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

# CITY OF FRISCO, TEXAS

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## For the Year Ended September 30, 2014

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

FRISCO

PROGRESS IN MOTION

# CITY OF FRISCO, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

**Prepared by:**

**Financial Services Department**

| | | |
|---|---|---|
| Assistant City Manager | - | Nell Lange |
| Director | - | Anita Cothran, CGFO |
| Assistant Director | - | Danny Collier, CPA |
| Assistant Director | - | Jennifer Hundt, CPA, CGFO |

Tanya Anderson
Bee Youngblood, CGFO
Kim Sinclair
Lori Heikkinen, CPA
Catherine Meleky
Debra Padilla
Angela Short
BJ Long

FRISCO

PROGRESS IN MOTION

**Comprehensive Annual Financial Report**
**For the Fiscal Year Ended September 30, 2014**

## TABLE OF CONTENTS


| | Page Number |
|---|---|
| **INTRODUCTORY SECTION** | |
| Letter of Transmittal | 1 |
| GFOA - Certificate of Achievement | 9 |
| Organizational Chart | 10 |
| Elected Officials and Administrative Officers | 11 |
| **FINANCIAL SECTION** | |
| Independent Auditor's Report | 13 |
| **Management's Discussion and Analysis** | 17 |
| **Basic Financial Statements:** | |
| **Government-Wide Financial Statements:** | |
| Statement of Net Position | 31 |
| Statement of Activities | 32 |
| **Fund Financial Statements:** | |
| **Governmental Fund Financial Statements:** | |
| Balance Sheet - Governmental Funds | 35 |
| Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position | 36 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 37 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 38 |
| General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual | 39 |
| Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis | 39 |
| TIRZ #1 Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 40 |
| **Proprietary Fund Financial Statements:** | |
| Statement of Net Position- Proprietary Funds | 42 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds | 45 |
| Statement of Cash Flows - Proprietary Funds | 46 |

**TABLE OF CONTENTS (continued)**


| | Page Number |
|---|---|
| **FINANCIAL SECTION** (continued) | |
| **Component Units Fund Financial Statements:** | |
| Combining Statement of Net Position - Component Units | 49 |
| Combining Statement of Activities - Component Units | 50 |
| **Notes to the Basic Financial Statements** | 53 |
| **Required Supplementary Information:** | |
| Schedule of Funding Progress - Texas Municipal Retirement System | 87 |
| **Combining and Individual Fund Statements and Schedules:** | |
| **Budget to Actual Comparisons - Major Funds** | |
| Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 94 |
| Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis | 94 |
| Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 95 |
| **Non-major Governmental Funds** | |
| Combining Balance Sheet | 98 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 100 |
| **Budget to Actual Comparisons - Non-major Governmental Funds** | |
| Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 102 |
| Panther Creek PID Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 103 |
| Superdrome Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 104 |
| Grants Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 105 |
| CDBG Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 106 |
| Traffic Safety Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 107 |
| Frisco Square MMD Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 108 |

**TABLE OF CONTENTS (continued)**


| | Page Number |
|---|---|
| **FINANCIAL SECTION** (continued) | |
| Court Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 109 |
| PEG Cable Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 110 |
| Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 111 |
| Impact Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 112 |
| **Non-major Proprietary Fund Financial Statements:** | |
| Statement of Net Position - Proprietary Funds | 114 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds | 117 |
| Statement of Cash Flows - Proprietary Funds | 118 |
| **Component Units Financial Statements:** | |
| Balance Sheet | 122 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 123 |
| Reconciliation of the Balance Sheet of Component Units to the Statement of Position | 124 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Component Units to the Statement of Activities | 124 |
| **STATISTICAL SECTION** (Unaudited) | |
| Net Position by Component | 126 |
| Changes in Net Position | 128 |
| Governmental Activities Tax Revenues By Source | 131 |
| Fund Balances of Governmental Funds | 132 |
| Changes in Fund Balances of Governmental Funds | 134 |
| General Governmental Tax Revenues By Source | 134 |
| Property Values | 136 |
| Property Tax Rates - Direct and Overlapping Governments | 138 |
| Principal Taxpayers - Current Year and Nine Years Ago | 141 |
| Property Tax Levies and Collections | 142 |
| Ratio of Outstanding Debt by Type | 144 |
| Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita | 146 |
| Computation of Direct and Overlapping Bonded Debt | 148 |
| Computation of Legal Debt Margin | 149 |
| Demographic and Economic Statistics | 150 |
| Principal Employers | 151 |
| City Government Employees by Function/Program | 152 |
| Operating Indicators by Function | 153 |
| Capital Asset Statistics by Function | 154 |

FRISCO

PROGRESS IN MOTION

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

# INTRODUCTORY SECTION

FRISCO

PROGRESS IN MOTION

February 24, 2015

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, 2014, 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, 2014. 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, 2014, the population was estimated to be 142,990. 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.

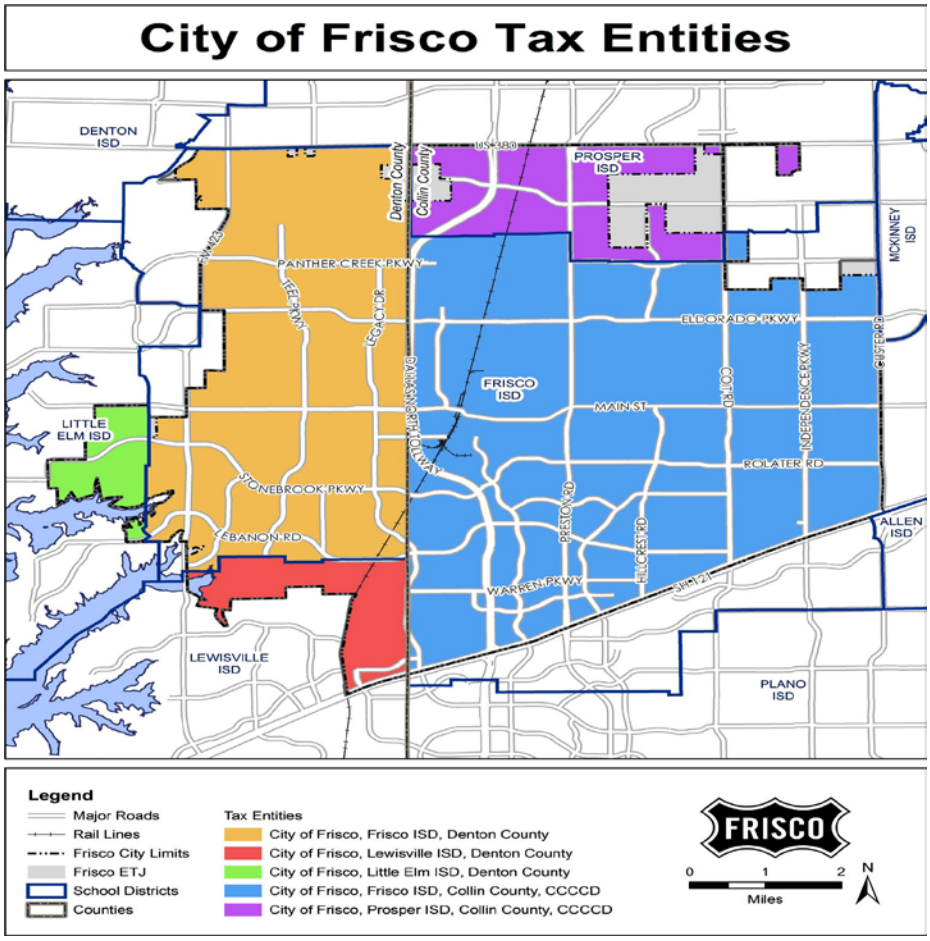
The financial reporting entity (the government) includes all the funds of the primary government. Services that are provided have proven to be necessary and meaningful and are those that the City can provide at the least cost. The government provides a full range of services including police and fire 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 $2.19411 to $2.45305 (see page 139) 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 averaging data from 2009 – 2013, Frisco's median household income of $108,284 compares favorably to $58,356 for Dallas-Fort Worth-Arlington MSA and $51,900 for Texas. Also, according to the survey, Frisco's residents are well-educated with 58.7% of adults age 25 or older having a bachelor's degree or higher level of education, compared to 32% for the Dallas MSA and 26.7% 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 from outside the DFW metroplex;
(2) Retain & expand local businesses;
(3) Enhance Frisco's innovation culture through entrepreneurship;
(4) Improve product readiness & competitiveness.

With this strategy, the FEDC facilitated 15 new projects during FY 2014, potentially filling or adding more than 883,700 square feet, with a potential capital investment exceeding $90 million and potentially creating/retaining 1,320 jobs.

The chart below summarizes the projects and impact for the four quarters of FY 2014.

**Summary of FEDC Projects for Q1 – Q4 FY14**

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

Three companies relocated their headquarters to Frisco in FY 2014: Imagine Communications, Genesis Pure and Paycor. We also had several local companies expand their office space: Careington International, Quest Resource Management Corporation and Sheplers, Inc.

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

In 2014, the FEDC began marketing 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, will be home to the Dallas Cowboys world corporate headquarters and is a public-private partnership with the city of Frisco and Frisco Independent School District (ISD) featuring a 12,000-seat multi-use event center; 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 10, 2015, Frisco welcomed back the NCAA Division I Football Championship Game (FCS) hosted by the Southland Conference, Hunt Sports Group and the city of Frisco. Other partners include: Frisco Chamber of Commerce, Frisco CVB and FEDC. Nationally, viewers of the title game got a glimpse of Toyota Stadium across from Frisco Square as the game was broadcast live on ESPN2. This year's game experienced its highest television rating since moving to Frisco with 1.2 million household impressions. This was the fifth year Team Frisco hosted this event. The NCAA has awarded an extension of the Division I football championship to be hosted in Frisco through 2016.

Our housing development is expected to continue to be robust in 2015. More than 2,000 new single-family permits were issued in 2014, with the city experiencing a 12-month growth rate of 5.8%. We have several large subdivisions, including Phillips Creek Ranch, Newman Village, Richwoods, and Frisco Lakes anticipating more development during 2015. The multi-family and mixed used projects in the city's pipeline number 6,000 units being released for occupancy, under construction or permit issued in December 2014.

Frisco ISD continues to build new school facilities to accommodate growth, and anticipates opening four new campuses for the school year 2015-2016, bringing the total campuses to 65 in the District. Frisco ISD anticipates enrolling the 50,000$^{th}$ student before the 2014-2015 school year is over. Residents approved a $775 million bond in May 2014 to build schools through 2020, when school enrollment projections near 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 continually monitor our assessed property values, building permit starts, and strive for new and updated opportunities to sustain our City's financial economy. Council named a Citizens Bond Committee during the summer of 2013 to address continuing infrastructure, park development and facility needs; Council then decided to defer the Citizens Bond Committee for one year, to allow for the completion of two key master plans for the Library and Parks System. In November 2014, the Council called for the Committee to reconvene and the Committee is preparing a bond proposal for our citizens for the May 2015 election.

Major capital improvement projects currently underway within the City:

**street and utility projects** including Stonebrook Parkway, Main Street (Preston Road to Custer Road), Virginia (CR 26 to Dallas North Tollway), Rockhill Parkway and Virginia (FM 423 to Dallas North Tollway); **facilities projects** including Fire Station 8, Multi-Use

Special Events and Sports Facility, Court Renovations; **parks projects** including Phillips Creek Hike and Bike Trail, Grand Park, the FAC expansion and Harold Bacchus, Phase 4; **stormwater projects** including Teel Parkway Detention Facility/Pond; **water & sewer projects** including Northwest quadrant water & wastewater, Gaylord DNT Wastewater System Capacity, Panther Creek Road Waterline, Stonebrook Parkway, Legacy Elevated Storage Tank, Panther Creek Sewer Interceptor, Coit Road, Rockhill/Virginia Road, and Main Street waterlines.

We continue to issue debt which was authorized in a bond election passed in May 2006 to fund the capital improvement plan for the City. Within the plan, the City issued General Obligation debt in 2014 for road construction projects and for park projects. Certificates of Obligation debt were also issued in FY 2014 for the construction of the Multi-Use and Sports Facility and water & sewer infrastructure projects.

The City Council has 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.

With the recognition of increased needs for internal control, the City continues a contracted service to provide internal control monitoring to safeguard the City's assets and 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 continually review plan designs to provide a sustainable benefit to our employees without shifting costs to future tax payers 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 2015 Approved Budget, we continued addressing service demand needs with a total of 64 FTE in additional positions approved to maintain service levels for our community. Our population is expected to increase approximately 6% over the next twelve months which impacts all areas of the City.

Funding for merit increases averaging 3% for all City employees was approved. Staffing for Fire Station #8, expected to open in the winter of 2015 was included in the FY 2015 Budget. Expenditures for capital outlay to replace equipment and police pursuit vehicles, as well as funds for several software and hardware replacements, library book 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, 2013. This was the fourteenth 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

Danny Collier, CPA
Assistant Director of Finance

Anita Cothran

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, 2013**

Executive Director/CEO

# Citizens of Frisco

**Mayor Maher Maso and the Frisco City Council**

**Administrative Municipal Judge**
**Michael Drewry**

**City Manager**
**George Purefoy**

**City Attorney**
**Richard Abernathy**

**Assistant City Manager**
Nell Lange

- **Financial Services**
  Anita Cothran
- **Administrative Services**
  Tom Johnston

**Deputy City Manager**
Henry J. Hill

- **Communications**
  **Dana Baird**
- **Parks & Recreation**
  Rick Wieland
- **Public Works**
  Gary Hartwell
- **Public Library**
  Shelley Holley
- **Human Resources**
  Lauren Safranek
- **Convention & Visitors Bureau**
  Marla Roe

- **Police Department**
  John Bruce
- **Development Services**
  John Lettelleir
- **Fire Department**
  Mark Piland
- **Engineering Services**
  Paul Knippel
- **City Secretary**
  Jenny Page

**Assistant City Manager**
Ron Patterson

- **Information Technology Services**
  Curt Balogh

FRISCO
PROGRESS IN MOTION

Jun 2014

Elected Officials and Administrative Officers
September 30, 2014

## Council Members

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

## Appointed Officers

| | |
|---|---|
| City Manager | George A. Purefoy |
| Deputy City Manager | Henry J. Hill, III |
| 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 Information Tech 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 |

FRISCO

PROGRESS IN MOTION

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

# FINANCIAL SECTION

FRISCO

PROGRESS IN MOTION

# 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, 2014, 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, 2014 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 March 2012, the GASB issued GASB Statement 65, "Items Previously Reported as Assets and Liabilities." The provisions of this Statement were effective for the City's fiscal year ended September 30, 2014. The City has implemented this statement retroactively as of October 1, 2013, resulting in a restated net position of the Governmental Activities, Business Type Activities and discretely presented component units. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. 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 27 and the Schedule of Funding Progress, on page 88 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 tables 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 tables 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 20, 2015 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

Crowe Horwath LLP

Dallas, Texas
February 20, 2015

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FRISCO

PROGRESS IN MOTION

# CITY OF FRISCO, TEXAS
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# SEPTEMBER 30, 2014

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, 2014. 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 126 - 154), as well as information on the City Council's Strategic Goals, the Annual Budget and other community information found on the City's website at www.friscotexas.gov.

It should be noted that the Independent Auditor's Report describes the auditor's association with the various sections of this report and that all the additional information from the website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

## FINANCIAL HIGHLIGHTS

- The assets of the City of Frisco exceeded its liabilities at the close of the most recent fiscal year by $1,121,052,087 (net position). The majority of the City's assets are invested in capital assets or restricted for specific purposes. The remaining $144,481,668 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 $48,409,585 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 $21,941,524.
- As of the close of the current fiscal year, the City of Frisco's governmental funds reported a combined ending fund balance of $228,251,425. 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 $41,780,279 or 41 percent of total general fund expenditures.
- The City of Frisco's total debt increased by $84,640,171, 14 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 $.461910 for fiscal year 2014, the same as fiscal year 2013. 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 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, parks and recreation, public works, information 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 those 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 #1), 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 elsewhere in 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 $1,121,052,087 as of September 30, 2014.

By far the largest portion of the City's net position (85 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, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Frisco Net Position**
**September 30, 2014**

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | $ 339,131,590 | $ 234,499,424 | $ 105,904,781 | $ 99,963,849 | $ 445,036,371 | $ 334,463,273 |
| Capital assets | 1,142,119,642 | 1,102,237,587 | 293,229,270 | 268,530,896 | 1,435,348,912 | 1,370,768,483 |
| Total assets | 1,481,251,232 | 1,336,737,011 | 399,134,051 | 368,494,745 | 1,880,385,283 | 1,705,231,756 |
| Deferred outflow of resources | 13,560,669 | - | 3,687,285 | - | 17,247,954 | - |
| Long term liabilities | 530,310,300 | 441,259,633 | 123,714,060 | 114,916,412 | 654,024,360 | 556,176,045 |
| Other liabilities | 103,256,561 | 82,641,923 | 19,300,229 | 15,712,810 | 122,556,790 | 98,354,733 |
| Total liabilities | 633,566,861 | 523,901,556 | 143,014,289 | 130,629,222 | 776,581,150 | 654,530,778 |
| Net position: | | | | | | |
| Net investment in capital assets | 754,405,379 | 739,378,508 | 195,229,947 | 185,747,786 | 949,635,326 | 925,126,294 |
| Restricted | 5,053,305 | 4,538,556 | 21,881,788 | 17,744,216 | 26,935,093 | 22,282,772 |
| Unrestricted | 101,786,356 | 68,918,391 | 42,695,312 | 34,373,521 | 144,481,668 | 103,291,912 |
| Total net position | $ 861,245,040 | $ 812,835,455 | $ 259,807,047 | $ 237,865,523 | $ 1,121,052,087 | $ 1,050,700,978 |

An additional portion of the City's net position (2 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 $144,481,668 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.

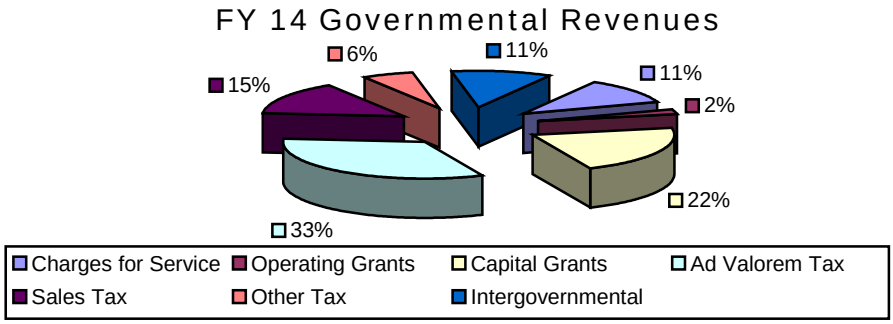
As of September 30, 2014, the City is able to report positive balances in all three categories, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal years.

**Analysis of the City's Operations** – Overall the City had an increase in net position of $70,351,109.

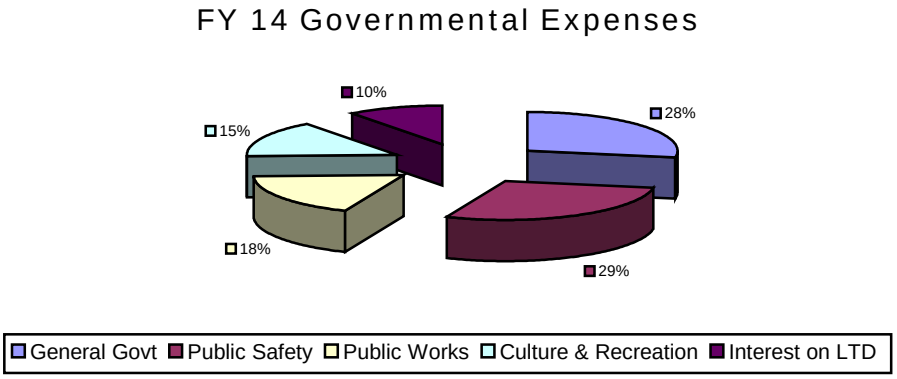
Governmental activities: Governmental activities increased the total net position by $48,409,585 or 69% of the total growth. Net investment in capital assets increased by $15,026,871 due to increases in capital investment, net of increases in debt service. Unrestricted increased by $32,867,965, due to an increase in revenues. Restricted increased by $514,749, primarily due to excess revenues over expenses for the TIRZ #1 fund.

Total revenues for governmental activities increased when compared to the prior year by $14,788,570. General revenue had a net increase of $20,837,133, while program revenues had a decrease of $6,048,563. These were primarily due to the following factors:

> General revenues: Property tax revenue includes an increase of $6.8 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 $5 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 increases $7.5 million due to increases in TIRZ #1 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 increased this fiscal year while decreases were seen in capital grants and contributions due in part to a decrease in developer contributions recognized for capital projects.




Total expenses for governmental activities increased $14.4 million or 8.5 percent. This increase is attributed to increases to provide services to the growing population base. General government expenses include a payment of $11.6 million to Frisco Independent School District as part of the agreement with the TIRZ #1 to provide property tax revenue generated in the TIRZ #1 for school district construction expenses. Incurred expenses of $52,340,573 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 road infrastructure. Total salaries and benefits for the governmental activities totaled approximately $70.5 million or 39% of the total expenses, while depreciation expense totaled $47.5 million or 26%.




Business-type activities: Net position from business-type activities increased by $21,941,524 accounting for the remaining total growth. Program revenues of the City's business-type activities were $95,145,672 for the fiscal year ended. Operating expenses for the City's business-type activities totaled $72,851,703. The increase is affected by several factors, including the following:

> The City's water and sewer system recorded charges for services of $56,263,446 and impact fees and contributions of $25,480,432. Revenues showed an increase during the year primarily due to capital contributions. Total operating expenses were $61,177,648. The most significant expenses of the water and sewer fund were $17,855,658 to purchase water, $11,324,036 for the cost of sewage treatment, $11,613,813 for depreciation and $10,107,607 for salaries and benefits.

## City of Frisco's Changes in Net Position
## For the year ended
## September 30, 2014

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $ 26,396,837 | $ 25,316,561 | $ 69,647,774 | $ 70,342,968 | $ 96,044,611 | $ 95,659,529 |
| Operating grants and contributions | 4,666,348 | 2,549,183 | 17,466 | 1,000 | 4,683,814 | 2,550,183 |
| Capital grants and contributions | 49,626,979 | 58,872,983 | 25,480,432 | 19,925,899 | 75,107,411 | 78,798,882 |
| Total program revenues | 80,690,164 | 86,738,727 | 95,145,672 | 90,269,867 | 175,835,836 | 177,008,594 |
| General revenues | | | | | | |
| Ad valorem tax | 75,849,283 | 69,014,412 | - | - | 75,849,283 | 69,014,412 |
| Sales tax | 34,196,948 | 29,158,661 | - | - | 34,196,948 | 29,158,661 |
| Franchise tax | 9,041,655 | 7,909,763 | - | - | 9,041,655 | 7,909,763 |
| Other tax | 4,565,581 | 3,998,236 | - | - | 4,565,581 | 3,998,236 |
| Intergovernmental | 26,077,693 | 18,540,374 | 104,000 | 97,000 | 26,181,693 | 18,637,374 |
| Investment earnings | 222,548 | 495,129 | 116,631 | 130,268 | 339,179 | 625,397 |
| Total general revenues | 149,953,708 | 129,116,575 | 220,631 | 227,268 | 150,174,339 | 129,343,843 |
| Total revenues | 230,643,872 | 215,855,302 | 95,366,303 | 90,497,135 | 326,010,175 | 306,352,437 |
| Expenses | | | | | | |
| General government | 50,945,132 | 42,629,757 | - | - | 50,945,132 | 42,629,757 |
| Public safety | 52,340,573 | 48,074,351 | - | - | 52,340,573 | 48,074,351 |
| Public works | 32,827,619 | 30,648,669 | - | - | 32,827,619 | 30,648,669 |
| Culture and recreation | 28,062,191 | 26,110,474 | - | - | 28,062,191 | 26,110,474 |
| Interest | 18,631,848 | 20,947,499 | - | - | 18,631,848 | 20,947,499 |
| Water and sewer | - | - | 61,177,648 | 58,397,203 | 61,177,648 | 58,397,203 |
| Other enterprise funds | - | - | 11,674,055 | 11,113,313 | 11,674,055 | 11,113,313 |
| Total expenses | 182,807,363 | 168,410,750 | 72,851,703 | 69,510,516 | 255,659,066 | 237,921,266 |
| Increase in net position before transfers | 47,836,509 | 47,444,552 | 22,514,600 | 20,986,619 | 70,351,109 | 68,431,171 |
| Transfers | 573,076 | 1,117,421 | (573,076) | (1,117,421) | - | - |
| Increase in net position | 48,409,585 | 48,561,973 | 21,941,524 | 19,869,198 | 70,351,109 | 68,431,171 |
| Net position, October 1, as restated | 812,835,455 | 764,273,482 | 237,865,523 | 217,996,325 | 1,050,700,978 | 982,269,807 |
| Net position, September 30 | $ 861,245,040 | $ 812,835,455 | $259,807,047 | $237,865,523 | $1,121,052,087 | $1,050,700,978 |

## 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, 2014, the governmental funds of the City reported a combined fund balance of $228,251,425, an increase of $91,816,457 in comparison with the prior year. Unassigned fund balance, which is available for spending at the government's discretion, constitutes $41,780,279 of this balance. The remainder of fund balance is non-spendable, restricted, committed or assigned. 1) Non-spendable fund balances ($2,090,154) includes prepaids and inventories held by the government, 2) Restricted balances

includes bond proceeds restricted for capital projects ($131,935,455), reserves to pay debt service ($4,412,400), impact fee revenues restricted for capital project funding ($32,201,163), TIRZ #1 balances for other purposes ($3,656,422), and other special revenues restricted for a specific purpose ($4,461,500), 3) Committed funds included commitments made by resolution by the governing body for insurance reserves ($3,065,750), workforce housing programs ($502,903) and the capital reserve fund ($4,145,399),

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 $41,780,279, while total fund balance reached $45,747,488. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41% of total general fund expenditures, while total fund balance represents 45% of that same amount. The fund balance of the City's general fund increased $10,336,573 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 TIRZ#1 fund has a total fund balance of $3,656,422. This amount is restricted for future projects within the zone.

