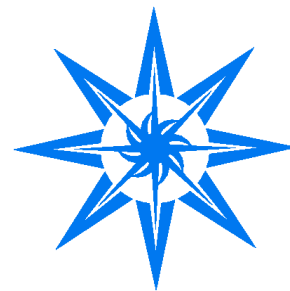




The City of Prairie Village, Kansas

*Popular Annual Financial Report
For the Year Ended December 31, 2016*



The Star of Kansas



Government Finance Officers Association

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

Presented to

**City of Prairie Village
Kansas**

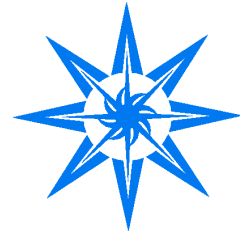
For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

Table of Contents

<i>Letter from Finance Director</i>	3
<i>Governing Body</i>	4
<i>City as a Whole</i>	5
<i>Sales Tax Rate</i>	6
<i>City Services</i>	7
<i>Property Tax Rate</i>	8
<i>Where does the money go?</i>	9
<i>Strategic Use of Debt</i>	10
<i>Demographic & Economic Data</i>	11-14
<i>Economic Outlook</i>	15
<i>Long Term Financial Planning</i>	15
<i>Department Heads & Appointed Officials</i>	16



2016 Citizen's Report

Dear Citizen's of Prairie Village,

We are pleased to present to you the City of Prairie Village's fifth Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2016. The Citizen's Report is a condensed version of the 2016 Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of 113 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.

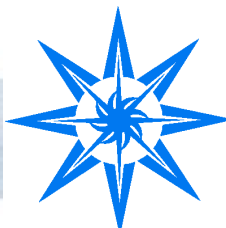
This report provides an analysis of the financial position of the City, where the revenues derive to operate the City, where those same dollars are spent, and how the local economy impacts Prairie Village's overall financial status. Our goal is to better communicate the results of the financial operations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



Lisa Santa Maria
Finance Director



2016 Prairie Village Governing Body



Front row (left to right): Jori Nelson, Mayor Laura Wassmer, and Sheila Myers

Middle row (left to right): Ashley Weaver, Terrence Gallagher, Courtney McFadden and Brooke Morehead

Back row (left to right): Andrew Wang, Serena Schermoly, Eric Mikkelson, Steve Noll and Dan Runion

Not pictured: Ted Odell

Laura Wassmer	Mayor	mayor@pvkansas.com
Ashley Weaver	Ward 1	aweaver@pvkansas.com
Jori Nelson	Ward 1	jnelson@pvkansas.com
Steve Noll	Ward 2	snoll@pvkansas.com
Serena Schermoly	Ward 2	sschermoly@pvkansas.com
Eric Mikkelson	Ward 3	emikkelson@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

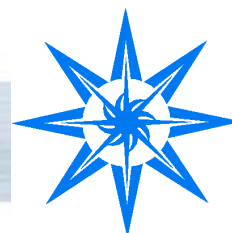
The Statement of Net Position looks at the City as a whole and is a useful indicator of the City's financial position. The table below provides a summary of the City's financial position over time. The full disclosed Statement of Net Position can be located in our 2016 CAFR at www.pvkansas.com.

	<u>2015</u>	<u>2016</u>
Current and other assets	\$24,233,719	\$34,390,661
Capital assets	74,081,810	80,402,156
Total assets	<u>98,315,529</u>	<u>114,792,817</u>
Total deferred outflows of resources	<u>1,011,310</u>	<u>2,052,468</u>
Long-term liabilities	9,677,982	25,002,124
Current liabilities	1,173,456	1,626,688
Other liabilities	1,094,492	2,622,356
Total liabilities	<u>11,945,930</u>	<u>29,251,168</u>
Total deferred inflows of resources	<u>9,234,286</u>	<u>9,626,211</u>
Net position:		
Net investment in capital assets	69,402,279	73,191,537
Restricted	1,188,395	1,025,181
Unrestricted	7,555,949	3,751,188
Total net position	<u>\$78,146,623</u>	<u>\$77,967,906</u>
Total liabilities and deferred inflows of resources & net position	<u>\$98,315,529</u>	<u>\$114,792,817</u>

The largest portion of the City's assets (64%) 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.



