

City of Frisco, Texas

***Comprehensive
Annual
Financial
Report***

**For the Year Ended
September 30, 2015**



Photo Credit:
"Texas Flag in Field of Bluebonnets"
Courtesy of: Jeff Wilson Photography

CITY OF FRISCO, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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PROGRESS IN MOTION

**Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2015**

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PROGRESS IN MOTION

INTRODUCTORY SECTION





PROGRESS IN MOTION



February 29, 2016

Honorable Mayor, Members of the City Council, City Manager,
and Residents
City of Frisco
Frisco, Texas

The Financial Services Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Frisco, Texas (the City), for the year ended September 30, 2015, in accordance with Section 7.18 of 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 government. 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.

Crowe Horwath LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Frisco's financial statements for the year ended September 30, 2015. The report of independent auditors is located at the beginning of the financial section of this report.

This letter of transmittal is designed to compliment Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

City of Frisco Profile

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 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. 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 60% developed.

We continue to experience population growth. Our population was 6,550 in 1991, 33,714 in 2000 and 116,989 by the 2010 census date. On October 1, 2015, the population was estimated to be 151,030. The chart below details the City's populations for each census date since 1910.

Year	Population
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

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 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 government's 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.

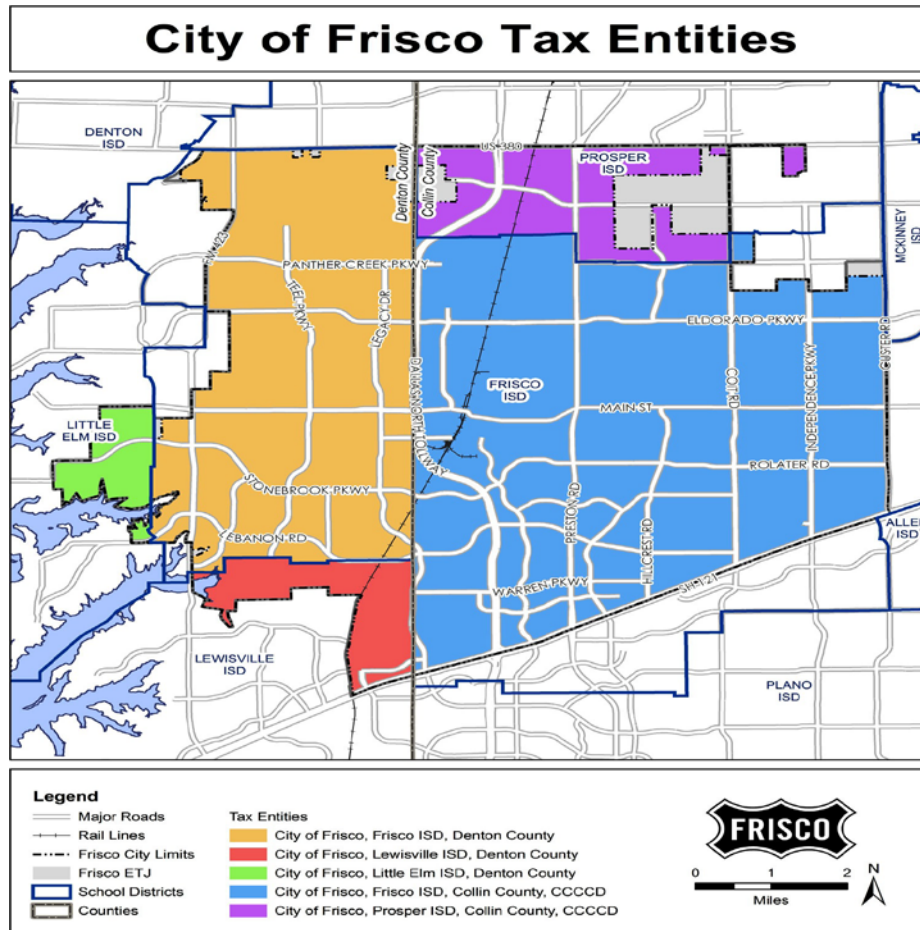
The financial reporting entity (the government) includes all the funds of the primary government. Services that are provided have proven to be necessary and meaningful and are those that the City can provide at the least cost. The government provides a full range of services including police and fire 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.

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 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, function (e.g., public safety), department (e.g., police), division (e.g., patrol), and object (e.g., expense). Transfer of appropriations within a department may be made with approval of the Department Head. Transfers within funds may be made with approval of the City Manager. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Financial reports are produced showing budget and actual expenditures by line item, and are available electronically monthly for City department and division managers review. 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. Revenue budgets are reviewed monthly.

Overlapping property tax rates for the taxing entities within the City range from \$2.19220 to \$2.44696 (see page 144) depending on which County and which school district the property is located. The map on the next page shows the boundaries for each taxing jurisdiction within the City of Frisco.



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.

According to the U.S. Census Bureau's 2013 American Community Survey, Frisco's median household income of \$115,603 is considerably higher than \$59,175 for Dallas-Fort Worth-Arlington MSA and \$52,576 for Texas. Also, according to the survey, Frisco's residents are well-educated with 58.4% of adults age 25 or older having a bachelor's degree or higher level of education, compared to 32% for the Dallas MSA and 27.1% for Texas.

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:

- (1) Attract jobs and corporate relocation from outside the North Texas region;
- (2) Retain & expand local businesses;
- (3) Enhance Frisco's innovation culture through entrepreneurship;
- (4) Improve product readiness & competitiveness.

With this strategy, the FEDC facilitated 25 new projects during FY 2015, potentially filling or adding more than 9 million square feet, with a potential capital investment exceeding \$1.9 billion and potentially creating/retaining more than 28,000 jobs.

The chart below summarizes the projects and impact for the four quarters of FY 2015.

**Summary of FEDC Projects
FY15**

Quarter	Number of Projects	Potential Square Feet	Potential Capital Investment	Potential Direct Jobs Created/Retained
Q1	2	93,927	\$ 16,000,000	290
Q2	6	7,506,490	1,766,577,000	24,438
Q3	5	308,700	24,125,980	179
Q4	12	1,174,200	171,355,769	3,289
Total YTD	25	9,023,317	\$1,978,058,749	28,196

Two companies relocated their corporate headquarters to Frisco in FY 2015, Gearbox Software and Nexius Solutions, while CIGNEX Datamatics Corporation announced a regional corporate headquarters. Several existing companies also announced expansions of Frisco office space. Among those expanding are Transplace, Code Authority, Conifer Health Solutions, Corepoint Health, and Cobb Fendley & Associates.

FEDC also facilitated new development during 2015. Frisco Bridges Place, a spec six-story, Class A Office building offering 170,000 square feet of new office space is expected to open in spring 2016, and, under construction in 2015 with an expected opening in summer 2016, is Verona Villa, a 16,000 square-foot, high-end event center.

Progress continues in Frisco's \$5 Billion Dollar Mile. Within the one mile stretch of the Dallas North Tollway, between Warren Parkway and Lebanon Road, four mixed-use, destination development projects represent more than \$5 Billion in capital investment. The four projects are either under construction or announced and include: The Star in Frisco, at 91 acres, Frisco Station at 292 acres, The Gate at 41 acres, and Wade Park at 175 acres.

Frisco continues to be a destination location with venues and attractions that generate significant economic benefits to Frisco retailers, restaurants and hotels. On January 9,

2016, Frisco welcomed back the NCAA Division I Football Championship Game (FCS) hosted by the Southland Conference, Hunt Sports Group and the city of Frisco.

Our housing development will continue to be robust in 2016. More than 2,300 new single-family permits were issued in fiscal year 2015. We have several large subdivisions under development including: Phillips Creek Ranch, Prairie View, and The Canals @ Grand Park, Richwoods and Frisco Lakes. Our single family lots in the pipeline or approval process at December 31, 2015, total 8,057, with 47.7% in Collin County and 52.3% in Denton County. The multi-family and urban living mixed used projects in the city's pipeline total 11,425 units at December 31, 2015, with over 2,200 units under construction.

Frisco ISD, a public school district in Texas which serves the Frisco residents, continues to build new school facilities to accommodate growth, and will be opening several new campuses for the school year 2016-2017. There are 64 schools currently, including 38 elementary, 15 middle schools, 8 high schools and 3 special program centers. Frisco ISD surpassed their 50,000th student during the 2014-2015 school year with a current enrollment of over 53,000 students. Residents approved a \$775 million bond package in May 2014 to build schools through 2020, when school enrollment is projected to reach 66,000 students.

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 relocate to grow a business and raise a family.

Long-Term Financial Planning

The City has a five-year financial plan including staffing requirements and a five-year capital improvement plan. We monitor our assessed property values, sales tax collections, and building permit starts, and encourage and provide incentives for new and updated opportunities to sustain our City's financial economy. In May 2015, Frisco residents approved a \$267,825,000 bond package to continue the Capital Improvement Program (CIP).

Major capital improvement projects under design or currently under construction within the City and in the CIP include:

street and utility projects: 4th Army Memorial, Custer Road (FM 2478), Rockhill Road, Teel Parkway, Traffic Signal Installations and Arterial Street Light improvements; **facilities projects:** *The Star at Frisco*-Special Events and Sports Facility, City Hall/Library/Court Expansion at the George A. Purefoy Municipal Center, Fleet Center Facility, Senior Center, Police Headquarters Parking Facility, Fire Equipment and Facilities; **parks projects:** Grand Park, Cottonwood Creek Linear Park, Willow Bay Park and Harold Bacchus Community Park, Phase 4; **water & sewer projects:** Stonebrook/FM 423 Elevated Storage Tank, Panther Creek Sewer Interceptor, North Stewart Creek Sewer Interceptor, 4th Army Memorial, West Rowlett Creek Wastewater Main and Lone Star Lift

Station Expansion. Detailed information including an extensive project listing for current and planned projects can be found in the Annual Budget FY 2016 document.

The City Council formed a Finance & Audit Committee which meets on an as-needed basis to discuss financial and budgetary information for long-term planning, financial policies, fund balance reserve requirements and tax rate setting information.

Frisco continues a contracted service to provide internal control monitoring 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. Regarding pensions, we have adopted funding as proposed by the Texas Municipal Retirement System to ensure the long-term sustainability of the plan. For retiree health care, we provide an optional retirement health plan, fully funded by the retirees to meet their health care insurance coverage needs. We review plan designs on an annual basis to provide a sustainable benefit to our employees without shifting costs to future taxpayers and to comply with new federal laws and regulations.

Relevant Financial Policies

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 modified to accommodate changing circumstances or conditions.

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 Assistant City Manager.

Major Initiatives

For the FY 2016 Approved Budget, funding will allow us to continue implementing Council's strategies and priorities as adopted at the January 2015 Annual Workshop. One of the key initiatives for the City, spanning over multiple years, is the development of the "\$5 Billion Mile", the one mile corridor along the Dallas North Tollway, just north of Sam Rayburn Tollway (SH 121).

We continue our work with the Public Utility Commission regarding new power line placements in the City, TCEQ and our legal team continue the settlement agreement discussions for the Exide property, Parks Project Office staff and the Corps of Engineers continue the design phase work for Grand Park and with the approved bond authorization, we are working with a design team for the expansion of City Hall and other facilities, to accommodate required needs. We continue addressing service demand with a total of 75 FTE in additional positions approved in FY 16, bringing our total personnel count to 1,417. Our population is expected to increase about 6% over the next twelve months which impacts all areas of the City.

Funding of \$2.3 million, for an average 3% merit for civilian employees or one step increase for public safety personnel was approved along with \$3.1 million for staffing market changes recommended by a Classification and Compensation Study completed during FY 15. Expenditures for capital outlay to replace equipment and police vehicles, as well as funds for several software and hardware replacements, library material acquisitions and the various new positions were included in the funding program.

The City's Financial Services Department continued a Council directive for *Transparency in Government*. The monthly financial report which provides internal and external users with general awareness of the City's financial position and economic activity is published online. This report is presented to the City Council, usually the second meeting of the month. Also available on the website are City check registers, investment reports, historical budget and financial documents.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Frisco for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2014. This was the fifteenth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit had to publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Financial Services Department and our independent auditors. We would like to express our appreciation to staff of the other City departments who assisted and contributed to the preparation and publication of this report in any way. Special thanks are extended to members of the City Council and City Manager's Office for their leadership and support of professionalism and sound fiscal management.

Respectfully submitted,

Danny Collier, CPA
Assistant Director of Finance

Anita Cothran, CGFO
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Frisco
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

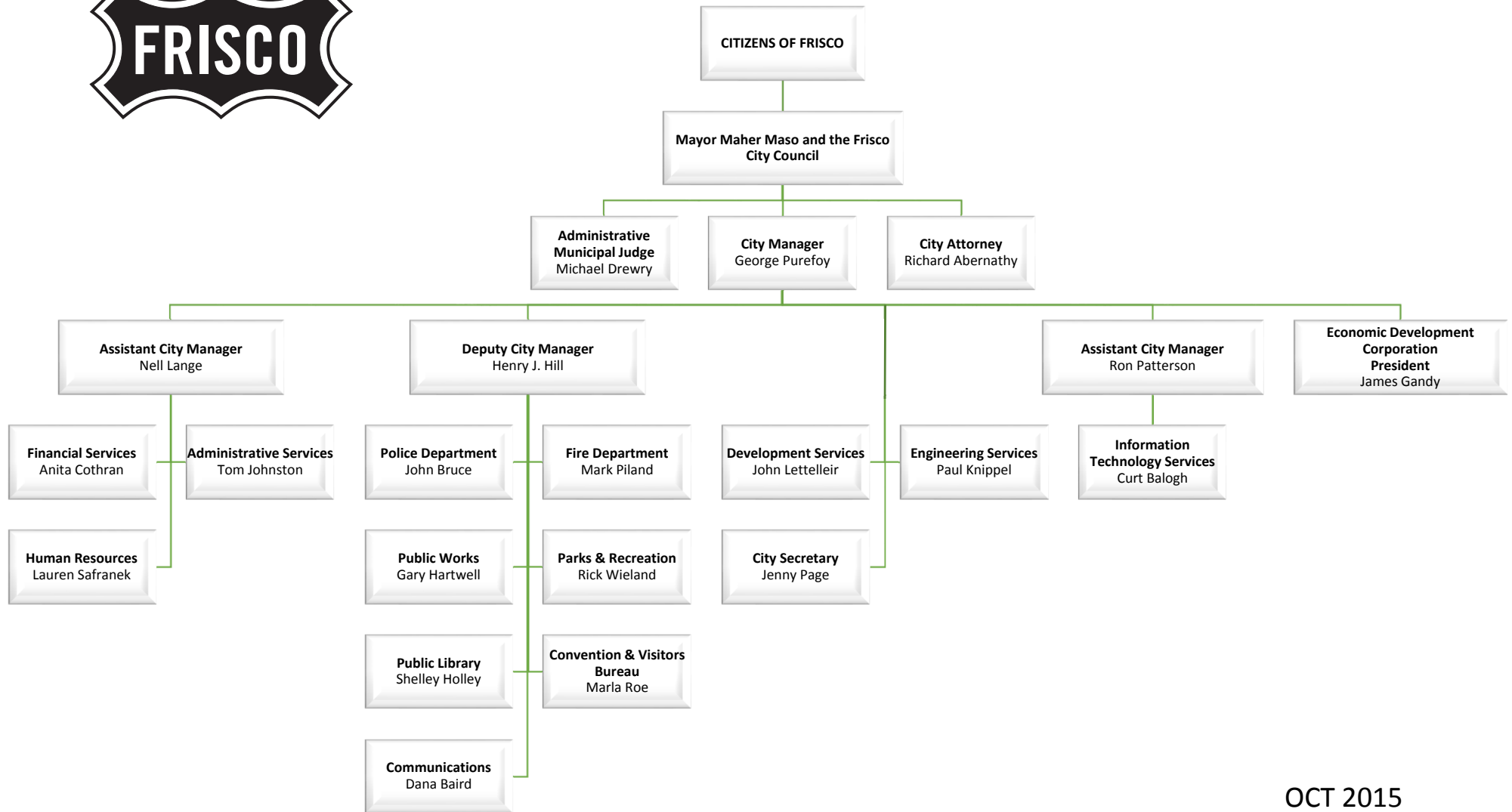
Elected Officials and Administrative Officers
September 30, 2015

Council Members

Mayor	Mahe Maso
Councilmember, Place 1	Bob Allen
Councilmember, Place 2	Jeff Cheney
Deputy Mayor Pro-tem, Place 3	Will Sowell
Mayor Pro-tem, Place 4	John Keating
Councilmember, Place 5	Tim Nelson
Councilmember, Place 6	Scott Johnson

Administrative Officers

City Manager	George Purefoy
Deputy City Manager	Henry Hill
Assistant City Manager	Ron Patterson
Assistant City Manager	Nell Lange
City Attorney	Richard Abernathy
City Judge	Michael Drewry
City Secretary	Jenny Page
Director of Communications	Dana Baird
Director of Financial Services	Anita Cothran
Fire Chief	Mark Piland
Police Chief	John Bruce
Director of Public Works	Gary Hartwell
Director of Human Resources	Lauren Safranek
Director of Administrative Services	Tom Johnston
Director of IT Services	Curt Balogh
Director of Library Services	Shelly Holley
Director of Parks & Recreation	Rick Wieland
Director of Engineering Services	Paul Knippel
Director of Development Services	John Lettelleir
Economic Development President	James Gandy
CVB Executive Director	Marla Roe



OCT 2015



PROGRESS IN MOTION

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Frisco (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Frisco, as of September 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the TIRZ#1 Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, in June 2012 the GASB issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Also, in November 2013 the GASB issued GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". As discussed in note 1, GASB Statements 68 and 71 were effective for the City's fiscal year ended September 30, 2015. These Statements replace the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and Statement No. 50, "Pension Disclosures." Statements 68 and 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about pensions are also addressed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 17 through 28 and the Schedule of Changes in Net Pension Liability and Related Ratios, and Schedule of Contributions, on pages 95 and 96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 statements and schedules and other information such as the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Crowe Horwath LLP

Dallas, Texas
February 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS



PROGRESS IN MOTION

CITY OF FRISCO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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, 2015. In the broadest context, the financial well being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so the City's tax base, service levels, City assets and the City's desirability will be maintained; not just for the current year, but well into the future.

Financial reporting is limited in its ability to provide this "big picture", but rather focuses on financial position and changes in said financial position. In other words, are revenues and or expenses/expenditures higher or lower than the previous year? Has net position (containing both short and long term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (pages 1 - 8 of this report) and the statistical section (pages 132-160), 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 of the City of Frisco exceeded its liabilities at the close of the most recent fiscal year by \$1,264,143,495 (net position). The majority of the City's assets are invested in capital assets or restricted for specific purposes. The remaining \$74,214,890 is unrestricted and 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.
- The City's net position for governmental activities increased by \$130,269,839 as a result of this year's operations. Net position of the City's business-type activities increased as a result of this year's operations by \$36,554,010.
- As of the close of the current fiscal year, the City of Frisco's governmental funds reported a combined ending fund balance of \$246,415,584. Approximately 18 percent of this total is available for spending at the City's discretion (unassigned).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$44,957,984 or 40 percent of total general fund expenditures.
- The City of Frisco's total debt increased by \$61,666,049, 9 percent during the current fiscal year. The key factors in this change were the new bond issues during the year.

- The ad valorem rate for the City was \$.46 for fiscal year 2015. This tax rate supports debt service, operations and maintenance, and bond programs to construct infrastructure and city facilities.

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 of the City of Frisco's assets and liabilities, with the difference between the two 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 of the revenues and expenses are taken into account as soon as the underlying event giving rise to the item occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, pension contributions and earned but unused vacation leave).

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

- **Governmental activities** – Most of the City's basic services are reported here, including police, fire, library, planning and development, traffic engineering, parks and recreation, public works, information technology services, finance, human resources and general administration. Property taxes, sales taxes, franchise taxes, charges for services and intergovernmental revenue finance most of these activities.
- **Business-type activities** – Includes services for which the City charges a fee to customers to cover all or most of the cost of providing such services. The City's water and sewer system operations, stormwater operations and environmental services are reported here.
- **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 City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

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

The City of Frisco maintains fifteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, tax increment refinancing zone fund (TIRZ), capital projects fund, and the debt service fund all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 97 of this report.

- **Proprietary funds** – The City charges customers directly for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements, but enterprise fund financial statements provide more detail and additional information, such as cash flows.

The City of Frisco maintains three individual enterprise funds. The City uses enterprise funds to account for its water and sewer, storm drainage and environmental services activities. Only the water and sewer fund is considered to be a major fund of the City.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension 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 exceeded liabilities by \$1,264,143,495 as of September 30, 2015.

By far the largest portion of the City's net position (88 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, the assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Frisco Net Position September 30, 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 464,668,805	\$ 339,131,590	\$ 123,909,062	\$ 105,904,781	\$ 588,577,867	\$ 445,036,371
Capital assets	1,313,090,983	1,142,119,642	315,560,610	293,229,270	1,628,651,593	1,435,348,912
Total assets	1,777,759,788	1,481,251,232	439,469,672	399,134,051	2,217,229,460	1,880,385,283
Deferred outflow of resources	20,781,754	18,717,727	6,145,241	4,546,796	26,926,995	23,264,523
Long term liabilities	607,728,398	555,809,450	133,723,628	127,963,920	741,452,026	683,773,370
Other liabilities	218,501,984	103,256,561	18,730,846	19,300,229	237,232,830	122,556,790
Total liabilities	826,230,382	659,066,011	152,454,474	147,264,149	978,684,856	806,330,160
Deferred inflow of resources	1,138,373	-	189,731	-	1,328,104	-
Net investment in capital assets	886,959,457	767,966,048	222,392,769	198,917,232	1,109,352,226	966,883,280
Restricted	54,319,922	37,254,468	26,256,457	21,881,788	80,576,379	59,136,256
Unrestricted	29,893,408	35,682,432	44,321,482	35,617,678	74,214,890	71,300,110
Total net position	\$ 971,172,787	\$ 840,902,948	\$ 292,970,708	\$ 256,416,698	\$ 1,264,143,495	\$ 1,097,319,646

An additional portion of the City's net position (6 percent) represents resources that are subject to external restrictions on how they may be used, including bond covenants. The remaining balance of unrestricted net position \$74,214,890 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, 2015, the City is able to report positive balances in all three categories, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal years.

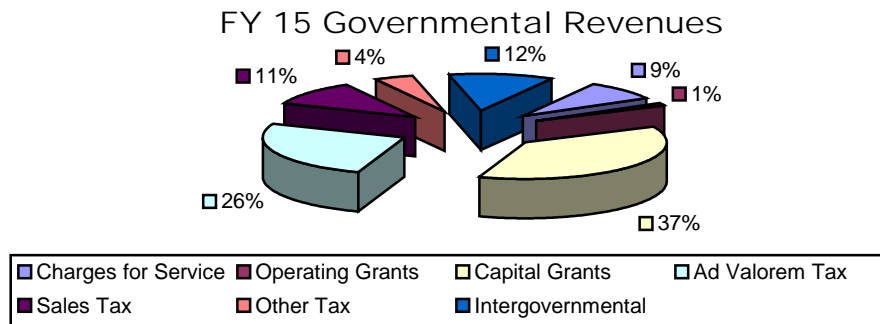
Analysis of the City's Operations – Overall the City had an increase in net position of \$166,823,849.

Governmental activities: Governmental activities increased the total net position by \$130,269,839 or 78% of the total growth. Net investment in capital assets increased by \$118,993,409 due to increases in capital investment, net of increases in debt service. Unrestricted decreased by \$5,789,024, due to an increase in expenses and the recognition of the pension liability. Restricted increased by \$17,065,454, primarily due to increases in capital projects and restricted fees to fund the projects.

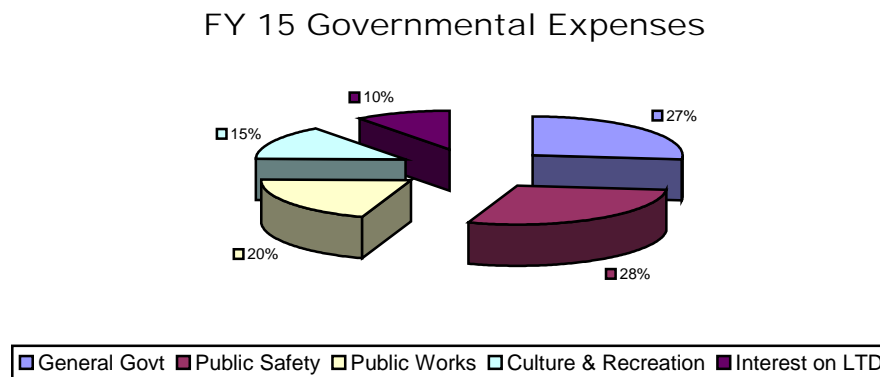
Total revenues for governmental activities increased when compared to the prior year by \$98,202,401. General revenue had a net increase of \$24,279,770, while program revenues had an increase of \$73,922,631. These were primarily due to the following factors:

General revenues: Property tax revenue includes an increase of \$9.6 million and is due to a combination of the increased value in existing property and the value generated by new improvements and annexations. Sales taxes increased \$1.8 million due to an increase in retail sales for the entire year. Franchise and other taxes show increases over the prior year collections. Intergovernmental revenues increased \$11.5 million due to increases in TIRZ tax collections and contributions from the component units for projects within the City.

Program revenues: Charges for services increased during the year due to higher collections for various fees including recreational fees and building permits. Operating grants and contributions decreased this fiscal year while significant increases were seen in capital grants and contributions due in part to the increase in intergovernmental revenues and developer contributions recognized for capital projects, including the Agreement for the Sports and Events Center.



Total expenses for governmental activities increased \$16 million or 9 percent. This increase is attributed to increases to provide services to the growing population base. General government expenses include a payment of \$13.1 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 \$57,906,328 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 is a significant expense and provides roadway repairs and traffic control/signals for the citizens. Expenses include depreciation for City infrastructure. Total salaries and benefits for the governmental activities totaled approximately \$80 million or 40% of the total expenses, while depreciation expense totaled \$48.9 million or 24.5%.



