

City of Prairie Village

Fourth Quarter

Financial Report for the fourth quarter

Ended December 31, 2017

Relating to Fiscal Year 2017

Unaudited



GENERAL FUND

General Fund Balance. The chart, below, represents the fourth quarter and uses preliminary and unaudited results for the operations for the fiscal year ending December 31, 2017. While the final steps for closing the fiscal year are not complete, the report provides a reasonably accurate estimate for the FY 2017 results. Revenues are at 103.3 percent of projections, while expenditures are at 90.9 percent of appropriations. The chart also reports the budgeted fund balance at the start of 2017, which is \$6,604,051 and the audited actual fund balance, which is \$6,834,040. The 2017 target ending fund balance is 25 percent of revenues (excluding transfers).

In 2016, fourth quarter revenues were at 101.4% and expenditures were at 93.6%.

General Fund	Budget	YTD	Percent
Fund Balance 1/1	\$ 6,604,051	\$ 6,834,040	
Revenues	19,077,570	19,710,076	103.3%
Expenditures	20,988,549	19,077,575	90.9%
Balance	4,693,072	7,466,541	

SUMMARY OF KANSAS ECONOMIC CONDITIONS

The Kansas unemployment rate was 3.4 percent in December 2017, compared to 4.1 percent in the United States. The Johnson County unemployment rate for the same time period was 2.5 percent.

The Federal Reserve continues to keep mortgage interest rates low and as of December 2017 the national average contract mortgage rate for the purchase of previously occupied homes was 4.08%, up 5 basis points from 4.03% in November 2017.




With the 2018 Tax Reform Law, many homeowners will begin to see an increase to their paychecks and the new law also introduces a numbers of changes in 2018 that will affect individual property owners. It is likely that the Federal Reserve will increase interest as a result of the tax reform and the strong real estate market.

In Prairie Village, the average home sales price increased 13.16% from 2016 to 2017, while the mean appraised value rose 11.05% (from \$273,270 to \$303,463).

The focus of this report is on 2017 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 2017 and 2016.

Rating Scale for Key Variances:

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

Key variances include:

- **Sales Tax.** Sales tax revenues are \$337,517 greater compared to the last fiscal year, and are at 106.6 percent of the budget estimate. The increase is almost all from the new Public Safety Sales Tax (\$305,539) that was effective on April 1, 2017. Excluding the new sales tax the increase over 2016 is 0.66 percent. In 2016 we were at 99.7 percent of the budget estimate.
- **Use Tax.** Use tax revenues are \$130,991 greater compared to the last fiscal year, and are at 126.2 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. The increase includes the new Public Safety Sales Tax (\$63,146) that was effective on April 1, 2017. Excluding the new sales tax the increase over 2016 is 6.1 percent. In 2016 we were at 116.7 percent of the budget estimate.

Note: The Public Safety Sales tax funds have been allocated to North Park

2017	\$233,000
2018	\$400,000

- **Liquor Tax.** Liquor tax revenues are \$8,750 greater compared to the last fiscal year, and are at 105.9 percent of the budget estimate. In 2016 we were at 92.1 percent of the budget estimate.
- **Licenses & Permits.** License & Permit fee revenues are \$83,556 less compared to the last fiscal year, and are at 123.3 percent of the budget estimate. In 2016 we were at 163 percent of the budget estimate. The difference is attributable to Building Permit revenue.

- **Interest on Investments.** Interests receipts for the General Fund only are \$16,472 more compared to 2016. Interest receipts will fluctuate depending on when investments mature. Interest receipts for all funds are \$155,659 and are at 72 percent of the budget estimate.

Expenditure Variances

General Fund	Budget	Received YTD Actual	Percent Received
Expenditures:			
Personnel Services	9,504,543	9,219,725	97.0%
Contract Services	5,156,285	4,253,192	82.5%
Commodities	765,225	580,978	75.9%
Capital Outlay	246,800	207,984	84.3%
Contingency	500,000	-	0.0%
Transfers to Other Funds	4,815,696	4,815,696	100.0%
Total Revenue	<u>\$20,988,549</u>	<u>\$19,077,575</u>	90.9%

- **Contract Services.** Contract Services expenditures are \$903,093 less than budgeted. The October 2016 Street Light bond issue attributed to 64 percent (\$577,782) of this difference. The unused General Funds (\$577,782) were intended for any issues related to purchasing the LED lights and maintaining the poles the first year. The City expected to have around \$400,000 carried over to the 2018 beginning fund balance and these funds were designated for North Park.
- **Commodities.** Commodity expenditures are \$184,247 less than budgeted. Fuel purchases account for 14 percent, snow and ice operations (salt) make up another 19 percent of the difference.

Quarterly Financial report – Fourth Quarter Ending December 31, 2017

The chart, below, provides summary comparison information on revenues, expenditures and transfers for the fourth quarter ending December 2017 versus December 2016.