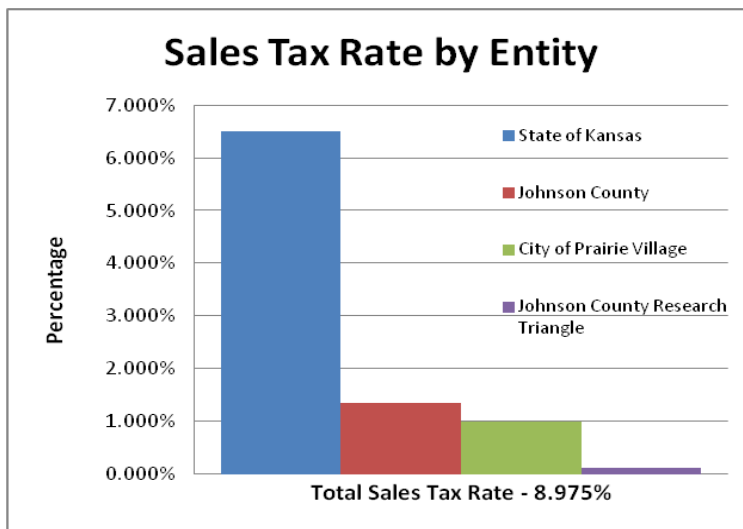
Net investment in capital assets. A measure of the level of investment in capital, found by subtracting non-cash depreciation from capital expenditures. This measure helps to give a sense of how much money is being spent on capital items (such as property, buildings and equipment), which are used for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

Net Position unrestricted = \$3.8 million

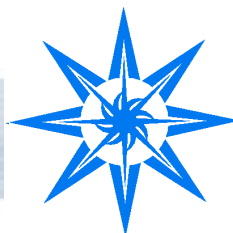
The City has \$3.8 million in available funds to pay for emergencies, shortfalls or other unexpected needs for the fiscal year ending December 31, 2016. The City's unrestricted net position decreased from \$7,555,949 in 2015 to \$3,751,188 in 2016 chiefly because of the Meadowbrook General Obligation bond issue, and change in the net pension obligation.

The City's combined net position also decreased by \$178,717 from 2015 to 2016. The change in net position as a percentage of assets is a good indicator of the government's financial position. The negative ratio of -0.23% is mainly a result of a decrease in unrestricted net position and not an indication that the City's financial condition has declined.

**Prairie Village's Sales Tax
8.975%**



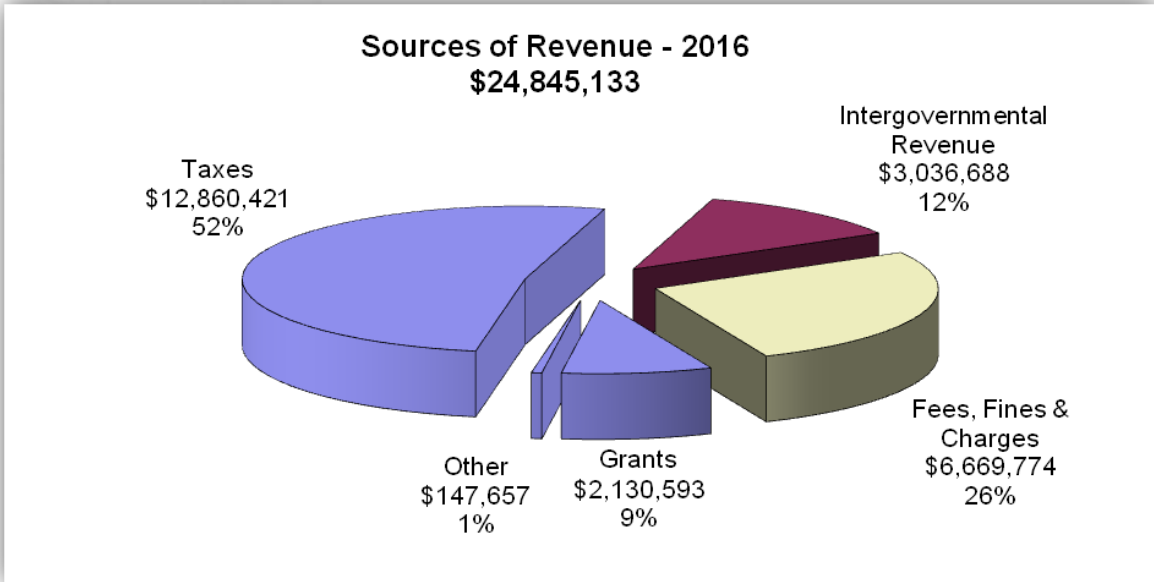
The City levies an additional 1 percent sales tax on taxable sales made at Prairie Village Shops and Corinth Shops for the Community Improvements Districts (CIDs).



