



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2024
PROSPER, TEXAS



TOWN OF PROSPER, TEXAS

YEAR ENDED SEPTEMBER 30, 2024

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**INTRODUCTORY
SECTION**



March 21, 2025

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 Annual Comprehensive Financial Report ("ACFR") of the Town of Prosper ("Town") for the fiscal year ending September 30, 2024. This report provides the Town Council, Town Staff, our citizens, 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 finances, 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. Weaver and Tidwell, 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, 2024, 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, 2024, 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.

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. Both these communities became Prosper when the Town was incorporated in 1914 with a Commission form of government and a population of 500. The opening of DFW airport in 1974, combined with the strong Texas economy, favorable business environment and central location nationally, spurred significant in-migration including Fortune 500 and other corporate headquarters. Suburban cities north of Dallas began growing rapidly. With both the inner-ring and second ring northern suburbs at or near build-out growth in Prosper is accelerating.

Prosper has retained its small town appeal by carefully managing growth in accordance with a Comprehensive Land Use Plan, a Parks and Open Space Plan and a Capital Improvements Plan. Unlike the large suburban cities of Plano and Frisco to the south and McKinney, to the east, Prosper's large existing lot size and only 27 landlocked square miles puts its build-out population at approximately 75,000. While residential growth remains strong, the Town is carefully evolving from a bedroom community of 38,000+ residents to a balance between high-end residential and diversified commercial including retail, hotels, restaurants, new car dealerships, office, two children's hospitals and related professional space.

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 fund level for all funds. This budgetary level serves as the foundation for the Town's financial planning and control. The Town Manager may transfer resources within or between departments. The Town Council approves any amendments or additional funding requests for appropriations over that of the budgeted fund level total. These amendments shall be by ordinance and shall become an attachment to the original budget.

The accompanying ACFR 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.

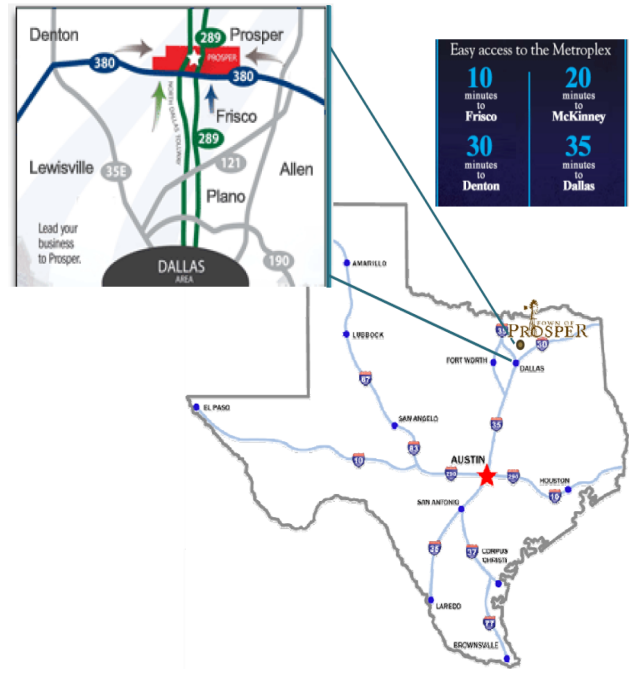
The Reporting Entity Profile

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 last revised on 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.

The Town provides a full range of services including: public safety (police, fire, emergency medical services (EMS), and dispatch), municipal court, streets, water/wastewater, solid waste and storm drainage utilities, parks and recreation, library, engineering, planning and zoning, building inspections and code compliance, economic development and general administrative services.

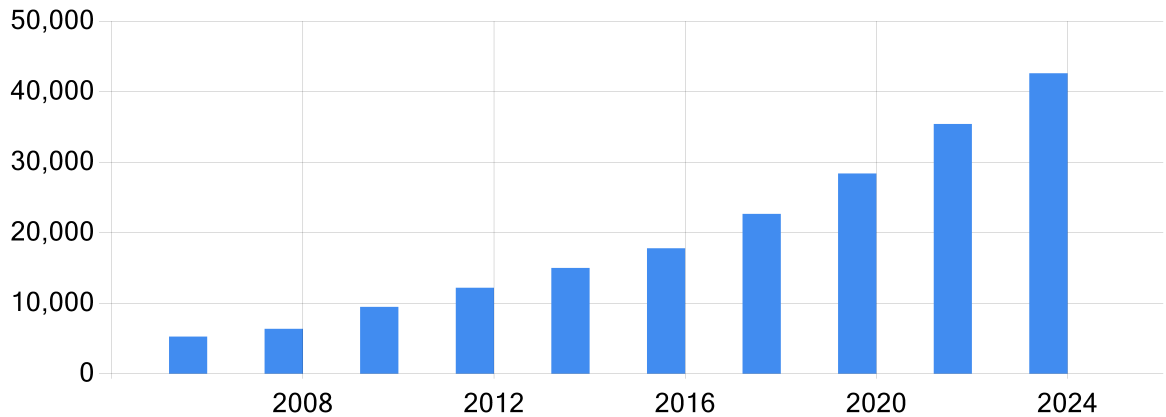
The Prosper Economic Development Corporation (PEDC) is Town-chartered and governed by a seven-member Board of Directors appointed by the Town Council. The Town has included the financial statements for the PEDC in its government-wide financial statements as a component unit. Component units are legally separate organizations that meet the criteria for inclusion in the financial statements of the primary government.

The Town is located 31 miles north of downtown Dallas on the Dallas North Tollway and is approximately 27 square miles. Prosper includes areas in Collin and Denton counties. The Town is bisected north to south by Preston Road and the future DNT which has begun with scheduled completion in 2027. US Highway 380 comprises its southern border and is just five minutes north of the bustling Dallas North Tollway cities of Frisco and Plano.



The Town is home to 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 quality of life has created rapid growth for the Prosper community. The 2014 estimated population for the Town was 14,986 with a 2024 estimate of 42,598 representing ten-year growth of 184%.

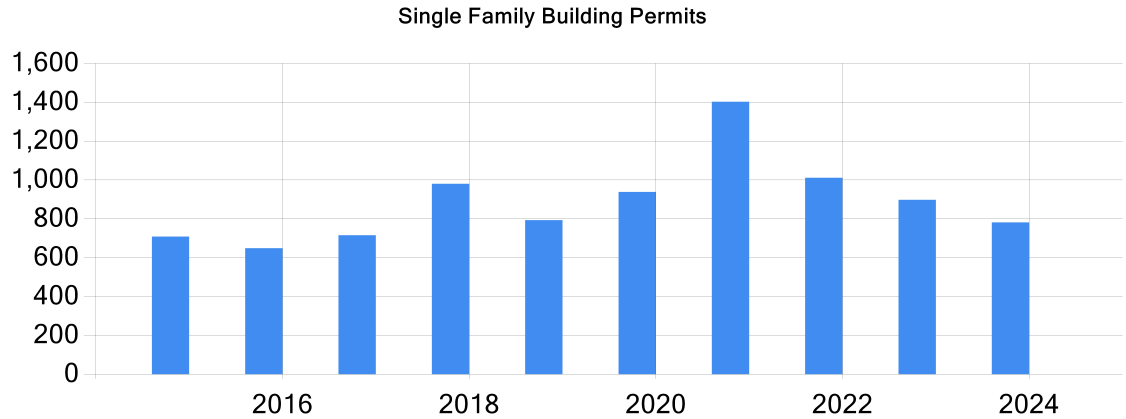
Population



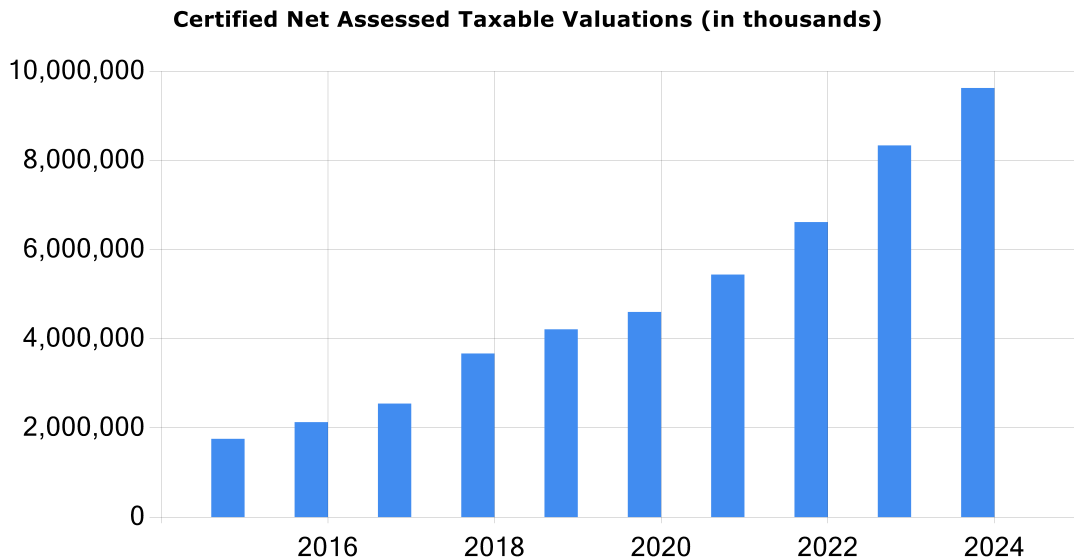
Source: North Central Texas Council of Government and U.S. Census Bureau

The Economic Outlook

The Town continues to experience new home permits at a strong pace and benefits tremendously from its location. Average homestead value in tax year 2024 averaged \$897,000 market and \$643,000 taxable value. The difference between market and taxable values is a 12.5% homestead exemption and capped values. With the recent run-up in homestead values in excess of 10%, excess value is considered capped meaning that it will be allowed to increase future year values by 10% per year until all capped values are used.



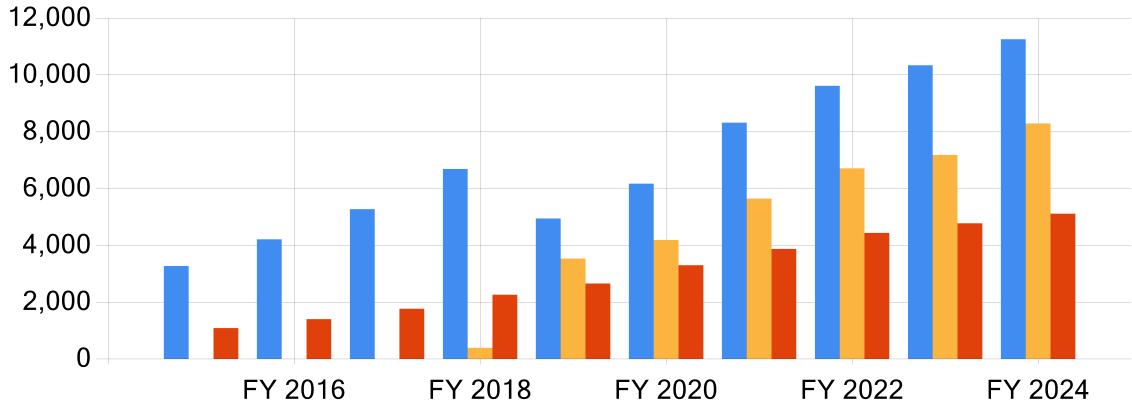
According to the Dallas Federal Reserve Bank’s *October 31, 2024 Dallas-Fort Worth Economic Indicators*, DFW had a 3.8% unemployment rate, average hourly earnings of \$35.36, year-over-year wage growth of 2.8% and an annualized job growth for the September quarter of 3.8%. A December 24, 2024 Federal Reserve article entitled: “*Texas economy grows modestly; business outlooks brightens*” noted “The Texas economy exhibited recent signs of expansion, though job growth has slowed. A measure of economic activity, the Dallas Fed *Texas Business Outlook Surveys* (TBOS), shows moderate gains in services revenue, a resumption of retail sales increases and stable manufacturing production.”



Source: Tax Year amounts from Collin and Denton Central Appraisal Districts

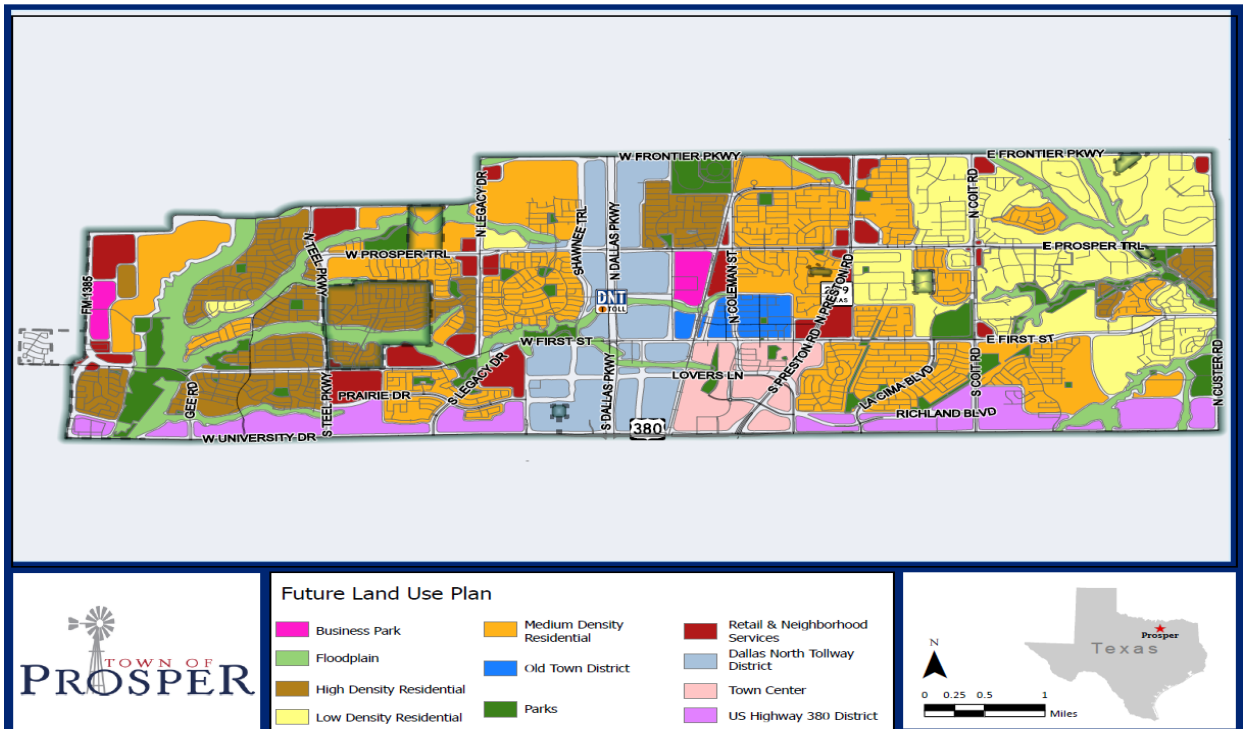
The Town continues to experience significant assessed valuation growth. Certified property valuations increased by \$1,719M (26%) and \$1,805M (15%) for the fiscal years 2024 and 2025 budget, respectively.

**Sales Taxes
General, Special Purpose Districts, and EDC Funds
(in thousands)**



Sales Tax is the Town’s second largest revenue. In addition to the 1% municipal sales tax, Town voters have also approved a half cent 4A tax for economic development and a quarter cent each for Fire and Crime control districts for a total of a 2% local portion, the maximum allowed under state law.

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 2023 and will continue to annually review the Plan in response to changing market conditions.



Long Term Financial Planning

The Town’s rapid growth has created both challenges and opportunities. The greatest challenge has been constructing needed infrastructure in a timely enough manner to avoid both traffic gridlock and inadequate utility capacity for the growth that has already occurred and to promote the desired future

growth as sites to the south reach build-out and the “prime-time” for Prosper commercial development approaches.

Recognizing these challenges, the Town Council has approved updates to most of the Town’s financial policies substantially strengthening capital project management and long-term financial planning. In addition, in 2023 they adopted a simplified five-point strategic vision with the following goals:

1. ACCELERATION OF INFRASTRUCTURE
2. DEVELOPMENT OF DOWNTOWN PROSPER AS A DESTINATION
3. ENSURE THE TOWN’S COMMERCIAL CORRIDORS ARE READY FOR DEVELOPMENT
4. CONTINUE TO PROVIDE EXCELLENT MUNICIPAL SERVICES
5. WORK TOWARD A GROWING AND DIVERSIFIED TAX BASE

These goals were reconfirmed in 2024 with only minor changes.

Combining a clear vision of the future with strong financial policies and financial resources provided by growth should ensure that the Town maximizes the opportunities the region provides.

Independent Audit

Section 7.18 of the Town Charter requires an independent audit of all accounts of the Town at the close of each fiscal year by certified public accountants selected by the Council. This requirement has been complied with and the “Report of the Independent Auditors” has been included at the beginning of the Financial Section of this report.

Additionally, the Town has a Finance Sub-committee of the Town Council that functions as a audit committee that hears and reviews all recommendations of the independent auditors.

Certificate of Achievement

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 for its ACFR for the fiscal year ended September 30, 2023. The Town has received a Certificate of Achievement for the thirteenth consecutive year. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR. 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 program requirements and we are submitting it to GFOA for consideration.

Acknowledgments

The preparation of this report would be impossible without the efficient and dedicated services of the Finance Department. We express our appreciation to all employees who contributed to its presentation.

We also thank 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,

Mario Canizares	Robert B. Scott, CPA	Chris Landrum	Marcus Northcutt
Town Manager	Deputy Town Manager/CFO	Finance Director	Accounting Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Prosper
Texas**

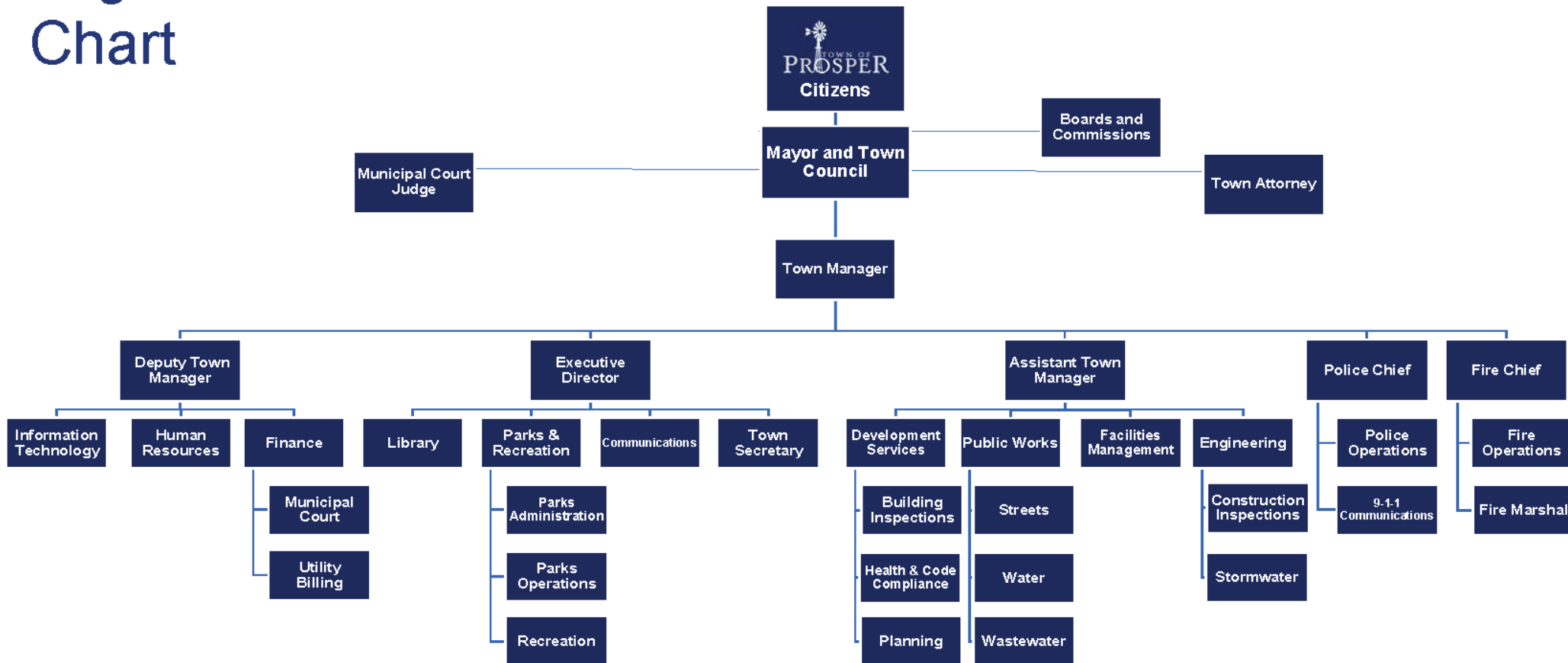
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

Organizational Chart




TOWN OF PROSPER, TEXAS
LIST OF PRINCIPAL OFFICIALS

FISCAL YEAR ENDED SEPTEMBER 30, 2024

TOWN COUNCIL


Mayor _____ David F. Bristol 


Council Member Place 1, Mayor Pro-Tem _____ Marcus E. Ray 

Council Member Place 2 _____ Craig Andres 

Council Member Place 3, Deputy Mayor Pro-Tem _____ Amy Bartley 

Council Member Place 4 _____ Chris Kern 

Council Member Place 5 _____ Jeff Hodges 

Council Member Place 6 _____ Cameron Reeves 

TOWN OF PROSPER, TEXAS
LIST OF PRINCIPAL OFFICIALS

FISCAL YEAR ENDED SEPTEMBER 30, 2024

APPOINTED OFFICIALS

Town Manager _____ Mario Canizares
Town Secretary _____ Michelle Lewis Sirianni
Deputy Town Manager _____ Robert Scott
Assistant Town Manager _____ Chuck Ewings
Executive Director _____ Robyn Battle
Fire Chief _____ Stuart Blasingame
Police Chief _____ Doug Kowalski
Director of Development Services _____ David Hoover
Director of Engineering _____ Hulon Webb
Director of Finance _____ Chris Landrum
Director of Human Resources _____ Tony Luton
Director of Information Technology _____ Leigh Johnson
Director of Library Services _____ Gary Landeck
Director of Parks and Recreation _____ Dan Baker
Director of Public Works _____ Carrie Jones



FINANCIAL SECTION



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 (Town) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Impact Fee Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The combining and individual 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. The 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 GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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's 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's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 21, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Amounts in Thousands Unless Otherwise Stated
(Unaudited)

March 21, 2025

As management of the Town of Prosper (Town), we offer this narrative overview and analysis of the financial activities and financial position of the Town for the fiscal year ended September 30, 2024. In the broadest context, the financial well-being of the government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically. This allows the City's tax base, service levels, assets and desirability to be maintained, not just for the current year, but well into the future. Financial reporting is limited in its ability to provide this "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and or expenses/expenditures higher or lower than the previous year? Has net position (containing both short and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (pages i-vi of this report), the statistical section, as well as, information found on the Town Council Strategic Vision, the annual budget and other community information found on the Town's website at www.prospertx.gov. It should be noted that the Report of the Independent Auditor preceding this Management's Discussion and Analysis (MD&A) explains the level of audit assurance associated with various sections of this report. All of the additional information from the website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

OF NOTE

- The assets and deferred outflows of the Town, on a government-wide basis, exceeded its liabilities and deferred inflows as of September 30, 2024 by \$684,597 (net position). Of this amount, \$56,181 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position changed by \$104,689. Most of the change is due to developer contributions of infrastructure totaling \$83,804. The remaining change is due to strong revenue performance in the governmental activities and continued high investment income. Net position increases due to developer contributions do not represent an increase in "spendable resources" but are the responsibility of the Town to maintain that infrastructure for all future periods.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$113,440 (made up of \$13,227 in General Fund, \$12,941 in Impact Fees Fund, \$1,245 in Debt Service Fund, \$79,149 in Capital Projects Fund and \$6,878 in other governmental funds), a change of \$40 in comparison with the prior year due primarily to changes of \$(1,463) and \$(4,372) in the General Fund and Capital Projects Fund, respectively, offset by a fund balance change of \$5,638 in the Impact Fees Fund.
- At the end of the current fiscal year, total General Fund balances exceeded financial policy requirements with unassigned fund balance for the general fund of \$1,178 or 2% of total current fiscal year General Fund expenditures 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's basic financial statements. The basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information which includes this MD&A and multi-year funding progress and contributions regarding the pension plan. This report also contains other supplementary information that complements, expands on or provides context for 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 Town assets, deferred outflows, liabilities and deferred inflows, with the difference 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, solid waste collection and disposal and storm drainage activities.

