

Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2019



Town of Prosper, Texas

"Prosper is a place where everyone matters."



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PROSPER

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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, 2019 2018

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
Curry Vogelsang, Jr., Mayor Pro-Tem
Jason Dixon, Deputy Mayor Pro-Tem
Marcus E. Ray, Council Member
Craig Andres, Council Member
Meigs Miller, Council Member
Jeff Hodges, Council Member





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TOWN OF PROSPER, TEXAS

YEAR ENDED SEPTEMBER 30, 2019

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INTRODUCTORY
SECTION



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“A Place Where Everyone Matters”

PO Box 307 • 200 S. Main Street • Prosper, Texas 75078 • 972.346.2640 • Fax: 972.346.9335

March 24, 2020

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 (“CAFR”) of the Town of Prosper (“Town”) for the fiscal year ending September 30, 2019. 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, 2019, 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, 2019, 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.

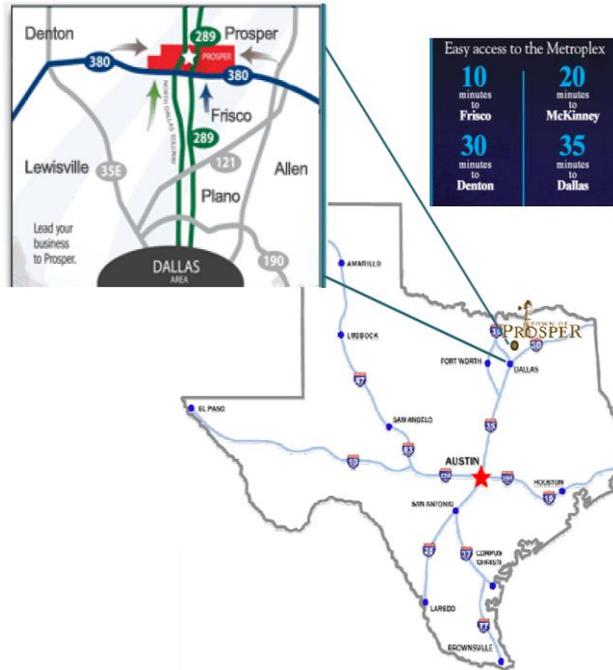
The Reporting Entity Profile

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.

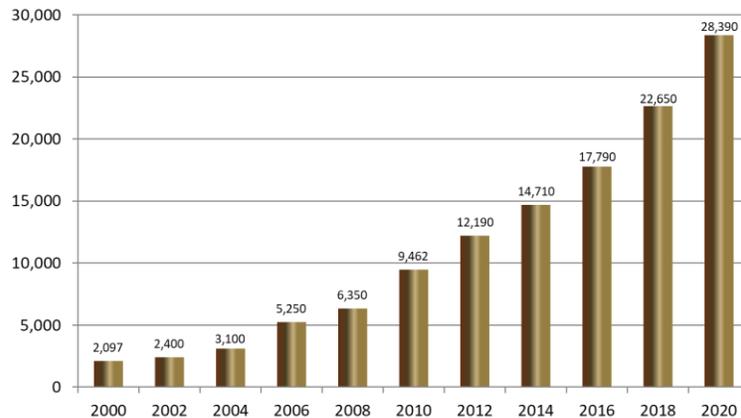
The Town is located in North Central Texas, and covers approximately 27 square miles of the Dallas/Fort Worth Metroplex ("DFW"). Prosper includes areas in Collin and Denton Counties, with most of the Town's population residing in Collin County. The Town is located at the crossroads of Preston Road and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

November 2019, Prosper was recognized in two publications. U.S. News and World Report listed Prosper as one of the top 25 "great small towns to live in the U.S.," while the Texas State Demographer estimated Prosper experienced the third greatest increase in population percentage (159.3%) in Texas between 2010 and 2018. This pace is expected to increase over the ensuing years.

The 2010 Census population for the Town was 9,462, and the 2020 estimate is 28,390.



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.

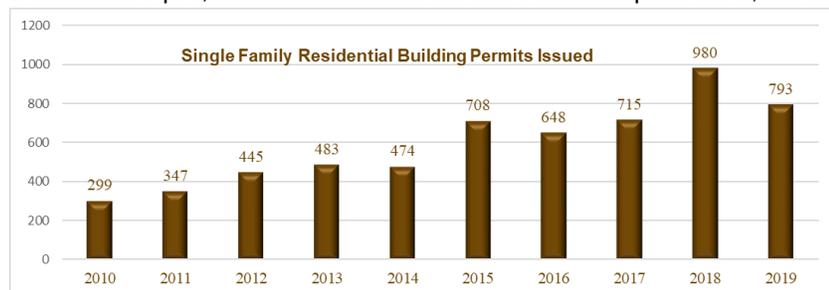
The establishment of the St. Louis & San Francisco Railroad in March of 1902 created the change that forced the communities of Rock Hill and Richland to merge forming the Town of Prosper. For years, Prosper was the central stop for the railroad between Dallas and Sherman. When community officials applied 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.

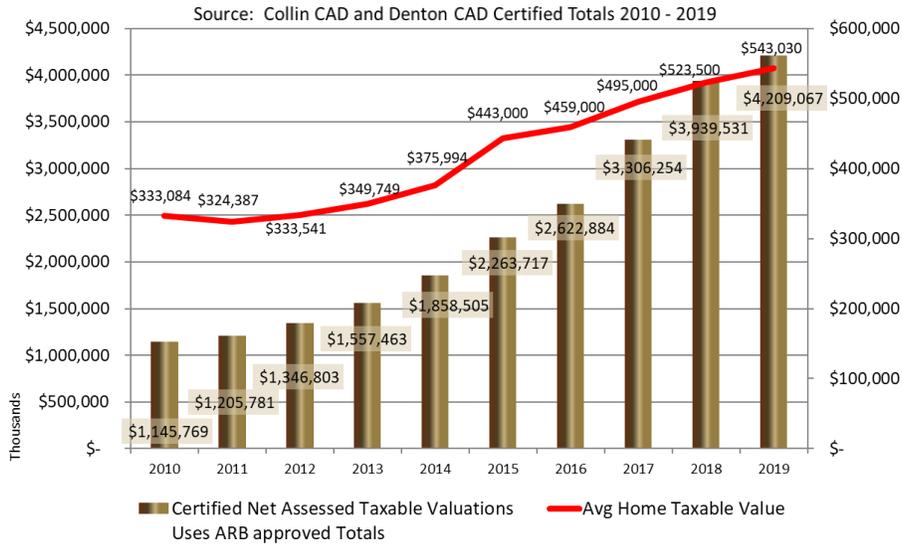
The Town of Prosper was incorporated in 1914 with a Commission form of government and a population of 500. U.N. Clary was Mayor and served in that position for 49 years. The introduction of the automobile sparked the evolution of people moving in and out of the rural community. Following the war and 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 2019, permits were issued for the opening of 90 new businesses. Over 827,000 square feet of new non-residential construction started in 2019 at a value of \$149M, and another 662,000 square feet of shovel ready non-residential projects are approved for construction in 2020.

The Economic Outlook

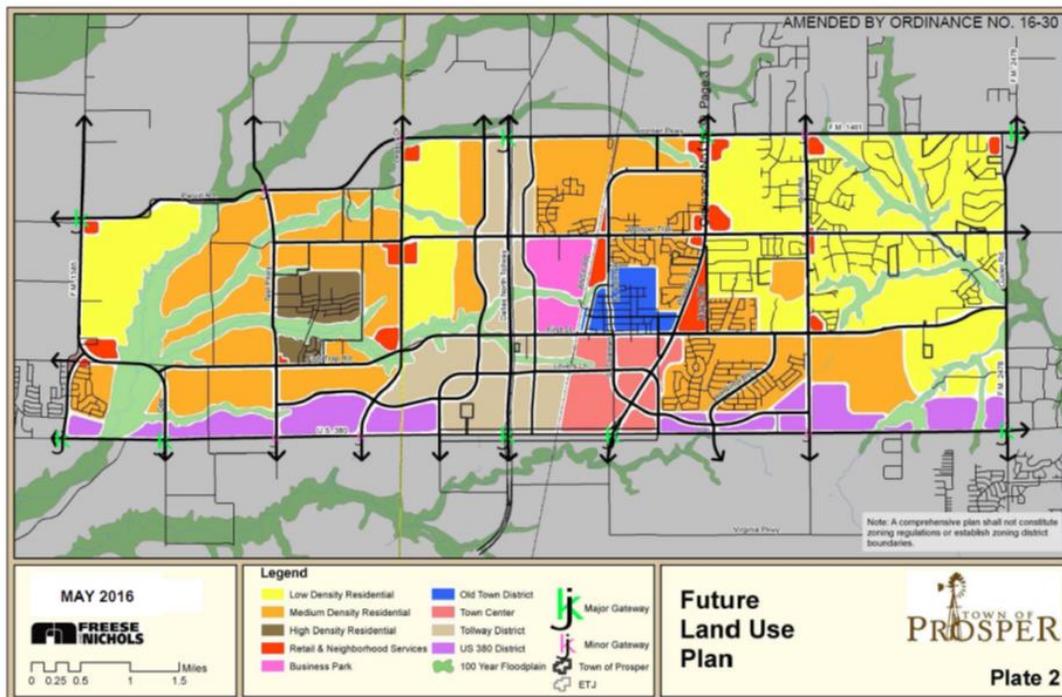
The Town continues to experience new home permits at a record pace and benefits tremendously from its location. Prosper, while not immune from economic pressures, has thrived more than most DFW communities. In 2019, the Town was named as one of the "Top 25 Great Small Towns to Live in the U.S." by the U.S. News and World Report. The new homes in 2019 averaged \$486K.





The Town has maintained significant growth. Certified property valuations increased by \$703M (17.85%) for FY 2019-2020, from \$3,939M to \$4,642M. Most of the Town's 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 31%.

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 May 2016. Policy-makers 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 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, 2018. The Town has received a Certificate of Achievement for the last nine 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 also received the Popular Annual Financial Report (PAFR) award from GFOA for the fiscal year ended September 30, 2018, for the second year in a row. 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**

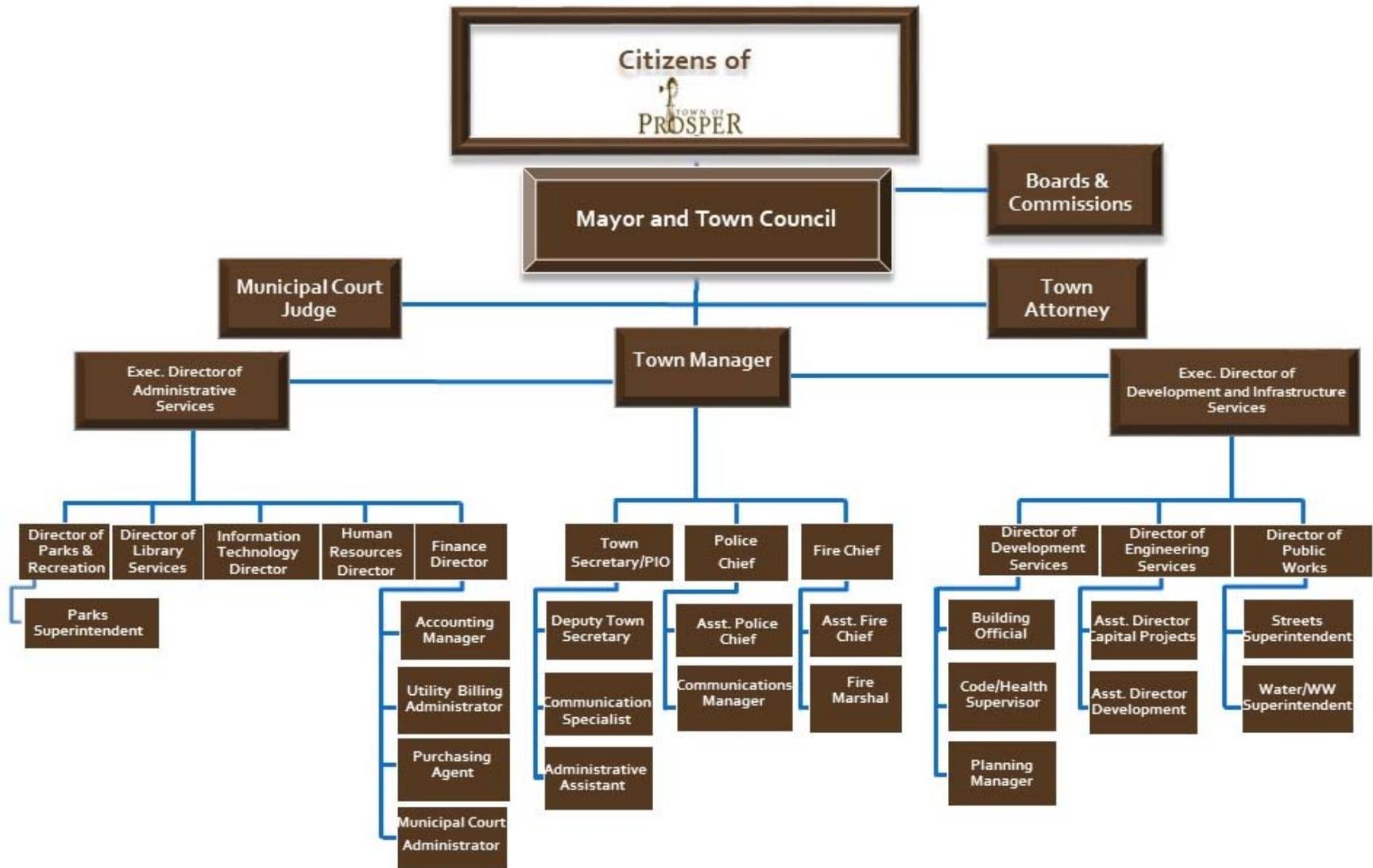
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrell

Executive Director/CEO

Organizational Chart



TOWN OF PROSPER, TEXAS

List Of Principal Officials

Fiscal Year Ended September 30, 2019

Town Council

MAYOR _____ RAY SMITH 

COUNCIL MEMBER PLACE 1 _____ MARCUS E. RAY 

COUNCIL MEMBER PLACE 2 _____ CRAIG ANDRES 

COUNCIL MEMBER PLACE 3, Mayor Pro-Tem, _____ CURRY VOGELSANG JR. 

COUNCIL MEMBER PLACE 4 _____ MEIGS MILLER 

COUNCIL MEMBER PLACE 5 _____ JEFF HODGES 

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

APPOINTED OFFICIALS

TOWN MANAGER _____ HARLAN JEFFERSON
TOWN SECRETARY/PIO _____ ROBYN BATTLE
EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFRASTRUCTURE SERVICES _____ VACANT
EXECUTIVE DIRECTOR OF ADMINISTRATIVE SERVICES _____ CHUCK SPRINGER
CHIEF OF POLICE _____ DOUG KOWALSKI
FIRE CHIEF _____ STUART BLASINGAME
DIRECTOR OF FINANCE _____ BETTY PAMPLIN
DIRECTOR OF DEVELOPMENT SERVICES _____ JOHN WEBB
DIRECTOR OF HUMAN RESOURCES _____ VACANT
DIRECTOR OF PUBLIC WORKS _____ FRANK JAROMIN



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FINANCIAL
SECTION



TOWN OF
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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, 2019, 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

Town of Prosper, Texas's 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, 2019, 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.

