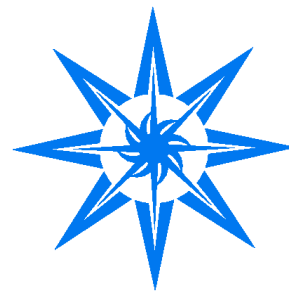




The City of Prairie Village, Kansas

*Popular Annual Financial Report
For the Year Ended December 31, 2012*



The Star of Kansas

2012 Citizen's Report

Dear Citizen's of Prairie Village,

We are pleased to present to you the City of Prairie Village's first Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2012. The Citizen's Report is a condensed version of the 2012 Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of 92 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 unqualified opinion. An unqualified opinion is given when an auditor can state that the financial statements are accurately and fairly present.

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,



Lisa Santa Maria
Finance Director



Prairie Village Governing Body

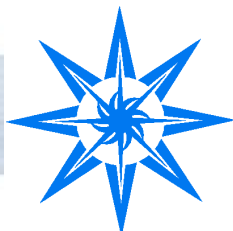


First row (left to right): Brooke Morehead, Ashley Weaver, Ruth Hopkins, Mayor Ron Shaffer, Steve Noll, Laura Wassmer

Back row (left to right): Ted Odell, David Belz, Charles Clark, Dale Warman, David Morrison, Andrew Wang

Not pictured: Michael Kelly

| | | |
|-----------------|--------|--|
| Ron Shaffer | Mayor | mayor@pvkansas.com |
| Ashley Weaver | Ward 1 | aweaver@pvkansas.com |
| Dale Warman | Ward 1 | dwarman@pvkansas.com |
| Steve Noll | Ward 2 | snoll@pvkansas.com |
| Ruth Hopkins | Ward 2 | rhopkins@pvkansas.com |
| Michael Kelly | Ward 3 | mkelly@pvkansas.com |
| Andrew Wang | Ward 3 | awang@pvkansas.com |
| Laura Wassmer | Ward 4 | lwassmer@pvkansas.com |
| Brooke Morehead | Ward 4 | bmorehead@pvkansas.com |
| David Morrison | Ward 5 | dmorrison@pvkansas.com |
| Charles Clark | Ward 5 | cclark@pvkansas.com |
| David Belz | Ward 6 | dbelz@pvkansas.com |
| Ted Odell | Ward 6 | todell@pvkansas.com |



The City as a Whole

Statement of Net Position

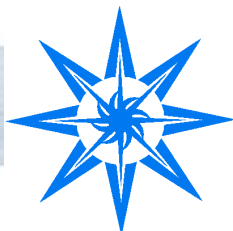
The Statement of Net Position looks at the City as a whole and is a useful indicator of the City's financial position. The table below provides a summary of the City's financial position over time. The full disclosed Statement of Net Position can be located in our 2012 CAFR at www.pvkansas.com.

| | <u>2011</u> | <u>2012</u> |
|----------------------------------|-------------------|-------------------|
| Current and other assets | 27,528,211 | 27,341,777 |
| Capital assets | 68,814,881 | 69,412,449 |
| Total assets | <u>96,343,092</u> | <u>96,754,226</u> |
| Long-term liabilities | 9,178,738 | 7,332,584 |
| Other liabilities | 12,959,702 | 11,664,943 |
| Total liabilities | <u>22,138,440</u> | <u>18,997,527</u> |
| Net position: | | |
| Net investment in capital assets | 57,840,817 | 60,262,019 |
| Restricted | 815,844 | 4,174,238 |
| Unrestricted | 15,547,991 | 13,320,442 |
| Total net position | <u>74,204,652</u> | <u>77,756,699</u> |
| Total liabilities & net position | <u>96,343,092</u> | <u>96,754,226</u> |

The largest portion of the City's assets (62.3%) 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.



