

CITY OF FRISCO, TEXAS COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2018



CITY OF FRISCO, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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PROGRESS IN MOTION

**Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018**

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PROGRESS IN MOTION

INTRODUCTORY SECTION



March 5, 2019

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, 2018, 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, 2018. 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 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 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 24% undeveloped or available, and 3% floodplain.

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, 2018, the population was estimated to be 180,000. The City has experienced a 6.1% growth rate during 2018 or about 10,499 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. An appointed Charter Commission, during 2018, has presented to City Council charter amendment recommendations for a May 2019 election. 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 \$2.09191 to \$2.33865 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 various City 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 by Finance Staff.

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 2017 American Community Survey shows Frisco's median household income of \$122,302 is considerably higher than \$67,382 for Dallas-Fort Worth-Arlington MSA and \$70,136 for Texas. Also, according to the survey, Frisco's residents are well-educated with 61.6% of adults age 25 or older having a bachelor's degree or higher level of education, compared to 35.5% for the Dallas MSA and 28.7% for Texas. The unemployment rate is 3.2%.

Frisco is home to an ever-growing corporate environment with a diversified group of companies. The Frisco Economic Development Corporation (FEDC) continues to facilitate new projects utilizing various incentive programs to assist in this growth and diversification.

Summary of FEDC Projects FY18

Quarter	Number of Projects	Potential Square Feet	Potential Capital Investment	Potential Direct Jobs Created/Retained
Q1	2	66,150	\$ 7,075,000	25
Q2	3	144,000	\$ 17,400,000	1,535
Q3	3	285,000	\$ 65,400,000	152
Q4	3	151,000	\$ 10,500,000	935
Total	11	646,150	\$ 100,375,000	2,647

FEDC assisted companies in relocating their corporate headquarters or regional headquarter operations to Frisco during 2018: Altair Global, Inc., Brierly & Partners, Inc., ezyVet, Core West, Inc., and Mente Group, LLC. FEDC also assisted existing companies with consolidations\expansions of Frisco office space: Cardtronics USA, Inc., T-Mobile West, LLC, and BGE, Inc.

FEDC and City of Frisco announced the relocation of the PGA Headquarters from Florida to the city in the next few years. This relocation will be part of a 600-acre development that will include an 18-hole championship golf course, an 18-hole recreational golf course, a 9-hole executive course, practice facilities as well as a 500 room Omni resort hotel\conference center and retail development. The initial investment is estimated at \$500 million. The estimated opening date is June 2022.

Texas Health Resources' construction on Texas Health Hospital Frisco located along the Dallas North Tollway at Cobb Hill Road is in full swing. 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 Oversees completed construction of the roads, water, sewer and park amenities at 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 hotel and three to four 8-story Class-A office buildings totaling 876,000 square feet. HALL Group completed 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 2019. Texas Scottish Rite Hospital for Children completed its construction and opened the doors of its North Campus located on 40 acres in Frisco in 2018 and is also located along the Dallas North Tollway.

The FEDC continued development of a new business park to help meet the demand for tech/flex office space. Frisco Park 25's site plan was designed to be a high-end

commercial development that includes 14 lots on 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 August of this year the FEDC entered into a contract to sell the entire project. This transaction will place Park 25 into the hands of a private developer who will bring additional commercial buildings to the market, place the development back on the tax rolls, and reduce FEDC debt. Additionally, the transaction requires the new Dallas Cowboys Merchandising Center be relocated to Frisco. This will be a 489,000 square foot facility adding substantial ad valorem and sales tax generation.

In 2017, the Dallas Cowboys anchored the development of The Star. The Star continues its aggressive growth pattern with a new 17-story high rise residential tower under construction which is expected to open in 2019. They also have another 300,000 square foot class A office tower in design with site plans delivered to the city. This building is scheduled to deliver to the market in 2020-2021. Construction was completed on the nine-story, 300,000 square foot Baylor Scott & White Sports Therapy & Research Center with a structured parking garage for 1,063 cars.

The development partners of Frisco Station completed work last year on a seven-story, speculative, Class A office building offering 228,000 square feet of new office space. Because the leasing has gone so well on that building they have started construction this year on a second 210,000 square foot class A office building with expected completion in 2019. The work on an innovative, four-brand, 600-room lifestyle hotel campus and multi-family urban living development called 'Station House' in Frisco Station continues as well.

As part of a reinvestment strategy and to maintain the vibrancy of Stonebriar Centre, the city and the ownership of the mall are reinvesting in the property through a couple of major projects. The first is the construction, which began this year, of a Hyatt Regency Hotel, a 15-story luxury hotel with 303 rooms, meeting space and an 800-space parking garage. The project is expected to be completed in 2020. The second project is KidZania USA, an educational and entertainment 'job role-play' center for children ages 4-12. The Frisco location will be the first in the U.S. for this global company, which is establishing their U.S. Corporate Headquarters in Frisco. Additional programming space will also include a small children's library space for the Frisco Public Library in the hotel.

Our housing development continues to be robust with 2,248 new single-family permits issued in 2018. There were 8 new multi-family and urban living development permits issued in 2018. Single family lot availability in the pipeline (those that are in the review process but not yet platted) and permit ready inventory are both healthy and market balanced at +/- 24 months. New commercial projects completed during 2018 total over 3.7 million square feet with the value totaling over \$389 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 19, 2018, Frisco welcomed the DXL Frisco Bowl NCAA football game to Toyota Stadium. The teams were San Diego State University, representing the Mountain West Conference, and Ohio University, representing the Mid-American Conference. On January 5, 2019, 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. This game is well attended, and the City has renewed the contract with NCAA for

additional years. Toyota Stadium and The Star were also the locations of several concerts and festivals during the year.

Frisco ISD (FISD), a public school district within the City continues to build new school facilities to accommodate growth. There are 72 schools currently, including 42 elementary, 17 middle schools, 10 high schools and 3 special program centers. Frisco ISD's student enrollment as of October 2018 was 60,205 students. School enrollment is projected continue to increase as the FISD is one of the best districts in the State. A Bond Referendum passed in November 2018 to provide capital for their continued building program through the next five years and to increase the operating tax rate to cover additional programs.

In May 2018, the University of North Texas (UNT) announced that it will be expanding its presence and opportunities in Collin County to better serve students. Since 2010, UNT has been offering excellent higher education opportunities in Collin County with offerings at Hall Park. The City of Frisco and UNT have a new partnership to bring the innovation of UNT to the community through what ultimately will be a 100-acre branch campus designed to serve at least 5,000 students in North Central Frisco, at the southwest corner of Preston Road and Panther Creek Parkway. UNT also purchased and expanded operations of Inspire Park, a 50,000 square foot building on 4.8 acres that was previously owned by the FEDC as a business incubator, Launch Pad City.

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, obtain an education and be innovative.

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. The City Council authorized the formation of a bond committee in the summer of 2018 to determine the needs and amounts of various bond propositions to be presented for voter approval at a May 2019 Bond Election.

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

Street and Utility projects: Main Street (FM423 to DNT), Rockhill Parkway (CR26 to Dallas Parkway), Dallas Parkway (Lebanon Road to Panther Creek), Independence Parkway (SH 121 to Main Street), Coit Road (SH 121 to Main Street), Legacy Drive (Rockhill Parkway to US 380), Mahard Parkway (Rockhill Parkway to US 380), Town & Country Reconstruction, Teel Parkway (Rockhill Parkway to US 380), Traffic Signal Installations and Arterial Street Light improvements;

Facilities projects: Public Safety Training Center (Phase 1), Fire Station #9, City Hall /Court Renovation and Construction, Library Design, Public Works Facility Expansion, Senior Center – *The Grove* and Fire Equipment and Facilities;

Parks projects: Grand Park, various trails that will connect schools to neighborhood parks and roadways, Dominion Trails, First Street Park, Community Garden at Frisco Commons, Hackberry Knoll and the Brinkman Park Land;

Stormwater projects: Vial Lake Dam Improvements at Warren Sports Complex and Cottonwood Creek erosion repair at Powderhorn Lane;

Water & Sewer Utility projects: Stonebrook/Cotton Gin 20/24" Waterline/Transfer Valve, Preston/Rockhill Elevated Storage Tank (EST), Legacy Wastewater Lift Station and Force Main, Stewart Creek North Interceptor (Phase 4 and 5), Panther Creek Interceptor Extension (Phase 2), Reuse Storage Tank at Stewart Creek and 24" Upper Reuse Line (Phase 1) providing reuse water to Warren Sports Complex and Frisco Commons Park.

Detailed information including an extensive project listing for current and planned projects can be found in the Annual Budget FY 2019 document beginning on page 321.

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 until age 65. 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 and best practices.

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 2019 Approved Budget appropriation will allow us to continue implementing Council's strategies and priorities as adopted during 2018. As we developed the funding plan for FY19, 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 FY19, we used a conservative population assumption growth of 5.9%. 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 when 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 57 FTE in additional positions approved for FY19, bringing our total personnel count to 1,641. The Frisco Fire Department received a grant (SAFER) from the federal government to fund 9 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 \$2 million for staffing market changes for civilian personnel, 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. Funding to enhance the Information Technology Systems and redundancy totals over \$1.9 million for FY19.

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. The Financial Services Department also publishes a condensed version of the Annual Report each year for citizens and interested parties. This report is well received and offers a short recap of the financial position and the past year achievements and statistics.

Several city-wide programs have been implemented in the past 18 months that are making a difference in how city staff perform their work. A Lean Club has been created to train staff on Lean Best Practices and continuous improvement. Over half of our workforce has been trained to date on the basic principles of the program. The CORE program recognizes the City's core values and the employees who model our values in their daily activity. Core Values include: Our Employees, Fiscal Responsibility, Operational Excellence, Integrity, Customer Service. Both programs have been very successful and continue the City's commitment to our staff's professional development.

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, 2017. This was the seventeenth year that the government has achieved this prestigious award. 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 and City Manager's Office for their leadership, oversight and support of professionalism and sound fiscal management.

Respectfully submitted,

Danny Collier

Danny Collier, CPA
Assistant Director of Finance

Anita Cothran

Anita Cothran, CGFO
Director of Finance



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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, 2017

Christopher P. Morrell

Executive Director/CEO

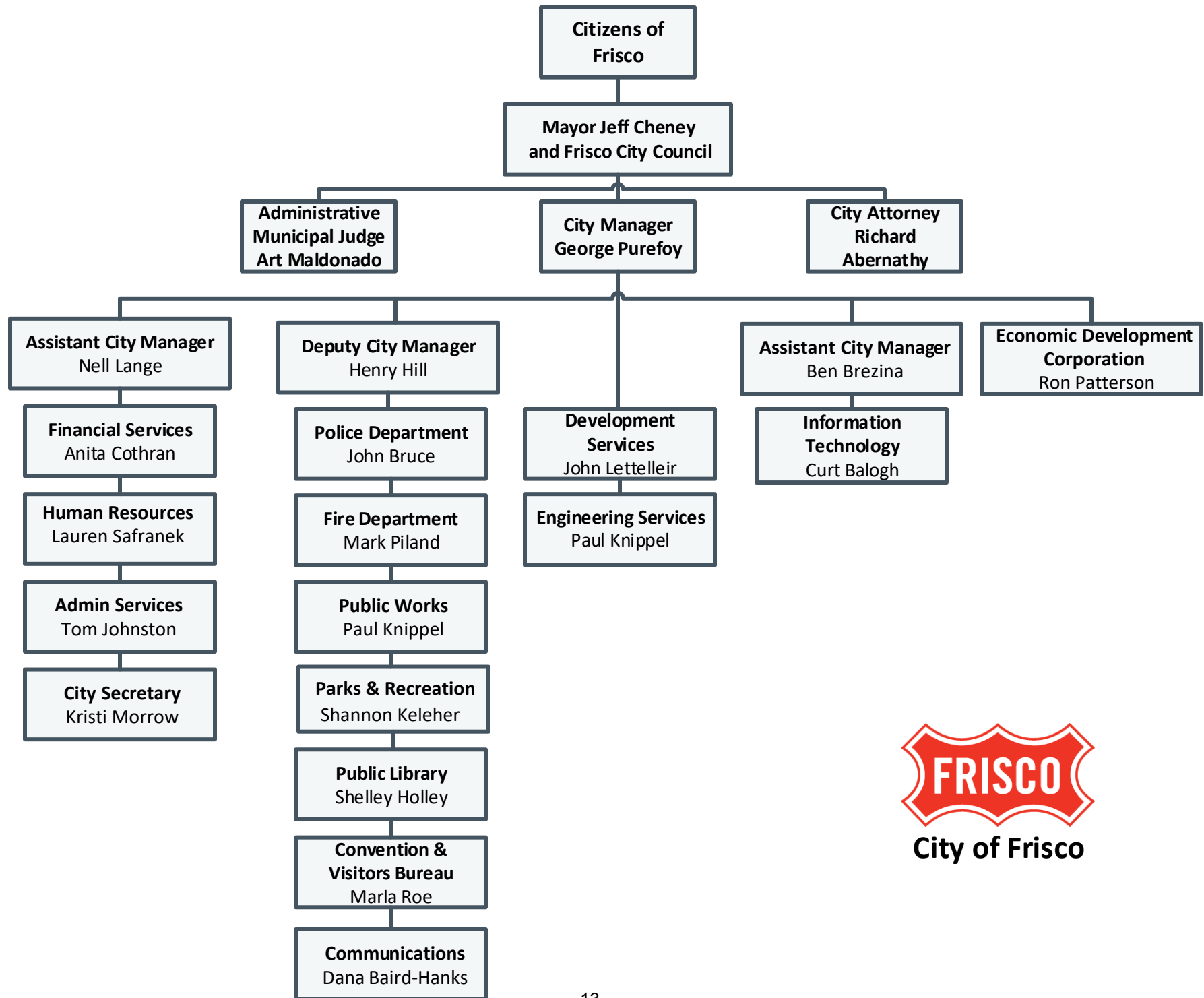
Elected Officials and Administrative Officers
September 30, 2018

Council Members

Mayor	Jeff Cheney
Mayor Pro-tem, Place 2	Shona Huffman
Deputy Mayor Pro-tem, Place 1	John Keating
Councilmember, Place 3	Will Sowell
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	Ben Brezina
City Attorney	Richard Abernathy
City Judge	Art Maldonado
City Secretary	Kristi Morrow
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	Ron Patterson
CVB Executive Director	Marla Roe





PROGRESS IN MOTION

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, 2018, 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, 2018, 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.

Emphasis of a matter

As discussed in Note 1.S., in 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension which supersedes GASB Statement No. 45. Our opinion is not modified with respect to these matters.

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; Schedule of Contributions; Notes to the Schedule of Contributions; and Schedule of Changes in OPEB Liability and Related Ratios; on pages 21 through 33 and 105 through 108 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

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

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 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 27, 2019, 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 27, 2019



PROGRESS IN MOTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF FRISCO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

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, 2018. 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 - 9 of this report) and the statistical section (pages 144-172), 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.

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 \$1,733,387,185 (net position). The majority of the City's assets are invested in capital assets or restricted for specific purposes. The remaining \$107,112,190 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 \$101,894,731 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 \$46,436,169.
- As of the close of the current fiscal year, the City of Frisco's governmental funds reported a combined ending fund balance of \$314,243,646. Approximately 20% 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 \$64,320,358 or 42% of total general fund expenditures.

- The City of Frisco's total debt increased by \$9,231,029, 1% 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 \$.4466 for fiscal year 2018. This tax rate supports debt service, operations and maintenance, and bond programs to construct infrastructure and city facilities. For the first time for fiscal year 2018, the Council approved a 7.5% homestead exemption for residential properties in Frisco. During fiscal year 2018, Council increased the homestead exemption for residential properties to 10% for fiscal year 2019 tax statements.

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 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 the revenues and expenses are considered 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 fifteen 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 eleven 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 116 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 and other post employment 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 \$1,733,387,185 as of September 30, 2018.

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, 2018**

	Governmental Activities		Business Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 397,853,190	\$ 391,360,201	\$ 147,546,103	\$ 147,295,933	\$ 545,399,293	\$ 538,656,134
Capital assets	1,686,948,609	1,580,157,257	420,160,035	369,465,043	2,107,108,644	1,949,622,300
Total assets	2,084,801,799	1,971,517,458	567,706,138	516,760,976	2,652,507,937	2,488,278,434
Deferred outflow of resources	23,422,018	27,031,909	5,229,920	6,119,504	28,651,938	33,151,413
Other liabilities	113,045,939	106,849,829	25,940,877	24,392,560	138,986,816	131,242,389
Long term liabilities	654,061,780	652,900,203	148,059,676	146,058,924	802,121,456	798,959,127
Total liabilities	767,107,719	759,750,032	174,000,553	170,451,484	941,108,272	930,201,516
Deferred inflow of resources	5,712,357	891,284	952,061	148,549	6,664,418	1,039,833
Net investment in capital assets	1,215,381,073	1,123,429,533	306,888,683	271,084,999	1,522,269,756	1,394,514,532
Restricted	71,803,680	69,106,670	32,201,559	31,907,294	104,005,239	101,013,964
Unrestricted	48,218,988	45,371,848	58,893,202	49,288,154	107,112,190	94,660,002
Total net position	\$ 1,335,403,741	\$ 1,237,908,051	\$ 397,983,444	\$ 352,280,447	\$1,733,387,185	\$1,590,188,498

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 \$107,112,190 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, 2018, the City is able to report positive balances in all three categories, both for the government, 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 \$148,330,900.

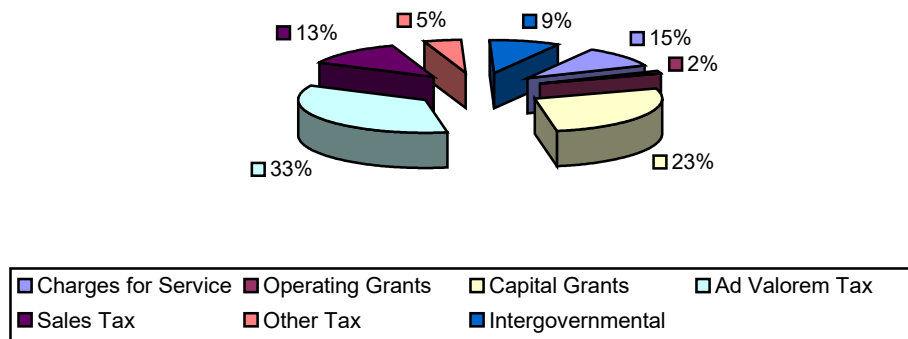
Governmental activities: Governmental activities increased the total net position by \$101,894,731 or 69% of the total growth. Net investment in capital assets increased by \$91,951,540 due to increases in capital investment (or projects completed during the year), net of increases in debt. Unrestricted net position showed an increase of \$2,847,140. Restricted net position increased by \$2,697,010, primarily due to increases in capital projects and restricted fees to fund the projects.

Total revenues for governmental activities increased when compared to the prior year by \$41,097,195. General revenue had an increase of \$42,517,410, while program revenues had a decrease of \$1,420,215. These were primarily due to the following factors:

General revenues: Property tax revenue includes an increase of \$7.9 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 \$3.0 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 \$26.5 million due to increases in contributions from the component units for projects within the City.

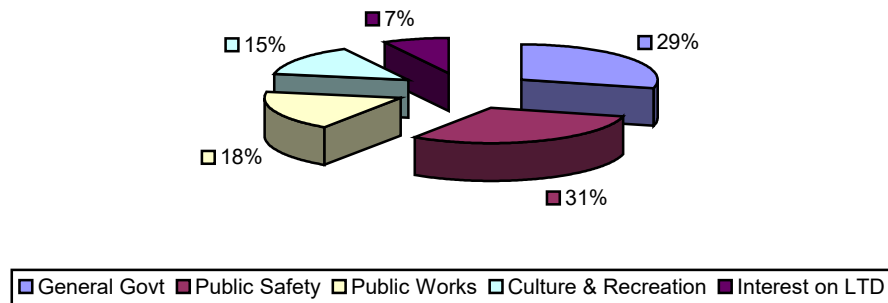
Program revenues: Charges for services increased during the year. Grants and contributions also increased this fiscal year due to additional public safety and public works grants. Decreases continued in capital contributions due in part to the contributions recognized for several major capital projects in prior years.

FY 18 Governmental Revenues



Total expenses for governmental activities increased \$19.9 million or 8 percent. This increase is attributed to increases to provide services to the growing population. General government expenses include a payment of \$16.0 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 \$82.4 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 \$49.3 million were incurred. These expenses include depreciation for City infrastructure. Total salaries and benefits for the governmental activities totaled approximately \$109.4 million or 41% of the total, while depreciation expense totaled \$70.1 million or 26%.

FY 18 Governmental Expenses



Business-type activities: Net position from business-type activities increased by \$46,436,169 accounting for the remaining total growth. Program revenues of the City's business-type activities were \$157,719,530 for the fiscal year. Operating expenses totaled \$110,888,457. The increase is affected by several factors, including the following:

The City's water and sewer system recorded charges for services of \$96,767,900 and impact fees and contributions of \$40,895,889. 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 \$93,666,630. The most significant expenses of the water and sewer fund were \$28,730,304 to purchase water, \$21,321,163 for the cost of sewage treatment, \$16,634,129 for depreciation and \$14,904,185 for salaries and benefits.

