



**CITY OF FRISCO, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**



# **CITY OF FRISCO, TEXAS**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**Prepared by:**

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PROGRESS IN MOTION

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For the Fiscal Year Ended September 30, 2017**

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# INTRODUCTORY SECTION





March 2, 2018

Honorable Mayor, Members of the City Council, City Manager, & Residents  
Frisco, Texas

The Financial Services Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Frisco, Texas (the City), for the year ended September 30, 2017, in accordance with the City Charter.

This report is published to provide our residents, our bondholders, the City Council, staff and other interested parties with detailed information concerning the financial condition and activities of the government. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Weaver and Tidwell, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Frisco's financial statements for the year ended September 30, 2017. The report of independent auditors is located at the beginning of the financial section of this report.

This letter of transmittal is designed to compliment Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

### **City Profile**

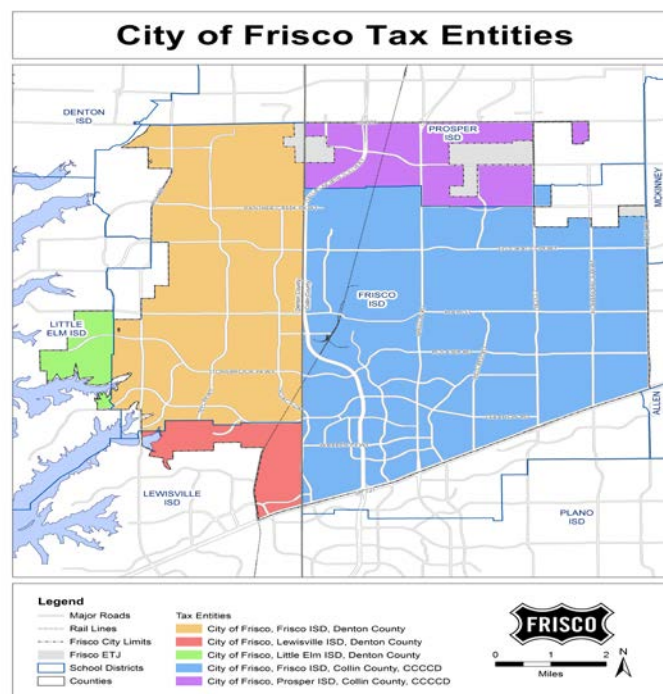
The City of Frisco, incorporated in 1908, is located in west central Collin County and east central Denton County, approximately 25 miles north of downtown Dallas at the intersection of the Dallas North Tollway (DNT) and State Highway 121, now known as Sam Rayburn Tollway (SRT). US Highway 380 is the northern border for the City. Frisco is readily accessible via SRT from the Dallas Fort Worth International Airport or via the DNT from Love Field Airport in Dallas. The City currently encompasses (incorporated and unincorporated) 70 square miles which is approximately 66% developed.

We continue to experience unprecedented population growth. Our population was 332 in 1910, 1,184 in 1960, 6,138 in 1990, 33,714 in 2000 and 116,989 by the 2010 census date. On October 1, 2017, the population was estimated to be 169,320. The City has experienced a 6.9% growth rate during 2017 or about 11,000 additional new residents.

Frisco is a political subdivision that operates as a home-rule city under the laws of the State of Texas and a charter approved by the voters in 1987 and amended in 2002 and 2010. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the Council.

The City operates under the Council/Manager form of government. Policy-making and legislative authority are vested in the governing council, which consists of a Mayor and a six-member Council. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the government's manager, attorney and municipal judge. The City Manager is the chief administrative officer. He is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the government's departments. The Council is elected on a non-partisan basis. Council members are elected to three-year staggered terms, with two council members elected every year. The Mayor is elected to three-year terms. The Council members and the Mayor are elected at-large, and are limited to three consecutive elective terms.

Other taxing entities operating within Frisco include school districts, the county and college. Overlapping property tax rates for these taxing entities within the City range from \$2.11841 to \$2.40962 (see page 148) depending on which County and which school district the property is located.



## **Financial Reporting**

The financial reporting entity (the government) includes all the funds of the primary government. Services that are provided have proven to be necessary and meaningful and are those that the City can provide at the least cost. The government provides a full range of services including police and fire protection; emergency ambulance service; environmental health; sanitation services; community development; building inspections; traffic control; parks and libraries; the construction and operation of water, sewer, drainage, streets and infrastructure; convention and tourism activities, and cultural events. Additionally, general administrative services are provided by the City to the Departments.

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Frisco Economic Development Corporation, the Frisco Community Development Corporation and the City of Frisco Charitable Foundation are included in the financial statements as discretely presented component units.

The Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. All departments are required to submit requests for appropriation to the City Manager's office on or before June 15 each year. These requests are used to develop a proposed budget. The proposed budget is then presented to the City Council for review on or before August 15. The City Council is required to hold public hearings and to adopt a final budget no later than September 30, the close of the City of Frisco's fiscal year. The budget is prepared by fund, function (e.g., public safety), department (e.g., police), division (e.g., patrol), and object (e.g., expense). Transfer of appropriations within a department may be made with approval of the Department Head. Transfers within funds may be made with approval of the City Manager. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Financial reports are produced showing budget and actual expenditures by line item, and are available electronically monthly for City department and division managers review. Finance staff analyze for budgetary compliance by line item. Personnel expenditures are monitored and controlled at a position control level and capital expenditures are monitored and controlled by project. Revenue budgets are reviewed monthly.

## **Local Economy**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Data from the U.S. Census Bureau's 2016 American Community Survey shows Frisco's median household income of \$124,829 is considerably higher than \$63,812 for Dallas-Fort Worth-Arlington MSA and \$56,565 for Texas. Also, according to the survey, Frisco's residents are well-educated with 41.2% of adults age 25 or older having a bachelor's degree or higher level of education, compared to 33.9% for the Dallas MSA and 28.9% for Texas. The unemployment rate is 3.7%, and the workforce estimate is 87,493 (Texas LMI, 2017).

Frisco is home to a diversified group of companies. The Frisco Economic Development Corporation (FEDC) completed a new Comprehensive Economic Development Strategy in 2017. The report identified the following target clusters: Advanced Technology, Sports & Digital Gaming, and Professional & Information Services. Each target cluster encompasses several niche sectors.

With this strategy, the FEDC will continue to facilitate new projects moving forward, building on the results of the past.

The chart below summarizes the projects and impact for the four quarters of FY 2017.

**Summary of FEDC Projects FY17**

<b>Quarter</b>	<b>Number of Projects</b>	<b>Potential Square Feet</b>	<b>Potential Capital Investment</b>	<b>Potential Direct Jobs Created/Retained</b>
<b>Q1</b>	<b>1</b>	<b>100,000</b>	<b>\$ 7,500,000</b>	<b>150</b>
<b>Q2</b>	<b>8</b>	<b>596,400</b>	<b>\$ 123,100,000</b>	<b>601</b>
<b>Q3</b>	<b>1</b>	<b>79,000</b>	<b>\$ 6,700,000</b>	<b>62</b>
<b>Q4</b>	<b>5</b>	<b>213,200</b>	<b>\$ 62,815,000</b>	<b>365</b>
<b>Total</b>	<b>15</b>	<b>988,600</b>	<b>\$ 200,115,000</b>	<b>1,178</b>

FEDC assisted four companies with relocating their corporate headquarters or regional headquarter operations to Frisco during 2017: Skinny IT, KidZania USA, Powersecure, Inc. and Argon Medical Devices. Several existing companies also announced expansions of Frisco office space: Steward Energy II, LLC; TTS, LLC; 4Web, Inc.; and F A Peinado, LLC.

New development was also facilitated during the year. Texas Health Resources kicked off construction on Texas Health Hospital Frisco located along the Dallas North Tollway at Cobb Hill Road. The new medical campus will include an 8-story 80-bed acute care hospital, a medical office building with additional square footage for clinic space, a four-story parking garage, and a 24/7 emergency room. It will provide women's services and neonatal ICU care as well. The facility is expected to open in 2019.

Invest Group Overseas began construction on The Gate, a 41-acre mixed-use development along the Dallas North Tollway & John Hickman Parkway. The 2.3 million square foot development includes two 10-story luxury condos, 980 luxury apartment units, a luxury 150 room boutique hotel and four 8-story Class-A office buildings totaling 876,000 square feet. HALL Group neared completion on its Building 17 in HALL Park, a 162-acre office campus. The 12-story, speculative, Class A Office building offering 300,000 square feet of new office space is expected to open in early 2018. Texas Scottish Rite Hospital for Children continued work on its North Campus located on 40 acres in Frisco, also located along the Dallas North Tollway. The ambulatory care center will include a conference center and 30 acres of parks & sports fields. The facility is expected to open in 2018.

The FEDC continued development of a new business park to help meet the demand for tech/flex office space and to offer an option for companies looking to own and occupy their buildings. Frisco Park 25's site plan is designed to be a high-end commercial development that includes 14 lots of 216 acres zoned for industrial and commercial use. The building uses in Frisco Park 25 will range from corporate and regional headquarters to light manufacturing, showroom, warehouse, and distribution operations.

In 2017, the Dallas Cowboys anchored the development of The Star. The Star saw several retail projects come online including the 300 room Omni Hotel and many additional new restaurants and retail stores. Construction also continued for the nine-story, 300,000 square foot Baylor Scott & White Sports Therapy & Research Center with a structured parking garage for 1,063 cars. The facility is expected to open in early 2018.

The development partners of Frisco Station completed work on a seven-story, speculative, class A office building offering 228,000 square feet of new office space. Work began on an innovative, four-brand, 600-room lifestyle hotel campus and multi-family urban living development called 'Station House' in Frisco Station during 2017.

Two major projects were also kicked off in 2017 at Stonebriar Centre. Work for the Hyatt Regency Hotel, a 15-story luxury hotel with 303 rooms, meeting space and an 800 space parking garage is underway. The project is expected to be completed in 2019. Also, at Stonebriar Centre, KidZania USA began work on an educational & entertainment 'job role-play' center for children ages 4-12, which will be the first of its kind in the United States and serve as their U.S. Corporate Headquarters.

Our housing development continues to be robust with 1,936 new single family permits issued in 2017. At December 31, 2017, there is a 48 month supply of residential lots that are planned, with 6,661 of the lots being in 24 different development communities. There were 8 new multi-family and urban living development permits issues in 2017. With 5,293 units under construction and 4,929 units in the pipeline, the housing development will continue. Major commercial permits issued included the parking towers at Wade Park and the two new hospitals that are now under construction, with a combined value of over \$370 million. New commercial permits value total over \$676 million for all permits issued.

Frisco continues to be a destination location with venues and attractions that generate significant economic benefits to Frisco retailers, restaurants and hotels. On December 20, 2017, Frisco welcomed the DXL Frisco Bowl NCAA football game to Toyota Stadium. The inaugural teams were Southern Methodist University – Dallas, representing the American Athletic Conference, and Louisiana Tech University, representing Conference USA. On January 6, 2018, Frisco welcomed back the NCAA Division I Football Championship Game (FCS) at Toyota Stadium hosted by the Southland Conference, Hunt Sports Group and the City of Frisco. Toyota Stadium and The Star were also the location of several concerts and festivals during the year.

Frisco ISD, a public school district in Texas which serves the Frisco residents, continues to build new school facilities to accommodate growth. There are 68 schools currently, including 40 elementary, 16 middle schools, 9 high schools and 3 special program centers. Frisco ISD's student enrollment as of October 2017 was 58,461 students. School enrollment is projected to reach 66,000 students by 2021.

Looking forward, the City anticipates continued development interest and investment as our business attraction and retention efforts, as well as our schools, public safety, infrastructure and parks systems make Frisco one of the best places to relocate to grow a business and raise a family.

### **Long-Term Financial Planning – Capital Improvement Program**

The City has a five-year financial plan including staffing requirements and a five-year capital improvement plan. We monitor our assessed property values, sales tax collections, and building permit starts, and encourage and provide incentives for new and updated opportunities to sustain our City's financial economy. In May 2015, Frisco residents approved a \$267,825,000 bond package to continue the Capital Improvement Program (CIP).

Major capital improvement projects under design or currently under construction include:

**Street and Utility projects:** Main Street (FM423 to DNT), Preston Road Intersection Improvements, Rockhill Road (CR26 to Dallas Parkway), Coit Road (Rockhill Road to US 380), Legacy Drive (SH 121 to Warren Parkway), 4<sup>th</sup> Army Reconstruction, Panther Creek Parkway (east of Preston Road), Dallas Parkway (Lebanon Road to Panther Creek), Independence Parkway (SH 121 to Main Street), Traffic Signal Installations and Arterial Street Light improvements;

**Facilities projects:** Fleet Center Facility, Senior Center – *The Grove*, Fire Equipment and Facilities;

**Parks projects:** Grand Park, various trails that will connect schools to neighborhood parks and roadways, Bicentennial Park, Northeast Community Park, Plum Creek Park, and Wranglers Range Park;

**Stormwater projects:** Creek Master Plans and Cottonwood Branch Utility;

**Water & Sewer Utility projects:** Preston Road 20" Waterline, FM423 12" Waterline, Northeast Water/Wastewater Service Lines, Lebanon Wastewater Lift Station & Force Main, Stewart Creek North Interceptor (Phase 2, 3 and 4), and Reuse Storage Tank at Stewart Creek.

Detailed information including an extensive project listing for current and planned projects can be found in the Annual Budget FY 2018 document beginning on page 319.

The City Council formed a Finance & Audit Committee in 2003 which meets on an as-needed basis to discuss financial and budgetary information for long-term planning, financial policies, fund balance reserve requirements and tax rate setting information.

Frisco continues a contracted service to provide internal control monitoring to provide a reasonable assurance of proper recording of financial transactions. We have developed a model which allows staff to evaluate risks and action plans for internal controls.



The City has recognized the long-term financial implications of its pension and retiree health benefits. Regarding pensions, we have adopted funding as proposed by the Texas Municipal Retirement System to ensure the long-term strength of the plan. For retiree health care, we provide an optional retirement health plan, fully funded by the retirees to meet their health care insurance coverage needs. We review plan designs on an annual basis to provide a sustainable benefit to our employees without shifting costs to future taxpayers and to comply with any new federal laws and regulations.

### **Relevant Financial Policies**

The City has adopted financial policies that set forth the basic framework for the fiscal management of the City. These policies are developed within the parameters established by applicable provisions of the Texas Local Government Code and the City Charter. The policies are reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

None of the City's financial policies had a significant impact on the current period's financial statements, as the City was able to maintain reserve levels within the stated policies for the governmental funds. Constant review of revenue and expenditure trends and reserve levels is maintained with specific responsibility assigned to the Director of Financial Services.

### **Major Initiatives**

The FY 2018 Approved Budget funding will allow us to continue implementing Council's strategies and priorities as adopted during 2017. As we developed the funding plan for FY18, special considerations were given to the growth which impacts operations and the special projects that we continue to manage. In developing our funding plan for FY18, we continued to use a conservative population assumption growth of 4.9%. Construction of residential, multi-family and mixed used developments, as well as our commercial corridor growth is extraordinary. Economic development projects continue to benefit the City with companies relocating or expanding in Frisco and providing new employment opportunities as discussed earlier in this letter. The design and development of the Hwy 380 Corridor continues as construction is underway on the roadway expansion and staff continues to meet with prospective developers for this area

Our efforts with State and Federal regulatory agencies concerning several major projects, including the Exide Battery Plant closure and the development of Grand Park continues to be major focus areas for us, with funding approved to begin construction once all of the regulatory issues involving clean-up of Stewart Creek and permitting with the Army Corps of Engineers are resolved.

We continue addressing service demand with a total of 65 FTE in additional positions approved for FY 18, bringing our total personnel count to 1,585. The Frisco Fire Department received a grant (SAFER) from the federal government to fund 12 additional firefighters. Funding of \$3 million, for an average 3% merit for civilian employees or one step increase for public safety personnel was approved along with \$1.7 million for staffing market changes recommended by a Classification and Compensation Study completed during the year. Expenditures for capital outlay to replace equipment and police vehicles, as well as funds for several software and hardware replacements, library material acquisitions and the various new programs were included in the funding.

The City's Financial Services Department continued a Council directive for *Transparency in Government*. The monthly financial report which provides internal and external users with general awareness of the City's financial position for the major operating funds and economic activity is published online. This report is presented to the City Council, usually the second meeting of the month. Also available on the website are City check registers, investment reports, historical budget and financial documents.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Frisco for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2016. This was the seventeenth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit had to publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Financial Services Department and our independent auditors. We would like to express our appreciation to staff of the other City departments who assisted and contributed to the preparation and publication of this report in any way. Special thanks are extended to members of the City Council for their leadership, oversight and support of professionalism and sound fiscal management.

Respectfully submitted,



Danny Collier, CPA  
Assistant Director of Finance



Anita Cothran, CGFO  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Frisco  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

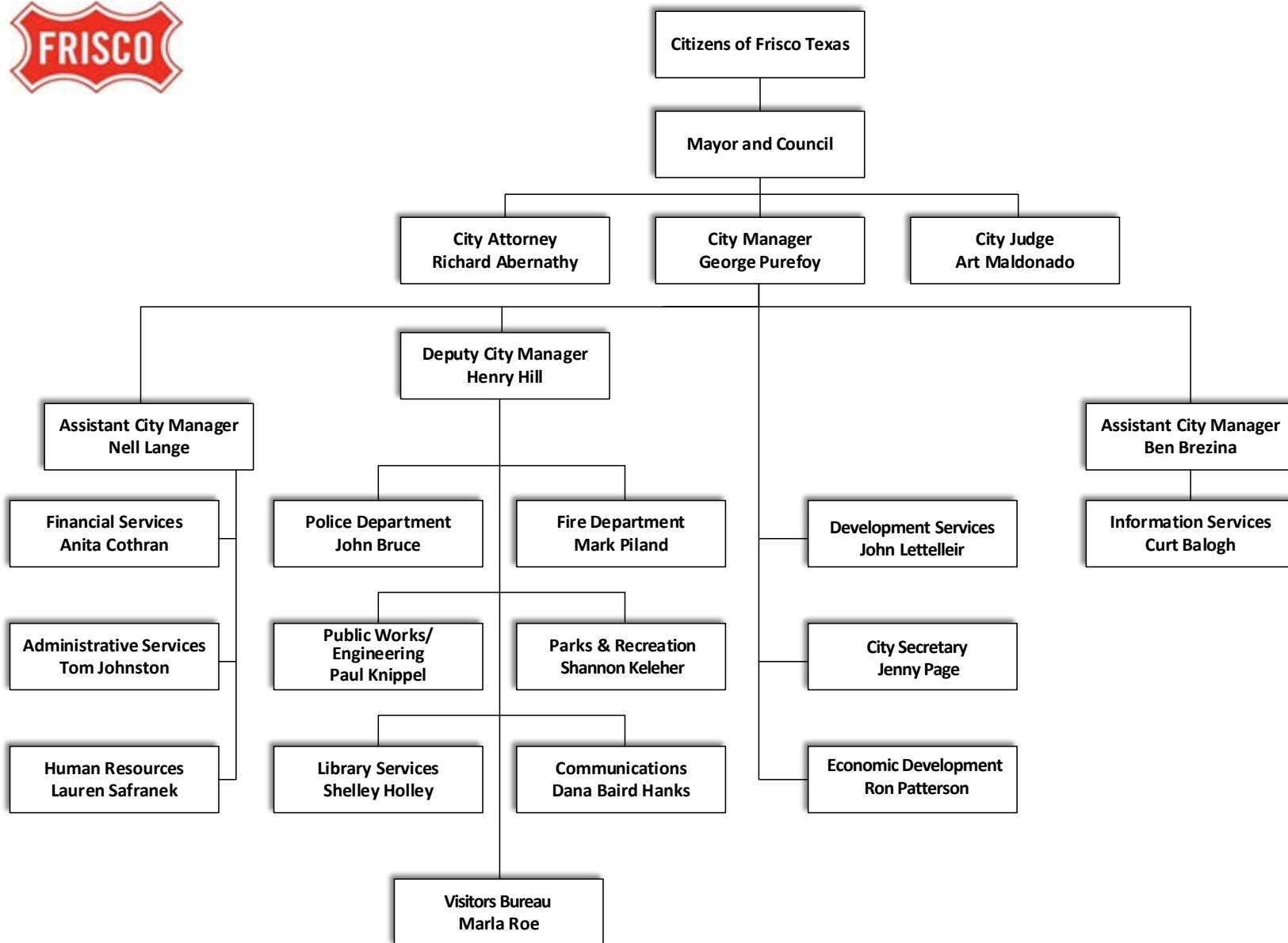
Elected Officials and Administrative Officers  
September 30, 2017

Council Members

Mayor	Jeff Cheney
Mayor Pro-tem, Place 3	Will Sowell
Deputy Mayor Pro-tem, Place 1	John Keating
Councilmember, Place 2	Shona Huffman
Councilmember, Place 4	Bill Woodard
Councilmember, Place 5	Tim Nelson
Councilmember, Place 6	Brian Livingston

Administrative Officers

City Manager	George Purefoy
Deputy City Manager	Henry Hill
Assistant City Manager	Nell Lange
Assistant City Manager (Interim)	Ben Brezina
City Attorney	Richard Abernathy
City Judge	Art Maldonado
City Secretary	Jenny Page
Director of Communications	Dana Baird-Hanks
Director of Financial Services	Anita Cothran
Fire Chief	Mark Piland
Police Chief	John Bruce
Director of Public Works/Engineering	Paul Knippel
Director of Human Resources	Lauren Safranek
Director of Administrative Services	Tom Johnston
Director of IT Services	Curt Balogh
Director of Library Services	Shelly Holley
Director of Parks & Recreation	Shannon Keleher
Director of Development Services	John Lettelleir
Economic Development President (Interim)	Ron Patterson
CVB Executive Director	Marla Roe





PROGRESS IN MOTION

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# FINANCIAL SECTION





## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of City Council  
City of Frisco, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Frisco, Texas (the City) as of and for the year ended September 30, 2017, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor and  
Members of City Council  
City of Frisco, Texas

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and TIRZ #1 Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions; and the notes to the required supplementary information on pages 19 through 30 and 97 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and other information such as the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

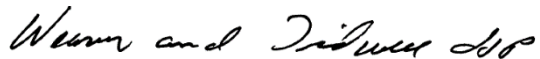
The combining and individual fund statements and schedules, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Mayor and  
Members of City Council  
City of Frisco, Texas

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
February 26, 2018



PROGRESS IN MOTION

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**CITY OF FRISCO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**

As management of the City of Frisco, (the City), we offer this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2017. In the broadest context, the financial well being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so the City's tax base, service levels, City assets and the City's desirability will be maintained; not just for the current year, but well into the future.

Financial reporting is limited in its ability to provide this "big picture", but rather focuses on financial position and changes in said financial position. In other words, are revenues and or expenses/expenditures higher or lower than the previous year? Has net position (containing both short and long term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (pages 1 - 8 of this report) and the statistical section (pages 135-164), as well as information on the City Council's Strategic Goals, the Annual Budget and other community information found on the City's website at [www.friscotexas.gov](http://www.friscotexas.gov).

It should be noted that the Independent Auditor's Report describes the auditor's association with the various sections of this report and that all the additional information from the website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Frisco exceeded its liabilities at the close of the most recent fiscal year by \$1,590,188,498 (net position). The majority of the City's assets are invested in capital assets or restricted for specific purposes. The remaining \$94,660,002 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fiscal policies.
- The City's net position for governmental activities increased by \$80,482,952 as a result of this year's operations. Net position of the City's business-type activities increased as a result of this year's operations by \$25,470,931.
- As of the close of the current fiscal year, the City of Frisco's governmental funds reported a combined ending fund balance of \$307,626,878. Approximately 20 percent of this total is available for spending at the City's discretion (unassigned).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$62,523,640 or 43 percent of total general fund expenditures.
- The City of Frisco's total debt increased by \$6,774,207, .8 percent during the current fiscal year. This change was due to new bond issues being slightly higher than bond debt maturities during the year.

- The ad valorem rate for the City was \$.45 for fiscal year 2017. This tax rate supports debt service, operations and maintenance, and bond programs to construct infrastructure and city facilities.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Frisco's basic financial statements. The City of Frisco's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Frisco finances, in a manner similar to a private-sector business.

The government-wide financial statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting. The *statement of net position* presents information on all of the City of Frisco's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Frisco is improving or deteriorating. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All of the revenues and expenses are taken into account as soon as the underlying event giving rise to the item occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, pension contributions and earned but unused vacation leave).

In the statement of net position and the statement of activities, the City is divided into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including police, fire, library, planning and development, traffic engineering, parks and recreation, public works, information technology services, finance, human resources and general administration. Property taxes, sales taxes, franchise taxes, charges for services and intergovernmental revenue finance most of these activities.
- **Business-type activities** – Includes services for which the City charges a fee to customers to cover all or most of the cost of providing such services. The City's water and sewer system operations, stormwater operations and environmental services are reported as business-type activities.
- **Component units** – The City includes three separate legal entities in its report – the Frisco Economic Development Corporation, the Frisco Community Development Corporation and



the City of Frisco Charitable Foundation. Although legally separate, these “component units” are included because the City is financially accountable for them.

## **Reporting the City's Most Significant Funds**

**Fund financial statements.** The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is detailed in a reconciliation following each of the governmental fund financial statements.

The City of Frisco maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, tax increment refinancing zone fund (TIRZ), capital projects fund, and the debt service fund all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 105 of this report.

- **Proprietary funds** – The City charges customers directly for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements, but enterprise fund financial statements provide more detail and additional information, such as cash flows.

The City of Frisco maintains three individual enterprise funds. The City uses enterprise funds to account for its water and sewer, storm drainage and environmental services activities. Only the water and sewer fund is considered to be a major fund of the City.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees.

## THE CITY AS A WHOLE – GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position and assets by category may serve over time as a useful indicator of the government's financial position. In the case of the City of Frisco, assets exceeded liabilities by \$1,590,188,498 as of September 30, 2017.

By far the largest portion of the City's net position (88 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, the assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Frisco Net Position September 30, 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 391,360,201	\$ 422,286,761	\$ 147,295,933	\$ 141,531,591	\$ 538,656,134	\$ 563,818,352
Capital assets	1,580,157,257	1,489,632,290	369,465,043	344,208,334	1,949,622,300	1,833,840,624
<b>Total assets</b>	<b>1,971,517,458</b>	<b>1,911,919,051</b>	<b>516,760,976</b>	<b>485,739,925</b>	<b>2,488,278,434</b>	<b>2,397,658,976</b>
<b>Deferred outflow of resources</b>	27,031,909	29,344,296	6,119,504	6,792,836	33,151,413	36,137,132
Long term liabilities	652,900,203	650,850,027	146,058,924	142,422,982	798,959,127	793,273,009
Other liabilities	106,849,929	130,731,147	24,392,560	22,924,083	131,242,489	153,655,230
<b>Total liabilities</b>	<b>759,750,032</b>	<b>781,581,174</b>	<b>170,451,484</b>	<b>165,347,065</b>	<b>930,201,516</b>	<b>946,928,239</b>
<b>Deferred inflow of resources</b>	891,284	2,257,074	148,549	376,180	1,039,833	2,633,254
Net investment in capital assets	1,123,429,533	1,051,389,064	271,084,999	249,009,918	1,394,514,532	1,300,398,982
Restricted	69,106,670	62,763,394	31,907,294	29,954,906	101,013,964	92,718,300
Unrestricted	45,371,848	43,272,641	49,288,154	47,844,692	94,660,002	91,117,333
<b>Total net position</b>	<b>\$ 1,237,908,051</b>	<b>\$ 1,157,425,099</b>	<b>\$ 352,280,447</b>	<b>\$ 326,809,516</b>	<b>\$ 1,590,188,498</b>	<b>\$ 1,484,234,615</b>

An additional portion of the City's net position (6 percent) represents resources that are subject to external restrictions on how they may be used, including bond covenants. The remaining balance of unrestricted net position \$94,660,002 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

As of September 30, 2017, the City is able to report positive balances in all three categories, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal years.

**Analysis of the City's Operations** – Overall the City had an increase in net position of \$105,953,883.

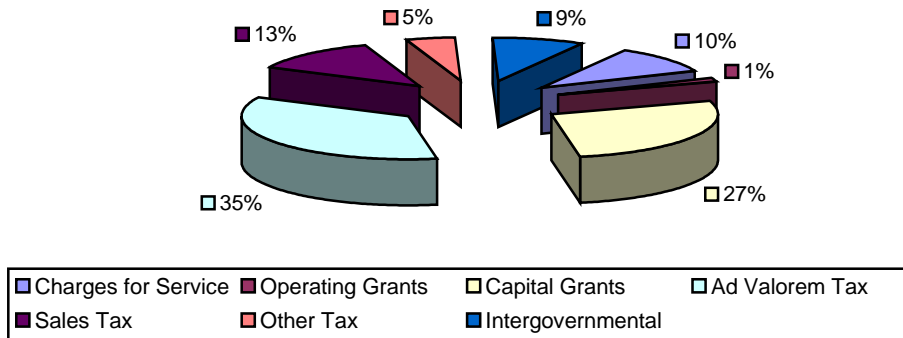
Governmental activities: Governmental activities increased the total net position by \$80,482,952 or 76% of the total growth. Net investment in capital assets increased by \$72,040,469 due to increases in capital investment (or projects completed during the year), net of increases in debt. Unrestricted net position showed an increase of \$2,099,207. Restricted net position increased by \$6,343,276, primarily due to increases in capital projects and restricted fees to fund the projects.

