

CITY OF FRISCO, TEXAS



ANNUAL
COMPREHENSIVE
FINANCIAL REPORT
FISCAL YEAR 2023

CITY OF FRISCO, TEXAS



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Prepared by:

Financial Services and Budget Department

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PROGRESS IN MOTION

**Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2023**

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION (unaudited)	
Letter of Transmittal	vii
GFOA Certificate of Achievement	xv
Elected Officials and Administrative Officers	xvi
Organizational Chart	xvii
 FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis (unaudited)	5
 Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	22
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	26
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis	26
TIRZ #1 Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	27
Proprietary Fund Financial Statements	
Statement of Net Position	28
Statement of Revenues, Expenses, and Changes in Fund Net Position	31
Statement of Cash Flows	32
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	35
Statement of Revenues, Expenses, and Changes in Fiduciary Net Position	35
Component Units Fund Financial Statements	
Combining Statement of Net Position	37
Combining Statement of Activities	38
Notes to the Basic Financial Statements	40
 REQUIRED SUPPLEMENTARY INFORMATION (unaudited)	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	94
Schedule of City Contributions	95
Notes to Schedule of City Contributions	95
Schedule of Changes in the City's Total OPEB Liability and Related Ratios TMRS Supplemental Death	96
Schedule of Changes in the City's Total OPEB Liability and Related Ratios Retiree Health Insurance	97

**Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2023**

Table of Contents

	<u>Page</u>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Budget to Actual Comparisons - Major Funds	
Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	102
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis	102
Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	103
Nonmajor Governmental Funds	
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	108
Budget to Actual Comparisons - Nonmajor Governmental Funds	
Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	110
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis	110
Panther Creek PID Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	111
Grants Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	112
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis	112
CDBG Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	113
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis	113
Traffic Control Enforcement Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	114
TIRZ #5 Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	115
TIRZ #6 Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	116
TIRZ #7 Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	117
Court Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	118
PEG Cable Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	119
Road Impact Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	120
Park Development Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	121
Nonmajor Proprietary Fund Financial Statements	
Combining Statement of Net Position	124
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	127
Combining Statement of Cash Flows	128
Component Units Financial Statements	
Combining Balance Sheet	132
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	133

**Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2023**

Table of Contents

	<u>Page</u>
Reconciliation of the Combining Balance Sheet of Component Units to the Statement of Net Position	134
Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Component Units to the Statement of Activities	134
 STATISTICAL SECTION (unaudited)	
Net Position by Component	138
Changes in Net Position	140
Governmental Activities Tax Revenues By Source	143
Fund Balances of Governmental Funds	144
Changes in Fund Balances of Governmental Funds	146
General Governmental Tax Revenues By Source	149
Property Values	150
Property Tax Rates - Direct and Overlapping Governments	152
Principal Taxpayers - Current Year and Nine Years Ago	155
Property Tax Levies and Collections	156
Ratio of Outstanding Debt by Type	158
Ratio of Net Bonded General Obligation Debt to Assessed Value and Net Bonded General Obligation Debt Per Capita	160
Computation of Direct and Overlapping Bonded Debt	162
Computation of Legal Debt Margin	163
Demographic and Economic Statistics	164
Principal Employers	165
City Government Employees by Function/Program	166
Operating Indicators by Function	167
Capital Asset Statistics by Function	168



PROGRESS IN MOTION

INTRODUCTORY SECTION



March 4, 2024

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, 2023, 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, 2023. 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 2022 American Community Survey shows Frisco's median household income at \$145,914, which is considerably higher than the \$72,284 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 35% for Texas. The current unemployment rate is 2.4%. 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 FY23, sixteen (16) new projects were announced, with a potential of 476,332 square feet and a capital investment of \$307 million. Estimated potential direct jobs created or retained total 1,637. The prospect pipeline generates a strong stream of incoming leads monthly.

The Haskell Company, Freese and Nichols, Inc. and Performance Beauty Group announced expansions of their current Frisco offices. During 2023 the McAfee and Baker Tilly Capital, LLC announced relocation of regional corporate offices to Frisco.

Boingo Wireless, Inc., a major wireless provider for large scale venues from airports to sports and entertainment, relocated their headquarter operations from Los Angeles to Frisco. The company will create 199 new jobs and occupy 14,000 square feet at The Star District.

Hall Group celebrated the opening of The Monarch, a 19-story, 214-unit luxury apartment tower with 10 restaurants planned. Hall Park continues construction on their new Class AA office tower at Hall Park as part of the \$7 billion mixed-use project. A 154-room Marriott hotel with restaurant and lounge and 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 expanded its presence in Frisco as it opened its new PGA Coaching Center at PGA Frisco in 2023 and announced selection of T-Mobile as its exclusive 5G wireless innovation partner. T-Mobile is Frisco's largest private-sector employer. PGA Frisco hosted the KitchenAid Senior PGA Championship in May 2023, its first of six major championships over the next 12 years - including two PGA Championships. In October 2023, the North Texas Section of PGA of America also opened the Jerry J. Ransom North Texas PGA Golf House and campus including a 7,000-square foot facility, a golf park for junior golfers, and headquarters operations for more than 1,000 PGA members and Associates employed at more than 300 related facilities of the NTPGA.

The Omni PGA Frisco Resort and on-site amenities opened in Spring 2023 as a top 10 destination for golf, providing an unparalleled experience for those who are advanced players, new to the game, and everything in between. The golf resort offers 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 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.

In December 2023, Universal Parks & Resorts, now called Universal Destinations & Experiences, announced its plans for a first-ever theme park concept for families with young children. The Universal Kids Resort as it's called, will feature immersive themed lands that celebrate Universal's iconic brand of entertainment, humor, and fun. The 100-acre development will be anchored by its first phase 30-acre park and 300-room themed hotel. The project is expected to create thousands of jobs including more than 2,500 new construction jobs and invest more than \$500 million in Frisco. The development company is a unit of Comcast NBCUniversal.

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 hospitality project of Firefly Park. The landmark project calls for 3 million square feet of office space, 2,200 residential units and 340,000 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 completed the shell 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 in 2024.

The Railhead is an 80-acre mixed use master-planned development which began public and private infrastructure improvements to support the development of 2.5 million square feet of commercial development including 1.5 million square feet of Class A office, 250,000 square feet retail, restaurant and entertainment as well as two full-service hotels (5-star and boutique), in addition to 1,280 multi-family units and a 5-acre Central Park atmosphere. The first phase of commercial development is projected to deliver in 2026, and multi-family residential is already under construction.

The City has committed to reinvestment in historic downtown, also known as the Rail District. Capital Improvements Program plans include allocating more than \$50 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. In October 2023, the City completed its Downtown Visioning Plan with Velocity Group. The Frisco EDC has supported the City in downtown property assembly along Main Street and began policy development work on a Downtown Investment Zone Pilot Program to support infrastructure developments and business attraction in downtown. In November 2022, Rollertown Beerworks announced a partnership with the City, FCDC, and FEDC to develop its new headquarters and operate a craft brewery and kitchen, local event space, tap and tasting room and production operation within Frisco Junction, utilizing a city-owned site off Main Street. The Frisco headquarters for Rollertown will feature a world-class, two-story, inside/outside taproom with a rooftop patio and a 11,000 square-foot production facility with guided tours. The indoor hospitality space will be at least 13,000 square-feet with nearly 30,000 square-feet of green space.

The Frisco EDC completed its first innovation strategy in June 2023 and began launching initiatives to attract high-growth tech firms, corporate innovation, venture capitalist offices, and smart cities technologies to Frisco. In September 2023, Frisco hosted Dallas Startup Week, the region's largest weeklong innovation conference for top VCs, startups, and high level investors. This was the first time Dallas Startup Week was hosted outside of Dallas and Frisco set a record for highest number of attendees at the conference with more than 1,960 attendees. Dallas Startup Week will return to Frisco August 11 – 15, 2024.

Frisco's housing development did see a decline in single-family permitting with 1,035 issued in 2023. 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 booked 246 events and meetings with an estimated economic impact of more than \$84.8 million. 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 77 schools, including 43 elementary, 1 intermediate school, 18 middle schools, 12 high schools and 3 special program centers. Frisco ISD's student enrollment as of October 2023 was more than 66,000 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 FY23, the University of North Texas (UNT) at Frisco's campus opened 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 2024 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 2023 Capital Improvement Program.

In May of 2023 the residents approved a \$473,400,000 million bond package that will provide capital financing for the next five years. Propositions included \$131,400,000 for public safety equipment and facilities, \$240,000,000 for street and road improvements, \$39,000,000 for a Parks and Building Services administration building, \$43,000,000 for parks and trails, and \$20,000,000 for a downtown garage.

In July 2023 (FY23), the City issued additional general obligation debt of \$129.5 million to fund City Hall Renovations \$11.075 million, Roadways \$55.8 million, Public Safety \$17.9 million, Downtown Parking Garage \$2 million and Parks Development and Facilities \$42.725 million.

Infrastructure (including roads and drainage) includes Main Street, Dallas Parkway, Legacy Drive, Downtown Improvement, Fields Parkway, and Panther Creek Parkway and is funded through voter approved bonds, impact fees and developer contributions.

Certificates of Obligation were issued for several major water & wastewater projects including the PGA Parkway Elevated Storage Tank, Panther Creek Wastewater and Panther Creek Reclaimed Line. 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 FY24 Annual Budget.

According to our financing plan, we will be issuing debt in June 2024 to continue our capital improvement plan, including General Obligation Bonds and Certificates of Obligation to provide funding for infrastructure and building projects.

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 2024

The FY24 approved appropriation provides funding for implementation of City Council's strategies and priorities as adopted during 2023. As we developed the funding plan for FY24, 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 3.5%. 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 74 new positions (66 full time and 8 part time/seasonal) for FY24. Staffing for FY24 includes 1,812 authorized positions, with 1,602.87 FTE (full-time equivalent), or approximately 6.71 FTE per capita (1,000 population). Of the total new positions, 35 were for public safety. With the current labor market demands, additional funding of approximately \$5.9 million is included in the FY24 budget for various pay and benefit enhancements for our staff. An average 4% merit-based increase for civilians and a one step 4% increase for uniformed staff was approved. Market increases to salaries to remain competitive in the surrounding area were funded in FY23, with plans to review recruitment practices and retention compensation policies again in FY24 to maintain the City's competitiveness and ability to attract and retain talent. For the first year since 2017, the City budget includes a slight increase for employee health insurance premiums to offset ongoing rising costs of the modified self insurance plan.

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, 2022. This was the twenty-second 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,



Derrick Cotten, CPA
Interim Chief Financial Officer



Minta Hovland, CPFO
Controller



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, 2022

Christopher P. Morrell

Executive Director/CEO

City of Frisco, Texas

Elected Officials and Administrative Officers

September 30, 2023

Council Members

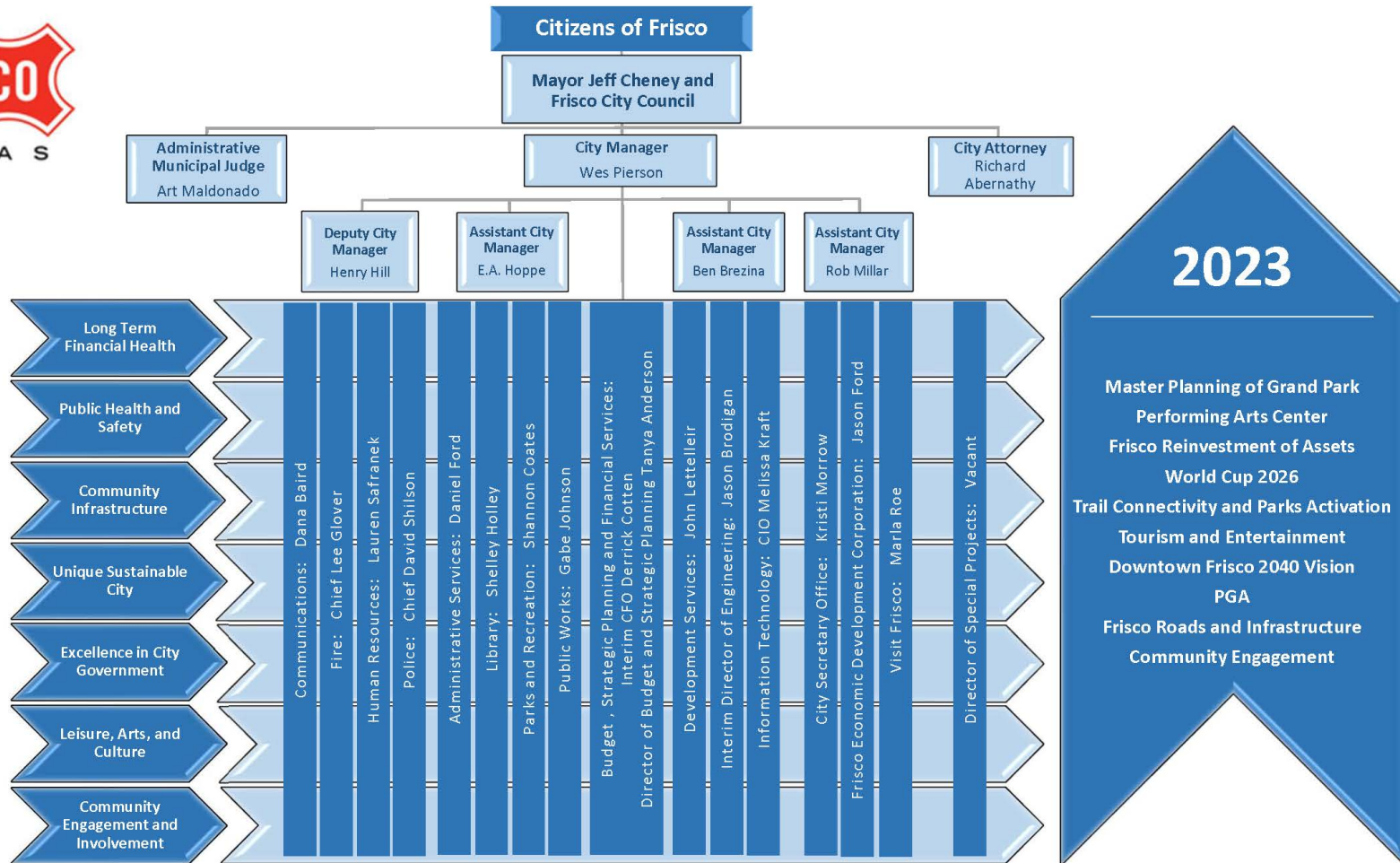
Mayor
Mayor Pro-tem, Place 1
Deputy Mayor Pro-tem, Place 3
Councilmember, Place 2
Councilmember, Place 4
Councilmember, Place 5
Councilmember, Place 6

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

Administrative Officers

City Manager
Deputy City Manager
Assistant City Manager
Assistant City Manager
Assistant City Manager
City Attorney
City Judge
City Secretary
Chief Financial Officer (Interim)
Chief Frisco Fire
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 (Interim)
Director of Public Works
Economic Development President
Executive Director Visit Frisco

Wes Pierson
Henry Hill
E.A. Hoppe
Ben Brezina
Rob Millar
Richard Abernathy
Art Maldonado
Kristi Morrow
Derrick Cotten
Lee Glover
David Shilson
Melissa Kraft
Daniel Ford
Tanya Anderson
Dana Baird-Hanks
John Lettelleir
Vacant
Lauren Safranek
Shelly Holley
Shannon Coates
Jason Brodigan
Gabe Johnson
Jason Ford
Marla Roe



Integrity Outstanding Customer Service Fiscal Responsibility Operational Excellence Our Employees

01/16/2024



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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General and TIRZ #1 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, in fiscal year 2023, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 the 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 March 4, 2024, on our consideration of 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
March 4, 2024**



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, 2023. In the broadest context, the financial well being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so the City's tax base, service levels, City assets and the City's desirability will be maintained, not just for the current year, but well into the future.

Financial reporting is limited in its ability to provide this "big picture", but rather focuses on financial position and changes in said financial position. In other words, are revenues and/or expenses/expenditures higher or lower than the previous year? Has net position (containing both short-and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (starting on page vii of this report) and the statistical section (page 135), 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 \$2,447,914,855 (net position). The majority of the City's assets are invested in capital assets or restricted for specific purposes. The remaining \$232,346,216 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 \$269,450,583 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 \$53,703,739.
- As of the close of the current fiscal year, the City of Frisco's governmental funds reported a combined ending fund balance of \$718,184,119. Approximately 13% of this total is available for spending at the City's discretion (unassigned).
- Effective October 1, 2022 the City adopted Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). Comparative information presented herein has not been restated for the adoption of GASB 94 & 96 because the basic financial statements present fiscal year 2023 only.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$96,200,431 or 44% of total General Fund expenditures.
- The deferred outflows of the City increased by \$24,718,122 or 97% during the fiscal year. This change is due to the change in the OPEB and pension liability. Projected versus actual earnings moved to deferred outflows from deferred inflows.

- The deferred inflows of the City decreased by \$27,266,391 or 38% during the fiscal year. This is due to projected versus actual earnings moving from deferred inflows to deferred outflows as well as payments recorded for leases and PPPs in accordance with GASBs 87 and 94.
- The City of Frisco's total debt increased by \$105,151,181 or 10.77% during the fiscal year.
- The ad valorem rate for the City was \$.4466 for fiscal year 2023. This tax rate supports debt service, operations and maintenance, and bond programs to construct infrastructure and city facilities. The homestead exemption for residential properties increased from 10% to 12.5% for fiscal year 2023 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 three kinds of funds – governmental, proprietary and fiduciary – 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, and the Debt Service fund all of which are considered to be major funds. Data from the other twelve 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 106 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.

- Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government wide financial

statements because resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that of proprietary funds.

The City of Frisco maintains one fiduciary fund for the Tourism Public Improvement District.

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 \$2,447,914,855 as of September 30, 2023.

By far the largest portion of the City's net position (84%) 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, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 829,983,719	\$ 706,513,558	\$ 251,143,344	\$ 217,966,934	\$ 1,081,127,063	\$ 924,480,492
Capital, lease, & subscription assets	2,114,269,841	1,862,960,404	519,572,693	483,613,324	2,633,842,534	2,346,573,728
Total assets	2,944,253,560	2,569,473,962	770,716,037	701,580,258	3,714,969,597	3,271,054,220
Deferred outflows of resources	44,242,070	22,026,880	5,995,596	3,492,664	50,237,666	25,519,544
Other liabilities	69,605,105	66,651,645	21,239,677	11,556,809	90,844,782	78,208,454
Long term liabilities	1,003,901,436	854,862,600	177,689,810	167,106,115	1,181,591,246	1,021,968,715
Total liabilities	1,073,506,541	921,514,245	198,929,487	178,662,924	1,272,436,028	1,100,177,169
Deferred inflows of resources	44,141,937	69,076,737	714,443	3,046,034	44,856,380	72,122,771
Net investment in capital assets	1,629,704,647	1,418,589,171	417,152,759	384,612,613	2,046,857,406	1,803,201,784
Restricted	115,789,781	79,492,981	52,921,452	48,698,597	168,711,233	128,191,578
Unrestricted	125,352,724	102,827,708	106,993,492	90,052,754	232,346,216	192,880,462
Total net position	\$ 1,870,847,152	\$ 1,600,909,860	\$ 577,067,703	\$ 523,363,964	\$ 2,447,914,855	\$ 2,124,273,824

An additional portion of the City’s net position (7%) represents resources that are subject to external restrictions on how they may be used, including bond covenants. The remaining balance of unrestricted net position \$232,346,216 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, 2023, 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.

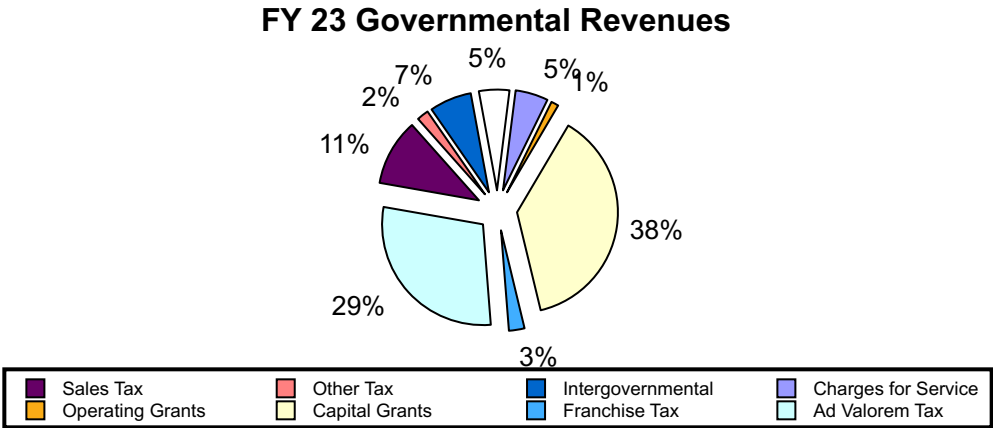
Analysis of the City’s Operations – Overall the City had an increase in net position of \$323,154,322.

Governmental activities: Governmental activities increased the total net position by \$269,450,583 or 83% of the total growth. Net investment in capital assets increased by \$211,115,476 due to increases in capital investment (or projects completed during the year), net of changes in debt. Unrestricted net position showed an increase of \$22,525,016. Restricted net position increased by \$36,296,800 primarily due to increases in capital projects and restricted fees to fund the projects.

Total revenues for governmental activities increased when compared to the prior year by \$253,231,555. General revenue had an increase of \$63,075,731, while program revenues had a increase of \$190,155,824. These were primarily due to the following factors:

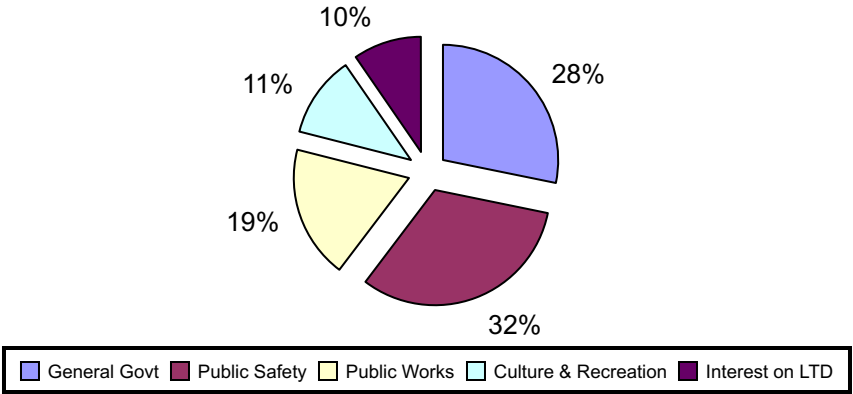
General revenues: Property tax revenue includes an increase of \$24.3 million and is due to a combination of the increased value in existing property and the value generated by new improvements. Sales taxes increased \$681 thousand, which remained stable after a prior year of high growth. Franchise taxes had a net increase of \$4.4 million and other taxes showed an increase of \$2.8 million. Intergovernmental revenues increased \$1.6 million due to increases in contributions for debt commitments and capital projects. Investment earnings increased by \$29.3 million due to the improvement in overall market conditions and increasing interest rates.

Program revenues: Charges for services decreased by \$1.7 million during the year, primarily due to decreases in building permits. Operating grants and contributions increased this fiscal year due to increased services for deployments and resource officers. Capital contributions increased \$191 million during the year, primarily due to the capital asset contributions under the master development agreement between the City and Omni PGA Frisco.



Total expenses for governmental activities increased \$47 million or 14%, which is incremental with providing services to the growing population and a result of operating with the effects of post COVID inflation. General government expenses include a payment of \$22.2 million to Frisco Independent School District as part of the agreement with the TIRZ to provide property tax revenue generated in the TIRZ for school district construction expenses. Incurred expenses of \$122.4 million were to provide public safety to the citizens of Frisco. These expenses were somewhat offset by the collection of revenues from various sources, including grant income and charges for services. Public works incurred significant expenses of \$71 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 \$155.5 million or 41% of the total, while depreciation expense totaled \$90.2 million or 24%.

FY 23 Governmental Expenses



Business-type activities: Net position from business-type activities increased by \$53,703,739 accounting for the remaining total growth. Program revenues of the City’s business-type activities were \$204,862,356 for the fiscal year, a 12% increase over the prior fiscal year mainly due to increases to water and sewer rates to cover increased operating costs. Operating expenses increased by 16% for a total of \$156,563,133. Additional factors include the following:

The City’s water and sewer system recorded charges for services of \$139,345,091 and impact fees and contributions of \$32,351,274. Total operating expenses were \$126,447,188. The most significant expenses of the water and sewer fund were \$47,622,428 to purchase water, \$29,808,805 for the cost of sewage treatment, \$22,058,295 for depreciation and \$16,660,681 for salaries and benefits.