**City of Frisco's Changes in Net Position
For the year ended
September 30, 2018**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 32,769,833	\$ 32,701,765	\$116,823,641	\$101,898,381	\$ 149,593,474	\$ 134,600,146
Operating grants and contributions	7,374,981	4,305,641	-	142,500	7,374,981	4,448,141
Capital grants and contributions	82,826,541	87,384,164	40,895,889	34,841,951	123,722,430	122,226,115
Total program revenues	122,971,355	124,391,570	157,719,530	136,882,832	280,690,885	261,274,402
General revenues						
Ad valorem tax	120,389,122	112,456,629	-	-	120,389,122	112,456,629
Sales tax	43,363,487	40,408,821	-	-	43,363,487	40,408,821
Franchise tax	11,007,612	10,126,891	-	-	11,007,612	10,126,891
Other tax	7,212,592	5,678,518	-	-	7,212,592	5,678,518
Intergovernmental	54,774,029	28,275,708	169,584	124,048	54,943,613	28,399,756
Investment earnings	5,434,361	2,717,226	1,696,952	788,651	7,131,313	3,505,877
Total general revenues	242,181,203	199,663,793	1,866,536	912,699	244,047,739	200,576,492
Total revenues	365,152,558	324,055,363	159,586,066	137,795,531	524,738,624	461,850,894
Expenses						
General government	75,995,523	71,141,026	-	-	75,995,523	71,141,026
Public safety	82,425,573	75,124,144	-	-	82,425,573	75,124,144
Public works	49,265,749	44,655,377	-	-	49,265,749	44,655,377
Culture and recreation	39,046,786	35,598,228	-	-	39,046,786	35,598,228
Interest	18,785,636	19,087,970	-	-	18,785,636	19,087,970
Water and sewer	-	-	93,666,630	95,527,532	93,666,630	95,527,532
Other enterprise funds	-	-	17,221,827	14,762,734	17,221,827	14,762,734
Total expenses	265,519,267	245,606,745	110,888,457	110,290,266	376,407,724	355,897,011
Increase in net position before transfers	99,633,291	78,448,618	48,697,609	27,505,265	148,330,900	105,953,883
Transfers	2,261,440	2,034,334	(2,261,440)	(2,034,334)	-	-
Increase in net position	101,894,731	80,482,952	46,436,169	25,470,931	148,330,900	105,953,883
Net position, October 1	1,237,908,051	1,157,425,099	352,280,447	326,809,516	1,590,188,498	1,484,234,615
Cumulative effect of a change in accounting principal – GASB 75	(4,399,041)	-	(733,172)	-	(5,132,213)	-
Net Position, beginning restated	1,233,509,010	-	351,547,275	-	1,585,056,285	-
Net position, September 30	\$1,335,403,741	\$1,237,908,051	\$397,983,444	\$352,280,447	\$1,733,387,185	\$1,590,188,498

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, 2018, the governmental funds of the City reported a combined fund balance of \$314,243,646, an increase of \$6,616,768 in comparison with the prior year. Unassigned fund balance, which is available for spending at the

government's discretion, constitutes \$64,320,358 of this balance. The remainder of fund balance is non-spendable, restricted, committed or assigned. 1) Non-spendable fund balances \$2,855,692 includes prepaids and inventories held by the government, 2) Restricted balances includes bond proceeds restricted for capital projects \$156,773,007, reserves to pay debt service \$6,181,803, impact fee revenues restricted for capital project funding \$58,890,582, TIRZ #1 balances for other purposes \$5,679,431, and other special revenues restricted for a specific purpose \$4,185,111, 3) Committed funds included commitments made by resolution by the governing body for insurance reserves \$6,439,641, workforce housing programs \$456,543 and the capital reserve fund \$8,461,478.

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 \$64,320,358, while total fund balance reached \$80,455,343. 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 42% of total general fund expenditures, while total fund balance represents 52% of that same amount. The fund balance of the City's general fund increased \$6,637,903 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 \$5,679,431. This amount is restricted for future projects within the zone.

The capital projects fund has a total fund balance of \$158,563,650, \$1,790,643 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 \$6,181,803, 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, 2018 totaled \$58,893,202. 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 2018, the City Council approved a final appropriation in September 2018 with the total amount of the appropriation equaling \$165.9 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 \$152.4 million compared to the re-estimated (revised) budget amount of

\$165.6 million. The \$13.2 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 \$159.7 million as compared to the re-estimated (revised) budget amount of \$158.5 million excluding transfers. The \$1.2 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 \$2,940,294,386 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 \$243,763,567 over the prior fiscal year. Total accumulated depreciation for September 30, 2018, was \$833,185,742 for net capital assets of \$2,107,108,644.

Capital Assets for the Year Ended September 30, 2018

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 285,568,207	\$ 248,463,147	\$ 10,543,522	\$ 10,422,839	\$ 296,111,729	\$ 258,885,986
Buildings & improvements	682,700,719	629,660,645	10,123,598	10,123,598	692,824,317	639,784,243
Machinery & equipment	73,302,791	66,415,516	10,315,487	9,030,279	83,618,278	75,445,795
Construction in progress	83,982,099	120,592,621	57,834,717	40,201,013	141,816,816	160,793,634
Improvements other than buildings	1,211,988,565	1,096,063,060	513,934,681	465,558,101	1,725,923,246	1,561,621,161
Total capital assets	2,337,542,381	2,161,194,989	602,752,005	535,335,830	2,940,294,386	2,696,530,819
Less accumulated depreciation	(650,593,772)	(581,037,732)	(182,591,970)	(165,870,787)	(833,185,742)	(746,908,519)
Total	\$1,686,948,609	\$1,580,157,257	\$ 420,160,035	\$ 369,465,043	\$2,107,108,644	\$1,949,622,300

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 2019 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 2019 Plan.

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

Management's Discussion and Analysis (continued)
September 30, 2018

Authorized but Unissued Debt
September 30, 2018

<u>Election May 13, 2006</u>	<u>Voted Bonds</u>	<u>Issued Prior Years</u>	<u>Issued FY 2018</u>	<u>Unissued Balance</u>
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
Remaining	38,000,000	15,000,000	-	23,000,000
<u>Election May 9, 2015</u>				
Public Safety (Prop. 1)	41,500,000	30,010,000	11,490,000	-
Street Improvements (Prop. 2)	125,000,000	80,000,000	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	32,000,000	-	-
Grand Park (Prop. 7)	10,000,000	-	-	10,000,000
Community Cultural Arts (Prop. 8)	10,000,000	-	-	10,000,000
Remaining	255,500,000	147,010,000	56,490,000	52,000,000
Total Authorized/Unissued Bonds	\$293,500,000	\$162,010,000	\$56,490,000	\$75,000,000

Additional information regarding capital assets can be found in Note 6 beginning on page 80 of the CAFR.

Debt administration. At year-end, the City had \$825,074,275 in debt outstanding as compared to \$815,843,246 at the end of the prior fiscal year, an increase of 1% – as shown below.

Outstanding Debt, September 30, 2018

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$491,948,330	\$477,748,965	\$ 61,370,686	\$ 69,796,969	\$553,319,016	\$547,545,934
Certificates of obligation bonds	178,133,394	186,123,039	93,621,865	82,174,273	271,755,259	268,297,312
Totals	\$670,081,724	\$663,872,004	\$154,992,551	\$151,971,242	\$825,074,275	\$815,843,246

In June 2018, the City issued General Obligation Bonds, Series 2018, in the amount of \$53,635,000 with a net premium of \$3,231,364. 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; and to pay the costs of issuance associated with the sale of the bonds.

In June 2018, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2018, in the amount of \$14,705,000 with a net premium of \$507,423. 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 82 of the CAFR.

The City's assigned ratings for general obligation bonds and certificates of obligation bonds were as follows during FY 2018:

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

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 2.06%. In January 2019, the City's assigned ratings for general obligation bonds and certificates of obligation bonds were affirmed by Moody's at Aaa and increased by Standard & Poor's to AAA.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget appropriation, tax rates, and fees that will be charged for the business-type activities.

Current economic indicators were considered when adopting the general fund budget. The FY 2019 combined budget appropriation totaled \$173 million. This represents a decrease of \$4.0 million from the FY 2018 revised budgets.

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 gains in new improvements of 5.56%, and a gain on existing property of 5.06%. According to final figures received from the CAD's, the total certified assessed property value for FY 2019 is \$29.4 billion. Council approved a tax rate of \$0.4466 per \$100 of valuation the same as the FY 2018 tax rate of \$0.4466. Council also approved a 2.5% increase to the homestead tax exemption for FY 2019 for a total of 10.0%.

As for the City's business-type activities, City projections indicate that the water and sewer fund unassigned net position will be approximately \$53 million. A fee increase for water sales and sewer services was approved and effective in January 2019. 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, 4th 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, online at the city's website www.friscotexas.gov.



PROGRESS IN MOTION

BASIC FINANCIAL STATEMENTS



PROGRESS IN MOTION

Statement of Net Position
September 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 159,757,325	\$ 29,510,099	\$ 189,267,424	\$ 30,044,012
Cash held for land purchase	-	-	-	42,812,063
Investments	186,940,760	30,363,354	217,304,114	20,889,493
Receivables (net of allowance for uncollectibles)	19,186,413	12,685,296	31,871,709	8,389,109
Inventories	2,312,713	857,431	3,170,144	-
Prepays	542,979	62,138	605,117	66,439
Notes receivable	3,140,000	-	3,140,000	-
Restricted assets:				
Cash and cash equivalents	-	32,185,525	32,185,525	3,002,510
Investments	-	41,882,260	41,882,260	5,600,000
Notes receivable - noncurrent	25,973,000	-	25,973,000	610,000
Land held for resale	-	-	-	78,816,991
Capital assets:				
Land	285,568,207	10,543,522	296,111,729	66,684,872
Buildings and improvements	682,700,719	10,123,598	692,824,317	10,262,062
Improvements other than buildings	1,211,988,565	513,934,681	1,725,923,246	18,603,502
Machinery and equipment	73,302,791	10,315,487	83,618,278	342,158
Construction in progress	83,982,099	57,834,717	141,816,816	215,053
Accumulated depreciation	(650,593,772)	(182,591,970)	(833,185,742)	(25,005,100)
Total assets	2,084,801,799	567,706,138	2,652,507,937	261,333,164
DEFERRED OUTFLOW OF RESOURCES				
Pension contributions and investment experience	10,245,062	1,707,509	11,952,571	243,930
OPEB contributions	110,775	18,463	129,238	2,638
Deferred charge on bond refunding	13,066,181	3,503,948	16,570,129	881,352
Total deferred outflow of resources	23,422,018	5,229,920	28,651,938	1,127,920
LIABILITIES				
Accounts and retainage payable	22,709,333	5,981,835	28,691,168	3,664,305
Accrued liabilities	1,649,161	698,778	2,347,939	61,703
Accrued liabilities - pollution remediation	-	-	-	2,088,073
Accrued interest payable	3,588,961	802,482	4,391,443	738,145
Customer deposits	-	4,406,352	4,406,352	76,118
Unearned revenue	3,770,449	-	3,770,449	1,234,000
Monies held in escrow	21,043,589	94,986	21,138,575	-
Non-current liabilities:				
Due within one year:				
Compensated absences	6,953,457	1,046,683	8,000,140	123,034
Notes payable	-	-	-	27,906,553
Bonds payable	53,330,989	12,909,761	66,240,750	13,246,903
Due in more than one year:				
Compensated absences	4,698,251	541,425	5,239,676	71,241
Pension	27,658,942	4,609,823	32,268,765	658,546
OPEB	4,953,852	825,638	5,779,490	117,949
Notes payable	-	-	-	45,039,427
Bonds payable	616,750,735	142,082,790	758,833,525	101,697,107
Total liabilities	767,107,719	174,000,553	941,108,272	196,723,104
DEFERRED INFLOW OF RESOURCES				
Pension actuarial experience	5,597,970	932,996	6,530,966	133,281
OPEB actuarial experience	114,387	19,065	133,452	2,723
Total deferred inflow of resources	5,712,357	952,061	6,664,418	136,004
NET POSITION				
Net investment in capital assets	1,215,381,073	306,888,683	1,522,269,756	6,155,435
Restricted for:				
Capital projects	58,890,582	32,201,559	91,092,141	-
Tax increment reinvestment zone	5,679,431	-	5,679,431	-
Other purposes	4,185,111	-	4,185,111	-
Debt service	3,048,556	-	3,048,556	7,864,365
Unrestricted	48,218,988	58,893,202	107,112,190	51,582,176
Total net position	\$ 1,335,403,741	\$ 397,983,444	\$ 1,733,387,185	\$ 65,601,976

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

Statement of Activities
For the year ended September 30, 2018

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 75,995,523	\$ 22,502,540	\$ 777,946	\$ 50,526
Public safety	82,425,573	4,205,493	3,631,530	245,980
Public works	49,265,749	94,935	1,994,241	76,183,344
Culture and recreation	39,046,786	5,966,865	971,264	6,346,691
Interest on long-term debt	18,785,636	-	-	-
Total governmental activities	<u>265,519,267</u>	<u>32,769,833</u>	<u>7,374,981</u>	<u>82,826,541</u>
Business-type activities:				
Water and sewer	93,666,630	96,767,900	-	40,895,889
Non-major enterprise funds	17,221,827	20,055,741	-	-
Total business-type activities	<u>110,888,457</u>	<u>116,823,641</u>	<u>-</u>	<u>40,895,889</u>
Total primary government	\$ 376,407,724	\$ 149,593,474	\$ 7,374,981	\$ 123,722,430
Component units:				
Community development	\$ 37,106,105	\$ 919,914	\$ -	\$ -
Economic development	20,351,298	914,910	43,775	3,626,910
Charitable foundation	7,142	-	5,491	-
Total component units	\$ 57,464,545	\$ 1,834,824	\$ 49,266	\$ 3,626,910
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, October 1				
Cumulative effect of a change in accounting principle - GASB 75				
Net position, beginning-restated				
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	
\$ (52,664,511)	\$ -	\$ (52,664,511)	
(74,342,570)	-	(74,342,570)	
29,006,771	-	29,006,771	
(25,761,966)	-	(25,761,966)	
(18,785,636)	-	(18,785,636)	
<u>(142,547,912)</u>	<u>-</u>	<u>(142,547,912)</u>	
-	43,997,159	43,997,159	
-	2,833,914	2,833,914	
-	46,831,073	46,831,073	
<u>\$ (142,547,912)</u>	<u>\$ 46,831,073</u>	<u>\$ (95,716,839)</u>	
			\$ (36,186,191)
			(15,765,703)
			<u>(1,651)</u>
			<u>\$ (51,953,545)</u>
120,389,122	-	120,389,122	-
43,363,487	-	43,363,487	43,499,020
11,007,612	-	11,007,612	-
7,212,592	-	7,212,592	-
54,774,029	169,584	54,943,613	2,787,728
5,434,361	1,696,952	7,131,313	1,561,569
2,261,440	(2,261,440)	-	-
<u>244,442,643</u>	<u>(394,904)</u>	<u>244,047,739</u>	<u>47,848,317</u>
101,894,731	46,436,169	148,330,900	(4,105,228)
1,237,908,051	352,280,447	1,590,188,498	69,811,943
<u>(4,399,041)</u>	<u>(733,172)</u>	<u>(5,132,213)</u>	<u>(104,739)</u>
<u>1,233,509,010</u>	<u>351,547,275</u>	<u>1,585,056,285</u>	<u>69,707,204</u>
<u>\$ 1,335,403,741</u>	<u>\$ 397,983,444</u>	<u>\$ 1,733,387,185</u>	<u>\$ 65,601,976</u>



PROGRESS IN MOTION

Balance Sheet
Governmental Funds
September 30, 2018

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 59,458,894	\$ 7,992,052	\$ 67,737,417	\$ 6,171,681	\$ 18,397,281	\$ 159,757,325
Investments	24,048,744	-	116,272,175	-	46,619,841	186,940,760
Receivables (net of allowances for uncollectibles):						
Property tax	776,361	-	-	465,836	-	1,242,197
Sales tax	7,364,201	-	-	-	-	7,364,201
Franchise tax	5,289,912	-	-	-	78,858	5,368,770
Occupancy tax	-	-	-	-	514,372	514,372
Grants	-	-	-	-	1,250,074	1,250,074
Assessments	-	-	-	-	962,179	962,179
Other	1,728,026	151,186	252,650	-	186,514	2,318,376
Due from other funds	1,138,905	-	-	-	-	1,138,905
Inventories	522,070	-	1,790,643	-	-	2,312,713
Prepays	255,253	-	-	-	287,726	542,979
Notes receivable	65,000	-	373,000	-	-	438,000
Total assets	\$ 100,647,366	\$ 8,143,238	\$ 186,425,885	\$ 6,637,517	\$ 68,296,845	\$ 370,150,851
LIABILITIES, DEFERRED INFLOWS, FUND BALANCES						
Liabilities:						
Accounts payable	\$ 12,896,158	\$ -	\$ 7,198,797	\$ -	\$ 242,777	\$ 20,337,732
Retainage payable	-	-	2,371,601	-	-	2,371,601
Accrued liabilities	1,591,827	-	-	-	57,334	1,649,161
Unearned revenue	613,582	2,182,893	-	-	973,974	3,770,449
Monies held in escrow	324,152	280,914	17,918,087	-	2,520,436	21,043,589
Due to other funds	-	-	-	-	1,138,905	1,138,905
Total liabilities	15,425,719	2,463,807	27,488,485	-	4,933,426	50,311,437
Deferred inflow of resources:						
Unavailable revenue	4,766,304	-	373,750	455,714	-	5,595,768
Fund balances:						
Non spendable	777,323	-	1,790,643	-	287,726	2,855,692
Restricted for:						
Debt service	-	-	-	6,181,803	-	6,181,803
Capital projects for future construction	-	-	156,773,007	-	58,890,582	215,663,589
Special revenue for future commitments	-	5,679,431	-	-	4,185,111	9,864,542
Committed to:						
Insurance	6,439,641	-	-	-	-	6,439,641
Workforce housing	456,543	-	-	-	-	456,543
Capital projects for future construction	8,461,478	-	-	-	-	8,461,478
Unassigned	64,320,358	-	-	-	-	64,320,358
Total fund balances	80,455,343	5,679,431	158,563,650	6,181,803	63,363,419	314,243,646
Total liabilities, deferred inflow of resources and fund balances	\$ 100,647,366	\$ 8,143,238	\$ 186,425,885	\$ 6,637,517	\$ 68,296,845	\$ 370,150,851

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, 2018**

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

Total fund balances per balance sheet	\$ 314,243,646
Capital assets used in governmental activities are not financial resources and, therefore, are not reported at the fund level.	1,686,948,609
Deferred outflow of resources are not financial resources and, therefore, are not reported at the fund level.	23,422,018
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are unavailable at the fund level.	5,595,768
Other assets are not available to pay for current-period expenditures, and, therefore, are not included at the fund level.	28,841,244
Long-term liabilities, including bonds payable, pension liabilities, OPEB, compensated absences, and accrued interest payable are not due and payable in the current period and, therefore, are not reported at the fund level.	(717,935,187)
Deferred inflow of resources are not financial resources and, therefore, are not reported at the fund level.	(5,712,357)
Net position of governmental activities	<u>\$ 1,335,403,741</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, 2018**

	<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>
REVENUES:						
Taxes:						
Property	\$ 73,981,705	\$ 6,519,714	\$ -	\$ 39,438,698	\$ 402,640	\$ 120,342,757
Sales	43,104,372	-	-	-	259,115	43,363,487
Franchise	10,191,809	-	-	-	328,053	10,519,862
Hotel/motel	-	-	-	-	6,141,721	6,141,721
Other	1,070,871	-	-	-	-	1,070,871
Licenses and permits	12,906,768	-	-	-	-	12,906,768
Intergovernmental	2,517,437	24,719,448	6,562,952	-	543,800	34,343,637
Charges for services	9,307,301	-	-	-	400	9,307,701
Fines	2,273,490	-	-	-	412,005	2,685,495
Special assessments	-	-	-	-	9,456,594	9,456,594
Rents	2,512,937	4,584,460	-	-	10,000	7,107,397
Investment earnings	1,418,693	105,288	2,660,933	218,273	1,046,489	5,449,676
Contributions, donations and grants	86,889	47,278	1,369,766	-	4,453,198	5,957,131
Payments from component units	94,000	3,718,046	24,263,068	1,979,467	-	30,054,581
Miscellaneous	225,015	-	-	-	34,787	259,802
Total revenues	<u>159,691,287</u>	<u>39,694,234</u>	<u>34,856,719</u>	<u>41,636,438</u>	<u>23,088,802</u>	<u>298,967,480</u>
EXPENDITURES:						
Current:						
General government	38,249,209	19,284,670	-	-	817,726	58,351,605
Public safety	73,896,201	-	-	-	1,916,572	75,812,773
Public works	14,141,656	-	-	-	87,512	14,229,168
Culture and recreation	20,412,611	-	-	-	4,551,542	24,964,153
Capital outlay (includes \$1,956,944 not capitalized)	7,095,788	-	106,019,399	-	606,953	113,722,140
Debt service:						
Principal retirement	-	-	-	39,365,000	-	39,365,000
Interest and fiscal charges	-	-	370,385	25,205,321	-	25,575,706
Total expenditures	<u>153,795,465</u>	<u>19,284,670</u>	<u>106,389,784</u>	<u>64,570,321</u>	<u>7,980,305</u>	<u>352,020,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,895,822</u>	<u>20,409,564</u>	<u>(71,533,065)</u>	<u>(22,933,883)</u>	<u>15,108,497</u>	<u>(53,053,065)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt	-	-	53,635,000	-	-	53,635,000
Premium on bonds issued	-	-	3,288,439	-	-	3,288,439
Discount on bonds issued	-	-	(57,075)	-	-	(57,075)
Proceeds from sale of assets	141,072	-	394,052	-	6,905	542,029
Transfers in	983,644	1,446,237	11,803,897	23,268,173	352,635	37,854,586
Transfers out	(382,635)	(20,887,166)	(423,677)	-	(13,899,668)	(35,593,146)
Total other financing sources and uses	<u>742,081</u>	<u>(19,440,929)</u>	<u>68,640,636</u>	<u>23,268,173</u>	<u>(13,540,128)</u>	<u>59,669,833</u>
Net change in fund balances	6,637,903	968,635	(2,892,429)	334,290	1,568,369	6,616,768
Fund balances, beginning	<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>
Fund balances, ending	<u>\$ 80,455,343</u>	<u>\$ 5,679,431</u>	<u>\$ 158,563,650</u>	<u>\$ 6,181,803</u>	<u>\$ 63,363,419</u>	<u>\$ 314,243,646</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, 2018