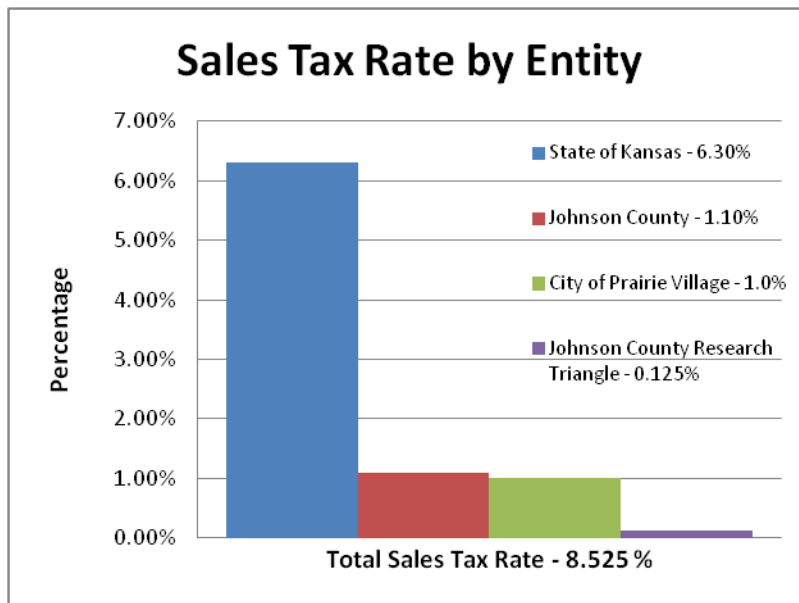
Net investment in capital assets. A measure of the level of investment in capital, found by subtracting non-cash depreciation from capital expenditures. This measure helps to give a sense of how much money is being spent on capital items (such as property, buildings and equipment), which are used for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

Net Position unrestricted = \$13.3 million

The City has \$13.3 million in available funds to pay for emergencies, shortfalls or other unexpected needs for the fiscal year ended December 31, 2012.

Total assets increased by \$411,134 from 2011 to 2012, while the City's total liabilities decreased by \$3,140,913. The decrease in liabilities was mainly due to the scheduled retirement of bonded debt.

**Prairie Village's Sales Tax
8.525%**



Note: State of Kansas rate changes from 6.30% to 6.15% on July 1, 2013.

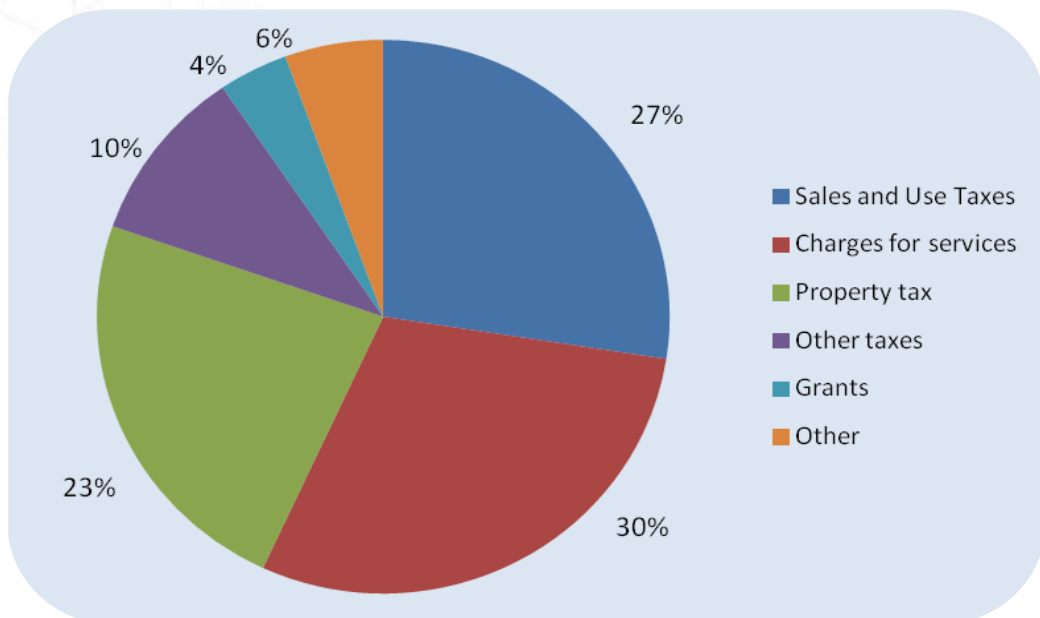
The City levies an additional 1% cent sales tax on taxable sales made at Prairie Village Shops and Corinth Shops for the Community Improvements Districts (CIDs).



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.

Where does the money come from?