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 18, 2020, 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 18, 2020



MANAGEMENT'S
DISCUSSION AND
ANALYSIS



TOWN OF
PROSPER

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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, 2019.

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, 2019 by \$291,884,689 (net position). Of this amount, \$26,927,193 (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 \$39,803,887. 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 \$48,795,187 (made up of \$9,881,492 in General Fund, \$2,291,041 in Impact Fee Fund, \$2,556,812 in Debt Service Fund, \$30,374,056 in Capital Projects Fund, \$84,551 in Escrow Fund, and \$3,607,235 in other governmental funds), an increase of \$9,721,973 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,111,143 or 22% percent 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, and Capital Projects Fund, all of which are considered to be major funds. Data from the other nine 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 \$291,884,689 at the close of the most recent fiscal year.

A portion of the Town's net position (90%) 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 (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (9%) 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
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 14,998	\$ 17,507	\$ 12,818	\$ 11,433	\$ 27,817	\$ 28,940
Restricted assets	47,181	34,057	18,020	21,199	65,202	55,256
Capital assets	205,350	178,344	140,568	118,276	345,918	296,620
Total assets	<u>267,530</u>	<u>229,908</u>	<u>171,407</u>	<u>150,908</u>	<u>438,937</u>	<u>380,816</u>
Deferred outflows of resources	3,349	2,420	557	400	3,906	2,820
Total outflows of resources	<u>3,349</u>	<u>2,420</u>	<u>557</u>	<u>400</u>	<u>3,906</u>	<u>2,820</u>
Long-term liabilities	88,424	72,558	40,583	38,372	129,007	110,930
Other liabilities	14,830	13,677	6,988	5,113	21,818	18,790
Total liabilities	<u>103,254</u>	<u>86,235</u>	<u>47,571</u>	<u>43,485</u>	<u>150,825</u>	<u>129,720</u>
Deferred inflows of resources - pensions	114	721	19	105	133	826
Total inflows of resources	<u>114</u>	<u>721</u>	<u>19</u>	<u>105</u>	<u>133</u>	<u>826</u>
Net position:						
Net investment in capital assets	150,815	126,774	112,197	93,021	263,012	219,795
Restricted	1,945	2,332	-	-	1,945	2,332
Unrestricted	14,750	16,266	12,177	14,696	26,927	30,962
Total net position	<u>\$ 167,510</u>	<u>\$ 145,372</u>	<u>\$ 124,374</u>	<u>\$ 107,717</u>	<u>\$ 291,884</u>	<u>\$ 253,089</u>

Town of Prosper's Changes in Net Position
Government-Wide
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 12,305	\$ 6,436	\$ 21,125	\$ 19,200	\$ 33,430	\$ 25,636
Operating grants & contributions	156	138	-	-	156	138
Capital grants & contributions	13,358	9,964	18,358	12,743	31,716	22,707
General revenues:						
Property taxes	21,273	17,339	-	-	21,273	17,339
Other taxes	10,147	8,779	-	-	10,147	8,779
Other income	1,483	822	970	516	2,453	1,338
Total revenues	<u>58,722</u>	<u>43,478</u>	<u>40,453</u>	<u>32,459</u>	<u>99,175</u>	<u>75,937</u>
Expenses:						
Administration	6,781	4,700	-	-	6,781	4,700
Police	4,914	4,482	-	-	4,914	4,482
Fire	7,099	6,371	-	-	7,099	6,371
Development Services	2,715	4,205	-	-	2,715	4,205
Public Works	5,645	4,836	-	-	5,645	4,836
Community Services	4,687	5,226	-	-	4,687	5,226
Engineering	1,156	932	-	-	1,156	932
Interest on long-term debt	3,070	2,297	-	-	3,070	2,297
Utility	-	-	23,305	19,487	23,305	19,487
Total expenses	<u>36,067</u>	<u>33,049</u>	<u>23,305</u>	<u>19,487</u>	<u>59,372</u>	<u>52,536</u>
Revenues in Excess of Expenses	<u>22,655</u>	<u>10,431</u>	<u>17,148</u>	<u>12,972</u>	<u>39,804</u>	<u>23,403</u>
Transfers	<u>491</u>	<u>1,358</u>	<u>(491)</u>	<u>(1,358)</u>	<u>-</u>	<u>-</u>
Change in net position	23,146	11,789	16,657	11,614	39,804	23,403
Net position - beginning of year	<u>145,372</u>	<u>93,654</u>	<u>107,717</u>	<u>40,330</u>	<u>253,089</u>	<u>133,984</u>
Prior period adjustment	<u>(1,008)</u>	<u>39,929</u>	<u>-</u>	<u>55,772</u>	<u>(1,008)</u>	<u>95,701</u>
Net position - end of year	<u>\$ 167,510</u>	<u>\$ 145,372</u>	<u>\$ 124,374</u>	<u>\$ 107,717</u>	<u>\$ 291,884</u>	<u>\$ 253,089</u>

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

Revenues for FY 2018-2019 increased by \$23,238, or 31% 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 \$5,302 from prior year due to increased assessed value and growth in the Town. Capital grants and contributions increased by \$3,394 due to additional capital contributions by developers. Water and sewer charges for services increased \$1,925 over the prior year due to the growth within the Town, due to increased usage of services and an increase in rates.

Governmental Activities

Governmental activities increased the Town's net position by \$23,146. The following factors contributed to this change (in thousands):

- Property and sales taxes increased by \$5,302 (20%) primarily due to increases in the Town's property tax base and economic development within the Town.
- Capital grants and contributions increased by \$3,394 (34%) primarily due to continued Town growth and increased developer contributions.
- Total governmental activity expenses increased by \$3,018 (9%) during the year primarily due to the overall growth that the Town has experienced. The largest functional areas affected by this growth were Administration (\$2,081), Fire (\$728), Public Works (\$2,470), and Community Services (\$539). A decrease of \$1,490 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 \$16,657. The following factors contributed to this change (in thousands):

- Operating revenue increased by \$7,540 (24%) from the previous year due to an increase in water and sewer charges for service and increases in usage.
- Operating expenses increased by \$3,818 (20%) 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 \$48,795, an increase of \$10,730 from the prior year. Most of the increase is due to continued growth. Of the current combined ending fund balance, \$18 is nonspendable due to prepaids, \$35,636 is restricted for debt service, capital projects and courts, \$4,752 is committed for contingency in accordance with the Town charter, \$3,278 is assigned for specific purpose such as impact fees and other specific purposes, and \$5,111 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 \$5,111. Total unassigned fund balance represents 22% of total General Fund expenditures. The decrease in fund balance of \$2,933 is primarily due to a planned small drawdown of fund balances.

The Impact Fee Fund has a total fund balance of \$2,291; which is restricted for capital projects. The increase in fund balance of \$1,167 is due to collection of impact fees related to development in Town.

The Debt Service Fund has a total fund balance of \$2,557; all of which is restricted for payment of debt service. The decrease in fund balance of \$1 is primarily due to one-time payments of the Storm Drainage funds debt service payments.

The Capital Projects Fund has a total fund balance of \$30,374; all of which is restricted for construction. The increase in fund balance of \$11,750 is primarily due to the issuance of bonds and financing of capital projects during the fiscal 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 \$11,742. The increase in total net position of the Water and Sewer Fund was \$11,798. Unrestricted net position for the Stormwater Drainage Utility Fund at the end of the year amounted to \$435. The increase in total net position of the Stormwater Drainage Utility Fund was \$4,860. 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 the original budgeted revenue resulted from unanticipated licenses and permits. Other budget amendments include increased budgeted expenditures in the Police, Development Services, and Engineering functions. Overall expenditures decreases and transfers out increased due to transfers for cash funded capital projects.

Final budget compared to actual results – During the year, revenues were \$855 more than estimated and expenditures were \$1,728 less than budgeted. The majority of the excess revenues arose from sales and franchise taxes, fines and fee, warrants, and seizures, and miscellaneous. The majority of expenditure savings was in Public Works, Police, and Development Services.

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, 2019 is \$345,918 (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 \$31,269. 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 \$27,607. The majority of this activity was funded from bond proceeds and was for new water and sewer projects.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Government-wide capital assets:						
Non-depreciable assets	\$ 43,549	\$ 57,225	\$ 15,876	\$ 8,014	\$ 59,425	\$ 65,239
Depreciable assets	<u>204,862</u>	<u>159,917</u>	<u>143,111</u>	<u>125,028</u>	<u>347,973</u>	<u>284,945</u>
Total capital assets	<u>248,411</u>	<u>217,142</u>	<u>158,987</u>	<u>133,042</u>	<u>407,398</u>	<u>350,184</u>
Less: accumulated depreciation	(43,061)	(38,798)	(18,419)	(14,765)	(61,480)	(53,563)
Government-wide capital assets, net	\$ <u>205,350</u>	\$ <u>178,344</u>	\$ <u>140,568</u>	\$ <u>118,277</u>	\$ <u>345,918</u>	\$ <u>296,621</u>

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 \$135,825. 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 (in thousands):

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Government-wide capital assets:						
Non-depreciable assets	\$ 43,549	\$ 57,225	\$ 15,876	\$ 8,014	\$ 59,425	\$ 65,239
Depreciable assets	<u>204,862</u>	<u>159,917</u>	<u>143,111</u>	<u>125,028</u>	<u>347,973</u>	<u>284,945</u>
Total capital assets	<u>248,411</u>	<u>217,142</u>	<u>158,987</u>	<u>133,042</u>	<u>407,398</u>	<u>350,184</u>
Less: accumulated depreciation	(43,061)	(38,798)	(18,419)	(14,765)	(61,480)	(53,563)
Government-wide capital assets, net	\$ <u>205,350</u>	\$ <u>178,344</u>	\$ <u>140,568</u>	\$ <u>118,277</u>	\$ <u>345,918</u>	\$ <u>296,621</u>

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 2019-2020 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 2019-2020 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 forecasted the construction of 15 residential subdivision phases that are either under construction or are approved for construction to accommodate 1,036 single family homes in the next 24 months.
- The FY 2019-2020 Adopted Ad Valorem Property Tax Rate is set at \$0.52 per one hundred dollars taxable valuation which marks the thirteenth straight year of maintaining this property tax rate. Certified property valuations increased by \$543M (14.78%) for FY 2019-2020. Property values increased from \$3,666M to \$4,209M. Most of the Town's current values come from Collin County properties, but we are experiencing large growth in Denton County. In 2019 the Town saw an additional 522 properties added to the Denton County tax roll, while 137 properties were added to the Collin County tax roll. Average single-family home value is approximately \$543,030 in Collin County and \$430,425 in Denton County. This is an increase of \$19,463 or 3.72% in Collin County and \$12,566 or 3.01% 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.
- Sales tax revenue is projected to reach \$10,933,866, compared to FY 2018-2019's actual amount of \$10,404,570. Growth in new business and a general increase in existing retail sales are expected in FY 2019-2020, just as it was in FY 2018-2019.
- 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 will 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 \$4,315,353. This is less than the prior's year's collections due to the rate of growth for residential permits. The FY 2019-2020 Budget still reflects steady new residential and non-residential construction. The Town expects to issue at least 700 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 2019-2020.
- Revenues for the Water, Sewer, and Solid Waste Fund are expected to increase to \$24,953,626. The adopted business plan for the fund identified the need for revenue enhancements to cover existing and future operations and maintenance costs, as well as debt service and contracted sewer costs with the Upper Trinity Regional Water District (UTRWD) and North Texas Municipal Water District (NTMWD). The Town of Prosper along with other surrounding municipalities' purchases treated surface water from NTMWD. The FY 2019-2020 proposed budget reflects an increased water consumption coupled with a 2.4% rate adjustment from NTMWD from \$2.97 per 1,000 gallons to \$3.04 per 1,000 gallons for FY 2019-2020.
- Town Council entered into a new franchise agreement for solid waste services to begin February 2019. The initial term of the agreement is five years, with five optional one-year renewal periods. The agreement maintained current residential service levels and added the additional services of a yard waste recycling program and twice a month drop-off bulk service.

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 relative to many markets.

Compensation and Benefits

- A compensation study was completed and will be implemented during FY 2019-20.
- 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 2020 contribution rate decreased from 13.55% to 13.54% with the funded ratio staying the same as the previous year's rate of 86.1%.
- The Town is in the third year of being self-funded for health benefits.
- The Town continues to offer both PPO and high deductible health care plans. The Town continues to control costs in its health care plan.

Approved total of 17 full time employees to be added to the Town's workforce with four in public safety, one in code compliance, two in engineering, nine for public works, and one for parks and recreation.

Program enhancements and capital expenditures included in the adopted appropriations and planned for FY 2019-2020 are as follows:

Police Operations & Dispatch

Two Lieutenants, Two Traffic Officers, a reclassification of four Officers to Corporals, and a reclassification of two Communication Officers to Communication Leads were included in the Police Department budget. Other approved enhancements include upgraded hand-held radios, four upgraded mobile video recorders (MVR), upgraded body cameras, and laptops to be used by Dispatch should the need for evacuation arise. Construction of phase I of the new Public Safety facility began in the summer of 2019 and is scheduled to be completed in the fall of 2020.

Fire, EMS & Fire Marshall

Additional funding for loose equipment to be used with the replacement engine scheduled to be delivered in fiscal year 2019-2020 is included in the Fire Department budget. Also included are one storm siren, a vehicle for the Emergency Management Coordinator, and additional funding for training programs.

Public Works/Streets

The Streets Department budget included an increase of funding for the street maintenance program of \$250,000 annually, one Heavy Equipment Operator and one Crew Leader.

Water/Wastewater

The budget included funding seven full time staff for the Water and Wastewater fund. The major program enhancements and capital item expenses budgeted in FY 2019-2020 include \$3.05M in water and wastewater infrastructure, a CCTV camera truck for inspection of wastewater lines, and increased costs associated with the purchase of water and management of wastewater for growth.

The following items have also been incorporated into the FY 2019-2020 Adopted Budget:

- The Town Hall, which recently celebrated its one-year anniversary, now houses all administrative offices including the Town Manager's office and Council Chambers, Building and Engineering offices, Utility Billing, Municipal Court, and a state of the art Library.

- 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 has several agreements with Frisco, including the use of the Frisco GIS for our departments and 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 holding the line on the 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. All of these factors were considered in preparing the Town of Prosper's budget for FY 2019-2020.

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.



