

Raymond Community Park 2022 Revised Concept Plan



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended September 30, 2022
Prosper, Texas

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2022

Prepared by the
Town of Prosper, Texas
Finance Department
Robert Scott, CPA - Executive Director of
Administrative Services
Chris Landrum - Director of Finance

Town Manager
Mario Canizares

Town Council
David F. Bristol, Mayor
Jeff Hodges, Mayor Pro-Tem
Craig Andres, Deputy Mayor Pro-Tem
Marcus E. Ray, Council Member
Amy Bartley, Council Member
Chris Kern, Council Member
Charles Cotten, Council Member



TOWN OF PROSPER, TEXAS

YEAR ENDED SEPTEMBER 30, 2022

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INTRODUCTORY SECTION



March 24, 2023

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, 2022. This report provides the Town Council, Town Staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial position and activities of the Town government.

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

The Town is required to obtain an annual audit of the financial records and financial activities of the Town. 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, 2022, 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, 2022, and are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP"). The independent auditor's report is presented as the first component of the financial section of this report.

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

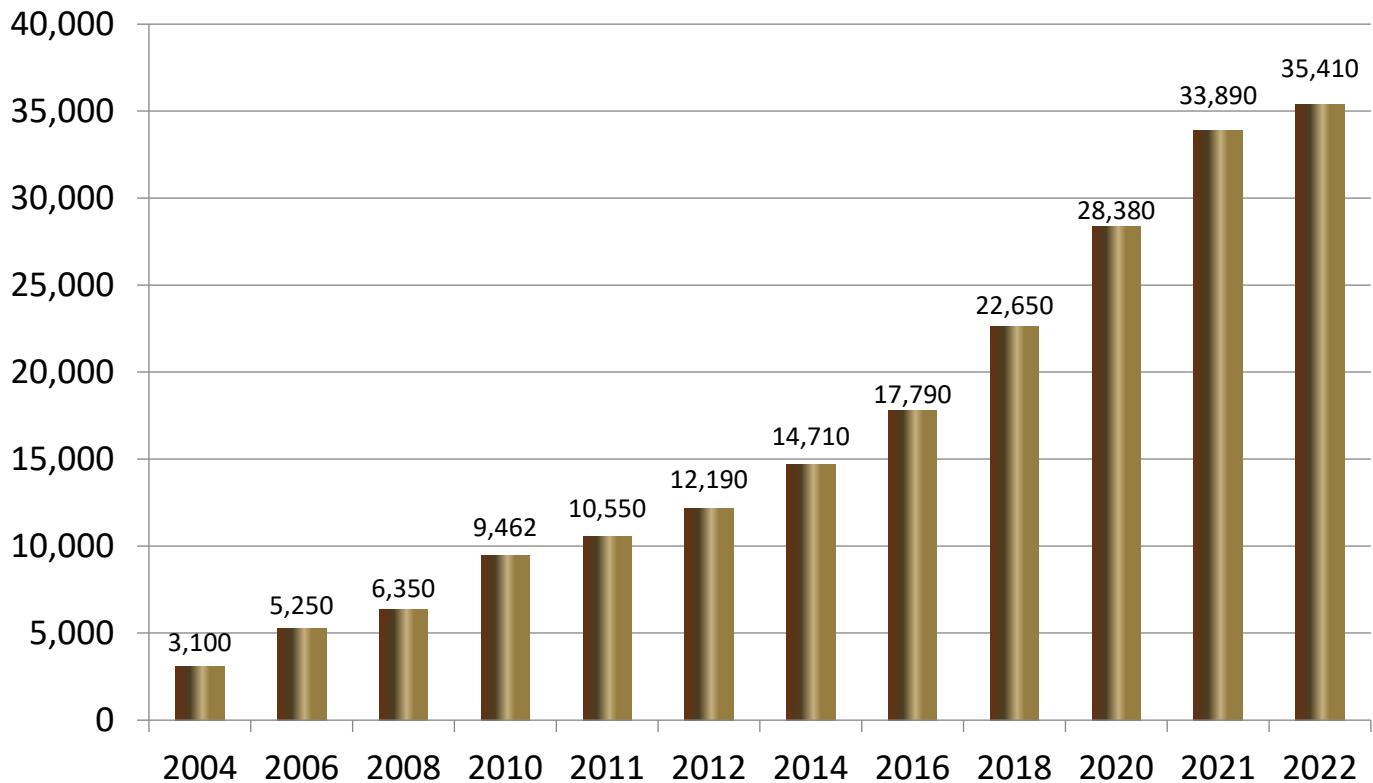
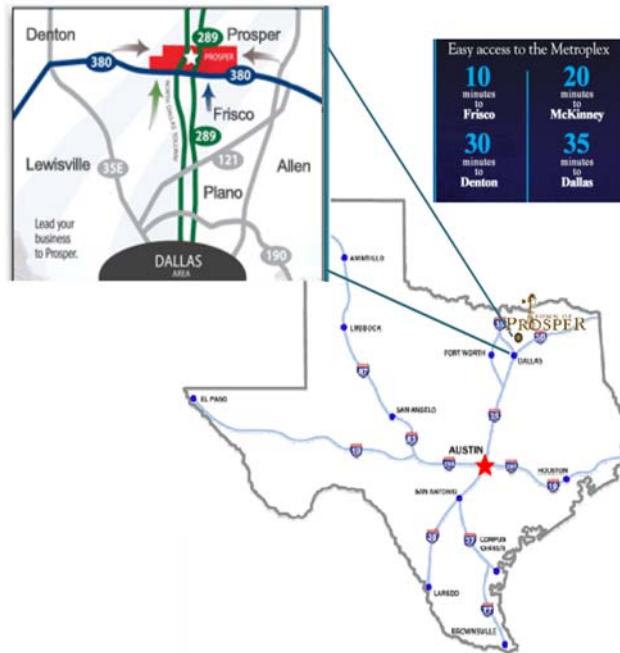
The Reporting Entity Profile

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

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

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



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

History of Prosper

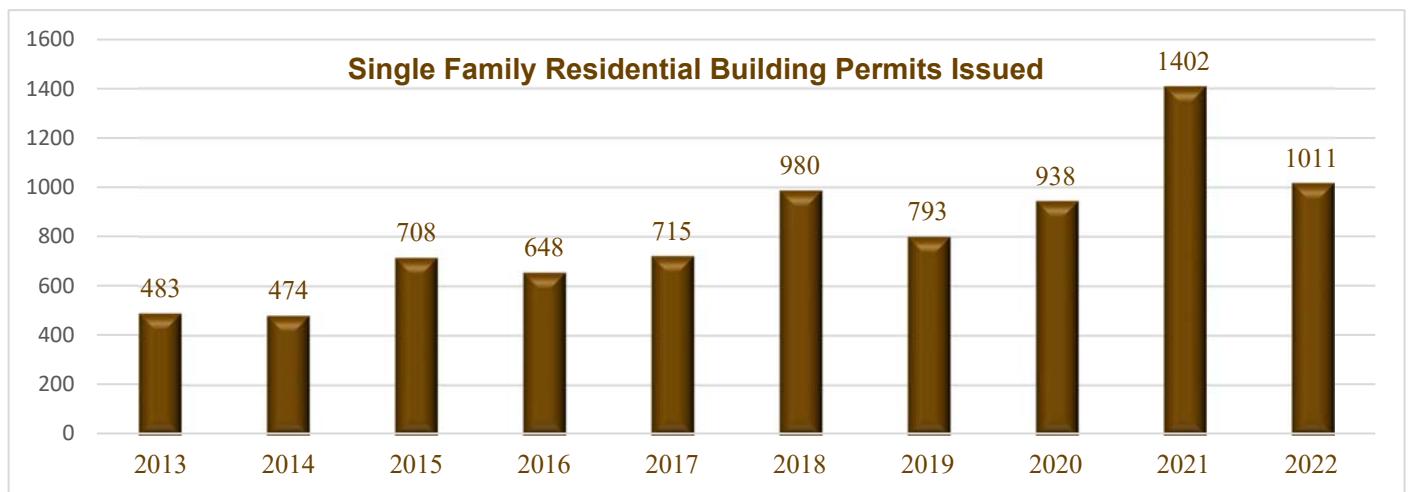
Prosper began with the first settlers arriving in the area in 1846. Those who settled here were drawn to North Texas' fertile black prairie soil perfect for thriving cotton crops in a time when cotton was "King." Between 1850 and 1902, two settlements coexisted. One community, two miles south of the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

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

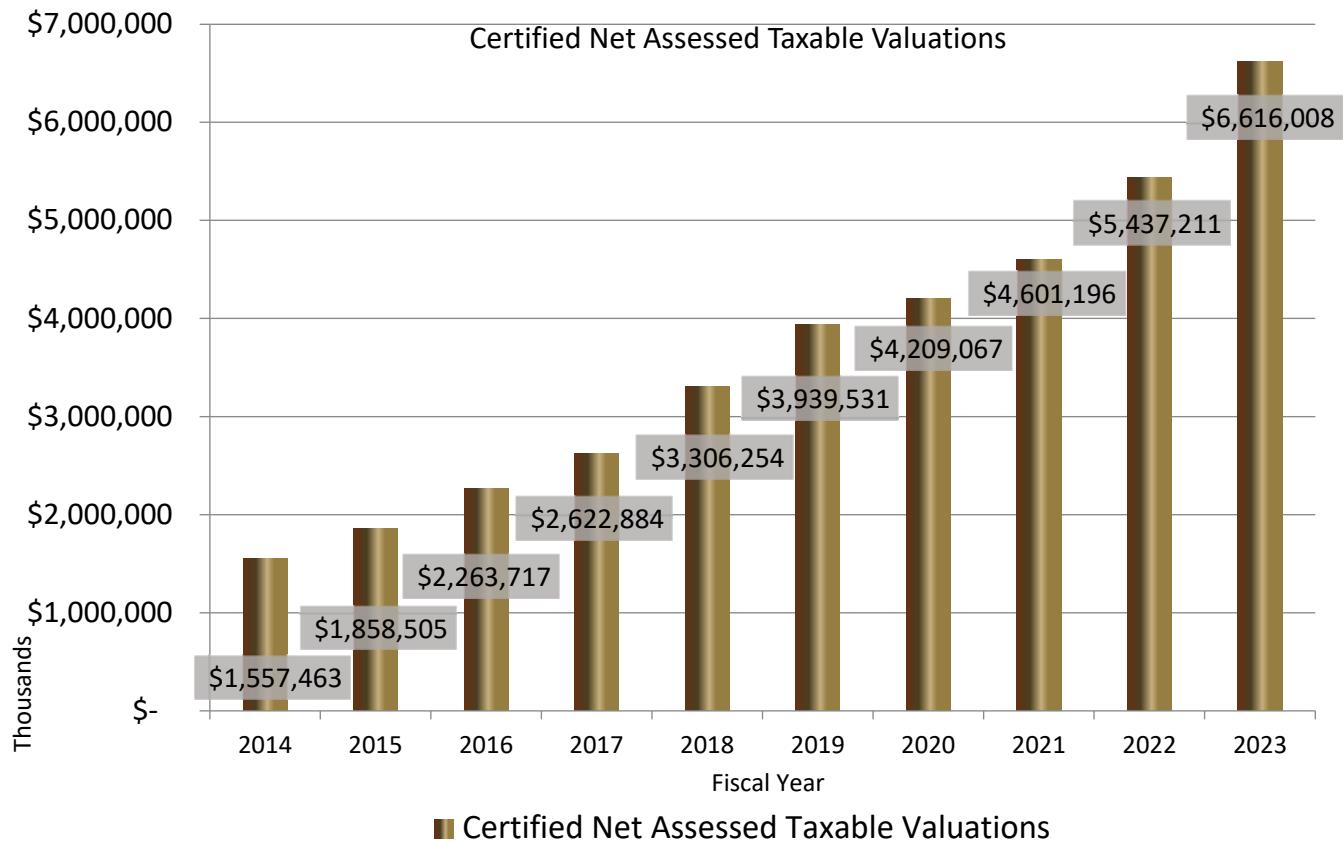
Prosper has managed to retain its small town appeal by carefully managing growth in accordance with a Comprehensive Land Use Plan, a Parks & Open Space Plan, and a Capital Improvements Plan. Unlike the cities of Dallas, Plano, and Frisco located to the south, Prosper is characterized by a variety of single-family neighborhoods consisting of estate-size lots and master planned neighborhoods. While residential growth remains strong, the Town is carefully evolving from a bedroom community of 34,000+ residents to a full-service community offering retail, restaurant, office and health care services. In 2022, permits were issued for the opening of 78 new businesses. 400,389 square feet of new non-residential construction started in 2022, and approximately 529,673 square feet of shovel ready non-residential projects are approved for construction in 2023.

The Economic Outlook

The Town continues to experience new home permits at a record pace and benefits tremendously from its location. Prosper, while not immune from economic pressures, has thrived more than most DFW communities. Average market value of a residential homestead in 2023 averaged \$766K.



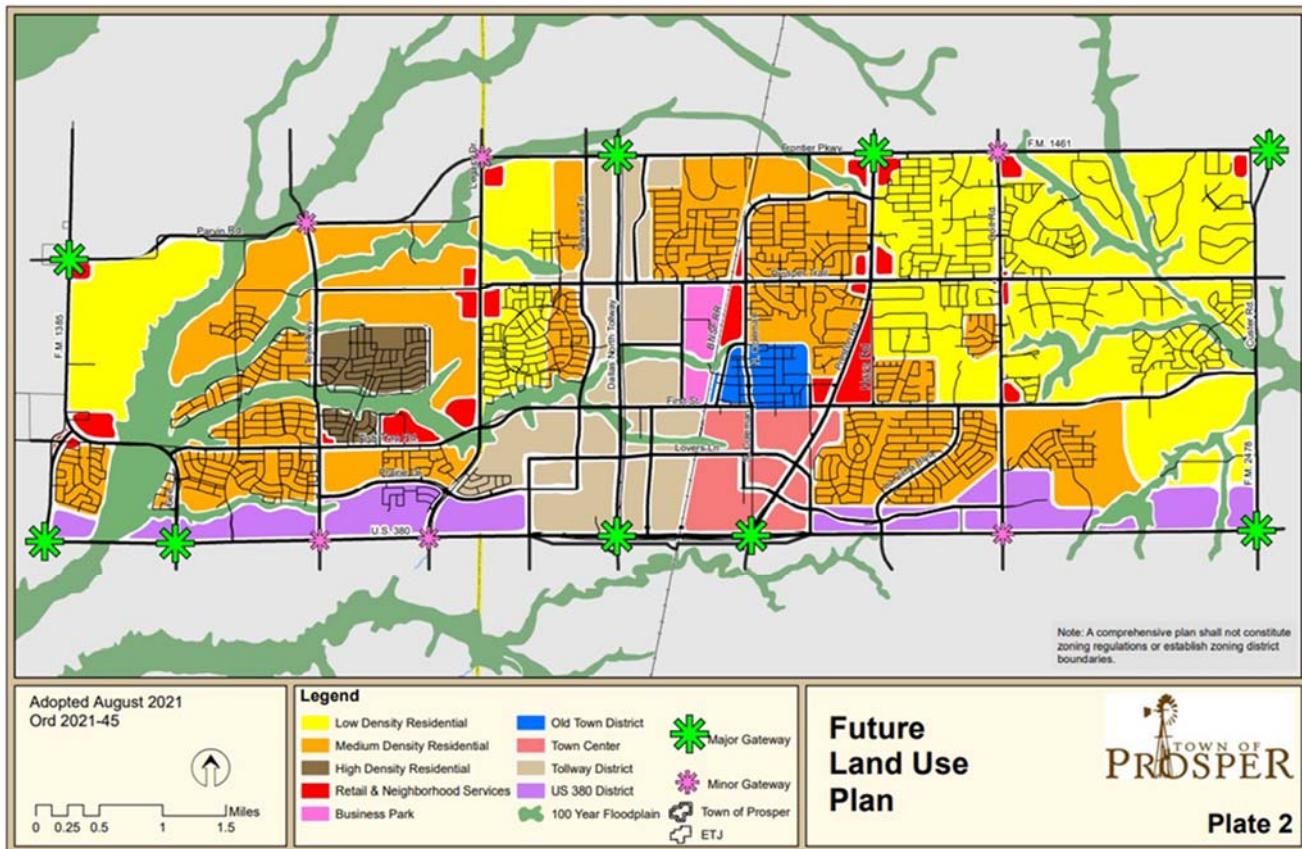
According to the Dallas Federal Reserve Bank, Texas outpaced the nation in job growth in 2022, even after the benchmark revisions, which also reduced employment numbers. With slower momentum heading into 2023, lower oil prices and declines in both the U.S. and Texas leading indexes, the Dallas Fed's Texas employment forecast December-over-December job growth is 1.4 percent, with an 80 percent confidence interval of 0.7 percent to 2.2 percent. This would mean growth below the state's 2 percent long-term trend, but not a recession.



Source: Collin CAD and Denton CAD Certified Totals

The Town has maintained significant growth. Certified property valuations increased by \$1,179M (21.7%) for FY 2022-2023, from \$5,437M to \$6,616M. A majority of current values come from Collin County properties, but the Denton County portion is experiencing new developments. This year the Town's value in Denton County increased more than 20%.

The economy influences the timing of population increases and the types of development that occur will affect the build-out of the Town. The Town Council adopted a new Comprehensive Plan in 2012 and annually reviews the Plan in response to changing market conditions. The last update was in January 2022 with a complete reevaluation underway for fiscal year 2023.



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.

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Prosper, Texas, for its Annual Comprehensive Financial Report for fiscal year ended September 30, 2021. The Town has received a Certificate of Achievement for the last eleven consecutive years. 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 the Certificate of Achievement program requirements and we are submitting it to GFOA for consideration.

Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the Finance Department staff.

