

**CITY OF FRISCO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CITY OF FRISCO, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Prepared by:

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PROGRESS IN MOTION

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PROGRESS IN MOTION

INTRODUCTORY SECTION



March 3, 2020

To the Honorable Mayor, Members of the City Council, City Manager, & Residents of the City of 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, 2019, 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 City. 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, 2019. The report of independent auditors is located at the beginning of the Financial Section.

This letter of transmittal is designed to complement 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 22.5% undeveloped or available, and 2.5% floodplain.

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, 2010 and 2019. 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 City 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.

Financial Reporting

The financial reporting entity (the government) includes all the funds of the primary government (the City of Frisco as legally defined, in addition to three discretely presented component units as discussed further in this report). Services that are provided have proven to be necessary and meaningful and are those that the City can usually provide at the most efficient 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 (e.g., general), 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 managers to review. All financial information is also available for managers online and real time. 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 and variances are reported to management and City Council.

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. Frisco is a community that offers exceptional housing, top ranked schools and a dynamic business culture, all of which are strong factors in the success of the City's economy. We have a stable, diverse economic base, strong property tax base and are in a desirable location in North Texas.

Data from the U.S. Census Bureau's 2018 American Community Survey shows Frisco's median household income is \$131,989, which is considerably higher than the \$59,570 median income for Texas. Also, according to the same survey, Frisco's residents are well-educated with 67% of adults age 25 or older having a bachelor's degree or higher level of education, compared to 29.3% for Texas. Frisco's current unemployment rate is 3.1%.

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.

During FY19, the FEDC managed 10 projects, with potential additional square footage of 813,220 and a potential capital investment of \$263.7 million. Estimated potential direct jobs created or retained total 2,112.

The FEDC assisted PGA of America, Keurig Dr Pepper and Altium, LLC in relocating their corporate headquarters or regional headquarter operations to Frisco during the year. The FEDC also assisted Healthcare Highways and Lexipol, LLC with expansions of Frisco office space.

The City and the FEDC and Keurig Dr Pepper announced the relocation of the company's Texas Headquarters to a new, 350,000 sq. ft. build-to-suit, leased facility at The Star in Frisco. The new location will open in 2021 and serve as one of the company's two headquarters, with the other headquarters located in Burlington, Massachusetts. The Texas Headquarters relocation will include 510 positions currently at the Texas Headquarters Plano location and allow for expansion of up to 1,530 jobs by 2023.

Texas Health Resources, in partnership with UT Southwestern Medical Center, opened Texas Health Hospital Frisco in December of 2019. The new 325,000 square foot medical campus includes an 8-story 80-bed acute care hospital, a 120,000 square foot medical office building with 90,000 square feet for clinic space, a four-story parking garage, and a 24/7 emergency room. The facility provides surgical services, women's services and neonatal ICU services.

Invest Group Oversees, developer of The Gate, a 41-acre mixed-use development along the Dallas North Tollway & John Hickman Parkway, sold 4.53 acres within the development for a 225-room, luxury hotel, condo combination project, which includes approximately 150 condo units and is scheduled to open in 2023. The 2.3 million square foot development also includes

two 10-story luxury condos, 980 luxury urban living units, and three 8-story class A office buildings totaling 876,000 square feet.

HALL Group has announced plans to construct Tower 1 at Hall Park. The 20-story building will feature 468,516 square feet and will be located adjacent to a 3.78-acre park. Tower 1 is scheduled to open in the 4th quarter of 2022.

Construction is underway on Medical City Frisco's new \$54 million medical office building and ambulatory surgery center. The 150,000 square foot medical office building and ambulatory surgery center will be five levels and feature a beautiful glass enclosed skywalk connecting to the main hospital. On the first level, 20,000 square feet will be dedicated to the ambulatory surgery center (ASC) and includes four operating suites and two procedure beds. The adjacent parking garage will have 600 new spaces for patients and families. The project is expected to be complete in the Spring of 2020.

In 2017, the Dallas Cowboys anchored the development of The Star in Frisco. The Star continues its aggressive growth pattern with a new 17-story high rise residential tower which opened in 2019. They also have another 300,000 square foot class A office tower in design with a site plan delivered to the City. This building is scheduled to deliver to the market in 2021. In 2019, Complexity, one of America's premier and longest-standing eSports organizations, opened the world's foremost operations center and training facility at The Star, continuing to position Frisco as a global leader in the eSports and sports tech verticals.

The development partners of Frisco Station completed work during the year on a seven-story, speculative, class A office building, The Offices Two, offering 228,000 square feet of office space. Plans for a third 210,000 square foot class A office building with expected completion in 2020 have been presented to the City. The work on an innovative, four-star, 600-room lifestyle hotel campus and multi-family urban living development called Station House continues as well. The Hub at Frisco Station opened AC by Marriott & Residence Inn, featuring shared amenities and 150 rooms per property. Phase two of The Hub at Frisco Station will feature the opening of Canopy by Hilton and Hyatt Place, each offering 150 rooms, with a projected completion date of early 2020.

As part of a reinvestment strategy and to maintain the vibrancy of Stonebriar Centre, the City and the ownership of the mall have reinvested in the property through a couple of major projects. The first is the construction 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 April. Additionally, KidZania's North American Corporate Headquarters is in Frisco and opened late in 2019.

Frisco's housing development continues to be robust with 2,083 new single-family permits issued during the year. There were 4 new multi-family and urban living development permits issued. 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 the year total over 3.8 million square feet with the value totaling over \$117 million for all permits issued.

Frisco is a destination leader with venues and attractions that generate significant economic benefits to Frisco retailers, restaurants, hotels, as well as other businesses. On December 20, 2019, Frisco welcomed the Tropical Smoothie Café Frisco Bowl NCAA football game to Toyota

Stadium. The teams were Utah State University, representing the Mountain West Conference, and Kent State University, representing the Mid-American Conference. On January 11, 2020, 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. The teams for the 2020 game were North Dakota State University, representing the Missouri Valley Conference and James Madison University, representing the Colonial Athletic Association Conference. This game is well attended with a sellout crowd, and the City has renewed the contract with NCAA for 5 additional years. Toyota Stadium and The Star were also the locations of several concerts and special events throughout the year. According to the *Annual Tourism Report 2018*, issued by the Frisco Convention and Visitors Bureau, there were 6.6 million visitors to the City in 2018, with over \$2 billion spent by these visitors for retail, food & beverage, lodging, transportation and entertainment.

Frisco ISD (FISD), a public school district within the City considers itself a “Destination District” for families moving to or relocating within the North Texas area. 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 2019 was 62,730 students. A Bond Referendum passed in November 2018 to provide capital for their continued building program through the next six years or 72,000 students. School enrollment in FISD is projected to continue to increase due to the high level of education offered and stellar extra curriculum programs across all campuses. Other ISD’s in the City of Frisco include Prosper, Lewisville, and Little Elm.

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. The City of Frisco and UNT have formed a new partnership to bring the innovation of UNT to the community through what ultimately will be a 100-acre branch campus in North Central Frisco, at the southwest corner of Preston Road and Panther Creek Parkway designed to serve at least 5,000 students. UNT also purchased and expanded operations of Inspire Park, a 50,000 square foot building on 4.8 acres, which provides partnership-based educational opportunities. Classroom space at Inspire Park opened in January 2019.

Additionally, Collin College, a premier community college district in Collin County since the mid-eighties continues to expand the Preston Ridge Campus (PRC) in Frisco with current enrollment at over 8,500. Students can take advantage of unique programs and amenities that foster exploration, collaboration, and critical thinking. PRC houses the award-winning Institute of Hospitality and Culinary Education (IHCE), the National Convergence Technology Center (CTC), an impressive conference center, and a university-style central quad. The campus offers many classes, including concurrent enrollment for high school students and lower-division core classes to prepare students for transfers to university.

Looking ahead to 2020 and beyond, 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 live, work, play, educate and innovate.

Long-Term Financial Planning-Capital Improvement Program

The City has a high level five-year financial model including staffing requirements and a five-year capital improvement plan. We monitor our assessed property values, sales tax collections, and building permit starts. The City encourages and provides incentives for new and updated opportunities and developments to sustain our financial economy. Staffing levels are recommended by Department Heads due to growth and programming demands during the annual budget process. The City will use bond authority approved by voters in May 2015 and May 2019 for the fiscal year 2020 Capital Improvement Program. Of the \$120,775,000 budgeted in FY20, 43% is allocated for facilities, 49% for roadways and thoroughfares, and 8% for Parks and Recreation projects, including hike and bike trails.

Of this funding, design and construction of a current facility to be repurposed to a larger public library is included, as well as funding for a current parks facility to be repurposed for the Municipal Court operations. Infrastructure, including roads and drainage, is funded for the Northwest quadrant of the City in anticipation of the PGA headquarters and courses. Road expansion or construction for Rockhill Parkway, Dallas Parkway and Panther Creek Parkway are funded.

A Cultural & Performing Arts Center is being discussed with several private potential partners and the Frisco ISD. The Grove, an Adult Activity Center, has been completed and opened in January 2020.

Certificates of Obligation will be issued for several major water & wastewater projects including Frisco Pump Station #3 Expansion, the Legacy Lift Station, and expansion of the reuse system. The impact of the Capital Improvement Program on the operating budgets of the City and the project listing for current and planned projects is included in detail in the FY2020 Annual Budget.

Relevant Financial Policies

The City Council formed the Finance & Audit Committee in 2003. The Committee meets on an as-needed basis, and at least quarterly, to discuss financial and budgetary information for long-term planning, financial policies, fund balance reserve requirements, tax rate recommendations and fees for services recommendations.

We continue to contract services to provide internal control monitoring and 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, as well as staffing compensation decisions and policies. 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, funded by the retirees to meet their health care insurance coverage needs until age 65. We review plan designs for our benefits offered 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.

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 new policies are added or current policies 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.

Budget Development 2020

The FY20 Approved Appropriation will continue funding for implementation of City Council's strategies and priorities as adopted during 2019. As we developed the funding plan for FY20, special considerations were given to the growth which impacts operations and the special projects that we continue to manage. We used a population assumption growth of 5.5%. A priority for the Council is to develop commercial/retail along US380, and we believe that the PGA project will provide the needed energy to see that goal to fruition. In addition, the recent rezoning of Hall Park will provide a great opportunity for dynamic mixed used office space as Hall Park, one of our first major office parks, combines with The Star, Frisco Station, and The Gate. Stonebriar Centre has refreshed and Kidzania opened this Fall, with the Hyatt Regency to open a year later at the Centre.

The FY20 budget appropriation was a challenge to present to Council as management decided to early implement the new revenue caps passed into law by the State of Texas. We only added 4 new public safety positions and provided no funding for new capital equipment. Replacement capital was funded at \$6.0 million. We are committed as a City to maintain our current equipment and facilities. Several new programs were funded including the 4 new Public Safety Officers, Employee Wellness Clinic and the mall space build out for community services. Funding of \$3 million, for an average 3% merit for civilian employees or one step increase for public safety personnel was approved, but no market adjustments were funded.

The City's Financial Services Department developed two short educational videos this past year to share with Council and for training opportunities with residents. We also wrote a Finance & Budget Manual which was well received and details our major revenue sources and budget development methodology. Links to various information sources regarding property taxes and sales tax are included in the Manual. Financial Services also published a condensed version of the Annual Report, *Citizen's Financial Report*, which is very well received and offers a short recap of the financial position and the past year achievements and statistics.

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, 2018. This was the eighteenth 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,



Anita Cothran, CGFO
Director of Financial Services



Kim Sinclair, CGFO
Assistant Director of Financial Services/Controller



Derrick Cotten, CPA
Assistant Controller



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, 2018

Christopher P. Morill

Executive Director/CEO

City of Frisco, Texas

Elected Officials and Administrative Officers

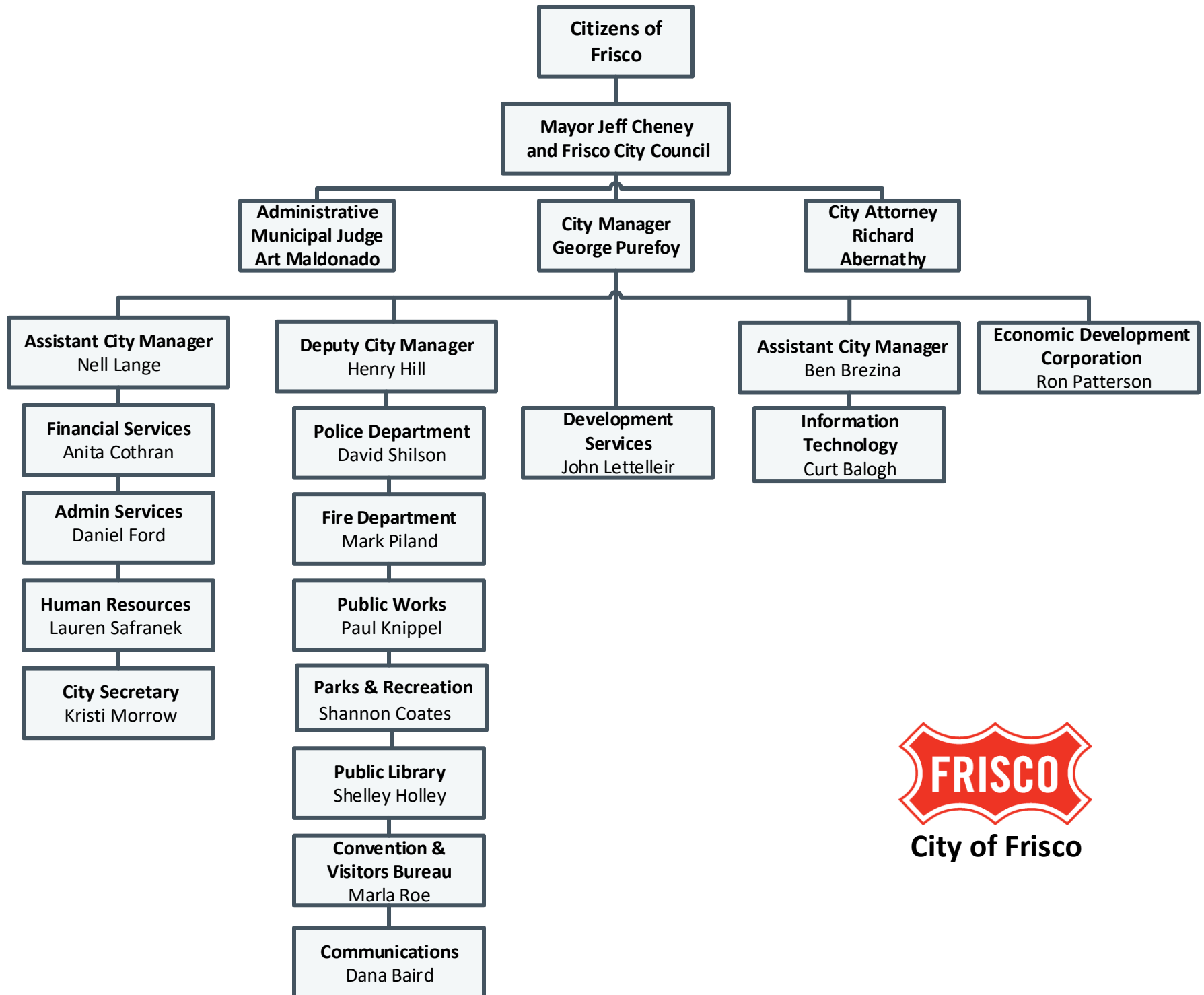
September 30, 2019

Council Members

Mayor	Jeff Cheney
Mayor Pro-tem, Place 1	John Keating
Deputy Mayor Pro-tem, Place 4	Bill Woodard
Councilmember, Place 2	Shona Huffman
Councilmember, Place 3	Will Sowell
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	David Shilson
Director of Public Works/Engineering	Paul Knippel
Director of Human Resources	Lauren Safranek
Director of Administrative Services	Daniel Ford
Director of IT Services	Curt Balogh
Director of Library Services	Shelly Holley
Director of Parks & Recreation	Shannon Coates
Director of Development Services	John Lettelleir
Economic Development President	Ron Patterson
CVB Executive Director	Marla Roe





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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and TIRZ #1 Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Changes in Net Pension Liability and Related Ratios; Schedule of Contributions; Notes to the Schedule of Contributions; and Schedule of Changes in OPEB Liability and Related Ratios; on pages 5 through 16 and 80 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2020, 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 24, 2020



PROGRESS IN MOTION

Management's Discussion and Analysis

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, 2019. 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 vii-xiv of this report) and the statistical section (pages 122-152), 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 \$1,875,702,979 (net position). The majority of the City's assets are invested in capital assets or restricted for specific purposes. The remaining \$114,522,006 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 \$112,092,315 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 \$30,223,479.
- As of the close of the current fiscal year, the City of Frisco's governmental funds reported a combined ending fund balance of \$413,331,681. Approximately 18% 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 \$72,539,025 or 45% of total general fund expenditures.
- The deferred outflows of the City increased by \$11,625,021, or 40.57% during the fiscal year. This change is due to the change in the OPEB and Pension liability.
- The deferred inflows of the City decreased by \$4,388,027 or (65.84)% during the fiscal year. This change is due to actuarial assumptions.

- The City of Frisco's total debt increased by \$65,226,277, 8% during the current fiscal year. This change was due to four (4) new bond issues during the year being higher than bond debt maturities.
- The ad valorem rate for the City was \$.4466 for fiscal year 2019. This tax rate supports debt service, operations and maintenance, and bond programs to construct infrastructure and city facilities. The homestead exemption for residential properties was 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 certain 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 #1), 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 92 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 \$1,875,702,979 as of September 30, 2019.

By far the largest portion of the City's net position (88%) 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, 2019

	Governmental Activities		Business Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 489,956,529	\$ 397,853,190	\$154,621,653	\$147,546,103	\$ 644,578,182	\$ 545,399,293
Capital assets	1,778,403,096	1,686,948,609	440,313,817	420,160,035	2,218,716,913	2,107,108,644
Total assets	2,268,359,625	2,084,801,799	594,935,470	567,706,138	2,863,295,095	2,652,507,937
Deferred outflow of resources	33,635,645	23,422,018	6,641,314	5,229,920	40,276,959	28,651,938
Other liabilities	114,630,880	113,045,939	25,147,379	25,940,877	139,778,259	138,986,816
Long term liabilities	737,917,142	654,061,780	147,897,283	148,059,676	885,814,425	802,121,456
Total liabilities	852,548,022	767,107,719	173,044,662	174,000,553	1,025,592,684	941,108,272
Deferred inflow of resources	1,951,192	5,712,357	325,199	952,061	2,276,391	6,664,418
Net investment in capital assets	1,315,371,557	1,215,381,073	330,734,056	306,888,683	1,646,105,613	1,522,269,756
Restricted	77,158,120	71,803,680	37,917,240	32,201,559	115,075,360	104,005,239
Unrestricted	54,966,379	48,218,988	59,555,627	58,893,202	114,522,006	107,112,190
Total net position	\$1,447,496,056	\$1,335,403,741	\$428,206,923	\$397,983,444	\$1,875,702,979	\$1,733,387,185

An additional portion of the City's net position (6%) represents resources that are subject to external restrictions on how they may be used, including bond covenants. The remaining balance of unrestricted net position \$114,522,006 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, 2019, the City can 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.

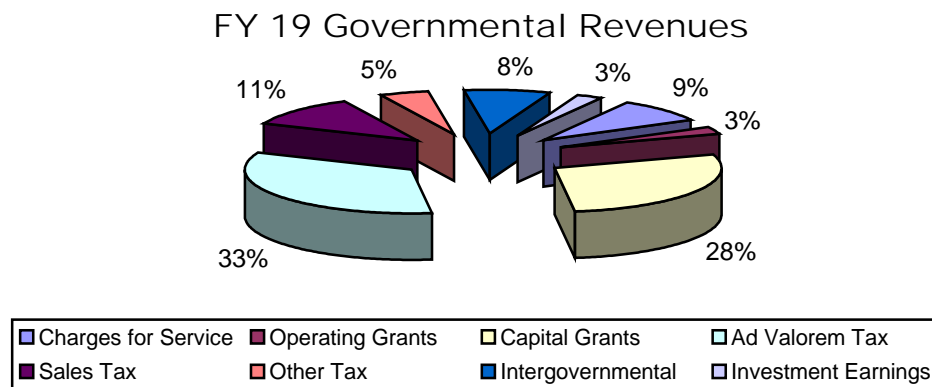
Analysis of the City's Operations – Overall the City had an increase in net position of \$142,315,794.

Governmental activities: Governmental activities increased the total net position by \$112,092,315 or 79% of the total growth. Net investment in capital assets increased by \$99,990,484 due to increases in capital investment (or projects completed during the year), net of increases in debt. Unrestricted net position showed an increase of \$6,747,391. Restricted net position increased by \$5,354,440, 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 \$30,256,227. General revenue had a decrease of \$4,146,884, while program revenues had an increase of \$34,403,111. These were primarily due to the following factors:

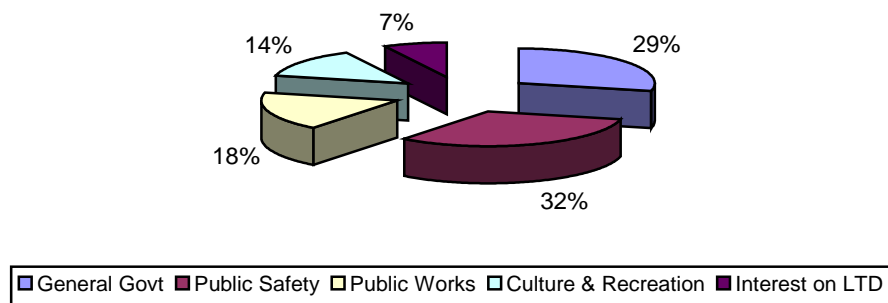
General revenues: Property tax revenue includes an increase of \$11.5 million and is due to a combination of the increased value in existing property and the value generated by new improvements and annexations. Sales taxes increased \$1.3 million due to an increase in retail sales for the entire year. Franchise taxes and other taxes also had a net slight increase. Intergovernmental revenues decreased \$21.9 million due to decreases 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. Capital contributions also increased during the year, for public works projects.