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.

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).

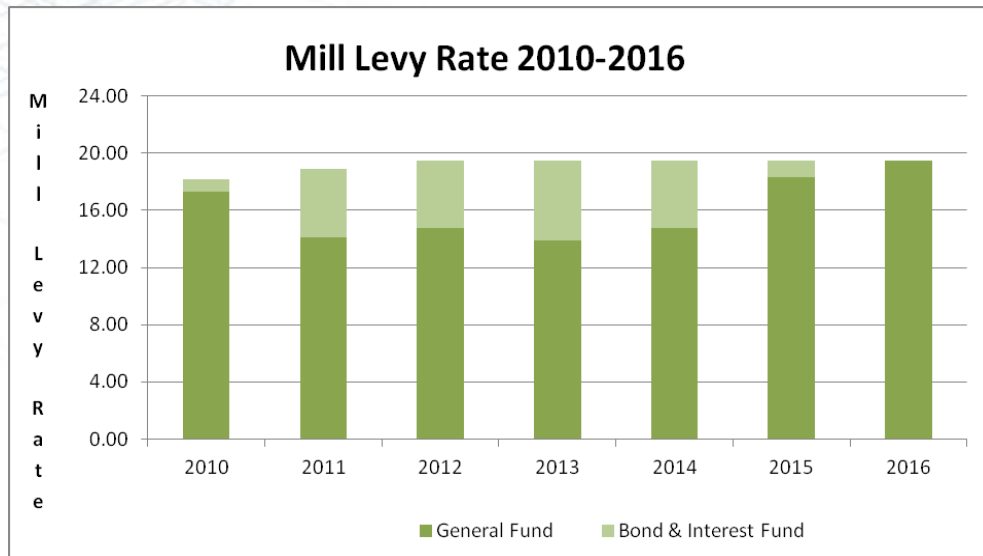
Fees, Fines and Charges for Services. This source includes revenue which is a charge for contract services and special assessments to recipients of certain services. The three largest sources of this revenue type are the police services contract with Mission Hills, special assessments for solid waste 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 2016, the average market value of a Prairie Village Home is \$245,098. In 2017, on average, a homeowner will pay \$46.00 each month for City services. The checkbook below illustrates how this amount is divided among various City programs.

Program	Monthly Cost
Public Safety	\$16.56
Public Works	\$15.18
Community Development	\$ 6.44
Administration	\$ 5.06
Parks & Recreation	\$ 1.38
Municipal Court	\$ 1.38

Average Homeowner City of Prairie Village	7555 DATE: <u>May 15, 2017</u>
PAY TO: <u>City of Prairie Village</u>	\$ 46.00
<u>Forty six and 00/100***** DOLLARS</u>	
MEMO <u>Monthly property tax for City services</u>	<u>TAXPAYER</u>

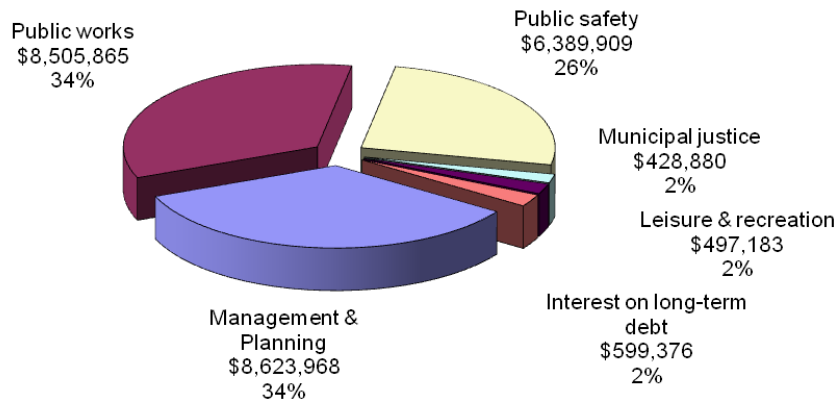
Your Property Taxes also include Special Assessments or Fees for Trash and Recycling Services and Stormwater System maintenance.

