



**CITY OF FRISCO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020**



CITY OF FRISCO, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Prepared by:

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PROGRESS IN MOTION

**Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020**

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PROGRESS IN MOTION



INTRODUCTORY SECTION



March 3, 2021

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, 2020, 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, 2020. 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 the MD&A. 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.

Pandemic – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

The Governor of Texas (the “Governor”) declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. Among other things, such orders have imposed limitations on social gatherings of more than 10 people and temporarily closed school districts throughout the state, unless otherwise extended, modified, rescinded, or superseded by the Governor. In addition to the actions by the state and federal officials, certain local officials, including Collin County and Denton County (which the City is within) declared a local state of disaster and issued shelter-in-place orders. As the 2020-2021 school year opened, most school districts allowed parents to decide whether to send the students to in-person learning environments or allow virtual learning from home. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy.

Detailed information is provided in the *FY 2021 Annual Budget* regarding the federal government response and federal supplemental funding that the City received during FY20 from the Coronavirus Aid, Relief, & Economic Security Act (CARES Act) to offset expenses related to the management of the virus in the City. The City also applied for and will receive reimbursement from the Federal Emergency Management Agency (FEMA). The offsets of over \$5.1 million are one-time revenue sources and will not continue in future years. The City of Frisco Single Audit also details the federal funding received by the City to offset expenses related to the Pandemic.

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 of 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 by the City Budget Office. 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. Even though the 2020 economy was impacted by COVID-19, the City did complete projects adding economic benefits to our local economy.

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 4.7%, as of October 2020.

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 FY20, the FEDC managed 13 projects, with potential additional square footage of 591,000 and a potential capital investment of \$270 million. Estimated potential direct jobs created or retained total 2,900.

The FEDC assisted T-Mobile in consolidating their regional corporate operations to Frisco, adding an additional 190,000 square feet and 613 new jobs. The City and the FEDC assisted the Dallas Cowboys in relocating their merchandising and warehouse/distribution operations to Frisco during the year. The FEDC also assisted Social Finance Inc (SoFi), Addus Homecare, Equinix, and Cobb Fendley & Associates with expansions of their current Frisco office space.

In March 2020, Magellan Health, a Fortune 500 healthcare company, committed to relocate its C-level executive offices to Frisco Station, creating 20 new jobs for Frisco, adding to the number of Fortune 500 firms choosing Frisco for principal executive offices.

Another Fortune 500 company, Keurig Dr Pepper, continued its commitment to Frisco with the relocation of its Research & Development Labs which will be located near its new corporate headquarters which announced relocation to Frisco in FY19. The new offices are expected to open in 2021 as the new office tower at the Star is expected to be completed.

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 almost completed on Medical City Frisco's \$54 million medical office building and ambulatory surgery center (ASC) located on the Southeast corner of Main Street and the Dallas North Tollway. The 150,000 square foot medical office building and ASC is five levels and features a beautiful glass enclosed skywalk connecting to the main hospital. On the first level, 20,000 square feet is dedicated to the ASC and includes four operating suites and two procedure beds. The adjacent parking garage has 600 new spaces for patients and families. The project was substantially 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 Gaming, one of America's premier and longest-standing eSports organizations, opened the world's foremost eSports operations/research and development center and training facility at The Star, continuing to position Frisco as a global leader in the eSports and sports tech verticals.

Also in the industry of eSports, gaming and sports innovation, venture capital firms and seed accelerators from numerous locations hosted technology and entrepreneurship startup events, which brought more than 250 investors and startups to Frisco, in addition to more than 500 business and community leaders who participated in several business seed accelerator startup events hosted by the University of North Texas and local technology firms.

The development partners of Frisco Station completed work during the year on a seven-story, speculative, class A office building, The Offices Two, which offers 228,000 square feet of office space. A third 210,000 square foot class A office building was also completed in 2020. 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.

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. Additionally, KidZania's North American Corporate Headquarters is in Frisco and opened late in 2019.

The Global Pandemic has impacted many of our development projects, but most have continued construction during the year.

Frisco's housing development continues to be robust with 2,282 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 at 18 months. Industry experts consider

the 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 was well attended with a sellout crowd, and the City has renewed the contract with NCAA for 5 additional years. Due to COVID-19 in 2020, both games have been postponed, pending determination of when a safe environment will allow the games to be played and attended in 2021.

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 2020 was 63,533 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. During FY20, site work began and the campus construction will begin soon. 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. UNT also leased more than 5,000 additional square feet at Hall Park as demand for its academic programs continues in Frisco.

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. Collin College announced its expansion in Frisco with a new IT Center of Excellence, focusing on software development and cybersecurity, two of the top growth industries among the DFW region and Frisco.

Looking ahead to 2021 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 property values added through building permits, sales tax collections, and residential building permit starts. Master Planning for the locations of future Fire Stations, Parks, and Public Facilities are completed and approved by the City Council. 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 2021 Capital Improvement Program. Of the \$109 million budgeted in FY21, which were sold in December 2020, funds are allocated for the Public Library \$55 million, Public Works Facility Expansion \$16 million, Public Safety Equipment \$8 million, Roadways \$15 million and Utility Fund Expansion and Improvements \$15 million.

Design and construction funding is included to repurpose a current City facility, located just south of the current library, to a larger public library. 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 PGA Parkway (formerly Rockhill Parkway), Dallas Parkway, Fields Parkway and Panther Creek Parkway are funded through voter approved bonds, impact fees and developer contributions.

A Cultural & Performing Arts Center is being discussed with several private potential partners and the Frisco ISD. TIRZ #6 was created in December 2020 (FY21) and a planned master developer agreement will be recommended for Council approval which provides redevelopment opportunities in the City's first office park – Hall Office Park.

Certificates of Obligation were issued for several major water & wastewater projects including Frisco Pump Station #3 Expansion, the Legacy Lift Station, and expansion of the reuse system in December 2020. 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 *FY 2021 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. Plans to review workers compensation insurance coverage are underway in FY21.

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 Chief Financial Officer.

Budget Development 2021

The FY21 approved appropriation continues funding for implementation of City Council's strategies and priorities as adopted during 2020. As we developed the funding plan for FY21, special considerations were given to the impacts on our revenue streams of the Pandemic, 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 Highway US 380, 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 Office Park will provide a great opportunity for dynamic mixed used office space. Hall Park, one of our first major office parks, is located just south of and combines with The Star, Frisco Station, and The Gate.

The FY21 budget appropriation was a challenge to present to Council as the new revenue caps passed into law by the State of Texas were in place. Additionally, revenue streams for sales tax and hotel tax specifically were unpredictable. We only added 7 new public safety positions, of which several were grant funded in the first fiscal year. Replacement capital was funded at \$6 million. We are committed as a City to maintain our current equipment and facilities. Several new programs were funded including the employee wellness clinic and the mall space build out for community services of passport issuance and children's library 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 *Finance & Budget Manual* which was well received during FY20 was updated 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. Also, for the first time, the Budget Office prepared a *Citizen's Budget in Brief* which offers a short recap of the adopted budget and the executive summary written by the City Manager.

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, 2019. This was the nineteenth 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
Chief Financial Officer



Kim Sinclair, CGFO
Assistant Director of Financial Services



Derrick Cotten, CPA
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, 2019

Christopher P. Morill

Executive Director/CEO

City of Frisco, Texas

Elected Officials and Administrative Officers

September 30, 2020

Council Members

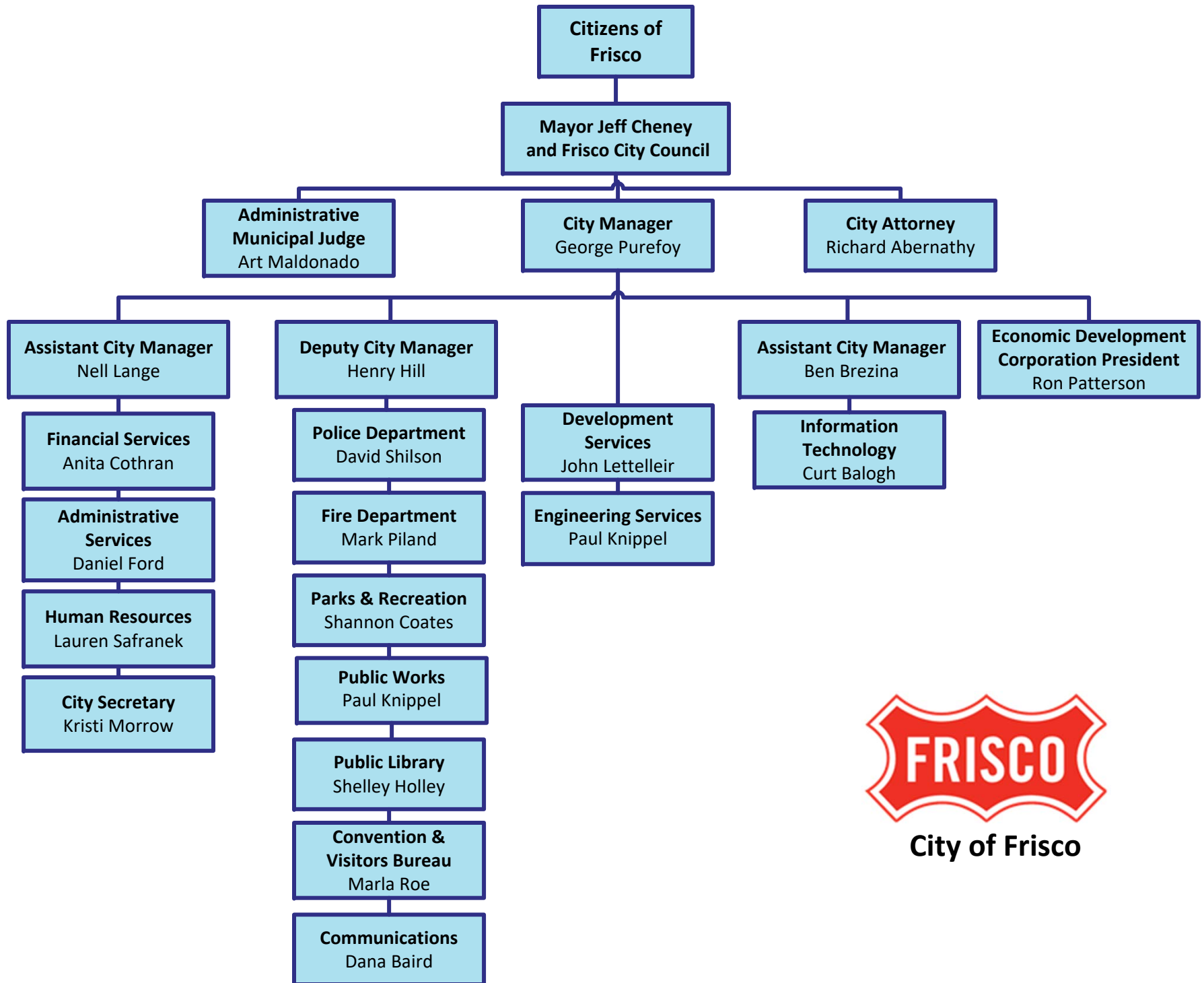
Mayor
Mayor Pro-tem, Place 3
Deputy Mayor Pro-tem, Place 2
Councilmember, Place 1
Councilmember, Place 4
Councilmember, Place 5
Councilmember, Place 6

Jeff Cheney
Will Sowell
Shona Huffman
John Keating
Bill Woodard
Tim Nelson
Brian Livingston

Administrative Officers

City Manager
Deputy City Manager
Assistant City Manager
Assistant City Manager
City Attorney
City Judge
City Secretary
Chief Financial Officer
Chief Frisco Fire
Chief Frisco Police
Chief Information Officer
Director of Administrative Services
Director of Communications
Director of Development Services
Director of Human Resources
Director of Library Services
Director of Parks & Recreation
Director of Public Works/Engineering
Economic Development President
Executive Director Visit Frisco

George Purefoy
Henry Hill
Nell Lange
Ben Brezina
Richard Abernathy
Art Maldonado
Kristi Morrow
Anita Cothran
Mark Piland
David Shilson
Curt Balogh
Daniel Ford
Dana Baird-Hanks
John Lettelleir
Lauren Safranek
Shelly Holley
Shannon Coates
Paul Knippel
Ron Patterson
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, 2020, 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, 2020, 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 82 through 85 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, 2021, 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, 2021



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, 2020. 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 - xv of this report) and the statistical section (pages 123-154), 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 and deferred outflows of resources of the City of Frisco exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,977,513,761 (net position). The majority of the City's assets are invested in capital assets or restricted for specific purposes. The remaining \$132,098,212 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 \$65,131,360 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 \$36,679,422.
- As of the close of the current fiscal year, the City of Frisco's governmental funds reported a combined ending fund balance of \$411,371,228. Approximately 19% 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 \$78,830,852 or 50% of total general fund expenditures.
- The deferred outflows of the City decreased by \$11,527,113 or (28.6%) during the fiscal year. This change is due to the change in the OPEB and Pension liability.
- The deferred inflows of the City increased by \$10,719,662 or 470.9% during the fiscal year. This change is due to actuarial assumptions for the pension liability.
- The City of Frisco's total debt decreased by \$25,398,241 or (2.85%) during the current fiscal year.

- The ad valorem rate for the City was \$.4466 for fiscal year 2020. This tax rate supports debt service, operations and maintenance, and bond programs to construct infrastructure and city facilities. The homestead exemption for residential properties remained 10% for fiscal year 2020 tax statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 plus deferred outflows of resources, and liabilities plus deferred inflows of resources, with the difference between them 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 of the City is financially accountable to them.

Reporting the City's Most Significant Funds

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

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

The City of Frisco maintains fourteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, tax increment refinancing zone fund (TIRZ), capital projects fund, and the debt service fund all of which are considered to be major funds. Data from the other ten 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 94 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 (RSI) 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 plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$1,977,513,761 as of September 30, 2020.

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, 2020

	Governmental Activities		Business Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 500,816,271	\$ 489,956,529	\$173,076,920	\$154,621,653	\$ 673,893,191	\$ 644,578,182
Capital assets	1,825,204,801	1,778,403,096	461,686,575	440,313,817	2,286,891,376	2,218,716,913
Total assets	2,326,021,072	2,268,359,625	634,763,495	594,935,470	2,960,784,567	2,863,295,095
Deferred outflow of resources	24,004,587	33,635,645	4,745,259	6,641,314	28,749,846	40,276,959
Other liabilities	64,838,269	114,630,880	11,080,620	25,147,379	75,918,889	139,778,259
Long term liabilities	761,420,501	737,917,142	161,685,209	147,897,283	923,105,710	885,814,425
Total liabilities	826,258,770	852,548,022	172,765,829	173,044,662	999,024,599	1,025,592,684
Deferred inflow of resources	11,139,473	1,951,192	1,856,580	325,199	12,996,053	2,276,391
Net investment in capital assets	1,375,189,312	1,315,371,557	359,016,697	330,734,056	1,734,206,009	1,646,105,613
Restricted	74,348,180	77,158,120	36,861,360	37,917,240	111,209,540	115,075,360
Unrestricted	63,089,924	54,966,379	69,008,288	59,555,627	132,098,212	114,522,006
Total net position	\$1,512,627,416	\$1,447,496,056	\$464,886,345	\$428,206,923	\$1,977,513,761	\$1,875,702,979

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 \$132,098,212 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, 2020, the City is able to report positive balances in all three categories, both for the government, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal years.

Analysis of the City's Operations – Overall the City had an increase in net position of \$101,810,782.

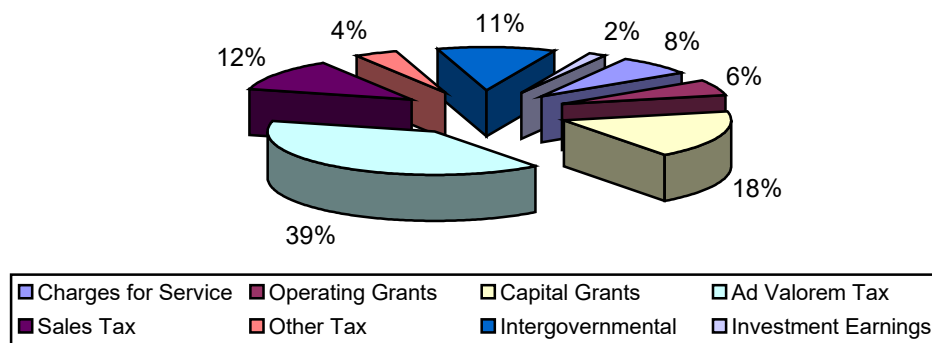
Governmental activities: Governmental activities increased the total net position by \$65,131,360 or 64% of the total growth. Net investment in capital assets increased by \$59,817,755 due to increases in capital investment (or projects completed during the year), net of changes in debt. Unrestricted net position showed an increase of \$8,123,545. Restricted net position decreased by \$2,809,940, primarily due to decreases in capital projects and restricted fees to fund the projects.

Total revenues for governmental activities decreased when compared to the prior year by \$29,569,167. General revenue had an increase of \$12,629,944, while program revenues had a decrease of \$42,199,111. These were primarily due to the following factors:

General revenues: Property tax revenue includes an increase of \$10.5 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 \$477,456, which was less than originally anticipated, and largely attributed to the COVID-19 pandemic. Franchise taxes had a slight net decrease and other taxes showed a decrease of \$2.8 million. Intergovernmental revenues increased \$8.2 million due to increases in contributions from the component units for projects within the City.

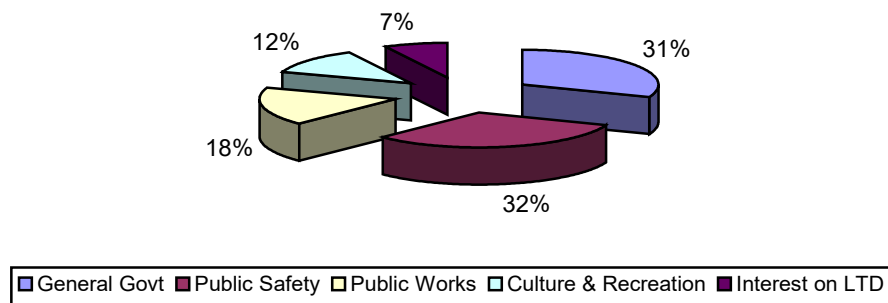
Program revenues: Charges for services decreased by \$8.2 million during the year, primarily due to reduction in services as a result of the pandemic. Grants and contributions increased this fiscal year due to additional public safety and public works grants including Coronavirus Aid, Relief, and Economic Security (CARES) funding from the federal government. Capital contributions decreased during the year, primarily due to decreased funding for public works projects.

FY 20 Governmental Revenues



Total expenses for governmental activities increased \$14.9 million or 5%. This increase is attributed to increases to provide services to the growing population. General government expenses include a payment of \$17.2 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 \$95.1 million were to provide public safety to the citizens of Frisco. These expenses were somewhat offset by the collection of revenues from various sources, including grant income and charges for services. Public works incurred significant expenses of \$53.5 million to provide roadway repairs and traffic control/signals for the citizens. These expenses include depreciation for City infrastructure. Total salaries and benefits for the governmental activities totaled approximately \$121.2 million or 40% of the total, while depreciation expense totaled \$78.7 million or 26%.

FY 20 Governmental Expenses



Business-type activities: Net position from business-type activities increased by \$36,679,422 accounting for the remaining total growth. Program revenues of the City's business-type activities were \$157,967,161 for the fiscal year. Operating expenses totaled \$123,933,235. The increase is affected by several factors, including the following:

The City's water and sewer system recorded charges for services of \$104,121,381 and impact fees and contributions of \$30,875,237. Total operating expenses were \$103,357,849. The most significant expenses of the water and sewer fund were \$33,255,471 to purchase water, \$21,667,210 for the cost of sewage treatment, \$19,094,138 for depreciation and \$16,298,436 for salaries and benefits.