Total revenues for governmental activities decreased when compared to the prior year by \$80,232,268. General revenue had an increase of \$29,561,195, while program revenues had a decrease of \$109,793,463. These were primarily due to the following factors:

General revenues: Property tax revenue includes an increase of \$14.7 million and is due to a combination of the increased value in existing property and the value generated by new improvements and annexations. Sales taxes increased \$2.6 million due to an increase in retail sales for the entire year. Franchise taxes and other taxes also had a slight increase. Intergovernmental revenues increased \$10.2 million due to increases in contributions from the component units for projects within the City.

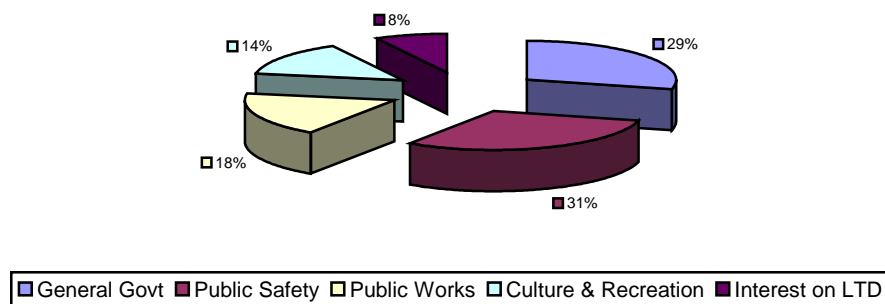
Program revenues: Charges for services increased during the year due to higher collections for various fees including recreational fees and building permits. Grants and contributions reflect a slight decrease this fiscal year. Significant decreases were seen in capital contributions due in part to the contributions recognized for several major capital projects in the prior year.

### FY 17 Governmental Revenues



Total expenses for governmental activities increased \$25.2 million or 11 percent. This increase is attributed to increases to provide services to the growing population. General government expenses include a payment of \$13.8 million to Frisco Independent School District as part of the agreement with the TIRZ to provide property tax revenue generated in the TIRZ for school district construction expenses. Incurred expenses of \$75.1 million were to provide public safety to the citizens of Frisco. These expenses were somewhat offset by the collection of revenues from various sources, including grant income and charges for services. Public works is a significant expense and provides roadway repairs and traffic control/signals for the citizens and expenses of \$44.7 million were incurred. These expenses include depreciation for City infrastructure. Total salaries and benefits for the governmental activities totaled approximately \$99.5 million or 41% of the total, while depreciation expense totaled \$56.0 million or 23%.

### FY 17 Governmental Expenses



**Business-type activities:** Net position from business-type activities increased by \$25,470,931 accounting for the remaining total growth. Program revenues of the City's business-type activities were \$136,882,832 for the fiscal year. Operating expenses totaled \$110,290,266. The increase is affected by several factors, including the following:

The City's water and sewer system recorded charges for services of \$84,814,386 and impact fees and contributions of \$34,847,451. Revenues showed an increase during the

year due to capital contributions, and the growth of the customer base and fee increases are also contributing factors. Total operating expenses were \$95,527,532. The most significant expenses of the water and sewer fund were \$25,652,225 to purchase water, \$22,408,747 for the cost of sewage treatment, \$22,054,778 for depreciation and \$16,089,860 for salaries and benefits.

**City of Frisco's Changes in Net Position  
For the year ended  
September 30, 2017**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 32,701,765	\$ 30,090,277	\$101,898,381	\$ 95,602,598	\$ 134,600,146	\$ 125,692,875
Operating grants and contributions	4,305,641	4,944,360	142,500	67,965	4,448,141	5,012,325
Capital grants and contributions	87,384,164	199,150,396	34,841,951	32,233,793	122,226,115	231,384,189
Total program revenues	124,391,570	234,185,033	136,882,832	127,904,356	261,274,402	362,089,389
General revenues						
Ad valorem tax	112,456,629	97,716,101	-	-	112,456,629	97,716,101
Sales tax	40,408,821	37,826,251	-	-	40,408,821	37,826,251
Franchise tax	10,126,891	9,366,054	-	-	10,126,891	9,366,054
Other tax	5,678,518	5,278,619	-	-	5,678,518	5,278,619
Intergovernmental	28,275,708	18,109,962	124,048	446,978	28,399,756	18,556,940
Investment earnings	2,717,226	1,805,611	788,651	451,606	3,505,877	2,257,217
Total general revenues	199,663,793	170,102,598	912,699	898,584	200,576,492	171,001,182
Total revenues	324,055,363	404,287,631	137,795,531	128,802,940	461,850,894	533,090,571
<b>Expenses</b>						
General government	71,141,026	56,719,612	-	-	71,141,026	56,719,612
Public safety	75,124,144	66,878,782	-	-	75,124,144	66,878,782
Public works	44,655,377	46,082,286	-	-	44,655,377	46,082,286
Culture and recreation	35,598,228	33,135,218	-	-	35,598,228	33,135,218
Interest	19,087,970	17,577,838	-	-	19,087,970	17,577,838
Water and sewer	-	-	95,527,532	78,892,654	95,527,532	78,892,654
Other enterprise funds	-	-	14,762,734	13,713,061	14,762,734	13,713,061
Total expenses	245,606,745	220,393,736	110,290,266	92,605,715	355,897,011	312,999,451
Increase in net position before transfers	78,448,618	183,893,895	27,505,265	36,197,225	105,953,883	220,091,120
Transfers	2,034,334	2,358,417	(2,034,334)	(2,358,417)	-	-
Increase in net position	80,482,952	186,252,312	25,470,931	33,838,808	105,953,883	220,091,120
Net position, October 1	1,157,425,099	971,172,787	326,809,516	292,970,708	1,484,234,615	1,264,143,495
Net position, September 30	\$1,237,908,051	\$1,157,425,099	\$352,280,447	\$326,809,516	\$1,590,188,498	\$1,484,234,615

**THE CITY'S FUNDS**

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the close of the City's fiscal year on September 30, 2017, the governmental funds of the City reported a combined fund balance of \$307,626,878, a decrease of \$532,517 in comparison with the prior year. Unassigned fund balance, which is available for spending at the government's discretion, constitutes \$62,523,640 of this balance. The remainder of fund balance is non-spendable, restricted, committed or assigned. 1) Non-spendable fund balances \$1,416,504 includes prepaids and inventories held by the government, 2) Restricted balances includes bond proceeds restricted for capital projects \$160,967,145, reserves to pay debt service \$5,847,513, impact fee revenues restricted for capital project funding \$57,255,538, TIRZ #1 balances for other purposes \$4,710,796, and other special revenues restricted for a specific purpose \$4,371,214, 3) Committed funds included commitments made by resolution by the governing body for insurance reserves \$6,351,871, workforce housing programs \$569,303 and the capital reserve fund \$3,613,354.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$62,523,640, while total fund balance reached \$73,817,440. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43% of total general fund expenditures, while total fund balance represents 50% of that same amount. The fund balance of the City's general fund increased \$4,383,600 during the current fiscal year attributed mainly to increases in actual revenues collected for sales tax, property tax, permits and recreation fees, while expenditures for most functional areas were less than originally budgeted.

The TIRZ #1 fund has a total fund balance of \$4,710,796. This amount is restricted for future projects within the zone.

The capital projects fund has a total fund balance of \$161,456,079, \$488,934 non-spendable for prepaid expenses and inventories. The fund balance represents unspent bond proceeds and intergovernmental revenue for roads, facilities and parks that has been received but not yet spent or recognized on specific capital projects. The decrease in fund balance is due to expenditures for capital projects during the fiscal year. The only revenue recognized is for interest earnings on bond proceeds and intergovernmental/developer agreements for shared costs projects.

The debt service fund has a total fund balance of \$5,847,513, all restricted for retirement of City debt.

Proprietary Funds – The City of Frisco's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Position of the enterprise funds at September 30, 2017 totaled \$49,288,154. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

### **General Fund Budgetary Highlights**

For FY 2017, the City Council approved a final appropriation in September 2017 with the total amount of the appropriation equaling \$158.1 million including transfers out to other city funds.

Amendments were made to reallocate funds appropriated to more accurately account for estimated revenues and expenditures.

With the budget amendments made during the fiscal year, the actual expenditures on a budgetary basis were \$149.8 million compared to the re-estimated (revised) budget amount of \$157.3 million. The \$7.5 million variance in total expenditures (excluding transfers out) is attributed to savings in the general fund for operational dollars budgeted but not required or expended by September 30.

The actual (on a budgetary basis excluding transfers in) revenues were \$150.5 million as compared to the re-estimated (revised) budget amount of \$147.2 million excluding transfers. The \$3.3 million variance in total revenues is attributed to increases over projections in property tax, sales tax, permit fees, interest earnings and charges for services collections, with decreases under projections in franchise tax collections.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets.** At the end of the year, the City had \$2,696,530,819 invested in a broad range of capital assets, including land, buildings, park facilities, roads, bridges, water & sewer lines, police and fire equipment, and public works operating equipment and machinery. This amount represents a net increase (including additions and deductions) of \$192,310,513 over the prior fiscal year. Total accumulated depreciation for September 30, 2017, was \$746,908,519 for net capital assets of \$1,949,622,300.

### Capital Assets for the Year Ended September 30, 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 248,463,147	\$ 243,818,559	\$ 10,422,839	\$ 10,168,306	\$ 258,885,986	\$ 253,986,865
Buildings & improvements	629,660,645	351,047,036	10,123,598	10,123,598	639,784,243	361,170,634
Machinery & equipment	66,415,516	60,303,211	9,030,279	8,726,487	75,445,795	69,029,698
Construction in progress	120,592,621	348,136,913	40,201,013	38,459,034	160,793,634	386,595,947
Improvements other than buildings	1,096,063,060	1,012,608,620	465,558,101	420,828,542	1,561,621,161	1,433,437,162
Total capital assets	2,161,194,989	2,015,914,339	535,335,830	488,305,967	2,696,530,819	2,504,220,306
Less accumulated depreciation	(581,037,732)	(526,282,049)	(165,870,787)	(144,097,633)	(746,908,519)	(670,379,682)
Total	\$1,580,157,257	\$1,489,632,290	\$ 369,465,043	\$ 344,208,334	\$1,949,622,300	\$1,833,840,624

Land purchased included park land along with various right-of-ways for roads and utilities. Improvements other than buildings include park construction projects and the developer contributions for road construction throughout the City, as well as traffic signals and lighting projects. Vehicles, machinery and some equipment were added during the year based on our equipment replacement schedule.



The City's 2018 Capital Project Multi-Year Budget calls for a continuation of the Capital Project Plan. Funding for several major roadway projects, Grand Park and other community parks, fire equipment, facility expansions and new construction and utility system infrastructure are included in the 2018 Plan.

Authorized bonds remain unissued from the 2006 Election and the 2015 Election.

<b><u>Election May 13, 2006</u></b>	<b><u>Voted Bonds</u></b>	<b><u>Issued Prior Years</u></b>	<b><u>Issued FY 2017</u></b>	<b><u>Unissued Balance</u></b>
Branch Library (Prop 5)	\$ 8,000,000	\$ -	\$ -	\$ 8,000,000
Senior Center (Prop 7)	2,500,000	-	-	2,500,000
Community Cultural Arts (Prop 8)	5,000,000	3,000,000	-	2,000,000
Grand Park (Prop.12)	22,500,000	12,000,000	-	10,500,000
<b>Remaining</b>	<b>38,000,000</b>	<b>15,000,000</b>	<b>-</b>	<b>23,000,000</b>
<b><u>Election May 9, 2015</u></b>				
Public Safety (Prop. 1)	41,500,000	18,010,000	12,000,000	11,490,000
Street Improvements (Prop.2)	125,000,000	55,000,000	25,000,000	45,000,000
City Hall Expansion (Prop. 4)	37,000,000	5,000,000	-	32,000,000
Parks, Trails and Rec Facilities (Prop. 6)	32,000,000	20,000,000	12,000,000	-
Grand Park (Prop. 7)	10,000,000	-	-	10,000,000
Community Cultural Arts (Prop 8)	10,000,000	-	-	10,000,000
<b>Remaining</b>	<b>255,500,000</b>	<b>98,010,000</b>	<b>49,000,000</b>	<b>108,490,000</b>
<b>Total Authorized/Unissued Bonds</b>	<b>\$293,500,000</b>	<b>\$113,010,000</b>	<b>\$ 49,000,000</b>	<b>\$131,490,000</b>

Additional information regarding capital assets can be found in Note 6 beginning on page 75 of the CAFR.



**Debt administration.** At year-end, the City had \$815,843,246 in debt outstanding as compared to \$809,069,039 at the end of the prior fiscal year, an increase of .8 percent – as shown below.

**Outstanding Debt, September 30, 2017**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$477,748,965	\$468,046,042	\$ 69,796,969	\$ 76,173,629	\$547,545,934	\$544,219,671
Certificates of obligation bonds	186,123,039	192,838,087	82,174,273	72,011,281	268,297,312	264,849,368
<b>Totals</b>	<b>\$663,872,004</b>	<b>\$660,884,129</b>	<b>\$151,971,242</b>	<b>\$148,184,910</b>	<b>\$815,843,246</b>	<b>\$809,069,039</b>

In June 2017, the City issued General Obligation Bonds, Series 2017, in the amount of \$45,510,000 with a net premium of \$4,091,889. Proceeds from the sale of bonds will be used for constructing and improving streets and roads, bridges and intersections; constructing, improving and equipping public safety facilities, including fire department facilities and the acquisition of fire trucks and equipment; constructing, improving and equipping parks, trails and recreational facilities and to construct and equip a maintenance and administration building for the Parks and Recreation Department, and the acquisition of land and interests in land for parks and recreational facilities; and to pay the costs of issuance associated with the sale of the bonds.

In June 2017, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2017, in the amount of \$14,455,000 with a net premium of \$967,777. Proceeds from the sale of the certificates are expected to be used for constructing, installing, acquiring and equipping additions, extensions and improvements to the City's combined waterworks and sewer systems; and to pay the costs associated with the issuance of the certificates.

Additional information regarding the City's outstanding debt can be found in Note 8 beginning on page 78 of the CAFR.

The City's assigned ratings for general obligation bonds and certificates of obligation bonds were as follows in FY 2017:

	Standard & Poor's Corporation	Moody's Investor Services
General Obligation Bonds	AA+	Aa1
Certificates of Obligation Bonds	AA+	Aa1

This rating has been assigned to the City's tax-supported debt. The City is permitted by state law and provisions to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of general obligation debt to assessed value of all taxable property is 2.23%.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2018 budget appropriation, tax rates, and fees that will be charged for the business-type activities.

Current economic indicators were taken into account when adopting the general fund budget. The FY 2018 combined budget appropriation totaled \$155 million. This represents a decrease of \$2.2 million from the FY 2017 revised budgets, attributed to a one time capital project expense.

The general fund's largest revenue source is property tax receipts. Ad valorem tax revenue is determined by two major factors: the total assessed value established by the Central Appraisal District of Collin County and Central Appraisal District of Denton County and the tax rate established by the Frisco City Council. For the new fiscal year, we saw an increase in valuations of 9.26%. We saw gains in new improvements of 6.2%, and a gain on existing property of 3.06%. According to final figures received from the CAD's, the total certified assessed property value for FY 2018 is \$26.5 billion. Council approved a tax rate of \$0.44660 per \$100 of valuation a decrease from the FY 2017 tax rate of \$0.45. Council also approved a 7.5% homestead tax exemption to be effective for FY 2018.

As for the City's business-type activities, City projections indicate that the water and sewer fund unassigned net position will be approximately \$38.4 million. A fee increase for water sales and sewer services was approved and effective in January 2018. Appropriations are to be used for capital projects in the utility construction projects fund, operating expenses, and bond interest and fiscal charges.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT STAFF**

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at 6101 Frisco Square Boulevard, 4<sup>th</sup> Floor Finance Office, Frisco, Texas 75034. The Finance Department also presents the Popular Annual Financial Report, a condensed version of the financial position presented in the CAFR, on line at the city's website [www.friscotexas.gov](http://www.friscotexas.gov).

## **BASIC FINANCIAL STATEMENTS**



PROGRESS IN MOTION

Statement of Net Position  
September 30, 2017

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	\$ 180,708,888	\$ 26,841,272	\$ 207,550,160	\$ 41,470,828
Cash held for land purchase	-	-	-	42,224,284
Investments	159,173,150	21,920,003	181,093,153	41,908,531
Receivables (net of allowance for uncollectibles)	17,907,859	12,070,206	29,978,065	7,463,402
Inventories	889,217	670,818	1,560,035	-
Prepays	527,287	84,418	611,705	90,225
Notes receivable	3,030,000	-	3,030,000	
Restricted assets:				
Cash and cash equivalents	-	33,846,150	33,846,150	4,682,915
Investments	-	51,863,066	51,863,066	3,800,000
Notes receivable - noncurrent	29,123,800	-	29,123,800	1,258,571
Land held for resale	-	-	-	55,119,377
Capital assets:				
Land	248,463,147	10,422,839	258,885,986	69,930,454
Buildings and improvements	629,660,645	10,123,598	639,784,243	20,146,829
Improvements other than buildings	1,096,063,060	465,558,101	1,561,621,161	18,603,502
Machinery and equipment	66,415,516	9,030,279	75,445,795	603,978
Construction in progress	120,592,621	40,201,013	160,793,634	215,053
Accumulated depreciation	(581,037,732)	(165,870,787)	(746,908,519)	(26,942,460)
Total assets	1,971,517,458	516,760,976	2,488,278,434	280,575,489
DEFERRED OUTFLOW OF RESOURCES				
Pension contributions and investment experience	12,559,774	2,093,295	14,653,069	299,043
Deferred charge on bond refunding	14,472,135	4,026,209	18,498,344	1,035,778
Total deferred outflow of resources	27,031,909	6,119,504	33,151,413	1,334,821
LIABILITIES				
Accounts and retainage payable	20,880,624	5,843,197	26,723,821	2,412,053
Accrued liabilities	1,537,863	632,986	2,170,849	67,891
Accrued liabilities - pollution remediation	-	-	-	2,059,405
Accrued interest payable	3,523,341	786,141	4,309,482	782,319
Customer deposits	-	3,887,813	3,887,813	76,118
Unearned revenue	3,856,500	-	3,856,500	5,000
Monies held in escrow	20,506,803	108,076	20,614,879	-
Non-current liabilities:				
Due within one year:				
Compensated absences	6,455,058	971,161	7,426,219	126,029
Notes payable	-	-	-	7,163,586
Bonds payable	50,089,640	12,163,186	62,252,826	5,625,228
Due in more than one year:				
Compensated absences	4,520,511	484,647	5,005,158	65,085
Pension	34,597,328	5,766,221	40,363,549	823,746
Notes payable	-	-	-	77,926,681
Bonds payable	613,782,364	139,808,056	753,590,420	114,944,008
Total liabilities	759,750,032	170,451,484	930,201,516	212,077,149
DEFERRED INFLOW OF RESOURCES				
Pension actuarial experience	891,284	148,549	1,039,833	21,218
Total deferred inflow of resources	891,284	148,549	1,039,833	21,218
NET POSITION				
Net investment in capital assets	1,123,429,533	271,084,999	1,394,514,532	(358,833)
Restricted for:				
Capital projects	57,255,538	31,907,294	89,162,832	-
Tax increment reinvestment zone	4,710,796	-	4,710,796	-
Other purposes	4,371,214	-	4,371,214	-
Debt service	2,769,122	-	2,769,122	7,700,596
Unrestricted	45,371,848	49,288,154	94,660,002	62,470,180
Total net position	\$ 1,237,908,051	\$ 352,280,447	\$ 1,590,188,498	\$ 69,811,943

The notes to the basic financial statements are an integral part of this statement.

**Statement of Activities**  
**For the year ended September 30, 2017**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Functions/Programs</b>				
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 71,141,026	\$ 22,097,082	\$ 424,557	\$ 10,268,521
Public safety	75,124,144	4,451,318	2,741,831	167,708
Public works	44,655,377	123,470	-	60,416,189
Culture and recreation	35,598,228	6,029,895	1,139,253	16,531,746
Interest on long-term debt	19,087,970	-	-	-
Total governmental activities	<u>245,606,745</u>	<u>32,701,765</u>	<u>4,305,641</u>	<u>87,384,164</u>
Business-type activities:				
Water and sewer	95,527,532	84,814,386	5,500	34,841,951
Non-major enterprise funds	14,762,734	17,083,995	137,000	-
Total business-type activities	<u>110,290,266</u>	<u>101,898,381</u>	<u>142,500</u>	<u>34,841,951</u>
<b>Total primary government</b>	<u>\$ 355,897,011</u>	<u>\$ 134,600,146</u>	<u>\$ 4,448,141</u>	<u>\$ 122,226,115</u>
<b>Component units:</b>				
Community development	\$ 23,161,714	\$ 900,652	\$ 19,844	\$ 1,168,298
Economic development	17,862,711	-	44,076	-
Charitable foundation	3,081	-	1,578	-
<b>Total component units</b>	<u>\$ 41,027,506</u>	<u>\$ 900,652</u>	<u>\$ 65,498</u>	<u>\$ 1,168,298</u>
General revenues:				
Ad valorem tax				
Sales tax				
Franchise tax				
Other taxes				
Ad valorem tax for TIRZ funds, intergovernmental revenues				
Investment earnings				
Transfers				
Total general revenues				
Change in net position				
Net position, beginning				
Net position, ending				

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (38,350,866)	\$ -	\$ (38,350,866)	
(67,763,287)	-	(67,763,287)	
15,884,282	-	15,884,282	
(11,897,334)	-	(11,897,334)	
(19,087,970)	-	(19,087,970)	
<u>(121,215,175)</u>	<u>-</u>	<u>(121,215,175)</u>	
-	24,134,305	24,134,305	
-	2,458,261	2,458,261	
-	26,592,566	26,592,566	
<u>\$ (121,215,175)</u>	<u>\$ 26,592,566</u>	<u>\$ (94,622,609)</u>	
			\$ (21,072,920)
			(17,818,635)
			<u>(1,503)</u>
			<u>\$ (38,893,058)</u>
112,456,629	-	112,456,629	-
40,408,821	-	40,408,821	40,273,288
10,126,891	-	10,126,891	-
5,678,518	-	5,678,518	-
28,275,708	124,048	28,399,756	1,685,415
2,717,226	788,651	3,505,877	882,471
2,034,334	(2,034,334)	-	-
<u>201,698,127</u>	<u>(1,121,635)</u>	<u>200,576,492</u>	<u>42,841,174</u>
80,482,952	25,470,931	105,953,883	3,948,116
<u>1,157,425,099</u>	<u>326,809,516</u>	<u>1,484,234,615</u>	<u>65,863,827</u>
<u>\$ 1,237,908,051</u>	<u>\$ 352,280,447</u>	<u>\$ 1,590,188,498</u>	<u>\$ 69,811,943</u>



PROGRESS IN MOTION



Balance Sheet  
Governmental Funds  
September 30, 2017

	<u>General</u>	<u>TIRZ #1</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 50,078,294	\$ 6,803,290	\$ 96,130,764	\$ 5,676,737	\$ 22,019,803	\$ 180,708,888
Investments	25,060,534	-	91,441,459	-	42,671,157	159,173,150
Receivables (net of allowances for uncollectibles):						
Property tax	982,915	-	-	615,726	-	1,598,641
Sales tax	7,038,202	-	-	-	-	7,038,202
Franchise tax	4,758,236	-	-	-	84,215	4,842,451
Occupancy tax	-	-	-	-	455,506	455,506
Grants	-	-	-	-	159,787	159,787
Assessments	-	-	-	-	1,316,709	1,316,709
Other	1,902,068	-	300,259	-	112,677	2,315,004
Due from other funds	74,375	-	-	-	-	74,375
Inventories	400,283	-	488,934	-	-	889,217
Prepays	358,989	-	-	-	168,298	527,287
Notes receivable	75,800	-	373,000	-	-	448,800
<b>Total assets</b>	<u>\$ 90,729,696</u>	<u>\$ 6,803,290</u>	<u>\$ 188,734,416</u>	<u>\$ 6,292,463</u>	<u>\$ 66,988,152</u>	<u>\$ 359,548,017</u>
<b>LIABILITIES, DEFERRED INFLOWS, FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 10,120,671	\$ 13,788	\$ 8,290,142	\$ -	\$ 507,236	\$ 18,931,837
Retainage payable	-	-	1,948,787	-	-	1,948,787
Accrued liabilities	1,466,261	-	12,555	-	59,047	1,537,863
Unearned revenue	669,811	1,804,950	-	-	1,381,739	3,856,500
Monies held in escrow	409,239	273,756	16,653,103	-	3,170,705	20,506,803
Due to other funds	-	-	-	-	74,375	74,375
<b>Total liabilities</b>	<u>12,665,982</u>	<u>2,092,494</u>	<u>26,904,587</u>	<u>-</u>	<u>5,193,102</u>	<u>46,856,165</u>
Deferred inflow of resources:						
Unavailable revenue	<u>4,246,274</u>	<u>-</u>	<u>373,750</u>	<u>444,950</u>	<u>-</u>	<u>5,064,974</u>
Fund balances:						
Non spendable	759,272	-	488,934	-	168,298	1,416,504
Restricted for:						
Debt service	-	-	-	5,847,513	-	5,847,513
Capital projects for future construction	-	-	160,967,145	-	57,255,538	218,222,683
Special revenue for future commitments	-	4,710,796	-	-	4,371,214	9,082,010
Committed to:						
Insurance	6,351,871	-	-	-	-	6,351,871
Workforce housing	569,303	-	-	-	-	569,303
Capital projects for future construction	3,613,354	-	-	-	-	3,613,354
Unassigned	<u>62,523,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,523,640</u>
<b>Total fund balances</b>	<u>73,817,440</u>	<u>4,710,796</u>	<u>161,456,079</u>	<u>5,847,513</u>	<u>61,795,050</u>	<u>307,626,878</u>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<u>\$ 90,729,696</u>	<u>\$ 6,803,290</u>	<u>\$ 188,734,416</u>	<u>\$ 6,292,463</u>	<u>\$ 66,988,152</u>	<u>\$ 359,548,017</u>

The notes to the basic financial statements are an integral part of this statement.