City of Frisco's Changes in Net Position
For the years ended
September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 33,981,803	\$ 35,674,178	\$ 172,495,548	\$ 155,513,794	\$ 206,477,351	\$ 191,187,972
Operating grants and contributions	7,730,605	7,019,760	15,534	67,720	7,746,139	7,087,480
Capital grants and contributions	243,407,051	52,269,697	32,351,274	27,093,655	275,758,325	79,363,352
Total program revenues	285,119,459	94,963,635	204,862,356	182,675,169	489,981,815	277,638,804
General revenues						
Ad valorem tax	186,988,575	162,681,758	—	—	186,988,575	162,681,758
Sales tax	68,795,969	68,114,505	—	—	68,795,969	68,114,505
Franchise tax	16,257,923	11,831,566	—	—	16,257,923	11,831,566
Other tax	12,353,142	9,559,643	—	—	12,353,142	9,559,643
Intergovernmental	43,525,136	41,953,571	8,324,110	645,594	51,849,246	42,599,165
Investment earnings	31,457,237	2,161,208	8,176,067	76,642	39,633,304	2,237,850
Total general revenues	359,377,982	296,302,251	16,500,177	722,236	375,878,159	297,024,487
Total revenues	644,497,441	391,265,886	221,362,533	183,397,405	865,859,974	574,663,291
Expenses						
General government	107,480,307	102,466,806	—	—	107,480,307	102,466,806
Public safety	122,379,383	105,809,779	—	—	122,379,383	105,809,779
Public works	71,000,153	65,960,543	—	—	71,000,153	65,960,543
Culture and recreation	43,578,414	35,623,318	—	—	43,578,414	35,623,318
Interest	36,546,363	23,800,021	—	—	36,546,363	23,800,021
Water and sewer	—	—	131,605,087	114,982,995	131,605,087	114,982,995
Other enterprise funds	—	—	30,115,945	24,983,495	30,115,945	24,983,495
Total expenses	380,984,620	333,660,467	161,721,032	139,966,490	542,705,652	473,626,957
Increase in net position before transfers	263,512,821	57,605,419	59,641,501	43,430,915	323,154,322	101,036,334
Transfers	5,937,762	6,296,577	(5,937,762)	(6,296,577)	—	—
Increase in net position	269,450,583	63,901,996	53,703,739	37,134,338	323,154,322	101,036,334
Net position, October 1	1,600,909,860	1,537,007,864	523,363,964	486,229,626	2,124,273,824	2,023,237,490
Change in accounting principle (see note 1)	\$ 486,709	\$ —	\$ —	\$ —	\$ 486,709	\$ —
Net position, October 1 adjusted	1,601,396,569	1,537,007,864	523,363,964	486,229,626	2,124,760,533	2,023,237,490
Net position, September 30	<u>\$ 1,870,847,152</u>	<u>\$ 1,600,909,860</u>	<u>\$ 577,067,703</u>	<u>\$ 523,363,964</u>	<u>\$ 2,447,914,855</u>	<u>\$ 2,124,273,824</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, 2023, the governmental funds of the City reported a combined fund balance of \$718,184,119, an increase of \$140,421,852 in comparison with the prior year. Unassigned fund balance, which is available for spending at the government's discretion, constitutes \$96,200,431 of this balance. The remainder of fund balance is non-spendable, restricted, committed or assigned. 1) Non-spendable fund balances of \$8,370,415 includes prepaids, leases, and inventories held by the government, 2) Restricted balances includes bond proceeds restricted for capital projects \$443,829,789, reserves to pay debt service \$6,946,350, impact fee revenues restricted for capital project funding \$66,009,836, TIRZ #1 balances for other purposes \$11,939,827, and other special revenues restricted for a specific purpose \$12,219,159, 3) Committed funds included commitments made by resolution by the governing body for insurance reserves and other post-employment benefits (OPEB) \$26,233,234, workforce housing programs \$307,542 and the capital reserve fund \$22,127,536. 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 \$96,200,431, while total fund balance reached \$174,732,565. 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 44% of total General Fund expenditures, while total fund balance represents 80% of that same amount. The fund balance of the City's General Fund increased \$26,789,239 during the current fiscal year attributed mainly to increases in collections for property tax, franchise tax, and investment earnings while expenditures for most functional areas were less than originally budgeted. Property tax increases were mainly attributable to an 5% increase in taxable value and 4% increase in new developments. Investment earning saw higher returns due to market conditions.

The TIRZ #1 Fund has a total fund balance of \$12,171,308. 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 \$445,478,464. 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 2023 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 \$6,946,350, all restricted for retirement of City debt. This is a increase from the previous fiscal year of \$4,078,004. This increase is mostly due to higher property tax collections. 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, 2023 totaled \$106,993,492. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

For FY23 there were no restrictions, commitments, or other limitations significantly affecting the availability of fund resources for future use.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY23, the City Council approved a final appropriation in September 2023 with the total amount of the appropriation equaling \$240.5 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 \$216.9 million compared to the re-estimated (revised) budget amount of \$237.3 million. The \$20.3 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 professional/contract service expenditures, sales tax grants, capital outlay and salaries budgeted but not expended.

The actual (on a budgetary basis excluding transfers in) revenues were \$242 million as compared to the re-estimated (revised) budget amount of \$235.6 million excluding transfers. The \$6.4 million variance in total revenues is attributed to increases over projections in franchise taxes, investment earnings, intergovernmental revenues, and charges for services collections, with decreases under projections in sales tax and licenses and permits.

CAPITAL, LEASE, AND SUBSCRIPTION ASSETS AND DEBT, LEASE, AND SUBSCRIPTION OBLIGATION ADMINISTRATION

Capital, lease, and subscription assets. At the end of the year, the City had \$3,973,079,051 invested in a broad range of capital, lease, and subscription 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 \$399,021,171 over the prior fiscal year. Total accumulated depreciation and amortization as of September 30, 2023, was \$1,339,328,744 for net capital, lease, and subscription assets of \$2,633,750,307.

Capital, Lease, and Subscription Assets September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 398,995,062	\$ 356,151,371	\$ 11,379,818	\$ 10,997,938	\$ 410,374,880	\$ 367,149,309
Building & improvements	835,449,937	749,621,404	10,178,723	10,178,723	845,628,660	759,800,127
Machinery & equipment	127,658,763	106,591,931	14,387,630	12,710,712	142,046,393	119,302,643
Construction-in-progress	158,313,140	111,532,524	59,804,379	32,765,658	218,117,519	144,298,182
Improvements other than buildings	1,648,099,495	1,505,111,875	705,581,770	676,983,083	2,353,681,265	2,182,094,958
Right-to-use leased buildings	653,456	653,456	—	—	653,456	653,456
Right-to-use leased equipment	662,701	662,701	96,504	96,504	759,205	759,205
Right-to-use SBITAs	1,635,238	—	182,435	—	1,817,673	—
Total capital, lease, and subscription assets	3,171,467,792	2,830,325,262	801,611,259	743,732,618	3,973,079,051	3,574,057,880
Less:						
Accumulated depreciation/amortization	(1,057,290,178)	(967,364,858)	(282,038,566)	(260,119,294)	(1,339,328,744)	(1,227,484,152)
Total	<u>\$ 2,114,177,614</u>	<u>\$ 1,862,960,404</u>	<u>\$ 519,572,693</u>	<u>\$ 483,613,324</u>	<u>\$ 2,633,750,307</u>	<u>\$ 2,346,573,728</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 FY23, notable additions include \$179 million for the PGA Frisco development, \$12 million in park development, \$40 million towards roads and traffic systems, and \$55 million towards water and sewer system improvements.

The City's 2023 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 2023 Plan.

Additional information regarding capital assets can be found in Note 6 beginning on page 65.

Debt, lease, and subscription obligation administration. At year-end, the City had \$1,081,359,380 in debt, lease, and subscription obligations outstanding as compared to \$976,208,199 at the end of the prior fiscal year, an increase of 11% – as shown below.

Outstanding Debt, Lease, and Subscription Obligations September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 660,517,678	\$ 581,709,397	\$ 34,026,011	\$ 27,714,973	\$ 694,543,689	\$ 609,424,370
Certificates of obligation bonds	252,329,588	231,049,509	132,689,622	134,616,401	385,019,210	365,665,910
Leases & SBITAs payable	1,650,194	1,040,055	146,287	77,864	1,796,481	1,117,919
Totals	<u>\$ 914,497,460</u>	<u>\$ 813,798,961</u>	<u>\$ 166,861,920</u>	<u>\$ 162,409,238</u>	<u>\$ 1,081,359,380</u>	<u>\$ 976,208,199</u>

In August 2023, the City of Frisco issued General Obligation Refunding and Improvement Bonds, Series 2023 in the amount of \$161,510,000 with a net premium of \$12,673,713. Proceeds of the sale of the Bonds are to be used for (i) financing permanent improvements for Police and Fire, Streets, Public Works, and City Hall; (ii) to refund \$64,345,000 of General Obligation Refunding and Improvement Bonds, Series 2013, General Obligation Bonds, Series 2013, and Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013 for debt service savings and (iii) to pay the costs associated with the issuance of the Bonds.

In August 2023, the City of Frisco issued General Obligation Bonds, Taxable Series 2023 in the amount of \$20,490,000 with a net premium of \$267,926. Proceeds of the sale of the Bonds are to be used for financing permanent improvements for Parks and Recreation.

In August 2023, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023 A in the amount of \$18,535,000 with a net premium of \$1,702,756. 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; and (ii) to pay the costs associated with the issuance of the Certificates.

In August 2023, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2023 B in the amount of \$42,775,000 with a net premium of \$225,993. Proceeds from the sale of the Certificates will be used for (i) constructing improvements and extensions to the City's road system; and (ii) 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 69.

The City's assigned ratings for general obligation bonds and certificates of obligation bonds were as follows during FY 2023:

	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 1.63%. In June 2023, 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, 2019, and the 2023 Election as outlined in the table below:

Authorized but Unissued Debt September 30, 2023				
	Voted Bonds	Issued Prior Years	Issued FY 2023	Unissued Balance
<u>Election May 13, 2006</u>				
Branch Library (Prop. 5)	\$ 8,000,000	\$ —	\$ —	\$ 8,000,000 (1)
Senior Center (Prop. 7)	2,500,000	—	—	2,500,000 (1)
Grand Park (Prop. 12)	22,500,000	12,000,000	10,500,000	—
Remaining	33,000,000	12,000,000	10,500,000	10,500,000
<u>Election May 9, 2015</u>				
City Hall Expansion (Prop. 4)	37,000,000	25,925,000	11,075,000	—
Grand Park (Prop. 7)	10,000,000	—	10,000,000	—
Remaining	47,000,000	25,925,000	21,075,000	—
<u>Election May 4, 2019</u>				
Public Safety (Prop. A)	62,500,000	29,600,000	17,900,000	15,000,000
Street Improvements (Prop. B)	155,000,000	130,000,000	25,000,000	—
Parks, Trails and Rec Facilities (Prop. E)	53,500,000	18,475,000	17,225,000	17,800,000
Remaining	271,000,000	178,075,000	60,125,000	32,800,000
<u>Election May 2, 2023</u>				
Public Safety (Prop. A)	131,400,000	—	—	131,400,000
Street Improvements (Prop. B)	240,000,000	—	30,800,000	209,200,000
Parks/Administration/Logistics Operations Center (Prop. C)	39,000,000	—	—	39,000,000
Parks, Trails and Rec Facilities (Prop. D)	43,000,000	—	5,000,000	38,000,000
City Owned Parking Garage Downtown (Prop. E)	20,000,000	—	2,000,000	18,000,000
Remaining	473,400,000	—	37,800,000	435,600,000
Total Authorized/Unissued Bonds	\$ 824,400,000	\$ 216,000,000	\$ 129,500,000	\$ 478,900,000

(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 2024 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 2024. The combined budget appropriation totaled \$264.5 million. This represents an increase of \$23.9 million from the FY 2023 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 4.60%, and a gain on existing property of 5.04%. According to final figures received from the CADs, the total certified assessed taxable property value for FY 2024 is \$46.4 billion. Council approved a tax rate of \$0.432205 per \$100 of valuation, a decrease from the FY 2023 tax rate of \$0.4466. Council increased the homestead tax exemption for FY 2024 for a total of 15%.

As for the City's business-type activities, City projections indicate that the water and sewer fund unrestricted net position will be approximately \$92.9 million. A fee increase for water sales and sewer services was approved and effective in January 2024. 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, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 332,509,056	\$ 49,753,226	\$ 382,262,282	\$ 64,062,502
Investments	317,813,480	49,387,597	367,201,077	63,592,589
Receivables (net of allowance for uncollectibles)	27,866,226	23,332,019	51,198,245	11,941,466
Leases receivables	3,126,348	—	3,126,348	99,550
PPP receivables	36,120,033	—	36,120,033	236,701
Inventories	4,119,677	2,380,031	6,499,708	—
Prepays	3,495,744	84,054	3,579,798	125,620
Notes receivable	110,000	—	110,000	—
Restricted assets:				
Cash and cash equivalents	72,268,104	60,061,100	132,329,204	41,410,036
Investments	32,128,051	66,145,317	98,273,368	1,800,000
Notes receivable - noncurrent	427,000	—	427,000	—
Land held for resale	—	—	—	69,368,286
Capital, lease, & subscription assets:				
Nondepreciable	557,400,429	71,184,197	628,584,626	88,101,548
Depreciable (net)	1,556,869,412	448,388,496	2,005,257,908	2,390,748
Total assets	2,944,253,560	770,716,037	3,714,969,597	343,129,046
DEFERRED OUTFLOWS OF RESOURCES				
Pension items	36,606,610	4,628,423	41,235,033	841,532
OPEB items	1,143,234	144,547	1,287,781	26,281
Deferred charge on bond refunding	6,492,226	1,222,626	7,714,852	51,754
Total deferred outflows of resources	44,242,070	5,995,596	50,237,666	919,567
LIABILITIES				
Accounts and retainage payable	34,660,907	13,331,885	47,992,792	4,149,282
Accrued liabilities	1,066,163	333,296	1,399,459	29,056
Accrued interest payable	4,527,354	2,397,548	6,924,902	320,360
Customer deposits	—	5,149,832	5,149,832	25,000
Unearned revenue	8,218,822	—	8,218,822	—
Monies held in escrow	21,131,859	27,116	21,158,975	—
Noncurrent liabilities:				
Due within one year:				
Compensated absences	9,845,998	1,229,490	11,075,488	111,126
Rebates payable	800,293	118,465	918,758	—
Leases & subscriptions payable	625,144	113,478	738,622	8,019
Bonds and notes payable	55,880,000	13,195,000	69,075,000	6,055,000
Due in more than one year:				
Compensated absences	17,269,575	1,641,878	18,911,453	154,485
Pensions	57,159,671	7,227,085	64,386,756	1,314,015
OPEB	3,052,068	385,892	3,437,960	70,162
Pollution remediation obligations	—	—	—	39,641,361
Rebates payable	1,276,371	225,080	1,501,451	—
Leases & subscriptions payable	1,025,050	32,809	1,057,859	18,298
Bonds and notes payable	856,967,266	153,520,633	1,010,487,899	72,424,442
Total liabilities	1,073,506,541	198,929,487	1,272,436,028	124,320,606
DEFERRED INFLOWS OF RESOURCES				
Pension items	1,777,134	224,698	2,001,832	40,855
OPEB items	3,873,415	489,745	4,363,160	89,043
Lease related	2,603,297	—	2,603,297	98,153
PPP related	35,888,091	—	35,888,091	233,406
Total deferred inflows of resources	44,141,937	714,443	44,856,380	461,457
NET POSITION				
Net investment in capital assets	1,629,704,647	417,152,759	2,046,857,406	28,103,180
Restricted for:				
Capital projects	88,531,259	52,921,452	141,452,711	—
Tax increment reinvestment zones	13,583,796	—	13,583,796	—
Other purposes	10,795,491	—	10,795,491	—
Debt service	2,879,235	—	2,879,235	—
Community development	—	—	—	94,954,468
Economic development	—	—	—	96,208,902
Unrestricted	125,352,724	106,993,492	232,346,216	—
Total net position	\$ 1,870,847,152	\$ 577,067,703	\$ 2,447,914,855	\$ 219,266,550

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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 107,480,307	\$ 8,712,800	\$ 726,882	\$ 1,977,904
Public safety	122,379,383	14,421,437	4,507,312	748,684
Public works	71,000,153	177,050	268,336	47,123,706
Culture and recreation	43,578,414	10,670,516	2,228,075	193,556,757
Interest on long-term debt	36,546,363	—	—	—
Total governmental activities	380,984,620	33,981,803	7,730,605	243,407,051
Business-type activities:				
Water and sewer	131,605,087	139,476,276	—	32,351,274
Stormwater drainage	6,120,955	5,468,109	—	—
Environmental services	23,994,990	27,551,163	15,534	—
Total business-type activities	161,721,032	172,495,548	15,534	32,351,274
Total primary government	<u>\$ 542,705,652</u>	<u>\$ 206,477,351</u>	<u>\$ 7,746,139</u>	<u>\$ 275,758,325</u>
Component units:				
Community development	\$ 29,907,262	\$ 2,775,746	\$ 12,550,000	\$ —
Economic development	19,151,157	45,707	43,775	—
Charitable foundation	150,691	—	168,135	—
Total component units	<u>\$ 49,209,110</u>	<u>\$ 2,821,453</u>	<u>\$ 12,761,910</u>	<u>\$ —</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				
Change in accounting principle (see note 1)				
Net position, beginning as restated				
Net position, ending				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (96,062,721)	\$ —	\$ (96,062,721)	
(102,701,950)	—	(102,701,950)	
(23,431,061)	—	(23,431,061)	
162,876,934	—	162,876,934	
(36,546,363)	—	(36,546,363)	
(95,865,161)	—	(95,865,161)	
—	40,222,463	40,222,463	
—	(652,846)	(652,846)	
—	3,571,707	3,571,707	
—	43,141,324	43,141,324	
(95,865,161)	43,141,324	(52,723,837)	
			\$ (14,581,516)
			(19,061,675)
			17,444
			(33,625,747)
186,988,575	—	186,988,575	—
68,795,969	—	68,795,969	68,795,970
16,257,923	—	16,257,923	—
12,353,142	—	12,353,142	—
43,525,136	8,324,110	51,849,246	14,993,256
31,457,237	8,176,067	39,633,304	6,741,979
5,937,762	(5,937,762)	—	—
365,315,744	10,562,415	375,878,159	90,531,205
269,450,583	53,703,739	323,154,322	56,905,458
1,600,909,860	523,363,964	2,124,273,824	162,362,545
486,709	—	486,709	(1,453)
1,601,396,569	523,363,964	2,124,760,533	162,361,092
\$ 1,870,847,152	\$ 577,067,703	\$ 2,447,914,855	\$ 219,266,550

City of Frisco
Balance Sheet
Governmental Funds
September 30, 2023

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 51,772,342	\$ 11,350,332	\$ 270,689,762	\$ 6,907,099	\$ 64,057,625	\$ 404,777,160
Investments	117,940,845	—	199,872,635	—	32,128,051	349,941,531
Receivables (net of allowance for uncollectibles):					—	—
Property taxes	959,522	—	—	505,808	—	1,465,330
Sales taxes	11,680,970	—	—	—	—	11,680,970
Franchise taxes	7,687,308	—	—	—	49,784	7,737,092
Occupancy tax	—	—	—	—	1,074,893	1,074,893
Grants	—	—	—	—	699,907	699,907
Assessments	—	—	—	—	24,211	24,211
Leases receivables	2,747,111	112,942	—	—	266,295	3,126,348
PPP receivables	—	36,120,033	—	—	—	36,120,033
Other	2,747,349	833,955	1,416,149	7,137	178,530	5,183,120
Due from other funds	3,420,096	—	48,670	—	—	3,468,766
Inventories	4,119,677	—	—	—	—	4,119,677
Prepays	1,224,596	—	1,648,675	—	622,473	3,495,744
Notes receivable	54,000	—	373,000	—	—	427,000
Total assets	\$ 204,353,816	\$ 48,417,262	\$ 474,048,891	\$ 7,420,044	\$ 99,101,769	\$ 833,341,782
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	17,930,261	—	13,353,063	24,635	431,940	31,739,899
Retainage payable	—	—	2,921,008	—	—	2,921,008
Accrued liabilities	1,029,985	—	—	—	36,178	1,066,163
Unearned revenue	1,067,769	—	—	—	7,151,053	8,218,822
Monies held in escrow	67,974	244,460	11,923,356	—	8,896,069	21,131,859
Due to other funds	—	—	—	—	3,468,766	3,468,766
Total liabilities	20,095,989	244,460	28,197,427	24,635	19,984,006	68,546,517
Deferred inflows of resources:						
Unavailable revenue	7,297,699	—	373,000	449,059	—	8,119,758
Leases related	2,227,563	113,403	—	—	262,331	2,603,297
PPP related	—	35,888,091	—	—	—	35,888,091
Total deferred inflows of resources	9,525,262	36,001,494	373,000	449,059	262,331	46,611,146
FUND BALANCES						
Nonspendable	5,863,822	231,481	1,648,675	—	626,437	8,370,415
Restricted for:						
Debt service	—	—	—	6,946,350	—	6,946,350
Capital projects for future construction:						
Roads & traffic systems	—	—	213,038,299	—	36,963,484	250,001,783
Facilities	—	—	164,217,022	—	—	164,217,022
Parks	—	—	66,574,468	—	29,046,352	95,620,820
Special revenue for future commitments:						
Tax increment reinvestment zones	—	11,939,827	—	—	1,412,488	13,352,315
Hotel/motel	—	—	—	—	9,001,950	9,001,950
Panther Creek PID	—	—	—	—	4,463	4,463
Traffic control enforcement	—	—	—	—	21,839	21,839
Court fees	—	—	—	—	184,069	184,069
PEG Cable	—	—	—	—	1,594,350	1,594,350
Committed to:						
Insurance	26,233,234	—	—	—	—	26,233,234
Workforce housing	307,542	—	—	—	—	307,542
Capital projects for future construction	22,127,536	—	—	—	—	22,127,536
Assigned to:						
Equipment and deferred maintenance	20,000,000	—	—	—	—	20,000,000
Infrastructure	4,000,000	—	—	—	—	4,000,000
Unassigned	96,200,431	—	—	—	—	96,200,431
Total fund balances	174,732,565	12,171,308	445,478,464	6,946,350	78,855,432	718,184,119
Total liabilities, deferred inflows of resources, and fund balances	\$ 204,353,816	\$ 48,417,262	\$ 474,048,891	\$ 7,420,044	\$ 99,101,769	\$ 833,341,782

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, 2023

Total fund balances per balance sheet	\$ 718,184,119
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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.	2,114,269,841
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.	44,242,070
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are unavailable at the fund level.	8,119,758
Other assets are not available to pay for current-period expenditures, and, therefore, are not included at the fund level.	110,703
Long-term liabilities, including bonds payable, leases and SBITA 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.	(1,008,428,790)
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.	<u>(5,650,549)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,870,847,152</u></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, 2023

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$114,380,038	\$ 10,180,995	\$ —	\$ 60,757,881	\$ 1,350,587	\$ 186,669,501
Sales	68,303,345	—	—	—	492,624	68,795,969
Franchise	13,849,283	—	—	—	215,880	14,065,163
Hotel/motel	—	—	—	—	10,518,328	10,518,328
Other	1,834,814	—	—	—	—	1,834,814
Licenses and permits	10,731,154	—	—	—	—	10,731,154
Intergovernmental	3,985,742	31,361,591	434,452	—	1,524,836	37,306,621
Charges for services	11,983,215	—	1,255,135	—	—	13,238,350
Fines	2,099,861	—	—	—	164,276	2,264,137
Special assessments	—	—	—	—	16,007,448	16,007,448
Rents	3,529,180	3,505,320	—	—	—	7,034,500
Investment earnings	9,613,060	2,149,795	15,903,620	754,069	3,124,020	31,544,564
Contributions, donations and grants	222,113	27,900	4,088,308	—	3,856,873	8,195,194
Payments from component units	1,102,495	5,301,911	2,745,733	2,797,979	206,490	12,154,608
Miscellaneous	406,033	—	1,000	—	50,886	457,919
Total revenues	242,040,333	52,527,512	24,428,248	64,309,929	37,512,248	420,818,270
EXPENDITURES						
General government	56,869,829	26,937,514	—	—	428,466	84,235,809
Public safety	109,742,227	—	—	—	1,242,069	110,984,296
Public works	17,061,160	—	—	—	133,307	17,194,467
Culture and recreation	27,150,090	—	—	—	5,311,658	32,461,748
Capital outlay (includes \$3,260,229 not capitalized)	6,560,344	—	116,504,524	—	163,351	123,228,219
Debt service:						
Principal retirement	886,783	—	—	61,865,000	138,316	62,890,099
Interest and fiscal charges	19,602	—	1,334,437	27,051,652	496	28,406,187
Total expenditures	218,290,035	26,937,514	117,838,961	88,916,652	7,417,663	459,400,825
Excess (Deficiency) of revenues over (under) expenditures	23,750,298	25,589,998	(93,410,713)	(24,606,723)	30,094,585	(38,582,555)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	—	—	164,610,000	—	—	164,610,000
Issuance of refunding debt	—	—	—	40,850,000	—	40,850,000
Premium on bonds issued	—	—	9,224,042	2,942,453	—	12,166,495
Discount on bonds issued	—	—	(541,560)	(83,253)	—	(624,813)
Payment to refunded debt escrow agent	—	—	—	(44,479,734)	—	(44,479,734)
SBITA financing	276,509	—	—	—	—	276,509
Proceeds from sale of assets	251,188	—	17,000	—	—	268,188
Transfers in	5,860,301	2,932,370	8,058,719	29,455,261	549,057	46,855,708
Transfers out	(3,349,057)	(24,885,030)	(1,799,930)	—	(10,883,929)	(40,917,946)
Total other financing sources and uses	3,038,941	(21,952,660)	179,568,271	28,684,727	(10,334,872)	179,004,407
Net change in fund balances	26,789,239	3,637,338	86,157,558	4,078,004	19,759,713	140,421,852
Fund balances, beginning	147,943,326	8,047,261	359,320,906	2,868,346	59,095,719	577,275,558
Change in accounting principle (see note 1)	—	486,709	—	—	—	486,709
Fund balances, beginning as restated	147,943,326	8,533,970	359,320,906	2,868,346	59,095,719	577,762,267
Fund balances, ending	\$174,732,565	\$ 12,171,308	\$445,478,464	\$ 6,946,350	\$ 78,855,432	\$ 718,184,119

