

City of Prairie Village

General Fund Revenue Assumptions

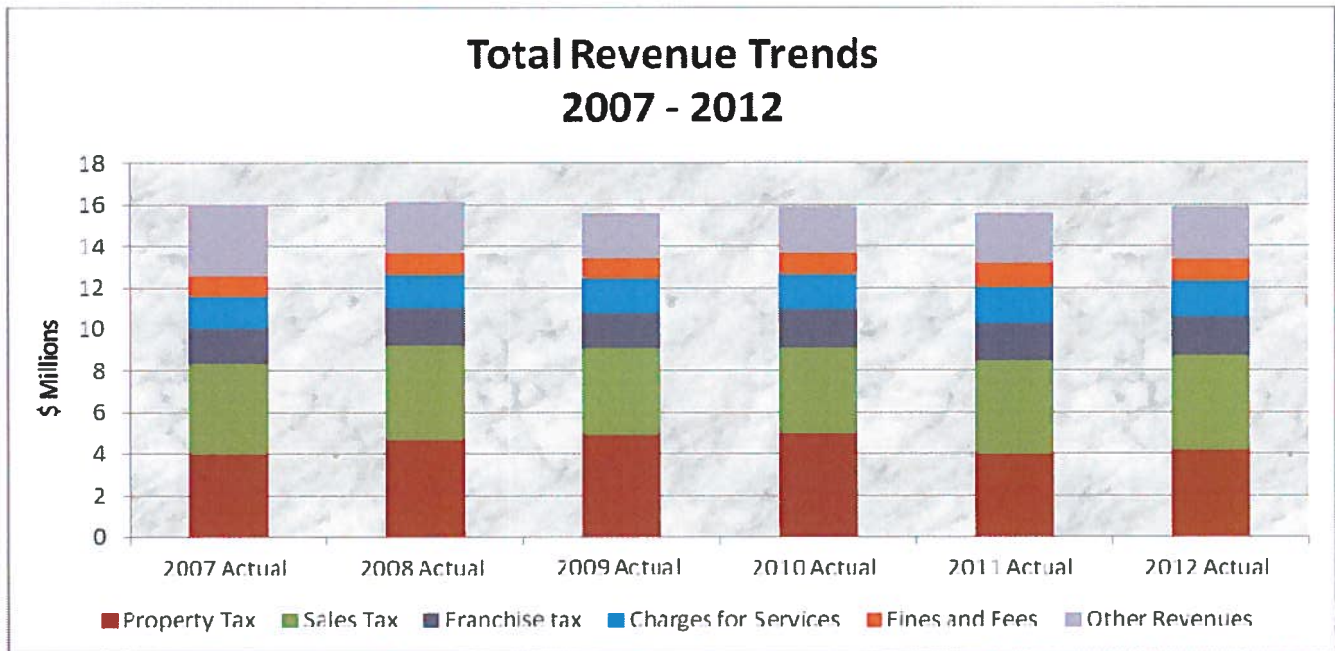
Relating to Budget Year 2014



GENERAL FUND REVENUE ASSUMPTIONS

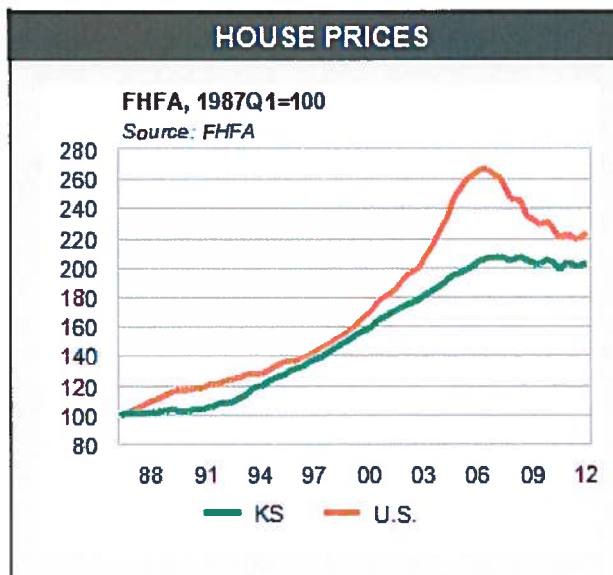
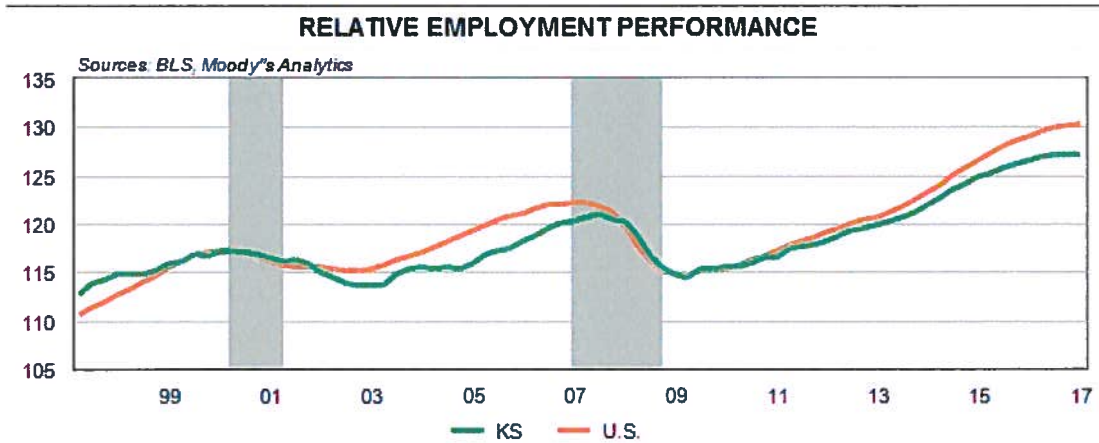
The chart, below, reflects total sources of revenue from 2007 to 2012. The top five sources of revenue in 2012 are broken out below and accounted for 84% of the total revenue received by the City in 2012.

• Property Tax	26%	Use Tax	6%
• Sales Tax	29%	Motor Vehicle Tax	2%
• Franchise Fees	11%	Liquor Tax	1%
• Charges for Services	11%	Licenses & Permits	3%
• Fines and Fees	<u>7%</u>	Recreational	3%
Total	84%	Miscellaneous	<u>1%</u>
			16%



ECONOMIC OUTLOOK

The Kansas recovery as a whole has lagged that of the nation. With that said, Kansas state employment is forecasted to grow at a slightly faster rate than 2012, 1.8 percent. This will add about 21,000 jobs in 2013 and another 33,000 in 2014. It is predicted that nearly all sectors of the economy will be back on a growth tract, and real personal income will be on the rise by the end of 2014.



