

VALUES • COMMUNITY • SAFETY • SUSTAINABILITY • *CITIZEN FOCUSED* • SERVICES
CULTURE • SCHOOLS • RECREATION • GROWTH • FAMILIES • WATER • LIBRARY •
RESPONSIVENESS • INTEGRITY • CUSTOMER SERVICE • POLICE DEPARTMENT
COMMUNICATION • FIRE SERVICES • SOCIAL RESPONSIBILITY • EDUCATION •
AWARENESS • CONSISTENCY • ACCESSIBILITY • FISCAL TRANSPARENCY • STRENGTH
OPERATIONAL EXCELLENCE • INSPIRATION • PROGRESSIVE • GOOD NEIGHBORS •
BALANCE • PUBLIC ENGAGEMENT • ECONOMIC DEVELOPMENT • PROGRESS IN MOTION
LEADERSHIP • ENVIRONMENTAL SERVICES • *FISCAL RESPONSIBILITY* • GROWTH •



CITY OF FRISCO, TEXAS POPULAR ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2014

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CITY OF FRISCO, TEXAS

POPULAR ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2014

PREPARED BY:
FINANCIAL SERVICES DEPARTMENT

DIRECTOR	ANITA COTHRAN, CGFO
ASSISTANT DIRECTOR - CONTROLLER	DANNY COLLIER, CPA
ASSISTANT DIRECTOR - BUDGET	JENNIFER HUNDT, CPA, CGFO

The Popular Annual Financial Report (PAFR) is intended to summarize the statistical, economic and financial information contained in the 2014 Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with generally accepted accounting principles (GAAP) and was independently audited by Crowe Horwath LLP. The PAFR, while unaudited, provides a brief analysis of where the City's revenues come from and where the dollars are spent as well as trends and local economic information. It is presented as a means of increasing public awareness about the City's financial condition through a more user-friendly presentation. Most of the detailed financial information in this report refers to our operating accounts, not all the individual funds and component unit funds. For a more detailed, GAAP basis, full disclosure review of the individual funds and component unit financial statements, one should refer to the City's CAFR that is accessible through the City's website: **www.friscotexas.gov**

CITY MANAGER MESSAGE



Frisco Residents,

We are pleased to present the City of Frisco's Popular Annual Financial Report. With this report, we summarize the City's financial operations for the fiscal year ended September 30, 2014. Continuing to provide open communications and transparency in financial presentation to our Citizens is a priority for the City and our elected officials.

The report highlights our financial position at a point in time, with information for approved appropriations for FY 2015. Basic demographics about the City are provided with more details available from our Development Services Annual Report which is posted on the City's website. Economic Development activity for 2014 is also provided with more detailed analysis available from the Frisco Economic Development Corporation website.

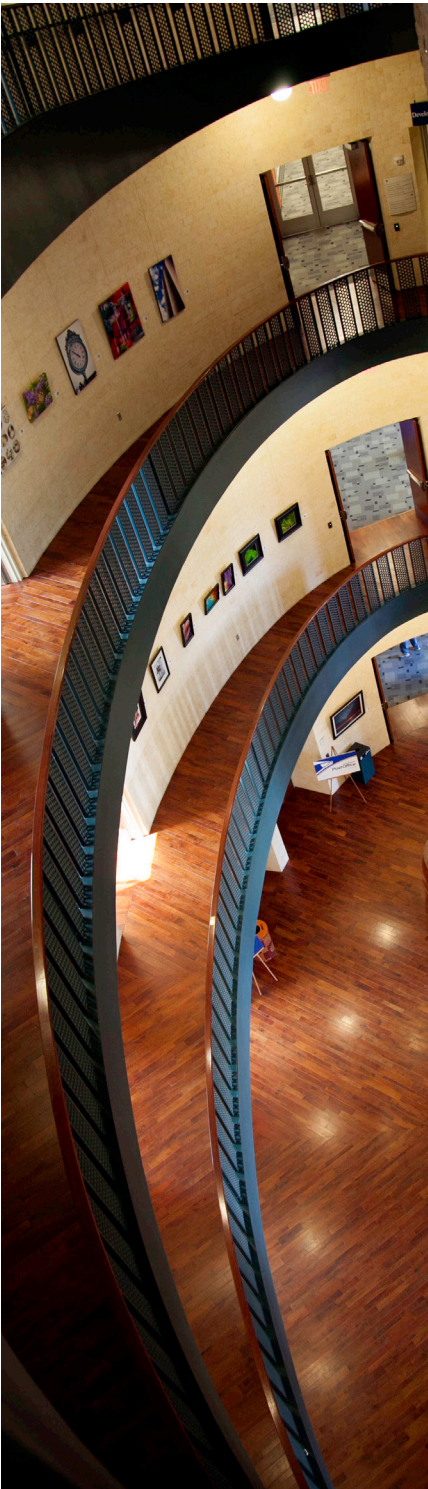
A condensed analysis of our revenues and expenses is designed to help you understand Frisco government financing and growth drivers. We provide summarized trend data for the City finances as a whole and then for our major operating fund - the General Fund. The Popular Annual Financial Report is based on audited financial statements and schedules contained in the 2014 Comprehensive Annual Financial Report and is a summary of our financial outcomes for the year.

It is our hope that this summarized data gives you, the reader, a snapshot of the challenges and opportunities we are managing in Frisco today. This report is about your City financials in a summarized format. If you have questions or comments, or would like more details, please contact me or our Financial Services Department. We welcome your feedback.

George Purefoy, City Manager
6101 Frisco Square Boulevard
Frisco, TX 75034
972-292-5050

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FRISCO CITY COUNCIL - 2014



Bob Allen
Mayor Pro Tem,
Place 1



Maher Maso
Mayor



Jeff Cheney
Deputy Mayor Pro
Tem, Place 2



Will Sowell
Place 3



John Keating
Place 4



Tim Nelson
Place 5



Scott
Johnson
Place 6

The City of Frisco, incorporated in 1908, is located in west central Collin County and east central Denton County, approximately 25 miles north of downtown Dallas at the intersection of the Dallas North Tollway (DNT) and State Highway 121, now known as Sam Rayburn Tollway (SRT). US Highway 380 is the northern border for the City, FM 423 is the western border, Custer Road the eastern border and State Highway 289 is a major north/south corridor. DFW Airport and Love Field are within a short 30 minute drive. Frisco is a political subdivision that operates as a home-rule city under the laws of the State of Texas and a charter approved by the voters in 1987 and amended in 2002 and 2010. The City operates under the Council/Manager form of government. Policy making and legislative authority are vested in the governing council, which consists of the Mayor and six members elected at large. The Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney and Municipal Judge.