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

Respectfully submitted,

Mario Canizares

Mario Canizares
Town Manager

Robert Scott

Robert Scott, CPA
Executive Director of
Administrative Services

Chris Landrum

Chris Landrum
Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Prosper
Texas**

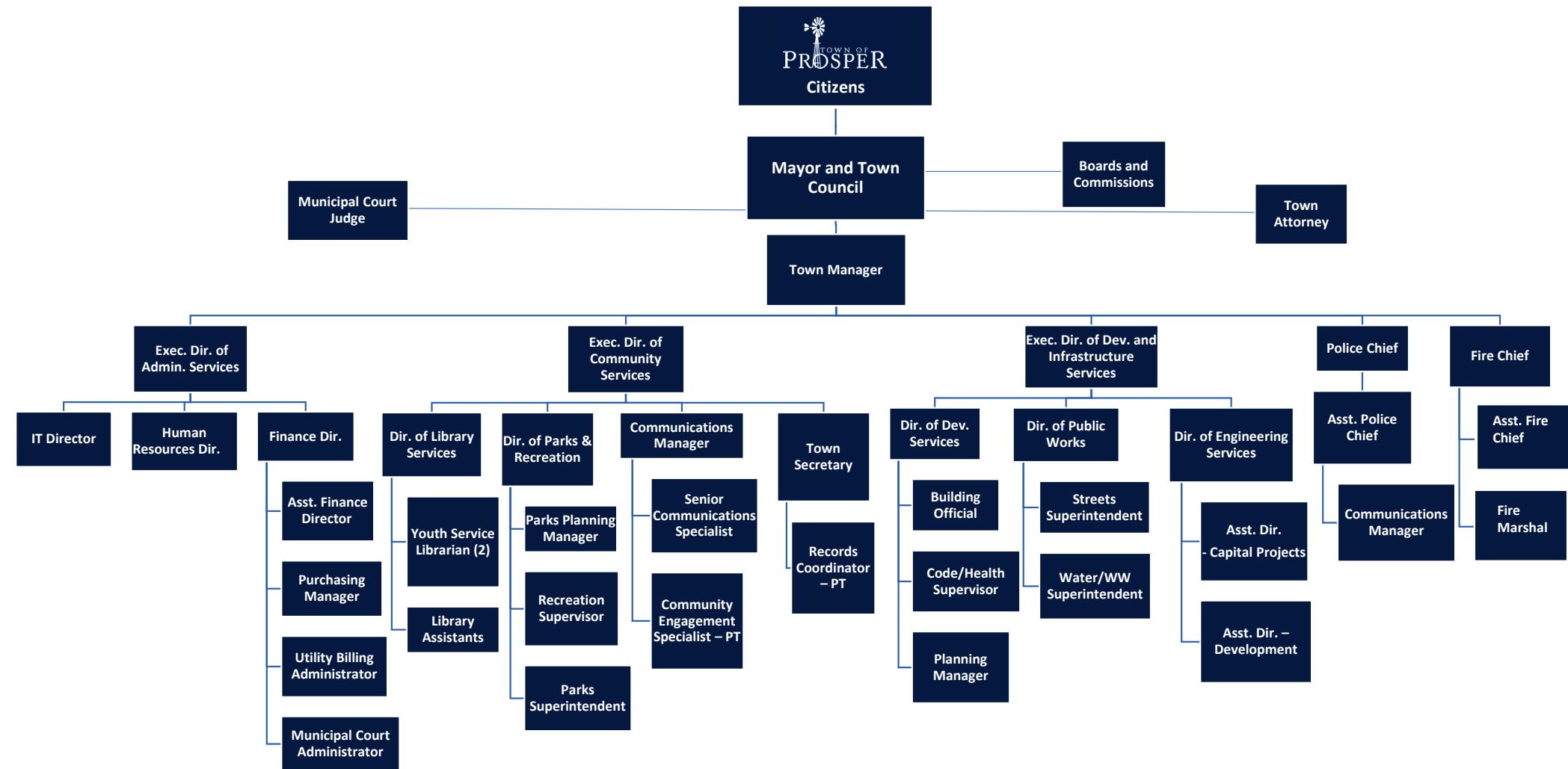
For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

September 30, 2021

Christopher P. Morrell

Executive Director/CEO

Organizational Chart



TOWN OF PROSPER, TEXAS
LIST OF PRINCIPAL OFFICIALS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

TOWN COUNCIL

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

TOWN OF PROSPER, TEXAS
LIST OF PRINCIPAL OFFICIALS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

APPOINTED OFFICIALS

TOWN MANAGER	MARIO CANIZARES
TOWN SECRETARY	MICHELLE LEWIS SIRIANNI
EXECUTIVE DIRECTOR OF ADMINISTRATIVE SERVICES	ROBERT SCOTT
EXECUTIVE DIRECTOR OF COMMUNITY SERVICES	ROBYN BATTLE
EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFRASTRUCTURE SERVICES	CHUCK EWINGS
FIRE CHIEF	STUART BLASINGAME
POLICE CHIEF	DOUG KOWALSKI
DIRECTOR OF DEVELOPMENT SERVICES	VACANT
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



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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 (the Town) as of and for the year ended September 30, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General 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. 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 1P to the basic financial statements, during the year ended September 30, 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. 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.

Weaver and Tidwell, L.L.P.

2300 North Field Street, Suite 1000 | Dallas, Texas 75201

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

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 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, 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are 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 Section and Statistical Section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 24, 2023 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 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 24, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2022
Amounts in Thousands Unless Otherwise Stated
(Unaudited)

March 24, 2023

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, 2022. 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 Town'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 (pages 75 - 102 of this report), as well as information found on the Town Council Strategic Goals, 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's association with various sections of this report and that all of the additional information from the website and other Town sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

OF NOTE

- The assets and deferred outflows of the Town, on a government-wide basis, exceeded its liabilities and deferred inflows as of September 30, 2022 by \$500,455 (net position). Of this amount, \$48,464 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. It should be noted that \$448,254 represents investments in capital assets. Unlike the private sector, capital assets in government are not easily sold and represent an ongoing obligation to maintain. The Town's total net position increased by \$77,560. Most of the increase is due to strong growth in property taxes and sales taxes that exceeded related growth in expenses and significant developer contributions of roads, water, sewer and drainage infrastructure. It will be the responsibility of the Town to maintain this infrastructure into the future.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$108,698 (made up of \$18,926 in General Fund, \$6,494 in Impact Fee Fund, \$683 in Debt Service Fund, \$77,610 in Capital Projects Fund, \$27 in the ARPA Fund, and 4,958 in other governmental funds), an increase of \$13,641 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,279 or 20% 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'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 as well as multi-year funding progress regarding the Town's Pension Plan. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all 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 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 itself (known as the primary government), but also a legally separate economic development corporation. Financial information for this component unit is reported discretely in the government-wide financial statements.

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

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

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

The Town maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Impact Fee Fund, Debt Service Fund, Capital Projects Fund, and Escrow Fund, and ARPA Fund, all of which are considered 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, ARPA 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 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 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 \$500,455 at the close of the most recent fiscal year.

A portion of the Town's net position (90%) reflects its investment in capital assets including infrastructure (e.g., land, roads, bridges, water & sewer system and stormwater drainage system), buildings, machinery, and equipment), less any related debt used to acquire those assets that is 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 often do not generate revenue and cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (9%) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is reporting 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 38,608	\$ 34,335	\$ 16,324	\$ 16,181	\$ 54,932	\$ 50,516
Restricted assets	95,626	80,113	21,136	15,937	116,762	96,050
Capital assets	353,156	293,692	196,972	181,106	550,128	474,797
Total assets	487,391	408,140	234,431	213,223	721,822	621,363
Deferred outflows of resources	4,053	3,641	580	624	4,633	4,265
Total outflows of resources	4,053	3,641	580	624	4,633	4,265
Long-term liabilities	160,621	137,804	29,217	35,157	189,838	172,960
Other liabilities	28,557	22,134	5,251	6,621	33,808	28,755
Total liabilities	189,178	159,938	34,468	41,777	223,646	201,715
Deferred inflows of resources	1,714	598	639	93	2,353	691
Total inflows of resources	1,714	598	639	93	2,353	691
Net position:						
Net investment in capital assets	268,677	211,506	179,568	147,067	448,245	358,573
Restricted	3,746	6,231	-	-	3,746	6,231
Unrestricted	28,128	33,508	20,336	24,909	48,464	58,417
Total net position	\$ 300,551	\$ 251,245	\$ 199,904	\$ 171,977	\$ 500,455	\$ 423,222

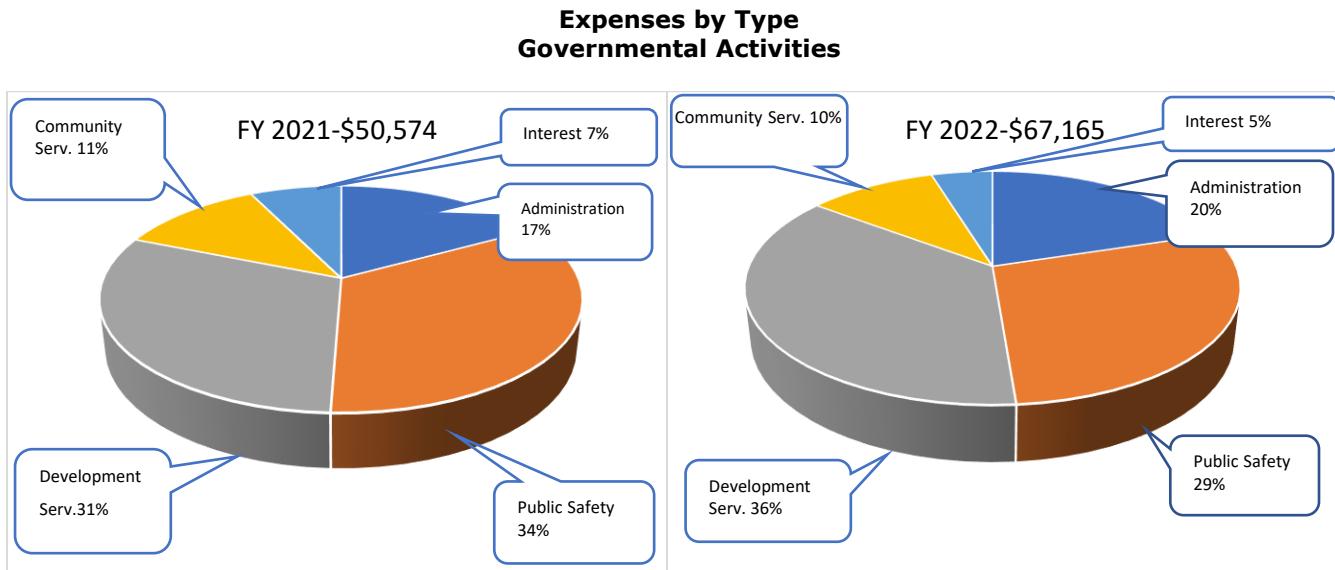
**Town of Prosper's Changes in Net Position
Government-Wide**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 18,937	\$ 19,857	\$ 32,492	\$ 26,667	\$ 51,429	\$ 46,524
Operating grants & contributions	522	2,488	2	8	524	2,496
Capital grants & contributions	46,893	39,618	26,838	31,012	73,731	70,630
General revenues:						
Property taxes	30,713	26,865	-	-	30,713	26,865
Other taxes	18,749	15,918	-	-	18,749	15,918
Other income	413	456	153	560	566	1,016
Total revenues	116,228	105,202	59,485	58,247	175,713	163,449
Expenses:						
Administration	13,552	8,617	-	-	13,552	8,617
Police	8,691	7,198	-	-	8,691	7,198
Fire	10,485	9,771	-	-	10,485	9,771
Development Services	3,543	3,622	-	-	3,543	3,622
Public Works	18,904	9,924	-	-	18,904	9,924
Community Services	6,733	5,852	-	-	6,733	5,852
Engineering	2,058	1,899	-	-	2,058	1,899
Interest on long-term debt	3,199	3,691	-	-	3,199	3,691
Utility	-	-	30,989	27,480	30,989	27,480
Total expenses	67,165	50,574	30,989	27,480	98,153	78,054
Revenues in Excess of Expenses	49,063	54,629	28,497	30,766	77,560	85,395
Transfers	569	892	(569)	(892)	-	-
Special item	-	1,500	-	-	-	1,500
Change in net position	49,632	57,021	27,927	29,874	77,560	86,895
Net position - beginning of year	251,245	193,763	171,977	142,564	423,221	336,327
Prior period adjustment	(326)	461	-	(461)	(326)	-
Net position - end of year	\$ 300,551	\$ 251,245	\$ 199,904	\$ 171,977	\$ 500,455	\$ 423,222

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

Total Town program revenues excluding grant and capital contributions for FY 2022 increased by \$4,905, or 1% to \$51,429 in comparison to the prior year. Given the rapid growth of the Town, Developer contributions of infrastructure will continue to be a major factor in increases of Net Position. FY 2022 grant and capital contributions of \$74,255 were only slightly higher (2%) than FY 2021 amount of \$73,126. These developer and grant contributions can fluctuate significantly from year to year dependent on particular projects or subdivisions that are completed during the year.

Governmental Activities



Governmental activities increased the Town's net position by \$49,632. The following factors contributed to this change:

- Property and sales taxes increased by \$6,678 (16%) primarily due to increases in the Town's property tax base and economic development within the Town.
- Capital grants and contributions increased by \$5,309 (13%) primarily due to continued Town growth and increased developer contributions.
- Total governmental activity expenses increased by \$16,591 (33%) during the year due both to the overall growth that the Town has experienced combined with two large payments totaling \$8,976 obligated under developer agreements. The largest functional areas affected by this growth were Police (\$1,493), Fire (\$714), and Public Works (\$8,980).
- Development Service expense decreased during the year due to payment to developers under existing development agreements.

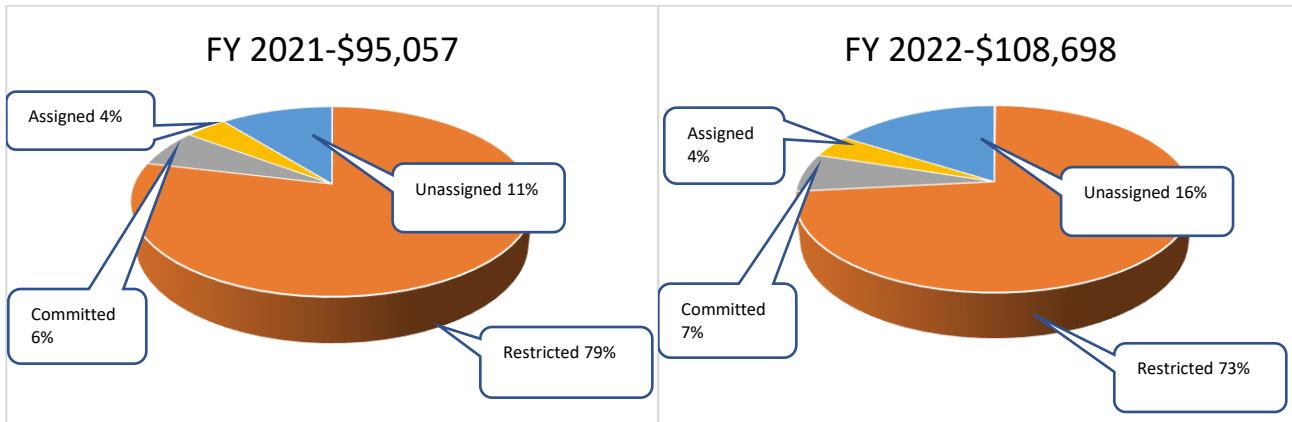
Business-Type Activities

Business-type activities increased the Town's net position by \$27,927. The following factors contributed to this change:

- Operating revenue increased by \$5,825 (22%) from the previous year due to an increase in water and sewer charges for service and increases in usage.
- Operating expenses increased by \$3,509 (13%) from the previous year due to an increase in contractual services mainly due to increases in usage.

FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS

**Fund Balance by Type
Governmental Funds**



The Chart above illustrates the significant differences between the Government-Wide Economic Resources measurement focus and the Governmental Fund's Flow of Current Financial Resource measurement focus. In the Entity-Wide statements the Town is reporting 1% of total Net Position as restricted whereas in the Governmental Funds, the Town is reporting 73% restricted fund balance. This is because in the Governmental Funds, long-term liabilities are not recorded and as a result all restricted bond proceeds remaining unspent flow into fund balance. In the Entity -Wide restricted cash and investments are offset by outstanding debt and do not increase Net Position.

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

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$108,698, an increase of \$13,641 from the prior year. Most of the increase is due to continued revenue growth as the majority of the increase occurred in the unassigned category. Of the current combined ending fund balance, \$112 is nonspendable due to prepaids and inventory, \$89,772 is restricted for debt service, capital projects, police, fire, grants, parks, courts, and other, \$7,207 is committed for contingency in accordance with the Town charter, \$4,328 was assigned for next year's budget, and \$7,279 is unassigned.

Only the General Fund as the chief operating fund of the Town can have unassigned fund balance which represents 20% of total General Fund expenditures. The decrease in unassigned fund balance of \$991 is primarily due to strong growth in commercial and residential building permits and sales tax receipts combined with modest underspending of appropriations.

The Impact Fee Fund has a total fund balance of \$6,494; which is restricted for capital projects. The decrease in fund balance of \$4,184 is due to reimbursement of impact fees to developers for projects completed or use of those fees for Town managed projects.

The Debt Service Fund has a total fund balance of \$683; all of which is restricted for payment of debt service. The decrease in fund balance of \$1,957 is primarily due to a decision to use fund balance for the redemption of debt combined with Senate Bill 2 requirements that force governments to include excess collections from the previous year when calculating the needed debt service tax rate for the upcoming year resulting in overall smaller fund balances going forward.

The ARPA fund has a total fund balance of \$27; all of which is restricted for Grants. Fund balance increased due to interest earned on grant funds received in advance.

The Capital Projects Fund has a total fund balance of \$77,610; all of which is restricted for construction. The increase in fund balance of \$22,198 is due to the Town's 2022 debt issuance partially offset by the spending of previous year's balances.

Proprietary funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$20,204. The increase in total net position of the Water and Sewer Fund was \$22,551 due to both customer growth and a relatively hot summer. Water and Sewer Utilities are extremely capital intensive and as a result utility expenses tend to be more "fixed" than utility revenues. Unrestricted net position for the Stormwater Drainage Utility Fund at the end of the year amounted to \$132. The increase in total net position of the Stormwater Drainage Utility Fund was \$5,377 as the Town continues to invest in its stormwater infrastructure. The factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget – During the year amendments to increase original revenue resulted from strong economic growth in the categories of sales tax, franchise fees, and licenses & permits. Other budget amendments include increase budgeted expenditures in Administration, Fire, Development Services, and Public works functions. Expenditures increased for the mid-year hiring of personnel and capital project priorities.

