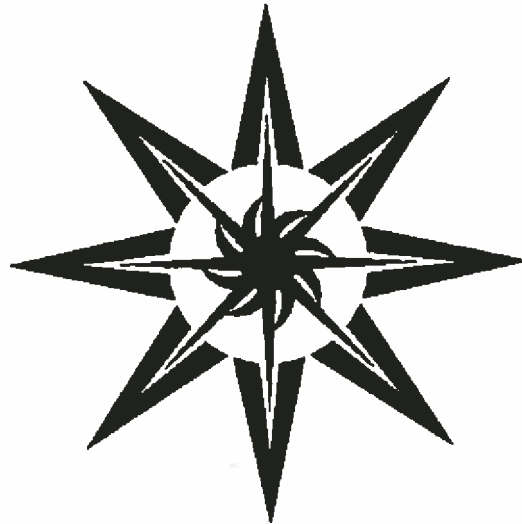


City of Prairie Village, Kansas



2018 Comprehensive Annual Financial Report

For the year ended
December 31, 2018

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

CITY OF PRAIRIE VILLAGE, KANSAS

For the Fiscal Year Ended

December 31, 2018

Prepared by:

FINANCE AND ADMINISTRATION DEPARTMENT

City of Prairie Village, Kansas

CITY OF PRAIRIE VILLAGE, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2018

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COMPREHENSIVE ANNUAL
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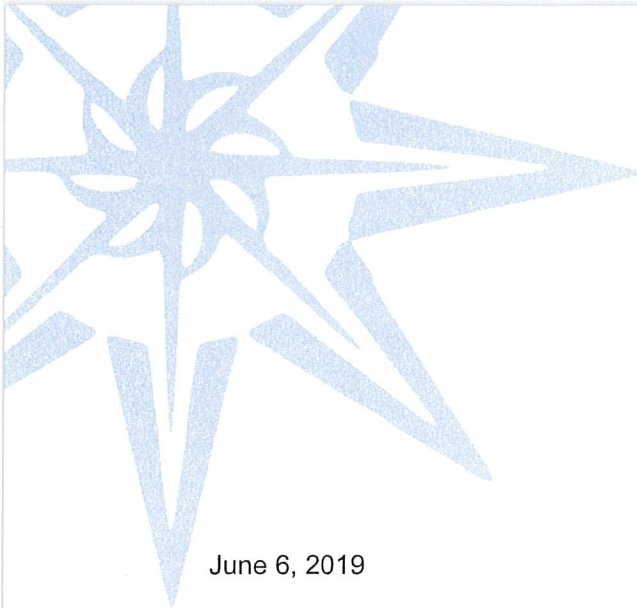
CITY OF PRAIRIE VILLAGE, KANSAS

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THE CITY OF PRAIRIE VILLAGE

STAR OF KANSAS

June 6, 2019

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 financial report (CAFR) of the City of Prairie Village for the fiscal year ended December 31, 2018.

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, 2018, 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 unqualified opinion that the City of Prairie Village's financial statements for the fiscal year ended December 31, 2018, 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, 2018

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 22,368 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 4.8%, and property tax collections were up 11.5% in 2018. Overall residential properties increased 11.25% and commercial property decreased -0.62% in Prairie Village. The average sales price increased 2.21% from 2017 to 2018 while the mean appraised value rose 10.53%.

The Johnson County unemployment rate for 2018 was 2.9%, which was lower than the Kansas rate of 3.4%. Major employers include the school district and grocery stores.

CITY OF PRAIRIE VILLAGE, KANSAS

Letter of Transmittal

For the Year Ended December 31, 2018

The City is located in the Kansas City metropolitan area and is considered one of the most desirable suburban communities in the region. 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. In 2016, a Tax Increment Financing District (TIF) was created for the redevelopment district located roughly between Roe and Nall and 95th and Somerset. The positive economic environment has also enabled the City to maintain the same quality and level of services without increasing property taxes.

Long Range Financial Plan

A five-year forecast of General Fund balances is prepared using current economic information and revenue and expenditure trends. The long-range analysis indicates that the City can maintain a General Fund balance of 25% of estimated revenues (less transfers) through 2024, which meets the Fund Balance Policy. The City Council adopted the "Village Vision" document in May 2007 and has implemented many of the ideas since its inception. Village Vision has contributed greatly to the viability of the community. Because of the importance of Village Vision, the Council has initiated the process of updating the document so it will continue to guide them in future strategic planning.

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.

2018 Major Initiatives

As a part of the preparation for the 2018 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.

2018 Relevant Financial Policies

The minimum unassigned General Fund reserve balance of 25% of General Fund revenues (less transfers), provides working capital between semi-annual property tax settlements. As of December 31, 2018, reserves exceeded the requirement at 41% of actual revenues.

CITY OF PRAIRIE VILLAGE, KANSAS

Letter of Transmittal

For the Year Ended December 31, 2018

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 2018 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
- ❖ Live Stream all meetings to improve access to for all citizens
- ❖ 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

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, 2017. This was the thirty-second 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, 2018. This is the thirtieth year the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organizational guidance.

In addition, the City received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its PAFR for the fiscal year ended December 31, 2018. This is the sixth 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.

CITY OF PRAIRIE VILLAGE, KANSAS

Letter of Transmittal

For the Year Ended December 31, 2018

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.

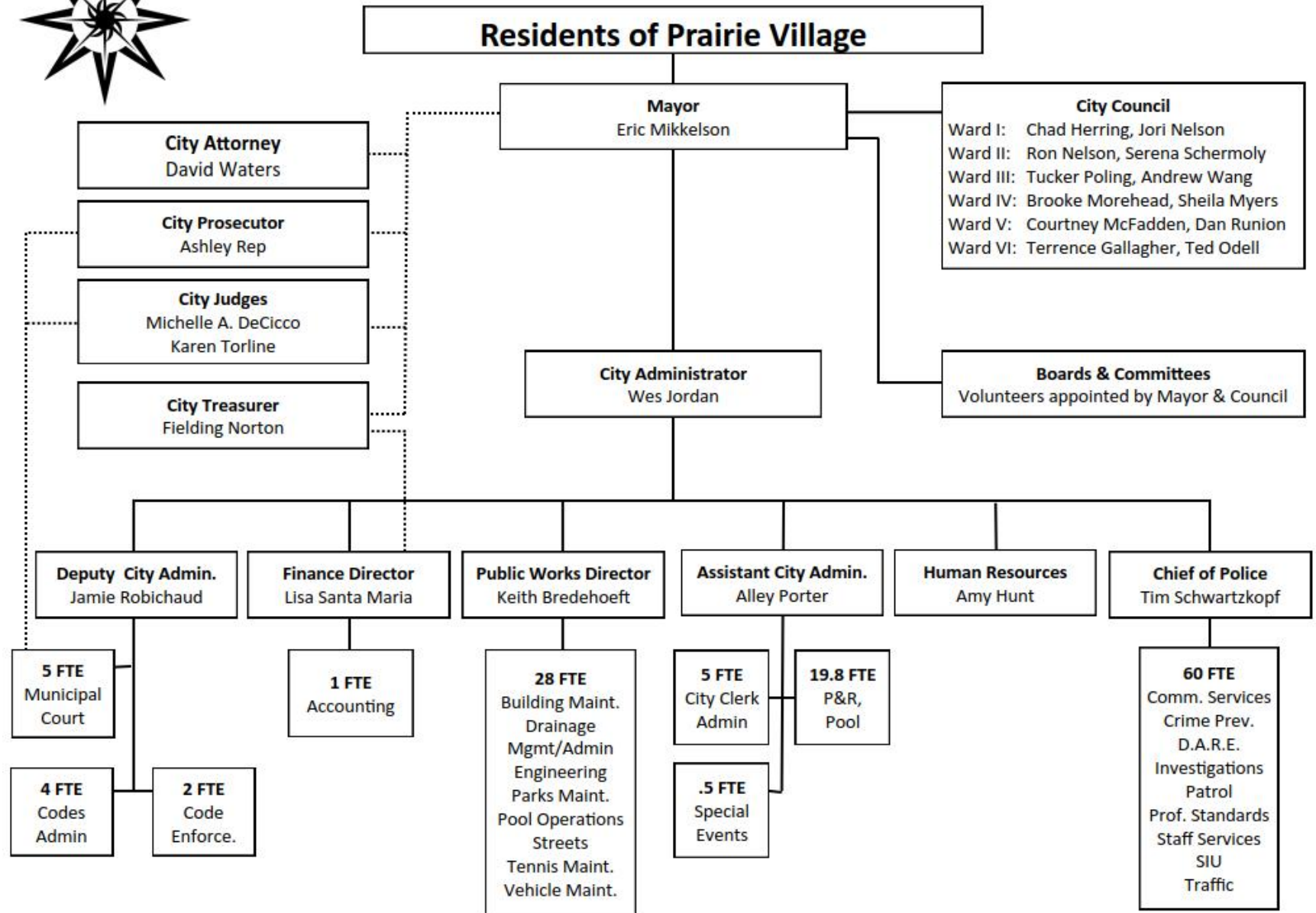
Respectfully submitted,

A handwritten signature in black ink that reads "Lisa Santa Maria". The signature is written in a cursive, flowing style.

Lisa Santa Maria
Finance Director



City of Prairie Village — Organizational Overview



CITY OF PRAIRIE VILLAGE, KANSAS

PRINCIPAL OFFICIALS – 2018

Elected Officials

Mayor	Laura Wassmer
Council Member – Ward 1	Chad Herring
Council Member – Ward 1	Jori Nelson
Council Member – Ward 2	Ron Nelson
Council Member – Ward 2	Serena Schermoly
Council Member – Ward 3	Tucker Poling
Council Member – Ward 3	Andrew Wang
Council Member – Ward 4	Sheila Myers
Council Member – Ward 4	Brooke Morehead
Council Member – Ward 5	Courtney McFadden
Council Member – Ward 5	Dan Runion
Council Member – Ward 6	Terrence Gallagher
Council Member – Ward 6	Ted Odell

Appointed Officials

City Administrator	Wes Jordan
Deputy City Administrator	Jamie Robichaud
Chief of Police	Tim Schwartzkopf
Director of Public Works	Keith Bredehoeft
City Clerk	Joyce Hagen Mundy
City Attorney	David Waters
City Prosecutor	Ashley Repp
Assistant City Attorney	Shannon Marcano
Municipal Judge	Karen Torline
Municipal Judge	Michelle DeCicco
City Treasurer	Fielding Norton, 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, 2017

Christopher P. Morill

Executive Director/CEO



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

3630 SW Burlingame Road Topeka, Kansas 66611 | t: 785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandccpa.com

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, 2018, 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, 2018, 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.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on January 1, 2018, the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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 statements and schedules listed under other supplementary information in the accompanying table of contents and other information, including the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements and schedules listed under other supplementary information in the accompanying table of contents 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.

Berwick Trahan + Co., P.A.

June 6, 2019
Topeka, Kansas

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

For the year ended December 31, 2018

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, 2018. 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 2018 are as follows:

- The City Council approved a \$39 million 2019 budget and did not have a property tax increase.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2018 by \$81,128,912 (net position). Of this amount, \$7,606,664 (unrestricted net position) may be used to meet the City's ongoing obligations.
- Net investment in capital assets increased by \$4,627,056, or 6.8% due to decrease in bonds payable and an increase in capital assets activity in 2018.
- Combined net position increased by \$5,463,246 or 7.2%. The increase is a combination of an increase in unrestricted net position and a decrease in debt service.
- Unrestricted net position increased \$1,362,967 or 22% over the prior year. The increase is mainly due to a higher unrestricted fund balance and change in the net pension obligation.
- The City's total general obligation debt decreased by \$1,175,000 during 2018 to a total of \$15,950,000. There was no new debt issued in 2018. Total debt service expenditures as a percent of total revenue was 7.7%.
- The Meadowbrook Tax Increment Financing (TIF) fund had a 2018 ending fund balance of \$250,018, which reflects funds set aside for debt service.
- The City's total assessed valuation increased to \$401,494,261 from \$365,342,508 in 2017, a 9.9% increase.
- The unrestricted fund balance as a percentage of total revenues is 38%.
- Among major funds, the general fund had \$21,315,762 in revenues and other financing sources and \$21,564,419 in expenditures and other financing uses. The general fund's fund balance decreased from \$9,084,324 to \$8,835,667. The ending fund balance of \$8,835,667 is 41% of general fund revenues.

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. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances.
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. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

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

The Statement of Activities - explains how revenues and expenses of the City affected net position during the fiscal year. A unique feature of this statement is how it reports the revenues and expenses of specific programs, and how much of those programs were supported by general revenues such as taxes. 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 other 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 2018 compared to 2017 as of December 31:

	<u>2017</u>	<u>2018</u>	<u>Percentage Change</u>
Current and other assets	\$26,744,514	\$29,414,942	9.98%
Capital assets	85,074,174	88,501,243	4.03%
Total assets	<u>111,818,688</u>	<u>117,916,185</u>	5.45%
 Total deferred outflows of resources	 <u>1,282,596</u>	 <u>2,771,089</u>	 116.05%
Long-term liabilities	22,948,040	24,453,716	6.56%
Current liabilities	1,647,952	1,722,040	4.50%
Other liabilities	2,112,818	2,189,554	3.63%
Total liabilities	<u>26,708,810</u>	<u>28,365,310</u>	6.20%
 Total deferred inflows of resources	 <u>10,726,808</u>	 <u>11,193,052</u>	 4.35%
Net position:			
Net investment in capital assets	67,639,849	72,266,905	6.84%
Restricted	1,782,120	1,255,343	-29.56%
Unrestricted	6,243,697	7,606,664	21.83%
Total net position	<u>\$75,665,666</u>	<u>\$81,128,912</u>	7.22%

The City's combined net position increased by \$5,463,246 or 7.22% from 2017 to 2018. The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$81,128,912 in 2018.

The change in net position as a percentage of assets is a good indicator of the government's financial position. The positive ratio of 7.22% is chiefly a result of the \$4,627,056 increased 2018 investment in capital assets. Unrestricted net position was mainly affected by a changes in the net pension obligation and overall unrestricted fund balance.

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 (\$72,266,905) 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. The change from 2017 to 2018 is chiefly due to a budgeted increase in infrastructure spending in 2018.
2. Restricted net position. The City's restricted net position at year-end was \$1,255,343. Asset restrictions are primarily due to external restrictions imposed by State statutes.

3. Unrestricted net position. The City's unrestricted net position increased from \$6,243,697 in 2017 to \$7,606,664 in 2018 or 21.8%. The increase is mainly due to a change in the net pension obligation. The remaining change is attributable to the unrestricted Capital Improvement fund balance. These funds may be used to meet the City's ongoing obligations.

Statement of Activities

The table below shows the condensed revenues, expenses and changes in net position for 2017 and 2018.