**City of Frisco's Changes in Net Position
For the year ended
September 30, 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 27,493,170	\$ 35,654,706	\$ 127,091,924	\$ 117,603,307	\$ 154,585,094	\$ 153,258,013
Operating grants and contributions	20,906,735	10,992,363	-	29,500	20,906,735	11,021,863
Capital grants and contributions	66,775,450	110,727,397	30,875,237	33,909,304	97,650,687	144,636,701
Total program revenues	115,175,355	157,374,466	157,967,161	151,542,111	273,142,516	308,916,577
General revenues						
Ad valorem tax	142,497,915	131,952,480	-	-	142,497,915	131,952,480
Sales tax	45,124,776	44,647,320	-	-	45,124,776	44,647,320
Franchise tax	10,558,237	10,899,394	-	-	10,558,237	10,899,394
Other tax	4,899,326	7,733,104	-	-	4,899,326	7,733,104
Intergovernmental	41,064,382	32,894,962	2,017,771	114,960	43,082,153	33,009,922
Investment earnings	6,519,627	9,907,059	1,743,065	2,986,218	8,262,692	12,893,277
Total general revenues	250,664,263	238,034,319	3,760,836	3,101,178	254,425,099	241,135,497
Total revenues	365,839,618	395,408,785	161,727,997	154,643,289	527,567,615	550,052,074
Expenses						
General government	93,428,738	81,789,316	-	-	93,428,738	81,789,316
Public safety	95,145,910	92,202,109	-	-	95,145,910	92,202,109
Public works	53,555,748	51,333,497	-	-	53,555,748	51,333,497
Culture and recreation	37,418,970	40,449,835	-	-	37,418,970	40,449,835
Interest	22,274,232	21,126,900	-	-	22,274,232	21,126,900
Water and sewer	-	-	103,357,849	101,466,829	103,357,849	101,466,829
Other enterprise funds	-	-	20,575,386	19,367,794	20,575,386	19,367,794
Total expenses	301,823,598	286,901,657	123,933,235	120,834,623	425,756,833	407,736,280
Increase in net position before transfers	64,016,020	108,507,128	37,794,762	33,808,666	101,810,782	142,315,794
Transfers	1,115,340	3,585,187	(1,115,340)	(3,585,187)	-	-
Increase in net position	65,131,360	112,092,315	36,679,422	30,223,479	101,810,782	142,315,794
Net position, October 1	1,447,496,056	1,335,403,741	428,206,923	397,983,444	1,875,702,979	1,733,387,185
Net position, September 30	<u>\$1,512,627,416</u>	<u>\$1,447,496,056</u>	<u>\$464,886,345</u>	<u>\$428,206,923</u>	<u>\$ 1,977,513,761</u>	<u>\$ 1,875,702,979</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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the close of the City's fiscal year on September 30, 2020, the governmental funds of the City reported a combined fund balance of \$411,371,228, a decrease of \$1,960,453 in comparison with the prior year. Unassigned fund balance, which is available for spending at the government's discretion, constitutes \$78,830,852 of this balance. The remainder of fund balance is non-spendable, restricted, committed or assigned. 1) Non-spendable fund balances of \$2,725,545 includes prepaids and inventories held by the government, 2) Restricted balances includes bond proceeds restricted for capital projects \$227,974,619, reserves to pay debt service \$5,379,166, impact fee revenues restricted for capital project funding \$61,582,947, TIRZ #1 balances for other purposes \$8,013,271, and other special revenues restricted for a specific purpose \$2,687,968, 3) Committed funds included commitments made by resolution by the governing body for insurance reserves and other post-employment benefits (OPEB) \$15,761,034, workforce housing programs \$416,718 and the capital reserve fund \$7,999,108.

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 \$78,830,852, while total fund balance reached \$105,371,667. 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 50% of total general fund expenditures, while total fund balance represents 67% of that same amount. The fund balance of the City's general fund increased \$12,090,026 during the current fiscal year attributed mainly to increases in collections for property tax and intergovernmental revenues while expenditures for most functional areas were less than originally budgeted.

The TIRZ #1 fund has a total fund balance of \$8,013,271. 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 payments from component units.

The capital projects fund has a total fund balance of \$227,974,619. The fund balance represents unspent bond proceeds and intergovernmental revenue for roads, facilities and parks that has been received but not yet spent or recognized on specific capital projects. The decrease in fund balance is due to capital project expenditures 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 \$5,379,166, all restricted for retirement of City debt. This is a decrease from the previous fiscal year of \$215,007. Although higher values and growth of the City resulted in increased property taxes, lower investment earnings and higher debt service costs resulted in the fund balance decrease from 2019.

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, 2020 totaled \$69,008,288. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

For FY20 there were no restrictions, commitments, or other limitations significantly affecting the availability of fund resources for future use.

General Fund Budgetary Highlights

For FY20, the City Council approved a final appropriation in September 2020 with the total amount of the appropriation equaling \$170 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 \$158.1 million compared to the re-estimated (revised) budget amount of \$168 million. The \$9.9 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, primarily in public safety due to federal grant funds offsetting public safety salaries due to COVID-19.

The actual (on a budgetary basis excluding transfers in) revenues were \$171.2 million as compared to the re-estimated (revised) budget amount of \$168.5 million excluding transfers. The \$2.7 million variance in total revenues is attributed to increases over projections in sales taxes, franchise taxes, rents, intergovernmental revenues, and charges for services collections, with decreases under projections in property taxes and licenses and permits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. At the end of the year, the City had \$3,304,861,942 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 \$163,726,700 over the prior fiscal year. Total accumulated depreciation for September 30, 2020, was \$1,017,970,566 for net capital assets of \$2,286,891,376.

Capital Assets for the Year Ended September 30, 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 347,612,563	\$ 346,239,015	\$ 10,547,022	\$ 10,543,522	\$ 358,159,585	\$ 356,782,537
Building & improvements	707,209,217	687,533,603	10,178,723	10,178,723	717,387,940	697,712,326
Machinery & equipment	90,299,554	81,528,189	12,071,559	10,760,469	102,371,113	92,288,658
Construction-in-progress	143,134,501	109,937,918	29,643,362	33,013,780	172,777,863	142,951,698
Improvements other than buildings	1,336,556,504	1,276,246,181	617,608,937	575,153,842	1,954,165,441	1,851,400,023
Total capital assets	2,624,812,339	2,501,484,906	680,049,603	639,650,336	3,304,861,942	3,141,135,242
Less:						
Accumulated depreciation	(799,607,538)	(723,081,810)	(218,363,028)	(199,336,519)	(1,017,970,566)	(922,418,329)
Total	<u>\$1,825,204,801</u>	<u>\$1,778,403,096</u>	<u>\$461,686,575</u>	<u>\$440,313,817</u>	<u>\$2,286,891,376</u>	<u>\$2,218,716,913</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 2021 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 2021 Plan.

Additional information regarding capital assets can be found in Note 6 beginning on page 58.

Debt administration. At year-end, the City had \$864,902,311 in debt outstanding as compared to \$890,300,552 at the end of the prior fiscal year, a decrease of (3%) – as shown below.

Outstanding Debt, September 30, 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 498,318,357	\$ 515,948,510	\$ 44,280,909	\$ 52,846,584	\$ 542,599,266	\$ 568,795,094
Certificates of obligation bonds	212,716,332	222,128,248	109,586,713	99,377,210	322,303,045	321,505,458
Totals	\$ 711,034,689	\$ 738,076,758	\$ 153,867,622	\$ 152,223,794	\$ 864,902,311	\$ 890,300,552

In September 2020, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2020, in the amount of \$13,635,000 with a net premium of \$1,492,436. Proceeds from the sale of bonds will be used for improvements and extensions to combined waterworks and sewer system and water re-use system, transmission lines, pump stations, ground storage and costs of issuance associated with the sale of the bonds.

In September 2020, the City issued General Obligation Bonds, Series 2020, in the amount of \$26,790,000 with a net premium of \$3,401,302. Proceeds from the sale of bonds will be used for constructing and improving streets and roads, bridges and intersections, landscaping, sidewalks, constructing a pedestrian walkway and plaza and to pay the costs of issuance associated with the sale of the bonds.

Additional information regarding the City's outstanding debt can be found in Note 8 beginning on page 61.

The City's assigned ratings for general obligation bonds and certificates of obligation bonds were as follows during FY 2020:

	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 1.71%. In August 2020, the City's assigned ratings for general obligation bonds and certificates of obligation bonds were affirmed by Moody's at Aaa and by Standard & Poor's at AAA.

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

Authorized but Unissued Debt September 30, 2020				
<u>Election May 13, 2006</u>	<u>Voted Bonds</u>	<u>Issued Prior Years</u>	<u>Issued FY 2020</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>				
City Hall Expansion (Prop. 4)	37,000,000	15,000,000	-	22,000,000
Grand Park (Prop. 7)	10,000,000	-	-	10,000,000
Community Cultural Arts (Prop. 8)	10,000,000	-	-	10,000,000
Remaining	57,000,000	15,000,000	-	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	30,000,000	95,000,000
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	30,000,000	256,000,000
Total Authorized/Unissued Bonds	\$ 440,000,000	\$ 89,000,000	\$ 30,000,000	\$ 321,000,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2021 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 \$181.8 million. This represents an increase of \$15.3 million from the FY 2020 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 5.70%, and a gain on existing property of 0.15%. According to final figures received from the CAD's, the total certified assessed property value for FY 2021 is \$31.7 billion. Council approved a tax rate of \$0.4466 per \$100 of valuation the same as the FY 2020 tax rate of \$0.4466. Council maintained the homestead tax exemption for FY 2021 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 \$51.8 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.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and continues to affect many parts of the world, including the United States and Texas. The COVID-19 pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic growth and financial markets worldwide. These negative impacts have reduced or negatively affected property values and/or the collection of sales tax revenues, ad valorem tax revenues, hotel taxes, user fees, interest income and other revenues within the City. The City continues to monitor the spread of COVID-19 and is working with local, state and national agencies to address the potential impact upon the City. While the total impact of this ongoing pandemic on the City cannot be qualified at this time, the continued spread of COVID-19 will have an adverse effect on the City's operations and financial condition for several future budget cycles.

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, 2020

	Primary Government			
	Governmental	Business-type		Component
ASSETS	Activities	Activities	Total	Units
Cash and cash equivalents	\$ 221,978,092	\$ 45,389,942	\$ 267,368,034	\$ 36,122,883
Investments	226,345,365	24,638,494	250,983,859	38,666,041
Receivables (net of allowance for uncollectibles)	23,920,430	14,883,782	38,804,212	8,061,665
Inventories	1,772,386	1,020,926	2,793,312	-
Prepays	3,535,998	92,663	3,628,661	43,856
Notes receivable	2,915,000	-	2,915,000	50,000
Restricted assets:				
Cash and cash equivalents	-	48,985,892	48,985,892	2,871,564
Investments	-	38,065,221	38,065,221	6,200,000
Notes receivable - noncurrent	20,349,000	-	20,349,000	80,000
Land held for resale	-	-	-	69,368,287
Capital assets:				
Land	347,612,563	10,547,022	358,159,585	85,954,615
Buildings and improvements	707,209,217	10,178,723	717,387,940	10,289,256
Improvements other than buildings	1,336,556,504	617,608,937	1,954,165,441	18,920,290
Machinery and equipment	90,299,554	12,071,559	102,371,113	347,608
Construction in progress	143,134,501	29,643,362	172,777,863	-
Accumulated depreciation	(799,607,538)	(218,363,028)	(1,017,970,566)	(26,249,224)
Total assets	2,326,021,072	634,763,495	2,960,784,567	250,726,841
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow from pensions	12,663,632	2,110,605	14,774,237	301,515
Deferred outflow from OPEB	1,051,374	175,228	1,226,602	25,033
Deferred charge on bond refunding	10,289,581	2,459,426	12,749,007	607,807
Total deferred outflows of resources	24,004,587	4,745,259	28,749,846	934,355
LIABILITIES				
Accounts and retainage payable	31,969,596	4,777,349	36,746,945	8,000,778
Accrued liabilities	2,350,169	885,572	3,235,741	83,654
Accrued interest payable	3,580,785	736,494	4,317,279	587,883
Customer deposits	-	4,583,719	4,583,719	76,118
Unearned revenue	3,191,868	-	3,191,868	132,750
Monies held in escrow	23,745,851	97,486	23,843,337	60,000
Non-current liabilities:				
Due within one year:				
Compensated absences	8,207,761	1,211,596	9,419,357	136,772
Notes payable	-	-	-	4,019,245
Bonds payable	60,681,151	14,445,447	75,126,598	5,518,922
Due in more than one year:				
Compensated absences	6,501,565	659,911	7,161,476	84,528
Pension	32,518,377	5,419,730	37,938,107	774,247
OPEB	3,158,109	526,350	3,684,459	75,193
Notes payable	-	-	-	27,811,015
Bonds payable	650,353,538	139,422,175	789,775,713	90,791,530
Total liabilities	826,258,770	172,765,829	999,024,599	138,152,635
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow from pensions	7,442,441	1,240,409	8,682,850	177,201
Deferred inflow from OPEB	3,697,032	616,171	4,313,203	88,025
Total deferred inflows of resources	11,139,473	1,856,580	12,996,053	265,226
NET POSITION				
Net investment in capital assets	1,375,189,312	359,016,697	1,734,206,009	33,696,735
Restricted for:				
Capital projects	61,582,947	36,861,360	98,444,307	-
Tax increment reinvestment zone	8,013,271	-	8,013,271	-
Other purposes	2,687,968	-	2,687,968	-
Debt service	2,063,994	-	2,063,994	8,483,681
Unrestricted	63,089,924	69,008,288	132,098,212	71,062,919
Total net position	\$ 1,512,627,416	\$ 464,886,345	\$1,977,513,761	\$ 113,243,335

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, 2020

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 93,428,738	\$ 20,076,791	\$ 5,233,656	\$ 2,625,084
Public safety	95,145,910	4,256,643	12,985,241	78,552
Public works	53,555,748	119,616	983,025	57,331,985
Culture and recreation	37,418,970	3,040,120	1,704,813	6,739,829
Interest on long-term debt	22,274,232	-	-	-
Total governmental activities	301,823,598	27,493,170	20,906,735	66,775,450
Business-type activities:				
Water and sewer	103,357,849	104,121,381	-	30,875,237
Non-major enterprise funds	20,575,386	22,970,543	-	-
Total business-type activities	123,933,235	127,091,924	-	30,875,237
Total primary government	\$ 425,756,833	\$ 154,585,094	\$ 20,906,735	\$ 97,650,687
Component unit:				
Community development	\$ 19,885,988	\$ 896,938	\$ -	\$ -
Economic development	29,111,374	5,000	44,849	-
Charitable foundation	295	-	1,500	-
Total component units	\$ 48,997,657	\$ 901,938	\$ 46,349	\$ -
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
\$ (65,493,207)	\$ -	\$ (65,493,207)	
(77,825,474)	-	(77,825,474)	
4,878,878	-	4,878,878	
(25,934,208)	-	(25,934,208)	
(22,274,232)	-	(22,274,232)	
(186,648,243)	-	(186,648,243)	
-	31,638,769	31,638,769	
-	2,395,157	2,395,157	
-	34,033,926	34,033,926	
(186,648,243)	34,033,926	(152,614,317)	
			\$ (18,989,050)
			(29,061,525)
			1,205
			(48,049,370)
142,497,915	-	142,497,915	-
45,124,776	-	45,124,776	45,124,776
10,558,237	-	10,558,237	-
4,899,326	-	4,899,326	-
41,064,382	2,017,771	43,082,153	2,792,011
6,519,627	1,743,065	8,262,692	1,247,814
1,115,340	(1,115,340)	-	-
251,779,603	2,645,496	254,425,099	49,164,601
65,131,360	36,679,422	101,810,782	1,115,231
1,447,496,056	428,206,923	1,875,702,979	112,128,104
<u>\$ 1,512,627,416</u>	<u>\$ 464,886,345</u>	<u>\$ 1,977,513,761</u>	<u>\$ 113,243,335</u>

City of Frisco
Balance Sheet
Governmental Funds
September 30, 2020

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 32,426,457	\$ 12,570,333	\$ 138,175,370	\$ 5,429,005	\$ 33,376,927	\$ 221,978,092
Investments	73,971,988	-	114,137,733	-	38,235,644	226,345,365
Receivables (net of allowance for uncollectibles):						
Property taxes	369,563	-	-	215,774	-	585,337
Sales taxes	7,896,803	-	-	-	-	7,896,803
Franchise taxes	5,285,778	-	-	-	76,029	5,361,807
Occupancy tax	-	-	-	-	237,029	237,029
Grants	-	-	-	-	2,062,629	2,062,629
Assessments	-	-	-	-	505,888	505,888
Other	2,103,172	1,142,877	3,720,619	-	170,320	7,136,988
Due from other funds	3,693,312	-	-	-	-	3,693,312
Inventories	1,772,386	-	-	-	-	1,772,386
Prepays	591,569	-	-	-	2,944,429	3,535,998
Notes receivable	136,000	-	373,000	-	-	509,000
Total assets	\$ 128,247,028	\$ 13,713,210	\$ 256,406,722	\$ 5,644,779	\$ 77,608,895	\$ 481,620,634
LIABILITIES, DEFERRED INFLOWS, FUND BALANCES						
Liabilities:						
Accounts payable	15,509,661	1,803,461	12,064,256	-	198,537	29,575,915
Retainage payable	-	-	2,393,680	-	-	2,393,680
Accrued liabilities	2,270,964	-	-	-	79,205	2,350,169
Unearned revenue	409,786	2,275,862	-	-	506,220	3,191,868
Monies held in escrow	24,953	1,620,616	13,601,167	-	8,499,116	23,745,852
Due to other funds	-	-	-	-	3,693,312	3,693,312
Total liabilities	18,215,364	5,699,939	28,059,103	-	12,976,390	64,950,796
Deferred inflows of resources:						
Unavailable revenue	4,659,997	-	373,000	265,613	-	5,298,610
FUND BALANCES						
Nonspendable	2,363,955	-	-	-	361,590	2,725,545
Restricted for:						
Debt service	-	-	-	5,379,166	-	5,379,166
Capital projects for future construction	-	-	227,974,619	-	61,582,947	289,557,566
Special revenue for future commitments	-	8,013,271	-	-	2,687,968	10,701,239
Committed to:						
Insurance	15,761,034	-	-	-	-	15,761,034
Workforce housing	416,718	-	-	-	-	416,718
Capital projects for future construction	7,999,108	-	-	-	-	7,999,108
Unassigned	78,830,852	-	-	-	-	78,830,852
Total fund balances	105,371,667	8,013,271	227,974,619	5,379,166	64,632,505	411,371,228
Total liabilities, deferred inflow of resources, and fund balances	\$ 128,247,028	\$ 13,713,210	\$ 256,406,722	\$ 5,644,779	\$ 77,608,895	\$ 481,620,634

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, 2020

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

Total fund balances per balance sheet	\$ 411,371,228
Capital assets used in governmental activities are not financial resources and, therefore, are not reported at the fund level.	1,825,204,801
Deferred outflow of resources are not financial resources and, therefore, are not reported at the fund level.	24,004,587
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are unavailable at the fund level.	5,298,610
Other assets are not available to pay for current-period expenditures, and, therefore, are not included at the fund level.	22,888,949
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.	(765,001,286)
Deferred inflow of resources are not financial resources and, therefore, are not reported at the fund level.	<u>(11,139,473)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,512,627,416</u>

City of Frisco

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended September 30, 2020

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 87,775,959	\$ 7,621,858	\$ -	\$ 46,238,750	\$ 1,044,075	\$ 142,680,642
Sales	44,828,776	-	-	-	296,000	45,124,776
Franchise	10,063,333	-	-	-	313,776	10,377,109
Hotel/motel	-	-	-	-	3,986,339	3,986,339
Other	912,987	-	-	-	-	912,987
Licenses and permits	11,042,795	-	-	-	-	11,042,795
Intergovernmental	3,715,861	26,637,110	11,027,313	-	978,877	42,359,161
Charges for services	6,508,061	-	87,981	-	64,204	6,660,246
Fines	1,530,649	-	-	-	123,232	1,653,881
Special assessments	-	-	-	-	10,281,368	10,281,368
Rents	2,456,850	4,879,365	-	-	10,000	7,346,215
Investment earnings	1,526,161	80,458	3,784,609	153,975	989,837	6,535,040
Contributions, donations and grants	2,169,776	49,672	2,238,013	-	14,130,764	18,588,225
Payments from component units	500,000	6,839,693	3,099,118	1,988,461	2,000,000	14,427,272
Miscellaneous	173,865	-	333,402	-	48,648	555,915
Total revenues	173,205,073	46,108,156	20,570,436	48,381,186	34,267,120	322,531,971
EXPENDITURES						
Current:						
General government	45,797,512	22,196,198	-	-	5,412,050	73,405,760
Public safety	77,046,227	-	-	-	8,637,345	85,683,572
Public works	13,562,381	-	-	-	541,737	14,104,118
Culture and recreation	18,263,490	-	-	-	5,009,883	23,273,373
Capital outlay (includes \$1,362,376 not capitalized)	5,285,523	-	78,137,435	-	463,331	83,886,289
Debt service:						
Principal retirement	-	-	-	47,270,000	-	47,270,000
Interest and fiscal charges	-	-	212,247	28,254,646	-	28,466,893
Total expenditures	159,955,133	22,196,198	78,349,682	75,524,646	20,064,346	356,090,005
Excess (Deficiency) of revenues over (under) expenditures	13,249,940	23,911,958	(57,779,246)	(27,143,460)	14,202,774	(33,558,034)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	26,790,000	-	-	26,790,000
Premium on bonds issued	-	-	3,404,111	-	-	3,404,111
Discount on bonds issued	-	-	(2,809)	-	-	(2,809)
Proceeds from sale of assets	290,189	-	750	-	-	290,939
Transfers in	1,223,437	1,690,468	16,976,039	26,928,453	1,390,433	48,208,830
Transfers out	(2,673,540)	(24,161,178)	(301,307)	-	(19,957,465)	(47,093,490)
Total other financing sources and uses	(1,159,914)	(22,470,710)	46,866,784	26,928,453	(18,567,032)	31,597,581
Net change in fund balances	12,090,026	1,441,248	(10,912,462)	(215,007)	(4,364,258)	(1,960,453)
Fund balances, beginning	93,281,641	6,572,023	238,887,081	5,594,173	68,996,763	413,331,681
Fund balances, ending	\$105,371,667	\$ 8,013,271	\$227,974,619	\$ 5,379,166	\$ 64,632,505	\$ 411,371,228