Total expenses for governmental activities increased \$21.4 million or 8 percent. This increase is attributed to increases to provide services to the growing population. General government expenses include a payment of \$17.5 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 \$92.2 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 \$51.3 million were incurred. These expenses include depreciation for City infrastructure. Total salaries and benefits for the governmental activities totaled approximately \$116.9 million or 41% of the total, while depreciation expense totaled \$75.2 million or 26%.

FY 19 Governmental Expenses



Business-type activities: Net position from business-type activities increased by \$30,223,479 accounting for the remaining total growth. Program revenues of the City's business-type activities were \$151,542,111 for the fiscal year. Operating expenses totaled \$120,834,623. The increase is affected by several factors, including the following:

The City's water and sewer system recorded charges for services of \$95,978,738 and impact fees and contributions of \$33,909,304. Revenues showed a decrease during the year primarily due to decreased capital contributions. Total operating expenses were \$101,466,829. The most significant expenses of the water and sewer fund were \$31,661,764 to purchase water, \$22,948,207 for the cost of sewage treatment, \$17,054,509 for depreciation and \$16,127,050 for salaries and benefits.

**City of Frisco's Changes in Net Position
For the year ended
September 30, 2019**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 35,654,706	\$ 32,769,833	\$ 117,603,307	\$ 116,823,641	\$ 153,258,013	\$ 149,593,474
Operating grants and contributions	10,992,363	7,374,981	29,500	-	11,021,863	7,374,981
Capital grants and contributions	110,727,397	82,826,541	33,909,304	40,895,889	144,636,701	123,722,430
Total program revenues	157,374,466	122,971,355	151,542,111	157,719,530	308,916,577	280,690,885
General revenues						
Ad valorem tax	131,952,480	120,389,122	-	-	131,952,480	120,389,122
Sales tax	44,647,320	43,363,487	-	-	44,647,320	43,363,487
Franchise tax	10,899,394	11,007,612	-	-	10,899,394	11,007,612
Other tax	7,733,104	7,212,592	-	-	7,733,104	7,212,592
Intergovernmental	32,894,962	54,774,029	114,960	169,584	33,009,922	54,943,613
Investment earnings	9,907,059	5,434,361	2,986,218	1,696,952	12,893,277	7,131,313
Total general revenues	238,034,319	242,181,203	3,101,178	1,866,536	241,135,497	244,047,739
Total revenues	395,408,785	365,152,558	154,643,289	159,586,066	550,052,074	524,738,624
Expenses						
General government	81,789,316	75,995,523	-	-	81,789,316	75,995,523
Public safety	92,202,109	82,425,573	-	-	92,202,109	82,425,573
Public works	51,333,497	49,265,749	-	-	51,333,497	49,265,749
Culture and recreation	40,449,835	39,046,786	-	-	40,449,835	39,046,786
Interest	21,126,900	18,785,636	-	-	21,126,900	18,785,636
Water and sewer	-	-	101,466,829	93,666,630	101,466,829	93,666,630
Other enterprise funds	-	-	19,367,794	17,221,827	19,367,794	17,221,827
Total expenses	286,901,657	265,519,267	120,834,623	110,888,457	407,736,280	376,407,724
Increase in net position before transfers	108,507,128	99,633,291	33,808,666	48,697,609	142,315,794	148,330,900
Transfers	3,585,187	2,261,440	(3,585,187)	(2,261,440)	-	-
Increase in net position	112,092,315	101,894,731	30,223,479	46,436,169	142,315,794	148,330,900
Net position, October 1	1,335,403,741	1,237,908,051	397,983,444	352,280,447	1,733,387,185	1,590,188,498
Cumulative effect of a change in accounting principal – GASB 75	-	(4,399,041)	-	(733,172)	-	(5,132,213)
Net position, beginning restated	1,335,403,741	1,233,509,010	397,983,444	351,547,275	1,733,387,185	1,585,056,285
Net position, September 30	<u>\$1,447,496,056</u>	<u>\$1,335,403,741</u>	<u>\$428,206,923</u>	<u>\$397,983,444</u>	<u>\$ 1,875,702,979</u>	<u>\$ 1,733,387,185</u>

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. 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, 2019, the governmental funds of the City reported a combined fund balance of \$413,331,681, an increase of \$99,088,034 in comparison with the prior year, primarily as a result of proceeds from issuing new bonds. Unassigned fund balance, which is available for spending at the government's discretion, constitutes \$72,539,025 of this balance. The remainder of fund balance is non-spendable, restricted, committed or assigned. 1) Non-spendable fund balances \$2,708,253 includes prepaids and inventories held by the government, 2) Restricted balances includes bond proceeds restricted for capital projects \$237,832,339, reserves to pay debt service \$5,594,173, impact fee revenues restricted for capital project funding \$65,554,649, TIRZ #1 balances for other purposes \$6,572,023, and other special revenues restricted for a specific purpose \$3,082,748, 3) Committed funds included commitments made by resolution by the governing body for insurance reserves and other post employment benefits (OPEB) \$10,967,630, workforce housing programs \$446,761 and the capital reserve fund \$8,034,080.

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 \$72,539,025, while total fund balance reached \$93,281,641. 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 45% of total general fund expenditures, while total fund balance represents 58% of that same amount. The fund balance of the City's general fund increased \$12,826,298 during the current fiscal year attributed mainly to increases in actual revenues collected for sales tax, property tax and investment earnings, while expenditures for most functional areas were less than originally budgeted.

The TIRZ #1 fund has a total fund balance of \$6,572,023. This amount is restricted for future projects within the zone. The changes in the fund balance are attributed to increased property tax, intergovernmental revenue and rent collections.

The capital projects fund has a total fund balance of \$238,887,081, \$1,054,742 non-spendable for prepaid expenses and inventories. The fund balance represents unspent bond proceeds and intergovernmental revenue for roads, facilities and parks that have been received but not yet spent or recognized on specific capital projects. The increase in fund balance is due to proceeds from new debt being issued for capital projects during the fiscal year. The revenue recognized is for interest earnings on bond proceeds, intergovernmental/developer agreements for shared costs projects and charges for services.

The debt service fund has a total fund balance of \$5,594,173, 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, 2019 totaled \$59,555,627. 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 2019, the City Council approved a final appropriation in September 2019 with the total amount of the appropriation equaling \$177.1 million including transfers out to other City funds. Amendments were made to reallocate funds appropriated to more accurately account for estimated revenues and expenditures.

With the budget amendments made during the fiscal year, the actual expenditures on a budgetary basis were \$158.9 million compared to the re-estimated (revised) budget amount of \$176.4 million. The \$17.5 million variance in total expenditures (excluding transfers out) is attributed to savings in the general fund for operational dollars budgeted but not required or expended by September 30.

The actual (on a budgetary basis excluding transfers in) revenues were \$170.7 million as compared to the re-estimated (revised) budget amount of \$170.2 million excluding transfers. The \$.5 million variance in total revenues is attributed to increases over projections in property tax, sales tax, rents, interest earnings and charges for services collections, with decreases under projections in licenses and permits and franchise tax collections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. At the end of the year, the City had \$3,141,135,242 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 \$200,840,856 over the prior fiscal year. Total accumulated depreciation for September 30, 2019, was \$922,418,329 for net capital assets of \$2,218,716,913.

Capital Assets for the Year Ended September 30, 2019

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 346,239,015	\$ 285,568,207	\$ 10,543,522	\$ 10,543,522	\$ 356,782,537	\$ 296,111,729
Building & improvements	687,533,603	682,700,719	10,178,723	10,123,598	697,712,326	692,824,317
Machinery & equipment	81,528,189	73,302,791	10,760,469	10,315,487	92,288,658	83,618,278
Construction-in-progress	109,937,918	83,982,099	33,013,780	57,834,717	142,951,698	141,816,816
Improvements other than buildings	1,276,246,181	1,211,988,565	575,153,842	513,934,681	1,851,400,023	1,725,923,246
Total capital assets	2,501,484,906	2,337,542,381	639,650,336	602,752,005	3,141,135,242	2,940,294,386
Less:						
Accumulated depreciation	(723,081,810)	(650,593,772)	(199,336,519)	(182,591,970)	(922,418,329)	(833,185,742)
Total	<u>\$1,778,403,096</u>	<u>\$1,686,948,609</u>	<u>\$440,313,817</u>	<u>\$420,160,035</u>	<u>\$2,218,716,913</u>	<u>\$2,107,108,644</u>

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 2020 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 2020 Plan.

Additional information regarding capital assets can be found in Note 6.

Debt administration. At year-end, the City had \$890,300,552 in debt outstanding as compared to \$825,074,275 at the end of the prior fiscal year, an increase of 8% – as shown below.

Outstanding Debt, September 30, 2019

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 515,948,510	\$ 491,948,330	\$ 52,846,584	\$ 61,370,686	\$ 568,795,094	\$ 553,319,016
Certificates of obligation bonds	222,128,248	178,133,394	99,377,210	93,621,865	321,505,458	271,755,259
Totals	\$ 738,076,758	\$ 670,081,724	\$ 152,223,794	\$ 154,992,551	\$ 890,300,552	\$ 825,074,275

In February 2019, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2019, in the amount of \$35,000,000 with a net premium of \$170,775. Proceeds from the sale of bonds will be used for constructing golf courses, a clubhouse, public hike and bike trails, public parking areas and to pay the costs of issuance associated with the sale of the bonds.

In June 2019, the City issued General Obligation Bonds, Series 2019, in the amount of \$63,790,000 with a net premium of \$5,542,855. 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; the public works facility, municipal library and municipal center and to pay the costs of issuance associated with the sale of the bonds.

In June 2019, the City issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2019A, in the amount of \$9,595,000 with a net premium of \$566,891. Proceeds from the sale of the certificates are to be used for water, sewer and water reuse infrastructure improvements, and to pay the costs associated with the issuance of the certificates.

In June 2019, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2019B, in the amount of \$16,535,000, with a net premium of \$144,926. Proceeds from the sale of the 2019B Certificates will be used for acquiring, constructing and equipping a public conference center, meeting and exhibit center, and paying the costs associated with the issuance of the 2019B Certificates.

Additional information regarding the City's outstanding debt can be found in Note 8.

The City's assigned ratings for general obligation bonds and certificates of obligation bonds were as follows during FY 2019:

	Standard & Poor's Corporation	Moody's Investor Services
General Obligation Bonds	AAA	Aaa
Certificates of Obligation Bonds	AAA	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 1.87%. 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.

Authorized bonds remain unissued from the 2006 Election, the 2015 Election and the 2019 Election.

**Authorized but Unissued Debt
September 30, 2019**

<u>Election May 13, 2006</u>	<u>Voted Bonds</u>	<u>Issued Prior Years</u>	<u>Issued FY 2019</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	41,500,000	-	-
Street Improvements (Prop. 2)	125,000,000	125,000,000	-	-
City Hall Expansion (Prop. 4)	37,000,000	5,000,000	10,000,000	22,000,000
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	203,500,000	10,000,000	42,000,000
 <u>Election May 4, 2019</u>				
Public Safety (Prop. A)	62,500,000	-	18,000,000	44,500,000
Street Improvements (Prop. B)	155,000,000	-	30,000,000	125,000,000
Public Works & Technology (Prop. C)	12,000,000	-	4,000,000	8,000,000
Library (Prop. D)	62,000,000	-	7,000,000	55,000,000
Parks, Trails and Rec Facilities (Prop. E)	53,500,000	-	-	53,500,000
Remaining	345,000,000	-	59,000,000	286,000,000
Total Authorized/Unissued Bonds	\$ 638,500,000	\$ 218,500,000	\$ 69,000,000	\$ 351,000,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2020 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 combined budget appropriation totaled \$175 million. This represents an increase of \$1.7 million from the FY 2019 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 5.68%, and a gain on existing property of 2.16%. According to final figures received from the CAD's, the total certified assessed property value for FY 2020 is \$29.4 billion. Council approved a tax rate of \$0.4466 per \$100 of valuation the same as the FY 2019 tax rate of \$0.4466. Council maintained the homestead tax exemption for FY 2020 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 \$47 million. A fee increase for water sales and sewer services was approved and effective in January 2020. Appropriations are to be used for capital projects in the utility construction projects fund, operating expenses, and bond interest and fiscal charges.

Texas Senate Bill 2 which was passed during the 2019 Legislative Session in order to limit property tax growth to 3.5% is effective for the FY 2021 budget. However, the City of Frisco included the effects of this Bill a year early with the development and approval of the FY 2020 Budget. For the first time in many years, the City only added seven total new positions to the workforce, four police officers and three environmental services employees. Replacement capital was funded, but no new programs or capital were funded in the FY 2020 budget. Staff will do what is necessary to provide the citizens and visitors with all the services required of our City.

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 *Citizen's Annual Financial Report*, a condensed version of the financial position presented in the CAFR, online at the City's website www.friscotexas.gov.

BASIC FINANCIAL STATEMENTS



PROGRESS IN MOTION

City of Frisco
Statement of Net Position
For the Year Ended September 30, 2019

	Primary Government			
	Governmental	Business-type		Component
ASSETS	Activities	Activities	Total	Units
Cash and cash equivalents	\$ 198,010,942	\$ 26,389,177	\$ 224,400,119	\$ 30,176,961
Investments	242,799,428	33,414,909	276,214,337	36,671,569
Receivables (net of allowance for uncollectibles)	20,394,073	13,973,217	34,367,290	8,014,271
Inventories	1,855,291	823,187	2,678,478	-
Prepays	852,962	134,798	987,760	47,481
Notes receivable	2,780,000	-	2,780,000	350,000
Restricted assets:				
Cash and cash equivalents	-	35,915,811	35,915,811	3,005,877
Investments	-	43,970,554	43,970,554	5,600,000
Notes receivable - noncurrent	23,263,833	-	23,263,833	120,000
Land held for resale	-	-	-	78,551,958
Capital assets:				
Land	346,239,015	10,543,522	356,782,537	85,954,615
Buildings and improvements	687,533,603	10,178,723	697,712,326	10,289,256
Improvements other than buildings	1,276,246,181	575,153,842	1,851,400,023	18,603,502
Machinery and equipment	81,528,189	10,760,469	92,288,658	347,608
Construction in progress	109,937,918	33,013,780	142,951,698	215,053
Accumulated depreciation	(723,081,810)	(199,336,519)	(922,418,329)	(25,627,421)
Total assets	2,268,359,625	594,935,470	2,863,295,095	252,320,730
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions and investment experience	21,061,180	3,510,195	24,571,375	501,458
OPEB contributions	896,585	149,432	1,046,017	21,348
Deferred charge on bond refunding	11,677,880	2,981,687	14,659,567	744,580
Total deferred outflows of resources	33,635,645	6,641,314	40,276,959	1,267,386
LIABILITIES				
Accounts and retainage payable	25,385,541	4,342,935	29,728,476	1,607,872
Accrued liabilities	1,907,906	765,341	2,673,247	95,853
Accrued interest payable	3,978,376	774,811	4,753,187	620,237
Customer deposits	-	4,605,350	4,605,350	76,118
Unearned revenue	3,567,554	-	3,567,554	5,000
Monies held in escrow	14,792,773	94,986	14,887,759	-
Non-current liabilities:				
Due within one year:				
Compensated absences	7,759,357	1,098,826	8,858,183	126,251
Notes payable	-	-	-	4,047,664
Bonds payable	57,239,373	13,465,130	70,704,503	5,410,551
Due in more than one year:				
Compensated absences	5,429,087	530,177	5,959,264	71,963
Pension	45,977,739	7,662,956	53,640,695	1,094,708
OPEB	5,672,931	945,486	6,618,417	135,070
Notes payable	-	-	-	31,830,260
Bonds payable	680,837,385	138,758,664	819,596,049	96,292,009
Total liabilities	852,548,022	173,044,662	1,025,592,684	141,413,556
DEFERRED INFLOWS OF RESOURCES				
Pension actuarial experience	1,144,534	190,757	1,335,291	27,250
OPEB actuarial experience	806,658	134,442	941,100	19,206
Total deferred inflows of resources	1,951,192	325,199	2,276,391	46,456
NET POSITION				
Net investment in capital assets	1,315,371,557	330,734,056	1,646,105,613	31,941,233
Restricted for:				
Capital projects	65,554,649	37,917,240	103,471,889	-
Tax increment reinvestment zone	6,572,023	-	6,572,023	-
Other purposes	3,082,748	-	3,082,748	-
Debt service	1,948,700	-	1,948,700	7,985,640
Unrestricted	54,966,379	59,555,627	114,522,006	72,201,231
Total net position	\$ 1,447,496,056	\$ 428,206,923	\$1,875,702,979	\$ 112,128,104

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

City of Frisco

Statement of Activities

For the Year Ended September 30, 2019

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 81,789,316	\$ 25,060,656	\$ 452,767	\$ 2,610
Public safety	92,202,109	4,513,162	4,636,513	132,053
Public works	51,333,497	239,853	4,180,228	105,189,361
Culture and recreation	40,449,835	5,841,035	1,722,855	5,403,373
Interest on long-term debt	21,126,900	-	-	-
Total governmental activities	286,901,657	35,654,706	10,992,363	110,727,397
Business-type activities:				
Water and sewer	101,466,829	95,978,738	29,500	33,909,304
Non-major enterprise funds	19,367,794	21,624,569	-	-
Total business-type activities	120,834,623	117,603,307	29,500	33,909,304
Total primary government	\$ 407,736,280	\$ 153,258,013	\$ 11,021,863	\$ 144,636,701
Component unit:				
Community development	\$ 10,986,780	\$ 3,187,173	\$ -	\$ 290,735
Economic development	15,058,561	-	203,775	19,292,510
Charitable foundation	14,631	-	15,477	-
Total component units	\$ 26,059,972	\$ 3,187,173	\$ 219,252	\$ 19,583,245
General revenues:				
Ad valorem taxes				
Sales taxes				
Franchise taxes				
Other taxes				
Ad valorem tax for TIRZ funds, intergovernmental revenues				
Investment earnings				
Transfers				
Total general revenues				
Change in net position				
Net position, beginning				
Net position, ending				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (56,273,283)	\$ -	\$ (56,273,283)	
(82,920,381)	-	(82,920,381)	
58,275,945	-	58,275,945	
(27,482,572)	-	(27,482,572)	
(21,126,900)	-	(21,126,900)	
(129,527,191)	-	(129,527,191)	
-	28,450,713	28,450,713	
-	2,256,775	2,256,775	
-	30,707,488	30,707,488	
(129,527,191)	30,707,488	(98,819,703)	
			\$ (7,508,872)
			4,437,724
			846
			(3,070,302)
131,952,480	-	131,952,480	-
44,647,320	-	44,647,320	44,647,320
10,899,394	-	10,899,394	-
7,733,104	-	7,733,104	-
32,894,962	114,960	33,009,922	2,790,255
9,907,059	2,986,218	12,893,277	2,158,855
3,585,187	(3,585,187)	-	-
241,619,506	(484,009)	241,135,497	49,596,430
112,092,315	30,223,479	142,315,794	46,526,128
1,335,403,741	397,983,444	1,733,387,185	65,601,976
\$ 1,447,496,056	\$ 428,206,923	\$ 1,875,702,979	\$ 112,128,104

City of Frisco
Balance Sheet
Governmental Funds
September 30, 2019

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 40,850,229	\$ 10,255,677	\$ 124,098,202	\$ 1,203,075	\$ 21,603,759	\$ 198,010,942
Investments	53,068,351	-	138,875,178	4,301,176	46,554,723	242,799,428
Receivables (net of allowance for uncollectibles):						
Property taxes	719,803	-	-	408,336	-	1,128,139
Sales taxes	7,835,467	-	-	-	-	7,835,467
Franchise taxes	5,371,359	-	-	-	82,099	5,453,458
Occupancy tax	-	-	-	-	550,436	550,436
Grants	-	-	-	-	735,898	735,898
Assessments	-	-	-	-	1,850,935	1,850,935
Other	1,710,334	41,250	678,915	14,489	245,390	2,690,378
Due from other funds	1,733,126	-	-	-	-	1,733,126
Inventories	800,549	-	1,054,742	-	-	1,855,291
Prepays	493,596	-	-	-	359,366	852,962
Notes receivable	135,833	-	373,000	-	-	508,833
Total assets	\$ 112,718,647	\$ 10,296,927	\$ 265,080,037	\$ 5,927,076	\$ 71,982,606	\$ 466,005,293
LIABILITIES, DEFERRED INFLOWS, FUND BALANCES						
Liabilities:						
Accounts payable	12,103,710	1,418,602	8,769,725	-	211,246	22,503,283
Retainage payable	-	-	2,882,258	-	-	2,882,258
Accrued liabilities	1,833,555	-	-	-	74,351	1,907,906
Unearned revenue	868,241	1,963,415	-	-	735,898	3,567,554
Monies held in escrow	51,441	342,887	14,167,223	-	231,222	14,792,773
Due to other funds	-	-	-	-	1,733,126	1,733,126
Total liabilities	14,856,947	3,724,904	25,819,206	-	2,985,843	47,386,900
Deferred inflows of resources:						
Unavailable revenue	4,580,059	-	373,750	332,903	-	5,286,712
FUND BALANCES						
Nonspendable	1,294,145	-	1,054,742	-	359,366	2,708,253
Restricted for:						
Debt service	-	-	-	5,594,173	-	5,594,173
Capital projects for future construction	-	-	237,832,339	-	65,554,649	303,386,988
Special revenue for future commitments	-	6,572,023	-	-	3,082,748	9,654,771
Committed to:						
Insurance	10,967,630	-	-	-	-	10,967,630
Workforce housing	446,761	-	-	-	-	446,761
Capital projects for future construction	8,034,080	-	-	-	-	8,034,080
Unassigned	72,539,025	-	-	-	-	72,539,025
Total fund balances	93,281,641	6,572,023	238,887,081	5,594,173	68,996,763	413,331,681
Total liabilities, deferred inflow of resources, and fund balances	\$ 112,718,647	\$ 10,296,927	\$ 265,080,037	\$ 5,927,076	\$ 71,982,606	\$ 466,005,293