	<u>2017</u>	<u>2018</u>	<u>Change</u>
REVENUES			
Program Revenues			
Charges for services	\$6,685,878	\$7,123,121	6.54%
Operating grants and contributions	973,036	1,015,625	4.38%
Capital grants and contributions	1,023,968	1,405,378	37.25%
General revenues:			
Property taxes	6,416,501	7,156,558	11.53%
Sales and use taxes	4,225,105	4,441,994	5.13%
Other taxes	2,669,743	2,852,552	6.85%
Other revenues	3,686,431	4,189,675	13.65%
Total revenues	<u>\$25,680,662</u>	<u>\$28,184,903</u>	<u>9.75%</u>
EXPENSES			
Urban management and planning	\$12,353,285	\$7,425,936	-39.89%
Public works	8,121,135	7,761,346	-4.43%
Public safety	6,161,767	7,413,304	20.31%
Municipal Justice	438,568	469,351	7.02%
Leisure, recreation and education	537,617	622,908	15.86%
Interest on long-term debt	370,530	392,595	5.95%
Total expenses	<u>\$27,982,902</u>	<u>\$24,085,440</u>	<u>-13.93%</u>
Increase/(decrease) in net position	(\$2,302,240)	\$4,099,463	-278.06%
Prior period adjustment	-	1,363,783	
Net position, January 1	<u>77,967,906</u>	<u>75,665,666</u>	<u>-2.95%</u>
Net position, December 31	<u>\$75,665,666</u>	<u>\$81,128,912</u>	<u>7.22%</u>

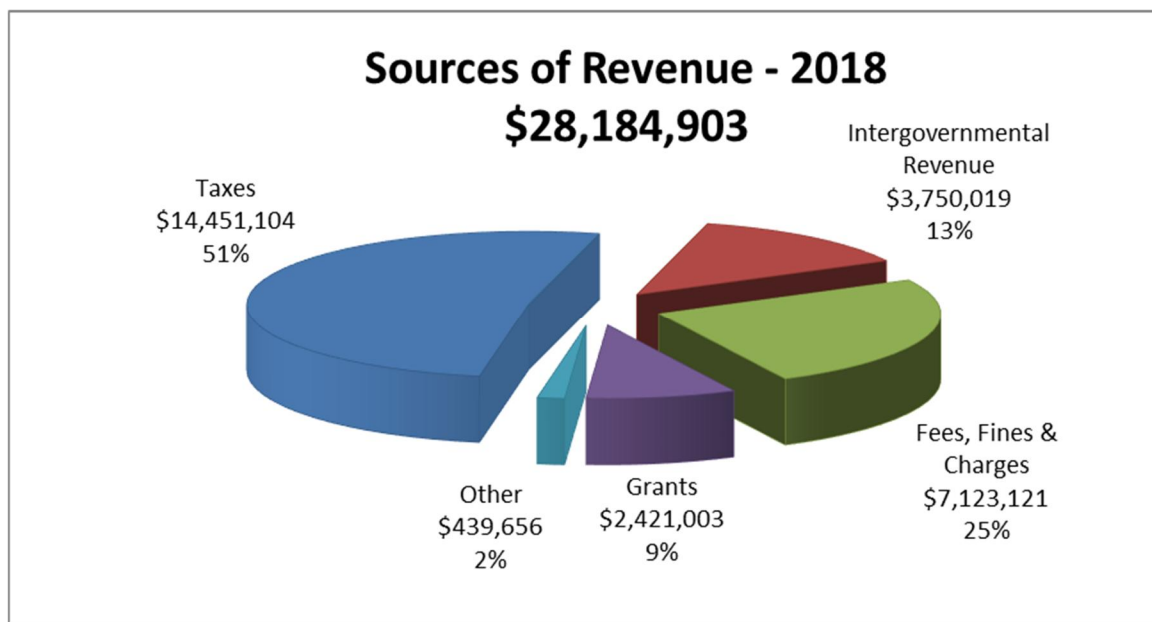
Overall, total revenues increased by 9.75%. The increase is mainly attributable to an increase in assessed valuation, grants and intergovernmental revenue.

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 2018. Overall, local sales and use taxes increased 4.8%, while County sales and use taxes increased 4.7%. Property taxes increased 11.5% and franchise fees increased 8%. 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 franchise fees.

Other revenues account for 1% and include investment earnings and any unrealized gains and losses associated with those investments. Actual interest earnings increased 77% during 2018. The gain on disposal of assets decreased slightly in 2018 and is included in other revenues.

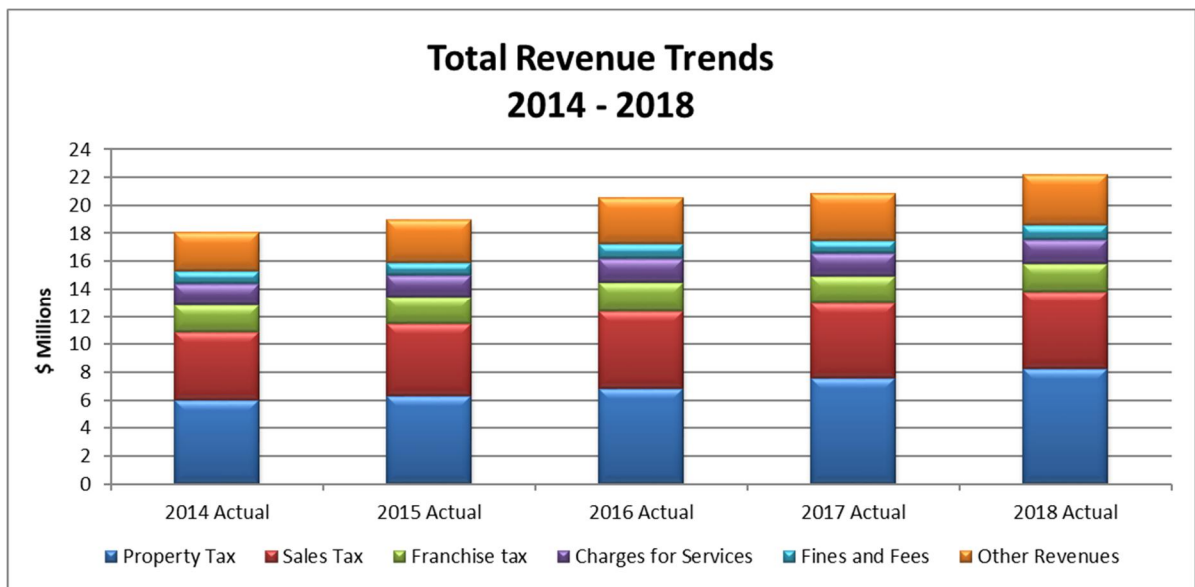
Total expenses for 2018 were lower when compared with 2017, decreasing 14%. Urban Management and Planning expenses decreased 39.9% over 2017 and reflect declining activity in the Meadowbrook redevelopment district. Interest on long-term debt increased in 2018 reflecting bond payment activity. The increase in Public Safety is attributable to personnel services and increased 2018 budgeted expenditures. The 16% increase in Leisure, recreation and education spending reflects an increase in personnel services spending and is primarily related to the City pools.

As illustrated by the following graph, 51% of the City's revenues are tax-related. Another 25% 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.

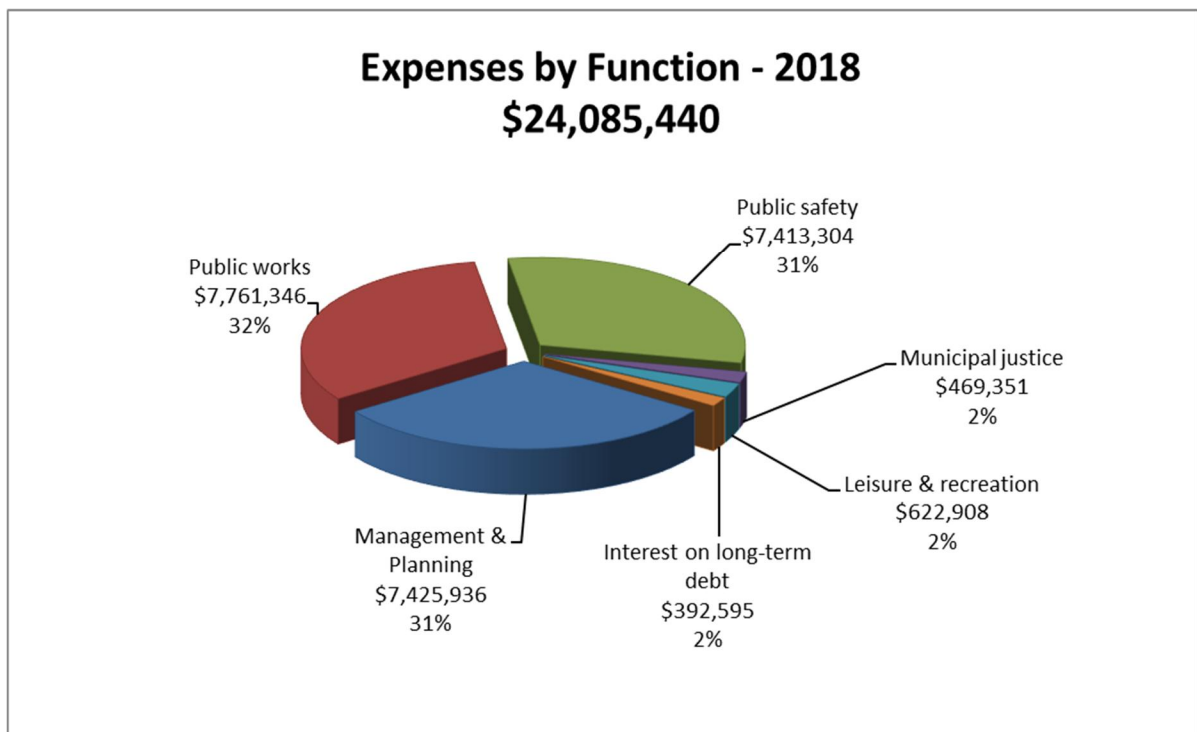


The chart, on the next page, reflects total sources of revenue from 2014 to 2018. The top five sources of revenue in 2018 are broken out below and accounted for 83% of the total revenue received by the City in 2018.

• Property Tax	33%	Total Use Tax	6%
• Total Sales Tax	27%	Motor Vehicle Tax	3%
• Franchise Fees	10%	Licenses & Permits	4%
• Charges for Services	8%	Recreational	2%
• Fines and Fees	<u>5%</u>	Liquor Tax	1%
		Miscellaneous	<u>1%</u>
Total	83%		17%



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



The net cost of each program is an important indicator of the financial burden placed on revenues, primarily tax sources. As shown on the chart on the next page, \$14.5 million of the cost of services was paid by the City's tax payers. The decrease in Urban Management and Planning reflects declining activity in the Meadowbrook redevelopment district.

Function/Programs	Total Cost of Services			Net Cost of Services		
	2017	2018	% Chg	2017	2018	% Chg
Governmental activities:						
Urban management and planning	\$ 12,353,285	\$ 7,425,936	-39.9%	\$ 9,992,440	\$ 4,891,320	-51.0%
Public works	8,121,135	7,761,346	-4.4%	5,464,168	4,688,195	-14.2%
Public safety	6,161,767	7,413,304	20.3%	2,930,591	3,901,206	33.1%
Municipal Justice	438,568	469,351	7.0%	434,603	465,290	7.1%
Leisure and recreation	537,617	622,908	15.9%	107,688	202,709	88.2%
Interest on long-term debt	370,530	392,595	6.0%	370,530	392,595	6.0%
Total governmental activities	\$ 27,982,902	\$ 24,085,440	-13.9%	\$ 19,300,020	\$ 14,541,315	-24.7%

Additional information about program and general revenues may be found on the Statement of Activities located on page 15.

Analysis of the Fund Financial Statements

General Fund. Fund balance decreased 2.7% in the General Fund mainly as a result of an increase in transfers to the Capital Improvement Fund. 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 22.

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 5.4% as a result of excess revenues over expenditures.

Bond and Interest Fund. The City issued no new debt in 2018. In 2016 the City issued two general obligation bonds. The 2016-A Meadowbrook issue was for the tax increment financing (TIF) district roughly located at 95th and Nall, and the 2016-C bond issue was for the purchase of City streetlights from Kansas City Power and Light (KCP&L). In 2011 the City issued bonds for street infrastructure improvement project expenditures. The City's outstanding debt will be paid off in 2036, provided the City does not issue any new debt or restructure current debt. The outstanding general obligation bonds at December 31, 2018 totaled \$15,950,000.

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 2017 tax bills, the receipts from which are used to fund 2018 operations. All of the funds collected were used in stormwater management activities. The fund balance at December 31, 2018 totaled \$118,686. The balance represents a 41.5% decrease over the 2017 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 79% increase in fund balance is a result of a planned increase in infrastructure projects in 2018 and projects under construction at 12/31/2018.

General Fund Budget

The legally adopted budget for the General Fund was not amended by the City Council during 2018. Departments within the City are allowed to transfer budget between line items within programs and between programs within the department. In addition, allocations of contingency budget are recorded as a budget transfer to the affected program. As a result of these budget transfers, the original budget and the final budget in some programs may not be the same.

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

Category	Explanation
Taxes	Budget to Actual decreased 23% because of the reclassification of shared sales and use taxes to Intergovernmental revenue.
Intergovernmental	Intergovernmental revenues increased a result of increases in Liquor, Special Highway, County and specialty sales and use taxes and grant revenue.
Licenses and Permits	Licenses and permit fees were 14% over budget because residential and commercial building permit requests increased. This category also includes admin and retail business licenses.
Fine and Forfeitures	Fine and forfeiture revenue was 15% over budget as a result of an increase in collection of court fees and increase in traffic violations, which was a result of fully staffed 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 2018, the Council did not utilize the full budget for consultants. In addition, the Council did not utilize the full budget for training and conferences. Actual expenditures were 80% of budgeted expenditures.
Public Works Street Operations and Maintenance	Provides for the maintenance and repair of approximately 115 miles of streets, 2800 traffic signs, 93 miles of sidewalks, and 1,530 ADA ramps. Actual expenditures were 87% of budgeted expenditures.
Police Department Staff Services	Information Technology actual expenditures of \$322,819 are included in Staff Services. Staff services without IT were 96% of budgeted expenditures. Information Technology was 79% of budgeted expenditures.
Crime Prevention	Personal services, contract services and commodities were lower than budgeted due to a movement of personnel and unfilled positions in 2018. Actual expenditures were 16% of budgeted expenditures.

Special Investigations	Personal services were lower than budgeted due to a movement of personnel in 2018 and unfilled positions. Actual expenditures were 20% of budgeted expenditures.
Off-Duty Contractual	This program depends on assignments and will vary from year to year. Actual expenditures were 81% of budgeted expenditures.
Prosecutor	This program depends on the number of actual appeals and will vary depending on court needs. Actual expenditures were 86% of budgeted expenditures.
Tennis	This program's difference between budget and actual was due to the number of actual Tennis lessons given which were under the budgeted amount. Actual expenditures were 52% of budgeted expenditures.

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, 2018 was \$88.5 million. Capital assets increased 4% from 2017.

NETWORK		<u>2017</u>	<u>2018</u>	<u>% Chg</u>
Land	\$	14,961,866	\$ 14,961,866	0.00%
Buildings		2,896,015	2,736,187	-5.52%
Improvements other than buildings		680,765	643,982	-5.40%
Furniture and equipment		1,911,354	1,721,988	-9.91%
Infrastructure		49,131,353	50,470,961	2.73%
Construction in progress		15,492,821	17,966,259	15.97%
Total	\$	<u>85,074,174</u>	<u>\$ 88,501,243</u>	4.03%

Improvements other than buildings decreased due to continued depreciation of these assets. Furniture and equipment decreased due to the disposal of older furniture and equipment. Infrastructure increased due to increased project activity in 2018. Construction in progress includes 2018 projects were not completed until early 2019. 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, 2018, the City had \$15,950,000 of outstanding general obligation bonds. Of the balance outstanding, 39% 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. Kansas statutes limit the amount of general obligation debt a government entity to 30% of its total assessed valuation. The current debt limitation for the City is \$120,448,278, or 13.48% of debt limit. Additional information regarding the City's long-term debt activity can be found in Note 7 of the financial statements.

