

# 2020 CITIZENS REPORT



TOWN OF PROSPER, TEXAS - FISCAL YEAR ENDING SEPTEMBER 30, 2020





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# A LETTER TO TOWN OF PROSPER CITIZENS

Town of Prosper Citizens,

I am pleased to present the Town of Prosper Popular Annual Financial Report for the fiscal year ended September 30, 2020. The purpose of the report is to provide a snapshot of the Town's financial performance and major initiatives as well as an overview of financial, economic, and demographic trends. Above all, it is designed to present a more easily understandable financial report. It also represents the Town's ongoing commitment to keep the Town of Prosper citizens informed about the Town's finances and to be accountable in all aspects for the receipt and expenditures of public funds.

The financial information contained in this report has been derived from the FY 2019-2020 Town of Prosper Comprehensive Annual Financial Report, both of which are located on the Town's website, [www.prospertx.gov/government/departments/finance/financial-transparency](http://www.prospertx.gov/government/departments/finance/financial-transparency). The Comprehensive Annual Financial Report is comprised of approximately 115 pages of detailed financial statements, notes, schedules and reports. For financial reporting purposes, the Town of Prosper Economic Development Corporation is presented as a discretely presented component unit of the Town of Prosper's primary government. Component units are legally separate entities that provide services that function almost entirely for the primary government and for the benefit of the Town. The Comprehensive Annual Financial Report was audited by Pattillo, Brown, and Hill, LLP, and received an unmodified opinion. The Popular Annual Financial Report, which was prepared by the Town of Prosper Finance office, summarizes the financial activities of the primary government of the Town of Prosper. The reports and statements contained in the Popular Annual Financial Report condense and simplify the Town's FY 2019-2020 Comprehensive Annual Financial Report for all of the Town's funds. The information in this report is unaudited, and not in accordance with generally accepted accounting principles due to the condensed and simplified presentation and absence of notes to the financial statements as presented in the Town's Comprehensive Annual Financial Report.

The Town of Prosper provides a wide range of municipal services, including fire and police protection, the construction and maintenance of streets, and other infrastructure, and a multitude of recreational and cultural events throughout the year. The Town also provides water, wastewater, drainage and solid waste services to its residents. Additional detailed financial information on these operations may be found in the Town's Comprehensive Annual Financial Report within the notes to the financial statements section.

As you review our Popular Annual Financial Report, I invite you to share any questions, concerns, or recommendations you may have. Those seeking a deeper understanding of the Town's finances are encouraged to review a copy of the Town's Comprehensive Annual Financial Report. Questions concerning any data provided in the Popular Annual Financial Report or requests for additional financial information should be addressed to the Town of Prosper's Finance Office, 250 West First Street, Prosper, Texas 75078 or by visiting the Town's website at [www.prospertx.gov/government/departments/finance](http://www.prospertx.gov/government/departments/finance).

Sincerely,

Betty Pamplin  
Finance Director



# TOWN OF PROSPER 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  
Meigs Miller




Council Member,  
Place 5  
Jeff Hodges



Council Member,  
Place 6  
Mayor Pro-Tem  
Jason Dixon

# TOWN OF PROSPER SERVICES

The background of the slide features a light blue sky and a faint illustration of the Town of Prosper building. Two flags are visible on poles: the United States flag on the left and the Texas state flag on the right. The text is overlaid on a dark, textured rectangular area.

The Town of Prosper provides a wide range of municipal services, including public safety (police, fire protection, and dispatch), 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 throughout the year.



# TOWN OF PROSPER VISION & GOALS

## Vision

Prosper is a community committed to excellence. It is a high quality, family-oriented community maintaining a visually aesthetic open feel with job-producing, economically sustainable commercial development directed to the Town's major transportation corridors, all while maintaining strong fiscal responsibility, and meeting the infrastructure needs of the Town.

