

CITY OF PRAIRIE VILLAGE

Fourth Quarter Financial Report

Ended
December 31, 2023

Relating to Fiscal
Year 2023

Unaudited



GENERAL FUND

General Fund Balance. The chart below shows that at the end of the year (unaudited), revenues are at 112% of budget, while expenditures are at 99.5% 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 for debt service). The projected ending 2023 fund balance is 43 percent, pending final audited figures.

General Fund	Budget	YTD	Percent
Fund Balance 1/1	\$ 8,944,122	\$ 11,079,422	
Revenues	24,996,353	28,089,926	112.4%
Expenditures	27,786,443	27,636,425	99.5%
Balance	6,154,032	11,532,923	

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. 2023 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 December unemployment rate was 1.8% (down from 3Q 2023 at 2.6%), compared to the stated Kansas unemployment rate of 2.6%. 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 1.9% compared to the same time last year. Use tax collections over the same time period increased 2.1% from last year. Both sales and 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), in 2023 both single-family residential building permits in Johnson County as well as the total number of home sales were at the lowest level for at least the last ten years. With new construction not keeping up with population growth over the last ten years,

combined with increasing costs of labor and materials, the average price of homes in Johnson County has increased an average of nearly 10% 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 \$125,547 greater compared to the same period the last fiscal year, and are at 121% 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 121% of the budget estimate. While comparing actual receipts to budgeted amounts may seem to indicate this is positive, the rate of growth has significantly slowed, with sales tax receipts only 1.9% above 2022 receipts – below the rate of inflation.
- **Use Tax.** Use tax revenues are \$59,410 greater compared to the last fiscal year, and are at 147% 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. Similar to sales tax, slow growth (2.1% over 2022 collections) is reason for caution.
- **Licenses & Permits.** License & permit revenues are \$236,027 less compared to the last fiscal year and are at 99.8% of the budget estimate. This is driven by a significant increase in building permit revenue in 2022 and a slight decrease in 2023, which is consistent with county-wide trends . In 2022 we were at 128% of the budget estimate.
- **Charges for Services.** Charges for services are \$250,074 greater compared to the last fiscal year, and are at 110% 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 98% of the budget estimate.
- **Fines and Fees.** Fine and Fee revenues are \$83,292 greater compared to the last fiscal year but are only at 90% of the budget estimate. 2022 finished the year at 69% of the annual 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 – 4th Quarter Ended December 31, 2023

- **Interest on Investments.** Interest receipts for the General Fund only are \$329,766 greater compared to 2022, and are over four times the budget estimate. Interest earnings grew 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 129% of the budget estimate.

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

Year to Date Comparison to Prior Year				
General Fund	2023	2022	Over (Under)	% change
Revenues:				
Property Taxes	9,532,181	9,138,008	394,172	4.3%
Sales Taxes	6,872,250	6,746,703	125,547	1.9%
Use Tax	2,854,934	2,795,524	59,410	2.1%
Motor Vehicle Tax	827,826	790,061	37,765	4.8%
Liquor Tax	208,944	176,393	32,551	18.5%
Franchise Fees	1,993,683	2,034,826	(41,143)	-2.0%
Licenses & Permits	961,735	1,197,762	(236,027)	-19.7%
Charges for Services	2,061,196	1,811,122	250,074	13.8%
Fines & Fees	684,269	600,977	83,292	13.9%
Recreational Fees	501,225	479,401	21,824	4.6%
Interest on Investments	504,134	174,369	329,766	189.1%
Miscellaneous	487,549	72,659	414,891	571.0%
Total Revenue	\$27,489,926	\$26,017,803	\$1,472,123	5.7%
Transfers from Other funds:				
Transfer from Stormwater Utility Fund	600,000	600,000	-	
Total	600,000	600,000	-	
Total Sources	\$28,089,926	\$26,617,803	\$1,472,123	
Expenditures:				
Personal Services	13,817,500	12,146,549	1,670,951	13.8%
Contract Services	5,595,666	4,913,241	682,425	13.9%
Commodities	721,084	858,988	(137,904)	-16.1%
Capital Outlay	303,945	240,891	63,054	26.2%
Contingency	-	-	-	
Total Expenditures	20,438,196	18,159,669	2,278,527	12.5%
Transfers to Other Funds:				
Transfer to Capital Projects Fund	5,284,229	5,319,000	(34,771)	-0.7%
Transfer to Bond & Interest Fund	1,048,000	1,050,725	(2,725)	-0.3%
Transfer to Economic Development	266,000	136,000	130,000	95.6%
Transfer to Equipment Reserve Fund	600,000	332,800	267,200	80.3%
Total	7,198,229	6,838,525	359,704	
Total Uses	27,636,425	24,998,194	2,638,231	