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

Net change in fund balance - total governmental funds	\$ 6,616,768
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.	106,791,352
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	515,479
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.	(10,645,674)
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.	(1,383,194)
Change in net position of governmental activities	<u>\$ 101,894,731</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, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Taxes:						
Property	\$ 73,623,537	\$ 73,623,537	\$ 73,981,705	\$ -	\$ 73,981,705	\$ 358,168
Sales	42,332,481	43,724,396	43,104,372	-	43,104,372	(620,024)
Franchise	9,705,458	10,226,422	10,191,809	-	10,191,809	(34,613)
Other	869,229	978,600	1,070,871	-	1,070,871	92,271
Licenses and permits	12,353,419	12,621,178	12,906,768	-	12,906,768	285,590
Intergovernmental	1,867,488	2,063,250	2,517,437	-	2,517,437	454,187
Charges for services	8,615,637	9,119,853	9,307,301	-	9,307,301	187,448
Fines	1,990,898	2,136,900	2,273,490	-	2,273,490	136,590
Rents	2,535,470	2,524,371	2,512,937	-	2,512,937	(11,434)
Investment earnings	474,450	929,200	1,418,693	-	1,418,693	489,493
Contributions, donations and grants	67,500	143,975	86,889	-	86,889	(57,086)
Payments from component units	50,000	94,000	94,000	-	94,000	-
Miscellaneous	745,033	320,673	225,015	-	225,015	(95,658)
Total revenues	<u>155,230,600</u>	<u>158,506,355</u>	<u>159,691,287</u>	<u>-</u>	<u>159,691,287</u>	<u>1,184,932</u>
EXPENDITURES:						
Current:						
General government	41,109,812	45,463,975	38,249,209	(231,243)	38,017,966	7,446,009
Public safety	75,453,001	74,775,039	73,896,201	(519)	73,895,682	879,357
Public works	12,704,729	14,928,354	14,141,656	(1,044,826)	13,096,830	1,831,524
Culture and recreation	19,893,748	20,959,314	20,412,611	(68,577)	20,344,034	615,280
Capital outlay	<u>6,437,708</u>	<u>9,445,045</u>	<u>7,095,788</u>	<u>(100,235)</u>	<u>6,995,553</u>	<u>2,449,492</u>
Total expenditures	<u>155,598,998</u>	<u>165,571,727</u>	<u>153,795,465</u>	<u>(1,445,400)</u>	<u>152,350,065</u>	<u>13,221,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(368,398)</u>	<u>(7,065,372)</u>	<u>5,895,822</u>	<u>1,445,400</u>	<u>7,341,222</u>	<u>14,406,594</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of assets	-	142,006	141,072	-	141,072	(934)
Transfers in	899,644	899,644	983,644	-	983,644	84,000
Transfers out	<u>(115,000)</u>	<u>(280,000)</u>	<u>(382,635)</u>	<u>-</u>	<u>(382,635)</u>	<u>(102,635)</u>
Total other financing sources (uses)	<u>784,644</u>	<u>761,650</u>	<u>742,081</u>	<u>-</u>	<u>742,081</u>	<u>(19,569)</u>
Net change in fund balances	416,246	(6,303,722)	6,637,903	1,445,400	8,083,303	14,387,025
Fund balances, October 1	<u>59,295,551</u>	<u>73,817,440</u>	<u>73,817,440</u>	<u>(4,196,446)</u>	<u>69,620,994</u>	<u>(4,196,446)</u>
Fund balances, September 30	<u>\$ 59,711,797</u>	<u>\$ 67,513,718</u>	<u>\$ 80,455,343</u>	<u>\$ (2,751,046)</u>	<u>\$ 77,704,297</u>	<u>\$ 10,190,579</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, 2018**

	Net Change in Fund Balances
GAAP basis	\$ 6,637,903
Expenditures:	
Increase due to encumbrances from prior year	4,196,446
Decrease due to encumbrances for current year	<u>(2,751,046)</u>
Budgetary basis	<u>\$ 8,083,303</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, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Taxes:						
Property	\$ 6,528,067	\$ 6,519,714	\$ 6,519,714	\$ -	\$ 6,519,714	\$ -
Intergovernmental	24,665,368	24,509,963	24,719,448	-	24,719,448	209,485
Rents	4,862,937	4,962,937	4,584,460	-	4,584,460	(378,477)
Investment earnings	26,600	61,060	105,288	-	105,288	44,228
Contributions, donations and grants	-	-	47,278	-	47,278	47,278
Payments from component units	3,718,046	3,718,046	3,718,046	-	3,718,046	-
Total revenues	<u>39,801,018</u>	<u>39,771,720</u>	<u>39,694,234</u>	<u>-</u>	<u>39,694,234</u>	<u>(77,486)</u>
EXPENDITURES:						
Current:						
General government	19,812,267	19,970,958	19,284,670	-	19,284,670	686,288
Total expenditures	<u>19,812,267</u>	<u>19,970,958</u>	<u>19,284,670</u>	<u>-</u>	<u>19,284,670</u>	<u>686,288</u>
Excess of revenues over expenditures	<u>19,988,751</u>	<u>19,800,762</u>	<u>20,409,564</u>	<u>-</u>	<u>20,409,564</u>	<u>608,802</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	1,348,406	1,446,237	1,446,237	-	1,446,237	-
Transfers out	(20,629,465)	(20,887,166)	(20,887,166)	-	(20,887,166)	-
Total other financing sources (uses)	<u>(19,281,059)</u>	<u>(19,440,929)</u>	<u>(19,440,929)</u>	<u>-</u>	<u>(19,440,929)</u>	<u>-</u>
Net change in fund balances	707,692	359,833	968,635	-	968,635	608,802
Fund balances, October 1	3,400,926	4,710,796	4,710,796	-	4,710,796	-
Fund balances, September 30	<u>\$ 4,108,618</u>	<u>\$ 5,070,629</u>	<u>\$ 5,679,431</u>	<u>\$ -</u>	<u>\$ 5,679,431</u>	<u>\$ 608,802</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, 2018**

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 23,223,437	\$ 6,286,662	\$ 29,510,099
Investments	24,574,029	5,789,325	30,363,354
Receivables - (net of allowance for uncollectibles):			
Utility bills	10,582,811	-	10,582,811
Other	2,077,023	25,462	2,102,485
Inventories	857,431	-	857,431
Prepays	61,363	775	62,138
Restricted cash and cash equivalents	32,185,525	-	32,185,525
Restricted investments	41,882,260	-	41,882,260
Total current assets	<u>135,443,879</u>	<u>12,102,224</u>	<u>147,546,103</u>
Noncurrent assets:			
Capital assets:			
Land	10,543,522	-	10,543,522
Buildings and improvements	9,986,356	137,242	10,123,598
Improvements other than buildings	513,842,491	92,190	513,934,681
Machinery and equipment	8,695,960	1,619,527	10,315,487
Construction in progress	57,834,717	-	57,834,717
Accumulated depreciation	<u>(181,527,534)</u>	<u>(1,064,436)</u>	<u>(182,591,970)</u>
Total capital assets (net of accumulated depreciation)	419,375,512	784,523	420,160,035
Total noncurrent assets	<u>419,375,512</u>	<u>784,523</u>	<u>420,160,035</u>
Total assets	<u><u>554,819,391</u></u>	<u><u>12,886,747</u></u>	<u><u>567,706,138</u></u>
DEFERRED OUTFLOW OF RESOURCES			
Pension contributions and investment experience	1,466,245	241,264	1,707,509
OPEB	15,825	2,638	18,463
Deferred charge on bond refunding	3,503,948	-	3,503,948
Total deferred outflow of resources	<u><u>\$ 4,986,018</u></u>	<u><u>\$ 243,902</u></u>	<u><u>\$ 5,229,920</u></u>

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

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 5,059,221	\$ 922,614	\$ 5,981,835
Accrued liabilities	604,469	94,309	698,778
Accrued interest payable	802,482	-	802,482
Customer deposits payable	4,406,352	-	4,406,352
Monies held in escrow	-	94,986	94,986
Liability for compensated absences	886,697	159,986	1,046,683
Bonds payable	12,909,761	-	12,909,761
Current liabilities	<u>24,668,982</u>	<u>1,271,895</u>	<u>25,940,877</u>
Noncurrent liabilities:			
Liability for compensated absences	439,852	101,573	541,425
Pension	3,951,277	658,546	4,609,823
OPEB	707,692	117,946	825,638
Bonds payable	142,082,790	-	142,082,790
Total noncurrent liabilities	<u>147,181,611</u>	<u>878,065</u>	<u>148,059,676</u>
Total liabilities	<u>171,850,593</u>	<u>2,149,960</u>	<u>174,000,553</u>
DEFERRED INFLOW OF RESOURCES			
Pension assumptions and investment earnings	802,376	130,620	932,996
OPEB	16,341	2,724	19,065
Total deferred inflow of resources	<u>818,717</u>	<u>133,344</u>	<u>952,061</u>
NET POSITION			
Net investment in capital assets	306,104,160	784,523	306,888,683
Restricted for:			
Capital projects	32,201,559	-	32,201,559
Unrestricted	48,830,380	10,062,822	58,893,202
Total net position	<u>\$ 387,136,099</u>	<u>\$ 10,847,345</u>	<u>\$ 397,983,444</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, 2018

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
OPERATING REVENUES:			
Charges for sales and services:			
Water sales	\$ 53,279,352	\$ -	\$ 53,279,352
Sewer charges	36,651,944	-	36,651,944
Service charges	2,984,869	-	2,984,869
Sanitation charges	-	16,208,383	16,208,383
Water and sewer connections	1,610,403	-	1,610,403
Inspection fees	2,174,544	-	2,174,544
Stormwater drainage fees	-	3,794,900	3,794,900
Miscellaneous	41,383	52,458	93,841
Total operating revenues	<u>96,742,495</u>	<u>20,055,741</u>	<u>116,798,236</u>
OPERATING EXPENSES:			
Cost of sales and services	50,051,467	13,597,422	63,648,889
Administration	23,469,304	3,424,314	26,893,618
Depreciation	16,634,129	200,091	16,834,220
Amortization	522,261	-	522,261
Total operating expenses	<u>90,677,161</u>	<u>17,221,827</u>	<u>107,898,988</u>
Operating income	<u>6,065,334</u>	<u>2,833,914</u>	<u>8,899,248</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	1,581,782	115,170	1,696,952
Intergovernmental contribution	162,433	7,151	169,584
Gain on sale of equipment	25,405	-	25,405
Interest expense	(2,989,469)	-	(2,989,469)
Total nonoperating revenues (expenses)	<u>(1,219,849)</u>	<u>122,321</u>	<u>(1,097,528)</u>
Income (loss) before capital contributions	<u>4,845,485</u>	<u>2,956,235</u>	<u>7,801,720</u>
CAPITAL CONTRIBUTIONS:			
Capital contributions	<u>40,895,889</u>	<u>-</u>	<u>40,895,889</u>
Income before transfers	<u>45,741,374</u>	<u>2,956,235</u>	<u>48,697,609</u>
TRANSFERS:			
Transfers in	319,743	-	319,743
Transfers out	-	(2,581,183)	(2,581,183)
Total transfers	<u>319,743</u>	<u>(2,581,183)</u>	<u>(2,261,440)</u>
Change in net position	<u>46,061,117</u>	<u>375,052</u>	<u>46,436,169</u>
Net position, beginning	341,703,416	10,577,031	352,280,447
Cumulative effect of a change in accounting principle - GASB 75	(628,434)	(104,738)	(733,172)
Net position, beginning-restated	<u>341,074,982</u>	<u>10,472,293</u>	<u>351,547,275</u>
Net position, ending	<u>\$ 387,136,099</u>	<u>\$ 10,847,345</u>	<u>\$ 397,983,444</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, 2018

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 97,720,717	\$ 20,567,946	\$ 118,288,663
Cash payments to suppliers for goods and services	(59,961,926)	(14,394,047)	(74,355,973)
Cash payments to employees for services	(14,654,897)	(2,338,447)	(16,993,344)
Other receipts	41,383	52,458	93,841
Net cash provided by operating activities	<u>23,145,277</u>	<u>3,887,910</u>	<u>27,033,187</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers received from other funds	319,743	-	319,743
Transfers made to other funds	-	(1,063,238)	(1,063,238)
Contributions	139,933	-	139,933
Net cash provided/(used) by noncapital financing activities	<u>459,676</u>	<u>(1,063,238)</u>	<u>(603,562)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(34,603,209)	(255,942)	(34,859,151)
Proceeds from sale or transfer of equipment	25,405	7,151	32,556
Principal paid on long-term debt	(10,095,000)	-	(10,095,000)
Interest and fees paid on long-term debt	(6,122,236)	-	(6,122,236)
Bond proceeds net of issuance costs	15,212,422	-	15,212,422
Intergovernmental payments for capital construction	-	(1,517,945)	(1,517,945)
Developers contributions	8,762,368	-	8,762,368
Net cash (used) by capital and related financing activities	<u>(26,820,250)</u>	<u>(1,766,736)</u>	<u>(28,586,986)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(66,456,289)	(5,789,325)	(72,245,614)
Proceeds from sale and maturities of investment securities	71,493,568	2,289,500	73,783,068
Interest on investments	1,514,074	114,035	1,628,109
Net cash provided/(used) by investing activities	<u>6,551,353</u>	<u>(3,385,790)</u>	<u>3,165,563</u>
 Net increase in cash and cash equivalents	 3,336,056	 (2,327,854)	 1,008,202
Cash and cash equivalents, October 1	<u>52,072,906</u>	<u>8,614,516</u>	<u>60,687,422</u>
Cash and cash equivalents, September 30	<u>\$ 55,408,962</u>	<u>\$ 6,286,662</u>	<u>\$ 61,695,624</u>
 Classified as:			
Current assets	\$ 23,223,437	\$ 6,286,662	\$ 29,510,099
Restricted assets	32,185,525	-	32,185,525
Total	<u>\$ 55,408,962</u>	<u>\$ 6,286,662</u>	<u>\$ 61,695,624</u>

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

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 6,065,334	\$ 2,833,914	\$ 8,899,248
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	16,634,129	200,091	16,834,220
Amortization	522,261	-	522,261
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - utility bills	501,066	-	501,066
Receivables - other	(1,625,064)	577,753	(1,047,311)
Prepaid expenses and other assets	21,683	597	22,280
Inventories	(186,613)	-	(186,613)
Increase (decrease) in-			
Accounts payable	444,654	232,938	677,592
Accrued liabilities	56,892	8,900	65,792
Liability for compensated absences	100,763	31,537	132,300
Net pension liability	11,859	1,976	13,835
OPEB	79,774	13,294	93,068
Deposits and escrows	518,539	(13,090)	505,449
Total adjustments	<u>17,079,943</u>	<u>1,053,996</u>	<u>18,133,939</u>
Net cash provided by operating activities	<u>\$ 23,145,277</u>	<u>\$ 3,887,910</u>	<u>\$ 27,033,187</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 \$32,156,021.

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



PROGRESS IN MOTION

**Combining Statement of Net Position
Component Units
September 30, 2018**

	Community Development	Economic Development	Charitable Foundation	Total
ASSETS				
Current:				
Cash and cash equivalents	\$ 14,064,941	\$ 15,966,636	\$ 12,435	\$ 30,044,012
Cash escrow held for land purchase	17,124,827	25,687,236	-	42,812,063
Investments	12,932,414	7,957,079	-	20,889,493
Receivables -				
Sales tax	3,682,100	3,682,100	-	7,364,200
Other	65,543	959,366	-	1,024,909
Prepaid expenses	-	66,439	-	66,439
Total current assets	<u>47,869,825</u>	<u>54,318,856</u>	<u>12,435</u>	<u>102,201,116</u>
Non-current:				
Notes receivable	160,000	450,000	-	610,000
Land held for resale	33,050,830	45,766,161	-	78,816,991
Capital assets:				
Land	50,547,071	16,137,801	-	66,684,872
Buildings and improvements	10,201,099	60,963	-	10,262,062
Improvements other than buildings	18,603,502	-	-	18,603,502
Machinery and equipment	112,763	229,395	-	342,158
Construction in progress	215,053	-	-	215,053
Accumulated depreciation	(24,767,758)	(237,342)	-	(25,005,100)
Restricted assets:				
Cash and cash equivalents	1,636,553	1,365,957	-	3,002,510
Investments	1,900,000	3,700,000	-	5,600,000
Total non-current assets	<u>91,659,113</u>	<u>67,472,935</u>	<u>-</u>	<u>159,132,048</u>
Total assets	<u>139,528,938</u>	<u>121,791,791</u>	<u>12,435</u>	<u>261,333,164</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension contributions and investment experience	-	243,930	-	243,930
OPEB	-	2,638	-	2,638
Deferred charge on bond refunding	881,352	-	-	881,352
Total deferred outflow of resources	<u>881,352</u>	<u>246,568</u>	<u>-</u>	<u>1,127,920</u>
LIABILITIES				
Current:				
Accounts payable	813,888	2,850,417	-	3,664,305
Accrued liabilities	10,170	51,533	-	61,703
Accrued liabilities - pollution remediation	835,231	1,252,842	-	2,088,073
Liability for compensated absences	14,139	108,895	-	123,034
Accrued interest payable	460,144	278,001	-	738,145
Deposits	76,118	-	-	76,118
Unearned revenue	5,000	1,229,000	-	1,234,000
Notes payable	4,581,286	23,325,267	-	27,906,553
Bonds payable	3,015,350	10,231,553	-	13,246,903
Total current liabilities	<u>9,811,326</u>	<u>39,327,508</u>	<u>-</u>	<u>49,138,834</u>
Non-current:				
Liability for compensated absences	5,224	66,017	-	71,241
Pension	-	658,546	-	658,546
OPEB	-	117,949	-	117,949
Notes payable	35,477,663	9,561,764	-	45,039,427
Bonds payable	60,586,386	41,110,721	-	101,697,107
Total non-current liabilities	<u>96,069,273</u>	<u>51,514,997</u>	<u>-</u>	<u>147,584,270</u>
Total liabilities	<u>105,880,599</u>	<u>90,842,505</u>	<u>-</u>	<u>196,723,104</u>
DEFERRED INFLOW OF RESOURCES				
Pension assumptions and investment earnings	-	133,281	-	133,281
OPEB	-	2,723	-	2,723
Total deferred inflow of resources	<u>-</u>	<u>136,004</u>	<u>-</u>	<u>136,004</u>
NET POSITION				
Net investment in capital assets	2,740,526	3,414,909	-	6,155,435
Restricted for debt service reserve	3,076,409	4,787,956	-	7,864,365
Unrestricted	28,712,756	22,856,985	12,435	51,582,176
Total net position	<u>\$ 34,529,691</u>	<u>\$ 31,059,850</u>	<u>\$ 12,435</u>	<u>\$ 65,601,976</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, 2018**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Service	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Component units:				
Community Development	\$ 37,106,105	\$ 919,914	\$ -	\$ -
Economic Development	20,351,298	914,910	43,775	3,626,910
Charitable Foundation	7,142	-	5,491	-
Total component units	\$ 57,464,545	\$ 1,834,824	\$ 49,266	\$ 3,626,910

General revenues:

Sales taxes

Intergovernmental

Investment income

Total general revenues

Change in net position

Net position, October 1

Cumulative effect on a change in accounting principle - GASB 75

Net position, beginning-restated

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			
Component Units			
Community Development	Economic Development	Charitable Foundation	Total
\$ (36,186,191)	\$ -	\$ -	\$ (36,186,191)
-	(15,765,703)	-	(15,765,703)
-	-	(1,651)	(1,651)
<u>\$ (36,186,191)</u>	<u>\$ (15,765,703)</u>	<u>\$ (1,651)</u>	<u>\$ (51,953,545)</u>
21,749,510	21,749,510	-	43,499,020
2,787,728	-	-	2,787,728
835,559	726,010	-	1,561,569
<u>25,372,797</u>	<u>22,475,520</u>	<u>-</u>	<u>47,848,317</u>
(10,813,394)	6,709,817	(1,651)	(4,105,228)
45,343,085	24,454,772	14,086	69,811,943
-	(104,739)	-	(104,739)
<u>45,343,085</u>	<u>24,350,033</u>	<u>14,086</u>	<u>69,707,204</u>
<u>\$ 34,529,691</u>	<u>\$ 31,059,850</u>	<u>\$ 12,435</u>	<u>\$ 65,601,976</u>



PROGRESS IN MOTION

CITY OF FRISCO, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 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 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 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 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 9/30/2017	Prior Year Restatement	Adjusted Beginning Balance	Additions	Deletions	Balance 9/30/2018
Deferred outflows						
Governmental activities	\$27,031,909	\$4,957	\$27,036,866	\$ 5,708,745	\$ 9,323,593	\$23,422,018
Business-type activities	6,119,504	826	6,120,330	951,459	1,841,869	5,229,920
Component units	1,334,821	118	1,334,939	135,919	342,938	1,127,920
Total	\$34,486,234	\$5,901	\$34,492,135	\$ 6,796,123	\$11,508,400	\$29,779,858
Deferred inflows						
Governmental activities	\$ (891,284)	\$ -	\$ (891,284)	\$(5,712,357)	\$ 891,284	\$(5,712,357)
Business-type activities	(148,549)	-	(148,549)	(952,061)	148,549	(952,061)
Component units	(21,218)	-	(21,218)	(136,004)	21,218	(136,004)
Total	\$(1,061,051)	\$ -	\$(1,061,051)	\$(6,800,422)	\$ 1,061,051	\$(6,800,422)

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. OPEB

For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, City specific information about its total OPEB liability in the TMRS Supplemental Death Benefits Fund (SDBF) and Retiree health insurance and additions to/deductions from the City's total OPEB liability have been determined on the same basis as they are reported by TMRS and Lockton Companies. 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. Information regarding the City's SDBF Total OPEB Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company. Information regarding the City's Retiree Health Insurance Total OPEB Liability is obtained through a report prepared for the City by Lockton Companies consulting actuaries. Both reports are prepared in compliance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

O. Fund Equity

In order to comply with the 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.