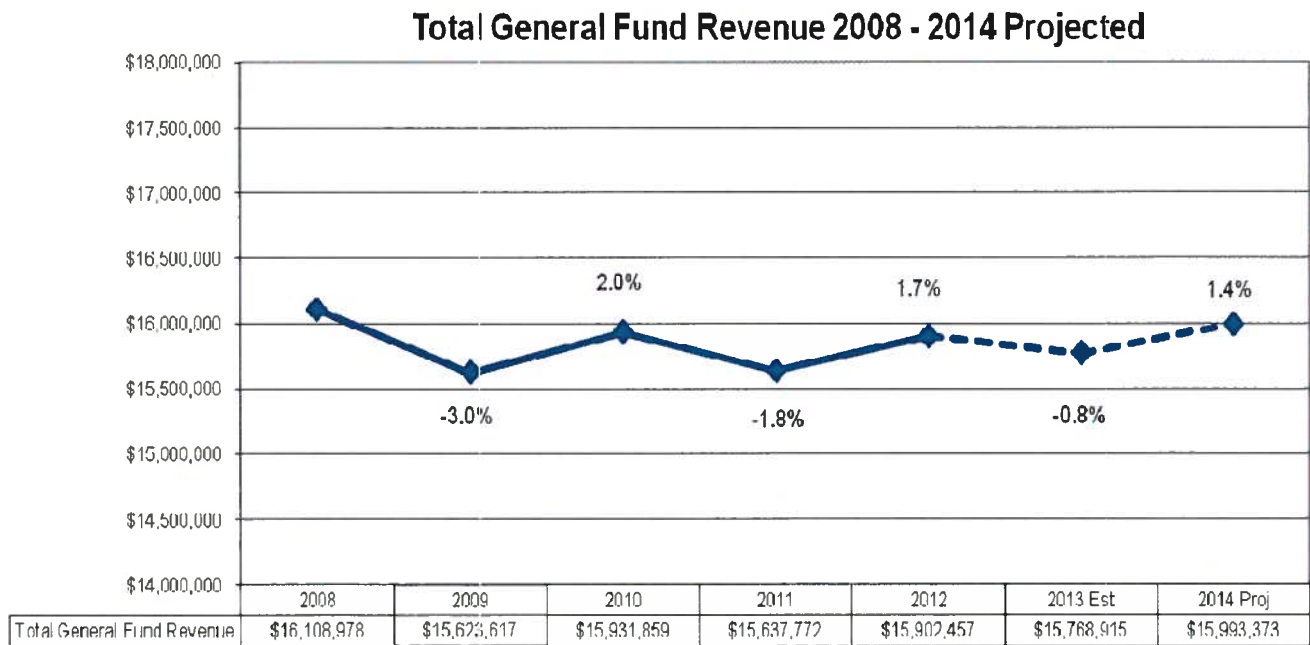
TOTAL GENERAL FUND REVENUE

Revenue projections for 2014 are based on a combination of factors including analysis of historical revenue receipts and anticipated changes in the local economy.

Total revenues received in 2012 were 1.7% greater than what was received in 2011, and were at 104.9% of budget. First quarter 2013 revenues were 9.71% below the same period in 2012, but were at 25.1% of budget. The 2013 estimated revenue is the budgeted revenue number.

Based on these trends and the improving economy, we forecasting a nominal growth of 1.4% in 2014.

In fiscal year 2015 the Bond Principal and Interest payment will drop from \$2,012,635 to \$831,383 (see Debt Schedule on page 8). The difference of \$1,181,252 in property tax that was being allocated to the Bond and Interest fund will be shifted back to the General Fund.



SALES TAX

Sales tax is the major revenue source at 29% of 2012 total actual revenues.

Total sales tax received in 2012 was 3.2% above 2011 receipts. The first quarter 2013 was down 1.18% from the same period in 2012.

We are forecasting a conservative growth rate of 2% for 2014.

**Total Sales Tax
2008 - 2014 Projected**



Note: School Sales Tax expired on 12/31/2008 and Jail Sales Tax #2 was effective on 1/1/2009. Both taxes are the same rate, so the effect on revenues was zero.

Increase in 2008 - City's local sales tax and it's share of the County sales taxes were higher in 2008 than in 2007.

Decrease in 2009 - Refunds processed by the State and a change in filing/collection procedures for retailers as well as a decrease due to the economy.

Decrease 2010 - Additional refunds processed by the State and continued effects of the poor economy.