The government-wide financial statements include not only the Town 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Town 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 is useful in evaluating the government's near-term financing requirements and is most similar to the basis used for the Town's budget.

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 maintains sixteen 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 Fees Fund, Debt Service Fund, Capital Projects Fund, Escrow Fund and ARPA Fund, all of which are considered to be major funds. Data from the other ten 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 MD&A.

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 statements/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 and sewer, solid waste collection and disposal 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 Funds are used to accumulate and allocate costs internally among the Town's various functions. The Town uses its Internal Service Funds to account for its vehicle and equipment replacement program and employee 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.

Required supplementary information(RSI) – As discussed above, generally accepted accounting principles require for fair presentation of the basic financial statements and the accompanying notes to include certain required supplementary information including this MD&A and ten-year schedules of the Town’s progress and contributions in funding pension benefits to its employees. The accompanying audit opinion preceding this MD&A describes the limited procedures provided for this unaudited information.

The combining statements referred to earlier in connection to the non-major governmental funds are considered “other information” and are not a required part of the basic financial statements. They 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 \$684,597 at the close of the most recent fiscal year.

A portion of the Town’s net position (90%) reflects its investment in capital assets which includes both traditional capital assets common to most entities (e.g., land, buildings, machinery, and equipment) and infrastructure assets, less any related debt used to acquire those assets that is still outstanding. The majority of this amount is invested in infrastructure assets which include roads, sidewalks, bridges, water and wastewater lines and stormwater lines. Infrastructure assets are unique in that they are immovable, not easily sold and represent a significant obligation to maintain in perpetuity. In addition, governmental infrastructure does not typically generate user fees and therefore must be financed and maintained using taxes.

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 (8%) may be used to meet the Town’s ongoing obligations to citizens and creditors.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 25,226	\$ 27,102	\$ 19,783	\$ 20,633	\$ 45,009	\$ 47,735
Restricted assets	116,555	119,365	72,407	43,126	188,962	162,491
Capital assets	519,435	429,014	257,759	217,833	777,194	646,847
Total assets	<u>661,216</u>	<u>575,481</u>	<u>349,949</u>	<u>281,592</u>	<u>1,011,165</u>	<u>857,073</u>
Deferred outflows of resources	5,394	6,721	724	887	6,118	7,608
Total outflows of resources	<u>5,394</u>	<u>6,721</u>	<u>724</u>	<u>887</u>	<u>6,118</u>	<u>7,608</u>
Long-term liabilities	227,095	202,132	79,406	50,876	306,501	253,008
Other liabilities	22,342	26,693	3,153	4,827	25,495	31,520
Total liabilities	<u>249,437</u>	<u>228,825</u>	<u>82,559</u>	<u>55,703</u>	<u>331,996</u>	<u>284,528</u>
Deferred inflows of resources	121	19	569	226	690	245
Total inflows of resources	<u>121</u>	<u>19</u>	<u>569</u>	<u>226</u>	<u>690</u>	<u>245</u>
Net position:						
Net investment in capital assets	381,498	327,744	236,209	199,461	617,707	527,205
Restricted	7,354	6,408	3,355	1,925	10,709	8,333
Unrestricted	28,200	19,206	27,981	25,164	56,181	44,370
Total net position	<u>\$ 417,052</u>	<u>\$ 353,358</u>	<u>\$ 267,545</u>	<u>\$ 226,550</u>	<u>\$ 684,597</u>	<u>\$ 579,908</u>

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

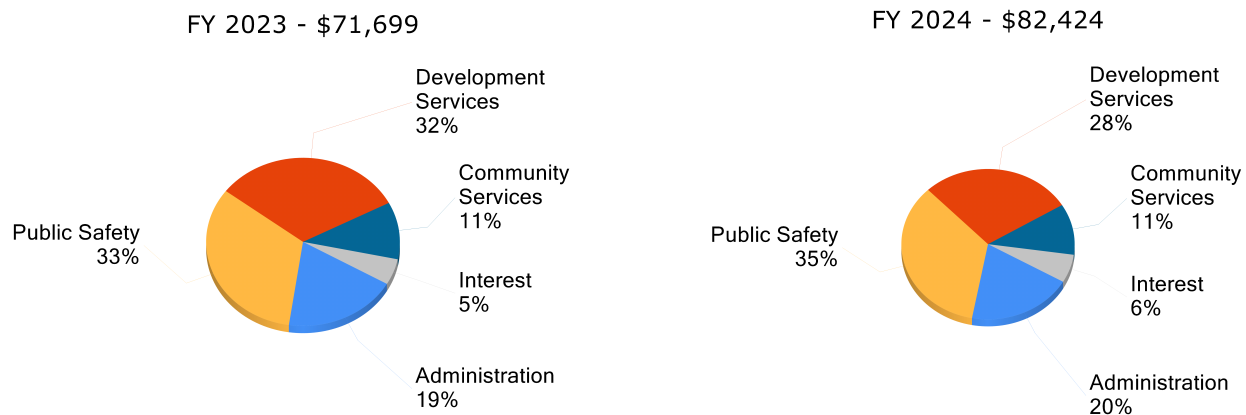
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 17,723	\$ 17,421	\$ 39,628	\$ 35,014	\$ 57,351	\$ 52,435
Operating grants & contributions	579	1,812	8,888	3,988	9,467	5,800
Capital grants & contributions	48,581	40,189	34,319	23,765	82,900	63,954
General revenues:						
Property taxes	45,951	38,596	-	-	45,951	38,596
Other taxes	23,164	20,445	-	-	23,164	20,445
Investment income	7,010	4,622	2,955	1,920	9,965	6,542
Other income	1,176	186	494	416	1,670	602
Total revenues	144,184	123,271	86,284	65,103	230,468	188,374
Expenses:						
Administration	16,179	13,351	-	-	16,179	13,351
Police	13,803	10,576	-	-	13,803	10,576
Fire and EMS	14,943	13,304	-	-	14,943	13,304
Development services	6,175	3,220	-	-	6,175	3,220
Public works	14,539	17,173	-	-	14,539	17,173
Community services	9,035	7,516	-	-	9,035	7,516
Engineering	2,742	2,895	-	-	2,742	2,895
Interest on long-term debt	5,008	3,664	-	-	5,008	3,664
Utility	-	-	43,355	37,222	43,355	37,222
Total expenses	82,424	71,699	43,355	37,222	125,779	108,921
Revenues in excess of expenses	61,760	51,572	42,929	27,881	104,689	79,453
Transfers	1,934	1,235	(1,934)	(1,235)	-	-
Change in net position	63,694	52,807	40,995	26,646	104,689	79,453
Net position - beginning of year	353,358	300,551	226,550	199,904	579,908	500,455
Net position - end of year	\$ 417,052	\$ 353,358	\$ 267,545	\$ 226,550	\$ 684,597	\$ 579,908

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

Revenues for fiscal year (FY) 2024 changed by \$42,094, or 22% in comparison to the prior year. The change is primarily due to changes in sales taxes, property taxes, charges for services reflecting population growth, changes in property values and continued expansion of the Town's retail sector. Property and other taxes changed by \$10,074 from prior year due to changes in assessed value and growth in the Town. These changes were partially offset by changes in grants (developer contributions) and contributions representing a modest slowdown in subdivision completions and final acceptance. Enterprise fund charges for services changed by \$4,614 over the prior year due to both commercial and residential growth within the Town. Excluding solid waste, rates were unchanged but as discussed later in this MD&A were increased for next year.

Governmental Activities

Expenses by Type Governmental Activities



Governmental activities changed the Town’s net position by \$63,694. The following factors contributed to this change:

- Property and other taxes changed by \$10,074 (17%) primarily due a substantial changes in assessed valuations spread fairly evenly between new construction and appreciation of existing values and sales tax increases. The Town’s retail sector continues to expand and benefit from population growth both within the Town and neighboring communities.
- Capital grants and contributions changed by \$8,392 (21%) due to a change in developer contributions of infrastructure during the year. This number can be volatile as individual contributions can be large and recognition of the contribution is dependent on Engineering’s final acceptance of the infrastructure which also represents when the Town becomes responsible for maintaining the assets into perpetuity.
- Total governmental activity expenses changed by \$10,725 (15%) during the year primarily due to staffing increases, increased activity levels and general inflationary pressures. The largest functional areas affected by this change were Police (\$3,227), Development Services (\$2,955) and Administration (\$2,827) with smaller changes in other departments offset by a change in Public Works (\$-2,634) which tends to be more volatile due to special projects and developer payments.

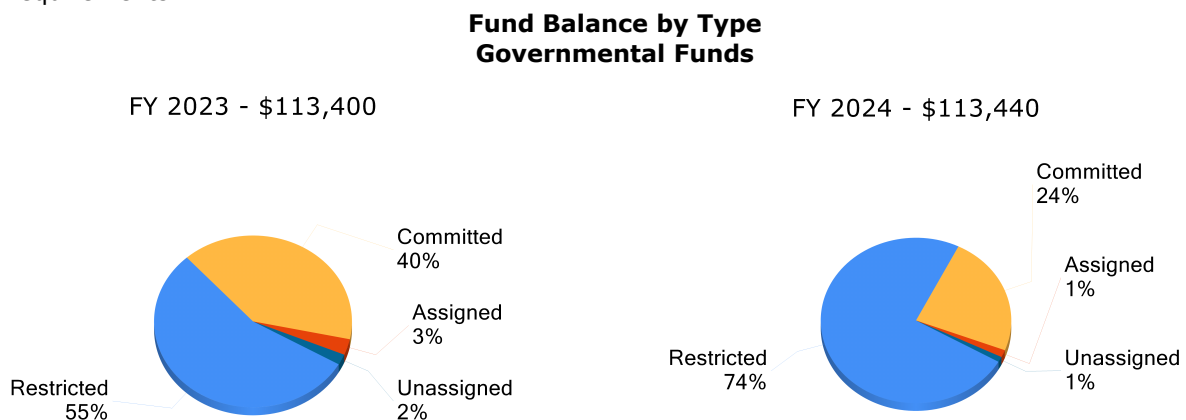
Business-Type Activities

Business-type activities increased the Town’s net position by \$40,995. The following factors contributed to this change:

- Charges for services changed by \$4,614 (13%) from the previous year due to increases in usage driven by population and commercial growth.
- Operating expenses increased by \$6,133 (16%) from the previous year primarily due to an increase in contractual services mainly due to increases in usage and higher rates from the Town’s regional water and wastewater treatment suppliers.
- Capital Grants and Contributions were \$34,319 and Operating Grants were \$8,888.
- As a Water/Wastewater distribution and collection utility, the Town relies on its regional suppliers for potable water and to treat all wastewater. Its ultimate goal is to breakeven overtime including all depreciation and all ongoing maintenance while maintaining financial policy reserves and exceeding debt coverage ratios. As a result, when fund balances begin to greatly exceed policy requirements, it is the Town’s practice to not raise or raise at a reduced amount rates even if that results in a small projected deficit for the year.

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 \$113,440, a small change of \$40 from the prior year primarily from an increase in Impact Fees Fund balance offset by decrease in the Capital Projects Fund. Of the current combined ending fund balance, \$484 is nonspendable due to prepaid items and inventory, \$83,606 is restricted for debt service, capital projects, public safety, parks and other, \$9,953 is committed for contingency in accordance with the Town charter, \$16,607 is committed for capital projects, \$1,612 was assigned for next year’s budget and \$1,178 is unassigned. The large committed balance for capital funds is primarily due to \$0.102 of the property tax rate being dedicated to capital purposes.

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 \$1,178. Total unassigned fund balance represents 2% of total General Fund expenditures. The change in fund balance of \$(1,463) is primarily due to capital outlay (patrol cars, trucks, etc.) of \$1,355 needed to equip the new General Fund positions added during the year. It is the practice of the Town to draw down excess fund balance for these new capital items. Future replacement of these items will be paid from the Vehicle Equipment Replacement Fund, an internal service fund.

The Impact Fees Fund has a total fund balance of \$12,941; which is restricted for capital projects. The balances in this fund will change as the payments by developers and home builders will often be received years before the intended projects are bid and awarded or the developer is reimbursed for assets constructed.

The Debt Service Fund has a total fund balance of \$1,245; all of which is restricted for payment of debt service. The small change in fund balance of \$(58) represents current state statues requiring any excess collections to reduce the upcoming year’s debt service tax rate.

The Capital Projects Fund has a total fund balance of \$79,149; all of which is restricted or committed for construction. The change in fund balance of \$(4,372) is due to capital outlays in accordance with the Town’s goal to accelerate construction of infrastructure offset by the Town’s 2024 debt issuance.

Proprietary funds – The Town’s proprietary funds provide the same type of information and on the same basis of accounting found in the government-wide financial statements, but in more detail. The Water and Sewer Fund's unrestricted net position of at the end of the year was \$27,592. The change in net position was \$31,878 to \$202,233. The majority of the increase was a result of developer contributions, impact fees revenue and an intergovernmental grant. The Solid Waste Fund is in its second year and had been previously reported within the Water and Sewer Fund. This change was made to provide greater transparency and to create a rate structure for solid waste services that is totally self-supporting. Effective February 1, 2024, solid waste charges to residential customers included additional administrative fees to cover general and administrative expenses of the fund and to pay for the purchase of Town owned residential trash and recycling carts. The changes have resulting in positive net position for the current year. The Stormwater Drainage Utility Fund net position changed by \$9,078 to \$65,267. This change is from developer contributions offset by an operating loss due to depreciation.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget – During the year amendments to increase original revenue were due to license and permit revenue reflecting unexpectedly strong building activity, better than anticipated sales tax receipts and interest rates remaining higher than originally anticipated. Other budget amendments include increased budgeted expenditures primarily in Police due to higher than anticipated overtime.

Final budget compared to actual results – Traditionally, the Town budgeted on a GAAP basis by reappropriating encumbered but unspent amounts at year end into the next year’s budget. This practice was stopped in 2023 as it blurred the lines between annual budgets and created the appearance of deficit budgets. Therefore, a reconciliation column has been added to the Budget and Actual Statement to restate GAAP actual to the new Budget Basis. During the year, revenues varied \$39 from estimated and expenditures varied \$(784) from budgeted. The small differences between the final budget and actual results are reflective of monthly budget monitoring and the adoption of mid-year re-estimates and other year-end adjustments to ensure budget compliance.

The first element of the Town Council's strategic vision is the acceleration of infrastructure with the capital dedicated levy representing an important tool for accomplishing this element of the strategic vision.

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, 2024 is \$777,194 (net of accumulated depreciation). This investment in capital assets includes land, buildings and infrastructure, equipment and right to use assets.

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

- Capital asset acquisitions in governmental activities totaled \$105. 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 \$48,666. The majority of this activity was funded from bond proceeds and was for new water and sewer projects.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Government-wide capital assets:						
Non-depreciable assets	\$ 199,186	\$ 130,045	\$ 29,741	\$ 13,436	\$ 228,927	\$ 143,481
Depreciable assets	412,156	376,055	276,940	246,143	689,096	622,198
Right to use assets	6,406	5,590	-	320	6,406	5,910
Total capital assets	<u>617,748</u>	<u>511,690</u>	<u>306,681</u>	<u>259,899</u>	<u>924,429</u>	<u>771,589</u>
Less: accumulated depreciation	<u>(98,313)</u>	<u>(82,676)</u>	<u>(48,922)</u>	<u>(42,066)</u>	<u>(147,235)</u>	<u>(124,742)</u>
Government-wide capital assets, net	<u>\$ 519,435</u>	<u>\$ 429,014</u>	<u>\$ 257,759</u>	<u>\$ 217,833</u>	<u>\$ 777,194</u>	<u>\$ 646,847</u>

Additional information on the Town’s capital assets can be found in VI - Capital Assets 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 \$306,501. The Town’s debt is backed by the full faith and credit of the Town.

The Town’s bond ratings are AA+ as assigned by Standard & Poor’s and Aa1 as assigned by Moody’s. Total long-term liabilities consisted of the following:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Government-wide long-term liabilities:						
Certificates of obligation and general obligation bonds	\$ 203,950	\$ 178,911	\$ 74,060	\$ 47,494	\$ 278,010	\$ 226,405
Bonds premium on issuance	12,259	12,018	4,219	2,178	16,478	14,196
Compensated absences payable	3,374	2,815	299	297	3,673	3,112
Lease payable	709	324	-	-	709	324
SBITA payable	414	824	-	-	414	824
Net pension liability	<u>6,389</u>	<u>7,240</u>	<u>828</u>	<u>906</u>	<u>7,217</u>	<u>8,146</u>
Total government-wide long-term liabilities	<u>\$ 227,095</u>	<u>\$ 202,132</u>	<u>\$ 79,406</u>	<u>\$ 50,875</u>	<u>\$ 306,501</u>	<u>\$ 253,007</u>

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

NEXT YEAR’S BUDGET

The Town continues to grow rapidly, with residential and commercial development occurring at high levels. 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 2025 Adopted Budget addresses the need for increased service levels due to growth while also placing a major emphasis on capital needs. A capital dedicated portion of the Maintenance & Operations levy created in the FY 2023 budget was

continued at 10 cents of the total 50.5 cent levy. This capital dedicated allows the Town to quickly address capital needs while also managing the Town's overall debt levels.

Water and wastewater rates were increased by a blended rate of 8.8% (6.3% water and 16% wastewater). This was the first rate increase in four years and was primarily due to cost increases from the Town's regional water and wastewater treatment providers with wastewater rates increasing proportionally more due to the substantial expansion of the Doe Branch regional wastewater plant.

Highlights of the Fiscal Year 2025 budget:

- A total of 23 new positions including five Police Officers and one Detective to facilitate a new patrol philosophy.
- Property values increased by \$1.3 billion from total taxable of \$8.3 billion to \$9.6 billion a 15% increase. This increase included \$870 million of new construction.
- New general capital projects budgeted for the year were \$53.8 million.
- New water and sewer capital projects totaled \$74.2 million.

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 or contact us at prospertx.gov.