Business-type activities: Net position from business-type activities increased by \$36,554,010 accounting for the remaining total growth. Program revenues of the City's business-type activities were \$115,013,995 for the fiscal year. Operating expenses for the City's business-type activities totaled \$78,526,445. The increase is affected by several factors, including the following:

The City's water and sewer system recorded charges for services of \$69,190,052 and impact fees and contributions of \$29,793,281. Revenues showed an increase during the year primarily due to capital contributions and drought conditions over the summer which increased water sales. Growth of the customer base is also a contributing factor to the

Management's Discussion and Analysis (continued)
September 30, 2015

increases in revenues. Total operating expenses were \$66,188,799. The most significant expenses of the water and sewer fund were \$19,405,423 to purchase water, \$14,059,805 for the cost of sewage treatment, \$12,141,682 for depreciation and \$10,949,204 for salaries and benefits.

**City of Frisco's Changes in Net Position
For the year ended
September 30, 2015**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 28,725,444	\$ 26,396,837	\$ 85,179,348	\$ 69,647,774	\$ 113,904,792	\$ 96,044,611
Operating grants and contributions	3,236,153	4,666,348	41,366	17,466	3,277,519	4,683,814
Capital grants and contributions	122,651,198	49,626,979	29,793,281	25,480,432	152,444,479	75,107,411
Total program revenues	154,612,795	80,690,164	115,013,995	95,145,672	269,626,790	175,835,836
General revenues						
Ad valorem tax	85,412,246	75,849,283	-	-	85,412,246	75,849,283
Sales tax	36,003,036	34,196,948	-	-	36,003,036	34,196,948
Franchise tax	9,338,941	9,041,655	-	-	9,338,941	9,041,655
Other tax	5,019,906	4,565,581	-	-	5,019,906	4,565,581
Intergovernmental	37,600,247	26,077,693	105,040	104,000	37,705,287	26,181,693
Investment earnings	859,102	222,548	267,813	116,631	1,126,915	339,179
Total general revenues	174,233,478	149,953,708	372,853	220,631	174,606,331	150,174,339
Total revenues	328,846,273	230,643,872	115,386,848	95,366,303	444,233,121	326,010,175
Expenses						
General government	53,318,813	50,945,132	-	-	53,318,813	50,945,132
Public safety	57,906,328	52,340,573	-	-	57,906,328	52,340,573
Public works	39,730,064	32,827,619	-	-	39,730,064	32,827,619
Culture and recreation	29,483,819	28,062,191	-	-	29,483,819	28,062,191
Interest	18,443,803	18,631,848	-	-	18,443,803	18,631,848
Water and sewer	-	-	66,188,799	61,177,648	66,188,799	61,177,648
Other enterprise funds	-	-	12,337,646	11,674,055	12,337,646	11,674,055
Total expenses	198,882,827	182,807,363	78,526,445	72,851,703	277,409,272	255,659,066
Increase in net position before transfers	129,963,446	47,836,509	36,860,403	22,514,600	166,823,849	70,351,109
Transfers	306,393	573,076	(306,393)	(573,076)	-	-
Increase in net position	130,269,839	48,409,585	36,554,010	21,941,524	166,823,849	70,351,109
Net position, October 1, as restated	840,902,948	792,493,363	256,416,698	234,475,174	1,097,319,646	1,026,968,537
Net position, September 30	\$ 971,172,787	\$ 840,902,948	\$292,970,708	\$256,416,698	\$1,264,143,495	\$1,097,319,646

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, 2015, the governmental funds of the City reported a combined fund balance of \$246,415,584, an increase of \$18,164,159 in comparison

with the prior year. Unassigned fund balance, which is available for spending at the government's discretion, constitutes \$44,957,984 of this balance. The remainder of fund balance is non-spendable, restricted, committed or assigned. 1) Non-spendable fund balances (\$1,062,671) includes prepaids and inventories held by the government, 2) Restricted balances includes bond proceeds restricted for capital projects (\$134,517,635), reserves to pay debt service (\$5,278,799), impact fee revenues restricted for capital project funding (\$38,088,397), TIRZ #1 balances for other purposes (\$3,369,614), and other special revenues restricted for a specific purpose (\$4,725,674), 3) Committed funds included commitments made by resolution by the governing body for insurance reserves (\$3,084,857), workforce housing programs (\$490,093) and the capital reserve fund (\$10,839,860),

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 \$44,957,984, while total fund balance reached \$59,989,360. 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 40% of total general fund expenditures, while total fund balance represents 53% of that same amount. The fund balance of the City's general fund increased \$14,241,572 during the current fiscal year attributed mainly to increases in actual revenues collected for sales tax, property tax, permits and recreation fees, while expenditures for most functional areas were less than originally budgeted. The capital reserve was also transferred back to the general fund from the capital projects fund.

The TIRZ fund has a total fund balance of \$3,369,614. This amount is restricted for future projects within the zone.

The capital projects fund has a total fund balance of \$134,933,349, (\$415,714) non-spendable for prepaid expenses and inventories. 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 issued during the fiscal year. The only revenue recognized is for interest earnings on bond proceeds and intergovernmental/developer agreements for shared costs projects.

The debt service fund has a total fund balance of \$5,278,799, all restricted for retirement of City debt. During the year, the City refinanced a portion of the city debt, resulting in a savings over time for this fund.

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, 2015 totaled \$44,321,482. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

For FY 2015, the City Council approved a final appropriation in September 2015 with the total amount of the appropriation equaling \$115.8 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 \$112.4 million compared to the re-estimated budget amount of \$115.2 million. The \$2.8 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.

The actual (on a budgetary basis excluding transfers in) revenues were \$121.3 million as compared to the re-estimated budget amount of \$119.3 million excluding transfers. The \$2 million variance in total revenues is attributed to increases over projections in taxes, permits fees and charges for services collections, with decreases under projections in sales tax collections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. At the end of the year, the City had \$2,235,618,270 invested in a broad range of capital assets, including land, buildings, park facilities, roads, bridges, water & sewer lines, police and fire equipment, and public works operating equipment and machinery. This amount represents a net increase (including additions and deductions) of \$250,998,340 over the prior fiscal year. Total accumulated depreciation for September 30, 2015, was \$606,966,677 for net capital assets of \$1,628,651,593.

Capital Assets for the Year Ended September 30, 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 239,083,442	\$ 230,806,653	\$ 10,146,356	\$ 10,136,606	\$ 249,229,798	\$ 240,943,259
Buildings & improvements	344,886,045	347,202,981	10,123,598	10,102,640	355,009,643	357,305,621
Machinery & equipment	55,365,570	52,748,782	7,790,498	7,196,446	63,156,068	59,945,228
Construction in progress	253,890,155	100,443,380	43,528,547	39,314,176	297,418,702	139,757,556
Improvements other than buildings	895,902,846	841,146,617	374,901,213	345,521,649	1,270,804,059	1,186,668,266
Total capital assets	1,789,128,058	1,572,348,413	446,490,212	412,271,517	2,235,618,270	1,984,619,930
Less accumulated depreciation	(476,037,075)	(430,228,771)	(130,929,602)	(119,042,247)	(606,966,677)	(549,271,018)
Total	\$1,313,090,983	\$1,142,119,642	\$ 315,560,610	\$ 293,229,270	\$1,628,651,593	\$1,435,348,912

This year's major additions included:

Land purchased included park land along with various right-of-ways for roads and utilities. Improvements other than buildings include park construction projects and the developer contributions for road construction throughout the City, as well as traffic signals and lighting projects. Vehicles, machinery and some equipment were added during the year based on our equipment replacement schedule.

The City's 2016 Capital Project Multi-Year Budget calls for a continuation of the Capital Project Plan. Funding for several major roadway projects, Grand Park and other community parks, fire

equipment, facility expansions and new construction and utility system infrastructure are included in the 2016 Plan.

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

<u>Election May 13, 2006</u>	<u>Voted Bonds</u>	<u>Issued Prior Years</u>	<u>Issued FY 2015</u>	<u>Unissued Balance</u>
Police Facilities (Prop 2)	\$ 3,500,000	\$ 2,000,000	\$ 1,500,000	\$ -
Community Cultural Arts (Prop 8)	5,000,000	1,000,000	-	4,000,000
Parks, Trails and Rec Facilities (Prop 11)	21,500,000	15,000,000	6,500,000	-
Grand Park (Prop.12)	22,500,000	12,000,000	-	10,500,000
Remaining 2006	52,500,000	30,000,000	8,000,000	14,500,000
<u>Election May 9, 2015</u>				
Public Safety (Prop. 1)	41,500,000	-	9,510,000	31,990,000
Street Improvements (Prop.2)	125,000,000	-	25,000,000	100,000,000
Fleet Center Expansion (Prop. 3)	3,325,000	-	3,325,000	-
City Hall Expansion (Prop. 4)	37,000,000	-	5,000,000	32,000,000
Senior Center (Prop. 5)	9,000,000	-	9,000,000	-
Parks, Trails and Rec Facilities (Prop. 6)	32,000,000	-	-	32,000,000
Grand Park (Prop. 7)	10,000,000	-	-	10,000,000
Community Cultural Arts (Prop 8)	10,000,000	-	-	10,000,000
Remaining 2015	267,825,000	-	51,835,000	215,990,000
Total Authorized/Unissued Bonds	\$320,325,000	\$30,000,000	\$ 59,835,000	\$230,490,000

Additional information regarding capital assets can be found in Note 6 beginning on page 72 of the CAFR.

Debt administration. At year-end, the City had \$758,884,352 in debt outstanding as compared to \$697,218,303 at the end of the prior fiscal year, an increase of 9 percent – as shown below.

Outstanding Debt, September 30, 2015

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds	\$419,158,041	\$383,943,103	\$ 82,020,832	\$ 55,967,190	\$501,178,873	\$439,910,293
Certificates of obligation bonds	199,484,507	179,938,265	58,220,972	77,369,745	257,705,479	257,308,010
Totals	\$618,642,548	\$563,881,368	\$140,241,804	\$133,336,935	\$758,884,352	\$697,218,303

During April, 2015, the City issued General Obligation Refunding Bonds, Taxable Series 2015, in the amount of \$6,040,000. Proceeds from the sale of the bonds were used to advance refund \$5,875,000 of Combination Tax and Revenue Certificates of Obligation, Series 2001B which were called in June 2015. The Frisco Community Development Corporation issued Sales Tax Revenue Bonds, Taxable Series 2015, in the amount of \$6,000,000. Proceeds from the sales of the bonds together with certain funds of the corporation were used to make improvements to a City-owned baseball stadium.

In July 2015, the City issued General Obligation Refunding and Improvement Bonds, Series 2015A, in the amount of \$107,710,000 with a net premium of \$16,614,929. Proceeds of \$54,945,000 were used to advance refund a portion of the City's outstanding debt. Additional proceeds of \$52,765,000 will be used for constructing and improving streets, roads, bridges and intersections; fire department facilities; police facilities; Library and City office space expansion, including the municipal courts; a Senior Center; and parks, hike and bike trail expansions. The City issued Combination Tax and Surplus Revenue Certificates of Obligation Series 2015, in the amount of \$14,965,000, with a net premium of \$212,214. Proceeds from the sale of the certificates will be used for extensions and improvements to the City's waterworks and sewer system.

In September 2015, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2015A, in the amount of \$9,015,000 with a net premium of \$168,534. Proceeds will be used for construction of Northeast Community Park. The City also issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2015B, in the amount of \$20,740,000. Proceeds will be used for the purpose of constructing and equipping a public conference meeting and exhibit center.

Additional information regarding the City's outstanding debt can be found in Note 8 beginning on page 76 of the CAFR.

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

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

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 2.75%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2016 budget appropriation, tax rates, and fees that will be charged for the business-type activities.

Current economic indicators were taken into account when adopting the general fund budget. The FY 2015-16 combined budget appropriation totaled \$129 million. This represents an increase of \$8 million from the FY 2014-15 revised budgets, attributed to operating expenses increasing across all City departments.

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 an increase in valuations of 15.23%. We saw gains in new improvements of 5.59%, and a gain on existing property of 9.64%. According to final figures received from the CAD's, the total certified assessed property value for FY 2016 is \$20.7 billion. Council approved a tax rate of \$0.46 per \$100 of valuation the same as the FY 2015 tax rate.

As for the City's business-type activities, City projections indicate that the water and sewer fund unassigned net position will be approximately \$33.6 million. A fee increase for water sales and sewer services was approved and effective in January 2016. Appropriations are to be used for capital projects in the utility construction projects fund, operating expenses, and 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 Blvd., 4th Floor Finance Office, Frisco, Texas 75034.

BASIC FINANCIAL STATEMENTS



PROGRESS IN MOTION

Statement of Net Position
September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 299,514,035	\$ 25,117,661	\$ 324,631,696	\$ 38,561,396
Cash held for land purchase	-	-	-	42,273,596
Investments	72,866,121	6,946,553	79,812,674	11,251,437
Receivables (net of allowance for uncollectibles)	46,990,778	21,951,386	68,942,164	6,844,916
Inventories	784,877	378,603	1,163,480	-
Prepays	277,794	55,408	333,202	181,877
Notes receivable	3,690,500	-	3,690,500	-
Restricted assets:				
Cash and cash equivalents	-	39,458,893	39,458,893	4,057,389
Investments	-	30,000,558	30,000,558	3,800,000
Notes receivable - noncurrent	40,544,700	-	40,544,700	2,307,313
Land held for resale	-	-	-	56,375,609
Capital assets:				
Land	239,083,442	10,146,356	249,229,798	69,930,454
Buildings and improvements	344,886,045	10,123,598	355,009,643	18,934,611
Improvements other than buildings	895,902,846	374,901,213	1,270,804,059	18,584,658
Machinery and equipment	55,365,570	7,790,498	63,156,068	562,367
Construction in progress	253,890,155	43,528,547	297,418,702	1,199,949
Accumulated depreciation	(476,037,075)	(130,929,602)	(606,966,677)	(23,016,829)
Total assets	1,777,759,788	439,469,672	2,217,229,460	251,848,743
DEFERRED OUTFLOW OF RESOURCES				
Pension contributions and investment experience	7,023,567	1,170,595	8,194,162	167,228
Deferred charge on bond refunding	13,758,187	4,974,646	18,732,833	1,543,383
Total deferred outflow of resources	20,781,754	6,145,241	26,926,995	1,710,611
LIABILITIES				
Accounts and retainage payable	46,392,801	2,618,681	49,011,482	8,199,008
Accrued liabilities	1,020,073	403,204	1,423,277	49,675
Accrued liabilities - pollution remediation	-	-	-	2,271,874
Accrued interest payable	3,256,748	729,894	3,986,642	684,841
Customer deposits	-	2,892,267	2,892,267	76,118
Unearned revenue	4,340,169	-	4,340,169	62,384
Monies held in escrow	118,251,668	39,566	118,291,234	-
Non-current liabilities:				
Due within one year:				
Compensated absences	5,052,535	811,992	5,864,527	104,058
Notes payable	-	-	-	12,255,925
Bonds payable	40,187,990	11,235,242	51,423,232	3,900,000
Due in more than one year:				
Compensated absences	3,531,605	426,694	3,958,299	46,409
Pension	25,742,235	4,290,372	30,032,607	612,911
Notes payable	-	-	-	90,506,024
Bonds payable	578,454,558	129,006,562	707,461,120	85,612,871
Total liabilities	826,230,382	152,454,474	978,684,856	204,382,098
DEFERRED INFLOW OF RESOURCES				
Pension actuarial experience	1,138,373	189,731	1,328,104	27,102
Total deferred inflow of resources	1,138,373	189,731	1,328,104	27,102
NET POSITION				
Net investment in capital assets	886,959,457	222,392,769	1,109,352,226	19,306,686
Restricted for:				
Capital projects	48,928,257	26,256,457	75,184,714	-
Tax increment reinvestment zone	3,369,614	-	3,369,614	-
Debt service	2,022,051	-	2,022,051	7,172,548
Unrestricted	29,893,408	44,321,482	74,214,890	22,670,920
Total net position	\$ 971,172,787	\$ 292,970,708	\$ 1,264,143,495	\$ 49,150,154

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

Statement of Activities
For the year ended September 30, 2015

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 53,318,813	\$ 19,912,210	\$ 658,485	\$ 54,907,878
Public safety	57,906,328	3,174,725	1,816,026	167,671
Public works	39,730,064	205,469	297,138	61,243,906
Culture and recreation	29,483,819	5,433,040	464,504	6,331,743
Interest on long-term debt	18,443,803	-	-	-
Total governmental activities	<u>198,882,827</u>	<u>28,725,444</u>	<u>3,236,153</u>	<u>122,651,198</u>
Business-type activities:				
Water and sewer	66,188,799	69,190,052	-	29,793,281
Non-major enterprise funds	12,337,646	15,989,296	41,366	-
Total business-type activities	<u>78,526,445</u>	<u>85,179,348</u>	<u>41,366</u>	<u>29,793,281</u>
Total primary government	<u>\$ 277,409,272</u>	<u>\$ 113,904,792</u>	<u>\$ 3,277,519</u>	<u>\$ 152,444,479</u>
Component units:				
Community development	\$ 28,941,214	\$ 729,682	\$ 499,170	\$ -
Economic development	36,523,290	-	35,439	997,573
Charitable foundation	5,379	-	6,006	-
Total component units	<u>\$ 65,469,883</u>	<u>\$ 729,682</u>	<u>\$ 540,615</u>	<u>\$ 997,573</u>

General revenues:

- Ad valorem tax
- Sales tax
- Franchise tax
- Other taxes
- Ad valorem tax for TIRZ funds, intergovernmental revenues
- Investment earnings
- Transfers
- Total general revenues

Change in net position

Net position, October 1
Change in accounting principle - GASB 68
Net position, beginning-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			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ 22,159,760	\$ -	\$ 22,159,760	
(52,747,906)	-	(52,747,906)	
22,016,449	-	22,016,449	
(17,254,532)	-	(17,254,532)	
(18,443,803)	-	(18,443,803)	
(44,270,032)	-	(44,270,032)	
-	32,794,534	32,794,534	
-	3,693,016	3,693,016	
-	36,487,550	36,487,550	
\$ (44,270,032)	\$ 36,487,550	\$ (7,782,482)	
			\$ (27,712,362)
			(35,490,278)
			627
			\$ (63,202,013)
85,412,246	-	85,412,246	-
36,003,036	-	36,003,036	36,003,036
9,338,941	-	9,338,941	-
5,019,906	-	5,019,906	-
37,600,247	105,040	37,705,287	-
859,102	267,813	1,126,915	247,432
306,393	(306,393)	-	-
174,539,871	66,460	174,606,331	36,250,468
130,269,839	36,554,010	166,823,849	(26,951,545)
861,245,040	259,807,047	1,121,052,087	76,586,035
(20,342,092)	(3,390,349)	(23,732,441)	(484,336)
840,902,948	256,416,698	1,097,319,646	76,101,699
\$ 971,172,787	\$ 292,970,708	\$ 1,264,143,495	\$ 49,150,154



PROGRESS IN MOTION

**Balance Sheet
Governmental Funds
September 30, 2015**

	<u>General</u>	<u>TIRZ</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 37,451,122	\$ 5,070,818	\$ 236,516,629	\$ 4,996,480	\$ 15,478,986	\$ 299,514,035
Investments	23,991,082	-	19,781,143	-	29,093,896	72,866,121
Receivables (net of allowances for uncollectibles):						
Property tax	754,615	-	-	525,490	-	1,280,105
Sales tax	6,801,721	-	-	-	-	6,801,721
Franchise tax	3,978,991	-	-	-	105,386	4,084,377
Occupancy tax	-	-	-	-	375,655	375,655
Grants	-	-	-	-	468,507	468,507
Assessments	-	-	-	-	1,888,034	1,888,034
Bond proceeds	-	-	29,500,000	-	-	29,500,000
Other	1,417,886	186,357	710,119	-	30,676	2,345,038
Due from other funds	450,457	-	-	-	-	450,457
Inventories	369,637	-	415,240	-	-	784,877
Prepays	246,929	-	474	-	30,391	277,794
Notes receivable	36,700	-	373,000	-	-	409,700
Total assets	<u>\$ 75,499,140</u>	<u>\$ 5,257,175</u>	<u>\$ 287,296,605</u>	<u>\$ 5,521,970</u>	<u>\$ 47,471,531</u>	<u>\$ 421,046,421</u>
LIABILITIES, DEFERRED INFLOWS, FUND BALANCES						
Liabilities:						
Accounts payable	\$ 10,396,426	\$ -	\$ 26,506,425	\$ -	\$ 218,947	\$ 37,121,798
Retainage payable	-	-	9,271,003	-	-	9,271,003
Accrued liabilities	970,867	-	14,578	-	34,628	1,020,073
Unearned revenue	737,764	1,714,371	-	-	1,888,034	4,340,169
Monies held in escrow	385,225	173,190	115,658,250	-	2,035,003	118,251,668
Due to other funds	-	-	-	-	450,457	450,457
Total liabilities	<u>12,490,282</u>	<u>1,887,561</u>	<u>151,450,256</u>	<u>-</u>	<u>4,627,069</u>	<u>170,455,168</u>
Deferred inflow of resources:						
Unavailable revenue	3,019,498	-	913,000	243,171	-	4,175,669
Fund balances:						
Non spendable	616,566	-	415,714	-	30,391	1,062,671
Restricted for:						
Debt service	-	-	-	5,278,799	-	5,278,799
Capital projects for future construction	-	-	134,517,635	-	38,088,397	172,606,032
Other purposes	-	3,369,614	-	-	4,725,674	8,095,288
Committed to:						
Insurance	3,084,857	-	-	-	-	3,084,857
Workforce housing	490,093	-	-	-	-	490,093
Capital projects for future construction	10,839,860	-	-	-	-	10,839,860
Unassigned	44,957,984	-	-	-	-	44,957,984
Total fund balances	<u>59,989,360</u>	<u>3,369,614</u>	<u>134,933,349</u>	<u>5,278,799</u>	<u>42,844,462</u>	<u>246,415,584</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 75,499,140</u>	<u>\$ 5,257,175</u>	<u>\$ 287,296,605</u>	<u>\$ 5,521,970</u>	<u>\$ 47,471,531</u>	<u>\$ 421,046,421</u>

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

**Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2015**

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

Total fund balances per balance sheet	\$ 246,415,584
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,313,090,983
Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds.	20,781,754
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are unavailable in the funds.	3,765,969
Other assets are not available to pay for current-period expenditures, and, therefore, are not included in the funds.	44,482,541
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(656,225,671)
Deferred inflow of resources are not financial resources and, therefore, are not reported in the funds.	(1,138,373)
Net position of governmental activities	<u>\$ 971,172,787</u>

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2015**

	<u>General</u>	<u>TIRZ</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:						
Taxes:						
Property	\$ 50,391,928	\$ 5,100,966	\$ -	\$ 30,208,079	\$ -	\$ 85,700,973
Sales	36,003,036	-	-	-	-	36,003,036
Franchise	8,922,736	-	-	-	416,205	9,338,941
Hotel/motel	-	-	-	-	4,190,238	4,190,238
Other	829,668	-	-	-	-	829,668
Licenses and permits	11,016,411	-	-	-	-	11,016,411
Intergovernmental	1,461,079	19,156,957	23,523,912	-	-	44,141,948
Charges for services	8,188,456	-	-	-	8,540	8,196,996
Fines	2,204,495	-	-	-	563,143	2,767,638
Special assessments	-	-	-	-	12,964,474	12,964,474
Rents	1,466,116	4,987,767	-	-	-	6,453,883
Investment earnings	277,759	3,030	260,811	5,500	327,483	874,583
Contributions, donations and grants	103,285	-	51,654,575	-	1,867,739	53,625,599
Payments from component units	51,000	2,627,797	15,764,492	-	-	18,443,289
Miscellaneous	416,398	-	-	-	7,129	423,527
Total revenues	<u>121,332,367</u>	<u>31,876,517</u>	<u>91,203,790</u>	<u>30,213,579</u>	<u>20,344,951</u>	<u>294,971,204</u>
EXPENDITURES:						
Current:						
General government	33,748,034	13,575,625	-	-	482,759	47,806,418
Public safety	51,644,445	-	-	-	743,165	52,387,610
Public works	8,694,316	-	-	-	293,123	8,987,439
Culture and recreation	14,838,311	-	-	-	2,968,879	17,807,190
Capital outlay (includes \$1,483,022 not capitalized)	3,314,955	-	186,499,181	-	380,589	190,194,725
Debt service:						
Principal retirement	-	-	-	28,275,060	-	28,275,060
Interest and fiscal charges	-	-	878,149	21,336,792	-	22,214,941
Total expenditures	<u>112,240,061</u>	<u>13,575,625</u>	<u>187,377,330</u>	<u>49,611,852</u>	<u>4,868,515</u>	<u>367,673,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,092,306</u>	<u>18,300,892</u>	<u>(96,173,540)</u>	<u>(19,398,273)</u>	<u>15,476,436</u>	<u>(72,702,179)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt	-	-	82,520,000	34,610,000	-	117,130,000
Premium on bonds issued	-	-	7,675,208	4,697,403	-	12,372,611
Payment to refunded debt escrow agent	-	-	-	(39,059,203)	-	(39,059,203)
Proceeds from sale of assets	115,537	-	1,000	-	-	116,537
Transfers in	5,751,010	1,478,626	8,214,703	20,014,289	117,573	35,576,201
Transfers out	(717,281)	(20,066,326)	(877,274)	-	(13,608,927)	(35,269,808)
Total other financing sources and uses	<u>5,149,266</u>	<u>(18,587,700)</u>	<u>97,533,637</u>	<u>20,262,489</u>	<u>(13,491,354)</u>	<u>90,866,338</u>
Net change in fund balances	14,241,572	(286,808)	1,360,097	864,216	1,985,082	18,164,159
Fund balances, beginning	<u>45,747,788</u>	<u>3,656,422</u>	<u>133,573,252</u>	<u>4,414,583</u>	<u>40,859,380</u>	<u>228,251,425</u>
Fund balances, ending	<u>\$ 59,989,360</u>	<u>\$ 3,369,614</u>	<u>\$ 134,933,349</u>	<u>\$ 5,278,799</u>	<u>\$ 42,844,462</u>	<u>\$ 246,415,584</u>

