

# CITY OF PRAIRIE VILLAGE

Third Quarter Financial Report

Ended  
September 30, 2023

Relating to Fiscal  
Year 2023

Unaudited



## GENERAL FUND

**General Fund Balance.** The chart below shows that with 75% of the year complete revenues are at 86.4% of projections, while expenditures are at 72.9% 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	21,606,119	86.4%
Expenditures	27,786,443	20,245,843	72.9%
Balance	6,154,032	12,439,698	

## 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 but being counterbalanced by persistent high interest rates. 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 September unemployment rate was 2.6% (down from 2Q 2023 at 2.7%), compared to the stated Kansas unemployment rate of 2.8%. The impacts of inflation and a tight labor market continue to drive costs for durable goods and capital projects higher.



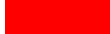
Prairie Village sales tax collections through the third quarter were up 3.2% compared to the same time last year. However, use tax collections over the same time period decreased 3.6% from last year. Use tax growth appears to be slowing after increasing rapidly during online purchasing booms of 2020-2022. Both sales and use tax collections 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 total number of homes sold in Johnson County is down significantly from prior years due to increased mortgage rates and lack of inventory.



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 \$382,118 greater compared to the same period the last fiscal year, and are at 70% 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 69% of the budget estimate.
- **Use Tax.** Use tax revenues are \$58,369 less compared to the last fiscal year, and are at 80% 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 104% of the budget estimate. This would indicate that although this is not cause for concern, we should not expect continued growth in use tax in the manner we have seen the last two years.
- **Licenses & Permits.** License & permit revenues are \$215,871 less compared to the last fiscal year and are at 76% of the budget estimate. This is driven by a significant increase in building permit revenue in 2022. In 2022 we were at 111% of the budget estimate.
- **Charges for Services.** Charges for services are \$182,282 greater compared to the last fiscal year, and are at 78% 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 69% of the budget estimate.
- **Fines and Fees.** Fine and Fee revenues are \$54,256 greater compared to the last fiscal year but are only at 68% 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 53% 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 – 3<sup>rd</sup> Quarter Ended September 30, 2023

- Interest on Investments.** Interest receipts for the General Fund only are \$232,667 greater compared to 2022, and are at 318% 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 96% of the budget estimate.

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

Year to Date Comparison to Prior Year				
General Fund	2023	2022	Over (Under)	% change
<b>Revenues:</b>				
Property Taxes	9,510,707	9,128,589	382,118	4.2%
Sales Taxes	3,994,424	3,870,248	124,176	3.2%
Use Tax	1,565,289	1,623,658	(58,369)	-3.6%
Motor Vehicle Tax	729,837	706,832	23,005	3.3%
Liquor Tax	152,285	127,858	24,426	19.1%
Franchise Fees	1,407,764	1,412,868	(5,104)	-0.4%
Licenses & Permits	732,779	948,650	(215,871)	-22.8%
Charges for Services	1,466,619	1,284,337	182,282	14.2%
Fines & Fees	517,784	463,527	54,256	11.7%
Recreational Fees	492,715	469,203	23,512	5.0%
Interest on Investments	362,070	129,403	232,667	179.8%
Miscellaneous	223,849	147,280	76,568	52.0%
<b>Total Revenue</b>	<b>\$21,156,119</b>	<b>\$20,312,454</b>	<b>\$843,666</b>	<b>4.2%</b>
<b>Transfers from Other funds:</b>				
Transfer from Stormwater Utility Fund	450,000	450,000	-	
<b>Total</b>	<b>450,000</b>	<b>450,000</b>	<b>-</b>	
<b>Total Sources</b>	<b>\$21,606,119</b>	<b>\$20,762,454</b>	<b>\$843,666</b>	
<b>Expenditures:</b>				
Personal Services	10,362,146	8,980,252	1,381,894	15.4%
Contract Services	3,782,640	2,960,548	822,092	27.8%
Commodities	509,002	594,615	(85,613)	-14.4%
Capital Outlay	193,384	172,811	20,572	11.9%
Contingency	-	-	-	
<b>Total Expenditures</b>	<b>14,847,171</b>	<b>12,708,226</b>	<b>2,138,946</b>	<b>16.8%</b>
<b>Transfers to Other Funds:</b>				
Transfer to Capital Projects Fund	3,963,172	3,980,250	(17,078)	-0.4%
Transfer to Bond & Interest Fund	786,000	788,044	(2,044)	-0.3%
Transfer to Economic Development	199,500	102,000	97,500	95.6%
Transfer to Equipment Reserve Fund	450,000	249,600	200,400	80.3%
<b>Total</b>	<b>5,398,672</b>	<b>5,119,894</b>	<b>278,778</b>	
<b>Total Uses</b>	<b>20,245,843</b>	<b>17,828,120</b>	<b>2,417,724</b>	

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

**Expenditure Variances**

General Fund	Budget	Expended YTD Actual	Percent Expended
Expenditures:			
Personnel Services	13,301,167	10,362,146	77.9%
Contract Services	5,531,597	3,782,640	68.4%
Commodities	939,500	509,002	54.2%
Capital Outlay	315,950	193,384	61.2%
Contingency	500,000	-	0.0%
Transfers to Other Funds	7,198,229	5,398,672	75.0%
Total Expenditures	<u>\$27,786,443</u>	<u>\$20,245,843</u>	<u>72.9%</u>