BASIC FINANCIAL STATEMENTS

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Primary Government			Prosper Economic Development Corporation (EDC)
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 19,566,445	\$ 11,541,421	\$ 31,107,866	\$ 15,112,591
Taxes receivable, net	3,610,451	-	3,610,451	872,832
Receivables, net	1,419,167	6,773,799	8,192,966	-
Accrued interest	146,170	91,351	237,521	-
Inventory	113,833	1,374,274	1,488,107	-
Prepaid items	369,709	2,457	372,166	-
Restricted assets:				
Restricted cash and cash equivalents	108,558,697	67,409,196	175,967,893	-
Restricted investments	7,996,428	4,997,442	12,993,870	-
Capital assets not being depreciated/amortized:				
Land	113,313,852	2,601,366	115,915,218	8,218,868
Construction in progress	85,871,844	27,139,329	113,011,173	-
Capital assets net of accumulated depreciation/amortized:				
Buildings and improvements	71,358,278	54,430	71,412,708	-
Equipment	12,887,918	2,138,950	15,026,868	-
Right to use - vehicles and equipment	2,527,210	-	2,527,210	-
Right to use - Subscription-based IT arrangements (SBITA)	667,925	-	667,925	-
Intangible assets	-	13,228,483	13,228,483	-
Infrastructure	232,808,235	212,596,576	445,404,811	-
Total assets	<u>661,216,162</u>	<u>349,949,074</u>	<u>1,011,165,236</u>	<u>24,204,291</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding Pension related	251,506	56,786	308,292	-
Total deferred outflows of resources	<u>5,142,111</u>	<u>666,791</u>	<u>5,808,902</u>	<u>63,409</u>
	<u>5,393,617</u>	<u>723,577</u>	<u>6,117,194</u>	<u>63,409</u>

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

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Primary Government			Prosper Economic Development Corporation (EDC)
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payable	9,812,088	1,450,185	11,262,273	72,011
Accrued expenses	1,687,183	218,713	1,905,896	22,100
Retainage payable	3,265,018	817,364	4,082,382	-
Accrued interest payable	873,739	497,109	1,370,848	-
Customer deposits and escrow payable	6,704,039	169,500	6,873,539	3,560
Noncurrent liabilities:				
Due within one year				
Long-term debt	11,528,660	3,858,757	15,387,417	10,172
Due in more than one year				
Long-term debt	209,176,620	74,718,926	283,895,546	30,515
Net pension liability	6,389,243	828,509	7,217,752	78,787
Total liabilities	<u>249,436,590</u>	<u>82,559,063</u>	<u>331,995,653</u>	<u>217,145</u>
DEFERRED INFLOWS OF RESOURCES				
Lease related	121,300	568,832	690,132	-
Total deferred inflows of resources	<u>121,300</u>	<u>568,832</u>	<u>690,132</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	381,498,132	236,208,726	617,706,858	-
Restricted for:				
Debt service	476,054	577,675	1,053,729	-
Public safety	1,034,337	-	1,034,337	-
Parks	1,232,390	-	1,232,390	-
Impact fees	-	2,776,957	2,776,957	-
TIRZ	2,567,851	-	2,567,851	-
Other	2,043,281	-	2,043,281	-
Economic development	-	-	-	24,050,555
Unrestricted	<u>28,199,844</u>	<u>27,981,398</u>	<u>56,181,242</u>	<u>-</u>
Total net position	<u>\$ 417,051,889</u>	<u>\$ 267,544,756</u>	<u>\$ 684,596,645</u>	<u>\$ 24,050,555</u>

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

TOWN OF PROSPER, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Administration	\$ 16,178,585	\$ 3,115,730	\$ 306,794	\$ 68,804
Police	13,803,148	81,833	95,461	-
Fire and EMS	14,943,076	1,755,417	101,311	-
Development services	6,175,258	5,344,255	-	-
Public works	14,538,817	6,095,316	-	46,841,058
Community services	9,034,759	664,872	75,393	1,671,181
Engineering	2,742,238	666,171	-	-
Interest	5,008,452	-	-	-
Total governmental activities	<u>82,424,333</u>	<u>17,723,594</u>	<u>578,959</u>	<u>48,581,043</u>
Business-type activities:				
Water and sewer	35,719,759	33,722,492	8,888,286	22,830,076
Solid waste	4,929,985	4,961,117	-	-
Storm drainage	2,705,899	943,889	-	11,489,055
Total business-type activities	<u>43,355,643</u>	<u>39,627,498</u>	<u>8,888,286</u>	<u>34,319,131</u>
Total primary government	<u>125,779,976</u>	<u>57,351,092</u>	<u>9,467,245</u>	<u>82,900,174</u>
Component unit:				
Prosper EDC	2,545,810	23,733	-	-
Total component units	<u>\$ 2,545,810</u>	<u>\$ 23,733</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales and use taxes				
Franchise fees				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Prosper EDC
Governmental Activities	Business-type Activities	Total	
\$ (12,687,257)	\$ -	\$ (12,687,257)	\$ -
(13,625,854)	-	(13,625,854)	-
(13,086,348)	-	(13,086,348)	-
(831,003)	-	(831,003)	-
38,397,557	-	38,397,557	-
(6,623,313)	-	(6,623,313)	-
(2,076,067)	-	(2,076,067)	-
(5,008,452)	-	(5,008,452)	-
<u>(15,540,737)</u>	<u>-</u>	<u>(15,540,737)</u>	<u>-</u>
-	29,721,095	29,721,095	-
-	31,132	31,132	-
-	9,727,045	9,727,045	-
-	39,479,272	39,479,272	-
<u>(15,540,737)</u>	<u>39,479,272</u>	<u>23,938,535</u>	<u>-</u>
-	-	-	(2,522,077)
-	-	-	(2,522,077)
45,951,387	-	45,951,387	-
19,540,095	-	19,540,095	5,111,774
3,623,599	-	3,623,599	-
7,009,622	2,955,203	9,964,825	846,062
1,176,044	493,908	1,669,952	20
1,934,140	(1,934,140)	-	-
<u>79,234,887</u>	<u>1,514,971</u>	<u>80,749,858</u>	<u>5,957,856</u>
<u>63,694,150</u>	<u>40,994,243</u>	<u>104,688,393</u>	<u>3,435,779</u>
<u>353,357,739</u>	<u>226,550,513</u>	<u>579,908,252</u>	<u>20,614,776</u>
<u>417,051,889</u>	<u>267,544,756</u>	<u>684,596,645</u>	<u>24,050,555</u>

TOWN OF PROSPER, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	General Fund	Impact Fees	Debt Service
ASSETS			
Cash and cash equivalents	\$ 13,098,988	\$ 13,104,199	\$ 1,245,277
Investments	-	-	-
Taxes receivable, net	2,132,457	-	108,911
Accounts receivable, net	1,356,172	-	-
Accrued interest	-	-	-
Due from other funds	-	-	-
Inventory	113,833	-	-
Prepaid items	369,709	-	-
Total assets	17,071,159	13,104,199	1,354,188
LIABILITIES			
Accounts payable	1,541,266	163,322	4,395
Accrued expenses	1,453,425	-	-
Retainage payable	-	-	-
Escrow payable	-	-	-
Due to other funds	31,451	-	-
Total liabilities	3,026,142	163,322	4,395
DEFERRED INFLOWS OF RESOURCES			
Lease related	121,300	-	-
Unavailable revenue:			
Property taxes	210,790	-	104,561
Fines and fees	4,848	-	-
EMS	481,140	-	-
Total deferred inflows of resources	818,078	-	104,561
FUND BALANCE			
Nonspendable for:			
Inventory	113,833	-	-
Prepaid items	369,709	-	-
Restricted for:			
Debt service	-	-	1,245,232
Tax increment reinvestment zone (TIRZ)	-	-	-
Streets	-	12,940,877	-
Public safety	-	-	-
Parks	-	-	-
Other	-	-	-
Committed for:			
Contingency reserve	9,953,095	-	-
Capital projects	-	-	-
Assigned for:			
Next year's budget: appropriation of fund balance	1,611,822	-	-
Unassigned	1,178,480	-	-
Total fund balances	13,226,939	12,940,877	1,245,232
Total liabilities, deferred inflows of resources and fund balances	17,071,159	13,104,199	1,354,188

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

Capital Projects	Escrow	ARPA	Nonmajor Governmental	Total Governmental Funds
\$ 81,761,072	\$ 6,704,039	\$ -	\$ 5,744,110	\$ 121,657,685
7,996,428	-	-	-	7,996,428
-	-	-	1,369,083	3,610,451
-	-	-	12,538	1,368,710
146,170	-	-	-	146,170
31,451	-	-	-	31,451
-	-	-	-	113,833
-	-	-	-	369,709
<u>89,935,121</u>	<u>6,704,039</u>	<u>-</u>	<u>7,125,731</u>	<u>135,294,437</u>
7,520,698	-	-	14,114	9,243,795
-	-	-	233,758	1,687,183
3,265,018	-	-	-	3,265,018
-	6,704,039	-	-	6,704,039
-	-	-	-	31,451
<u>10,785,716</u>	<u>6,704,039</u>	<u>-</u>	<u>247,872</u>	<u>20,931,486</u>
-	-	-	-	121,300
-	-	-	-	315,351
-	-	-	-	4,848
-	-	-	-	481,140
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>922,639</u>
-	-	-	-	113,833
-	-	-	-	369,709
-	-	-	-	1,245,232
-	-	-	2,567,851	2,567,851
31,976,181	-	-	-	44,917,058
11,688,374	-	-	1,034,337	12,722,711
18,877,857	-	-	1,232,390	20,110,247
-	-	-	2,043,281	2,043,281
-	-	-	-	9,953,095
16,606,993	-	-	-	16,606,993
-	-	-	-	1,611,822
-	-	-	-	1,178,480
<u>79,149,405</u>	<u>-</u>	<u>-</u>	<u>6,877,859</u>	<u>113,440,312</u>
<u>89,935,121</u>	<u>6,704,039</u>	<u>-</u>	<u>7,125,731</u>	<u>135,294,437</u>



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TOWN OF PROSPER, TEXAS

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

SEPTEMBER 30, 2024

Total fund balances - governmental funds	\$ 113,440,312
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.	508,481,610
Bonds, leases and SBITA payables and accrued compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	(208,446,745)
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.	(873,739)
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	(12,258,535)
Deferred loss	251,506
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.	801,339
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	(6,389,243)
Deferred outflows related to pensions	5,142,111
The Town uses internal service funds 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>16,903,273</u>
Net position of governmental activities	<u>\$ 417,051,889</u>

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

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Impact Fees</u>	<u>Debt Service</u>
REVENUES			
Taxes:			
Property taxes	\$ 20,579,402	\$ -	\$ 15,429,086
Sales and use taxes	11,251,905	-	-
Franchise fees	3,623,599	-	-
Licenses and permits	6,296,621	-	-
Charges for services	1,558,705	-	-
Impact fees	-	6,095,316	-
Escrow income	-	-	-
Intergovernmental	231,092	-	-
Investment income	991,412	551,777	251,540
Fines, fees, warrants and seizures	430,523	-	-
Park fees	704,573	-	-
Contributions	-	-	-
Miscellaneous	919,968	-	-
Total revenues	<u>46,587,800</u>	<u>6,647,093</u>	<u>15,680,626</u>
EXPENDITURES			
Current:			
Administration	9,668,129	-	-
Police	9,550,614	-	-
Fire and EMS	10,518,445	-	-
Development services	3,286,657	-	-
Public works	4,475,308	876,694	-
Community services	7,327,868	-	-
Engineering	2,657,993	-	-
Capital outlay	2,174,921	-	-
Debt service:			
Principal	720,376	-	8,885,722
Interest and fiscal charges	24,021	-	6,842,143
Bond issue costs and fees	-	-	10,049
Total expenditures	<u>50,404,332</u>	<u>876,694</u>	<u>15,737,914</u>
Excess (deficiency) of revenues over (under) expenditures	(3,816,532)	5,770,399	(57,288)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Premium on issuance of bonds	-	-	-
Issuance of leases and SBITA	817,314	-	-
Insurance proceeds	239,448	-	-
Transfers in	1,297,100	167,514	-
Transfers out	-	(300,000)	-
Total other financing sources (uses)	<u>2,353,862</u>	<u>(132,486)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,462,670)	5,637,913	(57,288)
FUND BALANCES - BEGINNING	<u>14,689,609</u>	<u>7,302,964</u>	<u>1,302,520</u>
FUND BALANCES - ENDING	<u>\$ 13,226,939</u>	<u>\$ 12,940,877</u>	<u>\$ 1,245,232</u>

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

Capital Projects	Escrow	ARPA	Nonmajor Governmental	Total Governmental Funds
\$ 8,502,003	\$ -	\$ -	\$ 1,918,742	\$ 46,429,233
-	-	-	8,288,190	19,540,095
-	-	-	-	3,623,599
-	-	-	-	6,296,621
-	-	-	-	1,558,705
-	-	-	2,450,253	8,545,569
-	167,514	-	-	167,514
250,681	-	-	-	481,773
4,434,033	-	114,018	334,498	6,677,278
-	-	-	39,249	469,772
-	-	-	-	704,573
4,488,310	-	-	1,943,655	6,431,965
7,872	-	-	8,756	936,596
<u>17,682,899</u>	<u>167,514</u>	<u>114,018</u>	<u>14,983,343</u>	<u>101,863,293</u>
-	-	-	5,209,317	14,877,446
-	-	-	3,076,605	12,627,219
-	-	-	3,096,242	13,614,687
2,796,584	-	-	-	6,083,241
-	-	-	-	5,352,002
-	-	-	5,199	7,333,067
-	-	-	-	2,657,993
58,952,536	-	-	-	61,127,457
-	-	-	-	9,606,098
-	-	-	-	6,866,164
350,180	-	-	-	360,229
<u>62,099,300</u>	<u>-</u>	<u>-</u>	<u>11,387,363</u>	<u>140,505,603</u>
(44,416,401)	167,514	114,018	3,595,980	(38,642,310)
33,925,000	-	-	-	33,925,000
2,832,242	-	-	-	2,832,242
-	-	-	-	817,314
-	-	-	-	239,448
3,351,055	-	-	-	4,815,669
(63,398)	(167,514)	(364,837)	(3,051,055)	(3,946,804)
<u>40,044,899</u>	<u>(167,514)</u>	<u>(364,837)</u>	<u>(3,051,055)</u>	<u>38,682,869</u>
(4,371,502)	-	(250,819)	544,925	40,559
<u>83,520,907</u>	<u>-</u>	<u>250,819</u>	<u>6,332,934</u>	<u>113,399,753</u>
<u>\$ 79,149,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,877,859</u>	<u>\$ 113,440,312</u>



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TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - governmental funds \$ 40,559

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities that cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, or donations) to net position.

Capital outlay	61,127,457
Depreciation and amortization expense	(13,430,074)
Retirement of SBITA	(202,180)

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. 35,203,197

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Issuance of bonds	(33,925,000)
Premium on bond issuance	(2,832,242)
Issuance of leases and SBITA	(817,314)
Retirement of SBITA	121,821
Repayment of principal of long-term debt	9,606,098
Amortization of:	
Premium on bond issuance	2,592,060
Loss on refunding	(217,213)

Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(559,288)
Net pension liability and related deferred outflows and inflows	(252,280)

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. (156,905)

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. 7,817,067

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(421,613)
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Change in net position of governmental activities	\$ 63,694,150
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The accompanying notes are an integral part of these financial statements.

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis
REVENUES			
Property taxes	\$ 21,146,121	\$ 21,185,761	\$ 20,579,402
Sales and use taxes	11,091,492	11,658,281	11,251,905
Franchise fees	3,221,816	3,136,725	3,623,599
Licenses and permits	5,789,150	6,831,901	6,296,621
Charges for services	1,296,024	1,295,881	1,558,705
Intergovernmental	37,840	46,101	231,092
Investment income	750,000	1,004,268	991,412
Fines, fees, warrants and seizures	303,500	404,050	430,523
Park fees	652,850	652,850	704,573
Miscellaneous	312,900	324,370	919,968
Total revenues	44,601,693	46,540,188	46,587,800
EXPENDITURES			
Current:			
Administration	9,991,267	10,103,006	9,668,129
Police	9,595,898	10,167,070	9,550,614
Fire and EMS	10,562,840	10,539,676	10,518,445
Development services	4,139,855	3,892,143	3,286,657
Public works	4,567,242	4,664,841	4,475,308
Community services	7,486,803	7,430,767	7,327,868
Engineering	2,684,047	2,693,500	2,657,993
Debt service:			
Capital outlay	-	-	2,174,921
Principal	-	-	720,376
Interest and fiscal charges	-	-	24,021
Total expenditures	49,027,952	49,491,003	50,404,332
Excess (deficiency) of revenues over (under) expenditures	(4,426,259)	(2,950,815)	(3,816,532)
OTHER FINANCING SOURCES (USES)			
Issuance of leases and SBITA	-	-	817,314
Insurance proceeds	-	-	239,448
Transfers in	1,297,102	1,297,102	1,297,100
Transfers out	-	(496,389)	-
Total other financing sources (uses)	1,297,102	800,713	2,353,862
CHANGE IN FUND BALANCE	(3,129,157)	(2,150,102)	(1,462,670)
FUND BALANCE - BEGINNING	14,689,609	14,689,609	14,689,609
FUND BALANCE - ENDING	\$ 11,560,452	\$ 12,539,507	\$ 13,226,939

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

Adjustment Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
\$ -	\$ 20,579,402	\$ (606,359)
-	11,251,905	(406,376)
-	3,623,599	486,874
-	6,296,621	(535,280)
-	1,558,705	262,824
-	231,092	184,991
(8,363)	983,049	(21,219)
-	430,523	26,473
-	704,573	51,723
-	919,968	595,598
<u>(8,363)</u>	<u>46,579,437</u>	<u>39,249</u>
(133,958)	9,534,171	568,835
-	9,550,614	616,456
-	10,518,445	21,231
(6,450)	3,280,207	611,936
11,000	4,486,308	178,533
-	7,327,868	102,899
-	2,657,993	35,507
-	2,174,921	(2,174,921)
-	720,376	(720,376)
-	24,021	(24,021)
<u>(129,408)</u>	<u>50,274,924</u>	<u>(783,921)</u>
121,045	(3,695,487)	(744,672)
-	817,314	817,314
-	239,448	239,448
-	1,297,100	(2)
-	-	496,389
<u>-</u>	<u>2,353,862</u>	<u>1,553,149</u>
121,045	(1,341,625)	808,477
-	14,689,609	-
<u>\$ 121,045</u>	<u>\$ 13,347,984</u>	<u>\$ 808,477</u>

TOWN OF PROSPER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
IMPACT FEES FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 5,200,000	\$ 5,910,011	\$ 6,095,316	\$ 185,305
Investment income	250,000	405,305	551,777	146,472
Total revenues	5,450,000	6,315,316	6,647,093	331,777
EXPENDITURES				
Public works	3,750,160	2,054,008	876,694	1,177,314
Total expenditures	3,750,160	2,054,008	876,694	1,177,314
Excess (deficiency) of revenues over (under) expenditures	1,699,840	4,261,308	5,770,399	1,509,091
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	167,514	167,514
Transfers out	-	(600,000)	(300,000)	300,000
Total other financing sources (uses)	-	(600,000)	(132,486)	467,514
CHANGE IN FUND BALANCE	1,699,840	3,661,308	5,637,913	1,976,605
FUND BALANCE - BEGINNING	7,302,964	7,302,964	7,302,964	-
FUND BALANCE - ENDING	\$ 9,002,804	\$ 10,964,272	\$ 12,940,877	\$ 1,976,605

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

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2024

	Enterprise Funds			Total Enterprise	Governmental Activities
	Water and Sewer	Solid Waste	Stormwater Drainage		Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 11,150,458	\$ 124,391	\$ 266,572	\$ 11,541,421	\$ 6,467,457
Receivables, net	6,387,627	230,521	155,651	6,773,799	50,457
Interfund note receivable	1,922,911	-	-	1,922,911	-
Accrued interest	91,351	-	-	91,351	-
Inventory	1,374,274	-	-	1,374,274	-
Prepaid items	2,372	-	85	2,457	-
Total current assets	<u>20,928,993</u>	<u>354,912</u>	<u>422,308</u>	<u>21,706,213</u>	<u>6,517,914</u>
Noncurrent assets:					
Restricted cash and cash equivalents	67,409,196	-	-	67,409,196	-
Restricted investments	4,997,442	-	-	4,997,442	-
Capital assets:					
Nondepreciable	29,118,835	-	621,860	29,740,695	1,381,702
Depreciable, net	159,494,668	1,849,417	66,674,354	228,018,439	7,775,212
Right to use, net	-	-	-	-	1,796,738
Total noncurrent assets	<u>261,020,141</u>	<u>1,849,417</u>	<u>67,296,214</u>	<u>330,165,772</u>	<u>10,953,652</u>
Total Assets	<u>281,949,134</u>	<u>2,204,329</u>	<u>67,718,522</u>	<u>351,871,985</u>	<u>17,471,566</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	56,786	-	-	56,786	-
Deferred outflows related to pensions	614,692	7,506	44,593	666,791	-
Total deferred outflows of resources	<u>671,478</u>	<u>7,506</u>	<u>44,593</u>	<u>723,577</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	1,416,415	234,082	18,401	1,668,898	568,293
Retainage payable	817,364	-	-	817,364	-
Accrued interest payable	471,818	-	25,291	497,109	-
Customer deposits and escrow payable	169,500	-	-	169,500	-
Interfund note payable	-	1,922,911	-	1,922,911	-
Current portion of long-term liabilities:					
Compensated absences	67,095	404	7,223	74,722	-
Bonds payable	3,664,035	-	120,000	3,784,035	-
Total current liabilities	<u>6,606,227</u>	<u>2,157,397</u>	<u>170,915</u>	<u>8,934,539</u>	<u>568,293</u>
Noncurrent liabilities:					
Compensated absences	201,285	1,212	21,668	224,165	-
Bonds payable	72,247,026	-	2,247,735	74,494,761	-
Net pension liability	763,775	9,327	55,407	828,509	-
Total noncurrent liabilities	<u>73,212,086</u>	<u>10,539</u>	<u>2,324,810</u>	<u>75,547,435</u>	<u>-</u>
Total Liabilities	<u>79,818,313</u>	<u>2,167,936</u>	<u>2,495,725</u>	<u>84,481,974</u>	<u>568,293</u>
DEFERRED INFLOWS OF RESOURCES					
Lease related	568,832	-	-	568,832	-
Total deferred inflows of resources	<u>568,832</u>	<u>-</u>	<u>-</u>	<u>568,832</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	171,287,154	(6,907)	64,928,479	236,208,726	10,699,242
Restricted for impact fees	2,776,957	-	-	2,776,957	-
Restricted for debt service	577,675	-	-	577,675	-
Unrestricted	27,591,681	50,806	338,911	27,981,398	6,204,031
Total net position	<u>\$ 202,233,467</u>	<u>\$ 43,899</u>	<u>\$ 65,267,390</u>	<u>\$ 267,544,756</u>	<u>\$ 16,903,273</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, 2024