POPULATION/HOUSING/ECONOMY

The informantion below provides an “at-a-glance” of the most commonly requested statistics as of **January 1, 2015**.

Population		Housing		Economy	
Total Population Males 50% Females 50% Annual Growth Rate 5.8% 5 Year Compound Growth Rate 4.6% Median Age 34.5 Children 33.2% Under 5 8.0% 5 - 17 25.2% Adults (18 - 64) 60.2% Seniors (65+) 6.6% Population w/Disability 5.9% Seniors w/Disability 29.8%	Population by Age Groups 	Total Housing Units Single Family 52,311 Multi-Family or Mixed Use 81.2% Other 18.3% 0.5%		Median HH Income <i>Workforce Estimate</i> \$109,956 70,184 <i>Educational Attainment</i> 95.5% High-School / GED 58.9% Bachelor's or greater 3.2% <i>Unemployment Rate</i> 3.2% <i>Top Occupations</i> 55.9% Mgmt, Science, Bus 26.4% Sales & Office 9.9% <i>Average Commute (minutes)</i> 29.9 <i>Method of Commute</i> Drive Alone 80.7% Carpool 7.1% Public Transit 0.3% Work at Home 10.4%	
		Housing Unit Types 		Average SF Appraisal Median SF Appraisal Median Monthly Mortgage \$2,152 Median Monthly Rent \$1,291 <i>Housing Burden (>30% Income)</i> Homeowner 33.8% Renter 39.0% <i>Poverty Rate</i> 4.1% Families 3.5% Children 5.1% Seniors 2.9%	
		Tenure Type Owner Units 71.7% Rental Units 28.3% 4.4% Households (HH) Married Couple 67.3% w/children 42.5% w/o children 24.8% Single Person 15.3% Other 17.4% Seniors 13.4% w/Child(ren) 52.8% Single Parent 8.8% Average HH Size 3.02 Average Family Size 3.37			
		Minority Population White Alone 34.9% Black Alone 64.9% Asian Alone 7.9% Hispanic (Any Race) 11.4% Other 12.3% 3.3%			

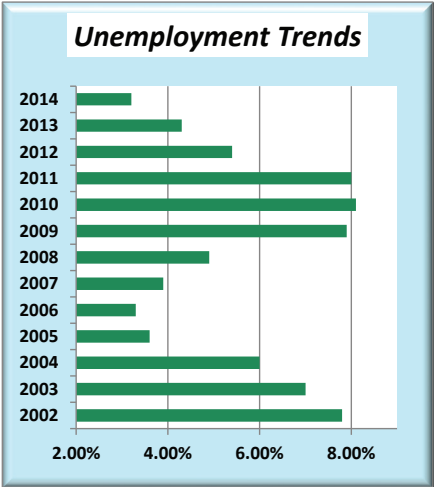
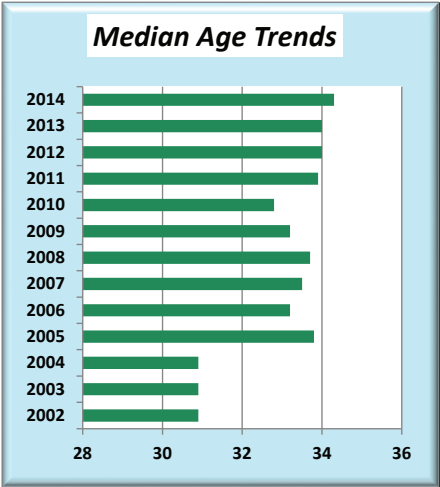
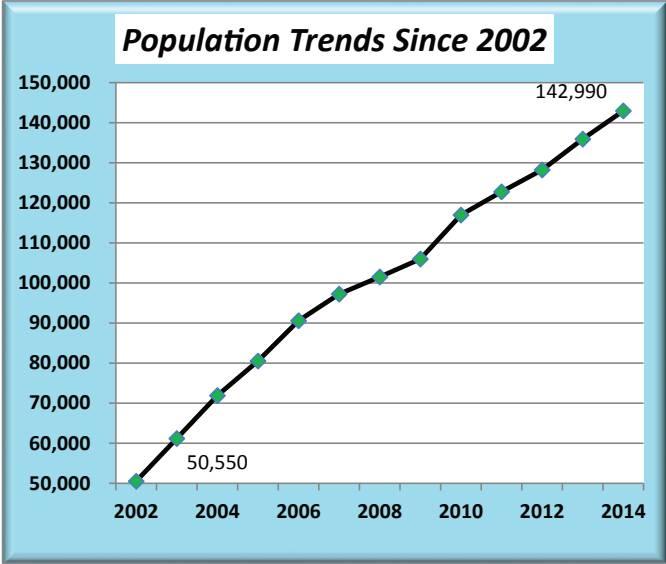
Source: City of Frisco Development Services Annual Report www.frisco.texas.gov

POPULATION AND DEMOGRAPHIC TRENDS



Frisco continues to experience a substantial population growth and has been considered one of the fastest growing cities in the U.S. over the past ten years.

U.S. Census	
1910	332
1920	733
1930	618
1940	670
1950	736
1960	1,184
1970	1,845
1980	3,420
1990	6,138
2000	33,714
2010	116,989



ECONOMIC DEVELOPMENT



Frisco is home to a diversified group of companies. The Frisco Economic Development Corporation (FEDC) continues implementing concepts identified in the comprehensive economic development strategy adopted in 2010. The areas of industry focus are: Computers & Electronics, Medical Services, Telecommunications, Financial Services, Software & Media, Entertainment & Recreation and Renewable Energy. Also included in the strategy are four major focus goals for the FEDC:

- Attract jobs from outside the DFW metroplex;
- Retain & expand local businesses;
- Enhance Frisco's innovation culture through entrepreneurship;
- Improve product readiness & competitiveness.