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

City of Frisco

Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position September 30, 2019

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

Total fund balances per balance sheet	\$ 413,331,681
Capital assets used in governmental activities are not financial resources and, therefore, are not reported at the fund level.	1,778,403,096
Deferred outflow of resources are not financial resources and, therefore, are not reported at the fund level.	33,635,645
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are unavailable at the fund level.	5,286,712
Other assets are not available to pay for current-period expenditures, and, therefore, are not included at the fund level.	25,684,362
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.	(806,894,248)
Deferred inflow of resources are not financial resources and, therefore, are not reported at the fund level.	<u>(1,951,192)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,447,496,056</u></u>

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

City of Frisco

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended September 30, 2019

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 81,862,254	\$ 7,068,700	-	\$ 42,459,806	\$ 864,501	\$ 132,255,261
Sales	44,452,378	-	-	-	194,942	44,647,320
Franchise	10,571,889	-	-	-	327,505	10,899,394
Hotel/motel	-	-	-	-	6,585,178	6,585,178
Other	1,147,926	-	-	-	-	1,147,926
Licenses and permits	11,845,079	-	-	-	-	11,845,079
Intergovernmental	2,931,555	26,366,982	1,281,232	-	925,607	31,505,376
Charges for services	9,351,713	-	3,014,552	-	74,405	12,440,670
Fines	2,511,949	-	-	-	278,349	2,790,298
Special assessments	-	-	-	-	12,269,748	12,269,748
Rents	2,939,406	4,918,832	-	-	10,000	7,868,238
Investment earnings	2,565,103	170,736	5,079,941	343,494	1,764,667	9,923,941
Contributions, donations and grants	124,627	48,460	2,853,688	-	7,100,442	10,127,217
Payments from component units	60,000	3,759,819	725,745	1,982,417	-	6,527,981
Miscellaneous	317,466	-	72,751	-	25,678	415,895
Total revenues	170,681,345	42,333,529	13,027,909	44,785,717	30,421,022	301,249,522
EXPENDITURES						
Current:						
General government	38,848,884	22,280,204	-	-	527,116	61,656,204
Public safety	79,620,854	-	-	-	2,550,438	82,171,292
Public works	13,733,701	-	-	-	50,978	13,784,679
Culture and recreation	20,429,353	-	-	-	6,010,184	26,439,537
Capital outlay (includes \$1,247,764 not capitalized)	6,877,854	-	67,386,322	-	425,126	74,689,302
Debt service:						
Principal retirement	-	-	-	42,870,000	-	42,870,000
Interest and fiscal charges	-	-	827,336	25,700,370	-	26,527,706
Total expenditures	159,510,646	22,280,204	68,213,658	68,570,370	9,563,842	328,138,720
Excess (Deficiency) of revenues over (under) expenditures	11,170,699	20,053,325	(55,185,749)	(23,784,653)	20,857,180	(26,889,198)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	115,325,000	-	-	115,325,000
Premium on bonds issued	-	-	5,881,139	-	-	5,881,139
Discount on bonds issued	-	-	(22,583)	-	-	(22,583)
Proceeds from sale of assets	1,208,489	-	-	-	-	1,208,489
Transfers in	1,045,312	1,421,513	14,325,624	23,197,022	598,202	40,587,673
Transfers out	(598,202)	(20,582,246)	-	-	(15,822,038)	(37,002,486)
Total other financing sources and uses	1,655,599	(19,160,733)	135,509,180	23,197,022	(15,223,836)	125,977,232
Net change in fund balances	12,826,298	892,592	80,323,431	(587,631)	5,633,344	99,088,034
Fund balances, beginning	80,455,343	5,679,431	158,563,650	6,181,804	63,363,419	314,243,647
Fund balances, ending	\$ 93,281,641	\$ 6,572,023	\$238,887,081	\$ 5,594,173	\$ 68,996,763	\$ 413,331,681

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

City of Frisco

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, 2019

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

Net change in fund balance - total governmental funds	\$ 99,088,034
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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.	91,454,487
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(325,937)
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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.	(72,523,335)
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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.	<u>(5,600,934)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

	<u>\$ 112,092,315</u>
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City of Frisco

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual For the Fiscal Year Ended September 30, 2019

	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	\$ 82,538,430	\$ 82,538,430	\$81,862,254	\$ -	\$81,862,254	\$ (676,176)
Sales	46,785,104	43,785,104	44,452,378	-	44,452,378	667,274
Franchise	10,649,743	10,649,743	10,571,889	-	10,571,889	(77,854)
Other	1,027,530	1,027,530	1,147,926	-	1,147,926	120,396
Licenses and permits	12,677,795	13,012,795	11,845,079	-	11,845,079	(1,167,716)
Intergovernmental	2,166,413	2,166,413	2,931,555	-	2,931,555	765,142
Charges for services	9,126,357	9,281,357	9,351,713	-	9,351,713	70,356
Fines	2,243,745	2,375,745	2,511,949	-	2,511,949	136,204
Rents	2,506,863	2,836,165	2,939,406	-	2,939,406	103,241
Investment earnings	967,900	2,236,688	2,565,103	-	2,565,103	328,415
Contributions, donations and grants	144,960	135,960	124,627	-	124,627	(11,333)
Payments from component units	50,000	60,000	60,000	-	60,000	-
Miscellaneous	694,617	89,617	317,466	-	317,466	227,849
Total revenues	171,579,457	170,195,547	170,681,345	-	170,681,345	485,798
EXPENDITURES						
Current:						
General government	46,971,984	50,544,113	38,848,884	164,133	39,013,017	11,531,096
Public safety	82,605,298	81,677,209	79,620,854	(73,729)	79,547,125	2,130,084
Public works	14,338,331	14,809,216	13,733,701	73,352	13,807,053	1,002,163
Culture and recreation	21,618,429	21,538,912	20,429,353	(75,609)	20,353,744	1,185,168
Capital outlay	7,369,936	7,854,910	6,877,854	(687,327)	6,190,527	1,664,383
Total expenditures	172,903,978	176,424,360	159,510,646	(599,180)	158,911,466	17,512,894
Excess (Deficiency) of revenues over (under) expenditures	(1,324,521)	(6,228,813)	11,170,699	599,180	11,769,879	17,998,692
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets	-	515,000	1,208,489	-	1,208,489	693,489
Transfers in	1,045,312	1,045,312	1,045,312	-	1,045,312	-
Transfers out	(150,000)	(653,329)	(598,202)	-	(598,202)	55,127
Total other financing sources and uses	895,312	906,983	1,655,599	-	1,655,599	748,616
Net change in fund balances	(429,209)	(5,321,830)	12,826,298	599,180	13,425,478	18,747,308
Fund balances, beginning	67,597,718	80,455,343	80,455,343	(2,751,046)	77,704,297	(2,751,046)
Fund balances, ending	\$ 67,168,509	\$ 75,133,513	\$93,281,641	\$ (2,151,866)	\$91,129,775	\$ 15,996,262

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis For the Fiscal Year Ended September 30, 2019

	Net Change in Fund Balance
GAAP basis	\$ 12,826,298
Expenditures:	
Increase due to encumbrances from prior year	2,751,046
Decrease due to encumbrances for current year	(2,151,866)
Budgetary basis	\$ 13,425,478

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

City of Frisco

TIRZ #1 Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Property	7,076,619	7,068,700	7,068,700	-	7,068,700	-
Intergovernmental	26,836,118	26,366,982	26,366,982	-	26,366,982	-
Rents	4,967,060	4,967,061	4,918,832	-	4,918,832	(48,229)
Investment earnings	66,600	150,113	170,736	-	170,736	20,623
Contributions, donations and grants	-	-	48,460	-	48,460	48,460
Payments from component units	3,735,669	3,759,819	3,759,819	-	3,759,819	-
Total revenues	42,682,066	42,312,675	42,333,529	-	42,333,529	20,854
EXPENDITURES						
Current:						
General government	21,710,241	22,280,204	22,280,204	-	22,280,204	-
Total expenditures	21,710,241	22,280,204	22,280,204	-	22,280,204	-
Excess (Deficiency) of revenues over (under) expenditures	20,971,825	20,032,471	20,053,325	-	20,053,325	20,854
OTHER FINANCING SOURCES (USES)						
Transfers in	1,447,200	1,421,513	1,421,513	-	1,421,513	-
Transfers out	(20,635,017)	(20,582,246)	(20,582,246)	-	(20,582,246)	-
Total other financing sources and uses	(19,187,817)	(19,160,733)	(19,160,733)	-	(19,160,733)	-
Net change in fund balances	1,784,008	871,738	892,592	-	892,592	20,854
Fund balances, beginning	5,070,629	5,679,431	5,679,431	-	5,679,431	-
Fund balances, ending	\$ 6,854,637	\$ 6,551,169	\$ 6,572,023	\$ -	\$ 6,572,023	\$ 20,854

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

City of Frisco
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 19,772,153	\$ 6,617,024	\$ 26,389,177
Investments	27,621,224	5,793,685	33,414,909
Receivables (net of allowances for uncollectibles)			
Utility bills	12,648,961	496,524	13,145,485
Other	827,732	-	827,732
Inventories	823,187	-	823,187
Prepays	134,798	-	134,798
Restricted cash and cash equivalents	35,915,811	-	35,915,811
Restricted investments	43,970,554	-	43,970,554
Total current assets	141,714,420	12,907,233	154,621,653
Non-current assets:			
Capital assets:			
Land	10,543,522	-	10,543,522
Buildings and improvements	10,030,981	147,742	10,178,723
Improvements other than buildings	575,061,652	92,190	575,153,842
Machinery and equipment	8,910,974	1,849,495	10,760,469
Construction in progress	33,013,780	-	33,013,780
Accumulated depreciation	(198,096,240)	(1,240,279)	(199,336,519)
Total capital assets (net of accumulated depreciation)	439,464,669	849,148	440,313,817
Total non-current assets	439,464,669	849,148	440,313,817
Total assets	581,179,089	13,756,381	594,935,470
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions and investment experience	3,008,739	501,456	3,510,195
OPEB	128,084	21,348	149,432
Deferred charge on bond refunding	2,981,687	-	2,981,687
Total deferred outflows of resources	6,118,510	522,804	6,641,314

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	\$ 3,235,534	\$ 1,107,401	\$ 4,342,935
Accrued liabilities	643,689	121,652	765,341
Accrued interest payable	774,811	-	774,811
Customer deposits payable	4,605,350	-	4,605,350
Monies held in escrow	-	94,986	94,986
Liability for compensated absences	904,850	193,976	1,098,826
Bonds payable	13,465,130	-	13,465,130
Total current liabilities	23,629,364	1,518,015	25,147,379
Non-current liabilities:			
Liability for compensated absences	423,088	107,089	530,177
Pension	6,568,248	1,094,708	7,662,956
OPEB	810,418	135,068	945,486
Bonds payable	138,758,664	-	138,758,664
Total noncurrent liabilities	146,560,418	1,336,865	147,897,283
Total liabilities	170,189,782	2,854,880	173,044,662
DEFERRED INFLOWS OF RESOURCES			
Pension assumptions and investment earnings	163,505	27,252	190,757
OPEB	115,236	19,206	134,442
Total deferred inflows of resources	278,741	46,458	325,199
NET POSITION			
Net investment in capital assets	329,884,908	849,148	330,734,056
Restricted for:			
Capital projects	37,917,240	-	37,917,240
Unrestricted	49,026,928	10,528,699	59,555,627
Total net position	\$ 416,829,076	\$ 11,377,847	\$ 428,206,923



PROGRESS IN MOTION

City of Frisco

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2019

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
OPERATING REVENUES			
Charges for sales and services:			
Water	\$ 51,399,837	\$ -	\$ 51,399,837
Sewer charges	37,980,934	-	37,980,934
Service charges	2,022,502	-	2,022,502
Sanitation charges	-	17,603,749	17,603,749
Water and sewer connections	1,465,530	-	1,465,530
Inspection fees	2,972,285	-	2,972,285
Stormwater drainage fees	-	3,965,159	3,965,159
Miscellaneous	43,722	41,210	84,932
Total operating revenues	95,884,810	21,610,118	117,494,928
OPERATING EXPENSES			
Cost of sales and services	54,663,717	15,101,570	69,765,287
Administration	25,908,035	4,043,693	29,951,728
Depreciation	17,054,509	222,531	17,277,040
Amortization	522,261	-	522,261
Total operating expenses	98,148,522	19,367,794	117,516,316
Operating income (loss)	(2,263,712)	2,242,324	(21,388)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	2,779,110	207,108	2,986,218
Intergovernmental contribution	114,960	-	114,960
Reimbursements	29,500	-	29,500
Gain on sale of equipment	93,928	14,451	108,379
Interest expense	(3,318,307)	-	(3,318,307)
Total non-operating revenues (expenses)	(300,809)	221,559	(79,250)
Income (loss) before capital contributions	(2,564,521)	2,463,883	(100,638)
CAPITAL CONTRIBUTIONS			
Capital contributions	33,909,304	-	33,909,304
Income before transfers	31,344,783	2,463,883	33,808,666
TRANSFERS			
Transfers in	345,530	-	345,530
Transfers out	(1,997,336)	(1,933,381)	(3,930,717)
Total transfers	(1,651,806)	(1,933,381)	(3,585,187)
Change in net position	29,692,977	530,502	30,223,479
Net position, beginning	387,136,099	10,847,345	397,983,444
Net position, ending	\$ 416,829,076	\$ 11,377,847	\$428,206,923

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

City of Frisco
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2019

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 93,973,936	\$ 21,568,908	\$ 115,542,844
Cash payments to suppliers for goods and services	(63,652,606)	(16,592,053)	(80,244,659)
Cash payments to employees for services	(15,561,472)	(2,672,354)	(18,233,826)
Other receipts	43,722	41,210	84,932
Net cash provided/(used) by operating activities	14,803,580	2,345,711	17,149,291
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers received from other funds	345,530	-	345,530
Transfers made to other funds	-	(1,148,754)	(1,148,754)
Contributions	144,460	-	144,460
Net cash provided/(used) by noncapital financing activities	489,990	(1,148,754)	(658,764)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(12,577,522)	(287,155)	(12,864,677)
Proceeds from sale or transfer of equipment	174,510	14,451	188,961
Principal paid on long-term debt	(11,005,000)	-	(11,005,000)
Interest and fees paid on long-term debt	(6,167,859)	-	(6,167,859)
Bond proceeds net of issuance costs	10,161,891	-	10,161,891
Intergovernmental payments for capital construction	(1,997,336)	(784,627)	(2,781,963)
Developers contributions	8,936,060	-	8,936,060
Net cash provided/(used) in capital and related financing activities	(12,475,256)	(1,057,331)	(13,532,587)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(71,591,778)	(5,793,685)	(77,385,463)
Proceeds from sale and maturities of investment securities	66,456,289	5,789,325	72,245,614
Interest on investments	2,596,177	195,096	2,791,273
Net cash provided/(used) by investing activities	(2,539,312)	190,736	(2,348,576)
Net increase in cash and cash equivalents	279,002	330,362	609,364
Cash and cash equivalents, beginning	55,408,962	6,286,662	61,695,624
Cash and cash equivalents, ending	\$ 55,687,964	\$ 6,617,024	\$ 62,304,988
CLASSIFIED AS			
Current assets	\$ 19,772,153	\$ 6,617,024	\$ 26,389,177
Restricted assets	35,915,811	-	35,915,811
Total cash and cash equivalents	\$ 55,687,964	\$ 6,617,024	\$ 62,304,988

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	\$ (2,263,712)	\$ 2,242,324	\$ (21,388)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	17,054,509	222,531	17,277,040
Amortization	522,261	-	522,261
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - utility bills	(2,066,150)	-	(2,066,150)
Receivables - other	1,432,224	(459,051)	973,173
Prepaid expenses and other assets	(73,435)	775	(72,660)
Inventories	34,244	-	34,244
Increase (decrease) in-			
Accounts payable	(600,935)	184,787	(416,148)
Accrued liabilities	39,220	27,343	66,563
Liability for compensated absences	1,389	39,506	40,895
Net pension liability	435,606	72,602	508,208
OPEB	89,361	14,894	104,255
Deposits and escrows	198,998	-	198,998
Total adjustments	17,067,292	103,387	17,170,679
Net cash provided by operating activities	\$ 14,803,580	\$ 2,345,711	\$ 17,149,291

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 \$24,973,244.



PROGRESS IN MOTION

City of Frisco
Combining Statement of Net Position
Component Units
September 30, 2019

	<u>Community Development</u>	<u>Economic Development</u>	<u>Charitable Foundation</u>	<u>Total</u>
ASSETS				
Current:				
Cash and cash equivalents	\$ 16,222,696	\$ 13,940,984	\$ 13,281	\$ 30,176,961
Investments	18,975,983	17,695,586	-	36,671,569
Receivables:				
Sales tax	3,917,734	3,917,734	-	7,835,468
Other	119,778	59,025	-	178,803
Prepaid expenses	-	47,481	-	47,481
Notes receivable	-	350,000	-	350,000
Total current assets	<u>39,236,191</u>	<u>36,010,810</u>	<u>13,281</u>	<u>75,260,282</u>
Non-current:				
Notes receivable	120,000	-	-	120,000
Land held for resale	33,316,565	45,235,393	-	78,551,958
Capital assets:				
Land	69,816,814	16,137,801	-	85,954,615
Buildings and improvements	10,228,293	60,963	-	10,289,256
Improvements other than buildings	18,603,502	-	-	18,603,502
Machinery and equipment	118,213	229,395	-	347,608
Construction in progress	215,053	-	-	215,053
Accumulated depreciation	(25,382,754)	(244,667)	-	(25,627,421)
Restricted assets:				
Cash and cash equivalents	1,709,035	1,296,842	-	3,005,877
Investments	1,900,000	3,700,000	-	5,600,000
Total non-current assets	<u>110,644,721</u>	<u>66,415,727</u>	<u>-</u>	<u>177,060,448</u>
Total assets	<u>149,880,912</u>	<u>102,426,537</u>	<u>13,281</u>	<u>252,320,730</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions and investment experience	-	501,458	-	501,458
OPEB	-	21,348	-	21,348
Deferred charge on bond refunding	744,580	-	-	744,580
Total deferred outflows of resources	<u>744,580</u>	<u>522,806</u>	<u>-</u>	<u>1,267,386</u>
LIABILITIES				
Current:				
Accounts payable	490,949	1,116,923	-	1,607,872
Accrued liabilities	10,704	85,149	-	95,853
Liability for compensated absences	15,054	111,197	-	126,251
Accrued interest payable	435,567	184,670	-	620,237
Deposits	76,118	-	-	76,118
Unearned revenue	5,000	-	-	5,000
Notes payable	4,047,664	-	-	4,047,664
Bonds payable	3,079,376	2,331,175	-	5,410,551
Total current liabilities	<u>8,160,432</u>	<u>3,829,114</u>	<u>-</u>	<u>11,989,546</u>
Non-current:				
Liability for compensated absences	4,745	67,218	-	71,963
Pension	-	1,094,708	-	1,094,708
OPEB	-	135,070	-	135,070
Notes payable	31,830,260	-	-	31,830,260
Bonds payable	57,507,009	38,785,000	-	96,292,009
Total noncurrent liabilities	<u>89,342,014</u>	<u>40,081,996</u>	<u>-</u>	<u>129,424,010</u>
Total liabilities	<u>97,502,446</u>	<u>43,911,110</u>	<u>-</u>	<u>141,413,556</u>
DEFERRED INFLOWS OF RESOURCES				
Pension assumptions and investment earnings	-	27,250	-	27,250
OPEB	-	19,206	-	19,206
Total deferred inflows of resources	<u>-</u>	<u>46,456</u>	<u>-</u>	<u>46,456</u>
NET POSITION				
Net investment in capital assets	11,638,523	20,302,710	-	31,941,233
Restricted for debt service reserve	3,173,468	4,812,172	-	7,985,640
Unrestricted	38,311,055	33,876,895	13,281	72,201,231
Total net position	<u>\$ 53,123,046</u>	<u>\$ 58,991,777</u>	<u>\$ 13,281</u>	<u>\$ 112,128,104</u>

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

City of Frisco

Combining Statement of Activities

Component Units

For the Fiscal Year Ended September 30, 2019

		Program Revenues		
		Charges for	Operating	Capital
Functions/Programs:	Expenses	Service	Grants and	Grants and
			Contributions	Contributions
Component units:				
Community Development	\$ 10,986,780	\$ 3,187,173	\$ -	\$ 290,735
Economic Development	15,058,561	-	203,775	19,292,510
Charitable Foundation	14,631	-	15,477	-
Total component units	<u>26,059,972</u>	<u>3,187,173</u>	<u>219,252</u>	<u>19,583,245</u>

General revenues:

Sales taxes

Intergovernmental

Investment income

Total general revenues

Change in net position

Net position, beginning

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position
Component Units

<u>Community Development</u>	<u>Economic Development</u>	<u>Charitable Foundation</u>	<u>Total</u>
\$ (7,508,872)	\$ -	\$ -	\$ (7,508,872)
-	4,437,724	-	4,437,724
-	-	846	846
<u>(7,508,872)</u>	<u>4,437,724</u>	<u>846</u>	<u>(3,070,302)</u>
22,323,660	22,323,660	-	44,647,320
2,790,255	-	-	2,790,255
988,312	1,170,543	-	2,158,855
<u>26,102,227</u>	<u>23,494,203</u>	<u>-</u>	<u>49,596,430</u>
18,593,355	27,931,927	846	46,526,128
<u>34,529,691</u>	<u>31,059,850</u>	<u>12,435</u>	<u>65,601,976</u>
<u>\$ 53,123,046</u>	<u>\$ 58,991,777</u>	<u>\$ 13,281</u>	<u>\$ 112,128,104</u>

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

City of Frisco

Notes to the Basic Financial Statements

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 (TIRZ #1) 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.