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, 2020

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

Net change in fund balance - total governmental funds	\$ (1,960,453)
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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.	46,801,705
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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.	(3,513)
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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.	22,873,768
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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>(2,580,147)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 65,131,360</u></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, 2020

	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	\$ 88,390,137	\$ 88,390,137	\$ 87,775,959	\$ -	\$ 87,775,959	\$ (614,178)
Sales	44,660,806	43,660,806	44,828,776	-	44,828,776	1,167,970
Franchise	9,827,538	9,627,538	10,063,333	-	10,063,333	435,795
Other	1,048,081	948,081	912,987	-	912,987	(35,094)
Licenses and permits	11,969,141	11,429,141	11,042,795	-	11,042,795	(386,346)
Intergovernmental	2,209,741	2,289,741	3,715,861	-	3,715,861	1,426,120
Charges for services	9,846,133	5,878,803	6,508,061	-	6,508,061	629,258
Fines	2,343,260	1,626,576	1,530,649	-	1,530,649	(95,927)
Rents	2,927,110	2,421,312	2,456,850	-	2,456,850	35,538
Investment earnings	2,319,400	1,500,183	1,526,161	-	1,526,161	25,978
Contributions, donations and grants	151,955	91,955	2,169,776	-	2,169,776	2,077,821
Payments from component units	50,000	250,000	500,000	-	500,000	250,000
Miscellaneous	569,400	371,400	173,865	-	173,865	(197,535)
Total revenues	176,312,702	168,485,673	173,205,073	-	173,205,073	4,719,400
EXPENDITURES						
Current:						
General government	47,498,554	46,930,674	45,797,512	(257,786)	45,539,726	1,390,948
Public safety	85,276,008	78,844,646	77,046,227	283,244	77,329,471	1,515,175
Public works	14,484,265	14,294,081	13,562,381	(154,047)	13,408,334	885,747
Culture and recreation	23,120,093	20,811,908	18,263,490	66,049	18,329,539	2,482,369
Capital outlay	6,580,644	7,090,300	5,285,523	186,003	5,471,526	1,618,774
Total expenditures	176,959,564	167,971,609	159,955,133	123,463	160,078,596	7,893,013
Excess (Deficiency) of revenues over (under) expenditures	(646,862)	514,064	13,249,940	(123,463)	13,126,477	12,612,413
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets	-	-	290,189	-	290,189	290,189
Transfers in	1,074,098	1,324,098	1,223,437	-	1,223,437	(100,661)
Transfers out	(1,000,000)	(1,625,358)	(2,673,540)	-	(2,673,540)	(1,048,182)
Total other financing sources and uses	74,098	(301,260)	(1,159,914)	-	(1,159,914)	(858,654)
Net change in fund balances	(572,764)	212,804	12,090,026	(123,463)	11,966,563	11,753,759
Fund balances, beginning	67,168,509	93,281,641	93,281,641	(2,151,866)	91,129,775	(2,151,866)
Fund balances, ending	\$ 66,595,745	\$ 93,494,445	\$ 105,371,667	\$ (2,275,329)	\$ 103,096,338	\$ 9,601,893

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis
For Fiscal Year Ended September 30, 2020

	Net Change in Fund Balance
GAAP basis	\$ 12,090,026
Expenditures:	
Increase due to encumbrances from prior year	2,151,866
Decrease due to encumbrances for current year	(2,275,329)
Budgetary basis	\$ 11,966,563

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, 2020

	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	7,609,721	7,609,721	7,621,858	-	7,621,858	12,137
Intergovernmental	28,384,804	26,572,389	26,637,110	-	26,637,110	64,721
Rents	4,964,182	3,383,613	4,879,365	-	4,879,365	1,495,752
Investment earnings	100,000	80,603	80,458	-	80,458	(145)
Contributions, donations and grants	-	-	49,672	-	49,672	49,672
Payments from component units	5,259,124	6,839,694	6,839,693	-	6,839,693	(1)
Total revenues	46,317,831	44,486,020	46,108,156	-	46,108,156	1,622,136
EXPENDITURES						
Current:						
General government	24,013,692	23,280,803	22,196,198	-	22,196,198	(1,084,605)
Total expenditures	24,013,692	23,280,803	22,196,198	-	22,196,198	(1,084,605)
Excess (Deficiency) of revenues over (under) expenditures	22,304,139	21,205,217	23,911,958	-	23,911,958	2,706,741
OTHER FINANCING SOURCES (USES)						
Transfers in	1,690,469	1,690,468	1,690,468	-	1,690,468	-
Transfers out	(24,158,370)	(24,161,178)	(24,161,178)	-	(24,161,178)	-
Total other financing sources and uses	(22,467,901)	(22,470,710)	(22,470,710)	-	(22,470,710)	-
Net change in fund balances	(163,762)	(1,265,493)	1,441,248	-	1,441,248	2,706,741
Fund balances, beginning	6,854,637	6,572,023	6,572,023	-	6,572,023	-
Fund balances, ending	\$ 6,690,875	\$ 5,306,530	\$ 8,013,271	\$ -	\$ 8,013,271	\$ 2,706,741

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, 2020

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 36,876,758	\$ 8,513,184	\$ 45,389,942
Investments	19,818,480	4,820,014	24,638,494
Receivables (net of allowances for uncollectibles)			
Utility bills	12,590,893	430,841	13,021,734
Other	1,862,048	-	1,862,048
Inventories	1,020,926	-	1,020,926
Prepays	92,663	-	92,663
Restricted cash and cash equivalents	48,985,892	-	48,985,892
Restricted investments	38,065,221	-	38,065,221
Total current assets	<u>159,312,881</u>	<u>13,764,039</u>	<u>173,076,920</u>
Non-current assets:			
Capital assets:			
Land	10,547,022	-	10,547,022
Buildings and improvements	10,030,981	147,742	10,178,723
Improvements other than buildings	617,516,747	92,190	617,608,937
Machinery and equipment	9,741,348	2,330,211	12,071,559
Construction in progress	29,643,362	-	29,643,362
Accumulated depreciation	<u>(216,931,225)</u>	<u>(1,431,803)</u>	<u>(218,363,028)</u>
Total capital assets (net of accumulated depreciation)	<u>460,548,235</u>	<u>1,138,340</u>	<u>461,686,575</u>
Total non-current assets	<u>460,548,235</u>	<u>1,138,340</u>	<u>461,686,575</u>
Total assets	<u>619,861,116</u>	<u>14,902,379</u>	<u>634,763,495</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow from pensions	1,809,089	301,516	2,110,605
Deferred outflow from OPEB	150,196	25,032	175,228
Deferred charge on bond refunding	<u>2,459,426</u>	<u>-</u>	<u>2,459,426</u>
Total deferred outflows of resources	<u>4,418,711</u>	<u>326,548</u>	<u>4,745,259</u>

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

Business-type Activities			
Enterprise Funds			
	Water and Sewer	Other Enterprise Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,599,954	\$ 1,177,395	\$ 4,777,349
Accrued liabilities	744,544	141,028	885,572
Accrued interest payable	736,494	-	736,494
Customer deposits payable	4,583,719	-	4,583,719
Monies held in escrow	-	97,486	97,486
Liability for compensated absences	1,025,372	186,224	1,211,596
Bonds payable	14,445,447	-	14,445,447
Total current liabilities	25,135,530	1,602,133	26,737,663
Non-current liabilities:			
Liability for compensated absences	548,440	111,471	659,911
Pension	4,645,482	774,248	5,419,730
OPEB	451,158	75,192	526,350
Bonds payable	139,422,175	-	139,422,175
Total noncurrent liabilities	145,067,255	960,911	146,028,166
Total liabilities	170,202,785	2,563,044	172,765,829
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow from pensions	1,063,205	177,204	1,240,409
Deferred inflow from OPEB	528,147	88,024	616,171
Total deferred inflows of resources	1,591,352	265,228	1,856,580
NET POSITION			
Net investment in capital assets	357,878,357	1,138,340	359,016,697
Restricted for:			
Capital projects	36,861,360	-	36,861,360
Unrestricted	57,745,973	11,262,315	69,008,288
Total net position	\$ 452,485,690	\$ 12,400,655	\$ 464,886,345



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, 2020

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
OPERATING REVENUES			
Charges for sales and services:			
Water	\$ 58,001,531	\$ -	\$ 58,001,531
Sewer charges	40,059,265	-	40,059,265
Service charges	1,953,945	-	1,953,945
Sanitation charges	-	18,816,213	18,816,213
Water and sewer connections	1,549,672	-	1,549,672
Inspection fees	2,387,570	-	2,387,570
Stormwater drainage fees	-	4,113,091	4,113,091
Miscellaneous	33,286	26,250	59,536
Total operating revenues	103,985,269	22,955,554	126,940,823
OPERATING EXPENSES			
Cost of sales and services	54,922,681	16,125,705	71,048,386
Administration	25,986,904	4,221,665	30,208,569
Depreciation	19,094,138	228,016	19,322,154
Amortization	522,261	-	522,261
Total operating expenses	100,525,984	20,575,386	121,101,370
Operating income	3,459,285	2,380,168	5,839,453
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	1,629,574	113,491	1,743,065
Intergovernmental contribution	2,017,771	-	2,017,771
Gain on sale of equipment	136,112	14,989	151,101
Interest expense	(2,831,865)	-	(2,831,865)
Total non-operating revenues	951,592	128,480	1,080,072
Income before capital contributions	4,410,877	2,508,648	6,919,525
CAPITAL CONTRIBUTIONS			
Capital contributions	30,875,237	-	30,875,237
Income before transfers	35,286,114	2,508,648	37,794,762
TRANSFERS			
Transfers in	370,500	-	370,500
Transfers out	-	(1,485,840)	(1,485,840)
Total transfers	370,500	(1,485,840)	(1,115,340)
Change in net position	35,656,614	1,022,808	36,679,422
Net position, beginning	416,829,076	11,377,847	428,206,923
Net position, ending	\$ 452,485,690	\$ 12,400,655	\$464,886,345

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, 2020

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 103,988,420	\$ 22,931,804	\$ 126,920,224
Cash payments to suppliers for goods and services	(64,590,174)	(17,156,117)	(81,746,291)
Cash payments to employees for services	(15,743,586)	(3,022,996)	(18,766,582)
Other receipts	33,286	26,250	59,536
Net cash provided by operating activities	23,687,946	2,778,941	26,466,887
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers received from other funds	370,500	-	370,500
Transfers made to other funds	-	(1,202,509)	(1,202,509)
Contributions	2,017,771	-	2,017,771
Net cash provided/(used) by noncapital financing activities	2,388,271	(1,202,509)	1,185,762
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(16,864,917)	(518,968)	(17,383,885)
Proceeds from sale or transfer of equipment	141,656	16,750	158,406
Principal paid on long-term debt	(11,770,000)	-	(11,770,000)
Interest and fees paid on long-term debt	(5,924,038)	-	(5,924,038)
Bond proceeds net of issuance costs	15,127,436	-	15,127,436
Intergovernmental payments for capital construction	-	(283,331)	(283,331)
Developers contributions	7,957,140	-	7,957,140
Net cash used in capital and related financing activities	(11,332,723)	(785,549)	(12,118,272)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(57,883,701)	(4,820,014)	(62,703,715)
Proceeds from sale and maturities of investment securities	71,591,779	5,793,684	77,385,463
Interest on investments	1,723,114	131,607	1,854,721
Net cash provided by investing activities	15,431,192	1,105,277	16,536,469
Net increase in cash and cash equivalents	30,174,686	1,896,160	32,070,846
Cash and cash equivalents, beginning	55,687,964	6,617,024	62,304,988
Cash and cash equivalents, ending	\$ 85,862,650	\$ 8,513,184	\$ 94,375,834
CLASSIFIED AS			
Current assets	\$ 36,876,758	\$ 8,513,184	\$ 45,389,942
Restricted assets	48,985,892	-	48,985,892
Total cash and cash equivalents	\$ 85,862,650	\$ 8,513,184	\$ 94,375,834

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	\$ 3,459,285	\$ 2,380,168	\$ 5,839,453
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	19,094,138	228,016	19,322,154
Amortization	522,261	-	522,261
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - utility bills	58,069	-	58,069
Receivables - other	(1,127,854)	47,567	(1,080,287)
Prepaid expenses and other assets	42,134	-	42,134
Inventories	(197,738)	-	(197,738)
Increase (decrease) in-			
Accounts payable	1,304,433	69,994	1,374,427
Accrued liabilities	100,853	19,376	120,229
Liability for compensated absences	245,874	(3,370)	242,504
Net pension liability	176,584	29,432	206,016
OPEB	31,538	5,258	36,796
Deposits and escrows	(21,631)	2,500	(19,131)
Total adjustments	20,228,661	398,773	20,627,434
Net cash provided by operating activities	<u>\$ 23,687,946</u>	<u>\$ 2,778,941</u>	<u>\$ 26,466,887</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year, various developers made non-cash contributions of water and sewer infrastructure to the City valued at \$22,918,097.



PROGRESS IN MOTION

City of Frisco
Combining Statement of Net Position
Component Units
September 30, 2020

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total
ASSETS				
Current:				
Cash and cash equivalents	\$ 20,114,219	\$ 15,994,178	\$ 14,486	\$ 36,122,883
Investments	16,003,944	22,662,097	-	38,666,041
Receivables:				
Sales tax	3,948,401	3,948,401	-	7,896,802
Other	90,871	73,992	-	164,863
Prepaid expenses	-	43,856	-	43,856
Notes receivable	-	50,000	-	50,000
Total current assets	<u>40,157,435</u>	<u>42,772,524</u>	<u>14,486</u>	<u>82,944,445</u>
Non-current:				
Notes receivable	80,000	-	-	80,000
Land held for resale	33,316,566	36,051,721	-	69,368,287
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	18,920,290	-	-	18,920,290
Machinery and equipment	118,213	229,395	-	347,608
Accumulated depreciation	(25,997,267)	(251,957)	-	(26,249,224)
Restricted assets:				
Cash and cash equivalents	1,627,277	1,244,287	-	2,871,564
Investments	2,130,000	4,070,000	-	6,200,000
Total non-current assets	<u>110,240,186</u>	<u>57,542,210</u>	<u>-</u>	<u>167,782,396</u>
Total assets	<u>150,397,621</u>	<u>100,314,734</u>	<u>14,486</u>	<u>250,726,841</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow from pensions	-	301,515	-	301,515
Deferred outflow from OPEB	-	25,033	-	25,033
Deferred charge on bond refunding	607,807	-	-	607,807
Total deferred outflows of resources	<u>607,807</u>	<u>326,548</u>	<u>-</u>	<u>934,355</u>
LIABILITIES				
Current:				
Accounts payable	884,964	7,115,814	-	8,000,778
Accrued liabilities	11,284	72,370	-	83,654
Liability for compensated absences	16,765	120,007	-	136,772
Accrued interest payable	410,856	177,027	-	587,883
Deposits	76,118	-	-	76,118
Unearned revenue	132,750	-	-	132,750
Monies held in escrow	60,000	-	-	60,000
Notes payable	4,019,245	-	-	4,019,245
Bonds payable	3,128,922	2,390,000	-	5,518,922
Total current liabilities	<u>8,740,904</u>	<u>9,875,218</u>	<u>-</u>	<u>18,616,122</u>
Non-current:				
Liability for compensated absences	3,788	80,740	-	84,528
Pension	-	774,247	-	774,247
OPEB	-	75,193	-	75,193
Notes payable	27,811,015	-	-	27,811,015
Bonds payable	54,396,530	36,395,000	-	90,791,530
Total noncurrent liabilities	<u>82,211,333</u>	<u>37,325,180</u>	<u>-</u>	<u>119,536,513</u>
Total liabilities	<u>90,952,237</u>	<u>47,200,398</u>	<u>-</u>	<u>138,152,635</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow from pensions	-	177,201	-	177,201
Deferred inflow from OPEB	-	88,025	-	88,025
Total deferred inflows of resources	<u>-</u>	<u>265,226</u>	<u>-</u>	<u>265,226</u>
NET POSITION				
Net investment in capital assets	20,253,812	13,442,923	-	33,696,735
Restricted for debt service reserve	3,346,421	5,137,260	-	8,483,681
Unrestricted	36,452,958	34,595,475	14,486	71,062,919
Total net position	<u>\$ 60,053,191</u>	<u>\$ 53,175,658</u>	<u>\$ 14,486</u>	<u>\$ 113,243,335</u>

City of Frisco

Combining Statement of Activities

Component Units

For the Fiscal Year Ended September 30, 2020

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Service	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Component units:				
Community Development Corporation	\$ 19,885,988	\$ 896,938	\$ -	\$ -
Economic Development Corporation	29,111,374	5,000	44,849	-
Charitable Foundation	295	-	1,500	-
Total component units	<u>48,997,657</u>	<u>901,938</u>	<u>46,349</u>	<u>-</u>

General revenues:

Sales taxes

Intergovernmental

Investment income

Total general revenues

Change in net position

Net position, beginning

Net position, ending

Net (Expense) Revenue and Changes in Net Position

Component Units

Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total
\$ (18,989,050)	\$ -	\$ -	\$ (18,989,050)
-	(29,061,525)	-	(29,061,525)
-	-	1,205	1,205
<u>(18,989,050)</u>	<u>(29,061,525)</u>	<u>1,205</u>	<u>(48,049,370)</u>
22,562,388	22,562,388	-	45,124,776
2,792,011	-	-	2,792,011
564,796	683,018	-	1,247,814
<u>25,919,195</u>	<u>23,245,406</u>	<u>-</u>	<u>49,164,601</u>
6,930,145	(5,816,119)	1,205	1,115,231
<u>53,123,046</u>	<u>58,991,777</u>	<u>13,281</u>	<u>112,128,104</u>
<u>\$ 60,053,191</u>	<u>\$ 53,175,658</u>	<u>\$ 14,486</u>	<u>\$ 113,243,335</u>

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 for the first 10 years of employment, 288 hours for over ten years employment, and 320 hours for employees with over 15 years of employment. Fire Department personnel have a maximum of 360 hours, 432 hours and 480 hours respectively. 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 non-vesting accumulating rights. Upon termination, the City pays to employees with over one year of service, up to their tenure's maximum for vacation, and up to 240 hours of sick leave. Fire Department personnel are paid up to their corresponding tenure's maximum hours for vacation and 360 hours for sick leave. Vacation and sick leave in excess of the employee's 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,

City of Frisco

Notes to the Basic Financial Statements

deferred outflow of resources are recognized for pension contributions made after the plan year reporting date and for investment experience amortization. Deferred inflows of resources for the pensions are the difference between actuarial experience and actual experience. The City of Frisco deferred outflows of resources and deferred inflows of resources changes for the year are detailed below:

	Balance 9/30/2019	Additions	Deletions	Balance 9/30/2020
Deferred outflows				
Governmental activities	\$ 33,635,645	\$ 13,715,005	\$ 23,346,063	\$ 24,004,587
Business-type activities	6,641,314	2,285,834	4,181,889	4,745,259
Component units	1,267,386	326,548	659,579	934,355
Total	<u>\$ 41,544,345</u>	<u>\$ 16,327,387</u>	<u>\$ 28,187,531</u>	<u>\$ 29,684,201</u>
Deferred inflows				
Governmental activities	\$ (1,951,192)	\$ (11,139,473)	\$ 1,951,192	\$ (11,139,473)
Business-type activities	(325,199)	(1,856,580)	325,199	(1,856,580)
Component units	(46,456)	(265,226)	46,456	(265,226)
Total	<u>\$ (2,322,847)</u>	<u>\$ (13,261,279)</u>	<u>\$ 2,322,847</u>	<u>\$ (13,261,279)</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.

City of Frisco

Notes to the Basic Financial Statements

N. OPEB

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

O. Fund Equity

In order to comply with the GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions, the fund balance section of the balance sheets of the governmental funds include the following items:

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

City of Frisco

Notes to the Basic Financial Statements

During this fiscal year the City received and distributed funds under the Collin County Emergency Housing and Living Assistance Program. The program was established to provide rental, mortgage, utility, and food assistance during the pandemic. At year end, the City had \$2,582,839 in prepaid items for the grant. This amount is offset by corresponding escrow liability and therefore not included in the nonspendable fund balance.

P. Use of Estimates

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

Q. Restricted Resources

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

R. Encumbrances

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

S. New Accounting Pronouncements

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

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, became effective immediately in May of 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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, 2019. 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.

City of Frisco

Notes to the Basic Financial Statements

GASB Statement No. 87, Leases, is effective for periods beginning after June 15, 2021. 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, 2020. 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.

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, 2019. 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, 2021. 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.

