

CITY OF PRAIRIE VILLAGE

First Quarter Financial Report

Ended
March 31, 2023

Relating to Fiscal
Year 2023

Unaudited



GENERAL FUND

General Fund Balance. The chart below shows that with 25% of the year complete revenues are at 32.7% of projections, while expenditures are at 23.4% of appropriations. The chart also reports the budgeted fund balance at the start of 2023, which was \$8,944,122 and the unaudited actual fund balance, which is \$11,185,244. The 2023 target ending fund balance is 25 percent of revenues (excluding transfers). The ending 2022 fund balance is 43 percent, pending final audited figures.

General Fund	Budget	YTD	Percent
Fund Balance 1/1	\$ 8,944,122	\$ 11,185,244	
Revenues	24,996,353	8,174,799	32.7%
Expenditures	27,786,443	6,493,649	23.4%
Balance	6,154,032	12,866,394	

SUMMARY OF KANSAS ECONOMIC CONDITIONS

The outlook for both the regional and U.S. economies continues to be strong, although recession fears have persisted for over a year. 2022 showed increases in real GDP, employment, and labor force participation in Kansas. Personal consumption ended the year with year-over year gains, while the City seemed mostly insulated from harder-hit national sectors such as residential and non-residential investment. Job losses were most notable in the service sector of the economy. The unemployment rate continues to be extremely low, both in Johnson County and Kansas as a whole. The Johnson County March unemployment rate was 2.7% (up from 4Q 2022 at 2.3%), compared to the stated Kansas unemployment rate of 3.0%. The impacts of inflation and a tight labor market continue to drive costs for durable goods and capital projects higher..

Prairie Village sales tax collections through the fourth quarter were up 12.7% compared to the same time last year. In addition, use tax collections over the same time period were very strong at 8.5% higher than last year. Use tax growth does appear to be slowing after increasing rapidly during online purchasing booms of 2020-2022. Both sales and use tax increases are a function of higher personal consumption and higher prices due to inflation over the last two years.

Residential real estate remains strong in Johnson County and Prairie Village. This is important since Prairie Village is considered a bedroom community. According to the County Economic Research Institute (CERI), single-family residential building permits in Johnson County have been lower than population growth over the last ten years, which has combined with increasing costs of labor and materials to drive the average price of homes sold up an average of 6.1% the last five years.

The focus of this report is on 2023 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 \$62,916 greater compared to the same period the last fiscal year, and are at 9.8% of the budget estimate. Sales tax distributions lag by two months, so the first distribution for 2023 was in March for January. In 2022 we were at 8.9% of the budget estimate.
- **Use Tax.** Use tax revenues are \$17,699 greater compared to the last fiscal year, and are at 11.7% 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 2023 was in March for January. In 2022 we were at 13.9% of the budget estimate.
- **Franchise Fees.** Franchise fee revenues are \$41,992 greater compared to the last fiscal year, and are at 21.9% of the budget estimate. Franchise fee receipts are strong; however they continue to be a volatile revenue source with seasonal fluctuations. In 2022 we were at 19.3% of the budget estimate.
- **Licenses & Permits.** License & permit revenues are \$28,546 less compared to the last fiscal year and are at 23% of the budget estimate. This is driven by a significant increase in building permit revenue in 2022. In 2022 we were at 29.3% of the budget estimate.
- **Fines and Fees.** Fine and Fee revenues are \$12,133 greater compared to the last fiscal year and are at 22.1% of the budget estimate. 2022 finished the year at 69% of the annual budgeted revenue. In the same time period in 2022 we were at 17.9% 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.
- **Interest on Investments.** Interest receipts for the General Fund only are \$110,440 greater compared to 2022, and are at 112% of the budget estimate. Interest earnings rose quickly in the second half of 2022 as interest rates rose. Investment interest rates continue to be strong in early 2023. Interest receipts depend on the maturity date of investments, type of investment and rate of interest. In 2022 we were at 8% of the budget estimate.

Quarterly Financial Report – 1st Quarter Ended March 31, 2023

The chart below provides summary comparison information on revenues, expenditures and transfers for the quarter ending March 2023 versus March 2022.

Year to Date Comparison to Prior Year				
General Fund	2023	2022	Over (Under)	% change
Revenues:				
Property Taxes	5,482,779	5,325,205	157,574	2.96%
Sales Taxes	558,545	495,628	62,916	12.69%
Use Tax	226,025	208,326	17,699	8.50%
Motor Vehicle Tax	215,769	211,570	4,199	1.98%
Liquor Tax	48,029	42,273	5,755	13.61%
Franchise Fees	410,518	368,526	41,992	11.39%
Licenses & Permits	221,723	250,269	(28,546)	-11.41%
Charges for Services	481,081	425,886	55,195	12.96%
Fines & Fees	167,896	155,763	12,133	7.79%
Recreational Fees	9,622	18,338	(8,716)	-47.53%
Interest on Investments	127,500	17,060	110,440	647.35%
Miscellaneous	75,313	88,133	(12,820)	-14.55%
Total Revenue	\$8,024,799	\$7,606,978	\$417,820	5.49%
Transfers from Other funds:				
Transfer from Stormwater Utility Fund	150,000	150,000	-	
Total	150,000	150,000	-	
Total Sources	\$8,174,799	\$7,756,978	\$417,820	
Expenditures:				
Personal Services	3,568,849	3,329,809	239,040	7.18%
Contract Services	909,398	842,348	67,050	7.96%
Commodities	95,770	109,182	(13,412)	-12.28%
Capital Outlay	120,074	37,087	82,987	223.76%
Contingency	-	-	-	
Total Expenditures	4,694,091	4,318,426	375,666	8.70%
Transfers to Other Funds:				
Transfer to Capital Projects Fund	1,321,057	1,326,750	(5,693)	-0.43%
Transfer to Bond & Interest Fund	262,000	262,681	(681)	-0.26%
Transfer to Economic Development	66,500	34,000	32,500	95.59%
Transfer to Equipment Reserve Fund	150,000	83,200	66,800	80.29%
Total	1,799,557	1,706,631	92,926	
Total Uses	6,493,649	6,025,057	468,592	

