

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended September 30, 2020



TOWN OF PROSPER, TEXAS

"Prosper is a place where everyone matters."



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Town of Prosper, Texas
"Prosper is a place where everyone matters."

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

Prepared by the
Town of Prosper, Texas
Finance Department
Betty Pamplin - Director of Finance
Liz McDonald - Accounting Manager

Town Manager
Harlan Jefferson

Town Council
Ray Smith, Mayor
Jason Dixon, Mayor Pro-Tem
Craig Andres, Deputy Mayor Pro-Tem
Marcus E. Ray, Council Member
Amy Bartley, Council Member
Meigs Miller, Council Member
Jeff Hodges, Council Member





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TOWN OF PROSPER, TEXAS

YEAR ENDED SEPTEMBER 30, 2020

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INTRODUCTORY SECTION



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PO Box 307 • 250 W. First Street • Prosper, Texas 75078 • 972.346.2640 • Fax: 972.346.9335

March 23, 2021

To the Honorable Mayor, Members of Town Council, and
Citizens of the Town of Prosper, Texas

The Town's management staff is pleased to submit the Comprehensive Annual Financial Report of the Town of Prosper ("Town") for the fiscal year ending September 30, 2020. This report provides the Town Council, Town Staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the Town government.

The Town's management assumes responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operation of the Town as measured by the financial activity of its various funds. To enable the reader to gain an understanding of the Town's financial activities, we believe that all necessary disclosures have been included.

The Town is required to obtain an annual audit of the financial records and financial activities of the Town. Pattillo, Brown & Hill, L.L.P., a firm of licensed certified public accountants, have audited the Town's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2020, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified ("clean") opinion that the Town's financial statements for the fiscal year ended September 30, 2020, and are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP"). The independent auditor's report is presented as the first component of the financial section of this report.

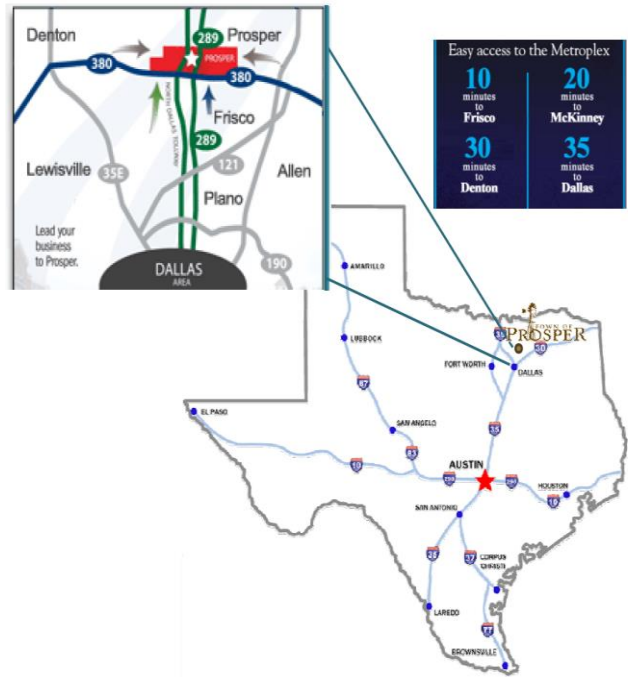
Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

The Reporting Entity Profile

The Town is a political subdivision and a home rule municipality under the laws of the state. A Home Rule Charter was approved by the voters of the Town at an election held November 7, 2006, and revised on May 14, 2011 and May 6, 2017. The Town operates as a Council-Manager form of government with the Town Council comprised of the Mayor and six Council members. The term of office is three years. The Town Manager is the chief executive officer of the Town.

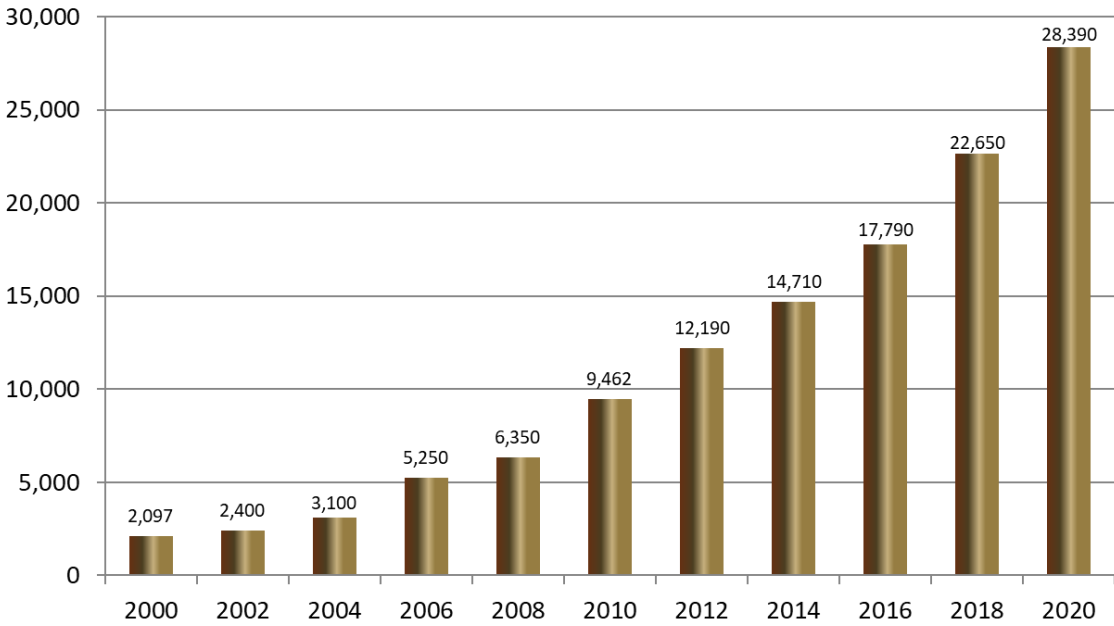
Services the Town provides include: public safety (police, fire protection, and dispatch), and municipal court, public streets, water/wastewater and storm drainage utilities, parks and recreation, library, public improvements, engineering, planning and zoning, building inspections and code compliance, economic development and general administrative services. Some services such as legal and solid waste/recycling are outsourced in full or in part to the private sector.

The Town is located in North Central Texas, and covers approximately 27 square miles of the Dallas/Fort Worth Metroplex ("DFW"). Prosper includes areas in Collin and Denton Counties, with most of the Town's population residing in Collin County. The Town is located at the crossroads of Preston Road and US Highway 380, and is just five minutes north of the bustling Dallas North Tollway cities of Frisco and Plano.



The Town is home to first-rate schools receiving top marks in recent grades from TEA and state championship sports teams, over 400 acres of open space and parks, and other amenities. Access to the DFW area, coupled with a commitment to maintain a high standard of living has created rapid growth for the Prosper community.

The 2011 Census population for the Town was 10,550, and the 2021 estimate is 31,100.



Source: Population estimates to date are from North Central Texas Council of Governments.

History of Prosper

Prosper began with the first settlers arriving in the area in 1846. Those who settled here were drawn to North Texas' fertile black prairie soil perfect for thriving cotton crops in a time when cotton was "King." Between 1850 and 1902, two settlements coexisted. One community, two miles south of the present town, was Rock Hill. The second community, one mile north, was Richland. The development of these small communities was expedited in 1876 when County Courts ordered small tracts of land to be established for quick sale. These tracts, approximately 160 acres in size, were sold for \$3.50 per acre. Dr. A. T. Bryant of McKinney purchased one of the tracts, which later became the geographic nucleus for the Town of Prosper.

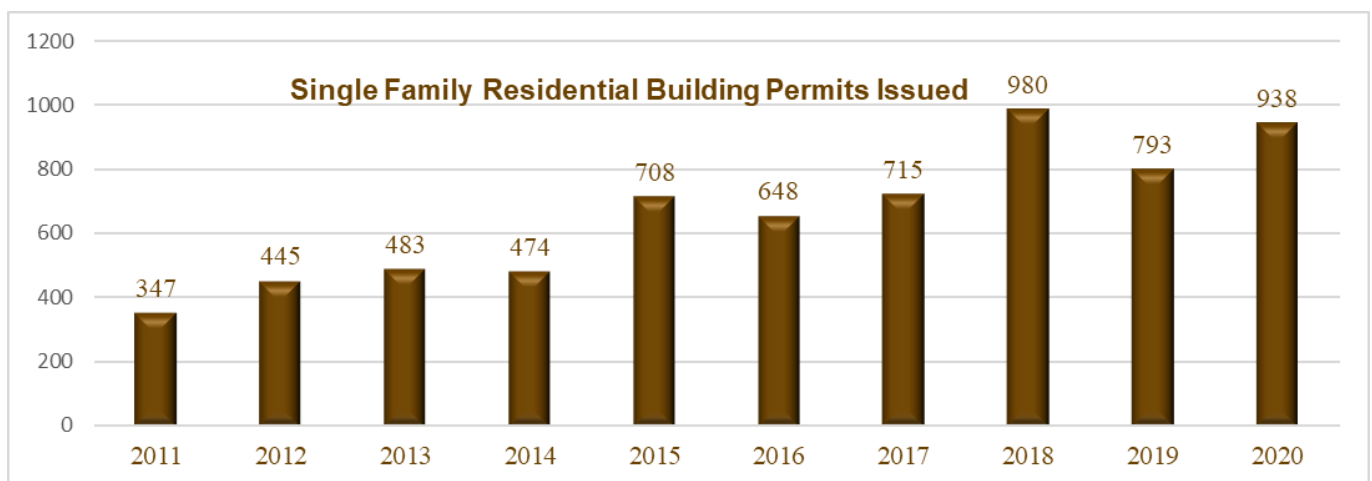
The establishment of the St. Louis & San Francisco Railroad in March of 1902 created the change that forced the communities of Rock Hill and Richland to merge forming the Town of Prosper. For years, Prosper was the central stop for the railroad between Dallas and Sherman. When community officials applied for a Post Office with the name "Richland," they were informed that city name was already taken. Postmaster B.J. Naugle asked for an alternative name and J.C. Slaughter suggested the name Prosper. A new name was adopted for the hybrid community – one that spoke of the prosperous living conditions and the prosperous crops harvested that year.

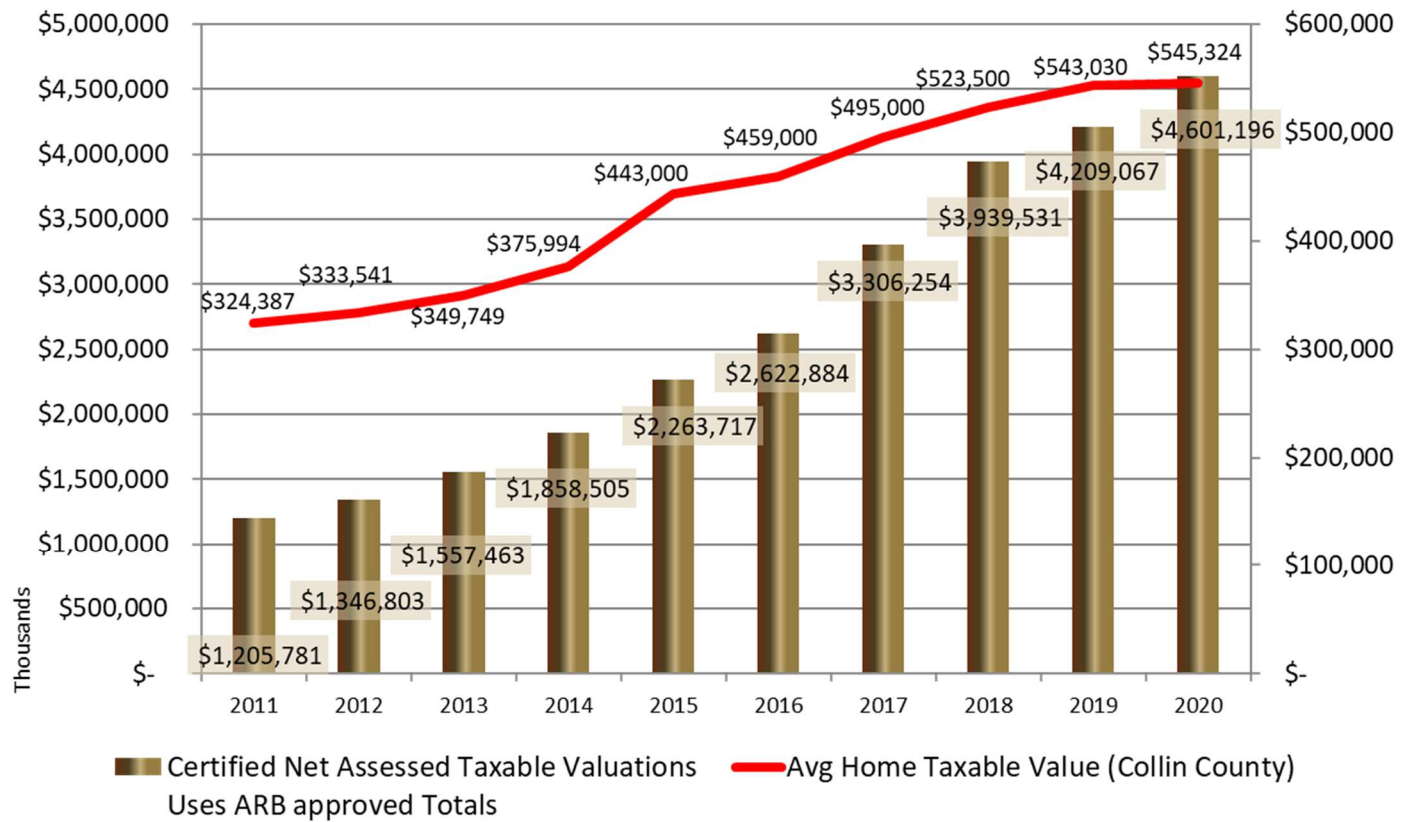
The Town of Prosper was incorporated in 1914 with a Commission form of government and a population of 500. U.N. Clary was Mayor and served in that position for 49 years. The introduction of the automobile sparked the evolution of people moving in and out of the rural community. Following the war and the depression, the mechanization of farming provided the next big impact on Prosper's population. Beginning in the 1980's, Fortune 500 companies began relocating to the DFW area, spurring growth of the Metroplex, and a renewed interest in families wanting to live in Prosper.

Prosper has managed to retain its small town appeal by carefully managing growth in accordance with a Comprehensive Land Use Plan, a Parks & Open Space Plan, and a Capital Improvements Plan. Unlike the cities of Dallas, Plano, and Frisco located to the south, Prosper is characterized by a variety of single-family neighborhoods consisting of estate-size lots and master planned neighborhoods. While residential growth remains strong, the Town is carefully evolving from a bedroom community of 28,000+ residents to a full service community offering retail, restaurant, office and health care services. In 2020, permits were issued for the opening of 101 new businesses. Over 1 million square feet of new non-residential construction started in 2020, and approximately 1.2 million square feet of shovel ready non-residential projects are approved for construction in 2021.

The Economic Outlook

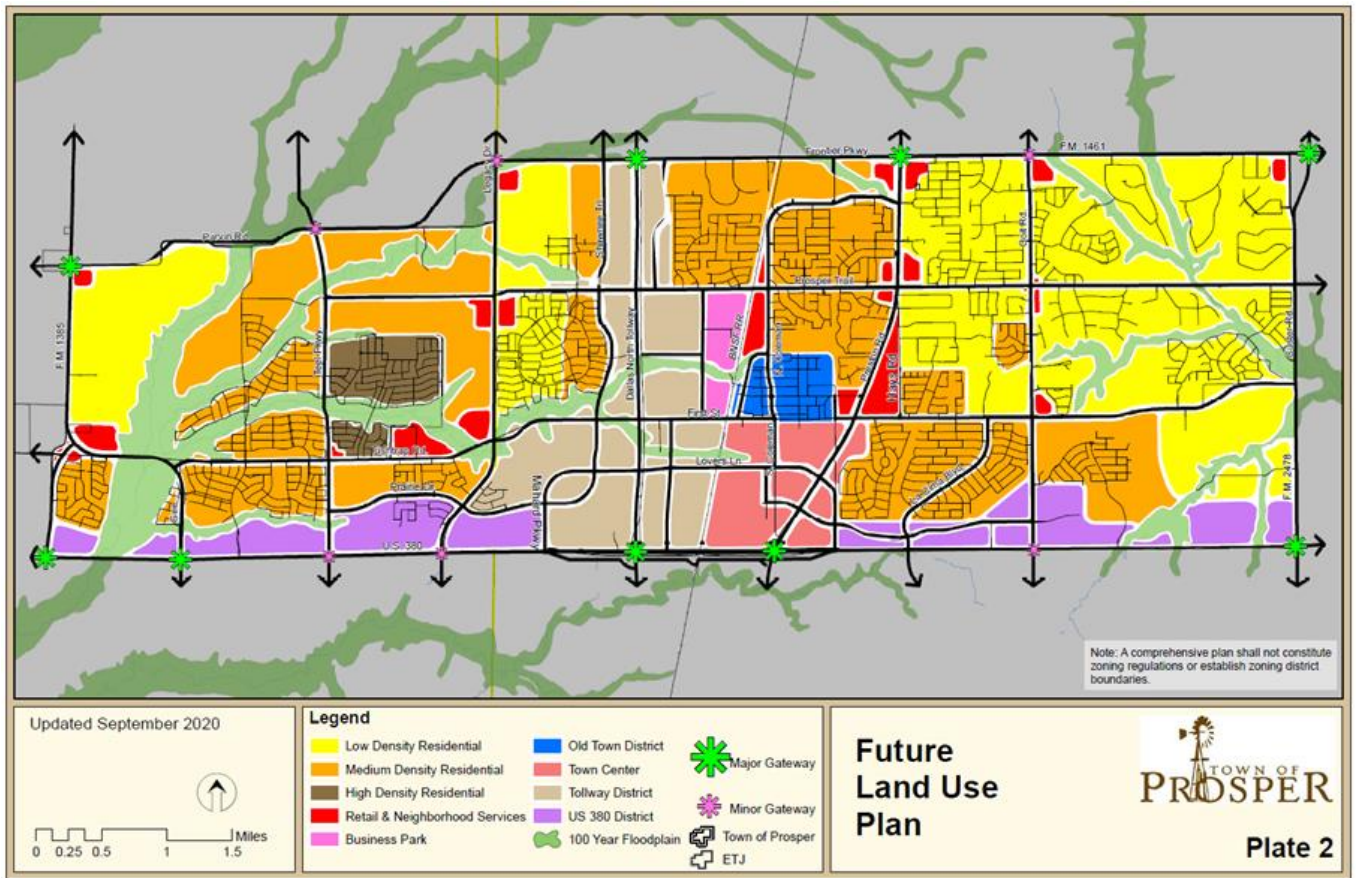
The Town continues to experience new home permits at a record pace and benefits tremendously from its location. Prosper, while not immune from economic pressures, has thrived more than most DFW communities. New homes in 2020 averaged \$545K.





The Town has maintained significant growth. Certified property valuations increased by \$392M (9.32%) for FY 2020-2021, from \$4,209M to \$4,601M. A majority of current values come from Collin County properties, but the Denton County portion is experiencing new developments. This year the Town's value in Denton County increased more than 26%.

The economy influences the timing of population increases and the types of development that occur will affect the build-out of the Town. The Town Council adopted a new Comprehensive Plan in 2012 and annually reviews the Plan in response to changing market conditions. The last revision was in September 2020. Policymakers and Town staff use this document as a guide while reviewing development projects, the Town budget, prioritizing capital improvement projects, and drafting ordinances to direct growth that leads to the established vision. The Future Land Use Plan (below) graphically sets an overall framework for the preferred pattern of development within Prosper.



Accounting System and Budgetary Control

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's utilities and other proprietary activities are maintained on a full accrual basis.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual budget approved by the Town Council. The annual budget is developed and controlled at the department level in the General Fund and Utility Fund, and at the fund level in all other funds. This budgetary level serves as the foundation for the Town's financial planning and control. Department Heads may transfer resources within a department with the Finance Director's approval. The Town Council approves any amendments or additional funding requests for appropriations over that of the budgeted department level total, even though the Town Charter limits are at the fund level. These amendments shall be by ordinance, and shall become an attachment to the original budget.

The governmental funds that are annually appropriated are the General Fund, Impact Fee Fund, Debt Service Fund, Court Technology Fund, Court Security Fund, Parks Dedication Fund, Parks Improvement Fund, Police Special Purpose District Fund, Fire Special Purpose District Fund, TIRZ #1 Fund, TIRZ #2 Fund, Municipal Jury Fund, Contributions Fund and the CARES Act Fund as funding is made available to the Town.

The accompanying CAFR incorporates all funds of the Town and includes all government activities, organizations and functions for which the Town is financially accountable. The criteria used in determining activities to be reported within the Town's basic financial statements are based upon and consistent with those set forth by the Governmental Accounting Standards Board.

On May 6, 1995, Town of Prosper voters approved the 4A Sales Tax proposition, which increased the sales and use tax by $\frac{1}{2}$ of 1% for the promotion and development of new and expanded business enterprises. The 4A funds account for the local sales tax used to encourage additional private investment that will increase and diversify the tax base, create jobs, lower residential taxes, increase the number of retail, commercial and industrial companies locating to the Town and improve Prosper residents' quality of life. The Economic Development Corporation is Town-chartered and governed by a seven-member Board of Directors appointed by the Town Council. The Town has included the financial statements for the Prosper Economic Development Corporation in its government-wide financial statements as a component unit. Component units are legally separate organizations that a primary government must include as part of its financial entity.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Prosper, Texas, for its comprehensive annual financial report for fiscal year ended September 30, 2019. The Town has received a Certificate of Achievement for the last ten consecutive years. In order to be awarded a Certificate of Achievement, a government unit must 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 the current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA for consideration.

The Town submitted application and is awaiting notification for the Popular Annual Financial Report (PAFR) award from GFOA for the fiscal year ended September 30, 2019. The Town has been granted this award for the two previous fiscal years. This report is designed to provide a user friendly and easily understood report to the public and other interested parties that lack a background in public finance. The Town hopes to achieve this award again.

Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the Finance Department staff. I would like to express my appreciation to all employees who contributed to its presentation. Acknowledgement is also given to the representatives of Pattillo, Brown, and Hill, L.L.P. for their assistance in this year's report with special thanks to John Manning, Audit Partner, and Kent Willis, Audit Manager for this engagement.