Final budget compared to actual results – During the year, revenues were \$1,823 (4.7%) more than estimated and expenditures were \$3,012 (7.7%) less than budgeted. The majority of the excess revenues arose from license and permit and sales taxes. Budgetary expenditure savings was primarily from rolling over expenditures in Police, Development Services, Engineering 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 to maintain minimal fund balance.

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, 2022 is \$550,128 (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 \$70,067. These acquisitions are a combination of bond funded construction combined with developer contributions and was for streets, parks, and related infrastructure.
- Capital asset additions in business-type activities totaled \$15,866. This activity was also funded from bond proceeds and developer contributions and was for new water and sewer projects.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Government-wide capital assets:						
Non-depreciable assets	\$ 104,527	\$ 78,823	\$ 8,321	\$ 28,294	\$ 112,849	\$ 107,117
Depreciable assets	318,341	274,363	217,949	182,110	536,290	456,473
Right to use assets	385	-	-	-	385	-
Total capital assets	423,253	353,186	226,270	210,404	649,523	563,590
Less: accumulated depreciation	(70,097)	(59,494)	(29,299)	(29,299)	(99,395)	(88,793)
Government-wide capital assets, net	\$ 353,156	\$ 293,692	\$ 196,972	\$ 181,106	\$ 550,128	\$ 474,797

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 \$200,126. 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	
	2022	2021	2022	2021	2022	2021
Government-wide long-term liabilities:						
Certificates of obligation and general obligation bonds	\$ 150,745	\$ 127,636	\$ 29,296	\$ 34,808	\$ 180,041	\$ 162,444
Bonds premium on issuance	12,790	11,588	1,754	2,281	14,544	13,869
Compensated absences payable	2,389	2,001	289	233	2,678	2,234
Lease payable	387	-	-	-	387	-
Net pension liability	2,200	3,181	277	495	2,476	3,676
Total government-wide long-term liabilities	\$ 168,511	\$ 144,405	\$ 31,616	\$ 37,818	\$ 200,126	\$ 182,223

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 grow rapidly, with residential and commercial development occurring at the highest levels the Town has ever seen. Prosper's location on the growth path of the Dallas/Fort Worth Metroplex as successful developments in Frisco and Plano to the south continue to expand northward has been a major factor. The FY 2022-2023 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 was created for the first time at 11.2 cents of the total 51 cent levy. This capital dedicated levy is intended to quickly address capital needs while also managing the Town's overall debt levels.

Highlights of the Fiscal Year 2022-2023 budget:

- A total of 34.5 positions were added including the staffing needed for the opening of a third fire station in spring 2023.
- Property values increased by \$1.2 billion from total taxable of \$5.4 billion to \$6.6 billion. This increase included \$600 million of new construction.
- General capital projects budgeted for the year were \$47,147.
- Water and sewer capital projects totaled \$19,050.

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 can be obtained by calling (972) 346-2640 or by contacting us at www.prospertx.gov.



BASIC FINANCIAL STATEMENTS

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Prosper EDC
ASSETS				
Cash and cash equivalents	\$ 17,067,575	\$ 5,769,001	\$ 22,836,576	\$ 12,702,609
Investments	17,024,163	5,326,521	22,350,684	489,417
Taxes receivable, net	3,118,341	-	3,118,341	780,953
Receivables, net	1,197,456	4,309,622	5,507,078	-
Accrued interest	88,144	43,797	131,941	1,240
Inventory	54,319	874,962	929,281	-
Prepays	57,813	-	57,813	-
Restricted assets:				
Restricted cash	66,800,060	11,009,927	77,809,987	-
Restricted investments	28,826,411	10,125,675	38,952,086	-
Capital assets not being depreciated/amortized:				
Land	58,987,653	1,883,521	60,871,174	2,378,985
Construction in progress	45,539,821	6,437,727	51,977,548	-
Capital assets net of accumulated depreciation/amortization:				
Buildings and improvements	58,242,879	104,258	58,347,137	-
Equipment	12,376,384	1,064,041	13,440,425	-
Right to use assets	384,995	-	384,995	-
Intangible assets	-	13,858,411	13,858,411	-
Infrastructure	177,624,514	173,623,618	351,248,132	-
Total Assets	<u>487,390,528</u>	<u>234,431,081</u>	<u>721,821,609</u>	<u>16,353,204</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	696,392	158,067	854,459	-
Pension related	<u>3,356,412</u>	<u>422,043</u>	<u>3,778,455</u>	<u>54,816</u>
Total Deferred Outflows OF Resources	<u>4,052,804</u>	<u>580,110</u>	<u>4,632,914</u>	<u>54,816</u>

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Prosper EDC
LIABILITIES				
Accounts payable	\$ 6,374,683	\$ 2,536,922	\$ 8,911,605	\$ 30,194
Accrued expenses	1,101,183	-	1,101,183	-
Retainage payable	367,380	44,710	412,090	-
Accrued interest payable	557,064	148,132	705,196	-
Unearned revenue	6,102,367	-	6,102,367	-
Customer deposits and escrow payable	6,164,869	123,000	6,287,869	-
Noncurrent liabilities:				
Due within one year				
Long-term debt	7,889,418	2,398,299	10,287,717	11,466
Due in more than one year				
Long-term debt	158,421,414	28,940,614	187,362,028	34,397
Net pension liability	2,199,801	276,608	2,476,409	35,926
Total Liabilities	<u>189,178,179</u>	<u>34,468,285</u>	<u>223,646,464</u>	<u>111,983</u>
DEFERRED INFLOWS OF RESOURCES				
Lease related	38,812	428,059	466,871	-
Pension related	<u>1,675,471</u>	<u>210,678</u>	<u>1,886,149</u>	<u>27,364</u>
Total Deferred Inflows of Resources	<u>1,714,283</u>	<u>638,737</u>	<u>2,353,020</u>	<u>27,364</u>
NET POSITION				
Net investment in capital assets	268,677,174	179,568,299	448,245,473	2,378,985
Restricted for:				
Debt service	178,689	-	178,689	-
Courts	49,085	-	49,085	-
Fire	495,562	-	495,562	-
Police	643,356	-	643,356	-
Grants	26,613	-	26,613	-
Parks	2,140,734	-	2,140,734	-
Other	211,875	-	211,875	-
Economic development	-	-	-	13,889,688
Unrestricted	<u>28,127,782</u>	<u>20,335,870</u>	<u>48,463,652</u>	<u>-</u>
Total Net Position	<u>\$ 300,550,870</u>	<u>\$ 199,904,169</u>	<u>\$ 500,455,039</u>	<u>\$ 16,268,673</u>

TOWN OF PROSPER, TEXAS

STATEMENT OF ACTIVITES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Administration	\$ 13,551,786	\$ 1,524,718	\$ 173,935	\$ -	
Police	8,690,880	72,882	39,997	-	
Fire & EMS	10,484,800	1,486,623	234,122	-	
Development Services	3,542,897	5,294,794	-	-	
Public Works	18,904,301	10,011,309	3,774	45,682,951	
Community Services	6,732,589	546,183	70,240	1,210,061	
Engineering	2,058,415	-	-	-	
Interest and fiscal charges	3,198,869	-	-	-	
Total governmental activities	<u>67,164,537</u>	<u>18,936,509</u>	<u>522,068</u>	<u>46,893,012</u>	
Business-type activities:					
Water and sewer	29,008,614	31,676,627	1,546	20,189,295	
Storm drainage	1,979,909	815,512	-	6,648,935	
Total business-type activities	<u>30,988,523</u>	<u>32,492,139</u>	<u>1,546</u>	<u>26,838,230</u>	
Total Primary Government	<u>\$ 98,153,060</u>	<u>\$ 51,428,648</u>	<u>\$ 523,614</u>	<u>\$ 73,731,242</u>	
Component unit:					
Prosper Economic Development	\$ 983,297	\$ -	\$ -	\$ -	
General Revenues:					
Property taxes					
Sales and use taxes					
Franchise fees					
Unrestricted investment earnings (losses)					
Miscellaneous revenue					
Transfers					
Total general revenues and transfers					
Change in Net Position					
Net Position - Beginning					
Prior Period Adjustment					
Net Position - Ending					

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Prosper Economic Development
Governmental Activities	Business-Type Activities	Total	
\$(11,853,133)	\$ -	\$(11,853,133)	\$ -
(8,578,001)	-	(8,578,001)	-
(8,764,055)	-	(8,764,055)	-
1,751,897	-	1,751,897	-
36,793,733	-	36,793,733	-
(4,906,105)	-	(4,906,105)	-
(2,058,415)	-	(2,058,415)	-
<u>(3,198,869)</u>	<u>-</u>	<u>(3,198,869)</u>	<u>-</u>
<u>(812,948)</u>	<u>-</u>	<u>(812,948)</u>	<u>-</u>
	22,858,854		
-	<u>5,484,538</u>	<u>5,484,538</u>	<u>-</u>
-	<u>28,343,392</u>	<u>28,343,392</u>	<u>-</u>
<u>\$(812,948)</u>	<u>\$ 28,343,392</u>	<u>\$ 27,530,444</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$(983,297)
30,713,400	-	30,713,400	-
16,322,705	-	16,322,705	4,435,924
2,426,659	-	2,426,659	-
(99,766)	(138,084)	(237,850)	89,840
512,977	291,205	804,182	13,351
<u>569,065</u>	<u>(569,065)</u>	<u>-</u>	<u>-</u>
<u>50,445,040</u>	<u>(415,944)</u>	<u>50,029,096</u>	<u>4,539,115</u>
49,632,092	<u>27,927,448</u>	<u>77,559,540</u>	<u>3,555,818</u>
<u>251,244,742</u>	<u>171,976,721</u>	<u>423,221,463</u>	<u>12,712,855</u>
<u>(325,964)</u>	<u>-</u>	<u>(325,964)</u>	<u>-</u>
<u>\$ 300,550,870</u>	<u>\$ 199,904,169</u>	<u>\$ 500,455,039</u>	<u>\$ 16,268,673</u>

TOWN OF PROSPER, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	General	Impact Fees	Debt Service
ASSETS			
Cash and cash equivalents	\$ 4,476,912	\$ 4,701,028	\$ 336,592
Investments	14,497,896	4,667,203	334,169
Taxes receivable (net)	1,865,977	-	78,059
Accounts receivable (net)	1,110,645	-	-
Accrued interest	28,005	14,306	989
Due from other funds	-	-	-
Inventory	54,319	-	-
Prepaid items	57,813	-	-
Total assets	<u>22,091,567</u>	<u>9,382,537</u>	<u>749,809</u>
LIABILITIES			
Accounts payable	1,514,060	2,888,050	14,056
Accrued expenses	934,684	-	-
Unearned revenue	-	-	-
Retainage payable	51,418	-	-
Escrow payable	-	-	-
Due to other funds	25,991	-	-
Total liabilities	<u>2,526,153</u>	<u>2,888,050</u>	<u>14,056</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related	38,812	-	-
Unavailable revenue:			
Property taxes	120,521	-	52,396
Fines and fees	38,232	-	-
EMS	369,088	-	-
Grants	72,842	-	-
Total deferred inflows of resources	<u>639,495</u>	<u>-</u>	<u>52,396</u>
FUND BALANCES			
Nonspendable for:			
Inventory	54,319	-	-
Prepaid items	57,813	-	-
Restricted for:			
Debt service	-	-	683,357
Capital projects	-	6,494,487	-
Courts	-	-	-
Police	-	-	-
Fire	-	-	-
Grants	-	-	-
Parks	-	-	-
Other	-	-	-
Committed for:			
Contingency reserve	7,207,110	-	-
Assigned for:			
Next year's budget: appropriation of fund balance	4,328,103	-	-
Unassigned	7,278,574	-	-
Total fund balances	<u>18,925,919</u>	<u>6,494,487</u>	<u>683,357</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,091,567</u>	<u>\$ 9,382,537</u>	<u>\$ 749,809</u>

Capital Projects	Escrow	ARPA	Nonmajor Governmental	Total Governmental Funds
\$ 63,574,472	\$ 3,168,522	\$ 3,040,133	\$ 1,991,399	\$ 81,289,058
15,539,746	3,219,294	3,088,847	1,977,152	43,324,307
-	-	-	1,174,305	3,118,341
-	-	-	16,878	1,127,523
31,299	-	-	6,065	80,664
25,991	-	-	-	25,991
-	-	-	-	54,319
-	-	-	-	57,813
<u>79,171,508</u>	<u>6,387,816</u>	<u>6,128,980</u>	<u>5,165,799</u>	<u>129,078,016</u>
 1,245,844	 222,947	 -	 41,333	 5,926,290
-	-	-	166,499	1,101,183
-	-	6,102,367	-	6,102,367
315,962	-	-	-	367,380
-	6,164,869	-	-	6,164,869
-	-	-	-	25,991
<u>1,561,806</u>	<u>6,387,816</u>	<u>6,102,367</u>	<u>207,832</u>	<u>19,688,080</u>
 -	 -	 -	 -	 38,812
-	-	-	-	172,917
-	-	-	-	38,232
-	-	-	-	369,088
-	-	-	-	72,842
-	-	-	-	691,891
 -	 -	 -	 -	 54,319
-	-	-	-	57,813
 77,609,702	 -	 -	 -	 683,357
-	-	-	1,417,355	85,521,544
-	-	-	49,085	49,085
-	-	-	643,356	643,356
-	-	-	495,562	495,562
-	-	26,613	-	26,613
-	-	-	2,140,734	2,140,734
-	-	-	211,875	211,875
-	-	-	-	7,207,110
-	-	-	-	4,328,103
-	-	-	-	7,278,574
<u>77,609,702</u>	<u>-</u>	<u>26,613</u>	<u>4,957,967</u>	<u>108,698,045</u>
 \$ 79,171,508	 \$ 6,387,816	 \$ 6,128,980	 \$ 5,165,799	 \$ 129,078,016

TOWN OF PROSPER, TEXAS

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

SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds	\$ 108,698,045
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.	349,637,132
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.	(153,520,546)
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.	(557,064)
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	(12,790,286)
Deferred loss	696,392
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.	653,079
Included in the items related to debt is the recognition of the Town's proportionate share of the net pension liability and related deferred outflows and inflows of resources. The net effect is to decrease net position.	
Net pension liability	(2,199,801)
Deferred outflows related to pensions	3,356,412
Deferred inflows related to pensions	(1,675,471)
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>8,252,978</u>
Net Position of Governmental Activities	<u>\$ 300,550,870</u>



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TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General	Impact Fees	Debt Service
REVENUES			
Taxes:			
Property	\$ 19,197,205	\$ -	\$ 10,608,201
Sales	9,614,772	-	-
Franchise fees	2,426,659	-	-
Licenses and permits	6,678,637	-	-
Charges for services	1,079,729	-	-
Impact fees	-	7,223,680	-
Grants	436,375	-	-
Investment income (loss)	(63,870)	(33,514)	8,605
Fines, fees, warrants, and seizures	254,491	-	-
Park fees	593,206	-	-
Contributions	-	-	-
Miscellaneous	488,437	-	-
Total Revenues	<u>40,705,641</u>	<u>7,190,166</u>	<u>10,616,806</u>
EXPENDITURES			
Current:			
Administration	7,633,199	-	-
Police	5,884,204	-	-
Fire	8,077,706	-	-
Development Services	3,584,609	-	-
Public Works	3,376,912	9,194,491	-
Community Services	5,317,888	-	-
Engineering	2,094,637	-	-
Capital outlay	-	-	-
Debt service:			
Principal	66,395	-	8,491,423
Interest and fiscal charges	-	-	4,493,389
Bond issue costs and fees	-	-	17,306
Total Expenditures	<u>36,035,550</u>	<u>9,194,491</u>	<u>13,002,118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,670,091	(2,004,325)	(2,385,312)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Premium on issuance of bonds	-	-	-
Issuance of leases	453,788	-	-
Insurance proceeds	21,813	-	-
Transfers in	1,000,680	-	428,581
Transfers out	(7,137,196)	(2,180,000)	-
Total Other Financing Sources (Uses)	<u>(5,660,915)</u>	<u>(2,180,000)</u>	<u>428,581</u>
NET CHANGE IN FUND BALANCE	(990,824)	(4,184,325)	(1,956,731)
FUND BALANCES - BEGINNING	20,242,707	10,678,812	2,640,088
PRIOR PERIOD ADJUSTMENT	<u>(325,964)</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 18,925,919</u>	<u>\$ 6,494,487</u>	<u>\$ 683,357</u>

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

Capital Projects	Escrow	ARPA	Nonmajor Governmental	Governmental Funds
\$ -	\$ -	\$ -	\$ 941,715	\$ 30,747,121
			6,707,933	16,322,705
			-	2,426,659
			-	6,678,637
			-	1,079,729
			2,784,379	10,008,059
			5,415	441,790
2,371	-	23,468	(13,232)	(76,172)
		-	14,318	268,809
		-	-	593,206
		-	1,298,232	1,298,232
		-	2,997	491,434
<u>2,371</u>	<u>-</u>	<u>23,468</u>	<u>11,741,757</u>	<u>70,280,209</u>
			5,508,974	13,142,173
			2,525,655	8,409,859
			2,507,170	10,584,876
			-	3,584,609
			-	12,571,403
			1,955,663	7,273,551
			-	2,094,637
20,303,796	-	-	-	20,303,796
			-	
			-	8,557,818
			-	4,493,389
<u>299,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,666</u>
<u>20,603,156</u>	<u>-</u>	<u>-</u>	<u>12,497,462</u>	<u>91,332,777</u>
(20,600,785)	-	23,468	(755,705)	(21,052,568)
31,600,000	-	-	-	31,600,000
2,375,352	-	-	-	2,375,352
-	-	-	-	453,788
-	-	-	-	21,813
8,823,400	-	-	-	10,252,661
-	-	-	(366,400)	(9,683,596)
<u>42,798,752</u>	<u>-</u>	<u>-</u>	<u>(366,400)</u>	<u>35,020,018</u>
22,197,967	-	23,468	(1,122,105)	13,967,450
55,411,735	-	3,145	6,080,072	95,056,559
-	-	-	-	(325,964)
<u>\$ 77,609,702</u>	<u>\$ -</u>	<u>\$ 26,613</u>	<u>\$ 4,957,967</u>	<u>\$ 108,698,045</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net Changes in Fund Balances - Governmental Funds	\$ 13,967,450
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay	23,678,361
Depreciation expense	(10,032,686)
Loss on sale of assets	(26,669)

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.