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

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, 2015

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

Net change in fund balance - total governmental funds	\$ 18,164,159
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.	170,971,340
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(295,402)
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.	(58,158,162)
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.	(412,096)
Change in net position of governmental activities	<u>\$ 130,269,839</u>

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

**General Fund Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>				
REVENUES:						
Taxes:						
Property	\$ 49,434,071	\$ 49,434,071	\$ 50,391,928	\$ -	\$ 50,391,928	\$ 957,857
Sales	35,932,812	36,232,812	36,003,036	-	36,003,036	(229,776)
Franchise	8,722,886	8,722,886	8,922,736	-	8,922,736	199,850
Other	605,392	605,392	829,668	-	829,668	224,276
Licenses and permits	7,769,019	11,024,019	11,016,411	-	11,016,411	(7,608)
Intergovernmental	1,157,600	1,207,600	1,461,079	-	1,461,079	253,479
Charges for services	7,291,223	7,311,223	8,188,456	-	8,188,456	877,233
Fines	2,453,640	2,453,640	2,204,495	-	2,204,495	(249,145)
Rents	1,176,700	1,461,700	1,466,116	-	1,466,116	4,416
Investment earnings	88,400	88,400	277,759	-	277,759	189,359
Contributions, donations and grants	124,000	126,000	103,285	-	103,285	(22,715)
Payments from component units	50,000	51,000	51,000	-	51,000	-
Miscellaneous	736,880	551,880	416,398	-	416,398	(135,482)
Total revenues	<u>115,542,623</u>	<u>119,270,623</u>	<u>121,332,367</u>	<u>-</u>	<u>121,332,367</u>	<u>2,061,744</u>
EXPENDITURES:						
Current:						
General government	33,075,815	33,894,453	33,748,034	(414,759)	33,333,275	561,178
Public safety	51,978,160	52,092,159	51,644,445	27,894	51,672,339	419,820
Public works	9,110,639	9,219,704	8,694,316	90,284	8,784,600	435,104
Culture and recreation	16,699,774	16,167,027	14,838,311	91,728	14,930,039	1,236,988
Capital outlay	<u>3,325,527</u>	<u>3,783,820</u>	<u>3,314,955</u>	<u>347,901</u>	<u>3,662,856</u>	<u>120,964</u>
Total expenditures	<u>114,189,915</u>	<u>115,157,163</u>	<u>112,240,061</u>	<u>143,048</u>	<u>112,383,109</u>	<u>2,774,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,352,708</u>	<u>4,113,460</u>	<u>9,092,306</u>	<u>(143,048)</u>	<u>8,949,258</u>	<u>4,835,798</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of assets	-	-	115,537	-	115,537	115,537
Transfers in	3,583,200	1,654,900	5,751,010	-	5,751,010	4,096,110
Transfers out	<u>(2,803,290)</u>	<u>(623,290)</u>	<u>(717,281)</u>	<u>-</u>	<u>(717,281)</u>	<u>(93,991)</u>
Total other financing sources (uses)	<u>779,910</u>	<u>1,031,610</u>	<u>5,149,266</u>	<u>-</u>	<u>5,149,266</u>	<u>4,117,656</u>
Net change in fund balances	2,132,618	5,145,070	14,241,572	(143,048)	14,098,524	8,953,454
Fund balances, October 1	<u>42,032,301</u>	<u>49,893,187</u>	<u>45,747,788</u>	<u>(1,456,032)</u>	<u>44,291,756</u>	<u>(5,601,431)</u>
Fund balances, September 30	<u>\$ 44,164,919</u>	<u>\$ 55,038,257</u>	<u>\$ 59,989,360</u>	<u>\$ (1,599,080)</u>	<u>\$ 58,390,280</u>	<u>\$ 3,352,023</u>

**CITY OF FRISCO
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses
from GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2015**

	Net Change in Fund Balances
GAAP basis	<u>\$ 14,241,572</u>
Expenditures:	
Increase due to encumbrances from prior year	1,456,032
Decrease due to encumbrances for current year	<u>(1,599,080)</u>
Budgetary basis	<u>\$ 14,098,524</u>

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

**TIRZ Fund Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Taxes:						
Property	\$ 5,118,440	\$ 5,100,966	\$ 5,100,966	\$ -	\$ 5,100,966	\$ -
Sales	-	42,857	-	-	-	(42,857)
Intergovernmental	19,290,321	18,956,957	19,156,957	-	19,156,957	200,000
Rents	4,220,254	5,026,513	4,987,767	-	4,987,767	(38,746)
Investment earnings	2,000	2,000	3,030	-	3,030	1,030
Payments from component units	2,627,797	2,582,884	2,627,797	-	2,627,797	44,913
Total revenues	<u>31,258,812</u>	<u>31,712,177</u>	<u>31,876,517</u>	<u>-</u>	<u>31,876,517</u>	<u>164,340</u>
EXPENDITURES:						
Current:						
General government	13,582,446	13,575,625	13,575,625	-	13,575,625	-
Total expenditures	<u>13,582,446</u>	<u>13,575,625</u>	<u>13,575,625</u>	<u>-</u>	<u>13,575,625</u>	<u>-</u>
Excess of revenues over expenditures	<u>17,676,366</u>	<u>18,136,552</u>	<u>18,300,892</u>	<u>-</u>	<u>18,300,892</u>	<u>164,340</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	1,478,626	1,478,626	1,478,626	-	1,478,626	-
Transfers out	(19,986,138)	(20,152,914)	(20,066,326)	-	(20,066,326)	86,588
Total other financing sources (uses)	<u>(18,507,512)</u>	<u>(18,674,288)</u>	<u>(18,587,700)</u>	<u>-</u>	<u>(18,587,700)</u>	<u>86,588</u>
Net change in fund balances	(831,146)	(537,736)	(286,808)	-	(286,808)	250,928
Fund balances, October 1	3,321,964	3,656,422	3,656,422	-	3,656,422	-
Fund balances, September 30	<u>\$ 2,490,818</u>	<u>\$ 3,118,686</u>	<u>\$ 3,369,614</u>	<u>\$ -</u>	<u>\$ 3,369,614</u>	<u>\$ 250,928</u>

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



PROGRESS IN MOTION

**Statement of Net Position
Proprietary Funds
September 30, 2015**

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,062,966	\$ 7,054,695	\$ 25,117,661
Investments	4,647,206	2,299,347	6,946,553
Receivables - (net of allowance for uncollectibles):			
Utility bills	13,816,946	-	13,816,946
Other	8,013,512	120,928	8,134,440
Inventories	378,603	-	378,603
Prepays	54,208	1,200	55,408
Restricted cash and cash equivalents	39,458,893	-	39,458,893
Restricted investments	30,000,558	-	30,000,558
Total current assets	<u>114,432,892</u>	<u>9,476,170</u>	<u>123,909,062</u>
Noncurrent assets:			
Capital assets:			
Land	10,146,356	-	10,146,356
Buildings and improvements	9,986,356	137,242	10,123,598
Improvements other than buildings	374,809,023	92,190	374,901,213
Machinery and equipment	6,918,369	872,129	7,790,498
Construction in progress	43,528,547	-	43,528,547
Accumulated depreciation	<u>(130,340,976)</u>	<u>(588,626)</u>	<u>(130,929,602)</u>
Total capital assets (net of accumulated depreciation)	315,047,675	512,935	315,560,610
Total noncurrent assets	<u>315,047,675</u>	<u>512,935</u>	<u>315,560,610</u>
Total assets	<u>429,480,567</u>	<u>9,989,105</u>	<u>439,469,672</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension contributions and investment experience	1,003,367	167,228	1,170,595
Deferred charge on bond refunding	4,974,646	-	4,974,646
Total deferred outflow of resources	<u>\$ 5,978,013</u>	<u>\$ 167,228</u>	<u>\$ 6,145,241</u>

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,043,197	\$ 575,484	\$ 2,618,681
Accrued liabilities	351,619	51,585	403,204
Accrued interest payable	729,894	-	729,894
Customer deposits payable	2,892,267	-	2,892,267
Monies held in escrow	-	39,566	39,566
Liability for compensated absences	701,561	110,431	811,992
Bonds payable	<u>11,235,242</u>	<u>-</u>	<u>11,235,242</u>
Current liabilities	<u>17,953,780</u>	<u>777,066</u>	<u>18,730,846</u>
Noncurrent liabilities:			
Liability for compensated absences	369,451	57,243	426,694
Pension	3,677,462	612,910	4,290,372
Bonds payable	<u>129,006,562</u>	<u>-</u>	<u>129,006,562</u>
Total noncurrent liabilities	<u>133,053,475</u>	<u>670,153</u>	<u>133,723,628</u>
Total liabilities	<u>151,007,255</u>	<u>1,447,219</u>	<u>152,454,474</u>
DEFERRED INFLOW OF RESOURCES			
Pension actuarial experience	<u>162,625</u>	<u>27,106</u>	<u>189,731</u>
Total deferred inflow of resources	<u>162,625</u>	<u>27,106</u>	<u>189,731</u>
NET POSITION			
Net investment in capital assets	221,879,834	512,935	222,392,769
Restricted for:			
Capital projects	26,256,457	-	26,256,457
Unrestricted	<u>36,152,409</u>	<u>8,169,073</u>	<u>44,321,482</u>
Total	<u>284,288,700</u>	<u>8,682,008</u>	<u>292,970,708</u>
Total net position	<u>\$ 284,288,700</u>	<u>\$ 8,682,008</u>	<u>\$ 292,970,708</u>

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



Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
OPERATING REVENUES:			
Charges for sales and services:			
Water sales	\$ 39,421,200	\$ -	\$ 39,421,200
Sewer charges	24,673,940	-	24,673,940
Service charges	671,953	-	671,953
Sanitation charges	-	12,746,988	12,746,988
Water and sewer connections	1,346,352	-	1,346,352
Inspection fees	2,559,421	-	2,559,421
Stormwater drainage fees	-	2,502,288	2,502,288
Miscellaneous	346,403	740,020	1,086,423
Total operating revenues	<u>69,019,269</u>	<u>15,989,296</u>	<u>85,008,565</u>
OPERATING EXPENSES:			
Cost of sales and services	33,465,229	9,670,826	43,136,055
Administration	17,351,124	2,521,244	19,872,368
Depreciation	12,141,682	145,576	12,287,258
Amortization	393,387	-	393,387
Total operating expenses	<u>63,351,422</u>	<u>12,337,646</u>	<u>75,689,068</u>
Operating income	<u>5,667,847</u>	<u>3,651,650</u>	<u>9,319,497</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	247,827	19,986	267,813
Intergovernmental contribution	105,040	-	105,040
Contributions, grants	-	41,366	41,366
Gain on sale of equipment	170,783	-	170,783
Interest expense	(2,837,377)	-	(2,837,377)
Total nonoperating revenues (expenses)	<u>(2,313,727)</u>	<u>61,352</u>	<u>(2,252,375)</u>
Income (loss) before capital contributions	<u>3,354,120</u>	<u>3,713,002</u>	<u>7,067,122</u>
CAPITAL CONTRIBUTIONS:			
Capital contributions	29,793,281	-	29,793,281
Income before transfers	<u>33,147,401</u>	<u>3,713,002</u>	<u>36,860,403</u>
TRANSFERS:			
Transfers in	1,089,642	-	1,089,642
Transfers out	-	(1,396,035)	(1,396,035)
Total transfers	<u>1,089,642</u>	<u>(1,396,035)</u>	<u>(306,393)</u>
Change in net position	34,237,043	2,316,967	36,554,010
Total net position, beginning	252,957,670	6,849,377	259,807,047
Change in accounting principle - GASB 68	(2,906,013)	(484,336)	(3,390,349)
Total net position, beginning-restated	<u>250,051,657</u>	<u>6,365,041</u>	<u>256,416,698</u>
Total net position, ending	<u>\$ 284,288,700</u>	<u>\$ 8,682,008</u>	<u>\$ 292,970,708</u>

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

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 64,791,313	\$ 15,573,670	\$ 80,364,983
Cash payments to suppliers for goods and services	(46,194,415)	(11,608,222)	(57,802,637)
Cash payments to employees for services	(10,798,379)	(1,581,882)	(12,380,261)
Other receipts	346,403	740,020	1,086,423
Net cash provided by operating activities	<u>8,144,922</u>	<u>3,123,586</u>	<u>11,268,508</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers received from other funds	257,038	-	257,038
Transfers made to other funds	-	(1,396,035)	(1,396,035)
Contributions	105,040	41,366	146,406
Net cash provided/(used) by noncapital financing activities	<u>362,078</u>	<u>(1,354,669)</u>	<u>(992,591)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(13,529,229)	(43,348)	(13,572,577)
Proceeds/(loss) from sale or transfer of equipment	28,138	-	28,138
Principal paid on long-term debt	(8,635,440)	-	(8,635,440)
Interest and fees paid on long-term debt	(5,431,521)	-	(5,431,521)
Bond proceeds net of issuance costs	15,000,000	-	15,000,000
Intergovernmental receipts for capital construction	832,604	-	832,604
Developers contributions	8,355,405	-	8,355,405
Net cash (used) by capital and related financing activities	<u>(3,380,043)</u>	<u>(43,348)</u>	<u>(3,423,391)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(34,647,765)	(2,299,347)	(36,947,112)
Proceeds from sale and maturities of investment securities	35,586,681	2,294,870	37,881,551
Interest on investments	262,928	20,284	283,212
Net cash provided by investing activities	<u>1,201,844</u>	<u>15,807</u>	<u>1,217,651</u>
 Net increase in cash and cash equivalents	 6,328,801	 1,741,376	 8,070,177
Cash and cash equivalents, October 1	<u>51,193,058</u>	<u>5,313,319</u>	<u>56,506,377</u>
Cash and cash equivalents, September 30	<u>\$ 57,521,859</u>	<u>\$ 7,054,695</u>	<u>\$ 64,576,554</u>
 Classified as:			
Current assets	\$ 18,062,966	\$ 7,054,695	\$ 25,117,661
Restricted assets	39,458,893	-	39,458,893
Total	<u>\$ 57,521,859</u>	<u>\$ 7,054,695</u>	<u>\$ 64,576,554</u>

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

	Business-type Activities		
	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 5,667,847	\$ 3,651,650	\$ 9,319,497
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	12,141,682	145,576	12,287,258
Amortization	393,387	-	393,387
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - utility bills	(4,492,742)	-	(4,492,742)
Receivables - other	(6,193,350)	354,972	(5,838,378)
Prepaid expenses and other assets	5,807	(666)	5,141
Inventories	(151,338)	-	(151,338)
Increase (decrease) in-			
Accounts payable	80,907	(1,020,253)	(939,346)
Accrued liabilities	65,937	12,747	78,684
Due to other funds	-	(35,764)	(35,764)
Liability for compensated absences	84,888	57,450	142,338
Net pension liability	(69,293)	(11,548)	(80,841)
Deposits and escrows	611,190	(30,578)	580,612
Total adjustments	<u>2,477,075</u>	<u>(528,064)</u>	<u>1,949,011</u>
Net cash provided by operating activities	<u>\$ 8,144,922</u>	<u>\$ 3,123,586</u>	<u>\$ 11,268,508</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year, various developers made non-cash contributions of water and sewer infrastructure to the City valued at \$21,031,252.

During the year, the City refinanced certificates of obligation and the proceeds of \$30,588,845 were used to defease the prior debt.

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



PROGRESS IN MOTION

**Combining Statement of Net Position
Component Units
September 30, 2015**

	Community Development	Economic Development	Charitable Foundation	Total
ASSETS				
Current:				
Cash and cash equivalents	\$ 15,325,548	\$ 23,218,652	\$ 17,196	\$ 38,561,396
Cash escrow held for land purchase	16,909,440	25,364,156	-	42,273,596
Investments	7,001,405	4,250,032	-	11,251,437
Receivables -				
Sales tax	3,400,860	3,400,860	-	6,801,720
Other	21,493	21,703	-	43,196
Prepaid expenses	-	181,877	-	181,877
Notes receivable	-	-	-	-
Total current assets	<u>42,658,746</u>	<u>56,437,280</u>	<u>17,196</u>	<u>99,113,222</u>
Non-current:				
Notes receivable	580,000	1,727,313	-	2,307,313
Land held for resale	16,292,514	40,083,095	-	56,375,609
Capital assets:				
Land	52,650,138	17,280,316	-	69,930,454
Buildings and improvements	8,947,524	9,987,087	-	18,934,611
Improvements other than buildings	18,584,658	-	-	18,584,658
Machinery and equipment	34,658	527,709	-	562,367
Construction in progress	1,199,949	-	-	1,199,949
Accumulated depreciation	(20,442,397)	(2,574,432)	-	(23,016,829)
Restricted assets:				
Cash and cash equivalents	1,045,293	3,012,096	-	4,057,389
Investments	<u>1,900,000</u>	<u>1,900,000</u>	<u>-</u>	<u>3,800,000</u>
Total non-current assets	<u>80,792,337</u>	<u>71,943,184</u>	<u>-</u>	<u>152,735,521</u>
Total assets	<u>123,451,083</u>	<u>128,380,464</u>	<u>17,196</u>	<u>251,848,743</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension contributions and investment experience	-	167,228	-	167,228
Deferred charge on bond refunding	<u>1,469,517</u>	<u>73,866</u>	<u>-</u>	<u>1,543,383</u>
Total deferred outflow of resources	<u>1,469,517</u>	<u>241,094</u>	<u>-</u>	<u>1,710,611</u>
LIABILITIES				
Current:				
Accounts payable	2,109,448	6,089,560	-	8,199,008
Accrued liabilities	4,132	45,543	-	49,675
Accrued liabilities - pollution remediation	908,750	1,363,124	-	2,271,874
Liability for compensated absences	-	104,058	-	104,058
Accrued interest payable	356,880	327,961	-	684,841
Deposits	76,118	-	-	76,118
Unearned revenue	60,884	1,500	-	62,384
Notes payable	3,994,046	8,261,879	-	12,255,925
Bonds payable	<u>1,372,758</u>	<u>2,527,242</u>	<u>-</u>	<u>3,900,000</u>
Total current liabilities	<u>8,883,016</u>	<u>18,720,867</u>	<u>-</u>	<u>27,603,883</u>
Non-current:				
Liability for compensated absences	-	46,409	-	46,409
Pension	-	612,911	-	612,911
Notes payable	54,618,751	35,887,273	-	90,506,024
Bonds payable	<u>29,042,804</u>	<u>56,570,067</u>	<u>-</u>	<u>85,612,871</u>
Total non-current liabilities	<u>83,661,555</u>	<u>93,116,660</u>	<u>-</u>	<u>176,778,215</u>
Total liabilities	<u>92,544,571</u>	<u>111,837,527</u>	<u>-</u>	<u>204,382,098</u>
DEFERRED INFLOW OF RESOURCES				
Pension actuarial experience	-	27,102	-	27,102
Total deferred inflow of resources	<u>-</u>	<u>27,102</u>	<u>-</u>	<u>27,102</u>
NET POSITION				
Net investment in capital assets	7,736,350	11,570,336	-	19,306,686
Restricted for debt service reserve	2,588,413	4,584,135	-	7,172,548
Unrestricted	<u>22,051,266</u>	<u>602,458</u>	<u>17,196</u>	<u>22,670,920</u>
Total net position	<u>\$ 32,376,029</u>	<u>\$ 16,756,929</u>	<u>\$ 17,196</u>	<u>\$ 49,150,154</u>

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

**Combining Statement of Activities
Component Units
For the fiscal year ended September 30, 2015**

Functions/Programs:	Expenses	Charges for Service	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Component units:				
Community Development	\$ 28,941,214	\$ 729,682	\$ 499,170	\$ -
Economic Development	36,523,290	-	35,439	997,573
Charitable Foundation	5,379	-	6,006	-
Total component units	<u>\$ 65,469,883</u>	<u>\$ 729,682</u>	<u>\$ 540,615</u>	<u>\$ 997,573</u>

General revenues:
Sales taxes
Miscellaneous
Investment income
Total general revenues

Change in net position

Net position, October 1
Change in accounting principle - GASB 68
Net position, beginning-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	Economic Development	Charitable Foundation	Total
\$ (27,712,362)	\$ -	\$ -	\$ (27,712,362)
-	(35,490,278)	-	(35,490,278)
-	-	627	627
<u>\$ (27,712,362)</u>	<u>\$ (35,490,278)</u>	<u>\$ 627</u>	<u>\$ (63,202,013)</u>
18,001,518	18,001,518	-	36,003,036
-	-	-	-
<u>106,783</u>	<u>140,649</u>	<u>-</u>	<u>247,432</u>
<u>18,108,301</u>	<u>18,142,167</u>	<u>-</u>	<u>36,250,468</u>
<u>(9,604,061)</u>	<u>(17,348,111)</u>	<u>627</u>	<u>(26,951,545)</u>
41,980,090	34,589,376	16,569	76,586,035
-	(484,336)	-	(484,336)
<u>41,980,090</u>	<u>34,105,040</u>	<u>16,569</u>	<u>76,101,699</u>
<u>\$ 32,376,029</u>	<u>\$ 16,756,929</u>	<u>\$ 17,196</u>	<u>\$ 49,150,154</u>



PROGRESS IN MOTION

CITY OF FRISCO, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Frisco, Texas ("City") was originally incorporated in 1908 and chartered on April 4, 1987, and is a municipal corporation incorporated under provisions of H.B. 901 of the Texas Legislature. The City operates under a Council-Manager form of government and provides such services as authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its residents.

The financial statements of the City have been prepared to conform with accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement 34, which requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both non-current assets and non-current liabilities of the City. The government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements. Governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. The proprietary fund type financial statements are prepared using the accrual basis of accounting. Statement No. 34 requires supplementary information in Management's Discussion and Analysis, which includes an analytical overview of the City's financial activities. Also, a budgetary comparison statement is presented that compares the adopted and revised budgets for the general fund and its major special revenue fund (TIRZ1) with actual results.

B. Reporting Entity

The City is governed by an elected mayor and a six-member council. As required by GAAP, these financial statements present the City (the primary government) and the entities for which the City is considered to be financially accountable (component units). Discretely presented component units are reported in a separate column in

the basic financial statements in order to emphasize that they are legally separate from the City.

The Frisco Economic Development Corporation (FEDC) serves all citizens of the City. Although legally separate from the City, the City Council appoints all of the 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 of the members of its governing board. 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 of the members of its governing board. 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 of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (General Government, Public Safety, Public Works, and Culture/Recreation) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or

directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise taxes, intergovernmental revenues, and interest income).

Separate funds-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of applicable fund category and for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a separate column in the applicable fund financial statements.

Certain reclassifications have been made to the beginning balance data to conform to the current year presentation.

D. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year end.

GASB Interpretation 6 clarifies the application of modified accrual recognition of certain liabilities and expenditures in the governmental fund financial statements. Specifically, GASB Interpretation 6 indicates that liabilities for debt, compensated absences, claims and judgments, and special termination benefits are normally

expected to be liquidated with expendable available financial resources and should be recognized as governmental fund liabilities and expenditures only to the extent that they mature each period. The most significant accounting and reporting policies of the City are described in the following notes to the financial statements.

Ad valorem, franchise, sales tax revenues and fines and forfeitures recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund and Tax Increment Reinvestment Zone #1 are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable and available until cash is received. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met and amounts are considered measurable and available. Funds received in advance for which all eligibility requirements have not been met are considered *unearned revenue*. Funds received for which amounts are not considered measurable and available are considered *deferred inflows of resources*.

Proprietary fund statements of revenues, expenses, and changes in fund net position present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer, Environmental Services and Stormwater funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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 funds are used by the City of Frisco:

1. **Governmental Funds:**

The focus of Governmental Fund measurement (in the Fund Financial Statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major Governmental Funds of the City:

- a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Culture & Recreation, General Government) and is the primary operating fund unit of the City.
- b. Tax Increment Reinvestment Zone Fund 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 all of the non-major governmental funds.

2. **Proprietary Funds:**

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net position, and cash flows, which is similar to private-sector businesses. The following is a description of the major Proprietary Funds of the City:

- a. Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the Fund include administration, operation and maintenance of the water and sewer system, and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for contractual obligation bonds when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.
- b. Other Proprietary Funds is a summarization of the non-major proprietary funds including the stormwater drainage program and the environmental services fund.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. Cash in all funds, excluding the City's payroll account, lockbox operations, and police seizure accounts, 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.

F. Inventories and Prepaid Items

Inventories of supplies are maintained at the City. These inventories are valued at cost using the first in/first out (FIFO) inventory method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased. Prepaid items are payments made by the City in the current fiscal year to provide services occurring in the subsequent fiscal year. Inventories and prepaid items are recognized as non-spendable in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the changes in fund balance/net position of both governmental and proprietary funds.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary fund financial statements.

All purchased capital assets are valued at cost where historical records are available or at an estimated cost where no historical records exist. In the case of the initial capitalization of infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government 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). Contributed assets are recorded at estimated fair value at the time received. 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 government defines capital assets as assets with an initial individual cost of \$5,000 or more and an estimated useful life greater than one year. Outlays for capital assets and improvements are capitalized as the projects are constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-25 years
Improvements other than Buildings	15-30 years
Vehicles	3-15 years
Machinery & Equipment	3-20 years

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

I. Compensated Absences

The City allows employees to accumulate earned but unused vacation benefits to a maximum of 240 hours. Fire Department personnel have a maximum of 360 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 nonvesting accumulating rights. Upon termination, the City pays to employees with over one year of service, up to a maximum of 240 hours of vacation, and up to 240 hours of sick leave. Fire Department personnel are paid up to a maximum of 360 hours for vacation and 360 hours for sick leave. Vacation and sick leave in excess of the 240 (360 for Fire Department personnel) hour maximum is not paid upon termination. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured and typically, in prior years the general fund has liquidated the liability.