I would also like to thank the members of the Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,



Harlan Jefferson
Town Manager



Betty Pamplin
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Prosper
Texas**

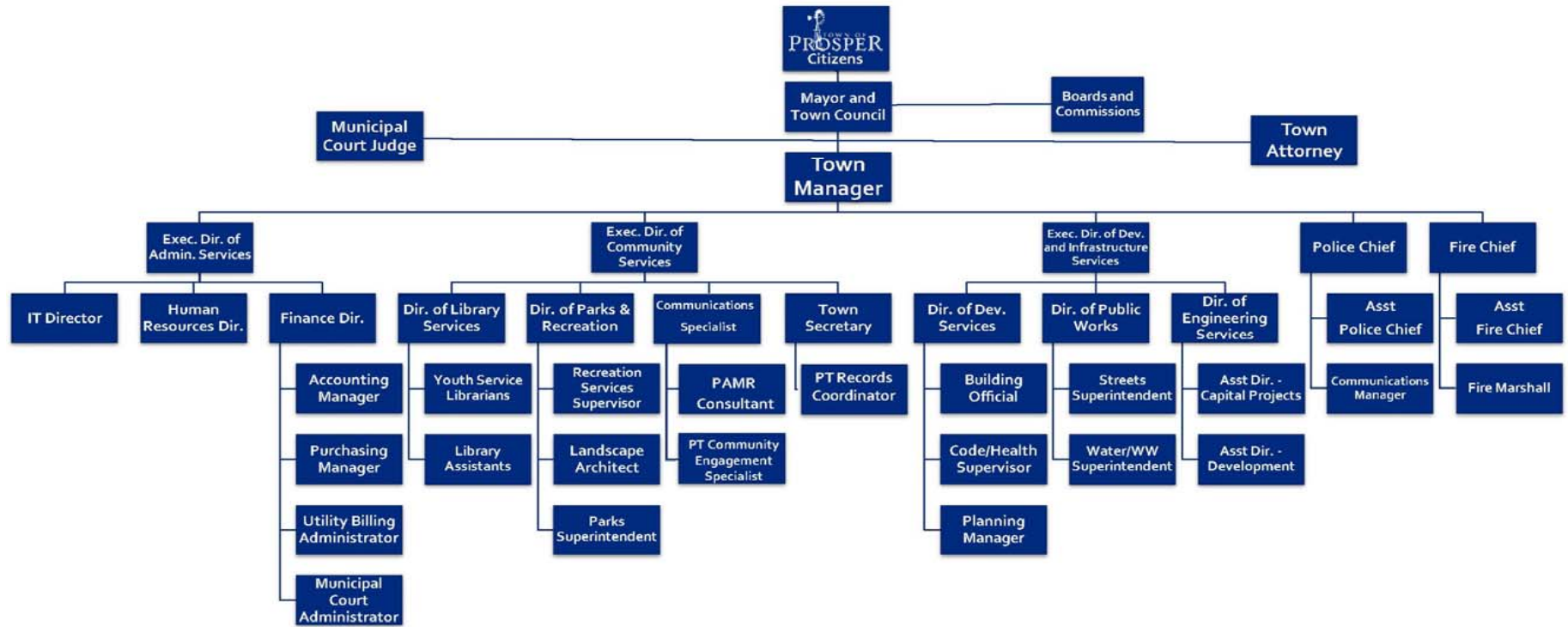
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2019

Christopher P. Morrell

Executive Director/CEO

Organizational Chart

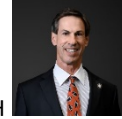


TOWN OF PROSPER, TEXAS
LIST OF PRINCIPAL OFFICIALS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

TOWN COUNCIL

MAYOR _____ RAY SMITH



COUNCIL MEMBER PLACE 1 _____ MARCUS E. RAY



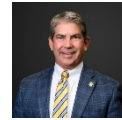
COUNCIL MEMBER PLACE 2, DEPUTY MAYOR PRO-TEM _____ CRAIG ANDRES



COUNCIL MEMBER PLACE 3, _____ AMY BARTLEY



COUNCIL MEMBER PLACE 4 _____ MEIGS MILLER



COUNCIL MEMBER PLACE 5 _____ JEFF HODGES



COUNCIL MEMBER PLACE 6, MAYOR PRO-TEM _____ JASON DIXON



TOWN OF PROSPER, TEXAS
LIST OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

APPOINTED OFFICIALS

TOWN MANAGER _____ HARLAN JEFFERSON
TOWN SECRETARY _____ MELISSA LEE
EXECUTIVE DIRECTOR OF ADMINISTRATIVE SERVICES _____ CHUCK SPRINGER
EXECUTIVE DIRECTOR OF COMMUNITY SERVICES _____ ROBYN BATTLE
EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFRASTRUCTURE SERVICES _____ REBECCA ZOOK
FIRE CHIEF _____ STUART BLASINGAME
POLICE CHIEF _____ DOUG KOWALSKI
DIRECTOR OF DEVELOPMENT SERVICES _____ VACANT
DIRECTOR OF ENGINEERING _____ HULON WEBB
DIRECTOR OF FINANCE _____ BETTY PAMPLIN
DIRECTOR OF HUMAN RESOURCES _____ JAMES EDWARDS
DIRECTOR OF INFORMATION TECHNOLOGY _____ LEIGH JOHNSON
DIRECTOR OF LIBRARY SERVICES _____ LESLIE SCOTT
DIRECTOR OF PARKS AND RECREATION _____ DUDLEY RAYMOND
DIRECTOR OF PUBLIC WORKS _____ FRANK JAROMIN



FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Town Council
Town of Prosper, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Prosper, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Prosper, Texas' 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Prosper, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Prosper, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 March 23, 2021, on our consideration of the Town of Prosper, Texas' 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 the effectiveness of the Town of Prosper, Texas' 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 Town of Prosper, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 23, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS



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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Prosper, Texas (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town of Prosper, on a government-wide basis, exceeded its liabilities and deferred inflows as of September 30, 2020 by \$336,326,915 (net position). Of this amount, \$33,212,737 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$44,490,430. Most of the increase is due to property taxes, sales taxes, increases in capital assets and water and sewer charges for services.
- As of the close of the current fiscal year, the Town of Prosper's governmental funds reported combined ending fund balances of \$47,041,585 (made up of \$13,923,232 in General Fund, \$5,092,452 in Impact Fee Fund, \$2,619,367 in Debt Service Fund, \$21,346,095 in Capital Projects Fund, \$84,551 in Escrow Fund, and \$3,975,888 in other governmental funds), a decrease of \$1,753,602 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,332,795 or 30% of total current fiscal year General Fund expenditures and is available for spending at the Town's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Prosper's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the time 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).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, recreation, and transportation. The business-type activities of the Town include the water and sewer system, as well as sanitation collection and disposal, and storm drainage.

The government-wide financial statements include not only the Town of Prosper itself (known as the primary government), but also a legally separate economic development corporation. Financial information for this component unit is reported discretely in the government-wide financial statements.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Prosper, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Town of Prosper can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Prosper maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Impact Fee Fund, Debt Service Fund, Capital Projects Fund, and Escrow 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 and certain budgetary schedules in this report. The basic governmental fund financial statements can be found immediately following this management's discussion and analysis.

The Town adopts an annual appropriated budget for its General Fund, Debt Service Fund, and Impact Fee Fund and several of the non-major governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

Proprietary funds – The town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, sanitation, and storm drainage activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The Internal Service Fund is used to accumulate and allocate costs internally among the Town's various functions. The Town uses its Internal Service Fund to account for its vehicle and equipment replacement program and employee health insurance program. Because these services predominately benefit the governmental rather than the business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 the accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding pension benefits to its employees and the budgetary schedule of the General and Impact funds.

The combining statements referred to earlier in connection to the non-major governmental funds are presented immediately following the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$336,326,915 at the close of the most recent fiscal year.

A portion of the Town's net position (88%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town of Prosper uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

An additional portion of the Town's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (10%) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report position balances in all categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

**Town of Prosper's Net Position
Government-Wide**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 21,977,517	\$ 14,998,487	\$ 12,381,543	\$ 12,818,467	\$ 34,359,060	\$ 27,816,954
Restricted assets	42,192,966	47,181,183	16,419,136	18,020,398	58,612,102	65,201,581
Capital assets	<u>240,636,596</u>	<u>205,350,039</u>	<u>158,423,240</u>	<u>140,568,437</u>	<u>399,059,836</u>	<u>345,918,476</u>
Total assets	<u>304,807,079</u>	<u>267,529,709</u>	<u>187,223,919</u>	<u>171,407,302</u>	<u>492,030,998</u>	<u>438,937,011</u>
Deferred outflows of resources	<u>3,313,482</u>	<u>3,348,602</u>	<u>584,805</u>	<u>556,543</u>	<u>3,898,287</u>	<u>3,905,145</u>
Total outflows of resources	<u>3,313,482</u>	<u>3,348,602</u>	<u>584,805</u>	<u>556,543</u>	<u>3,898,287</u>	<u>3,905,145</u>
Long-term liabilities	96,106,768	88,424,494	37,880,491	40,583,095	133,987,259	129,007,589
Other liabilities	<u>17,610,593</u>	<u>14,829,961</u>	<u>7,256,492</u>	<u>6,987,776</u>	<u>24,867,085</u>	<u>21,817,737</u>
Total liabilities	<u>113,717,361</u>	<u>103,254,455</u>	<u>45,136,983</u>	<u>47,570,871</u>	<u>158,854,344</u>	<u>150,825,326</u>
Deferred inflows of resources - pensions	<u>640,167</u>	<u>113,574</u>	<u>107,859</u>	<u>18,567</u>	<u>748,026</u>	<u>132,141</u>
Total inflows of resources	<u>640,167</u>	<u>113,574</u>	<u>107,859</u>	<u>18,567</u>	<u>748,026</u>	<u>132,141</u>
Net position:						
Net investment in capital assets	169,773,535	150,815,446	127,806,218	112,196,964	297,579,753	263,012,410
Restricted	5,534,425	1,945,086	-	-	5,534,425	1,945,086
Unrestricted	<u>18,455,073</u>	<u>14,749,750</u>	<u>14,757,664</u>	<u>12,177,443</u>	<u>33,212,737</u>	<u>26,927,193</u>
Total net position	<u>\$ 193,763,033</u>	<u>\$ 167,510,282</u>	<u>\$ 142,563,882</u>	<u>\$ 124,374,407</u>	<u>\$ 336,326,915</u>	<u>\$ 291,884,689</u>

**Town of Prosper's Changes in Net Position
Government-Wide**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 14,390,092	\$ 12,305,222	\$ 24,225,257	\$ 21,125,370	\$ 38,615,349	\$ 33,430,592
Operating grants & contributions	1,252,583	155,998	-	-	1,252,583	155,998
Capital grants & contributions	16,677,357	13,358,221	19,030,854	18,357,673	35,708,211	31,715,894
General revenues:						
Property taxes	24,478,723	21,273,026	-	-	24,478,723	21,273,026
Other taxes	12,153,419	10,146,947	-	-	12,153,419	10,146,947
Other income	984,539	1,483,081	641,600	970,091	1,626,139	2,453,172
Total revenues	<u>69,936,713</u>	<u>58,722,495</u>	<u>43,897,711</u>	<u>40,453,134</u>	<u>113,834,424</u>	<u>99,175,629</u>
Expenses:						
Administration	10,490,476	6,781,195	-	-	10,490,476	6,781,195
Police	6,059,769	4,914,467	-	-	6,059,769	4,914,467
Fire	8,770,467	7,099,010	-	-	8,770,467	7,099,010
Development Services	2,413,332	2,714,608	-	-	2,413,332	2,714,608
Public Works	6,906,535	5,644,818	-	-	6,906,535	5,644,818
Community Services	5,297,319	4,686,873	-	-	5,297,319	4,686,873
Engineering	1,545,471	1,155,857	-	-	1,545,471	1,155,857
Interest on long-term debt	3,088,624	3,070,297	-	-	3,088,624	3,070,297
Utility	-	-	24,772,001	23,304,617	24,772,001	23,304,617
Total expenses	<u>44,571,993</u>	<u>36,067,125</u>	<u>24,772,001</u>	<u>23,304,617</u>	<u>69,343,994</u>	<u>59,371,742</u>
Revenues in Excess of Expenses	<u>25,364,720</u>	<u>22,655,370</u>	<u>19,125,710</u>	<u>17,148,517</u>	<u>44,490,430</u>	<u>39,803,887</u>
Transfers	<u>936,235</u>	<u>490,995</u>	<u>(936,235)</u>	<u>(490,995)</u>	<u>-</u>	<u>-</u>
Change in net position	26,300,955	23,146,365	18,189,475	16,657,522	44,490,430	39,803,887
Net position - beginning of year	<u>167,510,282</u>	<u>145,372,066</u>	<u>124,374,407</u>	<u>107,716,885</u>	<u>291,884,689</u>	<u>253,088,951</u>
Prior period adjustment	<u>(48,204)</u>	<u>(1,008,149)</u>	<u>-</u>	<u>-</u>	<u>(48,204)</u>	<u>(1,008,149)</u>
Net position - end of year	<u>\$ 193,763,033</u>	<u>\$ 167,510,282</u>	<u>\$ 142,563,882</u>	<u>\$ 124,374,407</u>	<u>\$ 336,326,915</u>	<u>\$ 291,884,689</u>

The following key elements influenced the changes in net position from the prior year:

Revenues for FY 2019-2020 increased by \$14,658,795, or 15% in comparison to the prior year. The increase is primarily due to increases in sales taxes, property taxes, charges for services, and capital grants and contributions. Property taxes and sales taxes increased \$5,212,169 from prior year due to increased assessed value and growth in the Town. Capital grants and contributions increased by \$3,319,136 due to additional capital contributions by developers. Water and sewer charges for services increased \$3,099,887 over the prior year due to the growth within the Town, due to increased usage of services and an increase in commercial base water rates to bring them more in line with the residential rates.

Governmental Activities

Governmental activities increased the Town's net position by \$26,300,955. The following factors contributed to this change:

- Property and sales taxes increased by \$5,212,169 (17%) primarily due to increases in the Town's property tax base and economic development within the Town.
- Capital grants and contributions increased by \$3,319,136 (25%) primarily due to continued Town growth and increased developer contributions.
- Total governmental activity expenses increased by \$8,504,868 (24%) during the year primarily due to the overall growth that the Town has experienced. A large portion of this increase (\$6,013,172) is due to an increase in capital improvement expenditures. The largest functional areas affected by this growth were Administration (\$3,709,281), Police (\$1,145,302), Fire (\$1,671,457), and Public Works (\$1,261,717). A decrease of \$301,276 in Development Services also contributed to the year over year change in expenses.

Business-Type Activities

Business-type activities increased the Town's net position by \$18,189,475. The following factors contributed to this change:

- Operating revenue increased by \$3,773,068 (10%) from the previous year due to an increase in water and sewer charges for service and increases in usage.
- Operating expenses increased by \$1,467,384 (6%) from the previous year due to an increase in contractual services mainly due to increases in usage.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$47,041,585, a decrease of \$1,705,398 from the prior year. Most of the decrease is due to continued growth and spending on capital projects. Of the current combined ending fund balance, \$14,660 is nonspendable due to prepaids, \$33,118,353 is restricted for debt service, capital projects, police, fire, grants, parks, courts, and other, \$5,575,777 is committed for contingency in accordance with the Town charter, and \$8,332,795 is unassigned.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,332,795. Total unassigned fund balance represents 30% of total General Fund expenditures. The increase in fund balance of \$4,041,740 is primarily due to growth in commercial and residential building permits and sales tax receipts.

The Impact Fee Fund has a total fund balance of \$5,092,452; which is restricted for capital projects. The increase in fund balance of \$2,801,411 is due to collection of impact fees related to development in Town.

The Debt Service Fund has a total fund balance of \$2,619,367; all of which is restricted for payment of debt service. The increase in fund balance of \$62,555 is primarily due to an increase in property tax collections throughout the year.

The Capital Projects Fund has a total fund balance of \$21,346,095; all of which is restricted for construction. The decrease in fund balance of \$9,027,961 is due to construction and completion of capital improvement projects throughout the year.

Proprietary funds – The Town'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 Water and Sewer Fund at the end of the year amounted to \$14,166,702. The increase in total net position of the Water and Sewer Fund was \$12,660,964. Unrestricted net position for the Stormwater Drainage Utility Fund at the end of the year amounted to \$590,962. The increase in total net position of the Stormwater Drainage Utility Fund was \$5,528,511. The factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget – During the year amendments to increase original budgeted revenue resulted from unanticipated grants. Other budget amendments include increased budgeted expenditures in the Administration, Fire, Development Services, Public Works, and Engineering functions. Expenditures increased for added personnel due to award of the Staffing for Adequate Fire and Emergency Response (SAFER) grant, compensation plan implementation, and early replacement of the fire department brush truck. Transfers out increased due to transfers for cash funded capital projects.

Final budget compared to actual results – During the year, revenues were \$2,448,856 more than estimated and expenditures were \$2,198,215 less than budgeted. The majority of the excess revenues arose from sales and franchise taxes, property taxes, and miscellaneous. The majority of expenditure savings was in Police, Development Services, Administration, and Community Services. Position vacancies, a travel freeze, and capital projects placed on hold during the pandemic were all contributing factors to this savings.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets – The Town’s investment in capital assets for its governmental and business-type activities as of September 30, 2020 is \$399,059,836 (net of accumulated depreciation). This investment in capital assets includes land, buildings and infrastructure, and equipment.

Major capital asset events during the current fiscal year included the following:

- Capital asset acquisitions in governmental activities totaled \$43,421,123. The majority of this activity was funded from bond proceeds and was for streets, parks, and related infrastructure.
- Capital asset additions in business-type activities totaled \$22,292,539. The majority of this activity was funded from bond proceeds and was for new water and sewer projects.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Government-wide capital assets:						
Non-depreciable assets	\$ 58,740,622	\$ 43,548,996	\$ 23,185,712	\$ 15,875,943	\$ 81,926,334	\$ 59,424,939
Depreciable assets	232,815,078	204,861,873	159,720,461	144,773,135	392,535,539	349,635,008
Total capital assets	291,555,700	248,410,869	182,906,173	160,649,078	474,461,873	409,059,947
Less: accumulated depreciation	(50,919,104)	(43,060,830)	(24,482,933)	(20,080,645)	(75,402,037)	(63,141,475)
Government-wide capital assets, net	\$ 240,636,596	\$ 205,350,039	\$ 158,423,240	\$ 140,568,433	\$ 399,059,836	\$ 345,918,472

Additional information on the Town’s capital assets can be found in the capital asset (Note VI) of the notes to the financial statements.

Long-term liabilities – At the end of the current fiscal year, the Town had long-term liabilities outstanding of \$141,235,961. The Town’s debt is backed by the full faith and credit of the Town.

The Town’s bond ratings are AA+ as assigned by Standard & Poor’s and Aa1 as assigned by Moody’s.

Total long-term liabilities consisted of the following:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Government-wide long-term liabilities:						
Certificates of obligation and						
general obligation bonds	\$ 88,801,423	\$ 81,745,500	\$ 37,478,576	\$ 40,089,500	\$ 126,279,999	\$ 121,835,000
Bonds premium on issuance	7,425,775	6,122,397	2,281,127	2,427,182	9,706,902	8,549,579
Compensated absences payable	1,766,093	1,377,750	211,752	173,111	1,977,845	1,550,861
Net pension liability	2,830,377	3,342,638	440,838	546,453	3,271,215	3,889,091
Total government-wide long-term liabilities	\$ 100,823,668	\$ 92,588,285	\$ 40,412,293	\$ 43,236,246	\$ 141,235,961	\$ 135,824,531

Additional information on the Town’s long-term liabilities can be found in the long-term liabilities (Note VIII) in the notes to the financial statements.

ECONOMIC FACTORS AND FY 2020-2021 BUDGETS AND RATES

The Town continues to thrive, with residential and commercial development occurring at the highest levels the Town has ever seen. The resulting increase in property values reflects the commitment of the Council and the efforts of the Prosper Economic Development Corporation (PEDC) to attract quality development. The FY 2020-2021 Adopted Budget addresses the need for increased service levels due to growth. The budget provides essential capital investments in infrastructure and other public improvements, as well as additional public safety resources.

Revenue Projection Highlights

Despite the Town's current and future growth potential and general optimism, the budget was prepared with quantifiable revenue assumptions in mind.

- The Town has 9 actively developing residential subdivision phases that are either under construction or are approved for construction to accommodate 1,197 single family homes in the next 24 months.
- The FY 2020-2021 Adopted Ad Valorem Property Tax Rate is set at \$0.52 per one hundred dollars taxable valuation which marks the fourteenth straight year of maintaining this property tax rate. Certified property valuations increased by \$392.1M (9.32%) for FY 2020-2021. Property values increased from \$4,209M to \$4,601M. A majority of current values come from Collin County properties, but we are experiencing large growth in Denton County. The average single-family home value is approximately \$545,324 in Collin County and \$453,956 in Denton County. This is an increase of \$2,294 or 0.42% in Collin County and \$23,531 or 5.47% in Denton County from the previous year.
- Commercial development in the following areas brought more ad valorem tax to the Town: Gates of Prosper, Windsong Ranch Marketplace, Shops at Prosper Trail, Westfork Crossing, and North Preston Village.
- Due to the unknown impact of the COVID-19 pandemic, sales tax revenue for FY 2020-2021 was conservatively budgeted at \$12,554,723. FY 2019-2020 year-end sales tax receipts fared better than originally predicted during the pandemic, for a total actual collected amount of \$13,146,608. Current year to date estimates project sales tax will exceed the amount collected in FY 2019-2020. Growth in new business and a general increase in existing retail sales are expected in FY 2020-2021, just as it was in FY 2019-2020.
- In May 2018, the citizens of the Town of Prosper voted to abolish the 0.50% sales and use tax revenue for property tax relief and replaced it with the creation of two Public Safety Special Purpose Districts. The Crime Control and Prevention District and the Fire Control, Prevention and Emergency Medical Services District each collect 0.25% of sales and use tax to provide a minimum level of dedicated funding. Each district is reported as a special revenue fund and sales and use tax is the only source of revenue in these funds.
- Licenses, Fees and Permit Revenues are projected at \$3,575,100. This is less than the prior's year's collections due to conservative growth estimates for residential permits. The FY 2020-2021 Budget still reflects steady new residential and non-residential construction. It is assumed the Town will issue at least 650 new residential permits in the coming year.
- Licenses and Franchise Fees are projected to rise with population. Municipal Court fines are projected to remain steady in FY 2020-2021.
- Revenues for the Water, Sewer, and Solid Waste Fund are expected to decrease to \$24,504,693 (a decrease of 5.9%). This decrease is due to a one-time reimbursement from TXDOT's share in a capital project in the amount of \$2.5M in the FY 2019-2020 adopted budget. The Town of Prosper along with other surrounding municipalities' purchases treated surface water from the NTMWD. The FY 2020-2021 proposed budget reflects increased water consumption due to growth and customer demand. Rates from NTMWD will remain the same at \$3.04 per 1,000 gallons for FY 2020-2021.
- The Town will be coming up on its second annual renewal for solid waste collection and recycling services with Community Waste Disposal (CWD) in February 2021. Staff will be reviewing the annual rate adjustment as outlined in the franchise agreement with CWD as it relates to CPI, fuel, and disposal rate adjustments. The Storm Drainage rates will remain the same. The last increase was implemented in FY 2017-2018's budget.

