



CITY OF FRISCO, TEXAS ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR 2022



CITY OF FRISCO, TEXAS



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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PROGRESS IN MOTION

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For the Fiscal Year Ended September 30, 2022**

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PROGRESS IN MOTION

INTRODUCTORY SECTION



March 1, 2023

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 *Annual Comprehensive Financial Report (ACFR)* of the City of Frisco, Texas (the City), for the year ended September 30, 2022, 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.

FORVIS, Certified Public Accountants, has issued unmodified ("clean") opinions on the City of Frisco's financial statements for the year ended September 30, 2022. The report of the 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 which can be found immediately following the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements.

City Profile

The City of Frisco, incorporated in 1908, is in west central Collin County and east central Denton County, approximately 25 miles north of downtown Dallas at the intersection of the Dallas North Tollway (DNT) and State Highway 121 Sam Rayburn Tollway (SRT). US Highway 380 is the northern border for the City. Frisco is readily accessible via SRT from the Dallas Fort Worth International Airport or via the DNT from Love Field Airport in Dallas. The City currently encompasses (incorporated and unincorporated) 70 square miles which is approximately 16% 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 made available monthly for managers to review. All financial information is also available for managers online and in 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. Our location in North Texas and the population growth in Collin and Denton Counties have provided Frisco with great opportunities. Frisco is a community that offers exceptional housing, top ranked schools, and a dynamic business culture. We have a stable, diverse economic base, educated labor pool, strong property tax base, and are considered a shopping destination, which creates a high performing sales tax base. Data from the U.S. Census Bureau's 2021 American Community Survey shows Frisco's median household income at \$130,118, which is considerably higher than the \$66,963 median income for Texas. Also, according to the same survey, Frisco's residents are well-educated with 67% of adults age 25 or older holding a bachelor's degree or a higher level of education, compared to 33% for Texas. The current unemployment rate is 2.7%. Frisco's unemployment rate is frequently one percent less than state and/or federal levels, indicating a robust and resilient local economy.

The Frisco Economic Development Corporation (FEDC) continues to assist the City by facilitating new projects for growth and diversification. The FEDC also operates a business retention and expansion program to assist companies currently located in Frisco.

During FY22, fourteen (14) new projects were announced, with a potential of 1,742,220 square feet and a capital investment of \$324 million. Estimated potential direct jobs created or retained total 4,994. The prospect pipeline generates a strong stream of incoming leads monthly.

Bohler Engineering and Garver USA both announced expansions of their current Frisco offices. During 2022 the following companies announced relocation of corporate offices to Frisco: Tokio Marine Management and Insurance, Toshiba Global Commerce Solutions USA, Accolite Digital, Shield.AI, and Community Coffee Company.

Major headquarter relocation projects during the year included Ruiz Mexican Foods, Inc., a major seller of frozen mexican dishes in the US and Canada. Ruiz committed to establishing a regional corporate headquarters in Hall Office Park, creating 125 new jobs. The California location will retain Research and Development and some functional corporate areas until 2025. Teachers Insurance and Annuity Association of America (TIAA), a Fortune 100 financial services organization committed to establishing a new regional corporate center by 2024 creating 2,000 new jobs and relocating 600 existing jobs. The company will occupy 500,000 square feet in a new 15 story build-to-suit office tower location within The Star District. ExteNet Systems, the nation's largest privately held provider of secure 5 and fiber neutral host communication infrastructure solutions, committed to relocate from Lisle, Illinois to Offices 3 at Frisco Station, creating 145 new jobs in Frisco. And, finally, Comerica Bank (NYSE: CMA) announced a new corporate office and plans to establish a new business and innovation hub to open at The Star in late 2023. This project is estimated to create another 300 jobs.

Hall Group continues construction on their new Class AA office tower at Hall Park as part of the \$7 billion mixed-use project. A world-class park will be located adjacent to the new 16-story office building. Kaleidoscope Park will be programmed and activated by Communities Foundation of Texas.

Star Business Park has continued to add significantly to the Frisco property tax base with hundreds of jobs created by numerous tenants including Fortune 500 companies such as Amazon and Home Depot.

The PGA of America headquarters, also known as PGA Frisco, opened its new headquarters facility in 2022 including the relocation of 100 employees. PGA Frisco is slated to host six major championships over the next 12 years - including two PGA Championships. The Omni PGA Frisco Resort and on-site amenities are set to open in Spring 2023, Omni PGA Frisco Resort and will become a leading destination for golf, providing an unparalleled experience for those who are advanced players, new to the game, and everything in between. The golf resort will offer 46 holes of golf designed by Beau Welling and Gil Hanse, including two 18-hole championship golf courses, a lighted, 10-hole short course and lighted, 2-acre putting green. The PGA Golf Courses were mostly completed in 2021, and crews began the one year seeding and growing process to prepare the courses for opening in 2023 as Frisco hosts the KitchenAid Senior PGA Gold Championship in May. The resort features 501 guest rooms and suites, seven four-bedroom golf villas, three pools, a destination spa, Lounge by Top Golf and more than 127,000-square feet of indoor and outdoor meeting and event space. An expansive retail and entertainment district will feature dining, shopping and an outdoor stage set to be activated for concerts and outdoor programming; additional outdoor activities include tennis, pickleball and bocce ball.

Firefly Park Development was announced as a new rezoning of a 200+ acre mixed use planned development. Dream Hotels announced a 200-key boutique luxury hotel as its first location in North Texas to be the anchor of Firefly Park. The landmark project calls for 4.75 million square feet of office space, 2,200 residential units and 380,000 square feet of planned retail space. The project is set to include a trail system along a chain of small lakes and parks with an outdoor amphitheater.

Crow Holdings Office began construction of its newest Class A office development at SouthStone Yards along SH121. The first tower is a 235,000 square foot mass-timber office building as one of four towers in the proposed one million square foot development. This project is set for completion by 2024.

In late 2022, new owners of Wade Park announced "The Mix", as a major redevelopment with plans to proceed with Phase One of the master planned mixed use development. This project is expected to blend a mixture of architectural styles and include a nine acre central park feature. Phase One will include a premier anchor grocery store, 40,000 square feet of medical offices, destination restaurants and retail. The ultimate build out includes plans for approximately two million square feet of office space; 375,000 square feet of retail, including the grocery store; a business hotel and a boutique hotel; and two million square feet of office space. StreetLights Residential, a Dallas based design focused multifamily and mixed use developer is partnering on the residential aspect of this project.

The City has committed to reinvestment in historic downtown, also known as the Rail District. Capital Improvements Program plans include allocating almost \$45 million in roads and parks redevelopment in the Rail District over the next few years. Local property developers increased conversion of former residential properties into commercially viable properties. Patios at the Rail, a mixed use project opened with 40,000 square feet of retail, office, restaurants, event space, and a maker space for entrepreneurs, founders, and digital content producers. A second mixed use development is being planned near Frisco Junction called Ritchey Gin. In November 2022, Rollertown Beerworks announced

a partnership with the City, FCDC, and FEDC to develop and operate a brewery, local event space, tap and tasting room and production operation within Frisco Junction, utilizing a city-owned site off Main Street.

In the industry of esports, gaming and sports innovation, venture capital (VCs) firms and seed accelerators from numerous locations hosted technology and entrepreneurship startup events. To help advance the City's vision of becoming a hub for Venture Capital activity, the Frisco EDC hosted the region's largest innovation networking conference kickoff events for Dallas Startup Week including the top VCs, startups, and high level investors.

Frisco's housing development continues to be robust with 1,384 new single-family permits issued during the year. There were two (2) new multi-family and one urban living development permits issued. New commercial projects completed during the year total over 3.8 million square feet with the value totaling over \$645 million for all permits issued.

Frisco is a tourism destination leader with venues and attractions that generate significant economic benefits to Frisco retailers, restaurants, hotels, as well as other businesses. In 2022, Frisco Tourism reported a three percent increase in visitors activity compared to pre-pandemic data in 2019. Known as Sports City USA, Frisco has long capitalized on the major league and professional sports venues to attract national and globally televised sporting events.

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 currently 75 schools, including 43 elementary, 17 middle schools, 12 high schools and 3 special program centers. Frisco ISD's student enrollment as of October 2022 was more than 67,000 students. A Bond Referendum passed in November 2018 provides capital for the FISD's continued building program through the 2025-26 school year or 72,000 students. Other ISD's in the City of Frisco include Prosper, Lewisville, and Little Elm.

During FY22, the University of North Texas (UNT) at Frisco's campus construction neared completion with the campus opening for Spring 2023 classes. The City of Frisco and UNT's partnership has continued 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 in the first anchor building. Collin College, a community college district in Collin County, continues to expand the Preston Ridge Campus (PRC) in Frisco with current enrollment of more than 8,000 students.

Looking ahead to 2023 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 Executive Directors due to growth and

programming demands during the annual budget process. The City used bond authority approved by voters in May 2015 and May 2019 for the fiscal year 2022 Capital Improvement Program.

In December 2021 (FY22), the City issued additional general obligation debt of \$100 million to fund City Hall Renovations \$10.925 million, Roadways \$55 million, Public Safety Equipment \$3.6 million, Performing Arts Center \$12 million and Parks Development and Facilities \$18.475 million.

Infrastructure (including roads and drainage) includes PGA Parkway (formerly Rockhill Parkway Preston to Coit), Dallas Parkway, Legacy Drive, Downtown Improvement, Fields Parkway, and Panther Creek Parkway and is funded through voter approved bonds, impact fees and developer contributions.

A Performing Arts Center (PAC) was approved by City Council with several private partners and the Frisco ISD during FY21, but due to increased costs, the Fisd Board of Trustees decided to cancel their participation in the joint project. The City Council has hired a new consultant to study the future of the PAC.

Certificates of Obligation were issued for several major water & wastewater projects including the Legacy Lift Station, Panther Creek Wastewater Main East and Panther Creek Interceptor Replacement. Funds are also available for expansion of the reuse system. Federal funds will supplement several of the major construction projects through the American Rescue Plan Act, with the City receiving approximately \$16 million for these projects. 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 FY23 Annual Budget.

According to our financing plan, we will be issuing debt in June 2023 to continue our capital improvement plan, including General Obligation Bonds and Certificates of Obligation to provide funding for infrastructure and building projects.

During FY22, the City Council named a Citizen Bond Committee to present projects for a bond election in May 2023. The new bond program will provide funding, if approved, for the next five years.

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. Other Post Employment Benefit (OPEB) liabilities are based on an actuarial study each year.

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 2023

The FY23 approved appropriation provides funding for implementation of City Council's strategies and priorities as adopted during 2022. As we developed the funding plan for FY23, special considerations were given to inflation which impacts operational costs and construction costs, and the many special projects that we continue to manage. The population assumption growth is 5%. A priority for the Council is to develop commercial/retail along US380, and we believe that ongoing development in the Northwest quadrant of the City will meet the priority.

We added 47 new positions (44 full time and 3 part time/seasonal) for FY23. Staffing for FY23 includes 1,735 authorized positions, with 1,523.79 FTE (full-time equivalent), or approximately 6.63 FTE per capita (1,000 population). Of the total new positions, 22 were for public safety. With the current labor market demands, additional funding of approximately \$6.6 million is included in the FY23 budget for various pay and benefit enhancements for our staff. An average 4% merit-based increase for civilians and a one step 3% increase for uniformed staff was approved. Market increases to salaries to remain competitive in the surrounding area were funded during late FY22, with plans to review recruitment practices and retention compensation policies during FY23 to maintain the City's competitiveness and ability to attract and retain talent. Two new staff holidays were added, and longevity payouts were increased from \$4 per month of service to \$8 per month of service to a ceiling of \$2,400 for employees with 25 years of services. Insurance premiums were held steady for employees with the city absorbing an approximate 10% increase due to inflationary considerations. The Employee Wellness Clinic opened in late June 2022 and is expected to divert some claims for a net savings to the City.

Replacement capital was funded at \$8.2 million for the General Fund. Fund Balance Reserve Policies were maintained in the adopted budget with at least 25% of operating expenditures set aside in unassigned fund balance.

The Finance & Budget Manual 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's achievements and statistics. 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 *Annual Comprehensive Financial Report (ACFR)* for the fiscal year ended September 30, 2021. This was the twenty-first 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 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 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 would not have been accomplished without the dedicated services of the entire staff of the Financial Services Department, Budget 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



Derrick Cotten, CPA
Director of Financial Services



Government Finance Officers Association

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

Presented to

**City of Frisco
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

City of Frisco, Texas

Elected Officials and Administrative Officers September 30, 2022

Council Members

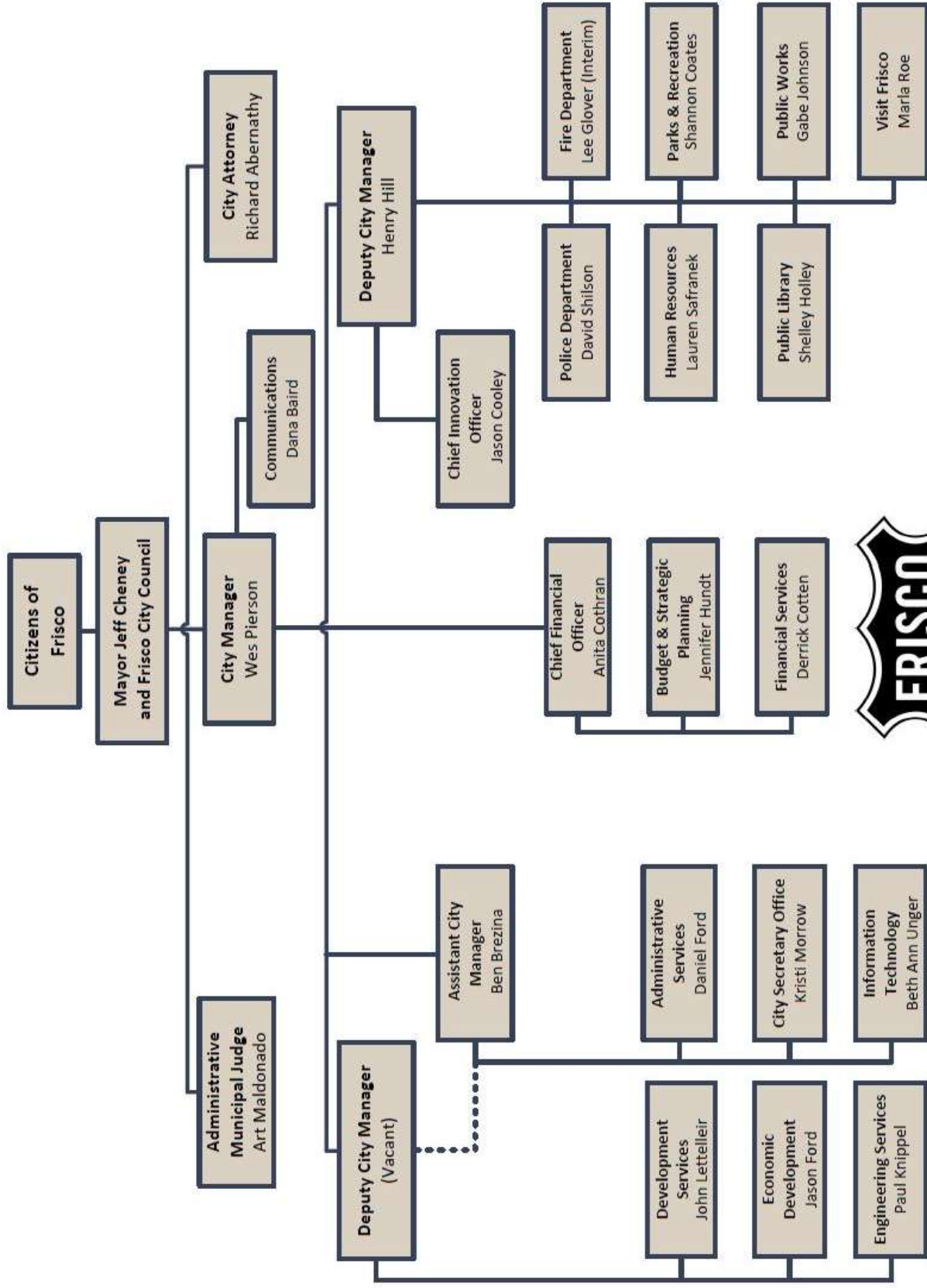
Mayor
Mayor Pro-tem, Place 1
Deputy Mayor Pro-tem, Place 3
Councilmember, Place 2
Councilmember, Place 4
Councilmember, Place 5
Councilmember, Place 6

Jeff Cheney
John Keating
Angelia Pelham
Tammy Meinershagen
Bill Woodard
Laura Rummel
Brian Livingston

Administrative Officers

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

Wes Pierson
Henry Hill
Vacant
Ben Brezina
Richard Abernathy
Art Maldonado
Kristi Morrow
Anita Cothran
Lee Glover
David Shilson
Beth Ann Unger
Daniel Ford
Jennifer Hundt
Dana Baird-Hanks
John Lettelleir
Derrick Cotten
Lauren Safranek
Shelly Holley
Shannon Coates
Paul Knippel
Gabe Johnson
Jason Ford
Marla Roe





PROGRESS IN MOTION

FINANCIAL SECTION



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forvis.com

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 the City of Frisco, Texas (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, TIRZ #1, and Grants funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 87, *Leases* in fiscal year 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the combining and individual fund financial statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023, 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 solely 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 the effectiveness of the City's 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.

FORVIS, LLP

Dallas, Texas
February 28, 2023



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, 2022. In the broadest context, the financial wellbeing 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 (starting on page vii of this report) and the statistical section (page 129), 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 \$2,124,273,824 (net position). The majority of the City's assets are invested in capital assets or restricted for specific purposes. The remaining \$192,880,462 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 \$63,901,996 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 \$37,134,338.
- As of the close of the current fiscal year, the City of Frisco's governmental funds reported a combined ending fund balance of \$577,275,558. Approximately 14% of this total is available for spending at the City's discretion (unassigned).
- Effective October 1, 2021 the City adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Comparative information presented herein has not been restated for the adoption of GASB 87 because the basic financial statements present fiscal year 2022 only.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$81,590,881 or 41% of total General Fund expenditures.
- The deferred outflows of the City decreased by \$1,405,681 or 5% 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 \$57,813,520 or 404% during the fiscal year. This change is due to differences between expected and actual experience for pension and lease liabilities due to the adoption of GASB 87.
- The City of Frisco's total debt increased by \$76,868,977 or 8.55% during the fiscal year.
- The ad valorem rate for the City was \$.4466 for fiscal year 2022. 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 2022 tax statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The government-wide financial statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting. The *statement of net position* presents information on all the City of Frisco's assets 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, retirement plan liabilities and earned but unused vacation leave).

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

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

- Component units – The City includes three separate legal entities in its report – the Frisco Economic Development Corporation, the Frisco Community Development Corporation and the City of Frisco Charitable Foundation. Although legally separate, these “component units” are included because the City is financially accountable for them.

Reporting the City’s Most Significant Funds

Fund financial statements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the Chief Financial Officer 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government’s near-term financing decisions. The relationships or differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is detailed in a reconciliation following each of the governmental fund financial statements.

The City of Frisco maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Tax Increment Reinvestment Zone Fund (TIRZ), Capital Projects fund, Grants fund, and the Debt Service fund all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements starting on page 102 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 fund type 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 postemployment 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 \$2,124,273,824 as of September 30, 2022.

By far the largest portion of the City's net position (85%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment, net of accumulated depreciation and amortization); less any related debt used to acquire those assets that is still outstanding. The City uses these capital and lease assets to provide services to citizens; consequently, the assets are not available for future spending. Although the City's investment in its capital and lease 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, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 706,513,558	\$ 555,660,795	\$ 217,966,934	\$ 202,890,452	\$ 924,480,492	\$ 758,551,247
Capital and lease assets	1,862,960,404	1,829,237,437	483,613,324	462,701,733	2,346,573,728	2,291,939,170
Total assets	2,569,473,962	2,384,898,232	701,580,258	665,592,185	3,271,054,220	3,050,490,417
Deferred outflows of resources	22,026,880	22,702,672	3,492,664	4,222,553	25,519,544	26,925,225
Other liabilities	66,651,645	64,524,606	11,556,809	10,870,538	78,208,454	75,395,144
Long term liabilities	854,862,600	793,745,951	167,106,115	170,727,806	1,021,968,715	964,473,757
Total liabilities	921,514,245	858,270,557	178,662,924	181,598,344	1,100,177,169	1,039,868,901
Deferred inflows of resources	69,076,737	12,322,483	3,046,034	1,986,768	72,122,771	14,309,251
Net investment in capital assets	1,418,589,171	1,377,424,378	384,612,613	367,819,577	1,803,201,784	1,745,243,955
Restricted	79,492,981	83,564,484	48,698,597	45,397,680	128,191,578	128,962,164
Unrestricted	102,827,708	76,019,002	90,052,754	73,012,369	192,880,462	149,031,371
Total net position	\$ 1,600,909,860	\$ 1,537,007,864	\$ 523,363,964	\$ 486,229,626	\$ 2,124,273,824	\$ 2,023,237,490

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 \$192,880,462 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, 2022, the City is able to report positive balances in all three net position 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.

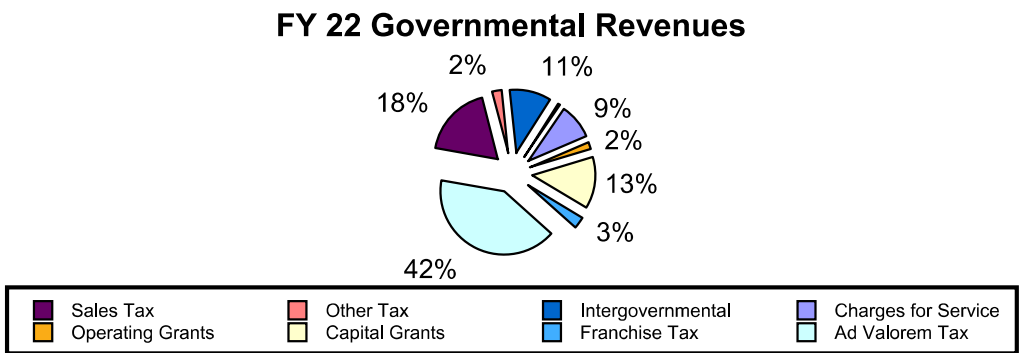
Analysis of the City’s Operations – Overall the City had an increase in net position of \$101,036,334.

Governmental activities: Governmental activities increased the total net position by \$63,901,996 or 63% of the total growth. Net investment in capital assets increased by \$41,164,793 due to increases in capital investment (or projects completed during the year), net of changes in debt. Unrestricted net position showed an increase of \$26,808,706. Restricted net position decreased by \$4,071,503 primarily due to the recent Senate Bill 2 passage in 2020. The legislation required the taxing entity to consider anticipated collections in calculating the debt service component of its voter-approval tax rate. The tax collector must certify the current year's certified anticipated debt collection rate and compare with the prior year's excess debt tax collections, then subtract that from the current years debt payments which adjusts the current year's debt service rate.

Total revenues for governmental activities increased when compared to the prior year by \$52,790,289. General revenue had an increase of \$35,001,965, while program revenues had a increase of \$17,788,324. These were primarily due to the following factors:

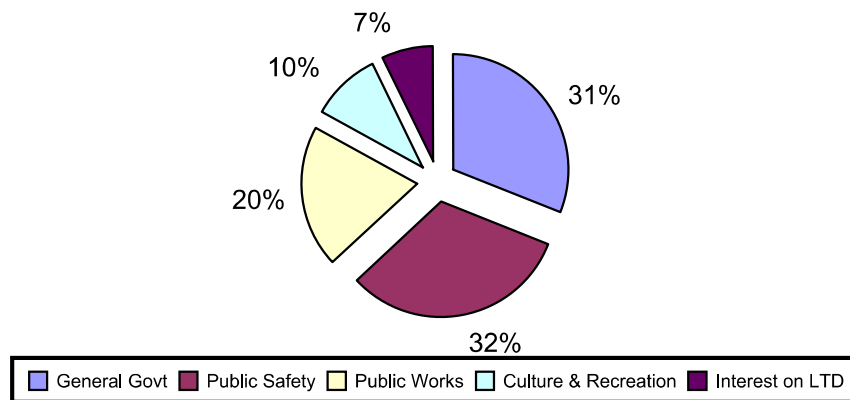
General revenues: Property tax revenue includes an increase of \$11.8 million and is due to a combination of the increased value in existing property and the value generated by new improvements. Sales taxes increased \$13.1 million, which exceeded expectations and was attributed to strong sales across all industries. Franchise taxes had a net increase of \$1.8 million and other taxes showed an increase of \$3.6 million. Intergovernmental revenues increased \$2.9 million due to the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. Investment earnings increased by \$1.7 million due to overall market conditions.

Program revenues: Charges for services increased by \$5.9 million during the year, primarily due to an increase in services coming out of the pandemic. Operating grants and contributions decreased this fiscal year due to the prior year influx of Coronavirus Aid, Relief, and Economic Security (CARES) funding from the federal government. Capital contributions increased during the year, primarily due to increased funding for public works projects.



Total expenses for governmental activities increased \$17 million or 5%, which is incremental with providing services to the growing population. General government expenses include a payment of \$18.4 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 \$105.8 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 \$66 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 \$139.6 million or 42% of the total, while depreciation expense totaled \$84.7 million or 25%.

FY 22 Governmental Expenses



Business-type activities: Net position from business-type activities increased by \$37,134,338 accounting for the remaining total growth. Program revenues of the City's business-type activities were \$182,675,169 for the fiscal year, a 17% increase over the prior fiscal year. Factors leading to this increase include a spike in summer water consumption during this past summer's drought combined with increases to water and sewer rates. Operating expenses increased by 3% for a total of \$134,445,060. Additional factors include the following:

The City's water and sewer system recorded charges for services of \$127,451,338 and impact fees and contributions of \$27,093,655. Total operating expenses were \$109,461,565. The most significant expenses of the water and sewer fund were \$37,137,392 to purchase water, \$28,218,655 for the cost of sewage treatment, \$21,408,177 for depreciation and \$11,959,031 for salaries and benefits.