PROPERTY TAX

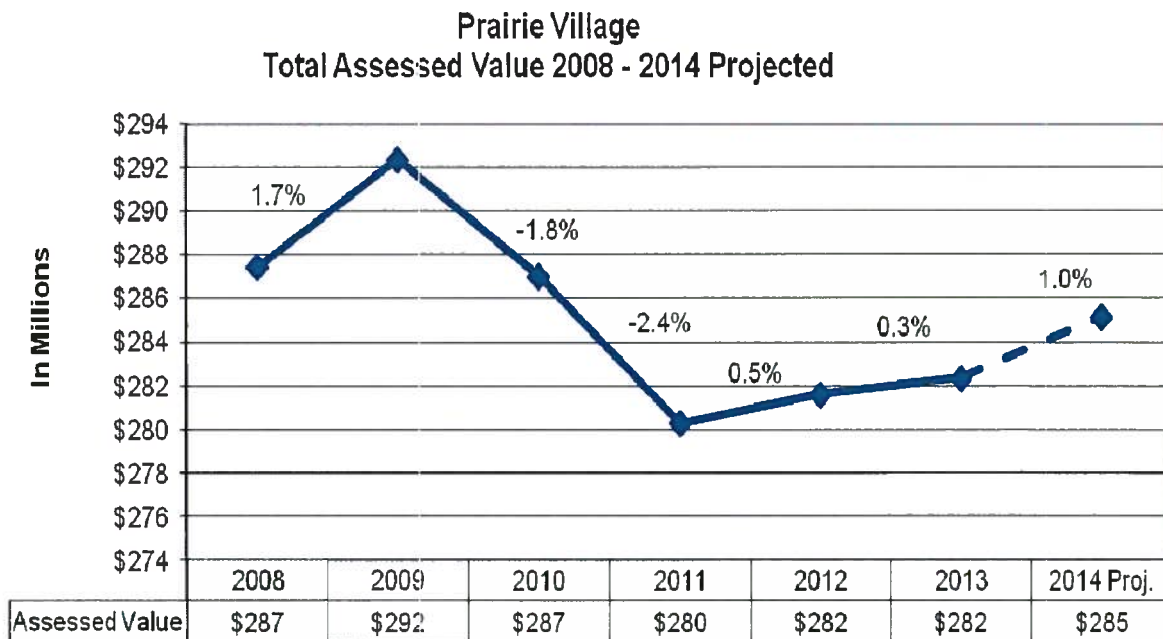
Property taxes are the second major revenue source at 26% of the 2012 total actual revenues.

The 2012 budget included a small mil levy rate increase (0.662) for the hiring of two additional police officers, resulting in an estimated 4.77% increase in property tax revenue. Total actual revenues received in 2012 increased 4.5%. Overall, property tax revenues were at 99.6% of budget.

First quarter 2013 revenues came in lower by 5.69% compared to the same period in 2012.

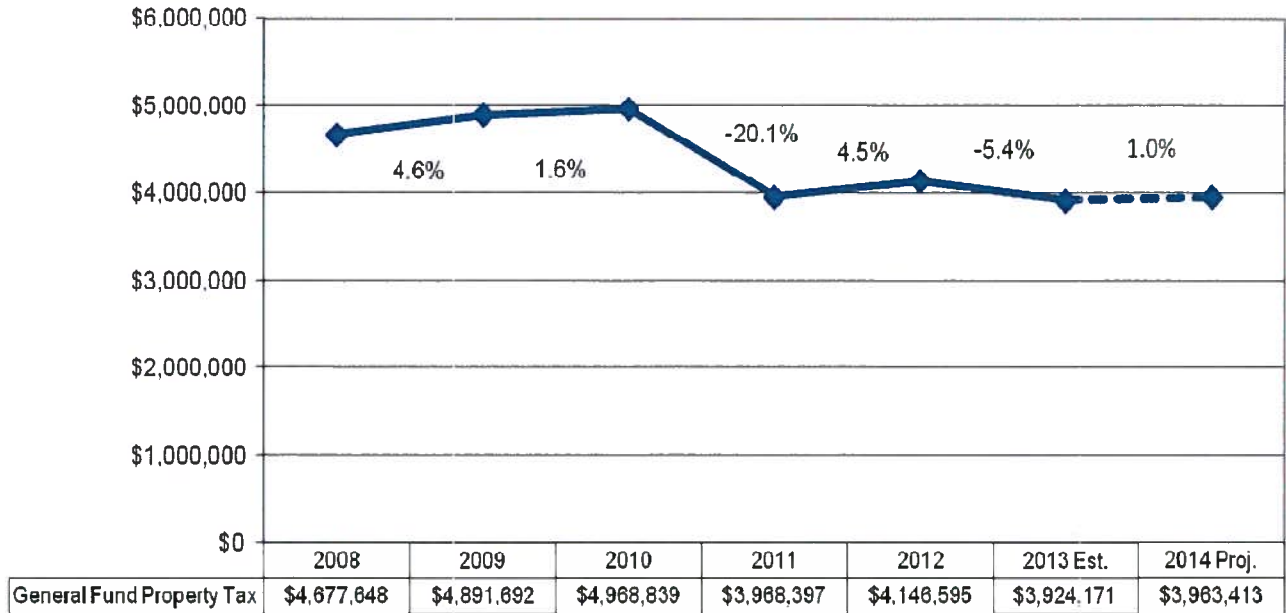
Reappraisal growth in Prairie Village is estimated to be 1.08% for all property for the 2014 budget. The mean appraised value for single family homes (new & existing) increased 0.55% (from \$217,873 to \$219,064).