	Enterprise Funds			Total	Governmental
	Water and Sewer	Solid Waste	Stormwater Drainage	Enterprise	Internal Service Funds
OPERATING REVENUES					
Charges for services:					
Water and sewer charges	\$ 32,543,431	\$ -	\$ -	\$ 32,543,431	\$ -
Sanitation charges	-	2,961,117	-	2,961,117	-
Storm drainage utility fees	-	-	943,889	943,889	-
Water and sewer connections	853,150	-	-	853,150	-
Service initiation fees	120,000	-	-	120,000	-
Health charges	-	-	-	-	4,365,175
Equipment replacement charges	-	-	-	-	1,478,966
Miscellaneous	500,245	-	-	500,245	203,356
Total operating revenues	<u>34,016,826</u>	<u>2,961,117</u>	<u>943,889</u>	<u>37,921,832</u>	<u>6,047,497</u>
OPERATING EXPENSES					
Personnel services	4,780,784	61,824	342,376	5,184,984	-
Materials and supplies	1,234,711	5,476	27,236	1,267,423	60,143
Contractual services	6,999,265	2,717,717	765	9,717,747	137,860
Water purchases	12,567,118	-	-	12,567,118	-
Employee health insurance	-	-	-	-	4,926,447
Other operating costs	2,013,410	561	16,233	2,030,204	-
Depreciation and amortization	5,399,320	83,996	2,254,166	7,737,482	1,471,271
Total operating costs	<u>32,994,608</u>	<u>2,869,574</u>	<u>2,640,776</u>	<u>38,504,958</u>	<u>6,595,721</u>
Operating income (loss)	<u>1,022,218</u>	<u>91,543</u>	<u>(1,696,887)</u>	<u>(583,126)</u>	<u>(548,224)</u>
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental	8,888,286	-	-	8,888,286	-
Investment income	2,985,555	6,781	23,278	3,015,614	332,344
Interest expense	(1,794,516)	(60,411)	(65,018)	(1,919,945)	-
Developer payments	(442,286)	-	-	(442,286)	-
Bond fees	(349,186)	-	(105)	(349,291)	-
Total non-operating revenues (expenses)	<u>9,287,853</u>	<u>(53,630)</u>	<u>(41,845)</u>	<u>9,192,378</u>	<u>332,344</u>
Income (loss) before contributions and transfers	<u>10,310,071</u>	<u>37,913</u>	<u>(1,738,732)</u>	<u>8,609,252</u>	<u>(215,880)</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	17,416,627	-	11,489,055	28,905,682	6,967,672
Capital contributions - impact fees	5,413,449	-	-	5,413,449	-
Transfers in	940,433	-	16,883	957,316	1,065,275
Transfers out	(2,202,465)	-	(688,991)	(2,891,456)	-
Total contributions and transfers	<u>21,568,044</u>	<u>-</u>	<u>10,816,947</u>	<u>32,384,991</u>	<u>8,032,947</u>
CHANGE IN NET POSITION	<u>31,878,115</u>	<u>37,913</u>	<u>9,078,215</u>	<u>40,994,243</u>	<u>7,817,067</u>
NET POSITION - BEGINNING	<u>170,355,352</u>	<u>5,986</u>	<u>56,189,175</u>	<u>226,550,513</u>	<u>9,086,206</u>
NET POSITION - END OF YEAR	<u>\$ 202,233,467</u>	<u>\$ 43,899</u>	<u>\$ 65,267,390</u>	<u>\$ 267,544,756</u>	<u>\$ 16,903,273</u>

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

TOWN OF PROSPER, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Enterprise Funds		
	Water and Sewer	Solid Waste	Stormwater Drainage
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 34,131,425	\$ 2,921,578	\$ 926,569
Cash payment to suppliers for goods and services	(24,831,994)	(2,709,624)	(34,476)
Cash payments for health expense	-	-	-
Cash payments to employees for services	(4,762,885)	(58,387)	(324,631)
Net cash provided by operating activities	<u>4,536,546</u>	<u>153,567</u>	<u>567,462</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(1,183,705)	-	(688,991)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from issuance of bonds and notes payable	32,176,015	2,000,000	-
Principal paid on bonds and notes payable	(2,984,279)	(77,089)	(120,000)
Acquisition and construction of capital assets	(18,203,830)	(1,933,413)	-
Interest paid on bonds and notes payable	(1,883,564)	(60,411)	(99,461)
Bond fees paid	(349,186)	-	(105)
Transfers from other funds	940,433	-	-
Cash received from other governments	12,324,235	-	-
Developer payments	(442,286)	-	-
Impact fees received	5,413,449	-	-
Net cash provided (used) by capital and related financing activities	<u>26,990,987</u>	<u>(70,913)</u>	<u>(219,566)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment sales and purchases	9,380,346	7,225	50,328
Interest on deposits and investments	2,817,903	6,924	24,276
Interfund notes receivable issued	(2,000,000)	-	-
Interest on interfund notes receivable	60,411	-	-
Principal payment received on interfund notes receivable	77,089	-	-
Net cash provided by investing activities	<u>10,335,749</u>	<u>14,149</u>	<u>74,604</u>
Net increase (decrease) in cash and cash equivalents	40,679,577	96,803	(266,491)
Cash and cash equivalents at beginning of year	37,880,077	27,588	533,063
Cash and cash equivalents at end of year	<u>\$ 78,559,654</u>	<u>\$ 124,391</u>	<u>\$ 266,572</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,022,218	\$ 91,543	\$ (1,696,887)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	5,399,320	83,996	2,254,166
Decrease (increase) in accounts receivable	(276,749)	(39,539)	(17,320)
Decrease (increase) in inventory	(353,799)	-	-
Decrease (increase) in prepaid items	(2,372)	-	(85)
Increase (decrease) in deferred outflows related to pensions	132,323	(7,506)	(9,699)
Increase (decrease) in accounts payable and accrued expenses	(1,661,319)	14,130	9,843
Increase (decrease) in customer deposits	46,500	-	-
Increase (decrease) in net pension liability	(101,387)	9,327	14,994
Increase (decrease) in deferred inflows	344,122	-	(34)
Increase (decrease) in compensated absences	(12,311)	1,616	12,484
Net cash provided by operating activities	<u>\$ 4,536,546</u>	<u>\$ 153,567</u>	<u>\$ 567,462</u>
SCHEDULE OF NON-CASH CAPITAL ACTIVITIES			
Transfers out of capital assets	\$ (1,018,760)	\$ -	\$ -
Transfers in and contributions of capital assets	17,416,627	-	11,505,938

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

Total Enterprise	Governmental Activities Internal Service Funds
\$ 37,979,572	\$ 6,032,204
(27,576,094)	(48,526)
-	(5,141,463)
<u>(5,145,903)</u>	<u>-</u>
<u>5,257,575</u>	<u>842,215</u>

<u>(1,872,696)</u>	<u>-</u>
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34,176,015	-
(3,181,368)	-
(20,137,243)	(984,841)
(2,043,436)	-
(349,291)	-
940,433	-
12,324,235	-
(442,286)	-
5,413,449	-

<u>26,700,508</u>	<u>(984,841)</u>
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9,437,899	1,290,427
2,849,103	357,918
(2,000,000)	-
60,411	-
77,089	-

<u>10,424,502</u>	<u>1,648,345</u>
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40,509,889	1,505,719
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<u>38,440,728</u>	<u>4,961,738</u>
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<u>\$ 78,950,617</u>	<u>\$ 6,467,457</u>
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\$ (583,126)	\$ (548,224)
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7,737,482	1,471,271
(333,608)	(15,293)
(353,799)	-
(2,457)	11,617

115,118	-
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<u>(1,637,346)</u>	<u>(77,156)</u>
--------------------	-----------------

46,500	-
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(77,066)	-
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344,088	-
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1,789	-
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<u>\$ 5,257,575</u>	<u>\$ 842,215</u>
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\$ (1,018,760)	\$ -
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28,922,565	8,032,947
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TOWN OF PROSPER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Prosper, Texas (Town) 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

Originally approved by the voters in 2018, the Crime Control and Fire Prevention Special Purpose Districts each have a sales and use tax rate of 0.25%. 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. The governing board of the blended component unit is substantively the same as the Town's governing body. 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 Town'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. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to significant extent on user fees and charges for financing its operations. Likewise, the *primary government* is reported separately from a certain legally separate *component* unit for which the primary government is financially accountable. The Town has no fiduciary activities that require use of fiduciary fund reporting.

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*.

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.

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 fees, charges for services, interest income, intergovernmental revenues and municipal court fines and fees 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. All other revenue items are considered 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 Fees 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 **ARPA Fund**, a special revenue fund, accounts for grant funds awarded and expenditures related to the American Rescue Plan Act (ARPA) was passed by Congress and signed into law on March 11, 2021.

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.

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 ***Solid Waste Fund***, an enterprise fund, is used to account for the Town's solid waste utility operations.

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

The Town reports two internal service funds:

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

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 and Long-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." Long-term interfund loans are classified as "interfund notes 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 and liabilities, the statement of net position or governmental balance sheet will sometimes report a separate section for deferred outflows of resources immediately following assets and deferred inflows immediately following liabilities. Deferred outflows of resources represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources, represents an acquisition of net assets 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 these categories:

- Deferred charges or gain on refunding – A deferred charge or gain on refunding results from the difference in the carrying value of refunded debt and carrying value of the new debt. 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. This item is always a deferred outflow.
- 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. This item can be either a deferred outflow (actuarial loss) or deferred inflow (actuarial gain).
- 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. This item can be either a deferred outflow (actuarial loss) or deferred inflow (actuarial gain).
- Unavailable revenue is reported only in the governmental funds balance sheet due to use of the current financial resource measurement focus. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in projected and actual earnings on pension assets – This difference is netted with previous years’ unamortized gains and losses to produce a net deferred outflow or inflow and amortized over a closed five-year period.
- Deferred inflows related to leases in which the Town is a lessor represent the amount of unrecognized lease revenue. This amount will be recognized in a systematic and rational manner over the lease term.

I. Capital Assets

Capital assets are tangible and intangible, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and right to use assets, 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. Property, plant, and equipment of the primary government are depreciated/amortized 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
Right to use assets	2 - 7
Right to use SBITA	2 - 6

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 estimated 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.

K. Leases and Subscription-Based Information Technology Arrangements

The Town is has agreements noncancellable leases of equipment, vehicles and subscription-based informtion technology arrangements (SBITAs). The Town recognizes related liabilities and an intangible right-to-use assets in the government-wide financial statements. The Town recognizes liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease or SBITA, the Town initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases and SBITAs include how the Town determines (1) the discount rate it uses to discount the expected payments to present value, (2) term and (3) payments.

- The Town uses the interest rate charged by the vendor as the discount rate. When the interest rate charged is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate.
- The agreement term includes the noncancellable period of the lease or SBITA.
- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its leases or SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Lease and SBITA assets are reported with other capital assets and liabilities are reported with long-term debt on the statement of net position.

The Town is a lessor for noncancellable leases and recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

L. 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 resignations and retirements.

M. 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.

N. Health Claims Liability

The Health Insurance 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. The liability is estimated and included in accounts payable and accrued expenses in the statement of net position.

O. 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 during the period 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.

P. 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 20% 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. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. In the General Fund, assigned fund balance is either designated by the Town Manager or represents a fund balance drawdown adopted for the upcoming year's budget.

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.

Q. 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, 2024 was \$0.51 per \$100 of valuation.

Property taxes are based on the appraised values provided by the Collin County or Denton County Central Appraisal Districts, whichever is applicable. Penalty on unpaid taxes accrues 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.

Under state law, property tax levies are divided into a debt service (DS) levy and a maintenance and operations (M&O) levy. Each category of levy has its own unique restrictions and requirements under state law. M&O tax revenue excluding the impact of new construction may only grow 3.5% per year unless approved by the voters. Total tax levy may not exceed \$2.50 per hundred dollars of valuation.

Sales Tax

Sales and use tax is authorized under state law with 6.25% reserved for the state and up the 2% available for local government. Currently three Prosper entities collect sales tax. The town collects 1.5% which includes the 1% municipal levy and 0.5% 4B economic development levy provided to PEDC. In addition, two Special Purpose Districts (SPD) Prosper Crime Control and Prosper Fire Prevention and EMS District each have a 0.25% levy for a total local levy of 2%. The two SPD's were approved by the voters in 2023 for an additional 20 years (until 2043).

The State of Texas utilizes origin-based servicing for municipal sales tax. Under this approach sales and use tax is sourced to the taxing jurisdiction in which the selling business is located regardless of where in the state the purchaser resides or the product is shipped. Origin-based sourcing can produce large individual sales and use tax remitters in specific jurisdictions.

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.

R. Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

S. 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. 99, *Omnibus 2022* – The objective of this Statement was to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. This Statement was implemented in fiscal year 2024 and had no effect on the Town's financial statements.

Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB No. 62* - The objective of this Statement was to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement was implemented in fiscal year 2024 and had no effect on the Town's financial statements.

Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and

measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

Statement No. 102, *Certain Risk Disclosures* – While governments currently disclose certain financial risks, other risks are not required to be disclosed per current standards. The objective of this statement is to provide clear guidance for disclosure of risks related to concentrations and constraints. The standard is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Town is currently evaluating the impact of this Statement.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will provide users of governmental financial statements with essential information about certain types of capital assets to be disclosed separately in the capital assets note disclosures, such as lease and subscription assets. The Statement also requires for additional disclosures for capital assets held for sale. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Town is currently evaluating the impact of this Statement.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Control

The Town's fiscal year is from October 1st to September 30th. Beginning October 1st, the approved budgets are appropriated to the various funds and departments. Amendments may be made to the budget during the fiscal year in accordance with Town Charter provisions. These amendments shall be by ordinance and shall become an attachment to the original budget. The Town budgets for revenues and expenditures on a yearly basis. The final adoption of the Annual Budget takes place in September and the new fiscal year begins October 1. Final adoption of the budget by the Town Council constitutes the official appropriations as proposed by expenditures for the current year and constitute the basis of official levy of the property tax as the amount of tax to be assessed and collected for the corresponding tax year.

The Town Manager submits the proposed budget to Town Council, and it is made public for review. The proposed operating budget includes proposed expenditures and the means of financing them. This culminates into Town Council public hearings in August or September. At this time, the Town Council may further revise the proposed budget as it deems necessary. The final adoption of the Annual Budget takes place in September when the budget is legally enacted through the passage of an ordinance.

The budgetary and accounting policies contained in the budget document conform to GAAP for governmental funds as established by the GASB, except for the effect of encumbrances and unrealized investment gains and losses, which are adjusted to the actual results for this comparison. The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate budgetary and accounting entity. Budgetary control is maintained at the fund level with the Town Manager given the authority to transfer appropriations between departments provided that total appropriations for the fund are not exceeded.

Budgets are legally adopted for Governmental funds (General Fund, Impact Fee Fund, Debt Service Fund, Court Technology Fund, Court Security Fund, Parks Dedication Fund, Parks Improvement Fund, Crime Control Special Purpose District Fund, Fire Prevention and EMS Special Purpose District Fund, TIRZ 1 Fund, TIRZ 2 Fund, Municipal Jury Fund and Contributions Fund) and Proprietary Funds (Water and Sewer Fund, Solid Waste Fund, Stormwater Drainage Fund and Internal Service Funds).

Budgetary comparison statements are presented for the General Fund and for each major special revenue fund as part of the basic financial statements. The Capital Projects Fund is budgeted over the life of the respective project and not on an annual basis. Escrow and ARPA Funds do not have legally adopted budgets. Accordingly, formal budgetary integration of these funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.

III. DEPOSITS AND INVESTMENTS

Deposits

State statutes require that all deposits in financial institutions be fully guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; or secured by obligations governmental entities as authorized in the Public Funds Collateral Act. All deposits of the Town that exceeded the federal depository insurance coverage level of \$250,000 were covered by pledged marketable securities held by an independent custodian or letters of credit issued by a Federal Agency or Instrumentality. The fair value of the security collateral and redemption value of letters of Credit held at September 30, 2024 exceeded the value of all deposits.

At September 30, 2024, the carrying amount of the Town's deposits was \$31,712,076, which includes PEDC deposits of \$86,680. Bank balances totaled \$31,598,934. Cash on hand totaled \$5,870. The Town also has investments in government pools at September 30, 2024, totaling \$190,470,404, including PEDC's share of \$15,025,911, which are recorded at amortized cost.

Investments

The Town is authorized to invest in the following: Obligations of the US Government, its agencies and instrumentalities, excluding mortgage-backed securities, with a stated maximum maturity of three years; general debt obligations of any US state or political subdivision rated A+ or better with a stated maximum maturity of three years; fully insured or collateralized certificates of deposit from banks in Texas with a maximum maturity of three years, insured by the Federal Deposit Insurance Corporation (FDIC), or its successor, or collateralized in accordance with the Town's investment policy to include spread products within these banks; share certificates from credit unions in Texas insured by the National Credit Union Share Insurance Fund with a maximum stated maturity of two years; fully insured or collateralized demand deposits in any bank in Texas insured by the FDIC or its successor or collateralized in accordance with the Town's investment policy to include spread products within these banks; FDIC insured brokered certificate of deposit securities from a bank in any US state, delivered versus payment to the Town's safekeeping/custody account and not to exceed one year to stated final maturity; AAA-rated, SEC registered, money market mutual funds striving to maintain a \$1 net asset value (NAV); AAA-rated Texas local government investment pools which strive to maintain a \$1 net asset value (NAV) operated in accordance with the public funds investment act and authorized by resolution of the Town Council; A1/P1 commercial paper with a maximum stated maturity of 270 days; fully collateralized repurchase agreements as defined by the public funds investment act with a defined termination date, executed with a primary dealer under an industry standard master repurchase agreement, and collateralized in accordance with the Town's investment policy. For additional information see the Town of Prosper's Investment Policy at www.prosperx.gov.

The Town's investments carried at fair value as of September 30, 2024, were:

	Carrying Value	Weighted Average Maturity (days)
Investment type:		
U.S. Agency (FHLB)	\$ 12,993,870	251
Total	\$ 12,993,870	
Portfolio weighted average to maturity		251

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. TexPool 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. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. 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 31 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 24 days.

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

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

In compliance with the Public Funds Investment Act and Public Funds Collateral 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 deposits. The Town utilizes an independent, third-party custodian to hold all pledged marketable securities and an independent, third-party safekeeping agent to settle and hold all investment securities. The Town's investments are in US Government 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. The Town's investment policy establishes credit rating minimums for various investment-types. The credit quality rating for both TexPool and TexSTAR at year end was AAAM by Standard & Poor's.

The Town's US Government bonds each had a long-term rating of Aaa by Moody's and AA+ by S&P.

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; structuring the investment portfolio so that investments matured to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements; and investing operating funds primarily in short-term deposits, securities, money market mutual funds or local government investment pools. The maximum of any investment shall be three years and the maximum weighted average maturity of the overall portfolio may not exceed two years.

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 a loss attributed to the magnitude of a government's investment in a single issuer (i.e., lack of diversification). As of September 30, 2024, the Town minimized concentration of credit risk by: staggering maturities and potential call dates; investing in securities with active secondary markets; and investing in eligible financial institution deposit accounts, money market mutual funds and local government investment pools. The Town's investments and their percentage of net portfolio assets are stated below.

Investment Type	Carrying Value	% of Total Portfolio
Investment Pool - TexSTAR	\$ 90,569,229	44.51%
Investment Pool - TexPool	99,901,175	49.10%
U.S. Agency (FHLB)	<u>12,993,870</u>	<u>6.39%</u>
Total	<u>\$ 203,464,274</u>	<u>100.00%</u>

IV. FAIR VALUE MEASUREMENTS

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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, 2024:

Investments by fair value level	Fair value	Fair Value Measurements Using	
		Level 1	Level 2
Federal Home Loan Bank	\$ 12,993,870	\$ -	\$ 12,993,870

V. RECEIVABLES

The Town’s taxes receivables as of September 30, 2024 consisted of the following:

	Governmental Activities			Total
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	
Property taxes	\$ 226,460	\$ 111,134	\$ -	\$ 337,594
Sales tax	1,910,526	-	1,369,083	3,279,609
Gross receivables	2,136,986	111,134	1,369,083	3,617,203
Less: allowance for uncollectible	(4,529)	(2,223)	-	(6,752)
Net receivables	<u>\$ 2,132,457</u>	<u>\$ 108,911</u>	<u>\$ 1,369,083</u>	<u>\$ 3,610,451</u>

The Town’s accounts receivable as of September 30, 2024 consisted of the following:

	Governmental Funds		Proprietary Funds				Total
	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Solid Waste	Stormwater Drainage Fund	Internal Service Funds	
Ambulance	\$ 1,130,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,130,121
Franchise fees	521,692	-	-	-	-	-	521,692
Intergovernmental	49,310	-	552,255	-	-	-	601,565
Municipal court	48,476	-	-	-	-	-	48,476
Utility bills	-	-	5,794,859	230,521	155,651	-	6,181,031
Other receivables	290,083	12,538	570,533	-	-	50,457	923,611
Gross receivables	2,039,682	12,538	6,917,647	230,521	155,651	50,457	9,406,496
Less: allowance for uncollectible	(683,510)	-	(530,020)	-	-	-	(1,213,530)
Net receivables	<u>\$ 1,356,172</u>	<u>\$ 12,538</u>	<u>\$ 6,387,627</u>	<u>\$ 230,521</u>	<u>\$ 155,651</u>	<u>\$ 50,457</u>	<u>\$ 8,192,966</u>

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated/amortized:					
Land	\$ 84,464,478	\$ 28,849,374	\$ -	\$ -	\$ 113,313,852
Construction in progress	45,580,317	54,066,235	-	(13,774,708)	85,871,844
Total capital assets not being depreciated/amortized	130,044,795	82,915,609	-	(13,774,708)	199,185,696
Capital assets being depreciated/amortized:					
Buildings and improvements	89,915,325	430,019	-	-	90,345,344
Equipment	21,794,677	2,522,394	(24,664)	(690,406)	23,602,001
Infrastructure	264,345,397	17,834,639	-	16,028,847	298,208,883
Right to use assets: Vehicles and Equipment	4,217,086	568,948	-	319,529	5,105,563
Right to use assets: SBITA	1,373,301	250,766	(323,024)	-	1,301,043
Total assets being depreciated/amortized	381,645,786	21,606,766	(347,688)	15,657,970	418,562,834
Less accumulated depreciation/amortization for:					
Buildings and improvements	(16,265,627)	(2,721,439)	-	-	(18,987,066)
Equipment	(8,399,806)	(1,538,641)	24,664	(800,301)	(10,714,084)
Infrastructure	(56,024,957)	(9,375,691)	-	-	(65,400,648)
Right to use assets: Vehicles and Equipment	(1,752,239)	(745,030)	-	(81,084)	(2,578,353)
Right to use assets: SBITA	(233,417)	(520,544)	120,844	-	(633,117)
Total accumulated depreciation/amortization	(82,676,046)	(14,901,345)	145,508	(881,385)	(98,313,268)
Total capital assets being depreciated/amortized, net	298,969,740	6,705,421	(202,180)	14,776,585	320,249,566
Governmental activities capital assets, net	<u>\$ 429,014,535</u>	<u>\$ 89,621,030</u>	<u>\$ (202,180)</u>	<u>\$ 1,001,877</u>	<u>\$ 519,435,262</u>

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,918,521	\$ 682,845	\$ -	\$ -	\$ 2,601,366
Construction in progress	11,517,123	17,033,055	-	(1,410,849)	27,139,329
Total capital assets, not being depreciated/amortized	13,435,644	17,715,900	-	(1,410,849)	29,740,695
Capital assets being depreciated/amortized:					
Buildings and systems	325,418	-	-	-	325,418
Vehicles and equipment	2,532,600	2,044,391	-	(1,563,733)	3,013,258
Infrastructure	227,540,668	28,905,682	-	1,410,849	257,857,199
Right to use assets - vehicles and equipment	319,529	-	-	(319,529)	-
Intangible Asset	15,744,809	-	-	-	15,744,809
Total assets being depreciated/amortized	246,463,024	30,950,073	-	(472,413)	276,940,684
Less accumulated depreciation/amortization for:					
Buildings and systems	(246,747)	(24,241)	-	-	(270,988)
Vehicles and equipment	(1,521,420)	(153,279)	-	800,391	(874,308)
Infrastructure	(38,015,625)	(7,244,998)	-	-	(45,260,623)
Right to use assets - vehicles and equipment	(80,994)	-	-	80,994	-
Intangible Asset	(2,201,362)	(314,964)	-	-	(2,516,326)
Total accumulated depreciation/amortization	(42,066,148)	(7,737,482)	-	881,385	(48,922,245)
Total capital assets being depreciated/amortized, net	204,396,876	23,212,591	-	408,972	228,018,439
Business-type activities capital assets, net	\$ 217,832,520	\$ 40,928,491	\$ -	\$ (1,001,877)	\$ 257,759,134

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Component Unit:					
Capital assets not being depreciated:					
Land	\$ 4,200,978	\$ 4,017,890	\$ -	\$ -	\$ 8,218,868
Total capital assets not being depreciated	\$ 4,200,978	\$ 4,017,890	\$ -	\$ -	\$ 8,218,868

Depreciation/amortization expense for the year ended September 30, 2024 was charged to functions/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 1,107,211
Police	1,112,753
Fire	1,391,748
Development Services	38,473
Public Works	9,522,988
Community Services	1,706,407
Engineering	21,765
Total	<u>\$ 14,901,345</u>
Business-type activities:	
Water and sewer	\$ 5,399,320
Solid Waste	83,996
Stormwater drainage utility	2,254,166
Total	<u>\$ 7,737,482</u>

As of September 30, 2024, the Town's only intangible asset was related to wastewater treatment capacity rights acquired from the Upper Trinity Regional Water District (UTRWD). Although the capacity rights were initially acquired in March 2014, the related plant facility was placed into service as of September 30, 2017, and in the current year amortization of \$314,964 has been recognized in these financial statements. In fiscal year 2024, the Town entered into an amended agreement with UTRWD for increased capacity as part of their plant expansion. As of September 30, 2024, \$6,102,367 had been expended towards this project which is recorded as a construction in progress asset.

