

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

## FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021





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

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year Ended September 30, 2021

Prepared by the  
**Town of Prosper, Texas**  
**Finance Department**

Betty Pamplin - Director of Finance  
Liz McDonald - Accounting Manager

**Town Manager**  
Harlan Jefferson

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





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**TOWN OF PROSPER, TEXAS**

YEAR ENDED SEPTEMBER 30, 2021

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# INTRODUCTORY SECTION



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

March 25, 2022

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, 2021. This report provides the Town Council, Town Staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the Town government.

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

The Town is required to obtain an annual audit of the financial records and financial activities of the Town. Pattillo, Brown & Hill, L.L.P., a firm of licensed certified public accountants, have audited the Town's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2021, 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, 2021, and are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP"). The independent auditor's report is presented as the first component of the financial section of this report.

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

### **The Reporting Entity Profile**

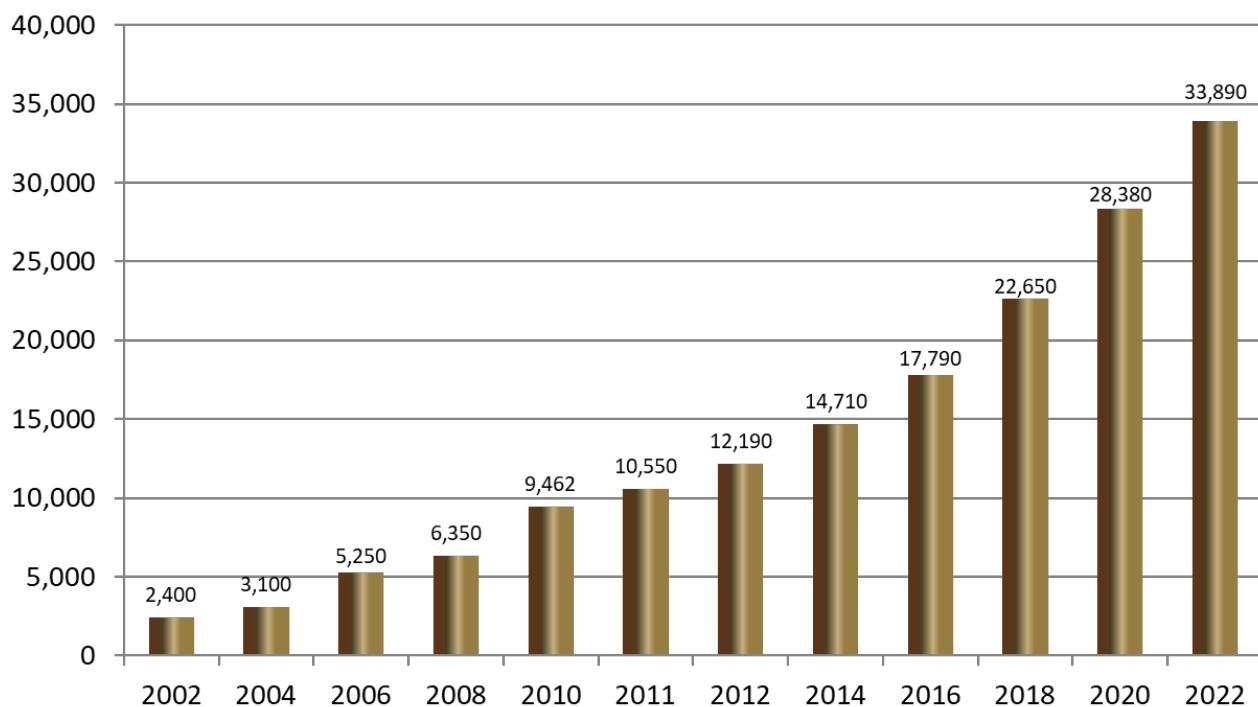
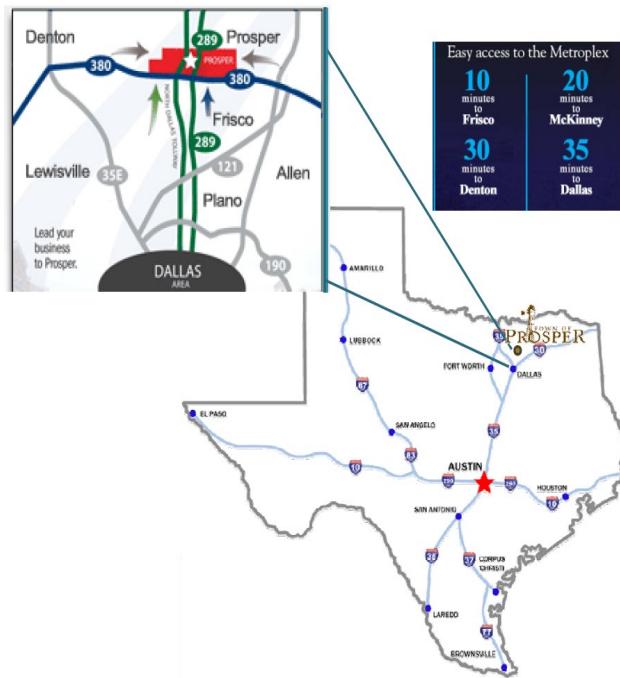
The Town is a political subdivision and a home rule municipality under the laws of the state. A Home Rule Charter was approved by the voters of the Town at an election held November 7, 2006, and revised on May 14, 2011 and May 6, 2017. The Town operates as a Council-Manager form of government with the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

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

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

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

The 2011 Census population for the Town was 10,550, and the 2022 estimate is 33,890.



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

## History of Prosper

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

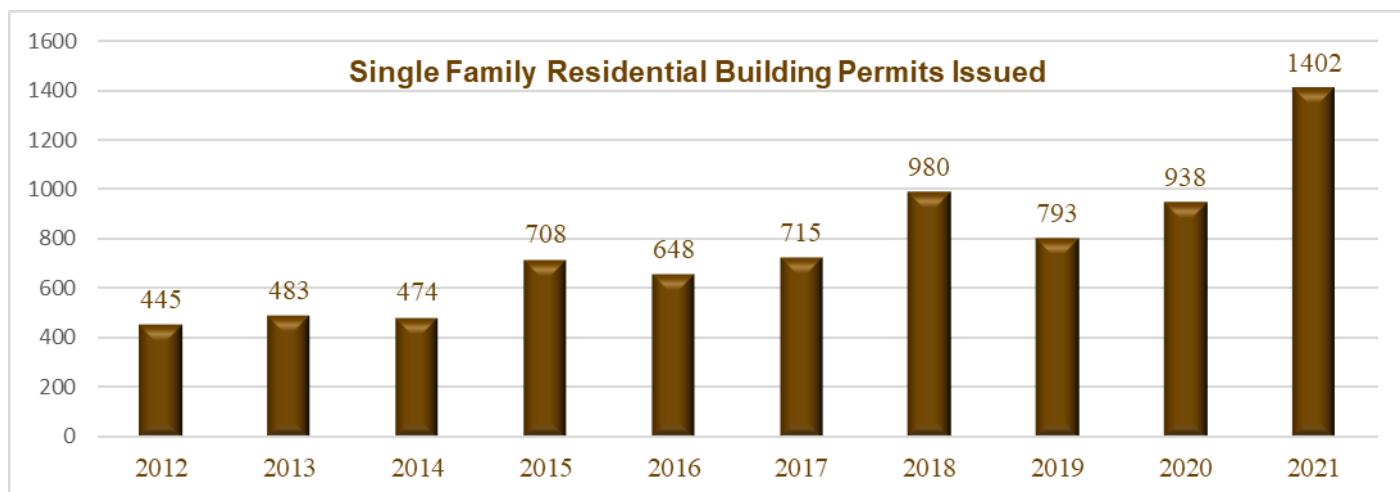
The establishment of the St. Louis & San Francisco Railroad in March of 1902 created the change that forced the communities of Rock Hill and Richland to merge forming the Town of Prosper. For years, Prosper was the central stop for the railroad between Dallas and Sherman. When community officials applied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

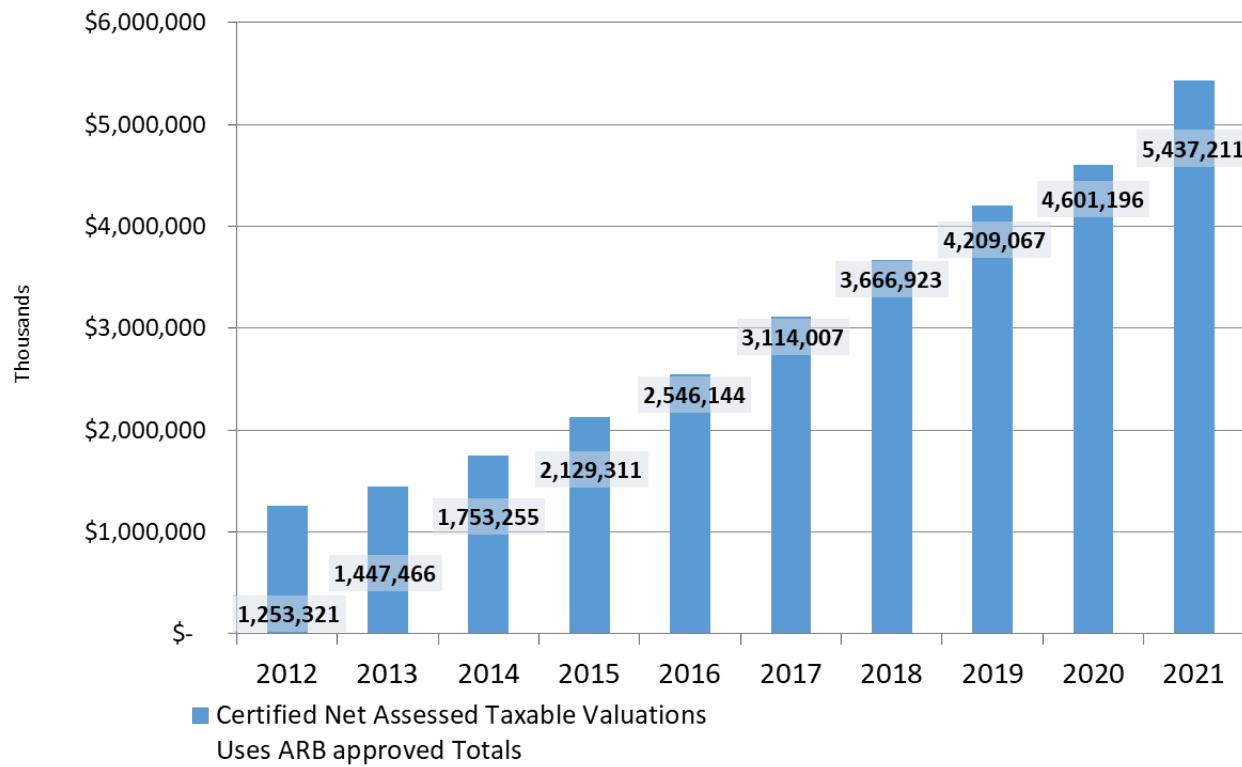
The Town of Prosper was incorporated in 1914 with a Commission form of government and a population of 500. U.N. Clary was Mayor and served in that position for 49 years. The introduction of the automobile sparked the evolution of people moving in and out of the rural community. Following the war and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

Prosper has managed to retain its small town appeal by carefully managing growth in accordance with a Comprehensive Land Use Plan, a Parks & Open Space Plan, and a Capital Improvements Plan. Unlike the cities of Dallas, Plano, and Frisco located to the south, Prosper is characterized by a variety of single-family neighborhoods consisting of estate-size lots and master planned neighborhoods. While residential growth remains strong, the Town is carefully evolving from a bedroom community of 33,000+ residents to a full service community offering retail, restaurant, office and health care services. In 2021, permits were issued for the opening of 112 new businesses. 771,809 square feet of new non-residential construction started in 2021, and approximately 1,554,086 square feet of shovel ready non-residential projects are approved for construction in 2022.

## The Economic Outlook

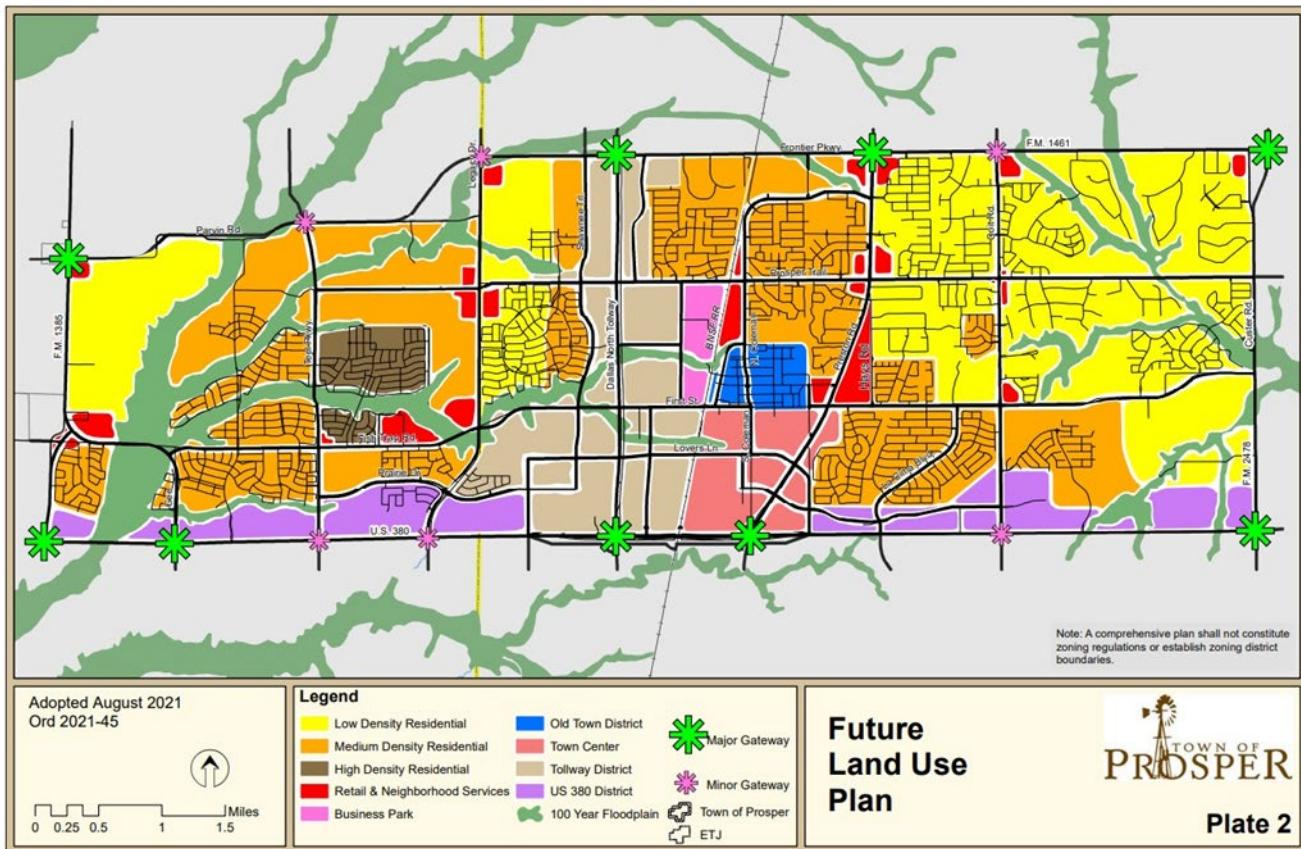
The Town continues to experience new home permits at a record pace and benefits tremendously from its location. Prosper, while not immune from economic pressures, has thrived more than most DFW communities. New homes in 2021 averaged \$563K.





The Town has maintained significant growth. Certified property valuations increased by \$836M (18.17%) for FY 2021-2022, from \$4,601M to \$5,437M. 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 31%.

The economy influences the timing of population increases and the types of development that occur will affect the build-out of the Town. The Town Council adopted a new Comprehensive Plan in 2012 and annually reviews the Plan in response to changing market conditions. The last revision was in January 2022. Policymakers and Town staff use this document as a guide while reviewing development projects, the Town budget, prioritizing capital improvement projects, and drafting ordinances to direct growth that leads to the established vision. The Future Land Use Plan (below) graphically sets an overall framework for the preferred pattern of development within Prosper.



## Accounting System and Budgetary Control

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

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

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

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

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, 2020. 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.

The Town also received the Popular Annual Financial Report (PAFR) award from GFOA for the fiscal year ended September 30, 2020. The Town has been granted this award for the three previous fiscal years. This report is designed to provide a user friendly and easily understood report to the public and other interested parties that lack a background in public finance.

## **Acknowledgements**

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

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

Respectfully submitted,



Harlan Jefferson  
Town Manager



Betty Pamplin  
Finance Director



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Prosper  
Texas**

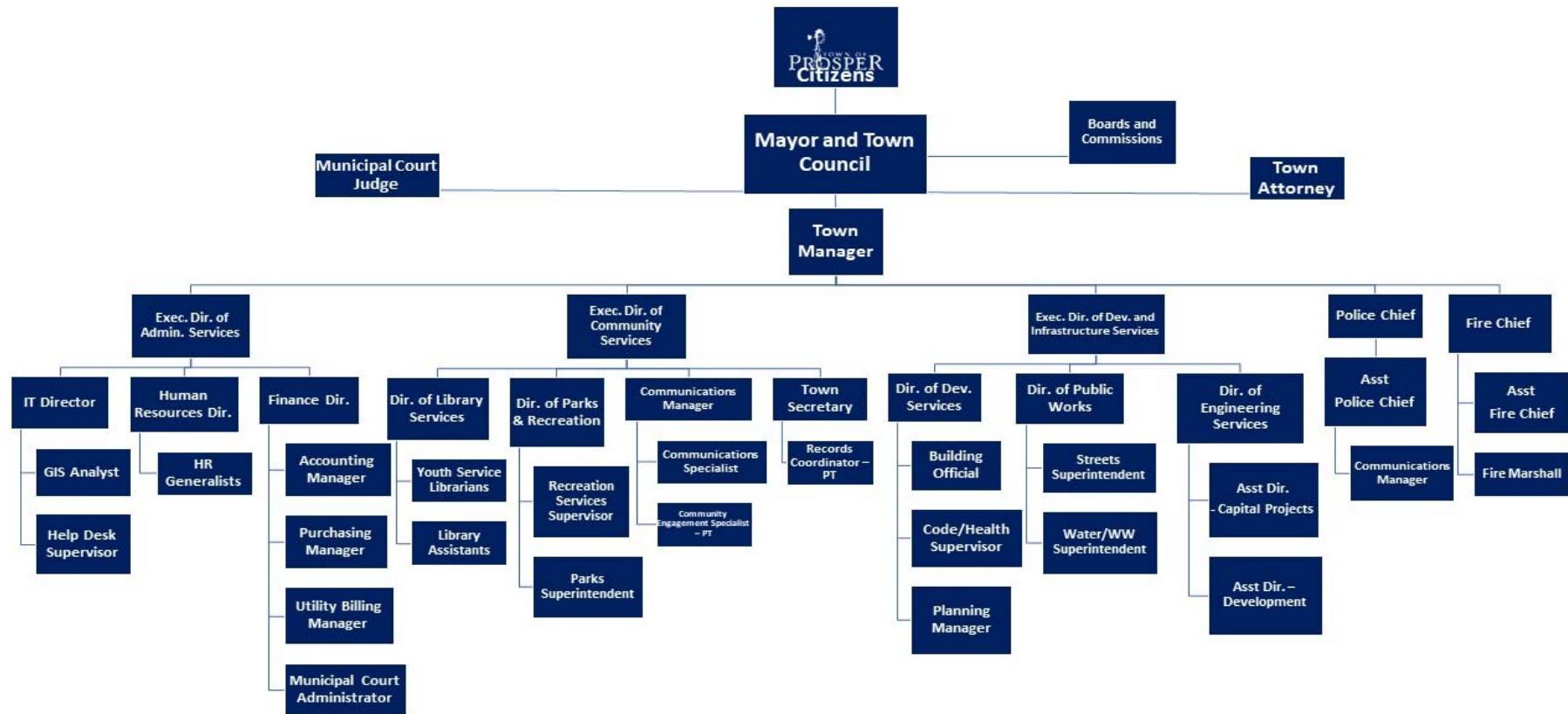
For its Annual Comprehensive  
Financial Report  
for the Fiscal Year Ended

**September 30, 2020**

*Christopher P. Morrell*

Executive Director/CEO

## Organizational Chart



**TOWN OF PROSPER, TEXAS**  
**LIST OF PRINCIPAL OFFICIALS**

FISCAL YEAR ENDED SEPTEMBER 30, 2021

**TOWN COUNCIL**

MAYOR \_\_\_\_\_ RAY SMITH 

COUNCIL MEMBER PLACE 1 \_\_\_\_\_ MARCUS E. RAY 

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

COUNCIL MEMBER PLACE 3, \_\_\_\_\_ AMY BARTLEY 

COUNCIL MEMBER PLACE 4, MAYOR PRO-TEM \_\_\_\_\_ MEIGS MILLER 

COUNCIL MEMBER PLACE 5 \_\_\_\_\_ JEFF HODGES 

COUNCIL MEMBER PLACE 6 \_\_\_\_\_ CHARLES COTTEN 

**TOWN OF PROSPER, TEXAS**  
**LIST OF PRINCIPAL OFFICIALS**

FISCAL YEAR ENDED SEPTEMBER 30, 2021

APPOINTED OFFICIALS

TOWN MANAGER	HARLAN JEFFERSON
TOWN SECRETARY	MICHELLE LEWIS SIRIANNI
EXECUTIVE DIRECTOR OF ADMINISTRATIVE SERVICES	VACANT
EXECUTIVE DIRECTOR OF COMMUNITY SERVICES	ROBYN BATTLE
EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFRASTRUCTURE SERVICES	REBECCA ZOOK
FIRE CHIEF	STUART BLASINGAME
POLICE CHIEF	DOUG KOWALSKI
DIRECTOR OF DEVELOPMENT SERVICES	KHARA DODDS
DIRECTOR OF ENGINEERING	HULON WEBB
DIRECTOR OF FINANCE	BETTY PAMPLIN
DIRECTOR OF HUMAN RESOURCES	JAMES EDWARDS
DIRECTOR OF INFORMATION TECHNOLOGY	LEIGH JOHNSON
DIRECTOR OF LIBRARY SERVICES	LESLIE SCOTT
DIRECTOR OF PARKS AND RECREATION	DAN BAKER
DIRECTOR OF PUBLIC WORKS	FRANK JAROMIN



# FINANCIAL SECTION



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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Prosper, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Prosper, Texas' basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Prosper, Texas, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**OFFICE LOCATIONS**

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2022, on our consideration of the Town of Prosper, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Prosper, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Prosper, Texas' internal control over financial reporting and compliance.