45,682,951

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

Issuance of debt	(31,600,000)
Issuance of lease	(453,788)
Repayment of principal of long-term debt	9,664,081
Amortization of:	
Premium on bond issuance	(2,375,352)
Loss on refunding	(61,868)

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

Compensated absences	(387,534)
Net pension liability	377,097
Leases	66,395

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.

500,396

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.

367,073

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

266,185

Change in Net Position of Governmental Activities

\$ 49,632,092

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property	\$ 19,266,473	\$ 19,320,044	\$ 19,197,205	\$(122,839)
Sales	8,077,237	9,226,963	9,614,772	387,809
Franchise	1,997,889	2,289,984	2,426,659	136,675
Licenses and permits	5,068,480	5,711,005	6,678,637	967,632
Charges for services	583,724	915,323	1,079,729	164,406
Grants	232,914	216,419	436,375	219,956
Investment income (loss)	70,000	90,000	(63,870)	(153,870)
Fines, fees, warrants and seizures	325,500	250,000	254,491	4,491
Park fees	377,500	456,750	593,206	136,456
Miscellaneous	<u>171,849</u>	<u>406,540</u>	<u>488,437</u>	<u>81,897</u>
Total revenues	<u>36,171,566</u>	<u>38,883,028</u>	<u>40,705,641</u>	<u>1,822,613</u>
EXPENDITURES				
Current:				
Administration	7,222,692	7,653,664	7,633,199	20,465
Police	6,520,223	6,408,242	5,884,204	524,038
Fire	7,638,347	8,106,468	8,077,706	28,762
Development Services	4,211,352	4,589,655	3,584,609	1,005,046
Public Works	3,697,980	4,236,318	3,376,912	859,406
Community Services	5,030,735	5,400,696	5,317,888	82,808
Engineering	2,525,692	2,586,572	2,094,637	491,935
Debt service:				
Principal	<u>-</u>	<u>66,395</u>	<u>66,395</u>	<u>-</u>
Total expenditures	<u>36,847,021</u>	<u>39,048,010</u>	<u>36,035,550</u>	<u>3,012,460</u>
Excess (deficiency) of revenues over (under) expenditures	(675,455)	(164,982)	4,670,091	4,835,073
OTHER FINANCING SOURCES (USES)				
Lease proceeds	<u>-</u>	<u>453,788</u>	<u>453,788</u>	<u>-</u>
Insurance proceeds	<u>25,000</u>	<u>25,000</u>	<u>21,813</u>	<u>(3,187)</u>
Transfers in	<u>1,100,514</u>	<u>1,100,514</u>	<u>1,000,680</u>	<u>(99,834)</u>
Transfers out	<u>(4,295,000)</u>	<u>(7,237,030)</u>	<u>(7,137,196)</u>	<u>99,834</u>
Total other financing sources (uses)	<u>(3,169,486)</u>	<u>(5,657,728)</u>	<u>(5,660,915)</u>	<u>(3,187)</u>
CHANGE IN FUND BALANCE	(3,844,941)	(5,822,710)	(990,824)	4,831,886
FUND BALANCE - BEGINNING	<u>20,242,707</u>	<u>20,242,707</u>	<u>20,242,707</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(325,964)</u>	<u>(325,964)</u>
FUND BALANCE - ENDING	<u>\$ 16,397,766</u>	<u>\$ 14,419,997</u>	<u>\$ 18,925,919</u>	<u>\$ 4,505,922</u>

TOWN OF PROSPER, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Enterprise Funds			Governmental Activities
	Water and Sewer	Stormwater Drainage	Total Enterprise	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,704,627	\$ 64,374	\$ 5,769,001	\$ 2,578,577
Investments	5,259,549	66,972	5,326,521	2,526,267
Receivables, net	4,187,632	121,990	4,309,622	69,933
Accrued interest	43,023	774	43,797	7,480
Inventory	<u>874,962</u>	<u>-</u>	<u>874,962</u>	<u>-</u>
Total current assets	<u>16,069,793</u>	<u>254,110</u>	<u>16,323,903</u>	<u>5,182,257</u>
Noncurrent assets:				
Restricted cash and cash equivalents	10,979,076	30,851	11,009,927	-
Restricted investments	10,125,675	-	10,125,675	-
Capital assets:				
Nondepreciable	7,000,551	1,320,697	8,321,248	-
Depreciable, net	<u>137,790,688</u>	<u>50,859,640</u>	<u>188,650,328</u>	<u>3,519,114</u>
Total noncurrent assets	<u>165,895,990</u>	<u>52,211,188</u>	<u>218,107,178</u>	<u>3,519,114</u>
Total assets	<u>181,965,783</u>	<u>52,465,298</u>	<u>234,431,081</u>	<u>8,701,371</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	158,067	-	158,067	-
Deferred outflows related to pensions	<u>403,643</u>	<u>18,400</u>	<u>422,043</u>	<u>-</u>
Total deferred outflows of resources	<u>561,710</u>	<u>18,400</u>	<u>580,110</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	2,437,690	99,232	2,536,922	448,393
Retainage payable	44,710	-	44,710	-
Accrued interest payable	138,910	9,222	148,132	-
Customer deposits and escrow payable	123,000	-	123,000	-
Current portion of long-term liabilities:				
Compensated absences	69,478	2,826	72,304	-
Bonds payable	<u>2,230,995</u>	<u>95,000</u>	<u>2,325,995</u>	<u>-</u>
Total current liabilities	<u>5,044,783</u>	<u>206,280</u>	<u>5,251,063</u>	<u>448,393</u>
Noncurrent liabilities:				
Compensated absences	208,434	8,478	216,912	-
Bonds payable	26,811,975	1,911,727	28,723,702	-
Net pension liability	<u>264,549</u>	<u>12,059</u>	<u>276,608</u>	<u>-</u>
Total noncurrent liabilities	<u>27,284,958</u>	<u>1,932,264</u>	<u>29,217,222</u>	<u>-</u>
Total liabilities	<u>32,329,741</u>	<u>2,138,544</u>	<u>34,468,285</u>	<u>448,393</u>
DEFERRED INFLOWS OF RESOURCES				
Lease related	428,059	-	428,059	-
Deferred inflows - pensions	<u>201,493</u>	<u>9,185</u>	<u>210,678</u>	<u>-</u>
Total deferred inflows of resources	<u>629,552</u>	<u>9,185</u>	<u>638,737</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	129,363,838	50,204,461	179,568,299	3,519,114
Unrestricted	<u>20,204,362</u>	<u>131,508</u>	<u>20,335,870</u>	<u>4,733,864</u>
Total net position	<u>\$ 149,568,200</u>	<u>\$ 50,335,969</u>	<u>\$ 199,904,169</u>	<u>\$ 8,252,978</u>

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

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Funds			Governmental Activities
	Water and Sewer	Stormwater Drainage	Total Enterprise	Internal Service Funds
OPERATING REVENUES				
Charges for services:				
Water and sewer charges	\$ 27,918,349	\$ -	\$ 27,918,349	\$ -
Sanitation charges	2,178,358	- -	2,178,358	- -
Storm drainage utility fees	- -	815,512	815,512	- -
Water and sewer connections	1,449,285	- -	1,449,285	- -
Service initiation	130,635	- -	130,635	- -
Health charges	- -	- -	- -	3,913,424
Equipment replacement	- -	- -	- -	1,170,198
Miscellaneous	291,205	- -	291,205	191,013
Total operating revenues	<u>31,967,832</u>	<u>815,512</u>	<u>32,783,344</u>	<u>5,274,635</u>
OPERATING EXPENSES				
Personnel services	3,658,337	143,714	3,802,051	- -
Materials and supplies	1,290,525	28,039	1,318,564	131,925
Contractual services	7,225,119	- -	7,225,119	146,910
Water purchases	9,379,652	- -	9,379,652	- -
Employee health insurance	- -	- -	- -	3,961,121
Other operating costs	2,010,571	48,714	2,059,285	5,350
Depreciation and amortization	4,020,695	1,699,473	5,720,168	638,662
Total operating costs	<u>27,584,899</u>	<u>1,919,940</u>	<u>29,504,839</u>	<u>4,883,968</u>
Operating income (loss)	<u>4,382,933</u>	<u>(1,104,428)</u>	<u>3,278,505</u>	<u>390,667</u>
NON-OPERATING REVENUES (EXPENSES)				
Grants	1,546	- -	1,546	- -
Investment income	(141,862)	3,778	(138,084)	(23,594)
Interest expense	(763,758)	(59,969)	(823,727)	- -
Developer payments	(659,282)	- -	(659,282)	- -
Bond fees	(675)	- -	(675)	- -
Total non-operating revenues (expenses)	<u>(1,564,031)</u>	<u>(56,191)</u>	<u>(1,620,222)</u>	<u>(23,594)</u>
Income (loss) before contributions and transfers	<u>2,818,902</u>	<u>(1,160,619)</u>	<u>1,658,283</u>	<u>367,073</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	13,242,547	6,648,935	19,891,482	- -
Capital contributions - impact fees	6,946,748	- -	6,946,748	- -
Transfers in	543,114	431,615	974,729	- -
Transfers out	(1,000,680)	(543,114)	(1,543,794)	- -
Total contributions and transfers	<u>19,731,729</u>	<u>6,537,436</u>	<u>26,269,165</u>	<u>- -</u>
CHANGE IN NET POSITION				
	22,550,631	5,376,817	27,927,448	367,073
NET POSITION - BEGINNING				
	<u>127,017,569</u>	<u>44,959,152</u>	<u>171,976,721</u>	<u>7,885,905</u>
NET POSITION - END OF YEAR				
	<u>\$ 149,568,200</u>	<u>\$ 50,335,969</u>	<u>\$ 199,904,169</u>	<u>\$ 8,252,978</u>

TOWN OF PROSPER, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Funds			Governmental Activities	
	Water and Sewer	Stormwater Drainage	Total Enterprise	Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 31,653,827	\$ 801,919	\$ 32,455,746	\$ 5,244,268	
Cash payment to suppliers for goods and services	(20,443,676)	11,543	(20,432,133)	(137,275)	
Cash payments for health expense	-	-	-	(3,969,542)	
Cash payments to employees for services	(3,827,830)	(162,030)	(3,989,860)	-	
Net cash provided by operating activities	<u>7,382,321</u>	<u>651,432</u>	<u>8,033,753</u>	<u>1,137,451</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from other governments	1,546	-	1,546	-	
Transfers to other funds	(1,000,680)	(543,114)	(1,543,794)	-	
Transfers from other funds	<u>543,114</u>	<u>431,615</u>	<u>974,729</u>	-	
Net cash used by noncapital financing activities	<u>(456,020)</u>	<u>(111,499)</u>	<u>(567,519)</u>	-	
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Principal paid on bonds	(5,282,427)	(421,150)	(5,703,577)	-	
Acquisition and construction of capital assets	(1,460,729)	(698,930)	(2,159,659)	(972,982)	
Proceeds from sale of capital assets	-	-	-	25,186	
Interest paid on bonds	(1,070,973)	(72,489)	(1,143,462)	-	
Developer payments	(659,283)	-	(659,283)	-	
Impact fees received	<u>6,946,748</u>	-	<u>6,946,748</u>	-	
Net cash used by capital and related financing activities	<u>(1,526,664)</u>	<u>(1,192,569)</u>	<u>(2,719,233)</u>	<u>(947,796)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment sales	326,970	366,700	693,670	509,032	
Interest on deposits and investments	(299,188)	7,556	(291,632)	(72,973)	
Net cash provided by investing activities	<u>27,782</u>	<u>374,256</u>	<u>402,038</u>	<u>436,059</u>	
Net (decrease) increase in cash and cash equivalents	5,427,419	(278,380)	5,149,039	625,714	
Cash and cash equivalents at beginning of year	<u>11,256,284</u>	<u>373,605</u>	<u>11,629,889</u>	<u>1,952,863</u>	
Cash and cash equivalents at end of year	<u>16,683,703</u>	<u>95,225</u>	<u>16,778,928</u>	<u>2,578,577</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 4,382,933	\$(1,104,428)	\$ 3,278,505	\$ 390,667	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	4,020,695	1,699,473	5,720,168	638,662	
Decrease (increase) in accounts receivable	(745,064)	(13,593)	(758,657)	(30,367)	
Decrease (increase) in inventory	25,504	-	25,504		
Decrease (increase) in prepaid	266	-	266	-	
Increase (decrease) in deferred outflows related to pensions	22,210	4,729	26,939	-	
Increase (decrease) in accounts payable	(563,579)	88,296	(475,283)	138,489	
Increase (decrease) in accrued liabilities	(157,111)	(12,604)	(169,715)		
Increase (decrease) in net pension liability	(205,339)	(13,462)	(218,801)	-	
Increase (decrease) in deferred inflows	541,229	4,388	545,617	-	
Increase (decrease) in compensated absences	57,577	(1,367)	56,210	-	
Increase (decrease) in customer deposits	3,000	-	3,000	-	
Net cash provided by operating activities	<u>\$ 7,382,321</u>	<u>\$ 651,432</u>	<u>\$ 8,033,753</u>	<u>\$ 1,137,451</u>	
SCHEDULE OF NON-CASH CAPITAL ACTIVITIES					
Contributions of capital assets	\$ 13,242,547	\$ 6,648,935	\$ 19,891,482	\$ -	

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

TOWN OF PROSPER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

On May 5, 2018, eligible voters approved for a five year term, the adoption of the Crime Control and Fire Prevention District sales and use tax at the 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 **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, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category:

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 this category:

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual economic experience for the Town's pension – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Deferred inflows related to leases, which 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, equipment, and right to use assets of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Type	Number of Years
Buildings	20 - 30
System infrastructure	15 - 45
Street infrastructure	25 - 30
Equipment	5 - 10
Vehicles	4 - 7
Right to use assets	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

The Town is a lessee for a noncancelable lease of equipment. 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, 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 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 lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its 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 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 noncancelable 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 noncancelable 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. 87, Leases, was adopted effective October 1, 2021. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases 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, deferred inflows 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 1/4 cents reserved for the state and up to 2 cents available for local government. Currently three Prosper entities collect sales tax. The town collects 1 1/2 cents which includes the 1 cent municipal levy and a 1/2 cent 4B economic development levy provided to Prosper EDC. In addition, an election in May 2018 created two Special Purpose Districts (SPD) Prosper Crime Control and Prosper Fire Prevention and EMS District each having a 1/4 cent levy for a total local levy of 2 cents. The two SPD's had original 5-year terms and the Town Council has called an election for May 2023 to renew both levies for an additional 20 years.

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. 91, Conduit Debt Obligations - The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement No. 96, Subscription-Based Information Technology Arrangements – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. GASB 96 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement 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.

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 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) as established by the Governmental Accounting Standards Board (GASB). 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, Stormwater Drainage Fund, and Internal Service Funds).

Budgetary comparison schedules are presented as required supplementary information 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.

The budgetary comparison schedules included in the required supplementary information present a comparison of budgetary data to actual results of operations for the General Fund and Impact Fees. A comparison of budgetary data to actual results of operations for the Debt Service Fund is 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, 2022 exceeded the value of all deposits.

At September 30, 2022, the carrying amount of the Town's deposits was \$53,906,411, and the respective bank balances totaled \$53,912,027. The Towns' cash on hand totaled \$2,940.

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, 2022, were:

	Carrying Value	Weighted Average Maturity (days)
Investment type:		
Certificates of deposit	\$ 39,583,557	208
U.S. Treasury Notes	<u>22,208,630</u>	561
Total	<u>\$ 61,792,187</u>	
Portfolio weight average to maturity		335

Of the treasury notes disclosed above, \$489,417 belongs to Prosper Economic Development. The Town also has investments in government pools at September 30, 2022, totaling \$21,719,213, which are recorded at amortized cost.

Under the Texas Local Government Investment Pool ("TexPool") Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. 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 AAA by Standard and Poor's and carries a weighted average maturity of 25 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 AAA by Standard and Poor's and carries a weighted average maturity of 12 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 AAA 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, 2022, 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	39,583,557	64.06%
U.S. Treasury Notes	22,208,630	35.94%
Total Securities	\$ 61,792,187	100.00%

Of the U.S. Treasury Notes disclosed above, \$489,417 belongs to Prosper Economic Development.

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, 2022:

	Fair Value Measurements Using Level 1	
	Fair value as of 9/30/2022	
Investments by fair value level		
U.S. Treasury Notes	\$ 22,208,630	\$ 22,208,630
Total investments by fair value level	\$ 22,208,630	\$ 22,208,630

All of the Town's fair value investments were valued using significant observable inputs other than quoted market prices for similar assets of the U.S. Treasury Notes disclosed above. Of the total investments, \$489,417 belongs to Prosper Economic Development.

