



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended September 30, 2023
Prosper, Texas

TOWN OF PROSPER, TEXAS

YEAR ENDED SEPTEMBER 30, 2023

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INTRODUCTORY SECTION



March 4, 2024

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, 2023. 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, 2023, 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, 2023, 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, Parks & 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 department level in the General Fund and Utility Fund, and at the fund level in all other funds. This budgetary level serves as the foundation for the Town's financial planning and control. Department Heads may transfer resources within a department with the Finance Director's approval. The Town Council approves any amendments or additional funding requests for appropriations over that of the budgeted department level total, even though the Town Charter limits are at the fund level. These amendments shall be by ordinance and shall become an attachment to the original budget.

The accompanying 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

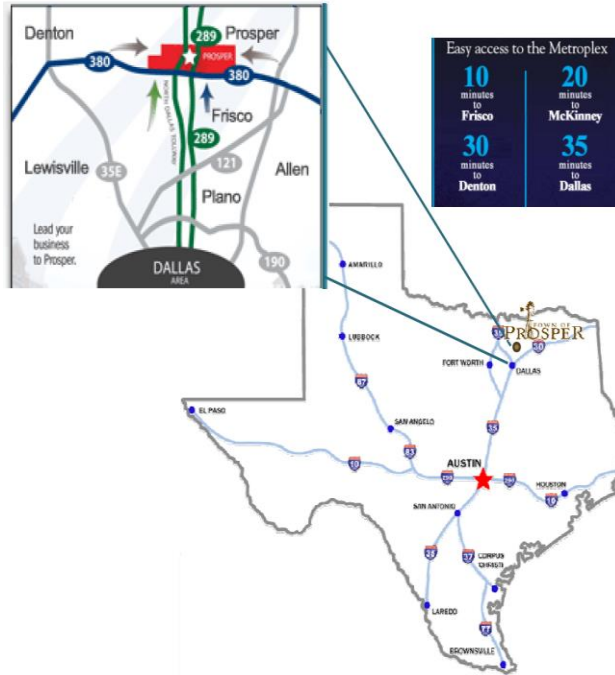
The Town is a political subdivision and a home rule municipality under the laws of the state. A Home Rule Charter was approved by the voters of the Town at an election held November 7, 2006, and last revised on May 6, 2017. The Town operates as a Council-Manager form of government with the Town Council 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, 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.

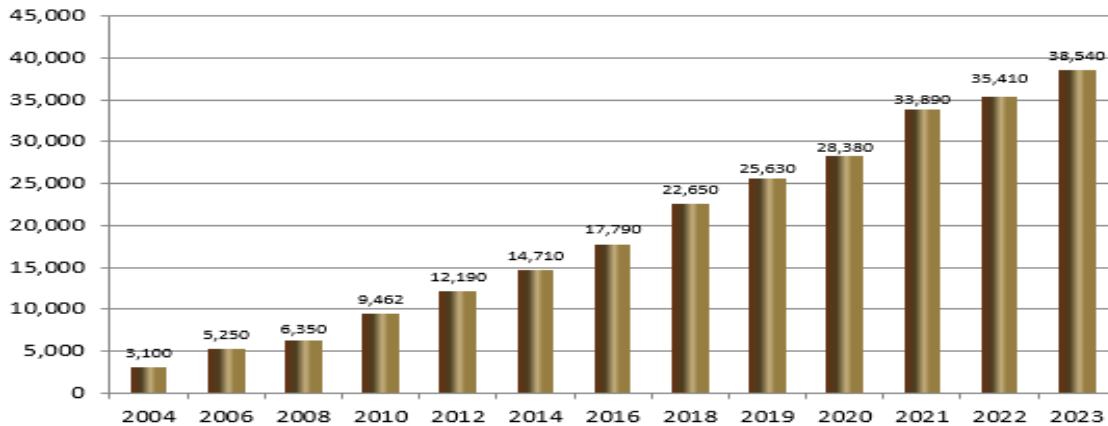
The Economic Development Corporation is Town-chartered and governed by a seven-member Board of Directors appointed by the Town Council. The Town has included the financial statements for the Prosper Economic Development Corporation in its government-wide financial statements as a

component unit. Component units are legally separate organizations that a primary government must include as part of its financial entity.

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 located at the crossroads of Preston Road bisected north to south by the future DNT which will begin construction in 2024. 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 2012 estimated population for the Town was 12,190 with a 2023 estimate of 38,540 representing ten-year growth of 216%.

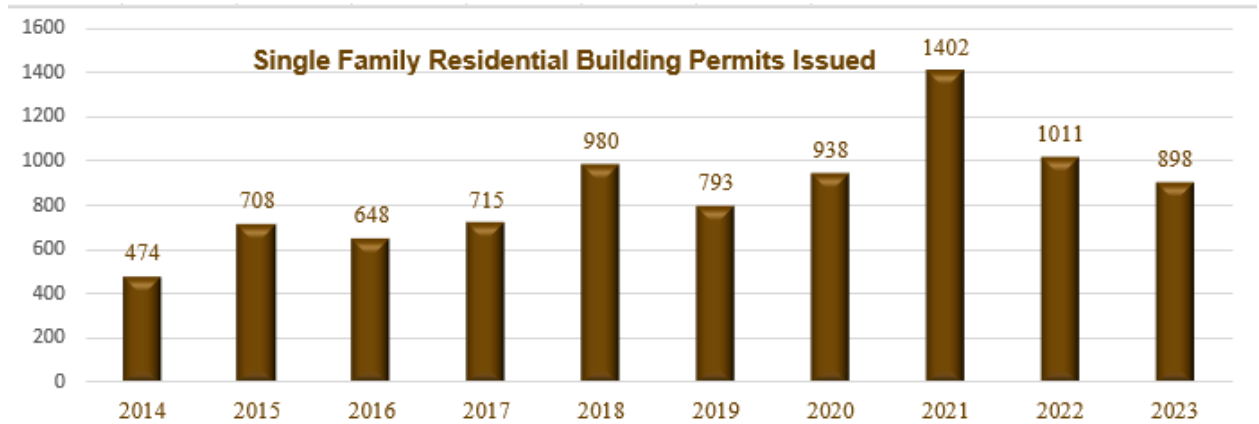


Source: Population estimates to date are from North Central Texas Council of Governments and U.S. Census Bureau.

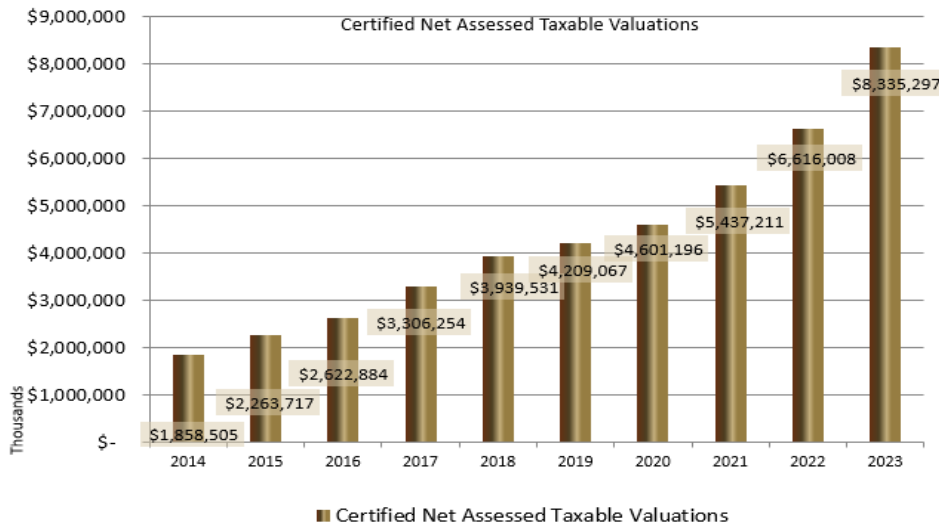
The Economic Outlook

The Town continues to experience new home permits at a strong pace and benefits tremendously from its location. Average homestead value in 2023 averaged \$886,000 market and \$589,000 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.



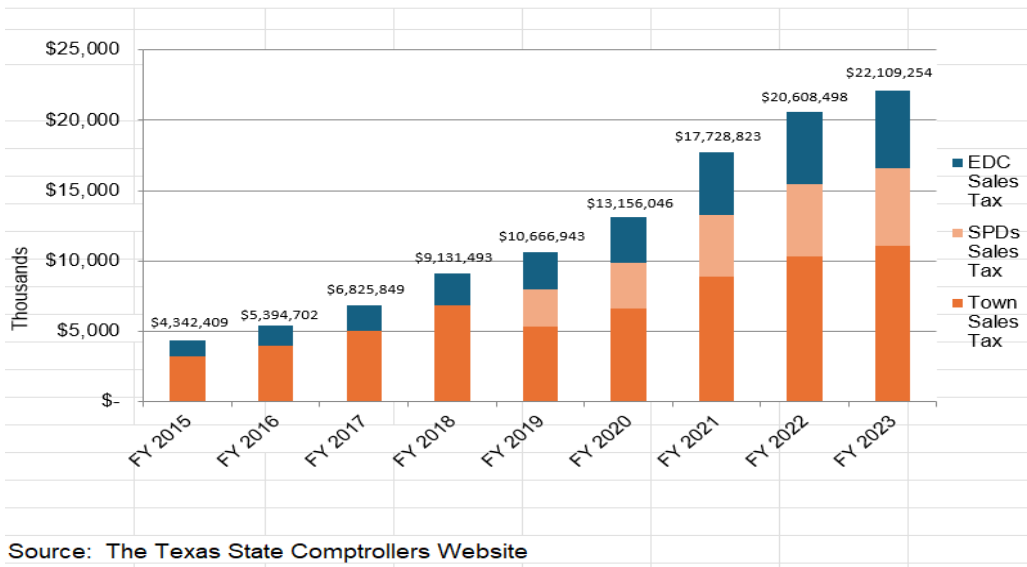
According to the Dallas Federal Reserve Bank's *October 31, 2023 Dallas-Fort Worth Economic Indicators*, DFW had a 3.8% unemployment rate, average hourly earnings of \$34.19, year over year wage growth of 2.8% and an annualized job growth for the September quarter of 5.6%. In a February 2024 Fed article entitled: *"Hang your hat in Texas: State remains a leader in firm relocations"* the authors display a series of charts showing the impact of in-migration to the State. Texas with key takeaways being Dallas, Houston and Fort Worth MSA ranking 1-3 for in-migration with suburban and rural zip codes within or near those MSA's also growing as destinations.



Source: Tax Year amounts from Collin CAD and Denton CAD Certified Totals July 2014 - 2023

The Town continues to experience significant assessed valuation growth. Certified property valuations increased by \$1,179M (21.7%) for FY 2022-2023, and \$1,719M (26%) for the FY 2024 budget.

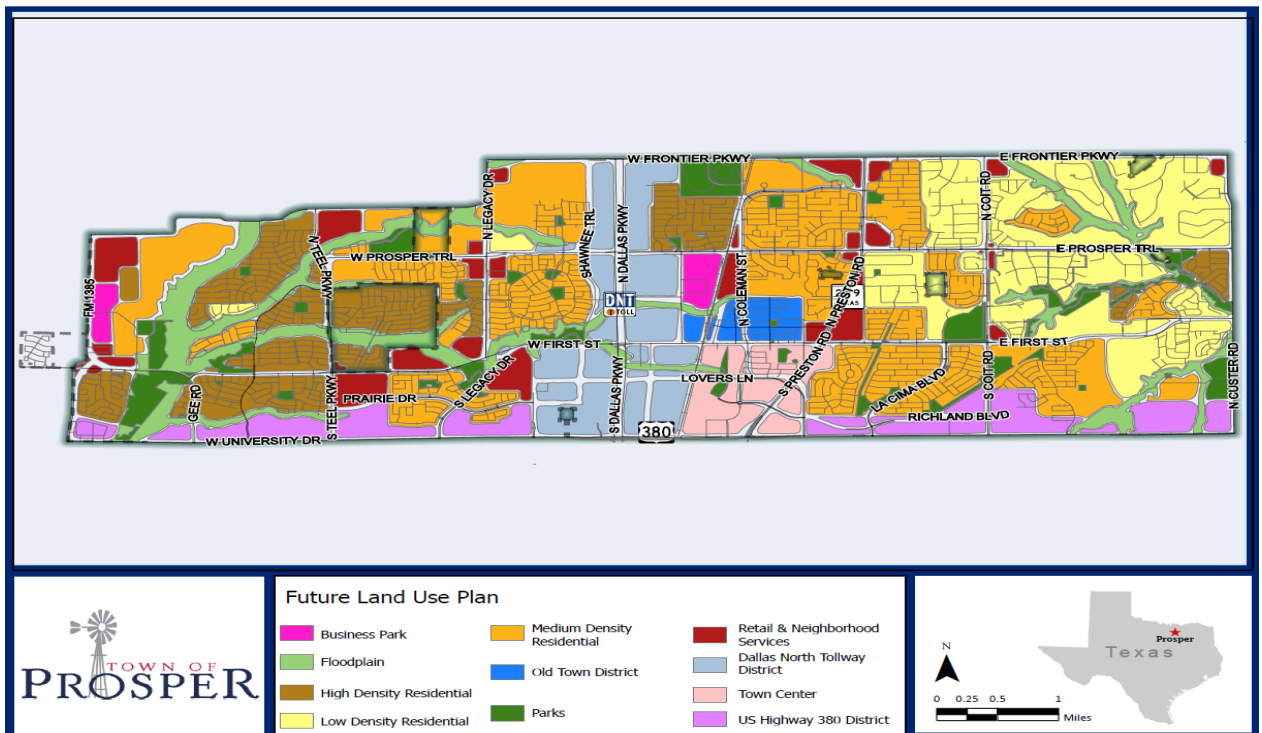
Sales Taxes
General, Special Purpose Districts, and EDC Funds



Source: The Texas State Comptrollers Website

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

Combining a clear vision of the future with strong financial policies and financial resources provided by growth should ensure that 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 of Prosper, Texas, for its Annual Comprehensive Financial Report for fiscal year ended September 30, 2022. The Town has received a Certificate of Achievement for the twelfth consecutive year. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe the current report continues to conform to program requirements and we are submitting it to GFOA for consideration.

Acknowledgements

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

Town Manager

Robert B. Scott, CPA

Deputy Town Manager/CFO

Chris Landrum

Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Prosper
Texas**

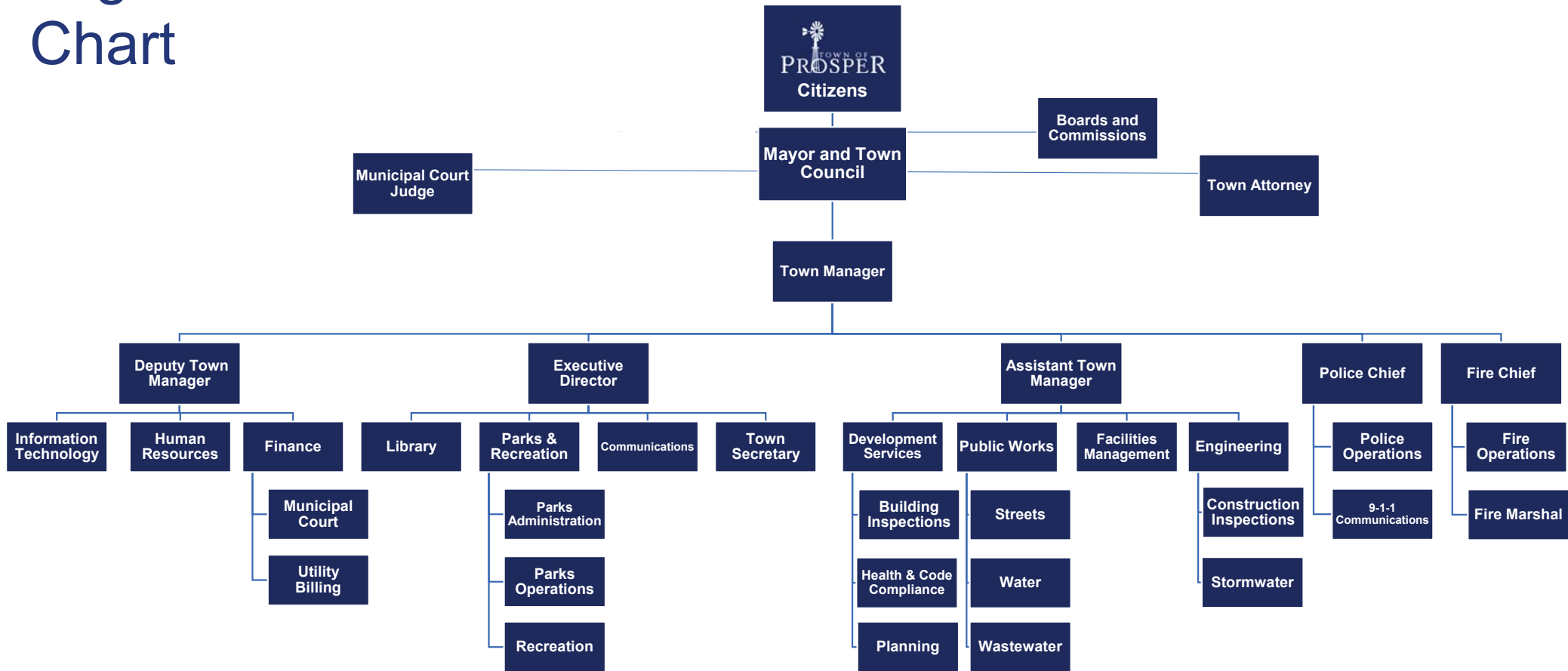
For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO








Organizational Chart



TOWN OF PROSPER, TEXAS
LIST OF PRINCIPAL OFFICIALS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

TOWN COUNCIL

MAYOR _____	David F. Bristol	
COUNCIL MEMBER PLACE 1, DEPUTY MAYOR PRO-TEM _____	MARCUS E. RAY	
COUNCIL MEMBER PLACE 2, MAYOR PRO-TEM _____	CRAIG ANDRES	
COUNCIL MEMBER PLACE 3 _____	AMY BARTLEY	
COUNCIL MEMBER PLACE 4 _____	CHRIS KERN	
COUNCIL MEMBER PLACE 5 _____	JEFF HODGES	
COUNCIL MEMBER PLACE 6 _____	CHARLES COTTEN	

TOWN OF PROSPER, TEXAS
LIST OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED SEPTEMBER 30, 2023

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 _____ JAMES EDWARDS
DIRECTOR OF INFORMATION TECHNOLOGY _____ LEIGH JOHNSON
DIRECTOR OF LIBRARY SERVICES _____ LESLIE SCOTT
DIRECTOR OF PARKS AND RECREATION _____ DAN BAKER
DIRECTOR OF PUBLIC WORKS _____ FRANK JAROMIN



**FINANCIAL
SECTION**



TOWN OF
PROSPER

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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, 2023, 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, 2023, 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2023, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

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.