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, 2023

Net change in fund balances - total governmental funds	\$ 140,421,852
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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.	249,950,708
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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.	2,419,695
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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.	(115,228,687)
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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>(8,112,985)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 269,450,583</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, 2023

	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	\$ 114,514,004	\$ 114,514,004	\$ 114,380,038	\$ —	\$ 114,380,038	\$ (133,966)
Sales	68,063,417	69,439,749	68,303,345	—	68,303,345	(1,136,404)
Franchise	10,122,226	11,977,590	13,849,283	—	13,849,283	1,871,693
Other	1,150,259	1,250,259	1,834,814	—	1,834,814	584,555
Licenses and permits	12,152,057	12,080,873	10,731,154	—	10,731,154	(1,349,719)
Intergovernmental	3,400,065	3,401,355	3,985,742	—	3,985,742	584,387
Charges for services	9,233,690	9,730,126	11,983,215	—	11,983,215	2,253,089
Fines	1,737,541	1,737,541	2,099,861	—	2,099,861	362,320
Rents	2,990,230	2,990,230	3,529,180	—	3,529,180	538,950
Investment earnings	650,761	6,855,301	9,613,060	—	9,613,060	2,757,759
Contributions, donations and grants	223,924	242,035	222,113	—	222,113	(19,922)
Payments from component units	1,102,495	1,102,495	1,102,495	—	1,102,495	—
Miscellaneous	554,405	309,200	406,033	—	406,033	96,833
Total revenues	225,895,074	235,630,758	242,040,333	—	242,040,333	6,409,575
EXPENDITURES						
Current:						
General government	62,654,992	64,320,384	56,869,829	(42,478)	56,827,351	7,493,033
Public safety	112,395,481	114,063,905	109,742,227	15,753	109,757,980	4,305,925
Public works	18,313,163	19,033,048	17,061,160	(910,250)	16,150,910	2,882,138
Culture and recreation	27,569,219	28,827,341	27,150,090	65,806	27,215,896	1,611,445
Capital outlay	8,324,175	11,008,626	6,560,344	(506,350)	6,053,994	4,954,632
Debt service:						
Principal retirement	—	—	886,783	—	886,783	(886,783)
Interest and fiscal charges	—	—	19,602	—	19,602	(19,602)
Total expenditures	229,257,030	237,253,304	218,290,035	(1,377,519)	216,912,516	20,340,788
Excess (Deficiency) of revenues over (under) expenditures	(3,361,956)	(1,622,546)	23,750,298	1,377,519	25,127,817	26,750,363
OTHER FINANCING SOURCES (USES)						
SBITA financing	—	—	276,509	—	276,509	276,509
Proceeds from sale of assets	—	251,000	251,188	—	251,188	188
Transfers in	5,462,038	5,631,914	5,860,301	—	5,860,301	228,387
Transfers out	(288,000)	(3,300,000)	(3,349,057)	—	(3,349,057)	(49,057)
Total other financing sources and uses	5,174,038	2,582,914	3,038,941	—	3,038,941	456,027
Net change in fund balances	1,812,082	960,368	26,789,239	1,377,519	28,166,758	27,206,390
Fund balances, beginning	124,546,817	147,943,325	147,943,326	(6,114,792)	141,828,534	(6,114,791)
Fund balances, ending	\$ 126,358,899	\$ 148,903,693	\$ 174,732,565	\$ (4,737,273)	\$ 169,995,292	\$ 21,091,599

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis
For Fiscal Year Ended September 30, 2023

	Net Change in Fund Balance
GAAP basis	\$ 26,789,239
Expenditures:	
Increase due to encumbrances from prior year	6,114,792
Decrease due to encumbrances for current year	(4,737,273)
Budgetary basis	\$ 28,166,758

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, 2023

	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	10,348,977	10,180,995	10,180,995	—	10,180,995	—
Intergovernmental	28,524,787	31,361,590	31,361,591	—	31,361,591	1
Rents	5,066,232	5,066,232	3,505,320	—	3,505,320	(1,560,912)
Investment earnings	4,800	300,000	2,149,795	—	2,149,795	1,849,795
Contributions, donations and grants	—	—	27,900	—	27,900	27,900
Payments from component units	5,301,911	5,297,660	5,301,911	—	5,301,911	4,251
Total revenues	49,246,707	52,206,477	52,527,512	—	52,527,512	321,035
EXPENDITURES						
Current:						
General government	25,279,081	27,929,836	26,937,514	—	26,937,514	992,322
Total expenditures	25,279,081	27,929,836	26,937,514	—	26,937,514	992,322
Excess of revenues over expenditures	23,967,626	24,276,641	25,589,998	—	25,589,998	1,313,357
OTHER FINANCING SOURCES (USES)						
Transfers in	1,648,221	1,648,221	2,932,370	—	2,932,370	1,284,149
Transfers out	(24,885,030)	(24,885,030)	(24,885,030)	—	(24,885,030)	—
Total other financing sources and uses	(23,236,809)	(23,236,809)	(21,952,660)	—	(21,952,660)	1,284,149
Net change in fund balances	730,817	1,039,832	3,637,338	—	3,637,338	2,597,506
Fund balances, beginning	3,048,070	8,047,261	8,047,261	—	8,047,261	—
Change in accounting principle (see note 1)	—	—	486,709		486,709	486,709
Fund balances, beginning as restated	3,048,070	8,047,261	8,533,970	—	8,533,970	486,709
Fund balances, ending	\$ 3,778,887	\$ 9,087,093	\$ 12,171,308	\$ —	\$ 12,171,308	\$ 3,084,215

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

City of Frisco
Statement of Net Position
Proprietary Funds
September 30, 2023

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 37,921,631	\$ 11,831,595	\$ 49,753,226
Investments	48,905,644	481,953	49,387,597
Receivables: (net of allowances for uncollectibles)			
Utility bills	21,132,112	—	21,132,112
Other	2,159,580	40,327	2,199,907
Inventories	2,380,031	—	2,380,031
Prepays	84,054	—	84,054
Restricted cash and cash equivalents	60,061,100	—	60,061,100
Restricted investments	66,145,317	—	66,145,317
Total current assets	238,789,469	12,353,875	251,143,344
Noncurrent assets:			
Capital and lease assets:			
Land	11,379,818	—	11,379,818
Buildings and improvements	10,030,981	147,742	10,178,723
Improvements other than buildings	705,489,580	92,190	705,581,770
Machinery and equipment	11,790,625	2,597,005	14,387,630
Right-to-use leased equipment	96,504	—	96,504
Right-to-use SBITA	182,435	—	182,435
Construction-in-progress	59,804,379	—	59,804,379
Accumulated depreciation/amortization	(280,098,790)	(1,939,776)	(282,038,566)
Total capital and lease assets (net of accumulated depreciation and amortization)	518,675,532	897,161	519,572,693
Total noncurrent assets	518,675,532	897,161	519,572,693
Total assets	757,465,001	13,251,036	770,716,037
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	3,786,891	841,532	4,628,423
OPEB items	118,265	26,282	144,547
Deferred charge on bond refunding	1,222,626	—	1,222,626
Total deferred outflows of resources	5,127,782	867,814	5,995,596

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	\$ 11,091,126	\$ 2,240,759	\$ 13,331,885
Accrued liabilities	266,435	66,861	333,296
Accrued interest payable	2,397,548	—	2,397,548
Customer deposits payable	5,149,832	—	5,149,832
Monies held in escrow	—	27,116	27,116
Compensated absences	971,062	258,428	1,229,490
Rebates payable	118,465	—	118,465
Leases & SBITA payable	113,478	—	113,478
Bonds payable	13,195,000	—	13,195,000
Total current liabilities	33,302,946	2,593,164	35,896,110
Noncurrent liabilities:			
Compensated absences	1,313,441	328,437	1,641,878
Pensions	5,913,069	1,314,016	7,227,085
OPEB	315,730	70,162	385,892
Rebates payable	225,080	—	225,080
Leases payable	32,809	—	32,809
Bonds payable	153,520,633	—	153,520,633
Total noncurrent liabilities	161,320,762	1,712,615	163,033,377
Total liabilities	194,623,708	4,305,779	198,929,487
DEFERRED INFLOWS OF RESOURCES			
Pension items	183,842	40,856	224,698
OPEB items	400,699	89,046	489,745
Total deferred inflows of resources	584,541	129,902	714,443
NET POSITION			
Net investment in capital assets	416,255,598	897,161	417,152,759
Restricted for:			
Capital projects	52,921,452	—	52,921,452
Unrestricted	98,207,484	8,786,008	106,993,492
Total net position	\$ 567,384,534	\$ 9,683,169	\$ 577,067,703



City of Frisco

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

Proprietary Funds

For the Year Ended September 30, 2023

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
OPERATING REVENUES			
Charges for sales and services:			
Water	\$ 79,523,694	\$ —	\$ 79,523,694
Sewer charges	52,129,728	—	52,129,728
Service charges	1,763,602	—	1,763,602
Sanitation charges	—	27,507,315	27,507,315
Water and sewer connections	930,595	—	930,595
Inspection fees	4,959,989	—	4,959,989
Stormwater drainage fees	—	5,434,009	5,434,009
Miscellaneous	37,483	43,848	81,331
	<u>139,345,091</u>	<u>32,985,172</u>	<u>172,330,263</u>
Total operating revenues			
	139,345,091	32,985,172	172,330,263
OPERATING EXPENSES			
Cost of sales and services	77,431,232	19,743,664	97,174,896
Administration	26,957,661	10,162,284	37,119,945
Depreciation/amortization	22,058,295	209,997	22,268,292
	<u>126,447,188</u>	<u>30,115,945</u>	<u>156,563,133</u>
Total operating expenses			
	126,447,188	30,115,945	156,563,133
Operating income	<u>12,897,903</u>	<u>2,869,227</u>	<u>15,767,130</u>
	12,897,903	2,869,227	15,767,130
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	7,987,971	188,096	8,176,067
Intergovernmental contribution	6,150,053	2,174,057	8,324,110
Contributions and grants	—	15,534	15,534
Gain on sale of equipment	131,185	34,100	165,285
Interest expense	(5,157,899)	—	(5,157,899)
	<u>9,111,310</u>	<u>2,411,787</u>	<u>11,523,097</u>
Total nonoperating revenues			
	9,111,310	2,411,787	11,523,097
Income before capital contributions	<u>22,009,213</u>	<u>5,281,014</u>	<u>27,290,227</u>
	22,009,213	5,281,014	27,290,227
CAPITAL CONTRIBUTIONS			
Capital contributions	<u>32,351,274</u>	<u>—</u>	<u>32,351,274</u>
	32,351,274	—	32,351,274
Income before transfers	<u>54,360,487</u>	<u>5,281,014</u>	<u>59,641,501</u>
	54,360,487	5,281,014	59,641,501
TRANSFERS			
Transfers in	1,061,875	—	1,061,875
Transfers out	(4,264,028)	(2,735,609)	(6,999,637)
	<u>(3,202,153)</u>	<u>(2,735,609)</u>	<u>(5,937,762)</u>
Total transfers			
	(3,202,153)	(2,735,609)	(5,937,762)
Change in net position	<u>51,158,334</u>	<u>2,545,405</u>	<u>53,703,739</u>
	51,158,334	2,545,405	53,703,739
Net position, beginning	<u>516,226,200</u>	<u>7,137,764</u>	<u>523,363,964</u>
Net position, ending	<u>\$ 567,384,534</u>	<u>\$ 9,683,169</u>	<u>\$ 577,067,703</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, 2023

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 135,633,655	\$ 32,938,824	\$ 168,572,479
Cash payments to suppliers for goods and services	(90,378,750)	(25,063,276)	(115,442,026)
Cash payments to employees for services	(16,061,833)	(3,796,915)	(19,858,748)
Other receipts	37,483	43,848	81,331
Net cash provided by operating activities	29,230,555	4,122,481	33,353,036
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers received from other funds	1,061,875	—	1,061,875
Transfers made to other funds	(4,264,028)	(1,624,610)	(5,888,638)
Contributions	—	15,534	15,534
Net cash used by noncapital financing activities	(3,202,153)	(1,609,076)	(4,811,229)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(25,945,904)	(164,543)	(26,110,447)
Proceeds from sale or transfer of equipment	131,185	34,100	165,285
Principal paid on long-term debt	(13,845,000)	—	(13,845,000)
Interest and fees paid on long-term debt	(5,440,735)	—	(5,440,735)
Bond proceeds net of issuance costs	20,333,706	—	20,333,706
Payment to paying agent for refunded debt issuance	(482,981)	—	(482,981)
Intergovernmental payments for capital construction	6,150,053	2,174,057	8,324,110
Transfers made to other funds for capital construction	—	(1,110,999)	(1,110,999)
Developers contributions	8,309,552	—	8,309,552
Net cash provided (used) in capital and related financing activities	(10,790,124)	932,615	(9,857,509)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(124,426,763)	(483,155)	(124,909,918)
Proceeds from sale and maturities of investment securities	126,731,179	490,249	127,221,428
Interest on investments	6,993,930	185,613	7,179,543
Net cash provided by investing activities	9,298,346	192,707	9,491,053
Net increase in cash and cash equivalents	24,536,624	3,638,727	28,175,351
Cash and cash equivalents, beginning	73,446,107	8,192,868	81,638,975
Cash and cash equivalents, ending	<u>\$ 97,982,731</u>	<u>\$ 11,831,595</u>	<u>\$ 109,814,326</u>
CLASSIFIED AS			
Current assets	\$ 37,921,631	\$ 11,831,595	\$ 49,753,226
Restricted assets	60,061,100	—	60,061,100
Total cash and cash equivalents	<u>\$ 97,982,731</u>	<u>\$ 11,831,595</u>	<u>\$ 109,814,326</u>

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

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 12,897,903	\$ 2,869,227	\$ 15,767,130
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation/amortization	22,058,295	209,997	22,268,292
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - utility bills	(3,676,316)	—	(3,676,316)
Receivables - other	(1,582,835)	520	(1,582,315)
Prepaid expenses and other assets	545	—	545
Inventories	(1,057,958)	—	(1,057,958)
Pension deferred outflow of resources	(2,264,059)	(536,626)	(2,800,685)
OPEB deferred outflow of resources	18,090	4,020	22,110
Increase (decrease) in-			
Accounts payable	(10,289)	905,382	895,093
Accrued liabilities	45,022	16,379	61,401
Liability for compensated absences	148,966	47,318	196,284
Pension deferred inflow of resources	(1,975,106)	(419,224)	(2,394,330)
OPEB deferred inflow of resources	51,331	11,408	62,739
Net pension liability	4,662,169	1,036,038	5,698,207
OPEB liability	(87,565)	(19,458)	(107,023)
Deposits and escrows	2,362	(2,500)	(138)
Total adjustments	16,332,652	1,253,254	17,585,906
Net cash provided by operating activities	<u>\$ 29,230,555</u>	<u>\$ 4,122,481</u>	<u>\$ 33,353,036</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 \$24,041,722.

Accounts Payable and Retainage Payable related to capital assets totaled \$10,288,287.

In August 2023, general obligation bonds were issued for the water and sewer fund to refund debt issued in 2013. The new debt of \$19,315,000 defeased \$20,650,909 of outstanding principal and related premiums and deferred costs.

Unearned investment revenue as of September 30, 2023 was \$745,036.

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



City of Frisco

Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2023

	Tourism PID Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 233,262
Total assets	<u>233,262</u>
LIABILITIES	
TPID payable	233,262
Total liabilities	<u>233,262</u>
NET POSITION	
Net position restricted for custodial funds	<u>—</u>
Total net position	<u><u>\$ —</u></u>

City of Frisco

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

Fiduciary Funds

For the Year Ended September 30, 2023

	Tourism PID Custodial Fund
ADDITIONS	
Tourism PID occupancy tax collections	\$ 1,732,778
Total additions	<u>1,732,778</u>
DEDUCTIONS	
Tourism PID occupancy tax remittances	1,732,778
Total deductions	<u>1,732,778</u>
Change in net position	—
Net position, beginning	<u>—</u>
Net positions, ending	<u><u>\$ —</u></u>

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



PROGRESS IN MOTION

City of Frisco
Combining Statement of Net Position
Component Units
September 30, 2023

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Totals
ASSETS				
Current:				
Cash and cash equivalents	\$ 26,866,521	\$ 37,151,324	\$ 44,657	\$ 64,062,502
Investments	34,174,279	29,418,310	—	63,592,589
Receivables:				
Sales tax	5,840,485	5,840,485	—	11,680,970
Leases receivables	9,927	89,623	—	99,550
PPP receivables	236,701	—	—	236,701
Other	85,119	175,377	—	260,496
Prepaid expenses	—	125,620	—	125,620
Total current assets	67,213,032	72,800,739	44,657	140,058,428
Noncurrent:				
Land held for resale	33,316,565	36,051,721	—	69,368,286
Capital and lease assets:				
Nondepreciable	71,518,747	16,582,801	—	88,101,548
Depreciable (net)	1,844,535	546,213	—	2,390,748
Restricted assets:				
Cash and cash equivalents	39,201,499	2,208,537	—	41,410,036
Investments	—	1,800,000	—	1,800,000
Total noncurrent assets	145,881,346	57,189,272	—	203,070,618
Total assets	213,094,378	129,990,011	44,657	343,129,046
DEFERRED OUTFLOWS OF RESOURCES				
Pension items	—	841,532	—	841,532
OPEB items	—	26,281	—	26,281
Deferred charge on bond refunding	31,580	20,174	—	51,754
Total deferred outflows of resources	31,580	887,987	—	919,567
LIABILITIES				
Current:				
Accounts payable	2,401,786	1,747,496	—	4,149,282
Accrued liabilities	1,819	27,237	—	29,056
Compensated absences	9,862	101,264	—	111,126
Accrued interest payable	206,347	114,013	—	320,360
Deposits payable	—	25,000	—	25,000
Leases payable	—	8,019	—	8,019
Bonds and notes payable	3,355,000	2,700,000	—	6,055,000
Total current liabilities:	5,974,814	4,723,029	—	10,697,843
Noncurrent:				
Compensated absences	14,359	140,126	—	154,485
Pensions	—	1,314,015	—	1,314,015
OPEB	—	70,162	—	70,162
Pollution remediation obligations	39,641,361	—	—	39,641,361
Leases payable	—	18,298	—	18,298
Bonds and notes payable	44,239,442	28,185,000	—	72,424,442
Total noncurrent liabilities	83,895,162	29,727,601	—	113,622,763
Total liabilities	89,869,976	34,450,630	—	124,320,606
DEFERRED INFLOWS OF RESOURCES				
Pension items	—	40,855	—	40,855
OPEB items	—	89,043	—	89,043
Lease related	9,585	88,568	—	98,153
PPP related	233,406	—	—	233,406
Total deferred inflows of resources	242,991	218,466	—	461,457
NET POSITION				
Net investment in capital assets	28,103,180	—	—	28,103,180
Restricted for community development	94,909,811	—	44,657	94,954,468
Restricted for economic development	—	96,208,902	—	96,208,902
Total net position	\$ 123,012,991	\$ 96,208,902	\$ 44,657	\$ 219,266,550

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, 2023

		Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:	Expenses			
Component units:				
Community Development Corporation	\$ 29,907,262	\$ 2,775,746	\$ 12,550,000	\$ —
Economic Development Corporation	19,151,157	45,707	43,775	—
Charitable Foundation	150,691	—	168,135	—
Total component units	49,209,110	2,821,453	12,761,910	—
General revenues:				
Sales taxes				
Intergovernmental				
Investment income				
Total general revenues				
Change in net position				
Net position, beginning				
Change in accounting principle (see note 1)				
Net position, beginning as restated				
Net position, ending				

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

Net (Expense) Revenue and Changes in Net Position			
Component Units			
Community Development Corporation	Economic Development Corporation	Charitable Foundation	Totals
\$ (14,581,516)	\$ —	\$ —	\$ (14,581,516)
—	(19,061,675)	—	(19,061,675)
—	—	17,444	17,444
(14,581,516)	(19,061,675)	17,444	(33,625,747)
34,397,985	34,397,985	—	68,795,970
14,993,256	—	—	14,993,256
3,968,468	2,771,580	1,931	6,741,979
53,359,709	37,169,565	1,931	90,531,205
38,778,193	18,107,890	19,375	56,905,458
84,236,251	78,101,012	25,282	162,362,545
(1,453)	—	—	(1,453)
84,234,798	78,101,012	25,282	162,361,092
\$ 123,012,991	\$ 96,208,902	\$ 44,657	\$ 219,266,550

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 and fiduciary fund types financial statements are prepared using the accrual basis of accounting. Statement No. 34 requires supplementary information in Management's Discussion and Analysis, which includes an analytical overview of the City's financial activities. Also, a budgetary comparison statement is presented that compares the adopted and revised budgets for the General Fund and its major special revenue fund (TIRZ #1) with actual results.

B. Reporting Entity

The City is governed by an elected mayor and a six-member council. As required by GAAP, these financial statements present the City (the primary government) and the entities for which the City is considered to be financially accountable (component units). Blended component units, although legally separate entities, are, in substance, part of the City's operations and data from these units are combined with data of the primary government. 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 City established Tax Increment Reinvestment Zone #1 (TIRZ #1) for the purpose of dedicating the incremental tax revenue generated from the zone to finance public facilities and infrastructure development such as public roads, signalization, hike/bike trails, water and sewer system improvements, and community enhancements in and around the revenue generating portion of TIRZ #1. TIRZ #1 is 2,512 acres and includes major development areas such as Stonebriar Mall, The Star's multi-use event center, and the PGA Frisco golf courses. The City and City's management maintain

City of Frisco

Notes to the Basic Financial Statements

significant influence and management responsibility in the approval of programs, expenditures, and obligations of TIRZ #1. The TIRZ board of directors is a 10 member board; 7 members of the board of directors are members of the City Council with the remaining appointed by the remaining participating entities of TIRZ #1, Frisco Independent School District, Collin County, and Collin County Community College District. TIRZ #1 does not issue separate financial statements, as it is included as a major fund of the City. TIRZ #1 is presented as a blended component unit.

Reinvestment Zone #5 (TIRZ #5) was established for the purpose of dedicating the incremental tax revenue generated from the zone for use on public facilities and infrastructure development completed within the zone. TIRZ #5 is 66 acres and consists of The Star's retail/commercial development. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of TIRZ #5. TIRZ #5's board of directors are members of the City Council and it does not issue separate financial statements as it is included as a non-major fund of the City. TIRZ #5 is presented as a blended component unit.

Reinvestment Zone #6 (TIRZ #6) was established for the purpose of dedicating the incremental tax revenue generated from the zone for use on public facilities and infrastructure development completed within the zone. TIRZ #6 is 175 acres and consists of area commonly known as Hall Park. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of TIRZ #6. TIRZ #6's board of directors are members of the City Council and it does not issue separate financial statements as it is included as a non-major fund of the City. TIRZ #6 is presented as a blended component unit.

Reinvestment Zone #7 (TIRZ #7) was established for the purpose of dedicating the incremental tax revenue generated from the zone for use on public facilities and infrastructure development completed within the zone. TIRZ #7 is 890 acres and consists of area commonly known as The Fields development. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of TIRZ #7. TIRZ #7's board of directors are members of the City Council and it does not issue separate financial statements as it is included as a non-major fund of the City. TIRZ #7 is presented as a blended component unit.

Panther Creek Public Improvement District #1 was established by the City for the purpose of [for the](#) purposes of enhancing the amenities and expediting the timing of their installation for the Panther Creek neighborhood. Enhanced landscape, additional open space, lakes, fountains, improved city parks, shade structures, distinctive entries and various recreational and pedestrian improvements were financed through City bonds and lots within the district were assessed \$2,497 per lot to be repaid by the homeowners. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of PID #1. PID #1's board of directors are members of the City Council and it does not issue separate financial statements as it is included as a non-major fund of the City. PID #1 is presented as a blended component unit.

Panther Creek Public Improvement District #2 was established by the City for the purpose of [for the](#) purposes of enhancing the amenities and expediting the timing of their installation for the Panther Creek neighborhood. Enhanced landscape, additional open space, lakes, fountains, improved city parks, shade structures, distinctive entries and various recreational and pedestrian improvements were financed through City bonds and lots within the district were assessed \$3,014 per lot to be repaid by the homeowners. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of PID #2. PID #2's board of directors are members of the City Council and it does not issue separate financial statements as it is included as a non-major fund of the City. PID #2 is presented as a blended component unit.