Appropriated Budget Highlights

The adopted budget addressed increased service levels in response to continued growth, provided required or money-saving capital investments in infrastructure, included other public improvements, as well as additional public safety resources. The Town has continued to thrive despite current national economic conditions.

Compensation and Benefits

- ✓ Sworn Fire and Police personnel are on a step plan which reflects a 3% increase in the program.
- ✓ Civilian pay based on a merit program with an average of 3% increase.
- ✓ TMRS 2021 contribution rate increased from 13.54% to 13.74% with the funded ratio decreasing from 86.1% in the previous year to 85.5%.
- ✓ Fourth year of the Town being self-funded for health benefits.
- ✓ The Town continues to offer both PPO and high deductible health care plans.

Approved total of 17 full time employees to be added to the Town's workforce with eleven in public safety, three in information technology, and three for public works.

Program enhancements and capital expenditures included in the adopted appropriations and planned for FY 2020-2021 are as follows:

Police Operations & Dispatch

Two Lieutenants, Two Public Safety Officers, One Records Clerk, and Two Communication Officers are approved to be added in fiscal year 2020-2021. GPS dispatch and mobile mapping and navigation software enhancements are also included for police and dispatch. The newly constructed Public Safety facility opened in the fall of 2020 and additional operating costs for this facility are included in the fiscal year 2020-2021 budget.

Fire, EMS & Fire Marshall

Three Battalion Chiefs and One Administrative Assistant are added in fiscal year 2020-2021. Additional funding for vehicle/apparatus maintenance and LifePak replacements are also included in the Fire Department budget.

Development Services

The Development Services Department budget included funding for new Development and Permitting software.

Administrative Services

Two Help Desk Technicians and One Senior GIS Analyst are included for the Information Technology Department. Additional funding is also included to transition GIS hosting services in-house from a previous partnership with the City of Frisco. Funding has also been included for a broadband outreach program to assist residents with broadband related issues.

Water/Wastewater

The budget included funding three full time staff for the Water and Wastewater fund. The major program enhancements and capital item expenses budgeted in FY 2020-2021 include water meter upgrades, lift station odor control, and increased costs associated with the purchase of water and management of wastewater for growth. Funding is also included to complete a risk and resilience emergency response plan to comply with Environmental Protection Act (EPA) mandates.

The following items have also been incorporated into the FY 2020-2021 Adopted Budget:

- The Town opened a new Police Station that houses all Police functions in a state-of-the-art facility.

- Continued partnerships with local entities have produced multiple saving opportunities for shared services or improving our customer service to residents and visitors alike. Interlocal agreements with PISD to access their fueling facility and parking access to the new Prosper ISD stadium. The Town renewed its agreements, along with several area cities, with Collin County for animal control and sheltering service. The Town will be implementing its own GIS program which will end a previous agreement with Frisco but continues an interlocal agreement for Police and Fire Departments to access their radio system. Three-way interlocal agreement for landscape service for 380 medians with City of McKinney, and City of Frisco. Three-way interlocal agreement for Frontier Parkway BNSF overpass with Collin County and City of Celina.
- The adopted budget accomplishes Council goals to expand services and competitively compensate staff while maintaining the current tax rate. The budget also included a future five-year financial plan to help manage the decisions made for the next fiscal year and the impact it has on future fiscal responsibilities. The Town's budget addresses the current and future growth and infrastructure expansion demands while recognizing the needs of its residents. These factors were considered in preparing the Town of Prosper's budget for FY 2020-2021.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Town Manager, P.O. Box 307, Prosper, Texas 75078.



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BASIC FINANCIAL STATEMENTS

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Prosper EDC
ASSETS				
Cash and cash equivalents	\$ 7,928,191	\$ 3,652,723	\$ 11,580,914	\$ 7,187,133
Investments	10,598,292	4,909,460	15,507,752	1,267,889
Taxes receivable, net	2,262,584	-	2,262,584	576,249
Receivables, net	1,010,971	3,238,864	4,249,835	-
Accrued interest	157,873	97,238	255,111	4,554
Inventory	-	482,992	482,992	-
Prepays	19,606	266	19,872	-
Restricted assets:				
Restricted cash	30,123,844	8,929,064	39,052,908	-
Restricted investments	12,069,122	7,490,072	19,559,194	-
Capital assets not being depreciated:				
Land	8,259,860	1,883,521	10,143,381	1,077,788
Construction in progress	50,480,762	21,302,191	71,782,953	-
Capital assets net of accumulated depreciation:				
Buildings and improvements	48,002,598	70,211	48,072,809	-
Equipment	11,373,271	1,275,148	12,648,419	-
Intangible assets	-	14,488,339	14,488,339	-
Infrastructure	122,520,105	119,403,830	241,923,935	-
Total Assets	<u>304,807,079</u>	<u>187,223,919</u>	<u>492,030,998</u>	<u>10,113,613</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	820,129	192,103	1,012,232	-
Deferred outflows of resources related to pensions	<u>2,493,353</u>	<u>392,702</u>	<u>2,886,055</u>	<u>55,487</u>
Total Deferred Outflows of Resources	<u>3,313,482</u>	<u>584,805</u>	<u>3,898,287</u>	<u>55,487</u>

The accompanying notes are an
integral part of these financial statements.

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Prosper EDC
LIABILITIES				
Accounts payable	\$ 6,215,172	\$ 3,999,476	\$ 10,214,648	\$ 21,155
Retainage payable	800,873	301,859	1,102,732	-
Accrued interest payable	794,352	342,356	1,136,708	-
Unearned revenue	756,801	-	756,801	-
Customer deposits and escrow payable	4,326,495	80,999	4,407,494	-
Noncurrent liabilities:				
Due within one year				
Long-term debt	4,716,900	2,531,802	7,248,702	7,265
Due in more than one year				
Long-term debt	93,276,391	37,439,653	130,716,044	21,794
Net pension liability	<u>2,830,377</u>	<u>440,838</u>	<u>3,271,215</u>	<u>68,463</u>
Total Liabilities	<u>113,717,361</u>	<u>45,136,983</u>	<u>158,854,344</u>	<u>118,677</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>640,167</u>	<u>107,859</u>	<u>748,026</u>	<u>6,460</u>
Total Deferred Inflows of Resources	<u>640,167</u>	<u>107,859</u>	<u>748,026</u>	<u>6,460</u>
NET POSITION				
Net investment in capital assets	169,773,535	127,806,218	297,579,753	1,077,788
Restricted for:				
Debt service	1,884,986	-	1,884,986	-
Courts	51,895	-	51,895	-
Fire	220,330	-	220,330	-
Police	460,701	-	460,701	-
Grants	1,242	-	1,242	-
Parks	2,660,035	-	2,660,035	-
Other	255,236	-	255,236	-
Economic development	-	-	-	8,966,175
Unrestricted	<u>18,455,073</u>	<u>14,757,664</u>	<u>33,212,737</u>	<u>-</u>
Total Net Position	<u>\$ 193,763,033</u>	<u>\$ 142,563,882</u>	<u>\$ 336,326,915</u>	<u>\$ 10,043,963</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PROSPER, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Administration	\$ 10,490,476	\$ 1,645,823	\$ 780,850	\$ -
Police	6,059,769	67,948	63,208	-
Fire	8,770,467	593,036	408,525	102,227
Development Services	2,413,332	4,523,051	-	-
Public Works	6,906,535	7,446,631	-	16,575,130
Community Services	5,297,319	113,603	-	-
Engineering	1,545,471	-	-	-
Interest and fiscal charges	3,088,624	-	-	-
Total governmental activities	<u>44,571,993</u>	<u>14,390,092</u>	<u>1,252,583</u>	<u>16,677,357</u>
Business-type activities:				
Water and sewer	23,348,663	23,549,414	-	13,045,899
Storm drainage	1,423,338	675,843	-	5,984,955
Total business-type activities	<u>24,772,001</u>	<u>24,225,257</u>	<u>-</u>	<u>19,030,854</u>
Total Primary Government	<u>\$ 69,343,994</u>	<u>\$ 38,615,349</u>	<u>\$ 1,252,583</u>	<u>\$ 35,708,211</u>
Component unit:				
Prosper Economic Development	<u>\$ 1,240,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

 Property taxes

 Sales and use taxes

 Franchise taxes

 Unrestricted investment earnings

 Miscellaneous revenue

Transfers

 Total general revenues and transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position			Component
Primary Government			Unit
Governmental Activities	Business-Type Activities	Total	Prosper Economic Development
\$(8,063,803)	\$ -	\$(8,063,803)	\$ -
(5,928,613)	-	(5,928,613)	-
(7,666,679)	-	(7,666,679)	-
2,109,719	-	2,109,719	-
17,115,226	-	17,115,226	-
(5,183,716)	-	(5,183,716)	-
(1,545,471)	-	(1,545,471)	-
(3,088,624)	-	(3,088,624)	-
(12,251,961)	-	(12,251,961)	-
-	13,246,650		
-	5,237,460	5,237,460	-
-	18,484,110	18,484,110	-
\$(12,251,961)	\$ 18,484,110	\$ 6,232,149	\$ -
\$ -	\$ -	\$ -	\$(1,240,570)
24,478,723	-	24,478,723	-
10,358,770	-	10,358,770	3,299,414
1,794,649	-	1,794,649	-
736,469	348,881	1,085,350	78,687
248,070	292,719	540,789	2,634
936,235	(936,235)	-	-
38,552,916	(294,635)	38,258,281	3,380,735
26,300,955	18,189,475	44,490,430	2,140,165
167,510,282	124,374,407	291,884,689	7,903,798
(48,204)	-	(48,204)	-
\$ 193,763,033	\$ 142,563,882	\$ 336,326,915	\$ 10,043,963

TOWN OF PROSPER, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General Fund	Impact Fees	Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 5,974,611	\$ 2,543,879	\$ 1,110,979
Investments	7,892,420	3,438,978	1,501,893
Taxes receivable (net)	1,383,829	-	61,702
Accounts receivable (net)	964,893	-	-
Accrued interest	61,893	26,969	11,778
Due from other funds	73,649	-	-
Prepaid items	14,660	-	-
Total assets	<u>16,365,955</u>	<u>6,009,826</u>	<u>2,686,352</u>
LIABILITIES			
Liabilities			
Accounts payable and accrued expenses	2,027,480	889,666	800
Unearned revenue	-	-	-
Retainage payable	-	13,480	-
Escrow payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>2,027,480</u>	<u>903,146</u>	<u>800</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue:			
Property taxes	142,755	-	59,971
Fines and fees	31,452	-	-
Grants	208,383	-	-
Interest	32,653	14,228	6,214
Total deferred inflows of resources	<u>415,243</u>	<u>14,228</u>	<u>66,185</u>
FUND BALANCES			
Nonspendable for:			
Prepaid items	14,660	-	-
Restricted for:			
Debt service	-	-	2,619,367
Capital projects	-	5,092,452	-
Courts	-	-	-
Police	-	-	-
Fire	-	-	-
Grants	-	-	-
Parks	-	-	-
Other	-	-	-
Committed for:			
Contingency reserve	5,575,777	-	-
Unassigned	8,332,795	-	-
Total fund balances	<u>13,923,232</u>	<u>5,092,452</u>	<u>2,619,367</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 16,365,955</u>	 <u>\$ 6,009,826</u>	 <u>\$ 2,686,352</u>

The accompanying notes are an
integral part of these financial statements.

Capital Projects Fund	Escrow Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 22,661,969	\$ 1,874,982	\$ 1,932,035	\$ 36,098,455
1,882,039	2,536,064	2,710,148	19,961,542
-	-	817,053	2,262,584
8,186	-	7,792	980,871
14,759	-	21,254	136,653
-	-	-	73,649
-	-	-	14,660
<u>24,566,953</u>	<u>4,411,046</u>	<u>5,488,282</u>	<u>59,528,414</u>
2,430,318	-	666,092	6,014,356
-	-	756,801	756,801
782,754	-	4,639	800,873
-	4,326,495	-	4,326,495
-	-	73,649	73,649
<u>3,213,072</u>	<u>4,326,495</u>	<u>1,501,181</u>	<u>11,972,174</u>
-	-	-	202,726
-	-	-	31,452
-	-	-	208,383
7,786	-	11,213	72,094
<u>7,786</u>	<u>-</u>	<u>11,213</u>	<u>514,655</u>
-	-	-	14,660
-	-	-	2,619,367
21,346,095	84,551	326,449	26,849,547
-	-	51,895	51,895
-	-	460,701	460,701
-	-	220,330	220,330
-	-	1,242	1,242
-	-	2,660,035	2,660,035
-	-	255,236	255,236
-	-	-	5,575,777
-	-	-	8,332,795
<u>21,346,095</u>	<u>84,551</u>	<u>3,975,888</u>	<u>47,041,585</u>
\$ <u>24,566,953</u>	\$ <u>4,411,046</u>	\$ <u>5,488,282</u>	\$ <u>59,528,414</u>



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TOWN OF PROSPER, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds \$ 47,041,585

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 237,570,753

Bonds payable and accrued compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements. (90,567,516)

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. (794,352)

Premiums on bond issuances and deferred losses on bond refunding are recorded as other financing sources and uses when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.

Premiums (7,425,775)
Deferred loss 820,129

Receivables from property taxes and fines and fees are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the fund financial statements. 514,655

Included in the items related to debt is the recognition of the Town's proportionate share of the net pension liability and related deferred outflows and inflows of resources. The net effect is to decrease net position.

Net pension liability (2,830,377)
Deferred outflows related to pensions 2,493,353
Deferred inflows related to pensions (640,167)

The Town uses an internal service fund to charge the costs of the medical program and the vehicle and equipment replacement program to appropriate departments in other funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. The net effect is to increase net position. 7,580,745

Net Position of Governmental Activities \$ 193,763,033

TOWN OF PROSPER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Impact Fees</u>	<u>Debt Service Fund</u>
REVENUES			
Taxes:			
Property	\$ 16,872,566	\$ -	\$ 7,000,806
Sales	6,171,290	-	-
Franchise	1,794,649	-	-
Licenses and permits	5,551,900	-	-
Charges for services	589,297	-	-
Impact fees	-	5,738,643	-
Escrow income	-	-	-
Grants	472,855	-	-
Investment income	212,370	54,602	72,827
Fines, fees, warrants, and seizures	303,738	-	-
Contributions	-	-	-
Miscellaneous	<u>223,596</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>32,192,261</u>	<u>5,793,245</u>	<u>7,073,633</u>
EXPENDITURES			
Current:			
Administration	5,120,980	-	-
Police	4,882,257	-	-
Fire	7,524,424	-	-
Development Services	2,633,573	-	-
Public Works	1,888,563	2,787,666	-
Community Services	4,202,751	-	-
Engineering	1,626,337	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	3,819,353
Interest and fiscal charges	-	-	3,191,725
Bond issue costs and fees	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>27,878,885</u>	<u>2,787,666</u>	<u>7,011,078</u>
Excess (Deficiency) of Revenues Over Expenditures	4,313,376	3,005,579	62,555
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Premium on issuance of bonds	-	-	-
Transfers in	989,087	-	-
Transfers out	<u>(1,260,723)</u>	<u>(204,168)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(271,636)</u>	<u>(204,168)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	4,041,740	2,801,411	62,555
FUND BALANCES - BEGINNING	9,881,492	2,291,041	2,556,812
PRIOR PERIOD ADJUSTMENTS	-	-	-
FUND BALANCES, BEGINNING, RESTATED	<u>9,881,492</u>	<u>2,291,041</u>	<u>2,556,812</u>
FUND BALANCES - ENDING	\$ <u>13,923,232</u>	\$ <u>5,092,452</u>	\$ <u>2,619,367</u>

The accompanying notes are an
integral part of these financial statements.

Capital Projects Fund	Escrow Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 523,805	\$ 24,397,177
-	-	4,187,480	10,358,770
-	-	-	1,794,649
-	-	-	5,551,900
-	-	-	589,297
-	-	1,683,783	7,422,426
-	501,048	-	501,048
-	-	595,441	1,068,296
270,462	-	68,508	678,769
-	-	24,506	328,244
-	-	185,409	185,409
-	-	3,245	226,841
<u>270,462</u>	<u>501,048</u>	<u>7,272,177</u>	<u>53,102,826</u>
1,998,980	-	3,836,853	10,956,813
-	-	1,461,295	6,343,552
-	-	1,400,837	8,925,261
-	-	-	2,633,573
-	-	-	4,676,229
-	-	156,335	4,359,086
-	-	-	1,626,337
21,607,716	-	-	21,607,716
-	-	-	3,819,353
-	-	-	3,191,725
174,501	-	-	174,501
<u>23,781,197</u>	<u>-</u>	<u>6,855,320</u>	<u>68,314,146</u>
(23,510,735)	501,048	416,857	(15,211,320)
10,875,000	-	-	10,875,000
1,694,687	-	-	1,694,687
1,965,939	-	-	2,955,026
(52,852)	(501,048)	-	(2,018,791)
<u>14,482,774</u>	<u>(501,048)</u>	<u>-</u>	<u>13,505,922</u>
(9,027,961)	-	416,857	(1,705,398)
30,374,056	84,551	3,607,235	48,795,187
-	-	(48,204)	(48,204)
<u>30,374,056</u>	<u>84,551</u>	<u>3,559,031</u>	<u>48,746,983</u>
\$ <u>21,346,095</u>	\$ <u>84,551</u>	\$ <u>3,975,888</u>	\$ <u>47,041,585</u>



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TOWN OF PROSPER, TEXAS

**RECONCILIATION OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net Changes in Fund Balances - Governmental Funds	\$(1,705,398)
Amounts reported for governmental activities in the statement of activities are	
Governmental funds report capital outlays as expenditures. However, in the statement of activities that cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, or donations) to net position.	
Capital outlay	25,651,799
Depreciation expense	(7,701,990)
Governmental funds do not recognize assets contributed by others. However, in the statement of activities, the fair market value of those assets are recognized as revenue then allocated over their estimated useful lives and reported as depreciation expense.	
	16,575,130
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 the amounts are deferred and amortized in the Statement of Activities.	
Issuance of debt	(10,875,000)
Repayment of principal of long-term debt	4,210,386
Amortization of:	
Premium on bond issuance	(1,694,687)
Loss on refunding	(61,869)
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(388,343)
Net pension liability	12,417
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The increase in interest accrual decreases net position.	
	(51,562)
The Town uses an internal service fund to charge the costs of the medical program and the vehicle and equipment replacement program to the appropriate departments in other funds. The change in net position of the internal service fund is reported with governmental activities.	
	2,129,520
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
	<u>200,552</u>
Change in Net Position of Governmental Activities	<u>\$ 26,300,955</u>



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TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Stormwater Drainage	Total Enterprise Fund	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,424,011	\$ 228,712	\$ 3,652,723	\$ 1,953,580
Investments	4,605,289	304,171	4,909,460	2,705,872
Receivables, net	3,133,915	104,949	3,238,864	30,100
Accrued interest	94,853	2,385	97,238	21,220
Inventory	482,992	-	482,992	-
Prepays	266	-	266	4,946
Total current assets	<u>11,741,326</u>	<u>640,217</u>	<u>12,381,543</u>	<u>4,715,718</u>
Noncurrent assets:				
Restricted cash and cash equivalents	8,339,847	589,217	8,929,064	-
Restricted investments	7,490,072	-	7,490,072	-
Capital assets:				
Nondepreciable	22,036,422	1,149,290	23,185,712	-
Depreciable, net	<u>99,060,909</u>	<u>36,176,619</u>	<u>135,237,528</u>	<u>3,065,843</u>
Total noncurrent assets	<u>136,927,250</u>	<u>37,915,126</u>	<u>174,842,376</u>	<u>3,065,843</u>
Total assets	<u>148,668,576</u>	<u>38,555,343</u>	<u>187,223,919</u>	<u>7,781,561</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	192,103	-	192,103	-
Deferred outflows related to pensions	<u>371,974</u>	<u>20,728</u>	<u>392,702</u>	<u>-</u>
Total deferred outflows of resources	<u>564,077</u>	<u>20,728</u>	<u>584,805</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	3,994,223	5,253	3,999,476	200,816
Retainage payable	301,859	-	301,859	-
Accrued interest payable	319,363	22,993	342,356	-
Customer deposits and escrow payable	80,999	-	80,999	-
Current portion of long-term liabilities:				
Compensated absences	49,803	2,376	52,179	-
Bonds payable	<u>2,332,573</u>	<u>147,050</u>	<u>2,479,623</u>	<u>-</u>
Total current liabilities	<u>7,078,820</u>	<u>177,672</u>	<u>7,256,492</u>	<u>200,816</u>
Noncurrent liabilities:				
Compensated absences	149,410	10,163	159,573	-
Bonds payable	34,827,163	2,452,917	37,280,080	-
Net pension liability	<u>418,128</u>	<u>22,710</u>	<u>440,838</u>	<u>-</u>
Total noncurrent liabilities	<u>35,394,701</u>	<u>2,485,790</u>	<u>37,880,491</u>	<u>-</u>
Total liabilities	<u>42,473,521</u>	<u>2,663,462</u>	<u>45,136,983</u>	<u>200,816</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	<u>101,371</u>	<u>6,488</u>	<u>107,859</u>	<u>-</u>
Total deferred inflows of resources	<u>101,371</u>	<u>6,488</u>	<u>107,859</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	92,491,059	35,315,159	127,806,218	3,065,843
Unrestricted	<u>14,166,702</u>	<u>590,962</u>	<u>14,757,664</u>	<u>4,514,902</u>
Total net position	<u>\$ 106,657,761</u>	<u>\$ 35,906,121</u>	<u>\$ 142,563,882</u>	<u>\$ 7,580,745</u>

The accompanying notes are an integral part of these financial statements.



