	1,392	1,415
Facility Reservation Revenue	47,557	40,747	41,264	41,025	39,983	32,536	35,578	27,557	27,028	22,750
Pool Memberships Sold	3,956	4,108	3,706	4,163	4,119	4,583	4,018	4,192	4,317	4,724
Pool Revenue	348,890	335,478	338,941	397,568	384,098	396,373	365,902	357,444	400,951	198,717
Tennis Lessons Taught	105	107	132	136	140	258	192	133	121	186
Junior Tennis League Memberships Sold	55	70	70	72	64	67	68	82	98	104
Tennis Program Revenue	14,247	13,019	12,209	13,563	12,049	13,514	14,293	16,742	13,421	14,574

Source: City of Prairie Village

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

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Police</b>										
Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Public Works</b>										
Miles of streets	114.4	114.4	114.4	114.4	114.4	114.4	114.4	114.4	112.5	112.5
Streetlights	2,091.0	2,091.0	2,091.0	2,091.0	2,091.0	2,165.0	2,165.0	2,165.0	2,154.0	2,146.0
<b>Parks &amp; Recreation</b>										
Parks	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	11.0	11.0
Park acreage	61.6	61.6	61.6	61.6	61.6	64.0	64.0	64.0	64.0	64.0
Pools	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	6.0
Golf courses (private)	-	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.