For FY14, the FEDC facilitated 15 new projects in Frisco, potentially filling or adding over 883,700 square feet, with a estimated capital investment exceeding \$90 million and potentially creating/retaining over 1,320 jobs.

Summary of FEDC Projects for FY 2014

Quarter	Number of Projects	Potential Square Feet	Potential Capital Investment	Potential Direct Jobs Created/Retained
Q1	2	84,000	\$18,400,000	128
Q2	4	109,500	\$1,110,000	494
Q3	6	490,200	\$47,400,000	508
Q4	3	200,000	\$23,500,000	190
Total YTD	15	883,700	\$90,410,000	1,320

DEVELOPMENT PROJECTS

During 2014, the FEDC began marketing Frisco's \$5 Billion Mile. Within the one mile stretch of the Dallas North Tollway between Warren Parkway and Lebanon Road, four mixed-use, destination development projects represent a potential of more than \$5 Billion in capital investment. The four current projects either under construction or announced and include: The Star in Frisco - 91 acres will be home to the Dallas Cowboys world corporate headquarters also featuring a 12,000-seat multi-use event center; Frisco Station - 292 acres; The Gate - 41 acres and Wade Park - 175 acres.



CORPORATE PRESENCE

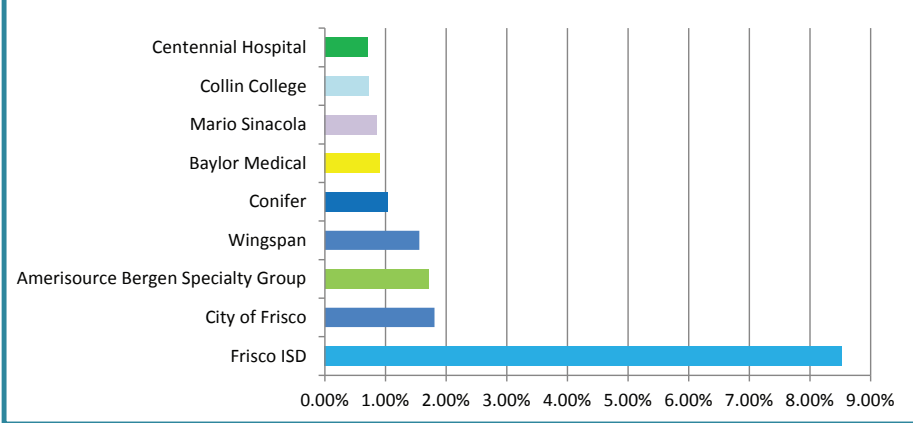


The City added three new companies to our community during the year: Imagine Communications, Genesis Pure and Paycor. We also had several of our local companies expand their office space. Careington International, Quest Resource Management Corporation and Sheplers Inc., were all retained and expanded during the year.

FEDC facilitated new development during the year including the following projects: Insight for Living’s new corporate headquarters and retail store; The Tower at Frisco Square, a mixed-use building in Frisco Square that will be home to the corporate headquarters of Gearbox Software when construction is complete in 2015; Performance Indoor Training (P.I.T.), an indoor soccer complex that will be a training center for MLS team FC Dallas as well as youth leagues; and Frisco Bridges Place, a spec 6-story Class A Office building offering 170,000 square feet of new office space in Frisco by fall 2015.

Looking forward, the City anticipates continued development interest and investment as our business attraction and retention efforts, as well as our schools, public safety, infrastructure and parks systems make Frisco one of the best places to locate and grow a business or raise a family.

Principal Employers as a Percentage of Total City Workforce FY 2014

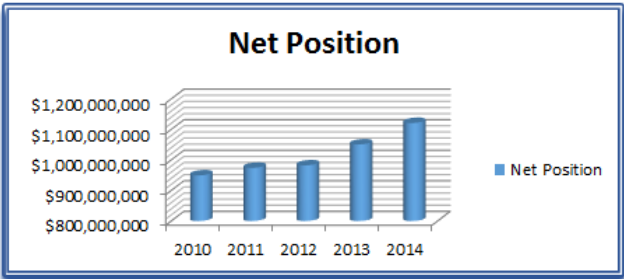


GOVERNMENT-WIDE STATEMENT OF NET POSITION

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

Summary Statement of Net Position - 5 year Analysis					
	2014	2013	2012	2011	2010
ASSETS	\$ 1,880,385,283	\$ 1,705,231,756	\$ 1,608,208,729	\$ 1,631,533,265	\$ 1,638,443,923
DEFERRED OUTFLOW OF RESOURCES	17,247,954	-	-	-	-
LIABILITIES	776,581,150	654,530,778	625,938,922	657,451,026	688,935,567
NET POSITION					
Net Investment in capital assets	949,635,326	925,126,294	871,045,696	877,640,841	868,322,920
Restricted	26,935,093	22,282,772	17,046,486	14,810,125	13,910,449
Unrestricted	144,481,668	103,291,912	94,177,625	81,631,273	67,274,987
Total Net Position	\$ 1,121,052,087	\$ 1,050,700,978	\$ 982,269,807	\$ 974,082,239	\$ 949,508,356

Net Position, the amount that assets and deferred outflows of resources exceed liabilities, may serve over time as a useful indicator of a City's financial position. It is a snapshot of the City's entire resources and obligations, or net worth, at the close of the fiscal year. The City of Frisco's combined net position is \$1.1 billion as of September 30, 2014, which consists of \$861 million in governmental activities and \$259 million in business-type activities.



The three components of net position are:

Net Investment in Capital Assets, represent the City's investment in land, buildings, improvements other than buildings, machinery, equipment, vehicles and construction in progress, less unspent bond proceeds.

Restricted assets represent external restrictions imposed by creditors, grant-ors, contributors, or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted assets represent assets that may be used to meet the City's ongoing obligations to citizens and creditors.

