

CITY OF PRAIRIE VILLAGE

Third Quarter Financial Report

Ended
September 30, 2024

Relating to Fiscal
Year 2024

Unaudited



GENERAL FUND

General Fund Balance. The chart below shows that with 75% of the year complete revenues are at 82.9% of budget, while expenditures are at 68.2% 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	23,085,327	82.9%
Expenditures	31,586,176	21,534,472	68.2%
Balance	6,672,462	12,868,570	

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 3.5% (up from 2Q 2024 at 3.3%), compared to the stated Kansas unemployment rate of 3.3%. 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 down 0.8% compared to the same time last year. Use tax collections over the same time period were better at 6.2% 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 \$32,225 less compared to the same period the last fiscal year, and are at 61.6% 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 70.4% 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 \$96,274 greater compared to the last fiscal year, and are at 66.2% 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 80.7% of the budget estimate. Use tax collection growth slowed significantly in the first half of the year but has recovered somewhat this quarter, and it does not yet appear to be dropping from prior levels.
- **Franchise Fees.** Franchise fee revenues are \$142,855 less compared to the last fiscal year, and are at 70.4% 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, natural gas franchise fees are highly dependent on winter temperatures, and early 2024 average temperatures were significantly higher than the same months in 2023. 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 75.2% of the budget estimate.
- **Fines and Fees.** Fine and Fee revenues are \$7,440 less compared to the last fiscal year but are at 83.8% 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 68.2% 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 – 3rd Quarter Ended September 30, 2024

- Interest on Investments.** Interest receipts for the General Fund only are \$15,264 greater compared to 2023, and are more than triple 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 318% of the budget estimate.

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

Year to Date Comparison to Prior Year				
General Fund	2024	2023	Over (Under)	% change
Revenues:				
Property Taxes	10,922,192	9,510,707	1,411,485	14.8%
Sales Taxes	3,962,199	3,994,424	(32,225)	-0.8%
Use Tax	1,661,563	1,565,289	96,274	6.2%
Motor Vehicle Tax	716,289	729,837	(13,548)	-1.9%
Liquor Tax	164,237	152,285	11,952	7.8%
Franchise Fees	1,264,909	1,407,764	(142,855)	-10.1%
Licenses & Permits	763,559	732,779	30,780	4.2%
Charges for Services	1,581,807	1,466,619	115,188	7.9%
Fines & Fees	510,344	517,784	(7,440)	-1.4%
Recreational Fees	555,498	492,715	62,783	12.7%
Interest on Investments	377,334	362,070	15,264	4.2%
Miscellaneous	155,396	223,849	(68,453)	-30.6%
Total Revenue	\$22,635,327	\$21,156,119	\$1,479,208	7.0%
Transfers from Other funds:				
Transfer from Stormwater Utility Fund	450,000	450,000	-	0.0%
Total	450,000	450,000	-	-
Total Sources	\$23,085,327	\$21,606,119	\$1,479,208	
Expenditures:				
Personal Services	11,223,686	10,362,146	861,540	8.3%
Contract Services	3,792,501	3,782,640	9,861	0.3%
Commodities	526,703	509,002	17,701	3.5%
Capital Outlay	180,909	193,384	(12,475)	-6.5%
Contingency	-	-	-	-
Total Expenditures	15,723,799	14,847,171	876,628	5.9%
Transfers to Other Funds:				
Transfer to Capital Projects Fund	4,601,648	3,963,172	638,476	16.1%
Transfer to Bond & Interest Fund	559,525	786,000	(226,475)	-28.8%
Transfer to Economic Development	199,500	199,500	-	0.0%
Transfer to Equipment Reserve Fund	450,000	450,000	-	0.0%
Total	5,810,673	5,398,672	412,001	
Total Uses	21,534,472	20,245,843	1,288,628	