**Revenue Variances**

General Fund	Budget	Received YTD Actual	Percent Received
Revenues:			
Property Taxes	9,637,244	9,510,707	98.7%
Sales Taxes	5,675,000	3,994,424	70.4%
Use Tax	1,940,000	1,565,289	80.7%
Motor Vehicle Tax	862,039	729,837	84.7%
Liquor Tax	157,091	152,285	96.9%
Franchise Fees	1,871,238	1,407,764	75.2%
Licenses & Permits	963,883	732,779	76.0%
Charges for Services	1,870,708	1,466,619	78.4%
Fines & Fees	758,700	517,784	68.2%
Recreational Fees	400,350	492,715	123.1%
Interest on Investments	113,622	362,070	318.7%
Miscellaneous	146,479	223,849	152.8%
Transfer from Stormwater Utility Fund	600,000	450,000	75.0%
Total Revenue	<u>\$24,996,353</u>	<u>\$21,606,119</u>	<u>86.4%</u>

**OTHER FUNDS**

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

Report Prepared by Jason Hannaman, Finance Director, October 25, 2023

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	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
<b>Revenues:</b>															
Property Taxes															
Meadowbrook TIF				2,521,161										371,896	355,167
Sales Taxes															
Motor Vehicle Tax															
Liquor Tax					152,285	152,285									
Licenses & Permits	1,270		6,379												
Intergovernmental		302,078						212,771	-	493,263					
Charges for Services	2,064,932		1,630,406												
Interest on Investments	38,393	18,909	57,490	5,817	3,041	3,501	2,032	15,790	60,895	11,733	8,135	6,586	29,029	10,508	19,671
Miscellaneous	-					51,717				11,751	5,448				
<b>Total Revenue</b>	<b>2,104,595</b>	<b>320,987</b>	<b>1,694,275</b>	<b>2,526,978</b>	<b>155,326</b>	<b>207,503</b>	<b>2,032</b>	<b>228,561</b>	<b>60,895</b>	<b>516,747</b>	<b>13,583</b>	<b>6,586</b>	<b>29,029</b>	<b>382,404</b>	<b>374,838</b>
<b>Transfers from Other funds:</b>															
Transfer from General Fund							786,000			3,963,172		199,500	450,000		
Transfer from Special Highway										464,910					
Transfer from Storm Water Utility Fund										750,000					
Transfer from Economic Development Fund										220,000					
Transfer from Transient Guest Tax Fund										365,000					
Transfer from Special Parks & Rec Fund										152,285					
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>786,000</b>	<b>-</b>	<b>-</b>	<b>5,915,367</b>	<b>-</b>	<b>199,500</b>	<b>450,000</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>2,104,595</b>	<b>320,987</b>	<b>1,694,275</b>	<b>2,526,978</b>	<b>155,326</b>	<b>207,503</b>	<b>788,032</b>	<b>228,561</b>	<b>60,895</b>	<b>6,432,114</b>	<b>13,583</b>	<b>206,086</b>	<b>479,029</b>	<b>382,404</b>	<b>374,838</b>
<b>Expenditures:</b>															
Personal Services	24,335					81,566									
Contract Services	1,341,338			2,453,122		60,715		129,605	24,856		23,133	126,105	32,955	296,043	330,365
Commodities						9,384									
Capital Outlay													71,830		
Debt Service							1,048,000								
Infrastructure									1,708,540	5,817,328					
<b>Total Expenditures</b>	<b>1,365,673</b>	<b>-</b>	<b>-</b>	<b>2,453,122</b>	<b>-</b>	<b>151,665</b>	<b>1,048,000</b>	<b>129,605</b>	<b>1,733,396</b>	<b>5,817,328</b>	<b>23,133</b>	<b>126,105</b>	<b>104,785</b>	<b>296,043</b>	<b>330,365</b>
<b>Transfers to Other Funds:</b>															
Transfer to General Fund			450,000												
Transfer to Bond & Interest Fund															
Transfer to Capital Projects Fund		464,910	750,000		152,285			365,000				220,000			
Transfer to Equipment Reserve Fund															
<b>Total</b>	<b>-</b>	<b>464,910</b>	<b>1,200,000</b>	<b>-</b>	<b>152,285</b>	<b>-</b>	<b>-</b>	<b>365,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Uses</b>	<b>1,365,673</b>	<b>464,910</b>	<b>1,200,000</b>	<b>2,453,122</b>	<b>152,285</b>	<b>151,665</b>	<b>1,048,000</b>	<b>494,605</b>	<b>1,733,396</b>	<b>5,817,328</b>	<b>23,133</b>	<b>346,105</b>	<b>104,785</b>	<b>296,043</b>	<b>330,365</b>
<b>Sources Over(Under) Uses</b>	<b>738,923</b>	<b>(143,923)</b>	<b>494,275</b>	<b>73,856</b>	<b>3,041</b>	<b>55,839</b>	<b>(259,968)</b>	<b>(266,044)</b>	<b>(1,672,501)</b>	<b>614,786</b>	<b>(9,550)</b>	<b>(140,019)</b>	<b>374,244</b>	<b>86,361</b>	<b>44,473</b>