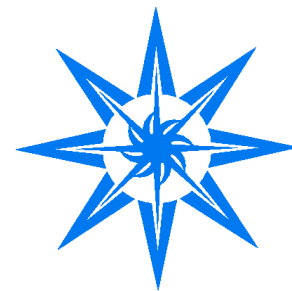




The City of Prairie Village, Kansas

*Popular Annual Financial Report
For the Year Ended December 31, 2018*



The Star of Kansas



Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

**City of Prairie Village
Kansas**

For its Annual
Financial Report
for the Fiscal Year Ended

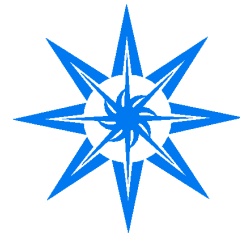
December 31, 2017

Christopher P. Morill

Executive Director/CEO

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2018 Citizen's Report

Dear Citizens of Prairie Village,



We are pleased to present to you the City of Prairie Village's seventh Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2018. The Citizen's Report is a condensed version of the 2018 Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of 125 pages of detailed financial statements, notes, schedules and statistical information. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by the CPA firm, Berberich Trahan & Co., receiving an unmodified opinion. An unmodified opinion is given when an auditor can state that the financial statements are accurately and fairly presented.



This report provides an analysis of the financial position of the City, where the revenues derive to operate the City, where those same dollars are spent, and how the local economy impacts Prairie Village's overall financial status. Our goal is to better communicate the results of the financial operations of the City in a reader friendly financial publication.

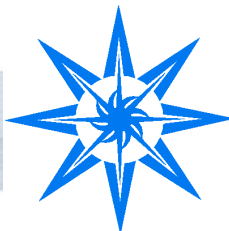
As you review the report, we invite you to share any questions, statements, or comments you may have. You may contact the Finance Department at 913.385.4661. The fully disclosed audited CAFR and summarized PAFR may be found online at www.pvkansas.com.



Respectfully,

A handwritten signature in black ink that reads "Lisa Santa Maria".

Lisa Santa Maria
Finance Director



2018 Prairie Village Governing Body

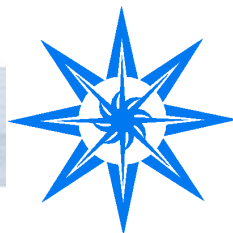


Front row: Mayor Laura Wassmer

Front row (left to right): Ron Nelson, Brooke Morehead, Serena Schermoly, Terrence Gallagher, and Jori Nelson

Back row (left to right): Courtney McFadden, Tucker Poling, Chad Herring, Andrew Wang, Dan Runion, Sheila Myers and Ted Odell

Laura Wassmer	Mayor	mayor@pvkansas.com
Chad Herring	Ward 1	cherring@pvkansas.com
Jori Nelson	Ward 1	jnelson@pvkansas.com
Ron Nelson	Ward 2	rnelson@pvkansas.com
Serena Schermoly	Ward 2	sschemoly@pvkansas.com
Tucker Poling	Ward 3	tpoling@pvkansas.com
Andrew Wang	Ward 3	awang@pvkansas.com
Sheila Myers	Ward 4	smyers@pvkansas.com
Brooke Morehead	Ward 4	bmorehead@pvkansas.com
Courtney McFadden	Ward 5	cmcfadden@pvkansas.com
Dan Runion	Ward 5	drunion@pvkansas.com
Terrence Gallagher	Ward 6	tgallagher@pvkansas.com
Ted Odell	Ward 6	todell@pvkansas.com



The City as a Whole

Statement of Net Position

The Statement of Net Position looks at the City as a whole and is a useful indicator of the City's financial position. The table below provides a summary of the City's financial position over time. The full disclosed Statement of Net Position can be located in our 2018 CAFR at www.pvkansas.com.

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

The largest portion of the City's assets (61%) reflects investments in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), less related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Definitions:

Capital Assets. Land, improvements to land, easements, buildings, improvements to buildings, vehicles, machinery, and any other assets that are used in operations with an initial useful life extending beyond one reporting period.