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TOWN OF PROSPER, TEXAS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds			Governmental Activities
	Water and Sewer	Stormwater Drainage	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for services:				
Water and sewer charges	\$ 20,625,406	\$ -	\$ 20,625,406	\$ -
Sanitation charges	1,456,797	-	1,456,797	-
Storm drainage utility fees	-	675,843	675,843	-
Water and sewer connections	1,357,066	-	1,357,066	-
Service initiation	110,145	-	110,145	-
Health charges	-	-	-	3,174,340
Equipment replacement	-	-	-	2,022,682
Miscellaneous	292,719	-	292,719	186,083
Total operating revenues	<u>23,842,133</u>	<u>675,843</u>	<u>24,517,976</u>	<u>5,383,105</u>
OPERATING EXPENSES				
Personnel services	3,232,191	164,114	3,396,305	-
Materials and supplies	743,686	7,245	750,931	51,553
Contractual services	4,957,677	-	4,957,677	53,761
Water purchases	6,534,151	-	6,534,151	-
Employee health insurance	-	-	-	2,766,594
Other operating costs	1,764,606	11,822	1,776,428	7,308
Depreciation	3,282,707	1,151,713	4,434,420	382,681
Total operating costs	<u>20,515,018</u>	<u>1,334,894</u>	<u>21,849,912</u>	<u>3,261,897</u>
Operating income (loss)	<u>3,327,115</u>	<u>(659,051)</u>	<u>2,668,064</u>	<u>2,121,208</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	335,576	13,305	348,881	58,205
Loss on disposal of property	(3,312)	-	(3,312)	(49,893)
Interest expense	(1,253,138)	(88,444)	(1,341,582)	-
Impact fees	1,489,545	-	1,489,545	-
Developer payments	(1,576,445)	-	(1,576,445)	-
Bond fees	(750)	-	(750)	-
Total non-operating revenues (expenses)	<u>(1,008,524)</u>	<u>(75,139)</u>	<u>(1,083,663)</u>	<u>8,312</u>
Income (loss) before contributions and transfers	<u>2,318,591</u>	<u>(734,190)</u>	<u>1,584,401</u>	<u>2,129,520</u>
Capital contributions	11,556,354	5,984,955	17,541,309	-
Transfers in	52,852	373,918	426,770	-
Transfers out	(1,266,833)	(96,172)	(1,363,005)	-
Total contributions and transfers	<u>10,342,373</u>	<u>6,262,701</u>	<u>16,605,074</u>	<u>-</u>
CHANGE IN NET POSITION	<u>12,660,964</u>	<u>5,528,511</u>	<u>18,189,475</u>	<u>2,129,520</u>
NET POSITION - BEGINNING	<u>93,996,797</u>	<u>30,377,610</u>	<u>124,374,407</u>	<u>5,451,225</u>
NET POSITION - END OF YEAR	<u>\$ 106,657,761</u>	<u>\$ 35,906,121</u>	<u>\$ 142,563,882</u>	<u>\$ 7,580,745</u>

The accompanying notes are an
integral part of these financial statements.

TOWN OF PROSPER, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Stormwater Drainage	Total Enterprise	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 24,010,335	\$ 668,913	\$ 24,679,248	\$ 5,353,005
Cash payment to suppliers for goods and services	(13,671,028)	(17,990)	(13,689,018)	(51,338)
Cash payments for health expense	-	-	-	(2,813,720)
Cash payments to employees for services	(3,223,608)	(163,339)	(3,386,947)	-
Net cash provided by operating activities	<u>7,115,699</u>	<u>487,584</u>	<u>7,603,283</u>	<u>2,487,947</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,266,833)	(96,172)	(1,363,005)	-
Transfers from other funds	<u>52,852</u>	<u>373,918</u>	<u>426,770</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(1,213,981)</u>	<u>277,746</u>	<u>(936,235)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Principal paid on bonds	(2,464,447)	(146,200)	(2,610,647)	-
Acquisition and construction of capital assets	(4,373,430)	(374,484)	(4,747,914)	(1,190,073)
Disposal of capital assets	(3,312)	-	(3,312)	(4,119)
Interest paid on bonds	(1,426,568)	(100,963)	(1,527,531)	-
Developer payments	(1,576,445)	-	(1,576,445)	-
Impact fees received	<u>1,489,545</u>	<u>-</u>	<u>1,489,545</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(8,354,657)</u>	<u>(621,647)</u>	<u>(8,976,304)</u>	<u>(1,194,192)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment purchases	(3,637,896)	(121,763)	(3,759,659)	(1,128,620)
Interest on deposits and investments	<u>622,984</u>	<u>25,245</u>	<u>648,229</u>	<u>162,131</u>
Net cash provided by (used in) investing activities	<u>(3,014,912)</u>	<u>(96,518)</u>	<u>(3,111,430)</u>	<u>(966,489)</u>
Net (decrease) increase in cash and cash equivalents	(5,467,851)	47,165	(5,420,686)	327,266
Cash and cash equivalents at beginning of year	<u>17,231,709</u>	<u>770,764</u>	<u>18,002,473</u>	<u>1,626,314</u>
Cash and cash equivalents at end of year	<u>11,763,858</u>	<u>817,929</u>	<u>12,581,787</u>	<u>1,953,580</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,327,115	\$ (659,051)	\$ 2,668,064	\$ 2,121,208
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	3,282,707	1,151,713	4,434,420	382,681
Decrease (increase) in accounts receivable	199,703	(6,930)	192,773	(30,100)
Decrease (increase) in inventory	(115,536)	-	(115,536)	-
Decrease (increase) in prepaid	574	-	574	(4,946)
Increase (decrease) in deferred outflows related to pensions	8,338	2,207	10,545	-
Increase (decrease) in accounts payable	444,054	1,077	445,131	19,104
Increase (decrease) in net pension liability	(97,245)	(8,370)	(105,615)	-
Increase (decrease) in deferred inflows	83,860	5,432	89,292	-
Increase (decrease) in compensated absences	36,285	2,416	38,701	-
Increase (decrease) in customer deposits	(31,501)	-	(31,501)	-
Net cash provided by operating activities	<u>\$ 7,115,699</u>	<u>\$ 487,584</u>	<u>\$ 7,603,283</u>	<u>\$ 2,487,947</u>
SCHEDULE OF NON-CASH CAPITAL ACTIVITIES				
Contributions of capital assets	<u>11,556,354</u>	<u>5,984,955</u>	<u>17,541,309</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PROSPER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Prosper have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Reporting Entity

The Town is a municipal corporation governed by an elected seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its component unit entity for which the Town is considered to be financially accountable.

Discretely Presented Component Unit

The Prosper Economic Development Corporation (PEDC) serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town and the PEDC board work in tandem in determining desirable and eligible economic development projects; however, since the PEDC board members serve at the pleasure of the Town Council, the Town Council is ultimately responsible for economic development projects undertaken by the Town. The scope of public service of the PEDC benefits the Town and its citizens and is operated primarily within the geographic boundaries of the Town. The PEDC is presented as a discretely presented component unit because the governing body is not identical to the governing body of the Town, the PEDC does not solely serve the Town, and the Town has the ability to impose its will on the PEDC. Complete financial statements for the PEDC may be obtained at the entity's administration office, Prosper Economic Development Corporation, P.O. Box 1060, Prosper, Texas 75078.

Blended Component Units

On May 5, 2018, eligible voters approved the adoption of the Crime Control and Fire Prevention District sales and use tax at the rate of .25%. The purpose for creation of the special purpose districts was to finance public safety expenses in the districts, under the authority of Chapter 363 of the Texas Local Government Code. For reporting purposes, the special purpose districts are blended component units of the Town. They are governed by a board comprised of seven members appointed by the Town Council, which makes it substantially the same as the governing body of the primary government. The Council approves recommendations from the Board regarding administration, management, and operation of the districts, and Town's management has operational responsibility for the entities. The special purpose districts are reported as governmental funds and separate financial reports are available from the City's finance department.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on 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 significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from a certain legally separate *component unit* for which the primary government is financially accountable. The Fiduciary fund and any fiduciary activities of the Town are not included in these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate 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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 by the provider 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 Town 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 payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Impact Fee Fund**, a special revenue fund, accounts for revenues that are legally restricted for particular purposes. This fund is used to account for activity related to impact fees.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of governmental funds.

The **Capital Projects Fund** accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The **Escrow Fund**, a special revenue fund, accounts for escrow deposits received from developers.

The Town reports the following major proprietary funds:

The **Water and Sewer Fund**, an enterprise fund, is used to account for those operations that are financed and operated in a manner similar to private business or where the council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Town's water and sewer fund is used to account for water, sewer and sanitation operations.

The **Stormwater Drainage Fund**, an enterprise fund, is used to account for the Town's stormwater drainage utility operations.

The Town reports two internal service funds:

The **Internal Service Funds** are used to accumulate and allocate costs internally among the Town's various functions. The Town uses its Internal Service Funds to account for its vehicle and equipment replacement program and employee medical program as well as to facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because these services predominately benefit the governmental rather than the business-type functions, they have been included within governmental activities in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are general and administrative fees, street rental fees and other charges between the Town's water and sewer function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. The proprietary funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Deposits and Investments

For purposes of the statement of cash flows, 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 Town.

E. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Restricted Assets

Certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Also included in restricted assets are capital recovery fees (impact fees) that are, by law, restricted for future capital improvements; and assets set aside for construction of future debt funded capital improvements. When the Town incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category:

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in expected and actual economic experience for the Town's pension – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category:

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual economic experience for the Town's pension – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

I. 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, as well as in the proprietary fund statement of net position. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Number of Years</u>
Buildings	20 - 30
System infrastructure	15 - 45
Street infrastructure	25 - 30
Equipment	5 - 10
Vehicles	4 - 7

J. Intangible Assets

Intangible assets are reported in the business-type activities column in the government-wide financial statements as well as in the proprietary fund statement of net position. Intangible assets with an initial, individual cost of more than \$5,000 and an estimate useful life in excess of two years are recorded at historical cost or estimate historical cost if purchased or constructed. Once placed into service, the intangible asset is amortized over its estimated useful life. As of September 30, 2020, the Town's only intangible asset was related to wastewater treatment capacity rights acquired from the Upper Trinity Regional Water District. Although the capacity rights were initially acquired in March 2014, the related plant facility was placed into service as of September 30, 2017, and in the current year amortization of \$314,964 has been recognized in these financial statements.

K. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is 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, for example, as a result of employee resignation and retirements.

L. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Health Claims Liability

The Internal Service Fund – Employee Trust includes an estimate of liabilities for self-insured claims incurred but not reported and are expected to be paid within one year. As of September 30, 2020, \$77,201 is estimated and included in accounts payable and accrued expenses in the statement of net position.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Net Position and Fund Balance

In the government-wide and proprietary fund financial statements, the Town reports restrictions of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Net investment in capital assets represents the Town's investment in the book value of capital assets, less any unspent proceeds from capital-related debt issuances. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balance categorized as follows:

Nonspendable fund balance includes amounts that are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined and approved by passage of a formal resolution of the Town's highest level of decision-making authority, the Town Council. Commitments may be changed or lifted only by the Town taking the same formal action that imposed the constraint originally. In accordance with the Town Charter, an amount equal to twenty percent of total general fund expenditures has been identified as committed for a contingency reserve.

Assigned fund balance includes amounts intended to be used by the Town for specific purposes. Pursuant to Ordinance 11-66, the Town Council designated the Town Manager or his/her designee as the official authorized person to assign fund balance. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. The Town's financial goal is to achieve and maintain an unassigned fund balance in the general fund equal to twenty-five percent of budgeted expenditures, but may be reduced down to ten percent in unusual financial circumstances with a corrective five-year plan to restore the fund balance back to twenty-five percent.

Unassigned fund balance is the residual classification of the general fund and includes all amounts not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance amount.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

Property Taxes

Property taxes are levied by October 1, due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. The combined tax rate to finance general governmental services and interest and sinking fund requirements for the year ended September 30, 2020 was \$0.52 per \$100 of valuation.

Property taxes are based on the appraised values provided by the Collin County or Denton County Central Appraisal District, whichever is applicable. Taxes are levied by October 1 of each year. Unpaid property taxes become delinquent on February 1 of the following year. Penalty is calculated after February 1 up to the date collected by the Town at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the Town. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the Town. The Town's current policy is to write-off uncollectible personal property taxes after four years.

Proprietary Funds Operating and Non-operating Revenues and Expenses

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 the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the financial statements are depreciation expense which is based on the estimated useful lives of the underlying depreciable assets, allowances for doubtful accounts receivables, and net pension liability and pension expense which are based on various actuarial assumptions.

R. Recent Accounting Pronouncements

The Town has reviewed GASB pronouncements which become effective in future years and notes the following statements are applicable to the Town.

Statement No. 84, *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will become effective for the Town in fiscal year 2021. Management is currently evaluating the impact, if any, this statement will have on the Town's financial statements.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the Town in fiscal year 2022. Management is currently evaluating the impact, if any, this statement will have on the Town's financial statements.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Control

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General Fund, Impact Fee Fund, Debt Service Fund, Water and Sewer Fund, and Storm Drainage Fund. The legal level of budgetary control is the function level. Project length financial plans are adopted for all capital project funds.

III. DEPOSITS AND INVESTMENTS

Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. All deposits of the Town that exceeded the federal depository insurance coverage level of \$250,000 per account were covered by collateral pledging financial institution's trust department or agent in the Town's name and/or irrevocable standby letters of credit. The market value of the collateral held at September 30, 2020 exceeded the value of all deposits.

At September 30, 2020, the carrying amount of the Town's deposits was \$6,567,660, and the respective bank balances totaled \$5,923,487. The Town's cash on hand totaled \$2,740.

Investments

The Town is authorized to invest in the following: U.S. Government obligations and its agencies or instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; insured or collateralized certificates of deposit, no-load SEC registered money market funds consisting of any of these securities listed with a dollar-weighted average stated maturity of 60 days or less and with an investment objective of a stable net asset value of \$1 for each share; eligible investments pools organized and operating in compliance with PFIA; fully collateralized repurchase agreements and reverse repurchase agreements; prime domestic commercial paper; prime domestic bankers' acceptances; guaranteed investment contracts; securities lending program consisting of authorized investments by the Town's investment policy. For additional information see the Town of Prosper's Investment Policy at www.prospertx.gov.

The Town's investments carried at fair value as of September 30, 2020, were:

	Fair Value	Weighted Average Maturity (days)
Investment type:		
Certificates of deposit	\$ 3,237,470	77
US Government bonds	4,993,700	344
Municipal bonds	<u>28,103,665</u>	207
Total	<u>\$ 36,334,835</u>	
Portfolio weight average to maturity		214

Of the certificates of deposit disclosed above, \$214,026 belongs to Prosper Economic Development. Of the municipal bonds disclosed above, \$1,053,863 belongs to Prosper Economic Development. The Town also has investments in government pools at September 30, 2020, totaling \$51,242,853, which are recorded at amortized cost.

Under the Texas Local Government Investment Pool ("TexPool") Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office. Due to its short-term, highly liquid nature, TexPool investments have been reported as cash equivalents. TexPool is rated AAAM by Standard and Poor's and carries a weighted average maturity of 38 days.

The Texas Short-Term Asset Reserve Investment Pool ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. J.P. Morgan Investment Management Inc. serves as investment advisor and co-administrator with Hilltop Securities. TexSTAR invests in treasury and agency securities and repurchase agreements fully collateralized by government securities. The pool seeks to maintain a constant dollar objective. The reported value of the pool is the same as the fair value of the pool shares. Due to its short-term, highly liquid nature, investments in TexSTAR have been reported as cash equivalents. TexStar is rated AAAM by Standard and Poor's and carries a weighted average maturity of 39 days.

TexStar and TexPool have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the Town's deposits may not be returned to the Town. The Town's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC) and pledged securities. The Town is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.

In compliance with the Public Funds Investment Act, the Town has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are in certificates of deposit, US Government bonds, and municipal bonds.

Credit Risk – This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the Town's policy to limit its investments to those investments rated at least AAAM. The credit quality rating for both TexPool and TexSTAR at year end was AAAM by Standard & Poor's.

The Town's US Government bonds and municipal bonds each have a long-term rating from A to AAA. The Town also holds municipal bonds with short-term ratings of A-1 to A-1+.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than four years from the time of purchase; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in short-term securities, money market mutual funds, or similar government investment pools. The maximum allowable maturity for operating funds is five years and two years for debt service funds.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. The Town is not exposed to foreign currency risk.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of the Town's investment in a single issuer (i.e., lack of diversification). As of September 30, 2020, the Town minimized concentration of credit risk, by: limiting investments in a specific local governmental pools to no more than 40 percent of the investment portfolio; staggering maturities and potential call dates; and limiting investments in commercial paper and bankers' acceptances to no more than 5% of the investment portfolio. Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. The Town's investments and their percentage of net portfolio assets are stated below. Of the certificates of deposit disclosed above, \$214,026 belongs to Prosper Economic Development. Of the municipal bonds disclosed above, \$1,053,863 belongs to Prosper Economic Development.

Securities by Issuer	Fair Value	% of Total Portfolio
Certificates of deposit	3,237,470	8.91%
US Government bonds	4,993,700	13.74%
Municipal bonds	28,103,665	77.35%
Total Securities	<u>\$ 36,334,835</u>	<u>100.00%</u>

IV. FAIR VALUE MEASUREMENTS

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs other than quoted market prices for similar assets; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of September 30, 2020:

	Fair value as of 9/30/2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
Certificates of deposit	\$ 3,237,470	\$ -	\$ 3,237,470	\$ -
US Government bonds	4,993,700	4,993,700	-	-
Municipal bonds	28,103,665	4,032,120	24,071,545	-
Total investments by fair value level	<u>\$ 36,334,835</u>	<u>\$ 9,025,820</u>	<u>\$ 27,309,015</u>	<u>\$ -</u>

Of the Town's fair value investments, \$19,431,419 were valued using the documented trade history in exact security, \$829,005 were valued using the option-adjusted discounted cash flow model, and \$16,074,411 were valued using the present value of future cash flow model. Of the certificates of deposit disclosed above, \$214,026 belongs to Prosper Economic Development. Of the municipal bonds disclosed above, \$1,053,863 belongs to Prosper Economic Development.

V. RECEIVABLES

The Town's receivables as of September 30, 2020 consisted of the following:

	Governmental Activities						Total
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Nonmajor Governmental Funds	
Property taxes	\$ 149,924	\$ -	\$ 62,961	\$ -	\$ -	\$ -	\$ 212,885
Sales tax	1,217,194	-	-	-	-	817,053	2,034,247
Interest	61,893	26,969	11,778	14,759	21,220	21,254	157,873
Grants	308,328	-	-	-	-	-	308,328
Franchise fees	412,641	-	-	-	-	-	412,641
Municipal court	314,518	-	-	-	-	-	314,518
Ambulance	312,262	-	-	-	-	-	312,262
Other receivables	<u>36,291</u>	<u>-</u>	<u>-</u>	<u>8,186</u>	<u>30,100</u>	<u>7,792</u>	<u>82,369</u>
Gross receivables	2,813,051	26,969	74,739	22,945	51,320	846,099	3,835,123
Less: allowance for uncollectible accounts	<u>(402,436)</u>	<u>-</u>	<u>(1,259)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(403,695)</u>
Net receivables	<u>\$ 2,410,615</u>	<u>\$ 26,969</u>	<u>\$ 73,480</u>	<u>\$ 22,945</u>	<u>\$ 51,320</u>	<u>\$ 846,099</u>	<u>\$ 3,431,428</u>

	Business-type Activities		
	Water and Sewer Fund	Stormwater Drainage Fund	Total
Utility bills	\$ 3,431,116	\$ 104,949	\$ 3,536,065
Interest	<u>94,853</u>	<u>2,385</u>	<u>97,238</u>
Gross receivables	3,525,969	107,334	3,633,303
Less: allowance for uncollectible accounts	<u>(297,201)</u>	<u>-</u>	<u>(297,201)</u>
Net receivables	<u>\$ 3,228,768</u>	<u>\$ 107,334</u>	<u>\$ 3,336,102</u>

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,102,451	\$ -	\$ 1,157,409	\$ 8,259,860
Construction in progress	<u>36,446,545</u>	<u>25,158,854</u>	<u>(11,124,637)</u>	<u>50,480,762</u>
Total capital assets not being depreciated	<u>43,548,996</u>	<u>25,158,854</u>	<u>(9,967,228)</u>	<u>58,740,622</u>
Capital assets being depreciated:				
Buildings and improvements	57,592,699	104,267	(250,284)	57,446,682
Equipment	11,914,184	1,478,021	3,547,074	16,939,279
Infrastructure	<u>135,354,989</u>	<u>16,679,981</u>	<u>6,394,147</u>	<u>158,429,117</u>
Total assets being depreciated	<u>204,861,872</u>	<u>18,262,269</u>	<u>9,690,937</u>	<u>232,815,078</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,352,994)	(2,091,090)	-	(9,444,084)
Equipment	(4,657,041)	(1,135,365)	226,398	(5,566,008)
Infrastructure	<u>(31,050,794)</u>	<u>(4,858,218)</u>	<u>-</u>	<u>(35,909,012)</u>
Total accumulated depreciation	<u>(43,060,829)</u>	<u>(8,084,673)</u>	<u>226,398</u>	<u>(50,919,104)</u>
Total capital assets being depreciated, net	<u>161,801,043</u>	<u>10,177,596</u>	<u>9,917,335</u>	<u>181,895,974</u>
Governmental activities capital assets, net	<u>\$ 205,350,039</u>	<u>\$ 35,336,450</u>	<u>\$ (49,893)</u>	<u>\$ 240,636,596</u>
	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 155,973	\$ -	\$ 1,727,548	\$ 1,883,521
Construction in progress	<u>15,719,970</u>	<u>8,630,509</u>	<u>(3,048,288)</u>	<u>21,302,191</u>
Total capital assets, not being depreciated	<u>15,875,943</u>	<u>8,630,509</u>	<u>(1,320,740)</u>	<u>23,185,712</u>
Capital assets being depreciated:				
Buildings and systems	247,673	-	-	247,673
Vehicles and equipment	2,056,544	364,876	(35,444)	2,385,976
Infrastructure	126,724,109	13,297,154	1,320,740	141,342,003
Intangible Asset	<u>15,744,809</u>	<u>-</u>	<u>-</u>	<u>15,744,809</u>
Total assets being depreciated	<u>144,773,135</u>	<u>13,662,030</u>	<u>1,285,296</u>	<u>159,720,461</u>
Less accumulated depreciation for:				
Buildings and systems	(157,886)	(19,576)	-	(177,462)
Vehicles and equipment	(955,106)	(187,854)	32,132	(1,110,828)
Infrastructure	(18,026,147)	(3,912,026)	-	(21,938,173)
Intangible Asset	<u>(941,506)</u>	<u>(314,964)</u>	<u>-</u>	<u>(1,256,470)</u>
Total accumulated depreciation	<u>(20,080,645)</u>	<u>(4,434,420)</u>	<u>32,132</u>	<u>(24,482,933)</u>
Total capital assets being depreciated, net	<u>124,692,490</u>	<u>9,227,610</u>	<u>1,317,428</u>	<u>135,237,528</u>
Business-type activities capital assets, net	<u>\$ 140,568,433</u>	<u>\$ 17,858,119</u>	<u>\$ (3,312)</u>	<u>\$ 158,423,240</u>
	Beginning Balance	Additions	Retirements	Ending Balance
Component Unit:				
Capital assets not being depreciated:				
Land	\$ 1,077,788	\$ -	\$ -	\$ 1,077,788
Total capital assets not being depreciated	<u>\$ 1,077,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,077,788</u>

Depreciation expense for the year ended September 30, 2020 was charged to functions/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 513,690
Police	426,712
Fire	710,126
Development Services	30,922
Public Works	4,857,853
Community Services	1,538,680
Engineering	<u>6,690</u>
Total	<u>\$ 8,084,673</u>
Business-type activities:	
Water and sewer	\$ 3,282,707
Stormwater drainage utility	<u>1,151,713</u>
Total	<u>\$ 4,434,420</u>

VII. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2020 were as follows:

Payable Fund	Receivable Fund	Amount	Purpose
Nonmajor governmental	General fund	\$ <u>73,649</u>	Short-term loans
Total		<u>\$ 73,649</u>	

The outstanding balances between funds result mainly from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers made during the fiscal year were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects	\$ 1,260,723	Capital outlay
Impact Fees	Capital Projects	204,168	Capital outlay
Capital Projects	Water and Sewer	52,852	Transfer to CIP
Escrow Fund	Capital Projects	501,048	Capital outlay
Water and Sewer	General Fund	892,915	Administrative
Water and Sewer	Storm Drainage	373,918	Capital expenses
Storm Drainage	General Fund	<u>96,172</u>	Administrative
Total		<u>\$ 3,381,796</u>	

VIII. LONG-TERM LIABILITIES

The Town issues general obligation bonds and certificates of obligations to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds and certificates of obligation have been issued for both governmental and business-type activities. The certificates of obligation will be repaid by the debt service fund in combination with system revenues.