City of Frisco

Notes to the Basic Financial Statements

The Frisco Economic Development Corporation (FEDC) serves all citizens of the City. Although legally separate from the City, the City Council appoints all members of its governing board. The FEDC provides marketing and economic development services to the City, and the City provides for custody and investment of FEDC assets, various administrative/personnel/legal services, and the majority of funding for the FEDC budget. The FEDC is presented as a discretely presented component unit.

The Frisco Community Development Corporation (FCDC) serves all citizens of the City. Although legally separate from the City, the City Council appoints all members of its governing board. The primary government 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).

City of Frisco

Notes to the Basic Financial Statements

Separate fund-based financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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.

The City's fiduciary funds are presented only in the fund financial statements. Since by definition these assets are being held for the benefit of a third-party (other local governments, individuals, pension participants, developer projects, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City's fiduciary funds consist a custodial funds related to the Tourism Public Improvement District.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements, the proprietary fund statements, and the fiduciary 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.

City of Frisco

Notes to the Basic Financial Statements

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.

The City of Frisco does not utilize internal service funds, which traditionally provide services primarily to other funds of the government.

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. Other Governmental Funds is a summarization of the nonmajor governmental funds.

City of Frisco

Notes to the Basic Financial Statements

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.

3. Other Fund Types

- a. Fiduciary funds are used to account for the accumulation of resources to be used for the Tourism Public Improvement District

E. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. Cash in all funds, excluding the City's payroll account, lockbox operations, police seizure accounts and Charitable Foundation account, is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash.

All investments are recorded at fair value based on market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

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.

City of Frisco

Notes to the Basic Financial Statements

The following table summarizes the restricted cash and investments:

Governmental Activities	Amount
Tax Increment Reinvestment Zones	\$ 12,762,820
Debt Service Fund	6,907,099
Hotel/Motel Fund	8,230,893
Panther Creek PID	4,463
Traffic control enforcement	21,839
Court Fees	189,654
PEG Cable Fund	1,544,262
Road Impact Fees	45,711,320
Park Development Fees	29,023,805
Total	104,396,155
Business-Type Activities	Amount
Utility Capital Projects	75,691,888
Utility Impact Fees	50,514,529
Total	126,206,417
Total Primary Government Restricted Cash and Investments	\$ 230,602,572
Component Units	Amount
Pollution Remediation	\$ 36,898,739
Capital Projects	6,311,297
Total	\$ 43,210,036

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.

City of Frisco

Notes to the Basic Financial Statements

H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right-to-use lease and subscription assets 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. Lease and subscription assets are measured at the total minimum fixed payments throughout the term of the agreement discounted to net present value.

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
Subscription-based IT arrangement (SBITA)	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

City of Frisco

Notes to the Basic Financial Statements

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-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 and public-private partnerships, items are recognized in accordance with GASB 87, *Leases* and GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The City of Frisco deferred outflows of resources and deferred inflows of resources changes for the year are detailed below:

	Balance 10/1/22, as restated	Additions	Deletions	Balance 9/30/23
Deferred outflows				
Governmental activities	\$ 22,026,880	\$ 39,227,888	\$ 17,012,698	\$ 44,242,070
Business-type activities	3,492,664	5,450,041	2,947,109	5,995,596
Component units	630,597	867,813	578,843	919,567
Total	<u>\$ 26,150,141</u>	<u>\$ 45,545,742</u>	<u>\$ 20,538,650</u>	<u>\$ 51,157,233</u>
Deferred inflows				
Governmental activities	\$ (63,438,704)	\$ (8,255,690)	\$ 27,552,457	\$(44,141,937)
Business-type activities	(3,046,034)	(714,439)	3,046,030	(714,443)
Component units	(964,597)	(129,898)	633,038	(461,457)
Total	<u>\$ (67,449,335)</u>	<u>\$ (9,100,027)</u>	<u>\$ 31,231,525</u>	<u>\$(45,317,837)</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. Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements

PPP is an arrangement in which the City (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (PPP asset), for a period of time in an exchange or exchange-like transaction.

As transferor, the City recognizes a PPP receivable. The PPP receivable is measured using the net present value of future PPP payments to be received for the PPP term and deferred inflows of resources at the beginning of the PPP term. Periodic amortization of the discount on the receivable are

City of Frisco

Notes to the Basic Financial Statements

reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the arrangement. This recognition does not apply to short-term arrangements, contracts that transfer ownership, lease of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of PPP receivables occur when there are modifications, including but not limited to changes in the contract price, PPP term, and adding or removing an underlying asset to the PPP arrangements. In the case of a partial or full PPP termination, the carrying value of the PPP receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

U. Subscription-Based Information Technology Arrangements (SBITA)

Effective October 1, 2022, the City implemented GASB Statement No. 96, *Subscription-Based Technology Arrangements*, which provides guidance on the accounting and financial reporting of contractual arrangements. It required the recognition of certain right-to-use subscription assets and corresponding liabilities.

The City has contracts with SBITA vendors for the right-to-use information technology software, alone or in combination with tangible capital assets. The City recognizes subscription liabilities, reported with long-term debt, and right-to-use subscription assets, reported with the other capital assets, in the government-wide and proprietary funds financial statements.

At implementation of GASB Statement No. 96 and the commencement of SBITAs beginning after October 1, 2022, the City initially measured the subscription liabilities at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liabilities are reduced by the principal portion of SBITA payments made. The right-to-use subscription assets are initially measured as the initial amount of the subscription liabilities, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

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

- (1) The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- (2) The subscription term includes the noncancellable period of the SBITA.
- (3) Subscription payments included in the measurement of the subscription liabilities are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

V. New Accounting Pronouncements

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

City of Frisco

Notes to the Basic Financial Statements

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). The implementation of this statement resulted in a \$486,709 increase in beginning net position, representing the cumulative effect of the change in accounting principle for the governmental activities. Net position for component units also decreased by (\$1,453). These changes were the result of public-private partnerships that qualified as leases in the fiscal year 2022 under GASB 87 but as public-private partnerships under GASB 94 as implemented in fiscal year 2023.

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.

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. Adoption of GASB 99 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. 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.

GASB Statement No. 102, *Certain Risk Disclosures*, is effective for the City's fiscal year ending September 30, 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

City of Frisco

Notes to the Basic Financial Statements

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains the “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,008,428,790 difference are as follows:

Bonds and certificates of obligation payable	\$ 876,580,000
Bond discount (to be amortized as interest expense)	(1,116,333)
Bond premiums (to be amortized over the life of the bonds)	37,383,599
Accrued interest payable	4,527,354
Leases & SBITA payable	1,650,194
Rebates payable	2,076,664
Compensated absences	27,115,573
Net pension liability	57,159,671
Total OPEB liability	<u>3,052,068</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u><u>\$1,008,428,790</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$249,950,708 difference are as follows:

Capital outlay	\$ 119,967,990
Developers’ contributions	220,162,821
Component unit capital contribution	840,911
Book value of capital assets disposed/retired	(12,446)
Depreciation and lease amortization expense	<u>(91,008,568)</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 249,950,708</u></u>

City of Frisco

Notes to the Basic Financial Statements

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$115,228,687 difference are as follows:

Debt issued or incurred:

Premium amortization	\$ 9,482,513
Discount amortization	(169,191)
Amortization on loss of refunding of debt	(1,103,915)
Refunding bond write off deferred loss/premium	(979,736)
Contribution to FCDC for note forgiveness	(12,550,000)
SBITA financing	(276,509)
Bonds issued	(205,460,000)
Bond premium issued	(12,166,495)
Bond discount issued	624,813

Principal repayments:

Payment to refunding agent	44,479,734
Bonds, leases, & SBITAs	<u>62,890,099</u>

Net adjustment to decrease net changes in fund balances

– total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (115,228,687)</u></u>
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City of Frisco

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 \$(8,112,985) difference are as follows:

Increase in accrued interest on bonds	\$ (743,185)
Increase in rebates payable	(2,076,664)
Increase in compensated absences	(2,042,492)
Increase in pension expense	(3,426,041)
Decrease in OPEB expense	<u>175,397</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (8,112,985)</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, 2023. At year-end, the carrying amount of the City's demand deposits was a balance of \$4,076,595, bank balance, \$4,528,363. The carrying amount of the component unit's pooled cash was \$(816,060), bank balance, \$0. The cash on hand carrying amount totaled \$22,443. The bank balance for the primary government and the component unit's deposits was covered by collateral with a fair value of \$28,482,396. 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, 2023, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity Days
Primary Government		
General Fund		
Federal Agency Notes	\$ 117,940,846	201
TexPool	37,876,857	28
TexStar	30,055,350	30
CIP Funds		
Federal Agency Notes	231,842,952	226
TexPool	13,669,801	28
TexStar	289,879,677	30
Other Funds		
Federal Agency Notes	115,690,647	181
TexPool	131,647,565	28
TexStar	7,385,641	30
Total Primary Government	<u>975,989,336</u>	<u>115</u>
Component Units		
Community Development		
Federal Agency Notes	34,174,279	219
TexPool	63,947,717	28
TexStar	2,879,382	30
Economic Development		
Federal Agency Notes	31,218,310	181
TexPool	36,671,142	28
TexStar	2,745,700	30
Charitable Foundation		
TexPool	44,657	28
Total Component Units	<u>171,681,187</u>	<u>94</u>
Total Government	<u>\$ 1,147,670,523</u>	<u>112</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, 2023			
Cash and cash equivalents:				
Bank deposits	\$ 4,076,595	\$ —	\$ —	\$ —
Total cash and cash equivalents	4,076,595	—	—	—
Investments measured at amortized costs:				
Investment pools:				
Texpool	183,194,223	—	—	—
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	327,320,668	—	—	—
Investments by fair value level:				
U.S. government agency securities:				
Federal Home Loan Bank	191,964,784	—	191,964,784	—
Federal Farm Credit Bank	19,675,187	—	19,675,187	—
Federal Home Loan Mortgage Company	27,910,389	—	27,910,389	—
US Treasury Notes	225,924,085	—	225,924,085	—
Total investments	975,989,336	—	465,474,445	—
Total cash and investments	\$ 980,065,931	\$ —	\$ 465,474,445	\$ —

City of Frisco

Notes to the Basic Financial Statements

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

Component Units	September 30, 2023	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	\$ (816,060)	\$ —	\$ —	\$ —
Total cash and cash equivalents	(816,060)	—	—	—
Investments measured at amortized costs:				
Investment pools:				
Texpool	100,663,516	—	—	—
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	5,625,082	—	—	—
Investments by fair value level:				
U.S. government agency securities:				
Federal Farm Credit Bank	6,284,918	—	6,284,918	—
Federal Home Loan Bank	35,951,714	—	35,951,714	—
US Treasury Notes	23,155,957	—	23,155,957	—
Total investments	171,681,187	—	65,392,589	—
Total cash and investments	\$ 170,865,127	\$ —	\$ 65,392,589	\$ —

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

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

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

City of Frisco

Notes to the Basic Financial Statements

The TexStar investment pool is an external investment pool measured at NAV. The strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the pools. TexStar has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

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

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

Interest Rate Risk – In order to minimize risk of loss due to interest rate fluctuations, the City's Investment Policy states investment maturities will not exceed the anticipated cash flow requirement of the funds as follows:

- Operating Funds – The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity dates of each security and the maximum allowable maturity shall be two years.
- Bond Proceeds – The maximum maturity for all bond proceeds shall be three years.
- Bond Reserve Funds – Maturity limitation shall generally not exceed the call provision of the Bond Ordinance and shall not exceed the final maturity of the bond issue.
- Other Funds – Maximum maturity shall not exceed five years and each fund's weighted average life shall not exceed three years.

Credit Risk – In compliance with the City's Investment Policy, and in conjunction with state law, as of September 30, 2023, 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 U.S. Treasury Notes and Federal Home Loan Bank (FHLB). These investments are 21.70% and 19.86% 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, 2023, 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, 2023

Governmental Activities	General	TIRZ #1	Capital Projects	Debt Service	Nonmajor Funds	Total
Property tax	\$ 1,010,023	\$ —	\$ —	\$ 532,430	\$ —	\$ 1,542,453
Sales tax	11,680,970	—	—	—	—	11,680,970
Franchise tax	7,687,308	—	—	—	49,784	7,737,092
Occupancy tax	—	—	—	—	1,074,893	1,074,893
Mixed beverage	154,353	—	—	—	—	154,353
Leases	2,747,111	112,942	—	—	266,295	3,126,348
PPP's	—	36,120,033	—	—	—	36,120,033
Accrued interest	367,984	252,701	1,416,149	—	173,182	2,210,016
Grants	—	—	—	—	699,907	699,907
Assessments	—	—	—	—	24,211	24,211
Other	3,698,968	581,254	—	7,137	5,348	4,292,707
Gross receivables	27,346,717	37,066,930	1,416,149	539,567	2,293,620	68,662,983
Less: allowance	(1,524,457)	—	—	(26,622)	—	(1,551,079)
Net receivables	<u>\$ 25,822,260</u>	<u>\$ 37,066,930</u>	<u>\$ 1,416,149</u>	<u>\$ 512,945</u>	<u>\$ 2,293,620</u>	<u>\$67,111,904</u>

Business-type Activities	Water and Sewer	Nonmajor Funds	Total
Utility bills	\$ 24,437,849	\$ —	\$ 24,437,849
Accrued interest	573,058	369	573,427
Other	1,586,522	39,958	1,626,480
Gross receivables	26,597,429	40,327	26,637,756
Less: allowance	(3,305,737)	—	(3,305,737)
Net receivables	<u>\$ 23,291,692</u>	<u>\$ 40,327</u>	<u>\$ 23,332,019</u>

Component Units	Community Development Corporation	Economic Development Corporation	Total
Sales tax	\$ 5,840,485	\$ 5,840,485	\$ 11,680,970
Leases	9,927	89,623	99,550
PPP's	236,701	—	236,701
Accrued interest	69,746	171,330	241,076
Other	15,373	4,047	19,420
Net receivables	<u>\$ 6,172,232</u>	<u>\$ 6,105,485</u>	<u>\$ 12,277,717</u>

The Proprietary Fund accounts receivable includes unbilled charges for services rendered at September 30, 2023.

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, 2023, the financial statements include the adoption of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by establishing the definitions of PPPs and APAs and provide uniform guidance on accounting and financial reporting for transactions that meet those definitions.

Leases and PPPs receivable – The City, FCDC and FEDC have entered into multiple lease agreements for facilities, land and cell towers as lessor. Effective October 1, 2022, the City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. At implementation of this statement, the City initially measured the PPP receivable at the present value of payments expected to be received during the remaining PPP term. The lease and PPP rate, term, and ending lease receivables are as follows:

Leases Receivable	Interest Rates	Lease Terms in Years	Balance 10/1/22, as restated	Additions	Deductions	Ending Balance
General Fund:						
Land	.31-1.59%	1-11	\$ 380,567	\$ —	\$ (36,194)	\$ 344,373
Building and Improvements	.24-1.16%	1-6	3,094	—	(4)	3,090
Cell Towers	.23-.3.63%	1-5	2,236,651	662,725	(499,728)	2,399,648
						\$ 2,747,111
TIRZ 1:						
Building and Improvements	.66-2.56%	1-21	\$ 278,675	\$ —	\$ (165,733)	\$ 112,942
Nonmajor Funds:						
Building and Improvements	2.40%	46	\$ 269,814	\$ —	\$ (3,519)	\$ 266,295
Component units:						
Land	2.63%	3	\$ 138,614	\$ —	\$ (39,064)	\$ 99,550
PPP Receivable						
TIRZ 1:						
Land	3.43-3.86%	10-25	\$ 17,020,018	\$ 1,942,412	\$ (1,400,277)	\$ 17,562,153
Building and Improvements	3.43-3.62%	10-15	\$ 20,017,430	\$ —	\$ (1,459,550)	18,557,880
						\$ 36,120,033
Component units:						
Building and Improvements	3.48%	5	\$ 288,325	\$ —	\$ (51,624)	\$ 236,701

In addition, the FCDC has entered into two leases that include variable payments based on the lessees performance. In FY23 the FCDC recognized \$61,379 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, 2023, the balance of the note receivable from the Frisco Community Development Corporation was \$110,000.

The City has note receivables with clients in the targeted down payment assistance program totaling \$54,000. Additionally, the City has one developer agreement in the CIP Fund for \$373,000 which is classified as a note receivable. This \$427,000 total note receivable is recorded at the fund level in the financial statements.

Note 6. Capital, Lease, and Subscription Assets

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

Governmental Activities	Capital and Lease Assets Activity For the Year Ended September 30, 2023				
	Balance 10/1/2022, as restated	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2023
Capital assets, not being depreciated:					
Land	\$ 356,151,371	\$ 42,096,007	\$ 748,684	\$ (1,000)	\$ 398,995,062
Intangible assets	—	—	92,227	—	92,227
Construction-in-progress	111,532,524	103,361,021	(56,580,405)	—	158,313,140
Total capital asset, not being depreciated	<u>467,683,895</u>	<u>145,457,028</u>	<u>(55,739,494)</u>	<u>(1,000)</u>	<u>557,400,429</u>
Capital, lease, and subscription assets, being depreciated/amortized:					
Machinery and equipment	106,591,931	22,105,375	56,151	(1,094,694)	127,658,763
Right-to-use leased equipment	662,701	—	—	—	662,701
Buildings and improvements	749,621,404	85,828,533	—	—	835,449,937
Right-to-use leased buildings	653,456	—	—	—	653,456
Improvements other than buildings	1,505,111,875	86,463,366	56,524,254	—	1,648,099,495
Right-to-use SBITA	1,358,729	276,509	—	—	1,635,238
Total capital, lease, and subscription assets being depreciated/amortized	<u>2,364,000,096</u>	<u>194,673,783</u>	<u>56,580,405</u>	<u>(1,094,694)</u>	<u>2,614,159,590</u>
Less accumulated depreciation/amortization:					
Machinery and equipment	(73,981,267)	(8,979,918)	—	1,083,248	(81,877,937)
Right-to-use leased equipment	(122,634)	(120,249)	—	—	(242,883)
Buildings and improvements	(284,798,389)	(28,385,776)	—	—	(313,184,165)
Right-to-use leased buildings	(180,851)	(203,264)	—	—	(384,115)
Improvements other than buildings	(608,281,717)	(52,831,030)	—	—	(661,112,747)
Right-to-use leased SBITA	—	(488,331)	—	—	(488,331)
Total accumulated depreciation/amortization	<u>(967,364,858)</u>	<u>(91,008,568)</u>	<u>—</u>	<u>1,083,248</u>	<u>(1,057,290,178)</u>
Total capital, lease, and subscription assets, being depreciated/amortized, net	<u>1,396,635,238</u>	<u>103,665,215</u>	<u>56,580,405</u>	<u>(11,446)</u>	<u>1,556,869,412</u>
Governmental activities capital, lease, and subscription assets, net	<u>\$ 1,864,319,133</u>	<u>\$ 249,122,243</u>	<u>\$ 840,911</u>	<u>\$ (12,446)</u>	<u>\$ 2,114,269,841</u>

City of Frisco

Notes to the Basic Financial Statements

Business-type Activities	Balance 10/1/2022, as restated	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2023
Capital assets, not being depreciated:					
Land	\$ 10,997,938	\$ 381,880	\$ —	\$ —	\$ 11,379,818
Construction-in-progress	32,765,658	27,038,721	—	—	59,804,379
Total capital asset, not being depreciated	43,763,596	27,420,601	—	—	71,184,197
Capital, lease, and subscription assets being depreciated/amortized					
Machinery and equipment	12,710,712	2,025,938	—	(349,020)	14,387,630
Right-to-use leased equipment	96,504	—	—	—	96,504
Buildings and improvements	10,178,723	—	—	—	10,178,723
Improvements other than buildings	676,983,083	28,598,687	—	—	705,581,770
Right-to-use leased SBITA	182,435	—	—	—	182,435
Total capital, lease, and subscription assets being depreciated/amortized	700,151,457	30,624,625	—	(349,020)	730,427,062
Less accumulated depreciation/amortization:					
Machinery and equipment	(9,632,670)	(1,016,472)	—	349,020	(10,300,122)
Right-to-use leased equipment	(21,850)	(21,850)	—	—	(43,700)
Buildings and improvements	(8,339,340)	(441,567)	—	—	(8,780,907)
Improvements other than buildings	(242,125,434)	(20,697,185)	—	—	(262,822,619)
Right-to-use leased SBITA	—	(91,218)	—	—	(91,218)
Total accumulated depreciation/amortization	(260,119,294)	(22,268,292)	—	349,020	(282,038,566)
Total capital, lease, and subscription assets, being depreciated/amortized, net	440,032,163	8,356,333	—	—	448,388,496
Business-type activities capital, lease, and subscription assets, net	<u>\$ 483,795,759</u>	<u>\$ 35,776,934</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 519,572,693</u>

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

Governmental activities	
General government	\$ 21,316,929
Public safety	7,705,598
Public works	52,692,640
Culture and recreation	9,293,401
Total depreciation/amortization expense governmental activities	<u>\$ 91,008,568</u>
Business-type activities	
Water & sewer	\$ 22,058,295
Stormwater drainage	156,477
Environmental services	53,520
Total depreciation/amortization expense business-type activities	<u>\$ 22,268,292</u>

City of Frisco

Notes to the Basic Financial Statements

Frisco Community Development Corporation	Balance 10/1/2022	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2023
Capital assets, not being depreciated:					
Land	\$ 72,267,431	\$ —	\$ (748,684)	\$ —	\$ 71,518,747
Total capital assets not being depreciated	72,267,431	—	(748,684)	—	71,518,747
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	(21,274,374)	(195,990)	—	—	(21,470,364)
Total capital assets, being depreciated, net	2,040,525	(195,990)	—	—	1,844,535
F CDC capital assets, net	\$ 74,307,956	\$ (195,990)	\$ (748,684)	\$ —	\$ 73,363,282

Frisco Economic Development Corporation	Balance 10/1/2022	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2023
Capital assets, not being depreciated:					
Land	\$ 16,137,801	\$ 445,000	\$ —	\$ —	\$ 16,582,801
Intangible asset	—	92,227	(92,227)	—	—
Total capital assets not being depreciated	16,137,801	537,227	(92,227)	—	16,582,801
Capital and lease assets, being depreciated/ amortized:					
Machinery and equipment	140,542	—	—	—	140,542
Right-to-use leased equipment	965	31,927	—	—	32,892
Buildings and improvements	60,963	495,876	—	—	556,839
Right-to-use leased building	379,196	—	—	—	379,196
Total capital and lease assets being depreciated/amortized	581,666	527,803	—	—	1,109,469
Less: accumulated depreciation/ amortization	(362,672)	(200,584)	—	—	(563,256)
Total capital and lease assets, being depreciated/amortized, net	218,994	327,219	—	—	546,213
FEDC capital and lease assets, net	\$ 16,356,795	\$ 864,446	\$ (92,227)	\$ —	\$ 17,129,014

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, 2023. The construction commitments or binding contracts totaled \$73,189,937 for the governmental capital projects fund; and \$40,301,504 for the business-type activities capital projects fund. Other funds also had outstanding encumbrances totaling \$7,929,857.

Governmental activities	
General fund	\$ 4,737,273
Capital projects fund	73,189,937
Nonmajor funds	394,569
Total outstanding commitments	<u>\$ 78,321,779</u>
Business-type activities	
Water & Sewer fund	\$ 2,053,326
Water & Sewer fund construction	40,301,504
Nonmajor funds	744,689
Total outstanding commitments	<u>\$ 43,099,519</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 10/1/2022	Additions	Deletions	Balance 9/30/2023	Amounts Due within one year
Note payable to City	\$ 14,895,000	\$ —	\$ 14,785,000	\$ 110,000	\$ 110,000
Note payable to bank	—	—	—	—	—
Premium	295,853	—	293,796	2,057	—
Discount	(37,119)	—	(37,119)	—	—
Total	<u>\$ 15,153,734</u>	<u>\$ —</u>	<u>\$ 15,041,677</u>	<u>\$ 112,057</u>	<u>\$ 110,000</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.

In August 2023, the City of Frisco issued General Obligation Refunding and Improvement Bonds, Series 2023. Proceeds of the sale of the bonds were used to refund bonds issued on behalf of the Community Development Corporation. \$12,550,000 of notes payable to the City were forgiven by the City at the time of the refunding. This is shown as program expenses on the City's Statement of Activities and as an operating contribution on the Community Development Corporation's Statement of Activities.

At September 30, 2023, the balance of the note payable to the City from the Community Development Corporation was \$112,057. This includes \$110,000 in the note balance, and a net premium/discount of \$2,057.