**Reconciliation of the Balance Sheet of the  
Governmental Funds to the Statement of Net Position  
September 30, 2017**

Amounts reported for governmental activities in the statement of position are different because:

Total fund balances per balance sheet	\$ 307,626,878
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,580,157,257
Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds.	27,031,909
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are unavailable in the funds.	5,064,974
Other assets are not available to pay for current-period expenditures, and, therefore, are not included in the funds.	31,886,559
Long-term liabilities, including bonds payable, pension liabilities, compensated absences, and accrued interest payable are not due and payable in the current period and, there, are not reported in the funds.	(712,968,242)
Deferred inflow of resources are not financial resources and, therefore, are not reported in the funds.	(891,284)
Net position of governmental activities	<u>\$ 1,237,908,051</u>

The notes to the basic financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended September 30, 2017**

	<u>General</u>	<u>TIRZ #1</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>						
Taxes:						
Property	\$ 69,705,097	\$ 5,853,834	\$ -	\$ 36,643,823	\$ 110,736	\$ 112,313,490
Sales	40,265,592	-	-	-	143,229	40,408,821
Franchise	9,104,998	-	-	-	353,536	9,458,534
Hotel/motel	-	-	-	-	4,829,350	4,829,350
Other	849,168	-	-	-	-	849,168
Licenses and permits	12,904,536	-	-	-	-	12,904,536
Intergovernmental	2,401,473	22,175,390	95,319	-	599,130	25,271,312
Charges for services	9,510,764	-	-	-	7,653	9,518,417
Fines	2,044,426	-	-	-	700,491	2,744,917
Special assessments	-	-	-	-	13,128,149	13,128,149
Rents	2,542,864	4,228,458	-	-	4,384	6,775,706
Investment earnings	637,180	41,687	1,442,569	77,294	532,756	2,731,486
Contributions, donations and grants	92,598	91,125	11,708,708	-	1,300,267	13,192,698
Payments from component units	50,000	3,601,500	12,415,807	2,448,817	-	18,516,124
Miscellaneous	402,894	-	437	-	21,437	424,768
Total revenues	<u>150,511,590</u>	<u>35,991,994</u>	<u>25,662,840</u>	<u>39,169,934</u>	<u>21,731,118</u>	<u>273,067,476</u>
<b>EXPENDITURES:</b>						
Current:						
General government	45,161,328	15,924,500	-	-	372,607	61,458,435
Public safety	66,798,740	-	-	-	931,526	67,730,266
Public works	11,863,531	-	-	-	46,576	11,910,107
Culture and recreation	18,422,451	-	-	-	4,157,855	22,580,306
Capital outlay (includes \$3,880,230 not capitalized)	4,696,566	-	95,318,857	-	539,853	100,555,276
Debt service:						
Principal retirement	-	-	-	35,675,000	-	35,675,000
Interest and fiscal charges	-	-	632,324	25,043,535	-	25,675,859
Total expenditures	<u>146,942,616</u>	<u>15,924,500</u>	<u>95,951,181</u>	<u>60,718,535</u>	<u>6,048,417</u>	<u>325,585,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,568,974</u>	<u>20,067,494</u>	<u>(70,288,341)</u>	<u>(21,548,601)</u>	<u>15,682,701</u>	<u>(52,517,773)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt	-	-	45,510,000	-	-	45,510,000
Premium on bonds issued	-	-	4,337,120	-	-	4,337,120
Discount on bonds issued	-	-	(245,231)	-	-	(245,231)
Proceeds from sale of assets	324,033	-	25,000	-	-	349,033
Transfers in	749,000	1,436,333	9,439,413	22,220,318	173,826	34,018,890
Transfers out	(258,407)	(20,888,004)	(15,419)	-	(10,822,726)	(31,984,556)
Total other financing sources and uses	<u>814,626</u>	<u>(19,451,671)</u>	<u>59,050,883</u>	<u>22,220,318</u>	<u>(10,648,900)</u>	<u>51,985,256</u>
Net change in fund balances	4,383,600	615,823	(11,237,458)	671,717	5,033,801	(532,517)
Fund balances, beginning	<u>69,433,840</u>	<u>4,094,973</u>	<u>172,693,537</u>	<u>5,175,796</u>	<u>56,761,249</u>	<u>308,159,395</u>
Fund balances, ending	<u>\$ 73,817,440</u>	<u>\$ 4,710,796</u>	<u>\$ 161,456,079</u>	<u>\$ 5,847,513</u>	<u>\$ 61,795,050</u>	<u>\$ 307,626,878</u>

The notes to the basic financial statements are an integral part of this statement.

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended September 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$ (532,517)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and developer's contributions exceeded depreciation in the current period.	90,524,967
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	783,090
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,338,828)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,953,760)
Change in net position of governmental activities	<u>\$ 80,482,952</u>

The notes to the basic financial statements are an integral part of this statement.

**General Fund Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a GAAP Basis</b>	<b>Adjustments- Budgetary Basis</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>				
<b>REVENUES:</b>						
Taxes:						
Property	\$ 67,804,741	\$ 68,834,322	\$ 69,705,097	\$ -	\$ 69,705,097	\$ 870,775
Sales	38,337,453	39,563,066	40,265,592	-	40,265,592	702,526
Franchise	9,944,211	9,422,775	9,104,998	-	9,104,998	(317,777)
Other	802,403	843,160	849,168	-	849,168	6,008
Licenses and permits	10,281,556	12,310,639	12,904,536	-	12,904,536	593,897
Intergovernmental	1,770,403	1,770,403	2,401,473	-	2,401,473	631,070
Charges for services	8,315,434	8,873,460	9,510,764	-	9,510,764	637,304
Fines	2,321,848	1,950,848	2,044,426	-	2,044,426	93,578
Rents	1,595,516	2,495,876	2,542,864	-	2,542,864	46,988
Investment earnings	274,750	497,015	637,180	-	637,180	140,165
Contributions, donations and grants	86,000	77,500	92,598	-	92,598	15,098
Payments from component units	50,000	50,000	50,000	-	50,000	-
Miscellaneous	798,093	505,093	402,894	-	402,894	(102,199)
Total revenues	<u>142,382,408</u>	<u>147,194,157</u>	<u>150,511,590</u>	<u>-</u>	<u>150,511,590</u>	<u>3,317,433</u>
<b>EXPENDITURES:</b>						
Current:						
General government	46,758,389	48,614,880	45,161,328	655,749	45,817,077	2,797,803
Public safety	68,428,860	68,377,723	66,798,740	(264,806)	66,533,934	1,843,789
Public works	12,001,625	13,921,319	11,863,531	1,122,718	12,986,249	935,070
Culture and recreation	19,246,803	19,446,932	18,422,451	(113,204)	18,309,247	1,137,685
Capital outlay	<u>6,853,810</u>	<u>6,928,592</u>	<u>4,696,566</u>	<u>1,436,306</u>	<u>6,132,872</u>	<u>795,720</u>
Total expenditures	<u>153,289,487</u>	<u>157,289,446</u>	<u>146,942,616</u>	<u>2,836,763</u>	<u>149,779,379</u>	<u>7,510,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,907,079)</u>	<u>(10,095,289)</u>	<u>3,568,974</u>	<u>(2,836,763)</u>	<u>732,211</u>	<u>10,827,500</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of assets	-	-	324,033	-	324,033	324,033
Transfers in	1,609,000	749,000	749,000	-	749,000	-
Transfers out	<u>(215,000)</u>	<u>(792,000)</u>	<u>(258,407)</u>	<u>-</u>	<u>(258,407)</u>	<u>533,593</u>
Total other financing sources (uses)	<u>1,394,000</u>	<u>(43,000)</u>	<u>814,626</u>	<u>-</u>	<u>814,626</u>	<u>857,626</u>
Net change in fund balances	(9,513,079)	(10,138,289)	4,383,600	(2,836,763)	1,546,837	11,685,126
Fund balances, October 1	<u>61,621,118</u>	<u>69,433,840</u>	<u>69,433,840</u>	<u>(1,359,683)</u>	<u>68,074,157</u>	<u>(1,359,683)</u>
Fund balances, September 30	<u>\$ 52,108,039</u>	<u>\$ 59,295,551</u>	<u>\$ 73,817,440</u>	<u>\$ (4,196,446)</u>	<u>\$ 69,620,994</u>	<u>\$ 10,325,443</u>

**CITY OF FRISCO  
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses  
from GAAP Basis to Budgetary Basis  
For the Fiscal Year Ended September 30, 2017**

	<u>Net Change in Fund Balances</u>
GAAP basis	\$ 4,383,600
Expenditures:	
Increase due to encumbrances from prior year	1,359,683
Decrease due to encumbrances for current year	<u>(4,196,446)</u>
Budgetary basis	<u>\$ 1,546,837</u>

The notes to the basic financial statements are an integral part of this statement.

**TIRZ Fund Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a</b>	<b>Adjustments-</b>	<b>Actual on a</b>	<b>Variance with</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>GAAP</u></b>	<b><u>Budgetary</u></b>	<b><u>Budgetary</u></b>	<b><u>Final Budget -</u></b>
			<b><u>Basis</u></b>	<b><u>Basis</u></b>	<b><u>Basis</u></b>	<b><u>Positive</u></b>
						<b><u>(Negative)</u></b>
<b>REVENUES:</b>						
Taxes:						
Property	\$ 5,631,929	\$ 5,853,834	\$ 5,853,834	\$ -	\$ 5,853,834	\$ -
Sales	-	-	-	-	-	-
Intergovernmental	21,397,232	21,853,682	22,175,390	-	22,175,390	321,708
Rents	4,667,177	3,867,177	4,228,458	-	4,228,458	361,281
Investment earnings	2,000	24,302	41,687	-	41,687	17,385
Contributions, donations and grants	-	-	91,125	-	91,125	91,125
Payments from component units	3,601,500	3,601,500	3,601,500	-	3,601,500	-
Total revenues	<u>35,299,838</u>	<u>35,200,495</u>	<u>35,991,994</u>	<u>-</u>	<u>35,991,994</u>	<u>791,499</u>
<b>EXPENDITURES:</b>						
Current:						
General government	<u>15,191,260</u>	<u>16,442,869</u>	<u>15,924,500</u>	<u>-</u>	<u>15,924,500</u>	<u>518,369</u>
Total expenditures	<u>15,191,260</u>	<u>16,442,869</u>	<u>15,924,500</u>	<u>-</u>	<u>15,924,500</u>	<u>518,369</u>
Excess of revenues over expenditures	<u>20,108,578</u>	<u>18,757,626</u>	<u>20,067,494</u>	<u>-</u>	<u>20,067,494</u>	<u>1,309,868</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	1,436,333	1,436,333	1,436,333	-	1,436,333	-
Transfers out	<u>(22,431,233)</u>	<u>(20,888,004)</u>	<u>(20,888,004)</u>	<u>-</u>	<u>(20,888,004)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,994,900)</u>	<u>(19,451,671)</u>	<u>(19,451,671)</u>	<u>-</u>	<u>(19,451,671)</u>	<u>-</u>
Net change in fund balances	(886,322)	(694,045)	615,823	-	615,823	1,309,868
Fund balances, October 1	<u>3,644,219</u>	<u>4,094,973</u>	<u>4,094,973</u>	<u>-</u>	<u>4,094,973</u>	<u>-</u>
Fund balances, September 30	<u>\$ 2,757,897</u>	<u>\$ 3,400,928</u>	<u>\$ 4,710,796</u>	<u>\$ -</u>	<u>\$ 4,710,796</u>	<u>\$ 1,309,868</u>

The notes to the basic financial statements are an integral part of this statement.



PROGRESS IN MOTION

Statement of Net Position  
Proprietary Funds  
September 30, 2017

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 18,226,756	\$ 8,614,516	\$ 26,841,272
Investments	19,630,502	2,289,501	21,920,003
Receivables - (net of allowance for uncollectibles):			
Utility bills	11,083,877	-	11,083,877
Other	384,251	602,078	986,329
Inventories	670,818	-	670,818
Prepays	83,046	1,372	84,418
Restricted cash and cash equivalents	33,846,150	-	33,846,150
Restricted investments	51,863,066	-	51,863,066
Total current assets	135,788,466	11,507,467	147,295,933
Noncurrent assets:			
Capital assets:			
Land	10,422,839	-	10,422,839
Buildings and improvements	9,986,356	137,242	10,123,598
Improvements other than buildings	465,465,911	92,190	465,558,101
Machinery and equipment	7,642,891	1,387,388	9,030,279
Construction in progress	40,201,013	-	40,201,013
Accumulated depreciation	(164,982,639)	(888,148)	(165,870,787)
Total capital assets (net of accumulated depreciation)	368,736,371	728,672	369,465,043
Total noncurrent assets	368,736,371	728,672	369,465,043
<b>Total assets</b>	<b>504,524,837</b>	<b>12,236,139</b>	<b>516,760,976</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension contributions and investment experience	1,794,255	299,040	2,093,295
Deferred charge on bond refunding	4,026,209	-	4,026,209
<b>Total deferred outflow of resources</b>	<b>\$ 5,820,464</b>	<b>\$ 299,040</b>	<b>\$ 6,119,504</b>



	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 5,153,522	\$ 689,675	\$ 5,843,197
Accrued liabilities	547,577	85,409	632,986
Accrued interest payable	786,141	-	786,141
Customer deposits payable	3,887,813	-	3,887,813
Monies held in escrow	-	108,076	108,076
Liability for compensated absences	819,806	151,355	971,161
Bonds payable	12,163,186	-	12,163,186
Current liabilities	<u>23,358,045</u>	<u>1,034,515</u>	<u>24,392,560</u>
Noncurrent liabilities:			
Liability for compensated absences	405,980	78,667	484,647
Pension	4,942,475	823,746	5,766,221
Bonds payable	139,808,056	-	139,808,056
Total noncurrent liabilities	<u>145,156,511</u>	<u>902,413</u>	<u>146,058,924</u>
<b>Total liabilities</b>	<u>168,514,556</u>	<u>1,936,928</u>	<u>170,451,484</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Pension actuarial experience	<u>127,329</u>	<u>21,220</u>	<u>148,549</u>
<b>Total deferred inflow of resources</b>	<u>127,329</u>	<u>21,220</u>	<u>148,549</u>
<b>NET POSITION</b>			
Net investment in capital assets	270,356,327	728,672	271,084,999
Restricted for:			
Capital projects	31,907,294	-	31,907,294
Unrestricted	<u>39,439,795</u>	<u>9,848,359</u>	<u>49,288,154</u>
<b>Total net position</b>	<u>\$ 341,703,416</u>	<u>\$ 10,577,031</u>	<u>\$ 352,280,447</u>

The notes to the basic financial statements are an integral part of this statement.



**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2017**

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
<b>OPERATING REVENUES:</b>			
Charges for sales and services:			
Water sales	\$ 45,892,291	\$ -	\$ 45,892,291
Sewer charges	31,893,633	-	31,893,633
Service charges	1,657,908	-	1,657,908
Sanitation charges	-	13,538,402	13,538,402
Water and sewer connections	1,404,525	-	1,404,525
Inspection fees	3,732,459	-	3,732,459
Stormwater drainage fees	-	3,495,955	3,495,955
Miscellaneous	66,192	49,638	115,830
Total operating revenues	<u>84,647,008</u>	<u>17,083,995</u>	<u>101,731,003</u>
<b>OPERATING EXPENSES:</b>			
Cost of sales and services	48,060,972	11,239,696	59,300,668
Administration	22,375,057	3,345,757	25,720,814
Depreciation	22,054,778	177,281	22,232,059
Amortization	522,261	-	522,261
Total operating expenses	<u>93,013,068</u>	<u>14,762,734</u>	<u>107,775,802</u>
Operating income	<u>(8,366,060)</u>	<u>2,321,261</u>	<u>(6,044,799)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	738,882	49,769	788,651
Intergovernmental contribution	107,182	16,866	124,048
Contributions and grants	5,500	137,000	142,500
Gain on sale of equipment	167,378	-	167,378
Interest expense	(2,514,464)	-	(2,514,464)
Total nonoperating revenues (expenses)	<u>(1,495,522)</u>	<u>203,635</u>	<u>(1,291,887)</u>
Income (loss) before capital contributions	<u>(9,861,582)</u>	<u>2,524,896</u>	<u>(7,336,686)</u>
<b>CAPITAL CONTRIBUTIONS:</b>			
Capital contributions	34,841,951	-	34,841,951
Income before transfers	24,980,369	2,524,896	27,505,265
<b>TRANSFERS:</b>			
Transfers in	300,281	-	300,281
Transfers out	(750,000)	(1,584,615)	(2,334,615)
Total transfers	<u>(449,719)</u>	<u>(1,584,615)</u>	<u>(2,034,334)</u>
Change in net position	24,530,650	940,281	25,470,931
Net position, beginning	317,172,766	9,636,750	326,809,516
Net position, ending	<u>\$ 341,703,416</u>	<u>\$ 10,577,031</u>	<u>\$ 352,280,447</u>

The notes to the basic financial statements are an integral part of this statement.

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2017**

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 86,001,798	\$ 16,316,601	\$ 102,318,399
Cash payments to suppliers for goods and services	(56,264,768)	(12,272,557)	(68,537,325)
Cash payments to employees for services	(13,422,562)	(2,218,769)	(15,641,331)
Other receipts	66,192	49,638	115,830
Net cash provided by operating activities	<u>16,380,660</u>	<u>1,874,913</u>	<u>18,255,573</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers received from other funds	300,281	-	300,281
Transfers made to other funds	-	(1,584,615)	(1,584,615)
Contributions	112,682	137,000	249,682
Net cash provided/(used) by noncapital financing activities	<u>412,963</u>	<u>(1,447,615)</u>	<u>(1,034,652)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(20,588,532)	(439,226)	(21,027,758)
Proceeds from sale or transfer of equipment	177,048	106,889	283,937
Principal paid on long-term debt	(9,470,000)	-	(9,470,000)
Interest and fees paid on long-term debt	(6,027,566)	-	(6,027,566)
Bond proceeds net of issuance costs	15,422,777	-	15,422,777
Intergovernmental payments for capital construction	(750,000)	-	(750,000)
Developers contributions	9,796,898	-	9,796,898
Net cash (used) by capital and related financing activities	<u>(11,439,375)</u>	<u>(332,337)</u>	<u>(11,771,712)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment securities	(71,493,564)	(2,289,505)	(73,783,069)
Proceeds from sale and maturities of investment securities	44,656,051	2,299,572	46,955,623
Interest on investments	639,692	49,891	689,583
Net cash provided/(used) by investing activities	<u>(26,197,821)</u>	<u>59,958</u>	<u>(26,137,863)</u>
 Net increase in cash and cash equivalents	 (20,843,573)	 154,919	 (20,688,654)
Cash and cash equivalents, October 1	<u>72,916,479</u>	<u>8,459,597</u>	<u>81,376,076</u>
Cash and cash equivalents, September 30	<u>\$ 52,072,906</u>	<u>\$ 8,614,516</u>	<u>\$ 60,687,422</u>
 Classified as:			
Current assets	\$ 18,226,756	\$ 8,614,516	\$ 26,841,272
Restricted assets	33,846,150	-	33,846,150
Total	<u>\$ 52,072,906</u>	<u>\$ 8,614,516</u>	<u>\$ 60,687,422</u>

The notes to the basic financial statements are an integral part of this statement.

	Water and Sewer	Enterprise Funds	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ (8,366,060)	\$ 2,321,261	\$ (6,044,799)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	22,054,778	177,281	22,232,059
Amortization	522,261	-	522,261
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - utility bills	950,621	-	950,621
Receivables - other	392,603	(593,846)	(201,243)
Prepaid expenses and other assets	(22,359)	1,813	(20,546)
Inventories	(255,312)	-	(255,312)
Increase (decrease) in-			
Accounts payable	269,326	8,226	277,552
Accrued liabilities	58,731	(1,687)	57,044
Liability for compensated absences	50,073	43,169	93,242
Net pension liability	255,637	42,606	298,243
Deposits and escrows	470,361	(123,910)	346,451
Total adjustments	<u>24,746,720</u>	<u>(446,348)</u>	<u>24,300,372</u>
Net cash provided by operating activities	<u>\$ 16,380,660</u>	<u>\$ 1,874,913</u>	<u>\$ 18,255,573</u>

#### **SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

During the year, various developers made non-cash contributions of water and sewer infrastructure to the City valued at \$25,045,053.



PROGRESS IN MOTION

**Combining Statement of Net Position  
Component Units  
September 30, 2017**

	Community Development	Economic Development	Charitable Foundation	Total
<b>ASSETS</b>				
Current:				
Cash and cash equivalents	\$ 32,249,726	\$ 9,207,016	\$ 14,086	\$ 41,470,828
Cash escrow held for land purchase	16,889,715	25,334,569	-	42,224,284
Investments	27,935,769	13,972,762	-	41,908,531
Receivables -				
Sales tax	3,519,101	3,519,101	-	7,038,202
Other	48,466	376,734	-	425,200
Prepaid expenses	1,432	88,793	-	90,225
Total current assets	<u>80,644,209</u>	<u>52,498,975</u>	<u>14,086</u>	<u>133,157,270</u>
Non-current:				
Notes receivable	200,000	1,058,571	-	1,258,571
Land held for resale	15,124,284	39,995,093	-	55,119,377
Capital assets:				
Land	52,650,138	17,280,316	-	69,930,454
Buildings and improvements	10,159,742	9,987,087	-	20,146,829
Improvements other than buildings	18,603,502	-	-	18,603,502
Machinery and equipment	76,269	527,709	-	603,978
Construction in progress	215,053	-	-	215,053
Accumulated depreciation	(23,373,753)	(3,568,707)	-	(26,942,460)
Restricted assets:				
Cash and cash equivalents	1,586,267	3,096,648	-	4,682,915
Investments	1,900,000	1,900,000	-	3,800,000
Total non-current assets	<u>77,141,502</u>	<u>70,276,717</u>	<u>-</u>	<u>147,418,219</u>
<b>Total assets</b>	<u>157,785,711</u>	<u>122,775,692</u>	<u>14,086</u>	<u>280,575,489</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pension contributions and investment experience	-	299,043	-	299,043
Deferred charge on bond refunding	1,035,778	-	-	1,035,778
<b>Total deferred outflow of resources</b>	<u>1,035,778</u>	<u>299,043</u>	<u>-</u>	<u>1,334,821</u>
<b>LIABILITIES</b>				
Current:				
Accounts payable	374,677	2,037,376	-	2,412,053
Accrued liabilities	10,338	57,553	-	67,891
Accrued liabilities - pollution remediation	823,764	1,235,641	-	2,059,405
Liability for compensated absences	14,716	111,313	-	126,029
Accrued interest payable	481,749	300,570	-	782,319
Deposits	76,118	-	-	76,118
Unearned revenue	5,000	-	-	5,000
Notes payable	4,654,101	2,509,485	-	7,163,586
Bonds payable	2,976,041	2,649,187	-	5,625,228
Total current liabilities	<u>9,416,504</u>	<u>8,901,125</u>	<u>-</u>	<u>18,317,629</u>
Non-current:				
Liability for compensated absences	955	64,130	-	65,085
Pension	-	823,746	-	823,746
Notes payable	40,459,210	37,467,471	-	77,926,681
Bonds payable	63,601,735	51,342,273	-	114,944,008
Total non-current liabilities	<u>104,061,900</u>	<u>89,697,620</u>	<u>-</u>	<u>193,759,520</u>
<b>Total liabilities</b>	<u>113,478,404</u>	<u>98,598,745</u>	<u>-</u>	<u>212,077,149</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Pension actuarial experience	-	21,218	-	21,218
<b>Total deferred inflow of resources</b>	<u>-</u>	<u>21,218</u>	<u>-</u>	<u>21,218</u>
<b>NET POSITION</b>				
Net investment in capital assets	4,053,516	(4,412,349)	-	(358,833)
Restricted for debt service reserve	3,004,518	4,696,078	-	7,700,596
Unrestricted	38,285,051	24,171,043	14,086	62,470,180
<b>Total net position</b>	<u>\$ 45,343,085</u>	<u>\$ 24,454,772</u>	<u>\$ 14,086</u>	<u>\$ 69,811,943</u>

The notes to the basic financial statements are an integral part of this statement.

**Combining Statement of Activities  
Component Units  
For the fiscal year ended September 30, 2017**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Service	Grants and	Grants and
Functions/Programs:			Contributions	Contributions
<b>Component units:</b>				
Community Development	\$ 23,161,714	\$ 900,652	\$ 19,844	\$ 1,168,298
Economic Development	17,862,711	-	44,076	-
Charitable Foundation	3,081	-	1,578	-
<b>Total component units</b>	<b>\$ 41,027,506</b>	<b>\$ 900,652</b>	<b>\$ 65,498</b>	<b>\$ 1,168,298</b>

General revenues:  
Sales taxes  
Intergovernmental  
Investment income  
Total general revenues

Change in net position

Net position, beginning  
Net position, ending



Net (Expense) Revenue and Changes in Net Position			
Component Units			
Community Development	Economic Development	Charitable Foundation	Total
\$ (21,072,920)	\$ -	\$ -	\$ (21,072,920)
-	(17,818,635)	-	(17,818,635)
-	-	(1,503)	(1,503)
<u>\$ (21,072,920)</u>	<u>\$ (17,818,635)</u>	<u>\$ (1,503)</u>	<u>\$ (38,893,058)</u>
20,136,644	20,136,644	-	40,273,288
1,685,415	-	-	1,685,415
545,701	336,770	-	882,471
<u>22,367,760</u>	<u>20,473,414</u>	<u>-</u>	<u>42,841,174</u>
1,294,840	2,654,779	(1,503)	3,948,116
44,048,245	21,799,993	15,589	65,863,827
<u>\$ 45,343,085</u>	<u>\$ 24,454,772</u>	<u>\$ 14,086</u>	<u>\$ 69,811,943</u>



PROGRESS IN MOTION

**CITY OF FRISCO, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Frisco, Texas ("City") was originally incorporated in 1908 and chartered on April 4, 1987, and is a municipal corporation incorporated under provisions of H.B. 901 of the Texas Legislature. The City operates under a Council-Manager form of government and provides such services as authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its residents.

The financial statements of the City have been prepared to conform with accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

**A. Financial Statement Presentation**

The basic financial statements are prepared in conformity with GASB Statement 34, which requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both non-current assets and non-current liabilities of the City. The government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements. Governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. The proprietary fund type financial statements are prepared using the accrual basis of accounting. Statement No. 34 requires supplementary information in Management's Discussion and Analysis, which includes an analytical overview of the City's financial activities. Also, a budgetary comparison statement is presented that compares the adopted and revised budgets for the general fund and its major special revenue fund (TIRZ1) with actual results.

**B. Reporting Entity**

The City is governed by an elected mayor and a six-member council. As required by GAAP, these financial statements present the City (the primary government) and the entities for which the City is considered to be financially accountable (component

units). Discretely presented component units are reported in a separate column in the basic financial statements in order to emphasize that they are legally separate from the City.

The Frisco Economic Development Corporation (FEDC) serves all citizens of the City. Although legally separate from the City, the City Council appoints all of the members of its governing board. The FEDC provides marketing and economic development services to the City, and the City provides for custody and investment of FEDC assets, various administrative/personnel/legal services, and the majority of funding for the FEDC budget. The FEDC is presented as a discretely presented component unit.

The Frisco Community Development Corporation (FCDC) serves all citizens of the City. Although legally separate from the City, the City Council appoints all of the members of its governing board. The primary government has the ability to impose its will with the potential for financial benefit to the FCDC. The FCDC benefits the City and its citizens by developing resources to address recreational, cultural arts, senior citizen, and other related community development needs and the City provides for custody and investment of FCDC assets, various administrative services, and the majority of funding for the FCDC budget. The FCDC is presented as a discretely presented component unit.

The City of Frisco Charitable Foundation (CFCF) serves all citizens of the City. Although legally separate from the City, the City Council appoints all of the members of its governing board. The primary government has the ability to impose its will and the potential for financial benefit to the CFCF. The CFCF benefits the City and its citizens by developing resources to address recreational, cultural arts, senior citizen, and other related community development needs. The Foundation was established during fiscal year 2006 and is presented as a discretely presented component unit.

The FEDC, FCDC, and CFCF do not prepare separate financial statements. The financial statements of the City are formatted to allow the user to clearly distinguish between the primary government and its discretely presented component units.

### **C. Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of any interfund activity has been removed from these statements. Interfund services provided and used are eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the

direct expenses of a functional category (General Government, Public Safety, Public Works, and Culture/Recreation) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise taxes, intergovernmental revenues, and interest income).

Separate funds-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of applicable fund category and for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a separate column in the applicable fund financial statements.

#### **D. Measurement Focus and Basis of Accounting**

The government-wide financial statements and the proprietary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year end.

GASB Interpretation 6 clarifies the application of modified accrual recognition of certain liabilities and expenditures in the governmental fund financial statements.

Specifically, GASB Interpretation 6 indicates that liabilities for debt, compensated absences, claims and judgments, and special termination benefits are normally expected to be liquidated with expendable available financial resources and should be recognized as governmental fund liabilities and expenditures only to the extent that they mature each period. The most significant accounting and reporting policies of the City are described in the following notes to the financial statements.

Ad valorem, franchise, sales tax revenues and fines and forfeitures recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund and Tax Increment Reinvestment Zone #1 are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable and available until cash is received. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met and amounts are considered measurable and available. Funds received in advance for which all eligibility requirements have not been met are considered *unearned revenue*. Receivables for which amounts are not considered measurable and available are considered *deferred inflows of resources*.

Proprietary fund statements of revenues, expenses, and changes in fund net position present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer, Environmental Services and Stormwater funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City of Frisco does not utilize internal service funds, which traditionally provide service primarily to other funds of the government. Nor does the City of Frisco have fiduciary funds.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

The following are the funds used by the City:

1. **Governmental Funds:**

The focus of Governmental Fund measurement (in the Fund Financial Statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major Governmental Funds of the City:

- a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Culture & Recreation, General Government) and is the primary operating fund unit of the City.
- b. Tax Increment Reinvestment Zone Fund #1 accounts for revenue sources that are legally held for special purposes within the zone. The revenue sources consist of property tax collections within the zone and lease payments for facilities.
- c. Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.
- d. Debt Service Fund accounts for the accumulation of resources and payment of general obligation and certificate of obligation bond principal and interest from governmental resources.
- e. Other Governmental Funds is a summarization of all of the non-major governmental funds.

2. **Proprietary Funds:**

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net position, and cash flows, which is similar to private-sector businesses. The following is a description of the major Proprietary Funds of the City:

- a. Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the Fund include administration, operation and maintenance of the water and sewer system, and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for contractual obligation bonds when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.
- b. Other Proprietary Funds is a summarization of the non-major proprietary funds including the stormwater drainage program and the environmental services fund.

**E. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. Cash in all funds, excluding the City's payroll account, lockbox operations, police seizure accounts and Charitable Foundation account, is combined into one bank account in order to maximize investment opportunities. Although

individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash.