VII. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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 balances at September 30, 2024 were as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Capital projects	\$ 31,451	Short-term loans

On April 30, 2024, the Water and Sewer Fund loaned \$2,000,000 to the Solid Waste Fund for the purchase of 95-gallon trash containers. This interfund note bears interest at 5.25% and will be repaid through monthly payments over a period of ten years.

Interfund notes balances at September 30, 2024 were as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Solid Waste	Water and Sewer	\$ 1,922,911	Long-term loan

Interfund transfers made during the fiscal year were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Contributions	Capital Projects	\$ 200,000	Capital outlay
Parks Dedication	Capital Projects	1,363,800	Capital outlay
Parks Improvement	Capital Projects	1,487,255	Capital outlay
Impact Fees	Capital Projects	300,000	Capital outlay
Escrow	Impact Fees	167,514	Capital outlay
Storm Drainage	Water and Sewer	225,000	Capital outlay
ARPA	Water and Sewer	364,837	Capital outlay
Water and Sewer	Storm Drainage	16,883	Capital outlay
Capital Projects	Vehicle & Equipment Replacement	63,398	Capital outlay
Water and Sewer	Vehicle & Equipment Replacement	1,001,877	Capital outlay
Storm Drainage	Water and Sewer	350,596	Capital outlay
Water and Sewer	General Fund	1,183,705	Administrative
Storm Drainage	General Fund	113,395	Administrative
Total		<u>\$ 6,838,260</u>	

VIII. LONG-TERM LIABILITIES

The Town issues general obligation bonds, certificates of obligations, and revenue bonds 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. Revenue bonds have been issued for business-type activities. The certificates of obligation will be repaid by the debt service fund in combination with system revenues. The revenue bonds will be repaid by system revenues.

The Town issued General Obligation Refunding and Improvement Bonds, Series 2024 in the amount of \$33,925,000 for purposes of constructing and improving public safety facilities, parks and recreational facilities, as well as streets, road, and other related infrastructure in the Town. Waterworks and Sewer System Revenue Bonds, Series 2024 were issued in the amount of \$29,670,000 for constructing and improving the Town's waterworks and sewer system. Each bond issuance has coupon interest rates between 4% to 5% and will mature over the next 20 years.

The following is a summary of long-term liabilities for the year ended September 30, 2024:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
<u>Governmental activities:</u>					
Compensated absences	\$ 2,814,824	\$ 2,534,752	\$ (1,975,464)	\$ 3,374,112	\$ 843,528
Net pension liability	7,240,492	3,119,233	(3,970,482)	6,389,243	-
Bonds	178,910,617	33,925,000	(8,885,720)	203,949,897	10,190,966
Bond premium on issuance	12,018,353	2,832,242	(2,592,060)	12,258,535	-
Leases payable	324,113	568,947	(184,098)	708,962	170,820
SBITA payable	823,508	248,367	(658,101)	413,774	323,346
Total governmental	<u>202,131,907</u>	<u>43,228,541</u>	<u>(18,265,925)</u>	<u>227,094,523</u>	<u>11,528,660</u>
<u>Business-type activities:</u>					
Compensated absences	297,098	199,191	(197,402)	298,887	74,722
Net pension liability	905,575	486,757	(563,823)	828,509	-
Bonds	47,494,382	29,670,000	(3,104,278)	74,060,104	3,784,035
Bonds premium on issuance	2,179,207	2,506,015	(466,530)	4,218,692	-
Total business-type activities	<u>50,876,262</u>	<u>32,861,963</u>	<u>(4,332,033)</u>	<u>79,406,192</u>	<u>3,858,757</u>
Total primary government	<u>\$ 253,008,169</u>	<u>\$ 76,090,504</u>	<u>\$ (22,597,958)</u>	<u>\$ 306,500,715</u>	<u>\$ 15,387,417</u>

The compensated absences liabilities in the governmental activities are liquidated by the General fund.

Net pension liability for governmental-type funds are recorded at the government-wide statement level and are primarily liquidated in the General Fund. Liabilities for the proprietary type activities are recorded and liquidated in the fund that incurs the liability.

Waterworks and Sewer System Revenue Bonds are to be repaid by the revenue of the water and sewer system. As of September 30, 2024, the Town had a reserve requirement of \$577,675 related to Waterworks and Sewer System Revenue Bonds.

Certificates of Obligation are intended to be repaid by the revenue of the combined utility system and any special funds established by the debt 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 required funds.

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.

Bonds and certificates of obligation at September 30, 2024 are comprised of the following issues to be repaid from the Debt Service Fund, the Water and Sewer Fund, and the Stormwater Drainage Fund. All outstanding general obligation debt of the Town at September 30, 2024 is secured by an ad valorem tax pledge.

	Governmental Activities	Business-Type Activities	Total
2014 General Obligation Improvement Bonds issued February 15, 2014, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	\$ 600,000	\$ -	\$ 600,000
2014 Certificates of Obligation issued February 15, 2014, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4%.	-	7,495,000	7,495,000
2015 General Obligation Refunding and Improvement Bonds issued July 15, 2015, maturing February 15, 2035. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%	7,534,500	1,325,500	8,860,000
2015 Certificates of Obligation issued July 15, 2015, maturing February 15, 2035. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	5,915,000	-	5,915,000
2016 General Obligation Refunding and Improvement Bonds issued July 12, 2016, maturing February 15, 2036. Interest payable February 15 and August 15 at rates ranging 2.0% to 4.0%.	3,310,000	-	3,310,000
2016 Certificates of Obligation issued July 12, 2016, maturing February 15, 2036. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	6,410,000	895,000	7,305,000
2017 Certificates of Obligation issued June 27, 2017, maturing February 15, 2037. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	8,225,000	730,000	8,955,000
2018 General Obligation Refunding Bonds issued June 15, 2018, maturing February 15, 2038. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	3,075,000	-	3,075,000
2018 Certificates of Obligation issued June 15, 2018, maturing February 15, 2038. Interest payable February 15 and August 15 at rates ranging from 3.125% to 5.0%.	9,745,000	7,715,000	17,460,000
2019 General Obligation Improvement Bonds issued July 25, 2019, maturing February 15, 2039. Interest payable February 15 and August 15 at rates ranging from 3.0% to 4.0%.	3,295,000	-	3,295,000
2019 Certificates of Obligation issued July 25, 2019, maturing February 15, 2039. Interest payable February 15 and August 15 at rates ranging from 3.0% to 5.0%.	10,615,397	3,589,604	14,205,001
2020 Certificates of Obligation issued July 30, 2020, maturing February 15, 2040. Interest payable February 15 and August 15 at rates ranging from 3.0% to 4.0%.	9,305,000	-	9,305,000

	Governmental Activities	Business-Type Activities	Total
2021 General Obligation Improvement Bonds issued August 15, 2021, maturing February 15, 2041. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5%.	31,815,000	-	31,815,000
2021 Certificates of Obligation issued August 15, 2021, maturing February 15, 2041. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5%.	6,040,000	-	6,040,000
2022 General Obligation Improvement Bonds issued August 15, 2022, maturing February 15, 2042. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	28,740,000	-	28,740,000
2022 Certificates of Obligation issued October 1, 2022, maturing August 15, 2042. Interest payable February 15 and August 15 at rates ranging from 4.75% to 5.0%.	-	12,010,000	12,010,000
2023 General Obligation Improvement Bonds issued August 15, 2023, maturing February 15, 2043. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	35,400,000	2,620,000	38,020,000
2023 Certificates of Obligation issued August 15, 2023, maturing August 15, 2043. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	-	8,010,000	8,010,000
2024 General Obligation Bonds issued August 15, 2024 maturing February 15, 2044. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	33,925,000	-	33,925,000
2024 Waterworks and Sewer System Revenue Bonds issued August 15, 2024, maturing August 15, 2044. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	-	29,670,000	29,670,000
	<u>\$ 203,949,897</u>	<u>\$ 74,060,104</u>	<u>\$ 278,010,001</u>

The annual requirements to amortize the combined debt outstanding for the Debt Service Fund, Stormwater Drainage Fund and Water and Sewer Fund as of September 30, 2024, are as follows:

Year Ended September 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 10,190,966	\$ 8,082,588	\$ 3,784,035	\$ 3,183,770	\$ 13,975,001	\$ 11,266,358
2026	9,978,512	7,775,569	3,831,489	3,138,031	13,810,001	10,913,600
2027	10,165,394	7,303,492	3,549,606	2,967,258	13,715,000	10,270,750
2028	10,658,313	6,807,280	3,716,687	2,798,870	14,375,000	9,606,150
2029	11,184,469	6,283,762	3,885,532	2,623,038	15,070,001	8,906,800
2030-2034	58,513,411	23,872,845	21,341,588	10,341,123	79,854,999	34,213,968
2035-2039	59,373,832	11,793,967	18,666,167	5,797,609	78,039,999	17,591,576
2040-2044	33,885,000	2,565,584	15,285,000	1,826,238	49,170,000	4,391,822
Total	<u>\$ 203,949,897</u>	<u>\$ 74,485,087</u>	<u>\$ 74,060,104</u>	<u>\$ 32,675,937</u>	<u>\$ 278,010,001</u>	<u>\$ 107,161,024</u>

Lease Liability

As of September 30, 2024, Prosper, TX had two active leases that allow the right-to-use the vendor's assets over the lease term. The rate, term and ending liability are as follows:

Purpose	Interest Rate	Initial Year	Monthly Terms	Amount of Initial Liability	Amounts Outstanding 09/30/24	Amounts Due Within One Year
Leases:						
Flock 1 - Falcon LPRs	3.451%	2024	60	\$ 568,947	\$ 448,637	\$ 106,518
Striker Medical Devices	0.804%	2021	73	453,788	260,325	64,302
Totals					<u>\$ 708,962</u>	<u>\$ 170,820</u>

Annual requirements to amortize the lease liability for the General Fund as of September 30, 2024, are as follows:

Year Ended September 30,	Governmental Activities	
	Principal	Interest
2025	\$ 170,820	\$ 17,575
2026	175,011	13,383
2027	179,336	9,059
2028	183,795	4,599
Total	<u>\$ 708,962</u>	<u>\$ 44,616</u>

SBITA Liability

As of September 30, 2024, Prosper, TX had seven active subscriptions that allow the right-to-use the SBITA vendors' information technology software over the subscription term. The SBITA rate, term and ending liability are as follows:

Purpose	Interest Rate	Initial Year	Monthly Terms	Amount of Initial Liability	Amounts Outstanding 09/30/24	Amounts Due Within One Year
Right to Use:						
Security software	3.238%	2023	36	\$ 76,184	\$ 25,386	\$ 25,386
CDW	2.702%	2023	66	95,904	63,898	15,342
Clearview.ai	2.656%	2023	36	16,062	5,353	5,353
Flock - Analytics	3.018%	2024	36	69,911	69,911	46,614
DebtBook	3.742%	2024	24	22,003	11,278	11,278
TargetSolutions	3.591%	2024	36	53,074	35,621	17,046
Tyler - EPL	2.656%	2023	36	607,121	202,327	202,327
Totals					<u>\$ 413,774</u>	<u>\$ 323,346</u>

Annual requirements to amortize the SBITA liability for the General Fund as of September 30, 2024, are as follows:

Year Ended September 30,	Governmental Activities	
	Principal	Interest
2025	\$ 323,346	\$ 11,151
2026	57,627	2,682
2027	16,182	886
2028	16,619	449
Total	<u>\$ 413,774</u>	<u>\$ 15,168</u>

IX. RESTRICTED ASSETS

The balances of restricted asset accounts as of September 30, 2024 are as follows:

	Cash	Investments	Reason for restriction
Business-type activities:			
Water and Sewer fund	\$ 54,641,848	\$ 4,997,442	Capital projects (unspent bond proceeds)
Water and Sewer fund	577,675	-	Debt service
Water and Sewer fund	12,189,673		Impact fees
Total business-type activities	<u>\$ 67,409,196</u>	<u>\$ 4,997,442</u>	
Governmental activities:			
Impact Fees fund	\$ 13,104,199		Impact fees
Debt Service fund	1,245,277		Debt service
Capital Projects fund	81,761,072	7,996,428	Capital projects (unspent bond proceeds)
Escrow Fund	6,704,039		Customer deposits/escrow
Nonmajor governmental funds	5,744,110		Special revenue funds
Total governmental activities	<u>\$ 108,558,697</u>	<u>\$ 7,996,428</u>	

X. RISK MANAGEMENT

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

The Town of Prosper initiated a self-funded health and dental plan effective January 1, 2017 for Town Employees and their dependents. The Town maintains the Health 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 \$4,164,678. The Town’s claim administrator is UMR.

Revenues are recognized from payroll deductions and Town contributions. At September 30, 2024, a liability of \$208,848 has been recorded, which represents estimated claims incurred but not yet reported. Changes in this claims liability during fiscal years 2022, 2023, and 2024 respectively were as follows

Fiscal Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2022	\$ 212,015	\$ 1,856,224	\$ 1,911,385	\$ 156,854
2023	156,854	2,207,581	2,190,249	174,186
2024	174,186	2,210,359	2,175,697	208,848

XI. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

As a municipality exceeding 25,000 population, the town is required to provide its retirees health insurance coverage but can recover up to the full cost of that coverage. The Town has adopted a policy requiring retirees to pay an actuarially determined age-based rate and therefore has no OPEB liability under GASB standards.

XII. DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates as one of 900+ 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 annual comprehensive financial report (ACFR) that can be obtained at www.TMRS.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the 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.

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 (Town 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, 2023 valuation and measurement date, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	190
Active employees	350
Total	<u>584</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 Town's contribution rate is based on the liabilities created from the benefit plan options selected by the Town and any changes in benefits or actual experience over time.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 14.12% and 14.29% in calendar years 2023 and 2024, respectively. The Town's contributions to TMRS for the year ended September 30, 2024, were \$4,485,344, and were equal to the required contributions. The PEDC's contributions to TMRS for the year were \$48,961 and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and females rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on fully generational basis by the most recent Scale MP-2021 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, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments of 6.75% was originally effective for the December 31, 2015 valuation and is periodically verified along with all other actuarial assumptions through an actuarial experience study at least every five years. The most recent experience study was approved by the TMRS Board in September 2023. The estimate is based on a weighted average calculation of the long-term rates of return expected for each asset class. 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 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35.00%	6.70%
Core fixed income	6.00%	4.70%
Non-core fixed income	20.00%	8.00%
Other public and private markets	12.00%	8.00%
Real estate	12.00%	7.60%
Hedge funds	5.00%	6.40%
Private equity	10.00%	11.60%
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

The Town's net pension liability is generally liquidated by the General Fund and proprietary funds. The Town reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2022	\$ 45,970,229	\$ 37,824,162	\$ 8,146,067
Changes for the year:			
Service cost	5,493,863	-	5,493,863
Interest	3,276,449	-	3,276,449
Difference between expected and actual experience	505,498	-	505,498
Change in assumptions	114,227	-	114,227
Contributions - employer	-	3,967,948	(3,967,948)
Contributions - employee	-	1,967,112	(1,967,112)
Net investment income	-	4,423,768	(4,423,768)
Benefit payments, including refunds of employee contributions	(494,164)	(494,164)	-
Administrative expense	-	(27,893)	27,893
Other changes	69,910	57,327	12,583
Net changes	8,965,783	9,894,098	(928,315)
Balance at December 31, 2023	\$ 54,936,012	\$ 47,718,260	\$ 7,217,752

The PEDC reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2022	\$ 572,475	\$ 471,031	\$ 101,444
Changes for the year:			
Service cost	59,970	-	59,970
Interest	35,765	-	35,765
Difference between expected and actual experience	5,518	-	5,518
Change in assumptions	1,247	-	1,247
Contributions - employer	-	43,313	(43,313)
Contributions - employee	-	21,473	(21,473)
Net investment income	-	48,289	(48,289)
Benefit payments, including refunds of employee contributions	(5,394)	(5,394)	-
Administrative expense	-	(304)	304
Other changes	(69,910)	(57,524)	(12,386)
Net changes	<u>27,196</u>	<u>49,853</u>	<u>(22,657)</u>
Balance at December 31, 2023	<u>\$ 599,671</u>	<u>\$ 520,884</u>	<u>\$ 78,787</u>

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	\$ 17,279,749	\$ 7,217,752	\$ (832,102)
EDC's net pension liability	188,621	78,787	(9,083)
Total	<u>\$ 17,468,370</u>	<u>\$ 7,296,539</u>	<u>\$ (841,185)</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the Town and component unit recognized pension expense of \$4,773,212 and \$52,103, respectively.

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,602,625	\$ -
Changes in actuarial assumptions	115,153	-
Difference between projected and actual investment earnings	783,508	-
Contributions subsequent to the measurement date	3,307,616	-
Total	<u>\$ 5,808,902</u>	<u>\$ -</u>

At September 30, 2024, the PEDC 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	\$ 17,494	\$ -
Changes in actuarial assumptions	1,257	-
Difference between projected and actual investment earnings	8,553	-
Contributions subsequent to the measurement date	36,105	-
Total	<u>\$ 63,409</u>	<u>\$ -</u>

The Town and component unit reported \$3,307,616 and \$36,105, 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, 2025. 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,	Town	Component Unit
2025	\$ 791,603	\$ 8,641
2026	718,486	7,843
2027	967,436	10,560
2028	(113,003)	(1,234)
2029	129,617	1,415
Thereafter	7,147	79
Total	<u>\$ 2,501,286</u>	<u>\$ 27,304</u>

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 or repay developers for the construction of impact fee eligible projects. For fiscal year 2024, the Town rebated \$750,232 in property and sales taxes and repaid developers for infrastructure agreements with \$1,198,729 in impact fees.

Tax Increment Reinvestment Zone

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

In December 2015, Town Council appointed a TIRZ Board to approve final projects and finance plans 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.

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

The development agreement for TIRZ 1 provides for development of approximately 600 acres of land located in the Town and known as the Gates of Prosper. This agreement provides for an economic development grant of \$58,000,000 plus 3.5% interest compounded annually until paid in full or termination of the agreement. Funding for this grant is contingent upon the availability of tax revenues and impact fee revenues in TIRZ 1. Interest payments of \$844,220 and payment towards construction of \$4,252,662 were made during fiscal year 2024.

The development agreement for TIRZ 2 provides for development of approximately 157 acres of land located in the Town of Prosper at the intersection of Dallas North Tollway and US Highway 380. This agreement provided for an economic development grant of \$28,566,057 plus 3.5% interest compounded annually until paid in full or termination of the agreement. This development agreement was determined to be in default and the Town’s obligation is to pay all amounts due at the time of default which is currently \$1,557,946. No interest will be calculated from the date of default, September 22, 2020, and forward. Funding for this grant is contingent upon the availability of tax revenues and impact fee revenues in TIRZ 2. A construction payment of \$110,273 and no payment towards interest were made during fiscal year 2024.

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, September 30, 2023	\$ 24,120,578	\$ 1,332,391	\$ 25,452,969
Additions/adjustments	4,690,473	-	4,690,473
Payments	<u>(4,252,663)</u>	<u>(110,271)</u>	<u>(4,362,934)</u>
Balance, September 30, 2024	<u>\$ 24,558,388</u>	<u>\$ 1,222,120</u>	<u>\$ 25,780,508</u>

XIV. COMMITMENTS AND CONTINGENCIES

At September 30, 2024, the total estimated costs to complete significant construction projects in progress at year-end totaled approximately \$149,110,152 for the Capital Projects Fund.