City of Frisco
Notes to the Basic Financial Statements

Note 8. Long-term Debt

Long-term debt at September 30, 2023 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	\$ 1,935,000
2014 Refunding and Improvement Bonds	09/16/2014	02/15/2034	3.000% - 5.000%	34,505,000	13,415,000
2015 A Refunding and Improvement Bonds	08/18/2015	02/15/2035	3.500% - 5.000%	81,335,000	49,785,000
2015 B Refunding Bonds	05/19/2015	02/15/2035	2.500% - 4.100%	6,040,000	4,045,000
2016 Refunding and Improvement Bonds	07/27/2016	02/15/2036	3.500% - 5.000%	115,575,000	66,610,000
2017 Improvement Bonds	07/18/2017	02/15/2037	3.000% - 5.000%	45,510,000	35,925,000
2018 Improvement Bonds	07/17/2018	02/15/2038	3.125% - 5.000%	53,635,000	44,380,000
2019 Improvement Bonds	07/31/2019	02/15/2039	3.000% - 5.000%	63,790,000	54,990,000
2020 Improvement Bonds	09/29/2020	02/15/2040	2.000% - 5.000%	26,790,000	23,985,000
2021 Refunding and Improvement Bonds	01/05/2021	02/15/2040	2.000% - 5.000%	89,950,000	73,810,000
2022 Refunding and Improvement Bonds	01/11/2022	02/15/2042	2.000% - 5.000%	86,520,000	81,190,000
2022 Improvement Bonds	01/11/2022	02/15/2042	1.300% - 2.650%	12,000,000	11,500,000
2023 G.O. Bonds Taxable	08/15/2023	02/15/2043	4.630% - 6.000%	20,490,000	20,490,000
2023 G.O. Refunding & Improvement	08/01/2023	02/15/2043	4.000% - 6.000%	142,195,000	142,195,000
Total				<u>\$ 887,880,000</u>	<u>\$ 624,255,000</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	\$ 2,555,000
2008 B Combination Tax and Revenue	02/15/2008	02/15/2033	6.050% - 6.375%	20,520,000	15,350,000
2009 Combination Tax and Limited Surplus Revenue	11/15/2009	02/15/2030	4.000% - 4.750%	3,105,000	1,165,000
2014 A Combination Tax and Limited Surplus Revenue	08/26/2014	02/15/2038	2.650% - 4.150%	90,000,000	68,910,000
2015 A Combination Tax and Limited Surplus Revenue	10/20/2015	02/15/2037	2.000% - 4.000%	9,015,000	6,880,000
2015 B Combination Tax and Limited Surplus Revenue	10/20/2015	02/15/2037	2.580% - 4.300%	20,740,000	15,900,000
2016 B Combination Tax and Limited Surplus Revenue	07/27/2016	02/15/2041	1.916% - 3.600%	20,500,000	17,075,000
2019 Combination Tax and Revenue	02/26/2019	02/15/2039	3.000% - 4.000%	35,000,000	30,065,000
2019 B Combination Tax and Surplus Revenue	07/31/2019	02/15/2039	2.350% - 3.050%	16,535,000	13,945,000
2022 B Combination Tax and Surplus Revenue	01/11/2022	02/15/2042	0.850% - 2.650%	39,510,000	37,705,000
2023 B Combination Tax and Surplus Revenue	08/15/2023	02/15/2043	4.600% - 5.250%	42,775,000	42,775,000
Total				<u>\$ 317,615,000</u>	<u>\$ 252,325,000</u>

Business-type Activities

General Obligation Bonds

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2014 Refunding and Improvement Bonds	09/16/2014	02/15/2024	5.000%	\$ 5,900,000	\$ 105,000
2015 A Refunding and Improvement Bonds	08/18/2015	02/15/2027	3.500% - 5.000%	26,375,000	11,895,000
2022 Refunding and Improvement Bonds	01/11/2022	02/15/2024	2.000%	1,755,000	885,000
2023 Refunding and Improvement Bonds	08/01/2023	02/15/2043	4.000% - 6.000%	19,315,000	19,315,000
Total				<u>\$ 53,345,000</u>	<u>\$ 32,200,000</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
2014 Combination Tax and Surplus Revenue	09/16/2014	02/15/2034	3.000% - 5.000%	\$ 13,810,000	\$ 9,100,000
2015 Combination Tax and Surplus Revenue	08/18/2015	02/15/2035	3.000% - 4.000%	14,965,000	10,090,000
2016 A Combination Tax and Limited Surplus Revenue	07/27/2016	02/15/2036	4.000%	17,065,000	12,555,000
2017 Combination Tax and Surplus Revenue	07/18/2017	02/15/2037	3.000% - 4.000%	14,455,000	11,210,000
2018 Combination Tax and Surplus Revenue	07/17/2018	02/15/2038	3.000% - 5.000%	14,705,000	12,030,000
2019 A Combination Tax and Surplus Revenue	07/31/2019	02/15/2039	2.500% - 4.000%	9,595,000	8,140,000
2020 Combination Tax and Surplus Revenue	09/29/2020	02/15/2040	2.000% - 5.000%	13,635,000	12,185,000
2021 Combination Tax and Surplus Revenue	01/05/2021	02/15/2040	2.000% - 5.000%	20,315,000	18,870,000
2022 A Combination Tax and Surplus Revenue	01/11/2022	02/15/2042	2.000% - 4.000%	13,855,000	13,360,000
2023 A Combination Tax and Surplus Revenue	08/15/2023	02/15/2043	4.000% - 5.000%	18,535,000	18,535,000
Total				<u>\$ 175,130,000</u>	<u>\$ 126,075,000</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	\$ 15,880,000
2015 Sales Tax Revenue Bonds	05/19/2015	02/15/2035	2.650% - 4.250%	6,000,000	4,040,000
2016 A Sales Tax Revenue Bonds	02/11/2016	02/15/2037	3.000% - 5.000%	21,690,000	17,105,000
2016 B Sales Tax Revenue Bonds	02/11/2016	02/15/2037	2.540% - 4.450%	15,180,000	11,640,000
Series 2022 C Sales Tax Revenue Refunding Bonds	03/01/2022	02/15/2032	0.650% - 2.250%	16,515,000	15,005,000
Series 2022 D Sales Tax Revenue Refunding Bonds	03/01/2022	02/15/2032	0.650% - 2.250%	15,535,000	14,115,000
Total				<u>\$ 99,920,000</u>	<u>\$ 77,785,000</u>

General obligation bonds and certificates of obligation mature annually in varying amounts through 2043. 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 August 2023, the City of Frisco issued General Obligation Refunding and Improvement Bonds, Series 2023 in the amount of \$161,510,000 with a net premium of \$12,673,713. Proceeds of the sale of the Bonds are to be used for (i) financing permanent improvements for Police and Fire, Streets, Public Works, and City Hall; (ii) to refund \$64,345,000 of General Obligation Refunding and Improvement Bonds, Series 2013, General Obligation Bonds, Series 2013, and Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013 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 \$2,155,298. As a result of the transaction the City reduced total debt service payments by \$3,135,281 and resulted in an economic gain of \$2,710,483.

In August 2023, the City of Frisco issued General Obligation Bonds, Taxable Series 2023 in the amount of \$20,490,000 with a net premium of \$267,926. Proceeds of the sale of the Bonds are to be used for financing permanent improvements for Parks and Recreation.

In August 2023, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023 A in the amount of \$18,535,000 with a net premium of \$1,702,756. 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; and (ii) to pay the costs associated with the issuance of the Certificates.

City of Frisco

Notes to the Basic Financial Statements

In August 2023, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2023 B in the amount of \$42,775,000 with a net premium of \$225,993. Proceeds from the sale of the Certificates will be used for (i) constructing improvements and extensions to the City's road system; and (ii) to pay the costs associated with the issuance of the Certificates.

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

Governmental Activities	Balance 10/1/2022, as restated	Increases	Decreases	Balance 9/30/2023	Amounts due within one year
Compensated absences	\$ 25,073,081	\$ 14,703,101	\$ 12,660,609	\$ 27,115,573	\$ 9,845,998
Leases	1,040,055	—	319,734	720,321	207,893
SBITAs	1,358,729	276,509	705,365	929,873	417,251
Pensions	12,092,034	45,067,637	—	57,159,671	—
OPEB	3,898,524	—	846,456	3,052,068	—
Rebates	—	2,076,664	—	2,076,664	800,293
General obligation bonds	547,535,000	162,685,000	85,965,000	624,255,000	44,460,000
Certificates of obligation	231,185,000	42,775,000	21,635,000	252,325,000	11,420,000
Premiums	34,699,617	12,166,495	9,482,513	37,383,599	—
Discounts	(660,711)	(624,813)	(169,191)	(1,116,333)	—
Total governmental activities	<u>\$ 856,221,329</u>	<u>\$ 279,125,593</u>	<u>\$ 131,445,486</u>	<u>\$ 1,003,901,436</u>	<u>\$ 67,151,435</u>

Business-type Activities	Balance 10/1/2022, as restated	Increases	Decreases	Balance 9/30/2023	Amounts due within one year
Compensated absences	\$ 2,675,084	\$ 1,489,949	\$ 1,293,665	\$ 2,871,368	\$ 1,229,490
Leases	77,864	—	22,345	55,519	22,710
SBITAs	182,435	—	91,667	90,768	90,768
Pensions	1,528,878	5,698,207	—	7,227,085	—
OPEB	492,915	—	107,023	385,892	—
Rebates	—	343,545	—	343,545	118,465
General obligation bonds	26,620,000	19,315,000	13,735,000	32,200,000	7,110,000
Certificates of obligation	128,495,000	18,535,000	20,955,000	126,075,000	6,085,000
Premiums	7,542,418	3,381,986	2,191,589	8,732,815	—
Discounts	(326,044)	(53,279)	(87,141)	(292,182)	—
Total business-type activities	<u>167,288,550</u>	<u>48,710,408</u>	<u>38,309,148</u>	<u>177,689,810</u>	<u>14,656,433</u>
Total primary government	<u>\$ 1,023,509,879</u>	<u>\$ 327,836,001</u>	<u>\$ 169,754,634</u>	<u>\$ 1,181,591,246</u>	<u>\$ 81,807,868</u>

Component Units	Balance 10/1/2022	Increases	Decreases	Balance 9/30/2023	Amounts due within one year
Compensated absences	\$ 273,705	\$ 136,918	\$ 145,012	\$ 265,611	\$ 111,126
Leases	192,335	31,927	197,945	26,317	8,019
Pensions	277,978	1,036,037	—	1,314,015	—
OPEB	89,622	—	19,460	70,162	—
Pollution Remediation Obligation	39,641,361	—	—	39,641,361	—
Sales tax revenue bonds	83,585,000	—	5,800,000	77,785,000	5,945,000
Notes payable – City	14,895,000	—	14,785,000	110,000	110,000
Premiums	1,104,803	—	473,824	630,979	—
Discounts	(89,199)	—	(42,662)	(46,537)	—
Total component units	<u>\$ 139,970,605</u>	<u>\$ 1,204,882</u>	<u>\$ 21,378,579</u>	<u>\$ 119,796,908</u>	<u>\$ 6,174,145</u>

City of Frisco

Notes to the Basic Financial Statements

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental activities for the years subsequent to September 30, 2023, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2024	\$ 55,880,000	\$ 33,850,633	\$ 89,730,633
2025	55,885,000	31,093,550	86,978,550
2026	50,735,000	28,680,561	79,415,561
2027	48,900,000	26,420,513	75,320,513
2028	48,060,000	24,212,767	72,272,767
2029-2033	262,200,000	88,520,578	350,720,578
2034-2038	242,255,000	39,452,704	281,707,704
2039-2043	112,665,000	8,526,499	121,191,499
Total	876,580,000	280,757,805	1,157,337,805
Plus: Unamortized bond premium	37,383,599	—	37,383,599
Less: Unamortized bond discount	(1,116,333)	—	(1,116,333)
Net debt service requirements	<u>\$ 912,847,266</u>	<u>\$ 280,757,805</u>	<u>\$ 1,193,605,071</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, 2023, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2024	\$ 13,195,000	\$ 5,929,265	\$ 19,124,265
2025	12,800,000	5,292,050	18,092,050
2026	12,335,000	4,702,725	17,037,725
2027	11,235,000	4,157,575	15,392,575
2028	8,485,000	3,718,828	12,203,828
2029-2033	48,170,000	12,791,038	60,961,038
2034-2038	37,160,000	4,865,187	42,025,187
2039-2043	14,895,000	926,850	15,821,850
Total	158,275,000	42,383,518	200,658,518
Plus: Unamortized bond premium	8,732,815	—	8,732,815
Less: Unamortized bond discount	(292,182)	—	(292,182)
Net debt service requirements	<u>\$ 166,715,633</u>	<u>\$ 42,383,518</u>	<u>\$ 209,099,151</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, 2023, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2024	\$ 3,355,000	\$ 1,568,652	\$ 4,923,652
2025	3,340,000	1,474,471	4,814,471
2026	3,445,000	1,374,185	4,819,185
2027	3,555,000	1,264,182	4,819,182
2028	3,690,000	1,145,066	4,835,066
2029-2033	18,860,000	3,722,596	22,582,596
2034-2037	10,765,000	881,754	11,646,754
Total	47,010,000	11,430,906	58,440,906
Plus: Unamortized bond premium	630,979	—	630,979
Less: Unamortized bond discount	(46,537)	—	(46,537)
Net debt service requirements	<u>\$ 47,594,442</u>	<u>\$ 11,430,906</u>	<u>\$ 59,025,348</u>

The following is a summary of pledged revenues for the Community Development Corporation for the year ended September 30, 2023:

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	\$34,397,985	\$4,802,557	14.0%	\$58,440,906	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, 2023, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2024	\$ 2,700,000	\$ 848,123	\$ 3,548,123
2025	2,770,000	790,268	3,560,268
2026	2,840,000	724,919	3,564,919
2027	2,920,000	653,105	3,573,105
2028	3,015,000	575,153	3,590,153
2029-2033	14,860,000	1,506,300	16,366,300
2034	1,780,000	37,380	1,817,380
Total	30,885,000	5,135,248	36,020,248
Debt service requirements	<u>\$ 30,885,000</u>	<u>\$ 5,135,248</u>	<u>\$ 36,020,248</u>

The following is a summary of pledged revenues for the Economic Development Corporation for the year ended September 30, 2023:

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	\$34,397,985	\$3,558,993	10.3%	\$36,020,248	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, 2022, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. At implementation of this statement and the commencement of leases beginning after October 1, 2022, 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	Lease Term in Years	Balance 10/1/22, as restated	Increases	Decreases	Ending Balance
Governmental Activities:						
Buildings	0.45%	3	\$ 486,220	\$ —	\$ 201,796	\$ 284,424
Equipment	0.45%	3	553,835	—	117,938	435,897
SBITAs	2.65-3.12%	2-4	1,358,729	276,509	705,365	929,873
Total governmental activities						\$ 1,650,194
Business-type activities:						
Equipment	1.62%	5	\$ 77,864	\$ —	\$ 22,345	55,519
SBITAs	3.10%	2	182,435	—	91,667	90,768
Total business-type activities						\$ 146,287
Component units:						
Buildings	0.45%	3	\$ 192,335	\$ —	\$ 192,335	—
Equipment	0.31%	3	—	31,927	5,610	26,317
Total component units						\$ 26,317

Annual requirements to amortize leases payable for the governmental activities for the years subsequent to September 30, 2023, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
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	11,595	3,405	15,000
2029-2033	61,550	13,450	75,000
2034-2038	67,956	7,043	74,999
2039-2040	29,125	877	30,002
Total	\$ 720,321	\$ 52,088	\$ 772,409

Annual requirements to amortize leases payable for the business-type activities for the years subsequent to September 30, 2023, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2024	\$ 22,710	\$ 733	\$ 23,443
2025	23,081	361	23,442
2026	9,728	40	9,768
Total	\$ 55,519	\$ 1,134	\$ 56,653

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, 2023, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2024	\$ 8,019	\$ 741	\$ 8,760
2025	8,285	475	8,760
2026	8,560	200	8,760
2027	1,453	6	1,459
Total	\$ 26,317	\$ 741	\$ 8,760

Annual requirements to amortize SBITAs payable for the governmental activities for the years subsequent to September 30, 2023, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2024	\$ 417,251	\$ 27,992	\$ 445,243
2025	352,713	15,851	368,564
2026	159,909	4,916	164,825
Total	\$ 929,873	\$ 48,759	\$ 978,632

Annual requirements to amortize SBITAs payable for the business-type activities for the years subsequent to September 30, 2023, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2024	\$90,768	\$2,820	\$93,588
Total	\$90,768	\$2,820	\$93,588

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 2023, the City rebated property taxes of \$2,143,747. Sales and use taxes rebated totaled \$5,818,337.

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 2023 fiscal year.

City of Frisco

Notes to the Basic Financial Statements

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. \$11,296 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. \$242,128 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 2023 fiscal year.

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 \$63,717 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 \$1,953,136 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 \$7,873 during the current year of the 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 \$105,763 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. \$1,792,210 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 \$177,745 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 \$3,280,425 for the current year of this grant.

City of Frisco

Notes to the Basic Financial Statements

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 \$123,994 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 \$204,094 for the current year of this grant.

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 over 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	310
Inactive employees entitled to but not yet receiving benefits	694
Active employees	<u>1,298</u>
Total	<u><u>2,302</u></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 14.25% and 14.12% in calendar years 2022 and 2023, respectively. The City’s and FEDC’s contributions to TMRS for the year ended September 30, 2023 were \$17,512,729 and were equal to the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 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 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.7%
Core Fixed Income	6.00%	4.9%
Non-Core Fixed Income	20.00%	8.7%
Other Public and Private Markets	12.00%	8.1%
Real Estate	12.00%	5.8%
Hedge Funds	5.00%	6.9%
Private Equity	10.00%	11.8%
	<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	\$ 373,823,222	\$ 359,924,332	\$ 13,898,890
Changes for the year:			
Service cost	21,098,272	—	21,098,272
Interest	25,653,262	—	25,653,262
Difference between expected and actual experience	3,099,398	—	3,099,398
Contributions-employer	—	16,331,343	(16,331,343)
Contributions-employee	—	8,035,744	(8,035,744)
Net investment income	—	(26,361,983)	26,361,983
Benefit payments, including refunds of employee contributions	(8,648,076)	(8,648,076)	—
Administrative expense	—	(227,352)	227,352
Other changes	—	271,299	(271,299)
Net changes	41,202,856	(10,599,025)	51,801,881
Balances, end of year	<u>\$ 415,026,078</u>	<u>\$ 349,325,307</u>	<u>\$ 65,700,771</u>

Changes in the Net Pension Liability of the City & FEDC

	City	FEDC	Totals
Balances, beginning of year	\$ 13,620,912	\$ 277,978	\$ 13,898,890
Changes for the year:			
Service cost	20,676,307	421,965	21,098,272
Interest	25,140,197	513,065	25,653,262
Difference between expected and actual experience	3,037,410	61,988	3,099,398
Contributions-employer	(16,004,716)	(326,627)	(16,331,343)
Contributions-employee	(7,875,029)	(160,715)	(8,035,744)
Net investment income	25,834,743	527,240	26,361,983
Administrative expense	222,805	4,547	227,352
Other changes	(265,873)	(5,426)	(271,299)
Net changes	50,765,844	1,036,037	51,801,881
Balances, end of year	<u>\$ 64,386,756</u>	<u>\$ 1,314,015</u>	<u>\$ 65,700,771</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 Net Pension Liability/(Asset)	\$ 133,564,408	\$ 64,386,756	\$ 8,507,997
FEDC Net Pension Liability/(Asset)	2,725,804	1,314,015	173,633

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, 2023, the City and FEDC recognized pension expense of \$21,442,619; \$21,013,767 for the City and \$428,852 for the FEDC.

At September 30, 2023, 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	\$ 3,989,392	\$ 2,001,832
Changes of assumptions	304,217	—
Net difference between projected and actual earnings on pension plan investments	23,707,686	—
Contributions subsequent to the measurement date	13,233,738	—
Total	<u>\$ 41,235,033</u>	<u>\$ 2,001,832</u>

Deferred Outflows and Inflows - FEDC

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,417	\$ 40,855
Changes of assumptions	6,209	—
Net difference between projected and actual earnings on pension plan investments	483,830	—
Contributions subsequent to the measurement date	270,076	—
Total	<u>\$ 841,532</u>	<u>\$ 40,855</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 \$13,233,738 for the City and \$270,076 contributed for the FEDC, will be recognized as a reduction of the net pension liability for measurement year ending December 31, 2023 (i.e. recognized in the City's and FEDC's financial statements September 30, 2024). 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
2024	\$ 2,858,427	\$ 58,335	\$ 2,916,762
2025	6,229,927	127,141	6,357,068
2026	6,420,171	131,024	6,551,195
2027	9,952,409	203,110	10,155,519
2028	380,185	7,759	387,944
Thereafter	158,344	3,232	161,576
Total	<u>\$ 25,999,463</u>	<u>\$ 530,601</u>	<u>\$ 26,530,064</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, 2023 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	<u>1,269</u>
Total	<u><u>1,275</u></u>

For TMRS supplemental death at the December 31, 2022 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	240
Inactive employees entitled to but not yet receiving benefits	165
Active employees	<u>1,298</u>
Total	<u><u>1,703</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:

Retiree Premiums	Retiree	Retiree + Spouse
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 0.03% in calendar years 2022 and 2023, respectively. The City's and FEDC's benefit payments to the SDBF for the year ended September 30, 2023 were \$11,475 and were equal to the required benefit payments.

Total OPEB Liability

The retiree health insurance total OPEB liability was measured as of September 30, 2023 and was determined by an actuarial valuation as of October 1, 2022.

The TMRS supplemental death total OPEB liability was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The retiree health insurance total OPEB liability in the October 1, 2022 actuarial valuation was determined using the following actuarial assumptions:

Discount rate	4.87% (4.77% 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)	6.70% / 7.90%
Ultimate rate (medical/Rx)	4.70% / 4.70%
Year ultimate is reached (medical/Rx)	2044 / 2044

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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate*	4.05% (1.84% 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 2022.

Changes in Total OPEB Liability Retiree Health Insurance	City	FEDC	Totals
Balance, beginning of year	\$ 1,615,665	\$ 32,973	\$ 1,648,638
Changes for the year:			
Service cost	113,848	2,323	116,171
Interest on the total OPEB liability	68,261	1,393	69,654
Difference between expected and actual experience	(279,943)	(5,713)	(285,656)
Changes in assumptions or other inputs	67,221	1,372	68,593
Benefit payments	(37,495)	(765)	(38,260)
Net changes	(68,108)	(1,390)	(69,498)
Balance, end of year	<u>\$ 1,547,557</u>	<u>\$ 31,583</u>	<u>\$ 1,579,140</u>

Changes in Total OPEB Liability TMRS Supplemental Death	City	FEDC	Totals
Balance, beginning of year	\$ 2,775,775	\$ 56,648	\$ 2,832,423
Changes for the year:			
Service cost	257,893	5,263	263,156
Interest on the total OPEB liability	53,240	1,087	54,327
Difference between expected and actual experience	35,475	724	36,199
Changes in assumptions or other inputs	(1,209,555)	(24,685)	(1,234,240)
Benefit payments **	(22,425)	(458)	(22,883)
Net changes	(885,372)	(18,069)	(903,441)
Balance, end of year	<u>\$ 1,890,403</u>	<u>\$ 38,579</u>	<u>\$ 1,928,982</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 4.87%, 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 (3.87%) or 1 percentage point higher (5.87%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's OPEB	\$ 1,698,784	\$ 1,547,557	\$ 1,410,034
FEDC's OPEB	34,669	31,583	28,776

The following presents the total OPEB liability of the City's and FEDC's TMRS supplemental plan calculated using the discount rate of 4.05%, 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 (3.05%) or 1 percentage point higher (5.05%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's OPEB	\$ 2,342,968	\$ 1,890,403	\$ 1,547,287
FEDC's OPEB	47,816	38,579	31,577

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.