The capital projects fund has a total fund balance of $133,573,252, ($1,637,797) 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 on specific 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 $4,414,583, ($2,183) non-spendable for prepaid expenses, with the remainder 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, 2014 totaled $42,695,312. 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 2014, the City Council approved a final appropriation in September 2014 with the total amount of the appropriation equaling $107.6 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 FY 2014, the actual expenditures on a budgetary basis were $102.6 million compared to the re-estimated budget amount of $106 million. The $3.4 million variance in total expenditures (excluding transfers out) is attributed to department stewardship which have created savings in the general fund.

The actual (on a budgetary basis excluding transfers in) revenues were $111.2 million as compared to the re-estimated budget amount of $107.4 million excluding transfers. The $3.8 million variance in total revenues is attributed to increases over projections in taxes, public safety fees, permits fees and charges for services collections, with decreases under projections in fines and interest income.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets.** At the end of the year, the City had $1,984,619,930 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 $122,486,627 over the prior fiscal year. Total accumulated depreciation for September 30, 2014, was $549,271,018 for net capital assets of $1,435,348,912.

**Capital Assets for the Year Ended September 30, 2014**

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | $ 230,806,653 | $ 228,371,963 | $ 10,136,606 | $ 9,930,311 | $ 240,943,259 | $ 238,302,274 |
| Buildings & improvements | 347,202,981 | 346,972,220 | 10,102,640 | 10,102,640 | 357,305,621 | 357,074,860 |
| Machinery & equipment | 52,748,782 | 49,522,012 | 7,196,446 | 6,343,568 | 59,945,228 | 55,865,580 |
| Construction in progress | 100,443,380 | 61,569,701 | 39,314,176 | 21,311,934 | 139,757,556 | 82,881,635 |
| Improvements other than buildings | 841,146,617 | 799,519,975 | 345,521,649 | 328,488,979 | 1,186,668,266 | 1,128,008,954 |
| Total capital assets | 1,572,348,413 | 1,485,955,871 | 412,271,517 | 376,177,432 | 1,984,619,930 | 1,862,133,303 |
| Less accumulated depreciation | (430,228,771) | (383,718,284) | (119,042,247) | (107,646,536) | (549,271,018) | (491,364,820) |
| Total | $1,142,119,642 | $1,102,237,587 | $ 293,229,270 | $ 268,530,896 | $1,435,348,912 | $1,370,768,483 |

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 2014 based on our equipment replacement schedule.

The City's 2015 capital budget calls for a continuation of the Capital Project Plan. Estimated expenditures will fund Fire Station #8, Frisco Athletic Center outdoor expansion, a multi-use events and sports complex, and various land purchases. Park development is scheduled to continue with Phillips Creek Ranch hike and bike trails, Grand Park design plans and several neighborhood parks. The City will also continue road infrastructure, building and improving for several major roadways. The 2006 Authorized Bond Election of $198 million has an unissued balance of $33 million. Of this total, $1.5 million is for public safety and $31.5 million is for culture/recreational facilities and parks.

Additional information regarding capital assets can be found in Note 6 beginning on page 71 of the CAFR.

**Debt administration.** At year-end, the City had $697,218,303 in debt outstanding as compared to $612,578,132 at the end of the prior fiscal year, an increase of 14 percent – as shown below.

**Outstanding Debt, September 30, 2014**

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| General obligation bonds | $383,943,103 | $387,022,241 | $ 55,842,120 | $ 52,814,848 | $439,785,223 | $439,837,089 |
| General obligation bonds - MUD | - | - | 125,070 | 306,772 | 125,070 | 306,772 |
| Certificates of obligation | 179,938,265 | 98,697,213 | 77,369,745 | 73,737,058 | 257,308,010 | 172,434,271 |
| **Totals** | $563,881,368 | $485,719,454 | $133,336,935 | $126,858,678 | $697,218,303 | $612,578,132 |

In July 2014, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation Bonds, taxable series 2014, in the amount of $90,000,000. Proceeds from the sale of the bonds will be used to construct a multi-use special events and sports facility.

In August 2014, the City issued General Obligation Refunding & Improvement Bonds, series 2014, in the amount of $40,405,000. Proceeds of the bonds of $20,495,000 were used to advance refund a portion of the City's outstanding debt. $19,910,000 of the proceeds will be used for constructing and improving streets, bridges and intersections and construction, and for park development.

In August 2014, the City issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014, in the amount of $13,810,000. Proceeds of the certificates will be used for constructing, installing, acquiring and equipping additions, extensions and improvements to the City's waterworks and sewer system, and the acquisition of land and interests in land for such projects.

Additional information regarding the City's outstanding debt can be found in Note 8 beginning on page 74 of the CAFR.

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

| | Standard & Poor's Corporation | Moody's Investor Services |
|---|---|---|
| General Obligation Bonds | AA+ | Aa1 |
| Certificates of Obligation | 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 tax-supported debt to assessed value of all taxable property is 2.39%.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2015 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 2014-15 combined budget appropriation totaled $116 million. This represents an increase of $10 million from the FY 2013-14 revised budgets, attributed primarily to operating expenses increasing.

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 13.51%. We saw gains in new improvements of 5.21%, and a gain on existing property of 8.30%. According to final figures received from the CAD's, the total certified assessed property value for FY 2015 is $18 billion. Council approved a tax rate of $0.46 per $100 of valuation, a small decrease of $.191 from the total FY 2014 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 $28.8 million. A fee increase for water sales and sewer services was approved and effective in January 2015. 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.

FRISCO

PROGRESS IN MOTION

# BASIC FINANCIAL STATEMENTS

FRISCO

PROGRESS IN MOTION

**Statement of Net Position**
**September 30, 2014**

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Component Units |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 209,045,143 | $ 22,921,067 | $ 231,966,210 | $ 50,402,258 |
| Cash held for land purchase | - | - | - | 42,273,091 |
| Investments | 59,678,075 | 6,944,051 | 66,622,126 | 18,964,510 |
| Receivables (net of allowance for uncollectibles) | 20,492,068 | 11,229,039 | 31,721,107 | 6,603,519 |
| Inventories | 599,223 | 227,265 | 826,488 | - |
| Prepaids | 1,490,931 | 60,549 | 1,551,480 | 162,698 |
| Notes receivable | 3,594,500 | - | 3,594,500 | 800,000 |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 33,585,310 | 33,585,310 | 3,499,361 |
| Investments | - | 30,937,500 | 30,937,500 | 3,800,000 |
| Notes receivable - noncurrent | 44,231,650 | - | 44,231,650 | 2,248,965 |
| Land held for resale | - | - | - | 7,659,680 |
| Capital assets: | | | | |
| Land | 230,806,653 | 10,136,606 | 240,943,259 | 89,942,125 |
| Buildings and improvements | 347,202,981 | 10,102,640 | 357,305,621 | 18,919,761 |
| Improvements other than buildings | 841,146,617 | 345,521,649 | 1,186,668,266 | 18,584,658 |
| Machinery and equipment | 52,748,782 | 7,196,446 | 59,945,228 | 554,174 |
| Construction in progress | 100,443,380 | 39,314,176 | 139,757,556 | 34,743 |
| Accumulated depreciation | (430,228,771) | (119,042,247) | (549,271,018) | (20,803,160) |
| **Total assets** | 1,481,251,232 | 399,134,051 | 1,880,385,283 | 243,646,383 |
| **DEFERRED OUTFLOW OF RESOURCES** | | | | |
| Deferred charge on bond refunding | 13,560,669 | 3,687,285 | 17,247,954 | 1,725,728 |
| **LIABILITIES** | | | | |
| Accounts and retainage payable | 24,511,545 | 5,162,516 | 29,674,061 | 1,899,928 |
| Accrued liabilities | 740,874 | 324,520 | 1,065,394 | 29,154 |
| Accrued liabilities - pollution remediation | - | - | - | 2,271,874 |
| Accrued interest payable | 3,017,700 | 706,985 | 3,724,685 | 730,626 |
| Customer deposits | - | 2,281,077 | 2,281,077 | 76,118 |
| Unearned revenue | 4,546,006 | - | 4,546,006 | 6,500 |
| Monies held in escrow | 28,943,327 | 70,144 | 29,013,471 | - |
| Non-current liabilities: | | | | |
| Due within one year: | | | | |
| Compensated absences | 4,662,715 | 743,902 | 5,406,617 | 68,511 |
| Notes payable | - | - | - | 16,041,408 |
| Bonds payable | 36,834,394 | 10,011,085 | 46,845,479 | 3,625,216 |
| Due in more than one year: | | | | |
| Compensated absences | 3,263,326 | 388,210 | 3,651,536 | 36,714 |
| Notes payable | - | - | - | 60,487,156 |
| Bonds payable | 527,046,974 | 123,325,850 | 650,372,824 | 83,512,871 |
| **Total liabilities** | 633,566,861 | 143,014,289 | 776,581,150 | 168,786,076 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 754,405,379 | 195,229,947 | 949,635,326 | 20,966,778 |
| Restricted for: | | | | |
| Capital projects | - | 21,881,788 | 21,881,788 | - |
| Tax increment reinvestment zone | 3,656,422 | - | 3,656,422 | - |
| Debt service | 1,396,883 | - | 1,396,883 | 6,568,735 |
| Unrestricted | 101,786,356 | 42,695,312 | 144,481,668 | 49,050,522 |
| **Total net position** | $ 861,245,040 | $ 259,807,047 | $ 1,121,052,087 | $ 76,586,035 |

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

**Statement of Activities**
**For the year ended September 30, 2014**

| | | Program Revenues | | |
|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| **Functions/Programs** | | | | |
| **Primary government:** | | | | |
| Governmental activities: | | | | |
| General government | $ 50,945,132 | $ 18,854,018 | $ 2,304,104 | $ 202,298 |
| Public safety | 52,340,573 | 2,598,721 | 1,596,858 | 193,926 |
| Public works | 32,827,619 | 98,633 | 41,496 | 44,894,410 |
| Culture and recreation | 28,062,191 | 4,845,465 | 723,890 | 4,336,345 |
| Interest on long-term debt | 18,631,848 | - | - | - |
| Total governmental activities | 182,807,363 | 26,396,837 | 4,666,348 | 49,626,979 |
| Business-type activities: | | | | |
| Water and sewer | 61,177,648 | 56,263,446 | - | 25,480,432 |
| Other enterprise funds | 11,674,055 | 13,384,328 | 17,466 | - |
| Total business-type activities | 72,851,703 | 69,647,774 | 17,466 | 25,480,432 |
| **Total primary government** | $ 255,659,066 | $ 96,044,611 | $ 4,683,814 | $ 75,107,411 |
| **Component units:** | | | | |
| Community development | $ 13,238,089 | $ 697,702 | $ - | $ - |
| Economic development | 14,763,694 | - | 41,168 | - |
| Charitable foundation | 80,612 | - | 6,417 | 63,924 |
| **Total component units** | $ 28,082,395 | $ 697,702 | $ 47,585 | $ 63,924 |

General revenues:
- Ad valorem tax
- Sales tax
- Franchise tax
- Other taxes
- Ad valorem tax for TIRZ #1, intergovernmental revenues
- Investment earnings
- Miscellaneous

Transfers

Total general revenues

Change in net position

Net position, October 1, as restated

Net position, ending

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

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|---|---|
| Primary Government | | | |
| Governmental Activities | Business-Type Activities | Total | Component Units |
| $ (29,584,712) | $ - | $ (29,584,712) | |
| (47,951,068) | - | (47,951,068) | |
| 12,206,920 | - | 12,206,920 | |
| (18,156,491) | - | (18,156,491) | |
| (18,631,848) | - | (18,631,848) | |
| (102,117,199) | - | (102,117,199) | |
| - | 20,566,230 | 20,566,230 | |
| - | 1,727,739 | 1,727,739 | |
| - | 22,293,969 | 22,293,969 | |
| $ (102,117,199) | $ 22,293,969 | $ (79,823,230) | |
| | | | $ (12,540,387) |
| | | | (14,722,526) |
| | | | (10,271) |
| | | | $ (27,273,184) |
| 75,849,283 | - | 75,849,283 | - |
| 34,196,948 | - | 34,196,948 | 34,196,948 |
| 9,041,655 | - | 9,041,655 | - |
| 4,565,581 | - | 4,565,581 | - |
| 26,077,693 | 104,000 | 26,181,693 | - |
| 222,548 | 116,631 | 339,179 | 114,830 |
| - | - | - | 5,411,817 |
| 573,076 | (573,076) | - | - |
| 150,526,784 | (352,445) | 150,174,339 | 39,723,595 |
| 48,409,585 | 21,941,524 | 70,351,109 | 12,450,411 |
| 812,835,455 | 237,865,523 | 1,050,700,978 | 64,135,624 |
| $ 861,245,040 | $ 259,807,047 | $ 1,121,052,087 | $ 76,586,035 |

FRISCO

PROGRESS IN MOTION

**Balance Sheet**
**Governmental Funds**
**September 30, 2014**

| | General | TIRZ#1 | Capital Projects | Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash and cash equivalents | $ 32,403,332 | $ 5,236,986 | $ 153,410,420 | $ 4,315,433 | $ 13,678,972 | $ 209,045,143 |
| Investments | 13,125,186 | - | 17,629,440 | - | 28,923,449 | 59,678,075 |
| Receivables | | | | | | |
| (net of allowances for uncollectibles): | | | | | | |
| Property tax | 646,218 | - | - | 465,883 | - | 1,112,101 |
| Sales tax | 6,362,809 | - | - | - | - | 6,362,809 |
| Franchise tax | 4,162,836 | - | - | - | 151,259 | 4,314,095 |
| Occupancy tax | - | - | - | - | 339,954 | 339,954 |
| Grants | - | - | - | - | 269,718 | 269,718 |
| Assessments | - | - | - | - | 2,219,103 | 2,219,103 |
| Other | 906,895 | 509,357 | 3,995,580 | - | 199,634 | 5,611,466 |
| Due from other funds | 177,083 | - | - | - | - | 177,083 |
| Inventories | 315,234 | - | 283,989 | - | - | 599,223 |
| Prepaids | 83,622 | - | 1,353,808 | 2,183 | 51,318 | 1,490,931 |
| Notes receivable | 33,150 | - | 373,000 | 47,420,000 | - | 47,826,150 |
| **Total assets** | $ 58,216,365 | $ 5,746,343 | $ 177,046,237 | $ 52,203,499 | $ 45,833,407 | $ 339,045,851 |
| **LIABILITIES, DEFERRED INFLOWS, FUND BALANCES** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | $ 7,544,672 | $ - | $ 13,762,099 | $ - | $ 325,541 | $ 21,632,312 |
| Retainage payable | - | - | 2,879,233 | - | - | 2,879,233 |
| Accrued liabilities | 713,043 | - | 4,711 | - | 23,120 | 740,874 |
| Unearned revenue | 645,774 | 1,681,129 | - | - | 2,219,103 | 4,546,006 |
| Monies held in escrow | 391,413 | 408,792 | 25,913,942 | - | 2,229,180 | 28,943,327 |
| Due to other funds | - | - | - | - | 177,083 | 177,083 |
| **Total liabilities** | 9,294,902 | 2,089,921 | 42,559,985 | - | 4,974,027 | 58,918,835 |
| Deferred inflow of resources: | | | | | | |
| Unavailable revenue | 3,173,675 | - | 913,000 | 47,788,916 | - | 51,875,591 |
| Fund balances: | | | | | | |
| Non spendable | 398,856 | - | 1,637,797 | 2,183 | 51,318 | 2,090,154 |
| Restricted for: | | | | | | |
| Debt service | - | - | - | 4,412,400 | - | 4,412,400 |
| Capital projects for future construction | - | - | 131,935,455 | - | 32,201,163 | 164,136,618 |
| Other purposes | - | 3,656,422 | - | - | 4,461,500 | 8,117,922 |
| Committed to: | | | | | | |
| Insurance | 3,065,750 | - | - | - | - | 3,065,750 |
| Workforce housing | 502,903 | - | - | - | - | 502,903 |
| Capital projects for future construction | - | - | - | - | 4,145,399 | 4,145,399 |
| Unassigned | 41,780,279 | - | - | - | - | 41,780,279 |
| **Total fund balances** | 45,747,788 | 3,656,422 | 133,573,252 | 4,414,583 | 40,859,380 | 228,251,425 |
| **Total liabilities, deferred inflow of resources and fund balances** | $ 58,216,365 | $ 5,746,343 | $ 177,046,237 | $ 52,203,499 | $ 45,833,407 | $ 339,045,851 |

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, 2014**

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

| | |
|---|---|
| Total fund balances per balance sheet | $ 228,251,425 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 1,142,119,642 |
| Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds. | 13,560,669 |
| Other long-term assets are not available to pay for current-period expenditures, and, therefore, are unavailable in the funds. | 51,875,591 |
| Other assets are not available to pay for current-period expenditures, and, therefore, are not included in the funds. | 262,822 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | (574,825,109) |
| Net position of governmental activities | $ 861,245,040 |

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, 2014**

| | General | TIRZ#1 | Capital Projects | Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Taxes: | | | | | | |
| Property | $ 43,465,631 | $ 4,658,780 | $ - | $ 27,343,946 | $ - | $ 75,468,357 |
| Sales | 34,196,948 | - | - | - | - | 34,196,948 |
| Franchise | 8,395,425 | - | - | - | 363,157 | 8,758,582 |
| Hotel/motel | - | - | - | - | 3,887,482 | 3,887,482 |
| Other | 678,099 | - | - | - | - | 678,099 |
| Licenses and permits | 10,256,389 | - | - | - | - | 10,256,389 |
| Public safety | 1,843,998 | - | - | - | - | 1,843,998 |
| Intergovernmental | 2,687,815 | 17,531,383 | 8,800,652 | - | 257,182 | 29,277,032 |
| Charges for services | 5,292,376 | - | - | - | 7,489 | 5,299,865 |
| Fines | 2,172,664 | - | - | - | 553,703 | 2,726,367 |
| Special assessments | - | - | - | - | 9,577,516 | 9,577,516 |
| Rents | 1,334,399 | 4,171,049 | - | - | - | 5,505,448 |
| Investment earnings | 78,094 | 1,493 | 64,240 | 3,454 | 102,826 | 250,107 |
| Contributions, donations and grants | 255,460 | 122,800 | 2,279,453 | - | 1,724,167 | 4,381,880 |
| Payments from component units | 50,000 | 1,636,279 | 4,897,625 | 5,776,906 | - | 12,360,810 |
| Miscellaneous | 470,088 | - | - | - | 44,603 | 514,691 |
| Total revenues | 111,177,386 | 28,121,784 | 16,041,970 | 33,124,306 | 16,518,125 | 204,983,571 |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| General government | 32,047,031 | 12,050,374 | - | - | 497,456 | 44,594,861 |
| Public safety | 45,276,993 | - | - | - | 715,390 | 45,992,383 |
| Public works | 8,156,935 | - | - | - | 65,325 | 8,222,260 |
| Culture and recreation | 13,777,432 | - | - | - | 2,671,477 | 16,448,909 |
| Capital outlay (includes $890,844 not capitalized) | 2,505,659 | - | 57,052,771 | - | 557,644 | 60,116,074 |
| Debt service: | | | | | | |
| Principal retirement | - | - | - | 29,937,130 | - | 29,937,130 |
| Interest and fiscal charges | - | - | 1,006,827 | 20,967,961 | - | 21,974,788 |
| Total expenditures | 101,764,050 | 12,050,374 | 58,059,598 | 50,905,091 | 4,507,292 | 227,286,405 |
| Excess (deficiency) of revenues over (under) expenditures | 9,413,336 | 16,071,410 | (42,017,628) | (17,780,785) | 12,010,833 | (22,302,834) |
| **OTHER FINANCING SOURCES (USES):** | | | | | | |
| Issuance of debt | - | - | 109,910,000 | 14,595,000 | | 124,505,000 |
| Premium on bonds issued | - | - | 2,300,511 | 1,887,566 | - | 4,188,077 |
| Discount on bonds issued | - | - | - | (127,160) | | (127,160) |
| Payment to refunded debt escrow agent | - | - | - | (16,223,139) | - | (16,223,139) |
| Proceeds from sale of assets | 1,203,437 | - | - | - | - | 1,203,437 |
| Transfers in | 1,332,781 | 1,477,925 | 2,670,593 | 17,912,579 | 1,098,691 | 24,492,569 |
| Transfers out | (1,612,981) | (17,027,122) | (44,670) | - | (5,234,720) | (23,919,493) |
| Total other financing sources and uses | 923,237 | (15,549,197) | 114,836,434 | 18,044,846 | (4,136,029) | 114,119,291 |
| Net change in fund balances | 10,336,573 | 522,213 | 72,818,806 | 264,061 | 7,874,804 | 91,816,457 |
| Fund balances, beginning | 35,411,215 | 3,134,209 | 60,754,446 | 4,150,522 | 32,984,576 | 136,434,968 |
| Fund balances, ending | $ 45,747,788 | $ 3,656,422 | $ 133,573,252 | $ 4,414,583 | $ 40,859,380 | $ 228,251,425 |

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, 2014**

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

| | | |
|---|---|---|
| Net change in fund balance - total governmental funds | $ | 91,816,457 |
| 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. | | 39,882,055 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 89,608 |
| 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. | | (82,605,683) |
| 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. | | (772,852) |
| Change in net position of governmental activities | $ | 48,409,585 |