GASB Statement No. 92, Omnibus 2020, is effective for periods beginning after June 15, 2021. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, Replacement of Interbank Offered Rates (IBOR), is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR due to global reference reform.

GASB Statement No. 94, Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements, is effective for reporting periods beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

City of Frisco

Notes to the Basic Financial Statements

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), is effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, is effective June 15, 2021. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

City of Frisco

Notes to the Basic Financial Statements

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 \$765,001,286 difference are as follows:

Bonds and certificates of obligation payable	\$ 678,945,000
Bond discount (to be amortized as interest expense)	(764,746)
Bond premiums (to be amortized over the life of the bonds)	32,854,435
Accrued interest payable	3,580,785
Compensated absences	14,709,326
Net pension liability	32,518,377
Total OPEB liability	<u>3,158,109</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 765,001,286</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$46,801,705 difference are as follows:

Capital outlay	\$ 82,523,913
Developers' contributions	43,077,044
Book value of capital assets disposed/retired	(49,769)
Depreciation expense	<u>(78,749,483)</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 46,801,705</u>

City of Frisco

Notes to the Basic Financial Statements

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 \$22,873,768 difference are as follows:

Debt issued or incurred:	
Premium amortization	\$ 7,249,257
Discount amortization	(65,886)
Amortization on loss of refunding of debt	(1,388,301)
Bonds issued	(26,790,000)
Bond premium issued	(3,404,111)
Bond discount issued	2,809
Principal repayments:	
Bonds	<u>47,270,000</u>
Net adjustment to decrease net changes in fund balances	
– total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 22,873,768</u></u>

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 \$4,598,219 difference are as follows:

Increase in accrued interest on bonds	\$ 397,591
Increase in compensated absences	(1,520,882)
Increase in pension expense	(1,236,093)
Increase in OPEB expense	<u>(220,763)</u>
Net adjustment to decrease net changes in fund balances	
– total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (2,580,147)</u></u>

City of Frisco

Notes to the Basic Financial Statements

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.

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 fair 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, 2020. At year-end, the carrying amount of the City's demand deposits was a balance of \$3,874,702 - bank balance, \$4,606,949. The carrying amount of the component unit's pooled cash was \$(40,742), - bank balance, \$0. The cash on hand carrying amount totaled \$29,237. The bank balance for the primary government and the component unit's deposits was covered by collateral with a fair value of \$4,691,146 and \$31,491. 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.

City of Frisco

Notes to the Basic Financial Statements

Investments – State statutes, city policies, and city resolutions authorize the City’s investments. The Chief Financial Officer and the Assistant Director of Financial Services are authorized by the City Council to invest all available funds consistent with the investment policy. The City is authorized to invest in United States obligations or its agencies and instrumentalities, direct obligations of the State of Texas or its agencies and instrumentalities, other obligations backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, obligations of states, agencies, counties, cities, and other political subdivisions of any State having an investment rating of not less than “A” or its equivalent, fully collateralized repurchase agreements, certificates of deposit issued by a depository institution that has its main office or branch office in the State of Texas, money market mutual funds regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less, and local government investment pools organized and operating in compliance with the Inter-local Cooperation Act.

As of September 30, 2020, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity Days
Primary Government		
General Fund		
Federal Agency Notes	\$ 73,971,988	365
TexPool	33,920,149	38
TexStar	14,931,599	44
CIP Funds		
Federal Agency Notes	129,172,988	106
TexPool	13,598,074	38
TexStar	154,633,602	44
Other Funds		
Federal Agency Notes	85,904,104	277
TexPool	89,416,240	38
TexStar	5,979,560	44
Total Primary Government	<u>\$ 601,528,304</u>	<u>129</u>
Component Units		
Community Development		
Federal Agency Notes	18,133,943	179
TexPool	20,854,534	38
TexStar	1,007,262	44
Economic Development		
Federal Agency Notes	26,732,097	132
TexPool	12,351,535	38
TexStar	4,821,859	44
Total Component Units	<u>\$ 83,901,230</u>	<u>99</u>
Total Government	<u>\$ 685,429,534</u>	<u>125</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.

City of Frisco

Notes to the Basic Financial Statements

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

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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

		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, 2020			
Cash and cash equivalents:				
Bank deposits	\$ 3,874,702	\$ -	\$ -	\$ -
Total cash and cash equivalents	3,874,702	-	-	-
Investments measured at amortized costs:				
Investment pools:				
Texpool	136,934,463	-	-	-
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	175,544,761	-	-	-
Investments by fair value level:				
U.S. government agency securities:				
Federal Home Loan Bank	29,033,628	-	29,033,628	-
Federal Farm Credit Bank	29,004,003	-	29,004,003	-
Federal Home Loan Mortgage Corp	46,942,396	-	46,942,396	-
Federal National Mortgage Assn	9,151,297	-	9,151,297	-
US Treasury Notes	169,746,456	-	169,746,456	-
State agency securities:				
State of Texas Bonds	5,171,300	-	5,171,300	-
Total Investments	601,528,304	-	289,049,080	-
Total cash and investments	\$ 605,403,006	\$ -	\$ 289,049,080	\$ -

City of Frisco

Notes to the Basic Financial Statements

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

Component Units	September 30, 2020	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	\$ (40,742)	\$ -	\$ -	\$ -
Total cash and cash equivalents	(40,742)	-	-	-
Investments measured at amortized costs:				
Investment pools:				
Texpool	33,206,069	-	-	-
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	5,829,121	-	-	-
Investments by fair value level:				
U.S. government agency securities:				
Federal Home Loan Bank	2,029,293	-	2,029,293	-
Federal Farm Credit Bank	2,015,315	-	2,015,315	-
Federal National Mortgage Assn	40,821,432	-	40,821,432	-
Total investments	83,901,230	-	44,866,040	-
Total cash and investments	\$ 83,860,488	\$ -	\$ 44,866,040	\$ -

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

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

The Texpool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonable foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

City of Frisco

Notes to the Basic Financial Statements

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.

Credit Risk – In compliance with the City's Investment Policy, and in conjunction with state law, as of September 30, 2020, 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, Federal Home Loan Bank (FHLB) and Federal Home Loan Mortgage Corp (FHLMC). These investments are 9.29%, 63.06%, 9.30% and 14.06% respectively, of the total investments.

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

City of Frisco

Notes to the Basic Financial Statements

Note 5. Receivables

Receivables at September 30, 2020, 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, 2020

Governmental Activities	General	TIRZ #1	Capital Projects	Debt Services	Other Funds	Total
Property tax	\$ 389,013	\$ -	\$ -	\$ 227,131	\$ -	\$ 616,144
Sales tax	7,896,803	-	-	-	-	7,896,803
Franchise tax	5,285,778	-	-	-	76,029	5,361,807
Occupancy tax	-	-	-	-	237,029	237,029
Mixed beverage	214,072	-	-	-	-	214,072
Accrued interest	142,601	-	720,619	133,949	163,874	1,161,043
Grants	-	-	-	-	2,062,629	2,062,629
Assessments	-	-	-	-	505,888	505,888
Other	2,881,681	1,142,877	3,000,000	-	6,446	7,031,004
Gross receivables	16,809,948	1,142,877	3,720,619	361,080	3,051,895	25,086,419
Less: allowance	(1,154,632)	-	-	(11,357)	-	(1,165,989)
Net receivables	\$ 15,655,316	\$ 1,142,877	\$ 3,720,619	\$ 349,723	\$ 3,051,895	\$ 23,920,430

Business-type Activities	Water and Sewer	Other Funds	Total
Utility bills	\$ 15,051,785	\$ -	\$ 15,051,785
Accrued interest	324,103	-	324,103
Other	1,537,945	430,841	1,968,786
Gross receivables	16,913,833	430,841	17,344,674
Less: allowance	(2,460,892)	-	(2,460,892)
Net receivables	\$ 14,452,941	\$ 430,841	\$ 14,883,782

Component Units	Community Development Corporation	Economic Development Corporation	Total
Sales tax	\$ 3,948,401	\$ 3,948,401	\$ 7,896,802
Accrued interest	43,716	73,492	117,208
Other	47,155	500	47,655
Net receivables	\$ 4,039,272	\$ 4,022,393	\$ 8,061,665

The Proprietary Fund accounts receivable includes unbilled charges for services rendered at September 30, 2020.

City of Frisco

Notes to the Basic Financial Statements

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, 2020, the balance of the note receivable from the Frisco Community Development Corporation was \$22,755,000.

The City has note receivables with clients in the targeted down payment assistance program totaling \$136,000. Additionally, the City has one developer agreement in the CIP Fund for \$373,000 which is classified as a note receivable. This \$509,000 total note receivable is recorded at the fund level in the financial statements.

Notes Receivable Component Units

In June 2011, the Frisco Community Development Corporation executed a Performance Agreement and Promissory Note with a developer for \$400,000 for building improvements to a public facility being leased by the developer. The loan interest rate is 0.00%, and if the developer satisfies annual performance criteria, the loan will be forgiven over a period of ten years, ending in July 2022. This note is only recognized at the government-wide level. The loan balance as of September 30, 2020 was \$80,000.

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. On September 16, 2020 the EDC reduced the loan amount to \$150,000. The balance of the loan at September 30, 2020 was \$50,000.

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:

Capital Assets September 30, 2020					
Governmental Activities	Balance 9/30/2019	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2020
Capital assets, not being depreciated:					
Land	\$ 346,239,015	\$ 1,373,548	\$ -	\$ -	\$ 347,612,563
Construction-in-progress	109,937,918	54,493,664	(21,297,081)	-	143,134,501
Total capital asset, not being depreciated	456,176,933	55,867,212	(21,297,081)	-	490,747,064
Capital assets, being depreciated:					
Machinery and equipment	81,528,189	10,981,095	31,794	(2,241,524)	90,299,554
Buildings and improvements	687,533,603	19,675,614	-	-	707,209,217
Improvements other than buildings	1,276,246,181	39,077,036	21,265,287	(32,000)	1,336,556,504
Total capital assets being depreciated	2,045,307,973	69,733,745	21,297,081	(2,273,524)	2,134,065,275
Less accumulated depreciation:					
Machinery and equipment	(50,310,073)	(7,642,578)	-	2,223,755	(55,728,896)
Buildings and improvements	(206,858,058)	(25,252,749)	-	-	(232,110,807)
Improvements other than buildings	(465,913,679)	(45,854,156)	-	-	(511,767,835)
Total accumulated depreciation	(723,081,810)	(78,749,483)	-	2,223,755	(799,607,538)
Total capital assets, being depreciated, net	1,322,226,163	(9,015,738)	21,297,081	(49,769)	1,334,457,737
Governmental activities capital assets, net	\$ 1,778,403,096	\$ 46,851,474	\$ -	\$ (49,769)	\$ 1,825,204,801
Business-type Activities	Balance 9/30/2019	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2020
Capital assets, not being depreciated:					
Land	\$ 10,543,522	\$ 3,500	\$ -	\$ -	\$ 10,547,022
Construction-in-progress	33,013,780	14,352,100	(17,722,518)	-	29,643,362
Total capital asset, not being depreciated	43,557,302	14,355,600	(17,722,518)	-	40,190,384
Capital assets, being depreciated:					
Machinery and equipment	10,760,469	1,614,039	-	(302,949)	12,071,559
Buildings and improvements	10,178,723	-	-	-	10,178,723
Improvements other than buildings	575,153,842	24,732,577	17,722,518	-	617,608,937
Total capital assets being depreciated	596,093,034	26,346,616	17,722,518	(302,949)	639,859,219
Less accumulated depreciation:					
Machinery and equipment	(7,331,650)	(1,106,345)	-	295,645	(8,142,350)
Buildings and improvements	(6,996,476)	(449,717)	-	-	(7,446,193)
Improvements other than buildings	(185,008,393)	(17,766,092)	-	-	(202,774,485)
Total accumulated depreciation	(199,336,519)	(19,322,154)	-	295,645	(218,363,028)
Total capital assets, being depreciated, net	396,756,515	7,024,462	17,722,518	(7,304)	421,496,191
Business-type activities capital assets, net	\$ 440,313,817	\$ 21,380,062	\$ -	\$ (7,304)	\$ 461,686,575

For the Business-type Activities, interest costs for the period charged to expense totaled \$2,831,865. Capitalized interest costs recorded during the period totaled \$1,340,248.

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	\$ 19,227,121
Public safety	7,537,923
Public works	38,875,555
Culture and recreation	13,108,884
	<u>78,749,483</u>
Total depreciation expense governmental activities	<u>\$ 78,749,483</u>
Business-type activities	
Water & sewer	\$ 19,094,138
Stormwater drainage	149,227
Environmental services	78,789
	<u>19,322,154</u>
Total depreciation expense business-type activities	<u>\$ 19,322,154</u>

Frisco Community Development Corporation	Balance 9/30/2019	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2020
Capital assets, not being depreciated:					
Land	\$ 69,816,814	\$ -	\$ -	\$ -	\$ 69,816,814
Construction-in-progress	215,053	31,335	(246,388)	-	-
Total capital assets not being depreciated	<u>70,031,867</u>	<u>31,335</u>	<u>(246,388)</u>	<u>-</u>	<u>69,816,814</u>
Capital assets, being depreciated:					
Machinery and equipment	118,213	-	-	-	118,213
Buildings and improvements	10,228,293	-	-	-	10,228,293
Improvements other than buildings	18,603,502	70,400	246,388	-	18,920,290
Total capital assets being depreciated	<u>28,950,008</u>	<u>70,400</u>	<u>246,388</u>	<u>-</u>	<u>29,266,796</u>
Less: accumulated depreciation	<u>(25,382,754)</u>	<u>(614,513)</u>	<u>-</u>	<u>-</u>	<u>(25,997,267)</u>
Total capital assets, being depreciated, net	<u>3,567,254</u>	<u>(544,113)</u>	<u>246,388</u>	<u>-</u>	<u>3,269,529</u>
FCDC capital assets, net	<u>\$ 73,599,121</u>	<u>\$ (512,778)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,086,343</u>

Frisco Economic Development Corporation	Balance 9/30/2019	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2020
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>(244,667)</u>	<u>(7,290)</u>	<u>-</u>	<u>-</u>	<u>(251,957)</u>
Total capital assets, being depreciated, net	<u>45,691</u>	<u>(7,290)</u>	<u>-</u>	<u>-</u>	<u>38,401</u>
FEDC capital assets, net	<u>\$ 16,183,492</u>	<u>\$ (7,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,176,202</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, 2020. The construction commitments or binding contracts totaled \$44,182,704 for the governmental capital projects fund; and \$6,850,252 for the business-type activities capital projects fund. Other funds also had outstanding encumbrances totaling \$2,837,249.

Governmental activities	
General fund	\$ 2,275,329
Capital projects fund	44,182,704
Non-major funds	<u>153,921</u>
Total outstanding commitments	<u>\$ 46,611,954</u>
Business-type activities	
Utility fund	\$ 195,843
Utility fund construction	6,850,252
Non-major funds	<u>212,156</u>
Total outstanding commitments	<u>\$ 7,258,251</u>

Note 7. Notes Payable

The following schedule summarizes notes payable as of September 30, 2020:

Frisco Community Development Corporation	Balance 9/30/2019	Additions	Deletions	Balance 9/30/2020	Amounts Due within one year
Note payable to City	\$ 25,535,000	\$ -	\$ 2,780,000	\$ 22,755,000	\$ 2,915,000
Note payable to bank	9,271,880	-	927,188	8,344,692	834,469
Premium	1,128,225	-	346,408	781,817	275,708
Discount	(57,181)	-	(5,932)	(51,249)	(5,932)
Total	<u>\$ 35,877,924</u>	<u>\$ -</u>	<u>\$ 4,047,664</u>	<u>\$ 31,830,260</u>	<u>\$ 4,019,245</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, 2020, the balance of the note payable to the City from the Community Development Corporation was \$23,485,568. This includes \$22,755,000 in the note balance, and a net premium/discount of \$730,568.

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, 2020 was \$8,344,692.

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 September 2020 the City of Frisco issued General Obligation Bonds, Series 2020, in the amount of \$26,790,000 with a net premium of \$3,352,555. Proceeds from the sale of the Bonds will be used for constructing, improving and equipping: (i) streets and roads; (ii) and to pay the costs of issuance associated with the sale of the Bonds.

In September 2020 the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020, in the amount of \$13,635,000, with a net premium of \$1,458,663. 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 2019B Certificates.

City of Frisco
Notes to the Basic Financial Statements

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

Governmental Activities	Balance 9/30/2019	Increases	Decreases	Balance 9/30/2020	Amounts due within one year
Compensated absences	\$ 13,188,444	\$ 9,952,701	\$ 8,431,819	\$ 14,709,326	\$ 8,207,761
Pension	45,977,739	-	13,459,362	32,518,377	-
OPEB	5,672,931	-	2,514,822	3,158,109	-
General obligation bonds	480,270,000	26,790,000	40,760,000	466,300,000	43,705,000
Certificates of obligation	221,935,000	-	9,290,000	212,645,000	10,295,000
Premiums	36,699,581	3,404,111	7,249,257	32,854,435	6,745,904
Discounts	(827,823)	(2,809)	(65,886)	(764,746)	(64,753)
Total governmental activities	<u>\$ 802,915,872</u>	<u>\$ 40,144,003</u>	<u>\$ 81,639,374</u>	<u>\$ 761,420,501</u>	<u>\$ 68,888,912</u>

Business-type Activities	Balance 9/30/2019	Increases	Decreases	Balance 9/30/2020	Amounts due within one year
Compensated absences	\$ 1,629,003	\$ 1,310,698	\$ 1,068,194	\$ 1,871,507	\$ 1,211,596
Pension	7,662,956	-	2,243,226	5,419,730	-
OPEB	945,486	-	419,136	526,350	-
General obligation bonds	49,395,000	-	7,570,000	41,825,000	7,960,000
Certificates of obligation	95,435,000	13,635,000	4,200,000	104,870,000	4,855,000
Premiums	7,798,440	1,493,836	1,746,158	7,546,118	1,663,061
Discounts	(404,646)	(1,400)	(32,550)	(373,496)	(32,614)
Total business-type activities	<u>162,461,239</u>	<u>16,438,134</u>	<u>17,214,164</u>	<u>161,685,209</u>	<u>15,657,043</u>
Total primary government	<u>\$ 965,377,111</u>	<u>\$ 56,582,137</u>	<u>\$ 98,853,538</u>	<u>\$ 923,105,710</u>	<u>\$ 84,545,955</u>

Component Unit	Balance 9/30/2019	Increases	Decreases	Balance 9/30/2020	Amounts due within one year
Compensated absences	\$ 198,214	\$ 133,580	\$ 110,494	\$ 221,300	\$ 136,772
Pension	1,094,708	-	320,461	774,247	-
OPEB	135,070	-	59,877	75,193	-
Sales tax revenue bonds	100,230,000	-	5,115,000	95,115,000	5,260,000
Notes payable – bank	9,271,880	-	927,188	8,344,692	834,469
Notes payable – City	25,535,000	-	2,780,000	22,755,000	2,915,000
Premiums	2,669,494	-	629,059	2,040,435	540,173
Discounts	(125,890)	-	(11,475)	(114,415)	(11,475)
Total component units	<u>\$ 139,008,476</u>	<u>\$ 133,580</u>	<u>\$ 9,930,604</u>	<u>\$ 129,211,452</u>	<u>\$ 9,674,939</u>

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental activities for the years subsequent to September 30, 2020, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2021	\$ 54,000,000	\$ 27,183,906	\$ 81,183,906
2022	53,780,000	24,972,532	78,752,532
2023	56,235,000	22,518,790	78,753,790
2024	44,650,000	20,161,510	64,811,510
2025	43,790,000	18,118,908	61,908,908
2026-2030	168,995,000	66,325,008	235,320,008
2031-2035	170,620,000	31,289,834	201,909,834
2036-2040	85,625,000	5,163,952	90,788,952
2041	1,250,000	21,875	1,271,875
Total	678,945,000	215,756,315	894,701,315
Plus: Unamortized bond premium	32,854,435	-	32,854,435
Less: Unamortized bond discount	(764,746)	-	(764,746)
Net debt service requirements	<u>\$ 711,034,689</u>	<u>\$ 215,756,315</u>	<u>\$ 926,791,004</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, 2020, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2021	\$ 12,815,000	\$ 5,619,487	\$ 18,434,487
2022	12,140,000	5,123,375	17,263,375
2023	12,665,000	4,582,025	17,247,025
2024	11,570,000	4,036,494	15,606,494
2025	11,015,000	3,518,813	14,533,813
2026-2030	39,770,000	11,467,116	51,237,116
2031-2035	34,000,000	4,576,119	38,576,119
2036-2040	12,720,000	588,497	13,308,497
Total	146,695,000	39,511,926	186,206,926
Plus: Unamortized bond premium	7,546,118	-	7,546,118
Less: Unamortized bond discount	(373,496)	-	(373,496)
Net debt service requirements	<u>\$ 153,867,622</u>	<u>\$ 39,511,926</u>	<u>\$ 193,379,548</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, 2020, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
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	5,670,000	2,122,642	7,792,642
2026-2030	23,695,000	7,582,065	31,277,065
2031-2035	19,995,000	2,757,346	22,752,346
2036-2037	5,180,000	219,008	5,399,008
Total	87,429,692	24,241,293	111,670,985
Plus: Unamortized bond premium	2,040,435	-	2,040,435
Less: Unamortized bond discount	(114,415)	-	(114,415)
Net debt service requirements	<u>\$ 89,355,712</u>	<u>\$ 24,241,293</u>	<u>\$ 113,597,005</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, 2020, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
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	2,730,000	1,055,383	3,785,383
2026-2030	15,375,000	3,702,072	19,077,072
2031-2034	10,640,000	733,966	11,373,966
Total	38,785,000	10,497,384	49,282,384
Net debt service requirements	<u>\$ 38,785,000</u>	<u>\$ 10,497,384</u>	<u>\$ 49,282,384</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 2020, the City rebated property taxes of \$2,202,456. Sales and use taxes rebated totaled \$4,372,654.

