

PRAIRIE VILLAGE, KS

2021 Popular Annual Financial Report

For the year ended
December 31, 2021





Introduction

We are pleased to present to you the City of Prairie Village's tenth Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2021. The PAFR, or citizen's report, is a condensed version of the 2021 Annual Comprehensive Financial Report, or "Annual Report". The Annual Report is comprised of 128 pages of detailed financial statements, notes, schedules and statistical information. The report was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by the CPA firm, BT&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. Historical financial information may be found at www.pvkansas.com/departments/finance and the fully disclosed Annual Comprehensive Financial Report may be found online at www.pvkansas.com/2021ACFR.



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, 2020

Christopher P. Morrell

Executive Director/CEO

The City of Prairie Village was the recipient of the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) by the Government Finance Officers Association of the United States and Canada for its PAFR for the fiscal year ended December 31, 2020.

The award is a prestigious honor recognizing conformance with the highest standards for preparation of state and local government popular annual financial reports.

The City of Prairie Village

The City of Prairie Village was originally the vision of the late J.C. Nichols. The State of Kansas officially recognized Prairie Village as a City in 1951 with a population of 1,360 and land area of one-half mile.

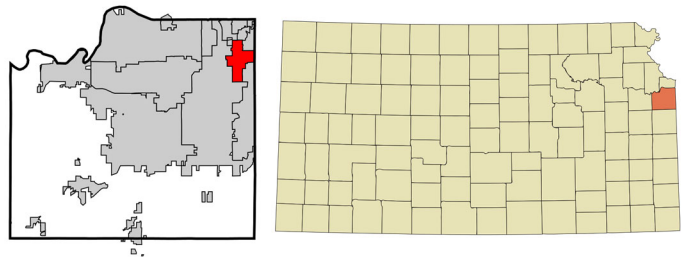
Today, Prairie Village is one of twenty cities in Johnson County and is the sixth largest in population with a residential population of approximately 22,957 within its 6.7 square mile city limits. Prairie Village is completely surrounded by other cities, sharing its eastern border, State Line Road, with Kansas City, Missouri.

Quick Facts about Prairie Village

Population	22,957
Unemployment rate	2.7%
City Operating Budget	\$43 million
Square Miles	6.7
GO Bond Rating	Aaa (Moody's)
Per Capita Income	\$54,192

Top 10 Employers

<i>Employer</i>	<i>No. of Employees</i>
USD #512	631
Hy-Vee	196
Hen House	178
Claridge Court	150
City of Prairie Village	130
Mission Chateau	127
Brighton Gardens	110
Better Homes & Garden Real Estate	100
Bijin Salon & Day Spa	98
WireCo WorldGroup Inc	91



City Leadership

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;



Chad Andrew Herring
Ward I



Jori Nelson



Mayor Eric Mikkelson



Ron Nelson



Inga Selders

Ward II



Bonnie Limbird
Ward III



Tucker Poling
Ward III

2020-2021 Prairie Village City Council



Sheila Myers
Ward IV



Piper Reimer



Courtney McFadden



Dan Runion
Ward V



Ian Graves



Terrence Gallagher
Ward VI



Wes Jordan
City Administrator

Balance Sheet

The Balance Sheet, known as the Statement of Net Position in governmental financial statements, presents information on what the city owns (assets and deferred outflows) and owes (liabilities and deferred inflows), including governmental and business-type activities. The difference, known as net position, is an indicator of the financial condition of the city.

The below chart summarizes the city's financial condition as of December 31, 2021. For the year ended December 31, 2021, total assets and deferred outflows (what we own) exceeded total liabilities and deferred inflows (what we owe), resulting in an overall increase in total net position over 2020. The City's combined net position increased by **\$10,140,008** from 2020 to 2021. The change in net position as a percentage of assets is a good indicator of the government's financial position. The positive ratio of 11.2% is mainly a result of an increase in construction in progress and net investment in capital assets.

Net investment in capital assets increased by \$21,644,759 and unrestricted net position decreased by \$19,689,630 over the prior year mainly due to the refinancing and restructuring of Meadowbrook TIF Special Obligation debt in 2021.

The full disclosed Statement of Net Position can be located in our 2021 Annual Comprehensive Financial Report at www.pvkansas.com/2021ACFR.