Quarterly Financial Report – 3rd Quarter Ended September 30, 2024

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

Expenditure Variances

General Fund	Budget	Expended YTD Actual	Percent Expended
Expenditures:			
Personnel Services	15,134,217	11,223,686	74.2%
Contract Services	5,925,554	3,792,501	64.0%
Commodities	1,010,150	526,703	52.1%
Capital Outlay	305,200	180,909	59.3%
Contingency	500,000	-	0.0%
Transfers to Other Funds	8,711,055	5,810,673	66.7%
Total Expenditures	<u>\$31,586,176</u>	<u>\$21,534,472</u>	<u>68.2%</u>

Revenue Variances

General Fund	Budget	Received YTD Actual	Percent Received
Revenues:			
Property Taxes	11,026,962	10,922,192	99.0%
Sales Taxes	6,430,000	3,962,199	61.6%
Use Tax	2,510,000	1,661,563	66.2%
Motor Vehicle Tax	794,356	716,289	90.2%
Liquor Tax	187,611	164,237	87.5%
Franchise Fees	1,795,500	1,264,909	70.4%
Licenses & Permits	945,258	763,559	80.8%
Charges for Services	2,219,434	1,581,807	71.3%
Fines & Fees	608,700	510,344	83.8%
Recreational Fees	464,800	555,498	119.5%
Interest on Investments	118,192	377,334	319.3%
Miscellaneous	149,835	155,396	103.7%
Transfer from Stormwater Utility Fund	600,000	450,000	75.0%
Total Revenue	<u>\$27,850,648</u>	<u>\$23,085,327</u>	<u>82.9%</u>

OTHER FUNDS

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

Report Prepared by Jason Hannaman, Finance Director, November 4, 2024

Quarterly Financial Report – 3rd Quarter Ended September 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
Revenues:															
Property Taxes				3,623,341										412,917	317,854
Sales Taxes															
Motor Vehicle Tax															
Liquor Tax					164,237	164,237									
Licenses & Permits	965		9,783												
Intergovernmental		311,568						200,197	-	3,939,224					
Charges for Services	2,069,338		1,651,348												
Interest on Investments	40,024	14,392	55,466	5,216	4,193	3,103	8,840	8,452	42,712	35,656	4,638	2,307	20,542	4,459	5,542
Miscellaneous	-					69,362				-	126				
Total Revenue	2,110,327	325,960	1,716,597	3,628,557	168,430	236,702	8,840	208,649	42,712	3,974,880	4,764	2,307	20,542	417,376	323,396
Transfers from Other funds:															
Transfer from General Fund							559,525			4,601,648		199,500	450,000		
Transfer from Special Highway										452,445					
Transfer from Storm Water Utility Fund										787,500					
Transfer from Economic Development Fund										-					
Transfer from Transient Guest Tax Fund										142,500					
Transfer from Special Parks & Rec Fund										164,237					
Total	-	-	-	-	-	-	559,525	-	-	6,148,330	-	199,500	450,000	-	-
Total Sources	2,110,327	325,960	1,716,597	3,628,557	168,430	236,702	568,365	208,649	42,712	10,123,210	4,764	201,807	470,542	417,376	323,396
Expenditures:															
Personal Services	31,344					91,349									
Contract Services	1,381,874			3,541,224		127,280		130,524	86,524		15,687	207,123	-	462,173	465,120
Commodities						10,555									
Capital Outlay													341,293		
Debt Service							559,525								
Infrastructure									-	6,744,313					
Total Expenditures	1,413,218	-	-	3,541,224	-	229,184	559,525	130,524	86,524	6,744,313	15,687	207,123	341,293	462,173	465,120
Transfers to Other Funds:															
Transfer to General Fund			450,000												
Transfer to Bond & Interest Fund		452,445	787,500		164,237			142,500							
Transfer to Capital Projects Fund															
Transfer to Equipment Reserve Fund															
Total	-	452,445	1,237,500	-	164,237	-	-	142,500	-	-	-	-	-	-	-
Total Uses	1,413,218	452,445	1,237,500	3,541,224	164,237	229,184	559,525	273,024	86,524	6,744,313	15,687	207,123	341,293	462,173	465,120
Sources Over(Under) Uses	697,109	(126,485)	479,097	87,333	4,193	7,519	8,840	(64,375)	(43,812)	3,378,897	(10,923)	(5,316)	129,249	(44,797)	(141,724)