City of Frisco's Changes in Net Position
For the years ended
September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 35,674,178	\$ 29,727,023	\$ 155,513,794	\$ 132,483,029	\$ 191,187,972	\$ 162,210,052
Operating grants and contributions	7,019,760	16,941,430	67,720	93,984	7,087,480	17,035,414
Capital grants and contributions	52,269,697	30,506,858	27,093,655	23,139,862	79,363,352	53,646,720
Total program revenues	94,963,635	77,175,311	182,675,169	155,716,875	277,638,804	232,892,186
General revenues						
Ad valorem tax	162,681,758	150,882,839	—	—	162,681,758	150,882,839
Sales tax	68,114,505	54,984,501	—	—	68,114,505	54,984,501
Franchise tax	11,831,566	10,031,878	—	—	11,831,566	10,031,878
Other tax	9,559,643	5,910,603	—	—	9,559,643	5,910,603
Intergovernmental	41,953,571	39,058,316	645,594	2,283,546	42,599,165	41,341,862
Investment earnings	2,161,208	432,149	76,642	140,776	2,237,850	572,925
Total general revenues	296,302,251	261,300,286	722,236	2,424,322	297,024,487	263,724,608
Total revenues	391,265,886	338,475,597	183,397,405	158,141,197	574,663,291	496,616,794
Expenses						
General government	102,466,806	92,795,035	—	—	102,466,806	92,795,035
Public safety	105,809,779	106,713,823	—	—	105,809,779	106,713,823
Public works	65,960,543	62,311,511	—	—	65,960,543	62,311,511
Culture and recreation	35,623,318	32,772,532	—	—	35,623,318	32,772,532
Interest	23,800,021	22,093,367	—	—	23,800,021	22,093,367
Water and sewer	—	—	114,982,995	107,973,934	114,982,995	107,973,934
Other enterprise funds	—	—	24,983,495	26,232,863	24,983,495	26,232,863
Total expenses	333,660,467	316,686,268	139,966,490	134,206,797	473,626,957	450,893,065
Increase in net position before transfers	57,605,419	21,789,329	43,430,915	23,934,400	101,036,334	45,723,729
Transfers	6,296,577	2,591,119	(6,296,577)	(2,591,119)	—	—
Increase in net position	63,901,996	24,380,448	37,134,338	21,343,281	101,036,334	45,723,729
Net position, October 1	1,537,007,864	1,512,627,416	486,229,626	464,886,345	2,023,237,490	1,977,513,761
Net position, September 30	<u>\$ 1,600,909,860</u>	<u>\$ 1,537,007,864</u>	<u>\$ 523,363,964</u>	<u>\$ 486,229,626</u>	<u>\$ 2,124,273,824</u>	<u>\$ 2,023,237,490</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, 2022, the governmental funds of the City reported a combined fund balance of \$577,275,558, an increase of \$107,769,440 in comparison with the prior year. Unassigned fund balance, which is available for spending at the government's discretion,

constitutes \$81,590,881 of this balance. The remainder of fund balance is non-spendable, restricted, committed or assigned. 1) Non-spendable fund balances of \$4,458,653 includes prepaids, leases, and inventories held by the government, 2) Restricted balances includes bond proceeds restricted for capital projects \$359,320,906 reserves to pay debt service \$2,868,346, impact fee revenues restricted for capital project funding \$51,361,656, TIRZ #1 balances for other purposes \$8,047,261, and other special revenues restricted for a specific purpose \$7,330,539, 3) Committed funds included commitments made by resolution by the governing body for insurance reserves and other post-employment benefits (OPEB) \$23,736,664, workforce housing programs \$342,296 and the capital reserve fund \$14,218,356. 4) Assigned fund included commitments made by management for equipment and deferred maintenance \$20,000,000 and infrastructure \$4,000,000.

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 \$81,590,881, while total fund balance reached \$147,943,326. 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 41% of total General Fund expenditures, while total fund balance represents 75% of that same amount. The fund balance of the City's General Fund increased \$21,928,264 during the current fiscal year attributed mainly to increases in collections for property tax, sales tax and intergovernmental revenues while expenditures for most functional areas were less than originally budgeted. Property tax increases were mainly attributable to an 9% increase in taxable value and 5% increase in new developments. Sales tax increased 24% from the prior fiscal year mainly due to current economic and market conditions that have resulted in increased costs for taxable goods and services.

The TIRZ #1 Fund has a total fund balance of \$8,047,261. This amount is restricted for future projects within the zone. The changes in the fund balance are attributed to increased property tax and intergovernmental revenue with decreased expenditures.

The Capital Projects Fund has a total fund balance of \$359,320,906. 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 increase in fund balance is due to debt issuance in 2022 that will be expended in future periods. 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 \$2,868,346, all restricted for retirement of City debt. This is a decrease from the previous fiscal year of \$465,035. Although higher values and growth of the City resulted in increased property taxes, higher debt service costs resulted in the fund balance decrease from 2021. Additionally, excess collections over the amount required for debt service are used in future years to reduce the tax rate needed to service debt.

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

Unrestricted Net Position of the enterprise funds at September 30, 2022 totaled \$90,052,754. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

For FY22 there were no restrictions, commitments, or other limitations significantly affecting the availability of fund resources for future use.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY22, the City Council approved a final appropriation in September 2022 with the total amount of the appropriation equaling \$215 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 \$199.1 million compared to the re-estimated (revised) budget amount of \$212.3 million. The \$13.1 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. This variance includes legal expenditures, sales tax grants, capital outlay and salaries budgeted but not expended.

The actual (on a budgetary basis excluding transfers in) revenues were \$215 million as compared to the re-estimated (revised) budget amount of \$208.6 million excluding transfers. The \$6.4 million variance in total revenues is attributed to increases over projections in sales taxes, franchise taxes, intergovernmental revenues, and charges for services collections, with decreases under projections in property taxes and investment earnings.

CAPITAL AND LEASE ASSETS AND DEBT AND LEASE OBLIGATION ADMINISTRATION

Capital and lease assets. At the end of the year, the City had \$3,574,057,880 invested in a broad range of capital and lease 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 \$158,891,587 over the prior fiscal year. Total accumulated depreciation and amortization as of September 30, 2022, was \$1,227,484,152 for net capital and lease assets of \$2,346,573,728.

Capital and Lease Assets September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 356,151,371	\$ 353,814,065	\$ 10,997,938	\$ 10,672,022	\$ 367,149,309	\$ 364,486,087
Building & improvements	749,621,404	724,762,840	10,178,723	10,178,723	759,800,127	734,941,563
Machinery & equipment	106,591,931	98,561,946	12,710,712	12,285,934	119,302,643	110,847,880
Construction-in-progress	111,532,524	100,379,780	32,765,658	17,074,135	144,298,182	117,453,915
Improvements other than buildings	1,505,111,875	1,436,161,132	676,983,083	651,275,716	2,182,094,958	2,087,436,848
Right-to-use leased buildings	653,456	—	—	—	653,456	—
Right-to-use leased equipment	662,701	—	96,504	—	759,205	—
Total capital and lease assets	2,830,325,262	2,713,679,763	743,732,618	701,486,530	3,574,057,880	3,415,166,293
Less:						
Accumulated depreciation/ amortization	(967,364,858)	(884,442,326)	(260,119,294)	(238,784,797)	(1,227,484,152)	(1,123,227,123)
Total	<u>\$ 1,862,960,404</u>	<u>\$ 1,829,237,437</u>	<u>\$ 483,613,324</u>	<u>\$ 462,701,733</u>	<u>\$ 2,346,573,728</u>	<u>\$ 2,291,939,170</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. For FY22, notable additions include \$34 million towards the new library, 7.3 million in park

development, \$44 million towards roads and traffic systems, and \$41 million towards water and sewer system improvements.

The City's 2022 Capital Project Multi-Year Budget called 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 were included in the 2022 Plan.

Additional information regarding capital assets can be found in Note 6 beginning on page 62.

Debt and lease obligation administration. At year-end, the City had \$976,208,199 in debt and lease obligations outstanding as compared to \$899,339,222 at the end of the prior fiscal year, an increase of 9% – as shown below.

Outstanding Debt and Lease Obligations September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 581,709,397	\$ 534,795,879	\$ 27,714,973	\$ 35,472,141	\$ 609,424,370	\$ 570,268,020
Certificates of obligation bonds	231,049,509	202,317,208	134,616,401	126,753,994	365,665,910	329,071,202
Leases payable	1,040,055	—	77,864	—	1,117,919	—
Totals	<u>\$ 813,798,961</u>	<u>\$ 737,113,087</u>	<u>\$ 162,409,238</u>	<u>\$ 162,226,135</u>	<u>\$ 976,208,199</u>	<u>\$ 899,339,222</u>

In January 2022, the City of Frisco issued General Obligation Refunding and Improvement Bonds, Series 2022 in the amount of \$88,275,000 with a net premium of \$7,002,114. Proceeds of the sale of the Bonds are to be used for (i) financing permanent improvements for Police and Fire, Streets, Public Works, and the Library; (ii) to refund \$6,865,000 of General Obligation Refunding and Improvements Bonds, Series 2012 for debt service savings and (iii) to pay the costs associated with the issuance of the Bonds.

In January 2022, the City of Frisco issued General Obligation Bonds, Taxable Series 2022 in the amount of \$12,000,000 with a net premium of \$19,762. Proceeds of the sale of the Bonds are to be used for financing permanent improvements for Parks and Recreation.

In January 2022, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022 A in the amount of \$13,855,000 with a net premium of \$1,012,490. Proceeds from the sale of the Certificates will be used for (i) constructing improvements and extensions to the City's combined waterworks and sewer system and water re-use system consisting of transmission lines, pump stations and ground storage; (ii) expanding, improving and equipping the City's public works facility; and (iii) to pay the costs associated with the issuance of the Certificates.

In January 2022, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2022 B in the amount of \$39,510,000 with a net premium of \$21,057. Proceeds from the sale of the Certificates will be used for (i) constructing improvements and extensions to the City's road system; (ii) constructing a public parking facility and improvements to a City owned sports stadium; and (iii) to pay the costs associated with the issuance of the Certificates.

Additional information regarding the City's outstanding debt can be found in Note 8 beginning on page 66.

The City's assigned ratings for general obligation bonds and certificates of obligation bonds were as follows during FY 2022:

	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 December 2021, 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, 2015, and the 2019 Election as outlined in the table below:

**Authorized but Unissued Debt
September 30, 2022**

<u>Election May 13, 2006</u>	<u>Voted Bonds</u>	<u>Issued Prior Years</u>	<u>Issued FY 2022</u>	<u>Unissued Balance</u>
Branch Library (Prop. 5)	\$ 8,000,000	\$ —	\$ —	\$ 8,000,000 (1)
Senior Center (Prop. 7)	2,500,000	—	—	2,500,000 (1)
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	2,000,000	21,000,000
<u>Election May 9, 2015</u>				
City Hall Expansion (Prop. 4)	37,000,000	15,000,000	10,925,000	11,075,000
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	20,925,000	21,075,000
<u>Election May 4, 2019</u>				
Public Safety (Prop. A)	62,500,000	26,000,000	3,600,000	32,900,000
Street Improvements (Prop. B)	155,000,000	75,000,000	55,000,000	25,000,000
Parks, Trails and Rec Facilities (Prop. E)	53,500,000	—	18,475,000	35,025,000
Remaining	271,000,000	101,000,000	77,075,000	92,925,000
Total Authorized/Unissued Bonds	\$ 366,000,000	\$ 131,000,000	\$ 100,000,000	\$ 135,000,000

(1) These authorizations will not be issued

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2023 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 for FY 2023. The combined budget appropriation totaled \$229.5 million. This represents an increase of \$30.9 million from the FY 2022 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 4.45%, and a gain on existing property of 11.16%. According to final figures received from the CADs, the total certified assessed taxable property value for FY 2022 is \$42.4 billion. Council approved a tax rate of \$0.4466 per \$100 of valuation, the same as the FY 2022 tax rate of \$0.4466. Council increased the homestead tax exemption for FY 2023 for a total of 12.5% and approved a freeze for taxpayers over 65.

As for the City's business-type activities, City projections indicate that the water and sewer fund unrestricted net position will be approximately \$78.9 million. A fee increase for water sales and sewer services was approved and effective in January 2023. Appropriations are to be used for capital projects in the utility construction projects fund, operating expenses, as well as bond interest and fiscal charges.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT STAFF

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at 6101 Frisco Square Boulevard, 4th Floor Finance Office, Frisco, Texas 75034. The Finance Department also presents the *Citizen's Annual Financial Report*, a condensed version of the financial position presented in the ACFR, online at the City's website www.friscotexas.gov.

BASIC FINANCIAL STATEMENTS



City of Frisco
Statement of Net Position
September 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 223,592,630	\$ 45,731,139	\$ 269,323,769	\$ 41,005,368
Investments	319,403,572	40,059,520	359,463,092	63,760,141
Receivables (net of allowance for uncollectibles)	24,444,873	17,824,384	42,269,257	12,300,601
Leases receivables	45,330,336	—	45,330,336	444,063
Inventories	3,335,015	1,322,073	4,657,088	—
Prepays	1,077,292	84,598	1,161,890	56,578
Notes receivable	2,235,000	—	2,235,000	—
Restricted assets:				
Cash and cash equivalents	41,942,284	35,907,837	77,850,121	29,439,585
Investments	32,029,556	77,037,383	109,066,939	1,800,000
Notes receivable - noncurrent	13,123,000	—	13,123,000	—
Land held for resale	—	—	—	69,368,286
Capital and lease assets:				
Nondepreciable	467,683,895	43,763,596	511,447,491	88,405,232
Depreciable (net)	1,395,276,509	439,849,728	1,835,126,237	2,259,519
Total assets	2,569,473,962	701,580,258	3,271,054,220	308,839,373
DEFERRED OUTFLOWS OF RESOURCES				
Pension items	13,112,639	1,827,738	14,940,377	304,906
OPEB items	1,318,100	166,656	1,484,756	30,301
Deferred charge on bond refunding	7,596,141	1,498,270	9,094,411	295,390
Total deferred outflows of resources	22,026,880	3,492,664	25,519,544	630,597
LIABILITIES				
Accounts and retainage payable	28,566,959	4,543,733	33,110,692	5,673,311
Accrued liabilities	799,191	271,896	1,071,087	30,037
Accrued interest payable	3,784,169	1,564,094	5,348,263	423,206
Customer deposits	—	5,147,470	5,147,470	25,000
Unearned revenue	16,187,292	—	16,187,292	5,000
Monies held in escrow	17,314,034	29,616	17,343,650	—
Noncurrent liabilities:				
Due within one year:				
Compensated absences	8,868,785	1,133,952	10,002,737	154,155
Leases payable	337,298	22,344	359,642	192,335
Bonds and notes payable	71,483,027	15,536,885	87,019,912	8,339,863
Due in more than one year:				
Compensated absences	16,204,296	1,541,132	17,745,428	119,550
Pensions	12,092,034	1,528,878	13,620,912	277,978
OPEB	3,898,524	492,915	4,391,439	89,622
Pollution remediation obligations	—	—	—	39,641,361
Leases payable	702,757	55,520	758,277	—
Bonds and notes payable	741,275,879	146,794,489	888,070,368	91,155,741
Total liabilities	921,514,245	178,662,924	1,100,177,169	146,127,159
DEFERRED INFLOWS OF RESOURCES				
Pension items	19,924,759	2,619,028	22,543,787	460,078
OPEB items	3,377,221	427,006	3,804,227	77,637
Lease related	45,774,757	—	45,774,757	442,551
Total deferred inflows of resources	69,076,737	3,046,034	72,122,771	980,266
NET POSITION				
Net investment in capital assets	1,418,589,171	384,612,613	1,803,201,784	66,707,767
Restricted for:				
Capital projects	64,118,975	48,698,597	112,817,572	—
Tax increment reinvestment zones	8,842,749	—	8,842,749	—
Other purposes	6,531,257	—	6,531,257	—
Community development	—	—	—	40,129,002
Economic development	—	—	—	55,525,776
Unrestricted	102,827,708	90,052,754	192,880,462	—
Total net position	\$ 1,600,909,860	\$ 523,363,964	\$ 2,124,273,824	\$ 162,362,545

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, 2022

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 102,466,806	\$ 13,812,550	\$ 1,328,127	\$ —
Public safety	105,809,779	15,097,220	3,571,105	131,371
Public works	65,960,543	169,563	690,629	46,277,098
Culture and recreation	35,623,318	6,594,845	1,429,899	5,861,228
Interest on long-term debt	23,800,021	—	—	—
Total governmental activities	333,660,467	35,674,178	7,019,760	52,269,697
Business-type activities:				
Water and sewer	114,982,995	127,625,789	—	27,093,655
Stormwater drainage	3,079,540	5,259,083	67,720	—
Environmental services	21,903,955	22,628,922	—	—
Total business-type activities	139,966,490	155,513,794	67,720	27,093,655
Total primary government	<u>\$ 473,626,957</u>	<u>\$ 191,187,972</u>	<u>\$ 7,087,480</u>	<u>\$ 79,363,352</u>
Component units:				
Community development	\$ 25,356,393	\$ 240,479	\$ —	\$ —
Economic development	15,238,369	11,908	43,775	164,600
Charitable foundation	8,647	—	20,485	—
Total component units	<u>\$ 40,603,409</u>	<u>\$ 252,387</u>	<u>\$ 64,260</u>	<u>\$ 164,600</u>
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 and transfers				
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
\$ (87,326,129)	\$ —	\$ (87,326,129)	
(87,010,083)	—	(87,010,083)	
(18,823,253)	—	(18,823,253)	
(21,737,346)	—	(21,737,346)	
(23,800,021)	—	(23,800,021)	
(238,696,832)	—	(238,696,832)	
—	39,736,449	39,736,449	
—	2,247,263	2,247,263	
—	724,967	724,967	
—	42,708,679	42,708,679	
(238,696,832)	42,708,679	(195,988,153)	
			\$ (25,115,914)
			(15,018,086)
			11,838
			(40,122,162)
162,681,758	—	162,681,758	—
68,114,505	—	68,114,505	68,114,504
11,831,566	—	11,831,566	—
9,559,643	—	9,559,643	—
41,953,571	645,594	42,599,165	4,357,794
2,161,208	76,642	2,237,850	141,969
6,296,577	(6,296,577)	—	—
302,598,828	(5,574,341)	297,024,487	72,614,267
63,901,996	37,134,338	101,036,334	32,492,105
1,537,007,864	486,229,626	2,023,237,490	129,870,440
\$ 1,600,909,860	\$ 523,363,964	\$ 2,124,273,824	\$ 162,362,545

City of Frisco
Balance Sheet
Governmental Funds
September 30, 2022

	General	TIRZ #1	Capital Projects	Debt Service	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 34,796,969	\$ 11,213,106	\$ 173,041,061	\$ 1,509,641	\$ 15,754,600	\$ 29,219,537	\$ 265,534,914
Investments	111,990,629	—	207,412,943	—	—	32,029,556	351,433,128
Receivables (net of allowance for uncollectibles):	—	—	—	—	—	—	—
Property taxes	686,408	—	—	377,860	—	—	1,064,268
Sales taxes	12,162,229	—	—	—	—	—	12,162,229
Franchise taxes	5,596,103	—	—	—	—	58,674	5,654,777
Occupancy tax	—	—	—	—	—	771,777	771,777
Grants	—	—	—	—	849,351	35,857	885,208
Assessments	—	—	—	—	—	157,131	157,131
Other	1,648,975	636,531	694,742	—	—	681,205	3,661,453
Leases receivables	2,620,313	42,440,209	—	—	—	269,814	45,330,336
Due from other funds	1,602,784	—	—	1,329,101	—	—	2,931,885
Inventories	3,335,015	—	—	—	—	—	3,335,015
Prepays	675,255	—	—	—	—	402,037	1,077,292
Notes receivable	90,000	—	373,000	—	—	—	463,000
Total assets	\$ 175,204,680	\$ 54,289,846	\$ 381,521,746	\$ 3,216,602	\$ 16,603,951	\$ 63,625,588	\$ 694,462,413
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	17,961,030	110,919	6,353,291	—	3,830	324,197	24,753,267
Retainage payable	1,779	—	3,811,913	—	—	—	3,813,692
Accrued liabilities	773,710	—	—	—	—	25,481	799,191
Unearned revenue	1,002,532	1,125	—	—	14,999,069	184,566	16,187,292
Monies held in escrow	55,368	2,236,648	11,662,636	—	—	3,359,382	17,314,034
Due to other funds	—	962,917	—	—	1,601,052	367,916	2,931,885
Total liabilities	19,794,419	3,311,609	21,827,840	—	16,603,951	4,261,542	65,799,361
Deferred inflows of resources:							
Unavailable revenue	4,891,481	—	373,000	348,256	—	—	5,612,737
Leases related	2,575,454	42,930,976	—	—	—	268,327	45,774,757
Total deferred inflows of resources	7,466,935	42,930,976	373,000	348,256	—	268,327	51,387,494
FUND BALANCES							
Nonspendable	4,055,129	—	—	—	—	403,524	4,458,653
Restricted for:							
Debt service	—	—	—	2,868,346	—	—	2,868,346
Capital projects for future construction:							
Roads & traffic systems	—	—	194,033,289	—	—	30,968,451	225,001,740
Facilities	—	—	122,169,108	—	—	—	122,169,108
Parks	—	—	43,118,509	—	—	20,393,205	63,511,714
Special revenue for future commitments:							
Tax increment reinvestment zones	—	8,047,261	—	—	—	795,488	8,842,749
Hotel/motel	—	—	—	—	—	4,781,115	4,781,115
Panther Creek PID	—	—	—	—	—	21,068	21,068
Traffic control enforcement	—	—	—	—	—	50,109	50,109
Court fees	—	—	—	—	—	203,566	203,566
PEG Cable	—	—	—	—	—	1,479,193	1,479,193
Committed to:							
Insurance	23,736,664	—	—	—	—	—	23,736,664
Workforce housing	342,296	—	—	—	—	—	342,296
Capital projects for future construction	14,218,356	—	—	—	—	—	14,218,356
Assigned to:							
Equipment and deferred maintenance	20,000,000	—	—	—	—	—	20,000,000
Infrastructure	4,000,000	—	—	—	—	—	4,000,000
Unassigned	81,590,881	—	—	—	—	—	81,590,881
Total fund balances	147,943,326	8,047,261	359,320,906	2,868,346	—	59,095,719	577,275,558
Total liabilities, deferred inflows of resources, and fund balances	\$ 175,204,680	\$ 54,289,846	\$ 381,521,746	\$ 3,216,602	\$ 16,603,951	\$ 63,625,588	\$ 694,462,413

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, 2022

Total fund balances per balance sheet	\$ 577,275,558
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported at the fund level.	1,862,960,404
Deferred outflows of resources related to pensions, OPEB and deferred amounts on bond refundings are not financial resources and, therefore, are not reported at the fund level.	22,026,880
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are unavailable at the fund level.	5,612,737
Other assets are not available to pay for current-period expenditures, and, therefore, are not included at the fund level.	14,983,030
Long-term liabilities, including bonds payable, leases 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.	(858,646,769)
Deferred inflows of resources related to pensions and OPEB are not liabilities and do not require current financial resources, therefore, are not reported at the fund level.	(23,301,980)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,600,909,860</u>
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The notes to the basic financial statements are an integral part of this statement.

City of Frisco

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2022

	General	TIRZ #1	Capital Projects	Debt Service	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	\$101,473,903	\$ 8,473,904	\$ —	\$ 51,712,363	\$ —	\$ 1,157,113	\$ 162,817,283
Sales	67,722,580	—	—	—	—	391,925	68,114,505
Franchise	11,350,411	—	—	—	—	249,377	11,599,788
Hotel/motel	—	—	—	—	—	7,951,774	7,951,774
Other	1,607,869	—	—	—	—	—	1,607,869
Licenses and permits	11,810,918	—	—	—	—	—	11,810,918
Intergovernmental	2,940,283	27,629,378	5,337,790	—	—	1,095,317	37,002,768
Charges for services	10,852,960	—	854,677	—	—	58,140	11,765,777
Fines	1,787,478	—	—	—	—	143,353	1,930,831
Special assessments	—	—	—	—	—	9,175,965	9,175,965
Rents	2,833,168	5,400,844	—	—	—	5,996	8,240,008
Investment earnings	461,722	793,016	721,665	54,582	—	156,707	2,187,692
Contributions, donations and grants	200,649	52,186	4,033,918	—	5,678,934	1,962,954	11,928,641
Payments from component units	580,800	5,292,850	1,991,931	1,622,299	—	56,100	9,543,980
Miscellaneous	1,374,178	—	—	—	—	39,312	1,413,490
Total revenues	214,996,919	47,642,178	12,939,981	53,389,244	5,678,934	22,444,033	357,091,289
EXPENDITURES							
General government	55,978,611	24,659,045	—	—	2,261,080	1,119,660	84,018,396
Public safety	99,815,622	—	—	—	1,028,679	45,406	100,889,707
Public works	14,749,025	—	—	—	554,735	—	15,303,760
Culture and recreation	22,195,096	—	—	—	—	4,861,294	27,056,390
Capital outlay (includes \$4,044,115 not capitalized)	3,927,103	—	83,871,045	—	131,371	32,705	87,962,224
Debt service:							
Principal retirement	141,439	—	—	52,345,000	—	134,664	52,621,103
Interest and fiscal charges	9,999	—	808,885	28,681,174	—	994	29,501,052
Total expenditures	196,816,895	24,659,045	84,679,930	81,026,174	3,975,865	6,194,723	397,352,632
Excess (Deficiency) of revenues over (under) expenditures	18,180,024	22,983,133	(71,739,949)	(27,636,930)	1,703,069	16,249,310	(40,261,343)
OTHER FINANCING SOURCES (USES)							
Proceeds from issuance of debt	—	—	133,130,000	4,900,000	—	—	138,030,000
Premium on bonds issued	—	—	6,901,953	123,632	—	—	7,025,585
Discount on bonds issued	—	—	(29,283)	(150)	—	—	(29,433)
Payment to refunded debt escrow agent	—	—	—	(5,174,238)	—	—	(5,174,238)
Lease financing	1,008,304	—	—	—	—	307,853	1,316,157
Proceeds from sale of assets	533,135	—	33,000	—	—	—	566,135
Transfers in	4,908,084	1,651,663	17,007,829	27,322,651	309,845	—	51,200,072
Transfers out	(2,701,283)	(24,415,763)	—	—	(2,012,914)	(15,773,535)	(44,903,495)
Total other financing sources and uses	3,748,240	(22,764,100)	157,043,499	27,171,895	(1,703,069)	(15,465,682)	148,030,783
Net change in fund balances	21,928,264	219,033	85,303,550	(465,035)	—	783,628	107,769,440
Fund balances, beginning	126,015,062	7,828,228	274,017,356	3,333,381	—	58,312,091	469,506,118
Fund balances, ending	\$147,943,326	\$ 8,047,261	\$359,320,906	\$ 2,868,346	\$ —	\$ 59,095,719	\$ 577,275,558

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, 2022

Net change in fund balances - total governmental funds	\$ 107,769,440
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Amounts reported for governmental activities in the statement of activities are different because:

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.	32,406,811
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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.	70,789
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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.	(81,425,517)
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Some expenses and revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds. Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balances and as actuarially determined in the government-wide statement of activities.	<u>5,080,473</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 63,901,996</u></u>
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The notes to the basic financial statements are an integral part of this statement.