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, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Taxes: | | | | | | |
| Property | $ 42,912,887 | $ 42,936,052 | $ 43,465,631 | $ - | $ 43,465,631 | $ 529,579 |
| Sales | 34,905,764 | 33,109,436 | 34,196,948 | - | 34,196,948 | 1,087,512 |
| Franchise | 8,023,590 | 8,307,510 | 8,395,425 | - | 8,395,425 | 87,915 |
| Other | 426,564 | 576,564 | 678,099 | - | 678,099 | 101,535 |
| Licenses and permits | 5,908,500 | 8,730,573 | 10,256,389 | - | 10,256,389 | 1,525,816 |
| Public safety | 1,691,500 | 1,722,000 | 1,843,998 | - | 1,843,998 | 121,998 |
| Intergovernmental | 894,047 | 2,581,048 | 2,687,815 | - | 2,687,815 | 106,767 |
| Charges for services | 5,176,065 | 5,206,925 | 5,292,376 | - | 5,292,376 | 85,451 |
| Fines | 2,521,801 | 2,321,801 | 2,172,664 | - | 2,172,664 | (149,137) |
| Rents | 1,280,093 | 1,313,400 | 1,334,399 | - | 1,334,399 | 20,999 |
| Investment earnings | 109,750 | 90,681 | 78,094 | - | 78,094 | (12,587) |
| Contributions, donations and grants | 121,000 | 115,000 | 255,460 | - | 255,460 | 140,460 |
| Payments from component units | 50,000 | 50,000 | 50,000 | - | 50,000 | - |
| Miscellaneous | 312,190 | 345,546 | 470,088 | - | 470,088 | 124,542 |
| Total revenues | 104,333,751 | 107,406,536 | 111,177,386 | - | 111,177,386 | 3,770,850 |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| General government | 31,344,331 | 34,195,989 | 32,047,031 | 670,339 | 32,717,370 | 1,478,619 |
| Public safety | 47,315,074 | 45,884,585 | 45,276,993 | 10,826 | 45,287,819 | 596,766 |
| Public works | 8,454,134 | 8,447,895 | 8,156,935 | 63,919 | 8,220,854 | 227,041 |
| Culture and recreation | 14,954,643 | 14,348,517 | 13,777,432 | 26,183 | 13,803,615 | 544,902 |
| Capital outlay | 3,016,476 | 3,188,485 | 2,505,659 | 77,729 | 2,583,388 | 605,097 |
| Total expenditures | 105,084,658 | 106,065,471 | 101,764,050 | 848,996 | 102,613,046 | 3,452,425 |
| Excess (deficiency) of revenues over (under) expenditures | (750,907) | 1,341,065 | 9,413,336 | (848,996) | 8,564,340 | 7,223,275 |
| **OTHER FINANCING SOURCES (USES):** | | | | | | |
| Proceeds from sale of assets | 34,000 | 1,151,000 | 1,203,437 | - | 1,203,437 | 52,437 |
| Transfers in | 1,525,746 | 1,590,396 | 1,332,781 | - | 1,332,781 | (257,615) |
| Transfers out | (453,290) | (1,597,290) | (1,612,981) | - | (1,612,981) | (15,691) |
| Total other financing sources (uses) | 1,106,456 | 1,144,106 | 923,237 | - | 923,237 | (220,869) |
| Net change in fund balances | 355,549 | 2,485,171 | 10,336,573 | (848,996) | 9,487,577 | 7,002,406 |
| Fund balances, October 1 | 31,655,292 | 35,411,215 | 35,411,215 | (607,036) | 34,804,179 | (607,036) |
| Fund balances, September 30 | $ 32,010,841 | $ 37,896,386 | $ 45,747,788 | $ (1,456,032) | $ 44,291,756 | $ 6,395,370 |

**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, 2014**

| | Net Change in Fund Balances |
|---|---|
| GAAP basis | $ 10,336,573 |
| Expenditures: | |
| Increase due to encumbrances from prior year | 607,036 |
| Decrease due to encumbrances for current year | (1,456,032) |
| Budgetary basis | $ 9,487,577 |

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

**TIRZ #1 Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Taxes: | | | | | | |
| Property | $ 4,730,844 | $ 4,658,780 | $ 4,658,780 | $ - | $ 4,658,780 | $ - |
| Intergovernmental | 17,803,522 | 17,531,383 | 17,531,383 | - | 17,531,383 | - |
| Rents | 4,260,445 | 4,029,048 | 4,171,049 | - | 4,171,049 | 142,001 |
| Investment earnings | 2,000 | 2,000 | 1,493 | - | 1,493 | (507) |
| Contributions, donations and grants | - | 122,800 | 122,800 | - | 122,800 | - |
| Payments from component units | 1,573,441 | 1,636,279 | 1,636,279 | - | 1,636,279 | - |
| Total revenues | 28,370,252 | 27,980,290 | 28,121,784 | - | 28,121,784 | 141,494 |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| General government | 12,105,761 | 12,040,375 | 12,050,374 | - | 12,050,374 | (9,999) |
| Total expenditures | 12,105,761 | 12,040,375 | 12,050,374 | - | 12,050,374 | (9,999) |
| Excess of revenues over expenditures | 16,264,491 | 15,939,915 | 16,071,410 | - | 16,071,410 | 131,495 |
| **OTHER FINANCING SOURCES (USES):** | | | | | | |
| Transfers in | 1,477,925 | 1,477,925 | 1,477,925 | - | 1,477,925 | - |
| Transfers out | (17,005,612) | (17,230,087) | (17,027,122) | - | (17,027,122) | 202,965 |
| Total other financing sources (uses) | (15,527,687) | (15,752,162) | (15,549,197) | - | (15,549,197) | 202,965 |
| Net change in fund balances | 736,804 | 187,753 | 522,213 | - | 522,213 | 334,460 |
| Fund balances, October 1 | 3,214,982 | 3,134,209 | 3,134,209 | - | 3,134,209 | - |
| Fund balances, September 30 | $ 3,951,786 | $ 3,321,962 | $ 3,656,422 | $ - | $ 3,656,422 | $ 334,460 |

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

FRISCO

PROGRESS IN MOTION

**Statement of Net Position**
**Proprietary Funds**
**September 30, 2014**

| | Business-type Activities Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer | Other Enterprise Funds | Total |
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 17,607,748 | $ 5,313,319 | $ 22,921,067 |
| Investments | 4,649,181 | 2,294,870 | 6,944,051 |
| Receivables - | | | |
| (net of allowance for uncollectibles): | | | |
| Utility bills | 9,324,204 | - | 9,324,204 |
| Other | 1,428,637 | 476,198 | 1,904,835 |
| Inventories | 227,265 | - | 227,265 |
| Prepaids | 60,015 | 534 | 60,549 |
| Restricted cash and cash equivalents | 33,585,310 | - | 33,585,310 |
| Restricted investments | 30,937,500 | - | 30,937,500 |
| Total current assets | 97,819,860 | 8,084,921 | 105,904,781 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | 10,136,606 | - | 10,136,606 |
| Buildings and improvements | 9,986,356 | 116,284 | 10,102,640 |
| Improvements other than buildings | 345,429,459 | 92,190 | 345,521,649 |
| Machinery and equipment | 6,346,707 | 849,739 | 7,196,446 |
| Construction in progress | 39,314,176 | - | 39,314,176 |
| Accumulated depreciation | (118,599,197) | (443,050) | (119,042,247) |
| Total capital assets (net of accumulated depreciation) | 292,614,107 | 615,163 | 293,229,270 |
| Total noncurrent assets | 292,614,107 | 615,163 | 293,229,270 |
| **Total assets** | $ 390,433,967 | $ 8,700,084 | $ 399,134,051 |
| **DEFERRED OUTFLOW OF RESOURCES** | | | |
| Deferred charge on bond refunding | 3,687,285 | - | 3,687,285 |

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

| | Business-type Activities Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer | Other Enterprise Funds | Total |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | $ 3,566,779 | $ 1,595,737 | $ 5,162,516 |
| Accrued liabilities | 285,682 | 38,838 | 324,520 |
| Accrued interest payable | 706,985 | - | 706,985 |
| Customer deposits payable | 2,281,077 | - | 2,281,077 |
| Monies held in escrow | - | 70,144 | 70,144 |
| Liability for compensated absences | 650,826 | 93,076 | 743,902 |
| Bonds payable | 10,011,085 | - | 10,011,085 |
| Current liabilities | 17,502,434 | 1,797,795 | 19,300,229 |
| Noncurrent liabilities: | | | |
| Liability for compensated absences | 335,298 | 52,912 | 388,210 |
| Bonds payable | 123,325,850 | - | 123,325,850 |
| Total noncurrent liabilities | 123,661,148 | 52,912 | 123,714,060 |
| **Total liabilities** | 141,163,582 | 1,850,707 | 143,014,289 |
| **NET POSITION** | | | |
| Net investment in capital assets | 194,614,784 | 615,163 | 195,229,947 |
| Restricted for: | | | |
| Capital projects | 21,881,788 | - | 21,881,788 |
| Unrestricted | 36,461,098 | 6,234,214 | 42,695,312 |
| Total | 252,957,670 | 6,849,377 | 259,807,047 |
| **Total net position** | $ 252,957,670 | $ 6,849,377 | $ 259,807,047 |

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

FRISCO

PROGRESS IN MOTION

**Statement of Revenues, Expenses, and Changes in Fund Net Position**
**Proprietary Funds**
**For the Fiscal Year Ended September 30, 2014**

| | Business-type Activities Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer | Other Enterprise Funds | Total |
| **OPERATING REVENUES:** | | | |
| Charges for sales and services: | | | |
| Water sales | $ 31,310,003 | $ - | $ 31,310,003 |
| Sewer charges | 20,704,273 | - | 20,704,273 |
| Service charges | 646,951 | - | 646,951 |
| Sanitation charges | - | 11,798,212 | 11,798,212 |
| Water and sewer connections | 1,137,558 | - | 1,137,558 |
| Inspection fees | 2,006,873 | - | 2,006,873 |
| Stormwater drainage fees | - | 1,536,790 | 1,536,790 |
| Miscellaneous | 422,692 | 46,426 | 469,118 |
| Total operating revenues | 56,228,350 | 13,381,428 | 69,609,778 |
| **OPERATING EXPENSES:** | | | |
| Cost of sales and services | 29,179,694 | 9,440,749 | 38,620,443 |
| Administration | 15,632,498 | 2,121,121 | 17,753,619 |
| Depreciation | 11,613,813 | 112,185 | 11,725,998 |
| Amortization | 353,826 | - | 353,826 |
| Total operating expenses | 56,779,831 | 11,674,055 | 68,453,886 |
| Operating income | (551,481) | 1,707,373 | 1,155,892 |
| **NONOPERATING REVENUES (EXPENSES):** | | | |
| Interest revenue | 112,260 | 4,371 | 116,631 |
| Intergovernmental contribution | 104,000 | - | 104,000 |
| Contributions, grants | - | 17,466 | 17,466 |
| Gain on sale of equipment | 35,096 | 2,900 | 37,996 |
| Interest expense | (4,397,817) | - | (4,397,817) |
| Total nonoperating revenues (expenses) | (4,146,461) | 24,737 | (4,121,724) |
| Income (loss) before capital contributions | (4,697,942) | 1,732,110 | (2,965,832) |
| **CAPITAL CONTRIBUTIONS:** | | | |
| Capital contributions | 25,480,432 | - | 25,480,432 |
| Income before transfers | 20,782,490 | 1,732,110 | 22,514,600 |
| **TRANSFERS:** | | | |
| Transfers in | 217,736 | 83,356 | 301,092 |
| Transfers out | - | (874,168) | (874,168) |
| Total transfers | 217,736 | (790,812) | (573,076) |
| Change in net position | 21,000,226 | 941,298 | 21,941,524 |
| Total net position, beginning, as restated | 231,957,444 | 5,908,079 | 237,865,523 |
| Total net position, ending | $ 252,957,670 | $ 6,849,377 | $ 259,807,047 |

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, 2014**

| | Business-type Activities Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer | Other Enterprise Funds | Total |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash received from customers | $ 56,814,467 | $ 13,212,870 | $ 70,027,337 |
| Cash payments to suppliers for goods and services | (35,978,171) | (9,210,196) | (45,188,367) |
| Cash payments to employees for services | (9,958,867) | (1,313,630) | (11,272,497) |
| Other receipts | 422,692 | 46,426 | 469,118 |
| Net cash provided by operating activities | 11,300,121 | 2,735,470 | 14,035,591 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | |
| Transfers received from other funds | 217,736 | 83,356 | 301,092 |
| Transfers made to other funds | | (874,168) | (874,168) |
| Contributions | 104,000 | 17,466 | 121,466 |
| Net cash provided/(used) by noncapital financing activities | 321,736 | (773,346) | (451,610) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Acquisition and construction of capital assets | (20,304,326) | (206,598) | (20,510,924) |
| Proceeds/(loss) from sale or transfer of equipment | 57,744 | 2,900 | 60,644 |
| Principal paid on long-term debt | (7,862,870) | - | (7,862,870) |
| Interest and fees paid on long-term debt | (5,311,013) | - | (5,311,013) |
| Payments to paying agent for refunded bond issuance | (6,586,761) | - | (6,586,761) |
| Bond proceeds net of issuance costs | 21,586,761 | - | 21,586,761 |
| Developers contributions | 10,290,775 | - | 10,290,775 |
| Net cash (used) by capital and related financing activities | (8,129,690) | (203,698) | (8,333,388) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of investment securities | (48,645,000) | (2,294,869) | (50,939,869) |
| Proceeds from sale and maturities of investment securities | 44,209,057 | 2,300,480 | 46,509,537 |
| Interest on investments | 86,496 | 3,510 | 90,006 |
| Net cash provided by investing activities | (4,349,447) | 9,121 | (4,340,326) |
| Net increase in cash and cash equivalents | (857,280) | 1,767,547 | 910,267 |
| Cash and cash equivalents, October 1 | 52,050,338 | 3,545,772 | 55,596,110 |
| Cash and cash equivalents, September 30 | $ 51,193,058 | $ 5,313,319 | $ 56,506,377 |
| Classified as: | | | |
| Current assets | $ 17,607,748 | $ 5,313,319 | $ 22,921,067 |
| Restricted assets | 33,585,310 | - | 33,585,310 |
| Total | $ 51,193,058 | $ 5,313,319 | $ 56,506,377 |

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 | $ (551,481) | $ 1,707,373 | $ 1,155,892 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 11,613,813 | 112,185 | 11,725,998 |
| Amortization | 353,826 | - | 353,826 |
| Change in assets and liabilities: | | | |
| (Increase) decrease in- | | | |
| Receivables - utility bills | 592,294 | (171,507) | 420,787 |
| Receivables - other | (1,194,173) | - | (1,194,173) |
| Prepaid expenses and other assets | (22,266) | (230) | (22,496) |
| Inventories | 150,831 | - | 150,831 |
| Increase (decrease) in- | | | |
| Accounts payable | (207,978) | 1,009,583 | 801,605 |
| Accrued liabilities | 67,362 | 9,325 | 76,687 |
| Due to other funds | | 35,764 | 35,764 |
| Liability for compensated absences | 81,378 | (16,398) | 64,980 |
| Deposits and escrows | 416,515 | 49,375 | 465,890 |
| Total adjustments | 11,851,602 | 1,028,097 | 12,879,699 |
| Net cash provided by operating activities | $ 11,300,121 | $ 2,735,470 | $ 14,035,591 |

**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 $15,189,657.

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

FRISCO

PROGRESS IN MOTION

**Combining Statement of Net Position**
**Component Units**
**September 30, 2014**

| | Community Development | Economic Development | Charitable Foundation | Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current: | | | | |
| Cash and cash equivalents | $ 12,704,130 | $ 37,681,559 | $ 16,569 | $ 50,402,258 |
| Cash escrow held for land purchase | 16,909,238 | 25,363,853 | - | 42,273,091 |
| Investments | 12,975,630 | 5,988,880 | - | 18,964,510 |
| Receivables - | | | | |
| Sales tax | 3,181,405 | 3,181,405 | - | 6,362,810 |
| Other | 34,081 | 206,628 | - | 240,709 |
| Prepaid expenses | 794 | 161,904 | - | 162,698 |
| Notes receivable | - | 800,000 | - | 800,000 |
| Total current assets | 45,805,278 | 73,384,229 | 16,569 | 119,206,076 |
| Non-current: | | | | |
| Notes receivable | 620,000 | 1,628,965 | - | 2,248,965 |
| Land held for resale | - | 7,659,680 | - | 7,659,680 |
| Capital assets, net of accumulated depreciation | 81,513,759 | 25,718,542 | - | 107,232,301 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 515,789 | 2,983,572 | - | 3,499,361 |
| Investments | 1,900,000 | 1,900,000 | - | 3,800,000 |
| Total restricted assets | 2,415,789 | 4,883,572 | - | 7,299,361 |
| Total non-current assets | 84,549,548 | 39,890,759 | - | 124,440,307 |
| **Total assets** | 130,354,826 | 113,274,988 | 16,569 | 243,646,383 |
| **DEFERRED OUTFLOW OF RESOURCES** | | | | |
| Deferred charge on bond refunding | 1,639,554 | 86,174 | - | 1,725,728 |
| **LIABILITIES** | | | | |
| Current: | | | | |
| Accounts payable | 795,784 | 1,104,144 | - | 1,899,928 |
| Accrued liabilities | - | 29,154 | - | 29,154 |
| Accrued liabilities - pollution remediation | 908,750 | 1,363,124 | - | 2,271,874 |
| Liability for compensated absences | | 68,511 | - | 68,511 |
| Accrued interest payable | 358,610 | 372,016 | - | 730,626 |
| Deposits | 76,118 | - | - | 76,118 |
| Unearned revenue | 5,000 | 1,500 | - | 6,500 |
| Notes payable | 3,989,987 | 12,051,421 | - | 16,041,408 |
| Bonds payable | 1,137,661 | 2,487,555 | - | 3,625,216 |
| Total current liabilities | 7,271,910 | 17,477,425 | - | 24,749,335 |
| Non-current: | | | | |
| Liability for compensated absences | - | 36,714 | - | 36,714 |
| Notes payable | 58,326,817 | 2,160,339 | - | 60,487,156 |
| Bonds payable | 24,415,563 | 59,097,308 | - | 83,512,871 |
| Total non-current liabilities | 82,742,380 | 61,294,361 | - | 144,036,741 |
| **Total liabilities** | 90,014,290 | 78,771,786 | - | 168,786,076 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 21,045,374 | (78,596) | - | 20,966,778 |
| Restricted for debt service reserve | 2,057,179 | 4,511,556 | - | 6,568,735 |
| Unrestricted | 18,877,537 | 30,156,416 | 16,569 | 49,050,522 |
| **Total net position** | $ 41,980,090 | $ 34,589,376 | $ 16,569 | $ 76,586,035 |

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, 2014**

| | | Program Revenues | | |
|---|---|---|---|---|
| | Expenses | Charges for Service | Operating Grants and Contributions | Capital Grants and Contributions |
| **Functions/Programs:** | | | | |
| **Component units:** | | | | |
| Community Development | $ 13,238,089 | $ 697,702 | $ - | $ - |
| Economic Development | 14,763,694 | - | 41,168 | - |
| Charitable Foundation | 80,612 | - | 6,417 | 63,924 |
| **Total component units** | $ 28,082,395 | $ 697,702 | $ 47,585 | $ 63,924 |

General revenues:
Sales taxes
Miscellaneous
Investment income
Total general revenues

Change in net position

Net position, October 1, as restated
Net position, ending

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

**Net (Expense) Revenue and Changes in Net Position**
**Component Units**

| Community Development | Economic Development | Charitable Foundation | Total |
|---|---|---|---|
| $ (12,540,387) | $ - | $ - | $ (12,540,387) |
| - | (14,722,526) | - | (14,722,526) |
| - | - | (10,271) | (10,271) |
| $ (12,540,387) | $ (14,722,526) | $ (10,271) | $ (27,273,184) |
| 17,098,474 | 17,098,474 | - | 34,196,948 |
| 281,144 | 5,130,673 | - | 5,411,817 |
| 21,696 | 93,134 | - | 114,830 |
| 17,401,314 | 22,322,281 | - | 39,723,595 |
| 4,860,927 | 7,599,755 | (10,271) | 12,450,411 |
| 37,119,163 | 26,989,621 | 26,840 | 64,135,624 |
| $ 41,980,090 | $ 34,589,376 | $ 16,569 | $ 76,586,035 |

FRISCO

PROGRESS IN MOTION

# CITY OF FRISCO, TEXAS
# NOTES TO THE BASIC FINANCIAL STATEMENTS
# SEPTEMBER 30, 2014

## 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 inhabitants.

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. In addition, 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. In addition, 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. Additionally, funds received in advance for which all eligibility requirements have not been met or for which amounts are not considered measurable and available are considered deferred revenue.

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 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 unit of the City.
   b. Tax Increment Reinvestment Zone #1 Fund accounts for revenue sources that are legally held for special purposes within the zone. The revenue sources consist of property tax collections within the zone and lease payments for facilities.
   c. Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.
   d. Debt Service Fund accounts for the accumulation of resources and payment of general obligation and certificate of obligation bond principal and interest from governmental resources.
   e. Other Governmental Funds is a summarization of 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 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. <u>Cash, Cash Equivalents and Investments</u>**

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 grants, Energy Efficiency & Conservation Block Grants, and American Recovery and Reinvestment Act Grant, 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 deferred and 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 deferred and 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. The City of Frisco deferred outflows of resources changes for the year are detailed below:

| | Balance 9/30/2013 | Additions | Deletions | Balance 9/30/2014 |
|---|---|---|---|---|
| Governmental activities | $14,033,660 | $ 720,435 | $ 1,193,427 | $13,560,669 |
| Business-type activities | 3,712,031 | 345,849 | 370,594 | 3,687,285 |
| Component units | 1,780,376 | 122,649 | 177,296 | 1,725,728 |
| Total | $19,526,067 | $1,188,933 | $ 741,317 | $18,973,682 |

**M. Retirement Plans**

The City has one retirement plan covering all eligible employees. It is the City's policy to record the costs for such plans on the accrual basis.

**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:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*: This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. In conjunction with the implementation of the GASB 65, the net position, as previously reported in the government-wide statement of net position and the government-wide statement of activities for the year ended September 30, 2013, has been restated as follows:

| | Government-wide Governmental Activities | Government-wide Business-type Activities | Water & Sewer Fund | Component Units |
|---|---|---|---|---|
| Beginning net position, previously reported | $816,777,712 | $238,703,297 | $232,795,218 | $65,441,294 |
| Elimination, debt issuance costs | (3,942,257) | (837,774) | (837,774) | (1,305,670) |
| Beginning net position, restated | $812,835,455 | $237,865,523 | $231,957,444 | $64,135,624 |

GASB Statement No. 66, a*n amendment of GASB Statements No.10 and No 62*: The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement.*

GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25.* This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This standard becomes effective for financial statements for periods beginning after June 15, 2013. The impact on the City's financial statements is disclosed in Note 11 beginning on page 79.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans—an amendment of GASB Statement No. 27.* This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This standard becomes effective for financial statements for periods beginning after June 15, 2014. The impact on the City's financial statements has not yet been determined.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is effective for fiscal years beginning after December 15, 2013, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The impact of this statement on the financial statements on the City's financial statements has not yet been determined.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* which is effective for fiscal years beginning after June 15, 2013, establishes guidance for governments that extend financial guarantees for the obligations of another government, a not-for-profit entity or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The impact of this statement on the City's financial statements has not yet been determined.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and should be applied simultaneously with the provisions of GASB No. 68, which is effective for periods beginning after June 15, 2014. 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 will eliminate 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. The impact of this statement on the City's financial statements has not yet been determined.

## 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 $574,825,109 difference are as follows:

| | |
|---|---|
| Bonds and certificates of obligation payable | $537,737,815 |
| Bond discount (to be amortized as interest expense) | (498,739) |
| Bond premiums (to be amortized over the life of the bonds) | 26,642,292 |
| Accrued interest payable | 3,017,700 |
| Compensated absences | 7,926,041 |
| Net adjustment to reduce *fund balance – total governmental funds* to arrive at *net position – governmental activities* | $574,825,109 |

**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 $39,882,055 difference are as follows:

| | |
|---|---|
| Capital outlay | $ 59,225,230 |
| Developers' contributions | 29,114,403 |
| Book value of capital assets disposed/retired | (932,647) |
| Depreciation expense | (47,524,931) |
| Net adjustment to increase *net changes in fund balance – total governmental funds* to arrive at *changes in net position of governmental activities* | $ 39,882,055 |

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 $82,605,683 difference are as follows:

| | |
|---|---|
| Debt issued or incurred: | |
| Premium amortization | $ 5,008,250 |
| Discount amortization | (25,877) |
| Amortization on loss of refunding of debt | (1,193,427) |
| Component unit note repayments | (3,814,500) |
| Bonds issued and refunded | (108,456,342) |
| Bond premium issued | (4,188,077) |
| Bond discount issued | 127,160 |
| Principal repayments: | |
| Bonds | 29,937,130 |
| Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities* | $ 82,605,683 |

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 $772,852 difference are as follows:

| | |
|---|---|
| Increase in accrued interest on bonds | $ 271,525 |
| Increase in compensated absences | 501,327 |
| Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities* | $ 772,852 |

## 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. The operating budget includes proposed expenditures and the means of financing them.
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, 2014. At year-end, the carrying amount of the City's demand deposits was a balance of $498,365 - bank balance, $2,454,584. The cash on hand carrying amount totaled $11,674. The carrying amount of the component unit's demand deposits was $409,106 - bank balance, $409,106. Additionally, cash held in escrow for land purchase was $42,273,091 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 $45,456,453. 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, 2014, the City had the following investments:

| Investment Type | Fair Value | Weighted Average Maturity Days |
|---|---|---|
| **Primary Government** | | |
| General Fund | | |
| Federal Agency Notes | $ 13,125,185 | 581 |
| TexPool | 12,030,919 | 51 |
| TexStar | 18,216,966 | 50 |
| Wells Fargo Business | 19,917,658 | 1 |
| CIP Funds | | |
| Federal Agency Notes | 37,589,940 | 498 |
| TexPool | 5,909,952 | 51 |
| TexStar | 165,841,055 | 50 |
| Wells Fargo Business | 3,005,387 | 1 |
| Other Funds | | |
| Federal Agency Notes | 46,844,501 | 605 |
| TexPool | 28,042,860 | 51 |
| TexStar | 5,064,115 | 50 |
| Wells Fargo Business | 7,012,569 | 1 |
| Total Primary Government | $362,601,107 | 183 |
| **Component Units** | | |
| Community Development | | |
| Federal Agency Notes | $ 14,875,630 | 370 |
| TexPool | 8,440,295 | 51 |
| TexStar | 4,774,940 | 50 |
| Economic Development | | |
| Federal Agency Notes | 7,888,880 | 491 |
| Certificates of Deposit | 6,010,921 | 243 |
| TexPool | 7,536,530 | 51 |
| TexStar | 26,729,827 | 50 |
| Total Component Units | $ 76,257,023 | 173 |
| Total Government | $438,858,130 | 182 |

*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, 2014, 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.