Trash Fee: \$174.00 per year or \$14.50 per month

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

Where does the money go?

Expenses by Function - 2016
\$25,045,181



Definitions:

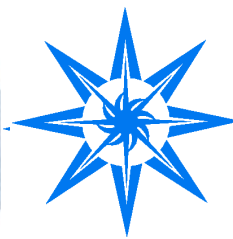
Management & Planning. Provides overall management of City operations, coordination of City planning and implementation of Council direction and policy.

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, and has \$18,295,000 in bonded debt as of December 31, 2016.

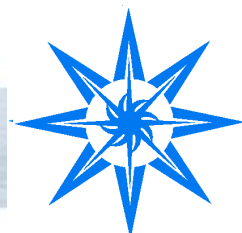
General Obligation Bonds:	Outstanding Bonds General Obligation Bonds	
	Governmental Activities	
	2015	2016
Series 2009-A	\$850,000	\$650,000
Series 2011-A	\$3,775,000	\$3,245,000
Series 2016-A		\$11,300,000
Series 2016-C		\$3,100,000
Total	<u>\$4,625,000</u>	<u>\$18,295,000</u>

Why rely on debt at all?

The City took advantage of historically low interest rates in 2009 to refinance some of its debt, and issue new debt to accelerate work on City infrastructure, primarily residential streets. In 2016 the City issued bonds for \$3,100,000 to purchase the City streetlights from Kansas City Power & Light. The City had a second bond issue of \$11,300,000 in 2016 for the Meadowbrook Tax Increment Financing (TIF) redevelopment district located roughly at 95th Street and Nall.

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? By spreading out financing, the cost is distributed more fairly across time, and shared equally among the people who receive a benefit from the improvement.



Demographic and Economic Data

Shawnee, Osage, and Kansa Indians formerly owned the land now developed into the City of Prairie Village. As settlers and pioneers headed west, one family decided to make Prairie Village their home. In 1858, Thomas Porter bought 160 acres of farmland.

In the 1940s, J.C. Nichols, an experienced developer, wanted to turn the farmland into suburban housing for soldiers returning home from the war and bought the farmland from the Porters, Coppocks, and Lewises. He had a vision 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 by 1949; Mr. Nichols' dream became a reality when the City was named the best planned community in America by the National Association of Home Builders.

Prairie Village was officially recognized by the State of Kansas in 1951. By 1957 it had become a first class city. It is one of 20 cities in Johnson County and is the sixth largest in population. Prairie Village 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 21,877 within its 6.7 square mile City limits.

Economic Statics Last Ten Years December 31, 2016

Fiscal Year	Population	School Enrollment	Unemployment Rate	Per Capita Personal Income	Personal Income
2007	21,414	5,992	4.0%	34,667	742,359,138
2008	21,422	5,884	4.8%	34,667	742,636,474
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

Principal Employers December 31, 2016

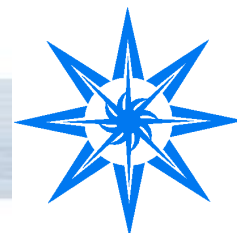
Employer	Number of Employees	Percentage of Total Employment
USD #512	424	1.94%
Hy-Vee	196	0.90%
Claridge Court	141	0.64%
City of Prairie Village	131	0.60%
WireCo World Group	120	0.55%
Brighton Gardens	110	0.50%
Hen House #22	102	0.47%
Macy's	100	0.46%
Bijin Salon & Day Spa	98	0.45%
Better Homes & Garden Real Estate	90	0.41%
TOTAL	1,512	6.91%



**Tax Revenues by Governmental Funds by Source
Last Ten Years
December 31, 2016
(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
2007	4,452	2,022	1,574	787	349	354	177	1,681	531	11,927
2008	5,177	2,053	1,652	826	366	215	107	1,817	514	12,727
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	14,398
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

Total tax revenues increased 3.5% from 2015 to 2016. The majority of the increase is from property taxes, which is attributable to the increase in mean assessed values of 11.9%.



