

CITY OF FARMERS BRANCH

2024-25

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR



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CONNECTION
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CITY OF FARMERS BRANCH, TEXAS

Annual Comprehensive Financial Report For the Year
Ended September 30, 2025

City Council

Terry Lynne	Mayor
Omar Roman	Councilmember, District 1
Tina Bennett Burton	Mayor Pro Tem, District 2
David Reid	Councilmember, District 3
Elizabeth Villafranca	Councilmember, District 4
Roger Neal	Deputy Mayor Pro Tem, District 5



(From Left) Deputy Mayor Pro Tem Roger Neal, Councilmember David Reid, Mayor Terry Lynne, Mayor Pro Tem Tina Bennett-Burton, Councilmember Omar Roman, Councilmember Elizabeth Villafranca

City Manager

Benjamin Williamson

Prepared by

City of Farmers Branch Finance Department

**Annual Comprehensive Financial Report
For the Year Ended September 30, 2025**

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FARMERS BRANCH

City of Farmers Branch
13000 William Dodson Parkway
Farmers Branch, Texas 75234

March 18, 2026

Honorable Mayor Terry Lynne,
Members of the Farmers Branch City Council, and
Citizens of Farmers Branch, Texas

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Farmers Branch, Texas (the City) for the year ended September 30, 2025. The ACFR provides accurate and meaningful information concerning the City's financial condition and performance. In addition, independent auditors have verified that the City has fairly presented its financial position, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

The ACFR satisfies Section 103.001 of Texas Local Government Code requiring annual audits of all municipalities. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of the City. We also believe all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs are included. To provide a reasonable basis for making these representations, City Management has an established comprehensive internal control framework that is designed: 1) to protect the City's assets from loss, theft, or misuse; and 2) to compile sufficient, reliable information for the preparation of the City's financial statements, in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

The City's financial statements were audited by Forvis Mazars, LLP, a licensed certified public accountants' firm that has served as the City's independent auditor for the past several years. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves:

- Examining evidence on a test basis that supports the amounts and disclosures in the financial statements,
- Assessing the accounting principles used and significant estimates made by management
- Evaluating the overall financial statement presentation.

The independent auditors concluded that the City's financial statements are in conformity with GAAP, are fairly presented, and there is a reasonable basis for providing an unmodified opinion. The independent auditor's report is presented as the first component of the financial section of this report.

The financial statements audit is part of a broader, federally mandated "Single Audit," which is designed to meet the special needs of federal granting agencies. These reports are available in the City's ACFR.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A. The City's MD&A is found immediately following the report of the independent auditors.

The City follows a structured annual budget development process designed to align financial resources with the priorities of the City Council and the community. The process begins each spring with a budget kickoff meeting with the City Council, during which policy direction and strategic priorities are discussed. Departments then prepare budget requests based on service needs, operational requirements, and the City Council's strategic initiatives. These requests are reviewed by City Management and the Finance Department to ensure fiscal sustainability, adherence to financial policies, and alignment with projected revenues.

Throughout the summer, City staff conducts budget workshops and presentations with the City Council to review revenue forecasts, departmental expenditures, capital improvement needs, and major initiatives. The proposed budget is then formally presented to the City Council and made available to the public. Public hearings are held in accordance with Texas law, and the City Council ultimately adopts the annual budget and property tax rate by ordinance prior to the start of the fiscal year on October 1. The adopted budget serves as the City's financial plan and provides the framework for financial management and control throughout the fiscal year.

Reporting Entity

This report includes all funds of the City, including its blended component units and joint ventures. Component units are legally separate entities for which the City is financially accountable but are not part of the City's operations. The Farmers Branch Tax Increment Reinvestment Zone No. 2, No. 3, and No. 4, and the Farmers Branch Local Government Corporation (FBLGC) are included as blended component units and the North Texas Emergency Communications Center, Inc. (NTECC) and North Dallas County Water Supply Corporation (NDCWSC) are included as joint ventures. Additional information on these six entities can be found in the notes to the financial statements.

Profile of Farmers Branch

The City covers approximately 12.1 square miles and is conveniently located on Dallas' northern border. It lies in the heart of an 11-county area that has emerged as a premier commercial, financial, and trading center. Two major interstate highways (IH-35 and IH-635), the Dallas North Tollway and the President George Bush Turnpike, border the city. The Dallas/Fort Worth International Airport and the Dallas Love Field Airport are both only minutes from Farmers Branch.