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

Waco, Texas  
March 25, 2022



# MANAGEMENT'S DISCUSSION AND ANALYSIS



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Prosper, Texas (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2021.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town of Prosper, on a government-wide basis, exceeded its liabilities and deferred inflows as of September 30, 2021 by \$423,221,463 (net position). Of this amount, \$58,417,163 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$86,894,548. Most of the increase is due to property taxes, sales taxes, increases in capital assets and water and sewer charges for services.
- As of the close of the current fiscal year, the Town of Prosper's governmental funds reported combined ending fund balances of \$95,056,559 (made up of \$20,242,707 in General Fund, \$10,678,812 in Impact Fee Fund, \$2,640,088 in Debt Service Fund, \$55,411,735 in Capital Projects Fund, \$3,145 in the ARPA Fund, and \$6,080,072 in other governmental funds), an increase of \$48,014,974 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,229,128 or 33% of total current fiscal year General Fund expenditures and is available for spending at the Town's discretion.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Prosper's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

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

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

The Town of Prosper maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Impact Fee Fund, Debt Service Fund, Capital Projects Fund, and Escrow Fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and certain budgetary schedules in this report. The basic governmental fund financial statements can be found immediately following this management's discussion and analysis.

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

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

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

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$423,221,463 at the close of the most recent fiscal year.

A portion of the Town's net position (85%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town of Prosper uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (14%) may be used to meet the Town's ongoing obligations to citizens and creditors.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 34,335,054	\$ 21,977,517	\$ 16,181,013	\$ 12,381,543	\$ 50,516,067	\$ 34,359,060
Restricted assets	80,113,008	42,192,966	15,936,688	16,419,136	96,049,696	58,612,102
Capital assets	293,691,527	240,636,596	181,105,524	158,423,240	474,797,051	399,059,836
Total assets	<u>408,139,589</u>	<u>304,807,079</u>	<u>213,223,225</u>	<u>187,223,919</u>	<u>621,362,814</u>	<u>492,030,998</u>
Deferred outflows of resources	3,640,933	3,313,482	624,067	584,805	4,265,000	3,898,287
Total outflows of resources	<u>3,640,933</u>	<u>3,313,482</u>	<u>624,067</u>	<u>584,805</u>	<u>4,265,000</u>	<u>3,898,287</u>
Long-term liabilities	137,803,717	96,106,768	35,156,697	37,880,491	172,960,414	133,987,259
Other liabilities	22,134,188	17,610,593	6,620,754	7,256,492	28,754,942	24,867,085
Total liabilities	<u>159,937,905</u>	<u>113,717,361</u>	<u>41,777,451</u>	<u>45,136,983</u>	<u>201,715,356</u>	<u>158,854,344</u>
Deferred inflows of resources - pensions	597,875	640,167	93,120	107,859	690,995	748,026
Total inflows of resources	<u>597,875</u>	<u>640,167</u>	<u>93,120</u>	<u>107,859</u>	<u>690,995</u>	<u>748,026</u>
Net position:						
Net investment in capital assets	211,505,986	169,773,535	147,067,244	127,806,218	358,573,230	297,579,753
Restricted	6,231,070	5,534,425	-	-	6,231,070	5,534,425
Unrestricted	33,507,686	18,455,073	24,909,477	14,757,664	58,417,163	33,212,737
Total net position	<u>\$ 251,244,742</u>	<u>\$ 193,763,033</u>	<u>\$ 171,976,721</u>	<u>\$ 142,563,882</u>	<u>\$ 423,221,463</u>	<u>\$ 336,326,915</u>

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 19,857,321	\$ 14,390,092	\$ 26,666,603	\$ 24,225,257	\$ 46,523,924	\$ 38,615,349
Operating grants & contributions	2,487,927	1,252,583	7,733	-	2,495,660	1,252,583
Capital grants & contributions	39,617,715	16,677,357	31,012,339	19,030,854	70,630,054	35,708,211
General revenues:						
Property taxes	26,864,570	24,478,723	-	-	26,864,570	24,478,723
Other taxes	15,918,418	12,153,419	-	-	15,918,418	12,153,419
Other income	456,245	984,539	560,050	641,600	1,016,295	1,626,139
Total revenues	<u>105,202,196</u>	<u>69,936,713</u>	<u>58,246,725</u>	<u>43,897,711</u>	<u>163,448,921</u>	<u>113,834,424</u>
Expenses:						
Administration	8,616,814	10,490,476	-	-	8,616,814	10,490,476
Police	7,197,976	6,059,769	-	-	7,197,976	6,059,769
Fire	9,770,846	8,770,467	-	-	9,770,846	8,770,467
Development Services	3,621,626	2,413,332	-	-	3,621,626	2,413,332
Public Works	9,924,184	6,906,535	-	-	9,924,184	6,906,535
Community Services	5,852,407	5,297,319	-	-	5,852,407	5,297,319
Engineering	1,899,366	1,545,471	-	-	1,899,366	1,545,471
Interest on long-term debt	3,690,827	3,088,624	-	-	3,690,827	3,088,624
Utility	-	-	27,480,327	24,772,001	27,480,327	24,772,001
Total expenses	<u>50,574,046</u>	<u>44,571,993</u>	<u>27,480,327</u>	<u>24,772,001</u>	<u>78,054,373</u>	<u>69,343,994</u>
Revenues in Excess of Expenses	<u>54,628,150</u>	<u>25,364,720</u>	<u>30,766,398</u>	<u>19,125,710</u>	<u>85,394,548</u>	<u>44,490,430</u>
Transfers	<u>892,063</u>	<u>936,235</u>	<u>( 892,063)</u>	<u>( 936,235)</u>	<u>-</u>	<u>-</u>
Special item	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>
Change in net position	<u>57,020,213</u>	<u>26,300,955</u>	<u>29,874,335</u>	<u>18,189,475</u>	<u>86,894,548</u>	<u>44,490,430</u>
Net position - beginning of year	<u>193,763,033</u>	<u>167,510,282</u>	<u>142,563,882</u>	<u>124,374,407</u>	<u>336,326,915</u>	<u>291,884,689</u>
Prior period adjustment	<u>461,496</u>	<u>( 48,204)</u>	<u>( 461,496)</u>	<u>-</u>	<u>-</u>	<u>( 48,204)</u>
Net position - end of year	<u>\$ 251,244,742</u>	<u>\$ 193,763,033</u>	<u>\$ 171,976,721</u>	<u>\$ 142,563,882</u>	<u>\$ 423,221,463</u>	<u>\$ 336,326,915</u>

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

Revenues for FY 2020-2021 increased by \$49,614,497, or 44% in comparison to the prior year. The increase is primarily due to increases in sales taxes, property taxes, charges for services, and capital grants and contributions. Property taxes and sales taxes increased \$6,150,846 from prior year due to increased assessed value and growth in the Town. Capital grants and contributions increased by \$22,940,358 due to additional capital contributions by developers. Water and sewer charges for services increased \$2,441,346 over the prior year due to the growth within the Town, due to increased usage of services and an increase in commercial base water rates to bring them more in line with the residential rates.

### **Governmental Activities**

Governmental activities increased the Town's net position by \$57,020,213. The following factors contributed to this change:

- Property and sales taxes increased by \$6,150,846 (17%) primarily due to increases in the Town's property tax base and economic development within the Town.
- Capital grants and contributions increased by \$22,940,358 (138%) primarily due to continued Town growth and increased developer contributions.
- Total governmental activity expenses increased by \$6,002,053 (13%) during the year primarily due to the overall growth that the Town has experienced. The largest functional areas affected by this growth were Police (\$1,138,207), Fire (\$1,000,379), Development Services (\$1,208,294) and Public Works (\$3,017,649).

### **Business-Type Activities**

Business-type activities increased the Town's net position by \$29,874,335. The following factors contributed to this change:

- Operating revenue increased by \$14,439,014 (33%) from the previous year due to an increase in water and sewer charges for service and increases in usage.
- Operating expenses increased by \$2,708,326 (11%) from the previous year due to an increase in contractual services mainly due to increases in usage.

## **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$95,056,559, an increase of \$47,553,478 from the prior year. Most of the increase is due to continued growth and the Town's 2021 debt issuance in the amount of \$43 million. Of the current combined ending fund balance, \$41,495 is nonspendable due to prepaids, \$74,813,852 is restricted for debt service, capital projects, police, fire, grants, parks, courts, and other, \$6,127,144 is committed for contingency in accordance with the Town charter, \$3,844,940 was assigned for next year's budget, and \$10,229,128 is unassigned.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,229,128. Total unassigned fund balance represents 33% of total General Fund expenditures. The increase in fund balance of \$6,319,475 is primarily due to growth in commercial and residential building permits and sales tax receipts.

The Impact Fee Fund has a total fund balance of \$10,678,812; which is restricted for capital projects. The increase in fund balance of \$5,586,360 is due to collection of impact fees related to development in Town.

The Debt Service Fund has a total fund balance of \$2,640,088; all of which is restricted for payment of debt service. The increase in fund balance of \$20,721 is primarily due to an increase in property tax collections throughout the year.

The Capital Projects Fund has a total fund balance of \$55,411,735; all of which is restricted for construction. The increase in fund balance of \$34,065,640 is due to the Town's 2021 debt issuance.

**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 \$24,134,377. The increase in total net position of the Water and Sewer Fund was \$20,821,304. Unrestricted net position for the Stormwater Drainage Utility Fund at the end of the year amounted to \$775,100. The increase in total net position of the Stormwater Drainage Utility Fund was \$9,053,031. 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 unanticipated grants. License and Permit revenue was increased due to expected strong building activity. Other budget amendments include increased budgeted expenditures in the Administration, Police, Fire, and Development Services functions. Expenditures increased for the mid-year hiring of personnel and capital projects which were delayed during the previous fiscal year due to the Coronavirus pandemic.

**Final budget compared to actual results** – During the year, revenues were \$4,473,839 more than estimated and expenditures were \$4,006,623 less than budgeted. The majority of the excess revenues arose from license and permit, sales taxes, and charges for services. The majority of expenditure savings was in Police, Fire, Development Services, and Public Works. In Police and Fire there was additional sales tax revenue collected in the two Special Purpose Districts and as these funds are dedicated to public safety salaries, at the end of the year General Fund salaries were reallocated to these funds in order to maintain minimal fund balance. Development Services and Public Works had salary savings for vacant positions.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets** – The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2021 is \$474,797,051 (net of accumulated depreciation). This investment in capital assets includes land, buildings and infrastructure, and equipment.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Government-wide capital assets:</b>						
Non-depreciable assets	\$ 78,822,725	\$ 58,740,622	\$ 28,293,859	\$ 23,185,712	\$ 107,116,584	\$ 81,926,334
Depreciable assets	<u>274,363,096</u>	<u>232,815,078</u>	<u>182,110,227</u>	<u>159,720,461</u>	<u>456,473,323</u>	<u>392,535,539</u>
<b>Total capital assets</b>	<u>353,185,821</u>	<u>291,555,700</u>	<u>210,404,086</u>	<u>182,906,173</u>	<u>563,589,907</u>	<u>474,461,873</u>
Less: accumulated depreciation	( 59,494,294)	( 50,919,104)	( 29,298,562)	( 24,482,933)	( 88,792,856)	( 75,402,037)
<b>Government-wide capital assets, net</b>	<u>\$ 293,691,527</u>	<u>\$ 240,636,596</u>	<u>\$ 181,105,524</u>	<u>\$ 158,423,240</u>	<u>\$ 474,797,051</u>	<u>\$ 399,059,836</u>

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

**Long-term liabilities** – At the end of the current fiscal year, the Town had long-term liabilities outstanding of \$182,223,156. 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	
	2021	2020	2021	2020	2021	2020
Government-wide long-term liabilities:						
Certificates of obligation and general obligation bonds	\$ 127,636,046	\$ 88,801,423	\$ 34,808,225	\$ 37,478,576	\$ 162,444,271	\$ 126,279,999
Bonds premium on issuance	11,587,592	7,425,775	2,281,127	2,281,127	13,868,719	9,706,902
Compensated absences payable	2,000,996	1,766,093	233,006	211,752	2,234,002	1,977,845
Net pension liability	3,180,755	2,830,377	495,409	440,838	3,676,164	3,271,215
Total government-wide long-term liabilities	\$ 144,405,389	\$ 100,823,668	\$ 37,817,767	\$ 40,412,293	\$ 182,223,156	\$ 141,235,961

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

## **ECONOMIC FACTORS AND FY 2020-2021 BUDGETS AND RATES**

The Town continues to thrive, with residential and commercial development occurring at the highest levels the Town has ever seen. The resulting increase in property values reflects the commitment of the Council and the efforts of the Prosper Economic Development Corporation (PEDC) to attract quality development. The FY 2021-2022 Adopted Budget addresses the need for increased service levels due to growth. The budget provides essential capital investments in infrastructure and other public improvements, as well as additional public safety resources.

### Revenue Projection Highlights

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

- The Town has 19 active residential subdivision phases with a total of 1,521 lots that are either shovel ready, under construction, or have plans under review.
- The FY 2021-2022 Adopted Ad Valorem Property Tax Rate is set at \$0.51 per one hundred dollars taxable valuation. The adopted tax rate is a decrease of \$0.01 from the FY 2020-2021 tax rate which had remained the same for fourteen straight years. Certified property valuations increased by \$836M (18.17%) for FY 2021-2022. Property values increased from \$4,601M to \$5,437M. Most of the Town's current values come from Collin County properties, but we are experiencing large growth in Denton County. The average single-family home value is approximately \$581,940 in Collin County and \$491,741 in Denton County. This is an increase of \$36,616 or 6.71% in Collin County and \$37,785 or 8.32% in Denton County from the previous year.
- Commercial development in the following areas brought more ad valorem tax to the Town: Gates of Prosper, Windsong Ranch Marketplace, Shops at Prosper Trail, and the Shops at Three-Eighty.
- Sales tax revenue for FY 2021-2022 was conservatively budgeted at \$17,144,909. FY 2020-2021 year-end sales tax receipts fared better than originally predicted during the pandemic, for a total actual collected amount of \$17,700,795. Current year to date estimates project sales tax will exceed the amount collected in FY 2020-2021. Growth in new businesses and a general increase in existing retail sales are expected in FY 2021-2022, just as it was in FY 2020-2021.
- In May 2018, the citizens of the Town of Prosper voted to abolish the 0.50% sales and use tax revenue for property tax relief and replaced it with the creation of two Public Safety Special Purpose Districts. The Crime Control and Prevention District and the Fire Control, Prevention and Emergency Medical Services District each collect 0.25% of sales and use tax to provide a minimum level of dedicated funding. Each district is reported as a special revenue fund and sales and use tax is the only source of revenue in these funds.
- Licenses, Fees and Permit Revenues are projected at \$5,068,480. The FY 2021-2022 Budget reflects new residential and non-residential construction, and it is assumed the Town will issue at least 650 new residential permits in the coming year.
- Licenses and Franchise Fees are projected to rise with population. Municipal Court fines are projected to remain steady in FY 2021-2022.

- Revenues for the Water, Sewer, and Solid Waste Fund are expected to increase to \$30,454,854 (an increase of 24.28%). This increase is due to a one-time reimbursement from TXDOT in the amount of \$3.8M for a relocation project. The Town of Prosper along with other surrounding municipalities' purchases treated surface water from the NTMWD. The FY 2021-2022 proposed budget reflects increased water consumption due to growth and customer demand. Rates from NTMWD will remain the same at \$3.04 per 1,000 gallons for FY 2021-2022.
- The Town will be coming up on its third annual renewal for solid waste collection and recycling services with Community Waste Disposal (CWD) in February 2022. Staff will be reviewing the annual rate adjustment as outlined in the franchise agreement with CWD as it relates to CPI, fuel, and disposal rate adjustments. The Storm Drainage rates will remain the same. The last increase in Storm Drainage rates was implemented in FY 2017-2018's budget.

#### Appropriated Budget Highlights

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

##### *Compensation and Benefits*

- ✓ A market comparison study was conducted in FY 2020-21 and market adjustments were included in the budget.
- ✓ Sworn Fire and Police personnel are on a step plan which reflects a 3% increase in the program.
- ✓ Civilian pay is based on a merit program with an average increase of 3%.
- ✓ The Town's TMRS 2022 contribution rate increased from 13.74% to 14.25% with the funded ratio increasing from 85.5% in the previous year to 86.1%.
- ✓ This is the fifth year of the Town being self-funded for health benefits.
- ✓ The Town continues to offer both PPO and high deductible health care plans.

Approved total of 34.5 full time employees to be added to the Town's workforce with fourteen in public safety, three full time and three part-time in administration, five full time and one part-time in development and engineering services, five full time in public works, five full time in parks and one part-time in library.

Program enhancements and capital expenditures included in the adopted appropriations and planned for FY 2021-2022 are as follows:

##### *Police Operations & Dispatch*

Four Police Officers and one Detective are approved to be added in fiscal year 2021-2022. Covered parking for the newly constructed Public Safety facility opened in the fall of 2020 is also included in the fiscal year 2021-2022 budget.