All investments are recorded at fair value based on market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**F. Inventories and Prepaid Items**

Inventories of supplies are maintained at the City. These inventories are valued at cost using the first in/first out (FIFO) inventory method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased. Prepaid items are payments made by the City in the current fiscal year to provide services occurring in the subsequent fiscal year. Inventories and prepaid items are recognized as non-spendable in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

**G. Interfund Transactions and Receivables and Payables**

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the changes in fund balance/net position of both governmental and proprietary funds.

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary fund financial statements.

All purchased capital assets are valued at cost where historical records are available or at an estimated cost where no historical records exist. In the case of the initial capitalization of infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical costs of these assets through back trending (i.e., estimating the current replacement costs of the infrastructure to be capitalized and using an appropriate price-level index to deflate the costs to the acquisition year or estimated acquisition year). Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The City considers the asset as received when all requirements have been met by the developer including providing the City with affidavits of value. Public domain (infrastructure) assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have been recorded at estimated historical cost. The City defines capital assets as assets with an initial individual cost of \$5,000 or more and an estimated useful life greater than one year. Outlays for capital assets and improvements are capitalized as the projects are constructed.



Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-25 years
Improvements other than Buildings	15-30 years
Vehicles	3-15 years
Machinery & Equipment	3-20 years

The costs of normal maintenance and repairs that do not materially add to the value of the asset or significantly extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

#### **I. Compensated Absences**

The City allows employees to accumulate earned but unused vacation benefits to a maximum of 240 hours. Fire Department personnel have a maximum of 360 hours. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights. Upon termination, the City pays to employees with over one year of service, up to a maximum of 240 hours of vacation, and up to 240 hours of sick leave. Fire Department personnel are paid up to a maximum of 360 hours for vacation and 360 hours for sick leave. Vacation and sick leave in excess of the 240 (360 for Fire Department personnel) hour maximum is not paid upon termination. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured and typically, in prior years the general fund has liquidated the liability.

#### **J. Federal and State Grants**

Grants and shared revenues are generally accounted for within the Grants Fund or Community Development Block Grants Funds if funding is for a governmental fund type. Federal grants include several police, fire and transportation related grants which are accounted for within the Grants Fund. Community Development Block Grants are accounted for within that fund. Various state grants are also included in the Grants Fund. Proprietary fund grants are accounted for within the applicable fund.

#### **K. Long-term Debt**

General Obligation Bonds and Certificate of Obligation Bonds issued for general government capital projects that are to be repaid from tax revenues of the City are recorded in the government-wide statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method in the proprietary fund and the government-wide financial statements. Bond issuance costs are expensed. Bonds payable are reported net of the applicable bond premium or discount. In the governmental fund financial statements, issuance costs, as well

as bond premiums and discounts, are recognized when incurred.

Certificate of Obligation Bonds have been issued to fund capital projects of the Proprietary Funds. Such bonds are to be repaid from the net revenues of the applicable Proprietary Fund. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed.

**L. Deferred Inflow and Deferred Outflow of Resources**

Deferred inflows of resources are an acquisition of net position by the City that is applicable to a future reporting period. Deferred inflows have a negative effect on net position, similar to liabilities. The City of Frisco reports deferred inflows of resources as the offset account to assets received, but not yet available or earned. Outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt that results in a refunding loss, is reported as a deferred outflow of resources. The deferred outflows of resources are recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. For pensions, deferred outflow of resources are recognized for pension contributions made after the plan year reporting date and for investment experience amortization. Deferred inflows of resources for the pensions are the difference between actuarial experience and actual experience. The City of Frisco deferred outflows of resources and deferred inflows of resources changes for the year are detailed below:

	Balance 9/30/2016	Additions	Deletions	Balance 9/30/2017
<b>Deferred outflows</b>				
Governmental activities	\$29,344,296	\$7,284,829	\$ 9,597,216	\$27,031,909
Business-type activities	6,792,836	1,214,139	1,887,471	6,119,504
Component units	1,510,829	173,448	349,456	1,334,821
Total	\$37,647,961	\$8,672,416	\$11,834,143	\$34,486,234
<b>Deferred inflows</b>				
Governmental activities	\$(2,257,074)	\$1,365,790	\$ -	\$ (891,284)
Business-type activities	(376,180)	227,631	-	(148,549)
Component units	(53,738)	32,520	-	(21,218)
Total	\$(2,686,992)	\$1,625,941	\$ -	\$(1,061,051)

**M. Retirement Plans**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

**N. Fund Equity**

In order to comply with the Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, the fund balance section of the balance sheets of the governmental funds include the following items:

- Nonspendable fund balance include the:
  - Portion of net resources that cannot be spent because of their form,
  - Portion of net resources that cannot be spent because they must be maintained intact.
- Restricted fund balance (externally enforceable limitations on use) include amounts subject to:
  - Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments
  - Limitations imposed by law through constitutional provision or enabling legislation.
- Committed fund balance (self imposed limitations set in place prior to the end of the period):
  - Limitation imposed at the highest level of decision making (an approved resolution) that requires formal action at the same level to remove. For the City, the City Council is the highest level of decision making and approves any commitments by resolution of the Council, which is considered the most binding constraint for fund balance classification purposes.
- Assigned fund balance consists of amounts where the:
  - Intended use is established by the body designated for that purpose (City Council),
  - Intended use is established by official designated for that purpose. The City Manager, Assistant City Manager and Director of Financial Services are the designated officials set by ordinance.
- Unassigned fund balance is the total fund balance in the general fund in excess

of nonspendable, restricted, committed and assigned.

For the classification of governmental fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available. Net position restricted for impact fee collections in the Water and Sewer fund is a reserve required by the fee ordinance.

**O. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows of resources, deferred inflows of resources and contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**P. Restricted Resources**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as required.

**Q. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting—under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation—is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as an adjustment-budgetary basis on the Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual. The commitments will be honored during the subsequent year.

**R. New Accounting Pronouncements**

In the current year the City implemented the following GASB pronouncements:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* is effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB Statement No. 77, *Tax Abatement Disclosures* is effective for reporting periods beginning after December 15, 2015. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* is effective for reporting periods beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* is effective for periods beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

The GASB has issued the following statements which will be effective in future years as described below. The impact on the City's financial statements of implementation has not yet been determined for the following:

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is effective for periods beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB statements No. 67, No. 68, and No. 73*, is effective for periods beginning after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, is effective for periods beginning after June 15, 2018. The objective of this Statement is to address

accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets will recognize a liability based on the guidance in this Statement.

GASB Statement No. 84, *Fiduciary Activities*, is effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 85, *Omnibus 2017*, is effective for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, is effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt.

GASB Statement No. 87, *Leases*, is effective for periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments through increasing the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.



**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains the “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$712,968,242 difference are as follows:

Bonds and certificates of obligation payable	\$621,650,000
Bond discount (to be amortized as interest expense)	(876,898)
Bond premiums (to be amortized over the life of the bonds)	43,098,902
Accrued interest payable	3,523,341
Compensated absences	10,975,569
Net pension liability	<u>34,597,328</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$712,968,242</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$90,524,967 difference are as follows:

Capital outlay	\$ 96,675,046
Developers' contributions	49,857,226
Book value of capital assets disposed/retired	(1,466)
Depreciation expense	<u>(56,005,839)</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 90,524,967</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect

on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$7,338,828 difference are as follows:

Debt issued or incurred:	
Premium amortization	\$ 8,046,509
Discount amortization	(52,494)
Amortization on loss of refunding of debt	(1,405,953)
Bonds issued and refunded	(45,510,000)
Bond premium issued	(4,337,120)
Bond discount issued	245,230
Principal repayments:	
Bonds	<u>35,675,000</u>
Net adjustment to decrease <i>net changes in fund balances</i>	<u>\$ (7,338,828)</u>
– <i>total governmental funds to arrive at changes in net position of governmental activities</i>	

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$2,953,760 difference are as follows:

Increase in accrued interest on bonds	\$ (170)
Increase in compensated absences	(1,164,133)
Increase in pension expense	(1,789,457)
Net adjustment to decrease <i>net changes in fund balances</i>	<u>\$ (2,953,760)</u>
– <i>total governmental funds to arrive at changes in net position of governmental activities</i>	

### NOTE 3. LEGAL COMPLIANCE – BUDGETS

#### Budgetary Information

Annual appropriated budgets are legally adopted for the General Fund, Debt Service Fund, Capital Projects Funds, and Special Revenue Funds. The legal level of authority is at the fund level. The annual budget is adopted using the budgetary basis of accounting. The budgetary basis of accounting differs from accounting principals generally accepted in the United States in that encumbrances are recorded as expenditures in the period encumbered and not when incurred. All annual appropriations lapse at fiscal year end. Project length financial plans are adopted for certain Capital Projects Funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements.



1. Prior to August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through the passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary review is employed as a management control device during the year for the General Fund, Debt Service Fund, and Capital Projects Funds. Supplemental appropriations were made during the fiscal year, during the revised budget process.
6. The budget approved for the discretely presented component units follow similar approval procedures.
7. The budget approved for the Utility Fund follows similar approval procedures, but departs from generally accepted accounting principles by not including depreciation or compensated absence expenses in the approved budget.

**NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were insured up to \$250,000 or collateralized as required by State statutes at September 30, 2017. At year-end, the carrying amount of the City's demand deposits was a balance of \$14,569,408 - bank balance, \$1,811,354. The carrying amount of the component unit's pooled cash was \$8,783,876, - bank balance, \$8,783,876. The cash on hand carrying amount totaled \$27,605. Additionally, cash held in escrow for a city project was \$1,750,633 and for land purchase for the component units was \$42,224,284 and is being held by an independent title company. The bank balance for the primary government and the component unit's deposits and certificates of deposits was covered by collateral with a fair value of \$11,963,659. The collateral is held in the City's name by the Bank of New York Mellon and the Texas Independent Banker, agents of the City's financial institution.

Investments – State statutes, city policies, and city resolutions authorize the City's investments. The Director of Financial Services and the Assistant Director of Financial Services are authorized by the City Council to invest all available funds consistent with the investment policy. The City is authorized to invest in United States obligations or its agencies and instrumentalities, direct obligations of the State of Texas or its agencies and instrumentalities, other obligations backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, obligations of states, agencies, counties, cities, and other political subdivisions of any State having an investment rating of not less than "A" or its equivalent, fully collateralized repurchase agreements, certificates of deposit issued by a depository institution that has its main office or branch office in the State of Texas, money market mutual funds

regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less, and local government investment pools organized and operating in compliance with the Inter-local Cooperation Act.

As of September 30, 2017, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity Days
<b>Primary Government</b>		
General Fund		
Federal Agency Notes	\$ 25,060,535	160
TexPool	23,244,933	37
TexStar	28,632,969	27
CIP Funds		
Federal Agency Notes	121,375,148	259
TexPool	10,684,321	37
TexStar	98,694,955	27
Other Funds		
Federal Agency Notes	86,520,536	225
TexPool	57,579,856	37
TexStar	6,211,630	27
Total Primary Government	<u>\$458,004,883</u>	<u>68</u>
<b>Component Units</b>		
Community Development		
Federal Agency Notes	\$ 29,835,769	214
TexPool	9,141,742	37
TexStar	14,918,965	27
Economic Development		
Federal Agency Notes	15,872,762	194
Certificates of Deposit	8,526,143	183
TexPool	2,527,198	37
TexStar	2,255,819	27
Total Component Units	<u>\$ 83,078,398</u>	
Total Government	<u>\$541,083,281</u>	

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs-other than quoted prices included within Level 1-that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation

technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the table below. Investment balances of such investments are as follows:

Primary Government	September 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b><u>Cash and cash equivalents:</u></b>				
Bank deposits	\$ 14,597,013	\$ -	\$ -	\$ -
Total cash and cash equivalents	14,597,013			
<b><u>Cash held for City projects</u></b>				
Bank deposits	1,750,633	-	-	-
Total cash held for City project	1,750,633	-	-	-
<b><u>Investments measured at amortized costs:</u></b>				
Investment pools:				
Texpool	91,509,110	-	-	-
<b><u>Investments measured at net asset value (NAV), fair value:</u></b>				
Investment pools:				
TexStar	133,539,554	-	-	-
<b><u>Investments by fair value level:</u></b>				
U.S. government agency securities:				
Federal Home Loan Bank	34,897,685	-	34,897,685	-
Federal Farm Credit Bank	45,976,670	-	45,976,670	-
Federal Home Loan Mortgage Corp	107,114,853	-	107,114,853	-
Federal National Mortgage Assn	9,986,810	-	9,986,810	-
US Treasury Notes	34,980,201	-	34,980,201	-
Total investments	458,004,883	-	232,956,219	-
<b>Total cash and investments</b>	<b>\$ 474,352,529</b>	<b>\$ -</b>	<b>\$ 232,956,219</b>	<b>\$ -</b>

The component units investment balances of such investments are as follows:

Component Units	September 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b><u>Cash and cash equivalents:</u></b>				
Bank deposits	\$ 8,783,876	\$ -	\$ -	\$ -
Certificates of deposit	8,526,143	-	-	-
Total cash and cash equivalents	17,310,019	-	-	-
<b><u>Cash held for land purchase:</u></b>				
Bank deposits	42,224,284	-	-	-
Total cash held for land purchase	42,224,284	-	-	-
<b><u>Investments measured at amortized costs:</u></b>				
Investment pools:				
Texpool	11,668,940	-	-	-
<b><u>Investments measured at net asset value (NAV), fair value:</u></b>				
Investment pools:				
TexStar	17,174,784	-	-	-
<b><u>Investments by fair value level:</u></b>				
U.S. government agency securities:				
Federal Home Loan Bank	6,990,480	-	6,990,480	-
Federal Home Loan Mortgage Corp	25,750,012	-	25,750,012	-
US Treasury Notes	12,968,039	-	12,968,039	-
<b>Total investments</b>	<b>74,552,255</b>	<b>-</b>	<b>45,708,531</b>	<b>-</b>
<b>Total cash and investments</b>	<b>\$ 134,086,558</b>	<b>\$ -</b>	<b>\$ 45,708,531</b>	<b>\$ -</b>

*Investment Pools* are measured at amortized costs or net asset value (NAV) and are exempt from fair value reporting.

*U.S. Government Agency Securities and U.S. Treasury Bonds and Notes* classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The *Texpool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with

one issuer (excluding U.S. government securities), and can meet reasonable foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The *TexStar* investment pool is an external investment pool measured at NAV. The strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. The City has no unfunded commitments related to the pools. *TexStar* has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

*Interest Rate Risk* – In order to minimize risk of loss due to interest rate fluctuations, the City's Investment Policy states investment maturities will not exceed the anticipated cash flow requirement of the funds as follows:

- Operating Funds – The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity dates of each security and the maximum allowable maturity shall be two years.
- Bond Proceeds – The maximum maturity for all bond proceeds shall be three years.
- Bond Reserve Funds – Maturity limitation shall generally not exceed the call provision of the Bond Ordinance and shall not exceed the final maturity of the bond issue.
- Other Funds – Maximum maturity shall not exceed five years and each fund's weighted average life shall not exceed three years.

*Credit Risk* – In compliance with the City's Investment Policy, and in conjunction with state law, as of September 30, 2017, the City minimized credit risk losses by limiting investment to the safest types of securities, pre-qualifying investments through our asset management company, and diversifying the investment portfolio so that potential losses on individual securities were minimized. The City also invested in certificates of deposits at local banks as applicable. The City's investments in U.S. Agency securities (FHLB, FHLMC, and FFCB) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Services. The City's investments in local government investment pools (*TexPool* and *TexStar*) are in compliance with the Public Funds Investment Act and rated AAAM by Standard & Poors. More than five percent of the City's investments are in Federal Home Loan Mortgage Corp (FHLMC), U.S. Treasury Notes, Federal Farm Credit Bank (FFCB), and Federal Home Loan Bank (FHLB). These investments are 24.56%, 8.86%, 8.50%, and 7.74% respectively, of the total investments.

*Concentration of Credit Risk* – The City's formal investment policy does not address limitations to one particular issuer.

**NOTE 5. RECEIVABLES**

Receivables at September 30, 2017, for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are all considered to be collected within one year and consist of the following:

<b>Governmental Activities</b>	<b>General</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Other Funds</b>	<b>Total</b>
Property tax	\$ 1,034,648	\$ -	\$648,133	\$ -	\$ 1,682,781
Sales tax	7,038,202	-	-	-	7,038,202
Franchise tax	4,758,236	-	-	84,215	4,842,451
Occupancy tax	-	-	-	455,506	455,506
Mixed beverage	215,023	-	-	-	215,023
Accrued interest	76,946	266,912	-	6,422	350,280
Grants	-	-	-	159,787	159,787
Assessments	-	-	-	1,316,709	1,316,709
Other	3,076,060	33,347	-	106,255	3,215,662
Gross receivables	16,199,115	300,259	648,133	2,128,894	19,276,401
Less: allowance	(1,336,135)	-	(32,407)	-	(1,368,542)
Net receivables	\$14,862,980	\$300,259	\$615,726	\$ 2,128,894	\$17,907,859

<b>Business-type Activities</b>	<b>Water and Sewer</b>	<b>Other Funds</b>	<b>Total</b>
Utility Bills	\$13,137,691	\$ -	\$13,137,691
Accrued interest	167,000	8,838	175,838
Other	217,251	593,240	810,491
Gross receivables	13,521,942	602,078	14,124,020
Less: allowance	(2,053,814)	-	(2,053,814)
Net receivables	\$11,468,128	\$602,078	\$12,070,206

<b>Component Units</b>	<b>Community Development Corporation</b>	<b>Economic Development Corporation</b>	<b>Total</b>
Sales tax	\$ 3,519,101	\$ 3,519,101	\$ 7,038,202
Accrued interest	31,644	35,012	66,656
Other	16,822	341,722	358,544
Net receivables	\$ 3,567,567	\$ 3,895,835	\$ 7,463,402

The Proprietary Fund accounts receivable includes unbilled charges for services rendered at September 30, 2017.

Property taxes are levied on October 1 and are payable until February 1 without penalty. Property taxes attach as an enforceable lien on property as of February 1. No discounts are allowed for early payment. Penalty and interest are calculated after February 1 up to the date collected by the City at the rate of 6% for the first month and increased by 1% per month up to a total of 12%. Under state law, property taxes on real property constitute a lien on the property and cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of 20 years. Taxes applicable to personal property may be deemed uncollectible by the City. The City's current policy is to write off uncollectible personal property taxes after four years.

**Notes Receivable City**

The City periodically issues bonds on behalf of the Frisco Community Development Corporation and Frisco Economic Development Corporation to fund various projects of these entities. Each component unit has an agreement with the City to fund the principal and interest payments of the bonds; therefore, a note receivable is reported in the government wide financial statements of the City from each component unit equal to the face amount of the bonds outstanding. At September 30, 2017, the balance of the note receivable from the Frisco Community Development Corporation was \$31,705,000.

**Notes Receivable Component Units**

In June, 2011, the Frisco Community Development Corporation executed a Performance Agreement and Promissory Note with a developer for \$400,000 for building improvements to a public facility being leased by the developer. The loan interest rate is 0.00%, and if the developer satisfies annual performance criteria, the loan will be forgiven over a period of ten years, ending in July, 2022. This note is only recognized at the government-wide level. The loan balance as of September 30, 2017 was \$200,000.

In April 2010, the Frisco Economic Development Corporation entered into an Agreement and Promissory Note for \$500,000 with 5% interest due by April 26, 2011. The note was extended and modified in April 2011, for an additional year. In April 2012, the Note was amended and the due date was extended to April 2013. On April 26, 2013, the Note was extended to October 26, 2014 and the Performance Agreement was modified to forgive the loan if certain requirements are met by October 26, 2014. On October 15, 2014 the note was extended to October 26, 2016. The note was extended to October 26, 2017 on November 17, 2016. The balance of the loan at September 30, 2017 was \$500,000.

On October 2, 2012, a Performance Agreement and Promissory Note were executed by the Frisco Economic Development Corporation. Those documents were amended and restated on January 15, 2013. The \$750,000 loan consisted of 2 installments of \$375,000 each, payable over two years, beginning with Fiscal Year 2013. The loan is eligible for forgiveness credits, based upon the company's performance through December 31, 2022. The loan balance was \$425,000 at September 30, 2017.

On August 28, 2014 the Frisco Economic Development Corporation entered into a Performance Agreement and Promissory Note loan to provide \$300,000 in advanced economic incentives. The \$300,000 was issued on December 4, 2014 at 0% interest with a maturity date of March 15, 2018. The note and performance agreement were amended on June 15, 2016 to extend the note maturity date to February 1, 2020. The loan is eligible for forgiveness credits upon completion of performance requirements. The balance of the loan on September 30, 2017 was \$133,571.



**NOTE 6. CAPITAL ASSETS**

The following is a summary of changes in the capital assets during the fiscal year:

<b>Governmental Activities</b>	<b>Balance 9/30/2016</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements/Other Deductions</b>	<b>Balance 9/30/2017</b>
Capital assets, not being depreciated:					
Land	\$ 243,818,559	\$ 4,644,588	\$ -	\$ -	\$248,463,147
Construction-in-progress	348,136,913	84,307,761	(311,852,053)	-	120,592,621
Total capital assets, not being depreciated	591,955,472	88,952,349	(311,852,053)	-	369,055,768
Capital assets, being depreciated:					
Machinery and equipment	60,303,211	7,363,927	36,311	(1,287,933)	66,415,516
Buildings and improvements	351,047,036	159,254	278,454,355	-	629,660,645
Improvements other than buildings	1,012,608,620	50,056,742	33,397,698	-	1,096,063,060
Total capital assets being depreciated	1,423,958,867	57,579,923	311,888,364	(1,287,933)	1,792,139,221
Less accumulated depreciation:					
Machinery and equipment	(38,471,408)	(4,658,458)	(36,311)	1,286,467	(41,879,710)
Buildings and improvements	(144,059,177)	(14,135,823)	-	-	(158,195,000)
Improvements other than buildings	(343,751,464)	(37,211,558)	-	-	(380,963,022)
Total accumulated depreciation	(526,282,049)	(56,005,839)	(36,311)	1,286,467	(581,037,732)
Total capital assets, being depreciated, net	897,676,818	1,574,084	311,852,053	(1,466)	1,211,101,489
Governmental activities capital assets, net	\$1,489,632,290	\$ 90,526,433	\$ -	\$ (1,466)	\$1,580,157,257
<b>Business-type Activities</b>	<b>Balance 9/30/2016</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements/Other Deductions</b>	<b>Balance 9/30/2017</b>
Capital assets, not being depreciated:					
Land	\$ 10,168,306	\$ 254,533	\$ -	\$ -	\$ 10,422,839
Construction-in-progress	38,459,034	20,771,642	(19,029,663)	-	40,201,013
Total capital assets, not being depreciated	48,627,340	21,026,175	(19,029,663)	-	50,623,852
Capital assets, being depreciated:					
Machinery and equipment	8,726,487	772,368	(36,311)	(432,265)	9,030,279
Buildings and improvements	10,123,598	-	-	-	10,123,598
Improvements other than buildings	420,828,542	25,699,896	19,029,663	-	465,558,101
Total capital assets being depreciated	439,678,627	26,472,264	18,993,352	(432,265)	484,711,978
Less accumulated depreciation:					
Machinery and equipment	(5,480,717)	(900,594)	36,311	422,593	(5,922,407)
Buildings and improvements	(5,652,686)	(447,879)	-	-	(6,100,565)
Improvements other than buildings	(132,964,230)	(20,883,585)	-	-	(153,847,815)
Total accumulated depreciation	(144,097,633)	(22,232,058)	36,311	422,593	(165,870,787)
Total capital assets, being depreciated, net	295,580,994	4,240,206	19,029,663	(9,672)	318,841,191
Business-type activities capital assets, net	\$344,208,334	\$25,266,381	\$ -	\$ (9,672)	\$369,465,043

For the Business-type Activities, interest costs for the period charged to expense totaled \$2,514,464. Capitalized interest costs recorded during the period totaled \$1,361,232.



Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities**

General government	\$ 7,708,440
Public safety	5,233,390
Public works	31,218,419
Culture and recreation	11,845,590
Total depreciation expense governmental activities	<u>\$56,005,839</u>

**Business-type activities**

Water & sewer	\$22,054,778
Stormwater drainage	109,124
Environmental services	68,156
Total depreciation expense business-type activities	<u>\$22,232,058</u>

<b>Frisco Community Development Corporation</b>	<b>Balance 9/30/2016</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements/Other Deductions</b>	<b>Balance 9/30/2017</b>
Capital assets, not being depreciated:					
Land	\$52,650,138	\$ -	\$ -	\$ -	\$52,650,138
Construction-in-progress	114,273	119,624	(18,844)	-	215,053
Total capital assets not being depreciated	52,764,411	119,624	(18,844)	-	52,865,191
Capital assets, being depreciated:					
Machinery and equipment	34,658	41,611	-	-	76,269
Buildings and improvements	10,159,742	-	-	-	10,159,742
Improvements other than buildings	18,584,658	-	18,844	-	18,603,502
Total capital assets being depreciated	28,779,058	41,611	18,844	-	28,839,513
Less: accumulated depreciation	(21,972,341)	(1,401,412)	-	-	(23,373,753)
Total capital assets being depreciated, net	6,806,717	(1,359,801)	18,844	-	5,465,760
FCDC capital assets, net	\$59,571,128	\$ (1,240,177)	\$ -	\$ -	\$58,330,951

<b>Frisco Economic Development Corporation</b>	<b>Balance 9/30/2016</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements/Other Deductions</b>	<b>Balance 9/30/2017</b>
Capital assets, not being depreciated:					
Land	\$17,280,316	\$ -	\$ -	\$ -	\$17,280,316
Total capital assets not being depreciated	17,280,316	-	-	-	17,280,316
Capital assets being depreciated:					
Machinery and equipment	527,709	-	-	-	527,709
Buildings and improvements	9,987,087	-	-	-	9,987,087
Total capital assets being depreciated	10,514,796	-	-	-	10,514,796
Less: accumulated depreciation	(3,071,882)	(496,825)	-	-	(3,568,707)
Total capital assets, being depreciated, net	7,442,914	(496,825)	-	-	6,946,089
FEDC capital assets, net	\$24,723,230	\$ (496,825)	\$ -	\$ -	\$24,226,405

In addition to construction in progress, the City had commitments or binding contracts as of September 30, 2017. The construction commitments or binding contracts totaled \$55,508,923 for the governmental capital projects fund; and \$24,370,342 for the business-type activities capital projects fund. Other funds also had outstanding encumbrances totaling \$5,562,680.

**Governmental activities**

General fund	\$ 4,196,446
Capital projects fund	55,508,923
Non-major funds	911,617
Total outstanding commitments	<u>\$ 60,616,986</u>

**Business-type activities**

Utility fund	\$ 243,248
Utility fund construction	24,370,342
Non-major funds	211,369
Total outstanding commitments	<u>\$ 24,824,959</u>

**NOTE 7. NOTES PAYABLE**

The following schedule summarizes notes payable as of September 30, 2017:

<b>Frisco Community Development Corporation</b>	<b>Balance 9/30/2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/2017</b>
Note payable to City	\$34,650,000	\$ -	\$ 2,945,000	\$31,705,000
Note payable to bank	13,770,000	-	2,323,235	11,446,765
Premium	2,579,715	-	549,125	2,030,590
Discount	(74,977)	-	(5,932)	(69,045)
Total	<u>\$50,924,738</u>	<u>\$ -</u>	<u>\$5,811,428</u>	<u>\$45,113,310</u>

<b>Frisco Economic Development Corporation</b>	<b>Balance 9/30/2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/2017</b>
Note payable to bank	\$41,091,538	\$ 6,791,720	\$7,906,301	\$39,976,957
Total	<u>\$41,091,538</u>	<u>\$ 6,791,720</u>	<u>\$7,906,301</u>	<u>\$39,976,957</u>

The City periodically issues bonds on behalf of the Community Development Corporation and Economic Development Corporation to fund various projects of these entities. These entities are component units of the City. Each component unit has an agreement with the City to fund the principal and interest payments of the bonds; therefore, a note payable is reported in the government wide financial statements of the component units to the City equal to the face amount of the bonds outstanding plus any bond premiums, discounts, and deferred loss from advance refunding of debt. The City is in compliance with related bond covenants.

At September 30, 2017, the balance of the note payable to the City from the Community Development Corporation was \$33,666,545. This includes \$31,705,000 in the note balance, \$2,030,590 of premium and \$69,045 of discount. At September 30, 2017, the total notes payable to the City from the component units was \$33,666,545.

**NOTE 8. LONG-TERM DEBT**

General obligation bonds and certificates of obligation mature annually in varying amounts through 2041. The interest for these bonds are payable semi-annually with interest rates ranging from 1.255 % - 7.375%. The City is in compliance with related bond covenants.

