

TOWN OF PROSPER
REPORT TO TOWN COUNCIL
FY 2024 RESULTS OF SECOND QUARTER ENDING MARCH 31, 2024

In compliance with the Town Charter, Town Management presents to the Council the following summary of the second quarter financial results. These results are presented on a cash/budgetary basis in which certain accruals including property taxes, sales tax, payroll, accounts payable etc. are recorded on a cash basis month by month to facilitate more timely financial reporting and then at year end are recorded for the purposes of reporting in the audited financial statements to reduce the difference between budget basis and GAAP (Generally Accepted Accounting Principles) basis.

In summary, both revenues and expenditures are occurring within the expected ranges and no unexpected events have occurred that require significant changes in original projections. With 50% of the year now complete, results for the major operations of the funds with related commentary are:

GENERAL FUND

- Revenues total \$33,872,651, or 74% of annual budget.
- Property Tax Collections are 99% of annual budget.
- Sales Tax Revenues are 51% of annual budget, an increase of 16% from the prior year.
- Franchise Fees are 45% of annual budget, an increase of 13% from the prior year.
- Building Permit Revenues are 62% of annual budget, an increase of 20% from the prior year.
- Expenditures total \$21,985,939, or 49% of annual budget.

Revenues:

It is common for a disproportionate percentage of General Fund revenues to be received early in the year as our largest revenue-property taxes are due January 31st with many paying by the end of December to receive the income tax deduction in the current calendar year. Sales tax revenue is exceeding the budget slightly due to organic growth of new businesses. Many franchise fees are paid on a quarterly basis which creates a lag early in the year but as noted organic growth is creating substantial growth in receipts from the prior year. Finally, Building Permit revenue is exceeding the 50% reference point due to several high dollar commercial permits.

Expenditures:

Expenditures halfway through the year are slightly less than the 50% reference point.

IMPACT FEE REVENUES

- Water Impact Fees total \$1,609,937 which is 50% of annual budget.
- Wastewater Impact Fees total \$791,998 which is 40% of annual budget.
- Street Impact Fees for East Thoroughfare Impact Fees total \$461,324 which is 38% of annual budget.
- Street Impact Fees for West Thoroughfare Impact Fees total \$2,153,781 which is 54% of annual budget.

Due to their nature, impact fees can vary significantly throughout the year. West impact fees are primarily single family residential and are generated when a home builder takes out a permit for a single home. As such, they will occur more evenly throughout the year. Large multi-family will be collected all at once.

WATER & SEWER FUND

- Revenues total \$14,415,768, or 37% of annual budget and up 9% from prior year
- Expenditures total \$20,059,715, or 51% of annual budget and up 47% from prior year
- Transfers out shows an increase of 770% from the prior year due to the loan to the solid waste fund and one-time CIP transfers.

Revenues:

Due to monthly billing of utility accounts and recording of revenues monthly on a cash basis, the revenues for January through March are traditionally lower use months explaining why revenues are lower than the 50% reference point. Revenue continues to grow from the prior year due to the consistent increase in residential and commercial accounts.

Expenditures:

Due to the “take or pay” fee structures of regional supplier’s expenditures tend to have less seasonal variation than revenues. The water purchases expenditures have increased 8.8% due to the North Texas Municipal Water District Monthly Minimum payment increasing, from \$884,485 to \$961,261 per month.

Mario Canizares
Town Manager