City of Frisco

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	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	\$ 103,359,219	\$ 102,784,219	\$ 101,473,903	\$ —	\$ 101,473,903	\$ (1,310,316)
Sales	53,550,000	65,150,000	67,722,580	—	67,722,580	2,572,580
Franchise	10,060,915	9,960,165	11,350,411	—	11,350,411	1,390,246
Other	995,485	1,095,485	1,607,869	—	1,607,869	512,384
Licenses and permits	12,047,448	11,027,448	11,810,918	—	11,810,918	783,470
Intergovernmental	3,000,000	3,000,000	2,940,283	—	2,940,283	(59,717)
Charges for services	8,481,265	9,213,481	10,852,960	—	10,852,960	1,639,479
Fines	1,607,181	1,657,181	1,787,478	—	1,787,478	130,297
Rents	2,924,013	2,934,013	2,833,168	—	2,833,168	(100,845)
Investment earnings	571,395	601,305	461,722	—	461,722	(139,583)
Contributions, donations and grants	223,715	203,015	200,649	—	200,649	(2,366)
Payments from component units	500,000	680,281	580,800	—	580,800	(99,481)
Miscellaneous	480,988	323,510	1,374,178	—	1,374,178	1,050,668
Total revenues	197,801,624	208,630,103	214,996,919	—	214,996,919	6,366,816
EXPENDITURES						
Current:						
General government	51,702,896	59,070,512	55,978,611	(88,795)	55,889,816	3,180,696
Public safety	99,670,992	103,461,864	99,815,622	29,972	99,845,594	3,616,270
Public works	16,194,647	16,766,674	14,749,025	753,608	15,502,633	1,264,041
Culture and recreation	24,255,872	24,092,153	22,195,096	145,170	22,340,266	1,751,887
Capital outlay	6,115,616	8,866,697	3,927,103	1,479,523	5,406,626	3,460,071
Debt service:						
Principal retirement	—	—	141,439	—	141,439	(141,439)
Interest and fiscal charges	—	—	9,999	—	9,999	(9,999)
Total expenditures	197,940,023	212,257,900	196,816,895	2,319,478	199,136,373	13,121,527
Excess (Deficiency) of revenues over (under) expenditures	(138,399)	(3,627,797)	18,180,024	(2,319,478)	15,860,546	19,488,343
OTHER FINANCING SOURCES (USES)						
Lease financing	—	—	1,008,304	—	1,008,304	1,008,304
Proceeds from sale of assets	—	372,187	533,135	—	533,135	160,948
Transfers in	1,162,887	4,428,802	4,908,084	—	4,908,084	479,282
Transfers out	(650,000)	(2,641,438)	(2,701,283)	—	(2,701,283)	(59,845)
Total other financing sources and uses	512,887	2,159,551	3,748,240	—	3,748,240	1,588,689
Net change in fund balances	374,488	(1,468,246)	21,928,264	(2,319,478)	19,608,786	21,077,032
Fund balances, beginning	105,255,204	126,015,062	126,015,062	(3,795,314)	122,219,748	(3,795,314)
Fund balances, ending	\$ 105,629,692	\$ 124,546,816	\$ 147,943,326	\$ (6,114,792)	\$ 141,828,534	\$ 17,281,718

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis
For Fiscal Year Ended September 30, 2022

	Net Change in Fund Balance
GAAP basis	\$ 21,928,264
Expenditures:	
Increase due to encumbrances from prior year	3,795,314
Decrease due to encumbrances for current year	(6,114,792)
Budgetary basis	\$ 19,608,786

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 Year Ended September 30, 2022

	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	8,251,009	8,251,009	8,473,904	—	8,473,904	222,895
Intergovernmental	28,811,703	26,912,320	27,629,378	—	27,629,378	717,058
Rents	4,961,196	5,092,682	5,400,844	—	5,400,844	308,162
Investment earnings	4,935	3,699	793,016	—	793,016	789,317
Contributions, donations and grants	—	—	52,186	—	52,186	52,186
Payments from component units	5,292,849	5,292,850	5,292,850	—	5,292,850	—
Total revenues	47,321,692	45,552,560	47,642,178	—	47,642,178	2,089,618
EXPENDITURES						
Current:						
General government	25,561,880	27,568,619	24,659,045	—	24,659,045	2,909,574
Total expenditures	25,561,880	27,568,619	24,659,045	—	24,659,045	2,909,574
Excess of revenues over expenditures	21,759,812	17,983,941	22,983,133	—	22,983,133	4,999,192
OTHER FINANCING SOURCES (USES)						
Transfers in	1,651,663	1,651,664	1,651,663	—	1,651,663	(1)
Transfers out	(23,452,846)	(24,415,763)	(24,415,763)	—	(24,415,763)	—
Total other financing sources and uses	(21,801,183)	(22,764,099)	(22,764,100)	—	(22,764,100)	(1)
Net change in fund balances	(41,371)	(4,780,158)	219,033	—	219,033	4,999,191
Fund balances, beginning	5,807,292	7,828,228	7,828,228	—	7,828,228	—
Fund balances, ending	\$ 5,765,921	\$ 3,048,070	\$ 8,047,261	\$ —	\$ 8,047,261	\$ 4,999,191

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

City of Frisco

Grants Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	Budgeted Amounts					Variance with Final Budget Positive (Negative)
	Original	Final	Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	
REVENUES						
Grant income	\$ 18,028,466	\$ 6,843,118	\$ 5,678,934	\$ —	\$ 5,678,934	\$ (1,164,184)
Total revenues	18,028,466	6,843,118	5,678,934	—	5,678,934	(1,164,184)
EXPENDITURES						
Current:						
General government	4,200,000	2,569,460	2,261,080	(2,934,692)	(673,612)	3,243,072
Public safety	1,084,566	1,917,082	1,028,679	(1,676)	1,027,003	890,079
Public works	—	2,234,101	554,735	—	554,735	1,679,366
Culture and recreation	—	237,475	—	—	—	237,475
Capital outlay	—	135,000	131,371	—	131,371	3,629
Total expenditures	5,284,566	7,093,118	3,975,865	(2,936,368)	1,039,497	6,053,621
Excess (deficiency) of revenues over (under) expenditures	12,743,900	(250,000)	1,703,069	2,936,368	4,639,437	4,889,437
OTHER FINANCING SOURCES (USES)						
Transfers in	650,000	250,000	309,845	—	309,845	59,845
Transfers out	(13,393,900)	—	(2,012,914)	—	(2,012,914)	(2,012,914)
Total other financing sources (uses)	(12,743,900)	250,000	(1,703,069)	—	(1,703,069)	(1,953,069)
Net change in fund balance	—	—	—	2,936,368	2,936,368	2,936,368
Fund balance, beginning	—	—	—	(3,036,099)	(3,036,099)	(3,036,099)
Fund balance, ending	\$ —	\$ —	\$ —	\$ (99,731)	\$ (99,731)	\$ (99,731)

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis For the Year Ended September 30, 2022

	Net Change in Fund Balance
GAAP basis	\$ —
Expenditures:	
Increase due to encumbrances from prior year	3,036,099
Decrease due to encumbrances for current year	(99,731)
Budgetary basis	\$ 2,936,368

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



PROGRESS IN MOTION

City of Frisco
Statement of Net Position
Proprietary Funds
September 30, 2022

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 37,538,271	\$ 8,192,868	\$ 45,731,139
Investments	39,572,957	486,563	40,059,520
Receivables: (net of allowances for uncollectibles)			
Utility bills	17,455,797	—	17,455,797
Other	327,740	40,847	368,587
Inventories	1,322,073	—	1,322,073
Prepays	84,598	—	84,598
Restricted cash and cash equivalents	35,907,837	—	35,907,837
Restricted investments	77,037,383	—	77,037,383
Total current assets	209,246,656	8,720,278	217,966,934
Noncurrent assets:			
Capital and lease assets:			
Land	10,997,938	—	10,997,938
Buildings and improvements	10,030,981	147,742	10,178,723
Improvements other than buildings	676,890,893	92,190	676,983,083
Machinery and equipment	10,199,886	2,510,826	12,710,712
Right-to-use leased equipment	96,504	—	96,504
Construction-in-progress	32,765,658	—	32,765,658
Accumulated depreciation/amortization	(258,311,152)	(1,808,142)	(260,119,294)
Total capital and lease assets (net of accumulated depreciation and amortization)	482,670,708	942,616	483,613,324
Total noncurrent assets	482,670,708	942,616	483,613,324
Total assets	691,917,364	9,662,894	701,580,258
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	1,522,832	304,906	1,827,738
OPEB items	136,354	30,302	166,656
Deferred charge on bond refunding	1,498,270	—	1,498,270
Total deferred outflows of resources	3,157,456	335,208	3,492,664

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	Totals
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,208,357	\$ 1,335,376	\$ 4,543,733
Accrued liabilities	221,413	50,483	271,896
Accrued interest payable	1,564,094	—	1,564,094
Customer deposits payable	5,147,470	—	5,147,470
Monies held in escrow	—	29,616	29,616
Compensated absences	884,521	249,431	1,133,952
Leases payable	22,344	—	22,344
Bonds payable	15,536,885	—	15,536,885
Total current liabilities	26,585,084	1,664,906	28,249,990
Noncurrent liabilities:			
Compensated absences	1,251,016	290,116	1,541,132
Pensions	1,250,900	277,978	1,528,878
OPEB	403,295	89,620	492,915
Leases payable	55,520	—	55,520
Bonds payable	146,794,489	—	146,794,489
Total noncurrent liabilities	149,755,220	657,714	150,412,934
Total liabilities	176,340,304	2,322,620	178,662,924
DEFERRED INFLOWS OF RESOURCES			
Pension items	2,158,948	460,080	2,619,028
OPEB items	349,368	77,638	427,006
Total deferred inflows of resources	2,508,316	537,718	3,046,034
NET POSITION			
Net investment in capital assets	383,669,997	942,616	384,612,613
Restricted for:			
Capital projects	48,698,597	—	48,698,597
Unrestricted	83,857,606	6,195,148	90,052,754
Total net position	\$ 516,226,200	\$ 7,137,764	\$ 523,363,964



City of Frisco

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

Proprietary Funds

For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
OPERATING REVENUES			
Charges for sales and services:			
Water	\$ 71,986,089	\$ —	\$ 71,986,089
Sewer charges	48,775,996	—	48,775,996
Service charges	2,688,864	—	2,688,864
Sanitation charges	—	22,536,976	22,536,976
Water and sewer connections	1,208,655	—	1,208,655
Inspection fees	2,760,535	—	2,760,535
Stormwater drainage fees	—	5,245,083	5,245,083
Miscellaneous	31,199	91,946	123,145
	<u>127,451,338</u>	<u>27,874,005</u>	<u>155,325,343</u>
Total operating revenues			
	127,451,338	27,874,005	155,325,343
OPERATING EXPENSES			
Cost of sales and services	65,356,047	18,343,853	83,699,900
Administration	22,697,341	6,396,101	29,093,442
Depreciation/amortization	21,408,177	243,541	21,651,718
	<u>109,461,565</u>	<u>24,983,495</u>	<u>134,445,060</u>
Total operating expenses			
	109,461,565	24,983,495	134,445,060
Operating income	<u>17,989,773</u>	<u>2,890,510</u>	<u>20,880,283</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	47,438	29,204	76,642
Intergovernmental contribution	645,594	—	645,594
Contributions and grants	—	67,720	67,720
Gain on sale of equipment	174,451	14,000	188,451
Interest expense	(5,521,430)	—	(5,521,430)
	<u>(4,653,947)</u>	<u>110,924</u>	<u>(4,543,023)</u>
Total nonoperating revenues			
	(4,653,947)	110,924	(4,543,023)
Income before capital contributions	<u>13,335,826</u>	<u>3,001,434</u>	<u>16,337,260</u>
CAPITAL CONTRIBUTIONS			
Capital contributions	27,093,655	—	27,093,655
	<u>40,429,481</u>	<u>3,001,434</u>	<u>43,430,915</u>
Income before transfers			
	40,429,481	3,001,434	43,430,915
TRANSFERS			
Transfers in	2,420,668	—	2,420,668
Transfers out	(3,829,197)	(4,888,048)	(8,717,245)
	<u>(1,408,529)</u>	<u>(4,888,048)</u>	<u>(6,296,577)</u>
Total transfers			
	(1,408,529)	(4,888,048)	(6,296,577)
Change in net position	<u>39,020,952</u>	<u>(1,886,614)</u>	<u>37,134,338</u>
Net position, beginning	477,205,248	9,024,378	486,229,626
Net position, ending	<u>\$ 516,226,200</u>	<u>\$ 7,137,764</u>	<u>\$ 523,363,964</u>

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 Year Ended September 30, 2022

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 126,406,876	\$ 27,720,641	\$ 154,127,517
Cash payments to suppliers for goods and services	(75,381,382)	(21,111,202)	(96,492,584)
Cash payments to employees for services	(14,858,502)	(3,560,622)	(18,419,124)
Other receipts	31,199	91,946	123,145
Net cash provided by operating activities	36,198,191	3,140,763	39,338,954
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers received from other funds	2,420,668	—	2,420,668
Transfers made to other funds	(3,829,197)	(1,316,105)	(5,145,302)
Contributions	645,594	67,720	713,314
Net cash used by noncapital financing activities	(762,935)	(1,248,385)	(2,011,320)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(23,389,641)	(53,168)	(23,442,809)
Proceeds from sale or transfer of equipment	174,451	14,000	188,451
Principal paid on long-term debt	(12,795,000)	—	(12,795,000)
Interest and fees paid on long-term debt	(6,248,568)	—	(6,248,568)
Bond proceeds net of issuance costs	14,878,179	—	14,878,179
Payment to paying agent for refunded debt issuance	(48,684)	—	(48,684)
Transfers made to other funds for capital construction	—	(3,571,943)	(3,571,943)
Developers contributions	8,437,466	—	8,437,466
Net cash used in capital and related financing activities	(18,991,797)	(3,611,111)	(22,602,908)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(123,055,672)	(490,247)	(123,545,919)
Proceeds from sale and maturities of investment securities	99,849,608	500,100	100,349,708
Interest on investments	815,523	32,735	848,258
Net cash provided (used) by investing activities	(22,390,541)	42,588	(22,347,953)
Net decrease in cash and cash equivalents	(5,947,082)	(1,676,145)	(7,623,227)
Cash and cash equivalents, beginning	79,393,190	9,869,013	89,262,203
Cash and cash equivalents, ending	\$ 73,446,108	\$ 8,192,868	\$ 81,638,976
CLASSIFIED AS			
Current assets	\$ 37,538,271	\$ 8,192,868	\$ 45,731,139
Restricted assets	35,907,837	—	35,907,837
Total cash and cash equivalents	\$ 73,446,108	\$ 8,192,868	\$ 81,638,976

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	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 17,989,773	\$ 2,890,510	\$ 20,880,283
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	21,408,177	243,541	21,651,718
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - utility bills	(1,322,407)	6,451	(1,315,956)
Receivables - other	1,111,636	146,819	1,258,455
Prepaid expenses and other assets	1,578	—	1,578
Inventories	(219,192)	—	(219,192)
Pension deferred outflow of resources	250,422	(9,906)	240,516
OPEB deferred outflow of resources	51,163	3,792	54,955
Increase (decrease) in-			
Accounts payable	(181,047)	165,744	(15,303)
Accrued liabilities	(587,236)	(106,612)	(693,848)
Liability for compensated absences	(412,764)	26,660	(386,104)
Pension deferred inflow of resources	888,467	245,190	1,133,657
OPEB deferred inflow of resources	(74,891)	502	(74,389)
Net pension liability	(2,861,626)	(399,368)	(3,260,994)
OPEB liability	(153,006)	(4,690)	(157,696)
Deposits and escrows	309,144	(67,870)	241,274
Total adjustments	18,208,418	250,253	18,458,671
Net cash provided by operating activities	<u>\$ 36,198,191</u>	<u>\$ 3,140,763</u>	<u>\$ 39,338,954</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year, various developers made noncash contributions of water and sewer infrastructure to the City valued at \$18,656,189.

Accounts Payable and Retainage Payable related to capital assets totaled \$2,495,157.

In January 2022, general obligation bonds were issued for the water and sewer fund to refund debt issued in 2011. The new debt of \$1,755,000 defeased \$1,831,238 of outstanding principal and related premiums and deferred costs.

Unearned investment revenue as of September 30, 2022 was \$944,245.

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



City of Frisco
Combining Statement of Net Position
Component Units
September 30, 2022

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Totals
ASSETS				
Current:				
Cash and cash equivalents	\$ 17,167,832	\$ 23,812,254	\$ 25,282	\$ 41,005,368
Investments	34,414,495	29,345,646	—	63,760,141
Receivables:				
Sales tax	6,081,114	6,081,114	—	12,162,228
Other	80,472	57,901	—	138,373
Leases receivables	309,442	134,621	—	444,063
Prepaid expenses	—	56,578	—	56,578
Total current assets	58,053,355	59,488,114	25,282	117,566,751
Noncurrent:				
Land held for resale	33,316,565	36,051,721	—	69,368,286
Capital and lease assets:				
Nondepreciable	72,267,431	16,137,801	—	88,405,232
Depreciable (net)	2,040,525	218,994	—	2,259,519
Restricted assets:				
Cash and cash equivalents	27,373,226	2,066,359	—	29,439,585
Investments	—	1,800,000	—	1,800,000
Total noncurrent assets	134,997,747	56,274,875	—	191,272,622
Total assets	193,051,102	115,762,989	25,282	308,839,373
DEFERRED OUTFLOWS OF RESOURCES				
Pension items	—	304,906	—	304,906
OPEB items	—	30,301	—	30,301
Deferred charge on bond refunding	272,694	22,696	—	295,390
Total deferred outflows of resources	272,694	357,903	—	630,597
LIABILITIES				
Current:				
Accounts payable	2,813,359	2,859,952	—	5,673,311
Accrued liabilities	4,817	25,220	—	30,037
Compensated absences	23,599	130,556	—	154,155
Accrued interest payable	303,428	119,778	—	423,206
Deposits payable	—	25,000	—	25,000
Unearned revenue	5,000	—	—	5,000
Leases payable	—	192,335	—	192,335
Bonds and notes payable	5,694,863	2,645,000	—	8,339,863
Total current liabilities:	8,845,066	5,997,841	—	14,842,907
Noncurrent:				
Compensated absences	22,603	96,947	—	119,550
Pensions	—	277,978	—	277,978
OPEB	—	89,622	—	89,622
Pollution remediation obligations	39,641,361	—	—	39,641,361
Bonds and notes payable	60,270,741	30,885,000	—	91,155,741
Total noncurrent liabilities	99,934,705	31,349,547	—	131,284,252
Total liabilities	108,779,771	37,347,388	—	146,127,159
DEFERRED INFLOWS OF RESOURCES				
Pension items	—	460,078	—	460,078
OPEB items	—	77,637	—	77,637
Lease related	307,774	134,777	—	442,551
Total deferred inflows of resources	307,774	672,492	—	980,266
NET POSITION				
Net investment in capital assets	44,132,531	22,575,236	—	66,707,767
Restricted for community development	40,103,720	—	25,282	40,129,002
Restricted for economic development	—	55,525,776	—	55,525,776
Total net position	\$ 84,236,251	\$ 78,101,012	\$ 25,282	\$ 162,362,545

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

City of Frisco
Combining Statement of Activities
Component Units
For the Year Ended September 30, 2022

		Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:	Expenses			
Component units:				
Community Development Corporation	\$ 25,356,393	\$ 240,479	\$ —	\$ —
Economic Development Corporation	15,238,369	11,908	43,775	164,600
Charitable Foundation	8,647	—	20,485	—
Total component units	40,603,409	252,387	64,260	164,600

General revenues:

Sales taxes
Intergovernmental
Investment income

Total general revenues

Change in net position

Net position, beginning
Net position, ending

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

Net (Expense) Revenue and Changes in Net Position			
Component Units			
Community Development Corporation	Economic Development Corporation	Charitable Foundation	Totals
\$ (25,115,914)	\$ —	\$ —	\$ (25,115,914)
—	(15,018,086)	—	(15,018,086)
—	—	11,838	11,838
(25,115,914)	(15,018,086)	11,838	(40,122,162)
34,057,252	34,057,252	—	68,114,504
4,357,794	—	—	4,357,794
66,044	75,751	174	141,969
38,481,090	34,133,003	174	72,614,267
13,365,176	19,114,917	12,012	32,492,105
70,871,075	58,986,095	13,270	129,870,440
\$ 84,236,251	\$ 78,101,012	\$ 25,282	\$ 162,362,545

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 No. 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 noncurrent assets and noncurrent 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 funds (TIRZ #1 & Grants) 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) 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 nonmajor funds are combined in a separate column in the applicable fund financial statements.

D. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues, other than taxes, are considered to be available when they are collectible within one year of the current period. Taxes are generally considered 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 pension, other postemployment benefits, compensated absences, lease liabilities 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, lease liabilities, 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.

Ad valorem, franchise, sales tax revenues and fines and forfeitures recorded in the General Fund, ad valorem tax revenues recorded in the Debt Service Fund and Tax Increment Reinvestment Zone #1, rents in the TIRZ #1 fund, and charges for services in the Capital Projects fund 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 received within one year of year end. Funds received in advance for which all eligibility requirements have not been met are considered unearned revenue. Receivables for which amounts are not considered 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 nonoperating 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 nonoperating revenues and expenses.

City of Frisco

Notes to the Basic Financial Statements

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

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

The following are the funds used by the City:

1. **Governmental Funds:**

The focus of Governmental Fund measurement (in the Fund Financial Statements) is upon determination of fund balances and changes in fund balances (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the 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 #1 Fund 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. Grants Fund accounts for grants awarded to the City of Frisco in the governmental funds.
- f. Other Governmental Funds is a summarization of the nonmajor 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 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 nonmajor 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.

City of Frisco

Notes to the Basic Financial Statements

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.

Investments in TexPool and TexStar are considered cash equivalents as the amounts are available on demand. Investments, other than investments in pools as previously referenced, are recorded at fair value based upon verifiable market prices.

The following table summarizes the restricted cash and investments:

Governmental Activities	Amount
Tax Increment Reinvestment Zones	\$ 12,008,594
Debt Service Fund	1,509,641
Hotel/Motel Fund	3,841,991
Panther Creek PID	21,602
Traffic control enforcement	57,570
Court Fees	208,357
PEG Cable Fund	1,417,155
Road Impact Fees	34,514,790
Park Development Fees	20,392,140
Total	<u>73,971,840</u>
Business-Type Activities	Amount
Utility Capital Projects	63,931,954
Utility Impact Fees	49,013,266
Total	<u>112,945,220</u>
Total Restricted Cash and Investments	<u><u>\$ 186,917,060</u></u>

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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased. Inventories and prepaid items are recognized as nonspendable 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 or amortized using the straight-line method over the following estimated useful lives:

Buildings	20-25 years
Right-to-use leased buildings	2-5 years
Improvements other than buildings	15-30 years
Vehicles	3-15 years
Machinery & equipment	3-20 years
Right-to-use leased equipment	1-5 years

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

I. Compensated Absences

The City allows employees to accumulate earned but unused vacation benefits to a maximum of 240 hours 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. Certified police officers and firefighters working 8-hour days have a maximum of 480 hours, while firefighters who work a 24-hour shift have a maximum of 720 hours. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for 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 720 hours of sick leave. Fire Department personnel are paid up to their corresponding maximum hours for vacation and either 720 or 1080 hours for sick leave. A maximum of 720 hours of sick is paid out to fire shift personnel working 96-hour/14-day and 8-hour/7-

City of Frisco

Notes to the Basic Financial Statements

day work cycles and 1080 hours for those working 24-hour/28-day work cycles. 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.

City of Frisco

Notes to the Basic Financial Statements

L. Deferred Inflows and Deferred Outflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future 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 represents a consumption of net assets that applies to future periods. 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 and OPEB, pension items are recognized in accordance with GASB 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* (GASB 68) and OPEB items are recognized in accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). For deferred amounts related to leases, items are recognized in accordance with GASB 87, *Leases*. The City of Frisco deferred outflows of resources and deferred inflows of resources changes for the year are detailed below:

	Balance 10/1/21	Additions	Deletions	Balance 9/30/22
Deferred outflows				
Governmental activities	\$ 22,702,672	\$ 15,036,144	\$ 15,711,936	\$ 22,026,880
Business-type activities	4,222,553	2,014,318	2,744,207	3,492,664
Component units	799,651	387,134	556,188	630,597
Total	<u>\$ 27,724,876</u>	<u>\$ 17,437,596</u>	<u>\$ 19,012,331</u>	<u>\$ 26,150,141</u>
Deferred inflows				
Governmental activities	\$ (12,322,483)	\$(69,165,339)	\$ 12,411,085	\$(69,076,737)
Business-type activities	(1,986,768)	(2,957,433)	1,898,167	(3,046,034)
Component units	(292,026)	(980,267)	292,027	(980,266)
Total	<u>\$ (14,601,277)</u>	<u>\$(73,103,039)</u>	<u>\$ 14,601,279</u>	<u>\$(73,103,037)</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 GASB 68.

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, 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 75.

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, Deputy 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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

City of Frisco

Notes to the Basic Financial Statements

In the government-wide and proprietary funds financial statements, the net position is reported in three components: (1) net investment in capital assets, (2) restricted and (3) unrestricted. Net investment in capital assets represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

For the classification of governmental fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available. For example, when an expenditure is incurred, the flow assumption in determining the applicable order of using fund balance resources available is first by Committed (such as for encumbrances), then by Assigned (for the established, official intended uses), and finally by Unassigned fund balance. Net position restricted for impact fee collections in the Water and Sewer fund is a reserve required by the fee ordinance.

P. Use of Estimates

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

Q. Restricted Resources

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

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. Leases

Lessee

The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

City of Frisco

Notes to the Basic Financial Statements

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

Lessor

The City is a lessor for leases of special purpose facilities, office and commercial space, and land. The City recognizes leases receivable and deferred inflows of resources in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

T. New Accounting Pronouncements

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

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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. The adoption of GASB 87 had no effect on beginning net position/fund balance.

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. Adoption of GASB 89 had no effect on beginning net position/fund balance.

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for periods beginning after December 15, 2021 and was early adopted by the City. 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. Adoption of GASB 91 had no effect on beginning net position/fund balance.

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. Adoption of GASB 92 had no effect on beginning net position/fund balance.

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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for the City's fiscal year ending September 30, 2023. 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).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the City's fiscal year ending September 30, 2023. 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.