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

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 4, 2024 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 4, 2024



**MANAGEMENT'S
DISCUSSION AND
ANALYSIS**

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Amounts in Thousands Unless Otherwise Stated
(Unaudited)

March 4, 2024

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, 2023. 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 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 of Prosper, on a government-wide basis, exceeded its liabilities and deferred inflows as of September 30, 2023 by \$579,908 (net position). Of this amount, \$44,292 (unrestricted net position) may be used to meet the Town’s ongoing obligations to citizens and creditors.
- The Town’s total net position increased by \$79,453. Most of the increase is due to developer contributions of infrastructure totaling \$63,954 and a TXDOT reimbursement of \$3,988 for utility relocation that occurred several years previously. The remaining increase is due to strong revenue performance in the governmental activities and higher than expected investment income.
- As of the close of the current fiscal year, the Town of Prosper’s governmental funds reported combined ending fund balances of \$113,400 (made up of \$14,690 in General Fund, \$7,303 in Impact Fee Fund, \$1,303 in Debt Service Fund, \$83,521 in Capital Projects Fund, \$251 in the ARPA Fund, and \$6,342 in other governmental funds), an increase of \$4,702 in comparison with the prior year due primarily to a \$5,911 increase in Capital Projects Fund Balances and smaller increases in other governmental funds offset by a fund balance reduction of \$4,236 in the General 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 \$2,688 or 6% of total current fiscal year General Fund expenditures and is available for spending at the Town’s discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Prosper’s basic financial statements. The Town’s basic financial statements comprise 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 Management Discussion & Analysis, multi-year funding progress regarding the Town’s Pension Plan and Budget and Actual schedules for Major Special Revenue Funds. 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 and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the time of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

The Internal Service 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.

Other required information – In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the Town’s progress in funding pension benefits to its employees.

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 \$579,908 at the close of the most recent fiscal year.

A portion of the Town’s net position (91%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town of Prosper uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town’s net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 27,102	\$ 38,608	\$ 20,633	\$ 16,324	\$ 47,735	\$ 54,932
Restricted assets	119,365	95,626	43,126	21,136	162,491	116,762
Capital assets	429,015	353,156	217,833	196,972	646,848	550,128
Total assets	<u>575,482</u>	<u>487,390</u>	<u>281,592</u>	<u>234,432</u>	<u>857,074</u>	<u>721,822</u>
Deferred outflows of resources	6,720	4,053	888	580	7,608	4,633
Total outflows of resources	<u>6,720</u>	<u>4,053</u>	<u>888</u>	<u>580</u>	<u>7,608</u>	<u>4,633</u>
Long-term liabilities	191,952	160,621	47,698	29,217	239,650	189,838
Other liabilities	36,872	28,557	8,005	5,252	44,877	33,809
Total liabilities	<u>228,824</u>	<u>189,178</u>	<u>55,703</u>	<u>34,469</u>	<u>284,527</u>	<u>223,647</u>
Deferred inflows of resources	19	1,714	226	639	245	2,353
Total inflows of resources	<u>19</u>	<u>1,714</u>	<u>226</u>	<u>639</u>	<u>245</u>	<u>2,353</u>
Net position:						
Net investment in capital assets	327,743	268,677	199,462	179,568	527,205	448,245
Restricted	6,408	3,746	1,925	-	8,333	3,746
Unrestricted	19,207	28,128	25,163	20,336	44,370	48,464
Total net position	<u>\$ 353,358</u>	<u>\$ 300,551</u>	<u>\$ 226,550</u>	<u>\$ 199,904</u>	<u>\$ 579,908</u>	<u>\$ 500,455</u>

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

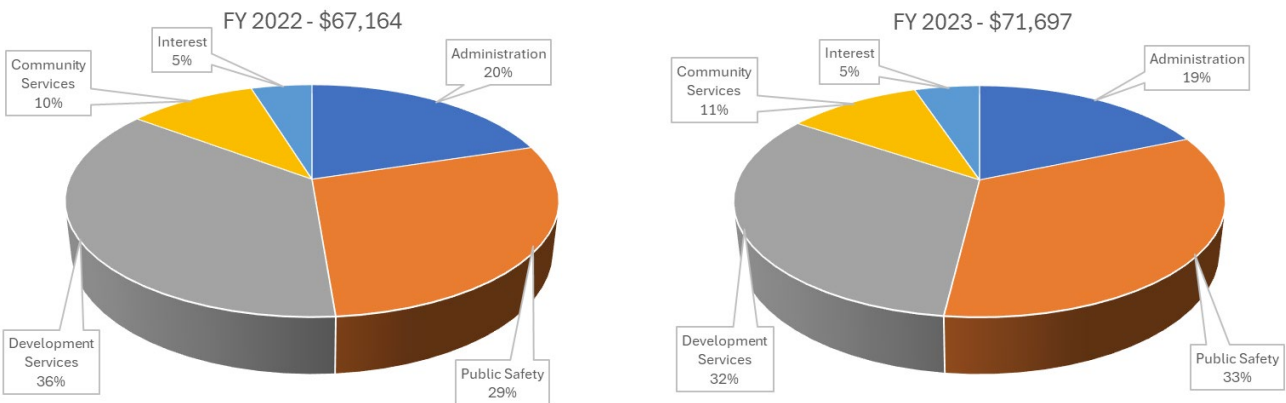
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 17,420	\$ 18,937	\$ 35,014	\$ 32,492	\$ 52,434	\$ 51,429
Operating grants & contributions	1,812	522	3,988	2	5,800	524
Capital grants & contributions	40,189	46,893	23,765	26,838	63,954	73,731
General revenues:						
Property taxes	38,596	30,713	-	-	38,596	30,713
Other taxes	20,445	18,749	-	-	20,445	18,749
Investment income	4,622	(100)	1,920	(138)	6,542	(238)
Other income	186	513	417	290	603	803
Total revenues	<u>123,270</u>	<u>116,227</u>	<u>65,104</u>	<u>59,484</u>	<u>188,374</u>	<u>175,711</u>
Expenses:						
Administration	13,351	13,552	-	-	13,351	13,552
Police	10,576	8,691	-	-	10,576	8,691
Fire	13,303	10,485	-	-	13,303	10,485
Development Services	3,219	3,543	-	-	3,219	3,543
Public Works	17,173	18,904	-	-	17,173	18,904
Community Services	7,516	6,733	-	-	7,516	6,733
Engineering	2,895	2,058	-	-	2,895	2,058
Interest on long-term debt	3,664	3,198	-	-	3,664	3,198
Utility	-	-	37,222	30,988	37,222	30,988
Total expenses	<u>71,697</u>	<u>67,164</u>	<u>37,222</u>	<u>30,988</u>	<u>108,919</u>	<u>98,152</u>
Revenues in Excess of Expenses	51,573	49,063	27,882	28,496	79,455	77,559
Transfers	1,235	569	(1,235)	(569)	-	-
Change in net position	52,807	49,632	26,646	27,927	79,453	77,559
Net position - beginning of year	300,551	251,245	199,904	171,977	500,455	423,222
Prior period adjustment	-	(326)	-	-	-	(326)
Net position - end of year	<u>\$ 353,358</u>	<u>\$ 300,551</u>	<u>\$ 226,550</u>	<u>\$ 199,904</u>	<u>\$ 579,908</u>	<u>\$ 500,455</u>

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

Revenues for FY 2023 increased by \$17,164, or 17% in comparison to the prior year. The increase is primarily due to increases in sales taxes, property taxes, charges for services reflecting population growth, increases in property values and continued expansion of the Town's retail sector. Property taxes and sales taxes increased \$9,579 from prior year due to increased assessed value and growth in the Town. These increases were partially offset by reductions in grants (developer contributions) and contributions representing a modest slowdown in subdivision completions and final acceptance. Water and sewer charges for services increased \$2,522 over the prior year due to both commercial and residential growth within the Town. Excluding solid waste, rates were unchanged.

Governmental Activities

**Expense by Type
Governmental Activities**



Governmental activities increased the Town’s net position by \$52,807. The following factors contributed to this change:

- Property and sales taxes increased by \$9,579 (19%) primarily due to a substantial increase in assessed valuation spread fairly evenly between new construction and existing values. The Town’s retail sector continues to expand and benefit from population growth both within the Town and neighboring communities.
- Capital grants and contributions decreased by \$6,704 (14%) primarily due to a reduction of 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 increased by \$4,533 (7%) during the year primarily due to the overall growth that the Town has experienced including 30.5 additional positions (10.7%) added during the year. The largest functional areas affected by this growth were Police (\$1,886), Fire (\$2,819) with smaller increases in other departments offset by a decrease in Public Works (\$-1,732) which tends to be more volatile due to special projects and developer payments.

Business-Type Activities

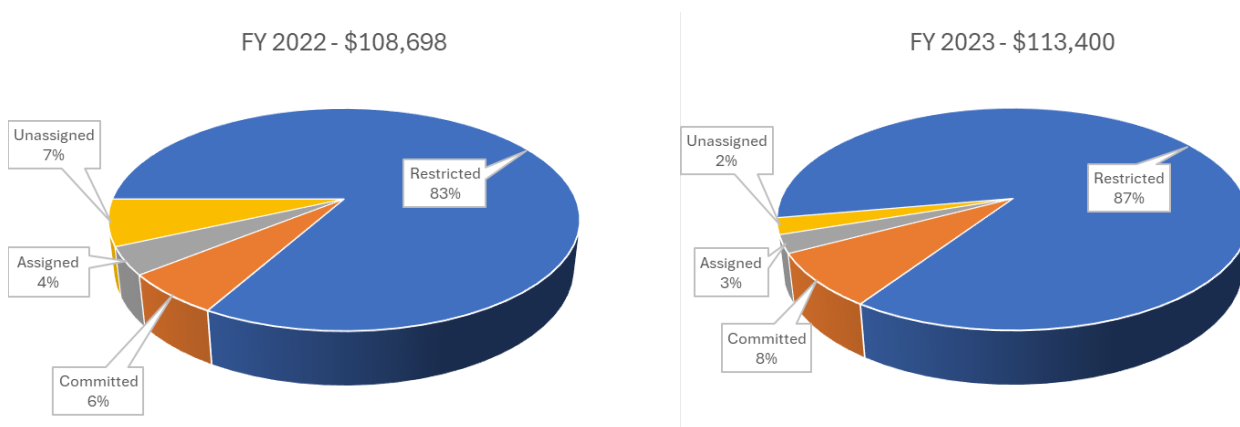
Business-type activities increased the Town’s net position by \$26,646. The following factors contributed to this change:

- Operating revenue increased by \$2,522 (8%) from the previous year due to an increase in water and sewer charges for service and increases in usage.
- Operating expenses increased by \$6,234 (20%) from the previous year due to an increase in contractual services mainly due to increases in usage and higher rates from the Town’s regional suppliers.
- Capital Grants and Contributions were \$23,765 and Operating Grants were \$3,988.
- 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.

**Fund Balance by Type
Governmental Funds**



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 \$113,400, an increase of \$4,702 from the prior year. Most of the increase is due to continued growth and the Town’s 2023 debt issuance in the amount of \$35 million. Of the current combined ending fund balance, \$144 is nonspendable due to prepaids and inventory, \$98,710 is restricted for debt service, capital projects, police, fire, grants, parks, courts, and other, \$8,903 is committed for contingency in accordance with the Town charter, \$2,955 was assigned for next year’s budget, and \$2,688 is unassigned.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,688. Total unassigned fund balance represents 6% of total General Fund expenditures. The decrease in fund balance of \$4,236 is primarily due to transfers out of \$9,607 for capital outlay related to both the vehicles and equipment needed for the new positions added and to fund the capital dedicated levy, a pay as you go program used to reduce reliance on debt issuance.

The Impact Fee Fund has a total fund balance of \$7,303; which is restricted for capital projects. The balances in this fund will increase and decrease as the payments by developers and homebuilders 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 \$1,303; all of which is restricted for payment of debt service. The increase in fund balance of \$619 is primarily due to an increase in property tax collections throughout the year. State law now requires the Town to include these excess collections in its budget calculation for needed debt service in the upcoming year.

The Capital Projects Fund has a total fund balance of \$83,521; all of which is restricted for construction. The increase in fund balance of \$5,911 is due to the Town’s 2023 debt issuance and the Town’s goal to accelerate construction of infrastructure.

Proprietary funds – The Town’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Water and Sewer Fund Unrestricted Net Position at the end of the year was \$24,819. The increase in net position was \$20,787 to \$170,355. The majority of the increase was a result of developer contributions, impact fee revenue and an inter-governmental grant. The Solid Waste fund is new this 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 was totally self-supporting. The deficit for the current year reflects the structure of the current solid waste outsourcing contract that will expire January 31, 2024. Effective February 1, 2024, solid waste charges to residential customers will include 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 Stormwater Drainage Utility Fund Net Position increased by \$5,853 to \$56,189. This increase 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 resulted from unanticipated grants. License and Permit revenue was increased due to expected strong building activity. Other budget amendments include increased budgeted expenditures in the Administration, Police, Fire, and Development Services functions. Expenditures increased for the mid-year hiring of personnel and capital projects which were delayed during the previous fiscal year due to the Coronavirus pandemic.

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 were \$721 more than estimated and expenditures were \$1,801 less than budgeted. The majority of the excess revenues arose from license and permit, sales taxes, and charges for services. The majority of expenditure savings was in Police, Fire, Development Services, and Public Works. In Police and Fire there was additional sales tax revenue collected in the two Special Purpose Districts and as these funds are dedicated to public safety salaries, at the end of the year General Fund salaries were reallocated to these funds in order to reduce fund balance to policy targets. Development Services and Public Works had salary savings for vacant positions.

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, 2023 is \$646,847 (net of accumulated depreciation). This investment in capital assets includes land, buildings and infrastructure, and equipment.

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

- Capital asset acquisitions in governmental activities totaled \$62,374,423. The majority of this activity was funded from bond proceeds and was for streets, parks, and related infrastructure.
- Capital asset additions in business-type activities totaled \$27,650,909. The majority of this activity was funded from bond proceeds and was for new water and sewer projects.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Government-wide capital assets:						
Non-depreciable assets	\$ 130,045	\$ 104,527	\$ 13,436	\$ 8,321	\$ 143,480	\$ 112,848
Depreciable assets	376,055	318,341	246,143	223,669	622,198	542,010
Right to use assets	5,590	454	320	-	5,910	454
Total capital assets	511,690	423,322	259,899	231,990	771,589	655,312
Less: accumulated depreciation	(82,676)	(70,166)	(42,066)	(35,019)	(124,742)	(105,185)
Government-wide capital assets, net	\$ 429,014	\$ 353,156	\$ 217,833	\$ 196,971	\$ 646,847	\$ 550,127

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

Long-term liabilities – At the end of the current fiscal year, the Town had long-term liabilities outstanding of \$253,008. 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	
	2023	2022	2023	2022	2023	2022
Government-wide long-term liabilities:						
Certificates of obligation and general obligation bonds	\$ 178,911	\$ 150,745	\$ 47,494	\$ 29,296	\$ 226,405	\$ 180,041
Bonds premium on issuance	12,018	12,790	2,179	1,754	14,197	14,544
Compensated absences payable	2,815	2,389	297	289	3,112	2,678
Lease payable	324	387	-	-	324	-
SBITA payable	824	-	-	-	824	-
Net pension liability	7,240	2,200	906	277	8,146	2,477
Total government-wide long-term liabilities	\$ 202,132	\$ 168,511	\$ 50,876	\$ 31,616	\$ 253,008	\$ 200,127

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

NEXT YEAR’S BUDGET

The Town continues to thrive, 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 2024 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 10.2 cents of the total 51 cent levy. This capital dedicated allows the Town to quickly address capital needs while also managing the Town’s overall debt levels.

Revenue Projection Highlights

Highlights of the Fiscal Year 2024 budget:

- A total of 31.75 positions were added including eleven police officers to facilitate a new patrol philosophy.
- Property values increased by \$1.7 billion from total taxable of \$6.6 billion to 8.3 billion a 26% increase. This increase included \$889 million of new construction.
- New general capital projects budgeted for the year were \$71,170.
- New water and sewer capital projects totaled \$72,114.

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, 2023

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Prosper EDC
ASSETS				
Cash and cash equivalents	\$ 16,994,628	\$ 7,619,706	\$ 24,614,334	\$ 15,593,990
Investments	4,434,646	1,974,299	6,408,945	-
Taxes receivable, net	4,052,183	-	4,052,183	911,593
Receivables, net	1,191,690	9,876,140	11,067,830	-
Accrued interest	272,866	142,411	415,277	-
Inventory	110,968	1,020,475	1,131,443	-
Prepays	44,819	-	44,819	5,500
Restricted assets:				
Restricted cash	71,731,110	30,821,022	102,552,132	-
Restricted investments	47,633,570	12,305,443	59,939,013	-
Capital assets not being depreciated/amortized:				
Land	84,464,478	1,918,521	86,382,999	4,200,978
Construction in progress	45,580,317	11,517,123	57,097,440	-
Capital assets net of accumulated depreciation/amortization:				
Buildings and improvements	73,649,698	78,671	73,728,369	-
Equipment	13,394,871	1,011,180	14,406,051	-
Right to use - vehicles and equipment	2,464,847	238,535	2,703,382	-
Right to use - SBITA	1,139,884	-	1,139,884	-
Intangible assets	-	13,543,447	13,543,447	-
Infrastructure	<u>208,320,440</u>	<u>189,525,043</u>	<u>397,845,483</u>	-
Total Assets	<u>575,481,015</u>	<u>281,592,016</u>	<u>857,073,031</u>	<u>20,712,061</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	468,719	105,686	574,405	-
Pension related	<u>6,251,718</u>	<u>781,909</u>	<u>7,033,627</u>	<u>87,590</u>
Total Deferred Outflows of Resources	<u>6,720,437</u>	<u>887,595</u>	<u>7,608,032</u>	<u>87,590</u>

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

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Prosper EDC
LIABILITIES				
Accounts payable	10,996,788	4,042,760	15,039,548	38,945
Accrued expenses	1,346,812	-	1,346,812	-
Retainage payable	1,387,163	457,800	1,844,963	-
Accrued interest payable	716,834	202,971	919,805	-
Unearned revenue	6,102,367	-	6,102,367	-
Customer deposits and escrow payable	6,142,826	123,000	6,265,826	-
Noncurrent liabilities:				
Due within one year				
Long-term debt	10,179,760	3,178,554	13,358,314	11,100
Due in more than one year				
Long-term debt	184,711,655	46,792,133	231,503,788	33,301
Net pension liability	<u>7,240,492</u>	<u>905,575</u>	<u>8,146,067</u>	<u>101,444</u>
Total Liabilities	<u>228,824,697</u>	<u>55,702,793</u>	<u>284,527,490</u>	<u>184,790</u>
DEFERRED INFLOWS OF RESOURCES				
Lease related	12,938	225,545	238,483	-
Pension related	<u>6,078</u>	<u>760</u>	<u>6,838</u>	<u>85</u>
Total Deferred Inflows of Resources	<u>19,016</u>	<u>226,305</u>	<u>245,321</u>	<u>85</u>
NET POSITION				
Net investment in capital assets	327,743,357	199,461,540	527,204,897	4,200,978
Restricted for:				
Debt service	841,617	-	841,617	-
Courts	72,309	-	72,309	-
Fire	492,077	-	492,077	-
Police	572,093	-	572,093	-
Grants	250,819	-	250,819	-
Parks	2,334,125	-	2,334,125	-
Impact fees	-	1,925,036	1,925,036	-
Other	1,845,235	-	1,845,235	-
Economic development	-	-	-	16,413,798
Unrestricted	<u>19,206,107</u>	<u>25,163,937</u>	<u>44,370,044</u>	<u>-</u>
Total Net Position	<u>\$ 353,357,739</u>	<u>\$ 226,550,513</u>	<u>\$ 579,908,252</u>	<u>\$ 20,614,776</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Administration	\$ 13,351,155	\$ 2,899,331	\$ 1,648,378	\$ -
Police	10,576,268	80,045	98,238	-
Fire & EMS	13,303,441	1,354,168	33,686	-
Development Services	3,219,447	4,725,034	-	-
Public Works	17,172,548	7,667,474	-	39,240,412
Community Services	7,516,422	690,523	31,860	948,979
Engineering	2,895,394	3,750	-	-
Interest and fiscal charges	3,664,161	-	-	-
Total governmental activities	<u>71,698,836</u>	<u>17,420,325</u>	<u>1,812,162</u>	<u>40,189,391</u>
Business-type activities:				
Water and sewer	32,395,464	31,658,573	3,988,204	16,157,776
Solid waste	2,535,247	2,488,353	-	-
Storm drainage	2,291,304	867,386	-	7,606,905
Total business-type activities	<u>37,222,015</u>	<u>35,014,312</u>	<u>3,988,204</u>	<u>23,764,681</u>
Total Primary Government	<u>108,920,851</u>	<u>52,434,637</u>	<u>5,800,366</u>	<u>63,954,072</u>
Component unit:				
Prosper Economic Development	\$ <u>1,024,758</u>	\$ -	\$ -	\$ -