V. RECEIVABLES

The Town's receivables as of September 30, 2022 consisted of the following:

	Governmental Activities						Total
	General Fund	Impact Fees Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Nonmajor Governmental Funds	
Property taxes	\$ 176,326	\$ -	\$ 79,652	\$ -	\$ -	\$ -	\$ 255,978
Sales tax	1,665,345	-	-	-	-	1,174,305	2,839,650
Interest	28,005	14,306	989	31,299	7,480	6,065	88,144
Grants	95,529	-	-	-	-	-	95,529
Lease receivable	39,312	-	-	-	-	-	39,312
Franchise fees	470,623	-	-	-	-	-	470,623
Municipal court	382,331	-	-	-	-	-	382,331
Ambulance	1,099,740	-	-	-	-	-	1,099,740
Other receivables	80,491	-	-	-	69,933	16,878	167,302
Gross receivables	4,037,702	14,306	80,641	31,299	77,413	1,197,248	5,438,609
Less: allowance for uncollectible accounts	(1,033,075)	-	(1,593)	-	-	-	(1,034,668)
Net receivables	\$ 3,004,627	\$ 14,306	\$ 79,048	\$ 31,299	\$ 77,413	\$ 1,197,248	\$ 4,403,941
Business-type Activities							
	Water and Sewer Fund	Stormwater Drainage Fund	Internal Service Funds		Total		
Utility bills	\$ 4,627,907	\$ 121,990	\$ 69,933	\$ 4,819,830			
Interest	43,023	774	7,480	51,277			
Gross receivables	4,670,930	122,764	77,413	4,871,107			
Less: allowance for uncollectible	(440,275)	-	-	(440,275)			
Net receivables	\$ 4,230,655	\$ 122,764	\$ 77,413	\$ 4,430,832			

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated/amortized:					
Land	\$ 30,775,990	\$ 27,826,575	\$ -	\$ 385,088	\$ 58,987,653
Construction in progress	<u>48,046,735</u>	<u>20,041,356</u>	<u>(26,669)</u>	<u>(22,521,601)</u>	<u>45,539,821</u>
Total capital assets not being depreciated/amortized	<u>78,822,725</u>	<u>47,867,931</u>	<u>(26,669)</u>	<u>(22,136,513)</u>	<u>104,527,474</u>
Capital assets being depreciated/amortized:					
Buildings and improvements	72,141,467	-	-	-	72,141,467
Equipment	17,436,340	1,873,326	-	1,179,424	20,489,090
Infrastructure	184,785,289	19,967,691	-	20,957,089	225,710,069
Right to use assets	-	453,788	-	-	453,788
Total assets being depreciated/amortized	<u>274,363,096</u>	<u>22,294,805</u>	<u>-</u>	<u>22,136,513</u>	<u>318,794,414</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(11,521,287)	(2,377,301)	-	-	(13,898,588)
Equipment	(6,421,136)	(1,691,570)	-	-	(8,112,706)
Infrastructure	(41,551,871)	(6,533,684)	-	-	(48,085,555)
Right to use assets	-	(68,793)	-	-	(68,793)
Total accumulated depreciation/amortization	<u>(59,494,294)</u>	<u>(10,671,348)</u>	<u>-</u>	<u>-</u>	<u>(70,165,642)</u>
Total capital assets being depreciated/amortized, net	<u>214,868,802</u>	<u>11,623,457</u>	<u>-</u>	<u>22,136,513</u>	<u>248,628,772</u>
Governmental activities capital assets, net	<u>\$ 293,691,527</u>	<u>\$ 59,491,388</u>	<u>\$ (26,669)</u>	<u>\$ -</u>	<u>\$ 353,156,246</u>

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,883,521	\$ -	\$ -	\$ -	\$ 1,883,521
Construction in progress	<u>26,410,338</u>	<u>1,525,190</u>	<u>(19,015)</u>	<u>(21,478,786)</u>	<u>6,437,727</u>
Total capital assets, not being depreciated/amortized	<u>28,293,859</u>	<u>1,525,190</u>	<u>(19,015)</u>	<u>(21,478,786)</u>	<u>8,321,248</u>
Capital assets being depreciated/amortized:					
Buildings and systems	306,645	18,773	-	-	325,418
Vehicles and equipment	2,298,337	144,784	-	-	2,443,121
Infrastructure	163,760,436	19,916,488	-	21,478,786	205,155,710
Intangible Asset	<u>15,744,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,744,809</u>
Total assets being depreciated/amortized	<u>182,110,227</u>	<u>20,080,045</u>	<u>-</u>	<u>21,478,786</u>	<u>223,669,058</u>
Less accumulated depreciation/amortization for:					
Buildings and systems	(197,445)	(23,715)	-	-	(221,160)
Vehicles and equipment	(1,169,366)	(209,714)	-	-	(1,379,080)
Infrastructure	(26,360,317)	(5,171,775)	-	-	(31,532,092)
Intangible Asset	<u>(1,571,434)</u>	<u>(314,964)</u>	<u>-</u>	<u>-</u>	<u>(1,886,398)</u>
Total accumulated depreciation/amortization	<u>(29,298,562)</u>	<u>(5,720,168)</u>	<u>-</u>	<u>-</u>	<u>(35,018,730)</u>
Total capital assets being depreciated/amortized, net	<u>152,811,665</u>	<u>14,359,877</u>	<u>-</u>	<u>21,478,786</u>	<u>188,650,328</u>
Business-type activities capital assets, net	<u>\$ 181,105,524</u>	<u>\$ 15,885,067</u>	<u>\$ (19,015)</u>	<u>\$ -</u>	<u>\$ 196,971,576</u>

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Component Unit:					
Capital assets not being depreciated:					
Land	\$ 2,573,668	\$ 525,982	\$ (720,665)	\$ -	\$ 2,378,985
Total capital assets not being depreciated	<u>\$ 2,573,668</u>	<u>\$ 525,982</u>	<u>\$ (720,665)</u>	<u>\$ -</u>	<u>\$ 2,378,985</u>

Depreciation/amortization expense for the year ended September 30, 2022 was charged to functions/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 740,923
Police	774,684
Fire	937,622
Development Services	29,000
Public Works	6,591,429
Community Services	1,588,710
Engineering	8,980
Total	\$ <u>10,671,348</u>
Business-type activities:	
Water and sewer	\$ 4,020,695
Stormwater drainage utility	<u>1,699,473</u>
Total	\$ <u>5,720,168</u>

As of September 30, 2022, 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, 2022 were as follows:

Payable Fund	Receivable Fund	Amount	Purpose
General fund	Capital projects	\$ 25,991	Short-term loans
Total		\$ <u>25,991</u>	

Interfund transfers made during the fiscal year were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects	\$ 6,277,000	Capital outlay
General Fund	Debt service	428,581	Debt service
General Fund	Storm Drainage	431,615	Capital outlay
Impact Fees	Capital Projects	2,180,000	Capital outlay
Nonmajor governmental	Capital Projects	366,400	Capital outlay
Water and Sewer	General Fund	1,000,680	Administrative
Storm Drainage	Water and Sewer	543,114	Administrative
Total		\$ <u>11,227,390</u>	

VIII. LONG-TERM LIABILITIES

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

The Town issued General Obligation Bonds, Series 2022 in the amount of \$31,600,000 for constructing and improving public safety facilities, parks and recreational facilities, as well as streets, road, and other related infrastructure in the Town. The bonds bear interest rates ranging from 4% to 5% and mature over the next 20 years.

The following is a summary of long-term liabilities for the year ended September 30, 2022:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
<u>Governmental activities:</u>					
Compensated absences	\$ 2,000,996	\$ 2,139,638	\$(1,752,104)	\$ 2,388,530	\$ 597,132
Bonds	127,636,046	31,600,000	(8,491,423)	150,744,623	7,229,006
Bond premium on issuance	11,587,592	2,375,352	(1,172,658)	12,790,286	-
Leases payable	-	453,788	(66,395)	387,393	63,280
Total governmental	<u>141,224,634</u>	<u>36,568,778</u>	<u>(11,482,580)</u>	<u>166,310,832</u>	<u>7,889,418</u>
<u>Business-type activities:</u>					
Compensated absences	233,006	288,153	(231,943)	289,216	72,304
Bonds	34,999,230	-	(5,703,577)	29,295,653	2,325,995
Bonds premium on issuance	2,090,122	-	(336,078)	1,754,044	-
Total business-type activities	<u>37,322,358</u>	<u>288,153</u>	<u>(6,271,598)</u>	<u>31,338,913</u>	<u>2,398,299</u>
Total primary government	<u>\$ 178,546,992</u>	<u>\$ 36,856,931</u>	<u>\$ (17,754,178)</u>	<u>\$ 197,649,745</u>	<u>\$ 10,287,717</u>

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

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

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

Bonds, certificates of obligation, and tax notes at September 30, 2022 are comprised of the following issues for the Debt Service Fund, the Water and Sewer Fund, and the Stormwater Drainage Utility Fund:

	Governmental Activities	Business-Type Activities	Total
2013 General Obligation Refunding Bonds (100% debt service fund) issued June 15, 2013, maturing August 15, 2033. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	\$ 2,415,000	\$ -	\$ 2,415,000
2013 Certificates of Obligation (100% water and sewer fund) issued June 15, 2013, maturing August 15, 2033. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	-	3,305,000	3,305,000
2014 General Obligation Improvement Bonds (47% debt service fund portion and 53% water and sewer fund portion) issued February 15, 2014, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	1,250,000	910,000	2,160,000
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%.	-	8,670,000	8,670,000
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%	10,209,400	2,265,600	12,475,000
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%.	6,855,000	-	6,855,000
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%.	6,580,000	1,010,000	7,590,000
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%.	8,760,000	810,000	9,570,000
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%.	3,370,000	-	3,370,000
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%.	10,720,000	8,485,000	19,205,000

	Governmental Activities	Business-Type Activities	Total
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%.	3,620,000	-	3,620,000
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%.	11,355,223	3,840,053	15,195,276
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%.	9,825,000	-	9,825,000
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%.	34,330,000	-	34,330,000
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%.	6,545,000	-	6,545,000
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%.	31,600,000	-	31,600,000
	<u>\$ 150,744,623</u>	<u>\$ 29,295,653</u>	<u>\$ 180,040,276</u>

The annual requirements to amortize the combined debt outstanding for the Debt Service Fund and Water and Sewer Fund as of September 30, 2022, are as follows:

Year Ended September 30,	Governmental Activities		Business-Type Activities		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2023	\$ 7,229,006	\$ 5,594,880	\$ 2,325,995	\$ 1,160,353	\$ 9,555,001	\$ 6,755,233
2024	6,840,722	5,458,264	2,414,279	1,057,748	9,255,001	6,516,012
2025	7,225,966	5,145,765	2,094,035	947,648	9,320,001	6,093,413
2026	7,803,512	4,815,938	2,191,489	855,250	9,995,001	5,671,188
2027	7,875,394	4,457,736	1,824,606	769,476	9,700,000	5,227,212
2028-2032	42,289,065	16,581,145	9,980,934	2,637,042	52,269,999	19,218,187
2033-2037	44,684,695	7,957,579	7,195,303	763,158	51,879,998	8,720,737
2038-2042	<u>26,796,263</u>	<u>1,758,980</u>	<u>1,269,012</u>	<u>29,651</u>	<u>28,065,275</u>	<u>1,788,631</u>
Total	<u>\$ 150,744,623</u>	<u>\$ 51,770,287</u>	<u>\$ 29,295,653</u>	<u>\$ 8,220,328</u>	<u>\$ 180,040,276</u>	<u>\$ 59,990,615</u>

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

IX. RESTRICTED ASSETS

The balances of restricted asset accounts are as follows:

	Cash	Investments	Reason for restriction
Business-type activities:			
Water and Sewer fund	\$ 7,164,081	\$ 6,338,131	Capital projects (unspent bond proceeds)
Water and Sewer fund	3,814,995	3,787,544	Impact fees
Stormwater Drainage fund	30,851	-	Capital projects (unspent bond proceeds)
Total business-type activities	<u>\$ 11,009,927</u>	<u>\$ 10,125,675</u>	
Governmental activities:			
Impact Fees fund	\$ 4,701,028	\$ 4,667,203	Impact fees
Debt Service fund	336,592	334,169	Debt service
Capital Projects fund	63,574,472	15,539,746	Capital projects (unspent bond proceeds)
Escrow Fund	3,168,522	3,219,294	Customer deposits/escrow
Nonmajor governmental funds	5,031,532	5,065,999	Special revenue funds
Total governmental activities	<u>\$ 76,812,146</u>	<u>\$ 28,826,411</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, 2022, a liability of \$156,854 has been recorded, which represents estimated claims incurred but not yet reported. Changes in this claims liability during fiscal years 2020, 2021, and 2022 respectively were as follows

Fiscal Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2020	\$ 49,545	\$ 2,254,800	\$ 2,227,144	77,201
2021	77,201	2,461,362	2,326,548	212,015
2022	212,015	1,856,224	1,911,385	156,854

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 901 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, 2021 valuation and measurement date, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	135
Active employees	268
Total	432

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 13.74% in calendar years 2022 and 2021, respectively. The Town's contributions to TMRS for the year ended September 30, 2022, were \$3,221,511, and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 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 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35.00%	7.55%
Core fixed income	6.00%	2.00%
Non-core fixed income	20.00%	5.68%
Other public and private markets	12.00%	7.22%
Real estate	12.00%	6.85%
Absolute return	5.00%	5.35%
Private equity	10.00%	10.00%
Total	<u>100.00%</u>	

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, 2022, the Town reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2020	\$ 31,837,939	\$ 28,138,506	\$ 3,699,433
Changes for the year:			
Service cost	3,998,029	-	3,998,029
Interest	2,271,851	-	2,271,851
Difference between expected and actual experience	482,224	-	482,224
Change in assumptions	-	-	-
Contributions - employer	-	2,851,176	(2,851,176)
Contributions - employee	-	1,452,564	(1,452,564)
Net investment income	-	3,688,244	(3,688,244)
Benefit payments, including refunds of employee contributions	(359,795)	(359,795)	-
Administrative expense	-	(16,973)	16,973
Other changes	-	117	(117)
Net changes	<u>6,392,309</u>	<u>7,615,333</u>	<u>(1,223,024)</u>
Balance at 12/31/2021	\$ 38,230,248	\$ 35,753,839	\$ 2,476,409

At September 30, 2022, the Component Unit reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2020	\$ 461,888	\$ 408,218	\$ 53,670
Changes for the year:			
Service cost	58,001	-	58,001
Interest	32,959	-	32,959
Difference between expected and actual experience	6,995	-	6,995
Change in assumptions	-	-	-
Contributions - employer	-	41,363	(41,363)
Contributions - employee	-	21,073	(21,073)
Net investment income	-	53,507	(53,507)
Benefit payments, including refunds of employee contributions	(5,219)	(5,219)	-
Administrative expense	-	(246)	246
Other changes	-	2	(2)
Net changes	<u>92,736</u>	<u>110,480</u>	<u>(17,744)</u>
Balance at 12/31/2021	\$ 554,624	\$ 518,698	\$ 35,926

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	\$ 9,886,621	\$ 2,476,409	\$ (3,420,106)
Component unit's net pension liability	<u>143,428</u>	<u>35,926</u>	<u>(49,616)</u>
Total	<u>\$ 10,030,049</u>	<u>\$ 2,512,335</u>	<u>\$ (3,469,722)</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, 2022, the Town and component unit recognized pension expense of \$2,717,489 and \$39,423, respectively.

At September 30, 2022, 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	\$ 1,343,773	\$ 27,264
Changes in actuarial assumptions	45,392	-
Difference between projected and actual investment earnings	-	1,858,885
Contributions subsequent to the measurement date	<u>2,389,290</u>	-
Total	<u>\$ 3,778,455</u>	<u>\$ 1,886,149</u>

At September 30, 2022, the component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 19,494	\$ 396
Changes in actuarial assumptions	659	-
Difference between projected and actual investment earnings	-	26,968
Contributions subsequent to the measurement date	<u>34,663</u>	-
Total	<u>\$ 54,816</u>	<u>\$ 27,364</u>

The Town and component unit reported \$2,389,290 and \$34,663, 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	Town	Component Unit
2023	\$(72,940)	\$(1,059)
2024	(359,932)	(5,222)
2025	(68,309)	(991)
2026	(141,166)	(2,048)
2027	106,904	1,551
Thereafter	<u>38,459</u>	<u>558</u>
Total	<u>\$(496,984)</u>	<u>\$(7,211)</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 2022, the Town rebated \$916,928 in property and sales taxes, and repaid developers for infrastructure agreements with \$11,055,498 in impact fees.

Tax Increment Reinvestment Zone

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

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

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

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

The development agreement for TIRZ #1 provides for development of approximately 600 acres of land located in the Town of Prosper and known as the Gates of Prosper. This agreement provides for an economic development grant of \$58,000,000 plus 3.5% interest compounded annually until paid in full or termination of the agreement. Funding for this grant is contingent upon the availability of tax revenues and impact fee revenues in TIRZ #1. Interest payments of \$591,887 and payment towards construction of \$4,638,056 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.

Interest payments of \$44,163 and \$140,386 and no payments towards construction were made during the fiscal year.

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

	TIRZ #1	TIRZ #2	Total
Balance, October 1, 2021	\$ 18,118,433	\$ 1,557,946	\$ 19,676,379
Additions/adjustments	3,242,952	-	3,242,952
Payments	(5,229,934)	(184,549)	(5,414,483)
Balance, September 30, 2022	\$ <u>16,131,451</u>	\$ <u>1,373,397</u>	\$ <u>17,504,848</u>

XIV. COMMITMENTS AND CONTINGENCIES

At September 30, 2022, the total estimated costs to complete significant construction projects in progress at year-end totaled approximately \$92,938,830 for the Capital Projects Fund.

XV. SUBSEQUENT EVENT

On October 1, 2022, the Town issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022 in the amount of \$12,925,000. The bonds carry interest rates of 4.75% - 5.00% and have a final maturity in fiscal year 2042.

XVI. PRIOR PERIOD ADJUSTMENT

The Town recognized a prior period adjustment in the current fiscal year in the amount of \$325,964. The Town overstated revenues in the previous fiscal year in the amount of \$531,022 for ambulance receipts which were not collected within 60 days after year-end. Unavailable revenue - EMS was adjusted in the same amount. The Town overstated expenditures in the prior fiscal year and accrued liabilities for Worker's Compensation in the amount of \$205,058.



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REQUIRED
SUPPLEMENTARY
INFORMATION
SECTION

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 5,200,000	\$ 5,200,000	\$ 7,223,680	\$ 2,023,680
Investment income	24,000	24,000	(33,514)	(57,514)
Total Revenues	<u>5,224,000</u>	<u>5,224,000</u>	<u>7,190,166</u>	<u>1,966,166</u>
EXPENDITURES				
Public Works	4,539,017	5,928,615	9,194,491	(3,265,876)
Total expenditures	<u>4,539,017</u>	<u>5,928,615</u>	<u>9,194,491</u>	<u>(3,265,876)</u>
Excess of revenues over expenditures	684,983	(704,615)	(2,004,325)	(1,299,710)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,180,000)	(2,180,000)	(2,180,000)	- -
Total other financing sources (uses)	<u>(2,180,000)</u>	<u>(2,180,000)</u>	<u>(2,180,000)</u>	<u>- -</u>
CHANGE IN FUND BALANCE	<u>(1,495,017)</u>	<u>(2,884,615)</u>	<u>(4,184,325)</u>	<u>(1,299,710)</u>
FUND BALANCE - BEGINNING	<u>10,678,812</u>	<u>10,678,812</u>	<u>10,678,812</u>	<u>- -</u>
FUND BALANCE - ENDING	<u>\$ 9,183,795</u>	<u>\$ 7,794,197</u>	<u>\$ 6,494,487</u>	<u>\$(1,299,710)</u>

Note: At September 30, 2022, expenditures exceeded appropriations in the amount of \$3,265,876 due to the timing of a contractually obligated payment.

