



# Citizens' Financial Report

For the Year Ended September 30, 2019





**CITY MANAGERS OFFICE**

City Manager: George Purefoy  
Deputy City Manager: Henry Hill  
Assistant City Manager: Nell Lange  
Assistant City Manager: Ben Brezina

**PREPARED BY FINANCIAL SERVICES DEPARTMENT**

Director: Anita Cothran, CGFO  
Assistant Director - Controller: Kim Sinclair, CGFO  
Assistant Director - Budget: Jennifer Hundt, CPA, CGFO  
Senior Financial Analyst: Blaine Morris

We are pleased to present the City of Frisco Citizen's Financial Report (CFR) for the year ended September 30, 2019. The report is intended to summarize the statistical, economic and financial information contained in the 2019 Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with generally accepted accounting principles (GAAP) and was independently audited by Weaver LLP. The CFR, while unaudited, provides a brief analysis of where the City's revenues come from and where the dollars are spent as well as trends and local economic information. It is presented as a means of increasing public awareness about the City's financial condition by providing the highlights through a more user-friendly presentation. Most of the detailed financial information in this report refers to our operating accounts, not all the individual funds and component unit funds of the City. For a more detailed, GAAP basis, full disclosure review of the individual funds and component unit financial statements, one should refer to the City's CAFR that is accessible through the City's website, [www.friscotexas.gov](http://www.friscotexas.gov).

Residents are encouraged to attend our public hearings for Budget in August and September of each year, as well as the presentation of the audited financial information in late February/early March. Financial Policies are discussed during the budget approval process and are detailed in the Annual Budget also available on the City website.

During the year, we announced several new company relocations and new exciting development approvals, including the corporate headquarters for Dr. Pepper/Keurig, Altium, Inc and the PGA. Other major projects include the Fields Development and the opening of Kidzania at Stonebriar Centre. In fact, in December 2019, according to data provided by Citadel Partners, Frisco has 1.3 million square feet of office space. 15 proposed new buildings could add another 4.5 million square feet to the inventory in the next few years.

We hope that this summary report provides you with information about our City that interests you. If you have questions or comments, or would like more details, please contact our Financial Services Department. We welcome your questions and feedback regarding the financial position and policies of the City of Frisco.





# 2019 Frisco City Council

The City of Frisco, incorporated in 1908, is located in west central Collin County and east central Denton County, approximately 25 miles north of downtown Dallas at the intersection of the Dallas North Tollway (DNT) and State Highway 121, now known as Sam Rayburn Tollway (SRT). US Highway 380 is the northern border for the City, FM 423 is the western border, Custer Road the eastern border and State Highway 289 is a major north/south corridor. DFW Airport and Love Field are within a short 30 minute drive. 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 City operates under the Council/Manager form of government. Policy making and legislative authority are vested in the governing council, which consists of the Mayor and six members elected at large. The Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney and Municipal Judge.



**JEFF CHENEY**  
Mayor



**JOHN KEATING**  
Mayor Pro Tem,  
Place 1



**BILL WOODARD**  
Deputy Mayor Pro Tem,  
Place 4



**SHONA HUFFMAN**  
Council Member,  
Place 2



**WILL SOWELL**  
Council Member,  
Place 3



**TIM NELSON**  
Council Member,  
Place 5



**BRIAN LIVINGSTON**  
Council Member,  
Place 6

# Table of Contents

Print

Go directly to any of these pages.

Go to previous or next page.

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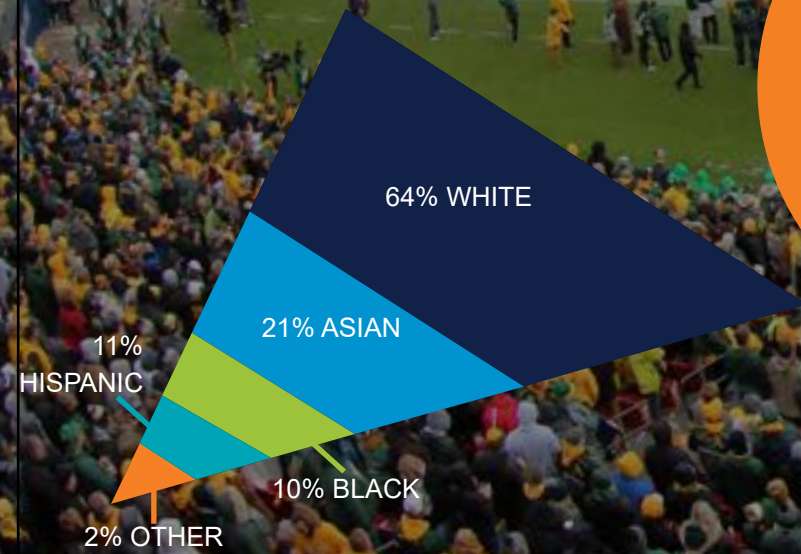
The blue outline is a hyperlink.

Check out links to our video extras.