The Town issued Certificates of Obligation Bonds, Series 2020 in the amount of \$10,875,000 for constructing and improving streets, roads and other related infrastructure in the Town. The bonds bear interest rates ranging from 3% to 4% and mature over the next 20 years.

The following is a summary of long-term liabilities for the year ended September 30, 2020:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
Governmental activities:					
Compensated absences	\$ 1,377,750	\$ 1,654,325	\$(1,265,982)	\$ 1,766,093	\$ 441,523
Bonds	81,745,500	10,875,000	(3,819,077)	88,801,423	4,275,377
Bond premium on issuance	<u>6,122,397</u>	<u>1,694,687</u>	<u>(391,309)</u>	<u>7,425,775</u>	<u>-</u>
Total governmental	<u>89,245,647</u>	<u>14,224,012</u>	<u>(5,476,368)</u>	<u>97,993,291</u>	<u>4,716,900</u>
Business-type activities:					
Compensated absences	173,111	207,828	(169,187)	211,752	52,179
Bonds	40,089,500	-	(2,610,924)	37,478,576	2,479,623
Bonds premium on issuance	<u>2,427,182</u>	<u>-</u>	<u>(146,055)</u>	<u>2,281,127</u>	<u>-</u>
Total business-type activities	<u>42,689,793</u>	<u>207,828</u>	<u>(2,926,166)</u>	<u>39,971,455</u>	<u>2,531,802</u>
Total primary government	\$ <u>131,935,440</u>	\$ <u>14,431,840</u>	\$(<u>8,402,534</u>)	\$ <u>137,964,746</u>	\$ <u>7,248,702</u>

The Town is not currently subject to any legal debt margin requirements. The compensated absences liabilities in the governmental activities is liquidated by the General fund.

The revenue bonds are collateralized by the revenue of the combined utility system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used, first, to pay operating and maintenance expenses of the system and, second, to establish and maintain the revenue bond funds.

Should the City default on its outstanding bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the Town.

Bonds, certificates of obligation, and tax notes at September 30, 2020 are comprised of the following issues for the Debt Service Fund, the Water and Sewer Fund, and the Stormwater Drainage Utility Fund:

	Governmental Activities	Business-Type Activities	Total
2012 General Obligation Bonds (100% debt service fund) issued June 15, 2012, and maturing February 15, 2032. Interest payable February 15, and August 15 at rates ranging from 1.38% to 3.25%.	\$ 2,785,000	\$ -	\$ 2,785,000
2012 Certificates of Obligation (83% water and sewer fund portion and 17% Stormwater drainage fund portion) issued June 15, 2012, maturing February 15, 2032. Interest payable February 15 and August 15 at rates ranging from 0.40% to 3.25%.	-	3,845,000	3,845,000
2013 General Obligation Refunding Bonds (100% debt service fund) issued June 15, 2013, maturing August 15, 2033. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	2,760,000	-	2,760,000
2013 Certificates of Obligation (100% water and sewer fund) issued June 15, 2013, maturing August 15, 2033. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	-	3,775,000	3,775,000
2014 General Obligation Improvement Bonds (47% debt service fund portion and 53% water and sewer fund portion) issued February 15, 2014, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	1,840,000	1,725,000	3,565,000
2014 Certificates of Obligation (100% water and sewer fund) issued February 15, 2014, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	-	9,755,000	9,755,000
2015 General Obligation Refunding and Improvement Bonds (79% debt service fund portion and 21% water and sewer portion) issued July 15, 2015, maturing February 15, 2035. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%	11,893,400	3,026,600	14,920,000
2015 Certificates of Obligation (100% debt service fund) issued July 15, 2015, maturing February 15, 2035. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	7,740,000	-	7,740,000
2016 General Obligation Refunding and Improvement Bonds (84% debt service fund portion and 16% water and sewer fund portion) issued July 12, 2016, maturing February 15, 2036. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	3,935,500	69,500	4,005,000
2016 Certificates of Obligation (84% debt service fund portion and 16% Stormwater drainage fund portion) issued July 12, 2016, maturing February 15, 2036. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	6,705,000	1,115,000	7,820,000

	Governmental Activities	Business-Type Activities	Total
2017 Certificates of Obligation (91% debt service fund portion and 9% Stormwater drainage fund portion) issued June 27, 2017, maturing February 15, 2037. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	\$ 9,240,000	\$ 885,000	\$ 10,125,000
2018 General Obligation Refunding (100% debt service fund portion) issued June 15, 2018, maturing February 15, 2038. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	3,650,000	-	3,650,000
2018 Certificates of Obligation (56% debt service fund portion and 44% water & sewer fund portion) issued June 15, 2018, maturing February 15, 2038. Interest payable February 15 and August 15 at rates ranging from 3.125% to 5.0%.	11,350,000	9,190,000	20,540,000
2019 General Obligation Bonds (100% debt service fund) issued July 25, 2019, and maturing February 15, 2039. Interest payable February 15, and August 15 at rates ranging from 3.0% to 4.0%.	3,925,000	-	3,925,000
2019 Certificates of Obligation (75% debt service fund portion and 25% water & sewer fund portion) issued July 25, 2019 maturing February 15, 2039. Interest payable February 15 and August 15 at rates ranging from 3.0% to 5.0%.	12,102,523	4,092,476	16,194,999
2020 Certificates of Obligation (100% debt service fund portion) issued July 30, 2020 maturing February 15, 2040. Interest payable February 15 and August 15 at rates ranging from 3.0% to 4.0%.	<u>10,875,000</u>	<u>-</u>	<u>10,875,000</u>
	<u>\$ 88,801,423</u>	<u>\$ 37,478,576</u>	<u>\$ 126,279,999</u>

The annual requirements to amortize the combined debt outstanding for the Debt Service Fund and Water and Sewer Fund as of September 30, 2020, are as follows:

Year Ended September 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 4,275,377	\$ 3,404,364	\$ 2,479,623	\$ 1,467,238	\$ 6,755,000	\$ 4,871,602
2022	3,866,423	3,267,298	2,603,577	1,362,202	6,470,000	4,629,500
2023	4,074,006	3,103,072	2,590,995	1,255,778	6,665,001	4,358,850
2024	4,535,722	2,926,658	2,689,279	1,145,073	7,225,001	4,071,731
2025	4,805,966	2,732,115	2,379,035	1,026,216	7,185,001	3,758,331
2026-2030	26,851,784	10,209,271	11,423,216	3,697,086	38,275,000	13,906,357
2031-2035	26,540,507	4,757,886	9,969,494	1,443,361	36,510,001	6,201,247
2036-2040	<u>13,851,638</u>	<u>797,897</u>	<u>3,343,357</u>	<u>182,012</u>	<u>17,194,995</u>	<u>979,909</u>
Total	<u>\$ 88,801,423</u>	<u>\$ 31,198,561</u>	<u>\$ 37,478,576</u>	<u>\$ 11,578,966</u>	<u>\$ 126,279,999</u>	<u>\$ 42,777,527</u>

The Town's general obligation bonds and certificates of obligation contain a provision that in an event of default, creditors may seek a writ of mandamus to compel Town officials to carry out their legally imposed duties with respect to debt. As outstanding debt does not become immediately due, the remedy of mandamus may have to be relied upon from year to year.

IX. RESTRICTED ASSETS

The balances of restricted asset accounts are as follows:

	Cash	Investments	Reason for restriction
Business-type activities:			
Water and Sewer fund	\$ 5,164,256	\$ 3,197,105	Capital projects (unspent bond proceeds)
Water and Sewer fund	3,175,591	4,292,967	Impact fees
Stormwater Drainage fund	589,217	-	Capital projects (unspent bond proceeds)
Total business-type activities	<u>\$ 8,929,064</u>	<u>\$ 7,490,072</u>	
Governmental activities:			
Impact Fees fund	\$ 2,543,879	\$ 3,438,978	Impact fees
Debt Service fund	1,110,979	1,501,893	Debt service
Capital Projects fund	22,661,969	1,882,039	Capital projects (unspent bond proceeds)
Escrow Fund	1,874,982	2,536,064	Customer deposits/escrow
Nonmajor governmental funds	1,932,035	2,710,148	Special revenue funds
Total governmental activities	<u>\$ 30,123,844</u>	<u>\$ 12,069,122</u>	

X. RISK MANAGEMENT

The Town 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 Town 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 in Texas. The Town pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and the Property-Liability Fund are considered self-sustaining risk pools that provide coverage for their members for up to \$2,000,000 per insured event. The Town also maintains insurance coverage for cyber-attacks. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage in any of the past three years.

The Town of Prosper initiated a self-funded health and dental plan effective January 1, 2017 for Town Employees and their dependents. The Town maintains the Employee Health and Insurance Fund to account for the Town's employee health and dental care coverage. In addition, excess insurance of up to \$1,000,000 has been obtained for an individual unit health and prescription drugs claims exceeding \$75,000 and for health claims in the aggregate exceeding \$2,104,180. The Town's claim administrator is UMR.

Revenues are recognized from payroll deductions and Town contributions. At September 30, 2020, a liability of \$77,201 has been recorded, which represents estimated claims incurred but not yet reported. Changes in this claims liability during fiscal years 2018, 2019, and 2020 respectively were as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2018	\$ 80,683	\$ 1,570,022	\$ 1,601,063	\$ 49,642
2019	49,642	1,636,065	1,636,162	49,545
2020	49,545	2,254,800	2,227,144	77,201

XI. DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.TMRS.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest

Beginning in 2009, the Town granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2009, the Town provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating, transfers
Annuity increase to retirees	70% of CPI repeating

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	103
Active employees	<u>226</u>
Total	<u><u>348</u></u>

Contributions

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

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The Town increased its employee contribution rate during the year. The contribution rates for the Town were 13.54% and 13.55% in calendar years 2020 and 2019, respectively. The Town's contributions to TMRS for the year ended September 30, 2020, were \$2,364,494, and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75% net of pension plan investment expense, expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality table. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	5.30%
Core fixed income	10.00%	1.25%
Non-core fixed income	20.00%	4.14%
Real return	10.00%	3.85%
Real estate	10.00%	4.00%
Absolute return	10.00%	3.48%
Private equity	5.00%	7.75%
Total	100.00%	

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2018	\$ 21,500,405	\$ 17,559,158	\$ 3,941,247
Changes for the year:			
Service cost	2,900,937	-	2,900,937
Interest	1,541,809	-	1,541,809
Difference between expected and actual experience	693,569	-	693,569
Change in assumptions	85,186	-	85,186
Contributions - employer	-	2,051,549	(2,051,549)
Contributions - employee	-	1,059,841	(1,059,841)
Net investment income	-	2,727,479	(2,727,479)
Benefit payments, including refunds of employee contributions	(218,532)	(218,532)	-
Administrative expense	-	(15,339)	15,339
Other changes	-	(460)	460
Net changes	5,002,969	5,604,538	(601,569)
Balance at 12/31/2019	\$ 26,503,374	\$ 23,163,696	\$ 3,339,678

The Town's net pension liability is generally liquidated by the General Fund and Proprietary Funds.

The following presents the net pension liability of the Town and component unit, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension liability	\$ 8,409,765	\$ 3,271,215	\$ (808,523)
Component unit's net pension liability	<u>176,008</u>	<u>68,463</u>	<u>(16,922)</u>
Total	<u>\$ 8,585,773</u>	<u>\$ 3,339,678</u>	<u>\$ (825,445)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRs financial report. That report may be obtained electronically at www.TMRS.com.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the Town and component unit recognized pension expense of \$2,302,160 and \$48,182, respectively.

At September 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,012,383	\$ 90,018
Changes in actuarial assumptions	71,189	3,784
Difference between projected and actual investment earnings	-	654,224
Contributions subsequent to the measurement date	<u>1,802,483</u>	<u>-</u>
Total	<u>\$ 2,886,055</u>	<u>\$ 748,026</u>

At September 30, 2020, the component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 16,811	\$ 1,884
Changes in actuarial assumptions	952	79
Difference between projected and actual investment earnings	-	4,497
Contributions subsequent to the measurement date	<u>37,724</u>	<u>-</u>
Total	<u>\$ 55,487</u>	<u>\$ 6,460</u>

The Town and component unit reported \$1,802,483 and \$37,724, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	City	Component Unit
2020	\$ 23,380	\$ 788
2021	25,750	867
2022	167,466	5,641
2023	(114,207)	(3,847)
2024	172,012	5,794
Thereafter	61,145	2,060

XII. TAX ABATEMENTS AND ECONOMIC INCENTIVES

The Town enters into economic development agreements designed to promote development and redevelopment within the Town, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the Town. These programs abate or rebate property tax and sales tax and include incentive payments and reductions in fees that are not tied to taxes.

The Town's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) of the Texas Tax Code. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact, or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, or bringing targeted businesses to the Town.

General Economic Development

The Town has entered into various agreements that may rebate a flat amount or percentage of property taxes or sales tax received by the Town or repay developers for the construction of impact fee eligible projects. For fiscal year 2020, the Town rebated \$551,883 in property and sales taxes, and repaid developers for infrastructure agreements with \$3,849,269 in impact fees.

Tax Increment Reinvestment Zone

The Town has established two tax increment reinvestment zone (TIRZ) districts under Chapter 311, Texas Tax Code to promote local economic development and stimulate business and commercial activity within the Town and to develop and diversify the economy of the state by eliminating unemployment and underemployment and developing or expanding commerce in the state, including the enhancement of land and the Town. Each district has a base year, and incremental property tax revenues exceeding the base year amount are collected into a special revenue fund. Additionally, other taxing entities may participate in the TIRZ districts. Each participating entity's governing body sets the percentage of increment that they will contribute to the TIRZ fund.

In December 2015, Town Council appointed a TIRZ Board to approve final project and finance plan and to enter into a participation agreement that provides participation in the TIRZ. Unlike other contractual obligations, TIRZ grants are subject to availability of TIRZ funds, and any balance owed to a developer at the termination of the TIRZ district will no longer be considered an obligation of the Town.

The following table summarizes key statistics of each of the Town's TIRZ districts.

	TIRZ #1	TIRZ #2
Tax year established	2008	2012
Town's participation	70%	70%
Other taxing entities	Collin County	Collin County
Participating	50%	50%
Tax year terminates	2045	2037

The development agreement for TIRZ #1 provides for development of approximately 600 acres of land located in the Town of Prosper and known as the Gates of Prosper. This agreement provides for an economic development grant of \$58,000,000 plus 3.5% interest compounded annually until paid in full or termination of the agreement. Funding for this grant is contingent upon the availability of tax revenues and impact fee revenues in TIRZ #1. Interest payments of \$189,480 and payment towards construction of \$2,936,248 were made during the fiscal year.

The development agreement for TIRZ #2 provides for development of approximately 157 acres of land located in the Town of Prosper at the intersection of DNT and US Highway 380. This agreement provided for an economic development grant of \$28,566,057 plus 3.5% interest compounded annually until paid in full or termination of the agreement. This development agreement was determined to be in default and the Town's obligation is to pay all amounts due at the time of default which is currently \$1,653,764. No interest will be calculated from the date of default, September 22, 2020, and forward. Funding for this grant is contingent upon the availability of tax revenues and impact fee revenues in TIRZ #2. Interest payments of \$16,504 and no payments towards construction were made during the fiscal year.

The following is a summary of the principal balance of the infrastructure reimbursement grants and development agreements associated with the Tax Increment Reinvestment Zones:

	<u>TIRZ #1</u>	<u>TIRZ #2</u>	<u>Total</u>
Balance, October 1, 2019	\$ 10,496,428	\$ 1,570,228	\$ 12,066,656
Additions/adjustments	7,580,390	100,040	7,680,430
Payments	(3,125,728)	(16,504)	(3,142,232)
Balance, September 30, 2020	\$ <u>14,951,090</u>	\$ <u>1,653,764</u>	\$ <u>16,604,854</u>

XIII. COMMITMENTS AND CONTINGENCIES

At September 30, 2020, the total estimated costs to complete significant construction projects in progress at year-end totaled approximately \$12,559,614 for the Capital Projects Fund.

XIV. PRIOR PERIOD ADJUSTMENT

The Town's beginning net position was restated in the amount of \$48,204 for salary expenditures not recorded in the prior year.



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REQUIRED
SUPPLEMENTARY
INFORMATION
SECTION



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TOWN OF PROSPER, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property	\$ 16,580,933	\$ 16,580,933	\$ 16,872,566	\$ 291,633
Sales	5,077,533	5,077,533	6,171,290	1,093,757
Franchise	1,731,375	1,731,375	1,794,649	63,274
Licenses and permits	4,322,817	4,322,817	5,551,900	1,229,083
Charges for services	652,527	652,527	589,297	(63,230)
Grants	54,000	458,672	472,855	14,183
Investment income	300,249	300,249	212,370	(87,879)
Fines, fees, warrants and seizures	474,163	474,163	303,738	(170,425)
Miscellaneous	130,136	145,136	223,596	78,460
Total revenues	<u>29,323,733</u>	<u>29,743,405</u>	<u>32,192,261</u>	<u>2,448,856</u>
EXPENDITURES				
Current:				
Administration	5,442,762	5,472,233	5,120,980	351,253
Police	5,496,162	5,356,207	4,882,257	473,950
Fire	6,384,111	7,651,988	7,524,424	127,564
Development Services	3,211,836	3,238,239	2,633,573	604,666
Public Works	1,713,896	1,963,735	1,888,563	75,172
Community Services	4,468,211	4,588,272	4,202,751	385,521
Engineering	1,734,793	1,806,426	1,626,337	180,089
Total expenditures	<u>28,451,771</u>	<u>30,077,100</u>	<u>27,878,885</u>	<u>2,198,215</u>
Excess of revenues over expenditures	871,962	(333,695)	4,313,376	4,647,071
OTHER FINANCING SOURCES (USES)				
Transfers in	989,087	989,087	989,087	-
Transfers out	-	(1,397,927)	(1,260,723)	137,204
Total other financing sources (uses)	<u>989,087</u>	<u>(408,840)</u>	<u>(271,636)</u>	<u>137,204</u>
CHANGE IN FUND BALANCE	1,861,049	(742,535)	4,041,740	4,784,275
FUND BALANCE - BEGINNING	<u>9,881,492</u>	<u>9,881,492</u>	<u>9,881,492</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 11,742,541</u>	<u>\$ 9,138,957</u>	<u>\$ 13,923,232</u>	<u>\$ 4,784,275</u>



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TOWN OF PROSPER, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
IMPACT FEE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 3,500,000	\$ 3,500,000	\$ 5,738,643	\$ 2,238,643
Investment income	55,000	55,000	54,602	(398)
Total Revenues	<u>3,555,000</u>	<u>3,555,000</u>	<u>5,793,245</u>	<u>2,238,245</u>
EXPENDITURES				
Public Works	<u>4,154,168</u>	<u>5,823,846</u>	<u>2,787,666</u>	<u>3,036,180</u>
Total expenditures	<u>4,154,168</u>	<u>5,823,846</u>	<u>2,787,666</u>	<u>3,036,180</u>
Excess of revenues over expenditures	(599,168)	(2,268,846)	<u>3,005,579</u>	<u>5,274,425</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(204,168)	(204,168)	-
Total other financing sources (uses)	-	(204,168)	(204,168)	-
CHANGE IN FUND BALANCE	(599,168)	(2,473,014)	<u>2,801,411</u>	<u>5,274,425</u>
FUND BALANCE - BEGINNING	<u>2,291,041</u>	<u>2,291,041</u>	<u>2,291,041</u>	-
FUND BALANCE - ENDING	\$ <u>1,691,873</u>	\$ (181,973)	\$ <u>5,092,452</u>	\$ <u>5,274,425</u>

TOWN OF PROSPER, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement year December 31,	2019	2018
Total pension liability		
Service cost	\$ 2,900,937	\$ 2,559,835
Interest on total pension liability	1,541,809	1,255,581
Difference between expected and actual experience	693,569	526,914
Change or assumptions	85,186	-
Benefit payments/refunds of contributions	(218,532)	(326,425)
Net change in total pension liability	<u>5,002,969</u>	<u>4,015,905</u>
Total pension liability, beginning	<u>21,500,405</u>	<u>17,484,500</u>
Total pension liability, ending (a)	\$ <u>26,503,374</u>	\$ <u>21,500,405</u>
Plan fiduciary net position		
Contributions - employer	\$ 2,051,549	\$ 1,802,565
Contributions - employee	1,059,841	932,591
Net investment income	2,727,479	(469,840)
Benefit payments/refunds of contributions	(218,532)	(326,425)
Administrative expenses	(15,339)	(9,048)
Other	(460)	(473)
Net change in fiduciary net position	<u>5,604,538</u>	<u>1,929,370</u>
Fiduciary net position, beginning	<u>17,559,158</u>	<u>15,629,788</u>
Fiduciary net position, ending (b)	\$ <u>23,163,696</u>	\$ <u>17,559,158</u>
Net pension liability = (a)-(b)	<u>3,339,678</u>	<u>3,941,247</u>
Fiduciary net position as a percentage of total pension liability	87.40%	81.67%
Covered payroll	\$ 15,140,587	\$ 13,304,757
Net Pension liability as a percentage of covered payroll	22.06%	29.62%

Note: GASB Statement 68 requires this schedule to report 10 years of data. Data prior to 2014 is not available.