City of Frisco

Notes to the Basic Financial Statements

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 can 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 can 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 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 not 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 fund-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.

City of Frisco

Notes to the Basic 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.

City of Frisco

Notes to the Basic Financial Statements

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.

City of Frisco

Notes to the Basic Financial Statements

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.

City of Frisco

Notes to the Basic Financial Statements

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

City of Frisco

Notes to the Basic Financial Statements

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 9/30/2018	Additions	Deletions	Balance 9/30/2019
Deferred outflows				
Governmental activities	\$ 23,422,018	\$ 11,601,928	\$ 1,388,301	\$ 33,635,645
Business-type activities	5,229,920	1,933,655	522,261	6,641,314
Component units	1,127,920	276,238	136,772	1,267,386
Total	<u>\$ 29,779,858</u>	<u>\$ 13,811,821</u>	<u>\$ 2,047,334</u>	<u>\$ 41,544,345</u>
Deferred inflows				
Governmental activities	\$ (5,712,357)	\$ (692,271)	\$ 4,453,436	\$ (1,951,192)
Business-type activities	(952,061)	(115,377)	742,239	(325,199)
Component units	(136,004)	(16,483)	106,031	(46,456)
Total	<u>\$ (6,800,422)</u>	<u>\$ (824,131)</u>	<u>\$ 5,301,706</u>	<u>\$ (2,322,847)</u>

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.

City of Frisco

Notes to the Basic Financial Statements

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. For example, when an expenditure is incurred, the flow assumption in determining the applicable order of using fund balance resources available is first by Committed (such as for encumbrances), then by Assigned (for the established, official intended uses), and finally by Unassigned fund balance. 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.

City of Frisco

Notes to the Basic Financial Statements

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. 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. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, is effective for periods beginning after June 15, 2018. The objective of this Statement is to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements and clarifies which liabilities governments should disclose. The required additional disclosure has been included in Note 7.

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. 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. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, is effective for periods beginning after December 15, 2019. The objectives 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.

City of Frisco

Notes to the Basic Financial Statements

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.

GASB Statement No. 91, Conduit Debt Obligations, is effective for periods beginning after December 15, 2020. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment.

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 \$806,894,248 difference are as follows:

Bonds and certificates of obligation payable	\$ 702,205,000
Bond discount (to be amortized as interest expense)	(827,823)
Bond premiums (to be amortized over the life of the bonds)	36,699,581
Accrued interest payable	3,978,376
Compensated absences	13,188,444
Net pension liability	45,977,739
Total OPEB liability	<u>5,672,931</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 806,894,248</u>

City of Frisco

Notes to the Basic Financial Statements

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 \$91,454,487 difference are as follows:

Capital outlay	\$ 73,441,538
Developers' contributions	94,190,674
Book value of capital assets disposed/retired	(913,954)
Depreciation expense	<u>(75,263,771)</u>
Net adjustment to increase net changes in fund balance	
– total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 91,454,487</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 \$72,523,335 difference are as follows:

Debt issued or incurred:	
Premium amortization	\$ 7,244,156
Discount amortization	(65,634)
Amortization on loss of refunding of debt	(1,388,301)
Bonds issued	(115,325,000)
Bond premium issued	(5,881,139)
Bond discount issued	22,583
Principal repayments:	
Bonds	<u>42,870,000</u>
Net adjustment to decrease net changes in fund balances	
– total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (72,523,335)</u>

City of Frisco

Notes to the Basic Financial Statements

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 \$5,600,934 difference are as follows:

Increase in accrued interest on bonds	\$ (389,415)
Increase in compensated absences	(1,536,736)
Increase in pension expense	(3,049,243)
Increase in OPEB expense	<u>(625,540)</u>
Net adjustment to decrease net changes in fund balances	
– total governmental funds to arrive at changes in	
net position of governmental activities	<u>\$ (5,600,934)</u>

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 principles 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.

City of Frisco

Notes to the Basic Financial Statements

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, 2019. At year-end, the carrying amount of the City's demand deposits was a balance of \$4,261,598 - bank balance, \$5,136,534. The carrying amount of the component unit's pooled cash was \$(238,560), - bank balance, \$0. The cash on hand carrying amount totaled \$32,860. The bank balance for the primary government and the component unit's deposits was covered by collateral with a fair value of \$5,351,946 and \$70,154. The collateral is held in the City's name by the Bank of New York Mellon and JP Morgan National Collateral Management Group, agents of the City's financial institutions.

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.

City of Frisco

Notes to the Basic Financial Statements

As of September 30, 2019, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity Days
Primary Government		
General Fund		
Federal Agency Notes	\$ 53,068,350	120
TexPool	13,937,958	34
TexStar	29,723,036	18
CIP Funds		
Federal Agency Notes	153,869,446	79
TexPool	8,075,691	34
TexStar	145,260,265	18
Other Funds		
Federal Agency Notes	113,247,094	109
TexPool	52,184,775	34
TexStar	6,872,610	18
Total Primary Government	<u>\$ 576,239,225</u>	<u>43</u>
Component Units		
Community Development		
Federal Agency Notes	20,875,984	136
TexPool	17,101,782	34
TexStar	998,483	18
Economic Development		
Federal Agency Notes	21,395,586	105
TexPool	10,672,727	34
TexStar	4,648,405	18
Total Component Units	<u>\$ 75,692,967</u>	<u>345</u>
Total Government	<u>\$ 651,932,192</u>	<u>388</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.

City of Frisco

Notes to the Basic Financial Statements

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

		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)
Primary Government	September 30, 2019			
Cash and cash equivalents:				
Bank deposits	\$ 4,261,598	\$ -	\$ -	\$ -
Total cash and cash equivalents	4,261,598	-	-	-
Investments measured at amortized costs:				
Investment pools:				
Texpool	74,198,424	-	-	-
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	181,855,911	-	-	-
Investments by fair value level:				
U.S. government agency securities:				
Federal Home Loan Bank	85,549,733	-	85,549,733	-
Federal Farm Credit Bank	35,946,904	-	35,946,904	-
Federal Home Loan Mortgage Corp	1,994,142	-	1,994,142	-
Federal National Mortgage Assn	7,788,604	-	7,788,604	-
US Treasury Notes	188,905,507	-	188,905,507	-
Total Investments	576,239,225	-	320,184,890	-
Total cash and investments	\$580,500,823	\$ -	\$ 320,184,890	\$ -

City of Frisco

Notes to the Basic Financial Statements

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

Component Units	September 30, 2019	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)
Cash and cash equivalents:				
Bank deposits	\$ (238,560)	\$ -	\$ -	\$ -
Total cash and cash equivalents	(238,560)	-	-	-
Investments measured at amortized costs:				
Investment pools:				
Texpool	27,774,509	-	-	-
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	5,646,889	-	-	-
Investments by fair value level:				
U.S. government agency securities:				
Federal Home Loan Bank	14,962,819	-	14,962,819	-
Federal Farm Credit Bank	3,800,746	-	3,800,746	-
Federal National Mortgage Assn	23,508,004	-	23,508,004	-
Total investments	75,692,967	-	42,271,569	-
Total cash and investments	\$ 75,454,407	\$ -	\$ 42,271,569	\$ -

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.

City of Frisco

Notes to the Basic Financial Statements

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.

Texpool is not registered with the Securities and Exchange Commission. The Texas Local Government Investment Pools (the "Texpool Portfolios") have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller of Public Accounts maintains oversight.

TexStar is not registered with the Securities and Exchange Commission. TexStar operates in compliance with Public Funds Investment Act of the Texas Government Code. The oversight body for TexStar is the TexStar Governing Board.

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.

City of Frisco

Notes to the Basic Financial Statements

Credit Risk – In compliance with the City’s Investment Policy, and in conjunction with state law, as of September 30, 2019, 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, FFCB and FNMA) 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 & Poor’s. More than five percent of the City’s investments are in Federal Farm Credit Bank (FFCB), U.S. Treasury Notes, and Federal Home Loan Bank (FHLB). These investments are 6.10%, 32.58%, and 15.42% 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, 2019, 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:

Receivables September 30, 2019

Governmental Activities	General	TIRZ #1	Capital Projects	Debt Services	Other Funds	Total
Property tax	\$ 757,687	\$ -	\$ -	\$ 429,827	\$ -	\$ 1,187,514
Sales tax	7,835,467	-	-	-	-	7,835,467
Franchise tax	5,371,359	-	-	-	82,099	5,453,458
Occupancy tax	-	-	-	-	550,436	550,436
Mixed beverage	279,757	-	-	-	-	279,757
Accrued interest	281,678	-	492,241	-	238,205	1,012,124
Grants	-	-	-	-	1,850,935	1,850,935
Assessments	-	-	-	-	735,898	735,898
Other	2,496,365	41,250	186,674	163,851	7,185	2,895,325
Gross receivables	17,022,313	41,250	678,915	593,678	3,464,758	21,800,914
Less: allowance	(1,385,350)	-	-	(21,491)	-	(1,406,841)
Net receivables	<u>\$ 15,636,963</u>	<u>\$ 41,250</u>	<u>\$ 678,915</u>	<u>\$ 572,187</u>	<u>\$ 3,464,758</u>	<u>\$ 20,394,073</u>

Business-type Activities	Water and Sewer	Other Funds	Total
Utility Bills	\$ 15,075,111	\$ -	\$ 15,075,111
Accrued interest	417,641	30,865	448,506
Other	410,091	465,659	875,750
Gross receivables	15,902,843	496,524	16,399,367
Less: allowance	(2,426,150)	-	(2,426,150)
Net receivables	<u>\$ 13,476,693</u>	<u>\$ 496,524</u>	<u>\$ 13,973,217</u>

City of Frisco

Notes to the Basic Financial Statements

Component Units	Community Development Corporation	Economic Development Corporation	Total
Sales tax	\$ 3,917,734	\$ 3,917,734	\$ 7,835,468
Accrued interest	71,783	59,025	130,808
Other	47,995	-	47,995
Net receivables	<u>\$ 4,037,512</u>	<u>\$ 3,976,759</u>	<u>\$ 8,014,271</u>

The Proprietary Fund accounts receivable includes unbilled charges for services rendered at September 30, 2019.

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, 2019, the balance of the note receivable from the Frisco Community Development Corporation was \$25,535,000.

The City has note receivables with clients in the targeted down payment assistance program totaling \$135,833. Additionally, the City has one developer agreement in the CIP Fund for \$373,000 which is classified as a note receivable. This \$508,833 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, 2019 was \$120,000.

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 July 31, 2020 on September 20, 2018. The balance of the loan at September 30, 2019 was \$350,000.

City of Frisco

Notes to the Basic Financial Statements

Note 6. Capital Assets

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

Governmental Activities	Balance 9/30/2018	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2019
Capital assets, not being depreciated:					
Land	\$ 285,568,207	\$ 61,214,581	\$ -	\$ (543,773)	\$ 346,239,015
Construction-in-progress	83,982,099	56,998,205	(30,936,909)	(105,477)	109,937,918
Total capital asset, not being depreciated	369,550,306	118,212,786	(30,936,909)	(649,250)	456,176,933
Capital assets, being depreciated:					
Machinery and equipment	73,302,791	10,370,183	653,178	(2,797,963)	81,528,189
Buildings and improvements	682,700,719	67,220	4,945,108	(179,444)	687,533,603
Improvements other than buildings	1,211,988,565	38,982,023	25,338,623	(63,030)	1,276,246,181
Total capital assets being depreciated	1,967,992,075	49,419,426	30,936,909	(3,040,437)	2,045,307,973
Less accumulated depreciation:					
Machinery and equipment	(46,603,076)	(6,461,390)	-	2,754,393	(50,310,073)
Buildings and improvements	(181,773,408)	(25,084,650)	-	-	(206,858,058)
Improvements other than buildings	(422,217,288)	(43,717,731)	-	21,340	(465,913,679)
Total accumulated depreciation	(650,593,772)	(75,263,771)	-	2,775,733	(723,081,810)
Total capital assets, being depreciated, net	1,317,398,303	(25,844,345)	30,936,909	(264,704)	1,322,226,163
Governmental activities capital assets, net	\$ 1,686,948,609	\$ 92,368,441	\$ -	\$ (913,954)	\$ 1,778,403,096
Business-type Activities	Balance 9/30/2018	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2019
Capital assets, not being depreciated:					
Land	\$ 10,543,522	\$ -	\$ -	\$ -	\$ 10,543,522
Construction-in-progress	57,834,717	11,503,208	(36,245,915)	(78,230)	33,013,780
Total capital asset, not being depreciated	68,378,239	11,503,208	(36,245,915)	(78,230)	43,557,302
Capital assets, being depreciated:					
Machinery and equipment	10,315,487	979,828	-	(534,846)	10,760,469
Buildings and improvements	10,123,598	55,125	-	-	10,178,723
Improvements other than buildings	513,934,681	24,973,246	36,245,915	-	575,153,842
Total capital assets being depreciated	534,373,766	26,008,199	36,245,915	(534,846)	596,093,034
Less accumulated depreciation:					
Machinery and equipment	(6,809,733)	(1,054,408)	-	532,491	(7,331,650)
Buildings and improvements	(6,548,444)	(448,032)	-	-	(6,996,476)
Improvements other than buildings	(169,233,793)	(15,774,600)	-	-	(185,008,393)
Total accumulated depreciation	(182,591,970)	(17,277,040)	-	532,491	(199,336,519)
Total capital assets, being depreciated, net	351,781,796	8,731,159	36,245,915	(2,355)	396,756,515
Business-type activities capital assets, net	\$ 420,160,035	\$ 20,234,367	\$ -	\$ (80,585)	\$ 440,313,817

For the Business-type Activities, interest costs for the period charged to expense totaled \$3,318,307. Capitalized interest costs recorded during the period totaled \$896,233.

City of Frisco
Notes to the Basic Financial Statements

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

Governmental activities	
General government	\$ 19,125,688
Public safety	6,572,402
Public works	36,862,860
Culture and recreation	12,702,821
Total depreciation expense governmental activities	<u>\$ 75,263,771</u>
Business-type activities	
Water & sewer	\$ 17,054,509
Stormwater drainage	147,365
Environmental services	75,166
Total depreciation expense business-type activities	<u>\$ 17,277,040</u>

Frisko Community Development Corporation	Balance 9/30/2018	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2019
Capital assets, not being depreciated:					
Land	\$ 50,547,071	\$ 19,269,743	\$ -	\$ -	\$ 69,816,814
Construction-in-progress	215,053	-	-	-	215,053
Total capital assets not being depreciated	<u>50,762,124</u>	<u>19,269,743</u>	<u>-</u>	<u>-</u>	<u>70,031,867</u>
Capital assets, being depreciated:					
Machinery and equipment	112,763	5,450	-	-	118,213
Buildings and improvements	10,201,099	27,194	-	-	10,228,293
Improvements other than buildings	18,603,502	-	-	-	18,603,502
Total capital assets being depreciated	<u>28,917,364</u>	<u>32,644</u>	<u>-</u>	<u>-</u>	<u>28,950,008</u>
Less: accumulated depreciation	<u>(24,767,758)</u>	<u>(614,996)</u>	<u>-</u>	<u>-</u>	<u>(25,382,754)</u>
Total capital assets, being depreciated, net	<u>4,149,606</u>	<u>(582,352)</u>	<u>-</u>	<u>-</u>	<u>3,567,254</u>
FCDC capital assets, net	<u>\$ 54,911,730</u>	<u>\$ 18,687,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,599,121</u>
Frisko Economic Development Corporation	Balance 9/30/2018	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2019
Capital assets, not being depreciated:					
Land	\$ 16,137,801	\$ -	\$ -	\$ -	\$ 16,137,801
Total capital assets not being depreciated	<u>16,137,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,137,801</u>
Capital assets, being depreciated:					
Machinery and equipment	229,395	-	-	-	229,395
Buildings and improvements	60,963	-	-	-	60,963
Total capital assets being depreciated	<u>290,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,358</u>
Less: accumulated depreciation	<u>(237,342)</u>	<u>(7,325)</u>	<u>-</u>	<u>-</u>	<u>(244,667)</u>
Total capital assets, being depreciated, net	<u>53,016</u>	<u>(7,325)</u>	<u>-</u>	<u>-</u>	<u>45,691</u>
FEDC capital assets, net	<u>\$ 16,190,817</u>	<u>\$ (7,325)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,183,492</u>

City of Frisco

Notes to the Basic Financial Statements

In addition to construction in progress, the City had commitments or binding contracts as of September 30, 2019. The construction commitments or binding contracts totaled \$51,341,691 for the governmental capital projects fund; and \$18,144,839 for the business-type activities capital projects fund. Other funds also had outstanding encumbrances totaling \$4,381,339.

Governmental activities	
General fund	\$ 2,151,866
Capital projects fund	51,341,691
Non-major funds	<u>323,182</u>
Total outstanding commitments	<u>\$ 53,816,739</u>
Business-type activities	
Utility fund	\$ 1,553,581
Utility fund construction	18,144,839
Non-major funds	<u>352,710</u>
Total outstanding commitments	<u>\$ 20,051,130</u>

Note 7. Notes Payable

The following schedule summarizes notes payable as of September 30, 2019:

Frisco Community Development Corporation	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019	Amounts Due within one year
Note payable to City	\$ 28,675,000	\$ -	\$ 3,140,000	\$ 25,535,000	\$ 2,780,000
Note payable to bank	10,302,089	-	1,030,209	9,271,880	927,188
Premium	1,144,972	-	16,747	1,128,225	346,408
Discount	(63,113)	-	(5,932)	(57,181)	(5,932)
Total	<u>\$ 40,058,948</u>	<u>\$ -</u>	<u>\$ 4,181,024</u>	<u>\$ 35,877,924</u>	<u>\$ 4,059,528</u>
Frisco Economic Development Corporation	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019	Amounts Due within one year
Note payable to bank	\$ 32,887,031	\$ -	\$ 32,887,031	\$ -	\$ -
Total	<u>\$ 32,887,031</u>	<u>\$ -</u>	<u>\$ 32,887,031</u>	<u>\$ -</u>	<u>\$ -</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, 2019, the balance of the note payable to the City from the Community Development Corporation was \$26,606,044. This includes \$25,535,000 in the note balance, and a net premium/discount of \$1,071,044.

City of Frisco

Notes to the Basic Financial Statements

The Frisco Community Development Corporation also holds a direct bank loan, obtained on May 7, 2015 for the purchase of approximately 182 acres of land. The original Promissory Note was in the amount of \$13,770,000, maturing on May 7, 2022. The Frisco Community Development Corporation pays principal annually at 10% of the outstanding balance, and interest is payable quarterly. The principal of the note is secured by the land through a Deed of Trust which will either be released by payment of the note in full, or by conveyance of the land in the case of foreclosure. The balance of the note at September 30, 2019 was \$9,271,880.

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 February 2019, the City of Frisco issued Combination Tax and Revenue Certificates of Obligation, in the amount of \$35,000,000 with a net premium of \$170,775. Proceeds from the sale of the Bonds will be used for (i) acquiring, installing, constructing and equipping two eighteen-hole golf courses, one nine-hole golf course, golf related development practice areas, clubhouse, public hike and bike trails, and public parking areas; (ii) legal, fiscal and engineering fees in connection with such projects and (iii) to pay the costs of issuance associated with the sale of the Certificates.

In June 2019, the City of Frisco issued General Obligation Bonds, Series 2019, in the amount of \$63,790,000 with a net premium of \$5,542,855. Proceeds from the sale of the Bonds will be used for constructing, improving and equipping: (i) public safety facilities and purchasing public safety equipment; (ii) streets and roads; (iii) the public works facility, including equipment and technology; (iv) municipal libraries; and (v) the George A. Purefoy Municipal Center and (vi) to pay the costs of issuance associated with the sale of the Bonds.

In June 2019, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2019A, in the amount of \$9,595,000, with a net premium of \$566,891. Proceeds from the sale of the Certificates are to be used (i) to pay contractual obligations to be incurred by the City for water, sewer and water reuse infrastructure improvements; and (ii) to pay the costs associated with the issuance of the 2019A Certificates.

In June 2019, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2019B, in the amount of \$16,535,000, with a net premium of \$144,926. Proceeds from the sale of the 2019B Certificates will be used for (i) acquiring, constructing, equipping a public conference center, meeting and exhibit center; and (ii) paying the costs associated with the issuance of the 2019B Certificates.

The liability for compensated absences attributable to governmental activities have typically been liquidated in prior years by the General Fund and the Hotel/Motel Special Revenue Fund.