J. Federal and State Grants

Grants and shared revenues are generally accounted for within the Grants Fund or Community Development Block Grants Funds if funding is for a governmental fund type. Federal grants include several police, fire and transportation related grants which are accounted for within the Grants Fund. Community Development Block Grants are accounted for within that fund. Various state grants are also included in the Grants Fund. Proprietary fund grants are accounted for within the applicable fund.

K. Long-term Debt

General Obligation Bonds and Certificate of Obligation Bonds issued for general government capital projects that are to be repaid from tax revenues of the City are recorded in the government-wide statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method in the proprietary fund and the government-wide financial statements. Bond issuance costs are expensed. Bonds payable are reported net of the applicable bond premium or discount. In the governmental fund financial statements, issuance costs, as well as bond premiums and discounts, are recognized when incurred.

Certificate of Obligation Bonds have been issued to fund capital projects of the Proprietary Funds. Such bonds are to be repaid from the net revenues of the applicable Proprietary Fund. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed.

L. Deferred Inflow and Deferred Outflow of Resources

Deferred inflows of resources are an acquisition of net assets by the City that is applicable to a future reporting period. Deferred inflows have a negative effect on net position, similar to liabilities. The City of Frisco reports deferred inflows of resources as the offset account to assets received, but not yet available or earned. Outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt that results in a refunding loss, is reported as a deferred outflow of resources. The deferred outflows of resources are recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. For pensions, deferred outflow of resources are recognized for pension contributions made after the plan year reporting date and for investment experience amortization. Deferred inflows of resources for the pensions are the difference between actuarial experience and actual experience. The City of Frisco deferred outflows of resources and deferred inflows of resources changes for the year are detailed below:

	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015
Deferred outflows				
Governmental activities	\$18,717,727	\$ 8,500,285	\$ 6,436,258	\$20,781,754
Business-type activities	4,546,796	2,852,428	1,253,983	6,145,241
Component units	1,848,517	167,228	305,134	1,710,611
Total	\$25,113,040	\$11,519,941	\$ 7,995,375	\$28,637,606
Deferred inflows				
Governmental activities	\$ -	\$(1,297,607)	\$ 159,234	\$(1,138,373)
Business-type activities	-	(216,268)	26,537	(189,731)
Component units	-	(30,893)	3,791	(27,102)
Total	\$ -	\$(1,544,768)	\$ 189,562	\$(1,355,206)

M. Retirement Plans

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and

additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

N. Fund Equity

In order to comply with the Governmental Accounting Standards Board's (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, and
 - 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. For the City, the City Manager, Assistant City Manager and Director of Financial Services are the designated officials set by ordinance.
- Unassigned fund balance (residual net resources) is the total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned.

For the classification of governmental fund balances, the City considers an

expenditure to be made from the most restrictive first when more than one classification is available. Net position restricted for impact fee collections in the Water and Sewer fund is a reserve required by the fee ordinance.

O. 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 financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those statements.

P. 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.

Q. 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 assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

R. New Accounting Pronouncements

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

Statement No. 68, *Accounting and Financial Reporting for Pensions—amendment of GASB Statement No. 27.* – This statement changed the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

The implementation of Statement No. 68 resulted in a restatement of beginning net position for the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and applied simultaneously with the provisions of GASB No. 68. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The requirements of this Statement eliminates the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

Applying these changes results in the adjustments below:

Notes to the Basic Financial Statements
September 30, 2015

	Government- wide Governmental Activities	Government- wide Business-type Activities	Component Units
Beginning net position, previously reported	\$861,245,040	\$259,807,047	\$76,586,035
Recording of net pension liability	(25,499,150)	(4,249,860)	(607,123)
Deferral for pension contributions made after the measurement date	5,157,058	859,511	122,787
Beginning net position, restated	<u>\$840,902,948</u>	<u>\$256,416,698</u>	<u>\$76,101,699</u>

	Water & Sewer Fund	Non-Major Enterprise Funds
Beginning net position, previously reported	\$252,957,670	\$6,849,377
Recording of net pension liability	(3,642,736)	(607,124)
Deferral for pension contributions made after the measurement date	736,723	122,788
Beginning net position, restated	<u>\$250,051,657</u>	<u>\$6,365,041</u>

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* establishes accounting and financial reporting standards related to government combinations and disposals of government operations. There was no impact of implementation of this statement on the financial statements.

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. 72, *Fair Value Measurement and Application*, which is effective for financial statements for reporting periods beginning after June 15, 2015, addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is effective for fiscal years beginning after June 15, 2015 is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* is effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about

postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* is effective for reporting periods beginning after June 15, 2015. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles.

GASB Statement No. 77, *Tax Abatement Disclosures* is effective for reporting periods beginning after December 15, 2015. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* is effective for reporting periods beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* is effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—An Amendment of GASB Statement No. 14*, is effective for reporting periods beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component

units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.

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 \$656,225,671 difference are as follows:

Bonds and certificates of obligation payable	\$585,785,500
Bond discount (to be amortized as interest expense)	(531,832)
Bond premiums (to be amortized over the life of the bonds)	33,388,880
Accrued interest payable	3,256,748
Compensated absences	8,584,140
Net pension liability	<u>25,742,235</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$656,225,671</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 \$170,971,340 difference are as follows:

Capital outlay	\$ 188,711,703
Developers' contributions	34,312,287
Book value of capital assets disposed/retired	(3,143,107)
Depreciation expense	<u>(48,909,543)</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 170,971,340</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$58,158,162 difference are as follows:

Debt issued or incurred:	
Premium amortization	\$ 5,278,982
Discount amortization	(31,948)
Amortization on loss of refunding of debt	(1,236,848)
Bonds issued and refunded	(78,070,797)
Bond premium issued	(12,437,651)
Bond discount issued	65,040
Principal repayments:	
Bonds	<u>28,275,060</u>
Net adjustment to decrease <i>net changes in fund balances</i>	<u>\$ 58,158,162</u>
– <i>total governmental funds to arrive at changes in net position of governmental activities</i>	

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$412,096 difference are as follows:

Increase in accrued interest on bonds	\$ 239,048
Increase in compensated absences	658,099
Decrease in pension expense	(485,051)
Net adjustment to decrease <i>net changes in fund balances</i>	<u>\$ 412,096</u>
– <i>total governmental funds to arrive at changes in net position of governmental activities</i>	

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 principals generally accepted in the United States in that encumbrances are recorded as expenditures in the period encumbered and not when incurred. All annual appropriations lapse at fiscal year end. Project length financial plans are adopted for certain Capital Projects Funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

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

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of Texas and its agencies that have a market 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, 2015. At year-end, the carrying amount of the City's demand deposits was a balance of \$0 - bank balance, \$5,325,530. The cash on hand carrying amount totaled \$12,971. The carrying amount of the component unit's demand deposits was \$1,054,364 - bank balance, \$1,054,364. Additionally, cash held in escrow for land purchase was \$42,273,596 and is being held by an independent title company. The bank balance for the primary government and the component unit's deposits and certificates of deposits was covered by collateral with a fair value of \$125,116,753. The collateral is held in the City's name by the Bank of New York Mellon and the Texas Independent Banker, agents of the City's financial institution.

Investments – State statutes, city policies, and city resolutions authorize the City's investments. The Director of Financial Services and the Assistant Director of Financial Services are authorized by the City Council to invest all available funds consistent with the investment policy. The City is authorized to invest in United States obligations or its agencies and instrumentalities, direct obligations of the State of Texas or its agencies and instrumentalities, other obligations backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, obligations of states, agencies, counties, cities, and other political subdivisions of any State having an investment rating of not less than "A" or its equivalent, fully collateralized repurchase agreements, certificates of deposit issued by a depository institution that has its main office or branch office in the State of Texas, money market mutual funds

regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less, and local government investment pools organized and operating in compliance with the Inter-local Cooperation Act. As of September 30, 2015, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity Days
Primary Government		
General Fund		
Federal Agency Notes	\$ 28,991,081	320
TexPool	27,431,460	40
TexStar	67,065,715	39
CIP Funds		
Federal Agency Notes	37,783,618	254
TexPool	3,672,695	40
TexStar	123,832,893	39
Wells Fargo Business	88,078,497	1
Other Funds		
Federal Agency Notes	48,038,533	394
TexPool	36,360,340	40
TexStar	5,616,129	39
Wells Fargo Business	7,019,889	1
Total Primary Government	<u>\$473,890,850</u>	<u>102</u>
Component Units		
Community Development		
Federal Agency Notes	\$ 8,901,405	503
TexPool	11,522,060	40
TexStar	3,849,087	39
Economic Development		
Federal Agency Notes	6,150,032	166
Certificates of Deposit	5,016,343	230
TexPool	6,733,007	40
TexStar	14,443,924	39
Total Component Units	<u>\$ 56,615,858</u>	<u>143</u>
Total Government	<u>\$530,506,708</u>	<u>106</u>

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, 2015, 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, FNMA, FHLMC, and FFCB) 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 & Poors. More than five percent of the City's investments are in Federal Farm Credit Bank (FFCB) and Federal Home Loan Bank (FHLB). These investments are 12.78% and 6.71%, respectively, of the total investments.

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

NOTE 5. RECEIVABLES

Receivables at September 30, 2015, for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are all considered to be collected within one year and consist of the following:

Governmental	General	TIRZ #1	Capital Projects	Debt Service Fund	Other Funds	Total
Property tax	\$ 794,332	\$ -	\$ -	\$ 553,147	\$ -	\$ 1,347,479
Sales tax	6,801,721	-	-	-	-	6,801,721
Franchise tax	3,978,991	-	-	-	105,386	4,084,377
Occupancy tax	-	-	-	-	375,655	375,655
Mixed beverage	202,574	-	-	-	-	202,574
Accrued interest	44,715	-	24,035	-	29,003	97,753
Grants	-	-	-	-	468,507	468,507
Assessments	-	-	-	-	1,888,034	1,888,034
Bonds	-	-	29,500,000	-	-	29,500,000
Other	2,442,147	406,357	686,084	-	1,673	3,536,261
Gross receivables	14,264,480	406,357	30,210,119	553,147	2,868,258	48,302,361
Less: allowance	(1,063,926)	(220,000)	-	(27,657)	-	(1,311,583)
Net receivables	\$13,200,554	\$ 186,357	\$30,210,119	\$ 525,490	\$2,868,258	\$46,990,778

Business-type Activities	Water and Sewer	Other Funds	Total
Utility Bills	\$15,414,116	\$ -	\$15,414,116
Accrued interest	35,316	122	35,438
Other	7,988,737	120,806	8,109,543
Gross receivables	23,438,169	120,928	23,559,097
Less: allowance	(1,607,711)	-	(1,607,711)
Net receivables	\$21,830,458	\$120,928	\$21,951,386

Component Units	Community Development Corporation	Economic Development Corporation	Total
Sales taxes	\$ 3,400,860	\$ 3,400,860	\$ 6,801,720
Accrued interest	6,305	10,325	16,630
Other	15,188	11,378	26,566
Net receivables	<u>\$ 3,422,353</u>	<u>\$ 3,422,563</u>	<u>\$ 6,844,916</u>

The Proprietary Fund accounts receivable includes unbilled charges for services rendered at September 30, 2015.

Property taxes are levied on October 1 and are payable until February 1 without penalty. Property taxes attach as an enforceable lien on property as of February 1. No discounts are allowed for early payment. Penalty and interest are calculated after February 1 up to the date collected by the government 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 government. The government's current policy is to write off uncollectible personal property taxes after four years.

Notes Receivable City

The City periodically issues bonds on behalf of the Frisco Community Development Corporation and Frisco Economic Development Corporation to fund various projects of these entities. Each component unit has an agreement with the City to fund the principal and interest payments of the bonds; therefore, a note receivable is reported in the government wide financial statements of the City from each component unit equal to the face amount of the bonds outstanding. At September 30, 2015, the balance of the note receivable from the Frisco Community Development Corporation was \$41,685,500 and the balance of the note receivable from the Frisco Economic Development Corporation was \$2,140,000 for a total of \$43,825,500.

Notes Receivable Component Units

In March 2006, the Frisco Community Development Corporation entered into an agreement to loan a developer \$300,000 to purchase land. The interest rate on the note is 5.00%. Annual payments of \$1 are due for a period of ten years, and an eleventh and final installment of all accrued and unpaid interest, together with principal is due on the tenth anniversary date. If the developer completes certain performance requirements, the entire balance of principal plus accrued interest will be forgiven on the due date of the eleventh installment or March 28, 2017 and it will only be recognized at the government-wide level. As of September 30, 2015, the note had a balance of \$300,000 and accrued interest of \$177,257.

In June, 2011, the Frisco Community Development Corporation executed a Performance Agreement and Promissory Note with a developer for \$400,000 for building improvements to a public facility being leased by the developer. The loan

interest rate is 0.00%, and if the developer satisfies annual performance criteria, the loan will be forgiven over a period of ten years, ending in July, 2022. This note is only recognized at the government-wide level. The loan balance as of September 30, 2015 was \$280,000.

In March, 2007, the Frisco Economic Development Corporation entered into a promissory note agreement with a developer in order to provide a construction loan in the amount of \$243,000 for improvements. Upon satisfactory completion of certain performance requirements, annual credits will be provided in the form of loan forgiveness for a maximum of \$243,000 over a period of approximately five years. A revised agreement in 2011 extended the loan forgiveness period to 2015. Another amended agreement in 2014 extended the loan forgiveness period to December 31, 2015. The balance of the loan at September 30, 2015 was \$52,000.

On July 31, 2009, the Frisco Economic Development Corporation entered into a Performance Agreement and Promissory Note for up to a maximum of \$525,000 for a sanitary sewer infrastructure improvement. Performance credits are to be applied as loan forgiveness, when proper documentation is provided to the City. On September 21, 2011, the Note maturity date was extended to August 1, 2016. The loan balance as of September 30, 2015 was \$145,000.

In December 2009, the Frisco Economic Development Corporation entered into a Performance Agreement and Promissory Note for \$570,803 with 5% interest due annually. The loan was paid as an advance with quarterly payments beginning March 31, 2011 and ending December 2014. In September 2011, the Agreement and Note were modified for quarterly payments to begin March 31, 2013 ending in December 2016. The balance of the loan at September 30, 2015 was \$155,313.

In April 2010, the Frisco Economic Development Corporation entered into an Agreement and Promissory Note for \$500,000 with 5% interest due by April 26, 2011. The note was extended and modified in April 2011, for an additional year. In April 2012, the Note was amended and the due date was extended to April 2013. On April 26, 2013, the Note was extended to October 26, 2014 and the Performance Agreement was modified to forgive the loan if certain requirements are met by October 26, 2014. On October 15, 2014 the note was extended to October 26, 2016. The balance of the loan at September 30, 2015 was \$500,000.

On October 2, 2012, a Performance Agreement and Promissory Note were executed by the Frisco Economic Development Corporation. Those documents were amended and restated on January 15, 2013. The \$750,000 loan consists of 2 installments of \$375,000 each payable over two years, beginning with the Fiscal Year 2013. The loan is eligible for forgiveness credits, based upon the company's performance through December 31, 2022. The loan balance was \$475,000 at September 30, 2015.

On October 15, 2012, the Frisco Economic Development Corporation entered into

a Performance Agreement and Promissory Note to provide \$200,000 in infrastructure improvements to a developer. The interest rate of the loan is 5% and the maturity date is September 30, 2016. The loan is eligible for forgiveness credits upon completion of performance requirements. The balance of the loan was \$200,000 at September 30, 2015.

On August 28, 2014 the Frisco Economic Development Corporation entered into a Performance Agreement and Promissory Note loan to provide \$300,000 in advanced economic incentives. The \$300,000 was issued on December 4, 2014 at 0% interest with a maturity date of March 15, 2018. The loan is eligible for forgiveness credits upon completion of performance requirements. The balance of the loan on September 30, 2015 was \$200,000.

NOTE 6. CAPITAL ASSETS

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

Governmental	Balance 9/30/2014	Additions	Retirements/ Transfers/Other Deductions	Balance 9/30/2015
Capital assets, not being depreciated:				
Land	\$ 230,806,653	\$ 8,535,142	\$ (258,353)	\$ 239,083,442
Construction-in-progress	100,443,380	177,156,284	(23,709,509)	253,890,155
Total capital assets, not being depreciated	331,250,033	185,691,426	(23,967,862)	492,973,597
Capital assets, being depreciated:				
Machinery and equipment	52,748,782	2,982,443	(365,655)	55,365,570
Buildings and improvements	347,202,981	418,648	(2,735,584)	344,886,045
Improvements other than buildings	841,146,617	54,756,229	-	895,902,846
Total capital assets being depreciated	1,241,098,380	58,157,320	(3,101,239)	1,296,154,461
Less accumulated depreciated:				
Machinery and equipment	(33,511,370)	(4,613,580)	3,101,239	(35,023,711)
Buildings and improvements	(115,945,055)	(13,926,681)	-	(129,871,736)
Improvements other than buildings	(280,772,346)	(30,369,282)	-	(311,141,628)
Total accumulated depreciation	(430,228,771)	(48,909,543)	3,101,239	(476,037,075)
Total capital assets, being depreciated, net	810,869,609	9,247,777	-	820,117,386
Governmental activities capital assets, net	\$1,142,119,642	\$194,939,203	\$ (23,967,862)	\$1,313,090,983

Business-type Activities	Balance 9/30/2014	Additions	Retirements/ Transfers Other Deductions	Balance 9/30/2015
Capital assets, not being depreciated:				
Land	\$ 10,136,606	\$ 9,750	\$ -	\$ 10,146,356
Construction-in-progress	39,314,176	16,599,659	(12,385,288)	43,528,547
Total capital assets, not being depreciated	49,450,782	16,609,409	(12,385,288)	53,674,903
Capital assets, being depreciated:				
Machinery and equipment	7,196,446	851,309	(257,257)	7,790,498
Buildings and improvements	10,102,640	20,958	-	10,123,598
Improvements other than buildings	345,521,649	33,416,540	(4,036,976)	374,901,213
Total capital assets being depreciated	362,820,735	34,288,807	(4,294,233)	392,815,309
Less accumulated depreciated:				
Machinery and equipment	(4,465,151)	(739,912)	257,257	(4,947,806)
Buildings and improvements	(4,758,325)	(446,482)	-	(5,204,807)
Improvements other than buildings	(109,818,771)	(11,100,864)	142,646	(120,776,989)
Total accumulated depreciation	(119,042,247)	(12,287,258)	399,903	(130,929,602)
Total capital assets, being depreciated, net	243,778,488	22,001,549	(3,894,330)	261,885,707
Business-type activities capital assets, net	\$293,229,270	\$38,610,958	\$(16,279,618)	\$315,560,610

For the Business-type Activities, interest costs for the period charged to expense totaled \$5,805,743. Capitalized interest costs recorded during the period totaled \$1,476,614.

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

Governmental activities

General government	\$ 6,360,020
Public safety	5,378,902
Public works	26,250,552
Culture and recreation	10,920,069
Total depreciation expense governmental activities	<u>\$48,909,543</u>

Business-type activities

Water & sewer	\$12,141,682
Stormwater drainage	71,403
Environmental services	74,173
Total depreciation expense business-type activities	<u>\$12,287,258</u>

Frisco Community Development Corporation	Balance 9/30/2014	Additions	Retirements/ Transfers Other Deductions	Balance 9/30/2015
Capital assets, not being depreciated:				
Land	\$72,661,809	\$ -	\$(20,011,671)	\$52,650,138
Construction-in-progress	34,743	1,165,206	-	1,199,949
Total capital assets not being depreciated	72,696,552	1,165,206	(20,011,671)	53,850,087
Capital assets, being depreciated:				
Machinery and equipment	26,465	8,193	-	34,658
Buildings and improvements	8,932,674	14,850	-	8,947,524
Improvements other than buildings	18,584,658	-	-	18,584,658
Total capital assets being depreciated	27,543,797	23,043	-	27,566,840
Less: accumulated depreciation	(18,726,590)	(1,715,807)	-	(20,442,397)
Total capital assets being depreciated, net	8,817,207	(1,692,764)	-	7,124,443
F CDC capital assets, net	\$81,513,759	\$ (527,558)	\$(20,011,671)	\$60,974,530

Frisco Economic Development Corporation	Balance 9/30/2014	Additions	Retirements/ Transfers Other Deductions	Balance 9/30/2015
Capital assets, not being depreciated:				
Land	\$17,280,316	\$ -	\$ -	\$17,280,316
Total capital assets not being depreciated	17,280,316	-	-	17,280,316
Capital assets being depreciated:				
Machinery and equipment	527,709	-	-	527,709
Buildings and improvements	9,987,087	-	-	9,987,087
Total capital assets being depreciated	10,514,796	-	-	10,514,796
Less: accumulated depreciation	(2,076,570)	(497,862)	-	(2,574,432)
Total capital assets, being depreciated, net	8,438,226	(497,862)	-	7,940,364
FEDC capital assets, net	\$25,718,542	\$ (497,862)	\$ -	\$25,220,680

In addition to construction in progress, the City had commitments or binding contracts as of September 30, 2015. The construction commitments or binding contracts totaled \$122,648,980 for the governmental capital projects fund; and \$8,257,766 for the business-type activities capital projects fund. Major funds also had outstanding encumbrances totaling \$2,428,372.

Governmental activities

General fund	\$ 1,599,080
Capital projects fund	122,648,980
Total outstanding commitments	<u>\$124,248,060</u>

Business-type activities

Utility fund	\$ 829,292
Utility fund construction	8,257,766
Total outstanding commitments	<u>\$ 9,087,058</u>

NOTE 7. NOTES PAYABLE

The following schedule summarizes notes payable as of September 30, 2015:

Frisco Community Development Corporation	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015
Note payable to City	\$44,985,000	\$	\$ 3,299,500	\$41,685,500
Note payable to bank	13,500,000	13,770,000	13,500,000	13,770,000
Premium	3,918,645		680,439	3,238,206
Discount	(86,841)	-	(5,932)	(80,909)
Total	<u>\$62,316,804</u>	<u>\$13,770,000</u>	<u>\$17,474,007</u>	<u>\$58,612,797</u>

Frisco Economic Development Corporation	Balance 9/30/2014	Additions	Deletions	Balance 9/30/15
Note payable to City	\$ 2,435,000	\$ -	\$ 295,000	\$ 2,140,000
Note payable to bank	11,745,518	41,988,813	11,745,518	41,988,813
Premium	31,242	-	10,903	20,339
Total	<u>\$14,211,760</u>	<u>\$41,988,813</u>	<u>\$12,051,421</u>	<u>\$44,149,152</u>

The City periodically issues bonds on behalf of the Community Development Corporation and Economic Development Corporation to fund various projects of these entities. These entities are component units of the City. Each component unit has an agreement with the City to fund the principal and interest payments of the bonds; therefore, a note payable is reported in the government wide financial statements of the component units to the City equal to the face amount of the bonds outstanding plus any bond premiums, discounts, and deferred loss from advance refunding of debt. The City is in compliance with related bond covenants.

At September 30, 2015, the balance of the note payable to the City from the Community Development Corporation was \$44,842,797. This includes \$41,685,500 in the note balance, \$3,238,206 of premium and \$80,909 of discount. The balance of the note payable to the City from the Economic Development Corporation was \$2,160,339. This includes \$2,140,000 in the note balance and \$20,339 of net premium. At September 30, 2015, the total notes payable to the City from the component units was \$47,003,136.

NOTE 8. LONG-TERM DEBT

General obligation bonds and certificates of obligation mature annually in varying amounts through 2038. The interest for these bonds are payable semi-annually with interest rates ranging from .60% - 7.375%. The City is in compliance with related bond covenants.

In April 2015, the City issued General Obligation Refunding Bonds, Taxable Series 2015, in the amount of \$6,040,000. Proceeds from the sale of the bonds were used to advance refund \$5,875,000 of Combination Tax and Revenue Certificates of Obligation, Series 2001B which were called in June 2015. While the advance refunding resulted in increasing total debt service by \$411,309 an economic gain of \$772,374 was realized. An accounting loss of \$132,006, which will be deferred and amortized was recognized on this advanced refunding. The refunded bonds are considered to legally defeased and the liability for the refunded bonds has been removed from long-term debt. As September 30, 2015, the amount of the defeased debt outstanding, but removed from long-term debt was \$5,875,000.

In April 2015, the Frisco Community Development Corporation issued Sales Tax Revenue Bonds, Taxable Series 2015, in the amount of \$6,000,000. Proceeds from the sale of the bonds together with certain funds of the corporation will be used to (i) make improvements to a City-owned baseball stadium, (ii) deposit to the Debt Service Reserve Fund the amount required to be accumulated in the Reserve Fund as a result of the issuance of the bonds, and (iii) pay the cost of professional services including the cost of issuance of the bonds.

In July 2015, the City issued General Obligation Refunding and Improvement Bonds, Series 2015A, in the amount of \$107,710,000 with a net premium of \$16,614,929. Proceeds from the sale of the bonds of \$54,945,000 were used to advance refund a portion of the City's outstanding debt, including \$1,075,000 in combination Tax and Revenue Certificates of Obligation, Series 2005; \$4,180,000 in General Obligation Refunding and Improvement Bonds, Series 2005; \$27,185,000 in General Obligation Bond Series 2007; and \$27,740,000 in Combination Tax and Revenue Certificates of Obligation, Series 2007.

The net proceeds from the issuance of the bonds were used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service until the term bonds are called in February 2016 through February 2027. The advance refunding was undertaken to reduce total debt service payments by \$6,509,674 and resulted in an economic gain of \$5,593,012. An accounting loss of \$3,026,545 which will be deferred and amortized was recognized on this advanced refunding. The refunded bonds are considered to legally defeased and the liability for the refunded bonds has been removed from long-term debt. As September 30, 2015, the amount of the defeased debt outstanding, but removed from long-term debt was \$60,180,000.