Outstanding Bonds		
General Obligation Bonds		
	Governmental Activities	
	2017	2018
General Obligation Bonds:		
Series 2009-A	\$440,000	\$225,000
Series 2011-A	\$2,710,000	\$2,170,000
Series 2016-A	\$11,300,000	\$11,300,000
Series 2016-C	\$2,675,000	\$2,255,000
Total	<u>\$17,125,000</u>	<u>\$15,950,000</u>

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. In 2016 the City issued bonds for the Meadowbrook Tax Increment Financing (TIF) district. The redevelopment district is located roughly between Roe and Nall and 95th and Somerset.

- Corinth Community Improvement District (CID)
- Prairie Village Shops Community Improvement District (CID)
- Meadowbrook Tax Increment Financing (TIF)

The City Council and staff remain committed to planning for and providing public services to enhance the quality of life for Prairie Village residents.

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, 2018

	Governmental Activities
Assets:	
Cash and investments	\$ 15,500,479
Receivables, net of allowance for uncollectibles:	
Taxes	7,752,823
Other assessments	3,324,527
Accounts	518,360
Due from other governments	1,656,069
Prepaid items	358,022
Restricted cash and investments	304,662
Capital assets not being depreciated:	
Land	14,961,866
Construction in progress	17,966,259
Capital assets, net of accumulated depreciation:	
Buildings	2,736,187
Improvements other than buildings	643,982
Furniture and equipment	1,721,988
Infrastructure	50,470,961
Total assets	<u>117,916,185</u>
Deferred outflows of resources:	
Deferred outflows - pensions	2,722,938
Deferred outflows - OPEB	48,151
Total deferred outflows of resources	<u>2,771,089</u>
Liabilities:	
Accounts payable	1,672,878
Accrued payroll	327,501
Payable from restricted assets	54,644
Accrued interest on long-term debt	134,531
Noncurrent liabilities:	
Due within one year	1,722,040
Due in more than one year	24,453,716
Total liabilities	<u>28,365,310</u>
Deferred inflows of resources:	
Deferred receivable - property taxes	7,752,823
Deferred receivable - other assessments	3,324,527
Deferred inflows - pensions	97,760
Deferred inflows - OPEB	17,942
Total deferred inflows of resources	<u>11,193,052</u>
Net position:	
Net investment in capital assets	72,266,905
Restricted:	
Special highway	120,052
Special parks and recreation	1,082
Grant provisions	541,404
Development	325,725
Special alcohol	100,055
Debt service	167,025
Unrestricted	7,606,664
Total net position	<u>\$ 81,128,912</u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

<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	\$ 7,425,936	\$ 2,534,616	\$ -	\$ -	\$ (4,891,320)
Public works	7,761,346	1,667,773	-	1,405,378	(4,688,195)
Public safety	7,413,304	2,496,472	1,015,625	-	(3,901,207)
Municipal justice	469,351	4,061	-	-	(465,290)
Leisure and recreation	622,908	420,199	-	-	(202,709)
Interest on long-term debt	392,595	-	-	-	(392,595)
Total governmental activities	<u>\$ 24,085,440</u>	<u>\$ 7,123,121</u>	<u>\$ 1,015,625</u>	<u>\$ 1,405,378</u>	<u>(14,541,316)</u>
General revenues:					
Property taxes					7,156,558
Sales and use tax					4,441,994
Motor vehicle tax					732,924
Franchise tax					2,119,628
Intergovernmental revenue not restricted to specific programs					3,750,019
Investment earnings					256,271
Miscellaneous					183,385
Total general revenues					<u>18,640,779</u>
Change in net position					4,099,463
Net position, beginning as previously stated					75,665,666
Prior period adjustment					1,363,783
Net position, beginning as restated					<u>77,029,449</u>
Net position, ending					<u>\$ 81,128,912</u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2018

	<u>General</u>
Assets:	
Cash and investments	\$ 7,740,932
Receivables:	
Taxes	7,752,823
Other assessments	-
Accounts	291,914
Due from other governments	1,281,021
Prepaid items	356,434
Restricted cash and investments	<u>54,644</u>
Total assets	<u><u>\$ 17,477,768</u></u>
Liabilities, deferred inflows of resources, and fund balances:	
Liabilities:	
Accounts payable	\$ 507,133
Accrued payroll	327,501
Payable from restricted assets	<u>54,644</u>
Total liabilities	<u>889,278</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	7,752,823
Unavailable revenue - other assessments	<u>-</u>
Total deferred inflows of resources	<u>7,752,823</u>
Fund balances:	
Nonspendable:	
Not in spendable form	356,434
Restricted	-
Committed	547,748
Assigned	483,054
Unassigned	<u>7,448,431</u>
Total fund balances	<u>8,835,667</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 17,477,768</u></u>

See accompanying notes to basic financial statements.

Solid Waste Management	Bond and Interest	Stormwater	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 631,931	\$ 51,538	\$ 118,686	\$ 5,900,863	\$ 1,056,529	\$ 15,500,479
-	-	-	-	-	7,752,823
1,737,351	-	1,587,176	-	-	3,324,527
845	-	-	225,601	-	518,360
-	-	-	-	375,048	1,656,069
-	-	-	-	1,588	358,022
-	-	-	-	250,018	304,662
<u>\$ 2,370,127</u>	<u>\$ 51,538</u>	<u>\$ 1,705,862</u>	<u>\$ 6,126,464</u>	<u>\$ 1,683,183</u>	<u>\$ 29,414,942</u>
\$ 273,744	\$ -	\$ -	\$ 609,822	\$ 282,179	\$ 1,672,878
-	-	-	-	-	327,501
-	-	-	-	-	54,644
<u>273,744</u>	<u>-</u>	<u>-</u>	<u>609,822</u>	<u>282,179</u>	<u>2,055,023</u>
-	-	-	-	-	7,752,823
1,737,351	-	1,587,176	-	-	3,324,527
<u>1,737,351</u>	<u>-</u>	<u>1,587,176</u>	<u>-</u>	<u>-</u>	<u>11,077,350</u>
-	-	-	-	1,588	358,022
-	51,538	-	-	1,338,336	1,389,874
359,032	-	118,686	-	-	1,025,466
-	-	-	5,516,642	61,080	6,060,776
-	-	-	-	-	7,448,431
<u>359,032</u>	<u>51,538</u>	<u>118,686</u>	<u>5,516,642</u>	<u>1,401,004</u>	<u>16,282,569</u>
<u>\$ 2,370,127</u>	<u>\$ 51,538</u>	<u>\$ 1,705,862</u>	<u>\$ 6,126,464</u>	<u>\$ 1,683,183</u>	<u>\$ 29,414,942</u>

CITY OF PRAIRIE VILLAGE, KANSAS

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

December 31, 2018

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

Total fund balances, governmental funds	\$ 16,282,569
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	88,501,243
Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore are not reported in the funds.	2,771,089
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(26,310,287)
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>(115,702)</u>
Net position of governmental activities	<u><u>\$ 81,128,912</u></u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

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

Year Ended December 31, 2018

	<u>General</u>
Revenues:	
Taxes:	
Property	\$ 7,571,807
Sales	3,297,325
Franchise	2,119,628
Intergovernmental	3,698,636
Licenses and permits	826,011
Charges for services	1,691,852
Fines and forfeitures	1,043,189
Recreational fees	420,198
Interest earnings	98,032
Other	70,614
Total revenues	<u>20,837,292</u>
Expenditures:	
Current:	
Urban management and planning	2,279,005
Public works	5,114,266
Public safety	6,345,727
Municipal justice	468,830
Leisure and recreation	551,258
Capital outlay	468,735
Debt service:	
Principal	-
Interest	-
Total expenditures	<u>15,227,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,609,471</u>
Other financing sources (uses):	
Transfers in	450,000
Transfers out	(6,336,598)
Sale of general capital assets	28,470
Total other financing sources (uses)	<u>(5,858,128)</u>
Net change in fund balances	(248,657)
Fund balances, beginning as previously stated	9,084,324
Prior period adjustmnet	-
Fund balances, beginning as restated	<u>9,084,324</u>
Fund balances, ending	<u><u>\$ 8,835,667</u></u>

See accompanying notes to basic financial statements.

Solid Waste Management	Bond and Interest	Stormwater	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 12,448	\$ -	\$ -	\$ 305,227	\$ 7,889,482
-	-	-	-	1,144,669	4,441,994
-	-	-	-	-	2,119,628
-	-	-	1,405,378	887,469	5,991,483
2,445	-	12,250	-	-	840,706
1,706,924	-	1,572,826	-	-	4,971,602
-	-	-	-	-	1,043,189
-	-	-	-	-	420,198
22,500	199	22,711	65,376	47,453	256,271
69	-	-	-	107,850	178,533
1,731,938	12,647	1,607,787	1,470,754	2,492,668	28,153,086
1,713,616	-	-	-	3,090,429	7,083,050
-	-	-	-	-	5,114,266
-	-	-	-	120,677	6,466,404
-	-	-	-	-	468,830
-	-	-	-	54,102	605,360
-	-	-	6,097,050	39,614	6,605,399
-	1,175,000	-	-	-	1,175,000
-	133,038	-	-	292,125	425,163
1,713,616	1,308,038	-	6,097,050	3,596,947	27,943,472
18,322	(1,295,391)	1,607,787	(4,626,296)	(1,104,279)	209,614
-	1,274,871	-	7,062,406	-	8,787,277
-	-	(1,691,833)	-	(758,846)	(8,787,277)
-	-	-	-	-	28,470
-	1,274,871	(1,691,833)	7,062,406	(758,846)	28,470
18,322	(20,520)	(84,046)	2,436,110	(1,863,125)	238,084
340,710	72,058	202,732	3,080,532	1,745,116	14,525,472
-	-	-	-	1,519,013	1,519,013
340,710	72,058	202,732	3,080,532	3,264,129	16,044,485
\$ 359,032	\$ 51,538	\$ 118,686	\$ 5,516,642	\$ 1,401,004	\$ 16,282,569

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, 2018

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

Net change in fund balances - total governmental funds	\$ 238,084
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.	3,423,725
The effect of various transactions involving capital assets is to decrease net position.	3,344
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,175,000
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.	(42,447)
Payments of pension and other postemployment benefits (OPEB) contributions are expenditures in the governmental funds, but reduce the net pension liability and total OPEB liability in the statement of net position. Additionally, the effects of changes in deferred outflows and deferred inflows for pensions and OPEB are only recorded in the statement of activities.	<u>(698,243)</u>
Change in net position of governmental activities	<u>\$ 4,099,463</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, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 14,143,031	\$ 10,869,132	\$ (3,273,899)
Franchise fees	2,101,700	2,119,628	17,928
Intergovernmental	138,647	3,698,636	3,559,989
Licenses and permits	723,250	826,011	102,761
Charges for services	1,554,302	1,691,852	137,550
Fines and forfeitures	907,400	1,043,189	135,789
Recreation fees	408,700	420,198	11,498
Interest earnings	55,000	95,758	40,758
Other	93,754	60,399	(33,355)
Total revenues	20,125,784	20,824,803	699,019
Expenditures:			
Urban management and planning:			
City governance:			
Mayor and council	112,510	90,079	(22,431)
Management and planning	547,934	536,593	(11,341)
Administrative services:			
Legal services	175,000	164,701	(10,299)
Human resources	210,646	191,826	(18,820)
Finance	307,412	308,408	996
Codes administration	633,052	570,706	(62,346)
City clerk	318,794	311,005	(7,789)
Total urban management and planning	2,305,348	2,173,318	(132,030)
Public works:			
Administration	964,124	983,651	19,527
Vehicle maintenance	247,745	246,574	(1,171)
Street operations and maintenance	2,132,470	1,863,182	(269,288)
Drainage operations and maintenance	396,889	409,620	12,731
Buildings and grounds	1,251,056	1,256,137	5,081
Miscellaneous operations and maintenance	379,323	369,354	(9,969)
Total public works	5,371,607	5,128,518	(243,089)
Public safety:			
Administration	470,552	482,431	11,879
Staff services	897,407	1,180,734	283,327
Community services	203,713	201,612	(2,101)
Crime prevention	82,081	13,156	(68,925)
Patrol	3,148,981	3,311,918	162,937
Investigations	695,305	597,444	(97,861)
Special investigations	221,607	45,005	(176,602)
Professional standards	186,488	187,398	910
Off-duty contractual	48,707	39,345	(9,362)
Information technology	407,494	-	(407,494)
Traffic	430,000	457,142	27,142
Total public safety	\$ 6,792,335	\$ 6,516,185	\$ (276,150)

(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, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Municipal justice:			
Prosecutor	\$ 89,896	\$ 77,635	\$ (12,261)
Court clerks	432,588	391,716	(40,872)
Total municipal justice	522,484	469,351	(53,133)
Parks and community programs:			
Community programs	147,923	159,823	11,900
Swimming pool	339,927	323,084	(16,843)
Swimming pool food service	72,577	70,257	(2,320)
Tennis	16,763	8,641	(8,122)
Total parks and community programs	577,190	561,805	(15,385)
Contingency	500,000	-	(500,000)
Total expenditures	16,068,964	14,849,177	(1,219,787)
Excess of revenues over expenditures	4,056,820	5,975,626	1,918,806
Other financing sources (uses)			
Transfer in	450,000	450,000	-
Transfers out	(11,535,801)	(6,821,598)	4,714,203
Sale of general capital assets	-	28,470	28,470
Total other financing sources (uses)	(11,085,801)	(6,343,128)	4,742,673
Net change in fund balance	(7,028,981)	(367,502)	6,661,479
Fund balance, beginning, budget basis	7,028,981	7,515,510	486,529
Fund balance, ending, budget basis	\$ -	\$ 7,148,008	\$ 7,148,008
<u>Reconciliation to GAAP</u>			
Current year encumbrances		483,054	
Fund balances on the basis of GAAP - General Fund only		7,631,062	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:			
Equipment reserve		518,736	
Risk management reserve		138,121	
Economic development		547,748	
Total fund balance, ending		\$ 8,835,667	

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

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

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:			
Licenses and permits	\$ 1,650	\$ 2,445	\$ 795
Charges for services	1,608,768	1,706,924	98,156
Interest earnings	5,000	22,500	17,500
Other	9,000	69	(8,931)
Total revenues	1,624,418	1,731,938	107,520
Expenditures:			
Urban management and planning	1,683,015	1,713,616	30,601
Personal service	27,137	-	(27,137)
Commodities	1,000	-	(1,000)
Miscellaneous	309,931	-	(309,931)
Total expenditures	2,021,083	1,713,616	(307,467)
Net change in fund balance	(396,665)	18,322	414,987
Fund balance, beginning	396,665	340,710	(55,955)
Fund balance, ending	\$ -	\$ 359,032	\$ 359,032

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS

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

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:			
Licenses and permits	\$ 6,000	\$ 12,250	\$ 6,250
Charges for services	1,581,436	1,572,826	(8,610)
Interest earnings	4,800	22,711	17,911
Total revenues	<u>1,592,236</u>	<u>1,607,787</u>	<u>15,551</u>
Expenditures:			
Miscellaneous	<u>93,255</u>	<u>-</u>	<u>(93,255)</u>
Excess of revenues over expenditures	1,498,981	1,607,787	108,806
Other financing uses:			
Transfers out	<u>(1,691,833)</u>	<u>(1,691,833)</u>	<u>-</u>
Net change in fund balance	(192,852)	(84,046)	108,806
Fund balance, beginning	<u>192,852</u>	<u>202,732</u>	<u>9,880</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 118,686</u>	<u>\$ 118,686</u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS
STATEMENT OF FIDUCIARY NET POSITION

December 31, 2018

	<u>Pension Trust Fund</u>
Assets:	
Restricted cash	<u>\$ 534,637</u>
Restricted investments, at fair value:	
Common stock	7,886,949
Fixed income	<u>4,264,994</u>
Total restricted investments	<u>12,151,943</u>
Interest receivable	<u>35,605</u>
Total assets	<u><u>\$ 12,722,185</u></u>
Net position:	
Restricted for pension	<u><u>\$ 12,722,185</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, 2018

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 620,000
Plan members	<u>107,036</u>
Total contributions	<u>727,036</u>
Investment earnings:	
Interest and dividends on investments	269,966
Net decrease in the fair value of investments	<u>(1,020,716)</u>
Total investment earnings	<u>(750,750)</u>
Total additions	(23,714)
Deductions:	
Benefits	<u>1,056,498</u>
Changes in net position	(1,080,212)
Net position restricted for pension, beginning	<u>13,802,397</u>
Net position restricted for pension, ending	<u><u>\$ 12,722,185</u></u>

See accompanying notes to basic financial statements.