	1% Decrease	Current Healthcare Rate	1% Increase
City's OPEB	\$ 1,350,322	\$ 1,547,557	\$ 1,781,385
FEDC's OPEB	\$ 27,558	\$ 31,583	\$ 36,355

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, 2023, the City recognized OPEB expense of \$250,400 for TMRS Supplemental Death and \$(387,295) for Retiree Health Insurance, \$(136,895) aggregated. The FEDC also recognized OPEB expense of \$5,110 for TMRS Supplemental Death and \$(7,904) for Retiree Health Insurance, \$(2,794) aggregated. At September 30, 2023, 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	\$ 212,683	\$ 1,855,750
Changes of assumptions	392,564	1,203,078
Total	<u>\$ 605,247</u>	<u>\$ 3,058,828</u>

Deferred Outflows and Inflows - FEDC

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,340	\$ 37,872
Changes of assumptions	8,012	24,553
Total	<u>\$ 12,352</u>	<u>\$ 62,425</u>

TMRS Supplemental Death

Deferred Outflows and Inflows - City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,848	\$ 178,519
Changes of assumptions	592,451	1,125,813
Benefit payments subsequent to the measurement date	9,235	—
Total	<u>\$ 682,534</u>	<u>\$ 1,304,332</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	\$ 1,650	\$ 3,643
Changes of assumptions	12,091	22,975
Benefit payments subsequent to the measurement date	188	—
Total	<u>\$ 13,929</u>	<u>\$ 26,618</u>

Deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date of \$9,423 will be recognized as a reduction of the total OPEB liability in the City's financial statements as of September 30, 2024. 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
2024	\$ (569,404)	\$ (11,620)	\$ (581,024)
2025	(563,014)	(11,490)	(574,504)
2026	(555,397)	(11,335)	(566,732)
2027	(518,866)	(10,589)	(529,455)
2028	(81,059)	(1,654)	(82,713)
Thereafter	(165,841)	(3,385)	(169,226)
Total	<u>\$ (2,453,581)</u>	<u>\$ (50,073)</u>	<u>\$ (2,503,654)</u>

TMRS Supplemental Death

Fiscal Year	City	FEDC	Total
2024	\$ (60,734)	\$ (1,239)	\$ (61,973)
2025	(60,734)	(1,239)	(61,973)
2026	(60,734)	(1,239)	(61,973)
2027	(75,410)	(1,539)	(76,949)
2028	(74,250)	(1,515)	(75,765)
Thereafter	(299,171)	(6,106)	(305,277)
Total	<u>\$ (631,033)</u>	<u>\$ (12,877)</u>	<u>\$ (643,910)</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 FY23, 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 2023 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, 2023 totaled \$3,280,000, 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
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
2023 - Health Insurance	3,050,000	21,873,352	21,643,352	3,280,000

Note 14. Interfund Receivables and Payables

All interfund receivables and payables are considered short-term and, at September 30, 2023, consisted of the following:

Due to	Due From	
	Nonmajor Governmental	Total
General Fund	\$ 3,420,096	\$ 3,420,096
Capital Projects	48,670	48,670
Total	<u>\$ 3,468,766</u>	<u>\$ 3,468,766</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	Capital Projects	Nonmajor Governmental	Major & Nonmajor Proprietary	Total
General Fund	\$ —	\$ —	\$ —	\$ 334,000	\$ 5,526,301	\$ 5,860,301
TIRZ #1	—	—	1,284,149	1,648,221	—	2,932,370
Capital projects	2,800,000	—	—	4,331,477	927,242	8,058,719
Debt service	—	24,885,030	—	4,570,231	—	29,455,261
Nonmajor Governmental	549,057	—	—	—	—	549,057
Major & Nonmajor Proprietary	—	—	515,781	—	546,094	1,061,875
Total	<u>\$ 3,349,057</u>	<u>\$ 24,885,030</u>	<u>\$ 1,799,930</u>	<u>\$ 10,883,929</u>	<u>\$ 6,999,637</u>	<u>\$ 47,917,583</u>

Transfer from fund	Transfer to fund	Amount
<u>General Fund:</u>		
Grant matching funds	Grants	549,057
Capital outlay funding	Capital Projects	2,800,000
<u>TIRZ #1 Fund:</u>		
Debt service funding requirements	Debt Service	24,885,030
<u>Capital Projects Fund:</u>		
Capital outlay funding	TIRZ #1	1,284,149
Capital outlay funding	Water & Sewer Fund	515,781
<u>Nonmajor Governmental Funds:</u>		
G&A for Special revenue funds	General Fund	334,000
Debt service funding requirements	TIRZ #1	1,648,221
Debt service funding requirements	Debt Service	4,570,231
Capital outlay funding	Capital Projects	4,331,477
<u>Proprietary Funds:</u>		
G&A for Water & Sewer	General Fund	4,264,028
G&A for Environmental Services	General Fund	1,162,273
G&A for Stormwater Drainage	General Fund	100,000
G&A Stormwater Drainage	Water & Sewer Fund	83,757
G&A Environmental Services	Water & Sewer Fund	462,337
Capital outlay funding	Capital Projects	927,242
Total		<u>\$ 47,917,583</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 bonds. 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, 2023 is \$18,825,000.

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, 2023 is \$45,200,000.

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, 2023.

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 party to several legal actions arising in the ordinary course of business. In the opinion of the City's management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

Note 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. On January 3, 2024 TCEQ issued the FCDC a permit to begin remediation work.



PROGRESS IN MOTION

REQUIRED SUPPLEMENTARY INFORMATION

City of Frisco

Schedule of Changes in the City's Net Pension Liability and Related Ratios Texas Municipal Retirement System Last 9 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	Measurement Year 2022
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	\$21,098,272
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	25,653,262
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)	3,099,398
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)	(8,648,076)
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	41,202,856
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	373,823,222
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>	<u>\$415,026,078</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	\$16,331,343
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	8,035,744
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	(26,361,983)
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)	(8,648,076)
Administrative expense	(72,257)	(123,767)	(114,632)	(124,330)	(122,154)	(191,510)	(132,032)	(183,937)	(227,352)
Other	(5,941)	(6,113)	(6,176)	(6,302)	(6,380)	(5,754)	(5,152)	1,260	271,299
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	(10,599,025)
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	359,924,332
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>	<u>\$349,325,307</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	\$65,700,771
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 %	84.17 %
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	\$114,415,791
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 %	57.42 %

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 9 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$17,512,729
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	17,512,729
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	\$122,151,806
Contributions as a percentage of covered payroll	14.21 %	15.97 %	14.27 %	14.27 %	14.32 %	14.24 %	14.45 %	14.40 %	14.34 %

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	23 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 6 Years

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022
Total OPEB liability:						
Service cost	\$ 106,518	\$ 133,879	\$ 124,316	\$ 177,711	\$ 226,681	\$ 263,156
Interest	45,281	49,513	61,071	56,394	52,355	54,327
Differences between expected and actual experience	—	113,083	(179,892)	(72,166)	(43,921)	36,199
Change in assumptions	141,034	(132,188)	382,085	395,893	103,201	(1,234,240)
Benefit payments, including refunds of employee contributions	(8,194)	(8,925)	(9,563)	(9,873)	(20,607)	(22,883)
Net change in total OPEB liability	284,639	155,362	378,017	547,959	317,709	(903,441)
Total OPEB liability - beginning	1,148,797	1,433,376	1,588,738	1,966,755	2,514,714	2,832,423
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>	<u>\$ 1,928,982</u>
Covered-employee payroll	\$81,936,863	\$89,252,684	\$95,627,868	\$98,728,589	\$103,036,970	\$114,415,791
Total OPEB liability as a percentage of covered-employee payroll	1.75 %	1.78 %	2.06 %	2.55 %	2.75 %	1.69 %

Valuation Date:

Actuarial valuation date

December 31, 2022

Measurement date

December 31, 2022

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 4.05%

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 1.84% in the prior year to 4.05%

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 6 Years

	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
Total OPEB liability:						
Service cost	\$ 344,784	\$ 336,696	\$ 510,603	\$ 187,028	\$ 178,478	\$ 116,171
Interest	161,496	203,940	164,355	48,012	44,448	69,654
Differences between expected and actual experience	—	(835,941)	(2,475,354)	339,178	(170,346)	(285,656)
Change in assumptions	(156,560)	977,496	(1,446,062)	(58,906)	(581,187)	68,593
Benefit payments, including refunds of employee contributions	20,225	18,495	(125,394)	(107,418)	(23,546)	(38,260)
Net change in total OPEB liability	369,945	700,686	(3,371,852)	407,894	(552,153)	(69,498)
Total OPEB liability - beginning	4,094,118	4,464,063	5,164,749	1,792,897	2,200,791	1,648,638
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>	<u>\$ 1,579,140</u>
Covered-employee payroll	\$89,564,242	\$96,215,258	\$99,251,317	\$103,704,002	\$116,674,082	\$124,659,002
Total OPEB liability as a percentage of covered-employee payroll	4.98 %	5.37 %	1.81 %	2.12 %	1.41 %	1.27 %

Valuation Date:

Actuarial valuation date	October 1, 2022
Measurement date	September 30, 2023
Last experience study date	September 30, 2021

Methods and assumptions used to determine contribution rates:

Discount rate as of measurement date	4.87%
Discount rate for OPEB expense	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) 6.70% / 7.90%

Ultimate rate (medical/Rx) 4.70% / 4.70%

Year ultimate rate is reached (medical/Rx) 2044 / 2044

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, 2023

	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	\$ 58,007,794	\$ 434,452	\$ —	\$ 434,452	\$ (57,573,342)
Charges for services	—	1,202,284	1,255,135	—	1,255,135	52,851
Investment earnings	—	6,000,000	15,903,620	—	15,903,620	9,903,620
Contributions, donations and grants	25,000,000	16,677,546	4,088,308	—	4,088,308	(12,589,238)
Payments from component units	7,600,000	14,144,955	2,745,733	—	2,745,733	(11,399,222)
Miscellaneous	—	1,831,185	1,000	—	1,000	(1,830,185)
Total revenues	75,600,000	97,863,764	24,428,248	—	24,428,248	(73,435,516)
EXPENDITURES						
Capital outlay	246,340,697	667,321,556	116,504,524	3,813,374	120,317,898	547,003,658
Debt service	1,000,000	1,000,000	1,334,437	—	1,334,437	(334,437)
Total expenditures	247,340,697	668,321,556	117,838,961	3,813,374	121,652,335	546,669,221
Deficiency of revenues under expenditures	(171,740,697)	(570,457,792)	(93,410,713)	(3,813,374)	(97,224,087)	473,233,705
OTHER FINANCING SOURCES (USES)						
Issuance of debt	143,125,000	163,317,518	164,610,000	—	164,610,000	1,292,482
Premium on bonds issued	—	9,224,042	9,224,042	—	9,224,042	—
Discount on bonds issued	—	(541,560)	(541,560)	—	(541,560)	—
Proceeds from sale of asset	—	—	17,000	—	17,000	17,000
Transfers in	18,894,000	50,864,521	8,058,719	—	8,058,719	(42,805,802)
Transfers out	—	(1,808,879)	(1,799,930)	—	(1,799,930)	8,949
Total other financing sources (uses)	162,019,000	221,055,642	179,568,271	—	179,568,271	(41,487,371)
Net change in fund balance	(9,721,697)	(349,402,150)	86,157,558	(3,813,374)	82,344,184	431,746,334
Fund balance, beginning	35,379,560	359,320,906	359,320,906	(69,376,563)	289,944,343	(69,376,563)
Fund balance, ending	\$ 25,657,863	\$ 9,918,756	\$ 445,478,464	\$ (73,189,937)	\$ 372,288,527	\$ 362,369,771

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Year Ended September 30, 2023

	Net Change in Fund Balance
GAAP basis	\$ 86,157,558
Expenditures:	
Increase due to encumbrances from prior year	69,376,563
Decrease due to encumbrances from current year	(73,189,937)
Budgetary basis	\$ 82,344,184

City of Frisco

Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2023

	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	\$ 60,557,859	\$ 60,526,659	\$ 60,757,881	\$ —	\$ 60,757,881	\$ 231,222
Investment earnings	96,000	600,000	754,069	—	754,069	154,069
Payments from component units	2,507,113	2,797,978	2,797,979	—	2,797,979	1
Total revenues	63,160,972	63,924,637	64,309,929	—	64,309,929	385,292
EXPENDITURES						
Debt service	90,314,220	89,219,027	88,916,652	—	88,916,652	302,375
Total expenditures	90,314,220	89,219,027	88,916,652	—	88,916,652	302,375
Deficiency of revenues under expenditures	(27,153,248)	(25,294,390)	(24,606,723)	—	(24,606,723)	687,667
OTHER FINANCING SOURCES (USES)						
Issuance of debt	—	40,840,800	40,850,000	—	40,850,000	9,200
Premium on bonds issued	—	2,942,453	2,942,453	—	2,942,453	—
Discount on bonds issued	—	(83,253)	(83,253)	—	(83,253)	—
Payment to refunded debt escrow agent	—	(44,500,000)	(44,479,734)	—	(44,479,734)	20,266
Transfers in	29,469,761	29,469,761	29,455,261	—	29,455,261	(14,500)
Total other financing sources (uses)	29,469,761	28,669,761	28,684,727	—	28,684,727	14,966
Net change in fund balance	2,316,513	3,375,371	4,078,004	—	4,078,004	702,633
Fund balance, beginning	282,717	2,868,346	2,868,346	—	2,868,346	—
Fund balance, ending	\$ 2,599,230	\$ 6,243,717	\$ 6,946,350	\$ —	\$ 6,946,350	\$ 702,633



PROGRESS IN MOTION

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.

Grants Fund - This fund is established to account for grants awarded to the City of Frisco in the governmental funds.

CDBG Fund - This fund was created to account for the Community Development Block Grant program revenues and expenditures.

Traffic Control Enforcement Fund - This fund was established to account for the automated red light enforcement system implemented by the City.

TIRZ #5 - This fund was established to account for the property taxes and sales taxes collected within the tax increment reinvestment zone #5.

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, 2023

	Special Revenue				
	Hotel/Motel Tax	Panther Creek PID	Grants	CDBG	Traffic Control Enforcement
ASSETS					
Cash and cash equivalents	\$ 8,230,893	\$ 4,463	\$ 10,046,952	\$ —	\$ 21,839
Investments	—	—	—	—	—
Receivables: (net of allowances for uncollectibles)					
Franchise tax	—	—	—	—	—
Occupancy tax	1,074,893	—	—	—	—
Grants	—	—	545,268	154,639	—
Assessments	—	24,211	—	—	—
Other	6,446	—	—	—	—
Leases receivables	266,295	—	—	—	—
Prepays	622,473	—	—	—	—
Total assets	10,201,000	28,674	10,592,220	154,639	21,839
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCES					
Liabilities:					
Accounts payable	274,104	—	142,570	8,681	—
Accrued liabilities	36,178	—	—	—	—
Unearned revenue	—	24,211	7,088,146	38,696	—
Monies held in escrow	—	—	—	—	—
Due to other funds	—	—	3,361,504	107,262	—
Total liabilities	310,282	24,211	10,592,220	154,639	—
Deferred inflows of resources:					
Leases related	262,331	—	—	—	—
FUND BALANCES					
Nonspendable	626,437	—	—	—	—
Restricted	9,001,950	4,463	—	—	21,839
Total fund balances	9,628,387	4,463	—	—	21,839
Total liabilities and fund balances	\$ 10,201,000	\$ 28,674	\$ 10,592,220	\$ 154,639	\$ 21,839

					Capital Projects		Total Nonmajor Governmental Funds
TIRZ #5	TIRZ #6	TIRZ #7	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	
\$ 1,241,364	\$ 170,554	\$ 570	\$ 189,654	\$ 492,121	\$ 23,078,594	\$ 20,580,621	\$ 64,057,625
—	—	—	—	1,052,141	22,632,726	8,443,184	32,128,051
—	—	—	—	49,784	—	—	49,784
—	—	—	—	—	—	—	1,074,893
—	—	—	—	—	—	—	699,907
—	—	—	—	—	—	—	24,211
—	—	—	—	304	149,233	22,547	178,530
—	—	—	—	—	—	—	266,295
—	—	—	—	—	—	—	622,473
<u>\$ 1,241,364</u>	<u>\$ 170,554</u>	<u>\$ 570</u>	<u>\$ 189,654</u>	<u>\$ 1,594,350</u>	<u>\$ 45,860,553</u>	<u>\$ 29,046,352</u>	<u>\$ 99,101,769</u>
—	—	—	5,585	—	1,000	—	431,940
—	—	—	—	—	—	—	36,178
—	—	—	—	—	—	—	7,151,053
—	—	—	—	—	8,896,069	—	8,896,069
—	—	—	—	—	—	—	3,468,766
<u>—</u>	<u>—</u>	<u>—</u>	<u>5,585</u>	<u>—</u>	<u>8,897,069</u>	<u>—</u>	<u>19,984,006</u>
—	—	—	—	—	—	—	262,331
—	—	—	—	—	—	—	626,437
1,241,364	170,554	570	184,069	1,594,350	36,963,484	29,046,352	78,228,995
1,241,364	170,554	570	184,069	1,594,350	36,963,484	29,046,352	78,855,432
<u>\$ 1,241,364</u>	<u>\$ 170,554</u>	<u>\$ 570</u>	<u>\$ 189,654</u>	<u>\$ 1,594,350</u>	<u>\$ 45,860,553</u>	<u>\$ 29,046,352</u>	<u>\$ 99,101,769</u>

City of Frisco

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

Nonmajor Governmental Funds

For the Year Ended September 30, 2023

	Special Revenue				
	Hotel/Motel Tax	Panther Creek PID	Grants	CDBG	Traffic Control Enforcement
REVENUES					
Property tax	\$ —	\$ —	\$ —	\$ —	\$ —
Sales tax	—	—	—	—	—
Franchise tax	—	—	—	—	—
Hotel/motel tax	10,518,328	—	—	—	—
Special assessments	—	103,416	—	—	—
Fines	—	—	—	—	—
Intergovernmental	1,524,836	—	—	—	—
Contributions, donations and grants	552,456	—	823,097	603,060	—
Investment earnings	236,415	30,479	—	—	6
Payments from component units	—	—	—	—	—
Miscellaneous	22,675	—	—	27,061	—
Total revenues	12,854,710	133,895	823,097	630,121	6
EXPENDITURES					
Current:					
General government	—	—	17,637	291,605	—
Public safety	—	—	1,213,793	—	28,276
Public works	—	—	133,307	—	—
Culture and recreation	5,311,658	—	—	—	—
Capital outlay	—	—	7,417	—	—
Debt Service:					
Principal retirement	138,316	—	—	—	—
Interest and fiscal charges	496	—	—	—	—
Total expenditures	5,450,470	—	1,372,154	291,605	28,276
Excess (deficiency) of revenues over (under) expenditures	7,404,240	133,895	(549,057)	338,516	(28,270)
OTHER FINANCING SOURCES (USES)					
Transfers in	—	—	549,057	—	—
Transfers out	(2,960,493)	(150,500)	—	(338,516)	—
Total other financing sources (uses)	(2,960,493)	(150,500)	549,057	(338,516)	—
Net change in fund balances	4,443,747	(16,605)	—	—	(28,270)
Fund balances, beginning	5,184,640	21,068	—	—	50,109
Fund balances, ending	\$ 9,628,387	\$ 4,463	\$ —	\$ —	\$ 21,839

					Capital Projects		Total Nonmajor Governmental Funds
TIRZ #5	TIRZ #6	TIRZ #7	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	
\$ 1,199,679	\$ 150,908	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,350,587
492,624	—	—	—	—	—	—	492,624
—	—	—	—	215,880	—	—	215,880
—	—	—	—	—	—	—	10,518,328
—	—	—	—	—	6,446,662	9,457,370	16,007,448
—	—	—	164,276	—	—	—	164,276
—	—	—	—	—	—	—	1,524,836
—	—	1,878,260	—	—	—	—	3,856,873
42,025	3,903	570	7,187	66,326	1,713,469	1,023,640	3,124,020
—	206,490	—	—	—	—	—	206,490
—	—	—	1,150	—	—	—	50,886
1,734,328	361,301	1,878,830	172,613	282,206	8,160,131	10,481,010	37,512,248
—	—	—	108,109	11,115	—	—	428,466
—	—	—	—	—	—	—	1,242,069
—	—	—	—	—	—	—	133,307
—	—	—	—	—	—	—	5,311,658
—	—	—	—	155,934	—	—	163,351
—	—	—	—	—	—	—	138,316
—	—	—	—	—	—	—	496
—	—	—	108,109	167,049	—	—	7,417,663
1,734,328	361,301	1,878,830	64,504	115,157	8,160,131	10,481,010	30,094,585
—	—	—	—	—	—	—	549,057
(1,272,709)	(206,490)	(1,878,260)	(84,000)	—	(2,165,098)	(1,827,863)	(10,883,929)
(1,272,709)	(206,490)	(1,878,260)	(84,000)	—	(2,165,098)	(1,827,863)	(10,334,872)
461,619	154,811	570	(19,496)	115,157	5,995,033	8,653,147	19,759,713
779,745	15,743	—	203,565	1,479,193	30,968,451	20,393,205	59,095,719
\$ 1,241,364	\$ 170,554	\$ 570	\$ 184,069	\$ 1,594,350	\$ 36,963,484	\$ 29,046,352	\$ 78,855,432

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, 2023

	Budgeted Amounts					Variance with Final Budget Positive (Negative)
	Original	Final	Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	
REVENUES						
Taxes:						
Hotel/motel tax	\$ 7,404,153	\$ 10,298,348	\$ 10,518,328	\$ —	\$ 10,518,328	\$ 219,980
Intergovernmental	1,460,010	1,460,010	1,524,836	—	1,524,836	64,826
Contributions	—	—	552,456	—	552,456	552,456
Investment earnings	2,000	125,000	236,415	—	236,415	111,415
Miscellaneous	42,125	42,125	22,675	—	22,675	(19,450)
Total revenues	8,908,288	11,925,483	12,854,710	—	12,854,710	929,227
EXPENDITURES						
Current:						
Culture and recreation	5,464,698	6,009,218	5,311,658	17,404	5,329,062	680,156
Debt Service:						
Principal retirement	—	—	138,316	—	138,316	(138,316)
Interest and fiscal charges	—	—	496	—	496	(496)
Total expenditures	5,464,698	6,009,218	5,450,470	17,404	5,467,874	541,344
Excess (deficiency) of revenues over (under) expenditures	3,443,590	5,916,265	7,404,240	(17,404)	7,386,836	1,470,571
OTHER FINANCING USES						
Lease financing	—	—	—	—	—	—
Transfers out	(2,710,493)	(2,960,493)	(2,960,493)	—	(2,960,493)	—
Total other financing sources (uses)	(2,710,493)	(2,960,493)	(2,960,493)	—	(2,960,493)	—
Net change in fund balance	733,097	2,955,772	4,443,747	(17,404)	4,426,343	1,470,571
Fund balance, beginning	3,791,973	5,184,640	5,184,640	(27,750)	5,156,890	(27,750)
Fund balance, ending	\$ 4,525,070	\$ 8,140,412	\$ 9,628,387	\$ (45,154)	\$ 9,583,233	\$ 1,442,821

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Year Ended September 30, 2023

	Net Change in Fund Balance
GAAP basis	4,443,747
Expenditures:	
Increase due to encumbrances from prior year	27,750
Decrease due to encumbrances for current year	(45,154)
Budgetary basis	\$ 4,426,343

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, 2023

	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	\$ 120,000	\$ 103,416	\$ —	\$ 103,416	\$ (16,584)
Investment earnings	35,000	30,000	30,479	—	30,479	479
Total revenues	165,000	150,000	133,895	—	133,895	(16,105)
OTHER FINANCING USES						
Transfers out	(165,000)	(165,000)	(150,500)	—	(150,500)	14,500
Net change in fund balance	—	(15,000)	(16,605)	—	(16,605)	(1,605)
Fund balance, beginning	8,228	21,068	21,068	—	21,068	—
Fund balance, ending	\$ 8,228	\$ 6,068	\$ 4,463	\$ —	\$ 4,463	\$ (1,605)

City of Frisco

Grants Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2023

	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	\$ 15,579,434	\$ 18,333,495	\$ 823,097	\$ —	\$ 823,097	\$ (17,510,398)
Total revenues	15,579,434	18,333,495	823,097	—	823,097	(17,510,398)
EXPENDITURES						
Current:						
General government	—	317,990	17,637	50,534	68,171	249,819
Public safety	2,385,534	1,799,287	1,213,793	13,496	1,227,289	571,998
Public works	—	2,168,821	133,307	—	133,307	2,035,514
Capital outlay	—	135,000	7,417	185,654	193,071	(58,071)
Total expenditures	2,385,534	4,421,098	1,372,154	249,684	1,621,838	2,799,260
Excess (deficiency) of revenues over (under) expenditures	13,193,900	13,912,397	(549,057)	(249,684)	(798,741)	(14,711,138)
OTHER FINANCING SOURCES (USES)						
Transfers in	250,000	500,000	549,057	—	549,057	49,057
Transfers out	(13,443,900)	(14,412,397)	—	—	—	14,412,397
Total other financing sources (uses)	(13,193,900)	(13,912,397)	549,057	—	549,057	14,461,454
Net change in fund balance	—	—	—	(249,684)	(249,684)	(249,684)
Fund balance, beginning	—	—	—	(99,731)	(99,731)	(99,731)
Fund balance, ending	\$ —	\$ —	\$ —	\$ (349,415)	\$ (349,415)	\$ (349,415)

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis For the Year Ended September 30, 2023

	Net Change in Fund Balance
GAAP basis	\$ —
Expenditures:	
Increase due to encumbrances from prior year	99,731
Decrease due to encumbrances for current year	(349,415)
Budgetary basis	\$ (249,684)

City of Frisco

CDBG Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2023

	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	\$ 1,811,391	\$ 716,928	\$ 603,060	\$ —	\$ 603,060	\$ (113,868)
Miscellaneous	13,000	26,809	27,061	—	27,061	252
Total revenues	1,824,391	743,737	630,121	—	630,121	(113,616)
EXPENDITURES						
Current						
General government	1,824,391	453,937	291,605	(14,000)	277,605	176,332
Capital outlay	—	—	—	—	—	—
Total expenditures	1,824,391	453,937	291,605	(14,000)	277,605	176,332
Excess (deficiency) of revenues over (under) expenditures	—	289,800	338,516	14,000	352,516	62,716
OTHER FINANCING USES						
Transfers out	—	(289,800)	(338,516)	—	(338,516)	(48,716)
Total other financing sources (uses)	—	(289,800)	(338,516)	—	(338,516)	(48,716)
Net change in fund balance	—	—	—	14,000	14,000	14,000
Fund balance, beginning	—	—	—	(14,000)	(14,000)	(14,000)
Fund balance, ending	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses From GAAP Basis to Budgetary Basis
For the Year Ended September 30, 2023

	Net Change in Fund Balance
GAAP basis	\$ —
Expenditures:	
Increase due to encumbrances from prior year	14,000
Decrease due to encumbrances for current year	—
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, 2023