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Summary Statement of Activities - 5 year Analysis					
REVENUES	2014	2013	2012	2011	2010
General:					
Property tax	\$ 75,849,283	\$ 69,014,412	\$ 67,161,904	\$ 64,673,844	\$ 65,648,801
Sales tax	34,196,948	29,158,661	24,489,084	21,852,287	20,068,824
Other tax	31,138,619	30,448,373	33,053,515	32,276,834	29,867,176
Investment & other	443,179	722,397	692,414	715,991	1,235,989
Program:					
Charges for services	100,728,425	95,659,529	84,119,979	83,484,121	75,197,468
Grants and contributions	83,653,721	81,349,065	20,120,558	34,769,478	26,539,712
Total revenue	326,010,175	306,352,437	229,637,454	237,772,555	218,557,970
EXPENSES					
Total expenses	255,659,066	237,921,266	221,449,886	213,198,672	207,285,569
Change in net position	70,351,109	68,431,171	8,187,568	24,573,883	11,272,401
Net position, beginning	1,050,700,978	982,269,807	974,082,239	949,508,356	938,235,955
Net position, ending	\$ 1,121,052,087	\$ 1,050,700,978	\$ 982,269,807	\$ 974,082,239	\$ 949,508,356

The **Statement of Activities** presents information showing how the government's net position changed during the most recent fiscal year. All revenues and expenses are taken into account as soon as the underlying event, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

FUNDS

The City utilizes several different fund types to track financial activity. Descriptions of the most common are :

General Fund - The chief operating fund of the local government. Generally accepted accounting principles prescribes that the general fund be used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Accounts for proceeds of specific sources that are legally restricted or have been restricted for specific purposes.

Capital Project Funds - Accounts for major capital acquisition and construction activities.

Debt Service Funds - Accounts for the accumulation of resources and the payment of general long-term debt.

Enterprise Funds - Accounts for services financed by fees charged for goods and services. Financially managed like a business and referred to as business-type activities.

REVENUE CLASSIFICATIONS

General: Taxes - Property taxes (ad valorem) are the largest revenue source for the City. Sales tax, franchise tax from utilities, intergovernmental property tax for the Tax Increment Financing District, and mixed beverage taxes are also collected by the City. Details for the major governmental revenue sources can be found on the following pages of this report.

Program: Charges for Services - Revenues in this classification include our permits and licenses fees, ambulance and public safety fees, parks and recreation user fees, rentals, utility fees for water, sewer, garbage, and stormwater.

Program: Grants & Contributions - Revenues in this classification include any grants we have received during the year. Contributions include the developer contributions for infrastructure (roads and utilities), impact fee collections, assessment fee collections and various smaller donations for operations.

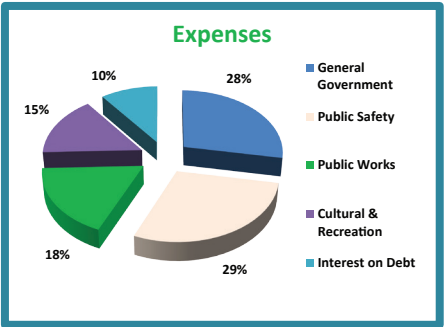
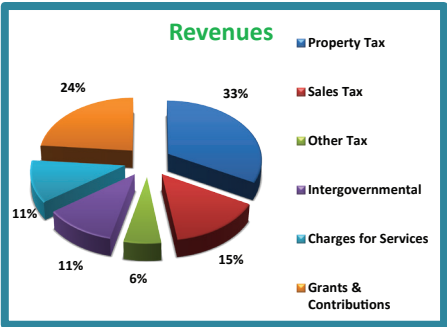
GOVERNMENTAL ACTIVITIES ANALYSIS



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

The majority of the City's basic services, such as police, fire, libraries, parks & recreation, development, public works, and general administration are reported in governmental funds. Property taxes, sales taxes, and franchise fees finance most of these activities. Governmental funds focus on how money flows in and out of those funds and the balances left at year end that are available for spending. The City of Frisco maintains 15 individual governmental funds. As of September 30, 2014, the City of Frisco's governmental funds reported a combined ending fund balance of \$228 million, an increase of \$92 million in comparison to the prior fiscal year. Most of the increase is attributed to unspent bond proceeds remaining at September 30, 2014.

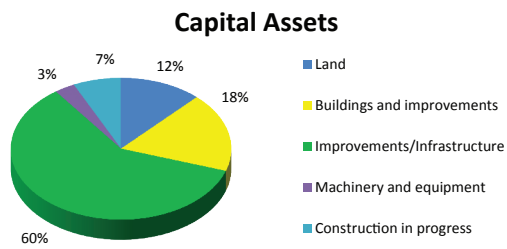
Total revenues for governmental activities increased when compared to the prior year by \$14.8 million. General revenue had a net increase of \$20.8 million attributed to an increase in property tax revenue, sales tax collections, franchise taxes and intergovernmental revenues. Program revenues had an decrease of \$6 million where we saw charges for services increase for recreation fees and building permits, and we saw decreases in capital contributions or developer contributions for capital projects. Total expenses for governmental activities increased \$14.4 million or 8.5%. Major expenses include salaries and benefits of \$70.5 million or 39%, and depreciation expense of \$47.5 million or 26%.



CAPITAL ASSETS - WHAT WE OWN

By far, the largest portion of the City's net position (85%) reflects its investment in capital assets (land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the liabilities.

As of September 30, 2014, \$1.4 billion of the City's assets are invested in a broad range of capital assets, such as land, roads, water & sewer lines, public buildings, park facilities, machinery & equipment and construction in progress.

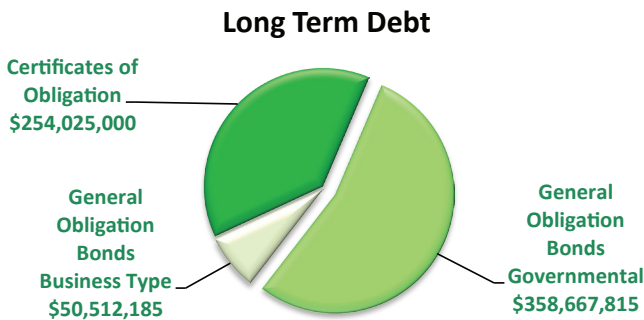


The last major City Bond Authorization Election was held in 2006, with a Fire Department Bond Authorization Election held in 2013. The chart below summarizes the unissued authorized general obligation bonds remaining by proposition. The City Council plans to call for a new bond election to be held in May 2015.