	<u>2020</u>	<u>2021</u>
Current and other assets	\$35,997,160	\$36,559,302
Capital assets	110,356,864	119,423,178
Total assets	<u>146,354,024</u>	<u>155,982,480</u>
Total deferred outflows of resources	<u>2,239,704</u>	<u>1,886,294</u>
Long-term liabilities	31,952,780	36,306,681
Current liabilities	2,107,403	1,257,341
Other liabilities	3,551,564	3,835,501
Total liabilities	<u>37,611,747</u>	<u>41,399,523</u>
Total deferred inflows of resources	<u>13,790,774</u>	<u>15,849,827</u>
Net position:		
Net investment in capital assets	85,983,354	107,628,113
Restricted	956,757	2,429,845
Unrestricted	10,251,096	(9,438,534)
Total net position	<u>\$97,191,207</u>	<u>\$100,619,424</u>

Definitions

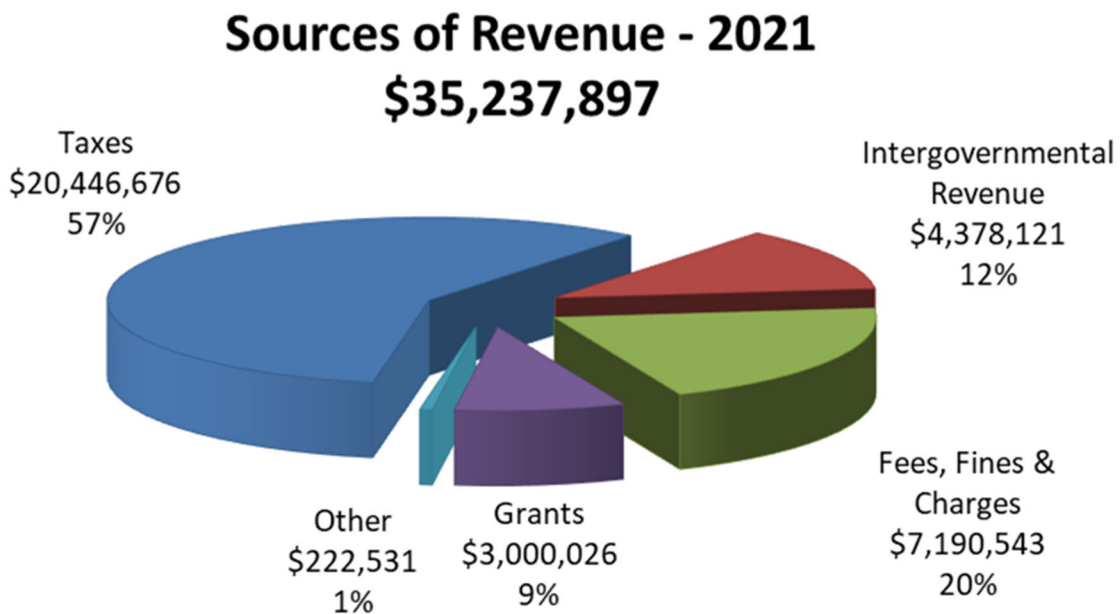
Capital Assets. Land, improvements to land, easements, buildings, improvements to buildings, vehicles, machinery, and any other assets that are used in operations with an initial useful life extending beyond one reporting period.

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.

Revenues: Where the Money Comes From

City government provides a wide range of services including police protection and safety programs; storm drainage and infrastructure; construction and maintenance of streets, summer recreational activities and year-round cultural events; residential waste collection, recycling and composting services; and other general services for residents. The revenue sources to cover these services come from a variety of sources.

The chart below is derived from the Statement of Activities on page 17 of the Annual Report. Additional historical information may be found on page 10 of this report or at www.pvkansas.com/departments/finance.



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).

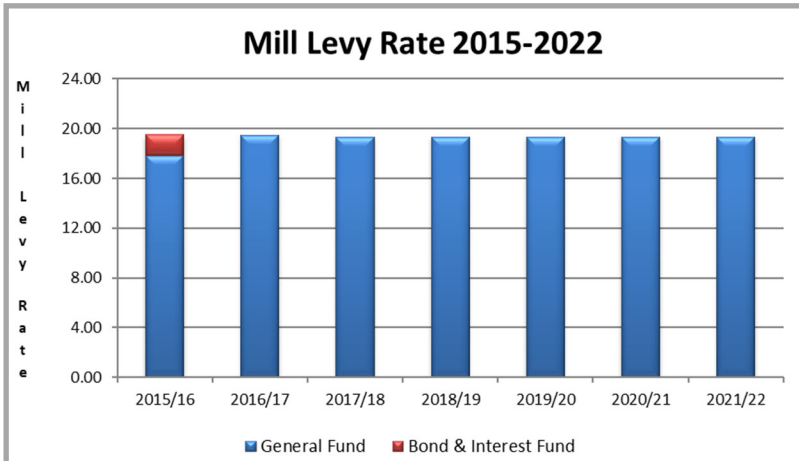
Fees, Fines and Charges for Services. This source includes revenue which is a charge for contract services and special assessments to recipients of certain services. The three largest sources of this revenue type are the police services contract with Mission Hills, special assessments for solid waste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

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.