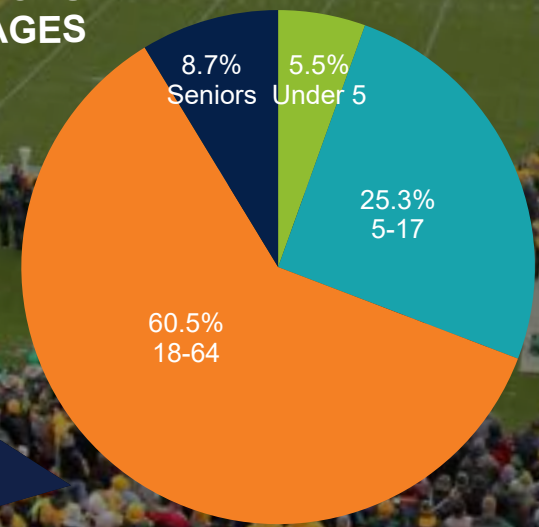
# Population & Demographic Trends

POPULATION ETHNICITY\*

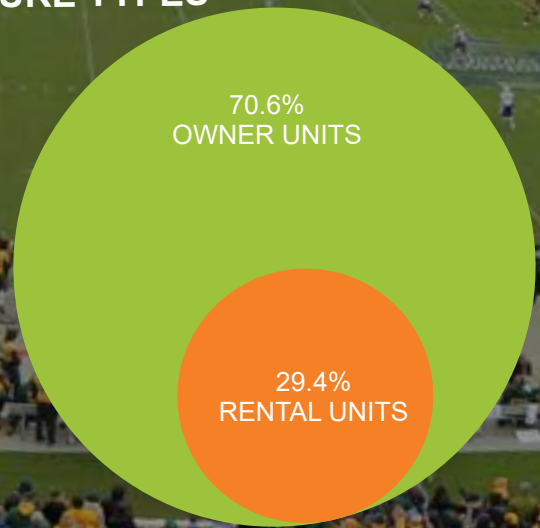


\*Due to the option of choosing one or more ethnicities, the percentages do not total to 100%.

POPULATION AGES



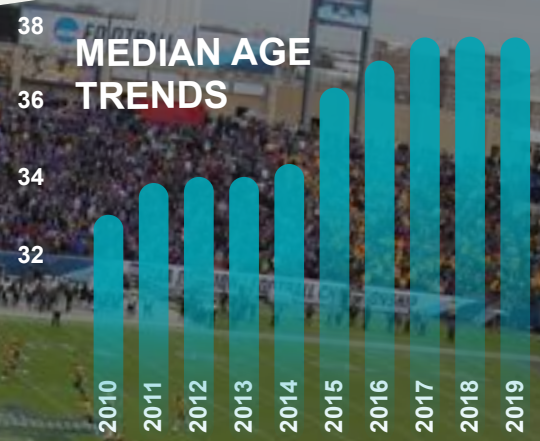
HOUSING TENURE TYPES



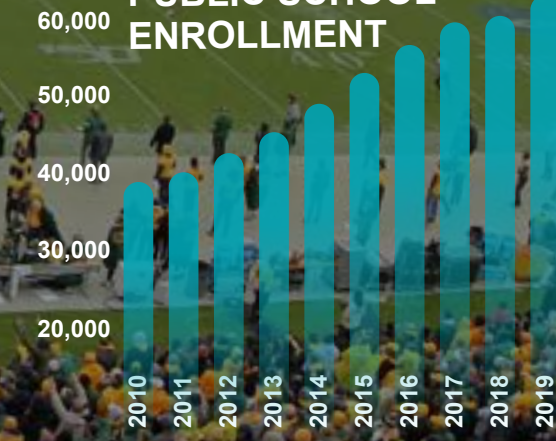
**HOUSING BURDEN (>30% INCOME)**  
**19.2%** HOMEOWNER  
**49.6%** RENTER

**HOUSING UNITS**  
**52,648** SINGLE FAMILY  
**18,471** MULTI-FAMILY / URBAN LIVING  
**1,431** OTHER

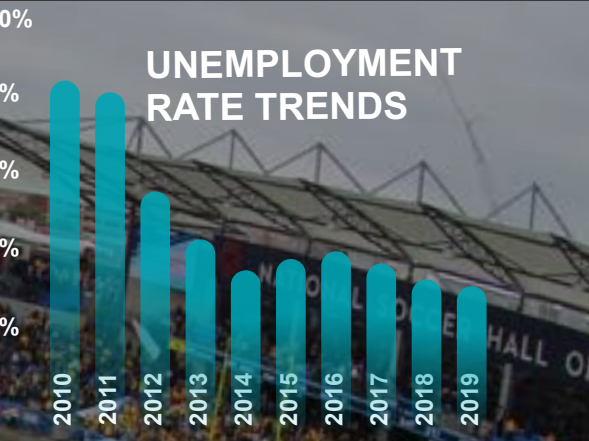
MEDIAN AGE TRENDS



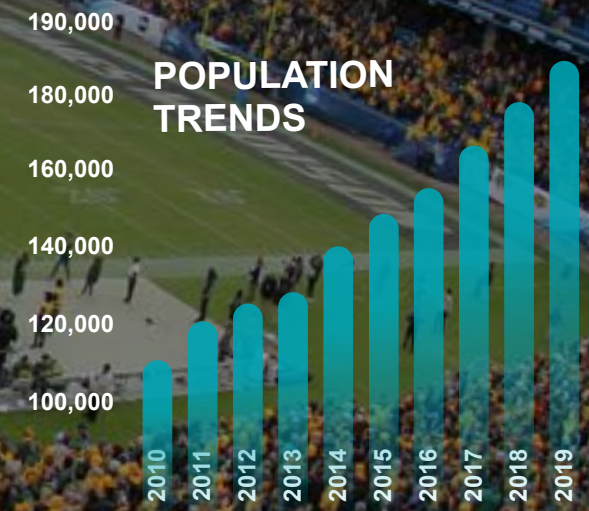
PUBLIC SCHOOL ENROLLMENT



UNEMPLOYMENT RATE TRENDS



POPULATION TRENDS



## ECONOMICS

**\$131,989** MEDIAN HOUSEHOLD INCOME  
**\$442,606** AVERAGE ASSESSED HOME VALUE  
**\$400,917** MEDIAN HOME VALUE  
**\$2,198** MEDIAN MONTHLY MORTGAGE  
**\$1,449** MEDIAN MONTHLY RENT  
**2.2%** POVERTY RATE