Quarterly Financial Report – 4th Quarter Ended December 31, 2023

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

Expenditure Variances

General Fund	Budget	Expended YTD Actual	Percent Expended
Expenditures:			
Personnel Services	13,301,167	13,817,500	103.9%
Contract Services	5,531,597	5,595,666	101.2%
Commodities	939,500	721,084	76.8%
Capital Outlay	315,950	303,945	96.2%
Contingency	500,000	-	0.0%
Transfers to Other Funds	7,198,229	7,198,229	100.0%
Total Expenditures	<u>\$27,786,443</u>	<u>\$27,636,425</u>	<u>99.5%</u>

Revenue Variances

General Fund	Budget	Received YTD Actual	Percent Received
Revenues:			
Property Taxes	9,637,244	9,532,181	98.9%
Sales Taxes	5,675,000	6,872,250	121.1%
Use Tax	1,940,000	2,854,934	147.2%
Motor Vehicle Tax	862,039	827,826	96.0%
Liquor Tax	157,091	208,944	133.0%
Franchise Fees	1,871,238	1,993,683	106.5%
Licenses & Permits	963,883	961,735	99.8%
Charges for Services	1,870,708	2,061,196	110.2%
Fines & Fees	758,700	684,269	90.2%
Recreational Fees	400,350	501,225	125.2%
Interest on Investments	113,622	504,134	443.7%
Miscellaneous	146,479	487,549	332.8%
Transfer from Stormwater Utility Fund	600,000	600,000	100.0%
Total Revenue	<u>\$24,996,353</u>	<u>\$28,089,926</u>	<u>112.4%</u>

OTHER FUNDS

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

Report Prepared by Jason Hannaman, Finance Director, March 15, 2024

Quarterly Financial Report – Year Ended December 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				2,532,771										686,934	604,809
Meadowbrook TIF															
Sales Taxes															
Motor Vehicle Tax															
Liquor Tax					208,944	208,944									
Licenses & Permits	2,725		9,393												
Intergovernmental		613,192						336,999	-	851,187					
Charges for Services	2,072,731		1,634,451												
Interest on Investments	48,417	32,998	66,852	8,896	6,882	6,797	4,549	23,388	78,314	49,805	11,967	10,244	47,781	15,826	26,977
Miscellaneous	-					62,285				11,751	7,640				
Total Revenue	2,123,873	646,190	1,710,696	2,541,667	215,826	278,026	4,549	360,387	78,314	912,743	19,607	10,244	47,781	702,760	631,786
Transfers from Other funds:															
Transfer from General Fund							1,048,000			5,284,229		266,000	600,000		
Transfer from Special Highway										619,880					
Transfer from Storm Water Utility Fund										1,000,000					
Transfer from Economic Development Fund										220,000					
Transfer from Transient Guest Tax Fund										365,000					
Transfer from Special Parks & Rec Fund										157,091					
Total	-	-	-	-	-	-	1,048,000	-	-	7,646,200	-	266,000	600,000	-	-
Total Sources	2,123,873	646,190	1,710,696	2,541,667	215,826	278,026	1,052,549	360,387	78,314	8,558,943	19,607	276,244	647,781	702,760	631,786
Expenditures:															
Personal Services	45,713					115,543									
Contract Services	1,991,224			2,464,733		80,727		134,457	144,352		6,674	163,727	65,897	696,043	730,365
Commodities						11,297									
Capital Outlay													182,426		
Debt Service							1,048,000								
Infrastructure									1,715,360	13,129,083					
Total Expenditures	2,036,937	-	-	2,464,733	-	207,567	1,048,000	134,457	1,859,712	13,129,083	6,674	163,727	248,323	696,043	730,365
Transfers to Other Funds:															
Transfer to General Fund			600,000												
Transfer to Bond & Interest Fund															
Transfer to Capital Projects Fund		619,880	1,000,000		157,091			365,000				220,000			
Transfer to Equipment Reserve Fund															
Total	-	619,880	1,600,000	-	157,091	-	-	365,000	-	-	-	220,000	-	-	-
Total Uses	2,036,937	619,880	1,600,000	2,464,733	157,091	207,567	1,048,000	499,457	1,859,712	13,129,083	6,674	383,727	248,323	696,043	730,365
Sources Over(Under) Uses	86,936	26,310	110,696	76,934	58,735	70,459	4,549	(139,070)	(1,781,398)	(4,570,140)	12,933	(107,483)	399,458	6,717	(98,579)