TOWN OF
PROSPER

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**BASIC FINANCIAL
STATEMENTS**



TOWN OF
PROSPER

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TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Prosper EDC
ASSETS				
Cash and cash equivalents	\$ 5,708,545	\$ 4,493,789	\$ 10,202,334	\$ 3,622,200
Investments	6,505,760	4,477,040	10,982,800	2,780,675
Taxes receivable, net	790,041	-	790,041	458,172
Receivables, net	1,884,481	3,431,637	5,316,118	-
Accrued interest	91,181	47,705	138,886	12,528
Inventory	-	367,456	367,456	-
Prepays	18,479	840	19,319	4,750
Restricted assets:				
Restricted cash	33,668,997	13,508,684	47,177,681	-
Restricted investments	13,512,186	4,511,714	18,023,900	-
Capital assets not being depreciated:				
Land	7,102,451	155,973	7,258,424	1,077,788
Construction in progress	36,446,545	15,719,970	52,166,515	-
Capital assets net of accumulated depreciation:				
Buildings and improvements	50,239,705	89,787	50,329,492	-
Equipment	7,257,143	1,101,443	8,358,586	-
Intangible assets	-	14,803,303	14,803,303	-
Infrastructure	104,304,195	108,697,961	213,002,156	-
Total Assets	<u>267,529,709</u>	<u>171,407,302</u>	<u>438,937,011</u>	<u>7,956,113</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	881,998	153,296	1,035,294	-
Deferred outflows of resources related to pensions	<u>2,466,604</u>	<u>403,247</u>	<u>2,869,851</u>	<u>38,488</u>
Total Deferred Outflows of Resources	<u>3,348,602</u>	<u>556,543</u>	<u>3,905,145</u>	<u>38,488</u>

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

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Prosper EDC
LIABILITIES				
Accounts payable	\$ 4,458,103	\$ 3,460,549	\$ 7,918,652	\$ 23,292
Retainage payable	677,177	395,655	1,072,832	-
Accrued interest payable	742,790	365,921	1,108,711	-
Customer deposits and escrow payable	4,788,100	112,500	4,900,600	-
Noncurrent liabilities:				
Due within one year				
Long-term debt	4,163,791	2,653,151	6,816,942	3,396
Due in more than one year				
Long-term debt	85,081,856	40,036,642	125,118,498	10,187
Net pension liability	<u>3,342,638</u>	<u>546,453</u>	<u>3,889,091</u>	<u>52,156</u>
Total Liabilities	<u>103,254,455</u>	<u>47,570,871</u>	<u>150,825,326</u>	<u>89,031</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>113,574</u>	<u>18,567</u>	<u>132,141</u>	<u>1,772</u>
Total Deferred Inflows of Resources	<u>113,574</u>	<u>18,567</u>	<u>132,141</u>	<u>1,772</u>
NET POSITION				
Net investment in capital assets	150,815,446	112,196,964	263,012,410	1,077,788
Restricted for:				
Debt service	1,851,424	-	1,851,424	-
Courts	93,662	-	93,662	-
Economic development	-	-	-	6,826,010
Unrestricted	<u>14,749,750</u>	<u>12,177,443</u>	<u>26,927,193</u>	<u>-</u>
Total Net Position	<u>\$ 167,510,282</u>	<u>\$ 124,374,407</u>	<u>\$ 291,884,689</u>	<u>\$ 7,903,798</u>

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

TOWN OF PROSPER, TEXAS

STATEMENT OF ACTIVITIES

SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Administration	\$ 6,781,195	\$ 1,937,261	\$ 49,092	\$ -
Police	4,914,467	56,154	14,341	-
Fire	7,099,010	510,839	88,753	-
Development Services	2,714,608	3,881,994	-	-
Public Works	5,644,818	5,609,126	-	12,413,472
Community Services	4,686,873	309,848	3,812	944,749
Engineering	1,155,857	-	-	-
Interest and fiscal charges	3,070,297	-	-	-
Total governmental activities	<u>36,067,125</u>	<u>12,305,222</u>	<u>155,998</u>	<u>13,358,221</u>
Business-type activities:				
Water and sewer	21,436,507	20,511,970	-	11,975,082
Storm drainage	1,868,110	613,400	-	6,382,591
Total business-type activities	<u>23,304,617</u>	<u>21,125,370</u>	<u>-</u>	<u>18,357,673</u>
Total Primary Government	<u>\$ 59,371,742</u>	<u>\$ 33,430,592</u>	<u>\$ 155,998</u>	<u>\$ 31,715,894</u>
Component unit:				
Prosper Economic Development	<u>\$ 1,035,336</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
\$(4,794,842)	\$ -	\$(4,794,842)	\$ -
(4,843,972)	-	(4,843,972)	-
(6,499,418)	-	(6,499,418)	-
1,167,386	-	1,167,386	-
12,377,780	-	12,377,780	-
(3,428,464)	-	(3,428,464)	-
(1,155,857)	-	(1,155,857)	-
(3,070,297)	-	(3,070,297)	-
<u>(10,247,684)</u>	<u>-</u>	<u>(10,247,684)</u>	<u>-</u>
-	11,050,545	-	-
-	5,127,881	5,127,881	-
<u>-</u>	<u>16,178,426</u>	<u>16,178,426</u>	<u>-</u>
<u>\$(10,247,684)</u>	<u>\$ 16,178,426</u>	<u>\$ 5,930,742</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(1,035,336)</u>
21,273,026	-	21,273,026	-
8,475,532	-	8,475,532	2,652,853
1,671,415	-	1,671,415	-
1,269,129	749,504	2,018,633	138,187
213,952	220,587	434,539	88
490,995	(490,995)	-	-
<u>33,394,049</u>	<u>479,096</u>	<u>33,873,145</u>	<u>2,791,128</u>
<u>23,146,365</u>	<u>16,657,522</u>	<u>39,803,887</u>	<u>1,755,792</u>
<u>145,372,066</u>	<u>107,716,885</u>	<u>253,088,951</u>	<u>6,148,006</u>
<u>(1,008,149)</u>	<u>-</u>	<u>(1,008,149)</u>	<u>-</u>
<u>\$ 167,510,282</u>	<u>\$ 124,374,407</u>	<u>\$ 291,884,689</u>	<u>\$ 7,903,798</u>

TOWN OF PROSPER, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	General Fund	Impact Fees	Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 4,082,231	\$ 1,529,471	\$ 1,235,135
Investments	4,812,098	1,593,797	1,286,681
Taxes receivable (net)	1,155,353	-	70,581
Accounts receivable (net)	760,777	-	-
Accrued interest	25,866	8,705	6,832
Due from other funds	836,057	-	-
Prepaid items	18,479	-	-
Total assets	11,690,861	3,131,973	2,599,229
LIABILITIES			
Liabilities			
Accounts payable and accrued expenses	1,548,724	783,676	800
Retainage payable	18,851	51,885	-
Escrow payable	-	-	-
Due to other funds	-	-	-
Total liabilities	1,567,575	835,561	800
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue:			
Property taxes	83,778	-	37,402
Fines and fees	142,058	-	-
Interest	15,958	5,371	4,215
Total deferred inflows of resources	241,794	5,371	41,617
FUND BALANCES			
Nonspendable for:			
Prepaid items	18,479	-	-
Restricted for:			
Debt service	-	-	2,556,812
Capital projects	-	2,291,041	-
Courts	-	-	-
Committed for:			
Contingency reserve	4,751,870	-	-
Assigned	-	-	-
Unassigned	5,111,143	-	-
Total fund balances	9,881,492	2,291,041	2,556,812
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,690,861	\$ 3,131,973	\$ 2,599,229

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

Capital Projects Fund	Escrow Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 26,341,745	\$ 3,101,887	\$ 1,460,759	\$ 37,751,228
6,109,561	2,157,742	2,364,405	18,324,284
-	-	658,547	1,884,481
21,827	-	7,437	790,041
32,138	-	8,904	82,445
-	-	-	836,057
-	-	-	18,479
<u>32,505,271</u>	<u>5,259,629</u>	<u>4,500,052</u>	<u>59,687,015</u>
1,504,946	386,978	51,267	4,276,391
606,441	-	-	677,177
-	4,788,100	-	4,788,100
-	-	836,057	836,057
<u>2,111,387</u>	<u>5,175,078</u>	<u>887,324</u>	<u>10,577,725</u>
-	-	-	121,180
-	-	-	142,058
19,828	-	5,493	50,865
<u>19,828</u>	<u>-</u>	<u>5,493</u>	<u>314,103</u>
-	-	-	18,479
-	-	-	2,556,812
30,374,056	84,551	282,370	33,032,018
-	-	46,831	46,831
-	-	-	4,751,870
-	-	3,278,034	3,278,034
-	-	-	5,111,143
<u>30,374,056</u>	<u>84,551</u>	<u>3,607,235</u>	<u>48,795,187</u>
\$ <u>32,505,271</u>	\$ <u>5,259,629</u>	\$ <u>4,500,052</u>	\$ <u>59,687,015</u>

TOWN OF PROSPER, TEXAS

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

SEPTEMBER 30, 2019

Total Fund Balances - Governmental Funds	\$ 48,795,187
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.	203,045,814
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.	(83,123,250)
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.	(742,790)
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	(6,122,397)
Deferred loss	881,998
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.	314,103
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	(3,342,638)
Deferred outflows related to pensions	2,466,604
Deferred inflows related to pensions	(113,574)
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.	<u>5,451,225</u>
Net Position of Governmental Activities	\$ <u>167,510,282</u>



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TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Impact Fees</u>	<u>Debt Service Fund</u>
REVENUES			
Taxes:			
Property	\$ 14,663,044	\$ -	\$ 6,092,325
Sales	4,943,218	-	-
Franchise	1,671,415	-	-
Licenses and permits	4,738,857	-	-
Charges for services	712,710	-	-
Impact fees	-	5,445,371	-
Escrow income	-	-	-
Grants	106,906	-	-
Investment income	367,865	111,046	104,819
Fines, fees, warrants, and seizures	486,843	-	-
Contributions	-	-	-
Miscellaneous	221,076	-	-
Total Revenues	<u>27,911,934</u>	<u>5,556,417</u>	<u>6,197,144</u>
EXPENDITURES			
Current:			
Administration	4,644,324	-	-
Police	3,881,337	-	-
Fire	5,260,473	-	-
Development Services	2,633,491	-	-
Public Works	2,020,144	1,287,601	-
Community Services	3,842,308	-	-
Engineering	1,138,811	-	-
Capital outlay	338,461	2,771,794	-
Debt service:			
Principal	-	-	3,196,800
Interest and fiscal charges	-	-	2,752,174
Bond issue costs and fees	-	-	-
Total Expenditures	<u>23,759,349</u>	<u>4,059,395</u>	<u>5,948,974</u>
Excess (Deficiency) of Revenues Over Expenditure	4,152,585	1,497,022	248,170
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Premium on issuance of bonds	-	-	-
Transfers in	881,542	-	-
Transfers out	<u>(7,966,904)</u>	<u>(330,000)</u>	<u>(249,588)</u>
Total Other Financing Sources (Uses)	<u>(7,085,362)</u>	<u>(330,000)</u>	<u>(249,588)</u>
NET CHANGE IN FUND BALANCE	<u>(2,932,777)</u>	1,167,022	<u>(1,418)</u>
FUND BALANCES - BEGINNING	<u>12,814,269</u>	<u>1,124,019</u>	<u>2,558,230</u>
PRIOR PERIOD ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 9,881,492</u>	<u>\$ 2,291,041</u>	<u>\$ 2,556,812</u>

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

Capital Projects Fund	Escrow Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 433,021	\$ 21,188,390
-	-	3,532,314	8,475,532
-	-	-	1,671,415
-	-	-	4,738,857
-	-	-	712,710
-	-	123,893	5,569,264
-	648,317	-	648,317
2,834,750	-	-	2,941,656
550,585	-	84,559	1,218,874
-	-	24,036	510,879
-	-	993,841	993,841
-	7,023	2,739	230,838
<u>3,385,335</u>	<u>655,340</u>	<u>5,194,403</u>	<u>48,900,573</u>
1,389,098	-	1,595,579	7,629,001
-	-	1,132,782	5,014,119
-	-	1,286,837	6,547,310
-	-	-	2,633,491
-	-	-	3,307,745
-	-	42,813	3,885,121
-	-	-	1,138,811
15,594,544	-	43,246	18,748,045
-	-	-	3,196,800
-	-	-	2,752,174
239,790	-	-	239,790
<u>17,223,432</u>	<u>-</u>	<u>4,101,257</u>	<u>55,092,407</u>
(13,838,097)	655,340	1,093,146	(6,191,834)
17,135,000	-	-	17,135,000
1,018,680	-	-	1,018,680
7,923,069	-	789	8,805,400
(488,863)	(655,341)	(346,428)	(10,037,124)
<u>25,587,886</u>	<u>(655,341)</u>	<u>(345,639)</u>	<u>16,921,956</u>
11,749,789	(1)	747,507	10,730,122
<u>18,624,267</u>	<u>84,552</u>	<u>3,867,877</u>	<u>39,073,214</u>
-	-	(1,008,149)	(1,008,149)
<u>\$ 30,374,056</u>	<u>\$ 84,551</u>	<u>\$ 3,607,235</u>	<u>\$ 48,795,187</u>

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, 2019

Net Changes in Fund Balances - Governmental Funds	\$ 10,730,122
Amounts reported for governmental activities in the statement of activities are	
<p>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.</p>	
Capital outlay	21,040,744
Depreciation expense	(4,525,189)
Transfers, sales and donations	(31,529)
<p>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.</p>	
	9,578,722
<p>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.</p>	
Issuance of debt	(17,135,000)
Repayment of principal of long-term debt	3,597,734
Amortization of:	
Premium on bond issuance	(1,018,680)
Loss on refunding	(61,869)
<p>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.</p>	
Compensated absences	(213,534)
Net pension liability	(175,435)
<p>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.</p>	
	(417,398)
<p>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.</p>	
	1,593,065
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	<u>184,612</u>
Change in Net Position of Governmental Activities	\$ <u>23,146,365</u>

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



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TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Stormwater Drainage	Total Enterprise Fund	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,305,879	\$ 187,910	\$ 4,493,789	\$ 1,626,314
Investments	4,281,327	195,713	4,477,040	1,693,662
Receivables, net	3,333,618	98,019	3,431,637	-
Accrued interest	46,685	1,020	47,705	8,736
Inventory	367,456	-	367,456	-
Prepays	840	-	840	-
Total current assets	<u>12,335,805</u>	<u>482,662</u>	<u>12,818,467</u>	<u>3,328,712</u>
Noncurrent assets:				
Restricted cash and cash equivalents	12,925,830	582,854	13,508,684	-
Restricted investments	4,511,714	-	4,511,714	-
Capital assets:				
Nondepreciable	14,767,121	1,108,822	15,875,943	322,244
Depreciable, net	<u>93,683,133</u>	<u>31,009,361</u>	<u>124,692,494</u>	<u>1,981,981</u>
Total noncurrent assets	<u>125,887,798</u>	<u>32,701,037</u>	<u>158,588,835</u>	<u>2,304,225</u>
Total assets	<u>138,223,603</u>	<u>33,183,699</u>	<u>171,407,302</u>	<u>5,632,937</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	153,296	-	153,296	-
Deferred outflows related to pensions	<u>380,312</u>	<u>22,935</u>	<u>403,247</u>	<u>-</u>
Total deferred outflows of resources	<u>533,608</u>	<u>22,935</u>	<u>556,543</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	3,456,373	4,176	3,460,549	181,712
Retainage payable	395,655	-	395,655	-
Accrued interest payable	342,018	23,903	365,921	-
Customer deposits and escrow payable	112,500	-	112,500	-
Current portion of long-term liabilities:				
Compensated absences	40,732	1,772	42,504	-
Bonds payable	<u>2,464,447</u>	<u>146,200</u>	<u>2,610,647</u>	<u>-</u>
Total current liabilities	<u>6,811,725</u>	<u>176,051</u>	<u>6,987,776</u>	<u>181,712</u>
Noncurrent liabilities:				
Compensated absences	122,196	8,351	130,547	-
Bonds payable	37,293,609	2,612,486	39,906,095	-
Net pension liability	<u>515,373</u>	<u>31,080</u>	<u>546,453</u>	<u>-</u>
Total noncurrent liabilities	<u>37,931,178</u>	<u>2,651,917</u>	<u>40,583,095</u>	<u>-</u>
Total liabilities	<u>44,742,903</u>	<u>2,827,968</u>	<u>47,570,871</u>	<u>181,712</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	<u>17,511</u>	<u>1,056</u>	<u>18,567</u>	<u>-</u>
Total deferred inflows of resources	<u>17,511</u>	<u>1,056</u>	<u>18,567</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	82,254,613	29,942,351	112,196,964	2,304,225
Unrestricted	<u>11,742,184</u>	<u>435,259</u>	<u>12,177,443</u>	<u>3,147,000</u>
Total net position	<u>\$ 93,996,797</u>	<u>\$ 30,377,610</u>	<u>\$ 124,374,407</u>	<u>\$ 5,451,225</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, 2019