Revenues - Where the Money Comes From

Below are further details on the City's primary revenue sources.



Prairie Village's **Sales Tax rate** is **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 Improvement Districts (CIDs).

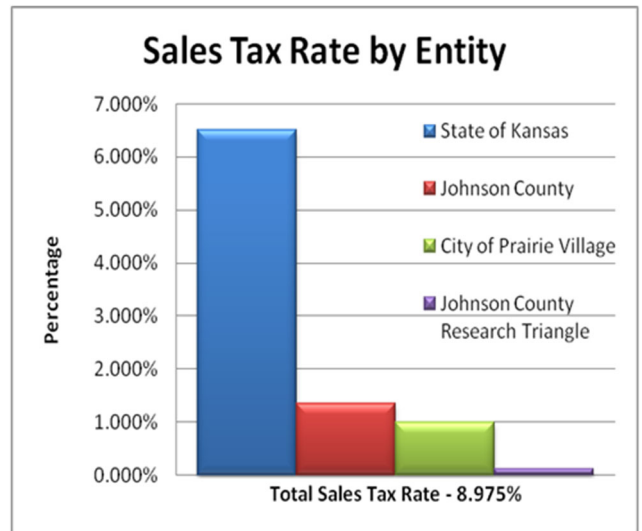
The City's **mill levy rate** in 2021 was **19.322**.

Residents pay City taxes as part of their annual property tax bill.

Prairie Village residents' property taxes also include special assessments, or fees, for trash and recycling services and stormwater system maintenance.

The **2021 Trash Fee: \$218** per year or \$19 per month

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



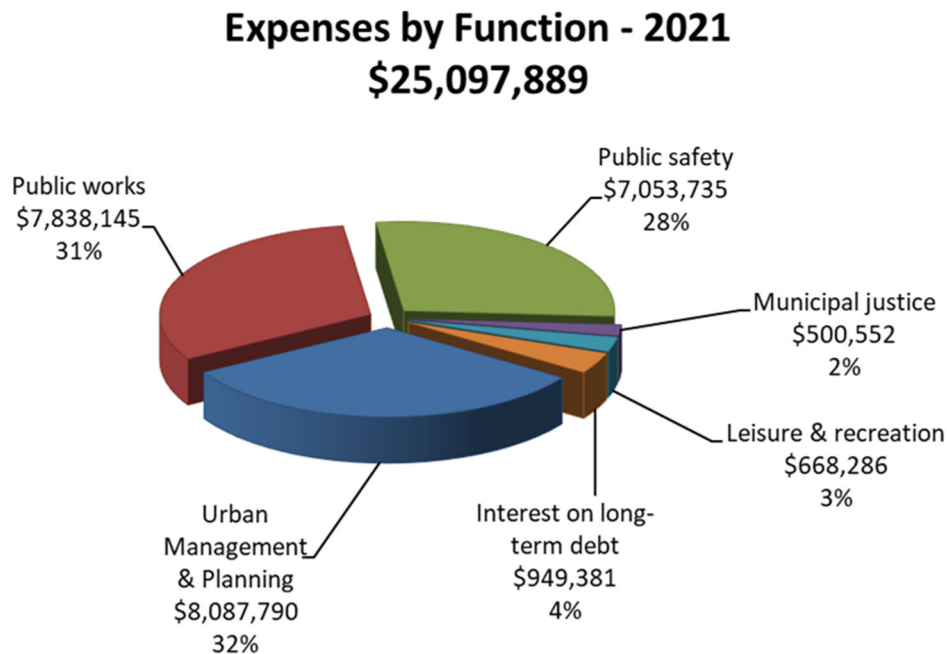
In 2021, the average market value of a Prairie Village Home was \$380,419. In 2022, on average, a homeowner will pay **\$70 each month** for City services. The breakout below illustrates how this amount is divided by various City programs.