*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, 2014, for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

| Governmental | General | TIRZ #1 | Capital Projects | Debt Service Fund | Other Funds | Total |
|---|---|---|---|---|---|---|
| Property tax | $ 680,229 | $ - | $ - | $ 490,404 | $ - | $ 1,170,633 |
| Sales tax | 6,362,809 | - | - | - | - | 6,362,809 |
| Franchise tax | 4,162,836 | - | - | - | 151,259 | 4,314,095 |
| Occupancy tax | - | - | - | - | 339,954 | 339,954 |
| Mixed beverage | 181,339 | - | - | - | - | 181,339 |
| Accrued interest | 13,975 | - | 19,800 | - | 35,455 | 69,230 |
| Grants | - | - | - | - | 269,718 | 269,718 |
| Assessments | - | - | - | - | 2,219,103 | 2,219,103 |
| Other | 1,553,426 | 729,357 | 3,975,780 | 262,822 | 164,179 | 6,685,564 |
| Gross receivables | 12,954,614 | 729,357 | 3,995,580 | 753,226 | 3,179,668 | 21,612,445 |
| Less: allowance | (875,856) | (220,000) | - | (24,521) | - | (1,120,377) |
| Net receivables | $12,078,758 | $509,357 | $3,995,580 | $ 728,705 | $3,179,668 | $20,492,068 |

| Business-type Activities | Water and Sewer | Other Funds | Total |
|---|---|---|---|
| Utility Bills | $ 10,180,359 | $ - | $ 10,180,359 |
| Accrued interest | 49,942 | 894 | 50,836 |
| Other | 1,550,336 | 475,304 | 2,025,640 |
| Gross receivables | 11,780,637 | 476,198 | 12,256,835 |
| Less: allowance | (1,027,796) | - | (1,027,796) |
| Net receivables | $ 10,752,841 | $ 476,198 | $ 11,229,039 |

| Component Units | Community Development Corporation | Economic Development Corporation | Total |
|---|---|---|---|
| Sales taxes | $ 3,181,405 | $ 3,181,405 | $6,362,810 |
| Accrued interest | 16,283 | 11,856 | 28,139 |
| Other | 17,798 | 194,772 | 212,570 |
| Net receivables | $ 3,215,486 | $ 3,388,033 | $6,603,519 |

The Proprietary Fund accounts receivable includes unbilled charges for services rendered at September 30, 2014.

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. 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 receivable is reported in the fund financial statements of the City from each component unit equal to the face amount of the bonds outstanding. At September 30, 2014, the balance of the note receivable from the Frisco Community Development Corporation was $44,985,000 and the balance of the note receivable from the Frisco Economic Development Corporation was $2,435,000 for a total of $47,420,000.

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, 2016 and it will only be recognized at the government-wide level. As of September 30, 2014, the note had a balance of $300,000 and accrued interest of $154,530.

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, 2014 was $320,000.

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, 2014 was $104,000.

In December 2008 the Frisco Economic Development Corporation entered into a Performance Agreement and Promissory Note for $300,000 in property improvements. On December 29, 2011, the Note was extended to mature on January 31, 2013, with a 5% per annum interest rate. On March 20, 2013, the Note was extended to September 30, 2014. The balance at September 30, 2014 was $300,000.

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, 2014 was $345,000.

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, 2014 was $273,774.

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. The balance of the loan at September 30, 2014 was $500,000.

On December 21, 2012, the Frisco Economic Development Corporation entered into an Agreement and Promissory Note to provide $200,000 for infrastructure improvements. The Note bears an interest rate of 4% with final maturity on July 31, 2017. The balance of the loan was $156,191 at September 30, 2014.

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 $550,000 at September 30, 2014.

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, 2014.

## NOTE 6. CAPITAL ASSETS

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

| Governmental | Balance 9/30/2013 | Additions | Retirements/ Transfers/Other Deductions | Balance 9/30/2014 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 228,371,963 | $ 3,346,903 | $ (912,213) | $ 230,806,653 |
| Construction-in-progress | 61,569,701 | 50,474,963 | (11,601,284) | 100,443,380 |
| Total capital assets, not being depreciated | 289,941,664 | 53,821,866 | (12,513,497) | 331,250,033 |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | 49,522,012 | 4,261,477 | (1,034,707) | 52,748,782 |
| Buildings and improvements | 346,972,220 | 230,761 | - | 347,202,981 |
| Improvements other than buildings | 799,519,975 | 41,626,642 | - | 841,146,617 |
| Total capital assets being depreciated | 1,196,014,207 | 46,118,880 | (1,034,707) | 1,241,098,380 |
| Less accumulated depreciated: | | | | |
| Machinery and equipment | (29,946,200) | (4,579,614) | 1,014,444 | (33,511,370) |
| Buildings and improvements | (102,024,374) | (13,920,681) | - | (115,945,055) |
| Improvements other than buildings | (251,747,710) | (29,024,636) | - | (280,772,346) |
| Total accumulated depreciation | (383,718,284) | (47,524,931) | 1,014,444 | (430,228,771) |
| Total capital assets, being depreciated, net | 812,295,923 | (1,406,051) | (20,263) | 810,869,609 |
| Governmental activities capital assets, net | $1,102,237,587 | $ 52,415,815 | $ (12,533,760) | $1,142,119,642 |

| Business-type Activities | Balance 9/30/2013 | Additions | Retirements/ Transfers Other Deductions | Balance 9/30/2014 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 9,930,311 | $ 206,295 | $ - | $ 10,136,606 |
| Construction-in-progress | 21,311,934 | 19,845,254 | (1,843,012) | 39,314,176 |
| Total capital assets, not being depreciated | 31,242,245 | 20,051,549 | (1,843,012) | 49,450,782 |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | 6,343,568 | 1,205,818 | (352,940) | 7,196,446 |
| Buildings and improvements | 10,102,640 | - | - | 10,102,640 |
| Improvements other than buildings | 328,488,979 | 17,032,670 | - | 345,521,649 |
| Total capital assets being depreciated | 344,935,187 | 18,238,488 | (352,940) | 362,820,735 |
| Less accumulated depreciated: | | | | |
| Machinery and equipment | (4,217,223) | (578,215) | 330,287 | (4,465,151) |
| Buildings and improvements | (4,311,843) | (446,482) | - | (4,758,325) |
| Improvements other than buildings | (99,117,470) | (10,701,301) | - | (109,818,771) |
| Total accumulated depreciation | (107,646,536) | (11,725,998) | , 330,287 | (119,042,247) |
| Total capital assets, being depreciated, net | 237,288,651 | 6,512,490 | (22,653) | 243,778,488 |
| Business-type activities capital assets, net | $ 268,530,896 | $ 26,564,039 | $ (1,865,665) | $ 293,229,270 |

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

| | |
|---|---|
| **Governmental activities** | |
| General government | $ 6,182,364 |
| Public safety | 5,582,919 |
| Public works | 24,872,108 |
| Culture and recreation | 10,887,540 |
| Total depreciation expense governmental activities | $47,524,931 |
| | |
| **Business-type activities** | |
| Water & sewer | $11,613,813 |
| Stormwater drainage | 68,981 |
| Environmental services | 43,204 |
| Total depreciation expense business-type activities | $11,725,998 |

| Frisco Community Development Corporation | Balance 9/30/2013 | Additions | Retirements/ Transfers Other Deductions | Balance 9/30/2014 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $71,760,729 | $ 901,080 | $ - | $72,661,809 |
| Construction-in-progress | 19,460 | 15,283 | - | 34,743 |
| Total capital assets not being depreciated | 71,780,189 | 916,363 | - | 72,696,552 |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | 26,465 | - | - | 26,465 |
| Buildings and improvements | 8,368,414 | 573,110 | (8,850) | 8,932,674 |
| Improvements other than buildings | 18,584,658 | - | - | 18,584,658 |
| Total capital assets being depreciated | 26,979,537 | 573,110 | (8,850) | 27,543,797 |
| Less: accumulated depreciation | (17,031,906) | (1,697,098) | 2,414 | (18,726,590) |
| Total capital assets being depreciated, net | 9,947,631 | (1,123,988) | (6,436) | 8,817,207 |
| FCDC capital assets, net | $81,727,820 | $ (207,625) | $ (6,436) | $81,513,759 |

| Frisco Economic Development Corporation | Balance 9/30/2013 | Additions | Retirements/ Transfers Other Deductions | Balance 9/30/2014 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $19,922,109 | $ - | $ (2,641,793) | $17,280,316 |
| Total capital assets not being depreciated | 19,922,109 | - | (2,641,793) | 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 | (1,574,164) | (502,406) | - | (2,076,570) |
| Total capital assets, being depreciated, net | 8,904,632 | (502,406) | - | 8,438,226 |
| FEDC capital assets, net | $28,862,741 | $ (502,406) | $ (2,641,793) | $25,718,542 |

In addition to construction in progress, the City had commitments or binding contracts as of September 30, 2014. The construction commitments or binding contracts totaled $104,097,220 for the governmental capital projects fund; and $10,400,928 for the business-type activities capital projects fund. Major funds also had outstanding commitments totaling $1,957,183.

| | |
|---|---|
| **Governmental activities** | |
| General fund | $ 1,456,032 |
| Capital projects fund | 104,097,220 |
| Total outstanding commitments | $105,553,252 |
| | |
| **Business-type activities** | |
| Utility fund | $ 501,151 |
| Utility fund construction | 10,400,928 |
| Total outstanding commitments | $10,902,079 |

## NOTE 7. NOTES PAYABLE

The following schedule summarizes notes payable as of September 30, 2014:

| Frisco Community Development Corporation | Balance 9/30/2013 | Additions | Deletions | Balance 9/30/2014 |
|---|---|---|---|---|
| Note payable to City | $48,519,500 | $ 2,485,000 | $6,019,500 | $44,985,000 |
| Note payable to bank | 15,000,000 | - | 1,500,000 | 13,500,000 |
| Premium | 4,248,816 | 355,817 | 685,988 | 3,918,645 |
| Discount | (92,773) | - | (5,932) | (86,841) |
| Total | $ 67,675,543 | $ 2,840,817 | $8,199,556 | $62,316,804 |

| Frisco Economic Development Corporation | Balance 9/30/2013 | Additions | Deletions | Balance 9/30/2014 |
|---|---|---|---|---|
| Note payable to City | $ 2,715,000 | $ - | $ 280,000 | $ 2,435,000 |
| Note payable to bank | 11,915,518 | $ - | 170,000 | 11,745,518 |
| Premium | 42,975 | - | 11,733 | 31,242 |
| Total | $ 14,673,493 | $ - | $ 461,733 | $14,211,760 |

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, 2014, the balance of the note payable to the City from the Community Development Corporation was $48,816,804. This includes $44,985,000 in the note balance, $3,918,645 of premium and $86,841 of discount. The balance of the note payable to the City from the Economic Development Corporation was $2,466,242. This includes $2,435,000 in the note balance and $31,242 of net premium. At September 30, 2014, the total notes payable to the City from the component units was $51,283,046.

## 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 .95% - 7.375%. The City is in compliance with related bond covenants.

In July 2014, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation Bonds, taxable Series 2014A, in the amount of $90,000,000. Proceeds of the Taxable Certificates are expected to be used for (i) construction, installing, acquiring and equipping a multi-use special events and sports facility, including adjoining athletic fields and related parking, landscaping and street, water, sewer and drainage infrastructure; (ii) constructing, reconstructing and improving streets and roads, including related sidewalks, drainage, utility relocation, signalization, landscaping, lighting and signage; (iii) constructing, installing, acquiring

and equipping additions, extensions and improvements to the City's waterworks and sewer system; (iv) constructing and installing municipal drainage improvements; (v) acquisition of land and interests in land necessary for such projects; and (vi) to pay the costs associated with the issuance of the Taxable Certificates.

In July 2014, the Frisco Economic Development Corporation issued Sales Tax Revenue Bonds, Taxable Series 2014, in the amount of $25,000,000. Proceeds from the sale of the Bonds will be used to (i) acquire and construct land, buildings, equipment, facilities and improvements for a national corporate headquarters facilities; (ii) make a deposit to the Debt Service Reserve Fund for the Bonds; and (iii) to pay the costs of issuance of the Bonds.

In August 2014, the City issued General Obligation Refunding and Improvement Bonds, Series 2014, in the amount of $40,405,000 with a net premium of $4,797,947. Proceeds from the sale of the bonds of $20,495,000 were used to advance refund a portion of the City's outstanding debt, including $2,445,000 in Combination Tax and Revenue Certificates of Obligation, Series 2004; $2,025,000 in General Obligation Refunding and improvement Bonds, Series 2004; $1,360,000 in Combination Tax and Revenue Certificates of Obligation, Series 2005; $3,215,000 in General Obligation Refunding and Improvement Bonds, Series 2005; $5,215,000 in Combination Tax and Revenue Certificates of Obligation, Series 2006; and $7,525,000 in General Obligation Bonds, Series 2006.

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 2015 through February 2024. The advance refunding was undertaken to reduce total debt service payments by $1,822,704 and resulted in an economic gain of $1,703,104. An accounting loss of $1,066,284 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, 2014, the amount of the defeased debt outstanding, but removed from long-term debt was $21,785,000.

Proceeds from the sale of the $19,910,000 Improvement Bonds are expected to be used for constructing and improving streets, bridges and intersections; constructing, improving and equipping municipal parks, hike and bike trails, including land purchases for municipal parks; and paying the costs associated with the issuance of the Bonds.

In August 2014, the City issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014, in the amount of $13,810,000 with a net premium of $1,363,095. Proceeds from the sale of the Certificates will be used for constructing, installing, acquiring and equipping additions, extensions and improvements to the City's waterworks and sewer system and the acquisition of land and interests in land for such projects; and paying for the costs of issuance of the Certificates.

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

| Governmental Activities | Balance 9/30/2013 | Increases | Decreases | Balance 9/30/2014 | Amounts due within one year |
|---|---|---|---|---|---|
| Compensated absences | $ 7,424,714 | $ 5,787,409 | $ 5,286,082 | $ 7,926,041 | $ 4,662,715 |
| General obligation bonds | 103,501,347 | - | 21,126,347 | 82,375,000 | 8,355,000 |
| General obligation – refunding bonds | 257,503,598 | 34,505,000 | 15,715,783 | 276,292,815 | 19,155,060 |
| Certificates of obligation | 97,649,500 | 90,000,000 | 8,579,500 | 179,070,000 | 4,359,500 |
| Premiums | 27,462,465 | 4,188,077 | 5,008,250 | 26,642,292 | 4,997,299 |
| Discounts | (397,456) | (127,160) | ( 25,877) | (498,739) | (32,465) |
| Total governmental activities | $ 493,144,168 | $ 134,353,326 | $ 55,690,085 | $571,807,409 | $41,497,109 |

| Business-type Activities | Balance 9/30/2013 | Increases | Decreases | Balance 9/30/2014 | Amounts due within one year |
|---|---|---|---|---|---|
| Compensated absences | $ 1,031,368 | $ 786,215 | $ 685,471 | $ 1,132,112 | $ 743,902 |
| General obligation – refunding bonds | 47,195,000 | 5,900,000 | 2,705,000 | 50,390,000 | 3,475,000 |
| Certificates of obligation | 72,425,500 | 13,810,000 | 11,280,500 | 74,955,000 | 5,065,500 |
| General obligation refunding bonds Frisco MUD#1 | 300,055 | - | 177,870 | 122,185 | 94,940 |
| Premiums | 7,081,682 | 2,200,522 | 1,178,268 | 8,103,936 | 1,390,139 |
| Discounts | (143,559) | (100,397) | (9,770) | (234,186) | (14,494) |
| Total business-type activities | 127,890,046 | 22,596,340 | 16,017,339 | 134,469,047 | 10,754,987 |
| Total primary government | $ 621,034,214 | $ 156,949,666 | $ 71,707,424 | $706,276,456 | $52,252,096 |

| Component Units | Balance 9/30/2013 | Increases | Decreases | Balance 9/30/2014 | Amounts due within one year |
|---|---|---|---|---|---|
| Compensated absences | $ 115,991 | $ 68,239 | $ 79,005 | $ 105,225 | $ 68,511 |
| Sales tax revenue bonds | 64,550,000 | 25,000,000 | 2,590,000 | 86,960,000 | 3,560,000 |
| Notes payable – bank | 26,915,518 | - | 1,670,000 | 25,245,518 | 11,745,518 |
| Notes payable – City | 51,234,500 | 2,485,000 | 6,299,500 | 47,420,000 | 3,594,500 |
| Premiums | 4,572,093 | 355,818 | 786,061 | 4,141,850 | 775,283 |
| Discounts | (108,670) | - | (7,953) | (100,717) | (8,677) |
| Total component units | $147,279,432 | $ 27,909,057 | $ 11,416,613 | $163,771,876 | $19,735,135 |

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental activities for the years subsequent to September 30, 2014, are as follows:

| Fiscal Year Ending September 30 | Principal Requirements | Interest Requirements | Total Requirements |
|---|---|---|---|
| 2015 | $ 31,869,560 | $ 23,146,947 | $ 55,016,507 |
| 2016 | 32,954,500 | 21,909,402 | 54,863,902 |
| 2017 | 36,504,910 | 20,357,366 | 56,862,276 |
| 2018 | 37,638,845 | 18,767,680 | 56,406,525 |
| 2019 | 38,735,000 | 17,110,963 | 55,845,963 |
| 2020-2024 | 191,180,000 | 59,076,906 | 250,256,906 |
| 2025-2029 | 88,220,000 | 25,886,903 | 114,106,903 |
| 2030-2034 | 57,650,000 | 10,673,929 | 68,323,929 |
| 2035-2038 | 22,985,000 | 1,961,394 | 24,946,394 |
| Total | 537,737,815 | 198,891,490 | 736,629,305 |
| Plus: Unamortized bond premium | 26,642,292 | - | 26,642,292 |
| Less: Unamortized bond discount | (498,739) | - | (498,739) |
| Net debt service requirements | $563,881,368 | $198,891,490 | $762,772,858 |

Debt service requirements of the general obligation bonds and certificates of obligation for the business-type activities for the years subsequent to September 30, 2014, are as follows:

| Fiscal Year Ending September 30 | Principal Requirements | Interest Requirements | Total Requirements |
|---|---|---|---|
| 2015 | $ 8,635,440 | $ 5,430,065 | $ 14,065,505 |
| 2016 | 8,850,500 | 5,126,584 | 13,977,084 |
| 2017 | 8,525,090 | 4,735,174 | 13,260,264 |
| 2018 | 8,741,155 | 4,354,317 | 13,095,472 |
| 2019 | 9,095,000 | 3,961,664 | 13,056,664 |
| 2030-2024 | 45,985,000 | 13,362,513 | 59,347,513 |
| 2025-2029 | 24,410,000 | 4,355,250 | 28,765,250 |
| 2030-2034 | 11,225,000 | 997,488 | 12,222,488 |
| Total | 125,467,185 | 42,323,055 | 167,790,240 |
| Plus: Unamortized bond premium | 8,103,936 | - | 8,103,936 |
| Less: Unamortized bond discount | (234,186) | - | (234,186) |
| Net debt service requirements | $133,336,935 | $ 42,323,055 | $175,659,990 |

Debt service requirements of the revenue bonds and notes payable for the Community Development Corporation component unit for the years subsequent to September 30, 2014, are as follows:

| Fiscal Year Ending September 30 | Principal Requirements | Interest Requirements | Total Requirements |
|---|---|---|---|
| 2015 | $ 4,404,500 | $ 3,032,794 | $ 7,437,294 |
| 2016 | 6,000,500 | 2,855,844 | 8,856,344 |
| 2017 | 6,045,000 | 2,654,132 | 8,699,132 |
| 2018 | 15,170,000 | 2,267,482 | 17,437,482 |
| 2019 | 4,825,000 | 2,025,739 | 6,850,739 |
| 2020-2024 | 23,935,000 | 7,270,407 | 31,205,407 |
| 2025-2029 | 14,100,000 | 3,209,567 | 17,309,567 |
| 2030-2034 | 9,465,000 | 681,089 | 10,146,089 |
| Total | 83,945,000 | 23,997,054 | 107,942,054 |
| Plus: Unamortized bond premium | 4,011,868 | - | 4,011,868 |
| Less: Unamortized bond discount | (86,841) | - | (86,841) |
| Net debt service requirements | $ 87,870,027 | $ 23,997,054 | $111,867,081 |

Debt service requirements of the revenue bonds and notes payable for the Economic Development Corporation component unit for the years subsequent to September 30, 2014, are as follows:

| Fiscal Year Ending September 30 | Principal Requirements | Interest Requirements | Total Requirements |
|---|---|---|---|
| 2015 | $ 14,495,518 | $ 2,843,216 | $ 17,338,734 |
| 2016 | 2,815,000 | 2,231,191 | 5,046,191 |
| 2017 | 2,895,000 | 2,160,566 | 5,055,566 |
| 2018 | 2,990,000 | 2,082,956 | 5,072,956 |
| 2019 | 3,090,000 | 1,997,620 | 5,087,620 |
| 2020-2024 | 15,930,000 | 8,403,859 | 24,333,859 |
| 2025-2029 | 18,565,000 | 5,172,403 | 23,737,403 |
| 2030-2034 | 14,900,000 | 1,265,278 | 16,165,278 |
| Total | 75,680,518 | 26,157,089 | 101,837,607 |
| Plus: Unamortized bond premium | 129,982 | - | 129,982 |
| Less: Unamortized bond discount | (13,876) | - | (13,876) |
| Net debt service requirements | $ 75,796,624 | $ 26,157,089 | $ 101,953,713 |

## 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 2014 fiscal year.

Each sales tax grant is available for a period of ten years, beginning on the dates the certificates of occupancy were received. The City will pay one-half of one percent (0.5%) of retail sales taxes collected by the City on retail sales generated by the Anchor stores or major retailers to the developers on a quarterly basis. Therefore, the installment payments are dependent on sales tax collections and there are no fixed repayment amounts with these grants. The City paid $14,707 during the current year for this sales tax grant.

Another sales tax grant agreement with a retail developer is 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 $619,247 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 $208,558 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 $253,190 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 $2,630,064 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 $1,758,939 during the current 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 $1,905 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. The City paid $27,145 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.

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. 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, 2014, the City rebated a total of $134,707 for the property tax increment payment for 2013. The cumulative amount rebated through September 30, 2014 was $654,551.

## 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. RETIREMENT SYSTEM

**Plan Description**

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained on TMRS' website at www.TMRS.com.

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 accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. 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.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

| | Plan Year 2013 | Plan Year 2014 |
|---|---|---|
| Employee deposit rate | 7% | 7% |
| Matching ratio (city to employee) | 2 to 1 | 2 to 1 |
| Years required for vesting | 5 | 5 |
| Service retirement eligibility (expressed as age/years of service) | 60/5, 0/20 | 60/5, 0/20 |
| Updated Service Credit | 100% Repeating, Transfers | 100% Repeating, Transfers |
| Annuity Increase (to retirees) | 70% of CPI Repeating | 70% of CPI Repeating |

**Contributions:**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

**Annual Pension Cost**

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).