## Goals

Goal 1: Maintain Community Character

Goal 2: Maintain a Quality Town Workforce

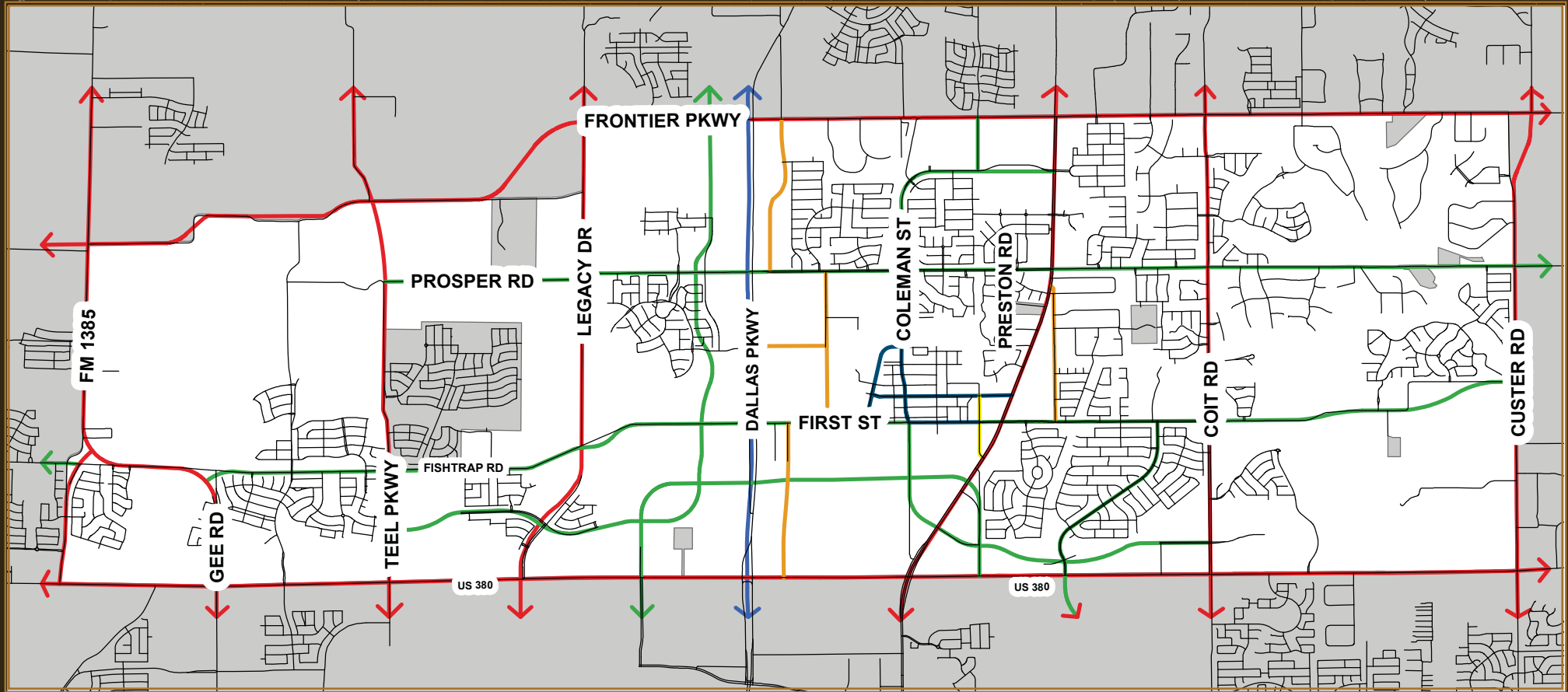
Goal 3: Ensure Fiscal Stewardship

Goal 4: Maintain Proactive Communication to Engage Residents and Stakeholders

Goal 5: Provide Quality Recreation Opportunities and Town Facilities

Goal 6: Engage in Effective Intergovernmental Relations

# TOWN OF PROSPER MAP



# STATEMENT IN NET POSITION

This represents the amount of unexpended and available resources the Town has in funds combined at a point in time to fund emergencies, shortfalls, or other unexpected needs. This allows management to track the Town's financial position over time.

The governmental activities net position for fiscal year ending September 30, 2020, reflect an increase over prior year's net position. The business-type activities also reflect an increase in net position. The full disclosed Statement of Net Position can be located in the Town's Comprehensive Annual Financial Report at <https://www.prosper.tx.gov/wp-content/uploads/Town-of-Prosper-Comprehensive-Annual-Financial-Report-2020.pdf>

Unrestricted net position refers to all other net position that is not restricted or net investment in capital assets.

\$ in Thousands	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current assets	\$21,977	\$14,998	\$12,381	\$12,818	\$34,358	\$27,816
Restricted assets	42,193	47,181	16,419	18,020	58,612	65,201
Capital assets, net	<u>240,636</u>	<u>205,350</u>	<u>158,423</u>	<u>140,568</u>	<u>399,059</u>	<u>296,620</u>
Total assets	<u>304,807</u>	<u>267,530</u>	<u>187,223</u>	<u>171,406</u>	<u>492,029</u>	<u>389,637</u>
Deferred outflows of resources	<u>3,313</u>	<u>3,349</u>	<u>584</u>	<u>557</u>	<u>3,897</u>	<u>3,906</u>
Long-term liabilities	96,106	88,424	37,880	40,583	133,986	129,007
Other liabilities	17,611	14,830	7,257	6,988	24,868	21,818
Total liabilities	<u>113,717</u>	<u>103,254</u>	<u>45,137</u>	<u>47,571</u>	<u>158,854</u>	<u>150,825</u>
Deferred inflows of resources	<u>640</u>	<u>114</u>	<u>107</u>	<u>19</u>	<u>747</u>	<u>133</u>
Net investment in capital assets	169,773	150,815	127,806	112,197	297,579	263,012
Restricted	5,535	1,945	-	-	5,535	1,945
Unrestricted	<u>18,455</u>	<u>14,750</u>	<u>14,757</u>	<u>12,177</u>	<u>33,212</u>	<u>26,927</u>
Total net position	<u>\$193,763</u>	<u>\$167,510</u>	<u>\$142,563</u>	<u>\$124,374</u>	<u>\$336,326</u>	<u>\$291,884</u>



# CHANGE IN NET POSITION

## NOTES

The results indicate the Town's increase in total net position of \$44.5 million is a combination of overall expense staying relatively in line with revenue collections.

\*Does not include transfers.

## GOVERNMENTAL ACTIVITIES\*

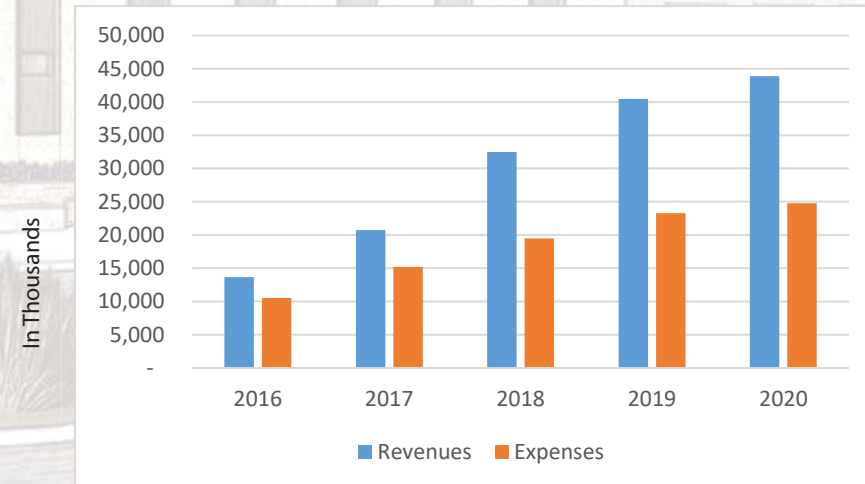
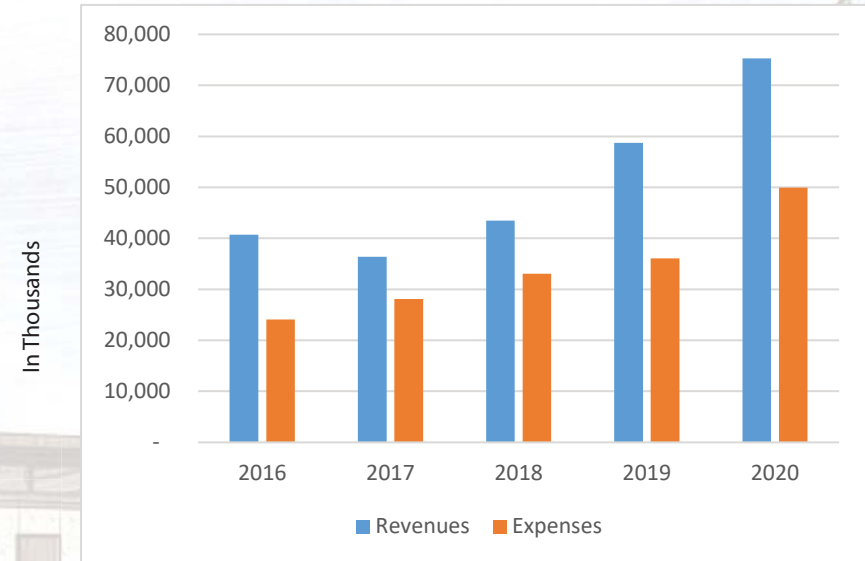
The Town's governmental activities increase in net position of \$26.3 million represents a 27% increase from the prior year's change. The increase is primarily due to the Town's property tax base and private capital construction.