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**REQUIRED
SUPPLEMENTARY
INFORMATION
SECTION**

TOWN OF PROSPER, TEXAS

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

LAST TEN FISCAL YEARS
(UNAUDITED)

Measurement year December 31,	2014	2015	2016
Total pension liability			
Service cost	\$ 1,149,110	\$ 1,457,871	\$ 1,719,445
Interest on total pension liability	610,963	732,791	874,511
Difference between expected and actual experience	(114,652)	264,111	(103,100)
Change or assumptions	-	(14,368)	-
Benefit payments/refunds of contributions	(47,637)	(71,162)	(96,666)
Net change in total pension liability	1,597,784	2,369,243	2,394,190
Total pension liability, beginning	8,177,304	9,775,088	12,144,331
Total pension liability, ending (a)	\$ 9,775,088	\$ 12,144,331	\$ 14,538,521
Plan fiduciary net position			
Contributions - employer	\$ 723,677	\$ 914,153	\$ 1,101,478
Contributions - employee	471,670	539,096	623,310
Net investment income	383,420	12,145	650,853
Benefit payments/refunds of contributions	(47,637)	(71,162)	(96,666)
Administrative expenses	(4,000)	(7,392)	(7,335)
Other	(329)	(365)	(397)
Net change in fiduciary net position	1,526,801	1,386,475	2,271,243
Fiduciary net position, beginning	6,697,330	8,224,131	9,610,606
Fiduciary net position, ending (b)	\$ 8,224,131	\$ 9,610,606	\$ 11,881,849
Net pension liability = (a)-(b)	1,550,957	2,533,725	2,656,672
Fiduciary net position as a percentage of total pension liability	84.13%	79.14%	81.73%
Covered - employee payroll	\$ 6,738,149	\$ 7,701,377	\$ 8,904,427
Net Pension liability as a percentage of covered employee payroll	23.02%	32.90%	29.84%

2017	2018	2019	2020	2021	2022	2023
\$ 2,156,520	\$ 2,559,835	\$ 2,900,937	\$ 3,591,897	\$ 4,056,030	\$ 4,677,258	\$ 5,553,834
1,046,888	1,255,581	1,541,809	1,902,755	2,304,810	2,761,182	3,312,214
(42,762)	526,914	693,569	522,514	489,219	753,591	511,016
-	-	85,186	-	-	-	115,474
(214,667)	(326,425)	(218,532)	(220,713)	(365,014)	(434,199)	(499,558)
<u>2,945,979</u>	<u>4,015,905</u>	<u>5,002,969</u>	<u>5,796,453</u>	<u>6,485,045</u>	<u>7,757,832</u>	<u>8,992,980</u>
<u>14,538,521</u>	<u>17,484,500</u>	<u>21,500,405</u>	<u>26,503,374</u>	<u>32,299,827</u>	<u>38,784,872</u>	<u>46,542,704</u>
<u>\$ 17,484,500</u>	<u>\$ 21,500,405</u>	<u>\$ 26,503,374</u>	<u>\$ 32,299,827</u>	<u>\$ 38,784,872</u>	<u>\$ 46,542,704</u>	<u>\$ 55,535,684</u>
\$ 1,526,920	\$ 1,802,566	\$ 2,051,549	\$ 2,537,000	\$ 2,892,539	\$ 3,432,076	\$ 4,011,261
794,089	932,591	1,059,841	1,311,595	1,473,637	1,685,932	1,988,585
1,650,563	(469,840)	2,727,479	1,766,968	3,741,751	(2,665,583)	4,472,057
(214,667)	(326,425)	(218,532)	(220,713)	(365,014)	(434,199)	(499,558)
(8,534)	(9,048)	(15,339)	(11,377)	(17,219)	(22,912)	(28,197)
(433)	(473)	(460)	(445)	119	27,342	(197)
<u>3,747,938</u>	<u>1,929,371</u>	<u>5,604,538</u>	<u>5,383,028</u>	<u>7,725,813</u>	<u>2,022,656</u>	<u>9,943,951</u>
<u>11,881,849</u>	<u>15,629,787</u>	<u>17,559,158</u>	<u>23,163,696</u>	<u>28,546,724</u>	<u>36,272,537</u>	<u>38,295,193</u>
<u>\$ 15,629,787</u>	<u>\$ 17,559,158</u>	<u>\$ 23,163,696</u>	<u>\$ 28,546,724</u>	<u>\$ 36,272,537</u>	<u>\$ 38,295,193</u>	<u>\$ 48,239,144</u>
<u>1,854,713</u>	<u>3,941,247</u>	<u>3,339,678</u>	<u>3,753,103</u>	<u>2,512,335</u>	<u>8,247,511</u>	<u>7,296,540</u>
89.39%	81.67%	87.40%	88.38%	93.52%	82.28%	86.86%
\$ 11,344,133	\$ 13,304,757	\$ 15,140,587	\$ 18,737,073	\$ 20,662,405	\$ 20,662,405	\$ 28,408,360
16.35%	29.62%	22.06%	20.03%	12.16%	39.92%	25.68%

TOWN OF PROSPER, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year ended September 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 842,892	\$ 1,073,556	\$ 1,460,414
Contributions in relation to the actuarially determined contribution	<u>842,892</u>	<u>1,072,237</u>	<u>1,431,283</u>
Contribution deficiency (excess)	-	1,319	29,131
Covered payroll	\$ 7,560,918	\$ 7,678,705	\$ 10,850,030
Contributions as a percentage of covered payroll	11.15%	13.96%	13.19%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	21 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

2018	2019	2020	2021	2022	2023	2024
\$ 1,739,754	\$ 1,974,212	\$ 2,364,494	\$ 2,790,352	\$ 3,221,511	\$ 3,829,116	\$ 4,534,305
<u>1,739,754</u>	<u>1,974,212</u>	<u>2,364,494</u>	<u>2,790,352</u>	<u>3,221,511</u>	<u>3,829,116</u>	<u>4,534,305</u>
-	-	-	-	-	-	-
\$ 12,884,881	\$ 14,574,706	\$ 17,470,665	\$ 20,382,993	\$ 22,814,839	\$ 27,053,229	\$ 31,830,926
13.50%	13.55%	13.53%	13.69%	14.12%	14.15%	14.24%



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COMBINING AND INDIVIDUAL FUND SCHEDULES



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NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

CRIME CONTROL SPECIAL PURPOSE DISTRICT – Originally created in 2018 and renewed by the voters in 2023 for twenty years the Crime Control and Prevention Special Purpose District is allowed under Texas Local Government Code, Chapter 363 and Texas Tax Code, Section 323.105. The Crime Control and Prevention District is dedicated to crime reduction programs and the dedication of a one-fourth of one percent sales and use tax.

FIRE PREVENTION AND EMS SPECIAL PURPOSE DISTRICT – Originally created in 2018 and renewed by the voters in 2023 for twenty years the Fire Control, Prevention, and Emergency Medical Services Special Purpose District is allowed under Texas Local Government Code, Chapter 344 and Texas Tax Code, Section 321.106. The Fire Control, Prevention, and Emergency Medical Services Special Purpose District is dedicated to fire safety and emergency medical services programs and the dedication of a one-fourth of one percent sales and use tax.

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

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

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

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

TOWN OF PROSPER, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	Court Technology	Court Security	Parks Dedication	Parks Improvement
ASSETS				
Cash and cash equivalents	\$ 32,457	\$ 66,425	\$ 1,175,203	\$ 57,187
Taxes receivable, net	-	-	-	-
Accounts receivable, net	-	-	-	-
Total assets	<u>32,457</u>	<u>66,425</u>	<u>1,175,203</u>	<u>57,187</u>
LIABILITIES				
Accounts payable	-	-	-	-
Accrued expenses	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Restricted for:				
Tax increment reinvestment zone (TIRZ)	-	-	-	-
Public safety	32,457	66,425	-	-
Parks	-	-	1,175,203	57,187
Other	-	-	-	-
Total fund balances	<u>32,457</u>	<u>66,425</u>	<u>1,175,203</u>	<u>57,187</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,457</u>	<u>\$ 66,425</u>	<u>\$ 1,175,203</u>	<u>\$ 57,187</u>

Crime Control Special Purpose District	Fire Prevention and EMS Special Purpose District	TIRZ 1	TIRZ 2	Municipal Jury	Contributions	Total Nonmajor Governmental Funds
\$ 782	\$ 1,513	\$ 2,187,346	\$ 25,438	\$ 955	\$ 2,196,804	\$ 5,744,110
506,978	507,038	354,755	312	-	-	1,369,083
-	-	-	-	-	12,538	12,538
<u>507,760</u>	<u>508,551</u>	<u>2,542,101</u>	<u>25,750</u>	<u>955</u>	<u>2,209,342</u>	<u>7,125,731</u>
775	775	-	-	-	12,564	14,114
108,920	124,838	-	-	-	-	233,758
<u>109,695</u>	<u>125,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,564</u>	<u>247,872</u>
-	-	2,542,101	25,750	-	-	2,567,851
398,065	382,938	-	-	955	153,497	1,034,337
-	-	-	-	-	-	1,232,390
-	-	-	-	-	2,043,281	2,043,281
<u>398,065</u>	<u>382,938</u>	<u>2,542,101</u>	<u>25,750</u>	<u>955</u>	<u>2,196,778</u>	<u>6,877,859</u>
<u>\$ 507,760</u>	<u>\$ 508,551</u>	<u>\$ 2,542,101</u>	<u>\$ 25,750</u>	<u>\$ 955</u>	<u>\$ 2,209,342</u>	<u>\$ 7,125,731</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Court Technology</u>	<u>Court Security</u>	<u>Parks Dedication</u>	<u>Parks Improvement</u>
REVENUES				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Impact fees	-	-	-	-
Investment income	1,448	3,152	42,091	41,247
Fines, fees, warrants and seizures	10,217	12,405	-	-
Contributions	-	-	909,971	761,210
Miscellaneous	-	-	-	-
Total revenues	<u>11,665</u>	<u>15,557</u>	<u>952,062</u>	<u>802,457</u>
EXPENDITURES				
Current:				
Administration	-	-	-	-
Police	-	-	-	-
Fire and EMS	-	-	-	-
Community services	-	-	-	5,199
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,665</u>	<u>15,557</u>	<u>952,062</u>	<u>797,258</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,363,800)	(1,487,255)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,363,800)</u>	<u>(1,487,255)</u>
NET CHANGE IN FUND BALANCE	11,665	15,557	(411,738)	(689,997)
FUND BALANCES - BEGINNING	<u>20,792</u>	<u>50,868</u>	<u>1,586,941</u>	<u>747,184</u>
FUND BALANCES - ENDING	<u>\$ 32,457</u>	<u>\$ 66,425</u>	<u>\$ 1,175,203</u>	<u>\$ 57,187</u>

Crime Control Special Purpose District	Fire Prevention and EMS Special Purpose District	TIRZ 1	TIRZ 2	Municipal Jury	Contributions	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,826,375	\$ 92,367	\$ -	\$ -	\$ 1,918,742
3,018,090	3,015,318	2,240,000	14,782	-	-	8,288,190
-	-	2,450,253	-	-	-	2,450,253
267	4,962	130,910	3,224	57	107,140	334,498
-	-	-	-	249	16,378	39,249
-	-	-	-	-	272,474	1,943,655
-	-	-	-	-	8,756	8,756
<u>3,018,357</u>	<u>3,020,280</u>	<u>6,647,538</u>	<u>110,373</u>	<u>306</u>	<u>404,748</u>	<u>14,983,343</u>
-	-	5,096,882	110,273	-	2,162	5,209,317
3,042,346	-	-	-	-	34,259	3,076,605
-	3,092,637	-	-	-	3,605	3,096,242
-	-	-	-	-	-	5,199
<u>3,042,346</u>	<u>3,092,637</u>	<u>5,096,882</u>	<u>110,273</u>	<u>-</u>	<u>40,026</u>	<u>11,387,363</u>
<u>(23,989)</u>	<u>(72,357)</u>	<u>1,550,656</u>	<u>100</u>	<u>306</u>	<u>364,722</u>	<u>3,595,980</u>
-	-	-	-	-	(200,000)	(3,051,055)
-	-	-	-	-	(200,000)	(3,051,055)
(23,989)	(72,357)	1,550,656	100	306	164,722	544,925
422,054	455,295	991,445	25,650	649	2,032,056	6,332,934
<u>\$ 398,065</u>	<u>\$ 382,938</u>	<u>\$ 2,542,101</u>	<u>\$ 25,750</u>	<u>\$ 955</u>	<u>\$ 2,196,778</u>	<u>\$ 6,877,859</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, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 15,184,531	\$ 15,574,069	\$ 15,429,086	\$ (144,983)
Investment income	20,000	234,957	251,540	16,583
Total Revenues	<u>15,204,531</u>	<u>15,809,026</u>	<u>15,680,626</u>	<u>(128,400)</u>
EXPENDITURES				
Debt service:				
Principal	9,474,172	8,885,722	8,885,722	-
Interest and fiscal charges	5,458,264	6,842,144	6,842,143	1
Bond issue costs and fees	20,000	20,000	10,049	9,951
Total Expenditures	<u>14,952,436</u>	<u>15,747,866</u>	<u>15,737,914</u>	<u>9,952</u>
CHANGE IN FUND BALANCE	252,095	61,160	(57,288)	(118,448)
FUND BALANCE - BEGINNING	<u>1,302,520</u>	<u>1,302,520</u>	<u>1,302,520</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,554,615</u>	<u>\$ 1,363,680</u>	<u>\$ 1,245,232</u>	<u>\$ (118,448)</u>

TOWN OF PROSPER, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COURT TECHNOLOGY FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment income	\$ 50	\$ 50	\$ 1,448	\$ 1,398
Fines, fees, warrants and seizures	7,500	8,665	10,217	1,552
Total revenues	<u>7,550</u>	<u>8,715</u>	<u>11,665</u>	<u>2,950</u>
EXPENDITURES				
Administration	<u>13,950</u>	<u>13,950</u>	-	<u>13,950</u>
Total expenditures	<u>13,950</u>	<u>13,950</u>	-	<u>13,950</u>
CHANGE IN FUND BALANCE	(6,400)	(5,235)	11,665	16,900
FUND BALANCE - BEGINNING	<u>20,792</u>	<u>20,792</u>	<u>20,792</u>	-
FUND BALANCE - ENDING	<u>\$ 14,392</u>	<u>\$ 15,557</u>	<u>\$ 32,457</u>	<u>\$ 16,900</u>

TOWN OF PROSPER, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COURT SECURITY FUND
BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 125	\$ 125	\$ 3,152	\$ 3,027
Fines, fees, warrants and seizures	8,000	10,513	12,405	1,892
Total revenues	<u>8,125</u>	<u>10,638</u>	<u>15,557</u>	<u>4,919</u>
EXPENDITURES				
Administration	<u>16,860</u>	<u>15,060</u>	-	<u>15,060</u>
Total expenditures	<u>16,860</u>	<u>15,060</u>	-	<u>15,060</u>
CHANGE IN FUND BALANCE	(8,735)	(4,422)	15,557	19,979
FUND BALANCE - BEGINNING	<u>50,868</u>	<u>50,868</u>	<u>50,868</u>	-
FUND BALANCE - ENDING	<u>\$ 42,133</u>	<u>\$ 46,446</u>	<u>\$ 66,425</u>	<u>\$ 19,979</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 2,000	\$ 33,630	\$ 42,091	\$ 8,461
Contributions	300,000	969,159	909,971	(59,188)
Total revenues	302,000	1,002,789	952,062	(50,727)
EXPENDITURES				
Community services	963,800	-	-	-
Total expenditures	963,800	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(661,800)	1,002,789	952,062	(50,727)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,363,800)	(1,363,800)	-
Total other financing sources (uses)	-	(1,363,800)	(1,363,800)	-
CHANGE IN FUND BALANCE	(661,800)	(361,011)	(411,738)	(50,727)
FUND BALANCE - BEGINNING	1,586,941	1,586,941	1,586,941	-
FUND BALANCE - ENDING	\$ 925,141	\$ 1,225,930	\$ 1,175,203	\$ (50,727)

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 4,050	\$ 43,665	\$ 41,247	\$ (2,418)
Contributions	220,000	969,159	761,210	(207,949)
Total revenues	224,050	1,012,824	802,457	(210,367)
EXPENDITURES				
Community services	750,000	5,200	5,199	1
Total expenditures	750,000	5,200	5,199	1
Excess (deficiency) of revenues over (under) expenditures	(525,950)	1,007,624	797,258	(210,366)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,494,800)	(1,487,255)	7,545
Total other financing sources (uses)	-	(1,494,800)	(1,487,255)	7,545
CHANGE IN FUND BALANCE	(525,950)	(487,176)	(689,997)	(202,821)
FUND BALANCE - BEGINNING	747,184	747,184	747,184	-
FUND BALANCE - ENDING	\$ 221,234	\$ 260,008	\$ 57,187	\$ (202,821)

TOWN OF PROSPER, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CRIME CONTROL SPECIAL PURPOSE DISTRICT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Sales and use taxes	\$ 3,060,806	\$ 3,162,232	\$ 3,018,090	\$ (144,142)
Investment income	1,200	250	267	17
Total revenues	<u>3,062,006</u>	<u>3,162,482</u>	<u>3,018,357</u>	<u>(144,125)</u>
EXPENDITURES				
Police	3,168,564	3,168,564	3,042,346	126,218
Total expenditures	<u>3,168,564</u>	<u>3,168,564</u>	<u>3,042,346</u>	<u>126,218</u>
CHANGE IN FUND BALANCE	(106,558)	(6,082)	(23,989)	(17,907)
FUND BALANCE - BEGINNING	422,054	422,054	422,054	-
FUND BALANCE - ENDING	<u>\$ 315,496</u>	<u>\$ 415,972</u>	<u>\$ 398,065</u>	<u>\$ (17,907)</u>

TOWN OF PROSPER, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FIRE PREVENTION AND EMS SPECIAL PURPOSE DISTRICT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Sales and use taxes	\$ 3,060,806	\$ 3,162,232	\$ 3,015,318	\$ (146,914)
Investment income	600	4,553	4,962	409
Total revenues	<u>3,061,406</u>	<u>3,166,785</u>	<u>3,020,280</u>	<u>(146,505)</u>
EXPENDITURES				
Fire and EMS	<u>3,029,223</u>	<u>3,092,635</u>	<u>3,092,637</u>	<u>(2)</u>
Total expenditures	<u>3,029,223</u>	<u>3,092,635</u>	<u>3,092,637</u>	<u>(2)</u>
CHANGE IN FUND BALANCE	32,183	74,150	(72,357)	(146,507)
FUND BALANCE - BEGINNING	<u>455,295</u>	<u>455,295</u>	<u>455,295</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 487,478</u>	<u>\$ 529,445</u>	<u>\$ 382,938</u>	<u>\$ (146,507)</u>

TOWN OF PROSPER, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TIRZ 1 FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,344,775	\$ 1,826,375	\$ 1,826,375	\$ -
Sales and use taxes	2,521,434	2,164,485	2,240,000	75,515
Impact fees	750,000	810,000	2,450,253	1,640,253
Investment income	6,000	86,744	130,910	44,166
Total revenues	<u>4,622,209</u>	<u>4,887,604</u>	<u>6,647,538</u>	<u>1,759,934</u>
EXPENDITURES				
Administration	4,622,209	5,854,049	5,096,882	757,167
Total expenditures	<u>4,622,209</u>	<u>5,854,049</u>	<u>5,096,882</u>	<u>757,167</u>
CHANGE IN FUND BALANCE	-	(966,445)	1,550,656	2,517,101
FUND BALANCE - BEGINNING	<u>991,445</u>	<u>991,445</u>	<u>991,445</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 991,445</u>	<u>\$ 25,000</u>	<u>\$ 2,542,101</u>	<u>\$ 2,517,101</u>

TOWN OF PROSPER, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TIRZ 2 FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 47,978	\$ 92,367	\$ 92,367	\$ -
Sales and use taxes	-	8,000	14,782	6,782
Investment income	1,200	1,867	3,224	1,357
Total revenues	<u>49,178</u>	<u>102,234</u>	<u>110,373</u>	<u>8,139</u>
EXPENDITURES				
Administration	49,178	110,272	110,273	(1)
Total expenditures	<u>49,178</u>	<u>110,272</u>	<u>110,273</u>	<u>(1)</u>
CHANGE IN FUND BALANCE	-	(8,038)	100	8,138
FUND BALANCE - BEGINNING	<u>25,650</u>	<u>25,650</u>	<u>25,650</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 25,650</u>	<u>\$ 17,612</u>	<u>\$ 25,750</u>	<u>\$ 8,138</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ 57	\$ 57
Fines, fees, warrants and seizures	150	211	249	38
Total revenues	<u>150</u>	<u>211</u>	<u>306</u>	<u>95</u>
CHANGE IN FUND BALANCE	150	211	306	95
FUND BALANCE - BEGINNING	<u>649</u>	<u>649</u>	<u>649</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 799</u>	<u>\$ 860</u>	<u>\$ 955</u>	<u>\$ 95</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 2,250	\$ 80,253	\$ 107,140	\$ 26,887
Fines, fees, warrants and seizures	-	6,130	16,378	10,248
Contributions	59,000	60,000	272,474	212,474
Miscellaneous	3,000	8,800	8,756	(44)
Total revenues	<u>64,250</u>	<u>155,183</u>	<u>404,748</u>	<u>249,565</u>
EXPENDITURES				
Administration	3,000	3,000	2,162	838
Police	46,367	24,495	34,259	(9,764)
Fire and EMS	10,000	10,000	3,605	6,395
Community services	-	33,600	-	33,600
Total expenditures	<u>59,367</u>	<u>71,095</u>	<u>40,026</u>	<u>31,069</u>
Excess (deficiency) of revenues over (under) expenditures	4,883	84,088	364,722	280,634
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(200,000)	(200,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
CHANGE IN FUND BALANCE	4,883	84,088	164,722	80,634
FUND BALANCE - BEGINNING	<u>2,032,056</u>	<u>2,032,056</u>	<u>2,032,056</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,036,939</u>	<u>\$ 2,116,144</u>	<u>\$ 2,196,778</u>	<u>\$ 80,634</u>