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Notes to the Basic Financial Statements

GASB Statement No. 99, *Omnibus 2022*, is effective for the City’s fiscal year ending September 30, 2023. The primary objective of this statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, is effective for the City’s fiscal year ending September 30, 2024. The primary objective of this statement to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*, is effective for the City’s fiscal year ending September 30, 2025. The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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 \$858,646,769 difference are as follows:

Bonds and certificates of obligation payable	\$ 778,720,000
Bond discount (to be amortized as interest expense)	(660,711)
Bond premiums (to be amortized over the life of the bonds)	34,699,617
Accrued interest payable	3,784,169
Leases payable	1,040,055
Compensated absences	25,073,081
Net pension liability	12,092,034
Total OPEB liability	<u>3,898,524</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 858,646,769</u>

City of Frisco

Notes to the Basic Financial Statements

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$32,406,811 difference are as follows:

Capital outlay	\$ 83,918,109
Developers' contributions	33,590,653
Book value of capital assets disposed/retired	(52,982)
Depreciation and lease amortization expense	<u>(85,048,969)</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 32,406,811</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$81,425,517 difference are as follows:

Debt issued or incurred:	
Premium amortization	\$ 9,070,699
Discount amortization	(70,365)
Amortization on loss of refunding of debt	(1,270,802)
Refunding bond write off deferred loss/premium	(1,924,238)
Bonds issued	(138,030,000)
Bond premium issued	(7,025,585)
Bond discount issued	29,433
Principal repayments:	
Payment to refunding agent	5,174,238
Bonds and Leases	<u>52,621,103</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$(81,425,517)</u>

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Notes to the Basic Financial Statements

Another element of that reconciliation states, “Some expenses and revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds. Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balances and as actuarially determined in the government-wide statement of activities.” The details of this \$5,080,473 difference are as follows:

Increase in accrued interest on bonds	\$ (104,263)
Increase in compensated absences	(810,877)
Decrease in pension expense	6,153,315
Increase in OPEB expense	<u>(157,702)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 5,080,473</u>

Note 3. Legal Compliance – Budgets

Budgetary Information

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

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

City of Frisco

Notes to the Basic Financial Statements

Note 4. Deposits and Investments

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of Texas and its agencies that have a 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, 2022. At year-end, the carrying amount of the City's demand deposits was a balance of \$2,598,623, bank balance, \$3,475,430. The carrying amount of the component unit's pooled cash was \$208,595, bank balance, \$0. The cash on hand carrying amount totaled \$19,133. The bank balance for the primary government and the component unit's deposits was covered by collateral with a fair value of \$21,799,165. The collateral is held in the City's name by the Bank of New York Mellon and JP Morgan National Collateral Management Group, agents of the City's financial institutions.

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

City of Frisco

Notes to the Basic Financial Statements

As of September 30, 2022, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity Days
Primary Government		
General Fund		
Federal Agency Notes	\$111,990,629	208
TexPool	21,521,587	24
TexStar	19,158,694	16
CIP Funds		
Federal Agency Notes	246,696,770	191
TexPool	12,622,272	24
TexStar	183,508,979	16
Other Funds		
Federal Agency Notes	109,842,631	194
TexPool	100,993,423	24
TexStar	6,770,313	16
Total Primary Government	<u>813,105,298</u>	<u>121</u>
Component Units		
Community Development		
Federal Agency Notes	34,414,495	221
TexPool	41,593,430	24
TexStar	2,752,041	16
Economic Development		
Federal Agency Notes	31,145,646	188
TexPool	16,840,173	24
TexStar	9,025,432	16
Charitable Foundation		
TexPool	<u>25,282</u>	<u>24</u>
Total Component Units	<u>135,796,499</u>	<u>111</u>
Total Government	<u><u>\$948,901,797</u></u>	<u><u>119</u></u>

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

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

City of Frisco

Notes to the Basic Financial Statements

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, 2022			
Cash and cash equivalents:				
Bank deposits	\$ 2,598,623	\$ —	\$ —	\$ —
Total cash and cash equivalents	2,598,623	—	—	—
Investments measured at amortized costs:				
Investment pools:				
Texpool	135,137,282	—	—	—
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	209,437,986	—	—	—
Investments by fair value level:				
U.S. government agency securities:				
Federal Home Loan Bank	95,517,653	—	95,517,653	—
Federal Farm Credit Bank	30,049,903	—	30,049,903	—
Federal Home Loan Mortgage Company	30,165,510	—	30,165,510	—
US Treasury Notes	312,796,964	—	312,796,964	—
Total investments	813,105,298	—	468,530,030	—
Total cash and investments	\$ 815,703,921	\$ —	\$ 468,530,030	\$ —

City of Frisco

Notes to the Basic Financial Statements

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

Component Units	September 30, 2022	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	\$ 208,595	\$ —	\$ —	\$ —
Total cash and cash equivalents	208,595	—	—	—
Investments measured at amortized costs:				
Investment pools:				
Texpool	58,458,885	—	—	—
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	11,777,473	—	—	—
Investments by fair value level:				
U.S. government agency securities:				
Federal Farm Credit Bank	2,963,379	—	2,963,379	—
Federal Home Loan Bank	9,446,240		9,446,240	
US Treasury Notes	53,150,522		53,150,522	
Total investments	135,796,499	—	65,560,141	—
Total cash and investments	\$ 136,005,094	\$ —	\$ 65,560,141	\$ —

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.

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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, 2022, 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 and Component Unit's investments are in Federal Farm Credit Bank (FFCB), U.S. Treasury Notes, Federal Home Loan Mortgage Company (FHMLC) and Federal Home Loan Bank (FHLB). These investments are 6.18%, 68.52%, 5.65% and 19.65% 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, 2022, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are all considered to be collectible within one year and consist of the following:

Receivables September 30, 2022

Governmental Activities	General	TIRZ #1	Capital Projects	Debt Service	Grants	Nonmajor Funds	Total
Property tax	\$ 722,469	\$ —	\$ —	\$ 397,714	\$ —	\$ —	\$ 1,120,183
Sales tax	12,162,229	—	—	—	—	—	12,162,229
Franchise tax	5,596,103	—	—	—	—	58,674	5,654,777
Occupancy tax	—	—	—	—	—	771,777	771,777
Mixed beverage	141,621	—	—	—	—	—	141,621
Leases	2,620,313	42,440,209	—	—	—	269,814	45,330,336
Accrued interest	381,139	—	694,742	—	—	59,472	1,135,353
Grants	—	—	—	—	849,351	35,857	885,208
Assessments	—	—	—	—	—	157,131	157,131
Other	2,709,250	636,531	—	—	—	621,733	3,967,514
Gross receivables	24,333,124	43,076,740	694,742	397,714	849,351	1,974,458	71,326,129
Less: allowance	(1,531,066)	—	—	(19,854)	—	—	(1,550,920)
Net receivables	<u>\$22,802,058</u>	<u>\$43,076,740</u>	<u>\$ 694,742</u>	<u>\$ 377,860</u>	<u>\$ 849,351</u>	<u>\$1,974,458</u>	<u>\$69,775,209</u>

Business-type Activities	Water and Sewer	Nonmajor Funds	Total
Utility bills	\$ 20,461,539	\$ —	\$ 20,461,539
Accrued interest	324,052	—	324,052
Other	3,688	40,847	44,535
Gross receivables	20,789,279	40,847	20,830,126
Less: allowance	(3,005,742)	—	(3,005,742)
Net receivables	<u>\$ 17,783,537</u>	<u>\$ 40,847</u>	<u>\$ 17,824,384</u>

Component Units	Community Development Corporation	Economic Development Corporation	Total
Sales tax	\$ 6,081,114	\$ 6,081,114	\$ 12,162,228
Leases	309,442	134,621	444,063
Accrued interest	57,949	48,785	106,734
Other	22,523	9,116	31,639
Net receivables	<u>\$ 6,471,028</u>	<u>\$ 6,273,636</u>	<u>\$ 12,744,664</u>

The Proprietary Fund accounts receivable includes unbilled charges for services rendered at September 30, 2022.

City of Frisco

Notes to the Basic Financial Statements

Property taxes are levied on October 1, are payable until February 1 of the following year without penalty and are levied for the period in which they are levied. 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.

For the year ended September 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Leases receivable – The City, FCDC and FEDC have entered into multiple lease agreements for facilities, land and cell towers as lessor. Effective October 1, 2021, the City implemented GASB Statement No. 87, *Leases*. At implementation of this statement, the City initially measured the lease receivable at the present value of payments expected to be received during the remaining lease term. The lease rate, term and ending lease receivables are as follows:

	Interest Rates	Receivable at Commencement	Lease Terms in Years	Ending Balance
General Fund:				
Land	.31-1.59%	\$ 14,159	1-11	\$ 5,535
Building and Improvements	.24-1.16%	410,185	1-6	378,127
Cell Towers	.23-.80%	3,419,806	1-5	2,236,651
				<u>\$ 2,620,313</u>
TIRZ 1:				
Building and Improvements	.66-2.56%	\$ 47,124,805	1-21	\$ 42,440,209
Nonmajor Funds:				
Building and Improvements	2.40%	\$ 274,323	46	\$ 269,814
Component units:				
Building and Improvements	1.16%	\$ 361,899	7	\$ 309,442
Land	2.63%	\$ 150,260	3	134,621
				<u>\$ 444,063</u>

In addition, the FCDC has entered into two leases that include variable payments based on the lessees performance. In FY22 the FCDC recognized \$50,832 in variable leases revenue.

City of Frisco

Notes to the Basic Financial Statements

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, 2022, the balance of the note receivable from the Frisco Community Development Corporation was \$14,895,000.

The City has note receivables with clients in the targeted down payment assistance program totaling \$90,000. Additionally, the City has one developer agreement in the CIP Fund for \$373,000 which is classified as a note receivable. This \$463,000 total note receivable is recorded at the fund level in the financial statements.

Note 6. Capital and Lease Assets

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

Capital and Lease Assets Activity For the Year Ended September 30, 2022					
Governmental Activities	Balance 10/1/2021	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2022
Capital assets, not being depreciated:					
Land	\$ 353,814,065	\$ 2,337,306	\$ —	\$ —	\$ 356,151,371
Construction-in-progress	100,379,780	74,348,937	(63,202,095)	5,902	111,532,524
Total capital asset, not being depreciated	454,193,845	76,686,243	(63,202,095)	5,902	467,683,895
Capital and lease assets, being depreciated/ amortized:					
Machinery and equipment	98,561,946	9,442,631	766,773	(2,179,419)	106,591,931
Right-to-use leased equipment	—	662,701	—	—	662,701
Buildings and improvements	724,762,840	44,491	24,814,073	—	749,621,404
Right-to-use leased buildings	—	653,456	—	—	653,456
Improvements other than buildings	1,436,161,132	31,335,396	37,621,249	(5,902)	1,505,111,875
Total capital and lease assets being depreciated/amortized	2,259,485,918	42,138,675	63,202,095	(2,185,321)	2,362,641,367
Less accumulated depreciation/amortization:					
Machinery and equipment	(67,685,680)	(8,422,024)	—	2,126,437	(73,981,267)
Right-to-use leased equipment	—	(122,634)	—	—	(122,634)
Buildings and improvements	(258,264,914)	(26,533,475)	—	—	(284,798,389)
Right-to-use leased buildings	—	(180,851)	—	—	(180,851)
Improvements other than buildings	(558,491,732)	(49,789,985)	—	—	(608,281,717)
Total accumulated depreciation/amortization	(884,442,326)	(85,048,969)	—	2,126,437	(967,364,858)
Total capital and lease assets, being depreciated/amortized, net	1,375,043,592	(42,910,294)	63,202,095	(58,884)	1,395,276,509
Governmental activities capital and lease assets, net	<u>\$ 1,829,237,437</u>	<u>\$ 33,775,949</u>	<u>\$ —</u>	<u>\$ (52,982)</u>	<u>\$ 1,862,960,404</u>

City of Frisco

Notes to the Basic Financial Statements

Business-type Activities	Balance 10/1/2021	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2022
Capital assets, not being depreciated:					
Land	\$ 10,672,022	\$ 325,916	\$ —	\$ —	\$ 10,997,938
Construction-in-progress	17,074,135	22,759,301	(7,051,176)	(16,602)	32,765,658
Total capital asset, not being depreciated	<u>27,746,157</u>	<u>23,085,217</u>	<u>(7,051,176)</u>	<u>(16,602)</u>	<u>43,763,596</u>
Capital and lease assets, being depreciated/ amortized:					
Machinery and equipment	12,285,934	742,000	—	(317,222)	12,710,712
Right-to-use leased equipment	—	96,504	—	—	96,504
Buildings and improvements	10,178,723	—	—	—	10,178,723
Improvements other than buildings	651,275,717	18,656,190	7,051,176	—	676,983,083
Total capital and lease assets being depreciated/amortized	<u>673,740,374</u>	<u>19,494,694</u>	<u>7,051,176</u>	<u>(317,222)</u>	<u>699,969,022</u>
Less accumulated depreciation/amortization:					
Machinery and equipment	(8,948,029)	(1,001,863)	—	317,222	(9,632,670)
Right-to-use leased equipment	—	(21,850)	—	—	(21,850)
Buildings and improvements	(7,895,911)	(443,429)	—	—	(8,339,340)
Improvements other than buildings	(221,940,858)	(20,184,576)	—	—	(242,125,434)
Total accumulated depreciation/amortization	<u>(238,784,798)</u>	<u>(21,651,718)</u>	<u>—</u>	<u>317,222</u>	<u>(260,119,294)</u>
Total capital and lease assets, being depreciated/amortized, net	<u>434,955,576</u>	<u>(2,157,024)</u>	<u>7,051,176</u>	<u>—</u>	<u>439,849,728</u>
Business-type activities capital assets, net	<u>\$ 462,701,733</u>	<u>\$ 20,928,193</u>	<u>\$ —</u>	<u>\$ (16,602)</u>	<u>\$ 483,613,324</u>

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

Governmental activities	
General government	\$ 20,659,547
Public safety	7,627,521
Public works	49,765,249
Culture and recreation	6,996,652
Total depreciation/amortization expense governmental activities	<u>\$ 85,048,969</u>
Business-type activities	
Water & sewer	\$ 21,408,177
Stormwater drainage	188,247
Environmental services	55,294
Total depreciation/amortization expense business-type activities	<u>\$ 21,651,718</u>

City of Frisco

Notes to the Basic Financial Statements

Frisco Community Development Corporation	Balance 10/1/2021	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2022
Capital assets, not being depreciated:					
Land	\$ 69,650,678	\$ 2,616,753	\$ —	\$ —	\$ 72,267,431
Total capital assets not being depreciated	69,650,678	2,616,753	—	—	72,267,431
Capital assets, being depreciated:					
Machinery and equipment	118,213	—	—	—	118,213
Buildings and improvements	4,276,396	—	—	—	4,276,396
Improvements other than buildings	18,920,290	—	—	—	18,920,290
Total capital assets being depreciated	23,314,899	—	—	—	23,314,899
Less: accumulated depreciation	(21,065,354)	(209,020)	—	—	(21,274,374)
Total capital assets, being depreciated, net	2,249,545	(209,020)	—	—	2,040,525
FCDC capital assets, net	\$ 71,900,223	\$ 2,407,733	\$ —	\$ —	\$ 74,307,956

Frisco Economic Development Corporation	Balance 10/1/2021	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2022
Capital assets, not being depreciated:					
Land	\$ 16,137,801	\$ —	\$ —	\$ —	\$ 16,137,801
Total capital assets not being depreciated	16,137,801	—	—	—	16,137,801
Capital and lease assets, being depreciated/ amortized:					
Machinery and equipment	229,395	—	—	(88,853)	140,542
Right-to-use leased equipment	—	965	—	—	965
Buildings and improvements	60,963	—	—	—	60,963
Right-to-use leased building	—	379,196	—	—	379,196
Total capital and lease assets being depreciated/amortized	290,358	380,161	—	(88,853)	581,666
Less: accumulated depreciation/ amortization	(258,110)	(193,415)	—	88,853	(362,672)
Total capital and lease assets, being depreciated/amortized, net	32,248	186,746	—	—	218,994
FEDC capital and lease assets, net	\$ 16,170,049	\$ 186,746	\$ —	\$ —	\$ 16,356,795

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, 2022. The construction commitments or binding contracts totaled \$69,376,563 for the governmental capital projects fund; and \$12,844,842 for the business-type activities capital projects fund. Other funds also had outstanding encumbrances totaling \$11,007,263.

Governmental activities	
General fund	\$ 6,114,792
Capital projects fund	69,376,563
Nonmajor funds	141,480
Total outstanding commitments	<u>\$ 75,632,835</u>
Business-type activities	
Water & Sewer fund	\$ 3,368,156
Water & Sewer fund construction	12,844,842
Nonmajor funds	1,382,835
Total outstanding commitments	<u>\$ 17,595,833</u>

Note 7. Notes Payable

The following is a summary of the changes in notes payable during the fiscal year:

Frisco Community Development Corporation	Balance 10/1/2021	Additions	Deletions	Balance 9/30/2022	Amounts Due within one year
Note payable to City	\$ 19,680,000	\$ —	\$ 4,785,000	\$ 14,895,000	\$ 2,235,000
Note payable to bank	7,510,223	—	7,510,223	—	—
Premium	504,485	—	208,632	295,853	134,709
Discount	(45,317)	—	(8,198)	(37,119)	(4,331)
Total	<u>\$ 27,649,391</u>	<u>\$ —</u>	<u>\$ 12,495,657</u>	<u>\$ 15,153,734</u>	<u>\$ 2,365,378</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, 2022, the balance of the note payable to the City from the Community Development Corporation was \$15,153,734. This includes \$14,895,000 in the note balance, and a net premium/discount of \$258,734.

City of Frisco
Notes to the Basic Financial Statements

Note 8. Long-term Debt

Long-term debt at September 30, 2022 includes the following issues:

Governmental Activities

General Obligation Bonds

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2011 Refunding and Improvement Bonds	08/16/2011	02/15/2031	3.125% - 5.000%	\$ 109,545,000	\$ 8,060,000
2013 Refunding and Improvement Bonds	05/22/2013	02/15/2033	3.000% - 5.000%	64,070,000	30,620,000
2013 A Improvement Bonds	08/20/2013	02/15/2033	3.000% - 4.125%	20,000,000	12,710,000
2014 Refunding and Improvement Bonds	09/16/2014	02/15/2034	3.000% - 5.000%	34,505,000	14,555,000
2015 A Refunding and Improvement Bonds	08/18/2015	02/15/2035	3.500% - 5.000%	81,335,000	54,985,000
2015 B Refunding Bonds	05/19/2015	02/15/2035	2.500% - 4.100%	6,040,000	4,315,000
2016 Refunding and Improvement Bonds	07/27/2016	02/15/2036	3.500% - 5.000%	115,575,000	74,725,000
2017 Improvement Bonds	07/18/2017	02/15/2037	3.000% - 5.000%	45,510,000	37,760,000
2018 Improvement Bonds	07/17/2018	02/15/2038	3.125% - 5.000%	53,635,000	46,460,000
2019 Improvement Bonds	07/31/2019	02/15/2039	3.000% - 5.000%	63,790,000	57,325,000
2020 Improvement Bonds	09/29/2020	02/15/2040	2.000% - 5.000%	26,790,000	24,930,000
2021 Refunding and Improvement Bonds	01/05/2021	02/15/2040	2.000% - 5.000%	89,950,000	82,570,000
2022 Refunding and Improvement Bonds	01/11/2022	02/15/2042	2.000% - 5.000%	86,520,000	86,520,000
2022 Improvement Bonds	01/11/2022	02/15/2042	1.300% - 2.650%	12,000,000	12,000,000
Total				<u>\$ 809,265,000</u>	<u>\$ 547,535,000</u>

Certificates Of Obligation

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2001 B Combination Tax and Revenue	10/01/2001	02/15/2025	6.625%	\$ 19,915,000	\$ 3,710,000
2003 B Combination Tax and Revenue	06/01/2003	02/15/2023	5.200%	15,035,000	1,205,000
2008 B Combination Tax and Revenue	02/15/2008	02/15/2033	6.050% - 6.375%	20,520,000	15,905,000
2009 Combination Tax and Limited Surplus Revenue	11/15/2009	02/15/2030	4.000% - 4.750%	3,105,000	1,305,000
2013 Combination Tax and Surplus Revenue	08/01/2013	02/15/2033	3.250% - 5.000%	14,515,000	9,390,000
2014 A Combination Tax and Limited Surplus Revenue	08/26/2014	02/15/2038	2.650% - 4.150%	90,000,000	72,205,000
2015 A Combination Tax and Limited Surplus Revenue	10/20/2015	02/15/2037	2.000% - 4.000%	9,015,000	7,265,000
2015 B Combination Tax and Limited Surplus Revenue	10/20/2015	02/15/2037	2.580% - 4.300%	20,740,000	16,755,000
2016 B Combination Tax and Limited Surplus Revenue	07/27/2016	02/15/2041	1.916% - 3.600%	20,500,000	17,785,000
2019 Combination Tax and Revenue	02/26/2019	02/15/2039	3.000% - 4.000%	35,000,000	31,520,000
2019 B Combination Tax and Surplus Revenue	07/31/2019	02/15/2039	2.350% - 3.050%	16,535,000	14,630,000
2022 B Combination Tax and Surplus Revenue	01/11/2022	02/15/2042	0.850% - 2.650%	39,510,000	39,510,000
Total				<u>\$ 304,390,000</u>	<u>\$ 231,185,000</u>

Business-type Activities

General Obligation Bonds

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2011 Refunding and Improvement Bonds	08/16/2011	02/15/2023	3.125% - 5.000%	\$ 13,885,000	\$ 805,000
2013 Refunding and Improvement Bonds	05/22/2013	02/15/2026	5.000%	15,885,000	8,490,000
2014 Refunding and Improvement Bonds	09/16/2014	02/15/2024	5.000%	5,900,000	200,000
2015 A Refunding and Improvement Bonds	08/18/2015	02/15/2027	3.500% - 5.000%	26,375,000	14,610,000
2021 Refunding and Improvement Bonds	01/05/2021	02/15/2023	5.000%	1,480,000	760,000
2022 Refunding and Improvement Bonds	01/11/2022	02/15/2024	2.000%	1,755,000	1,755,000
Total				<u>\$ 65,280,000</u>	<u>\$ 26,620,000</u>

City of Frisco

Notes to the Basic Financial Statements

Certificates Of Obligation

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2013 Combination Tax and Surplus Revenue	08/01/2013	02/15/2033	3.250% - 5.000%	\$ 24,195,000	\$ 15,660,000
2014 Combination Tax and Surplus Revenue	09/16/2014	02/15/2034	3.000% - 5.000%	13,810,000	9,725,000
2015 Combination Tax and Surplus Revenue	08/18/2015	02/15/2035	3.000% - 4.000%	14,965,000	10,760,000
2016 A Combination Tax and Limited Surplus Revenue	07/27/2016	02/15/2036	4.000%	17,065,000	13,280,000
2017 Combination Tax and Surplus Revenue	07/18/2017	02/15/2037	3.000% - 4.000%	14,455,000	11,805,000
2018 Combination Tax and Surplus Revenue	07/17/2018	02/15/2038	3.000% - 5.000%	14,705,000	12,605,000
2019 A Combination Tax and Surplus Revenue	07/31/2019	02/15/2039	2.500% - 4.000%	9,595,000	8,520,000
2020 Combination Tax and Surplus Revenue	09/29/2020	02/15/2040	2.000% - 5.000%	13,635,000	12,675,000
2021 Combination Tax and Surplus Revenue	01/05/2021	02/15/2040	2.000% - 5.000%	20,315,000	19,610,000
2022 A Combination Tax and Surplus Revenue	01/11/2022	02/15/2042	2.000% - 4.000%	13,855,000	13,855,000
Total				<u>\$ 156,595,000</u>	<u>\$ 128,495,000</u>

Component Units

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2014 Sales Tax Revenue Bonds	08/26/2014	02/15/2034	2.900% - 4.200%	\$ 25,000,000	\$ 17,015,000
2015 Sales Tax Revenue Bonds	05/19/2015	02/15/2035	2.650% - 4.250%	6,000,000	4,305,000
2016 A Sales Tax Revenue Bonds	02/11/2016	02/15/2037	3.000% - 5.000%	21,690,000	17,950,000
2016 B Sales Tax Revenue Bonds	02/11/2016	02/15/2037	2.540% - 4.450%	15,180,000	12,265,000
Series 2022 C Sales Tax Revenue Refunding Bonds	03/01/2022	02/15/2032	0.650% - 2.250%	16,515,000	16,515,000
Series 2022 D Sales Tax Revenue Refunding Bonds	03/01/2022	02/15/2032	0.650% - 2.250%	15,535,000	15,535,000
Total				<u>\$ 99,920,000</u>	<u>\$ 83,585,000</u>

General obligation bonds and certificates of obligation mature annually in varying amounts through 2042. The interest for the bonds is payable semi-annually with interest rates ranging from 0.850% - 6.625%. The City is in compliance with related bond covenants.

In January 2022, the City of Frisco issued General Obligation Refunding and Improvement Bonds, Series 2022 in the amount of \$88,275,000 with a net premium of \$7,002,114. Proceeds of the sale of the Bonds are to be used for (i) financing permanent improvements for Police and Fire, Streets, Public Works, and the Library; (ii) to refund \$6,865,000 of General Obligation Refunding and Improvements Bonds, Series 2012 for debt service savings and (iii) to pay the costs associated with the issuance of the Bonds. The current refunding resulted in the reacquisition price exceeding the net carrying amount of the old debt by \$573,402. As a result of the transaction the City reduced total debt service payments by \$355,538 and resulted in an economic gain of \$351,266.

In January 2022, the City of Frisco issued General Obligation Bonds, Taxable Series 2022 in the amount of \$12,000,000 with a net premium of \$19,762. Proceeds of the sale of the Bonds are to be used for financing permanent improvements for Parks and Recreation.

In January 2022, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022 A in the amount of \$13,855,000 with a net premium of \$1,012,490. Proceeds from the sale of the Certificates will be used for (i) constructing improvements and extensions to the City's combined waterworks and sewer system and water re-use system consisting of transmission lines, pump stations and ground storage; (ii) expanding, improving and equipping the City's public works facility; and (iii) to pay the costs associated with the issuance of the Certificates.

City of Frisco

Notes to the Basic Financial Statements

In January 2022, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2022 B in the amount of \$39,510,000 with a net premium of \$21,057. Proceeds from the sale of the Certificates will be used for (i) constructing improvements and extensions to the City's road system; (ii) constructing a public parking facility and improvements to a City owned sports stadium; and (iii) to pay the costs associated with the issuance of the Certificates.

In January 2022, the City of Frisco EDC issued Sales Tax Revenue Bonds, Series 2022 in the amount of \$16,515,000. Proceeds of the sale of the Bonds are to be used to refund \$16,915,000 of Sales Tax Revenue Bonds, Series 2012 for debt service savings and (iii) to pay the costs associated with the issuance of the Bonds. The current refunding resulted in the reacquisition price exceeding the net carrying amount of the old debt by \$26,710. As a result of the transaction the City reduced total debt service payments by \$2,119,064 and resulted in an economic gain of \$1,423,918.

In January 2022, the City of Frisco CDC issued Sales Tax Revenue Bonds, Series 2022 in the amount of \$15,535,000. Proceeds of the sale of the Bonds are to be used to refund \$15,970,000 of Sales Tax Revenue Bonds, Series 2012 for debt service savings and (iii) to pay the costs associated with the issuance of the Bonds. The current refunding resulted in the reacquisition price exceeding the net carrying amount of the old debt by \$25,218. As a result of the transaction the City reduced total debt service payments by \$2,063,521 and resulted in an economic gain of \$1,375,696.

