

CITY OF PRAIRIE VILLAGE

First Quarter Financial Report

Ended
March 31, 2022

Relating to
Fiscal Year 2022

Unaudited



GENERAL FUND

General Fund Balance. The chart, below, shows with 25 percent of the year complete revenues are at 32.4 percent of projections, while expenditures are at 23.5 percent of appropriations. The chart also reports the budgeted fund balance at the start of 2022, which was \$7,591,246 and the unaudited actual fund balance, which is \$9,565,641. The 2022 target ending fund balance is 25 percent of revenues (excluding transfers). The ending 2021 fund balance was 40 percent, pending final audit.

| General Fund | Budget | YTD | Percent |
|------------------|--------------|--------------|---------|
| Fund Balance 1/1 | \$ 7,591,246 | \$ 9,565,641 | |
| Revenues | 23,906,014 | 7,756,978 | 32.4% |
| Expenditures | 25,638,229 | 6,025,057 | 23.5% |
| Balance | 5,859,031 | 11,297,563 | |

SUMMARY OF KANSAS ECONOMIC CONDITIONS

The outlook for both the regional and U.S. economies remains uncertain and tied to the path of recovery from the pandemic. Declines in consumption and job losses were most notable in service sectors of the economy, highlighting the unique nature of this public-health related downturn. Persistent high unemployment can lead to lasting damage to the economy if workers lose key workplace skills or reduce their willingness to participate in the labor force. The unemployment rate continues to decline. The Johnson County February unemployment rate was 2.2 percent, compared to the stated Kansas unemployment rate of 2.5 percent. The impacts of inflation and job market continue to impact recovery from the recession.

Prairie Village sales tax collections through the first quarter were up 7 percent compared to the same time last year. In comparison, use tax collections over the same time period were very strong and were 8.5 percent higher compared to last year. Online purchases, such as Amazon, are an example of use tax.

Residential real estate remains strong in Johnson County and Prairie Village. This is important since Prairie Village is considered a bedroom community.

The focus of this report is on 2022 revenues and expenditures. The city’s goal is to achieve a “positive outlook” in all key financial areas.

Rating Scale for Key Variances:

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



Key variances include:

- **Sales Tax.** Sales tax revenues are \$34,264 greater compared to the last fiscal year, and are at 8.9 percent of the budget estimate. Sales tax distributions lag by two months, so the first distribution for 2022 was in March for January. In 2021 we were at 8.5 percent of the budget estimate.
- **Use Tax.** Use tax revenues are \$16,311 greater compared to the last fiscal year, and are at 13.4 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. Use tax distributions also lag by two months, so the first distribution for 2022 was in March for January. In 2021 we were at 13.9 percent of the budget estimate.
- **Franchise Fees.** Franchise fee revenues are \$55,734 greater compared to the last fiscal year, and are at 19.3 percent of the budget estimate. However they continue to be a volatile revenue source with overall decreasing trends. In 2021 we were at 16 percent of the budget estimate.
- **Interest on Investments.** Interest receipts for the General Fund only are \$17,200 less compared to 2021, and are at 12.7 percent of the budget estimate. Interest receipts for all funds are \$28,261 and are at 8 percent of the budget estimate. Interest earnings are expected to increase throughout the year. Interest receipts depend on the maturity date of investments, type of investment and rate of interest.
- **Fines and Fees.** Fee and Fee revenues are \$90,359 less compared to the last fiscal year, and are at 17.9 percent of the budget estimate. In 2021 we were at 26.4 percent of budgeted revenue. Fine and fee collections are highly dependent on trends in traffic citations and the Court’s fine and fee collection approach. We continue to monitor.

The chart, below, provides summary comparison information on revenues, expenditures and transfers for the first quarter ending March 2022 versus March 2021.