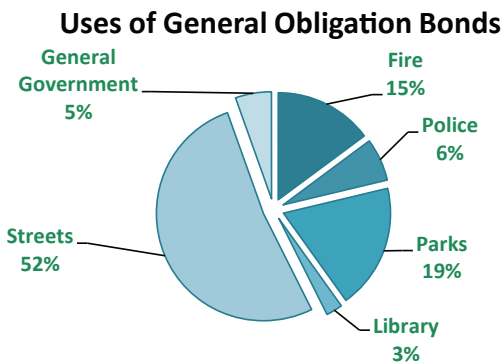
Authorized/Unissued Bonds								
	Voted Bonds	FY 2006	FY 2007	FY 2008	FY 2011	FY 2013	FY 2014	Unissued Balance
Election May 13, 2006								
Fire Dept Facilities (Prop. 1)	20,000,000	-	6,500,000	-	8,000,000	5,500,000	-	-
Police Dept Facilities (Prop. 2)	3,500,000	2,000,000	-	-	-	-	-	1,500,000
Public Safety Comm System (Prop. 3)	8,000,000	-	-	8,000,000	-	-	-	-
Street Improvements (Prop. 4)	100,000,000	30,000,000	30,000,000	16,000,000	-	12,000,000	12,000,000	-
Branch Library (Prop. 5)	8,000,000	-	-	-	-	-	-	8,000,000
Heritage Center (Prop. 6)	2,000,000	2,000,000	-	-	-	-	-	-
Senior Center Facility (Prop. 7)	2,500,000	-	-	-	-	-	-	2,500,000
Community Cultural Arts & Science Center (Prop. 8)	5,000,000	-	-	1,000,000	-	-	-	4,000,000
Public Parking Facilities (Prop. 9)	4,000,000	4,000,000	-	-	-	-	-	-
Improv & Renov Frisco Muni	1,000,000	-	-	-	-	-	-	-
Complex (Prop. 10) (not issued)								
Parks, Trails & Rec Fac (Prop. 11)	21,500,000	-	5,000,000	-	-	-	10,000,000	6,500,000
Dev of Grand Park (Prop. 12)	22,500,000	12,000,000	-	-	-	-	-	10,500,000
Remaining 2006	198,000,000	50,000,000	41,500,000	25,000,000	8,000,000	17,500,000	22,000,000	33,000,000
Election May 13, 2013								
Fire Dept Facilities (Prop. 1)	8,000,000	-	-	-	-	8,000,000	-	-
Total Authorized/Unissued Bonds	206,000,000	50,000,000	41,500,000	25,000,000	8,000,000	25,500,000	22,000,000	33,000,000

LONG TERM DEBT SERVICE - WHAT WE OWE

As of September 30, 2014, the City's total long-term debt for its governmental and business-type activities totaled \$663,205,000, which includes all debt for the city, excluding premiums and discounts.



GO bonds are issued for various City projects and repaid with ad valorem taxes. The major expend over the past ten years was to construct new streets (52%). CO Bonds are issued for the Utility System infrastructure and for leased facility construction (such as the arena and stadiums).

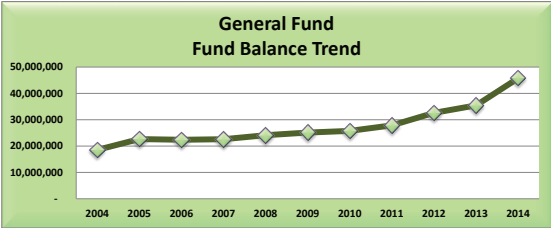


Current Bond Ratings

	Standard & Poor's Corporation	Moody's Investor Services
General Obligation Bonds	AA+	Aa1
Certificate of Obligation Bonds	AA+	Aa2

GENERAL FUND TRENDS

The fund balance (equity) of the general fund increased \$10.3 million to \$45.7 million from the prior year balance of \$35.4 million. Fund balance is a particularly important measure in the general fund because it reflects the primary functions of the government and includes local tax revenues. At the end of the current fiscal year, unassigned fund balance for the general fund of \$41,780,279 is 41% of general fund expenditures. City financial policy requires us to maintain at least three months of expenditures or 25% in fund balance.

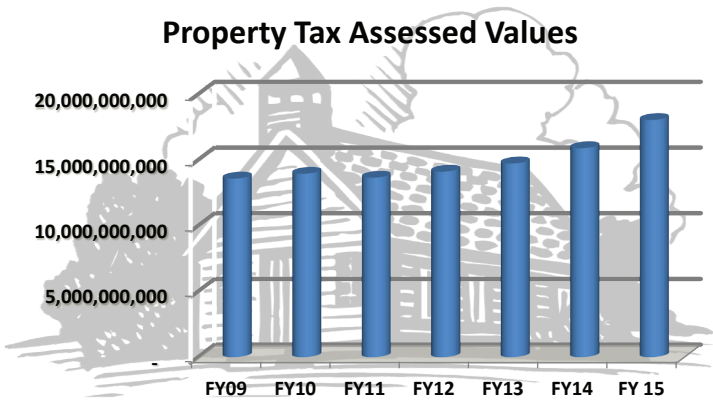


REVENUES:	2014	2013	2012	2011	2010
Taxes:					
Property	\$43,465,631	\$38,344,822	\$36,360,872	\$34,568,461	\$34,522,040
Sales	34,196,948	29,158,661	24,489,084	21,852,287	20,068,824
Franchise	8,395,425	7,472,273	7,590,666	7,752,004	6,949,049
Other	678,099	491,559	423,237	520,843	455,675
Charges for services	20,899,826	19,147,046	16,049,400	15,071,719	13,626,470
Intergovernmental	2,687,815	875,654	944,210	1,321,345	687,885
Investment earnings	78,094	92,730	133,098	113,462	108,386
Contributions, donations and grants	255,460	143,452	194,263	122,443	79,858
Payments from component units	50,000	45,000	25,508	-	10,000
Miscellaneous	470,088	2,210,177	217,989	201,309	323,924
Total revenues	111,177,386	97,981,374	86,428,327	81,523,873	76,832,111
EXPENDITURES:					
Current:					
General government	32,047,031	25,215,566	21,229,301	20,900,494	20,659,292
Public safety	45,276,993	42,027,753	39,018,640	36,330,406	34,698,935
Public works	8,156,935	7,078,839	6,477,940	6,209,736	6,086,605
Culture and recreation	13,777,432	12,917,182	12,808,617	12,682,723	11,979,035
Capital outlay	2,505,659	2,692,240	1,803,334	1,791,451	883,773
Debt service:					
Principal retirement	-	-	-	718,456	1,586,668
Interest and fiscal charges	-	-	-	-	99,837
Total expenditures	101,764,050	89,931,580	81,337,832	78,633,266	75,994,145
	9,413,336	8,049,794	5,090,495	2,890,607	837,966
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	1,203,437	76,962	98,334	38,675	42,693
Transfers in	1,332,781	729,498	722,080	728,583	742,624
Transfers out	(1,612,981)	(6,043,503)	(1,182,294)	(1,544,607)	(3,880,265)
Total other financing sources and uses	923,237	(5,237,043)	(361,880)	(777,349)	(3,094,948)
Net change in fund balances	10,336,573	2,812,751	4,728,615	2,113,258	(2,256,982)
Fund balances, beginning	35,411,215	32,598,464	27,869,849	25,756,591	25,106,113
Fund balance restatement GASB 54	-	-	-	-	2,907,460
Fund balances, ending	\$45,747,788	\$35,411,215	\$32,598,464	\$27,869,849	\$25,756,591