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

Governmental Activities	Balance 10/1/2021	Increases	Decreases	Balance 9/30/2022	Amounts due within one year
Compensated absences	\$ 24,262,204	\$ 11,847,464	\$ 11,036,587	\$ 25,073,081	\$ 8,868,785
Leases	—	1,316,158	276,103	1,040,055	337,298
Pensions	28,400,076	—	16,308,042	12,092,034	—
OPEB	3,970,584	—	72,060	3,898,524	—
General obligation bonds	498,720,000	98,520,000	49,705,000	547,535,000	51,185,000
Certificates of obligation	202,350,000	39,510,000	10,675,000	231,185,000	12,915,000
Premiums	36,744,730	7,025,586	9,070,699	34,699,617	7,449,095
Discounts	(701,643)	(29,433)	(70,365)	(660,711)	(66,068)
Total governmental activities	<u>\$ 793,745,951</u>	<u>\$ 158,189,775</u>	<u>\$ 97,073,126</u>	<u>\$ 854,862,600</u>	<u>\$ 80,689,110</u>

Business-type Activities	Balance 10/1/2021	Increases	Decreases	Balance 9/30/2022	Amounts due within one year
Compensated absences	\$ 3,061,188	\$ 1,287,805	\$ 1,673,909	\$ 2,675,084	\$ 1,133,952
Leases	—	96,504	18,640	77,864	22,344
Pensions	4,789,872	—	3,260,994	1,528,878	—
OPEB	650,611	—	157,696	492,915	—
General obligation bonds	33,775,000	1,755,000	8,910,000	26,620,000	7,430,000
Certificates of obligation	120,330,000	13,855,000	5,690,000	128,495,000	6,415,000
Premiums	8,462,017	1,080,102	1,999,701	7,542,418	1,723,995
Discounts	(340,882)	(20,832)	(35,670)	(326,044)	(32,110)
Total business-type activities	<u>170,727,806</u>	<u>18,053,579</u>	<u>21,675,270</u>	<u>167,106,115</u>	<u>16,693,181</u>
Total primary government	<u>\$ 964,473,757</u>	<u>\$ 176,243,354</u>	<u>\$ 118,748,396</u>	<u>\$ 1,021,968,715</u>	<u>\$ 97,382,291</u>

City of Frisco

Notes to the Basic Financial Statements

Component Units	Balance 10/1/2021	Increases	Decreases	Balance 9/30/2022	Amounts due within one year
Compensated absences	\$ 220,820	\$ 147,752	\$ 94,867	\$ 273,705	\$ 154,155
Leases	—	380,161	187,826	192,335	192,335
Pensions	677,346	—	399,368	277,978	—
OPEB	94,310	—	4,688	89,622	—
Pollution Remediation Obligation	29,000,000	10,641,361	—	39,641,361	—
Sales tax revenue bonds	89,855,000	32,050,000	38,320,000	83,585,000	5,800,000
Notes payable – bank	7,510,223	—	7,510,223	—	—
Notes payable – City	19,680,000	—	4,785,000	14,895,000	2,235,000
Premiums	1,522,800	—	417,997	1,104,803	314,737
Discounts	(102,940)	—	(13,741)	(89,199)	(9,874)
Total component units	<u>\$ 148,457,559</u>	<u>\$ 43,219,274</u>	<u>\$ 51,706,228</u>	<u>\$ 139,970,605</u>	<u>\$ 8,686,353</u>

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental activities for the years subsequent to September 30, 2022, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2023	\$ 64,100,000	\$ 28,175,902	\$ 92,275,902
2024	52,830,000	25,645,331	78,475,331
2025	52,360,000	23,354,533	75,714,533
2026	45,475,000	21,182,913	66,657,913
2027	43,360,000	19,217,321	62,577,321
2028-2032	221,035,000	68,699,049	289,734,049
2033-2037	212,635,000	27,574,140	240,209,140
2038-2042	86,925,000	3,724,294	90,649,294
Total	778,720,000	217,573,483	996,293,483
Plus: Unamortized bond premium	34,699,617	—	34,699,617
Less: Unamortized bond discount	(660,711)	—	(660,711)
Net debt service requirements	<u>\$ 812,758,906</u>	<u>\$ 217,573,483</u>	<u>\$ 1,030,332,389</u>

Debt service requirements of the general obligation bonds and certificates of obligation for the business-type activities for the years subsequent to September 30, 2022, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2023	\$ 13,845,000	\$ 5,582,700	\$ 19,427,700
2024	12,830,000	4,997,194	17,827,194
2025	12,370,000	4,422,313	16,792,313
2026	11,880,000	3,855,113	15,735,113
2027	10,755,000	3,333,338	14,088,338
2028-2032	43,250,000	11,233,160	54,483,160
2033-2037	37,160,000	3,799,247	40,959,247
2038-2042	13,025,000	466,826	13,491,826
Total	155,115,000	37,689,891	192,804,891
Plus: Unamortized bond premium	7,542,418	—	7,542,418
Less: Unamortized bond discount	(326,044)	—	(326,044)
Net debt service requirements	<u>\$ 162,331,374</u>	<u>\$ 37,689,891</u>	<u>\$ 200,021,265</u>

City of Frisco

Notes to the Basic Financial Statements

Debt service requirements of the revenue bonds and notes payable for the Community Development Corporation component unit for the years subsequent to September 30, 2022, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2023	\$ 5,390,000	\$ 2,285,639	\$ 7,675,639
2024	5,595,000	2,094,383	7,689,383
2025	5,700,000	1,885,202	7,585,202
2026	4,890,000	1,689,792	6,579,792
2027	4,370,000	1,523,288	5,893,288
2028-2032	24,550,000	5,115,903	29,665,903
2033-2037	14,455,000	1,389,479	15,844,479
Total	64,950,000	15,983,686	80,933,686
Plus: Unamortized bond premium	1,104,803	—	1,104,803
Less: Unamortized bond discount	(89,199)	—	(89,199)
Net debt service requirements	<u>\$ 65,965,604</u>	<u>\$ 15,983,686</u>	<u>\$ 81,949,290</u>

The following is a summary of pledged revenues for the Community Development Corporation for the year ended September 30, 2022:

Revenue Pledged	Total Revenue Pledged	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will not be Available for Other Purposes
.5% Sales and use tax	\$34,057,252	\$4,844,179	14.2%	\$63,130,712	Until 2037

Debt service requirements of the revenue bonds and notes payable for the Economic Development Corporation component unit for the years subsequent to September 30, 2022, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2023	\$ 2,645,000	\$ 913,993	\$ 3,558,993
2024	2,700,000	863,700	3,563,700
2025	2,770,000	804,731	3,574,731
2026	2,840,000	737,991	3,577,991
2027	2,920,000	664,604	3,584,604
2028-2032	16,175,000	1,998,986	18,173,986
2033-2034	3,480,000	147,841	3,627,841
Total	33,530,000	6,131,846	39,661,846
Debt service requirements	<u>\$ 33,530,000</u>	<u>\$ 6,131,846</u>	<u>\$ 39,661,846</u>

The following is a summary of pledged revenues for the Economic Development Corporation for the year ended September 30, 2022:

Revenue Pledged	Total Revenue Pledged	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will not be Available for Other Purposes
.5% Sales and use tax	\$34,057,252	\$3,583,577	10.5%	\$39,661,846	Until 2034

City of Frisco

Notes to the Basic Financial Statements

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-use of buildings and equipment over the term of the lease. The City is required to make periodic payments at its incremental borrowing rate or the interest rate stated or implied within the leases. Effective October 1, 2021, the City implemented GASB Statement No. 87, *Leases*. At implementation of this statement and the commencement of leases beginning after October 1, 2021, the City initially measured the lease liability at the present value of payments expected to be made during the remaining lease term. The lease rate, term and ending lease liability are as follows:

	Interest Rates	Liability at Commencement	Lease Term in Years	Ending Balance
Governmental Activities:				
Buildings	0.45%	\$ 653,456	3	\$ 486,220
Equipment	0.45%	662,701	3	553,835
Total governmental activities				\$ 1,040,055
Business-type activities:				
Equipment	1.62%	\$ 96,504	5	\$ 77,864
Total business-type activities				\$ 77,864
Component units:				
Buildings	0.45%	\$ 379,195	3	\$ 192,142
Equipment	0.31%	965	3	193
Total component units				\$ 192,335

Annual requirements to amortize leases payable for the governmental activities for the years subsequent to September 30, 2022, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2023	\$ 319,734	\$ 13,760	\$ 333,494
2024	207,893	10,545	218,438
2025	171,414	7,774	179,188
2026	121,484	5,189	126,673
2027	49,304	3,805	53,109
2028-2032	60,343	14,657	75,000
2033-2037	66,624	8,376	75,000
2038-2040	43,259	1,742	45,001
Total	\$ 1,040,055	\$ 65,848	\$ 1,105,903

Annual requirements to amortize leases payable for the business-type activities for the years subsequent to September 30, 2022, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2023	\$ 22,345	\$ 1,098	\$ 23,443
2024	22,710	733	23,443
2025	23,081	361	23,442
2026	9,728	40	9,768
Total	\$ 77,864	\$ 2,232	\$ 80,096

City of Frisco

Notes to the Basic Financial Statements

Annual requirements to amortize leases payable for the Economic Development Corporation component unit for the years subsequent to September 30, 2022, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2023	\$ 192,335	\$ 469	\$ 192,804
Total	\$ 192,335	\$ 469	\$ 192,804

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 provide 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 2022, the City rebated property taxes of \$2,312,774. Sales and use taxes rebated totaled \$8,307,356.

Office 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 ad valorem tax grants to certain developers. These grants require the construction of minimum square feet of office space and obtaining certificates of occupancy within a specified time period, all of which have been met during the 2022 fiscal year.

An agreement was executed in December 2012 for an office building. The City pays fifty percent (50%) of the ad valorem taxes actually collected by the City that are directly associated with the increase in value in excess of the base year value up to a maximum of \$800,000, or 10 years. \$147,821 was earned during the current year of this grant.

An agreement was executed in November 2016 for an office building and parking garage. The City pays fifty percent (50%) of the ad valorem taxes actually collected by the City that are directly associated with the increase in value in excess of the base year value up to a maximum of \$11,000,000 or 23 years. \$308,355 was earned during the current year of this grant.

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 2022 fiscal year.

City of Frisco

Notes to the Basic Financial Statements

An agreement was executed in January 2011 for approximately 140,000 square feet of retail space which opened in October 2011. The City pays the lesser of fifty percent (50%) or \$70,000 of ad valorem taxes actually collected by the City for 10 years following the initial sales tax grant which ended in November of 2020. The City paid \$61,953 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 \$2,095,614 during the current year of this grant.

An agreement was executed with the owner of an entertainment venue in April 2013. This agreement includes a 50% rebate of property taxes for 10 years and one-half of one percent of sales and use taxes (0.50%) for five years. The City paid \$7,147 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 \$50,825 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 \$27,145 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 \$153,201 during the current year of this grant.

An agreement was executed in November 2015 for an entertainment and retail center. The City pays fifty percent (50%) of the ad valorem taxes actually collected by the City that are directly associated with the increase in value in excess of the base year value up to a maximum of \$60,000,000 or 24 years and one-half of one percent of sales and use taxes (0.50%) for five years. \$822,103 was earned during 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 \$182,445 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 \$5,395,206 for 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 and fifty percent (50%) of ad valorem taxes actually collected by the City. The City paid \$107,794 for the current year of this grant.

An agreement was executed in May 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 \$230,366 for the current year of this grant.

City of Frisco

Notes to the Basic Financial Statements

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, 2022, the City rebated a total of \$1,030,155 for the property tax increment payment for 2021. The cumulative amount rebated through September 30 was \$3,077,846.

Note 10. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is administered by Mission Square Retirement and is classified as a pension plan under the provisions of GASB 97. 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. The City does not make contributions to the plan.

Note 11. Defined Benefit Pension Plan

Plan Description

The City of Frisco, including the Frisco Economic Development Corporation (FEDC) a discretely presented component unit, participates as one of 900 plans in the defined benefit cash balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide, public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of the TMRS 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 annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City and FEDC 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.

City of Frisco

Notes to the Basic Financial Statements

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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	270
Inactive employees entitled to but not yet receiving benefits	645
Active employees	1,242
Total	<u>2,157</u>

Contributions

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

Employees for the City of Frisco and FEDC were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.54% and 14.33% in calendar years 2021 and 2022, respectively. The City’s and FEDC’s contributions to TMRS for the year ended September 30, 2022 were \$16,528,742 and were equal to the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 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

City of Frisco

Notes to the Basic Financial Statements

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. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

City of Frisco

Notes to the Basic Financial Statements

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, beginning of year	\$ 338,807,287	\$ 304,939,993	\$ 33,867,294
Changes for the year:			
Service cost	19,030,928	—	19,030,928
Interest	23,277,359	—	23,277,359
Difference between expected and actual experience	(346,369)	—	(346,369)
Contributions-employer	—	14,953,351	(14,953,351)
Contributions-employee	—	7,289,969	(7,289,969)
Net investment income	—	39,869,679	(39,869,679)
Benefit payments, including refunds of employee contributions	(6,945,983)	(6,945,983)	—
Administrative expense	—	(183,937)	183,937
Other changes	—	1,260	(1,260)
Net changes	35,015,935	54,984,339	(19,968,404)
Balances, end of year	<u>\$ 373,823,222</u>	<u>\$ 359,924,332</u>	<u>\$ 13,898,890</u>

Changes in the Net Pension Liability of the City & FEDC

	City	FEDC	Totals
Balances, beginning of year	\$ 33,189,948	\$ 677,346	\$ 33,867,294
Changes for the year:			
Service cost	18,650,310	380,618	19,030,928
Interest	22,811,812	465,547	23,277,359
Difference between expected and actual experience	(339,442)	(6,927)	(346,369)
Contributions-employer	(14,654,284)	(299,067)	(14,953,351)
Contributions-employee	(7,144,170)	(145,799)	(7,289,969)
Net investment income	(39,072,285)	(797,394)	(39,869,679)
Administrative expense	180,258	3,679	183,937
Other changes	(1,235)	(25)	(1,260)
Net changes	(19,569,036)	(399,368)	(19,968,404)
Balances, end of year	<u>\$ 13,620,912</u>	<u>\$ 277,978</u>	<u>\$ 13,898,890</u>

City of Frisco

Notes to the Basic Financial Statements

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the City and FEDC, calculated using the discount rate of 6.75%, as well as what the City's and FEDC's net pension liability/(asset) 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 & FEDC's Net Pension Liability/(Asset)	\$ 78,284,926	\$ 13,898,890	\$ (38,086,275)

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, 2022, the City and FEDC recognized pension expense of \$8,296,285; \$8,130,359 for the City and \$165,926 for the FEDC.

At September 30, 2022, the City and FEDC reported deferred outflows and inflows of resources related to pensions from the following sources:

Deferred Outflows and Inflows - City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,363,867	\$ 2,495,167
Changes of assumptions	402,989	80,577
Net difference between projected and actual earnings on pension plan investments	—	19,968,043
Contributions subsequent to the measurement date	12,173,521	—
Total	<u>\$ 14,940,377</u>	<u>\$ 22,543,787</u>

Deferred Outflows and Inflows - FEDC

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,243	\$ 50,923
Changes of assumptions	8,224	1,644
Net difference between projected and actual earnings on pension plan investments	—	407,511
Contributions subsequent to the measurement date	248,439	—
Total	<u>\$ 304,906</u>	<u>\$ 460,078</u>

City of Frisco

Notes to the Basic Financial Statements

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$12,173,521 for the City and \$248,439 contributed for the FEDC, will be recognized as a reduction of the net pension liability for measurement year ending December 31, 2022 (i.e. recognized in the City's and FEDC's financial statements September 30, 2023). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	City	FEDC	Total
2023	\$ (3,503,837)	\$ (71,507)	\$ (3,575,344)
2024	(7,550,166)	(154,085)	(7,704,251)
2025	(4,178,665)	(85,279)	(4,263,944)
2026	(3,988,421)	(81,396)	(4,069,817)
2027	(456,183)	(9,310)	(465,493)
Thereafter	(99,659)	(2,034)	(101,693)
Total	<u>\$ (19,776,931)</u>	<u>\$ (403,611)</u>	<u>\$ (20,180,542)</u>

Allocation of Pension Items

Pension items are allocated between the City's governmental activities, City's business-type activities, and the FEDC on the basis of employee payroll funding. For the City's governmental activities, the net pension liability is liquidated by the General Fund and Hotel/Motel Tax Fund. For the City's business-type activities, the net pension liability is liquidated by the Water & Sewer Fund, Stormwater Drainage Fund, and Environmental Services Fund.

Note 12. Other Postemployment Benefits

Plans Descriptions

The City and FEDC provide a single-employer postemployment health insurance 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, however, there is an implicit rate subsidy and the City and FEDC have a measurable OPEB liability, which is accounted for in the OPEB liability.

The City and FEDC also participate 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 under paragraph 4, item (b) of GASB Statement No. 75. The City's OPEB plan does not issue separate financial statements.

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.

City of Frisco

Notes to the Basic Financial Statements

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 September 30, 2022 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Active employees	<u>1,211</u>
Total	<u><u>1,219</u></u>

For TMRS supplemental death at the December 31, 2021 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	208
Inactive employees entitled to but not yet receiving benefits	150
Active employees	<u>1,242</u>
Total	<u><u>1,600</u></u>

Benefit Payments

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

Monthly retiree premium rates are as follows:

	<u>Retiree Premiums</u>	<u>Retiree</u>	<u>Retiree + Spouse</u>
EPO High Deductible	\$	1,000	\$ 1,934
EPO Low Deductible	\$	1,139	\$ 2,177

The City and FEDC submit benefit payments to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefits for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Benefit payments are made monthly based on the covered payroll of the city. The contractually required benefit payment rate is determined annually for the City and FEDC. The rate is based on mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City and FEDC. There is a one-year delay between the actuarial valuation that serves as the basis for the employer benefit payment rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

City of Frisco

Notes to the Basic Financial Statements

The retiree portion of the benefit payment rates to the SDBF for the City and FEDC were 0.02% and 0.02% in calendar years 2021 and 2022, respectively. The City's and FEDC's benefit payments to the SDBF for the year ended September 30, 2022 were \$10,213 and were equal to the required benefit payments.

Total OPEB Liability

The retiree health insurance total OPEB liability was measured as of September 30, 2022 and was determined by an actuarial valuation as of October 1, 2021.

The TMRS supplemental death total OPEB liability was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The retiree health insurance total OPEB liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions:

Discount rate	4.77% (2.15% in prior year)
Mortality table	Pub-2010 Safety and General Mortality Tables, weighted by headcount, projected with scale MP-2021
Salary scale	Graded scale based on age and participant group
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 cost trend rate	
Current rate (medical/Rx)	5.00% / 6.50%
Ultimate rate (medical/Rx)	4.80% / 4.80%
Year ultimate is reached (medical/Rx)	2028 / 2036

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

The TMRS supplemental death total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate*	1.84% (2% in prior year)
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.

City of Frisco

Notes to the Basic Financial Statements

*The discount rate was based on the Fidelity index's "20-Year Municipal GO AA Index" rate as of December, 31 2021.

Changes in Total OPEB Liability Retiree Health Insurance	City	FEDC	Totals
Balance, beginning of year	\$ 2,156,775	\$ 44,016	\$ 2,200,791
Changes for the year:			
Service cost	174,908	3,570	178,478
Interest on the total OPEB liability	43,559	889	44,448
Difference between expected and actual experience	(166,939)	(3,407)	(170,346)
Changes in assumptions or other inputs	(569,563)	(11,624)	(581,187)
Benefit payments	(23,075)	(471)	(23,546)
Net changes	<u>(541,110)</u>	<u>(11,043)</u>	<u>(552,153)</u>
Balance, end of year	<u>\$ 1,615,665</u>	<u>\$ 32,973</u>	<u>\$ 1,648,638</u>

Changes in Total OPEB Liability TMRS Supplemental Death	City	FEDC	Totals
Balance, beginning of year	\$ 2,464,420	\$ 50,294	\$ 2,514,714
Changes for the year:			
Service cost	222,147	4,534	226,681
Interest on the total OPEB liability	51,308	1,047	52,355
Difference between expected and actual experience	(43,043)	(878)	(43,921)
Changes in assumptions or other inputs	101,137	2,064	103,201
Benefit payments **	(20,195)	(412)	(20,607)
Net changes	<u>311,354</u>	<u>6,355</u>	<u>317,709</u>
Balance, end of year	<u>\$ 2,775,774</u>	<u>\$ 56,649</u>	<u>\$ 2,832,423</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.

City of Frisco

Notes to the Basic Financial Statements

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

The following presents the total OPEB liability of the City's and FEDC's retiree health insurance calculated using the discount rate of 4.77%, as well as what the City's and FEDC's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.77%) or 1 percentage point higher (5.77%) than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
City's & FEDC's OPEB	\$ 1,812,266	\$ 1,648,638	\$ 1,500,869

The following presents the total OPEB liability of the City's and FEDC's TMRS supplemental plan calculated using the discount rate of 2.50%, as well as what the City's and FEDC's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.50%) or 1 percentage point higher (3.50%) than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
City's & FEDC's OPEB	\$ 3,604,491	\$ 2,832,423	\$ 2,255,264

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.

The following presents the total OPEB liability of the City and FEDC retiree health insurance, as well as what the City's and FEDC'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.

	<u>1% Decrease</u>	<u>Current Healthcare Rate</u>	<u>1% Increase</u>
City's & FEDC's OPEB	\$ 1,439,254	\$ 1,648,638	\$ 1,897,555

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, 2022, the City recognized OPEB expense of \$349,054 for TMRS Supplemental Death and (\$325,215) for Retiree Health Insurance, \$23,839 aggregated. The FEDC also recognized OPEB expense of \$7,124 for TMRS Supplemental Death and (\$6,637) for Retiree Health Insurance, \$487 aggregated. At September 30, 2022, the City and FEDC reported deferred outflows and inflows of resources related to OPEB from the following resources:

Retiree Health Insurance

Deferred Outflows and Inflows - City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 252,587	\$ 2,043,551
Changes of assumptions	458,366	1,477,665
Total	<u>\$ 710,953</u>	<u>\$ 3,521,216</u>

Deferred Outflows and Inflows - FEDC

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,155	\$ 41,705
Changes of assumptions	9,354	30,156
Total	<u>\$ 14,509</u>	<u>\$ 71,861</u>

TMRS Supplemental Death

Deferred Outflows and Inflows - City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,786	\$ 210,789
Changes of assumptions	703,540	72,222
Benefit payments subsequent to the measurement date	8,477	—
Total	<u>\$ 773,803</u>	<u>\$ 283,011</u>

City of Frisco

Notes to the Basic Financial Statements

Deferred Outflows and Inflows - FEDC

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,261	\$ 4,302
Changes of assumptions	14,358	1,474
Benefit payments subsequent to the measurement date	173	—
Total	<u>\$ 15,792</u>	<u>\$ 5,776</u>

Deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date of \$8,650 will be recognized as a reduction of the total OPEB liability in the City's financial statements as of September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Retiree Health Insurance

Fiscal Year	City	FEDC	Total
2023	\$ (543,681)	\$ (11,096)	\$ (554,777)
2024	(543,681)	(11,096)	(554,777)
2025	(537,292)	(10,965)	(548,257)
2026	(529,675)	(10,810)	(540,485)
2027	(493,144)	(10,064)	(503,208)
Thereafter	(162,790)	(3,321)	(166,111)
Total	<u>\$ (2,810,263)</u>	<u>\$ (57,352)</u>	<u>\$ (2,867,615)</u>

TMRS Supplemental Death

Fiscal Year	City	FEDC	Total
2023	\$ 76,747	\$ 1,566	\$ 78,313
2024	76,747	1,566	78,313
2025	76,747	1,566	78,313
2026	76,747	1,566	78,313
2027	62,070	1,267	63,337
Thereafter	113,257	2,312	115,569
Total	<u>\$ 482,315</u>	<u>\$ 9,843</u>	<u>\$ 492,158</u>

Allocation of OPEB Items

OPEB items are allocated between the City's governmental activities, City's business-type activities, and the FEDC on the basis of employee payroll funding. For the City's governmental activities, the total OPEB liability is liquidated by the General Fund and Hotel/Motel Tax Fund. For the City's business-type activities, the total OPEB liability is liquidated by the Water & Sewer Fund, Stormwater Drainage Fund, and Environmental Services Fund.

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 FY22, 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 2022 was \$250,000 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, 2022 totaled \$3,050,000, 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
2020 - Health Insurance	2,500,000	18,384,174	18,234,174	2,650,000
2021 - Health Insurance	2,650,000	21,148,573	21,048,573	2,750,000
2022 - Health Insurance	2,750,000	21,608,694	21,308,694	3,050,000

Note 14. Interfund Receivables and Payables

All interfund receivables and payables are considered short-term and, at September 30, 2022, consisted of the following:

Due to	Due From			Total
	TIRZ #1	Grants	Nonmajor Governmental	
General Fund	\$ —	\$ 1,601,052	\$ 1,732	\$ 1,602,784
Debt Service	962,917	—	366,184	1,329,101
Total	<u>\$ 962,917</u>	<u>\$ 1,601,052</u>	<u>\$ 367,916</u>	<u>\$ 2,931,885</u>

City of Frisco

Notes to the Basic Financial Statements

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

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

Transfers From

Transfers to	General Fund	TIRZ #1	Grants	Nonmajor Governmental	Major & Nonmajor Proprietary	Total
General Fund	\$ —	\$ —	\$ —	\$ —	\$ 4,908,084	\$ 4,908,084
TIRZ #1	—	—	—	1,651,663	—	1,651,663
Capital projects	2,391,438	—	4,611	11,214,984	3,396,796	17,007,829
Debt service	—	24,415,763	—	2,906,888	—	27,322,651
Grants	309,845	—	—	—	—	309,845
Water & Sewer	—	—	2,008,303	—	412,365	2,420,668
Total	<u>\$ 2,701,283</u>	<u>\$ 24,415,763</u>	<u>\$ 2,012,914</u>	<u>\$ 15,773,535</u>	<u>\$ 8,717,245</u>	<u>\$ 53,620,740</u>

Transfer from fund	Transfer to fund	Amount
<u>General Fund:</u>		
Grant matching funds	Grants	309,845
Capital outlay funding	Capital Projects	2,391,438
<u>TIRZ #1 Fund:</u>		
Debt service funding requirements	Debt Service	24,415,763
<u>Grants Fund:</u>		
Capital outlay funding	Capital Projects	4,611
Capital outlay funding	Water & Sewer Fund	2,008,303
<u>Nonmajor Governmental Funds:</u>		
Debt service funding requirements	TIRZ #1	1,651,663
Debt service funding requirements	Debt Service	2,906,888
Capital outlay funding	Capital Projects	11,214,984
<u>Proprietary Funds:</u>		
G&A for Water & Sewer	General Fund	3,829,197
G&A for Environmental Services	General Fund	978,887
G&A for Stormwater Drainage	General Fund	100,000
G&A Stormwater Drainage	Water & Sewer Fund	75,147
G&A Environmental Services	Water & Sewer Fund	337,218
Capital outlay funding	Capital Projects	3,396,796
Total		<u>\$ 53,620,740</u>

City of Frisco

Notes to the Basic Financial Statements

Note 15. 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, 2022 is \$22,140,000.