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Grants	\$ 3,045,165	\$ 3,045,165	\$ -	\$(3,045,165)
Investment income	- -	- -	23,468	23,468
Total Revenues	<u>3,045,165</u>	<u>3,045,165</u>	<u>23,468</u>	<u>(3,021,697)</u>
EXPENDITURES	- -	- -	- -	- -
CHANGE IN FUND BALANCE	<u>3,045,165</u>	<u>3,045,165</u>	<u>23,468</u>	<u>(3,021,697)</u>
FUND BALANCE - BEGINNING	3,145	3,145	3,145	- -
FUND BALANCE - ENDING	<u>\$ 3,048,310</u>	<u>\$ 3,048,310</u>	<u>\$ 26,613</u>	<u>\$(3,021,697)</u>

Note: At September 30, 2022, expenditures exceeded appropriations in the amount of \$3,265,876 due to the timing of a contractually obligated payment.

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement year December 31,	2014	2015	2016
Total pension liability			
Service cost	\$ 1,149,110	\$ 1,457,871	\$ 1,719,445
Interest on total pension liability	610,963	732,791	874,511
Difference between expected and actual experience	(114,652)	264,111	(103,100)
Change or assumptions	-	(14,368)	-
Benefit payments/refunds of contributions	(47,637)	(71,162)	(96,666)
Net change in total pension liability	<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	(329)	(365)	(397)
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
\$ 2,156,520	\$ 2,559,835	\$ 2,900,937	\$ 3,591,897	\$ 4,056,030
1,046,888	1,255,581	1,541,809	1,902,755	2,304,810
(42,762)	526,914	693,569	522,514	489,219
-	-	85,186	-	-
(214,667)	(326,425)	(218,532)	(220,713)	(365,014)
<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>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>\$ 17,484,500</u>	<u>\$ 21,500,405</u>	<u>\$ 26,503,374</u>	<u>\$ 32,299,827</u>	<u>\$ 38,784,872</u>
\$ 1,526,920	\$ 1,802,565	\$ 2,051,549	\$ 2,537,000	\$ 2,892,539
794,089	932,591	1,059,841	1,311,595	1,473,637
1,650,563	(469,840)	2,727,479	1,766,968	3,741,751
(214,667)	(326,425)	(218,532)	(220,713)	(365,014)
(8,534)	(9,048)	(15,339)	(11,377)	(17,219)
(433)	(473)	(460)	(445)	(119)
<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>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>\$ 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>1,854,713</u>	<u>3,941,247</u>	<u>3,339,678</u>	<u>3,753,103</u>	<u>2,512,335</u>
89.39%	81.67%	87.40%	88.38%	93.52%
\$ 11,344,133	\$ 13,304,757	\$ 15,140,587	\$ 18,737,073	\$ 20,662,405
16.35%	29.62%	22.06%	20.03%	12.16%

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Fiscal Year ended September 30,	2015	2016	2017
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:

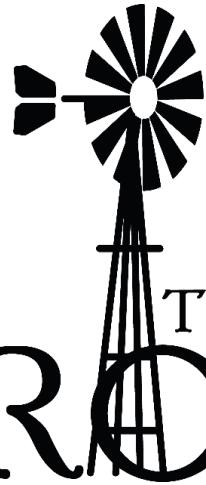
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	23 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
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
\$ 1,739,754	\$ 1,974,212	\$ 2,364,494	\$ 2,790,352	\$ 3,221,511
<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>
-	-	-	-	-
\$ 12,884,881	\$ 14,574,706	\$ 17,470,665	\$ 20,382,993	\$ 22,814,839
13.50%	13.55%	13.53%	13.69%	14.12%



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

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

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

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

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

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, 2022

	Court Technology	Court Security	Parks Dedication	Parks Improvement
ASSETS				
Cash and cash equivalents	\$ 5,709	\$ 18,688	\$ 468,526	\$ 604,124
Investments	5,669	18,553	465,155	599,776
Taxes receivable (net)	-	-	-	-
Accounts receivable (net)	-	-	-	-
Accrued interest	17	55	1,377	1,776
Total assets	<u>11,395</u>	<u>37,296</u>	<u>935,058</u>	<u>1,205,676</u>
LIABILITIES				
Accounts payable	-	-	-	-
Accrued expenses	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Capital projects	-	-	-	-
Courts	11,395	37,296	-	-
Police	-	-	-	-
Fire	-	-	-	-
Parks	-	-	935,058	1,205,676
Other	-	-	-	-
Total fund balances	<u>11,395</u>	<u>37,296</u>	<u>935,058</u>	<u>1,205,676</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,395</u>	<u>\$ 37,296</u>	<u>\$ 935,058</u>	<u>\$ 1,205,676</u>

Crime Control Special Purpose District	Fire Prevention and EMS Special Purpose District	TIRZ 1	TIRZ 2	Municipal Jury	Contributions	Total Nonmajor Governmental Funds
\$ 56,290	\$ 54,689	\$ 556,653	\$ 12,444	\$ 197	\$ 214,079	\$ 1,991,399
55,924	54,338	552,647	12,354	197	212,539	1,977,152
446,565	446,156	281,584	-	-	-	1,174,305
-	3,779	-	-	-	13,099	16,878
161	155	1,636	37	-	851	6,065
<u>558,940</u>	<u>559,117</u>	<u>1,392,520</u>	<u>24,835</u>	<u>394</u>	<u>440,568</u>	<u>5,165,799</u>
20,219	20,219	-	-	-	895	41,333
85,010	81,489	-	-	-	-	166,499
<u>105,229</u>	<u>101,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>895</u>	<u>207,832</u>
-	-	1,392,520	24,835	-	-	1,417,355
-	-	-	-	394	-	49,085
453,711	-	-	-	-	189,645	643,356
-	457,409	-	-	-	38,153	495,562
-	-	-	-	-	-	2,140,734
-	-	-	-	-	211,875	211,875
<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>\$ 558,940</u>	<u>\$ 559,117</u>	<u>\$ 1,392,520</u>	<u>\$ 24,835</u>	<u>\$ 394</u>	<u>\$ 440,568</u>	<u>\$ 5,165,799</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Court Technology	Court Security	Parks Dedication	Parks Improvement
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	- -	- -	- -	- -
Impact fees	- -	- -	- -	- -
Grants	- -	- -	- -	- -
Investment Income (loss)	(49)	(174)	(2,646)	(5,729)
Fines, fees, warrants, and seizures	6,464	7,704	- -	- -
Contributions	- -	- -	937,660	272,401
Miscellaneous	- -	- -	- -	- -
Total revenues	<u>6,415</u>	<u>7,530</u>	<u>935,014</u>	<u>266,672</u>
EXPENDITURES				
Current:				
Administration	10,689	1,398	- -	- -
Police	- -	- -	- -	- -
Fire	- -	- -	- -	- -
Community services	- -	- -	1,914,647	41,016
Total expenditures	<u>10,689</u>	<u>1,398</u>	<u>1,914,647</u>	<u>41,016</u>
Excess (Deficiency) of revenue Over expenditures	<u>(4,274)</u>	<u>6,132</u>	<u>(979,633)</u>	<u>225,656</u>
OTHER FINANCING SOURCES				
Transfers out	- -	- -	- -	- -
Total Other Financing Sources	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
NET CHANGE IN FUND BALANCES	<u>(4,274)</u>	<u>6,132</u>	<u>(979,633)</u>	<u>225,656</u>
FUND BALANCES - BEGINNING	<u>15,669</u>	<u>31,164</u>	<u>1,914,691</u>	<u>980,020</u>
FUND BALANCES - ENDING	<u>\$ 11,395</u>	<u>\$ 37,296</u>	<u>\$ 935,058</u>	<u>\$ 1,205,676</u>

Crime Control Special Purpose District	Fire Prevention and EMS Special Purpose District	TIRZ 1	TIRZ 2	Municipal Jury	Contributions	Total Nonmajor Governmental Funds
\$ - 2,548,594	\$ - 2,545,621	\$ 757,299 1,613,718	\$ 184,416 -	\$ - -	\$ - -	\$ 941,715 6,707,933
-	-	2,784,379	-	-	-	2,784,379
-	5,415	-	-	-	-	5,415
103	(242)	(3,552)	(91)	(4)	(848)	(13,232)
-	-	-	-	150	-	14,318
-	-	-	-	-	88,171	1,298,232
-	-	-	-	-	2,997	2,997
<u>2,548,697</u>	<u>2,550,794</u>	<u>5,151,844</u>	<u>184,325</u>	<u>146</u>	<u>90,320</u>	<u>11,741,757</u>
 -	 -	 5,229,933	 184,548	 -	 82,406	 5,508,974
2,525,655	-	-	-	-	-	2,525,655
-	2,507,170	-	-	-	-	2,507,170
-	-	-	-	-	-	1,955,663
<u>2,525,655</u>	<u>2,507,170</u>	<u>5,229,933</u>	<u>184,548</u>	<u>-</u>	<u>82,406</u>	<u>12,497,462</u>
 <u>23,042</u>	 <u>43,624</u>	 <u>(78,089)</u>	 <u>(223)</u>	 <u>146</u>	 <u>7,914</u>	 <u>(755,705)</u>
 -	 -	 -	 -	 -	 (366,400)	 (366,400)
 -	 -	 -	 -	 -	 (366,400)	 (366,400)
 23,042	 43,624	 (78,089)	 (223)	 146	 (358,486)	 (1,122,105)
 <u>430,669</u>	 <u>413,785</u>	 <u>1,470,609</u>	 <u>25,058</u>	 <u>248</u>	 <u>798,159</u>	 <u>6,080,072</u>
 <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>

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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 10,620,466	\$ 10,620,466	\$ 10,608,201	\$(12,265)
Investment income	45,000	45,000	8,605	(36,395)
Total Revenue	<u>10,665,466</u>	<u>10,665,466</u>	<u>10,616,806</u>	<u>(48,660)</u>
EXPENDITURES				
Debt service:				
Principal	7,891,423	8,320,004	8,491,423	(171,419)
Interest and fiscal charges	4,741,048	4,741,048	4,493,389	247,659
Bond issue costs and fees	20,000	20,000	17,306	2,694
Total Expenditures	<u>12,652,471</u>	<u>13,081,052</u>	<u>13,002,118</u>	<u>78,934</u>
Excess of revenues over (under) expenditures	<u>(1,987,005)</u>	<u>(2,415,586)</u>	<u>(2,385,312)</u>	<u>30,274</u>
OTHER FINANCING SOURCES				
Transfers in	-	428,581	428,581	-
Total Other Financing Sources	<u>-</u>	<u>428,581</u>	<u>428,581</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(1,987,005)</u>	<u>(1,987,005)</u>	<u>(1,956,731)</u>	<u>30,274</u>
FUND BALANCE - BEGINNING	<u>2,640,088</u>	<u>2,640,088</u>	<u>2,640,088</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 653,083</u>	<u>\$ 653,083</u>	<u>\$ 683,357</u>	<u>\$ 30,274</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines, fees, warrants, and seizures	\$ 7,000	\$ 7,000	\$ 6,464	\$(536)
Investment income (loss)	100	100	(49)	(149)
Total revenues	<u>7,100</u>	<u>7,100</u>	<u>6,415</u>	<u>(685)</u>
EXPENDITURES				
Administration	-	14,664	10,689	3,975
Total expenditures	<u>-</u>	<u>14,664</u>	<u>10,689</u>	<u>3,975</u>
CHANGE IN FUND BALANCE	<u>7,100</u>	<u>(7,564)</u>	<u>(4,274)</u>	<u>3,290</u>
FUND BALANCE - BEGINNING	<u>15,669</u>	<u>15,669</u>	<u>15,669</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 22,769</u>	<u>\$ 8,105</u>	<u>\$ 11,395</u>	<u>\$ 3,290</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines, fees, warrants, and seizures	\$ 8,000	\$ 8,000	\$ 7,704	\$(296)
Investment income (loss)	125	125	(174)	(299)
Total revenues	<u>8,125</u>	<u>8,125</u>	<u>7,530</u>	<u>(595)</u>
EXPENDITURES				
Administration	16,936	16,936	1,398	15,538
Total expenditures	<u>16,936</u>	<u>16,936</u>	<u>1,398</u>	<u>15,538</u>
CHANGE IN FUND BALANCE	<u>(8,811)</u>	<u>(8,811)</u>	<u>6,132</u>	<u>14,943</u>
FUND BALANCE - BEGINNING	<u>31,164</u>	<u>31,164</u>	<u>31,164</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 22,353</u>	<u>\$ 22,353</u>	<u>\$ 37,296</u>	<u>\$ 14,943</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Contributions	\$ 430,000	\$ 430,000	\$ 937,660	\$ 507,660
Investment income (loss)	6,000	6,000	(2,646)	(8,646)
Total revenues	<u>436,000</u>	<u>436,000</u>	<u>935,014</u>	<u>499,014</u>
EXPENDITURES				
Community service	-	1,913,800	1,914,647	(847)
Total Expenditures	<u>-</u>	<u>1,913,800</u>	<u>1,914,647</u>	<u>(847)</u>
CHANGE IN FUND BALANCE	<u>436,000</u>	<u>(1,477,800)</u>	<u>(979,633)</u>	<u>498,167</u>
FUND BALANCE - BEGINNING	<u>1,914,691</u>	<u>1,914,691</u>	<u>1,914,691</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,350,691</u>	<u>\$ 436,891</u>	<u>\$ 935,058</u>	<u>\$ 498,167</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income (loss)	\$ 5,000	\$ 5,000	\$ (5,729)	\$ (10,729)
Grants	-	200,550	-	(200,550)
Contributions	280,500	280,500	272,401	(8,099)
Total revenues	<u>285,500</u>	<u>486,050</u>	<u>266,672</u>	<u>(219,378)</u>
EXPENDITURES				
Community service	666,750	948,702	41,016	907,686
Total Expenditures	<u>666,750</u>	<u>948,702</u>	<u>41,016</u>	<u>907,686</u>
CHANGE IN FUND BALANCE	<u>(381,250)</u>	<u>(462,652)</u>	<u>225,656</u>	<u>688,308</u>
FUND BALANCE - BEGINNING	<u>980,020</u>	<u>980,020</u>	<u>980,020</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 598,770</u>	<u>\$ 517,368</u>	<u>\$ 1,205,676</u>	<u>\$ 688,308</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 2,102,918	\$ 2,102,918	\$ 2,548,594	\$ 445,676
Investment income	300	300	103	(197)
Total revenues	<u>2,103,218</u>	<u>2,103,218</u>	<u>2,548,697</u>	<u>445,479</u>
EXPENDITURES				
Police	<u>2,078,358</u>	<u>2,078,358</u>	<u>2,525,655</u>	<u>(447,297)</u>
Total expenditures	<u>2,078,358</u>	<u>2,078,358</u>	<u>2,525,655</u>	<u>(447,297)</u>
CHANGE IN FUND BALANCE	<u>24,860</u>	<u>24,860</u>	<u>23,042</u>	<u>(1,818)</u>
FUND BALANCE - BEGINNING	<u>430,669</u>	<u>430,669</u>	<u>430,669</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 455,529</u>	<u>\$ 455,529</u>	<u>\$ 453,711</u>	<u>\$(1,818)</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 2,102,918	\$ 2,102,918	\$ 2,545,621	\$ 442,703
Grants	- -	- -	5,415	5,415
Investment income (loss)	300	300	(242)	(542)
Total revenues	<u>2,103,218</u>	<u>2,103,218</u>	<u>2,550,794</u>	<u>447,576</u>
EXPENDITURES				
Fire	2,099,095	2,099,095	2,507,170	(408,075)
Total expenditures	<u>2,099,095</u>	<u>2,099,095</u>	<u>2,507,170</u>	<u>(408,075)</u>
CHANGE IN FUND BALANCE	<u>4,123</u>	<u>4,123</u>	<u>43,624</u>	<u>39,501</u>
FUND BALANCE - BEGINNING	<u>413,785</u>	<u>413,785</u>	<u>413,785</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 417,908</u>	<u>\$ 417,908</u>	<u>\$ 457,409</u>	<u>\$ 39,501</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 775,868	\$ 775,868	\$ 757,299	\$(18,569)
Sales taxes	1,398,500	1,398,500	1,613,718	215,218
Impact fees	200,000	200,000	2,784,379	2,584,379
Investment income (loss)	2,000	2,000	(3,552)	(5,552)
Total revenues	<u>2,376,368</u>	<u>2,376,368</u>	<u>5,151,844</u>	<u>2,775,476</u>
EXPENDITURES				
Administration	<u>2,376,368</u>	<u>2,376,368</u>	<u>5,229,933</u>	<u>(2,853,565)</u>
Total expenditures	<u>2,376,368</u>	<u>2,376,368</u>	<u>5,229,933</u>	<u>(2,853,565)</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(78,089)</u>	<u>(78,089)</u>
FUND BALANCE - BEGINNING	<u>1,470,609</u>	<u>1,470,609</u>	<u>1,470,609</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,470,609</u>	<u>\$ 1,470,609</u>	<u>\$ 1,392,520</u>	<u>\$(78,089)</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 162,226	\$ 162,226	\$ 184,416	\$ 22,190
Investment income (loss)	150	150	(91)	(241)
Total Revenues	<u>162,376</u>	<u>162,376</u>	<u>184,325</u>	<u>21,949</u>
EXPENDITURES				
Administration	162,428	162,428	184,548	(22,120)
Total expenditures	<u>162,428</u>	<u>162,428</u>	<u>184,548</u>	<u>(22,120)</u>
CHANGE IN FUND BALANCE	(52)	(52)	(223)	(171)
FUND BALANCE - BEGINNING	<u>25,058</u>	<u>25,058</u>	<u>25,058</u>	<u>-</u>
FUND BALANCE - ENDING	\$ <u>25,006</u>	\$ <u>25,006</u>	\$ <u>24,835</u>	\$ <u>(171)</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income (loss)	\$ -	\$ -	\$ (4)	\$ (4)
Fines, fees, warrants, and seizures	\$ 150	\$ 150	\$ 150	\$ -
Total Revenues	<u>150</u>	<u>150</u>	<u>146</u>	<u>(4)</u>
CHANGE IN FUND BALANCE	<u>150</u>	<u>150</u>	<u>146</u>	<u>(4)</u>
FUND BALANCE - BEGINNING	<u>248</u>	<u>248</u>	<u>248</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 398</u>	<u>\$ 398</u>	<u>\$ 394</u>	<u>\$ (4)</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income (loss)	\$ 1,200	\$ 1,200	\$(848)	\$(2,048)
Contributions	39,500	39,500	88,171	48,671
Miscellaneous	-	-	2,997	2,997
Total Revenues	<u>40,700</u>	<u>40,700</u>	<u>90,320</u>	<u>49,620</u>
EXPENDITURES				
Administration	485,629	119,229	82,406	36,823
Total Expenditures	<u>485,629</u>	<u>119,229</u>	<u>82,406</u>	<u>36,823</u>
Excess of revenues over expenditures	(444,929)	(78,529)	7,914	86,443
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(366,400)	(366,400)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(366,400)</u>	<u>(366,400)</u>	<u>-</u>
CHANGE IN FUND BALANCE	(444,929)	(444,929)	(358,486)	86,443
FUND BALANCE - BEGINNING	<u>798,159</u>	<u>798,159</u>	<u>798,159</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 353,230</u>	<u>\$ 353,230</u>	<u>\$ 439,673</u>	<u>\$ 86,443</u>

