HTS Continuing Disclosure Services
A Division of Hilltop Securities.
(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated July 1, 2025

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(See "OTHER INFORMATION - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on certain corporations.

FRISCO
PROGRESS IN MOTION

$147,290,000*
CITY OF FRISCO, TEXAS
(Collin and Denton Counties)
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2025

Dated Date: July 1, 2025 **Due: February 15, as shown below**
Interest Accrues from Delivery Date

PAYMENT TERMS . . . Interest on the $147,290,000* City of Frisco, Texas General Obligation Refunding and Improvement Bonds, Series 2025 (the "Bonds") will accrue from the date of initial delivery to the purchaser thereof (the "Delivery Date"), will be payable February 15 and August 15 of each year, commencing February 15, 2026 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "The Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to an election held in the City on May 6, 2023 and the Constitution and general laws of the State of Texas (the "State"), including particularly Texas Government Code, Chapters 1207, 1331, and Chapter 1371, and are direct obligations of the City of Frisco, Texas (the "City"), payable from an annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance ("Bond Ordinance") to be adopted July 1, 2025. In the Bond Ordinance, the City Council will delegate to a designated officer of the City pursuant to certain provisions of Chapter 1371, authority to effect the sale of the Bonds and to establish certain terms related to the issuance and sale of the Bonds. The terms of the sale will be included in a "Pricing Certificate," which will complete the sale of the Bonds (such ordinance and the Pricing Certificate for the Bonds are jointly referred to as the "Bond Ordinance" (see "The OBLIGATIONS- Authority for Issuance" and "THE OBLIGATIONS– Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) constructing, improving and equipping public safety facilities consisting of new fire department facilities, renovation of existing fire department facilities, new police department facilities, renovation of existing police department facilities, acquisition of fire trucks, police and public safety equipment, and the acquisition of land and interest in land for such projects; (ii) constructing, improving, extending, expanding, upgrading and developing streets and roads, bridges and intersections, including utility relocation, landscaping, sidewalks and pedestrian walkway/plaza, traffic safety and operational improvements, the purchase of any necessary land and right-of-way, drainage and other related costs; (iii) constructing, improving and equipping a parks operation center/building maintenance facility and a logistics equipment and storage building and the acquisition of land and interest in land for such projects (iv) to refund the bonds described in Schedule I – Schedule of Refunded Obligations (the "Refunded Obligations") for debt service savings and (v) to pay the costs of issuance associated with the sale of the Bonds.

MATURITY SCHEDULE - BONDS

See page 2

SEPARATE ISSUES . . . The Bonds are being offered by the City concurrently with the "City of Frisco, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2025C" (the "Certificates") under a common Official Statement, and such Bonds and Certificates are hereinafter sometimes referred to collectively as the "Obligations." The Bonds and Certificates are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser of the Bonds and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas (see APPENDIX C, "Forms of Bond Counsel's Opinions").

DELIVERY . . . It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company on August 6, 2025.

SEALED BIDS DUE JULY 9, 2025, AT 9:45 AM, CDT

* Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions for the Bonds".

MATURITY SCHEDULE – BONDS* **CUSIP Prefix: 358776** [(1)]

Principal Amount	Maturity 2-15	Interest Rate	Initial Yield	CUSIP Suffix [(1)]	Principal Amount	Maturity 2-15	Interest Rate	Initial Yield	CUSIP Suffix [(1)]
$ 3,255,000	2026				$ 5,600,000	2036			
12,115,000	2027				5,885,000	2037			
6,370,000	2028				6,190,000	2038			
6,690,000	2029				6,505,000	2039			
7,030,000	2030				6,840,000	2040			
7,400,000	2031				7,190,000	2041			
7,780,000	2032				7,560,000	2042			
8,175,000	2033				7,945,000	2043			
8,595,000	2034				8,355,000	2044			
9,030,000	2035				8,780,000	2045			

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS") managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor, or the Initial Purchaser of the Bonds take any responsibility for the accuracy of such numbers.

REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS – Optional Redemption").

* Preliminary, subject to change. See “Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions for the Bonds".

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

HTS Continuing Disclosure Services
A Division of Hilltop Securities.
(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated July 1, 2025

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(See "OTHER INFORMATION – Ratings" herein)

NEW ISSUE – Book-Entry-Only

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on certain corporations.

FRISCO
PROGRESS IN MOTION

$84,525,000*
CITY OF FRISCO, TEXAS
(Collin and Denton Counties)
COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2025C

Dated Date: July 1, 2025 **Due: February 15, as shown below**
Interest Accrues from Delivery Date

PAYMENT TERMS . . . Interest on the $84,525,000* City of Frisco, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2025C (the "Certificates") will accrue from the date of initial delivery to the purchaser thereof (the "Delivery Date"), will be payable February 15 and August 15 of each year, commencing February 15, 2026 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Obligations – Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE OBLIGATIONS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1371, Texas Government Code, as amended, ("Chapter 1371") and constitute direct obligations of the City of Frisco, Texas (the "City"), payable from a combination of (i) an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a pledge of surplus net revenues of the City's Waterworks and Sewer System, as provided in the ordinance authorizing the Certificates. In the Ordinance to be adopted July 1, 2025, the City Council will delegate to a designated officer of the City pursuant to certain provisions of Chapter 1371, authority to effect the sale of the Certificates and to establish certain terms related to the issuance and sale of the Certificates. The terms of the sale will be included in a "Pricing Certificate," which will complete the sale of the Certificates (such ordinance and the Pricing Certificate for the Certificates are jointly referred to as the "2025C Certificate Ordinance") (see "THE OBLIGATIONS–- Authority for Issuance")

PURPOSE . . . Proceeds of the Certificates will be used for (i) constructing improvements to Grand Park consisting of pavilions, furniture, restrooms, dog park, shade structures, bike park, lighting and signage, playgrounds and play areas, landscaping, trails, and irrigation, all of which are generally accessible to the public and a part of the City's park system; (ii) constructing improvements and extensions to the City's combined waterworks and sewer system and water reuse system consisting of transmission and interceptor lines, pump stations and storage; and (iii) legal, fiscal and engineering fees in connection with such projects.

MATURITY SCHEDULE–- Certificates

See page 4

SEPARATE ISSUES . . . The Certificates are being offered by the City concurrently with the "City of Frisco, Texas General Obligation Refunding and Improvement Bonds, Series 2025" (the "Bonds") and such Certificates and Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Certificates and Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Initial Purchaser of the Certificates and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas (see APPENDIX C, "Forms of Bond Counsel's Opinions").

DELIVERY . . . It is expected that the Certificates will be available for delivery through the facilities of The Depository Trust Company on August 6, 2025.

SEALED BIDS DUE JULY 9, 2025, AT 10:15 AM, CDT

* Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions for the Certificates".

MATURITY SCHEDULE – Certificates* **CUSIP Prefix: 358776** [(1)]

Principal Amount	Maturity 2-15	Interest Rate	Initial Price/ Yield	CUSIP Suffix [(1)]	Principal Amount	Maturity 2-15	Interest Rate	Initial Price/ Yield	CUSIP Suffix [(1)]
$ 2,425,000	2026				$ 4,165,000	2036			
2,655,000	2027				4,380,000	2037			
2,790,000	2028				4,600,000	2038			
2,930,000	2029				4,835,000	2039			
3,085,000	2030				5,085,000	2040			
3,240,000	2031				5,350,000	2041			
3,410,000	2032				5,620,000	2042			
3,580,000	2033				5,910,000	2043			
3,765,000	2034				6,210,000	2044			
3,960,000	2035				6,530,000	2045			

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS") managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor, or the Initial Purchaser of the Certificates take any responsibility for the accuracy of such numbers.

REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS – Optional Redemption").

* Preliminary, subject to change. See “Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions for the Certificates".

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the City with respect to the Obligations that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement, which includes the cover pages, Schedule I, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation, promise or guarantee of the Financial Advisor.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the Financial Advisor. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

Neither the City nor its Financial Advisor make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

The cover pages of this Official Statement contains certain information for general reference only and is not intended as a summary of the offering. Investors should read the entire Official Statement, including all schedules and appendices hereto, to obtain information essential to making an informed investment decision.

The agreements of the City and others related to the Obligations are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Obligations is to be construed as constituting an agreement with the purchaser of the Obligations. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, and achievements to be different from future results, performance, and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The Obligations are exempt from registration with the Securities and Exchange Commission and consequently have not been registered therewith. The registration, qualification, or exemption of the Obligations in accordance with applicable securities law provisions of the jurisdiction in which the Obligations have been registered, qualified or exempted should not be regarded as a recommendation thereof.

TABLE OF CONTENTS

The cover page hereof, this page, the Schedule I, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Obligations to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY .... The City of Frisco (the "City") is a political subdivision and municipal corporation of the State, located in Collin and Denton Counties, Texas. The City covers approximately 70 square miles (see "INTRODUCTION - Description of the City").

THE BONDS .... The $147,290,000* City of Frisco, Texas General Obligation Refunding and Improvement Bonds, Series 2025 are to mature on February 15 in the years 2026 through 2045 (see "THE OBLIGATIONS - Description of the Obligations").

THE CERTIFICATES .... The $84,525,000* City of Frisco, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2025C are to mature on February 15 in the years 2026 through 2045 (see "THE OBLIGATIONS - Description of the Obligations").

PAYMENT OF INTEREST .... Interest on the Obligations accrues from the Delivery Date (defined herein) and is payable February 15, 2026 and each February 15 and August 15 thereafter until maturity or prior redemption (see "THE OBLIGATIONS - Description of the Obligations" and "THE OBLIGATIONS - Optional Redemption").

AUTHORITY FOR ISSUANCE........... The Bonds are issued pursuant to elections held in the City on May 4, 2019 and May 6, 2023 and the general laws of the State, including particularly, Texas Government Code, Chapters 1207, 1331 and 1371, and the ordinances to be adopted by the City Council (the "Council") of the City in which the Council will delegate to a designated officer of the City authority to complete the sale of the Bonds. The terms of the sale will be included in "Pricing Certificates," which will complete the sale of the Bonds (such ordinances and the Pricing Certificates for the Bonds are jointly referred to as the "Bond Ordinance") (see "THE OBLIGATIONS – Authority for Issuance").

The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Texas Government Code, Chapter 1371, as amended, and ordinances to be adopted by the City Council (the “Council”) in which the Council will delegate to a designated officer of the City authority to complete the sale of the Certificates. The terms of the sale will be included in a "Pricing Certificate," which will complete the sale of the Certificates (such ordinance and the Pricing Certificate for the Certificates are jointly referred to as the "2025C Certificate Ordinance") (see "THE OBLIGATIONS - Authority for Issuance").

SECURITY FOR THE BONDS .... The Bonds constitute direct and voted obligations of the City, payable from a direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City (see "THE OBLIGATIONS - Security and Source of Payment").

SECURITY FOR THE CERTIFICATES............................... The Certificates constitute direct obligations of the City, payable from a combination of (i) a direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a pledge of the surplus net revenues of the City's Waterworks and Sewer System (see "THE OBLIGATIONS - Security and Source of Payment").

REDEMPTION .... The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

TAX EXEMPTION............................. In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS – The Obligations " herein.

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* Preliminary, subject to change.

USE OF PROCEEDS .... Proceeds of the Bonds will be used for (i) constructing, improving and equipping public safety facilities consisting of new fire department facilities, renovation of existing fire department facilities, new police department facilities, renovation of existing police department facilities, acquisition of fire trucks, police and public safety equipment, and the acquisition of land and interest in land for such projects; (ii) constructing, improving, extending, expanding, upgrading and developing streets and roads, bridges and intersections, including utility relocation, landscaping, sidewalks and pedestrian walkway/plaza, traffic safety and operational improvements, the purchase of any necessary land and right-of-way, drainage and other related costs; (iii) constructing, improving and equipping a parks operation center/building maintenance facility and a logistics equipment and storage building and the acquisition of land and interest in land for such projects (iv) to refund the bonds described in Schedule I – Schedule of Refunded Obligations (the "Refunded Obligations") for debt service savings and (v) to pay the costs of issuance associated with the sale of the Bonds.

Proceeds from the sale of the Certificates will be used for (i) constructing improvements to Grand Park consisting of pavilions, furniture, restrooms, dog park, shade structures, bike park, lighting and signage, playgrounds and play areas, landscaping, trails, and irrigation, all of which are generally accessible to the public and a part of the City's park system; (ii) constructing improvements and extensions to the City's combined waterworks and sewer system and water reuse system consisting of transmission and interceptor lines, pump stations and storage; and (iii) legal, fiscal and engineering fees in connection with such projects.

RATINGS .... The Obligations and the presently outstanding general obligation debt of the City are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings ("S&P"), a division of S&P Global Inc (see "OTHER INFORMATION – Ratings").

BOOK-ENTRY-ONLY SYSTEM .... The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see "THE OBLIGATIONS – Book-Entry-Only System").

PAYMENT RECORD .... The City has not defaulted in payment of its general obligation tax debt.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Net Tax Supported Debt at End of Year	Per Capita Net Tax Supported Debt	Ratio Net Tax Supported Debt to Taxable Assessed Valuation	% of Total Tax Collections
2021	212,799	$ 33,726,565,065 (1)	$ 158,490	$ 445,429,997	$ 2,093	1.32%	99.51%
2022	223,440	36,643,992,146 (2)	163,999	506,694,997	2,268	1.38%	99.70%
2023	230,000	42,224,685,130 (3)	183,586	587,919,998	2,556	1.39%	99.50%
2024	238,720	47,845,474,569 (4)	200,425	640,820,000	2,684	1.34%	101.98%
2025	242,235	52,702,345,714 (5)	217,567	712,155,000 (6)	2,940	1.35%	In Process (7)

(1) Includes tax incremental value of approximately $2,096,232,519 that is not available for the City's general use.
(2) Includes tax incremental value of approximately $1,977,844,554 that is not available for the City's general use.
(3) Includes tax incremental value of approximately $2,625,496,373 that is not available for the City's general use.
(4) Includes tax incremental value of approximately $3,633,787,587 that is not available for the City's general use.
(5) Includes tax incremental value of approximately 3,527,484,067 that is not available for the City's general use.
(6) Projected, includes a portion of Bonds. Excludes the Refunded Obligations, the Certificates, the $70,050,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2025A that priced on June 26, 2025 and are scheduled to close on July 17, 2025; the $18,905,000 Combination Tax and Revenue Certificates of Obligation, Series 2025B that are expected to deliver on July 15, 2025; and other self-supporting obligations. Preliminary, subject to change.
(7) In process of collection.

For additional information regarding the City, please contact:

Wes Pierson		Laura Alexander
Derrick Cotten		Steven Murray
City of Frisco	or	Hilltop Securities Inc.
6101 Frisco Square Blvd.		777 Main Street, Suite 1525
Frisco, Texas 75034		Fort Worth, Texas 76102
(972) 292-5500		(817) 332-9710

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Jeff Cheney Mayor	18 Years	May, 2026	Real Estate Executive
John Keating Council Member, Place 1	15 Years	May, 2027	Community Volunteer
Burt Thakur Council Member, Place 2	Newly Elected	May, 2028	Engineering Project Manager
Angelia Pelham Council Member, Place 3	4 Years	May, 2027	Consultant
Jared Elad Council Member, Place 4	Newly Elected	May, 2028	Independent Financial Advisor
Laura Rummel Council Member, Place 5	3 Years	May, 2026	Vice President, Financial Products
Brian Livingston Council Member, Place 6	8 Years	May, 2026	Commercial Banker

SELECTED ADMINISTRATIVE STAFF

Name	Position
Wes Pierson	City Manager
Derrick Cotten, CPA	Chief Financial Officer
Tanya Anderson	Director of Budget & Strategic Planning
Kristi Morrow	City Secretary
Richard Abernathy	City Attorney

CONSULTANTS AND ADVISORS

Certified Public Accountants .... FORVIS MAZARS
Dallas, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor .... Hilltop Securities Inc.
Fort Worth, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

CITY OF FRISCO, TEXAS

$147,290,000*	**$84,525,000***
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2025	**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025C**

INTRODUCTION

This Preliminary Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of $147,290,000* City of Frisco, Texas, General Obligation Refunding and Improvement Bonds, Series 2025, (the "Bonds") and $84,525,000* City of Frisco, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Series 2025C (the "Certificates" and together with the Bonds, the "Obligations"). The Bonds and the Certificates are separate and distinct securities offerings being authorized for issuance under separate ordinances (the "Bond Ordinance" and the "2025C Certificate Ordinance", respectively, each as defined below, and collectively the "Ordinances"), adopted by the City Council of the City, but are being offered and sold pursuant to a common Official Statement, and while the Obligations share certain common attributes, each issue is separate and apart from the other and should be reviewed and analyzed independently, including the kind and type of obligation being issued, its terms of payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and the covenants and agreements made with respect thereto. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in each respective Ordinance, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., Fort Worth, Texas.

DESCRIPTION OF THE CITY . . . The City of Frisco, Texas (the "City") is a political subdivision located in Collin and Denton Counties operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters in 1987, and last amended May 8, 2010. The City operates under the Council/Manager form of government where the Mayor and six Councilmembers are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The 2020 census population for the City was 200,509. The 2025 population is estimated to be 242,235. The City covers approximately 70 square miles.

PLAN OF FINANCING

PURPOSE OF THE BONDS . . . Proceeds of the Bonds will be used for (i) constructing, improving and equipping public safety facilities consisting of new fire department facilities, renovation of existing fire department facilities, new police department facilities, renovation of existing police department facilities, acquisition of fire trucks, police and public safety equipment, and the acquisition of land and interest in land for such projects; (ii) constructing, improving, extending, expanding, upgrading and developing streets and roads, bridges and intersections, including utility relocation, landscaping, sidewalks and pedestrian walkway/plaza, traffic safety and operational improvements, the purchase of any necessary land and right-of-way, drainage and other related costs; (iii) constructing, improving and equipping a parks operation center/building maintenance facility and a logistics equipment and storage building and the acquisition of land and interest in land for such projects (iv) to refund the bonds described in Schedule I – Schedule of Refunded Obligations (the "Refunded Obligations") for debt service savings and (v) to pay the costs of issuance associated with the sale of the Bonds.

PURPOSE OF THE CERTIFICATES . . . Proceeds from the sale of the Certificates will be used for (i) constructing improvements to Grand Park consisting of pavilions, furniture, restrooms, dog park, shade structures, bike park, lighting and signage, playgrounds and play areas, landscaping, trails, and irrigation, all of which are generally accessible to the public and a part of the City's park system; (ii) constructing improvements and extensions to the City's combined waterworks and sewer system and water reuse system consisting of transmission and interceptor lines, pump stations and storage; and (iii) legal, fiscal and engineering fees in connection with such projects.

* Preliminary, subject to change.

REFUNDED OBLIGATIONS . . . The principal and interest due on the Refunded Obligations are to be paid on the scheduled redemption dates of such Refunded Obligations, from funds to be deposited pursuant to an escrow agreement (the "Escrow Agreement") between the City and BOKF, NA (the "Escrow Agent"). The Bond Ordinance provides that from a portion of proceeds of the sale of the Bonds received from the Purchaser of the Bonds together with other funds of the City, if any, the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Obligations on their redemption date as described in "Schedule I - Schedule of Refunded Obligations". Such funds will be held by the Escrow Agent in an escrow fund (the “Escrow Fund”) irrevocably pledged to the payment of principal of and interest on the Refunded Obligations and will be used to purchase certain obligations of the United States of America and obligations of agencies or instrumentalities of the United States of America, including obligations that are unconditionally guaranteed by such agency or instrumentality, that are noncallable and that were, on the date the Bond Ordinance was adopted, rated as to investment quality by a nationally recognized rating firm not less than “AAA” (the “Escrowed Securities”). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal and interest on the Refunded Obligations and amounts therein will not be available to pay the Bonds.

By the deposit of the Escrowed Securities and cash, if any, with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the legal defeasance of the Refunded Obligations, pursuant to Chapter 1207 and the ordinances authorizing the issuance of the Refunded Obligations. It is the opinion of Bond Counsel that, as a result of such defeasance, the Refunded Obligations will no longer be payable from ad valorem taxes and other sources of security, if any, but will be payable solely from the principal of and interest on the Escrowed Securities and cash, if any, on deposit in the Escrow Fund and held for such purpose by the Escrow Agent, and that the Refunded Obligations will be defeased and are not to be included in or considered to be indebtedness of the City for the purpose of a limitation of indebtedness or for any other purpose. See “APPENDIX C - Forms of Bond Counsel’s Opinions” herein.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Obligations are anticipated to be applied as follows:

Sources of Funds	The Bonds	The Certificates
Par Amount	$ -	$ -
Premium/Discount Bid	-	-
Transfer from Prior Issue Debt Service Fund	-	-
Total Sources of Funds	$ -	$ -
Uses of Funds		
Deposit to Project Fund	$ -	$ -
Deposit to Escrow Fund	-	-
Cost of Issuance	-	-
Total Uses of Funds	$ -	$ -

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THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations are dated July 1, 2025 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on pages 2 and 4 6 hereof. Interest will accrue from the date of initial delivery thereof (the "Delivery Date"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2026 until maturity or prior redemption. The definitive Obligations will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See "THE OBLIGATIONS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to an election held in the City on May 6, 2023 and the Constitution and general laws of the State of Texas, particularly Chapters 1207, 1331 and 1371, Texas Government Code, as amended, and the Bond Ordinance.

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Texas Government Code, Chapter 1371, as amended, and the 2025C Certificate Ordinance.

SECURITY AND SOURCE OF PAYMENT . . .

The Bonds . . . The principal of and interest on the Bonds is payable from a direct and continuing ad valorem tax levied by the City within the limits prescribed by law upon all taxable property in the City as provided in the Bond Ordinance.

The Certificates . . . The principal of and interest on the Certificates is payable from a direct and continuing ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City as provided in the 2025C Certificate Ordinance. Additionally, the Certificates are payable from a pledge of the surplus revenues of the City's waterworks and sewer system, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the City's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the City's waterworks and sewer system, all as provided in the 2025C Certificate Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligation debt, as calculated at the time of issuance and based on 90% tax collection factor.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Obligations of any series having stated maturities on and after February 15, 2036 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2035 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City may select the maturities of such series of Obligations to be redeemed. If less than all the Obligations of a series of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If the Obligations (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Obligations, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. IF AN OBLIGATION (OR ANY PORTION OF ITS PRINCIPAL SUM) SHALL HAVE BEEN DULY CALLED FOR REDEMPTION AND NOTICE OF SUCH REDEMPTION DULY GIVEN, THEN UPON THE REDEMPTION DATE SUCH OBLIGATION (OR THE PORTION OF ITS PRINCIPAL SUM TO BE REDEEMED) SHALL BECOME DUE AND PAYABLE, AND, IF MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR AND ALL OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST SHALL CEASE TO ACCRUE AND BE PAYABLE FROM AND AFTER THE REDEMPTION DATE ON THE PRINCIPAL AMOUNT REDEEMED.

With respect to any optional redemption of the Obligations unless certain prerequisites to such redemption required by the applicable Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Obligations and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Obligations have not been redeemed.

DEFEASANCE . . . The Ordinances provide for the defeasance of the Obligations when the payment of the principal of and premium, if any, on the Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent or other authorized entity, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations being defeased, and thereafter, the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Obligations. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. **The Pricing Officer may restrict such eligible securities and obligations as deemed appropriate and to accommodate bids on the Obligations.** The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon making such a deposit described above, such Obligations shall no longer be deemed outstanding obligations payable from the proceeds of an ad valorem tax but will be payable solely from the cash and securities deposited with the place of payment and will not be considered outstanding debt of the City for purposes of applying any limitation on the City's ability to issue debt or for any other purpose; provided, however, the City has reserved the option, to be exercised at the time of the defeasance of the Obligations, to call for redemption, at an earlier date, those Obligations which have been defeased to their maturity date, if the City: (i) in the proceedings providing for firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Obligations immediately following the making of the firm banking arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and accredited by DTC while the Obligations are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, Financial Advisor and the Initial Purchasers believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.*

The City and the Initial Purchasers cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of each series of the Obligations in the aggregate principal amount thereof and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Obligations are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participant to whose account such Obligations are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Obligations unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Obligations will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to DTC is the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Obligations at any time by giving reasonable notice to the City and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Obligation certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Obligations will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Obligations are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Initial Purchasers.

Effect of Termination of Book-Entry-Only System In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Obligations will be issued to the holders and the Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under "THE OBLIGATIONS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Obligations is BOKF, NA, Dallas, Texas. In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations, as applicable, by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of the Obligations is payable to the registered holder appearing on the registration books of the Paying Agent/Registrar (the "Registered Owner") at the designated corporate trust office of the Paying Agent/Registrar upon surrender of the Obligations for payment. Interest on the Obligations is payable to the Register Owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (identified below) and such interest shall be paid by the Paying Agent/Registrar by check mailed, first class postage prepaid, to the Register Owner or by such other arrangement, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the Registered Owner. If the date for the payment of the principal of or interest on the Obligations shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed Obligations will be delivered to the Registered Owners and thereafter the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed Obligations to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See "THE OBLIGATIONS—Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the uncalled balance of an Obligation.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Obligations on any interest payment date means the close of business on the last business of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner of an Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

AMENDMENTS . . . In each Ordinance, the City has reserved the right to amend the Ordinance without the consent of any holder of the respective Obligation for the purpose of amending or supplementing the Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the holders, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders.

Each Ordinance further provides that the holders of the Obligations, as applicable, aggregating in principal amount a majority of the outstanding Obligations, as the case may be, shall have the right from time to time to approve any amendment not described above to the applicable Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding series of Obligations so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Obligations; (ii) reducing the rate of interest borne by any of the outstanding Obligations; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Obligations; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Obligations, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Obligations necessary for consent to such amendment. Reference is made to the Ordinances for further provisions relating to the amendment thereof.

REMEDIES . . . The Ordinances establish specific events of default with respect to the Obligations. If the City defaults in the payment of the principal of or interest on any of the Obligations when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Obligations, including but not limited to, their prospect or ability to be repaid in accordance with the respective Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, each of the Ordinances provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or the applicable Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but it may not be arbitrarily refused. There is no acceleration of maturity of any of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the respective Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court has ruled in Tooke v. City of Mexia, 197 S.W. 3d 325 (2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous language." Furthermore, Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its debt, but in connection with the issuance of the Obligations, the City has not waived sovereign immunity. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages outside of Chapter 1371, holders of the Obligations may not be able to bring such a suit against the City for breach of the covenants in the Obligations or in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors, including holders of the Obligations, of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

Initially, the only registered owner of the Obligations will be Cede & Co., the nominee of DTC. See "The Obligations - Book-Entry-Only System" above for a description of the duties of DTC with regard to ownership of the Obligations.

TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Collin Central Appraisal District and Denton Central Appraisal District (collectively, the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "Tax Information – City and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each city in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "Tax Information – Tax Abatement Policy" for descriptions of the City's tax abatement program.

For a discussion of how the various exemptions described above are applied by the City, see "Tax Information – City Application of Property Tax Code" herein.

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "Tax Information – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES . . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

> "adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.
>
> "de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.
>
> "no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).
>
> "special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.
>
> "unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2023 through 2023 without impacting the voter-approval tax rate.
>
> "voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate."

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its "de minimis rate", an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Obligations.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

DEBT TAX RATE LIMITATIONS . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax supported debt, within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

THE CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of February 15. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 15 of each year and the final installment due on August 15.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition the taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may not provide for a fee that exceeds 20% of the amount of delinquent tax, penalty, and interest collected, and such fee may be added to the total tax penalty and interest charged to the taxpayer. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $80,000; the disabled are also granted an exemption of $80,000.

The City has granted an additional exemption of 15% of the market value of residence homesteads; minimum exemption of $5,000.

The City has adopted a tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2022.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and Collin County collects taxes for the City.

The City does not permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City does tax goods in transit.

The City has adopted a tax abatement policy.

TAX ABATEMENT POLICY . . . The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. The City has granted several abatements. Currently, the City has no outstanding abatement agreements. All abatements have been satisfied as of September 30, 2022.

TAX INCREMENT FINANCING . . . The City created Reinvestment Zone Number One, City of Frisco, Texas ("Tax Increment Reinvestment Zone One" or "Zone One"), in 1997. Beginning January 1, 1998, and subject to the requirements, if any, of previously issued obligations secured by ad valorem taxes, 100% of the ad valorem taxes levied by the City on the taxable assessed value of such property in excess of the 1997 taxable assessed value will be deposited in the Tax Increment Fund established for Zone One. The termination of Zone One is set as either December 31, 2038, or the date when all project costs are paid and all debt is retired, whichever comes first.

The City created Reinvestment Zone Number Five, City of Frisco, Texas ("Tax Increment Reinvestment Zone Five" or "Zone Five"), in 2014. Beginning January 1, 2015, and subject to the requirements, if any, of previously issued obligations secured by ad valorem taxes, 50 % of the ad valorem taxes levied by the City on the taxable assessed value of such property in excess of the 2014 taxable assessed value will be deposited in the Tax Increment Fund established for Zone Five. Also beginning January 1, 2015, 50% of the City's sales and use taxes collected within Zone Five will be deposited in the Tax Increment Fund established for Zone Five. The termination of Zone Five is set as either December 31, 2041, or the date when all project costs are paid and all debt is retired, whichever comes first.

The City created Reinvestment Zone Number Six, City of Frisco, Texas ("Tax Increment Reinvestment Zone Six" or "Zone Six"), in 2020. Beginning January 1,2020, and subject to the requirements, if any, of previously issued obligations secured by ad valorem taxes, 50 % of the ad valorem taxes levied by the City on the taxable assessed value of such property in excess of the 2020 taxable assessed value will be deposited in the Tax Increment Fund established for Zone Six. Also beginning January 1,2020, 50% of the City's sales and use taxes collected within Zone Six will be deposited in the Tax Increment Fund established for Zone Six. The termination of Zone Six is set as either December 31, 2045, or the date when all project costs are paid and all debt is retired, whichever comes first.

The City created Reinvestment Zone Number Seven, City of Frisco, Texas ("Tax Increment Reinvestment Zone Six" or "Zone Six"), was created on November 16, 2021 and generally covers the area known as the "Fields Development." TIRZ 7 encompasses approximately 890 acres. Beginning January 1, 2022, and subject to the requirements, if any, of previously issued obligations secured by ad valorem taxes, 50% of the ad valorem taxes levied by the City on the taxable assessed value of such property in excess of the 2021 taxable assessed value will be deposited in the Tax Increment Fund established for Zone Seven. The Termination of Zone Seven is set as either December 30, 2061 or the date when all project costs are paid and all debt is retired, whichever comes first.