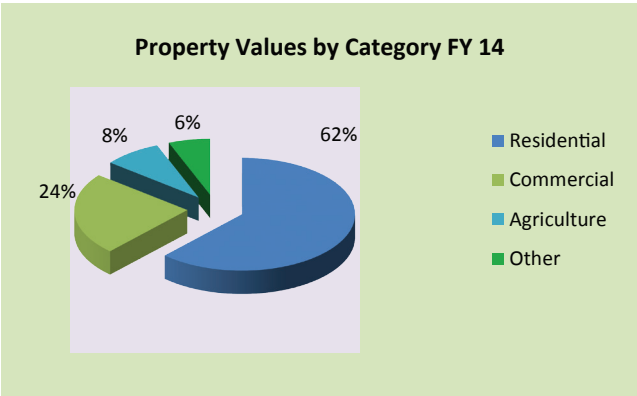
REVENUE SOURCES - PROPERTY TAX

Ad valorem property tax collections for operations and debt service are the City's largest revenue source and were \$75.8 million for FY 14. The Appraisal District's assessed value for the tax roll on January 1, 2013, (which the 2014 levy was based), totaled \$15.9 billion. This tax roll included \$490 million in new property or a 3.32% increase and an increase of \$667 million or 4.52%, in existing property values. Overall, the January 1, 2013 tax roll increased \$1.2 billion or 7.85% over the prior year. For illustration, we have also included our FY 15 assessed values of \$18 billion, an increase of 13.51% over FY 14.

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



86% of Frisco's property tax value is the combination of single-family residence and commercial real property. The City's top five taxpayers are Stonebriar Mall, BPR Shopping Center, Tenet Frisco, Hall Office Portfolio and Specified Properties with a combined taxable value of \$581 million.



REVENUE SOURCES - PROPERTY TAX RATES

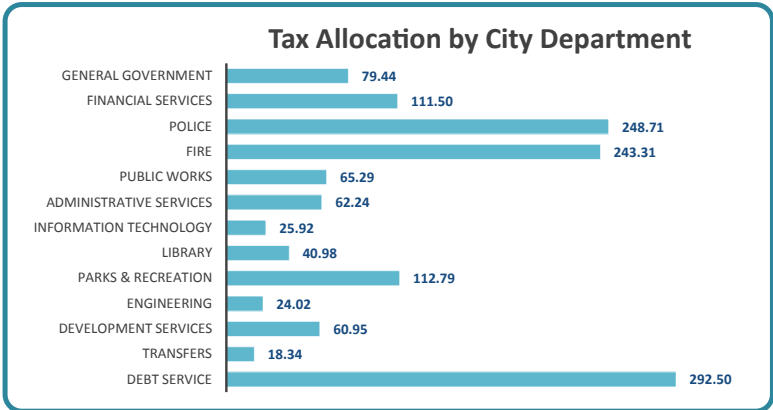
Frisco's tax rate was 46.191 cents per \$100 of assessed valuation for FY14. The total tax rate includes 28.2626 cents for operations and maintenance (O&M) with 17.9284 cents for debt service (I&S). Frisco continues to offer one of the lowest municipal tax rates in the area, based on a property tax base of \$15.9 billion, with a \$60,000 exemption for Seniors Over 65.

The total property tax bill for a Frisco property owner includes the City, County, Independent School District, and College District (within Collin County). The chart shows the tax rate for each entity for FY 2014, for residents in Collin County and Frisco ISD.



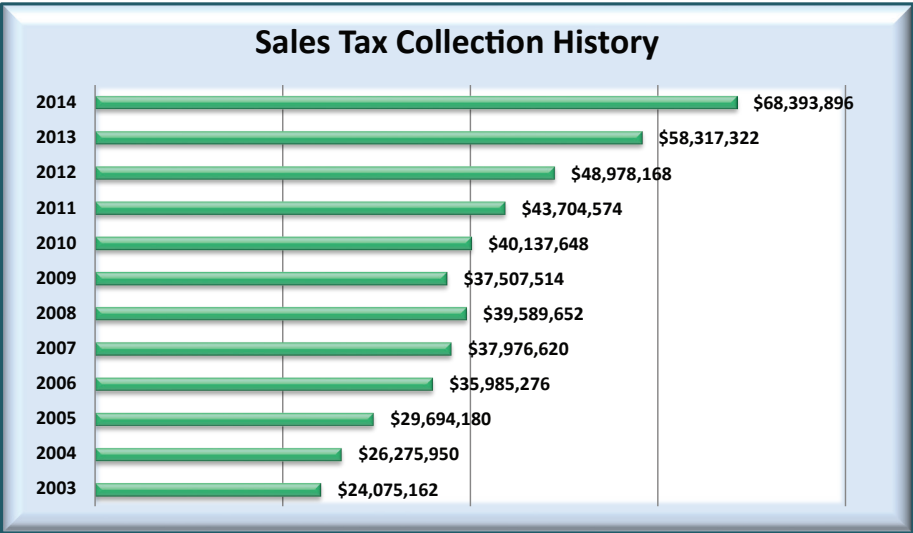
Value for Your Tax Dollars

The annual residential property tax bill for an average home valued at \$300,000 in Collin County, Frisco ISD was \$6,729 for FY 14. The City's share is \$1,386 per year or \$115.48 per month. The chart below shows how much of the annual City tax bill is allocated to each department and debt service.