# By The Numbers

## CULTURE AND RECREATION

1,545

ACRES DEVELOPED  
PARKS

990

PARKS ACREAGE  
UNDEVELOPED

794,281

ATHLETIC FACILITIES &  
SENIOR CENTER VISITS

35

SOCCER FIELDS

24

BASEBALL FIELDS

6

TENNIS COURTS

7

SPORTS COMPLEXES  
SUPPORTED

1

RECREATION CENTER

1

COMMUNITY CENTER

1

SWIMMING FACILITY

3

MUSEUMS / ART  
GALLERIES

## LIBRARY

2,680,453  
Library Materials  
Circulated

5,059,673  
Library  
Transactions

702,979  
Library Visits

## GENERAL GOVERNMENT

2,083  
Residential  
Building Permits

447  
Commercial  
Building Permits

582  
Planning /  
Development  
Cases Processed



WATER / WASTEWATER / ENVIRONMENTAL SERVICES

59,172

WATER CUSTOMERS

1,059

MILES WATER LINES

11,624

FIRE HYDRANTS

127

MAX CAPACITY

(millions gallons / day)

2,144

NEW WATER CONNECTIONS

28.7

AVERAGE DAILY CONSUMPTION

(millions gallons / day)

448

MILES STORM SEWERS

55,842

WASTEWATER CUSTOMERS

798

MILES SANITARY SEWERS

14.3

AVERAGE DAILY WASTEWATER FLOW

(millions gallons / day)

113,709

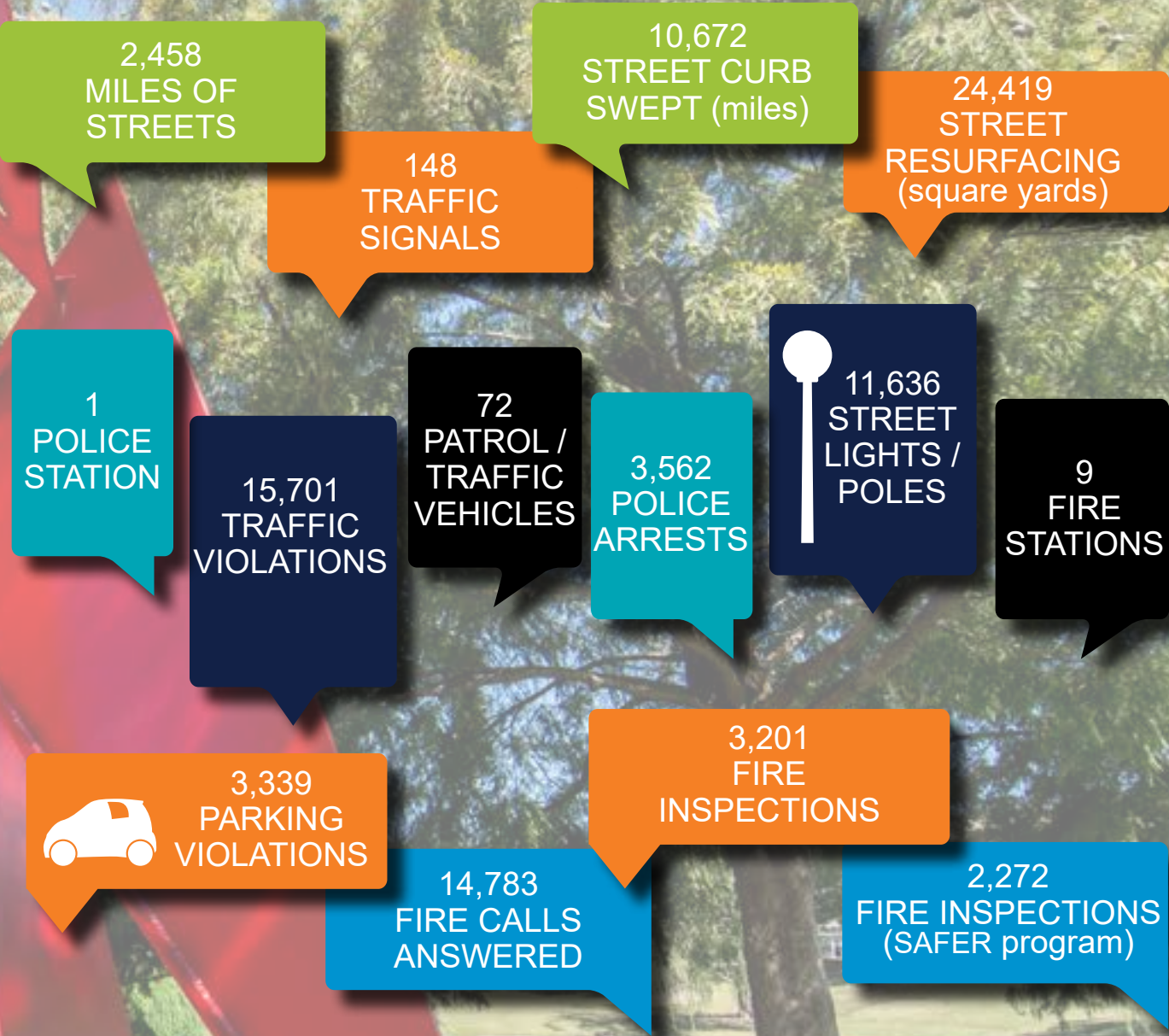
SOLID WASTE COLLECTED (tons)

23,506

RECYCLED MATERIALS COLLECTED (tons)

STAFFING	2019	2018
General Government	288	277
Police		
Officer	214	210
Civilian	111	101
Fire		
Firefighter & Officer	237	227
Civilian	28	26
Highway & Streets		
Engineering	42	41
Maintenance	77	75
Culture & Recreation	487	480
Environmental Services	18	16
Utilities	119	112
Stormwater	20	19
TOTAL	1,641	1,584

PUBLIC SAFETY, HIGHWAY AND STREETS





# Economic Development Activity

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 locate and grow a business, raise a family, obtain an education or be innovative!