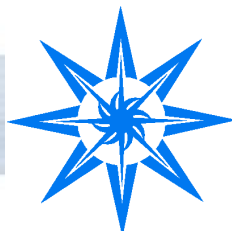


Definitions:

Sales Tax. Sales tax revenue comes from two sources: Local Sales Tax and County Sales Tax. There is an additional 1.00% sales tax applied to purchase made within one of the two Community Improvement Districts (CIDS).

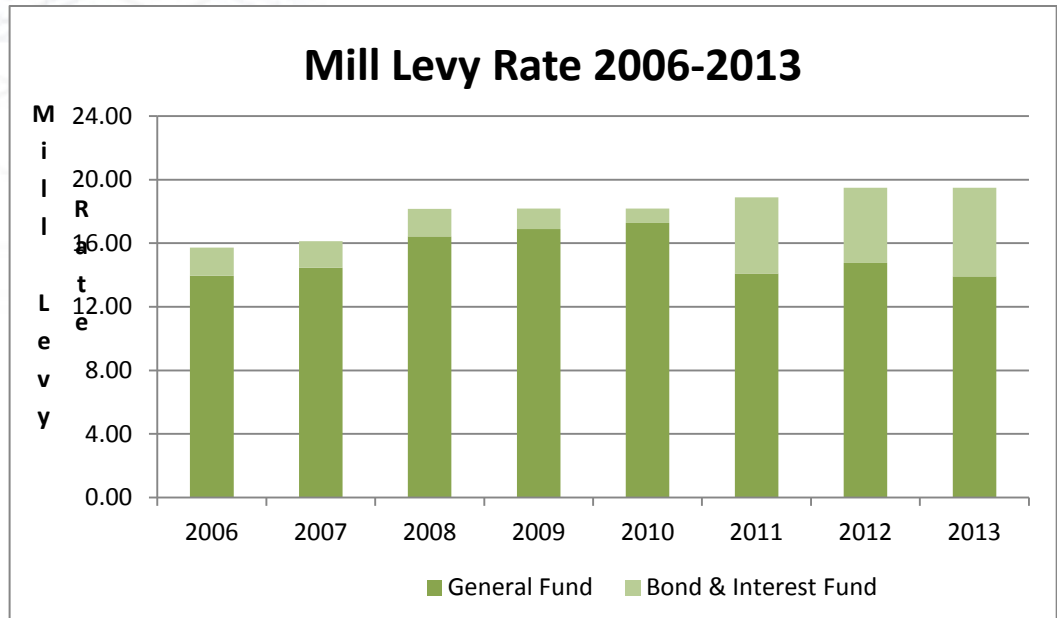
Charges for Services. This source includes revenue which is a charge for contract services and special assessments to recipients of certain services. The three largest sources of this revenue type are the police services contract with Mission Hills, special assessments for solid waste collection and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

Other Taxes. This revenue source includes motor vehicle tax, liquor tax, licenses & permits, recreation fees, fines, interest income and miscellaneous revenue.



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 2012, the Average Market Value of a Prairie Village home is \$218,176. In 2013, on average a homeowner will pay \$40.75 each month for City services. The checkbook below illustrates how this amount is divided among various city programs.

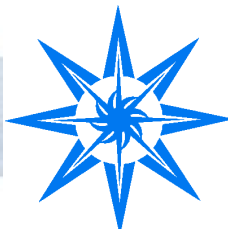
| Program | Monthly Cost |
|-----------------------|--------------|
| Public Safety | \$14.67 |
| Public Works | \$13.86 |
| Community Development | \$ 5.29 |
| Administration | \$ 4.08 |
| Parks & Recreation | \$ 1.63 |
| Municipal Court | \$ 1.22 |

| | |
|---|--------------------------|
| Average Homeowner | 7555 |
| City of Prairie Village | |
| | DATE <u>May 15, 2013</u> |
| PAY TO <u>THE CITY OF PRAIRIE VILLAGE</u> | <u>\$40.75</u> |
| <u>Forty and</u> | |
| <u>75/100*****DOLLARS</u> | |