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Investment earnings	\$ —	\$ —	\$ 6	\$ —	\$ 6	\$ 6
Total revenues	—	—	6	—	6	6
EXPENDITURES						
Current						
Public safety	53,031	40,000	28,276	—	28,276	11,724
Total expenditures	53,031	40,000	28,276	—	28,276	\$ 11,724
Net change in fund	(53,031)	(40,000)	(28,270)	—	(28,270)	(11,730)
Fund balance, beginning	53,031	50,109	50,109	—	50,109	—
Fund balance, ending	\$ —	\$ 10,109	\$ 21,839	\$ —	\$ 21,839	\$ 11,730

City of Frisco

TIRZ #5 Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2023

	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:							
Property tax	\$ 1,208,074	\$ 1,199,670	\$ 1,199,679	\$ —	\$ 1,199,679	\$ 9	
Sales tax	347,288	470,000	492,624	—	492,624	22,624	
Investment earnings	2,400	27,000	42,025	—	42,025	15,025	
Total revenues	1,557,762	1,696,670	1,734,328	—	1,734,328	37,658	
OTHER FINANCING SOURCES (USES)							
Transfers out	(1,272,709)	(1,272,709)	(1,272,709)	—	(1,272,709)	—	
Total other financing sources (uses)	(1,272,709)	(1,272,709)	(1,272,709)	—	(1,272,709)	—	
Net change in fund balance	285,053	423,961	461,619	—	461,619	37,658	
Fund balance, beginning	729,920	779,745	779,745	—	779,745	—	
Fund balance, ending	\$ 1,014,973	\$ 1,203,706	\$ 1,241,364	\$ —	\$ 1,241,364	\$ 37,658	

City of Frisco

TIRZ #6 Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2023

	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:							
Property tax	\$ 34,487	\$ 150,908	\$ 150,908	\$ —	\$ 150,908	\$ —	
Interest income	—	1,000	3,903	—	3,903	2,903	
Payments from component units	\$ 206,490	\$ 206,490	\$ 206,490	\$ —	\$ 206,490	\$ —	
Total revenues	240,977	358,398	361,301	—	361,301	2,903	
OTHER FINANCING SOURCES (USES)							
Transfers out	(206,490)	(206,490)	(206,490)	—	(206,490)	—	
Total other financing sources (uses)	(206,490)	(206,490)	(206,490)	—	(206,490)	—	
Net change in fund balance	34,487	151,908	154,811	—	154,811	2,903	
Fund balance, beginning	—	15,743	15,743	—	15,743	—	
Fund balance, ending	\$ 34,487	\$ 167,651	\$ 170,554	\$ —	\$ 170,554	\$ 2,903	

City of Frisco
TIRZ #7 Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2023

	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:						
Property tax	\$ 220	\$ —	\$ —	\$ —	\$ —	\$ —
Interest income	—	600	570	—	570	(30)
Contributions, donations and grants	1,878,040	1,878,260	1,878,260	—	1,878,260	—
Payments from component units	\$ —	\$ 1,808,879	\$ —	\$ —	\$ —	\$ (1,808,879)
Total revenues	1,878,260	3,687,739	1,878,830	—	1,878,830	(1,808,909)
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,878,260)	(1,878,260)	(1,878,260)	—	(1,878,260)	—
Total other financing sources (uses)	(1,878,260)	(1,878,260)	(1,878,260)	—	(1,878,260)	—
Net change in fund balance	—	1,809,479	570	—	570	(1,808,909)
Fund balance, beginning	—	—	—	—	—	—
Fund balance, ending	\$ —	\$ 1,809,479	\$ 570	\$ —	\$ 570	\$ (1,808,909)

City of Frisco

Court Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2023

	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	\$ 126,400	\$ 143,000	\$ 164,276	\$ —	\$ 164,276	\$ 21,276
Investment earnings	600	6,560	7,187	—	7,187	627
Miscellaneous	—	1,200	1,150	—	1,150	(50)
Total revenues	127,000	150,760	172,613	—	172,613	21,853
EXPENDITURES						
Current						
General government	155,176	139,176	108,109	—	108,109	31,067
Total expenditures	155,176	139,176	108,109	—	108,109	31,067
Excess (deficiency) of revenues over (under) expenditures	(28,176)	11,584	64,504	—	64,504	52,920
OTHER FINANCING USES						
Transfers out	(84,000)	(84,000)	(84,000)	—	(84,000)	—
Total other financing sources (uses)	(84,000)	(84,000)	(84,000)	—	(84,000)	—
Net change in fund balance	(112,176)	(72,416)	(19,496)	—	(19,496)	52,920
Fund balance, beginning	138,340	203,565	203,565	—	203,565	—
Fund balance, ending	\$ 26,164	\$ 131,149	\$ 184,069	\$ —	\$ 184,069	\$ 52,920

City of Frisco

PEG Cable Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended September 30, 2023

	Budgeted Amounts					Variance with Final Budget Positive (Negative)
	Original	Final	Actual on a GAAP Basis	Adjustments - Budgetary Basis	Actual on a Budgetary Basis	
REVENUES						
Taxes:						
Franchise	\$ 225,000	\$ 170,000	\$ 215,880	\$ —	\$ 215,880	\$ 45,880
Investment earnings	3,200	45,000	66,326	—	66,326	21,326
Total revenues	228,200	215,000	282,206	—	282,206	67,206
EXPENDITURES						
Current:						
General government	—	50,000	11,115	—	11,115	38,885
Capital outlay	609,380	209,380	155,934	—	155,934	53,446
Total expenditures	609,380	259,380	167,049	—	167,049	92,331
Net change in fund balance	(381,180)	(44,380)	115,157	—	115,157	159,537
Fund balance, beginning	1,121,273	1,479,193	1,479,193	—	1,479,193	—
Fund balance, ending	\$ 740,093	\$ 1,434,813	\$ 1,594,350	\$ —	\$ 1,594,350	\$ 159,537

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, 2023

	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	\$ —	\$ 4,200,000	\$ 6,446,662	\$ —	\$ 6,446,662	\$ 2,246,662
Investment earnings	—	1,400,000	1,713,469	—	1,713,469	313,469
Total revenues	—	5,600,000	8,160,131	—	8,160,131	2,560,131
OTHER FINANCING SOURCES (USES)						
Transfers out	—	(32,805,505)	(2,165,098)	—	(2,165,098)	30,640,407
Total other financing sources (uses)	—	(32,805,505)	(2,165,098)	—	(2,165,098)	30,640,407
Net change in fund balance	—	(27,205,505)	5,995,033	—	5,995,033	33,200,538
Fund balance, beginning	8,767,874	30,968,451	30,968,451	—	30,968,451	—
Fund balance, ending	<u>\$ 8,767,874</u>	<u>\$ 3,762,946</u>	<u>\$36,963,484</u>	<u>\$ —</u>	<u>\$36,963,484</u>	<u>\$33,200,538</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, 2023

	Budgeted Amounts					
	Original	Final	Actual on a GAAP Basis	Adjustments - Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES						
Special assessments	\$ —	\$ 6,000,000	\$ 9,457,370	\$ —	\$ 9,457,370	\$ 3,457,370
Investment earnings	—	200,000	1,023,640	—	1,023,640	823,640
Total revenues	—	6,200,000	10,481,010	—	10,481,010	4,281,010
OTHER FINANCING SOURCES (USES)						
Transfers out	(15,000,000)	(10,409,290)	(1,827,863)	—	(1,827,863)	8,581,427
Total other financing sources (uses)	(15,000,000)	(10,409,290)	(1,827,863)	—	(1,827,863)	8,581,427
Net change in fund balance	(15,000,000)	(4,209,290)	8,653,147	—	8,653,147	12,862,437
Fund balance, beginning	15,247,050	20,393,205	20,393,205	—	20,393,205	—
Fund balance, ending	<u>\$ 247,050</u>	<u>\$16,183,915</u>	<u>\$29,046,352</u>	<u>\$ —</u>	<u>\$29,046,352</u>	<u>\$12,862,437</u>



PROGRESS IN MOTION

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, 2023

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Nonmajor Proprietary Fund Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,183,101	\$ 6,648,494	\$ 11,831,595
Investments	481,953	—	481,953
Receivables: (net of allowances for uncollectibles)			
Other	369	39,958	40,327
Total current assets	5,665,423	6,688,452	12,353,875
Noncurrent assets			
Capital assets:			
Buildings and improvements	—	147,742	147,742
Improvements other than buildings	—	92,190	92,190
Machinery and equipment	1,798,157	798,848	2,597,005
Accumulated depreciation	(1,215,521)	(724,255)	(1,939,776)
Total capital assets (net of accumulated depreciation)	582,636	314,525	897,161
Total noncurrent assets	582,636	314,525	897,161
Total assets	6,248,059	7,002,977	13,251,036
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	420,766	420,766	841,532
OPEB items	13,141	13,141	26,282
Total deferred outflows of resources	433,907	433,907	867,814

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Nonmajor Proprietary Fund Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 913,300	\$ 1,327,459	\$ 2,240,759
Accrued liabilities	31,327	35,534	66,861
Monies held in escrow	27,116	—	27,116
Compensated absences	102,631	155,797	258,428
Total current liabilities	1,074,374	1,518,790	2,593,164
Noncurrent liabilities:			
Compensated absences	114,109	214,328	328,437
Pension	657,008	657,008	1,314,016
OPEB	35,081	35,081	70,162
Total noncurrent liabilities	806,198	906,417	1,712,615
Total liabilities	1,880,572	2,425,207	4,305,779
DEFERRED INFLOWS OF RESOURCES			
Pension items	20,428	20,428	40,856
OPEB items	44,523	44,523	89,046
Total deferred inflows of resources	64,951	64,951	129,902
NET POSITION			
Net investment in capital assets	582,636	314,525	897,161
Unrestricted	4,153,807	4,632,201	8,786,008
Total net position	\$ 4,736,443	\$ 4,946,726	\$ 9,683,169



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, 2023

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Nonmajor Proprietary Fund Total
OPERATING REVENUES			
Charges for sales and services:			
Sanitation charges	\$ —	\$ 27,507,315	\$ 27,507,315
Stormwater drainage fees	5,434,009	—	5,434,009
Miscellaneous	—	43,848	43,848
Total operating revenues	5,434,009	27,551,163	32,985,172
OPERATING EXPENSES			
Cost of sales and services	—	19,743,664	19,743,664
Administration	5,964,478	4,197,806	10,162,284
Depreciation	156,477	53,520	209,997
Total operating expenses	6,120,955	23,994,990	30,115,945
Operating income (loss)	(686,946)	3,556,173	2,869,227
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	52,941	135,155	188,096
Intergovernmental contributions	2,174,057	—	2,174,057
Contributions and grants	—	15,534	15,534
Gain on sale of equipment	34,100	—	34,100
Total non-operating revenues	2,261,098	150,689	2,411,787
Income before transfers	1,574,152	3,706,862	5,281,014
TRANSFERS			
Transfers out	(1,110,999)	(1,624,610)	(2,735,609)
Total transfers	(1,110,999)	(1,624,610)	(2,735,609)
Change in net position	463,153	2,082,252	2,545,405
Net position, beginning	4,273,290	2,864,474	7,137,764
Net position, ending	\$ 4,736,443	\$ 4,946,726	\$ 9,683,169

City of Frisco

Combining Statement of Cash Flows Nonmajor Proprietary Fund Financial Statements For the Year Ended September 30, 2023

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Nonmajor Proprietary Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,431,509	\$ 27,507,315	\$ 32,938,824
Cash payments to suppliers for goods and services	(3,394,290)	(21,668,986)	(25,063,276)
Cash payments to employees for services	(1,790,308)	(2,006,607)	(3,796,915)
Other receipts	—	43,848	43,848
Net cash provided by operating activities	246,911	3,875,570	4,122,481
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers made to other funds	—	(1,624,610)	(1,624,610)
Contributions	—	15,534	15,534
Net cash used by noncapital financing activities	—	(1,609,076)	(1,609,076)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(21,648)	(142,895)	(164,543)
Proceeds from sale or transfer of equipment	34,100	—	34,100
Intergovernmental payments for capital construction	2,174,057	—	2,174,057
Transfers made to other funds for capital construction	(1,110,999)	—	(1,110,999)
Net cash provided (used) in capital and related financing activities	1,075,510	(142,895)	932,615
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(483,155)	—	(483,155)
Proceeds from sale and maturities of investment securities	490,249	—	490,249
Interest on investments	50,457	135,156	185,613
Net cash provided by investing activities	57,551	135,156	192,707
Net increase in cash and cash equivalents	1,379,972	2,258,755	3,638,727
Cash and cash equivalents, beginning	3,803,129	4,389,739	8,192,868
Cash and cash equivalents, ending	\$ 5,183,101	\$ 6,648,494	\$ 11,831,595

	Business-type Activities Enterprise Fund		
	Stormwater Drainage	Environmental Services	Nonmajor Proprietary Fund Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (686,946)	\$ 3,556,173	\$ 2,869,227
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	156,477	53,520	\$ 209,997
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - other	—	520	520
Pension deferred outflow of resources	(268,313)	(268,313)	(536,626)
OPEB deferred outflow of resources	2,010	2,010	4,020
Increase (decrease) in-			
Accounts payable	750,803	154,579	905,382
Accrued liabilities	5,713	10,666	16,379
Liability for compensated absences	(14,715)	62,033	47,318
Pension deferred inflow of resources	(209,612)	(209,612)	(419,224)
OPEB deferred inflow of resources	5,704	5,704	11,408
Net pension liability	518,019	518,019	1,036,038
OPEB liability	(9,729)	(9,729)	(19,458)
Deposits and escrows	(2,500)	—	(2,500)
Total adjustments	933,857	319,397	1,253,254
Net cash provided by operating activities	\$ 246,911	\$ 3,875,570	\$ 4,122,481



PROGRESS IN MOTION

COMPONENT UNITS

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

Community Development Fund - The FCDC benefits the City and its citizens by developing recreational resources. It operates primarily within the geographic boundaries of the City and funding is derived from a half cent sales tax.

Economic Development Fund - FEDC benefits the City and its citizens by developing economic resources. Funding for this organization is derived from a half cent sales tax.

Charitable Foundation Fund - The Charitable Foundation benefits the City and its citizens through developing resources for recreational, cultural arts, senior adult and other related community development needs. Funding is derived from contributions.

City of Frisco
Combining Balance Sheet
Component Units
September 30, 2023

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
ASSETS				
Cash and cash equivalents	\$ 26,866,521	\$ 37,151,324	\$ 44,657	\$ 64,062,502
Investments	34,174,279	29,418,310	—	63,592,589
Receivables: (net of allowances for uncollectible)				
Sales tax	5,840,485	5,840,485	—	11,680,970
Leases receivables	9,927	89,623	—	99,550
PPP receivables	236,701	—	—	236,701
Other	85,119	175,377	—	260,496
Prepays	—	125,620	—	125,620
Land held for resale	33,316,565	36,051,721	—	69,368,286
Restricted assets:				
Cash and cash equivalents	39,201,499	2,208,537	—	41,410,036
Investments	—	1,800,000	—	1,800,000
Total assets	<u>139,731,096</u>	<u>112,860,997</u>	<u>44,657</u>	<u>252,636,750</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities				
Accounts payable	2,401,786	1,747,496	—	4,149,282
Accrued liabilities	1,819	27,237	—	29,056
Deposits	—	25,000	—	25,000
Total liabilities	<u>2,403,605</u>	<u>1,799,733</u>	<u>—</u>	<u>4,203,338</u>
Deferred inflows of resources:				
Lease related	9,585	88,568	—	98,153
PPP related	233,406	—	—	233,406
Total deferred inflows of resources	<u>242,991</u>	<u>88,568</u>	<u>—</u>	<u>331,559</u>
Fund balances:				
Nonspendable:				
Prepaid expenses	69,448	126,675	—	196,123
Land held for resale	33,316,565	36,051,721	—	69,368,286
Restricted for:				
Capital projects for future construction	2,302,760	4,008,537	—	6,311,297
Assigned for:				
Pollution remediation	43,978,587	—	—	43,978,587
Unassigned	57,417,140	70,785,763	44,657	128,247,560
Total fund balances	<u>137,084,500</u>	<u>110,972,696</u>	<u>44,657</u>	<u>248,101,853</u>
Total liabilities and fund balances	<u>\$ 139,731,096</u>	<u>\$ 112,860,997</u>	<u>\$ 44,657</u>	<u>\$ 252,636,750</u>

City of Frisco

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

Component Units

For the Year Ended September 30, 2023

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Components Units
REVENUES				
Sales tax	\$ 34,397,985	\$ 34,397,985	\$ —	\$ 68,795,970
Investment earnings	3,968,468	2,771,580	1,931	6,741,979
Contributions	—	43,775	168,135	211,910
Charges for Services	28,735	—	—	28,735
Rents	210,222	45,707	—	255,929
Payments from primary government	14,993,256	—	—	14,993,256
Miscellaneous	2,536,789	—	—	2,536,789
Total Revenues	56,135,455	37,259,047	170,066	93,564,568
EXPENDITURES				
Current:				
General government	21,138,156	17,855,278	—	38,993,434
Culture and recreation	5,051,143	—	150,691	5,201,834
Capital outlay	1,085,043	1,065,029	—	2,150,072
Debt service:				
Principal retirement	5,390,000	2,842,945	—	8,232,945
Interest and fiscal charges	1,997,357	916,271	—	2,913,628
Total expenditures	34,661,699	22,679,523	150,691	57,491,913
Excess (deficiency) of revenues over (under) expenditures	21,473,756	14,579,524	19,375	36,072,655
OTHER FINANCING SOURCES (USES)				
Lease financing	—	31,927	—	31,927
Total other financing sources	—	31,927	—	31,927
Net change in fund balances	21,473,756	14,611,451	19,375	36,104,582
Fund balances, beginning*	115,612,197	96,361,245	25,282	211,998,724
Change in accounting principle (see note 1)	(1,453)	—	—	(1,453)
Fund balances, beginning as restated	115,610,744	96,361,245	25,282	211,997,271
Fund balances, ending	\$ 137,084,500	\$ 110,972,696	\$ 44,657	\$ 248,101,853

*Fund balances, beginning, as restated

City of Frisco

Reconciliation of the Combining Balance Sheet of Component Units to the Statement of Net Position September 30, 2023

Total fund balances per balance sheet	\$	248,101,853
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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.	90,492,296
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Deferred outflow of resources are not financial resources and, therefore, are not reported at the fund level.	919,567
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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	77,785,000
Notes payable	694,442
Pollution remediation obligations	39,641,361
Accrued interest payable	320,360
Leases payable	26,317
Compensated absences	265,611
Net pension liability & related deferred inflows	1,354,870
Total OPEB liability & related deferred inflows	159,205

Total long-term liabilities	(120,247,166)
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Total net position - component units	\$	<u>219,266,550</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, 2023

Net change in fund balances - total component units	\$	36,104,582
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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 capital outlay exceeded depreciation in the current period.	668,454
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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	(840,911)
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Contribution from the City for CDC Note Forgiveness	\$	12,550,000
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,201,018
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>222,315</u>
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Change in net position of component units	\$	<u>56,905,458</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>	138
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	149
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>	158
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>	164
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>	166

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities				
Net investment in capital assets	\$ 754,405,379	\$ 886,959,457	\$ 1,051,389,064	\$ 1,123,429,533
Restricted	5,053,305	54,319,922	62,763,394	69,106,670
Unrestricted	101,786,356	29,893,408	43,272,641	45,371,848
Total governmental activities net position	<u>861,245,040</u>	<u>971,172,787</u>	<u>1,157,425,099</u>	<u>1,237,908,051</u>
Business-type activities				
Net investment in capital assets	195,229,947	222,392,769	249,009,918	271,084,999
Restricted	21,881,788	26,256,457	29,954,906	31,907,294
Unrestricted	42,695,312	44,321,482	47,844,692	49,288,154
Total business-type activities net position	<u>259,807,047</u>	<u>292,970,708</u>	<u>326,809,516</u>	<u>352,280,447</u>
Primary government				
Net investment in capital assets	949,635,326	1,109,352,226	1,300,398,982	1,394,514,532
Restricted	26,935,093	80,576,379	92,718,300	101,013,964
Unrestricted	144,481,668	74,214,890	91,117,333	94,660,002
Total primary government net position	<u>\$ 1,121,052,087</u>	<u>\$ 1,264,143,495</u>	<u>\$ 1,484,234,615</u>	<u>\$ 1,590,188,498</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1,215,381,073	\$ 1,315,371,557	\$ 1,375,189,312	\$ 1,377,424,378	\$ 1,418,589,171	\$ 1,629,704,647
71,803,680	77,158,120	74,348,180	83,564,484	79,492,981	115,789,781
48,218,988	54,966,379	63,089,924	76,019,002	102,827,708	125,352,724
<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>	<u>1,870,847,152</u>
306,888,683	330,734,056	359,016,697	367,819,577	384,612,613	417,152,759
32,201,559	37,917,240	36,861,360	45,397,680	48,698,597	52,921,452
58,893,202	59,555,627	69,008,288	73,012,369	90,052,754	106,993,492
<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>	<u>577,067,703</u>
1,522,269,756	1,646,105,613	1,734,206,009	1,745,243,955	1,803,201,784	2,046,857,406
104,005,239	115,075,360	111,209,540	128,962,164	128,191,578	168,711,233
107,112,190	114,522,006	132,098,212	149,031,371	192,880,462	232,346,216
<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>	<u>\$ 2,447,914,855</u>

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

	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 50,945,132	\$ 53,318,813	\$ 56,719,612	\$ 71,141,026
Public safety	52,340,573	57,906,328	66,878,782	75,124,144
Public works	32,827,619	39,730,064	46,082,286	44,655,377
Culture & recreation	28,062,191	29,483,819	33,135,218	35,598,228
Interest on long-term debt	18,631,848	18,443,803	17,577,838	19,087,970
Total governmental activities expenses	<u>182,807,363</u>	<u>198,882,827</u>	<u>220,393,736</u>	<u>245,606,745</u>
Business-type activities:				
Water & sewer	61,177,648	66,188,799	78,892,654	95,527,532
Non-major enterprise funds	11,674,055	12,337,646	13,713,061	14,762,734
Total business-type activities expenses	<u>72,851,703</u>	<u>78,526,445</u>	<u>92,605,715</u>	<u>110,290,266</u>
Total primary government expenses	<u>\$ 255,659,066</u>	<u>\$ 277,409,272</u>	<u>\$ 312,999,451</u>	<u>\$ 355,897,011</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 18,854,018	\$ 19,912,210	\$ 20,285,841	\$ 22,097,082
Public safety	2,598,721	3,174,725	3,829,863	4,451,318
Public works	98,633	205,469	117,529	123,470
Culture & recreation	4,845,465	5,433,040	5,857,044	6,029,895
Operating grants and contributions	4,666,348	3,236,153	4,944,360	4,305,641
Capital grants and contributions	49,626,979	122,651,198	199,150,396	87,384,164
Total governmental activities program revenues	<u>80,690,164</u>	<u>154,612,795</u>	<u>234,185,033</u>	<u>124,391,570</u>
Business-type activities:				
Charges for services:				
Water & sewer	56,263,446	69,190,052	79,399,924	84,814,386
Non-major enterprise funds	13,384,328	15,989,296	16,202,674	17,083,995
Operating grants and contributions	17,466	41,366	67,965	142,500
Capital grants and contributions	25,480,432	29,793,281	32,233,793	34,841,951
Total business-type activities program revenues	<u>95,145,672</u>	<u>115,013,995</u>	<u>127,904,356</u>	<u>136,882,832</u>
Total primary government program revenues	<u>\$ 175,835,836</u>	<u>\$ 269,626,790</u>	<u>\$ 362,089,389</u>	<u>\$ 261,274,402</u>
Net (expense)/revenue				
Governmental activities	\$ (102,117,199)	\$ (44,270,032)	\$ 13,791,297	\$ (121,215,175)
Business-type activities	22,293,969	36,487,550	35,298,641	26,592,566
Total primary government net expense	<u>\$ (79,823,230)</u>	<u>\$ (7,782,482)</u>	<u>49,089,938</u>	<u>(94,622,609)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 75,849,283	\$ 85,412,246	\$ 97,716,101	\$ 112,456,629
Sales taxes	34,196,948	36,003,036	37,826,251	40,408,821
Franchise taxes	9,041,655	9,338,941	9,366,054	10,126,891
Other taxes	4,565,581	5,019,906	5,278,619	5,678,518
Ad valorem taxes, Intergovernmental	26,077,693	37,600,247	18,109,962	28,275,708
Investment earnings	222,548	859,102	1,805,611	2,717,226
Transfers	573,076	306,393	2,358,417	2,034,334
Total governmental activities	<u>150,526,784</u>	<u>174,539,871</u>	<u>172,461,015</u>	<u>201,698,127</u>
Business-type activities:				
Intergovernmental	104,000	105,040	446,978	124,048
Investment earnings	116,631	267,813	451,606	788,651
Transfers	(573,076)	(306,393)	(2,358,417)	(2,034,334)
Total business-type activities	<u>(352,445)</u>	<u>66,460</u>	<u>(1,459,833)</u>	<u>(1,121,635)</u>
Total primary government	<u>150,174,339</u>	<u>174,606,331</u>	<u>171,001,182</u>	<u>200,576,492</u>
Change in Net Position				
Governmental activities	48,409,585	130,269,839	186,252,312	80,482,952
Business-type activities	21,941,524	36,554,010	33,838,808	25,470,931
Total primary government net expense	<u>\$ 70,351,109</u>	<u>\$ 166,823,849</u>	<u>\$ 220,091,120</u>	<u>\$ 105,953,883</u>