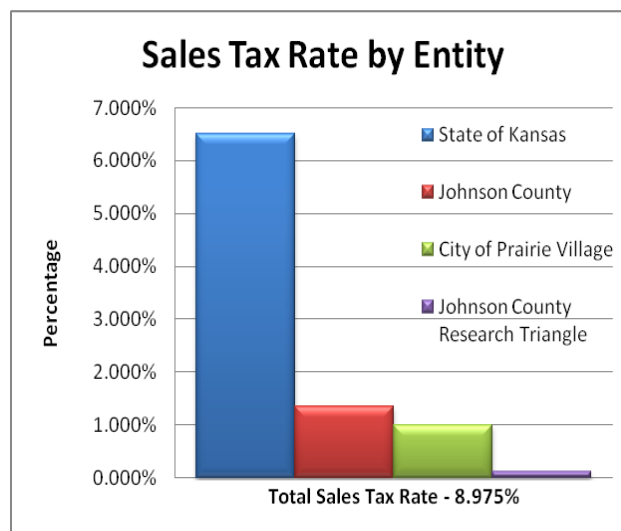
Net investment in capital assets. A measure of the level of investment in capital, found by subtracting non-cash depreciation from capital expenditures. This measure helps to give a sense of how much money is being spent on capital items (such as property, buildings and equipment), which are used for operations.

Net Position unrestricted = \$7.6 million

The City has \$7.6 million in available funds to pay for emergencies, shortfalls or other unexpected needs for the fiscal year ending December 31, 2018. The City's unrestricted net position increased from \$6,243,697 in 2017 to \$7,606,664 in 2018 chiefly because of a change in the net pension obligation, and the unrestricted Capital Improvements fund balance.

The City's combined net position also increased by \$5,463,246 from 2017 to 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 mainly a result of an increased investment in 2018 capital assets.

Prairie Village's Sales Tax 8.975%



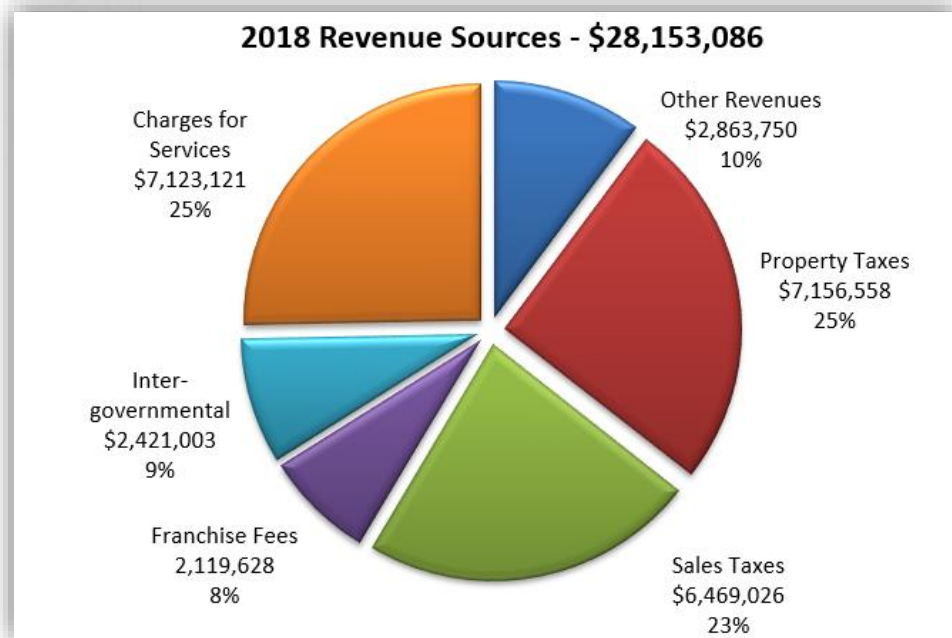
The City levies an additional 1 percent sales tax on taxable sales made at Prairie Village Shops and Corinth Shops for the Community Improvements Districts (CIDs).



City Services

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. The chart below is derived from the Statement of Activities on page 15 of the CAFR.

Where does the money come from?

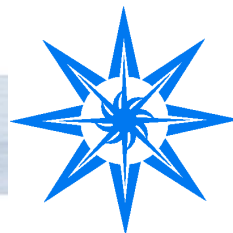


Definitions:

Taxes. Tax revenue includes property, motor vehicle, local sales and use, and franchise fees. There is an additional 1.00% sales tax applied to purchases made within one of the two Community Improvement Districts (CID).