2017	2016	2015	2014
\$ 2,156,520 1,046,888	\$ 1,719,445 874,511	\$ 1,457,871 732,791	\$ 1,149,110 610,963
(42,762) -	(103,100) -	264,111 (14,368)	(114,652) -
(214,667) <u>2,945,979</u>	(96,666) <u>2,394,190</u>	(71,162) <u>2,369,243</u>	(47,637) <u>1,597,784</u>
<u>14,538,521</u>	<u>12,144,331</u>	<u>9,775,088</u>	<u>8,177,304</u>
\$ <u>17,484,500</u>	\$ <u>14,538,521</u>	\$ <u>12,144,331</u>	\$ <u>9,775,088</u>
\$ 1,526,920 794,089 1,650,563	\$ 1,101,478 623,310 650,853	\$ 914,153 539,096 12,145	\$ 723,677 471,670 383,420
(214,667) (8,534) (433)	(96,666) (7,335) (397)	(71,162) (7,392) (365)	(47,637) (4,000) (329)
<u>3,747,938</u>	<u>2,271,243</u>	<u>1,386,475</u>	<u>1,526,801</u>
<u>11,881,849</u>	<u>9,610,606</u>	<u>8,224,131</u>	<u>6,697,330</u>
\$ <u>15,629,787</u>	\$ <u>11,881,849</u>	\$ <u>9,610,606</u>	\$ <u>8,224,131</u>
<u>1,854,713</u>	<u>2,656,672</u>	<u>2,533,725</u>	<u>1,550,957</u>
89.39%	81.73%	79.14%	84.13%
\$ 11,344,133	\$ 8,904,427	\$ 7,701,377	\$ 6,738,149
16.35%	29.84%	32.90%	23.02%

TOWN OF PROSPER, TEXAS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Fiscal Year ended September 30,	2020	2019
Actuarially determined contribution	\$ 2,364,494	\$ 1,974,212
Contributions in relation to the actuarially determined contribution	<u>2,364,494</u>	<u>1,974,212</u>
Contribution deficiency (excess)	-	-
Covered payroll	17,470,665	14,574,706
Contributions as a percentage of covered payroll	13.53%	13.55%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	25 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

Note: GASB Statement 68 requires this schedule to report 10 years of data. Data prior to 2015 is not available.

2018	2017	2016	2015
\$ 1,739,754	\$ 1,460,414	\$ 1,073,556	\$ 842,892
<u>1,739,754</u>	<u>1,431,283</u>	<u>1,072,237</u>	<u>842,892</u>
-	29,131	1,319	-
12,884,881	10,850,030	7,678,705	7,560,918
13.50%	13.20%	12.40%	11.10%



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COMBINING AND
INDIVIDUAL FUND
SCHEDULES



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NONMAJOR GOVERNMENTAL FUNDS

COURT TECHNOLOGY FUND – This fund is to account for a misdemeanor offense and pay a technology fee as technology cost of the Court. These funds are used to finance the purchase of, or to maintain technology enhancements for the Municipal Court for the following: computer systems, networks, hardware and software, electric kiosks, electronic ticket writers, and docket management systems.

COURT SECURITY FUND – This fund is used to account for a misdemeanor offense and pay a security fee as a cost of the court. These funds are used to finance security personnel, services and items related to the facility that house the operations of the municipal court.

PARKS DEDICATION FUND – This fund is to account for contributions to the Town for the creation of parks within the Town per development agreements. Fund expenditures must be used for the acquisition, development, expansion, or upgrading of parks located within the same park district or general area where the proposed development for which payment was made is located.

PARKS IMPROVEMENT FUND – This fund is to account for contributions to the Town for improvements to Town parks per development agreements. Developers are reimbursed for the reasonable costs of any park improvements constructed and accepted by the Town.

POLICE SPD – The Town of Prosper held a special election in 2018 that established a Crime Control and Prevention Special Purpose District allowed under Texas Local Government Code, Chapter 363 and Texas Tax Code, Section 323.105. Crime Control and Prevention District is dedicated to crime reduction programs and the dedication of a one-fourth of one percent sales and use tax.

FIRE SPD – The Town of Prosper held a special election in 2018 that established a Fire Control, Prevention, and Emergency Medical Services Special Purpose District allowed under Texas Local Government Code, Chapter 344 and Texas Tax Code, Section 321.106. Fire Control, Prevention and Emergency Medical Services District is dedicated to fire safety and emergency medical services programs and the dedication of a one-fourth of one percent sales and use tax.

TIRZ 1 FUND – The Town of Prosper designated a certain area within the Town as Tax Increment Reinvestment Zone Number 1 in 2008. The Town Council desires to promote the development or redevelopment of said geographic area by designation of a reinvestment zone, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code. This fund is to account for the restricted revenue sources detailed in the agreement along with the reimbursements to the developer for agreed upon expenditures.

TIRZ 2 FUND – The Town of Prosper designated a certain area within the Town as Tax Increment Reinvestment Zone Number 2 in 2013. The Town Council desires to promote the development or redevelopment of said geographic area by designation of a reinvestment zone, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code. This fund is to account for the restricted revenue sources detailed in the agreement along with the reimbursements to the developer for agreed upon expenditures.

MUNICIPAL JURY FUND – This fund is used to fund juror reimbursements and otherwise finance jury services.

CARES ACT FUND – The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law on March 27th, 2020. This fund is used to account for grant funds awarded and expenditures related to the CARES Act.

CONTRIBUTIONS FUND – This fund is used to account for various special revenue sources. Typical revenues seen in this fund would include Police Department donations, Fire Department donations, Police Seized funds, Child Safety funds, and developer contributions.

TOWN OF PROSPER, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	Court Technology Fund	Court Security Fund	Parks Dedication Fund	Parks Improvement Fund
ASSETS				
Cash and cash equivalents	\$ 7,638	\$ 14,553	\$ 633,714	\$ 527,910
Investments	10,327	19,675	856,696	713,662
Taxes receivable (net)	-	-	-	-
Accounts receivable (net)	-	-	-	-
Accrued interest	<u>81</u>	<u>154</u>	<u>6,718</u>	<u>5,597</u>
Total assets	<u>18,046</u>	<u>34,382</u>	<u>1,497,128</u>	<u>1,247,169</u>
LIABILITIES				
Accounts payable and accrued expenses	500	-	-	74,129
Unearned revenue	-	-	-	-
Retainage payable	-	-	-	3,636
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>500</u>	<u>-</u>	<u>-</u>	<u>77,765</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Interest	<u>43</u>	<u>81</u>	<u>3,544</u>	<u>2,953</u>
Total deferred inflows of resources	<u>43</u>	<u>81</u>	<u>3,544</u>	<u>2,953</u>
FUND BALANCES				
Restricted for:				
Capital projects	-	-	-	-
Courts	17,503	34,301	-	-
Police	-	-	-	-
Fire	-	-	-	-
Grants	-	-	-	-
Parks	-	-	1,493,584	1,166,451
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>17,503</u>	<u>34,301</u>	<u>1,493,584</u>	<u>1,166,451</u>
Total liabilities, deferred inflows of Resources and fund balances	\$ <u>18,046</u>	\$ <u>34,382</u>	\$ <u>1,497,128</u>	\$ <u>1,247,169</u>

Crime Control District	Fire Prevention District	TIRZ 1 Fund	TIRZ 2 Fund	Municipal Jury Fund	CARES Act Fund	Contributions Fund	Total Nonmajor Governmental Funds
\$ 10,627	\$ -	\$ 174,081	\$ 10,688	\$ 39	\$ 367,950	\$ 184,835	\$ 1,932,035
14,366	-	235,334	14,448	52	595,717	249,871	2,710,148
320,641	320,292	176,120	-	-	-	-	817,053
-	-	-	-	-	-	7,792	7,792
113	-	1,846	113	-	4,672	1,960	21,254
<u>345,747</u>	<u>320,292</u>	<u>587,381</u>	<u>25,249</u>	<u>91</u>	<u>968,339</u>	<u>444,458</u>	<u>5,488,282</u>
43,249	42,661	285,147	-	-	206,828	13,578	666,092
-	-	-	-	-	756,801	-	756,801
-	-	-	-	-	1,003	-	4,639
-	73,649	-	-	-	-	-	73,649
<u>43,249</u>	<u>116,310</u>	<u>285,147</u>	<u>-</u>	<u>-</u>	<u>964,632</u>	<u>13,578</u>	<u>1,501,181</u>
59	-	974	60	-	2,465	1,034	11,213
<u>59</u>	<u>-</u>	<u>974</u>	<u>60</u>	<u>-</u>	<u>2,465</u>	<u>1,034</u>	<u>11,213</u>
-	-	301,260	25,189	-	-	-	326,449
-	-	-	-	91	-	-	51,895
302,439	-	-	-	-	-	158,262	460,701
-	203,982	-	-	-	-	16,348	220,330
-	-	-	-	-	1,242	-	1,242
-	-	-	-	-	-	-	2,660,035
-	-	-	-	-	-	255,236	255,236
<u>302,439</u>	<u>203,982</u>	<u>301,260</u>	<u>25,189</u>	<u>91</u>	<u>1,242</u>	<u>429,846</u>	<u>3,975,888</u>
\$ <u>345,747</u>	\$ <u>320,292</u>	\$ <u>587,381</u>	\$ <u>25,249</u>	\$ <u>91</u>	\$ <u>968,339</u>	\$ <u>444,458</u>	\$ <u>5,488,282</u>

TOWN OF PROSPER, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Court Technology Fund	Court Security Fund	Parks Dedication Fund	Parks Improvement Fund
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Impact fees	-	-	-	-
Grants	-	-	-	-
Investment income	270	397	18,642	15,659
Fines, fees, warrants, and seizures	7,921	7,665	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>8,191</u>	<u>8,062</u>	<u>18,642</u>	<u>15,659</u>
EXPENDITURES				
Current:				
Administration	10,140	1,140	-	-
Police	-	-	-	-
Fire	-	-	-	-
Community services	-	-	-	156,335
Total expenditures	<u>10,140</u>	<u>1,140</u>	<u>-</u>	<u>156,335</u>
Excess (Deficiency) of revenue Over expenditures	<u>(1,949)</u>	<u>6,922</u>	<u>18,642</u>	<u>(140,676)</u>
NET CHANGE IN FUND BALANCES	(1,949)	6,922	18,642	(140,676)
FUND BALANCES - BEGINNING	19,452	27,379	1,474,942	1,307,127
PRIOR PERIOD ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING, RESTATED	<u>19,452</u>	<u>27,379</u>	<u>1,474,942</u>	<u>1,307,127</u>
FUND BALANCES - ENDING	\$ <u>17,503</u>	\$ <u>34,301</u>	\$ <u>1,493,584</u>	\$ <u>1,166,451</u>

Crime Control District	Fire Prevention District	TIRZ 1 Fund	TIRZ 2 Fund	Municipal Jury Fund	CARES Act Fund	Contributions Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 508,035	\$ 15,770	\$ -	\$ -	\$ -	\$ 523,805
1,616,291	1,613,198	957,981	10	-	-	-	4,187,480
-	-	1,683,783	-	-	-	-	1,683,783
-	-	-	-	-	595,441	-	595,441
1,241	-	20,362	371	-	6,586	4,980	68,508
-	-	-	-	91	-	8,829	24,506
-	-	-	-	-	-	185,409	185,409
-	-	-	-	-	-	3,245	3,245
<u>1,617,532</u>	<u>1,613,198</u>	<u>3,170,161</u>	<u>16,151</u>	<u>91</u>	<u>602,027</u>	<u>202,463</u>	<u>7,272,177</u>
-	-	3,125,729	16,504	-	600,785	82,555	3,836,853
1,461,295	-	-	-	-	-	-	1,461,295
-	1,400,837	-	-	-	-	-	1,400,837
-	-	-	-	-	-	-	156,335
<u>1,461,295</u>	<u>1,400,837</u>	<u>3,125,729</u>	<u>16,504</u>	<u>-</u>	<u>600,785</u>	<u>82,555</u>	<u>6,855,320</u>
<u>156,237</u>	<u>212,361</u>	<u>44,432</u>	<u>(353)</u>	<u>91</u>	<u>1,242</u>	<u>119,908</u>	<u>416,857</u>
156,237	212,361	44,432	(353)	91	1,242	119,908	416,857
170,442	15,585	256,828	25,542	-	-	309,938	3,607,235
(24,240)	(23,964)	-	-	-	-	-	(48,204)
<u>146,202</u>	<u>(8,379)</u>	<u>256,828</u>	<u>25,542</u>	<u>-</u>	<u>-</u>	<u>309,938</u>	<u>3,559,031</u>
\$ <u>302,439</u>	\$ <u>203,982</u>	\$ <u>301,260</u>	\$ <u>25,189</u>	\$ <u>91</u>	\$ <u>1,242</u>	\$ <u>429,846</u>	\$ <u>3,975,888</u>

TOWN OF PROSPER, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,855,713	\$ 6,855,713	\$ 7,000,806	\$ 145,093
Investment income	<u>45,000</u>	<u>45,000</u>	<u>72,827</u>	<u>27,827</u>
Total Revenue	<u>6,900,713</u>	<u>6,900,713</u>	<u>7,073,633</u>	<u>172,920</u>
EXPENDITURES				
Debt service:				
Principal	3,819,354	3,819,354	3,819,353	1
Interest and fiscal charges	3,193,386	3,193,386	3,183,385	10,001
Bond issue costs and fees	<u>10,000</u>	<u>10,000</u>	<u>8,340</u>	<u>1,660</u>
Total Expenditures	<u>7,022,740</u>	<u>7,022,740</u>	<u>7,011,078</u>	<u>11,662</u>
Excess of revenues over expenditures	(122,027)	(122,027)	62,555	184,582
CHANGE IN FUND BALANCE	(122,027)	(122,027)	62,555	184,582
FUND BALANCE - BEGINNING	<u>2,556,812</u>	<u>2,556,812</u>	<u>2,556,812</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,434,785</u>	<u>\$ 2,434,785</u>	<u>\$ 2,619,367</u>	<u>\$ 184,582</u>

TOWN OF PROSPER, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
COURT TECHNOLOGY FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines, fees, warrants, and seizures	\$ 10,000	\$ 10,000	\$ 7,921	\$ (2,079)
Investment income	<u>300</u>	<u>300</u>	<u>270</u>	<u>(30)</u>
Total revenues	<u>10,300</u>	<u>10,300</u>	<u>8,191</u>	<u>(2,109)</u>
EXPENDITURES				
Administration	<u>10,000</u>	<u>10,144</u>	<u>10,140</u>	<u>(4)</u>
Total expenditures	<u>10,000</u>	<u>10,144</u>	<u>10,140</u>	<u>(4)</u>
CHANGE IN FUND BALANCE	<u>300</u>	<u>156</u>	<u>(1,949)</u>	<u>(2,105)</u>
FUND BALANCE - BEGINNING	<u>19,452</u>	<u>19,452</u>	<u>19,452</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 19,752</u>	<u>\$ 19,608</u>	<u>\$ 17,503</u>	<u>\$ (2,105)</u>

TOWN OF PROSPER, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
COURT SECURITY FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines, fees, warrants, and seizures	\$ 8,500	\$ 8,500	\$ 7,665	\$ (835)
Investment income	<u>300</u>	<u>300</u>	<u>397</u>	<u>97</u>
Total revenues	<u>8,800</u>	<u>8,800</u>	<u>8,062</u>	<u>(738)</u>
EXPENDITURES				
Administration	<u>10,112</u>	<u>10,112</u>	<u>1,140</u>	<u>8,972</u>
Total expenditures	<u>10,112</u>	<u>10,112</u>	<u>1,140</u>	<u>8,972</u>
CHANGE IN FUND BALANCE	<u>(1,312)</u>	<u>(1,312)</u>	<u>6,922</u>	<u>8,234</u>
FUND BALANCE - BEGINNING	<u>27,379</u>	<u>27,379</u>	<u>27,379</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 26,067</u>	<u>\$ 26,067</u>	<u>\$ 34,301</u>	<u>\$ 8,234</u>

TOWN OF PROSPER, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PARKS DEDICATION FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Contributions	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Investment income	<u>25,000</u>	<u>25,000</u>	<u>18,642</u>	<u>(6,358)</u>
Total revenues	<u>225,000</u>	<u>225,000</u>	<u>18,642</u>	<u>(206,358)</u>
 CHANGE IN FUND BALANCE	 <u>225,000</u>	 <u>225,000</u>	 <u>18,642</u>	 <u>(206,358)</u>
 FUND BALANCE - BEGINNING	 <u>1,474,942</u>	 <u>1,474,942</u>	 <u>1,474,942</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u>\$ 1,699,942</u>	 <u>\$ 1,699,942</u>	 <u>\$ 1,493,584</u>	 <u>\$ (206,358)</u>

TOWN OF PROSPER, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PARKS IMPROVEMENT FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 15,000	\$ 15,000	\$ 15,659	\$ 659
Grants	500,000	500,000	-	(500,000)
Contributions	100,000	100,000	-	(100,000)
Total revenues	<u>615,000</u>	<u>615,000</u>	<u>15,659</u>	<u>(599,341)</u>
EXPENDITURES				
Community service	<u>665,955</u>	<u>775,843</u>	<u>156,335</u>	<u>619,508</u>
Total Expenditures	<u>665,955</u>	<u>775,843</u>	<u>156,335</u>	<u>619,508</u>
CHANGE IN FUND BALANCE	<u>(50,955)</u>	<u>(160,843)</u>	<u>(140,676)</u>	<u>20,167</u>
FUND BALANCE - BEGINNING	<u>1,307,127</u>	<u>1,307,127</u>	<u>1,307,127</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,256,172</u>	<u>\$ 1,146,284</u>	<u>\$ 1,166,451</u>	<u>\$ 20,167</u>

TOWN OF PROSPER, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
CRIME CONTROL DISTRICT FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 1,338,204	\$ 1,542,650	\$ 1,616,291	\$ 73,641
Investment income	<u>5,000</u>	<u>5,000</u>	<u>1,241</u>	<u>(3,759)</u>
Total revenues	<u>1,343,204</u>	<u>1,547,650</u>	<u>1,617,532</u>	<u>69,882</u>
EXPENDITURES				
Police	<u>1,308,204</u>	<u>1,462,000</u>	<u>1,461,295</u>	<u>705</u>
Total expenditures	<u>1,308,204</u>	<u>1,462,000</u>	<u>1,461,295</u>	<u>705</u>
CHANGE IN FUND BALANCE	<u>35,000</u>	<u>85,650</u>	<u>156,237</u>	<u>70,587</u>
FUND BALANCE - BEGINNING	170,442	170,442	170,442	-
PRIOR PERIOD ADJUSTMENTS	-	-	(24,240)	(24,240)
FUND BALANCES, BEGINNING, RESTATED	<u>170,442</u>	<u>170,442</u>	<u>146,202</u>	<u>(24,240)</u>
FUND BALANCE - ENDING	<u>\$ 205,442</u>	<u>\$ 256,092</u>	<u>\$ 302,439</u>	<u>\$ 46,347</u>

TOWN OF PROSPER, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
FIRE PREVENTION DISTRICT FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 1,338,204	\$ 1,539,345	\$ 1,613,198	\$ 73,853
Investment income	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total revenues	<u>1,343,204</u>	<u>1,544,345</u>	<u>1,613,198</u>	<u>68,853</u>
EXPENDITURES				
Fire	<u>1,308,204</u>	<u>1,401,000</u>	<u>1,400,837</u>	<u>163</u>
Total expenditures	<u>1,308,204</u>	<u>1,401,000</u>	<u>1,400,837</u>	<u>163</u>
CHANGE IN FUND BALANCE	<u>35,000</u>	<u>143,345</u>	<u>212,361</u>	<u>69,016</u>
FUND BALANCE - BEGINNING	15,585	15,585	15,585	-
PRIOR PERIOD ADJUSTMENTS	-	-	(23,964)	(23,964)
FUND BALANCES, BEGINNING, RESTATED	<u>15,585</u>	<u>15,585</u>	<u>(8,379)</u>	<u>(23,964)</u>
FUND BALANCE - ENDING	<u>\$ 50,585</u>	<u>\$ 158,930</u>	<u>\$ 203,982</u>	<u>\$ 45,052</u>

TOWN OF PROSPER, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
TIRZ 1 FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 498,584	\$ 506,645	\$ 508,035	\$ 1,390
Sales taxes	910,631	937,266	957,981	20,715
Impact fees	350,000	1,683,783	1,683,783	-
Investment income	7,500	20,271	20,362	91
Total revenues	<u>1,766,715</u>	<u>3,147,965</u>	<u>3,170,161</u>	<u>22,196</u>
EXPENDITURES				
Administration	<u>1,766,715</u>	<u>3,125,730</u>	<u>3,125,729</u>	<u>1</u>
Total expenditures	<u>1,766,715</u>	<u>3,125,730</u>	<u>3,125,729</u>	<u>1</u>
Excess of revenues over expenditures	<u>-</u>	<u>22,235</u>	<u>44,432</u>	<u>22,197</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>22,235</u>	<u>44,432</u>	<u>22,197</u>
FUND BALANCE - BEGINNING	<u>256,828</u>	<u>256,828</u>	<u>256,828</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 256,828</u>	<u>\$ 279,063</u>	<u>\$ 301,260</u>	<u>\$ 22,197</u>

TOWN OF PROSPER, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
TIRZ 2 FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Sales tax	\$ 300	\$ 300	\$ 10	\$(290)
Impact fees	325,500	325,500	-	(325,500)
Property taxes	16,249	16,249	15,770	(479)
Investment income	500	500	371	(129)
Total Revenues	<u>342,549</u>	<u>342,549</u>	<u>16,151</u>	<u>(326,398)</u>
EXPENDITURES				
Administration	<u>342,549</u>	<u>342,549</u>	<u>16,504</u>	<u>342,549</u>
Total expenditures	<u>342,549</u>	<u>342,549</u>	<u>16,504</u>	<u>342,549</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(353)</u>	<u>(353)</u>
FUND BALANCE - BEGINNING	<u>25,542</u>	<u>25,542</u>	<u>25,542</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 25,542</u>	<u>\$ 25,542</u>	<u>\$ 25,189</u>	<u>\$(353)</u>

TOWN OF PROSPER, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
MUNICIPAL JURY FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines, fees, warrants, and seizures	\$ -	\$ -	\$ 91	\$ 91
Total Revenues	-	-	91	91
 CHANGE IN FUND BALANCE	 -	 -	 91	 91
 FUND BALANCE - BEGINNING	 -	 -	 -	 -
 FUND BALANCE - ENDING	 \$ -	 \$ -	 \$ 91	 \$ 91

TOWN OF PROSPER, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
CARES ACT FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Grants	\$ -	\$ 1,344,150	\$ 595,441	\$(748,709)
Investment income	-	-	6,586	6,586
Total Revenues	-	1,344,150	602,027	(742,123)
EXPENDITURES				
Administration	-	1,344,150	600,785	743,365
Total expenditures	-	1,344,150	600,785	743,365
CHANGE IN FUND BALANCE	-	-	1,242	1,242
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,242	\$ 1,242

TOWN OF PROSPER, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
CONTRIBUTIONS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 5,400	\$ 5,400	\$ 4,980	\$ (420)
Contributions	40,200	40,200	185,409	145,209
Fines, fees, warrants, and seizures	-	-	8,829	8,829
Miscellaneous	-	-	3,245	3,245
Total Revenues	<u>45,600</u>	<u>45,600</u>	<u>202,463</u>	<u>156,863</u>
EXPENDITURES				
Administration	<u>134,888</u>	<u>143,705</u>	<u>82,555</u>	<u>61,150</u>
Total Expenditures	<u>134,888</u>	<u>143,705</u>	<u>82,555</u>	<u>61,150</u>
Excess of revenues over expenditures	<u>(89,288)</u>	<u>(98,105)</u>	<u>119,908</u>	<u>218,013</u>
CHANGE IN FUND BALANCE	<u>(89,288)</u>	<u>(98,105)</u>	<u>119,908</u>	<u>218,013</u>
FUND BALANCE - BEGINNING	<u>309,938</u>	<u>309,938</u>	<u>309,938</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 309,938</u>	<u>\$ 309,938</u>	<u>\$ 429,846</u>	<u>\$ 119,908</u>



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INTERNAL SERVICE FUNDS

VEHICLE & EQUIPMENT REPLACEMENT FUND (VERF) – Used to accumulate sufficient resources to replace existing vehicles and equipment when they reach or exceed their useful life. The internal program was designed for departments to contribute annual payments to the fund based on the number, type, average life expectancy, and the projected replacement cost of the vehicles/equipment.