The City of Farmers Branch was incorporated in 1946 under the general laws of the State of Texas. In 1956, a home-rule charter was approved, adopting a Council-Manager form of government. The Charter can be amended only by a vote of the people and provides for a City Council consisting of six non-partisan members: the Mayor and five Council Members, each elected from a single-member district. Council Members are elected to staggered three-year terms, with the terms of two members expiring each year. The Council is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as adopting the annual budget, which serves as the foundation for financial planning and control. The City Council appoints the City Manager, who has full responsibility for carrying out Council policies and administering City operations. The Council also appoints the Municipal Judge and various advisory boards. The City Manager serves as the Chief Executive Officer for the City.

The Farmers Branch population is estimated at 40,246 (January 2025 estimate, North Central Texas Council of Governments [NCTCOG]), with an estimated daytime population in excess of 66,000. The City

provides a full range of municipal services, including water/sewer and stormwater utility services, sanitation/solid waste services, police and fire protection, emergency ambulance service, municipal courts, building code enforcement, library, parks and recreation, tourism, traffic engineering, and construction and maintenance of streets and infrastructure. For the year ending September 30, 2025, the City supported a staff of 467.60 full time equivalents [excludes seasonal staff].

Factors Affecting Financial Condition

Local Economy

Farmers Branch is located in the center of the Dallas-Fort Worth-Arlington metropolitan statistical area (MSA), which is a massive, rapidly growing region covering 9,200+ square miles with a total population of approximately 8.34 million as of 2024, representing over 26% of Texas total population. The MSA is ranked as the fourth largest MSA in the United States, and it leads the nation in numeric population growth, adding roughly 418 residents per day. The metro area has a broadly diversified economic base, a low unemployment rate, a growing labor force, and a superior business climate with economic measures that are superior to those of the U.S. as a whole. The median household income is roughly \$83,000-\$89,000, depending on the specific county, generally outpacing the state average.

The City of Farmers Branch has an unemployment rate of 4.1% (Bureau of Labor Statistics) with a median household income of \$91,186 (2024 dollars, 2020-2024, Census.gov). The owner-occupied housing unit rate is 42.4% with a median value of owner-occupied housing units of \$364,600 (2020-2024, Census.gov). High school graduates or higher comprise 87.6% of the population age 25 and above, with 52.8% attaining a bachelor's degree or higher (2020-2024, Census.gov). The total percentage of the population over age 16 participating in the civilian labor force is estimated at 76.2% (2020-2024, Census.gov).

Farmers Branch children are served by the Carrollton-Farmers Branch Independent School District, which has a total student population of 24,338 and a 94.1% graduation rate, maintaining 34 campus locations. Quick Facts shows that the district earned a "B" rating from the Texas Education Agency, with 75% of campuses rated A or B. Students represent 116 countries with 66 languages spoken.

Long Range Financial Planning

The City has a multi-year financial and capital improvement plan where general ongoing operations and capital projects are prioritized based upon the City's annually updated strategic initiatives, which are in balance with expected funding resources.

The City has a very healthy Unrestricted Net Position of approximately \$80 million at the close of FY 2024-25, with \$70.73 million in outstanding debt, of which \$23.19 million is self-supporting (Dallas Stars) and is not paid from Ad Valorem Taxation. The City has no authorized but unissued debt. Considering the City's long standing and consistent financial results, Fitch affirmed the City's Long-Term IDR [Issuer Default Rating] and approximately \$71 million in outstanding general obligation bonds and certificates of obligation at "AAA", with a Stable Rating Outlook. S&P Global Ratings assigned its AAA rating with a Stable Outlook. In their July 2025 rating outlook, they stated, "The outlook reflects S&P Global Ratings' view of the city's healthy income and property wealth, benefitting from its participation in the dynamic Dallas-Fort Worth Metroplex, as well as its consistently strong budgetary performance and maintenance of very strong available reserves."

Financial Policies

The City's financial policies and practices set forth the basic framework for the fiscal management of the City. The policies and procedures were developed within the parameters established by applicable provisions of the Texas Local Government Code and Government Code, and the City of Farmers Branch Charter. The City invests funds prudently and has adopted an investment policy, which is reviewed annually by the City Council in accordance with the Texas Public Funds Investment Act. The Fund

Balance and Unrestricted Net Position Balance in each of the funds more than covers working capital requirements for four months of operations. All other policies and procedures for accounting, budgeting, procurement, capital improvements, asset management, and risk management are approved by the Finance Director and City Manager.

