

**TOWN OF PROSPER**  
**REPORT TO TOWN COUNCIL**  
**FY 2023 RESULTS OF FOURTH QUARTER ENDING SEPTEMBER 30, 2023**

In compliance with the Town Charter, Town Management presents to the Council the following summary of the fourth 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 within the expected ranges and no unexpected events have occurred that require significant changes in original projections. With 100% of the year now complete, results for the major operations of the funds with related commentary are:

**GENERAL FUND**

- Revenues total \$47,576,294, or 100% of annual budget
- Property Tax Collections are 101% of annual budget
- Sales Tax Revenues are 99% of annual budget
- Franchise Fees are 104% of annual budget, an increase of 3% from the prior year.
- Building Permit Revenues are 85% of annual budget, a decrease of 9% from the prior year.
- Expenditures total \$50,342,532, or 93% 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 31<sup>st</sup> with many paying by the end of December to receive the income tax deduction in the current calendar year. Sales tax revenue is slightly less than the budget due to the loss of a major sales taxpayer at the end of December 2021, but was offset by organic growth of new businesses over time. Many franchise fees are paid on a quarterly basis which creates a lag early in the year but organic growth is creating substantial growth in receipts from the prior year. We anticipate the final franchise revenues to be received in early December. Finally, Building Permits are below the 100% reference point due to higher mortgage rates slowing demand for new home starts. Due to this trend, building permit revenue is budgeted less in FY2024. Currently, however, this shortfall is offset by higher revenues elsewhere resulting in total revenues to be within budget.

**Expenditures:**

Expenditures through the year are slightly less than the 100% reference point. We are continuing to work through the year-end process of closing operating PO's. The remaining encumbrances are overwhelmingly capital related and projected to roll to FY2024.

## **WATER & SEWER FUND**

- Revenues total \$32,427,083, or 112% of annual budget and up 8% from prior year
- Expenditures total \$32,083,959, or 93% of annual budget and up 15% from prior year
- Water purchases show an increase of 13% from prior year due to the rate and minimum demand increase from NTMWD.

### **Revenues:**

Revenues at year-end have exceeded the amended budget, due to an extremely hot, dry summer. It should be noted that for FY 2023, a separate Solid Waste fund has been created with solid waste related revenues and expenses being excluded from the utility fund and prior year numbers restated.

### **Expenditures:**

Due to the “take or pay” fee structures of regional supplier’s, expenditures tend to have less seasonal variation than revenues. The expenditures have increased 13% due to the North Texas Municipal Water District Water Service Monthly Minimum payment increasing, from \$596,439 to \$884,485 per month. The FY2022 water purchases include an additional payment for exceeding our annual minimum demand. Debt service expenditures are down due to the early redemption of the 2012 CO’s in the prior year.

## **SOLID WASTE FUND**

The Revenues and expenditures recorded reflect the terms of the current contract with the decision to issue a request for proposal and not renew the current contract. The \$1,750,000 was budgeted for administration consisting of \$50,000 for an RFP consultant and \$1.7 million for possible purchase of solid waste and recycling carts. Easing supply chain constraints make it possible now to order the carts in FY2024.

## **IMPACT FEE REVENUES**

- Water Impact Fees total \$3,788,872 which is 102% of annual budget
- Wastewater Impact Fees total \$2,793,838 which is 135% of annual budget
- Street Impact Fees for East Thoroughfare Impact Fees total \$2,319,056 which is 232% of annual budget (Prosper Brookhollow Apts Building 1 - \$1,066,800)
- Street Impact Fees for West Thoroughfare Impact Fees total \$4,901,467 which is 123% 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.

Town Manager