CITY OF PRAIRIE VILLAGE, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2018

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 use in 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* accounts 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* accounts for the accumulation of resources and payment of the City's long-term debt.

The *Stormwater Fund* accounts 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:

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

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

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

1 - Summary of Significant Accounting Policies (Continued)

Deposits and Investments

The City's cash and investments are considered to be demand deposits, time deposits, fixed income securities, mutual funds, money market mutual funds, and cash held by the State of Kansas Municipal Investment Pool. The City considers all highly liquid, short-term investments with original maturities of 90 days or less to be cash equivalents.

Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit 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.

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.

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

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

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

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

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	\$ 7,752,823
Solid waste management fund other assessments receivable	1,737,351
Stormwater fund other assessments receivable	<u>1,587,176</u>
	<u><u>\$ 11,077,350</u></u>

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 payment of redevelopment costs, debt service, 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 (e.g. 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 acquisition 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 Notes 8 and 10 for more information on the deferred outflows for the pension plans and other post-employment benefits (OPEB) plans, respectively.

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 three 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 two items, which are reported only in the government-wide statement of net position, are deferred inflows for the pension plans and the OPEB plans. See Note 8 and Note 10 for more information on the deferred inflows for the pension plans and OPEB plans, respectively.

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 \$ 512,040 of the compensated absence liability, as of December 31, 2018, 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, 2018, 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. The General Fund is the only fund that can report a positive unassigned fund balance amount. 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	\$ 356,434	\$ -	\$ -	\$ -	\$ -	\$ 1,588	\$ 358,022
Restricted for:							
Grants	-	-	-	-	-	541,404	541,404
Community improvement districts	-	-	-	-	-	296,111	296,111
Urban management and planning	-	-	-	-	-	29,614	29,614
Public works	-	-	-	-	-	121,134	121,134
Alcohol awareness programs	-	-	-	-	-	100,055	100,055
Debt	-	-	51,538	-	-	250,018	301,556
Committed for:							
Trash and recycling services	-	359,032	-	-	-	-	359,032
City infrastructure needs	547,748	-	-	118,686	-	-	666,434
Assigned for:							
Urban management and planning	483,054	-	-	-	-	-	483,054
Public works	-	-	-	-	5,516,642	52,983	5,569,625
Alcohol awareness programs	-	-	-	-	-	8,097	8,097
Unassigned	7,448,431	-	-	-	-	-	7,448,431
Total fund balances	<u>\$ 8,835,667</u>	<u>\$ 359,032</u>	<u>\$ 51,538</u>	<u>\$ 118,686</u>	<u>\$ 5,516,642</u>	<u>\$ 1,401,004</u>	<u>\$ 16,282,569</u>

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

1 - Summary of Significant Accounting Policies (Continued)

Net Position

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

Net Investment in Capital Assets 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 consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Restricted net position includes \$ 296,111 for enabling legislation.

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

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 and deferred inflows of resources, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Period Adjustments

Beginning net position on the statement of activities was restated to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The effect of this restatement on the beginning net position was a decrease of \$ 155,230, which resulted from the total OPEB liability being increased by \$ 153,915, and the related deferred inflow of resources being increased by \$ 1,315. There was no effect on current year revenues or expenses as a result of this adjustment.

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

1 - Summary of Significant Accounting Policies (Continued)

Prior Period Adjustments (Continued)

Beginning net position on the statement of activities and beginning fund balance on the combining statement of revenues, expenditures, and changes in fund balance were restated to account for restricted cash in the Meadowbrook TIF fund not previously recorded. The effect of this restatement on the beginning net position and beginning fund balance was an increase of \$ 1,519,013, which resulted from the restricted cash balance being increased by \$ 1,519,013. There was no effect on current year revenues or expenses as a result of this adjustment.

Pending Governmental Accounting Standards Board Statements

At December 31, 2018, 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. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this statement are effective for periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for periods beginning after December 15, 2019.

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. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, issued March 2018, clarifies which liabilities governments should include in their note disclosures related to debt. This Statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledged as collateral for debt and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowing and direct placements of debt from other debt. The requirements of this statement are effective for periods beginning after June 15, 2018.

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 \$ (26,310,287) difference are as follows:

Bonds payable	\$ (15,950,000)
Issuance premium	(284,338)
Accrued interest payable	(134,531)
Compensated absences	(547,967)
Total other postemployment benefits liability	(226,340)
Net pension liability	<u>(9,167,111)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (26,310,287)</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 \$ 3,423,725 difference are as follow:

Capital outlay	\$ 6,428,580
Depreciation expense	<u>(3,004,855)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	 <u><u>\$ 3,423,725</u></u>

Another element of that reconciliation states that “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 statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$ 1,175,000 difference are as follows:

Principal repayments:	
General obligation debt	<u>\$ 1,175,000</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	 <u><u>\$ 1,175,000</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 (Continued)

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 \$ (42,447) difference are as follows:

Compensated absences	\$ (75,015)
Amortization of bond premium	24,987
Accrued interest	<u>7,581</u>
Net adjustment to reduce net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	 <u><u>\$ (42,447)</u></u>

Another element of that reconciliation states that “payments of pension and other postemployment benefits (OPEB) contributions are expenditures in the governmental funds, but reduce the net pension liability and total OPEB liability in the statement of net position. Additionally, the effects of changes in deferred outflows and deferred inflows for pensions and OPEB are only recorded in the statement of activities.” The details of this \$ (698,243) difference are as follows:

Pension payments	\$ (691,956)
OPEB payments	<u>(6,287)</u>
Net adjustment to reduce net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	 <u><u>\$ (698,243)</u></u>

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

3 - Stewardship, Compliance, and Accountability

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and the debt service fund. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of the notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit management to transfer budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbered appropriations are carried forward.

A legal operating budget is not required for the Capital Projects Fund, Grant Fund, Meadowbrook TIF Fund, the TIF 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)

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, 2018, the City's recorded encumbrances in governmental funds were as follows:

General fund	\$ <u>483,054</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.

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.

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 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, 2018, the City's carrying amount of deposits, including certificates of deposit, was not exposed to custodial credit risk.

Investments

On December 31, 2018, the City's investments were as follows:

Investment Type	Fair Value	Rating	Maturity (in Years)			
			Less Than 1	1 - 3	3 - 6	6 - 10
State of Kansas Municipal Investment Pool	\$ 2,426,677	NR	\$ 2,426,677	\$ -	\$ -	\$ -
Money market mutual funds	28,359	NR	28,359	-	-	-
U.S. agencies	3,472,076	AA +	1,475,571	1,996,505	-	-
	<u>\$ 5,927,112</u>		<u>\$ 3,930,607</u>	<u>\$ 1,996,505</u>	<u>\$ -</u>	<u>\$ -</u>

NR - not rated

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

At December 31, 2018, 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	15+
Fixed income:						
Altria Group, Inc.	\$ 81,763	BBB	\$ 81,763	\$ -	\$ -	\$ -
Amphenol Corp.	39,974	BBB+	39,974	-	-	-
Autonation, Inc.	81,744	BBB-	81,744	-	-	-
Bank of America Corp.	88,485	A-	88,485	-	-	-
CBS Corp.	79,406	BBB	79,406	-	-	-
Constellation Energy Group, Inc.	91,976	BBB-	91,976	-	-	-
D R Horton, Inc.	30,388	BBB	30,388	-	-	-
Dollar Gen Corp.	97,707	BBB	97,707	-	-	-
FHLMC	28,879	N/A	-	22,303	6,576	-
FMC Corp.	40,447	BBB-	40,447	-	-	-
FNMA	128,491	N/A	28,760	99,731	-	-
Ford Motor Credit Co., LLC	78,674	BBB	78,674	-	-	-
Georgia Power Co.	75,581	A-	75,581	-	-	-
GNMA	36,585	N/A	5,755	-	30,830	-
Goldman Sachs Group, Inc.	113,191	BBB+	113,191	-	-	-
Health Care REIT, Inc.	49,346	BBB+	-	49,346	-	-
Host Hotels & Resorts LP	25,543	BBB-	25,543	-	-	-
Ishares Intermediate Corporate Bond	238,249	N/A	-	-	-	238,249
Ishares Intermediate Credit Bond	234,729	N/A	-	-	-	234,729
JPMorgan Chase & Co.	98,543	A-	98,543	-	-	-
Marriott Intl Inc. 2015	24,266	BBB	-	24,266	-	-
Marriott Intl Inc. 2016	24,035	BBB	24,035	-	-	-
McDonalds Corp.	97,981	BBB+	97,981	-	-	-
Morgan Stanley	99,249	BBB+	99,249	-	-	-
Northrop Grumman Corp.	80,614	BBB	80,614	-	-	-
Packaging Corp.	76,880	BBB	76,880	-	-	-
Republic Services, Inc.	55,229	BBB+	55,229	-	-	-
Roper Industrial, Inc.	83,273	BBB+	83,273	-	-	-
Salesforce.com, Inc.	100,514	A-	100,514	-	-	-
Southwest Airlines Co.	49,814	BBB+	49,814	-	-	-
Stryker Corp.	25,386	A	25,386	-	-	-
Suntrust Banks, Inc.	79,870	BBB+	79,870	-	-	-
US Treasury Note	1,293,121	N/A	483,935	809,186	-	-
US Bancorp Mtns Bank	137,092	A+	-	137,092	-	-
US Treasury Bond	160,750	NR	-	160,750	-	-
Victory Incore Fund for Income	137,219	N/A	-	-	-	137,219
Total fixed income	4,264,994		\$ 2,314,717	\$ 1,302,674	\$ 37,406	\$ 610,197
Common stock	7,886,949					
Total	\$ 12,151,943					
N/A - not applicable						
NR - not rated						

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

4 - Deposits and Investments (Continued)

Investments (Continued)

Credit Risk

Various City investments are considered to be idle funds by management and are invested according to K.S.A. 12-1675. The statute requires that the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the fund: U.S. Treasury bills or notes or the Kansas Municipal Investment Pool (KMIP). The City's investments in the KMIP were not rated by a rating agency as of December 31, 2018. Maturities of the above investments may not exceed two years by statute, except for certain bond proceeds and monies used to implement the City's multi-year capital improvements program.

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.

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

4 - Deposits and Investments (Continued)

Investments (Continued)

Credit Risk (Continued)

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.

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.

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

4 - Deposits and Investments (Continued)

Investments (Continued)

Concentrations of Credit Risk (Continued)

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

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

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

Custodial Credit Risk - 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, 2018, the City's investments were not exposed to custodial credit risk.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investment in KMIP was considered a cash equivalent as all investments were held in the overnight pool. Investments that are considered cash equivalents are not classified in the fair value hierarchy.

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

4 - Deposits and Investments (Continued)

At December 31, 2018, the City's investments were categorized within the fair value hierarchy as follows:

Investment Type	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Fixed income:				
U.S. agencies	\$ 3,472,076	\$ 3,472,076	\$ -	\$ -
Money market mutual funds	28,359	28,359	-	-
Total	<u>\$ 3,500,435</u>	<u>\$ 3,500,435</u>	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2018, the City's fiduciary fund investments were categorized within the fair value hierarchy as follows:

Investment Type	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Fixed income	\$ 4,264,994	\$ 4,264,994	\$ -	\$ -
Common stock	7,886,949	7,886,949	-	-
Total	<u>\$ 12,151,943</u>	<u>\$ 12,151,943</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,961,866	\$ -	\$ -	\$ 14,961,866
Construction in progress	15,492,821	6,097,050	3,623,612	17,966,259
Total capital assets not being depreciated	30,454,687	6,097,050	3,623,612	32,928,125
Capital assets being depreciated:				
Buildings	6,815,565	-	-	6,815,565
Improvements other than buildings	1,445,899	-	-	1,445,899
Furniture and equipment	5,599,888	331,530	110,655	5,820,763
Infrastructure	80,625,827	3,623,612	13,308,779	70,940,660
Total capital assets being depreciated	94,487,179	3,955,142	13,419,434	85,022,887
Less accumulated depreciation for:				
Buildings	3,919,550	159,828	-	4,079,378
Improvements other than buildings	765,134	36,783	-	801,917
Furniture and equipment	3,688,534	524,240	113,999	4,098,775
Infrastructure	31,494,474	2,284,004	13,308,779	20,469,699
Total accumulated depreciation	39,867,692	3,004,855	13,422,778	29,449,769
Total capital assets being depreciated, net	54,619,487	950,287	(3,344)	55,573,118
Governmental activities capital assets, net	\$ 85,074,174	\$ 7,047,337	\$ 3,620,268	\$ 88,501,243

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	\$ 244,276
Public works	2,631,280
Public safety	<u>129,299</u>
Total depreciation expense	<u><u>\$ 3,004,855</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, 2018 for capital projects compared to the amount authorized:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitments</u>
Street improvements	\$ 7,635,401	\$ 324,721
Drainage programs	666,395	22,935
Park projects	237,254	40,801
City hall improvements	414,103	160,972
ADA improvements	<u>202,405</u>	<u>33,471</u>
Total	<u><u>\$ 9,155,558</u></u>	<u><u>\$ 582,900</u></u>

CITY OF PRAIRIE VILLAGE, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6 - Interfund Receivables, Payables, and 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 Fund	\$ -	\$ 1,033,038	\$ 5,303,560	\$ 6,336,598
Stormwater Fund	450,000	241,833	1,000,000	1,691,833
Nonmajor governmental funds	-	-	758,846	758,846
	<u>\$ 450,000</u>	<u>\$ 1,274,871</u>	<u>\$ 7,062,406</u>	<u>\$ 8,787,277</u>

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, 2018 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity	Principal Payments During 2018	Outstanding December 31, 2018
General obligation bonds:					
Series 2009-A	3.00%	\$ 10,085,000	9/1/2019	\$ 215,000	\$ 225,000
Series 2011-A	1.65 - 2.00%	4,555,000	9/1/2021	540,000	2,170,000
Series 2016-A	2.00 - 5.00%	11,300,000	3/1/2036	-	11,300,000
Series 2016-C	2.00 - 3.00%	3,100,000	9/1/2023	420,000	2,255,000
				<u>\$ 1,175,000</u>	<u>\$ 15,950,000</u>

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

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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
Series 2016-A: Callable March 1, 2022 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	\$ 225,000	\$ 225,000
Series 2011-A	555,000	815,000
Series 2016-A	100,000	935,000
Series 2016-C	430,000	475,000

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

Year	Principal	Interest	Total
2019	\$ 1,210,000	\$ 402,483	\$ 1,612,483
2020	1,335,000	375,475	1,710,475
2021	1,540,000	338,250	1,878,250
2022	1,055,000	289,775	1,344,775
2023	1,090,000	257,875	1,347,875
2024 - 2028	3,395,000	1,021,672	4,416,672
2029 - 2033	4,035,000	604,441	4,639,441
2034 - 2037	2,290,000	88,575	2,378,575
Total	<u>\$ 15,950,000</u>	<u>\$ 3,378,546</u>	<u>\$ 19,328,546</u>

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

7 - Long-Term Debt (Continued)

Meadowbrook TIF Project

During 2016, the City issued \$ 11,300,000 in Series 2016-A general obligation bonds for the Meadowbrook TIF Project. This redevelopment project will support an 80-acre public park and a 50-acre private development on the site of the former golf course. The bonds constitute a general obligation of the City; however, incremental property tax and transient guest tax receipts will be captured from the private development, and the City has pledged those receipts, in part, to repay the bonds.

Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Balance December 31, 2017, Restated	Additions	Reductions	Balance December 31, 2018	Current Portion
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 17,125,000	\$ -	\$ 1,175,000	\$ 15,950,000	\$ 1,210,000
Premium	309,325	-	24,987	284,338	-
Total bonds payable	17,434,325	-	1,199,987	16,234,338	1,210,000
Compensated absences	472,952	634,062	559,047	547,967	512,040
Total other postemployment benefits liability	188,529	62,418	24,607	226,340	-
Net pension liability	6,654,101	2,513,010	-	9,167,111	-
	<u>\$ 24,749,907</u>	<u>\$ 3,209,490</u>	<u>\$ 1,783,641</u>	<u>\$ 26,175,756</u>	<u>\$ 1,722,040</u>

For the governmental activities, compensated absences, the total other post-employment benefit liability, 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 issued debt for economic development. 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, 2018:

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
MB-18, LLC	2.00%	5/17/2016	22,500,000	12/31/2019	22,500,000
KCH MB Inn 54, LLC Project	2.00%	9/19/2018	9,000,000	9/1/2021	9,000,000

The City issued special obligation bonds during the year ended December 31, 2016. This debt is to be paid solely from incremental property tax generated by the private development of the Meadowbrook TIF project. Therefore, the bond is not reported as a liability in the accompanying financial statements. The following is a description of the outstanding special obligation bond as of December 31, 2018:

Bond Issue	Interest Rate	Date Issue	Original Issue Amount	Final Maturity	Balance Outstanding
Meadowbrook	6.00%	5/17/2016	\$ 8,135,000	3/1/2036	\$ 8,135,000

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)

Summary of Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the City had a total net pension liability of \$ 9,167,111 and recognized pension expense of \$ 1,620,678. As of December 31, 2018, 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
Differences between expected and actual experience	\$ 517,623	\$ 77,095
Net difference between projected and actual earnings on pension plan investments	1,118,750	-
Changes of assumptions	776,354	13,102
Changes in proportionate share	153,015	7,563
City contributions subsequent to measurement date	157,196	-
Total	<u>\$ 2,722,938</u>	<u>\$ 97,760</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

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 pension benefits 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.

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

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 1.20% of total payroll.

The actuarially determined employer contribution rate (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rate were 8.39% for the year ended December 31, 2018. Contributions to the Pension Plan from the City were \$ 307,554 for the year ended December 31, 2018.

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 and Inflows of Resources Related to Pensions

At December 31, 2018, the City reported a liability of \$ 2,720,776 for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2018, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018.

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

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, 2018. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2018 the City's proportion was 0.195207%, which was an increase of 0.006263% from its proportion measured as of June 30, 2017.

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 and Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2018, the City recognized pension expense of \$ 266,407. At December 31, 2018, 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
Differences between expected and actual experience	\$ 9,823	\$ 77,095
Net difference between projected and actual earnings on pension plan investments	63,648	-
Changes of assumptions	117,821	13,102
Changes in proportionate share	153,015	7,563
City contributions subsequent to measurement date	157,196	-
Total	<u>\$ 501,503</u>	<u>\$ 97,760</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 and Inflows of Resources Related to Pensions (Continued)

The \$ 157,196 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, 2019. 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,	
2019	\$ 137,343
2020	99,548
2021	(11,628)
2022	18,099
2023	3,185
	<hr/>
	\$ 246,547
	<hr/>

Actuarial Assumptions

The total pension liability for KPERS in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Salary increases, including price inflation	3.50 to 12.00 percent
Long-term rate of return net of investment expense, and including price inflation	7.75 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 and Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the three-year period ending December 31, 2015.

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	(0.25%)
Total	100%	

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 7.75%. 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 and subsequent legislation, 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 7.75% 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 (6.75%) or one-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the collective net pension liability	\$ 3,990,414	\$ 2,720,776	\$ 1,647,816

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 and 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.

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, 2018, pension plan membership consisted of the following:

Inactive plan members (or beneficiary) currently receiving benefits	45
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	40
	<hr/>
	99
	<hr/> <hr/>

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 (8.0% after 25 years of service). The City makes annual contributions based on a recommendation by an independent actuary. The five-year average contribution rate for plan years beginning 2014-2018 is 20.8% of annual payroll.

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)

Contributions (Continued)

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, 2018 was \$ 620,000.

Investments

Investment Policy

Investment decisions are governed by the Pension Board. 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:

<u>Asset Class</u>	<u>Target Allocation</u>
Large cap domestic equity	25%
Mid cap domestic equity	10%
Small cap domestic equity	10%
International equity	15%
Fixed income	35%
Other	5%
	<hr/>
Total	<u>100%</u>

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.

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 (Continued)

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -5.41%. 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.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions:

Investment rate of return	7.25%
Discount rate	7.25%
Inflation rate	N/A
Salary scale	5.00%
Mortality table	RP 2000 Blue Collar with 2-Year Setforward and projected with Scale BB from 2008
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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap domestic equity	2.7%
Mid cap domestic equity	3.0%
Small cap domestic equity	3.2%
International equity	5.0%
Fixed income	-0.4%
Other	0.0%
Cash	-0.3%

Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2018 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at 25.00% 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, 2017	\$ 17,719,728	\$ 13,802,397	\$ 3,917,331
Changes for the year:			
Service cost	387,903	-	387,903
Interest	1,331,483	-	1,331,483
Change of assumptions	572,317	-	572,317
Differences between expected and actual experience	213,587	-	213,587
Contributions-employer	-	620,000	(620,000)
Contributions-employee	-	107,036	(107,036)
Net investment income	-	(750,750)	750,750
Benefit payments, including refunds	(1,056,498)	(1,056,498)	-
Net changes	1,448,792	(1,080,212)	2,529,004
Balance at December 31, 2018	\$ 19,168,520	\$ 12,722,185	\$ 6,446,335

Plan fiduciary net position as a percentage of the total pension liability is 66.37%.

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 7.25%, as well as the net pension liability calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 8,882,642	\$ 6,446,335	\$ 4,417,730

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 and Inflows of Resources

For the year ended December 31, 2018, the City recognized pension expense of \$ 1,354,271. At December 31, 2018, the City reported deferred outflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 507,800
Net difference between projected and actual earnings on pension plan investments	1,055,102
Changes of assumptions	<u>658,533</u>
	<u><u>\$ 2,221,435</u></u>

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

<u>Year Ended December 31,</u>	
2019	\$ 748,269
2020	556,821
2021	437,922
2022	<u>478,423</u>
	<u><u>\$ 2,221,435</u></u>

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

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

Deferred Compensation Plan

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

9 - Risk Management

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

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

10 - Other Postemployment Benefit Healthcare Plans

Health Insurance

Plan Description

Benefits Provided and Contributions

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 other postemployment benefit (OPEB) plan (the OPEB 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 assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The OPEB Plan does not issue a standalone financial report.

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 unless the employee accepted the early retirement incentive program during 2009, in which case they pay only 100% of the full active premium.

Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2018 totaled \$ 5,898.

Employees Covered by Benefit Terms

As of the actuarial valuation date of January 1, 2018, the following employees were covered by the benefit terms.

Inactive members currently receiving benefit payments	2
Active members	102
	<hr/>
	104
	<hr/> <hr/>

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

10 - Other Postemployment Benefit Healthcare Plans (Continued)

Health Insurance (Continued)

Total OPEB Liability

The City's total OPEB liability of \$ 152,434 was measured as of December 31, 2018 and was determined by an actuarial valuation performed as of January 1, 2018 updated to December 31, 2018 for year-end measurements.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate as of measurement date	3.44%
General inflation	2.50%
Salary increases	4.00%
Mortality table	RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2018 generational projection of future mortality improvement.
Future retiree participation rate	25.00%
Healthcare cost trend rates	
Current rate	8.00%
Ultimate rate	5.00%
Year ultimate rate is reached	2030
Actuarial cost method	Entry Age Normal - Level Percentage of Pay

The discount rate reflects the Bond Buyer index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

10 - Other Postemployment Benefit Healthcare Plans (Continued)

Health Insurance (Continued)

Total OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was changed from 4.5% to 3.44%.
2. The mortality assumption changed to the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2018 generational projection of future mortality improvement.
3. Other assumptions were changed based on the actuary's best estimate of future experience.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2017	<u>\$ 112,923</u>
Changes for the year:	
Service cost	6,851
Interest	5,168
Differences between expected and actual experience	5,813
Changes of assumptions	27,577
Benefit payments	<u>(5,898)</u>
Net changes	<u>39,511</u>
Balance at December 31, 2018	<u><u>\$ 152,434</u></u>

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

10 - Other Postemployment Benefit Healthcare Plans (Continued)

Health Insurance (Continued)

Changes in Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44 percent) or 1-percentage-point higher (4.44 percent) than the current discount rate:

	<u>1% Decrease (2.44%)</u>	<u>Discount Rate (3.44%)</u>	<u>1% Increase (4.44%)</u>
Total OPEB liability	\$ 172,777	\$ 152,434	\$ 135,086

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 133,447	\$ 152,434	\$ 174,766

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

10 - Other Postemployment Benefit Healthcare Plans (Continued)

Health Insurance (Continued)

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2018, the City recognized OPEB expense of \$ 15,994.

At December 31, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 5,121
Changes of assumptions	<u>24,294</u>
	<u><u>\$ 29,415</u></u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	
2019	\$ 3,975
2020	3,975
2021	3,975
2022	3,975
2023	3,975
2024 and thereafter	<u>9,540</u>
	<u><u>\$ 29,415</u></u>

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

10 - Other Postemployment Benefit Healthcare Plans (Continued)

Disability Benefits and Life Insurance

Plan Description

Benefits Provided and Contributions

The City participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2018 totaled \$ 36,657.

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

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

10 - Other Postemployment Benefit Healthcare Plans (Continued)

Disability Benefits and Life Insurance (Continued)

Plan Description (Continued)

Benefits Provided and Contributions (Continued)

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees Covered by Benefit Terms

As of the valuation date of December 31, 2017, the following employees were covered by the benefit terms.

Active plan members

62

Total OPEB Liability

The City's total OPEB liability of \$ 73,906 was measured as of June 30, 2018 and was determined by an actuarial valuation performed as of December 31, 2017.

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

10 - Other Postemployment Benefit Healthcare Plans (Continued)

Disability Benefits and Life Insurance (Continued)

Total OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.87%
Implicit inflation rate	2.75%
Mortality table	Local males: 90% of RP-2014 M Total Dataset +2 Local females: 90% of RP-2014 F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2018.
Salary increases	3.50% (composed of 2.75% inflation and 0.75% productivity)
Payroll growth	3.00%
Actuarial cost method	Entry age normal

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the period July 1, 2014 through June 30, 2016.

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

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

10 - Other Postemployment Benefit Healthcare Plans (Continued)

Disability Benefits and Life Insurance (Continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2017	<u>\$ 75,606</u>
Changes for the year:	
Service cost	13,808
Interest on total OPEB liability	3,201
Effect of economic/demographic gains or losses	(18,092)
Effect of assumptions changes or inputs	<u>(617)</u>
Net changes	<u>(1,700)</u>
Balance at December 31, 2018	<u><u>\$ 73,906</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability	\$ 75,826	\$ 73,906	\$ 71,613

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

10 - Other Postemployment Benefit Healthcare Plans (Continued)

Disability Benefits and Life Insurance (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 73,906	\$ 73,906	\$ 73,906

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2018, the City recognized OPEB expense of \$ 14,927. At December 31, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (16,225)
Changes of assumptions	-	(1,717)
Benefit payments subsequent to the measurement date	<u>18,736</u>	<u>-</u>
	<u>\$ 18,736</u>	<u>\$ (17,942)</u>

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

10 - Other Postemployment Benefit Healthcare Plans (Continued)

Disability Benefits and Life Insurance (Continued)

OPEB Expense and Deferred Outflows and Inflows of Resources (Continued)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$ 18,736 consists of payments made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	
2019	\$ (2,082)
2020	(2,082)
2021	(2,082)
2022	(2,082)
2023	(2,082)
2024 and Thereafter	<u>(7,532)</u>
	<u><u>\$ (17,942)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Health Insurance

Last Fiscal Year¹

	<u>2018</u>
Total OPEB liability:	
Service cost	\$ 6,851
Interest	5,168
Difference between expected and actual experience	5,813
Changes of assumptions	27,577
Benefit payments	<u>(5,898)</u>
Net change in total OPEB liability	39,511
Total OPEB liability, beginning	<u>112,923</u>
Total OPEB liability, ending	<u><u>\$ 152,434</u></u>
Covered payroll	6,063,200
City's total OPEB liability as a percentage of covered payroll	2.51%

¹ GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2018. Therefore, 10 years of data is unavailable.

CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Disability Benefits and Life Insurance

Last Fiscal Year¹

	<u>2018</u>
Total OPEB liability:	
Service cost	\$ 13,808
Interest on total OPEB liability	3,201
Effect of economic/demographic gains or losses	(18,092)
Effect of assumptions changes or inputs	<u>(617)</u>
Net change in total OPEB liability	(1,700)
Total OPEB liability, beginning	<u>75,606</u>
Total OPEB liability, ending	<u>\$ 73,906</u>
Covered payroll	3,392,912
City's total OPEB liability as a percentage of covered payroll	2.18%

¹ GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2018.
Therefore, 10 years of data is unavailable.

CITY OF PRAIRIE VILLAGE, KANSAS

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

Kansas Public Employees Retirement System

Last Five Fiscal Years¹

	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability	0.195207%	0.188944%	0.185976%	0.181381%	0.175357%
City's proportionate share of the collective net pension liability	\$ 2,720,776	\$ 2,736,770	\$ 2,877,104	\$ 2,381,613	\$ 2,158,317
City's covered payroll ²	\$ 3,496,232	\$ 3,353,853	\$ 3,186,417	\$ 3,021,720	\$ 2,831,802
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	77.82%	81.60%	90.29%	78.82%	76.22%
Plan fiduciary net position as a percentage of the total pension liability	68.88%	67.12%	65.10%	64.95%	66.60%

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014. Therefore 10 years of data is unavailable.