General Revenues:
 Property taxes
 Sales and use taxes
 Franchise fees
 Unrestricted investment earnings
 Miscellaneous revenue
 Transfers
 Total general revenues and transfers

Change in Net Position
 Net Position - Beginning
 Net Position - Ending

Net (Expense) Revenue and Changes in Net Position			Component
Primary Government			Unit
Governmental Activities	Business-Type Activities	Total	Prosper Economic Development
\$ (8,803,446)	\$ -	\$ (8,803,446)	\$ -
(10,397,985)	-	(10,397,985)	-
(11,915,587)	-	(11,915,587)	-
1,505,587	-	1,505,587	-
29,735,338	-	29,735,338	-
(5,845,060)	-	(5,845,060)	-
(2,891,644)	-	(2,891,644)	-
(3,664,161)	-	(3,664,161)	-
<u>(12,276,958)</u>	<u>-</u>	<u>(12,276,958)</u>	<u>-</u>
-	19,409,089	19,409,089	-
-	(46,894)	(46,894)	-
<u>-</u>	<u>6,182,987</u>	<u>6,182,987</u>	<u>-</u>
<u>-</u>	<u>25,545,182</u>	<u>25,545,182</u>	<u>-</u>
<u>(12,276,958)</u>	<u>25,545,182</u>	<u>13,268,224</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,024,758)</u>
38,596,149	-	38,596,149	-
17,513,294	-	17,513,294	4,771,035
2,931,315	-	2,931,315	-
4,622,005	1,919,685	6,541,690	597,798
185,729	416,812	602,541	2,028
1,235,335	(1,235,335)	-	-
<u>65,083,827</u>	<u>1,101,162</u>	<u>66,184,989</u>	<u>5,370,861</u>
<u>52,806,869</u>	<u>26,646,344</u>	<u>79,453,213</u>	<u>4,346,103</u>
<u>300,550,870</u>	<u>199,904,169</u>	<u>500,455,039</u>	<u>16,268,673</u>
<u>\$ 353,357,739</u>	<u>\$ 226,550,513</u>	<u>\$ 579,908,252</u>	<u>\$ 20,614,776</u>

TOWN OF PROSPER, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	<u>General</u>	<u>Impact Fees</u>	<u>Debt Service</u>
ASSETS			
Cash and cash equivalents	\$ 12,032,890	\$ 6,748,581	\$ 1,032,218
Investments	3,147,638	1,762,173	270,746
Taxes receivable (net)	2,495,204	-	254,042
Accounts receivable (net)	1,142,183	-	-
Accrued interest	70,928	39,697	6,099
Due from other funds	-	-	-
Inventory	110,968	-	-
Prepaid items	33,202	-	-
Total assets	<u>19,033,013</u>	<u>8,550,451</u>	<u>1,563,105</u>
LIABILITIES			
Accounts payable	2,186,846	1,247,487	4,654
Accrued expenses	1,145,148	-	-
Unearned revenue	-	-	-
Retainage payable	-	-	-
Escrow payable	-	-	-
Due to other funds	31,451	-	-
Total liabilities	<u>3,363,445</u>	<u>1,247,487</u>	<u>4,654</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related	12,938	-	-
Unavailable revenue:			
Property taxes	537,266	-	255,931
Fines and fees	27,647	-	-
EMS	402,108	-	-
Total deferred inflows of resources	<u>979,959</u>	<u>-</u>	<u>255,931</u>
FUND BALANCES			
Nonspendable for:			
Inventory	110,968	-	-
Prepaid items	33,202	-	-
Restricted for:			
Debt service	-	-	1,302,520
Capital projects	-	7,302,964	-
Courts	-	-	-
Police	-	-	-
Fire	-	-	-
Grants	-	-	-
Parks	-	-	-
Other	-	-	-
Committed for:			
Contingency reserve	8,902,838	-	-
Assigned for:			
Next year's budget: appropriation of fund balance	2,954,844	-	-
Unassigned	2,687,757	-	-
Total fund balances	<u>14,689,609</u>	<u>7,302,964</u>	<u>1,302,520</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,033,013</u>	<u>\$ 8,550,451</u>	<u>\$ 1,563,105</u>

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

Capital Projects	Escrow	ARPA	Nonmajor Governmental	Total Governmental Funds
\$ 49,865,077	\$ 4,847,278	\$ 5,011,193	\$ 4,226,763	\$ 83,764,000
41,858,780	1,295,548	1,341,993	1,104,330	50,781,208
-	-	-	1,302,937	4,052,183
-	-	-	14,343	1,156,526
102,271	-	-	24,878	243,873
31,451	-	-	-	31,451
-	-	-	-	110,968
-	-	-	-	33,202
<u>91,857,579</u>	<u>6,142,826</u>	<u>6,353,186</u>	<u>6,673,251</u>	<u>140,173,411</u>
6,991,886	-	-	96,276	10,527,149
-	-	-	201,664	1,346,812
-	-	6,102,367	-	6,102,367
1,344,786	-	-	42,377	1,387,163
-	6,142,826	-	-	6,142,826
-	-	-	-	31,451
<u>8,336,672</u>	<u>6,142,826</u>	<u>6,102,367</u>	<u>340,317</u>	<u>25,537,768</u>
-	-	-	-	12,938
-	-	-	-	793,197
-	-	-	-	27,647
-	-	-	-	402,108
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,235,890</u>
-	-	-	-	110,968
-	-	-	-	33,202
-	-	-	-	1,302,520
83,520,907	-	-	1,017,095	91,840,966
-	-	-	72,309	72,309
-	-	-	572,093	572,093
-	-	-	492,077	492,077
-	-	250,819	-	250,819
-	-	-	2,334,125	2,334,125
-	-	-	1,845,235	1,845,235
-	-	-	-	8,902,838
-	-	-	-	2,954,844
-	-	-	-	2,687,757
<u>83,520,907</u>	<u>-</u>	<u>250,819</u>	<u>6,332,934</u>	<u>113,399,753</u>
<u>\$ 91,857,579</u>	<u>\$ 6,142,826</u>	<u>\$ 6,353,186</u>	<u>\$ 6,673,251</u>	<u>\$ 140,173,411</u>



TOWN OF
PROSPER

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TOWN OF PROSPER, TEXAS

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

SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$ 113,399,753
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.	425,783,210
Bonds payable, leases payable and accrued compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	(182,873,062)
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.	(716,834)
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	(12,018,353)
Deferred loss	468,719
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.	1,222,952
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	(7,240,492)
Deferred outflows related to pensions	6,251,718
Deferred inflows related to pensions	(6,078)
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>9,086,206</u>
Net Position of Governmental Activities	<u>\$ 353,357,739</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Impact Fees</u>	<u>Debt Service</u>
REVENUES			
Taxes:			
Property	\$ 23,634,916	\$ -	\$ 13,317,801
Sales	10,335,691	-	-
Franchise fees	2,931,315	-	-
Licenses and permits	6,435,235	-	-
Charges for services	1,360,939	-	-
Impact fees	-	7,205,241	-
Escrow income	-	-	-
Intergovernmental	241,170	-	-
Investment income	1,062,144	365,037	144,293
Fines, fees, warrants, and seizures	397,326	-	-
Park fees	694,570	-	-
Contributions	-	-	-
Miscellaneous	162,554	-	-
Total Revenues	<u>47,255,860</u>	<u>7,570,278</u>	<u>13,462,094</u>
EXPENDITURES			
Current:			
Administration	9,782,899	-	-
Police	7,666,657	-	-
Fire	9,939,170	-	-
Development Services	3,236,771	-	-
Public Works	4,343,751	5,070,776	-
Community Services	6,107,385	-	-
Engineering	2,821,267	-	-
Capital outlay	-	-	-
Debt service:			
Principal	613,073	-	7,229,006
Interest and fiscal charges	3,219	-	5,594,880
Bond issue costs and fees	-	-	41,753
Total Expenditures	<u>44,514,192</u>	<u>5,070,776</u>	<u>12,865,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,741,668	2,499,502	596,455
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Premium on issuance of bonds	-	-	-
Refunding bonds issued	-	-	2,095,000
Premium on refunding bonds issued	-	-	174,593
Payments to bond escrow agent	-	-	(2,246,885)
Issuance of SBITA	1,373,301	-	-
Insurance proceeds	20,759	-	-
Transfers in	1,235,335	-	-
Transfers out	(9,607,373)	(1,691,025)	-
Total Other Financing Sources (Uses)	<u>(6,977,978)</u>	<u>(1,691,025)</u>	<u>22,708</u>
NET CHANGE IN FUND BALANCE	(4,236,310)	808,477	619,163
FUND BALANCES - BEGINNING	<u>18,925,919</u>	<u>6,494,487</u>	<u>683,357</u>
FUND BALANCES - ENDING	<u>\$ 14,689,609</u>	<u>\$ 7,302,964</u>	<u>\$ 1,302,520</u>

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

<u>Capital Projects</u>	<u>Escrow</u>	<u>ARPA</u>	<u>Nonmajor Governmental</u>	<u>Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 1,023,152	\$ 37,975,869
-	-	-	7,177,603	17,513,294
-	-	-	-	2,931,315
-	-	-	-	6,435,235
-	-	-	-	1,360,939
-	-	-	457,733	7,662,974
-	845,117	-	-	845,117
-	-	-	200,550	441,720
2,352,134	-	224,206	221,468	4,369,282
-	-	-	33,589	430,915
-	-	-	-	694,570
-	-	-	2,360,403	2,360,403
-	-	-	2,416	164,970
<u>2,352,134</u>	<u>845,117</u>	<u>224,206</u>	<u>11,476,914</u>	<u>83,186,603</u>
-	-	-	3,723,511	13,506,410
-	-	-	2,777,410	10,444,067
-	-	-	2,753,480	12,692,650
-	-	-	-	3,236,771
-	-	-	-	9,414,527
-	-	-	847,546	6,954,931
-	-	-	-	2,821,267
45,547,937	-	-	-	45,547,937
-	-	-	-	7,842,079
-	-	-	-	5,598,099
335,246	-	-	-	376,999
<u>45,883,183</u>	<u>-</u>	<u>-</u>	<u>10,101,947</u>	<u>118,435,737</u>
(43,531,049)	845,117	224,206	1,374,967	(35,249,134)
35,535,000	-	-	-	35,535,000
1,763,739	-	-	-	1,763,739
-	-	-	-	2,095,000
-	-	-	-	174,593
-	-	-	-	(2,246,885)
-	-	-	-	1,373,301
-	-	-	-	20,759
12,143,515	-	-	-	13,378,850
-	(845,117)	-	-	(12,143,515)
<u>49,442,254</u>	<u>(845,117)</u>	<u>-</u>	<u>-</u>	<u>39,950,842</u>
5,911,205	-	224,206	1,374,967	4,701,708
<u>77,609,702</u>	<u>-</u>	<u>26,613</u>	<u>4,957,967</u>	<u>108,698,045</u>
\$ <u>83,520,907</u>	\$ <u>-</u>	\$ <u>250,819</u>	\$ <u>6,332,934</u>	\$ <u>113,399,753</u>

A stylized black silhouette of a windmill with a circular fan and a tall, tapered tower. The tower is positioned behind the word 'PROSPER' in the text below.

TOWN OF
PROSPER

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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, 2023

Net Changes in Fund Balances - Governmental Funds	\$	4,701,708
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities that cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, or donations) to net position.</p>		
Capital outlay		48,726,596
Depreciation and amortization expense		(11,820,930)
<p>Governmental funds do not recognize assets contributed by others. However, in the statement of activities, the fair market value of those assets are recognized as revenue then allocated over their estimated useful lives and reported as depreciation expense.</p>		
		39,240,412
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of bonds		(37,630,000)
Premium on bond issuance		(1,938,332)
Issuance of refunding bonds		2,235,000
Issuance of SBITA		(1,373,301)
Repayment of principal of long-term debt		7,842,079
Amortization of:		
Premium on bond issuance		2,710,265
Loss on refunding		(227,673)
<p>Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		(426,294)
Net pension liability		(475,992)
<p>Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The increase in interest accrual decreases net position.</p>		
		(159,770)
<p>The Town uses an internal service fund to charge the costs of the medical program and the vehicle and equipment replacement program to the appropriate departments in other funds. The change in net position of the internal service fund is reported with governmental activities.</p>		
		833,228
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		<u>569,873</u>
Change in Net Position of Governmental Activities	\$	<u>52,806,869</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts GAAP Basis
REVENUES			
Property	\$ 23,519,547	\$ 23,519,547	\$ 23,634,916
Sales	10,220,208	10,220,208	10,335,691
Franchise	2,404,527	2,404,527	2,931,315
Licenses and permits	6,325,530	6,325,530	6,435,235
Charges for services	1,240,962	1,240,961	1,360,939
Intergovernmental	1,525,000	1,525,000	241,170
Investment income	150,000	150,000	1,062,144
Fines, fees, warrants and seizures	250,425	250,425	397,326
Park fees	509,300	509,300	694,570
Miscellaneous	<u>124,475</u>	<u>204,475</u>	<u>162,554</u>
Total revenues	<u>46,269,974</u>	<u>46,349,973</u>	<u>47,255,860</u>
EXPENDITURES			
Current:			
Administration	9,341,007	10,070,908	9,782,899
Police	6,635,120	7,746,233	7,666,657
Fire	9,990,721	10,025,804	9,939,170
Development Services	4,173,570	4,468,057	3,236,771
Public Works	4,136,738	3,962,414	4,343,751
Community Services	7,174,446	7,287,646	6,107,385
Engineering	2,601,325	2,903,192	2,821,267
Debt service:			
Principal	-	-	613,073
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>3,219</u>
Total expenditures	<u>44,052,927</u>	<u>46,464,254</u>	<u>44,514,192</u>
Excess (deficiency) of revenues over (under) expenditures	2,217,047	(114,281)	2,741,668
OTHER FINANCING SOURCES (USES)			
Issuance of SBITA	-	-	1,373,301
Insurance proceeds	-	-	20,759
Transfers in	1,235,335	1,235,335	1,235,335
Transfers out	<u>(7,780,485)</u>	<u>(9,607,373)</u>	<u>(9,607,373)</u>
Total other financing sources (uses)	<u>(6,545,150)</u>	<u>(8,372,038)</u>	<u>(6,977,978)</u>
CHANGE IN FUND BALANCE	(4,328,103)	(8,486,319)	(4,236,310)
FUND BALANCE - BEGINNING	<u>18,925,919</u>	<u>18,925,919</u>	<u>18,925,919</u>
FUND BALANCE - ENDING	<u>\$ 14,597,816</u>	<u>\$ 10,439,600</u>	<u>\$ 14,689,609</u>

Adjustment Budget Basis	Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
\$ -	\$ 23,634,916	\$ 115,369
-	10,335,691	115,483
-	2,931,315	526,788
-	6,435,235	109,705
-	1,360,939	119,978
-	241,170	(1,283,830)
(184,832)	877,312	727,312
-	397,326	146,901
-	694,570	185,270
-	<u>162,554</u>	<u>(41,921)</u>
<u>(184,832)</u>	<u>47,071,028</u>	<u>721,055</u>
133,958	9,916,857	154,051
-	7,666,657	79,576
-	9,939,170	86,634
6,450	3,243,221	1,224,836
8,715	4,352,466	(390,052)
-	6,107,385	1,180,261
-	2,821,267	81,925
-	613,073	(613,073)
-	<u>3,219</u>	<u>(3,219)</u>
<u>149,123</u>	<u>44,663,315</u>	<u>1,800,939</u>
(333,955)	2,407,713	2,521,994
-	1,373,301	1,373,301
-	20,759	20,759
-	1,235,335	-
-	<u>(9,607,373)</u>	<u>-</u>
-	<u>(6,977,978)</u>	<u>1,394,060</u>
(333,955)	(4,570,265)	3,916,054
-	<u>18,925,919</u>	<u>18,925,919</u>
\$ (333,955)	\$ <u>14,355,654</u>	\$ <u>22,841,973</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 5,000,000	\$ 5,000,000	\$ 7,205,241	\$ 2,205,241
Investment income	59,000	59,000	365,037	306,037
Total Revenues	<u>5,059,000</u>	<u>5,059,000</u>	<u>7,570,278</u>	<u>2,511,278</u>
EXPENDITURES				
Public Works	10,875,000	10,140,755	5,070,776	5,069,979
Total expenditures	<u>10,875,000</u>	<u>10,140,755</u>	<u>5,070,776</u>	<u>5,069,979</u>
Excess of revenues over expenditures	<u>(5,816,000)</u>	<u>(5,081,755)</u>	<u>2,499,502</u>	<u>7,581,257</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,820,000)	(1,691,025)	128,975
Total other financing sources (uses)	<u>-</u>	<u>(1,820,000)</u>	<u>(1,691,025)</u>	<u>128,975</u>
CHANGE IN FUND BALANCE	<u>(5,816,000)</u>	<u>(6,901,755)</u>	<u>808,477</u>	<u>7,710,232</u>
FUND BALANCE - BEGINNING	<u>6,494,487</u>	<u>6,494,487</u>	<u>6,494,487</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 678,487</u>	<u>\$ (407,268)</u>	<u>\$ 7,302,964</u>	<u>\$ 7,710,232</u>