##### *Fire, EMS & Fire Marshall*

Six Firefighter/Paramedics are added in fiscal year 2021-2022 to replace fifteen current part-time positions. Three additional Firefighter/Paramedics are also added in fiscal year 2021-2022. Additional funding for medical equipment replacements and air cylinder and self-contained breathing apparatus replacements are also included in the Fire Department budget.

##### *Development Services*

Two Building Inspectors are added in fiscal year 2021-2022.

##### *Administrative Services*

A Grants Administrator has been added in fiscal year 2021-2022. Funding has been included for a redesign of the Town website.

##### *Water/Wastewater*

The budget included funding four full time staff for the Water and Wastewater fund. The major program enhancements and capital item expenses budgeted in FY 2021-2022 include a facility needs assessment, lift station odor control, and increased costs associated with the purchase of water and management of wastewater for growth.

The following items have also been incorporated into the FY 2021-2022 Adopted Budget:

- Continued partnerships with local entities have produced multiple saving opportunities for shared services or improving our customer service to residents and visitors alike. Interlocal agreements with PISD to access their fueling facility and parking access to the new Prosper ISD stadium. The Town renewed its agreements, along with several area cities, with Collin County for animal control and sheltering service. The Town continues an interlocal agreement with the City of Frisco for Police and Fire Departments to access their radio system. The Town participates in a three-way interlocal agreement for landscape service for 380 medians with the City of McKinney, and the City of Frisco and a three-way interlocal agreement for Frontier Parkway BNSF overpass with Collin County and the City of Celina.
- The adopted budget accomplishes Council goals to expand services and competitively compensate staff while reducing the tax rate. The budget also included a future five-year financial plan to help manage the decisions made for the next fiscal years and the impact it has on future fiscal responsibilities. The Town's budget addresses the current and future growth and infrastructure expansion demands while recognizing the needs of its residents. These factors were considered in preparing the Town of Prosper's budget for FY 2021-2022.

### **REQUESTS FOR INFORMATION**

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



# BASIC FINANCIAL STATEMENTS

**TOWN OF PROSPER, TEXAS**

**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2021

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Prosper	EDC
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,075,876	\$ 4,822,553	\$ 15,898,429	\$ 8,935,531	
Investments	17,185,784	6,878,430	24,064,214		500,440
Taxes receivable, net	3,017,880	-	3,017,880		795,938
Receivables, net	2,899,431	3,550,965	6,450,396		-
Accrued interest	57,776	28,333	86,109		1,240
Inventory	56,812	900,466	957,278		-
Prepays	41,495	266	41,761		-
Restricted assets:					
Restricted cash	29,989,875	6,807,336	36,797,211		-
Restricted investments	50,123,133	9,129,352	59,252,485		-
Capital assets not being depreciated:					
Land	30,775,990	1,883,521	32,659,511	2,573,668	
Construction in progress	48,046,735	26,410,338	74,457,073		-
Capital assets net of accumulated depreciation:					
Buildings and improvements	60,620,180	109,200	60,729,380		-
Equipment	11,015,204	1,128,971	12,144,175		-
Intangible assets	-	14,173,375	14,173,375		-
Infrastructure	143,233,418	137,400,119	280,633,537		-
Total Assets	<u>408,139,589</u>	<u>213,223,225</u>	<u>621,362,814</u>		<u>12,806,817</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	758,260	175,085	933,345		-
Deferred outflows of resources related to pensions	<u>2,882,673</u>	<u>448,982</u>	<u>3,331,655</u>		<u>69,728</u>
Total Deferred Outflows of Resources	<u>3,640,933</u>	<u>624,067</u>	<u>4,265,000</u>		<u>69,728</u>

**TOWN OF PROSPER, TEXAS**

**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2021

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Prosper EDC	
	\$	\$	\$	\$	\$
<b>LIABILITIES</b>					
Accounts payable	\$ 6,324,899	\$ 3,012,205	\$ 9,337,104	\$ 32,234	-
Retainage payable	493,592	509,632	1,003,224	-	-
Accrued interest payable	1,057,460	317,847	1,375,307	-	-
Unearned revenue	3,045,165	-	3,045,165	-	-
Customer deposits and escrow payable	4,611,400	120,000	4,731,400	-	-
Noncurrent liabilities:					
Due within one year					
Long-term debt	6,601,672	2,661,070	9,262,742	10,014	-
Due in more than one year					
Long-term debt	134,622,962	34,661,288	169,284,250	30,041	-
Net pension liability	3,180,755	495,409	3,676,164	76,939	-
Total Liabilities	<u>159,937,905</u>	<u>41,777,451</u>	<u>201,715,356</u>	<u>149,228</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources related to pensions	<u>597,875</u>	<u>93,120</u>	<u>690,995</u>	<u>14,462</u>	-
Total Deferred Inflows of Resources	<u>597,875</u>	<u>93,120</u>	<u>690,995</u>	<u>14,462</u>	-
<b>NET POSITION</b>					
Net investment in capital assets	211,505,986	147,067,244	358,573,230	2,573,668	-
Restricted for:					
Debt service	1,643,520	-	1,643,520	-	-
Courts	47,081	-	47,081	-	-
Fire	426,938	-	426,938	-	-
Police	601,805	-	601,805	-	-
Grants	3,145	-	3,145	-	-
Parks	2,894,711	-	2,894,711	-	-
Other	613,870	-	613,870	-	-
Economic development	-	-	-	10,139,187	-
Unrestricted	<u>33,507,686</u>	<u>24,909,477</u>	<u>58,417,163</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 251,244,742</u>	<u>\$ 171,976,721</u>	<u>\$ 423,221,463</u>	<u>\$ 12,712,855</u>	

**TOWN OF PROSPER, TEXAS**

**STATEMENT OF ACTIVITES**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
Administration	\$ 8,616,814	\$ 2,012,896	\$ 1,801,738	\$ -	
Police	7,197,976	70,063	111,904	-	
Fire	9,770,846	1,290,782	564,265	-	
Development Services	3,621,626	6,818,530	-	-	
Public Works	9,924,184	9,252,085	-	39,157,187	
Community Services	5,852,407	412,965	10,020	460,528	
Engineering	1,899,366	-	-	-	
Interest and fiscal charges	3,690,827	-	-	-	
Total governmental activities	<u>50,574,046</u>	<u>19,857,321</u>	<u>2,487,927</u>	<u>39,617,715</u>	
<b>Business-type activities:</b>					
Water and sewer	25,838,787	25,920,592	7,733	21,163,395	
Storm drainage	1,641,540	746,011	-	9,848,944	
Total business-type activities	<u>27,480,327</u>	<u>26,666,603</u>	<u>7,733</u>	<u>31,012,339</u>	
Total Primary Government	<u>\$ 78,054,373</u>	<u>\$ 46,523,924</u>	<u>\$ 2,495,660</u>	<u>\$ 70,630,054</u>	
<b>Component unit:</b>					
Prosper Economic Development	\$ 1,262,846	\$ -	\$ -	\$ -	
General Revenues:					
Property taxes					
Sales and use taxes					
Franchise taxes					
Unrestricted investment earnings					
Miscellaneous revenue					
Transfers					
Total general revenues and transfers					
Special item					
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		
\$( 4,802,180)	\$ -	\$( 4,802,180)	\$ -	
( 7,016,009)	-	( 7,016,009)	-	
( 7,915,799)	-	( 7,915,799)	-	
3,196,904	-	3,196,904	-	
38,485,088	-	38,485,088	-	
( 4,968,894)	-	( 4,968,894)	-	
( 1,899,366)	-	( 1,899,366)	-	
( 3,690,827)	-	( 3,690,827)	-	
<u>11,388,917</u>	<u>-</u>	<u>11,388,917</u>	<u>-</u>	
	21,252,933			
-	<u>8,953,415</u>	<u>8,953,415</u>	<u>-</u>	
-	<u>30,206,348</u>	<u>30,206,348</u>	<u>-</u>	
\$ <u>11,388,917</u>	\$ <u>30,206,348</u>	\$ <u>41,595,265</u>	\$ <u>-</u>	
\$ -	\$ -	\$ -	\$ ( 1,262,846)	
26,864,570	-	26,864,570	-	
13,956,904	-	13,956,904	3,873,246	
1,961,514	-	1,961,514	-	
250,286	65,190	315,476	35,992	
205,959	494,860	700,819	22,500	
892,063	( 892,063)	-	-	
<u>44,131,296</u>	<u>( 332,013)</u>	<u>43,799,283</u>	<u>3,931,738</u>	
1,500,000	-	1,500,000	-	
<u>57,020,213</u>	<u>29,874,335</u>	<u>86,894,548</u>	<u>2,668,892</u>	
<u>193,763,033</u>	<u>142,563,882</u>	<u>336,326,915</u>	<u>10,043,963</u>	
<u>461,496</u>	<u>( 461,496)</u>	<u>-</u>	<u>-</u>	
\$ <u>251,244,742</u>	\$ <u>171,976,721</u>	\$ <u>423,221,463</u>	\$ <u>12,712,855</u>	

**TOWN OF PROSPER, TEXAS**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2021

	General Fund	Impact Fees	Debt Service Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,931,808	\$ 4,279,446	\$ 1,032,220
Investments	12,340,568	6,659,669	1,606,340
Taxes receivable (net)	1,833,354	-	60,892
Accounts receivable (net)	1,270,151	-	-
Accrued interest	21,842	11,787	2,843
Inventory	56,812	-	-
Prepaid items	41,495	-	-
<b>Total assets</b>	<b>23,496,030</b>	<b>10,950,902</b>	<b>2,702,295</b>
<b>LIABILITIES</b>			
Liabilities			
Accounts payable and accrued expenses	2,926,838	272,029	1,300
Unearned revenue	-	-	-
Retainage payable	640	-	-
Escrow payable	-	-	-
<b>Total liabilities</b>	<b>2,927,478</b>	<b>272,029</b>	<b>1,300</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue:			
Property taxes	145,746	-	60,892
Fines and fees	29,511	-	-
Grants	150,475	-	-
Interest	113	61	15
<b>Total deferred inflows of resources</b>	<b>325,845</b>	<b>61</b>	<b>60,907</b>
<b>FUND BALANCES</b>			
Nonspendable for:			
Prepaid items	41,495	-	-
Restricted for:			
Debt service	-	-	2,640,088
Capital projects	-	10,678,812	-
Courts	-	-	-
Police	-	-	-
Fire	-	-	-
Grants	-	-	-
Parks	-	-	-
Other	-	-	-
Committed for:			
Contingency reserve	6,127,144	-	-
Assigned for:			
Next year's budget: appropriation of fund balance	3,844,940	-	-
Unassigned	10,229,128	-	-
<b>Total fund balances</b>	<b>20,242,707</b>	<b>10,678,812</b>	<b>2,640,088</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 23,496,030</b>	<b>\$ 10,950,902</b>	<b>\$ 2,702,295</b>

Capital Projects Fund	Escrow Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 20,668,184	\$ 1,802,023	\$ 1,191,205	\$ 2,208,002	\$ 39,112,888
35,611,653	2,809,377	1,857,105	3,436,094	64,320,806
-	-	-	1,123,634	3,017,880
1,582,036	-	-	7,678	2,859,865
9,932	-	-	6,083	52,487
-	-	-	-	56,812
-	-	-	-	41,495
<u>57,871,805</u>	<u>4,611,400</u>	<u>3,048,310</u>	<u>6,781,491</u>	<u>109,462,233</u>
1,985,006	-	-	683,450	5,868,623
-	-	3,045,165	-	3,045,165
475,013	-	-	17,939	493,592
-	<u>4,611,400</u>	<u>3,045,165</u>	<u>701,389</u>	<u>4,611,400</u>
<u>2,460,019</u>	<u>4,611,400</u>	<u>3,045,165</u>	<u>701,389</u>	<u>14,018,780</u>
-	-	-	-	206,638
-	-	-	-	29,511
-	-	-	-	150,475
51	-	-	30	270
<u>51</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>386,894</u>
-	-	-	-	41,495
-	-	-	-	2,640,088
55,411,735	-	-	1,495,667	67,586,214
-	-	-	47,081	47,081
-	-	-	601,805	601,805
-	-	-	426,938	426,938
-	-	3,145	-	3,145
-	-	-	2,894,711	2,894,711
-	-	-	613,870	613,870
-	-	-	-	6,127,144
-	-	-	-	3,844,940
-	-	-	-	10,229,128
<u>55,411,735</u>	<u>-</u>	<u>3,145</u>	<u>6,080,072</u>	<u>95,056,559</u>
\$ <u>57,871,805</u>	\$ <u>4,611,400</u>	\$ <u>3,048,310</u>	\$ <u>6,781,491</u>	\$ <u>109,462,233</u>



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**TOWN OF PROSPER, TEXAS**

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

SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds	\$ 95,056,559
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.	290,335,175
Bonds payable and accrued compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	( 129,637,042)
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.	( 1,057,460)
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	( 11,587,592)
Deferred loss	758,260
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.	386,894
Included in the items related to debt is the recognition of the Town's proportionate share of the net pension liability and related deferred outflows and inflows of resources. The net effect is to decrease net position.	
Net pension liability	( 3,180,755)
Deferred outflows related to pensions	2,882,673
Deferred inflows related to pensions	( 597,875)
The Town uses an internal service fund to charge the costs of the medical program and the vehicle and equipment replacement program to appropriate departments in other funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. The net effect is to increase net position.	<u>7,885,905</u>
Net Position of Governmental Activities	<u>\$ 251,244,742</u>

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Impact Fees	Debt Service Fund
<b>REVENUES</b>			
Taxes:			
Property	\$ 18,547,272	\$ -	\$ 7,690,750
Sales	8,313,558	-	-
Franchise	1,961,514	-	-
Licenses and permits	8,145,948	-	-
Charges for services	1,190,040	-	-
Impact fees	-	8,279,540	-
Escrow income	-	-	-
Grants	676,169	-	-
Investment income	112,301	44,100	24,381
Fines, fees, warrants, and seizures	279,543	-	-
Park fees	410,583	-	-
Contributions	-	-	-
Miscellaneous	195,334	-	-
<b>Total Revenues</b>	<b>39,832,262</b>	<b>8,323,640</b>	<b>7,715,131</b>
<b>EXPENDITURES</b>			
Current:			
Administration	6,484,378	-	-
Police	4,747,282	-	-
Fire	7,107,648	-	-
Development Services	3,580,068	-	-
Public Works	2,567,404	2,417,255	-
Community Services	4,266,732	-	-
Engineering	1,882,206	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	4,275,377
Interest and fiscal charges	-	-	3,404,363
Bond issue costs and fees	-	-	14,670
<b>Total Expenditures</b>	<b>30,635,718</b>	<b>2,417,255</b>	<b>7,694,410</b>
Excess (Deficiency) of Revenues Over Expenditures	9,196,544	5,906,385	20,721
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Premium on issuance of bonds	-	-	-
Transfers in	1,071,820	-	-
Transfers out	( 3,948,889)	( 320,025)	-
<b>Total Other Financing Sources (Uses)</b>	<b>( 2,877,069)</b>	<b>( 320,025)</b>	<b>-</b>
<b>SPECIAL ITEMS</b>			
Litigation settlement	-	-	-
Total special items	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>6,319,475</b>	<b>5,586,360</b>	<b>20,721</b>
<b>FUND BALANCES - BEGINNING</b>	<b>13,923,232</b>	<b>5,092,452</b>	<b>2,619,367</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, BEGINNING, RESTATE</b>	<b>13,923,232</b>	<b>5,092,452</b>	<b>2,619,367</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 20,242,707</b>	<b>\$ 10,678,812</b>	<b>\$ 2,640,088</b>

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

Capital Projects Fund	Escrow Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 622,636	\$ 26,860,658
			5,643,346	13,956,904
			-	1,961,514
			-	8,145,948
			-	1,190,040
			962,724	9,242,264
	579,713		-	579,713
82,036	-	-	1,919,369	2,677,574
31,220	-	3,145	23,316	238,463
-	-	-	21,170	300,713
-	-	-	-	410,583
-	-	-	525,685	525,685
79,338	-	-	3,111	277,783
<u>192,594</u>	<u>579,713</u>	<u>3,145</u>	<u>9,721,357</u>	<u>66,367,842</u>
-	-	-	3,616,053	10,100,431
-	-	-	2,065,434	6,812,716
-	-	-	1,974,333	9,081,981
-	-	-	-	3,580,068
-	-	-	-	4,984,659
-	-	-	815,066	5,081,798
-	-	-	-	1,882,206
19,313,158	-	-	-	19,313,158
-	-	-	-	4,275,377
-	-	-	-	3,404,363
<u>469,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,159</u>
<u>19,782,647</u>	<u>-</u>	<u>-</u>	<u>8,470,886</u>	<u>69,000,916</u>
( 19,590,053)	579,713	3,145	1,250,471	( 2,633,074)
43,110,000	-	-	-	43,110,000
4,684,489	-	-	-	4,684,489
4,933,178	-	-	392,217	6,397,215
( 571,974)	( 664,264)	-	-	( 5,505,152)
<u>52,155,693</u>	<u>( 664,264)</u>	<u>-</u>	<u>392,217</u>	<u>48,686,552</u>
<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
34,065,640	( 84,551)	3,145	1,642,688	47,553,478
21,346,095	84,551	-	3,975,888	47,041,585
-	-	-	461,496	461,496
<u>21,346,095</u>	<u>84,551</u>	<u>-</u>	<u>4,437,384</u>	<u>47,503,081</u>
<u>\$ 55,411,735</u>	<u>\$ -</u>	<u>\$ 3,145</u>	<u>\$ 6,080,072</u>	<u>\$ 95,056,559</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, 2021

Net Changes in Fund Balances - Governmental Funds	\$ 47,553,478
Amounts reported for governmental activities in the statement of activities are	
Governmental funds report capital outlays as expenditures. However, in the statement of activities that cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, or donations) to net position.	
Capital outlay	22,546,912
Depreciation expense	( 8,730,882)
Loss on sale of assets	( 1,879)
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.	
	38,950,271
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	( 43,110,000)
Repayment of principal of long-term debt	4,798,049
Amortization of:	
Premium on bond issuance	( 4,684,489)
Loss on refunding	( 61,869)
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	( 234,903)
Net pension liability	81,234
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.	
	( 263,108)
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.	
	305,160
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
	( 127,761)
Change in Net Position of Governmental Activities	\$ 57,020,213

**TOWN OF PROSPER, TEXAS**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

SEPTEMBER 30, 2021

	Enterprise Funds			Governmental Activities	
	Water and Sewer Fund	Stormwater Drainage	Total Enterprise Fund	Internal Service Funds	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 4,541,452	\$ 281,101	\$ 4,822,553	\$ 1,952,863	
Investments	6,440,980	437,450	6,878,430		2,988,111
Receivables, net	3,442,568	108,397	3,550,965		39,566
Accrued interest	27,559	774	28,333		5,289
Inventory	900,466	-	900,466		-
Prepays	266	-	266		-
Total current assets	<u>15,353,291</u>	<u>827,722</u>	<u>16,181,013</u>		<u>4,985,829</u>
Noncurrent assets:					
Restricted cash and cash equivalents	6,714,832	92,504	6,807,336		-
Restricted investments	9,129,352	-	9,129,352		-
Capital assets:					
Nondepreciable	26,414,732	1,879,127	28,293,859		-
Depreciable, net	<u>108,158,847</u>	<u>44,652,818</u>	<u>152,811,665</u>		<u>3,356,352</u>
Total noncurrent assets	<u>150,417,763</u>	<u>46,624,449</u>	<u>197,042,212</u>		<u>3,356,352</u>
Total assets	<u>165,771,054</u>	<u>47,452,171</u>	<u>213,223,225</u>		<u>8,342,181</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	175,085	-	175,085		-
Deferred outflows related to pensions	<u>425,853</u>	<u>23,129</u>	<u>448,982</u>		-
Total deferred outflows of resources	<u>600,938</u>	<u>23,129</u>	<u>624,067</u>		-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	3,001,269	10,936	3,012,205	456,276	
Retainage payable	509,632	-	509,632		-
Accrued interest payable	296,021	21,826	317,847		-
Customer deposits and escrow payable	120,000	-	120,000		-
Current portion of long-term liabilities:					
Compensated absences	55,084	2,409	57,493		-
Bonds payable	<u>2,443,977</u>	<u>159,600</u>	<u>2,603,577</u>		-
Total current liabilities	<u>6,425,983</u>	<u>194,771</u>	<u>6,620,754</u>		<u>456,276</u>
Noncurrent liabilities:					
Compensated absences	165,251	10,262	175,513		-
Bonds payable	32,204,978	2,280,797	34,485,775		-
Net pension liability	<u>469,888</u>	<u>25,521</u>	<u>495,409</u>		-
Total noncurrent liabilities	<u>32,840,117</u>	<u>2,316,580</u>	<u>35,156,697</u>		-
Total liabilities	<u>39,266,100</u>	<u>2,511,351</u>	<u>41,777,451</u>		<u>456,276</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows - pensions	88,323	4,797	93,120		-
Total deferred inflows of resources	<u>88,323</u>	<u>4,797</u>	<u>93,120</u>		-
<b>NET POSITION</b>					
Net investment in capital assets	102,883,192	44,184,052	147,067,244	3,356,352	
Unrestricted	<u>24,134,377</u>	<u>775,100</u>	<u>24,909,477</u>	<u>4,529,553</u>	
Total net position	<u>\$ 127,017,569</u>	<u>\$ 44,959,152</u>	<u>\$ 171,976,721</u>	<u>\$ 7,885,905</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, 2021