This summary report excludes transfers. Transfers are used to support government services.

For full disclosure, see the Town's Comprehensive Annual Financial Report note section VII Interfund Receivables, Payables and Transfers.

## BUSINESS-TYPE ACTIVITIES\*

The Town's business-type activities increase in net position of \$18.2 million represents a 45% increase from the prior year's change. The increase is primarily due to public and private capital construction.



Most of the increase in total net position is due to property taxes, sales taxes, and public and private capital construction.

# NET POSITION UNRESTRICTED

**\$18.4  
MILLION**

## GOVERNMENTAL ACTIVITIES

Property tax, sales tax, franchise and impact fees, fines, and building permit fees, finance most of the Town's services.

General Administrative Services  
Fire  
Police  
Development Services  
Street Construction and Repair  
Community Development

**\$14.7  
MILLION**

## BUSINESS-TYPE ACTIVITIES

Income from resident utility bills, and impact fees finance business-type operations.

Water  
Sewer  
Drainage  
Solid Waste  
Utility Billing

This number represents the Unrestricted Net Position to pay for emergencies, shortfalls or other unexpected needs in both the Governmental and Business-Type Activities for the fiscal year ended September 30, 2020. For full disclosure, refer to the Town's Comprehensive Annual Financial Report , Note I located at [www.prospertx.gov/government/departments/finance/financial-transparency/](http://www.prospertx.gov/government/departments/finance/financial-transparency/).



# INCREASE IN TOTAL NET POSITION



44.5  
MILLION

Most of the increase in total net position is due to an increase in property tax base and public and private capital construction.

# PENSION

Pension Liability reported as of December 31, 2019

**\$3,339,678**

The Town participates as one of 888 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 as an agent multiple-employer retirement system for municipal employees in the State of Texas. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.TMRS.org](http://www.TMRS.org).

Town recognized pension expense of

**\$2,302,160**

Balance 12/31/2018	\$3,941,247
Changes for the year:	
Service Cost	2,900,937
Interest	1,541,809
Difference between expected and actual experience	693,569
Change in assumptions	85,186
Contributions	(3,111,390)
Net investment income	(2,727,479)
Administrative expense	15,339
Other Charges	460
Net Changes	(601,569)
Balance at 12/31/2019	<u>\$3,339,678</u>



# PENSION

## Actuarial Assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation
Remaining amortization period	25 years

87.40%  
FUNDED  
PENSION



# PROSPER PROPERTY TAX

## SUPPORTS TOWN SERVICES

### TOWN SERVICES

The Town provides a wide range of municipal services, including fire and police protection, the construction and maintenance of streets, and other infrastructure.

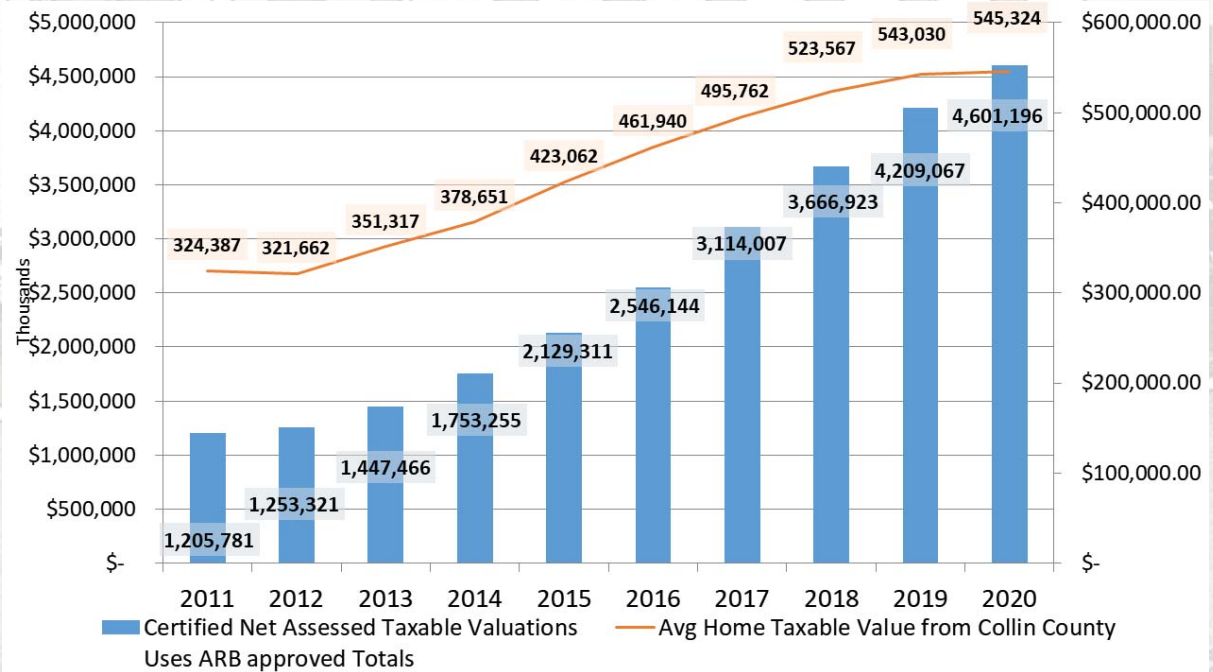
The Town also provides a multitude of recreational and special events throughout the year. Maintaining our parks for the residents to enjoy hours of entertainment.

The Town has maintained significant growth. Certified property valuation increased by \$392 million or 9.32% for FY 2020-2021, from \$4.209 million to \$4.601 million. The majority of this growth is due to commercial and residential development occurring within the Town.