For the year ended September 30, 2014, the City's actual fiscal year pension cost of $7,901,687 (or 13.48%) of the covered payroll of $58,618,628 for TMRS was equal to the City's required and actual contributions. The required contribution for fiscal year 2014 was determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

| *Valuation Date* | *12/31/2011* | *12/31/2012* | *12/31/2013* |
|---|---|---|---|
| *Actuarial Cost Method* | *Projected Unit Credit* | *Projected Unit Credit* | *Entry Age Normal* |
| *Amortization Method* | *Level Percent of Payroll* | *Level Percent of Payroll* | *Level Percent of Payroll* |
| *GASB 25 Equivalent Single Amortization Period* | *26.3 years; closed period* | *25.3 years; closed period* | *30.0 years; closed period* |
| *Amortization Period for New Gains/Loses* | *30 years* | *30 years* | *30 years* |
| *Asset Valuation Method* | *10 year Smoothed market* | *10-year Smoothed market* | *10-year Smoothed market* |
| *Actuarial Assumptions:* | | | |
| *Investment Rate of Return** | *7.0%* | *7.0%* | *7.0%* |
| *Projected Salary Increases** | *Varies by age and service* | *Varies by age and service* | *Varies by age and service* |
| **Includes Inflation at* | *3.00%* | *3.00%* | *3.00%* |
| *Cost-of-Living Adjustments* | *2.1%* | *2.1%* | *2.1%* |

The annual pension cost and net pension obligation are as follows:

**Annual Pension Costs**

| | |
|---|---|
| Annual Required Contribution (ARC) | $ 7,901,687 |
| Annual Pension Cost (APC) | 7,901,687 |
| Contributions Made | (7,901,687) |
| Increase (decrease) in net pension obligation | - |
| Net Pension Obligation, beginning of year | - |
| Net Pension Obligation, end of year | $ - |

**Three-Year Trend Information for TMRS**

| Fiscal Year Funding | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 9/30/12 | $ 6,548,469 | 100% | $0 |
| 9/30/13 | $ 7,255,671 | 100% | $0 |
| 9/30/14 | $ 7,901,687 | 100% | $0 |

Funding Status and Funding Progress:

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement

mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial costs method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

| *Actuarial Valuation Date* | *Actuarial Value of Assets* | *Actuarial Accrued Liability (AAL)* | *Funded Ratio* | *Unfunded AAL (UAAL)* | *Covered Payroll* | *UAAL as a Percentage of Covered Payroll* |
|---|---|---|---|---|---|---|
| | *(1)* | *(2)* | *(3)* | *(4)* | *(5)* | *(6)* |
| | | | *(1) / (2)* | *(2) – (1)* | | *(4) / (5)* |
| *12/31/2013* | *$114,897,768* | *$151,337,748* | *75.9 %* | *$36,439,980* | *$55,259,849* | *65.9 %* |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

## NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide overage 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 risks have not exceeded insurance coverage for the past three years.

During FY 2014, the City participated in a modified self-insurance program for Employee Benefits. Group medical benefits were administered by a third party insurance provider. The City offers two PPO plans with payroll deductions set aside to cover the monthly claims. The annually negotiated stop loss provision for 2014 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, 2014 totaled $1,388,400. Changes in the liability amount were:

| 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 |

## NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

All interfund receivables and payables are considered short-term and, at September 30, 2014, consisted of the following:

| Due To | Due From Non-major Governmental | Total |
|---|---|---|
| General Fund | $ 177,083 | $ 177,083 |
| Total | $ 177,083 | $ 177,083 |

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.

| | Transfer from | | | | | |
|---|---|---|---|---|---|---|
| Transfer to | General Fund | TIRZ #1 | Capital Projects | Non-major Governmental | Non-major Proprietary | Total |
| General Fund | $ - | $ 607,035 | $ 44,670 | $ 108,000 | $ 573,076 | $ 1,332,781 |
| TIRZ #1 | - | - | - | 1,477,925 | - | 1,477,925 |
| Capital projects | 514,290 | 212,800 | - | 1,943,503 | - | 2,670,593 |
| Debt service | - | 16,207,287 | - | 1,705,292 | - | 17,912,579 |
| Non-major governmental | 1,098,691 | - | | - | - | 1,098,691 |
| Utility Fund | - | - | - | - | 217,736 | 217,736 |
| Non-major proprietary | - | - | - | - | 83,356 | 83,356 |
| Total | $ 1,612,981 | $17,027,122 | $ 44,670 | $5,234,720 | $ 874,168 | $24,793,661 |

| Transfer from fund | Transfer to fund | Amount |
|---|---|---|
| **General Fund:** | | |
| Grants matching funds | Non-Major Governmental Funds – Grants | $ 98,691 |
| Capital outlay | Capital Projects | 514,290 |
| Capital reserve | Non-Major Governmental Funds – Capital Reserve | 1,000,000 |
| **TIRZ #1 Fund:** | | |
| Operating lease funding – garages | General Fund | 607,035 |
| Debt service funding requirements | Debt Service | 16,207,287 |
| Sports Arena/Sports Village | Capital Projects | 212,800 |
| **Capital Projects Fund**: | | |
| Operating capital for SAFER | General Fund | 44,670 |
| **Non-major governmental funds:** | | |
| Debt service funding requirements | TIRZ #1 | 1,477,925 |
| Debt service funding requirements | Debt Service | 1,705,292 |
| Court warrant officer funding | General Fund | 108,000 |
| Capital outlay | Capital Projects | 1,943,503 |
| **Proprietary funds:** | | |
| G&A for Environmental Services Fund | General Fund | 473,076 |
| G&A for Stormwater Drainage Fund | Utility Fund | 217,736 |
| Capital equipment funding | Environmental Services Fund | 83,356 |
| G&A for Stormwater Drainage Fund | General Fund | 100,000 |
| **Total** | | $ 24,793,661 |

## NOTE 14. OPERATING LEASE COMMITMENTS

The City entered into rental agreements in excess of one year during prior fiscal years. During fiscal year 2014, the City entered into additional agreements in excess of one year. The following commitments remain:

| FY | At September 30 |
|---|---|
| 2015 | $ 146,669 |
| 2016 | $ 142,827 |
| 2017 | $ 125,412 |

Rent paid under operating leases was approximately $155,671 for the year ended September 30, 2014.

## 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. The outstanding principal of the revenue bonds at September 30, 2014 is $41,520,000. The City of Frisco has guaranteed the payment of the bond principal and interest, and certain related administrative cost. The City of Frisco is in compliance with this agreement at September 30, 2014.

## 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 a 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.

# REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FRISCO**
**Schedule of Funding Progress**
**Texas Municipal Retirement System**
**Required Supplementary Information**
**(In Thousands of Dollars)**
**(Unaudited)**

| Fiscal Year | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (c) (b) - (a) | Funded Ratio (a)/(b) |
|---|---|---|---|---|---|
| 2005 | 12/31/2004 | $ 18,599 | $ 24,508 | $ 5,909 | 75.9% |
| 2006 | 12/31/2005 | 23,723 | 30,823 | 7,100 | 77.0% |
| 2007 | 12/31/2006 | 29,466 | 38,253 | 8,787 | 77.0% |
| 2008 | 12/31/2007 | 36,863 | 58,136 | 21,273 | 63.4% |
| 2009 | 12/31/2008 | 45,052 | 69,433 | 24,381 | 64.9% |
| 2010 | 12/31/2009 | 54,167 | 80,539 | 26,372 | 67.3% |
| (1) 2011 | 12/31/2010 | 69,547 | 100,524 | 30,977 | 69.2% |
| (2) 2012 | 12/31/2011 | 82,772 | 113,678 | 30,906 | 72.8% |
| (2) 2013 | 12/31/2012 | 97,849 | 126,689 | 28,840 | 77.2% |
| (2) 2014 | 12/31/2013 | 114,898 | 151,338 | 36,440 | 75.9% |

(1) Actuarial valuation performed under the new fund structure.
(2) Information is as of actuarial valuation date.

| Covered Payroll (d) | UAAL as a Percentage of Covered Payroll (c/d) | Annual Required Contributions | Actual Contributions | Percent Contributed |
|---|---|---|---|---|
| $ 26,760 | 22.1% | $ 2,578 | $ 2,578 | 100% |
| 29,079 | 24.4% | 3,083 | 3,083 | 100% |
| 33,553 | 26.2% | 3,536 | 3,536 | 100% |
| 44,156 | 48.2% | 4,300 | 4,300 | 100% |
| 47,557 | 51.3% | 4,718 | 4,718 | 100% |
| 47,732 | 55.3% | 5,084 | 5,084 | 100% |
| 48,753 | 63.5% | 5,925 | 5,925 | 100% |
| 50,514 | 61.2% | 6,548 | 6,548 | 100% |
| 52,497 | 54.9% | 7,256 | 7,256 | 100% |
| 55,260 | 65.9% | 7,902 | 7,902 | 100% |

FRISCO

PROGRESS IN MOTION

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

FRISCO

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, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Intergovernmental | $ - | $ 32,286,136 | $ 8,800,652 | $ - | $ 8,800,652 | $ (23,485,484) |
| Investment earnings | - | 70,000 | 64,240 | - | 64,240 | (5,760) |
| Contributions, donations & grants | 7,988,000 | 4,946,054 | 2,279,453 | - | 2,279,453 | (2,666,601) |
| Payments from component units | 16,250,000 | 16,895,960 | 4,897,625 | - | 4,897,625 | (11,998,335) |
| Total revenues | 24,238,000 | 54,198,150 | 16,041,970 | - | 16,041,970 | (38,156,180) |
| **EXPENDITURES:** | | | | | | |
| Capital outlay | 147,245,174 | 229,757,261 | 57,052,771 | 60,095,196 | 117,147,967 | 112,609,294 |
| Debt service | - | - | 1,006,827 | - | 1,006,827 | (1,006,827) |
| Total expenditures | 147,245,174 | 229,757,261 | 58,059,598 | 60,095,196 | 118,154,794 | 111,602,467 |
| Deficiency of revenues under expenditures | (123,007,174) | (175,559,111) | (42,017,628) | 60,095,196 | (102,112,824) | 73,446,287 |
| **OTHER FINANCING SOURCES (USES):** | | | | | | |
| Issuance of debt | 122,500,000 | 112,000,000 | 109,910,000 | - | 109,910,000 | (2,090,000) |
| Premium on bonds issued | - | - | 2,300,511 | - | 2,300,511 | 2,300,511 |
| Transfers in | 1,158,140 | 4,925,904 | 2,670,593 | - | 2,670,593 | (2,255,311) |
| Transfers out | (44,670) | (44,670) | (44,670) | - | (44,670) | - |
| Total other financing sources (uses) | 123,613,470 | 116,881,234 | 114,836,434 | - | 114,836,434 | (2,044,800) |
| Net change in fund balances | 606,296 | (58,677,877) | 72,818,806 | (60,095,196) | 12,723,610 | 71,401,487 |
| Fund balances, October 1 | 1,210,332 | 60,754,446 | 60,754,446 | (44,002,024) | 16,752,422 | (44,002,024) |
| Fund balances, September 30 | $ 1,816,628 | $ 2,076,569 | $ 133,573,252 | $ (104,097,220) | $ 29,476,032 | $ 27,399,463 |

**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, 2014**

| | Net Change in Fund Balances |
|---|---|
| GAAP basis | $ 72,818,806 |
| Expenditures: | |
| Increase due to encumbrances from prior year | 44,002,024 |
| Decrease due to encumbrances from current year | (104,097,220) |
| Budgetary basis | $ 12,723,610 |

**Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Taxes: | | | | | | |
| Property | $ 26,777,386 | $ 27,004,038 | $ 27,343,946 | $ - | $ 27,343,946 | $ 339,908 |
| Investment earnings | 20,000 | 3,500 | 3,454 | - | 3,454 | (46) |
| Payment from component units | 5,668,760 | 5,698,256 | 5,776,906 | - | 5,776,906 | 78,650 |
| Total revenues | 32,466,146 | 32,705,794 | 33,124,306 | - | 33,124,306 | 418,512 |
| **EXPENDITURES:** | | | | | | |
| Debt service | 50,735,170 | 50,831,196 | 50,905,091 | - | 50,905,091 | (73,895) |
| Total expenditures | 50,735,170 | 50,831,196 | 50,905,091 | - | 50,905,091 | (73,895) |
| Deficiency of revenues under expenditures | (18,269,024) | (18,125,402) | (17,780,785) | - | (17,780,785) | 344,617 |
| **OTHER FINANCING SOURCES (USES):** | | | | | | |
| Refunding bonds issued | - | 13,514,588 | 14,595,000 | - | 14,595,000 | 1,080,412 |
| Premium on bonds issued | - | - | 1,887,566 | - | 1,887,566 | 1,887,566 |
| Discount on bonds issued | - | - | (127,160) | - | (127,160) | (127,160) |
| Payment to refunded debt escrow agent | - | (13,405,628) | (16,223,139) | - | (16,223,139) | (2,817,511) |
| Transfers in | 17,910,904 | 17,912,579 | 17,912,579 | - | 17,912,579 | - |
| Total other financing sources (uses) | 17,910,904 | 18,021,539 | 18,044,846 | - | 18,044,846 | 23,307 |
| Net change in fund balances | (358,120) | (103,863) | 264,061 | - | 264,061 | 367,924 |
| Fund balances, October 1 | 4,541,502 | 4,150,522 | 4,150,522 | - | 4,150,522 | - |
| Fund balances, September 30 | $ 4,183,382 | $ 4,046,659 | $ 4,414,583 | $ - | $ 4,414,583 | $ 367,924 |

FRISCO

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, 2014**

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | **Hotel/Motel Tax** | **Panther Creek PID** | **Superdrome** | **Grants** | **CDBG** |
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 844,435 | $ 95,724 | $ 165,769 | $ - | $ - |
| Investments | - | - | 1,497,900 | - | - |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Franchise tax | - | - | - | - | - |
| Occupancy tax | 339,954 | - | - | - | - |
| Assessments | - | 2,219,103 | | - | - |
| Grants | - | - | - | 260,487 | 9,231 |
| Other | 164,178 | - | 911 | - | - |
| Prepaids | 50,168 | - | - | - | - |
| Total assets | $ 1,398,735 | $ 2,314,827 | $ 1,664,580 | $ 260,487 | $ 9,231 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 82,386 | $ - | $ - | $ 88,686 | $ 3,949 |
| Accrued liabilities | 23,120 | - | - | - | - |
| Unearned revenue | - | 2,219,103 | - | - | - |
| Monies held in escrow | - | - | - | - | - |
| Due to other funds | - | - | - | 171,801 | 5,282 |
| Total liabilities | 105,506 | 2,219,103 | - | 260,487 | 9,231 |
| Fund balances: | | | | | |
| Unspendable | 50,168 | - | - | - | - |
| Restricted | 1,243,061 | 95,724 | 1,664,580 | - | - |
| Committed | - | - | - | - | - |
| Total fund balances | 1,293,229 | 95,724 | 1,664,580 | - | - |
| Total liabilities and fund balances | $ 1,398,735 | $ 2,314,827 | $ 1,664,580 | $ 260,487 | $ 9,231 |

| | | | | Capital Projects | | |
|---|---|---|---|---|---|---|
| Traffic Safety | Frisco Square MMD | Court Fees | PEG Cable | Capital Reserve | Impact Fees | Total Non-major Governmental Funds |
| $ 309,609 | $ - | $ 477,703 | $ 169,362 | $ 1,150,556 | $ 10,465,814 | $ 13,678,972 |
| - | - | - | 500,350 | 2,992,899 | 23,932,300 | 28,923,449 |
| - | - | - | 151,259 | - | - | 151,259 |
| - | - | - | - | - | - | 339,954 |
| - | - | - | - | - | - | 2,219,103 |
| - | - | - | - | - | - | 269,718 |
| - | - | - | 372 | 1,944 | 32,229 | 199,634 |
| 1,150 | - | - | - | - | - | 51,318 |
| $ 310,759 | $ - | $ 477,703 | $ 821,343 | $ 4,145,399 | $ 34,430,343 | $ 45,833,407 |
| $ 126,335 | $ - | $ 16,165 | $ 8,020 | $ - | $ - | $ 325,541 |
| - | - | - | - | - | - | 23,120 |
| - | - | - | - | - | - | 2,219,103 |
| - | - | - | - | - | 2,229,180 | 2,229,180 |
| - | . | - | - | - | - | 177,083 |
| 126,335 | - | 16,165 | 8,020 | - | 2,229,180 | 4,974,027 |
| 1,150 | - | - | - | - | - | 51,318 |
| 183,274 | - | 461,538 | 813,323 | - | 32,201,163 | 36,662,663 |
| - | - | - | - | 4,145,399 | - | 4,145,399 |
| 184,424 | - | 461,538 | 813,323 | 4,145,399 | 32,201,163 | 40,859,380 |
| $ 310,759 | $ - | $ 477,703 | $ 821,343 | $ 4,145,399 | $ 34,430,343 | $ 45,833,407 |

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Non-major Governmental Funds**
**For the year ended September 30, 2014**

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | Hotel/Motel Tax | Panther Creek PID | Superdrome | Grants | CDBG |
| **REVENUES:** | | | | | |
| Franchise tax | $ - | $ - | $ - | $ - | $ - |
| Hotel/motel tax | 3,887,482 | - | - | - | - |
| Special assessments | - | 150,215 | - | - | - |
| Fines | - | - | - | - | - |
| Intergovernmental | 257,182 | - | - | - | - |
| Charges for services | 7,489 | - | - | - | - |
| Contributions, donations & grants | 359,444 | - | - | 561,386 | 313,045 |
| Investment earnings | 254 | 63,647 | 933 | - | - |
| Miscellaneous | 20,710 | - | - | - | 23,893 |
| Total revenues | 4,532,561 | 213,862 | 933 | 561,386 | 336,938 |
| **EXPENDITURES:** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | 336,938 |
| Public safety | - | - | - | 431,446 | - |
| Public works | - | - | - | 26,685 | - |
| Culture and recreation | 2,591,473 | - | 80,004 | - | - |
| Capital outlay | 29,952 | - | - | 193,926 | - |
| Total expenditures | 2,621,425 | - | 80,004 | 652,057 | 336,938 |
| Excess (deficiency) of revenues over (under) expenditures | 1,911,136 | 213,862 | (79,071) | (90,671) | - |
| **OTHER FINANCING SOURCES (USES):** | | | | | |
| Transfers in | - | - | - | 98,691 | - |
| Transfers out | (1,577,925) | (215,000) | - | (8,020) | - |
| Total other financing sources (uses) | (1,577,925) | (215,000) | - | 90,671 | - |
| Net change in fund balances | 333,211 | (1,138) | (79,071) | - | - |
| Fund balances, beginning | 960,018 | 96,862 | 1,743,651 | - | - |
| Fund balances, ending | $ 1,293,229 | $ 95,724 | $ 1,664,580 | $ - | $ - |

| | | | | Capital Projects | | |
|---|---|---|---|---|---|---|
| Traffic Control | Frisco Square MMD | Court Fees | PEG Cable | Capital Reserve | Impact Fees | Total Non-major Governmental Funds |
| $ - | $ - | $ - | $ 363,157 | $ - | $ - | $ 363,157 |
| - | - | - | - | - | - | 3,887,482 |
| - | - | - | - | - | 9,427,301 | 9,577,516 |
| 349,222 | - | 204,481 | - | - | - | 553,703 |
| - | - | - | - | - | - | 257,182 |
| - | - | - | - | - | - | 7,489 |
| - | 490,292 | - | - | - | - | 1,724,167 |
| 92 | - | 1,091 | 1,975 | 5,908 | 28,926 | 102,826 |
| - | - | - | - | - | - | 44,603 |
| 349,314 | 490,292 | 205,572 | 365,132 | 5,908 | 9,456,227 | 16,518,125 |
| - | - | 119,134 | 41,384 | | - | 497,456 |
| 283,944 | - | - | - | - | - | 715,390 |
| 38,640 | - | - | - | - | - | 65,325 |
| - | - | - | - | - | - | 2,671,477 |
| - | - | - | 333,766 | - | - | 557,644 |
| 322,584 | - | 119,134 | 375,150 | - | - | 4,507,292 |
| 26,730 | 490,292 | 86,438 | (10,018) | 5,908 | 9,456,227 | 12,010,833 |
| - | - | - | - | 1,000,000 | - | 1,098,691 |
| - | (490,292) | (108,000) | - | (210,000) | (2,625,483) | (5,234,720) |
| - | (490,292) | (108,000) | - | 790,000 | (2,625,483) | (4,136,029) |
| 26,730 | - | (21,562) | (10,018) | 795,908 | 6,830,744 | 7,874,804 |
| 157,694 | - | 483,100 | 823,341 | 3,349,491 | 25,370,419 | 32,984,576 |
| $ 184,424 | $ - | $ 461,538 | $ 813,323 | $ 4,145,399 | $32,201,163 | $ 40,859,380 |

**Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Taxes: | | | | | | |
| Hotel/motel tax | $ 3,468,522 | $ 3,791,954 | $ 3,887,482 | $ - | $ 3,887,482 | $ 95,528 |
| Intergovernmental | - | - | 257,182 | - | 257,182 | 257,182 |
| Charges for service | 1,000 | 7,489 | 7,489 | - | 7,489 | - |
| Contributions | 418,500 | 424,500 | 359,444 | - | 359,444 | (65,056) |
| Investment earnings | 1,000 | 300 | 254 | - | 254 | (46) |
| Miscellaneous | - | 592 | 20,710 | - | 20,710 | 20,118 |
| Total revenues | 3,889,022 | 4,224,835 | 4,532,561 | - | 4,532,561 | 307,726 |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| Culture and recreation | 2,428,199 | 2,481,721 | 2,591,473 | - | 2,591,473 | (109,752) |
| Capital Outlay | - | 28,000 | 29,952 | - | 29,952 | (1,952) |
| Total expenditures | 2,428,199 | 2,509,721 | 2,621,425 | - | 2,621,425 | (111,704) |
| Excess of revenues over expenditures | 1,460,823 | 1,715,114 | 1,911,136 | - | 1,911,136 | 196,022 |
| **OTHER FINANCING USES:** | | | | | | |
| Transfers out | (1,477,925) | (1,577,925) | (1,577,925) | - | (1,577,925) | - |
| Total other financing sources (uses) | (1,477,925) | (1,577,925) | (1,577,925) | - | (1,577,925) | - |
| Net change in fund balances | (17,102) | 137,189 | 333,211 | - | 333,211 | 196,022 |
| Fund balances, October 1 | 441,867 | 960,018 | 960,018 | - | 960,018 | - |
| Fund balances, September 30 | $ 424,765 | $ 1,097,207 | $ 1,293,229 | $ - | $ 1,293,229 | $ 196,022 |

**Panther Creek PID Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Special assessments | $ 140,000 | $ 140,000 | $ 150,215 | $ - | $ 150,215 | $ 10,215 |
| Investment earnings | 75,000 | 75,000 | 63,647 | - | 63,647 | (11,353) |
| Total revenues | 215,000 | 215,000 | 213,862 | - | 213,862 | (1,138) |
| **OTHER FINANCING USES:** | | | | | | |
| Transfers out | (215,000) | (215,000) | (215,000) | - | (215,000) | - |
| Net change in fund balances | - | - | (1,138) | - | (1,138) | (1,138) |
| Fund balances, October 1 | 6,241 | 96,862 | 96,862 | - | 96,862 | - |
| Fund balances, September 30 | $ 6,241 | $ 96,862 | $ 95,724 | $ - | $ 95,724 | $ (1,138) |

**Superdrome Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Investment earnings | $ 5,000 | $ 5,000 | $ 933 | $ - | $ 933 | $ (4,067) |
| Total revenues | 5,000 | 5,000 | 933 | - | 933 | (4,067) |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| Culture and recreation | 80,004 | 80,004 | 80,004 | - | 80,004 | - |
| Total expenditures | 80,004 | 80,004 | 80,004 | - | 80,004 | - |
| Deficiency of revenues under expenditures | (75,004) | (75,004) | (79,071) | - | (79,071) | (4,067) |
| Net change in fund balances | (75,004) | (75,004) | (79,071) | - | (79,071) | (4,067) |
| Fund balances, October 1 | 1,740,959 | 1,743,651 | 1,743,651 | - | 1,743,651 | - |
| Fund balances, September 30 | $ 1,665,955 | $ 1,668,647 | $ 1,664,580 | $ - | $ 1,664,580 | $ (4,067) |