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, 2022 is \$47,980,000.

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, 2022.

Monies Held in Escrow

The City collects and holds money from approved developer agreements and other private construction commitments assessed during the permitting process. The monies held in escrow are either refunded once the developer has completely fulfilled their commitment or applied to revenue to reimburse for the City's cost in completing the obligation.

Note 16. Litigation

The City is currently not party to any legal actions.

Note 17. Component Unit Pollution Remediation Obligations

In FY 2021 the FCDC purchased the former battery recycling plant site and took over full ownership and remediation. At that time the FCDC had worked with Texas Commission on Environmental Quality (TCEQ), external consultants and City staff to define the original estimated cost of remediation at \$25 million based on the level of pollution present. The City remeasured in FY 2022 and recorded the \$39.6 million liability with estimates from the City's external consultants based on the expected capital outlay. In FY 2022 TCEQ deposited \$25 million into a trust in the FCDC name and dedicated to remediation. Future maintenance and operations will be funded by a \$2 per cart, per month increase in garbage fees and a 2% increase in commercial fees. Future increases to remediation estimates will be funded by the FCDC. The FCDC and TCEQ are working to renew the permit and continue remediation.

REQUIRED SUPPLEMENTARY INFORMATION

City of Frisco

Schedule of Changes in the City's Net Pension Liability and Related Ratios Texas Municipal Retirement System Last 8 Years

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total pension liability:								
Service cost	\$ 9,985,109	\$12,146,969	\$13,533,172	\$14,945,284	\$16,288,615	\$17,366,021	\$18,245,043	\$19,030,928
Interest	10,863,498	12,134,224	13,102,946	14,856,079	16,872,785	18,927,503	21,202,716	23,277,359
Difference between expected and actual experience	(1,557,705)	(320,688)	1,645,340	3,176,149	1,087,595	1,034,411	(3,100,440)	(346,369)
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)	(5,063,651)	(6,945,983)
Net change in total pension liability	17,015,956	20,345,646	25,585,034	29,643,585	30,038,808	33,556,842	31,283,668	35,015,935
Total pension liability - beginning	151,337,748	168,353,704	188,699,350	214,284,384	243,927,969	273,966,777	307,523,619	338,807,287
Total pension liability - ending (a)	<u>\$168,353,704</u>	<u>\$188,699,350</u>	<u>\$214,284,384</u>	<u>\$243,927,969</u>	<u>\$273,966,777</u>	<u>\$307,523,619</u>	<u>\$338,807,287</u>	<u>\$373,823,222</u>
Plan fiduciary net position:								
Contributions - employer	\$ 7,982,625	\$ 9,779,163	\$10,375,914	\$11,609,557	\$12,628,932	\$13,588,719	\$13,926,984	\$14,953,351
Contributions - employee	4,173,145	4,790,759	5,187,963	5,739,055	6,272,474	6,693,951	6,942,714	7,289,969
Net investment income	6,923,943	203,262	10,161,230	24,019,515	(6,331,968)	33,979,152	20,459,865	39,869,679
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)	(5,063,651)	(6,945,983)
Administrative expense	(72,257)	(123,767)	(114,632)	(124,330)	(122,154)	(191,510)	(132,032)	(183,937)
Other	(5,941)	(6,113)	(6,176)	(6,302)	(6,380)	(5,754)	(5,152)	1,260
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	36,128,728	54,984,339
Plan fiduciary net position - beginning	120,981,617	137,708,186	150,189,214	173,097,089	211,000,657	219,231,374	268,811,265	304,939,993
Plan fiduciary net position - ending (b)	<u>\$137,708,186</u>	<u>\$150,189,214</u>	<u>\$173,097,089</u>	<u>\$211,000,657</u>	<u>\$219,231,374</u>	<u>\$268,811,265</u>	<u>\$304,939,993</u>	<u>\$359,924,332</u>
Net pension liability - ending (a) - (b)	\$30,645,518	\$38,510,136	\$41,187,295	\$32,927,312	\$54,735,403	\$38,712,354	\$33,867,294	\$13,898,890
Plan fiduciary net position as a percentage of total pension liability	81.80 %	79.59 %	80.78 %	86.50 %	80.02 %	87.41 %	90.00 %	96.28 %
Covered payroll	\$59,616,360	\$68,433,626	\$74,113,757	\$81,936,863	\$89,252,684	\$95,627,868	\$98,728,589	\$103,036,970
Net pension liability as a percentage of covered payroll	51.40 %	56.27 %	55.57 %	40.19 %	61.33 %	40.48 %	34.30 %	13.49 %

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

City of Frisco
Schedule of City Contributions
Texas Municipal Retirement System
Last 8 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$9,034,646	\$10,290,995	\$11,367,240	\$12,458,770	\$13,445,761	\$13,956,038	\$14,757,433	\$16,528,742
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	14,757,433	16,528,742
Contribution deficiency/(excess)	—	—	—	—	—	—	—	—
Covered payroll	\$63,590,086	\$64,421,645	\$79,650,345	\$87,320,494	\$93,902,520	\$98,020,196	\$102,134,782	\$114,746,860
Contributions as a percentage of covered payroll	14.21 %	15.97 %	14.27 %	14.27 %	14.32 %	14.24 %	14.45 %	14.40 %

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	24 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 There were no benefit changes during the year.

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

City of Frisco

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

TMRs Supplemental Death

Last 5 Years

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total OPEB liability:					
Service cost	\$ 106,518	\$ 133,879	\$ 124,316	\$ 177,711	\$ 226,681
Interest	45,281	49,513	61,071	56,394	52,355
Differences between expected and actual experience	—	113,083	(179,892)	(72,166)	(43,921)
Change in assumptions	141,034	(132,188)	382,085	395,893	103,201
Benefit payments, including refunds of employee contributions	(8,194)	(8,925)	(9,563)	(9,873)	(20,607)
Net change in total OPEB liability	284,639	155,362	378,017	547,959	317,709
Total OPEB liability - beginning	1,148,797	1,433,376	1,588,738	1,966,755	2,514,714
Total OPEB liability - ending	<u>\$ 1,433,436</u>	<u>\$ 1,588,738</u>	<u>\$ 1,966,755</u>	<u>\$ 2,514,714</u>	<u>\$ 2,832,423</u>
Covered-employee payroll	\$81,936,863	\$89,252,684	\$95,627,868	\$98,728,589	\$103,036,970
Total OPEB liability as a percentage of covered-employee payroll	1.75 %	1.78 %	2.06 %	2.55 %	2.75 %

Valuation Date:

Actuarial valuation date

December 31, 2021

Measurement date

December 31, 2021

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	1.84%
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 - 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.
Changes in discount rate	The discount rate changed from 2.00% in the prior year to 1.84%

Other Information:

Notes

There were no benefit changes during the year.

Notes to Schedule:

Historical data not available - GASB 75 implemented in FY 2018.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

City of Frisco

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Retiree Health Insurance

Last 5 Years

	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022
Total OPEB liability:					
Service cost	\$ 344,784	\$ 336,696	\$ 510,603	\$ 187,028	\$ 178,478
Interest	161,496	203,940	164,355	48,012	44,448
Differences between expected and actual experience	—	(835,941)	(2,475,354)	339,178	(170,346)
Change in assumptions	(156,560)	977,496	(1,446,062)	(58,906)	(581,187)
Benefit payments, including refunds of employee contributions	20,225	18,495	(125,394)	(107,418)	(23,546)
Net change in total OPEB liability	369,945	700,686	(3,371,852)	407,894	(552,153)
Total OPEB liability - beginning	4,094,118	4,464,063	5,164,749	1,792,897	2,200,791
Total OPEB liability - ending	<u>\$ 4,464,063</u>	<u>\$ 5,164,749</u>	<u>\$ 1,792,897</u>	<u>\$ 2,200,791</u>	<u>\$ 1,648,638</u>
Covered-employee payroll	\$89,564,242	\$96,215,258	\$99,251,317	\$103,704,002	\$116,674,082
Total OPEB liability as a percentage of covered-employee payroll	4.98 %	5.37 %	1.81 %	2.12 %	1.41 %

Valuation Date:

Actuarial valuation date	October 1, 2021
Measurement date	September 30, 2022
Last experience study date	September 30, 2021

Methods and assumptions used to determine contribution rates:

Discount rate	4.77%
Mortality table	Pub-2010 Safety and General Mortality Tables, weighted by headcount, projected with scale MP-2021.
Salary scale	Graded scale based on age and participant group
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.
Changes in assumptions	The retirement and termination rates tables were updated. Salary scale assumptions were changed from being based on years of service to a graded scale based on age and participant group.
Changes in discount rate	The discount rate changed from 2.15% in the prior year to 4.77%
Healthcare trend rate:	
Current rate (medical/Rx)	5.00% / 6.50%
Ultimate rate (medical/Rx)	4.80% / 4.80%
Year ultimate rate is reached (medical/Rx)	2028 / 2036
Other Information:	
Notes	There were no benefit changes during the year.

Notes to Schedule:

Historical data not available - GASB 75 implemented in FY 2018.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



PROGRESS IN MOTION

**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 Year Ended September 30, 2022

	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	\$ 43,000,000	\$ 52,815,801	\$ 5,337,790	\$ —	\$ 5,337,790	\$ (47,478,011)
Charges for services	—	800,000	854,677	—	854,677	54,677
Investment earnings	—	850,000	721,665	—	721,665	(128,335)
Contributions, donations and grants	10,000,000	3,040,780	4,033,918	—	4,033,918	993,138
Payments from component units	—	24,637,460	1,991,931	—	1,991,931	(22,645,529)
Total revenues	53,000,000	82,144,041	12,939,981	—	12,939,981	(69,204,060)
EXPENDITURES						
Capital outlay	181,966,842	508,284,162	83,871,045	(22,066,187)	61,804,858	446,479,304
Debt service	859,610	790,245	808,885	—	808,885	(18,640)
Total expenditures	182,826,452	509,074,407	84,679,930	(22,066,187)	62,613,743	446,460,664
Deficiency of revenues under expenditures	(129,826,452)	(426,930,366)	(71,739,949)	22,066,187	(49,673,762)	377,256,604
OTHER FINANCING SOURCES (USES)						
Issuance of debt	128,300,000	133,132,575	133,130,000	—	133,130,000	(2,575)
Premium on bonds issued	—	6,901,953	6,901,953	—	6,901,953	—
Discount on bonds issued	—	(29,283)	(29,283)	—	(29,283)	—
Proceeds from sale of asset	—	—	33,000	—	33,000	33,000
Transfers in	4,319,001	48,287,325	17,007,829	—	17,007,829	(31,279,496)
Total other financing sources (uses)	132,619,001	188,292,570	157,043,499	—	157,043,499	(31,249,071)
Net change in fund balance	2,792,549	(238,637,796)	85,303,550	22,066,187	107,369,737	346,007,533
Fund balance, beginning	17,482,990	274,017,356	274,017,356	(91,442,750)	182,574,606	(91,442,750)
Fund balance, ending	\$ 20,275,539	\$ 35,379,560	\$ 359,320,906	\$ (69,376,563)	\$ 289,944,343	\$ 254,564,783

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Year Ended September 30, 2022

	Net Change in Fund Balance
GAAP basis	\$ 85,303,550
Expenditures:	
Increase due to encumbrances from prior year	91,442,750
Decrease due to encumbrances from current year	(69,376,563)
Budgetary basis	\$ 107,369,737

City of Frisco

Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	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	\$ 52,243,815	\$ 52,244,014	\$ 51,712,363	\$ —	\$ 51,712,363	\$ (531,651)
Investment earnings	5,880	51,920	54,582	—	54,582	2,662
Payments from component units	1,601,375	1,622,299	1,622,299	—	1,622,299	—
Total revenues	53,851,070	53,918,233	53,389,244	—	53,389,244	(528,989)
EXPENDITURES						
Debt service	80,202,365	84,291,548	81,026,174	—	81,026,174	3,265,374
Total expenditures	80,202,365	84,291,548	81,026,174	—	81,026,174	3,265,374
Deficiency of revenues under expenditures	(26,351,295)	(30,373,315)	(27,636,930)	—	(27,636,930)	2,736,385
OTHER FINANCING SOURCES (USES)						
Issuance of debt	—	5,050,756	4,900,000	—	4,900,000	(150,756)
Premium on bonds issued	—	123,632	123,632	—	123,632	—
Discount on bonds issued	—	(150)	(150)	—	(150)	—
Payment to refunded debt escrow agent	—	(5,174,238)	(5,174,238)	—	(5,174,238)	—
Transfers in	26,009,293	27,322,651	27,322,651	—	27,322,651	—
Total other financing sources (uses)	26,009,293	27,322,651	27,171,895	—	27,171,895	(150,756)
Net change in fund balance	(342,002)	(3,050,664)	(465,035)	—	(465,035)	2,585,629
Fund balance, beginning	3,180,862	3,333,381	3,333,381	—	3,333,381	—
Fund balance, ending	\$ 2,838,860	\$ 282,717	\$ 2,868,346	\$ —	\$ 2,868,346	\$ 2,585,629



NONMAJOR 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.

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.

TIRZ #6 - This fund was established to account for the property taxes and sales taxes collected within the tax increment reinvestment zone #6.

TIRZ #7 - This fund was established to account for the property taxes and sales taxes collected within the tax increment reinvestment zone #7.

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
Nonmajor Governmental Funds
September 30, 2022

	Special Revenue			
	Hotel/Motel Tax	Panther Creek PID	CDBG	Traffic Control Enforcement
ASSETS				
Cash and cash equivalents	\$ 3,841,991	\$ 21,602	\$ —	\$ 57,570
Investments	—	—	—	—
Receivables: (net of allowances for uncollectibles)				
Franchise tax	—	—	—	—
Occupancy tax	771,777	—	—	—
Grants	—	—	35,857	—
Assessments	—	157,131	—	—
Other	255,549	—	—	—
Leases receivables	269,814	—	—	—
Prepays	402,037	—	—	—
Total assets	<u>5,541,168</u>	<u>178,733</u>	<u>35,857</u>	<u>57,570</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCES				
Liabilities:				
Accounts payable	62,721	534	6,690	7,461
Accrued liabilities	25,481	—	—	—
Unearned revenue	—	157,131	27,435	—
Monies held in escrow	—	—	—	—
Due to other funds	—	—	1,732	—
Total liabilities	<u>88,202</u>	<u>157,665</u>	<u>35,857</u>	<u>7,461</u>
Deferred inflows of resources:				
Leases related	<u>268,327</u>	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCES				
Nonspendable	403,524	—	—	—
Restricted	<u>4,781,115</u>	<u>21,068</u>	<u>—</u>	<u>50,109</u>
Total fund balances	<u>5,184,639</u>	<u>21,068</u>	<u>—</u>	<u>50,109</u>
Total liabilities and fund balances	<u>\$ 5,541,168</u>	<u>\$ 178,733</u>	<u>\$ 35,857</u>	<u>\$ 57,570</u>

					Capital Projects		Total Nonmajor Governmental Funds
TIRZ #5	TIRZ #6	TIRZ #7	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	
\$ 779,745	\$ 15,743	\$ —	\$ 208,357	\$ 523,224	\$ 11,755,259	\$ 12,016,046	\$ 29,219,537
—	—	—	—	893,931	22,759,531	8,376,094	32,029,556
—	—	—	—	58,674	—	—	58,674
—	—	—	—	—	—	—	771,777
—	—	—	—	—	—	—	35,857
—	—	—	—	—	—	—	157,131
—	—	366,184	—	3,364	55,043	1,065	681,205
—	—	—	—	—	—	—	269,814
—	—	—	—	—	—	—	402,037
<u>\$ 779,745</u>	<u>\$ 15,743</u>	<u>\$ 366,184</u>	<u>\$ 208,357</u>	<u>\$ 1,479,193</u>	<u>\$ 34,569,833</u>	<u>\$ 20,393,205</u>	<u>\$ 63,625,588</u>
—	—	—	4,791	—	242,000	—	324,197
—	—	—	—	—	—	—	25,481
—	—	—	—	—	—	—	184,566
—	—	—	—	—	3,359,382	—	3,359,382
—	—	366,184	—	—	—	—	367,916
<u>—</u>	<u>—</u>	<u>366,184</u>	<u>4,791</u>	<u>—</u>	<u>3,601,382</u>	<u>—</u>	<u>4,261,542</u>
—	—	—	—	—	—	—	268,327
—	—	—	—	—	—	—	403,524
779,745	15,743	—	203,566	1,479,193	30,968,451	20,393,205	58,692,195
779,745	15,743	—	203,566	1,479,193	30,968,451	20,393,205	59,095,719
<u>\$ 779,745</u>	<u>\$ 15,743</u>	<u>\$ 366,184</u>	<u>\$ 208,357</u>	<u>\$ 1,479,193</u>	<u>\$ 34,569,833</u>	<u>\$ 20,393,205</u>	<u>\$ 63,625,588</u>

City of Frisco

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

Nonmajor Governmental Funds

For the Year Ended September 30, 2022

	Special Revenue			
	Hotel/Motel Tax	Panther Creek PID	CDBG	Traffic Control Enforcement
REVENUES				
Property tax	\$ —	\$ —	\$ —	\$ —
Sales tax	—	—	—	—
Franchise tax	—	—	—	—
Hotel/motel tax	7,951,774	—	—	—
Special assessments	—	130,653	—	—
Fines	—	—	—	—
Intergovernmental	1,095,317	—	—	—
Charges for services	58,140	—	—	—
Contributions, donations and grants	265,257	—	1,331,513	—
Rents	5,996	—	—	—
Investment earnings	25,875	47,187	—	—
Payments from component units	—	—	—	—
Miscellaneous	915	—	37,416	—
Total revenues	9,403,274	177,840	1,368,929	—
EXPENDITURES				
Current:				
General government	—	—	1,003,447	—
Public safety	—	—	—	45,406
Culture and recreation	4,861,294	—	—	—
Capital outlay	—	—	—	—
Debt Service:				
Principal retirement	134,664	—	—	—
Interest and fiscal charges	994	—	—	—
Total expenditures	4,996,952	—	1,003,447	45,406
Excess (deficiency) of revenues over (under) expenditures	4,406,322	177,840	365,482	(45,406)
OTHER FINANCING SOURCES (USES)				
Lease financing	307,853	—	—	—
Transfers out	(2,715,379)	(165,000)	(365,482)	—
Total other financing sources (uses)	(2,407,526)	(165,000)	(365,482)	—
Net change in fund balances	1,998,796	12,840	—	(45,406)
Fund balances, beginning	3,185,843	8,228	—	95,515
Fund balances, ending	\$ 5,184,639	\$ 21,068	\$ —	\$ 50,109

					Capital Projects		Total Nonmajor Governmental Funds
TIRZ #5	TIRZ #6	TIRZ #7	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	
\$ 1,157,113	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,157,113
391,925	—	—	—	—	—	—	391,925
—	—	—	—	249,377	—	—	249,377
—	—	—	—	—	—	—	7,951,774
—	—	—	—	—	3,968,798	5,076,514	9,175,965
—	—	—	143,353	—	—	—	143,353
—	—	—	—	—	—	—	1,095,317
—	—	—	—	—	—	—	58,140
—	—	366,184	—	—	—	—	1,962,954
—	—	—	—	—	—	—	5,996
5,093	—	—	1,234	3,311	21,065	52,942	156,707
—	56,100	—	—	—	—	—	56,100
—	—	—	981	—	—	—	39,312
1,554,131	56,100	366,184	145,568	252,688	3,989,863	5,129,456	22,444,033
—	—	—	107,928	8,285	—	—	1,119,660
—	—	—	—	—	—	—	45,406
—	—	—	—	—	—	—	4,861,294
—	—	—	—	32,705	—	—	32,705
—	—	—	—	—	—	—	134,664
—	—	—	—	—	—	—	994
—	—	—	107,928	40,990	—	—	6,194,723
1,554,131	56,100	366,184	37,640	211,698	3,989,863	5,129,456	16,249,310
—	—	—	—	—	—	—	307,853
(1,271,631)	(40,357)	(366,184)	—	—	(5,047,798)	(5,801,704)	(15,773,535)
(1,271,631)	(40,357)	(366,184)	—	—	(5,047,798)	(5,801,704)	(15,465,682)
282,500	15,743	—	37,640	211,698	(1,057,935)	(672,248)	783,628
497,245	—	—	165,926	1,267,495	32,026,386	21,065,453	58,312,091
\$ 779,745	\$ 15,743	\$ —	\$ 203,566	\$ 1,479,193	\$ 30,968,451	\$ 20,393,205	\$ 59,095,719

City of Frisco

Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	Budgeted Amounts					
	Original	Final	Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES						
Taxes:						
Hotel/motel tax	\$ 6,656,906	\$ 6,675,230	\$ 7,951,774	\$ —	\$ 7,951,774	\$ 1,276,544
Intergovernmental	1,447,010	1,447,010	1,095,317	—	1,095,317	(351,693)
Charges for service	—	—	58,140	—	58,140	58,140
Contributions	—	—	265,257	—	265,257	265,257
Rents	10,000	10,000	5,996	—	5,996	(4,004)
Investment earnings	1,400	1,400	25,875	—	25,875	24,475
Miscellaneous	32,125	32,125	915	—	915	(31,210)
Total revenues	8,147,441	8,165,765	9,403,274	—	9,403,274	1,237,509
EXPENDITURES						
Current:						
Culture and recreation	4,888,831	4,844,255	4,861,294	6,825	4,868,119	(23,864)
Debt Service:						
Principal retirement	—	—	134,664	—	134,664	(134,664)
Interest and fiscal charges	—	—	994	—	994	(994)
Total expenditures	4,888,831	4,844,255	4,996,952	6,825	5,003,777	(159,522)
Excess (deficiency) of revenues over (under) expenditures	3,258,610	3,321,510	4,406,322	(6,825)	4,399,497	1,077,987
OTHER FINANCING USES						
Lease financing			307,853	—	307,853	307,853
Transfers out	(2,715,379)	(2,715,380)	(2,715,379)	—	(2,715,379)	1
Total other financing sources (uses)	(2,715,379)	(2,715,380)	(2,407,526)	—	(2,407,526)	307,854
Net change in fund balance	543,231	606,130	1,998,796	(6,825)	1,991,971	1,385,841
Fund balance, beginning	1,988,968	3,185,843	3,185,843	(20,925)	3,164,918	(20,925)
Fund balance, ending	\$ 2,532,199	\$ 3,791,973	\$ 5,184,639	\$ (27,750)	\$ 5,156,889	\$ 1,364,916

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Year Ended September 30, 2022

	Net Change in Fund Balance
GAAP basis	1,998,796
Expenditures:	
Increase due to encumbrances from prior year	20,925
Decrease due to encumbrances for current year	(27,750)
Budgetary basis	\$ 1,991,971

City of Frisco

Panther Creek PID Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	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	\$ 130,000	\$ 130,000	\$ 130,653	\$ —	\$ 130,653	\$ 653
Investment earnings	35,000	35,000	47,187	—	47,187	12,187
Total revenues	165,000	165,000	177,840	—	177,840	12,840
OTHER FINANCING USES						
Transfers out	(165,000)	(165,000)	(165,000)	—	(165,000)	—
Net change in fund balance	—	—	12,840	—	12,840	12,840
Fund balance, beginning	2,253	8,228	8,228	—	8,228	—
Fund balance, ending	\$ 2,253	\$ 8,228	\$ 21,068	\$ —	\$ 21,068	\$ 12,840

City of Frisco

CDBG Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	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	\$ 2,536,238	\$ 1,230,773	\$ 1,331,513	\$ —	\$ 1,331,513	\$ 100,740
Miscellaneous	15,000	35,000	37,416	—	37,416	2,416
Total revenues	2,551,238	1,265,773	1,368,929	—	1,368,929	103,156
EXPENDITURES						
Current						
General government	2,551,238	1,265,773	1,003,447	14,000	1,017,447	248,326
Capital outlay	—	—	—	—	—	—
Total expenditures	2,551,238	1,265,773	1,003,447	14,000	1,017,447	248,326
Excess (deficiency) of revenues over (under) expenditures	—	—	365,482	(14,000)	351,482	351,482
OTHER FINANCING USES						
Transfers out	—	—	(365,482)	—	(365,482)	(365,482)
Total other financing sources (uses)	—	—	(365,482)	—	(365,482)	(365,482)
Net change in fund balance	—	—	—	(14,000)	(14,000)	(14,000)
Fund balance, beginning	—	—	—	—	—	—
Fund balance, ending	\$ —	\$ —	\$ —	\$ (14,000)	\$ (14,000)	\$ (14,000)

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Year Ended September 30, 2022

	Net Change in Fund Balance
GAAP basis	\$ —
Expenditures:	
Increase due to encumbrances from prior year	—
Decrease due to encumbrances for current year	(14,000)
Budgetary basis	\$ (14,000)

City of Frisco

Traffic Control Enforcement Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
EXPENDITURES						
Current						
Public safety	\$ —	\$ 12,483	\$ 45,406	\$ (12,483)	\$ 32,923	\$ (20,440)
Capital outlay	30,000	30,000	—	—	—	—
Total expenditures	30,000	42,483	45,406	(12,483)	32,923	\$ 9,560
Net change in fund	(30,000)	(42,483)	(45,406)	12,483	(32,923)	(9,560)
Fund balance, beginning	30,000	95,515	95,515	(12,483)	83,032	(12,483)
Fund balance, ending	\$ —	\$ 53,032	\$ 50,109	\$ —	\$ 50,109	\$ (2,923)

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Year Ended September 30, 2022

	Net Change in Fund Balance
GAAP basis	\$ (45,406)
Expenditures:	
Increase due to encumbrances from prior year	12,483
Decrease due to encumbrances for current year	—
Budgetary basis	\$ (32,923)

City of Frisco

TIRZ #5 Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	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:							
Property tax	\$ 1,172,191	\$ 1,172,191	\$ 1,157,113	\$ —	\$ 1,157,113	\$	(15,078)
Sales tax	330,750	330,750	391,925	—	391,925		61,175
Investment earnings	184	1,365	5,093	—	5,093		3,728
Total revenues	1,503,125	1,504,306	1,554,131	—	1,554,131		49,825
OTHER FINANCING SOURCES (USES)							
Transfers out	(1,271,631)	(1,271,631)	(1,271,631)	—	(1,271,631)		—
Total other financing sources (uses)	(1,271,631)	(1,271,631)	(1,271,631)	—	(1,271,631)		—
Net change in fund balance	231,494	232,675	282,500	—	282,500		49,825
Fund balance, beginning	541,183	497,245	497,245	—	497,245		—
Fund balance, ending	\$ 772,677	\$ 729,920	\$ 779,745	\$ —	\$ 779,745	\$	49,825