HEALTH INSURANCE TRUST FUND - The Town of Prosper initiated a self-funded health and dental plan effective January 1, 2017 for Town employees and their dependents. The Town maintains the Employee Health Insurance Trust Fund to account for the Town's employee health and dental care coverage.

TOWN OF PROSPER, TEXAS

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2020

	Vehicle & Equipment Replacement	Health Insurance Trust Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,595,425	\$ 358,155	\$ 1,953,580
Investments	2,158,752	547,120	2,705,872
Receivables, net	-	30,100	30,100
Accrued interest	16,929	4,291	21,220
Prepays	4,946	-	4,946
Total current assets	<u>3,776,052</u>	<u>939,666</u>	<u>4,715,718</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	3,065,843	-	3,065,843
Total noncurrent assets	<u>3,065,843</u>	<u>-</u>	<u>3,065,843</u>
Total assets	<u>6,841,895</u>	<u>939,666</u>	<u>7,781,561</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	17,242	183,574	200,816
Total current liabilities	<u>17,242</u>	<u>183,574</u>	<u>200,816</u>
Noncurrent liabilities:			
Total liabilities	<u>17,242</u>	<u>183,574</u>	<u>200,816</u>
DEFERRED INFLOWS OF RESOURCES			
NET POSITION			
Net investment in capital assets	3,065,843	-	3,065,843
Unrestricted	3,758,810	756,092	4,514,902
Total net position	<u>\$ 6,824,653</u>	<u>\$ 756,092</u>	<u>\$ 7,580,745</u>

TOWN OF PROSPER, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Vehicle & Equipment Replacement	Health Insurance Trust Fund	Total Internal Service Funds
OPERATING REVENUES			
Charges for services:			
Health charges	\$ -	\$ 3,174,340	\$ 3,174,340
Equipment replacement	2,022,682	-	2,022,682
Miscellaneous	<u>133,517</u>	<u>52,566</u>	<u>186,083</u>
Total operating revenues	<u>2,156,199</u>	<u>3,226,906</u>	<u>5,383,105</u>
OPERATING EXPENSES			
Materials and supplies	51,553	-	51,553
Contractual services	-	53,761	53,761
Employee health insurance	-	2,766,594	2,766,594
Other operating costs	7,308	-	7,308
Depreciation	<u>382,681</u>	<u>-</u>	<u>382,681</u>
Total operating costs	<u>441,542</u>	<u>2,820,355</u>	<u>3,261,897</u>
Operating income (loss)	<u>1,714,657</u>	<u>406,551</u>	<u>2,121,208</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	48,341	9,864	58,205
Loss on disposal of property	<u>(49,893)</u>	<u>-</u>	<u>(49,893)</u>
Total non-operating revenues (expenses)	<u>(1,552)</u>	<u>9,864</u>	<u>8,312</u>
Income (loss) before contributions and transfers	<u>1,713,105</u>	<u>416,415</u>	<u>2,129,520</u>
CHANGE IN NET POSITION	<u>1,713,105</u>	<u>416,415</u>	<u>2,129,520</u>
NET POSITION - BEGINNING	<u>5,111,548</u>	<u>339,677</u>	<u>5,451,225</u>
NET POSITION - END OF YEAR	\$ <u>6,824,653</u>	\$ <u>756,092</u>	\$ <u>7,580,745</u>

TOWN OF PROSPER, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Vehicle & Equipment Replacement	Health Insurance Trust Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 2,156,199	\$ 3,196,806	\$ 5,353,005
Cash payment to suppliers for goods and services	(51,338)	-	(51,338)
Cash payments for health expense	-	(2,813,720)	(2,813,720)
Net cash provided by operating activities	<u>2,104,861</u>	<u>383,086</u>	<u>2,487,947</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,190,073)	-	(1,190,073)
Disposal of capital assets	(4,119)	-	(4,119)
Net cash provided (used) by capital and related financing activities	<u>(1,194,192)</u>	<u>-</u>	<u>(1,194,192)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment purchases	(786,043)	(342,577)	(1,128,620)
Interest on deposits and investments	97,218	64,913	162,131
Net cash provided by (used in) investing activities	<u>(688,825)</u>	<u>(277,664)</u>	<u>(966,489)</u>
Net (decrease) increase in cash and cash equivalents	221,844	105,422	327,266
Cash and cash equivalents at beginning of year	<u>1,373,581</u>	<u>252,733</u>	<u>1,626,314</u>
Cash and cash equivalents at end of year	<u>1,595,425</u>	<u>358,155</u>	<u>1,953,580</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	1,714,657	406,551	2,121,208
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	382,681	-	382,681
Decrease (increase) in accounts receivable	-	(30,100)	(30,100)
Decrease (increase) in prepaid	(4,946)	-	(4,946)
Increase (decrease) in accounts payable	12,469	6,635	19,104
Net cash provided by operating activities	<u>\$ 2,104,861</u>	<u>\$ 383,086</u>	<u>\$ 2,487,947</u>



STATISTICAL SECTION



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**STATISTICAL SECTION
(UNAUDITED)**

This part of the Town'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 Town's overall financial health.

	<u>Page Number</u>
Financial Trends These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	73
Revenue Capacity These schedules contain information to help the reader assess the Town's most significant local revenue sources. Although sales taxes are the Town's most significant local revenue source, information about revenue base is unavailable and information about principal revenue payers is confidential under Texas statutes. Trend information about sales tax revenues is provided in Table 6. Additionally, information about the Town's second most significant local revenue source, the property tax, is provided.	84
Debt Capacity These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	90
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	96
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	98

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

TOWN OF PROSPER, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 37,366	\$ 41,798	\$ 43,471	\$ 45,398
Restricted	9,359	10,849	9,882	13,459
Unrestricted	<u>6,979</u>	<u>8,432</u>	<u>10,176</u>	<u>10,126</u>
Total governmental activities net position	\$ <u>53,704</u>	\$ <u>61,079</u>	\$ <u>63,529</u>	\$ <u>68,983</u>
Business-type activities				
Net investment in capital assets	\$ 5,615	\$ 6,058	\$ 12,643	\$ 19,708
Restricted	-	-	-	-
Unrestricted	<u>7,695</u>	<u>9,090</u>	<u>5,319</u>	<u>3,584</u>
Total business-type activities net position	\$ <u>13,310</u>	\$ <u>15,148</u>	\$ <u>17,962</u>	\$ <u>23,292</u>
Primary government				
Net investment in capital assets	\$ 42,981	\$ 47,856	\$ 56,114	\$ 65,106
Restricted	9,359	10,849	9,882	13,459
Unrestricted	<u>14,674</u>	<u>17,522</u>	<u>15,495</u>	<u>13,710</u>
Total primary government net position	\$ <u>67,014</u>	\$ <u>76,227</u>	\$ <u>81,491</u>	\$ <u>92,275</u>

TABLE 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 50,132	\$ 60,997	\$ 63,158	\$ 126,774	\$ 150,815	\$ 169,774
18,551	14,275	7,549	2,332	1,945	5,534
11,485	20,672	27,898	16,266	14,750	18,455
<u>\$ 80,168</u>	<u>\$ 95,944</u>	<u>\$ 98,605</u>	<u>\$ 145,372</u>	<u>\$ 167,510</u>	<u>\$ 193,763</u>
\$ 21,119	\$ 4,772	\$ 12,598	\$ 93,021	\$ 112,197	\$ 127,806
-	-	4,722	-	-	-
3,351	24,391	23,010	14,696	12,177	14,758
<u>\$ 24,470</u>	<u>\$ 29,163</u>	<u>\$ 40,330</u>	<u>\$ 107,717</u>	<u>\$ 124,374</u>	<u>\$ 142,564</u>
\$ 71,251	\$ 65,769	\$ 75,756	\$ 219,795	\$ 263,012	\$ 297,580
18,551	14,307	12,271	2,332	1,945	5,534
14,836	45,031	50,908	30,962	26,927	33,213
<u>\$ 104,638</u>	<u>\$ 125,107</u>	<u>\$ 138,935</u>	<u>\$ 253,089</u>	<u>\$ 291,884</u>	<u>\$ 336,327</u>

TOWN OF PROSPER, TEXAS

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 3,075	\$ 2,785	\$ 2,890	\$ 3,698
Public safety	4,108	4,341	5,052	5,610
Public works	2,370	1,616	1,825	2,667
Culture and recreation	728	1,546	1,886	2,462
Economic development	-	-	-	-
Interest on long-term debt	1,139	1,108	1,318	1,119
Total governmental activities expenses	<u>11,420</u>	<u>11,396</u>	<u>12,971</u>	<u>15,556</u>
Business-type activities:				
Water, sewer, and sanitation	<u>5,332</u>	<u>5,476</u>	<u>6,293</u>	<u>7,464</u>
Total business-type activities expenses	<u>5,332</u>	<u>5,476</u>	<u>6,293</u>	<u>7,464</u>
Total primary government expenses	<u>16,752</u>	<u>16,872</u>	<u>19,264</u>	<u>23,020</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	826	1,992	2,210	2,588
Public safety	400	312	352	585
Culture and recreation	-	-	2	4
Economic development	-	-	-	-
Public works	-	-	-	-
Operating grants and contributions	350	266	93	113
Capital grants and contributions	<u>2,908</u>	<u>5,356</u>	<u>5,716</u>	<u>5,277</u>
Total governmental activities program revenues	<u>4,484</u>	<u>7,926</u>	<u>8,373</u>	<u>8,567</u>
Business-type activities:				
Charges for services:				
Water, sewer and sanitation	7,238	8,021	9,099	9,080
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,897</u>
Total business-type activities program revenues	<u>7,238</u>	<u>8,021</u>	<u>9,099</u>	<u>12,977</u>
Total primary government program revenues	<u>11,722</u>	<u>15,947</u>	<u>17,472</u>	<u>21,544</u>
Net (expense) revenue:				
Governmental activities	(6,936)	(3,470)	(4,598)	(6,989)
Business-type activities	<u>1,906</u>	<u>2,545</u>	<u>2,806</u>	<u>5,513</u>
Total primary government net expense	<u>(5,030)</u>	<u>(925)</u>	<u>(1,792)</u>	<u>(1,476)</u>

TABLE 2

Fiscal Year					
2015	2016	2017	2018 ^A	2019	2020
\$ 4,922	\$ 4,884	\$ 5,884	\$ 5,633	\$ 7,937	\$ 12,036
6,129	7,027	9,256	10,853	12,013	14,830
3,495	6,701	5,974	4,836	5,645	6,907
2,747	2,973	3,357	5,226	4,687	5,297
-	921	1,880	4,205	2,715	2,413
4,409	1,571	1,774	2,297	3,070	3,089
<u>21,702</u>	<u>24,077</u>	<u>28,125</u>	<u>33,050</u>	<u>36,067</u>	<u>44,572</u>
<u>9,282</u>	<u>10,522</u>	<u>15,209</u>	<u>19,487</u>	<u>23,305</u>	<u>24,772</u>
<u>9,282</u>	<u>10,522</u>	<u>15,209</u>	<u>19,487</u>	<u>23,305</u>	<u>24,772</u>
<u>30,984</u>	<u>34,599</u>	<u>43,334</u>	<u>52,537</u>	<u>59,372</u>	<u>69,344</u>
3,428	4,261	4,761	1,018	1,937	1,646
628	796	899	518	567	661
42	98	148	227	310	114
-	-	-	4,673	3,882	4,523
-	-	-	-	5,609	7,447
101	127	198	138	156	1,253
<u>7,907</u>	<u>15,639</u>	<u>6,870</u>	<u>9,964</u>	<u>13,358</u>	<u>16,677</u>
<u>12,106</u>	<u>20,921</u>	<u>12,876</u>	<u>16,538</u>	<u>25,819</u>	<u>32,321</u>
10,918	13,495	14,539	19,200	21,125	24,225
<u>-</u>	<u>-</u>	<u>5,949</u>	<u>12,743</u>	<u>18,358</u>	<u>19,031</u>
<u>10,918</u>	<u>13,495</u>	<u>20,488</u>	<u>31,943</u>	<u>39,483</u>	<u>43,256</u>
<u>23,024</u>	<u>34,416</u>	<u>33,364</u>	<u>48,481</u>	<u>65,302</u>	<u>75,577</u>
(6,658)	(3,156)	(15,249)	(16,512)	(10,248)	(12,251)
<u>1,635</u>	<u>2,973</u>	<u>5,279</u>	<u>12,456</u>	<u>16,178</u>	<u>18,484</u>
<u>(5,023)</u>	<u>(183)</u>	<u>(9,970)</u>	<u>(4,056)</u>	<u>5,930</u>	<u>6,233</u>

TOWN OF PROSPER, TEXAS

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 5,986	\$ 6,392	\$ 7,314	\$ 8,410
Sales taxes	1,321	1,942	2,478	2,807
Franchise taxes	425	505	520	596
Impact fees and escrow fees	53	628	-	-
Investment income	155	162	167	115
Miscellaneous	530	864	582	151
Transfers	434	352	(73)	364
Total governmental activities	<u>8,904</u>	<u>10,845</u>	<u>10,988</u>	<u>12,443</u>
Business-type activities:				
Investment income	53	96	175	105
Miscellaneous income	47	60	91	76
Transfers	(434)	(352)	73	(364)
Total business-type activities	<u>(334)</u>	<u>(196)</u>	<u>339</u>	<u>(183)</u>
Total primary government	<u>8,570</u>	<u>10,649</u>	<u>11,327</u>	<u>12,260</u>
Change in Net Position				
Governmental activities	1,968	7,375	6,389	5,454
Business-type activities	<u>1,572</u>	<u>2,349</u>	<u>3,145</u>	<u>5,330</u>
Total primary government	<u>\$ 3,540</u>	<u>\$ 9,724</u>	<u>\$ 9,534</u>	<u>\$ 10,784</u>

Source: Town financial statements

Note:

A - In 2018, the Town reclassified the Inspections, Code Enforcement, and Planning departments from General Government to Economic Development.

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 9,967	\$ 12,880	\$ 14,668	\$ 17,339	\$ 21,273	\$ 24,479
4,355	5,609	7,038	7,073	8,476	10,359
737	737	967	1,706	1,671	1,795
-	-	-	-	-	-
160	277	431	658	1,269	735
501	281	428	164	214	248
521	(1,751)	(5,622)	1,358	491	936
<u>16,241</u>	<u>18,033</u>	<u>17,910</u>	<u>28,298</u>	<u>33,394</u>	<u>38,552</u>
80	76	161	339	750	348
114	117	105	178	221	293
(521)	1,751	5,622	(1,358)	(491)	(936)
(327)	1,944	5,888	(841)	480	(295)
<u>15,914</u>	<u>19,977</u>	<u>23,798</u>	<u>27,457</u>	<u>33,874</u>	<u>38,257</u>
9,583	14,877	2,661	11,786	23,146	26,301
1,308	4,917	11,167	11,615	16,658	18,189
<u>\$ 10,891</u>	<u>\$ 19,794</u>	<u>\$ 13,828</u>	<u>\$ 23,401</u>	<u>\$ 39,804</u>	<u>\$ 44,490</u>

TOWN OF PROSPER, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Reserved	\$ 1	\$ -	\$ -	\$ -
Unreserved	5,568	-	-	-
Nonspendable	-	9	27	6
Committed	-	1,715	1,855	2,152
Unassigned	-	5,356	5,194	5,430
Total General Fund	\$ <u>5,569</u>	\$ <u>7,080</u>	\$ <u>7,076</u>	\$ <u>7,588</u>
All Other Governmental Funds				
Reserved	\$ 737	\$ -	\$ -	\$ -
Unreserved, reported in:				
Capital project funds	5,348	-	-	-
Impact fee funds	6,895	-	-	-
Special revenue funds	3,276	-	-	-
Nonspendable	-	5	-	-
Restricted				
Debt service	-	890	1,187	1,159
Capital projects	-	16,838	17,799	17,699
Courts	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Grants	-	-	-	-
Parks	-	-	-	-
Other	-	-	-	-
Assigned	-	1,172	1,477	2,371
Total All Other Governmental Funds	\$ <u>16,256</u>	\$ <u>18,905</u>	\$ <u>20,463</u>	\$ <u>21,229</u>

Source: Balance Sheets - Governmental Funds in Towns CAFRs.

TABLE 3

2015	2016	2017	2018	2019	2020
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2	3	61	15	18	15
2,588	2,966	3,696	4,660	4,752	5,576
4,977	7,059	8,547	8,139	5,111	8,333
<u>\$ 7,567</u>	<u>\$ 10,028</u>	<u>\$ 12,304</u>	<u>\$ 12,814</u>	<u>\$ 9,881</u>	<u>\$ 13,924</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	32	-	-	-	-
-	-	-	-	-	-
1,470	1,842	2,147	2,558	2,557	2,619
27,414	31,040	18,009	20,152	33,032	26,850
-	-	35	44	47	52
-	-	-	-	-	461
-	-	-	-	-	220
-	-	-	-	-	1
-	-	-	-	-	2,660
-	-	-	-	-	255
2,297	7,786	10,316	3,505	3,278	-
<u>\$ 31,181</u>	<u>\$ 40,700</u>	<u>\$ 30,507</u>	<u>\$ 26,259</u>	<u>\$ 38,914</u>	<u>\$ 33,118</u>

TOWN OF PROSPER, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

	2011	2012	2013	2014
Revenues				
Taxes	\$ 7,758	\$ 8,850	\$ 10,220	\$ 11,834
Licenses and permits	670	1,571	1,752	2,102
Intergovernmental	1,109	2,863	1,730	-
Charges for services	1,809	2,861	3,066	4,353
Impact fees	-	-	-	-
Escrow income	-	-	-	-
Grants	285	198	49	28
Investment income	393	541	647	809
Fines, fees, warrants, and seizures	154	160	166	114
Contributions	272	348	1,129	1,216
Miscellaneous	115	286	570	151
Total Revenues	<u>12,565</u>	<u>17,678</u>	<u>19,329</u>	<u>20,607</u>
Expenditures				
General government	2,750	2,798	2,846	3,685
Public safety	3,879	4,144	4,652	5,137
Public Works	1,269	511	523	912
Culture and recreation	653	899	1,167	1,688
Economic development	-	-	-	-
Capital outlay	4,112	7,660	9,773	5,719
Debt service				
Principal	936	1,318	1,396	1,638
Interest	1,101	1,079	1,153	1,163
Other charges	59	81	158	10
Total Expenditures	<u>14,759</u>	<u>18,490</u>	<u>21,668</u>	<u>19,952</u>
Excess of revenues over (under) expenditures	(2,194)	(812)	(2,339)	655
Other Financing Sources (Uses)				
Transfer in	1,066	3,509	6,057	1,571
Transfer out	(667)	(3,177)	(6,150)	(2,009)
Proceeds from insurance	426	750	12	-
Issuance of debt	2,045	4,712	7,710	3,340
Premium (discount) on debt issuance	11	242	169	312
Payments to bond escrow agent	-	(1,064)	(3,899)	(2,592)
Capital leases	-	-	-	-
Net other financing sources (uses)	<u>2,881</u>	<u>4,972</u>	<u>3,899</u>	<u>622</u>
Net change in fund balances	<u>\$ 687</u>	<u>\$ 4,160</u>	<u>\$ 1,560</u>	<u>\$ 1,277</u>
Debt service as a percentage of noncapital expenditures	<u>19.1%</u>	<u>22.1%</u>	<u>21.4%</u>	<u>19.7%</u>

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds.