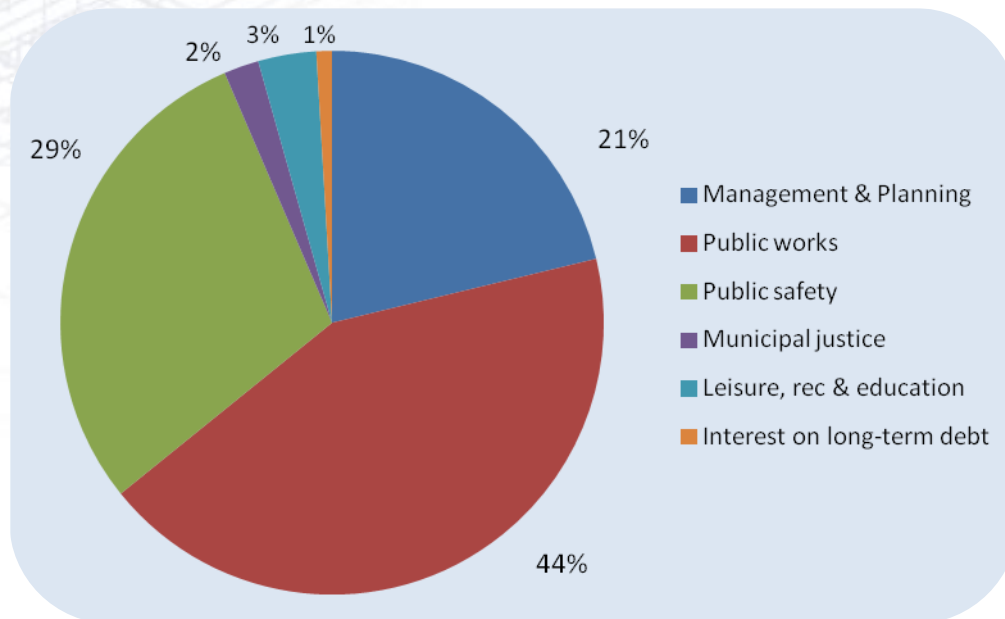
Your Property Taxes also include Special Assessments or Fees for Trash and Recycling Services and Stormwater System maintenance.

Trash Fee: \$158.52 per year or \$13.21 per month (reduced from \$200.74 per year in 2012)

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



Where does the money go?



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 & education. Includes costs associated with park development, recreational opportunities and community programs.



Strategic Use of Debt

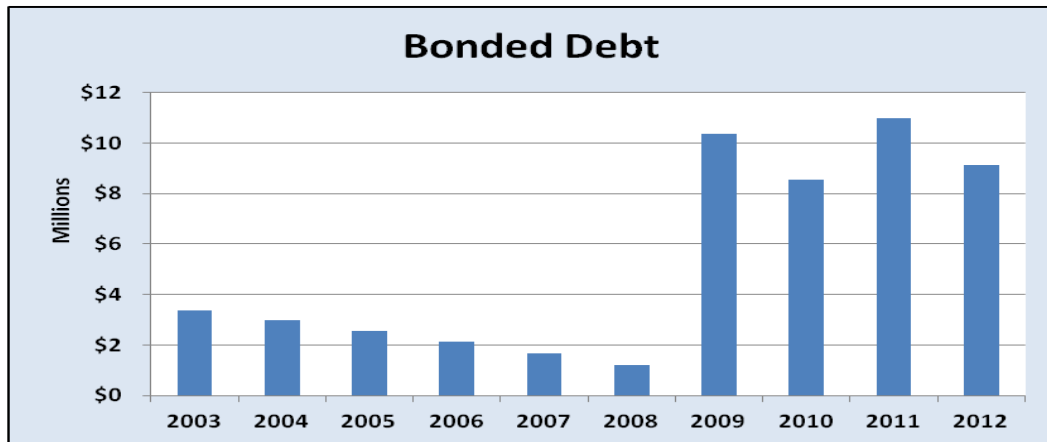
The City has \$9,150,430 in bonded debt for infrastructure improvements as of December 31, 2012.

Why rely on debt at all?

The City recently took advantage of historically low interest rates to refinance some of its debt, and issue new debt to accelerate work on City infrastructure, primarily residential streets.

The City also chose 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.