The City's Reinvestment Zones Numbers Two, Three and Four have terminated or are dormant, and all ad valorem taxes or sales and uses taxes collected within such Zones are available for the City's general use (other than ad valorem taxes levied to pay bonds and other obligations).

CHAPTER 380 AGREEMENTS

Chapter 380 Retail Development Grants . . . The City has entered into multiple Chapter 380 Agreements relating to retail development projects to promote economic development within the City (the "Chapter 380 Retail Grants"). The Chapter 380 Retail Grants require the construction of a minimum square footage of retail space and obtaining certificates of occupancy for certain anchor stores or major retailers within a specified time period. All developers met all such requirements during the current fiscal year. Except as otherwise noted, each Chapter 380 Retail Grant is available for a period of 10 years beginning on the dates the certificates of occupancy were received. The installment payments on Chapter 380 Retail Grants are dependent on sales tax collections; accordingly, there are no fixed repayment amounts with the Chapter 380 Retail Grants.

Other Chapter 380 Development Grants . . . The City has entered into other Chapter 380 grant agreements to promote economic development within the City. The agreements set forth terms and conditions for the recipients to receive the grants and the criteria upon which the amount of grant is based.

For more detailed information concerning the City's Chapter 380 Agreements, see APPENDIX B, "Excerpts from the City's Comprehensive Annual Financial Report", Note 9, page 75 (also see "Table 14 - Municipal Sales Tax History" herein).

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2024/25 Market Valuation Established by Collin and Denton Appraisal District (excluding totally exempt property)		$ 72,012,066,449
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled Homestead Exemption	$ 760,521,166	
Disabled Veterans/Person Exemption	327,761,241	
Homestead Exemption	5,523,839,869	
Agricultural Land Use Reductions	1,678,305,963	
Homestead Cap Adjustment	4,711,568,863	
Pollution Exemption	4,156,708	
Solar	3,581,624	
Freeport	122,126,603	
Other Exemptions	8,041,782	
Totally Exempt Property	6,169,816,916	19,309,720,735
2024/25 Taxable Assessed Valuation		$ 52,702,345,714
2024/25 Incremental Taxable Assessed Value of Real Property within Reinvestment Zone Number One, Five, Six and Seven		3,527,484,067
2024/25 Taxable Assessed Valuation available for General Fund Obligations and Debt of City		$ 49,174,861,647
Debt Payable from Ad Valorem Taxes (as of 5/1/2025) (1)		
General Obligation Bonds	$ 612,525,000 (2)	
Combination Tax and Revenue Certificates of Obligation	477,910,000 (2)	
The Bonds	147,290,000 (3)	
The Certificates	84,525,000 (3)	
Debt Payable from Ad Valorem Taxes		$ 1,322,250,000
Less Self-Supporting Debt: (4)		
Water and Sewer System Certificates of Obligation	$ 215,290,000 (5)	
Community Development Corporation Certificates of Obligation	100,100,000 (5)	
Economic Development Corporation Certificates of Obligation	28,655,000 (6)	
TIRZ Revenue Certificates of Obligation (TIRZ)	252,896,000 (7)	
Hotel/Motel Tax Certificates of Obligation	13,154,000	610,095,000
Net Funded Debt Payable From Ad Valorem Taxes		$ 712,155,000
Interest and Sinking Fund as of 5/1/2025		$ 43,112,831
Ratio Tax Supported Debt to Taxable Assessed Valuation		2.69%
Ratio Net Tax Supported Debt to Taxable Assessed Valuation		1.45%

2025 Estimated Population - 242,235
Per Capita Taxable Assessed Valuation - $203,005
Per Capita Funded Debt - $5,459
Per Capita Net Funded Debt - $2,940

(1) The above statement of indebtedness does not include various debt obligations issued by the Frisco Community Development Corporation nor the Frisco Economic Development Corporation that are payable solely from the receipts of a 1/2 of 1% local sales and use tax collected for the benefit of each of the Frisco Economic Development Corporation and Frisco Community Development Corporation, respectively.

(2) Excludes the Refunded Obligations. Includes the $70,050,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2025A that priced on June 26, 2025 and are scheduled to close on July 17, 2025; and $18,905,000 Combination Tax and Revenue Certificates of Obligation, Series 2025B that are expected to deliver on July 15, 2025. Preliminary, subject to change.

(3) Preliminary, subject to change.

(4) General obligation debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems and revenue sources. Also see "The Obligations – Additional Sources of Revenue Anticipated to be Available to Pay Debt Service on outstanding Obligations". It is the City's current policy to pay such self-supporting debt from the respective revenue sources; provided, however, that this policy is subject to change in the future. In the event the City changes it policy, or such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service.

(5) Includes the Certificates and a portion of the Bonds. Excludes a portion of the Refunded Obligations. Preliminary, subject to change.

(6) Includes the 2025B Certificates expected to deliver on July 15, 2025.

(7) Includes the 2025A Taxable Certificates expected to deliver on July 17, 2025.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2025		2024		2023	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	$45,413,663,656	63.06%	$43,811,799,685	69.80%	$35,915,453,270	68.23%
Real, Residential, Multi Family	5,688,343,982	7.90%	5,280,937,855	8.41%	4,336,167,032	8.24%
Real, Vacant Lots/Tracts	1,037,758,028	1.44%	1,110,399,911	1.77%	900,866,506	1.71%
Real, Acreage (Land Only)	1,679,248,258	2.33%	1,762,976,970	2.81%	1,712,934,810	3.25%
Real, Farm and Ranch Improvements	147,021,547	0.20%	169,975,338	0.27%	132,753,807	0.25%
Real, Commercial and Industrial	9,256,098,728	12.85%	8,171,145,592	13.02%	7,300,035,363	13.87%
Real, Inventory	481,747,758	0.67%	11,406,700	0.02%	484,131,828	0.92%
Real and Intangible Personal, Utilities	349,150,155	0.48%	344,349,467	0.55%	342,488,459	0.65%
Tangible Personal, Business	1,668,641,421	2.32%	1,514,737,632	2.41%	1,420,787,723	2.70%
Tangible Personal, Other	1,333,689	0.00%	480,886,873	0.77%	756,447	0.00%
Special Inventory	108,902,806	0.15%	106,371,927	0.17%	92,102,660	0.17%
Totally Exempt Property	6,180,156,421	8.58%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$72,012,066,449	100.00%	$62,764,987,950	100.00%	$52,638,477,905	100.00%
Less: Total Exemptions/Reductions	(19,309,720,735)		(14,919,513,381)		(10,413,792,775)	
Taxable Assessed Value	$52,702,345,714 (1)		$47,845,474,569 (2)		$42,224,685,130 (3)	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2022		2021	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	$26,407,155,921	63.90%	$23,783,011,282	62.37%
Real, Residential, Multi Family	3,656,077,467	8.85%	3,315,668,353	8.70%
Real, Vacant Lots/Tracts	876,914,060	2.12%	673,857,992	1.77%
Real, Acreage (Land Only)	1,639,105,513	3.97%	1,678,789,127	4.40%
Real, Farm and Ranch Improvements	82,235,842	0.20%	323,414,052	0.85%
Real, Commercial and Industrial	6,502,316,941	15.73%	6,271,799,987	16.45%
Real, Inventory	446,881,144	1.08%	-	0.00%
Real and Tangible Personal, Utilities	303,098,094	0.73%	532,632,892	1.40%
Tangible Personal, Business	1,352,955,823	3.27%	210,222,555	0.55%
Tangible Personal, Mobile Homes	-	0.00%	1,281,567,647	3.36%
Tangible Personal, Other	545,556	0.00%	412,098	0.00%
Special Inventory	58,215,210	0.14%	58,746,515	0.15%
Total Appraised Value Before Exemptions	$41,325,501,571	100.00%	$38,130,122,500	100.00%
Less: Total Exemptions/Reductions	(4,681,509,425)		(4,403,557,435)	
Taxable Assessed Value	$36,643,992,146 (4)		$33,726,565,065 (5)	

(1) Includes tax incremental value of approximately $3,527,484,067 that is not available for the City's general use.
(2) Includes tax incremental value of approximately $3,633,787,587 that is not available for the City's general use.
(3) Includes tax incremental value of approximately $2,625,596,373 that is not available for the City's general use.
(4) Includes tax incremental value of approximately $1,977,844,554 that is not available for the City's general use.
(5) Includes tax incremental value of approximately $2,096,565,065 that is not available for the City's general use.

NOTE: Valuations shown are certified taxable assessed values reported by the Collin and Denton Appraisal Districts to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Net Tax Supported Debt Outstanding at End of Year	Ratio of Net Tax Supported Debt to Taxable Assessed Valuation	Net Tax Supported Debt Per Capita
2021	212,799	$ 33,726,565,065 (1)	$ 158,490	$ 445,429,997	1.32%	$ 2,093
2022	223,440	36,643,992,146 (2)	163,999	506,694,997	1.38%	2,268
2023	230,000	42,224,685,130 (3)	183,586	587,919,998	1.39%	2,556
2024	238,720	47,845,474,569 (4)	200,425	640,820,000	1.34%	2,684
2025	242,235	52,702,345,714 (5)	217,567	712,155,000 (6)	1.35%	2,940

(1) Includes tax incremental value of approximately $2,096,232,519 that is not available for the City's general use.
(2) Includes tax incremental value of approximately $1,977,844,554 that is not available for the City's general use.
(3) Includes tax incremental value of approximately $2,625,596,373 that is not available for the City's general use.
(4) Includes tax incremental value of approximately $3,633,787,587 that is not available for the City's general use.
(5) Includes tax incremental value of approximately $3,527,484,067 that is not available for the City's general use.
(6) Projected, includes portion of the Bonds. Excludes the Refunded Obligations, the Certificates, the $70,050,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2025A that are scheduled to close on July 17, 2025; and $18,905,000 Combination Tax and Revenue Certificates of Obligation, Series 2025B that are expected to deliver on July 15, 2025 and other self-supporting obligations. See also "Table 1 – Valuation Exemption and General Obligation Debt" and "Table 10 – Computation of Self-Supporting Debt." Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections (1)	% Total Collections (1)
2021	$ 0.44660	$ 0.298973	$ 0.147627	$ 149,783,428	99.51%	99.51%
2022	0.44660	0.295215	0.151385	162,285,191	99.70%	99.70%
2023	0.44660	0.290928	0.155672	186,534,516	99.50%	99.50%
2024	0.43221	0.289263	0.142942	206,605,699	102.03%	101.98%
2025	0.42552	0.283406	0.142111	206,605,699	In Process (2)	

(1) Includes rollback collections.
(2) In process of collection.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Stonebriar Mall LLC	Shopping Center Mall	$ 348,754,057	0.66%
Blue Star HQ Inc.	Event Venue	221,550,743	0.42%
BRE Retail Residual Owner 1 LLC	Strip Mall/Plaza	185,500,000	0.35%
Blue Star Land Phase III LLC	Event Venue	157,776,169	0.30%
PPF AMLI Parkwood Boulevard LLC	Apartments	156,433,040	0.30%
TGA BSL Lonestar Owner LLC	Office Buildings	143,647,704	0.27%
Hall 3201 Dallas Inc	Office Buildings	135,559,231	0.26%
Blue Star Land Phase IV LLC	Event Venue	135,265,381	0.26%
HP D4 Residential LLC	Apartments	124,944,400	0.24%
UDR Cool Springs I LLC	Apartments	115,347,318	0.22%
		$ 1,724,778,043	3.27%

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (however, see "THE OBLIGATIONS – Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY (1)

2025 Principal and Interest Requirements	$ 64,425,393
$0.1311 Tax Rate at 100% Collection Produces	$ 64,468,244
Average Annual Principal and Interest Requirements, 2025 - 2047	$ 45,290,358
$0.0922 Tax Rate at 100% Collection Produces	$ 45,339,222
Maximum Principal and Interest Requirements, 2026	$ 69,892,161
$0.1422 Tax Rate at 100% Collection Produces	$ 69,926,653

(1) Includes the Bonds.. Excludes the Refunded Obligations, the Certificates, the $70,050,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2025A that are scheduled to close on July 17, 2025; the $18,905,000 Combination Tax and Revenue Certificates of Obligation, Series 2025B that priced on June 10, 2025 and are expected to deliver on July 15, 2025, and other self-supporting obligations. See also "Table 1 – Valuation Exemption and General Obligation Debt" and "Table 10 – Computation of Self-Supporting Debt." Preliminary, subject to change.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2024/25 Taxable Assessed Value	2024/25 Tax Rate	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt As of 5-1-25	Authorized But Unissued Debt As Of 5-1-25
City of Frisco	$ 49,174,861,647	$0.432205	$ 712,155,000 (1)	100.00%	$ 712,155,000 (1)	$ 248,990,000 (2)
Frisco Independent School District	67,725,972,112	1.057000	2,111,350,934	71.32%	1,505,815,486	32,000,000
Lewisville Independent School District	6,097,294,246	1.118000	1,411,915,000	3.81%	53,793,962	510,177,000
Little Elm Independent School District	7,170,812,293	1.225000	583,787,736	12.46%	72,739,952	-
Prosper Independent School District	21,764,700,436	1.255000	2,140,947,968	11.27%	241,284,836	2,486,575,000
Collin County	251,108,780,615	0.149000	776,095,000	14.41%	111,835,290	485,139,864
Collin County Community College District	226,124,750,589	0.081000	459,865,000	14.41%	66,266,547	-
Denton County	192,688,469,909	0.188000	671,155,000	11.17%	74,968,014	438,690,625
Total Direct and Overlapping Tax Supported Debt					$ 2,838,859,085	
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation					5.77%	
Per Capita Overlapping Tax Supported Debt					$ 17,614.07	

(1) Includes the Bonds. Excludes the Refunded Obligations, the Certificates, the $70,050,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2025A that are scheduled to close on July 17, 2025; the $18,905,000 Combination Tax and Revenue Certificates of Obligation, Series 2025B that are expected to deliver on July 15, 2025 and other self-supporting obligations. See also "Table 1 – Valuation Exemption and General Obligation Debt" and "Table 10 – Computation of Self-Supporting Debt." Preliminary, subject to change.

(2) Reflects remaining authorization after the issuance of the Bonds.

TABLE 8 - PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt [1]		The Bonds [2]		The 2025C Certificates [3]		Total Outstanding Debt	Economic Development Self-Supporting Requirements [4]	Water and Sewer Self-Supporting Requirements [5]	Community Development Self-Supporting Requirements [5]	TIRZ Self-Supporting Requirements [6]	Hotel/Motel Self-Supporting Requirements	Management District Self-Supporting Requirements	Total Debt Less Self-Supporting Requirements	% of Total Outstanding Principal Retired
	Principal	Interest	Principal	Interest	Principal	Interest									
2025	$ 72,675,000	$ 42,768,938	$ -	$ -	$ -	$ -	$ 115,443,938	$ 1,229,530	$ 19,414,401	$ 9,466,156	$ 18,928,616	$ 1,594,719	$ 385,124	$ 64,425,393	
2026	67,945,000	43,444,716	3,255,000	7,467,238	2,425,000	4,271,281	128,808,235	2,435,536	23,642,650	9,683,203	21,817,909	1,336,775	-	69,892,161	
2027	56,495,000	40,238,364	12,115,000	6,898,875	2,655,000	4,038,625	122,440,864	2,425,601	21,919,038	8,998,271	21,557,242	1,338,596	-	66,202,118	
2028	61,220,000	37,530,896	6,370,000	6,436,750	2,790,000	3,902,500	118,250,146	2,430,344	18,811,091	9,010,785	23,504,821	1,336,697	-	63,156,410	
2029	62,270,000	34,695,529	6,690,000	6,110,250	2,930,000	3,759,500	116,455,279	2,436,830	18,816,206	9,011,218	23,497,906	1,334,276	-	61,358,844	25.80%
2030	65,140,000	31,856,679	7,030,000	5,767,250	3,085,000	3,609,125	116,488,054	2,435,192	18,788,156	9,022,908	23,517,420	1,332,637	-	61,391,742	
2031	67,810,000	28,957,535	7,400,000	5,406,500	3,240,000	3,451,000	116,265,035	2,435,195	18,789,006	9,029,741	23,270,255	1,331,053	-	61,409,786	
2032	70,060,000	26,067,572	7,780,000	5,027,000	3,410,000	3,284,750	115,629,322	2,441,497	18,787,431	9,041,000	23,275,225	1,332,467	-	60,751,702	
2033	72,910,000	23,239,687	8,175,000	4,628,125	3,580,000	3,110,000	115,642,812	2,439,403	18,782,619	9,043,323	23,284,181	1,331,304	-	60,761,982	
2034	67,330,000	20,589,998	8,595,000	4,208,875	3,765,000	2,926,375	107,415,248	2,443,867	17,128,156	8,056,799	19,427,046	1,332,623	-	59,026,758	54.42
2035	67,450,000	18,098,663	9,030,000	3,768,250	3,960,000	2,733,250	105,040,163	2,439,852	16,154,656	8,057,463	19,455,177	1,333,908	-	57,599,108	
2036	68,565,000	15,567,669	5,600,000	3,402,500	4,165,000	2,530,125	99,830,294	2,442,250	15,123,422	8,070,380	19,050,410	1,331,154	-	53,812,678	
2037	65,455,000	13,074,993	5,885,000	3,115,375	4,380,000	2,316,500	94,226,868	2,445,792	13,882,075	8,084,616	18,585,000	1,333,245	-	49,896,141	
2038	61,030,000	10,729,017	6,190,000	2,813,500	4,600,000	2,092,000	87,454,517	2,230,134	12,873,475	7,256,583	18,161,006	276,256	-	46,657,063	
2039	50,920,000	8,685,646	6,505,000	2,496,125	4,835,000	1,856,125	75,297,896	1,882,724	11,851,875	5,523,568	12,973,932	276,148	-	42,789,651	80.84
2040	45,315,000	6,943,199	6,840,000	2,162,500	5,085,000	1,608,125	67,953,824	1,500,750	11,200,875	4,342,750	12,575,728	-	-	38,333,721	
2041	37,685,000	5,338,880	7,190,000	1,811,750	5,350,000	1,347,250	58,722,880	1,502,250	8,941,725	4,344,250	12,592,021	-	-	31,342,634	
2042	37,980,000	3,801,559	7,560,000	1,443,000	5,620,000	1,073,000	57,477,559	1,500,750	8,936,750	4,344,800	11,335,770	-	-	31,359,489	
2043	30,550,000	2,364,414	7,945,000	1,055,375	5,910,000	784,750	48,609,539	1,501,125	8,061,275	4,345,175	9,265,830	-	-	25,436,134	
2044	17,220,000	1,303,632	8,355,000	647,875	6,210,000	481,750	34,218,257	1,503,125	5,207,000	1,486,250	5,639,903	-	-	20,381,979	97.68
2045	6,395,000	745,763	8,780,000	219,500	6,530,000	163,250	22,833,513	1,501,625	-	-	5,639,138	-	-	15,692,750	
2046	5,200,000	436,860	-	-	-	-	5,636,860	-	-	-	5,636,860	-	-	-	
2047	5,490,000	148,230	-	-	-	-	5,638,230	-	-	-	5,638,230	-	-	-	100.00
	$ 1,163,110,000	$ 416,628,440	$ 147,290,000	$ 74,886,613	$ 84,525,000	$ 49,339,281	$ 1,935,779,334	$ 43,603,368	$ 307,111,883	$ 146,219,236	$ 378,629,625	$ 18,151,856	$ 385,124	$ 1,041,678,242	

(1) Excludes the Refunded Obligations. Includes the $70,050,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2025A that are scheduled to close on July 17, 2025; the $18,905,000 Combination Tax and Revenue Certificates of Obligation, Series 2025B that are expected to deliver on July 15, 2025. Preliminary, subject to change.
(2) Average life of the issue - 10.169 years. Interest on the Bonds has been calculated at the average rate of 4.08% for purposes of illustration. Preliminary, subject to change.
(3) Average life of the issue - 11.674 years. Interest on the Certificates has been calculated at the average rate of 4.21% for purposes of illustration. Preliminary, subject to change
(4) Includes the $18,905,000 Combination Tax and Revenue Certificates of Obligation, Series 2025B that priced on June 10, 2025 and are expected to deliver on July 15, 2025.
(5) Includes the Certificates and a portion of the Bonds. Preliminary, subject to change.
(6) Includes the 2025A Taxable Certificates expected to price on June 26, 2025. Preliminary subject to change.

TALE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Budgeted Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/25		$ 64,425,393
Budgeted Interest and Sinking Fund Balance as of 9/30/24	$ 12,976,033	
Budgeted Interest and Sinking Fund Tax Levy	64,733,814	
Budgeted Interest Income	100,000	77,809,847
Budgeted Estimated Balance, 9/30/25		$ 13,384,454

(1) Source: City's Annual Budget for Fiscal Year 2024/25; does not include debt service on the Obligations or self-supported debt.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT (1)

Waterworks and Sewer System	
Revenue Available for Debt Service from Waterworks and Sewer System, Fiscal Year Ended 9-30-24	$ 47,242,840
Less: Revenue Bonds Requirements, 2025 Fiscal Year	-
Balance Available for Other Purposes	$ 47,242,840
System General Obligation Bond Requirements, 2025 Fiscal Year	19,414,401
Balance	$ 27,828,439
Percentage of System General Obligation Bonds, Self-Supporting	100.00%
Tax Increment Reinvestment Zone Number One, Five, Six and Seven	
Budgeted Revenue Available for Debt Service from Tax Increment Reinvestment Zone Revenue (TIRZ), for Fiscal Year Ended 9-30-24	$ 56,663,668
Tax and TIRZ Revenue Certificates of Obligation Requirements, 2025 Fiscal Year	18,928,616
Balance	$ 37,735,052
Percentage of TIRZ General Obligation Bonds, Self-Supporting	100.00%
Economic Development Corporation	
Gross Sales Tax Revenues	$ 34,929,072
Less: Revenue Bonds Requirements, 2025 Fiscal Year	3,574,731
Balance Available for Other Purposes	$ 31,354,341
Economic Development Corporation General Obligation Bond Requirements, 2025 Fiscal Year	1,229,530
Balance	$ 30,124,811
Percentage of Corporation General Obligation Bonds, Self-Supporting	100.00%
Community Development Corporation	
Gross Sales Tax Revenues.	$ 34,929,072
Less: Revenue Bonds Requirements, 2025 Fiscal Year	12,182,762
Balance Available for Other Purposes	$ 22,746,310
Community Development Corporation General Obligation Bond Requirements, 2025 Fiscal Year	9,466,156
Balance	$ 13,280,154
Percentage of Corporation General Obligation Bonds, Self-Supporting	100.00%

(1) It is the City's current policy to pay such self-supporting debt from the respective revenue sources; provided, however, that this policy is subject to change in the future. In the event the City changes it policy, or such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued (1)	Unissued Balance
Public Safety, Police, Fire (Prop A)	5/4/2019	$ 62,500,000	$ 47,500,000	$ -	$ 15,000,000
Park & Recreation (Prop E)	5/4/2019	53,500,000	38,200,000	-	15,300,000
Public Safety, Police, Fire (Prop A)	5/6/2023	131,400,000	30,600,000	39,800,000	61,000,000
Streets & Roads (Prop B)	5/6/2023	240,000,000	69,980,000	53,330,000	116,690,000
Park Ops. Bldg. (Prop C)	5/6/2023	39,000,000	4,000,000	28,000,000	7,000,000
Parks & Recreation (Prop D)	5/6/2023	43,000,000	9,000,000	-	34,000,000
		$ 589,400,000	$ 458,780,000	$ 121,130,000	$ 248,990,000

(1) Includes the premium of the Bonds being issued.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City anticipates the issuance of approximately $110 million of additional general obligation debt in the next 12 months.

TABLE 12 - OTHER OBLIGATIONS

The City has no unfunded debt outstanding as of September 30, 2024.

PENSION FUND . . . **PENSION FUND** . . . The City of Frisco, including the Frisco Economic Development Corporation (FEDC) a discretely presented component unit, participates as one of over 900 plans in the defined benefit cash balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide, public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of the TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City and FEDC 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 City, 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 payment 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.

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. A summary of plan provisions for the City are as follows:

Employee Deposit Rate	7%
Matching Ratio (City to Employee)	2:1
Years Required for Vesting	5
Service Retirement Eligibility	60/5, 0/20
Updated Service Credit	100%
Annuity Increase to Retirees	70% of CPI Repeating

As of the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	341
Inactive Employees Entitled to But Not Yet Receiving Benefits	726
Active Employees	1,361
	2,428

Contribution . . . The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarial 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 City of Frisco and FEDC were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.12% and 14.54% in calendar years 2023 and 2024, respectively. The City's and FEDC's contributions to TMRS for the year ended September 30, 2024 were $19,239,425 and were equal to the required contributions

Net Pension Liability . . . The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are 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 a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public and Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	100.0%	

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 contributions 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 payment to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, beginning of year	$ 415,026,078	$ 349,325,307	$ 65,700,771
Changes for the year:			
Service cost	23,028,837	-	$ 23,028,837
Interest	28,463,269	-	28,463,269
Difference between expected and actual experience	6,078,660	-	6,078,660
Changes in assumptions	448,256	-	448,256
Contributions - employer	-	17,613,608	(17,613,608)
Contributions - employee	-	8,734,633	(8,734,633)
Net investment income	-	40,610,685	(40,610,685)
Benefit payments, including refunds of employee contributions	(9,724,861)	(9,724,861)	-
Administrative expense	-	(257,209)	257,209
Other changes	-	(1,797)	1,797
Net changes	48,294,161	56,975,059	(8,680,898)
Balances, end of year	$ 463,320,239	$ 406,300,366	$ 57,019,873

Changes in Net Pension Liability of the City and FEDC

	City	FEDC	Totals
Balances, beginning of year	$ 64,386,756	$ 1,314,015	$ 65,700,771
Changes for the year:			
Service cost	22,568,259	460,578	23,028,837
Interest	27,894,004	569,265	28,463,269
Difference between expected and actual experience	5,957,087	121,573	6,078,660
Changes in assumptions	439,291	8,965	448,256
Contributions - employer	(17,261,336)	(352,272)	(17,613,608)
Contributions - employee	(8,559,940)	(174,693)	(8,734,633)
Net investment income	(39,798,471)	(812,214)	(40,610,685)
Administrative expense	252,065	5,144	257,209
Other changes	1,761	36	1,797
Net changes	(8,507,280)	(173,618)	(8,680,898)
Balances, end of year	$ 55,879,476	$ 1,140,397	$ 57,019,873

The following presents the net pension liability/(asset) of the City and FEDC, calculated using the discount rate of 6.75%, as well as what the City's and FEDC's net pension liability/(asset) 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	Current Discount Rate	1% Increase in Discount Rate
City's Net Pension Liability/(Asset)	$131,140,955	$55,879,476	$ (5,165,342)
FEDC Net Pension Liability/(Asset)	2,676,346	1,140,397	(105,415)

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 online at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions . . . For the year ended September 30, 2024, the City and FEDC recognized pension expense of $20,003,672; $19,603,599 for the City and $400,073 for the FEDC.

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

Deferred Outflows and Inflows - City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,682,755	$ 1,526,287
Changes of assumptions	573,654	-
Net difference between projected and actual earnings on pension plan investments	8,419,797	-
Contributions subsequent to the measurement date	14,578,229	-
Total	$ 31,254,435	$ 1,526,287

Deferred Outflows and Inflows - FEDC

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 156,790	$ 31,149
Changes of assumptions	11,707	-
Net difference between projected and actual earnings on pension plan investments	171,833	-
Contributions subsequent to the measurement date	297,515	-
Total	$ 637,845	$ 31,149

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $14,578,229 for the City and $297,515 contributed for the FEDC, will be recognized as a reduction of the net pension liability for measurement year ending December 31, 2024 (i.e. recognized in the City's and FEDC's financial statements September 30, 2025). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year	City	FEDC	Total
2025	$ 3,926,818	$ 80,138	$ 4,006,956
2026	4,117,063	84,022	4,201,085
2027	7,649,301	156,108	7,805,409
2028	(1,922,919)	(39,243)	(1,962,162)
2029	1,193,358	24,354	1,217,712
Thereafter	186,298	3,802	190,100
Total	$ 15,149,919	$ 309,181	$ 15,459,100

Allocation of Pension Items

Pension items are allocated between the City's governmental activities, City's business-type activities, and the FEDC on the basis of employee payroll funding. For the City's governmental activities, the net pension liability is liquidated by the General Fund and Hotel/Motel Tax Fund. For the City's business-type activities, the net pension liability is liquidated by the Water & Sewer Fund, Stormwater Drainage Fund, and Environmental Services Fund.

Other Postemployment Benefits

The City and FEDC provide a single-employer postemployment health insurance plan that retirees can purchase through age 65, but they are responsible for 100% of the premium costs and this plan is not part of the City's active employee plan. The City incurs no cost for providing these benefits, as retirees are included in a separate risk pool, however, there is an implicit rate subsidy and the City and FEDC have a measurable OPEB liability, which is accounted for in the OPEB liability.

The City and FEDC also participate in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The City has elected, by ordinance, to participate in this program and provide group-term life insurance coverage for their active members and retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be a single-employer unfunded OPEB plan under paragraph 4, item (b) of GASB Statement No. 75. The City's OPEB plan does not issue separate financial statements.

