

# CITY OF PRAIRIE VILLAGE

First Quarter Financial Report

Ended  
March 31, 2024

Relating to Fiscal  
Year 2024

Unaudited





## GENERAL FUND

**General Fund Balance.** The chart below shows that with 25% of the year complete revenues are at 31.7% of projections, while expenditures are at 22.5% of appropriations. The chart also reports the budgeted fund balance at the start of 2024, which was \$10,407,990 and the audited actual fund balance, which is \$11,317,714. The 2024 target ending fund balance is 25 percent of revenues (excluding transfers). The ending audited 2023 fund balance is 43 percent.

General Fund	CY Budget	YTD	Percent
Fund Balance 1/1	\$ 10,407,990	\$ 11,317,714	
Revenues	27,850,648	8,833,295	31.7%
Expenditures	31,586,176	7,119,003	22.5%
Balance	6,672,462	13,032,006	

## SUMMARY OF KANSAS ECONOMIC CONDITIONS




The outlook for both the regional and U.S. economies continues to be strong, with recession fears fading into the rear-view mirror. 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 March unemployment rate was 2.8% (up from 4Q 2023 at 1.8%), 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 first quarter were down 6.2% compared to the same time last year. Use tax collections over the same time period were slightly better at 3.0% higher than last year. Both sales and use tax growth does appear to be slowing after increasing rapidly during online purchasing booms of 2020-2022. Sales and use tax growth 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 8.9% the last five years. New single-family residential building permits are higher than at this point in 2023, however 2023 had the lowest number of new homes built in the last decade.

The focus of this report is on 2024 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 \$34,653 less compared to the same period the last fiscal year, and are at 8.1% of the budget estimate. Sales tax distributions lag by two months, so the first distribution for 2024 was in March for January. In 2023 we were at 9.8% of the budget estimate. Sales tax collection growth has slowed significantly in the last several months, and has shown a slight drop from prior levels.
- **Use Tax.** Use tax revenues are \$6,824 greater compared to the last fiscal year, and are at 9.3% 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 2024 was in March for January. In 2023 we were at 11.7% of the budget estimate. Use tax collection growth has slowed significantly in the last several months, although it does not yet appear to be dropping from prior levels.
- **Franchise Fees.** Franchise fee revenues are \$167,134 less compared to the last fiscal year, and are at 13.6% of the budget estimate. Franchise fee receipts are a volatile revenue source that are highly weather-dependent, with seasonal fluctuations and occasional timing differences in when revenues are received. For example, February natural gas franchise fees, normally received in late March, weren’t received until early April. It does appear that natural gas and electricity franchise fees, which make up nearly 90% of expected franchise fees, are trending lower than in prior years. In 2023 we were at 21.9% of the budget estimate.
- **Fines and Fees.** Fine and Fee revenues are \$10,275 greater compared to the last fiscal year and are at 29.3% of the budget estimate. 2023 finished the year at 90% of the annual budgeted revenue. In the same time period in 2023 we were at 22.1% 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 – 1<sup>st</sup> Quarter Ended March 31, 2024

- Interest on Investments.** Interest receipts for the General Fund only are \$6,192 less compared to 2023, but are at 102% of the annual budget estimate. Interest earnings rose quickly in the second half of 2022 as interest rates rose. Investment interest rates continue to be strong, but due to the short-term nature of our allowed investments, this can change rapidly. Interest receipts depend on the maturity date of investments, type of investment and rate of interest. In 2023 we were at 112% of the budget estimate.

The chart below provides summary comparison information on revenues, expenditures and transfers for the quarter ending March 2024 versus March 2023.