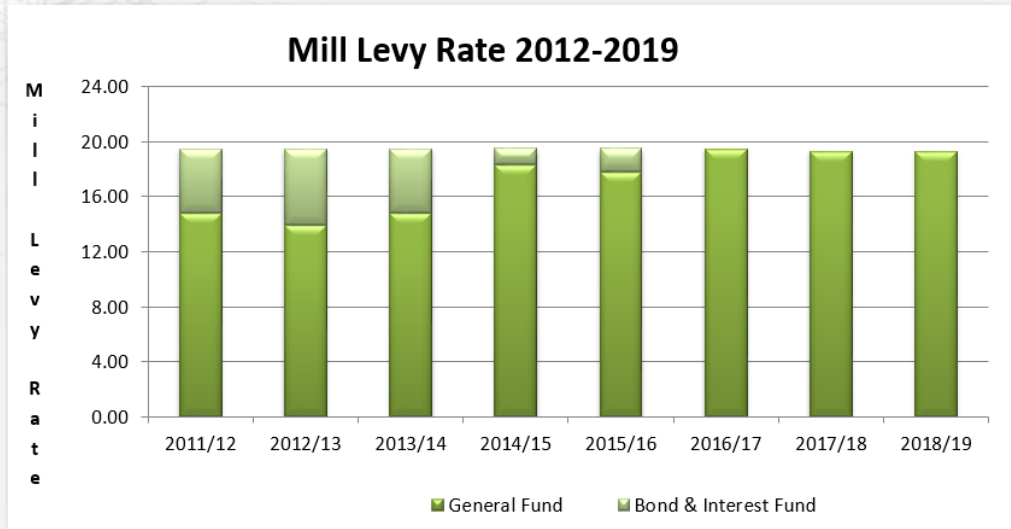
Fees, Fines and Charges for Services. This source includes revenue which is a charge for contract services and special assessments to recipients of certain services. The three largest sources of this revenue type are the police services contract with Mission Hills, special assessments for solid waste collection and the Stormwater Utility fee.

Intergovernmental. Included in this revenue source are liquor tax, County sales and use, Public Safety sales and use and Special Highway funds.



Prairie Village's Property Tax

Property Taxes. Taxes due on real estate and personal property. It is computed by applying the City's mill rate to the County's assessed valuation.



Residents Receive City Services

In 2018, the average market value of a Prairie Village Home was \$303,463. In 2019, on average, a homeowner will pay \$56.00 each month for City services. The checkbook below illustrates how this amount is divided among various City programs.

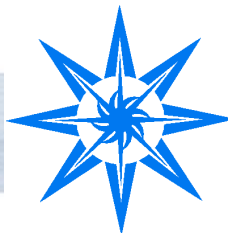
Program	Monthly Cost
Public Safety	\$22.40
Public Works	\$16.80
Community Development	\$ 8.40
Administration	\$ 5.04
Parks & Recreation	\$ 1.68
Municipal Court	\$ 1.68

Average Homeowner City of Prairie Village	7555
DATE: <u>May 15, 2019</u>	
PAY TO: <u>City of Prairie Village</u>	\$ 56.00
<u>Fifty six and 00/100***** DOLLARS</u>	
MEMO <u>Monthly property tax for City services</u>	<u>TAXPAYER</u>