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FINANCIAL INFORMATION

TABLE 13 – CHANGES IN NET POSITION

	Fiscal Year Ended September 30,				
Revenues:	2024	2023	2022	2021	2020
Program Revenues					
Charges for Services	$ 33,044,314	$ 33,981,803	$ 35,674,178	$ 29,727,023	$ 27,493,170
Operating Grants and Contributions	8,192,900	7,730,605	7,019,760	16,941,430	20,906,735
Capital Grants and Contributions	83,996,036	243,407,051	52,269,697	30,506,858	66,775,450
General Revenues					
Ad Valorem Tax	203,270,427	186,988,575	162,681,758	150,882,839	142,497,915
Sales Tax	69,858,143	68,795,969	68,114,505	54,984,501	45,124,776
Franchise Tax	12,971,305	16,257,923	11,831,566	10,031,878	10,558,237
Other Taxes	15,061,554	12,353,142	9,559,643	5,910,603	4,899,326
Intergovernmental	49,284,634	43,525,136	41,953,571	39,058,316	41,064,382
Investment Earnings	42,774,755	31,457,237	2,161,208	432,149	6,519,627
Total Revenues	$ 518,454,068	$ 644,497,441	$ 391,265,886	$ 338,475,597	$ 365,839,618
Expenses:					
General Government	$ 113,278,014	$ 107,480,307	$ 102,466,806	$ 92,795,035	$ 93,428,738
Public Safety	129,266,692	122,379,383	105,809,779	106,713,823	95,145,910
Public Works	74,720,050	71,000,153	65,960,543	62,311,511	53,555,748
Culture and Recreation	57,101,287	43,578,414	35,623,318	32,772,532	37,418,970
Interest on Long-Term Debt	36,018,232	36,546,363	23,800,021	22,093,367	22,274,232
Total Expenses	$ 410,384,275	$ 380,984,620	$ 333,660,467	$ 316,686,268	$ 301,823,598
Increase (Decrease) in Net Position before Transfers	$ 108,069,793	$ 263,512,821	$ 57,605,419	$ 21,789,329	$ 64,016,020
Transfers	3,473,700	5,937,762	6,296,577	2,591,119	1,115,340
Increase (Decrease) in Net Position	$ 111,543,493	$ 269,450,583	$ 63,901,996	$ 24,380,448	$ 65,131,360
Net Position - October 1	1,870,847,152	1,600,909,860	1,537,007,864	1,512,627,416	1,447,496,056
Prior Period Adjustments	-	486,709	-	-	-
Net Position - September 30	$ 1,982,390,645	$ 1,870,847,152	$ 1,600,909,860	$ 1,537,007,864	$ 1,512,627,416

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
Revenues	2024	2023	2022	2021	2020
Taxes	$ 211,434,095	$ 198,367,480	$ 182,154,763	$ 160,724,318	$ 143,581,055
Fees and Services	23,884,883	26,243,549	25,497,046	25,017,822	23,723,567
Fines and Warrants	2,234,477	2,099,861	1,787,478	1,348,701	1,530,649
Contributions and Donations	172,788	222,113	200,649	2,197,039	2,669,776
Interest and Penalties	12,719,088	9,613,060	461,722	182,809	1,526,161
Intergovernmental	3,681,499	3,985,742	2,940,283	-	-
Miscellaneous	4,652,510	1,508,528	1,954,978	-	173,865
Total Revenues	$ 258,779,340	$ 242,040,333	$ 214,996,919	$ 189,470,689	$ 173,205,073
Expenditures					
General Government	$ 62,115,670	$ 56,869,829	$ 55,978,611	$ 43,163,081	$ 45,797,512
Public Safety	118,090,596	109,742,227	99,815,622	87,656,573	77,046,227
Public Works	16,804,931	17,061,160	14,749,025	14,358,440	13,562,381
Culture and Recreation	30,025,507	27,150,090	22,195,096	19,976,245	18,263,490
Capital Outlay	16,917,229	6,560,344	3,927,103	4,130,178	5,285,523
Debt Service	1,729,507	906,385	151,438	-	-
Total Expenditures	$ 245,683,440	$ 218,290,035	$ 196,816,895	$ 169,284,517	$ 159,955,133
Excess (Deficiency) of Revenues Over Expenditures	$ 13,095,900	$ 23,750,298	$ 18,180,024	$ 20,186,172	$ 13,249,940
Other Financing Sources (Uses):					
Budgeted Transfers In	$ 6,424,527	$ 5,860,301	$ 4,908,084	$ 1,132,793	$ 1,223,437
Budgeted Transfers Out	(437,227)	(3,349,057)	(2,701,283)	(1,083,759)	(2,673,540)
Lease Purchase Financing	3,405,864	276,509			-
Proceeds from Sale of Certificates	-	-	1,008,304	-	-
Sale of Assets	551,535	251,188	533,135	408,189	290,189
Lease Purchase Financing	86,846	-	-	-	-
Total Other Financing Sources (Uses)	$ 10,031,545	$ 3,038,941	$ 3,748,240	$ 457,223	$ (1,159,914)
Excess (Deficiency) of Revenues and Other Financing Sources	$ 23,127,445	$ 26,789,239	$ 21,928,264	$ 20,643,395	$ 12,090,026
Beginning Fund Balance	174,732,565	147,943,326	126,015,062	105,371,667	93,281,641
Ending Fund Balance	$ 197,860,010	$ 174,732,565	$ 147,943,326	$ 126,015,062	$ 105,371,667

TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. The City has entered into various agreements to pay sales tax grants to certain developers based on sales tax collections.

Fiscal Year Ended 9/30	1% City Sales Tax Collections	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2021	$ 54,704,565	36.52%	$ 0.1622	$ 257.07
2022	68,114,505	41.97%	0.1859	304.84
2023	68,795,969	36.88%	0.1629	299.11
2024	69,858,143	33.81%	0.1460	292.64
2025 (1)	40,927,288	19.81%	0.0777	168.96

On May 4, 1991, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for economic development ("4A Sales Tax") and an additional one-half of one percent (½ of 1%) for community development ("4B Sales Tax"). The sales tax is collected solely for the benefit of Frisco Economic Development Corporation and Frisco Community Development Corporation (the "Corporations") and may be pledged to secure payment of sales tax revenue bonds issued by the Corporations. The Corporations have entered into various agreements to pay sales tax grants to certain developers based on sales tax collections. For more detailed information concerning the sales tax grants, see "APPENDIX B – Excerpts from the City's Comprehensive Annual Financial Report" (also see "TAX INFORMATION - Chapter 380 Agreements" herein).

Fiscal Year Ended 9/30	4A Sales Tax Collected	4B Sales Tax Collected
2021	$ 27,352,283	$ 27,352,283
2022	34,057,253	34,057,253
2023	34,397,985	34,397,985
2024	34,929,072	34,929,072
2025 (1)	20,463,644	20,463,644

(1) Collections through April 30, 2025. Preliminary information provided by City Staff.

The sales tax breakdown for the City is as follows:

Community Development	0.50%
Economic Development	0.50%
City Sales and Use Tax	1.00%
State Sales and Use Tax	6.25%
Total	8.25%

FINANCIAL POLICIES

Basis of Accounting . . . The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. 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 a significant extent on fees and charges for support.

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. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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 imposed by the provider have been met.

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.

All government funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued and (2) principal and interest on general long-term debt which is recognized when due.

Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when liabilities are incurred.

Temporary Investments . . . Temporary investments are stated at cost. For purposes of the statement of cash flows, the enterprise fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Budgetary Procedures . . . Prior to August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. At least 10 days prior to October 1, the budget is legally adopted by a favorable majority vote of the City Council. Under extreme emergency conditions which may arise and which could not reasonably have been foreseen in the normal process of planning the budget, the Council may, by a majority vote of the full membership, amend or change the budget to provide for any additional expense in which the general welfare of the citizenry is involved. Formal budgetary integration, using the modified accrual basis, is employed as a management control device during the year for the General Fund. The City strives to maintain an unreserved general fund balance of 25% of budgeted expenditures.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) 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; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal, (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest, (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years, and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 15 - CURRENT INVESTMENTS

As of April 30, 2025, the City's investable funds were invested in the following categories:

Description	Percent	Amount
TexPool	29.43%	$ 426,252,400
TexSTAR	36.99%	535,886,722
Agencies	33.58%	486,450,000
	100.00%	$ 1,448,589,122

The Texas State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool ("TexPool"). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of the other persons who do not have a business relationship with TexPool. The advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAA by S&P. TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

TexSTAR is a local government investment pool for whom Hilltop Securities Asset Management, Inc. provides customer service and marketing for the pool. TexSTAR currently maintains a "AAAm" rating from Standard & Poor's and has an investment objective of achieving and maintaining a stable net asset value of $1.00 per share. Daily investments or redemptions of funds is allowed by the participants.

No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

TAX MATTERS FOR THE OBLIGATIONS

OPINION . . . On the date of initial delivery of the Obligations (the "Tax-Exempt Obligations"), McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Tax-Exempt Obligations for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Tax-Exempt Obligations will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Tax-Exempt Obligations. See Appendix C -- Forms of Bond Counsel's Opinions.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, and (b) covenants of the City contained in the Ordinances authorizing the Tax-Exempt Obligations relating to certain matters, including arbitrage and the use of the proceeds of the Tax-Exempt Obligations and the property financed or refinanced therewith. Failure of the City to comply with these representations or covenants could cause the interest on the Tax-Exempt Obligations, as the case may be, to become includable in gross income retroactively to their date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Tax-Exempt Obligations in order for interest on the Tax-Exempt Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Tax-Exempt Obligations to be included in gross income retroactively to the date of issuance of the Tax-Exempt Obligations. The opinions of Bond Counsel are rendered in reliance upon the compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Tax-Exempt Obligations.

Bond Counsel's opinions are not a guarantee of a result, but represent its legal judgment based upon its review of Existing Law and reliance on the aforementioned information, representations and covenants. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Tax-Exempt Obligations.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Tax-Exempt Obligations or the property financed or refinanced with proceeds of the Tax-Exempt Obligations. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Tax-Exempt Obligations, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Tax-Exempt Obligation holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Tax-Exempt Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Tax-Exempt Obligations may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Tax-Exempt Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Tax-Exempt Obligations less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Obligation in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Obligation prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Obligation was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period within each accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Obligation for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Obligation.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Obligations which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Obligations should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Obligations and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Obligations.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Tax-Exempt Obligations. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase Tax-Exempt Obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE TAX-EXEMPT OBLIGATIONS.

Interest on the Tax-Exempt Obligations may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of Tax-Exempt Obligations, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Tax-Exempt Obligations, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES. . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Tax-Exempt Obligations under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Tax-Exempt Obligations will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

INFORMATION REPORTING AND BACKUP WITHOLDING. . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Tax-Exempt Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION. . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Tax-Exempt Obligations under federal or state law, and could affect the market price or marketability of the Tax-Exempt Obligations. Any of the foregoing could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any of the foregoing becoming effective cannot be predicted. Prospective purchasers of the Tax-Exempt Obligations should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following undertakings for the benefit of the holders and beneficial owners of the Obligations. The City is required to observe the undertakings while it remains obligated to advance funds to pay such Obligations. Under the undertakings the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

The City will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via the EMMA system. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in APPENDIX B. The City will update and provide the information in Tables 1 through 6 and 8 through 15 within six months after the end of each fiscal year ending in and after 2025. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2025. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site identified above or filed with the United States Securities and Exchange Commission (the "SEC'), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in Tables 1 through 6 and 8 through 15 by the last day of March in each year and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) as described above. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above. All financial information, operating data, and financial statements and notices required to be provided by to the MSRB shall be provided in electronic format and be accompanied by identifying information prescribed by the MSRB.

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. For the events listed in clause (15) and (16) above, the term "financial obligation" means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of either (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . In connection with the City's outstanding debt, the City entered into continuing disclosure undertakings to provide certain updated financial information and operating data within six-months of the end of the City's fiscal year along with notices of specified disclosure events upon their occurrence. In addition, the City agreed to provide audited financial statements within six-months of the end of the City's fiscal year if audited financial statements are available by such time. If audited financial statements were not available by the required time, the City agreed to provide certain unaudited financial information.

During the previous five years, the City filed notices of certain events as required, as well as filed certain updated financial information and operating data of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 (excluding numbered Table 12A) and the annual financial report (the "Annual Filing") for each of its outstanding bonds within six-months (no later than March 31) after the end of each fiscal year.

OTHER INFORMATION

RATINGS

The Obligations and the presently outstanding tax supported debt of the City are rated "Aaa" by Moody's and "AAA" by S&P. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Obligations.

LITIGATION

The City is a defendant in several lawsuits. Although the outcome of these cases has not presently been determined, it is the belief of the City Attorney and City Management that these matters will not have a material adverse effect on the financial condition of the City.

At the time of the initial delivery of the Obligations, the City will provide the Initial Purchasers with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Obligations or that affects the payment and security of the Obligations or in any other manner questioning the issuance, sale or delivery of the Obligations.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the operations of the City. Information technology and infrastructure of the City may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the City. To mitigate these risks, the City continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture, including required training for City staff and administration.

Registration and Qualification of Obligations for Sale

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Obligations are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Obligations be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

Legal Opinions and No-Litigation Certificate

The City will furnish to the Initial Purchaser a complete transcript of proceedings had incident to the authorization and issuance of each series of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and Initial Certificate of each series and to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Obligations or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Obligations will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sales and Bidding Instructions, the Official Bid Forms and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Obligations in the Notice of Sales and Bidding Instructions, the Official Bid Forms and the Official Statement to verify that such information conforms to the provisions of the Ordinances. Although it may represent the Financial Advisor or Initial Purchaser from time to time in matters unrelated to the issuance of the Obligations, McCall, Parkhurst & Horton L.L.P. represents only the City. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. HilltopSecurities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASERS OF THE OBLIGATIONS

After requesting competitive bids for the Bonds, the City accepted the bid of ________________________ (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of par plus a cash premium (if any) of $_______________. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser of the Bonds. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Bonds.

After requesting competitive bids for the Certificates, the City accepted the bid of ________________________ (the "Initial Purchaser of the Certificates") to purchase the Certificates at the interest rates shown on page 4 of the Official Statement at a price of par plus a cash premium (if any) of $_______________. The Initial Purchaser of the Certificates can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser of the Certificates. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Certificates.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Obligations, the City will furnish to the Initial Purchasers a certificate, executed by a proper City officer, acting in such officer's official capacity, to the effect that to the best of such officer's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement, or amendment thereto, on the date of the Official Statement, on the date of sale of the Obligations, and the acceptance of the best bids therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The Ordinances authorizing the issuance of the Obligations will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Obligations by the Initial Purchasers.

Pricing Officer
City of Frisco, Texas

Schedule I

SCHEDULE OF REFUNDED OBLIGATIONS*

General Obligation Refunding and Improvement Bonds, Series 2015A

Original Dated Date	Maturity Date	Interest Rate	Amount Outstanding	Amount Refunded
7/15/2015	2/15/2027	5.000%	$ 8,855,000	$ 8,855,000
	2/15/2028	5.000%	2,855,000	2,855,000
	2/15/2029	5.000%	3,000,000	3,000,000
	2/15/2030	5.000%	3,155,000	3,155,000
	2/15/2031	5.000%	3,320,000	3,320,000
	2/15/2032	5.000%	3,490,000	3,490,000
	2/15/2033	5.000%	3,665,000	3,665,000
	2/15/2034	5.000%	3,855,000	3,855,000
	2/15/2035	5.000%	4,050,000	4,050,000
			$36,245,000	$36,245,000

The 2027 – 2035 maturities will be redeemed prior to original maturity on August 15, 2025 at par.

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* Preliminary, subject to change.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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LOCATION . . . The City of Frisco is located is located in west central Collin County and east central Denton County, approximately 25 miles north of downtown Dallas at the intersection of the Dallas North Tollway (DNT) and State Highway 121, now known as Sam Rayburn Tollway (SRT). US Highway 380 is the northern border for the City. Frisco is readily accessible via SRT from the Dallas Fort Worth International Airport or via the DNT from Love Field Airport in Dallas. The City currently encompasses (incorporated and unincorporated) 70 square miles which is approximately 66% developed

The City is located in the Dallas-Fort Worth Consolidated Metropolitan Statistical Area, an area which has been labeled by planners, economists and industrialists as one of the nation's brightest spots for future industrial development. The City and Collin County are located in the Dallas/Fort Worth Commercial Zone which also includes Dallas, Denton, Ellis, Grayson, Kaufman, Parker, Rockwall and Tarrant Counties.

ECONOMY . . . Located just north of the Dallas area, Frisco, is experiencing growth with large tracts of land having been sold for commercial and residential development. The US Census named the City of Frisco as the fastest growing city in the United States. While the population growth has been explosive, resident growth is not the only thing booming; our business community is thriving and expanding as well.

The Frisco Economic Development Corporation (FEDC) continues to assist the City by facilitating new projects for growth and diversification. The FEDC also operates a business retention and expansion program to assist companies currently located in Frisco.

During FY24, twenty-six (26) new projects were announced, with a potential of 268,077 square feet leased and 1.8 million square feet of potential new mixed-use development creating a capital investment of $1.58 billion. Estimated potential direct jobs created or retained total 4,188. The prospect pipeline generates a strong stream of incoming leads monthly.

Dude Perfect, Nomura Research Institute IT Solutions America, Inc., Tokio Marine Highland, Parkhill, Smith & Cooper, Inc., and bounteous x Accolite, Inc. announced expansions of their current Frisco offices. Thomson Reuters, CohnReznick, Gannett and Merrill Lynch Wealth Management announced relocation of regional corporate offices to Frisco.

Plug and Play Tech Center, a global venture capital firm and accelerator headquartered in Sunnyvale, California, expanded their operations in Frisco. The company will help attract additional risk capital to Frisco to strengthen the business startup ecosystem while also creating 4 new jobs and occupying 6,000 square feet at The Star District. Plug and Play will also open and operate an innovation hub in Frisco focused on startup education and investor network programming.

Fields West, a ‘best-in-class’ mixed-use development along Dallas North Tollway (DNT) and Fields Parkway is beginning to shape Frisco’s northern business corridor. The mixed-use project will be built on 49.5 acres, south of Fields Parkway and west of Dallas Parkway. The development will include Class A Office, retail, entertainment, restaurant, recreation, residential and open space(s). Collectively, the mixed-use, master planned community is estimated to have a value of more than $660 million. The developer must build 350,000 square feet of upscale retail and restaurant space, 320,000 square feet of Class A office space, and 1,100 multifamily units. Fields West is part of 2,500 contiguous acres spanning the city’s northern border. Aside from PGA of America—a 600-acre campus which opened in 2022—Universal Kids is being developed east of the DNT, north of Panther Creek Parkway.

Firefly Park Development began construction on the 200+ acre mixed use planned development. Dream Hotels announced a 200-key boutique luxury hotel as its first location in North Texas to be the anchor hospitality project of Firefly Park. The landmark project calls for a total of 3 million square feet of office space, 2,200 residential units and 340,000 square feet of planned retail space. Phase 1 includes 170,000 square feet of upscale retail, 340,000 square feet of Class A office, and 170,000 square feet of upscale hospitality. The project is set to include a $30 million private park and open space with a trail system along a chain of small lakes and parks with an outdoor amphitheater.

On September 17, 2024, The City of Frisco, the Frisco Community Development Corporation, Frisco Independent School District, and the Hunt Family announced agreements to extend the lease term for major league soccer team FC Dallas and to fund up to $182 million in improvements for Toyota Stadium. The renovations include but are not limited to 3,400 more seats; a structure for shaded seating; upgrades to the club and luxury suites; as well as new broadcast booths and press box areas. The development agreement also extends the stadium lease more than 30 years. The project will also deliver more than $1 billion in private investment of phased mixed-use development. Phase 1 includes a 200-key upscale hotel; 30,000 square feet of retail and restaurant space; and a 200-unit multifamily luxury, high-rise building to be delivered by 2035; Phase 2 includes 200,000 square feet of Class A office space and a new structured parking garage to be completed by 2037.

The Mix project, formerly known as Wade Park, saw a new long-term agreement between owners and developers, JVP, the City of Frisco, The Frisco Economic Development Corporation, and Frisco Community Development Corporation. The 175+ acre mixed use, master planned development will include more than 2.1 million square feet of class A office and 3,300 residential units. Phase 1 includes development of an upscale grocery store such as a Whole Foods or Central Market, in addition to 33,000 square feet of upscale residential, 630 urban living/townhomes, 114,000 square feet of Class A medical office facilities, and redevelopment of a subterranean parking structure which will accommodate 2,250 parking space including 500 public spaces.

Star Business Park has continued to add significantly to the Frisco property tax base with hundreds of jobs created by numerous tenants including Fortune 500 companies such as Amazon and Home Depot. With more than 1.5 million square feet of commercial light industrial facilities since inception, the development has continued to grow, adding 200,000 square feet of new buildings, facilities and employers in 2024.

The city has committed to reinvestment in historic downtown, also known as the Rail District. The more than $78 million redevelopment is designed to improve walkability, create rail-themed public gathering places, and provide a venue for live music and other performances achieved by major roadway improvements, a plaza, and public parking garage. Construction began in July 2024 with anticipated completion in the second quarter of 2026.

The Frisco EDC completed the first year of its three-year innovation strategy focused on targeted initiatives to attract high-growth tech firms, corporate innovation, venture capitalist offices, and smart cities technologies to Frisco. In 2024, Frisco attracted seven technology companies, four of which are international firms, hosted several venture capitalist investors and attended the largest smart city conference participating on panels attracting smart city technology pilots and investment to Frisco.

Frisco's housing development did see a decline in single-family permitting with 1,2858 issued in 2024. There were two (2) new multi-family permits issued in 2024 value totaling $14,675,331 and seventy (70) new commercial permits issued during 2024 adding 1.69 million square feet and valued over $394 million.

Frisco is a tourism destination leader with venues and attractions that generate significant economic benefits to Frisco retailers, restaurants, hotels, as well as other businesses. Current studies from Visit Frisco show 7.5 million visitors spending $5.5 million per day with an estimated economic impact of $2.4 billion. In 2024, for the second consecutive year, Frisco hosted the 59th annual Academy of Country Music Awards (ACMA) Show at Ford Center at The Star. In addition, PGA Frisco will host the KPMG Women's Championship in June 2025, the second of six major championships over the next 12 years - including two PGA Championships, expecting to bring thousands of attendees and generate millions in economic impact.

MAJOR BUSINESSES AND INDUSTRIES LOCATED IN FRISCO

Name	Product	Number of Employees
Frisco ISD (4,595 certified teachers)	Independent School District	8,850
Dallas Cowboys	Professional Sports	2,000
City of Frisco	Municipal government	1,813
HCL Technologies LTD	Technology	1,500
ICS	Software	1,300
Keurig Dr Pepper Inc.	Retail Corporate Office	1,213
Amerisource Bergen Specialty Group	Healthcare Solutions	749
Baylor Scott White/Centennial Hospital	Hospital	567
Mario Sinacola & Sons Excavating	Construction	500
Goodman Networks Inc.	Telecommunications	463

Large shopping areas are available within 30 minutes or less driving time in the cities of McKinney, Denton, Plano and North Dallas. Medical and dental services are available locally. The City is served by two hospitals and several other hospitals are within a short driving time.

EDUCATIONAL FACILITIES . . . Frisco ISD (FISD), a public school district within the City considers itself a "Destination District" for families moving to or relocating within the North Texas area. There are currently 77 schools, including 43 elementary, 1 intermediate school, 18 middle schools, 12 high schools and 3 special program centers. Frisco ISD's student enrollment as of October 2024 was more than 66,000 students. A Bond Referendum passed in November 2018 provides capital for the FISD's continued building program through the 2025-26 school year or 72,000 students. Other ISD's in the City of Frisco include Prosper, Lewisville, and Little Elm.

The City of Frisco and University of North Texas (UNT) partnership has continued to bring the innovation of UNT to the community through the branch campus in North Central Frisco, at the southwest corner of Preston Road and Panther Creek Parkway designed to serve at least 5,000 students in the first anchor building. Collin College, a community college district in Collin County, continues to expand the Preston Ridge Campus (PRC) in Frisco with current enrollment of more than 8,500 students. In 2024, Collin College announced a new Health Sciences Center to be located at the Frisco campus in order to meet the growing needs of healthcare professional jobs across Collin County and the region.

Looking ahead to 2025 and beyond, the City anticipates continued development interest and investment as our business attraction and retention efforts, as well as our schools, public safety, infrastructure, and parks systems make Frisco one of the best places to live, work, play, educate and innovate.

COLLIN COUNTY COMMUNITY COLLEGE DISTRICT . . . A pioneer for higher learning in the North Texas region, Collin College's success has been built on quality education, diversity of programs, financial stewardship, and visionary leadership. The college was founded 35 years ago when voters overwhelmingly approved its inception on April 6, 1985. Since its beginnings, the college has continued to grow exponentially, reaching an enrollment of 36,259 in 2024. Enrollment for the Fall semester of 1985 was 1,350, and students initially met in local high schools. The first campus, McKinney Campus ("Central Park"), opened its doors in January 1986 and provided education and training in a remodeled professional building in McKinney.

As the first building opened, plans were underway for a new campus in Plano on Spring Creek Parkway. The college's Board Members were visionary in identifying a community need that had to be addressed. By 1986, enrollment soared to over 5,000 students in 635 classes. Collin College's talented staff and faculty created a learning environment unmatched in North Texas, where students received excellent teaching and services.

The only public college based in Collin County, Collin County Community College District is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to award baccalaureate degrees, associate degrees and certificates. Collin College currently has more than 100 associate degrees and certificates in a wide range of disciplines. In 2019, Collin College received preliminary notification that SACSCOC approved the college’s level change application from a Level 1 Institution to a Level II Institution, granting four-year degrees. In January 2020, Collin College began offering two new baccalaureate degrees: Bachelor of Science in Nursing and a Bachelor of Applied Technology in Cybersecurity. Following a thorough review in February 2020, the SACSCOC Substantive Change Committee had no recommendations for Collin College. The findings of this visiting team committee represent a preliminary assessment of Collin College at this time; final action on the report rests with the SACSCOC Board of Trustees.

Collin College is recognized as an institution of higher learning with preeminent faculty members who are noted authors, scholars, and scientists. Many faculty members have received prestigious designations and awards. Over the years, the college district has been well known for innovative programs and financial stewardship. The college maintained (or lowered) its tax rate for 15 consecutive years and tuition is the lowest in Texas.

Additionally, Collin College continues to expand the Preston Ridge Campus (PRC) in Frisco with current enrollment at over 8,500. Students can take advantage of unique programs and amenities that foster exploration, collaboration, and critical thinking. PRC houses the award-winning Institute of Hospitality and Culinary Education (IHCE), the National Convergence Technology Center (CTC), an impressive conference center, and a university-style central quad. The campus offers many classes, including concurrent enrollment for high school students and lower-division core classes to prepare students for transfers to university.

At the heart of Collin College are its students. These talented individuals win national awards, publish their work, while they earn degrees and certificates. The legacy of Collin College — its students —will continue to provide a significant impact, carrying the college's mission and core values throughout the world.

OTHER INSTITUTIONS OF HIGHER LEARNING . . . In addition, the following major colleges are located within a 60-mile radius of Frisco.

Austin College	Sherman, Texas
Dallas County Community College System	Dallas County, Texas
East Texas State University	Commerce, Texas
Grayson County Community College	Sherman, Texas
Southern Methodist University	Dallas, Texas
Texas Christian University	Fort Worth, Texas
Texas Woman's University	Denton, Texas
University of Dallas	Dallas, Texas
University of North Texas	Denton, Texas
University of Texas at Arlington	Arlington, Texas
University of Texas at Dallas	Dallas, Texas

TRANSPORTATION . . . Dallas/Fort Worth International Airport and Dallas Love Field are approximately 25 miles from Frisco. Burlington Northern Railroad and four motor freight lines serve the City.

The Dallas North Tollway has been completed to State Highway 380. Sam Rayburn Tollway (State Highway 121) has also opened through the City.

RECREATION . . . Nearby lakes such as Lake Lewisville, Grapevine Lake, Lake Ray Roberts (30 minutes away), and Lake Texoma (45 minutes away) provide all types of water sports, fishing, hunting and camping. Eight parks, a swimming pool, two golf courses (1 public, 1 private), recreation center, natatorium, six tennis courts and four lighted baseball fields give the community a well-rounded recreational program.

APPENDIX B

EXCERPTS FROM THE

CITY OF FRISCO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2023

The information contained in this Appendix consists of excerpts from the City of Frisco, Texas Annual Comprehensive Financial Report for the Year Ended September 30, 2023, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Independent Auditor's Report

The Mayor and City Council
City of Frisco, Texas
Frisco, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Frisco, Texas (City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and TIRZ #1 funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Forvis Mazars, LLP

Dallas, Texas
February 19, 2025

FRISCO

PROGRESS IN MOTION

Management's Discussion and Analysis

As management of the City of Frisco, (the City), we offer this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2024. In the broadest context, the financial well being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so the City's tax base, service levels, City assets and the City's desirability will be maintained, not just for the current year, but well into the future.

Financial reporting is limited in its ability to provide this "big picture", but rather focuses on financial position and changes in said financial position. In other words, are revenues and/or expenses/ expenditures higher or lower than the previous year? Has net position (containing both short-and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (starting on page vii of this report) and the statistical section (page 137), as well as information on the City Council's Strategic Goals, the Annual Budget and other community information found on the City's website at www.friscotexas.gov.

It should be noted that the Independent Auditor's Report describes the auditor's association with the various sections of this report and that all the additional information from the website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Frisco exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $2,633,366,200 (net position). The majority of the City's assets are invested in capital assets or restricted for specific purposes. The remaining $252,237,546 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fiscal policies.
- The City's net position for governmental activities increased by $111,543,493 as a result of this year's operations. Net position of the City's business-type activities increased as a result of this year's operations by $73,907,852.
- As of the close of the current fiscal year, the City of Frisco's governmental funds reported a combined ending fund balance of $777,274,946. Approximately 13% of this total is available for spending at the City's discretion (unassigned).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $99,605,373 or 41% of total General Fund expenditures.
- The deferred outflows of the City decreased by $10,763,275 or 21% during the fiscal year. This change is due to amortization of prior balances
- The deferred inflows of the City increased by $76,688,751 or 171% during the fiscal year. This is primarily due to new public private partnerships (PPPs) recorded in the current year.
- The City of Frisco's total debt increased by $82,402,878 or 8% during the fiscal year.

- The ad valorem rate for the City was $.432205 for fiscal year 2024. This tax rate supports debt service, operations and maintenance, and bond programs to construct infrastructure and city facilities. The homestead exemption for residential properties was maintained at 15% for fiscal year 2024 tax statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Frisco's basic financial statements. The City of Frisco's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and 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 City of Frisco finances, in a manner similar to a private-sector business.

The government-wide financial statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting. The *statement of net position* presents information on all the City of Frisco's assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Frisco is improving or deteriorating. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e., roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All the revenues and expenses are considered as soon as the underlying event giving rise to the item occurs, regardless of the timing 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, retirement plan liabilities and earned but unused vacation leave).

In the statement of net position and the statement of activities, the City's reporting entity is divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including police, fire, library, planning and development, traffic engineering, parks and recreation, public works, information technology services, finance, human resources and general administration. Property taxes, sales taxes, franchise taxes, charges for services and intergovernmental revenue finance most of these activities.
- Business-type activities – Includes services for which the City charges a fee to customers to cover all or most of the cost of providing such services. The City's water and sewer system operations, stormwater operations and environmental services are reported as business-type activities.
- Component units – The City includes three separate legal entities in its report – the Frisco Economic Development Corporation, the Frisco Community Development Corporation and the City of Frisco Charitable Foundation. Although legally separate, these "component units" are included because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund financial statements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the Chief Financial Officer establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. The City's three kinds of funds – governmental, proprietary and fiduciary – utilize different accounting approaches.

- Governmental funds – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is detailed in a reconciliation following each of the governmental fund financial statements.

  The City of Frisco maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Tax Increment Reinvestment Zone Fund (TIRZ), Capital Projects fund, and the Debt Service fund all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements starting on page 108 of this report.