	Enterprise Funds			Governmental Activities
	Water and Sewer	Stormwater Drainage	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services:				
Water and sewer charges	\$ 22,179,362	\$ -	\$ 22,179,362	\$ -
Sanitation charges	1,701,530	-	1,701,530	-
Storm drainage utility fees	-	746,011	746,011	-
Water and sewer connections	1,919,515	-	1,919,515	-
Service initiation	120,185	-	120,185	-
Health charges	-	-	-	3,233,653
Equipment replacement	-	-	-	812,273
Miscellaneous	494,860	-	494,860	463,461
Total operating revenues	<u>26,415,452</u>	<u>746,011</u>	<u>27,161,463</u>	<u>4,509,387</u>
<b>OPERATING EXPENSES</b>				
Personnel services	3,311,903	156,975	3,468,878	-
Materials and supplies	817,599	8,382	825,981	36,377
Contractual services	6,091,910	-	6,091,910	130,400
Water purchases	7,157,267	-	7,157,267	-
Employee health insurance	-	-	-	3,448,426
Other operating costs	1,863,426	18,585	1,882,011	14,137
Depreciation and amortization	3,595,882	1,372,743	4,968,625	561,545
Total operating costs	<u>22,837,987</u>	<u>1,556,685</u>	<u>24,394,672</u>	<u>4,190,885</u>
Operating income (loss)	<u>3,577,465</u>	<u>( 810,674)</u>	<u>2,766,791</u>	<u>318,502</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grants	7,733	-	7,733	-
Investment income	61,331	3,859	65,190	11,844
Loss on disposal of property	-	-	-	( 25,186)
Interest expense	( 1,184,165)	( 84,855)	( 1,269,020)	-
Developer payments	( 1,815,885)	-	( 1,815,885)	-
Bond fees	( 750)	-	( 750)	-
Total non-operating revenues (expenses)	<u>( 2,931,736)</u>	<u>( 80,996)</u>	<u>( 3,012,732)</u>	<u>( 13,342)</u>
Income (loss) before contributions and transfers	<u>645,729</u>	<u>( 891,670)</u>	<u>( 245,941)</u>	<u>305,160</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	12,563,789	9,848,944	22,412,733	-
Capital contributions - impact fees	8,599,606	-	8,599,606	-
Transfers in	678,484	693,327	1,371,811	-
Transfers out	( 1,666,304)	( 597,570)	( 2,263,874)	-
Total contributions and transfers	<u>20,175,575</u>	<u>9,944,701</u>	<u>30,120,276</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>				
<b>NET POSITION - BEGINNING</b>	<u>106,657,761</u>	<u>35,906,121</u>	<u>142,563,882</u>	<u>7,580,745</u>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<u>( 461,496)</u>	<u>-</u>	<u>( 461,496)</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING, RESTATEDED</b>	<u>106,196,265</u>	<u>35,906,121</u>	<u>142,102,386</u>	<u>7,580,745</u>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 127,017,569</b>	<b>\$ 44,959,152</b>	<b>\$ 171,976,721</b>	<b>\$ 7,885,905</b>

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

**TOWN OF PROSPER, TEXAS**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Enterprise Funds			Governmental Activities	
	Water and Sewer Fund	Stormwater Drainage	Total Enterprise	Internal Service Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and users	\$ 26,145,800	\$ 742,563	\$ 26,888,363	\$ 4,499,921	
Cash payment to suppliers for goods and services	( 17,340,630)	( 21,284)	( 17,361,914)	( 45,568)	
Cash payments for health expense	-	-	-	( 3,502,526)	
Cash payments to employees for services	( 3,329,290)	( 159,291)	( 3,488,581)	-	
Net cash provided by operating activities	<u>5,475,880</u>	<u>561,988</u>	<u>6,037,868</u>	<u>951,827</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash received from other governments	7,733	-	7,733	-	
Transfers to other funds	( 1,666,304)	( 597,570)	( 2,263,874)	-	
Transfers from other funds	<u>678,484</u>	<u>693,327</u>	<u>1,371,811</u>	-	
Net cash provided (used) by noncapital financing activities	( 980,087)	95,757	( 884,330)	-	
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>					
Principal paid on bonds	( 2,332,573)	( 147,050)	( 2,479,623)	-	
Acquisition and construction of capital assets	( 4,300,568)	( 729,835)	( 5,030,403)	( 698,080)	
Interest paid on bonds	( 1,346,105)	( 97,375)	( 1,443,480)	-	
Developer payments	( 1,815,885)	-	( 1,815,885)	-	
Impact fees received	<u>8,138,110</u>	-	<u>8,138,110</u>	-	
Net cash provided (used) by capital and related financing activities	( 1,657,021)	( 974,260)	( 2,631,281)	( 698,080)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment purchases	( 3,536,302)	( 137,138)	( 3,673,440)	( 305,927)	
Interest on deposits and investments	<u>189,956</u>	<u>9,329</u>	<u>199,285</u>	<u>51,463</u>	
Net cash provided by (used in) investing activities	( 3,346,346)	( 127,809)	( 3,474,155)	( 254,464)	
Net (decrease) increase in cash and cash equivalents	( 507,574)	( 444,324)	( 951,898)	( 717)	
Cash and cash equivalents at beginning of year	<u>11,763,858</u>	<u>817,929</u>	<u>12,581,787</u>	<u>1,953,580</u>	
Cash and cash equivalents at end of year	<u>11,256,284</u>	<u>373,605</u>	<u>11,629,889</u>	<u>1,952,863</u>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 3,577,465	\$ ( 810,674)	\$ 2,766,791	\$ 318,502	
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	3,595,882	1,372,743	4,968,625	561,545	
Decrease (increase) in accounts receivable	( 308,653)	( 3,448)	( 312,101)	( 9,466)	
Decrease (increase) in inventory	( 417,474)	-	( 417,474)	-	
Decrease (increase) in prepaid	-	-	-	4,946	
Increase (decrease) in deferred outflows related to pensions	( 53,879)	( 2,401)	( 56,280)	-	
Increase (decrease) in accounts payable	( 992,954)	5,683	( 987,271)	76,300	
Increase (decrease) in accrued liabilities	( 23,342)	( 1,167)	( 24,509)	-	
Increase (decrease) in net pension liability	51,760	2,811	54,571	-	
Increase (decrease) in deferred inflows	( 13,048)	( 1,691)	( 14,739)	-	
Increase (decrease) in compensated absences	21,122	132	21,254	-	
Increase (decrease) in customer deposits	<u>39,001</u>	-	<u>39,001</u>	-	
Net cash provided by operating activities	<u>\$ 5,475,880</u>	<u>\$ 561,988</u>	<u>\$ 6,037,868</u>	<u>\$ 951,827</u>	
<b>SCHEDULE OF NON-CASH CAPITAL ACTIVITIES</b>					
Contributions of capital assets	<u>12,563,789</u>	<u>9,848,944</u>	<u>22,412,733</u>	-	

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

## **TOWN OF PROSPER, TEXAS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **A. Reporting Entity**

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

##### **Discretely Presented Component Unit**

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

##### **Blended Component Units**

On May 5, 2018, eligible voters approved the adoption of the Crime Control and Fire Prevention District sales and use tax at the rate of .25%. The purpose for creation of the special purpose districts was to finance public safety expenses in the districts, under the authority of Chapter 363 of the Texas Local Government Code. For reporting purposes, the special purpose districts are blended component units of the Town. 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 City's finance department.

##### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from a certain legally separate *component unit* for which the primary government is financially accountable. The Fiduciary fund and any fiduciary activities of the Town are not included in these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

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

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

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

The **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 included within governmental activities in the government-wide financial statements.

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

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

#### **D. Deposits and Investments**

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

#### **E. Short-Term Interfund Receivables/Payables**

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

#### **F. Inventories and Prepaid Items**

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

## **G. Restricted Assets**

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

## **H. Deferred Outflows/Inflows of Resources**

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

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in expected and actual economic experience for the Town's pension – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category:

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

## **I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as in the proprietary fund statement of net position. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

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

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

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

#### **J. Intangible Assets**

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

#### **K. Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

#### **L. Pension**

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

#### **M. Health Claims Liability**

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

#### **N. Long-Term Obligations**

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

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

## **O. Net Position and Fund Balance**

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

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

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

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

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

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

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

### **Net Position Flow Assumption**

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

### **Fund Balance Flow Assumption**

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

**P. Revenues and Expenditures/Expenses**

**Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

**Property Taxes**

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

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

**Proprietary Funds Operating and Non-operating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

**Q. Use of Estimates**

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

**R. Recent Accounting Pronouncements**

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

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of this statement are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement will become effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations* – This Statement provides a single method of reporting conduit debt obligation by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 will become effective for reporting periods beginning after December 15, 2021, and the impact has not yet been determined.

Statement No. 92, *Omnibus 2020* – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB 92 will become effective for reporting periods beginning after June 15, 2021, and the impact has not yet been determined.

Statement No. 93, *Replacement of Interbank Offered Rates* – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB 93 will become effective for reporting periods beginning after June 15, 2021, and the impact has not yet been determined.

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 No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting/or Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASE Statements No. 14 and No. 84, and a supersession of GASE Statement No. 32* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB 97 will become effective for reporting periods beginning after June 15, 2021, and the impact has not yet been determined.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### Budgetary Control

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General Fund, Impact Fee Fund, Debt Service Fund, Court Technology Fund, Court Security Fund, Parks Dedication Fund, Parks Improvement Fund, Police Special Purpose District Fund, Fire Special Purpose District Fund, TIRZ#1 Fund, TIRZ#2 Fund, Municipal Jury Fund, Contributions Fund, CARES Act Fund, Water and Sewer Fund, and Storm Drainage Fund. The legal level of budgetary control is the department level. Project length financial plans are adopted for all capital project funds.

## III. DEPOSITS AND INVESTMENTS

### Deposits

State statutes require that all deposits in financial institutions be fully 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, 2021 exceeded the value of all deposits.

At September 30, 2021, the carrying amount of the Town's deposits was \$51,202,693, and the respective bank balances totaled \$51,185,157. The Towns' cash on hand totaled \$2,740.

### Investments

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

The Town's investments carried at fair value as of September 30, 2021, were:

	Carrying Value	Weighted Average Maturity (days)
<b>Investment type:</b>		
Certificates of deposit	\$ 79,489,611	395
Municipal bonds	4,327,528	10
<b>Total</b>	<b>\$ 83,817,139</b>	
Portfolio weight average to maturity		375

Of the municipal bonds disclosed above, \$500,440 belongs to Prosper Economic Development. The Town also has investments in government pools at September 30, 2021, totaling \$10,391,735, 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 37 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 43 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, 2021, 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 Issuer	Carrying Value	% of Total Portfolio
Certificates of deposit	79,489,611	94.84%
Municipal bonds	4,327,528	5.16%
Total Securities	\$ 83,817,139	100.00%

Of the municipal bonds disclosed above, \$500,440 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, 2021:

	Fair Value Measurements Using	
	Fair value as of 9/30/2021	Level 2
Investments by fair value level		
Municipal bonds	\$ 4,327,528	\$ 4,327,528
Total investments by fair value level	\$ 4,327,528	\$ 4,327,528

All of the Town's fair value investments were valued using significant observable inputs other than quoted market prices for similar assets of the municipal bonds disclosed above, \$500,440 belongs to Prosper Economic Development.

## V. RECEIVABLES

The Town's receivables as of September 30, 2021 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	\$ 148,720	\$ -	\$ 62,135	\$ -	\$ -	\$ -	\$ -	\$ 210,855
Sales tax	1,679,162	-	-	-	-	-	1,123,634	2,802,796
Interest	21,842	11,787	2,843	9,932	5,289	6,083	57,776	
Grants	178,900	-	-	82,036	-	-	-	260,936
Franchise fees	498,215	-	-	-	-	-	-	498,215
Municipal court	295,114	-	-	-	-	-	-	295,114
Ambulance	857,973	-	-	-	-	-	-	857,973
Legal settlement	-	-	-	1,500,000	-	-	-	1,500,000
Other receivables	40,949	-	-	-	39,566	7,678	88,193	
Gross receivables	3,720,875	11,787	64,978	1,591,968	44,855	1,137,395	6,571,858	
Less: allowance for uncollectible accounts	( 595,528)	-	( 1,243)	-	-	-	-	( 596,771)
Net receivables	<u>\$ 3,125,347</u>	<u>\$ 11,787</u>	<u>\$ 63,735</u>	<u>\$ 1,591,968</u>	<u>\$ 44,855</u>	<u>\$ 1,137,395</u>	<u>\$ 5,975,087</u>	

	Business-type Activities			Total
	Water and Sewer Fund	Stormwater Drainage Fund		
Utility bills	\$ 3,774,537	\$ 108,397	\$ 3,882,934	
Interest	27,559	774	28,333	
Gross receivables	3,802,096	109,171	3,911,267	
Less: allowance for uncollectible accounts	( 331,969)	-	( 331,969)	
Net receivables	<u>\$ 3,470,127</u>	<u>\$ 109,171</u>	<u>\$ 3,579,298</u>	

## VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 8,259,860	\$ 21,817,636	\$ -	\$ 698,494	\$ 30,775,990
Construction in progress	<u>50,480,762</u>	<u>21,964,237</u>	<u>-</u>	<u>( 24,398,264)</u>	<u>48,046,735</u>
Total capital assets not being depreciated	<u>58,740,622</u>	<u>43,781,873</u>	<u>-</u>	<u>( 23,699,770)</u>	<u>78,822,725</u>
Capital assets being depreciated:					
Buildings and improvements	57,446,682	147,317	-	14,547,468	72,141,467
Equipment	16,939,279	1,241,363	( 744,302)	-	17,436,340
Infrastructure	<u>158,429,117</u>	<u>17,203,870</u>	<u>-</u>	<u>9,152,302</u>	<u>184,785,289</u>
Total assets being depreciated	<u>232,815,078</u>	<u>18,592,550</u>	<u>( 744,302)</u>	<u>23,699,770</u>	<u>274,363,096</u>
Less accumulated depreciation for:					
Buildings and improvements	( 9,444,084)	( 2,077,203)	-	-	( 11,521,287)
Equipment	( 5,566,008)	( 1,572,365)	717,237	-	( 6,421,136)
Infrastructure	<u>( 35,909,012)</u>	<u>( 5,642,859)</u>	<u>-</u>	<u>-</u>	<u>( 41,551,871)</u>
Total accumulated depreciation	<u>( 50,919,104)</u>	<u>( 9,292,427)</u>	<u>717,237</u>	<u>-</u>	<u>( 59,494,294)</u>
Total capital assets being depreciated, net	<u>181,895,974</u>	<u>9,300,123</u>	<u>( 27,065)</u>	<u>23,699,770</u>	<u>214,868,802</u>
Governmental activities capital assets, net	<u>\$ 240,636,596</u>	<u>\$ 53,081,996</u>	<u>\$ ( 27,065)</u>	<u>\$ -</u>	<u>\$ 293,691,527</u>

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,883,521	\$ -	\$ -	\$ -	\$ 1,883,521
Construction in progress	<u>21,302,191</u>	<u>5,108,147</u>	<u>-</u>	<u>-</u>	<u>26,410,338</u>
Total capital assets, not being depreciated	<u>23,185,712</u>	<u>5,108,147</u>	<u>-</u>	<u>-</u>	<u>28,293,859</u>
Capital assets being depreciated:					
Buildings and systems	247,673	58,972	-	-	306,645
Vehicles and equipment	2,385,976	65,357	( 152,996)	-	2,298,337
Infrastructure	141,342,003	22,418,433	-	-	163,760,436
Intangible Asset	<u>15,744,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,744,809</u>
Total assets being depreciated	<u>159,720,461</u>	<u>22,542,762</u>	<u>( 152,996)</u>	<u>-</u>	<u>182,110,227</u>
Less accumulated depreciation for:					
Buildings and systems	( 177,462)	( 19,983)	-	-	( 197,445)
Vehicles and equipment	( 1,110,828)	( 211,534)	152,996	-	( 1,169,366)
Infrastructure	( 21,938,173)	( 4,422,144)	-	-	( 26,360,317)
Intangible Asset	( 1,256,470)	( 314,964)	-	-	( 1,571,434)
Total accumulated depreciation	<u>( 24,482,933)</u>	<u>( 4,968,625)</u>	<u>152,996</u>	<u>-</u>	<u>( 29,298,562)</u>
Total capital assets being depreciated, net	<u>135,237,528</u>	<u>17,574,137</u>	<u>-</u>	<u>-</u>	<u>152,811,665</u>
Business-type activities capital assets, net	<u>\$ 158,423,240</u>	<u>\$ 22,682,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,105,524</u>

	Beginning Balance	Additions	Retirements	Retirements	Ending Balance
<b>Component Unit:</b>					
Capital assets not being depreciated:					
Land	\$ 1,077,788	\$ 1,495,880	\$ -	\$ -	\$ 2,573,668
Total capital assets not being depreciated	<u>\$ 1,077,788</u>	<u>\$ 1,495,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,573,668</u>

Depreciation expense for the year ended September 30, 2021 was charged to functions/programs of the primary government as follows:

**Governmental activities:**

Administration	\$ 659,324
Police	512,850
Fire	871,823
Development Services	30,319
Public Works	5,644,483
Community Services	1,566,954
Engineering	<u>6,674</u>
Total	<u>\$ 9,292,427</u>

**Business-type activities:**

Water and sewer	\$ 3,595,882
Stormwater drainage utility	<u>1,372,743</u>
Total	<u>\$ 4,968,625</u>

As of September 30, 2021, 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 transfers made during the fiscal year were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects	\$ 3,948,889	Capital outlay
Impact Fees	Capital Projects	320,025	Capital outlay
Capital Projects	Water and Sewer	30,312	Capital outlay
Capital Projects	Nonmajor Governmental	392,217	Capital outlay
Capital Projects	Water and Sewer	149,445	Capital outlay
Escrow Fund	Capital Projects	664,264	Capital outlay
Water and Sewer	General Fund	972,977	Administrative
Water and Sewer	Storm Drainage	693,327	Capital outlay
Storm Drainage	General Fund	98,843	Administrative
Storm Drainage	Water and Sewer	498,727	Administrative
Total		\$ 7,769,026	

## VIII. LONG-TERM LIABILITIES

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

The Town issued Certificates of Obligation Bonds, Series 2021 and General Obligation Bonds, Series 2021 in the amount of \$6,855,000 and \$36,255,000, respectively, for constructing and improving streets, roads and other related infrastructure in the Town. The bonds bear interest rates ranging from 2% to 5% and mature over the next 20 years.

