

# CITY OF PRAIRIE VILLAGE

## Second Quarter Financial Report

Ended  
June 30, 2024

Relating to Fiscal  
Year 2024

Unaudited





## GENERAL FUND

**General Fund Balance.** The chart below shows that with 50% of the year complete revenues are at 64.6% of budget, while expenditures are at 44.6% of appropriations. The second quarter revenues are typically skewed by the fact that nearly all property taxes for the year have been collected by June. 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	17,981,428	64.6%
Expenditures	31,586,176	14,092,866	44.6%
Balance	6,672,462	15,206,277	

## 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 June unemployment rate was 3.3% (up from 1Q 2024 at 2.8%), compared to the stated Kansas unemployment rate of 3.1%. 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 down 4.3% compared to the same time last year. Use tax collections over the same time period were slightly better at 1.3% 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 \$96,620 less compared to the same period the last fiscal year, and are at 33.6% 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 39.7% 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. Data for other cities in the county shows this to be common county-wide.
- **Use Tax.** Use tax revenues are \$11,661 greater compared to the last fiscal year, and are at 36.2% 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 46.2% 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 \$171,676 less compared to the last fiscal year, and are at 40.3% 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 47.9% of the budget estimate.
- **Fines and Fees.** Fine and Fee revenues are \$1,038 less compared to the last fiscal year but are at 58.5% 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 47.1% 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 – 2<sup>nd</sup> Quarter Ended June 30, 2024

- Interest on Investments.** Interest receipts for the General Fund only are \$25,750 greater compared to 2023, and are at 206% 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 192% of the budget estimate.

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

Year to Date Comparison to Prior Year				
General Fund	2024	2023	Over (Under)	% change
<b>Revenues:</b>				
Property Taxes	10,724,363	9,344,947	1,379,416	14.8%
Sales Taxes	2,157,446	2,254,066	(96,620)	-4.3%
Use Tax	907,402	895,741	11,661	1.3%
Motor Vehicle Tax	420,169	425,063	(4,894)	-1.2%
Liquor Tax	109,475	96,619	12,856	13.3%
Franchise Fees	723,809	895,485	(171,676)	-19.2%
Licenses & Permits	461,751	453,555	8,196	1.8%
Charges for Services	1,064,046	978,303	85,743	8.8%
Fines & Fees	356,067	357,105	(1,038)	-0.3%
Recreational Fees	396,679	321,690	74,989	23.3%
Interest on Investments	244,212	218,462	25,750	11.8%
Miscellaneous	116,009	163,289	(47,280)	-29.0%
<b>Total Revenue</b>	<b>\$17,681,428</b>	<b>\$16,404,326</b>	<b>\$1,277,102</b>	<b>7.8%</b>
<b>Transfers from Other funds:</b>				
Transfer from Stormwater Utility Fund	300,000	300,000	-	0.0%
<b>Total</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>	
<b>Total Sources</b>	<b>\$17,981,428</b>	<b>\$16,704,326</b>	<b>\$1,277,102</b>	
<b>Expenditures:</b>				
Personal Services	7,623,569	7,090,009	533,560	7.5%
Contract Services	2,206,164	1,954,263	251,901	12.9%
Commodities	310,663	292,694	17,969	6.1%
Capital Outlay	171,942	147,950	23,992	16.2%
Contingency	-	-	-	
<b>Total Expenditures</b>	<b>10,312,338</b>	<b>9,484,915</b>	<b>827,423</b>	<b>8.7%</b>
<b>Transfers to Other Funds:</b>				
Transfer to Capital Projects Fund	3,067,765	2,642,115	425,651	16.1%
Transfer to Bond & Interest Fund	279,763	524,000	(244,238)	-46.6%
Transfer to Economic Development	133,000	133,000	-	0.0%
Transfer to Equipment Reserve Fund	300,000	300,000	-	0.0%
<b>Total</b>	<b>3,780,528</b>	<b>3,599,115</b>	<b>181,413</b>	
<b>Total Uses</b>	<b>14,092,866</b>	<b>13,084,030</b>	<b>1,008,836</b>	

Quarterly Financial Report – 2<sup>nd</sup> Quarter Ended June 30, 2024

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

**Expenditure Variances**

General Fund	Budget	Expended YTD Actual	Percent Expended
Expenditures:			
Personnel Services	15,134,217	7,623,569	50.4%
Contract Services	5,925,554	2,206,164	37.2%
Commodities	1,010,150	310,663	30.8%
Capital Outlay	305,200	171,942	56.3%
Contingency	500,000	-	0.0%
Transfers to Other Funds	8,711,055	3,780,528	43.4%
Total Expenditures	\$31,586,176	\$14,092,866	44.6%