**\$0.52** per \$100 of taxable assessed valuation

**\$0.152500** Debt Service Tax Rate

**\$0.367500** Maintenance and Operations Tax Rate

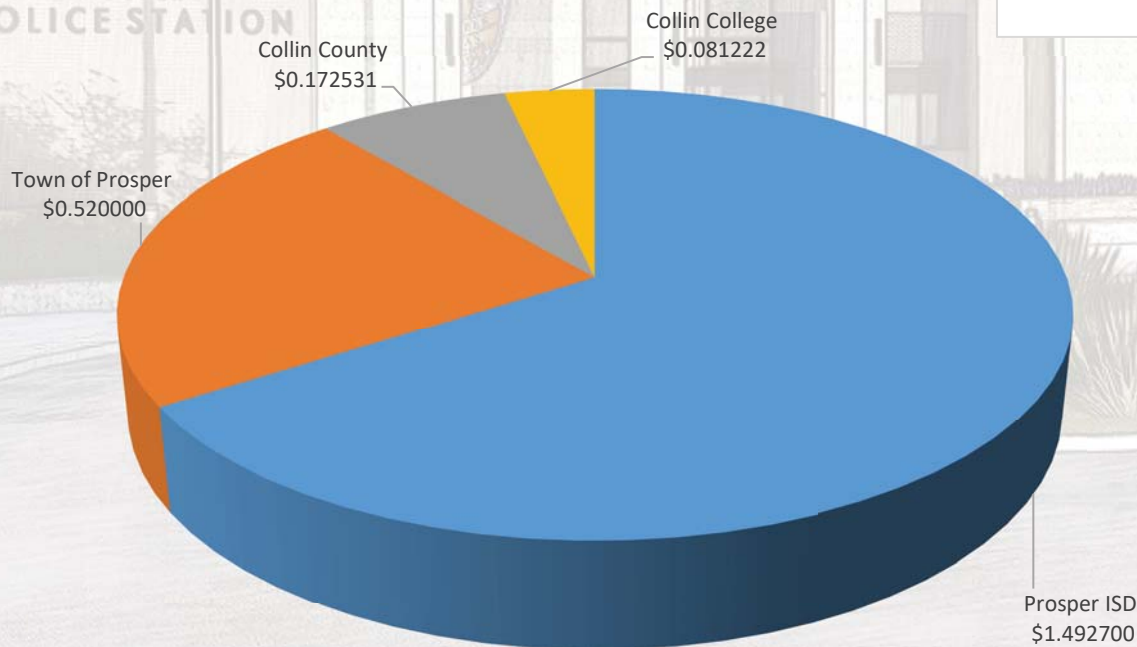
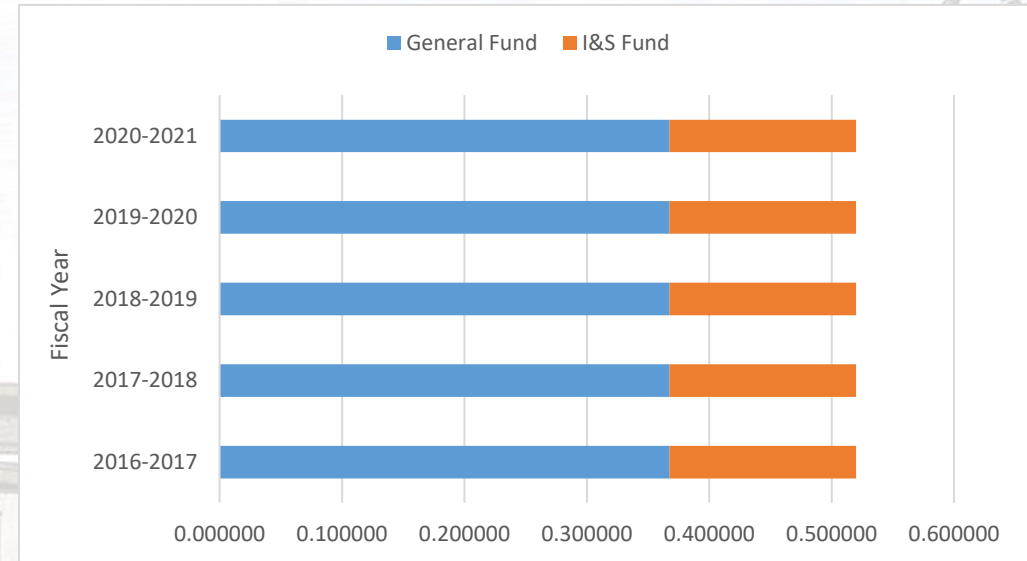