Total Government Expenses by Function Last Ten Years December 31, 2016

Fiscal Year	Urban Management and Planning	Public Works	Public Safety	Municipal Justice	Leisure and Recreation	Interest on long-term debt	Total
2007	2,994	8,203	5,064	350	924	96	17,631
2008	3,132	7,685	5,103	370	917	73	17,280
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

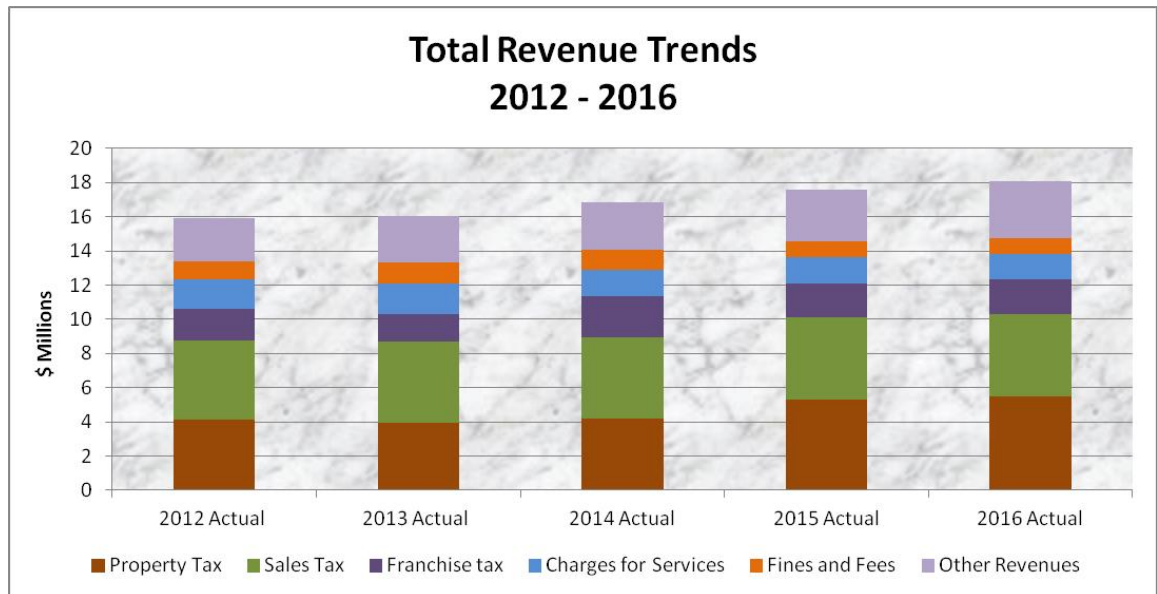
Urban Planning and Management increased 77% from 2015 to 2016. The increase is chiefly from the expenditures related to the Meadowbrook redevelopment district which was new in 2016.

Economic Outlook

Prairie Village is located in the Kansas City metropolitan area and was named the second safest city in Kansas by *SafeWise*, and the third most successful city in Kansas by *Zippa* in 2016.

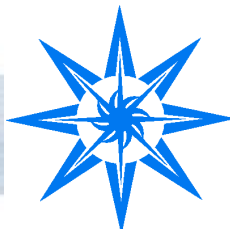
The average home sale price increased 8.58% from 2015 to 2016, while the mean appraised value rose 11.9%. The composition of the City's property tax base is 13% commercial and 87% residential. The area has experienced steady economic growth during the past two decades. In 2016, the City approved the redevelopment of the Meadowbrook Golf and Country Club into mix of a public park, single-family lots, luxury apartments, twin-home units 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 actual total General Fund revenue received for fiscal years 2012 – 2016. Total revenues received in 2016 were 2.75% greater than what was received in 2015, and were at 101% of budget.



Long Term Financial Planning

This City of Prairie Village prepared 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

2016 Department Heads

City Administrator	Quinn Bennion	qbennion@pvkansas.com	913-385-4601
Assistant City Administrator	Wes Jordan	wjordan@pvkansas.com	913-385-4621
Asst. to the City Administrator	Alley Williams	awilliams@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

2016 Appointed Officials

City Attorney	Katie Logan, Lathrop & Gage
City Treasurer	Fielding Norton, Jr.
Municipal Judge	Karen Torline
Municipal Judge	Michelle Decicco
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