Proceeds from the sale of the Improvement Bonds of \$52,765,000 are expected to be

used for: (i) constructing and improving streets, roads, bridges, and intersections; (ii) constructing, improving and equipping fire departments facilities and acquisition of firefighting equipment; (iii) constructing, improving and equipping police facilities; (iv) improving, expanding and equipping the municipal center to improve and expand facilities for the library and City offices and to provide facilities for municipal courts; (v) improving, expanding and equipping the fleet center facility; (vi) constructing and equipping a Senior Center; (vii) constructing, improving and equipping municipal parks, hike and bike trails; (viii) the acquisition of land and interests in land for such projects; and (ix) paying the costs associated with the issuance of the Bonds.

In July 2015, the City issued Combination Tax and Surplus Revenue Certificates of Obligation Series 2015, in the amount of \$14,965,000 with a net premium of \$212,214. Proceeds from the sale of the certificates will be used for (i) constructing, installing, acquiring and equipping additions, extensions and improvements to the City's waterworks and sewer system, and acquisition of land and interests in land for such projects, and (ii) paying the costs associated with the issuance.

In September 2015, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2015A, in the amount of \$9,015, 000 with a net premium of \$168,534. Proceeds from the sale of the certificates will be used for the purpose of (i) constructing, improving and equipping municipal parks and recreational facilities, and the acquisition of land and interest in land therefore; and (ii) legal, fiscal and engineering fees in connection with such projects.

In September 2015, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2015B, in the amount of \$20,740,000. Proceeds from the sale of the certificates will be used for the purpose of (i) acquiring, constructing and equipping a public conference, meeting and exhibit center, and (ii) legal, fiscal and engineering fees in connection with such projects.

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

Governmental Activities	Balance 9/30/2014	Increases	Decreases	Balance 9/30/2015	Amounts due within one year
Compensated absences	\$ 7,926,041	\$ 6,389,061	\$ 5,730,962	\$ 8,584,140	\$ 5,052,535
General obligation bonds	358,667,815	87,375,000	58,847,815	387,195,000	30,120,000
Certificates of obligation	179,070,000	29,755,000	10,234,500	198,590,500	4,135,500
Premiums	26,642,292	12,437,651	5,691,063	33,388,880	5,964,934
Discounts	(498,739)	(65,040)	(31,947)	(531,832)	(32,444)
Total governmental activities	\$ 571,807,409	\$ 135,891,672	\$ 80,472,393	\$ 627,226,688	\$ 45,240,525

Business-type Activities	Balance 9/30/2014	Increases	Decreases	Balance 9/30/2015	Amounts due within one year
Compensated absences	\$ 1,132,112	\$ 855,660	\$ 749,086	\$ 1,238,686	\$ 811,992
General obligation bonds	50,512,185	26,375,000	3,597,185	73,290,000	4,275,000
Certificates of obligation	74,955,000	14,965,000	33,880,500	56,039,500	5,034,500
Premiums	8,103,936	4,760,842	1,596,795	11,267,983	1,948,715
Discounts	(234,186)	(137,776)	(16,283)	(355,679)	(22,973)
Total business-type activities	134,469,047	46,818,726	39,807,283	141,480,490	12,047,234
Total primary government	\$ 706,276,456	\$ 182,710,398	\$ 120,279,676	\$ 768,707,178	\$ 57,287,759

Component Units	Balance 9/30/2014	Increases	Decreases	Balance 9/30/2015	Amounts due within one year
Compensated absences	\$ 105,225	\$ 116,942	\$ 71,700	\$ 150,467	\$ 104,058
Sales tax revenue bonds	86,960,000	6,000,000	3,560,000	89,400,000	3,855,000
Notes payable – bank	25,245,518	55,758,813	25,245,518	55,758,813	7,943,630
Notes payable – City	47,420,000	-	3,594,500	43,825,500	3,690,500
Premiums	4,141,850	-	758,579	3,383,271	674,577
Discounts	(100,717)	-	(7,953)	(92,764)	(7,782)
Total component units	\$ 163,771,876	\$ 61,875,755	\$ 33,222,344	\$ 192,425,287	\$ 16,259,983

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental activities for the years subsequent to September 30, 2015, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2016	\$ 34,255,500	\$ 24,943,830	\$ 59,199,330
2017	37,775,000	23,612,208	61,387,208
2018	40,010,000	21,997,520	62,007,520
2019	41,175,000	20,273,989	61,448,989
2020	41,460,000	18,464,567	59,924,567
2021-2025	194,560,000	64,474,846	259,034,846
2026-2030	95,130,000	32,455,782	127,585,782
2031-2035	79,745,000	12,600,189	92,345,189
2036-2039	21,675,000	1,286,933	22,961,933
Total	585,785,500	220,109,864	805,895,364
Plus: Unamortized bond premium	33,388,880	-	33,388,880
Less: Unamortized bond discount	(531,832)	-	(531,832)
Net debt service requirements	\$ 618,642,548	\$ 220,109,864	\$ 838,752,412

Debt service requirements of the general obligation bonds and certificates of obligation for the business-type activities for the years subsequent to September 30, 2015, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2016	\$ 9,309,500	\$ 5,522,933	\$ 14,832,433
2017	8,995,000	5,136,424	14,131,424
2018	9,110,000	4,749,049	13,859,049
2019	9,480,000	4,345,042	13,825,042
2020	9,815,000	3,908,065	13,723,065
2021-2025	46,365,000	12,794,344	59,159,344
2026-2030	22,720,000	4,491,772	27,211,772
2031-2035	13,535,000	1,049,501	14,584,501
Total	129,329,500	41,997,130	171,326,630
Plus: Unamortized bond premium	11,267,983	-	11,267,983
Less: Unamortized bond discount	(355,679)	-	(355,679)
Net debt service requirements	\$140,241,804	\$ 41,997,130	\$182,238,934

Debt service requirements of the revenue bonds and notes payable for the Community Development Corporation component unit for the years subsequent to September 30, 2015, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2016	\$ 10,758,630	\$ 3,164,982	\$ 13,923,612
2017	3,747,412	3,182,049	6,929,461
2018	5,499,485	3,069,725	8,569,210
2019	5,389,026	2,912,030	8,301,056
2020	19,193,491	2,747,363	21,940,854
2021-2025	28,520,769	8,432,412	36,953,181
2026-2030	19,425,000	4,372,077	23,797,077
2031-2035	10,640,000	733,966	11,373,966
Total	103,173,813	28,614,604	131,788,417
Plus: Unamortized bond premium	84,503	-	84,503
Less: Unamortized bond discount	(11,855)	-	(11,855)
Net debt service requirements	\$ 103,246,461	\$ 28,614,604	\$ 131,861,065

Debt service requirements of the revenue bonds and notes payable for the Economic Development Corporation component unit for the years subsequent to September 30, 2015, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2016	\$ 4,730,500	\$ 2,994,413	\$ 7,724,913
2017	4,780,000	2,926,640	7,706,640
2018	6,282,000	2,758,247	9,040,247
2019	6,304,300	2,547,349	8,851,649
2020	5,880,370	2,332,507	8,212,877
2021-2025	34,573,330	7,586,691	42,160,021
2026-2030	14,560,000	3,227,003	17,787,003
2031-2035	8,700,000	559,916	9,259,916
Total	85,810,500	24,932,766	110,743,266
Plus: Unamortized bond premium	3,298,768	-	3,298,768
Less: Unamortized bond discount	(80,909)	-	(80,909)
Net debt service requirements	\$ 89,028,359	\$ 24,932,766	\$ 113,961,125

NOTE 9. GRANTS PAYABLE

Retail Development Agreements

In order 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, and the City of Frisco, Texas, the City, agreed to pay sales tax grants to certain developers. These grants require the construction of a 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 2015 fiscal year.

A sales tax grant agreement was executed with a retail developer for a period of ten years which began on August 3, 2005. The City pays one-half of one percent (0.5%) of the retail sales taxes collected by the City on retail sales generated by the store on a quarterly basis. Therefore, the installment payments are dependent on sales tax collections, and there is no fixed repayment amount with this grant. The City paid \$509,089 during the current year for this sales tax grant.

A new retail development agreement was executed in December, 2005 for approximately 200,000 square feet of retail space, which opened for business during April, 2007. The developer was awarded an economic development grant in accordance with the agreement in the amount of one-half of one percent (0.5%) of retail sales generated for a period of ten years. The City paid \$205,208 during the current year for this grant.

A new retail agreement was executed in January, 2011 for approximately 140,000 square feet of retail space which opened October, 2011. The City pays one half of one percent of retail sales generated for a period of ten years. The City paid \$280,683 during the current year of this grant.

A new agreement was executed in May, 2012 for a retail sales center. The City pays eighty-five percent of one percent (.0085) of all retail sales generated for a

period of twenty-five years. The City paid \$953,150 during the current year of this grant.

A second agreement was executed in May, 2013 for a retail sales center. The City pays eighty-five percent of one percent (.0085) of all retail sales generated for a period of twenty-five years. The City paid \$2,856,589 during the current year of this grant.

An agreement was executed in May, 2012 in which the City pays a rebate of incremental property taxes on improvements. This agreement is for five years. The City paid \$1,639 during the current year of this grant.

An agreement was executed in February, 2013 for use and property tax rebates. This agreement is for eleven years. No payments were made during the current year of this grant.

An agreement was executed in May, 2014 for infrastructure improvements. This agreement is for three years. The City paid \$91,668 during the current year of this grant.

An agreement was executed in June 2014 with a residential builder for a ten year period. Payments will be calculated based on 80% of the City's one percent of use tax levied on housing materials purchased. The City paid \$101,049 during the current year of this grant.

An agreement was executed in August 2014 with a residential builder for a ten year period. Payments will be calculated based on 80% of the City's one percent of use tax levied on housing materials purchased. The City paid \$5,059 during the current year of this grant.

An agreement was executed in April 2015 with a residential builder for a ten year period. Payments will be calculated based on 80% of the City's one percent of use tax levied on housing materials purchased. The City paid \$3,186 during the current year of this grant.

An agreement was executed in August 2015 with a residential builder for a ten year period. Payments will be calculated based on 80% of the City's one percent of use tax levied on housing materials purchased. The City has made no payments during the current year of this grant.

Planned Development Mixed Use Agreement

The City has an agreement for the development of thirty-six (36) acres into an urban mixed use community consisting of residential units, a 4-star hotel and a Class A high rise office building. The developer will receive rebates of incremental City property taxes paid on the improvements. The maximum grant amount of rebates for the improvements has a principal balance of \$3,000,000 bearing an interest rate of 4.75%, being repayable in three (3) annual installments of interest only and twenty-two (22) successive amortized annual installments of principal and interest.

During the year ended September 30, 2015, the City rebated a total of \$165,483 for the property tax increment payment for 2013. The cumulative amount rebated through September 30, 2015 was \$820,034.

NOTE 10. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Management Association Retirement Corporation (ICMARC). All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, and the City has no fiduciary responsibilities over the plan; therefore, it is not reported in the financial statements of the City.

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

NOTE 11. DEFINED BENEFIT PENSION PLAN**Plan Description-**

The City of Frisco participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits provided-

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

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 100 percent of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit, which is a theoretical

amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

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 actuarially equivalent payment options. Member may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

A summary of plan provisions for the City are as follows:

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

Employees covered by benefits terms-

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	297
Active employees	<u>924</u>
Total	<u><u>1,330</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 consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarial determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Frisco were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.50% and 14.41% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$9,034,646 and were equal to the required contributions.

Net Pension Liability-

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3% per year
Overall payroll growth	3% per year
Investment rate of return	7%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. This experience study was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional charges were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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 estimates 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
	100%	100%

Discount Rate-

The discount rate used to measure the Total Pension Liability was 7.0%. The projections of cash flows used to determine the discount rate was assumed that employee contributions will remain at the current 7% 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the Total Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2013	\$151,337,748	\$120,981,617	\$30,356,131
Changes for the year:			
Service cost	9,985,109	-	9,985,109
Interest	10,863,498	-	10,863,498
Change in benefit terms	-	-	-
Difference between expected and actual experience	(1,557,705)	-	(1,557,705)
Change in assumptions	-	-	-
Contributions-employer	-	7,982,625	(7,982,625)
Contributions-employee	-	4,173,145	(4,173,145)
Net investment income	-	6,923,943	(6,923,943)
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,274,946)	-
Administrative expense	-	(72,257)	72,257
Other changes	-	(5,941)	5,941
Net changes	17,015,956	16,726,569	289,387
Balance as of 12/31/2014	\$168,353,704	\$137,708,186	\$30,645,518

Sensitivity of the net pension liability to changes in the discount rate-

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in <u>Discount Rate</u>	Current <u>Discount Rate</u>	1% Increase <u>Discount Rate</u>
City's net pension liability	\$62,232,710	\$30,645,518	\$5,388,565

Pension Plan Fiduciary Net Position-

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet 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, 2015, the City recognized pension expense of \$8,391,402.

At September 30, 2015, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ -	\$ 1,355,206
Changes in actuarial assumptions used	-	-
Difference between projected and actual investments earnings	1,235,816	-
Contributions subsequent to the measurement date	<u>7,125,574</u>	<u>-</u>
Total	<u>\$ 8,361,390</u>	<u>\$ (1,355,206)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$7,125,574 will be recognized as a reduction of the net pension liability for measurement year ending December 31, 2015 (i.e. recognized in the city's financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Year</u>	<u>At December 31</u>
2015	\$ 106,455
2016	106,455
2017	106,455
2018	106,455
2019	(202,499)
Thereafter	<u>(342,711)</u>
Total	<u>\$(119,390)</u>

Subsequent event-

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long-term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of the expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change. Accordingly, the city has included in its approved fiscal year 2016 budget to continue to fund pension contributions above the required ADC which will help smooth impacts of any increases in the required ADC for fiscal year 2017.

NOTE 12. RISK MANAGEMENT

The City is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$1,000,000 per event, and \$2,000,000 in aggregate. There were no significant reductions in insurance coverage from the previous year. Settled claims for risk have not exceeded insurance coverage for the past three years.

During FY 2015, 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 offer two PPO plans with payroll deductions set aside to cover the monthly claims. The annually negotiated stop loss provision for 2015 was \$150,000 per occurrence.

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, 2015 totaled \$1,570,745. Changes in the liability amount:

Claim Year	Liability Beginning of Year	Current Year Claims and Changes In Estimates	Claim Payments	Liability End of Year
2005 – Health Insurance	\$ -	\$ 960,342	\$ 673,462	\$ 286,880
2006 – Health Insurance	286,880	1,206,931	1,174,391	319,420
2007 – Health Insurance	319,420	2,074,276	1,793,010	600,686
2008 – Health Insurance	600,686	2,551,929	2,689,872	462,743
2009 – Health Insurance	462,743	2,056,175	2,062,869	456,049
2010 – Health Insurance	456,049	7,141,067	5,735,799	1,861,317
2011 – Health Insurance	1,861,317	7,847,795	7,929,126	1,779,986
2012 – Health Insurance	1,779,986	8,240,646	7,702,913	2,317,719
2013 – Health Insurance	2,317,719	7,567,760	8,543,115	1,342,364
2014 – Health Insurance	1,342,364	11,153,236	11,107,200	1,388,400
2015 – Health Insurance	1,388,400	11,592,196	11,409,851	1,570,745

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

All interfund receivables and payable are considered short-term and, at September 30, 2015 consisted of the following:

Due to	Due From	
	Non-major Governmental	Total
General Fund	\$450,457	\$450,457
Total	\$450,457	\$450,457

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

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

Transfers to	Transfers From					Total
	General Fund	TIRZ	Capital Projects	Non-major Governmental	Non-major Proprietary	
General Fund	\$ -	\$ 822,416	\$ 44,670	\$ 4,289,394	\$ 594,530	\$ 5,751,010
TIRZ	-	-	-	1,478,626	-	1,478,626
Capital projects	611,588	-	-	7,058,648	544,467	8,214,703
Debt Service	-	19,243,910	-	770,379	-	20,014,289
Non-major governmental	105,693	-	-	11,880	-	117,573
Utility Fund	-	-	832,604	-	257,038	1,089,642
Total	\$717,281	\$20,066,326	\$877,274	\$13,608,927	\$1,396,035	\$36,665,843

Transfer from fund	Transfer to fund	Amount
General Fund:		
Grant matching funds	Non-major Governmental Funds - Grants	\$ 105,693
Capital outlay	Capital Projects Fund	611,588
TIRZ Fund:		
Operating lease funding - garages	General Fund	822,416
Debt service funding requirements	Debt Service	19,243,910
Capital Project Fund:		
Operating capital for SAFER	General Fund	44,670
Capital outlay	Utility Fund	832,604
Non-Major Governmental Funds:		
Debt service funding requirements	TIRZ	1,478,626
Debt service funding requirements	Debt Service	770,379
Court warrant officer funding	General Fund	144,000
Capital outlay funding	Capital Projects	7,058,648
Capital reserve funding transfer	General Fund	4,145,394
Grant matching funds	Non-Major Governmental Funds - Grants	11,880
Proprietary Funds:		
G&A for Environmental Services	General Fund	494,530
G&A for Stormwater Drainage	Utility Fund	29,681
Special Projects Manager	Capital Projects	224,967
G&A Stormwater Drainage	General Fund	100,000
G&A Environmental Services	Utility Fund	227,357
Capital outlay funding	Capital Projects	319,500
Total		\$36,665,843

NOTE 14 OPERATING LEASE COMMITMENTS

The City entered into rental agreements in excess of one year during prior fiscal years. During fiscal year 2015, the City entered into additional agreement in excess of one year. The following commitments remain:

FY	At September 30
2016	\$ 160,197
2017	152,052
2018	52,129

Rent paid under operating leases was approximately \$154,141 for the year ended September 30, 2015.

NOTE 15. CONTINGENT LIABILITIES

The City has participated in a number of 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. The outstanding principal of the revenue bonds at September 30, 2015 is \$37,355,000. The City's contractual minimum payment is required to cover the full cost of the service including the principal and interest payments incurred related to this debt. The City of Frisco is in compliance with this agreement at September 30, 2015.

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. OTHER POSTEMPLOYMENT BENEFITS

The City does not provide postretirement health or dental care benefits to retirees. We do provide a plan that retirees can purchase, but they are responsible for 100% of the premium costs and this plan is not part of the City's active employee plan. The City incurs no cost for providing these benefits, as retirees are included in a separate risk pool, there is no direct or implicit rate subsidy and the City has no measurable OPEB liability.

NOTE 18. COMPONENT UNIT REMEDIATION OBLIGATIONS

During FY 2012, the FEDC and FCDC entered into agreements with a local manufacturing company to purchase land surrounding a plant that is being closed. Revenue bonds were sold and have been placed in escrow with the third party. Remediation funds have also been placed in escrow with the third party to cover the costs of clean up for the land surrounding the plant that the City component units are planning to purchase. Consultants were hired to estimate the remediation costs, which have been accrued based on cash flow estimates.



PROGRESS IN MOTION

REQUIRED SUPPLEMENTARY INFORMATION



PROGRESS IN MOTION

CITY OF FRISCO
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
Required Supplementary Information
Last 10 Years

	Measurement Year 2014
Total pension liability:	
Service cost	\$ 9,985,109
Interest	10,863,498
Changes of benefit terms	-
Difference between expected and actual experience	(1,557,705)
Change in assumptions	-
Benefit payments, including refunds of employee contributions	(2,274,946)
Net change in total pension liability	17,015,956
Total pension liability - beginning	151,337,748
Total pension liability - ending (a)	\$ 168,353,704
Plan fiduciary net position:	
Contributions - employer	\$ 7,982,625
Contributions - employee	4,173,145
Net investment income	6,923,943
Benefit payments, including refunds of employee contributions	(2,274,946)
Administrative expenses	(72,257)
Other	(5,941)
Net change in plan fiduciary net position	16,726,569
Plan fiduciary net position - beginning	120,981,617
Plan fiduciary net position - ending (b)	\$ 137,708,186
Net pension liability - ending (a) - (b)	\$ 30,645,518
Plan fiduciary net position as a percentage of total pension liability	81.80%
Covered employee payroll	\$ 59,616,360
Net pension liability as a percentage of covered employee payroll	51.40%

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

CITY OF FRISCO
Schedule of Contributions
Texas Municipal Retirement System
Required Supplementary Information
Last 10 Years

	<u>2015</u>
Actuarially determined contribution	\$ 9,034,646
Contributions in relation to the actuarially determined contribution	<u>9,034,646</u>
Contribution deficiency/(excess)	-
Covered employee payroll	63,590,086
Contributions as a percentage of covered employee payroll	14.21%

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	29 years
Asset valuation method	10 year smoothed market, 15% soft corridor
Inflation	3%
Salary increases	3.50% to 12% including inflation
Investment rate of return	7%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes

Removed statutory max.

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



PROGRESS IN MOTION

BUDGET TO ACTUAL COMPARISONS
MAJOR FUNDS

**Capital Projects Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Intergovernmental	\$ -	\$ 41,820,931	\$ 23,523,912	\$ -	\$ 23,523,912	\$ (18,297,019)
Investment earnings	-	185,000	260,811	-	260,811	75,811
Contributions, donations & grants	-	167,843,298	51,654,575	-	51,654,575	(116,188,723)
Payments from component units	10,000,000	28,362,088	15,764,492	-	15,764,492	(12,597,596)
Total revenues	<u>10,000,000</u>	<u>238,211,317</u>	<u>91,203,790</u>	<u>-</u>	<u>91,203,790</u>	<u>(147,007,527)</u>
EXPENDITURES:						
Capital outlay	35,424,934	439,043,428	186,499,181	18,551,760	205,050,941	233,992,487
Debt service	-	-	878,149	-	878,149	(878,149)
Total expenditures	<u>35,424,934</u>	<u>439,043,428</u>	<u>187,377,330</u>	<u>18,551,760</u>	<u>205,929,090</u>	<u>233,114,338</u>
Deficiency of revenues under expenditures	<u>(25,424,934)</u>	<u>(200,832,111)</u>	<u>(96,173,540)</u>	<u>18,551,760</u>	<u>(114,725,300)</u>	<u>86,106,811</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt	19,500,000	59,835,000	82,520,000	-	82,520,000	22,685,000
Premium on bonds issued	-	-	7,675,208	-	7,675,208	7,675,208
Proceeds from sale of assets	-	-	1,000	-	1,000	1,000
Transfers in	5,948,257	7,793,557	8,214,703	-	8,214,703	421,146
Transfers out	(44,670)	(44,670)	(877,274)	-	(877,274)	832,604
Total other financing sources (uses)	<u>25,403,587</u>	<u>67,583,887</u>	<u>97,533,637</u>	<u>-</u>	<u>97,533,637</u>	<u>31,614,958</u>
Net change in fund balances	(21,347)	(133,248,224)	1,360,097	(18,551,760)	(17,191,663)	116,056,561
Fund balances, October 1	<u>2,076,570</u>	<u>133,573,252</u>	<u>133,573,252</u>	<u>(104,097,220)</u>	<u>29,476,032</u>	<u>(104,097,220)</u>
Fund balances, September 30	<u>\$ 2,055,223</u>	<u>\$ 325,028</u>	<u>\$ 134,933,349</u>	<u>\$ (122,648,980)</u>	<u>\$ 12,284,369</u>	<u>\$ 11,959,341</u>

**CITY OF FRISCO
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses
From GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2015**

	Net Change in Fund Balances
GAAP basis	\$ 1,360,097
Expenditures:	
Increase due to encumbrances from prior year	104,097,220
Decrease due to encumbrances from current year	(122,648,980)
Budgetary basis	<u>\$ (17,191,663)</u>

**Debt Service Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Taxes:						
Property	\$ 29,348,136	\$ 29,817,855	\$ 30,208,079	\$ -	\$ 30,208,079	\$ 390,224
Investment earnings	20,000	4,500	5,500	-	5,500	1,000
Payment from component units	5,509,238	5,509,238	-	-	-	(5,509,238)
Total revenues	<u>34,877,374</u>	<u>35,331,593</u>	<u>30,213,579</u>	<u>-</u>	<u>30,213,579</u>	<u>(5,118,014)</u>
EXPENDITURES:						
Debt service	<u>54,975,470</u>	<u>55,301,816</u>	<u>49,611,852</u>	<u>-</u>	<u>49,611,852</u>	<u>5,689,964</u>
Total expenditures	<u>54,975,470</u>	<u>55,301,816</u>	<u>49,611,852</u>	<u>-</u>	<u>49,611,852</u>	<u>5,689,964</u>
Deficiency of revenues under expenditures	<u>(20,098,096)</u>	<u>(19,970,223)</u>	<u>(19,398,273)</u>	<u>-</u>	<u>(19,398,273)</u>	<u>571,950</u>
OTHER FINANCING SOURCES (USES):						
Refunding bonds issued	-	34,610,000	34,610,000	-	34,610,000	-
Premium on bonds issued	-	4,697,403	4,697,403	-	4,697,403	-
Payment to refunded debt escrow agent	-	(39,059,203)	(39,059,203)	-	(39,059,203)	-
Transfers in	<u>19,892,221</u>	<u>20,014,289</u>	<u>20,014,289</u>	<u>-</u>	<u>20,014,289</u>	<u>-</u>
Total other financing sources (uses)	<u>19,892,221</u>	<u>20,262,489</u>	<u>20,262,489</u>	<u>-</u>	<u>20,262,489</u>	<u>-</u>
Net change in fund balances	(205,875)	292,266	864,216	-	864,216	571,950
Fund balances, October 1	<u>4,425,842</u>	<u>4,414,583</u>	<u>4,414,583</u>	<u>-</u>	<u>4,414,583</u>	<u>-</u>
Fund balances, September 30	<u>\$ 4,219,967</u>	<u>\$ 4,706,849</u>	<u>\$ 5,278,799</u>	<u>\$ -</u>	<u>\$ 5,278,799</u>	<u>\$ 571,950</u>



PROGRESS IN MOTION

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular 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.

Superdrome Fund - This fund is used to account for activities of the facilities used for hosting local bicycling races.

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 Safety Fund - This fund was established to account for the automated red light enforcement system implemented by the City during FY 2006.

Frisco Square Municipal Management District (MMD) - This fund was established to account for assessments and transactions related to the Frisco Square District.