City of Frisco
Notes to the Basic Financial Statements

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

Governmental Activities	Balance 9/30/2018	Increases	Decreases	Balance 9/30/2019	Amounts due within one year
Compensated absences	\$ 11,651,708	\$ 10,011,009	\$ 8,474,273	\$ 13,188,444	\$ 7,759,357
Pension	27,658,942	18,318,797	-	45,977,739	-
OPEB	4,953,852	719,079	-	5,672,931	-
General obligation bonds	454,740,000	63,790,000	38,260,000	480,270,000	40,760,000
Certificates of obligation	178,150,000	51,535,000	7,750,000	221,935,000	9,290,000
Premiums	38,062,598	5,881,139	7,244,156	36,699,581	7,255,248
Discounts	(870,874)	(22,583)	(65,634)	(827,823)	(65,875)
Total governmental activities	<u>\$ 714,346,226</u>	<u>\$ 150,232,441</u>	<u>\$ 61,662,795</u>	<u>\$ 802,915,872</u>	<u>\$ 64,998,730</u>
Business-type Activities	Balance 9/30/2018	Increases	Decreases	Balance 9/30/2019	Amounts due within one year
Compensated absences	\$ 1,588,108	\$ 1,177,166	\$ 1,136,271	\$ 1,629,003	\$ 1,098,826
Pension	4,609,823	3,053,133	-	7,662,956	-
OPEB	825,638	119,848	-	945,486	-
General obligation bonds	56,710,000	-	7,315,000	49,395,000	7,570,000
Certificates of obligation	89,530,000	9,595,000	3,690,000	95,435,000	4,200,000
Premiums	9,189,741	566,891	1,958,192	7,798,440	1,727,674
Discounts	(437,190)	-	(32,544)	(404,646)	(32,544)
Total business-type activities	<u>162,016,120</u>	<u>14,512,038</u>	<u>14,066,919</u>	<u>162,461,239</u>	<u>14,563,956</u>
Total primary government	<u>\$ 876,362,346</u>	<u>\$ 164,744,479</u>	<u>\$ 75,729,714</u>	<u>\$ 965,377,111</u>	<u>\$ 79,562,686</u>
Component Unit	Balance 9/30/2018	Increases	Decreases	Balance 9/30/2019	Amounts due within one year
Compensated absences	\$ 194,275	\$ 113,660	\$ 109,721	\$ 198,214	\$ 126,251
Pension	658,546	436,162	-	1,094,708	-
OPEB	117,949	17,121	-	135,070	-
Sales tax revenue bonds	113,175,000	-	12,945,000	100,230,000	5,115,000
Notes payable – bank	43,189,120	-	33,917,240	9,271,880	927,188
Notes payable – City	28,675,000	-	3,140,000	25,535,000	2,780,000
Premiums	2,995,044	-	325,550	2,669,494	647,502
Discounts	(144,175)	-	(18,285)	(125,890)	(11,475)
Total component units	<u>\$ 188,860,759</u>	<u>\$ 566,943</u>	<u>\$ 50,419,226</u>	<u>\$ 139,008,476</u>	<u>\$ 9,584,466</u>

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental activities for the years subsequent to September 30, 2019, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2020	\$ 50,050,000	\$ 29,349,122	\$ 79,399,122
2021	53,035,000	26,387,879	79,422,879
2022	52,885,000	24,108,807	76,993,807
2023	55,290,000	21,701,065	76,991,065
2024	43,660,000	19,392,160	63,052,160
2025-2029	173,435,000	70,991,353	244,426,353
2030-2034	165,525,000	36,527,970	202,052,970
2035-2039	105,870,000	8,146,791	114,016,791
2040-2041	2,455,000	86,713	2,541,713
Total	702,205,000	236,691,860	938,896,860
Plus: Unamortized bond premium	36,699,581	-	36,699,581
Less: Unamortized bond discount	(827,823)	-	(827,823)
Net debt service requirements	<u>\$ 738,076,758</u>	<u>\$ 236,691,860</u>	<u>\$ 974,768,618</u>

City of Frisco

Notes to the Basic Financial Statements

Debt service requirements of the general obligation bonds and certificates of obligation for the business-type activities for the years subsequent to September 30, 2019, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2020	\$ 11,770,000	\$ 5,791,483	\$ 17,561,483
2021	12,320,000	5,236,950	17,556,950
2022	11,675,000	4,709,850	16,384,850
2023	12,175,000	4,192,375	16,367,375
2024	11,055,000	3,671,969	14,726,969
2025-2029	40,840,000	11,895,560	52,735,560
2030-2034	31,870,000	5,101,931	36,971,931
2035-2039	13,125,000	761,028	13,886,028
Total	144,830,000	41,361,146	186,191,146
Plus: Unamortized bond premium	7,798,440	-	7,798,440
Less: Unamortized bond discount	(404,646)	-	(404,646)
Net debt service requirements	<u>\$ 152,223,794</u>	<u>\$ 41,361,146</u>	<u>\$ 193,584,940</u>

Debt service requirements of the revenue bonds and notes payable for the Community Development Corporation component unit for the years subsequent to September 30, 2019, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2020	\$ 6,497,188	\$ 3,734,887	\$ 10,232,075
2021	6,619,469	3,482,620	10,102,089
2022	13,535,223	3,084,267	16,619,490
2023	6,275,000	2,624,162	8,899,162
2024	6,460,000	2,369,183	8,829,183
2025-2029	24,350,000	8,582,374	32,932,374
2030-2034	22,165,000	3,603,349	25,768,349
2035-2037	8,025,000	495,338	8,520,338
Total	93,926,880	27,976,180	121,903,060
Plus: Unamortized bond premium	2,663,319	-	2,663,319
Less: Unamortized bond discount	(125,890)	-	(125,890)
Net debt service requirements	<u>\$ 96,464,309</u>	<u>\$ 27,976,180</u>	<u>\$ 124,440,489</u>

City of Frisco

Notes to the Basic Financial Statements

Debt service requirements of the revenue bonds and notes payable for the Economic Development Corporation component unit for the years subsequent to September 30, 2019, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2020	\$ 2,325,000	\$ 1,415,337	\$ 3,740,337
2021	2,390,000	1,355,357	3,745,357
2022	2,465,000	1,291,119	3,756,119
2023	2,550,000	1,219,067	3,769,067
2024	2,635,000	1,140,420	3,775,420
2025-2029	14,760,000	4,254,965	19,014,965
2030-2034	13,985,000	1,236,455	15,221,455
Total	41,110,000	11,912,720	53,022,720
Plus: Unamortized bond premium	6,175	-	6,175
Less: Unamortized bond discount	-	-	-
Net debt service requirements	<u>\$ 41,116,175</u>	<u>\$ 11,912,720</u>	<u>\$ 53,028,895</u>

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 City 1% taxes on incremental values for usually up to 10 years, with the maximum being 25 years. For fiscal year 2019, the City rebated property taxes of \$207,933. Sales and use taxes rebated totaled \$4,270,706.

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, Denton County and the City of Frisco, Texas, the City agreed to pay sales tax grants to certain developers. These grants require the construction of 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 2019 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 \$354,801 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 \$2,432,831 during the current year of this grant.

An agreement was executed in May 2012 in which the City pays a rebate of incremental property taxes on improvements. This agreement is for five years. The City paid \$4,378 during the current year of this grant.

City of Frisco

Notes to the Basic Financial Statements

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 \$22,716 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 \$149,399 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 \$38,647 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 \$61,121 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 \$24,292 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 \$623,275 for the current year of this grant.

An agreement was executed in October 2016 for a retail sales center. The City pays one half percent (0.5%) of retail sales generated for a period of ten years. The City paid \$125,828 during 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, 2019, the City rebated a total of \$197,414 for the property tax increment payment for 2018. The cumulative amount rebated through September 30 was \$1,553,807.

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.

City of Frisco

Notes to the Basic Financial Statements

Note 11. Defined Benefit Pension Plan

Plan Description

The City of Frisco participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	188
Inactive employees entitled to but not yet receiving benefits	478
Active employees	<u>1,205</u>
Total	<u><u>1,871</u></u>

City of Frisco

Notes to the Basic Financial Statements

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 14.26% and 14.34% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$13,445,761 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 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.

City of Frisco

Notes to the Basic Financial Statements

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%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
	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.

City of Frisco

Notes to the Basic Financial Statements

Changes in Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of 12/31/2017	\$ 243,927,969	\$ 211,000,657	\$ 32,927,312
Changes for the year:			
Service cost	16,288,615	-	16,288,615
Interest	16,872,785	-	16,872,785
Difference between expected and actual experience	1,087,595	-	1,087,595
Change in assumptions	-	-	-
Contributions-employer	-	12,628,932	(12,628,932)
Contributions-employee	-	6,272,474	(6,272,474)
Net investment income	-	(6,331,968)	6,331,968
Benefit payments, including refunds of employee contributions	(4,210,187)	(4,210,187)	-
Administrative expense	-	(122,154)	122,154
Other changes	-	(6,380)	6,380
Net changes	30,038,808	8,230,717	21,808,091
Balance as of 12/31/2018	<u>\$ 273,966,777</u>	<u>\$ 219,231,374</u>	<u>\$ 54,735,403</u>

Changes in Net Pension Liability Primary Government & Component Units

	Primary Government	Component Units	Totals
Balance as of 12/31/2017	\$ 32,268,766	\$ 658,546	\$ 32,927,312
Changes for the year:			
Service cost	15,962,843	325,772	16,288,615
Interest	16,535,329	337,456	16,872,785
Change in benefit terms	-	-	-
Difference between expected and actual experience	1,065,843	21,752	1,087,595
Change in assumptions	-	-	-
Contributions-employer	(12,376,353)	(252,579)	(12,628,932)
Contributions-employee	(6,147,025)	(125,449)	(6,272,474)
Net investment income	6,205,329	126,639	6,331,968
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	119,711	2,443	122,154
Other changes	6,252	128	6,380
Net changes	21,371,929	436,162	21,808,091
Balance as of 12/31/2018	<u>\$ 53,640,695</u>	<u>\$ 1,094,708</u>	<u>\$ 54,735,403</u>

City of Frisco

Notes to the Basic Financial Statements

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	\$ 103,813,384	\$ 54,735,403	\$ 15,350,155

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, 2019, the City recognized pension expense of \$16,977,728; \$16,638,173 for the primary government and \$339,555 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	\$ 4,146,268	\$ 679,162
Changes in actuarial assumptions used	-	656,129
Difference between projected and actual investments earnings	10,717,490	-
Contributions subsequent to the measurement date	9,707,617	-
Total	<u>\$ 24,571,375</u>	<u>\$ 1,335,291</u>

Deferred Outflows and Inflows Component Units

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 84,618	\$ 13,860
Changes in actuarial assumptions used	-	13,390
Difference between projected and actual investments earnings	218,724	-
Contributions subsequent to the measurement date	198,116	-
Total	<u>\$ 501,458</u>	<u>\$ 27,250</u>

City of Frisco

Notes to the Basic Financial Statements

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$9,707,617, with \$198,116 contributed for the component units, will be recognized as a reduction of the net pension liability for measurement year ending December 31, 2019 (i.e. recognized in the City's financial statements September 30, 2020). 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
2019	\$ 3,815,980	\$ 77,877	\$ 3,893,857
2020	1,966,464	40,132	2,006,596
2021	2,032,101	41,471	2,073,572
2022	4,723,098	96,390	4,819,488
2023	676,768	13,812	690,580
Thereafter	314,056	6,410	320,466
Total	<u>\$ 13,528,467</u>	<u>\$ 276,092</u>	<u>\$ 13,804,559</u>

Note 12. Other Postemployment Benefits

Plan Description

The City does not provide post-retirement 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.

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.

City of Frisco

Notes to the Basic Financial Statements

Employees Covered by Benefit Terms

For retiree health insurance at the October 1, 2017 valuation and September 30, 2019 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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	146
Inactive employees entitled to but not yet receiving benefits	122
Active employees	<u>1,205</u>
Total	<u>1,473</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:

<u>Retiree Premiums</u>	<u>Retiree</u>	<u>Retiree + Spouse</u>
EPO High Deductible	\$ 901	\$ 1,759
EPO Low Deductible	\$ 1,036	\$ 1,981

Total OPEB Liability

The City of Frisco retiree health insurance total OPEB liability of \$5,164,749 was measured as of September 30, 2019 and was determined by an actuarial valuation as of October 1, 2017.

The City of Frisco TMRS supplemental death total OPEB liability of \$1,588,738 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Discount rate as of measurement date	2.66%
Discount rate for OPEB expense	4.24%
Mortality table	RPH 2006 total dataset mortality table, with generational projections according to Scale MP-2018
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

City of Frisco

Notes to the Basic Financial Statements

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 December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 10.5% including inflation
Discount rate*	3.71%
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, 2018.

Changes in Total OPEB Liability Retiree Health Insurance	Primary Government	Component Units	Totals
Balance at September 30, 2018	\$ 4,374,782	\$ 89,281	\$ 4,464,063
Changes for the year:			
Service cost	329,962	6,734	336,696
Interest on the total OPEB liability	199,861	4,079	203,940
Difference between expected and actual experience	(819,222)	(16,719)	(835,941)
Changes in assumptions or other inputs	957,946	19,550	977,496
Benefit payments	18,125	370	18,495
Net changes	<u>686,672</u>	<u>14,014</u>	<u>700,686</u>
Balance at September 30, 2019	<u>\$ 5,061,454</u>	<u>\$ 103,295</u>	<u>\$ 5,164,749</u>

City of Frisco

Notes to the Basic Financial Statements

Changes in Total OPEB Liability TMRS Supplemental Death	Primary Government	Component Units	Totals
Balance at December 31, 2017	\$ 1,404,708	\$ 28,668	\$ 1,433,376
Changes for the year:			
Service cost	131,201	2,678	133,879
Interest on the total OPEB liability	48,523	990	49,513
Difference between expected and actual experience	110,821	2,262	113,083
Changes in assumptions or other inputs	(129,544)	(2,644)	(132,188)
Benefit payments **	(8,746)	(179)	(8,925)
Net changes	<u>152,255</u>	<u>3,107</u>	<u>155,362</u>
Balance at December 31, 2018	<u>\$ 1,556,963</u>	<u>\$ 31,775</u>	<u>\$ 1,588,738</u>

**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 2.66%, 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 (1.66%) or 1 percentage point higher (3.66%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's OPEB	\$ 5,912,154	\$ 5,164,749	\$ 4,514,569

The following presents the total OPEB liability of the City's TMRS supplemental plan calculated using the discount rate of 3.71%, 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 (2.71%) or 1 percentage point higher (4.71%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount	1% Increase in Discount Rate
City's OPEB	\$ 1,950,680	\$ 1,588,738	\$ 1,316,843

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	1% Increase in Discount Rate
City's OPEB	\$ 3,857,435	\$ 5,164,749	\$ 6,789,647

City of Frisco

Notes to the Basic Financial Statements

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$735,585. At September 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

Retiree Health InsuranceDeferred Outflows and Inflows Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 833,050	\$ 712,414
Changes in actuarial assumptions used	-	113,473
Difference between projected and actual investments earnings	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 833,050</u>	<u>\$ 825,887</u>

Deferred Outflows and Inflows Component Units

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,002	\$ 14,538
Changes in actuarial assumptions used	-	2,317
Difference between projected and actual investments earnings	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 17,002</u>	<u>\$ 16,855</u>

TMRS Supplemental DeathDeferred Outflows and Inflows Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,563	\$ 115,213
Changes in actuarial assumptions used	107,635	-
Difference between projected and actual investments earnings	-	-
Contributions subsequent to the measurement date	6,769	-
Total	<u>\$ 212,967</u>	<u>\$ 115,213</u>

City of Frisco

Notes to the Basic Financial Statements

Deferred Outflows and Inflows Component Units

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,011	\$ -
Changes in actuarial assumptions used	2,196	2,351
Difference between projected and actual investments earnings	-	-
Contributions subsequent to the measurement date	139	-
Total	<u>\$ 4,346</u>	<u>\$ 2,351</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$6,908 will be recognized as a reduction of the total OPEB liability in the City's financial statements September 30, 2020. 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
2020	\$ (1,890)	\$ (39)	\$ (1,929)
2021	(1,890)	(39)	(1,929)
2022	(1,890)	(39)	(1,929)
2023	(1,890)	(39)	(1,929)
2024	(1,890)	(39)	(1,929)
Thereafter	16,613	342	16,955
Total	<u>\$ 7,163</u>	<u>\$ 147</u>	<u>\$ 7,310</u>

TMRS Supplemental Death

Measurement Year	Primary Government	Component Units	At December 31
2019	\$ 13,217	\$ 270	\$ 13,487
2020	13,217	270	13,487
2021	13,217	270	13,487
2022	13,217	270	13,487
2023	13,217	270	13,487
Thereafter	24,900	506	25,406
Total	<u>\$ 90,985</u>	<u>\$ 1,856</u>	<u>\$ 92,841</u>

City of Frisco

Notes to the Basic Financial Statements

Note 13. Risk Management

The City is exposed to various risks 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 2019, 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 2019 was \$200,000 per occurrence and 125% cap of claims.

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, 2019 totaled \$2,500,000, 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
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
2019 - Health Insurance	2,600,000	17,164,972	17,264,972	2,500,000

Note 14. Interfund Receivables and Payables

All interfund receivables and payable are considered short-term and, at September 30, 2019, consisted of the following:

Due to	Due From	
	Non-major Governmental	Total
General Fund	\$ 1,733,126	\$ 1,733,126
Total	<u>\$ 1,733,126</u>	<u>\$ 1,733,126</u>

City of Frisco

Notes to the Basic Financial Statements

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	<u>Transfers From</u>				Total
	General Fund	TIRZ #1	Non-major Governmental	Proprietary and Non-major Proprietary	
General Fund	\$ -	\$ -	\$ 84,000	\$ 961,312	\$ 1,045,312
TIRZ #1	-	-	1,421,513	-	1,421,513
Capital projects	-	-	11,701,749	2,623,875	14,325,624
Debt service	-	20,582,246	2,614,776	-	23,197,022
Non-major governmental	598,202	-	-	-	598,202
Utility Fund	-	-	-	345,530	345,530
Total	<u>\$ 598,202</u>	<u>\$ 20,582,246</u>	<u>\$15,822,038</u>	<u>\$ 3,930,717</u>	<u>\$40,933,203</u>

<u>Transfer from fund</u>	<u>Transfer to fund</u>	<u>Amount</u>
<u>General Fund:</u>		
Grant matching funds	Non-major Governmental Funds - Grants	\$ 598,202
<u>TIRZ #1 Fund:</u>		
Debt service funding requirements	Debt Service	20,582,246
<u>Non-Major Governmental Funds:</u>		
Debt service funding requirements	TIRZ #1	1,421,513
Debt service funding requirements	Debt Service	2,614,776
Court warrant officer funding	General Fund	84,000
Capital outlay funding	Capital Projects	11,701,749
<u>Proprietary Funds:</u>		
G&A for Environmental Services	General Fund	861,312
G&A for Stormwater Drainage	General Fund	100,000
G&A Stormwater Drainage	Utility Fund	58,088
G&A Environmental Services	Utility Fund	287,442
Capital outlay funding	Capital Projects	2,623,875
Total		<u>\$ 40,933,203</u>

City of Frisco

Notes to the Basic Financial Statements

Note 15. Operating Lease Commitments

The City entered into rental agreements in excess of one year during prior fiscal years. During fiscal year 2019, 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, 2019.

Note 16. Contingent Liabilities

The City has participated in 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. In 2017, an additional bond issue refunded a portion of the 2009 revenue bond. The outstanding principal of the revenue bonds at September 30, 2019 is \$25,835,000.

In 2015, the North Texas Municipal Water District issued bonds for the purpose of constructing the Stewart Creek West Regional Wastewater System. The outstanding principal of these bonds at September 30, 2019 is \$55,690,000. The City's contractual minimum payment is required to cover the full cost of service including the principal and interest payments incurred related to this debt. The City of Frisco is in full compliance with this agreement at September 30, 2019.

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 2019, all escrowed funds were used by the Component Units to purchase the remediated land surrounding a local manufacturing plant which is now closed. The purchase was completed upon execution of an amended Master Settlement Agreement. Environmental consulting services costs were encumbered during FY 2019, with no additional remediation costs anticipated regarding this land purchase.

REQUIRED SUPPLEMENTARY INFORMATION

City of Frisco

Schedule of Changes in Net Pension Liability and Related Ratios Texas Municipal Retirement System Last 5 Years

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service cost	\$ 9,985,109	\$ 12,146,969	\$ 13,533,172	\$ 14,945,284	\$ 16,288,615
Interest	10,863,498	12,134,224	13,102,946	14,856,079	16,872,785
Difference between expected and actual experience	(1,557,705)	(320,688)	1,645,340	3,176,149	1,087,595
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)	(4,210,187)
Net change in total pension liability	17,015,956	20,345,646	25,585,034	29,643,585	30,038,808
Total pension liability - beginning	151,337,748	168,353,704	188,699,350	214,284,384	243,927,969
Total pension liability - ending (a)	168,353,704	188,699,350	214,284,384	243,927,969	273,966,777
Plan fiduciary net position:					
Contributions - employer	7,982,625	9,779,163	10,375,914	11,609,557	12,628,932
Contributions - employee	4,173,145	4,790,759	5,187,963	5,739,055	6,272,474
Net investment income	6,923,943	203,262	10,161,230	24,019,515	(6,331,968)
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)	(2,696,424)	(3,333,927)	(4,210,187)
Administrative expense	(72,257)	(123,767)	(114,632)	(124,330)	(122,154)
Other	(5,941)	(6,113)	(6,176)	(6,302)	(6,380)
Net change in plan fiduciary net position	16,726,569	12,481,028	22,907,875	37,903,568	8,230,717
Plan fiduciary net position - beginning	120,981,617	137,708,186	150,189,214	173,097,089	211,000,657
Plan fiduciary net position - ending (b)	137,708,186	150,189,214	173,097,089	211,000,657	219,231,374
Net pension liability - ending (a) - (b)	\$ 30,645,518	\$ 38,510,136	\$ 41,187,295	\$ 32,927,312	\$ 54,735,403
Plan fiduciary net position as a percentage of total pension liability	81.80%	79.59%	80.78%	86.50%	80.02%
Covered payroll	\$ 59,616,360	\$ 68,433,626	\$ 74,113,757	\$ 81,936,863	\$ 89,252,684
Net pension liability as a percentage of covered payroll	51.40%	56.27%	55.57%	40.19%	61.33%

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

City of Frisco
Schedule of Contributions
Texas Municipal Retirement System
Last 5 Fiscal Years

	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 9,034,646	\$ 10,290,995	\$ 11,367,240	\$ 12,458,770	\$ 13,445,761
Contributions in relation to the actuarially determined contribution	9,034,646	10,290,995	11,367,240	12,458,770	13,445,761
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 63,590,086	\$ 64,421,645	\$ 79,650,345	\$ 87,320,494	\$ 93,902,520
Contributions as a percentage of covered payroll	14.21%	15.97%	14.27%	14.27%	14.32%

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	27 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 Last 2 Years

	Measurement Year 2017	Measurement Year 2018
Total OPEB liability:		
Service cost	\$ 106,518	\$ 133,879
Interest	45,281	49,513
Differences between expected and actual experience	-	113,083
Change in assumptions	141,034	(132,188)
Benefit payments, including refunds of employee contributions	(8,194)	(8,925)
Net change in total OPEB liability	284,639	155,362
Total OPEB liability - beginning	1,148,737	1,433,376
Total OPEB liability - ending	\$ 1,433,376	\$ 1,588,738
Covered payroll	\$ 81,936,863	\$ 89,252,684
Total OPEB liability as a percentage of covered payroll	1.75%	1.78%

Valuation Date:

Actuarial valuation date	December 31, 2018
Measurement date	December 31, 2018
Last experience study date	Period December 31, 2010 to December 31, 2014

Methods and assumptions used to determine contribution rates:

Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Discount rate as of measurement date	3.71%
Retirees' share of benefit-related costs	\$0
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	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.