We are not anticipating a change in the mill levy for the 2014 budget. Based on the reappraisal data provided by the county, we are forecasting property tax to have a moderate increase (1.0%) in 2014.



General Fund Revenue Assumptions as of May 1, 2013

General Fund Property Tax
2008 - 2014 Projected



General Fund Mill Levy Rate 16.897 17.277 14.101 14.763 13.898 13.898

- Note 1: Last mill levy rate increases were 2011, 2010, 2008 and 2003.
- Note 2: Decrease in 2011 reflects reappraisal and reallocation of property tax to the Bond & Interest Fund to cover debt service for the Series 2009A bonds.
- Note 3: Decrease in 2013 reflects reappraisal and reallocation of property tax to the Bond & Interest Fund to cover debt service for the Series 2011A bonds.

Property Tax	2013 Budget	2014 Budget	Percent Budget Increased
Revenues:			
General Fund	3,924,171	3,963,468	1.00%
Bond & Interest Fund	1,575,598	1,591,354	1.00%
Total Revenue	\$5,499,769	\$5,554,822	1.00%

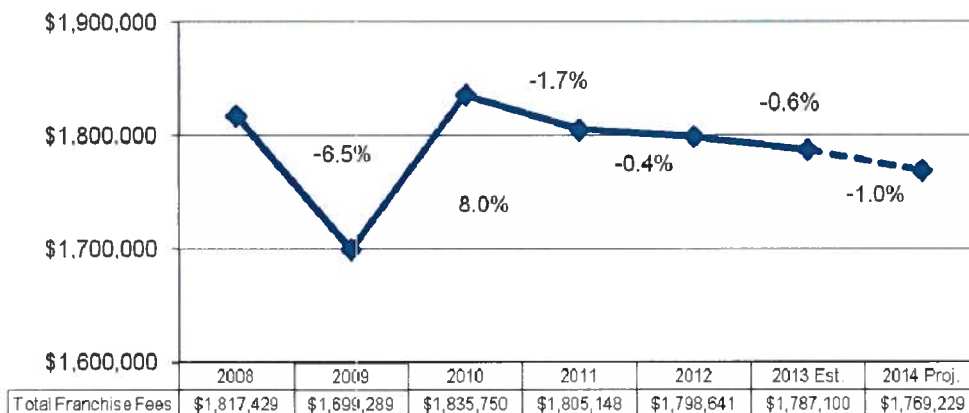
FRANCHISE FEES

The City charges franchise fees on the major utilities within the City. These utilities include electric, gas, telephone, cable and open source video companies. The fee is 5% of gross receipts as defined and permitted by state statutes.