# PROSPER PROPERTY TAX

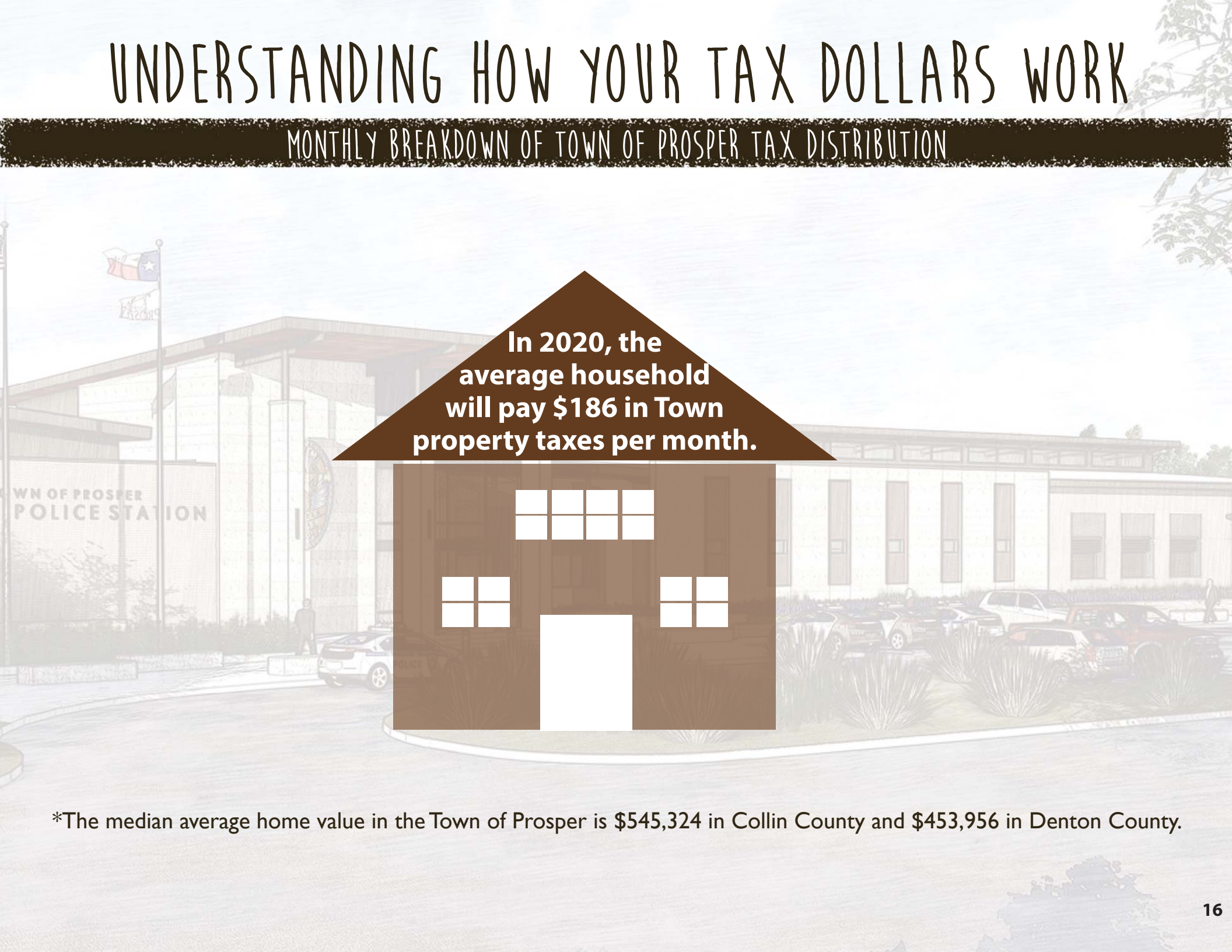
## SUPPORTS TOWN SERVICES

Fiscal Year	General Fund	I&S Fund	Total
2016-2017	0.367500	0.152500	0.520000
2017-2018	0.367500	0.152500	0.520000
2018-2019	0.367500	0.152500	0.520000
2019-2020	0.367500	0.152500	0.520000
2020-2021	0.367500	0.152500	0.520000



# UNDERSTANDING HOW YOUR TAX DOLLARS WORK

## MONTHLY BREAKDOWN OF TOWN OF PROSPER TAX DISTRIBUTION



**In 2020, the  
average household  
will pay \$186 in Town  
property taxes per month.**

\*The median average home value in the Town of Prosper is \$545,324 in Collin County and \$453,956 in Denton County.



# PROSPER SALES TAX

## SUPPORTS TOWN SERVICES

The State of Texas tax rate is 6.25% and is added to the 2% Town's sales tax rate that is levied on all taxable sales within the Town.

It is recorded as follows:

One percent is recorded within the General Fund.

One quarter of one percent is recorded as revenue with the Crime Control and Prevention Special Purpose District used to support the cost of crime control and crime prevention including the cost of personnel, administration, expansion, enhancement, and capital expenditures.

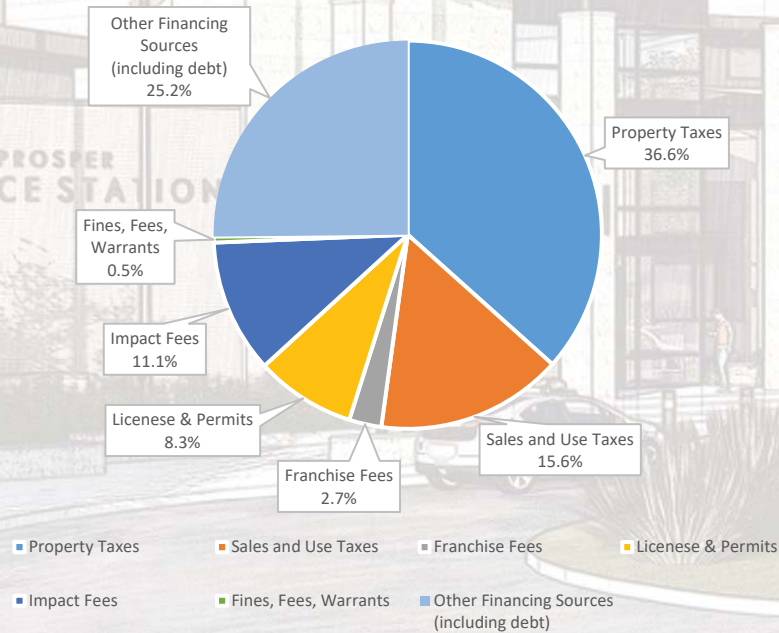
One quarter of one percent is recorded as revenue with the Fire Control, Prevention and Emergency Medical Services Special Purpose District, used to support the cost of fire control, prevention, and emergency services including the cost of personnel, administration, expansion, enhancement, and capital expenditures.

Half of one percent is recorded as revenue with Prosper Economic Development Corporation, 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 in the Town and improve Prosper residents' quality of life.

# MONEY COMES AND MONEY GOES

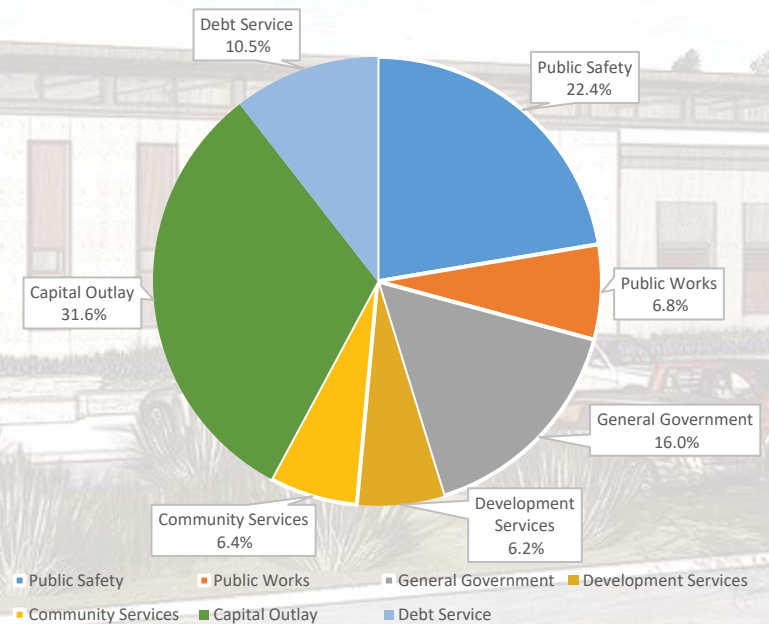
Where does the money come from?

Governmental Revenue by Source



Where does the money go?