In June 2017, the City of Frisco issued General Obligation Bonds, Series 2017, in the amount of \$45,510,000 with a net premium of \$4,091,889. Proceeds from the sale of the bonds will be used for (i) constructing and improving streets and roads, bridges and intersections, (ii) constructing, improving and equipping public safety facilities, including fire department facilities and the acquisition of fire trucks and equipment, (iii) constructing, improving, and equipping parks, trails and recreational facilities and constructing and equipping a maintenance and administration building for the parks and recreation department, and the acquisition of land and interest in land for parks and recreational facilities; and (iv) the costs of issuance associated with the sale of the bonds.

Also in June 2017, the City issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017, in the amount of \$14,455,000 with a net premium of \$967,777. Proceeds from the sale of the certificates will be used for (i) constructing, installing, acquiring and equipping additions, extensions and improvements to the City's combined waterworks and sewer systems; and (ii) to pay the costs associated with the issuance of the certificates.

During the year, the following changes occurred in the long-term liabilities:

<b>Governmental Activities</b>	<b>Balance 9/30/2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 9/30/2017</b>	<b>Amounts due within one year</b>
Compensated absences	\$ 9,811,436	\$ 8,033,638	\$ 6,869,505	\$ 10,975,569	\$ 6,455,058
General obligation bonds	422,110,000	45,510,000	32,020,000	435,600,000	34,495,000
Certificates of obligation	192,650,000	-	6,600,000	186,050,000	7,900,000
Premiums	46,808,291	4,337,120	8,046,509	43,098,902	7,756,785
Discounts	(684,162)	(245,230)	(52,494)	(876,898)	(62,145)
Total governmental activities	\$ 670,695,565	\$ 57,635,528	\$ 53,483,520	\$ 674,847,573	\$ 56,544,698

<b>Business-type Activities</b>	<b>Balance 9/30/2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 9/30/2017</b>	<b>Amounts due within one year</b>
Compensated absences	\$ 1,362,566	\$ 1,096,580	\$ 1,003,338	\$ 1,455,808	\$ 971,161
General obligation bonds	68,575,000	-	4,835,000	63,740,000	7,030,000
Certificates of obligation	68,070,000	14,455,000	4,635,000	77,890,000	3,065,000
Premiums	11,872,616	1,043,870	2,190,677	10,725,809	2,095,454
Discounts	(332,706)	(76,093)	(24,232)	(384,567)	(27,268)
Total business-type activities	149,547,476	16,519,357	12,639,783	153,427,050	13,134,347
Total primary government	\$ 820,243,041	\$ 74,154,885	\$ 66,123,303	\$ 828,274,623	\$ 69,679,045

Component Units	Balance 9/30/2016	Increases	Decreases	Balance 9/30/2017	Amounts due within one year
Compensated absences	\$ 169,260	\$ 123,734	\$ 101,880	\$ 191,114	\$ 126,029
Sales tax revenue bonds	122,415,000	-	3,940,000	118,475,000	5,300,000
Notes payable – bank	54,861,538	6,791,720	10,229,536	51,423,722	3,654,162
Notes payable – City	34,650,000	-	2,945,000	31,705,000	3,030,000
Premiums	5,122,344	-	909,397	4,212,947	817,642
Discounts	(170,319)	-	(13,153)	(157,166)	(12,990)
Total component units	\$217,047,823	\$ 6,915,454	\$ 18,112,660	\$205,850,617	\$12,914,843

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental activities for the years subsequent to September 30, 2017, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2018	\$ 42,395,000	\$ 26,555,159	\$ 68,950,159
2019	44,480,000	24,580,658	69,060,658
2020	44,900,000	22,609,947	67,509,947
2021	46,970,000	20,518,545	67,488,545
2022	46,605,000	18,452,298	65,057,298
2023-2027	174,365,000	64,308,874	238,673,874
2028-2032	118,030,000	34,147,816	152,177,816
2033-2037	93,020,000	10,273,486	103,293,486
2038-2041	10,885,000	466,818	11,351,818
Total	621,650,000	221,913,601	843,563,601
Plus: Unamortized bond premium	43,098,902	-	43,098,902
Less: Unamortized bond discount	(876,898)	-	(876,898)
Net debt service requirements	\$ 663,872,004	\$ 221,913,601	\$885,785,605

Debt service requirements of the general obligation bonds and certificates of obligation for the business-type activities for the years subsequent to September 30, 2017, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2018	\$ 10,095,000	\$ 5,912,879	\$ 16,007,879
2019	10,530,000	5,448,663	15,978,663
2020	10,900,000	4,977,413	15,877,413
2021	11,420,000	4,462,075	15,882,075
2022	10,745,000	3,961,488	14,706,488
2023-2027	47,080,000	12,818,275	59,898,275
2028-2032	25,005,000	5,393,941	30,398,941
2033-2037	15,855,000	1,024,370	16,879,370
Total	141,630,000	43,999,104	185,629,104
Plus: Unamortized bond premium	10,725,809	-	10,725,809
Less: Unamortized bond discount	(384,567)	-	(384,567)
Net debt service requirements	\$151,971,242	\$ 43,999,104	\$195,970,346

Debt service requirements of the revenue bonds and notes payable for the Community Development Corporation component unit for the years subsequent to September 30, 2017, are as follows:

<b>Fiscal Year Ending September 30</b>	<b>Principal Requirements</b>	<b>Interest Requirements</b>	<b>Total Requirements</b>
2018	\$ 6,834,677	\$ 4,097,751	\$ 10,932,428
2019	6,890,209	3,875,832	10,766,041
2020	6,497,188	3,645,876	10,143,064
2021	6,619,469	3,402,511	10,021,980
2022	13,535,223	3,039,205	16,574,428
2023-2027	27,685,000	10,723,406	38,408,406
2028-2032	25,135,000	5,561,520	30,696,520
2033-2037	14,455,000	1,389,479	15,844,479
Total	107,651,766	35,735,580	143,387,346
Plus: Unamortized bond premium	4,188,160	-	4,188,160
Less: Unamortized bond discount	(148,839)	-	(148,839)
Net debt service requirements	\$ 111,691,087	\$ 35,735,580	\$ 147,426,667

Debt service requirements of the revenue bonds and notes payable for the Economic Development Corporation component unit for the years subsequent to September 30, 2017, are as follows:

<b>Fiscal Year Ending September 30</b>	<b>Principal Requirements</b>	<b>Interest Requirements</b>	<b>Total Requirements</b>
2018	\$ 5,149,485	\$ 3,458,636	\$ 8,608,121
2019	5,703,197	3,285,790	8,988,987
2020	19,412,212	3,097,115	22,509,327
2021	4,699,206	2,422,658	7,121,864
2022	14,666,809	2,109,804	16,776,613
2023-2027	21,496,047	6,835,503	28,331,550
2028-2032	19,345,000	2,720,134	22,065,134
2033-2034	3,480,000	147,840	3,627,840
Total	93,951,956	24,077,480	118,029,436
Plus: Unamortized bond premium	24,787	-	24,787
Less: Unamortized bond discount	(8,327)	-	(8,327)
Net debt service requirements	\$ 93,968,416	\$ 24,077,480	\$ 118,045,896

## **NOTE 9. TAX ABATEMENTS**

The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of Frisco. This program rebates property and sales & use taxes and is authorized under Chapter 380 of the Texas Local Government Code.

The various agreements are detailed below that rebate a percentage of property and/or sales & use taxes. Agreements for rebate of property taxes generally call for rebates of 50% of taxes on incremental values for usually up to 10 years. The agreements for sales & use taxes provides for a rebate of .50% to .85% of the City1% taxes on incremental values for usually up to 10 years, with the maximum

being 25 years. For fiscal year 2017, the City rebated property taxes of \$286,791, or 0.2% of the total levy of \$108.9 million. Sales and use taxes rebated totaled \$3,358,714 or 8.3% of the General Fund collections of \$40.4 million.

#### Retail Development Agreements

In order to promote economic development and diversity, increase employment, reduce unemployment and underemployment, expand commerce, and stimulate business and commercial activity in the State of Texas, Collin County, and the City of Frisco, Texas, the City, agreed to pay sales tax grants to certain developers. These grants require the construction of a minimum square feet of retail space and obtaining certificates of occupancy for certain major retailers within a specified time period, all of which have been met during the 2017 fiscal year.

A retail development agreement was executed in December 2005 for approximately 200,000 square feet of retail space, which opened for business during April, 2007. The developer was awarded an economic development grant in accordance with the agreement in the amount of one-half of one percent (0.5%) of retail sales generated for a period of ten years. The City paid \$180,333 during the current year for this grant.

A retail agreement was executed in January 2011 for approximately 140,000 square feet of retail space which opened October 2011. The City pays one half of one percent (0.5%) of retail sales generated for a period of ten years. The City paid \$353,271 during the current year of this grant.

An agreement was executed in May 2013 for a retail sales center. The City pays eighty-five percent of one percent (.85%) of all retail sales generated for a period of twenty-five years. The City paid \$2,506,027 during the current year of this grant.

An agreement was executed in May 2012 in which the City pays a rebate of incremental property taxes on improvements. This agreement is for five years. The City paid \$4,991 during the current year of this grant.

An agreement was executed in February 2013 for use and property tax rebates. This agreement is for eleven years. The City paid \$85,444 during the current year of this grant.

An agreement was executed with the owner of an entertainment venue in April, 2013. This agreement includes a 50% rebate of property taxes for 10 years and one-half of one percent of sales and use taxes (0.50%) for five years. The City paid \$21,741 during the current year of the grant.

An agreement was executed in June 2013. This agreement includes a rebate of 50% of the city's incremental property taxes on improvements for 10 years. The City paid \$17,648 during the current year of the grant.

An agreement was executed in June 2014 with a residential builder for a ten year period. Payments will be calculated based on eighty percent (.80%) of the City's

one percent of use tax levied on housing materials purchased. The City paid \$138,215 during the current year of this grant.

An agreement was executed in August 2014 with a residential builder for a ten year period. Payments will be calculated based on eighty percent (.80%) of the City's one percent of use tax levied on housing materials purchased. The City paid \$14,161 during the current year of this grant.

An agreement was executed in April 2015 with a residential builder for a ten year period. Payments will be calculated based on eighty percent (.80%) of the City's one percent of use tax levied on housing materials purchased. The City paid \$42,266 during the current year of this grant.

An agreement was executed in August 2015 with a residential builder for a ten year period. Payments will be calculated based on eighty percent (.80%) of the City's one percent of use tax levied on housing materials purchased. The City paid \$72,301 during the current year of this grant.

An agreement was executed with a residential homebuilder in October 2015. The agreement is for a ten year period. Payments are calculated based on eighty percent (.80%) of the City's one percent of use tax levied on housing materials. The City paid \$33,542 during the current year of the grant.

#### Planned Development Mixed Use Agreement

The City has an agreement for the development of thirty-six (36) acres into an urban mixed use community consisting of residential units, a 4-star hotel and a Class A high rise office building. The developer will receive rebates of incremental City property taxes paid on the improvements. The maximum grant amount of rebates for the improvements has a principal balance of \$3,000,000 bearing an interest rate of 4.75%, being repayable in three (3) annual installments of interest only and twenty-two (22) successive amortized annual installments of principal and interest. During the year ended September 30, 2017, the City rebated a total of \$175,565 for the property tax increment payment for 2016. The cumulative amount rebated through September 30 was \$1,162,472.

#### **NOTE 10. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Management Association Retirement Corporation (ICMARC). All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, and the City does have limited fiduciary responsibilities over the plan offerings and design; this plan is not reported in the financial statements of the City.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.



**NOTE 11. DEFINED BENEFIT PENSION PLAN****Plan Description-**

The City of Frisco participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the city are required to participate in TMRS.

**Benefits provided-**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. A summary of plan provisions for the City are as follows:

Employee deposit rate: 7%  
Matching ratio (City to employee): 2 to 1  
Years required for vesting: 5  
Service retirement eligibility: 60/5, 0/20  
Updated Service Credit: 100%  
Annuity Increase to retirees: 70% of CPI Repeating



**Employees covered by benefits terms-**

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	140
Inactive employees entitled to but not yet receiving benefits	398
Active employees	<u>1,080</u>
Total	<u>1,618</u>

**Contributions-**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarial determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Frisco were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.13% and 14.29% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$11,367,240 and were equal to the required contributions.

**Net Pension Liability-**

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions-**

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used, with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward

for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
	<u>100%</u>	

**Discount Rate-**

The discount rate used to measure the Total Pension Liability was 6.75%. The

projection of cash flows used to determine the discount rate was assumed that employee contributions and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Changes in Net Pension Liability**

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2015	\$188,699,350	\$150,189,214	\$38,510,136
Changes for the year:			
Service cost	13,533,172	-	13,533,172
Interest	13,102,946	-	13,102,946
Change in benefit terms	-	-	-
Difference between expected and actual experience	1,645,340	-	1,645,340
Change in assumptions	-	-	-
Contributions-employer	-	10,375,914	(10,375,914)
Contributions-employee	-	5,187,963	(5,187,963)
Net investment income	-	10,161,230	(10,161,230)
Benefit payments, including refunds of employee contributions	(2,696,424)	(2,696,424)	-
Administrative expense	-	(114,632)	114,632
Other changes	-	(6,176)	6,176
Net changes	25,585,034	22,907,875	2,677,159
Balance as of 12/31/2016	\$214,284,384	\$173,097,089	\$41,187,295

### Changes in Net Pension Liability Primary Government & Component Units

	Primary Government	Component Units	Totals
Balance at 12/31/2015	\$37,739,933	\$770,203	\$38,510,136
Changes for the year:			
Service cost	13,262,510	270,662	13,533,172
Interest	12,840,887	262,059	13,102,946
Change in benefit terms	-	-	-
Difference between expected and actual experience	1,612,433	32,907	1,645,340
Change in assumptions	-	-	-
Contributions-employer	(10,168,396)	(207,518)	(10,375,914)
Contributions-employee	(5,084,204)	(103,759)	(5,187,963)
Net investment income	(9,958,005)	(203,225)	(10,161,230)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	112,339	2,293	114,632
Other changes	6,052	124	6,176
Net changes	2,623,616	53,543	2,677,159
Balance as of 12/31/2016	\$40,363,549	\$823,746	\$41,187,295

### **Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's NPL	\$80,251,579	\$41,187,295	\$9,866,550

### **Pension Plan Fiduciary Net Position-**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. The report may be obtained online at [www.tmr.com](http://www.tmr.com).

### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –**

For the year ended September 30, 2017, the City recognized pension expense of \$13,401,196; \$13,133,172 for the primary government and \$268,024 for the component units.

The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 240,919	\$ -
Changes in actuarial assumptions used	-	(1,061,051)
Difference between projected and actual investments earnings	6,260,929	-
Contributions subsequent to the measurement date	8,450,264	-
Total	<u>\$14,952,112</u>	<u>\$(1,061,051)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$8,450,264, with \$169,005 contributed for the component units, will be recognized as a reduction of the net pension liability for measurement year ending December 31, 2017 (i.e. recognized in the City's financial statements September 30, 2018). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year	Primary Government	Component Units	At December 31
2016	\$1,930,605	\$ 39,400	\$1,970,005
2017	1,930,605	39,400	1,970,005
2018	1,627,831	33,221	1,661,052
2019	(221,685)	(4,524)	(226,209)
2020	(156,047)	(3,185)	(159,232)
Thereafter	<u>220,672</u>	<u>4,504</u>	<u>225,176</u>
Total	<u>\$5,331,981</u>	<u>\$108,816</u>	<u>\$5,440,797</u>

**NOTE 12. RISK MANAGEMENT**

The City is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$1,000,000 per event, and \$2,000,000 in aggregate. There were no significant reductions in insurance coverage from the previous year. Settled claims for risk have not exceeded insurance coverage for the past three years.

During FY 2017, the City participated in a modified self-insurance program for Employee Benefits. Group medical benefits were administered by a third party insurance provider. The City offers two plans with payroll deductions set aside to cover the monthly claims. The annually negotiated stop loss provision for 2017 was \$150,000 per occurrence.

The liabilities for insurance claims reported are based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported claims. The estimated claims incurred but not reported as of September 30, 2017 totaled \$2,267,164, which are recorded as a liability in the General Fund accounts payable. Changes in the liability for the past three years:

<b>Claim Year</b>	<b>Liability Beginning of Year</b>	<b>Current Year Claims and Changes In Estimates</b>	<b>Claim Payments</b>	<b>Liability End of Year</b>
2015 – Health Insurance	1,388,400	11,592,196	11,409,851	1,570,745
2016 – Health Insurance	1,570,745	10,836,876	10,430,725	1,976,896
2017 – Health Insurance	1,976,896	12,984,072	12,693,804	2,267,164

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

All interfund receivables and payable are considered short-term and, at September 30, 2017 consisted of the following:

<b>Due to</b>	<b>Due From</b>	
	Non-major Governmental	Total
General Fund	\$ 74,375	\$ 74,375
Total	\$ 74,375	\$ 74,375

All balances resulted from the time lag between the dates that transactions are recorded in the accounting system and that payments between funds are made.

The City reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements.

<b>Transfers to</b>	<b>Transfers From</b>					
	General Fund	TIRZ #1	Capital Projects	Non-major Governmental	Proprietary and Non-major Proprietary	Total
General Fund	\$ -	\$ -	\$ -	\$ 134,000	\$ 615,000	\$ 749,000
TIRZ	-	-	-	1,436,333	-	1,436,333
Capital Projects	100,000	-	-	7,920,079	1,419,334	9,439,413
Debt Service	-	20,888,004	-	1,332,314	-	22,220,318
Non-major governmental	158,407	-	15,419	-	-	173,826
Utility Fund	-	-	-	-	300,281	300,281
Total	\$258,407	\$20,888,004	\$ 15,419	\$10,822,726	\$2,334,615	\$34,319,171

<b>Transfer from fund</b>	<b>Transfer to fund</b>	<b>Amount</b>
<b>General Fund:</b>		
Grant matching funds	Non-major Governmental Funds - Grants	\$ 158,407
Capital outlay	Capital Projects Fund	100,000
<b>TIRZ #1 Fund:</b>		
Debt service funding requirements	Debt Service	20,888,004
<b>Capital Projects Fund:</b>		
Debt service funding requirements	Debt Service	15,419
<b>Non-Major Governmental Funds:</b>		
Debt service funding requirements	TIRZ	1,436,333
Debt service funding requirements	Debt Service	1,332,314
Court warrant officer funding	General Fund	84,000
Capital outlay funding	General Fund	50,000
Capital outlay funding	Capital Projects	7,920,079
<b>Proprietary Funds:</b>		
G&A for Environmental Services	General Fund	515,000
G&A for Stormwater Drainage	Utility Fund	65,467
G&A Stormwater Drainage	General Fund	100,000
G&A Environmental Services	Utility Fund	234,814
Capital outlay funding	Capital Projects	1,419,334
<b>Total</b>		<b>\$34,319,171</b>

**NOTE 14. OPERATING LEASE COMMITMENTS**

The City entered into rental agreements in excess of one year during prior fiscal years. During fiscal year 2017, the City entered into additional agreement in excess of one year. The following commitments remain:

FY	At September 30
2018	\$ 204,056
2019	151,065
2020	38,086

Rent paid under operating leases was approximately \$167,514 for the year ended September 30, 2017.

**NOTE 15. CONTINGENT LIABILITIES**

The City has participated in a number of state and federally assisted grant programs. These programs are subject to program compliance audits and adjustments by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

In June 2006, the North Texas Municipal Water District issued \$35,235,000 in revenue bonds, series 2006. This bond issue is for the purpose of constructing the Panther Creek Wastewater System benefiting the City of Frisco. In March 2009, an additional \$20,210,000 in revenue bonds, series 2009 was issued for expansion of the system. In 2014, an additional bond issue refunded a portion of the 2006 revenue bonds. The outstanding principal of the revenue bonds at September 30, 2017 is \$32,325,000. The City's contractual minimum payment is required to cover the full cost of the service including the principal and interest payments incurred related to this debt. The City of Frisco is in compliance with this agreement at September 30, 2017.

**NOTE 16. LITIGATION**

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.



**NOTE 17. OTHER POSTEMPLOYMENT BENEFITS**

The City does not provide postretirement health or dental care benefits to retirees. We do provide a plan that retirees can purchase through age 65, but they are responsible for 100% of the premium costs and this plan is not part of the City's active employee plan. The City incurs no cost for providing these benefits, as retirees are included in a separate risk pool, there is an implicit rate subsidy and the City has a measurable OPEB liability, which is included in the General Fund Insurance commitment.

**NOTE 18. COMPONENT UNIT REMEDIATION OBLIGATIONS**

During FY 2012, the FEDC and FCDC entered into agreements with a local manufacturing company to purchase land surrounding a plant that is being closed. Revenue bonds were sold and have been placed in escrow with the third party. Remediation funds have also been placed in escrow with the third party to cover the costs of clean up for the land surrounding the plant that the City component units are planning to purchase. Consultants were hired to estimate the remediation costs, which have been accrued based on cash flow estimates.



PROGRESS IN MOTION

## **REQUIRED SUPPLEMENTARY INFORMATION**



PROGRESS IN MOTION

**CITY OF FRISCO**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Texas Municipal Retirement System**  
**Required Supplementary Information**  
**Last 3 Years**

	<b>Measurement Year 2014</b>	<b>Measurement Year 2015</b>	<b>Measurement Year 2016</b>
<b>Total pension liability:</b>			
Service cost	\$ 9,985,109	\$ 12,146,969	\$ 13,533,172
Interest	10,863,498	12,134,224	13,102,946
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,557,705)	(320,688)	1,645,340
Change in assumptions	-	(1,452,583)	-
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)	(2,696,424)
Net change in total pension liability	17,015,956	20,345,646	25,585,034
Total pension liability - beginning	151,337,748	168,353,704	188,699,350
<b>Total pension liability - ending (a)</b>	<u><u>\$ 168,353,704</u></u>	<u><u>\$ 188,699,350</u></u>	<u><u>\$ 214,284,384</u></u>
<b>Plan fiduciary net position:</b>			
Contributions - employer	\$ 7,982,625	\$ 9,779,163	\$ 10,375,914
Contributions - employee	4,173,145	4,790,759	5,187,963
Net investment income	6,923,943	203,262	10,161,230
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)	(2,696,424)
Administrative expenses	(72,257)	(123,767)	(114,632)
Other	(5,941)	(6,113)	(6,176)
Net change in plan fiduciary net position	16,726,569	12,481,028	22,907,875
Plan fiduciary net position - beginning	120,981,617	137,708,186	150,189,214
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 137,708,186</u></u>	<u><u>\$ 150,189,214</u></u>	<u><u>\$ 173,097,089</u></u>
<b>Net pension liability - ending (a) - (b)</b>	\$ 30,645,518	\$ 38,510,136	\$ 41,187,295
Plan fiduciary net position as a percentage of total pension liability	81.80%	79.59%	80.78%
Covered employee payroll	\$ 59,616,360	\$ 68,433,626	\$ 74,113,757
Net pension liability as a percentage of covered employee payroll	51.40%	56.27%	55.57%

Notes to Schedule: Historical data not available - GASB 68 implemented in FY 2015.

**CITY OF FRISCO**  
**Schedule of Contributions**  
**Texas Municipal Retirement System**  
**Required Supplementary Information**  
**Last 3 Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 9,034,646	\$ 10,290,995	\$ 11,367,240
Contributions in relation to the actuarially determined contribution	9,034,646	10,290,995	11,367,240
Contribution deficiency/(excess)	-	-	-
Covered employee payroll	63,590,086	64,421,645	79,650,345
Contributions as a percentage of covered employee payroll	14.21%	15.97%	14.27%

**Notes to Schedule of Contributions**

**Valuation Date:**

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	10 year smoothed market, 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes

There were no benefit changes during the year.

Notes to Schedule: Historical data not available - GASB 68 implemented in FY 2015.

## **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**



PROGRESS IN MOTION



**BUDGET TO ACTUAL COMPARISONS**

**MAJOR FUNDS**

**Capital Projects Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a</b>	<b>Adjustments-</b>	<b>Actual on a</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budgetary</b>	<b>Budgetary</b>	<b>Final Budget -</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Positive</b>
						<b>(Negative)</b>
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ 26,861,906	\$ 95,319	\$ -	\$ 95,319	\$ (26,766,587)
Investment earnings	-	1,200,000	1,442,569	-	1,442,569	242,569
Contributions, donations & grants	-	9,505,178	11,708,708	-	11,708,708	2,203,530
Payments from component units	4,640,000	39,159,114	12,415,807	-	12,415,807	(26,743,307)
Miscellaneous	-	-	437	-	437	437
Total revenues	<u>4,640,000</u>	<u>76,726,198</u>	<u>25,662,840</u>	<u>-</u>	<u>25,662,840</u>	<u>(51,063,358)</u>
<b>EXPENDITURES:</b>						
Capital outlay	57,909,097	296,219,205	95,318,857	(1,942,499)	93,376,358	202,842,847
Debt service	-	-	632,324	-	632,324	(632,324)
Total expenditures	<u>57,909,097</u>	<u>296,219,205</u>	<u>95,951,181</u>	<u>(1,942,499)</u>	<u>94,008,682</u>	<u>202,210,523</u>
Deficiency of revenues under expenditures	<u>(53,269,097)</u>	<u>(219,493,007)</u>	<u>(70,288,341)</u>	<u>(1,942,499)</u>	<u>(68,345,842)</u>	<u>151,147,165</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt	70,337,130	45,323,882	45,510,000	-	45,510,000	186,118
Premium on bonds issued	-	4,091,889	4,337,120	-	4,337,120	245,231
Discount on bonds issued	-	(415,771)	(245,231)	-	(245,231)	170,540
Proceeds from sale of assets	-	-	25,000	-	25,000	25,000
Transfers in	2,844,417	21,753,967	9,439,413	-	9,439,413	(12,314,554)
Transfers out	-	-	(15,419)	-	(15,419)	15,419
Total other financing sources (uses)	<u>73,181,547</u>	<u>70,753,967</u>	<u>59,050,883</u>	<u>-</u>	<u>59,050,883</u>	<u>(11,672,246)</u>
Net change in fund balances	19,912,450	(148,739,040)	(11,237,458)	1,942,499	(9,294,959)	139,444,081
Fund balances, October 1	<u>873,574</u>	<u>172,693,537</u>	<u>172,693,537</u>	<u>(57,451,422)</u>	<u>115,242,115</u>	<u>(57,451,422)</u>
Fund balances, September 30	<u>\$ 20,786,024</u>	<u>\$ 23,954,497</u>	<u>\$ 161,456,079</u>	<u>\$ (55,508,923)</u>	<u>\$ 105,947,156</u>	<u>\$ 81,992,659</u>

**CITY OF FRISCO  
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses  
From GAAP Basis to Budgetary Basis  
For the Fiscal Year Ended September 30, 2017**

GAAP basis	Net Change in Fund Balances \$ (11,237,458)
Expenditures:	
Increase due to encumbrances from prior year	57,451,422
Decrease due to encumbrances from current year	<u>(55,508,923)</u>
Budgetary basis	<u>\$ (9,294,959)</u>

**Debt Service Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a</b>	<b>Adjustments-</b>	<b>Actual on a</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budgetary</b>	<b>Budgetary</b>	<b>Final Budget -</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Positive</b>
						<b>(Negative)</b>
<b>REVENUES:</b>						
Taxes:						
Property	\$ 35,587,017	\$ 36,177,094	\$ 36,643,823	\$ -	\$ 36,643,823	\$ 466,729
Investment earnings	20,000	58,000	77,294	-	77,294	19,294
Payment from component units	515,815	1,616,574	2,448,817	-	2,448,817	832,243
Total revenues	<u>36,122,832</u>	<u>37,851,668</u>	<u>39,169,934</u>	<u>-</u>	<u>39,169,934</u>	<u>1,318,266</u>
<b>EXPENDITURES:</b>						
Debt service	<u>59,427,877</u>	<u>59,437,315</u>	<u>60,718,535</u>	<u>-</u>	<u>60,718,535</u>	<u>(1,281,220)</u>
Total expenditures	<u>59,427,877</u>	<u>59,437,315</u>	<u>60,718,535</u>	<u>-</u>	<u>60,718,535</u>	<u>(1,281,220)</u>
Deficiency of revenues under expenditures	<u>(23,305,045)</u>	<u>(21,585,647)</u>	<u>(21,548,601)</u>	<u>-</u>	<u>(21,548,601)</u>	<u>37,046</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	<u>23,796,031</u>	<u>22,220,791</u>	<u>22,220,318</u>	<u>-</u>	<u>22,220,318</u>	<u>(473)</u>
Total other financing sources (uses)	<u>23,796,031</u>	<u>22,220,791</u>	<u>22,220,318</u>	<u>-</u>	<u>22,220,318</u>	<u>(473)</u>
Net change in fund balances	490,986	635,144	671,717	-	671,717	36,573
Fund balances, October 1	<u>3,874,023</u>	<u>5,175,796</u>	<u>5,175,796</u>	<u>-</u>	<u>5,175,796</u>	<u>-</u>
Fund balances, September 30	<u>\$ 4,365,009</u>	<u>\$ 5,810,940</u>	<u>\$ 5,847,513</u>	<u>\$ -</u>	<u>\$ 5,847,513</u>	<u>\$ 36,573</u>



PROGRESS IN MOTION

## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Hotel/Motel Tax Fund** - This fund is used to account for revenues specifically restricted to encourage tourism, historical preservation and promote the City of Frisco.