P. 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.

Q. 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.

R. 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.

S. New Accounting Pronouncements

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

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.

With this implementation, the City's financial statements were restated to reflect the beginning OPEB liability, deferred outflows and inflows of resources and the recognition of OPEB expense and contributions made between the start of the measurement period and the City's prior fiscal year. The restatement to beginning net position is noted below and reflected on the statements:

	Government-wide		Fund Level Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	
	Governmental Activities	Business-Type Activities	Component Units	Business-Type
Net position at 10/1/17	\$1,237,908,051	\$352,280,447	\$69,811,943	\$352,280,447
Change in reporting for OPEB	(4,399,041)	(733,172)	(104,739)	(733,172)
Net position restated at 10/1/17	\$1,233,509,010	\$351,547,275	\$69,707,204	\$351,547,275

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is effective for periods beginning after December 15, 2016, and pertains to a type of a giving agreement used by donors to provide resources to two or more beneficiaries, including governments. The adoption of Statement No. 81 has no impact on the City's financial statements.

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. 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. The adoption of Statement No. 86 has no impact on the City's financial statements.

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. 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. 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.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, is effective for periods beginning after June 15, 2018. The primary objective is to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, is effective for periods beginning after December 15, 2019. The objective of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, is effective for periods beginning after December 15, 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest in a legally separate organization, should be reported as a legally separate organization as a component unit, and the government

or fund that holds the equity interest establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

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 \$717,935,187 difference are as follows:

Bonds and certificates of obligation payable	\$632,890,000
Bond discount (to be amortized as interest expense)	(870,874)
Bond premiums (to be amortized over the life of the bonds)	38,062,598
Accrued interest payable	3,588,961
Compensated absences	11,651,708
Net pension liability	27,658,942
OPEB	<u>4,953,852</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$717,935,187</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 \$106,791,352 difference are as follows:

Capital outlay	\$111,765,196
Developers’ contributions	65,163,607
Book value of capital assets disposed/retired	(36,038)
Depreciation expense	<u>(70,101,413)</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>\$ 106,791,352</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 \$10,645,674 difference are as follows:

Debt issued or incurred:	
Premium amortization	\$ 8,324,743
Discount amortization	(63,099)
Amortization on loss of refunding of debt	(1,405,954)
Bonds issued	(53,635,000)
Bond premium issued	(3,288,439)
Bond discount issued	57,075
Principal repayments:	
Bonds	<u>39,365,000</u>
Net adjustment to decrease <i>net changes in fund balances</i>	<u>\$ (10,645,674)</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 \$1,383,194 difference are as follows:

Increase in accrued interest on bonds	\$ (65,620)
Increase in compensated absences	(676,139)
Increase in pension expense	(83,012)
Increase in OPEB expense	<u>(558,423)</u>
Net adjustment to decrease <i>net changes in fund balances</i>	<u>\$ (1,383,194)</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, 2018. At year-end, the carrying amount of the City's demand deposits was a balance of \$2,334,925 - bank balance, \$5,945,441. The carrying amount of the component unit's pooled cash was \$(310,595), - bank balance, \$0. The cash on hand carrying amount totaled \$24,055. Additionally, cash held in escrow for a city project was \$1,820 and for land purchase for the component units was \$42,812,063 and is being held by an independent title company. The bank balance for the primary government and the component unit's deposits was covered by collateral with a fair value of \$7,049,017. The collateral is held in the City's name by the Bank of New York

Mellon, an agent 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, 2018, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity Days
Primary Government		
General Fund		
Federal Agency Notes	\$ 24,048,744	80
TexPool	24,285,194	28
TexStar	43,041,340	43
CIP Funds		
Federal Agency Notes	131,223,375	128
TexPool	7,343,684	28
TexStar	86,929,283	43
Other Funds		
Federal Agency Notes	103,914,255	122
TexPool	49,368,612	28
TexStar	8,124,036	43
Total Primary Government	<u>\$478,278,523</u>	<u>50</u>
Component Units		
Community Development		
Federal Agency Notes	\$ 14,832,414	177
TexPool	14,843,391	28
TexStar	975,710	43
Economic Development		
Federal Agency Notes	11,657,079	116
TexPool	17,238,507	28
TexStar	299,509	43
Total Component Units	<u>\$ 59,846,610</u>	<u>82</u>
Total Government	<u>\$538,125,133</u>	<u>54</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, 2018	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)
<u>Cash and cash equivalents:</u>				
Bank deposits	\$ 2,358,980	\$ -	\$ -	\$ -
Total cash and cash equivalents	2,358,980			
<u>Cash held for City projects:</u>				
Bank deposits	1,820	-	-	-
Total cash held for City project	1,820	-	-	-
<u>Investments measured at amortized costs:</u>				
Investment pools:				
Texpool	80,997,490	-	-	-
<u>Investments measured at net asset value (NAV), fair value:</u>				
Investment pools:				
TexStar	138,094,659	-	-	-
<u>Investments by fair value level:</u>				
U.S. government agency securities:				
Federal Home Loan Bank	50,975,847	-	50,975,847	-
Federal Farm Credit Bank	22,050,496	-	22,050,496	-
Federal Home Loan Mortgage Corp	32,010,655	-	32,010,655	-
Federal National Mortgage Assn	18,899,680	-	18,899,680	-
US Treasury Notes	135,249,696	-	135,249,696	-
Total investments	478,278,523	-	259,186,374	-
Total cash and investments	\$ 480,639,323	\$ -	\$ 259,186,378	\$ -

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

Component Units	September 30, 2018	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)
<u>Cash and cash equivalents:</u>				
Bank deposits	\$ (310,595)	\$ -	\$ -	\$ -
Total cash and cash equivalents	(310,595)	-	-	-
<u>Cash held for land purchase:</u>				
Bank deposits	42,812,063	-	-	-
Total cash held for land purchase	42,812,063	-	-	-
<u>Investments measured at amortized costs:</u>				
Investment pools:				
Texpool	32,081,898	-	-	-
<u>Investments measured at net asset value (NAV), fair value:</u>				
Investment pools:				
TexStar	1,275,219	-	-	-
<u>Investments by fair value level:</u>				
U.S. government agency securities:				
Federal Home Loan Bank	3,974,880	-	3,974,880	-
US Treasury Notes	22,514,613	-	22,514,613	-
Total investments	59,846,610	-	26,489,493	-
Total cash and investments	\$ 102,348,078	\$ -	\$ 26,489,493	\$ -

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, 2018, 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, and Federal Home Loan Bank (FHLB). These investments are 5.95%, 29.32%, and 10.21% 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, 2018, 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:

Governmental Activities	General	TIRZ #1	Capital Projects	Debt Service	Other Funds	Total
Property tax	\$ 817,222	\$ -	\$ -	\$490,354	\$ -	\$ 1,307,576
Sales tax	7,364,201	-	-	-	-	7,364,201
Franchise tax	5,289,912	-	-	-	78,858	5,368,770
Occupancy tax	-	-	-	-	514,372	514,372
Mixed beverage	276,632	-	-	-	-	276,632
Accrued interest	89,021	-	194,410	-	7,853	291,284
Grants	-	-	-	-	1,250,074	1,250,074
Assessments	-	-	-	-	962,179	962,179
Other	2,577,151	151,186	58,240	166,244	178,661	3,131,482
Gross receivables	16,414,139	151,186	252,650	656,598	2,991,997	20,466,570
Less: allowance	(1,255,639)	-	-	(24,518)	-	(1,280,157)
Net receivables	\$15,158,500	151,186	\$252,650	\$632,080	\$ 2,991,997	\$19,186,413

Business-type Activities	Water and Sewer	Other Funds	Total
Utility bills	\$12,761,743	\$ -	\$12,761,743
Accrued interest	234,708	18,857	253,565
Other	1,842,315	6,605	1,848,920
Gross receivables	14,838,766	25,462	14,864,228
Less: allowance	(2,178,932)	-	(2,178,932)
Net receivables	\$12,659,834	\$25,462	\$12,685,296

Component Units	Community Development Corporation	Economic Development Corporation	Total
Sales tax	\$3,682,100	\$3,682,100	\$7,364,200
Accrued interest	41,507	44,031	85,538
Other	24,036	915,335	939,371
Net receivables	\$3,747,643	\$4,641,466	\$8,389,109

The Proprietary Fund accounts receivable includes unbilled charges for services rendered at September 30, 2018.

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, 2018, the balance of the note receivable from the Frisco Community Development Corporation was \$28,675,000.

The City has note receivables with clients in the targeted down payment assistance program totaling \$65,000. Additionally, the City has one developer agreement in the CIP Fund for \$373,000 which is classified as a note receivable. This \$438,000 total note receivable is recorded at the fund level in the financial statements.

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, 2018 was \$160,000.

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 note's maturity date was extended to January 31, 2020 on November 15, 2017. The balance of the loan at September 30, 2018 was \$450,000.

NOTE 6. CAPITAL ASSETS

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

Governmental Activities	Balance 9/30/2017	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2018
Capital assets, not being depreciated:					
Land	\$ 248,463,147	\$ 37,105,060	\$ -	\$ -	\$ 285,568,207
Construction-in-progress	120,592,621	66,883,604	(103,494,126)	-	83,982,099
Total capital assets, not being depreciated	369,055,768	103,988,664	(103,494,126)	-	369,550,306
Capital assets, being depreciated:					
Machinery and equipment	66,415,516	7,206,925	261,761	(581,411)	73,302,791
Buildings and improvements	629,660,645	332,356	52,707,718	-	682,700,719
Improvements other than buildings	1,096,063,060	65,400,858	50,524,647	-	1,211,988,565
Total capital assets being depreciated	1,792,139,221	72,940,139	103,494,126	(581,411)	1,967,992,075
Less accumulated depreciation:					
Machinery and equipment	(41,879,710)	(5,268,739)	-	545,373	(46,603,076)
Buildings and improvements	(158,195,000)	(23,578,408)	-	-	(181,773,408)
Improvements other than buildings	(380,963,022)	(41,254,266)	-	-	(422,217,288)
Total accumulated depreciation	(581,037,732)	(70,101,413)	-	545,373	(650,593,772)
Total capital assets, being depreciated, net	1,211,101,489	2,838,726	103,494,126	(36,038)	1,317,398,303
Governmental activities capital assets, net	\$1,580,157,257	\$106,827,390	\$ -	\$ (36,038)	\$1,686,948,609
Business-type Activities	Balance 9/30/2017	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2018
Capital assets, not being depreciated:					
Land	\$ 10,422,839	\$ 120,683	\$ -	\$ -	\$ 10,543,522
Construction-in-progress	40,201,013	33,800,223	(16,166,519)	-	57,834,717
Total capital assets, not being depreciated	50,623,852	33,920,906	(16,166,519)	-	68,378,239
Capital assets, being depreciated:					
Machinery and equipment	9,030,279	1,398,245	-	(113,037)	10,315,487
Buildings and improvements	10,123,598	-	-	-	10,123,598
Improvements other than buildings	465,558,101	32,211,300	16,166,519	(1,239)	513,934,681
Total capital assets being depreciated	484,711,978	33,609,545	16,166,519	(114,276)	534,373,766
Less accumulated depreciation:					
Machinery and equipment	(5,922,407)	(1,000,363)	-	113,037	(6,809,733)
Buildings and improvements	(6,100,565)	(447,879)	-	-	(6,548,444)
Improvements other than buildings	(153,847,815)	(15,385,978)	-	-	(169,233,793)
Total accumulated depreciation	(165,870,787)	(16,834,220)	-	113,037	(182,591,970)
Total capital assets, being depreciated, net	318,841,191	16,775,325	16,166,519	(1,239)	351,781,796
Business-type activities capital assets, net	\$369,465,043	\$50,696,231	\$ -	\$ (1,239)	\$420,160,035

For the Business-type Activities, interest costs for the period charged to expense totaled \$2,989,469. Capitalized interest costs recorded during the period totaled \$1,052,994.

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

Governmental activities

General government	\$ 17,405,764
Public safety	5,708,154
Public works	33,877,875
Culture and recreation	<u>13,109,620</u>
Total depreciation expense governmental activities	<u>\$70,101,413</u>

Business-type activities

Water & sewer	\$16,634,129
Stormwater drainage	134,439
Environmental services	<u>65,652</u>
Total depreciation expense business-type activities	<u>\$16,834,220</u>

Frisco Community Development Corporation	Balance 9/30/2017	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2018
Capital assets, not being depreciated:					
Land	\$52,650,138	\$ -	\$ -	\$(2,103,067)	\$50,547,071
Construction-in-progress	215,053	-	-	-	215,053
Total capital assets not being depreciated	<u>52,865,191</u>	<u>-</u>	<u>-</u>	<u>\$(2,103,067)</u>	<u>50,762,124</u>
Capital assets, being depreciated:					
Machinery and equipment	76,269	36,494	-	-	112,763
Buildings and improvements	10,159,742	41,357	-	-	10,201,099
Improvements other than buildings	<u>18,603,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,603,502</u>
Total capital assets being depreciated	<u>28,839,513</u>	<u>77,851</u>	<u>-</u>	<u>-</u>	<u>28,917,364</u>
Less: accumulated depreciation	<u>(23,373,753)</u>	<u>(1,394,005)</u>	<u>-</u>	<u>-</u>	<u>(24,767,758)</u>
Total capital assets being depreciated, net	<u>5,465,760</u>	<u>(1,316,154)</u>	<u>-</u>	<u>-</u>	<u>4,149,606</u>
FCDC capital assets, net	<u>\$58,330,951</u>	<u>\$(1,316,154)</u>	<u>\$ -</u>	<u>\$(2,103,067)</u>	<u>\$54,911,730</u>

Frisco Economic Development Corporation	Balance 9/30/2017	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2018
Capital assets, not being depreciated:					
Land	\$17,280,316	\$ -	\$ -	\$(1,142,515)	\$16,137,801
Total capital assets not being depreciated	<u>17,280,316</u>	<u>-</u>	<u>-</u>	<u>\$(1,142,515)</u>	<u>16,137,801</u>
Capital assets being depreciated:					
Machinery and equipment	527,709	8,197	-	(306,511)	229,395
Buildings and improvements	<u>9,987,087</u>	<u>-</u>	<u>-</u>	<u>(9,926,124)</u>	<u>60,963</u>
Total capital assets being depreciated	<u>10,514,796</u>	<u>8,197</u>	<u>-</u>	<u>(10,232,635)</u>	<u>290,358</u>
Less: accumulated depreciation	<u>(3,568,707)</u>	<u>(492,860)</u>	<u>-</u>	<u>3,824,225</u>	<u>(237,342)</u>
Total capital assets, being depreciated, net	<u>6,946,089</u>	<u>(484,663)</u>	<u>-</u>	<u>(6,408,410)</u>	<u>53,016</u>
FEDC capital assets, net	<u>\$24,226,405</u>	<u>\$(484,663)</u>	<u>\$ -</u>	<u>\$(7,550,925)</u>	<u>\$16,190,817</u>

In addition to construction in progress, the City had commitments or binding contracts as of September 30, 2018. The construction commitments or binding contracts totaled \$51,338,173 for the governmental capital projects fund; and \$7,607,034 for the business-type activities capital projects fund. Other funds also had outstanding encumbrances totaling \$5,562,680.

Governmental activities

General fund	\$ 2,751,046
Capital projects fund	51,338,173
Non-major funds	314,172
Total outstanding commitments	<u>\$ 54,403,391</u>

Business-type activities

Utility fund	\$ 374,110
Utility fund construction	7,607,034
Non-major funds	330,316
Total outstanding commitments	<u>\$ 8,311,460</u>

NOTE 7. NOTES PAYABLE

The following schedule summarizes notes payable as of September 30, 2018:

Frisco Community Development Corporation	Balance 9/30/2017	Additions	Deletions	Balance 9/30/2018
Note payable to City	\$31,705,000	\$ -	\$3,030,000	\$28,675,000
Note payable to bank	11,446,765	-	1,144,676	10,302,089
Premium	2,030,590	-	885,618	1,144,972
Discount	(69,045)	-	(5,933)	(63,112)
Total	<u>\$45,113,310</u>	<u>\$ -</u>	<u>\$5,054,361</u>	<u>\$40,058,949</u>

Frisco Economic Development Corporation	Balance 9/30/2017	Additions	Deletions	Balance 9/30/2018
Note payable to bank	\$39,976,957	\$ -	\$7,089,926	\$32,887,031
Total	<u>\$39,976,957</u>	<u>\$ -</u>	<u>\$7,089,926</u>	<u>\$32,887,031</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, 2018, the balance of the note payable to the City from the Community Development Corporation was \$29,756,860. This includes \$28,675,000 in the note balance, \$1,144,972 of premium and \$63,112 of discount.

NOTE 8. LONG-TERM DEBT

General obligation bonds and certificates of obligation mature annually in varying amounts through 2041. The interest for the bonds is payable semi-annually with interest rates ranging from 1.255% - 5.200%. The City is in compliance with related bond covenants.

In June 2018, the City of Frisco issued General Obligation Bonds, Series 2018, in the amount of \$53,635,000 with a net premium of \$3,231,364. 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; and (iii) to pay the costs of issuance associated with the sale of the bonds.

Also, in June 2018, the City issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018, in the amount of \$14,705,000 with a net premium of \$507,423. 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:

Governmental Activities	Balance 9/30/2017	Increases	Decreases	Balance 9/30/2018	Amounts due within one year
Compensated absences	\$ 10,975,569	\$ 9,056,175	\$ 8,380,036	\$ 11,651,708	\$ 6,953,457
General obligation bonds	435,600,000	53,635,000	34,495,000	454,740,000	38,260,000
Certificates of obligation	186,050,000	-	7,900,000	178,150,000	7,750,000
Premiums	43,098,902	3,288,439	8,324,743	38,062,598	7,385,849
Discounts	(876,898)	(57,075)	(63,099)	(870,874)	(64,860)
Total governmental activities	\$ 674,847,573	\$ 65,922,539	\$ 59,036,680	\$681,733,432	\$60,284,446

Business-type Activities	Balance 9/30/2017	Increases	Decreases	Balance 9/30/2018	Amounts due within one year
Compensated absences	\$ 1,455,808	\$ 1,177,167	\$ 1,044,867	\$ 1,588,108	\$ 1,046,683
General obligation bonds	63,740,000	-	7,030,000	56,710,000	7,315,000
Certificates of obligation	77,890,000	14,705,000	3,065,000	89,530,000	3,690,000
Premiums	10,725,809	589,078	2,125,146	9,189,741	1,937,305
Discounts	(384,567)	(81,655)	(29,032)	(437,190)	(32,544)
Total business-type activities	153,427,050	16,389,590	13,235,981	156,580,659	13,956,444
Total primary government	\$ 828,274,623	\$ 82,312,129	\$ 72,272,661	\$838,314,091	\$74,240,890

Component Units	Balance 9/30/2017	Increases	Decreases	Balance 9/30/2018	Amounts due within one year
Compensated absences	\$ 191,114	\$ 113,665	\$ 110,504	\$ 194,275	\$ 123,034
Sales tax revenue bonds	118,475,000	-	5,300,000	113,175,000	12,945,000
Notes payable – bank	51,423,722	-	8,234,601	43,189,121	24,355,476
Notes payable – City	31,705,000	-	3,030,000	28,675,000	3,140,000
Premiums	4,212,947	-	1,217,903	2,995,044	725,812
Discounts	(157,166)	-	(12,991)	(144,175)	(12,833)
Total component units	\$205,850,617	\$ 113,665	\$ 17,880,017	\$188,084,265	\$41,276,490

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental activities for the years subsequent to September 30, 2018, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2019	\$ 46,010,000	\$ 26,921,872	\$ 72,931,872
2020	46,690,000	24,696,447	71,386,447
2021	48,850,000	22,513,295	71,363,295
2022	48,580,000	20,350,673	68,930,673
2023	50,815,000	18,105,256	68,920,256
2024-2028	160,880,000	64,131,526	225,011,526
2029-2033	135,360,000	33,700,667	169,060,667
2034-2038	92,085,000	8,578,169	100,663,169
2039-2041	3,620,000	193,025	3,813,025
Total	632,890,000	219,190,930	852,080,930
Plus: Unamortized bond premium	38,062,598	-	38,062,598
Less: Unamortized bond discount	(870,874)	-	(870,874)
Net debt service requirements	\$ 670,081,724	\$ 219,190,930	\$889,272,654

Debt service requirements of the general obligation bonds and certificates of obligation for the business-type activities for the years subsequent to September 30, 2018, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2019	\$ 11,005,000	\$ 6,007,627	\$ 17,012,627
2020	11,430,000	5,480,450	16,910,450
2021	11,960,000	4,949,063	16,909,063
2022	11,300,000	4,432,050	15,732,050
2023	11,795,000	3,924,488	15,719,488
2024-2028	43,790,000	12,651,891	56,441,891
2029-2033	29,985,000	5,542,719	35,527,719
2034-2038	14,975,000	973,497	15,948,497
Total	146,240,000	43,961,785	190,201,785
Plus: Unamortized bond premium	9,189,741	-	9,189,741
Less: Unamortized bond discount	(437,190)	-	(437,190)
Net debt service requirements	\$154,992,551	\$ 43,961,785	\$198,954,336

Debt service requirements of the revenue bonds and notes payable for the Community Development Corporation component unit for the years subsequent to September 30, 2018, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2019	\$ 6,890,209	\$ 3,950,008	\$ 10,840,217
2020	6,497,188	3,712,634	10,209,822
2021	6,619,469	3,462,593	10,082,062
2022	13,535,223	3,073,001	16,608,224
2023	6,275,000	2,624,162	8,899,162
2024-2028	26,005,000	9,621,944	35,626,944
2029-2033	24,230,000	4,546,546	28,776,546
2034-2037	10,765,000	881,754	11,646,754
Total	100,817,089	31,872,642	132,689,731
Plus: Unamortized bond premium	2,980,958	-	2,980,958
Less: Unamortized bond discount	(137,363)	-	(137,363)
Net debt service requirements	\$ 103,660,684	\$ 31,872,642	\$ 135,533,326

Debt service requirements of the revenue bonds and notes payable for the Economic Development Corporation component unit for the years subsequent to September 30, 2018, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2019	\$ 26,050,268	\$ 2,741,797	\$ 28,792,065
2020	12,376,764	2,350,477	14,727,241
2021	2,910,000	1,780,607	4,690,607
2022	3,020,000	1,682,506	4,702,506
2023	3,140,000	1,574,387	4,714,387
2024-2028	17,765,000	5,913,919	23,678,919
2029-2033	17,180,000	1,943,849	19,123,849
2034	1,780,000	37,380	1,817,380
Total	84,222,032	18,024,922	102,246,954
Plus: Unamortized bond premium	14,086	-	14,086
Less: Unamortized bond discount	(6,812)	-	(6,812)
Net debt service requirements	\$ 84,229,306	\$ 18,024,922	\$ 102,254,228

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 2018, the City rebated property taxes of \$342,322. Sales and use taxes rebated totaled \$3,790,679.