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

Capital Reserve Fund - This fund accounts for the reserve set-aside for future infrastructure needs.

Impact Fees Fund - This fund accounts for the collection of impact fees and park dedication fees, which are transferred to the Capital Projects Fund as needed to fund infrastructure.

**Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2015**

	Special Revenue				
	Hotel/Motel Tax	Panther Creek PID	Superdrome	Grants	CDBG
ASSETS					
Cash and cash equivalents	\$ 1,331,188	\$ 54,253	\$ 143,244	\$ -	\$ -
Investments	-	-	1,299,358	-	-
Receivables (net of allowance for uncollectibles):					
Franchise tax	-	-	-	-	-
Occupancy tax	375,655	-	-	-	-
Assessments	-	1,888,034	-	-	-
Grants	-	-	-	448,244	20,263
Other	-	-	88	-	-
Prepays	30,391	-	-	-	-
Total assets	\$ 1,737,234	\$ 1,942,287	\$ 1,442,690	\$ 448,244	\$ 20,263
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 38,630	\$ -	\$ -	\$ 12,097	\$ 5,953
Accrued liabilities	34,628	-	-	-	-
Unearned revenue	-	1,888,034	-	-	-
Monies held in escrow	-	-	-	-	-
Due to other funds	-	-	-	436,147	14,310
Total liabilities	73,258	1,888,034	-	448,244	20,263
Fund balances:					
Unspendable	30,391	-	-	-	-
Restricted	1,633,585	54,253	1,442,690	-	-
Total fund balances	1,663,976	54,253	1,442,690	-	-
Total liabilities and fund balances	\$ 1,737,234	\$ 1,942,287	\$ 1,442,690	\$ 448,244	\$ 20,263

				Capital Projects		Total
Traffic Safety	Frisco Square MMD	Court Fees	PEG Cable	Capital Reserve	Impact & Park Development Fees	Non-major Governmental Funds
\$ 387,542	\$ -	\$ 147,091	\$ 314,913	\$ -	\$ 13,100,755	\$ 15,478,986
-	-	299,971	500,188	-	26,994,379	29,093,896
-	-	-	105,386	-	-	105,386
-	-	-	-	-	-	375,655
-	-	-	-	-	-	1,888,034
-	-	-	-	-	-	468,507
1,655	-	295	372	-	28,266	30,676
-	-	-	-	-	-	30,391
<u>\$ 389,197</u>	<u>\$ -</u>	<u>\$ 447,357</u>	<u>\$ 920,859</u>	<u>\$ -</u>	<u>\$ 40,123,400</u>	<u>\$ 47,471,531</u>
\$ 144,626	\$ -	\$ 17,641	\$ -	\$ -	\$ -	\$ 218,947
-	-	-	-	-	-	34,628
-	-	-	-	-	-	1,888,034
-	-	-	-	-	2,035,003	2,035,003
-	-	-	-	-	-	450,457
<u>144,626</u>	<u>-</u>	<u>17,641</u>	<u>-</u>	<u>-</u>	<u>2,035,003</u>	<u>4,627,069</u>
-	-	-	-	-	-	30,391
<u>244,571</u>	<u>-</u>	<u>429,716</u>	<u>920,859</u>	<u>-</u>	<u>38,088,397</u>	<u>42,814,071</u>
<u>244,571</u>	<u>-</u>	<u>429,716</u>	<u>920,859</u>	<u>-</u>	<u>38,088,397</u>	<u>42,844,462</u>
<u>\$ 389,197</u>	<u>\$ -</u>	<u>\$ 447,357</u>	<u>\$ 920,859</u>	<u>\$ -</u>	<u>\$ 40,123,400</u>	<u>\$ 47,471,531</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the year ended September 30, 2015

	Special Revenue				
	Hotel/Motel Tax	Panther Creek PID	Superdrome	Grants	CDBG
REVENUES:					
Franchise tax	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel tax	4,190,238	-	-	-	-
Special assessments	-	225,642	-	-	-
Fines	-	-	-	-	-
Charges for services	8,540	-	-	-	-
Contributions, donations & grants	374,050	-	-	836,720	259,192
Investment earnings	514	105,489	11,814	-	-
Miscellaneous	2,975	-	-	-	4,154
Total revenues	<u>4,576,317</u>	<u>331,131</u>	<u>11,814</u>	<u>836,720</u>	<u>263,346</u>
EXPENDITURES:					
Current:					
General government	-	-	-	999	263,346
Public safety	-	-	-	480,179	-
Public works	-	-	-	268,934	-
Culture and recreation	2,726,944	-	233,704	8,231	-
Capital outlay	-	-	-	195,950	-
Total expenditures	<u>2,726,944</u>	<u>-</u>	<u>233,704</u>	<u>954,293</u>	<u>263,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,849,373</u>	<u>331,131</u>	<u>(221,890)</u>	<u>(117,573)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	117,573	-
Transfers out	(1,478,626)	(372,602)	-	-	-
Total other financing sources (uses)	<u>(1,478,626)</u>	<u>(372,602)</u>	<u>-</u>	<u>117,573</u>	<u>-</u>
Net change in fund balances	370,747	(41,471)	(221,890)	-	-
Fund balances, beginning	<u>1,293,229</u>	<u>95,724</u>	<u>1,664,580</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,663,976</u>	<u>\$ 54,253</u>	<u>\$ 1,442,690</u>	<u>\$ -</u>	<u>\$ -</u>

Traffic Safety	Frisco Square MMD	Court Fees	PEG Cable	Capital Projects		Total Non-major Governmental Funds
				Capital Reserve	Impact & Park Development Fees	
\$ -	\$ -	\$ -	\$ 416,205	\$ -	\$ -	\$ 416,205
-	-	-	-	-	-	4,190,238
-	-	-	-	-	12,738,832	12,964,474
359,038	-	204,105	-	-	-	563,143
-	-	-	-	-	-	8,540
-	397,777	-	-	-	-	1,867,739
159	-	622	1,835	-	207,050	327,483
-	-	-	-	-	-	7,129
<u>359,197</u>	<u>397,777</u>	<u>204,727</u>	<u>418,040</u>	<u>-</u>	<u>12,945,882</u>	<u>20,344,951</u>
-	-	92,549	125,865	-	-	482,759
262,986	-	-	-	-	-	743,165
24,189	-	-	-	-	-	293,123
-	-	-	-	-	-	2,968,879
-	-	-	184,639	-	-	380,589
<u>287,175</u>	<u>-</u>	<u>92,549</u>	<u>310,504</u>	<u>-</u>	<u>-</u>	<u>4,868,515</u>
<u>72,022</u>	<u>397,777</u>	<u>112,178</u>	<u>107,536</u>	<u>-</u>	<u>12,945,882</u>	<u>15,476,436</u>
-	-	-	-	-	-	117,573
<u>(11,875)</u>	<u>(397,777)</u>	<u>(144,000)</u>	<u>-</u>	<u>(4,145,399)</u>	<u>(7,058,648)</u>	<u>(13,608,927)</u>
<u>(11,875)</u>	<u>(397,777)</u>	<u>(144,000)</u>	<u>-</u>	<u>(4,145,399)</u>	<u>(7,058,648)</u>	<u>(13,491,354)</u>
60,147	-	(31,822)	107,536	(4,145,399)	5,887,234	1,985,082
<u>184,424</u>	<u>-</u>	<u>461,538</u>	<u>813,323</u>	<u>4,145,399</u>	<u>32,201,163</u>	<u>40,859,380</u>
<u>\$ 244,571</u>	<u>\$ -</u>	<u>\$ 429,716</u>	<u>\$ 920,859</u>	<u>\$ -</u>	<u>\$38,088,397</u>	<u>\$ 42,844,462</u>

**Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Taxes:						
Hotel/motel tax	\$ 3,995,295	\$ 4,160,000	\$ 4,190,238	\$ -	\$ 4,190,238	\$ 30,238
Charges for service	1,000	1,000	8,540	-	8,540	7,540
Contributions	436,000	436,000	374,050	-	374,050	(61,950)
Investment earnings	1,000	1,000	514	-	514	(486)
Miscellaneous	-	-	2,975	-	2,975	2,975
Total revenues	<u>4,433,295</u>	<u>4,598,000</u>	<u>4,576,317</u>	<u>-</u>	<u>4,576,317</u>	<u>(21,683)</u>
EXPENDITURES:						
Current:						
Culture and recreation	2,946,751	2,987,301	2,726,944	-	2,726,944	260,357
Capital Outlay	-	-	-	-	-	-
Total expenditures	<u>2,946,751</u>	<u>2,987,301</u>	<u>2,726,944</u>	<u>-</u>	<u>2,726,944</u>	<u>260,357</u>
Excess of revenues over expenditures	<u>1,486,544</u>	<u>1,610,699</u>	<u>1,849,373</u>	<u>-</u>	<u>1,849,373</u>	<u>238,674</u>
OTHER FINANCING USES:						
Transfers out	<u>(1,478,626)</u>	<u>(1,478,626)</u>	<u>(1,478,626)</u>	<u>-</u>	<u>(1,478,626)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,478,626)</u>	<u>(1,478,626)</u>	<u>(1,478,626)</u>	<u>-</u>	<u>(1,478,626)</u>	<u>-</u>
Net change in fund balances	7,918	132,073	370,747	-	370,747	238,674
Fund balances, October 1	<u>1,097,208</u>	<u>1,293,229</u>	<u>1,293,229</u>	<u>-</u>	<u>1,293,229</u>	<u>-</u>
Fund balances, September 30	<u>\$ 1,105,126</u>	<u>\$ 1,425,302</u>	<u>\$ 1,663,976</u>	<u>\$ -</u>	<u>\$ 1,663,976</u>	<u>\$ 238,674</u>

**Panther Creek PID Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Special assessments	\$ 140,000	\$ 215,000	\$ 225,642	\$ -	\$ 225,642	\$ 10,642
Investment earnings	75,000	65,000	105,489	-	105,489	40,489
Total revenues	<u>215,000</u>	<u>280,000</u>	<u>331,131</u>	<u>-</u>	<u>331,131</u>	<u>51,131</u>
 OTHER FINANCING USES:						
Transfers out	<u>(215,000)</u>	<u>(372,602)</u>	<u>(372,602)</u>	<u>-</u>	<u>(372,602)</u>	<u>-</u>
Net change in fund balances	-	(92,602)	(41,471)	-	(41,471)	51,131
Fund balances, October 1	<u>96,862</u>	<u>95,724</u>	<u>95,724</u>	<u>-</u>	<u>95,724</u>	<u>-</u>
Fund balances, September 30	<u>\$ 96,862</u>	<u>\$ 3,122</u>	<u>\$ 54,253</u>	<u>\$ -</u>	<u>\$ 54,253</u>	<u>\$ 51,131</u>

**Superdrome Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Investment earnings	\$ 5,000	\$ 6,500	\$ 11,814	\$ -	\$ 11,814	\$ 5,314
Total revenues	<u>5,000</u>	<u>6,500</u>	<u>11,814</u>	<u>-</u>	<u>11,814</u>	<u>5,314</u>
EXPENDITURES:						
Current:						
Culture and recreation	80,004	234,004	233,704	-	233,704	300
Total expenditures	<u>80,004</u>	<u>234,004</u>	<u>233,704</u>	<u>-</u>	<u>233,704</u>	<u>300</u>
Deficiency of revenues under expenditures	(75,004)	(227,504)	(221,890)	-	(221,890)	5,614
Net change in fund balances	(75,004)	(227,504)	(221,890)	-	(221,890)	5,614
Fund balances, October 1	<u>1,668,647</u>	<u>1,664,580</u>	<u>1,664,580</u>	<u>-</u>	<u>1,664,580</u>	<u>-</u>
Fund balances, September 30	\$ <u>1,593,643</u>	\$ <u>1,437,076</u>	\$ <u>1,442,690</u>	\$ <u>-</u>	\$ <u>1,442,690</u>	\$ <u>5,614</u>

**Grants Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Grant income	\$ 5,968,565	\$ 1,420,000	\$ 836,720	\$ -	\$ 836,720	\$ (583,280)
Total revenues	<u>5,968,565</u>	<u>1,420,000</u>	<u>836,720</u>	<u>-</u>	<u>836,720</u>	<u>(583,280)</u>
EXPENDITURES:						
Current:						
Public safety	3,531,713	480,179	480,179	-	480,179	-
Public works	-	268,934	268,934	-	268,934	-
Capital Outlay	<u>2,516,852</u>	<u>750,887</u>	<u>195,950</u>	<u>-</u>	<u>195,950</u>	<u>554,937</u>
Total expenditures	<u>6,048,565</u>	<u>1,500,000</u>	<u>954,293</u>	<u>-</u>	<u>954,293</u>	<u>545,707</u>
Deficiency of revenues under expenditures	<u>(80,000)</u>	<u>(80,000)</u>	<u>(117,573)</u>	<u>-</u>	<u>(117,573)</u>	<u>(37,573)</u>
OTHER FINANCING SOURCES:						
Transfers in	80,000	80,000	117,573	-	117,573	(37,573)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>80,000</u>	<u>80,000</u>	<u>117,573</u>	<u>-</u>	<u>117,573</u>	<u>(37,573)</u>
Net change in fund balances	-	-	-	-	-	-
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CDBG Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Grant income	\$ 436,145	\$ 304,903	\$ 259,192	\$ -	\$ 259,192	\$ (45,711)
Miscellaneous	<u>2,000</u>	<u>2,500</u>	<u>4,154</u>	<u>-</u>	<u>4,154</u>	<u>1,654</u>
Total revenues	<u>438,145</u>	<u>307,403</u>	<u>263,346</u>	<u>-</u>	<u>263,346</u>	<u>(44,057)</u>
EXPENDITURES:						
Current:						
General government	<u>438,145</u>	<u>307,403</u>	<u>263,346</u>	<u>-</u>	<u>263,346</u>	<u>44,057</u>
Total expenditures	<u>438,145</u>	<u>307,403</u>	<u>263,346</u>	<u>-</u>	<u>263,346</u>	<u>44,057</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Traffic Safety Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Fines	\$ 312,500	\$ 405,000	\$ 359,038	\$ -	\$ 359,038	\$ (45,962)
Interest	136	150	159	-	159	9
Total revenues	312,636	405,150	359,197	-	359,197	(45,953)
EXPENDITURES:						
Current:						
Public safety	421,000	407,323	262,986	-	262,986	144,337
Public works	-	24,000	24,189	-	24,189	(189)
Total expenditures	421,000	431,323	287,175	-	287,175	144,148
Excess (deficiency) of revenues over (under) expenditures	(108,364)	(26,173)	72,022	-	72,022	98,195
OTHER FINANCING SOURCES (USES):						
Transfers out	-	-	(11,875)	-	(11,875)	11,875
Total other financing sources (uses)	-	-	(11,875)	-	(11,875)	11,875
Net change in fund balances	(108,364)	(26,173)	60,147	-	60,147	86,320
Fund balances, October 1	207,030	184,424	184,424	-	184,424	-
Fund balances, September 30	\$ 98,666	\$ 158,251	\$ 244,571	\$ -	\$ 244,571	\$ 86,320

**Frisco Square MMD Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Contributions	\$ 491,083	\$ 397,777	\$ 397,777	\$ -	\$ 397,777	\$ -
Total revenues	<u>491,083</u>	<u>397,777</u>	<u>397,777</u>	<u>-</u>	<u>397,777</u>	<u>-</u>
Excess of revenues over expenditures	<u>491,083</u>	<u>397,777</u>	<u>397,777</u>	<u>-</u>	<u>397,777</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Transfers out	<u>(491,083)</u>	<u>(397,777)</u>	<u>(397,777)</u>	<u>-</u>	<u>(397,777)</u>	<u>-</u>
Total other financing sources (uses)	<u>(491,083)</u>	<u>(397,777)</u>	<u>(397,777)</u>	<u>-</u>	<u>(397,777)</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-
Fund balances, October 1	-	-	-	-	-	-
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Court Fees Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	Budgeted Amounts		Actual on a	Adjustments-	Actual on a	Variance with
	Original	Final	GAAP	Budgetary	Budgetary	Final Budget -
			Basis	Basis	Basis	Positive
						(Negative)
REVENUES:						
Fines	\$ 196,500	\$ 191,000	\$ 204,105	\$ -	\$ 204,105	\$ 13,105
Investment earnings	1,000	200	622	-	622	422
Total revenues	197,500	191,200	204,727	-	204,727	13,527
EXPENDITURES:						
Current:						
General government	100,311	104,838	92,549	-	92,549	12,289
Capital Outlay	52,000	-	-	-	-	-
Total expenditures	152,311	104,838	92,549	-	92,549	12,289
Excess of revenues over expenditures	45,189	86,362	112,178	-	112,178	25,816
OTHER FINANCING USES:						
Transfers out	(144,000)	(144,000)	(144,000)	-	(144,000)	-
Total other financing sources (uses)	(144,000)	(144,000)	(144,000)	-	(144,000)	-
Net change in fund balances	(98,811)	(57,638)	(31,822)	-	(31,822)	25,816
Fund balances, October 1	397,755	461,538	461,538	-	461,538	-
Fund balances, September 30	\$ 298,944	\$ 403,900	\$ 429,716	\$ -	\$ 429,716	\$ 25,816

**PEG Cable Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	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:						
Franchise	\$ 361,973	\$ 365,000	\$ 416,205	\$ -	\$ 416,205	\$ 51,205
Investment earnings	1,200	1,200	1,835	-	1,835	635
Total revenues	<u>363,173</u>	<u>366,200</u>	<u>418,040</u>	<u>-</u>	<u>418,040</u>	<u>51,840</u>
EXPENDITURES:						
Current:						
General government	-	125,865	125,865	-	125,865	-
Capital Outlay	<u>133,500</u>	<u>389,184</u>	<u>184,639</u>	<u>-</u>	<u>184,639</u>	<u>204,545</u>
Total expenditures	<u>133,500</u>	<u>515,049</u>	<u>310,504</u>	<u>-</u>	<u>310,504</u>	<u>204,545</u>
Excess of revenues over expenditures	<u>229,673</u>	<u>(148,849)</u>	<u>107,536</u>	<u>-</u>	<u>107,536</u>	<u>256,385</u>
Net change in fund balances	229,673	(148,849)	107,536	-	107,536	256,385
Fund balances, October 1	<u>688,016</u>	<u>813,323</u>	<u>813,323</u>	<u>-</u>	<u>813,323</u>	<u>-</u>
Fund balances, September 30	<u>\$ 917,689</u>	<u>\$ 664,474</u>	<u>\$ 920,859</u>	<u>\$ -</u>	<u>\$ 920,859</u>	<u>\$ 256,385</u>

**Impact Fees Fund Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2015**

	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	\$ -	\$ 11,700,000	\$ 12,738,832	\$ -	\$ 12,738,832	\$ 1,038,832
Investment earnings	-	105,000	207,050	-	207,050	102,050
Total revenues	-	11,805,000	12,945,882	-	12,945,882	1,140,882
 OTHER FINANCING USES:						
Transfers out	(5,000,000)	(6,702,500)	(7,058,648)	-	(7,058,648)	(356,148)
Total other financing sources (uses)	(5,000,000)	(6,702,500)	(7,058,648)	-	(7,058,648)	(356,148)
 Net change in fund balances	(5,000,000)	5,102,500	5,887,234	-	5,887,234	784,734
 Fund balances, October 1	28,738,995	32,201,163	32,201,163	-	32,201,163	-
Fund balances, September 30	\$ 23,738,995	\$ 37,303,663	\$ 38,088,397	\$ -	\$ 38,088,397	\$ 784,734



PROGRESS IN MOTION

NON-MAJOR PROPRIETARY FUNDS

Proprietary funds charge customers directly for certain services it provides.

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.

**Statement of Net Position
Non-major Proprietary Funds
September 30, 2015**

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 949,518	\$ 6,105,177	\$ 7,054,695
Investments	500,237	1,799,110	2,299,347
Receivables - (net of allowance for uncollectibles):			
Other	474	120,454	120,928
Prepays	1,200	-	1,200
Total current assets	<u>1,451,429</u>	<u>8,024,741</u>	<u>9,476,170</u>
Noncurrent assets:			
Capital assets:			
Buildings and improvements	-	137,242	137,242
Improvements other than buildings	-	92,190	92,190
Machinery and equipment	438,573	433,556	872,129
Accumulated depreciation	<u>(238,352)</u>	<u>(350,274)</u>	<u>(588,626)</u>
Total capital assets (net of accumulated depreciation)	<u>200,221</u>	<u>312,714</u>	<u>512,935</u>
Total noncurrent assets	<u>200,221</u>	<u>312,714</u>	<u>512,935</u>
Total assets	<u>1,651,650</u>	<u>8,337,455</u>	<u>9,989,105</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension contributions and investment experience	83,614	83,614	167,228
Total deferred outflow of resources	<u>\$ 83,614</u>	<u>\$ 83,614</u>	<u>\$ 167,228</u>

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 26,434	\$ 549,050	\$ 575,484
Accrued liabilities	28,050	23,535	51,585
Monies held in escrow	39,566	-	39,566
Liability for compensated absences	60,564	49,867	110,431
Current liabilities	<u>154,614</u>	<u>622,452</u>	<u>777,066</u>
Noncurrent liabilities:			
Liability for compensated absences	21,315	35,928	57,243
Pension	306,455	306,455	612,910
Total noncurrent liabilities	<u>327,770</u>	<u>342,383</u>	<u>670,153</u>
Total liabilities	<u>482,384</u>	<u>964,835</u>	<u>1,447,219</u>
DEFERRED INFLOW OF RESOURCES			
Pension actuarial experience	<u>13,553</u>	<u>13,553</u>	<u>27,106</u>
Total deferred inflow of resources	<u>13,553</u>	<u>13,553</u>	<u>27,106</u>
NET POSITION			
Net investment in capital assets	200,221	312,714	512,935
Unrestricted	<u>1,039,106</u>	<u>7,129,967</u>	<u>8,169,073</u>
Total	<u>1,239,327</u>	<u>7,442,681</u>	<u>8,682,008</u>
Total net position	<u>\$ 1,239,327</u>	<u>\$ 7,442,681</u>	<u>\$ 8,682,008</u>



PROGRESS IN MOTION

Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-major Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Total
OPERATING REVENUES:			
Charges for sales and services:			
Sanitation charges	\$ -	\$ 12,746,988	\$ 12,746,988
Stormwater drainage fees	2,502,288	-	2,502,288
Miscellaneous	-	740,020	740,020
Total operating revenues	<u>2,502,288</u>	<u>13,487,008</u>	<u>15,989,296</u>
OPERATING EXPENSES:			
Cost of sales and services	-	9,670,826	9,670,826
Administration	1,387,614	1,133,630	2,521,244
Depreciation	<u>71,403</u>	<u>74,173</u>	<u>145,576</u>
Total operating expenses	<u>1,459,017</u>	<u>10,878,629</u>	<u>12,337,646</u>
Operating income	<u>1,043,271</u>	<u>2,608,379</u>	<u>3,651,650</u>
NONOPERATING REVENUES:			
Interest revenue	1,711	18,275	19,986
Other sources	<u>41,366</u>	<u>-</u>	<u>41,366</u>
Total nonoperating revenues	<u>43,077</u>	<u>18,275</u>	<u>61,352</u>
Income before transfers	1,086,348	2,626,654	3,713,002
TRANSFERS:			
Transfers out	<u>(449,181)</u>	<u>(946,854)</u>	<u>(1,396,035)</u>
Total transfers	<u>(449,181)</u>	<u>(946,854)</u>	<u>(1,396,035)</u>
Change in net position	637,167	1,679,800	2,316,967
Net position, October 1	844,328	6,005,049	6,849,377
Change in accounting principle - GASB 68	<u>(242,168)</u>	<u>(242,168)</u>	<u>(484,336)</u>
Net position, beginning-restated	<u>602,160</u>	<u>5,762,881</u>	<u>6,365,041</u>
Net position, ending	<u>\$ 1,239,327</u>	<u>\$ 7,442,681</u>	<u>\$ 8,682,008</u>

Statement of Cash Flows
Non-major Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Business-type Activities Enterprise Funds		Non-major
	Stormwater Drainage	Environmental Services	Proprietary Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,471,710	\$ 13,101,960	\$ 15,573,670
Cash payments to suppliers for goods and services	(551,783)	(11,056,439)	(11,608,222)
Cash payments to employees for services	(857,997)	(723,885)	(1,581,882)
Other receipts	-	740,020	740,020
Net cash provided by operating activities	<u>1,061,930</u>	<u>2,061,656</u>	<u>3,123,586</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer made to other funds	(449,181)	(946,854)	(1,396,035)
Contributions	41,366	-	41,366
Net cash provided/(used) by noncapital financing activities	<u>(407,815)</u>	<u>(946,854)</u>	<u>(1,354,669)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(22,390)	(20,958)	(43,348)
Net cash (used) by capital and related financing activities	<u>(22,390)</u>	<u>(20,958)</u>	<u>(43,348)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(500,237)	(1,799,110)	(2,299,347)
Proceeds from sale and maturities of investment securities	500,450	1,794,420	2,294,870
Interest on investments	1,711	18,573	20,284
Net cash provided by investing activities	<u>1,924</u>	<u>13,883</u>	<u>15,807</u>
Net increase in cash and cash equivalents	633,649	1,107,727	1,741,376
Cash and cash equivalents, October 1	<u>315,869</u>	<u>4,997,450</u>	<u>5,313,319</u>
Cash and cash equivalents, September 30	<u>\$ 949,518</u>	<u>\$ 6,105,177</u>	<u>\$ 7,054,695</u>
Classified as:			
Current assets	<u>\$ 949,518</u>	<u>\$ 6,105,177</u>	<u>\$ 7,054,695</u>
Total	<u>\$ 949,518</u>	<u>\$ 6,105,177</u>	<u>\$ 7,054,695</u>