**Revenue Variances**

General Fund	Budget	Received YTD Actual	Percent Received
Revenues:			
Property Taxes	11,026,962	10,724,363	97.3%
Sales Taxes	6,430,000	2,157,446	33.6%
Use Tax	2,510,000	907,402	36.2%
Motor Vehicle Tax	794,356	420,169	52.9%
Liquor Tax	187,611	109,475	58.4%
Franchise Fees	1,795,500	723,809	40.3%
Licenses & Permits	945,258	461,751	48.8%
Charges for Services	2,219,434	1,064,046	47.9%
Fines & Fees	608,700	356,067	58.5%
Recreational Fees	464,800	396,679	85.3%
Interest on Investments	118,192	244,212	206.6%
Miscellaneous	149,835	116,009	77.4%
Transfer from Stormwater Utility Fund	600,000	300,000	50.0%
Total Revenue	\$27,850,648	\$17,981,428	64.6%

**OTHER FUNDS**

The Statement of Revenues and Expenses for the quarter ended June 30, 2024 is shown on page 5.

Report Prepared by Jason Hannaman, Finance Director, August 9, 2024

Quarterly Financial Report – 2<sup>nd</sup> Quarter Ended June 30, 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															
Meadowbrook TIF				3,592,033										223,098	174,366
Sales Taxes															
Motor Vehicle Tax					109,475	109,475									
Liquor Tax															
Licenses & Permits	965		5,433												
Intergovernmental		145,444						126,577	-	3,909,072					
Charges for Services	2,033,257		1,624,980												
Interest on Investments	21,297	6,536	30,211	2,762	2,482	1,222	4,799	7,112	26,870	28,266	2,705	454	9,586	2,574	3,540
Miscellaneous	-					15,725				-	-				
<b>Total Revenue</b>	<b>2,055,519</b>	<b>151,980</b>	<b>1,660,624</b>	<b>3,594,795</b>	<b>111,957</b>	<b>126,422</b>	<b>4,799</b>	<b>133,689</b>	<b>26,870</b>	<b>3,937,338</b>	<b>2,705</b>	<b>454</b>	<b>9,586</b>	<b>225,672</b>	<b>177,906</b>
<b>Transfers from Other funds:</b>															
Transfer from General Fund							279,763			3,067,765		133,000	300,000		
Transfer from Special Highway										301,630					
Transfer from Storm Water Utility Fund										525,000					
Transfer from Economic Development Fund										-					
Transfer from Transient Guest Tax Fund										95,000					
Transfer from Special Parks & Rec Fund										109,475					
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>279,763</b>	<b>-</b>	<b>-</b>	<b>4,098,870</b>	<b>-</b>	<b>133,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>2,055,519</b>	<b>151,980</b>	<b>1,660,624</b>	<b>3,594,795</b>	<b>111,957</b>	<b>126,422</b>	<b>284,562</b>	<b>133,689</b>	<b>26,870</b>	<b>8,036,208</b>	<b>2,705</b>	<b>133,454</b>	<b>309,586</b>	<b>225,672</b>	<b>177,906</b>
<b>Expenditures:</b>															
Personal Services	20,896					60,899									
Contract Services	726,435			3,514,165		65,295		119,707	86,524		6,705	173,491	-	242,173	240,120
Commodities						8,157									
Capital Outlay													308,616		
Debt Service							279,763								
Infrastructure									-	3,174,623					
<b>Total Expenditures</b>	<b>747,331</b>	<b>-</b>	<b>-</b>	<b>3,514,165</b>	<b>-</b>	<b>134,351</b>	<b>279,763</b>	<b>119,707</b>	<b>86,524</b>	<b>3,174,623</b>	<b>6,705</b>	<b>173,491</b>	<b>308,616</b>	<b>242,173</b>	<b>240,120</b>
<b>Transfers to Other Funds:</b>															
Transfer to General Fund			300,000												
Transfer to Bond & Interest Fund															
Transfer to Capital Projects Fund		301,630	525,000		109,475			95,000							
Transfer to Equipment Reserve Fund															
<b>Total</b>	<b>-</b>	<b>301,630</b>	<b>825,000</b>	<b>-</b>	<b>109,475</b>	<b>-</b>	<b>-</b>	<b>95,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Uses</b>	<b>747,331</b>	<b>301,630</b>	<b>825,000</b>	<b>3,514,165</b>	<b>109,475</b>	<b>134,351</b>	<b>279,763</b>	<b>214,707</b>	<b>86,524</b>	<b>3,174,623</b>	<b>6,705</b>	<b>173,491</b>	<b>308,616</b>	<b>242,173</b>	<b>240,120</b>
<b>Sources Over(Under) Uses</b>	<b>1,308,188</b>	<b>(149,650)</b>	<b>835,624</b>	<b>80,630</b>	<b>2,482</b>	<b>(7,929)</b>	<b>4,799</b>	<b>(81,018)</b>	<b>(59,654)</b>	<b>4,861,585</b>	<b>(4,000)</b>	<b>(40,037)</b>	<b>970</b>	<b>(16,501)</b>	<b>(62,214)</b>