## PRINCIPAL TAXPAYERS FY 2019 BY TAXABLE ASSESSED VALUATION

\$331M	STONEBRIAR MALL LTD PARTNERSHIP
\$210M	BLUE STAR HQ INC
\$152M	BPR SHOPPING CENTER LP
\$118M	AMLI PARKWOOD BOULEVARD LLC
\$ 93M	HALL OFFICE PORTFOLIO DB LLC
\$ 93M	BLUE STAR FRISCO HEALTH COMPLEX LC
\$ 90M	SPECIFIED PROPERTIES
\$ 86M	HALL 3201 DALLAS INC
\$ 80M	BLUE STAR FRISCO RETAIL LP
\$ 76M	WP DEVELOPMENT PARTNERS LLC

## TOP OCCUPATIONS Data sourced from DataUSA 2017 ACS 1-year estimate.

19.1%	MANAGEMENT
13.8%	SALES
10.2%	COMPUTER & MATHEMATICAL
9.7%	BUSINESS & FINANCIAL OPERATIONS
9.7%	ADMINISTRATIVE

## EDUCATIONAL ATTAINMENT

97.0%	HIGH SCHOOL / GED
40.1%	BACHELOR'S DEGREE
27.0%	GRADUATE DEGREE

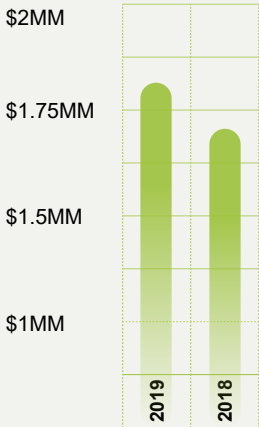
# Government-Wide Statement of Net Position

Government-wide financial statements provide financial information about the City as a whole. The government-wide focus is on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period for governmental activities and business-type activities.

## SUMMARY STATEMENT OF NET POSITION - 2 YEAR ANALYSIS ( IN THOUSANDS )

	2019	2018
Assets	\$2,863,295	\$2,652,507
Deferred Outflow of Resources	40,277	28,652
Liabilities	1,025,593	941,108
Deferred Inflow of Resources	2,276	6,664
Net Position		
Net Investment in Capital Assets	1,646,106	1,522,270
Restricted	115,075	104,005
Unrestricted	114,522	107,112
Total Net Position	\$ 1,875,703	\$ 1,733,387

## NET POSITION



## NET POSITION

Net Position, the amount that assets and deferred outflow of resources exceed liabilities and deferred inflow of resources, may serve over time as a useful indicator of a City's financial position. It is a snapshot of the City's entire resources and obligations, or net worth, at the close of the fiscal year. The City's combined net position is \$1.88 billion as of September 30, 2019, which consists of \$1.4 billion in governmental activities and \$428 million in business-type activities.

# Government-Wide Statement of Activities

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All revenues and expenses are taken into account as soon as the underlying event is known, regardless of the timing of related cash flows. 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 and earned but unused vacation leave).

## SUMMARY STATEMENT OF ACTIVITIES - 2 YEAR ANALYSIS ( IN THOUSANDS )

REVENUES	2019	2018
General:		
Property tax	\$ 131,952	\$ 120,389
Sales tax	44,647	43,364
Other tax	51,643	73,164
Investment & other	12,893	7,131
Program:		
Charges for services	153,258	149,594
Grants and contributions	155,659	131,097
Total revenue	550,052	524,739
EXPENSES		
Total expenses	407,736	376,408
Change in net position	142,316	148,331
Net position, beginning	1,733,387	1,590,188
Restatement		(5,132)
Net position, ending	\$ 1,875,703	\$ 1,733,387

## REVENUE CLASSIFICATION:

- General:** Taxes - Property taxes (ad valorem) are the largest revenue source for the City. Sales tax, franchise tax from utilities, intergovernmental property tax for the Tax Increment Financing District and mixed beverage taxes are also collected by the City. Details for the major governmental revenue sources can be found on the following pages of this report.
- Program:** Charges for Services - Revenues in this classification include our permits and licenses fees, ambulance and public safety fees, parks and recreation user fees, rentals, utility fees for water, sewer, garbage and stormwater.
- Program:** Grants & Contributions - Revenues in this classification include any grants we have received during the year. Contributions include the developer contributions for infrastructure (roads, utilities and parks), impact fee collections, assessment fee collections and various smaller donations for operations.

# Governmental Activities Analysis

The City's governmental activities include the general fund, special revenue funds, capital project funds and debt service funds; while business-type include the enterprise funds. The information below provides a short-term view of government operations and illustrates how services are financed.