Other Information:

Notes	There were no benefit changes during the year.
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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 Last 2 Years

	Measurement Year 2018	Measurement Year 2019
Total OPEB liability:		
Service cost	\$ 344,784	\$ 336,696
Interest	161,496	203,940
Differences between expected and actual experience	-	(835,941)
Change in assumptions	(156,560)	977,496
Benefit payments, including refunds of employee contributions	20,225	18,495
Net change in total OPEB liability	369,945	700,686
Total OPEB liability - beginning	4,094,118	4,464,063
Total OPEB liability - ending	\$ 4,464,063	\$ 5,164,749
Covered payroll	\$ 89,564,242	\$ 96,215,258
Total OPEB liability as a percentage of covered payroll	4.98%	5.37%

Valuation Date:

Actuarial valuation date	October 1, 2017
Measurement date	September 20, 2019
Last experience study date	December 2017

Methods and assumptions used to determine contribution rates:

Discount rate as of measurement date	2.66%
Discount rate for OPEB expense	4.24%
Mortality table	RP 2006 total dataset mortality table, with generational projection according to Scale MP-2018
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	0.00%
Ultimate rate	5.00%
Year ultimate rate is reached	2028

Other Information:

Notes	There were no benefit changes during the year
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Notes to Schedule: Historical data not available - GASB 75 implemented in FY 2018.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



**BUDGET TO ACTUAL COMPARISON
MAJOR FUNDS**

City of Frisco

Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	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	\$ -	\$ 30,750,252	\$ 1,281,232	\$ -	\$ 1,281,232	\$ (29,469,020)
Charges for services	-	-	3,014,552	-	3,014,552	3,014,552
Investment earnings	-	3,000,000	5,079,941	-	5,079,941	2,079,941
Contributions, donations & grants	-	1,767,867	2,853,688	-	2,853,688	1,085,821
Payments from component units	4,300,000	8,336,267	725,745	-	725,745	(7,610,522)
Miscellaneous	-	-	72,751	-	72,751	72,751
Total revenues	4,300,000	43,854,386	13,027,909	-	13,027,909	(30,826,477)
EXPENDITURES						
Capital outlay	34,393,348	334,142,768	67,386,322	3,518	67,389,840	266,752,928
Debt service	-	828,405	827,336	-	827,336	1,069
Total expenditures	34,393,348	334,971,173	68,213,658	3,518	68,217,176	266,753,997
Deficiency of revenues under expenditures	(30,093,348)	(291,116,787)	(55,185,749)	(3,518)	(55,189,267)	235,927,520
OTHER FINANCING SOURCES (USES)						
Issuance of debt	21,500,000	114,741,444	115,325,000	-	115,325,000	583,556
Premium on bonds issued	-	5,858,556	5,881,139	-	5,881,139	22,583
Discount on bonds issued	-	-	(22,583)	-	(22,583)	(22,583)
Transfers in	13,593,348	51,247,216	14,325,624	-	14,325,624	(36,921,592)
Total other financing sources (uses)	35,093,348	171,847,216	135,509,180	-	135,509,180	(36,338,036)
Net change in fund balances	5,000,000	(119,269,571)	80,323,431	(3,518)	80,319,913	199,589,484
Fund balances, beginning	4,244,804	158,563,650	158,563,650	(51,338,173)	107,225,477	(51,338,173)
Fund balances, ending	\$ 9,244,804	\$ 39,294,079	\$ 238,887,081	\$ (51,341,691)	\$ 187,545,390	\$ 148,251,311

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis For the Fiscal Year Ended September 30, 2019

	Net Change in Fund Balances
GAAP basis	\$ 80,323,431
Expenditures:	
Increase due to encumbrances from prior year	51,338,173
Decrease due to encumbrances from current year	(51,341,691)
Budgetary basis	\$ 80,319,913

City of Frisco

Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Property	\$ 42,229,875	\$ 42,193,291	\$ 42,459,806	\$ -	\$ 42,459,806	\$ 266,515
Investment earnings	30,000	275,000	343,494	-	343,494	68,494
Payment from component units	1,982,417	1,982,417	1,982,417	-	1,982,417	-
Total revenues	44,242,292	44,450,708	44,785,717	-	44,785,717	335,009
EXPENDITURES						
Debt service	68,566,564	68,565,390	68,570,370	-	68,570,370	(4,980)
Total expenditures	68,566,564	68,565,390	68,570,370	-	68,570,370	(4,980)
Deficiency of revenues under expenditures	(24,324,272)	(24,114,682)	(23,784,653)	-	(23,784,653)	330,029
OTHER FINANCING SOURCES (USES)						
Transfers in	23,249,793	23,197,022	23,197,022	-	23,197,022	-
Total other financing sources (uses)	23,249,793	23,197,022	23,197,022	-	23,197,022	-
Net change in fund balances	(1,074,479)	(917,660)	(587,631)	-	(587,631)	330,029
Fund balances, beginning	5,725,645	6,181,804	6,181,804	-	6,181,804	-
Fund balances, ending	\$ 4,651,166	\$ 5,264,144	\$ 5,594,173	\$ -	\$ 5,594,173	\$ 330,029



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 certain 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.

City of Frisco
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2019

	Special Revenue				
	Hotel/Motel Tax	Panther Creek PID	Superdrome	Grants	CDBG
ASSETS					
Cash and cash equivalents	\$ 713,621	\$ 61,780	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables: (net of allowances for uncollectibles)					
Franchise tax	-	-	-	-	-
Occupancy tax	550,436	-	-	-	-
Assessments	-	735,898	-	-	-
Grants	-	-	-	1,805,641	45,294
Other	7,185	-	-	-	-
Prepays	359,366	-	-	-	-
Total assets	<u>\$ 1,630,608</u>	<u>\$ 797,678</u>	<u>\$ -</u>	<u>\$ 1,805,641</u>	<u>\$ 45,294</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	16,781	-	-	103,795	14,014
Accrued liabilities	74,351	-	-	-	-
Unearned revenue	-	735,898	-	-	-
Monies held in escrow	-	-	-	-	-
Due to other funds	-	-	-	1,701,846	31,280
Total liabilities	<u>91,132</u>	<u>735,898</u>	<u>-</u>	<u>1,805,641</u>	<u>45,294</u>
FUND BALANCES					
Unspendable	359,366	-	-	-	-
Restricted	1,180,110	61,780	-	-	-
Total fund balances	<u>1,539,476</u>	<u>61,780</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,630,608</u>	<u>\$ 797,678</u>	<u>\$ -</u>	<u>\$ 1,805,641</u>	<u>\$ 45,294</u>

				Capital Projects		Total Non-major Governmental Funds
Traffic Control Enforcement	TIRZ #5	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	
\$ 292,136	\$ 223,776	\$ 306,370	\$ 411,814	\$ 8,203,569	\$ 11,390,693	\$ 21,603,759
-	-	-	598,445	33,967,602	11,988,676	46,554,723
-	-	-	82,099	-	-	82,099
-	-	-	-	-	-	550,436
-	-	-	-	-	-	735,898
-	-	-	-	-	-	1,850,935
-	-	-	2,874	202,287	33,044	245,390
-	-	-	-	-	-	359,366
<u>\$ 292,136</u>	<u>\$ 223,776</u>	<u>\$ 306,370</u>	<u>\$ 1,095,232</u>	<u>\$ 42,373,458</u>	<u>\$ 23,412,413</u>	<u>\$ 71,982,606</u>
58,795	-	4,490	13,371	-	-	211,246
-	-	-	-	-	-	74,351
-	-	-	-	-	-	735,898
-	-	-	-	231,222	-	231,222
-	-	-	-	-	-	1,733,126
<u>58,795</u>	<u>-</u>	<u>4,490</u>	<u>13,371</u>	<u>231,222</u>	<u>-</u>	<u>2,985,843</u>
-	-	-	-	-	-	359,366
<u>233,341</u>	<u>223,776</u>	<u>301,880</u>	<u>1,081,861</u>	<u>42,142,236</u>	<u>23,412,413</u>	<u>68,637,397</u>
<u>233,341</u>	<u>223,776</u>	<u>301,880</u>	<u>1,081,861</u>	<u>42,142,236</u>	<u>23,412,413</u>	<u>68,996,763</u>
<u>\$ 292,136</u>	<u>\$ 223,776</u>	<u>\$ 306,370</u>	<u>\$ 1,095,232</u>	<u>\$ 42,373,458</u>	<u>\$ 23,412,413</u>	<u>\$ 71,982,606</u>

City of Frisco

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2019

	Special Revenue				
	Hotel/Motel Tax	Panther Creek PID	Superdrome	Grants	CDBG
REVENUES					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Franchise tax	-	-	-	-	-
Hotel/motel tax	6,585,178	-	-	-	-
Special assessments	-	168,225	-	-	-
Fines	-	-	-	-	-
Intergovernmental	925,607	-	-	-	-
Charges for services	74,405	-	-	-	-
Contributions, donations & grants	681,325	-	-	6,097,765	321,352
Rents	10,000	-	-	-	-
Investment earnings	13,364	59,791	17,673	-	-
Miscellaneous	1,146	-	-	-	24,532
Total revenues	8,291,025	228,016	17,673	6,097,765	345,884
EXPENDITURES					
Current:					
General government	-	-	-	-	345,884
Public safety	-	-	-	2,463,564	-
Public works	-	-	-	12,459	-
Culture and recreation	5,273,111	-	708,169	28,904	-
Capital outlay	25,659	-	-	132,053	-
Total expenditures	5,298,770	-	708,169	2,636,980	345,884
Excess (deficiency) of revenues over (under) expenditures	2,992,255	228,016	(690,496)	3,460,785	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	598,202	-
Transfers out	(2,482,212)	(280,000)	(578,769)	(4,058,987)	-
Total other financing sources (uses)	(2,482,212)	(280,000)	(578,769)	(3,460,785)	-
Net change in fund balances	510,043	(51,984)	(1,269,265)	-	-
Fund balances, beginning	1,029,433	113,764	1,269,265	-	-
Fund balances, ending	\$ 1,539,476	\$ 61,780	\$ -	\$ -	\$ -

Traffic Control Enforcement	Capital Projects				Total Non- major Governmental Funds	
	TIRZ #5	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	
\$ -	\$ 864,501	\$ -	\$ -	\$ -	\$ -	\$ 864,501
-	194,942	-	-	-	-	194,942
-	-	-	327,505	-	-	327,505
-	-	-	-	-	-	6,585,178
-	-	-	-	6,866,375	5,235,148	12,269,748
92,653	-	185,696	-	-	-	278,349
-	-	-	-	-	-	925,607
-	-	-	-	-	-	74,405
-	-	-	-	-	-	7,100,442
-	-	-	-	-	-	10,000
7,151	9,200	7,245	23,706	1,085,943	540,594	1,764,667
-	-	-	-	-	-	25,678
99,804	1,068,643	192,941	351,211	7,952,318	5,775,742	30,421,022
-	-	131,660	49,572	-	-	527,116
86,874	-	-	-	-	-	2,550,438
38,519	-	-	-	-	-	50,978
-	-	-	-	-	-	6,010,184
-	-	12,808	254,606	-	-	425,126
125,393	-	144,468	304,178	-	-	9,563,842
(25,589)	1,068,643	48,473	47,033	7,952,318	5,775,742	20,857,180
-	-	-	-	-	-	598,202
-	(1,274,077)	(84,000)	-	(3,854,655)	(3,209,338)	(15,822,038)
-	(1,274,077)	(84,000)	-	(3,854,655)	(3,209,338)	(15,223,836)
(25,589)	(205,434)	(35,527)	47,033	4,097,663	2,566,404	5,633,344
258,930	429,210	337,407	1,034,828	38,044,573	20,846,009	63,363,419
\$ 233,341	\$ 223,776	\$ 301,880	\$ 1,081,861	\$ 42,142,236	\$ 23,412,413	\$ 68,996,763

City of Frisco

Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts					Variance with
	Original	Final	Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Final Budget Positive Negative
REVENUES						
Taxes:						
Hotel/motel tax	\$ 6,573,190	\$ 6,573,190	\$ 6,585,178	\$ -	\$ 6,585,178	\$ 11,988
Intergovernmental	255,000	1,000,000	925,607	-	925,607	(74,393)
Charges for service	4,125	4,125	74,405	-	74,405	70,280
Contributions	395,500	627,000	681,325	-	681,325	54,325
Rents	10,000	10,000	10,000	-	10,000	-
Investment earnings	1,000	16,400	13,364	-	13,364	(3,036)
Miscellaneous	13,200	20,200	1,146	-	1,146	(19,054)
Total revenues	7,252,015	8,250,915	8,291,025	-	8,291,025	40,110
EXPENDITURES						
Current						
Culture and recreation	4,653,298	5,461,647	5,273,111	(6,314)	5,266,797	194,850
Capital outlay	-	25,660	25,659	-	25,659	1
Total expenditures	4,653,298	5,487,307	5,298,770	(6,314)	5,292,456	194,851
Excess (deficiency) of revenues over (under) expenditures	2,598,717	2,763,608	2,992,255	6,314	2,998,569	234,961
OTHER FINANCING USES						
Transfers out	(2,507,899)	(2,482,212)	(2,482,212)	-	(2,482,212)	-
Total other financing sources (uses)	(2,507,899)	(2,482,212)	(2,482,212)	-	(2,482,212)	-
Net change in fund balances	90,818	281,396	510,043	6,314	516,357	234,961
Fund balances, beginning	1,142,029	1,029,433	1,029,433	(20,564)	1,264,429	234,996
Fund balances, ending	\$ 1,232,847	\$ 1,310,829	\$ 1,539,476	\$ (14,250)	\$ 1,780,786	\$ 469,957

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2019

	Net Change in Fund Balance
GAAP basis	\$ 510,043
Expenditures:	
Increase due to encumbrances from prior year	20,564
Decrease due to encumbrances for current year	(14,250)
Budgetary basis	\$ 516,357

City of Frisco

Panther Creek PID Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Special assessments	\$ 215,000	\$ 215,000	\$ 168,225	\$ -	\$ 168,225	\$ (46,775)
Investment earnings	65,000	65,000	59,791	-	59,791	(5,209)
Total revenues	280,000	280,000	228,016	-	228,016	(51,984)
OTHER FINANCING USES						
Transfers out	(280,000)	(280,000)	(280,000)	-	(280,000)	-
Net change in fund balances	-	-	(51,984)	-	(51,984)	(51,984)
Fund balances, beginning	38,078	113,764	113,764	-	113,764	-
Fund balances, ending	\$ 38,078	\$ 113,764	\$ 61,780	\$ -	\$ 61,780	\$ (51,984)

City of Frisco

Superdrome Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Investment earnings	\$ 10,000	\$ 17,673	\$ 17,673	\$ -	\$ 17,673	\$ -
Total revenues	10,000	17,673	17,673	-	17,673	-
EXPENDITURES						
Current						
Culture and recreation	-	708,169	708,169	-	708,169	-
Total expenditures	-	708,169	708,169	-	708,169	-
Excess (deficiency) of revenues over (under) expenditures	10,000	(690,496)	(690,496)	-	(690,496)	
OTHER FINANCING USES						
Transfers out	-	(578,769)	(578,769)	-	(578,769)	-
Total other financing sources (uses)	-	(578,769)	(578,769)	-	(578,769)	-
Net change in fund balances	10,000	(1,269,265)	(1,269,265)	-	(1,269,265)	
Fund balances, beginning	1,228,791	1,269,265	1,269,265	-	1,269,265	-
Fund balances, ending	\$ 1,238,791	\$ -	\$ -	\$ -	\$ -	\$ -

City of Frisco

Grants Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Grant income	\$ 10,246,617	\$ 4,220,388	\$ 6,097,765	\$ -	\$ 6,097,765	\$ 1,877,377
Total revenues	10,246,617	4,220,388	6,097,765	-	6,097,765	1,877,377
EXPENDITURES						
Current						
Public safety	5,054,167	1,727,053	2,463,564		2,463,564	(736,511)
Public works	15,000	15,000	12,459		12,459	2,541
Culture and recreation	50,000	50,000	28,904		28,904	21,096
Capital outlay	1,574,102	119,946	132,053	-	132,053	(12,107)
Total expenditures	6,693,269	1,911,999	2,636,980	-	2,636,980	(724,981)
Excess (deficiency) of revenues over (under) expenditures	3,553,348	2,308,389	3,460,785	-	3,460,785	1,152,396
OTHER FINANCING USES						
Transfers in	150,000	653,329	598,202	-	598,202	55,127
Transfers out	(3,703,348)	(2,961,718)	(4,058,987)	-	(4,058,987)	1,097,269
Total other financing sources (uses)	(3,553,348)	(2,308,389)	(3,460,785)	-	(3,460,785)	1,152,396
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning	-	-	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Frisco

CDBG Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Grant income	\$ 835,152	\$ 285,233	\$ 321,352	\$ -	\$ 321,352	\$ 36,119
Miscellaneous	16,000	19,000	24,532	-	24,532	5,532
Total revenues	851,152	304,233	345,884	-	345,884	41,651
EXPENDITURES						
Current						
General government	851,152	304,233	345,884	-	345,884	(41,651)
Total expenditures	851,152	304,233	345,884	-	345,884	(41,651)
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning	-	-	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Frisco

Traffic Control Enforcement Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Fines	\$ 216,000	\$ 145,825	\$ 92,653	\$ -	\$ 92,653	\$ (53,172)
Interest	2,600	7,189	7,151	-	7,151	(38)
Total revenues	218,600	153,014	99,804	-	99,804	(53,210)
EXPENDITURES						
Current						
Public safety	117,500	93,737	86,874	12,483	99,357	(5,620)
Public works	-	40,000	38,519	(39,218)	(699)	40,699
Capital outlay	100,000	36,263	-	-	-	36,263
Total expenditures	217,500	170,000	125,393	(26,735)	98,658	71,342
Net change in fund balances	1,100	(16,986)	(25,589)	26,735	1,146	18,132
Fund balances, beginning	124,793	258,930	258,930	(44,952)	213,978	(44,952)
Fund balances, ending	\$ 125,893	\$ 241,944	\$ 233,341	\$ (18,217)	\$ 215,124	\$ (26,820)

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2019

	Net Change in Fund Balance
GAAP basis	\$ (25,589)
Expenditures:	
Increase due to encumbrances from prior year	44,952
Decrease due to encumbrances for current year	(18,217)
Budgetary basis	\$ 1,146

City of Frisco

TIRZ #5 Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts					Variance with
	Original	Final	Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Final Budget Positive (Negative)
REVENUES						
Taxes:						
Property tax	\$ 864,501	\$ 864,501	\$ 864,501	\$ -	\$ 864,501	\$ -
Sales tax	340,000	340,000	194,942	-	194,942	(145,058)
Investment earnings	-	9,207	9,200	-	9,200	(7)
Total revenues	1,204,501	1,213,708	1,068,643	-	1,068,643	(145,065)
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,274,077)	(1,274,077)	(1,274,077)	-	(1,274,077)	-
Total other financing sources (uses)	(1,274,077)	(1,274,077)	(1,274,077)	-	(1,274,077)	-
Net change in fund balances	(69,576)	(60,369)	(205,434)	-	(205,434)	(145,065)
Fund balances, beginning	447,014	429,210	429,210	-	429,210	-
Fund balances, ending	\$ 377,438	\$ 368,841	\$ 223,776	\$ -	\$ 223,776	\$ (145,065)

City of Frisco

Court Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Fines	\$ 190,000	\$ 182,000	\$ 185,696	\$ -	\$ 185,696	\$ 3,696
Investment earnings	700	7,400	7,245	-	7,245	(155)
Total revenues	190,700	189,400	192,941	-	192,941	3,541
EXPENDITURES						
Current						
General government	113,488	200,488	131,660	-	131,660	68,828
Capital outlay	25,000	25,000	12,808	-	12,808	12,192
Total expenditures	138,488	225,488	144,468	-	144,468	81,020
Excess (deficiency) of revenues over (under) expenditures	52,212	(36,088)	48,473	-	48,473	84,561
OTHER FINANCING USES						
Transfers out	(84,000)	(84,000)	(84,000)	-	(84,000)	-
Total other financing sources (uses)	(84,000)	(84,000)	(84,000)	-	(84,000)	-
Net change in fund balances	(31,788)	(120,088)	(35,527)	-	(35,527)	84,561
Fund balances, beginning	309,501	337,407	337,407	-	337,407	-
Fund balances, ending	\$ 277,713	\$ 217,319	\$ 301,880	\$ -	\$ 301,880	\$ 84,561

City of Frisco

PEG Cable Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts					
	Original	Final	Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive Positive (Negative)
REVENUES						
Taxes:						
Franchise	\$ 328,000	\$ 324,720	\$ 327,505	\$ -	\$ 327,505	\$ 2,785
Investment earnings	1,000	19,000	23,706	-	23,706	4,706
Total revenues	329,000	343,720	351,211	-	351,211	7,491
EXPENDITURES						
Current:						
General government	-	-	49,572	-	49,572	(49,572)
Capital outlay	326,598	570,069	254,606	(45,168)	209,438	360,631
Total expenditures	326,598	570,069	304,178	(45,168)	259,010	311,059
Net change in fund balances	2,402	(226,349)	47,033	45,168	92,201	318,550
Fund balances, beginning	509,645	1,034,828	1,034,828	(243,471)	791,357	(243,471)
Fund balances, ending	\$ 512,047	\$ 808,479	\$ 1,081,861	\$ (198,303)	\$ 883,558	\$ 75,079

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2019

	Net Change in Fund Balance
GAAP basis	\$ 47,033
Expenditures:	
Increase due to encumbrances from prior year	243,471
Decrease due to encumbrances for current year	(198,303)
Budgetary basis	\$ 92,201

City of Frisco

Road Impact Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Special assessments	\$ -	\$ 4,000,000	\$ 6,866,375	\$ -	\$ 6,866,375	\$ 2,866,375
Investment earnings	-	550,000	1,085,943	-	1,085,943	535,943
Total revenues	-	4,550,000	7,952,318	-	7,952,318	3,402,318
OTHER FINANCING SOURCES (USES)						
Transfers out	(5,000,000)	(35,935,772)	(3,854,655)	-	(3,854,655)	32,081,117
Total other financing sources (uses)	(5,000,000)	(35,935,772)	(3,854,655)	-	(3,854,655)	32,081,117
Net change in fund balances	(5,000,000)	(31,385,772)	4,097,663	-	4,097,663	35,483,435
Fund balances, beginning	26,930,813	38,044,573	38,044,573	-	38,044,573	-
Fund balances, ending	\$ 21,930,813	\$ 6,658,801	\$ 42,142,236	\$ -	\$ 42,142,236	\$ 35,483,435

City of Frisco

Park Development Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Special assessments	\$ -	\$ 3,200,000	\$ 5,235,148	\$ -	\$ 5,235,148	\$ 2,035,148
Investment earnings	-	450,000	540,594	-	540,594	90,594
Total revenues	-	3,650,000	5,775,742	-	5,775,742	2,125,742
OTHER FINANCING SOURCES (USES)						
Transfers out	(4,500,000)	(7,850,191)	(3,209,338)	-	(3,209,338)	4,640,853
Total other financing sources (uses)	(4,500,000)	(7,850,191)	(3,209,338)	-	(3,209,338)	4,640,853
Net change in fund balances	(4,500,000)	(4,200,191)	2,566,404	-	2,566,404	6,766,595
Fund balances, beginning	20,024,363	20,846,009	20,846,009	-	20,846,009	-
Fund balances, ending	\$ 15,524,363	\$ 16,645,818	\$ 23,412,413	\$ -	\$ 23,412,413	\$ 6,766,595

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.