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 1,043,271	\$ 2,608,379	\$ 3,651,650
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	71,403	74,173	145,576
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - other	-	354,972	354,972
Prepaid expenses and other assets	(1,200)	534	(666)
Increase (decrease) in-			
Accounts payable	(45,962)	(974,291)	(1,020,253)
Accrued liabilities	7,666	5,081	12,747
Due to other funds	-	(35,764)	(35,764)
Liability for compensated absences	23,104	34,346	57,450
Net pension liability	(5,774)	(5,774)	(11,548)
Deposits or escrows	(30,578)	-	(30,578)
Total adjustments	<u>18,659</u>	<u>(546,723)</u>	<u>(528,064)</u>
Net cash provided by operating activities	<u>\$ 1,061,930</u>	<u>\$ 2,061,656</u>	<u>\$ 3,123,586</u>



PROGRESS IN MOTION

COMPONENT UNITS

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

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

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

**Balance Sheet
Component Units
September 30, 2015**

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
ASSETS				
Cash and cash equivalents	\$ 15,325,548	\$ 23,218,652	\$ 17,196	\$ 38,561,396
Cash escrow for land purchase	16,909,440	25,364,156	-	42,273,596
Investments	7,001,405	4,250,032	-	11,251,437
Receivables (net of allowances for uncollectibles):				
Sales tax	3,400,860	3,400,860	-	6,801,720
Other	21,493	21,703	-	43,196
Prepays	-	181,877	-	181,877
Notes receivable	-	1,727,313	-	1,727,313
Land held for resale	16,292,514	40,083,095	-	56,375,609
Restricted assets:				
Cash and cash equivalents	1,045,293	3,012,096	-	4,057,389
Investments	1,900,000	1,900,000	-	3,800,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 61,896,553</u>	<u>\$ 103,159,784</u>	<u>\$ 17,196</u>	<u>\$ 165,073,533</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 540,089	\$ 4,520,199	\$ -	\$ 5,060,288
Accrued liabilities	4,132	45,543	-	49,675
Accrued liabilities - pollution remediation	908,750	1,363,124	-	2,271,874
Accrued liabilities - state comptroller	1,569,360	1,569,360	-	3,138,720
Deposits	76,118	-	-	76,118
Unearned revenue	60,884	1,500	-	62,384
Total liabilities	<u>3,159,333</u>	<u>7,499,726</u>	<u>-</u>	<u>10,659,059</u>
Fund balances:				
Non spendable:				
Prepaid expenses	-	181,877	-	181,877
Land purchase	16,909,440	25,364,156	-	42,273,596
Land held for resale	16,292,514	40,083,095	-	56,375,609
Restricted for:				
Debt service	2,945,293	4,912,096	-	7,857,389
Capital projects for future construction	1,118,708	6,465,850	-	7,584,557
Unassigned	21,471,265	18,652,984	17,196	40,141,446
Total fund balances	<u>58,737,220</u>	<u>95,660,058</u>	<u>17,196</u>	<u>154,414,474</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 61,896,553</u>	<u>\$ 103,159,784</u>	<u>\$ 17,196</u>	<u>\$ 165,073,533</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Units
For the Fiscal Year Ended September 30, 2015

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
REVENUES:				
Taxes:				
Sales	\$ 18,001,518	\$ 18,001,518	\$ -	\$ 36,003,036
Investment earnings	106,783	140,647	-	247,430
Contributions	499,170	35,439	6,006	540,615
Rents	729,682	-	-	729,682
Miscellaneous	190,762	901	-	191,663
Total revenues	<u>19,527,915</u>	<u>18,178,505</u>	<u>6,006</u>	<u>37,712,426</u>
EXPENDITURES:				
Current:				
General government	4,277,351	33,073,811	-	37,351,162
Culture and recreation	15,947,111	-	5,379	15,952,490
Capital outlay	1,188,250	-	-	1,188,250
Debt service:				
Principal retirement	4,404,500	2,750,000	-	7,154,500
Interest and fiscal charges	3,297,606	2,993,125	-	6,290,731
Total expenditures	<u>29,114,818</u>	<u>38,816,936</u>	<u>5,379</u>	<u>67,937,133</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,586,903)</u>	<u>(20,638,431)</u>	<u>627</u>	<u>(30,224,707)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from loans	13,770,000	41,988,813	-	55,758,813
Issuance of debt	6,000,000	-	-	6,000,000
Payment to refinance loan	(13,500,000)	(11,745,518)	-	(25,245,518)
Proceeds from sale of assets	15,618,708	996,672	-	16,615,380
Total other financing sources	<u>21,888,708</u>	<u>31,239,967</u>	<u>-</u>	<u>53,128,675</u>
Net change in fund balances	12,301,805	10,601,536	627	22,903,968
Fund balances, beginning	<u>46,435,415</u>	<u>85,058,522</u>	<u>16,569</u>	<u>131,510,506</u>
Fund balances, ending	<u>\$ 58,737,220</u>	<u>\$ 95,660,058</u>	<u>\$ 17,196</u>	<u>\$ 154,414,474</u>

**Reconciliation of the Balance Sheet of Component Units
to the Statement of Position
September 30, 2015**

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

Total fund balances per balance sheet	\$ 154,414,474
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	86,195,210
Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds.	1,710,611
Other assets are not available to pay for current-period expenditures	580,000
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:	
Bonds payable	89,512,871
Notes payable	102,761,949
Accrued interest payable	684,841
Compensated absences	150,467
Net pension liability	612,911
Total long-term liabilities	(193,723,039)
Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds	(27,102)
Total net position - component units	<u>\$ 49,150,154</u>

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Component Units
to the Statement of Activities
For the Year Ended September 30, 2015**

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

Net change in fund balances - total component units	\$ 22,903,968
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.	(1,025,420)
Revenues in the fund statements that are not reported in the statement of activities. This adjustment reflects the book value of assets sold during the year.	(20,011,670)
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.	(29,358,795)
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.	540,372
Change in net position of component units	<u>\$ (26,951,545)</u>

STATISTICAL SECTION



STATISTICAL SECTION

This part of the City of Frisco's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	132
<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>	
Revenue Capacity	137
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	150
<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>	
Demographic and Economic Information	156
<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>	
Operating Information	158
<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>	

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

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities					
Net investment in capital assets	\$ 615,420,114	\$ 643,480,213	\$ 671,496,754	\$ 692,866,635	\$ 695,681,506
Restricted	9,555,354	110,245	1,853,404	2,212,955	3,639,371
Unrestricted	<u>17,126,933</u>	<u>33,040,763</u>	<u>37,781,532</u>	<u>50,009,668</u>	<u>51,210,647</u>
Total governmental activities net position	<u>642,102,401</u>	<u>676,631,221</u>	<u>711,131,690</u>	<u>745,089,258</u>	<u>750,531,524</u>
Business-type activities					
Net investment in capital assets	144,054,388	149,242,962	149,162,147	166,215,616	172,641,414
Restricted	4,180,849	7,484,394	9,609,318	9,649,359	10,271,078
Unrestricted	<u>19,876,778</u>	<u>17,654,124</u>	<u>23,909,576</u>	<u>17,281,722</u>	<u>16,064,340</u>
Total business-type activities net position	<u>168,112,015</u>	<u>174,381,480</u>	<u>182,681,041</u>	<u>193,146,697</u>	<u>198,976,832</u>
Primary government					
Net investment in capital assets	759,474,502	792,723,175	820,658,901	859,082,251	868,322,920
Restricted	13,736,203	7,594,639	11,462,722	11,862,314	13,910,449
Unrestricted	<u>37,003,711</u>	<u>50,694,887</u>	<u>61,691,108</u>	<u>67,291,390</u>	<u>67,274,987</u>
Total primary government net position	<u>\$ 810,214,416</u>	<u>\$ 851,012,701</u>	<u>\$ 893,812,731</u>	<u>\$ 938,235,955</u>	<u>\$ 949,508,356</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 703,694,806	\$ 696,300,300	\$ 739,378,508	\$ 754,405,379	\$ 886,959,457
3,058,450	4,192,127	4,538,556	5,053,305	54,319,922
<u>53,739,744</u>	<u>63,781,055</u>	<u>72,860,648</u>	<u>101,786,356</u>	<u>29,893,408</u>
<u>760,493,000</u>	<u>764,273,482</u>	<u>816,777,712</u>	<u>861,245,040</u>	<u>971,172,787</u>
173,946,035	174,745,396	185,747,786	195,229,947	222,392,769
11,751,675	12,854,359	17,744,216	21,881,788	26,256,457
<u>27,891,529</u>	<u>30,396,570</u>	<u>35,211,295</u>	<u>42,695,312</u>	<u>44,321,482</u>
<u>213,589,239</u>	<u>217,996,325</u>	<u>238,703,297</u>	<u>259,807,047</u>	<u>292,970,708</u>
877,640,841	871,045,696	925,126,294	949,635,326	1,109,352,226
14,810,125	17,046,486	22,282,772	26,935,093	80,576,379
<u>81,631,273</u>	<u>94,177,625</u>	<u>108,071,943</u>	<u>144,481,668</u>	<u>74,214,890</u>
<u>\$ 974,082,239</u>	<u>\$ 982,269,807</u>	<u>\$ 1,055,481,009</u>	<u>\$ 1,121,052,087</u>	<u>\$ 1,264,143,495</u>

**Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	2006	2007	2008
Expenses			
Governmental activities:			
General government	\$ 27,883,738	\$ 29,994,595	\$ 32,031,040
Public safety	23,673,124	28,864,662	36,029,122
Public works	18,952,206	20,105,809	24,949,230
Culture & recreation	7,626,826	9,208,157	18,364,488
Interest on long-term debt	18,890,042	21,350,184	21,952,776
Total governmental activities expenses	<u>97,025,936</u>	<u>109,523,407</u>	<u>133,326,656</u>
Business-type activities:			
Water & sewer	31,993,520	36,848,896	43,797,287
Environmental services	5,729,990	6,482,619	7,298,630
Total business-type activities expenses	<u>37,723,510</u>	<u>43,331,515</u>	<u>51,095,917</u>
Total primary government expenses	<u>\$ 134,749,446</u>	<u>\$ 152,854,922</u>	<u>\$ 184,422,573</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 14,976,310	\$ 11,708,064	\$ 15,355,136
Public safety	1,726,062	1,998,036	2,576,479
Public works	-	-	37,598
Culture & recreation	619,565	1,291,128	3,651,915
Operating grants and contributions	5,723,992	2,302,584	563,840
Capital grants and contributions	71,320,207	21,907,728	31,671,071
Total governmental activities program revenues	<u>94,366,136</u>	<u>39,207,540</u>	<u>53,856,039</u>
Business-type activities:			
Charges for services:			
Water & sewer	34,447,084	30,224,108	34,290,262
Other enterprise funds	6,168,257	7,865,780	8,579,038
Operating grants and contributions	-	71,500	-
Capital grants and contributions	16,773,060	8,580,354	12,681,427
Total business-type activities program revenues	<u>57,388,401</u>	<u>46,741,742</u>	<u>55,550,727</u>
Total primary government program revenues	<u>\$ 151,754,537</u>	<u>\$ 85,949,282</u>	<u>\$ 109,406,766</u>
Net (expense)/revenue			
Governmental activities	\$ (2,659,800)	\$ (70,315,867)	\$ (79,470,617)
Business-type activities	19,664,891	3,410,227	4,454,810
Total primary government net expense	<u>\$ 17,005,091</u>	<u>\$ (66,905,640)</u>	<u>\$ (75,015,807)</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Ad valorem taxes	\$ 40,058,643	\$ 49,160,038	\$ 58,304,707
Sales taxes	17,992,638	18,988,310	19,794,826
Franchise taxes	5,515,545	6,018,858	6,892,396
Other taxes	2,397,341	2,624,159	3,030,953
Ad valorem taxes, Intergovernmental	19,013,078	16,661,958	19,083,975
Investment earnings	9,065,301	10,041,364	7,099,229
Miscellaneous	-	-	-
Transfers	-	1,350,000	(235,000)
Total governmental activities	<u>94,042,546</u>	<u>104,844,687</u>	<u>113,971,086</u>
Business-type activities:			
Intergovernmental	-	-	-
Investment earnings	2,222,291	4,154,026	3,604,751
Miscellaneous	-	55,212	5,000
Transfers	-	(1,350,000)	235,000
Total business-type activities	<u>2,222,291</u>	<u>2,859,238</u>	<u>3,844,751</u>
Total primary government	<u>96,264,837</u>	<u>107,703,925</u>	<u>117,815,837</u>
Change in Net Position			
Governmental activities	91,382,746	34,528,820	34,500,469
Business-type activities	21,887,182	6,269,465	8,299,561
Total primary government net expense	<u>\$ 113,269,928</u>	<u>\$ 40,798,285</u>	<u>\$ 42,800,030</u>

2009	2010	2011	2012	2013	2014	2015
\$ 33,435,845	\$ 39,103,949	\$ 39,620,057	\$ 38,034,476	\$ 42,629,757	\$ 50,945,132	\$ 53,318,813
37,753,602	39,622,158	40,962,287	44,347,310	48,074,351	52,340,573	57,906,328
25,695,126	26,125,366	27,636,526	29,228,885	30,648,669	32,827,619	39,730,064
21,064,820	22,620,217	25,458,162	26,640,104	26,110,474	28,062,191	29,483,819
24,946,889	23,020,033	22,215,090	19,338,791	17,005,242	18,631,848	18,443,803
<u>142,896,282</u>	<u>150,491,723</u>	<u>155,892,122</u>	<u>157,589,566</u>	<u>164,468,493</u>	<u>182,807,363</u>	<u>198,882,827</u>
45,525,827	48,130,980	47,539,765	53,369,324	57,559,429	61,177,648	66,188,799
7,922,296	8,662,866	9,766,785	10,490,996	11,113,313	11,674,055	12,337,646
<u>53,448,123</u>	<u>56,793,846</u>	<u>57,306,550</u>	<u>63,860,320</u>	<u>68,672,742</u>	<u>72,851,703</u>	<u>78,526,445</u>
<u>\$ 196,344,405</u>	<u>\$ 207,285,569</u>	<u>\$ 213,198,672</u>	<u>\$ 221,449,886</u>	<u>\$ 233,141,235</u>	<u>\$ 255,659,066</u>	<u>\$ 277,409,272</u>
\$ 13,222,484	\$ 15,049,663	\$ 13,195,345	\$ 13,870,149	\$ 18,329,451	\$ 18,854,018	\$ 19,912,210
1,573,803	1,498,179	2,245,461	2,077,752	2,327,403	2,598,721	3,174,725
-	-	20,938	63,312	104,180	98,633	205,469
4,083,430	4,009,097	4,320,363	4,455,925	4,555,527	4,845,465	5,433,040
1,906,180	3,135,919	3,297,331	3,615,317	2,549,183	4,666,348	3,236,153
40,895,760	15,462,749	22,940,561	11,607,188	58,872,983	49,626,979	122,651,198
<u>61,681,657</u>	<u>39,155,607</u>	<u>46,019,999</u>	<u>35,689,643</u>	<u>86,738,727</u>	<u>80,690,164</u>	<u>154,612,795</u>
37,939,611	44,165,615	52,679,778	51,752,962	57,787,373	56,263,446	69,190,052
9,109,124	10,474,914	11,022,236	11,899,879	12,555,595	13,384,328	15,989,296
10,700	84,020	111,317	1,000	1,000	17,466	41,366
<u>15,667,028</u>	<u>7,857,024</u>	<u>8,420,269</u>	<u>4,897,053</u>	<u>19,925,899</u>	<u>25,480,432</u>	<u>29,793,281</u>
62,726,463	62,581,573	72,233,600	68,550,894	90,269,867	95,145,672	115,013,995
<u>\$ 124,408,120</u>	<u>\$ 101,737,180</u>	<u>\$ 118,253,599</u>	<u>\$ 104,240,537</u>	<u>\$ 177,008,594</u>	<u>\$ 175,835,836</u>	<u>\$ 269,626,790</u>
\$ (81,214,625)	\$ (111,336,116)	\$ (109,872,123)	\$ (121,899,923)	\$ (77,729,766)	\$ (102,117,199)	\$ (44,270,032)
9,278,340	5,787,727	14,927,050	4,690,574	21,597,125	22,293,969	36,487,550
<u>\$ (71,936,285)</u>	<u>\$ (105,548,389)</u>	<u>\$ (94,945,073)</u>	<u>\$ (117,209,349)</u>	<u>\$ (56,132,641)</u>	<u>\$ (79,823,230)</u>	<u>\$ (7,782,482)</u>
\$ 61,909,279	\$ 65,648,801	\$ 64,673,844	\$ 67,161,904	\$ 69,014,412	\$ 75,849,283	\$ 85,412,246
18,753,757	20,068,824	21,852,287	24,489,084	29,158,661	34,196,948	36,003,036
6,707,813	7,198,697	8,367,733	7,796,833	7,909,763	9,041,655	9,338,941
2,759,301	3,063,544	3,519,660	3,450,258	3,998,236	4,565,581	5,019,906
19,119,575	19,604,935	20,389,441	21,709,424	18,540,374	26,077,693	37,600,247
3,251,634	629,661	512,756	501,365	495,129	222,548	859,102
-	-	-	-	-	-	-
<u>385,309</u>	<u>563,920</u>	<u>517,878</u>	<u>571,537</u>	<u>1,117,421</u>	<u>573,076</u>	<u>306,393</u>
<u>112,886,668</u>	<u>116,778,382</u>	<u>119,833,599</u>	<u>125,680,405</u>	<u>130,233,996</u>	<u>150,526,784</u>	<u>174,539,871</u>
110,000	242,151	97,000	97,000	97,000	104,000	105,040
1,462,625	324,377	106,235	191,049	130,268	116,631	267,813
-	39,800	-	-	-	-	-
<u>(385,309)</u>	<u>(563,920)</u>	<u>(517,878)</u>	<u>(571,537)</u>	<u>(1,117,421)</u>	<u>(573,076)</u>	<u>(306,393)</u>
<u>1,187,316</u>	<u>42,408</u>	<u>(314,643)</u>	<u>(283,488)</u>	<u>(890,153)</u>	<u>(352,445)</u>	<u>66,460</u>
<u>114,073,984</u>	<u>116,820,790</u>	<u>119,518,956</u>	<u>125,396,917</u>	<u>129,343,843</u>	<u>150,174,339</u>	<u>174,606,331</u>
31,672,043	5,442,266	9,961,476	3,780,482	52,504,230	48,409,585	130,269,839
10,465,656	5,830,135	14,612,407	4,407,086	20,706,972	21,941,524	36,554,010
<u>\$ 42,137,699</u>	<u>\$ 11,272,401</u>	<u>\$ 24,573,883</u>	<u>\$ 8,187,568</u>	<u>\$ 73,211,202</u>	<u>\$ 70,351,109</u>	<u>\$ 166,823,849</u>



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>
2006	\$ 40,058,643	\$ 17,992,638	\$ 5,515,545	\$ 2,397,341	\$ 65,964,167
2007	49,160,038	18,988,310	6,018,858	2,624,159	76,791,365
2008	58,304,707	19,794,826	6,892,396	3,030,953	88,022,882
2009	61,909,279	18,753,757	6,707,813	2,759,301	90,130,150
2010	65,648,801	20,068,824	7,198,697	3,063,544	95,979,866
2011	64,673,844	21,852,287	8,367,733	3,519,660	98,413,524
2012	67,161,904	24,489,084	7,796,833	3,450,258	102,898,079
2013	69,014,412	29,158,661	7,909,763	3,998,236	110,081,072
2014	75,849,283	34,196,948	9,041,655	4,565,581	123,653,467
2015	85,412,246	36,003,036	9,338,941	5,019,906	135,774,129

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

2006	\$ 2,752,756
2007	3,186,903
2008	3,666,330
2009	4,100,482
2010	4,488,116
2011	4,250,097
2012	4,142,786
2013	4,431,948
2014	4,654,780
2015	5,100,966

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund			
Non spendable	\$ -	\$ -	\$ -
Committed	-	-	-
Reserved	708,600	1,271,021	725,711
Unreserved/Unassigned	<u>21,685,496</u>	<u>21,301,441</u>	<u>23,356,833</u>
Total general fund	<u><u>22,394,096</u></u>	<u><u>22,572,462</u></u>	<u><u>24,082,544</u></u>
 All other governmental funds			
Reserved	38,022,656	36,281,543	59,450,155
Unreserved, reported in:			
Special revenue funds	2,031,763	3,151,419	3,986,611
Capital project funds	110,481,371	111,387,226	101,301,111
Non spendable	-	-	-
Restricted for:			
Debt service	-	-	-
Capital projects for future construction	-	-	-
Other purposes	-	-	-
Committed to:			
Capital projects for future construction	-	-	-
Assigned to:			
Capital projects for future construction	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u><u>\$ 150,535,790</u></u>	<u><u>\$ 150,820,188</u></u>	<u><u>\$ 164,737,877</u></u>

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

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

<u>2009</u>	<u>2010*</u>	<u>2011**</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ -	\$ 469,884	\$ 537,057	\$ 544,583	\$ 398,856	\$ 616,566
-	2,553,709	2,013,924	2,576,668	3,570,917	3,568,653	14,414,810
579,841	713,228	-	-	-	-	-
<u>24,526,272</u>	<u>22,489,654</u>	<u>25,386,041</u>	<u>29,484,739</u>	<u>31,295,715</u>	<u>41,780,279</u>	<u>44,957,984</u>
<u>25,106,113</u>	<u>25,756,591</u>	<u>27,869,849</u>	<u>32,598,464</u>	<u>35,411,215</u>	<u>45,747,788</u>	<u>59,989,360</u>
22,839,763	25,867,177	-	-	-	-	-
4,760,856	7,508,535	-	-	-	-	-
91,421,584	68,304,669	-	-	-	-	-
-	-	343,449	493,657	202,897	1,691,298	446,105
-	-	3,452,399	4,355,598	4,150,522	4,412,400	5,278,799
-	-	79,585,306	67,986,558	82,742,142	164,136,618	172,606,032
-	-	5,566,109	5,817,783	7,330,805	8,117,922	8,095,288
-	-	1,814,651	2,277,444	3,349,491	4,145,399	-
-	-	<u>4,928,511</u>	<u>6,070,613</u>	<u>3,247,896</u>	-	-
<u>\$ 119,022,203</u>	<u>\$ 101,680,381</u>	<u>\$ 95,690,425</u>	<u>\$ 87,001,653</u>	<u>\$ 101,023,753</u>	<u>\$ 182,503,637</u>	<u>\$ 186,426,224</u>

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	<u>Fiscal Year</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues					
Taxes					
Property	\$ 40,106,497	\$ 48,919,082	\$ 57,670,279	\$ 62,431,502	\$ 65,260,020
Sales	17,992,638	18,988,310	19,794,826	18,753,757	20,068,824
Franchise	5,515,545	6,018,858	6,892,396	6,984,008	7,198,697
Hotel/motel	2,026,326	2,257,756	2,601,775	2,345,312	2,607,869
Other	371,015	366,403	429,178	413,989	455,675
Licenses and permits	10,873,516	7,147,717	6,074,099	3,906,925	5,015,450
Intergovernmental	12,128,338	12,904,324	13,620,779	23,414,535	17,838,372
Charges for services	5,056,960	6,041,509	9,475,996	9,016,079	10,730,021
Fines	1,391,461	1,808,002	2,130,759	3,160,308	2,322,987
Special assessments	6,716,984	4,407,098	5,754,513	4,179,588	2,992,455
Rents	-	-	-	-	-
Investment earnings	8,961,266	10,109,906	7,112,564	3,265,769	651,464
Contributions and donations	16,533,635	2,370,703	5,544,704	1,185,489	4,710,837
Payments from component units	6,916,727	3,767,180	5,463,196	3,710,160	3,447,798
Miscellaneous	5,273,987	5,958,013	5,661,793	5,761,700	4,527,655
Total revenues	<u>141,515,385</u>	<u>133,062,897</u>	<u>148,226,857</u>	<u>150,077,055</u>	<u>147,828,124</u>
Expenditures					
Current:					
General government	24,763,382	26,899,968	28,699,100	30,584,122	32,993,441
Public safety	22,208,711	26,476,558	31,932,293	32,886,018	34,967,535
Public works	4,900,857	5,633,499	6,651,888	6,456,242	6,176,062
Culture & recreation	5,278,501	6,674,557	10,587,558	12,234,850	12,382,180
Payments to component units	10,103,418	7,460,043	-	-	4,612,589
Capital outlay	102,551,930	71,214,884	83,384,202	61,701,918	32,685,414
Debt Service:					
Principal retirement	15,513,701	19,273,917	21,074,352	22,828,537	23,641,668
Interest and fiscal charges	21,361,575	22,617,004	25,783,542	27,005,575	25,350,941
Total expenditures	<u>206,682,075</u>	<u>186,250,430</u>	<u>208,112,935</u>	<u>193,697,262</u>	<u>172,809,830</u>
Excess (deficiency) of revenues over (under) expenditures	(66,817,180)	(53,187,533)	(59,886,078)	(45,168,141)	(24,981,706)
Other financing sources (uses)					
Issuance of debt	60,436,784	100,198,791	74,470,000		33,817,549
Premium on bonds issued	-	-	1,316,019	-	1,424,113
Discount on bonds issued	-	-	(320,615)	-	(6,777)
Payment to refunded debt escrow	-	(47,765,554)	-	-	(27,586,336)
Proceeds from sale of assets	42,404	1,865,096	83,445	90,727	77,893
Transfers in	39,521,069	25,504,304	20,361,365	20,729,438	22,618,138
Transfers out	<u>(39,521,069)</u>	<u>(24,154,304)</u>	<u>(20,596,365)</u>	<u>(20,344,129)</u>	<u>(22,054,218)</u>
Total other financing sources (uses)	<u>60,479,188</u>	<u>55,648,333</u>	<u>75,313,849</u>	<u>476,036</u>	<u>8,290,362</u>
Net change in fund balances	\$ <u>(6,337,992)</u>	\$ <u>2,460,800</u>	\$ <u>15,427,771</u>	\$ <u>(44,692,105)</u>	\$ <u>(16,691,344)</u>
Debt service as a percentage of noncapital expenditures	35%	36%	38%	38%	35%