The majority of the City's basic services, such as police, fire, libraries, parks & recreation, development, public works and general administration are reported in governmental funds. Property taxes, sales taxes and franchise fees finance most of these activities. Governmental funds focus on how money flows in and out of those funds and the balances left at year end that are available for spending. The City of Frisco maintains 16 individual governmental funds. As of September 30, 2019, the City of Frisco's

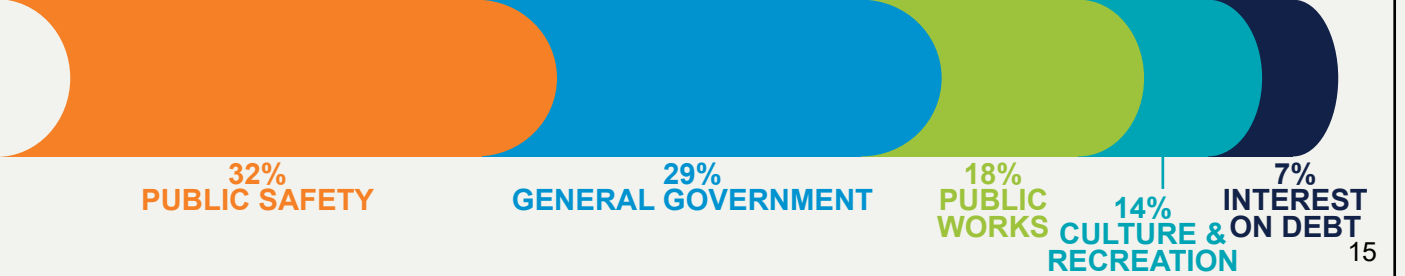
governmental funds reported a combined ending fund balance of \$413 million, which is up \$99 million from the prior fiscal year, primarily as a result of proceeds from issuing new bonds.

Total revenues for governmental activities increased when compared to the prior year by approximately \$30.3 million. General revenue had a decrease of \$4.1 million attributed to a decrease in intergovernmental tax revenues for a specific project. Program revenues had an increase of \$34 million where charges for services operating grants and contributions, and capital contributions all increased. Total expenses for governmental activities increased \$21 million or 8%. Major expenses include salaries and benefits of \$116.9 million or 41%, and depreciation expense of \$75 million or 26%.

## REVENUES



## EXPENSES





# Capital Assets - What We Own

By far, the largest portion of the City's net position reflects its investment in capital assets (land, 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, these 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 the liabilities.

Voters approved a \$345 million bond authorization in the May 2019 Bond Election which included five propositions for Public Safety, Streets, Public Works, Library, and Parks. The chart below summarizes the unissued authorized general obligation bonds remaining by proposition.

### AUTHORIZED / UNISSUED BONDS

ELECTION MAY 13, 2006	VOTED BONDS	ISSUED PRIOR YEAR	ISSUED FY 2019	UNISSUED BALANCE
Branch Library (Prop 5)	8,000,000	-	-	8,000,000*
Senior Center (Prop 7)	2,500,000	-	-	2,500,000*
Community Cultural Arts & Science Center (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 2006	38,000,000	15,000,000	-	23,000,000

### ELECTION MAY 9, 2015

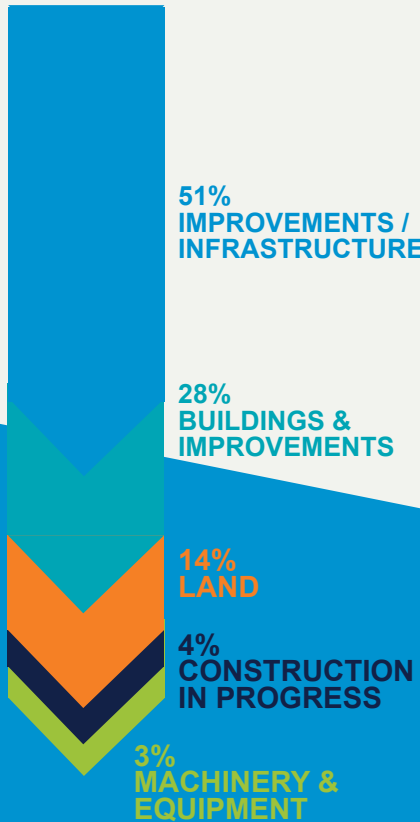
City Hall/Library Expansion (Prop 4)	37,000,000	5,000,000	10,000,000	22,000,000
Grand Park (Prop 7)	10,000,000	-	-	10,000,000
Community Cultural Arts & Science Center (Prop 8)	10,000,000	-	-	10,000,000
Remaining 2015	57,000,000	5,000,000	10,000,000	42,000,000

### ELECTION MAY 4, 2019

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, Facilities (Prop E)	53,500,000	-	-	53,500,000
Remaining 2019	345,000,000	-	59,000,000	286,000,000

Total Authorized/Unissued Bonds	440,000,000	20,000,000	69,000,000	351,000,000
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\*Bonds will not be issued.

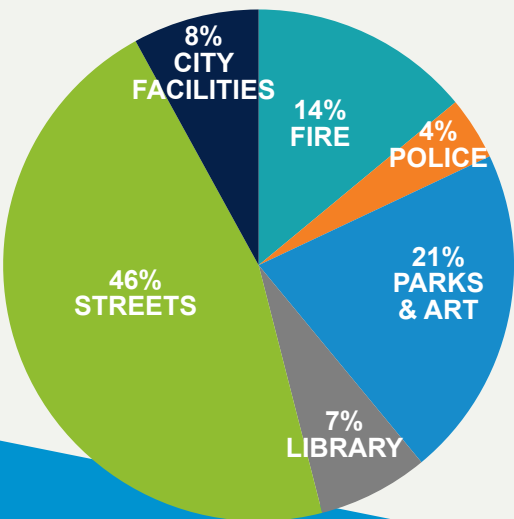


# Long Term Debt Service - What We Owe

At September 30, 2019, the City's total long-term debt for its governmental and business-type activities totaled \$847,035,000, which includes all debt for the city, excluding premiums and discounts.