- Proprietary funds – The City charges customers directly for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a fund type of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements, but enterprise fund financial statements provide more detail and additional information, such as cash flows.

  The City of Frisco maintains three individual enterprise funds. The City uses enterprise funds to account for its water and sewer, storm drainage, and environmental services activities. Only the water and sewer fund is considered to be a major fund of the City.

- Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government wide financial statements because resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that of proprietary funds.

  The City of Frisco maintains one fiduciary fund for the Tourism Public Improvement District.

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 accompanying notes, this report presents certain required supplementary information (RSI) concerning the City's progress in funding its obligation to provide pension benefits and other post employment benefits to the employees.

THE CITY AS A WHOLE – GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position and assets by category may serve over time as a useful indicator of the government's financial position. In the case of the City of Frisco, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $2,633,366,200 as of September 30, 2024.

By far the largest portion of the City's net position (84%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment, net of accumulated depreciation and amortization); less any related debt used to acquire those assets that is still outstanding. The City uses these capital and lease assets to provide services to citizens; consequently, the assets are not available for future spending. Although the City's investment in its capital and lease 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.

City of Frisco Net Position
September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 976,536,699	$ 829,983,719	$ 247,940,868	$ 251,143,344	$ 1,224,477,567	$ 1,081,127,063
Capital, lease, & subscription assets	2,271,083,933	2,114,269,841	599,880,152	519,572,693	2,870,964,085	2,633,842,534
Total assets	3,247,620,632	2,944,253,560	847,821,020	770,716,037	4,095,441,652	3,714,969,597
Deferred outflows of resources	34,687,138	44,242,070	4,787,253	5,995,596	39,474,391	50,237,666
Other liabilities	79,206,683	69,605,105	17,441,336	21,239,677	96,648,019	90,844,782
Long term liabilities	1,099,732,911	1,003,901,436	183,623,782	177,689,810	1,283,356,693	1,181,591,246
Total liabilities	1,178,939,594	1,073,506,541	201,065,118	198,929,487	1,380,004,712	1,272,436,028
Deferred inflows of resources	120,977,531	44,141,937	567,600	714,443	121,545,131	44,856,380
Net investment in capital assets	1,719,006,495	1,629,704,647	493,028,421	417,152,759	2,212,034,916	2,046,857,406
Restricted	140,794,627	115,789,781	28,299,111	52,921,452	169,093,738	168,711,233
Unrestricted	122,589,523	125,352,724	129,648,023	106,993,492	252,237,546	232,346,216
Total net position	$ 1,982,390,645	$ 1,870,847,152	$ 650,975,555	$ 577,067,703	$ 2,633,366,200	$ 2,447,914,855

An additional portion of the City's net position (6%) represents resources that are subject to external restrictions on how they may be used, including bond covenants. The remaining balance of unrestricted net position $252,237,546 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. As of September 30, 2024, the City is able to report positive balances in all three net position categories, both for the government, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal years.

Analysis of the City's Operations – Overall the City had an increase in net position of $185,451,345.

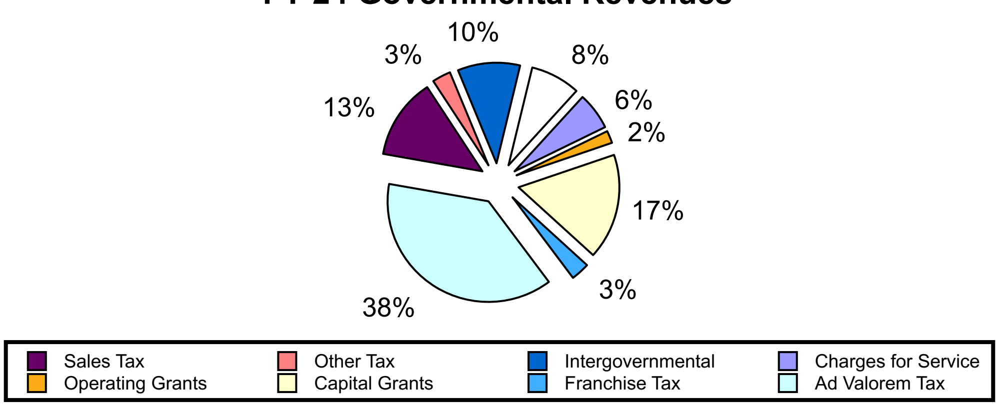
Governmental activities: Governmental activities increased the total net position by $111,543,493 or 60% of the total growth. Net investment in capital assets increased by $89,301,848 due to increases in capital investment (or projects completed during the year), net of changes in debt. Unrestricted net position showed a decrease of $(2,763,201). Restricted net position increased by $25,004,846 primarily due to increases in capital projects and restricted fees to fund the projects.

Total revenues for governmental activities decreased when compared to the prior year by $126,043,373. General revenue had an increase of $33,842,836, while program revenues had a decrease of $159,886,209. These were primarily due to the following factors:

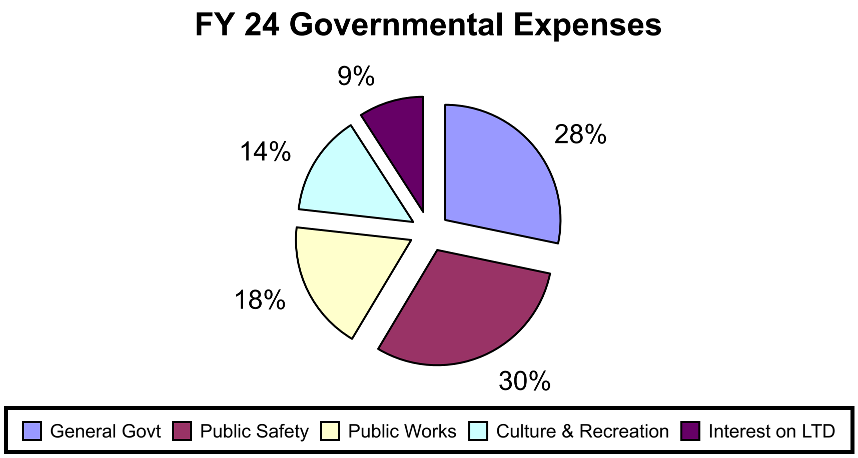
General revenues: Property tax revenue includes an increase of $16.3 million and is due to a combination of the increased value in existing property and the value generated by new improvements. Sales taxes increased $1.1 million, which continues to remain stable after a period of rapid growth following the pandemic. Franchise taxes had a net decrease of $3.3 million and other taxes showed an increase of $2.7 million. Intergovernmental revenues increased $5.8 million due to increases in contributions for debt commitments and capital projects. Investment earnings increased by $11.3 million due to the improvement in overall market conditions, high interest rates and a larger portfolio balance.

Program revenues: Charges for services decreased by $0.9 million during the year, primarily due to decreases in building permits. Operating grants and contributions increased this fiscal year due to increased services for deployments and resource officers. Capital contributions decreased $159 million during the year, primarily due to the capital asset contributions under the master development agreement between the City and Omni PGA Frisco in the previous year.

FY 24 Governmental Revenues



Total expenses for governmental activities increased $29 million or 8%, which is incremental with providing services to the growing population and a result of operating with the effects of post COVID inflation. General government expenses include a payment of $25.8 million to Frisco Independent School District as part of the agreement with the TIRZ to provide property tax revenue generated in the TIRZ for school district construction expenses. Incurred expenses of $129.3 million were to provide public safety to the citizens of Frisco. These expenses were somewhat offset by the collection of revenues from various sources, including grant income and charges for services. Public works incurred significant expenses of $75 million to provide roadway repairs and traffic control/signals for the citizens. These expenses include depreciation for City infrastructure. Total salaries and benefits for the governmental activities totaled approximately $170.0 million or 41% of the total, while depreciation expense totaled $97.0 million or 24%.



Business-type activities: Net position from business-type activities increased by $73,907,852 accounting for the remaining total growth. Program revenues of the City's business-type activities were $237,497,097 for the fiscal year, a 16% increase over the prior fiscal year mainly due to increases to water and sewer rates to cover increased operating costs. Operating expenses increased by 7% for a total of $168,283,049. Additional factors include the following:

> The City's water and sewer system recorded charges for services of $151,885,800 and impact fees and contributions of $47,984,733. Total operating expenses were $138,379,550. The most significant expenses of the water and sewer fund were $51,616,573 to purchase water, $31,620,963 for the cost of sewage treatment, $23,200,317 for depreciation and $17,804,227 for salaries and benefits.

City of Frisco's Changes in Net Position
For the years ended
September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	$ 33,044,314	$ 33,981,803	$ 188,104,273	$ 172,495,548	$ 221,148,587	$ 206,477,351
Operating grants and contributions	8,192,900	7,730,605	20,311	15,534	8,213,211	7,746,139
Capital grants and contributions	83,996,036	243,407,051	49,372,513	32,351,274	133,368,549	275,758,325
Total program revenues	125,233,250	285,119,459	237,497,097	204,862,356	362,730,347	489,981,815
General revenues						
Ad valorem tax	203,270,427	186,988,575	—	—	203,270,427	186,988,575
Sales tax	69,858,143	68,795,969	—	—	69,858,143	68,795,969
Franchise tax	12,971,305	16,257,923	—	—	12,971,305	16,257,923
Other tax	15,061,554	12,353,142	—	—	15,061,554	12,353,142
Intergovernmental	49,284,634	43,525,136	2,136,996	8,324,110	51,421,630	51,849,246
Investment earnings	42,774,755	31,457,237	11,109,390	8,176,067	53,884,145	39,633,304
Total general revenues	393,220,818	359,377,982	13,246,386	16,500,177	406,467,204	375,878,159
Total revenues	518,454,068	644,497,441	250,743,483	221,362,533	769,197,551	865,859,974
Expenses						
General government	113,278,014	107,480,307	—	—	113,278,014	107,480,307
Public safety	129,266,692	122,379,383	—	—	129,266,692	122,379,383
Public works	74,720,050	71,000,153	—	—	74,720,050	71,000,153
Culture and recreation	57,101,287	43,578,414	—	—	57,101,287	43,578,414
Interest	36,018,232	36,546,363	—	—	36,018,232	36,546,363
Water and sewer	—	—	143,458,432	131,605,087	143,458,432	131,605,087
Other enterprise funds	—	—	29,903,499	30,115,945	29,903,499	30,115,945
Total expenses	410,384,275	380,984,620	173,361,931	161,721,032	583,746,206	542,705,652
Increase in net position before transfers	108,069,793	263,512,821	77,381,552	59,641,501	185,451,345	323,154,322
Transfers	3,473,700	5,937,762	(3,473,700)	(5,937,762)	—	—
Increase in net position	111,543,493	269,450,583	73,907,852	53,703,739	185,451,345	323,154,322
Net position, October 1	1,870,847,152	1,600,909,860	577,067,703	523,363,964	2,447,914,855	2,124,273,824
Change in accounting principle	—	486,709	—	—	—	486,709
Net position, October 1 adjusted	1,870,847,152	1,601,396,569	577,067,703	523,363,964	2,447,914,855	2,124,760,533
Net position, September 30	$ 1,982,390,645	$ 1,870,847,152	$ 650,975,555	$ 577,067,703	$ 2,633,366,200	$ 2,447,914,855

THE CITY'S FUNDS

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

At the close of the City's fiscal year on September 30, 2024, the governmental funds of the City reported a combined fund balance of $777,274,946, an increase of $59,090,827 in comparison with the prior year. Unassigned fund balance, which is available for spending at the government's discretion, constitutes $99,605,373 of this balance. The remainder of fund balance is non-spendable, restricted, committed or assigned. 1) Non-spendable fund balances of $10,990,473 includes prepaids, leases, and inventories held by the government, 2) Restricted balances includes bond proceeds and other assets restricted for capital projects $463,561,320, reserves to pay debt service $10,015,182, impact fee revenues restricted for capital project funding $68,611,593, TIRZ #1 balances for other purposes $16,384,267, and other special revenues restricted for a specific purpose $16,920,272, 3) Committed funds included commitments made by resolution by the governing body for insurance reserves and other post-employment benefits (OPEB) $25,975,816, workforce housing programs $301,381 and the capital reserve fund $24,909,269. 4) Assigned fund included commitments made by management for equipment and deferred maintenance $20,000,000 and infrastructure $20,000,000.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $99,605,373, while total fund balance reached $197,860,010. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41% of total General Fund expenditures, while total fund balance represents 81% of that same amount. The fund balance of the City's General Fund increased $23,127,445 during the current fiscal year attributed mainly to increases in collections for property tax, and investment earnings while expenditures for most functional areas were less than originally budgeted. Property tax increases were mainly attributable to an 5% increase in taxable value and 4% increase in new developments. Investment earning saw higher returns due to market conditions.

The TIRZ #1 Fund has a total fund balance of $17,219,699. This amount is restricted for future projects within the zone. The changes in the fund balance are attributed to increased property tax and intergovernmental revenue with decreased expenditures.

The Capital Projects Fund has a total fund balance of $466,007,002. The fund balance represents unspent bond proceeds, interest earnings, and grant receivables for roads, facilities and parks. The increase in fund balance is due to debt issuance in 2024 that will be expended in future periods. The revenue recognized is for interest earnings on bond proceeds, intergovernmental/developer agreements for shared costs projects and charges for services.

The Debt Service fund has a total fund balance of $10,015,182, all restricted for retirement of City debt. This is an increase from the previous fiscal year of $3,068,832. This increase is mostly due to higher property tax collections. Additionally, excess collections over the amount required for debt service are used in future years to reduce the tax rate needed to service debt or refund outstanding debt obligation early.

Proprietary Funds – The City of Frisco'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 enterprise funds at September 30, 2024 totaled $129,648,023. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

For FY24 there were no restrictions, commitments, or other limitations significantly affecting the availability of fund resources for future use.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY24, the City Council approved a final appropriation in September 2024 with the total amount of the appropriation equaling $271 million including transfers out to other City funds**.** Amendments were made to reallocate funds appropriated to more accurately account for estimated revenues and expenditures.

With the budget amendments made during the fiscal year, the actual expenditures on a budgetary basis were $248 million compared to the re-estimated (revised) budget amount of $270 million. The $22 million variance in total expenditures (excluding transfers out) is attributed to savings in the General Fund for operational dollars budgeted but not required or expended by September 30. This variance includes professional/contract service expenditures, sales tax grants, capital outlay and salaries budgeted but not expended.

The actual (on a budgetary basis excluding transfers in) revenues were $259 million as compared to the re-estimated (revised) budget amount of $253 million excluding transfers. The $6 million variance in total revenues is attributed to increases over projections in franchise taxes, investment earnings, intergovernmental revenues, and charges for services collections, with decreases under projections in sales tax and licenses and permits.

CAPITAL, LEASE, AND SUBSCRIPTION ASSETS AND DEBT, LEASE, AND SUBSCRIPTION OBLIGATION ADMINISTRATION

Capital, lease, and subscription assets. At the end of the year, the City had $4.3 billion invested in a broad range of capital, lease, and subscription assets, including land, buildings, park facilities, roads, bridges, water and sewer lines, police and fire equipment, and public works operating equipment and machinery. This amount represents a net increase (including additions and deductions) of $357 million over the prior fiscal year. Total accumulated depreciation and amortization as of September 30, 2024, was $1.5 billion for net capital, lease, and subscription assets of $2.87 billion.

Capital, Lease, and Subscription Assets September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	$ 403,799,469	$ 398,995,062	$ 11,869,818	$ 11,379,818	$ 415,669,287	$ 410,374,880
Intangible assets	92,227	92,227	—	—	92,227	92,227
Building & improvements	901,997,183	835,449,937	19,539,887	10,178,723	921,537,070	845,628,660
Machinery & equipment	139,254,116	127,658,763	16,257,202	14,387,630	155,511,318	142,046,393
Construction-in-progress	146,609,839	158,313,140	83,075,237	59,804,379	229,685,076	218,117,519
Improvements other than buildings	1,826,676,542	1,648,099,495	773,554,273	705,581,770	2,600,230,815	2,353,681,265
Right-to-use leased buildings	653,456	653,456	—	—	653,456	653,456
Right-to-use leased equipment	753,331	662,701	96,504	96,504	849,835	759,205
Right-to-use SBITAs	6,134,832	1,635,238	208,416	182,435	6,343,248	1,817,673
Total capital, lease, and subscription assets	3,425,970,995	3,171,560,019	904,601,337	801,611,259	4,330,572,332	3,973,171,278
Less:						
Accumulated depreciation/ amortization	(1,154,887,062)	(1,057,290,178)	(304,721,185)	(282,038,566)	(1,459,608,247)	(1,339,328,744)
Total	$ 2,271,083,933	$ 2,114,269,841	$ 599,880,152	$ 519,572,693	$ 2,870,964,085	$ 2,633,842,534

Land purchased included various right-of-ways for roads and utilities. Improvements other than buildings include park construction projects and the developer contributions for road construction throughout the City, as well as traffic signals and lighting projects. Vehicles, machinery and some equipment were added during the year based on our equipment replacement schedule. For FY24, notable additions include $22 million in building improvements including the police headquarters and city hall remodels, and construction of Fire Station #10, $10 million in park development, $150 million towards roads and traffic systems, and $58 million towards water and sewer system improvements.

The City's 2024 Capital Project Multi-Year Budget called for a continuation of the Capital Project Plan. Funding for several major roadway projects, Grand Park and other community parks, fire equipment, facility expansions and new construction, and utility system infrastructure were included in the 2024 Plan.

Additional information regarding capital assets can be found in Note 6 beginning on page 65.

Debt, lease, and subscription obligation administration. At year-end, the City had $1.16 billion in debt, lease, and subscription obligations outstanding as compared to $1.08 billion at the end of the prior fiscal year, an increase of 8% – as shown below.

Outstanding Debt, Lease, and Subscription Obligations September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
General obligation bonds	$ 706,427,046	$ 660,517,678	$ 34,760,585	$ 34,026,011	$ 741,187,631	$ 694,543,689
Certificates of obligation bonds	281,174,240	252,329,588	137,070,609	132,689,622	418,244,849	385,019,210
Leases & SBITAs payable	4,296,969	1,650,194	32,809	146,287	4,329,778	1,796,481
Totals	$ 991,898,255	$ 914,497,460	$ 171,864,003	$ 166,861,920	$ 1,163,762,258	$ 1,081,359,380

In August 2024, the City of Frisco issued General Obligation Refunding and Improvement Bonds, Series 2024 in the amount of $100,750,000 with a net premium of $9,636,329. Proceeds of the sale of the Bonds are to be used for (i) financing permanent improvements for Police and Fire, Streets, Parks, and Downtown Parking Garage; (ii) to refund $20,665,000 of General Obligation Refunding and Improvement Bonds, Series 2014, and Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014 for debt service savings and (iii) to pay the costs associated with the issuance of the Bonds. The current refunding resulted in the reacquisition price exceeding the net carrying amount of the old debt by $132,189. As a result of the transaction, the City reduced total debt service payments by $941,890 and resulted in an economic gain of $811,856.

In August 2024, the City of Frisco issued General Obligation Bonds, Taxable Series 2024 in the amount of $8,970,000 with a net premium of $240,146. Proceeds of the sale of the Bonds are to be used for financing the construction of a parking garage downtown.

In August 2024, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024 A in the amount of $55,565,000 with a net premium of $5,012,597. Proceeds from the sale of the Certificates will be used for (i) constructing improvements and extensions to the City's combined waterworks and sewer system and water re-use system consisting of transmission lines, pump stations and ground storage; (ii) construction of Northwest Community Park and (iii) to pay the costs associated with the issuance of the Certificates.

Additional information regarding the City's outstanding debt can be found in Note 8 beginning on page 69.

The City's assigned ratings for general obligation bonds and certificates of obligation bonds were as follows during FY 2024:

	Standard & Poor's Corporation	Moody's Investor Services
General Obligation Bonds	AAA	Aaa
Certificates of Obligation Bonds	AAA	Aaa

This rating has been assigned to the City's tax-supported debt. The City is permitted by state law and provisions to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of general obligation debt to assessed value of all taxable property is 1.54%. In June 2024, the City's assigned ratings for general obligation bonds and certificates of obligation bonds were affirmed by Moody's at Aaa and by Standard & Poor's at AAA.

Authorized bonds remain unissued from the 2006, 2019, and the 2023 Election as outlined in the table below:

Authorized but Unissued Debt
September 30, 2024

	Voted Bonds	Issued Prior Years	Issued FY 2024	Unissued Balance	
Election May 13, 2006					
Branch Library (Prop. 5)	$ 8,000,000	$ —	$ —	$ 8,000,000	(1)
Senior Center (Prop. 7)	2,500,000	—	—	2,500,000	(1)
Grand Park (Prop.12)	22,500,000	22,500,000	—	—	
Remaining	33,000,000	22,500,000	—	10,500,000	
Election May 4, 2019					
Public Safety (Prop. A)	62,500,000	47,500,000	—	15,000,000	
Street Improvements (Prop. B)	155,000,000	155,000,000	—	—	
Parks, Trails and Rec Facilities (Prop. E)	53,500,000	35,700,000	2,500,000	15,300,000	
Remaining	271,000,000	238,200,000	2,500,000	30,300,000	
Election May 2, 2023					
Public Safety (Prop. A)	131,400,000	—	30,600,000	100,800,000	
Street Improvements (Prop. B)	240,000,000	30,800,000	39,180,000	170,020,000	
Parks/Administration/Logistics Operations Center (Prop. C)	39,000,000	—	4,000,000	35,000,000	
Parks, Trails and Rec Facilities (Prop. D)	43,000,000	5,000,000	4,000,000	34,000,000	
City Owned Parking Garage Downtown (Prop. E)	20,000,000	2,000,000	18,000,000	—	
Remaining	473,400,000	37,800,000	95,780,000	339,820,000	
Total Authorized/Unissued Bonds	$ 777,400,000	$ 298,500,000	$ 98,280,000	$ 380,620,000	

(1) These authorizations will not be issued

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2025 budget appropriation, tax rates, and fees that will be charged for the business-type activities.

Current economic indicators were considered when adopting the General Fund budget for FY 2025. The combined budget appropriation totaled $273.5 million. This represents an increase of $3.3 million from the FY 2024 revised budget.

The General Fund's largest revenue source is property tax receipts. Ad valorem tax revenue is determined by two major factors: the total assessed value established by the Central Appraisal District of Collin County and Central Appraisal District of Denton County, and the tax rate established by the Frisco City Council. For the new fiscal year, we saw gains in new improvements of 3.84%, and a gain on existing property of 1.62%. According to final figures received from the CADs, the total certified assessed taxable property value for FY 2025 is $48.9 billion. Council approved a tax rate of $0.425517 per $100 of valuation, a decrease from the FY 2024 tax rate of $0.432205. The homestead tax exemption for FY 2025 remained at 15%.

As for the City's business-type activities, City projections indicate that the water and sewer fund unrestricted net position will be approximately $115.7 million. A fee increase for water sales and sewer services was approved and effective in January 2025. Appropriations are to be used for capital projects in the utility construction projects fund, operating expenses, as well as bond interest and fiscal charges.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT STAFF

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at 6101 Frisco Square Boulevard, 4th Floor Finance Office, Frisco, Texas 75034. The Finance Department also presents the *Citizen's Annual Financial Report*, a condensed version of the financial position presented in the ACFR, online at the City's website www.friscotexas.gov.

BASIC FINANCIAL STATEMENTS

FRISCO

PROGRESS IN MOTION

City of Frisco
Statement of Net Position
September 30, 2024

	Primary Government			
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Units**
Cash and cash equivalents	$ 415,902,816	$ 68,065,750	$ 483,968,566	$ 90,352,325
Investments	274,726,208	55,079,832	329,806,040	64,227,222
Receivables (net of allowance for uncollectibles)	34,259,954	25,473,339	59,733,293	12,308,482
Leases receivables	4,218,132	—	4,218,132	47,911
PPP receivables	113,274,629	—	113,274,629	184,113
Inventories	4,620,560	2,159,621	6,780,181	—
Prepaids	5,365,480	80,279	5,445,759	80,489
Restricted assets:				
Cash and cash equivalents	94,353,686	57,567,041	151,920,727	43,823,601
Investments	29,410,234	39,515,006	68,925,240	1,800,000
Notes receivable - noncurrent	405,000	—	405,000	—
Land held for resale	—	—	—	60,162,836
Capital, lease, & subscription assets:				
Nondepreciable	550,501,535	94,945,055	645,446,590	89,386,163
Depreciable (net)	1,720,582,398	504,935,097	2,225,517,495	4,017,890
Total assets	3,247,620,632	847,821,020	4,095,441,652	366,391,032
DEFERRED OUTFLOWS OF RESOURCES				
Pension items	27,746,286	3,508,149	31,254,435	637,845
OPEB items	1,238,571	156,599	1,395,170	28,473
Deferred charge on bond refunding	5,702,281	1,122,505	6,824,786	36,349
Total deferred outflows of resources	34,687,138	4,787,253	39,474,391	702,667
LIABILITIES				
Accounts and retainage payable	45,644,754	8,616,033	54,260,787	4,164,874
Accrued liabilities	1,520,004	524,316	2,044,320	55,948
Accrued interest payable	5,020,210	3,268,668	8,288,878	301,579
Customer deposits	—	5,005,203	5,005,203	25,000
Unearned revenue	5,893,360	—	5,893,360	—
Monies held in escrow	21,128,355	27,116	21,155,471	—
Noncurrent liabilities:				
Due within one year:				
Compensated absences	10,558,751	1,367,452	11,926,203	144,908
Leases & subscriptions payable	1,784,768	23,081	1,807,849	8,285
Bonds and notes payable	59,425,000	13,250,000	72,675,000	6,110,000
Due in more than one year:				
Compensated absences	18,477,177	1,793,691	20,270,868	193,606
Pensions	49,607,290	6,272,186	55,879,476	1,140,397
OPEB	3,618,570	457,520	4,076,090	83,187
Pollution remediation obligations	—	—	—	34,721,342
Arbitrage rebates payable	8,243,186	1,868,930	10,112,116	—
Developer payable	17,329,682	—	17,329,682	—
Leases & subscriptions payable	2,512,201	9,728	2,521,929	10,013
Bonds and notes payable	928,176,286	158,581,194	1,086,757,480	66,165,827
Total liabilities	1,178,939,594	201,065,118	1,380,004,712	113,124,966
DEFERRED INFLOWS OF RESOURCES				
Pension items	1,354,970	171,317	1,526,287	31,149
OPEB items	3,134,233	396,283	3,530,516	72,050
Lease related	4,046,160	—	4,046,160	45,994
PPP related	112,442,168	—	112,442,168	178,487
Total deferred inflows of resources	120,977,531	567,600	121,545,131	327,680
NET POSITION				
Net investment in capital assets	1,719,006,495	493,028,421	2,212,034,916	32,011,984
Restricted for:				
Capital projects	100,873,059	28,299,111	129,172,170	—
Tax increment reinvestment zones	20,178,480	—	20,178,480	—
Other purposes	13,917,465	—	13,917,465	—
Debt service	5,825,623	—	5,825,623	—
Community development	—	—	—	105,908,245
Economic development	—	—	—	115,720,824
Unrestricted	122,589,523	129,648,023	252,237,546	—
Total net position	$ 1,982,390,645	$ 650,975,555	$ 2,633,366,200	$ 253,641,053

The notes to the basic financial statements are an integral part of this statement.

City of Frisco

Statement of Activities

For the Year Ended September 30, 2024

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental activities:				
General government	$ 113,278,014	$ 13,006,154	$ 597,259	$ 1,768,082
Public safety	129,266,692	12,513,927	4,152,370	310,812
Public works	74,720,050	112,984	117,607	71,726,425
Culture and recreation	57,101,287	7,411,249	3,325,664	10,190,717
Interest on long-term debt	36,018,232	—	—	—
Total governmental activities	410,384,275	33,044,314	8,192,900	83,996,036
Business-type activities:				
Water and sewer	143,458,432	152,091,454	3,934	49,013,828
Stormwater drainage	3,590,847	6,071,832	16,377	358,685
Environmental services	26,312,652	29,940,987	—	—
Total business-type activities	173,361,931	188,104,273	20,311	49,372,513
Total primary government	$ 583,746,206	$ 221,148,587	$ 8,213,211	$ 133,368,549
Component units:				
Community development	$ 32,211,861	$ 969,971	$ —	$ —
Economic development	19,784,598	46,209	78,744	—
Charitable foundation	1,350	—	1,500	—
Total component units	$ 51,997,809	$ 1,016,180	$ 80,244	$ —

General revenues:

Ad valorem taxes

Sales taxes

Franchise taxes

Other taxes

Ad valorem tax for TIRZ funds, intergovernmental revenues

Investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (97,906,519)	$ —	$ (97,906,519)	
(112,289,583)	—	(112,289,583)	
(2,763,034)	—	(2,763,034)	
(36,173,657)	—	(36,173,657)	
(36,018,232)	—	(36,018,232)	
(285,151,025)	—	(285,151,025)	
—	57,650,784	57,650,784	
—	2,856,047	2,856,047	
—	3,628,335	3,628,335	
—	64,135,166	64,135,166	
(285,151,025)	64,135,166	(221,015,859)	
			$ (31,241,890)
			(19,659,645)
			150
			(50,901,385)
203,270,427	—	203,270,427	—
69,858,143	—	69,858,143	69,858,144
12,971,305	—	12,971,305	—
15,061,554	—	15,061,554	—
49,284,634	2,136,996	51,421,630	5,196,573
42,774,755	11,109,390	53,884,145	10,221,171
3,473,700	(3,473,700)	—	—
396,694,518	9,772,686	406,467,204	85,275,888
111,543,493	73,907,852	185,451,345	34,374,503
1,870,847,152	577,067,703	2,447,914,855	219,266,550
$ 1,982,390,645	$ 650,975,555	$ 2,633,366,200	$ 253,641,053

City of Frisco
Balance Sheet
Governmental Funds
September 30, 2024

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 78,280,709	$ 16,200,175	$ 332,964,349	$ 10,088,867	$ 72,722,402	$ 510,256,502
Investments	121,038,281	—	153,687,927	—	29,410,234	304,136,442
Receivables (net of allowance for uncollectibles):						
Property taxes	1,464,423	—	—	772,633	—	2,237,056
Sales taxes	11,838,242	—	—	—	—	11,838,242
Franchise taxes	7,110,633	—	—	—	40,293	7,150,926
Occupancy tax	—	—	—	—	1,286,761	1,286,761
Grants	—	—	7,247,416	—	301,488	7,548,904
Leases receivables	2,735,372	1,220,069	—	—	262,691	4,218,132
PPP receivables	—	113,274,629	—	—	—	113,274,629
Other	1,921,913	662,829	1,410,818	—	202,505	4,198,065
Due from other funds	—	—	78,417	—	—	78,417
Inventories	4,620,560	—	—	—	—	4,620,560
Prepaids	2,284,967	—	2,445,682	—	634,831	5,365,480
Notes receivable	32,000	—	373,000	—	—	405,000
Total assets	$ 231,327,100	$ 131,357,702	$ 498,207,609	$ 10,861,500	$ 104,861,205	$ 976,615,116
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	20,797,421	6,352	16,263,760	59,693	4,899,068	42,026,294
Retainage payable	87,941	—	3,530,519	—	—	3,618,460
Accrued liabilities	1,468,857	—	—	—	51,147	1,520,004
Unearned revenue	1,028,558	—	—	—	4,864,802	5,893,360
Monies held in escrow	84,258	472,385	12,033,328	—	8,538,384	21,128,355
Due to other funds	—	—	—	—	78,417	78,417
Total liabilities	23,467,035	478,737	31,827,607	59,693	18,431,818	74,264,890
Deferred inflows of resources:						
Unavailable revenue	7,427,327	—	373,000	786,625	—	8,586,952
Leases related	2,572,728	1,217,098	—	—	256,334	4,046,160
PPP related	—	112,442,168	—	—	—	112,442,168
Total deferred inflows of resources	10,000,055	113,659,266	373,000	786,625	256,334	125,075,280
FUND BALANCES						
Nonspendable	7,068,171	835,432	2,445,682	—	641,188	10,990,473
Restricted for:						
Debt service	—	—	—	10,015,182	—	10,015,182
Capital projects for future construction:						
Roads & traffic systems	—	—	222,509,434	—	29,618,845	252,128,279
Facilities	—	—	171,517,688	—	—	171,517,688
Parks	—	—	69,534,198	—	38,992,748	108,526,946
Special revenue for future commitments:						
Tax increment reinvestment zones	—	16,384,267	—	—	2,958,781	19,343,048
Hotel/motel	—	—	—	—	12,114,435	12,114,435
Traffic control enforcement	—	—	—	—	19,225	19,225
Court fees	—	—	—	—	159,131	159,131
PEG Cable	—	—	—	—	1,668,700	1,668,700
Committed to:						
Insurance	25,975,816	—	—	—	—	25,975,816
Workforce housing	301,381	—	—	—	—	301,381
Capital projects for future construction	24,909,269	—	—	—	—	24,909,269
Assigned to:						
Equipment and deferred maintenance	20,000,000	—	—	—	—	20,000,000
Infrastructure	20,000,000	—	—	—	—	20,000,000
Unassigned	99,605,373	—	—	—	—	99,605,373
Total fund balances	197,860,010	17,219,699	466,007,002	10,015,182	86,173,053	777,274,946
Total liabilities, deferred inflows of resources, and fund balances	$ 231,327,100	$ 131,357,702	$ 498,207,609	$ 10,861,500	$ 104,861,205	$ 976,615,116

The notes to the basic financial statements are an integral part of this statement.