Quarterly Financial Report – 1st Quarter Ended March 31, 2022

| Year to Date Comparison to Prior Year | | | | |
|--|--------------------|--------------------|------------------|--------------|
| General Fund | 2022 | 2021 | Over (Under) | |
| Revenues: | | | | |
| Property Taxes | 5,325,205 | 5,103,853 | 221,352 | 4.34% |
| Sales Taxes | 495,628 | 461,365 | 34,264 | 7.43% |
| Use Tax | 208,326 | 192,015 | 16,311 | 8.49% |
| Motor Vehicle Tax | 211,570 | 218,955 | (7,385) | -3.37% |
| Liquor Tax | 42,273 | 29,889 | 12,384 | 41.43% |
| Franchise Fees | 368,526 | 312,792 | 55,734 | 17.82% |
| Licenses & Permits | 250,269 | 208,486 | 41,783 | 20.04% |
| Charges for Services | 425,886 | 426,140 | (254) | -0.06% |
| Fines & Fees | 155,763 | 246,123 | (90,359) | -36.71% |
| Recreational Fees | 18,338 | 9,168 | 9,170 | 100.02% |
| Interest on Investments | 17,060 | 34,260 | (17,200) | -50.20% |
| Miscellaneous | 88,133 | 75,337 | 12,796 | 16.99% |
| Total Revenue | \$7,606,978 | \$7,318,382 | \$288,596 | 3.94% |
| Transfers from Other funds: | | | | |
| Transfer from General Fund | - | - | - | |
| Transfer from Special Highway Fund | - | - | - | |
| Transfer from Stormwater Utility Fund | 150,000 | 150,000 | - | |
| Transfer from Special Parks & Rec Fund | - | - | - | |
| Transfer from Special Alcohol Fund | - | - | - | |
| Total | 150,000 | 150,000 | - | |
| Total Sources | \$7,756,978 | \$7,468,382 | \$288,596 | |
| Expenditures: | | | | |
| Personal Services | 3,329,809 | 3,114,601 | 215,207 | 6.91% |
| Contract Services | 842,348 | 747,204 | 95,144 | 12.73% |
| Commodities | 109,182 | 92,156 | 17,026 | 18.48% |
| Capital Outlay | 37,087 | 131,017 | (93,930) | -71.69% |
| Contingency | - | - | - | |
| Total Expenditures | 4,318,426 | 4,084,978 | 233,448 | 5.71% |
| Transfers to Other Funds: | | | | |
| Transfer to Capital Projects Fund | 1,326,750 | 1,130,950 | 195,800 | 17.31% |
| Transfer to Bond & Interest Fund | 262,681 | 329,884 | (67,202) | -20.37% |
| Transfer to Risk Management Fund | - | - | - | |
| Transfer to Economic Development | 34,000 | 34,000 | - | |
| Transfer to Equipment Reserve Fund | 83,200 | 132,500 | (49,300) | -37.21% |
| Total | 1,706,631 | 1,627,334 | 79,298 | |
| Total Uses | 6,025,057 | 5,712,312 | 312,745 | |

Quarterly Financial Report – 1st Quarter Ended March 31, 2022

The charts, below, provide information on expenditure and revenue budget to actual variances for the General Fund for the first quarter ending March 2022.

Expenditure Variances

| General Fund | Budget | Expended YTD Actual | Percent Expended |
|---|--------------|------------------------|---------------------|
| Expenditures: | | | |
| Personnel Services | 11,911,253 | 3,329,809 | 28.0% |
| Contract Services | 5,284,151 | 842,348 | 15.9% |
| Commodities | 840,850 | 109,182 | 13.0% |
| Capital Outlay | 275,450 | 37,087 | 13.5% |
| Contingency | 500,000 | - | 0.0% |
| Transfers to Other Funds Intergovernmental | 6,826,525 | 1,706,631 | 25.0% |
| Total Expenditures | \$25,638,229 | \$6,025,057 | 23.5% |

Revenue Variances

| General Fund | Budget | Received YTD Actual | Percent Received |
|---------------------------------------|--------------|------------------------|---------------------|
| Revenues: | | | |
| Property Taxes | 9,110,562 | 5,325,205 | 58.5% |
| Sales Taxes | 5,570,000 | 495,628 | 8.9% |
| Use Tax | 1,554,004 | 208,326 | 13.4% |
| Motor Vehicle Tax | 796,411 | 211,570 | 26.6% |
| Liquor Tax | 105,052 | 42,273 | 40.2% |
| Franchise Fees | 1,905,797 | 368,526 | 19.3% |
| Licenses & Permits | 854,383 | 250,269 | 29.3% |
| Charges for Services | 1,851,162 | 425,886 | 23.0% |
| Fines & Fees | 868,762 | 155,763 | 17.9% |
| Recreational Fees | 424,650 | 18,338 | 4.3% |
| Interest on Investments | 134,608 | 17,060 | 12.7% |
| Miscellaneous | 130,622 | 88,133 | 67.5% |
| Transfer from Stormwater Utility Fund | 600,000 | 150,000 | 25.0% |
| Total Revenue | \$23,906,014 | \$7,756,978 | 32.4% |

OTHER FUNDS

The Statement of Revenues and Expenses for the quarter ended March 31, 2022 are shown on page 5.