City of Frisco

Combining Statement of Net Position

Non-major Proprietary Fund Financial Statements

September 30, 2019

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,357,989	\$ 3,259,035	\$ 6,617,024
Investments	499,926	5,293,759	5,793,685
Receivables (net of allowances for uncollectibles)			
Other	2,650	493,874	496,524
Total current assets	3,860,565	9,046,668	12,907,233
Non-current assets			
Capital assets:			
Buildings and improvements	-	147,742	147,742
Improvements other than buildings	-	92,190	92,190
Machinery and equipment	1,374,848	474,647	1,849,495
Accumulated depreciation	(770,632)	(469,647)	(1,240,279)
Total capital assets (net of accumulated depreciation)	604,216	244,932	849,148
Total non-current assets	604,216	244,932	849,148
Total assets	4,464,781	9,291,600	13,756,381
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions and investment experience	250,728	250,728	501,456
OPEB	10,674	10,674	21,348
Total deferred outflows of resources	261,402	261,402	522,804

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 104,078	\$ 1,003,323	\$ 1,107,401
Accrued liabilities	67,256	54,396	121,652
Monies held in escrow	94,986	-	94,986
Liability for compensated absences	95,114	98,862	193,976
Total current liabilities	361,434	1,156,581	1,518,015
Non-current liabilities:			
Liability for compensated absences	52,227	54,862	107,089
Pension	547,354	547,354	1,094,708
OPEB	67,534	67,534	135,068
Total noncurrent liabilities	667,115	669,750	1,336,865
Total liabilities	1,028,549	1,826,331	2,854,880
DEFERRED INFLOWS OF RESOURCES			
Pension assumptions and investment earnings	13,626	13,626	27,252
OPEB	9,603	9,603	19,206
Total deferred inflows of resources	23,229	23,229	46,458
NET POSITION			
Net investment in capital assets	604,216	244,932	849,148
Unrestricted	3,070,189	7,458,510	10,528,699
Total net position	\$ 3,674,405	\$ 7,703,442	\$ 11,377,847



PROGRESS IN MOTION

City of Frisco

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Non-major Proprietary Fund Financial Statements

For the Fiscal Year Ended September 30, 2019

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
OPERATING REVENUES			
Charges for sales and services:			
Sanitation charges	\$ -	\$ 17,603,749	\$ 17,603,749
Stormwater drainage fees	3,965,159	-	3,965,159
Miscellaneous	-	41,210	41,210
Total operating revenues	3,965,159	17,644,959	21,610,118
OPERATING EXPENSES			
Cost of sales and services	-	15,101,570	15,101,570
Administration	2,282,739	1,760,954	4,043,693
Depreciation	147,365	75,166	222,531
Total operating expenses	2,430,104	16,937,690	19,367,794
Operating income	1,535,055	707,269	2,242,324
NONOPERATING REVENUES			
Interest revenue	15,731	191,377	207,108
Gain on sale of equipment	5,050	9,401	14,451
Total non-operating revenues	20,781	200,778	221,559
Income before transfers	1,555,836	908,047	2,463,883
TRANSFERS			
Transfers out	(784,627)	(1,148,754)	(1,933,381)
Total transfers	(784,627)	(1,148,754)	(1,933,381)
Change in net position	771,209	(240,707)	530,502
Net position, beginning	2,903,196	7,944,149	10,847,345
Net position, ending	\$ 3,674,405	\$ 7,703,442	\$ 11,377,847

City of Frisco

Combining Statement of Cash Flows Non-major Proprietary Fund Financial Statements For the Fiscal Year Ended September 30, 2019

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,965,159	\$ 17,603,749	\$ 21,568,908
Cash payments to suppliers for goods and services	(734,897)	(15,857,156)	(16,592,053)
Cash payments to employees for services	(1,427,241)	(1,245,113)	(2,672,354)
Other receipts	-	41,210	41,210
Net cash provided by operating activities	1,803,021	542,690	2,345,711
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers made to other funds	-	(1,148,754)	(1,148,754)
Net cash provided/(used) by noncapital financing activities	-	(1,148,754)	(1,148,754)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(149,893)	(137,262)	(287,155)
Proceeds/(loss) from sale or transfer of equipment	5,050	9,401	14,451
Intergovernmental payments for capital construction	(784,627)	-	(784,627)
Net cash used in capital and related financing activities	(929,470)	(127,861)	(1,057,331)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(499,926)	(5,293,759)	(5,793,685)
Proceeds from sale and maturities of investment securities	496,860	5,292,465	5,789,325
Interest on investments	15,495	179,601	195,096
Net cash provided/(used) by investing activities	12,429	178,307	190,736
Net increase in cash and cash equivalents	885,980	(555,618)	330,362
Cash and cash equivalents, beginning	2,472,009	3,814,653	6,286,662
Cash and cash equivalents, ending	\$ 3,357,989	\$ 3,259,035	\$ 6,617,024

	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	\$ 1,535,055	\$ 707,269	\$ 2,242,324
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	147,365	75,166	222,531
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - other	-	(459,051)	(459,051)
Prepaid expenses and other assets	775	-	775
Increase (decrease) in-			
Accounts payable	45,229	139,558	184,787
Accrued liabilities	17,486	9,857	27,343
Liability for compensated absences	13,363	26,143	39,506
Net pension liability	36,301	36,301	72,602
OPEB	7,447	7,447	14,894
Total adjustments	267,966	(164,579)	103,387
Net cash provided by operating activities	<u>\$ 1,803,021</u>	<u>\$ 542,690</u>	<u>\$ 2,345,711</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.

City of Frisco
Combining Balance Sheet
Component Units
September 30, 2019

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
ASSETS				
Cash and cash equivalents	\$ 16,222,696	\$ 13,940,984	\$ 13,281	\$ 30,176,961
Cash escrow held for land purchase				
Investments	18,975,983	17,695,586	-	36,671,569
Receivables (net of allowances for uncollectibles)				
Sales tax	3,917,734	3,917,734	-	7,835,468
Other	119,778	59,025	-	178,803
Prepays	-	47,481	-	47,481
Notes receivable	-	350,000	-	350,000
Land held for resale	33,316,565	45,235,393	-	78,551,958
Restricted assets:				
Cash and cash equivalents	1,709,035	1,296,842	-	3,005,877
Investments	1,900,000	3,700,000	-	5,600,000
Total assets	<u>76,161,791</u>	<u>86,243,045</u>	<u>13,281</u>	<u>162,418,117</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	490,950	1,116,922	-	1,607,872
Accrued liabilities	10,704	85,149	-	95,853
Deposits	76,118	-	-	76,118
Unearned revenue	5,000	-	-	5,000
Total liabilities	<u>582,772</u>	<u>1,202,071</u>	<u>-</u>	<u>1,784,843</u>
Fund balances:				
Nonspendable:				
Prepaid expenses	-	47,481	-	47,481
Land held for resale	33,316,565	45,235,393	-	78,551,958
Restricted for:				
Debt service	3,609,035	4,996,842	-	8,605,877
Capital projects for future construction	442,566	-	-	442,566
Unassigned	38,210,853	34,761,258	13,281	72,985,392
Total fund balances	<u>75,579,019</u>	<u>85,040,974</u>	<u>13,281</u>	<u>160,633,274</u>
Total liabilities and fund balances	<u>\$ 76,161,791</u>	<u>\$ 86,243,045</u>	<u>\$ 13,281</u>	<u>\$ 162,418,117</u>

City of Frisco

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Units
For the Fiscal Year Ended September 30, 2019

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
REVENUES				
Sales tax	\$ 22,323,660	\$ 22,323,660	\$ -	\$ 44,647,320
Investment earnings	988,312	1,170,543	-	2,158,855
Contributions	25,000	203,775	15,477	244,252
Rents	917,735	-	-	917,735
Payments from primary government	2,790,255	-	-	2,790,255
Miscellaneous	2,269,438	3,820,934	-	6,090,372
Total revenues	29,314,400	27,518,912	15,477	56,848,789
EXPENDITURES				
Current:				
General government	5,296,029	12,730,412	11,424	18,037,865
Culture and recreation	1,229,724	-	3,207	1,232,931
Capital outlay	19,302,387	-	-	19,302,387
Debt service:				
Principal retirement	6,890,209	43,112,031	-	50,002,240
Interest and fiscal charges	3,999,568	2,324,253	-	6,323,821
Total expenditures	36,717,917	58,166,696	14,631	94,899,244
Excess (deficiency) of revenues over (under) expenditures	(7,403,517)	(30,647,784)	846	(38,050,455)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	265,735	15,471,576	-	15,737,311
Total other financing sources	265,735	15,471,576	-	15,737,311
Net change in fund balances	(7,137,782)	(15,176,208)	846	(22,313,144)
Fund balances, beginning	82,716,801	100,217,182	12,435	182,946,418
Fund balances, ending	\$ 75,579,019	\$ 85,040,974	\$ 13,281	\$ 160,633,274

City of Frisco

Reconciliation of the Combining Balance Sheet of Component Units to the Statement of Net Position September 30, 2019

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

Total fund balances per balance sheet	\$ 160,633,274
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	89,782,613
Deferred outflow of resources are not financial resources and, therefore, are not reported at the fund level.	1,267,386
Other assets are not available to pay for current-period expenditures	120,000
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	101,702,560
Notes payable	35,877,924
Accrued interest payable	620,237
Compensated absences	198,214
Net pension liability	1,094,708
Total OPEB liability	<u>135,070</u>
Total long-term liabilities	(139,628,713)
Deferred inflows of resources are not financial resources and, therefore, are not reported in the funds	<u>(46,456)</u>
Total net position - component units	<u>\$ 112,128,104</u>

Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Component Units to the Statement of Activities September 30, 2019

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

Net change in fund balances - total component units	\$ (22,313,144)
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.	18,680,066
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.	50,002,240
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.	<u>156,966</u>
Change in net position of component units	<u>\$ 46,526,128</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 <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>	122
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	133
Debt Capacity <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>	142
Demographic and Economic Information <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>	148
Operating Information <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>	150

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

City of Frisco

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 695,681,506	\$ 703,694,806	\$ 696,300,300	\$ 739,378,508
Restricted	3,639,371	3,058,450	4,192,127	4,538,556
Unrestricted	<u>51,210,647</u>	<u>53,739,744</u>	<u>63,781,055</u>	<u>72,860,648</u>
Total governmental activities net position	<u><u>750,531,524</u></u>	<u><u>760,493,000</u></u>	<u><u>764,273,482</u></u>	<u><u>816,777,712</u></u>
Business-type activities				
Net investment in capital assets	172,641,414	173,946,035	174,745,396	185,747,786
Restricted	10,271,078	11,751,675	12,854,359	17,744,216
Unrestricted	<u>16,064,340</u>	<u>27,891,529</u>	<u>30,396,570</u>	<u>35,211,295</u>
Total business-type activities net position	<u><u>198,976,832</u></u>	<u><u>213,589,239</u></u>	<u><u>217,996,325</u></u>	<u><u>238,703,297</u></u>
Primary government				
Net investment in capital assets	868,322,920	877,640,841	871,045,696	925,126,294
Restricted	13,910,449	14,810,125	17,046,486	22,282,772
Unrestricted	<u>67,274,987</u>	<u>81,631,273</u>	<u>94,177,625</u>	<u>108,071,943</u>
Total primary government net position	<u><u>\$ 949,508,356</u></u>	<u><u>\$ 974,082,239</u></u>	<u><u>\$ 982,269,807</u></u>	<u><u>\$ 1,055,481,009</u></u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 754,405,379	\$ 886,959,457	\$ 1,051,389,064	\$ 1,123,429,533	\$ 1,215,381,073	\$ 1,315,371,557
5,053,305	54,319,922	62,763,394	69,106,670	71,803,680	77,158,120
101,786,356	29,893,408	43,272,641	45,371,848	48,218,988	54,966,379
<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>	<u>1,447,496,056</u>
195,229,947	222,392,769	249,009,918	271,084,999	306,888,683	330,734,056
21,881,788	26,256,457	29,954,906	31,907,294	32,201,559	37,917,240
<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>59,555,627</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>	<u>428,206,923</u>
949,635,326	1,109,352,226	1,300,398,982	1,394,514,532	1,522,269,756	1,646,105,613
26,935,093	80,576,379	92,718,300	101,013,964	104,005,239	115,075,360
<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>114,522,006</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>	<u>\$ 1,875,702,979</u>

City of Frisco
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental activities:				
General government	\$ 39,103,949	\$ 39,620,057	\$ 38,034,476	\$ 42,629,757
Public safety	39,622,158	40,962,287	44,347,310	48,074,351
Public works	26,125,366	27,636,526	29,228,885	30,648,669
Culture & recreation	22,620,217	25,458,162	26,640,104	26,110,474
Interest on long-term debt	23,020,033	22,215,090	19,338,791	17,005,242
Total governmental activities expenses	<u>150,491,723</u>	<u>155,892,122</u>	<u>157,589,566</u>	<u>164,468,493</u>
Business-type activities:				
Water & sewer	48,130,980	47,539,765	53,369,324	57,559,429
Non-major enterprise funds	8,662,866	9,766,785	10,490,996	11,113,313
Total business-type activities expenses	<u>56,793,846</u>	<u>57,306,550</u>	<u>63,860,320</u>	<u>68,672,742</u>
Total primary government expenses	<u>\$ 207,285,569</u>	<u>\$ 213,198,672</u>	<u>\$ 221,449,886</u>	<u>\$ 233,141,235</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 15,049,663	\$ 13,195,345	\$ 13,870,149	\$ 18,329,451
Public safety	1,498,179	2,245,461	2,077,752	2,327,403
Public works	-	20,938	63,312	104,180
Culture & recreation	4,009,097	4,320,363	4,455,925	4,555,527
Operating grants and contributions	3,135,919	3,297,331	3,615,317	2,549,183
Capital grants and contributions	15,462,749	22,940,561	11,607,188	58,872,983
Total governmental activities program revenues	<u>39,155,607</u>	<u>46,019,999</u>	<u>35,689,643</u>	<u>86,738,727</u>
Business-type activities:				
Charges for services:				
Water & sewer	44,165,615	52,679,778	51,752,962	57,787,373
Non-major enterprise funds	10,474,914	11,022,236	11,899,879	12,555,595
Operating grants and contributions	84,020	111,317	1,000	1,000
Capital grants and contributions	7,857,024	8,420,269	4,897,053	19,925,899
Total business-type activities program revenues	<u>62,581,573</u>	<u>72,233,600</u>	<u>68,550,894</u>	<u>90,269,867</u>
Total primary government program revenues	<u>\$ 101,737,180</u>	<u>\$ 118,253,599</u>	<u>\$ 104,240,537</u>	<u>\$ 177,008,594</u>
Net (expense)/revenue				
Governmental activities	\$ (111,336,116)	\$ (109,872,123)	\$ (121,899,923)	\$ (77,729,766)
Business-type activities	<u>5,787,727</u>	<u>14,927,050</u>	<u>4,690,574</u>	<u>21,597,125</u>
Total primary government net expense	<u>\$ (105,548,389)</u>	<u>\$ (94,945,073)</u>	<u>\$ (117,209,349)</u>	<u>\$ (56,132,641)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 65,648,801	\$ 64,673,844	\$ 67,161,904	\$ 69,014,412
Sales taxes	20,068,824	21,852,287	24,489,084	29,158,661
Franchise taxes	7,198,697	8,367,733	7,796,833	7,909,763
Other taxes	3,063,544	3,519,660	3,450,258	3,998,236
Ad valorem taxes, Intergovernmental	19,604,935	20,389,441	21,709,424	18,540,374
Investment earnings	629,661	512,756	501,365	495,129
Transfers	563,920	517,878	571,537	1,117,421
Total governmental activities	<u>116,778,382</u>	<u>119,833,599</u>	<u>125,680,405</u>	<u>130,233,996</u>
Business-type activities:				
Intergovernmental	242,151	97,000	97,000	97,000
Investment earnings	324,377	106,235	191,049	130,268
Miscellaneous	39,800	-	-	-
Transfers	(563,920)	(517,878)	(571,537)	(1,117,421)
Total business-type activities	<u>42,408</u>	<u>(314,643)</u>	<u>(283,488)</u>	<u>(890,153)</u>
Total primary government	<u>116,820,790</u>	<u>119,518,956</u>	<u>125,396,917</u>	<u>129,343,843</u>
Change in Net Position				
Governmental activities	5,442,266	9,961,476	3,780,482	52,504,230
Business-type activities	<u>5,830,135</u>	<u>14,612,407</u>	<u>4,407,086</u>	<u>20,706,972</u>
Total primary government net expense	<u>\$ 11,272,401</u>	<u>\$ 24,573,883</u>	<u>\$ 8,187,568</u>	<u>\$ 73,211,202</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 50,945,132	\$ 53,318,813	\$ 56,719,612	\$ 71,141,026	\$ 75,995,523	\$ 81,789,316
52,340,573	57,906,328	66,878,782	75,124,144	82,425,573	92,202,109
32,827,619	39,730,064	46,082,286	44,655,377	49,265,749	51,333,497
28,062,191	29,483,819	33,135,218	35,598,228	39,046,786	40,449,835
18,631,848	18,443,803	17,577,838	19,087,970	18,785,636	21,126,900
<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>	<u>286,901,657</u>
61,177,648	66,188,799	78,892,654	95,527,532	93,666,630	101,466,829
11,674,055	12,337,646	13,713,061	14,762,734	17,221,827	19,367,794
<u>72,851,703</u>	<u>78,526,445</u>	<u>92,605,715</u>	<u>110,290,266</u>	<u>110,888,457</u>	<u>120,834,623</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>	<u>\$ 407,736,280</u>
\$ 18,854,018	\$ 19,912,210	\$ 20,285,841	\$ 22,097,082	\$ 22,502,540	\$ 25,060,656
2,598,721	3,174,725	3,829,863	4,451,318	4,205,493	4,513,162
98,633	205,469	117,529	123,470	94,935	239,853
4,845,465	5,433,040	5,857,044	6,029,895	5,966,865	5,841,035
4,666,348	3,236,153	4,944,360	4,305,641	7,374,981	10,992,363
49,626,979	122,651,198	199,150,396	87,384,164	82,826,541	110,727,397
<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>	<u>157,374,466</u>
56,263,446	69,190,052	79,399,924	84,814,386	96,767,900	95,978,738
13,384,328	15,989,296	16,202,674	17,083,995	20,055,741	21,624,569
17,466	41,366	67,965	142,500	-	29,500
<u>25,480,432</u>	<u>29,793,281</u>	<u>32,233,793</u>	<u>34,841,951</u>	<u>40,895,889</u>	<u>33,909,304</u>
<u>95,145,672</u>	<u>115,013,995</u>	<u>127,904,356</u>	<u>136,882,832</u>	<u>157,719,530</u>	<u>151,542,111</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>	<u>\$ 308,916,577</u>
\$ (102,117,199)	\$ (44,270,032)	\$ 13,791,297	\$ (121,215,175)	\$ (142,547,912)	\$ (129,527,191)
<u>22,293,969</u>	<u>36,487,550</u>	<u>35,298,641</u>	<u>26,592,566</u>	<u>46,831,073</u>	<u>30,707,488</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>	<u>\$ (98,819,703)</u>
\$ 75,849,283	\$ 85,412,246	\$ 97,716,101	\$ 112,456,629	\$ 120,389,122	\$ 131,952,480
34,196,948	36,003,036	37,826,251	40,408,821	43,363,487	44,647,320
9,041,655	9,338,941	9,366,054	10,126,891	11,007,612	10,899,394
4,565,581	5,019,906	5,278,619	5,678,518	7,212,592	7,733,104
26,077,693	37,600,247	18,109,962	28,275,708	54,774,029	32,894,962
222,548	859,102	1,805,611	2,717,226	5,434,361	9,907,059
573,076	306,393	2,358,417	2,034,334	2,261,440	3,585,187
<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>	<u>241,619,506</u>
104,000	105,040	446,978	124,048	169,584	114,960
116,631	267,813	451,606	788,651	1,696,952	2,986,218
-	-	-	-	-	-
<u>(573,076)</u>	<u>(306,393)</u>	<u>(2,358,417)</u>	<u>(2,034,334)</u>	<u>(2,261,440)</u>	<u>(3,585,187)</u>
<u>(352,445)</u>	<u>66,460</u>	<u>(1,459,833)</u>	<u>(1,121,635)</u>	<u>(394,904)</u>	<u>(484,009)</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>	<u>241,135,497</u>
48,409,585	130,269,839	186,252,312	80,482,952	101,894,731	112,092,315
21,941,524	36,554,010	33,838,808	25,470,931	46,436,169	30,223,479
<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>	<u>\$ 142,315,794</u>