GO bonds are issued for various City projects and repaid with ad valorem taxes. The major expend over the past ten years has been to construct new streets (46%). CO Bonds are issued for the Utility System infrastructure and for leased facility construction (such as the arena and stadiums).

### USES OF GENERAL OBLIGATION BONDS



### CURRENT BOND RATINGS:

Standard & Poor's Corporation: AAA  
Moody's Investor Services: Aaa



# General Fund Trends

The fund balance (equity) of the general fund increased \$12.8 million to \$93.3 million from the prior year balance of \$80.5 million. Fund balance is a particularly important measure in the general fund because it reflects the primary functions of the government and includes local tax revenues. At the end of the current fiscal year, unassigned fund balance for the general fund of \$72.5 million is 45.5% of general fund expenditures. City financial policy requires us to maintain at least three months of expenditures or 25% in fund balance.

GENERAL FUND ACTIVITIES (IN THOUSANDS)

REVENUES	2019	2018
Taxes:		
Property	\$ 81,862	\$ 73,982
Sales	44,452	43,104
Franchise	10,572	10,192
Other	1,148	1,071
Charges for services	26,648	27,000
Intergovernmental	2,932	2,517
Investment earnings	2,565	1,419
Contributions, donations and grants	125	87
Payments from component units	60	94
Miscellaneous	317	225
<b>Total revenues</b>	<b>170,681</b>	<b>159,691</b>
<b>EXPENDITURES:</b>		
Current:		
General government	38,849	38,249
Public safety	79,621	73,896
Public works	13,733	14,142
Culture and recreation	20,429	20,412
Capital outlay	6,878	7,096
Total expenditures	159,510	153,795
<b>Excess of revenues over expenditures</b>	<b>11,171</b>	<b>5,896</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Proceeds from sale of assets	1,209	141
Transfers in	1,045	984
Transfers out	(598)	(383)
Total other financing sources and uses	1,656	742
Net change in fund balances	12,827	6,638
Fund balances, October 1	80,455	73,817
<b>Fund balances, September 30</b>	<b>\$ 93,282</b>	<b>\$ 80,455</b>

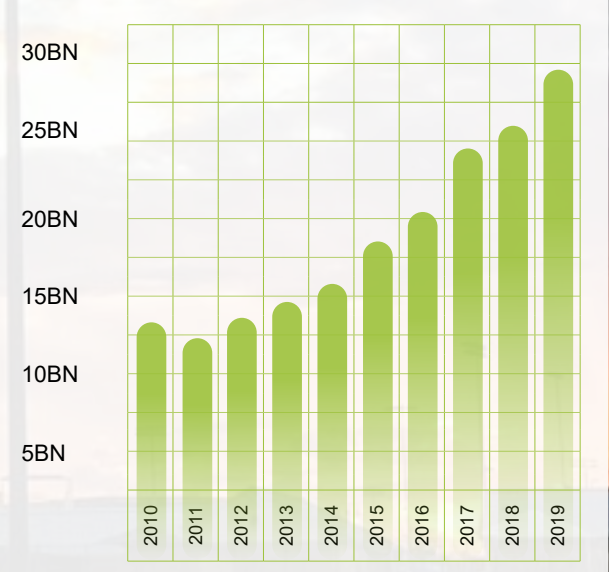
# Revenue Sources - Property Tax Values

Ad valorem property tax collections for operations and debt service are the City's largest operating revenue source and were \$132 million for FY19. The Appraisal District's assessed value for the tax roll on January 1, 2018, (which the 2019 levy was based), totaled \$29.4 billion. This tax roll included nearly \$1.5 billion in new property or a 5.56% increase and an increase of \$1.3 billion or 5.06%, in existing property values. Overall, the January 1, 2018 tax roll increased \$2.8 billion or 10.62% over the prior year.

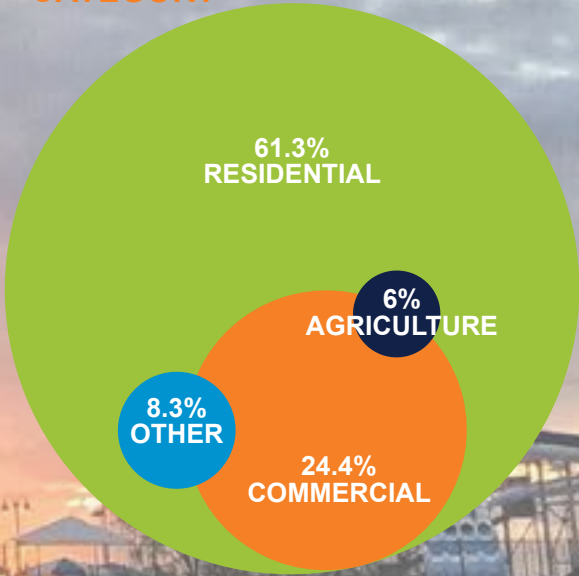
The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation.

85.7% of Frisco's property tax value is the combination of single-family residence and commercial real property. The City's top five taxpayers are Stonebriar Mall, Blue Star HQ, BPR Shopping Center, AMLI Parkwood, and Hall Office Portfolio with a combined taxable value of \$905 million.