	Enterprise Funds			Governmental Activities
	Water and Sewer	Stormwater Drainage	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for services:				
Water and sewer charges	\$ 17,954,106	\$ -	\$ 17,954,106	\$ -
Sanitation charges	1,336,014	-	1,336,014	-
Storm drainage utility fees	-	613,400	613,400	-
Water and sewer connections	1,122,780	-	1,122,780	-
Service initiation	99,070	-	99,070	-
Health charges	-	-	-	2,545,432
Miscellaneous	220,587	-	220,587	149,418
Total operating revenues	<u>20,732,557</u>	<u>613,400</u>	<u>21,345,957</u>	<u>2,694,850</u>
OPERATING EXPENSES				
Personnel services	2,792,246	173,608	2,965,854	-
Materials and supplies	617,004	4,082	621,086	62,042
Contractual services	4,263,571	-	4,263,571	59,331
Water purchases	5,078,166	-	5,078,166	-
Employee health insurance	-	-	-	2,499,711
Other operating costs	1,128,565	5,223	1,133,788	-
Depreciation	3,861,787	1,593,090	5,454,877	293,180
Total operating costs	<u>17,741,339</u>	<u>1,776,003</u>	<u>19,517,342</u>	<u>2,914,264</u>
Operating income (loss)	<u>2,991,218</u>	<u>(1,162,603)</u>	<u>1,828,615</u>	<u>(219,414)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	728,854	20,650	749,504	90,117
Loss on disposal of property	-	-	-	(357)
Interest expense	(1,196,586)	(92,107)	(1,288,693)	-
Impact fees	985,744	-	985,744	-
Developer payments	(2,451,318)	-	(2,451,318)	-
Bond issuance cost	(47,264)	-	(47,264)	-
Total non-operating revenues (expenses)	<u>(1,980,570)</u>	<u>(71,457)</u>	<u>(2,052,027)</u>	<u>89,760</u>
Income (loss) before contributions and transfers	<u>1,010,648</u>	<u>(1,234,060)</u>	<u>(223,412)</u>	<u>(129,654)</u>
Capital contributions	10,989,338	6,382,591	17,371,929	-
Transfers in	1,307,479	603,753	1,911,232	1,722,719
Transfers out	(1,509,871)	(892,356)	(2,402,227)	-
Total contributions and transfers	<u>10,786,946</u>	<u>6,093,988</u>	<u>16,880,934</u>	<u>1,722,719</u>
CHANGE IN NET POSITION	<u>11,797,594</u>	<u>4,859,928</u>	<u>16,657,522</u>	<u>1,593,065</u>
NET POSITION - BEGINNING	<u>82,199,203</u>	<u>25,517,682</u>	<u>107,716,885</u>	<u>3,858,160</u>
NET POSITION - END OF YEAR	<u>\$ 93,996,797</u>	<u>\$ 30,377,610</u>	<u>\$ 124,374,407</u>	<u>\$ 5,451,225</u>

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



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TOWN OF PROSPER, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water and Sewer Fund	Enterprise Funds Stormwater Drainage
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 19,736,424	\$ 606,176
Cash payment to suppliers for goods and services	(9,910,409)	(8,565)
Cash payments for health expense	-	-
Cash payments to employees for services	(2,566,784)	(152,756)
Net cash provided by operating activities	7,259,231	444,855
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(1,509,871)	(892,356)
Transfers from other funds	1,307,479	603,753
Net cash provided (used) by noncapital financing activities	(202,392)	(288,603)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from the issuance of debt	9,820,000	-
Premiums received on long-term debt	566,111	-
Principal paid on bonds	(1,913,950)	(141,950)
Acquisition and construction of capital assets	(10,016,085)	(365,779)
Disposal of capital assets	-	6,295
Interest paid on bonds	(7,264,738)	(106,327)
Developer payments	(2,451,318)	-
Impact fees received	985,744	-
Net cash provided (used) by capital and related financing activities	(10,274,236)	(607,761)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(1,588,950)	-
Investment sales	-	(211,898)
Interest on deposits and investments	1,451,753	40,303
Net cash provided by (used in) investing activities	(137,197)	(171,595)
Net (decrease) increase in cash and cash equivalents	(3,354,594)	(623,104)
Cash and cash equivalents at beginning of year	20,586,303	1,393,868
Cash and cash equivalents at end of year	17,231,709	770,764
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 2,991,218	\$(1,162,603)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,861,787	1,593,090
Decrease (increase) in accounts receivable	(1,030,633)	(7,224)
Decrease (increase) in inventory	(79,765)	-
Decrease (increase) in prepaid	(840)	-
Increase (decrease) in deferred outflows related to pensions	(176,254)	(11,596)
Increase (decrease) in accounts payable	1,265,056	740
Increase (decrease) in net pension liability	298,463	19,027
Increase (decrease) in deferred inflows	(82,152)	(4,482)
Increase (decrease) in compensated absences	14,383	6,871
Increase (decrease) in customer deposits	34,500	-
Net cash provided by operating activities	\$ 7,259,231	\$ 444,855
SCHEDULE OF NON-CASH CAPITAL ACTIVITIES		
Contributions of capital assets	4,855,251	6,382,591

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

Total Enterprise	Governmental Activities Internal Service Fund
\$ 20,342,600	\$ 2,696,570
(9,918,974)	(62,042)
-	(2,534,324)
(2,719,540)	-
<u>7,704,086</u>	<u>100,204</u>
(2,402,227)	-
<u>1,911,232</u>	<u>1,722,719</u>
(490,995)	<u>1,722,719</u>
9,820,000	-
566,111	-
(2,055,900)	-
(10,381,864)	(1,282,075)
6,295	45,417
(7,371,065)	-
(2,451,318)	-
<u>985,744</u>	<u>-</u>
(10,881,997)	(1,236,658)
(1,588,950)	(528,508)
(211,898)	-
<u>1,492,056</u>	<u>177,942</u>
(308,792)	(350,566)
(3,977,698)	235,699
<u>21,980,171</u>	<u>1,390,615</u>
<u>18,002,473</u>	<u>1,626,314</u>
\$ 1,828,615	\$ (219,414)
5,454,877	293,180
(1,037,857)	1,720
(79,765)	-
(840)	-
(187,850)	-
1,265,796	24,718
317,490	-
(86,634)	-
21,254	-
<u>34,500</u>	<u>-</u>
<u>\$ 7,704,086</u>	<u>\$ 100,204</u>
<u>11,237,842</u>	<u>-</u>

TOWN OF PROSPER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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. 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 one internal service fund:

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 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. During the year ended September 30, 2019, \$247,001 of interest was capitalized.

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, 2019, 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 not 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 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, 2019, \$49,545 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. At September 30, 2019, the Town had assigned fund balances for specific purposes including parks and recreation, crime control special district, fire prevention special district, and special revenue/contributions in the amounts of \$2,782,069, \$170,442, \$15,585, and \$309,938, respectively. 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, 2019 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 2020. 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 2021. 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, 2019 exceeded the value of all deposits.

At September 30, 2019, the carrying amount of the Town’s deposits was \$11,759,413, and the respective bank balances totaled \$11,644,048. The Towns’ 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, 2019, were:

	Fair Value	Weighted Average Maturity (days)
Investment type:		
Certificates of deposit	\$ 4,820,840	364
US Government bonds	25,458,680	197
Municipal bonds	<u>1,507,855</u>	386
Total	<u>\$ 31,787,375</u>	
Portfolio weight average to maturity		231

Of the certificates of deposit disclosed above, \$1,529,594 belongs to Prosper Economic Development. The Town also has investments in government pools at September 30, 2019, totaling \$46,120,388, 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 34 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 20 days.

The Local Government Investment Cooperative ("LOGIC") 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 Inc. LOGIC invests in treasury and agency securities and repurchase agreements fully collateralized by government securities. The pool maintains a weighted average maturity of 60 days or less. 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 LOGIC have been reported as cash equivalents. TexStar is rated AAAM by Standard and Poor's and carries a weighted average maturity of 49 days.

TexStar, LOGIC, 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, TexSTAR, and LOGIC at year end was AAAM by Standard & Poor’s.

The Town’s US Government bonds and municipal bonds each have a rating from A to AA+ and for the US agencies and an A rating for the municipal bond.

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, 2018, 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 below, \$488,312 belongs to Prosper Economic Development.

Securities by Issuer	Fair Value	% of Total Portfolio
Federal Farm Credit Bank	\$ 3,771,376	11.86%
Federal Home Loan Bank (FHLB)	6,506,825	20.47%
Federal National Mortgage Association (FNMA)	10,481,145	32.97%
Federal Home Loan Mortgage Corporation (FHLMC)	1,699,694	5.35%
United States Treasury	2,999,640	9.44%
Municipal bonds	1,507,855	4.74%
Certificates of deposit	4,820,840	15.17%
Total Securities	<u>\$ 31,787,375</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, 2019:

	Fair value as of 9/30/2019	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
Certificates of deposit	\$ 4,820,840	\$ -	\$ 4,820,840	\$ -
US Government bonds	25,458,680	18,188,039	7,270,641	-
Municipal bonds	1,507,855	-	1,507,855	-
Total investments by fair value level	<u>\$ 31,787,375</u>	<u>\$ 18,188,039</u>	<u>\$ 13,599,336</u>	<u>\$ -</u>

Of the Town's fair value investments, \$21,687,304 were valued using the documented trade history in exact security, \$501,635 were valued using the option-adjusted discounted cash flow model, and \$9,598,435 were valued using the present value of future cash flow model. Of the certificates of deposit disclosed above, \$1,529,594 belongs to Prosper Economic Development.

V. RECEIVABLES

The Town's receivables as of September 30, 2019 consisted of the following:

	Governmental Activities						Total
	General	Impact	Debt	Capital	Internal	Nonmajor	
	Fund	Fees	Service	Projects	Service	Governmental	
Property taxes	\$ 163,578	\$ -	\$ 72,021	\$ -	\$ -	\$ -	\$ 235,599
Sales tax	973,435	-	-	-	-	658,547	1,631,982
Interest	25,866	8,705	6,832	32,138	8,736	8,904	91,181
Other receivables	<u>1,207,412</u>	<u>-</u>	<u>-</u>	<u>21,827</u>	<u>-</u>	<u>7,437</u>	<u>1,236,676</u>
Gross receivables	2,370,291	8,705	78,853	53,965	8,736	674,888	3,195,438
Less: allowance for uncollectible accounts	<u>(428,295)</u>	<u>-</u>	<u>(1,440)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(429,735)</u>
Net receivables	<u>\$ 1,941,996</u>	<u>\$ 8,705</u>	<u>\$ 77,413</u>	<u>\$ 53,965</u>	<u>\$ 8,736</u>	<u>\$ 674,888</u>	<u>\$ 2,765,703</u>

	Business-type Activities		
	Water and	Stormwater	Total
	Sewer Fund	Drainage Fund	
Utility bills	\$ 3,607,860	\$ 98,019	\$ 3,705,879
Interest	<u>46,685</u>	<u>1,020</u>	<u>47,705</u>
Gross receivables	3,654,545	99,039	3,753,584
Less: allowance for uncollectible accounts	<u>(274,242)</u>	<u>-</u>	<u>(274,242)</u>
Net receivables	<u>\$ 3,380,303</u>	<u>\$ 99,039</u>	<u>\$ 3,479,342</u>

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,102,451	\$ -	\$ -	\$ 7,102,451
Construction in progress	<u>50,122,781</u>	<u>20,217,071</u>	<u>(33,893,307)</u>	<u>36,446,545</u>
Total capital assets not being depreciated	<u>57,225,232</u>	<u>20,217,071</u>	<u>(33,893,307)</u>	<u>43,548,996</u>
Capital assets being depreciated:				
Buildings and improvements	25,714,597	228,582	31,649,520	57,592,699
Equipment	10,704,958	1,796,249	(587,023)	11,914,184
Infrastructure	<u>123,496,980</u>	<u>9,614,222</u>	<u>2,243,787</u>	<u>135,354,989</u>
Total assets being depreciated	<u>159,916,535</u>	<u>11,639,053</u>	<u>33,306,284</u>	<u>204,861,872</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,258,174)	(1,094,820)	-	(7,352,994)
Equipment	(4,257,512)	(954,666)	555,137	(4,657,041)
Infrastructure	<u>(28,281,911)</u>	<u>(2,768,883)</u>	<u>-</u>	<u>(31,050,794)</u>
Total accumulated depreciation	<u>(38,797,597)</u>	<u>(4,818,369)</u>	<u>555,137</u>	<u>(43,060,829)</u>
Total capital assets being depreciated, net	<u>121,118,938</u>	<u>6,820,684</u>	<u>33,861,421</u>	<u>161,801,043</u>
Governmental activities capital assets, net	<u>\$ 178,344,170</u>	<u>\$ 27,037,755</u>	<u>\$ (31,886)</u>	<u>\$ 205,350,039</u>
	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 155,973	\$ -	\$ -	\$ 155,973
Construction in progress	<u>7,857,771</u>	<u>13,660,598</u>	<u>(5,798,399)</u>	<u>15,719,970</u>
Total capital assets, not being depreciated	<u>8,013,744</u>	<u>13,660,598</u>	<u>(5,798,399)</u>	<u>15,875,943</u>
Capital assets being depreciated:				
Buildings and systems	247,673	-	-	247,673
Vehicles and equipment	1,974,876	221,530	(139,862)	2,056,544
Infrastructure	107,060,340	13,865,370	5,798,399	126,724,109
Intangible Asset	<u>15,744,809</u>	<u>-</u>	<u>-</u>	<u>15,744,809</u>
Total assets being depreciated	<u>125,027,698</u>	<u>14,086,900</u>	<u>5,658,537</u>	<u>144,773,135</u>
Less accumulated depreciation for:				
Buildings and systems	(138,364)	(19,522)	-	(157,886)
Vehicles and equipment	(920,055)	(174,908)	139,862	(955,101)
Infrastructure	(13,080,665)	(4,945,483)	-	(18,026,148)
Intangible Asset	<u>(626,542)</u>	<u>(314,964)</u>	<u>-</u>	<u>(941,506)</u>
Total accumulated depreciation	<u>(14,765,626)</u>	<u>(5,454,877)</u>	<u>139,862</u>	<u>(20,080,641)</u>
Total capital assets being depreciated, net	<u>110,262,072</u>	<u>8,632,023</u>	<u>5,798,399</u>	<u>124,692,494</u>
Business-type activities capital assets, net	<u>\$ 118,275,816</u>	<u>\$ 22,292,621</u>	<u>\$ -</u>	<u>\$ 140,568,437</u>
	Beginning Balance	Additions	Retirements	Ending Balance
Component Unit:				
Capital assets not being depreciated:				
Land	\$ 444,158	\$ 633,630	\$ -	\$ 1,077,788
Total capital assets not being depreciated	<u>\$ 444,158</u>	<u>\$ 633,630</u>	<u>\$ -</u>	<u>\$ 1,077,788</u>