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Enterprise Funds			Total Enterprise	Governmental Activities
	Water and Sewer	Solid Waste	Stormwater Drainage		Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 7,399,585	\$ 27,588	\$ 192,533	\$ 7,619,706	\$ 4,961,738
Investments	1,916,898	7,206	50,195	1,974,299	1,287,008
Receivables, net	9,546,827	190,982	138,331	9,876,140	35,164
Accrued interest	141,118	162	1,131	142,411	28,993
Inventory	1,020,475	-	-	1,020,475	-
Prepaid items	-	-	-	-	11,617
Total current assets	<u>20,024,903</u>	<u>225,938</u>	<u>382,190</u>	<u>20,633,031</u>	<u>6,324,520</u>
Noncurrent assets:					
Restricted cash and cash equivalents	30,480,492	-	340,530	30,821,022	-
Restricted investments	12,305,443	-	-	12,305,443	-
Capital assets:					
Nondepreciable	12,830,666	-	604,978	13,435,644	-
Depreciable, net	<u>146,957,412</u>	<u>-</u>	<u>57,439,464</u>	<u>204,396,876</u>	<u>3,231,325</u>
Total noncurrent assets	<u>202,574,013</u>	<u>-</u>	<u>58,384,972</u>	<u>260,958,985</u>	<u>3,231,325</u>
Total assets	<u>222,598,916</u>	<u>225,938</u>	<u>58,767,162</u>	<u>281,592,016</u>	<u>9,555,845</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	105,686	-	-	105,686	-
Deferred outflows related to pensions	<u>747,015</u>	<u>-</u>	<u>34,894</u>	<u>781,909</u>	<u>-</u>
Total deferred outflows of resources	<u>852,701</u>	<u>-</u>	<u>34,894</u>	<u>887,595</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	3,814,250	219,952	8,558	4,042,760	469,639
Retainage payable	457,800	-	-	457,800	-
Accrued interest payable	190,057	-	12,914	202,971	-
Customer deposits and escrow payable	123,000	-	-	123,000	-
Current portion of long-term liabilities:					
Compensated absences	70,173	-	4,102	74,275	-
Bonds payable	<u>2,984,279</u>	<u>-</u>	<u>120,000</u>	<u>3,104,279</u>	<u>-</u>
Total current liabilities	<u>7,639,559</u>	<u>219,952</u>	<u>145,574</u>	<u>8,005,085</u>	<u>469,639</u>
Noncurrent liabilities:					
Compensated absences	210,518	-	12,305	222,823	-
Bonds payable	44,154,755	-	2,414,555	46,569,310	-
Net pension liability	<u>865,162</u>	<u>-</u>	<u>40,413</u>	<u>905,575</u>	<u>-</u>
Total noncurrent liabilities	<u>45,230,435</u>	<u>-</u>	<u>2,467,273</u>	<u>47,697,708</u>	<u>-</u>
Total liabilities	<u>52,869,994</u>	<u>219,952</u>	<u>2,612,847</u>	<u>55,702,793</u>	<u>469,639</u>
DEFERRED INFLOWS OF RESOURCES					
Lease related	225,545	-	-	225,545	-
Deferred inflows - pensions	<u>726</u>	<u>-</u>	<u>34</u>	<u>760</u>	<u>-</u>
Total deferred inflows of resources	<u>226,271</u>	<u>-</u>	<u>34</u>	<u>226,305</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	143,611,123	-	55,850,417	199,461,540	3,231,325
Reserved for impact fees	1,925,036	-	-	1,925,036	-
Unrestricted	<u>24,819,193</u>	<u>5,986</u>	<u>338,758</u>	<u>25,163,937</u>	<u>5,854,881</u>
Total net position	<u>\$ 170,355,352</u>	<u>\$ 5,986</u>	<u>\$ 56,189,175</u>	<u>\$ 226,550,513</u>	<u>\$ 9,086,206</u>

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

A stylized black silhouette of a windmill with a circular fan and a tall, tapered tower. The tower is positioned behind the word 'PROSPER' in the text below.

TOWN OF
PROSPER

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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, 2023

	Enterprise Funds			Total Enterprise	Governmental Activities
	Water and Sewer	Solid Waste	Stormwater Drainage		Internal Service Funds
OPERATING REVENUES					
Charges for services:					
Water and sewer charges	\$ 30,353,373	\$ -	\$ -	\$ 30,353,373	\$ -
Sanitation charges	198,835	2,488,353	-	2,687,188	-
Storm drainage utility fees	-	-	867,386	867,386	-
Water and sewer connections	979,900	-	-	979,900	-
Service initiation	126,465	-	-	126,465	-
Health charges	-	-	-	-	4,417,004
Equipment replacement	-	-	-	-	1,385,257
Miscellaneous	414,716	-	2,096	416,812	187,121
Total operating revenues	<u>32,073,289</u>	<u>2,488,353</u>	<u>869,482</u>	<u>35,431,124</u>	<u>5,989,382</u>
OPERATING EXPENSES					
Personnel services	4,313,320	-	194,930	4,508,250	-
Materials and supplies	1,311,930	-	16,847	1,328,777	137,814
Contractual services	5,820,777	2,485,398	-	8,306,175	222,517
Water purchases	10,477,866	-	-	10,477,866	-
Employee health insurance	-	-	-	-	4,358,925
Other operating costs	2,128,337	49,849	52,833	2,231,019	-
Depreciation and amortization	5,085,336	-	1,962,984	7,048,320	689,621
Total operating costs	<u>29,137,566</u>	<u>2,535,247</u>	<u>2,227,594</u>	<u>33,900,407</u>	<u>5,408,877</u>
Operating income (loss)	<u>2,935,723</u>	<u>(46,894)</u>	<u>(1,358,112)</u>	<u>1,530,717</u>	<u>580,505</u>
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental	3,988,204	-	-	3,988,204	-
Investment income	1,881,333	2,880	35,472	1,919,685	252,723
Interest expense	(876,399)	-	(54,659)	(931,058)	-
Developer payments	(2,052,902)	-	-	(2,052,902)	-
Bond fees	(328,597)	-	(9,051)	(337,648)	-
Total non-operating revenues (expenses)	<u>2,611,639</u>	<u>2,880</u>	<u>(28,238)</u>	<u>2,586,281</u>	<u>252,723</u>
Income (loss) before contributions and transfers	<u>5,547,362</u>	<u>(44,014)</u>	<u>(1,386,350)</u>	<u>4,116,998</u>	<u>833,228</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	9,903,520	-	7,606,905	17,510,425	-
Capital contributions - impact fees	6,254,256	-	-	6,254,256	-
Transfers in	259,353	50,000	-	309,353	-
Transfers out	(1,177,339)	-	(367,349)	(1,544,688)	-
Total contributions and transfers	<u>15,239,790</u>	<u>50,000</u>	<u>7,239,556</u>	<u>22,529,346</u>	<u>-</u>
CHANGE IN NET POSITION	<u>20,787,152</u>	<u>5,986</u>	<u>5,853,206</u>	<u>26,646,344</u>	<u>833,228</u>
NET POSITION - BEGINNING	<u>149,568,200</u>	<u>-</u>	<u>50,335,969</u>	<u>199,904,169</u>	<u>8,252,978</u>
NET POSITION - END OF YEAR	<u>\$ 170,355,352</u>	<u>\$ 5,986</u>	<u>\$ 56,189,175</u>	<u>\$ 226,550,513</u>	<u>\$ 9,086,206</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, 2023

	Enterprise Funds		
	Water and Sewer	Solid Waste	Stormwater Drainage
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 26,511,580	\$ 2,297,371	\$ 853,141
Cash payments to suppliers for goods and services	(18,507,863)	(2,315,295)	(160,354)
Cash payments for health expense	-	-	-
Cash payments to employees for services	(4,202,920)	-	(183,426)
Net cash provided by (used for) operating activities	3,800,797	(17,924)	509,361
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from other governments	3,988,204	-	-
Transfers to other funds	(1,177,339)	-	(367,349)
Transfers from other funds	259,353	50,000	-
Net cash provided by (used for) noncapital financing activities	3,070,218	50,000	(367,349)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	23,435,000	-	660,000
Principal paid on bonds	(2,715,995)	-	(120,000)
Acquisition and construction of capital assets	(9,765,565)	-	(220,184)
Proceeds from sale of capital assets	-	-	-
Interest paid on bonds	(3,775,556)	-	(75,882)
Developer payments	(2,052,902)	-	-
Impact fees received	6,254,256	-	-
Net cash provided by (used for) capital and related financing activities	11,379,238	-	243,934
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment sales (purchases)	(718,450)	(10,086)	(18,695)
Interest on deposits and investments	3,664,571	5,598	70,587
Net cash provided by (used for) investing activities	2,946,121	(4,488)	51,892
Net increase in cash and cash equivalents	21,196,374	27,588	437,838
Cash and cash equivalents at beginning of year	16,683,703	-	95,225
Cash and cash equivalents at end of year	37,880,077	27,588	533,063
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	2,935,723	(46,894)	(1,358,112)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
Depreciation and amortization	5,085,336	-	1,962,984
Decrease (increase) in accounts receivable	(5,359,195)	(190,982)	(16,341)
Decrease (increase) in inventory	(145,513)	-	-
Decrease (increase) in prepaid	-	-	-
Increase (decrease) in deferred outflows related to pensions	(343,372)	-	(16,494)
Increase (decrease) in accounts payable	1,376,560	219,952	(90,674)
Increase (decrease) in accrued liabilities	51,147	-	3,692
Increase (decrease) in net pension liability	600,613	-	28,354
Increase (decrease) in deferred inflows	(403,281)	-	(9,151)
Increase (decrease) in compensated absences	2,779	-	5,103
Net cash provided by (used in) operating activities	3,800,797	(17,924)	509,361
SCHEDULE OF NON-CASH CAPITAL ACTIVITIES			
Contributions of capital assets	\$ 9,903,520	\$ -	\$ 7,606,905

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

Total Enterprise	Governmental Activities Internal Service Funds
\$ 29,662,092	\$ 6,024,151
(20,983,512)	(149,431)
-	(4,588,766)
(4,386,346)	-
4,292,234	1,285,954
3,988,204	-
(1,544,688)	-
309,353	-
2,752,869	-
24,095,000	-
(2,835,995)	-
(9,985,749)	(373,262)
-	-
(3,851,438)	-
(2,052,902)	-
6,254,256	-
11,623,172	(373,262)
(747,231)	733,813
3,740,756	736,656
2,993,525	1,470,469
21,661,800	2,383,161
16,778,928	2,578,577
38,440,728	4,961,738
1,530,717	580,505
7,048,320	689,621
(5,566,518)	34,769
(145,513)	-
-	(11,617)
(359,866)	-
1,505,838	(7,324)
54,839	-
628,967	-
(412,432)	-
7,882	-
4,292,234	1,285,954
\$ 17,510,425	\$ -

TOWN OF PROSPER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Prosper, Texas 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 District sales and use tax have a rate of .25% each. 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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to significant extent on user fees and charges for financing its operations. Likewise, the *primary government* is reported separately from a certain legally separate *component* unity 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*.

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

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

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

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

The **ARPA Fund**, The American Rescue Plan Act (ARPA) was passed by Congress and signed into law on March 11, 2021. This fund is used to account for grant funds awarded and expenditures related to ARPA for a wastewater infrastructure project.

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.

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

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

D. Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town.

E. Short-Term Interfund Receivables/Payables

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

F. Inventories and Prepaid Items

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

G. Restricted Assets

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

H. Deferred Outflows/Inflows of Resources

In addition to assets 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.
- 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

J. Intangible Assets

Intangible assets are reported in the business-type activities column in the government-wide financial statements as well as in the proprietary fund statement of net position. Intangible assets with an initial, individual cost of more than \$5,000 and an estimate useful life in excess of two years are recorded at historical cost or estimate historical cost if purchased or constructed. Once placed into service, the intangible asset is amortized over its estimated useful life.

K. Leases and Subscription-Based Information Technology Arrangements

The Town is a lessee for a noncancellable lease of equipment, vehicles, and IT arrangements (SBITAs). The Town recognizes lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease or SBITA, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease 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 lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- 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 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 lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease and SBITA assets are reported with other capital assets and lease 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 lease 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 resignation 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 Internal Service Fund – Employee Trust includes an estimate of liabilities for self-insured claims incurred but not reported and are expected to be paid within one year. 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 twenty percent of total general fund expenditures has been identified as committed for a contingency reserve.

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

Change in Accounting Principle

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), was adopted effective July 1, 2022. The statement addresses accounting and financial reporting for SBITA contracts. Statement No. 96 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to SBITA in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were required.

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, 2022 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 District, 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. 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 ¼ cents reserved for the state and up the 2 cents available for local government. Currently three Prosper entities collect sales tax. The Town collects 1 ½ cents which includes the 1 cent municipal levy and a ½ cent 4B economic development levy provided to Prosper EDC. In addition, two Special Purpose Districts (SPD) Prosper Crime Control and Prosper Fire Prevention and EMS District each have a ¼ cent levy for a total local levy of 2 cents. The two SPD's were recently approved by the voters for an additional 20 years (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 sales and use taxpayer's 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the financial statements are depreciation expense which is based on the estimated useful lives of the underlying depreciable assets, allowances for doubtful accounts receivables, and net pension liability and pension expense which are based on various actuarial assumptions.

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 is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB No. 62* - The objective of this Statement is 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. The statement is effective for fiscal years beginning after June 15, 2023.

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.

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. Expenditures may not exceed appropriations at the department level for the general fund without Town Council approval. 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 generally accepted accounting principles (GAAP) for governmental funds as established by the Governmental Accounting Standards Board (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.

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 District Fund, Fire Prevention 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 schedules are presented as basic financial statements for the General Fund and for each major special revenue fund. 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.

A comparison of budgetary data to actual results of operations for the Debt Service Fund and other nonmajor funds are presented as supplementary information.

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 market value of the security collateral and redemption value of letters of Credit held at September 30, 2023 exceeded the value of all deposits.

At September 30, 2023, the carrying amount of the Town's deposits was \$168,170,210, and the respective bank balances totaled \$168,396,677. Of the carrying amount of the Towns' deposits cash on hand totaled \$3,069. The Town also has investments in government pools at September 30, 2023, totaling \$107,180,372, which are recorded at amortized cost.

Investments

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

The Town's investments carried at fair value as of September 30, 2023, were:

Investment type:	Carrying Value	Weighted Average Maturity (days)
Certificates of deposit	\$ 25,409,754	243
Federal Home Loan Bank	19,867,070	128
U.S. Treasury Notes	<u>21,071,134</u>	214
Total	<u>\$ 66,347,958</u>	
Portfolio weight average to maturity		199

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 26 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 29 days.

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

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

Credit Risk – This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. 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 and municipal bonds each have a long-term rating from A to AAA. The Town also holds municipal bonds with short-term ratings of A-1 to A-1+.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio; 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 allowable maturity for operating funds is five years and two years for debt service funds.

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

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer (i.e., lack of diversification). As of September 30, 2023, the Town minimized concentration of credit risk, by: limiting investments in a specific local governmental pools to no more than 40 percent of the investment portfolio; staggering maturities and potential call dates; and limiting investments in commercial paper and bankers’ acceptances to no more than 5% of the investment portfolio. Concentration risk is defined as positions of 5 percent (5%) or more in the obligations of a single issuer. The Town’s investments and their percentage of net portfolio assets are stated below.

Securities by Type	Carrying Value	% of Total Portfolio
Certificates of deposit	\$ 25,409,754	38.30%
Federal Home Loan Bank	19,867,070	29.94%
U.S. Treasury Notes	21,071,134	31.76%
Total Securities	<u>\$ 66,347,958</u>	<u>100.00%</u>

IV. FAIR VALUE MEASUREMENTS

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

The Town has the following recurring fair value measurements as of September 30, 2023:

	Fair value as of 9/30/2023	Fair Value Measurements Using	
		Level 1	Level 2
Investments by fair value level			
Federal Home Loan Bank	\$ 19,867,070	\$ 9,967,100	\$ 9,899,970
U.S. Treasury Notes	21,071,134	21,071,134	-
Total investments by fair value level	<u>\$ 40,938,204</u>	<u>\$ 31,038,234</u>	<u>\$ 9,899,970</u>

V. RECEIVABLES

The Town's taxes and accounts receivables as of September 30, 2023 consisted of the following:

	Governmental Activities			Total
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	
Property taxes	\$ 551,204	\$ 259,227	\$ -	\$ 810,431
Sales tax	<u>1,955,024</u>	<u>-</u>	<u>1,302,937</u>	<u>3,257,961</u>
Gross receivables	2,506,228	259,227	1,302,937	4,068,392
Less: allowance for uncollectible	<u>(11,024)</u>	<u>(5,185)</u>	<u>-</u>	<u>(16,209)</u>
Net receivables	<u>\$ 2,495,204</u>	<u>\$ 254,042</u>	<u>\$ 1,302,937</u>	<u>\$ 4,052,183</u>

The Town's accounts receivable as of September 30, 2023 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 Fund	
Ambulance	\$ 1,449,483	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,449,483
Franchise fees	489,264	-	-	-	-	-	489,264
Grants	82,110	-	-	-	-	-	82,110
Municipal court	276,472	-	-	-	-	-	276,472
Utility bills	-	-	10,014,773	190,982	138,331	-	10,344,086
Other receivables	<u>80,272</u>	<u>14,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,164</u>	<u>129,779</u>
Gross receivables	2,377,601	14,343	10,014,773	190,982	138,331	35,164	12,771,194
Less: allowance for uncollectible	<u>(1,235,418)</u>	<u>-</u>	<u>(467,946)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,703,364)</u>
Net receivables	<u>\$ 1,142,183</u>	<u>\$ 14,343</u>	<u>\$ 9,546,827</u>	<u>\$ 190,982</u>	<u>\$ 138,331</u>	<u>\$ 35,164</u>	<u>\$ 11,067,830</u>

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated/amortized:					
Land	\$ 58,987,653	\$ 25,476,825	\$ -	\$ -	\$ 84,464,478
Construction in progress	<u>45,539,821</u>	<u>45,587,967</u>	<u>-</u>	<u>(45,547,471)</u>	<u>45,580,317</u>
Total capital assets not being depreciated/amortized	<u>104,527,474</u>	<u>71,064,792</u>	<u>-</u>	<u>(45,547,471)</u>	<u>130,044,795</u>
Capital assets being depreciated/amortized:					
Buildings and improvements	72,141,467	106,600	-	17,667,258	89,915,325
Equipment	20,489,090	850,696	-	454,891	21,794,677
Infrastructure	225,710,069	14,973,304	-	23,662,024	264,345,397
Right to use assets - vehicles and equipment	453,788	-	-	3,763,298	4,217,086
Right to use assets - SBITA	-	<u>1,373,301</u>	<u>-</u>	<u>-</u>	<u>1,373,301</u>
Total assets being depreciated/amortized	<u>318,794,414</u>	<u>17,303,901</u>	<u>-</u>	<u>45,547,471</u>	<u>381,645,786</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(13,898,588)	(2,367,039)	-	-	(16,265,627)
Equipment	(8,112,706)	(1,333,716)	-	1,046,616	(8,399,806)
Infrastructure	(48,085,555)	(7,939,549)	147	-	(56,024,957)
Right to use assets - vehicles and equipment	(68,793)	(636,830)	-	(1,046,616)	(1,752,239)
Right to use assets - SBITA	-	<u>(233,417)</u>	<u>-</u>	<u>-</u>	<u>(233,417)</u>
Total accumulated depreciation/amortization	<u>(70,165,642)</u>	<u>(12,510,551)</u>	<u>147</u>	<u>-</u>	<u>(82,676,046)</u>
Total capital assets being depreciated/amortized, net	<u>248,628,772</u>	<u>4,793,350</u>	<u>147</u>	<u>45,547,471</u>	<u>298,969,740</u>
Governmental activities capital assets, net	<u>\$ 353,156,246</u>	<u>\$ 75,858,142</u>	<u>\$ 147</u>	<u>\$ -</u>	<u>\$ 429,014,535</u>

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,883,521	\$ 35,000	\$ -	\$ -	\$ 1,918,521
Construction in progress	6,437,727	9,896,760	-	(4,817,364)	11,517,123
Total capital assets, not being depreciated/amortized	8,321,248	9,931,760	-	(4,817,364)	13,435,644
Capital assets being depreciated/amortized:					
Buildings and systems	325,418	-	-	-	325,418
Vehicles and equipment	2,443,121	409,008	-	(319,529)	2,532,600
Infrastructure	205,155,710	17,567,594	-	4,817,364	227,540,668
Right to use assets - vehicles and equipment	-	-	-	319,529	319,529
Intangible Asset	15,744,809	-	-	-	15,744,809
Total assets being depreciated/amortized	223,669,058	17,976,602	-	4,817,364	246,463,024
Less accumulated depreciation/amortization for:					
Buildings and systems	(221,160)	(25,587)	-	-	(246,747)
Vehicles and equipment	(1,379,080)	(188,246)	-	45,906	(1,521,420)
Infrastructure	(31,532,092)	(6,484,435)	902	-	(38,015,625)
Right to use assets - vehicles and equipment	-	(35,088)	-	(45,906)	(80,994)
Intangible Asset	(1,886,398)	(314,964)	-	-	(2,201,362)
Total accumulated depreciation/amortization	(35,018,730)	(7,048,320)	902	-	(42,066,148)
Total capital assets being depreciated/amortized, net	188,650,328	10,928,282	902	4,817,364	204,396,876
Business-type activities capital assets, net	\$ 196,971,576	\$ 20,860,042	\$ 902	\$ -	\$ 217,832,520
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Component Unit:					
Capital assets not being depreciated:					
Land	\$ 2,378,985	\$ 1,821,993	\$ -	\$ -	\$ 4,200,978
Total capital assets not being depreciated	\$ 2,378,985	\$ 1,821,993	\$ -	\$ -	\$ 4,200,978

Depreciation/amortization expense for the year ended September 30, 2023 was charged to functions/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 969,403
Police	946,156
Fire	929,714
Development Services	41,411
Public Works	7,980,528
Community Services	1,621,772
Engineering	21,567
Total	<u>\$ 12,510,551</u>
Business-type activities:	
Water and sewer	\$ 5,085,336
Stormwater drainage utility	1,962,984
Total	<u>\$ 7,048,320</u>

As of September 30, 2023, the Town's only intangible asset was related to wastewater treatment capacity rights acquired from the Upper Trinity Regional Water District. Although the capacity rights were initially acquired in March 2014, the related plant facility was placed into service as of September 30, 2017, and in the current year amortization of \$314,964 has been recognized in these financial statements.