Financial Results

During this past fiscal year, the City accomplished many initiatives to enhance livability, invest in infrastructure, and support economic development initiatives.

The FY 2024-25 adopted property tax rate of 54.35 cents per \$100 valuation was a reduction from the prior year rate of 56.9 cents, which places Farmers Branch among the lower property tax rates in Dallas County. Taxable Assessed Value, net of exemptions and reductions, was \$9.9 billion, increasing by almost \$3 billion in just three years.

Property, Sales, and Franchise Taxes in the General Fund were \$72.8 million, down from \$73.8 million in the prior year, or 1.3%. Total General Fund revenues were \$93.6 million, which is consistent with the prior year's revenue of \$93.6 million.

The General Fund Balance at fiscal year end was \$55.6 million, which is an increase of \$9.8 million. This balance includes amounts assigned to the City's revenue stabilization reserves and operating reserves maintained in accordance with the City's financial policy requiring a minimum of approximately 90 days of operating expenditures. Over the past four years, the General Fund balance has grown as a result of strong revenue performance and disciplined expenditure management.

For the Water and Sewer Enterprise Fund, the Unrestricted Net Position at fiscal year-end was \$24.6 million and the Stormwater Utility Enterprise Fund had an Unrestricted Net Position of \$1.9 million, which funds ongoing stormwater capital projects.

Major budget initiatives for the fiscal year included:

- Reducing the City's property tax rate for the second year in a row (largest reduction in 41 years),
- Presenting a budget below the no new revenue rate or effective tax rate
- Building enhancements and renovations, including the relocation of the City's consolidated dispatch center NTECC (shared with Addison, Carrollton, and Coppell),
- Automated Itron water meter change-outs are nearing completion, with approximately 98% of residential change-outs completed and 84% of the entire City completed. This major Pay As You Go achievement will ultimately provide consumers with better information and alerts about their water usage,
- Establishing reserve funds for future fixed asset vehicle and equipment needs,
- Supporting the cost of future landfill closure/post-closure expenses,
- Continuing street revitalization and improvement funding,
- Continuing stormwater and drainage improvements,
- Increasing public safety staffing,
- Continuing investments in neighborhoods and neighborhood partnerships,
- Continuing funding for the City's revenue stabilization fund, when applicable,
- Continuing utility replacement and Inflow & Infiltration funding,

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmers Branch for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The City has received this prestigious award for thirty-six consecutive years. In order to be awarded a Certificate of Achievement, the City must publish easily readable and efficiently organized financial statements that satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City believes its current financial statements continue to meet the Certificate of Achievement Program requirements and is submitting it to the GFOA to determine eligibility for another certificate.

The preparation of this report would not be possible without the dedicated services of the entire staff of the Finance Department. I especially thank Finance Director, Jay Patel, Accounting Manager, Pamela DeHon, and Budget Manager, Suzanne Prichard, for their countless hours of work on this financial report.