Depreciation expense for the year ended September 30, 2019 was charged to functions/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 98,164
Police	342,481
Fire	662,722
Development Services	27,616
Public Works	2,746,173
Community Services	939,567
Engineering	<u>1,646</u>
Total	<u>\$ 4,818,369</u>
Business-type activities:	
Water and sewer	\$ 3,861,787
Stormwater drainage utility	<u>1,593,090</u>
Total	<u>\$ 5,454,877</u>

VII. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2019 were as follows:

Payable Fund	Receivable Fund	Amount	Purpose
Nonmajor governmental	General fund	\$ <u>836,057</u>	Short-term loans
Total		<u>\$ 836,057</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	\$ 6,573,324	Capital outlay
General Fund	Non-Major Governmental	789	Sales tax transfer
General Fund	Internal Service	1,296,109	Contribution to VERF
General Fund	Internal Service	96,682	Health savings transfer
Impact Fees	Capital Projects	330,000	Capital outlay
Capital Projects	Water and Sewer	488,863	Transfer to CIP
Debt Service Fund	Storm Drainage	249,588	Debt payments
Non-Major Governmental	Capital Projects	346,428	Capital outlay
Escrow Fund	Capital Projects	648,317	Capital outlay
Escrow Fund	Storm Drainage	7,024	Drainage review fees
Water and Sewer	General Fund	813,730	Administrative
Water and Sewer	Capital Projects	25,000	Capital outlay
Water and Sewer	Storm Drainage	347,141	Capital reimbursment
Water and Sewer	Internal Service	324,000	Contribution to VERF
Storm Drainage	General Fund	67,812	Administrative
Storm Drainage	Water and Sewer	818,616	Capital outlay
Storm Drainage	Internal Service	<u>5,928</u>	Contribution to VERF
Total		<u>\$ 12,439,351</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 General Obligation Bonds, Series 2019 in the amount of \$4,065,000 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 Town issued Combination Tax and Surplus Revenue Certificates, Series 2019 in the amount of \$17,490,000 for (i) acquiring, constructing, installing and equipping additions, improvements, extensions and equipment for the Town's waterworks and sewer system (the "System"); (ii) constructing, improving, extending, expanding, upgrading and developing streets and roads and intersections, including utility relocation, landscaping, sidewalks, traffic safety and operational improvements and the purchase of any necessary right-of-way and other related costs; (iii) constructing, improving, extending, expanding, upgrading and developing parks and recreation facilities, including fields, trails, utility relocation, landscaping, sidewalks and operational improvements; installation of lighting, the purchase of any necessary rights-of-way, and other related costs; (iv) designing, constructing, improving and equipping public safety facilities in the Town, including a police station and dispatch facility, and the acquisition of land and interests in land as necessary for such purposes. 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, 2019:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
Governmental activities:					
Compensated absences	\$ 1,164,216	\$ 1,290,762	\$(1,077,228)	\$ 1,377,750	\$ 344,438
Bonds	67,807,300	17,135,000	(3,196,800)	81,745,500	3,819,353
Bond premium on issuance	<u>5,504,651</u>	<u>1,018,680</u>	<u>(400,934)</u>	<u>6,122,397</u>	<u>-</u>
Total governmental	<u>74,476,167</u>	<u>19,444,442</u>	<u>(4,674,962)</u>	<u>89,245,647</u>	<u>4,163,791</u>
Business-type activities:					
Compensated absences	151,797	173,244	(151,930)	173,111	42,504
Bonds	37,892,700	4,420,000	(2,223,200)	40,089,500	2,610,647
Bonds premium on issuance	<u>2,359,913</u>	<u>264,117</u>	<u>(196,848)</u>	<u>2,427,182</u>	<u>-</u>
Total business-type activities	<u>40,404,410</u>	<u>4,857,361</u>	<u>(2,571,978)</u>	<u>42,689,793</u>	<u>2,653,151</u>
Total primary government	<u>\$ 114,880,577</u>	<u>\$ 24,301,803</u>	<u>\$(7,246,940)</u>	<u>\$ 131,935,440</u>	<u>\$ 6,816,942</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 City.

Bonds, certificates of obligation, and tax notes at September 30, 2019 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%.	\$ 2,975,000	\$ -	\$ 2,975,000
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%.	-	4,205,000	4,205,000
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%.	2,925,000	-	2,925,000
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%.	-	4,000,000	4,000,000
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%.	2,120,000	2,110,000	4,230,000
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%.	-	10,260,000	10,260,000
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%	12,393,500	3,351,500	15,745,000
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%.	7,955,000	-	7,955,000
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%.	4,552,000	138,000	4,690,000
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%.	6,750,000	1,165,000	7,915,000

	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%.	9,645,000	920,000	10,565,000
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%.	3,785,000	-	3,785,000
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%.	11,510,000	9,520,000	21,030,000
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%.	4,065,000	-	4,065,000
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%.	<u>13,070,000</u>	<u>4,420,000</u>	<u>17,490,000</u>
	<u>\$ 81,745,500</u>	<u>\$ 40,089,500</u>	<u>\$ 121,835,000</u>

The annual requirements to amortize the combined debt outstanding for the Debt Service Fund and Water and Sewer Fund as of September 30, 2019, are as follows:

Year Ended September 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 3,819,354	\$ 3,183,386	\$ 2,610,647	\$ 1,568,232	\$ 6,430,001	\$ 4,751,618
2021	3,470,377	3,038,338	2,479,623	1,467,239	5,950,000	4,505,577
2022	3,621,423	2,904,499	2,603,577	1,362,203	6,225,000	4,266,702
2023	3,819,006	2,750,272	2,590,995	1,255,779	6,410,001	4,006,051
2024	4,270,722	2,584,259	2,689,279	1,145,074	6,960,001	3,729,333
2025-2029	24,332,654	9,915,695	11,507,349	4,167,214	35,840,003	14,082,909
2030-2034	23,353,412	4,820,578	11,231,589	1,870,323	34,585,001	6,690,901
2035-2039	<u>15,058,552</u>	<u>965,197</u>	<u>4,376,441</u>	<u>311,141</u>	<u>19,434,993</u>	<u>1,276,338</u>
Total	<u>\$ 81,745,500</u>	<u>\$ 30,162,224</u>	<u>\$ 40,089,500</u>	<u>\$ 13,147,205</u>	<u>\$ 121,835,000</u>	<u>\$ 43,309,429</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	\$ 10,952,788	\$ 2,456,331	Capital projects (unspent bond proceeds)
Water and Sewer fund	1,973,042	2,055,383	Impact fees
Stormwater Drainage fund	<u>582,854</u>	<u>-</u>	Capital projects (unspent bond proceeds)
Total business-type activities	<u>\$ 13,508,684</u>	<u>\$ 4,511,714</u>	
Governmental activities:			
Impact Fees fund	\$ 1,529,471	\$ 1,593,797	Impact fees
Debt Service fund	1,235,135	1,286,681	Debt service
Capital Projects fund	26,341,745	6,109,561	Capital projects (unspent bond proceeds)
Escrow Fund	3,101,887	2,157,742	Customer deposits/escrow
Nonmajor governmental funds	<u>1,460,759</u>	<u>2,364,405</u>	Special revenue funds
Total governmental activities	<u>\$ 33,668,997</u>	<u>\$ 13,512,186</u>	

X. ASSIGNED FUND BALANCE

A portion of the Town’s governmental fund balances are assigned for the following purposes:

Assigned for:	
Parks and recreation	\$ 2,782,069
Crime Control Special District	170,442
Fire Prevention Special District	15,585
Special revenue/contributions	<u>309,938</u>
Total	<u>\$ 3,278,034</u>

XI. 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 \$2,049,086. The Town’s claim administrator is Blue Cross Blue Shield of Texas.

Revenues are recognized from payroll deductions and Town contributions. At September 30, 2019, a liability of \$49,545 has been recorded, which represents estimated claims incurred but not yet reported. Changes in this claims liability during fiscal year 2019 were as follows:

Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
\$ 49,642	\$ 1,636,065	\$ 1,636,162	\$ 49,545

XII. DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates as one of 887 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.org.

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 Town 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. A member city may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of a calendar year.

The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. The Town has elected that members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The Town does not provide supplemental death benefits. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

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, 2018 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	91
Active employees	<u>189</u>
Total	<u>299</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 13.53% and 13.55% in calendar years 2018 and 2019, respectively. The Town's contributions to TMRS for the year ended September 30, 2019, were \$1,974,212, and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75% net of pension plan investment expense, expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.50%	4.30%
International equity	17.50%	6.10%
Core fixed income	10.00%	1.00%
Non-core fixed income	20.00%	3.39%
Real return	10.00%	3.78%
Real estate	10.00%	4.44%
Absolute return	10.00%	3.56%
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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2017	\$ 17,484,500	\$ 15,629,788	\$ 1,854,712
Changes for the year:			
Service cost	2,559,835	-	2,559,835
Interest	1,255,581	-	1,255,581
Difference between expected and actual experience	526,914	-	526,914
Contributions - employer	-	1,802,565	(1,802,565)
Contributions - employee	-	932,591	(932,591)
Net investment income	-	(469,840)	469,840
Benefit payments, including refunds of employee contributions	(326,425)	(326,425)	-
Administrative expense	-	(9,048)	9,048
Other changes	-	(473)	473
Net changes	4,015,905	1,929,370	2,086,535
Balance at 12/31/2018	\$ 21,500,405	\$ 17,559,158	\$ 3,941,247

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	\$ 8,103,903	\$ 3,889,091	\$ 553,115
Component unit's net pension liability	<u>108,402</u>	<u>52,156</u>	<u>7,399</u>
Total	<u>\$ 8,212,305</u>	<u>\$ 3,941,247</u>	<u>\$ 560,514</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.org.

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

For the year ended September 30, 2019, the Town and component unit recognized pension expense of \$2,151,697 and \$28,782, 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	\$ 551,140	\$ 126,262
Changes in actuarial assumptions	-	5,879
Difference between projected and actual investment earnings	811,755	-
Contributions subsequent to the measurement date	<u>1,506,956</u>	<u>-</u>
Total	<u>\$ 2,869,851</u>	<u>\$ 132,141</u>

At September 30, 2019, 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	\$ 7,372	\$ 1,689
Changes in actuarial assumptions	-	83
Difference between projected and actual investment earnings	10,859	-
Contributions subsequent to the measurement date	<u>20,257</u>	<u>-</u>
Total	<u>\$ 38,488</u>	<u>\$ 1,772</u>

The Town and component unit reported \$1,506,956 and \$20,257, 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, 2020. 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	\$ 321,765	\$ 4,304
2021	210,540	2,816
2022	212,957	2,849
2023	357,514	4,782
2024	70,197	939
Thereafter	57,781	769

XIII. 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, may result in fee reductions such as impact fees or other expenses. For fiscal year 2019, the Town rebated \$437,905 in taxes, and reimbursed fees by \$4,157,381 under these agreements.

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 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 the TIRZ #1. Interest payments of \$126,590 and payment towards construction of \$1,385,925 were made during the fiscal year.

The development agreement for TIRZ #2 provides development of approximately 157 acres of land located in the Town of Prosper at the intersection of DNT and US Highway 380. This agreement provides for an economic development grant of \$28,566,057 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 the TIRZ #2. Interest payments of \$19,959 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, 2018	\$ 8,883,918	\$ 2,118,959	\$ 11,002,877
Additions/adjustments	3,125,025	74,163	3,199,188
Payments	<u>(1,512,515)</u>	<u>(19,959)</u>	<u>(1,532,474)</u>
Balance, September 30, 2019	<u>\$ 10,496,428</u>	<u>\$ 2,173,163</u>	<u>\$ 12,669,591</u>

XIV. COMMITMENTS AND CONTINGENCIES

At September 30, 2019, the total estimated costs to complete significant construction projects in progress at year-end totaled approximately \$21,691,874 for the Capital Projects Fund.

XV. PRIOR PERIOD ADJUSTMENT

The Town's beginning net position was restated in the amount of \$1,008,149 to account for developer contributions not previously recorded in the governmental activities or business-type activities.



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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, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property	\$ 14,361,960	\$ 14,361,960	\$ 14,663,044	\$ 301,084
Sales	4,500,452	4,500,452	4,943,218	442,766
Franchise	1,425,650	1,425,650	1,671,415	245,765
Licenses and permits	5,398,314	5,404,564	4,738,857	(665,707)
Charges for services	605,065	605,065	712,710	107,645
Grants	-	61,362	106,906	45,544
Investment income	212,194	212,194	367,865	155,671
Fines, fees, warrants and seizures	427,224	427,224	486,843	59,619
Miscellaneous	64,745	58,495	221,076	162,581
Total revenues	<u>26,995,604</u>	<u>27,056,966</u>	<u>27,911,934</u>	<u>854,968</u>
EXPENDITURES				
Current:				
Administration	6,088,893	4,871,414	4,644,324	227,090
Police	4,425,616	4,160,215	3,931,456	228,759
Fire	6,910,179	5,502,985	5,495,426	7,559
Development Services	2,986,984	3,045,099	2,633,491	411,608
Public Works	3,664,411	2,457,520	2,020,144	437,376
Community Services	3,875,754	4,005,331	3,842,308	163,023
Engineering	1,234,618	1,445,140	1,192,200	252,940
Total expenditures	<u>29,186,455</u>	<u>25,487,704</u>	<u>23,759,349</u>	<u>1,728,355</u>
Excess of revenues over expenditures	(2,190,851)	1,569,262	4,152,585	2,583,323
OTHER FINANCING SOURCES (USES)				
Transfers in	881,541	881,541	881,542	1
Transfers out	(1,268,034)	(7,938,040)	(7,966,904)	(28,864)
Total other financing sources (uses)	<u>(386,493)</u>	<u>(7,056,499)</u>	<u>(7,085,362)</u>	<u>(28,863)</u>
CHANGE IN FUND BALANCE	(2,577,344)	(5,487,237)	(2,932,777)	2,554,460
FUND BALANCE - BEGINNING	<u>12,814,269</u>	<u>12,814,269</u>	<u>12,814,269</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 10,236,925</u>	<u>\$ 7,327,032</u>	<u>\$ 9,881,492</u>	<u>\$ 2,554,460</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 4,860,000	\$ 6,937,611	\$ 5,445,371	\$(1,492,240)
Investment income	70,000	114,758	111,046	(3,712)
Total Revenues	<u>4,930,000</u>	<u>7,052,369</u>	<u>5,556,417</u>	<u>(1,495,952)</u>
EXPENDITURES				
Public Works	8,186,384	9,257,081	4,059,395	5,197,686
Total expenditures	<u>8,186,384</u>	<u>9,257,081</u>	<u>4,059,395</u>	<u>5,197,686</u>
Excess of revenues over expenditures	<u>(3,256,384)</u>	<u>(2,204,712)</u>	<u>1,497,022</u>	<u>3,701,734</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(96,000)	(789,128)	(330,000)	459,128
Total other financing sources (uses)	<u>(96,000)</u>	<u>(789,128)</u>	<u>(330,000)</u>	<u>459,128</u>
CHANGE IN FUND BALANCE	<u>(3,352,384)</u>	<u>(2,993,840)</u>	<u>1,167,022</u>	<u>4,160,862</u>
FUND BALANCE - BEGINNING	<u>1,124,019</u>	<u>1,124,019</u>	<u>1,124,019</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$(2,228,365)</u>	<u>\$(1,869,821)</u>	<u>\$ 2,291,041</u>	<u>\$ 4,160,862</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, 2019