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 2020 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 \$373,763 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 \$2,252,964 during the current year of this grant.

An agreement was executed in October 2013 with a company to expand its corporate headquarters. This agreement includes a 50% rebate of property taxes for a period of ten years. The City paid \$130,368 during the current year of this grant.

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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 \$17,094 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 \$155,181 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 \$30,081 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 \$53,722 during the current year of this 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 \$994,351 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 \$151,189 during the current year of this grant.

An agreement was executed in February 2019 for a retail sales center. The City pays one half (0.5%) of one percent of sales tax for a period of ten years. The City paid \$5,128 for the current year of this grant.

Planned Development Mixed Use Agreement

The City has an agreement for the development of thirty-six (36) acres into an urban mixed-use community consisting of residential units, a 4-star hotel and a class A high rise office building. The developer will receive rebates of incremental City property taxes paid on the improvements. The maximum grant amount of rebates for the improvements has a principal balance of \$3,000,000 bearing an interest rate of 4.75%, being repayable in three (3) annual installments of interest only and twenty-two (22) successive amortized annual installments of principal and interest. During the year ended September 30, 2020, the City rebated a total of \$208,745 for the property tax increment payment for 2019. The cumulative amount rebated through September 30 was \$1,762,552.

Note 10. Deferred Compensation Plan

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

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

Note 11. Defined Benefit Pension Plan

Plan Description

The City of Frisco participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

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

Employees Covered by Benefits Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	206
Inactive employees entitled to but not yet receiving benefits	508
Active employees	<u>1,270</u>
Total	<u><u>1,984</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 14.34% and 14.2% in calendar years 2019 and 2020, respectively. The City’s contributions to TMRS for the year ended September 30, 2020 were \$13,956,038 and were equal to the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate 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

City of Frisco

Notes to the Basic Financial Statements

alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	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.

Changes in Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of 12/31/2018	\$ 273,966,777	\$ 219,231,374	\$ 54,735,403
Changes for the year:			
Service cost	17,366,021	-	17,366,021
Interest	18,927,503	-	18,927,503
Difference between expected and actual experience	1,034,411	-	1,034,411
Change in assumptions	713,574	-	713,574
Contributions-employer	-	13,588,719	(13,588,719)
Contributions-employee	-	6,693,951	(6,693,951)
Net investment income	-	33,979,152	(33,979,152)
Benefit payments, including refunds of employee contributions	(4,484,667)	(4,484,667)	-
Administrative expense	-	(191,510)	191,510
Other changes	-	(5,754)	5,754
Net changes	33,556,842	49,579,891	(16,023,049)
Balance as of 12/31/2019	\$ 307,523,619	\$ 268,811,265	\$ 38,712,354

City of Frisco

Notes to the Basic Financial Statements

Changes in Net Pension Liability Primary Government & Component Units

	Primary Government	Component Units	Totals
Balance as of 12/31/2018	\$ 53,640,695	\$ 1,094,708	\$ 54,735,403
Changes for the year:			
Service cost	17,018,701	347,320	17,366,021
Interest	18,548,953	378,550	18,927,503
Change in benefit terms	-	-	-
Difference between expected and actual experience	1,013,723	20,688	1,034,411
Change in assumptions	699,303	14,271	713,574
Contributions-employer	(13,316,945)	(271,774)	(13,588,719)
Contributions-employee	(6,560,072)	(133,879)	(6,693,951)
Net investment income	(33,299,569)	(679,583)	(33,979,152)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	187,680	3,830	191,510
Other changes	5,638	116	5,754
Net changes	(15,702,588)	(320,461)	(16,023,049)
Balance as of 12/31/2019	<u>\$ 37,938,107</u>	<u>\$ 774,247</u>	<u>\$ 38,712,354</u>

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	\$ 93,409,689	\$ 38,712,354	\$ (5,336,427)

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, 2020, the City recognized pension expense of \$15,303,258; \$14,997,193 for the primary government and \$306,065 for the component units.

City of Frisco

Notes to the Basic Financial Statements

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	\$ 4,227,949	\$ 438,358
Changes in actuarial assumptions used	600,531	464,278
Difference between projected and actual investments earnings	-	7,780,214
Contributions subsequent to the measurement date	9,945,757	-
Total	<u>\$ 14,774,237</u>	<u>\$ 8,682,850</u>

Deferred Outflows and Inflows Component Units

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 86,285	\$ 8,946
Changes in actuarial assumptions used	12,256	9,475
Difference between projected and actual investments earnings	-	158,780
Contributions subsequent to the measurement date	202,974	-
Total	<u>\$ 301,515</u>	<u>\$ 177,201</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$9,945,757, with \$202,974 contributed for the component units, will be recognized as a reduction of the net pension liability for measurement year ending December 31, 2020 (i.e. recognized in the City's financial statements September 30, 2021). 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
2020	\$ (1,551,067)	\$ (31,654)	\$ (1,582,721)
2021	(1,485,430)	(30,315)	(1,515,745)
2022	1,205,568	24,603	1,230,171
2023	(2,840,761)	(57,975)	(2,898,736)
2024	530,739	10,831	541,570
Thereafter	286,581	5,850	292,431
Total	<u>\$ (3,854,370)</u>	<u>\$ (78,660)</u>	<u>\$ (3,933,030)</u>

City of Frisco

Notes to the Basic Financial Statements

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, which is accounted for in the 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.

Employees Covered by Benefit Terms

For retiree health insurance at the October 1, 2019 valuation and September 30, 2020 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	<u>1,153</u>
Total	<u>1,159</u>

For TMRS supplemental death at the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	159
Inactive employees entitled to but not yet receiving benefits	132
Active employees	<u>1,270</u>
Total	<u>1,561</u>

City of Frisco
Notes to the Basic Financial Statements

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	\$ 911	\$ 1,760
EPO Low Deductible	\$ 1,036	\$ 1,981

Total OPEB Liability

The City of Frisco retiree health insurance total OPEB liability of \$1,792,897 was measured as of September 30, 2020 and was determined by an actuarial valuation as of October 1, 2019.

The City of Frisco TMRS supplemental death total OPEB liability of \$1,966,755 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The retiree health insurance total OPEB liability in the October 1, 2019 actuarial valuation was determined using the following actuarial assumptions:

Discount rate as of measurement date	2.21%
Discount rate for OPEB expense	2.66%
Mortality table	Pub-2010 Safety and General Mortality Tables, weighted by headcount, projected with scale MP-2020
Salary scale	Based on years of services; 11.5% in year 1, trending down to 3.5% after 25 years of service
Plan participation rates	0% for retirements prior to age 50 5% for retirements between ages 50-59 20% for retirements at ages 60 and later

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.

City of Frisco

Notes to the Basic Financial Statements

The TMRS supplemental death total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate*	2.75%
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The discount rate was based on the Fidelity index's "20-Year Municipal GO AA Index" rate as of December, 31 2019.

Changes in Total OPEB Liability Retiree Health Insurance	Primary Government	Component Units	Totals
Balance at September 30, 2019	\$ 5,061,454	\$ 103,295	\$ 5,164,749
Changes for the year:			
Service cost	500,391	10,212	510,603
Interest on the total OPEB liability	161,068	3,287	164,355
Difference between expected and actual experience	(2,425,847)	(49,507)	(2,475,354)
Changes in assumptions or other inputs	(1,417,141)	(28,921)	(1,446,062)
Benefit payments	(122,886)	(2,508)	(125,394)
Net changes	(3,304,415)	(67,437)	(3,371,852)
Balance at September 30, 2020	<u>\$ 1,757,039</u>	<u>\$ 35,858</u>	<u>\$ 1,792,897</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, 2018	\$ 1,556,963	\$ 31,775	\$ 1,588,738
Changes for the year:			
Service cost	121,830	2,486	124,316
Interest on the total OPEB liability	59,850	1,221	61,071
Difference between expected and actual experience	(176,294)	(3,598)	(179,892)
Changes in assumptions or other inputs	374,443	7,642	382,085
Benefit payments **	(9,372)	(191)	(9,563)
Net changes	<u>370,457</u>	<u>7,560</u>	<u>378,017</u>
Balance at December 31, 2019	<u>\$ 1,927,420</u>	<u>\$ 39,335</u>	<u>\$ 1,966,755</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 2.21%, 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 (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's OPEB	\$ 2,001,745	\$ 1,792,897	\$ 1,605,073

The following presents the total OPEB liability of the City's TMRS supplemental plan calculated using the discount rate of 2.75%, 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 (1.75%) or 1 percentage point higher (3.75%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount	1% Increase in Discount Rate
City's OPEB	\$ 2,482,644	\$ 1,966,755	\$ 1,578,411

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	\$ 1,524,653	\$ 1,792,897	\$ 2,116,373

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, 2020, the City recognized OPEB expense of \$398,012. At September 30, 2020, 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	\$ 708,156	\$ 2,724,383
Changes in actuarial assumptions used	-	1,331,253
Total	<u>\$ 708,156</u>	<u>\$ 4,055,636</u>

Deferred Outflows and Inflows Component Units

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,452	\$ 55,600
Changes in actuarial assumptions used	-	27,168
Total	<u>\$ 14,452</u>	<u>\$ 82,768</u>

TMRS Supplemental DeathDeferred Outflows and Inflows Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 86,304	\$ 156,684
Changes in actuarial assumptions used	425,139	100,883
Contributions subsequent to the measurement date	7,003	-
Total	<u>\$ 518,446</u>	<u>\$ 257,567</u>

Deferred Outflows and Inflows Component Units

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,761	\$ 3,198
Changes in actuarial assumptions used	8,676	2,059
Contributions subsequent to the measurement date	144	-
Total	<u>\$ 10,581</u>	<u>\$ 5,257</u>

City of Frisco

Notes to the Basic Financial Statements

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$7,147 will be recognized as a reduction of the total OPEB liability in the City's financial statements September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Retiree Health Insurance

<u>Measurement Year</u>	<u>Primary Government</u>	<u>Component Units</u>	<u>At September 30</u>
2021	\$ (488,345)	\$ (9,966)	\$ (498,311)
2022	(488,345)	(9,966)	(498,311)
2023	(488,345)	(9,966)	(498,311)
2024	(488,345)	(9,966)	(498,311)
2025	(481,955)	(9,836)	(491,791)
Thereafter	(912,145)	(18,616)	(930,761)
Total	<u>\$ (3,347,480)</u>	<u>\$ (68,316)</u>	<u>\$ (3,415,796)</u>

TMRS Supplemental Death

<u>Measurement Year</u>	<u>Primary Government</u>	<u>Component Units</u>	<u>At December 31</u>
2020	\$ 35,258	\$ 720	\$ 35,978
2021	35,258	720	35,978
2022	35,258	720	35,978
2023	35,258	720	35,978
2024	35,258	720	35,978
Thereafter	77,586	1,580	79,166
Total	<u>\$ 253,876</u>	<u>\$ 5,180</u>	<u>\$ 259,056</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 2020, 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 2020 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, 2020 totaled \$2,650,000, 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
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
2020 - Health Insurance	2,500,000	18,384,174	18,234,174	2,650,000

Note 14. Interfund Receivables and Payables

All interfund receivables and payable are considered short-term and, at September 30, 2020, consisted of the following:

Due to	Due From	
	Non-major Governmental	Total
General Fund	\$ 3,693,312	\$ 3,693,312
Total	\$ 3,693,312	\$ 3,693,312

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	Transfers From					Total
	General Fund	TIRZ #1	Capital Projects	Non-major Governmental	Proprietary and Non-major Proprietary	
General Fund	\$ -	\$ -	\$149,339	\$ 84,000	\$ 990,098	\$ 1,223,437
TIRZ #1	-	-	-	1,690,468	-	1,690,468
Capital projects	1,283,107	-	-	15,567,690	125,242	16,976,039
Debt service	-	24,161,178	151,968	2,615,307	-	26,928,453
Non-major governmental	1,390,433	-	-	-	-	1,390,433
Utility Fund	-	-	-	-	370,500	370,500
Total	<u>\$ 2,673,540</u>	<u>\$ 24,161,178</u>	<u>\$301,307</u>	<u>\$19,957,465</u>	<u>\$ 1,485,840</u>	<u>\$48,579,330</u>

Transfer from fund	Transfer to fund	Amount
<u>General Fund:</u>		
Grant matching funds	Non-major Governmental Funds - Grants	\$ 1,290,433
Capital outlay funding	Capital Projects	1,283,107
Art funding	Non-major Governmental Funds - Hotel/Motel	100,000
<u>TIRZ #1 Fund:</u>		
Debt service funding requirements	Debt Service	24,161,178
<u>Capital Projects Fund:</u>		
PY Revenue	General Fund	149,339
Debt service funding requirements	Debt Service	151,968
<u>Non-Major Governmental Funds:</u>		
Debt service funding requirements	TIRZ #1	1,690,468
Debt service funding requirements	Debt Service	2,615,307
Court warrant officer funding	General Fund	84,000
Capital outlay funding	Capital Projects	15,567,690
<u>Proprietary Funds:</u>		
G&A for Environmental Services	General Fund	890,098
G&A for Stormwater Drainage	General Fund	100,000
G&A Stormwater Drainage	Utility Fund	58,089
G&A Environmental Services	Utility Fund	312,411
Capital outlay funding	Capital Projects	125,242
Total		<u>\$ 48,579,330</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 2020, the City entered into additional agreements in excess of one year. The following commitments remain:

<u>FY</u>	<u>At September 30</u>
2020	\$ 115,844
2021	37,462
2022	7,882

Rent paid under operating leases was approximately \$173,666 for the year ended September 30, 2020.

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. In May 2020, \$5,200,000 in revenue bonds, series 2020, was issued for the design of the next expansion. The outstanding principal of the revenue bonds at September 30, 2020 is \$28,320,000.

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, 2020 is \$53,220,000. 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, 2020.

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.

City of Frisco

Notes to the Basic Financial Statements

Note 18. Component Unit Remediation Obligations

In FY 2019, all escrowed funds were used by the Component Units to purchase the remediated land surrounding a former battery recycling plant site 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. In FY 2021 the FCDC purchased the former battery recycling plant site and agreed to take over full ownership and remediation. The FCDC is currently working with Texas Commission on Environmental Quality (TCEQ), external consultants and City staff to define the estimated cost of remediation. TCEQ will deposit \$25 million into a trust in the FCDC name and dedicated to remediation. Future maintenance and operations will be funded by a \$1 per cart, per month increase in garbage fees and a 2% increase in commercial fees.

REQUIRED SUPPLEMENTARY INFORMATION

City of Frisco

Schedule of Changes in Net Pension Liability and Related Ratios Texas Municipal Retirement System Last 6 Years

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total pension liability:						
Service cost	\$ 9,985,109	\$ 12,146,969	\$ 13,533,172	\$ 14,945,284	\$ 16,288,615	\$ 17,366,021
Interest	10,863,498	12,134,224	13,102,946	14,856,079	16,872,785	18,927,503
Difference between expected and actual experience	(1,557,705)	(320,688)	1,645,340	3,176,149	1,087,595	1,034,411
Change in assumptions	-	(1,452,583)	-	-	-	713,574
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)	(2,696,424)	(3,333,927)	(4,210,187)	(4,484,667)
Net change in total pension liability	17,015,956	20,345,646	25,585,034	29,643,585	30,038,808	33,556,842
Total pension liability - beginning	151,337,748	168,353,704	188,699,350	214,284,384	243,927,969	273,966,777
Total pension liability - ending (a)	168,353,704	188,699,350	214,284,384	243,927,969	273,966,777	307,523,619
Plan fiduciary net position:						
Contributions - employer	7,982,625	9,779,163	10,375,914	11,609,557	12,628,932	13,588,719
Contributions - employee	4,173,145	4,790,759	5,187,963	5,739,055	6,272,474	6,693,951
Net investment income	6,923,943	203,262	10,161,230	24,019,515	(6,331,968)	33,979,152
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)	(2,696,424)	(3,333,927)	(4,210,187)	(4,484,667)
Administrative expense	(72,257)	(123,767)	(114,632)	(124,330)	(122,154)	(191,510)
Other	(5,941)	(6,113)	(6,176)	(6,302)	(6,380)	(5,754)
Net change in plan fiduciary net position	16,726,569	12,481,028	22,907,875	37,903,568	8,230,717	49,579,891
Plan fiduciary net position - beginning	120,981,617	137,708,186	150,189,214	173,097,089	211,000,657	219,231,374
Plan fiduciary net position - ending (b)	137,708,186	150,189,214	173,097,089	211,000,657	219,231,374	268,811,265
Net pension liability - ending (a) - (b)	\$ 30,645,518	\$ 38,510,136	\$ 41,187,295	\$ 32,927,312	\$ 54,735,403	\$ 38,712,354
Plan fiduciary net position as a percentage of total pension liability	81.80%	79.59%	80.78%	86.50%	80.02%	87.41%
Covered payroll	\$ 59,616,360	\$ 68,433,626	\$ 74,113,757	\$ 81,936,863	\$ 89,252,684	\$ 95,627,868
Net pension liability as a percentage of covered payroll	51.40%	56.27%	55.57%	40.19%	61.33%	40.48%

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

City of Frisco
Schedule of Contributions
Texas Municipal Retirement System
Last 6 Fiscal Years

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 9,034,646	\$ 10,290,995	\$ 11,367,240	\$ 12,458,770	\$ 13,445,761	\$ 13,956,038
Contributions in relation to the actuarially determined contribution	9,034,646	10,290,995	11,367,240	12,458,770	13,445,761	13,956,038
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 63,590,086	\$ 64,421,645	\$ 79,650,345	\$ 87,320,494	\$ 93,902,520	\$ 98,020,196
Contributions as a percentage of covered payroll	14.21%	15.97%	14.27%	14.27%	14.32%	14.24%

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	26 years
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary increases	3.50% to 11.5% 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 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with Scale UMP.
Other information:	
Notes	Adopted buy-back provision.

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 3 Years

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total OPEB liability:			
Service cost	\$ 106,518	\$ 133,879	\$ 124,316
Interest	45,281	49,513	61,071
Differences between expected and actual experience	-	113,083	(179,892)
Change in assumptions	141,034	(132,188)	382,085
Benefit payments, including refunds of employee contributions	(8,194)	(8,925)	(9,563)
Net change in total OPEB liability	284,639	155,362	378,017
Total OPEB liability - beginning	1,148,737	1,433,376	1,588,738
Total OPEB liability - ending	<u>\$ 1,433,376</u>	<u>\$ 1,588,738</u>	<u>\$ 1,966,755</u>
Covered payroll	\$ 81,936,863	\$ 89,252,684	\$ 95,627,868
Total OPEB liability as a percentage of covered payroll	1.75%	1.78%	2.06%

Valuation Date:

Actuarial valuation date	December 31, 2019
Measurement date	December 31, 2019
Last experience study date	Period December 31, 2014 to December 31, 2018

Methods and assumptions used to determine contribution rates:

Inflation	2.5%
Salary increases	3.50% to 11.5% including inflation
Discount rate as of measurement date	2.75%
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	2019 Municipal Retirees of Texas Mortality Tables. The rate are projected on a fully generational basis with Scale UMP.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the 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 3 Years

	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total OPEB liability:			
Service cost	\$ 344,784	\$ 336,696	\$ 510,603
Interest	161,496	203,940	164,355
Differences between expected and actual experience	-	(835,941)	(2,475,354)
Change in assumptions	(156,560)	977,496	(1,446,062)
Benefit payments, including refunds of employee contributions	20,225	18,495	(125,394)
Net change in total OPEB liability	369,945	700,686	(3,371,852)
Total OPEB liability - beginning	4,094,118	4,464,063	5,164,749
Total OPEB liability - ending	<u>\$ 4,464,063</u>	<u>\$ 5,164,749</u>	<u>\$ 1,792,897</u>
Covered payroll	\$ 89,564,242	\$ 96,215,258	\$ 99,251,317
Total OPEB liability as a percentage of covered payroll	4.98%	5.37%	1.81%

Valuation Date:

Actuarial valuation date

October 1, 2019

Measurement date

September 30, 2020

Last experience study date

November 2020

Methods and assumptions used to determine contribution rates:

Discount rate as of measurement date 2.21%

Discount rate for OPEB expense 2.66%

Mortality table Pub-2010 Safety and General Mortality Tables, weighted by headcount, projected with scale MP-2020.

