

CITY OF PRAIRIE VILLAGE

Second Quarter Financial Report

Ended
June 30, 2023

Relating to Fiscal
Year 2023

Unaudited



GENERAL FUND

General Fund Balance. The chart below shows that with 50% of the year complete revenues are at 66.8% of projections, while expenditures are at 47.1% of appropriations. The chart also reports the budgeted fund balance at the start of 2023, which was \$8,944,122 and the audited actual fund balance, which is \$11,079,422. The 2023 target ending fund balance is 25 percent of revenues (excluding transfers). The ending 2022 fund balance was 42.6% percent.

General Fund	Budget	YTD	Percent
Fund Balance 1/1	\$ 8,944,122	\$ 11,079,422	
Revenues	24,996,353	16,704,326	66.8%
Expenditures	27,786,443	13,084,030	47.1%
Balance	6,154,032	14,699,718	

SUMMARY OF KANSAS ECONOMIC CONDITIONS




The outlook for both the regional and U.S. economies continues to be strong, with recession fears that have persisted for over a year easing and increasing hopes that the Federal Reserve can engineer a “soft landing.” 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% (flat with 1Q 2023 and up from 4Q 2022 at 2.3%), compared to the stated Kansas unemployment rate of 2.9%. 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 second quarter were up 9.4% compared to the same time last year. In addition, use tax collections over the same time period were very strong at 5.8% 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 9.4% annually for 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 \$192,997 greater compared to the same period the last fiscal year, and are at 40% 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 37% of the budget estimate.
- **Use Tax.** Use tax revenues are \$49,018 greater compared to the last fiscal year, and are at 46% 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 54% of the budget estimate.
- **Licenses & Permits.** License & permit revenues are \$104,428 less compared to the last fiscal year and are at 47% of the budget estimate. This is driven by a significant increase in building permit revenue in 2022. In 2022 we were at 80% of the budget estimate.
- **Charges for Services.** Charges for services are \$119,617 greater compared to the last fiscal year, and are at 52% of the budget estimate. Most of the difference in this category is due to the increase in the contract for providing police services to Mission Hills. In 2022 we were at 46% of the budget estimate.
- **Fines and Fees.** Fine and Fee revenues are \$61,408 greater compared to the last fiscal year but are only at 47% 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 34% 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.

Quarterly Financial Report – 2nd Quarter Ended June 30, 2023

- **Interest on Investments.** Interest receipts for the General Fund only are \$154,141 greater compared to 2022, and are at 240% 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 32% of the budget estimate.

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

Year to Date Comparison to Prior Year				
General Fund	2023	2022	Over (Under)	% change
Revenues:				
Property Taxes	9,344,947	8,845,192	499,755	5.7%
Sales Taxes	2,254,066	2,061,068	192,997	9.4%
Use Tax	895,741	846,724	49,018	5.8%
Motor Vehicle Tax	425,063	402,736	22,327	5.5%
Liquor Tax	96,619	82,878	13,741	16.6%
Franchise Fees	895,485	845,726	49,759	5.9%
Licenses & Permits	453,555	557,983	(104,428)	-18.7%
Charges for Services	978,303	858,685	119,617	13.9%
Fines & Fees	357,105	295,697	61,408	20.8%
Recreational Fees	321,690	315,583	6,107	1.9%
Interest on Investments	218,462	64,321	154,141	239.6%
Miscellaneous	163,289	143,964	19,325	13.4%
Total Revenue	\$16,404,326	\$15,320,557	\$1,083,769	7.1%
Transfers from Other funds:				
Transfer from Stormwater Utility Fund	300,000	300,000	-	
Total	300,000	300,000	-	
Total Sources	\$16,704,326	\$15,620,557	\$1,083,769	
Expenditures:				
Personal Services	7,090,009	5,799,937	1,290,072	22.2%
Contract Services	1,954,263	1,854,498	99,765	5.4%
Commodities	292,694	349,944	(57,250)	-16.4%
Capital Outlay	147,950	48,323	99,627	206.2%
Contingency	-	-	-	
Total Expenditures	9,484,915	8,052,702	1,432,214	17.8%
Transfers to Other Funds:				
Transfer to Capital Projects Fund	2,642,115	2,653,500	(11,386)	-0.4%
Transfer to Bond & Interest Fund	524,000	525,363	(1,363)	-0.3%
Transfer to Economic Development	133,000	68,000	65,000	95.6%
Transfer to Equipment Reserve Fund	300,000	166,400	133,600	80.3%
Total	3,599,115	3,413,263	185,852	
Total Uses	13,084,030	11,465,964	1,618,066	