Measurement year December 31,	2018	2017
Total pension liability		
Service cost	\$ 2,559,835	\$ 2,156,520
Interest on total pension liability	1,255,581	1,046,888
Difference between expected and actual experience	526,914	(42,762)
Change or assumptions	-	-
Benefit payments/refunds of contributions	(326,425)	(214,667)
Net change in total pension liability	<u>4,015,905</u>	<u>2,945,979</u>
Total pension liability, beginning	<u>17,484,500</u>	<u>14,538,521</u>
Total pension liability, ending (a)	<u>\$ 21,500,405</u>	<u>\$ 17,484,500</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,802,565	\$ 1,526,920
Contributions - employee	932,591	794,089
Net investment income	(469,840)	1,650,563
Benefit payments/refunds of contributions	(326,425)	(214,667)
Administrative expenses	(9,048)	(8,534)
Other	(473)	(433)
Net change in fiduciary net position	<u>1,929,370</u>	<u>3,747,938</u>
Fiduciary net position, beginning	<u>15,629,788</u>	<u>11,881,849</u>
Fiduciary net position, ending (b)	<u>\$ 17,559,158</u>	<u>\$ 15,629,787</u>
Net pension liability = (a)-(b)	<u>3,941,247</u>	<u>1,854,713</u>
Fiduciary net position as a percentage of total pension liability	81.67%	89.39%
Covered payroll	\$ 13,304,757	\$ 11,344,133
Net Pension liability as a percentage of covered payroll	29.62%	16.35%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,719,445 874,511	\$ 1,457,871 732,791	\$ 1,149,110 610,963
(103,100)	264,111	(114,652)
-	(14,368)	-
(96,666)	(71,162)	(47,637)
<u>2,394,190</u>	<u>2,369,243</u>	<u>1,597,784</u>
<u>12,144,331</u>	<u>9,775,088</u>	<u>8,177,304</u>
\$ <u>14,538,521</u>	\$ <u>12,144,331</u>	\$ <u>9,775,088</u>
\$ 1,101,478 623,310 650,853	\$ 914,153 539,096 12,145	\$ 723,677 471,670 383,420
(96,666)	(71,162)	(47,637)
(7,335)	(7,392)	(4,000)
(397)	(365)	(329)
<u>2,271,243</u>	<u>1,386,475</u>	<u>1,526,801</u>
<u>9,610,606</u>	<u>8,224,131</u>	<u>6,697,330</u>
\$ <u>11,881,849</u>	\$ <u>9,610,606</u>	\$ <u>8,224,131</u>
<u>2,656,672</u>	<u>2,533,725</u>	<u>1,550,957</u>
81.73%	79.14%	84.13%
\$ 8,904,427	\$ 7,701,377	\$ 6,738,149
29.84%	32.90%	23.02%

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



COMBINING AND
INDIVIDUAL FUND
SCHEDULES



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TOWN OF PROSPER, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	Court Technology Fund	Court Security Fund	Parks Dedication Fund	Parks Improvement Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 9,517	\$ 13,396	\$ 721,648	\$ 654,082
Investments	9,914	13,955	751,765	681,380
Taxes receivable (net)	-	-	-	-
Accounts receivable (net)	-	-	-	-
Accrued interest	<u>53</u>	<u>74</u>	<u>3,992</u>	<u>3,618</u>
Total assets	<u>19,484</u>	<u>27,425</u>	<u>1,477,405</u>	<u>1,339,080</u>
LIABILITIES				
Accounts payable and accrued expenses	-	-	-	29,721
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,721</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Interest	<u>32</u>	<u>46</u>	<u>2,463</u>	<u>2,232</u>
Total deferred inflows of resources	<u>32</u>	<u>46</u>	<u>2,463</u>	<u>2,232</u>
FUND BALANCES				
Restricted for:				
Capital projects	-	-	-	-
Courts	19,452	27,379	-	-
Committed for:				
Assigned	<u>-</u>	<u>-</u>	<u>1,474,942</u>	<u>1,307,127</u>
Total fund balances	<u>19,452</u>	<u>27,379</u>	<u>1,474,942</u>	<u>1,307,127</u>
Total liabilities, deferred inflows of Resources and fund balances	\$ <u>19,484</u>	\$ <u>27,425</u>	\$ <u>1,477,405</u>	\$ <u>1,339,080</u>

Police SPD	Fire SPD	TIRZ 1 Fund	TIRZ 2 Fund	Contributions Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 49,622	\$ 12,494	\$ -	\$ 1,460,759
-	-	51,695	13,016	842,680	2,364,405
251,696	251,439	155,406	6	-	658,547
-	-	-	-	7,437	7,437
-	-	274	69	824	8,904
<u>251,696</u>	<u>251,439</u>	<u>256,997</u>	<u>25,585</u>	<u>850,941</u>	<u>4,500,052</u>
11,710	7,849	-	-	1,987	51,267
69,544	228,005	-	-	538,508	836,057
<u>81,254</u>	<u>235,854</u>	<u>-</u>	<u>-</u>	<u>540,495</u>	<u>887,324</u>
-	-	169	43	508	5,493
-	-	169	43	508	5,493
-	-	256,828	25,542	-	282,370
-	-	-	-	-	46,831
<u>170,442</u>	<u>15,585</u>	<u>-</u>	<u>-</u>	<u>309,938</u>	<u>3,278,034</u>
<u>170,442</u>	<u>15,585</u>	<u>256,828</u>	<u>25,542</u>	<u>309,938</u>	<u>3,607,235</u>
<u>\$ 251,696</u>	<u>\$ 251,439</u>	<u>\$ 256,997</u>	<u>\$ 25,585</u>	<u>\$ 850,941</u>	<u>\$ 4,500,052</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Court Technology Fund</u>	<u>Court Security Fund</u>	<u>Parks Dedication Fund</u>	<u>Parks Improvement Fund</u>
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Impact fees	-	-	-	-
Investment income	580	709	32,103	33,490
Fines, fees, warrants, and seizures	12,040	9,030	-	-
Contributions	-	-	668,865	275,884
Miscellaneous	-	-	-	-
Total revenues	<u>12,620</u>	<u>9,739</u>	<u>700,968</u>	<u>309,374</u>
EXPENDITURES				
Current:				
Administration	12,447	6,800	-	-
Police	-	-	-	-
Fire	-	-	-	-
Community services	-	-	-	42,813
Capital outlay	-	-	-	43,246
Total expenditures	<u>12,447</u>	<u>6,800</u>	<u>-</u>	<u>86,059</u>
Excess (Deficiency) of revenue Over expenditures	<u>173</u>	<u>2,939</u>	<u>700,968</u>	<u>223,315</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>173</u>	<u>2,939</u>	<u>700,968</u>	<u>223,315</u>
FUND BALANCES - BEGINNING	<u>19,279</u>	<u>24,440</u>	<u>773,974</u>	<u>1,083,812</u>
PRIOR PERIOD ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 19,452</u>	<u>\$ 27,379</u>	<u>\$ 1,474,942</u>	<u>\$ 1,307,127</u>

Police SPD	Fire SPD	TIRZ 1 Fund	TIRZ 2 Fund	Contributions Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 414,230	\$ 18,791	\$ -	\$ 433,021
1,303,224	1,302,422	926,636	32	-	3,532,314
-	-	123,893	-	-	123,893
-	-	10,316	748	6,613	84,559
-	-	-	-	2,966	24,036
-	-	-	-	49,092	993,841
-	-	-	-	2,739	2,739
<u>1,303,224</u>	<u>1,302,422</u>	<u>1,475,075</u>	<u>19,571</u>	<u>61,410</u>	<u>5,194,403</u>
-	-	1,512,589	19,958	43,785	1,595,579
1,132,782	-	-	-	-	1,132,782
-	1,286,837	-	-	-	1,286,837
-	-	-	-	-	42,813
-	-	-	-	-	43,246
<u>1,132,782</u>	<u>1,286,837</u>	<u>1,512,589</u>	<u>19,958</u>	<u>43,785</u>	<u>4,101,257</u>
<u>170,442</u>	<u>15,585</u>	<u>(37,514)</u>	<u>(387)</u>	<u>17,625</u>	<u>1,093,146</u>
-	-	789	-	-	789
-	-	-	-	(346,428)	(346,428)
-	-	789	-	(346,428)	(345,639)
<u>170,442</u>	<u>15,585</u>	<u>(36,725)</u>	<u>(387)</u>	<u>(328,803)</u>	<u>747,507</u>
-	-	293,553	25,929	1,646,890	3,867,877
-	-	-	-	(1,008,149)	(1,008,149)
<u>\$ 170,442</u>	<u>\$ 15,585</u>	<u>\$ 256,828</u>	<u>\$ 25,542</u>	<u>\$ 309,938</u>	<u>\$ 3,607,235</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, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,958,720	\$ 6,167,754	\$ 6,092,325	\$(75,429)
Investment income	40,000	40,000	104,819	64,819
Total Revenue	<u>5,998,720</u>	<u>6,207,754</u>	<u>6,197,144</u>	<u>(10,610)</u>
EXPENDITURES				
Debt service:				
Principal	3,340,450	3,340,450	3,196,800	143,650
Interest and fiscal charges	2,839,989	2,839,989	2,752,174	87,815
Bond issue costs and fees	18,000	18,123	-	18,123
Total Expenditures	<u>6,198,439</u>	<u>6,198,562</u>	<u>5,948,974</u>	<u>249,588</u>
Excess of revenues over expenditures	<u>(199,719)</u>	<u>9,192</u>	<u>248,170</u>	<u>238,978</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	(249,588)	249,588
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(249,588)</u>	<u>249,588</u>
CHANGE IN FUND BALANCE	<u>(199,719)</u>	<u>9,192</u>	<u>(1,418)</u>	<u>(10,610)</u>
FUND BALANCE - BEGINNING	<u>2,558,230</u>	<u>2,558,230</u>	<u>2,558,230</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,358,511</u>	<u>\$ 2,567,422</u>	<u>\$ 2,556,812</u>	<u>\$(10,610)</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Fines, fees, warrants, and seizures	\$ 10,395	\$ 12,398	\$ 12,040	\$(358)
Investment income	<u>120</u>	<u>120</u>	<u>580</u>	<u>460</u>
Total revenues	<u>10,515</u>	<u>12,518</u>	<u>12,620</u>	<u>102</u>
EXPENDITURES				
Police	<u>5,665</u>	<u>12,447</u>	<u>12,447</u>	<u>-</u>
Total expenditures	<u>5,665</u>	<u>12,447</u>	<u>12,447</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>4,850</u>	<u>71</u>	<u>173</u>	<u>102</u>
FUND BALANCE - BEGINNING	<u>19,279</u>	<u>19,279</u>	<u>19,279</u>	<u>-</u>
FUND BALANCE - ENDING	\$ <u>24,129</u>	\$ <u>19,350</u>	\$ <u>19,452</u>	\$ <u>102</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Fines, fees, warrants, and seizures	\$ 7,700	\$ 7,700	\$ 9,030	\$ 1,330
Investment income	<u>120</u>	<u>120</u>	<u>709</u>	<u>589</u>
Total revenues	<u>7,820</u>	<u>7,820</u>	<u>9,739</u>	<u>1,919</u>
EXPENDITURES				
Police	<u>12,996</u>	<u>12,996</u>	<u>-</u>	<u>12,996</u>
Total expenditures	<u>12,996</u>	<u>12,996</u>	<u>-</u>	<u>12,996</u>
CHANGE IN FUND BALANCE	<u>(5,176)</u>	<u>(5,176)</u>	<u>9,739</u>	<u>14,915</u>
FUND BALANCE - BEGINNING	<u>24,440</u>	<u>24,440</u>	<u>24,440</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 19,264</u>	<u>\$ 19,264</u>	<u>\$ 34,179</u>	<u>\$ 14,915</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Contributions	\$ 600,000	\$ 600,000	\$ 668,865	\$ 68,865
Investment income	<u>10,000</u>	<u>10,000</u>	<u>32,103</u>	<u>22,103</u>
Total revenues	<u>610,000</u>	<u>610,000</u>	<u>700,968</u>	<u>90,968</u>
EXPENDITURES				
Community Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>610,000</u>	<u>610,000</u>	<u>700,968</u>	<u>90,968</u>
FUND BALANCE - BEGINNING	<u>773,974</u>	<u>773,974</u>	<u>773,974</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,383,974</u>	<u>\$ 1,383,974</u>	<u>\$ 1,474,942</u>	<u>\$ 90,968</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, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 8,000	\$ 8,000	\$ 33,490	\$ 25,490
Contributions	<u>250,000</u>	<u>250,000</u>	<u>275,884</u>	<u>25,884</u>
Total revenues	<u>258,000</u>	<u>258,000</u>	<u>309,374</u>	<u>51,374</u>
EXPENDITURES				
Community service	30,000	133,000	42,813	90,187
Capital outlay	<u>474,500</u>	<u>532,490</u>	<u>43,246</u>	<u>489,244</u>
Total Expenditures	<u>504,500</u>	<u>665,490</u>	<u>86,059</u>	<u>579,431</u>
CHANGE IN FUND BALANCE	<u>(246,500)</u>	<u>(407,490)</u>	<u>223,315</u>	<u>630,805</u>
FUND BALANCE - BEGINNING	<u>1,083,812</u>	<u>1,083,812</u>	<u>1,083,812</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 837,312</u>	<u>\$ 676,322</u>	<u>\$ 1,307,127</u>	<u>\$ 630,805</u>

TOWN OF PROSPER, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
POLICE SPECIAL PURPOSE DISTRICT FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ <u>1,227,504</u>	\$ <u>1,298,226</u>	\$ <u>1,303,224</u>	\$ <u>4,998</u>
Total revenues	<u>1,227,504</u>	<u>1,298,226</u>	<u>1,303,224</u>	<u>4,998</u>
EXPENDITURES				
Police	<u>1,232,504</u>	<u>1,338,450</u>	<u>1,132,782</u>	<u>205,668</u>
Total expenditures	<u>1,232,504</u>	<u>1,338,450</u>	<u>1,132,782</u>	<u>205,668</u>
CHANGE IN FUND BALANCE	<u>(5,000)</u>	<u>(40,224)</u>	<u>170,442</u>	<u>210,666</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$(5,000)</u>	<u>\$(40,224)</u>	<u>\$ 170,442</u>	<u>\$ 210,666</u>