City of Frisco

Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2024

Total fund balances per balance sheet	$ 777,274,946
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported at the fund level.	2,271,083,933
Deferred outflows of resources related to pensions, OPEB and deferred amounts on bond refundings are not financial resources and, therefore, are not reported at the fund level.	34,687,138
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are unavailable at the fund level.	8,586,952
Long-term liabilities, including bonds payable, leases and SBITA payable, pension liabilities, OPEB, compensated absences, and accrued interest payable are not due and payable in the current period and, therefore, are not reported at the fund level.	(1,104,753,121)
Deferred inflows of resources related to pensions and OPEB are not liabilities and do not require current financial resources, therefore, are not reported at the fund level.	(4,489,203)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 1,982,390,645

The notes to the basic financial statements are an integral part of this statement.

City of Frisco
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2024

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$126,631,589	$ 11,256,611	$ —	$ 62,170,084	$ 2,222,930	$ 202,281,214
Sales	69,374,340	—	—	—	483,803	69,858,143
Franchise	13,326,042	—	—	—	177,302	13,503,344
Hotel/motel	—	—	—	—	12,959,430	12,959,430
Other	2,102,124	—	—	—	—	2,102,124
Licenses and permits	8,612,363	—	—	—	—	8,612,363
Intergovernmental	3,681,499	28,555,771	513,079	—	3,246,597	35,996,946
Charges for services	12,527,078	—	906,150	—	—	13,433,228
Fines	2,234,477	—	—	—	168,677	2,403,154
Special assessments	—	—	—	—	14,323,108	14,323,108
Rents	2,745,442	3,337,558	—	—	5,996	6,088,996
Investment earnings	12,719,088	1,690,540	22,546,222	1,161,988	4,657,620	42,775,458
Contributions, donations and grants	172,788	27,900	20,557,058	—	3,135,607	23,893,353
Payments from component units	3,198,644	4,420,327	8,240,635	4,647,552	204,495	20,711,653
Miscellaneous	1,453,866	410,292	—	—	93,026	1,957,184
Total revenues	258,779,340	49,698,999	52,763,144	67,979,624	41,678,591	470,899,698
EXPENDITURES						
Current:						
General government	62,115,670	27,100,215	—	—	391,399	89,607,284
Public safety	118,090,596	—	—	—	1,006,073	119,096,669
Public works	16,804,931	—	—	—	2,200	16,807,131
Culture and recreation	30,025,507	—	—	—	11,839,623	41,865,130
Capital outlay (includes $5,505,775 not capitalized)	16,917,229	—	178,885,192	—	1,597,358	197,399,779
Debt service:						
Principal retirement	1,671,349	—	—	55,770,000	264,100	57,705,449
Interest and fiscal charges	58,158	—	3,318,485	33,660,097	111	37,036,851
Total expenditures	245,683,440	27,100,215	182,203,677	89,430,097	15,100,864	559,518,293
Excess (Deficiency) of revenues over (under) expenditures	13,095,900	22,598,784	(129,440,533)	(21,450,473)	26,577,727	(88,618,595)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	—	—	127,850,000	—	—	127,850,000
Issuance of refunding debt	—	—	—	11,190,000	—	11,190,000
Premium on bonds issued	—	—	11,701,285	1,045,728	—	12,747,013
Discount on bonds issued	—	—	(249,778)	—	—	(249,778)
Payment to refunded debt escrow agent	—	—	—	(12,435,273)	—	(12,435,273)
Lease financing	86,846	—	—	—	3,784	90,630
SBITA financing	3,405,864	—	—	—	1,085,731	4,491,595
Proceeds from sale of assets	551,535	—	—	—	—	551,535
Transfers in	6,424,527	535,036	16,449,649	24,718,850	2,629,814	50,757,876
Transfers out	(437,227)	(18,085,429)	(5,782,085)	—	(22,979,435)	(47,284,176)
Total other financing sources and uses	10,031,545	(17,550,393)	149,969,071	24,519,305	(19,260,106)	147,709,422
Net change in fund balances	23,127,445	5,048,391	20,528,538	3,068,832	7,317,621	59,090,827
Fund balances, beginning	174,732,565	12,171,308	445,478,464	6,946,350	78,855,432	718,184,119
Fund balances, ending	$197,860,010	$ 17,219,699	$466,007,002	$ 10,015,182	$ 86,173,053	$ 777,274,946

The notes to the basic financial statements are an integral part of this statement.

City of Frisco

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

Net change in fund balances - total governmental funds	$ 59,090,827
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and developer's contributions exceeded depreciation in the current period.	139,484,410
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	466,493
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 these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(78,300,742)
Some expenses and revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds. Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balances and as actuarially determined in the government-wide statement of activities.	(9,197,495)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 111,543,493

The notes to the basic financial statements are an integral part of this statement.

City of Frisco

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES						
Taxes:						
Property	$ 125,276,622	$ 125,276,623	$ 126,631,589	$ —	$ 126,631,589	$ 1,354,966
Sales	72,711,737	70,302,752	69,374,340	—	69,374,340	(928,412)
Franchise	12,301,520	12,301,520	13,326,042	—	13,326,042	1,024,522
Other	1,312,772	1,312,772	2,102,124	—	2,102,124	789,352
Licenses and permits	12,687,153	9,986,851	8,612,363	—	8,612,363	(1,374,488)
Intergovernmental	3,401,420	3,375,130	3,681,499	—	3,681,499	306,369
Charges for services	10,526,869	10,529,868	12,527,078	—	12,527,078	1,997,210
Fines	1,590,816	1,824,417	2,234,477	—	2,234,477	410,060
Rents	3,215,520	3,215,520	2,745,442	—	2,745,442	(470,078)
Investment earnings	5,848,380	9,494,070	12,719,088	—	12,719,088	3,225,018
Contributions, donations and grants	243,955	245,245	172,788	—	172,788	(72,457)
Payments from component units	3,198,644	3,198,644	3,198,644	—	3,198,644	—
Miscellaneous	1,830,636	1,594,036	1,453,866	—	1,453,866	(140,170)
Total revenues	254,146,044	252,657,448	258,779,340	—	258,779,340	6,121,892
EXPENDITURES						
Current:						
General government	72,696,806	73,024,847	62,115,670	636,360	62,752,030	10,272,817
Public safety	125,668,389	124,008,521	118,090,596	(159,914)	117,930,682	6,077,839
Public works	21,248,355	20,785,471	16,804,931	107,586	16,912,517	3,872,954
Culture and recreation	31,747,946	32,841,633	30,025,507	68,916	30,094,423	2,747,210
Capital outlay	17,626,405	19,588,509	16,917,229	1,552,028	18,469,257	1,119,252
Debt service:						
Principal retirement	—	—	1,671,349	—	1,671,349	(1,671,349)
Interest and fiscal charges	—	—	58,158	—	58,158	(58,158)
Total expenditures	268,987,901	270,248,981	245,683,440	2,204,976	247,888,416	22,360,565
Excess (Deficiency) of revenues over (under) expenditures	(14,841,857)	(17,591,533)	13,095,900	(2,204,976)	10,890,924	28,482,457
OTHER FINANCING SOURCES (USES)						
Lease financing	—	—	86,846	—	86,846	86,846
SBITA financing	—	—	3,405,864	—	3,405,864	3,405,864
Proceeds from sale of assets	—	—	551,535	—	551,535	551,535
Transfers in	6,103,896	6,103,896	6,424,527	—	6,424,527	320,631
Transfers out	(300,000)	(300,000)	(437,227)	—	(437,227)	(137,227)
Total other financing sources and uses	5,803,896	5,803,896	10,031,545	—	10,031,545	4,227,649
Net change in fund balances	(9,037,961)	(11,787,637)	23,127,445	(2,204,976)	20,922,469	32,710,106
Fund balances, beginning	148,903,700	174,732,563	174,732,565	(4,737,273)	169,995,292	(4,737,271)
Fund balances, ending	$ 139,865,739	$ 162,944,926	$ 197,860,010	$ (6,942,249)	$ 190,917,761	$ 27,972,835

Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis
For Fiscal Year Ended September 30, 2024

	Net Change in Fund Balance
GAAP basis	$ 23,127,445
Expenditures:	
Increase due to encumbrances from prior year	4,737,273
Decrease due to encumbrances for current year	(6,942,249)
Budgetary basis	$ 20,922,469

The notes to the basic financial statements are an integral part of this statement.

City of Frisco

TIRZ #1 Fund Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Property	11,364,092	11,256,611	11,256,611	—	11,256,611	—
Intergovernmental	33,401,000	28,555,771	28,555,771	—	28,555,771	—
Rents	3,971,386	3,971,386	3,337,558	—	3,337,558	(633,828)
Investment earnings	300,000	937,339	1,690,540	—	1,690,540	753,201
Contributions, donations and grants	—	—	27,900	—	27,900	27,900
Payments from component units	4,420,327	4,420,327	4,420,327	—	4,420,327	—
Miscellaneous	—	—	410,292	—	410,292	410,292
Total revenues	53,456,805	49,141,434	49,698,999	—	49,698,999	557,565
EXPENDITURES						
Current:						
General government	32,908,418	28,273,466	27,100,215	—	27,100,215	1,173,251
Total expenditures	32,908,418	28,273,466	27,100,215	—	27,100,215	1,173,251
Excess of revenues over expenditures	20,548,387	20,867,968	22,598,784	—	22,598,784	1,730,816
OTHER FINANCING SOURCES (USES)						
Transfers in	535,036	535,036	535,036	—	535,036	—
Transfers out	(19,085,429)	(18,085,429)	(18,085,429)	—	(18,085,429)	—
Total other financing sources and uses	(18,550,393)	(17,550,393)	(17,550,393)	—	(17,550,393)	—
Net change in fund balances	1,997,994	3,317,575	5,048,391	—	5,048,391	1,730,816
Fund balances, beginning	9,087,094	12,171,308	12,171,308	—	12,171,308	—
Fund balances, ending	$ 11,085,088	$ 15,488,883	$ 17,219,699	$ —	$ 17,219,699	$ 1,730,816

The notes to the basic financial statements are an integral part of this statement.

City of Frisco
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 52,728,725	$ 15,337,025	$ 68,065,750
Investments	54,593,608	486,224	55,079,832
Receivables: (net of allowances for uncollectibles)			
Utility bills	23,755,922	—	23,755,922
Grants	389,780	16,376	406,156
Other	1,176,936	134,325	1,311,261
Inventories	2,159,621	—	2,159,621
Prepaids	80,279	—	80,279
Restricted cash and cash equivalents	57,567,041	—	57,567,041
Restricted investments	39,515,006	—	39,515,006
Total current assets	231,966,918	15,973,950	247,940,868
Noncurrent assets:			
Capital and lease assets:			
Land	11,869,818	—	11,869,818
Buildings and improvements	19,392,145	147,742	19,539,887
Improvements other than buildings	773,462,083	92,190	773,554,273
Machinery and equipment	13,464,439	2,792,763	16,257,202
Right-to-use leased equipment	96,504	—	96,504
Right-to-use SBITA	208,416	—	208,416
Construction-in-progress	83,075,237	—	83,075,237
Accumulated depreciation/amortization	(302,586,176)	(2,135,009)	(304,721,185)
Total capital and lease assets (net of accumulated depreciation and amortization)	598,982,466	897,686	599,880,152
Total noncurrent assets	598,982,466	897,686	599,880,152
Total assets	830,949,384	16,871,636	847,821,020
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	2,870,305	637,844	3,508,149
OPEB items	128,129	28,470	156,599
Deferred charge on bond refunding	1,122,505	—	1,122,505
Total deferred outflows of resources	4,120,939	666,314	4,787,253

The notes to the basic financial statements are an integral part of this statement.

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
LIABILITIES			
Current liabilities:			
Accounts payable	$ 7,125,616	$ 1,490,417	$ 8,616,033
Accrued liabilities	426,749	97,567	524,316
Accrued interest payable	3,268,668	—	3,268,668
Customer deposits payable	5,005,203	—	5,005,203
Monies held in escrow	—	27,116	27,116
Compensated absences	1,077,071	290,381	1,367,452
Leases & SBITA payable	23,081	—	23,081
Bonds payable	13,250,000	—	13,250,000
Total current liabilities	30,176,388	1,905,481	32,081,869
Noncurrent liabilities:			
Compensated absences	1,442,208	351,483	1,793,691
Pensions	5,131,788	1,140,398	6,272,186
OPEB	374,336	83,184	457,520
Arbitrage rebates payable	1,868,930	—	1,868,930
Leases payable	9,728	—	9,728
Bonds payable	158,581,194	—	158,581,194
Total noncurrent liabilities	167,408,184	1,575,065	168,983,249
Total liabilities	197,584,572	3,480,546	201,065,118
DEFERRED INFLOWS OF RESOURCES			
Pension items	140,169	31,148	171,317
OPEB items	324,231	72,052	396,283
Total deferred inflows of resources	464,400	103,200	567,600
NET POSITION			
Net investment in capital assets	492,130,735	897,686	493,028,421
Restricted for:			
Capital projects	28,299,111	—	28,299,111
Unrestricted	116,591,505	13,056,518	129,648,023
Total net position	$ 637,021,351	$ 13,954,204	$ 650,975,555

FRISCO

PROGRESS IN MOTION

City of Frisco

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2024

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
OPERATING REVENUES			
Charges for sales and services:			
Water	$ 88,009,400	$ —	$ 88,009,400
Sewer charges	58,059,373	—	58,059,373
Service charges	1,729,345	—	1,729,345
Sanitation charges	—	29,867,370	29,867,370
Water and sewer connections	1,311,480	—	1,311,480
Inspection fees	2,703,341	—	2,703,341
Stormwater drainage fees	—	6,057,933	6,057,933
Miscellaneous	72,861	71,372	144,233
Total operating revenues	151,885,800	35,996,675	187,882,475
OPERATING EXPENSES			
Cost of sales and services	83,237,536	21,565,663	104,803,199
Administration	31,941,697	8,100,849	40,042,546
Depreciation/amortization	23,200,317	236,987	23,437,304
Total operating expenses	138,379,550	29,903,499	168,283,049
Operating income	13,506,250	6,093,176	19,599,426
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	10,536,273	573,117	11,109,390
Contributions and grants	3,934	16,377	20,311
Gain on sale of equipment	205,654	16,144	221,798
Interest expense	(5,078,882)	—	(5,078,882)
Total nonoperating revenues	5,666,979	605,638	6,272,617
Income before capital contributions	19,173,229	6,698,814	25,872,043
CAPITAL CONTRIBUTIONS			
Grant and Intergovernmental contributions	3,166,091	358,685	3,524,776
Developer contributions	47,984,733	—	47,984,733
Total capital contributions	51,150,824	358,685	51,509,509
Income before transfers	70,324,053	7,057,499	77,381,552
TRANSFERS			
Transfers in	3,988,422	—	3,988,422
Transfers out	(4,675,658)	(2,786,464)	(7,462,122)
Total transfers	(687,236)	(2,786,464)	(3,473,700)
Change in net position	69,636,817	4,271,035	73,907,852
Net position, beginning	567,384,534	9,683,169	577,067,703
Net position, ending	$ 637,021,351	$ 13,954,204	$ 650,975,555

The notes to the basic financial statements are an integral part of this statement.

City of Frisco
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 149,044,501	$ 35,908,927	$ 184,953,428
Cash payments to suppliers for goods and services	(93,510,261)	(26,177,590)	(119,687,851)
Cash payments to employees for services	(17,345,230)	(4,233,721)	(21,578,951)
Other receipts	72,861	71,372	144,233
Net cash provided by operating activities	38,261,871	5,568,988	43,830,859
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers received from other funds	3,988,422	—	3,988,422
Transfers made to other funds	(4,675,658)	(1,682,118)	(6,357,776)
Contributions	3,934	16,377	20,311
Net cash used by noncapital financing activities	(683,302)	(1,665,741)	(2,349,043)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(66,259,124)	(248,769)	(66,507,893)
Proceeds from sale or transfer of equipment	205,654	27,399	233,053
Principal paid on long-term debt	(13,195,000)	—	(13,195,000)
Interest and fees paid on long-term debt	(5,995,373)	—	(5,995,373)
Bond proceeds net of issuance costs	20,228,216	—	20,228,216
Payment to paying agent for refunded debt issuance	(169,380)	—	(169,380)
Intergovernmental payments for grant and capital construction	2,776,311	358,685	3,134,996
Transfers made to other funds for capital construction	—	(1,104,346)	(1,104,346)
Developers contributions	5,983,183	—	5,983,183
Net cash used by capital and related financing activities	(56,425,513)	(967,031)	(57,392,544)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(97,697,439)	(482,961)	(98,180,400)
Proceeds from sale and maturities of investment securities	119,038,731	483,155	119,521,886
Interest on investments	9,818,687	569,020	10,387,707
Net cash provided by investing activities	31,159,979	569,214	31,729,193
Net increase in cash and cash equivalents	12,313,035	3,505,430	15,818,465
Cash and cash equivalents, beginning	97,982,731	11,831,595	109,814,326
Cash and cash equivalents, ending	$ 110,295,766	$ 15,337,025	$ 125,632,791
CLASSIFIED AS			
Current assets	$ 52,728,725	$ 15,337,025	$ 68,065,750
Restricted assets	57,567,041	—	57,567,041
Total cash and cash equivalents	$ 110,295,766	$ 15,337,025	$ 125,632,791

The notes to the basic financial statements are an integral part of this statement.

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 13,506,250	$ 6,093,176	$ 19,599,426
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation/amortization	23,200,317	236,987	23,437,304
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - utility bills	(2,623,809)	(16,376)	(2,640,185)
Receivables - other	1,301,282	(94,367)	1,206,915
Prepaid expenses and other assets	3,775	—	3,775
Inventories	220,410	—	220,410
Arbitrage rebate expense	1,525,385	—	1,525,385
Pension deferred outflow of resources	916,586	203,688	1,120,274
OPEB deferred outflow of resources	(9,864)	(2,188)	(12,052)
Increase (decrease) in-			
Accounts payable	813,891	(750,338)	63,553
Accrued liabilities	160,315	30,705	191,020
Liability for compensated absences	234,777	54,999	289,776
Pension deferred inflow of resources	(43,673)	(9,708)	(53,381)
OPEB deferred inflow of resources	(76,468)	(16,994)	(93,462)
Net pension liability	(781,281)	(173,618)	(954,899)
OPEB liability	58,606	13,022	71,628
Deposits and escrows	(144,628)	—	(144,628)
Total adjustments	24,755,621	(524,188)	24,231,433
Net cash provided by operating activities	$ 38,261,871	$ 5,568,988	$ 43,830,859

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year, various developers made noncash contributions of water and sewer infrastructure to the City valued at $42,001,550.

Accounts Payable and Retainage Payable related to capital assets totaled $5,608,812.

In August 2024, general obligation bonds were issued for the water and sewer fund to refund debt issued in 2014. The new debt of $7,725,000 defeased $8,445,000 of outstanding principal and related premiums and deferred costs.

Unrealized investment gains as of September 30, 2024 was $398,946.

The notes to the basic financial statements are an integral part of this statement.

FRISCO

PROGRESS IN MOTION

City of Frisco
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2024

	Tourism PID Custodial Fund
ASSETS	
Cash and cash equivalents	$ 243,724
Total assets	243,724
LIABILITIES	
TPID payable	243,724
Total liabilities	243,724
NET POSITION	
Net position restricted for custodial funds	—
Total net position	$ —

City of Frisco
Statement of Revenues, Expenses, and Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2024

	Tourism PID Custodial Fund
ADDITIONS	
Tourism PID occupancy tax collections	$ 3,569,245
Total additions	3,569,245
DEDUCTIONS	
Tourism PID occupancy tax remittances	3,569,245
Total deductions	3,569,245
Change in net position	—
Net position, beginning	—
Net positions, ending	$ —

The notes to the basic financial statements are an integral part of this statement.

FRISCO

PROGRESS IN MOTION

City of Frisco

Combining Statement of Net Position
Component Units
September 30, 2024

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Totals
ASSETS				
Current:				
Cash and cash equivalents	$ 43,903,734	$ 46,399,353	$ 49,238	$ 90,352,325
Investments	29,618,110	34,609,112	—	64,227,222
Receivables:				
Sales tax	5,919,121	5,919,121	—	11,838,242
Leases receivables	4,485	43,426	—	47,911
PPP receivables	184,113	—	—	184,113
Other	252,484	217,756	—	470,240
Prepaid expenses	—	80,489	—	80,489
Total current assets	79,882,047	87,269,257	49,238	167,200,542
Noncurrent:				
Land held for resale	24,111,115	36,051,721	—	60,162,836
Capital and lease assets:				
Nondepreciable	71,518,747	17,867,416	—	89,386,163
Depreciable (net)	2,137,246	1,880,644	—	4,017,890
Restricted assets:				
Cash and cash equivalents	41,376,261	2,447,340	—	43,823,601
Investments	—	1,800,000	—	1,800,000
Total noncurrent assets	139,143,369	60,047,121	—	199,190,490
Total assets	219,025,416	147,316,378	49,238	366,391,032
DEFERRED OUTFLOWS OF RESOURCES				
Pension items	—	637,845	—	637,845
OPEB items	—	28,473	—	28,473
Deferred charge on bond refunding	18,697	17,652	—	36,349
Total deferred outflows of resources	18,697	683,970	—	702,667
LIABILITIES				
Current:				
Accounts payable	1,949,944	2,212,990	1,940	4,164,874
Accrued liabilities	2,569	53,379	—	55,948
Compensated absences	10,255	134,653	—	144,908
Accrued interest payable	194,531	107,048	—	301,579
Deposits payable	—	25,000	—	25,000
Leases payable	—	8,285	—	8,285
Bonds and notes payable	3,340,000	2,770,000	—	6,110,000
Total current liabilities:	5,497,299	5,311,355	1,940	10,810,594
Noncurrent:				
Compensated absences	19,591	174,015	—	193,606
Pensions	—	1,140,397	—	1,140,397
OPEB	—	83,187	—	83,187
Pollution remediation obligations	34,721,342	—	—	34,721,342
Leases payable	—	10,013	—	10,013
Bonds and notes payable	40,750,827	25,415,000	—	66,165,827
Total noncurrent liabilities	75,491,760	26,822,612	—	102,314,372
Total liabilities	80,989,059	32,133,967	1,940	113,124,966
DEFERRED INFLOWS OF RESOURCES				
Pension items	—	31,149	—	31,149
OPEB items	—	72,050	—	72,050
Lease related	3,636	42,358	—	45,994
PPP related	178,487	—	—	178,487
Total deferred inflows of resources	182,123	145,557	—	327,680
NET POSITION				
Net investment in capital assets	32,011,984	—	—	32,011,984
Restricted for community development	105,860,947	—	47,298	105,908,245
Restricted for economic development	—	115,720,824	—	115,720,824
Total net position	$ 137,872,931	$ 115,720,824	$ 47,298	$ 253,641,053

The notes to the basic financial statements are an integral part of this statement.

City of Frisco

Combining Statement of Activities

Component Units

For the Year Ended September 30, 2024

		Program Revenues		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Component units:				
Community Development Corporation	$ 32,211,861	$ 969,971	$ —	$ —
Economic Development Corporation	19,784,598	46,209	78,744	—
Charitable Foundation	1,350	—	1,500	—
Total component units	51,997,809	1,016,180	80,244	—

General revenues:

Sales taxes

Intergovernmental

Investment income

Total general revenues

Change in net position

Net position, beginning

Net position, ending

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Component Units			
Community Development Corporation	Economic Development Corporation	Charitable Foundation	Totals
$ (31,241,890)	$ —	$ —	$ (31,241,890)
—	(19,659,645)	—	(19,659,645)
—	—	150	150
(31,241,890)	(19,659,645)	150	(50,901,385)
34,929,072	34,929,072	—	69,858,144
5,196,573	—	—	5,196,573
5,976,185	4,242,495	2,491	10,221,171
46,101,830	39,171,567	2,491	85,275,888
14,859,940	19,511,922	2,641	34,374,503
123,012,991	96,208,902	44,657	219,266,550
$ 137,872,931	$ 115,720,824	$ 47,298	$ 253,641,053

Note 1. Summary of Significant Accounting Policies

The City of Frisco, Texas (City) was originally incorporated in 1908 and chartered on April 4, 1987, and is a municipal corporation incorporated under provisions of H.B. 901 of the Texas Legislature. The City operates under a Council-Manager form of government and provides such services as authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its residents.

The financial statements of the City have been prepared to conform with accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City’s governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City’s statement of net position includes both noncurrent assets and noncurrent liabilities of the City. The government-wide statement of activities reflects depreciation expense on the City’s capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements. Governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. The proprietary and fiduciary fund types financial statements are prepared using the accrual basis of accounting. Statement No. 34 requires supplementary information in Management’s Discussion and Analysis, which includes an analytical overview of the City’s financial activities. Also, a budgetary comparison statement is presented that compares the adopted and revised budgets for the General Fund and its major special revenue fund (TIRZ #1) with actual results.

B. Reporting Entity

The City is governed by an elected mayor and a six-member council. As required by GAAP, these financial statements present the City (the primary government) and the entities for which the City is considered to be financially accountable (component units). Blended component units, although legally separate entities, are, in substance, part of the City's operations and data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the basic financial statements in order to emphasize that they are legally separate from the City.

The City established Tax Increment Reinvestment Zone #1 (TIRZ #1) for the purpose of dedicating the incremental tax revenue generated from the zone to finance public facilities and infrastructure development such as public roads, signalization, hike/bike trails, water and sewer system improvements, and community enhancements in and around the revenue generating portion of TIRZ #1. TIRZ #1 is 3,572 acres and includes major development areas such as Stonebriar Mall, The Star's multi-use event center, and the PGA Frisco golf courses. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of TIRZ #1. The TIRZ board of directors is a 9 member board; 7 members of the board of directors are members of the City Council with the remaining appointed by the remaining participating entities of TIRZ #1, Frisco Independent School District, and Collin County Community College District. TIRZ #1 does not issue separate financial statements, as it is included as a major fund of the City. TIRZ #1 is presented as a blended component unit.

Reinvestment Zone #5 (TIRZ #5) was established for the purpose of dedicating the incremental tax revenue generated from the zone for use on public facilities and infrastructure development completed within the zone. TIRZ #5 is 66 acres and consists of The Star's retail/commercial development. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of TIRZ #5. TIRZ #5's board of directors are members of the City Council and it does not issue separate financial statements as it is included as a non-major fund of the City. TIRZ #5 is presented as a blended component unit.

Reinvestment Zone #6 (TIRZ #6) was established for the purpose of dedicating the incremental tax revenue generated from the zone for use on public facilities and infrastructure development completed within the zone. TIRZ #6 is 175 acres and consists of area commonly known as Hall Park. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of TIRZ #6. TIRZ #6's board of directors are members of the City Council and it does not issue separate financial statements as it is included as a non-major fund of the City. TIRZ #6 is presented as a blended component unit.

Reinvestment Zone #7 (TIRZ #7) was established for the purpose of dedicating the incremental tax revenue generated from the zone for use on public facilities and infrastructure development completed within the zone. TIRZ #7 is 890 acres and consists of area commonly known as The Fields development. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of TIRZ #7. TIRZ #7's board of directors are members of the City Council and it does not issue separate financial statements as it is included as a non-major fund of the City. TIRZ #7 is presented as a blended component unit.

Panther Creek Public Improvement District #1 was established by the City for the purpose of enhancing the amenities and expediting the timing of their installation for the Panther Creek neighborhood. Enhanced landscape, additional open space, lakes, fountains, improved city parks, shade structures, distinctive entries and various recreational and pedestrian improvements were financed through City bonds and lots within the district were assessed $2,497 per lot to be repaid by the homeowners. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of PID #1. PID #1's board of directors are members of the City Council and it does not issue separate financial statements as it is included as a non-major fund of the City and reported in the same Special Revenue Fund as PID #2. PID #1 is presented as a blended component unit.