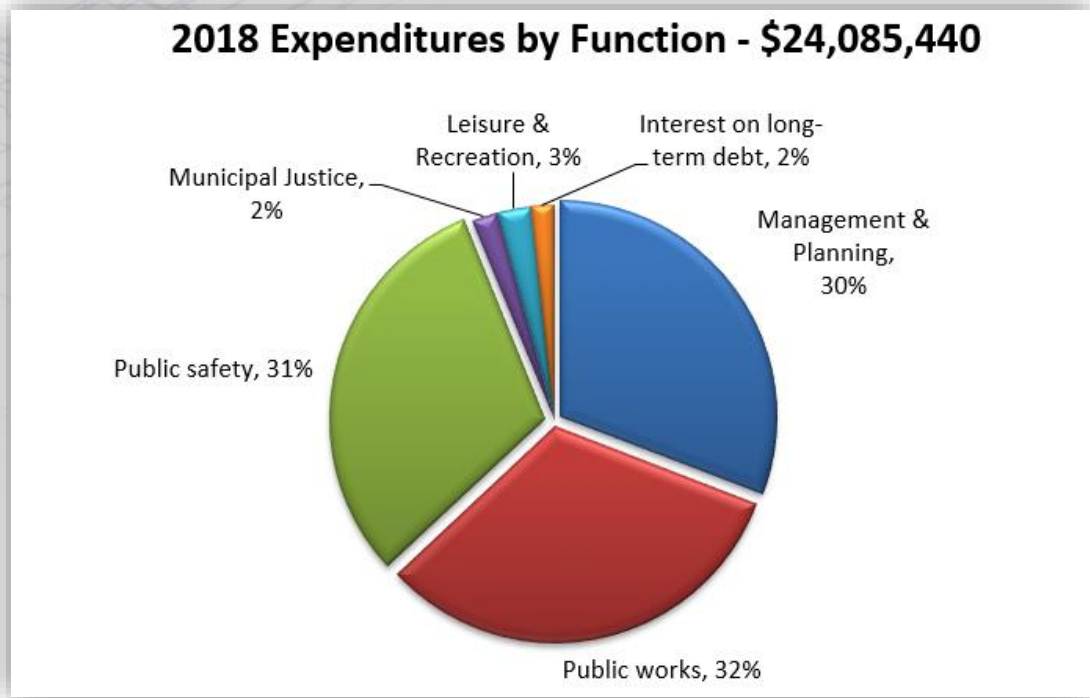
Your Property Taxes also include Special Assessments or Fees for Trash and Recycling Services and Stormwater System maintenance.

Trash Fee: \$192.00 per year or \$16.00 per month

Stormwater Fee: \$0.04/sq ft of impervious area



Where does the money go?



The chart above is derived from the Statement of Activities on page 15 of the CAFR.

Definitions:

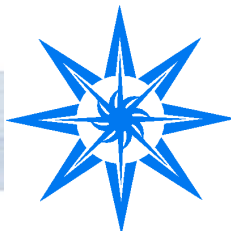
Management & Planning. Provides overall management of City operations, coordination of City planning and implementation of Council direction and policy.

Public Works. Includes costs associated with maintaining our roads and infrastructure.

Public Safety. Provides public safety services which include:

- Crime Prevention
- Patrol
- Investigations
- D.A.R.E
- Traffic

Leisure & Recreation. Includes costs associated with park development, recreational opportunities and community programs to accomplish the long term goal to maintain the highest quality of life in the City.



Strategic Use of Debt

The City continues to maintain a favorable Aaa bond rating from Moody's while having one of the lowest tax bases in Johnson County. The City had \$15,950,000 in bonded debt as of December 31, 2018.

	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>

Why rely on debt at all?

Bond debt can be compared to a home mortgage that is repaid over time, while operations and maintenance expenses are like daily household expenditures that are paid immediately, such as groceries. GO bonds give cities a tool to raise funds for capital improvement projects that are otherwise not funded by City revenue, such as roads, bridges, bikeways and urban trails and parks. GO bonds are typically used to fund capital improvement projects that will serve the community.

The City also chooses to use bonds when projects are so large, it would never be feasible to save up enough money to pay in cash. The smaller annual debt payments are manageable.

It's also about fairness. If the useful life of a \$1 million building improvement is 20 years, why should today's residents pay 100% of the cost of 1/20th of its use?



Demographic and Economic Data

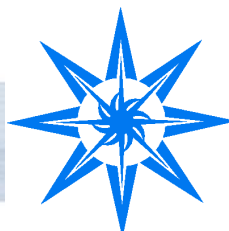
- Originally home to Shawnee, Osage and Kansas Indians
- Vision of developer, J.C. Nichols
- City was named the best planned community in America by the National Association of Home Builders in 1949
- Incorporated as a City in 1951
- Mayor-Council form of government, with an appointed City Administrator
- Governing body is comprised of a Mayor, elected at-large, and twelve Councilmembers, two from each of six wards
- All elected officials serve a term of four years with biennial non-partisan elections to allow for staggered terms
- 6.7 square miles, with 22,368 residents
- Low unemployment rate (3.1% in 2018)