**CITY OF FRISCO
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Hotel/motel</u>	<u>Other</u>
2006	\$ 40,106,497	\$ 17,992,638	\$ 5,515,545	\$ 2,026,326	\$ 371,015
2007	48,919,082	18,988,310	6,018,858	2,257,756	366,403
2008	57,670,279	19,794,826	6,892,396	2,601,775	429,178
2009	62,431,502	18,753,757	6,984,008	2,345,312	413,989
2010	65,260,020	20,068,824	7,198,697	2,607,869	455,675
2011	65,225,685	21,852,287	8,040,529	2,998,817	520,843
2012	67,265,817	24,489,084	7,907,245	3,027,021	423,237
2013	69,033,422	29,158,661	7,801,573	3,506,677	491,559
2014	75,468,357	34,196,948	8,758,582	3,887,482	678,099
2015	85,700,973	36,003,036	9,338,941	4,190,238	829,668

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 65,225,685	\$ 67,265,817	\$ 69,033,422	\$ 75,468,357	\$ 85,700,973	
21,852,287	24,489,084	29,158,661	34,196,948	36,003,036	
8,040,529	7,907,245	7,801,573	8,758,582	9,338,941	
2,998,817	3,027,021	3,506,677	3,887,482	4,190,238	
520,843	423,237	491,559	678,099	829,668	
5,639,747	6,088,219	8,577,020	10,256,389	11,016,411	
30,553,540	18,309,478	28,164,687	29,277,032	44,141,948	
6,366,771	6,450,974	6,895,984	7,143,863	8,196,996	
2,409,391	2,891,192	2,917,496	2,726,367	2,767,638	
3,826,456	5,339,917	9,190,265	9,577,516	12,964,474	
5,125,754	4,714,980	4,725,347	5,505,448	6,453,883	
526,553	526,939	432,368	250,107	874,583	
3,134,166	6,060,495	6,078,590	4,381,880	53,625,599	
8,044,723	8,658,172	7,125,849	12,360,810	18,443,289	
208,477	229,077	2,253,511	514,691	423,527	
<u>164,473,739</u>	<u>162,381,847</u>	<u>186,353,009</u>	<u>204,983,571</u>	<u>294,971,204</u>	
31,330,645	31,910,504	36,353,259	44,594,861	47,806,418	
36,820,094	39,733,181	42,765,334	45,992,383	52,387,610	
6,283,161	6,538,432	7,083,202	8,222,260	8,987,439	
14,616,069	15,377,347	14,684,853	16,448,909	17,807,190	
-	-	-	-	-	
38,217,173	25,168,130	46,968,401	60,116,074	190,194,725	
25,528,456	25,905,000	27,685,000	29,937,130	28,275,060	
<u>24,934,400</u>	<u>22,353,574</u>	<u>20,988,977</u>	<u>21,974,788</u>	<u>22,214,941</u>	
<u>177,729,998</u>	<u>166,986,168</u>	<u>196,529,026</u>	<u>227,286,405</u>	<u>367,673,383</u>	
(13,256,259)	(4,604,321)	(10,176,017)	(22,302,834)	(72,702,179)	
109,545,000	22,615,000	83,484,089	124,505,000	117,130,000	
13,138,248	2,687,312	15,286,690	4,188,077	12,372,611	
(50,185)	(39,859)	(215,382)	(127,160)	-	
(113,810,055)	(25,312,360)	(72,809,971)	(16,223,139)	(39,059,203)	
38,675	122,534	148,021	1,203,437	116,537	
22,813,526	23,237,197	29,705,338	24,492,569	35,576,201	
<u>(22,295,648)</u>	<u>(22,665,660)</u>	<u>(28,587,917)</u>	<u>(23,919,493)</u>	<u>(35,269,808)</u>	
<u>9,379,561</u>	<u>644,164</u>	<u>27,010,868</u>	<u>114,119,291</u>	<u>90,866,338</u>	
\$ <u>(3,876,698)</u>	\$ <u>(3,960,157)</u>	\$ <u>16,834,851</u>	\$ <u>91,816,457</u>	\$ <u>18,164,159</u>	
36%	34%	33%	31%	28%	

Total

\$ 66,012,021
76,550,409
87,388,454
90,928,568
95,591,085
98,638,161
103,112,404
109,991,892
122,989,468
136,062,856

**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>
2006	\$ 6,249,298	\$ 2,372,412	\$ 1,419,740	\$ 324,830	\$ 10,366,280
2007	7,608,652	2,698,477	1,715,744	410,992	12,433,865
2008	9,036,656	3,172,130	1,882,737	441,991	14,533,514
2009	9,769,981	3,637,354	2,025,605	614,719	16,047,659
2010	9,927,874	3,941,347	1,704,074	738,906	16,312,201
2011	10,248,536	3,362,592	1,468,255	836,237	15,915,620
2012	10,286,119	3,848,885	1,431,366	925,365	16,491,735
2013	10,703,582	4,105,671	1,374,212	973,193	17,156,658
2014	11,575,890	4,424,849	1,558,173	1,121,554	18,680,466
2015	13,330,794	4,879,036	1,787,543	1,268,086	21,265,459

<u>Less:</u> <u>Exemptions</u>	<u>Net</u> <u>Taxable</u>	<u>Total Direct</u> <u>Tax Rate</u>	<u>Estimated</u> <u>Actual Taxable</u> <u>Value</u>	<u>Assessed</u> <u>Value as a</u> <u>Percentage of</u> <u>Actual Value</u>
\$ 1,549,785	\$ 8,816,495	\$ 0	\$ 8,816,495	100%
1,876,439	10,557,426	0.45000	10,557,426	100%
2,084,901	12,448,613	0.45000	12,448,613	100%
2,455,833	13,591,826	0.45000	13,591,826	100%
2,354,173	13,958,028	0.46500	13,958,028	100%
2,254,716	13,660,904	0.46500	13,660,904	100%
2,374,063	14,117,672	0.46191	14,117,672	100%
2,415,608	14,741,050	0.46191	14,741,050	100%
2,782,278	15,898,188	0.46191	15,898,188	100%
3,218,656	18,046,802	0.46000	18,046,802	100%

Property Tax Rates
Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

<u>Collin County</u>		<u>City of Frisco</u>			<u>Collin County, Texas</u>			<u>Frisco Independent School District</u>		
<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>
2005	2006	0.221721	0.223172	0.44489	0.199680	0.050320	0.2500	1.3200	0.3100	1.6300
2006	2007	0.226370	0.223630	0.45000	0.194690	0.050310	0.2450	1.2100	0.3700	1.5800
2007	2008	0.233152	0.216848	0.45000	0.191640	0.053369	0.2450	0.9600	0.3900	1.3500
2008	2009	0.240721	0.209279	0.45000	0.184260	0.058240	0.2425	1.0000	0.3700	1.3700
2009	2010	0.261882	0.203118	0.46500	0.187080	0.055420	0.2425	1.0000	0.3900	1.3900
2010	2011	0.261732	0.203268	0.46500	0.184580	0.055420	0.2400	1.0000	0.3900	1.3900
2011	2012	0.263446	0.198464	0.46191	0.176050	0.063950	0.2400	1.0000	0.4200	1.4200
2012	2013	0.272957	0.188953	0.46191	0.174663	0.065337	0.2400	1.0400	0.4200	1.4600
2013	2014	0.282626	0.179284	0.46191	0.180334	0.057166	0.2375	1.0400	0.4200	1.4600
2014	2015	0.286791	0.173209	0.46000	0.177268	0.057732	0.2350	1.0400	0.4200	1.4600

Information obtained from the Collin County Central Appraisal District.

<u>Denton County</u>		<u>City of Frisco</u>			<u>Denton County, Texas</u>			<u>Frisco Independent School District</u>		
<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>
2005	2006	0.221721	0.223172	0.44489	0.210730	0.035750	0.24648	1.3200	0.3100	1.6300
2006	2007	0.226370	0.223630	0.45000	0.192790	0.039130	0.23192	1.2100	0.3700	1.5800
2007	2008	0.233152	0.216848	0.45000	0.183830	0.052060	0.23589	0.9600	0.3900	1.3500
2008	2009	0.240721	0.209279	0.45000	0.184430	0.051340	0.23577	1.0000	0.3700	1.3700
2009	2010	0.261882	0.203118	0.46500	0.187730	0.062070	0.24980	1.0000	0.3900	1.3900
2010	2011	0.261732	0.203268	0.46500	0.199900	0.074000	0.27390	1.0000	0.3900	1.3900
2011	2012	0.263446	0.198464	0.46191	0.205657	0.071700	0.27736	1.0000	0.4200	1.4200
2012	2013	0.272957	0.188953	0.46191	0.209225	0.073642	0.28287	1.0400	0.4200	1.4600
2013	2014	0.282626	0.179284	0.46191	0.197909	0.074291	0.27220	1.0400	0.4200	1.4600
2014	2015	0.286791	0.173209	0.46000	0.197909	0.074291	0.27220	1.0400	0.4200	1.4600

Information obtained from the Denton County Central Appraisal District.

<u>Collin County Community College</u>			<u>Prosper Independent School District</u>			Total Direct and Overlapping Rates FISD	Total Direct and Overlapping Rates PISD
<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>		
0.0800	0.0094	0.0894	1.5000	0.4753	1.9753	2.41432	2.75962
0.0800	0.0077	0.0877	1.3700	0.4300	1.8000	2.36268	2.58268
0.0800	0.0070	0.0870	1.1700	0.5000	1.6700	2.13199	2.45199
0.0800	0.0065	0.0865	1.1700	0.5000	1.6700	2.14899	2.44899
0.0800	0.0063	0.0863	1.1500	0.4900	1.6400	2.18380	2.43380
0.0800	0.0063	0.0863	1.1300	0.5000	1.6300	2.18130	2.42130
0.0800	0.0063	0.0863	1.1700	0.5000	1.6700	2.20821	2.45821
0.0800	0.0063	0.0863	1.1700	0.5000	1.6700	2.24821	2.45821
0.0800	0.0036	0.0836	1.1700	0.5000	1.6700	2.24305	2.45305
0.0790	0.0030	0.0820	1.1700	0.5000	1.6700	2.23696	2.44696

<u>Lewisville Independent School District</u>			<u>Little Elm Independent School District</u>			Total Direct and Overlapping Rates FISD	Total Direct and Overlapping Rates LISD	Total Direct and Overlapping Rates LEISD
<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>			
1.500000	0.270000	1.770000	1.490000	0.350000	1.840000	2.32137	2.46137	2.53137
1.330000	0.310000	1.640000	1.361000	0.379000	1.740000	2.26192	2.32192	2.42192
1.040000	0.340000	1.380000	1.030000	0.430000	1.460000	2.03589	2.06589	2.14589
1.040000	0.368700	1.408700	1.040000	0.490000	1.530000	2.05577	2.09447	2.21577
1.040000	0.386700	1.426700	1.040000	0.500000	1.540000	2.10480	2.14150	2.25480
1.040000	0.386000	1.426000	1.040000	0.500000	1.540000	2.12890	2.16490	2.27890
1.040000	0.436400	1.476400	1.040000	0.500000	1.540000	2.15927	2.21567	2.27927
1.040000	0.437000	1.477000	1.040000	0.500000	1.540000	2.20478	2.22178	2.28478
1.040000	0.437000	1.477000	1.040000	0.500000	1.540000	2.19411	2.21111	2.27411
1.040000	0.437000	1.477000	1.040000	0.500000	1.540000	2.19220	2.20920	2.27220



PROGRESS IN MOTION

**Principal Taxpayers
Current Year and Nine Years Ago
September 30, 2015
(Unaudited)**

<u>Taxpayer</u>	2015			2006		
	<u>Taxable Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total</u> <u>Assessed</u> <u>Valuation</u>	<u>Taxable Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total</u> <u>Assessed</u> <u>Valuation</u>
Stonebriar Mall Ltd Partnership	\$ 276,304,342	1	1.30%	\$ 199,407,047	1	1.92%
BPR Shopping Center LP	121,815,390	2	0.57%	109,005,094	2	1.05%
Hall Office Portfolio DB LLC	73,100,000	3	0.34%			
Tenet Frisco Ltd	67,415,680	4	0.32%	108,855,385	3	1.05%
Frisco Station Partners LP	64,633,218	5	0.30%			
Specified Properties	63,472,889	6	0.30%			
Sabra Texas Holdings LP	61,170,486	7	0.29%			
HRT Properties of Texas LTD	50,000,000	8	0.24%			
Oncor Electric Delivery Company	48,445,919	9	0.23%	36,891,090	5	0.36%
AMLI Parkwood Boulevard LLC	47,479,726	10	0.22%			
Mario Sinacola & Sons Excavation Inc				31,313,051	10	0.30%
IKEA Property Inc				40,692,724	4	0.39%
Frisco Stonebriar LTD				36,491,077	6	0.35%
Hendry Properties				35,880,000	7	0.35%
Hammons of Frisco, Inc				34,200,000	8	0.33%
Pulte Homes of Texas, LP				32,633,429	9	0.31%
	<u>\$ 873,837,650</u>		<u>4.11%</u>	<u>\$ 665,368,897</u>		<u>6.42%</u>

Source: Collin County Central Appraisal District

**Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year Ended September 30</u>	<u>Total Adjusted Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collected in Subsequent Years</u>
		<u>Amount (1)</u>	<u>Percentage of Levy</u>	
2006	\$ 39,855,033	\$ 39,304,506	98.6%	\$ 525,855
2007	48,345,163	47,643,803	98.5%	682,265
2008	57,167,336	55,805,155	97.6%	1,339,752
2009	61,871,241	61,279,520	99.0%	544,012
2010	65,517,279	64,473,212	99.4%	998,211
2011	64,345,854	63,720,218	99.4%	410,960
2012	65,877,537	64,899,099	98.5%	807,836
2013	68,804,186	67,880,858	99.7%	750,198
2014	75,218,433	74,061,793	98.5%	940,950
2015	83,429,454	83,034,597	99.5%	-

(1) Includes Rollback Tax Collections each year:

2006	622,976
2007	778,465
2008	1,081,586
2009	693,764
2010	233,345
2011	970,168
2012	1,034,439
2013	920,854
2014	1,567,254
2015	1,798,784

Total Collections to Date		
	<u>Amount</u>	<u>Percentage to Levy</u>
\$	39,830,361	99.9%
	48,326,068	100.0%
	57,144,907	100.0%
	61,823,532	99.9%
	65,471,423	99.4%
	64,131,178	99.4%
	65,706,935	99.7%
	68,631,056	99.7%
	75,002,743	99.7%
	83,034,597	99.5%

**Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Governmental Activities		Business-Type Activities		
	General Obligation Bonds (1)	Certificates of Obligation	General Obligation Bonds (3)	Unlimited Tax Bonds	Certificates of Obligation
2006	\$ 258,584,999	\$ 217,849,234	\$ 4,734,189	\$ 3,015,000	\$ 87,842,202
2007	324,335,000	164,020,000	14,850,000	280,000	119,699,999
2008	337,795,000	205,410,000	14,305,000	-	115,310,000
2009	324,775,000	196,975,000	13,775,000	-	110,385,000
2010	317,930,000	184,265,000	14,415,000	-	103,735,000
2011	356,815,000	123,405,000	27,460,000	-	83,790,000
2012	347,800,000	106,035,000	33,305,000	-	70,930,000
2013	361,004,945	97,649,500	47,495,055	-	72,425,500
2014	(2) 383,943,103	179,938,265	55,967,190	-	77,369,745
2015	419,158,041	199,484,507	82,020,832	-	58,220,972

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

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

	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$	572,025,624	16%	6,314
	623,184,999	15%	6,406
	672,820,000	17%	6,627
	645,910,000	15%	6,091
	620,345,000	10%	5,303
	591,470,000	10%	4,816
	558,070,000	11%	4,350
	578,575,000	10%	4,257
	697,218,303	11%	4,876
	758,884,352	12%	5,025

**Ratio of Net Bonded General Obligation Debt
to Assessed Value and
Net Bonded General Obligation Debt Per Capita
Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>General Obligation Bonded Debt (3)</u>	<u>Less Debt Service Funds</u>
2006	90,598	\$ 8,816,495	\$ 263,319,188	\$ 1,447,884
2007	97,280	10,557,426	339,185,000	2,408,479
2008	101,524	12,448,613	352,100,000	3,897,639
2009	106,036	13,591,826	338,550,000	3,582,382
2010	116,989	13,958,028	332,345,000	3,156,010
2011	122,822	13,660,904	384,275,000	3,452,399
2012	128,281	14,117,672	381,105,000	4,355,598
2013	135,920	14,741,050	408,500,000	4,150,522
2014	142,990	15,898,188	439,910,293	4,414,583
2015	151,030	18,046,802	501,178,873	5,278,799

(1) Population estimate as of September 30

(2) Original Certified Taxable Value (,000)

(3) Includes refunded bonded debt which is not supported by ad valorem tax. The amount is net of premium and discounts beginning in 2014.

<u>Net Bonded General Obligation Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
\$ 261,871,304	2.97	2,890
336,776,521	3.19	3,462
348,202,361	2.80	3,430
313,537,618	2.31	2,957
302,273,990	2.17	2,584
340,712,602	2.49	2,774
323,794,402	2.29	2,524
325,539,423	2.21	2,395
379,528,520	2.39	2,654
495,900,074	2.75	3,283

**Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
September 30, 2015
(Unaudited)**

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct debt:			
City of Frisco, Texas	\$ 501,178,873	100.00%	\$ 501,178,873
Total direct debt	<u>501,178,873</u>		<u>501,178,873</u>
Overlapping debt: (1)			
Collin County	379,084,150	12.98%	49,205,123
Collin County College District	32,026,547	12.98%	4,157,046
Denton County	619,618,524	10.98%	68,034,114
Frisco Independent School District	1,719,615,187	71.66%	1,232,276,243
Lewisville Independent School District	1,107,981,588	3.43%	38,003,768
Little Elm Independent School District	139,058,410	13.55%	18,842,415
Prosper Independent School District	<u>279,588,244</u>	<u>6.24%</u>	<u>17,446,306</u>
Total overlapping debt	<u>4,276,972,650</u>		<u>1,427,965,015</u>
Total direct and overlapping debt	<u>\$ 4,778,151,523</u>		<u>\$ 1,929,143,888</u>
Total direct and overlapping debt % of AV:			10.69%
Total direct and overlapping debt per capita:			\$12,773.25

(1) Information obtained from the Municipal Advisory Council of Texas, November 2015 Report.

**Computation of Legal Debt Margin
September 30, 2015
(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 2015 was established at \$0.46 per \$100 of assessed valuation based on 100% of appraised value.

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Population</u> (1)	<u>Personal Income (,000)</u>	<u>Per Capita Income</u> (2)	<u>Median Age</u> (2)	<u>School Enrollment</u> (3)	<u>Unemployment Rate</u> (4)
2006	90,598	3,559,233	39,286	33.2	23,713	3.3%
2007	97,280	4,106,772	42,216	33.5	27,207	3.9%
2008	101,524	4,042,381	39,817	31.7	30,761	4.9%
2009	106,036	4,430,820	41,786	33.2	33,895	7.9%
2010	116,989	5,961,993	40,185	32.8	37,269	8.1%
2011	122,822	4,673,131	38,048	33.9	40,122	8.0%
2012	128,281	5,180,628	40,385	34.0	42,650	5.4%
2013	135,920	5,757,299	42,358	34.0	45,479	4.3%
2014	142,990	6,155,291	43,047	34.3	49,632	3.2%
2015	151,030	6,584,153	43,595	36.1	53,323	3.5%

Data Sources

- (1) City of Frisco (Population) as of October 1, 2015
- (2) U.S. Census 2013 Estimated from 2012 Statistics
- (3) Frisco Independent School District (School Enrollment), October 2015
- (4) City of Frisco Development Services Annual Report January 2016

**Principal Employers
Current Year and Nine Years Ago
September 30, 2015
(Unaudited)**

<u>Employer</u>	<u>2015</u>			<u>2006</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 (3,358 certified teachers)	6,556	1	9.32%	2,570	1	17.13%
City of Frisco	1,317	2	1.87%	684	4	4.56%
Amerisource Bergen Specialty Group	1,100	3	1.56%	500	6	3.33%
Conifer	800	4	1.14%	-		
Baylor Medical Center	642	5	0.91%			
Mario Sinacola & Sons Excavating	603	6	0.86%	400	9	2.67%
Collin County College	510	7	0.73%	550	5	3.67%
Centennial Hospital	490	8	0.70%			0.00%
Oracle	409	9	0.58%			0.00%
T-Mobile USA	-	-	-	1,500	2	10.00%
Rodman Paving	-	-	-	780	3	5.20%
CLA USA, Inc.	-	-	-	450	7	3.00%
IKEA Frisco	-	-	-	400	8	2.67%
Target	-	-	-	350	10	2.33%
Total	12,427		17.67%	8,184		54.56%

Source: North Central Texas Council of Governments website, Frisco ISD Communications, Collin County
Employment Survey

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

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	155	180	193	193	194	197	206	202	217	238
Public safety										
Police	0	0	0	0	0	0	0	3	3	0
Officers	109	127	147	149	150	146	146	151	158	170
Civilians	31	49	49	49	49	58	59	64	64	70
Fire										
Firefighters and officers	108	128	142	142	142	140	161	161	165	185
Civilians	8	11	12	11	11	13	13	15	15	17
Highways and streets										
Engineering	34	43	46	46	46	46	45	46	44	45
Maintenance	41	47	49	49	49	49	49	42	54	55
Culture and recreation	125	255	367	367	366	355	360	378	449	451
Environmental services	6	10	12	12	12	12	12	12	12	12
Water	54	59	63	63	63	63	63	61	64	68
Sewer	13	16	16	16	16	16	16	19	19	19
Stormwater	0	0	0	0	4	6	10	6	11	12
Total	684	925	1,096	1,097	1,102	1,101	1,140	1,160	1,275	1,342

Operating Indicators by Function Last Ten Fiscal Years (Unaudited)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Building permits issued										
Residential	3,624	1,962	1,293	1,296	2,179	1,322	1,370	2,255	2,033	2,386
Commercial	356	321	358	289	278	328	325	347	454	432
Planning and development cases processed	407	362	288	159	171	236	309	402	454	432
Police										
Physical arrests	1,886	2,141	2,235	2,088	2,934	3,381	3,398	3,245	3,200	3,138
Traffic violations	11,713	11,006	13,154	14,229	12,078	15,783	16,413	17,460	20,194	19,708
Parking violations	342	237	319	412	589	913	854	799	668	387
Fire protection										
Number of calls answered	6,399	6,447	6,779	7,351	7,178	8,186	8,684	8,645	9,738	10,666
Inspections	2,879	3,261	4,766	4,638	4,648	4,886	5,373	5,490	5,192	5,437
Inspections - SAFER Program	-	-	-	-	2,075	2,443	2,688	2,922	2,656	2,555
Highways and streets										
Street resurfacing (square yards)	20,030	5,307	11,291	3,013	14,808	1,500	6,291	22,376	36,166	25,827
Street curb miles swept	8,558	9,300	10,945	13,889	7,887	7,896	7,896	7,896	7,896	7,896
Environmental services										
Solid waste collected (tons)	67,962	74,668	78,427	76,934	74,548	76,209	79,154	86,814	93,583	110,962
Recycled materials collected (tons)	11,601	12,409	13,770	14,136	14,605	14,556	15,343	15,814	15,716	16,382
Culture and recreation										
Library materials circulation	244,507	690,062	778,374	1,118,394	1,175,383	1,266,866	1,510,956	1,266,005	1,410,434	1,788,695
Parks acreage	993	1,314	1,333	1,348	1,374	1,348	1,348	1,348	1,449	1,449
Athletic facilities and pavilion rental (visits)	459,330	528,229	608,500	766,404	743,731	756,317	803,925	710,430	697,775	711,661
Water										
New connections	3,814	2,239	3,282	1,009	1,344	1,408	1,473	2,372	2,280	2,541
Average daily consumption (million gallons/day)	25.62	17.95	23.90	22.3	22.6	27.7	26.5	25.8	20.9	24.2
Sewer										
Average daily wastewater flow (million gallon/day)	7.18	9.06	9.17	9.1	10.3	9.4	8.5	10.0	10.6	12.1

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

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government										
Sports Complexes Supported	7	7	7	7	7	7	7	7	7	7
Museums, Art Gallery Supported**	1	1	1	1	1	1	3	3	3	3
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol and Traffic Dedicated Vehicles	26	35	40	40	41	35	35	38	42	45
Fire Stations	5	5	6	6	6	6	7	7	7	8
Highways and streets										
Streets (miles)	1,254	1,331	1,139	1,158	1,177	1,196	1,246	1,246	1,709	1,771
Streetlights	5,845	6,179	6,827	6,967	7,094	7,350	7,732	8,173	8,523	8,973
Traffic signals	35	46	49	53	61	86	91	96	100	102
Culture and recreation										
Parks acreage										
Parks developed	388	452	602	636	636	646	646	646	864	921
Parks undeveloped	605	862	731	712	738	702	702	702	585	528
Swimming pools	2	2	3	2	1	1	1	1	1	1
Recreation centers	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	2	2	2	2	2	2	2	1
Tennis courts	4	4	4	6	6	6	6	6	6	8
Soccer fields	17	27	31	35	35	35	35	35	35	35
Baseball fields	14	14	19	19	19	19	19	19	19	24
Water										
Customers/Accounts	33,329	35,709	37,153	38,029	39,695	41,079	42,539	44,988	47,039	49,740
Water lines (miles)	569	609	649	712	733	746	771	810	842	899
Fire hydrants	5,664	6,136	6,555	7,349	7,783	7,892	8,299	8,602	9,039	9,712
Maximum daily capacity (millions of gallons)	41.2	46.0	63.0	93.0	133.0	134.0	134.0	127.0	127.0	127.0
Sewer										
Customers/Accounts	30,773	32,971	34,304	35,113	36,651	37,929	39,335	43,091	44,312	46,763
Sanitary sewers (miles)	458	465	508	531	560	569	592	620	629	693
Storm sewers (miles)	342	371	402	459	485	330	526	551	589	642



PROGRESS IN MOTION