The following is a summary of long-term liabilities for the year ended September 30, 2021:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 1,766,093	\$ 1,779,221	\$( 1,544,318)	\$ 2,000,996	\$ 500,249
Bonds	88,801,423	43,110,000	( 4,275,377)	127,636,046	6,101,423
Bond premium on issuance	<u>7,425,775</u>	<u>4,684,489</u>	<u>( 522,672)</u>	<u>11,587,592</u>	<u>-</u>
Total governmental	<u>97,993,291</u>	<u>49,573,710</u>	<u>( 6,342,367)</u>	<u>141,224,634</u>	<u>6,601,672</u>
<b>Business-type activities:</b>					
Compensated absences	211,752	222,516	( 201,262)	233,006	57,493
Bonds	37,478,576	-	( 2,479,346)	34,999,230	2,603,577
Bonds premium on issuance	<u>2,281,127</u>	<u>-</u>	<u>( 191,005)</u>	<u>2,090,122</u>	<u>-</u>
Total business-type activities	<u>39,971,455</u>	<u>222,516</u>	<u>( 2,871,613)</u>	<u>37,322,358</u>	<u>2,661,070</u>
Total primary government	<u>\$ 137,964,746</u>	<u>\$ 49,796,226</u>	<u>\$( 9,213,980)</u>	<u>\$ 178,546,992</u>	<u>\$ 9,262,742</u>

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

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

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

Bonds, certificates of obligation, and tax notes at September 30, 2021 are comprised of the following issues for the Debt Service Fund, the Water and Sewer Fund, and the Stormwater Drainage Utility Fund:

	Governmental Activities	Business-Type Activities	Total
2012 General Obligation Bonds (100% debt service fund issued June 15, 2012, and maturing February 15, 2032. Interest payable February 15, and August 15 at rates ranging from 1.38% to 3.25%).	\$ 2,590,000	\$ -	\$ 2,590,000
2012 Certificates of Obligation (83% water and sewer fund portion and 17% Stormwater drainage fund portion) issued June 15, 2012, maturing February 15, 2032. Interest payable February 15 and August 15 at rates ranging from 0.40% to 3.25%.	-	3,480,000	3,480,000
2013 General Obligation Refunding Bonds (100% debt service fund) issued June 15, 2013, maturing August 15, 2033. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	2,590,000	-	2,590,000
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%.	-	3,545,000	3,545,000
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%.	1,555,000	1,330,000	2,885,000
2014 Certificates of Obligation (100% water and sewer fund) issued February 15, 2014, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%.	-	9,225,000	9,225,000
2015 General Obligation Refunding and Improvement Bonds (79% debt service fund portion and 21% water and sewer portion) issued July 15, 2015, maturing February 15, 2035. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	11,429,700	2,690,300	14,120,000
2015 Certificates of Obligation (100% debt service fund) issued July 15, 2015, maturing February 15, 2035. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	7,300,000	-	7,300,000
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%.	6,650,000	1,065,000	7,715,000

	Governmental Activities	Business-Type Activities	Total
2017 Certificates of Obligation (91% debt service fund portion and 9% Stormwater drainage fund portion) issued June 27, 2017, maturing February 15, 2037. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%.	\$ 8,830,000	\$ 850,000	\$ 9,680,000
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%.	3,515,000	-	3,515,000
2018 Certificates of Obligation (56% debt service fund portion and 44% water & sewer fund portion) issued June 15, 2018, maturing February 15, 2038. Interest payable February 15 and August 15 at rates ranging from 3.125% to 5.0%.	11,175,000	8,845,000	20,020,000
2019 General Obligation Bonds (100% debt service fund) issued July 25, 2019, and maturing February 15, 2039. Interest payable February 15, and August 15 at rates ranging from 3.0% to 4.0%.	3,775,000	-	3,775,000
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%.	11,736,346	3,968,930	15,705,276
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%.	10,070,000	-	10,070,000
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%.	36,255,000	-	36,255,000
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%.	6,855,000	-	6,855,000
	\$ 127,636,046	\$ 34,999,230	\$ 162,635,276

The annual requirements to amortize the combined debt outstanding for the Debt Service Fund and Water and Sewer Fund as of September 30, 2021, are as follows:

Year Ended September 30,	Governmental Activities		Business-Type Activities		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2022	\$ 6,101,423	\$ 4,531,970	\$ 2,603,577	\$ 1,362,202	\$ 8,705,000	\$ 5,894,172
2023	5,544,006	4,421,847	2,590,995	1,255,778	8,135,001	5,677,625
2024	6,085,721	4,169,933	2,689,278	1,145,073	8,774,999	5,315,006
2025	6,425,966	3,900,115	2,379,035	1,026,216	8,805,001	4,926,331
2026	6,958,511	3,615,306	2,486,488	924,394	9,444,999	4,539,700
2027-2031	36,369,525	13,212,003	11,315,475	3,235,053	47,685,000	16,447,056
2032-2036	37,703,865	5,962,179	8,656,135	1,074,736	46,360,000	7,036,915
2037-2041	22,447,029	1,177,877	2,278,247	88,278	24,725,276	1,266,155
Total	\$ 127,636,046	\$ 40,991,230	\$ 34,999,230	\$ 10,111,730	\$ 162,635,276	\$ 51,102,960

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	\$ 1,605,409	\$ 1,178,074	Capital projects (unspent bond proceeds)
Water and Sewer fund	5,109,423	7,951,278	Impact fees
Stormwater Drainage fund	92,504	-	Capital projects (unspent bond proceeds)
Total business-type activities	\$ 6,807,336	\$ 9,129,352	
Governmental activities:			
Impact Fees fund	\$ 4,279,446	\$ 6,659,669	Impact fees
Debt Service fund	1,032,220	1,606,340	Debt service
Capital Projects fund	50,668,425	5,611,412	Capital projects (unspent bond proceeds)
Escrow Fund	1,802,023	2,809,377	Customer deposits/escrow
Nonmajor governmental funds	3,399,207	5,293,199	Special revenue funds
Total governmental activities	\$ 61,181,321	\$ 21,979,997	

## X. RISK MANAGEMENT

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

The Town of Prosper initiated a self-funded health and dental plan effective January 1, 2017 for Town Employees and their dependents. The Town maintains the Employee Health and Insurance Fund to account for the Town's employee health and dental care coverage. In addition, excess insurance of up to \$1,000,000 has been obtained for an individual unit health and prescription drugs claims exceeding \$75,000 and for health claims in the aggregate exceeding \$2,628,399. The Town's claim administrator is UMR.

Revenues are recognized from payroll deductions and Town contributions. At September 30, 2021, a liability of \$212,015 has been recorded, which represents estimated claims incurred but not yet reported. Changes in this claims liability during fiscal years 2019, 2020, and 2021 respectively were as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2019	\$ 49,642	\$ 1,636,065	\$ 1,636,162	\$ 49,545
2020	49,545	2,254,800	2,227,144	77,201
2021	77,201	2,461,362	2,326,548	212,015

## **XI. DEFINED BENEFIT PENSION PLAN**

### **Plan Description**

The Town participates as one of 895 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](http://www.TMRS.com).

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

### **Benefits Provided**

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

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

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

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

### **Employees Covered by Benefit Terms**

At the December 31, 2020 valuation and measurement date, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	110
Active employees	<u>256</u>
Total	<u><u>391</u></u>

## **Contributions**

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

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The Town increased its employee contribution rate during the year. The contribution rates for the Town were 13.54% and 13.74% in calendar years 2020 and 2021, respectively. The Town's contributions to TMRS for the year ended September 30, 2021, were \$2,790,352, and were equal to the required contributions.

## **Net Pension Liability**

The Town's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. 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 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
		(Arithmetic)
Global Equity	30.00%	5.30%
Core fixed income	10.00%	1.25%
Non-core fixed income	20.00%	4.14%
Real return	10.00%	3.85%
Real estate	10.00%	4.00%
Absolute return	10.00%	3.48%
Private equity	<u>10.00%</u>	7.75%
Total	<u><u>100.00%</u></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, 2021, 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 12/31/2019	\$ 25,960,055	\$ 22,688,840	\$ 3,271,215
Changes for the year:			
Service cost	3,518,263	-	3,518,263
Interest	1,863,749	-	1,863,749
Difference between expected and actual experience	511,802	-	511,802
Change in assumptions	-	-	-
Contributions - employer	-	2,484,991	(2,484,991)
Contributions - employee	-	1,284,707	(1,284,707)
Net investment income	-	1,730,745	(1,730,745)
Benefit payments, including refunds of employee contributions	( 216,188)	( 216,188)	-
Administrative expense	-	( 11,144)	11,144
Other changes	-	( 434)	434
Net changes	<u>5,677,626</u>	<u>5,272,677</u>	<u>404,949</u>
Balance at 12/31/2020	<u><u>\$ 31,637,681</u></u>	<u><u>\$ 27,961,517</u></u>	<u><u>\$ 3,676,164</u></u>

At September 30, 2021, 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 12/31/2019	\$ 543,319	\$ 474,856	\$ 68,463
Changes for the year:			
Service cost	73,634	-	73,634
Interest	39,006	-	39,006
Difference between expected and actual experience	10,712	-	10,712
Change in assumptions	-	-	-
Contributions - employer	-	52,009	( 52,009)
Contributions - employee	-	26,888	( 26,888)
Net investment income	-	36,223	( 36,223)
Benefit payments, including refunds of employee contributions	( 4,525)	( 4,525)	-
Administrative expense	-	( 233)	233
Other changes	-	( 11)	11
Net changes	<u>118,827</u>	<u>110,351</u>	<u>8,476</u>
Balance at 12/31/2020	<u>\$ 662,146</u>	<u>\$ 585,207</u>	<u>\$ 76,939</u>

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

	1% Decrease in Discount Rate (5.75%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension liability	\$ 9,851,979	\$ 3,676,164	\$( 1,235,748)
Component unit's net pension liability	<u>206,193</u>	<u>76,939</u>	<u>( 25,863)</u>
Total	<u>\$ 10,058,172</u>	<u>\$ 3,753,103</u>	<u>\$( 1,261,611)</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](http://www.TMRS.com).

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

For the year ended September 30, 2021, the Town and component unit recognized pension expense of \$2,641,052 and \$55,275, respectively.

At September 30, 2021, 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	\$ 1,221,737	\$ 54,706
Changes in actuarial assumptions	57,884	1,727
Difference between projected and actual investment earnings	-	634,562
Contributions subsequent to the measurement date	<u>2,052,034</u>	<u>-</u>
Total	<u>\$ 3,331,655</u>	<u>\$ 690,995</u>

At September 30, 2021, 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	\$ 25,570	\$ 1,145
Changes in actuarial assumptions	1,211	36
Difference between projected and actual investment earnings	-	13,281
Contributions subsequent to the measurement date	<u>42,947</u>	<u>-</u>
<b>Total</b>	<b>\$ 69,728</b>	<b>\$ 14,462</b>

The Town and component unit reported \$2,052,033 and 42,947, 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	City	Component Unit
2021	\$ 66,064	\$ 1,383
2022	209,552	4,386
2023	( 75,635)	( 1,583)
2024	214,154	4,482
2025	141,755	2,967
Thereafter	32,736	684

## **XII. TAX ABATEMENTS AND ECONOMIC INCENTIVES**

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

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

### **General Economic Development**

The Town has entered into various agreements that may rebate a flat amount or percentage of property taxes or sales tax received by the Town or repay developers for the construction of impact fee eligible projects. For fiscal year 2021, the Town rebated \$917,603 in property and sales taxes, and repaid developers for infrastructure agreements with \$4,586,719 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 \$523,288 and payment towards construction of \$1,612,269 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 \$13,771 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, 2020	\$ 14,951,090	\$ 1,653,764	\$ 16,604,854
Additions/adjustments	5,302,900	-	5,302,900
Payments	( 2,135,557)	( 95,818)	( 2,231,375)
Balance, September 30, 2021	\$ 18,118,433	\$ 1,557,946	\$ 19,676,379

### **XIII. COMMITMENTS AND CONTINGENCIES**

At September 30, 2021, the total estimated costs to complete significant construction projects in progress at year-end totaled approximately \$43,418,242 for the Capital Projects Fund.

### **XIV. SPECIAL ITEMS**

The Town entered into a compromise settlement agreement effective August 11, 2021, from a lawsuit filed by the Town. The Town's dollar amount to be received was determined in accordance with the settlement agreement in the amount of \$1.5 million.

### **XV. PRIOR PERIOD ADJUSTMENT**

The Town's beginning net position in the TIRZ 1 fund was restated upwards and the Water and Sewer Fund was restated downward in the same amount of \$461,496. The Town incorrectly recorded impact fee revenue in the Water and Sewer Fund in the prior year that should have been recorded in the TIRZ 1 Fund in accordance with an ongoing financing agreement.



REQUIRED  
SUPPLEMENTARY  
INFORMATION  
SECTION

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Property	\$ 18,246,167	\$ 18,469,694	\$ 18,547,272	\$ 77,578
Sales	5,793,141	7,577,110	8,313,558	736,448
Franchise	1,792,875	1,792,875	1,961,514	168,639
Licenses and permits	3,575,100	5,127,742	8,145,948	3,018,206
Charges for services	845,275	845,275	1,190,040	344,765
Grants	414,672	586,377	676,169	89,792
Investment income	85,000	85,000	112,301	27,301
Fines, fees, warrants and seizures	400,000	400,000	279,543	( 120,457)
Park fees	212,000	212,000	410,583	198,583
Miscellaneous	262,350	262,350	195,334	( 67,016)
Total revenues	<u>31,626,580</u>	<u>35,358,423</u>	<u>39,832,262</u>	<u>4,473,839</u>
<b>EXPENDITURES</b>				
Current:				
Administration	5,551,422	6,544,399	6,484,378	60,021
Police	5,725,135	6,142,033	4,747,282	1,394,751
Fire	7,167,332	7,931,662	7,107,648	824,014
Development Services	3,331,946	4,208,958	3,580,068	628,890
Public Works	3,222,064	3,273,522	2,567,404	706,118
Community Services	4,378,014	4,486,644	4,266,732	219,912
Engineering	2,023,347	2,055,123	1,882,206	172,917
Total expenditures	<u>31,399,260</u>	<u>34,642,341</u>	<u>30,635,718</u>	<u>4,006,623</u>
Excess of revenues over expenditures	227,320	716,082	9,196,544	8,480,462
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,071,820	1,071,820	1,071,820	-
Transfers out	( 1,191,031)	( 3,948,889)	( 3,948,889)	-
Total other financing sources (uses)	<u>( 119,211)</u>	<u>( 2,877,069)</u>	<u>( 2,877,069)</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	108,109	( 2,160,987)	6,319,475	8,480,462
<b>FUND BALANCE - BEGINNING</b>	<u>13,923,232</u>	<u>13,923,232</u>	<u>13,923,232</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 14,031,341</u>	<u>\$ 11,762,245</u>	<u>\$ 20,242,707</u>	<u>\$ 8,480,462</u>

## **TOWN OF PROSPER, TEXAS**

### **NOTES TO BUDGETARY INFORMATION**

SEPTEMBER 30, 2021

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town follows these procedures in establishing budgetary data reflected in the financial statements:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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, Police Special Purpose District Fund, Fire Special Purpose District Fund, TIRZ#1 Fund, TIRZ#2 Fund, Municipal Jury Fund, Contributions Fund, and the CARES Act Fund) and Proprietary Funds (Water and Sewer Fund, Stormwater Drainage Fund, and Internal Service Funds).
- (5) 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.
- (6) 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.

#### **2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

At September 30, 2021, no expenditures exceeded appropriations.



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**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Impact fees	\$ 3,500,000	\$ 3,500,000	\$ 8,279,540	\$ 4,779,540
Investment income	<u>18,000</u>	<u>18,000</u>	<u>44,100</u>	<u>26,100</u>
Total Revenues	<u><u>3,518,000</u></u>	<u><u>3,518,000</u></u>	<u><u>8,323,640</u></u>	<u><u>4,805,640</u></u>
<b>EXPENDITURES</b>				
Public Works	<u>4,539,017</u>	<u>4,849,053</u>	<u>2,417,255</u>	<u>2,431,798</u>
Total expenditures	<u><u>4,539,017</u></u>	<u><u>4,849,053</u></u>	<u><u>2,417,255</u></u>	<u><u>2,431,798</u></u>
Excess of revenues over expenditures	<u>( 1,021,017)</u>	<u>( 1,331,053)</u>	<u>5,906,385</u>	<u>7,237,438</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>( 320,025)</u>	<u>( 320,025)</u>	<u>-</u>
Total other financing sources (uses)	<u><u>-</u></u>	<u><u>( 320,025)</u></u>	<u><u>( 320,025)</u></u>	<u><u>-</u></u>
<b>CHANGE IN FUND BALANCE</b>	<u><u>( 1,021,017)</u></u>	<u><u>( 1,651,078)</u></u>	<u><u>5,586,360</u></u>	<u><u>7,237,438</u></u>
<b>FUND BALANCE - BEGINNING</b>	<u><u>5,092,452</u></u>	<u><u>5,092,452</u></u>	<u><u>5,092,452</u></u>	<u><u>-</u></u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 4,071,435</u></u>	<u><u>\$ 3,441,374</u></u>	<u><u>\$ 10,678,812</u></u>	<u><u>\$ 7,237,438</u></u>

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

<b>Measurement year December 31,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total pension liability</b>			
Service cost	\$ 3,591,897	\$ 2,900,937	\$ 2,559,835
Interest on total pension liability	1,902,755	1,541,809	1,255,581
Difference between expected and actual experience	522,514	693,569	526,914
Change or assumptions	-	85,186	-
Benefit payments/refunds of contributions	( 220,713)	( 218,532)	( 326,425)
Net change in total pension liability	<u>5,796,453</u>	<u>5,002,969</u>	<u>4,015,905</u>
Total pension liability, beginning	<u>26,503,374</u>	<u>21,500,405</u>	<u>17,484,500</u>
Total pension liability, ending (a)	<u>\$ 32,299,827</u>	<u>\$ 26,503,374</u>	<u>\$ 21,500,405</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 2,537,000	\$ 2,051,549	\$ 1,802,565
Contributions - employee	1,311,595	1,059,841	932,591
Net investment income	1,766,968	2,727,479	( 469,840)
Benefit payments/refunds of contributions	( 220,713)	( 218,532)	( 326,425)
Administrative expenses	( 11,377)	( 15,339)	( 9,048)
Other	( 445)	( 460)	( 473)
Net change in fiduciary net position	<u>5,383,028</u>	<u>5,604,538</u>	<u>1,929,370</u>
Fiduciary net position, beginning	<u>23,163,696</u>	<u>17,559,158</u>	<u>15,629,788</u>
Fiduciary net position, ending (b)	<u>\$ 28,546,724</u>	<u>\$ 23,163,696</u>	<u>\$ 17,559,158</u>
<b>Net pension liability = (a)-(b)</b>	<u>3,753,103</u>	<u>3,339,678</u>	<u>3,941,247</u>
Fiduciary net position as a percentage of total pension liability	88.38%	87.40%	81.67%
Covered - employee payroll	\$ 18,737,073	\$ 15,140,587	\$ 13,304,757
Net Pension liability as a percentage of covered employee payroll	20.03%	22.06%	29.62%

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

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

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

<b>Fiscal Year ended September 30,</b>	<b>2021</b>	<b>2020</b>
Actuarially determined contribution	\$ 2,790,352	\$ 2,364,494
Contributions in relation to the actuarially determined contribution	<u>2,790,352</u>	<u>2,364,494</u>
Contribution deficiency (excess)	-	-
Covered payroll	20,382,993	17,470,665
Contributions as a percentage of covered payroll	13.69%	13.53%

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

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	24 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.	