Governmental Activities Uses





# PROSPER AT A GLANCE

1914  
Date Incorporated



283.51  
Miles of Streets



\$146,733  
Median Household Income



35.8  
Median Age of Population



28  
Parks



245  
Park Acres Maintained



3,651 sq. ft  
Average Household Size



19,279  
PISD School Enrollment



27 sq. miles  
Area



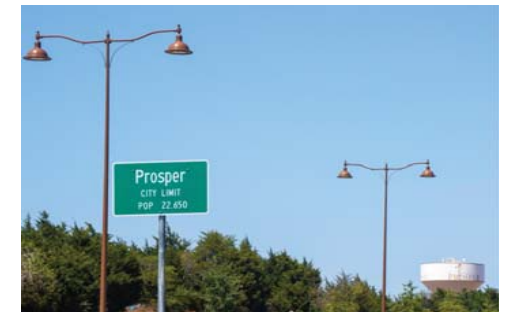
33  
Fires Extinguished



88%  
Residents with High School  
Degree or Higher



28,390  
Town of Prosper Population





# GENERAL FUND



## General Fund Revenues

	2020	2019	2018	2017	2016
Property Taxes	16,872,566	14,663,044	12,119,079	10,454,610	8,458,487
Sales Taxes	6,171,290	4,943,218*	6,685,486	5,271,470	4,210,957
Franchise Taxes	1,794,649	1,671,415	1,705,986	967,056	736,741
Licenses and Permits	5,551,900	4,738,857	5,468,280	3,082,055	3,115,829
Charges for Services	589,297	712,710	742,419	602,306	438,720
Grants	472,855	106,906	58,818	141,362	23,539
Investment Income	212,370	367,865	246,761	98,200	35,810
Fines, Fees, and Warrants	303,738	486,843	406,738	2,071,325	1,512,359
Miscellaneous	223,596	221,076	152,921	425,877	259,502
	32,192,261	27,911,934	27,586,488	23,114,261	18,791,944

## General Fund Expenditures

	2020	2019	2018	2017	2016
General Government	5,120,980	4,644,324	4,258,396	3,793,925	3,054,800
Public Safety	12,406,681*	9,426,882*	10,233,983	8,847,674	6,675,215
Public Works	1,888,563	2,020,144	2,040,134	1,309,246	1,018,495
Community Services	4,202,751	3,842,308	3,474,193	2,422,391	2,111,642
Development Services	4,259,910	3,825,691	3,291,467	2,105,697	1,969,112
	27,878,885	23,759,349	23,298,173	18,478,933	14,829,246

## NOTES

The General Fund is the primary operating fund for Town Services. It is used for all activities except those legally or administratively required to be accounted for in other funds.

\*In May 2018, voters approved the creation of two Public Safety Purpose Districts. Each district collects 0.25% of sales and use tax which was previously allocated to the General Fund. This amounted to \$2,419,619 in FY 2019 and \$2,862,132 in FY 2020 in Public Safety funding in addition to the General Fund.



# GENERAL FUND

## EXPLANATION OF TERMS

### General Government

Includes Town Council, Town Manager, Finance, Information Technology, Human Resources, Engineering and Town Secretary/PIO offices.

### Public Safety

Expenditures within the funds that support the safety of our citizens, such as police, fire, court, and dispatch.

### Public Works

Street rehabilitation and resurfacing, and upkeep with the streets, sidewalks, and signage.

### Community Services

Includes maintenance and administration of 245 acres of parks and trails, 28 parks, 13 playgrounds, and library operations.

### Development Services

Includes ensuring the safety and welfare of the general public by enforcing building, electrical, plumbing, and mechanical code regulations within the Town. Services to maintain and promote health, safety, welfare, and property values in Prosper. Also includes areas of planning, zoning, and land use to ensure the future quality of life in the Town.

### Property Taxes

Property taxes are based on the appraised values provided by the Collin County and 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 and interest levied on real property constitute a lien on the real property which cannot be forgiven without specific approval by 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.

### Sales and Use Taxes

Of the two percent sales tax on taxable sales within the Town, 1.0 cent is recorded as revenue in the General Fund. Use tax is levied on purchased items for use in Texas from retailers who do not collect Texas sales tax. Use tax is paid by the buyer when the Texas sales tax has not been collected by the seller. This includes purchases made from out-of-state retailers whether by mail order, catalog, television shopping networks, radio, internet, phone, or in person.

### Franchise Taxes

Includes fees assessed for private use of public property.

### Licenses and Permits

Includes permits and licenses required by the Town including, occupational licenses, plumbing, building, electrical, fire permits, temporary certificate of occupancy, and sign permits.

### Grants

Activities of two or more governments providing assistance for a program.

### Charges for Services

Includes all revenues collected on services provided through the General Fund, such as pavilion rental fees, and cell tower rental fees.

### Investment Income

Revenue earned from the Town's investment portfolio.

### Fines, Fees, and Warrants

Includes all court fines and fees, and contractor and construction fees, alarm fees, development application fees, zoning fees, notary and copying fees.

### Miscellaneous

Items that are not covered by any of the aforementioned categories.

