

# **City of Prairie Village**

## **Second Quarter**

Financial Report for the second quarter

Ended June 30, 2019

Relating to Fiscal Year 2019

Unaudited



## GENERAL FUND

**General Fund Balance.** The chart, below, shows with 50 percent of the year complete revenues are at 60.7 percent of projections, while expenditures are at 46.2 percent of appropriations. The chart also reports the budgeted fund balance at the start of 2019, which is \$6,825,053 and the actual audited fund balance, which is \$7,148,008. The 2019 target ending fund balance is 25 percent of revenues (excluding transfers).

General Fund	Budget	YTD	Percent
Fund Balance 1/1	\$ 6,825,053	\$ 7,148,008	
Revenues	21,533,035	13,065,071	60.7%
Expenditures	23,384,547	10,803,687	46.2%
Balance	4,973,541	9,409,392	

## SUMMARY OF KANSAS ECONOMIC CONDITIONS

In Kansas, the unemployment rate was 3.4 percent, compared to 3.7% across the United States in June. Home prices increased 5.7 percent in the first quarter 2019 compared to a year ago, while single-family and multifamily permits recorded a -22.2 and 20.3 percent change.




Prairie Village building permit activity has remained steady for 2019. As of June 2019, revenues were 58 percent of budget projections. Building permit revenue for the same time period in 2018 was at 56 percent of budget projections.

The “dark store theory” gained ground when the Kansas Board of Tax Appeals ruled that Johnson County had overvalued Walmart and Sam’s Club properties by \$60 million. If the decision stands, it is likely that Prairie Village and neighboring cities will have to refund retailers for overpayment of taxes for the last three years. This case could also affect retailers other than “big box” and expand out to office properties.

The focus of this report is on 2019 revenues and expenditures. The city’s goal is to achieve a “positive outlook” in all key financial areas.

Discussed, below, are differences between individual revenues and expenses between 2019 and 2018.

**Rating Scale for Key Variances:**

- Positive Outlook 
- Reason for Concern or Comment 
- Negative Outlook 

**Key variances include:**

- **Sales Tax.** Sales tax revenues are \$73,761 less compared to the last fiscal year, and are at 31.7 percent of the budget estimate. In 2018 we were at 33 percent of the budget estimate. A study by Wichita State University found that Kansas’ sales tax may be pushing shoppers across state and county lines in order to save money on food. Kansas is one of only 14 states that includes groceries in the state sales tax. Online sales have also generated much more in sales than expected and has had an impact on sales tax collections.
- **Use Tax.** Use tax revenues are \$5,164 greater compared to last fiscal year, and are at 34.1 percent of the budget estimate. In 2018 we were at 40 percent of the budget estimate. Use tax is a tax on goods purchased outside our taxing jurisdiction but would have been taxable had they taken place within it.
- **Franchise Fees.** Franchise fee revenues are \$104,852 less compared to last fiscal year, and are at 37.6 percent of the budget estimate. KCPL issued a “credit” to consumers in January that reduced City Franchise fee revenues by approximately \$100,000. KCPL also informed the City that we can expect an additional 3% decline in revenues going forward. In 2018 we were at 40 percent of the budget estimate.
- **Interest on Investments.** Interests receipts for the General Fund only are \$55,315 greater compared to 2018, and are at 151.2 percent of the budget estimate. Interest receipts for all funds are \$197,573 and are at 130 percent of the budget estimate.

Quarterly Financial report – Second Quarter Ending June 30, 2019

The chart, below, provides summary comparison information on revenues, expenditures and transfers for the second quarter ending June 2019 versus June 2018.

Year to Date Comparison to Prior Year				
General Fund	2019	2018	Over (Under)	
<b>Revenues:</b>				
Property Taxes	7,403,852	6,737,622	666,229	9.89%
Sales Taxes	1,689,496	1,763,257	(73,761)	-4.18%
Use Tax	426,738	421,574	5,164	1.22%
Motor Vehicle Tax	382,017	358,442	23,575	
Liquor Tax	66,845	66,452	393	0.59%
Franchise Fees	742,312	847,165	(104,852)	-12.38%
Licenses & Permits	358,318	345,067	13,250	3.84%
Charges for Services	831,915	807,844	24,070	2.98%
Fines & Fees	444,916	541,494	(96,577)	-17.84%
Recreational Fees	252,867	280,663	(27,796)	-9.90%
Interest on Investments	84,699	29,383	55,315	188.25%
Miscellaneous	98,596	51,285	47,311	92.25%
Total Revenue	<u>\$12,782,571</u>	<u>\$12,250,249</u>	<u>\$532,322</u>	4.35%
<b>Transfers from Other funds:</b>				
Transfer from General Fund	-	-		
Transfer from Special Highway Fund	-	-		
Transfer from Stormwater Utility Fund	282,500	225,000	57,500	
Transfer from Special Parks & Rec Fund	-	-		
Transfer from Special Alcohol Fund	-	-		
Total	<u>282,500</u>	<u>225,000</u>	<u>57,500</u>	
Total Sources	<b>\$13,065,071</b>	<b>\$12,475,249</b>	<b>\$589,822</b>	
<b>Expenditures:</b>				
Personal Services	5,389,461	4,804,388	585,073	12.18%
Contract Services	1,639,243	1,538,439	100,804	6.55%
Commodities	282,714	243,582	39,132	16.07%
Capital Outlay	159,723	122,016	37,707	30.90%
Debt Service				
Infrastructure				
Contingency	-	-	-	
Total Expenditures	<u>7,471,141</u>	<u>6,708,426</u>	<u>762,716</u>	11.37%
<b>Transfers to Other Funds:</b>				
Transfer to Capital Projects Fund	2,577,558	2,651,780	(74,222)	-2.80%
Transfer to Bond & Interest Fund	537,488	516,519	20,969	4.06%
Transfer to Risk Management Fund	17,500	17,500	-	
Transfer to Economic Development	-	-	-	
Transfer to Equipment Reserve Fund	200,000	225,000	(25,000)	-11.11%
Total	<u>3,332,546</u>	<u>3,410,799</u>	<u>(78,254)</u>	
Total Uses	<b>10,803,687</b>	<b>10,119,225</b>	<b>684,462</b>	