**Grants Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Grant income | $ 4,103,525 | $ 2,100,000 | $ 561,386 | $ - | $ 561,386 | $ (1,538,614) |
| Total revenues | 4,103,525 | 2,100,000 | 561,386 | - | 561,386 | (1,538,614) |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| Public safety | 3,048,675 | 1,053,315 | 431,446 | - | 431,446 | 621,869 |
| Public works | - | 26,685 | 26,685 | | 26,685 | - |
| Capital Outlay | - | 183,611 | 193,926 | - | 193,926 | (10,315) |
| Total expenditures | 3,048,675 | 1,263,611 | 652,057 | - | 652,057 | 611,554 |
| Deficiency of revenues under expenditures | 1,054,850 | 836,389 | (90,671) | - | (90,671) | (927,060) |
| **OTHER FINANCING SOURCES:** | | | | | | |
| Transfers in | 80,000 | 80,000 | 98,691 | - | 98,691 | (18,691) |
| Transfers out | (1,134,850) | (916,389) | (8,020) | - | (8,020) | (908,369) |
| Total other financing sources (uses) | (1,054,850) | (836,389) | 90,671 | - | 90,671 | (927,060) |
| Net change in fund balances | - | - | - | - | - | - |
| Fund balances, October 1 | - | - | - | - | - | - |
| Fund balances, September 30 | $ - | $ - | $ - | $ - | $ - | $ - |

**CDBG Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Grant income | $ 400,928 | $ 343,186 | $ 313,045 | $ - | $ 313,045 | $ (30,141) |
| Miscellaneous | 4,000 | 4,000 | 23,893 | - | 23,893 | 19,893 |
| Total revenues | 404,928 | 347,186 | 336,938 | - | 336,938 | (10,248) |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| General government | 404,928 | 347,186 | 336,938 | - | 336,938 | 10,248 |
| Total expenditures | 404,928 | 347,186 | 336,938 | - | 336,938 | 10,248 |
| Net change in fund balances | - | - | - | - | - | - |
| Fund balances, October 1 | - | - | - | - | - | - |
| Fund balances, September 30 | $ - | $ - | $ - | $ - | $ - | $ - |

**Traffic Safety Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Fines | $ 336,572 | $ 362,000 | $ 349,222 | $ - | $ 349,222 | $ (12,778) |
| Interest | 136 | 136 | 92 | - | 92 | (44) |
| Total revenues | 336,708 | 362,136 | 349,314 | - | 349,314 | (12,822) |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| Public safety | 220,980 | 274,160 | 283,944 | - | 283,944 | (9,784) |
| Public works | - | 38,640 | 38,640 | - | 38,640 | - |
| Total expenditures | 220,980 | 312,800 | 322,584 | - | 322,584 | (9,784) |
| Excess (deficiency) of revenues over (under) expenditures | 115,728 | 49,336 | 26,730 | - | 26,730 | (22,606) |
| Net change in fund balances | 115,728 | 49,336 | 26,730 | - | 26,730 | (22,606) |
| Fund balances, October 1 | 160,332 | 157,694 | 157,694 | - | 157,694 | - |
| Fund balances, September 30 | $ 276,060 | $ 207,030 | $ 184,424 | $ - | $ 184,424 | $ (22,606) |

**Frisco Square MMD Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Contributions | $ 490,292 | $ 490,292 | $ 490,292 | $ - | $ 490,292 | $ - |
| Total revenues | 490,292 | 490,292 | 490,292 | - | 490,292 | - |
| Excess of revenues over expenditures | 490,292 | 490,292 | 490,292 | - | 490,292 | - |
| **OTHER FINANCING SOURCES (USES):** | | | | | | |
| Transfers out | (490,292) | (490,292) | (490,292) | - | (490,292) | - |
| Total other financing sources (uses) | (490,292) | (490,292) | (490,292) | - | (490,292) | - |
| Net change in fund balances | - | - | - | - | - | - |
| Fund balances, October 1 | - | - | - | - | - | - |
| Fund balances, September 30 | $ - | $ - | $ - | $ - | $ - | $ - |

**Court Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Fines | $ 196,500 | $ 196,500 | $ 204,481 | $ - | $ 204,481 | $ 7,981 |
| Investment earnings | 1,000 | 1,000 | 1,091 | - | 1,091 | 91 |
| Total revenues | 197,500 | 197,500 | 205,572 | - | 205,572 | 8,072 |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| General government | 130,195 | 130,195 | 119,134 | - | 119,134 | 11,061 |
| Capital Outlay | - | 20,000 | - | - | - | 20,000 |
| Total expenditures | 130,195 | 150,195 | 119,134 | - | 119,134 | 31,061 |
| Excess of revenues over expenditures | 67,305 | 47,305 | 86,438 | - | 86,438 | 39,133 |
| **OTHER FINANCING USES:** | | | | | | |
| Transfers out | (108,000) | (132,650) | (108,000) | - | (108,000) | 24,650 |
| Total other financing sources (uses) | (108,000) | (132,650) | (108,000) | - | (108,000) | 24,650 |
| Net change in fund balances | (40,695) | (85,345) | (21,562) | - | (21,562) | 63,783 |
| Fund balances, October 1 | 438,994 | 483,100 | 483,100 | - | 483,100 | - |
| Fund balances, September 30 | $ 398,299 | $ 397,755 | $ 461,538 | $ - | $ 461,538 | $ 63,783 |

**PEG Cable Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Taxes: | | | | | | |
| Franchise | $ 332,000 | $ 344,736 | $ 363,157 | $ - | $ 363,157 | $ 18,421 |
| Investment earnings | 500 | 1,200 | 1,975 | - | 1,975 | 775 |
| Total revenues | 332,500 | 345,936 | 365,132 | - | 365,132 | 19,196 |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| General government | 34,835 | 34,835 | 41,384 | - | 41,384 | (6,549) |
| Capital Outlay | 296,426 | 446,426 | 333,766 | - | 333,766 | 112,660 |
| Total expenditures | 331,261 | 481,261 | 375,150 | - | 375,150 | 106,111 |
| Excess of revenues over expenditures | 1,239 | (135,325) | (10,018) | - | (10,018) | 125,307 |
| Net change in fund balances | 1,239 | (135,325) | (10,018) | - | (10,018) | 125,307 |
| Fund balances, October 1 | 758,681 | 823,341 | 823,341 | - | 823,341 | - |
| Fund balances, September 30 | $ 759,920 | $ 688,016 | $ 813,323 | $ - | $ 813,323 | $ 125,307 |

**Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Investment earnings | $ 3,500 | $ 12,000 | $ 5,908 | $ - | $ 5,908 | $ (6,092) |
| Total revenues | 3,500 | 12,000 | 5,908 | - | 5,908 | (6,092) |
| **EXPENDITURES:** | | | | | | |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | - | - | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | 3,500 | 12,000 | 5,908 | - | 5,908 | (6,092) |
| **OTHER FINANCING USES:** | | | | | | |
| Transfers in | 350,000 | 1,000,000 | 1,000,000 | - | 1,000,000 | - |
| Transfers out | - | (210,000) | (210,000) | - | (210,000) | - |
| Total other financing sources (uses) | 350,000 | 790,000 | 790,000 | - | 790,000 | - |
| Net change in fund balances | 353,500 | 802,000 | 795,908 | - | 795,908 | (6,092) |
| Fund balances, October 1 | 3,347,544 | 3,349,491 | 3,349,491 | - | 3,349,491 | - |
| Fund balances, September 30 | $ 3,701,044 | $ 4,151,491 | $ 4,145,399 | $ - | $ 4,145,399 | $ (6,092) |

**Impact Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual on a GAAP Basis | Adjustments-Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Special assessments | $ - | $ 7,450,000 | $ 9,427,301 | $ - | $ 9,427,301 | $ 1,977,301 |
| Investment earnings | - | 72,000 | 28,926 | - | 28,926 | (43,074) |
| Total revenues | - | 7,522,000 | 9,456,227 | - | 9,456,227 | 1,934,227 |
| **OTHER FINANCING USES:** | | | | | | |
| Transfers out | (1,000,000) | (4,153,425) | (2,625,483) | - | (2,625,483) | 1,527,942 |
| Total other financing sources (uses) | (1,000,000) | (4,153,425) | (2,625,483) | - | (2,625,483) | 1,527,942 |
| Net change in fund balances | (1,000,000) | 3,368,575 | 6,830,744 | - | 6,830,744 | 3,462,169 |
| Fund balances, October 1 | 22,529,817 | 25,370,420 | 25,370,420 | - | 25,370,420 | - |
| Fund balances, September 30 | $ 21,529,817 | $ 28,738,995 | $ 32,201,164 | $ - | $ 32,201,164 | $ 3,462,169 |

## 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, 2014**

| | Business-type Activities Enterprise Funds | | |
|---|---|---|---|
| | Stormwater Drainage | Environmental Services | Non-major Proprietary Fund Total |
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 315,869 | $ 4,997,450 | $ 5,313,319 |
| Investments | 500,450 | 1,794,420 | 2,294,870 |
| Receivables - (net of allowance for uncollectibles): | | | |
| Other | 474 | 475,724 | 476,198 |
| Prepaids | - | 534 | 534 |
| Total current assets | 816,793 | 7,268,128 | 8,084,921 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Buildings and improvements | - | 116,284 | 116,284 |
| Improvements other than buildings | - | 92,190 | 92,190 |
| Machinery and equipment | 416,183 | 433,556 | 849,739 |
| Accumulated depreciation | (166,949) | (276,101) | (443,050) |
| Total capital assets (net of accumulated depreciation) | 249,234 | 365,929 | 615,163 |
| Total noncurrent assets | 249,234 | 365,929 | 615,163 |
| **Total assets** | $ 1,066,027 | $ 7,634,057 | $ 8,700,084 |

| | Business-type Activities Enterprise Funds | | |
|---|---|---|---|
| | Stormwater Drainage | Environmental Services | Non-major Proprietary Fund Total |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | $ 72,396 | $ 1,523,341 | $ 1,595,737 |
| Accrued liabilities | 20,384 | 18,454 | 38,838 |
| Monies held in escrow | 70,144 | - | 70,144 |
| Liability for compensated absences | 41,627 | 51,449 | 93,076 |
| Current liabilities | 204,551 | 1,593,244 | 1,797,795 |
| Noncurrent liabilities: | | | |
| Liability for compensated absences | 17,148 | 35,764 | 52,912 |
| Total noncurrent liabilities | 17,148 | 35,764 | 52,912 |
| **Total liabilities** | 221,699 | 1,629,008 | 1,850,707 |
| **NET POSITION** | | | |
| Net investment in capital assets | 249,234 | 365,929 | 615,163 |
| Unrestricted | 595,094 | 5,639,120 | 6,234,214 |
| Total | 844,328 | 6,005,049 | 6,849,377 |
| **Total net position** | $ 844,328 | $ 6,005,049 | $ 6,849,377 |

FRISCO

PROGRESS IN MOTION

**Statement of Revenues, Expenses, and Changes in Fund Net Position**
**Non-major Proprietary Funds**
**For the Fiscal Year Ended September 30, 2014**

| | Business-type Activities Enterprise Funds | | |
|---|---|---|---|
| | Stormwater Drainage | Environmental Services | Non-major Proprietary Fund Total |
| **OPERATING REVENUES:** | | | |
| Charges for sales and services: | | | |
| Sanitation charges | $ - | $ 11,798,212 | $ 11,798,212 |
| Stormwater drainage fees | 1,536,790 | - | 1,536,790 |
| Miscellaneous | - | 46,426 | 46,426 |
| Total operating revenues | 1,536,790 | 11,844,638 | 13,381,428 |
| **OPERATING EXPENSES:** | | | |
| Cost of sales and services | - | 9,440,749 | 9,440,749 |
| Administration | 1,166,283 | 954,838 | 2,121,121 |
| Depreciation | 68,981 | 43,204 | 112,185 |
| Total operating expenses | 1,235,264 | 10,438,791 | 11,674,055 |
| Operating income | 301,526 | 1,405,847 | 1,707,373 |
| **NONOPERATING REVENUES:** | | | |
| Interest revenue | 2,274 | 2,097 | 4,371 |
| Other sources | 17,466 | - | 17,466 |
| Gain on sale of equipment | - | 2,900 | 2,900 |
| Total nonoperating revenues | 19,740 | 4,997 | 24,737 |
| Income before transfers | 321,266 | 1,410,844 | 1,732,110 |
| **TRANSFERS:** | | | |
| Transfers in | - | 83,356 | 83,356 |
| Transfers out | (205,043) | (669,125) | (874,168) |
| Total transfers | (205,043) | (585,769) | (790,812) |
| Change in net position | 116,223 | 825,075 | 941,298 |
| Total net position, beginning | 728,105 | 5,179,974 | 5,908,079 |
| Total net position, ending | $ 844,328 | $ 6,005,049 | $ 6,849,377 |

**Statement of Cash Flows**
**Non-major Proprietary Funds**
**For the Fiscal Year Ended September 30, 2014**

| | Business-type Activities Enterprise Funds | | |
|---|---|---|---|
| | Stormwater Drainage | Environmental Services | Non-major Proprietary Fund Total |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash received from customers | $ 1,586,165 | $ 11,626,705 | $ 13,212,870 |
| Cash payments to suppliers for goods and services | (508,782) | (8,701,414) | (9,210,196) |
| Cash payments to employees for services | (632,281) | (681,349) | (1,313,630) |
| Other receipts | - | 46,426 | 46,426 |
| Net cash provided by operating activities | 445,102 | 2,290,368 | 2,735,470 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | |
| Transfers received from other funds | - | 83,356 | 83,356 |
| Transfer made to other funds | (205,043) | (669,125) | (874,168) |
| Contributions | 17,466 | - | 17,466 |
| Net cash provided/(used) by noncapital financing activities | (187,577) | (585,769) | (773,346) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Acquisition and construction of capital assets | (20,490) | (186,108) | (206,598) |
| Proceeds/(loss) from sale or transfer of equipment | - | 2,900 | 2,900 |
| Net cash (used) by capital and related financing activities | (20,490) | (183,208) | (203,698) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of investment securities | (500,450) | (1,794,419) | (2,294,869) |
| Proceeds from sale and maturities of investment securities | 500,300 | 1,800,180 | 2,300,480 |
| Interest on investments | 1,834 | 1,676 | 3,510 |
| Net cash provided by investing activities | 1,684 | 7,437 | 9,121 |
| Net increase in cash and cash equivalents | 238,719 | 1,528,828 | 1,767,547 |
| Cash and cash equivalents, October 1 | 77,150 | 3,468,622 | 3,545,772 |
| Cash and cash equivalents, September 30 | $ 315,869 | $ 4,997,450 | $ 5,313,319 |
| Classified as: | | | |
| Current assets | $ 315,869 | $ 4,997,450 | $ 5,313,319 |
| Total | $ 315,869 | $ 4,997,450 | $ 5,313,319 |

| | 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 | $ 301,526 | $ 1,405,847 | $ 1,707,373 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 68,981 | 43,204 | 112,185 |
| Change in assets and liabilities: | | | |
| (Increase) decrease in- | | | |
| Receivables - utility bills | - | (171,507) | (171,507) |
| Receivables - other | - | - | - |
| Prepaid expenses and other assets | - | (230) | (230) |
| Increase (decrease) in- | | | |
| Accounts payable | 4,658 | 1,004,925 | 1,009,583 |
| Accrued liabilities | 5,970 | 3,355 | 9,325 |
| Due to other funds | - | 35,764 | 35,764 |
| Liability for compensated absences | 14,592 | (30,990) | (16,398) |
| Deposits or escrows | 49,375 | - | 49,375 |
| Total adjustments | 143,576 | 884,521 | 1,028,097 |
| Net cash provided by operating activities | $ 445,102 | $ 2,290,368 | $ 2,735,470 |

FRISCO

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, 2014**

| | Community Development Corporation | Economic Development Corporation | Charitable Foundation | Total Component Units |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 12,704,130 | $ 37,681,559 | $ 16,569 | $ 50,402,258 |
| Cash escrow for land purchase | 16,909,238 | 25,363,853 | | 42,273,091 |
| Investments | 12,975,630 | 5,988,880 | - | 18,964,510 |
| Receivables (net of allowances for uncollectibles): | | | | |
| Sales tax | 3,181,405 | 3,181,405 | - | 6,362,810 |
| Other | 34,081 | 206,628 | - | 240,709 |
| Prepaids | 794 | 161,904 | - | 162,698 |
| Notes receivable | - | 2,428,965 | - | 2,428,965 |
| Land held for resale | - | 7,659,680 | - | 7,659,680 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 515,789 | 2,983,572 | - | 3,499,361 |
| Investments | 1,900,000 | 1,900,000 | - | 3,800,000 |
| Total assets | $ 48,221,067 | $ 87,556,446 | $ 16,569 | $ 135,794,082 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| Liabilities: | | | | |
| Accounts payable | $ 795,784 | $ 1,104,146 | $ - | $ 1,899,930 |
| Accrued liabilities | - | 29,154 | - | 29,154 |
| Accrued liabilities - pollution remediation | 908,750 | 1,363,124 | - | 2,271,874 |
| Deposits | 76,118 | - | - | 76,118 |
| Unearned revenue | 5,000 | 1,500 | - | 6,500 |
| Total liabilities | 1,785,652 | 2,497,924 | - | 4,283,576 |
| Fund balances: | | | | |
| Non spendable | 794 | 161,904 | - | 162,698 |
| Restricted for: | | | | |
| Land purchase | 16,909,238 | 25,363,853 | - | 42,273,091 |
| Debt service | 2,415,789 | 4,883,572 | - | 7,299,361 |
| Capital projects for future construction | 10,492,405 | 24,635,632 | - | 35,128,037 |
| Unassigned | 16,617,189 | 30,013,561 | 16,569 | 46,647,319 |
| Total fund balances | 46,435,415 | 85,058,522 | 16,569 | 131,510,506 |
| Total liabilities and fund balances | $ 48,221,067 | $ 87,556,446 | $ 16,569 | $ 135,794,082 |

**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Component Units**
**For the Fiscal Year Ended September 30, 2014**

| | Community Development Corporation | Economic Development Corporation | Charitable Foundation | Total Component Units |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Taxes: | | | | |
| Sales | $ 17,098,474 | $ 17,098,474 | $ - | $ 34,196,948 |
| Investment earnings | 21,699 | 93,131 | - | 114,830 |
| Contributions | - | 41,168 | 70,341 | 111,509 |
| Rents | 697,702 | - | - | 697,702 |
| Miscellaneous | 275,000 | 4,040 | - | 279,040 |
| Total revenues | 18,092,875 | 17,236,813 | 70,341 | 35,400,029 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government | 3,802,535 | 11,723,956 | - | 15,526,491 |
| Culture and recreation | 5,016,723 | - | 80,612 | 5,097,335 |
| Capital outlay | 1,489,472 | - | - | 1,489,472 |
| Debt service: | | | | |
| Principal retirement | 5,910,000 | 1,945,000 | - | 7,855,000 |
| Interest and fiscal charges | 3,203,378 | 2,503,321 | - | 5,706,699 |
| Total expenditures | 19,422,108 | 16,172,277 | 80,612 | 35,674,997 |
| Excess (deficiency) of revenues over (under) expenditures | (1,329,233) | 1,064,536 | (10,271) | (274,968) |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Issuance of debt | 2,485,000 | 25,000,000 | - | 27,485,000 |
| Premium on debt issued | 355,818 | - | - | 355,818 |
| Payment to refunded note escrow agent | (2,817,511) | - | - | (2,817,511) |
| Proceeds from sale of assets | 12,580 | 7,768,426 | - | 7,781,006 |
| Total other financing sources | 35,887 | 32,768,426 | - | 32,804,313 |
| Net change in fund balances | (1,293,346) | 33,832,962 | (10,271) | 32,529,345 |
| Fund balances, beginning | 47,728,761 | 51,225,560 | 26,840 | 98,981,161 |
| Fund balances, ending | $ 46,435,415 | $ 85,058,522 | $ 16,569 | $ 131,510,506 |

**Reconciliation of the Balance Sheet of Component Units**
**to the Statement of Position**
**September 30, 2014**

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

| | | |
|---|---|---|
| Total fund balances per balance sheet | | $ 131,510,506 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 107,232,301 |
| Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds. | | 1,725,728 |
| Other assets are not available to pay for current-period expenditures | | 620,002 |
| 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 | 87,138,087 | |
| Notes payable | 76,528,564 | |
| Accrued interest payable | 730,626 | |
| Accrued liabilities - pollution remediation | - | |
| Compensated absences | 105,225 | |
| Total long-term liabilities | 164,502,502 | (164,502,502) |
| Total net position - component units | | $ 76,586,035 |

**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, 2014**

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

| | |
|---|---|
| Net change in fund balances - total component units | $ 32,529,345 |
| 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. | (710,032) |
| 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. | (2,648,229) |
| 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. | (15,852,999) |
| 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. | (867,674) |
| Change in net position of component units | $ 12,450,411 |

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

# STATISTICAL SECTION

FRISCO

PROGRESS IN MOTION

# 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 126

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

Revenue Capacity 131

*These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*

Debt Capacity 144

*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.*

Demographic and Economic Information 150

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

Operating Information 152

*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.*


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)**

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Net investment in capital assets | $ 525,709,269 | $ 615,420,114 | $ 643,480,213 | $ 671,496,754 | $ 692,866,635 |
| Restricted | 7,872,559 | 9,555,354 | 110,245 | 1,853,404 | 2,212,955 |
| Unrestricted | 13,209,066 | 17,126,933 | 33,040,763 | 37,781,532 | 50,009,668 |
| Total governmental activities net position | 546,790,894 | 642,102,401 | 676,631,221 | 711,131,690 | 745,089,258 |
| Business-type activities | | | | | |
| Net investment in capital assets | 128,191,080 | 144,054,388 | 149,242,962 | 149,162,147 | 166,215,616 |
| Restricted | 2,516,905 | 4,180,849 | 7,484,394 | 9,609,318 | 9,649,359 |
| Unrestricted | 15,516,848 | 19,876,778 | 17,654,124 | 23,909,576 | 17,281,722 |
| Total business-type activities net position | 146,224,833 | 168,112,015 | 174,381,480 | 182,681,041 | 193,146,697 |
| Primary government | | | | | |
| Net investment in capital assets | 653,900,349 | 759,474,502 | 792,723,175 | 820,658,901 | 859,082,251 |
| Restricted | 10,389,464 | 13,736,203 | 7,594,639 | 11,462,722 | 11,862,314 |
| Unrestricted | 28,725,914 | 37,003,711 | 50,694,887 | 61,691,108 | 67,291,390 |
| Total primary government net position | $ 693,015,727 | $ 810,214,416 | $ 851,012,701 | $ 893,812,731 | $ 938,235,955 |

| 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| $ 695,681,506 | $ 703,694,806 | $ 696,300,300 | $ 739,378,508 | $ 754,405,379 |
| 3,639,371 | 3,058,450 | 4,192,127 | 4,538,556 | 5,053,305 |
| 51,210,647 | 53,739,744 | 63,781,055 | 72,860,648 | 101,786,356 |
| 750,531,524 | 760,493,000 | 764,273,482 | 816,777,712 | 861,245,040 |
| | | | | |
| 172,641,414 | 173,946,035 | 174,745,396 | 185,747,786 | 195,229,947 |
| 10,271,078 | 11,751,675 | 12,854,359 | 17,744,216 | 21,881,788 |
| 16,064,340 | 27,891,529 | 30,396,570 | 35,211,295 | 42,695,312 |
| 198,976,832 | 213,589,239 | 217,996,325 | 238,703,297 | 259,807,047 |
| | | | | |
| 868,322,920 | 877,640,841 | 871,045,696 | 925,126,294 | 949,635,326 |
| 13,910,449 | 14,810,125 | 17,046,486 | 22,282,772 | 26,935,093 |
| 67,274,987 | 81,631,273 | 94,177,625 | 108,071,943 | 144,481,668 |
| $ 949,508,356 | $ 974,082,239 | $ 982,269,807 | $ 1,055,481,009 | $ 1,121,052,087 |