# GENERAL FUND

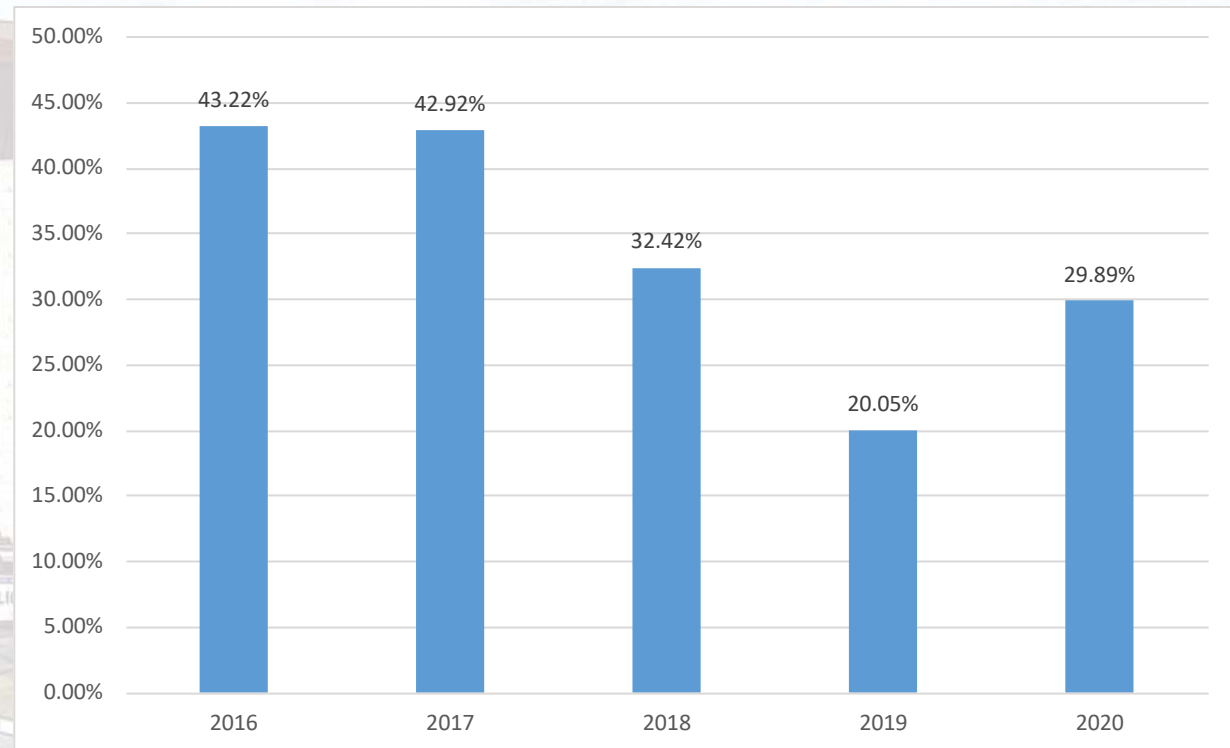
## UNASSIGNED FUND BALANCE

### NOTES

The 'unassigned' fund balance is an indication of the amount of available resources the Town has at a point in time to fund emergencies, shortfalls, or other unexpected needs. In this analysis only the General Fund information is reported. It is the goal of the Town to achieve and maintain an unassigned fund balance in the general fund equal to five percent of budgeted expenditures for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. If such a situation occurs, the Town will implement necessary corrective action within a five-year plan to restore the fund balance back to five percent of budgeted expenditures.

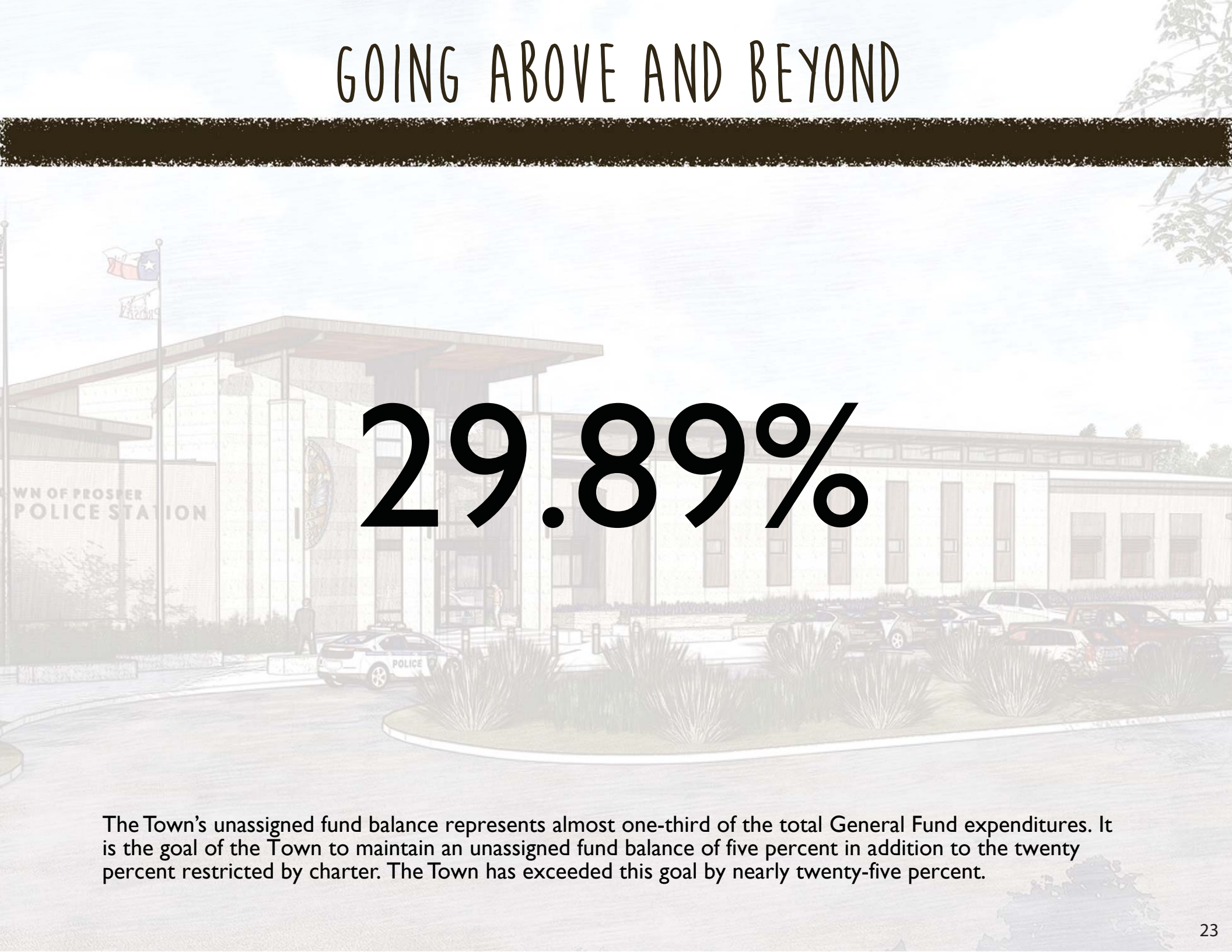
This amount is in addition to the twenty percent restricted fund balance amount required by the Town Charter.

See our complete disclosed information in the Town's Comprehensive Annual Financial Report Basic Financial Statements.





# GOING ABOVE AND BEYOND



# 29.89%

The Town's unassigned fund balance represents almost one-third of the total General Fund expenditures. It is the goal of the Town to maintain an unassigned fund balance of five percent in addition to the twenty percent restricted by charter. The Town has exceeded this goal by nearly twenty-five percent.

# LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Totals		% of Change
	2020	2019	2020	2019	2020	2019	
Compensated absences	1,766	1,378	211	173	1,977	1,551	27.47%
Bonds	88,801	81,745	37,479	40,089	126,280	121,834	3.65%
Bond premium on issuance	7,426	6,122	2,281	2,427	9,707	8,549	13.55%
Total (Thousands)	97,993	89,245	39,971	42,689	137,964	131,934	4.57%

## NOTES

At fiscal year end, the Town had \$137.9 million in long-term debt outstanding which represents a \$6.03 million or 5% increase from the prior year.

In 2020, the Town issued the 2020 Certificates of Obligation in the amount of \$10.875 million.

See our complete disclosed information in the Town's Comprehensive Annual Financial Report, Note 8, Long-term liabilities.

### BONDS, CERTIFICATES OF OBLIGATION: GOVERNMENTAL ACTIVITIES

Series Bonds and Obligations	Original Date	Final Maturity	Total
2012 GO	6/15/2012	2/15/2032	2,785
2013 GO refunding	6/15/2013	8/15/2033	2,760
2014 GO	2/15/2014	2/15/2034	1,840
2015 GO refunding	7/15/2015	2/15/2035	11,893
2015 CO	7/15/2015	2/15/2035	7,740
2016 GO refunding	7/12/2016	2/15/2036	3,935
2016 CO	7/12/2016	2/15/2036	6,705
2017 CO	6/27/2017	2/15/2037	9,240
2018 GO	6/15/2018	2/15/2038	3,650
2018 CO	6/15/2018	2/15/2038	11,350
2019 GO	7/25/2019	2/15/2039	3,925
2019 CO	7/25/2019	2/15/2039	12,103
2020 CO	7/30/2020	2/15/2040	10,875
		\$ in Thousands	\$88,801

### BONDS, CERTIFICATES OF OBLIGATION: BUSINESS-TYPE ACTIVITIES

Series Bonds and Obligations	Original Date	Final Maturity	Total
2012 CO	6/15/2012	2/15/2032	3,845
2013 CO	6/15/2013	8/15/2033	3,775
2014 GO	2/15/2014	2/15/2034	1,725
2014 CO	2/15/2014	2/15/2034	9,755
2015 GO refunding	7/15/2015	2/15/2035	3,027
2016 GO refunding	7/12/2016	2/15/2036	69
2016 CO	7/12/2016	2/15/2036	1,115
2017 CO	6/27/2017	2/15/2037	885
2018 CO	6/15/2018	2/15/2038	9,190
2019 CO	7/25/2019	2/15/2039	4,092
		\$ in Thousands	\$37,478



# HEALTHY GROWTH IN EDUCATION



19,279

FY 19 school enrollment

*Prosper ISD had an increase in enrollment of 2,310 students from FY 19.*

# SALES TAX BY INDUSTRY

Retail

**\$3.8 million**

Manufacturing

**\$1.3 million**

Accommodation & Food  
Services

**\$1.0 million**

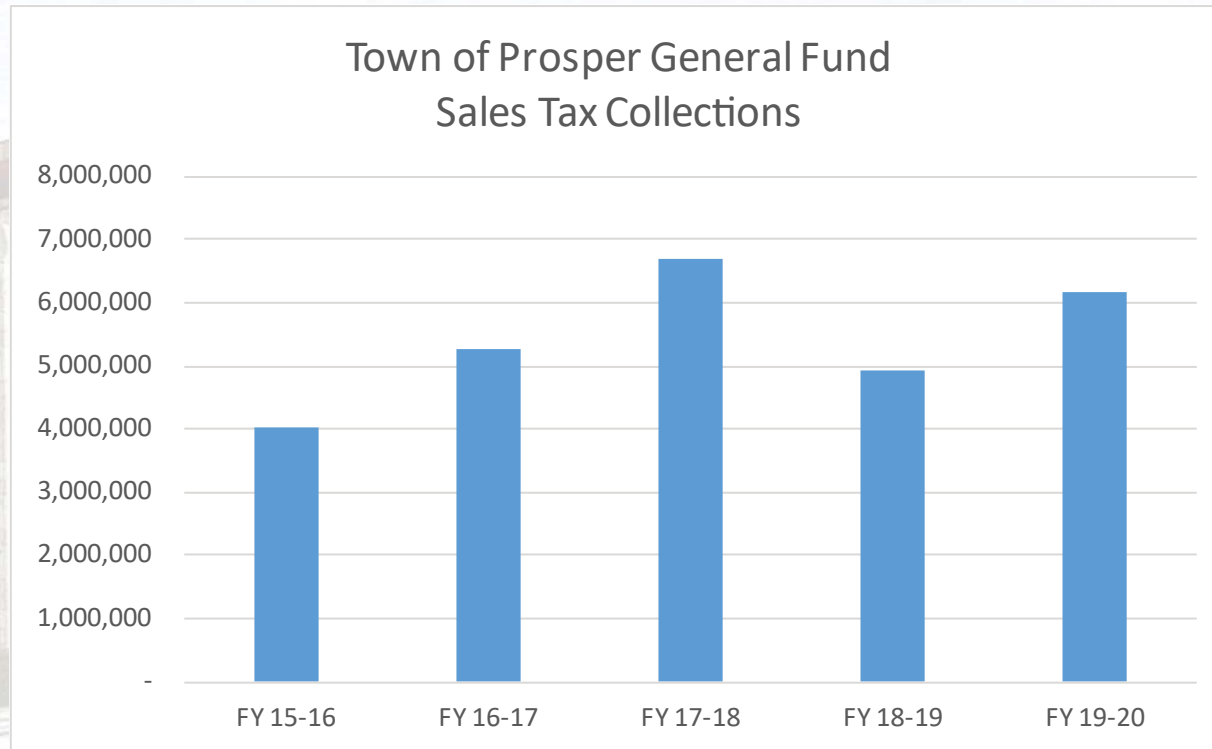
The top 3 industries providing sales tax to the Town of Prosper are retail, manufacturing, accommodation and information (telecommunications, data, cable, etc.).

Previously the top 3 industries were retail (\$3.2 million), manufacturing (\$1.2 million), accommodation and food service (\$0.8 million)



# ECONOMIC OUTLOOK

## FY 2016-2020 GENERAL FUND'S SALES TAX ACTUALS



### NOTES

This chart reflects the actual amount of sales tax for the General Fund received for the last five fiscal years. 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 replace it with the creation of two Public Safety Special Purpose Districts. Each district collects 0.25% of sales and use tax which was previously allocated to the General Fund. The MD&A section of the Town's Comprehensive Annual Fiscal Report will provide more detailed information on our economic growth.