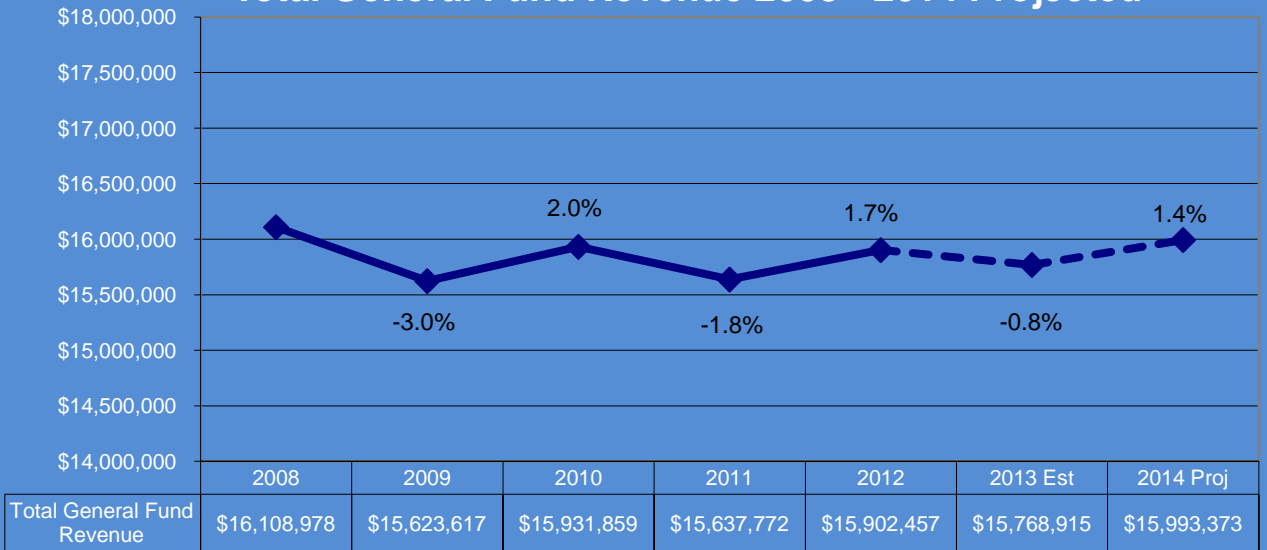
It's also about fairness. If the useful life of a \$1 million building improvement is 20 years, why should today's residents pay 100% of the cost of 1/20th of its use? By spreading out financing, the cost is distributed more fairly across time, shared equally among the people who receive a benefit from the improvement.



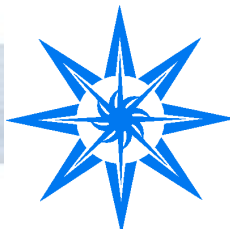
Economic Outlook

Prairie Village is located in the Kansas City metropolitan area and is considered one of the most desirable suburban communities in the region. The City is conveniently located between the Kansas City, Missouri business/industrial center and the southern Johnson County business districts. The area has experienced steady economic growth during the past two decades. The cyclical declines in the national economy over the last ten years have had a moderate affect on the City's economic growth.

Total General Fund Revenue 2008 - 2014 Projected



This chart reflects the actual total General Fund revenue received for fiscal years 2008 – 2012. Fiscal year 2013 is an estimate. Based on current year revenue trends, the overall revenue growth is projected at 1.4% for fiscal year 2014.



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

Department Heads

| | | | |
|---------------------------------|---------------------|--|--------------|
| City Administrator | Quinn Bennion | qbennion@pvkansas.com | 913-385-4601 |
| Assistant City Administrator | Dennis J. Enslinger | denslinger@pvkansas.com | 913-385-4603 |
| Asst. to the City Administrator | Danielle Dulin | ddulin@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 | Wes Jordan | wjordan@pvkansas.com | 913-385-4621 |
| Interim Public Works Director | Keith Bredehoeft | kbredehoeft@pvkansas.com | 913-385-4642 |

Appointed Officials

| | |
|-----------------|-----------------------------|
| City Attorney | Katie Logan, Lathrop & Gage |
| City Treasurer | Fielding Norton, Jr. |
| Municipal Judge | Mary Virginia Clarke |
| Municipal Judge | M. Bradley Watson |
| City Prosecutor | Debra Vermillion |

The City of Prairie Village, Kansas

7700 Mission Road, Prairie Village, KS 66208 | **ph** 913.385.4661 | **FX** 913.381.7755

www.pvkansas.com | lsantamaria@pvkansas.com