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, 2023 were as follows:

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

Interfund transfers made during the fiscal year were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects	\$ 9,607,373	Capital outlay
Impact Fees	Capital Projects	1,691,025	Capital outlay
Escrow	Capital Projects	845,117	Capital outlay
Water and Sewer	General Fund	1,127,339	Administrative
Water and Sewer	Solid Waste	50,000	Administrative
Storm Drainage	General Fund	107,996	Administrative
Storm Drainage	Water and Sewer	<u>259,353</u>	Administrative
Total		<u>\$ 13,688,203</u>	

VIII. LONG-TERM LIABILITIES

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

The Town issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022 in the amount of \$12,925,000 and Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023 in the amount of \$8,305,000 for constructing and improving the Town's waterworks and sewer system. General Obligation Refunding and Improvement Bonds, Series 2023 was issued in the amount of \$40,495,000 for purposes of refunding obligations as well as constructing and improving public safety facilities, parks and recreational facilities, as well as streets, road, and other related infrastructure in the Town. Each bond issuance has an interest rate between 4% to 5% and will mature over the next 20 years.

On September 28, 2023, the Town refunded the General Obligation, Series 2013, and the Certificates of Obligation, Series 2013. The net proceeds from the new debt have been placed in an irrevocable escrow account to be paid at the time of redemption. Thus, the old bonds are considered defeased and have been removed from the Town's financial statements. The Town completed the refunding to reduce its total debt service payments by \$473,022 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$327,925.

The following is a summary of long-term liabilities for the year ended September 30, 2023:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
<u>Governmental activities:</u>					
Compensated absences	\$ 2,388,530	\$ 2,457,545	\$ (2,031,251)	\$ 2,814,824	\$ 703,706
Bonds	150,744,623	37,630,000	(9,464,006)	178,910,617	8,885,722
Bond premium on issuance	12,790,286	1,938,332	(2,710,265)	12,018,353	-
Leases payable	387,393	-	(63,280)	324,113	63,789
SBITA payable	-	1,373,301	(549,793)	823,508	526,543
Total governmental	<u>166,310,832</u>	<u>43,399,178</u>	<u>(14,818,595)</u>	<u>194,891,415</u>	<u>10,179,760</u>
<u>Business-type activities:</u>					
Compensated absences	289,216	240,610	(232,728)	297,098	74,275
Bonds	29,295,653	24,095,000	(5,896,271)	47,494,382	3,104,279
Bonds premium on issuance	1,754,044	1,284,547	(859,384)	2,179,207	-
Total business-type activities	<u>31,338,913</u>	<u>25,620,157</u>	<u>(6,988,383)</u>	<u>49,970,687</u>	<u>3,178,554</u>
Total primary government	<u>\$ 197,649,745</u>	<u>\$ 69,019,335</u>	<u>\$ (21,806,978)</u>	<u>\$ 244,862,102</u>	<u>\$ 13,358,314</u>

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

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.

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

Bonds and certificates of obligation at September 30, 2023 are comprised of the following issues to be repaid from the Debt Service Fund, the Water and Sewer Fund, and the Stormwater Drainage Utility Fund. All outstanding GO debt of the Town at September 30, 2023 is secured by an ad valorem tax pledge.

	Governmental Activities	Business-Type Activities	Total
2014 General Obligation Improvement Bonds (47% debt service fund portion and 53% water and sewer fund portion) issued February 15, 2014, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	\$ 935,000	\$ 465,000	\$ 1,400,000
2014 Certificates of Obligation (100% water and sewer fund) issued February 15, 2014, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	-	8,095,000	8,095,000
2015 General Obligation Refunding and Improvement Bonds (79% debt service fund portion and 21% water and sewer portion) issued July 15, 2015, maturing February 15, 2035. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%	8,900,200	1,809,800	10,710,000
2015 Certificates of Obligation (100% debt service fund) issued July 15, 2015, maturing February 15, 2035. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	6,390,000	-	6,390,000
2016 General Obligation Refunding and Improvement Bonds (84% debt service fund portion and 16% water and sewer fund portion) issued July 12, 2016, maturing February 15, 2036. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	3,310,000	-	3,310,000
2016 Certificates of Obligation (84% debt service fund portion and 16% stormwater drainage fund portion) issued July 12, 2016, maturing February 15, 2036. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	6,500,000	955,000	7,455,000
2017 Certificates of Obligation (91% debt service fund portion and 9% stormwater drainage fund portion) issued June 27, 2017, maturing February 15, 2037. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	8,675,000	770,000	9,445,000
2018 General Obligation Refunding (100% debt service fund portion) issued June 15, 2018, maturing February 15, 2038. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	3,225,000	-	3,225,000
2018 Certificates of Obligation (56% debt service fund portion and 44% water & sewer fund portion) issued June 15, 2018, maturing February 15, 2038. Interest payable February 15 and August 15 at rates ranging from 3.125% to 5.0%.	10,245,000	8,110,000	18,355,000
2019 General Obligation Bonds (100% debt service fund) issued July 25, 2019, and maturing February 15, 2039. Interest payable February 15 and August 15 at rates ranging from 3.0% to 4.0%.	3,460,000	-	3,460,000
2019 Certificates of Obligation (75% debt service fund portion and 25% water & sewer fund portion) issued July 25, 2019 maturing February 15, 2039. Interest payable February 15 and August 15 at rates ranging from 3.0% to 5.0%.	10,955,417	3,704,582	14,659,999
2020 Certificates of Obligation (100% debt service fund portion) issued July 30, 2020 maturing February 15, 2040. Interest payable February 15 and August 15 at rates ranging from 3.0% to 4.0%.	9,570,000	-	9,570,000

	Governmental Activities	Business-Type Activities	Total
2021 General Obligation Bonds (100% debt service fund portion) issued August 15, 2021 maturing February 15, 2041. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	33,105,000	-	33,105,000
2021 Certificates of Obligation (100% debt service fund portion) issued August 15, 2021 maturing February 15, 2041. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	6,300,000	-	6,300,000
2022 General Obligation (100% debt service fund portion) issued August 15, 2022 maturing February 15, 2042. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	29,710,000	-	29,710,000
2022 Certificates of Obligation (95% water & sewer fund portion and 5% stormwater drainage fund portion) issued October 1, 2022 maturing August 15, 2042. Interest payable February 15 and August 15 at rates ranging from 4.75% to 5.0%.	-	12,415,000	12,415,000
2023 General Obligation (93% debt service fund portion and 7% water & sewer fund portion) issued August 15, 2023 maturing February 15, 2043. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	37,630,000	2,865,000	40,495,000
2023 Certificates of Obligation (100% water & sewer fund portion) issued August 15, 2023 maturing August 15, 2043. Interest payable February 15 and August 15 at rates ranging from 4.0% to 5.0%.	-	8,305,000	8,305,000
	<u>\$ 178,910,617</u>	<u>\$ 47,494,382</u>	<u>\$ 226,404,999</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, 2023, are as follows:

Year Ended September 30,	Governmental Activities		Business-Type Activities		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2024	\$ 8,885,722	\$ 6,842,143	\$ 3,104,279	\$ 1,983,027	\$ 11,990,001	\$ 8,825,170
2025	8,090,966	6,663,696	2,759,035	1,898,379	10,850,001	8,562,075
2026	8,943,512	6,281,594	2,891,489	1,769,831	11,835,001	8,051,425
2027	9,080,394	5,862,517	2,564,606	1,646,058	11,645,000	7,508,575
2028	9,518,313	5,421,930	2,681,687	1,526,920	12,200,000	6,948,850
2029-2033	50,588,107	20,382,921	14,846,893	5,747,717	65,435,000	26,130,638
2034-2038	52,595,528	9,989,313	11,919,472	2,792,531	64,515,000	12,781,844
2039-2043	31,208,075	2,286,999	6,726,921	796,460	37,934,996	3,083,459
Total	<u>\$ 178,910,617</u>	<u>\$ 63,731,113</u>	<u>\$ 47,494,382</u>	<u>\$ 18,160,923</u>	<u>\$ 226,404,999</u>	<u>\$ 81,892,036</u>

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

Lease Liability

On 10/29/2021, Town of Prosper, TX entered into a 73-month lease as Lessee for the use of Stryker Medical Devices. An initial lease liability was recorded in the amount of \$453,788. As of 09/30/2023, the value of the lease liability is \$324,113. The Town is required to make annual fixed payments of \$66,395 and has an interest rate of 0.804%. Annual requirements to amortize the lease liability for the General Fund as of September 30, 2023, are as follows:

Year Ended September 30,	Governmental Activities	
	Principal	Interest
2024	\$ 63,789	\$ 2,606
2025	64,302	2,093
2026	64,818	1,576
2027	65,340	1,055
2028	<u>65,864</u>	<u>529</u>
Total	<u>\$ 324,113</u>	<u>\$ 7,859</u>

SBITA Liability

For the year ended 9/30/2023, the financial statements include the adoption of GASB Statement No. 96, subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

Purpose	Interest Rate	Initial Year	Monthly Terms	Amount of Initial Liability	Interest Current Year	Amounts Outstanding 09/30/23	Amounts Due Within One Year
Right to Use:							
Axon Enterprise	3.207%	2023	24	\$ 22,469	\$ -	\$ 11,057	\$ 11,057
Barracuda	3.238%	2023	36	76,184	-	49,976	24,590
CDW	2.702%	2023	66	95,904	-	78,836	14,938
Clearview.ai	2.656%	2023	36	16,062	-	10,567	5,214
ESRI - GIS	3.207%	2023	24	75,804	-	37,304	37,304
Flock Group	3.018%	2023	24	247,220	104	121,823	121,823
Microsoft Office 365	3.018%	2023	24	198,115	-	97,585	97,585
Nutanix	3.207%	2023	24	34,422	-	16,940	16,940
Tyler - EPL	2.656%	2023	36	607,121	-	<u>399,420</u>	<u>197,092</u>
Totals					<u>\$ 104</u>	<u>\$ 823,508</u>	<u>\$ 526,543</u>

Annual requirements to amortize the lease liability for the General Fund as of September 30, 2023, are as follows:

Year Ended September 30,	Governmental Activities	
	Principal	Interest
2024	\$ 526,543	\$ 23,354
2025	248,408	8,065
2026	15,756	1,312
2027	16,182	886
2028	<u>16,619</u>	<u>449</u>
Total	<u>\$ 823,508</u>	<u>\$ 34,066</u>

IX. RESTRICTED ASSETS

The balances of restricted asset accounts are as follows:

	Cash	Investments	Reason for restriction
Business-type activities:			
Water and Sewer fund	\$ 21,383,804	\$ 9,930,389	Capital projects (unspent bond proceeds)
Water and Sewer fund	9,096,688	2,375,054	Impact fees
Stormwater Drainage fund	340,530	-	Capital projects (unspent bond proceeds)
Total business-type activities	<u>\$ 30,821,022</u>	<u>\$ 12,305,443</u>	
Governmental activities:			
Impact Fees fund	\$ 6,748,581	\$ 1,762,173	Impact fees
Debt Service fund	1,032,218	270,746	Debt service
Capital Projects fund	49,865,077	41,858,780	Capital projects (unspent bond proceeds)
Escrow Fund	4,847,278	1,295,548	Customer deposits/escrow
ARPA Fund	5,011,193	1,341,993	Special revenue funds
Nonmajor governmental funds	4,226,763	1,104,330	Special revenue funds
Total governmental activities	<u>\$ 71,731,110</u>	<u>\$ 47,633,570</u>	

X. RISK MANAGEMENT

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

The Town of Prosper initiated a self-funded health and dental plan effective January 1, 2017 for Town Employees and their dependents. The Town maintains the Employee Health and Insurance Fund to account for the Town’s employee health and dental care coverage. In addition, excess insurance of up to \$1,000,000 has been obtained for an individual unit health and prescription drugs claims exceeding \$75,000 and for health claims in the aggregate exceeding \$3,216,684. The Town’s claim administrator is UMR.

Revenues are recognized from payroll deductions and Town contributions. At September 30, 2023, a liability of \$174,186 has been recorded, which represents estimated claims incurred but not yet reported. Changes in this claims liability during fiscal years 2021, 2022, and 2023 respectively were as follows

Fiscal Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2021	\$ 77,201	\$ 2,461,362	\$ 2,326,548	\$ 212,015
2022	212,015	1,856,224	1,911,385	156,854
2023	156,854	2,207,581	2,190,249	174,186

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 adapted 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, 2022 valuation and measurement date, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	161
Active employees	<u>312</u>
Total	<u>510</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 Town increased its employee contribution rate during the year. The contribution rates for the Town were 14.25% and 14.12% in calendar years 2022 and 2023, respectively. The Town's contributions to TMRS for the year ended September 30, 2023, were \$4,315,699, and were equal to the required contributions. The EDC's contributions to TMRS for the year were \$47,098 and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 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 the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality table. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35.00%	7.70%
Core fixed income	6.00%	4.90%
Non-core fixed income	20.00%	8.70%
Other public and private markets	12.00%	8.10%
Real estate	12.00%	5.80%
Absolute return	5.00%	6.90%
Private equity	10.00%	11.80%
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. At September 30, 2023, the Town reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2021	\$ 38,230,248	\$ 35,753,839	\$ 2,476,409
Changes for the year:			
Service cost	4,619,728	-	4,619,728
Interest	2,727,219	-	2,727,219
Difference between expected and actual experience	744,322	-	744,322
Change in assumptions	-	-	-
Contributions - employer	-	3,389,861	(3,389,861)
Contributions - employee	-	1,665,195	(1,665,195)
Net investment income	-	(2,632,796)	2,632,796
Benefit payments, including refunds of employee contributions	(428,858)	(428,858)	-
Administrative expense	-	(22,630)	22,630
Other changes	77,570	99,551	(21,981)
Net changes	<u>7,739,981</u>	<u>2,070,323</u>	<u>5,669,658</u>
Balance at 12/31/2022	<u>\$ 45,970,229</u>	<u>\$ 37,824,162</u>	<u>\$ 8,146,067</u>

At September 30, 2023, the Component Unit reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2021	\$ 554,624	\$ 518,698	\$ 35,926
Changes for the year:			
Service cost	57,530	-	57,530
Interest	33,963	-	33,963
Difference between expected and actual experience	9,269	-	9,269
Change in assumptions	-	-	-
Contributions - employer	-	42,215	(42,215)
Contributions - employee	-	20,737	(20,737)
Net investment income	-	(32,787)	32,787
Benefit payments, including refunds of employee contributions	(5,341)	(5,341)	-
Administrative expense	-	(282)	282
Other changes	(77,570)	(72,209)	(5,361)
Net changes	<u>17,851</u>	<u>(47,667)</u>	<u>65,518</u>
Balance at 12/31/2022	<u>\$ 572,475</u>	<u>\$ 471,031</u>	<u>\$ 101,444</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	\$ 16,879,492	\$ 8,146,067	\$ 1,189,621
EDC's net pension liability	210,203	101,444	14,815
Total	<u>\$ 17,089,695</u>	<u>\$ 8,247,511</u>	<u>\$ 1,204,436</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, 2023, the Town and component unit recognized pension expense of \$4,315,699 and \$53,744, respectively.

At September 30, 2023, 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	\$ 1,634,717	\$ 6,838
Changes in actuarial assumptions	32,599	-
Difference between projected and actual investment earnings	2,580,328	-
Contributions subsequent to the measurement date	<u>2,785,983</u>	<u>-</u>
Total	<u>\$ 7,033,627</u>	<u>\$ 6,838</u>

At September 30, 2023, the component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 20,357	\$ 85
Changes in actuarial assumptions	406	-
Difference between projected and actual investment earnings	32,133	-
Contributions subsequent to the measurement date	<u>34,694</u>	<u>-</u>
Total	<u>\$ 87,590</u>	<u>\$ 85</u>

The Town and component unit reported \$2,785,983 and \$34,694, 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ended September 30,</u>	<u>Town</u>	<u>Component Unit</u>
2024	\$ 769,027	\$ 9,577
2025	1,061,243	13,216
2026	988,237	12,307
2027	1,236,810	15,402
2028	158,011	1,968
Thereafter	<u>27,478</u>	<u>341</u>
Total	<u>\$ 4,240,806</u>	<u>\$ 52,811</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 2023, the Town rebated \$698,523 in property and sales taxes, and repaid developers for infrastructure agreements with \$8,154,523 in impact fees.

Tax Increment Reinvestment Zone

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

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

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

	<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 of Prosper and known as the Gates of Prosper. This agreement provides for an economic development grant of \$58,000,000 plus 3.5% interest compounded annually until paid in full or termination of the agreement. Funding for this grant is contingent upon the availability of tax revenues and impact fee revenues in TIRZ #1. Interest payments of \$564,601 and payment towards construction of \$3,042,717 were made during the fiscal year.