PROPERTY TAX ASSESSED VALUES



PROPERTY VALUES BY CATEGORY





# Revenue Sources - Property Tax Rates

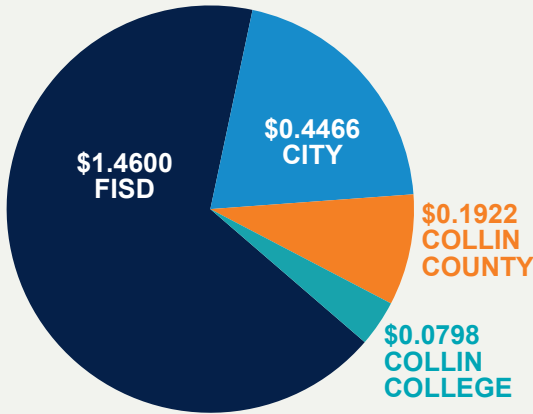
Frisco's tax rate was \$.4466 cents per \$100 of assessed valuation for FY19. The total tax rate includes \$.293367 cents for operations and maintenance (O&M) with \$.153233 cents for debt service (I&S). Frisco continues to offer one of the lowest municipal tax rates in the area. Our certified property tax base for FY 2019 was \$29.4 billion, with an \$80,000 exemption for Seniors Over 65, and a 10% homestead exemption.

The total property tax bill for a Frisco property owner includes the City, County, Independent School District, and College District (within Collin County). The chart shows the tax rate for each entity for FY 2019, for residents in Collin County and Frisco ISD.

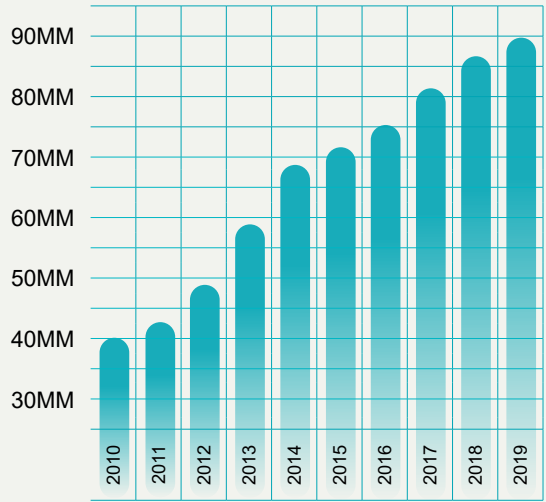
## VALUE FOR YOUR TAX DOLLARS

The annual residential property tax bill for an average home valued at \$350,000 in Collin County, Frisco ISD was \$7,625 for FY19. The City's share is \$1,563 per year or \$130.26 per month.

### PROPERTY TAX RATE ALLOCATION



### SALES TAX COLLECTION HISTORY



# Revenue Sources - Sales Tax Collection

Total sales tax collections were \$89.3 million for FY19, an increase of \$2.4 million or 2.8% over the prior fiscal year. The City's local portion of 1% of the 8.25% sales tax is used to fund general fund expenses. The other 1% is used to fund our Type A & Type B corporations at .50% for economic development and .50% for park development. Sales tax collections are produced from Frisco's sizeable retail base, including a regional shopping mall, hundreds of specialty shops/boutiques and several other major retailers located in the City.

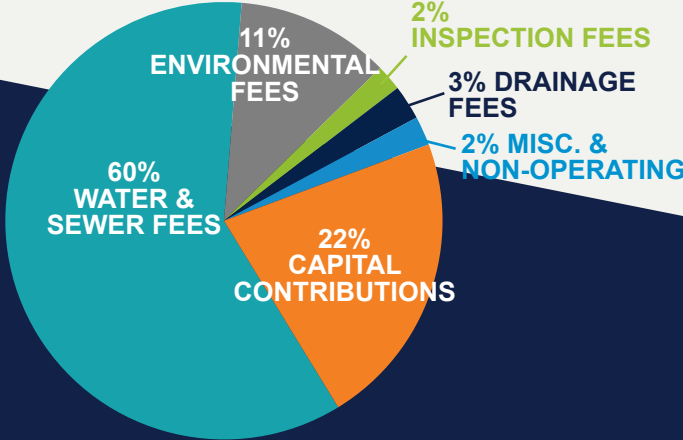
# Business-Type Revenues & Expenses

We maintain separate enterprise funds to account for water and sewer, environmental services and stormwater drainage activities. These funds account for "business-type activities", similar to those found in the private sector, that include services funded through user charges.

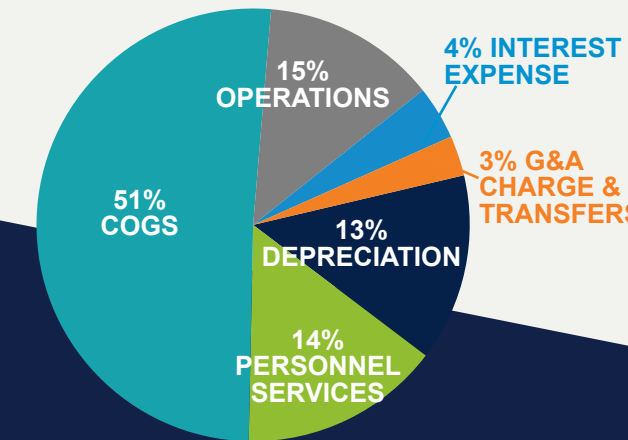
The City's enterprise funds recorded charges for services of \$117.5 million and impact fees of \$34 million. Total operating expenses were \$117.5 million. The most significant expenses of the water and sewer fund were \$31.7 million to purchase water, \$23 million for the cost of sewage treatment, \$15.1 million for landfill charges and garbage collection, \$17.3 million for depreciation, and \$19 million for salaries and benefits.