Year to Date Comparison to Prior Year				
General Fund	2024	2023	Over (Under)	% change
<b>Revenues:</b>				
Property Taxes	6,273,875	5,482,779	791,096	14.4%
Sales Taxes	523,892	558,545	(34,653)	-6.2%
Use Tax	232,849	226,025	6,824	3.0%
Motor Vehicle Tax	220,356	215,769	4,587	2.1%
Liquor Tax	51,963	48,029	3,934	8.2%
Franchise Fees	243,384	410,518	(167,134)	-40.7%
Licenses & Permits	222,930	221,723	1,207	0.5%
Charges for Services	528,261	481,081	47,180	9.8%
Fines & Fees	178,171	167,896	10,275	6.1%
Recreational Fees	10,806	9,622	1,184	12.3%
Interest on Investments	121,308	127,500	(6,192)	-4.9%
Miscellaneous	75,500	75,313	187	0.2%
<b>Total Revenue</b>	<b>\$8,683,295</b>	<b>\$8,024,799</b>	<b>\$658,496</b>	<b>8.2%</b>
<b>Transfers from Other funds:</b>				
Transfer from Stormwater Utility Fund	150,000	150,000	-	0.0%
<b>Total</b>	<b>150,000</b>	<b>150,000</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>\$8,833,295</b>	<b>\$8,174,799</b>	<b>\$658,496</b>	
<b>Expenditures:</b>				
Personal Services	4,068,824	3,568,849	499,975	14.0%
Contract Services	1,040,521	909,398	131,123	14.4%
Commodities	108,632	95,770	12,862	13.4%
Capital Outlay	10,762	120,074	(109,312)	-91.0%
Contingency	-	-	-	-
<b>Total Expenditures</b>	<b>5,228,739</b>	<b>4,694,091</b>	<b>534,648</b>	<b>11.4%</b>
<b>Transfers to Other Funds:</b>				
Transfer to Capital Projects Fund	1,533,883	1,321,057	212,825	16.1%
Transfer to Bond & Interest Fund	139,881	262,000	(122,119)	-46.6%
Transfer to Economic Development	66,500	66,500	-	0.0%
Transfer to Equipment Reserve Fund	150,000	150,000	-	0.0%
<b>Total</b>	<b>1,890,264</b>	<b>1,799,557</b>	<b>90,707</b>	
<b>Total Uses</b>	<b>7,119,003</b>	<b>6,493,649</b>	<b>625,354</b>	

Quarterly Financial Report – 1<sup>st</sup> Quarter Ended March 31, 2024

The charts below provide information on expenditure and revenue budget to actual variances for the General Fund for the first quarter ending March 2024.

**Expenditure Variances**

General Fund	Budget	Expended YTD Actual	Percent Expended
Expenditures:			
Personnel Services	15,134,217	4,068,824	26.9%
Contract Services	5,925,554	1,040,521	17.6%
Commodities	1,010,150	108,632	10.8%
Capital Outlay	305,200	10,762	3.5%
Contingency	500,000	-	0.0%
Transfers to Other Funds	8,711,055	1,890,264	21.7%
Total Expenditures	<u>\$31,586,176</u>	<u>\$7,119,003</u>	<u>22.5%</u>

**Revenue Variances**

General Fund	Budget	Received YTD Actual	Percent Received
Revenues:			
Property Taxes	11,026,962	6,273,875	56.9%
Sales Taxes	6,430,000	523,892	8.1%
Use Tax	2,510,000	232,849	9.3%
Motor Vehicle Tax	794,356	220,356	27.7%
Liquor Tax	187,611	51,963	27.7%
Franchise Fees	1,795,500	243,384	13.6%
Licenses & Permits	945,258	222,930	23.6%
Charges for Services	2,219,434	528,261	23.8%
Fines & Fees	608,700	178,171	29.3%
Recreational Fees	464,800	10,806	2.3%
Interest on Investments	118,192	121,308	102.6%
Miscellaneous	149,835	75,500	50.4%
Transfer from Stormwater Utility Fund	600,000	150,000	25.0%
Total Revenue	<u>\$27,850,648</u>	<u>\$8,833,295</u>	<u>31.7%</u>

**OTHER FUNDS**

The Statement of Revenues and Expenses for the quarter ended March 31, 2024 is shown on page 5.