Program	Monthly Cost
Public Safety (Police)	\$26.79
Public Works	\$21.34
Community Development	\$10.26
Administration	\$7.16
Parks & Recreation	\$2.49
Municipal Court	\$1.95

Expenditures - Where the Money Goes

The City of Prairie Village 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. Expenses are summarized by category based on the definitions below.

The chart below is derived from the Statement of Activities on page 17 of the Annual Report. Additional historical information may be found on page 10 of this report or at www.pvkansas.com/departments/finance.



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 (Police). 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.

Municipal Justice. Prepares and maintains records, collects fines, schedules court dockets, and prepares required reports of court activities.

Long Term Obligations - What We Owe

The City continues to maintain a favorable Aaa bond rating (the highest rating available) from Moody's while having one of the lowest tax bases in Johnson County. Maintaining a strong credit rating is important because higher grades typically translate into lower interest costs in the repayment of bonds. The City had \$10,830,000 in bonded debt as of December 31, 2021.

Outstanding Bonds General Obligation Bonds		
Governmental Activities		
	2020	2021
General Obligation Bonds:		
Series 2011-A	\$815,000	\$0
Series 2016-A	\$11,200,000	\$0
Series 2016-C	\$1,390,000	\$940,000
Series 2019	\$9,890,000	\$9,890,000
Total	<u>\$23,295,000</u>	<u>\$10,830,000</u>

Definitions

Bonds. A debt obligation, or written promise to pay back an amount plus interest by way of periodic payments within a specified period of time.

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. General Obligation, or 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 for 1/20th of its use?

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.

Economic Outlook

Prairie Village's financial outlook for 2022 and beyond anticipates moderate growth while maintaining one of the lowest tax bases in Johnson County.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be pandemic. While 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 25% at the end of 2021, the City implemented strategies to contain expenditures both in 2020 and 2021.

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.

2021 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	Tim Schwartzkopf	tschwartzkopf@pvkansas.com	913-385-4609
Assistant City Administrator	Meghan Buum	mbuum@pvkansas.com	913-385-4635
City Clerk	Adam Geffert	ageffert@pvkansas.com	913-385-4616
Finance Director	Nicole Lee	nlee@pvkansas.com	913-385-4661
Police Chief	Byron Roberson	broberson@pvkansas.com	913-385-4617
Public Works Director	Keith Bredehoeft	kbredehoeft@pvkansas.com	913-385-4642

2021 Appointed Officials

City Attorney	David Waters, Lathrop & Gage
City Treasurer	Courtney Kramer, Scott McDonald (effective October 2021)
Municipal Judge	Karen Torline
Municipal Judge	Michelle Decicco
City Prosecutor	Ashley Repp

The information in the City of Prairie Village Popular Annual Financial Report is taken from the
City of Prairie Village Annual Comprehensive Financial Report.

A copy of the full report is available online at www.pvkansas.com/2021ACFR

City of Prairie Village
7700 Mission Road
(913) 381 - 6464



Jason Hannaman, Finance Director
jhannaman@pvkansas.com
(913) 385-4661

Historical Data

The statistical section of the Annual Comprehensive Financial Report includes 10 years of data for multiple data points. Below are a few key tables highlighting the history of significant revenue and expenditures.

Tax Revenue History (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	Transient Guest Tax	Total
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	\$ -	\$ 14,398
2014	\$ 5,535	\$ 2,335	\$ 1,595	\$ 1,826	\$ 496	\$ 302	\$ 151	\$ 2,395	\$ 664	\$ -	\$ 15,300
2015	\$ 5,669	\$ 2,419	\$ 1,590	\$ 1,874	\$ 535	\$ 307	\$ 153	\$ 1,980	\$ 682	\$ -	\$ 15,208
2016	\$ 6,019	\$ 2,447	\$ 1,593	\$ 1,891	\$ 623	\$ 326	\$ 163	\$ 1,992	\$ 686	\$ -	\$ 15,739
2017	\$ 6,417	\$ 2,472	\$ 1,598	\$ 2,184	\$ 674	\$ 338	\$ 232	\$ 1,962	\$ 708	\$ -	\$ 16,583
2018	\$ 7,157	\$ 2,579	\$ 1,671	\$ 2,409	\$ 718	\$ 356	\$ 267	\$ 2,120	\$ 733	\$ -	\$ 18,010
2019	\$ 8,179	\$ 2,488	\$ 1,692	\$ 2,332	\$ 846	\$ 380	\$ 285	\$ 1,900	\$ 752	\$ -	\$ 18,854
2020	\$ 9,738	\$ 2,565	\$ 1,647	\$ 2,326	\$ 1,022	\$ 451	\$ 339	\$ 1,843	\$ 747	\$ 55	\$ 20,733
2021	\$ 12,211	\$ 2,782	\$ 1,895	\$ 2,603	\$ 1,399	\$ 605	\$ 454	\$ 1,871	\$ 798	\$ 203	\$ 24,822

The increase in Property Tax between 2020 and 2021 is due to both an increase in valuation to existing property and substantial growth in the value of the Meadowbrook Tax Increment Financing district.

