

TOWN OF PROSPER
REPORT TO TOWN COUNCIL
FY 2024 RESULTS OF THIRD QUARTER ENDING JUNE 30, 2024

In compliance with the Town Charter, Town Management presents to the Council the following summary of the third 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 75% of the year now complete, results for the major operations of the funds with related commentary are:

GENERAL FUND

- Revenues total \$39,459,097, or 86% of annual budget.
- Property Tax Collections are 97% of annual budget.
- Sales Tax Revenues are 75% of annual budget, an increase of 13% from the prior year.
- Franchise Fees are 67% of annual budget, an increase of 16% from the prior year.
- Building Permit Revenues are 89% of annual budget, an increase of 20% from the prior year.
- Expenditures total \$35,151,875, or 77% 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 13% higher than the previous year and on track to meet budget expectations. 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. Finally, Building Permit revenue is exceeding the 75% reference point due to several high dollar commercial permits.

Expenditures:

Expenditures halfway through the year are slightly above than the 75% reference point.

IMPACT FEE REVENUES

- Water Impact Fees total \$2,553,660 which is 79% of annual budget.
- Wastewater Impact Fees total \$1,254,862 which is 63% of annual budget.
- Street Impact Fees for East Thoroughfare Impact Fees total \$835,934 which is 70% of annual budget.
- Street Impact Fees for West Thoroughfare Impact Fees total \$3,085,119 which is 77% 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 \$21,726,129, or 55% of annual budget and up 5% from prior year
- Expenditures total \$26,704,866, or 67% of annual budget and up 43% from prior year
- Transfers out shows an increase of 425% from the prior year due to the loan to the solid waste fund and large one-time CIP transfers.

Revenues:

Due to monthly billing of utility accounts and recording of revenues monthly on a cash basis, the revenues for July through September are traditionally the highest use months explaining why revenues are lower than the 75% reference point at the end of June. Revenue continues to grow from the prior year due to the consistent increase in residential and commercial accounts; however, the growth has been limited by an uncharacteristically wet spring.

Expenditures:

Due to the “take or pay” fee structures of regional suppliers, expenditures tend to have less seasonal variation than revenues. The water purchases expenditures have increased 22% due to the North Texas Municipal Water District Monthly Minimum payment increasing, from \$884,485 to \$961,261 per month. The sewer management fees have increased due to higher rates from our suppliers along with surcharges for excess flows to Upper Trinity Regional Water District.

Mario Canizares
Town Manager