Retail Development Agreements

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 2018 fiscal year.

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 \$364,088 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 \$2,450,657 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 \$5,293 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 \$113,493 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 \$29,751 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 \$16,524 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 \$153,860 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 \$5,736 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 \$43,226 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 \$61,904 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 \$47,154 during the current year of the grant.

An agreement was executed in August 2017 for a retail sales center. The City pays seventy-five percent of one percent (.75%) of all retail sales over a certain dollar amount generated for a period of twenty-five years. The City paid \$721,675 for the current year of this 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, 2018, the City rebated a total of \$193,920 for the property tax increment payment for 2017. The cumulative amount rebated through September 30 was \$1,356,393.

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 883 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.tmr.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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	163
Inactive employees entitled to but not yet receiving benefits	430
Active employees	<u>1,129</u>
Total	<u>1,722</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 14.29% and 14.26% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$12,458,771 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
	100%	

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 as of 12/31/2016	\$214,284,384	\$173,097,089	\$41,187,295
Changes for the year:			
Service cost	14,945,284	-	14,945,284
Interest	14,856,079	-	14,856,079
Difference between expected and actual experience	3,176,149	-	3,176,149
Change in assumptions	-	-	-
Contributions-employer	-	11,609,557	(11,609,557)
Contributions-employee	-	5,739,055	(5,739,055)
Net investment income	-	24,019,515	(24,019,515)
Benefit payments, including refunds of employee contributions	(3,333,927)	(3,333,927)	-
Administrative expense	-	(124,330)	124,330
Other changes	-	(6,301)	6,301
Net changes	29,643,585	37,903,569	(8,259,984)
Balance as of 12/31/2017	\$243,927,969	\$211,000,658	\$32,927,311

Changes in Net Pension Liability Primary Government & Component Units

	Primary Government	Component Units	Totals
Balance as of 12/31/2016	\$40,363,549	\$823,746	\$41,187,295
Changes for the year:			
Service cost	14,646,378	298,906	14,945,284
Interest	14,558,957	297,122	14,856,079
Change in benefit terms	-	-	-
Difference between expected and actual experience	3,112,626	63,523	3,176,149
Change in assumptions	-	-	-
Contributions-employer	(11,377,366)	(232,191)	(11,609,557)
Contributions-employee	(5,624,274)	(114,781)	(5,739,055)
Net investment income	(23,539,125)	(480,390)	(24,019,515)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	121,843	2,487	124,330
Other changes	6,177	124	6,301
Net changes	(8,094,784)	(165,200)	(8,259,984)
Balance as of 12/31/2017	\$32,268,765	\$658,546	\$32,927,311

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	\$77,084,450	\$32,927,312	\$(2,497,037)

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.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of \$12,445,106; \$12,196,204 for the primary government and \$248,902 for the component units.

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

Deferred Outflows and Inflows Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,949,322	\$ -
Changes in actuarial assumptions used	-	847,980
Difference between projected and actual investments earnings	-	5,682,986
Contributions subsequent to the measurement date	<u>9,003,249</u>	<u>-</u>
Total	<u>\$11,952,571</u>	<u>\$6,530,966</u>

Deferred Outflows and Inflows Component Units

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,190	\$ -
Changes in actuarial assumptions used	-	17,306
Difference between projected and actual investments earnings	-	115,975
Contributions subsequent to the measurement date	<u>183,740</u>	<u>-</u>
Total	<u>\$243,930</u>	<u>\$133,281</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$9,003,249, with \$183,740 contributed for the component units, will be recognized as a reduction of the net pension liability for measurement year ending December 31, 2018 (i.e. recognized in the City's financial statements September 30, 2019). 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
2018	\$ (62,503)	\$ (1,276)	\$ (63,779)
2019	(365,277)	(7,455)	(372,732)
2020	(2,214,790)	(45,200)	(2,259,990)
2021	(2,149,157)	(43,860)	(2,193,017)
2022	541,839	11,058	552,897
Thereafter	<u>668,244</u>	<u>13,642</u>	<u>681,886</u>
Total	<u>\$ (3,581,644)</u>	<u>\$ (73,091)</u>	<u>\$ (3,654,735)</u>

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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.

The City of Frisco participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The City has elected, by ordinance, to participate in this program and provide group-term life insurance coverage for their active members and retirees. As the SDBF covers both active and retiree

participants, with no segregation of assets, the SDBF is considered to be a single-employer unfunded OPEB plan. Since only the retiree participants qualifies as an OPEB, the SDBF is administered through a non-qualifying trust per paragraph 4, item (b), of the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB Statement No. 75 is effective for fiscal years with a beginning date after June 15, 2017.

Benefits

The City offers its retired employees and their spouses under age 65 health insurance coverage under the separate plan from the active employees. Employees can retire and receive benefits upon reaching age 60 with five years of service or with 20 years of service. Only pre-Medicare benefits are provided. Spouses receive benefits based on their Medicare eligibility age.

TMRS provides death benefits for active employees providing a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered other postemployment benefit (OPEB) and is a fixed amount of \$7,500.

Employees Covered by benefit terms

For retiree health insurance at the October 1, 2017 valuation and September 30, 2018 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Active employees	<u>1,123</u>
Total	<u>1,127</u>

For TMRS supplemental death at the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	123
Inactive employees entitled to but not yet receiving benefits	113
Active employees	<u>1,129</u>
Total	<u>1,365</u>

Contributions

For retiree health insurance, retirees and their spouses currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

Monthly retiree contribution rates are as follows:

Retiree Premiums	Retiree	Retiree + Spouse
EPO High Deductible	\$ 900.50	\$1,759.18
EPO Low Deductible	\$1,035.98	\$1,980.65

Total OPEB Liability

The City of Frisco retiree health insurance total OPEB liability of \$4,464,063 was measured as of Sep 30, 2018, and was determined by an actuarial valuation as of Oct 1, 2017.

The City of Frisco TMRS supplemental death total OPEB liability of \$1,433,376 was measured as of Dec 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial assumptions

The retiree health insurance total OPEB liability in the Oct 1, 2017 actuarial valuation was determined using the following actuarial assumptions:

Discount rate as of measurement date	4.24%
Discount rate for OPEB expense	3.63%
Mortality table	RP 2017 headcount weighted total dataset mortality table, adjusted to 2006, with generational projections according to Scale MP-2017
Salary scale	Based on years of services; 10.5% in year 1, trending down to 3.5% after 24 years of service
Inflation	2.20%
Plan participation rates	20% pre-Medicare eligible

The discount rate was selected by City of Frisco based on the Bond Buyer 20-Bond General Obligation Index to reflect yields on long-term municipal bonds as of the measurement date.

The TMRS supplemental death total OPEB liability in the Dec 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Discount rate*	3.31%
Retirees' share of benefit-related costs	\$0
Administrative expense	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 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.

Mortality rates – disabled retirees RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The discount rate was based on the Fidelity index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

Changes in Total OPEB Liability Retiree Health Insurance	Primary Government	Component Units	Totals
Balance at September 30, 2017	\$4,012,236	\$81,882	\$4,094,118
Changes for the year:			
Service cost	337,888	6,896	344,784
Interest on the total OPEB liability	158,266	3,230	161,496
Changes in assumptions or other inputs	(153,429)	(3,131)	(156,560)
Benefit payments	19,821	404	20,225
Net changes	362,546	7,399	369,945
Balance at September 30, 2018	\$4,374,782	\$89,281	\$4,464,063

TMRS Supplemental Death	Primary Government	Component Units	Totals
Balance at September 31, 2016	\$1,125,762	\$22,975	\$1,148,737
Changes for the year:			
Service cost	104,388	2,130	106,518
Interest on the total OPEB liability	44,375	906	45,281
Changes in assumptions or other inputs	138,213	2,821	141,034
Benefit payments **	(8,030)	(164)	(8,194)
Net changes	278,946	5,693	284,639
Balance at September 31, 2017	\$1,404,708	\$28,668	\$1,433,376

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the Total OPEB Liability to changes in the discount rate.

The following presents the total OPEB liability of the City's retiree health insurance calculated using the discount rate of 4.24%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.24%) or 1 percentage point higher (5.24%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's OPEB	\$5,127,513	\$4,464,063	3,891,079

The following presents the total OPEB liability of the City's TMRS supplemental plan calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or 1 percentage point higher (4.31%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's OPEB	\$1,807,327	\$1,433,376	\$1,154,251

Sensitivity of the Total OPEB Liability to changes in the Healthcare cost trend rate.

The following presents the total OPEB liability of the City retiree health insurance, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate.

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's OPEB	\$3,423,232	\$4,464,063	5,736,601

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$653,295. At September 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

Retiree Health Insurance

Deferred Outflows and Inflows Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in actuarial assumptions used	-	133,452
Difference between projected and actual investments earnings	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$133,452</u>

Deferred Outflows and Inflows Component Units

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in actuarial assumptions used	-	2,723
Difference between projected and actual investments earnings	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$2,723</u>

TMRs Supplemental Death

Deferred Outflows and Inflows Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$122,925	\$ -
Changes in actuarial assumptions used	-	-
Difference between projected and actual investments earnings	-	-
Contributions subsequent to the measurement date	6,313	-
Total	<u>\$129,238</u>	<u>\$ -</u>

Deferred Outflows and Inflows Component Units

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$2,509	\$ -
Changes in actuarial assumptions used	-	-
Difference between projected and actual investments earnings	-	-
Contributions subsequent to the measurement date	129	-
Total	<u>\$2,638</u>	<u>\$ -</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$6,442 will be recognized as a reduction of the total OPEB liability in the City's financial statements September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Retiree Health Insurance

Measurement Year	Primary Government	Component Units	At September 30
2019	\$ (19,977)	\$ (408)	\$ (20,385)
2020	(19,977)	(408)	(20,385)
2021	(19,977)	(408)	(20,385)
2022	(19,977)	(408)	(20,385)
2023	(19,977)	(408)	(20,385)
Thereafter	(33,567)	(683)	(34,250)
Total	<u>\$(133,452)</u>	<u>\$(2,723)</u>	<u>\$(136,175)</u>

TMRs Supplemental Death

Measurement Year	Primary Government	Component Units	At December 31
2018	\$ (15,289)	\$ (312)	\$ (15,601)
2019	(15,289)	(312)	(15,601)
2020	(15,289)	(312)	(15,601)
2021	(15,289)	(312)	(15,601)
2022	(15,289)	(312)	(15,601)
Thereafter	(46,480)	(949)	(47,429)
Total	<u>\$(122,925)</u>	<u>\$(2,509)</u>	<u>\$(125,434)</u>

NOTE 13. 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 2018, 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 2018 was \$200,000 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, 2018 totaled \$2,600,000, which are recorded as a liability in the General Fund accounts payable. Changes in the liability for the past three years:

Claim Year	Liability Beginning of Year	Current Year Claims and Changes In Estimates	Claim Payments	Liability End of Year
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
2018 – Health Insurance	2,267,164	16,211,461	15,878,625	2,600,000

NOTE 14.

INTERFUND RECEIVABLES AND PAYABLES

All interfund receivables and payable are considered short-term and, at September 30, 2018 consisted of the following:

Due to	Due From	
	Non-major Governmental	Total
General Fund	\$ 1,138,905	\$ 1,138,905
Total	\$ 1,138,905	\$ 1,138,905

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.

Transfers to	Transfers From					
	General Fund	TIRZ #1	Capital Projects	Non-major Governmental	Proprietary and Non-major Proprietary	Total
General Fund	\$ -	\$ -	\$ -	\$ 84,000	\$ 899,644	\$ 983,644
TIRZ #1	-	-	-	1,446,237	-	1,446,237
Capital Projects	30,000	-	-	10,412,101	1,361,796	11,803,897
Debt Service	-	20,887,166	423,677	1,957,330	-	23,268,173
Non-major governmental	352,635	-	-	-	-	352,635
Utility Fund	-	-	-	-	319,743	319,743
Total	\$382,635	\$20,887,166	\$423,677	\$13,899,668	\$2,581,183	\$38,174,329

<u>Transfer from fund</u>	<u>Transfer to fund</u>	<u>Amount</u>
General Fund:		
Grant matching funds	Non-major Governmental Funds - Grants	\$ 352,635
Capital outlay	Capital Projects Fund	30,000
TIRZ #1 Fund:		
Debt service funding requirements	Debt Service	20,887,166
Capital Projects Fund:		
Debt service funding requirements	Debt Service	423,677
Non-Major Governmental Funds:		
Debt service funding requirements	TIRZ #1	1,446,237
Debt service funding requirements	Debt Service	1,957,330
Court warrant officer funding	General Fund	84,000
Capital outlay funding	Capital Projects	10,412,101
Proprietary Funds:		
G&A for Environmental Services	General Fund	799,644
G&A for Stormwater Drainage	General Fund	100,000
G&A Stormwater Drainage	Utility Fund	56,149
G&A Environmental Services	Utility Fund	263,594
Capital outlay funding	Capital Projects	<u>1,361,796</u>
Total		<u>\$38,174,329</u>

NOTE 15. OPERATING LEASE COMMITMENTS

The City entered into rental agreements in excess of one year during prior fiscal years. During fiscal year 2018, the City entered into additional agreements in excess of one year. The following commitments remain:

<u>FY</u>	<u>At September 30</u>
2019	\$ 166,707
2020	156,491
2021	77,976

Rent paid under operating leases was approximately \$208,381 for the year ended September 30, 2018.

NOTE 16. 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,

2018 is \$27,575,000. 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, 2018.

NOTE 17. 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 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.

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 4 Years

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017
Total pension liability:				
Service cost	\$ 9,985,109	\$ 12,146,969	\$ 13,533,172	\$ 14,945,284
Interest	10,863,498	12,134,224	13,102,946	14,856,079
Difference between expected and actual experience	(1,557,705)	(320,688)	1,645,340	3,176,149
Change in assumptions	-	(1,452,583)	-	-
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)	(2,696,424)	(3,333,927)
Net change in total pension liability	17,015,956	20,345,646	25,585,034	29,643,585
Total pension liability - beginning	151,337,748	168,353,704	188,699,350	214,284,384
Total pension liability - ending (a)	\$ 168,353,704	\$ 188,699,350	\$ 214,284,384	\$ 243,927,969
Plan fiduciary net position:				
Contributions - employer	\$ 7,982,625	\$ 9,779,163	\$ 10,375,914	\$ 11,609,557
Contributions - employee	4,173,145	4,790,759	5,187,963	5,739,055
Net investment income	6,923,943	203,262	10,161,230	24,019,515
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)	(2,696,424)	(3,333,927)
Administrative expenses	(72,257)	(123,767)	(114,632)	(124,330)
Other	(5,941)	(6,113)	(6,176)	(6,302)
Net change in plan fiduciary net position	16,726,569	12,481,028	22,907,875	37,903,568
Plan fiduciary net position - beginning	120,981,617	137,708,186	150,189,214	173,097,089
Plan fiduciary net position - ending (b)	\$ 137,708,186	\$ 150,189,214	\$ 173,097,089	\$ 211,000,657
Net pension liability - ending (a) - (b)	\$ 30,645,518	\$ 38,510,136	\$ 41,187,295	\$ 32,927,312
Plan fiduciary net position as a percentage of total pension liability	81.80%	79.59%	80.78%	86.50%
Covered payroll	\$ 59,616,360	\$ 68,433,626	\$ 74,113,757	\$ 81,936,863
Net pension liability as a percentage of covered payroll	51.40%	56.27%	55.57%	40.19%

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 4 Years

	2015	2016	2017	2018
Actuarially determined contribution	\$ 9,034,646	\$ 10,290,995	\$ 11,367,240	\$ 12,458,770
Contributions in relation to the actuarially determined contribution	9,034,646	10,290,995	11,367,240	12,458,770
Contribution deficiency/(excess)	-	-	-	-
Covered payroll	63,590,086	64,421,645	79,650,345	87,320,494
Contributions as a percentage of covered payroll	14.21%	15.97%	14.27%	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	28 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.

CITY OF FRISCO
Schedule of Changes in OPEB Liability and Related Ratios
TMRS Supplemental Death
Required Supplementary Information
Measurement Year 2017

	Measurement Year 2017
Total OPEB liability:	
Service cost	\$ 106,518
Interest	45,281
Changes in assumptions	141,034
Benefits payments, including refunds of employee contributions	(8,194)
Net change in total OPEB liability	284,639
Total OPEB liability - beginning	1,148,737
Total OPEB liability - ending	<u>\$ 1,433,376</u>
 Covered payroll	 <u>\$ 81,936,863</u>
 Total OPEB liability as a percentage of covered payroll	 1.75%
Valuation Date:	
Actuarial valuation date	December 31, 2017
Measurement date	December 31, 2017
Last experience study date	Period December 31, 2010 to December 31, 2014
Methods and assumptions used to determine contribution rates:	
Inflation	2.50%
Salary increases	3.5% to 10.5% including inflation
Discount rate as of measurement date	3.31%
Retirees' share of benefit-related costs	\$ -
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	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.
Mortality rates - service retirees	RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.
Other Information:	
Notes	There were no benefit changes during the year.

Notes to Schedule: Historical data not available - GASB 75 implemented in FY 2018.

CITY OF FRISCO
Schedule of Changes in OPEB Liability and Related Ratios
Retiree Health Insurance
Required Supplementary Information
9/30/2018

	Measurement Year 2018
Total OPEB liability:	
Service cost	\$ 344,784
Interest	161,496
Changes in assumptions	(156,560)
Benefits payments, including refunds of employee contributions	20,225
Net change in total OPEB liability	369,945
Total OPEB liability - beginning	4,094,118
Total OPEB liability - ending	<u>\$ 4,464,063</u>
 Covered payroll	 <u>\$ 73,139,025</u>
 Total OPEB liability as a percentage of covered payroll	 6.10%
 Valuation Date:	
Actuarial valuation date	October 1, 2017
Measurement date	September 30, 2018
Last experience study date	December 2017
 Methods and assumptions used to determine contribution rates:	
Discount rate as of measurement date	4.24%
Discount rate for OPEB expense	3.36%
Mortality table	RP 2014 headcount weighted total dataset mortality table, adjusted to 2006, with generational projection according to Scale Mp-2017
Salary scale	Based on years of service; 10.5% in year 1, trending down to 3.5% after 24 years of service
Inflation	2.20%
Plan participation rates	20% pre-Medicare eligible
 Healthcare trend rate:	
Current rate	7.00%
Ultimate rate	5.00%
Year ultimate rate is reached	2028
 Other Information:	
Notes	There were no benefit changes during the year.

Notes to Schedule: Historical data not available - GASB 75 implemented in FY 2018.