INTERNAL SERVICE FUNDS

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

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

TOWN OF PROSPER, TEXAS

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2022

	Vehicle & Equipment Replacement	Health Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,120,151	\$ 458,426	\$ 2,578,577
Investments	2,104,896	421,371	2,526,267
Receivables, net	-	69,933	69,933
Accrued interest	6,232	1,248	7,480
Total current assets	<u>4,231,279</u>	<u>950,978</u>	<u>5,182,257</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	3,519,114	-	3,519,114
Total noncurrent assets	<u>3,519,114</u>	<u>-</u>	<u>3,519,114</u>
Total assets	<u>7,750,393</u>	<u>950,978</u>	<u>8,701,371</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	50,030	398,363	448,393
Total current liabilities	<u>50,030</u>	<u>398,363</u>	<u>448,393</u>
Total liabilities	<u>50,030</u>	<u>398,363</u>	<u>448,393</u>
NET POSITION			
Net investment in capital assets	3,519,114	-	3,519,114
Unrestricted	4,181,249	552,615	4,733,864
Total net position	<u>\$ 7,700,363</u>	<u>\$ 552,615</u>	<u>\$ 8,252,978</u>

TOWN OF PROSPER, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Vehicle & Equipment Replacement	Health Insurance	Total Internal Service Funds
OPERATING REVENUES			
Charges for services:			
Health charges	\$ -	\$ 3,913,424	\$ 3,913,424
Equipment replacement	1,170,198	-	1,170,198
Miscellaneous	6,692	184,321	191,013
Total operating revenues	<u>1,176,890</u>	<u>4,097,745</u>	<u>5,274,635</u>
OPERATING EXPENSES			
Materials and supplies	131,925	-	131,925
Contractual services	-	146,910	146,910
Employee health insurance	-	3,961,121	3,961,121
Other operating costs	5,350	-	5,350
Depreciation	638,662	-	638,662
Total operating costs	<u>775,937</u>	<u>4,108,031</u>	<u>4,883,968</u>
Operating income (loss)	<u>400,953</u>	<u>(10,286)</u>	<u>390,667</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	(19,282)	(4,312)	(23,594)
Total non-operating revenues (expenses)	<u>(19,282)</u>	<u>(4,312)</u>	<u>(23,594)</u>
CHANGE IN NET POSITION			
	<u>381,671</u>	<u>(14,598)</u>	<u>367,073</u>
NET POSITION - BEGINNING			
	<u>7,318,692</u>	<u>567,213</u>	<u>7,885,905</u>
NET POSITION - END OF YEAR			
	<u>\$ 7,700,363</u>	<u>\$ 552,615</u>	<u>\$ 8,252,978</u>

TOWN OF PROSPER, TEXAS

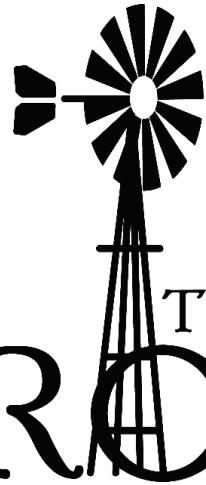
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Vehicle & Equipment Replacement	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 1,176,890	\$ 4,067,378	\$ 5,244,268
Cash payment to suppliers for goods and services	(137,275)	- (3,969,542)	(137,275) (3,969,542)
Cash payments for health expense	- (1,039,615)	97,836	1,137,451
Net cash provided by operating activities			
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(972,982)	- (947,796)	(972,982) (947,796)
Proceeds from sale of capital assets	25,186	- (947,796)	25,186 (947,796)
Net cash provided (used) by capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment purchases	448,564	60,468	509,032
Interest on deposits and investments	(44,630)	(28,343)	(72,973)
Net cash provided by (used in) investing activities	403,934	32,125	436,059
Net (decrease) increase in cash and cash equivalents	495,753	129,961	625,714
Cash and cash equivalents at beginning of year	1,624,398	328,465	1,952,863
Cash and cash equivalents at end of year	2,120,151	458,426	2,578,577
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	400,953	(10,286)	390,667
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	638,662	- (30,367)	638,662 (30,367)
Decrease (increase) in accounts receivable	- (138,489)	138,489	- (138,489)
Increase (decrease) in accounts payable	(1,039,615)	\$ 97,836	\$ 1,137,451
Net cash provided by operating activities			



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TOWN OF
PROSPER

**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.

	Page Number
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.	75
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.	86
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.	91
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.	97
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.	99

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			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 43,471	\$ 45,398	\$ 50,132	\$ 60,997
Restricted	9,882	13,459	18,551	14,275
Unrestricted	<u>10,176</u>	<u>10,126</u>	<u>11,485</u>	<u>20,672</u>
Total governmental activities net position	<u>\$ 63,529</u>	<u>\$ 68,983</u>	<u>\$ 80,168</u>	<u>\$ 95,944</u>
Business-type activities				
Net investment in capital assets	\$ 12,643	\$ 19,708	\$ 21,119	\$ 4,772
Restricted	-	-	-	-
Unrestricted	<u>5,319</u>	<u>3,584</u>	<u>3,351</u>	<u>24,391</u>
Total business-type activities net position	<u>\$ 17,962</u>	<u>\$ 23,292</u>	<u>\$ 24,470</u>	<u>\$ 29,163</u>
Primary government				
Net investment in capital assets	\$ 56,114	\$ 65,106	\$ 71,251	\$ 65,769
Restricted	9,882	13,459	18,551	14,307
Unrestricted	<u>15,495</u>	<u>13,710</u>	<u>14,836</u>	<u>45,031</u>
Total primary government net position	<u>\$ 81,491</u>	<u>\$ 92,275</u>	<u>\$ 104,638</u>	<u>\$ 125,107</u>

TABLE 1

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 63,158	\$ 126,774	\$ 150,815	\$ 169,774	\$ 211,506	\$ 268,677	
7,549	2,332	1,945	5,534	6,231	3,746	
<u>27,898</u>	<u>16,266</u>	<u>14,750</u>	<u>18,455</u>	<u>33,508</u>	<u>28,128</u>	
<u>\$ 98,605</u>	<u>\$ 145,372</u>	<u>\$ 167,510</u>	<u>\$ 193,763</u>	<u>\$ 251,245</u>	<u>\$ 300,551</u>	
\$ 12,598	\$ 93,021	\$ 112,197	\$ 127,806	\$ 147,067	\$ 179,568	
4,722	-	-	-	-	-	
<u>23,010</u>	<u>14,696</u>	<u>12,177</u>	<u>14,758</u>	<u>24,909</u>	<u>20,336</u>	
<u>\$ 40,330</u>	<u>\$ 107,717</u>	<u>\$ 124,374</u>	<u>\$ 142,564</u>	<u>\$ 171,976</u>	<u>\$ 199,904</u>	
\$ 75,756	\$ 219,795	\$ 263,012	\$ 297,580	\$ 358,573	\$ 448,245	
12,271	2,332	1,945	5,534	6,231	3,746	
<u>50,908</u>	<u>30,962</u>	<u>26,927</u>	<u>33,213</u>	<u>58,417</u>	<u>48,464</u>	
<u>\$ 138,935</u>	<u>\$ 253,089</u>	<u>\$ 291,884</u>	<u>\$ 336,327</u>	<u>\$ 423,221</u>	<u>\$ 500,455</u>	

TOWN OF PROSPER, TEXAS

CHANGE IN NET POSITION

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

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 2,890	\$ 3,698	\$ 4,922	\$ 4,884
Public safety	5,052	5,610	6,129	7,027
Public works	1,825	2,667	3,495	6,701
Culture and recreation	1,886	2,462	2,747	2,973
Economic development	-	-	-	921
Interest on long-term debt	1,318	1,119	4,409	1,571
Total governmental activities expenses	<u>12,971</u>	<u>15,556</u>	<u>21,702</u>	<u>24,077</u>
Business-type activities:				
Water, sewer, and sanitation	<u>6,293</u>	<u>7,464</u>	<u>9,282</u>	<u>10,522</u>
Total business-type activities expenses	<u>6,293</u>	<u>7,464</u>	<u>9,282</u>	<u>10,522</u>
Total primary government expenses	<u>19,264</u>	<u>23,020</u>	<u>30,984</u>	<u>34,599</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	2,210	2,588	3,428	4,261
Public safety	352	585	628	796
Culture and recreation	2	4	42	98
Economic development	-	-	-	-
Public works	-	-	-	-
Operating grants and contributions	93	113	101	127
Capital grants and contributions	<u>5,716</u>	<u>5,277</u>	<u>7,907</u>	<u>15,639</u>
Total governmental activities program revenues	<u>8,373</u>	<u>8,567</u>	<u>12,106</u>	<u>20,921</u>
Business-type activities:				
Charges for services:				
Water, sewer and sanitation	9,099	9,080	10,918	13,495
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	3,897	-	-
Total business-type activities program revenues	<u>9,099</u>	<u>12,977</u>	<u>10,918</u>	<u>13,495</u>
Total primary government program revenues	<u>17,472</u>	<u>21,544</u>	<u>23,024</u>	<u>34,416</u>
Net (expense) revenue:				
Governmental activities	(4,598)	(6,989)	(6,658)	(3,156)
Business-type activities	<u>2,806</u>	<u>5,513</u>	<u>1,635</u>	<u>2,973</u>
Total primary government net expense	<u><u>\$ (1,792)</u></u>	<u><u>\$ (1,476)</u></u>	<u><u>\$ (5,023)</u></u>	<u><u>\$ (183)</u></u>

TABLE 2

Fiscal Year									
	2017	2018 ^A	2019	2020	2021	2022			
\$	5,884	\$ 5,633	\$ 7,937	\$ 12,036	\$ 10,516	\$ 15,610			
9,256		10,853	12,013	14,830	16,969	19,176			
5,974		4,836	5,645	6,907	9,924	18,904			
3,357		5,226	4,687	5,297	5,852	6,733			
1,880		4,205	2,715	2,413	3,622	3,543			
1,774		2,297	3,070	3,089	3,691	3,199			
<u>28,125</u>	<u></u>	<u>33,050</u>	<u>36,067</u>	<u>44,572</u>	<u>50,574</u>	<u>67,165</u>			
15,209		19,487	23,305	24,772	27,480	30,989			
15,209		19,487	23,305	24,772	27,480	30,989			
<u>43,334</u>	<u></u>	<u>52,537</u>	<u>59,372</u>	<u>69,344</u>	<u>78,054</u>	<u>98,154</u>			
4,761		1,018	1,937	1,646	2,013	1,525			
899		518	567	661	1,361	1,560			
148		227	310	114	413	546			
-		4,673	3,882	4,523	6,819	5,295			
-		-	5,609	7,447	9,252	10,011			
198		138	156	1,253	2,488	522			
<u>6,870</u>	<u></u>	<u>9,964</u>	<u>13,358</u>	<u>16,677</u>	<u>39,618</u>	<u>46,893</u>			
<u>12,876</u>	<u></u>	<u>16,538</u>	<u>25,819</u>	<u>32,321</u>	<u>61,964</u>	<u>66,352</u>			
14,539		19,200	21,125	24,225	26,667	32,492			
-		-	-	-	8	2			
<u>5,949</u>	<u></u>	<u>12,743</u>	<u>18,358</u>	<u>19,031</u>	<u>31,012</u>	<u>26,838</u>			
<u>20,488</u>	<u></u>	<u>31,943</u>	<u>39,483</u>	<u>43,256</u>	<u>57,687</u>	<u>59,332</u>			
<u>33,364</u>	<u></u>	<u>48,481</u>	<u>65,302</u>	<u>75,577</u>	<u>119,651</u>	<u>125,684</u>			
(15,249)	(16,512)	(10,248)	(12,251)		11,390	(813)			
<u>5,279</u>	<u>12,456</u>	<u>16,178</u>	<u>18,484</u>		<u>30,207</u>	<u>28,343</u>			
<u>\$(9,970)</u>	<u>\$(4,056)</u>	<u>\$ 5,930</u>	<u>\$ 6,233</u>		<u>\$ 41,597</u>	<u>\$ 27,530</u>			

TOWN OF PROSPER, TEXAS

CHANGE IN NET POSITION

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

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 7,314	\$ 8,410	\$ 9,967	\$ 12,880
Sales taxes	2,478	2,807	4,355	5,609
Franchise fees	520	596	737	737
Impact fees and escrow fees	-	-	-	-
Investment income	167	115	160	277
Miscellaneous	582	151	501	281
Transfers	(73)	364	521	(1,751)
Special item	-	-	-	-
Total governmental activities	<u>10,988</u>	<u>12,443</u>	<u>16,241</u>	<u>18,033</u>
Business-type activities:				
Investment income	175	105	80	76
Miscellaneous income	91	76	114	117
Transfers	73	(364)	(521)	1,751
Total business-type activities	<u>339</u>	<u>(183)</u>	<u>(327)</u>	<u>1,944</u>
Total primary government	<u>11,327</u>	<u>12,260</u>	<u>15,914</u>	<u>19,977</u>
Change in Net Position				
Governmental activities	6,389	5,454	9,583	14,877
Business-type activities	3,145	5,330	1,308	4,917
Total primary government	<u>\$ 9,534</u>	<u>\$ 10,784</u>	<u>\$ 10,891</u>	<u>\$ 19,794</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						
	2017	2018	2019	2020	2021	2022	
\$ 14,668	\$ 17,339	\$ 21,273	\$ 24,479	\$ 26,865	\$ 30,713		
7,038	7,073	8,476	10,359	13,957	16,323		
967	1,706	1,671	1,795	1,962	2,427		
-	-	-	-	-	-		
431	658	1,269	735	249	(100)		
428	164	214	248	206	513		
(5,622)	1,358	491	936	892	569		
-	-	-	-	1,500	-		
17,910	28,298	33,394	38,552	45,631	50,445		
161	339	750	348	64	(138)		
105	178	221	293	495	291		
5,622	(1,358)	(491)	(936)	(892)	(569)		
5,888	(841)	480	(295)	(333)	(416)		
23,798	27,457	33,874	38,257	45,298	50,029		
2,661	18,050	23,146	26,301	57,021	49,632		
11,167	15,337	16,658	18,189	29,874	27,927		
\$ 13,828	\$ 33,387	\$ 39,804	\$ 44,490	\$ 86,895	\$ 77,559		

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			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 27	\$ 6	\$ 2	\$ 3
Committed	1,855	2,152	2,588	2,966
Assigned	-	-	-	-
Unassigned	5,194	5,430	4,977	7,059
Total General Fund	<u>\$ 7,076</u>	<u>\$ 7,588</u>	<u>\$ 7,567</u>	<u>\$ 10,028</u>
All Other Governmental Funds				
Restricted				
Debt service	\$ 1,187	\$ 1,159	\$ 1,470	\$ 1,842
Capital projects	17,799	17,699	27,414	31,040
Courts	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Grants	-	-	-	-
Parks	-	-	-	-
Other	-	-	-	-
Assigned	<u>1,477</u>	<u>2,371</u>	<u>2,297</u>	<u>7,818</u>
Total All Other Governmental Funds	<u>\$ 20,463</u>	<u>\$ 21,229</u>	<u>\$ 31,181</u>	<u>\$ 40,700</u>

Source: Balance Sheets - Governmental Funds in Towns ACFRs.