Report Prepared by Nickie Lee, Finance Director, April 7, 2022

Quarterly Financial Report – 1st Quarter Ended March 31, 2022

| | Solid Waste Management | Special Highway | Stormwater Utility | Meadowbrook TIF | Special Parks & Rec | Special Alcohol | Bond & Interest | Transient Guest Tax | ARPA Fund | Capital Projects | Risk Mgmt | Economic Development | Equipment Reserve | CID Corinth | CID PV Shops |
|--|------------------------|------------------|--------------------|------------------|---------------------|-----------------|------------------|---------------------|----------------|------------------|----------------|----------------------|-------------------|---------------|---------------|
| Revenues: | | | | | | | | | | | | | | | |
| Property Taxes | | | | 1,284,777 | | | | | | | | | | | |
| Meadowbrook TIF | | | | | | | | | | | | | | 44,552 | 44,344 |
| Sales Taxes | | | | | | | | | | | | | | | |
| Motor Vehicle Tax | | | | | | | | | | | | | | | |
| Liquor Tax | | | | | 42,273 | 42,273 | | | | | | | | | |
| Licenses & Permits | 670 | | 3,010 | | | | | | | | | | | | |
| Intergovernmental Charges for Services | 1,122,780 | | 965,370 | | | | | 27,958 | | 641,205 | | | | | |
| Interest on Investments | 1,498 | 309 | 1,787 | 79 | | 12 | 250 | 357 | 78 | 4,280 | 299 | 279 | 1,283 | 1,300 | 419 |
| Miscellaneous | 142 | | | | | | | | | | | | | | |
| Total Revenue | 1,125,090 | 309 | 970,167 | 1,284,856 | 42,273 | 42,286 | 250 | 28,315 | 78 | 645,485 | 299 | 279 | 1,283 | 45,852 | 44,763 |
| Transfers from Other funds: | | | | | | | | | | | | | | | |
| Transfer from General Fund | | | | | | | | | | | | | 83,200 | | |
| Transfer from Special Highway | | | | | | | | | | 149,250 | | | | | |
| Transfer from Storm Water Utility Fund | | | | | | | | | | 250,000 | | | | | |
| Transfer from Special Parks & Rec Fund | | | | | | | | | | 42,273 | | | | | |
| Total | - | - | - | - | - | - | - | - | - | 441,523 | - | - | 83,200 | - | - |
| Total Sources | 1,125,090 | 309 | 970,167 | 1,284,856 | 42,273 | 42,286 | 250 | 28,315 | 78 | 1,087,008 | 299 | 279 | 84,483 | 45,852 | 44,763 |
| Expenditures: | | | | | | | | | | | | | | | |
| Personal Services | 7,461 | | | | | 25,032 | | | | | | | | | |
| Contract Services | 315,092 | | | 1,229,888 | | 31,510 | | | 1,511 | | 1,746 | 810 | 50,804 | | |
| Commodities | | | | | | | | | 4,811 | | | | | | |
| Capital Outlay | | | | | | | | | | | | | 32,930 | | |
| Debt Service | | | | | | | 195,363 | | | | | | | | |
| Infrastructure | | | | | | | | | | 602,555 | | | | | |
| Total Expenditures | 322,553 | - | - | 1,229,888 | - | 56,542 | 195,363 | - | 6,321 | 602,555 | 1,746 | 810 | 83,734 | - | - |
| Transfers to Other Funds: | | | | | | | | | | | | | | | |
| Transfer to General Fund | | | 150,000 | | | | | | | | | | | | |
| Transfer to Bond & Interest Fund | | | | | | | | | | | | | | | |
| Transfer to Capital Projects Fund | | 149,250 | 250,000 | | 42,273 | | | | | | | | | | |
| Transfer to Equipment Reserve Fund | | | | | | | | | | | | | | | |
| Total | - | 149,250 | 400,000 | - | 42,273 | - | - | - | - | - | - | - | - | - | - |
| Total Uses | 322,553 | 149,250 | 400,000 | 1,229,888 | 42,273 | 56,542 | 195,363 | - | 6,321 | 602,555 | 1,746 | 810 | 83,734 | - | - |
| Sources Over(Under) Uses | 802,537 | (148,941) | 570,167 | 54,968 | - | (14,256) | (195,113) | 28,315 | (6,243) | 484,453 | (1,447) | (531) | 749 | 45,852 | 44,763 |