2018	2019	2020	2021	2022	2023
\$ 75,995,523	\$ 81,789,316	\$ 93,428,738	\$ 92,795,035	\$ 102,466,806	\$ 107,480,307
82,425,573	92,202,109	95,145,910	106,713,823	105,809,779	122,379,383
49,265,749	51,333,497	53,555,748	62,311,511	65,960,543	71,000,153
39,046,786	40,449,835	37,418,970	32,772,532	35,623,318	43,578,414
18,785,636	21,126,900	22,274,232	22,093,367	23,800,021	36,546,363
265,519,267	286,901,657	301,823,598	316,686,268	333,660,467	380,984,620
93,666,630	101,466,829	103,357,849	107,973,934	114,982,995	131,605,087
17,221,827	19,367,794	20,575,386	26,232,863	24,983,495	30,115,945
110,888,457	120,834,623	123,933,235	134,206,797	139,966,490	161,721,032
\$ 376,407,724	\$ 407,736,280	\$ 425,756,833	\$ 450,893,065	\$ 473,626,957	\$ 542,705,652
\$ 22,502,540	\$ 25,060,656	\$ 20,076,791	\$ 10,981,423	\$ 13,812,550	\$ 8,712,800
4,205,493	4,513,162	4,256,643	14,566,360	15,097,220	14,421,437
94,935	239,853	119,616	101,817	169,563	177,050
5,966,865	5,841,035	3,040,120	4,077,423	6,594,845	10,670,516
7,374,981	10,992,363	20,906,735	16,941,430	7,019,760	7,730,605
82,826,541	110,727,397	66,775,450	30,506,858	52,269,697	243,407,051
122,971,355	157,374,466	115,175,355	77,175,311	94,963,635	285,119,459
9,676,900	95,978,738	104,121,381	106,735,274	127,625,789	139,476,276
20,055,741	21,624,569	22,970,543	25,747,755	27,888,005	33,019,272
—	29,500	—	93,984	67,720	15,534
40,895,889	33,909,304	30,875,237	23,139,862	27,093,655	32,351,274
70,628,530	151,542,111	157,967,161	155,716,875	182,675,169	204,862,356
\$ 193,599,885	\$ 308,916,577	\$ 273,142,516	\$ 232,892,186	\$ 277,638,804	\$ 489,981,815
\$ (142,547,912)	\$ (129,527,191)	\$ (186,648,243)	\$ (239,510,957)	\$ (238,696,832)	\$ (95,865,161)
46,831,073	30,707,488	34,033,926	21,510,078	42,708,679	43,141,324
(95,716,839)	(98,819,703)	(152,614,317)	(218,000,879)	(195,988,153)	(52,723,837)
\$ 120,389,122	\$ 131,952,480	\$ 142,497,915	\$ 150,882,839	\$ 162,681,758	\$ 186,988,575
43,363,487	44,647,320	45,124,776	54,984,501	68,114,505	68,795,969
11,007,612	10,899,394	10,558,237	10,031,878	11,831,566	16,257,923
7,212,592	7,733,104	4,899,326	5,910,603	9,559,643	12,353,142
54,774,029	32,894,962	41,064,382	39,058,316	41,953,571	43,525,136
5,434,361	9,907,059	6,519,627	432,149	2,161,208	31,457,237
2,261,440	3,585,187	1,115,340	2,591,119	6,296,577	5,937,762
244,442,643	241,619,506	251,779,603	263,891,405	302,598,828	365,315,744
169,584	114,960	2,017,771	2,283,546	645,594	8,324,110
1,696,952	2,986,218	1,743,065	140,776	76,642	8,176,067
(2,261,440)	(3,585,187)	(1,115,340)	(2,591,119)	(6,296,577)	(5,937,762)
(394,904)	(484,009)	2,645,496	(166,797)	(5,574,341)	10,562,415
244,047,739	241,135,497	254,425,099	263,724,608	297,024,487	375,878,159
101,894,731	112,092,315	65,131,360	24,380,448	63,901,996	269,450,583
46,436,169	30,223,479	36,679,422	21,343,281	37,134,338	53,703,739
\$ 148,330,900	\$ 142,315,794	\$ 101,810,782	\$ 45,723,729	\$ 101,036,334	\$ 323,154,322



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>
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	162,817,283	68,114,505	11,599,788	7,951,774	252,091,219
2023	186,988,575	68,795,969	16,257,923	12,353,142	284,395,609

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

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
2023	11,531,582

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

(modified accrual basis of accounting)

(unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund				
Nonspendable	\$ 398,856	\$ 616,566	\$ 657,471	\$ 759,272
Committed	3,568,653	14,414,810	16,466,361	10,534,528
Assigned	—	—	—	—
Unassigned	41,780,279	44,957,984	52,310,008	63
Total general fund	<u>45,747,788</u>	<u>59,989,360</u>	<u>69,433,840</u>	<u>11,293,863</u>
All other governmental funds				
Nonspendable	1,691,298	446,105	734,603	657,232
Restricted for:				
Debt service	4,412,400	5,278,799	5,175,796	5,847,513
Capital projects for future construction	164,136,618	172,606,032	224,453,812	218,222,683
Other purposes	8,117,922	8,095,288	8,361,344	9,082,010
Committed to:				
Capital projects for future construction	4,145,399	—	—	—
Assigned to:				
Capital projects for future construction	—	—	—	—
Total all other governmental funds	<u>\$ 182,503,637</u>	<u>\$ 186,426,224</u>	<u>\$ 238,725,555</u>	<u>\$ 233,809,438</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 777,323	\$ 1,294,145	\$ 2,363,955	\$ 2,964,991	\$ 4,055,129	\$ 5,863,822
15,357,662	19,448,471	24,176,860	35,607,863	38,297,316	48,668,312
—	—	—	24,000,000	24,000,000	24,000,000
64,320,358	72,539,025	78,830,852	63,442,208	81,590,881	96,200,431
<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>	<u>174,732,565</u>
2,078,369	1,414,108	361,590	259,913	403,524	2,506,593
6,181,803	5,594,173	5,379,166	3,333,381	2,868,346	6,946,350
215,663,589	303,386,988	289,557,566	327,109,195	410,682,562	509,839,625
9,864,542	9,654,771	10,701,239	12,788,567	15,377,800	24,158,986
—	—	—	—	—	—
—	—	—	—	—	—
<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>	<u>\$ 543,451,554</u>

City of Frisco

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues				
Taxes				
Property	\$ 75,468,357	\$ 85,700,973	\$ 97,282,372	\$ 112,313,490
Sales	34,196,948	36,003,036	37,826,251	40,408,821
Franchise	8,758,582	9,338,941	9,191,454	9,458,534
Hotel/motel	3,887,482	4,190,238	4,486,093	4,829,350
Other	678,099	829,668	792,526	849,168
Licenses and permits	10,256,389	11,016,411	11,679,493	12,904,536
Public safety	1,843,998	—	—	—
Intergovernmental	29,277,032	44,141,948	37,848,162	25,271,312
Charges for services	7,143,863	8,196,996	8,689,774	9,518,417
Fines	2,726,367	2,767,638	2,747,076	2,744,917
Special assessments	9,577,516	12,964,474	17,068,934	13,128,149
Rents	5,505,448	6,453,883	6,636,174	6,775,706
Investment earnings	250,107	874,583	1,857,133	2,731,486
Contributions and donations	4,381,880	53,625,599	118,842,017	13,192,698
Payments from component units	12,360,810	18,443,289	7,376,943	18,516,124
Miscellaneous	514,691	423,527	466,688	424,768
Total revenues	<u>206,827,569</u>	<u>294,971,204</u>	<u>362,791,090</u>	<u>273,067,476</u>
Expenditures				
Current:				
General government	44,594,861	47,806,418	49,016,189	63,039,357
Public safety	45,992,383	52,387,610	60,113,259	67,730,266
Public works	8,222,260	8,987,439	10,174,879	13,291,112
Culture & recreation	16,448,909	17,807,190	20,723,877	23,498,609
Capital outlay	60,116,074	190,194,725	190,366,612	96,675,046
Debt Service:				
Principal retirement	29,937,130	28,275,060	30,565,000	35,675,000
Interest and fiscal charges	21,974,788	22,214,941	24,630,277	25,675,859
Total expenditures	<u>227,286,405</u>	<u>367,673,383</u>	<u>385,590,093</u>	<u>325,585,249</u>
Deficiency of revenues under expenditures	(20,458,836)	(72,702,179)	(22,799,003)	(52,517,773)
Other financing sources (uses)				
Issuance of debt	124,505,000	117,130,000	136,075,000	45,510,000
Premium on bonds issued	4,188,077	12,372,611	20,691,926	4,337,120
Discount on bonds issued	(127,160)	—	(277,741)	(245,231)
Payment to refunded debt escrow	(16,223,139)	(39,059,203)	(74,793,146)	—
Proceeds from sale of assets	1,203,437	116,537	488,358	349,033
Lease & SBITA financing	—	—	—	—
Transfers in	24,492,569	35,576,201	29,074,998	34,018,890
Transfers out	(23,919,493)	(35,269,808)	(26,716,581)	(31,984,556)
Total other financing sources (uses)	<u>114,119,291</u>	<u>90,866,388</u>	<u>84,542,814</u>	<u>51,985,256</u>
Net change in fund balances	<u>\$ 93,660,455</u>	<u>\$ 18,164,159</u>	<u>\$ 61,743,811</u>	<u>\$ (532,517)</u>
Debt service as a percentage of noncapital expenditures	31 %	28 %	28 %	27 %

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$	120,342,757	\$ 132,255,261	\$ 142,680,642	\$ 150,499,477	\$ 162,817,283	\$ 186,669,501
	43,363,487	44,647,320	45,124,776	54,984,501	68,114,505	68,795,969
	10,519,862	10,899,394	10,377,109	10,208,513	11,599,788	14,065,163
	6,141,721	6,585,178	3,986,339	4,716,757	7,951,774	10,518,328
	1,070,871	1,147,926	912,987	1,193,846	1,607,869	1,834,814
	12,906,768	11,845,079	11,042,795	11,400,651	11,810,918	10,731,154
	—	—	—	—	—	—
	34,343,637	31,505,376	42,359,161	31,987,641	37,002,768	37,306,621
	9,307,701	12,440,670	6,660,246	8,992,914	11,765,777	13,238,350
	2,685,495	2,790,298	1,653,881	1,453,044	1,930,831	2,264,137
	9,456,594	12,269,748	10,281,368	4,636,136	9,175,965	16,007,448
	7,107,397	7,868,238	7,346,215	7,621,861	8,240,008	7,034,500
	5,449,676	9,923,941	6,535,040	451,584	2,187,692	31,544,564
	5,957,131	10,127,217	18,588,225	14,019,943	11,928,641	8,195,194
	30,054,581	6,527,981	14,427,272	12,015,743	9,543,980	12,154,608
	259,802	415,895	555,915	327,808	1,413,490	457,919
	<u>298,967,480</u>	<u>301,249,522</u>	<u>322,531,971</u>	<u>314,510,419</u>	<u>357,091,289</u>	<u>420,818,270</u>
	58,364,668	61,656,204	73,405,760	72,066,799	84,018,396	84,235,809
	75,812,773	82,171,292	85,683,572	93,734,421	100,889,707	110,984,296
	15,287,383	13,784,679	14,104,118	14,689,360	15,303,760	17,194,467
	25,849,819	26,439,537	23,273,373	24,060,845	27,056,390	32,461,748
	111,765,196	74,689,302	83,886,289	63,475,200	87,962,224	123,228,219
	39,365,000	42,870,000	47,270,000	49,710,000	52,621,103	62,890,099
	25,575,706	26,527,706	28,466,893	28,106,672	29,501,052	28,406,187
	<u>352,020,545</u>	<u>328,138,720</u>	<u>356,090,005</u>	<u>345,843,297</u>	<u>397,352,632</u>	<u>459,400,825</u>
	(53,053,065)	(26,889,198)	(33,558,034)	(31,332,878)	(40,261,343)	(38,582,555)
	53,635,000	115,325,000	26,790,000	89,950,000	138,030,000	205,460,000
	3,288,439	5,881,139	3,404,111	12,068,625	7,025,585	12,166,495
	(57,075)	(22,583)	(2,809)	—	(29,433)	(624,813)
	—	—	—	(15,620,165)	(5,174,238)	(44,479,734)
	542,029	1,208,489	290,939	478,189	566,135	268,188
	—	—	—	—	1,316,157	276,509
	37,854,586	40,587,673	48,208,830	45,775,727	51,200,072	46,855,708
	(35,593,146)	(37,002,486)	(47,093,490)	(43,184,608)	(44,903,495)	(40,917,946)
	<u>59,669,833</u>	<u>125,977,232</u>	<u>31,597,581</u>	<u>89,467,768</u>	<u>148,030,783</u>	<u>179,004,407</u>
\$	<u>6,616,768</u>	<u>\$ 99,088,034</u>	<u>\$ (1,960,453)</u>	<u>\$ 58,134,890</u>	<u>\$ 107,769,440</u>	<u>\$ 140,421,852</u>
	27 %	27 %	28 %	28 %	27 %	27 %



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>
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
2023	186,669,501	68,795,969	14,065,163	10,518,328	1,834,814	281,883,775

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>
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
2023	37,368,444	13,567,018	1,855,724	4,679,864	57,471,050

<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>
2,782,278	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%
15,106,958	42,364,092	0.44660	42,364,092	74%

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
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
2022	2023	0.2909	0.1557	0.4466	0.1082	0.0443	0.1525	0.9429	0.2700	1.2129

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
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
2022	2023	0.290928	0.155672	0.44660	0.167502	0.050041	0.21754	0.9429	0.2700	1.2129

Information obtained from the Denton County Central Appraisal District.

Collin County Community College			Prosper Independent School District			Total Direct and Overlapping Rates FISD	Total Direct and Overlapping Rates PISD
<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>		
0.0800	0.0036	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
0.0791	0.0021	0.0812	0.9603	0.5000	1.4603	1.9631	2.1562
0.0750	0.0062	0.0812	0.9429	0.5000	1.4429	1.8932	2.1232

Lewisville Independent School District			Little Elm Independent School District			Total Direct and Overlapping Rates FISD	Total Direct and Overlapping Rates LISD	Total Direct and Overlapping Rates LEISD
<u>Operating</u>	<u>Debt Services</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Services</u>	<u>Total</u>			
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	1.0236	0.4700	1.4936	1.9818	2.0189	2.1652
0.9276	0.3809	1.3085	0.9603	0.4700	1.4303	1.9469	1.9882	2.1100
0.8559	0.3809	1.2368	0.9429	0.4700	1.4129	1.8770	1.9009	2.0770



City of Frisco
Principal Taxpayers
Current Year and Nine Years Ago
September 30, 2023
(unaudited)

<u>Taxpayer</u>	2023			2014		
	<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	\$ 341,025,726	1	0.80 %	\$ 260,753,175	1	1.64 %
Blue Star HQ Inc.	225,596,462	2	0.53 %			
BRE Retail Residual Owner 1 LLC	173,747,715	3	0.41 %			
PPF AMLI Parkwood Boulevard LLC	166,964,776	4	0.39 %	42,729,229	9	0.27 %
Blue Star Land Phase III LLC	159,371,836	5	0.38 %			
Hall 3201 Dallas Inc	122,757,517	6	0.29 %			
BPR Shopping Center LP				121,741,860	2	0.77 %
UDR Cool Springs I LLC	112,274,100	7	0.27 %			
MMF 1 Dallas Eldorado LLC	109,000,000	8	0.26 %			
Hall Office Portfolio DB LLC	102,177,649	9	0.24 %	68,500,000	4	0.43 %
Atherton Frisco Holdings LLC	98,788,235	10	0.23 %			
Tenet Frisco Ltd				73,416,555	3	0.46 %
Specified Properties				56,750,000	5	0.36 %
Subra Texas Holdings LP				52,101,369	6	0.33 %
HRT Properties of Texas LTD				47,000,000	7	0.30 %
Wells Core Reit - 7624/7668 Warren LLC				44,000,000	8	0.28 %
Mario Sinacola & Sons Excavation Inc				39,687,657	10	0.25 %
	<u>\$1,611,704,016</u>		<u>3.80 %</u>	<u>\$ 806,679,845</u>		<u>5.09 %</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	
2014	\$ 75,725,636	\$ 74,061,793	97.8%	\$ 1,628,461
2015	84,042,993	83,034,597	98.8%	988,291
2016	96,315,490	95,400,787	99.1%	857,824
2017	108,900,105	108,630,126	99.8%	205,094
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%	542,194
2022	162,285,191	161,828,147	99.7%	—
2023	186,534,516	185,515,546	99.5%	—

(1) Includes Rollback Tax Collections each year:

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
2023	489,002

(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>
\$	75,690,254	100.0%
	84,022,888	100.0%
	96,258,611	99.9%
	108,835,221	99.9%
	118,376,308	99.8%
	130,092,205	99.9%
	141,129,054	100.0%
	149,591,074	99.9%
	161,828,147	99.7%
	185,515,546	99.5%

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	SBITAs	General Obligation Bonds (2)	Certificates of Obligation	Leases	SBITAs
2014	\$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	—
2023	660,517,677	252,329,589	720,321	929,873	34,026,010	132,689,623	55,519	90,768

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

(2) 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>
\$ 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
1,081,359,380	7%	4,723

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 (4)</u>
2014	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	36,658,370	611,234,369	—
2023	228,941 (1)	42,364,092	694,543,687	2,879,235

(1) Population estimate as of September 30, 2023

(2) Original Certified Taxable Value (,000)

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

(4) 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>
\$ 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
691,664,452	1.63	3,021

City of Frisco

Computation of Direct and Overlapping Bonded Debt

Net Bonded Debt Outstanding

September 30, 2023

(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	\$ 1,034,855,000	100.00%	\$ 1,034,855,000
Total direct debt	<u>1,034,855,000</u>		<u>1,034,855,000</u>
Overlapping debt: (1)			
Collin County	721,825,000	14.41%	104,014,983
Collin County College District	480,350,000	14.41%	69,218,435
Denton County	624,655,000	11.17%	69,773,964
Frisco Independent School District	2,260,453,779	71.32%	1,612,155,635
Lewisville Independent School District	1,032,290,000	3.69%	38,091,501
Little Elm Independent School District	487,090,874	12.46%	60,691,523
Prosper Independent School District	1,585,950,240	<u>11.27%</u>	<u>178,736,592</u>
Total overlapping debt	7,192,614,893		<u>2,132,682,633</u>
Total direct and overlapping debt	8,227,469,893		<u>\$ 3,167,537,633</u>
Total direct and overlapping debt % of AV			6.62 %
Total direct and overlapping debt per capita			\$14,484

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

(2) Premiums and Discounts are not included in MAC Report.

City of Frisco

Computation of Legal Debt Margin

September 30, 2023

(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 2023 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>
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	12,959,338	58,153	37.1	67,027	2.5 %
2023	228,941	(1) 15,289,596	66,784	(2)	38.3 (2)	66,755 (3) 2.4 % (2)

Sources:

(1) City of Frisco (At a Glance) as of September 30, 2023

(2) City of Frisco Development Services Annual Report January 2024

(3) Frisco Independent School District (School Enrollment), January 2024

* 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, 2023

(unaudited)

<u>Employer</u>	<u>2023</u>			<u>2014</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 (4,577 certified teachers)	8,799	1	5.36%	6,000	1	8.53%
City of Frisco	1,738	2	1.06%	1,275	2	1.81%
T-Mobile USA	1,332	3	0.81%			
Keurig Dr Pepper Inc	1,213	4	0.74%			
Teachers Insurance & Annuity Association of America - TIAA	906	5	0.55%			
Conifer	903	6	0.55%	728	5	1.03%
Baylor Scott White/Centennial Hospital	663	7	0.40%	490	9	0.70%
Dallas Cowboys Football Club	471	8	0.29%			
Baylor Medical Center (Warren Pkwy)	460	9	0.28%	642	6	0.91%
Lexipol	420	10	0.26%			
Amerisource Bergen Specialty Group				1,200	3	1.71%
Wingspan				1,100	4	1.56%
Mario Sinacola & Sons Excavating				603	7	0.86%
Collin County College				510	8	0.73%
Oracle				409	10	0.58%
Total	16,905		10.30%	12,957		18.42%

Source: FEDC, Frisco ISD Communications

City of Frisco

City Government Employees by Function/Program

Last Ten Fiscal Years

(unaudited)

Function	2014	2015	2016	2017	2018	2019	2020 (1)	2021	2022	2023
General government	217	238	258	267	277	288	288	289	299	315
Public safety										
Police										
Officers	158	170	180	199	210	214	218	221	235	252
Civilians	67	70	78	91	101	111	111	114	118	120
Fire										
Firefighters and officers	165	185	197	210	227	237	238	239	248	248
Civilians	15	17	21	22	26	28	27	27	28	31
Highway and streets										
Engineering	44	45	48	49	41	42	42	42	43	44
Maintenance	54	55	55	58	75	77	77	77	77	78
Culture and recreation	449	451	472	482	480	487	467	460	474	479
Environmental services	12	12	15	16	16	18	21	22	22	25
Utilities	83	87	92	97	112	119	119	119	124	126
Stormwater	11	12	14	16	19	20	20	20	20	20
Total	1,275	1,342	1,430	1,507	1,584	1,641	1,628	1,630	1,688	1,738

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Building permits issued										
Residential	2,033	2,386	2,187	1,936	2,248	2,083	2,282	2,373	1,384	954
Commercial	454	432	549	644	600	477	454	423	620	547
Planning and development submittals	490	590	600	609	622	582	712	890	966	914
Police										
Physical arrests	3,200	3,138	3,197	3,137	3,676	3,562	2,462	2,230	3,004	3,235
Traffic violations	20,194	19,708	21,008	19,062	21,394	15,701	11,257	10,139	13,180	12,365
Parking violations	668	387	294	265	623	3,339	193	313	303	232
Fire protection										
Number of calls answered	9,738	10,666	11,747	12,660	14,172	14,783	14,471	19,107	19,522	18,492
Inspections	5,192	5,437	6,386	4,151	2,275	3,201	2,904	4,968	7,769	8,215
Inspections - SAFER Program	2,656	2,555	1,532	1,059	2,058	2,272	1,397	2,541	1,213	1,319
Highways and streets										
Street resurfacing (square yards)	36,166	25,827	19,391	18,238	24,697	24,419	16,055	33,802	38,403	34,068
Street curb miles swept	7,896	7,896	10,417	10,417	10,672	10,672	10,780	10,780	13,899	19,128
Environmental services										
Solid waste collected (tons)	93,583	110,962	105,050	108,002	113,504	113,709	114,892	121,212	129,013	129,887
Recycled materials collected (tons)	15,716	16,382	17,457	18,868	23,506	19,352	20,364	22,977	21,495	24,704
Culture and Recreation										
Library transactions	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	4,789,550
Library visits	563,268	587,313	620,115	632,168	651,002	702,979	356,036	405,235	575,418	830,422
Park acreage	1,449	1,449	1,432	1,621	2,535	2,535	2,535	2,535	2,423	2,423
Athletic facilities and Senior Center (visits)	697,775	711,661	853,265	814,748	753,000	794,281	325,676	407,229	648,962	656,094
Water										
New Connections	2,280	2,541	2,889	2,262	2,457	2,114	2,490	2,507	1,558	1,171
Average daily consumption (million gallons/day)	20.9	24.2	25.6	25.9	31.1	28.7	32.0	33.6	39.0	40.3
Sewer										
Average daily wastewater flow (million gallon/day)	10.6	12.1	13.2	12.7	13.4	13.4	14.9	15.0	14.9	16.5

Sources: Various government departments

City of Frisco

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	42	45	60	65	70	72	75	79	83	88
Fire Stations	7	8	8	8	8	9	9	9	9	9
Highways and streets										
Streets (miles)	1,709	1,771	2,011	2,313	2,401	2,458	2,500	2,401	2,419	2,199
Streetlights/Street poles	8,523	8,973	9,360	10,032	10,421	11,636	12,032	12,908	13,029	13,191
Traffic signals	100	102	111	129	138	148	155	162	164	167
Culture and recreation										
Parks acreage										
Parks developed	864	921	921	921	921	1,545	1,545	1,545	1,528	1,530
Parks undeveloped	585	528	511	700	700	990	990	990	895	893
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	1	1	1	1	1	1	1	1	1
Tennis courts	6	4	6	6	6	6	6	6	8	8
Soccer fields	27	27	27	35	35	35	35	35	35	35
Baseball fields	19	24	24	24	24	24	24	24	24	24
Water										
Customers/Accounts	47,039	49,740	52,182	54,261	57,661	59,172	61,515	64,104	64,681	66,854
Water lines (miles)	842	899	914	993	1,030	1,059	1,059	1,131	1,156	1,178
Fire hydrants	9,039	9,712	9,886	10,801	11,215	11,624	11,622	12,382	12,907	13,244
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	44,312	46,763	48,281	50,212	53,457	55,842	58,354	60,392	60,486	63,114
Sanitary sewers (miles)	629	693	705	742	789	798	798	865	865	873
Storm sewers (miles)	589	642	375	417	438	448	448	470	484	491

**Museums, Art Galleries Supported include the Heritage Museum

Source: Various government departments