Telephone franchise fees have been decreasing due to the replacement of land lines with cell phones. Electric and gas franchise fees are affected more by weather conditions and are difficult to predict. The chart below shows the history of the City's total franchise fees and anticipates revenues for 2013 and 2014. Franchise fees will likely continue to decline as more services are consolidated to "internet services" which do not contribute to franchise fee revenue.

Franchise fees received in 2012 were 0.4% less than received in 2011. The first quarter 2013 came in lower by 56% over the same period in 2012. Part of the reason for the decline is a change in how the KCP&L franchise fee (September 2012 to February 2013) was accounted for during the 2012 audit.

**Total Franchise Fees
2008 - 2014 Projected**



Increase 2010 - increase in electrical rates and implementation of the natural gas transport fee.

General Fund Revenue Assumptions as of May 1, 2013

DEBIT SCHEDULE

CITY OF PRAIRIE VILLAGE
 SCHEDULE OF BOND PRINCIPAL AND INTEREST
 AS OF JUNE 14, 2012

Date	2009A Refunding/Improv Bonds			2011A Refunding/Improv Bonds			Total	
	Principal	Premium	Interest	Principal	Premium	Interest	Principal	Interest
03/01/12			66,837.50			24,035.00	-	90,872.50
09/01/12	1,725,000.00	13,632.94	66,837.50	85,000.00		32,775.00	1,823,632.94	99,612.50
03/01/13			49,587.50			32,605.00	-	82,192.50
09/01/13	1,750,000.00	13,632.94	49,587.50	85,000.00		32,605.00	1,848,632.94	82,192.50
03/01/14			32,087.50			32,413.75	-	64,501.25
09/01/14	1,785,000.00	13,632.94	32,087.50	85,000.00		32,413.75	1,883,632.94	64,501.25
3/1/2015			14,237.50			32,137.50	-	46,375.00
9/1/2015	200,000.00	13,632.94	14,237.50	525,000.00		32,137.50	738,632.94	46,375.00
3/1/2016			11,987.50			30,037.50	-	42,025.00
9/1/2016	200,000.00	13,632.94	11,987.50	530,000.00		30,037.50	743,632.94	42,025.00
3/1/2017			9,487.50			27,387.50	-	36,875.00
9/1/2017	210,000.00	13,632.94	9,487.50	535,000.00		27,387.50	758,632.94	36,875.00
3/1/2018			6,600.00			24,043.75	-	30,643.75
9/1/2018	215,000.00	13,632.94	6,600.00	540,000.00		24,043.75	768,632.94	30,643.75
3/1/2019			3,375.00			20,128.75	-	23,503.75
9/1/2019	225,000.00	13,632.94	3,375.00	555,000.00		20,128.75	793,632.94	23,503.75
3/1/2020						15,550.00	-	15,550.00
9/1/2020				800,000.00		15,550.00	800,000.00	15,550.00
3/1/2021						8,150.00	-	8,150.00
9/1/2021				815,000.00		8,150.00	815,000.00	8,150.00
TOTALS	\$ 6,310,000.00	\$ 109,063.52	\$ 388,400.00	\$ 4,555,000.00	\$ -	\$ 501,717.50	\$ 10,974,063.52	\$ 890,117.50

	Principal	Interest	Total
2012	1,823,633	190,485.00	2,014,118
2013	1,848,633	164,385.00	2,013,018
2014	1,883,633	129,002.50	2,012,635
2015	738,633	92,750.00	831,383
2016	743,633	84,050.00	827,683
2017	758,633	73,750.00	832,383
2018	768,633	61,287.50	829,920
2019	793,633	47,007.50	840,640
2020	800,000	31,100.00	831,100
2021	815,000	16,300.00	831,300
	10,974,064	890,118	11,864,181

Refund 2009	New Money - Energy	New Money - Streets	Issue Summary
\$365,000	\$510,000	\$3,680,000	\$4,555,000