The development agreement for TIRZ #2 provides for development of approximately 157 acres of land located in the Town of Prosper at the intersection of DNT and US Highway 380. This agreement provided for an economic development grant of \$28,566,057 plus 3.5% interest compounded annually until paid in full or termination of the agreement. This development agreement was determined to be in default and the Town’s obligation is to pay all amounts due at the time of default which is currently \$1,557,946. 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 \$41,006 and no payment towards interest were made during the fiscal year.

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

	<u>TIRZ #1</u>	<u>TIRZ #2</u>	<u>Total</u>
Balance, October 1, 2022	\$ 16,131,451	\$ 1,373,397	\$ 17,504,848
Additions/adjustments	11,596,445	-	11,596,445
Payments	<u>(3,607,318)</u>	<u>(41,006)</u>	<u>(3,648,324)</u>
Balance, September 30, 2023	<u>\$ 24,120,578</u>	<u>\$ 1,332,391</u>	<u>\$ 25,452,969</u>

XIV. COMMITMENTS AND CONTINGENCIES

At September 30, 2023, the total estimated costs to complete significant construction projects in progress at year-end totaled approximately \$137,467,252 for the Capital Projects Fund.

A stylized black silhouette of a windmill with a circular fan and a tall, tapered tower. The tower is positioned behind the word 'PROSPER' in the text below.

TOWN OF
PROSPER

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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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement year December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>
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	<u>(47,637)</u>	<u>(71,162)</u>	<u>(96,666)</u>
Net change in total pension liability	<u>1,597,784</u>	<u>2,369,243</u>	<u>2,394,190</u>
Total pension liability, beginning	<u>8,177,304</u>	<u>9,775,088</u>	<u>12,144,331</u>
Total pension liability, ending (a)	<u>\$ 9,775,088</u>	<u>\$ 12,144,331</u>	<u>\$ 14,538,521</u>
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	<u>(329)</u>	<u>(365)</u>	<u>(397)</u>
Net change in fiduciary net position	<u>1,526,801</u>	<u>1,386,475</u>	<u>2,271,243</u>
Fiduciary net position, beginning	<u>6,697,330</u>	<u>8,224,131</u>	<u>9,610,606</u>
Fiduciary net position, ending (b)	<u>\$ 8,224,131</u>	<u>\$ 9,610,606</u>	<u>\$ 11,881,849</u>
Net pension liability = (a)-(b)	<u>1,550,957</u>	<u>2,533,725</u>	<u>2,656,672</u>
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%

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

2017	2018	2019	2020	2021	2022
\$ 2,156,520	\$ 2,559,835	\$ 2,900,937	\$ 3,591,897	\$ 4,056,030	\$ 4,677,258
1,046,888	1,255,581	1,541,809	1,902,755	2,304,810	2,761,182
(42,762)	526,914	693,569	522,514	489,219	753,591
-	-	85,186	-	-	-
<u>(214,667)</u>	<u>(326,425)</u>	<u>(218,532)</u>	<u>(220,713)</u>	<u>(365,014)</u>	<u>(434,199)</u>
<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>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>\$ 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>
\$ 1,526,920	\$ 1,802,565	\$ 2,051,549	\$ 2,537,000	\$ 2,892,539	\$ 3,432,076
794,089	932,591	1,059,841	1,311,595	1,473,637	1,685,932
1,650,563	(469,840)	2,727,479	1,766,968	3,741,751	(2,665,583)
(214,667)	(326,425)	(218,532)	(220,713)	(365,014)	(434,199)
(8,534)	(9,048)	(15,339)	(11,377)	(17,219)	(22,912)
<u>(433)</u>	<u>(473)</u>	<u>(460)</u>	<u>(445)</u>	<u>119</u>	<u>27,342</u>
<u>3,747,938</u>	<u>1,929,370</u>	<u>5,604,538</u>	<u>5,383,028</u>	<u>7,725,813</u>	<u>2,022,656</u>
<u>11,881,849</u>	<u>15,629,788</u>	<u>17,559,158</u>	<u>23,163,696</u>	<u>28,546,724</u>	<u>36,272,537</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>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>
89.39%	81.67%	87.40%	88.38%	93.52%	82.28%
\$ 11,344,133	\$ 13,304,757	\$ 15,140,587	\$ 18,737,073	\$ 20,662,405	\$ 24,084,746
16.35%	29.62%	22.06%	20.03%	12.16%	34.24%

TOWN OF PROSPER, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	11.10%	12.40%	13.20%

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

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	14 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.
Note: GASB Statement 68 requires this schedule to report 10 years of data. Data prior to 2015 is not available.

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



**COMBINING AND
INDIVIDUAL FUND
SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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, 2023

	<u>Court Technology</u>	<u>Court Security</u>	<u>Parks Dedication</u>	<u>Parks Improvement</u>
ASSETS				
Cash and cash equivalents	\$ 17,200	\$ 40,147	\$ 1,252,613	\$ 696,409
Investments	4,491	10,485	326,962	181,973
Taxes receivable (net)	-	-	-	-
Accounts receivable (net)	-	-	-	-
Accrued interest	101	236	7,366	4,099
Total assets	<u>21,792</u>	<u>50,868</u>	<u>1,586,941</u>	<u>882,481</u>
LIABILITIES				
Accounts payable	1,000	-	-	92,920
Accrued expenses	-	-	-	-
Retainage payable	-	-	-	42,377
Total liabilities	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>135,297</u>
FUND BALANCES				
Restricted for:				
Capital projects	-	-	-	-
Courts	20,792	50,868	-	-
Police	-	-	-	-
Fire	-	-	-	-
Parks	-	-	1,586,941	747,184
Other	-	-	-	-
Total fund balances	<u>20,792</u>	<u>50,868</u>	<u>1,586,941</u>	<u>747,184</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,792</u>	<u>\$ 50,868</u>	<u>\$ 1,586,941</u>	<u>\$ 882,481</u>

Crime Control Special Purpose District	Fire Prevention and EMS Special Purpose District	TIRZ 1	TIRZ 2	Municipal Jury	Contributions	Total Nonmajor Governmental Funds
\$ 21,889	\$ 21,980	\$ 562,975	\$ 20,232	\$ 512	\$ 1,592,806	\$ 4,226,763
5,706	5,752	147,982	5,299	134	415,546	1,104,330
510,631	515,152	277,154	-	-	-	1,302,937
-	-	-	-	-	14,343	14,343
129	130	3,334	119	3	9,361	24,878
<u>538,355</u>	<u>543,014</u>	<u>991,445</u>	<u>25,650</u>	<u>649</u>	<u>2,032,056</u>	<u>6,673,251</u>
1,178	1,178	-	-	-	-	96,276
115,123	86,541	-	-	-	-	201,664
-	-	-	-	-	-	42,377
<u>116,301</u>	<u>87,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,317</u>
-	-	991,445	25,650	-	-	1,017,095
-	-	-	-	649	-	72,309
422,054	-	-	-	-	150,039	572,093
-	455,295	-	-	-	36,782	492,077
-	-	-	-	-	-	2,334,125
-	-	-	-	-	1,845,235	1,845,235
<u>422,054</u>	<u>455,295</u>	<u>991,445</u>	<u>25,650</u>	<u>649</u>	<u>2,032,056</u>	<u>6,332,934</u>
<u>\$ 538,355</u>	<u>\$ 543,014</u>	<u>\$ 991,445</u>	<u>\$ 25,650</u>	<u>\$ 649</u>	<u>\$ 2,032,056</u>	<u>\$ 6,673,251</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Court Technology	Court Security	Parks Dedication	Parks Improvement
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Impact fees	-	-	-	-
Intergovernmental	-	-	-	200,550
Investment Income (loss)	742	1,989	47,454	44,504
Fines, fees, warrants, and seizures	9,655	11,633	-	-
Contributions	-	-	604,429	144,000
Miscellaneous	-	-	-	-
Total revenues	<u>10,397</u>	<u>13,622</u>	<u>651,883</u>	<u>389,054</u>
EXPENDITURES				
Current:				
Administration	1,000	50	-	-
Police	-	-	-	-
Fire	-	-	-	-
Community services	-	-	-	847,546
Total expenditures	<u>1,000</u>	<u>50</u>	<u>-</u>	<u>847,546</u>
Excess (Deficiency) of revenue Over expenditures	<u>9,397</u>	<u>13,572</u>	<u>651,883</u>	<u>(458,492)</u>
NET CHANGE IN FUND BALANCES	9,397	13,572	651,883	(458,492)
FUND BALANCES - BEGINNING	<u>11,395</u>	<u>37,296</u>	<u>935,058</u>	<u>1,205,676</u>
FUND BALANCES - ENDING	<u>\$ 20,792</u>	<u>\$ 50,868</u>	<u>\$ 1,586,941</u>	<u>\$ 747,184</u>

Crime Control Special Purpose District	Fire Prevention and EMS Special Purpose District	TIRZ 1	TIRZ 2	Municipal Jury	Contributions	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 983,032	\$ 40,120	\$ -	\$ -	\$ 1,023,152
2,745,763	2,748,026	1,683,814	-	-	-	7,177,603
-	-	457,733	-	-	-	457,733
-	-	-	-	-	-	200,550
(10)	3,340	81,665	1,701	24	40,059	221,468
-	-	-	-	231	12,070	33,589
-	-	-	-	-	1,611,974	2,360,403
-	-	-	-	-	2,416	2,416
<u>2,745,753</u>	<u>2,751,366</u>	<u>3,206,244</u>	<u>41,821</u>	<u>255</u>	<u>1,666,519</u>	<u>11,476,914</u>
-	-	3,607,319	41,006	-	74,136	3,723,511
2,777,410	-	-	-	-	-	2,777,410
-	2,753,480	-	-	-	-	2,753,480
-	-	-	-	-	-	847,546
<u>2,777,410</u>	<u>2,753,480</u>	<u>3,607,319</u>	<u>41,006</u>	<u>-</u>	<u>74,136</u>	<u>10,101,947</u>
<u>(31,657)</u>	<u>(2,114)</u>	<u>(401,075)</u>	<u>815</u>	<u>255</u>	<u>1,592,383</u>	<u>1,374,967</u>
(31,657)	(2,114)	(401,075)	815	255	1,592,383	1,374,967
<u>453,711</u>	<u>457,409</u>	<u>1,392,520</u>	<u>24,835</u>	<u>394</u>	<u>439,673</u>	<u>4,957,967</u>
<u>\$ 422,054</u>	<u>\$ 455,295</u>	<u>\$ 991,445</u>	<u>\$ 25,650</u>	<u>\$ 649</u>	<u>\$ 2,032,056</u>	<u>\$ 6,332,934</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 12,680,972	\$ 12,680,972	\$ 13,317,801	\$ 636,829
Investment income	20,000	20,000	144,293	124,293
Total Revenue	<u>12,700,972</u>	<u>12,700,972</u>	<u>13,462,094</u>	<u>761,122</u>
EXPENDITURES				
Debt service:				
Principal	7,101,425	7,101,425	7,229,006	(127,581)
Interest and fiscal charges	5,789,738	5,789,738	5,594,880	194,858
Bond issue costs and fees	20,000	20,000	41,753	(21,753)
Total Expenditures	<u>12,911,163</u>	<u>12,911,163</u>	<u>12,865,639</u>	<u>45,524</u>
Excess of revenues over (under) expenditures	<u>(210,191)</u>	<u>(210,191)</u>	<u>596,455</u>	<u>806,646</u>
OTHER FINANCING SOURCES				
Refunding bonds issued	-	-	2,095,000	2,095,000
Premium on refunding bonds issued	-	-	174,593	174,593
Payments to bond escrow agent	-	-	(2,246,885)	(2,246,885)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>22,708</u>	<u>22,708</u>
CHANGE IN FUND BALANCE	(210,191)	(210,191)	619,163	829,354
FUND BALANCE - BEGINNING	<u>683,357</u>	<u>683,357</u>	<u>683,357</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 473,166</u>	<u>\$ 473,166</u>	<u>\$ 1,302,520</u>	<u>\$ 829,354</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines, fees, warrants, and seizures	\$ 7,650	\$ 7,650	\$ 9,655	\$ 2,005
Investment income	50	50	742	692
Total revenues	<u>7,700</u>	<u>7,700</u>	<u>10,397</u>	<u>2,697</u>
EXPENDITURES				
Administration	-	-	1,000	(1,000)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>
CHANGE IN FUND BALANCE	<u>7,700</u>	<u>7,700</u>	<u>9,397</u>	<u>1,697</u>
FUND BALANCE - BEGINNING	<u>11,395</u>	<u>11,395</u>	<u>11,395</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 19,095</u>	<u>\$ 19,095</u>	<u>\$ 20,792</u>	<u>\$ 1,697</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Fines, fees, warrants, and seizures	\$ 8,000	\$ 8,000	\$ 11,633	\$ 3,633
Investment income	<u>125</u>	<u>125</u>	<u>1,989</u>	<u>1,864</u>
Total revenues	<u>8,125</u>	<u>8,125</u>	<u>13,622</u>	<u>5,497</u>
EXPENDITURES				
Administration	<u>15,675</u>	<u>15,675</u>	<u>50</u>	<u>15,625</u>
Total expenditures	<u>15,675</u>	<u>15,675</u>	<u>50</u>	<u>15,625</u>
CHANGE IN FUND BALANCE	<u>(7,550)</u>	<u>(7,550)</u>	<u>13,572</u>	<u>21,122</u>
FUND BALANCE - BEGINNING	<u>37,296</u>	<u>37,296</u>	<u>37,296</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 29,746</u>	<u>\$ 29,746</u>	<u>\$ 50,868</u>	<u>\$ 21,122</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Contributions	\$ 964,000	\$ 964,000	\$ 604,429	\$ (359,571)
Investment income	<u>2,000</u>	<u>2,000</u>	<u>47,454</u>	<u>45,454</u>
Total revenues	<u>966,000</u>	<u>966,000</u>	<u>651,883</u>	<u>(314,117)</u>
CHANGE IN FUND BALANCE	<u>966,000</u>	<u>966,000</u>	<u>651,883</u>	<u>(314,117)</u>
FUND BALANCE - BEGINNING	<u>935,058</u>	<u>935,058</u>	<u>935,058</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,901,058</u>	<u>\$ 1,901,058</u>	<u>\$ 1,586,941</u>	<u>\$ (314,117)</u>

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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 4,050	\$ 4,050	\$ 44,504	\$ 40,454
Intergovernmental	200,550	200,550	200,550	-
Contributions	<u>873,000</u>	<u>873,000</u>	<u>144,000</u>	<u>(729,000)</u>
Total revenues	<u>1,077,600</u>	<u>1,077,600</u>	<u>389,054</u>	<u>(688,546)</u>
EXPENDITURES				
Community service	<u>500,000</u>	<u>898,971</u>	<u>847,546</u>	<u>51,425</u>
Total Expenditures	<u>500,000</u>	<u>898,971</u>	<u>847,546</u>	<u>51,425</u>
CHANGE IN FUND BALANCE	<u>577,600</u>	<u>178,629</u>	<u>(458,492)</u>	<u>(637,121)</u>
FUND BALANCE - BEGINNING	<u>1,205,676</u>	<u>1,205,676</u>	<u>1,205,676</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,783,276</u>	<u>\$ 1,384,305</u>	<u>\$ 747,184</u>	<u>\$ (637,121)</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 2,741,662	\$ 2,741,662	\$ 2,745,763	\$ 4,101
Investment income (loss)	<u>1,200</u>	<u>1,200</u>	<u>(10)</u>	<u>(1,210)</u>
Total revenues	<u>2,742,862</u>	<u>2,742,862</u>	<u>2,745,753</u>	<u>2,891</u>
EXPENDITURES				
Police	<u>2,713,065</u>	<u>2,778,065</u>	<u>2,777,410</u>	<u>655</u>
Total expenditures	<u>2,713,065</u>	<u>2,778,065</u>	<u>2,777,410</u>	<u>655</u>
CHANGE IN FUND BALANCE	<u>29,797</u>	<u>(35,203)</u>	<u>(31,657)</u>	<u>3,546</u>
FUND BALANCE - BEGINNING	<u>453,711</u>	<u>453,711</u>	<u>453,711</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 483,508</u>	<u>\$ 418,508</u>	<u>\$ 422,054</u>	<u>\$ 3,546</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 2,710,483	\$ 2,710,483	\$ 2,748,026	\$ 37,543
Investment income	600	600	3,340	2,740
Total revenues	<u>2,711,083</u>	<u>2,711,083</u>	<u>2,751,366</u>	<u>40,283</u>
EXPENDITURES				
Fire	<u>2,685,042</u>	<u>2,754,042</u>	<u>2,753,480</u>	562
Total expenditures	<u>2,685,042</u>	<u>2,754,042</u>	<u>2,753,480</u>	562
CHANGE IN FUND BALANCE	<u>26,041</u>	<u>(42,959)</u>	<u>(2,114)</u>	<u>40,845</u>
FUND BALANCE - BEGINNING	<u>457,409</u>	<u>457,409</u>	<u>457,409</u>	-
FUND BALANCE - ENDING	<u>\$ 483,450</u>	<u>\$ 414,450</u>	<u>\$ 455,295</u>	<u>\$ 40,845</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,008,947	\$ 1,008,947	\$ 983,032	\$ (25,915)
Sales taxes	1,881,724	1,881,724	1,683,814	(197,910)
Impact fees	200,000	200,000	457,733	257,733
Investment income	6,000	6,000	81,665	75,665
Total revenues	<u>3,096,671</u>	<u>3,096,671</u>	<u>3,206,244</u>	<u>109,573</u>
EXPENDITURES				
Administration	3,096,671	3,414,671	3,607,319	(192,648)
Total expenditures	<u>3,096,671</u>	<u>3,414,671</u>	<u>3,607,319</u>	<u>(192,648)</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>(318,000)</u>	<u>(401,075)</u>	<u>(83,075)</u>
FUND BALANCE - BEGINNING	<u>1,392,520</u>	<u>1,392,520</u>	<u>1,392,520</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,392,520</u>	<u>\$ 1,074,520</u>	<u>\$ 991,445</u>	<u>\$ (83,075)</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 40,598	\$ 40,598	\$ 40,120	\$ (478)
Investment income	75	75	1,701	1,626
Total Revenues	<u>40,673</u>	<u>40,673</u>	<u>41,821</u>	<u>1,148</u>
EXPENDITURES				
Administration	<u>40,673</u>	<u>41,023</u>	<u>41,006</u>	<u>17</u>
Total expenditures	<u>40,673</u>	<u>41,023</u>	<u>41,006</u>	<u>17</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>(350)</u>	<u>815</u>	<u>1,165</u>
FUND BALANCE - BEGINNING	<u>24,835</u>	<u>24,835</u>	<u>24,835</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 24,835</u>	<u>\$ 24,485</u>	<u>\$ 25,650</u>	<u>\$ 1,165</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ 24	\$ 24
Fines, fees, warrants, and seizures	<u>150</u>	<u>150</u>	<u>231</u>	<u>81</u>
Total Revenues	<u>150</u>	<u>150</u>	<u>255</u>	<u>105</u>
CHANGE IN FUND BALANCE	<u>150</u>	<u>150</u>	<u>255</u>	<u>105</u>
FUND BALANCE - BEGINNING	<u>394</u>	<u>394</u>	<u>394</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 544</u>	<u>\$ 544</u>	<u>\$ 649</u>	<u>\$ 105</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 2,250	\$ 2,250	\$ 40,059	\$ 37,809
Fines, fees, warrants, and seizures	-	-	12,070	12,070
Contributions	59,000	59,000	1,611,974	1,552,974
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>2,416</u>	<u>(584)</u>
Total Revenues	<u>64,250</u>	<u>64,250</u>	<u>1,666,519</u>	<u>1,602,269</u>
EXPENDITURES				
Administration	<u>114,383</u>	<u>139,368</u>	<u>74,136</u>	<u>65,232</u>
Total Expenditures	<u>114,383</u>	<u>139,368</u>	<u>74,136</u>	<u>65,232</u>
CHANGE IN FUND BALANCE	<u>(50,133)</u>	<u>(75,118)</u>	<u>1,592,383</u>	<u>1,667,501</u>
FUND BALANCE - BEGINNING	<u>439,673</u>	<u>439,673</u>	<u>439,673</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 389,540</u>	<u>\$ 364,555</u>	<u>\$ 2,032,056</u>	<u>\$ 1,667,501</u>