Panther Creek Public Improvement District #2 was established by the City for the purpose of enhancing the amenities and expediting the timing of their installation for the Panther Creek neighborhood. Enhanced landscape, additional open space, lakes, fountains, improved city parks, shade structures, distinctive entries and various recreational and pedestrian improvements were financed through City bonds and lots within the district were assessed $3,014 per lot to be repaid by the homeowners. The City and City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of PID #2. PID #2's board of directors are members of the City Council and it does not issue separate financial statements as it is included as a non-major fund of the City and reported in the same Special Revenue Fund as PID #1. PID #2 is presented as a blended component unit.

The Frisco Economic Development Corporation (FEDC) serves all citizens of the City. Although legally separate from the City, the City Council appoints all members of its governing board. The FEDC provides marketing and economic development services to the City, and the City provides for custody and investment of FEDC assets, various administrative/personnel/legal services, and the majority of funding for the FEDC budget. The FEDC is presented as a discretely presented component unit.

The Frisco Community Development Corporation (FCDC) serves all citizens of the City. Although legally separate from the City, the City Council appoints all members of its governing board. The primary government can impose its will with the potential for financial benefit to the FCDC. The FCDC benefits the City and its citizens by developing resources to address recreational, cultural arts, senior citizen, and other related community development needs and the City provides for custody and investment of FCDC assets, various administrative services, and the majority of funding for the FCDC budget. The FCDC is presented as a discretely presented component unit.

The City of Frisco Charitable Foundation (CFCF) serves all citizens of the City. Although legally separate from the City, the City Council appoints all members of its governing board. The primary government can impose its will and the potential for financial benefit to the CFCF. The CFCF benefits the City and its citizens by developing resources to address recreational, cultural arts, senior citizen, and other related community development needs. The Foundation was established during fiscal year 2006 and is presented as a discretely presented component unit.

The FEDC, FCDC, and CFCF do not prepare separate financial statements. The financial statements of the City are formatted to allow the user to clearly distinguish between the primary government and its discretely presented component units.

C. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government and its component units. For the most part, the effect of any interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a functional category (General Government, Public Safety, Public Works, and Culture/Recreation) 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, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function) is normally covered by general revenue (property taxes, sales taxes, franchise taxes, intergovernmental revenues, and interest income).

Separate fund-based financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of applicable fund category and for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a separate column in the applicable fund financial statements.

The City's fiduciary funds are presented only in the fund financial statements. Since by definition these assets are being held for the benefit of a third-party (other local governments, individuals, pension participants, developer projects, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City's fiduciary funds consist a custodial funds related to the Tourism Public Improvement District.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements, the proprietary fund statements, and the fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 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, other than taxes, are considered to be available when they are collectible within one year of the current period. Taxes are generally considered 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 pension, other postemployment benefits, compensated absences, lease liabilities and claims and judgments are recorded only when the obligation has matured and is due and payable shortly after year end.

GASB Interpretation 6 clarifies the application of modified accrual recognition of certain liabilities and expenditures in the governmental fund financial statements. Specifically, GASB Interpretation 6 indicates that liabilities for debt, compensated absences, lease liabilities, claims and judgments, and special termination benefits are normally expected to be liquidated with expendable available financial resources and should be recognized as governmental fund liabilities and expenditures only to the extent that they mature each period.

Ad valorem, franchise, sales tax revenues and fines and forfeitures recorded in the General Fund, ad valorem tax revenues recorded in the Debt Service Fund and Tax Increment Reinvestment Zone #1, rents in the TIRZ #1 fund, and charges for services in the Capital Projects fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable and available until cash is received. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met and amounts are received within one year of year end. Funds received in advance for which all eligibility requirements have not been met are considered unearned revenue. Receivables for which amounts are not considered available are considered deferred inflows of resources.

Proprietary fund statements of revenues, expenses, and changes in fund net position present increases (e.g., revenues) and decreases (e.g., expenses) in net position. 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 City's Water and Sewer, Environmental Services and Stormwater funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City of Frisco does not utilize internal service funds, which traditionally provide services primarily to other funds of the government.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

The following are the funds used by the City:

1. Governmental Funds:
   The focus of Governmental Fund measurement (in the Fund Financial Statements) is upon determination of fund balances and changes in fund balances (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the City:
   a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Culture & Recreation, General Government) and is the primary operating fund unit of the City.
   b. Tax Increment Reinvestment Zone #1 Fund accounts for revenue sources that are legally held for special purposes within the zone. The revenue sources consist of property tax collections within the zone and lease payments for facilities.
   c. Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.
   d. Debt Service Fund accounts for the accumulation of resources and payment of general obligation and certificate of obligation bond principal and interest from governmental resources.
   e. Other Governmental Funds is a summarization of the nonmajor governmental funds.

2. Proprietary Funds:
   The focus of Proprietary Fund measurement is upon determination of operating income, changes in net position, and cash flows, which is similar to private-sector businesses. The following is a description of the Proprietary Funds of the City:
   a. Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the Fund include administration, operation and maintenance of the water and sewer system, and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for contractual obligation bonds when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the Fund.
   b. Other Proprietary Funds is a summarization of the nonmajor proprietary funds including the stormwater drainage program and the environmental services fund.

3. Other Fund Types
   a. Fiduciary funds are used to account for the accumulation of resources to be used for the Tourism Public Improvement District

E. Cash, Cash Equivalents, and Investments

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 government. Cash in all funds, excluding the City's payroll account, lockbox operations, police seizure accounts and Charitable Foundation account, is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash.

All investments are recorded at fair value based on market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Investments in TexPool and TexStar are considered cash equivalents as the amounts are available on demand. Investments, other than investments in pools as previously referenced, are recorded at fair value based upon verifiable market prices.

The following table summarizes the restricted cash and investments:

Governmental Activities	Amount
Tax Increment Reinvestment Zones	$ 19,158,956
Debt Service Fund	10,088,867
Hotel/Motel Fund	14,807,267
Panther Creek PID	41,962
Traffic control enforcement	19,225
Court Fees	164,928
PEG Cable Fund	1,627,351
Road Impact Fees	38,786,236
Park Development Fees	39,069,128
Total	123,763,920

Business-Type Activities	Amount
Utility Capital Projects	67,195,074
Utility Impact Fees	29,886,973
Total	97,082,047
Total Primary Government Restricted Cash and Investments	$ 220,845,967

Component Units	Amount
Pollution Remediation	$ 38,948,140
Capital Projects	6,675,461
Total	$ 45,623,601

F. Inventories and Prepaid Items

Inventories of supplies are maintained at the City. These inventories are valued at cost using the first in/first out (FIFO) inventory method. The cost of inventories is recorded as expenditures/expenses 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 the government wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased. Inventories and prepaid items are recognized as nonspendable in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the changes in fund balance/net position of both governmental and proprietary funds.

H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right-to-use lease and subscription assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary fund financial statements.

All purchased capital assets are valued at cost where historical records are available or at an estimated cost where no historical records exist. In the case of the initial capitalization of infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical costs of these assets through back trending (i.e., estimating the current replacement costs of the infrastructure to be capitalized and using an appropriate price-level index to deflate the costs to the acquisition year or estimated acquisition year). Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The City considers the asset as received when all requirements have been met by the developer including providing the City with affidavits of value. Public domain (infrastructure) assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have been recorded at estimated historical cost. The City defines capital assets as assets with an initial individual cost of $5,000 or more and an estimated useful life greater than one year. Outlays for capital assets and improvements are capitalized as the projects are constructed. Lease and subscription assets are measured at the total minimum fixed payments throughout the term of the agreement discounted to net present value.

Capital assets of the primary government, as well as the component units, are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings	20-25 years
Right-to-use leased buildings	2-5 years
Improvements other than buildings	15-30 years
Vehicles	3-15 years
Machinery & equipment	3-20 years
Right-to-use leased equipment	1-5 years
Subscription-based IT arrangement (SBITA)	1-5 years

The costs of normal maintenance and repairs that do not materially add to the value of the asset or significantly extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

I. Compensated Absences

The City allows employees to accumulate earned but unused vacation benefits to a maximum of 240 hours for the first 10 years of employment, 288 hours for over ten years of employment, and 320 hours for employees with over 15 years of employment. Certified police officers and firefighters working 8-hour days have a maximum of 480 hours, while firefighters who work a 24-hour shift have a maximum of 720 hours. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights. Upon termination, the City pays to employees with over one year of service, up to their tenure's maximum for vacation, and up to 720 hours of sick leave. Fire Department personnel are paid up to their corresponding maximum hours for vacation and either 720 or 1080 hours for sick leave. A maximum of 720 hours of sick is paid out to fire shift personnel working 96-hour/14-day and 8-hour/7-day work cycles and 1080 hours for those working 24-hour/28-day work cycles. Vacation and sick leave in excess of the employee's hour maximum is not paid upon termination. All compensated absences are 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 and typically, in prior years the General Fund has liquidated the liability.

J. Federal and State Grants

Grants and shared revenues are generally accounted for within the Grants Fund or Community Development Block Grants Fund if funding is for a governmental fund type. Federal grants include several police, fire and transportation related grants which are accounted for within the Grants Fund. Community Development Block Grants are accounted for within that fund. Various state grants are also included in the Grants Fund. Proprietary fund grants are accounted for within the applicable fund.

K. Long-term Debt

General Obligation Bonds and Certificate of Obligation Bonds issued for general government capital projects that are to be repaid from tax revenues of the City are recorded in the government-wide statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method in the proprietary fund and the government-wide financial statements. Bond issuance costs are expensed. Bonds payable are reported net of the applicable bond premium or discount. In the governmental fund financial statements, issuance costs, as well as bond premiums and discounts, are recognized when incurred.

Certificate of Obligation Bonds have been issued to fund capital projects of the Proprietary Funds. Such bonds are to be repaid from the net revenues of the applicable Proprietary Fund. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed.

L. Deferred Inflows and Deferred Outflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period. Deferred inflows have a negative effect on net position, similar to liabilities. The City of Frisco reports deferred inflows of resources as the offset account to assets earned, but not yet available. Deferred outflows of resources represents a consumption of net assets that applies to future periods. Deferred outflows of resources increase net position, similar to assets. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt that results in a refunding loss, is reported as a deferred outflow of resources. The deferred outflows of resources are recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. For pensions and OPEB, pension items are recognized in accordance with GASB 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* (GASB 68) and OPEB items are recognized in accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). For deferred amounts related to leases and public-private partnerships, items are recognized in accordance with GASB 87, *Leases* and GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The City of Frisco deferred outflows of resources and deferred inflows of resources changes for the year are detailed below:

	Balance 10/1/23	Additions	Deletions	Balance 9/30/24
Deferred outflows				
Governmental activities	$ 44,242,070	$ 28,984,041	$ 38,538,973	$ 34,687,138
Business-type activities	5,995,596	3,826,263	5,034,606	4,787,253
Component units	919,567	666,320	883,220	702,667
Total	$ 51,157,233	$ 33,476,624	$ 44,456,799	$ 40,177,058
Deferred inflows				
Governmental activities	$ (44,141,937)	$ (87,371,614)	$ 10,536,020	$ (120,977,531)
Business-type activities	(714,443)	(567,595)	714,438	(567,600)
Component units	(461,457)	(103,199)	236,976	(327,680)
Total	$ (45,317,837)	$ (88,042,408)	$ 11,487,434	$ (121,872,811)

M. Retirement Plans

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City’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. Information regarding the City’s Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB 68.

N. OPEB

For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, City specific information about its total OPEB liability in the TMRS Supplemental Death Benefits Fund (SDBF) and Retiree health insurance and additions to/deductions from the City's total OPEB liability have been determined on the same basis as they are reported by TMRS and Lockton Companies. For this purpose, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Information regarding the City's SDBF Total OPEB Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company. Information regarding the City's Retiree Health Insurance Total OPEB Liability is obtained through a report prepared for the City by Lockton Companies consulting actuaries. Both reports are prepared in compliance with GASB 75.

O. Fund Equity

In order to comply with the GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, the fund balance section of the balance sheets of the governmental funds include the following items:

- Nonspendable fund balance include the:
  - Portion of net resources that cannot be spent because of their form,
  - Portion of net resources that cannot be spent because they must be maintained intact.
- Restricted fund balance (externally enforceable limitations on use) include amounts subject to:
  - Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments
  - Limitations imposed by law through constitutional provision or enabling legislation.
- Committed fund balance (self-imposed limitations set in place prior to the end of the period):
  - Limitation imposed at the highest level of decision making (an approved resolution) that requires formal action at the same level to remove. For the City, the City Council is the highest level of decision making and approves any commitments by resolution of the Council, which is considered the most binding constraint for fund balance classification purposes.
- Assigned fund balance consists of amounts where the:
  - Intended use is established by the body designated for that purpose (City Council),
  - Intended use is established by official designated for that purpose. The City Manager, Deputy City Manager and Chief Financial Officer are the designated officials set by ordinance.
- Unassigned fund balance is the total fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

In the government-wide and proprietary funds financial statements, the net position is reported in three components: (1) net investment in capital assets, (2) restricted and (3) unrestricted. Net investment in capital assets represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

For the classification of governmental fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available. For example, when an expenditure is incurred, the flow assumption in determining the applicable order of using fund balance resources available is first by Committed (such as for encumbrances), then by Assigned (for the established, official intended uses), and finally by Unassigned fund balance. Net position restricted for impact fee collections in the Water and Sewer fund is a reserve required by the fee ordinance.

P. 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, liabilities, deferred outflows of resources, deferred inflows of resources and contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Q. Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as required.

R. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting—under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation—is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as an adjustment-budgetary basis on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual. The commitments will be honored during the subsequent year.

S. Leases

Lessee
The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

Lessor
The City is a lessor for leases of special purpose facilities, office and commercial space, and land. The City recognizes lease receivable and deferred inflows of resources in the financial statements.

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

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

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

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

T. Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements

PPP is an arrangement in which the City (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (PPP asset), for a period of time in an exchange or exchange-like transaction.

As transferor, the City recognizes a PPP receivable. The PPP receivable is measured using the net present value of future PPP payments to be received for the PPP term and deferred inflows of resources at the beginning of the PPP term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the arrangement. This recognition does not apply to short-term arrangements, contracts that transfer ownership, lease of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of PPP receivables occur when there are modifications, including but not limited to changes in the contract price, PPP term, and adding or removing an underlying asset to the PPP arrangements. In the case of a partial or full PPP termination, the carrying value of the PPP receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

U. Subscription-Based Information Technology Arrangements (SBITA)

GASB Statement No. 96, *Subscription-Based Technology Arrangements,* provides guidance on the accounting and financial reporting of contractual arrangements. It required the recognition of certain right-to-use subscription assets and corresponding liabilities.

The City has contracts with SBITA vendors for the right-to-use information technology software, alone or in combination with tangible capital assets. The City recognizes subscription liabilities, reported with long-term debt, and right-to-use subscription assets, reported with the other capital assets, in the government-wide and proprietary funds financial statements.

The City initially measures subscription liabilities at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liabilities are reduced by the principal portion of SBITA payments made. The right-to-use subscription assets are initially measured as the initial amount of the subscription liabilities, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

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

- (1) The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- (2) The subscription term includes the noncancellable period of the SBITA.
- (3) Subscription payments included in the measurement of the subscription liabilities are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

V. New Accounting Pronouncements

In the current year the City implemented the following GASB pronouncements:

GASB Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62*,* is effective for the City's fiscal year ending September 30, 2024. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Adoption of GASB 100 had no effect on beginning net position/fund balance.

The GASB has issued the following statements which will be effective in future years as described below. The impact on the City's financial statements of implementation has not yet been determined for the following:

GASB Statement No. 101, *Compensated Absences*, is effective for the City's fiscal year ending September 30, 2025. The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102, *Certain Risk Disclosures*, is effective for the City's fiscal year ending September 30, 2025. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103, *Financial Reporting Model Improvements*, is effective for the City's fiscal year ending September 30, 2026. The objective of this statement is to improve key components of the financial reporting model to enhance it's effectiveness in providing information that is essential to decision making and assessing a government's accountability. The statement focuses on improvements to Management's Discussion and Analysis, proprietary fund statement of revenues, expenses and changes in net position, major component units, and other areas.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, is effective for the City's fiscal year ending September 30, 2026. This statement requires state and local governments to provide detailed information about certain types of assets including lease assets, right-to-use assets, subscription assets, and assets held for sale.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains the "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $1,104,753,121 difference are as follows:

Bonds and certificates of obligation payable	$ 947,520,000
Bond discount (to be amortized as interest expense)	(1,219,995)
Bond premiums (to be amortized over the life of the bonds)	41,301,281
Accrued interest payable	5,020,210
Leases & SBITA payable	4,296,969
Rebates payable	8,243,186
Developer payable	17,329,682
Compensated absences	29,035,928
Net pension liability	49,607,290
Total OPEB liability	3,618,570
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	$1,104,753,121

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of the $139,484,410 difference are as follows:

Capital outlay	$ 191,894,003
Developers' contributions	63,853,580
Developer payable (refund)	(17,329,682)
Component unit capital contribution	14,593
Book value of capital assets disposed/retired	(2,147)
Depreciation and lease amortization expense	(98,945,937)
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net position of governmental activities	$ 139,484,410

Another element of that reconciliation states that "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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $78,300,742 difference are as follows:

Debt issued or incurred:		
Premium amortization	$	8,829,331
Discount amortization		(146,116)
Amortization on loss of refunding of debt		(789,946)
Refunding bond write off deferred loss/premium		(215,273)
SBITA and lease financing		(4,582,225)
Bonds issued		(139,040,000)
Bond premium issued		(12,747,013)
Bond discount issued		249,778
Principal repayments:		
Payment to refunding agent		12,435,273
Bonds, leases, & SBITAs		57,705,449
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$	(78,300,742)

Another element of that reconciliation states, "Some expenses and revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds. Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balances and as actuarially determined in the government-wide statement of activities." The details of this $(9,197,495) difference are as follows:

Increase in accrued interest on bonds	$ (492,856)
Increase in rebates payable	(6,166,522)
Increase in compensated absences	(1,920,355)
Increase in pension expense	(885,777)
Decrease in OPEB expense	268,015
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (9,197,495)

Note 3. Legal Compliance – Budgets

Budgetary Information

Annual appropriated budgets are legally adopted for the General Fund, Debt Service Fund, Capital Projects Funds, and Special Revenue Funds. The legal level of authority is at the fund level. The annual budget is adopted using the budgetary basis of accounting. The budgetary basis of accounting differs from accounting principles generally accepted in the United States in that encumbrances are recorded as expenditures in the period encumbered and not when incurred. All annual appropriations lapse at fiscal year-end. Project length financial plans are adopted for certain Capital Projects Funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through the passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary review is employed as a management control device during the year for the General Fund, Debt Service Fund, and Capital Projects Funds. Supplemental appropriations were made during the fiscal year, during the revised budget process.
6. The budget approved for the discretely presented component units follow similar approval procedures.
7. The budget approved for the Water & Sewer Fund follows similar approval procedures but departs from generally accepted accounting principles by not including depreciation or compensated absence expenses in the approved budget.

Note 4. Deposits and Investments

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of Texas and its agencies that have a fair value of not less than the principal amount of the deposits. The City's deposits were insured up to $250,000 or collateralized as required by State statutes at September 30, 2024. At year-end, the carrying amount of the City's demand deposits was a balance of $6,639,751, bank balance, $8,026,455 The carrying amount of the component unit's pooled cash was $(2,103,065), bank balance, $299. The cash on hand carrying amount totaled $22,144. The bank balance for the primary government and the component unit's deposits was covered by collateral with a fair value of $26,371,200. The collateral is held in the City's name by the Bank of New York Mellon and JP Morgan National Collateral Management Group, agents of the City's financial institutions.

Investments – State statutes, city policies, and city resolutions authorize the City's investments. The Chief Financial Officer and the Director of Financial Services are authorized by the City Council to invest all available funds consistent with the investment policy. The City is authorized to invest in United States obligations or its agencies and instrumentalities, direct obligations of the State of Texas or its agencies and instrumentalities, other obligations backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, obligations of states, agencies, counties, cities, and other political subdivisions of any State having an investment rating of not less than "A" or its equivalent, fully collateralized repurchase agreements, certificates of deposit issued by a depository institution that has its main office or branch office in the State of Texas, money market mutual funds regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less, and local government investment pools organized and operating in compliance with the Inter-local Cooperation Act.

As of September 30, 2024, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity Days
Primary Government		
General Fund		
Federal Agency Notes	$ 121,038,280	197
TexPool	42,755,697	26
TexStar	37,810,864	26
CIP Funds		
Federal Agency Notes	178,291,902	142
TexPool	14,596,130	26
TexStar	354,489,900	26
Other Funds		
Federal Agency Notes	99,401,097	141
TexPool	172,859,476	26
TexStar	6,737,476	26
Total Primary Government	1,027,980,822	77
Component Units		
Community Development		
Federal Agency Notes	29,618,110	203
TexPool	84,405,586	26
TexStar	3,036,134	26
Economic Development		
Federal Agency Notes	36,409,112	161
TexPool	45,382,543	26
TexStar	3,405,690	26
Charitable Foundation		
TexPool	49,038	26
Total Component Units	202,306,213	76
Total Government	$ 1,230,287,035	77

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs-other than quoted prices included within Level 1-that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the table below. Investment balances of such investments are as follows:

		Fair Value Measurements Using		
Primary Government	September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents:				
Bank deposits	$ 6,639,751	$ —	$ —	$ —
Total cash and cash equivalents	6,639,751	—	—	—
Investments measured at amortized costs:				
Investment pools:				
TexPool	230,211,303	—	—	—
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	399,038,240	—	—	—
Investments by fair value level:				
U.S. government agency securities:				
Federal Home Loan Bank	52,105,662	—	52,105,662	—
Federal Farm Credit Bank	123,104,368	—	123,104,368	—
Federal Home Loan Mortgage Company	6,857,578	—	6,857,578	—
US Treasury Notes	216,663,671	—	216,663,671	—
Total investments	1,027,980,822	—	398,731,279	—
Total cash and investments	$1,034,620,573	$ —	$ 398,731,279	$ —

The chart above excludes the fiduciary cash balance of $243,724 held in the Tourism PID custodial fund.

The component unit investment balances of such investments are as follows:

Component Units	September 30, 2024	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents:				
Bank deposits	$ (2,103,065)	$ —	$ —	$ —
Total cash and cash equivalents	(2,103,065)	—	—	—
Investments measured at amortized costs:				
Investment pools:				
TexPool	129,837,167	—	—	—
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	6,441,824	—	—	—
Investments by fair value level:				
U.S. government agency securities:				
Federal Farm Credit Bank	12,025,682	—	12,025,682	—
Federal Home Loan Bank	4,001,064	—	4,001,064	—
US Treasury Notes	50,000,476	—	50,000,476	—
Total investments	202,306,213	—	66,027,222	—
Total cash and investments	$ 200,203,148	$ —	$ 66,027,222	$ —

Investment Pools are measured at amortized cost or net asset value (NAV) and are exempt from fair value reporting.

U.S. Government Agency Securities and U.S. Treasury Bonds and Notes classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The TexPool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool The investment pool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonable foreseeable redemptions. TexPool has 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.

The TexStar investment pool is an external investment pool measured at NAV. The strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the pools. TexStar has 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.

TexPool is not registered with the Securities and Exchange Commission. The Texas Local Government Investment Pools (the "TexPool Portfolios") have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller of Public Accounts maintains oversight.

TexStar is not registered with the Securities and Exchange Commission. TexStar operates in compliance with Public Funds Investment Act of the Texas Government Code. The oversight body for TexStar is the TexStar Governing Board.

Interest Rate Risk – In order to minimize risk of loss due to interest rate fluctuations, the City's Investment Policy states investment maturities will not exceed the anticipated cash flow requirement of the funds as follows:

- Operating Funds – The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity dates of each security and the maximum allowable maturity shall be two years.
- Bond Proceeds – The maximum maturity for all bond proceeds shall be three years.
- Bond Reserve Funds – Maturity limitation shall generally not exceed the call provision of the Bond Ordinance and shall not exceed the final maturity of the bond issue.
- Other Funds – Maximum maturity shall not exceed five years and each fund's weighted average life shall not exceed three years.

Credit Risk – In compliance with the City's Investment Policy, and in conjunction with state law, as of September 30, 2024, the City minimized credit risk losses by limiting investment to the safest types of securities, pre-qualifying investments through our asset management company, and diversifying the investment portfolio so that potential losses on individual securities were minimized. The City also invested in certificates of deposits at local banks as applicable. The City's investments in U.S. Agency securities (FHLB, FFCB and FNMA) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Services. The City's investments in local government investment pools (TexPool and TexStar) are in compliance with the Public Funds Investment Act and rated AAAm by Standard & Poor's. More than five percent of the City's and Component Unit's investments, excluding investment pools, are in U.S. Treasury Notes, Federal Farm Credit Bank (FFCB) and Federal Home Loan Bank (FHLB). These investments are 57.38%, 29.08% and 12.07% respectively, of the total investments.

Concentration of Credit Risk – The City's formal investment policy does not address limitations to one particular issuer.

Note 5. Receivables

Receivables at September 30, 2024, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are all considered to be collectible within one year and consist of the following:

Receivables
September 30, 2024

Governmental Activities	General	TIRZ #1	Capital Projects	Debt Service	Nonmajor Funds	Total
Property tax	$ 1,541,498	$ —	$ —	$ 813,298	$ —	$ 2,354,796
Sales tax	11,838,242	—	—	—	—	11,838,242
Franchise tax	7,110,633	—	—	—	40,293	7,150,926
Occupancy tax	—	—	—	—	1,286,761	1,286,761
Mixed beverage	152,028	—	—	—	—	152,028
Leases	2,735,372	1,220,069	—	—	262,691	4,218,132
PPP's	—	113,274,629	—	—	—	113,274,629
Accrued interest	826,056	132,783	1,402,905	—	196,488	2,558,232
Grants	—	—	7,247,416	—	301,488	7,548,904
Other	2,518,990	530,046	7,913	—	6,017	3,062,966
Gross receivables	26,722,819	115,157,527	8,658,234	813,298	2,093,738	153,445,616
Less: allowance	(1,652,236)	—	—	(40,665)	—	(1,692,901)
Net receivables	$ 25,070,583	$115,157,527	$ 8,658,234	$ 772,633	$ 2,093,738	$151,752,715

Business-type Activities	Water and Sewer	Nonmajor Funds	Total
Utility bills	$ 27,100,653	$ —	$ 27,100,653
Accrued interest	891,696	—	891,696
Grants	389,780	16,376	406,156
Other	285,240	134,325	419,565
Gross receivables	28,667,369	150,701	28,818,070
Less: allowance	(3,344,731)	—	(3,344,731)
Net receivables	$ 25,322,638	$ 150,701	$ 25,473,339

Component Units	Community Development Corporation	Economic Development Corporation	Total
Sales tax	$ 5,919,121	$ 5,919,121	$ 11,838,242
Leases	4,485	43,426	47,911
PPP's	184,113	—	184,113
Accrued interest	236,653	217,746	454,399
Other	15,831	10	15,841
Net receivables	$ 6,360,203	$ 6,180,303	$ 12,540,506

The Proprietary Fund accounts receivable includes unbilled charges for services rendered at September 30, 2024.

Property taxes are levied on October 1, are payable until February 1 of the following year without penalty and are levied for the period in which they are levied. Property taxes attach as an enforceable lien on property as of February 1. No discounts are allowed for early payment. Penalty and interest are calculated after February 1 up to the date collected by the City at the rate of 6% for the first month and increased by 1% per month up to a total of 12%. Under state law, property taxes on real property constitute a lien on the property and cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of 20 years. Taxes applicable to personal property may be deemed uncollectible by the City. The City's current policy is to write off uncollectible personal property taxes after four years.

Leases and PPPs receivable – The City, FCDC and FEDC have entered into multiple lease and PPP agreements for facilities, land and cell towers as lessor. The City initially measured the Lease and PPP receivables at the present value of payments expected to be received during the agreement term. The lease and PPP rate, term, and ending lease receivables are as follows:

Leases Receivable	Interest Rates	Lease Terms in Years	Balance 10/1/23	Additions	Deductions	Ending Balance
General Fund:						
Land	.31-1.59%	1-11	$ 344,373	$ 2,448	$ (36,903)	$ 309,918
Building and Improvements	.24-1.16%	1-6	3,090	6,179	(6,177)	3,092
Cell Towers	.23-.3.63%	1-5	2,399,648	1,454,250	(1,431,536)	2,422,362
						$ 2,735,372
TIRZ 1:						
Building and Improvements	.66-2.56%	1-21	$ 112,942	$ 1,262,000	$ (154,873)	$ 1,220,069
Nonmajor Funds:						
Building and Improvements	2.40%	46	$ 266,295	$ —	$ (3,604)	$ 262,691
Component units:						
Land	2.63%	3	$ 99,550	$ —	$ (51,639)	$ 47,911
PPP Receivable						
TIRZ 1:						
Land	3.43-3.86%	10-25	$ 17,562,153	$ —	$ (1,152,594)	$ 16,409,559
Building and Improvements	3.43-3.78%	10-35	$ 18,557,880	$79,708,642	$ (1,401,452)	96,865,070
						$ 113,274,629
Component units:						
Building and Improvements	3.48%	5	$ 236,701	$ —	$ (52,588)	$ 184,113

In addition, the FCDC has entered into two leases that include variable payments based on the lessees performance. In FY24 the FCDC recognized $63,896 in variable leases revenue.

Notes Receivable City

The City periodically issues bonds on behalf of the Frisco Community Development Corporation and Frisco Economic Development Corporation to fund various projects of these entities. Each component unit has an agreement with the City to fund the principal and interest payments of the bonds; therefore, a note receivable is reported in the government wide financial statements of the City from each component unit equal to the face amount of the bonds outstanding. During fiscal year 2024, the bond associated with the Frisco Community Development Corporation's note to the City was satisfied.

The City has note receivables with clients in the targeted down payment assistance program totaling $32,000. Additionally, the City has one developer agreement in the CIP Fund for $373,000 which is classified as a note receivable. This $405,000 total note receivable is recorded at the fund level in the financial statements.