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 1,974,212	\$ 1,739,754	\$ 1,460,414	\$ 1,073,556	\$ 842,892
<u>1,974,212</u>	<u>1,739,754</u>	<u>1,431,283</u>	<u>1,072,237</u>	<u>842,892</u>
-	-	29,131	1,319	-
14,574,706	12,884,881	10,850,030	7,678,705	7,560,918
13.55%	13.50%	13.20%	12.40%	11.10%



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# COMBINING AND INDIVIDUAL FUND SCHEDULES



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## **NONMAJOR GOVERNMENTAL FUNDS**

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

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

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

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

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

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

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

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

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

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

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

**TOWN OF PROSPER, TEXAS**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2021

	Court Technology Fund	Court Security Fund	Parks Dedication Fund	Parks Improvement Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,123	\$ 12,178	\$ 748,236	\$ 443,594
Investments	9,529	18,952	1,164,405	690,320
Taxes receivable (net)	-	-	-	-
Accounts receivable (net)	-	-	-	-
Accrued interest	17	34	2,061	1,222
Total assets	<u>15,669</u>	<u>31,164</u>	<u>1,914,702</u>	<u>1,135,136</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	-	-	-	137,171
Retainage payable	-	-	-	17,939
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,110</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Interest	-	-	11	6
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>11</u>	<u>6</u>
<b>FUND BALANCES</b>				
Restricted for:				
Capital projects	-	-	-	-
Courts	15,669	31,164	-	-
Police	-	-	-	-
Fire	-	-	-	-
Parks	-	-	1,914,691	980,020
Other	-	-	-	-
Total fund balances	<u>15,669</u>	<u>31,164</u>	<u>1,914,691</u>	<u>980,020</u>
Total liabilities, deferred inflows of Resources and fund balances	<u>\$ 15,669</u>	<u>\$ 31,164</u>	<u>\$ 1,914,702</u>	<u>\$ 1,135,136</u>

Crime Control District	Fire Prevention District	TIRZ 1 Fund	TIRZ 2 Fund	Municipal Jury Fund	CARES Act Fund	Contributions Fund	Total Nonmajor Governmental Funds
\$ 12,221	\$ 11,595	\$ 655,256	\$ 9,792	\$ 97	\$ -	\$ 308,910	\$ 2,208,002
19,019	18,044	1,019,711	15,239	151	-	480,724	3,436,094
444,095	441,926	237,613	-	-	-	-	1,123,634
-	-	-	-	-	-	7,678	7,678
34	32	1,805	27	-	-	851	6,083
<u>475,369</u>	<u>471,597</u>	<u>1,914,385</u>	<u>25,058</u>	<u>248</u>	<u>-</u>	<u>798,163</u>	<u>6,781,491</u>
44,700	57,812	443,767	-	-	-	-	683,450
-	-	-	-	-	-	-	17,939
<u>44,700</u>	<u>57,812</u>	<u>443,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>701,389</u>
-	-	9	-	-	-	4	30
-	-	9	-	-	-	4	30
-	-	1,470,609	25,058	-	-	-	1,495,667
-	-	-	-	248	-	-	47,081
430,669	-	-	-	-	-	171,136	601,805
-	413,785	-	-	-	-	13,153	426,938
-	-	-	-	-	-	-	2,894,711
-	-	-	-	-	-	613,870	613,870
<u>430,669</u>	<u>413,785</u>	<u>1,470,609</u>	<u>25,058</u>	<u>248</u>	<u>-</u>	<u>798,159</u>	<u>6,080,072</u>
<u>\$ 475,369</u>	<u>\$ 471,597</u>	<u>\$ 1,914,385</u>	<u>\$ 25,058</u>	<u>\$ 248</u>	<u>\$ -</u>	<u>\$ 798,163</u>	<u>\$ 6,781,491</u>

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Court Technology Fund	Court Security Fund	Parks Dedication Fund	Parks Improvement Fund
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	- -	- -	- -	- -
Impact fees	- -	- -	- -	- -
Grants	- -	- -	- -	500,000
Investment income	99	176	8,944	5,265
Fines, fees, warrants, and seizures	7,117	8,321	- -	- -
Contributions	- -	- -	19,946	123,370
Miscellaneous	- -	- -	- -	- -
Total revenues	<u>7,216</u>	<u>8,497</u>	<u>28,890</u>	<u>628,635</u>
<b>EXPENDITURES</b>				
Current:				
Administration	9,050	11,634	- -	- -
Police	- -	- -	- -	- -
Fire	- -	- -	- -	- -
Community services	- -	- -	- -	815,066
Total expenditures	<u>9,050</u>	<u>11,634</u>	<u>- -</u>	<u>815,066</u>
Excess (Deficiency) of revenue Over expenditures	( 1,834)	( 3,137)	28,890	( 186,431)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	- -	- -	392,217	- -
Total Other Financing Sources	<u>- -</u>	<u>- -</u>	<u>392,217</u>	<u>- -</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 1,834)	( 3,137)	421,107	( 186,431)
<b>FUND BALANCES - BEGINNING</b>	17,503	34,301	1,493,584	1,166,451
<b>PRIOR PERIOD ADJUSTMENTS</b>	- -	- -	- -	- -
<b>FUND BALANCES, BEGINNING, RESTATE</b>	<u>17,503</u>	<u>34,301</u>	<u>1,493,584</u>	<u>1,166,451</u>
<b>FUND BALANCES - ENDING</b>	\$ 15,669	\$ 31,164	\$ 1,914,691	\$ 980,020

Crime Control District	Fire Prevention District	TIRZ 1 Fund	TIRZ 2 Fund	Municipal Jury Fund	CARES Act Fund	Contributions Fund	Total Nonmajor Governmental Funds
\$ - 2,192,022	\$ - 2,183,482	\$ 609,152 1,267,842	\$ 13,484 -	\$ - -	\$ - -	\$ - -	\$ 622,636 5,643,346
- -	- -	962,724	- -	- -	- -	- -	962,724
- -	- -	- -	- -	- -	1,419,369	- -	1,919,369
1,642	654	3,691	155	- -	- -	2,690	23,316
- -	- -	- -	- -	157	- -	5,575	21,170
- -	- -	- -	- -	- -	- -	382,369	525,685
- -	- -	- -	- -	- -	- -	3,111	3,111
<u>2,193,664</u>	<u>2,184,136</u>	<u>2,843,409</u>	<u>13,639</u>	<u>157</u>	<u>1,419,369</u>	<u>393,745</u>	<u>9,721,357</u>
 - -	 - -	 2,135,556	 13,770	 - -	 1,420,611	 25,432	 3,616,053
<u>2,065,434</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>2,065,434</u>
- -	1,974,333	- -	- -	- -	- -	- -	1,974,333
<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>815,066</u>
<u>2,065,434</u>	<u>1,974,333</u>	<u>2,135,556</u>	<u>13,770</u>	<u>- -</u>	<u>1,420,611</u>	<u>25,432</u>	<u>8,470,886</u>
 <u>128,230</u>	 <u>209,803</u>	 <u>707,853</u>	 <u>( 131)</u>	 <u>157</u>	 <u>( 1,242)</u>	 <u>368,313</u>	 <u>1,250,471</u>
 - -	 - -	 - -	 - -	 - -	 - -	 - -	 392,217
<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>392,217</u>
 128,230	 209,803	 707,853	 ( 131)	 157	 ( 1,242)	 368,313	 1,642,688
 302,439	 203,982	 301,260	 25,189	 91	 1,242	 429,846	 3,975,888
 - -	 - -	 <u>461,496</u>	 - -	 - -	 - -	 - -	 <u>461,496</u>
 <u>302,439</u>	 <u>203,982</u>	 <u>762,756</u>	 <u>25,189</u>	 <u>91</u>	 <u>1,242</u>	 <u>429,846</u>	 <u>4,437,384</u>
 <u>\$ 430,669</u>	 <u>\$ 413,785</u>	 <u>\$ 1,470,609</u>	 <u>\$ 25,058</u>	 <u>\$ 248</u>	 <u>\$ -</u>	 <u>\$ 798,159</u>	 <u>\$ 6,080,072</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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 7,549,503	\$ 7,549,503	\$ 7,690,750	\$ 141,247
Investment income	45,000	45,000	24,381	( 20,619)
Total Revenue	<u>7,594,503</u>	<u>7,594,503</u>	<u>7,715,131</u>	<u>120,628</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	4,275,377	4,275,377	4,275,377	-
Interest and fiscal charges	3,404,364	3,404,364	3,404,363	1
Bond issue costs and fees	20,000	20,000	14,670	5,330
Total Expenditures	<u>7,699,741</u>	<u>7,699,741</u>	<u>7,694,410</u>	<u>5,331</u>
Excess of revenues over expenditures	( 105,238)	( 105,238)	20,721	125,959
<b>CHANGE IN FUND BALANCE</b>	( 105,238)	( 105,238)	20,721	125,959
<b>FUND BALANCE - BEGINNING</b>	<u>2,619,367</u>	<u>2,619,367</u>	<u>2,619,367</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 2,514,129</u>	<u>\$ 2,514,129</u>	<u>\$ 2,640,088</u>	<u>\$ 125,959</u>

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Fines, fees, warrants, and seizures	\$ 8,200	\$ 8,200	\$ 7,117	\$( 1,083)
Investment income	150	150	99	( 51)
Total revenues	<u>8,350</u>	<u>8,350</u>	<u>7,216</u>	<u>( 1,134)</u>
<b>EXPENDITURES</b>				
Administration	25,700	25,700	9,050	16,650
Total expenditures	<u>25,700</u>	<u>25,700</u>	<u>9,050</u>	<u>16,650</u>
<b>CHANGE IN FUND BALANCE</b>	( 17,350)	( 17,350)	( 1,834)	15,516
<b>FUND BALANCE - BEGINNING</b>	<u>17,503</u>	<u>17,503</u>	<u>17,503</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	\$ 153	\$ 153	\$ 15,669	\$ 15,516

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Fines, fees, warrants, and seizures	\$ 7,000	\$ 7,000	\$ 8,321	\$ 1,321
Investment income	250	250	176	(74)
Total revenues	<u>7,250</u>	<u>7,250</u>	<u>8,497</u>	<u>1,247</u>
<b>EXPENDITURES</b>				
Administration	18,528	18,528	11,634	6,894
Total expenditures	<u>18,528</u>	<u>18,528</u>	<u>11,634</u>	<u>6,894</u>
<b>CHANGE IN FUND BALANCE</b>	(11,278)	(11,278)	(3,137)	8,141
<b>FUND BALANCE - BEGINNING</b>	<u>34,301</u>	<u>34,301</u>	<u>34,301</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	\$ 23,023	\$ 23,023	\$ 31,164	\$ 8,141

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Contributions	\$ 200,000	\$ 200,000	\$ 19,946	\$( 180,054)
Investment income	8,000	8,000	8,944	944
Total revenues	<u>208,000</u>	<u>208,000</u>	<u>28,890</u>	<u>( 179,110)</u>
<b>EXPENDITURES</b>				
Community service	250,000	250,000	-	250,000
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	392,217	392,217
Total other financing sources	<u>-</u>	<u>-</u>	<u>392,217</u>	<u>392,217</u>
<b>CHANGE IN FUND BALANCE</b>	( 42,000)	( 42,000)	421,107	463,107
<b>FUND BALANCE - BEGINNING</b>	<u>1,493,584</u>	<u>1,493,584</u>	<u>1,493,584</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,451,584</u>	<u>\$ 1,451,584</u>	<u>\$ 1,914,691</u>	<u>\$ 463,107</u>

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Investment income	\$ 7,500	\$ 7,500	\$ 5,265	\$ (2,235)
Grants	500,000	500,000	500,000	-
Contributions	100,000	100,000	123,370	23,370
Total revenues	<u>607,500</u>	<u>607,500</u>	<u>628,635</u>	<u>21,135</u>
<b>EXPENDITURES</b>				
Community service	1,546,255	1,649,567	815,066	834,501
Total Expenditures	<u>1,546,255</u>	<u>1,649,567</u>	<u>815,066</u>	<u>834,501</u>
<b>CHANGE IN FUND BALANCE</b>	( 938,755)	( 1,042,067)	( 186,431)	855,636
<b>FUND BALANCE - BEGINNING</b>	<u>1,166,451</u>	<u>1,166,451</u>	<u>1,166,451</u>	-
<b>FUND BALANCE - ENDING</b>	\$ 227,696	\$ 124,384	\$ 980,020	\$ 855,636

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Sales taxes	\$ 1,564,807	\$ 2,068,570	\$ 2,192,022	\$ 123,452
Investment income	300	1,690	1,642	( 48)
Total revenues	<u>1,565,107</u>	<u>2,070,260</u>	<u>2,193,664</u>	<u>123,404</u>
<b>EXPENDITURES</b>				
Police	1,425,708	2,065,435	2,065,434	1
Total expenditures	<u>1,425,708</u>	<u>2,065,435</u>	<u>2,065,434</u>	<u>1</u>
<b>CHANGE IN FUND BALANCE</b>	<u>139,399</u>	<u>4,825</u>	<u>128,230</u>	<u>123,405</u>
<b>FUND BALANCE - BEGINNING</b>	<u>302,439</u>	<u>302,439</u>	<u>302,439</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 441,838</u>	<u>\$ 307,264</u>	<u>\$ 430,669</u>	<u>\$ 123,405</u>

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Sales taxes	\$ 1,564,807	\$ 2,061,850	\$ 2,183,482	\$ 121,632
Investment income	- <hr style="border-top: 1px solid black;"/>	660 <hr style="border-top: 1px solid black;"/>	654 <hr style="border-top: 1px solid black;"/>	( 6 ) <hr style="border-top: 1px solid black;"/>
Total revenues	<hr style="border-top: 1px solid black;"/> 1,564,807	<hr style="border-top: 1px solid black;"/> 2,062,510	<hr style="border-top: 1px solid black;"/> 2,184,136	<hr style="border-top: 1px solid black;"/> 121,626
<b>EXPENDITURES</b>				
Fire	1,490,812	1,974,335	1,974,333	2
Total expenditures	<hr style="border-top: 1px solid black;"/> 1,490,812	<hr style="border-top: 1px solid black;"/> 1,974,335	<hr style="border-top: 1px solid black;"/> 1,974,333	<hr style="border-top: 1px solid black;"/> 2
<b>CHANGE IN FUND BALANCE</b>	73,995	88,175	209,803	121,628
<b>FUND BALANCE - BEGINNING</b>	<hr style="border-top: 1px solid black;"/> 203,982	<hr style="border-top: 1px solid black;"/> 203,982	<hr style="border-top: 1px solid black;"/> 203,982	<hr style="border-top: 1px solid black;"/> -
<b>FUND BALANCE - ENDING</b>	\$ 277,977	\$ 292,157	\$ 413,785	\$ 121,628

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 687,722	\$ 687,722	\$ 609,152	\$( 78,570)
Sales taxes	1,033,306	1,033,306	1,267,842	234,536
Impact fees	1,000,000	1,000,000	962,724	( 37,276)
Investment income	2,000	2,000	3,691	1,691
Total revenues	<u>2,723,028</u>	<u>2,723,028</u>	<u>2,843,409</u>	<u>120,381</u>
<b>EXPENDITURES</b>				
Administration	2,723,028	2,723,028	2,135,556	587,472
Total expenditures	<u>2,723,028</u>	<u>2,723,028</u>	<u>2,135,556</u>	<u>587,472</u>
Excess of revenues over expenditures	-	-	707,853	707,853
<b>CHANGE IN FUND BALANCE</b>	-	-	707,853	707,853
<b>FUND BALANCE - BEGINNING</b>	<u>301,260</u>	<u>301,260</u>	<u>301,260</u>	<u>-</u>
<b>PRIOR PERIOD ADJUSTMENTS</b>	-	-	461,496	461,496
<b>FUND BALANCES, BEGINNING, RESTATE</b>	-	-	762,756	762,756
<b>FUND BALANCE - ENDING</b>	<u>\$ 301,260</u>	<u>\$ 301,260</u>	<u>\$ 1,470,609</u>	<u>\$ 1,169,349</u>

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Sales tax	\$ 20	\$ -	\$ -	\$ -
Property taxes	12,837	13,485	13,484	( 1)
Investment income	150	200	155	( 45)
Total Revenues	<u>13,007</u>	<u>13,685</u>	<u>13,639</u>	<u>( 46)</u>
<b>EXPENDITURES</b>				
Administration	13,007	13,775	13,770	5
Total expenditures	<u>13,007</u>	<u>13,775</u>	<u>13,770</u>	<u>5</u>
<b>CHANGE IN FUND BALANCE</b>	-	( 90)	( 131)	( 41)
<b>FUND BALANCE - BEGINNING</b>	<u>25,189</u>	<u>25,189</u>	<u>25,189</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 25,189</u>	<u>\$ 25,099</u>	<u>\$ 25,058</u>	<u>\$ ( 41)</u>

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Fines, fees, warrants, and seizures	\$ -	\$ -	\$ 157	\$ 157
Total Revenues	- -----	- -----	157 -----	157 -----
<b>CHANGE IN FUND BALANCE</b>	- -----	- -----	157 -----	157 -----
<b>FUND BALANCE - BEGINNING</b>	91 -----	91 -----	91 -----	- -----
<b>FUND BALANCE - ENDING</b>	\$ 91 -----	\$ 91 -----	\$ 248 -----	\$ 157 -----

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Grants	\$ -	\$ 1,419,080	\$ 1,419,369	\$ 289
Total Revenues	- -	1,419,080	1,419,369	289
<b>EXPENDITURES</b>				
Administration	- -	1,420,318	1,420,611	( 293)
Total expenditures	- -	1,420,318	1,420,611	( 293)
<b>CHANGE IN FUND BALANCE</b>	- -	( 1,238)	( 1,242)	( 4)
<b>FUND BALANCE - BEGINNING</b>	1,242	1,242	1,242	- -
<b>FUND BALANCE - ENDING</b>	\$ 1,242	\$ 4	\$ -	\$( 4)

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Investment income	\$ 2,000	\$ 2,000	\$ 2,690	\$ 690
Contributions	37,000	37,000	382,369	345,369
Fines, fees, warrants, and seizures	-	-	5,575	5,575
Miscellaneous	-	-	3,111	3,111
Total Revenues	<u>39,000</u>	<u>39,000</u>	<u>393,745</u>	<u>354,745</u>
<b>EXPENDITURES</b>				
Administration	<u>227,018</u>	<u>231,175</u>	<u>25,432</u>	<u>205,743</u>
Total Expenditures	<u>227,018</u>	<u>231,175</u>	<u>25,432</u>	<u>205,743</u>
Excess of revenues over expenditures	( 188,018)	( 192,175)	368,313	560,488
<b>CHANGE IN FUND BALANCE</b>	<u>( 188,018)</u>	<u>( 192,175)</u>	<u>368,313</u>	<u>560,488</u>
<b>FUND BALANCE - BEGINNING</b>	<u>429,846</u>	<u>429,846</u>	<u>429,846</u>	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 241,828</u>	<u>\$ 237,671</u>	<u>\$ 798,159</u>	<u>\$ 560,488</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, 2021

	Vehicle & Equipment Replacement	Health Insurance Trust Fund	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,624,398	\$ 328,465	\$ 1,952,863
Investments	2,529,866	458,245	2,988,111
Receivables, net	-	39,566	39,566
Accrued interest	4,478	811	5,289
Prepays	-	-	-
Total current assets	<u>4,158,742</u>	<u>827,087</u>	<u>4,985,829</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	<u>3,356,352</u>	-	<u>3,356,352</u>
Total noncurrent assets	<u>3,356,352</u>	-	<u>3,356,352</u>
Total assets	<u>7,515,094</u>	<u>827,087</u>	<u>8,342,181</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	<u>196,402</u>	<u>259,874</u>	<u>456,276</u>
Total current liabilities	<u>196,402</u>	<u>259,874</u>	<u>456,276</u>
Noncurrent liabilities:			
Total liabilities	<u>196,402</u>	<u>259,874</u>	<u>456,276</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<b>NET POSITION</b>			
Net investment in capital assets	3,356,352	-	3,356,352
Unrestricted	<u>3,962,340</u>	<u>567,213</u>	<u>4,529,553</u>
Total net position	<u>\$ 7,318,692</u>	<u>\$ 567,213</u>	<u>\$ 7,885,905</u>