Demographic Trends

Fiscal Year	School Enrollment	Unemployment Rate	Per Capita Personal Income	Personal Income	
2012	21,795	5,567	4.60%	\$ 48,640	\$ 1,060,108,800
2013	21,769	5,593	4.30%	\$ 49,067	\$ 1,068,139,523
2014	21,892	5,573	3.80%	\$ 46,150	\$ 1,010,315,800
2015	21,877	5,644	3.40%	\$ 47,274	\$ 1,034,213,298
2016	21,877	5,657	3.30%	\$ 47,619	\$ 1,041,760,863
2017	21,805	5,806	3.10%	\$ 49,204	\$ 1,072,893,220
2018	22,368	5,718	2.90%	\$ 49,897	\$ 1,116,096,096
2019	22,389	5,854	2.80%	\$ 52,477	\$ 1,174,907,553
2020	22,295	5,771	4.30%	\$ 54,266	\$ 1,209,860,470
2021	22,957	5,595	2.70%	\$ 54,192	\$ 1,244,085,744

Expenditure Trends (in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Urban Management & Planning	\$ 4,245	\$ 4,775	\$ 5,610	\$ 4,882	\$ 8,624	\$ 12,353	\$ 7,426	\$ 6,510	\$ 7,366	\$ 8,088
Public Works	\$ 8,594	\$ 8,958	\$ 10,350	\$ 8,923	\$ 8,506	\$ 8,121	\$ 7,761	\$ 7,766	\$ 7,690	\$ 7,838
Public Safety	\$ 5,870	\$ 5,763	\$ 5,705	\$ 5,876	\$ 6,390	\$ 6,162	\$ 7,413	\$ 7,776	\$ 7,777	\$ 7,054
Municipal Justice	\$ 417	\$ 427	\$ 403	\$ 404	\$ 429	\$ 439	\$ 469	\$ 494	\$ 460	\$ 501
Leisure and Recreation	\$ 693	\$ 679	\$ 1,120	\$ 556	\$ 497	\$ 538	\$ 623	\$ 632	\$ 353	\$ 668
Interest on long-term debt	\$ 185	\$ 138	\$ 102	\$ 76	\$ 599	\$ 371	\$ 393	\$ 419	\$ 630	\$ 949
Total	\$ 20,004	\$ 20,740	\$ 23,291	\$ 20,717	\$ 25,045	\$ 27,983	\$ 24,085	\$ 23,597	\$ 24,277	\$ 25,098

The increase in Urban Management and Planning from 2020 to 2021 is largely due to expenses related to staffing increases which were absorbed and accounted for in the 2022 budget. Leisure and Recreation programs cancelled in 2020 due to the COVID-19 were largely restored in 2021.



PRAIRIE VILLAGE FAST FACTS

Established in 1951, the City of Prairie Village is located in the Kansas City metropolitan region and is considered a highly desirable community.

PUBLIC WORKS

- 112 miles of streets
- 2,165 streetlights
- 1,157 acres of lawn mowed
- 2,800 traffic signs
- 715 potholes filled
- 120 trees planted
- 66 playground inspections

COMMUNITY INDICATORS

- 22,957 Population
- \$54,192 Per Capita Income
- \$380,419 Average Home Value
- \$1,298 Debt Per Capita
- 5,595 school enrollment
- 2.7% Unemployment Rate
(Johnson County, 2022)

PARKS AND RECREATION

- 14 parks
- 6 fountains
- 6 pools
- 61 park acreage
- Community programs include swimming, skateboarding lessons, ball field rentals, and tennis lessons

POLICE

- 1 Police Station
- 47 Sworn Officers
- 278 Total Accident Reports

BUILDING PERMITS AND CODE ENFORCEMENT

- \$101,062,197 Total Investment
- 1,833 permits issued
- 37 Exterior Grant Program grants awarded
- 1,550 Code enforcement cases opened

ADDITIONAL INFORMATION

These are key facts for the City of Prairie Village. Additional statistics can be found in the 2021 Annual Report found at pvkansas.com