Quarterly Financial Report – 2nd Quarter Ended June 30, 2023

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

Expenditure Variances

General Fund	Budget	Expended YTD Actual	Percent Expended
Expenditures:			
Personnel Services	13,301,167	7,090,009	53.3%
Contract Services	5,531,597	1,954,263	35.3%
Commodities	939,500	292,694	31.2%
Capital Outlay	315,950	147,950	46.8%
Contingency	500,000	-	0.0%
Transfers to Other Funds	7,198,229	3,599,115	50.0%
Intergovernmental			
Total Expenditures	\$27,786,443	\$13,084,030	47.1%

Revenue Variances

General Fund	Budget	Received YTD Actual	Percent Received
Revenues:			
Property Taxes	9,637,244	9,344,947	97.0%
Sales Taxes	5,675,000	2,254,066	39.7%
Use Tax	1,940,000	895,741	46.2%
Motor Vehicle Tax	862,039	425,063	49.3%
Liquor Tax	157,091	96,619	61.5%
Franchise Fees	1,871,238	895,485	47.9%
Licenses & Permits	963,883	453,555	47.1%
Charges for Services	1,870,708	978,303	52.3%
Fines & Fees	758,700	357,105	47.1%
Recreational Fees	400,350	321,690	80.4%
Interest on Investments	113,622	218,462	192.3%
Miscellaneous	146,479	163,289	111.5%
Transfer from Stormwater Utility Fund	600,000	300,000	50.0%
Total Revenue	\$24,996,353	\$16,704,326	66.8%

OTHER FUNDS

The Statement of Revenues and Expenses for the quarter ended June 30, 2023 is shown on page 5.

Report Prepared by Jason Hannaman, Finance Director, August 4, 2023

Quarterly Financial Report – 2nd Quarter Ended June 30, 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				2,489,441										200,688	204,139
Meadowbrook TIF															
Sales Taxes															
Motor Vehicle Tax															
Liquor Tax					96,619	96,619									
Licenses & Permits	1,270		3,492												
Intergovernmental		142,486						113,612	-	493,263					
Charges for Services	2,025,508		1,602,738												
Interest on Investments	22,417	7,322	32,306	2,589	1,362	1,219	1,334	11,686	43,862	333	4,491	4,107	9,646	4,557	9,545
Miscellaneous	-					51,717				10,000	4,448				
Total Revenue	2,049,195	149,808	1,638,536	2,492,030	97,981	149,555	1,334	125,298	43,862	503,596	8,939	4,107	9,646	205,245	213,684
Transfers from Other funds:															
Transfer from General Fund							524,000			2,642,115		133,000	300,000		
Transfer from Special Highway										309,940					
Transfer from Storm Water Utility Fund										500,000					
Transfer from Special Parks & Rec Fund										96,619					
Total	-	-	-	-	-	-	524,000	-	-	3,548,674	-	133,000	300,000	-	-
Total Sources	2,049,195	149,808	1,638,536	2,492,030	97,981	149,555	525,334	125,298	43,862	4,052,270	8,939	137,107	309,646	205,245	213,684
Expenditures:															
Personal Services	16,223					54,377									
Contract Services	853,724			2,422,735		50,031		103,633	10,075		23,133	88,500	34,889	156,043	155,365
Commodities						9,384									
Capital Outlay													58,484		
Debt Service							184,000								
Infrastructure									1,693,945	2,461,324					
Total Expenditures	869,947	-	-	2,422,735	-	113,792	184,000	103,633	1,704,020	2,461,324	23,133	88,500	93,373	156,043	155,365
Transfers to Other Funds:															
Transfer to General Fund			300,000												
Transfer to Bond & Interest Fund															
Transfer to Capital Projects Fund		309,940	500,000		96,619										
Transfer to Equipment Reserve Fund															
Total	-	309,940	800,000	-	96,619	-	-	-	-	-	-	-	-	-	-
Total Uses	869,947	309,940	800,000	2,422,735	96,619	113,792	184,000	103,633	1,704,020	2,461,324	23,133	88,500	93,373	156,043	155,365
Sources Over(Under) Uses	1,179,248	(160,132)	838,536	69,295	1,362	35,763	341,334	21,665	(1,660,158)	1,590,946	(14,194)	48,607	216,273	49,202	58,319