TABLE 4

2015	2016	2017	2018	2019	2020
\$ 15,076	\$ 18,545	\$ 23,306	\$ 26,156	\$ 31,335	\$ 36,551
2,645	3,116	3,082	5,468	4,739	5,552
-	-	-	-	-	-
6,855	3,997	687	742	713	589
-	9,612	4,432	5,283	5,569	7,422
-	-	-	-	648	501
29	56	748	493	2,942	1,068
1,194	1,530	2,091	670	511	679
160	276	379	424	1,219	328
1,358	2,539	1,459	372	994	185
481	281	428	176	230	228
<u>27,798</u>	<u>39,952</u>	<u>36,612</u>	<u>39,784</u>	<u>48,900</u>	<u>53,103</u>
5,295	5,972	6,412	5,659	8,768	12,583
5,722	6,693	8,873	10,243	11,561	15,269
1,424	4,447	3,541	4,210	3,308	4,676
1,931	2,159	1,948	4,810	3,885	4,359
-	-	1,709	7,364	2,633	2,634
10,104	21,565	23,767	18,782	18,748	21,608
1,623	1,860	2,363	2,554	3,197	3,819
1,227	1,527	1,788	2,428	2,752	3,192
336	153	157	30	240	175
<u>27,662</u>	<u>44,376</u>	<u>50,558</u>	<u>56,080</u>	<u>55,092</u>	<u>68,315</u>
136	(4,424)	(13,946)	(16,296)	(6,192)	(15,212)
4,104	11,704	6,928	9,975	8,805	2,955
(4,154)	(13,457)	(12,630)	(9,696)	(10,037)	(2,019)
-	-	-	-	-	-
20,919	13,440	10,575	16,305	17,135	10,875
2,397	1,322	1,155	923	1,019	1,695
(10,482)	(2,988)	-	-	-	-
-	-	-	-	-	-
<u>12,784</u>	<u>10,021</u>	<u>6,028</u>	<u>17,507</u>	<u>16,922</u>	<u>13,506</u>
\$ <u>12,920</u>	\$ <u>5,597</u>	\$ <u>(7,918)</u>	\$ <u>1,213</u>	\$ <u>10,730</u>	\$ <u>(1,706)</u>
<u>16.2%</u>	<u>14.8%</u>	<u>15.5%</u>	<u>16.8%</u>	<u>18.2%</u>	<u>16.4%</u>



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TABLE 5**TOWN OF PROSPER, TEXAS****GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2011	\$ 5,986	\$ 1,321	\$ 425	\$ 7,732
2012	6,392	1,942	505	8,839
2013	7,314	2,478	520	10,312
2014	8,410	2,807	596	11,813
2015	9,967	4,355	737	15,059
2016	12,880	5,609	737	19,226
2017	14,668	7,038	967	22,673
2018	17,376	7,073	1,706	26,155
2019	21,188	8,476	1,671	31,335
2020	24,397	10,359	1,795	36,551

TOWN OF PROSPER, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

<u>Fiscal Year Ended</u>	<u>Total Estimated Market Value as Assessed</u>	<u>Estimated Market Value Real Property</u>	<u>Estimated Market Value Personal Property</u>	<u>Less: Tax Exempt Real Property</u>
2011	1,651,676	1,618,179	33,497	504,888
2012	1,753,522	1,719,190	34,332	522,150
2013	1,905,100	1,865,370	39,730	557,691
2014	2,161,596	2,118,602	42,994	604,133
2015	2,571,540	2,515,525	56,015	686,635
2016	3,306,744	3,242,618	64,126	994,179
2017	3,881,824	3,798,498	83,326	1,258,940
2018	4,834,664	4,719,450	115,214	1,486,485
2019	5,589,410	5,418,879	170,531	1,844,726
2020	6,263,054	6,054,042	209,012	1,955,590

TABLE 6

Total Taxable Assessed Value	Total Direct Tax Rate	Taxable Assessed Value as a % of Estimated Market Value
1,146,788	0.52000	69.43%
1,231,372	0.52000	70.22%
1,347,409	0.52000	70.73%
1,557,463	0.52000	72.05%
1,884,905	0.52000	73.30%
2,312,565	0.52000	69.93%
2,622,884	0.52000	67.57%
3,348,179	0.52000	69.25%
3,744,684	0.52000	67.00%
4,307,464	0.52000	68.78%

TOWN OF PROSPER, TEXAS

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS (PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Town of Prosper Tax Rate ¹			Overlapping Tax Rates ²	
	General Government	Debt Service	Total	Prosper ISD	Collin County
2011	0.334742	0.185258	0.520000	1.630000	0.240000
2012	0.316937	0.203063	0.520000	1.670000	0.240000
2013	0.316914	0.203086	0.520000	1.670000	0.240000
2014	0.326191	0.193809	0.520000	1.670000	0.237500
2015	0.356301	0.163699	0.520000	1.670000	0.235000
2016	0.361074	0.158926	0.520000	1.670000	0.225000
2017	0.367500	0.152500	0.520000	1.670000	0.208395
2018	0.367500	0.152500	0.520000	1.670000	0.180785
2019	0.367500	0.152500	0.520000	1.568350	0.174951
2020	0.367500	0.152500	0.520000	1.492700	0.172531

Source: Collin County and Denton County Appraisal Districts.

¹Tax rate is per \$100 of taxable assessed value.

²Overlapping tax rates are those of local and county governments that apply to property owners within the Town of Prosper.

TABLE 7

Overlapping Tax Rates ²		Total Direct & Overlapping Rates	Total Direct & Overlapping Rates
Collin College	Denton County	Collin County	Denton County
0.086300	0.273000	2.476300	2.423000
0.086300	0.277357	2.516300	2.467357
0.862990	0.282867	3.292990	2.472867
0.083643	0.284914	2.511143	2.474914
0.081960	0.262000	2.506960	2.452000
0.081960	0.248409	2.496960	2.438409
0.081222	0.237812	2.479617	2.427812
0.081222	0.225574	2.452007	2.415574
0.081222	0.225278	2.344523	2.313628
0.081222	0.224985	2.266453	2.237685

TOWN OF PROSPER, TEXAS**TABLE 8****PROPERTY TAX LEVIES AND COLLECTION****LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended	Total Tax Levy for Fiscal Year ¹	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy ¹
2011	5,932,358	5,898,857	99.44%	215,299	6,114,131	103.1%
2012	6,380,037	5,323,502	83.44%	324,672	6,645,957	104.2%
2013	7,011,511	6,946,210	99.07%	296,561	7,227,737	103.1%
2014	8,217,550	8,174,411	99.48%	347,997	8,452,136	102.9%
2015	9,730,516	9,704,426	99.73%	416,520	9,975,911	102.5%
2016	12,052,689	11,922,739	98.92%	386,533	12,309,272	102.1%
2017	14,077,378	14,052,156	99.82%	243,586	14,295,742	101.6%
2018	17,168,258	17,119,197	99.71%	194,298	17,313,495	100.8%
2019	20,643,714	20,590,864	99.74%	80,849	20,671,713	100.1%
2020	23,743,003	23,705,358	99.84%	-	23,705,358	99.8%

Note: Taxes stated are for General Fund and Debt Service Funds.

¹Tax Levy is the original levy as of certification date, and does not include adjustments. The percentage of levy collected may be greater than 100% as payments that relate to levy adjustments are collected.

TOWN OF PROSPER, TEXAS

TABLE 9

PRINCIPAL PROPERTY TAXPAYERS

FISCAL YEAR END 2020 AND 2011
(UNAUDITED)

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
380 & 289, LP	\$ 81,913,266	1	1.90%	\$ -	-	-
DD Bluestem LLC	55,238,116	2	1.28%	-	-	-
Orion Prosper Lakes LLC	41,055,074	3	0.95%	-	-	-
Northeast 423/380 LTD	36,234,243	4	0.82%	-	-	-
Kroger Texas LP	35,293,727	5	0.78%	-	-	-
Orion Prosper LLC	33,534,821	6	0.71%	-	-	-
GOP #2 LLC	30,744,085	7	0.67%	-	-	-
Westside RE Investors LP	28,676,317	8	0.59%	-	-	-
MQ Prosper Retail LLC	25,225,119	9	0.38%	-	-	-
Wal-Mart Real Estate Business Trust	16,158,626	10	0.38%	-	-	-
Western Rim Investors	-	-	-	36,970,550	1	3.22%
Prosper Land Company	-	-	-	9,872,357	2	0.86%
Saddle Creek Investments, Ltd	-	-	-	7,841,324	3	0.68%
Five SAC Self-Storage	-	-	-	6,543,640	4	0.57%
HCB Real Holdings LLC	-	-	-	6,528,556	5	0.57%
CC Joint Ventures LTD	-	-	-	6,150,139	6	0.54%
Sanders, Deion Luwynn	-	-	-	5,363,960	7	0.47%
First Texas Homes Inc	-	-	-	5,119,228	8	0.45%
Preston Development LTD	-	-	-	4,904,163	9	0.43%
Beazer Homes	-	-	-	4,747,486	10	0.41%
Totals	\$ <u>384,073,394</u>		<u>8.45%</u>	\$ <u>94,041,403</u>		<u>8.20%</u>

Source: Collin and Denton County Appraisal Districts

TOWN OF PROSPER, TEXAS**RATIOS OF OUTSTANDING DEBT BY TYPE**

LAST TEN FISCAL YEARS
 (AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITAL AMOUNT)
 (UNAUDITED)

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Leases	Premiums/ Discounts
2011	-	21,355	2,045	21	9
2012	4,552	19,655	1,765	-	235
2013	8,216	18,909	1,425	-	379
2014	11,255	15,594	1,080	-	636
2015	25,214	9,678	725	-	2,852
2016	29,095	16,384	365	-	3,984
2017	30,477	28,444	-	-	4,865
2018	30,597	37,210	-	-	5,796
2019	32,816	48,930	-	-	6,122
2020	30,789	58,013	-	-	7,425

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Demographic and Economic Statistics for personal income and population data.

N/A: Data not available at the time of this publication.

TABLE 10

Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts			
13,179	-	-	36,609	86.0%	3,280
18,798	-	351	45,356	96.8%	3,721
23,249	-	546	52,724	111.1%	3,941
35,133	-	1,506	65,204	124.5%	4,351
33,106	-	1,938	73,513	135.1%	4,603
8,145	22,966	1,995	82,934	144.3%	4,662
8,081	23,988	1,951	97,806	157.6%	4,851
6,388	31,505	2,360	113,856	172.0%	5,027
5,600	34,490	2,427	130,384	184.0%	5,087
4,821	32,657	2,281	135,986	N/A	4,792

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS
 (AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)
 (UNAUDITED)

Fiscal Year	General Obligation Bonds ³	Certificates of Obligation ³	Less: Amounts Available in Debt Service Funds	Total	Percentage of Actual Taxable Value of Property ¹	Per Capita ²
2011	13,179	21,355	737	33,797	2.95%	3,028
2012	23,350	19,655	890	42,115	3.42%	3,455
2013	31,465	18,909	1,187	49,187	3.65%	3,676
2014	46,388	15,594	1,159	60,823	3.91%	4,059
2015	58,320	9,678	1,470	66,528	3.53%	4,166
2016	37,240	39,350	1,842	74,748	3.23%	4,202
2017	38,558	52,432	2,147	88,843	3.39%	4,407
2018	36,985	68,715	2,558	103,142	3.08%	4,554
2019	38,415	83,420	2,556	119,279	3.19%	4,654
2020	35,610	90,670	1,885	124,395	2.89%	4,383

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

¹See schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics.

³The amounts include the premium portions of the debt.

TOWN OF PROSPER, TEXAS

TABLE 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2020
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property rates:			
Prosper Independent School District	\$ 1,587,768,217	68.66%	\$ 1,090,161,658
Collin County	631,423,936	2.11%	13,323,045
Collin College	519,290,000	2.11%	10,957,019
Denton County	611,835,000	0.23%	1,407,221
Subtotal - overlapping debt	<u>3,350,317,153</u>		<u>1,115,848,943</u>
Town of Prosper direct debt	\$ <u>96,227,198</u>	100.00%	<u>96,227,198</u>
Total direct and overlapping debt			\$ <u>1,212,076,141</u>

Source: Entity adopted budget. Actual amounts of overlapping debt vary based on entity payment schedules and any new issuances.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Prosper. This process recognized that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the Town's boundaries and dividing it by the Town's total taxable assessed value.

TOWN OF PROSPER, TEXAS

TAX RATE INFORMATION

LAST TEN FISCAL YEARS
(RATES ROUNDED TO 4 PLACES)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Tax Rate Limit	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
Total Tax Rate	<u>0.5200</u>	<u>0.5200</u>	<u>0.5200</u>	<u>0.5200</u>
Available Tax Rate	\$ <u>1.9800</u>	\$ <u>1.9800</u>	\$ <u>1.9800</u>	\$ <u>1.9800</u>

Note: For FY 2018-Present, under Article XI, Section 5 of the Texas Constitution, the maximum tax rate under a home rule charter is \$2.50 per \$100 assessed valuation.

TABLE 13

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
<u>0.5200</u>	<u>0.5200</u>	<u>0.5200</u>	<u>0.5200</u>	<u>0.5200</u>	<u>0.5200</u>
\$ <u>1.9800</u>	\$ <u>1.9800</u>	\$ <u>1.9800</u>	\$ <u>1.9800</u>	\$ <u>1.9800</u>	\$ <u>1.9800</u>

TOWN OF PROSPER, TEXAS

TABLE 14

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Population ¹	Personal Income ² (expressed in thousands)	Per Capital Personal Income ²	School Enrollment ³	Unemployment Rate ⁴
2011	11,160	42,579	52,445	3,627	7.1%
2012	12,190	46,837	54,866	4,921	5.7%
2013	13,380	47,458	55,520	5,632	5.1%
2014	14,986	52,359	59,146	6,448	4.6%
2015	15,970	54,420	59,532	7,064	4.4%
2016	17,790	57,483	61,179	8,254	3.4%
2017	20,160	62,078	64,025	10,107	3.0%
2018	22,650	66,212	65,874	12,195	3.0%
2019	25,630	70,852	68,474	16,695	2.9%
2020	28,380	N/A	N/A	19,279	5.2%

¹Population data estimates from the North Central Texas Council of Governments and Town of Prosper.

²Personal income and per capital personal income data not available specific to Prosper. Per capita personal income was obtained from www.bea.gov.

³Enrollment data comes from Prosper ISD.

⁴October 2020 unemployment rate for Collin County from the Texas Workforce Commission Unemployment Rates for Texas Counties data.

N/A: Data not available at the time of this publication.

TOWN OF PROSPER, TEXAS

TABLE 15

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2020		
	Employees	Rank	Percentage of Total Town Employment
Prosper ISD	2,363	1	50.6%
Kroger	512	2	11.0%
Wal-Mart	290	3	6.2%
Town of Prosper	276	4	5.9%
Lowe's	125	5	2.7%
Cook's Childrens	86	6	1.8%
Dicks/Field & Stream	85	7	1.8%
Longo Toyota	84	8	1.8%
Olive Garden	80	9	1.7%
Gentle Creek	70	10	1.5%
Total	3,971		85.00%

Employer	2011		
	Employees	Rank	Percentage of Total Town Employment
Prosper ISD	502	1	41.5%
Town of Prosper	72	2	6.0%
Cornerstone Automation Systems, Inc	64	3	5.3%
Gentle Creek	50	4	4.1%
Prosper Bank	35	5	2.9%
ProBuild	30	6	2.5%
Lattimore Materials	30	7	2.5%
Dairy Manufacturers, Inc	30	8	2.5%
Mahard Egg Farm	30	9	2.5%
CVS	20	10	1.7%
Total	863		71.5%

Source: Prosper EDC, updated August 2020.

TOWN OF PROSPER, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(DOLLAR AMOUNTS BELOW EXPRESSED IN THOUSANDS)
(UNAUDITED)

Function/Program	Fiscal Year			
	2011	2012	2013	2014
General Government				
Building inspection permits				
Commercial construction				
Number of units	13	21	21	29
Total dollar value of permits issued	14,341	28,385	4,219	19,172
Average value	1,103	1,352	201	661
Residential Construction				
Number of units	347	445	483	474
Total dollar value of permits issued	100,084	172,757	195,257	209,949
Average value	288	388	404	443
Public safety				
Police				
Physical arrests	103	108	99	115
Traffic collisions	148	263	289	279
Number of vehicles	N/A	N/A	N/A	15
Fire				
Number of frontline engines	1	1	1	1
Number of reserve engines	1	1	1	1
Number of frontline Trucks	-	-	-	-
Number of frontline Ambulances	1	1	1	1
Number of reserve Ambulances	1	1	1	1
Number of frontline Brush Trucks	1	1	1	1
Number of Station	1	1	1	1
Total incidents/calls for service	1,033	1,122	1,057	1,100
Fire	63	67	45	64
Overpressure/explosion	1	11	6	5
Rescue & EMS	441	585	597	588
Hazardous condition	38	34	20	29
Service call	234	193	196	212
Good intent call	85	100	94	101
False alarm & false call	107	132	96	95
Severe weather & natural disaster	64	-	3	6
Fire marshal				
Fire inspections	659	402	278	283
Fire safety programs	20	23	14	18
Municipal court				
Number of cases filed	2,040	2,025	1,645	2,118
Number of cases closed	1,833	1,688	1,872	2,954
Public works				
Water & Sewer				
Linear feet of water lines	N/A	N/A	N/A	579,777
Linear feet of sewer lines	N/A	N/A	N/A	428,360
Number of hydrants	N/A	N/A	N/A	N/A
Water customers	3,431	3,853	4,418	4,943
Wastewater customers	2,672	3,084	3,568	4,055
Streets				
Miles of streets maintain	N/A	N/A	125	125
Number of traffic signals	N/A	N/A	-	-
Parks				
Number of parks	13	15	16	16
Number of playgrounds	5	5	6	6
Acreage maintained	123	136	146	146

Source: Town of Prosper Department Staff.

N/A: Data not available at the time of this publication.

* The decrease in residential value pf permits issued is due to the passage of House Bill 852 that prohibits municipalities from requiring the value of construction in regards to permitting. Since its passage, many builders do not indicate the value of construction when submitting for permits.

** Safety programs shut down due to the effects of pandemic.

TABLE 16

Fiscal Year					
2015	2016	2017	2018	2019	2020
45	74	108	101	105	105
50,625	122,799	95,793	112,427	141,609	114,516
1,125	1,659	887	1,113	1,349	1,091
708	648	715	980	793	938
313,681	316,039	347,484	474,515 *	246,111 *	1,257
443	488	486	484	492	628
128	163	205	253	208	211
429	234	322	605	889	874
15	15	18	20	28	28
1	2	2	2	2	2
1	2	2	2	2	2
-	-	-	-	-	1
1	1	2	2	2	2
1	1	1	1	1	1
1	1	2	2	2	2
1	2	2	2	2	2
1,245	1,537	2,102	2,185	2,107	2,517
30	64	98	97	62	74
-	10	10	3	4	1
583	797	1,072	1,139	1,110	1,206
37	52	60	58	83	103
136	293	44	438	459	622
328	168	265	219	161	246
131	140	244	229	226	256
-	13	9	2	2	9
156	966	1,210	1,291	2,022	1,941
24	12	14	17	58	-
2,439	3,147	3,027	3,581	4,499	2,452
3,605	3,534	3,019	3,964	4,814	3,091
627,900	692,447	786,557	920,859	1,006,066	1,042,324
482,838	546,950	619,386	720,466	752,925	822,201
N/A	N/A	1,523	1,910	2,016	2,118
5,539	6,671	7,784	8,603	9,188	10,353
4,627	5,757	6,770	7,506	8,131	9,223
132	141	153	179	212	287
1	2	2	3	3	7
21	22	22	23	28	28
7	7	8	11	13	13
178	178	190	218	225.3	245.6

TOWN OF PROSPER, TEXAS

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
GENERAL FUND				
Administration	5.5	6.5	8.5	9.0
Code Compliance	1.0	1.0	1.0	1.0
Court	1.0	1.0	1.0	1.5
Dispatch	7.0	7.0	7.0	7.5
Engineering	1.0	1.0	3.0	3.0
Fire	18.5	20.0	20.0	20.0
Fire Marshal	1.0	1.0	1.0	1.0
Inspections	7.0	7.0	8.0	9.0
Library	1.0	1.0	1.5	2.0
Parks	6.0	10.0	12.0	15.0
Planning	2.0	2.0	3.0	3.0
Police	11.0	12.0	15.0	15.0
Streets	2.0	2.0	2.0	2.0
Total General Fund	64.0	71.5	83.0	89.0
ENTERPRISE FUNDS				
Storm Drainage	1.0	1.0	1.0	1.0
Utility Billing	2.0	1.5	2.5	2.5
Wastewater	2.0	3.0	5.0	6.0
Water	5.0	7.0	8.0	10.0
Total Enterprise Fund	10.0	12.5	16.5	19.5
CAPITAL PROJECTS FUND	1.0	1.0	1.0	1.0
Total	75.0	85.0	100.5	109.5

Source: Town of Prosper Annual Budget

TABLE 17

Fiscal Year					
2015	2016	2017	2018	2019	2020
9.5	12.0	13.0	17.0	19.0	20.0
1.0	1.0	1.0	2.0	2.0	3.0
2.0	2.5	2.5	3.5	4.0	4.0
7.5	9.0	9.0	9.0	11.0	11.0
5.0	6.0	6.0	7.0	10.0	12.0
32.0	33.0	34.0	40.0	41.0	47.0
1.0	1.0	2.0	2.0	3.0	3.0
13.0	13.0	13.0	15.0	16.0	16.0
3.5	2.5	2.5	6.5	6.5	6.5
16.0	18.0	20.0	22.0	26.0	27.0
4.0	4.0	4.0	5.0	5.0	5.0
20.0	22.0	27.0	30.0	36.0	40.0
2.0	3.0	3.0	5.0	6.0	8.0
116.5	127.0	137.0	164.0	185.5	202.5
2.0	2.0	2.0	2.0	2.0	2.0
2.5	3.0	3.0	4.0	4.0	4.0
4.0	4.0	7.0	9.0	12.0	14.0
14.0	15.0	18.0	21.0	24.0	29.0
22.5	24.0	30.0	36.0	42.0	49.0
1.0	-	-	-	-	-
140.0	151.0	167.0	200.0	227.5	251.5



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