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, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Intergovernmental	\$ -	\$ 29,804,275	\$ 6,562,952	\$ -	\$ 6,562,952	\$ (23,241,323)
Investment earnings	-	1,800,000	2,660,933	-	2,660,933	860,933
Contributions, donations & grants	-	1,584,868	1,369,766	-	1,369,766	(215,102)
Payments from component units	4,345,700	27,029,577	24,263,068	-	24,263,068	(2,766,509)
Total revenues	<u>4,345,700</u>	<u>60,218,720</u>	<u>34,856,719</u>	<u>-</u>	<u>34,856,719</u>	<u>(25,362,001)</u>
EXPENDITURES:						
Capital outlay	28,995,700	296,301,708	106,019,399	(4,170,750)	101,848,649	194,453,059
Debt service	-	-	370,385	-	370,385	(370,385)
Total expenditures	<u>28,995,700</u>	<u>296,301,708</u>	<u>106,389,784</u>	<u>(4,170,750)</u>	<u>102,219,034</u>	<u>194,082,674</u>
Deficiency of revenues under expenditures	<u>(24,650,000)</u>	<u>(236,082,988)</u>	<u>(71,533,065)</u>	<u>(4,170,750)</u>	<u>(67,362,315)</u>	<u>168,720,673</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt	24,000,000	53,258,636	53,635,000	-	53,635,000	376,364
Premium on bonds issued	-	3,288,439	3,288,439	-	3,288,439	-
Discount on bonds issued	-	(57,075)	(57,075)	-	(57,075)	-
Proceeds from sale of assets	-	-	394,052	-	394,052	394,052
Transfers in	710,000	22,804,793	11,803,897	-	11,803,897	(11,000,896)
Transfers out	-	(423,080)	(423,677)	-	(423,677)	597
Total other financing sources (uses)	<u>24,710,000</u>	<u>78,871,713</u>	<u>68,640,636</u>	<u>-</u>	<u>68,640,636</u>	<u>(10,229,883)</u>
Net change in fund balances	60,000	(157,211,275)	(2,892,429)	4,170,750	1,278,321	158,489,596
Fund balances, October 1	23,954,497	161,456,079	161,456,079	(55,508,923)	105,947,156	(55,508,923)
Fund balances, September 30	<u>\$ 24,014,497</u>	<u>\$ 4,244,804</u>	<u>\$ 158,563,650</u>	<u>\$ (51,338,173)</u>	<u>\$ 107,225,477</u>	<u>\$ 102,980,673</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, 2018**

	Net Change
	in Fund Balances
GAAP basis	\$ (2,892,429)
Expenditures:	
Increase due to encumbrances from prior year	55,508,923
Decrease due to encumbrances from current year	<u>(51,338,173)</u>
Budgetary basis	<u>\$ 1,278,321</u>

**Debt Service Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Taxes:						
Property	\$ 39,139,734	\$ 39,139,734	\$ 39,438,698	\$ -	\$ 39,438,698	\$ 298,964
Investment earnings	30,000	61,060	218,273	-	218,273	157,213
Payment from component units	1,979,467	1,979,467	1,979,467	-	1,979,467	-
Total revenues	<u>41,149,201</u>	<u>41,180,261</u>	<u>41,636,438</u>	<u>-</u>	<u>41,636,438</u>	<u>456,177</u>
EXPENDITURES:						
Debt service	<u>63,313,935</u>	<u>64,569,705</u>	<u>64,570,321</u>	<u>-</u>	<u>64,570,321</u>	<u>(616)</u>
Total expenditures	<u>63,313,935</u>	<u>64,569,705</u>	<u>64,570,321</u>	<u>-</u>	<u>64,570,321</u>	<u>(616)</u>
Deficiency of revenues under expenditures	<u>(22,164,734)</u>	<u>(23,389,444)</u>	<u>(22,933,883)</u>	<u>-</u>	<u>(22,933,883)</u>	<u>455,561</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	<u>22,148,345</u>	<u>23,267,576</u>	<u>23,268,173</u>	<u>-</u>	<u>23,268,173</u>	<u>597</u>
Total other financing sources (uses)	<u>22,148,345</u>	<u>23,267,576</u>	<u>23,268,173</u>	<u>-</u>	<u>23,268,173</u>	<u>597</u>
Net change in fund balances	(16,389)	(121,868)	334,290	-	334,290	456,158
Fund balances, October 1	<u>5,810,940</u>	<u>5,847,513</u>	<u>5,847,513</u>	<u>-</u>	<u>5,847,513</u>	<u>-</u>
Fund balances, September 30	<u>\$ 5,794,551</u>	<u>\$ 5,725,645</u>	<u>\$ 6,181,803</u>	<u>\$ -</u>	<u>\$ 6,181,803</u>	<u>\$ 456,158</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.

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, 2018**

	Special Revenue					
	Hotel/Motel Tax	Panther Creek PID	Superdrome	Grants	CDBG	Traffic Control Enforcement
ASSETS						
Cash and cash equivalents	\$ 335,610	\$ 113,764	\$ 65,605	\$ -	\$ -	\$ 339,273
Investments	-	-	1,198,620	-	-	-
Receivables (net of allowance for uncollectibles):						
Franchise tax	-	-	-	-	-	-
Occupancy tax	514,372	-	-	-	-	-
Assessments	-	962,179	-	-	-	-
Grants	-	-	-	1,128,371	121,703	-
Other	473	-	5,040	-	-	4,275
Prepays	287,376	-	-	-	-	350
Total assets	\$ 1,137,831	\$ 1,075,943	\$ 1,269,265	\$ 1,128,371	\$ 121,703	\$ 343,898
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 51,064	\$ -	\$ -	\$ 172	\$ 99,202	\$ 84,968
Accrued liabilities	57,334	-	-	-	-	-
Unearned revenue	-	962,179	-	11,795	-	-
Monies held in escrow	-	-	-	-	-	-
Due to other funds	-	-	-	1,116,404	22,501	-
Total liabilities	108,398	962,179	-	1,128,371	121,703	84,968
Fund balances:						
Unspendable	287,376	-	-	-	-	350
Restricted	742,057	113,764	1,269,265	-	-	258,580
Total fund balances	1,029,433	113,764	1,269,265	-	-	258,930
Total liabilities and fund balances	\$ 1,137,831	\$ 1,075,943	\$ 1,269,265	\$ 1,128,371	\$ 121,703	\$ 343,898

			Capital Projects		Total Non-major Governmental Funds
TIRZ #5	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	
\$ 429,210	\$ 342,978	\$ 357,166	\$ 7,561,149	\$ 8,852,526	\$ 18,397,281
-	-	597,791	32,865,490	11,957,940	46,619,841
-	-	78,858	-	-	78,858
-	-	-	-	-	514,372
-	-	-	-	-	962,179
-	-	-	-	-	1,250,074
-	-	2,813	138,370	35,543	186,514
-	-	-	-	-	287,726
<u>\$ 429,210</u>	<u>\$ 342,978</u>	<u>\$ 1,036,628</u>	<u>\$ 40,565,009</u>	<u>\$ 20,846,009</u>	<u>\$ 68,296,845</u>
\$ -	\$ 5,571	\$ 1,800	\$ -	\$ -	\$ 242,777
-	-	-	-	-	57,334
-	-	-	-	-	973,974
-	-	-	2,520,436	-	2,520,436
-	-	-	-	-	1,138,905
<u>-</u>	<u>5,571</u>	<u>1,800</u>	<u>2,520,436</u>	<u>-</u>	<u>4,933,426</u>
-	-	-	-	-	287,726
<u>429,210</u>	<u>337,407</u>	<u>1,034,828</u>	<u>38,044,573</u>	<u>20,846,009</u>	<u>63,075,693</u>
<u>429,210</u>	<u>337,407</u>	<u>1,034,828</u>	<u>38,044,573</u>	<u>20,846,009</u>	<u>63,363,419</u>
<u>\$ 429,210</u>	<u>\$ 342,978</u>	<u>\$ 1,036,628</u>	<u>\$ 40,565,009</u>	<u>\$ 20,846,009</u>	<u>\$ 68,296,845</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the year ended September 30, 2018**

	Special Revenue					
	Hotel/Motel Tax	Panther Creek PID	Superdrome	Grants	CDBG	Traffic Control
REVENUES:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-
Hotel/motel tax	6,141,721	-	-	-	-	-
Special assessments	-	255,069	-	-	-	-
Fines	-	-	-	-	-	203,229
Intergovernmental	543,800	-	-	-	-	-
Charges for services	400	-	-	-	-	-
Contributions, donations & grants	69,028	-	-	3,739,373	644,797	-
Rents	10,000	-	-	-	-	-
Investment earnings	6,873	100,617	18,379	-	-	5,699
Miscellaneous	16,269	-	-	-	18,518	-
Total revenues	<u>6,788,091</u>	<u>355,686</u>	<u>18,379</u>	<u>3,739,373</u>	<u>663,315</u>	<u>208,928</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	663,315	-
Public safety	-	-	-	1,734,698	-	181,874
Public works	-	-	-	50,000	-	37,512
Culture and recreation	4,523,910	-	22,811	4,821	-	-
Capital outlay	9,424	-	-	349,394	-	-
Total expenditures	<u>4,533,334</u>	<u>-</u>	<u>22,811</u>	<u>2,138,913</u>	<u>663,315</u>	<u>219,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,254,757</u>	<u>355,686</u>	<u>(4,432)</u>	<u>1,600,460</u>	<u>-</u>	<u>(10,458)</u>
OTHER FINANCING SOURCES (USES):						
Sale of assets	-	-	6,905	-	-	-
Transfers in	-	-	-	352,635	-	-
Transfers out	(2,510,317)	(280,000)	-	(1,953,095)	-	-
Total other financing sources (uses)	<u>(2,510,317)</u>	<u>(280,000)</u>	<u>6,905</u>	<u>(1,600,460)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(255,560)	75,686	2,473	-	-	(10,458)
Fund balances, beginning	<u>1,284,993</u>	<u>38,078</u>	<u>1,266,792</u>	<u>-</u>	<u>-</u>	<u>269,388</u>
Fund balances, ending	<u>\$ 1,029,433</u>	<u>\$ 113,764</u>	<u>\$ 1,269,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,930</u>

TIRZ #5	Court Fees	PEG Cable	Capital Projects		
			Road Impact Fees	Park Development Fees	Total Non-major Governmental Funds
\$ 402,640	\$ -	\$ -	\$ -	\$ -	\$ 402,640
259,115	-	-	-	-	259,115
-	-	328,053	-	-	328,053
-	-	-	-	-	6,141,721
-	-	-	5,437,519	3,764,006	9,456,594
-	208,776	-	-	-	412,005
-	-	-	-	-	543,800
-	-	-	-	-	400
-	-	-	-	-	4,453,198
					10,000
3,081	4,975	14,340	599,891	292,634	1,046,489
-	-	-	-	-	34,787
<u>664,836</u>	<u>213,751</u>	<u>342,393</u>	<u>6,037,410</u>	<u>4,056,640</u>	<u>23,088,802</u>
-	117,362	37,049	-	-	817,726
-	-	-	-	-	1,916,572
-	-	-	-	-	87,512
-	-	-	-	-	4,551,542
-	25,375	222,760	-	-	606,953
-	142,737	259,809	-	-	7,980,305
<u>664,836</u>	<u>71,014</u>	<u>82,584</u>	<u>6,037,410</u>	<u>4,056,640</u>	<u>15,108,497</u>
-	-	-	-	-	6,905
-	-	-	-	-	352,635
(613,250)	(84,000)	-	(5,524,012)	(2,934,994)	(13,899,668)
(613,250)	(84,000)	-	(5,524,012)	(2,934,994)	(13,540,128)
51,586	(12,986)	82,584	513,398	1,121,646	1,568,369
<u>377,624</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>\$ 429,210</u>	<u>\$ 337,407</u>	<u>\$ 1,034,828</u>	<u>\$38,044,573</u>	<u>\$20,846,009</u>	<u>\$ 63,363,419</u>

**Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Taxes:						
Hotel/motel tax	\$ 6,002,662	\$ 6,096,780	\$ 6,141,721	\$ -	\$ 6,141,721	\$ 44,941
Intergovernmental	255,000	615,000	543,800	-	543,800	(71,200)
Charges for service	-	-	400	-	400	400
Contributions	35,500	35,500	69,028	-	69,028	33,528
Rents	-	10,000	10,000	-	10,000	-
Investment earnings	1,000	1,000	6,873	-	6,873	5,873
Miscellaneous	4,125	17,325	16,269	-	16,269	(1,056)
Total revenues	<u>6,298,287</u>	<u>6,775,605</u>	<u>6,788,091</u>	<u>-</u>	<u>6,788,091</u>	<u>12,486</u>
EXPENDITURES:						
Current:						
Culture and recreation	3,967,478	4,408,252	4,523,910	-	4,523,910	(115,658)
Capital Outlay	-	-	9,424	-	9,424	(9,424)
Total expenditures	<u>3,967,478</u>	<u>4,408,252</u>	<u>4,533,334</u>	<u>-</u>	<u>4,533,334</u>	<u>(125,082)</u>
Excess of revenues over expenditures	<u>2,330,809</u>	<u>2,367,353</u>	<u>2,254,757</u>	<u>-</u>	<u>2,254,757</u>	<u>(112,596)</u>
OTHER FINANCING USES:						
Transfers out	<u>(1,965,317)</u>	<u>(2,510,317)</u>	<u>(2,510,317)</u>	<u>-</u>	<u>(2,510,317)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,965,317)</u>	<u>(2,510,317)</u>	<u>(2,510,317)</u>	<u>-</u>	<u>(2,510,317)</u>	<u>-</u>
Net change in fund balances	365,492	(142,964)	(255,560)	-	(255,560)	(112,596)
Fund balances, October 1	<u>707,360</u>	<u>1,284,993</u>	<u>1,284,993</u>	<u>-</u>	<u>1,284,993</u>	<u>-</u>
Fund balances, September 30	<u>\$ 1,072,852</u>	<u>\$ 1,142,029</u>	<u>\$ 1,029,433</u>	<u>\$ -</u>	<u>\$ 1,029,433</u>	<u>\$ (112,596)</u>

**Panther Creek PID Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Special assessments	\$ 215,000	\$ 215,000	\$ 255,069	\$ -	\$ 255,069	\$ 40,069
Investment earnings	65,000	65,000	100,617	-	100,617	35,617
Total revenues	<u>280,000</u>	<u>280,000</u>	<u>355,686</u>	<u>-</u>	<u>355,686</u>	<u>75,686</u>
 OTHER FINANCING USES:						
Transfers out	<u>(280,000)</u>	<u>(280,000)</u>	<u>(280,000)</u>	<u>-</u>	<u>(280,000)</u>	<u>-</u>
Net change in fund balances	-	-	75,686	-	75,686	75,686
Fund balances, October 1	<u>20,707</u>	<u>38,078</u>	<u>38,078</u>	<u>-</u>	<u>38,078</u>	<u>-</u>
Fund balances, September 30	<u>\$ 20,707</u>	<u>\$ 38,078</u>	<u>\$ 113,764</u>	<u>\$ -</u>	<u>\$ 113,764</u>	<u>\$ 75,686</u>

**Superdrome Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Investment earnings	\$ 10,000	\$ 10,000	\$ 18,379	\$ -	\$ 18,379	\$ 8,379
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>18,379</u>	<u>-</u>	<u>18,379</u>	<u>8,379</u>
EXPENDITURES:						
Current:						
Culture and recreation	80,004	48,001	22,811	-	22,811	25,190
Total expenditures	<u>80,004</u>	<u>48,001</u>	<u>22,811</u>	<u>-</u>	<u>22,811</u>	<u>25,190</u>
Deficiency of revenues under expenditures	(70,004)	(38,001)	(4,432)	-	(4,432)	33,569
OTHER FINANCING SOURCES (USES):						
Sale of assets	-	-	6,905	-	6,905	(6,905)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,905</u>	<u>-</u>	<u>6,905</u>	<u>(6,905)</u>
Net change in fund balances	(70,004)	(38,001)	2,473	-	2,473	40,474
Fund balances, October 1	<u>1,266,847</u>	<u>1,266,792</u>	<u>1,266,792</u>	<u>-</u>	<u>1,266,792</u>	<u>-</u>
Fund balances, September 30	\$ <u>1,196,843</u>	\$ <u>1,228,791</u>	\$ <u>1,269,265</u>	\$ <u>-</u>	\$ <u>1,269,265</u>	\$ <u>40,474</u>

**Grants Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP Basis	Budgetary Basis	Budgetary Basis	Final Budget - Positive (Negative)
REVENUES:						
Grant income	\$ 2,542,417	\$ 3,765,416	\$ 3,739,373	\$ -	\$ 3,739,373	\$ (26,043)
Total revenues	<u>2,542,417</u>	<u>3,765,416</u>	<u>3,739,373</u>	<u>-</u>	<u>3,739,373</u>	<u>(26,043)</u>
EXPENDITURES:						
Current:						
Public safety	1,083,315	1,725,335	1,734,698	-	1,734,698	(9,363)
Public works	-	50,000	50,000	-	50,000	-
Culture and recreation	-	4,821	4,821	-	4,821	-
Capital Outlay	<u>1,574,102</u>	<u>350,000</u>	<u>349,394</u>	<u>-</u>	<u>349,394</u>	<u>606</u>
Total expenditures	<u>2,657,417</u>	<u>2,130,156</u>	<u>2,138,913</u>	<u>-</u>	<u>2,138,913</u>	<u>(8,757)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(115,000)</u>	<u>1,635,260</u>	<u>1,600,460</u>	<u>-</u>	<u>1,600,460</u>	<u>(34,800)</u>
OTHER FINANCING SOURCES:						
Transfers in	115,000	250,000	352,635	-	352,635	(102,635)
Transfers out	<u>-</u>	<u>(1,885,260)</u>	<u>(1,953,095)</u>	<u>-</u>	<u>(1,953,095)</u>	<u>67,835</u>
Total other financing sources (uses)	<u>115,000</u>	<u>(1,635,260)</u>	<u>(1,600,460)</u>	<u>-</u>	<u>(1,600,460)</u>	<u>(34,800)</u>
Net change in fund balances	-	-	-	-	-	-
Fund balances, October 1	-	-	-	-	-	-
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, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Grant income	\$ 838,490	\$ 622,242	\$ 644,797	\$ -	\$ 644,797	\$ 22,555
Miscellaneous	<u>10,000</u>	<u>19,000</u>	<u>18,518</u>	<u>-</u>	<u>18,518</u>	<u>(482)</u>
Total revenues	<u>848,490</u>	<u>641,242</u>	<u>663,315</u>	<u>-</u>	<u>663,315</u>	<u>22,073</u>
EXPENDITURES:						
Current:						
General government	<u>848,490</u>	<u>641,242</u>	<u>663,315</u>	<u>-</u>	<u>663,315</u>	<u>(22,073)</u>
Total expenditures	<u>848,490</u>	<u>641,242</u>	<u>663,315</u>	<u>-</u>	<u>663,315</u>	<u>(22,073)</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, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Fines	\$ 408,733	\$ 278,000	\$ 203,229	\$ -	\$ 203,229	\$ (74,771)
Interest	1,200	5,200	5,699	-	5,699	499
Total revenues	409,933	283,200	208,928	-	208,928	(74,272)
EXPENDITURES:						
Current:						
Public safety	311,474	287,795	181,874	-	181,874	105,921
Public works	-	40,000	37,512	-	37,512	2,488
Capital Outlay	200,000	100,000	-	-	-	100,000
Total expenditures	511,474	427,795	219,386	-	219,386	208,409
Net change in fund balances	(101,541)	(144,595)	(10,458)	-	(10,458)	134,137
Fund balances, October 1	123,316	269,388	269,388	-	269,388	-
Fund balances, September 30	\$ 21,775	\$ 124,793	\$ 258,930	\$ -	\$ 258,930	\$ 134,137

**TIRZ #5 Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Taxes:						
Property	\$ 402,782	\$ 402,640	\$ 402,640	\$ -	\$ 402,640	\$ -
Sales	-	280,000	259,115	-	259,115	(20,885)
Contributions	-	-	-	-	-	-
Investment earnings	-	-	3,081	-	3,081	3,081
Total revenues	<u>402,782</u>	<u>682,640</u>	<u>664,836</u>	<u>-</u>	<u>664,836</u>	<u>(17,804)</u>
OTHER FINANCING SOURCES (USES):						
Transfers out	(613,250)	(613,250)	(613,250)	-	(613,250)	-
Total other financing sources (uses)	<u>(613,250)</u>	<u>(613,250)</u>	<u>(613,250)</u>	<u>-</u>	<u>(613,250)</u>	<u>-</u>
Net change in fund balances	(210,468)	69,390	51,586	-	51,586	(17,804)
Fund balances, October 1	<u>225,426</u>	<u>377,624</u>	<u>377,624</u>	<u>-</u>	<u>377,624</u>	<u>-</u>
Fund balances, September 30	<u>\$ 14,958</u>	<u>\$ 447,014</u>	<u>\$ 429,210</u>	<u>\$ -</u>	<u>\$ 429,210</u>	<u>\$ (17,804)</u>

**Court Fees Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Fines	\$ 184,288	\$ 200,000	\$ 208,776	\$ -	\$ 208,776	\$ 8,776
Investment earnings	700	4,000	4,975	-	4,975	975
Total revenues	<u>184,988</u>	<u>204,000</u>	<u>213,751</u>	<u>-</u>	<u>213,751</u>	<u>9,751</u>
EXPENDITURES:						
Current:						
General government	131,824	135,517	117,362	-	117,362	18,155
Capital Outlay	<u>25,375</u>	<u>25,375</u>	<u>25,375</u>	<u>-</u>	<u>25,375</u>	<u>-</u>
Total expenditures	<u>157,199</u>	<u>160,892</u>	<u>142,737</u>	<u>-</u>	<u>142,737</u>	<u>18,155</u>
Excess of revenues over expenditures	<u>27,789</u>	<u>43,108</u>	<u>71,014</u>	<u>-</u>	<u>71,014</u>	<u>27,906</u>
OTHER FINANCING USES:						
Transfers out	<u>(84,000)</u>	<u>(84,000)</u>	<u>(84,000)</u>	<u>-</u>	<u>(84,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(84,000)</u>	<u>(84,000)</u>	<u>(84,000)</u>	<u>-</u>	<u>(84,000)</u>	<u>-</u>
Net change in fund balances	(56,211)	(40,892)	(12,986)	-	(12,986)	27,906
Fund balances, October 1	<u>287,036</u>	<u>350,393</u>	<u>350,393</u>	<u>-</u>	<u>350,393</u>	<u>-</u>
Fund balances, September 30	<u>\$ 230,825</u>	<u>\$ 309,501</u>	<u>\$ 337,407</u>	<u>\$ -</u>	<u>\$ 337,407</u>	<u>\$ 27,906</u>