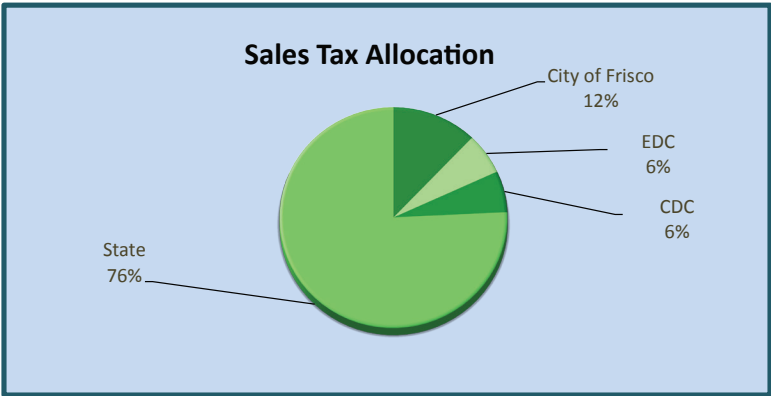


REVENUE SOURCES - SALES TAX COLLECTIONS

Total Sales Tax collections were over \$68 million for FY14, an increase of 17% over the prior fiscal year. The increase is due to overall collection increases particularly in retail sales and includes the 1% collected for the Type A and Type B Corporations (our component units).



The City's local portion of 1% of the 8.25% sales tax is used to fund general fund expenses. The other 1% is used to fund our Type A & Type B corporations at .50% for economic development and .50% for park development. Sales tax collections are produced from Frisco's sizeable retail base, including a regional shopping mall, hundreds of specialty shops/boutiques and several major retailers located in the City.

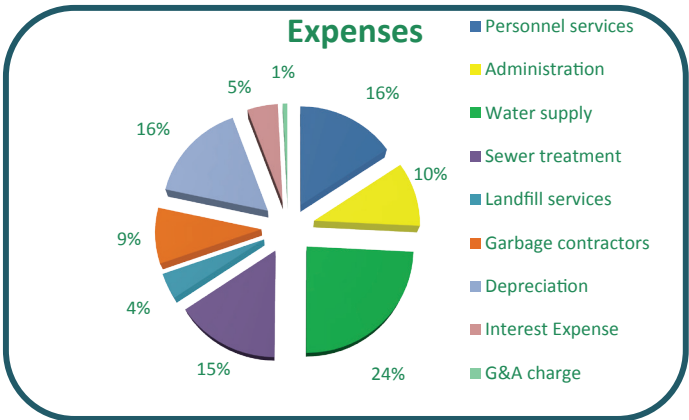
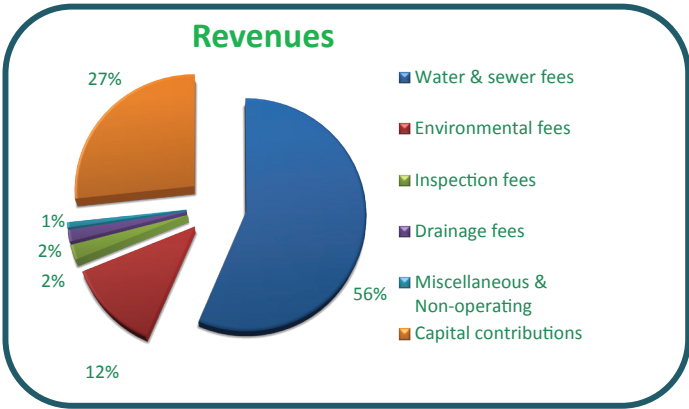


BUSINESS-TYPE REVENUES AND EXPENSES

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

The City's water and sewer system recorded charges for services of \$56.2 million and impact fees and contributions of \$25.4 million. Total operating expenses were \$61.1. The most significant expenses of the water and sewer fund were \$17.8 million to purchase water, \$11.3 million for the cost of sewage treatment, \$11.6 million for depreciation and \$10.1 million for salaries and benefits.

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



BUDGET APPROPRIATIONS FY 2015

City Council adopted the FY 2015 Budget in September 2014, as required by City Charter. The budget is balanced with operating revenues exceeding expenses.