Economic Statics Last Ten Years December 31, 2018

Fiscal Year	Population	School Enrollment	Unemployment Rate	Per Capita Personal Income	Personal Income
2009	21,479	5,833	4.8%	34,667	744,612,493
2010	21,447	5,120	6.8%	34,667	743,503,149
2011	21,447	5,730	5.1%	34,667	743,503,149
2012	21,795	5,567	4.5%	48,640	1,060,108,800
2013	21,769	5,593	4.7%	49,067	1,068,139,523
2014	21,892	5,573	3.3%	46,150	1,010,315,800
2015	21,877	5,573	3.4%	47,274	1,034,213,298
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

Principal Employers December 31, 2018

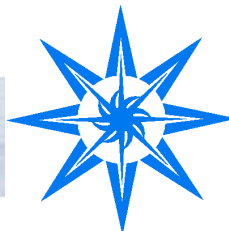
Employer	Number of Employees	Percentage of Total Employment
USD #512	627	2.80%
Hy-Vee	196	0.88%
Hen House #22	178	0.80%
Claridge Court	141	0.63%
City of Prairie Village	130	0.58%
Brighton Gardens	110	0.49%
Better Homes & Garden	100	0.45%
Bijin Salon & Day Spa	98	0.44%
WireCo WorldGroup Inc.	95	0.42%
Macy's	84	0.38%
TOTAL	1,759	7.87%



**Tax Revenues by Governmental Funds by Source
Last Ten Years
December 31, 2018
(in thousands)**

Fiscal Year	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	5,266	1,954	1,511	755	341	185	94	1,699	545	12,350
2010	5,278	2,024	1,412	699	371	225	113	1,792	551	12,465
2011	5,299	2,068	1,619	1,663	397	300	150	1,805	556	13,857
2012	5,469	2,129	1,674	1,734	425	302	151	1,799	591	14,274
2013	5,495	2,198	1,722	1,812	480	307	154	1,594	637	14,399
2014	5,535	2,335	1,595	1,826	496	302	151	2,395	664	15,299
2015	5,669	2,419	1,590	1,874	535	307	153	1,980	682	15,209
2016	6,019	2,447	1,593	1,891	623	326	163	1,992	686	15,740
2017	6,417	2,472	1,598	2,184	674	338	232	1,962	708	16,585
2018	7,157	2,579	1,671	2,409	718	356	267	2,120	733	18,010

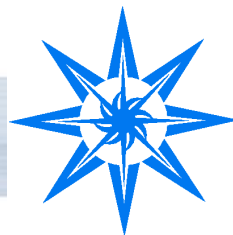
Total tax revenues increased 8.6% from 2017 to 2018. The majority of the increase is from property taxes. Prairie Village's total appraised value increased 10.01%. The average sale price in Prairie Village increased 2.21%, while the mean appraised value rose 10.53%.



Total Government Expenses by Function Last Ten Years December 31, 2018

Fiscal Year	Urban Management and Planning	Public Works	Public Safety	Municipal Justice	Leisure and Recreation	Interest on long-term debt	Total
2009	3,355	8,834	5,453	390	713	88	18,833
2010	3,273	9,768	5,111	370	689	187	19,398
2011	3,896	8,609	5,597	395	700	164	19,361
2012	4,245	8,594	5,870	417	693	185	20,004
2013	4,775	8,958	5,763	427	679	138	20,740
2014	5,610	10,350	5,705	403	1,120	102	23,290
2015	4,882	8,923	5,876	404	556	76	20,717
2016	8,623	8,506	6,390	429	497	599	25,044
2017	12,353	8,121	6,161	439	537	371	27,982
2018	7,426	7,761	7,413	469	623	393	24,085

Urban Planning and Management decreased 40% from 2017 to 2018. The decrease reflects the completion of the Meadowbrook redevelopment district which was new in 2016.