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

| | 2005 | 2006 | 2007 |
|---|---|---|---|
| **Expenses** | | | |
| Governmental activities: | | | |
| General government | $ 22,003,930 | $ 27,883,738 | $ 29,994,595 |
| Public safety | 19,633,959 | 23,673,124 | 28,864,662 |
| Public works | 15,378,322 | 18,952,206 | 20,105,809 |
| Culture & recreation | 6,184,831 | 7,626,826 | 9,208,157 |
| Interest on long-term debt | 17,654,400 | 18,890,042 | 21,350,184 |
| Total governmental activities expenses | 80,855,442 | 97,025,936 | 109,523,407 |
| Business-type activities: | | | |
| Water & sewer | 27,790,790 | 31,993,520 | 36,848,896 |
| Environmental services | 5,082,498 | 5,729,990 | 6,482,619 |
| Total business-type activities expenses | 32,873,288 | 37,723,510 | 43,331,515 |
| Total primary government expenses | $ 113,728,730 | $ 134,749,446 | $ 152,854,922 |
| **Program Revenues** | | | |
| Governmental activities: | | | |
| Charges for services: | | | |
| General government | $ 13,165,316 | $ 14,976,310 | $ 11,708,064 |
| Public safety | 1,502,237 | 1,726,062 | 1,998,036 |
| Public works | - | - | - |
| Culture & recreation | 564,942 | 619,565 | 1,291,128 |
| Operating grants and contributions | 274,663 | 5,723,992 | 2,302,584 |
| Capital grants and contributions | 66,514,346 | 71,320,207 | 21,907,728 |
| Total governmental activities program revenues | 82,021,504 | 94,366,136 | 39,207,540 |
| Business-type activities: | | | |
| Charges for services: | | | |
| Water & sewer | 26,343,996 | 34,447,084 | 30,224,108 |
| Other enterprise funds | 5,457,408 | 6,168,257 | 7,865,780 |
| Operating grants and contributions | - | - | 71,500 |
| Capital grants and contributions | 21,499,228 | 16,773,060 | 8,580,354 |
| Total business-type activities program revenues | 53,300,632 | 57,388,401 | 46,741,742 |
| Total primary government program revenues | $ 135,322,136 | $ 151,754,537 | $ 85,949,282 |
| Net (expense)/revenue | | | |
| Governmental activities | $ 1,166,062 | $ (2,659,800) | $ (70,315,867) |
| Business-type activities | 20,427,344 | 19,664,891 | 3,410,227 |
| Total primary government net expense | $ 21,593,406 | $ 17,005,091 | $ (66,905,640) |
| **General Revenues and Other Changes in Net Position** | | | |
| Governmental activities: | | | |
| Taxes | | | |
| Ad valorem taxes | $ 32,465,034 | $ 40,058,643 | $ 49,160,038 |
| Sales taxes | 14,847,090 | 17,992,638 | 18,988,310 |
| Franchise taxes | 4,316,321 | 5,515,545 | 6,018,858 |
| Other taxes | 1,623,892 | 2,397,341 | 2,624,159 |
| Ad valorem taxes, Intergovernmental | 12,773,145 | 19,013,078 | 16,661,958 |
| Investment earnings | 5,570,513 | 9,065,301 | 10,041,364 |
| Miscellaneous | 2,330,160 | - | - |
| Transfers | 4,218,750 | - | 1,350,000 |
| Total governmental activities | 78,144,905 | 94,042,546 | 104,844,687 |
| Business-type activities: | | | |
| Intergovernmental | - | - | - |
| Investment earnings | 1,246,868 | 2,222,291 | 4,154,026 |
| Miscellaneous | - | - | 55,212 |
| Transfers | (4,218,750) | - | (1,350,000) |
| Total business-type activities | (2,971,882) | 2,222,291 | 2,859,238 |
| Total primary government | 75,173,023 | 96,264,837 | 107,703,925 |
| **Change in Net Position** | | | |
| Governmental activities | 79,310,967 | 91,382,746 | 34,528,820 |
| Business-type activities | 17,455,462 | 21,887,182 | 6,269,465 |
| Total primary government net expense | $ 96,766,429 | $ 113,269,928 | $ 40,798,285 |

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| $ 32,031,040 | $ 33,435,845 | $ 39,103,949 | $ 39,620,057 | $ 38,034,476 | $ 42,629,757 | $ 50,945,132 |
| 36,029,122 | 37,753,602 | 39,622,158 | 40,962,287 | 44,347,310 | 48,074,351 | 52,340,573 |
| 24,949,230 | 25,695,126 | 26,125,366 | 27,636,526 | 29,228,885 | 30,648,669 | 32,827,619 |
| 18,364,488 | 21,064,820 | 22,620,217 | 25,458,162 | 26,640,104 | 26,110,474 | 28,062,191 |
| 21,952,776 | 24,946,889 | 23,020,033 | 22,215,090 | 19,338,791 | 17,005,242 | 18,631,848 |
| 133,326,656 | 142,896,282 | 150,491,723 | 155,892,122 | 157,589,566 | 164,468,493 | 182,807,363 |
| 43,797,287 | 45,525,827 | 48,130,980 | 47,539,765 | 53,369,324 | 57,559,429 | 61,177,648 |
| 7,298,630 | 7,922,296 | 8,662,866 | 9,766,785 | 10,490,996 | 11,113,313 | 11,674,055 |
| 51,095,917 | 53,448,123 | 56,793,846 | 57,306,550 | 63,860,320 | 68,672,742 | 72,851,703 |
| $ 184,422,573 | $ 196,344,405 | $ 207,285,569 | $ 213,198,672 | $ 221,449,886 | $ 233,141,235 | $ 255,659,066 |
| $ 15,355,136 | $ 13,222,484 | $ 15,049,663 | $ 13,195,345 | $ 13,870,149 | $ 18,329,451 | $ 18,854,018 |
| 2,576,479 | 1,573,803 | 1,498,179 | 2,245,461 | 2,077,752 | 2,327,403 | 2,598,721 |
| 37,598 | - | - | 20,938 | 63,312 | 104,180 | 98,633 |
| 3,651,915 | 4,083,430 | 4,009,097 | 4,320,363 | 4,455,925 | 4,555,527 | 4,845,465 |
| 563,840 | 1,906,180 | 3,135,919 | 3,297,331 | 3,615,317 | 2,549,183 | 4,666,348 |
| 31,671,071 | 40,895,760 | 15,462,749 | 22,940,561 | 11,607,188 | 58,872,983 | 49,626,979 |
| 53,856,039 | 61,681,657 | 39,155,607 | 46,019,999 | 35,689,643 | 86,738,727 | 80,690,164 |
| 34,290,262 | 37,939,611 | 44,165,615 | 52,679,778 | 51,752,962 | 57,787,373 | 56,263,446 |
| 8,579,038 | 9,109,124 | 10,474,914 | 11,022,236 | 11,899,879 | 12,555,595 | 13,384,328 |
| - | 10,700 | 84,020 | 111,317 | 1,000 | 1,000 | 17,466 |
| 12,681,427 | 15,667,028 | 7,857,024 | 8,420,269 | 4,897,053 | 19,925,899 | 25,480,432 |
| 55,550,727 | 62,726,463 | 62,581,573 | 72,233,600 | 68,550,894 | 90,269,867 | 95,145,672 |
| $ 109,406,766 | $ 124,408,120 | $ 101,737,180 | $ 118,253,599 | $ 104,240,537 | $ 177,008,594 | $ 175,835,836 |
| $ (79,470,617) | $ (81,214,625) | $ (111,336,116) | $ (109,872,123) | $ (121,899,923) | $ (77,729,766) | $ (102,117,199) |
| 4,454,810 | 9,278,340 | 5,787,727 | 14,927,050 | 4,690,574 | 21,597,125 | 22,293,969 |
| $ (75,015,807) | $ (71,936,285) | $ (105,548,389) | $ (94,945,073) | $ (117,209,349) | $ (56,132,641) | $ (79,823,230) |
| $ 58,304,707 | $ 61,909,279 | $ 65,648,801 | $ 64,673,844 | $ 67,161,904 | $ 69,014,412 | $ 75,849,283 |
| 19,794,826 | 18,753,757 | 20,068,824 | 21,852,287 | 24,489,084 | 29,158,661 | 34,196,948 |
| 6,892,396 | 6,707,813 | 7,198,697 | 8,367,733 | 7,796,833 | 7,909,763 | 9,041,655 |
| 3,030,953 | 2,759,301 | 3,063,544 | 3,519,660 | 3,450,258 | 3,998,236 | 4,565,581 |
| 19,083,975 | 19,119,575 | 19,604,935 | 20,389,441 | 21,709,424 | 18,540,374 | 26,077,693 |
| 7,099,229 | 3,251,634 | 629,661 | 512,756 | 501,365 | 495,129 | 222,548 |
| - | - | - | - | - | - | - |
| (235,000) | 385,309 | 563,920 | 517,878 | 571,537 | 1,117,421 | 573,076 |
| 113,971,086 | 112,886,668 | 116,778,382 | 119,833,599 | 125,680,405 | 130,233,996 | 150,526,784 |
| - | 110,000 | 242,151 | 97,000 | 97,000 | 97,000 | 104,000 |
| 3,604,751 | 1,462,625 | 324,377 | 106,235 | 191,049 | 130,268 | 116,631 |
| 5,000 | - | 39,800 | - | - | - | - |
| 235,000 | (385,309) | (563,920) | (517,878) | (571,537) | (1,117,421) | (573,076) |
| 3,844,751 | 1,187,316 | 42,408 | (314,643) | (283,488) | (890,153) | (352,445) |
| 117,815,837 | 114,073,984 | 116,820,790 | 119,518,956 | 125,396,917 | 129,343,843 | 150,174,339 |
| 34,500,469 | 31,672,043 | 5,442,266 | 9,961,476 | 3,780,482 | 52,504,230 | 48,409,585 |
| 8,299,561 | 10,465,656 | 5,830,135 | 14,612,407 | 4,407,086 | 20,706,972 | 21,941,524 |
| $ 42,800,030 | $ 42,137,699 | $ 11,272,401 | $ 24,573,883 | $ 8,187,568 | $ 73,211,202 | $ 70,351,109 |

FRISCO

PROGRESS IN MOTION

**Governmental Activities Tax Revenues By Source**
**Last Ten Fiscal Years**
**(accrual basis of accounting)**
**(Unaudited)**

| Fiscal Year | | Property Tax | Sales Tax | Franchise Tax | Other Tax | Total |
|---|---|---|---|---|---|---|
| 2005 | (1) | $ 32,465,034 | $ 14,847,090 | $ 4,316,321 | $ 1,623,892 | $ 53,252,337 |
| 2006 | (2) | 40,058,643 | 17,992,638 | 5,515,545 | 2,397,341 | 65,964,167 |
| 2007 | (3) | 49,160,038 | 18,988,310 | 6,018,858 | 2,624,159 | 76,791,365 |
| 2008 | (4) | 58,304,707 | 19,794,826 | 6,892,396 | 3,030,953 | 88,022,882 |
| 2009 | (5) | 61,909,279 | 18,753,757 | 6,707,813 | 2,759,301 | 90,130,150 |
| 2010 | (6) | 65,648,801 | 20,068,824 | 7,198,697 | 3,063,544 | 95,979,866 |
| 2011 | (7) | 64,673,844 | 21,852,287 | 8,367,733 | 3,519,660 | 98,413,524 |
| 2012 | (8) | 67,161,904 | 24,489,084 | 7,796,833 | 3,450,258 | 102,898,079 |
| 2013 | (9) | 69,014,412 | 29,158,661 | 7,909,763 | 3,998,236 | 110,081,072 |
| 2014 | (10) | 75,849,283 | 34,196,948 | 9,041,655 | 4,565,581 | 123,653,467 |

(1) Includes tax increment reinvestment zone tax collections of $2,454,487
(2) Includes tax increment reinvestment zone tax collections of $2,752,756
(3) Includes tax increment reinvestment zone tax collections of $3,186,903
(4) Includes tax increment reinvestment zone tax collections of $3,666,330
(5) Includes tax increment reinvestment zone tax collections of $4,100,482
(6) Includes tax increment reinvestment zone tax collections of $4,488,116
(7) Includes tax increment reinvestment zone tax collections of $4,250,097
(8) Includes tax increment reinvestment zone tax collections of $4,142,786
(9) Includes tax increment reinvestment zone tax collections of $4,431,948
(10) Includes tax increment reinvestment zone tax collections of $4,658,780

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

| | 2005 | 2006 | 2007 |
|---|---|---|---|
| General fund | | | |
| Non spendable | $ - | $ - | $ - |
| Committed | - | - | - |
| Reserved | 467,494 | 708,600 | 1,271,021 |
| Unreserved/Unassigned | 22,155,131 | 21,685,496 | 21,301,441 |
| Total general fund | 22,622,625 | 22,394,096 | 22,572,462 |
| | | | |
| All other governmental funds | | | |
| Reserved | 66,056,426 | 38,022,656 | 36,281,543 |
| Unreserved, reported in: | | | |
| Special revenue funds | 2,865,902 | 2,031,763 | 3,151,419 |
| Capital project funds | 87,722,925 | 110,481,371 | 111,387,226 |
| 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 | - | - | - |
| Total all other governmental funds | $ 156,645,253 | $ 150,535,790 | $ 150,820,188 |

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

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

| 2008 | 2009 | 2010* | 2011** | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| $ - | $ - | $ - | $ 469,884 | $ 537,057 | $ 544,583 | $ 398,856 |
| - | - | 2,553,709 | 2,013,924 | 2,576,668 | 3,570,917 | 3,568,653 |
| 725,711 | 579,841 | 713,228 | - | - | - | - |
| 23,356,833 | 24,526,272 | 22,489,654 | 25,386,041 | 29,484,739 | 31,295,715 | 41,780,279 |
| 24,082,544 | 25,106,113 | 25,756,591 | 27,869,849 | 32,598,464 | 35,411,215 | 45,747,788 |
| | | | | | | |
| 59,450,155 | 22,839,763 | 25,867,177 | - | - | - | - |
| | | | | | | |
| 3,986,611 | 4,760,856 | 7,508,535 | - | - | - | - |
| 101,301,111 | 91,421,584 | 68,304,669 | - | - | - | - |
| - | - | - | 343,449 | 493,657 | 202,897 | 1,691,298 |
| | | | | | | |
| - | - | - | 3,452,399 | 4,355,598 | 4,150,522 | 4,412,400 |
| - | - | - | 79,585,306 | 67,986,558 | 82,742,142 | 164,136,618 |
| - | - | - | 5,566,109 | 5,817,783 | 7,330,805 | 8,117,922 |
| | | | | | | |
| - | - | - | 1,814,651 | 2,277,444 | 3,349,491 | 4,145,399 |
| | | | | | | |
| - | - | - | 4,928,511 | 6,070,613 | 3,247,896 | - |
| $ 164,737,877 | $ 119,022,203 | $ 101,680,381 | $ 95,690,425 | $ 87,001,653 | $ 101,023,753 | $ 182,503,637 |

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

| | Fiscal Year 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Taxes | | | | | |
| Property | $ 32,464,771 | $ 40,106,497 | $ 48,919,082 | $ 57,670,279 | $ 62,431,502 |
| Sales | 14,847,090 | 17,992,638 | 18,988,310 | 19,794,826 | 18,753,757 |
| Franchise | 4,316,321 | 5,515,545 | 6,018,858 | 6,892,396 | 6,984,008 |
| Hotel/motel | 1,343,131 | 2,026,326 | 2,257,756 | 2,601,775 | 2,345,312 |
| Other | 280,761 | 371,015 | 366,403 | 429,178 | 413,989 |
| Licenses and permits | 10,257,085 | 10,873,516 | 7,147,717 | 6,074,099 | 3,906,925 |
| Public safety | 1,502,237 | 1,650,490 | 1,998,036 | 2,576,479 | 1,547,934 |
| Intergovernmental | 10,214,773 | 12,128,338 | 12,904,324 | 13,620,779 | 23,414,535 |
| Charges for services | 2,538,854 | 3,406,470 | 4,043,473 | 6,899,517 | 7,468,145 |
| Fines | 934,317 | 1,391,461 | 1,808,002 | 2,130,759 | 3,160,308 |
| Special assessments | 2,458,738 | 6,716,984 | 4,407,098 | 5,754,513 | 4,179,588 |
| Rents | - | - | - | - | - |
| Investment earnings | 5,570,513 | 8,961,266 | 10,109,906 | 7,112,564 | 3,265,769 |
| Contributions and donations | 25,160,535 | 16,533,635 | 2,370,703 | 5,544,704 | 1,185,489 |
| Payments from component units | 2,633,326 | 6,916,727 | 3,767,180 | 5,463,196 | 3,710,160 |
| Miscellaneous | 4,205,644 | 5,273,987 | 5,958,013 | 5,661,793 | 5,761,700 |
| Total revenues | 118,728,096 | 139,864,895 | 131,064,861 | 148,226,857 | 148,529,121 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| General government | 19,800,354 | 24,763,382 | 26,899,968 | 28,699,100 | 30,584,122 |
| Public safety | 17,547,756 | 22,208,711 | 26,476,558 | 31,932,293 | 32,886,018 |
| Public works | 3,541,999 | 4,900,857 | 5,633,499 | 6,651,888 | 6,456,242 |
| Culture & recreation | 4,236,467 | 5,278,501 | 6,674,557 | 10,587,558 | 12,234,850 |
| Payments to component units | - | 10,103,418 | 7,460,043 | - | - |
| Capital outlay | 130,924,773 | 102,551,930 | 71,214,884 | 83,384,202 | 61,701,918 |
| Debt Service: | | | | | |
| Principal retirement | 11,230,123 | 15,513,701 | 19,273,917 | 21,074,352 | 22,828,537 |
| Interest and fiscal charges | 18,512,899 | 21,361,575 | 22,617,004 | 25,783,542 | 27,005,575 |
| Total expenditures | 205,794,371 | 206,682,075 | 186,250,430 | 208,112,935 | 193,697,262 |
| Excess (deficiency) of revenues over (under) expenditures | (87,066,275) | (66,817,180) | (55,185,569) | (59,886,078) | (45,168,141) |
| **Other financing sources (uses)** | | | | | |
| Issuance of debt | 80,869,497 | 60,436,784 | 100,198,791 | 74,470,000 | |
| Premium on bonds issued | - | - | - | 1,316,019 | - |
| Discount on bonds issued | - | - | - | (320,615) | - |
| Payment to refunded debt escrow | (8,485,187) | (16,223,139) | (47,765,554) | - | - |
| Proceeds from sale of assets | - | 42,404 | 1,865,096 | 83,445 | 90,727 |
| Transfers in | 25,560,975 | 39,521,069 | 25,504,304 | 20,361,365 | 20,729,438 |
| Transfers out | (23,837,916) | (39,521,069) | (24,154,304) | (20,596,365) | (20,344,129) |
| Total other financing sources (uses) | 74,107,369 | 44,256,049 | 55,648,333 | 75,313,849 | 476,036 |
| Net change in fund balances | $ (12,958,906) | $ (22,561,131) | $ 462,764 | $ 15,427,771 | $ (44,692,105) |
| Debt service as a percentage of noncapital expenditures | 40% | 35% | 36% | 38% | 38% |

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

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Hotel/motel | Other |
|---|---|---|---|---|---|
| 2005 | $ 32,464,771 | $ 14,847,090 | $ 4,316,321 | $ 1,343,131 | $ 280,761 |
| 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 |

| 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| $ 65,260,020 | $ 65,225,685 | $ 67,265,817 | $ 69,033,422 | $ 75,468,357 |
| 20,068,824 | 21,852,287 | 24,489,084 | 29,158,661 | 34,196,948 |
| 7,198,697 | 8,040,529 | 7,907,245 | 7,801,573 | 8,758,582 |
| 2,607,869 | 2,998,817 | 3,027,021 | 3,506,677 | 3,887,482 |
| 455,675 | 520,843 | 423,237 | 491,559 | 678,099 |
| 5,015,450 | 5,639,747 | 6,088,219 | 8,577,020 | 10,256,389 |
| 1,467,233 | 1,776,904 | 1,511,187 | 1,735,308 | 1,843,998 |
| 17,838,372 | 30,553,540 | 18,309,478 | 28,164,687 | 29,277,032 |
| 9,262,788 | 4,589,867 | 4,939,787 | 5,160,676 | 5,299,865 |
| 2,322,987 | 2,409,391 | 2,891,192 | 2,917,496 | 2,726,367 |
| 2,992,455 | 3,826,456 | 5,339,917 | 9,190,265 | 9,577,516 |
| - | 5,125,754 | 4,714,980 | 4,725,347 | 5,505,448 |
| 651,464 | 526,553 | 526,939 | 432,368 | 250,107 |
| 4,710,837 | 3,134,166 | 6,060,495 | 6,078,590 | 4,381,880 |
| 3,447,798 | 8,044,723 | 8,658,172 | 7,125,849 | 12,360,810 |
| 4,527,655 | 208,477 | 229,077 | 2,253,511 | 514,691 |
| 147,828,124 | 164,473,739 | 162,381,847 | 186,353,009 | 204,983,571 |
| 32,993,441 | 31,330,645 | 31,910,504 | 36,353,259 | 44,594,861 |
| 34,967,535 | 36,820,094 | 39,733,181 | 42,765,334 | 45,992,383 |
| 6,176,062 | 6,283,161 | 6,538,432 | 7,083,202 | 8,222,260 |
| 12,382,180 | 14,616,069 | 15,377,347 | 14,684,853 | 16,448,909 |
| 4,612,589 | - | - | - | - |
| 32,685,414 | 38,217,173 | 25,168,130 | 46,968,401 | 60,116,074 |
| 23,641,668 | 25,528,456 | 25,905,000 | 27,685,000 | 29,937,130 |
| 25,350,941 | 24,934,400 | 22,353,574 | 20,988,977 | 21,974,788 |
| 172,809,830 | 177,729,998 | 166,986,168 | 196,529,026 | 227,286,405 |
| (24,981,706) | (13,256,259) | (4,604,321) | (10,176,017) | (22,302,834) |
| 33,817,549 | 109,545,000 | 22,615,000 | 83,484,089 | 124,505,000 |
| 1,424,113 | 13,138,248 | 2,687,312 | 15,286,690 | 4,188,077 |
| (6,777) | (50,185) | (39,859) | (215,382) | (127,160) |
| (27,586,336) | (113,810,055) | (25,312,360) | (72,809,971) | (16,223,139) |
| 77,893 | 38,675 | 122,534 | 148,021 | 1,203,437 |
| 22,618,138 | 22,813,526 | 23,237,197 | 29,705,338 | 24,492,569 |
| (22,054,218) | (22,295,648) | (22,665,660) | (28,587,917) | (23,919,493) |
| 8,290,362 | 9,379,561 | 644,164 | 27,010,868 | 114,119,291 |
| $ (16,691,344) | $ (3,876,698) | $ (3,960,157) | $ 16,834,851 | $ 91,816,457 |
| 35% | 36% | 34% | 33% | 31% |

| Total |
|---|
| $ 53,252,074 |
| 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 |

**Property Values**
**Last Ten Fiscal Years**
**(Amounts Expressed in Thousands)**
**(Unaudited)**

| Fiscal Year | Residential | Commercial | Agricultural | Other | Total |
|---|---|---|---|---|---|
| 2005 | $ 5,229,856 | $ 2,014,271 | $ 1,377,701 | $ 258,913 | $ 8,880,741 |
| 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 |

| Less: Exemptions | Net Taxable | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|---|---|---|---|---|
| $ 1,381,284 | $ 7,499,457 | $ 0.42296 | $ 7,499,457 | 100% |
| 1,549,785 | 8,816,495 | 0.44489 | 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% |

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

Collin County

| | City of Frisco | | | Collin County, Texas | | | Frisco Independent School District | | |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Operating Millage | Debt Service Millage | Total | Operating Millage | Debt Service Millage | Total | Operating Millage | Debt Service Millage | Total |
| 2005 | 0.221720 | 0.201240 | 0.42296 | 0.196050 | 0.053950 | 0.2500 | 1.2775 | 0.2800 | 1.5575 |
| 2006 | 0.221721 | 0.223172 | 0.44489 | 0.199680 | 0.050320 | 0.2500 | 1.3200 | 0.3100 | 1.6300 |
| 2007 | 0.226370 | 0.223630 | 0.45000 | 0.194690 | 0.050310 | 0.2450 | 1.2100 | 0.3700 | 1.5800 |
| 2008 | 0.233152 | 0.216848 | 0.45000 | 0.191640 | 0.053369 | 0.2450 | 0.9600 | 0.3900 | 1.3500 |
| 2009 | 0.240721 | 0.209279 | 0.45000 | 0.184260 | 0.058240 | 0.2425 | 1.0000 | 0.3700 | 1.3700 |
| 2010 | 0.261882 | 0.203118 | 0.46500 | 0.187080 | 0.055420 | 0.2425 | 1.0000 | 0.3900 | 1.3900 |
| 2011 | 0.261732 | 0.203268 | 0.46500 | 0.184580 | 0.055420 | 0.2400 | 1.0000 | 0.3900 | 1.3900 |
| 2012 | 0.263446 | 0.198464 | 0.46191 | 0.176050 | 0.063950 | 0.2400 | 1.0000 | 0.4200 | 1.4200 |
| 2013 | 0.272957 | 0.188953 | 0.46191 | 0.174663 | 0.065337 | 0.2400 | 1.0400 | 0.4200 | 1.4600 |
| 2014 | 0.282626 | 0.179284 | 0.46191 | 0.180334 | 0.057166 | 0.2375 | 1.0400 | 0.4200 | 1.4600 |

Information obtained from the Collin County Central Appraisal District.