TOWN OF PROSPER, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
FIRE SPECIAL PURPOSE DISTRICT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 1,227,504	\$ 1,297,424	\$ 1,302,422	\$ 4,998
Total revenues	<u>1,227,504</u>	<u>1,297,424</u>	<u>1,302,422</u>	<u>4,998</u>
EXPENDITURES				
Police	<u>1,232,504</u>	<u>1,478,396</u>	<u>1,286,837</u>	<u>191,559</u>
Total expenditures	<u>1,232,504</u>	<u>1,478,396</u>	<u>1,286,837</u>	<u>191,559</u>
CHANGE IN FUND BALANCE	<u>(5,000)</u>	<u>(180,972)</u>	<u>15,585</u>	<u>196,557</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$(5,000)</u>	<u>\$(180,972)</u>	<u>\$ 15,585</u>	<u>\$ 196,557</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 373,313	\$ 373,313	\$ 414,230	\$ 40,917
Sales taxes	840,000	840,000	926,636	86,636
Impact fees	500,000	500,000	123,893	(376,107)
Investment income	<u>5,000</u>	<u>5,000</u>	<u>10,316</u>	<u>5,316</u>
Total revenues	<u>1,718,313</u>	<u>1,718,313</u>	<u>1,475,075</u>	<u>(243,238)</u>
EXPENDITURES				
Development services	<u>1,718,313</u>	<u>1,718,313</u>	<u>1,512,589</u>	<u>205,724</u>
Total expenditures	<u>1,718,313</u>	<u>1,718,313</u>	<u>1,512,589</u>	<u>205,724</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(37,514)</u>	<u>(37,514)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>-</u>	<u>-</u>	<u>789</u>	<u>789</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>789</u>	<u>789</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(36,725)</u>	<u>(36,725)</u>
FUND BALANCE - BEGINNING	<u>293,553</u>	<u>293,553</u>	<u>293,553</u>	<u>-</u>
FUND BALANCE - ENDING	\$ <u>293,553</u>	\$ <u>293,553</u>	\$ <u>256,828</u>	\$ <u>(36,725)</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, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Sales tax	\$ 300	\$ 300	\$ 32	\$(268)
Impact fees	325,500	325,500	-	(325,500)
Property taxes	19,361	19,361	18,791	(570)
Investment income	<u>1,000</u>	<u>1,000</u>	<u>748</u>	<u>(252)</u>
Total Revenues	<u>346,161</u>	<u>346,161</u>	<u>19,571</u>	<u>(326,590)</u>
EXPENDITURES				
Administration	<u>346,161</u>	<u>346,161</u>	<u>19,958</u>	<u>346,161</u>
Total expenditures	<u>346,161</u>	<u>346,161</u>	<u>19,958</u>	<u>346,161</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(387)</u>	<u>(387)</u>
FUND BALANCE - BEGINNING	<u>25,929</u>	<u>25,929</u>	<u>25,929</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 25,929</u>	<u>\$ 25,929</u>	<u>\$ 25,542</u>	<u>\$(387)</u>

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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 2,525	\$ 2,525	\$ 6,613	\$ 4,088
Contributions	34,000	59,310	49,092	(10,218)
Fines, fees, warrants, and seizures	-	-	2,966	2,966
Miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>2,739</u>	<u>(1,261)</u>
Total Revenues	<u>40,525</u>	<u>65,835</u>	<u>61,410</u>	<u>(4,425)</u>
EXPENDITURES				
Administration	<u>41,339</u>	<u>66,649</u>	<u>43,785</u>	<u>22,864</u>
Total Expenditures	<u>41,339</u>	<u>66,649</u>	<u>43,785</u>	<u>22,864</u>
Excess of revenues over expenditures	<u>(814)</u>	<u>(814)</u>	<u>17,625</u>	<u>18,439</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	<u>-</u>	<u>-</u>	<u>(346,428)</u>	<u>346,428</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(346,428)</u>	<u>346,428</u>
CHANGE IN FUND BALANCE	<u>(814)</u>	<u>(814)</u>	<u>(328,803)</u>	<u>(327,989)</u>
FUND BALANCE - BEGINNING	<u>1,646,890</u>	<u>1,646,890</u>	<u>1,646,890</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>(1,008,149)</u>	<u>(1,008,149)</u>
FUND BALANCE - ENDING	<u>\$ 1,646,890</u>	<u>\$ 1,646,890</u>	<u>\$ 309,938</u>	<u>\$(1,336,952)</u>



STATISTICAL
SECTION

**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.	69
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.	80
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.	86
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.	92
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.	94

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			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 37,271	\$ 37,366	\$ 41,798	\$ 43,471
Restricted	5,952	9,359	10,849	9,882
Unrestricted	<u>8,410</u>	<u>6,979</u>	<u>8,432</u>	<u>10,176</u>
Total governmental activities net position	<u>\$ 51,633</u>	<u>\$ 53,704</u>	<u>\$ 61,079</u>	<u>\$ 63,529</u>
Business-type activities				
Net investment in capital assets	\$ 5,704	\$ 5,615	\$ 6,058	\$ 12,643
Restricted	-	-	-	-
Unrestricted	<u>6,034</u>	<u>7,695</u>	<u>9,090</u>	<u>5,319</u>
Total business-type activities net position	<u>\$ 11,738</u>	<u>\$ 13,310</u>	<u>\$ 15,148</u>	<u>\$ 17,962</u>
Primary government				
Net investment in capital assets	\$ 42,975	\$ 42,981	\$ 47,856	\$ 56,114
Restricted	5,952	9,359	10,849	9,882
Unrestricted	<u>14,444</u>	<u>14,674</u>	<u>17,522</u>	<u>15,495</u>
Total primary government net position	<u>\$ 63,371</u>	<u>\$ 67,014</u>	<u>\$ 76,227</u>	<u>\$ 81,491</u>

TABLE 1

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	45,398	\$	50,132	\$	60,997	\$	63,158	\$	126,774	\$	150,815
	13,459		18,551		14,275		7,549		2,332		1,945
	10,126		11,485		20,672		27,898		16,266		14,750
\$	<u>68,983</u>	\$	<u>80,168</u>	\$	<u>95,944</u>	\$	<u>98,605</u>	\$	<u>145,372</u>	\$	<u>167,510</u>
\$	19,708	\$	21,119	\$	4,772	\$	12,598	\$	93,021	\$	112,197
	-		-		-		4,722		-		-
	3,584		3,351		24,391		23,010		14,696		12,177
\$	<u>23,292</u>	\$	<u>24,470</u>	\$	<u>29,163</u>	\$	<u>40,330</u>	\$	<u>107,717</u>	\$	<u>124,374</u>
\$	65,106	\$	71,251	\$	65,769	\$	75,756	\$	219,795	\$	263,012
	13,459		18,551		14,307		12,271		2,332		1,945
	13,710		14,836		45,031		50,908		30,962		26,927
\$	<u>92,275</u>	\$	<u>104,638</u>	\$	<u>125,107</u>	\$	<u>138,935</u>	\$	<u>253,089</u>	\$	<u>291,885</u>

TOWN OF PROSPER, TEXAS

CHANGE IN NET POSITION

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$ 2,193	\$ 3,075	\$ 2,785	\$ 2,890
Public safety	3,869	4,108	4,341	5,052
Public works	1,609	2,370	1,616	1,825
Culture and recreation	917	728	1,546	1,886
Economic development	-	-	-	-
Interest on long-term debt	895	1,139	1,108	1,318
Total governmental activities expenses	<u>9,483</u>	<u>11,420</u>	<u>11,396</u>	<u>12,971</u>
Business-type activities:				
Water, sewer, and sanitation	5,140	5,332	5,476	6,293
Total business-type activities expenses	<u>5,140</u>	<u>5,332</u>	<u>5,476</u>	<u>6,293</u>
Total primary government expenses	<u>14,623</u>	<u>16,752</u>	<u>16,872</u>	<u>19,264</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	672	826	1,992	2,210
Public safety	397	400	312	352
Culture and recreation	-	-	-	2
Economic development	-	-	-	-
Public works	-	-	-	-
Operating grants and contributions	2,224	350	266	93
Capital grants and contributions	-	2,908	5,356	5,716
Total governmental activities program revenues	<u>3,293</u>	<u>4,484</u>	<u>7,926</u>	<u>8,373</u>
Business-type activities:				
Charges for services:				
Water, sewer and sanitation	5,393	7,238	8,021	9,099
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>5,393</u>	<u>7,238</u>	<u>8,021</u>	<u>9,099</u>
Total primary government program revenues	<u>8,686</u>	<u>11,722</u>	<u>15,947</u>	<u>17,472</u>
Net (expense) revenue:				
Governmental activities	(6,190)	(6,936)	(3,470)	(4,598)
Business-type activities	253	1,906	2,545	2,806
Total primary government net expense	<u>(5,937)</u>	<u>(5,030)</u>	<u>(925)</u>	<u>(1,792)</u>

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018 ^A	2019
\$ 3,698	\$ 4,922	\$ 4,884	\$ 5,884	\$ 5,633	\$ 7,937
5,610	6,129	7,027	9,256	10,853	12,013
2,667	3,495	6,701	5,974	4,836	5,645
2,462	2,747	2,973	3,357	5,226	4,687
-	-	921	1,880	4,205	2,715
1,119	4,409	1,571	1,774	2,297	3,070
<u>15,556</u>	<u>21,702</u>	<u>24,077</u>	<u>28,125</u>	<u>33,050</u>	<u>36,067</u>
<u>7,464</u>	<u>9,282</u>	<u>10,522</u>	<u>15,209</u>	<u>19,487</u>	<u>23,305</u>
<u>7,464</u>	<u>9,282</u>	<u>10,522</u>	<u>15,209</u>	<u>19,487</u>	<u>23,305</u>
<u>23,020</u>	<u>30,984</u>	<u>34,599</u>	<u>43,334</u>	<u>52,537</u>	<u>59,372</u>
2,588	3,428	4,261	4,761	1,018	1,937
585	628	796	899	518	567
4	42	98	148	227	310
-	-	-	-	4,673	3,882
-	-	-	-	-	5,609
113	101	127	198	138	156
<u>5,277</u>	<u>7,907</u>	<u>15,639</u>	<u>6,870</u>	<u>9,964</u>	<u>13,358</u>
<u>8,567</u>	<u>12,106</u>	<u>20,921</u>	<u>12,876</u>	<u>16,538</u>	<u>25,819</u>
9,080	10,918	13,495	14,539	19,200	21,125
<u>3,897</u>	<u>-</u>	<u>-</u>	<u>5,949</u>	<u>12,743</u>	<u>18,358</u>
<u>12,977</u>	<u>10,918</u>	<u>13,495</u>	<u>20,488</u>	<u>31,943</u>	<u>39,483</u>
<u>21,544</u>	<u>23,024</u>	<u>34,416</u>	<u>33,364</u>	<u>48,481</u>	<u>65,302</u>
(6,989)	(6,658)	(3,156)	(15,249)	(16,512)	(10,248)
<u>5,513</u>	<u>1,635</u>	<u>2,973</u>	<u>5,279</u>	<u>12,456</u>	<u>16,178</u>
<u>(1,476)</u>	<u>(5,023)</u>	<u>(183)</u>	<u>(9,970)</u>	<u>(4,056)</u>	<u>(5,931)</u>

TOWN OF PROSPER, TEXAS

CHANGE IN NET POSITION

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

	Fiscal Year			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 5,505	\$ 5,986	\$ 6,392	\$ 7,314
Sales taxes	1,309	1,321	1,942	2,478
Franchise taxes	399	425	505	520
Impact fees and escrow fees	2,688	53	628	-
Investment income	338	155	162	167
Miscellaneous	116	530	864	582
Transfers	15	434	352	(73)
Total governmental activities	<u>10,370</u>	<u>8,904</u>	<u>10,845</u>	<u>10,988</u>
Business-type activities:				
Investment income	74	53	96	175
Miscellaneous income	39	47	60	91
Transfers	(15)	(434)	(352)	73
Total business-type activities	<u>98</u>	<u>(334)</u>	<u>(196)</u>	<u>339</u>
Total primary government	<u>10,468</u>	<u>8,570</u>	<u>10,649</u>	<u>11,327</u>
Change in Net Position				
Governmental activities	4,180	1,968	7,375	6,389
Business-type activities	<u>351</u>	<u>1,572</u>	<u>2,349</u>	<u>3,145</u>
Total primary government	<u>\$ 4,531</u>	<u>\$ 3,540</u>	<u>\$ 9,724</u>	<u>\$ 9,534</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						
2014	2015	2016	2017	2018	2019	
\$ 8,410	\$ 9,967	\$ 12,880	\$ 14,668	\$ 17,339	\$ 21,273	
2,807	4,355	5,609	7,038	7,073	8,476	
596	737	737	967	1,706	1,671	
-	-	-	-	-	-	
115	160	277	431	658	1,269	
151	501	281	428	164	214	
364	521	(1,751)	(5,622)	1,358	491	
<u>12,443</u>	<u>16,241</u>	<u>18,033</u>	<u>17,910</u>	<u>28,298</u>	<u>33,394</u>	
105	80	76	161	339	750	
76	114	117	105	178	221	
(364)	(521)	1,751	5,622	(1,358)	(491)	
(183)	(327)	1,944	5,888	(841)	479	
<u>12,260</u>	<u>15,914</u>	<u>19,977</u>	<u>23,798</u>	<u>27,457</u>	<u>33,873</u>	
5,454	9,583	14,877	2,661	11,786	23,146	
5,330	1,308	4,917	11,167	11,615	16,658	
<u>\$ 10,784</u>	<u>\$ 10,891</u>	<u>\$ 19,794</u>	<u>\$ 13,828</u>	<u>\$ 23,401</u>	<u>\$ 39,804</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Reserved	\$ 3	\$ 1	\$ -	\$ -
Unreserved	4,968	5,568	-	-
Nonspendable	-	-	9	27
Committed	-	-	1,715	1,855
Unassigned	-	-	5,356	5,194
Total General Fund	<u>\$ 4,971</u>	<u>\$ 5,569</u>	<u>\$ 7,080</u>	<u>\$ 7,076</u>
All Other Governmental Funds				
Reserved	\$ 577	\$ 737	\$ -	\$ -
Unreserved, reported in:				
Capital project funds	5,337	5,348	-	-
Impact fee funds	6,239	6,895	-	-
Special revenue funds	3,968	3,276	-	-
Nonspendable	-	-	5	-
Restricted				
Debt service	-	-	890	1,187
Capital projects	-	-	16,838	17,799
Courts	-	-	-	-
Assigned	-	-	1,172	1,477
Total All Other Governmental Funds	<u>\$ 16,121</u>	<u>\$ 16,256</u>	<u>\$ 18,905</u>	<u>\$ 20,463</u>

Source: Balance Sheets - Governmental Funds in Towns CAFRs.