Report Prepared by Jason Hannaman, Finance Director, June 18, 2024

Quarterly Financial Report – 1<sup>st</sup> Quarter Ended March 31, 2024

	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				2,191,115										52,263	38,315
Meadowbrook TIF															
Sales Taxes															
Motor Vehicle Tax															
Liquor Tax					51,963	51,963									
Licenses & Permits	-		2,275												
Intergovernmental		-						37,178	-	3,871,962					
Charges for Services	1,199,509		995,394												
Interest on Investments	14,730	2,993	17,920	1,712	1,482	605	4,279	5,774	16,033	27,715	1,779	452	6,544	1,905	2,614
Miscellaneous	-					7,405				-	-				
<b>Total Revenue</b>	<b>1,214,239</b>	<b>2,993</b>	<b>1,015,589</b>	<b>2,192,827</b>	<b>53,445</b>	<b>59,973</b>	<b>4,279</b>	<b>42,952</b>	<b>16,033</b>	<b>3,899,677</b>	<b>1,779</b>	<b>452</b>	<b>6,544</b>	<b>54,168</b>	<b>40,929</b>
<b>Transfers from Other funds:</b>															
Transfer from General Fund							139,881			1,533,883		66,500	150,000		
Transfer from Special Highway										154,970					
Transfer from Storm Water Utility Fund										262,500					
Transfer from Economic Development Fund										-					
Transfer from Transient Guest Tax Fund										47,500					
Transfer from Special Parks & Rec Fund										51,963					
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139,881</b>	<b>-</b>	<b>-</b>	<b>2,050,816</b>	<b>-</b>	<b>66,500</b>	<b>150,000</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>1,214,239</b>	<b>2,993</b>	<b>1,015,589</b>	<b>2,192,827</b>	<b>53,445</b>	<b>59,973</b>	<b>144,160</b>	<b>42,952</b>	<b>16,033</b>	<b>5,950,493</b>	<b>1,779</b>	<b>66,952</b>	<b>156,544</b>	<b>54,168</b>	<b>40,929</b>
<b>Expenditures:</b>															
Personal Services	10,448					30,450									
Contract Services	345,515			2,142,829		48,311		27,709	8,250		2,812	61,833	716	-	-
Commodities						2,249									
Capital Outlay													14,806		
Debt Service							139,881								
Infrastructure									-	432,860					
<b>Total Expenditures</b>	<b>355,963</b>	<b>-</b>	<b>-</b>	<b>2,142,829</b>	<b>-</b>	<b>81,010</b>	<b>139,881</b>	<b>27,709</b>	<b>8,250</b>	<b>432,860</b>	<b>2,812</b>	<b>61,833</b>	<b>15,522</b>	<b>-</b>	<b>-</b>
<b>Transfers to Other Funds:</b>															
Transfer to General Fund			150,000												
Transfer to Bond & Interest Fund															
Transfer to Capital Projects Fund		154,970	262,500		51,963			47,500							
Transfer to Equipment Reserve Fund															
<b>Total</b>	<b>-</b>	<b>154,970</b>	<b>412,500</b>	<b>-</b>	<b>51,963</b>	<b>-</b>	<b>-</b>	<b>47,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Uses</b>	<b>355,963</b>	<b>154,970</b>	<b>412,500</b>	<b>2,142,829</b>	<b>51,963</b>	<b>81,010</b>	<b>139,881</b>	<b>75,209</b>	<b>8,250</b>	<b>432,860</b>	<b>2,812</b>	<b>61,833</b>	<b>15,522</b>	<b>-</b>	<b>-</b>
<b>Sources Over(Under) Uses</b>	<b>858,276</b>	<b>(151,977)</b>	<b>603,089</b>	<b>49,998</b>	<b>1,482</b>	<b>(21,037)</b>	<b>4,279</b>	<b>(32,257)</b>	<b>7,783</b>	<b>5,517,633</b>	<b>(1,033)</b>	<b>5,119</b>	<b>141,022</b>	<b>54,168</b>	<b>40,929</b>