² Covered 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 Eight Fiscal Years¹

	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 308,260	\$ 287,269	\$ 301,098	\$ 297,680	\$ 259,273	\$ 222,595	\$ 219,294	\$ 198,937
Contributions in relation to the contractually required contribution	(307,554)	(287,336)	(301,218)	(297,680)	(259,771)	(219,417)	(219,294)	(199,650)
Contribution deficiency (excess)	\$ 706	\$ (67)	\$ (120)	\$ -	\$ (498)	\$ 3,178	\$ -	\$ (713)
City's covered payroll ²	\$ 3,665,718	\$ 3,396,419	\$ 3,279,929	\$ 3,140,078	\$ 2,938,590	\$ 2,777,726	\$ 2,987,653	\$ 2,962,170
Contributions as a percentage of employee payroll	8.41%	8.46%	9.18%	9.48%	8.82%	8.01%	7.34%	6.72%

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2011. Therefore, 10 years of data is unavailable.

² Covered 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 Five Fiscal Years¹

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 387,903	\$ 367,757	\$ 345,522	\$ 339,165	\$ 330,280
Interest on the total pension liability	1,331,483	1,269,817	1,214,480	1,118,869	1,049,818
Changes of benefit terms	-	-	145,256	-	-
Difference between expected and actual experience	213,587	109,485	562,512	81,451	(162,703)
Changes of assumptions	572,317	-	467,966	-	-
Benefit payments	<u>(1,056,498)</u>	<u>(961,959)</u>	<u>(945,835)</u>	<u>(822,334)</u>	<u>(671,716)</u>
Net change in total pension liability	1,448,792	785,100	1,789,901	717,151	545,679
Total pension liability, beginning of year	<u>17,719,728</u>	<u>16,934,628</u>	<u>15,144,727</u>	<u>14,427,576</u>	<u>13,881,897</u>
Total pension liability, end of year (a)	<u><u>\$ 19,168,520</u></u>	<u><u>\$ 17,719,728</u></u>	<u><u>\$ 16,934,628</u></u>	<u><u>\$ 15,144,727</u></u>	<u><u>\$ 14,427,576</u></u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 620,000	\$ 550,000	\$ 450,000	\$ 450,000	\$ 450,000
Contributions - member	107,036	102,564	98,234	100,926	103,250
Net investment income	(750,750)	1,811,945	872,971	21,764	683,502
Benefit payments	<u>(1,056,498)</u>	<u>(961,959)</u>	<u>(945,835)</u>	<u>(822,334)</u>	<u>(671,716)</u>
Net change in plan fiduciary net position	(1,080,212)	1,502,550	475,370	(249,644)	565,036
Plan fiduciary net position, beginning of year	<u>13,802,397</u>	<u>12,299,847</u>	<u>11,824,477</u>	<u>12,074,121</u>	<u>11,509,085</u>
Plan fiduciary net position, end of year (b)	<u><u>\$ 12,722,185</u></u>	<u><u>\$ 13,802,397</u></u>	<u><u>\$ 12,299,847</u></u>	<u><u>\$ 11,824,477</u></u>	<u><u>\$ 12,074,121</u></u>
Net pension liability (a) - (b)	<u><u>\$ 6,446,335</u></u>	<u><u>\$ 3,917,331</u></u>	<u><u>\$ 4,634,781</u></u>	<u><u>\$ 3,320,250</u></u>	<u><u>\$ 2,353,455</u></u>
Plan fiduciary net position as a percentage of the total pension liability	66.37%	77.89%	72.63%	78.08%	83.69%
Covered payroll	\$ 2,540,676	\$ 2,590,141	\$ 2,552,502	\$ 2,646,019	\$ 2,602,453
Net pension liability as a percentage of the covered payroll	253.73%	151.24%	181.58%	125.48%	90.43%

¹ GASB 67 requires presentation of 10 years. Data was not available prior to fiscal year 2014. Therefore, 10 years of data is unavailable.

CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of Employer Contributions

Prairie Village, Kansas Police Department Retirement Plan

Last Five Fiscal Years¹

	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 687,563	\$ 582,018	\$ 547,886	\$ 433,897	\$ 429,284
Actual contributions recognized during the year	620,000	550,000	450,000	450,000	450,000
Contribution deficiency (excess)	<u>\$ 67,563</u>	<u>\$ 32,018</u>	<u>\$ 97,886</u>	<u>\$ (16,103)</u>	<u>\$ (20,716)</u>
Covered payroll	\$ 2,540,676	\$ 2,590,141	\$ 2,552,502	\$ 2,646,019	\$ 2,602,453
Contributions as a percentage of covered payroll	24.40%	21.23%	17.63%	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

¹ GASB 67 requires presentation of 10 years. Data was not available prior to fiscal year 2014. Therefore, 10 years of data is unavailable.

CITY OF PRAIRIE VILLAGE, KANSAS

Schedule of Investment Returns

Prairie Village, Kansas Police Department Retirement Plan

Last Five Fiscal Years¹

<u>Fiscal Year</u>	<u>Annual Money-Weighted Rate of Return</u>
2018	-5.41%
2017	14.64%
2016	7.36%
2015	0.18%
2014	5.88%

¹ GASB 67 requires presentation of 10 years. Data was not available prior to fiscal year 2014. Therefore, 10 years of data is unavailable.

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.
7. **Meadowbrook TIF Fund** – This fund accounts for the payment of eligible public and private redevelopment costs. The fund also accounts for incremental property and sales tax revenue received from the redevelopment district.
8. **TIF Fund** – This fund accounts for property tax distributions that are held by the City for the commercial piece of the Meadowbrook TIF distributions.

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

	Special City Street and Highway	Special Parks and Recreation	Special Alcohol
Assets:			
Cash and investments	\$ -	\$ 1,135	\$ 115,645
Due from other governments	152,466	-	-
Prepaid items	-	-	1,588
Restricted cash and investments	-	-	-
Total assets	<u>\$ 152,466</u>	<u>\$ 1,135</u>	<u>\$ 117,233</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,493</u>
Fund balances:			
Nonspendable:			
Not in spendable form	-	-	1,588
Restricted	120,052	1,082	100,055
Assigned	32,414	53	8,097
Total fund balances	<u>152,466</u>	<u>1,135</u>	<u>109,740</u>
Total liabilities and fund balances	<u>\$ 152,466</u>	<u>\$ 1,135</u>	<u>\$ 117,233</u>

Special Revenue					Total Nonmajor Governmental Funds
Grant	Corinth CID	PV Shops CID	Meadowbrook TIF	TIF	
\$ 541,404	\$ 166,524	\$ 201,138	\$ -	\$ 30,683	\$ 1,056,529
-	112,240	110,342	-	-	375,048
-	-	-	-	-	1,588
-	-	-	250,018	-	250,018
<u>\$ 541,404</u>	<u>\$ 278,764</u>	<u>\$ 311,480</u>	<u>\$ 250,018</u>	<u>\$ 30,683</u>	<u>\$ 1,683,183</u>
\$ -	\$ 119,902	\$ 153,715	\$ -	\$ 1,069	\$ 282,179
-	-	-	-	-	1,588
541,404	150,197	145,914	250,018	29,614	1,338,336
-	8,665	11,851	-	-	61,080
<u>541,404</u>	<u>158,862</u>	<u>157,765</u>	<u>250,018</u>	<u>29,614</u>	<u>1,401,004</u>
<u>\$ 541,404</u>	<u>\$ 278,764</u>	<u>\$ 311,480</u>	<u>\$ 250,018</u>	<u>\$ 30,683</u>	<u>\$ 1,683,183</u>

CITY OF PRAIRIE VILLAGE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2018

	Special City Street and Highway	Special Parks and Recreation	Special Alcohol
Revenues:			
Property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Intergovernmental	604,955	140,154	140,255
Interest earnings	18,549	53	1,617
Other	-	-	-
Total revenues	623,504	140,207	141,872
Expenditures:			
Current:			
Urban management and planning	-	-	-
Public safety	-	-	120,677
Leisure and recreation	-	-	54,102
Capital outlay	-	-	39,614
Debt service:			
Interest	-	-	-
Total expenditures	-	-	214,393
Excess (deficiency) of revenues over (under) expenditures	623,504	140,207	(72,521)
Other financing uses:			
Transfers out	(619,774)	(139,072)	-
Net change in fund balances	3,730	1,135	(72,521)
Fund balances, beginning as previously stated	148,736	-	182,261
Prior period adjustment	-	-	-
Fund balances, beginning as restated	148,736	-	182,261
Fund balances, ending	\$ 152,466	\$ 1,135	\$ 109,740

Special Revenue					Total Nonmajor Governmental Funds
Grant	Corinth CID	PV Shops CID	Meadowbrook TIF	TIF	
\$ -	\$ -	\$ -	\$ -	\$ 305,227	\$ 305,227
-	596,062	548,607	-	-	1,144,669
2,105	-	-	-	-	887,469
-	3,145	4,153	19,936	-	47,453
-	-	-	107,850	-	107,850
2,105	599,207	552,760	127,786	305,227	2,492,668
-	577,821	503,715	1,641,578	367,315	3,090,429
-	-	-	-	-	120,677
-	-	-	-	-	54,102
-	-	-	-	-	39,614
-	-	-	292,125	-	292,125
-	577,821	503,715	1,933,703	367,315	3,596,947
2,105	21,386	49,045	(1,805,917)	(62,088)	(1,104,279)
-	-	-	-	-	(758,846)
2,105	21,386	49,045	(1,805,917)	(62,088)	(1,863,125)
539,299	137,476	108,720	536,922	91,702	1,745,116
-	-	-	1,519,013	-	1,519,013
539,299	137,476	108,720	2,055,935	91,702	3,264,129
\$ 541,404	\$ 158,862	\$ 157,765	\$ 250,018	\$ 29,614	\$ 1,401,004

CITY OF PRAIRIE VILLAGE, KANSAS

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

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 582,720	\$ 604,955	\$ 22,235
Interest earnings	1,800	18,549	16,749
Total revenues	584,520	623,504	38,984
Expenditures:			
Miscellaneous	67,546	-	(67,546)
Excess of revenues over expenditures	516,974	623,504	106,530
Other financing uses:			
Transfers out	(643,000)	(619,774)	23,226
Net change in fund balance	(126,026)	3,730	129,756
Fund balance, beginning	126,026	148,736	22,710
Fund balance, ending	\$ -	\$ 152,466	\$ 152,466

CITY OF PRAIRIE VILLAGE, KANSAS

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

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 138,647	\$ 140,154	\$ 1,507
Interest earnings	425	53	(372)
Total revenues	<u>139,072</u>	<u>140,207</u>	<u>1,135</u>
Other financing uses:			
Transfers out	<u>(139,072)</u>	<u>(139,072)</u>	<u>-</u>
Net change in fund balance	-	1,135	1,135
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ 1,135</u></u>	<u><u>\$ 1,135</u></u>

CITY OF PRAIRIE VILLAGE, KANSAS

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

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 138,647	\$ 140,255	\$ 1,608
Interest earnings	1,300	1,617	317
Total revenues	139,947	141,872	1,925
Expenditures:			
Public safety	164,656	120,677	(43,979)
Alcohol programs	55,000	54,102	(898)
Miscellaneous	92,282	-	(92,282)
Capital outlay	-	39,614	39,614
Total expenditures	311,938	214,393	(97,545)
Net change in fund balance	(171,991)	(72,521)	99,470
Fund balance, beginning	171,991	182,261	10,270
Fund balance, ending	\$ -	\$ 109,740	\$ 109,740

CITY OF PRAIRIE VILLAGE, KANSAS

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

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:			
Sales tax	\$ 600,000	\$ 596,062	\$ (3,938)
Interest earnings	600	3,145	2,545
Total revenues	600,600	599,207	(1,393)
Expenditures:			
Urban management and planning	707,343	577,821	(129,522)
Net change in fund balance	(106,743)	21,386	128,129
Fund balance, beginning	106,743	137,476	30,733
Fund balance, ending	\$ -	\$ 158,862	\$ 158,862

CITY OF PRAIRIE VILLAGE, KANSAS

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

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:			
Sales tax	\$ 550,000	\$ 548,607	\$ (1,393)
Interest earnings	600	4,153	3,553
Total revenues	550,600	552,760	2,160
Expenditures:			
Urban management and planning	642,897	503,715	(139,182)
Net change in fund balance	(92,297)	49,045	141,342
Fund balance, beginning	92,297	108,720	16,423
Fund balance, ending	<u>\$ -</u>	<u>\$ 157,765</u>	<u>\$ 157,765</u>

CITY OF PRAIRIE VILLAGE, KANSAS

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

Year Ended December 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:			
Taxes	\$ -	\$ 12,448	\$ 12,448
Interest earnings	1,500	199	(1,301)
Total revenues	1,500	12,647	11,147
Expenditures:			
Debt service:			
Principal	1,175,000	1,175,000	-
Interest	133,038	133,038	-
Total expenditures	1,308,038	1,308,038	-
Deficiency of revenues under expenditures	(1,306,538)	(1,295,391)	11,147
Other financing sources:			
Transfers in	1,274,871	1,274,871	-
Net change in fund balance	(31,667)	(20,520)	11,147
Fund balance, beginning	75,510	72,058	(3,452)
Fund balance, ending	\$ 43,843	\$ 51,538	\$ 7,695

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	102 - 108
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	109 - 115
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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity	116 - 120
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economical Information	121 - 122
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	123 - 125
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the CAFR for the relevant year.