**TOWN OF PROSPER, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Vehicle & Equipment Replacement	Health Insurance Trust Fund	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Charges for services:			
Health charges	\$ -	\$ 3,233,653	\$ 3,233,653
Equipment replacement	812,273	-	812,273
Miscellaneous	<u>308,637</u>	<u>154,824</u>	<u>463,461</u>
Total operating revenues	<u>1,120,910</u>	<u>3,388,477</u>	<u>4,509,387</u>
<b>OPERATING EXPENSES</b>			
Materials and supplies	36,377	-	36,377
Contractual services	-	130,400	130,400
Employee health insurance	-	3,448,426	3,448,426
Other operating costs	<u>14,137</u>	-	14,137
Depreciation	<u>561,545</u>	-	<u>561,545</u>
Total operating costs	<u>612,059</u>	<u>3,578,826</u>	<u>4,190,885</u>
Operating income (loss)	<u>508,851</u>	<u>( 190,349)</u>	<u>318,502</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	10,374	1,470	11,844
Loss on disposal of property	<u>( 25,186)</u>	-	<u>( 25,186)</u>
Total non-operating revenues (expenses)	<u>( 14,812)</u>	<u>1,470</u>	<u>( 13,342)</u>
Income (loss) before contributions and transfers	<u>494,039</u>	<u>( 188,879)</u>	<u>305,160</u>
<b>CHANGE IN NET POSITION</b>	<u>494,039</u>	<u>( 188,879)</u>	<u>305,160</u>
<b>NET POSITION - BEGINNING</b>	<u>6,824,653</u>	<u>756,092</u>	<u>7,580,745</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 7,318,692</u>	<u>\$ 567,213</u>	<u>\$ 7,885,905</u>

**TOWN OF PROSPER, TEXAS**

**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Vehicle & Equipment Replacement	Health Insurance Trust Fund	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers and users	\$ 1,120,910	\$ 3,379,011	\$ 4,499,921
Cash payment to suppliers for goods and services	( 45,568)	- ( 45,568)	
Cash payments for health expense	- ( 3,502,526)	( 3,502,526)	
Net cash provided by operating activities	<u>1,075,342</u>	<u>( 123,515)</u>	<u>951,827</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	( 698,080)	- ( 698,080)	
Net cash provided (used) by capital and related financing activities	<u>( 698,080)</u>	<u>- ( 698,080)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment purchases	( 382,958)	77,031 ( 305,927)	
Interest on deposits and investments	<u>34,669</u>	<u>16,794</u> <u>51,463</u>	
Net cash provided by (used in) investing activities	<u>( 348,289)</u>	<u>93,825</u> <u>( 254,464)</u>	
Net (decrease) increase in cash and cash equivalents	28,973 ( 29,690)	( 717)	
Cash and cash equivalents at beginning of year	<u>1,595,425</u>	<u>358,155</u> <u>1,953,580</u>	
Cash and cash equivalents at end of year	<u>1,624,398</u>	<u>328,465</u> <u>1,952,863</u>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	508,851 ( 190,349)	318,502	
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	561,545 - ( 561,545)		
Decrease (increase) in accounts receivable	- ( 9,466) ( 9,466)		
Decrease (increase) in prepaid	4,946 - 4,946		
Increase (decrease) in accounts payable	- 76,300 76,300		
Net cash provided by operating activities	<u>\$ 1,075,342</u> <u>\$ ( 123,515)</u> <u>\$ 951,827</u>		



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# STATISTICAL SECTION



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## **STATISTICAL SECTION (UNAUDITED)**

This part of the Town's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Town's overall financial health.

	<b>Page Number</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	73
<b>Revenue Capacity</b> 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.	83
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	90
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	96
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	98

Sources –Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

**TOWN OF PROSPER, TEXAS**

**NET POSITION BY COMPONENT**

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

	<b>Fiscal Year</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 41,798	\$ 43,471	\$ 45,398	\$ 50,132
Restricted	10,849	9,882	13,459	18,551
Unrestricted	<u>8,432</u>	<u>10,176</u>	<u>10,126</u>	<u>11,485</u>
<b>Total governmental activities net position</b>	<b><u>\$ 61,079</u></b>	<b><u>\$ 63,529</u></b>	<b><u>\$ 68,983</u></b>	<b><u>\$ 80,168</u></b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 6,058	\$ 12,643	\$ 19,708	\$ 21,119
Restricted	-	-	-	-
Unrestricted	<u>9,090</u>	<u>5,319</u>	<u>3,584</u>	<u>3,351</u>
<b>Total business-type activities net position</b>	<b><u>\$ 15,148</u></b>	<b><u>\$ 17,962</u></b>	<b><u>\$ 23,292</u></b>	<b><u>\$ 24,470</u></b>
<b>Primary government</b>				
Net investment in capital assets	\$ 47,856	\$ 56,114	\$ 65,106	\$ 71,251
Restricted	10,849	9,882	13,459	18,551
Unrestricted	<u>17,522</u>	<u>15,495</u>	<u>13,710</u>	<u>14,836</u>
<b>Total primary government net position</b>	<b><u>\$ 76,227</u></b>	<b><u>\$ 81,491</u></b>	<b><u>\$ 92,275</u></b>	<b><u>\$ 104,638</u></b>

**TABLE 1**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 60,997	\$ 63,158	\$ 126,774	\$ 150,815	\$ 169,774	\$ 211,506
14,275	7,549	2,332	1,945	5,534	6,231
<u>20,672</u>	<u>27,898</u>	<u>16,266</u>	<u>14,750</u>	<u>18,455</u>	<u>33,508</u>
<u>\$ 95,944</u>	<u>\$ 98,605</u>	<u>\$ 145,372</u>	<u>\$ 167,510</u>	<u>\$ 193,763</u>	<u>\$ 251,245</u>
\$ 4,772	\$ 12,598	\$ 93,021	\$ 112,197	\$ 127,806	\$ 147,067
-	4,722	-	-	-	-
<u>24,391</u>	<u>23,010</u>	<u>14,696</u>	<u>12,177</u>	<u>14,758</u>	<u>24,909</u>
<u>\$ 29,163</u>	<u>\$ 40,330</u>	<u>\$ 107,717</u>	<u>\$ 124,374</u>	<u>\$ 142,564</u>	<u>\$ 171,976</u>
\$ 65,769	\$ 75,756	\$ 219,795	\$ 263,012	\$ 297,580	\$ 358,573
14,307	12,271	2,332	1,945	5,534	6,231
<u>45,031</u>	<u>50,908</u>	<u>30,962</u>	<u>26,927</u>	<u>33,213</u>	<u>58,417</u>
<u>\$ 125,107</u>	<u>\$ 138,935</u>	<u>\$ 253,089</u>	<u>\$ 291,884</u>	<u>\$ 336,327</u>	<u>\$ 423,221</u>

**TOWN OF PROSPER, TEXAS**

**CHANGE IN NET POSITION**

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

	<b>Fiscal Year</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,785	\$ 2,890	\$ 3,698	\$ 4,922
Public safety	4,341	5,052	5,610	6,129
Public works	1,616	1,825	2,667	3,495
Culture and recreation	1,546	1,886	2,462	2,747
Economic development	-	-	-	-
Interest on long-term debt	1,108	1,318	1,119	4,409
Total governmental activities expenses	<u>11,396</u>	<u>12,971</u>	<u>15,556</u>	<u>21,702</u>
Business-type activities:				
Water, sewer, and sanitation	5,476	6,293	7,464	9,282
Total business-type activities expenses	<u>5,476</u>	<u>6,293</u>	<u>7,464</u>	<u>9,282</u>
Total primary government expenses	<u>16,872</u>	<u>19,264</u>	<u>23,020</u>	<u>30,984</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	1,992	2,210	2,588	3,428
Public safety	312	352	585	628
Culture and recreation	-	2	4	42
Economic development	-	-	-	-
Public works	-	-	-	-
Operating grants and contributions	266	93	113	101
Capital grants and contributions	<u>5,356</u>	<u>5,716</u>	<u>5,277</u>	<u>7,907</u>
Total governmental activities program revenues	<u>7,926</u>	<u>8,373</u>	<u>8,567</u>	<u>12,106</u>
Business-type activities:				
Charges for services:				
Water, sewer and sanitation	8,021	9,099	9,080	10,918
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	3,897	-
Total business-type activities program revenues	<u>8,021</u>	<u>9,099</u>	<u>12,977</u>	<u>10,918</u>
Total primary government program revenues	<u>15,947</u>	<u>17,472</u>	<u>21,544</u>	<u>23,024</u>
Net (expense) revenue:				
Governmental activities	( 3,470)	( 4,598)	( 6,989)	( 6,658)
Business-type activities	<u>2,545</u>	<u>2,806</u>	<u>5,513</u>	<u>1,635</u>
Total primary government net expense	<u>( 925)</u>	<u>( 1,792)</u>	<u>( 1,476)</u>	<u>( 5,023)</u>

TABLE 2

Fiscal Year										
	2016		2017		2018 <sup>A</sup>		2019		2020	2021
\$	4,884	\$	5,884	\$	5,633	\$	7,937	\$	12,036	\$ 10,516
7,027		9,256		10,853		12,013		14,830		16,969
6,701		5,974		4,836		5,645		6,907		9,924
2,973		3,357		5,226		4,687		5,297		5,852
921		1,880		4,205		2,715		2,413		3,622
1,571		1,774		2,297		3,070		3,089		3,691
<u>24,077</u>		<u>28,125</u>		<u>33,050</u>		<u>36,067</u>		<u>44,572</u>		<u>50,574</u>
<u>10,522</u>		<u>15,209</u>		<u>19,487</u>		<u>23,305</u>		<u>24,772</u>		<u>27,480</u>
<u>10,522</u>		<u>15,209</u>		<u>19,487</u>		<u>23,305</u>		<u>24,772</u>		<u>27,480</u>
<u>34,599</u>		<u>43,334</u>		<u>52,537</u>		<u>59,372</u>		<u>69,344</u>		<u>78,054</u>
4,261		4,761		1,018		1,937		1,646		2,013
796		899		518		567		661		1,361
98		148		227		310		114		413
-		-		4,673		3,882		4,523		6,819
-		-		-		5,609		7,447		9,252
127		198		138		156		1,253		2,488
<u>15,639</u>		<u>6,870</u>		<u>9,964</u>		<u>13,358</u>		<u>16,677</u>		<u>39,618</u>
<u>20,921</u>		<u>12,876</u>		<u>16,538</u>		<u>25,819</u>		<u>32,321</u>		<u>61,964</u>
13,495		14,539		19,200		21,125		24,225		26,667
-		-		-		-		-		8
-		<u>5,949</u>		<u>12,743</u>		<u>18,358</u>		<u>19,031</u>		<u>31,012</u>
<u>13,495</u>		<u>20,488</u>		<u>31,943</u>		<u>39,483</u>		<u>43,256</u>		<u>57,687</u>
<u>34,416</u>		<u>33,364</u>		<u>48,481</u>		<u>65,302</u>		<u>75,577</u>		<u>119,651</u>
( 3,156)		( 15,249)		( 16,512)		( 10,248)		( 12,251)		( 11,390)
2,973		5,279		12,456		16,178		18,484		30,207
( 183)		( 9,970)		( 4,056)		( 5,930)		( 6,233)		( 41,597)

**TOWN OF PROSPER, TEXAS**

**CHANGE IN NET POSITION**

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

	Fiscal Year			
	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 6,392	\$ 7,314	\$ 8,410	\$ 9,967
Sales taxes	1,942	2,478	2,807	4,355
Franchise taxes	505	520	596	737
Impact fees and escrow fees	628	-	-	-
Investment income	162	167	115	160
Miscellaneous	864	582	151	501
Transfers	352	( 73)	364	521
Special item	-	-	-	-
Total governmental activities	<u>10,845</u>	<u>10,988</u>	<u>12,443</u>	<u>16,241</u>
Business-type activities:				
Investment income	96	175	105	80
Miscellaneous income	60	91	76	114
Transfers	( 352)	73	( 364)	( 521)
Total business-type activities	<u>( 196)</u>	<u>339</u>	<u>( 183)</u>	<u>( 327)</u>
Total primary government	<u>10,649</u>	<u>11,327</u>	<u>12,260</u>	<u>15,914</u>
<b>Change in Net Position</b>				
Governmental activities	7,375	6,389	5,454	9,583
Business-type activities	2,349	3,145	5,330	1,308
Total primary government	<u>\$ 9,724</u>	<u>\$ 9,534</u>	<u>\$ 10,784</u>	<u>\$ 10,891</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									
	2016	2017	2018	2019	2020	2021			
\$	12,880	\$ 14,668	\$ 17,339	\$ 21,273	\$ 24,479	\$ 26,865			
5,609	7,038	7,073	8,476	10,359	13,957				
737	967	1,706	1,671	1,795	1,962				
-	-	-	-	-	-				
277	431	658	1,269	735	249				
281	428	164	214	248	206				
( 1,751)	( 5,622)	1,358	491	936	892				
-	-	-	-	-	1,500				
<u>18,033</u>	<u>17,910</u>	<u>28,298</u>	<u>33,394</u>	<u>38,552</u>	<u>45,631</u>				
76	161	339	750	348	64				
117	105	178	221	293	495				
<u>1,751</u>	<u>5,622</u>	<u>( 1,358)</u>	<u>( 491)</u>	<u>( 936)</u>	<u>( 892)</u>				
<u>1,944</u>	<u>5,888</u>	<u>( 841)</u>	<u>480</u>	<u>( 295)</u>	<u>( 333)</u>				
<u>19,977</u>	<u>23,798</u>	<u>27,457</u>	<u>33,874</u>	<u>38,257</u>	<u>45,298</u>				
14,877	2,661	18,050	23,146	26,301	57,021				
4,917	11,167	15,337	16,658	18,189	29,874				
<u>\$ 19,794</u>	<u>\$ 13,828</u>	<u>\$ 33,387</u>	<u>\$ 39,804</u>	<u>\$ 44,490</u>	<u>\$ 86,895</u>				

**TOWN OF PROSPER, TEXAS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

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

	2012	2013	2014	2015
<b>General Fund</b>				
Nonspendable	\$ 9	\$ 27	\$ 6	\$ 2
Committed	1,715	1,855	2,152	2,588
Assigned	-	-	-	-
Unassigned	5,356	5,194	5,430	4,977
Total General Fund	<u>\$ 7,080</u>	<u>\$ 7,076</u>	<u>\$ 7,588</u>	<u>\$ 7,567</u>
<b>All Other Governmental Funds</b>				
Unreserved, reported in:				
Special revenue funds	\$ -	\$ -	\$ -	\$ -
Nonspendable	5	-	-	-
Restricted				
Debt service	890	1,187	1,159	1,470
Capital projects	16,838	17,799	17,699	27,414
Courts	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Grants	-	-	-	-
Parks	-	-	-	-
Other	-	-	-	-
Assigned	<u>1,172</u>	<u>1,477</u>	<u>2,371</u>	<u>2,297</u>
Total All Other Governmental Funds	<u>\$ 18,905</u>	<u>\$ 20,463</u>	<u>\$ 21,229</u>	<u>\$ 31,181</u>

Source: Balance Sheets - Governmental Funds in Towns ACFRs.

**TABLE 3**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	3	61	15	18	15	41
	2,966	3,696	4,660	4,752	5,576	6,127
-	-	-	-	-	-	3,845
	7,059	8,547	8,139	5,111	8,333	10,230
\$	<u>10,028</u>	<u>12,304</u>	<u>12,814</u>	<u>9,881</u>	<u>13,924</u>	<u>20,243</u>
\$	32	-	-	-	-	-
	-	-	-	-	-	-
1,842	2,147	2,558	2,557	2,619	2,640	
31,040	18,009	20,152	33,032	26,850	67,586	
-	35	44	47	52	47	
-	-	-	-	461	602	
-	-	-	-	220	427	
-	-	-	-	1	3	
-	-	-	-	2,660	2,895	
-	-	-	-	255	614	
	<u>7,786</u>	<u>10,316</u>	<u>3,505</u>	<u>3,278</u>	<u>-</u>	<u>-</u>
\$	<u>40,700</u>	<u>30,507</u>	<u>26,259</u>	<u>38,914</u>	<u>33,118</u>	<u>74,814</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)**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Revenues</b>				
Taxes	\$ 8,850	\$ 10,220	\$ 11,834	\$ 15,076
Licenses and permits	1,571	1,752	2,102	2,645
Intergovernmental	2,863	1,730	-	-
Charges for services	2,861	3,066	4,353	6,855
Impact fees	-	-	-	-
Escrow income	-	-	-	-
Grants	198	49	28	29
Investment income	541	647	809	1,194
Fines, fees, warrants, and seizures	160	166	114	160
Park fees	-	-	-	-
Contributions	348	1,129	1,216	1,358
Miscellaneous	286	570	151	481
Total Revenues	<u>17,678</u>	<u>19,329</u>	<u>20,607</u>	<u>27,798</u>
<b>Expenditures</b>				
General government	2,798	2,846	3,685	5,295
Public safety	4,144	4,652	5,137	5,722
Public Works	511	523	912	1,424
Culture and recreation	899	1,167	1,688	1,931
Economic development	-	-	-	-
Capital outlay	7,660	9,773	5,719	10,104
Debt service				
Principal	1,318	1,396	1,638	1,623
Interest	1,079	1,153	1,163	1,227
Other charges	81	158	10	336
Total Expenditures	<u>18,490</u>	<u>21,668</u>	<u>19,952</u>	<u>27,662</u>
Excess of revenues over (under) expenditures	( 812)	( 2,339)	655	136
<b>Other Financing Sources (Uses)</b>				
Transfer in	3,509	6,057	1,571	4,104
Transfer out	( 3,177)	( 6,150)	( 2,009)	( 4,154)
Proceeds from insurance	750	12	-	-
Issuance of debt	4,712	7,710	3,340	20,919
Premium (discount) on debt issuance	242	169	312	2,397
Payments to bond escrow agent	( 1,064)	( 3,899)	( 2,592)	( 10,482)
Capital leases	-	-	-	-
Net other financing sources (uses)	<u>4,972</u>	<u>3,899</u>	<u>622</u>	<u>12,784</u>
Special Item	-	-	-	-
Net change in fund balances	<u>\$ 4,160</u>	<u>\$ 1,560</u>	<u>\$ 1,277</u>	<u>\$ 12,920</u>
Debt service as a percentage of noncapital expenditures	<u>22.1%</u>	<u>21.4%</u>	<u>19.7%</u>	<u>16.2%</u>