The charts below reflect the total revenues and expenses for all of the City's business type activity funds, including Utilities, Stormwater and Environmental Services.

### REVENUES



### EXPENSES





# Budget Appropriations FY20

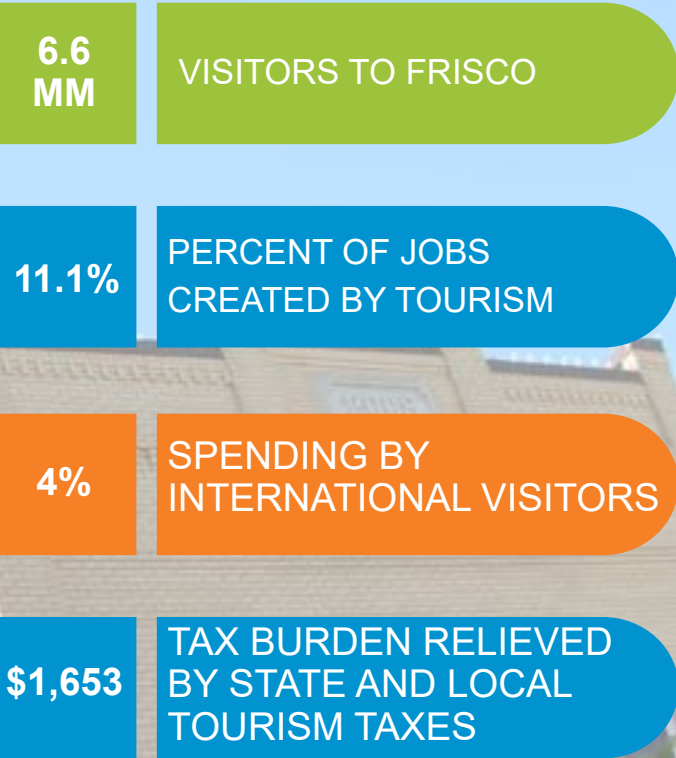
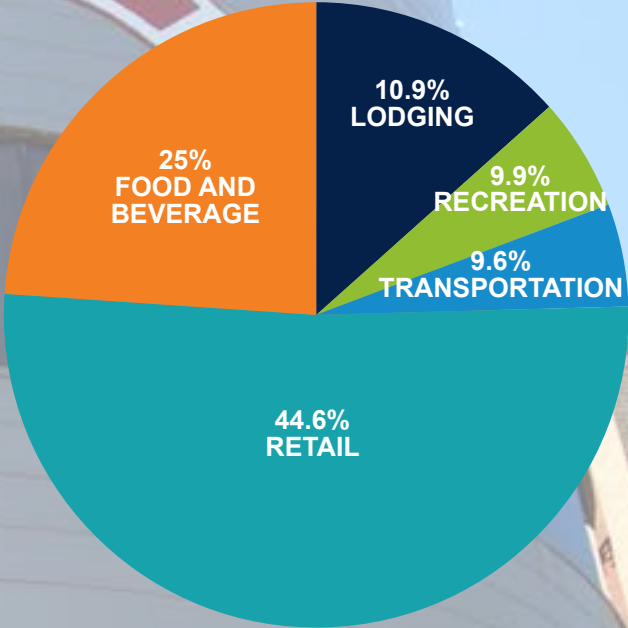
City Council adopted the FY 2020 Budget in September 2019, as required by City Charter. Total estimated revenues for FY20 include 42% for taxes, 24% for fees charged, 3% for interest income and miscellaneous, 11% for interfund transfers and 20% for bond proceeds to continue the Capital Improvement Programs. Services account for 44% of the total expense, with salary and personnel costs totaling 21%. Capital outlay for the new budget year is projected to be 24% of the total expense with interfund transfers accounting for 11%.

MAJOR FUNDS	ESTIMATED BEGINNING BALANCE	REVENUES	EXPENSES	TRANSFERS (NET)	ESTIMATED ENDING BALANCES
General Fund	\$58,338,862	\$174,203,609	\$174,864,619	\$677,984	\$58,355,836
TIRZ #1 Fund	6,551,169	41,058,708	21,221,682	(20,000,787)	6,387,408
Capital Projects Fund	39,294,078	110,000,000	121,100,000	8,375,000	36,569,078
Debt Service Fund	5,264,143	46,251,646	75,525,515	28,762,136	4,752,410
Utility Fund	45,239,767	99,763,712	101,447,898	3,370,499	46,926,080
Utility Capital Projects Fund	3,498,923	23,000,000	31,985,000	19,000,000	13,513,923
Utility Impact Fee Fund	19,874,665	-	-	(18,000,000)	1,874,665
Non-Major Governmental Funds	16,794,651	2,059,091	2,094,945	(553,887)	16,204,910
Non-Major Special Revenue Funds	26,365,794	16,197,011	11,323,208	(9,489,775)	21,749,822
Non-Major Enterprise Funds	9,923,500	23,224,635	20,881,813	(1,935,596)	10,330,726
Component Units	139,687,764	47,809,843	43,969,321	(10,205,574)	133,322,712
Totals	\$370,833,316	\$583,568,255	\$604,414,001	-	\$349,987,570

# Frisco Tourism

Visit Frisco, the destination marketing organization for the City, has released its annual tourism report. The city uses this data to decide on future funding and tourism development. Here are some of the highlights from 2018:

Frisco visitors spent \$2.1 BILLION







George A. Purefoy Municipal Center

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Frisco, TX 75034

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[FRISCOTEXAS.GOV](http://FRISCOTEXAS.GOV)