TOWN OF PROSPER, TEXAS

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2024

	<u>Vehicle and Equipment Replacement</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,055,897	\$ 411,560	\$ 6,467,457
Receivables, net	-	50,457	50,457
Total current assets	<u>6,055,897</u>	<u>462,017</u>	<u>6,517,914</u>
Noncurrent assets:			
Nondepreciable	1,381,702	-	1,381,702
Depreciable, net	7,775,212	-	7,775,212
Right to use, net	1,796,738	-	1,796,738
Total noncurrent assets	<u>10,953,652</u>	<u>-</u>	<u>10,953,652</u>
Total assets	<u>17,009,549</u>	<u>462,017</u>	<u>17,471,566</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	254,410	313,883	568,293
Total current liabilities	<u>254,410</u>	<u>313,883</u>	<u>568,293</u>
Total liabilities	<u>254,410</u>	<u>313,883</u>	<u>568,293</u>
NET POSITION			
Net investment in capital assets	10,699,242	-	10,699,242
Unrestricted	6,055,897	148,134	6,204,031
Total net position	<u>\$ 16,755,139</u>	<u>\$ 148,134</u>	<u>\$ 16,903,273</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Vehicle and Equipment Replacement	Health Insurance	Total Internal Service Funds
OPERATING REVENUES			
Charges for services:			
Health charges	\$ -	\$ 4,365,175	\$ 4,365,175
Equipment replacement charges	1,478,966	-	1,478,966
Miscellaneous	-	203,356	203,356
Total operating revenues	<u>1,478,966</u>	<u>4,568,531</u>	<u>6,047,497</u>
OPERATING EXPENSES			
Materials and supplies	60,143	-	60,143
Contractual services	-	137,860	137,860
Employee health insurance	-	4,926,447	4,926,447
Depreciation and amortization	1,471,271	-	1,471,271
Total operating costs	<u>1,531,414</u>	<u>5,064,307</u>	<u>6,595,721</u>
Operating income (loss)	<u>(52,448)</u>	<u>(495,776)</u>	<u>(548,224)</u>
NON-OPERATING REVENUES			
Investment income	297,493	34,851	332,344
Total non-operating revenues	<u>297,493</u>	<u>34,851</u>	<u>332,344</u>
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	6,967,672	-	6,967,672
Transfers in	1,065,275	-	1,065,275
Total contributions and transfers	<u>8,032,947</u>	<u>-</u>	<u>8,032,947</u>
CHANGE IN NET POSITION	8,277,992	(460,925)	7,817,067
NET POSITION - BEGINNING	<u>8,477,147</u>	<u>609,059</u>	<u>9,086,206</u>
NET POSITION - END OF YEAR	<u>\$ 16,755,139</u>	<u>\$ 148,134</u>	<u>\$ 16,903,273</u>

TOWN OF PROSPER, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Vehicle and Equipment Replacement</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 1,478,966	\$ 4,553,238	\$ 6,032,204
Cash payment to suppliers for goods and services	(48,526)	-	(48,526)
Cash payments for health expense	-	(5,141,463)	(5,141,463)
Net cash provided (used) by operating activities	<u>1,430,440</u>	<u>(588,225)</u>	<u>842,215</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>(984,841)</u>	<u>-</u>	<u>(984,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment sales and purchases	1,098,071	192,356	1,290,427
Interest on deposits and investments	319,255	38,663	357,918
Net cash provided by investing activities	<u>1,417,326</u>	<u>231,019</u>	<u>1,648,345</u>
Net increase (decrease) in cash and cash equivalents	1,862,925	(357,206)	1,505,719
Cash and cash equivalents at beginning of year	<u>4,192,972</u>	<u>768,766</u>	<u>4,961,738</u>
Cash and cash equivalents at end of year	<u>\$ 6,055,897</u>	<u>\$ 411,560</u>	<u>\$ 6,467,457</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating loss	\$ (52,448)	\$ (495,776)	\$ (548,224)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation and amortization	1,471,271	-	1,471,271
Decrease (increase) in accounts receivable	-	(15,293)	(15,293)
Decrease (increase) in prepaid items	11,617	-	11,617
Increase (decrease) in accounts payable	-	(77,156)	(77,156)
Net cash provided (used) by operating activities	<u>\$ 1,430,440</u>	<u>\$ (588,225)</u>	<u>\$ 842,215</u>
SCHEDULE OF NON-CASH CAPITAL ACTIVITIES			
Transfers in and contributions of capital assets	<u>\$ 8,032,947</u>	<u>\$ -</u>	<u>\$ 8,032,947</u>



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STATISTICAL SECTION



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**STATISTICAL SECTION
(UNAUDITED)**

This part of the Town’s annual comprehensive 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.	94
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.	104
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.	112
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.	119
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.	122

Sources – Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive 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			
	2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	\$ 50,131	\$ 60,997	\$ 63,158	\$ 126,774
Restricted	18,551	14,307	7,549	2,332
Unrestricted	8,486	20,640	27,898	16,266
Total governmental activities net position	<u>\$ 77,168</u>	<u>\$ 95,944</u>	<u>\$ 98,605</u>	<u>\$ 145,372</u>
Business-type activities				
Net investment in capital assets	\$ 21,119	\$ 4,772	\$ 12,598	\$ 93,021
Restricted	-	-	4,722	-
Unrestricted	3,351	24,391	23,010	14,696
Total business-type activities net position	<u>\$ 24,470</u>	<u>\$ 29,163</u>	<u>\$ 40,330</u>	<u>\$ 107,717</u>
Primary government				
Net investment in capital assets	\$ 71,250	\$ 65,769	\$ 75,756	\$ 219,795
Restricted	18,551	14,307	12,271	2,332
Unrestricted	11,837	45,031	50,908	30,962
Total primary government net position	<u>\$ 101,638</u>	<u>\$ 125,107</u>	<u>\$ 138,935</u>	<u>\$ 253,089</u>

Source: Town financial statements

Notes:

Figures are as originally presented in each fiscal year's financial statements. No restatements have been made for prior period adjustments identified in the subsequent fiscal year.

The Prosper Economic Development Corporation (PEDC) was presented as a blended component unit in fiscal years 2016 and 2017. In all other years, the PEDC was presented as a discretely presented component unit.

TABLE 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 150,815	\$ 169,774	\$ 211,506	\$ 268,677	\$ 327,744	\$ 381,498
1,945	5,534	6,231	3,746	6,408	7,354
14,750	18,455	33,508	28,128	19,206	28,200
<u>\$ 167,510</u>	<u>\$ 193,763</u>	<u>\$ 251,245</u>	<u>\$ 300,551</u>	<u>\$ 353,358</u>	<u>\$ 417,052</u>
\$ 112,197	\$ 127,806	\$ 147,067	\$ 179,568	\$ 199,461	\$ 236,209
-	-	-	-	1,925	3,355
12,178	14,758	24,909	20,336	25,164	27,981
<u>\$ 124,375</u>	<u>\$ 142,564</u>	<u>\$ 171,976</u>	<u>\$ 199,904</u>	<u>\$ 226,550</u>	<u>\$ 267,545</u>
\$ 263,012	\$ 297,580	\$ 358,573	\$ 448,245	\$ 527,205	\$ 617,707
1,945	5,534	6,231	3,746	8,333	10,709
26,928	33,213	58,417	48,464	44,370	56,181
<u>\$ 291,885</u>	<u>\$ 336,327</u>	<u>\$ 423,221</u>	<u>\$ 500,455</u>	<u>\$ 579,908</u>	<u>\$ 684,597</u>

TOWN OF PROSPER, TEXAS

CHANGE IN NET POSITION

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

	Fiscal Year			
	2015	2016	2017	2018 (A)
Expenses				
Governmental activities:				
General government	\$ 4,376	\$ 4,884	\$ 5,884	\$ 5,632
Public safety	6,129	7,027	9,256	10,853
Public works	3,495	6,701	5,974	4,836
Community services	2,747	2,973	3,357	5,226
Development services	-	922	1,880	4,205
Interest on long-term debt	1,470	1,571	1,774	2,297
Total governmental activities expenses	<u>18,217</u>	<u>24,078</u>	<u>28,125</u>	<u>33,049</u>
Business-type activities:				
Water, sewer, solid waste and stormwater drainage	9,282	10,522	15,209	19,486
Total business-type activities expenses	<u>9,282</u>	<u>10,522</u>	<u>15,209</u>	<u>19,486</u>
Total primary government expenses	<u>27,499</u>	<u>34,600</u>	<u>43,334</u>	<u>52,535</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	3,428	7,818	4,759	1,018
Public safety	628	796	899	518
Public works	-	-	-	-
Community services	42	99	150	227
Development services	-	-	-	4,673
Operating grants and contributions	101	127	198	138
Capital grants and contributions	7,907	12,080	6,870	9,965
Total governmental activities program revenues	<u>12,106</u>	<u>20,920</u>	<u>12,876</u>	<u>16,539</u>
Business-type activities:				
Charges for services:				
Water, sewer, solid waste and stormwater drainage	10,917	13,495	14,539	19,200
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	5,949	12,743
Total business-type activities program revenues	<u>10,917</u>	<u>13,495</u>	<u>20,488</u>	<u>31,943</u>
Total primary government program revenues	<u>23,023</u>	<u>34,415</u>	<u>33,364</u>	<u>48,482</u>
Net (expense) revenue:				
Governmental activities	(6,111)	(3,158)	(15,249)	(16,510)
Business-type activities	1,635	2,973	5,279	12,457
Total primary government net expense	<u>\$ (4,476)</u>	<u>\$ (185)</u>	<u>\$ (9,970)</u>	<u>\$ (4,053)</u>

TABLE 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 7,937	\$ 12,036	\$ 10,516	\$ 15,610	\$ 16,246	\$ 18,921
12,013	14,830	16,969	19,176	23,880	28,746
5,645	6,907	9,924	18,904	17,173	14,539
4,687	5,297	5,852	6,733	7,516	9,035
2,715	2,413	3,622	3,543	3,220	6,175
3,070	3,089	3,691	3,199	3,664	5,008
<u>36,067</u>	<u>44,572</u>	<u>50,574</u>	<u>67,165</u>	<u>71,699</u>	<u>82,424</u>
<u>23,305</u>	<u>24,772</u>	<u>27,480</u>	<u>30,988</u>	<u>37,222</u>	<u>43,356</u>
<u>23,305</u>	<u>24,772</u>	<u>27,480</u>	<u>30,988</u>	<u>37,222</u>	<u>43,356</u>
<u>59,372</u>	<u>69,344</u>	<u>78,054</u>	<u>98,153</u>	<u>108,921</u>	<u>125,780</u>
1,937	1,646	2,013	1,525	2,903	3,782
567	661	1,361	1,560	1,434	1,837
5,609	7,447	9,252	10,011	7,668	6,095
310	113	413	546	691	665
3,882	4,523	6,818	5,295	4,725	5,344
156	1,253	2,488	522	1,812	579
<u>13,358</u>	<u>16,677</u>	<u>39,618</u>	<u>46,893</u>	<u>40,189</u>	<u>48,581</u>
<u>25,819</u>	<u>32,320</u>	<u>61,963</u>	<u>66,352</u>	<u>59,422</u>	<u>66,883</u>
21,126	24,225	26,666	32,492	35,014	39,628
-	-	8	2	3,988	8,888
<u>18,358</u>	<u>19,031</u>	<u>31,012</u>	<u>26,838</u>	<u>23,765</u>	<u>34,319</u>
<u>39,484</u>	<u>43,256</u>	<u>57,686</u>	<u>59,332</u>	<u>62,767</u>	<u>82,835</u>
<u>65,303</u>	<u>75,576</u>	<u>119,649</u>	<u>125,684</u>	<u>122,189</u>	<u>149,718</u>
(10,248)	(12,252)	11,389	(813)	(12,277)	(15,541)
<u>16,179</u>	<u>18,484</u>	<u>30,206</u>	<u>28,344</u>	<u>25,545</u>	<u>39,479</u>
<u>\$ 5,931</u>	<u>\$ 6,232</u>	<u>\$ 41,595</u>	<u>\$ 27,531</u>	<u>\$ 13,268</u>	<u>\$ 23,938</u>

(continued)

TOWN OF PROSPER, TEXAS

CHANGE IN NET POSITION

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

	Fiscal Year			
	2015	2016	2017	2018
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 9,967	\$ 12,880	\$ 14,668	\$ 17,339
Sales taxes	3,270	5,609	7,038	7,074
Franchise fees	737	737	967	1,706
Investment income	141	277	431	658
Miscellaneous	500	282	428	164
Transfers	521	(1,751)	(5,622)	1,358
Special item	-	-	-	-
Total governmental activities	<u>15,136</u>	<u>18,034</u>	<u>17,910</u>	<u>28,299</u>
Business-type activities:				
Investment income	79	76	161	338
Miscellaneous income	115	116	105	178
Transfers	(521)	1,751	5,622	(1,358)
Total business-type activities	<u>(327)</u>	<u>1,943</u>	<u>5,888</u>	<u>(842)</u>
Total primary government	<u>14,809</u>	<u>19,977</u>	<u>23,798</u>	<u>27,457</u>
Change in Net Position				
Governmental activities	9,025	14,876	2,661	11,789
Business-type activities	1,308	4,916	11,167	11,615
Total primary government	<u>\$ 10,333</u>	<u>\$ 19,792</u>	<u>\$ 13,828</u>	<u>\$ 23,404</u>

Source: Town financial statements

Notes:

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

Figures are as originally presented in each fiscal year's financial statements. No restatements have been made for prior period adjustments identified in the subsequent fiscal year.

The Prosper Economic Development Corporation (PEDC) was presented as a blended component unit in fiscal years 2016 and 2017. In all other years, the PEDC was presented as a discretely presented component unit.

**TABLE 2
(continued)**

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 21,273	\$ 24,479	\$ 26,865	\$ 30,713	\$ 38,596	\$ 45,951
8,476	10,359	13,957	16,323	17,514	19,540
1,671	1,795	1,961	2,427	2,931	3,624
1,269	736	250	(100)	4,622	7,010
214	248	206	513	186	1,176
491	936	892	569	1,235	1,934
-	-	1,500	-	-	-
<u>33,394</u>	<u>38,553</u>	<u>45,631</u>	<u>50,445</u>	<u>65,084</u>	<u>79,235</u>
749	348	65	(138)	1,920	2,955
221	293	495	291	416	494
(491)	(936)	(892)	(569)	(1,235)	(1,934)
<u>479</u>	<u>(295)</u>	<u>(332)</u>	<u>(416)</u>	<u>1,101</u>	<u>1,515</u>
<u>33,873</u>	<u>38,258</u>	<u>45,299</u>	<u>50,029</u>	<u>66,185</u>	<u>80,750</u>
23,146	26,301	57,020	49,632	52,807	63,694
16,658	18,189	29,874	27,928	26,646	40,994
<u>\$ 39,804</u>	<u>\$ 44,490</u>	<u>\$ 86,894</u>	<u>\$ 77,560</u>	<u>\$ 79,453</u>	<u>\$ 104,688</u>

TOWN OF PROSPER, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable	\$ 2	\$ 3	\$ 61	\$ 15
Committed	2,588	2,966	3,696	4,660
Assigned	-	-	-	-
Unassigned	4,978	7,059	8,547	8,139
Total General Fund	<u>\$ 7,568</u>	<u>\$ 10,028</u>	<u>\$ 12,304</u>	<u>\$ 12,814</u>
All Other Governmental Funds				
Restricted				
Debt service	\$ 1,470	\$ 1,842	\$ 2,148	\$ 2,558
TIRZ	-	-	-	-
Streets	-	-	-	-
Capital projects	29,835	31,040	18,009	20,152
Public safety	-	33	35	44
Grants	-	-	-	-
Parks	-	-	-	-
Other	-	-	-	-
Committed	-	-	-	-
Assigned	2,297	7,786	10,316	3,505
Total All Other Governmental Funds	<u>\$ 33,602</u>	<u>\$ 40,701</u>	<u>\$ 30,508</u>	<u>\$ 26,259</u>

Source: Town financial statements

Notes:

Figures are as originally presented in each fiscal year's financial statements. No restatements have been made for prior period adjustments identified in the subsequent fiscal year.

The Prosper Economic Development Corporation (PEDC) was presented as a blended component unit in fiscal years 2016 and 2017. In all other years, the PEDC was presented as a discretely presented component unit.

TABLE 3

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 18	\$ 14	\$ 42	\$ 112	\$ 144	\$ 484
4,752	5,576	6,127	7,207	8,903	9,953
-	-	3,845	4,328	2,955	1,612
5,111	8,333	10,229	7,279	2,688	1,178
<u>\$ 9,881</u>	<u>\$ 13,923</u>	<u>\$ 20,243</u>	<u>\$ 18,926</u>	<u>\$ 14,690</u>	<u>\$ 13,227</u>
\$ 2,557	\$ 2,620	\$ 2,640	\$ 683	\$ 1,303	\$ 1,245
-	-	-	-	-	2,568
-	-	-	-	-	44,917
33,032	26,850	67,586	85,521	91,841	-
47	733	1,076	1,188	1,136	12,723
-	1	3	27	251	-
-	2,660	2,895	2,141	2,334	20,110
-	255	614	212	1,845	2,043
-	-	-	-	-	16,607
3,278	-	-	-	-	-
<u>\$ 38,914</u>	<u>\$ 33,119</u>	<u>\$ 74,814</u>	<u>\$ 89,772</u>	<u>\$ 98,710</u>	<u>\$ 100,213</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)

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Taxes	\$ 13,991	\$ 18,545	\$ 23,306	\$ 26,156
Licenses and permits	2,645	3,116	3,082	5,468
Charges for services	234	439	602	742
Impact fees	6,021	9,612	4,432	5,283
Escrow income	599	3,558	85	13
Intergovernmental	29	56	748	493
Investment income	140	276	379	671
Fines, fees, warrants and seizures	1,194	1,531	2,091	424
Park fees	-	-	-	-
Contributions	1,358	2,539	1,459	372
Miscellaneous	481	281	428	163
Total revenues	<u>26,692</u>	<u>39,953</u>	<u>36,612</u>	<u>39,785</u>
Expenditures				
General government	4,755	5,024	5,900	5,659
Public safety	5,722	6,693	8,873	10,243
Public works	1,424	4,447	3,541	4,210
Community services	1,931	2,159	2,460	4,810
Development services	-	948	1,709	7,364
Capital outlay	10,104	21,565	23,767	18,782
Debt service				
Principal	1,623	1,860	2,363	2,554
Interest	1,227	1,526	1,788	2,428
Bond issue costs and fees	336	153	157	30
Total expenditures	<u>27,122</u>	<u>44,375</u>	<u>50,558</u>	<u>56,080</u>
Excess (deficiency) of revenues over (under) expenditures	(430)	(4,422)	(13,946)	(16,295)
Other Financing Sources (Uses)				
Issuance of debt	20,918	13,440	10,575	16,305
Premium on issuance of bonds	2,397	1,322	1,156	924
Payments to bond escrow agent	(10,482)	(2,988)	-	-
Issuance of leases and SBITA	-	-	-	-
Insurance proceeds	-	-	-	-
Transfer in	4,104	11,704	6,928	9,975
Transfer out	(4,154)	(13,457)	(12,630)	(9,696)
Total other financing sources (uses)	<u>12,783</u>	<u>10,021</u>	<u>6,029</u>	<u>17,508</u>
Special Item	-	-	-	-
Net change in fund balances	<u>\$ 12,353</u>	<u>\$ 5,599</u>	<u>\$ (7,917)</u>	<u>\$ 1,213</u>
Debt service as a percentage of noncapital expenditures	<u>16.7%</u>	<u>14.8%</u>	<u>15.5%</u>	<u>13.4%</u>

Source: Town Financial Statements

TABLE 4

Fiscal Year						
2019	2020	2021	2022	2023	2024	
\$ 31,336	\$ 36,551	\$ 42,779	\$ 49,496	\$ 58,420	\$ 69,593	
4,739	5,552	8,146	6,679	6,435	6,296	
713	589	1,190	1,080	1,361	1,559	
5,569	7,423	9,242	10,008	7,663	8,545	
648	501	580	-	845	167	
2,942	1,068	2,678	442	442	482	
511	679	238	(76)	4,369	6,677	
1,219	328	301	269	431	470	
-	-	410	593	695	705	
994	185	526	1,298	2,361	6,432	
230	227	278	491	165	937	
<u>48,901</u>	<u>53,103</u>	<u>66,368</u>	<u>70,280</u>	<u>83,187</u>	<u>101,863</u>	
8,768	12,583	11,983	15,237	16,328	17,536	
11,561	15,269	15,895	18,995	23,137	26,243	
3,308	4,676	4,985	12,571	9,414	5,352	
3,885	4,359	5,082	7,273	6,955	7,333	
2,634	2,634	3,580	3,585	3,237	6,083	
18,748	21,608	19,313	20,304	45,548	61,127	
3,197	3,819	4,275	8,558	7,842	9,606	
2,752	3,192	3,404	4,493	5,598	6,866	
240	174	484	317	377	360	
<u>55,093</u>	<u>68,314</u>	<u>69,001</u>	<u>91,333</u>	<u>118,436</u>	<u>140,506</u>	
(6,192)	(15,211)	(2,633)	(21,053)	(35,249)	(38,643)	
17,135	10,875	43,110	31,600	37,630	33,925	
1,019	1,695	4,684	2,375	1,939	2,833	
-	-	-	-	(2,247)	-	
-	-	-	454	1,373	817	
-	-	-	22	21	239	
8,805	2,955	6,397	10,253	13,379	4,816	
<u>(10,037)</u>	<u>(2,019)</u>	<u>(5,505)</u>	<u>(9,684)</u>	<u>(12,144)</u>	<u>(3,947)</u>	
<u>16,922</u>	<u>13,506</u>	<u>48,686</u>	<u>35,020</u>	<u>39,951</u>	<u>38,683</u>	
-	-	1,500	-	-	-	
<u>\$ 10,730</u>	<u>\$ (1,705)</u>	<u>\$ 47,553</u>	<u>\$ 13,967</u>	<u>\$ 4,702</u>	<u>\$ 40</u>	
<u>16.4%</u>	<u>15.0%</u>	<u>15.5%</u>	<u>18.4%</u>	<u>18.4%</u>	<u>20.8%</u>	

Notes:

Figures are as originally presented in each fiscal year's financial statements. No restatements have been made for prior period adjustments identified in the subsequent fiscal year.