PEG Cable Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Taxes:						
Franchise	\$ 383,000	\$ 322,000	\$ 328,053	\$ -	\$ 328,053	\$ 6,053
Investment earnings	1,000	8,500	14,340	-	14,340	5,840
Total revenues	<u>384,000</u>	<u>330,500</u>	<u>342,393</u>	<u>-</u>	<u>342,393</u>	<u>11,893</u>
EXPENDITURES:						
Current:						
General government	40,000	40,000	37,049	-	37,049	2,951
Capital Outlay	<u>306,200</u>	<u>733,099</u>	<u>222,760</u>	<u>-</u>	<u>222,760</u>	<u>510,339</u>
Total expenditures	<u>346,200</u>	<u>773,099</u>	<u>259,809</u>	<u>-</u>	<u>259,809</u>	<u>513,290</u>
Net change in fund balances	37,800	(442,599)	82,584	-	82,584	525,183
Fund balances, October 1	<u>391,342</u>	<u>952,244</u>	<u>952,244</u>	<u>-</u>	<u>952,244</u>	<u>-</u>
Fund balances, September 30	<u>\$ 429,142</u>	<u>\$ 509,645</u>	<u>\$ 1,034,828</u>	<u>\$ -</u>	<u>\$ 1,034,828</u>	<u>\$ 525,183</u>

**Road Impact Fees Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Special assessments	\$ -	\$ 4,000,000	\$ 5,437,519	\$ -	\$ 5,437,519	\$ 1,437,519
Investment earnings	-	430,000	599,891	-	599,891	169,891
Total revenues	-	4,430,000	6,037,410	-	6,037,410	1,607,410
OTHER FINANCING USES:						
Transfers out	-	(15,030,362)	(5,524,012)	-	(5,524,012)	9,506,350
Total other financing sources (uses)	-	(15,030,362)	(5,524,012)	-	(5,524,012)	9,506,350
Net change in fund balances	-	(10,600,362)	513,398	-	513,398	11,113,760
Fund balances, October 1	23,065,000	37,531,175	37,531,175	-	37,531,175	-
Fund balances, September 30	\$ 23,065,000	\$ 26,930,813	\$ 38,044,573	\$ -	\$ 38,044,573	\$ 11,113,760

**Park Development Fees Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Special assessments	\$ -	\$ 3,100,000	\$ 3,764,006	\$ -	\$ 3,764,006	\$ 664,006
Investment earnings	-	200,000	292,634	-	292,634	92,634
Total revenues	-	3,300,000	4,056,640	-	4,056,640	756,640
 OTHER FINANCING USES:						
Transfers out	-	(3,000,000)	(2,934,994)	-	(2,934,994)	65,006
Total other financing sources (uses)	-	(3,000,000)	(2,934,994)	-	(2,934,994)	65,006
 Net change in fund balances	-	300,000	1,121,646	-	1,121,646	821,646
 Fund balances, October 1	20,485,998	19,724,363	19,724,363	-	19,724,363	-
Fund balances, September 30	<u>\$ 20,485,998</u>	<u>\$ 20,024,363</u>	<u>\$ 20,846,009</u>	<u>\$ -</u>	<u>\$ 20,846,009</u>	<u>\$ 821,646</u>

NON-MAJOR PROPRIETARY FUNDS

Proprietary funds charge customers directly for certain services provided.

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, 2018**

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,472,009	\$ 3,814,653	\$ 6,286,662
Investments	496,860	5,292,465	5,789,325
Receivables - (net of allowance for uncollectibles):			
Other	2,415	23,047	25,462
Prepays	775	-	775
Total current assets	<u>2,972,059</u>	<u>9,130,165</u>	<u>12,102,224</u>
Noncurrent assets:			
Capital assets:			
Buildings and improvements	-	137,242	137,242
Improvements other than buildings	-	92,190	92,190
Machinery and equipment	1,239,621	379,906	1,619,527
Accumulated depreciation	<u>(637,934)</u>	<u>(426,502)</u>	<u>(1,064,436)</u>
Total capital assets (net of accumulated depreciation)	<u>601,687</u>	<u>182,836</u>	<u>784,523</u>
Total noncurrent assets	<u>601,687</u>	<u>182,836</u>	<u>784,523</u>
Total assets	<u><u>3,573,746</u></u>	<u><u>9,313,001</u></u>	<u><u>12,886,747</u></u>
DEFERRED OUTFLOW OF RESOURCES			
Pension contributions and investment experience	120,632	120,632	241,264
OPEB	1,319	1,319	2,638
Total deferred outflow of resources	<u>\$ 121,951</u>	<u>\$ 121,951</u>	<u>\$ 243,902</u>

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 58,849	\$ 863,765	\$ 922,614
Accrued liabilities	49,770	44,539	94,309
Monies held in escrow	94,986	-	94,986
Liability for compensated absences	79,497	80,489	159,986
Current liabilities	<u>283,102</u>	<u>988,793</u>	<u>1,271,895</u>
Noncurrent liabilities:			
Liability for compensated absences	54,481	47,092	101,573
Pension	329,273	329,273	658,546
OPEB	58,973	58,973	117,946
Total noncurrent liabilities	<u>442,727</u>	<u>435,338</u>	<u>878,065</u>
Total liabilities	<u>725,829</u>	<u>1,424,131</u>	<u>2,149,960</u>
DEFERRED INFLOW OF RESOURCES			
Pension assumptions and investment earnings	65,310	65,310	130,620
OPEB	1,362	1,362	2,724
Total deferred inflow of resources	<u>66,672</u>	<u>66,672</u>	<u>133,344</u>
NET POSITION			
Net investment in capital assets	601,687	182,836	784,523
Unrestricted	2,301,509	7,761,313	10,062,822
Total	<u>2,903,196</u>	<u>7,944,149</u>	<u>10,847,345</u>
Total net position	<u>\$ 2,903,196</u>	<u>\$ 7,944,149</u>	<u>\$ 10,847,345</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-major Proprietary Funds
For the Fiscal Year Ended September 30, 2018

	Business-type Activities Enterprise Funds		Non-major Proprietary Fund Total
	Stormwater Drainage	Environmental Services	
OPERATING REVENUES:			
Charges for sales and services:			
Sanitation charges	\$ -	\$ 16,208,383	\$ 16,208,383
Stormwater drainage fees	3,794,900	-	3,794,900
Miscellaneous	-	52,458	52,458
Total operating revenues	<u>3,794,900</u>	<u>16,260,841</u>	<u>20,055,741</u>
OPERATING EXPENSES:			
Cost of sales and services	-	13,597,422	13,597,422
Administration	1,962,131	1,462,183	3,424,314
Depreciation	134,439	65,652	200,091
Total operating expenses	<u>2,096,570</u>	<u>15,125,257</u>	<u>17,221,827</u>
Operating income	<u>1,698,330</u>	<u>1,135,584</u>	<u>2,833,914</u>
NONOPERATING REVENUES:			
Interest revenue	8,920	106,250	115,170
Gain on sale of equipment	7,151	-	7,151
Total nonoperating revenues	<u>16,071</u>	<u>106,250</u>	<u>122,321</u>
Income before transfers	1,714,401	1,241,834	2,956,235
TRANSFERS:			
Transfers out	<u>(1,517,945)</u>	<u>(1,063,238)</u>	<u>(2,581,183)</u>
Total transfers	<u>(1,517,945)</u>	<u>(1,063,238)</u>	<u>(2,581,183)</u>
Change in net position	196,456	178,596	375,052
Net position, beginning	2,759,109	7,817,922	10,577,031
Change in accounting principle - GASB 75	<u>(52,369)</u>	<u>(52,369)</u>	<u>(104,738)</u>
Net position, beginning-restated	<u>2,706,740</u>	<u>7,765,553</u>	<u>10,472,293</u>
Net position, ending	<u>\$ 2,903,196</u>	<u>\$ 7,944,149</u>	<u>\$ 10,847,345</u>



PROGRESS IN MOTION

**Combining Statement of Cash Flows
Non-major Proprietary Funds
For the Fiscal Year Ended September 30, 2018**

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,781,810	\$ 16,786,136	\$ 20,567,946
Cash payments to suppliers for goods and services	(811,506)	(13,582,541)	(14,394,047)
Cash payments to employees for services	(1,111,016)	(1,227,431)	(2,338,447)
Other receipts	-	52,458	52,458
Net cash provided by operating activities	<u>1,859,288</u>	<u>2,028,622</u>	<u>3,887,910</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer made to other funds	-	(1,063,238)	(1,063,238)
Net cash (used) by noncapital financing activities	<u>-</u>	<u>(1,063,238)</u>	<u>(1,063,238)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(255,942)	-	(255,942)
Proceeds/(loss) from sale or transfer of equipment	7,151	-	7,151
Intergovernmental payments for capital construction	(1,517,945)	-	(1,517,945)
Net cash (used) by capital and related financing activities	<u>(1,766,736)</u>	<u>-</u>	<u>(1,766,736)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(496,860)	(5,292,465)	(5,789,325)
Proceeds from sale and maturities of investment securities	498,906	1,790,594	2,289,500
Interest on investments	7,783	106,252	114,035
Net cash provided/(used) by investing activities	<u>9,829</u>	<u>(3,395,619)</u>	<u>(3,385,790)</u>
Net increase in cash and cash equivalents	102,381	(2,430,235)	(2,327,854)
Cash and cash equivalents, October 1	<u>2,369,628</u>	<u>6,244,888</u>	<u>8,614,516</u>
Cash and cash equivalents, September 30	<u>\$ 2,472,009</u>	<u>\$ 3,814,653</u>	<u>\$ 6,286,662</u>

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 1,698,330	\$ 1,135,584	\$ 2,833,914
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	134,439	65,652	200,091
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - other	-	577,753	577,753
Prepaid expenses and other assets	597	-	597
Increase (decrease) in-			
Accounts payable	2,507	230,431	232,938
Accrued liabilities	5,713	3,187	8,900
Liability for compensated absences	23,157	8,380	31,537
Net pension liability	988	988	1,976
OPEB	6,647	6,647	13,294
Deposits or escrows	(13,090)	-	(13,090)
Total adjustments	<u>160,958</u>	<u>893,038</u>	<u>1,053,996</u>
Net cash provided by operating activities	<u>\$ 1,859,288</u>	<u>\$ 2,028,622</u>	<u>\$ 3,887,910</u>



PROGRESS IN MOTION

COMPONENT UNITS

Component Units are presented as legally separate reporting entities with dedicated revenue streams to fund specific projects and purposes.

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, 2018**

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
ASSETS				
Cash and cash equivalents	\$ 14,064,941	\$ 15,966,636	\$ 12,435	\$ 30,044,012
Cash escrow for land purchase	17,124,827	25,687,236	-	42,812,063
Investments	12,932,414	7,957,079	-	20,889,493
Receivables (net of allowances for uncollectibles):				
Sales tax	3,682,100	3,682,100	-	7,364,200
Other	65,543	959,366	-	1,024,909
Prepays	-	66,439	-	66,439
Notes receivable	-	450,000	-	450,000
Land held for resale	33,050,830	45,766,161	-	78,816,991
Restricted assets:				
Cash and cash equivalents	1,636,553	1,365,957	-	3,002,510
Investments	<u>1,900,000</u>	<u>3,700,000</u>	<u>-</u>	<u>5,600,000</u>
Total assets	<u>\$ 84,457,208</u>	<u>\$ 105,600,974</u>	<u>\$ 12,435</u>	<u>\$ 190,070,617</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 813,888	\$ 2,850,417	\$ -	\$ 3,664,305
Accrued liabilities	10,170	51,533	-	61,703
Accrued liabilities - pollution remediation	835,231	1,252,842	-	2,088,073
Deposits	76,118	-	-	76,118
Unearned revenue	<u>5,000</u>	<u>1,229,000</u>	<u>-</u>	<u>1,234,000</u>
Total liabilities	<u>1,740,407</u>	<u>5,383,792</u>	<u>-</u>	<u>7,124,199</u>
Fund balances:				
Non spendable:				
Prepaid expenses	-	66,439	-	66,439
Land purchase	17,124,827	25,687,236	-	42,812,063
Land held for resale	33,050,830	45,766,161	-	78,816,991
Restricted for:				
Debt service	3,536,553	5,065,957	-	8,602,510
Capital projects for future construction	432,472	-	-	432,472
Unassigned	<u>28,572,119</u>	<u>23,631,389</u>	<u>12,435</u>	<u>52,215,943</u>
Total fund balances	<u>82,716,801</u>	<u>100,217,182</u>	<u>12,435</u>	<u>182,946,418</u>
Total liabilities and fund balances	<u>\$ 84,457,208</u>	<u>\$ 105,600,974</u>	<u>\$ 12,435</u>	<u>\$ 190,070,617</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Units
For the Fiscal Year Ended September 30, 2018**

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
REVENUES:				
Taxes:				
Sales	\$ 21,749,510	\$ 21,749,510	\$ -	\$ 43,499,020
Investment earnings	835,560	726,011	-	1,561,571
Contributions	-	43,775	5,491	49,266
Rents	909,095	914,910	-	1,824,005
Payments from primary government	2,787,728	-	-	2,787,728
Miscellaneous	10,820	97,311	-	108,131
Total revenues	<u>26,292,713</u>	<u>23,531,517</u>	<u>5,491</u>	<u>49,829,721</u>
EXPENDITURES:				
Current:				
General government	5,440,845	16,293,208	-	21,734,053
Culture and recreation	25,037,120	-	7,142	25,044,262
Capital outlay	77,851	8,197	-	86,048
Debt service:				
Principal retirement	6,834,677	9,729,925	-	16,564,602
Interest and fiscal charges	4,150,282	3,582,246	-	7,732,528
Total expenditures	<u>41,540,775</u>	<u>29,613,576</u>	<u>7,142</u>	<u>71,161,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,248,062)</u>	<u>(6,082,059)</u>	<u>(1,651)</u>	<u>(21,331,772)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	11,080,524	-	11,080,524
Total other financing sources	<u>-</u>	<u>11,080,524</u>	<u>-</u>	<u>11,080,524</u>
Net change in fund balances	(15,248,062)	4,998,465	(1,651)	(10,251,248)
Fund balances, beginning	<u>97,964,863</u>	<u>95,218,717</u>	<u>14,086</u>	<u>193,197,666</u>
Fund balances, ending	<u>\$ 82,716,801</u>	<u>\$ 100,217,182</u>	<u>\$ 12,435</u>	<u>\$ 182,946,418</u>

**Reconciliation of the Combining Balance Sheet of Component Units
to the Statement of Net Position
September 30, 2018**

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

Total fund balances per balance sheet	\$	182,946,418
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		71,102,547
Deferred outflow of resources are not financial resources and, therefore, are not reported at the fund level.		1,127,920
Other assets are not available to pay for current-period expenditures		160,000
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	114,944,010	
Notes payable	72,945,980	
Accrued interest payable	738,145	
Compensated absences	194,275	
Net pension liability	658,546	
OPEB	117,949	
Total long-term liabilities		(189,598,905)
Deferred inflows of resources are not financial resources and, therefore, are not reported in the funds		(136,004)
Total net position - component units	\$	<u>65,601,976</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, 2018**

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

Net change in fund balances - total component units	\$	(10,251,248)
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.		(1,800,817)
Revenues in the fund statements that are not reported in the statement of activities. This adjustment reflects the book value of assets sold or donated during the year.		(9,653,992)
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.		17,619,264
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.		(18,435)
Change in net position of component units	\$	<u>(4,105,228)</u>

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	144
<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	146
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	156
<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	162
<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	164
<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>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities			
Net investment in capital assets	\$ 692,866,635	\$ 695,681,506	\$ 703,694,806
Restricted	2,212,955	3,639,371	3,058,450
Unrestricted	<u>50,009,668</u>	<u>51,210,647</u>	<u>53,739,744</u>
Total governmental activities net position	<u><u>745,089,258</u></u>	<u><u>750,531,524</u></u>	<u><u>760,493,000</u></u>
Business-type activities			
Net investment in capital assets	166,215,616	172,641,414	173,946,035
Restricted	9,649,359	10,271,078	11,751,675
Unrestricted	<u>17,281,722</u>	<u>16,064,340</u>	<u>27,891,529</u>
Total business-type activities net position	<u><u>193,146,697</u></u>	<u><u>198,976,832</u></u>	<u><u>213,589,239</u></u>
Primary government			
Net investment in capital assets	859,082,251	868,322,920	877,640,841
Restricted	11,862,314	13,910,449	14,810,125
Unrestricted	<u>67,291,390</u>	<u>67,274,987</u>	<u>81,631,273</u>
Total primary government net position	<u><u>\$ 938,235,955</u></u>	<u><u>\$ 949,508,356</u></u>	<u><u>\$ 974,082,239</u></u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 696,300,300	\$ 739,378,508	\$ 754,405,379	\$ 886,959,457	\$ 1,051,389,064	\$ 1,123,429,533	\$ 1,215,381,073
4,192,127	4,538,556	5,053,305	54,319,922	62,763,394	69,106,670	71,803,680
<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>48,218,988</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>	<u>1,335,403,741</u>
174,745,396	185,747,786	195,229,947	222,392,769	249,009,918	271,084,999	306,888,683
12,854,359	17,744,216	21,881,788	26,256,457	29,954,906	31,907,294	32,201,559
<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>58,893,202</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>	<u>397,983,444</u>
871,045,696	925,126,294	949,635,326	1,109,352,226	1,300,398,982	1,394,514,532	1,522,269,756
17,046,486	22,282,772	26,935,093	80,576,379	92,718,300	101,013,964	104,005,239
<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>107,112,190</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>	<u>\$ 1,733,387,185</u>

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

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

2012	2013	2014	2015	2016	2017	2018
\$ 38,034,476	\$ 42,629,757	\$ 50,945,132	\$ 53,318,813	\$ 56,719,612	\$ 71,141,026	\$ 75,995,523
44,347,310	48,074,351	52,340,573	57,906,328	66,878,782	75,124,144	82,425,573
29,228,885	30,648,669	32,827,619	39,730,064	46,082,286	44,655,377	49,265,749
26,640,104	26,110,474	28,062,191	29,483,819	33,135,218	35,598,228	39,046,786
19,338,791	17,005,242	18,631,848	18,443,803	17,577,838	19,087,970	18,785,636
<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>	<u>265,519,267</u>
53,369,324	57,559,429	61,177,648	66,188,799	78,892,654	95,527,532	93,666,630
10,490,996	11,113,313	11,674,055	12,337,646	13,713,061	14,762,734	17,221,827
63,860,320	68,672,742	72,851,703	78,526,445	92,605,715	110,290,266	110,888,457
<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>	<u>\$ 376,407,724</u>
\$ 13,870,149	\$ 18,329,451	\$ 18,854,018	\$ 19,912,210	\$ 20,285,841	\$ 22,097,082	\$ 22,502,540
2,077,752	2,327,403	2,598,721	3,174,725	3,829,863	4,451,318	4,205,493
63,312	104,180	98,633	205,469	117,529	123,470	94,935
4,455,925	4,555,527	4,845,465	5,433,040	5,857,044	6,029,895	5,966,865
3,615,317	2,549,183	4,666,348	3,236,153	4,944,360	4,305,641	7,374,981
11,607,188	58,872,983	49,626,979	122,651,198	199,150,396	87,384,164	82,826,541
<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>	<u>122,971,355</u>
51,752,962	57,787,373	56,263,446	69,190,052	79,399,924	84,814,386	96,767,900
11,899,879	12,555,595	13,384,328	15,989,296	16,202,674	17,083,995	20,055,741
1,000	1,000	17,466	41,366	67,965	142,500	-
4,897,053	19,925,899	25,480,432	29,793,281	32,233,793	34,841,951	40,895,889
68,550,894	90,269,867	95,145,672	115,013,995	127,904,356	136,882,832	157,719,530
<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>	<u>\$ 280,690,885</u>
\$ (121,899,923)	\$ (77,729,766)	\$ (102,117,199)	\$ (44,270,032)	\$ 13,791,297	\$ (121,215,175)	\$ (142,547,912)
4,690,574	21,597,125	22,293,969	36,487,550	35,298,641	26,592,566	46,831,073
<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>	<u>\$ (95,716,839)</u>
\$ 67,161,904	\$ 69,014,412	\$ 75,849,283	\$ 85,412,246	\$ 97,716,101	\$ 112,456,629	\$ 120,389,122
24,489,084	29,158,661	34,196,948	36,003,036	37,826,251	40,408,821	43,363,487
7,796,833	7,909,763	9,041,655	9,338,941	9,366,054	10,126,891	11,007,612
3,450,258	3,998,236	4,565,581	5,019,906	5,278,619	5,678,518	7,212,592
21,709,424	18,540,374	26,077,693	37,600,247	18,109,962	28,275,708	54,774,029
501,365	495,129	222,548	859,102	1,805,611	2,717,226	5,434,361
571,537	1,117,421	573,076	306,393	2,358,417	2,034,334	2,261,440
<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>	<u>244,442,643</u>
97,000	97,000	104,000	105,040	446,978	124,048	169,584
191,049	130,268	116,631	267,813	451,606	788,651	1,696,952
-	-	-	-	-	-	-
(571,537)	(1,117,421)	(573,076)	(306,393)	(2,358,417)	(2,034,334)	(2,261,440)
(283,488)	(890,153)	(352,445)	66,460	(1,459,833)	(1,121,635)	(394,904)
<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>	<u>244,047,739</u>
3,780,482	52,504,230	48,409,585	130,269,839	186,252,312	80,482,952	101,894,731
4,407,086	20,706,972	21,941,524	36,554,010	33,838,808	25,470,931	46,436,169
<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>	<u>\$ 148,330,900</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>
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
2018	120,389,122	43,363,487	11,007,612	7,212,592	181,972,813