Salary scale Based on years of service; 11.5% in year 1, trending down to 3.5% after 25 years of service.

Plan participation rates 0% for retirements prior to age 50, 5% for retirements between ages 50-59, 20% for retirements at ages 60 and later.

Healthcare trend rate:

Current rate 6.00%

Ultimate rate 4.80%

Year ultimate rate is reached 2031

Other Information:

Notes

There were no benefit changes during the year.

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



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



**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, 2020

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Intergovernmental	\$ -	\$ 30,475,095	\$ 11,027,313	\$ -	\$ 11,027,313	\$ (19,447,782)
Charges for services	-	-	87,981	-	87,981	87,981
Investment earnings	-	3,000,000	3,784,609	-	3,784,609	784,609
Contributions, donations & grants	-	1,787,363	2,238,013	-	2,238,013	450,650
Payments from component units	1,700,000	4,310,522	3,099,118	-	3,099,118	(1,211,404)
Miscellaneous	-	-	333,402	-	333,402	333,402
Total revenues	1,700,000	39,572,980	20,570,436	-	20,570,436	(19,002,544)
EXPENDITURES						
Capital outlay	120,775,000	342,849,506	78,137,435	(7,158,987)	70,978,448	271,871,058
Debt service	325,000	201,000	212,247	-	212,247	(11,247)
Total expenditures	121,100,000	343,050,506	78,349,682	(7,158,987)	71,190,695	271,859,811
Deficiency of revenues under expenditures	(119,400,000)	(303,477,526)	(57,779,246)	7,158,987	(50,620,259)	252,857,267
OTHER FINANCING SOURCES (USES)						
Issuance of debt	110,000,000	26,600,000	26,790,000	-	26,790,000	190,000
Premium on bonds issued	-	3,400,000	3,404,111	-	3,404,111	4,111
Discount on bonds issued	-	-	(2,809)	-	(2,809)	(2,809)
Proceeds from sale of asset	-	-	750	-	750	750
Transfers in	6,675,000	54,819,621	16,976,039	-	16,976,039	(37,843,582)
Transfers out	-	-	(301,307)	-	(301,307)	(301,307)
Total other financing sources (uses)	116,675,000	84,819,621	46,866,784	-	46,866,784	(37,952,837)
Net change in fund balances	(2,725,000)	(218,657,905)	(10,912,462)	7,158,987	(3,753,475)	214,904,430
Fund balances, beginning	39,294,079	238,887,081	238,887,081	(51,341,691)	187,545,390	(51,341,691)
Fund balances, ending	\$ 36,569,079	\$ 20,229,176	\$ 227,974,619	\$ (44,182,704)	\$ 183,791,915	\$ 163,562,739

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2020

	Net Change in Fund Balances
GAAP basis	\$ (10,912,462)
Expenditures:	
Increase due to encumbrances from prior year	51,341,691
Decrease due to encumbrances from current year	(44,182,704)
Budgetary basis	\$ (3,753,475)

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, 2020

	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	\$ 46,101,646	\$ 46,314,313	\$ 46,238,750	\$ -	\$ 46,238,750	\$ (75,563)
Investment earnings	150,000	159,255	153,975	-	153,975	(5,280)
Payments from component units	1,988,461	1,988,461	1,988,461	-	1,988,461	-
Total revenues	48,240,107	48,462,029	48,381,186	-	48,381,186	(80,843)
EXPENDITURES						
Debt service	75,525,516	75,525,599	75,524,646	-	75,524,646	953
Total expenditures	75,525,516	75,525,599	75,524,646	-	75,524,646	953
Deficiency of revenues under expenditures	(27,285,409)	(27,063,570)	(27,143,460)	-	(27,143,460)	(79,890)
OTHER FINANCING SOURCES (USES)						
Transfers in	26,773,676	26,686,485	26,928,453	-	26,928,453	241,968
Total other financing sources (uses)	26,773,676	26,686,485	26,928,453	-	26,928,453	241,968
Net change in fund balances	(511,733)	(377,085)	(215,007)	-	(215,007)	162,078
Fund balances, beginning	5,264,144	5,594,173	5,594,173	-	5,594,173	-
Fund balances, ending	\$ 4,752,411	\$ 5,217,088	\$ 5,379,166	\$ -	\$ 5,379,166	\$ 162,078



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.

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, 2020

	Special Revenue			
	Hotel/Motel Tax	Panther Creek PID	Grants	CDBG
ASSETS				
Cash and cash equivalents	\$ 827,632	\$ 12,253	\$ 4,887,496	\$ -
Investments	-	-	-	-
Receivables: (net of allowances for uncollectibles)				
Franchise tax	-	-	-	-
Occupancy tax	237,029	-	-	-
Grants	-	-	1,822,630	239,999
Assessments	-	505,888	-	-
Other	6,446	-	-	-
Prepays	361,590	-	2,582,839	-
 Total assets	<u>\$ 1,432,697</u>	<u>\$ 518,141</u>	<u>\$ 9,292,965</u>	<u>\$ 239,999</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	764	-	-	168,818
Accrued liabilities	79,205	-	-	-
Unearned revenue	-	505,888	332	-
Monies held in escrow	-	-	5,670,523	-
Due to other funds	-	-	3,622,110	71,181
 Total liabilities	<u>79,969</u>	<u>505,888</u>	<u>9,292,965</u>	<u>239,999</u>
FUND BALANCES				
Unspendable	361,590	-	-	-
Restricted	991,138	12,253	-	-
 Total fund balances	<u>1,352,728</u>	<u>12,253</u>	<u>-</u>	<u>-</u>
 Total liabilities and fund balances	<u>\$ 1,432,697</u>	<u>\$ 518,141</u>	<u>\$ 9,292,965</u>	<u>\$ 239,999</u>

				Capital Projects		Total Non- major Governmental Funds
Traffic Control Enforcement	TIRZ #5	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	
\$ 169,711	\$ 296,358	\$ 252,313	\$ 312,727	\$ 13,967,923	\$ 12,650,514	\$ 33,376,927
-	-	-	604,312	26,047,633	11,583,699	38,235,644
-	-	-	76,029	-	-	76,029
-	-	-	-	-	-	237,029
-	-	-	-	-	-	2,062,629
-	-	-	-	-	-	505,888
-	-	-	2,103	105,455	56,316	170,320
-	-	-	-	-	-	2,944,429
<u>\$ 169,711</u>	<u>\$ 296,358</u>	<u>\$ 252,313</u>	<u>\$ 995,171</u>	<u>\$ 40,121,011</u>	<u>\$ 24,290,529</u>	<u>\$ 77,608,895</u>
24,330	-	4,625	-	-	-	198,537
-	-	-	-	-	-	79,205
-	-	-	-	-	-	506,220
-	-	-	-	2,828,593	-	8,499,116
21	-	-	-	-	-	3,693,312
<u>24,351</u>	<u>-</u>	<u>4,625</u>	<u>-</u>	<u>2,828,593</u>	<u>-</u>	<u>12,976,390</u>
-	-	-	-	-	-	361,590
<u>145,360</u>	<u>296,358</u>	<u>247,688</u>	<u>995,171</u>	<u>37,292,418</u>	<u>24,290,529</u>	<u>64,270,915</u>
<u>145,360</u>	<u>296,358</u>	<u>247,688</u>	<u>995,171</u>	<u>37,292,418</u>	<u>24,290,529</u>	<u>64,632,505</u>
<u>\$ 169,711</u>	<u>\$ 296,358</u>	<u>\$ 252,313</u>	<u>\$ 995,171</u>	<u>\$ 40,121,011</u>	<u>\$ 24,290,529</u>	<u>\$ 77,608,895</u>

City of Frisco

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2020

	Special Revenue			
	Hotel/Motel Tax	Panther Creek PID	Grants	CDBG
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Franchise tax	-	-	-	-
Hotel/motel tax	3,986,339	-	-	-
Special assessments	-	166,175	-	-
Fines	-	-	-	-
Intergovernmental	978,877	-	-	-
Charges for services	64,204	-	-	-
Contributions, donations & grants	382,014	-	13,338,059	410,691
Rents	10,000	-	-	-
Investment earnings	10,163	64,298	-	-
Payments from component units	2,000,000	-	-	-
Miscellaneous	-	-	-	48,263
Total revenues	7,431,597	230,473	13,338,059	458,954
EXPENDITURES				
Current:				
General government	-	-	4,745,533	458,954
Public safety	-	-	8,565,832	-
Public works	-	-	535,136	-
Culture and recreation	4,962,503	-	47,380	-
Capital outlay	-	-	151,713	-
Total expenditures	4,962,503	-	14,045,594	458,954
Excess (deficiency) of revenues over (under) expenditures	2,469,094	230,473	(707,535)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	-	1,290,433	-
Transfers out	(2,755,842)	(280,000)	(582,898)	-
Total other financing sources (uses)	(2,655,842)	(280,000)	707,535	-
Net change in fund balances	(186,748)	(49,527)	-	-
Fund balances, beginning	1,539,476	61,780	-	-
Fund balances, ending	\$ 1,352,728	\$ 12,253	\$ -	\$ -

Traffic Control Enforcement	Capital Projects					Total Non- major Governmental Funds
	TIRZ #5	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	
\$ -	\$ 1,044,075	\$ -	\$ -	\$ -	\$ -	\$ 1,044,075
-	296,000	-	-	-	-	296,000
-	-	-	313,776	-	-	313,776
-	-	-	-	-	-	3,986,339
-	-	-	-	3,759,878	6,355,315	10,281,368
-	-	123,232	-	-	-	123,232
-	-	-	-	-	-	978,877
-	-	-	-	-	-	64,204
-	-	-	-	-	-	14,130,764
-	-	-	-	-	-	10,000
-	2,440	2,693	12,346	606,752	291,145	989,837
-	-	-	-	-	-	2,000,000
-	-	385	-	-	-	48,648
-	1,342,515	126,310	326,122	4,366,630	6,646,460	34,267,120
-	-	96,502	111,061	-	-	5,412,050
71,513	-	-	-	-	-	8,637,345
6,601	-	-	-	-	-	541,737
-	-	-	-	-	-	5,009,883
9,867	-	-	301,751	-	-	463,331
87,981	-	96,502	412,812	-	-	20,064,346
(87,981)	1,342,515	29,808	(86,690)	4,366,630	6,646,460	14,202,774
-	-	-	-	-	-	1,390,433
-	(1,269,933)	(84,000)	-	(9,216,448)	(5,768,344)	(19,957,465)
-	(1,269,933)	(84,000)	-	(9,216,448)	(5,768,344)	(18,567,032)
(87,981)	72,582	(54,192)	(86,690)	(4,849,818)	878,116	(4,364,258)
233,341	223,776	301,880	1,081,861	42,142,236	23,412,413	68,996,763
\$ 145,360	\$ 296,358	\$ 247,688	\$ 995,171	\$ 37,292,418	\$ 24,290,529	\$ 64,632,505

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, 2020

	Budgeted Amounts						Variance with Final Budget Positive (Negative)
	Original	Final	Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis		
REVENUES							
Taxes:							
Hotel/motel tax	\$ 7,455,671	\$ 3,587,876	\$ 3,986,339	\$ -	\$ 3,986,339	\$	398,463
Intergovernmental	235,000	1,234,015	978,877	-	978,877		(255,138)
Charges for service	-	64,204	64,204	-	64,204		-
Contributions	850,000	450,000	382,014	-	382,014		(67,986)
Rents	10,000	10,000	10,000	-	10,000		-
Investment earnings	12,000	10,000	10,163	-	10,163		163
Payments from component units	-	2,000,000	2,000,000	-	2,000,000		-
Miscellaneous	32,125	4,125	-	-	-		(4,125)
Total revenues	8,594,796	7,360,220	7,431,597	-	7,431,597		71,377
EXPENDITURES							
Current							
Culture and recreation	5,356,290	5,378,659	4,962,503	(14,250)	4,948,253		430,406
Total expenditures	5,356,290	5,378,659	4,962,503	(14,250)	4,948,253		430,406
Excess (deficiency) of revenues over (under) expenditures	3,238,506	1,981,561	2,469,094	14,250	2,483,344		501,783
OTHER FINANCING USES							
Transfers In	-	100,000	100,000	-	100,000		-
Transfers out	(2,755,842)	(2,755,842)	(2,755,842)	-	(2,755,842)		-
Total other financing sources (uses)	(2,755,842)	(2,655,842)	(2,655,842)	-	(2,655,842)		-
Net change in fund balances	482,664	(674,281)	(186,748)	14,250	(172,498)		501,783
Fund balances, beginning	1,310,829	1,539,476	1,539,476	(14,250)	1,525,226		(14,250)
Fund balances, ending	\$ 1,793,493	\$ 865,195	\$ 1,352,728	\$ -	\$ 1,352,728	\$	487,533

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2020

	Net Change in Fund Balance
GAAP basis	\$ (186,748)
Expenditures:	
Increase due to encumbrances from prior year	14,250
Decrease due to encumbrances for current year	-
Budgetary basis	\$ (172,498)

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, 2020

	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	\$ 150,000	\$ 166,175	\$ -	\$ 166,175	\$ 16,175
Investment earnings	65,000	40,000	64,298	-	64,298	24,298
Total revenues	<u>280,000</u>	<u>190,000</u>	<u>230,473</u>	<u>-</u>	<u>230,473</u>	<u>40,473</u>
OTHER FINANCING USES						
Transfers out	<u>(280,000)</u>	<u>(190,000)</u>	<u>(280,000)</u>	<u>-</u>	<u>(280,000)</u>	<u>(90,000)</u>
Net change in fund balances	-	-	(49,527)	-	(49,527)	(49,527)
Fund balances, beginning	<u>113,764</u>	<u>61,780</u>	<u>61,780</u>	<u>-</u>	<u>61,780</u>	<u>-</u>
Fund balances, ending	<u>\$ 113,764</u>	<u>\$ 61,780</u>	<u>\$ 12,253</u>	<u>\$ -</u>	<u>\$ 12,253</u>	<u>\$ (49,527)</u>

City of Frisco

Grants Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts					
	Original	Final	Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive Negative
REVENUES						
Grant income	\$ 4,288,724	\$ 11,569,297	\$ 13,338,059	\$ -	\$ 13,338,059	\$ 1,768,762
Total revenues	4,288,724	11,569,297	13,338,059	-	13,338,059	1,768,762
EXPENDITURES						
Current						
General government	-	1,694,522	4,745,533	-	4,745,533	(3,051,011)
Public safety	1,888,724	8,943,312	8,565,832	32,351	8,598,183	345,129
Public works	-	742,541	535,136	-	535,136	207,405
Culture and recreation	-	73,160	47,380	-	47,380	25,780
Capital outlay	1,800,000	-	151,713	28,041	179,754	(179,754)
Total expenditures	3,688,724	11,453,535	14,045,594	60,392	14,105,986	(2,652,451)
Excess (deficiency) of revenues over (under) expenditures	600,000	115,762	(707,535)	(60,392)	(767,927)	(883,689)
OTHER FINANCING USES						
Transfers in	400,000	1,100,000	1,290,433	-	1,290,433	(190,433)
Transfers out	(1,000,000)	(1,215,762)	(582,898)	-	(582,898)	(632,864)
Total other financing sources (uses)	(600,000)	(115,762)	707,535	-	707,535	(823,297)
Net change in fund balances	-	-	-	(60,392)	(60,392)	(60,392)
Fund balances, beginning	-	-	-	92,412	92,412	92,412
Fund balances, ending	\$ -	\$ -	\$ -	\$ 32,020	\$ 32,020	\$ 32,020

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2020

	Net Change in Fund Balance
GAAP basis	\$ -
Expenditures:	
Increase due to encumbrances from prior year	92,412
Decrease due to encumbrances for current year	(60,392)
Budgetary basis	\$ 32,020

City of Frisco

CDBG Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2020

	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	\$ 1,332,675	\$ 361,312	\$ 410,691	\$ -	\$ 410,691	\$ 49,379
Miscellaneous	-	-	48,263	-	48,263	48,263
Total revenues	1,332,675	361,312	458,954	-	458,954	97,642
EXPENDITURES						
Current						
General government	1,332,675	361,312	458,954	-	458,954	(97,642)
Total expenditures	1,332,675	361,312	458,954	-	458,954	(97,642)
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, 2020

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Interest	\$ 2,400	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	2,400	-	-	-	-	-
EXPENDITURES						
Current						
Public safety	32,023	75,737	71,513	9,198	80,711	(4,974)
Public works	-	5,734	6,601	-	6,601	(867)
Capital outlay	212,321	11,870	9,867	-	9,867	2,003
Total expenditures	244,344	93,341	87,981	9,198	97,179	(3,838)
Net change in fund balances	(241,944)	(93,341)	(87,981)	(9,198)	(97,179)	(3,838)
Fund balances, beginning	241,944	233,341	233,341	(18,217)	215,124	(18,217)
Fund balances, ending	\$ -	\$ 140,000	\$ 145,360	\$ (27,415)	\$ 117,945	\$ (22,055)

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2020

	Net Change in Fund Balance
GAAP basis	\$ (87,981)
Expenditures:	
Increase due to encumbrances from prior year	18,217
Decrease due to encumbrances for current year	(27,415)
Budgetary basis	\$ (97,179)

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, 2020

	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 tax	\$ 1,044,074	\$ 1,044,074	\$ 1,044,075	\$ -	\$ 1,044,075	\$ 1
Sales tax	272,071	300,000	296,000	-	296,000	(4,000)
Investment earnings	6,000	2,457	2,440	-	2,440	(17)
Total revenues	1,322,145	1,346,531	1,342,515	-	1,342,515	(4,016)
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,269,933)	(1,269,933)	(1,269,933)	-	(1,269,933)	-
Total other financing sources (uses)	(1,269,933)	(1,269,933)	(1,269,933)	-	(1,269,933)	-
Net change in fund balances	52,212	76,598	72,582	-	72,582	(4,016)
Fund balances, beginning	368,841	223,776	223,776	-	223,776	-
Fund balances, ending	\$ 421,053	\$ 300,374	\$ 296,358	\$ -	\$ 296,358	\$ (4,016)

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, 2020

	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	\$ 112,378	\$ 123,232	\$ -	\$ 123,232	\$ 10,854
Investment earnings	4,800	2,700	2,693	-	2,693	(7)
Miscellaneous	-	-	385	-	385	385
Total revenues	194,800	115,078	126,310	-	126,310	11,232
EXPENDITURES						
Current						
General government	118,032	118,032	96,502	-	96,502	21,530
Total expenditures	118,032	118,032	96,502	-	96,502	21,530
Excess (deficiency) of revenues over (under) expenditures	76,768	(2,954)	29,808	-	29,808	32,762
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	(7,232)	(86,954)	(54,192)	-	(54,192)	32,762
Fund balances, beginning	217,319	301,880	301,880	-	301,880	-
Fund balances, ending	\$ 210,087	\$ 214,926	\$ 247,688	\$ -	\$ 247,688	\$ 32,762

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, 2020

	Budgeted Amounts					Variance with Final Budget Positive (Negative)
	Original	Final	Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	
REVENUES						
Taxes:						
Franchise	\$ 171,473	\$ 292,723	\$ 313,776	\$ -	\$ 313,776	\$ 21,053
Investment earnings	10,000	12,000	12,346	-	12,346	346
Total revenues	181,473	304,723	326,122	-	326,122	21,399
EXPENDITURES						
Current:						
General government	-	-	111,061	-	111,061	(111,061)
Capital outlay	583,143	781,446	301,751	(167,384)	134,367	647,079
Total expenditures	583,143	781,446	412,812	(167,384)	245,428	536,018
Net change in fund balances	(401,670)	(476,723)	(86,690)	167,384	80,694	557,417
Fund balances, beginning	808,479	1,081,861	1,081,861	(198,303)	883,558	(198,303)
Fund balances, ending	\$ 406,809	\$ 605,138	\$ 995,171	\$ (30,919)	\$ 964,252	\$ 359,114

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2020

	Net Change in Fund Balance
GAAP basis	\$ (86,690)
Expenditures:	
Increase due to encumbrances from prior year	198,303
Decrease due to encumbrances for current year	(30,919)
Budgetary basis	\$ 80,694

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, 2020

	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	\$ -	\$ 3,600,000	\$ 3,759,878	\$ -	\$ 3,759,878	\$ 159,878
Investment earnings	-	520,000	606,752	-	606,752	86,752
Total revenues	-	4,120,000	4,366,630	-	4,366,630	246,630
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(33,049,331)	(9,216,448)	-	(9,216,448)	23,832,883
Total other financing sources (uses)	-	(33,049,331)	(9,216,448)	-	(9,216,448)	23,832,883
Net change in fund balances	-	(28,929,331)	(4,849,818)	-	(4,849,818)	24,079,513
Fund balances, beginning	6,658,801	42,142,236	42,142,236	-	42,142,236	-
Fund balances, ending	\$ 6,658,801	\$ 13,212,905	\$ 37,292,418	\$ -	\$ 37,292,418	\$ 24,079,513