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

TABLE 4

	2016	2017	2018	2019	2020	2021
\$	18,545	\$ 23,306	\$ 26,156	\$ 31,335	\$ 36,551	\$ 42,779
3,116	3,082	5,468	4,739	5,552	8,146	
-	-	-	-	-	-	-
3,997	687	742	713	589	1,190	
9,612	4,432	5,283	5,569	7,422	9,242	
-	-	-	648	501	580	
56	748	493	2,942	1,068	2,678	
1,530	2,091	670	511	679	238	
276	379	424	1,219	328	301	
-	-	-	-	-	411	
2,539	1,459	372	994	185	526	
281	428	176	230	228	278	
<u>39,952</u>	<u>36,612</u>	<u>39,784</u>	<u>48,900</u>	<u>53,103</u>	<u>66,369</u>	
5,972	6,412	5,659	8,768	12,583	11,983	
6,693	8,873	10,243	11,561	15,269	15,895	
4,447	3,541	4,210	3,308	4,676	4,985	
2,159	1,948	4,810	3,885	4,359	5,082	
-	1,709	7,364	2,633	2,634	3,580	
21,565	23,767	18,782	18,748	21,608	19,313	
1,860	2,363	2,554	3,197	3,819	4,275	
1,527	1,788	2,428	2,752	3,192	3,404	
153	157	30	240	175	484	
<u>44,376</u>	<u>50,558</u>	<u>56,080</u>	<u>55,092</u>	<u>68,315</u>	<u>69,001</u>	
( 4,424)	( 13,946)	( 16,296)	( 6,192)	( 15,212)	( 2,632)	
( 11,704)	( 6,928)	( 9,975)	( 8,805)	( 2,955)	( 6,397)	
( 13,457)	( 12,630)	( 9,696)	( 10,037)	( 2,019)	( 5,505)	
-	-	-	-	-	-	
13,440	10,575	16,305	17,135	10,875	43,110	
1,322	1,155	923	1,019	1,695	4,684	
( 2,988)	-	-	-	-	-	
-	-	-	-	-	-	
<u>10,021</u>	<u>6,028</u>	<u>17,507</u>	<u>16,922</u>	<u>13,506</u>	<u>48,686</u>	
-	-	-	-	-	<u>1,500</u>	
\$ 5,597	<u>\$( 7,918)</u>	<u>\$ 1,211</u>	<u>\$ 10,730</u>	<u>\$( 1,706)</u>	<u>\$ 47,554</u>	
14.8%	15.5%	16.8%	18.2%	16.4%	16.5%	



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**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 Tax	Total
2012	\$ 6,392	\$ 1,942	\$ 505	\$ 8,839
2013	7,314	2,478	520	10,312
2014	8,410	2,807	596	11,813
2015	9,967	4,355	737	15,059
2016	12,880	5,609	737	19,226
2017	14,668	7,038	967	22,673
2018	17,376	7,073	1,706	26,155
2019	21,188	8,476	1,671	31,335
2020	24,397	10,359	1,795	36,551
2021	26,861	13,957	1,961	42,779

**TOWN OF PROSPER, TEXAS**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

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

<b>Fiscal Year Ended</b>	<b>Total Estimated Market Value as Assessed</b>	<b>Estimated Market Value Real Property</b>	<b>Estimated Market Value Personal Property</b>	<b>Less: Tax Exempt Real Property</b>
2012	\$ 1,753,522	\$ 1,719,190	\$ 34,332	\$ 522,150
2013	1,905,100	1,865,370	39,730	557,691
2014	2,161,596	2,118,602	42,994	604,133
2015	2,571,540	2,515,525	56,015	686,635
2016	3,306,744	3,242,618	64,126	994,179
2017	3,881,824	3,798,498	83,326	1,258,940
2018	4,834,664	4,719,450	115,214	1,486,485
2019	5,589,410	5,418,879	170,531	1,844,726
2020	6,263,054	6,054,042	209,012	1,955,590
2021	7,108,809	6,885,262	223,547	2,310,423

**TABLE 6**

Total Taxable Assessed Value	Total Direct Tax Rate	Taxable Assessed Value as a % of Estimated Market Value
\$ 1,231,372	0.52000	70.22%
1,347,409	0.52000	70.73%
1,557,463	0.52000	72.05%
1,884,905	0.52000	73.30%
2,312,565	0.52000	69.93%
2,622,884	0.52000	67.57%
3,348,179	0.52000	69.25%
3,744,684	0.52000	67.00%
4,307,464	0.52000	68.78%
4,798,386	0.52000	67.50%

**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 <sup>1</sup>			Overlapping Tax Rates <sup>2</sup>		
	General Government	Debt Service	Total	Prosper ISD	Collin County	
2012	\$ 0.316937	\$ 0.203063	\$ 0.520000	\$ 1.670000	\$ 0.240000	
2013	0.316914	0.203086	0.520000	1.670000	0.240000	
2014	0.326191	0.193809	0.520000	1.670000	0.237500	
2015	0.356301	0.163699	0.520000	1.670000	0.235000	
2016	0.361074	0.158926	0.520000	1.670000	0.225000	
2017	0.367500	0.152500	0.520000	1.670000	0.208395	
2018	0.367500	0.152500	0.520000	1.670000	0.180785	
2019	0.367500	0.152500	0.520000	1.568350	0.174951	
2020	0.367500	0.152500	0.520000	1.492700	0.172531	
2021	0.367500	0.152500	0.520000	1.460300	0.168087	

Source: Collin County and Denton County Appraisal Districts.

<sup>1</sup>Tax rate is per \$100 of taxable assessed value.

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

**TABLE 7**

<u>Overlapping Tax Rates<sup>2</sup></u>		<u>Total Direct &amp; Overlapping Rates</u>	<u>Total Direct &amp; Overlapping Rates</u>
<u>Collin College</u>	<u>Denton County</u>	<u>Collin County</u>	<u>Denton County</u>
\$ 0.086300	\$ 0.277357	\$ 2.516300	\$ 2.467357
0.862990	0.282867	3.292990	2.472867
0.083643	0.284914	2.511143	2.474914
0.081960	0.262000	2.506960	2.452000
0.081960	0.248409	2.496960	2.438409
0.081222	0.237812	2.479617	2.427812
0.081222	0.225574	2.452007	2.415574
0.081222	0.225278	2.344523	2.313628
0.081222	0.224985	2.266453	2.237685
0.081222	0.233086	2.229609	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 <sup>1</sup>	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy <sup>1</sup>
2012	\$ 6,380,037	\$ 5,323,502	83.44%	\$ 324,672	\$ 5,648,174	104.2%
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%	313,645	14,365,801	102.0%
2018	17,168,258	17,119,197	99.71%	280,216	17,399,413	101.3%
2019	20,643,714	20,590,864	99.74%	192,490	20,783,354	100.7%
2020	23,743,003	23,705,358	99.84%	( 21,866)	23,683,492	99.7%
2021	26,445,321	26,370,441	99.72%	-	26,370,441	99.7%

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

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

**TOWN OF PROSPER, TEXAS**

**TABLE 9**

**PRINCIPAL PROPERTY TAXPAYERS**

**FISCAL YEAR END 2021 AND 2012  
(UNAUDITED)**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
380 & 289, LP	\$ 80,909,694	1	1.69%	\$ -	-	-
GOP #2 LLC	71,210,749	2	1.48%	-	-	-
Orion Prosper Lakes LLC	41,708,821	3	0.87%	-	-	-
Orion Prosper LLC	35,502,905	4	0.74%	-	-	-
Children's Health System of Texas	33,005,562	5	0.69%	-	-	-
MQ Prosper Retail LLC	26,813,248	6	0.56%	-	-	-
Pulte Homes of Texas LP	18,064,582	7	0.38%	-	-	-
Wal-Mart Real Estate Business Trust	16,966,557	8	0.35%	-	-	-
Crossland Texas Industrial LLC	15,890,034	9	0.33%	-	-	-
Kroger Texas LP	15,421,945	10	0.32%	-	-	-
Western Rim Investors	-	-	43,186,691	1	3.51%	
Prosper Land Company	-	-	8,795,126	2	0.71%	
Saddle Creek Investments, Ltd	-	-	6,755,986	3	0.55%	
Five SAC Self-Storage Corp.	-	-	6,529,887	4	0.53%	
CC Joint Ventures	-	-	6,435,078	5	0.52%	
Quail Landing Phase I	-	-	6,250,270	6	0.51%	
Preston Development LTD	-	-	5,438,247	7	0.44%	
Beazer Homes	-	-	5,374,764	8	0.44%	
Deion Sanders	-	-	5,364,323	9	0.44%	
Da' Hood Trust	-	-	4,595,277	10	0.37%	
<b>Totals</b>	<b>\$ 355,494,097</b>		<b>7.41%</b>	<b>\$ 98,725,649</b>		<b>8.02%</b>

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	Capital Leases			
2012	\$ 4,552	\$ 19,655	\$ 1,765	\$ -			\$ 235
2013	8,216	18,909	1,425	-			379
2014	11,255	15,594	1,080	-			636
2015	25,214	9,678	725	-			2,852
2016	29,095	16,384	365	-			3,984
2017	30,477	28,444	-	-			4,865
2018	30,597	37,210	-	-			5,796
2019	32,816	48,930	-	-			6,122
2020	30,789	58,013	-	-			7,425
2021	65,020	62,616	-	-			11,587

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

<sup>1</sup>See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

**TABLE 10**

Business-Type Activities				Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts				
\$ 18,798	\$ -	\$ 351	\$ 45,356	96.8%	\$ 3,721	
23,249	-	546	52,724	111.1%	3,941	
35,133	-	1,506	65,204	124.5%	4,351	
33,106	-	1,938	73,513	135.1%	4,603	
8,145	22,966	1,995	82,934	144.3%	4,662	
8,081	23,988	1,951	97,806	157.6%	4,851	
6,388	31,505	2,360	113,856	172.0%	5,027	
5,600	34,490	2,427	130,385	184.0%	5,087	
4,821	32,657	2,281	135,986	178.0%	4,792	
4,020	30,979	2,090	176,312	N/A	5,671	

**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 <sup>3</sup>	Certificates of Obligation <sup>3</sup>	Less: Amounts Available in Debt Service Funds	Total	Percentage of Actual Taxable Value of Property <sup>1</sup>	Per Capita <sup>2</sup>
2012	\$ 23,350	\$ 19,655	\$ 890	\$ 42,115	3.42%	\$ 3,455
2013	31,465	18,909	1,187	49,187	3.65%	3,676
2014	46,388	15,594	1,159	60,823	3.91%	4,059
2015	58,320	9,678	1,470	66,528	3.53%	4,166
2016	37,240	39,350	1,842	74,748	3.23%	4,202
2017	38,558	52,432	2,147	88,843	3.39%	4,407
2018	36,985	68,715	2,558	103,142	3.08%	4,554
2019	38,415	83,420	2,556	119,279	3.19%	4,654
2020	35,610	90,670	1,885	124,395	2.89%	4,383
2021	69,040	93,595	1,643	160,992	3.36%	5,178

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

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

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics.

<sup>3</sup>The amounts include the premium portions of the debt.

**TOWN OF PROSPER, TEXAS**

**TABLE 12**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF SEPTEMBER 30, 2021  
(UNAUDITED)**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>1</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property rates:</b>			
Prosper Independent School District	\$ 1,143,035,164	68.66%	\$ 784,807,943
Collin County	675,871,447	2.11%	14,260,888
Collin College	491,650,000	2.11%	10,373,815
Denton County	571,605,000	0.23%	1,314,692
Subtotal - overlapping debt	<u>2,882,161,611</u>		<u>810,757,338</u>
Town of Prosper direct debt	\$ 127,636,046	100.00%	127,636,046
Total direct and overlapping debt			\$ 938,393,384

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.

<sup>1</sup>The 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)**

	<b>Fiscal Year</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Tax Rate Limit	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
Total Tax Rate	<u>0.5200</u>	<u>0.5200</u>	<u>0.5200</u>	<u>0.5200</u>
Available Tax Rate	\$ <u>1.9800</u>	\$ <u>1.9800</u>	\$ <u>1.9800</u>	\$ <u>1.9800</u>

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

**TABLE 13**

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200
\$ 1.9800	\$ 1.9800	\$ 1.9800	\$ 1.9800	\$ 1.9800	\$ 1.9800	\$ 1.9800

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

Fiscal Year	Population <sup>1</sup>	Personal Income <sup>2</sup> (expressed in thousands)	Per Capita Personal Income <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
2012	12,190	\$ 46,837	\$ 54,866	4,921	5.7%
2013	13,380	47,458	55,520	5,632	5.1%
2014	14,986	52,359	59,146	6,448	4.6%
2015	15,970	54,420	59,532	7,064	4.4%
2016	17,790	57,483	61,179	8,254	3.4%
2017	20,160	62,078	64,025	10,107	3.0%
2018	22,650	66,212	65,874	12,195	3.0%
2019	25,630	70,852	68,474	16,695	2.9%
2020	28,380	76,381	71,246	19,279	5.2%
2021	31,090	N/A	N/A	22,426	3.6%

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

<sup>2</sup>Personal income and per capital personal income data not available specific to Prosper. Per capita personal income was obtained from [www.bea.gov](http://www.bea.gov).

<sup>3</sup>Enrollment data comes from Prosper ISD.

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

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

**TOWN OF PROSPER, TEXAS**

**TABLE 15**

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	Employees	Rank	2021	Percentage of Total Town Employment
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%
<b>Total</b>	<b>4,379</b>			<b>85.00%</b>
Employer	Employees	Rank	2012	Percentage of Total Town Employment
Prosper ISD	680	1		55.8%
Mahard Egg Farm	100	2		8.2%
Town of Prosper	84	3		6.9%
Gentle Creek	50	4		4.1%
Dairy Manufacturers, Inc	35	5		2.9%
ProBuild	30	6		2.5%
CVS	25	7		2.1%
Crossland Construction	20	8		1.6%
Lattimore Materials	20	9		1.6%
Prosper Bank	20	10		1.6%
<b>Total</b>	<b>1,064</b>			<b>87.3%</b>

Source: Prosper EDC, updated February 2022.

**TOWN OF PROSPER, TEXAS**

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

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

Function/Program	Fiscal Year			
	2012	2013	2014	2015
General Government				
Building inspection permits				
Commercial construction				
Number of units	21	21	29	45
Total dollar value of permits issued	28,385	4,219	19,172	50,625
Average value	1,352	201	661	1,125
Residential Construction				
Number of units	445	483	474	708
Total dollar value of permits issued	172,757	195,257	209,949	313,681
Average value	388	404	443	443
Public safety				
Police				
Physical arrests	108	99	115	128
Traffic collisions	263	289	279	429
Number of vehicles	N/A	N/A	15	15
Fire				
Number of frontline engines	1	1	1	1
Number of reserve engines	1	1	1	1
Number of frontline Trucks	-	-	-	-
Number of frontline Ambulances	1	1	1	1
Number of reserve Ambulances	1	1	1	1
Number of frontline Brush Trucks	1	1	1	1
Number of Station	1	1	1	1
Total incidents/calls for service	1,122	1,057	1,100	1,245
Fire	67	45	64	30
Overpressure/explosion	11	6	5	-
Rescue & EMS	585	597	588	583
Hazardous condition	34	20	29	37
Service call	193	196	212	136
Good intent call	100	94	101	328
False alarm & false call	132	96	95	131
Severe weather & natural disaster	-	3	6	-
Fire marshal				
Fire inspections	402	278	283	156
Fire safety programs	23	14	18	24
Municipal court				
Number of cases filed	2,025	1,645	2,118	2,439
Number of cases closed	1,688	1,872	2,954	3,605
Public works				
Water & Sewer				
Linear feet of water lines	N/A	N/A	579,777	627,900
Linear feet of sewer lines	N/A	N/A	428,360	482,838
Number of hydrants	N/A	N/A	N/A	N/A
Water customers	3,853	4,418	4,943	5,539
Wastewater customers	3,084	3,568	4,055	4,627
Streets				
Miles of streets maintain	N/A	125	125	132
Number of traffic signals	N/A	-	-	1
Parks				
Number of parks	15	16	16	21
Number of playgrounds	5	6	6	7
Acreage maintained	136	146	146	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					
2016	2017	2018	2019	2020	2021
74	108	101	105	105	120
122,799	95,793	112,427	141,609	114,516	382,091
1,659	887	1,113	1,349	1,091	3,184
648	715	980	793	938	1,402
316,039	347,484	474,515 *	246,111 *	1,257	-
488	486	484	492	628	-
163	205	253	208	211	222
234	322	605	889	874	1,042
15	18	20	28	28	32
2	2	2	2	2	2
2	2	2	2	2	2
-	-	-	-	1	1
1	2	2	2	2	2
1	1	1	1	1	1
1	2	2	2	2	2
2	2	2	2	2	2
1,537	2,102	2,185	2,107	2,517	3,482
64	98	97	62	74	73
10	10	3	4	1	2
797	1,072	1,139	1,110	1,206	1,760
52	60	58	83	103	109
293	44	438	459	622	809
168	265	219	161	246	360
140	244	229	226	256	361
13	9	2	2	9	8
966	1,210	1,291	2,022	1,941	2,129
12	14	17	58	- **	29
3,147	3,027	3,581	4,499	2,452	1,899
3,534	3,019	3,964	4,814	3,091	2,584
692,447	786,557	920,859	1,006,066	1,042,324	1,057,959
546,950	619,386	720,466	752,925	822,201	834,534
N/A	1,523	1,910	2,016	2,118	2,150
6,671	7,784	8,603	9,188	10,353	11,766
5,757	6,770	7,506	8,131	9,223	10,640
141	153	179	212	287	330
2	2	3	3	7	9
22	22	23	28	28	29
7	8	11	13	13	14
178	190	218	225.3	245.6	246.2

**TOWN OF PROSPER, TEXAS**

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year			
	2012	2013	2014	2015
<b>GENERAL FUND</b>				
Administration	6.5	8.5	9.0	9.5
Code Compliance	1.0	1.0	1.0	1.0
Court	1.0	1.0	1.5	2.0
Dispatch	7.0	7.0	7.5	7.5
Engineering	1.0	3.0	3.0	5.0
Fire	20.0	20.0	20.0	32.0
Fire Marshal	1.0	1.0	1.0	1.0
Inspections	7.0	8.0	9.0	13.0
Library	1.0	1.5	2.0	3.5
Parks	10.0	12.0	15.0	16.0
Planning	2.0	3.0	3.0	4.0
Police	12.0	15.0	15.0	20.0
Streets	2.0	2.0	2.0	2.0
Total General Fund	<u>71.5</u>	<u>83.0</u>	<u>89.0</u>	<u>116.5</u>
<b>SPECIAL PURPOSE DISTRICT FUNDS</b>				
Crime Control	-	-	-	-
Fire Control	-	-	-	-
Total Special Purpose District Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>ENTERPRISE FUNDS</b>				
Storm Drainage	1.0	1.0	1.0	2.0
Utility Billing	1.5	2.5	2.5	2.5
Wastewater	3.0	5.0	6.0	4.0
Water	7.0	8.0	10.0	14.0
Engineering	-	-	-	-
Total Enterprise Fund	<u>12.5</u>	<u>16.5</u>	<u>19.5</u>	<u>22.5</u>
<b>CAPITAL PROJECTS FUND</b>				
	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total	<u>85.0</u>	<u>100.5</u>	<u>109.5</u>	<u>140.0</u>

Source: Town of Prosper Annual Budget

**TABLE 17**

Fiscal Year					
2016	2017	2018	2019	2020	2021
12.0	13.0	17.0	20.0	21.0	25.0
1.0	1.0	2.0	2.0	3.0	3.0
2.5	2.5	3.5	4.0	4.0	4.0
9.0	9.0	9.0	11.0	11.0	13.0
6.0	6.0	7.0	10.0	12.0	12.0
33.0	34.0	40.0	29.0	35.0	37.0
1.0	2.0	2.0	3.0	3.0	4.0
13.0	13.0	15.0	16.0	16.0	18.0
2.5	2.5	6.5	6.5	6.5	6.5
18.0	20.0	22.0	26.0	27.0	27.0
4.0	4.0	5.0	5.0	5.0	5.0
22.0	27.0	30.0	24.0	28.0	32.0
3.0	3.0	5.0	6.0	8.0	8.0
<u>127.0</u>	<u>137.0</u>	<u>164.0</u>	<u>162.5</u>	<u>179.5</u>	<u>194.5</u>
-	-	-	12.0	12.0	13.0
-	-	-	12.0	12.0	13.0
-	-	-	24.0	24.0	26.0
2.0	2.0	2.0	2.0	2.0	2.0
3.0	3.0	4.0	4.0	4.0	4.0
4.0	7.0	9.0	12.0	14.0	15.0
15.0	18.0	21.0	24.0	25.0	27.0
-	-	-	-	4.0	4.0
<u>24.0</u>	<u>30.0</u>	<u>36.0</u>	<u>42.0</u>	<u>49.0</u>	<u>52.0</u>
-	-	-	-	-	-
<u>151.0</u>	<u>167.0</u>	<u>200.0</u>	<u>228.5</u>	<u>252.5</u>	<u>272.5</u>



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