**Panther Creek Public Improvement District (PID)** - This fund was established to account for assessments charged to property owners of the Panther Creek Estates.

**Superdrome Fund** - This fund is used to account for activities of the facilities used for hosting local bicycling races.

**Grants Fund** - This fund is established to account for grants awarded to the City of Frisco in the governmental funds.

**CDBG Fund** - This fund was created to account for the Community Development Block Grant program revenues and expenditures.

**Traffic Control Enforcement Fund** - This fund was established to account for the automated red light enforcement system implemented by the City.

**TIRZ #5** - This fund was established to account for the property taxes and sales taxes collected within the tax increment reinvestment zone #5.

**Frisco Square Municipal Management District (MMD)** - This fund was established to account for assessments and transactions related to the Frisco Square District.

**Court Fees Fund** - This fund was established to account for special fees collected in the Municipal Court including the technology fees, building security fees and court improvement fees.

**PEG Cable Fund** - This fund was established to account for franchise fees collected for the Public Educational & Governmental Television production.

### Capital Projects Funds

**Road Impact Fees Fund** - This fund accounts for the collection of impact fees, which are transferred to the Capital Projects Fund or Debt Service Fund as needed to fund infrastructure.

**Park Development Fees Fund** - This fund accounts for the collection of park dedication fees, which are transferred to the Capital Projects Fund as needed to fund park development and infrastructure.

Combining Balance Sheet  
Non-Major Governmental Funds  
September 30, 2017

	Special Revenue					
	Hotel/Motel Tax	Panther Creek PID	Superdrome	Grants	CDBG	Traffic Control Enforcement
<b>ASSETS</b>						
Cash and cash equivalents	\$ 733,166	\$ 38,078	\$ 68,022	\$ -	\$ -	\$ 558,326
Investments	-	-	1,193,730	-	-	-
Receivables (net of allowance for uncollectibles):						
Franchise tax	-	-	-	-	-	-
Occupancy tax	455,506	-	-	-	-	-
Assessments	-	1,316,709	-	-	-	-
Grants	-	-	-	91,767	68,020	-
Other	-	-	5,040	-	-	3,313
Prepays	168,298	-	-	-	-	-
Total assets	<u>\$ 1,356,970</u>	<u>\$ 1,354,787</u>	<u>\$ 1,266,792</u>	<u>\$ 91,767</u>	<u>\$ 68,020</u>	<u>\$ 561,639</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 12,930	\$ -	\$ -	\$ -	\$ 20,382	\$ 292,251
Accrued liabilities	59,047	-	-	-	-	-
Unearned revenue	-	1,316,709	-	65,030	-	-
Monies held in escrow	-	-	-	-	-	-
Due to other funds	-	-	-	26,737	47,638	-
Total liabilities	<u>71,977</u>	<u>1,316,709</u>	<u>-</u>	<u>91,767</u>	<u>68,020</u>	<u>292,251</u>
Fund balances:						
Unspendable	168,298	-	-	-	-	-
Restricted	1,116,695	38,078	1,266,792	-	-	269,388
Total fund balances	<u>1,284,993</u>	<u>38,078</u>	<u>1,266,792</u>	<u>-</u>	<u>-</u>	<u>269,388</u>
Total liabilities and fund balances	<u>\$ 1,356,970</u>	<u>\$ 1,354,787</u>	<u>\$ 1,266,792</u>	<u>\$ 91,767</u>	<u>\$ 68,020</u>	<u>\$ 561,639</u>

				Capital Projects		Total Non-major Governmental Funds
TIRZ #5	Frisco Square MMD	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	
\$ 377,624	\$ -	\$ 375,864	\$ 424,063	\$ 14,689,288	\$ 4,755,372	\$ 22,019,803
-	-	-	598,786	25,929,974	14,948,667	42,671,157
-	-	-	84,215	-	-	84,215
-	-	-	-	-	-	455,506
-	-	-	-	-	-	1,316,709
-	-	-	-	-	-	159,787
-	-	-	1,382	82,618	20,324	112,677
-	-	-	-	-	-	168,298
<u>\$ 377,624</u>	<u>\$ -</u>	<u>\$ 375,864</u>	<u>\$ 1,108,446</u>	<u>\$ 40,701,880</u>	<u>\$ 19,724,363</u>	<u>\$ 66,988,152</u>
\$ -	\$ -	\$ 25,471	\$ 156,202	\$ -	\$ -	\$ 507,236
-	-	-	-	-	-	59,047
-	-	-	-	-	-	1,381,739
-	-	-	-	3,170,705	-	3,170,705
-	-	-	-	-	-	74,375
<u>-</u>	<u>-</u>	<u>25,471</u>	<u>156,202</u>	<u>3,170,705</u>	<u>-</u>	<u>5,193,102</u>
-	-	-	-	-	-	168,298
<u>377,624</u>	<u>-</u>	<u>350,393</u>	<u>952,244</u>	<u>37,531,175</u>	<u>19,724,363</u>	<u>61,626,752</u>
<u>377,624</u>	<u>-</u>	<u>350,393</u>	<u>952,244</u>	<u>37,531,175</u>	<u>19,724,363</u>	<u>61,795,050</u>
<u>\$ 377,624</u>	<u>\$ -</u>	<u>\$ 375,864</u>	<u>\$ 1,108,446</u>	<u>\$ 40,701,880</u>	<u>\$ 19,724,363</u>	<u>\$ 66,988,152</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-major Governmental Funds  
For the year ended September 30, 2017**

	<b>Special Revenue</b>					
	<b>Hotel/Motel Tax</b>	<b>Panther Creek PID</b>	<b>Superdrome</b>	<b>Grants</b>	<b>CDBG</b>	<b>Traffic Control</b>
<b>REVENUES:</b>						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-
Hotel/motel tax	4,829,350	-	-	-	-	-
Special assessments	-	214,756	-	-	-	-
Fines	-	-	-	-	-	513,462
Intergovernmental	599,130	-	-	-	-	-
Charges for services	7,653	-	-	-	-	-
Contributions, donations & grants	454,282	-	-	599,290	217,167	-
Rents	4,384	-	-	-	-	-
Investment earnings	7,608	82,615	6,860	-	-	3,279
Miscellaneous	7,790	-	-	-	13,647	-
Total revenues	<u>5,910,197</u>	<u>297,371</u>	<u>6,860</u>	<u>599,290</u>	<u>230,814</u>	<u>516,741</u>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	230,814	-
Public safety	-	-	-	586,595	-	344,931
Public works	-	-	-	-	-	46,576
Culture and recreation	4,070,242	-	84,219	3,394	-	-
Capital outlay	6,461	-	-	167,708	-	72,081
Total expenditures	<u>4,076,703</u>	<u>-</u>	<u>84,219</u>	<u>757,697</u>	<u>230,814</u>	<u>463,588</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,833,494</u>	<u>297,371</u>	<u>(77,359)</u>	<u>(158,407)</u>	<u>-</u>	<u>53,153</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	158,407	-	-
Transfers out	(2,009,119)	(280,000)	-	-	-	-
Total other financing sources (uses)	<u>(2,009,119)</u>	<u>(280,000)</u>	<u>-</u>	<u>158,407</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(175,625)	17,371	(77,359)	-	-	53,153
Fund balances, beginning	<u>1,460,618</u>	<u>20,707</u>	<u>1,344,151</u>	<u>-</u>	<u>-</u>	<u>216,235</u>
Fund balances, ending	<u>\$ 1,284,993</u>	<u>\$ 38,078</u>	<u>\$ 1,266,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,388</u>



				Capital Projects		
TIRZ #5	Frisco Square MMD	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	Total Non-major Governmental Funds
\$ 110,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,736
143,229	-	-	-	-	-	143,229
-	-	-	353,536	-	-	353,536
-	-	-	-	-	-	4,829,350
-	-	-	-	9,012,210	3,901,183	13,128,149
-	-	187,029	-	-	-	700,491
-	-	-	-	-	-	599,130
-	-	-	-	-	-	7,653
-	29,528	-	-	-	-	1,300,267
						4,384
1,246	-	2,371	7,551	266,280	154,946	532,756
-	-	-	-	-	-	21,437
<u>255,211</u>	<u>29,528</u>	<u>189,400</u>	<u>361,087</u>	<u>9,278,490</u>	<u>4,056,129</u>	<u>21,731,118</u>
-	-	108,192	33,601	-	-	372,607
-	-	-	-	-	-	931,526
-	-	-	-	-	-	46,576
-	-	-	-	-	-	4,157,855
-	-	7,269	286,334	-	-	539,853
-	-	115,461	319,935	-	-	6,048,417
<u>255,211</u>	<u>29,528</u>	<u>73,939</u>	<u>41,152</u>	<u>9,278,490</u>	<u>4,056,129</u>	<u>15,682,701</u>
15,419	-	-	-	-	-	173,826
-	(29,528)	(84,000)	-	(3,202,315)	(5,217,764)	(10,822,726)
<u>15,419</u>	<u>(29,528)</u>	<u>(84,000)</u>	<u>-</u>	<u>(3,202,315)</u>	<u>(5,217,764)</u>	<u>(10,648,900)</u>
270,630	-	(10,061)	41,152	6,076,175	(1,161,635)	5,033,801
<u>106,994</u>	<u>-</u>	<u>360,454</u>	<u>911,092</u>	<u>31,455,000</u>	<u>20,885,998</u>	<u>56,761,249</u>
<u>\$ 377,624</u>	<u>\$ -</u>	<u>\$ 350,393</u>	<u>\$ 952,244</u>	<u>\$37,531,175</u>	<u>\$19,724,363</u>	<u>\$ 61,795,050</u>

**Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a</b>	<b>Adjustments-</b>	<b>Actual on a</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budgetary</b>	<b>Budgetary</b>	<b>Final Budget -</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Positive</b>
						<b>(Negative)</b>
<b>REVENUES:</b>						
Taxes:						
Hotel/motel tax	\$ 4,530,791	\$ 4,719,501	\$ 4,829,350	\$ -	\$ 4,829,350	\$ 109,849
Intergovernmental	255,000	600,000	599,130	-	599,130	(870)
Charges for service	-	-	7,653	-	7,653	7,653
Contributions	16,000	71,000	454,282	-	454,282	383,282
Rents	-	-	4,384	-	4,384	4,384
Investment earnings	1,000	1,000	7,608	-	7,608	6,608
Payments from component units	-	-	-	-	-	-
Miscellaneous	14,200	14,200	7,790	-	7,790	(6,410)
Total revenues	<u>4,816,991</u>	<u>5,405,701</u>	<u>5,910,197</u>	<u>-</u>	<u>5,910,197</u>	<u>504,496</u>
<b>EXPENDITURES:</b>						
Current:						
Culture and recreation	3,671,557	4,143,378	4,070,242	-	4,070,242	73,136
Capital Outlay	-	6,462	6,461	-	6,461	1
Total expenditures	<u>3,671,557</u>	<u>4,149,840</u>	<u>4,076,703</u>	<u>-</u>	<u>4,076,703</u>	<u>73,137</u>
Excess of revenues over expenditures	<u>1,145,434</u>	<u>1,255,861</u>	<u>1,833,494</u>	<u>-</u>	<u>1,833,494</u>	<u>577,633</u>
<b>OTHER FINANCING USES:</b>						
Transfers out	(2,009,119)	(2,009,119)	(2,009,119)	-	(2,009,119)	-
Total other financing sources (uses)	<u>(2,009,119)</u>	<u>(2,009,119)</u>	<u>(2,009,119)</u>	<u>-</u>	<u>(2,009,119)</u>	<u>-</u>
Net change in fund balances	(863,685)	(753,258)	(175,625)	-	(175,625)	577,633
Fund balances, October 1	<u>1,244,522</u>	<u>1,460,618</u>	<u>1,460,618</u>	<u>-</u>	<u>1,460,618</u>	<u>-</u>
Fund balances, September 30	<u>\$ 380,837</u>	<u>\$ 707,360</u>	<u>\$ 1,284,993</u>	<u>\$ -</u>	<u>\$ 1,284,993</u>	<u>\$ 577,633</u>

**Panther Creek PID Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
<b>REVENUES:</b>						
Special assessments	\$ 215,000	\$ 215,000	\$ 214,756	\$ -	\$ 214,756	\$ (244)
Investment earnings	65,000	65,000	82,615	-	82,615	17,615
Total revenues	<u>280,000</u>	<u>280,000</u>	<u>297,371</u>	<u>-</u>	<u>297,371</u>	<u>17,371</u>
 <b>OTHER FINANCING USES:</b>						
Transfers out	(298,100)	(280,000)	(280,000)	-	(280,000)	-
Net change in fund balances	(18,100)	-	17,371	-	17,371	17,371
Fund balances, October 1	<u>26,153</u>	<u>20,707</u>	<u>20,707</u>	<u>-</u>	<u>20,707</u>	<u>-</u>
Fund balances, September 30	<u>\$ 8,053</u>	<u>\$ 20,707</u>	<u>\$ 38,078</u>	<u>\$ -</u>	<u>\$ 38,078</u>	<u>\$ 17,371</u>

**Superdrome Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a</b>	<b>Adjustments-</b>	<b>Actual on a</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budgetary</b>	<b>Budgetary</b>	<b>Final Budget -</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Positive</b>
						<b>(Negative)</b>
<b>REVENUES:</b>						
Investment earnings	\$ 10,000	\$ 12,700	\$ 6,860	\$ -	\$ 6,860	\$ (5,840)
Total revenues	<u>10,000</u>	<u>12,700</u>	<u>6,860</u>	<u>-</u>	<u>6,860</u>	<u>(5,840)</u>
<b>EXPENDITURES:</b>						
Current:						
Culture and recreation	80,004	90,004	84,219	-	84,219	5,785
Total expenditures	<u>80,004</u>	<u>90,004</u>	<u>84,219</u>	<u>-</u>	<u>84,219</u>	<u>5,785</u>
Deficiency of revenues under expenditures	<u>(70,004)</u>	<u>(77,304)</u>	<u>(77,359)</u>	<u>-</u>	<u>(77,359)</u>	<u>(55)</u>
Net change in fund balances	(70,004)	(77,304)	(77,359)	-	(77,359)	(55)
Fund balances, October 1	<u>1,342,686</u>	<u>1,344,151</u>	<u>1,344,151</u>	<u>-</u>	<u>1,344,151</u>	<u>-</u>
Fund balances, September 30	<u>\$ 1,272,682</u>	<u>\$ 1,266,847</u>	<u>\$ 1,266,792</u>	<u>\$ -</u>	<u>\$ 1,266,792</u>	<u>\$ (55)</u>

**Grants Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a</b>	<b>Adjustments-</b>	<b>Actual on a</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budgetary</b>	<b>Budgetary</b>	<b>Final Budget -</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Positive</b>
						<b>(Negative)</b>
<b>REVENUES:</b>						
Grant income	\$ 1,787,831	\$ 1,080,742	\$ 599,290	\$ -	\$ 599,290	\$ (481,452)
Total revenues	<u>1,787,831</u>	<u>1,080,742</u>	<u>599,290</u>	<u>-</u>	<u>599,290</u>	<u>(481,452)</u>
<b>EXPENDITURES:</b>						
Current:						
Public safety	1,389,979	939,675	586,595	-	586,595	353,080
Culture and recreation	-	3,394	3,394	-	3,394	-
Capital Outlay	<u>512,852</u>	<u>287,673</u>	<u>167,708</u>	<u>-</u>	<u>167,708</u>	<u>119,965</u>
Total expenditures	<u>1,902,831</u>	<u>1,230,742</u>	<u>757,697</u>	<u>-</u>	<u>757,697</u>	<u>473,045</u>
Deficiency of revenues under expenditures	<u>(115,000)</u>	<u>(150,000)</u>	<u>(158,407)</u>	<u>-</u>	<u>(158,407)</u>	<u>(8,407)</u>
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	115,000	150,000	158,407	-	158,407	(8,407)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>115,000</u>	<u>150,000</u>	<u>158,407</u>	<u>-</u>	<u>158,407</u>	<u>(8,407)</u>
Net change in fund balances	-	-	-	-	-	-
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CDBG Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a</b>	<b>Adjustments-</b>	<b>Actual on a</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budgetary</b>	<b>Budgetary</b>	<b>Final Budget -</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Positive</b>
						<b>(Negative)</b>
<b>REVENUES:</b>						
Grant income	\$ 829,542	\$ 829,542	\$ 217,167	\$ -	\$ 217,167	\$ (612,375)
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>13,647</u>	<u>-</u>	<u>13,647</u>	<u>(6,353)</u>
Total revenues	<u>849,542</u>	<u>849,542</u>	<u>230,814</u>	<u>-</u>	<u>230,814</u>	<u>(618,728)</u>
<b>EXPENDITURES:</b>						
Current:						
General government	<u>849,542</u>	<u>849,542</u>	<u>230,814</u>	<u>-</u>	<u>230,814</u>	<u>618,728</u>
Total expenditures	<u>849,542</u>	<u>849,542</u>	<u>230,814</u>	<u>-</u>	<u>230,814</u>	<u>618,728</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Traffic Control Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
<b>REVENUES:</b>						
Fines	\$ 600,000	\$ 583,904	\$ 513,462	\$ -	\$ 513,462	\$ (70,442)
Interest	500	2,300	3,279	-	3,279	979
Total revenues	600,500	586,204	516,741	-	516,741	(69,463)
<b>EXPENDITURES:</b>						
Current:						
Public safety	406,733	400,289	344,931	-	344,931	55,358
Public works	-	28,834	46,576	-	46,576	(17,742)
Capital Outlay	200,000	250,000	72,081	-	72,081	177,919
Total expenditures	606,733	679,123	463,588	-	463,588	215,535
Excess (deficiency) of revenues over (under) expenditures	(6,233)	(92,919)	53,153	-	53,153	146,072
Net change in fund balances	(6,233)	(92,919)	53,153	-	53,153	146,072
Fund balances, October 1	233,627	216,235	216,235	-	216,235	-
Fund balances, September 30	\$ 227,394	\$ 123,316	\$ 269,388	\$ -	\$ 269,388	\$ 146,072

**TIRZ #5 Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a</b>	<b>Adjustments-</b>	<b>Actual on a</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budgetary</b>	<b>Budgetary</b>	<b>Final Budget -</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Positive</b>
						<b>(Negative)</b>
<b>REVENUES:</b>						
Taxes:						
Property	\$ 113,197	\$ 110,736	\$ 110,736	\$ -	\$ 110,736	\$ -
Sales	-	7,696	143,229	-	143,229	135,533
Contributions	612,848	-	-	-	-	-
Interest	-	-	1,246	-	1,246	1,246
Total revenues	<u>726,045</u>	<u>118,432</u>	<u>255,211</u>	<u>-</u>	<u>255,211</u>	<u>136,779</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	15,419	-	15,419	(15,419)
Transfers out	<u>(643,912)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(643,912)</u>	<u>-</u>	<u>15,419</u>	<u>-</u>	<u>15,419</u>	<u>(15,419)</u>
Net change in fund balances	82,133	118,432	270,630	-	270,630	152,198
Fund balances, October 1	<u>31,064</u>	<u>106,994</u>	<u>106,994</u>	<u>-</u>	<u>106,994</u>	<u>-</u>
Fund balances, September 30	<u>\$ 113,197</u>	<u>\$ 225,426</u>	<u>\$ 377,624</u>	<u>\$ -</u>	<u>\$ 377,624</u>	<u>\$ 152,198</u>



**Frisco Square MMD Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
<b>REVENUES:</b>						
Contributions	\$ 200,000	\$ 30,000	\$ 29,528	\$ -	\$ 29,528	\$ (472)
Total revenues	200,000	30,000	29,528	-	29,528	(472)
Excess of revenues over expenditures	200,000	30,000	29,528	-	29,528	(472)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers out	(200,000)	(30,000)	(29,528)	-	(29,528)	472
Total other financing sources (uses)	(200,000)	(30,000)	(29,528)	-	(29,528)	472
Net change in fund balances	-	-	-	-	-	-
Fund balances, October 1	-	-	-	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Court Fees Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a</b>	<b>Adjustments-</b>	<b>Actual on a</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budgetary</b>	<b>Budgetary</b>	<b>Final Budget -</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Positive</b>
						<b>(Negative)</b>
<b>REVENUES:</b>						
Fines	\$ 190,000	\$ 175,512	\$ 187,029	\$ -	\$ 187,029	\$ 11,517
Investment earnings	200	1,240	2,371	-	2,371	1,131
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>190,200</u>	<u>176,752</u>	<u>189,400</u>	<u>-</u>	<u>189,400</u>	<u>12,648</u>
<b>EXPENDITURES:</b>						
Current:						
General government	134,759	133,901	108,192	-	108,192	25,709
Capital Outlay	25,000	32,269	7,269	-	7,269	25,000
Total expenditures	<u>159,759</u>	<u>166,170</u>	<u>115,461</u>	<u>-</u>	<u>115,461</u>	<u>50,709</u>
Excess of revenues over expenditures	<u>30,441</u>	<u>10,582</u>	<u>73,939</u>	<u>-</u>	<u>73,939</u>	<u>63,357</u>
<b>OTHER FINANCING USES:</b>						
Transfers out	(144,000)	(84,000)	(84,000)	-	(84,000)	-
Total other financing sources (uses)	<u>(144,000)</u>	<u>(84,000)</u>	<u>(84,000)</u>	<u>-</u>	<u>(84,000)</u>	<u>-</u>
Net change in fund balances	(113,559)	(73,418)	(10,061)	-	(10,061)	63,357
Fund balances, October 1	<u>332,215</u>	<u>360,454</u>	<u>360,454</u>	<u>-</u>	<u>360,454</u>	<u>-</u>
Fund balances, September 30	<u>\$ 218,656</u>	<u>\$ 287,036</u>	<u>\$ 350,393</u>	<u>\$ -</u>	<u>\$ 350,393</u>	<u>\$ 63,357</u>

**PEG Cable Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
<b>REVENUES:</b>						
Taxes:						
Franchise	\$ 440,000	\$ 375,000	\$ 353,536	\$ -	\$ 353,536	\$ (21,464)
Investment earnings	1,000	6,750	7,551	-	7,551	801
Total revenues	<u>441,000</u>	<u>381,750</u>	<u>361,087</u>	<u>-</u>	<u>361,087</u>	<u>(20,663)</u>
<b>EXPENDITURES:</b>						
Current:						
General government	50,000	50,000	33,601	-	33,601	16,399
Capital Outlay	<u>1,151,500</u>	<u>851,500</u>	<u>286,334</u>	<u>-</u>	<u>286,334</u>	<u>565,166</u>
Total expenditures	<u>1,201,500</u>	<u>901,500</u>	<u>319,935</u>	<u>-</u>	<u>319,935</u>	<u>581,565</u>
Excess of revenues over expenditures	<u>(760,500)</u>	<u>(519,750)</u>	<u>41,152</u>	<u>-</u>	<u>41,152</u>	<u>560,902</u>
Net change in fund balances	(760,500)	(519,750)	41,152	-	41,152	560,902
Fund balances, October 1	<u>776,628</u>	<u>911,092</u>	<u>911,092</u>	<u>-</u>	<u>911,092</u>	<u>-</u>
Fund balances, September 30	<u>\$ 16,128</u>	<u>\$ 391,342</u>	<u>\$ 952,244</u>	<u>\$ -</u>	<u>\$ 952,244</u>	<u>\$ 560,902</u>

**Road Impact Fees Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual on a</b>	<b>Adjustments-</b>	<b>Actual on a</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budgetary</b>	<b>Budgetary</b>	<b>Final Budget -</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Positive</b>
						<b>(Negative)</b>
<b>REVENUES:</b>						
Special assessments	\$ -	\$ 7,000,000	\$ 9,012,210	\$ -	\$ 9,012,210	\$ 2,012,210
Investment earnings	-	110,000	266,280	-	266,280	156,280
Total revenues	-	7,110,000	9,278,490	-	9,278,490	2,168,490
 <b>OTHER FINANCING USES:</b>						
Transfers out	(500,000)	(15,500,000)	(3,202,315)	-	(3,202,315)	12,297,685
Total other financing sources (uses)	(500,000)	(15,500,000)	(3,202,315)	-	(3,202,315)	12,297,685
 Net change in fund balances	(500,000)	(8,390,000)	6,076,175	-	6,076,175	14,466,175
 Fund balances, October 1	14,569,821	31,455,000	31,455,000	-	31,455,000	-
Fund balances, September 30	<u>\$ 14,069,821</u>	<u>\$ 23,065,000</u>	<u>\$ 37,531,175</u>	<u>\$ -</u>	<u>\$ 37,531,175</u>	<u>\$ 14,466,175</u>

**Park Development Fees Fund Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Fiscal Year Ended September 30, 2017**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
<b>REVENUES:</b>						
Special assessments	\$ -	\$ 2,500,000	\$ 3,901,183	\$ -	\$ 3,901,183	\$ 1,401,183
Investment earnings	-	100,000	154,946	-	154,946	54,946
Total revenues	-	2,600,000	4,056,129	-	4,056,129	1,456,129
<b>OTHER FINANCING USES:</b>						
Transfers out	-	(3,000,000)	(5,217,764)	-	(5,217,764)	(2,217,764)
Total other financing sources (uses)	-	(3,000,000)	(5,217,764)	-	(5,217,764)	(2,217,764)
Net change in fund balances	-	(400,000)	(1,161,635)	-	(1,161,635)	(761,635)
Fund balances, October 1	18,308,576	20,885,998	20,885,998	-	20,885,998	-
Fund balances, September 30	\$ 18,308,576	\$ 20,485,998	\$ 19,724,363	\$ -	\$ 19,724,363	\$ (761,635)



PROGRESS IN MOTION

## NON-MAJOR PROPRIETARY FUNDS

Proprietary funds charge customers directly for certain services it provides.

**Stormwater Drainage Fund** - This fund is used to account for revenues specifically collected to accomplish the goals set by the Municipal Separate Stormwater System Plan.

**Environmental Services Fund** - This fund accounts for the collection and disposal fees of solid waste and recycling services.