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, 2020

	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	\$ -	\$ 5,200,000	\$ 6,355,315	\$ -	\$ 6,355,315	\$ 1,155,315
Investment earnings	-	294,000	291,145	-	291,145	(2,855)
Total revenues	-	5,494,000	6,646,460	-	6,646,460	1,152,460
OTHER FINANCING SOURCES (USES)						
Transfers out	(4,500,000)	(17,752,402)	(5,768,344)	-	(5,768,344)	11,984,058
Total other financing sources (uses)	(4,500,000)	(17,752,402)	(5,768,344)	-	(5,768,344)	11,984,058
Net change in fund balances	(4,500,000)	(12,258,402)	878,116	-	878,116	13,136,518
Fund balances, beginning	16,645,818	23,412,413	23,412,413	-	23,412,413	-
Fund balances, ending	\$ 12,145,818	\$ 11,154,011	\$ 24,290,529	\$ -	\$ 24,290,529	\$ 13,136,518



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, 2020

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,322,531	\$ 4,190,653	\$ 8,513,184
Investments	509,476	4,310,538	4,820,014
Receivables (net of allowances for uncollectibles):			
Other	3,781	427,060	430,841
Total current assets	4,835,788	8,928,251	13,764,039
Non-current assets			
Capital assets:			
Buildings and improvements	-	147,742	147,742
Improvements other than buildings	-	92,190	92,190
Machinery and equipment	1,823,961	506,250	2,330,211
Accumulated depreciation	(891,305)	(540,498)	(1,431,803)
Total capital assets (net of accumulated depreciation)	932,656	205,684	1,138,340
Total non-current assets	932,656	205,684	1,138,340
Total assets	5,768,444	9,133,935	14,902,379
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow from pensions	150,758	150,758	301,516
Deferred outflow from OPEB	12,516	12,516	25,032
Total deferred outflows of resources	163,274	163,274	326,548

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 171,859	\$ 1,005,536	\$ 1,177,395
Accrued liabilities	70,599	70,429	141,028
Monies held in escrow	97,486	-	97,486
Liability for compensated absences	79,364	106,860	186,224
Total current liabilities	419,308	1,182,825	1,602,133
Non-current liabilities:			
Liability for compensated absences	40,634	70,837	111,471
Pension	387,124	387,124	774,248
OPEB	37,596	37,596	75,192
Total noncurrent liabilities	465,354	495,557	960,911
Total liabilities	884,662	1,678,382	2,563,044
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow from pensions	88,602	88,602	177,204
Deferred inflow from OPEB	44,012	44,012	88,024
Total deferred inflows of resources	132,614	132,614	265,228
NET POSITION			
Net investment in capital assets	932,656	205,684	1,138,340
Unrestricted	3,981,786	7,280,529	11,262,315
Total net position	\$ 4,914,442	\$ 7,486,213	\$ 12,400,655



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, 2020

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
OPERATING REVENUES			
Charges for sales and services:			
Sanitation charges	\$ -	\$ 18,816,213	\$ 18,816,213
Stormwater drainage fees	4,113,091	-	4,113,091
Miscellaneous	-	26,250	26,250
Total operating revenues	4,113,091	18,842,463	22,955,554
OPERATING EXPENSES			
Cost of sales and services	-	16,125,705	16,125,705
Administration	2,461,941	1,759,724	4,221,665
Depreciation	149,227	78,789	228,016
Total operating expenses	2,611,168	17,964,218	20,575,386
Operating income	1,501,923	878,245	2,380,168
NONOPERATING REVENUES			
Interest revenue	8,106	105,385	113,491
Gain on sale of equipment	13,339	1,650	14,989
Total non-operating revenues	21,445	107,035	128,480
Income before transfers	1,523,368	985,280	2,508,648
TRANSFERS			
Transfers out	(283,331)	(1,202,509)	(1,485,840)
Total transfers	(283,331)	(1,202,509)	(1,485,840)
Change in net position	1,240,037	(217,229)	1,022,808
Net position, beginning	3,674,405	7,703,442	11,377,847
Net position, ending	\$ 4,914,442	\$ 7,486,213	\$ 12,400,655

City of Frisco

Combining Statement of Cash Flows Non-major Proprietary Fund Financial Statements For the Fiscal Year Ended September 30, 2020

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,115,591	\$ 18,816,213	\$ 22,931,804
Cash payments to suppliers for goods and services	(852,758)	(16,303,359)	(17,156,117)
Cash payments to employees for services	(1,548,057)	(1,474,939)	(3,022,996)
Other receipts	-	26,250	26,250
Net cash provided by operating activities	1,714,776	1,064,165	2,778,941
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers made to other funds	-	(1,202,509)	(1,202,509)
Net cash used by noncapital financing activities	-	(1,202,509)	(1,202,509)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(479,427)	(39,541)	(518,968)
Proceeds/(loss) from sale or transfer of equipment	15,100	1,650	16,750
Intergovernmental payments for capital construction	(283,331)	-	(283,331)
Net cash used in capital and related financing activities	(747,658)	(37,891)	(785,549)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(509,476)	(4,310,538)	(4,820,014)
Proceeds from sale and maturities of investment securities	499,926	5,293,758	5,793,684
Interest on investments	6,974	124,633	131,607
Net cash provided/(used) by investing activities	(2,576)	1,107,853	1,105,277
Net increase in cash and cash equivalents	964,542	931,618	1,896,160
Cash and cash equivalents, beginning	3,357,989	3,259,035	6,617,024
Cash and cash equivalents, ending	\$ 4,322,531	\$ 4,190,653	\$ 8,513,184

	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	\$ 1,501,923	\$ 878,245	\$ 2,380,168
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	149,227	78,789	228,016
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - other	-	47,567	47,567
Increase (decrease) in-			
Accounts payable	67,781	2,213	69,994
Accrued liabilities	3,343	16,033	19,376
Liability for compensated absences	(27,343)	23,973	(3,370)
Net pension liability	14,716	14,716	29,432
OPEB	2,629	2,629	5,258
Deposits and escrows	2,500	-	2,500
Total adjustments	212,853	185,920	398,773
Net cash provided by operating activities	\$ 1,714,776	\$ 1,064,165	\$ 2,778,941



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, 2020

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
ASSETS				
Cash and cash equivalents	\$ 20,114,219	\$ 15,994,178	\$ 14,486	\$ 36,122,883
Cash escrow held for land purchase				
Investments	16,003,944	22,662,097	-	38,666,041
Receivables (net of allowances for uncollectibles)				
Sales tax	3,948,401	3,948,401	-	7,896,802
Other	90,871	73,992	-	164,863
Prepays	-	43,856	-	43,856
Notes receivable	-	50,000	-	50,000
Land held for resale	33,316,566	36,051,721	-	69,368,287
Restricted assets:				
Cash and cash equivalents	1,627,277	1,244,287	-	2,871,564
Investments	2,130,000	4,070,000	-	6,200,000
Total assets	<u>77,231,278</u>	<u>84,138,532</u>	<u>14,486</u>	<u>161,384,296</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	884,964	7,115,814	-	8,000,778
Accrued liabilities	11,284	72,370	-	83,654
Deposits	76,118	-	-	76,118
Unearned revenue	132,750	-	-	132,750
Monies held in escrow	60,000	-	-	60,000
Total liabilities	<u>1,165,116</u>	<u>7,188,184</u>	<u>-</u>	<u>8,353,300</u>
Fund balances:				
Nonspendable:				
Prepaid expenses	-	43,856	-	43,856
Land held for resale	33,316,566	36,051,721	-	69,368,287
Restricted for:				
Debt service	3,757,277	5,314,287	-	9,071,564
Capital projects for future construction	2,598,808	4,246,287	-	6,845,095
Unassigned	36,393,511	31,294,197	14,486	67,702,194
Total fund balances	<u>76,066,162</u>	<u>76,950,348</u>	<u>14,486</u>	<u>153,030,996</u>
Total liabilities and fund balances	<u>\$ 77,231,278</u>	<u>\$ 84,138,532</u>	<u>\$ 14,486</u>	<u>\$ 161,384,296</u>

City of Frisco

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Component Units

For the Fiscal Year Ended September 30, 2020

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
REVENUES				
Sales tax	\$ 22,562,388	\$ 22,562,388	\$ -	\$ 45,124,776
Investment earnings	564,796	683,018	-	1,247,814
Contributions	-	43,775	1,500	45,275
Rents	902,363	5,000	-	907,363
Payments from primary government	2,792,011	-	-	2,792,011
Miscellaneous	-	1,074	-	1,074
	<u>26,821,558</u>	<u>23,295,255</u>	<u>1,500</u>	<u>50,118,313</u>
Total revenues				
EXPENDITURES				
Current:				
General government	12,388,656	27,644,294	295	40,033,245
Culture and recreation	3,719,264	-	-	3,719,264
Capital outlay	101,736	-	-	101,736
Debt service:				
Principal retirement	6,497,188	2,325,000	-	8,822,188
Interest and fiscal charges	3,627,571	1,416,587	-	5,044,158
	<u>26,334,415</u>	<u>31,385,881</u>	<u>295</u>	<u>57,720,591</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>487,143</u>	<u>(8,090,626)</u>	<u>1,205</u>	<u>(7,602,278)</u>
Net change in fund balances	487,143	(8,090,626)	1,205	(7,602,278)
Fund balances, beginning	<u>75,579,019</u>	<u>85,040,974</u>	<u>13,281</u>	<u>160,633,274</u>
Fund balances, ending	<u>\$ 76,066,162</u>	<u>\$ 76,950,348</u>	<u>\$ 14,486</u>	<u>\$ 153,030,996</u>

City of Frisco

Reconciliation of the Combining Balance Sheet of Component Units to the Statement of Net Position September 30, 2020

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

Total fund balances per balance sheet	\$ 153,030,996
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	89,262,545
Deferred outflow of resources are not financial resources and, therefore, are not reported at the fund level.	934,355
Other assets are not available to pay for current-period expenditures	80,000
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	96,310,452
Notes payable	31,830,260
Accrued interest payable	587,883
Compensated absences	221,300
Net pension liability	774,247
Total OPEB liability	<u>75,193</u>
Total long-term liabilities	(129,799,335)
Deferred inflows of resources are not financial resources and, therefore, are not reported in the funds	<u>(265,226)</u>
Total net position - component units	<u>\$ 113,243,335</u>

Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Component Units to the Statement of Activities September 30, 2020

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

Net change in fund balances - total component units	\$ (7,602,278)
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.	(520,067)
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.	8,822,188
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>415,388</u>
Change in net position of component units	<u>\$ 1,115,231</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>	124
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	135
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>	144
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>	150
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>	152

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 703,694,806	\$ 696,300,300	\$ 739,378,508	\$ 754,405,379
Restricted	3,058,450	4,192,127	4,538,556	5,053,305
Unrestricted	<u>53,739,744</u>	<u>63,781,055</u>	<u>72,860,648</u>	<u>101,786,356</u>
Total governmental activities net position	<u><u>760,493,000</u></u>	<u><u>764,273,482</u></u>	<u><u>816,777,712</u></u>	<u><u>861,245,040</u></u>
Business-type activities				
Net investment in capital assets	173,946,035	174,745,396	185,747,786	195,229,947
Restricted	11,751,675	12,854,359	17,744,216	21,881,788
Unrestricted	<u>27,891,529</u>	<u>30,396,570</u>	<u>35,211,295</u>	<u>42,695,312</u>
Total business-type activities net position	<u><u>213,589,239</u></u>	<u><u>217,996,325</u></u>	<u><u>238,703,297</u></u>	<u><u>259,807,047</u></u>
Primary government				
Net investment in capital assets	877,640,841	871,045,696	925,126,294	949,635,326
Restricted	14,810,125	17,046,486	22,282,772	26,935,093
Unrestricted	<u>81,631,273</u>	<u>94,177,625</u>	<u>108,071,943</u>	<u>144,481,668</u>
Total primary government net position	<u><u>\$ 974,082,239</u></u>	<u><u>\$ 982,269,807</u></u>	<u><u>\$ 1,055,481,009</u></u>	<u><u>\$ 1,121,052,087</u></u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 886,959,457	\$ 1,051,389,064	\$ 1,123,429,533	\$ 1,215,381,073	\$ 1,315,371,557	1,375,189,312
54,319,922	62,763,394	69,106,670	71,803,680	77,158,120	74,348,180
29,893,408	43,272,641	45,371,848	48,218,988	54,966,379	63,089,924
<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>	<u>1,512,627,416</u>
222,392,769	249,009,918	271,084,999	306,888,683	330,734,056	359,016,697
26,256,457	29,954,906	31,907,294	32,201,559	37,917,240	36,861,360
44,321,482	47,844,692	49,288,154	58,893,202	59,555,627	69,008,288
<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>	<u>464,886,345</u>
1,109,352,226	1,300,398,982	1,394,514,532	1,522,269,756	1,646,105,613	1,734,206,009
80,576,379	92,718,300	101,013,964	104,005,239	115,075,360	111,209,540
74,214,890	91,117,333	94,660,002	107,112,190	114,522,006	132,098,212
<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>	<u>\$ 1,977,513,761</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses				
Governmental activities:				
General government	\$ 39,620,057	\$ 38,034,476	\$ 42,629,757	\$ 50,945,132
Public safety	40,962,287	44,347,310	48,074,351	52,340,573
Public works	27,636,526	29,228,885	30,648,669	32,827,619
Culture & recreation	25,458,162	26,640,104	26,110,474	28,062,191
Interest on long-term debt	22,215,090	19,338,791	17,005,242	18,631,848
Total governmental activities expenses	<u>155,892,122</u>	<u>157,589,566</u>	<u>164,468,493</u>	<u>182,807,363</u>
Business-type activities:				
Water & sewer	47,539,765	53,369,324	57,559,429	61,177,648
Non-major enterprise funds	9,766,785	10,490,996	11,113,313	11,674,055
Total business-type activities expenses	<u>57,306,550</u>	<u>63,860,320</u>	<u>68,672,742</u>	<u>72,851,703</u>
Total primary government expenses	<u>\$ 213,198,672</u>	<u>\$ 221,449,886</u>	<u>\$ 233,141,235</u>	<u>\$ 255,659,066</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 13,195,345	\$ 13,870,149	\$ 18,329,451	\$ 18,854,018
Public safety	2,245,461	2,077,752	2,327,403	2,598,721
Public works	20,938	63,312	104,180	98,633
Culture & recreation	4,320,363	4,455,925	4,555,527	4,845,465
Operating grants and contributions	3,297,331	3,615,317	2,549,183	4,666,348
Capital grants and contributions	22,940,561	11,607,188	58,872,983	49,626,979
Total governmental activities program revenues	<u>46,019,999</u>	<u>35,689,643</u>	<u>86,738,727</u>	<u>80,690,164</u>
Business-type activities:				
Charges for services:				
Water & sewer	52,679,778	51,752,962	57,787,373	56,263,446
Non-major enterprise funds	11,022,236	11,899,879	12,555,595	13,384,328
Operating grants and contributions	111,317	1,000	1,000	17,466
Capital grants and contributions	8,420,269	4,897,053	19,925,899	25,480,432
Total business-type activities program revenues	<u>72,233,600</u>	<u>68,550,894</u>	<u>90,269,867</u>	<u>95,145,672</u>
Total primary government program revenues	<u>\$ 118,253,599</u>	<u>\$ 104,240,537</u>	<u>\$ 177,008,594</u>	<u>\$ 175,835,836</u>
Net (expense)/revenue				
Governmental activities	\$ (109,872,123)	\$ (121,899,923)	\$ (77,729,766)	\$ (102,117,199)
Business-type activities	14,927,050	4,690,574	21,597,125	22,293,969
Total primary government net expense	<u>\$ (94,945,073)</u>	<u>\$ (117,209,349)</u>	<u>\$ (56,132,641)</u>	<u>\$ (79,823,230)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 64,673,844	\$ 67,161,904	\$ 69,014,412	\$ 75,849,283
Sales taxes	21,852,287	24,489,084	29,158,661	34,196,948
Franchise taxes	8,367,733	7,796,833	7,909,763	9,041,655
Other taxes	3,519,660	3,450,258	3,998,236	4,565,581
Ad valorem taxes, Intergovernmental	20,389,441	21,709,424	18,540,374	26,077,693
Investment earnings	512,756	501,365	495,129	222,548
Transfers	517,878	571,537	1,117,421	573,076
Total governmental activities	<u>119,833,599</u>	<u>125,680,405</u>	<u>130,233,996</u>	<u>150,526,784</u>
Business-type activities:				
Intergovernmental	97,000	97,000	97,000	104,000
Investment earnings	106,235	191,049	130,268	116,631
Transfers	(517,878)	(571,537)	(1,117,421)	(573,076)
Total business-type activities	<u>(314,643)</u>	<u>(283,488)</u>	<u>(890,153)</u>	<u>(352,445)</u>
Total primary government	<u>119,518,956</u>	<u>125,396,917</u>	<u>129,343,843</u>	<u>150,174,339</u>
Change in Net Position				
Governmental activities	9,961,476	3,780,482	52,504,230	48,409,585
Business-type activities	14,612,407	4,407,086	20,706,972	21,941,524
Total primary government net expense	<u>\$ 24,573,883</u>	<u>\$ 8,187,568</u>	<u>\$ 73,211,202</u>	<u>\$ 70,351,109</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 53,318,813	\$ 56,719,612	\$ 71,141,026	\$ 75,995,523	\$ 81,789,316	\$ 93,428,738
57,906,328	66,878,782	75,124,144	82,425,573	92,202,109	95,145,910
39,730,064	46,082,286	44,655,377	49,265,749	51,333,497	53,555,748
29,483,819	33,135,218	35,598,228	39,046,786	40,449,835	37,418,970
18,443,803	17,577,838	19,087,970	18,785,636	21,126,900	22,274,232
<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>	<u>301,823,598</u>
66,188,799	78,892,654	95,527,532	93,666,630	101,466,829	103,357,849
<u>12,337,646</u>	<u>13,713,061</u>	<u>14,762,734</u>	<u>17,221,827</u>	<u>19,367,794</u>	<u>20,575,386</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>123,933,235</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>	<u>\$ 425,756,833</u>
\$ 19,912,210	\$ 20,285,841	\$ 22,097,082	\$ 22,502,540	\$ 25,060,656	\$ 20,076,791
3,174,725	3,829,863	4,451,318	4,205,493	4,513,162	4,256,643
205,469	117,529	123,470	94,935	239,853	119,616
5,433,040	5,857,044	6,029,895	5,966,865	5,841,035	3,040,120
3,236,153	4,944,360	4,305,641	7,374,981	10,992,363	20,906,735
<u>122,651,198</u>	<u>199,150,396</u>	<u>87,384,164</u>	<u>82,826,541</u>	<u>110,727,397</u>	<u>66,775,450</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>	<u>115,175,355</u>
69,190,052	79,399,924	84,814,386	96,767,900	95,978,738	104,121,381
15,989,296	16,202,674	17,083,995	20,055,741	21,624,569	22,970,543
41,366	67,965	142,500	-	29,500	-
<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>30,875,237</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>157,967,161</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>	<u>\$ 273,142,516</u>
\$ (44,270,032)	\$ 13,791,297	\$ (121,215,175)	\$ (142,547,912)	\$ (129,527,191)	\$ (186,648,243)
<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>34,033,926</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>	<u>\$ (152,614,317)</u>
\$ 85,412,246	\$ 97,716,101	\$ 112,456,629	\$ 120,389,122	\$ 131,952,480	\$ 142,497,915
36,003,036	37,826,251	40,408,821	43,363,487	44,647,320	45,124,776
9,338,941	9,366,054	10,126,891	11,007,612	10,899,394	10,558,237
5,019,906	5,278,619	5,678,518	7,212,592	7,733,104	4,899,326
37,600,247	18,109,962	28,275,708	54,774,029	32,894,962	41,064,382
859,102	1,805,611	2,717,226	5,434,361	9,907,059	6,519,627
<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>1,115,340</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>	<u>251,779,603</u>
105,040	446,978	124,048	169,584	114,960	2,017,771
267,813	451,606	788,651	1,696,952	2,986,218	1,743,065
<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>(1,115,340)</u>
<u>66,460</u>	<u>(1,459,833)</u>	<u>(1,121,635)</u>	<u>(394,904)</u>	<u>(484,009)</u>	<u>2,645,496</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>	<u>254,425,099</u>
130,269,839	186,252,312	80,482,952	101,894,731	112,092,315	65,131,360
<u>36,554,010</u>	<u>33,838,808</u>	<u>25,470,931</u>	<u>46,436,169</u>	<u>30,223,479</u>	<u>36,679,422</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>	<u>\$ 101,810,782</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>
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
2020	142,497,915	45,124,776	10,558,237	4,899,326	203,080,254