CITY OF PRAIRIE VILLAGE, KANSAS

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:										
Net investment in										
capital assets	\$ 62,148,880	\$ 57,070,636	\$ 57,840,817	\$ 60,262,019	\$ 64,573,343	\$ 65,944,703	\$ 69,402,279	\$ 73,191,537	\$ 67,639,849	\$ 72,266,905
Restricted	233,847	241,470	815,844	4,174,238	3,870,795	1,283,840	1,188,395	1,025,181	1,782,120	1,255,343
Unrestricted	<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>	<u>3,751,188</u>	<u>6,243,697</u>	<u>7,606,664</u>
Total net position	<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>	<u>\$ 77,967,906</u>	<u>\$ 75,665,666</u>	<u>\$ 81,128,912</u>

Source: City of Prairie Village, Kansas Basic Financial Statements

CITY OF PRAIRIE VILLAGE, KANSAS

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

	2009	2010
Expenses		
Governmental activities:		
Urban management and planning	\$3,354,849	\$3,272,655
Public works	8,834,376	9,767,738
Public safety	5,453,093	5,111,387
Municipal justice	389,952	370,192
Leisure and recreation	713,252	689,398
Interest on long-term debt	88,186	186,968
Total primary government expenses	<u>18,833,708</u>	<u>19,398,338</u>
Program revenues		
Governmental activities:		
Fees, fines, and charges for services:		
Urban management and planning	1,767,715	1,905,694
Public works	1,498,500	1,550,652
Public safety	2,213,361	2,326,639
Municipal justice	43,313	3,826
Leisure and recreation	437,850	473,123
Operating grants and contributions:		
Urban management and planning	15,000	2,517
Public works	-	169,534
Public safety	22,890	11,016
Capital grants and contributions:		
Public works	354,076	30,197
Public safety	-	201,359
Total primary government program revenues	<u>6,352,705</u>	<u>6,674,557</u>
Total primary government net (expense)	<u>(12,481,003)</u>	<u>(12,723,781)</u>
General revenues and other changes in net position		
Governmental activities:		
Taxes:		
Property	5,265,998	5,278,073
Sales and use	4,839,903	4,843,179
Motor vehicle	544,505	551,265
Franchise	1,717,002	1,792,180
Intergovernmental revenue not restricted to specific programs	919,500	935,569
Investment earnings	125,136	126,307
Gain (loss) on disposal of assets	-	-
Miscellaneous	80,613	111,587
Total primary government	<u>13,492,657</u>	<u>13,638,160</u>
Change in net position governmental activities	<u>\$1,011,654</u>	<u>\$914,379</u>

(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

2011	2012	2013	2014	2015 ⁽¹⁾	2016	2017	2018
\$3,895,696	\$4,244,767	\$4,775,294	\$5,610,397	\$4,882,050	\$8,623,968	\$12,353,285	\$7,425,936
8,609,223	8,594,229	8,957,601	10,350,103	8,923,476	8,505,865	8,121,135	7,761,346
5,596,720	5,869,808	5,763,055	5,705,184	5,876,297	6,389,909	6,161,767	7,413,304
395,493	417,302	427,211	403,023	403,523	428,880	438,568	469,351
700,072	692,551	679,215	1,120,168	555,888	497,183	537,617	622,908
164,465	185,077	137,982	102,272	76,168	599,376	370,530	392,595
<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>	<u>25,045,181</u>	<u>27,982,902</u>	<u>24,085,440</u>
2,128,353	2,163,143	1,878,669	1,988,086	2,121,429	2,316,771	2,360,845	2,534,616
1,632,368	1,887,904	1,938,196	1,639,063	1,675,464	1,657,008	1,632,999	1,667,773
2,544,678	2,352,645	2,521,270	2,528,803	2,232,943	2,259,804	2,258,140	2,496,472
2,675	1,215	1,910	2,205	1,789	2,735	3,965	4,061
457,726	482,082	432,665	424,345	426,651	433,456	429,929	420,199
3,472	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
270,790	248,815	5,275	6,117	952,845	959,593	973,036	1,015,625
1,078,160	667,306	643,633	675,222	138,162	1,171,001	1,023,968	1,405,378
-	-	-	-	-	-	-	-
<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>8,800,368</u>	<u>8,682,882</u>	<u>9,544,124</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>	<u>(16,244,813)</u>	<u>(19,300,020)</u>	<u>(14,541,316)</u>
5,299,216	5,469,028	5,495,129	5,535,425	5,669,245	6,018,580	6,416,501	7,156,558
6,197,430	6,414,899	6,671,852	6,705,394	4,032,588	4,164,134	4,225,105	4,441,994
555,579	591,098	637,276	663,776	681,530	685,803	707,915	732,924
1,820,275	1,798,641	1,594,085	2,395,072	1,979,976	1,991,903	1,961,828	2,119,628
955,456	1,073,000	1,077,749	1,148,390	3,015,993	3,036,688	3,469,454	3,750,019
62,015	10,973	(25,845)	23,219	95,390	66,146	144,839	256,271
-	29,683	36,200	68,700	17,638	21,331	-	-
153,663	186,339	101,163	129,919	148,759	81,511	72,138	183,385
<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>16,066,096</u>	<u>16,997,780</u>	<u>18,640,779</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>	<u>(\$178,717)</u>	<u>(\$2,302,240)</u>	<u>\$4,099,463</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:										
Nonspendable	\$ -	\$ -	\$ 96,836	\$ 103,927	\$ 108,959	\$ 173,325	\$ 210,673	\$ 259,796	\$ 292,655	\$ 356,434
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	1,659,165	2,053,036	1,994,854	1,942,029	1,887,943	1,603,200	620,075	547,748
Assigned	-	-	224,674	273,273	130,290	282,421	353,439	543,334	521,421	483,054
Unassigned	-	-	4,655,983	7,584,026	7,704,714	7,449,154	7,604,264	7,056,844	7,650,173	7,448,431
Reserved	241,521	223,607	-	-	-	-	-	-	-	-
Unreserved	<u>4,658,964</u>	<u>4,610,498</u>	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 4,900,485</u>	<u>\$ 4,834,105</u>	<u>\$ 6,636,658</u>	<u>\$ 10,014,262</u>	<u>\$ 9,938,817</u>	<u>\$ 9,846,929</u>	<u>\$ 10,056,319</u>	<u>\$ 9,463,174</u>	<u>\$ 9,084,324</u>	<u>\$ 8,835,667</u>
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ 1,049	\$ 1,097	\$ 864	\$ 921	\$ 1,028	\$ 1,240	\$ 1,240	\$ 1,588
Restricted	-	-	6,869,182	3,150,862	757,583	1,315,273	1,216,879	9,003,452	1,782,120	1,389,874
Committed	-	-	2,699,470	1,708,872	1,390,809	623,657	643,148	732,851	543,442	477,718
Reserved	274,972	36,225	-	-	-	-	-	-	-	-
Assigned	-	-	-	2,888,400	3,579,303	3,185,852	2,244,690	3,182,118	3,114,346	5,577,722
Unreserved reported in:										
Special revenue funds	3,204,956	3,426,679	-	-	-	-	-	-	-	-
Capital project funds	<u>11,060,360</u>	<u>5,604,888</u>	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 14,540,288</u>	<u>\$ 9,067,792</u>	<u>\$ 9,569,701</u>	<u>\$ 7,749,231</u>	<u>\$ 5,728,559</u>	<u>\$ 5,125,703</u>	<u>\$ 4,105,745</u>	<u>\$ 12,919,661</u>	<u>\$ 5,441,148</u>	<u>\$ 7,446,902</u>

In 2011, the City implemented GASB Statement 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)

	2009	2010
Revenues:		
Taxes	\$12,349,694	\$12,464,717
Intergovernmental	1,198,401	1,232,019
Licenses and permits	413,294	441,168
Charges for services	4,466,317	4,665,931
Fines and forfeitures	959,292	992,645
Recreation fees	437,850	473,123
Interest earnings	125,115	126,307
Other	80,625	119,116
Total revenues	20,030,588	20,515,026
Expenditures:		
Urban management and planning	3,314,992	3,338,416
Public works	4,540,778	5,010,474
Public safety	5,610,354	5,386,918
Municipal justice	389,608	393,875
Leisure and recreation	556,029	520,703
Capital outlay	5,218,463	9,443,862
Debt service:		
Principal	1,060,000	1,790,000
Interest and other charges	66,220	169,654
Bond issuance costs	-	-
Total expenditures	20,756,444	26,053,902
Excess of revenues over (under) expenditures	(725,856)	(5,538,876)
Other financing sources (uses):		
Transfer in	4,971,475	5,570,381
Transfer out	(4,971,475)	(5,570,381)
Bond premium	136,329	-
Sale of bonds	10,085,000	-
Proceeds from sale of general capital assets	-	-
Total other financing sources (uses)	10,221,329	-
Net change in fund balances	\$9,495,473	(\$5,538,876)
Debt service as a percentage of noncapital expenditures	6.82%	10.78%

(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

2011	2012	2013	2014	2015 ⁽¹⁾	2016	2017	2018
\$13,857,373	\$14,273,666	\$14,398,342	\$15,299,667	\$12,363,339	\$12,860,420	\$13,311,349	\$14,451,104
2,187,709	1,845,599	1,573,842	1,666,363	3,949,255	5,020,889	5,297,606	5,991,483
468,647	462,139	513,642	519,991	680,469	831,578	748,657	840,706
4,976,771	4,974,070	4,693,746	4,569,935	4,570,600	4,603,404	4,732,874	4,971,602
1,154,857	1,075,209	1,239,844	1,195,088	905,453	911,058	899,054	1,043,189
457,726	482,082	432,664	424,345	426,651	433,456	429,928	420,198
59,316	10,973	(25,845)	23,219	95,390	66,146	144,839	256,271
173,311	223,350	146,790	166,428	181,607	118,182	116,353	178,533
23,335,710	23,347,088	22,973,025	23,865,036	23,172,764	24,845,133	25,680,660	28,153,086
3,743,801	4,000,735	4,739,654	5,283,311	4,621,796	8,346,423	13,145,928	7,083,050
5,102,754	4,906,355	5,125,576	5,283,208	5,492,747	5,366,346	5,093,376	5,114,266
5,448,152	5,583,686	5,413,123	5,591,436	5,544,123	5,610,246	5,822,294	6,466,404
391,753	399,844	410,721	403,023	403,441	426,559	437,834	468,830
531,525	526,896	483,523	496,462	531,771	457,295	534,216	605,360
6,793,162	5,021,011	6,933,360	5,572,037	6,671,194	9,920,157	6,995,002	6,605,399
2,130,000	1,810,000	1,835,000	1,870,000	725,000	730,000	1,170,000	1,175,000
275,459	190,486	164,385	129,003	92,750	168,442	432,973	425,163
-	-	-	-	-	348,512	-43,675	0
24,416,606	22,439,013	25,105,342	24,628,480	24,082,822	31,373,980	33,587,948	27,943,472
(1,080,896)	908,075	(2,132,317)	(763,444)	(910,058)	(6,528,847)	(7,907,288)	209,614
2,921,149	3,784,649	4,744,041	4,780,186	5,521,533	6,432,951	6,996,501	8,787,277
(3,299,379)	(3,784,649)	(4,744,041)	(4,780,186)	(5,521,533)	(6,432,951)	(6,996,501)	(8,787,277)
-	-	-	-	-	304,768	-	-
4,555,000	-	-	-	-	14,400,000	-	-
-	29,683	36,200	68,700	99,490	44,850	49,925	28,470
4,176,770	29,683	36,200	68,700	99,490	14,749,618	49,925	28,470
\$3,095,874	\$937,758	(\$2,096,117)	(\$694,744)	(\$810,568)	\$8,220,771	(\$7,857,363)	\$238,084
12.09%	10.39%	9.85%	8.80%	4.64%	4.15%	6.26%	7.44%

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

December 31, 2018

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
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
2016	6,018,580	2,446,696	1,593,331	1,890,761	623,346	325,845	162,923	1,991,903	685,803	15,739,188
2017	6,416,501	2,471,681	1,597,994	2,184,257	673,705	337,503	231,898	1,961,828	707,915	16,583,283
2018	7,156,558	2,579,258	1,671,494	2,409,481	718,067	355,538	266,639	2,119,628	732,924	18,009,587

Source: City of Prairie Village, Kansas Basic Financial Statements

CITY OF PRAIRIE VILLAGE, KANSAS

LOCAL SALES TAX COLLECTIONS
LAST TEN YEARS

December 31, 2018

<u>Category</u>	<u>Local Sales Tax Collected</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Gas Station	\$ 10,932	\$ 20,727	\$ 19,393	\$ 8,862	\$ 4,673	\$ 6,025	\$ 9,904	\$ 7,344	\$ 13,870	\$ 12,354
Grocery Store	565,778	553,777	557,984	550,431	579,481	641,434	666,798	688,526	686,238	681,953
Home Occupation	11,147	12,515	11,138	21,640	-	-	-	-	-	-
Restaurant	203,252	225,575	279,777	302,587	307,726	331,021	364,811	382,643	357,940	336,600
Retail	755,276	709,671	694,473	761,662	815,508	843,497	873,401	913,356	1,013,840	1,118,613
Utility	<u>407,539</u>	<u>501,464</u>	<u>495,168</u>	<u>483,339</u>	<u>490,445</u>	<u>512,936</u>	<u>503,820</u>	<u>454,827</u>	<u>399,793</u>	<u>429,738</u>
Total	<u>\$ 1,953,924</u>	<u>\$ 2,023,729</u>	<u>\$ 2,057,933</u>	<u>\$ 2,128,521</u>	<u>\$ 2,197,833</u>	<u>\$ 2,334,913</u>	<u>\$ 2,418,734</u>	<u>\$ 2,446,696</u>	<u>\$ 2,471,681</u>	<u>\$ 2,579,258</u>

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, 2016

Category	Taxable Sales									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gas Station	\$ 1,093,200	\$ 2,072,700	\$ 1,939,300	\$ 886,200	\$ 467,301	\$ 602,500	\$ 990,400	\$ 734,387	\$ 1,387,005	\$ 1,235,383
Grocery Store	56,577,800	55,377,700	55,798,400	55,043,100	57,948,062	64,143,400	66,679,800	68,852,606	68,623,824	68,195,304
Home Occupation	1,114,700	1,251,500	1,113,800	2,164,000	-	-	-	-	-	-
Restaurant	20,325,200	22,557,500	27,977,700	30,258,700	30,772,622	33,102,100	36,481,100	38,264,263	35,793,987	33,659,966
Retail	75,527,604	70,967,100	69,447,300	76,166,200	81,550,844	84,349,700	87,340,100	91,335,573	101,384,000	111,861,342
Utility	40,753,900	50,146,400	49,516,800	48,333,900	49,044,497	51,293,600	50,382,000	45,482,726	39,979,301	42,973,805
Total	<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>	<u>\$ 244,669,555</u>	<u>\$ 247,168,117</u>	<u>\$ 257,925,800</u>

CITY OF PRAIRIE VILLAGE, KANSAS

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

December 31, 2018

Fiscal year	Real Property (1)	
	Assessed Value	Estimated Value
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
2016	319,573,168	2,414,256,750
2017	359,573,532	2,557,425,060
2018	395,620,475	2,896,375,634

(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%.