Note 6. Capital, Lease, and Subscription Assets

The following is a summary of changes in the capital, lease, and subscription assets during the fiscal year:

Capital, Lease, and Subscription Assets Activity
For the Year Ended September 30, 2024

Governmental Activities	Balance 10/1/2023	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2024
Capital assets, not being depreciated:					
Land	$ 398,995,062	$ 4,804,407	$ —	$ —	$ 403,799,469
Intangible assets	92,227	—	—	—	92,227
Construction-in-progress	158,313,140	173,199,752	(184,903,053)	—	146,609,839
Total capital asset, not being depreciated	557,400,429	178,004,159	(184,903,053)	—	550,501,535
Capital, lease, and subscription assets, being depreciated/amortized:					
Machinery and equipment	127,658,763	12,931,960	14,593	(1,351,200)	139,254,116
Right-to-use leased equipment	662,701	90,630	—	—	753,331
Buildings and improvements	835,449,937	70,669	66,476,577	—	901,997,183
Right-to-use leased buildings	653,456	—	—	—	653,456
Improvements other than buildings	1,648,099,495	60,150,571	118,426,476	—	1,826,676,542
Right-to-use SBITA	1,635,238	4,499,594	—	—	6,134,832
Total capital, lease, and subscription assets being depreciated/amortized	2,614,159,590	77,743,424	184,917,646	(1,351,200)	2,875,469,460
Less accumulated depreciation/amortization:					
Machinery and equipment	(81,877,937)	(10,810,022)	—	1,349,053	(91,338,906)
Right-to-use leased equipment	(242,883)	(113,515)	—	—	(356,398)
Buildings and improvements	(313,184,165)	(30,388,442)	—	—	(343,572,607)
Right-to-use leased buildings	(384,115)	(101,245)	—	—	(485,360)
Improvements other than buildings	(661,112,747)	(55,779,149)	—	—	(716,891,896)
Right-to-use SBITA	(488,331)	(1,753,564)			(2,241,895)
Total accumulated depreciation/amortization	(1,057,290,178)	(98,945,937)	—	1,349,053	(1,154,887,062)
Total capital, lease, and subscription assets, being depreciated/amortized, net	1,556,869,412	(21,202,513)	184,917,646	(2,147)	1,720,582,398
Governmental activities capital, lease, and subscription assets, net	$2,114,269,841	$ 156,801,646	$ 14,593	$ (2,147)	$2,271,083,933

Business-type Activities	Balance 10/1/2023	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2024
Capital assets, not being depreciated:					
Land	$ 11,379,818	$ 490,000	$ —	$ —	$ 11,869,818
Construction-in-progress	59,804,379	58,602,975	(35,332,117)	—	83,075,237
Total capital asset, not being depreciated	71,184,197	59,092,975	(35,332,117)	—	94,945,055
Capital, lease, and subscription assets being depreciated/amortized					
Machinery and equipment	14,387,630	2,635,513	—	(765,941)	16,257,202
Right-to-use leased equipment	96,504	—	—	—	96,504
Buildings and improvements	10,178,723	—	9,361,164	—	19,539,887
Improvements other than buildings	705,581,770	42,001,550	25,970,953	—	773,554,273
Right-to-use SBITA	182,435	25,981	—	—	208,416
Total capital, lease, and subscription assets being depreciated/amortized	730,427,062	44,663,044	35,332,117	(765,941)	809,656,282
Less accumulated depreciation/amortization:					
Machinery and equipment	(10,300,122)	(1,323,489)	—	754,685	(10,868,926)
Right-to-use leased equipment	(43,700)	(21,850)	—	—	(65,550)
Buildings and improvements	(8,780,907)	(441,567)	—	—	(9,222,474)
Improvements other than buildings	(262,822,619)	(21,533,199)	—	—	(284,355,818)
Right-to-use SBITA	(91,218)	(117,199)	—	—	(208,417)
Total accumulated depreciation/amortization	(282,038,566)	(23,437,304)	—	754,685	(304,721,185)
Total capital, lease, and subscription assets, being depreciated/amortized, net	448,388,496	21,225,740	35,332,117	(11,256)	504,935,097
Business-type activities capital, lease, and subscription assets, net	$ 519,572,693	$ 80,318,715	$ —	$ (11,256)	$ 599,880,152

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	$ 22,875,559
Public safety	8,468,067
Public works	56,083,040
Culture and recreation	11,519,271
Total depreciation/amortization expense governmental activities	$ 98,945,937
Business-type activities	
Water & sewer	$ 23,200,317
Stormwater drainage	168,430
Environmental services	68,557
Total depreciation/amortization expense business-type activities	$ 23,437,304

Frisco Community Development Corporation	Balance 10/1/2023	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2024
Capital assets, not being depreciated:					
Land	$ 71,518,747	$ —	$ —	$ —	$ 71,518,747
Total capital assets not being depreciated	71,518,747	—	—	—	71,518,747
Capital assets, being depreciated:					
Machinery and equipment	118,213	14,593	(14,593)	—	118,213
Buildings and improvements	4,276,396	—	—	—	4,276,396
Improvements other than buildings	18,920,290	485,400	—	—	19,405,690
Total capital assets being depreciated	23,314,899	499,993	(14,593)	—	23,800,299
Less: accumulated depreciation	(21,470,364)	(192,689)	—	—	(21,663,053)
Total capital assets, being depreciated, net	1,844,535	307,304	(14,593)	—	2,137,246
FCDC capital assets, net	$ 73,363,282	$ 307,304	$ (14,593)	$ —	$ 73,655,993

Frisco Economic Development Corporation	Balance 10/1/2023	Additions	Transfers	Retirements/ Other Deductions	Balance 9/30/2024
Capital assets, not being depreciated:					
Land	$ 16,582,801	$ 181,250	$ —	$ —	$ 16,764,051
Construction in progress	—	1,103,365	—	—	1,103,365
Total capital assets not being depreciated	16,582,801	1,284,615	—	—	17,867,416
Capital and lease assets, being depreciated/ amortized:					
Machinery and equipment	140,542	371,903	—	—	512,445
Right-to-use leased equipment	32,892	—	—	—	32,892
Buildings and improvements	556,839	992,874	—	—	1,549,713
Right-to-use leased building	379,196	—	—	—	379,196
Total capital and lease assets being depreciated/amortized	1,109,469	1,364,777	—	—	2,474,246
Less: accumulated depreciation/ amortization	(563,256)	(30,346)	—	—	(593,602)
Total capital and lease assets, being depreciated/amortized, net	546,213	1,334,431	—	—	1,880,644
FEDC capital and lease assets, net	$ 17,129,014	$ 2,619,046	$ —	$ —	$ 19,748,060

In addition to construction in progress, the City had commitments or binding contracts as of September 30, 2024. The construction commitments or binding contracts totaled $194,785,982 for the governmental capital projects fund; and $32,632,829 for the business-type activities capital projects fund. Other funds also had outstanding encumbrances totaling $8,180,139.

Governmental activities		
General fund	$	6,942,249
Capital projects fund		194,785,982
Nonmajor funds		395,094
Total outstanding commitments	$	202,123,325
Business-type activities		
Water & Sewer fund	$	654,433
Water & Sewer fund construction		32,632,829
Nonmajor funds		188,363
Total outstanding commitments	$	33,475,625

Note 7. Notes Payable

The following is a summary of the changes in notes payable during the fiscal year:

Frisco Community Development Corporation	Balance 10/1/2023	Additions	Deletions	Balance 9/30/2024	Amounts Due within one year
Note payable to City	$ 110,000	$ —	$ 110,000	$ —	$ —
Premium	2,057	—	2,057	—	—
Total	$ 112,057	$ —	$ 112,057	$ —	$ —

The City periodically issues bonds on behalf of the Community Development Corporation and Economic Development Corporation to fund various projects of these entities. These entities are component units of the City. Each component unit has an agreement with the City to fund the principal and interest payments of the bonds; therefore, a note payable is reported in the government-wide financial statements of the component units to the City equal to the face amount of the bonds outstanding plus any bond premiums, discounts, and deferred loss from advance refunding of debt. The City is in compliance with related bond covenants.

At September 30, 2024, the balance of the note payable to the City from the Community Development Corporation was satisfied leaving a $0 balance.

Note 8. Long-term Debt

Long-term debt at September 30, 2024 includes the following issues:

Governmental Activities

General Obligation Bonds

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2011 Refunding and Improvement Bonds	08/16/2011	02/15/2031	3.125% - 5.000%	$ 109,545,000	$ 1,725,000
2015 A Refunding and Improvement Bonds	08/18/2015	02/15/2035	3.500% - 5.000%	81,335,000	44,330,000
2015 B Refunding Bonds	05/19/2015	02/15/2035	2.500% - 4.100%	6,040,000	3,770,000
2016 Refunding and Improvement Bonds	07/27/2016	02/15/2036	3.500% - 5.000%	115,575,000	58,705,000
2017 Improvement Bonds	07/18/2017	02/15/2037	3.000% - 5.000%	45,510,000	34,005,000
2018 Improvement Bonds	07/17/2018	02/15/2038	3.125% - 5.000%	53,635,000	42,195,000
2019 Improvement Bonds	07/31/2019	02/15/2039	3.000% - 5.000%	63,790,000	52,540,000
2020 Improvement Bonds	09/29/2020	02/15/2040	2.000% - 5.000%	26,790,000	22,995,000
2021 Refunding and Improvement Bonds	01/05/2021	02/15/2040	2.000% - 5.000%	89,950,000	70,605,000
2022 Refunding and Improvement Bonds	01/11/2022	02/15/2042	2.000% - 5.000%	86,520,000	75,755,000
2022 Improvement Bonds	01/11/2022	02/15/2042	1.300% - 2.650%	12,000,000	10,990,000
2023 G.O. Bonds Taxable	08/15/2023	02/15/2043	4.630% - 6.000%	20,490,000	19,905,000
2023 G.O. Refunding & Improvement	08/01/2023	02/15/2043	4.000% - 6.000%	142,195,000	130,055,000
2024 G.O. Bonds Taxable	08/07/2024	02/15/2044	4.750% - 7.000%	8,970,000	8,970,000
2024 G.O. Refunding & Improvement	08/07/2024	02/15/2044	4.000% - 5.000%	93,025,000	93,025,000
			Total	$ 955,370,000	$ 669,570,000

Certificates Of Obligation

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2001 B Combination Tax and Revenue	10/01/2001	02/15/2025	6.625%	$ 19,915,000	$ 1,320,000
2008 B Combination Tax and Revenue	02/15/2008	02/15/2033	6.050% - 6.375%	20,520,000	14,760,000
2009 Combination Tax and Limited Surplus Revenue	11/15/2009	02/15/2030	4.000% - 4.750%	3,105,000	1,020,000
2014 A Combination Tax and Limited Surplus Revenue	08/26/2014	02/15/2038	2.650% - 4.150%	90,000,000	65,500,000
2015 A Combination Tax and Limited Surplus Revenue	10/20/2015	02/15/2037	2.000% - 4.000%	9,015,000	6,485,000
2015 B Combination Tax and Limited Surplus Revenue	10/20/2015	02/15/2037	2.580% - 4.300%	20,740,000	15,015,000
2016 B Combination Tax and Limited Surplus Revenue	07/27/2016	02/15/2041	1.916% - 3.600%	20,500,000	16,350,000
2019 Combination Tax and Revenue	02/26/2019	02/15/2039	3.000% - 4.000%	35,000,000	28,570,000
2019 B Combination Tax and Surplus Revenue	07/31/2019	02/15/2039	2.350% - 3.050%	16,535,000	13,235,000
2022 B Combination Tax and Surplus Revenue	01/11/2022	02/15/2042	0.850% - 2.650%	39,510,000	35,875,000
2023 B Combination Tax and Surplus Revenue	08/15/2023	02/15/2043	4.600% - 5.250%	42,775,000	42,775,000
2024 A Combination Tax and Surplus Revenue	08/07/2024	02/15/2044	4.000% - 5.000%	37,045,000	37,045,000
			Total	$ 354,660,000	$ 277,950,000

Business-type Activities

General Obligation Bonds

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2015 A Refunding and Improvement Bonds	08/18/2015	02/15/2027	3.500% - 5.000%	26,375,000	9,050,000
2023 Refunding and Improvement Bonds	08/01/2023	02/15/2043	4.000% - 6.000%	19,315,000	16,040,000
2024 Refunding and Improvement Bonds	08/07/2024	02/15/2044	4.000% - 5.000%	7,725,000	7,725,000
			Total	$ 53,415,000	$ 32,815,000

Certificates Of Obligation

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2015 Combination Tax and Surplus Revenue	08/18/2015	02/15/2035	3.000% - 4.000%	14,965,000	9,395,000
2016 A Combination Tax and Limited Surplus Revenue	07/27/2016	02/15/2036	4.000%	17,065,000	11,800,000
2017 Combination Tax and Surplus Revenue	07/18/2017	02/15/2037	3.000% - 4.000%	14,455,000	10,590,000
2018 Combination Tax and Surplus Revenue	07/17/2018	02/15/2038	3.000% - 5.000%	14,705,000	11,430,000
2019 A Combination Tax and Surplus Revenue	07/31/2019	02/15/2039	2.500% - 4.000%	9,595,000	7,745,000
2020 Combination Tax and Surplus Revenue	09/29/2020	02/15/2040	2.000% - 5.000%	13,635,000	11,670,000
2021 Combination Tax and Surplus Revenue	01/05/2021	02/15/2040	2.000% - 5.000%	20,315,000	18,090,000
2022 A Combination Tax and Surplus Revenue	01/11/2022	02/15/2042	2.000% - 4.000%	13,855,000	12,845,000
2023 A Combination Tax and Surplus Revenue	08/15/2023	02/15/2043	4.000% - 5.000%	18,535,000	17,980,000
2024 A Combination Tax and Surplus Revenue	08/07/2024	02/15/2044	4.000% - 5.000%	18,520,000	18,520,000
			Total	$ 179,840,000	$ 130,065,000

Component Units

Issue	Closing Date	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
2014 Sales Tax Revenue Bonds	08/26/2014	02/15/2034	2.900% - 4.200%	$ 25,000,000	$ 14,705,000
2015 Sales Tax Revenue Bonds	05/19/2015	02/15/2035	2.650% - 4.250%	6,000,000	3,765,000
2016 A Sales Tax Revenue Bonds	02/11/2016	02/15/2037	3.000% - 5.000%	21,690,000	16,215,000
2016 B Sales Tax Revenue Bonds	02/11/2016	02/15/2037	2.540% - 4.450%	15,180,000	10,995,000
Series 2022 C Sales Tax Revenue Refunding Bonds	03/01/2022	02/15/2032	0.650% - 2.250%	16,515,000	13,480,000
Series 2022 D Sales Tax Revenue Refunding Bonds	03/01/2022	02/15/2032	0.650% - 2.250%	15,535,000	12,680,000
			Total	$ 99,920,000	$ 71,840,000

General obligation bonds and certificates of obligation mature annually in varying amounts through 2044. The interest for the bonds is payable semi-annually with interest rates ranging from 0.850% - 7.000%. The City is in compliance with related bond covenants.

In August 2024, the City of Frisco issued General Obligation Refunding and Improvement Bonds, Series 2024 in the amount of $100,750,000 with a net premium of $9,636,329. Proceeds of the sale of the Bonds are to be used for (i) financing permanent improvements for Police and Fire, Streets, Parks, and Downtown Parking Garage; (ii) to refund $20,665,000 of General Obligation Refunding and Improvement Bonds, Series 2014, and Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014 for debt service savings and (iii) to pay the costs associated with the issuance of the Bonds. The current refunding resulted in the reacquisition price exceeding the net carrying amount of the old debt by $132,189. As a result of the transaction the City reduced total debt service payments by $941,890 and resulted in an economic gain of $811,856.

In August 2024, the City of Frisco issued General Obligation Bonds, Taxable Series 2024 in the amount of $8,970,000 with a net premium of $240,146. Proceeds of the sale of the Bonds are to be used for financing the construction of a parking garage downtown.

In August 2024, the City of Frisco issued Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024 A in the amount of $55,565,000 with a net premium of $5,012,597. Proceeds from the sale of the Certificates will be used for (i) constructing improvements and extensions to the City’s combined waterworks and sewer system and water re-use system consisting of transmission lines, pump stations and ground storage; (ii) construction of Northwest Community Park and (iii) to pay the costs associated with the issuance of the Certificates.

During the year, the following changes occurred in the long-term liabilities:

Governmental Activities	Balance 10/1/2023	Increases	Decreases	Balance 9/30/2024	Amounts due within one year
Compensated absences	$ 27,115,573	$ 15,019,310	$ 13,098,955	$ 29,035,928	$ 10,558,751
Leases	720,321	90,630	216,257	594,694	193,616
SBITAs	929,873	4,491,595	1,719,193	3,702,275	1,591,152
Pensions	57,159,671	—	7,552,381	49,607,290	—
OPEB	3,052,068	566,502	—	3,618,570	—
Arbitrage rebates	2,076,664	6,166,522	—	8,243,186	—
Developer payable	—	17,329,682	—	17,329,682	—
General obligation bonds	624,255,000	101,995,000	56,680,000	669,570,000	46,550,000
Certificates of obligation	252,325,000	37,045,000	11,420,000	277,950,000	12,875,000
Premiums	37,383,599	12,747,013	8,829,331	41,301,281	—
Discounts	(1,116,333)	(249,778)	(146,116)	(1,219,995)	—
Total governmental activities	$ 1,003,901,436	$ 195,201,476	$ 99,370,001	$ 1,099,732,911	$ 71,768,519

Business-type Activities	Balance 10/1/2023	Increases	Decreases	Balance 9/30/2024	Amounts due within one year
Compensated absences	$ 2,871,368	$ 1,651,246	$ 1,361,471	$ 3,161,143	$ 1,367,452
Leases	55,519	—	22,710	32,809	23,081
SBITAs	90,768	25,981	116,749	—	—
Pensions	7,227,085	—	954,899	6,272,186	—
OPEB	385,892	71,628	—	457,520	—
Arbitrage rebates	343,545	1,525,385	—	1,868,930	—
General obligation bonds	32,200,000	7,725,000	7,110,000	32,815,000	7,065,000
Certificates of obligation	126,075,000	18,520,000	14,530,000	130,065,000	6,185,000
Premiums	8,732,815	2,439,625	1,909,358	9,263,082	—
Discounts	(292,182)	(47,788)	(28,082)	(311,888)	—
Total business-type activities	177,689,810	31,911,077	25,977,105	183,623,782	14,640,533
Total primary government	$ 1,181,591,246	$ 227,112,553	$ 125,347,106	$ 1,283,356,693	$ 86,409,052

Component Units	Balance 10/1/2023	Increases	Decreases	Balance 9/30/2024	Amounts due within one year
Compensated absences	$ 265,611	$ 169,530	$ 96,627	$ 338,514	$ 144,908
Leases	26,317	—	8,019	18,298	8,285
Pensions	1,314,015	—	173,618	1,140,397	—
OPEB	70,162	13,025	—	83,187	—
Pollution Remediation Obligation	39,641,361	—	4,920,019	34,721,342	—
Sales tax revenue bonds	77,785,000	—	5,945,000	71,840,000	6,110,000
Notes payable – City	110,000	—	110,000	—	—
Premiums	630,979	—	154,158	476,821	—
Discounts	(46,537)	—	(5,543)	(40,994)	—
Total component units	$ 119,796,908	$ 182,555	$ 11,401,898	$ 108,577,565	$ 6,263,193

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental activities for the years subsequent to September 30, 2024, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2025	$ 59,425,000	$ 37,432,912	$ 96,857,912
2026	54,620,000	34,678,357	89,298,357
2027	52,990,000	32,213,634	85,203,634
2028	52,380,000	29,778,588	82,158,588
2029	52,990,000	27,372,555	80,362,555
2030-2034	292,200,000	100,584,328	392,784,328
2035-2039	258,120,000	46,056,350	304,176,350
2040-2044	124,795,000	10,262,088	135,057,088
Total	947,520,000	318,378,812	1,265,898,812
Plus: Unamortized bond premium	41,301,281	—	41,301,281
Less: Unamortized bond discount	(1,219,995)	—	(1,219,995)
Net debt service requirements	$ 987,601,286	$ 318,378,812	$ 1,305,980,098

Debt service requirements of the general obligation bonds and certificates of obligation for the business-type activities for the years subsequent to September 30, 2024, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2025	$ 13,250,000	$ 6,242,151	$ 19,492,151
2026	12,835,000	5,600,813	18,435,813
2027	11,765,000	5,029,913	16,794,913
2028	9,050,000	4,555,841	13,605,841
2029	9,475,000	4,137,206	13,612,206
2030-2034	51,990,000	14,259,744	66,249,744
2035-2039	38,000,000	5,854,878	43,854,878
2040-2044	16,515,000	1,202,375	17,717,375
Total	162,880,000	46,882,921	209,762,921
Plus: Unamortized bond premium	9,263,082	—	9,263,082
Less: Unamortized bond discount	(311,888)	—	(311,888)
Net debt service requirements	$ 171,831,194	$ 46,882,921	$ 218,714,115

Debt service requirements of the revenue bonds and notes payable for the Community Development Corporation component unit for the years subsequent to September 30, 2024, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2025	$ 3,340,000	$ 1,474,471	$ 4,814,471
2026	3,445,000	1,374,185	4,819,185
2027	3,555,000	1,264,182	4,819,182
2028	3,690,000	1,145,066	4,835,066
2029	3,835,000	1,017,847	4,852,847
2030-2034	17,765,000	3,091,166	20,856,166
2035-2037	8,025,000	495,338	8,520,338
Total	43,655,000	9,862,255	53,517,255
Plus: Unamortized bond premium	476,821	—	476,821
Less: Unamortized bond discount	(40,994)	—	(40,994)
Net debt service requirements	$ 44,090,827	$ 9,862,255	$ 53,953,082

The following is a summary of pledged revenues for the Community Development Corporation for the year ended September 30, 2024:

Revenue Pledged	Total Revenue Pledged	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will not be Available for Other Purposes
.5% Sales and use tax	$34,929,072	$4,810,902	13.8%	$53,517,255	Until 2037

Debt service requirements of the revenue bonds and notes payable for the Economic Development Corporation component unit for the years subsequent to September 30, 2024, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2025	$ 2,770,000	$ 804,731	$ 3,574,731
2026	2,840,000	737,991	3,577,991
2027	2,920,000	664,604	3,584,604
2028	3,015,000	584,880	3,599,880
2029	3,120,000	498,628	3,618,628
2030-2034	13,520,000	1,063,319	14,583,319
Total	28,185,000	4,354,153	32,539,153
Debt service requirements	$ 28,185,000	$ 4,354,153	$ 32,539,153

The following is a summary of pledged revenues for the Economic Development Corporation for the year ended September 30, 2024:

Revenue Pledged	Total Revenue Pledged	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will not be Available for Other Purposes
.5% Sales and use tax	$34,929,072	$3,563,700	10.2%	$32,539,153	Until 2034

In 2021, the City entered into a development agreement for the construction of major roadways within the boundaries of TIRZ #7. The developer is required to construct the roadway improvements to the City's minimum design and construction standards. Should the developer constructs improvements in excess of these standards, these enhancement costs are eligible to be paid to the developer only after the City debt service associated with these improvements are satisfied. Upon the satisfaction of these obligations, the developer would then be eligible to receive reimbursement on interest costs incurred by the developer. The interest is capped at 4%. To date, the amount the developer has exceeded construction standards plus eligible interest reimbursements is approximately $17.3 million. This liability is listed as a developer payable on the City's government-wide statements.

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-use of buildings and equipment over the term of the lease. The City is required to make periodic payments at its incremental borrowing rate or the interest rate stated or implied within the leases. As of 9/30/24, the City and FEDC have 18 active leases with interest rates that range from 0.45% to 3.59% and terms between 2 and 18 years. The City has also entered into multiple Subscription-Based Information Technology Arrangements (SBITAs). These agreements allow the right-to-use of subscription assets. The interest rate, term and ending lease and SBITA liability are as follows:

	Balance 10/1/23	Increases	Decreases	Ending Balance
Governmental Activities:				
Buildings	$ 284,424	$ —	$ 102,046	$ 182,378
Equipment	435,897	90,630	114,211	412,316
SBITAs	929,873	4,491,595	1,719,193	3,702,275
Total governmental activities				$ 4,296,969
Business-type activities:				
Equipment	$ 55,519	$ —	$ 22,710	32,809
SBITAs	90,768	25,981	116,749	—
Total business-type activities				$ 32,809
Component units:				
Equipment	26,317	—	8,019	18,298
Total component units				$ 18,298

Annual requirements to amortize leases payable for the governmental activities for the years subsequent to September 30, 2024, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2025	$ 193,616	$ 9,730	$ 203,346
2026	144,292	6,538	150,830
2027	71,394	4,549	75,943
2028	26,761	3,577	30,338
2029	11,827	3,173	15,000
2030-2034	62,781	12,219	75,000
2035-2039	69,316	5,979	75,295
2040	14,707	294	15,001
Total	$ 594,694	$ 46,059	$ 640,753

Annual requirements to amortize leases payable for the business-type activities for the years subsequent to September 30, 2024, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2025	$ 23,081	$ 361	$ 23,442
2026	9,728	40	9,768
Total	$ 32,809	$ 401	$ 33,210

Annual requirements to amortize leases payable for the Economic Development Corporation component unit for the years subsequent to September 30, 2024, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2025	$ 8,285	$ 475	$ 8,760
2026	8,560	200	8,760
2027	1,453	6	1,459
Total	$ 18,298	$ 681	$ 18,979

Annual requirements to amortize SBITAs payable for the governmental activities for the years subsequent to September 30, 2024, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2025	$ 1,591,152	$ 118,429	$ 1,709,581
2026	1,410,170	69,963	1,480,133
2027	400,433	22,003	422,436
2028	300,520	9,590	310,110
Total	$ 3,702,275	$ 219,985	$ 3,922,260

Note 9. Tax Abatements

The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of Frisco. This program rebates property and sales & use taxes and is authorized under Chapter 380 of the Texas Local Government Code.

The various agreements are detailed below that rebate a percentage of various taxes including property, sales & use taxes, mix beverage taxes, and hotel occupancy taxes. Agreements for rebate of property taxes generally call for rebates of 50% of taxes on incremental values for usually up to 10 years. The agreements for sales & use taxes provide for a rebate of .50% to .85% of the City 1% taxes on incremental values for usually up to 10 years, with the maximum being 25 years. For fiscal year 2024, the City rebated property taxes of $1,992,511, sales and use taxes of $6,665,932, and mixed-beverage and hotel occupancy taxes of $4,072,081.

Office Development Agreements
To promote economic development and diversity, increase employment, reduce unemployment and underemployment, expand commerce, and stimulate business and commercial activity in the State of Texas, Collin County, Denton County and the City of Frisco, Texas, the City agreed to pay ad valorem tax grants to certain developers. These grants require the construction of minimum square feet of office space and obtaining certificates of occupancy within a specified time period, all of which have been met during the 2024 fiscal year.

An agreement was executed in November 2016 for an office building and parking garage. The City pays fifty percent (50%) of the ad valorem taxes actually collected by the City that are directly associated with the increase in value in excess of the base year value up to a maximum of $11,000,000 or 23 years. $259,877 was earned during the current year of this grant.

Retail Development Agreements
To promote economic development and diversity, increase employment, reduce unemployment and underemployment, expand commerce, and stimulate business and commercial activity in the State of Texas, Collin County, Denton County and the City of Frisco, Texas, the City agreed to pay sales tax grants to certain developers. These grants require the construction of minimum square feet of retail space and obtaining certificates of occupancy for certain major retailers within a specified time period, all of which have been met during the 2024 fiscal year.

An agreement was executed in January 2011 for approximately 140,000 square feet of retail space which opened in October 2011. The City pays the lesser of fifty percent (50%) or $70,000 of ad valorem taxes actually collected by the City for 10 years following the initial sales tax grant which ended in November of 2020. The City paid $70,000 during the current year of this grant

An agreement was executed in May 2013 for a retail sales center. The City pays eighty-five percent of one percent (.85%) of all retail sales generated for a period of twenty-five years. The City paid $1,823,103 during the current year of this grant.

An agreement was executed with the owner of an entertainment venue in April 2013. This agreement includes a 50% rebate of property taxes for 10 years and one-half of one percent of sales and use taxes (0.50%) for five years. The City paid $8,051 during the current year of the grant.

An agreement was executed in June 2014 with a residential builder for a ten-year period. Payments will be calculated based on eighty percent (.80%) of the City's one percent of use tax levied on housing materials purchased. The City paid $17,851 during the current year of this grant.

An agreement was executed in August 2015 with a residential builder for a ten-year period. Payments will be calculated based on eighty percent (.80%) of the City's one percent of use tax levied on housing materials purchased. The City paid $50,542 during the current year of this grant.

An agreement was executed in November 2015 for an entertainment and retail center. The City pays fifty percent (50%) of the ad valorem taxes actually collected by the City that are directly associated with the increase in value in excess of the base year value up to a maximum of $60,000,000 or 24 years and one-half of one percent of sales and use taxes (0.50%) for five years. $1,243,678 was earned during the current year of this grant.

An agreement was executed in October 2016 for a retail sales center. The City pays one half percent (0.5%) of retail sales generated for a period of ten years. The City paid $175,601 during the current year of this grant.

An agreement was executed in August 2017 for a retail sales center. The City pays seventy-five percent of one percent (.75%) of all retail sales over a certain dollar amount generated for a period of twenty-five years. The City paid $2,988,282 for the current year of this grant.

An agreement was executed in December 2018 for a mixed-use development with a hotel facility. The City pays one-hundred percent (1%) of sales tax for 10 years then fifty percent (.50%) for five years, one-hundred percent (100%) of hotel occupancy and mixed beverage tax for ten years then seventy percent (70%) of hotel occupancy tax for five years, and seventy-five percent (75%) of ad valorem for ten years then fifty percent (50%) for ten years. $5,768,213 was earned during the current year of this grant.

An agreement was executed in February 2019 for a retail sales center. The City pays one half (0.5%) of one percent of sales tax for a period of ten years and fifty percent (50%) of ad valorem taxes actually collected by the City. The City paid $131,985 for the current year of this grant.

An agreement was executed in May 2019 for a retail sales center. The City pays one half (0.5%) of one percent of sales tax for a period of ten years. The City paid $193,340 for the current year of this grant.

Note 10. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is administered by Mission Square Retirement and is classified as a pension plan under the provisions of GASB 97. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, and the City does have limited fiduciary responsibilities over the plan offerings and design; this plan is not reported in the financial statements of the City.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City does not make contributions to the plan.

Note 11. Defined Benefit Pension Plan

Plan Description

The City of Frisco, including the Frisco Economic Development Corporation (FEDC) a discretely presented component unit, participates as one of over 900 plans in the defined benefit cash balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide, public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of the TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City and FEDC 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 City, 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 payment 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.