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

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
2020	8,665,933

City of Frisco

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

	<u>2011**</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund				
Non spendable	\$ 469,884	\$ 537,057	\$ 544,583	\$ 398,856
Committed	2,013,924	2,576,668	3,570,917	3,568,653
Unreserved/Unassigned	<u>25,386,041</u>	<u>29,484,739</u>	<u>31,295,715</u>	<u>41,780,279</u>
Total general fund	<u>27,869,849</u>	<u>32,598,464</u>	<u>35,411,215</u>	<u>45,747,788</u>
All other governmental funds				
Non spendable	343,449	493,657	202,897	1,691,298
Restricted for:				
Debt service	3,452,399	4,355,598	4,150,522	4,412,400
Capital projects for future construction	79,585,306	67,986,558	82,742,142	164,136,618
Other purposes	5,566,109	5,817,783	7,330,805	8,117,922
Committed to:				
Capital projects for future construction	1,814,651	2,277,444	3,349,491	4,145,399
Assigned to:				
Capital projects for future construction	<u>4,928,511</u>	<u>6,070,613</u>	<u>3,247,896</u>	<u>-</u>
Total all other governmental funds	<u>\$ 95,690,425</u>	<u>\$ 87,001,653</u>	<u>\$ 101,023,753</u>	<u>\$ 182,503,637</u>

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

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 616,566	\$ 657,471	\$ 759,272	\$ 777,323	\$ 1,294,145	\$ 2,363,955
14,414,810	16,466,361	10,534,528	15,357,662	19,448,471	24,176,860
<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>78,830,852</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>	<u>105,371,667</u>
446,105	734,603	657,232	2,078,369	1,414,108	361,590
5,278,799	5,175,796	5,847,513	6,181,803	5,594,173	5,379,166
172,606,032	224,453,812	218,222,683	215,663,589	303,386,988	289,557,566
8,095,288	8,361,344	9,082,010	9,864,542	9,654,771	10,701,239
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 305,999,561</u>

City of Frisco

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Taxes				
Property	\$ 65,225,685	\$ 67,265,817	\$ 69,033,422	\$ 75,468,357
Sales	21,852,287	24,489,084	29,158,661	34,196,948
Franchise	8,040,529	7,907,245	7,801,573	8,758,582
Hotel/motel	2,998,817	3,027,021	3,506,677	3,887,482
Other	520,843	423,237	491,559	678,099
Licenses and permits	5,639,747	6,088,219	8,577,020	10,256,389
Public safety	1,776,904	1,511,187	1,735,308	1,843,998
Intergovernmental	30,553,540	18,309,478	28,164,687	29,277,032
Charges for services	6,366,771	6,450,974	6,895,984	7,143,863
Fines	2,409,391	2,891,192	2,917,496	2,726,367
Special assessments	3,826,456	5,339,917	9,190,265	9,577,516
Rents	5,125,754	4,714,980	4,725,347	5,505,448
Investment earnings	526,553	526,939	432,368	250,107
Contributions and donations	3,134,166	6,060,495	6,078,590	4,381,880
Payments from component units	8,044,723	8,658,172	7,125,849	12,360,810
Miscellaneous	208,477	229,077	2,253,511	514,691
Total revenues	<u>166,250,643</u>	<u>163,893,034</u>	<u>188,088,317</u>	<u>206,827,569</u>
Expenditures				
Current:				
General government	31,330,645	31,910,504	36,353,259	44,594,861
Public safety	36,820,094	39,733,181	42,765,334	45,992,383
Public works	6,283,161	6,538,432	7,083,202	8,222,260
Culture & recreation	14,616,069	15,377,347	14,684,853	16,448,909
Capital outlay	38,217,173	25,168,130	46,968,401	60,116,074
Debt Service:				
Principal retirement	25,528,456	25,905,000	27,685,000	29,937,130
Interest and fiscal charges	24,934,400	22,353,574	20,988,977	21,974,788
Total expenditures	<u>177,729,998</u>	<u>166,986,168</u>	<u>196,529,026</u>	<u>227,286,405</u>
Excess (deficiency) of revenues over (under) expenditures	(13,256,259)	(4,604,321)	(10,176,017)	(22,302,834)
Other financing sources (uses)				
Issuance of debt	109,545,000	22,615,000	83,484,089	124,505,000
Premium on bonds issued	13,138,248	2,687,312	15,286,690	4,188,077
Discount on bonds issued	(50,185)	(39,859)	(215,382)	(127,160)
Payment to refunded debt escrow	(113,810,055)	(25,312,360)	(72,809,971)	(16,223,139)
Proceeds from sale of assets	38,675	122,534	148,021	1,203,437
Transfers in	22,813,526	23,237,197	29,705,338	24,492,569
Transfers out	(22,295,648)	(22,665,660)	(28,587,917)	(23,919,493)
Total other financing sources (uses)	<u>9,379,561</u>	<u>644,164</u>	<u>27,010,868</u>	<u>114,119,291</u>
Net change in fund balances	<u>\$ (3,876,698)</u>	<u>\$ (3,960,157)</u>	<u>\$ 16,834,851</u>	<u>\$ 91,816,457</u>

Debt service as a percentage of noncapital expenditures

36%

34%

33%

31%

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 85,700,973	\$ 97,282,372	\$ 112,313,490	\$ 120,342,757	\$ 132,255,261	\$ 142,680,642	
36,003,036	37,826,251	40,408,821	43,363,487	44,647,320	45,124,776	
9,338,941	9,191,454	9,458,534	10,519,862	10,899,394	10,377,109	
4,190,238	4,486,093	4,829,350	6,141,721	6,585,178	3,986,339	
829,668	792,526	849,168	1,070,871	1,147,926	912,987	
11,016,411	11,679,493	12,904,536	12,906,768	11,845,079	11,042,795	
-	-	-	-	-	-	
44,141,948	37,848,162	25,271,312	34,343,637	31,505,376	42,359,161	
8,196,996	8,689,774	9,518,417	9,307,701	12,440,670	6,660,246	
2,767,638	2,747,076	2,744,917	2,685,495	2,790,298	1,653,881	
12,964,474	17,068,934	13,128,149	9,456,594	12,269,748	10,281,368	
6,453,883	6,636,174	6,775,706	7,107,397	7,868,238	7,346,215	
874,583	1,857,133	2,731,486	5,449,676	9,923,941	6,535,040	
53,625,599	118,842,017	13,192,698	5,957,131	10,127,217	18,588,225	
18,443,289	7,376,943	18,516,124	30,054,581	6,527,981	14,427,272	
423,527	466,688	424,768	259,802	415,895	555,915	
<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>	<u>322,531,971</u>	
47,806,418	49,016,189	63,039,357	58,364,668	61,656,204	73,405,760	
52,387,610	60,113,259	67,730,266	75,812,773	82,171,292	85,683,572	
8,987,439	10,174,879	13,291,112	15,287,383	13,784,679	14,104,118	
17,807,190	20,723,877	23,498,609	25,849,819	26,439,537	23,273,373	
190,194,725	190,366,612	96,675,046	111,765,196	74,689,302	83,886,289	
28,275,060	30,565,000	35,675,000	39,365,000	42,870,000	47,270,000	
<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>28,466,893</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>	<u>356,090,005</u>	
(72,702,179)	(22,799,003)	(52,517,773)	(53,053,065)	(26,889,198)	(33,558,034)	
117,130,000	136,075,000	45,510,000	53,635,000	115,325,000	26,790,000	
12,372,611	20,691,926	4,337,120	3,288,439	5,881,139	3,404,111	
-	(277,741)	(245,231)	(57,075)	(22,583)	(2,809)	
(39,059,203)	(74,793,146)	-	-	-	-	
116,537	488,358	349,033	542,029	1,208,489	290,939	
35,576,201	29,074,998	34,018,890	37,854,586	40,587,673	48,208,830	
<u>(35,269,808)</u>	<u>(26,716,581)</u>	<u>(31,984,556)</u>	<u>(35,593,146)</u>	<u>(37,002,486)</u>	<u>(47,093,490)</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>31,597,581</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>	<u>\$ (1,960,453)</u>	
28%	28%	27%	27%	27%	28%	



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>
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
2020	142,680,642	45,124,776	10,377,109	3,986,339	912,987	203,081,853

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>
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
2020	23,924,575	10,104,516	2,035,975	3,990,316	40,055,382

<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>
\$ 2,254,716	\$ 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%
8,402,835	31,652,547	0.44660	31,652,547	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		
		Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
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	0.127212	0.053573	0.1808	1.1700	0.2700	1.4400
2019	2020	0.291520	0.155080	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		
		Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
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	0.167712	0.057862	0.22557	1.1700	0.2700	1.4400
2019	2020	0.291520	0.155080	0.44660	0.171658	0.053620	0.22528	1.0683	0.2700	1.3383

<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	1.1300	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	1.1700	0.5000	1.6700	2.14861	2.37861
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	0.386000	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
1.040000	0.367500	1.40750	1.170000	0.470000	1.64000	2.11217	2.07967	2.31217
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, 2020

(unaudited)

<u>Taxpayer</u>	2020			2011		
	<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	\$ 354,194,082	1	1.12%	\$ 226,514,276	1	1.66%
Blue Star HQ Inc	224,713,504	2	0.71%			
BPR Shopping Center LP	156,196,309	3	0.49%	116,000,000	2	0.85%
AMLI Parkwood Boulevard LLC	121,896,962	4	0.39%			
Bell Fund VII Frisco Market Center	117,500,000	5	0.37%	52,000,000	5	0.38%
Hall 3201 Dallas Inc	106,389,850	6	0.34%			
Hall Office Portfolio DB LLC	97,456,693	7	0.31%	51,051,750	6	0.37%
DD PCR III LLC (Apartments)	97,009,066	8	0.31%			
Specified Properties	91,291,621	9	0.29%			
Blue Star Frisco Health Complex LC	90,197,000	10	0.28%			
Tenet Frisco Ltd				82,472,724	3	0.60%
HRT Properties of Texas LTD				78,149,637	4	0.57%
HR Acquisition of San Antonio LTD				49,008,267	7	0.36%
Wells Core Reit - 7624/7668 Warren LLC				43,900,000	8	0.32%
IKEA Property Inc				40,680,000	9	0.30%
CRP Cypress Lake LP				38,444,846	10	0.28%
	<u>\$ 1,456,845,087</u>		<u>4.60%</u>	<u>\$ 778,221,500</u>		<u>5.69%</u>

Source: Collin County Central Appraisal District

City of Frisco

Property Tax Levies and Collections Last Ten Fiscal Years (unaudited)

Fiscal Year Ended September 30	Total Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years
		Amount (1)	Percentage of Levy	
2011	\$ 64,361,294	\$ 63,720,218	99.0%	\$ 616,922
2012	66,261,790	64,899,099	97.9%	1,338,452
2013	69,300,659	67,880,858	98.0%	1,397,237
2014	75,725,636	74,061,793	97.8%	1,623,326
2015	84,042,993	83,034,597	98.8%	973,680
2016	96,315,490	95,400,787	99.1%	844,516
2017	108,900,105	108,630,126	99.8%	179,569
2018	118,458,993	118,194,277	99.8%	152,409
2019	130,215,109	129,917,230	99.8%	147,062
2020	141,144,312	141,130,104	100.0%	-

(1) Includes Rollback Tax Collections each year:

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
2020	1,660,590

Total Collections to Date		
	<u>Amount</u>	<u>Percentage to Levy</u>
\$	64,337,140	100.0%
	66,237,551	100.0%
	69,278,095	100.0%
	75,685,119	99.9%
	84,008,277	100.0%
	96,245,303	99.9%
	108,809,695	99.9%
	118,346,686	99.8%
	130,064,292	99.9%
	141,130,104	100.0%

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
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
2020	498,318,357	212,716,332	44,280,909	109,586,713

(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 are not supported by ad valorem tax.

	Total Primary <u>Government</u>	Percentage of Personal <u>Income</u>		Per <u>Capita</u>
\$	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
	864,902,311	8%		4,268

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>
2011	122,822	\$ 13,660,904	\$ 384,275,000	\$ 505,933
2012	128,281	14,117,672	381,105,000	1,586,766
2013	135,920	14,741,050	408,500,000	1,404,347
2014 (4)	142,990	15,898,188	439,910,293	1,396,883
2015	151,030	18,046,802	501,178,873	2,022,051
2016	158,180	20,795,469	544,219,671	2,061,052
2017	169,320	24,283,387	547,545,934	2,769,122
2018	180,000	26,532,840	553,319,016	3,048,556
2019	190,093	28,807,817	568,795,094	1,948,700
2020	202,666	31,652,547	542,599,266	2,063,994

(1) Population estimate as of September 30, 2020

(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 net position restricted for debt service

<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>
\$ 383,769,067	2.81	\$ 3,125
379,518,234	2.69	2,958
407,095,653	2.76	2,995
438,513,410	2.39	3,067
499,156,822	2.77	3,305
542,158,619	2.59	3,408
544,776,812	2.23	3,199
550,270,460	2.07	3,057
566,846,394	1.97	2,982
540,535,272	1.71	2,667

City of Frisco

Computation of Direct and Overlapping Bonded Debt

Net Bonded Debt Outstanding

September 30, 2020

(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	\$ 825,640,000	100.00%	\$ 825,640,000
Total direct debt	<u>825,640,000</u>		<u>825,640,000</u>
Overlapping debt: (1)			
Collin County	487,405,000	12.98%	63,265,169
Collin County College District	524,590,000	12.98%	68,091,782
Denton County	611,835,000	10.88%	66,567,648
Frisco Independent School District	1,966,343,118	70.22%	1,380,766,137
Lewisville Independent School District	1,405,027,596	3.38%	47,489,933
Little Elm Independent School District	307,078,997	13.57%	41,670,620
Prosper Independent School District	<u>918,647,985</u>	<u>10.68%</u>	<u>98,111,605</u>
Total overlapping debt	<u>6,220,927,696</u>		<u>1,765,962,894</u>
Total direct and overlapping debt	<u>\$ 7,046,567,696</u>		<u>\$ 2,591,602,894</u>
Total direct and overlapping debt % of AV			8.19%
Total direct and overlapping debt per capita			\$12,787.56

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

(2) Premiums and Discounts of \$39,262,311 are not included in MAC Report.

City of Frisco

Computation of Legal Debt Margin

September 30, 2020

(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 2020 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>Capita Income</u> (2)	<u>Median Age</u> (2)	<u>School Enrollment</u> (3)	<u>Unemployment Rate</u> (4)
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%
2020	202,666	10,237,268	50,513	36.0	63,533	3.6%

Sources:

- (1) City of Frisco (Population) as of September 30, 2020
- (2) City of Frisco Development Services Annual Report January 2021
- (3) Frisco Independent School District (School Enrollment), October 2020
- (4) City of Frisco Development Services Annual Report January 2021

City of Frisco

Principal Employers

Current Year and Nine Years Ago

September 30, 2020

(unaudited)

<u>Employer</u>	2020			2011		
	<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 (4,296 certified teachers)	7,442	1	9.81%	5,000	1	11.41%
City of Frisco	1,628	2	2.15%	1,101	3	2.51%
T-Mobile USA	1,000	3	1.32%	1,500	2	3.42%
Mario Sinacola & Sons Excavating	800	4	1.05%	603	4	1.38%
Conifer	615	5	0.81%			
Baylor Medical Center (Warren Pkwy)	460	6	0.61%			
Fiserv	460	7	0.61%			
IKEA Frisco	423	8	0.56%	400	8	0.91%
UT Southwestern/Texas Health Hospital	415	9	0.55%			
Baylor Scott White/Centennial Hospital	400	10	0.53%			
Collin College				550	5	1.25%
Amerisource Bergen Specialty Group				500	6	1.14%
CLA USA, Inc.				450	7	1.03%
Market Street				300	9	0.68%
Tenet RBO				300	10	0.68%
Total	13,643		18.00%	10,704		24.41%

City of Frisco

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

Function	<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>	<u>2020 (1)</u>
General government	197	206	202	217	238	258	267	277	288	288
Public safety										
Police										
Officers	146	146	151	158	170	180	199	210	214	218
Civilians	58	59	67	67	70	78	91	101	111	111
Fire										
Firefighters and officers	140	161	161	165	185	197	210	227	237	238
Civilians	13	13	15	15	17	21	22	26	28	27
Highways and streets										
Engineering	46	45	46	44	45	48	49	41	42	42
Maintenance	49	49	42	54	55	55	58	75	77	77
Culture and recreation	355	360	378	449	451	472	482	480	487	467
Environmental services	12	12	12	12	12	15	16	16	18	21
Utilities	79	79	80	83	87	92	97	112	119	119
Stormwater	6	10	6	11	12	14	16	19	20	20
Total	<u>1,101</u>	<u>1,140</u>	<u>1,160</u>	<u>1,275</u>	<u>1,342</u>	<u>1,430</u>	<u>1,507</u>	<u>1,584</u>	<u>1,641</u>	<u>1,628</u>

Source: City of Frisco-Position Control

(1) During COVID-19 Pandemic, the City had a reduction in workforce of partime culture and recreation employees

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

Function	<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>	<u>2020</u>
General government										
Building permits issued										
Residential	1,322	1,370	2,255	2,033	2,386	2,187	1,936	2,248	2,083	2,282
Commercial	328	325	347	454	432	549	644	600	477	454
Planning and development submittals	236	309	402	490	590	600	609	622	582	712
Police										
Physical arrests	3,381	3,398	3,245	3,200	3,138	3,197	3,137	3,676	3,562	2,462
Traffic violations	15,783	16,413	17,460	20,194	19,708	21,008	19,062	21,394	15,701	11,257
Parking violations	913	854	799	668	387	294	265	623	3,339	193
Fire protection										
Number of calls answered	8,186	8,684	8,645	9,738	10,666	11,747	12,660	14,172	14,783	14,471
Inspections	4,886	5,373	5,490	5,192	5,437	6,386	4,151	2,275	3,201	2,904
Inspections - SAFER Program	2,443	2,688	2,922	2,656	2,555	1,532	1,059	2,058	2,272	1,394
Highways and streets										
Street resurfacing (square yards)	1,500	6,291	22,376	36,166	25,827	19,391	18,238	24,697	24,419	16,055
Street curb miles swept	7,896	7,896	7,896	7,896	7,896	10,417	10,417	10,672	10,672	10,780
Environmental services										
Solid waste collected (tons)	76,209	79,154	86,814	93,583	110,962	105,050	108,002	113,504	113,709	114,892
Recycled materials collected (tons)	14,556	15,343	15,814	15,716	16,382	17,457	18,868	23,506	19,352	20,364
Culture and recreation										
Library transactions	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	2,965,852
Library visits	581,158	601,078	548,760	563,268	587,313	620,115	632,168	651,002	702,979	356,036
Parks acreage	1,348	1,348	1,348	1,449	1,449	1,432	1,621	2,535	2,535	2,535
Athletic facilities and Senior Center (visits)	756,317	803,925	710,430	697,775	711,661	853,265	814,748	753,000	794,281	325,676
Water										
New connections	1,408	1,473	2,372	2,280	2,541	2,889	2,262	2,457	2,114	2,490
Average daily consumption (million gallons/day)	27.7	26.5	25.8	20.9	24.2	25.6	25.9	31.1	28.7	32.0
Sewer										
Average daily wastewater flow (million gallon/day)	9.4	8.5	10.0	10.6	12.1	13.2	12.7	13.4	13.4	14.9

Sources: Various government departments

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Sports Complexes Supported	7	7	7	7	7	7	7	7	7	7
Museums, Art Gallery Supported**	1	3	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	35	35	38	42	45	60	65	70	72	75
Fire Stations	6	7	7	7	8	8	8	8	9	9
Highways and streets										
Streets (miles)	1,196	1,246	1,246	1,709	1,771	2,011	2,313	2,401	2,458	2,500
Streetlights/Street poles	7,350	7,732	8,173	8,523	8,973	9,360	10,032	10,421	11,636	12,032
Traffic signals	86	91	96	100	102	111	129	138	148	155
Culture and recreation										
Parks acreage										
Parks developed	646	646	646	864	921	921	921	921	1,545	1,545
Parks undeveloped	702	702	702	585	528	511	700	700	990	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	1	1	1	1	1	1
Tennis courts	6	6	6	6	4	6	6	6	6	6
Soccer fields	27	27	27	27	27	27	35	35	35	35
Baseball fields	19	19	19	19	24	24	24	24	24	24
Water										
Customers/Accounts	41,079	42,539	44,988	47,039	49,740	52,182	54,261	57,661	59,172	61,515
Water lines (miles)	746	771	810	842	899	914	993	1,030	1,059	1,059
Fire hydrants	7,892	8,299	8,602	9,039	9,712	9,886	10,801	11,215	11,624	11,622
Maximum daily capacity (millions of gallons)	134.0	134.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0
Wastewater										
Customers/Accounts	37,929	39,335	43,091	44,312	46,763	48,281	50,212	53,547	55,842	58,354
Sanitary sewers (miles)	569	592	620	629	693	705	742	789	798	798
Storm sewers (miles)	330	526	551	589	642	375	417	438	448	448

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

Source: Various government departments

GEORGE A. PUREFOY MUNICIPAL CENTER
6101 FRISCO SQUARE BLVD.
FRISCO, TX 75034

972-292-5000

FRISCOTEXAS.GOV