Personal Property (2)		Total Assessed Value	Estimated Actual Value	Ratio of Assessed Value to Estimated Actual Value	Motor Vehicles Assessed Value	Recreational Vehicles Assessed Value	Total Direct Tax Rate
Assessed Value	Estimated Value						
\$ 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
5,585,204	17,296,960	325,158,372	2,431,553,710	13.37%	34,568,257	55,983	19.471
5,768,976	17,835,450	365,342,508	2,575,260,510	14.19%	35,619,831	63,202	19.311
5,873,786	18,141,632	401,494,261	2,914,517,266	13.78%	36,872,192	67,717	19.314

CITY OF PRAIRIE VILLAGE, KANSAS

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

December 31, 2018

Year Ended			Debt	Total		School	Johnson	Consolidated	Unified	Johnson	Johnson
December 31,	State	General	Service	City	County	District	Community	Fire	Waste	County	County
							College	District	Water	Library	Parks and
											Recreation
2009	\$1.5	\$17.277	\$0.902	\$18.179	\$17.716	\$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
2016	1.5	19.471	0.000	19.471	19.5900	54.9400	9.473	11.769	-	3.915	3.102
2017	1.5	19.311	0.000	19.311	19.3180	53.6630	9.503	11.760	-	3.921	3.112
2018	1.5	19.314	0.000	19.314	19.0240	52.4270	9.266	11.750	-	3.901	3.088

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, 2018 and Ten Years Ago

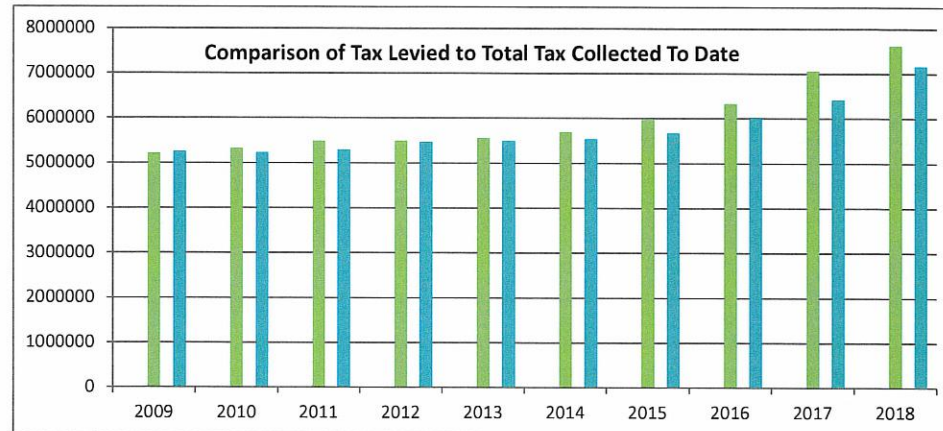
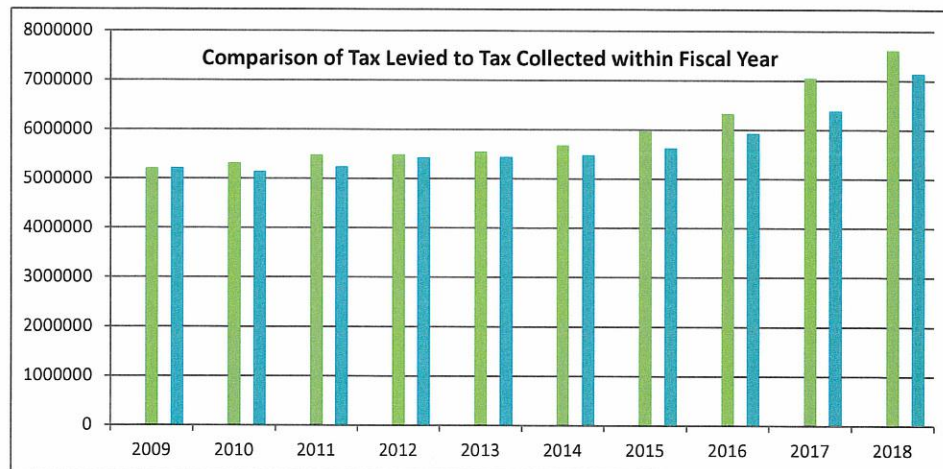
Taxpayer	Type of Business	2018	% of Total		2008	% of Total	
		Assessed Valuation	Rank	Assessed Valuation	Assessed Valuation	Rank	Assessed Valuation
Highwood Realty Limited	Real Estate	\$ -			\$14,672,301	1	5.02%
GRI Prairie Village LLC	Real Estate	10,066,002	1	2.51%			
GRI Corinth North LLC	Real Estate	7,824,250	2	1.95%			
State Line OPCO LLC	Retail	4,754,000	3	1.18%	4,113,650	3	1.41%
Prairie Property Kenilworth LLC	Real Estate	3,753,255	4	0.93%			
Kansas City Power & Light	Utility				2,850,148	4	0.97%
KC-MF-282- Meadowbrook Inc	Real Estate	2,655,257	5	0.66%			
Mission Chateau Property Inc	Adult Living Facility	2,591,983	6	0.65%			
TVO Kenilworth LLC	Real Estate				2,166,945	5	0.74%
CNL Retirement	Adult Living Facility				1,717,357	6	0.59%
Prairie Property Paddock LLC	Real Estate	1,383,910	7	0.34%			
HCP MA4 Kansas City KS, LP	Real Estate	1,350,543	8	0.34%			
Kansas Gas Service	Utility				1,276,702	7	0.44%
PV Legacy Investors LLC	Commercial	1,248,251	9	0.31%			
Meadowbrook Center, LLC	Real Estate				1,173,200	8	0.40%
Tower Properties Company	Real Estate	1,117,750	10	0.28%	4,310,275	2	1.47%
Prairie Village Office Center	Real Estate				1,057,350	9	0.36%
Melody W Sutherland	Real Estate				967,250	10	0.33%
Total		<u>\$ 36,745,201</u>		<u>9.15%</u>	<u>\$34,305,178</u>		<u>11.73%</u>

Source: Johnson County Clerks Office

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

December 31, 2018

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
2009	\$5,217,507	\$5,229,025	100.22%	\$36,973	\$5,265,998	100.9%
2010	5,324,557	5,149,721	96.72%	82,606	5,232,327	98.3%
2011	5,492,575	5,244,806	95.49%	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%
2016	6,331,169	5,931,772	93.69%	86,808	6,018,580	95.1%
2017	7,055,343	6,383,508	90.48%	32,993	6,416,501	90.9%
2018	7,614,743	7,134,210	93.69%	22,349	7,156,559	94.0%



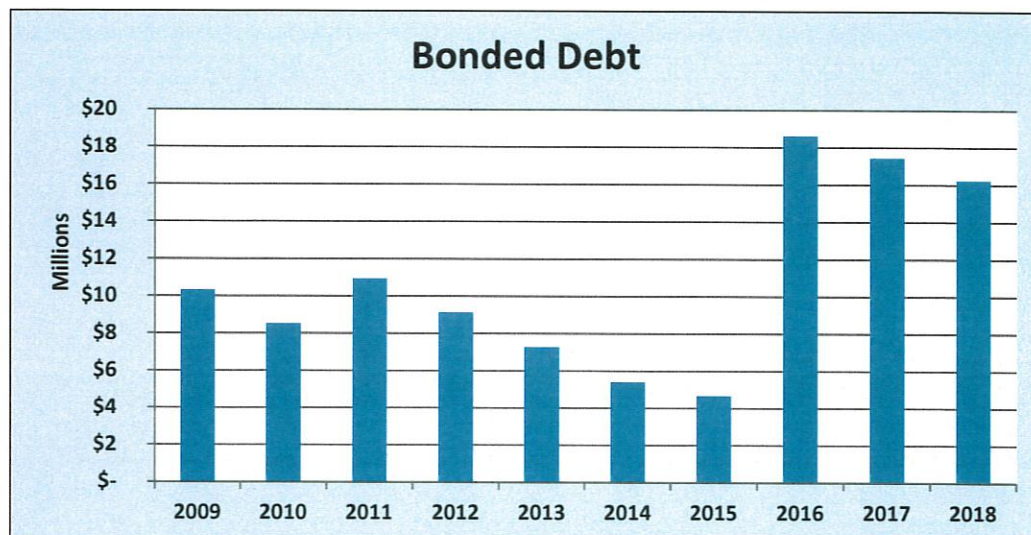
CITY OF PRAIRIE VILLAGE, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

December 31, 2018

Fiscal Year	General Obligation Bonds	Total	City Population	Personal Income	Debt per Capita	Percentage of Personal Income
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%
2016	18,629,312	18,629,312	21,877	1,041,760,863	852	1.79%
2017	17,434,325	17,434,325	21,805	1,072,893,220	800	1.62%
2018	16,234,338	16,234,338	22,368	1,116,096,096	726	1.45%

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, 2018

Year Ended			Gross	Less Debt	Net	Ratio of		Ratio of
December 31,	Population	Assessed	Bonded	Service	Bonded	Net Bonded	Net Bonded	Net Bonded
		Value	debt	Fund	Debt	Debt to	Debt Per	Debt to
						Assessed	Capita	Actual
						Value		Value
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%
2016	21,877	325,158,372	18,629,312	105,728	18,523,584	5.70%	846.71	0.76%
2017	21,805	365,342,508	17,434,325	72,058	17,362,267	4.75%	796.25	0.67%
2018	22,368	401,494,261	16,234,338	51,538	16,182,800	4.03%	723.48	0.56%

CITY OF PRAIRIE VILLAGE, KANSAS

DIRECT AND OVERLAPPING DEBT

December 31, 2018

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>\$16,234,338</u>	100.00%	<u>\$16,234,338</u>
Overlapping debt:			
Johnson County	308,457,300	3.80%	11,721,377
Johnson County Parks and Recreation	825,000	3.80%	31,350
Johnson County Community College	58,850,000	3.80%	2,236,300
Shawnee Mission School (U.S.D. 512)	329,390,000	10.38%	34,190,682
Fire District #2	<u>6,485,000</u>	41.27%	<u>2,676,360</u>
Total overlapping debt	<u>704,007,300</u>		<u>50,856,069</u>
Total direct and overlapping debt	<u>\$720,241,638</u>		<u>\$67,090,407</u>
Direct and overlapping debt per capita	2,999.39		
Direct and overlapping debt as a percentage of assessed value	16.71%		
Direct and overlapping debt as a percentage of actual value	2.30%		

(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

	2009	2010	2011
Total assessed valuation of taxable property	\$287,052,268	\$280,255,557	\$281,618,238
Debt limit percent of assessed value	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>
Debt limit	86,115,680	84,076,667	84,485,471
Total net debt applicable to limit	<u>10,366,329</u>	<u>8,562,696</u>	<u>10,974,064</u>
Legal debt limit	<u><u>75,749,351</u></u>	<u><u>75,513,971</u></u>	<u><u>73,511,407</u></u>
Total net debt applicable to the limit as percentage of debt limit	12.04%	10.18%	12.99%

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.

2012	2013	2014	2015	2016	2017	2018
\$282,359,048	\$285,138,926	\$291,970,272	\$306,227,118	\$325,158,372	\$365,342,508	\$401,494,261
<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>
84,707,714	85,541,678	87,591,082	91,868,135	97,547,512	109,602,752	120,448,278
<u>9,150,430</u>	<u>7,301,797</u>	<u>5,418,165</u>	<u>4,679,531</u>	<u>18,629,312</u>	<u>17,434,325</u>	<u>16,234,338</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>	<u><u>78,918,200</u></u>	<u><u>92,168,427</u></u>	<u><u>104,213,940</u></u>
10.80%	8.54%	6.19%	5.09%	19.10%	15.91%	13.48%

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

December 31, 2018

Fiscal Year	Population	School Enrollment	Unemployment (1) Rate	Per Capita Personal Income	Personal Income
2009	21,479	5,833	4.8%	\$ 34,667	\$ 744,612,493
2010	21,447	5,652	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	4.5%	49,067	1,068,139,523
2014	21,892	5,573	3.3%	46,150	1,010,315,800
2015	21,877	5,644	3.4%	47,274	1,034,213,298
2016	21,877	5,657	3.3%	47,619	1,041,760,863
2017	21,805	5,806	2.9%	49,204	1,072,893,220
2018	22,368	5,718	3.1%	49,897	1,116,096,096

(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, 2018 and Ten Years Ago

<u>Employer</u>	<u>December 31, 2018</u>			<u>December 31, 2008</u>		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
USD #512	627	1	2.80%	550	1	2.57%
Hy-Vee	196	2	0.88%	196	2	0.91%
Hen House #22	178	3	0.80%	Not Available		
Claridge Court	141	4	0.63%	120	3	0.56%
City of Prairie Village	130	5	0.58%	103	5	0.48%
Brighton Gardens	110	6	0.49%	110	4	0.51%
Better Homes & Garden Real Estate	100	7	0.45%	Not Available		
Country Club Bank				80	7	0.37%
Nation's Holding Company				70	8	0.33%
Bijin Salon & Day Spa	98	8	0.44%	70	9	0.33%
WireCo WorldGroup Inc	95	9	0.42%	Not Available		
Macy's	84	10	0.38%	88	6	0.41%
O'Neil's Restaurant and Bar				50	10	0.23%
Total	<u>1,759</u>		<u>7.86%</u>	<u>1,437</u>		<u>6.71%</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government										
City Governance *	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.35	2.4	2.4
Administrative Services *	13.10	12.10	12.10	11.60	11.60	11.6	11.7	11.7	11.7	12.7
Municipal Court *	5.25	5.25	5.25	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	28.0	28.0	28.0	29.0
Police	60.0	60.0	60.0	63.0	63.0	63.0	63.0	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>20.8</u>	<u>20.8</u>
Total	129.6	128.6	128.6	131.1	131.1	131.1	132.0	130.95	130.0	132.0

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Public Safety/Municipal Justice										
911 Calls Received	6,683	7,809	7,610	7,698	7,599	7,602	7,414	7,720	7,569	7,806
DUI Arrests	117	138	201	221	203	290	221	249	292	236
Traffic/Parking Complaints	8,520	8,049	8,587	10,201	9,498	9,475	7,971	7,643	8,426	7,099
Accidents	467	488	549	496	405	455	523	539	531	444
Investigations Cases	291	347	356	395	365	333	386	437	560	414
Total Court Cases Processed	10,702	10,347	9,347	11,014	12,707	15,419	12,677	13,279	12,597	11,687
Public Works										
Curb Miles Swept	1,664	1,911	1,609	2,272	2,950	3,229	3,101	1,970	1,933	2,106
Number of Catch Basins Cleaned	1,392	2,179	1,209	2,126	3,255	2,131	1,713	1,818	1,557	1,923
Number of Potholes Patched	864	562	2,154	2,154	1,336	2,392	1,244	3,951	7,986	2,124
Streets Slurry Sealed (Square Yards)	84,275	95,200	84,800	83,193	92,866	84,094	72,332	69,650	63,513	68,725
Streets Milled and Overlaid (Linear Feet)	13,358	40,762	35,055	34,520	21,648	8,500	14,450	26,500	17,451	12,350
Sidewalk Replaced (Square Yards)	7,914	11,307	19,800	12,027	9,396	9,301	7,806	12,583	10,966	5,713
Curb and Gutter Replaced (Linear Feet)	28,167	46,347	52,500	68,641	27,696	27,722	32,121	49,797	52,925	36,016
Acres of Lawn Mowed	911	1,255	1,112	1,145	1,219	1,203	1,187	1,230	1,231	1,160
Urban Management and Planning										
Building Permits Processed	1,650	1,778	1,635	1,613	1,315	1,390	1,313	1,157	1,138	973
Building Inspections Performed	4,085	3,981	3,706	3,234	2,931	3,602	2,622	2,477	2,371	2,041
Plan Reviews Performed	733	660	650	560	284	297	272	241	260	235
Leisure and Recreation										
Facility Reservations Processed	924	956	528	1,055	1,021	866	755	855	675	724
Facility Reservation Revenue	42,729	42,592	41,230	47,557	40,747	41,264	41,025	39,983	32,536	35,578
Pool Memberships Sold	3,914	3,959	3,836	3,956	4,108	3,706	4,163	4,119	4,583	4,018
Pool Revenue	363,241	376,189	375,869	348,890	335,478	338,941	397,568	384,098	396,373	365,902
Tennis Lessons Taught	79	63	109	105	107	132	136	140	258	192
Junior Tennis League Memberships Sold	37	37	72	55	70	70	72	64	67	68
Tennis Program Revenue	8,209	7,388	14,657	14,247	13,019	12,209	13,563	12,049	13,514	14,293

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police										
Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works										
Miles of streets	115.0	116.6	114.6	114.4	114.4	114.4	114.4	114.4	114.4	114.4
Streetlights	2,093	2,106	2,106	2,091	2,091	2,091	2,091	2,091	2,165	2,165
Parks & Recreation										
Parks	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Park acreage	64.6	64.6	61.6	61.6	61.6	61.6	61.6	61.6	64.0	64.0
Pools	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Golf courses (private)	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0

Source: City of Prairie Village Budget Document.