TABLE 3

Fiscal Year											
2017		2018		2019		2020		2021		2022	
\$	61	\$	15	\$	18	\$	15	\$	41	\$	112
	3,696		4,660		4,752		5,576		6,127		7,207
	-		-		-		-		3,845		4,328
	8,547		8,139		5,111		8,333		10,230		7,279
\$	<u>12,304</u>		<u>12,814</u>		<u>9,881</u>		<u>13,924</u>		<u>20,243</u>		<u>18,926</u>
\$	2,147	\$	2,558	\$	2,557	\$	2,619	\$	2,640	\$	683
	18,009		20,152		33,032		26,850		67,586		85,522
	35		44		47		52		47		49
	-		-		-		461		602		642
	-		-		-		220		427		496
	-		-		-		1		3		27
	-		-		-		2,660		2,895		2,141
	-		-		-		255		614		213
	<u>10,316</u>		<u>3,505</u>		<u>3,278</u>		<u>-</u>		<u>-</u>		<u>-</u>
\$	<u>30,507</u>		<u>26,259</u>		<u>38,914</u>		<u>33,118</u>		<u>74,814</u>		<u>89,773</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			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 10,220	\$ 11,834	\$ 15,076	\$ 18,545
Licenses and permits	1,752	2,102	2,645	3,116
Intergovernmental	1,730	-	-	-
Charges for services	3,066	4,353	6,855	3,997
Impact fees	-	-	-	9,612
Escrow income	-	-	-	-
Grants	49	28	29	56
Investment income	647	809	1,194	1,530
Fines, fees, warrants, and seizures	166	114	160	276
Park fees	-	-	-	-
Contributions	1,129	1,216	1,358	2,539
Miscellaneous	570	151	481	281
Total Revenues	<u>19,329</u>	<u>20,607</u>	<u>27,798</u>	<u>39,952</u>
Expenditures				
General government	2,846	3,685	5,295	5,972
Public safety	4,652	5,137	5,722	6,693
Public Works	523	912	1,424	4,447
Culture and recreation	1,167	1,688	1,931	2,159
Economic development	-	-	-	-
Capital outlay	9,773	5,719	10,104	21,565
Debt service				
Principal	1,396	1,638	1,623	1,860
Interest	1,153	1,163	1,227	1,527
Other charges	158	10	336	153
Total Expenditures	<u>21,668</u>	<u>19,952</u>	<u>27,662</u>	<u>44,376</u>
Excess of revenues over (under) expenditures	(2,339)	655	136	(4,424)
Other Financing Sources (Uses)				
Transfer in	6,057	1,571	4,104	11,704
Transfer out	(6,150)	(2,009)	(4,154)	(13,457)
Proceeds from insurance	12	-	-	-
Issuance of debt	7,710	3,340	20,919	13,440
Premium (discount) on debt issuance	169	312	2,397	1,322
Payments to bond escrow agent	(3,899)	(2,592)	(10,482)	(2,988)
Issuance of leases	-	-	-	-
Net other financing sources (uses)	<u>3,899</u>	<u>622</u>	<u>12,784</u>	<u>10,021</u>
Special Item	-	-	-	-
Net change in fund balances	<u>\$ 1,560</u>	<u>\$ 1,277</u>	<u>\$ 12,920</u>	<u>\$ 5,597</u>
Debt service as a percentage of noncapital expenditures	<u>21.4%</u>	<u>19.7%</u>	<u>16.2%</u>	<u>14.8%</u>

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

TABLE 4

Fiscal Year											
	2017		2018		2019		2020		2021		2022
\$	23,306	\$	26,156	\$	31,335	\$	36,551	\$	42,779	\$	49,496
	3,082		5,468		4,739		5,552		8,146		6,679
-	-		-		-		-		-		-
687	742		713		589		1,190		1,080		1,080
4,432	5,283		5,569		7,422		9,242		10,008		10,008
-	-		648		501		580		-		-
748	493		2,942		1,068		2,678		442		442
2,091	670		511		679		238	(76)		
379	424		1,219		328		301		269		269
-	-		-		-		411		593		593
1,459	372		994		185		526		1,298		1,298
428	176		230		228		278		491		491
36,612	39,784		48,900		53,103		66,369		70,280		
6,412	5,659		8,768		12,583		11,983		15,236		
8,873	10,243		11,561		15,269		15,895		18,995		
3,541	4,210		3,308		4,676		4,985		12,571		
1,948	4,810		3,885		4,359		5,082		7,274		
1,709	7,364		2,633		2,634		3,580		3,585		
23,767	18,782		18,748		21,608		19,313		20,304		
2,363	2,554		3,197		3,819		4,275		8,558		
1,788	2,428		2,752		3,192		3,404		4,493		
157	30		240		175		484		317		
50,558	56,080		55,092		68,315		69,001		91,333		
(13,946)	(16,296)		(6,192)		(15,212)		(2,632)	(21,053)			
(6,928)	(9,975)		(8,805)		(2,955)		(6,397)	(10,253)			
(12,630)	(9,696)		(10,037)		(2,019)		(5,505)	(9,684)			
-	-		-		-		-	22			
10,575	16,305		17,135		10,875		43,110	31,600			
1,155	923		1,019		1,695		4,684	2,375			
-	-		-		-		-	-			
6,028	17,507		16,922		13,506		48,686	35,020			
-	-		-		-		-	-			
\$(7,918)	\$ 1,211		\$ 10,730		\$ (1,706)		\$ 46,054		\$ 13,967		
	<u>15.5%</u>		<u>16.8%</u>		<u>18.2%</u>		<u>16.4%</u>		<u>16.5%</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)

Fiscal Year	Property Tax	Sales Tax	Franchise Fee	Total
2013	\$ 7,314	\$ 2,478	\$ 520	\$ 10,312
2014	8,410	2,807	596	11,813
2015	9,967	4,355	737	15,059
2016	12,880	5,609	737	19,226
2017	14,668	7,038	967	22,673
2018	17,376	7,073	1,706	26,155
2019	21,188	8,476	1,671	31,335
2020	24,397	10,359	1,795	36,551
2021	26,861	13,957	1,961	42,779
2022	30,747	16,323	2,427	49,497

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
2013	\$ 1,905,100.00	\$ 1,865,370.00	\$ 39,730.00	\$ 557,691.00	\$ 1,347,409.00	0.52000	70.73%
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%

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	
2013	\$ 0.316914	\$ 0.203086	\$ 0.520000	\$ 1.670000	\$ 0.240000	
2014	0.326191	0.193809	0.520000	1.670000	0.237500	
2015	0.356301	0.163699	0.520000	1.670000	0.235000	
2016	0.361074	0.158926	0.520000	1.670000	0.225000	
2017	0.367500	0.152500	0.520000	1.670000	0.208395	
2018	0.367500	0.152500	0.520000	1.670000	0.180785	
2019	0.367500	0.152500	0.520000	1.568350	0.174951	
2020	0.367500	0.152500	0.520000	1.492700	0.172531	
2021	0.367500	0.152500	0.520000	1.460300	0.168087	
2022	0.328000	0.182000	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>	<u>Denton County</u>	<u>Total Direct & Overlapping Rates Collin County</u>	<u>Total Direct & Overlapping Rates Denton County</u>
\$ 0.862990	\$ 0.282867	\$ 3.292990	\$ 2.472867
0.083643	0.284914	2.511143	2.474914
0.081960	0.262000	2.506960	2.452000
0.081960	0.248409	2.496960	2.438409
0.081222	0.237812	2.479617	2.427812
0.081222	0.225574	2.452007	2.415574
0.081222	0.225278	2.344523	2.313628
0.081222	0.224985	2.266453	2.237685
0.081222	0.233086	2.229609	2.213386
0.081222	0.217543	2.186565	2.213386

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
2013	\$ 7,011,511	\$ 6,946,210	99.07%	\$ 296,561	\$ 7,242,771	103.1%
2014	8,217,550	8,174,411	99.48%	348,080	8,522,491	102.9%
2015	9,730,516	9,704,426	99.73%	417,150	10,121,576	102.5%
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%

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 2022 AND 2013
(UNAUDITED)**

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
380 & 289, LP	\$ 86,408,388	1	1.57%	\$ -	-	-
GOP #2 LLC	67,790,369	2	1.23%	-	-	-
DD Bluestem LLC	65,000,000	3	1.18%	-	-	-
Orion Prosper Lakes LLC	59,406,378	4	1.08%	-	-	-
Orion Prosper LLC	45,688,489	5	0.83%	-	-	-
289 (Preston) & 380 LP	40,400,349	6	0.74%	-	-	-
Prosper Younger LLC	34,054,515	7	0.62%	-	-	-
Northeast 423/380 LTD ETAL	28,370,559	8	0.52%	-	-	-
First Texas Homes Inc	23,601,071	9	0.43%	-	-	-
Shottenkirk Prosper Properties LLC	23,568,554	10	0.43%	-	-	-
Western Rim Investors	-	-	-	44,617,791	1	3.31%
First Texas Homes Inc.	-	-	-	7,487,638	2	0.56%
Five SAC Self-Storage Corp.	-	-	-	6,940,417	3	0.52%
Rosebriar Prosper Plaza LP	-	-	-	6,917,151	4	0.51%
Saddle Creek Investments LTD	-	-	-	6,068,371	5	0.45%
Prosper Land Company LTD	-	-	-	5,897,633	6	0.44%
Preston Development LTD	-	-	-	5,417,242	7	0.40%
Deion Sanders	-	-	-	5,364,522	8	0.40%
Da' Hood Trust	-	-	-	4,594,217	9	0.34%
CC Joint Ventures LTD	-	-	-	4,443,353	10	0.33%
Totals	\$ 474,288,672		8.63%	\$ 97,748,335		7.25%

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						Premiums/ Discounts
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Leases			
2013	\$ 8,216	\$ 18,909	\$ 1,425	-		\$ 379	
2014	11,255	15,594	1,080	-		636	
2015	25,214	9,678	725	-		2,852	
2016	29,095	16,384	365	-		3,984	
2017	30,477	28,444	-	-		4,865	
2018	30,597	37,210	-	-		5,796	
2019	32,816	48,930	-	-		6,122	
2020	30,789	58,013	-	-		7,425	
2021	65,020	62,616	-	-		11,587	
2022	90,105	60,640	-	387		12,790	

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

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

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

TABLE 10

Business-Type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts				
\$ 23,249	\$ -	\$ 546	\$ 52,724	111.1%	\$ 3,941	
35,133	-	1,506	65,204	124.5%	4,351	
33,106	-	1,938	73,513	135.1%	4,603	
8,145	22,966	1,995	82,934	144.3%	4,662	
8,081	23,988	1,951	97,806	157.6%	4,851	
6,388	31,505	2,360	113,856	172.0%	5,027	
5,600	34,490	2,427	130,384	184.0%	5,087	
4,821	32,657	2,281	135,986	178.0%	4,792	
4,020	30,979	2,090	176,312	227.5%	5,671	
3,175	26,120	1,754	194,971	N/A	5,506	

TOWN OF PROSPER, TEXAS

TABLE 11

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
2013	\$ 31,465	\$ 18,909	\$ 1,187	\$ 49,187	3.65%	\$ 3,676		
2014	46,388	15,594	1,159	60,823	3.91%	4,059		
2015	58,320	9,678	1,470	66,528	3.53%	4,166		
2016	37,240	39,350	1,842	74,748	3.23%	4,202		
2017	38,558	52,432	2,147	88,843	3.39%	4,407		
2018	36,985	68,715	2,558	103,142	3.08%	4,554		
2019	38,415	83,420	2,556	119,279	3.19%	4,654		
2020	35,610	90,670	1,885	124,395	2.89%	4,383		
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		

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

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

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

³The amounts include the premium portions of the debt.

TOWN OF PROSPER, TEXAS

TABLE 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2022
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property rates:			
Prosper Independent School District	\$ 1,365,089,138	68.66%	\$ 937,270,202
Collin County	701,786,014	2.11%	14,807,685
Collin College	475,745,000	2.11%	10,038,220
Denton County	600,130,000	0.23%	1,380,299
Subtotal - overlapping debt	<u>3,142,750,152</u>		<u>963,496,406</u>
Town of Prosper direct debt	\$ 150,744,623	100.00%	<u>150,744,623</u>
Total direct and overlapping debt			<u>\$ 1,114,241,029</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				
	2013	2014	2015	2016	2017
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							
2018		2019		2020		2021	
\$	2.5000	\$	2.5000	\$	2.5000	\$	2.5000
	<u>0.5200</u>		<u>0.5200</u>		<u>0.5200</u>		<u>0.5200</u>
\$	<u>1.9800</u>	\$	<u>1.9800</u>	\$	<u>1.9800</u>	\$	<u>1.9900</u>

TOWN OF PROSPER, TEXAS**TABLE 14****DEMOGRAPHIC AND ECONOMIC STATISTICS****LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Population ¹	Personal Income ² (expressed in thousands)	Per Capita Personal Income ²	School Enrollment ³	Unemployment Rate ⁴
2013	13,380	\$ 47,458	\$ 55,520	5,632	5.1%
2014	14,986	52,359	59,146	6,448	4.6%
2015	15,970	54,420	59,532	7,064	4.4%
2016	17,790	57,483	61,179	8,254	3.4%
2017	20,160	62,078	64,025	10,107	3.0%
2018	22,650	66,212	65,874	12,195	3.0%
2019	25,630	70,852	68,474	16,695	2.9%
2020	28,380	76,381	71,246	19,279	5.2%
2021	31,090	77,500	77,006	22,426	3.6%
2022	35,410	N/A	N/A	25,312	3.4%

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. Beaurea 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	2022		Percentage of Total Town Employment
	Employees	Rank	
Prosper ISD	2,631	1	51.1%
Kroger (2 locations)	470	2	9.1%
Town of Prosper	290	3	5.6%
WalMart	270	4	5.2%
Chik Fil A	170	5	3.3%
Home Depot	152	6	3.0%
Lowe's	135	7	2.6%
Cook's Childrens	125	8	2.4%
Dick's SG - Field and Stream	70	9	1.4%
Longo Toyota	66	10	1.3%
Total	4,379		85.00%

Employer	2013		Percentage of Total Town Employment
	Employees	Rank	
Prosper ISD	766	1	57.2%
Town of Prosper	122	3	9.1%
Gentle Creek	52	4	3.9%
Dairy Manufacturers, Inc	35	5	2.6%
Mahard Egg Farm	31	2	2.3%
ProBuild	30	6	2.2%
Lattimore Materials	26	9	1.9%
CVS	25	7	1.9%
Crossland Construction	20	8	1.5%
Prosper Bank	12	10	0.9%
Total	1,119		83.6%

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			
	2013	2014	2015	2016
General Government				
Building inspection permits				
Commercial construction				
Number of units	21	29	45	74
Total dollar value of permits issued	\$ 4,219	\$ 19,172	\$ 50,625	\$ 122,799
Average value	\$ 201	\$ 661	\$ 1,125	\$ 1,659
Residential Construction				
Number of units	483	474	708	648
Total dollar value of permits issued	\$ 195,257	\$ 209,949	\$ 313,681	\$ 316,039
Average value	\$ 404	\$ 443	\$ 443	\$ 488
Public safety				
Police				
Physical arrests	99	115	128	163
Traffic collisions	289	279	429	234
Number of vehicles	N/A	15	15	15
Fire				
Number of frontline engines	1	1	1	2
Number of reserve engines	1	1	1	2
Number of frontline Trucks	-	-	-	-
Number of frontline Ambulances	1	1	1	1
Number of reserve Ambulances	1	1	1	1
Number of frontline Brush Trucks	1	1	1	1
Number of Station	1	1	1	2
Total incidents/calls for service	1,057	1,100	1,245	1,537
Fire	45	64	30	64
Overpressure/explosion	6	5	-	10
Rescue & EMS	597	588	583	797
Hazardous condition	20	29	37	52
Service call	196	212	136	293
Good intent call	94	101	328	168
False alarm & false call	96	95	131	140
Severe weather & natural disaster	3	6	-	13
Fire marshal				
Fire inspections	278	283	156	966
Fire safety programs	14	18	24	12
Municipal court				
Number of cases filed	1,645	2,118	2,439	3,147
Number of cases closed	1,872	2,954	3,605	3,534
Public works				
Water & Sewer				
Linear feet of water lines	N/A	579,777	627,900	692,447
Linear feet of sewer lines	N/A	428,360	482,838	546,950
Number of hydrants	N/A	N/A	N/A	N/A
Water customers	4,418	4,943	5,539	6,671
Wastewater customers	3,568	4,055	4,627	5,757
Streets				
Miles of streets maintain	125	125	132	141
Number of traffic signals	-	-	1	2
Parks				
Number of parks	16	16	21	22
Number of playgrounds	6	6	7	7
Acreage maintained	146	146	178	178

Source: Town of Prosper Department Staff.

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

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

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

TABLE 16

Fiscal Year						
2017	2018	2019	2020	2021	2022	
108 \$ 95,793 \$ 887	101 \$ 112,427 \$ 1,113	105 \$ 141,609 \$ 1,349	105 \$ 114,516 \$ 1,091	120 \$ 382,091 \$ 3,184	154 \$ 251,432 \$ 1,633	
715 \$ 347,484 \$ 486	980 \$ 474,515 \$ 484	793 \$ 246,111 \$ 492	938 \$ 1,257 \$ 628	1,402 - -	1,011 - -	
205 322 18	253 605 20	208 889 28	211 874 28	222 1,042 32	398 1,395 40	
2 2 - 2 1 2 2 2,102 98 10 1,072 60 44 265 244 9	2 2 - 2 1 2 2 2,185 97 3 1,139 58 438 219 229 2	2 2 1 2 1 2 2 2,107 62 4 1,110 83 459 161 226 2	2 2 1 2 1 2 2 2,517 74 1 1,206 103 622 246 256 9	2 2 1 2 1 2 2 3,482 73 2 1,760 109 809 360 361 8	2 2 1 2 1 2 2 3,759 114 3 1,966 130 747 480 315 4	
1,210 14	1,291 17	2,022 58	1,941 **	2,129 29**	2,549 35	
3,027 3,019	3,581 3,964	4,499 4,814	2,452 3,091	1,899 2,584	2,102 2,417	
786,557 619,386 1,523 7,784 6,770	920,859 720,466 1,910 8,603 7,506	1,006,066 752,925 2,016 9,188 8,131	1,042,324 822,201 2,118 10,353 9,223	1,057,959 834,534 2,150 11,766 10,640	1,282,189 1,035,039 2,801 12,573 11,825	
153 2	179 3	212 3	287 7	330 9	310 10	
22 8 190	23 11 218	28 13 225.3	28 13 245.6	29 14 246.2	30 16 480.2	

TOWN OF PROSPER, TEXAS

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION

**LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year			
	2013	2014	2015	2016
GENERAL FUND				
Administration	9	9	10	12
Code Compliance	1	1	1	1
Court	1	2	2	3
Dispatch	7	8	8	9
Engineering	3	3	5	6
Fire	20	20	32	33
Fire Marshal	1	1	1	1
Inspections	8	9	13	13
Library	2	2	4	3
Parks	12	15	16	18
Planning	3	3	4	4
Police	15	15	20	22
Streets	2	2	2	3
Total General Fund	<u>83</u>	<u>89</u>	<u>117</u>	<u>127</u>
SPECIAL PURPOSE DISTRICT FUNDS				
Crime Control	-	-	-	-
Fire Control	-	-	-	-
Total Special Purpose District Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENTERPRISE FUNDS				
Storm Drainage	1	1	2	2
Utility Billing	3	3	3	3
Wastewater	5	6	4	4
Water	8	10	14	15
Engineering	-	-	-	-
Total Enterprise Fund	<u>17</u>	<u>20</u>	<u>23</u>	<u>24</u>
CAPITAL PROJECTS FUND				
Total	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
	<u>101</u>	<u>110</u>	<u>140</u>	<u>151</u>

Source: Town of Prosper Annual Budget

TABLE 17

Fiscal Year					
2017	2018	2019	2020	2021	2022
13	17	20	21	25	28
1	2	2	3	3	3
3	4	4	4	4	5
9	9	11	11	13	13
6	7	10	12	12	16
34	40	29	35	37	41
2	2	3	3	4	4
13	15	16	16	18	20
3	7	7	7	7	7
20	22	26	27	27	32
4	5	5	5	5	5
27	30	24	28	32	31
3	5	6	8	8	10
137	164	163	180	195	214
-	-	12	12	13	19
-	-	12	12	13	18
-	-	24	24	26	37
2	2	2	2	2	2
3	4	4	4	4	5
7	9	12	14	15	16
18	21	24	25	27	29
-	-	-	4	4	4
30	36	42	49	52	56
167	200	229	253	273	307