Quarterly Financial Report – 1st Quarter Ended March 31, 2023

The charts below provide information on expenditure and revenue budget to actual variances for the General Fund for the first quarter ending March 2023.

Expenditure Variances

General Fund	Budget	Expended YTD Actual	Percent Expended
Expenditures:			
Personnel Services	13,301,167	3,568,849	26.8%
Contract Services	5,531,597	909,398	16.4%
Commodities	939,500	95,770	10.2%
Capital Outlay	315,950	120,074	38.0%
Contingency	500,000	-	0.0%
Transfers to Other Funds	7,198,229	1,799,557	25.0%
Intergovernmental			
Total Expenditures	\$27,786,443	\$6,493,649	23.4%

Revenue Variances

General Fund	Budget	Received YTD Actual	Percent Received
Revenues:			
Property Taxes	9,637,244	5,482,779	56.9%
Sales Taxes	5,675,000	558,545	9.8%
Use Tax	1,940,000	226,025	11.7%
Motor Vehicle Tax	862,039	215,769	25.0%
Liquor Tax	157,091	48,029	30.6%
Franchise Fees	1,871,238	410,518	21.9%
Licenses & Permits	963,883	221,723	23.0%
Charges for Services	1,870,708	481,081	25.7%
Fines & Fees	758,700	167,896	22.1%
Recreational Fees	400,350	9,622	2.4%
Interest on Investments	113,622	127,500	112.2%
Miscellaneous	146,479	75,313	51.4%
Transfer from Stormwater Utility Fund	600,000	150,000	25.0%
Total Revenue	\$24,996,353	\$8,174,799	32.7%

OTHER FUNDS

The Statement of Revenues and Expenses for the quarter ended March 31, 2023 is shown on page 5.

Report Prepared by Jason Hannaman, Finance Director, May 26, 2023

Quarterly Financial Report – 1st Quarter Ended March 31, 2023

	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															
Meadowbrook TIF				1,633,672										46,422	51,673
Sales Taxes															
Motor Vehicle Tax															
Liquor Tax					48,029	48,029									
Licenses & Permits	1,270		140												
Intergovernmental		-						15,927	-	493,263					
Charges for Services	1,201,200		990,065												
Interest on Investments	10,508	1,929	10,677	858	335	319	678	4,597	24,019	125	2,399	2,635	5,772	1,796	3,575
Miscellaneous	-					51,717				-	-				
Total Revenue	1,212,978	1,929	1,000,882	1,634,530	48,364	100,065	678	20,524	24,019	493,388	2,399	2,635	5,772	48,218	55,248
Transfers from Other funds:															
Transfer from General Fund							262,000			1,321,057		66,500	150,000		
Transfer from Special Highway										154,970					
Transfer from Storm Water Utility Fund										250,000					
Transfer from Special Parks & Rec Fund										48,029					
Total	-	-	-	-	-	-	262,000	-	-	1,774,056	-	66,500	150,000	-	-
Total Sources	1,212,978	1,929	1,000,882	1,634,530	48,364	100,065	262,678	20,524	24,019	2,267,444	2,399	69,135	155,772	48,218	55,248
Expenditures:															
Personal Services	8,112														
Contract Services	325,501			1,592,923				75,767	9,900			39,777	18,281	16,043	15,365
Commodities															
Capital Outlay													4,457		
Debt Service							184,000								
Infrastructure									1,127,331	691,765					
Total Expenditures	333,613	-	-	1,592,923	-	60,850	184,000	75,767	1,137,231	691,765	-	39,777	22,738	16,043	15,365
Transfers to Other Funds:															
Transfer to General Fund			150,000												
Transfer to Bond & Interest Fund															
Transfer to Capital Projects Fund		154,970	250,000		48,029										
Transfer to Equipment Reserve Fund															
Total	-	154,970	400,000	-	48,029	-	-	-	-	-	-	-	-	-	-
Total Uses	333,613	154,970	400,000	1,592,923	48,029	60,850	184,000	75,767	1,137,231	691,765	-	39,777	22,738	16,043	15,365
Sources Over(Under) Uses	879,366	(153,041)	600,882	41,607	335	39,216	78,678	(55,243)	(1,113,212)	1,575,679	2,399	29,358	133,034	32,175	39,883