The charts, below, provide information on expenditure and revenue budget to actual variances for the General Fund for the second quarter ending June 2019.

**Expenditure Variances**

General Fund	Budget	Expended YTD Actual	Percent Expended
Expenditures:			
Personnel Services	10,663,987	5,389,461	50.5%
Contract Services	4,556,419	1,639,243	36.0%
Commodities	760,300	282,714	37.2%
Capital Outlay	238,750	159,723	66.9%
Contingency	500,000	-	0.0%
Transfers to Other Funds	6,665,091	3,332,546	50.0%
Total Expenditures	<u>\$23,384,547</u>	<u>\$10,803,687</u>	46.2%

**Revenue Variances**

General Fund	Budget	Received YTD Actual	Percent Received
Revenues:			
Property Taxes	7,614,743	7,403,852	97.2%
Sales Taxes	5,325,000	1,689,496	31.7%
Use Tax	1,250,000	426,738	34.1%
Motor Vehicle Tax	759,833	382,017	50.3%
Liquor Tax	136,233	66,845	49.1%
Franchise Fees	1,972,200	742,312	37.6%
Licenses & Permits	728,150	358,318	49.2%
Charges for Services	1,647,151	831,915	50.5%
Fines & Fees	904,775	444,916	49.2%
Recreational Fees	431,350	252,867	58.6%
Interest on Investments	56,000	84,699	151.2%
Miscellaneous	142,600	98,596	69.1%
Transfer from Stormwater Utility Fund	565,000	282,500	50.0%
Total Revenue	<u>\$21,533,035</u>	<u>\$13,065,071</u>	60.7%

**OTHER FUNDS**

The Statement of Revenues and Expenses for the quarter ended June 30, 2019 are shown on page 5.

	Solid Waste Management	Special Highway	Stormwater Utility	Meadowbrook TIF	Special Parks & Rec	Special Alcohol	Bond & Interest	Capital Projects	Risk Mgmt	Economic Development	Equipment Reserve	CID Corinth	CID PV Shops
Revenues:													
Property Taxes				648,699			644					175,094	163,720
Meadowbrook TIF													
Sales Taxes													
Bond Proceeds					66,845	66,845							
Motor Vehicle Tax													
Liquor Tax													
Licenses & Permits	120		6,300										
Intergovernmental	145,994							1,018,749					
Charges for Services	1,699,691		1,549,842										
Interest on Investments	20,691	18,487	33,602		15	255	3	31,959	457			3,897	3,508
Miscellaneous								6,349	13,335				
Total Revenue	1,720,503	164,480	1,589,744	648,699	66,861	67,100	647	1,057,057	13,792			178,992	167,227
Transfers from Other funds:													
Transfer from General Fund							537,488	2,577,558	17,500		200,000		
Transfer from Special Highway								321,500					
Transfer from Storm Water Utility Fund							122,692	425,000					
Transfer from Special Parks & Rec Fund								68,717					
Total	-	-	-	-	-	-	660,179	3,392,775	17,500		200,000		
Total Sources	1,720,503	164,480	1,589,744	648,699	66,861	67,100	660,826	4,449,831	31,292		200,000	178,992	167,227
Expenditures:													
Personal Services	16,950												
Contract Services	929,487			589,351									
Commodities													
Capital Outlay											138,093		
Debt Service							55,179						
Infrastructure								2,426,988					
Bond Costs													
Total Expenditures	946,437	-	-	589,351	-	96,913	55,179	2,426,988	51,382	45,401	138,093	315,000	315,000
Transfers to Other Funds:													
Transfer to General Fund			282,500										
Transfer to Bond & Interest Fund			122,692										
Transfer to Capital Projects Fund		321,500	425,000		68,717								
Transfer to Equipment Reserve Fund													
Total	-	321,500	830,192	-	68,717	-	-	-	-	-	-	-	-
Total Uses	946,437	321,500	830,192	589,351	68,717	96,913	55,179	2,426,988	51,382	45,401	138,093	315,000	315,000
Sources Over/(Under) Uses	774,066	(157,020)	759,552	59,348	(1,856)	(29,813)	605,647	2,022,843	(20,090)	(45,401)	61,907	(136,008)	(147,773)