TABLE 3

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
6	2	3	61	15	18
2,152	2,588	2,966	3,696	4,660	4,752
<u>5,430</u>	<u>4,977</u>	<u>7,059</u>	<u>8,547</u>	<u>8,139</u>	<u>5,111</u>
<u>\$ 7,588</u>	<u>\$ 7,567</u>	<u>\$ 10,028</u>	<u>\$ 12,304</u>	<u>\$ 12,814</u>	<u>\$ 9,881</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	32	-	-	-
-	-	-	-	-	-
1,159	1,470	1,842	2,147	2,558	2,557
17,699	27,414	31,040	18,009	20,152	33,032
-	-	-	35	44	47
<u>2,371</u>	<u>2,297</u>	<u>7,786</u>	<u>10,316</u>	<u>3,505</u>	<u>3,278</u>
<u>\$ 21,229</u>	<u>\$ 31,181</u>	<u>\$ 40,700</u>	<u>\$ 30,507</u>	<u>\$ 26,259</u>	<u>\$ 38,914</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)

	2010	2011	2012	2013
Revenues				
Taxes	\$ 7,264	\$ 7,758	\$ 8,850	\$ 10,220
Licenses and permits	672	670	1,571	1,752
Intergovernmental	1,109	1,109	2,863	1,730
Charges for services	2,858	1,809	2,861	3,066
Impact fees	-	-	-	-
Escrow fees	-	-	-	-
Grants	1,070	285	198	49
Fines and forfeitures	227	393	541	647
Investment earnings	339	154	160	166
Contributions	45	272	348	1,129
Miscellaneous	116	115	286	570
Total Revenues	13,700	12,565	17,678	19,329
Expenditures				
General government	2,173	2,750	2,798	2,846
Public safety	3,648	3,879	4,144	4,652
Public Works	503	1,269	511	523
Culture and recreation	814	653	899	1,167
Economic development	-	-	-	-
Capital outlay	13,174	4,112	7,660	9,773
Debt service				
Principal	527	936	1,318	1,396
Interest	1,600	1,101	1,079	1,153
Other charges	-	59	81	158
Total Expenditures	22,439	14,759	18,490	21,668
Excess of revenues over (under) expenditures	(8,739)	(2,194)	(812)	(2,339)
Other Financing Sources (Uses)				
Transfer in	2,460	1,066	3,509	6,057
Transfer out	(2,445)	(667)	(3,177)	(6,150)
Proceeds from insurance	-	426	750	12
Issuance of debt	-	2,045	4,712	7,710
Premium (discount) on debt issuance	-	11	242	169
Payments to bond escrow agent	-	-	(1,064)	(3,899)
Capital leases	58	-	-	-
Net other financing sources (uses)	73	2,881	4,972	3,899
Net change in fund balances	\$ (8,666)	\$ 687	\$ 4,160	\$ 1,560
Debt service as a percentage of noncapital expenditures	23.0%	19.1%	22.1%	21.4%

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

TABLE 4

	2014	2015	2016	2017	2018	2019
\$	11,834	\$ 15,076	\$ 18,545	\$ 23,306	\$ 26,156	\$ 31,335
	2,102	2,645	3,116	3,082	5,468	4,739
	-	-	-	-	-	-
	4,353	6,855	3,997	687	742	713
	-	-	9,612	4,432	5,283	5,569
	-	-	-	-	-	648
	28	29	56	748	493	2,942
	809	1,194	1,530	2,091	670	1,219
	114	160	276	379	424	511
	1,216	1,358	2,539	1,459	372	994
	151	481	281	428	176	231
	<u>20,607</u>	<u>27,798</u>	<u>39,952</u>	<u>36,612</u>	<u>39,784</u>	<u>48,901</u>
	3,685	5,295	5,972	6,412	5,659	8,768
	5,137	5,722	6,693	8,873	10,243	11,561
	912	1,424	4,447	3,541	4,210	3,308
	1,688	1,931	2,159	1,948	4,810	3,885
	-	-	-	1,709	7,364	2,633
	5,719	10,104	21,565	23,767	18,782	18,748
	1,638	1,623	1,860	2,363	2,554	3,197
	1,163	1,227	1,527	1,788	2,428	2,752
	10	336	153	157	30	240
	<u>19,952</u>	<u>27,662</u>	<u>44,376</u>	<u>50,558</u>	<u>56,080</u>	<u>55,092</u>
	655	136	(4,424)	(13,946)	(16,296)	(6,192)
	1,571	4,104	11,704	6,928	9,975	8,805
(2,009)	(4,154)	(13,457)	(12,630)	(9,696)	(10,037)
	-	-	-	-	-	-
	3,340	20,919	13,440	10,575	16,305	17,135
	312	2,397	1,322	1,155	923	1,019
(2,592)	(10,482)	(2,988)	-	-	-
	-	-	-	-	-	-
	<u>622</u>	<u>12,784</u>	<u>10,021</u>	<u>6,028</u>	<u>17,507</u>	<u>16,922</u>
\$	<u>1,277</u>	<u>\$ 12,920</u>	<u>\$ 5,597</u>	<u>\$(7,918)</u>	<u>\$ 1,213</u>	<u>\$ 10,730</u>
	<u>19.7%</u>	<u>16.2%</u>	<u>14.8%</u>	<u>15.5%</u>	<u>16.8%</u>	<u>18.2%</u>

TOWN OF PROSPER, TEXAS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Total
2010	\$ 5,505	\$ 1,309	\$ 399	\$ 7,213
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



TOWN OF
PROSPER

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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>
2010	\$ 1,549,887	\$ 1,516,169	\$ 33,718	\$ 503,338
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	3,242,619	64,126	994,180
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

TABLE 6

	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Assessed Value as a % of Estimated Market Value</u>
\$	1,046,549	0.52000	67.52%
	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%

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
2010	0.314084	0.205916	0.520000	1.640000	0.242500
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	1.670000	0.174951

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	0.249800	2.488800	2.409800
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	2.446173	2.415278

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
2010	\$ 5,404,368	\$ 5,338,109	98.77%	\$ 170,588	\$ 5,508,668	101.9%
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%	324,737	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%	328,578	8,452,136	102.9%
2015	9,730,516	9,704,426	99.73%	345,368	9,975,911	102.5%
2016	12,052,689	11,922,739	98.92%	301,850	12,224,589	101.4%
2017	14,077,378	14,052,156	99.82%	93,913	14,146,069	100.5%
2018	17,168,258	17,119,197	99.71%	92,292	17,211,489	100.3%
2019	20,643,714	20,590,864	99.74%	-	20,590,864	99.7%

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 2019 AND 2010
(UNAUDITED)

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
380 & 289, LP	\$ 72,075,348	1	1.92%	\$ -	-	-
DD Bluestem LLC	55,233,905	2	1.47%	-	-	-
Orion Prosper Lakes LLC	38,760,000	3	1.04%	-	-	-
Orion Prosper LLC	31,676,505	4	0.85%	-	-	-
MQ Prosper Retail LLC	24,931,913	5	0.67%	-	-	-
Northwest 423/380 LTD	21,679,898	6	0.58%	-	-	-
Wal-Mart Real Estate Business Trust	19,493,000	7	0.52%	-	-	-
First Texas Homes	19,456,594	8	0.52%	-	-	-
Crossland Texas Industrial LLC	17,923,264	9	0.48%	-	-	-
Kroger Texas LP	17,134,494	10	0.46%	-	-	-
Western Rim Investors 2007-3 LP	-	-	-	38,941,000	1	3.72%
Prosper Land Company, Ltd	-	-	-	12,272,000	2	1.17%
Saddle Creek Investments, Ltd	-	-	-	8,538,000	3	0.82%
Custer-Prosper LP	-	-	-	6,991,000	4	0.67%
Five SAC Self-Storage	-	-	-	6,618,000	5	0.63%
Sanders, Deion Luwynn	-	-	-	5,577,000	6	0.53%
CC Joint Ventures LTD	-	-	-	4,959,000	7	0.47%
Preston Development LTD	-	-	-	4,833,000	8	0.46%
Da'Hood Trust	-	-	-	4,824,000	9	0.46%
Jobe Properties	-	-	-	4,116,000	10	0.39%
Totals	<u>\$ 318,364,921</u>		<u>8.51%</u>	<u>\$ 97,669,000</u>		<u>9.32%</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
2010	\$ -	\$ 22,259	\$ -	51	\$ -
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

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			
\$ 13,915	\$ -	\$ -	\$ 36,225	92.6%	\$ 3,844
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	130,385	N/A	5,087

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
2010	\$ 13,915	\$ 22,259	\$ 614	\$ 35,560	3.40%	\$ 3,774
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	41,108	89,277	2,556	127,829	3.41%	4,987

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, 2019
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property rates:			
Prosper Independent School District	\$ 623,064,002	68.66%	\$ 427,795,744
Collin County	392,565,000	2.11%	8,283,122
Collin College	256,487,832	2.11%	5,411,893
Denton County	625,310,000	0.23%	1,438,213
Subtotal - overlapping debt	<u>1,897,426,834</u>		<u>442,928,972</u>
Town of Prosper direct debt	\$ <u>87,867,897</u>	100.00%	<u>87,867,897</u>
Total direct and overlapping debt			<u>\$ 530,796,869</u>

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

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			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
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					
2014	2015	2016	2017	2018	2019
\$ 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>					

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
2010	9,423	\$ 39,133	\$ 49,629	3,575	7.1%
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	N/A	N/A	16,695	2.9%

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 2019 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	2019		
	Employees	Rank	Percentage of Total Town Employment
Prosper ISD	1,916	1	46.10%
Kroger	512	2	12.30%
Wal-Mart	300	3	7.20%
Town of Prosper	245	4	5.90%
Olive Garden	142	5	3.40%
Lowe's	115	6	2.80%
Longo Toyota	84	7	2.00%
Gentle Creek	76	8	1.80%
Dicks/Field & Stream	74	9	1.80%
Texas Health Resources	70	10	1.70%
Total	3,534		85.00%

Employer	2010		
	Employees	Rank	Percentage of Total Town Employment
Prosper ISD	502	1	58.20%
Town of Prosper	72	2	8.30%
Cornerstone Automation Systems	64	3	7.40%
Gentle Creek	50	4	5.80%
Prosper Bank	35	5	4.10%
ProBuild	30	6	3.50%
Lattimore Materials	30	7	3.50%
Dairy Manufacturers	30	8	3.50%
Mahard Egg Farm	30	9	3.50%
CVS	20	10	2.30%
Total	863		100.00%

Source: Prosper EDC, updated August 2019.

TOWN OF PROSPER, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

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

Function/Program	2010	2011	2012	2013
General Government				
Building inspection permits				
Commercial construction				
Number of units	8	13	21	21
Total dollar value of permits issued	3,150	14,341	28,385	4,219
Average value	394	1,103	1,352	201
Residential Construction				
Number of units	299	347	445	483
Total dollar value of permits issued	79,232	100,084	172,757	195,257
Average value	265	288	388	404
Public safety				
Police				
Physical arrests	121	103	108	99
Traffic collisions	69	148	263	289
Number of vehicles	N/A	N/A	N/A	N/A
Fire				
Number of frontline engines	1	1	1	1
Number of reserve engines	1	1	1	1
Number of Station	1	1	1	1
Total incidents/calls for service	776	1,033	1,122	1,057
Fire	42	63	67	45
Overpressure/explosion	-	1	11	6
Rescue & EMS	399	441	585	597
Hazardous condition	30	38	34	20
Service call	147	234	193	196
Good intent call	61	85	100	94
False alarm & false call	95	107	132	96
Severe weather & natural disaster	2	64	-	3
Fire marshal				
Fire inspections	112	659	402	278
Fire safety programs	42	20	23	14
Municipal court				
Number of cases files	1,743	2,040	2,025	1,645
Number of cases closed	1,504	1,833	1,688	1,872
Public works				
Water & Sewer				
Linear feet of water lines	N/A	N/A	N/A	N/A
Linear feet of sewer lines	N/A	N/A	N/A	N/A
Number of hydrants	N/A	N/A	N/A	N/A
Water customers	3,080	3,431	3,853	4,418
Wastewater customers	2,333	2,672	3,084	3,568
Streets				
Miles of streets maintain	N/A	N/A	N/A	125
Number of traffic signals	N/A	N/A	N/A	-
Parks				
Number of parks	13	13	15	16
Number of playgrounds	2	5	5	6
Acreage maintained	59.6	123.0	136.0	146.0

Source: Town of Prosper Department Staff.

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

* The decrease in residential value of permits issued is due to the passage of House Bill 852 that prohibits municipalites 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.

TABLE 16

Fiscal Year					
2014	2015	2016	2017	2018	2019
29	45	74	108	101	105
19,172	50,625	122,799	95,793	112,427	141,609
661	1,125	1,659	887	1,113	1,349
474	708	648	715	980	793
209,949	313,681	316,039	347,484	474,515 *	246,110
443	443	488	486	484	310
115	128	163	205	253	208
279	429	234	322	605	889
15	15	15	18	20	28
1	1	2	2	2	2
1	1	2	2	2	2
1	1	2	2	2	2
1,100	1,245	1,537	2,102	2,185	2,107
64	30	64	98	97	62
5	-	10	10	3	4
588	583	797	1,072	1,139	1,110
29	37	52	60	58	83
212	136	293	44	438	459
101	328	168	265	219	161
95	131	140	244	229	226
6	-	13	9	2	2
283	156	966	1,210	1,291	2,022
18	24	12	14	17	58
2,118	2,439	3,147	3,027	3,581	4,499
2,954	3,605	3,534	3,019	3,964	4,814
579,777	627,900	692,447	786,557	920,859	1,006,066
428,360	482,838	546,950	619,386	720,466	752,925
N/A	N/A	N/A	1,523	1,910	2,016
4,943	5,539	6,671	7,784	8,603	9,188
4,055	4,627	5,757	6,770	7,506	8,131
125	132	141	153	179	212
-	1	2	2	3	3
16	21	22	22	23	28
6	7	7	8	11	13
146.0	178.0	178.0	190.0	218.0	225.3

TOWN OF PROSPER, TEXAS

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2010</u>	<u>2011</u>	Fiscal Year <u>2012</u>	<u>2013</u>	<u>2014</u>
GENERAL FUND					
Administration	5.5	5.5	6.5	8.5	9
Code Compliance	1	1	1	1	1
Court	1	1	1	1	1.5
Dispatch	6	7	7	7	7.5
Engineering	1	1	1	3	3
Fire	18.5	18.5	20	20	20
Fire Marshal	1	1	1	1	1
Inspections	7	7	7	8	9
Library	1	1	1	1.5	2
Parks	4	6	10	12	15
Planning	3	2	2	3	3
Police	10	11	12	15	15
Streets	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total General Fund	<u>61</u>	<u>64</u>	<u>71.5</u>	<u>83</u>	<u>89</u>
ENTERPRISE FUNDS					
Storm Drainage	-	1	1	1	1
Utility Billing	2	2	1.5	2.5	2.5
Wastewater	2	2	3	5	6
Water	<u>5</u>	<u>5</u>	<u>7</u>	<u>8</u>	<u>10</u>
Total Enterprise Fund	<u>9</u>	<u>10</u>	<u>12.5</u>	<u>16.5</u>	<u>19.5</u>
CAPITAL PROJECTS FUND	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>71</u>	<u>75</u>	<u>85</u>	<u>100.5</u>	<u>109.5</u>

Source: Town of Prosper Annual Budget

TABLE 17

2015	2016	Fiscal Year 2017	2018	2019
9.5	12	13	17	19
1	1	1	2	2
2	2.5	2.5	3.5	4
7.5	9	9	9	11
5	6	6	7	10
32	33	34	40	41
1	1	2	2	3
13	13	13	15	16
3.5	2.5	2.5	6.5	6.5
16	18	20	22	26
4	4	4	5	5
20	22	27	30	36
<u>2</u>	<u>3</u>	<u>3</u>	<u>5</u>	<u>6</u>
<u>116.5</u>	<u>127</u>	<u>137</u>	<u>164</u>	<u>186</u>
2	2	2	2	2
2.5	3	3	4	4
4	4	7	9	12
<u>14</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>
<u>22.5</u>	<u>24</u>	<u>30</u>	<u>36</u>	<u>42</u>
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>140</u>	<u>151</u>	<u>167</u>	<u>200</u>	<u>228</u>