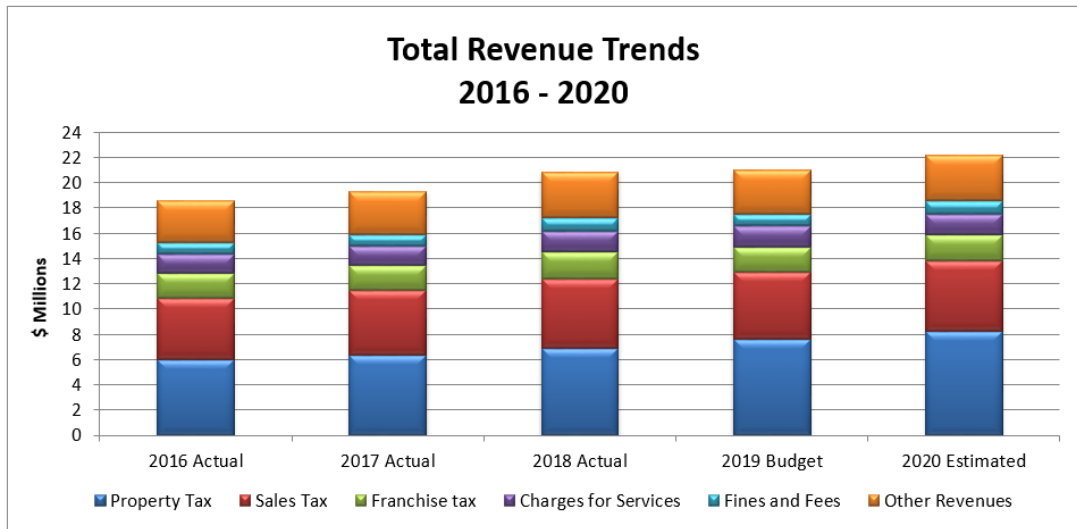
Economic Outlook

Prairie Village's financial outlook for 2019 and beyond anticipates moderate growth, while maintaining one of the lowest tax bases in Johnson County.

The City's financial position for the five-year planning period is projected to remain within the established fiscal parameters, including the General Fund reserves which are budgeted to 26.4% at the end of 2020. This level is in-line with the City's target of 25%. The City also maintained its Aaa bond rating.

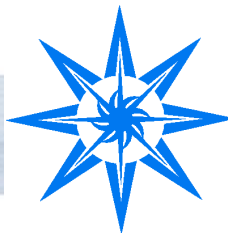
Prairie Village is a highly desirable location to live, work and play in the Kansas City metropolitan area. The area has experienced steady economic growth during the past two decades. In 2016, the City approved the redevelopment of the Meadowbrook Golf and Country Club into a mix of public park, single-family lots, luxury apartments, twin-home units, senior living facility and a boutique hotel. The economic outlook for the City of Prairie Village is very strong for both the long and short term future.

The chart reflects the total General Fund revenue for fiscal years 2016 - 2020. Total revenues received in 2018 were 8.3% greater than what was received in 2017, and were at 103% of budget.



Long Term Financial Planning

The City of Prairie Village prepares a Financial Forecast prior to the development of the budget. The five year model takes into account projected increases and decreases in revenues and expenditures. This information is shared during the budget deliberations. Financial forecasts are key to strategizing, studying different financial outcomes, modeling demographic trends, and anticipating changes in revenue streams



The City of Prairie Village encourages its citizens to be involved in the process of government. Contact information for your city officials is listed on this page. This document, known as the Popular Annual Financial Report (PAFR), is to be used as a quick reference for the citizens of Prairie Village, and to summarize the financials of the City. The information in the PAFR is taken directly from the Comprehensive Annual Financial Report (CAFR), which is a more comprehensive report and is available online at www.pvkansas.com.

City of Prairie Village Department Heads and Appointed Officials

2018 Department Heads

City Administrator	Wes Jordan	wjordan@pvkansas.com	913-385-4621
Deputy City Administrator	Jamie Robichaud	jrobichaud@pvkansas.com	913-385-4601
Assistant City Administrator	Alley Porter	aporter@pvkansas.com	913-385-4635
City Clerk	Joyce Hagen Mundy	jhmundy@pvkansas.com	913-385-4616
Finance Director	Lisa Santa Maria	lsantamaria@pvkansas.com	913-385-4661
Police Chief	Tim Schwartzkopf	tschwartzkopf@pvkansas.com	913-385-4609
Public Works Director	Keith Bredehoeft	kbredehoeft@pvkansas.com	913-385-4642

2018 Appointed Officials

City Attorney	David Waters, Lathrop & Gage
City Treasurer	Fielding Norton, Jr.
Municipal Judge	Karen Torline
Municipal Judge	Michelle Decicco
City Prosecutor	Ashley Repp

The City of Prairie Village, Kansas

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