Denton County

| | City of Frisco | | | Denton County, Texas | | | Frisco Independent School District | | |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Operating Millage | Debt Service Millage | Total | Operating Millage | Debt Service Millage | Total | Operating Millage | Debt Service Millage | Total |
| 2005 | 0.221720 | 0.201240 | 0.42296 | 0.219080 | 0.035750 | 0.25483 | 1.2775 | 0.2800 | 1.5575 |
| 2006 | 0.221721 | 0.223172 | 0.44489 | 0.210730 | 0.035750 | 0.24648 | 1.3200 | 0.3100 | 1.6300 |
| 2007 | 0.226370 | 0.223630 | 0.45000 | 0.192790 | 0.039130 | 0.23192 | 1.2100 | 0.3700 | 1.5800 |
| 2008 | 0.233152 | 0.216848 | 0.45000 | 0.183830 | 0.052060 | 0.23589 | 0.9600 | 0.3900 | 1.3500 |
| 2009 | 0.240721 | 0.209279 | 0.45000 | 0.184430 | 0.051340 | 0.23577 | 1.0000 | 0.3700 | 1.3700 |
| 2010 | 0.261882 | 0.203118 | 0.46500 | 0.187730 | 0.062070 | 0.24980 | 1.0000 | 0.3900 | 1.3900 |
| 2011 | 0.261732 | 0.203268 | 0.46500 | 0.199900 | 0.074000 | 0.27390 | 1.0000 | 0.3900 | 1.3900 |
| 2012 | 0.263446 | 0.198464 | 0.46191 | 0.205657 | 0.071700 | 0.27736 | 1.0000 | 0.4200 | 1.4200 |
| 2013 | 0.272957 | 0.188953 | 0.46191 | 0.209225 | 0.073642 | 0.28287 | 1.0400 | 0.4200 | 1.4600 |
| 2014 | 0.282626 | 0.179284 | 0.46191 | 0.197909 | 0.074291 | 0.27220 | 1.0400 | 0.4200 | 1.4600 |

Information obtained from the Denton County Central Appraisal District.

| Collin County Community College | | | Prosper Independent School District | | | Total Direct and Overlapping Rates FISD | Total Direct and Overlapping Rates PISD |
|---|---|---|---|---|---|---|---|
| Operating Millage | Debt Service Millage | Total | Operating Millage | Debt Service Millage | Total | | |
| 0.0800 | 0.0106 | 0.0906 | 1.5000 | 0.4515 | 1.9515 | 2.32111 | 2.71511 |
| 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 |

| Lewisville Independent School District | | | Little Elm Independent School District | | | Total Direct and Overlapping Rates FISD | Total Direct and Overlapping Rates LISD | Total Direct and Overlapping Rates LEISD |
|---|---|---|---|---|---|---|---|---|
| Operating Millage | Debt Service Millage | Total | Operating Millage | Debt Service Millage | Total | | | |
| 1.500000 | 0.270000 | 1.77000 | 1.470000 | 0.350000 | 1.82000 | 2.23529 | 2.44779 | 2.49779 |
| 1.500000 | 0.270000 | 1.77000 | 1.490000 | 0.350000 | 1.84000 | 2.32137 | 2.46137 | 2.53137 |
| 1.330000 | 0.310000 | 1.64000 | 1.361000 | 0.379000 | 1.74000 | 2.26192 | 2.32192 | 2.42192 |
| 1.040000 | 0.340000 | 1.38000 | 1.030000 | 0.430000 | 1.46000 | 2.03589 | 2.06589 | 2.14589 |
| 1.040000 | 0.368700 | 1.40870 | 1.040000 | 0.490000 | 1.53000 | 2.05577 | 2.09447 | 2.21577 |
| 1.040000 | 0.386700 | 1.42670 | 1.040000 | 0.500000 | 1.54000 | 2.10480 | 2.14150 | 2.25480 |
| 1.040000 | 0.386000 | 1.42600 | 1.040000 | 0.500000 | 1.54000 | 2.12890 | 2.16490 | 2.27890 |
| 1.040000 | 0.436400 | 1.47640 | 1.040000 | 0.500000 | 1.54000 | 2.15927 | 2.21567 | 2.27927 |
| 1.040000 | 0.437000 | 1.47700 | 1.040000 | 0.500000 | 1.54000 | 2.20478 | 2.22178 | 2.28478 |
| 1.040000 | 0.437000 | 1.47700 | 1.040000 | 0.500000 | 1.54000 | 2.19411 | 2.21111 | 2.27411 |

FRISCO

PROGRESS IN MOTION

**Principal Taxpayers**
**Current Year and Nine Years Ago**
**September 30, 2014**
**(Unaudited)**

| | 2014 | | | 2005 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Taxable Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| Stonebriar Mall Ltd Partnership | $ 260,753,175 | 1 | 1.40% | $ 188,740,343 | 1 | 2.96% |
| BPR Shopping Center LP | 121,741,860 | 2 | 0.65% | 110,000,000 | 2 | 1.73% |
| Tenet Frisco Ltd | 73,416,555 | 3 | 0.39% | | | |
| Hall Office Portfolio DB LLC | 68,500,000 | 4 | 0.37% | | | |
| Specified Properties | 56,750,000 | 5 | 0.30% | | | |
| Sabra Texas Holdings LP | 52,101,369 | 6 | 0.28% | | | |
| HRT Properties of Texas LTD | 47,000,000 | 7 | 0.25% | | | |
| Wells Core Reit - 7624/7668 Warren LLC | 44,000,000 | 8 | 0.24% | | | |
| AMLI Parkwood Boulevard LLC | 42,729,229 | 9 | 0.23% | | | |
| Mario Sinacola & Sons Excavation Inc | 39,687,657 | 10 | 0.21% | | | |
| Hendry Properties LTD | | | | 27,854,047 | 3 | 0.44% |
| Frisco Stonebriar LTD | | | | 26,820,691 | 4 | 0.42% |
| Oncor Electric Delivery Company | | | | 23,850,304 | 5 | 0.37% |
| LSR Developments, Inc. | | | | 22,460,496 | 6 | 0.35% |
| Hall 2801 Network Associates LTD | | | | 22,112,500 | 7 | 0.35% |
| Sedona Springs LTD | | | | 21,239,095 | 8 | 0.33% |
| Vinyards Bushnell LTD | | | | 20,079,144 | 9 | 0.32% |
| Wade Crossing LLC | | | | 19,876,682 | 10 | 0.31% |
| | $ 806,679,845 | | 4.32% | $ 501,342,172 | | 5.65% |

Source: Collin County Central Appraisal District

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

| Fiscal Year Ended September 30 | Total AdjustedTax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collected in Subsequent Years |
|---|---|---|---|---|
| | | Amount (1) | Percentage of Levy | |
| 2005 | $ 32,103,303 | $ 31,741,805 | 98.9% | $ 346,417 |
| 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% | 1,331,935 |
| 2009 | 61,871,241 | 61,279,520 | 99.0% | 475,378 |
| 2010 | 65,517,279 | 64,473,212 | 99.4% | 922,582 |
| 2011 | 64,345,854 | 63,720,218 | 99.4% | 527,954 |
| 2012 | 65,877,537 | 64,899,099 | 98.5% | 869,305 |
| 2013 | 68,804,186 | 67,880,858 | 99.7% | 783,762 |
| 2014 | 75,218,433 | 74,061,793 | 98.5% | - |

(1) Includes Rollback Tax Collections each year:

| | |
|---|---|
| 2005 | 405,206 |
| 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 |

| Total Collections to Date | |
|---|---|
| Amount | Percentage to Levy |
| $ 32,088,222 | 100.0% |
| 39,830,361 | 99.9% |
| 48,326,068 | 100.0% |
| 57,137,090 | 99.9% |
| 61,754,898 | 99.8% |
| 65,395,794 | 99.4% |
| 63,720,218 | 99.4% |
| 65,768,404 | 99.8% |
| 67,881,883 | 99.7% |
| 74,061,793 | 98.5% |

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

| Fiscal Year | | Governmental Activities: General Obligation Bonds (1) | Governmental Activities: Certificates of Obligation |
|---|---|---|---|
| 2005 | | $ 216,819,890 | $ 214,898,149 |
| 2006 | | 258,584,999 | 217,849,234 |
| 2007 | | 324,335,000 | 164,020,000 |
| 2008 | | 337,795,000 | 205,410,000 |
| 2009 | | 324,775,000 | 196,975,000 |
| 2010 | | 317,930,000 | 184,265,000 |
| 2011 | | 356,815,000 | 123,405,000 |
| 2012 | | 347,800,000 | 106,035,000 |
| 2013 | | 361,004,945 | 97,649,500 |
| 2014 | (2) | 383,943,103 | 179,938,265 |

(1) Includes component unit debt which is not supported by ad valorem tax.
(2) Net of Premiums and Discounts beginning 9/30/2014

| Business-Type Activities | | | | | |
|---|---|---|---|---|---|
| General Obligation Bonds | Unlimited Tax Bonds | Certificates of Obligation | Total Primary Government | Percentage of Personal Income | Per Capita |
| $ 5,255,753 | $ 3,275,000 | $ 67,730,573 | $ 507,979,365 | 17% | 6,309 |
| 4,734,189 | 3,015,000 | 87,842,202 | 572,025,624 | 16% | 6,314 |
| 14,850,000 | 280,000 | 119,699,999 | 623,184,999 | 15% | 6,406 |
| 14,305,000 | - | 115,310,000 | 672,820,000 | 17% | 6,627 |
| 13,775,000 | - | 110,385,000 | 645,910,000 | 15% | 6,091 |
| 14,415,000 | - | 103,735,000 | 620,345,000 | 10% | 5,303 |
| 27,460,000 | - | 83,790,000 | 591,470,000 | 10% | 4,816 |
| 33,305,000 | - | 70,930,000 | 558,070,000 | 11% | 4,350 |
| 47,495,055 | - | 72,425,500 | 578,575,000 | 10% | 4,257 |
| 55,967,190 | - | 77,369,745 | 697,218,303 | 11% | 4,876 |

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

| Fiscal Year | Population (1) | Assessed Value (2) | General Obligation Bonded Debt (3) | Less Debt Service Funds |
|---|---|---|---|---|
| 2005 | 80,520 | 7,499,457 | 216,819,890 | 1,137,861 |
| 2006 | 90,598 | 8,816,495 | 258,584,999 | 1,447,884 |
| 2007 | 97,280 | 10,557,426 | 324,335,000 | 2,408,479 |
| 2008 | 101,524 | 12,448,613 | 337,795,000 | 3,897,639 |
| 2009 | 106,036 | 13,591,826 | 324,775,000 | 3,582,382 |
| 2010 | 116,989 | 13,958,028 | 317,930,000 | 3,156,010 |
| 2011 | 122,822 | 13,660,904 | 356,815,000 | 3,452,399 |
| 2012 | 128,281 | 14,117,672 | 347,800,000 | 4,355,598 |
| 2013 | 135,920 | 14,741,050 | 361,004,945 | 4,150,522 |
| 2014 | 142,990 | 15,898,188 | 383,943,103 | 4,414,583 |

(1) Population estimate as of September 30
(2) Original Certified Taxable Value (,000)
(3) Includes bonded debt which is not supported by ad valorem tax, net of premium and discounts beginning in 2014.

| Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|---|---|---|
| 215,682,029 | 2.88 | 2,679 |
| 257,137,115 | 2.92 | 2,838 |
| 321,926,521 | 3.05 | 3,309 |
| 333,897,361 | 2.68 | 3,289 |
| 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 |

**Computation of Direct and Overlapping Bonded Debt of Governmental Activities**
**General Obligation Bonds**
**September 30, 2014**
**(Unaudited)**

| Jurisdiction | Net Bonded Debt Outstanding | Percentage Applicable to Government | Amount Applicable to Government |
|---|---|---|---|
| Direct debt: | | | |
| City of Frisco, Texas | $ 383,943,103 | 100.00% | $ 383,943,103 |
| Total direct debt | 383,943,103 | | 383,943,103 |
| Overlapping debt: (1) | | | |
| Collin County | 391,410,000 | 12.84% | 50,257,044 |
| Collin County College District | 34,595,000 | 12.84% | 4,441,998 |
| Denton County | 614,975,000 | 10.38% | 63,834,405 |
| Frisco Independent School District | 1,524,710,843 | 71.07% | 1,083,611,996 |
| Lewisville Independent School District | 1,128,501,009 | 3.21% | 36,224,882 |
| Little Elm Independent School District | 143,104,114 | 11.88% | 17,000,769 |
| Prosper Independent School District | 276,910,581 | 9.47% | 26,223,432 |
| Total overlapping debt | 4,114,206,547 | | 1,281,594,526 |
| Total direct and overlapping debt | $ 4,498,149,650 | | $ 1,665,537,629 |
| Total direct and overlapping debt % of AV: | | | 10476.27% |
| Total direct and overlapping debt per capita: | | | $11,647.93 |

(1) Information obtained from the Municipal Advisory Council of Texas, September 2014 Report.

**Computation of Legal Debt Margin**
**September 30, 2014**
**(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 2014 was established at $0.46191 per $100 of assessed valuation based on 100% of appraised value.

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

| Fiscal Year | Population (1) | Personal Income (,000) | Per Capita Income (2) | Median Age (2) | School Enrollment (3) | Unemployment Rate (4) |
|---|---|---|---|---|---|---|
| 2005 | 80,520 | 2,920,863 | 36,275 | 33.8 | 19,678 | 3.6% |
| 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% |

Data Sources
(1) City of Frisco (Population) as of October 1, 2014
(2) U.S. Census 2013 Estimated from 2012 Statistics
(3) Frisco Independent School District (School Enrollment), October 2014
(4) City of Frisco Development Services Annual Report January 2015

**Principal Employers**
**Current Year and Nine Years Ago**
**September 30, 2014**
**(Unaudited)**

| | 2014 | | | 2005 | | |
|---|---|---|---|---|---|---|
| Employer | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Frisco ISD (3,358 certified teachers) | 6,000 | 1 | 8.53% | 577 | 1 | 2.50% |
| City of Frisco | 1,275 | 2 | 1.81% | 516 | 2 | 2.24% |
| Amerisource Bergen Specialty Group | 1,200 | 3 | 1.71% | | | |
| Wingspan | 1,100 | 4 | 1.56% | | | |
| Conifer | 728 | 5 | 1.03% | - | | - |
| Baylor Medical Center | 642 | 6 | 0.91% | | | |
| Mario Sinacola & Sons Excavating | 603 | 7 | 0.86% | - | | - |
| Collin County College | 510 | 8 | 0.73% | - | | - |
| Centennial Hospital | 490 | 9 | 0.70% | | | |
| Oracle | 409 | 10 | 0.58% | | | |
| Pacific Dunlop/GNB | - | - | - | 148 | 3 | 0.64% |
| Rodman Paving | - | - | - | 100 | 4 | 0.43% |
| Hutson Industries | - | - | - | 135 | 5 | 0.59% |
| Total | 12,957 | | 18.42% | 1,476 | | 6.40% |

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 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| General government | 134 | 155 | 180 | 193 | 193 | 194 | 197 | 206 | 202 | 217 |
| Public safety | | | | | | | | | | |
| Police | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 |
| Officers | 95 | 109 | 127 | 147 | 149 | 150 | 146 | 146 | 151 | 158 |
| Civilians | 26 | 31 | 49 | 49 | 49 | 49 | 58 | 59 | 64 | 64 |
| Fire | | | | | | | | | | |
| Firefighters and officers | 96 | 108 | 128 | 142 | 142 | 142 | 140 | 161 | 161 | 165 |
| Civilians | 8 | 8 | 11 | 12 | 11 | 11 | 13 | 13 | 15 | 15 |
| Highways and streets | | | | | | | | | | |
| Engineering | 29 | 34 | 43 | 46 | 46 | 46 | 46 | 45 | 46 | 44 |
| Maintenance | 41 | 41 | 47 | 49 | 49 | 49 | 49 | 49 | 42 | 54 |
| Culture and recreation | 87 | 125 | 255 | 367 | 367 | 366 | 355 | 360 | 378 | 449 |
| Environmental services | 6 | 6 | 10 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Water | 46 | 54 | 59 | 63 | 63 | 63 | 63 | 63 | 61 | 64 |
| Sewer | 13 | 13 | 16 | 16 | 16 | 16 | 16 | 16 | 19 | 19 |
| Stormwater | 0 | 0 | 0 | 0 | 0 | 4 | 6 | 10 | 6 | 11 |
| Total | 581 | 684 | 925 | 1,096 | 1,097 | 1,102 | 1,101 | 1,140 | 1,160 | 1,275 |

**Operating Indicators by Function**
**Last Ten Fiscal Years**
**(Unaudited)**

| Function | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| General government | | | | | | | | | | |
| Building permits issued | | | | | | | | | | |
| Residential | 3,641 | 3,624 | 1,962 | 1,293 | 1,296 | 2,179 | 1,322 | 1,370 | 2,255 | 2,033 |
| Commercial | 306 | 356 | 321 | 358 | 289 | 278 | 328 | 325 | 347 | 454 |
| Planning and development cases processed | 415 | 407 | 362 | 288 | 159 | 171 | 236 | 309 | 402 | 454 |
| Police | | | | | | | | | | |
| Physical arrests | 1,511 | 1,886 | 2,141 | 2,235 | 2,088 | 2,934 | 3,381 | 3,398 | 3,245 | 3,138 |
| Traffic violations | 6,883 | 11,713 | 11,006 | 13,154 | 14,229 | 12,078 | 15,783 | 16,413 | 17,460 | 20,194 |
| Parking violations | 327 | 342 | 237 | 319 | 412 | 589 | 913 | 854 | 799 | 668 |
| Fire protection | | | | | | | | | | |
| Number of calls answered | 5,460 | 6,399 | 6,447 | 6,779 | 7,351 | 7,178 | 8,186 | 8,684 | 8,645 | 9,738 |
| Inspections | 2,639 | 2,879 | 3,261 | 4,766 | 4,638 | 4,648 | 4,886 | 5,373 | 5,490 | 5,192 |
| Inspections - SAFER Program | - | - | - | - | - | 2,075 | 2,443 | 2,688 | 2,922 | 2,656 |
| Highways and streets | | | | | | | | | | |
| Street resurfacing (square yards) | 9,078 | 20,030 | 5,307 | 11,291 | 3,013 | 14,808 | 1,500 | 6,291 | 22,376 | 36,166 |
| Street curb miles swept | 2,498 | 8,558 | 9,300 | 10,945 | 13,889 | 7,887 | 7,896 | 7,896 | 7,896 | 7,896 |
| Environmental services | | | | | | | | | | |
| Solid waste collected (tons) | 49,954 | 67,962 | 74,668 | 78,427 | 76,934 | 74,548 | 76,209 | 79,154 | 86,814 | 93,583 |
| Recycled materials collected (tons) | 7,105 | 11,601 | 12,409 | 13,770 | 14,136 | 14,605 | 14,556 | 15,343 | 15,814 | 15,716 |
| Culture and recreation | | | | | | | | | | |
| Library materials circulation | 191,612 | 244,507 | 690,062 | 778,374 | 1,118,394 | 1,175,383 | 1,266,866 | 1,510,956 | 1,266,005 | 1,410,434 |
| Parks acreage | 993 | 993 | 1,314 | 1,333 | 1,348 | 1,374 | 1,348 | 1,348 | 1,348 | 1,449 |
| Athletic facilities and pavilion rental (visits) | 400,045 | 459,330 | 528,229 | 608,500 | 766,404 | 743,731 | 756,317 | 803,925 | 710,430 | 697,775 |
| Water | | | | | | | | | | |
| New connections | 3,193 | 3,814 | 2,239 | 3,282 | 1,009 | 1,344 | 1,408 | 1,473 | 2,372 | 2,280 |
| Average daily consumption (million gallons/day) | 19.90 | 25.62 | 17.95 | 23.90 | 22.3 | 22.6 | 27.7 | 26.5 | 25.8 | 20.9 |
| Sewer | | | | | | | | | | |
| Average daily wastewater flow (million gallon/day) | 6.49 | 7.18 | 9.06 | 9.17 | 9.1 | 10.3 | 9.4 | 8.5 | 10.0 | 10.6 |

Sources: Various government departments
Note: Fire Protection Inspections include 743 automatic sprinkler inspections and 21 foster care, adoption or home daycare inspections
Traffic violations include citations from the "red light" program in 2006-2009 and 2011-2012 when the program was in place.

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

| Function | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| General government | | | | | | | | | | |
| Sports Complexes Supported | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Museums, Art Gallery Supported** | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 3 | 3 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol and Traffic Dedicated Vehicles | 24 | 26 | 35 | 40 | 40 | 41 | 35 | 35 | 38 | 42 |
| Fire Stations | 4 | 5 | 5 | 6 | 6 | 6 | 6 | 7 | 7 | 7 |
| Highways and streets | | | | | | | | | | |
| Streets (miles) | 1,175 | 1,254 | 1,331 | 1,139 | 1,158 | 1,177 | 1,196 | 1,246 | 1,246 | 1,709 |
| Streetlights | - | 5,845 | 6,179 | 6,827 | 6,967 | 7,094 | 7,350 | 7,732 | 8,173 | 8,523 |
| Traffic signals | 31 | 35 | 46 | 49 | 53 | 61 | 86 | 91 | 96 | 100 |
| Culture and recreation | | | | | | | | | | |
| Parks acreage | | | | | | | | | | |
| Parks developed | 352 | 388 | 452 | 602 | 636 | 636 | 646 | 646 | 646 | 864 |
| Parks undeveloped | 610 | 605 | 862 | 731 | 712 | 738 | 702 | 702 | 702 | 585 |
| Swimming pools | 2 | 2 | 2 | 3 | 2 | 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 | 2 |
| Tennis courts | 6 | 4 | 4 | 4 | 6 | 6 | 6 | 6 | 6 | 6 |
| Soccer fields | 16 | 17 | 27 | 31 | 35 | 35 | 35 | 35 | 35 | 35 |
| Baseball fields | 10 | 14 | 14 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Water | | | | | | | | | | |
| Customers/Accounts | 29,027 | 33,329 | 35,709 | 37,153 | 38,029 | 39,695 | 41,079 | 42,539 | 44,988 | 47,039 |
| Water lines (miles) | 510 | 569 | 609 | 649 | 712 | 733 | 746 | 771 | 810 | 842 |
| Fire hydrants | 5,128 | 5,664 | 6,136 | 6,555 | 7,349 | 7,783 | 7,892 | 8,299 | 8,602 | 9,039 |
| Maximum daily capacity (millions of gallons) | 40.5 | 41.2 | 46.0 | 63.0 | 93.0 | 133.0 | 134.0 | 134.0 | 127.0 | 127.0 |
| Sewer | | | | | | | | | | |
| Customers/Accounts | 26,801 | 30,773 | 32,971 | 34,304 | 35,113 | 36,651 | 37,929 | 39,335 | 43,091 | 44,312 |
| Sanitary sewers (miles) | 420 | 458 | 465 | 508 | 531 | 560 | 569 | 592 | 620 | 629 |
| Storm sewers (miles) | 305 | 342 | 371 | 402 | 459 | 485 | 330 | 526 | 551 | 589 |

FRISCO

PROGRESS IN MOTION

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