PROGRESS IN MOTION

City of Frisco

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>
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
2019	131,952,480	44,647,320	10,899,394	7,733,104	195,232,298

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

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
2019	7,933,201

City of Frisco

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

	<u>2010*</u>	<u>2011**</u>	<u>2012</u>	<u>2013</u>
General fund				
Non spendable	\$ -	\$ 469,884	\$ 537,057	\$ 544,583
Committed	2,553,709	2,013,924	2,576,668	3,570,917
Reserved	713,228	-	-	-
Unreserved/Unassigned	<u>22,489,654</u>	<u>25,386,041</u>	<u>29,484,739</u>	<u>31,295,715</u>
Total general fund	<u>25,756,591</u>	<u>27,869,849</u>	<u>32,598,464</u>	<u>35,411,215</u>
All other governmental funds				
Reserved	25,867,177	-	-	-
Unreserved, reported in:				
Special revenue funds	7,508,535	-	-	-
Capital project funds	68,304,669	-	-	-
Non spendable	-	343,449	493,657	202,897
Restricted for:				
Debt service	-	3,452,399	4,355,598	4,150,522
Capital projects for future construction	-	79,585,306	67,986,558	82,742,142
Other purposes	-	5,566,109	5,817,783	7,330,805
Committed to:				
Capital projects for future construction	-	1,814,651	2,277,444	3,349,491
Assigned to:				
Capital projects for future construction	<u>-</u>	<u>4,928,511</u>	<u>6,070,613</u>	<u>3,247,896</u>
Total all other governmental funds	<u>\$ 101,680,381</u>	<u>\$ 95,690,425</u>	<u>\$ 87,001,653</u>	<u>\$ 101,023,753</u>

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

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 398,856	\$ 616,566	\$ 657,471	\$ 759,272	\$ 777,323	\$ 1,294,145
3,568,653	14,414,810	16,466,361	10,534,528	15,357,662	19,448,471
-	-	-	-	-	-
<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>72,539,025</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>	<u>93,281,641</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,691,298	446,105	734,603	657,232	2,078,369	1,414,108
4,412,400	5,278,799	5,175,796	5,847,513	6,181,803	5,594,173
164,136,618	172,606,032	224,453,812	218,222,683	215,663,589	303,386,988
8,117,922	8,095,288	8,361,344	9,082,010	9,864,542	9,654,771
4,145,399	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 320,050,040</u>

City of Frisco

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Taxes				
Property	\$ 65,260,020	\$ 65,225,685	\$ 67,265,817	\$ 69,033,422
Sales	20,068,824	21,852,287	24,489,084	29,158,661
Franchise	7,198,697	8,040,529	7,907,245	7,801,573
Hotel/motel	2,607,869	2,998,817	3,027,021	3,506,677
Other	455,675	520,843	423,237	491,559
Licenses and permits	5,015,450	5,639,747	6,088,219	8,577,020
Public safety	1,467,233	1,776,904	1,511,187	1,735,308
Intergovernmental	17,838,372	30,553,540	18,309,478	28,164,687
Charges for services	10,730,021	6,366,771	6,450,974	6,895,984
Fines	2,322,987	2,409,391	2,891,192	2,917,496
Special assessments	2,992,455	3,826,456	5,339,917	9,190,265
Rents	-	5,125,754	4,714,980	4,725,347
Investment earnings	651,464	526,553	526,939	432,368
Contributions and donations	4,710,837	3,134,166	6,060,495	6,078,590
Payments from component units	3,447,798	8,044,723	8,658,172	7,125,849
Miscellaneous	<u>4,527,655</u>	<u>208,477</u>	<u>229,077</u>	<u>2,253,511</u>
Total revenues	<u>149,295,357</u>	<u>166,250,643</u>	<u>163,893,034</u>	<u>188,088,317</u>
Expenditures				
Current:				
General government	32,993,441	31,330,645	31,910,504	36,353,259
Public safety	34,967,535	36,820,094	39,733,181	42,765,334
Public works	6,176,062	6,283,161	6,538,432	7,083,202
Culture & recreation	16,994,769	14,616,069	15,377,347	14,684,853
Capital outlay	32,685,414	38,217,173	25,168,130	46,968,401
Debt Service:				
Principal retirement	23,641,668	25,528,456	25,905,000	27,685,000
Interest and fiscal charges	<u>25,350,941</u>	<u>24,934,400</u>	<u>22,353,574</u>	<u>20,988,977</u>
Total expenditures	<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	(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	77,893	38,675	122,534	148,021
Transfers in	22,618,138	22,813,526	23,237,197	29,705,338
Transfers out	<u>(22,054,218)</u>	<u>(22,295,648)</u>	<u>(22,665,660)</u>	<u>(28,587,917)</u>
Total other financing sources (uses)	<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>\$ (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

35%

36%

34%

33%

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 75,468,357	\$ 85,700,973	\$ 97,282,372	\$ 112,313,490	\$ 120,342,757	\$ 132,255,261
34,196,948	36,003,036	37,826,251	40,408,821	43,363,487	44,647,320
8,758,582	9,338,941	9,191,454	9,458,534	10,519,862	10,899,394
3,887,482	4,190,238	4,486,093	4,829,350	6,141,721	6,585,178
678,099	829,668	792,526	849,168	1,070,871	1,147,926
10,256,389	11,016,411	11,679,493	12,904,536	12,906,768	11,845,079
1,843,998	-	-	-	-	-
29,277,032	44,141,948	37,848,162	25,271,312	34,343,637	31,505,376
7,143,863	8,196,996	8,689,774	9,518,417	9,307,701	12,440,670
2,726,367	2,767,638	2,747,076	2,744,917	2,685,495	2,790,298
9,577,516	12,964,474	17,068,934	13,128,149	9,456,594	12,269,748
5,505,448	6,453,883	6,636,174	6,775,706	7,107,397	7,868,238
250,107	874,583	1,857,133	2,731,486	5,449,676	9,923,941
4,381,880	53,625,599	118,842,017	13,192,698	5,957,131	10,127,217
12,360,810	18,443,289	7,376,943	18,516,124	30,054,581	6,527,981
514,691	423,527	466,688	424,768	259,802	415,895
<u>206,827,569</u>	<u>294,971,204</u>	<u>362,791,090</u>	<u>273,067,476</u>	<u>298,967,480</u>	<u>301,249,522</u>
44,594,861	47,806,418	49,016,189	63,039,357	58,364,668	61,656,204
45,992,383	52,387,610	60,113,259	67,730,266	75,812,773	82,171,292
8,222,260	8,987,439	10,174,879	13,291,112	15,287,383	13,784,679
16,448,909	17,807,190	20,723,877	23,498,609	25,849,819	26,439,537
60,116,074	190,194,725	190,366,612	96,675,046	111,765,196	74,689,302
29,937,130	28,275,060	30,565,000	35,675,000	39,365,000	42,870,000
<u>21,974,788</u>	<u>22,214,941</u>	<u>24,630,277</u>	<u>25,675,859</u>	<u>25,575,706</u>	<u>26,527,706</u>
<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>	<u>328,138,720</u>
(22,302,834)	(72,702,179)	(22,799,003)	(52,517,773)	(53,053,065)	(26,889,198)
124,505,000	117,130,000	136,075,000	45,510,000	53,635,000	115,325,000
4,188,077	12,372,611	20,691,926	4,337,120	3,288,439	5,881,139
(127,160)	-	(277,741)	(245,231)	(57,075)	(22,583)
(16,223,139)	(39,059,203)	(74,793,146)	-	-	-
1,203,437	116,537	488,358	349,033	542,029	1,208,489
24,492,569	35,576,201	29,074,998	34,018,890	37,854,586	40,587,673
(23,919,493)	(35,269,808)	(26,716,581)	(31,984,556)	(35,593,146)	(37,002,486)
<u>114,119,291</u>	<u>90,866,338</u>	<u>84,542,814</u>	<u>51,985,256</u>	<u>59,669,833</u>	<u>125,977,232</u>
<u>\$ 91,816,457</u>	<u>\$ 18,164,159</u>	<u>\$ 61,743,811</u>	<u>\$ (532,517)</u>	<u>\$ 6,616,768</u>	<u>\$ 99,088,034</u>
31%	28%	28%	27%	27%	27%



PROGRESS IN MOTION

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>
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
2019	132,255,261	44,647,320	10,899,394	6,585,178	1,147,926	195,535,079

City of Frisco
Property Values
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
(unaudited)

<u>Fiscal</u> <u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Agricultural</u>	<u>Other</u>	<u>Total</u>
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
2019	22,501,199	8,935,342	2,203,443	3,051,263	36,691,247

<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>
\$ 2,354,173	\$ 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%
7,883,430	28,807,817	0.44660	28,807,817	79%

City of Frisco

Property Tax Rates

Direct and Overlapping Governments

(Per \$100 of Assessed Value)

Last Ten Fiscal Years

(unaudited)

Collin County

Tax Year	Fiscal Year	City of Frisco			Collin County, Texas			Frisco Independent School District		
		<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>
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
2018	2019	0.293367	0.153233	0.44660	0.122951	0.052000	0.1750	1.0683	0.2700	1.3383

Information obtained from the Collin County Central Appraisal District.

Denton County

Tax Year	Fiscal Year	City of Frisco			Denton County, Texas			Frisco Independent School District		
		<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>
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
2018	2019	0.293367	0.153233	0.44660	0.171658	0.053620	0.22528	1.0683	0.2700	1.3383

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	0.0063	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
0.0791	0.0021	0.0812	1.0684	0.5000	1.5684	2.04107	2.27112

<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	0.386700	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
0.970000	0.367500	1.33750	1.068300	0.470000	1.53830	2.01018	2.00938	2.21018



PROGRESS IN MOTION

City of Frisco
Principal Taxpayers
Current Year and Nine Years Ago
September 30, 2019
(unaudited)

<u>Taxpayer</u>	2019			2010		
	<u>Taxable Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total</u> <u>Assessed</u> <u>Valuation</u>	<u>Taxable Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total</u> <u>Assessed</u> <u>Valuation</u>
Stonebriar Mall Ltd Partnership	\$ 330,831,345	1	1.15%	\$ 221,706,370	1	1.59%
Blue Star HQ Inc	210,342,421	2	0.73%			
BPR Shopping Center LP	152,414,448	3	0.53%	125,000,000	2	0.90%
AMLI Parkwood Boulevard LLC	117,697,158	4	0.41%			
Hall Office Portfolio DB LLC	93,354,333	5	0.32%			
Blue Star Frisco Health Complex LC	92,757,613	6	0.32%			
Specified Properties	90,600,000	7	0.31%	44,414,492	4	0.32%
Hall 3201 Dallas Inc	85,831,608	8	0.30%			
Blue Star Frisco Retail	79,727,733	9	0.28%			
WP Development Partners LLC	75,564,952	10	0.26%			
Tenet Frisco Ltd				75,621,942	3	0.54%
IKEA Property Inc				40,680,000	5	0.29%
Rodman Excavation, Inc.				40,000,000	6	0.29%
Kan Am Grund				39,972,061	7	0.29%
Kimco Frisco LP				38,900,434	8	0.28%
CRP Cypress Lake LP				38,494,757	9	0.28%
Alta Frisco				34,912,886	10	0.25%
	<u>\$ 1,329,121,611</u>		<u>4.61%</u>	<u>\$ 699,702,942</u>		<u>5.03%</u>

Source: Collin County Central Appraisal District

City of Frisco

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>	
2010	\$ 65,517,441	\$ 64,473,212	98.4%	\$ 1,015,750
2011	64,361,294	63,720,218	99.0%	616,894
2012	66,261,790	64,899,099	97.9%	1,336,407
2013	69,300,659	67,880,858	98.0%	1,393,925
2014	75,725,636	74,061,793	97.8%	1,609,631
2015	84,042,993	83,034,597	98.8%	905,538
2016	96,315,490	95,400,787	99.1%	772,535
2017	108,900,105	108,630,126	99.8%	124,030
2018	118,458,993	118,194,277	99.8%	91,325
2019	130,215,109	129,917,230	99.8%	-

(1) Includes Rollback Tax Collections each year:

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
2019	1,865,915

Total Collections to Date		
	<u>Amount</u>	<u>Percentage to Lew</u>
\$	65,488,962	100.0%
	64,337,112	100.0%
	66,235,506	100.0%
	69,274,783	100.0%
	75,671,424	99.9%
	83,940,135	99.9%
	96,173,322	99.9%
	108,754,156	99.9%
	118,285,602	99.8%
	129,917,230	99.8%

City of Frisco

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
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
2019	515,948,510	222,128,248	52,846,584	99,377,210

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

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

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

	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$	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
	890,300,552	9%	4,683

City of Frisco

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 (5)</u>
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 (4)	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
2019	190,093	28,807,817	568,795,094	5,594,173

(1) Population estimate as of September 30th

(2) Original Certified Taxable Value (,000)

(3) Includes refunded bonded debt which is not supported by ad valorem tax.

(4) The amount is net of premium and discounts beginning in 2014.

(5) This represents debt service fund balance

<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>
\$ 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
563,200,921	1.96	2,963

City of Frisco

Computation of Direct and Overlapping Bonded Debt
 Net Bonded Debt Outstanding
 September 30, 2019
 (unaudited)

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct debt: (2)			
City of Frisco, Texas	<u>\$ 847,035,000</u>	100.00%	<u>\$ 847,035,000</u>
Total direct debt	<u>847,035,000</u>		<u>847,035,000</u>
Overlapping debt: (1)			
Collin County	392,565,000	12.98%	50,954,937
Collin County College District	239,445,000	12.98%	31,079,961
Denton County	590,380,000	10.88%	64,233,344
Frisco Independent School District	1,952,677,591	70.32%	1,373,122,882
Lewisville Independent School District	1,269,936,037	3.65%	46,352,665
Little Elm Independent School District	298,534,212	13.57%	40,511,093
Prosper Independent School District	<u>790,378,637</u>	<u>10.68%</u>	<u>84,412,438</u>
Total overlapping debt	<u>5,533,916,477</u>		<u>1,690,667,320</u>
Total direct and overlapping debt	<u>\$ 6,380,951,477</u>		<u>\$ 2,537,702,320</u>
Total direct and overlapping debt % of AV			8.81%
Total direct and overlapping debt per capita			\$13,349.79

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

(2) Premiums and Discounts of \$43,265,552 are not included in MAC Report.

City of Frisco

Computation of Legal Debt Margin

September 30, 2019

(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 2019 was established at \$0.4466 per \$100 of assessed valuation based on taxable appraised value.

City of Frisco

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)
2010	116,989	4,701,203	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	9,428,040	52,378	37.4	60,205	3.2%
2019	190,093	10,131,006	53,295	37.7	62,730	3.1%

Sources:

(1) City of Frisco (Population) as of October 1, 2019

(2) City of Frisco Development Services Annual Report January 2020

(3) Frisco Independent School District (School Enrollment), October 2019

(4) City of Frisco Development Services Annual Report January 2020

City of Frisco

Principal Employers

Current Year and Nine Years Ago

September 30, 2019

(unaudited)

<u>Employer</u>	<u>2019</u>			<u>2010</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 (4,071 certified teachers)	7,048	1	10.57%	5,000	1	11.41%
City of Frisco	1,641	2	2.46%	1,102	3	2.51%
Conifer	903	3	1.35%			
T-Mobile USA	900	4	1.35%	1,500	2	3.42%
Baylor Medical Center (Warren Pkwy)	663	5	0.99%			
Mario Sinacola & Sons Excavating	603	6	0.90%	603	4	1.38%
Oracle	500	7	0.75%			
IKEA Frisco	423	8	0.63%	400	8	0.91%
Baylor Scott White/Centennial Hospital	400	9	0.60%	300	10	0.68%
UT Southwestern/Texas Health Hospital	300	10	0.45%	300	9	0.68%
Collin College				550	5	1.25%
Amerisource Bergen Specialty Group				500	6	1.14%
CLA USA, Inc.				450	7	1.03%
Total	13,381		20.05%	10,705		24.41%

Source: FEDC, Frisco ISD Communications

City of Frisco

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

Function	<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>	<u>2019</u>
General government	194	197	206	202	217	238	258	267	277	288
Public safety										
Police										
Officers	150	146	146	151	158	170	180	199	210	214
Civilians	49	58	59	67	67	70	78	91	101	111
Fire										
Firefighters and officers	142	140	161	161	165	185	197	210	227	237
Civilians	11	13	13	15	15	17	21	22	26	28
Highways and streets										
Engineering	46	46	45	46	44	45	48	49	41	42
Maintenance	49	49	49	42	54	55	55	58	75	77
Culture and recreation	366	355	360	378	449	451	472	482	480	487
Environmental services	12	12	12	12	12	12	15	16	16	18
Utilities	79	79	79	80	83	87	92	97	112	119
Stormwater	4	6	10	6	11	12	14	16	19	20
Total	1,102	1,101	1,140	1,160	1,275	1,342	1,430	1,507	1,584	1,641

Source: City of Frisco-Position Control

City of Frisco
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

Function	<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>	<u>2019</u>
General government										
Building permits issued										
Residential	2,179	1,322	1,370	2,255	2,033	2,386	2,187	1,936	2,248	2,083
Commercial	278	328	325	347	454	432	549	644	600	477
Planning and development submittals	171	236	309	402	490	590	600	609	622	582
Police										
Physical arrests	2,934	3,381	3,398	3,245	3,200	3,138	3,197	3,137	3,676	3,562
Traffic violations	12,078	15,783	16,413	17,460	20,194	19,708	21,008	19,062	21,394	15,701
Parking violations	589	913	854	799	668	387	294	265	623	3,339
Fire protection										
Number of calls answered	7,178	8,186	8,684	8,645	9,738	10,666	11,747	12,660	14,172	14,783
Inspections	4,648	4,886	5,373	5,490	5,192	5,437	6,386	4,151	2,275	3,201
Inspections - SAFER Program	2,075	2,443	2,688	2,922	2,656	2,555	1,532	1,059	2,058	2,272
Highways and streets										
Street resurfacing (square yards)	14,808	1,500	6,291	22,376	36,166	25,827	19,391	18,238	24,697	24,419
Street curb miles swept	7,887	7,896	7,896	7,896	7,896	7,896	10,417	10,417	10,672	10,672
Environmental services										
Solid waste collected (tons)	74,548	76,209	79,154	86,814	93,583	110,962	105,050	108,002	113,504	113,709
Recycled materials collected (tons)	14,605	14,556	15,343	15,814	15,716	16,382	17,457	18,868	23,506	19,352
Culture and recreation										
Library transactions	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	5,059,673
Library visits	571,014	581,158	601,078	548,760	563,268	587,313	620,115	632,168	651,002	702,979
Parks acreage	1,374	1,348	1,348	1,348	1,449	1,449	1,432	1,621	2,535	2,535
Athletic facilities and Senior Center (visits)	743,731	756,317	803,925	710,430	697,775	711,661	853,265	814,748	753,000	794,281
Water										
New connections	1,344	1,408	1,473	2,372	2,280	2,541	2,889	2,262	2,457	2,114
Average daily consumption (million gallons/day)	22.6	27.7	26.5	25.8	20.9	24.2	25.6	25.9	31.1	28.7
Sewer										
Average daily wastewater flow (million gallon/day)	10.3	9.4	8.5	10.0	10.6	12.1	13.2	12.7	13.4	13.4

Sources: Various government departments

City of Frisco
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)

Function	<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>	<u>2019</u>
General government										
Sports Complexes Supported	7	7	7	7	7	7	7	7	7	7
Museums, Art Gallery Supported**	1	1	3	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	41	35	35	38	42	45	60	65	70	72
Fire Stations	6	6	7	7	7	8	8	8	8	9
Highways and streets										
Streets (miles)	1,177	1,196	1,246	1,246	1,709	1,771	2,011	2,313	2,401	2,458
Streetlights/Street poles	7,094	7,350	7,732	8,173	8,523	8,973	9,360	10,032	10,421	11,636
Traffic signals	61	86	91	96	100	102	111	129	138	148
Culture and recreation										
Parks acreage										
Parks developed	636	646	646	646	864	921	921	921	921	1,545
Parks undeveloped	738	702	702	702	585	528	511	700	700	990
Swimming facilities	1	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	1	1	1	1	1
Tennis courts	6	6	6	6	6	4	6	6	6	6
Soccer fields	27	27	27	27	27	27	27	35	35	35
Baseball fields	19	19	19	19	19	24	24	24	24	24
Water										
Customers/Accounts	39,695	41,079	42,539	44,988	47,039	49,740	52,182	54,261	57,661	59,172
Water lines (miles)	733	746	771	810	842	899	914	993	1,030	1,059
Fire hydrants	7,783	7,892	8,299	8,602	9,039	9,712	9,886	10,801	11,215	11,624
Maximum daily capacity (millions of gallons)	133.0	134.0	134.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0
Wastewater										
Customers/Accounts	36,651	37,929	39,335	43,091	44,312	46,763	48,281	50,212	53,547	55,842
Sanitary sewers (miles)	560	569	592	620	629	693	705	742	789	798
Storm sewers (miles)	485	330	526	551	589	642	375	417	438	448

** Museums, Art Galleries Supported include the Heritage Museum.

Source: Various government departments



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