City of Frisco**TIRZ #6 Fund Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Payments from component units	\$ 56,100	\$ 56,100	\$ 56,100	\$ —	\$ 56,100	\$ —
Total revenues	56,100	56,100	56,100	—	56,100	—
OTHER FINANCING SOURCES (USES)						
Transfers out	(56,100)	(40,357)	(40,357)	—	(40,357)	—
Total other financing sources (uses)	(56,100)	(40,357)	(40,357)	—	(40,357)	—
Net change in fund balance	—	15,743	15,743	—	15,743	—
Fund balance, beginning	—	—	—	—	—	—
Fund balance, ending	\$ —	\$ 15,743	\$ 15,743	\$ —	\$ 15,743	\$ —

City of Frisco
**TIRZ #7 Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2022**

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Contributions, donations and grants	\$ —	\$ 366,184	\$ 366,184	\$ —	\$ 366,184	\$ —
Total revenues	—	366,184	366,184	—	366,184	—
OTHER FINANCING SOURCES (USES)						
Transfers out	—	(366,184)	(366,184)	—	(366,184)	—
Total other financing sources (uses)	—	(366,184)	(366,184)	—	(366,184)	—
Net change in fund balance	—	—	—	—	—	—
Fund balance, beginning	—	—	—	—	—	—
Fund balance, ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

City of Frisco

Court Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	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	\$ 115,000	\$ 120,600	\$ 143,353	\$ —	\$ 143,353	\$ 22,753
Investment earnings	100	360	1,234	—	1,234	874
Miscellaneous	—	650	981	—	981	331
Total revenues	115,100	121,610	145,568	—	145,568	23,958
EXPENDITURES						
Current						
General government	171,491	149,196	107,928	(7,705)	100,223	48,973
Total expenditures	171,491	149,196	107,928	(7,705)	100,223	48,973
Excess (deficiency) of revenues over (under) expenditures	(56,391)	(27,586)	37,640	7,705	45,345	72,931
OTHER FINANCING USES						
Transfers out	(84,000)	—	—	—	—	—
Total other financing sources (uses)	(84,000)	—	—	—	—	—
Net change in fund balance	(140,391)	(27,586)	37,640	7,705	45,345	72,931
Fund balance, beginning	146,511	165,926	165,926	(7,705)	158,221	(7,705)
Fund balance, ending	\$ 6,120	\$ 138,340	\$ 203,566	\$ —	\$ 203,566	\$ 65,226

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Year Ended September 30, 2022

	Net Change in Fund Balance
GAAP basis	\$ 37,640
Expenditures:	
Increase due to encumbrances from prior year	7,705
Decrease due to encumbrances for current year	—
Budgetary basis	\$ 45,345

City of Frisco

PEG Cable Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	Budgeted Amounts					
	Original	Final	Actual on a GAAP Basis	Adjustments - Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES						
Taxes:						
Franchise	\$ 235,000	\$ 230,000	\$ 249,377	\$ —	\$ 249,377	\$ 19,377
Investment earnings	1,000	3,200	3,311	—	3,311	111
Total revenues	236,000	233,200	252,688	—	252,688	19,488
EXPENDITURES						
Current:						
General government	—	558	8,285	—	8,285	(7,727)
Capital outlay	728,864	378,864	32,705	—	32,705	346,159
Total expenditures	728,864	379,422	40,990	—	40,990	338,432
Net change in fund balance	(492,864)	(146,222)	211,698	—	211,698	357,920
Fund balance, beginning	1,014,949	1,267,495	1,267,495	—	1,267,495	—
Fund balance, ending	\$ 522,085	\$ 1,121,273	\$ 1,479,193	\$ —	\$ 1,479,193	\$ 357,920

City of Frisco

Road Impact Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments - Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Special assessments	\$ —	\$ 4,600,000	\$ 3,968,798	\$ —	\$ 3,968,798	\$ (631,202)
Investment earnings	—	91,708	21,065	—	21,065	(70,643)
Total revenues	—	4,691,708	3,989,863	—	3,989,863	(701,845)
OTHER FINANCING SOURCES (USES)						
Transfers out	—	(27,950,220)	(5,047,798)	—	(5,047,798)	22,902,422
Total other financing sources (uses)	—	(27,950,220)	(5,047,798)	—	(5,047,798)	22,902,422
Net change in fund balance	—	(23,258,512)	(1,057,935)	—	(1,057,935)	22,200,577
Fund balance, beginning	11,844,196	32,026,386	32,026,386	—	32,026,386	—
Fund balance, ending	<u>\$11,844,196</u>	<u>\$ 8,767,874</u>	<u>\$30,968,451</u>	<u>\$ —</u>	<u>\$30,968,451</u>	<u>\$22,200,577</u>

City of Frisco

Park Development Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2022

	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	\$ —	\$ 6,900,000	\$ 5,076,514	\$ —	\$ 5,076,514	\$ (1,823,486)
Investment earnings	—	61,000	52,942	—	52,942	(8,058)
Total revenues	—	6,961,000	5,129,456	—	5,129,456	(1,831,544)
OTHER FINANCING SOURCES (USES)						
Transfers out	—	(12,779,403)	(5,801,704)	—	(5,801,704)	6,977,699
Total other financing sources (uses)	—	(12,779,403)	(5,801,704)	—	(5,801,704)	6,977,699
Net change in fund balance	—	(5,818,403)	(672,248)	—	(672,248)	5,146,155
Fund balance, beginning	13,209,760	21,065,453	21,065,453	—	21,065,453	—
Fund balance, ending	<u>\$13,209,760</u>	<u>\$15,247,050</u>	<u>\$20,393,205</u>	<u>\$ —</u>	<u>\$20,393,205</u>	<u>\$ 5,146,155</u>

NONMAJOR 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

Nonmajor Proprietary Fund Financial Statements

September 30, 2022

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Nonmajor Proprietary Fund Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,803,129	\$ 4,389,739	\$ 8,192,868
Investments	486,563	—	486,563
Receivables: (net of allowances for uncollectibles)			
Other	369	40,478	40,847
Total current assets	4,290,061	4,430,217	8,720,278
Noncurrent assets			
Capital assets:			
Buildings and improvements	—	147,742	147,742
Improvements other than buildings	—	92,190	92,190
Machinery and equipment	1,854,872	655,954	2,510,826
Accumulated depreciation	(1,137,407)	(670,735)	(1,808,142)
Total capital assets (net of accumulated depreciation)	717,465	225,151	942,616
Total noncurrent assets	717,465	225,151	942,616
Total assets	5,007,526	4,655,368	9,662,894
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	152,453	152,453	304,906
OPEB items	15,151	15,151	30,302
Total deferred outflows of resources	167,604	167,604	335,208

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Nonmajor Proprietary Fund Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 162,495	\$ 1,172,881	\$ 1,335,376
Accrued liabilities	25,615	24,868	50,483
Monies held in escrow	29,616	—	29,616
Compensated absences	116,924	132,507	249,431
Total current liabilities	334,650	1,330,256	1,664,906
Noncurrent liabilities:			
Compensated absences	114,532	175,584	290,116
Pension	138,989	138,989	277,978
OPEB	44,810	44,810	89,620
Total noncurrent liabilities	298,331	359,383	657,714
Total liabilities	298,331	359,383	657,714
DEFERRED INFLOWS OF RESOURCES			
Pension items	230,040	230,040	460,080
OPEB items	38,819	38,819	77,638
Total deferred inflows of resources	268,859	268,859	537,718
NET POSITION			
Net investment in capital assets	717,465	225,151	942,616
Unrestricted	3,555,825	2,639,323	6,195,148
Total net position	\$ 4,273,290	\$ 2,864,474	\$ 7,137,764



City of Frisco

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

Nonmajor Proprietary Fund Financial Statements

For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Nonmajor Proprietary Fund Total
OPERATING REVENUES			
Charges for sales and services:			
Sanitation charges	\$ —	\$ 22,536,976	\$ 22,536,976
Stormwater drainage fees	5,245,083	—	5,245,083
Miscellaneous	—	91,946	91,946
Total operating revenues	5,245,083	22,628,922	27,874,005
OPERATING EXPENSES			
Cost of sales and services	—	18,343,853	18,343,853
Administration	2,891,293	3,504,808	6,396,101
Depreciation	188,247	55,294	243,541
Total operating expenses	3,079,540	21,903,955	24,983,495
Operating income	2,165,543	724,967	2,890,510
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	5,605	23,599	29,204
Contributions and grants	67,720	—	67,720
Gain on sale of equipment	14,000	—	14,000
Total non-operating revenues	87,325	23,599	110,924
Income before transfers	2,252,868	748,566	3,001,434
TRANSFERS			
Transfers out	(3,571,943)	(1,316,105)	(4,888,048)
Total transfers	(3,571,943)	(1,316,105)	(4,888,048)
Change in net position	(1,319,075)	(567,539)	(1,886,614)
Net position, beginning	5,592,365	3,432,013	9,024,378
Net position, ending	\$ 4,273,290	\$ 2,864,474	\$ 7,137,764

City of Frisco

Combining Statement of Cash Flows

Nonmajor Proprietary Fund Financial Statements

For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Nonmajor Proprietary Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,177,213	\$ 22,543,428	\$ 27,720,641
Cash payments to suppliers for goods and services	(1,126,211)	(19,984,991)	(21,111,202)
Cash payments to employees for services	(1,781,395)	(1,779,227)	(3,560,622)
Other receipts	—	91,946	91,946
Net cash provided by operating activities	2,269,607	871,156	3,140,763
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers made to other funds	—	(1,316,105)	(1,316,105)
Contributions	67,720	—	67,720
Net cash provided (used) by noncapital financing activities	67,720	(1,316,105)	(1,248,385)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(6,899)	(46,269)	(53,168)
Proceeds from sale or transfer of equipment	14,000	—	14,000
Transfers made to other funds for capital construction	(3,571,943)	—	(3,571,943)
Net cash used in capital and related financing activities	(3,564,842)	(46,269)	(3,611,111)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(490,247)	—	(490,247)
Proceeds from sale and maturities of investment securities	500,100	—	500,100
Interest on investments	9,136	23,599	32,735
Net cash provided by investing activities	18,989	23,599	42,588
Net decrease in cash and cash equivalents	(1,208,526)	(467,619)	(1,676,145)
Cash and cash equivalents, beginning	5,011,655	4,857,358	9,869,013
Cash and cash equivalents, ending	\$ 3,803,129	\$ 4,389,739	\$ 8,192,868

	Business-type Activities Enterprise Fund		
	Stormwater Drainage	Environmental Services	Nonmajor Proprietary Fund Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 2,165,543	\$ 724,967	\$ 2,890,510
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	188,247	55,294	\$ 243,541
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - utility bills	—	6,451	6,451
Receivables - other	—	146,819	146,819
Pension deferred outflow of resources	(4,953)	(4,953)	(9,906)
OPEB deferred outflow of resources	1,896	1,896	3,792
Increase (decrease) in-			
Accounts payable	102,672	63,072	165,744
Accrued liabilities	(53,323)	(53,289)	(106,612)
Liability for compensated absences	16,578	10,082	26,660
Pension deferred inflow of resources	122,595	122,595	245,190
OPEB deferred inflow of resources	251	251	502
Net pension liability	(199,684)	(199,684)	(399,368)
OPEB liability	(2,345)	(2,345)	(4,690)
Deposits and escrows	(67,870)	—	(67,870)
Total adjustments	104,064	146,189	250,253
Net cash provided by operating activities	<u>\$ 2,269,607</u>	<u>\$ 871,156</u>	<u>\$ 3,140,763</u>



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 adult and other related community development needs. Funding is derived from contributions.

City of Frisco
Combining Balance Sheet
Component Units
September 30, 2022

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
ASSETS				
Cash and cash equivalents	\$ 17,167,832	\$ 23,812,254	\$ 25,282	\$ 41,005,368
Investments	34,414,495	29,345,646	—	63,760,141
Receivables: (net of allowances for uncollectible)				
Sales tax	6,081,114	6,081,114	—	12,162,228
Other	80,472	57,901	—	138,373
Leases receivables	309,442	134,621	—	444,063
Prepays	—	56,578	—	56,578
Land held for resale	33,316,565	36,051,721	—	69,368,286
Restricted assets:				
Cash and cash equivalents	27,373,226	2,066,359	—	29,439,585
Investments	—	1,800,000	—	1,800,000
Total assets	<u>118,743,146</u>	<u>99,406,194</u>	<u>25,282</u>	<u>218,174,622</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities				
Accounts payable	2,813,359	2,859,952	—	5,673,311
Accrued liabilities	4,817	25,220	—	30,037
Deposits	—	25,000	—	25,000
Unearned revenue	25,169,468	—	—	25,169,468
Total liabilities	<u>27,987,644</u>	<u>2,910,172</u>	<u>—</u>	<u>30,897,816</u>
Deferred inflows of resources:				
Lease related	307,774	134,777	—	442,551
Total deferred inflows of resources	<u>307,774</u>	<u>134,777</u>	<u>—</u>	<u>442,551</u>
Fund balances:				
Nonspendable:				
Prepaid expenses	1,668	56,422	—	58,090
Land held for resale	33,316,565	36,051,721	—	69,368,286
Restricted for:				
Capital projects for future construction	2,200,920	3,866,359	—	6,067,279
Assigned for:				
Pollution remediation	4,000,000	—	—	4,000,000
Unassigned	50,928,575	56,386,743	25,282	107,340,600
Total fund balances	<u>90,447,728</u>	<u>96,361,245</u>	<u>25,282</u>	<u>186,834,255</u>
Total liabilities and fund balances	<u>\$ 118,743,146</u>	<u>\$ 99,406,194</u>	<u>\$ 25,282</u>	<u>\$ 218,174,622</u>

City of Frisco

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

Component Units

For the Year Ended September 30, 2022

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Components Units
REVENUES				
Sales tax	\$ 34,057,252	\$ 34,057,252	\$ —	\$ 68,114,504
Investment earnings	66,044	75,751	174	141,969
Contributions	—	43,775	20,485	64,260
Charges for Services	124,769	—	—	124,769
Rents	114,921	11,908	—	126,829
Payments from primary government	4,193,326	—	—	4,193,326
Miscellaneous	789	164,600	—	165,389
Total Revenues	38,557,101	34,353,286	20,659	72,931,046
EXPENDITURES				
Current:				
General government	9,978,595	14,268,544	—	24,247,139
Culture and recreation	3,638,815	—	8,647	3,647,462
Capital outlay	2,616,753	—	—	2,616,753
Debt service:				
Principal retirement	13,455,223	2,652,826	—	16,108,049
Interest and fiscal charges	2,912,710	1,318,429	—	4,231,139
Total expenditures	32,602,096	18,239,799	8,647	50,850,542
Excess (deficiency) of revenues over (under) expenditures	5,955,005	16,113,487	12,012	22,080,504
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	15,535,000	16,515,000	—	32,050,000
Payment to refunded debt escrow agent	(15,995,218)	(16,941,710)	—	(32,936,928)
Lease financing	—	380,161	—	380,161
Total other financing sources	(460,218)	(46,549)	—	(506,767)
Net change in fund balances	5,494,787	16,066,938	12,012	21,573,737
Fund balances, beginning	84,952,941	80,294,307	13,270	165,260,518
Fund balances, ending	\$ 90,447,728	\$ 96,361,245	\$ 25,282	\$ 186,834,255

City of Frisco

Reconciliation of the Combining Balance Sheet of Component Units to the Statement of Net Position September 30, 2022

Total fund balances per balance sheet	\$	186,834,255
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Amounts reported for component unit activities in the statement of position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	90,664,751
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Deferred outflow of resources are not financial resources and, therefore, are not reported at the fund level.	630,597
---	---------

Other assets are not available to pay for current-period expenditures	25,164,468
---	------------

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	84,341,870
Notes payable	15,153,734
Pollution remediation obligations	39,641,361
Accrued interest payable	423,206
Leases payable	192,335
Compensated absences	273,705
Net pension liability	277,978
Total OPEB liability	89,622

Total long-term liabilities	(140,393,811)
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Deferred inflows of resources are not financial resources and, therefore, are not reported in the funds	(537,715)
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Total net position - component units	\$	<u>162,362,545</u>
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City of Frisco

Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Component Units to the Statement of Activities September 30, 2022

Net change in fund balances - total component units	\$	21,573,737
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Amounts reported for component units in the statement of activities are different because:

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.	2,214,318
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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	164,468
---	---------

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.	16,994,977
---	------------

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.	(8,455,395)
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Change in net position of component units	\$	<u>32,492,105</u>
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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Frisco's annual comprehensive 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>	132
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	143
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>	152
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>	158
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>	160

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

City of Frisco**Net Position by Component****Last Ten Fiscal Years**

(accrual basis of accounting)

(unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities				
Net investment in capital assets	\$ 739,378,508	\$ 754,405,379	\$ 886,959,457	\$ 1,051,389,064
Restricted	4,538,556	5,053,305	54,319,922	62,763,394
Unrestricted	72,860,648	101,786,356	29,893,408	43,272,641
Total governmental activities net position	<u>816,777,712</u>	<u>861,245,040</u>	<u>971,172,787</u>	<u>1,157,425,099</u>
Business-type activities				
Net investment in capital assets	185,747,786	195,229,947	222,392,769	249,009,918
Restricted	17,744,216	21,881,788	26,256,457	29,954,906
Unrestricted	35,211,295	42,695,312	44,321,482	47,844,692
Total business-type activities net position	<u>238,703,297</u>	<u>259,807,047</u>	<u>292,970,708</u>	<u>326,809,516</u>
Primary government				
Net investment in capital assets	925,126,294	949,635,326	1,109,352,226	1,300,398,982
Restricted	22,282,772	26,935,093	80,576,379	92,718,300
Unrestricted	108,071,943	144,481,668	74,214,890	91,117,333
Total primary government net position	<u>\$ 1,055,481,009</u>	<u>\$ 1,121,052,087</u>	<u>\$ 1,264,143,495</u>	<u>\$ 1,484,234,615</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,123,429,533	\$ 1,215,381,073	\$ 1,315,371,557	\$ 1,375,189,312	\$ 1,377,424,378	\$ 1,418,589,171
69,106,670	71,803,680	77,158,120	74,348,180	83,564,484	79,492,981
45,371,848	48,218,988	54,966,379	63,089,924	76,019,002	102,827,708
<u>1,237,908,051</u>	<u>1,335,403,741</u>	<u>1,447,496,056</u>	<u>1,512,627,416</u>	<u>1,537,007,864</u>	<u>1,600,909,860</u>
271,084,999	306,888,683	330,734,056	359,016,697	367,819,577	384,612,613
31,907,294	32,201,559	37,917,240	36,861,360	45,397,680	48,698,597
49,288,154	58,893,202	59,555,627	69,008,288	73,012,369	90,052,754
<u>352,280,447</u>	<u>397,983,444</u>	<u>428,206,923</u>	<u>464,886,345</u>	<u>486,229,626</u>	<u>523,363,964</u>
1,394,514,532	1,522,269,756	1,646,105,613	1,734,206,009	1,745,243,955	1,803,201,784
101,013,964	104,005,239	115,075,360	111,209,540	128,962,164	128,191,578
94,660,002	107,112,190	114,522,006	132,098,212	149,031,371	192,880,462
<u>\$ 1,590,188,498</u>	<u>\$ 1,733,387,185</u>	<u>\$ 1,875,702,979</u>	<u>\$ 1,977,513,761</u>	<u>\$ 2,023,237,490</u>	<u>\$ 2,124,273,824</u>

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

	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 42,629,757	\$ 50,945,132	\$ 53,318,813	\$ 56,719,612
Public safety	48,074,351	52,340,573	57,906,328	66,878,782
Public works	30,648,669	32,827,619	39,730,064	46,082,286
Culture & recreation	26,110,474	28,062,191	29,483,819	33,135,218
Interest on long-term debt	17,005,242	18,631,848	18,443,803	17,577,838
Total governmental activities expenses	<u>164,468,493</u>	<u>182,807,363</u>	<u>198,882,827</u>	<u>220,393,736</u>
Business-type activities:				
Water & sewer	57,559,429	61,177,648	66,188,799	78,892,654
Non-major enterprise funds	11,113,313	11,674,055	12,337,646	13,713,061
Total business-type activities expenses	<u>68,672,742</u>	<u>72,851,703</u>	<u>78,526,445</u>	<u>92,605,715</u>
Total primary government expenses	<u>\$ 233,141,235</u>	<u>\$ 255,659,066</u>	<u>\$ 277,409,272</u>	<u>\$ 312,999,451</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 18,329,451	\$ 18,854,018	\$ 19,912,210	\$ 20,285,841
Public safety	2,327,403	2,598,721	3,174,725	3,829,863
Public works	104,180	98,633	205,469	117,529
Culture & recreation	4,555,527	4,845,465	5,433,040	5,857,044
Operating grants and contributions	2,549,183	4,666,348	3,236,153	4,944,360
Capital grants and contributions	58,872,983	49,626,979	122,651,198	199,150,396
Total governmental activities program revenues	<u>86,738,727</u>	<u>80,690,164</u>	<u>154,612,795</u>	<u>234,185,033</u>
Business-type activities:				
Charges for services:				
Water & sewer	57,787,373	56,263,446	69,190,052	79,399,924
Non-major enterprise funds	12,555,595	13,384,328	15,989,296	16,202,674
Operating grants and contributions	1,000	17,466	41,366	67,965
Capital grants and contributions	19,925,899	25,480,432	29,793,281	32,233,793
Total business-type activities program revenues	<u>90,269,867</u>	<u>95,145,672</u>	<u>115,013,995</u>	<u>127,904,356</u>
Total primary government program revenues	<u>\$ 177,008,594</u>	<u>\$ 175,835,836</u>	<u>\$ 269,626,790</u>	<u>\$ 362,089,389</u>
Net (expense)/revenue				
Governmental activities	\$ (77,729,766)	\$ (102,117,199)	\$ (44,270,032)	\$ 13,791,297
Business-type activities	21,597,125	22,293,969	36,487,550	35,298,641
Total primary government net expense	<u>\$ (56,132,641)</u>	<u>\$ (79,823,230)</u>	<u>\$ (7,782,482)</u>	<u>\$ 49,089,938</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 69,014,412	\$ 75,849,283	\$ 85,412,246	\$ 97,716,101
Sales taxes	29,158,661	34,196,948	36,003,036	37,826,251
Franchise taxes	7,909,763	9,041,655	9,338,941	9,366,054
Other taxes	3,998,236	4,565,581	5,019,906	5,278,619
Ad valorem taxes, Intergovernmental	18,540,374	26,077,693	37,600,247	18,109,962
Investment earnings	495,129	222,548	859,102	1,805,611
Transfers	1,117,421	573,076	306,393	2,358,417
Total governmental activities	<u>130,233,996</u>	<u>150,526,784</u>	<u>174,539,871</u>	<u>172,461,015</u>
Business-type activities:				
Intergovernmental	97,000	104,000	105,040	446,978
Investment earnings	130,268	116,631	267,813	451,606
Transfers	(1,117,421)	(573,076)	(306,393)	(2,358,417)
Total business-type activities	<u>(890,153)</u>	<u>(352,445)</u>	<u>66,460</u>	<u>(1,459,833)</u>
Total primary government	<u>129,343,843</u>	<u>150,174,339</u>	<u>174,606,331</u>	<u>171,001,182</u>
Change in Net Position				
Governmental activities	52,504,230	48,409,585	130,269,839	186,252,312
Business-type activities	20,706,972	21,941,524	36,554,010	33,838,808
Total primary government net expense	<u>\$ 73,211,202</u>	<u>\$ 70,351,109</u>	<u>\$ 166,823,849</u>	<u>\$ 220,091,120</u>

2017	2018	2019	2020	2021	2022
\$ 71,141,026	\$ 75,995,523	\$ 81,789,316	\$ 93,428,738	\$ 92,795,035	\$ 102,466,806
75,124,144	82,425,573	92,202,109	95,145,910	106,713,823	105,809,779
44,655,377	49,265,749	51,333,497	53,555,748	62,311,511	65,960,543
35,598,228	39,046,786	40,449,835	37,418,970	32,772,532	35,623,318
19,087,970	18,785,636	21,126,900	22,274,232	22,093,367	23,800,021
245,606,745	265,519,267	286,901,657	301,823,598	316,686,268	333,660,467
95,527,532	93,666,630	101,466,829	103,357,849	107,973,934	114,982,995
14,762,734	17,221,827	19,367,794	20,575,386	26,232,863	24,983,495
110,290,266	110,888,457	120,834,623	123,933,235	134,206,797	139,966,490
\$ 355,897,011	\$ 376,407,724	\$ 407,736,280	\$ 425,756,833	\$ 450,893,065	\$ 473,626,957
\$ 22,097,082	\$ 22,502,540	\$ 25,060,656	\$ 20,076,791	\$ 10,981,423	\$ 13,812,550
4,451,318	4,205,493	4,513,162	4,256,643	14,566,360	15,097,220
123,470	94,935	239,853	119,616	101,817	169,563
6,029,895	5,966,865	5,841,035	3,040,120	4,077,423	6,594,845
4,305,641	7,374,981	10,992,363	20,906,735	16,941,430	7,019,760
87,384,164	82,826,541	110,727,397	66,775,450	30,506,858	52,269,697
124,391,570	122,971,355	157,374,466	115,175,355	77,175,311	94,963,635
84,814,386	9,676,900	95,978,738	104,121,381	106,735,274	127,625,789
17,083,995	20,055,741	21,624,569	22,970,543	25,747,755	27,888,005
142,500	—	29,500	—	93,984	67,720
34,841,951	40,895,889	33,909,304	30,875,237	23,139,862	27,093,655
136,882,832	70,628,530	151,542,111	157,967,161	155,716,875	182,675,169
\$ 261,274,402	\$ 193,599,885	\$ 308,916,577	\$ 273,142,516	\$ 232,892,186	\$ 277,638,804
\$ (121,215,175)	\$ (142,547,912)	\$ (129,527,191)	\$ (186,648,243)	\$ (239,510,957)	\$ (238,696,832)
26,592,566	46,831,073	30,707,488	34,033,926	21,510,078	42,708,679
(94,622,609)	(95,716,839)	(98,819,703)	(152,614,317)	(218,000,879)	(195,988,153)
\$ 112,456,629	\$ 120,389,122	\$ 131,952,480	\$ 142,497,915	\$ 150,882,839	\$ 162,681,758
40,408,821	43,363,487	44,647,320	45,124,776	54,984,501	68,114,505
10,126,891	11,007,612	10,899,394	10,558,237	10,031,878	11,831,566
5,678,518	7,212,592	7,733,104	4,899,326	5,910,603	9,559,643
28,275,708	54,774,029	32,894,962	41,064,382	39,058,316	41,953,571
2,717,226	5,434,361	9,907,059	6,519,627	432,149	2,161,208
2,034,334	2,261,440	3,585,187	1,115,340	2,591,119	6,296,577
201,698,127	244,442,643	241,619,506	251,779,603	263,891,405	302,598,828
124,048	169,584	114,960	2,017,771	2,283,546	645,594
788,651	1,696,952	2,986,218	1,743,065	140,776	76,642
(2,034,334)	(2,261,440)	(3,585,187)	(1,115,340)	(2,591,119)	(6,296,577)
(1,121,635)	(394,904)	(484,009)	2,645,496	(166,797)	(5,574,341)
200,576,492	244,047,739	241,135,497	254,425,099	263,724,608	297,024,487
80,482,952	101,894,731	112,092,315	65,131,360	24,380,448	63,901,996
25,470,931	46,436,169	30,223,479	36,679,422	21,343,281	37,134,338
\$ 105,953,883	\$ 148,330,900	\$ 142,315,794	\$ 101,810,782	\$ 45,723,729	\$ 101,036,334