TOWN OF PROSPER, TEXAS

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2023

	Vehicle & Equipment Replacement	Health Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,192,972	\$ 768,766	\$ 4,961,738
Investments	1,095,162	191,846	1,287,008
Receivables, net	-	35,164	35,164
Accrued interest	24,671	4,322	28,993
Prepaid items	11,617	-	11,617
Total current assets	5,324,422	1,000,098	6,324,520
Noncurrent assets:			
Capital assets:			
Depreciable, net	3,231,325	-	3,231,325
Total noncurrent assets	3,231,325	-	3,231,325
Total assets	8,555,747	1,000,098	9,555,845
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	78,600	391,039	469,639
Total current liabilities	78,600	391,039	469,639
Total liabilities	78,600	391,039	469,639
NET POSITION			
Net investment in capital assets	3,231,325	-	3,231,325
Unrestricted	5,245,822	609,059	5,854,881
Total net position	\$ 8,477,147	\$ 609,059	\$ 9,086,206

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Vehicle & Equipment Replacement	Health Insurance	Total Internal Service Funds
OPERATING REVENUES			
Charges for services:			
Health charges	\$ -	\$ 4,417,004	\$ 4,417,004
Equipment replacement	1,385,257	-	1,385,257
Miscellaneous	<u>-</u>	<u>187,121</u>	<u>187,121</u>
Total operating revenues	<u>1,385,257</u>	<u>4,604,125</u>	<u>5,989,382</u>
OPERATING EXPENSES			
Materials and supplies	137,814	-	137,814
Contractual services	-	222,517	222,517
Employee health insurance	-	4,358,925	4,358,925
Depreciation	<u>689,621</u>	<u>-</u>	<u>689,621</u>
Total operating costs	<u>827,435</u>	<u>4,581,442</u>	<u>5,408,877</u>
Operating income	<u>557,822</u>	<u>22,683</u>	<u>580,505</u>
NON-OPERATING REVENUES			
Investment income	<u>218,962</u>	<u>33,761</u>	<u>252,723</u>
Total non-operating revenues	<u>218,962</u>	<u>33,761</u>	<u>252,723</u>
CHANGE IN NET POSITION	<u>776,784</u>	<u>56,444</u>	<u>833,228</u>
NET POSITION - BEGINNING	<u>7,700,363</u>	<u>552,615</u>	<u>8,252,978</u>
NET POSITION - END OF YEAR	<u>\$ 8,477,147</u>	<u>\$ 609,059</u>	<u>\$ 9,086,206</u>

TOWN OF PROSPER, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Vehicle & Equipment Replacement	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 1,385,257	\$ 4,638,894	\$ 6,024,151
Cash payment to suppliers for goods and services	(149,431)	-	(149,431)
Cash payments for health expense	-	(4,588,766)	(4,588,766)
Net cash provided by operating activities	1,235,826	50,128	1,285,954
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(373,262)	-	(373,262)
Net cash used by capital and related financing activities	(373,262)	-	(373,262)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment purchases	757,011	(23,198)	733,813
Interest on deposits and investments	453,246	283,410	736,656
Net cash provided by investing activities	1,210,257	260,212	1,470,469
Net increase in cash and cash equivalents	2,072,821	310,340	2,383,161
Cash and cash equivalents at beginning of year	2,120,151	458,426	2,578,577
Cash and cash equivalents at end of year	4,192,972	768,766	4,961,738
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	557,822	22,683	580,505
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	689,621	-	689,621
Decrease (increase) in accounts receivable	-	34,769	34,769
Decrease (increase) in prepaid items	(11,617)	-	(11,617)
Increase (decrease) in accounts payable	-	(7,324)	(7,324)
Net cash provided by operating activities	\$ 1,235,826	\$ 50,128	\$ 1,285,954



**STATISTICAL
SECTION**

**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.	77
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.	87
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.	92
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.	99
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.	101

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			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 45,398	\$ 50,132	\$ 60,997	\$ 63,158
Restricted	13,459	18,551	14,275	7,549
Unrestricted	<u>10,126</u>	<u>11,485</u>	<u>20,672</u>	<u>27,898</u>
Total governmental activities net position	<u>\$ 68,983</u>	<u>\$ 80,168</u>	<u>\$ 95,944</u>	<u>\$ 98,605</u>
Business-type activities				
Net investment in capital assets	\$ 19,708	\$ 21,119	\$ 4,772	\$ 12,598
Restricted	-	-	-	4,722
Unrestricted	<u>3,584</u>	<u>3,351</u>	<u>24,391</u>	<u>23,010</u>
Total business-type activities net position	<u>\$ 23,292</u>	<u>\$ 24,470</u>	<u>\$ 29,163</u>	<u>\$ 40,330</u>
Primary government				
Net investment in capital assets	\$ 65,106	\$ 71,251	\$ 65,769	\$ 75,756
Restricted	13,459	18,551	14,307	12,271
Unrestricted	<u>13,710</u>	<u>14,836</u>	<u>45,031</u>	<u>50,908</u>
Total primary government net position	<u>\$ 92,275</u>	<u>\$ 104,638</u>	<u>\$ 125,107</u>	<u>\$ 138,935</u>

TABLE 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 126,774	\$ 150,815	\$ 169,774	\$ 211,506	\$ 268,677	\$ 327,743
2,332	1,945	5,534	6,231	3,746	6,408
<u>16,266</u>	<u>14,750</u>	<u>18,455</u>	<u>33,508</u>	<u>28,128</u>	<u>19,206</u>
<u>\$ 145,372</u>	<u>\$ 167,510</u>	<u>\$ 193,763</u>	<u>\$ 251,245</u>	<u>\$ 300,551</u>	<u>\$ 353,357</u>
\$ 93,021	\$ 112,197	\$ 127,806	\$ 147,067	\$ 179,568	\$ 199,462
-	-	-	-	-	1,925
<u>14,696</u>	<u>12,177</u>	<u>14,758</u>	<u>24,909</u>	<u>20,336</u>	<u>25,164</u>
<u>\$ 107,717</u>	<u>\$ 124,374</u>	<u>\$ 142,564</u>	<u>\$ 171,976</u>	<u>\$ 199,904</u>	<u>\$ 226,551</u>
\$ 219,795	\$ 263,012	\$ 297,580	\$ 358,573	\$ 448,245	\$ 527,205
2,332	1,945	5,534	6,231	3,746	8,333
<u>30,962</u>	<u>26,927</u>	<u>33,213</u>	<u>58,417</u>	<u>48,464</u>	<u>44,370</u>
<u>\$ 253,089</u>	<u>\$ 291,884</u>	<u>\$ 336,327</u>	<u>\$ 423,221</u>	<u>\$ 500,455</u>	<u>\$ 579,908</u>

TOWN OF PROSPER, TEXAS

CHANGE IN NET POSITION

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 3,698	\$ 4,922	\$ 4,884	\$ 5,884
Public safety	5,610	6,129	7,027	9,256
Public works	2,667	3,495	6,701	5,974
Culture and recreation	2,462	2,747	2,973	3,357
Economic development	-	-	921	1,880
Interest on long-term debt	1,119	4,409	1,571	1,774
Total governmental activities expenses	<u>15,556</u>	<u>21,702</u>	<u>24,077</u>	<u>28,125</u>
Business-type activities:				
Water, sewer, and sanitation	7,464	9,282	10,522	15,209
Total business-type activities expenses	<u>7,464</u>	<u>9,282</u>	<u>10,522</u>	<u>15,209</u>
Total primary government expenses	<u>23,020</u>	<u>30,984</u>	<u>34,599</u>	<u>43,334</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	2,588	3,428	4,261	4,761
Public safety	585	628	796	899
Culture and recreation	4	42	98	148
Economic development	-	-	-	-
Public works	-	-	-	-
Operating grants and contributions	113	101	127	198
Capital grants and contributions	<u>5,277</u>	<u>7,907</u>	<u>15,639</u>	<u>6,870</u>
Total governmental activities program revenues	<u>8,567</u>	<u>12,106</u>	<u>20,921</u>	<u>12,876</u>
Business-type activities:				
Charges for services:				
Water, sewer and sanitation	9,080	10,918	13,495	14,539
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>3,897</u>	<u>-</u>	<u>-</u>	<u>5,949</u>
Total business-type activities program revenues	<u>12,977</u>	<u>10,918</u>	<u>13,495</u>	<u>20,488</u>
Total primary government program revenues	<u>21,544</u>	<u>23,024</u>	<u>34,416</u>	<u>33,364</u>
Net (expense) revenue:				
Governmental activities	(6,989)	(6,658)	(3,156)	(15,249)
Business-type activities	<u>5,513</u>	<u>1,635</u>	<u>2,973</u>	<u>5,279</u>
Total primary government net expense	<u>\$ (1,476)</u>	<u>\$ (5,023)</u>	<u>\$ (183)</u>	<u>\$ (9,970)</u>

TABLE 2

Fiscal Year						
2018 ^A	2019	2020	2021	2022	2023	
\$ 5,633	\$ 7,937	\$ 12,036	\$ 10,516	\$ 15,610	\$ 16,247	
10,853	12,013	14,830	16,969	19,176	23,880	
4,836	5,645	6,907	9,924	18,904	17,173	
5,226	4,687	5,297	5,852	6,733	7,516	
4,205	2,715	2,413	3,622	3,543	3,219	
2,297	3,070	3,089	3,691	3,199	3,664	
<u>33,050</u>	<u>36,067</u>	<u>44,572</u>	<u>50,574</u>	<u>67,165</u>	<u>71,699</u>	
<u>19,487</u>	<u>23,305</u>	<u>24,772</u>	<u>27,480</u>	<u>30,989</u>	<u>37,222</u>	
<u>19,487</u>	<u>23,305</u>	<u>24,772</u>	<u>27,480</u>	<u>30,989</u>	<u>37,222</u>	
<u>52,537</u>	<u>59,372</u>	<u>69,344</u>	<u>78,054</u>	<u>98,154</u>	<u>108,921</u>	
1,018	1,937	1,646	2,013	1,525	2,899	
518	567	661	1,361	1,560	1,434	
227	310	114	413	546	691	
4,673	3,882	4,523	6,819	5,295	4,725	
-	5,609	7,447	9,252	10,011	7,671	
138	156	1,253	2,488	522	1,812	
9,964	13,358	16,677	39,618	46,893	40,189	
<u>16,538</u>	<u>25,819</u>	<u>32,321</u>	<u>61,964</u>	<u>66,352</u>	<u>59,421</u>	
19,200	21,125	24,225	26,667	32,492	35,014	
-	-	-	8	2	3,988	
<u>12,743</u>	<u>18,358</u>	<u>19,031</u>	<u>31,012</u>	<u>26,838</u>	<u>23,765</u>	
<u>31,943</u>	<u>39,483</u>	<u>43,256</u>	<u>57,687</u>	<u>59,332</u>	<u>62,767</u>	
<u>48,481</u>	<u>65,302</u>	<u>75,577</u>	<u>119,651</u>	<u>125,684</u>	<u>122,188</u>	
(16,512)	(10,248)	(12,251)	11,390	(813)	(12,278)	
<u>12,456</u>	<u>16,178</u>	<u>18,484</u>	<u>30,207</u>	<u>28,343</u>	<u>25,545</u>	
\$ <u>(4,056)</u>	\$ <u>5,930</u>	\$ <u>6,233</u>	\$ <u>41,597</u>	\$ <u>27,530</u>	\$ <u>13,267</u>	

TOWN OF PROSPER, TEXAS

CHANGE IN NET POSITION

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

	Fiscal Year			
	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 8,410	\$ 9,967	\$ 12,880	\$ 14,668
Sales taxes	2,807	4,355	5,609	7,038
Franchise fees	596	737	737	967
Investment income	115	160	277	431
Miscellaneous	151	501	281	428
Transfers	364	521	(1,751)	(5,622)
Total governmental activities	<u>12,443</u>	<u>16,241</u>	<u>18,033</u>	<u>17,910</u>
Business-type activities:				
Investment income	105	80	76	161
Miscellaneous income	76	114	117	105
Transfers	(364)	(521)	1,751	5,622
Total business-type activities	<u>(183)</u>	<u>(327)</u>	<u>1,944</u>	<u>5,888</u>
Total primary government	<u>12,260</u>	<u>15,914</u>	<u>19,977</u>	<u>23,798</u>
Change in Net Position				
Governmental activities	5,454	9,583	14,877	2,661
Business-type activities	5,330	1,308	4,917	11,167
Total primary government	<u>\$ 10,784</u>	<u>\$ 10,891</u>	<u>\$ 19,794</u>	<u>\$ 13,828</u>

Source: Town financial statements

Note:

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

TABLE 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 17,339	\$ 21,273	\$ 24,479	\$ 26,865	\$ 30,713	\$ 38,596
7,073	8,476	10,359	13,957	16,323	17,513
1,706	1,671	1,795	1,962	2,427	2,931
658	1,269	735	249	(100)	4,622
164	214	248	206	513	186
1,358	491	936	892	569	1,235
<u>28,298</u>	<u>33,394</u>	<u>38,552</u>	<u>45,631</u>	<u>50,445</u>	<u>65,083</u>
339	750	348	64	(138)	1,920
178	221	293	495	291	418
<u>(1,358)</u>	<u>(491)</u>	<u>(936)</u>	<u>(892)</u>	<u>(569)</u>	<u>(1,235)</u>
<u>(841)</u>	<u>480</u>	<u>(295)</u>	<u>(333)</u>	<u>(416)</u>	<u>1,103</u>
<u>27,457</u>	<u>33,874</u>	<u>38,257</u>	<u>45,298</u>	<u>50,029</u>	<u>66,186</u>
18,050	23,146	26,301	57,021	49,632	52,805
15,337	16,658	18,189	29,874	27,927	26,648
<u>\$ 33,387</u>	<u>\$ 39,804</u>	<u>\$ 44,490</u>	<u>\$ 86,895</u>	<u>\$ 77,559</u>	<u>\$ 79,453</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			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 6	\$ 2	\$ 3	\$ 61
Committed	2,152	2,588	2,966	3,696
Assigned	-	-	-	-
Unassigned	5,430	4,977	7,059	8,547
Total General Fund	<u>\$ 7,588</u>	<u>\$ 7,567</u>	<u>\$ 10,028</u>	<u>\$ 12,304</u>
All Other Governmental Funds				
Restricted				
Debt service	\$ 1,159	\$ 1,470	\$ 1,842	\$ 2,147
Capital projects	17,699	27,414	31,040	18,009
Courts	-	-	-	35
Police	-	-	-	-
Fire	-	-	-	-
Grants	-	-	-	-
Parks	-	-	-	-
Other	-	-	-	-
Assigned	2,371	2,297	7,818	10,316
Total All Other Governmental Funds	<u>\$ 21,229</u>	<u>\$ 31,181</u>	<u>\$ 40,700</u>	<u>\$ 30,507</u>

Source: Balance Sheets - Governmental Funds in Towns ACFRs.

TABLE 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 15	\$ 18	\$ 15	\$ 41	\$ 112	\$ 144
4,660	4,752	5,576	6,127	7,207	8,903
-	-	-	3,845	4,328	2,955
8,139	5,111	8,333	10,230	7,279	2,688
<u>\$ 12,814</u>	<u>\$ 9,881</u>	<u>\$ 13,924</u>	<u>\$ 20,243</u>	<u>\$ 18,926</u>	<u>\$ 14,690</u>
\$ 2,558	\$ 2,557	\$ 2,619	\$ 2,640	\$ 683	\$ 1,303
20,152	33,032	26,850	67,586	85,522	91,841
44	47	52	47	49	72
-	-	461	602	642	572
-	-	220	427	496	492
-	-	1	3	27	251
-	-	2,660	2,895	2,141	2,334
-	-	255	614	213	1,845
3,505	3,278	-	-	-	-
<u>\$ 26,259</u>	<u>\$ 38,914</u>	<u>\$ 33,118</u>	<u>\$ 74,814</u>	<u>\$ 89,773</u>	<u>\$ 98,710</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			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 11,834	\$ 15,076	\$ 18,545	\$ 23,306
Licenses and permits	2,102	2,645	3,116	3,082
Charges for services	4,353	6,855	3,997	687
Impact fees	-	-	9,612	4,432
Escrow income	-	-	-	-
Intergovernmental	28	29	56	748
Investment income	809	1,194	1,530	2,091
Fines, fees, warrants, and seizures	114	160	276	379
Park fees	-	-	-	-
Contributions	1,216	1,358	2,539	1,459
Miscellaneous	151	481	281	428
Total Revenues	<u>20,607</u>	<u>27,798</u>	<u>39,952</u>	<u>36,612</u>
Expenditures				
General government	3,685	5,295	5,972	6,412
Public safety	5,137	5,722	6,693	8,873
Public Works	912	1,424	4,447	3,541
Culture and recreation	1,688	1,931	2,159	1,948
Economic development	-	-	-	1,709
Capital outlay	5,719	10,104	21,565	23,767
Debt service				
Principal	1,638	1,623	1,860	2,363
Interest	1,163	1,227	1,527	1,788
Other charges	10	336	153	157
Total Expenditures	<u>19,952</u>	<u>27,662</u>	<u>44,376</u>	<u>50,558</u>
Excess of revenues over (under) expenditures	655	136	(4,424)	(13,946)
Other Financing Sources (Uses)				
Transfer in	1,571	4,104	11,704	6,928
Transfer out	(2,009)	(4,154)	(13,457)	(12,630)
Proceeds from insurance	-	-	-	-
Issuance of debt	3,340	20,919	13,440	10,575
Premium (discount) on debt issuance	312	2,397	1,322	1,155
Payments to bond escrow agent	(2,592)	(10,482)	(2,988)	-
Issuance of leases	-	-	-	-
Issuance of SBITA	-	-	-	-
Net other financing sources (uses)	<u>622</u>	<u>12,784</u>	<u>10,021</u>	<u>6,028</u>
Net change in fund balances	<u>\$ 1,277</u>	<u>\$ 12,920</u>	<u>\$ 5,597</u>	<u>\$ (7,918)</u>
Debt service as a percentage of noncapital expenditures	<u>19.7%</u>	<u>16.2%</u>	<u>14.8%</u>	<u>15.5%</u>