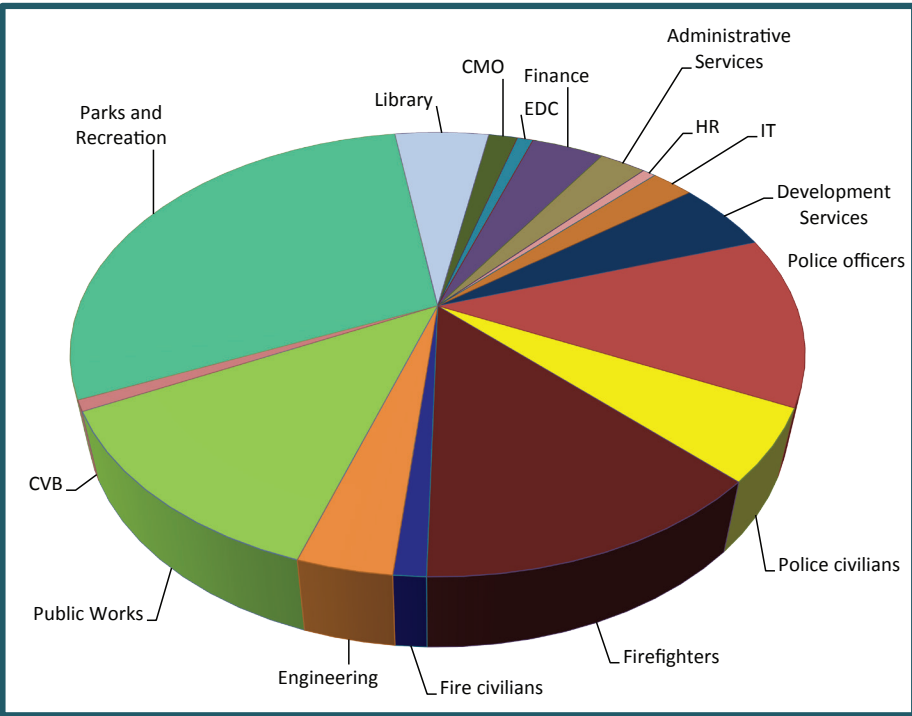
Fund Title	Estimated Beginning Balance 10/01	Revenues by Type					Expenses by Object					Estimated Ending Balance 9/30
		Taxes	Licenses & Permits	Fees	Interest	Miscellaneous	Interfund Transfers In	Salary & Benefit	Service & Commodity	Capital Outlay	Interfund Transfers Out	
General Fund	33,704,273	94,577,161	7,935,374	10,570,609	75,750	1,775,500	833,200	75,522,849	33,310,471	3,855,527	2,991,090	33,791,930
Insurance Reserve Fund	3,067,139	-	-	-	4,000	-	-	-	-	-	-	3,071,139
Public Leased Improvement Fund	204,962	-	-	225,579	150	-	800,000	-	1,018,968	-	-	211,723
Special Events Fund	133,206	-	-	240,000	-	75,000	25,000	-	220,000	70,000	-	183,206
Workforce Housing Fund	495,008	-	-	-	4,000	5,000	-	-	28,300	-	-	475,708
Public Arts Fund	291,797	-	-	-	1,000	-	17,800	-	18,800	-	-	291,797
Superdome Fund	1,669,647	-	-	-	5,000	-	-	-	80,004	-	-	1,583,643
TIRZ #1 Fund	3,321,964	5,118,441	-	19,290,322	2,000	4,220,254	4,106,423	-	13,582,446	-	19,986,138	2,490,820
Court Technology Fund	397,755	-	-	196,500	1,000	-	-	-	100,311	52,000	144,000	298,944
Traffic Control Enforcement	207,030	-	-	312,500	136	-	-	-	421,000	-	-	98,666
Hotel/Motel Tax Fund	1,097,208	3,995,295	-	-	1,000	437,000	-	1,154,377	1,792,374	-	1,478,626	1,105,126
Frisco Square MMD Fund	-	-	-	-	-	491,083	-	-	-	-	491,083	-
Panther Creek PID Fund	96,862	-	-	140,000	75,000	-	-	-	3,531,713	2,516,852	215,000	96,862
Grants Fund	-	-	-	-	-	5,968,565	80,000	-	-	-	-	-
CDBG Fund	-	-	-	-	-	438,145	-	-	438,145	-	-	-
Public Television Franchise Fund	688,016	361,973	-	-	1,200	-	-	-	-	133,500	-	917,669
Capital Projects Fund	2,078,570	-	-	-	-	19,500,000	15,948,257	-	-	35,380,264	44,670	2,069,893
Capital Reserve Fund	4,151,491	-	-	-	3,500	-	2,000,000	-	-	-	-	6,154,991
Thoroughfare Impact Fee Fund	18,927,069	-	-	-	-	-	-	-	-	-	5,000,000	13,927,069
Park Dedication Fee Fund	9,811,926	-	-	-	-	-	-	-	-	-	-	9,811,926
Debt Service Fund	4,425,842	29,348,136	-	-	20,000	5,509,239	19,892,221	-	54,975,470	-	-	4,219,968
Utility Fund	28,654,098	-	-	67,514,681	20,000	400,000	3,257,038	11,143,182	59,172,593	744,054	-	28,785,968
Utility Capital Projects Fund	1,450,727	-	-	-	-	-	-	-	-	-	-	1,450,727
Utility Impact Fee Fund	20,284,216	-	-	-	-	-	-	-	-	-	3,000,000	17,284,216
Stormwater Fund	816,448	-	-	1,910,102	1,000	-	-	892,755	864,626	24,040	129,681	816,446
Environmental Services Fund	5,668,386	-	-	12,651,001	1,000	-	145,000	721,323	10,151,057	23,500	946,854	6,622,653
Community Development Fund	30,278,917	17,966,406	-	-	39,000	24,715,798	-	-	10,283,995	32,235,000	11,643,377	18,832,749
Economic Development Fund	50,891,594	17,966,406	-	-	54,000	611,486	-	1,656,853	15,665,740	24,000,000	1,029,420	27,171,473
Charitable Foundation Fund	16,551	-	-	-	-	-	-	-	-	-	-	16,551
Totals	222,827,700	169,333,818	7,935,374	113,051,294	308,736	64,147,070	47,104,939	91,091,339	205,656,013	99,034,737	47,104,939	181,821,903

Total estimated revenues for FY15 include 42% for taxes, 30% for fees charged, 5% for interest income & miscellaneous, 12% for interfund transfers and 11% for bond proceeds to continue the Capital Improvement Program, which is classified above in miscellaneous income.

Services account for 46% of the total expense, with salary and personnel costs totaling 21%. Capital outlay for the new budget year is projected to be 22% of the total expense with interfund transfers accounting for 11%. This adopted budget added 64 new positions across all City funds.

STAFFING LEVEL HISTORY

Function	Staffing Levels - 5 Year History				
	2010	2011	2012	2013	2014
General government	194	197	206	202	217
Public safety					
Police					
Officers	150	146	146	151	158
Civilians	49	58	59	67	67
Fire					
Firefighters and officers	142	140	161	161	165
Civilians	11	13	13	15	15
Highways and streets					
Engineering	46	46	48	46	44
Maintenance	49	49	49	42	54
Culture and recreation	366	355	360	378	449
Environmental services	12	12	12	12	12
Water	63	63	63	61	64
Sewer	16	16	16	19	19
Stormwater	4	6	7	6	11
Total	1,102	1,101	1,140	1,160	1,275



ACHIEVEMENTS



Photo by LARRY KIRKLAND



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Frisco
Texas**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Jeffrey R. Egan
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Frisco, Texas for its Popular Annual Financial Report for the fiscal year ended September 30, 2013.

The City Finance Department has also received two other recognitions from GFOA including the Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for the last fourteen years and the Distinguished Budget Presentation Award for our Annual Budget for the past six years.

Our Purchasing Division has received the NPI Achievement of Excellence in Procurement for ten consecutive years. And, finally, the City has participated in the Texas Comptroller Leadership Circle Transparency Program since it was introduced in 2009. We have been recipients of the Gold Award for the past four years and most recently earned the Platinum Award.

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