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>
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
2021		150,882,839		54,984,501		10,031,878		5,910,603		221,809,821
2022		162,681,758		68,114,505		11,831,566		9,559,643		252,187,472

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

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
2021		9,084,548
2022		9,631,017

City of Frisco**Fund Balances of Governmental Funds****Last Ten Fiscal Years**

(modified accrual basis of accounting)

(unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund				
Nonspendable	\$ 544,583	\$ 398,856	\$ 616,566	\$ 657,471
Committed	3,570,917	3,568,653	14,414,810	16,466,361
Assigned	—	—	—	—
Unreserved/Unassigned	31,295,715	41,780,279	44,957,984	52,310,008
Total general fund	<u>35,411,215</u>	<u>45,747,788</u>	<u>59,989,360</u>	<u>69,433,840</u>
All other governmental funds				
Nonspendable	202,897	1,691,298	446,105	734,603
Restricted for:				
Debt service	4,150,522	4,412,400	5,278,799	5,175,796
Capital projects for future construction	82,742,142	164,136,618	172,606,032	224,453,812
Other purposes	7,330,805	8,117,922	8,095,288	8,361,344
Committed to:				
Capital projects for future construction	3,349,491	4,145,399	—	—
Assigned to:				
Capital projects for future construction	3,247,896	—	—	—
Total all other governmental funds	<u>\$ 101,023,753</u>	<u>\$ 182,503,637</u>	<u>\$ 186,426,224</u>	<u>\$ 238,725,555</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 759,272	\$ 777,323	\$ 1,294,145	\$ 2,363,955	\$ 2,964,991	\$ 4,055,129
10,534,528	15,357,662	19,448,471	24,176,860	35,607,863	38,297,316
—	—	—	—	24,000,000	24,000,000
63	64,320,358	72,539,025	78,830,852	63,442,208	81,590,881
<u>11,293,863</u>	<u>80,455,343</u>	<u>93,281,641</u>	<u>105,371,667</u>	<u>126,015,062</u>	<u>147,943,326</u>
657,232	2,078,369	1,414,108	361,590	259,913	403,524
5,847,513	6,181,803	5,594,173	5,379,166	3,333,381	2,868,346
218,222,683	215,663,589	303,386,988	289,557,566	327,109,195	410,682,562
9,082,010	9,864,542	9,654,771	10,701,239	12,788,567	15,377,800
—	—	—	—	—	—
—	—	—	—	—	—
<u>\$ 233,809,438</u>	<u>\$ 233,788,303</u>	<u>\$ 320,050,040</u>	<u>\$ 305,999,561</u>	<u>\$ 343,491,056</u>	<u>\$ 429,332,232</u>

City of Frisco

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues				
Taxes				
Property	\$ 69,033,422	\$ 75,468,357	\$ 85,700,973	\$ 97,282,372
Sales	29,158,661	34,196,948	36,003,036	37,826,251
Franchise	7,801,573	8,758,582	9,338,941	9,191,454
Hotel/motel	3,506,677	3,887,482	4,190,238	4,486,093
Other	491,559	678,099	829,668	792,526
Licenses and permits	8,577,020	10,256,389	11,016,411	11,679,493
Public safety	1,735,308	1,843,998	—	—
Intergovernmental	28,164,687	29,277,032	44,141,948	37,848,162
Charges for services	6,895,984	7,143,863	8,196,996	8,689,774
Fines	2,917,496	2,726,367	2,767,638	2,747,076
Special assessments	9,190,265	9,577,516	12,964,474	17,068,934
Rents	4,725,347	5,505,448	6,453,883	6,636,174
Investment earnings	432,368	250,107	874,583	1,857,133
Contributions and donations	6,078,590	4,381,880	53,625,599	118,842,017
Payments from component units	7,125,849	12,360,810	18,443,289	7,376,943
Miscellaneous	2,253,511	514,691	423,527	466,688
Total revenues	<u>188,088,317</u>	<u>206,827,569</u>	<u>294,971,204</u>	<u>362,791,090</u>
Expenditures				
Current:				
General government	36,353,259	44,594,861	47,806,418	49,016,189
Public safety	42,765,334	45,992,383	52,387,610	60,113,259
Public works	7,083,202	8,222,260	8,987,439	10,174,879
Culture & recreation	14,684,853	16,448,909	17,807,190	20,723,877
Capital outlay	46,968,401	60,116,074	190,194,725	190,366,612
Debt Service:				
Principal retirement	27,685,000	29,937,130	28,275,060	30,565,000
Interest and fiscal charges	20,988,977	21,974,788	22,214,941	24,630,277
Total expenditures	<u>196,529,026</u>	<u>227,286,405</u>	<u>367,673,383</u>	<u>385,590,093</u>
Deficiency of revenues under expenditures	(8,440,709)	(20,458,836)	(72,702,179)	(22,799,003)
Other financing sources (uses)				—
Issuance of debt	83,484,089	124,505,000	117,130,000	136,075,000
Premium on bonds issued	15,286,690	4,188,077	12,372,611	20,691,926
Discount on bonds issued	(215,382)	(127,160)	—	(277,741)
Payment to refunded debt escrow	(72,809,971)	(16,223,139)	(39,059,203)	(74,793,146)
Proceeds from sale of assets	148,021	1,203,437	116,537	488,358
Lease financing	—	—	—	—
Transfers in	29,705,338	24,492,569	35,576,201	29,074,998
Transfers out	(28,587,917)	(23,919,493)	(35,269,808)	(26,716,581)
Total other financing sources (uses)	<u>27,010,868</u>	<u>114,119,291</u>	<u>90,866,388</u>	<u>84,542,814</u>
Net change in fund balances	<u>\$ 18,570,159</u>	<u>\$ 93,660,455</u>	<u>\$ 18,164,159</u>	<u>\$ 61,743,811</u>
Debt service as a percentage of noncapital expenditures	33 %	31 %	28 %	28 %

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 112,313,490	\$ 120,342,757	\$ 132,255,261	\$ 142,680,642	\$ 150,499,477	\$ 162,817,283
40,408,821	43,363,487	44,647,320	45,124,776	54,984,501	68,114,505
9,458,534	10,519,862	10,899,394	10,377,109	10,208,513	11,599,788
4,829,350	6,141,721	6,585,178	3,986,339	4,716,757	7,951,774
849,168	1,070,871	1,147,926	912,987	1,193,846	1,607,869
12,904,536	12,906,768	11,845,079	11,042,795	11,400,651	11,810,918
—	—	—	—	—	—
25,271,312	34,343,637	31,505,376	42,359,161	31,987,641	37,002,768
9,518,417	9,307,701	12,440,670	6,660,246	8,992,914	11,765,777
2,744,917	2,685,495	2,790,298	1,653,881	1,453,044	1,930,831
13,128,149	9,456,594	12,269,748	10,281,368	4,636,136	9,175,965
6,775,706	7,107,397	7,868,238	7,346,215	7,621,861	8,240,008
2,731,486	5,449,676	9,923,941	6,535,040	451,584	2,187,692
13,192,698	5,957,131	10,127,217	18,588,225	14,019,943	11,928,641
18,516,124	30,054,581	6,527,981	14,427,272	12,015,743	9,543,980
424,768	259,802	415,895	555,915	327,808	1,413,490
273,067,476	298,967,480	301,249,522	322,531,971	314,510,419	357,091,289
63,039,357	58,364,668	61,656,204	73,405,760	72,066,799	84,018,396
67,730,266	75,812,773	82,171,292	85,683,572	93,734,421	100,889,707
13,291,112	15,287,383	13,784,679	14,104,118	14,689,360	15,303,760
23,498,609	25,849,819	26,439,537	23,273,373	24,060,845	27,056,390
96,675,046	111,765,196	74,689,302	83,886,289	63,475,200	87,962,224
35,675,000	39,365,000	42,870,000	47,270,000	49,710,000	52,621,103
25,675,859	25,575,706	26,527,706	28,466,893	28,106,672	29,501,052
325,585,249	352,020,545	328,138,720	356,090,005	345,843,297	397,352,632
(52,517,773)	(53,053,065)	(26,889,198)	(33,558,034)	(31,332,878)	(40,261,343)
45,510,000	53,635,000	115,325,000	26,790,000	89,950,000	138,030,000
4,337,120	3,288,439	5,881,139	3,404,111	12,068,625	7,025,585
(245,231)	(57,075)	(22,583)	(2,809)	—	(29,433)
—	—	—	—	(15,620,165)	(5,174,238)
349,033	542,029	1,208,489	290,939	478,189	566,135
—	—	—	—	—	1,316,157
34,018,890	37,854,586	40,587,673	48,208,830	45,775,727	51,200,072
(31,984,556)	(35,593,146)	(37,002,486)	(47,093,490)	(43,184,608)	(44,903,495)
51,985,256	59,669,833	125,977,232	31,597,581	89,467,768	148,030,783
\$ (532,517)	\$ 6,616,768	\$ 99,088,034	\$ (1,960,453)	\$ 58,134,890	\$ 107,769,440
27 %	27 %	27 %	28 %	28 %	26 %



City of Frisco

General Governmental Tax Revenues By Source

Last Ten 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>
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
2021	150,499,477	54,984,501	10,208,513	4,716,757	1,193,846	221,603,094
2022	162,817,283	68,114,505	11,599,788	7,951,774	1,607,869	252,091,219

City of Frisco

Property Values

Last Ten Fiscal Years

(Amounts Expressed in Thousands)

(unaudited)

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Agricultural</u>	<u>Other</u>	<u>Total</u>
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
2021	24,989,914	11,138,005	2,002,203	4,243,330	42,373,452
2022	27,731,468	11,872,692	1,721,341	4,360,238	45,685,739

<u>Less:</u> <u>Exemptions</u>	<u>Net 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>
\$ 2,415,608	\$ 14,741,050	0.46191	\$ 14,741,050	86%
2,782,278	15,898,188	0.46191	15,898,188	85%
3,218,656	18,046,803	0.46000	18,046,803	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%
8,654,915	33,718,537	0.44660	33,718,537	80%
9,027,369	36,658,370	0.44660	36,658,370	80%

City of Frisco

Property Tax Rates

Direct and Overlapping Governments

(Per \$100 of Assessed Value)

Last Ten Fiscal Years

(unaudited)

		City of Frisco			Collin County, Texas			Frisco Independent School District		
Tax Year	Fiscal Year	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
2012	2013	0.2730	0.1890	0.4619	0.1747	0.0653	0.2400	1.0400	0.4200	1.4600
2013	2014	0.2826	0.1793	0.4619	0.1803	0.0572	0.2375	1.0400	0.4200	1.4600
2014	2015	0.2868	0.1732	0.4600	0.1773	0.0577	0.2350	1.0400	0.4200	1.4600
2015	2016	0.2971	0.1629	0.4600	0.1698	0.0552	0.2250	1.0400	0.4200	1.4600
2016	2017	0.2941	0.1559	0.4500	0.1532	0.0552	0.2084	1.0400	0.4200	1.4600
2017	2018	0.2904	0.1562	0.4466	0.1388	0.0535	0.1922	1.0400	0.4200	1.4600
2018	2019	0.2934	0.1532	0.4466	0.1272	0.0536	0.1808	1.1700	0.2700	1.4400
2019	2020	0.2915	0.1551	0.4466	0.1230	0.0520	0.1750	1.0683	0.2700	1.3383
2020	2021	0.2990	0.1476	0.4466	0.1205	0.0520	0.1725	1.0402	0.2700	1.3102
2021	2022	0.2952	0.1514	0.4466	0.1168	0.0513	0.1681	0.9972	0.2700	1.2672

Information obtained from the Collin County Central Appraisal District.

		City of Frisco			Denton County, Texas			Frisco Independent School District		
Tax Year	Fiscal Year	Operating	Debt Services	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
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
2020	2021	0.298973	0.147627	0.44660	0.168381	0.056604	0.22499	1.0402	0.2700	1.3102
2021	2022	0.295215	0.151385	0.44660	0.171658	0.053620	0.22527	0.9972	0.2700	1.2672

Information obtained from the Denton County Central Appraisal District.

<u>Collin County Community College</u>			<u>Prosper Independent School District</u>			<u>Total Direct and Overlapping Rates FISD</u>	<u>Total Direct and Overlapping Rates PISD</u>
<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	1.1700	0.5000	1.6700	2.2082	2.4582
0.0800	0.0063	0.0863	1.1700	0.5000	1.6700	2.2482	2.4582
0.0800	0.0036	0.0836	1.1700	0.5000	1.6700	2.2431	2.4531
0.0790	0.0030	0.0820	1.1700	0.5000	1.6700	2.2370	2.4470
0.0790	0.0030	0.0820	1.1700	0.5000	1.6700	2.2270	2.4370
0.0782	0.0030	0.0812	1.1700	0.5000	1.6700	2.1996	2.4096
0.0771	0.0027	0.0798	1.1700	0.5000	1.6700	2.1787	2.3887
0.0791	0.0021	0.0812	1.1700	0.5000	1.6700	2.1486	2.3786
0.0791	0.0021	0.0812	1.0684	0.5000	1.5684	2.0411	2.2711
0.0790	0.0022	0.0812	0.9927	0.5000	1.4927	2.0106	2.1931

<u>Lewisville Independent School District</u>			<u>Little Elm Independent School District</u>			<u>Total Direct and Overlapping Rates FISD</u>	<u>Total Direct and Overlapping Rates LISD</u>	<u>Total Direct and Overlapping Rates LEISD</u>
<u>Operating</u>	<u>Debt Services</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Services</u>	<u>Total</u>			
1.0400	0.4364	1.4764	1.0400	0.5000	1.5400	2.1593	2.2157	2.2793
1.0400	0.4370	1.4770	1.0400	0.5000	1.5400	2.2048	2.2218	2.2848
1.0400	0.4370	1.4770	1.0400	0.5000	1.5400	2.1941	2.2111	2.2741
1.0400	0.4370	1.4770	1.0400	0.5000	1.5400	2.1922	2.2092	2.2722
1.0400	0.4367	1.4767	1.1700	0.3700	1.5400	2.1820	2.1987	2.2620
1.0400	0.3800	1.4200	1.1700	0.3700	1.5400	2.1584	2.1184	2.2384
1.0400	0.3675	1.4075	1.1700	0.3700	1.5400	2.1444	2.0919	2.2244
1.0400	0.3675	1.4075	1.1700	0.4700	1.6400	2.1122	2.0797	2.3122
0.9700	0.3675	1.3375	1.0683	0.4700	1.5383	2.0102	2.0094	2.2102
0.9664	0.3809	1.3473	0.9603	0.4700	1.4303	1.9818	2.0189	2.1019



City of Frisco
Principal Taxpayers
Current Year and Nine Years Ago
September 30, 2022
(unaudited)

<u>Taxpayer</u>	2022			2013		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Stonebriar Mall Ltd Partnership	\$ 331,853,647	1	0.91 %	\$ 239,971,384	1	1.63 %
Blue Star HQ Inc.	217,920,051	2	0.59 %			
BPR Shopping Center LP	158,600,000	3	0.43 %	118,471,637	2	0.80 %
Blue Star Land Phase III LLC	151,587,636	4	0.41 %			
PPF AMLI Parkwood Boulevard LLC	147,621,308	5	0.40 %			
Hall 3201 Dallas Inc	110,852,318	6	0.30 %			
Bell Fund VII Frisco Market Center LLC	106,000,000	7	0.29 %			
UDR Cool Springs I LLC	100,845,000	8	0.28 %			
Hall Office Portfolio DB LLC	99,213,211	9	0.27 %	60,400,000	4	0.41 %
MCP Frisco Office LLC	95,958,308	10	0.26 %			
Tenet Frisco Ltd				73,088,732	3	0.50 %
HRT Properties of Texas LTD				52,413,013	6	0.36 %
Specified Properties				56,872,060	5	0.39 %
Wells Core Reit - 7624/7668 Warren LLC				43,276,890	7	0.29 %
IKEA Property Inc				42,743,133	9	0.29 %
CRP Cypress Lake LP				43,000,000	8	0.29 %
Mario Sinacola & Sons Excavation Inc				38,363,917	10	0.26 %
	<u>\$1,520,451,479</u>		<u>4.14 %</u>	<u>\$ 768,600,766</u>		<u>5.22 %</u>

Source: Collin County Central Appraisal District
Denton 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	
2013	\$ 69,300,659	\$ 67,880,858	98.0%	\$ 1,398,716
2014	75,725,636	74,061,793	97.8%	1,628,461
2015	84,042,993	83,034,597	98.8%	988,293
2016	96,315,490	95,400,787	99.1%	857,824
2017	108,900,105	108,630,126	99.8%	205,096
2018	118,458,993	118,194,277	99.8%	182,031
2019	130,215,109	129,917,230	99.8%	174,975
2020	(2) 141,144,312	141,130,104	100.0%	(1,050)
2021	149,783,428	149,048,880	99.5%	542,195
2022	162,285,191	161,828,147	99.7%	—

(1) Includes Rollback Tax Collections each year:

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
2021	567,888
2022	754,845

(2) Protests resulted in a decrease in the levy and a refund back to the taxpayers

Total Collections to Date		
	<u>Amount</u>	<u>Percentage to Lew</u>
\$	69,279,574	100.0%
	75,690,254	100.0%
	84,022,890	100.0%
	96,258,611	99.9%
	108,835,222	99.9%
	118,376,308	99.8%
	130,092,205	99.9%
	141,129,054	100.0%
	149,591,075	99.9%
	161,828,147	99.7%

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	Leases	General Obligation Bonds (3)	Certificates of Obligation	Leases
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	—
2021	534,795,879	202,317,208	—	35,472,141	126,753,994	—
2022	581,709,397	231,049,509	1,040,055	27,714,973	134,616,401	77,864

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

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

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

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 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
899,339,222	8%	4,247
976,208,198	8%	4,381

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</u>	<u>Assessed Value (,000) (2)</u>	<u>General Obligation Bonded Debt (3)</u>	<u>Less Debt Service Funds (5)</u>
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
2021	211,758	33,718,537	570,268,020	46,807
2022	222,849 (1)	36,658,370	611,234,369	—

(1) Population estimate as of September 30, 2022

(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>
\$ 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
611,234,369	1.67	2,743

City of Frisco

Computation of Direct and Overlapping Bonded Debt

Net Bonded Debt Outstanding

September 30, 2022

(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	\$ 933,835,000	100.00%	\$ 933,835,000
Total direct debt	<u>933,835,000</u>		<u>933,835,000</u>
Overlapping debt: (1)			
Collin County	543,645,000	13.64%	74,153,178
Collin County College District	498,565,000	13.64%	68,004,266
Denton County	559,930,000	10.83%	60,640,419
Frisco Independent School District	2,260,840,227	67.88%	1,534,658,346
Lewisville Independent School District	1,204,815,000	3.32%	39,999,858
Little Elm Independent School District	323,195,141	13.86%	44,794,847
Prosper Independent School District	<u>1,365,089,138</u>	<u>9.04%</u>	<u>123,404,058</u>
Total overlapping debt	<u>6,756,079,506</u>		<u>1,945,654,972</u>
Total direct and overlapping debt	<u>\$ 7,689,914,506</u>		<u>\$ 2,879,489,972</u>
Total direct and overlapping debt % of AV			7.85 %
Total direct and overlapping debt per capita			\$12,921

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

(2) Premiums and Discounts of \$41,255,280 are not included in MAC Report.

City of Frisco

Computation of Legal Debt Margin

September 30, 2022

(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 2022 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>	<u>Personal Income (,000)</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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 %
2021	211,758	10,696,532	50,513	*	*	3.6 %
2022	222,849 (1)	12,959,338	58,153 (2)	37.1 (1)	67,027 (3)	2.5 % (4)

Sources:

(1) City of Frisco (At a Glance) as of September 30, 2022

(2) City of Frisco Development Services Annual Report January 2022

(3) Frisco Independent School District (School Enrollment), October 2022

(4) City of Frisco Development Services Annual Report January 2022

* Due to COVID-19 this data sourced from ACS does not have reliable data to update these figures

City of Frisco

Principal Employers

Current Year and Nine Years Ago

September 30, 2022

(unaudited)

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Frisco ISD (4,543 certified teachers)	8,088	1	6.67%	5,600	1	8.86%
T-Mobile USA	1,800	2	1.48%			
City of Frisco	1,688	3	1.39%	1,160	3	1.84%
Keurig Dr Pepper Inc	1,100	4	0.91%			
Mario Sinacola & Sons Excavating	935	5	0.77%	603	6	0.95%
Conifer	903	6	0.74%	500	7	0.90%
Baylor Medical Center (Warren Pkwy)	663	7	0.54%			
Baylor Scott White/Centennial Hospital	466	8	0.38%			
IKEA Frisco	423	9	0.35%	412	8	0.65%
UT Southwestern/Texas Health Hospital	300	10	0.25%			
Stonebriar Center Mall				3,456	2	5.47%
Amerisource Bergen Specialty Group				1,100	4	1.74%
Oracle				409	9	0.65%
Wingspan				1,100	5	1.74%
Market Street				300	10	0.47%
Total	16,366		13.48%	14,640		23.27%

Source: FEDC, Frisco ISD Communications

City of Frisco

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

Function	2013	2014	2015	2016	2017	2018	2019	2020 (1)	2021	2022
General government	202	217	238	258	267	277	288	288	289	299
Public safety										
Police										
Officers	151	158	170	180	199	210	214	218	221	235
Civilians	67	67	70	78	91	101	111	111	114	118
Fire										
Firefighters and officers	161	165	185	197	210	227	237	238	239	248
Civilians	15	15	17	21	22	26	28	27	27	28
Highway and streets										
Engineering	46	44	45	48	49	41	42	42	42	43
Maintenance	42	54	55	55	58	75	77	77	77	77
Culture and recreation	378	449	451	472	482	480	487	467	460	474
Environmental services	12	12	12	15	16	16	18	21	22	22
Utilities	80	83	87	92	97	112	119	119	119	124
Stormwater	6	11	12	14	16	19	20	20	20	20
Total	1,160	1,275	1,342	1,430	1,507	1,584	1,641	1,628	1,630	1,688

Source: City of Frisco-Position Control

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

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Building permits issued										
Residential	2,255	2,033	2,386	2,187	1,936	2,248	2,083	2,282	2,373	1,384
Commercial	347	454	432	549	644	600	477	454	423	620
Planning and development submittals	402	490	590	600	609	622	582	712	890	966
Police										
Physical arrests	3,245	3,200	3,138	3,197	3,137	3,676	3,562	2,462	2,230	3,004
Traffic violations	17,460	20,194	19,708	21,008	19,062	21,394	15,701	11,257	10,139	13,180
Parking violations	799	668	387	294	265	623	3,339	193	313	303
Fire protection										
Number of calls answered	8,645	9,738	10,666	11,747	12,660	14,172	14,783	14,471	19,107	19,522
Inspections	5,490	5,192	5,437	6,386	4,151	2,275	3,201	2,904	4,968	7,769
Inspections - SAFER Program	2,922	2,656	2,555	1,532	1,059	2,058	2,272	1,397	2,541	1,213
Highways and streets										
Street resurfacing (square yards)	22,376	36,166	25,827	19,391	18,238	24,697	24,419	16,055	33,802	38,403
Street curb miles swept	7,896	7,896	7,896	10,417	10,417	10,672	10,672	10,780	10,780	13,899
Environmental services										
Solid waste collected (tons)	86,814	93,583	110,962	105,050	108,002	113,504	113,709	114,892	121,212	129,013
Recycled materials collected (tons)	15,814	15,716	16,382	17,457	18,868	23,506	19,352	20,364	22,977	21,495
Culture and Recreation										
Library transactions	2,327,801	2,441,291	2,921,874	3,613,178	3,560,913	4,790,505	5,059,673	2,965,852	3,352,640	3,697,226
Library visits	548,760	563,268	587,313	620,115	632,168	651,002	702,979	356,036	405,235	575,418
Park acreage	1,348	1,449	1,449	1,432	1,621	2,535	2,535	2,535	2,535	2,423
Athletic facilities and Senior Center (visits)	710,430	697,775	711,661	853,265	814,748	753,000	794,281	325,676	407,229	648,962
Water										
New Connections	2,372	2,280	2,541	2,889	2,262	2,457	2,114	2,490	2,507	1,558
Average daily consumption (million gallons/day)	25.8	20.9	24.2	25.6	25.9	31.1	28.7	32.0	33.6	39.0
Sewer										
Average daily wastewater flow (million gallon/day)	10.0	10.6	12.1	13.2	12.7	13.4	13.4	14.9	15.0	14.9

Sources: Various government departments

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Sports Complexes Supported	7	7	7	7	7	7	7	7	7	7
Museums, Art Gallery Supported**	3	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	38	42	45	60	65	70	72	75	79	83
Fire Stations	7	7	8	8	8	8	9	9	9	9
Highways and streets										
Streets (miles)	1,246	1,709	1,771	2,011	2,313	2,401	2,458	2,500	2,401	2,419
Streetlights/Street poles	8,173	8,523	8,973	9,360	10,032	10,421	11,636	12,032	12,908	13,029
Traffic signals	96	100	102	111	129	138	148	155	162	164
Culture and recreation										
Parks acreage										
Parks developed	646	864	921	921	921	921	1,545	1,545	1,545	1,528
Parks undeveloped	702	585	528	511	700	700	990	990	990	895
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	1	1	1	1	1	1	1	1
Tennis courts	6	6	4	6	6	6	6	6	6	8
Soccer fields	27	27	27	27	35	35	35	35	35	35
Baseball fields	19	19	24	24	24	24	24	24	24	24
Water										
Customers/Accounts	44,988	47,039	49,740	52,182	54,261	57,661	59,172	61,515	64,104	64,681
Water lines (miles)	810	842	899	914	993	1,030	1,059	1,059	1,131	1,156
Fire hydrants	8,602	9,039	9,712	9,886	10,801	11,215	11,624	11,622	12,382	12,907
Maximum daily capacity (millions of	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0
Wastewater										
Customer/Accounts	43,091	44,312	46,763	48,281	50,212	53,457	55,842	58,354	60,392	60,486
Sanitary sewers (miles)	620	629	693	705	742	789	798	798	865	865
Storm sewers (miles)	551	589	642	375	417	438	448	448	470	484

**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