Year to Date Comparison to Prior Year				
General Fund	2017	2016	Over (Under)	
Revenues:				
Property Taxes	6,322,487	6,018,578	303,909	5.05%
Sales Taxes	5,174,214	4,836,697	337,517	6.98%
Use Tax	1,243,105	1,112,114	130,991	11.78%
Motor Vehicle Tax	649,470	620,575	28,894	
Liquor Tax	137,684	128,934	8,750	6.79%
Franchise Fees	1,961,828	1,991,903	(30,076)	-1.51%
Licenses & Permits	735,942	819,498	(83,556)	-10.20%
Charges for Services	1,549,356	1,516,070	33,286	2.20%
Fines & Fees	899,054	911,058	(12,003)	-1.32%
Recreational Fees	429,928	433,456	(3,528)	-0.81%
Interest on Investments	56,787	40,315	16,472	40.86%
Miscellaneous	150,221	153,338	(3,117)	-2.03%
Total Revenue	\$19,310,076	\$18,582,536	\$727,540	3.92%
Transfers from Other funds:				
Transfer from General Fund	-	-	-	
Transfer from Special Highway Fund	-	-	-	
Transfer from Stormwater Utility Fund	400,000	400,000	-	
Transfer from Special Parks & Rec Fund	-	-	-	
Transfer from Special Alcohol Fund	-	-	-	
Total	400,000	400,000	-	
Total Sources	\$19,710,076	\$18,982,536	\$727,540	
Expenditures:				
Personal Services	9,219,725	8,775,727	443,998	5.06%
Contract Services	4,253,192	4,754,921	(501,729)	-10.55%
Commodities	580,978	620,381	(39,403)	-6.35%
Capital Outlay	207,984	249,745	(41,761)	-16.72%
Debt Service	-	-	-	
Infrastructure	-	-	-	
Contingency	-	-	-	
Total Expenditures	14,261,879	14,400,773	(138,894)	-0.96%
Transfers to Other Funds:				
Transfer to Capital Projects Fund	4,100,000	4,091,021	8,979	0.22%
Transfer to Bond & Interest Fund	480,696	-	480,696	
Transfer to Risk Management Fund	35,000	35,000	-	0.00%
Transfer to Economic Development	-	-	-	
Transfer to Equipment Reserve Fund	200,000	-	200,000	
Total	4,815,696	4,126,021	689,675	
Total Uses	19,077,575	18,526,794	550,781	

The chart, below, provides information on revenue budget to actual variances for the General Fund for the fourth quarter ending December 2017.

Revenue Variances

General Fund	Budget	Received YTD Actual	Percent Received
Revenues:			
Property Taxes	6,331,169	6,322,487	99.9%
Sales Taxes	4,854,400	5,174,214	106.6%
Use Tax	985,000	1,243,105	126.2%
Motor Vehicle Tax	649,770	649,470	100.0%
Liquor Tax	130,000	137,684	105.9%
Franchise Fees	1,972,750	1,961,828	99.4%
Licenses & Permits	597,080	735,942	123.3%
Charges for Services	1,523,076	1,549,356	101.7%
Fines & Fees	1,010,900	899,054	88.9%
Recreational Fees	377,825	429,928	113.8%
Interest on Investments	80,000	56,787	71.0%
Miscellaneous	165,600	150,221	90.7%
Transfer from Stormwater Utility Fund	400,000	400,000	100.0%
Total Revenue	\$19,077,570	\$19,710,076	103.3%

OTHER FUNDS

The Statement of Revenues and Expenses for the quarter ended December 31, 2017 are shown on page 6.

	Solid Waste Management	Special Highway	Stormwater Utility	Special Parks & Rec	Special Alcohol	Bond & Interest	Capital Projects	Risk Mgmt	Economic Development	Equipment Reserve	CID Corinth	CID PV Shops
Revenues:												
Property Taxes						2,312					576,525	503,194
Sales Taxes												
Bond Proceeds												
Motor Vehicle Tax				137,684	137,684	58,445						
Liquor Tax			10,780									
Licenses & Permits	1,935						1,033,038					
Intergovernmental	583,369											
Charges for Services	1,609,385		1,574,133									
Interest on Investments	10,152	6,442	11,050	1,246	1,509	1,019	62,338	426	1,283	933	1,365	1,108
Miscellaneous	16,862				-		930	613				
Total Revenue	1,638,335	589,811	1,595,963	138,930	139,193	61,777	1,096,306	1,039	1,283	933	577,890	504,302
Transfers from Other Funds:												
Transfer from General Fund						480,696	4,100,000	35,000		200,000		
Transfer from Special Highway							588,751					
Transfer from Storm Water Utility Fund						242,608	1,000,000					
Transfer from Special Parks & Rec Fund							154,446					
Total	-	-	-	-	-	723,304	5,843,197	35,000	-	200,000	-	-
Total Sources	1,638,335	589,811	1,595,963	138,930	139,193	785,081	6,939,503	36,039	1,283	200,933	577,890	504,302
Expenditures:												
Personal Services	26,841											
Contract Services	1,754,257											
Commodities								4,823	984,408		527,243	485,329
Capital Outlay										256,888		
Debt Service												
Infrastructure												
Bond Costs												
Total Expenditures	1,781,098	-	-	-	136,028	818,750	7,176,209	4,823	984,408	256,888	527,243	485,329
Transfers to Other Funds:												
Transfer to General Fund			400,000									
Transfer to Bond & Interest Fund			242,608									
Transfer to Capital Projects Fund		588,751	1,000,000	154,446								
Transfer to Equipment Reserve Fund												
Total	-	588,751	1,642,608	154,446	-	-	-	-	-	-	-	-
Total Uses	1,781,098	588,751	1,642,608	154,446	136,028	818,750	7,176,209	4,823	984,408	256,888	527,243	485,329
Sources Over(Under) Uses	(142,763)	1,060	(46,645)	(15,517)	3,165	(33,669)	(236,706)	31,216	(983,125)	(55,955)	50,647	18,973