The Prosper Economic Development Corporation (PEDC) was presented as a blended component unit in fiscal years 2016 and 2017. In all other years, the PEDC was presented as a discretely presented component unit.

TOWN OF PROSPER, TEXAS**TABLE 5**

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Fee</u>	<u>Total</u>
2015	\$ 9,984	\$ 3,270	\$ 737	\$ 13,991
2016	12,199	5,609	737	18,545
2017	15,301	7,038	967	23,306
2018	17,376	7,074	1,706	26,156
2019	21,188	8,476	1,672	31,336
2020	24,397	10,359	1,795	36,551
2021	26,861	13,957	1,961	42,779
2022	30,747	16,323	2,426	49,496
2023	37,976	17,513	2,931	58,420
2024	46,429	19,540	3,624	69,593

Source: Town Financial Statements

TOWN OF PROSPER, TEXAS

TABLE 6

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

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

Fiscal Year Ended	Total Estimated Market Value as Assessed	Estimated Market Value Real Property	Estimated Market Value Personal Personal	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Taxable Assessed Value as a % of Estimated Market Value
2015	\$ 2,571,540	\$ 2,515,525	\$ 56,015	\$ 686,635	\$ 1,884,905	0.52000	73.30%
2016	3,306,744	3,242,618	64,126	994,179	2,312,565	0.52000	69.93%
2017	3,881,824	3,798,498	83,326	1,258,940	2,622,884	0.52000	67.57%
2018	4,834,664	4,719,450	115,214	1,486,485	3,348,179	0.52000	69.25%
2019	5,589,410	5,418,879	170,531	1,844,726	3,744,684	0.52000	67.00%
2020	6,263,054	6,054,042	209,012	1,955,590	4,307,464	0.52000	68.78%
2021	7,108,809	6,885,262	223,547	2,310,423	4,798,386	0.52000	67.50%
2022	7,977,384	7,746,455	230,929	2,482,138	5,495,246	0.51000	68.89%
2023	10,543,817	10,248,747	295,070	4,047,064	6,496,753	0.51000	61.62%
2024	14,211,511	13,872,714	338,797	5,876,214	8,335,297	0.51000	58.65%

Source: Collin and Denton County Appraisal Districts Certified Totals and Collin County Tax Assessor-Collector Tax Rolls

Taxable Assessed Values are net of local option over-65 exemptions, state mandated agricultural exemptions and disabled veterans' exemptions. This amount may include senior tax freeze ceiling amounts.

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
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	0.192246
2019	0.367500	0.152500	0.520000	1.670000	0.180785
2020	0.367500	0.152500	0.520000	1.568350	0.174951
2021	0.367500	0.152500	0.520000	1.492700	0.172531
2022	0.328000	0.182000	0.510000	1.460300	0.168087
2023	0.329830	0.180170	0.510000	1.442900	0.152443
2024	0.332742	0.177258	0.510000	1.257500	0.149343

Source: Collin County and Denton County Appraisal Districts.

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

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

TABLE 7

Overlapping Tax Rates ²		Total Direct and Overlapping Rates Collin County	Total Direct and Overlapping Rates Denton County
Collin College	Denton County		
0.081960	0.272200	2.506960	2.462200
0.081960	0.262000	2.496960	2.452000
0.081222	0.248409	2.479617	2.438409
0.079810	0.237812	2.462056	2.427812
0.081222	0.225574	2.452007	2.415574
0.081222	0.225278	2.344523	2.313628
0.081222	0.224985	2.266453	2.237685
0.081222	0.233086	2.219609	2.203386
0.081220	0.217543	2.186563	2.170443
0.081220	0.189485	1.998063	1.956985

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
2015	\$ 9,730,516	\$ 9,704,426	99.7%	\$ 417,150	\$ 10,121,576	104.0%
2016	12,052,689	11,922,739	98.9%	387,630	12,310,369	102.1%
2017	14,077,378	14,052,156	99.8%	313,892	14,366,048	102.1%
2018	17,168,258	17,119,197	99.7%	347,218	17,466,415	101.7%
2019	20,643,714	20,590,864	99.7%	448,520	21,039,384	101.9%
2020	23,743,003	23,705,358	99.8%	407,562	24,112,920	101.6%
2021	26,445,321	26,370,441	99.7%	558,548	26,928,989	101.8%
2022	30,114,813	30,045,405	99.8%	420,719	30,466,124	101.2%
2023	37,259,783	37,161,161	99.7%	(92,968)	37,068,193	99.5%
2024	46,190,471	45,184,510	97.8%	-	45,184,510	97.8%

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

¹ Tax 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 WATER AND SEWER CUSTOMERS

CURRENT YEAR
(UNAUDITED)

Customer	2024		Percentage of Total Consumption
	Consumption (Thousands)	Rank	
Windsong Ranch Community Association	56,636	1	2.0%
Town of Prosper	51,602	2	1.8%
PISD	44,105	3	1.6%
Orion Prosper LLC	30,277	4	1.1%
GOP #2, LLC	20,121	5	0.7%
Siteone Landscape Supply	14,218	6	0.5%
Super Splash LLC	13,409	7	0.5%
Gentle Creek Estates Residential HOA	11,937	8	0.4%
Cook Children's Hospital	10,935	9	0.4%
Lakewood HOA	10,716	10	0.4%
All Other Customers	<u>2,555,299</u>		<u>90.6%</u>
Total Consumption	<u><u>2,819,255</u></u>		<u><u>100.0%</u></u>

Source: Town of Prosper Utility Customer Service annual consumption report.

TOWN OF PROSPER, TEXAS

TABLE 10

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
380 & 289, LP	\$ 97,243,028	1	1.17%	\$ -	-	-
GOP #2 LLC	86,459,564	2	1.04%	-	-	-
Orion Prosper Lakes LLC	68,610,636	3	0.82%	-	-	-
DD Bluestem LLC	68,400,000	4	0.82%	-	-	-
GOP Multifamily LLC	61,499,384	5	0.74%	-	-	-
Orion Prosper LLC	53,637,255	6	0.64%	-	-	-
289 (Preston) & 380 LP	49,879,759	7	0.60%	-	-	-
Crossland Texas Industrial LLC	35,378,312	8	0.42%	-	-	-
RYSE Up Sports Nutrition LLC	31,921,150	9	0.38%	-	-	-
Alderes at Prosper Property LLC	31,711,449	10	0.38%	-	-	-
Western Rim Investors LP	-	-	-	49,855,252	1	2.64%
D R Horton - Texas LTD	-	-	-	13,134,935	2	0.70%
Meritage Homes of Texas LLC	-	-	-	11,883,750	3	0.63%
Prosper Land Company LTD	-	-	-	11,456,388	4	0.61%
Megatel Homes Inc	-	-	-	8,544,188	5	0.45%
Rosebriar Prosper Plaza LP	-	-	-	8,415,707	6	0.45%
Five Sac Self-Storage Corp	-	-	-	8,403,822	7	0.45%
Darling Homes of Texas LLC	-	-	-	8,152,479	8	0.43%
Saddle Creek Investments LTD	-	-	-	7,202,025	9	0.38%
First Texas Homes Inc	-	-	-	6,439,444	10	0.34%
Totals	<u>\$ 584,740,537</u>		<u>7.01%</u>	<u>\$ 133,487,990</u>		<u>7.08%</u>

Source: Collin and Denton County Appraisal Districts



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TOWN OF PROSPER, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

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

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Leases	SBITA	Premiums/ Discounts
2015	\$ 25,214	\$ 9,678	\$ 725	\$ -	\$ -	\$ 2,852
2016	29,095	16,384	365	-	-	3,984
2017	30,477	28,444	-	-	-	4,865
2018	30,597	37,210	-	-	-	5,796
2019	32,816	48,930	-	-	-	6,122
2020	30,789	58,013	-	-	-	7,425
2021	65,020	62,616	-	-	-	11,587
2022	90,105	60,640	-	387	-	12,790
2023	120,275	58,636	-	324	824	12,018
2024	147,695	56,255	-	709	414	12,258

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

¹ See 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 11

Business-Type Activities						
General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Premiums/ Discounts	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
\$ 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	184.0%	5,087
4,821	32,657	-	2,281	135,986	178.0%	4,792
4,020	30,979	-	2,090	176,312	227.5%	5,671
3,176	26,120	-	1,754	194,972	203.7%	5,506
5,140	42,354	-	2,179	241,750	232.8%	6,224
3,945	40,445	29,670	4,219	295,610	N/A	6,940

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

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

Fiscal Year	General Obligation Bonds ¹	Certificates of Obligation ³	Less: Amounts Available in Debt Service Funds	Total	Percentage of Actual Taxable Value of Property ¹	Per Capita ²
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	2,148	88,842	3.39%	4,407
2018	36,985	68,715	2,558	103,142	3.08%	4,554
2019	38,416	83,420	2,557	119,279	3.19%	4,654
2020	35,610	90,670	2,620	123,660	2.87%	4,357
2021	69,040	93,595	2,640	159,995	3.33%	5,146
2022	93,281	86,760	683	179,358	3.26%	5,065
2023	125,415	100,990	1,303	225,102	3.46%	5,796
2024	151,640	96,700	1,245	247,095	2.96%	5,801

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

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

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

³ The amounts include the premium portions of the debt.

TOWN OF PROSPER, TEXAS

TABLE 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2024
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property rates:			
Prosper Independent School District	\$ 1,937,492,968	45.30%	\$ 877,684,315
Collin County	841,715,000	3.41%	28,702,482
Collin College	459,865,000	3.41%	15,681,396
Denton Independent School District	2,104,582,488	1.68%	35,356,986
Denton County	<u>673,670,000</u>	1.81%	<u>12,193,427</u>
Subtotal - overlapping debt	<u>6,017,325,456</u>		<u>969,618,606</u>
Town of Prosper direct debt	<u>\$ 203,949,897</u>	100.00%	<u>203,949,897</u>
Total direct and overlapping debt			<u>\$ 1,173,568,503</u>

Source: Municipal Advisory Council of Texas

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.

TOWN OF PROSPER, TEXAS

TAX RATE INFORMATION

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

	Fiscal Year				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Tax Rate Limit	\$ 2.5000	\$ 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>	<u>0.5200</u>
Available Tax Rate	<u>\$ 1.9800</u>	<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 14

Fiscal Year				
2020	2021	2022	2023	2024
\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
0.5200	0.5200	0.5100	0.5100	0.5100
<u>\$ 1.9800</u>	<u>\$ 1.9800</u>	<u>\$ 1.9900</u>	<u>\$ 1.9900</u>	<u>\$ 1.9900</u>

TOWN OF PROSPER, TEXAS

TABLE 15

WATER AND SEWER COVERAGE RATIO

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Total Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Annual Debt Service Requirements			Coverage
				Principal	Interest	Total	
2015	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2023	32,073,289	24,052,230	8,021,059	2,715,995	1,569,208	4,285,203	187%
2024	\$ 34,016,826	\$ 27,595,288	\$ 6,421,538	\$ 2,984,279	\$ 1,883,564	\$ 4,867,843	132%

Source: Town Financial Statements and Debt Service Schedules

Notes:

Direct operating expense excludes depreciation and amortization.

Until fiscal year 2024, the town issued Certificates of Obligations with a General Obligation pledge. These bonds are intended to be repaid with waster and sewer system revenues. Fiscal years 2023 and 2024 added for informational purposes and contain only Certificate of Obligation dept services amounts with Revenue Bond amounts to be included beginning fiscal year 2025.

In fiscal year 2024, the town issued Water and Sewer System Revenue Bonds for the first time. At September 30, 2024, the reserve requirement related to Water and Sewer System Revenue Bonds was \$577,675

TOWN OF PROSPER, TEXAS

TABLE 16

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Population ¹	Personal Income ² (expressed in thousands)	Per Capita Personal Income ²	School Enrollment ³	Unemployment Rate ⁴
2015	15,970	\$ 54,420	\$ 59,532	7,060	4.0%
2016	17,790	57,483	61,179	8,254	4.0%
2017	20,160	62,078	64,025	9,970	3.5%
2018	22,650	66,212	65,874	12,081	3.5%
2019	25,630	70,852	68,474	14,287	3.2%
2020	28,380	76,381	71,246	16,857	6.9%
2021	31,090	77,500	77,006	19,138	4.5%
2022	35,410	95,701	82,593	21,780	3.4%
2023	38,840	103,829	86,860	24,994	3.8%
2024	42,598	N/A	N/A	28,467	3.9%

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

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

³ Enrollment data comes from Prosper Independent School District.

⁴ September unemployment rate for Dallas-Plano-Irving, TX Metropolitan Division from the U.S. Bureau of Labor Statistics

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

TOWN OF PROSPER, TEXAS

TABLE 17

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

2024			
Employer	Employees	Rank	Percentage of Total Town Employment
Prosper ISD	3,850	1	51.4%
Cook's Childrens	510	2	6.8%
Kroger (2 locations)	500	3	6.7%
Chik Fil A (2 locations)	240	4	3.2%
Town of Prosper	384	5	5.1%
WalMart	270	6	3.6%
Home Depot	185	7	2.5%
Target	160	8	2.1%
Lowe's	150	9	2.0%
Texas Health Resources	120	10	1.6%
Total	6,369		85.00%
2015			
Employer	Employees	Rank	Percentage of Total Town Employment
Prosper ISD	975	1	58.8%
Town of Prosper	139	2	8.4%
Gentle Creek	52	3	3.1%
ProBuild	48	4	2.9%
Precision Landscape	45	5	2.7%
Dairy Manufacturers, Inc	38	6	2.3%
Mahard Egg Farm	31	7	1.9%
RE/MAX Performance Group	30	8	1.8%
Crossland Construction	30	9	1.8%
Lattimore Materials	21	10	1.3%
Total	1,409		85.0%

Source: Prosper EDC

* Employment data is not captured by the workforce commission due to Town's population. Assumes that 15% of the town's workforce does not work for the top 10 employers.



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TOWN OF PROSPER, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

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

Function/Program	Fiscal Year			
	2015	2016	2017	2018
General Government				
Building inspection permits				
Commercial construction				
Number of units	45	74	108	101
Total dollar value of permits issued	\$ 50,625	\$ 122,799	\$ 95,793	\$ 112,427
Average value	\$ 1,125	\$ 1,659	\$ 887	\$ 1,113
Residential Construction				
Number of units	708	648	715	980
Total dollar value of permits issued	\$ 313,681	\$ 316,039	\$ 347,484	\$ 474,515
Average value	\$ 443	\$ 488	\$ 486	\$ 484
Public safety				
Police				
Physical arrests	128	163	205	253
Traffic collisions	429	234	322	605
Number of vehicles	15	15	18	20
Fire				
Number of frontline engines	1	2	2	2
Number of reserve engines	1	2	2	2
Number of frontline trucks	-	-	-	-
Number of frontline ambulances	1	1	2	2
Number of reserve ambulances	1	1	1	1
Number of frontline brush trucks	1	1	2	2
Number of station	1	2	2	2
Incidents/calls for service	1,245	1,537	1,802	2,185
Fire	30	64	98	97
Overpressure/explosion	-	10	10	3
Rescue & EMS	583	797	1,072	1,139
Hazardous condition	37	52	60	58
Service call	136	293	44	438
Good intent call	328	168	265	219
False alarm & false call	131	140	244	229
Severe weather & natural disaster	-	13	9	2
Fire marshal				
Fire inspections	156	966	1,210	1,291
Fire safety programs	24	12	14	17
Municipal court				
Number of cases filed	2,439	3,147	3,027	3,581
Number of cases closed	3,605	3,534	3,019	3,964
Public works				
Water and sewer:				
Linear feet of water lines	627,900	692,447	786,557	920,859
Linear feet of sewer lines	482,838	546,950	619,386	720,466
Number of hydrants	N/A	N/A	1,523	1,910
Water customers	5,539	6,671	7,784	8,603
Wastewater customers	4,627	5,757	6,770	7,506
Streets:				
Miles of streets maintained	132	141	153	179
Number of traffic signals	1	2	2	3
Parks				
Number of parks	21	22	22	23
Number of playgrounds	7	7	8	11
Acreage maintained	178	178	190	218

Source: Town Staff.

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

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

TABLE 18

		Fiscal Year					
		2019	2020	2021	2022	2023	2024
		105	105	120	154	134	113
\$		141,609	\$ 114,516	\$ 382,091	\$ 251,432	\$ 188,944	\$ 406,234
\$		1,349	\$ 1,091	\$ 3,184	\$ 1,633	\$ 1,410	\$ 3,595
		793	938	1,402	1,011	897	781
\$		246,111	\$ 1,257 *	\$ -	\$ -	\$ -	\$ -
\$		310	\$ 628	\$ -	\$ -	\$ -	\$ -
		208	211	222	398	697	782
		889	874	1,042	1,395	1,103	1,024
		28	28	32	40	43	43
		2	2	2	2	3	3
		2	2	2	2	2	2
		-	1	1	1	1	1
		2	2	2	2	3	3
		1	1	1	2	1	1
		2	2	2	2	2	2
		2	2	2	2	3	3
		2,107	2,517	3,482	3,759	4,137	4,485
		62	74	73	114	80	82
		4	1	2	3	3	3
		1,110	1,206	1,760	1,966	2,175	2,369
		83	103	109	130	151	136
		459	622	809	747	869	896
		161	246	360	480	476	574
		226	256	361	315	378	422
		2	9	8	4	5	3
		2,022	1,941	2,129	2,549	2,360	2,641
		58	**	29	35	41	40
		4,499	2,452	1,899	2,102	3,467	3,833
		4,814	3,091	2,584	2,417	4,858	3,911
		1,006,066	1,042,324	1,057,959	1,282,189	1,436,160	1,477,057
		752,925	822,201	834,534	1,035,039	1,162,748	1,197,630
		2,016	2,118	2,150	2,801	2,950	3,453
		9,188	10,353	11,766	12,573	13,135	14,773
		8,131	9,223	10,640	11,825	12,384	13,462
		212	287	330	310	340	351
		3	7	9	10	11	11
		28	28	29	30	35	34
		13	13	14	16	19	19
		225.3	245.6	246	480	656	651

TOWN OF PROSPER, TEXAS

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2015	2016	2017	2018
GENERAL FUND				
Administration	9.50	12.00	13.00	17.00
Code Compliance	1.00	1.00	1.00	2.00
Court	2.00	2.50	2.50	3.50
Dispatch	7.50	9.00	9.00	9.00
Engineering	5.00	6.00	6.00	7.00
Facilities	-	-	-	-
Fire	32.00	33.00	34.00	40.00
Fire Marshal	1.00	1.00	2.00	2.00
Inspections	13.00	13.00	13.00	15.00
Library	3.50	2.50	2.50	6.50
Parks	16.00	18.00	20.00	22.00
Planning	4.00	4.00	4.00	5.00
Police	20.00	22.00	27.00	30.00
Streets	2.00	3.00	3.00	5.00
Total General Fund	<u>116.50</u>	<u>127.00</u>	<u>137.00</u>	<u>164.00</u>
SPECIAL PURPOSE DISTRICT FUNDS				
Crime Control	-	-	-	-
Fire Control	-	-	-	-
Total Special Purpose District Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENTERPRISE FUNDS				
Storm Drainage	2.00	2.00	2.00	2.00
Utility Billing	2.50	3.00	3.00	4.00
Wastewater	4.00	4.00	7.00	9.00
Water	14.00	15.00	18.00	21.00
Solid Waste	-	-	-	-
Engineering	-	-	-	-
Total Enterprise Fund	<u>22.50</u>	<u>24.00</u>	<u>30.00</u>	<u>36.00</u>
CAPITAL PROJECTS FUND	<u>1.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>140.00</u></u>	<u><u>151.00</u></u>	<u><u>167.00</u></u>	<u><u>200.00</u></u>

Source: Town Annual Budget

TABLE 19

Fiscal Year						
2019	2020	2021	2022	2023	2024	
20.00	21.00	25.00	28.00	34.50	38.25	
2.00	3.00	3.00	3.00	4.00	5.00	
4.00	4.00	4.00	4.50	4.50	3.50	
11.00	11.00	13.00	13.00	15.00	17.00	
10.00	12.00	12.00	15.50	15.50	16.50	
-	-	-	-	1.00	4.00	
29.00	35.00	37.00	41.00	52.00	50.00	
3.00	3.00	4.00	4.00	4.00	4.00	
16.00	16.00	18.00	20.00	22.00	20.00	
6.50	6.50	6.50	7.00	8.00	9.50	
26.00	27.00	27.00	32.00	33.00	41.00	
5.00	5.00	5.00	5.00	6.00	7.00	
24.00	28.00	32.00	31.00	29.00	41.00	
6.00	8.00	8.00	10.00	11.00	11.00	
<u>162.50</u>	<u>179.50</u>	<u>194.50</u>	<u>214.00</u>	<u>239.50</u>	<u>267.75</u>	
12.00	12.00	13.00	19.00	24.00	27.00	
12.00	12.00	13.00	18.00	22.00	26.00	
<u>24.00</u>	<u>24.00</u>	<u>26.00</u>	<u>37.00</u>	<u>46.00</u>	<u>53.00</u>	
2.00	2.00	2.00	2.00	2.00	4.00	
4.00	4.00	4.00	5.00	5.00	5.00	
12.00	14.00	15.00	16.00	17.00	18.00	
24.00	25.00	27.00	29.00	30.00	33.00	
-	-	-	-	-	1.00	
-	4.00	4.00	4.00	6.00	6.00	
<u>42.00</u>	<u>49.00</u>	<u>52.00</u>	<u>56.00</u>	<u>60.00</u>	<u>67.00</u>	
-	-	-	-	-	-	
<u>228.50</u>	<u>252.50</u>	<u>272.50</u>	<u>307.00</u>	<u>345.50</u>	<u>387.75</u>	