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

TABLE 4

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 26,156	\$ 31,335	\$ 36,551	\$ 42,779	\$ 49,496	\$ 58,420	
5,468	4,739	5,552	8,146	6,679	6,435	
742	713	589	1,190	1,080	1,361	
5,283	5,569	7,422	9,242	10,008	7,663	
-	648	501	580	-	845	
493	2,942	1,068	2,678	442	442	
670	511	679	238	(76)	4,369	
424	1,219	328	301	269	431	
-	-	-	411	593	695	
372	994	185	526	1,298	2,360	
176	230	228	278	491	165	
<u>39,784</u>	<u>48,900</u>	<u>53,103</u>	<u>66,369</u>	<u>70,280</u>	<u>83,186</u>	
5,659	8,768	12,583	11,983	15,236	16,327	
10,243	11,561	15,269	15,895	18,995	23,137	
4,210	3,308	4,676	4,985	12,571	9,415	
4,810	3,885	4,359	5,082	7,274	6,955	
7,364	2,633	2,634	3,580	3,585	3,237	
18,782	18,748	21,608	19,313	20,304	45,548	
2,554	3,197	3,819	4,275	8,558	7,842	
2,428	2,752	3,192	3,404	4,493	5,598	
30	240	175	484	317	377	
<u>56,080</u>	<u>55,092</u>	<u>68,315</u>	<u>69,001</u>	<u>91,333</u>	<u>118,436</u>	
(16,296)	(6,192)	(15,212)	(2,632)	(21,053)	(35,250)	
9,975	8,805	2,955	6,397	10,253	13,379	
(9,696)	(10,037)	(2,019)	(5,505)	(9,684)	(12,144)	
-	-	-	-	22	21	
16,305	17,135	10,875	43,110	31,600	37,630	
923	1,019	1,695	4,684	2,375	1,938	
-	-	-	-	-	(2,247)	
-	-	-	-	454	-	
-	-	-	-	-	1,373	
<u>17,507</u>	<u>16,922</u>	<u>13,506</u>	<u>48,686</u>	<u>35,020</u>	<u>39,950</u>	
\$ <u>1,211</u>	\$ <u>10,730</u>	\$ <u>(1,706)</u>	\$ <u>46,054</u>	\$ <u>13,967</u>	\$ <u>4,700</u>	
<u>16.8%</u>	<u>18.2%</u>	<u>16.4%</u>	<u>16.5%</u>	<u>19.8%</u>	<u>19.8%</u>	

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>
2014	\$ 8,410	\$ 2,807	\$ 596	\$ 11,813
2015	9,967	4,355	737	15,059
2016	12,880	5,609	737	19,226
2017	14,668	7,038	967	22,673
2018	17,376	7,073	1,706	26,155
2019	21,188	8,476	1,671	31,335
2020	24,397	10,359	1,795	36,551
2021	26,861	13,957	1,961	42,779
2021	30,747	16,323	2,427	49,497
2023	37,976	17,513	2,931	58,420

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 Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Taxable Assessed Value as a % of Estimated Market Value
2014	\$ 2,161,596	\$ 2,118,602	\$ 42,994	\$ 604,133	\$ 1,557,463	0.52000	72.05%
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	7,977,383	7,746,455	230,929	2,482,138	5,495,245	0.51000	68.90%
2023	10,543,817	10,248,747	295,070	4,047,064	6,496,753	0.51000	61.62%

Source: Collin and Denton Appraisal District 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
2014	0.326191	0.193809	0.520000	1.670000	0.237500
2015	0.356301	0.163699	0.520000	1.670000	0.235000
2016	0.361074	0.158926	0.520000	1.670000	0.225000
2017	0.367500	0.152500	0.520000	1.670000	0.208395
2018	0.367500	0.152500	0.520000	1.670000	0.180785
2019	0.367500	0.152500	0.520000	1.568350	0.174951
2020	0.367500	0.152500	0.520000	1.492700	0.172531
2021	0.367500	0.152500	0.520000	1.460300	0.168087
2022	0.328000	0.182000	0.510000	1.442900	0.152443
2023	0.329830	0.180170	0.510000	1.442900	0.152443

Source: Collin County and Denton County Appraisal Districts.

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

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

TABLE 7

<u>Overlapping Tax Rates²</u>		Total Direct & Overlapping Rates	Total Direct & Overlapping Rates
<u>Collin College</u>	<u>Denton County</u>	<u>Collin County</u>	<u>Denton County</u>
0.083643	0.284914	2.511143	2.474914
0.081960	0.262000	2.506960	2.452000
0.081960	0.248409	2.496960	2.438409
0.081222	0.237812	2.479617	2.427812
0.081222	0.225574	2.452007	2.415574
0.081222	0.225278	2.344523	2.313628
0.081222	0.224985	2.266453	2.237685
0.081222	0.233086	2.229609	2.213386
0.081222	0.217543	2.186565	2.213386
0.081220	0.189949	2.186563	2.142849

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
2014	\$ 8,217,550	\$ 8,174,411	99.48%	\$ 348,080	\$ 8,522,491	103.7%
2015	9,730,516	9,704,426	99.73%	417,150	10,121,576	104.0%
2016	12,052,689	11,922,739	98.92%	387,630	12,310,369	102.1%
2017	14,077,378	14,052,156	99.82%	313,892	14,366,048	102.1%
2018	17,168,258	17,119,197	99.71%	347,099	17,466,296	101.7%
2019	20,643,714	20,590,864	99.74%	324,315	20,915,179	101.3%
2020	23,743,003	23,705,358	99.84%	49,827	23,755,185	100.1%
2021	26,445,321	26,370,441	99.72%	35,962	26,406,403	99.9%
2022	30,114,813	30,045,405	99.72%	-	30,045,405	99.8%
2023	37,259,783	37,161,161	99.74%	563,846	37,725,006	101.2%

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

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

TOWN OF PROSPER, TEXAS

TABLE 9

PRINCIPAL PROPERTY TAXPAYERS

FISCAL YEAR END 2023 AND 2014
(UNAUDITED)

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
380 & 289, LP	\$ 93,970,197	1	1.45%	\$ -	-	-
GOP #2 LLC	85,322,624	2	1.31%	-	-	-
289 (Preston) & 380 LP	80,160,596	3	1.23%	-	-	-
Orion Prosper Lakes LLC	67,704,556	4	1.04%	-	-	-
Orion Prosper LLC	52,963,242	5	0.82%	-	-	-
Prosper Younger LLC	33,118,600	6	0.51%	-	-	-
Crossland Texas Industrial LLC	28,345,158	7	0.44%	-	-	-
Oncor Electric Delivery Co LLC	23,702,625	8	0.36%	-	-	-
BHA Real Estate Holdings LLC	22,461,238	9	0.35%	-	-	-
PS LPT Properties Investors	20,556,160	10	0.32%	-	-	-
Western Rim Investors	-	-	-	46,712,539	1	3.00%
Prosper Land Company LTD	-	-	-	12,958,717	2	0.83%
Meritage Homes of Texas LLC	-	-	-	8,612,625	3	0.55%
D R Horton - Texas LLC	-	-	-	7,896,949	4	0.51%
Beazer Homes Texas LP	-	-	-	7,716,389	5	0.50%
Rosebriar Prosper plaza LP	-	-	-	7,579,560	6	0.49%
Five Sac Self-Storage Corp	-	-	-	7,129,529	7	0.46%
Saddle Creek Investments LTD	-	-	-	7,018,145	8	0.45%
First Texas Homes Inc	-	-	-	6,787,476	9	0.44%
Forestar (USA) Real Estate Group Inc	-	-	-	6,616,841	10	0.42%
Totals	\$ 508,304,996		7.82%	\$ 119,028,770		7.64%

Source: Collin and Denton County Appraisal Districts

TOWN OF PROSPER, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)
(UNAUDITED)

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Leases	SBITA	Premiums/ Discounts
2014	\$ 11,255	\$ 15,594	\$ 1,080	\$ -	\$ -	\$ 636
2015	25,214	9,678	725	-	-	2,852
2016	29,095	16,384	365	-	-	3,984
2017	30,477	28,444	-	-	-	4,865
2018	30,597	37,210	-	-	-	5,796
2019	32,816	48,930	-	-	-	6,122
2020	30,789	58,013	-	-	-	7,425
2021	65,020	62,616	-	-	-	11,587
2022	90,105	60,640	-	387	-	12,790
2023	120,275	58,636	-	324	824	12,018

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

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

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

TABLE 10

Business-Type Activities					
General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
\$ 35,133	\$ -	\$ 1,506	\$ 65,204	124.5%	4,351
33,106	-	1,938	73,513	135.1%	4,603
8,145	22,966	1,995	82,934	144.3%	4,662
8,081	23,988	1,951	97,806	157.6%	4,851
6,388	31,505	2,360	113,856	172.0%	5,027
5,600	34,490	2,427	130,384	184.0%	5,087
4,821	32,657	2,281	135,986	178.0%	4,792
4,020	30,979	2,090	176,312	227.5%	5,671
3,175	26,120	1,754	194,971	203.7%	5,506
5,140	42,354	2,179	241,750	N/A	6,195

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

Fiscal Year	General Obligation Bonds ³	Certificates of Obligation ³	Less: Amounts Available in Debt Service Funds	Total	Percentage of Actual Taxable Value of Property ¹	Per Capita ²
2014	\$ 46,388	\$ 15,594	\$ 1,159	\$ 60,823	3.91%	4,059
2015	58,320	9,678	1,470	66,528	3.53%	4,166
2016	37,240	39,350	1,842	74,748	3.23%	4,202
2017	38,558	52,432	2,147	88,843	3.39%	4,407
2018	36,985	68,715	2,558	103,142	3.08%	4,554
2019	38,415	83,420	2,556	119,279	3.19%	4,654
2020	35,610	90,670	1,885	124,395	2.89%	4,383
2021	69,040	93,595	1,643	160,992	3.36%	5,178
2022	93,280	86,760	683	179,357	3.26%	5,000
2023	125,415	100,990	1,290	225,115	3.47%	5,796

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

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

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

³The amounts do not include the premium portions of the debt.

TOWN OF PROSPER, TEXAS

TABLE 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2023
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property rates:			
Prosper Independent School District	\$ 1,585,950,239	68.66%	\$ 1,088,913,434
Collin County	994,786,478	2.11%	20,989,995
Collin College	480,350,000	2.11%	10,135,385
Denton County	624,655,000	0.23%	1,436,707
Subtotal - overlapping debt	<u>3,685,741,717</u>		<u>1,121,475,521</u>
Town of Prosper direct debt	<u>\$ 195,871,000</u>	100.00%	<u>195,871,000</u>
Total direct and overlapping debt			<u>\$ 1,317,346,521</u>

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

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

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

TOWN OF PROSPER, TEXAS

TAX RATE INFORMATION

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

	Fiscal Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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 13

Fiscal Year				
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
<u>0.5200</u>	<u>0.5200</u>	<u>0.5200</u>	<u>0.5100</u>	<u>0.5100</u>
<u>\$ 1.9800</u>	<u>\$ 1.9800</u>	<u>\$ 1.9800</u>	<u>\$ 1.9900</u>	<u>\$ 1.9900</u>

TOWN OF PROSPER, TEXAS

TABLE 14

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income² (expressed in thousands)</u>	<u>Per Capita Personal Income²</u>	<u>School Enrollment³</u>	<u>Unemployment Rate⁴</u>
2014	14,986	\$ 52,359	\$ 59,146	6,448	4.6%
2015	15,970	54,420	59,532	7,064	4.4%
2016	17,790	57,483	61,179	8,254	3.4%
2017	20,160	62,078	64,025	10,107	3.0%
2018	22,650	66,212	65,874	12,195	3.0%
2019	25,630	70,852	68,474	16,695	2.9%
2020	28,380	76,381	71,246	19,279	5.2%
2021	31,090	77,500	77,006	22,426	3.6%
2022	35,410	95,701	82,593	25,312	3.4%
2023	38,840	N/A	N/A	27,783	3.9%

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

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

³Enrollment data comes from Prosper ISD.

⁴September 2022 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 15

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2023		
	Employees	Rank	Percentage of Total Town Employment
Prosper ISD	3,334	1	52.3%
Kroger (2 locations)	416	2	6.5%
Town of Prosper	393	3	6.2%
WalMart	270	4	4.2%
Chik Fil A	400	5	6.3%
Home Depot	185	6	2.9%
Lowe's	141	7	2.2%
Cook's Childrens	140	8	2.2%
Dick's SG - Field and Stream	78	9	1.2%
Longo Toyota	66	10	1.0%
Total	5,423		85.00%

Employer	2014		
	Employees	Rank	Percentage of Total Town Employment
Prosper ISD	766	1	57.1%
Town of Prosper	122	3	9.1%
Gentle Creek	52	4	3.9%
Dairy Manufacturers, Inc	35	5	2.6%
RE/MAX Performance Group	33	2	2.5%
Mahard Egg Farm	31	6	2.3%
ProBuild	30	9	2.2%
Lattimore Materials	26	7	1.9%
CVS	25	8	1.9%
Crossland Construction	20	10	1.5%
Total	1,140		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.

TOWN OF PROSPER, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

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

Function/Program	Fiscal Year			
	2014	2015	2016	2017
General Government				
Building inspection permits				
Commercial construction				
Number of units	29	45	74	108
Total dollar value of permits issued	\$ 19,172	\$ 50,625	\$ 122,799	\$ 95,793
Average value	\$ 661	\$ 1,125	\$ 1,659	\$ 887
Residential Construction				
Number of units	474	708	648	715
Total dollar value of permits issued	\$ 209,949	\$ 313,681	\$ 316,039	\$ 347,484
Average value	\$ 443	\$ 443	\$ 488	\$ 486
Public safety				
Police				
Physical arrests	115	128	163	205
Traffic collisions	279	429	234	322
Number of vehicles	15	15	15	18
Fire				
Number of frontline engines	1	1	2	2
Number of reserve engines	1	1	2	2
Number of frontline Trucks	-	-	-	-
Number of frontline Ambulances	1	1	1	2
Number of reserve Ambulances	1	1	1	1
Number of frontline Brush Trucks	1	1	1	2
Number of Station	1	1	2	2
Total incidents/calls for service	1,100	1,245	1,537	2,102
Fire	64	30	64	98
Overpressure/explosion	5	-	10	10
Rescue & EMS	588	583	797	1,072
Hazardous condition	29	37	52	60
Service call	212	136	293	44
Good intent call	101	328	168	265
False alarm & false call	95	131	140	244
Severe weather & natural disaster	6	-	13	9
Fire marshal				
Fire inspections	283	156	966	1,210
Fire safety programs	18	24	12	14
Municipal court				
Number of cases filed	2,118	2,439	3,147	3,027
Number of cases closed	2,954	3,605	3,534	3,019
Public works				
Water & Sewer				
Linear feet of water lines	579,777	627,900	692,447	786,557
Linear feet of sewer lines	428,360	482,838	546,950	619,386
Number of hydrants	N/A	N/A	N/A	1,523
Water customers	4,943	5,539	6,671	7,784
Wastewater customers	4,055	4,627	5,757	6,770
Streets				
Miles of streets maintain	125	132	141	153
Number of traffic signals	-	1	2	2
Parks				
Number of parks	16	21	22	22
Number of playgrounds	6	7	7	8
Acreage maintained	146	178	178	190

Source: Town of Prosper Department Staff.

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

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

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

TABLE 16

		Fiscal Year					
		2018	2019	2020	2021	2022	2023
		101	105	105	120	154	134
\$		112,427	\$ 141,609	\$ 114,516	\$ 382,091	\$ 251,432	\$ 188,944
\$		1,113	\$ 1,349	\$ 1,091	\$ 3,184	\$ 1,633	
		980	793	938	1,402	1,011	897
\$		474,515	\$ 246,111	\$ 1,257	\$ -	\$ -	\$ -
\$		484	\$ 492	\$ 628	\$ -	\$ -	\$ -
		253	208	211	222	398	697
		605	889	874	1,042	1,395	1,103
		20	28	28	32	40	43
		2	2	2	2	2	3
		2	2	2	2	2	2
		-	-	1	1	1	1
		2	2	2	2	2	3
		1	1	1	1	2	1
		2	2	2	2	2	2
		2	2	2	2	2	3
		2,185	2,107	2,517	3,482	3,759	4,137
		97	62	74	73	114	80
		3	4	1	2	3	3
		1,139	1,110	1,206	1,760	1,966	2,175
		58	83	103	109	130	151
		438	459	622	809	747	869
		219	161	246	360	480	476
		229	226	256	361	315	378
		2	2	9	8	4	5
		1,291	2,022	1,941	2,129	2,549	2,360
		17	58	**	29**	35**	41**
		3,581	4,499	2,452	1,899	2,102	3,467
		3,964	4,814	3,091	2,584	2,417	4,858
		920,859	1,006,066	1,042,324	1,057,959	1,282,189	1,436,160
		720,466	752,925	822,201	834,534	1,035,039	1,162,748
		1,910	2,016	2,118	2,150	2,801	2,950
		8,603	9,188	10,353	11,766	12,573	13,135
		7,506	8,131	9,223	10,640	11,825	12,384
		179	212	287	330	310	340
		3	3	7	9	10	11
		23	28	28	29	30	35
		11	13	13	14	16	19
		218	225.3	245.6	246.2	480.2	655.6

TOWN OF PROSPER, TEXAS

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2014	2015	2016	2017
GENERAL FUND				
Administration	9	10	12	13
Code Compliance	1	1	1	1
Court	2	2	3	3
Dispatch	8	8	9	9
Engineering	3	5	6	6
Facilities	-	-	-	-
Fire	20	32	33	34
Fire Marshal	1	1	1	2
Inspections	9	13	13	13
Library	2	4	3	3
Parks	15	16	18	20
Planning	3	4	4	4
Police	15	20	22	27
Streets	2	2	3	3
Total General Fund	89	117	127	137
SPECIAL PURPOSE DISTRICT FUNDS				
Crime Control	-	-	-	-
Fire Control	-	-	-	-
Total Special Purpose District Funds	-	-	-	-
ENTERPRISE FUNDS				
Storm Drainage	1	2	2	2
Utility Billing	3	3	3	3
Wastewater	6	4	4	7
Water	10	14	15	18
Engineering	-	-	-	-
Total Enterprise Fund	20	23	24	30
CAPITAL PROJECTS FUND	1	1	-	-
Total	110	140	151	167

Source: Town of Prosper Annual Budget

TABLE 17

Fiscal Year						
2018	2019	2020	2021	2022	2023	
17	20	21	25	28	35	
2	2	3	3	3	4	
4	4	4	4	5	5	
9	11	11	13	13	15	
7	10	12	12	16	16	
-	-	-	-	-	1	
40	29	35	37	41	52	
2	3	3	4	4	4	
15	16	16	18	20	22	
7	7	7	7	7	8	
22	26	27	27	32	33	
5	5	5	5	5	6	
30	24	28	32	31	29	
5	6	8	8	10	11	
<u>164</u>	<u>163</u>	<u>180</u>	<u>195</u>	<u>214</u>	<u>240</u>	
-	12	12	13	19	24	
-	<u>12</u>	<u>12</u>	<u>13</u>	<u>18</u>	<u>22</u>	
-	<u>24</u>	<u>24</u>	<u>26</u>	<u>37</u>	<u>46</u>	
2	2	2	2	2	2	
4	4	4	4	5	5	
9	12	14	15	16	17	
21	24	25	27	29	30	
-	-	4	4	4	6	
<u>36</u>	<u>42</u>	<u>49</u>	<u>52</u>	<u>56</u>	<u>60</u>	
-	-	-	-	-	-	
<u>200</u>	<u>229</u>	<u>253</u>	<u>273</u>	<u>307</u>	<u>346</u>	