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

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
2018	6,922,354

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

	<u>2009</u>	<u>2010*</u>	<u>2011**</u>
General fund			
Non spendable	\$ -	\$ -	\$ 469,884
Committed	-	2,553,709	2,013,924
Reserved	579,841	713,228	-
Unreserved/Unassigned	<u>24,526,272</u>	<u>22,489,654</u>	<u>25,386,041</u>
Total general fund	<u>25,106,113</u>	<u>25,756,591</u>	<u>27,869,849</u>
 All other governmental funds			
Reserved	22,839,763	25,867,177	-
Unreserved, reported in:			
Special revenue funds	4,760,856	7,508,535	-
Capital project funds	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>\$ 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>	<u>2018</u>
\$ 537,057	\$ 544,583	\$ 398,856	\$ 616,566	\$ 657,471	\$ 759,272	\$ 777,323
2,576,668	3,570,917	3,568,653	14,414,810	16,466,361	10,534,528	15,357,662
-	-	-	-	-	-	-
<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>64,320,358</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>	<u>80,455,343</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
493,657	202,897	1,691,298	446,105	734,603	657,232	2,078,369
4,355,598	4,150,522	4,412,400	5,278,799	5,175,796	5,847,513	6,181,803
67,986,558	82,742,142	164,136,618	172,606,032	224,453,812	218,222,683	215,663,589
5,817,783	7,330,805	8,117,922	8,095,288	8,361,344	9,082,010	9,864,542
2,277,444	3,349,491	4,145,399	-	-	-	-
6,070,613	3,247,896	-	-	-	-	-
<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>	<u>\$ 233,788,303</u>

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

<u>Fiscal Year</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues					
Taxes					
Property	\$ 62,431,502	\$ 65,260,020	\$ 65,225,685	\$ 67,265,817	\$ 69,033,422
Sales	18,753,757	20,068,824	21,852,287	24,489,084	29,158,661
Franchise	6,984,008	7,198,697	8,040,529	7,907,245	7,801,573
Hotel/motel	2,345,312	2,607,869	2,998,817	3,027,021	3,506,677
Other	413,989	455,675	520,843	423,237	491,559
Licenses and permits	3,906,925	5,015,450	5,639,747	6,088,219	8,577,020
Public safety	1,547,934	1,467,233	1,776,904	1,511,187	1,735,308
Intergovernmental	23,414,535	17,838,372	30,553,540	18,309,478	28,164,687
Charges for services	9,016,079	10,730,021	6,366,771	6,450,974	6,895,984
Fines	3,160,308	2,322,987	2,409,391	2,891,192	2,917,496
Special assessments	4,179,588	2,992,455	3,826,456	5,339,917	9,190,265
Rents	-	-	5,125,754	4,714,980	4,725,347
Investment earnings	3,265,769	651,464	526,553	526,939	432,368
Contributions and donations	1,185,489	4,710,837	3,134,166	6,060,495	6,078,590
Payments from component units	3,710,160	3,447,798	8,044,723	8,658,172	7,125,849
Miscellaneous	5,761,700	4,527,655	208,477	229,077	2,253,511
Total revenues	<u>150,077,055</u>	<u>147,828,124</u>	<u>164,473,739</u>	<u>162,381,847</u>	<u>186,353,009</u>
Expenditures					
Current:					
General government	30,584,122	32,993,441	31,330,645	31,910,504	36,353,259
Public safety	32,886,018	34,967,535	36,820,094	39,733,181	42,765,334
Public works	6,456,242	6,176,062	6,283,161	6,538,432	7,083,202
Culture & recreation	12,234,850	16,994,769	14,616,069	15,377,347	14,684,853
Capital outlay	61,701,918	32,685,414	38,217,173	25,168,130	46,968,401
Debt Service:					
Principal retirement	22,828,537	23,641,668	25,528,456	25,905,000	27,685,000
Interest and fiscal charges	27,005,575	25,350,941	24,934,400	22,353,574	20,988,977
Total expenditures	<u>193,697,262</u>	<u>172,809,830</u>	<u>177,729,998</u>	<u>166,986,168</u>	<u>196,529,026</u>
Excess (deficiency) of revenues over (under) expenditures	(43,620,207)	(24,981,706)	(13,256,259)	(4,604,321)	(10,176,017)
Other financing sources (uses)					
Issuance of debt		33,817,549	109,545,000	22,615,000	83,484,089
Premium on bonds issued	-	1,424,113	13,138,248	2,687,312	15,286,690
Discount on bonds issued	-	(6,777)	(50,185)	(39,859)	(215,382)
Payment to refunded debt escrow	-	(27,586,336)	(113,810,055)	(25,312,360)	(72,809,971)
Proceeds from sale of assets	90,727	77,893	38,675	122,534	148,021
Transfers in	20,729,438	22,618,138	22,813,526	23,237,197	29,705,338
Transfers out	(20,344,129)	(22,054,218)	(22,295,648)	(22,665,660)	(28,587,917)
Total other financing sources (uses)	<u>476,036</u>	<u>8,290,362</u>	<u>9,379,561</u>	<u>644,164</u>	<u>27,010,868</u>
Net change in fund balances	<u>\$ (44,692,105)</u>	<u>\$ (16,691,344)</u>	<u>\$ (3,876,698)</u>	<u>\$ (3,960,157)</u>	<u>\$ 16,834,851</u>
Debt service as a percentage of noncapital expenditures	38%	35%	36%	34%	33%

**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>	<u>Total</u>
2009	\$ 62,431,502	\$ 18,753,757	\$ 6,984,008	\$ 2,345,312	\$ 413,989	\$ 90,928,568
2010	65,260,020	20,068,824	7,198,697	2,607,869	455,675	95,591,085
2011	65,225,685	21,852,287	8,040,529	2,998,817	520,843	98,638,161
2012	67,265,817	24,489,084	7,907,245	3,027,021	423,237	103,112,404
2013	69,033,422	29,158,661	7,801,573	3,506,677	491,559	109,991,892
2014	75,468,357	34,196,948	8,758,582	3,887,482	678,099	122,989,468
2015	85,700,973	36,003,036	9,338,941	4,190,238	829,668	136,062,856
2016	97,282,372	37,826,251	9,191,454	4,486,093	792,526	149,578,696
2017	112,313,490	40,408,821	9,458,534	4,829,350	849,168	167,859,363
2018	120,342,757	43,363,487	10,519,862	6,141,721	1,070,871	181,438,698

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 75,468,357	\$ 85,700,973	\$ 97,282,372	\$ 112,313,490	\$ 120,342,757	
34,196,948	36,003,036	37,826,251	40,408,821	43,363,487	
8,758,582	9,338,941	9,191,454	9,458,534	10,519,862	
3,887,482	4,190,238	4,486,093	4,829,350	6,141,721	
678,099	829,668	792,526	849,168	1,070,871	
10,256,389	11,016,411	11,679,493	12,904,536	12,906,768	
1,843,998	-	-	-	-	
29,277,032	44,141,948	37,848,162	25,271,312	34,343,637	
7,143,863	8,196,996	8,689,774	9,518,417	9,307,701	
2,726,367	2,767,638	2,747,076	2,744,917	2,685,495	
9,577,516	12,964,474	17,068,934	13,128,149	9,456,594	
5,505,448	6,453,883	6,636,174	6,775,706	7,107,397	
250,107	874,583	1,857,133	2,731,486	5,449,676	
4,381,880	53,625,599	118,842,017	13,192,698	5,957,131	
12,360,810	18,443,289	7,376,943	18,516,124	30,054,581	
514,691	423,527	466,688	424,768	259,802	
<u>204,983,571</u>	<u>294,971,204</u>	<u>362,791,090</u>	<u>273,067,476</u>	<u>298,967,480</u>	
44,594,861	47,806,418	49,016,189	63,039,357	58,364,668	
45,992,383	52,387,610	60,113,259	67,730,266	75,812,773	
8,222,260	8,987,439	10,174,879	13,291,112	15,287,383	
16,448,909	17,807,190	20,723,877	23,498,609	25,849,819	
60,116,074	190,194,725	190,366,612	96,675,046	111,765,196	
29,937,130	28,275,060	30,565,000	35,675,000	39,365,000	
21,974,788	22,214,941	24,630,277	25,675,859	25,575,706	
<u>227,286,405</u>	<u>367,673,383</u>	<u>385,590,093</u>	<u>325,585,249</u>	<u>352,020,545</u>	
(22,302,834)	(72,702,179)	(22,799,003)	(52,517,773)	(53,053,065)	
124,505,000	117,130,000	136,075,000	45,510,000	53,635,000	
4,188,077	12,372,611	20,691,926	4,337,120	3,288,439	
(127,160)	-	(277,741)	(245,231)	(57,075)	
(16,223,139)	(39,059,203)	(74,793,146)	-	-	
1,203,437	116,537	488,358	349,033	542,029	
24,492,569	35,576,201	29,074,998	34,018,890	37,854,586	
<u>(23,919,493)</u>	<u>(35,269,808)</u>	<u>(26,716,581)</u>	<u>(31,984,556)</u>	<u>(35,593,146)</u>	
114,119,291	90,866,338	84,542,814	51,985,256	59,669,833	
<u>\$ 91,816,457</u>	<u>\$ 18,164,159</u>	<u>\$ 61,743,811</u>	<u>\$ (532,517)</u>	<u>\$ 6,616,768</u>	
31%	28%	28%	27%	27%	

**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>
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
2018	20,542,246	7,576,109	2,328,891	3,146,033	33,593,279

<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>
\$ 2,455,833	\$ 13,591,826	\$ 0.45000	\$ 13,591,826	85%
2,354,173	13,958,028	0.46500	13,958,028	86%
2,254,716	13,660,904	0.46500	13,660,904	86%
2,374,063	14,117,672	0.46191	14,117,672	86%
2,415,608	14,741,050	0.46191	14,741,050	86%
2,782,278	15,898,188	0.46191	15,898,188	85%
3,218,656	18,046,802	0.46000	18,046,802	85%
4,411,470	20,795,469	0.46000	20,795,469	82%
5,445,325	24,283,387	0.45000	24,283,387	82%
7,060,439	26,532,840	0.44660	26,532,840	79%

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>
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
2017	2018	0.290435	0.156165	0.44660	0.138796	0.053450	0.1922	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>
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
2017	2018	0.290435	0.156165	0.44660	0.173786	0.064026	0.23781	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	0.0065	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
0.0771	0.0027	0.0798	1.1700	0.5000	1.6700	2.17865	2.38865

<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	0.368700	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
1.040000	0.367500	1.40750	1.170000	0.370000	1.54000	2.14441	2.09191	2.22441



PROGRESS IN MOTION

**Principal Taxpayers
Current Year and Nine Years Ago
September 30, 2018
(Unaudited)**

<u>Taxpayer</u>	2018			2009		
	<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	\$ 321,459,957	1	1.21%	\$ 221,339,975	1	1.63%
Blue Star HQ Inc	201,017,500	2	0.76%			
BPR Shopping Center LP	147,250,000	3	0.55%	126,955,751	2	0.93%
AMLI Parkwood Boulevard LLC	104,492,386	4	0.39%			
Hall Office Portfolio DB LLC	92,773,558	5	0.35%			
Specified Properties	84,432,640	6	0.32%	39,788,498	10	0.29%
Blue Star Frisco Health Complex LC	77,124,242	7	0.29%			
Hall 3201 Dallas Inc	63,777,973	8	0.24%			
Creekwood Frisco Gaylord LLC	59,980,589	9	0.23%			
Hall 3001 Dallas LLC	57,975,033	10	0.22%			
Rodman Excavation, Inc.				100,058,043	3	0.74%
Tenet Frisco Ltd				81,920,170	4	0.60%
Kan Am Grund				45,812,720	5	0.34%
CRP Cypress Lake LP				43,426,492	6	0.32%
Hammons of Frisco, Inc				42,600,000	7	0.31%
IKEA Property Inc				40,680,000	8	0.30%
Stonebriar Hotel LLC				40,116,650	9	0.30%
	<u>\$ 1,210,283,878</u>		<u>4.56%</u>	<u>\$ 782,698,299</u>		<u>6.22%</u>

Source: Collin County Central Appraisal District

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

<u>Fiscal Year Ended September 30</u>	<u>Total Adjusted Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collected in Subsequent Years</u>
		<u>Amount (1)</u>	<u>Percentage of Levy</u>	
2009	\$ 61,871,241	\$ 61,279,520	99.0%	\$ 563,663
2010	65,517,441	64,473,212	99.4%	1,015,726
2011	64,361,294	63,720,218	99.4%	615,529
2012	66,261,790	64,899,099	97.9%	1,315,819
2013	69,300,659	67,880,858	99.7%	1,303,148
2014	75,725,636	74,061,793	98.5%	1,500,411
2015	84,042,993	83,034,597	98.8%	834,655
2016	96,315,490	95,400,787	99.1%	704,389
2017	108,900,105	108,630,126	99.8%	35,141
2018	118,458,993	118,194,277	99.8%	-

(1) Includes Rollback Tax Collections each year:

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	2,904,273
2018	2,281,810

Total Collections to Date		
	<u>Amount</u>	<u>Percentage to Levy</u>
\$	61,843,183	100.0%
	65,488,938	100.0%
	64,335,747	100.0%
	66,214,918	99.9%
	69,184,006	99.8%
	75,562,204	99.8%
	83,869,252	99.8%
	96,105,176	99.8%
	108,665,267	99.8%
	118,194,277	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
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
2018	491,948,330	178,133,394	61,370,686	93,621,865

(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.

	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$	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
	825,074,275	9%	4,584

**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>
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
2018	180,000	26,532,840	553,319,016	6,181,803

(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.

<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>
\$ 334,967,618	2.46	3,159
329,188,990	2.36	2,814
380,822,601	2.79	3,101
376,749,402	2.67	2,937
404,349,478	2.74	2,975
435,495,710	2.39	3,046
495,900,074	2.75	3,283
539,043,875	2.59	3,408
541,698,421	2.23	3,199
547,137,213	2.06	3,040

Computation of Direct and Overlapping Bonded Debt
Net Bonded Debt Outstanding
September 30, 2018
(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	\$ 670,081,724	100.00%	\$ 670,081,724
Total direct debt	<u>670,081,724</u>		<u>670,081,724</u>
Overlapping debt: (1)			
Collin County	319,710,000	12.98%	41,498,358
Collin County College District	246,415,000	12.98%	31,984,667
Denton County	612,630,000	10.98%	67,266,774
Frisco Independent School District	1,884,983,851	71.66%	1,350,779,428
Lewisville Independent School District	1,243,716,701	3.65%	45,395,660
Little Elm Independent School District	304,233,031	13.55%	41,223,576
Prosper Independent School District	<u>623,064,002</u>	<u>9.68%</u>	<u>60,312,595</u>
Total overlapping debt	<u>5,234,752,585</u>		<u>1,638,461,058</u>
Total direct and overlapping debt	<u>\$ 5,904,834,309</u>		<u>\$ 2,308,542,782</u>
Total direct and overlapping debt % of AV			8.70%
Total direct and overlapping debt per capita			\$12,825.24

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

**Computation of Legal Debt Margin
September 30, 2018
(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 2018 was established at \$0.4466 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)
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%
2018	180,000	8,817,660	48,987	36.6	60,205	3.2%

Data Sources

(1) City of Frisco (Population) as of October 1, 2018

(2) City of Frisco Development Services Annual Report January 2019

(3) Frisco Independent School District (School Enrollment), October 2018

(4) City of Frisco Development Services Annual Report January 2019

**Principal Employers
Current Year and Nine Years Ago
September 30, 2018
(Unaudited)**

<u>Employer</u>	<u>2018</u>			<u>2009</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	7.55%	4,200	1	9.58%
City of Frisco	1,584	2	1.72%	1,096	3	2.50%
Amerisource Bergen Specialty Group	1,450	3	1.57%	500	6	1.14%
Conifer	1,150	4	1.25%			
T-Mobile USA	760	5	0.82%	1,500	2	3.42%
Baylor Medical Center	642	6	0.70%			
Mario Sinacola & Sons Excavating	603	7	0.65%	400	9	0.91%
Oracle	500	8	0.54%			0.00%
Baylor Scott White/Centennial Hospital	490	9	0.53%			0.00%
Collin College	429	10	0.46%	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	14,578		15.79%	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>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>	<u>2018</u>
General government	193	194	197	206	202	217	238	258	267	277
Public safety										
Police										
Officers	149	150	146	146	151	158	170	180	199	210
Civilians	49	49	58	59	67	67	70	78	91	101
Fire										
Firefighters and officers	142	142	140	161	161	165	185	197	210	227
Civilians	11	11	13	13	15	15	17	21	22	26
Highways and streets										
Engineering	46	46	46	45	46	44	45	48	49	41
Maintenance	49	49	49	49	42	54	55	55	58	75
Culture and recreation	367	366	355	360	378	449	451	472	482	480
Environmental services	12	12	12	12	12	12	12	15	16	16
Utilities	79	79	79	79	80	83	87	92	97	112
Stormwater	0	4	6	10	6	11	12	14	16	19
Total	<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>1,507</u>	<u>1,584</u>

Operating Indicators by Function Last Ten Fiscal Years (Unaudited)

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Building permits issued										
Residential	1,296	2,179	1,322	1,370	2,255	2,033	2,386	2,187	1,936	2,248
Commercial	289	278	328	325	347	454	432	549	644	600
Planning and development submittals	159	171	236	309	402	490	590	600	609	622
Police										
Physical arrests	2,088	2,934	3,381	3,398	3,245	3,200	3,138	3,197	3,137	3,676
Traffic violations	14,229	12,078	15,783	16,413	17,460	20,194	19,708	21,008	19,062	21,394
Parking violations	412	589	913	854	799	668	387	294	265	623
Fire protection										
Number of calls answered	7,351	7,178	8,186	8,684	8,645	9,738	10,666	11,747	12,660	14,172
Inspections	4,638	4,648	4,886	5,373	5,490	5,192	5,437	6,386	4,151	2,275
Inspections - SAFER Program	-	2,075	2,443	2,688	2,922	2,656	2,555	1,532	1,059	2,058
Highways and streets										
Street resurfacing (square yards)	3,013	14,808	1,500	6,291	22,376	36,166	25,827	19,391	18,238	24,697
Street curb miles swept	13,889	7,887	7,896	7,896	7,896	7,896	7,896	10,417	10,417	10,672
Environmental services										
Solid waste collected (tons)	76,934	74,548	76,209	79,154	86,814	93,583	110,962	105,050	108,002	113,504
Recycled materials collected (tons)	14,136	14,605	14,556	15,343	15,814	15,716	16,382	17,457	18,868	23,506
Culture and recreation										
Library transactions	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	4,790,505
Library visits	579,957	571,014	581,158	601,078	548,760	563,268	587,313	620,115	632,168	651,002
Parks acreage	1,348	1,374	1,348	1,348	1,348	1,449	1,449	1,432	1,621	1,621
Athletic facilities and Senior Center (visits)	766,404	743,731	756,317	803,925	710,430	697,775	711,661	853,265	814,748	753,000
Water										
New connections	1,009	1,344	1,408	1,473	2,372	2,280	2,541	2,889	2,262	2,457
Average daily consumption (million gallons/day)	22.3	22.6	27.7	26.5	25.8	20.9	24.2	25.6	25.9	31.1
Sewer										
Average daily wastewater flow (million gallon/day)	9.1	10.3	9.4	8.5	10.0	10.6	12.1	13.2	12.7	13.4

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	<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>	<u>2018</u>
General government										
Sports Complexes Supported	7	7	7	7	7	7	7	7	7	7
Museums, Art Gallery Supported**	1	1	1	3	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	41	35	35	38	42	45	60	65	70
Fire Stations	6	6	6	7	7	7	8	8	8	8
Highways and streets										
Streets (miles)	1,158	1,177	1,196	1,246	1,246	1,709	1,771	2,011	2,313	2,401
Streetlights/Street poles	6,967	7,094	7,350	7,732	8,173	8,523	8,973	9,360	10,032	10,421
Traffic signals	53	61	86	91	96	100	102	111	129	138
Culture and recreation										
Parks acreage										
Parks developed	636	636	646	646	646	864	921	921	921	921
Parks undeveloped	712	738	702	702	702	585	528	511	700	700
Swimming facilities	2	1	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	1	1	1	1
Tennis courts	6	6	6	6	6	6	4	6	6	6
Soccer fields	27	27	27	27	27	27	27	27	35	35
Baseball fields	19	19	19	19	19	19	24	24	24	24
Water										
Customers/Accounts	38,029	39,695	41,079	42,539	44,988	47,039	49,740	52,182	54,261	57,661
Water lines (miles)	712	733	746	771	810	842	899	914	993	1,030
Fire hydrants	7,349	7,783	7,892	8,299	8,602	9,039	9,712	9,886	10,801	11,215
Maximum daily capacity (millions of gallons)	93.0	133.0	134.0	134.0	127.0	127.0	127.0	127.0	127.0	127.0
Sewer										
Customers/Accounts	35,113	36,651	37,929	39,335	43,091	44,312	46,763	48,281	50,212	53,547
Sanitary sewers (miles)	531	560	569	592	620	629	693	705	742	789
Storm sewers (miles)	459	485	330	526	551	589	642	375	417	438



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