**Combining Statement of Net Position  
Non-major Proprietary Funds  
September 30, 2017**

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,369,628	\$ 6,244,888	\$ 8,614,516
Investments	498,906	1,790,595	2,289,501
Receivables - (net of allowance for uncollectibles):			
Other	1,278	600,800	602,078
Prepays	1,372	-	1,372
Total current assets	<u>2,871,184</u>	<u>8,636,283</u>	<u>11,507,467</u>
Noncurrent assets:			
Capital assets:			
Buildings and improvements	-	137,242	137,242
Improvements other than buildings	-	92,190	92,190
Machinery and equipment	1,007,482	379,906	1,387,388
Accumulated depreciation	<u>(527,298)</u>	<u>(360,850)</u>	<u>(888,148)</u>
Total capital assets (net of accumulated depreciation)	<u>480,184</u>	<u>248,488</u>	<u>728,672</u>
Total noncurrent assets	<u>480,184</u>	<u>248,488</u>	<u>728,672</u>
<b>Total assets</b>	<u><u>3,351,368</u></u>	<u><u>8,884,771</u></u>	<u><u>12,236,139</u></u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension contributions and investment experience	<u>149,520</u>	<u>149,520</u>	<u>299,040</u>
<b>Total deferred outflow of resources</b>	<u><u>\$ 149,520</u></u>	<u><u>\$ 149,520</u></u>	<u><u>\$ 299,040</u></u>



	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 56,342	\$ 633,333	\$ 689,675
Accrued liabilities	44,057	41,352	85,409
Monies held in escrow	108,076	-	108,076
Liability for compensated absences	72,304	79,051	151,355
Current liabilities	<u>280,779</u>	<u>753,736</u>	<u>1,034,515</u>
Noncurrent liabilities:			
Liability for compensated absences	38,517	40,150	78,667
Pension	411,873	411,873	823,746
Total noncurrent liabilities	<u>450,390</u>	<u>452,023</u>	<u>902,413</u>
<b>Total liabilities</b>	<u>731,169</u>	<u>1,205,759</u>	<u>1,936,928</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Pension actuarial experience	<u>10,610</u>	<u>10,610</u>	<u>21,220</u>
<b>Total deferred inflow of resources</b>	<u>10,610</u>	<u>10,610</u>	<u>21,220</u>
<b>NET POSITION</b>			
Net investment in capital assets	480,184	248,488	728,672
Unrestricted	<u>2,278,925</u>	<u>7,569,434</u>	<u>9,848,359</u>
Total	<u>2,759,109</u>	<u>7,817,922</u>	<u>10,577,031</u>
<b>Total net position</b>	<u>\$ 2,759,109</u>	<u>\$ 7,817,922</u>	<u>\$ 10,577,031</u>



PROGRESS IN MOTION

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Non-major Proprietary Funds  
For the Fiscal Year Ended September 30, 2017**

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
<b>OPERATING REVENUES:</b>			
Charges for sales and services:			
Sanitation charges	\$ -	\$ 13,538,402	\$ 13,538,402
Stormwater drainage fees	3,495,955	-	3,495,955
Miscellaneous	113	49,525	49,638
Total operating revenues	<u>3,496,068</u>	<u>13,587,927</u>	<u>17,083,995</u>
<b>OPERATING EXPENSES:</b>			
Cost of sales and services	-	11,239,696	11,239,696
Administration	1,955,683	1,390,074	3,345,757
Depreciation	109,197	68,084	177,281
Total operating expenses	<u>2,064,880</u>	<u>12,697,854</u>	<u>14,762,734</u>
Operating income	<u>1,431,188</u>	<u>890,073</u>	<u>2,321,261</u>
<b>NONOPERATING REVENUES:</b>			
Interest revenue	5,108	44,661	49,769
Gain on sale of equipment	-	16,866	16,866
Other sources	137,000	-	137,000
Total nonoperating revenues	<u>142,108</u>	<u>61,527</u>	<u>203,635</u>
Income before transfers	1,573,296	951,600	2,524,896
<b>TRANSFERS:</b>			
Transfers out	<u>(609,834)</u>	<u>(974,781)</u>	<u>(1,584,615)</u>
Total transfers	<u>(609,834)</u>	<u>(974,781)</u>	<u>(1,584,615)</u>
Change in net position	963,462	(23,181)	940,281
Net position, beginning	1,795,647	7,841,103	9,636,750
Net position, ending	<u>\$ 2,759,109</u>	<u>\$ 7,817,922</u>	<u>\$ 10,577,031</u>

**Combining Statement of Cash Flows  
Non-major Proprietary Funds  
For the Fiscal Year Ended September 30, 2017**

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 3,372,045	\$ 12,944,556	\$ 16,316,601
Cash payments to suppliers for goods and services	(720,709)	(11,551,848)	(12,272,557)
Cash payments to employees for services	(1,175,272)	(1,043,497)	(2,218,769)
Other receipts	113	49,525	49,638
Net cash provided by operating activities	<u>1,476,177</u>	<u>398,736</u>	<u>1,874,913</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer made to other funds	(609,834)	(974,781)	(1,584,615)
Contributions	137,000	-	137,000
Net cash (used) by noncapital financing activities	<u>(472,834)</u>	<u>(974,781)</u>	<u>(1,447,615)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(399,246)	(39,980)	(439,226)
Proceeds/(loss) from sale or transfer of equipment	-	106,889	106,889
Net cash (used) by capital and related financing activities	<u>(399,246)</u>	<u>66,909</u>	<u>(332,337)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment securities	(498,910)	(1,790,595)	(2,289,505)
Proceeds from sale and maturities of investment securities	499,504	1,800,068	2,299,572
Interest on investments	5,108	44,783	49,891
Net cash provided by investing activities	<u>5,702</u>	<u>54,256</u>	<u>59,958</u>
Net increase in cash and cash equivalents	609,799	(454,880)	154,919
Cash and cash equivalents, October 1	<u>1,759,900</u>	<u>6,699,697</u>	<u>8,459,597</u>
Cash and cash equivalents, September 30	<u>\$ 2,369,699</u>	<u>\$ 6,244,817</u>	<u>\$ 8,614,516</u>

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 1,431,188	\$ 890,073	\$ 2,321,261
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	109,197	68,084	177,281
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - other	-	(593,846)	(593,846)
Prepaid expenses and other assets	73	1,740	1,813
Increase (decrease) in-			
Accounts payable	20,336	(12,110)	8,226
Accrued liabilities	2,379	(4,066)	(1,687)
Liability for compensated absences	15,611	27,558	43,169
Net pension liability	21,303	21,303	42,606
Deposits or escrows	(123,910)	-	(123,910)
Total adjustments	44,989	(491,337)	(446,348)
Net cash provided by operating activities	\$ 1,476,177	\$ 398,736	\$ 1,874,913



PROGRESS IN MOTION

## COMPONENT UNITS

**Community Development Fund** - The FCDC benefits the City and its citizens by developing recreational resources. It operates primarily within the geographic boundaries of the City and funding is derived from a half cent sales tax.

**Economic Development Fund** - FEDC benefits the City and its citizens by developing economic resources. Funding for this organization is derived from a half cent sales tax.

**Charitable Foundation Fund** - The Charitable Foundation benefits the City and its citizens through developing resources for recreational, cultural arts, senior citizen and other related community development needs. Funding is derived from contributions.

**Combining Balance Sheet  
Component Units  
September 30, 2017**

	<b>Community Development Corporation</b>	<b>Economic Development Corporation</b>	<b>Charitable Foundation</b>	<b>Total Component Units</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 32,249,726	\$ 9,207,016	\$ 14,086	\$ 41,470,828
Cash escrow for land purchase	16,889,715	25,334,569	-	42,224,284
Investments	27,935,769	13,972,762	-	41,908,531
Receivables (net of allowances for uncollectibles):				
Sales tax	3,519,101	3,519,101	-	7,038,202
Other	48,466	376,734	-	425,200
Prepays	1,432	88,793	-	90,225
Notes receivable	-	1,058,571	-	1,058,571
Land held for resale	15,124,284	39,995,093	-	55,119,377
Restricted assets:				
Cash and cash equivalents	1,586,267	3,096,648	-	4,682,915
Investments	<u>1,900,000</u>	<u>1,900,000</u>	<u>-</u>	<u>3,800,000</u>
Total assets	<u>\$ 99,254,760</u>	<u>\$ 98,549,287</u>	<u>\$ 14,086</u>	<u>\$ 197,818,133</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 374,677	\$ 2,037,376	\$ -	\$ 2,412,053
Accrued liabilities	10,338	57,553	-	67,891
Accrued liabilities - pollution remediation	823,764	1,235,641	-	2,059,405
Deposits	76,118	-	-	76,118
Unearned revenue	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total liabilities	<u>1,289,897</u>	<u>3,330,570</u>	<u>-</u>	<u>4,620,467</u>
Fund balances:				
Non spendable:				
Prepaid expenses	1,432	88,793	-	90,225
Land purchase	16,889,715	25,334,569	-	42,224,284
Land held for resale	15,124,284	39,995,093	-	55,119,377
Restricted for:				
Debt service	3,486,267	4,996,648	-	8,482,915
Capital projects for future construction	24,363,875	-	-	24,363,875
Unassigned	<u>38,099,290</u>	<u>24,803,614</u>	<u>14,086</u>	<u>62,916,990</u>
Total fund balances	<u>97,964,863</u>	<u>95,218,717</u>	<u>14,086</u>	<u>193,197,666</u>
Total liabilities and fund balances	<u>\$ 99,254,760</u>	<u>\$ 98,549,287</u>	<u>\$ 14,086</u>	<u>\$ 197,818,133</u>



**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Component Units**  
**For the Fiscal Year Ended September 30, 2017**

	<b>Community Development Corporation</b>	<b>Economic Development Corporation</b>	<b>Charitable Foundation</b>	<b>Total Component Units</b>
<b>REVENUES:</b>				
Taxes:				
Sales	\$ 20,136,644	\$ 20,136,644	\$ -	\$ 40,273,288
Investment earnings	545,701	336,770	-	882,471
Contributions	19,844	43,775	1,578	65,197
Rents	899,705	-	-	899,705
Miscellaneous	<u>2,854,659</u>	<u>301</u>	<u>-</u>	<u>2,854,960</u>
Total revenues	<u>24,456,553</u>	<u>20,517,490</u>	<u>1,578</u>	<u>44,975,621</u>
<b>EXPENDITURES:</b>				
Current:				
General government	5,062,607	13,921,564	-	18,984,171
Culture and recreation	12,774,509	-	3,081	12,777,590
Capital outlay	161,235	-	-	161,235
Debt service:				
Principal retirement	6,643,235	3,424,946	-	10,068,181
Interest and fiscal charges	<u>4,318,755</u>	<u>3,410,147</u>	<u>-</u>	<u>7,728,902</u>
Total expenditures	<u>28,960,341</u>	<u>20,756,657</u>	<u>3,081</u>	<u>49,720,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,503,788)</u>	<u>(239,167)</u>	<u>(1,503)</u>	<u>(4,744,458)</u>
 <b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from loans	-	6,791,720	-	6,791,720
Payment to refinance loan	<u>-</u>	<u>(7,046,355)</u>	<u>-</u>	<u>(7,046,355)</u>
Total other financing sources	<u>-</u>	<u>(254,635)</u>	<u>-</u>	<u>(254,635)</u>
Net change in fund balances	(4,503,788)	(493,802)	(1,503)	(4,999,093)
 Fund balances, beginning	<u>102,468,651</u>	<u>95,712,519</u>	<u>15,589</u>	<u>198,196,759</u>
Fund balances, ending	<u>\$ 97,964,863</u>	<u>\$ 95,218,717</u>	<u>\$ 14,086</u>	<u>\$ 193,197,666</u>

**Reconciliation of the Combining Balance Sheet of Component Units  
to the Statement of Net Position  
September 30, 2017**

Amounts reported for component unit activities in the statement of position are different because:

Total fund balances per balance sheet	\$ 193,197,666
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	82,557,356
Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds.	1,334,821
Other assets are not available to pay for current-period expenditures	200,000
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:	
Bonds payable	120,569,236
Notes payable	85,090,267
Accrued interest payable	782,319
Compensated absences	191,114
Net pension liability	823,746
Total long-term liabilities	(207,456,682)
Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds	(21,218)
Total net position - component units	<u>\$ 69,811,943</u>

**Reconciliation of the Combining Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Component Units  
to the Statement of Activities  
For the Year Ended September 30, 2017**

Amounts reported for component units in the statement of activities are different because:

Net change in fund balances - total component units	\$ (4,999,093)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(1,737,002)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	11,088,669
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(404,458)
Change in net position of component units	<u>\$ 3,948,116</u>

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# STATISTICAL SECTION



## STATISTICAL SECTION

This part of the City of Frisco's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	136
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	144
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	154
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	160
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	162
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Net investment in capital assets	\$ 671,496,754	\$ 692,866,635	\$ 695,681,506	\$ 703,694,806
Restricted	1,853,404	2,212,955	3,639,371	3,058,450
Unrestricted	<u>37,781,532</u>	<u>50,009,668</u>	<u>51,210,647</u>	<u>53,739,744</u>
Total governmental activities net position	<u>711,131,690</u>	<u>745,089,258</u>	<u>750,531,524</u>	<u>760,493,000</u>
Business-type activities				
Net investment in capital assets	149,162,147	166,215,616	172,641,414	173,946,035
Restricted	9,609,318	9,649,359	10,271,078	11,751,675
Unrestricted	<u>23,909,576</u>	<u>17,281,722</u>	<u>16,064,340</u>	<u>27,891,529</u>
Total business-type activities net position	<u>182,681,041</u>	<u>193,146,697</u>	<u>198,976,832</u>	<u>213,589,239</u>
Primary government				
Net investment in capital assets	820,658,901	859,082,251	868,322,920	877,640,841
Restricted	11,462,722	11,862,314	13,910,449	14,810,125
Unrestricted	<u>61,691,108</u>	<u>67,291,390</u>	<u>67,274,987</u>	<u>81,631,273</u>
Total primary government net position	<u>\$ 893,812,731</u>	<u>\$ 938,235,955</u>	<u>\$ 949,508,356</u>	<u>\$ 974,082,239</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 696,300,300	\$ 739,378,508	\$ 754,405,379	\$ 886,959,457	\$ 1,051,389,064	\$ 1,123,429,533
4,192,127	4,538,556	5,053,305	54,319,922	62,763,394	69,106,670
<u>63,781,055</u>	<u>72,860,648</u>	<u>101,786,356</u>	<u>29,893,408</u>	<u>43,272,641</u>	<u>45,371,848</u>
<u>764,273,482</u>	<u>816,777,712</u>	<u>861,245,040</u>	<u>971,172,787</u>	<u>1,157,425,099</u>	<u>1,237,908,051</u>
174,745,396	185,747,786	195,229,947	222,392,769	249,009,918	271,084,999
12,854,359	17,744,216	21,881,788	26,256,457	29,954,906	31,907,294
<u>30,396,570</u>	<u>35,211,295</u>	<u>42,695,312</u>	<u>44,321,482</u>	<u>47,844,692</u>	<u>49,288,154</u>
<u>217,996,325</u>	<u>238,703,297</u>	<u>259,807,047</u>	<u>292,970,708</u>	<u>326,809,516</u>	<u>352,280,447</u>
871,045,696	925,126,294	949,635,326	1,109,352,226	1,300,398,982	1,394,514,532
17,046,486	22,282,772	26,935,093	80,576,379	92,718,300	101,013,964
<u>94,177,625</u>	<u>108,071,943</u>	<u>144,481,668</u>	<u>74,214,890</u>	<u>91,117,333</u>	<u>94,660,002</u>
<u>\$ 982,269,807</u>	<u>\$ 1,055,481,009</u>	<u>\$ 1,121,052,087</u>	<u>\$ 1,264,143,495</u>	<u>\$ 1,484,234,615</u>	<u>\$ 1,590,188,498</u>

**Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)**

	2008	2009	2010	2011
<b>Expenses</b>				
Governmental activities:				
General government	\$ 32,031,040	\$ 33,435,845	\$ 39,103,949	\$ 39,620,057
Public safety	36,029,122	37,753,602	39,622,158	40,962,287
Public works	24,949,230	25,695,126	26,125,366	27,636,526
Culture & recreation	18,364,488	21,064,820	22,620,217	25,458,162
Interest on long-term debt	21,952,776	24,946,889	23,020,033	22,215,090
Total governmental activities expenses	<u>133,326,656</u>	<u>142,896,282</u>	<u>150,491,723</u>	<u>155,892,122</u>
Business-type activities:				
Water & sewer	43,797,287	45,525,827	48,130,980	47,539,765
Environmental services	7,298,630	7,922,296	8,662,866	9,766,785
Total business-type activities expenses	<u>51,095,917</u>	<u>53,448,123</u>	<u>56,793,846</u>	<u>57,306,550</u>
Total primary government expenses	<u>\$ 184,422,573</u>	<u>\$ 196,344,405</u>	<u>\$ 207,285,569</u>	<u>\$ 213,198,672</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 15,355,136	\$ 13,222,484	\$ 15,049,663	\$ 13,195,345
Public safety	2,576,479	1,573,803	1,498,179	2,245,461
Public works	37,598	-	-	20,938
Culture & recreation	3,651,915	4,083,430	4,009,097	4,320,363
Operating grants and contributions	563,840	1,906,180	3,135,919	3,297,331
Capital grants and contributions	31,671,071	40,895,760	15,462,749	22,940,561
Total governmental activities program revenues	<u>53,856,039</u>	<u>61,681,657</u>	<u>39,155,607</u>	<u>46,019,999</u>
Business-type activities:				
Charges for services:				
Water & sewer	34,290,262	37,939,611	44,165,615	52,679,778
Other enterprise funds	8,579,038	9,109,124	10,474,914	11,022,236
Operating grants and contributions	-	10,700	84,020	111,317
Capital grants and contributions	12,681,427	15,667,028	7,857,024	8,420,269
Total business-type activities program revenues	<u>55,550,727</u>	<u>62,726,463</u>	<u>62,581,573</u>	<u>72,233,600</u>
Total primary government program revenues	<u>\$ 109,406,766</u>	<u>\$ 124,408,120</u>	<u>\$ 101,737,180</u>	<u>\$ 118,253,599</u>
Net (expense)/revenue				
Governmental activities	\$ (79,470,617)	\$ (81,214,625)	\$ (111,336,116)	\$ (109,872,123)
Business-type activities	4,454,810	9,278,340	5,787,727	14,927,050
Total primary government net expense	<u>\$ (75,015,807)</u>	<u>\$ (71,936,285)</u>	<u>\$ (105,548,389)</u>	<u>\$ (94,945,073)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Ad valorem taxes	\$ 58,304,707	\$ 61,909,279	\$ 65,648,801	\$ 64,673,844
Sales taxes	19,794,826	18,753,757	20,068,824	21,852,287
Franchise taxes	6,892,396	6,707,813	7,198,697	8,367,733
Other taxes	3,030,953	2,759,301	3,063,544	3,519,660
Ad valorem taxes, Intergovernmental	19,083,975	19,119,575	19,604,935	20,389,441
Investment earnings	7,099,229	3,251,634	629,661	512,756
Miscellaneous	-	-	-	-
Transfers	(235,000)	385,309	563,920	517,878
Total governmental activities	<u>113,971,086</u>	<u>112,886,668</u>	<u>116,778,382</u>	<u>119,833,599</u>
Business-type activities:				
Intergovernmental	-	110,000	242,151	97,000
Investment earnings	3,604,751	1,462,625	324,377	106,235
Miscellaneous	5,000	-	39,800	-
Transfers	235,000	(385,309)	(563,920)	(517,878)
Total business-type activities	<u>3,844,751</u>	<u>1,187,316</u>	<u>42,408</u>	<u>(314,643)</u>
Total primary government	<u>117,815,837</u>	<u>114,073,984</u>	<u>116,820,790</u>	<u>119,518,956</u>
<b>Change in Net Position</b>				
Governmental activities	34,500,469	31,672,043	5,442,266	9,961,476
Business-type activities	8,299,561	10,465,656	5,830,135	14,612,407
Total primary government net expense	<u>\$ 42,800,030</u>	<u>\$ 42,137,699</u>	<u>\$ 11,272,401</u>	<u>\$ 24,573,883</u>



2012	2013	2014	2015	2016	2017
\$ 38,034,476	\$ 42,629,757	\$ 50,945,132	\$ 53,318,813	\$ 56,719,612	\$ 71,141,026
44,347,310	48,074,351	52,340,573	57,906,328	66,878,782	75,124,144
29,228,885	30,648,669	32,827,619	39,730,064	46,082,286	44,655,377
26,640,104	26,110,474	28,062,191	29,483,819	33,135,218	35,598,228
19,338,791	17,005,242	18,631,848	18,443,803	17,577,838	19,087,970
<u>157,589,566</u>	<u>164,468,493</u>	<u>182,807,363</u>	<u>198,882,827</u>	<u>220,393,736</u>	<u>245,606,745</u>
53,369,324	57,559,429	61,177,648	66,188,799	78,892,654	95,527,532
10,490,996	11,113,313	11,674,055	12,337,646	13,713,061	14,762,734
<u>63,860,320</u>	<u>68,672,742</u>	<u>72,851,703</u>	<u>78,526,445</u>	<u>92,605,715</u>	<u>110,290,266</u>
<u>\$ 221,449,886</u>	<u>\$ 233,141,235</u>	<u>\$ 255,659,066</u>	<u>\$ 277,409,272</u>	<u>\$ 312,999,451</u>	<u>\$ 355,897,011</u>
\$ 13,870,149	\$ 18,329,451	\$ 18,854,018	\$ 19,912,210	\$ 20,285,841	\$ 22,097,082
2,077,752	2,327,403	2,598,721	3,174,725	3,829,863	4,451,318
63,312	104,180	98,633	205,469	117,529	123,470
4,455,925	4,555,527	4,845,465	5,433,040	5,857,044	6,029,895
3,615,317	2,549,183	4,666,348	3,236,153	4,944,360	4,305,641
11,607,188	58,872,983	49,626,979	122,651,198	199,150,396	87,384,164
<u>35,689,643</u>	<u>86,738,727</u>	<u>80,690,164</u>	<u>154,612,795</u>	<u>234,185,033</u>	<u>124,391,570</u>
51,752,962	57,787,373	56,263,446	69,190,052	79,399,924	84,814,386
11,899,879	12,555,595	13,384,328	15,989,296	16,202,674	17,083,995
1,000	1,000	17,466	41,366	67,965	142,500
<u>4,897,053</u>	<u>19,925,899</u>	<u>25,480,432</u>	<u>29,793,281</u>	<u>32,233,793</u>	<u>34,841,951</u>
68,550,894	90,269,867	95,145,672	115,013,995	127,904,356	136,882,832
<u>\$ 104,240,537</u>	<u>\$ 177,008,594</u>	<u>\$ 175,835,836</u>	<u>\$ 269,626,790</u>	<u>\$ 362,089,389</u>	<u>\$ 261,274,402</u>
\$ (121,899,923)	\$ (77,729,766)	\$ (102,117,199)	\$ (44,270,032)	\$ 13,791,297	\$ (121,215,175)
4,690,574	21,597,125	22,293,969	36,487,550	35,298,641	26,592,566
<u>\$ (117,209,349)</u>	<u>\$ (56,132,641)</u>	<u>\$ (79,823,230)</u>	<u>\$ (7,782,482)</u>	<u>\$ 49,089,938</u>	<u>\$ (94,622,609)</u>
\$ 67,161,904	\$ 69,014,412	\$ 75,849,283	\$ 85,412,246	\$ 97,716,101	\$ 112,456,629
24,489,084	29,158,661	34,196,948	36,003,036	37,826,251	40,408,821
7,796,833	7,909,763	9,041,655	9,338,941	9,366,054	10,126,891
3,450,258	3,998,236	4,565,581	5,019,906	5,278,619	5,678,518
21,709,424	18,540,374	26,077,693	37,600,247	18,109,962	28,275,708
501,365	495,129	222,548	859,102	1,805,611	2,717,226
-	-	-	-	-	-
<u>571,537</u>	<u>1,117,421</u>	<u>573,076</u>	<u>306,393</u>	<u>2,358,417</u>	<u>2,034,334</u>
<u>125,680,405</u>	<u>130,233,996</u>	<u>150,526,784</u>	<u>174,539,871</u>	<u>172,461,015</u>	<u>201,698,127</u>
97,000	97,000	104,000	105,040	446,978	124,048
191,049	130,268	116,631	267,813	451,606	788,651
-	-	-	-	-	-
<u>(571,537)</u>	<u>(1,117,421)</u>	<u>(573,076)</u>	<u>(306,393)</u>	<u>(2,358,417)</u>	<u>(2,034,334)</u>
<u>(283,488)</u>	<u>(890,153)</u>	<u>(352,445)</u>	<u>66,460</u>	<u>(1,459,833)</u>	<u>(1,121,635)</u>
<u>125,396,917</u>	<u>129,343,843</u>	<u>150,174,339</u>	<u>174,606,331</u>	<u>171,001,182</u>	<u>200,576,492</u>
3,780,482	52,504,230	48,409,585	130,269,839	186,252,312	80,482,952
4,407,086	20,706,972	21,941,524	36,554,010	33,838,808	25,470,931
<u>\$ 8,187,568</u>	<u>\$ 73,211,202</u>	<u>\$ 70,351,109</u>	<u>\$ 166,823,849</u>	<u>\$ 220,091,120</u>	<u>\$ 105,953,883</u>



**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(Unaudited)**

<u>Fiscal Year</u>	<u>Property Tax (1)</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other Tax</u>	<u>Total</u>
2008	\$ 58,304,707	\$ 19,794,826	\$ 6,892,396	\$ 3,030,953	\$ 88,022,882
2009	61,909,279	18,753,757	6,707,813	2,759,301	90,130,150
2010	65,648,801	20,068,824	7,198,697	3,063,544	95,979,866
2011	64,673,844	21,852,287	8,367,733	3,519,660	98,413,524
2012	67,161,904	24,489,084	7,796,833	3,450,258	102,898,079
2013	69,014,412	29,158,661	7,909,763	3,998,236	110,081,072
2014	75,849,283	34,196,948	9,041,655	4,565,581	123,653,467
2015	85,412,246	36,003,036	9,338,941	5,019,906	135,774,129
2016	97,716,101	37,826,251	9,366,054	5,278,619	150,187,025
2017	112,456,629	40,408,821	10,126,891	5,678,518	168,670,859

(1) Includes tax increment reinvestment zone tax collections each year.

2008	\$ 3,666,330
2009	4,100,482
2010	4,488,116
2011	4,250,097
2012	4,142,786
2013	4,431,948
2014	4,654,780
2015	5,100,966
2016	5,464,343
2017	5,964,570

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)**

	<u>2008</u>	<u>2009</u>	<u>2010*</u>	<u>2011**</u>
General fund				
Non spendable	\$ -	\$ -	\$ -	\$ 469,884
Committed	-	-	2,553,709	2,013,924
Reserved	725,711	579,841	713,228	-
Unreserved/Unassigned	<u>23,356,833</u>	<u>24,526,272</u>	<u>22,489,654</u>	<u>25,386,041</u>
Total general fund	<u>24,082,544</u>	<u>25,106,113</u>	<u>25,756,591</u>	<u>27,869,849</u>
 All other governmental funds				
Reserved	59,450,155	22,839,763	25,867,177	-
Unreserved, reported in:				
Special revenue funds	3,986,611	4,760,856	7,508,535	-
Capital project funds	101,301,111	91,421,584	68,304,669	-
Non spendable	-	-	-	343,449
Restricted for:				
Debt service	-	-	-	3,452,399
Capital projects for future construction	-	-	-	79,585,306
Other purposes	-	-	-	5,566,109
Committed to:				
Capital projects for future construction	-	-	-	1,814,651
Assigned to:				
Capital projects for future construction	-	-	-	4,928,511
Total all other governmental funds	<u>\$ 164,737,877</u>	<u>\$ 119,022,203</u>	<u>\$ 101,680,381</u>	<u>\$ 95,690,425</u>

\* 9/30/2011 GASB 54 implementation - FY 2010 balance reclassified

\*\* 9/30/2011 GASB 54 implementation - prior years not calculated

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 537,057	\$ 544,583	\$ 398,856	\$ 616,566	\$ 657,471	\$ 759,272
2,576,668	3,570,917	3,568,653	14,414,810	16,466,361	10,534,528
-	-	-	-	-	-
<u>29,484,739</u>	<u>31,295,715</u>	<u>41,780,279</u>	<u>44,957,984</u>	<u>52,310,008</u>	<u>62,523,640</u>
<u>32,598,464</u>	<u>35,411,215</u>	<u>45,747,788</u>	<u>59,989,360</u>	<u>69,433,840</u>	<u>73,817,440</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
493,657	202,897	1,691,298	446,105	734,603	657,232
4,355,598	4,150,522	4,412,400	5,278,799	5,175,796	5,847,513
67,986,558	82,742,142	164,136,618	172,606,032	224,453,812	218,222,683
5,817,783	7,330,805	8,117,922	8,095,288	8,361,344	9,082,010
2,277,444	3,349,491	4,145,399	-	-	-
<u>6,070,613</u>	<u>3,247,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 87,001,653</u>	<u>\$ 101,023,753</u>	<u>\$ 182,503,637</u>	<u>\$ 186,426,224</u>	<u>\$ 238,725,555</u>	<u>\$ 233,809,438</u>

**Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)**

	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues</b>					
Taxes					
Property	\$ 57,670,279	\$ 62,431,502	\$ 65,260,020	\$ 65,225,685	\$ 67,265,817
Sales	19,794,826	18,753,757	20,068,824	21,852,287	24,489,084
Franchise	6,892,396	6,984,008	7,198,697	8,040,529	7,907,245
Hotel/motel	2,601,775	2,345,312	2,607,869	2,998,817	3,027,021
Other	429,178	413,989	455,675	520,843	423,237
Licenses and permits	6,074,099	3,906,925	5,015,450	5,639,747	6,088,219
Public safety	2,576,479	1,547,934	1,467,233	1,776,904	1,511,187
Intergovernmental	13,620,779	23,414,535	17,838,372	30,553,540	18,309,478
Charges for services	9,475,996	9,016,079	10,730,021	6,366,771	6,450,974
Fines	2,130,759	3,160,308	2,322,987	2,409,391	2,891,192
Special assessments	5,754,513	4,179,588	2,992,455	3,826,456	5,339,917
Rents	-	-	-	5,125,754	4,714,980
Investment earnings	7,112,564	3,265,769	651,464	526,553	526,939
Contributions and donations	5,544,704	1,185,489	4,710,837	3,134,166	6,060,495
Payments from component units	5,463,196	3,710,160	3,447,798	8,044,723	8,658,172
Miscellaneous	5,661,793	5,761,700	4,527,655	208,477	229,077
Total revenues	<u>148,226,857</u>	<u>150,077,055</u>	<u>147,828,124</u>	<u>164,473,739</u>	<u>162,381,847</u>
<b>Expenditures</b>					
Current:					
General government	28,699,100	30,584,122	32,993,441	31,330,645	31,910,504
Public safety	31,932,293	32,886,018	34,967,535	36,820,094	39,733,181
Public works	6,651,888	6,456,242	6,176,062	6,283,161	6,538,432
Culture & recreation	10,587,558	12,234,850	16,994,769	14,616,069	15,377,347
Capital outlay	83,384,202	61,701,918	32,685,414	38,217,173	25,168,130
Debt Service:					
Principal retirement	21,074,352	22,828,537	23,641,668	25,528,456	25,905,000
Interest and fiscal charges	25,783,542	27,005,575	25,350,941	24,934,400	22,353,574
Total expenditures	<u>208,112,935</u>	<u>193,697,262</u>	<u>172,809,830</u>	<u>177,729,998</u>	<u>166,986,168</u>
Excess (deficiency) of revenues over (under) expenditures	(59,886,078)	(45,168,141)	(24,981,706)	(13,256,259)	(4,604,321)
<b>Other financing sources (uses)</b>					
Issuance of debt	74,470,000	-	33,817,549	109,545,000	22,615,000
Premium on bonds issued	1,316,019	-	1,424,113	13,138,248	2,687,312
Discount on bonds issued	(320,615)	-	(6,777)	(50,185)	(39,859)
Payment to refunded debt escrow	-	-	(27,586,336)	(113,810,055)	(25,312,360)
Proceeds from sale of assets	83,445	90,727	77,893	38,675	122,534
Transfers in	20,361,365	20,729,438	22,618,138	22,813,526	23,237,197
Transfers out	(20,596,365)	(20,344,129)	(22,054,218)	(22,295,648)	(22,665,660)
Total other financing sources (uses)	<u>75,313,849</u>	<u>476,036</u>	<u>8,290,362</u>	<u>9,379,561</u>	<u>644,164</u>
Net change in fund balances	<u>\$ 15,427,771</u>	<u>\$ (44,692,105)</u>	<u>\$ (16,691,344)</u>	<u>\$ (3,876,698)</u>	<u>\$ (3,960,157)</u>
Debt service as a percentage of noncapital expenditures	38%	38%	35%	36%	34%

**CITY OF FRISCO  
General Governmental Tax Revenues By Source  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Hotel/motel</u>	<u>Other</u>
2008	\$ 57,670,279	\$ 19,794,826	\$ 6,892,396	\$ 2,601,775	\$ 429,178
2009	62,431,502	18,753,757	6,984,008	2,345,312	413,989
2010	65,260,020	20,068,824	7,198,697	2,607,869	455,675
2011	65,225,685	21,852,287	8,040,529	2,998,817	520,843
2012	67,265,817	24,489,084	7,907,245	3,027,021	423,237
2013	69,033,422	29,158,661	7,801,573	3,506,677	491,559
2014	75,468,357	34,196,948	8,758,582	3,887,482	678,099
2015	85,700,973	36,003,036	9,338,941	4,190,238	829,668
2016	97,282,372	37,826,251	9,191,454	4,486,093	792,526
2017	112,313,490	40,408,821	9,458,534	4,829,350	849,168

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	69,033,422	\$ 75,468,357	\$ 85,700,973	\$ 97,282,372	\$ 112,313,490
	29,158,661	34,196,948	36,003,036	37,826,251	40,408,821
	7,801,573	8,758,582	9,338,941	9,191,454	9,458,534
	3,506,677	3,887,482	4,190,238	4,486,093	4,829,350
	491,559	678,099	829,668	792,526	849,168
	8,577,020	10,256,389	11,016,411	11,679,493	12,904,536
	1,735,308	1,843,998	-	-	-
	28,164,687	29,277,032	44,141,948	37,848,162	25,271,312
	6,895,984	7,143,863	8,196,996	8,689,774	9,518,417
	2,917,496	2,726,367	2,767,638	2,747,076	2,744,917
	9,190,265	9,577,516	12,964,474	17,068,934	13,128,149
	4,725,347	5,505,448	6,453,883	6,636,174	6,775,706
	432,368	250,107	874,583	1,857,133	2,731,486
	6,078,590	4,381,880	53,625,599	118,842,017	13,192,698
	7,125,849	12,360,810	18,443,289	7,376,943	18,516,124
	2,253,511	514,691	423,527	466,688	424,768
	<u>186,353,009</u>	<u>204,983,571</u>	<u>294,971,204</u>	<u>362,791,090</u>	<u>273,067,476</u>
	36,353,259	44,594,861	47,806,418	49,016,189	63,039,357
	42,765,334	45,992,383	52,387,610	60,113,259	67,730,266
	7,083,202	8,222,260	8,987,439	10,174,879	13,291,112
	14,684,853	16,448,909	17,807,190	20,723,877	23,498,609
	46,968,401	60,116,074	190,194,725	190,366,612	96,675,046
	27,685,000	29,937,130	28,275,060	30,565,000	35,675,000
	20,988,977	21,974,788	22,214,941	24,630,277	25,675,859
	<u>196,529,026</u>	<u>227,286,405</u>	<u>367,673,383</u>	<u>385,590,093</u>	<u>325,585,249</u>
	(10,176,017)	(22,302,834)	(72,702,179)	(22,799,003)	(52,517,773)
	83,484,089	124,505,000	117,130,000	136,075,000	45,510,000
	15,286,690	4,188,077	12,372,611	20,691,926	4,337,120
	(215,382)	(127,160)	-	(277,741)	(245,231)
	(72,809,971)	(16,223,139)	(39,059,203)	(74,793,146)	-
	148,021	1,203,437	116,537	488,358	349,033
	29,705,338	24,492,569	35,576,201	29,074,998	34,018,890
	<u>(28,587,917)</u>	<u>(23,919,493)</u>	<u>(35,269,808)</u>	<u>(26,716,581)</u>	<u>(31,984,556)</u>
	27,010,868	114,119,291	90,866,338	84,542,814	51,985,256
\$	<u>16,834,851</u>	<u>\$ 91,816,457</u>	<u>\$ 18,164,159</u>	<u>\$ 61,743,811</u>	<u>\$ (532,517)</u>
	33%	31%	28%	28%	27%

Total

\$ 87,388,454  
90,928,568  
95,591,085  
98,638,161  
103,112,404  
109,991,892  
122,989,468  
136,062,856  
149,578,696  
167,859,363

**Property Values  
Last Ten Fiscal Years  
(Amounts Expressed in Thousands)  
(Unaudited)**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Agricultural</u>	<u>Other</u>	<u>Total</u>
2008	\$ 9,036,656	\$ 3,172,130	\$ 1,882,737	\$ 441,991	\$ 14,533,514
2009	9,769,981	3,637,354	2,025,605	614,719	16,047,659
2010	9,927,874	3,941,347	1,704,074	738,906	16,312,201
2011	10,248,536	3,362,592	1,468,255	836,237	15,915,620
2012	10,286,119	3,848,885	1,431,366	925,365	16,491,735
2013	10,703,582	4,105,671	1,374,212	973,193	17,156,658
2014	11,575,890	4,424,849	1,558,173	1,121,554	18,680,466
2015	13,330,794	4,879,036	1,787,543	1,268,086	21,265,459
2016	15,495,664	5,516,991	2,099,118	2,095,166	25,206,939
2017	18,186,050	6,466,246	2,329,473	2,746,943	29,728,712



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<u>Less:</u> <u>Exemptions</u>	<u>Net</u> <u>Taxable</u>	<u>Total Direct</u> <u>Tax Rate</u>	<u>Estimated</u> <u>Actual Taxable</u> <u>Value</u>	<u>Assessed</u> <u>Value as a</u> <u>Percentage of</u> <u>Actual Value</u>
\$ 2,084,901	\$ 12,448,613	\$ 0.45000	\$ 12,448,613	100%
2,455,833	13,591,826	0.45000	13,591,826	100%
2,354,173	13,958,028	0.46500	13,958,028	100%
2,254,716	13,660,904	0.46500	13,660,904	100%
2,374,063	14,117,672	0.46191	14,117,672	100%
2,415,608	14,741,050	0.46191	14,741,050	100%
2,782,278	15,898,188	0.46191	15,898,188	100%
3,218,656	18,046,802	0.46000	18,046,802	100%
4,411,470	20,795,469	0.46000	20,795,469	100%
5,445,325	24,283,387	0.45000	24,283,387	100%

**Property Tax Rates**  
**Direct and Overlapping Governments**  
**(Per \$100 of Assessed Value)**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Collin County</u>		<u>City of Frisco</u>			<u>Collin County, Texas</u>			<u>Frisco Independent School District</u>		
<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>
2007	2008	0.233152	0.216848	0.45000	0.191640	0.053369	0.2450	0.9600	0.3900	1.3500
2008	2009	0.240721	0.209279	0.45000	0.184260	0.058240	0.2425	1.0000	0.3700	1.3700
2009	2010	0.261882	0.203118	0.46500	0.187080	0.055420	0.2425	1.0000	0.3900	1.3900
2010	2011	0.261732	0.203268	0.46500	0.184580	0.055420	0.2400	1.0000	0.3900	1.3900
2011	2012	0.263446	0.198464	0.46191	0.176050	0.063950	0.2400	1.0000	0.4200	1.4200
2012	2013	0.272957	0.188953	0.46191	0.174663	0.065337	0.2400	1.0400	0.4200	1.4600
2013	2014	0.282626	0.179284	0.46191	0.180334	0.057166	0.2375	1.0400	0.4200	1.4600
2014	2015	0.286791	0.173209	0.46000	0.177268	0.057732	0.2350	1.0400	0.4200	1.4600
2015	2016	0.297064	0.162936	0.46000	0.169800	0.055200	0.2250	1.0400	0.4200	1.4600
2016	2017	0.294052	0.155948	0.45000	0.153195	0.055200	0.2084	1.0400	0.4200	1.4600

Information obtained from the Collin County Central Appraisal District.

<u>Denton County</u>		<u>City of Frisco</u>			<u>Denton County, Texas</u>			<u>Frisco Independent School District</u>		
<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>
2007	2008	0.233152	0.216848	0.45000	0.183830	0.052060	0.23589	0.9600	0.3900	1.3500
2008	2009	0.240721	0.209279	0.45000	0.184430	0.051340	0.23577	1.0000	0.3700	1.3700
2009	2010	0.261882	0.203118	0.46500	0.187730	0.062070	0.24980	1.0000	0.3900	1.3900
2010	2011	0.261732	0.203268	0.46500	0.199900	0.074000	0.27390	1.0000	0.3900	1.3900
2011	2012	0.263446	0.198464	0.46191	0.205657	0.071700	0.27736	1.0000	0.4200	1.4200
2012	2013	0.272957	0.188953	0.46191	0.209225	0.073642	0.28287	1.0400	0.4200	1.4600
2013	2014	0.282626	0.179284	0.46191	0.197909	0.074291	0.27220	1.0400	0.4200	1.4600
2014	2015	0.286791	0.173209	0.46000	0.197909	0.074291	0.27220	1.0400	0.4200	1.4600
2015	2016	0.297064	0.162936	0.46000	0.192148	0.069852	0.26200	1.0400	0.4200	1.4600
2016	2017	0.294052	0.155948	0.45000	0.182418	0.065991	0.24841	1.0400	0.4200	1.4600

Information obtained from the Denton County Central Appraisal District.

<u>Collin County Community College</u>			<u>Prosper Independent School District</u>			Total Direct and Overlapping Rates FISD	Total Direct and Overlapping Rates PISD
<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>		
0.0800	0.0070	0.0870	1.1700	0.5000	1.6700	2.13199	2.45199
0.0800	0.0065	0.0865	1.1700	0.5000	1.6700	2.14899	2.44899
0.0800	0.0063	0.0863	1.1500	0.4900	1.6400	2.18380	2.43380
0.0800	0.0063	0.0863	1.1300	0.5000	1.6300	2.18130	2.42130
0.0800	0.0063	0.0863	1.1700	0.5000	1.6700	2.20821	2.45821
0.0800	0.0063	0.0863	1.1700	0.5000	1.6700	2.24821	2.45821
0.0800	0.0036	0.0836	1.1700	0.5000	1.6700	2.24305	2.45305
0.0790	0.0030	0.0820	1.1700	0.5000	1.6700	2.23696	2.44696
0.0790	0.0030	0.0820	1.1700	0.5000	1.6700	2.22696	2.43696
0.0782	0.0030	0.0812	1.1700	0.5000	1.6700	2.19962	2.40962

<u>Lewisville Independent School District</u>			<u>Little Elm Independent School District</u>			Total Direct and Overlapping Rates FISD	Total Direct and Overlapping Rates LISD	Total Direct and Overlapping Rates LEISD
<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>			
1.040000	0.340000	1.38000	1.030000	0.430000	1.46000	2.03589	2.06589	2.14589
1.040000	0.368700	1.40870	1.040000	0.490000	1.53000	2.05577	2.09447	2.21577
1.040000	0.386700	1.42670	1.040000	0.500000	1.54000	2.10480	2.14150	2.25480
1.040000	0.386000	1.42600	1.040000	0.500000	1.54000	2.12890	2.16490	2.27890
1.040000	0.436400	1.47640	1.040000	0.500000	1.54000	2.15927	2.21567	2.27927
1.040000	0.437000	1.47700	1.040000	0.500000	1.54000	2.20478	2.22178	2.28478
1.040000	0.437000	1.47700	1.040000	0.500000	1.54000	2.19411	2.21111	2.27411
1.040000	0.437000	1.47700	1.040000	0.500000	1.54000	2.19220	2.20920	2.27220
1.040000	0.436730	1.47673	1.170000	0.370000	1.54000	2.18200	2.19873	2.26200
1.040000	0.380000	1.42000	1.170000	0.370000	1.54000	2.15841	2.11841	2.23841



PROGRESS IN MOTION

**Principal Taxpayers  
Current Year and Nine Years Ago  
September 30, 2017  
(Unaudited)**

<u>Taxpayer</u>	2017			2008		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Stonebriar Mall Ltd Partnership	\$ 301,481,498	1	1.01%	\$ 221,339,975	1	1.78%
BPR Shopping Center LP	138,882,043	2	0.47%	124,500,000	2	1.00%
Blue Star HQ Inc	116,711,706	3	0.39%			
AMLI Parkwood Boulevard LLC	95,635,986	4	0.32%			
Hall Office Portfolio DB LLC	88,457,954	5	0.30%			
Specified Properties	76,809,660	6	0.26%			
Columbia Medical Center	71,171,071	7	0.24%			
Tenet Frisco Ltd	63,316,269	8	0.21%	91,569,865	3	0.74%
Eldorado Marketplace	59,626,516	9	0.20%			
WalMart Real Estate Business	59,345,261	10	0.20%			
Kan Am Grund				59,728,815	4	0.48%
Rodman Excavation, Inc.				57,650,969	5	0.46%
CRP Cypress Lake LP				53,500,672	6	0.43%
Hammons of Frisco, Inc				44,000,000	7	0.35%
Teachers Insurance & Annuity Association				42,102,243	8	0.34%
IKEA Property Inc				40,680,000	9	0.33%
Shafer Plaza 06 A LLC				39,000,000	10	0.31%
	<u>\$ 1,071,437,964</u>		<u>3.60%</u>	<u>\$ 774,072,539</u>		<u>6.22%</u>

Source: Collin County Central Appraisal District

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year Ended September 30	Total Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years
		Amount (1)	Percentage of Levy	
2008	\$ 57,167,336	\$ 55,805,155	97.6%	\$ 1,341,365
2009	61,871,241	61,279,520	99.0%	563,195
2010	65,517,441	64,473,212	99.4%	1,015,046
2011	64,361,294	63,720,218	99.4%	598,367
2012	66,261,790	64,899,099	97.9%	1,203,800
2013	69,300,659	67,880,858	99.7%	1,189,050
2014	75,725,636	74,061,793	98.5%	1,411,800
2015	84,042,993	83,034,597	98.8%	691,987
2016	96,315,490	95,400,787	99.1%	587,178
2017	108,900,105	108,630,126	99.8%	-

(1) Includes Rollback Tax Collections each year:

2008	1,081,586
2009	693,764
2010	233,345
2011	970,168
2012	1,034,439
2013	920,854
2014	1,567,254
2015	1,798,784
2016	2,085,716
2017	2,745,084

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Total Collections to Date		
	<u>Amount</u>	<u>Percentage to Levy</u>
\$	57,146,520	100.0%
	61,842,715	100.0%
	65,488,258	99.4%
	64,318,585	99.4%
	66,102,899	99.8%
	69,069,908	99.7%
	75,473,593	99.7%
	83,726,584	99.6%
	95,987,965	99.7%
	108,630,126	99.8%

**Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Governmental Activities		Business-Type Activities	
	General Obligation Bonds (1)	Certificates of Obligation	General Obligation Bonds (3)	Certificates of Obligation
2008	\$ 337,795,000	\$ 205,410,000	\$ 14,305,000	\$ 115,310,000
2009	324,775,000	196,975,000	13,775,000	110,385,000
2010	317,930,000	184,265,000	14,415,000	103,735,000
2011	356,815,000	123,405,000	27,460,000	83,790,000
2012	347,800,000	106,035,000	33,305,000	70,930,000
2013	361,004,945	97,649,500	47,495,055	72,425,500
2014	(2) 383,943,103	179,938,265	55,967,190	77,369,745
2015	419,158,041	199,484,507	82,020,832	58,220,972
2016	468,046,042	192,838,087	76,173,629	72,011,281
2017	477,748,965	186,123,039	69,796,969	82,174,273

(1) Includes component unit debt which is not supported by ad valorem tax.

(2) Net of Premiums and Discounts beginning 9/30/2014

(3) General Obligation Refunding Bonds which are not supported by ad valorem tax.



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	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$	672,820,000	17%	6,627
	645,910,000	15%	6,091
	620,345,000	10%	5,303
	591,470,000	13%	4,816
	558,070,000	11%	4,350
	578,575,000	10%	4,257
	697,218,303	11%	4,876
	758,884,352	12%	5,025
	809,069,039	11%	5,115
	815,843,246	9%	4,818

**Ratio of Net Bonded General Obligation Debt  
to Assessed Value and  
Net Bonded General Obligation Debt Per Capita  
Last Ten Fiscal Years  
(Unaudited)**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (,000) (2)</u>	<u>General Obligation Bonded Debt (3)</u>	<u>Less Debt Service Funds</u>
2008	101,524	\$ 12,448,613	\$ 352,100,000	\$ 3,897,639
2009	106,036	13,591,826	338,550,000	3,582,382
2010	116,989	13,958,028	332,345,000	3,156,010
2011	122,822	13,660,904	384,275,000	3,452,399
2012	128,281	14,117,672	381,105,000	4,355,598
2013	135,920	14,741,050	408,500,000	4,150,522
2014	142,990	15,898,188	439,910,293	4,414,583
2015	151,030	18,046,802	501,178,873	5,278,799
2016	158,180	20,795,469	544,219,671	5,175,796
2017	169,320	24,283,387	547,545,934	5,847,513

(1) Population estimate as of September 30

(2) Original Certified Taxable Value (,000)

(3) Includes refunded bonded debt which is not supported by ad valorem tax. The amount is net of premium and discounts beginning in 2014.

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<u>Net Bonded General Obligation Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded General Obligation Debt per Capita</u>
\$ 348,202,361	2.80	3,430
313,537,618	2.31	2,957
302,273,990	2.17	2,584
340,712,602	2.49	2,774
323,794,402	2.29	2,524
325,539,423	2.21	2,395
379,528,520	2.39	2,654
495,900,074	2.75	3,283
539,043,875	2.59	3,408
541,698,421	2.23	3,199

**Computation of Direct and Overlapping Bonded Debt**  
**Net Bonded Debt Outstanding**  
**September 30, 2017**  
**(Unaudited)**

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct debt:			
City of Frisco, Texas	\$ 663,872,004	100.00%	\$ 663,872,004
Total direct debt	<u>663,872,004</u>		<u>663,872,004</u>
Overlapping debt: (1)			
Collin County	370,146,531	12.98%	48,045,020
Collin County College District	14,510,235	12.98%	1,883,429
Denton County	596,003,797	10.98%	65,441,217
Frisco Independent School District	1,882,183,974	71.66%	1,348,773,036
Lewisville Independent School District	945,962,293	3.40%	32,162,718
Little Elm Independent School District	149,867,364	13.55%	20,307,028
Prosper Independent School District	<u>453,464,139</u>	<u>9.68%</u>	<u>43,895,329</u>
Total overlapping debt	<u>4,412,138,333</u>		<u>1,560,507,777</u>
Total direct and overlapping debt	<u>\$ 5,076,010,337</u>		<u>\$ 2,224,379,781</u>
Total direct and overlapping debt % of AV			9.16%
Total direct and overlapping debt per capita			\$13,137.14

(1) Information obtained from the Municipal Advisory Council of Texas Report.

**Computation of Legal Debt Margin  
September 30, 2017  
(Unaudited)**

The City Charter of the City of Frisco, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation.

The tax rate for fiscal year 2017 was established at \$0.45 per \$100 of assessed valuation based on 100% of appraised value.

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)**

<u>Fiscal Year</u>	<u>Population</u> (1)	<u>Personal Income (,000)</u>	<u>Per Capita Income</u> (2)	<u>Median Age</u> (2)	<u>School Enrollment</u> (3)	<u>Unemployment Rate</u> (4)
2008	101,524	4,042,381	39,817	31.7	30,761	4.9%
2009	106,036	4,430,820	41,786	33.2	33,895	7.9%
2010	116,989	5,961,993	40,185	32.8	37,269	8.1%
2011	122,822	4,673,131	38,048	33.9	40,122	8.0%
2012	128,281	5,180,628	40,385	34.0	42,650	5.4%
2013	135,920	5,757,299	42,358	34.0	45,479	4.3%
2014	142,990	6,155,291	43,047	34.3	49,632	3.2%
2015	151,030	6,584,153	43,595	36.1	53,323	3.5%
2016	158,180	7,555,626	47,766	37.0	55,924	3.9%
2017	169,320	8,926,212	52,718	37.4	58,461	3.7%

**Data Sources**

(1) City of Frisco (Population) as of October 1, 2017

(2) City of Frisco Development Services Annual Report January 2018

(3) Frisco Independent School District (School Enrollment), October 2017

(4) City of Frisco Development Services Annual Report January 2018

**Principal Employers  
Current Year and Nine Years Ago  
September 30, 2017  
(Unaudited)**

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Frisco ISD (3,835 certified teachers)	6,970	1	7.97%	4,200	1	9.58%
City of Frisco	1,508	2	1.72%	1,096	3	2.50%
Amerisource Bergen Specialty Group	1,450	3	1.66%	500	6	1.14%
Conifer	1,150	4	1.31%	-		
T-Mobile USA	760	5	0.87%	1,500	2	3.42%
Baylor Medical Center	642	6	0.73%			
Mario Sinacola & Sons Excavating	603	7	0.69%	400	9	0.91%
Oracle	500	8	0.57%			0.00%
Baylor Scott White/Centennial Hospital	490	9	0.56%			0.00%
Collin College	429	10	0.49%	550	5	1.25%
IKEA Frisco				400	8	0.91%
Rodman Paving				800	4	1.82%
CLA USA, Inc.				450	7	1.03%
Target				350	10	0.80%
Total	14,502		16.58%	10,246		23.37%

Source: North Central Texas Council of Governments website, Frisco ISD Communications, Collin County  
Employment Survey

**City Government Employees by Function/Program  
Last Ten Fiscal Years  
(Unaudited)**

Function	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government	193	193	194	197	206	202	217	238	258	267
Public safety										
Police										
Officers	147	149	150	146	146	151	158	170	180	199
Civilians	49	49	49	58	59	67	67	70	78	92
Fire										
Firefighters and officers	142	142	142	140	161	161	165	185	197	210
Civilians	12	11	11	13	13	15	15	17	21	22
Highways and streets										
Engineering	46	46	46	46	45	46	44	45	48	49
Maintenance	49	49	49	49	49	42	54	55	55	58
Culture and recreation	367	367	366	355	360	378	449	451	472	482
Environmental services	12	12	12	12	12	12	12	12	15	16
Utilities	79	79	79	79	79	80	83	87	92	97
Stormwater	0	0	4	6	10	6	11	12	14	16
Total	<u>1,096</u>	<u>1,097</u>	<u>1,102</u>	<u>1,101</u>	<u>1,140</u>	<u>1,160</u>	<u>1,275</u>	<u>1,342</u>	<u>1,430</u>	<u>1,508</u>



## Operating Indicators by Function Last Ten Fiscal Years (Unaudited)

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Building permits issued										
Residential	1,293	1,296	2,179	1,322	1,370	2,255	2,033	2,386	2,187	1,936
Commercial	358	289	278	328	325	347	454	432	549	644
Planning and development submittals	288	159	171	236	309	402	490	590	600	609
Police										
Physical arrests	2,235	2,088	2,934	3,381	3,398	3,245	3,200	3,138	3,197	3,137
Traffic violations	13,154	14,229	12,078	15,783	16,413	17,460	20,194	19,708	21,008	19,062
Parking violations	319	412	589	913	854	799	668	387	294	265
Fire protection										
Number of calls answered	6,779	7,351	7,178	8,186	8,684	8,645	9,738	10,666	11,747	12,660
Inspections	4,766	4,638	4,648	4,886	5,373	5,490	5,192	5,437	6,386	4,151
Inspections - SAFER Program	-	-	2,075	2,443	2,688	2,922	2,656	2,555	1,532	1,059
Highways and streets										
Street resurfacing (square yards)	11,291	3,013	14,808	1,500	6,291	22,376	36,166	25,827	19,391	18,238
Street curb miles swept	10,945	13,889	7,887	7,896	7,896	7,896	7,896	7,896	10,417	10,417
Environmental services										
Solid waste collected (tons)	78,427	76,934	74,548	76,209	79,154	86,814	93,583	110,962	105,050	108,002
Recycled materials collected (tons)	13,770	14,136	14,605	14,556	15,343	15,814	15,716	16,382	17,457	18,868
Culture and recreation										
Library transactions	NA	1,624,494	2,076,670	2,286,793	2,644,134	2,327,801	2,441,291	2,921,874	3,613,178	3,560,913
Library visits	NA	579,957	571,014	581,158	601,078	548,760	563,268	587,313	620,115	632,168
Parks acreage	1,333	1,348	1,374	1,348	1,348	1,348	1,449	1,449	1,432	1,621
Athletic facilities and Senior Center (visits)	608,500	766,404	743,731	756,317	803,925	710,430	697,775	711,661	853,265	814,748
Water										
New connections	3,282	1,009	1,344	1,408	1,473	2,372	2,280	2,541	2,889	2,262
Average daily consumption (million gallons/day)	23.90	22.3	22.6	27.7	26.5	25.8	20.9	24.2	25.6	25.9
Sewer										
Average daily wastewater flow (million gallon/day)	9.17	9.1	10.3	9.4	8.5	10.0	10.6	12.1	13.2	12.7

Sources: Various government departments

Note: Fire Protection Inspections include 743 automatic sprinkler inspections and 21 foster care, adoption or home daycare inspections

Traffic violations include citations from the "red light" program in 2006-2009 and 2011-2012 when the program was in place.

## Capital Asset Statistics by Function Last Ten Fiscal Years (Unaudited)

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Sports Complexes Supported	7	7	7	7	7	7	7	7	7	7
Museums, Art Gallery Supported**	1	1	1	1	3	3	3	3	3	3
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol and Traffic Dedicated Vehicles	40	40	41	35	35	38	42	45	60	65
Fire Stations	6	6	6	6	7	7	7	8	8	8
Highways and streets										
Streets (miles)	1,139	1,158	1,177	1,196	1,246	1,246	1,709	1,771	2,011	2,313
Streetlights/Street poles	6,827	6,967	7,094	7,350	7,732	8,173	8,523	8,973	9,360	10,032
Traffic signals	49	53	61	86	91	96	100	102	111	129
Culture and recreation										
Parks acreage										
Parks developed	602	636	636	646	646	646	864	921	921	921
Parks undeveloped	731	712	738	702	702	702	585	528	511	700
Swimming pools	3	2	1	1	1	1	1	1	1	1
Recreation centers	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	2	2	2	2	2	1	1	1
Tennis courts	4	6	6	6	6	6	6	4	6	6
Soccer fields	22	27	27	27	27	27	27	27	27	35
Baseball fields	19	19	19	19	19	19	19	24	24	24
Water										
Customers/Accounts	37,153	38,029	39,695	41,079	42,539	44,988	47,039	49,740	52,182	54,261
Water lines (miles)	649	712	733	746	771	810	842	899	914	993
Fire hydrants	6,555	7,349	7,783	7,892	8,299	8,602	9,039	9,712	9,886	10,801
Maximum daily capacity (millions of gallons)	63.0	93.0	133.0	134.0	134.0	127.0	127.0	127.0	127.0	127.0
Sewer										
Customers/Accounts	34,304	35,113	36,651	37,929	39,335	43,091	44,312	46,763	48,281	50,212
Sanitary sewers (miles)	508	531	560	569	592	620	629	693	705	742
Storm sewers (miles)	402	459	485	330	526	551	589	642	375	417