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. A summary of plan provisions for the City are as follows:

Employee deposit rate: 7%
Matching ratio (City to employee): 2 to 1
Years required for vesting: 5
Service retirement eligibility: 60/5, 0/20
Updated Service Credit: 100%
Annuity Increase to retirees: 70% of CPI Repeating

Employees Covered by Benefits Terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	341
Inactive employees entitled to but not yet receiving benefits	726
Active employees	1,361
Total	2,428

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarial 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 City of Frisco and FEDC were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.12% and 14.54% in calendar years 2023 and 2024, respectively. The City's and FEDC's contributions to TMRS for the year ended September 30, 2024 were $19,239,425 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are 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 a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	6.7%
Core Fixed Income	6.00%	4.7%
Non-Core Fixed Income	20.00%	8.0%
Other Public and Private Markets	12.00%	8.0%
Real Estate	12.00%	7.6%
Hedge Funds	5.00%	6.4%
Private Equity	10.00%	11.6%
	100%	

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 contributions 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 payment to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, beginning of year	$ 415,026,078	$ 349,325,307	$ 65,700,771
Changes for the year:			
Service cost	23,028,837	—	23,028,837
Interest	28,463,269	—	28,463,269
Difference between expected and actual experience	6,078,660	—	6,078,660
Changes in assumptions	448,256	—	448,256
Contributions-employer	—	17,613,608	(17,613,608)
Contributions-employee	—	8,734,633	(8,734,633)
Net investment income	—	40,610,685	(40,610,685)
Benefit payments, including refunds of employee contributions	(9,724,861)	(9,724,861)	—
Administrative expense	—	(257,209)	257,209
Other changes	—	(1,797)	1,797
Net changes	48,294,161	56,975,059	(8,680,898)
Balances, end of year	$ 463,320,239	$ 406,300,366	$ 57,019,873

Changes in the Net Pension Liability of the City & FEDC

	City	FEDC	Totals
Balances, beginning of year	$ 64,386,756	$ 1,314,015	$ 65,700,771
Changes for the year:			
Service cost	22,568,259	460,578	23,028,837
Interest	27,894,004	569,265	28,463,269
Difference between expected and actual experience	5,957,087	121,573	6,078,660
Changes in assumptions	439,291	8,965	448,256
Contributions-employer	(17,261,336)	(352,272)	(17,613,608)
Contributions-employee	(8,559,940)	(174,693)	(8,734,633)
Net investment income	(39,798,471)	(812,214)	(40,610,685)
Administrative expense	252,065	5,144	257,209
Other changes	1,761	36	1,797
Net changes	(8,507,280)	(173,618)	(8,680,898)
Balances, end of year	$ 55,879,476	$ 1,140,397	$ 57,019,873

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the City and FEDC, calculated using the discount rate of 6.75%, as well as what the City's and FEDC's net pension liability/(asset) 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	Current Discount Rate	1% Increase in Discount Rate
City's Net Pension Liability/(Asset)	$ 131,140,955	$ 55,879,476	$ (5,165,342)
FEDC Net Pension Liability/(Asset)	2,676,346	1,140,397	(105,415)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the City and FEDC recognized pension expense of $20,003,672; $19,603,599 for the City and $400,073 for the FEDC.

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

Deferred Outflows and Inflows - City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,682,755	$ 1,526,287
Changes of assumptions	573,654	—
Net difference between projected and actual earnings on pension plan investments	8,419,797	—
Contributions subsequent to the measurement date	14,578,229	—
Total	$ 31,254,435	$ 1,526,287

Deferred Outflows and Inflows - FEDC

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 156,790	$ 31,149
Changes of assumptions	11,707	—
Net difference between projected and actual earnings on pension plan investments	171,833	—
Contributions subsequent to the measurement date	297,515	—
Total	$ 637,845	$ 31,149

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $14,578,229 for the City and $297,515 contributed for the FEDC, will be recognized as a reduction of the net pension liability for measurement year ending December 31, 2024 (i.e. recognized in the City's and FEDC's financial statements September 30, 2025). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	City	FEDC	Total
2025	$ 3,926,818	$ 80,138	$ 4,006,956
2026	4,117,063	84,022	4,201,085
2027	7,649,301	156,108	7,805,409
2028	(1,922,919)	(39,243)	(1,962,162)
2029	1,193,358	24,354	1,217,712
Thereafter	186,298	3,802	190,100
Total	$ 15,149,919	$ 309,181	$ 15,459,100

Allocation of Pension Items
Pension items are allocated between the City's governmental activities, City's business-type activities, and the FEDC on the basis of employee payroll funding. For the City's governmental activities, the net pension liability is liquidated by the General Fund and Hotel/Motel Tax Fund. For the City's business-type activities, the net pension liability is liquidated by the Water & Sewer Fund, Stormwater Drainage Fund, and Environmental Services Fund.

Note 12. Other Postemployment Benefits

Plans Descriptions
The City and FEDC provide a single-employer postemployment health insurance plan that retirees can purchase through age 65, but they are responsible for 100% of the premium costs and this plan is not part of the City's active employee plan. The City incurs no cost for providing these benefits, as retirees are included in a separate risk pool, however, there is an implicit rate subsidy and the City and FEDC have a measurable OPEB liability, which is accounted for in the OPEB liability.

The City and FEDC also participate in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The City has elected, by ordinance, to participate in this program and provide group-term life insurance coverage for their active members and retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be a single-employer unfunded OPEB plan under paragraph 4, item (b) of GASB Statement No. 75. The City's OPEB plan does not issue separate financial statements.

Benefits
The City offers its retired employees and their spouses under age 65 health insurance coverage under the separate plan from the active employees. Employees can retire and receive benefits upon reaching age 60 with five years of service or with 20 years of service. Only pre-Medicare benefits are provided. Spouses receive benefits based on their Medicare eligibility age.

TMRS provides death benefits for active employees providing a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12–month period preceding the month of death). The death benefit for retirees is considered other postemployment benefit (OPEB) and is a fixed amount of $7,500.

Employees Covered by Benefit Terms

For retiree health insurance at the September 30, 2024 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Active employees	1,339
Total	1,354

For TMRS supplemental death at the December 31, 2023 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	260
Inactive employees entitled to but not yet receiving benefits	179
Active employees	1,361
Total	1,800

Benefit Payments

For retiree health insurance, retirees and their spouses currently receiving benefits are required to pay specified amounts monthly toward the cost of health insurance premiums.

Monthly retiree premium rates are as follows:

Retiree Premiums	Retiree	Retiree + Spouse
EPO High Deductible	$ 1,040	$ 2,010
EPO Low Deductible	$ 1,183	$ 2,262

The City and FEDC submit benefit payments to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefits for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Benefit payments are made monthly based on the covered payroll of the city. The contractually required benefit payment rate is determined annually for the City and FEDC. The rate is based on mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City and FEDC. There is a one-year delay between the actuarial valuation that serves as the basis for the employer benefit payment rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The retiree portion of the benefit payment rates to the SDBF for the City and FEDC were 0.03% and 0.03% in calendar years 2023 and 2024, respectively. The

City's and FEDC's benefit payments to the SDBF for the year ended September 30, 2024 were $12,215 and were equal to the required benefit payments.

Total OPEB Liability

The retiree health insurance total OPEB liability was measured as of September 30, 2024 and was determined by an actuarial valuation as of October 1, 2023.

The TMRS supplemental death total OPEB liability was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The retiree health insurance total OPEB liability in the October 1, 2023 actuarial valuation was determined using the following actuarial assumptions:

Discount rate	4.06% (4.87% in prior year)
Mortality table	Pub-2010 Safety and General Mortality Tables, weighted by headcount, projected with scale MP-2021
Salary scale	Graded scale based on age and participant group
Plan participation rates	0% for retirements prior to age 50
	5% for retirements between ages 50-59
	25% for retirements at ages 60 and later
Healthcare cost trend rate	
Current rate (medical/Rx)	5.50% / 9.50%
Ultimate rate (medical/Rx)	4.70% / 4.70%
Year ultimate is reached (medical/Rx)	2029 / 2032

The discount rate was selected by City of Frisco based on the Bond Buyer 20-Bond General Obligation Index to reflect yields on long-term municipal bonds as of the measurement date.

The TMRS supplemental death total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	3.77% (4.05% in prior year)
Retirees' share of benefit-related costs	$0
Administrative expense	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity index's "20-Year Municipal GO AA Index" rate as of December, 31 2023.

Changes in Total OPEB Liability Retiree Health Insurance	City	FEDC	Totals
Balance, beginning of year	$ 1,547,557	$ 31,583	$ 1,579,140
Changes for the year:			
Service cost	113,584	2,318	115,902
Interest on the total OPEB liability	74,714	1,525	76,239
Difference between expected and actual experience	(88,238)	(1,801)	(90,039)
Changes in assumptions or other inputs	353,035	7,205	360,240
Benefit payments	(78,412)	(1,600)	(80,012)
Net changes	374,683	7,647	382,330
Balance, end of year	$ 1,922,240	$ 39,230	$ 1,961,470

Changes in Total OPEB Liability TMRS Supplemental Death	City	FEDC	Totals
Balance, beginning of year	$ 1,890,402	$ 38,580	$ 1,928,982
Changes for the year:			
Service cost	134,408	2,743	137,151
Interest on the total OPEB liability	78,541	1,603	80,144
Difference between expected and actual experience	(23,274)	(475)	(23,749)
Changes in assumptions or other inputs	110,430	2,254	112,684
Benefit payments **	(36,657)	(748)	(37,405)
Net changes	263,448	5,377	268,825
Balance, end of year	$ 2,153,850	$ 43,957	$ 2,197,807

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the Total OPEB Liability to changes in the discount rate.
The following presents the total OPEB liability of the City's and FEDC's retiree health insurance calculated using the discount rate of 4.06%, as well as what the City's and FEDC's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.06%) or 1 percentage point higher (5.06%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's OPEB	$ 2,116,225	$ 1,922,240	$ 1,745,808
FEDC's OPEB	43,188	39,230	35,629

The following presents the total OPEB liability of the City's and FEDC's TMRS supplemental plan calculated using the discount rate of 3.77%, as well as what the City's and FEDC's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.77%) or 1 percentage point higher (4.77%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's OPEB	$ 2,663,145	$ 2,153,850	$ 1,765,673
FEDC's OPEB	54,350	43,957	36,034

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.
The following presents the total OPEB liability of the City and FEDC retiree health insurance, as well as what the City's and FEDC's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate.

	1% Decrease	Current Healthcare Rate	1% Increase
City's OPEB	$ 1,672,121	$ 1,922,240	$ 2,219,955
FEDC's OPEB	$ 34,125	$ 39,230	$ 45,305

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended September 30, 2024, the City recognized OPEB expense of $162,654 for TMRS Supplemental Death and $(348,695) for Retiree Health Insurance, $(186,041) aggregated. The FEDC also recognized OPEB expense of $3,319 for TMRS Supplemental Death and $(7,116) for Retiree Health Insurance, $(3,797) aggregated. At September 30, 2024, the City and FEDC reported deferred outflows and inflows of resources related to OPEB from the following resources:

Retiree Health Insurance

Deferred Outflows and Inflows - City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 172,780	$ 1,465,443
Changes of assumptions	569,364	928,492
Total	$ 742,144	$ 2,393,935

Deferred Outflows and Inflows - FEDC

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,526	$ 29,906
Changes of assumptions	11,620	18,949
Total	$ 15,146	$ 48,855

TMRS Supplemental Death

Deferred Outflows and Inflows - City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 64,435	$ 166,734
Changes of assumptions	578,565	969,847
Benefit payments subsequent to the measurement date	10,026	—
Total	$ 653,026	$ 1,136,581

Deferred Outflows and Inflows - FEDC

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,315	$ 3,403
Changes of assumptions	11,807	19,792
Benefit payments subsequent to the measurement date	205	—
Total	$ 13,327	$ 23,195

Deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date of $10,231 will be recognized as a reduction of the total OPEB liability in the City and FEDC's financial statements as of September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Retiree Health Insurance

Fiscal Year	City	FEDC	Total
2025	$ (530,604)	$ (10,827)	$ (541,431)
2026	(522,987)	(10,673)	(533,660)
2027	(486,455)	(9,928)	(496,383)
2028	(48,648)	(993)	(49,641)
2029	(70,739)	(1,444)	(72,183)
Thereafter	7,642	156	7,798
Total	$ (1,651,791)	$ (33,709)	$ (1,685,500)

TMRS Supplemental Death

Fiscal Year	City	FEDC	Total
2025	$ (50,296)	$ (1,027)	$ (51,323)
2026	(50,296)	(1,026)	(51,322)
2027	(64,972)	(1,326)	(66,298)
2028	(63,812)	(1,302)	(65,114)
2029	(85,554)	(1,746)	(87,300)
Thereafter	(178,651)	(3,646)	(182,297)
Total	$ (493,581)	$ (10,073)	$ (503,654)

Allocation of OPEB Items

OPEB items are allocated between the City's governmental activities, City's business-type activities, and the FEDC on the basis of employee payroll funding. For the City's governmental activities, the total OPEB liability is liquidated by the General Fund and Hotel/Motel Tax Fund. For the City's business-type activities, the total OPEB liability is liquidated by the Water & Sewer Fund, Stormwater Drainage Fund, and Environmental Services Fund.

Note 13. Risk Management

The City 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 City 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 within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to $1,000,000 per event, and $2,000,000 in aggregate. There were no significant reductions in insurance coverage from the previous year. Settled claims for risk have not exceeded insurance coverage for the past three years.

During FY24, the City participated in a modified self-insurance program for Employee Benefits. Group medical benefits were administered by a third-party insurance provider. The City offers two plans with payroll deductions set aside to cover the monthly claims. The annually negotiated stop loss provision for 2024 was $250,000 per occurrence and 125% cap of claims.

The liabilities for insurance claims reported are based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported claims. The estimated claims incurred but not reported as of September 30, 2024 totaled $3,550,000, which are recorded as a liability in the General Fund accounts payable. Changes in the liability for the past three years:

Claim Year	Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability End of Year
2022 - Health Insurance	2,750,000	21,608,694	21,308,694	3,050,000
2023 - Health Insurance	3,050,000	21,873,352	21,643,352	3,280,000
2024 - Health Insurance	3,280,000	22,263,297	21,993,297	3,550,000

Note 14. Interfund Receivables and Payables

All interfund receivables and payables are considered short-term and, at September 30, 2024, consisted of the following:

	Due From	
Due to	Nonmajor Governmental	Total
Capital Projects	$ 78,417	$ 78,417
Total	$ 78,417	$ 78,417

All balances resulted from the time lag between the dates that transactions are recorded in the accounting system and that payments between funds are made.

The City reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements.

Transfers From

Transfers to	General Fund	TIRZ #1	Capital Projects	Nonmajor Governmental	Major & Nonmajor Proprietary	Total
General Fund	$ —	$ —	$ 100,000	$ 334,000	$ 5,990,527	$ 6,424,527
TIRZ #1	—	—	—	535,036	—	535,036
Capital projects	56,609	—	—	15,476,978	916,062	16,449,649
Debt service	—	18,085,429	—	6,633,421	—	24,718,850
Nonmajor Governmental	380,618	—	2,249,196	—	—	2,629,814
Major & Nonmajor Proprietary	—	—	3,432,889	—	555,533	3,988,422
Total	$ 437,227	$ 18,085,429	$ 5,782,085	$ 22,979,435	$ 7,462,122	$ 54,746,298

Transfer from fund	Transfer to fund	Amount
General Fund:		
Grant matching funds	Grants	380,618
Capital outlay funding	Capital Projects	56,609
TIRZ #1 Fund:		
Debt service funding requirements	Debt Service	18,085,429
Capital Projects Fund:		
Capital outlay funding	General Fund	100,000
Capital outlay funding	TIRZ #7	2,249,196
Capital outlay funding	Water & Sewer Fund	3,432,889
Nonmajor Governmental Funds:		
G&A for Special revenue funds	General Fund	334,000
Debt service funding requirements	TIRZ #1	535,036
Debt service funding requirements	Debt Service	6,633,421
Capital outlay funding	Capital Projects	15,476,978
Proprietary Funds:		
G&A for Water & Sewer	General Fund	4,675,658
G&A for Environmental Services	General Fund	1,214,869
G&A for Stormwater Drainage	General Fund	100,000
G&A Stormwater Drainage	Water & Sewer Fund	88,285
G&A Environmental Services	Water & Sewer Fund	467,248
Capital outlay funding	Capital Projects	916,062
Total		$ 54,746,298

Note 15. Contingent Liabilities

The City has participated in state and federally assisted grant programs. These programs are subject to program compliance audits and adjustments by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

In June 2006, the North Texas Municipal Water District issued $35,235,000 in revenue bonds, series 2006. This bond issue is for the purpose of constructing the Panther Creek Wastewater System benefiting the City of Frisco. In March 2009, an additional $20,210,000 in revenue bonds, series 2009 was issued for expansion of the system. In 2014, an additional bond issue refunded a portion of the 2006 revenue bonds. In 2017, an additional bond issue refunded a portion of the 2009 revenue bonds. In May 2020, $5,200,000 in revenue bonds, series 2020, was issued for the design of the next expansion. The outstanding principal of the revenue bonds at September 30, 2024 is $15,345,000.

In 2015, the North Texas Municipal Water District issued bonds for the purpose of constructing the Stewart Creek West Regional Wastewater System. The outstanding principal of these bonds at September 30, 2024 is $42,310,000.

The City’s contractual minimum payment is required to cover the full cost of service including the principal and interest payments incurred related to this debt. The City of Frisco is in full compliance with this agreement at September 30, 2024.

Monies Held in Escrow
The City collects and holds money from approved developer agreements and other private construction commitments assessed during the permitting process. The monies held in escrow are either refunded once the developer has completely fulfilled their commitment or applied to revenue to reimburse for the City’s cost in completing the obligation.

Note 16. Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

Note 17. Component Unit Pollution Remediation Obligations

In FY 2021, the FCDC purchased the former battery recycling plant site and took over full ownership and remediation. At that time, the FCDC had worked with Texas Commission on Environmental Quality (TCEQ), external consultants and City staff to define the original estimated cost of remediation at $25 million based on the level of pollution present. The City remeasured in FY 2022 and recorded a $39.6 million liability with estimates from the City's external consultants based on the expected capital outlay. In FY 2022, TCEQ deposited $25 million into a trust in the FCDC's name and dedicated to remediation. Future maintenance and operations will be funded by a $2 per cart, per month increase in garbage fees and a 2% increase in commercial fees. Any increases to remediation estimates will be funded by the FCDC. On January 3, 2024 TCEQ issued the FCDC a permit to begin the remediation. Work has begun and is expected to be completed over the next six fiscal years. The remaining estimated liability as of September 30, 2024 is approximately $34.7 million.

Note 18. Subsequent Events

In November 2024, The Frisco Community Development Corporation issued $197,125,000 of Sales Tax Revenue Refunding Bonds, Taxable Series 2024 for the purpose of (i) acquiring, installing and constructing improvements, upgrades, remodeling, and renovations to the City's Toyota soccer stadium consisting of the ticketing building, concessions and restrooms, seating, roof shade and canopy, and upgrade of electronic message boards, signage, sound system and other electronic equipment, and other purposes permitted by law, (ii) funding a Debt Service Reserve Fund, and (iii) pay the costs of professional services including the costs of issuance of the Bonds.

On January 27, 2025 Office of Management and Budget (OMB) issued M 25-13, pausing all activities related to obligation or disbursement of all federal financial assistance with certain exceptions. The memo has since been rescinded. However, it is unclear whether future assistance could be at risk. The potential impacts of the executive orders on the organization's future federal financial assistance have not yet been evaluated.

REQUIRED SUPPLEMENTARY INFORMATION

City of Frisco
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Texas Municipal Retirement System
Last 10 Years

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service cost	$ 9,985,109	$ 12,146,969	$ 13,533,172	$ 14,945,284	$ 16,288,615
Interest	10,863,498	12,134,224	13,102,946	14,856,079	16,872,785
Difference between expected and actual experience	(1,557,705)	(320,688)	1,645,340	3,176,149	1,087,595
Change in assumptions	—	(1,452,583)	—	—	—
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)	(2,696,424)	(3,333,927)	(4,210,187)
Net change in total pension liability	$ 17,015,956	$ 20,345,646	$ 25,585,034	$ 29,643,585	$ 30,038,808
Total pension liability - beginning	$151,337,748	$168,353,704	$188,699,350	$214,284,384	$243,927,969
Total pension liability - ending (a)	$168,353,704	$188,699,350	$214,284,384	$243,927,969	$273,966,777
Plan fiduciary net position:					
Contributions - employer	$ 7,982,625	$ 9,779,163	$ 10,375,914	$ 11,609,557	$ 12,628,932
Contributions - employee	4,173,145	4,790,759	5,187,963	5,739,055	6,272,474
Net investment income	6,923,943	203,262	10,161,230	24,019,515	(6,331,968)
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)	(2,696,424)	(3,333,927)	(4,210,187)
Administrative expense	(72,257)	(123,767)	(114,632)	(124,330)	(122,154)
Other	(5,941)	(6,113)	(6,176)	(6,302)	(6,380)
Net change in plan fiduciary net position	$ 16,726,569	$ 12,481,028	$ 22,907,875	$ 37,903,568	$ 8,230,717
Plan fiduciary net position - beginning	$120,981,617	$137,708,186	$150,189,214	$173,097,089	$211,000,657
Plan fiduciary net position - ending (b)	$137,708,186	$150,189,214	$173,097,089	$211,000,657	$219,231,374
Net pension liability - ending (a) - (b)	$ 30,645,518	$ 38,510,136	$ 41,187,295	$ 32,927,312	$ 54,735,403
Plan fiduciary net position as a percentage of total pension liability	81.80 %	79.59 %	80.78 %	86.50 %	80.02 %
Covered payroll	$ 59,616,360	$ 68,433,626	$ 74,113,757	$ 81,936,863	$ 89,252,684
Net pension liability as a percentage of covered payroll	51.40 %	56.27 %	55.57 %	40.19 %	61.33 %

Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
$ 17,366,021	$ 18,245,043	$ 19,030,928	$ 21,098,272	$ 23,028,837
18,927,503	21,202,716	23,277,359	25,653,262	28,463,269
1,034,411	(3,100,440)	(346,369)	3,099,398	6,078,660
713,574	—	—	—	448,256
(4,484,667)	(5,063,651)	(6,945,983)	(8,648,076)	(9,724,861)
33,556,842	31,283,668	35,015,935	41,202,856	48,294,161
273,966,777	307,523,619	338,807,287	373,823,222	415,026,078
$307,523,619	$338,807,287	$373,823,222	$415,026,078	$463,320,239
$ 13,588,719	$ 13,926,984	$ 14,953,351	$ 16,331,343	$ 17,613,608
6,693,951	6,942,714	7,289,969	8,035,744	8,734,633
33,979,152	20,459,865	39,869,679	(26,361,983)	40,610,685
(4,484,667)	(5,063,651)	(6,945,983)	(8,648,076)	(9,724,861)
(191,510)	(132,032)	(183,937)	(227,352)	(257,209)
(5,754)	(5,152)	1,260	271,299	(1,797)
49,579,891	36,128,728	54,984,339	(10,599,025)	56,975,059
219,231,374	268,811,265	304,939,993	359,924,332	349,325,307
$268,811,265	$304,939,993	$359,924,332	$349,325,307	$406,300,366
$ 38,712,354	$ 33,867,294	$ 13,898,890	$ 65,700,771	$ 57,019,873
87.41 %	90.00 %	96.28 %	84.17 %	87.69 %
$ 95,627,868	$ 98,728,589	$103,036,970	$114,415,791	$124,682,386
40.48 %	34.30 %	13.49 %	57.42 %	45.73 %

City of Frisco
Schedule of City Contributions
Texas Municipal Retirement System
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Actuarially determined contribution	$ 9,034,646	$ 10,290,995	$ 11,367,240	$ 12,458,770	$ 13,445,761
Contributions in relation to the actuarially determined contribution	9,034,646	10,290,995	11,367,240	12,458,770	13,445,761
Contribution deficiency/(excess)	—	—	—	—	—
Covered payroll	$ 63,590,086	$ 64,421,645	$ 79,650,345	$ 87,320,494	$ 93,902,520
Contributions as a percentage of covered payroll	14.21 %	15.97 %	14.27 %	14.27 %	14.32 %

Notes to Schedule of City Contributions

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 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	22 years
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110 % of Public Safety table used for males and the 100% General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other information:	
Notes	There were no benefit changes during the year.

2020	2021	2022	2023	2024
$ 13,956,038	$ 14,757,433	$ 16,528,742	$ 17,512,729	$ 19,239,425
13,956,038	14,757,433	16,528,742	17,512,729	19,239,425
—	—	—	—	—
$ 98,020,196	$102,134,782	$114,746,860	$122,151,806	$132,760,472
14.24 %	14.45 %	14.40 %	14.34 %	14.49 %

City of Frisco

Schedule of Changes in the City's Total OPEB Liability and Related Ratios
TMRS Supplemental Death
Last 7 Years

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
Total OPEB liability:							
Service cost	$ 106,518	$ 133,879	$ 124,316	$ 177,711	$ 226,681	$ 263,156	$ 137,151
Interest	45,281	49,513	61,071	56,394	52,355	54,327	80,144
Differences between expected and actual experience	—	113,083	(179,892)	(72,166)	(43,921)	36,199	(23,749)
Change in assumptions	141,034	(132,188)	382,085	395,893	103,201	(1,234,240)	112,684
Benefit payments, including refunds of employee contributions	(8,194)	(8,925)	(9,563)	(9,873)	(20,607)	(22,883)	(37,405)
Net change in total OPEB liability	284,639	155,362	378,017	547,959	317,709	(903,441)	268,825
Total OPEB liability - beginning	1,148,737	1,433,376	1,588,738	1,966,755	2,514,714	2,832,423	1,928,982
Total OPEB liability - ending	$ 1,433,376	$ 1,588,738	$ 1,966,755	$ 2,514,714	$ 2,832,423	$ 1,928,982	$ 2,197,807
Covered-employee payroll	$ 81,936,863	$ 89,252,684	$ 95,627,868	$ 98,728,589	$103,036,970	$114,415,791	$124,682,386
Total OPEB liability as a percentage of covered-employee payroll	1.75 %	1.78 %	2.06 %	2.55 %	2.75 %	1.69 %	1.76 %

Valuation Date:	
Actuarial valuation date	December 31, 2023
Measurement date	December 31, 2023
Last experience study date	Period ending December 31, 2022
Methods and assumptions used to determine contribution rates:	
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate as of measurement date	3.77%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.
Changes in discount rate	The discount rate changed from 4.05% in the prior year to 3.77%
Other Information:	
Notes	There were no benefit changes during the year.

Notes to Schedule:
Historical data not available - GASB 75 implemented in FY 2018.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

City of Frisco
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Retiree Health Insurance
Last 7 Years

	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024
Total OPEB liability:							
Service cost	$ 344,784	$ 336,696	$ 510,603	$ 187,028	$ 178,478	$ 116,171	$ 115,902
Interest	161,496	203,940	164,355	48,012	44,448	69,654	76,239
Differences between expected and actual experience	—	(835,941)	(2,475,354)	339,178	(170,346)	(285,656)	(90,039)
Change in assumptions	(156,560)	977,496	(1,446,062)	(58,906)	(581,187)	68,593	360,240
Benefit payments, including refunds of employee contributions	20,225	18,495	(125,394)	(107,418)	(23,546)	(38,260)	(80,012)
Net change in total OPEB liability	369,945	700,686	(3,371,852)	407,894	(552,153)	(69,498)	382,330
Total OPEB liability - beginning	4,094,118	4,464,063	5,164,749	1,792,897	2,200,791	1,648,638	1,579,140
Total OPEB liability - ending	$ 4,464,063	$ 5,164,749	$ 1,792,897	$ 2,200,791	$ 1,648,638	$ 1,579,140	$ 1,961,470
Covered-employee payroll	$ 89,564,242	$ 96,215,258	$ 99,251,317	$103,704,002	$116,674,082	$124,659,002	$135,369,751
Total OPEB liability as a percentage of covered-employee payroll	4.98 %	5.37 %	1.81 %	2.12 %	1.41 %	1.27 %	1.45 %

Valuation Date:

Actuarial valuation date	October 1, 2023
Measurement date	September 30, 2024
Last experience study date	September 30, 2021

Methods and assumptions used to determine contribution rates:

Discount rate as of measurement date	4.06%
Discount rate for OPEB expense	4.87%
Mortality table	Pub-2010 Safety and General headcount-weighted mortality tables, with generational projection according to Scale MP-2021
Salary scale	Graded scale based on age and participant group
Plan participation rates	0% for retirements prior to age 50, 5% for retirements between ages 50-59, 25% for retirements at ages 60 and later.
Changes in discount rate	The discount rate changed from 4.87% in the prior year to 4.06%
Healthcare trend rate:	
Current rate (medcial/Rx)	5.50% / 9.50%
Ultimate rate (medical/Rx)	4.70% / 4.70%
Year ultimate rate is reached (medical/Rx)	2029 / 2032
Other Information:	
Notes	There were no benefit changes during the year.

Notes to Schedule:
Historical data not available - GASB 75 implemented in FY 2018.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

FRISCO

PROGRESS IN MOTION

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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MCCALL
PARKHURST & HORTON

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF FRISCO, TEXAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2025

IN THE AGGREGATE PRINCIPAL AMOUNT OF $149,585,000 [1]

AS BOND COUNSEL FOR THE CITY OF FRISCO, TEXAS, (the ***Issuer***) in connection with the issuance of the General Obligation Refunding and Improvement Bonds described above (the ***Bonds***), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds and in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the ***Ordinance***). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance and sale of the Bonds, including executed Bond Number T-1.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued and delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Bonds constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, all as defined and provided in the Ordinance.

IT IS FURTHER OUR OPINION that, except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Bonds (i) is excludable from the gross income of the owners thereof and (ii) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the ***Code***). Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds.

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[1] Preliminary, subject to pricing.

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IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith and the report of Public Finance Partners LLC as to the sufficiency of the cash and securities for the defeasance of the obligations refunded by the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the ***Service***); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Certificates, assuming no material changes in facts or law.

CITY OF FRISCO, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025C

IN THE AGGREGATE PRINCIPAL AMOUNT OF $85,805,000 [1]

AS BOND COUNSEL FOR THE CITY OF FRISCO, TEXAS, (the ***Issuer*** in connection with the issuance of the Certificates of Obligation described above (the ***Certificates***), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates and in the ordinance of the Issuer authorizing the issuance and sale of the Certificates (the ***Ordinance***). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance and sale of the Certificates, including executed Certificate Number T-1.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued and delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Certificates constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from a pledge of the surplus revenues from the operation of the Issuer's waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are secured by a lien on all or any part of the net revenues of the Issuer's waterworks and sewer system, all as defined and provided in the Ordinance.

IT IS FURTHER OUR OPINION that, except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Certificates (i) is excludable from the gross income of the owners thereof and (ii) the Certificates will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986

[1] Preliminary, subject to pricing.

(the ***Code***). Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates.

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the ***Service***); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,

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