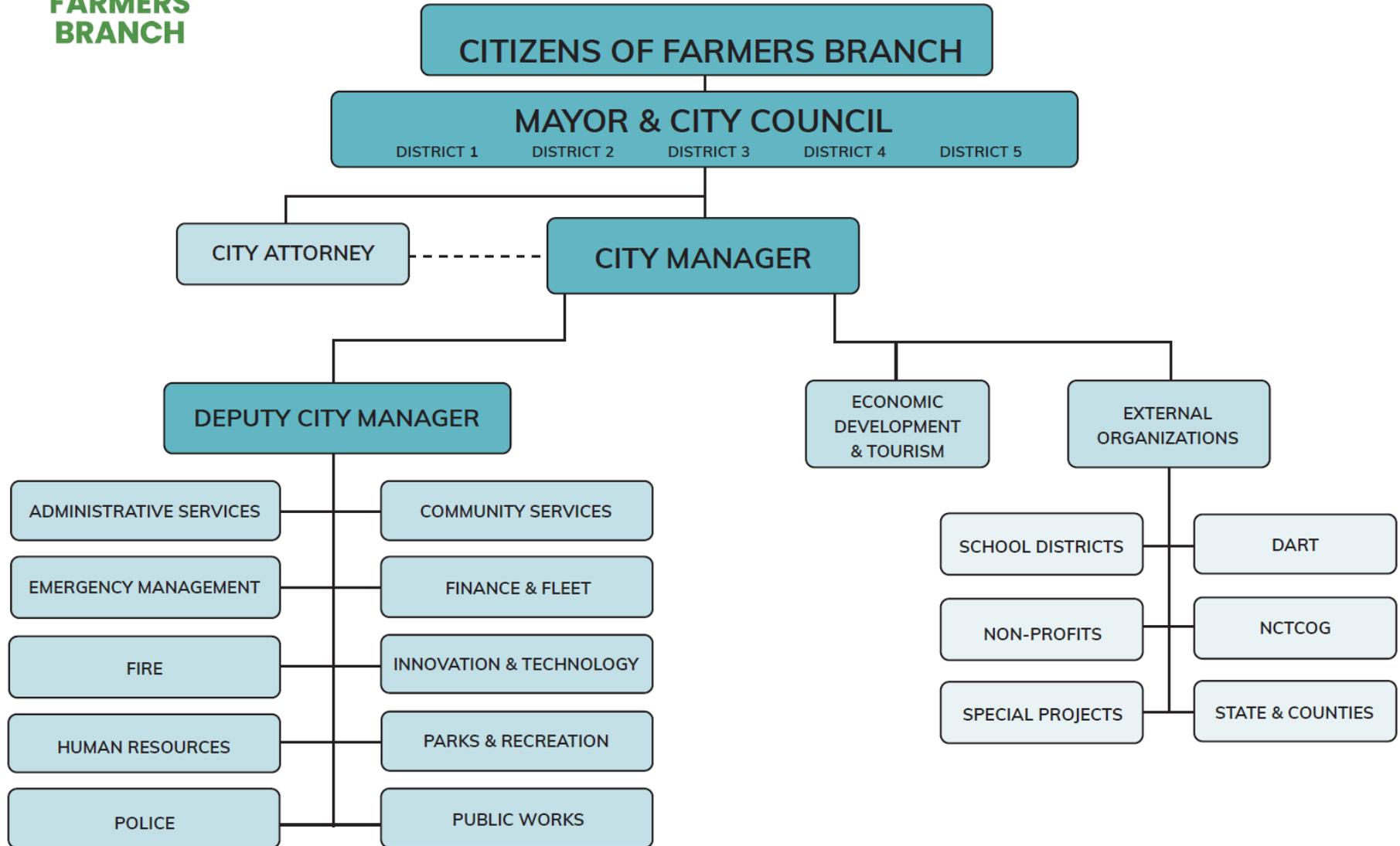
Respectfully submitted,



Benjamin Williamson
City Manager



CITY OF FARMERS BRANCH 2024-25 ORGANIZATION CHART



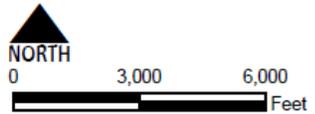
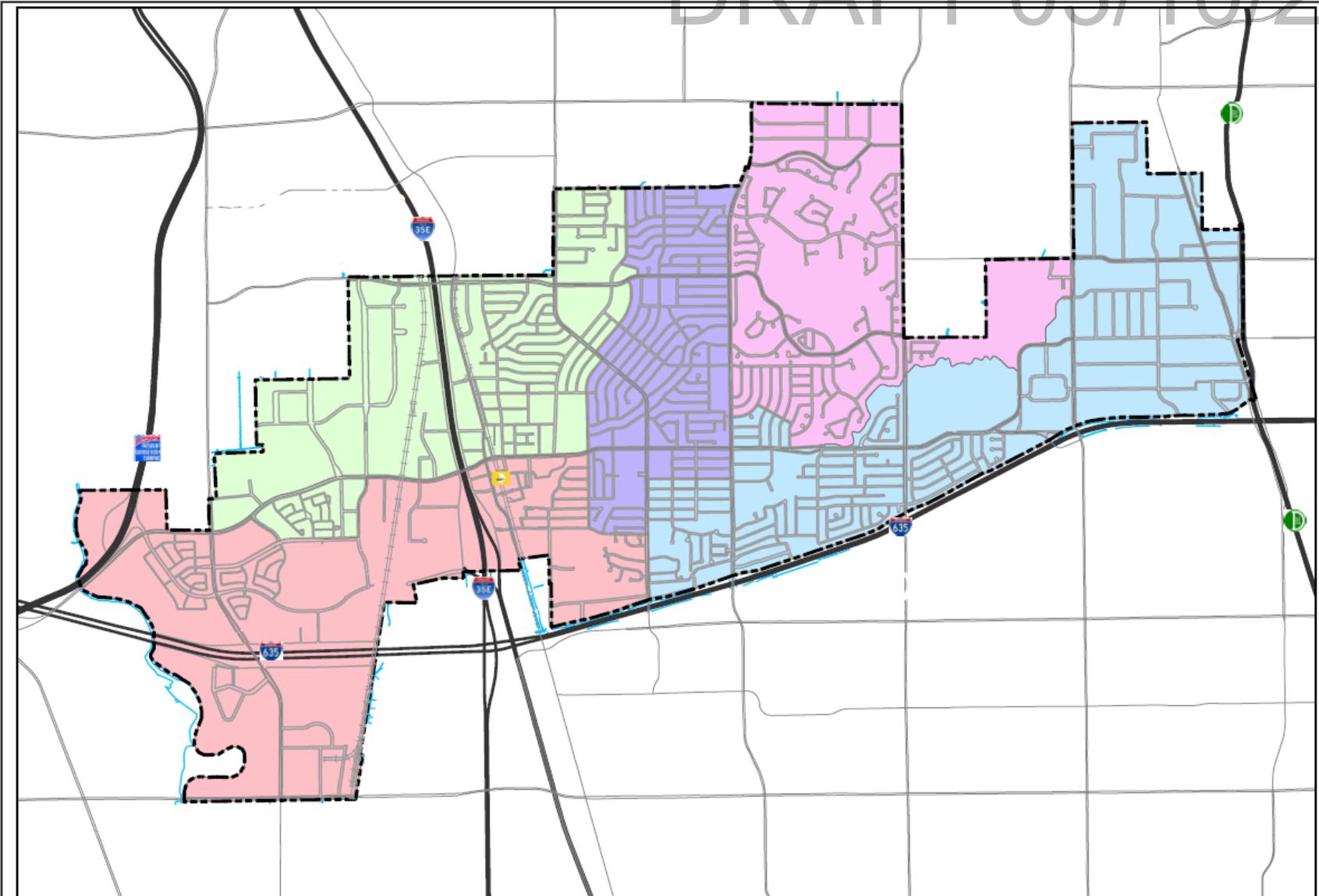
City of Farmers Branch, Texas List of Principal Officials

City Council	Position	District	First Elected	Term Date
Terry Lynne	Mayor	N/A	2023	2026
Omar Roman	Councilmember, District 1	District 1	2022	2025
Tina Bennett-Burton	Mayor Pro Tem, District 2	District 2	2024	2026
David Reid	Councilmember, District 3	District 3	2024	2027
Elizabeth Villafranca	Councilmember, District 4	District 4	2025	2028
Roger Neal	Deputy Mayor Pro Tem, District 5	District 5	2024	2027

EXECUTIVE LEADERSHIP

Benjamin Williamson	City Manager
Jawaria Tareen	Deputy City Manager
Shannon Willis	City Judge
Stacy Henderson	Administrative Services & Communications Director
Erin Flores	City Secretary
Samuel Chavez	Community Services, Building Inspections & Code Enforcement Director
Benjamin Williamson	Economic Development, Tourism & Planning Director
Jay Patel	Finance Director & Fleet Director
Daniel Latimer	Fire Chief
Jeffrey Ross	Human Resources Director
Joey Brock	Innovation & Technology Director
Robert Diaz	Parks & Recreation Director & Facilities Director
Kevin McCoy	Police Chief
Ray Silva-Reyes	Public Works Director

-



City Council Districts
Adopted on November 15, 2022

This product is for informational purposes only and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.
Texas HB1147, Effective 9/1/2011



Government Finance Officers Association

Certificate of
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Reporting

Presented to

**City of Farmers Branch
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

**PLACEHOLDER
FOR
INDEPENDENT
AUDITOR'S
REPORT**

**PLACEHOLDER
FOR
INDEPENDENT
AUDITOR'S
REPORT**

**PLACEHOLDER
FOR
INDEPENDENT
AUDITOR'S
REPORT**

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
 For the Fiscal Year Ended September 30, 2025
 (Unaudited)

As management of the City of Farmers Branch (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The City's total combined net position as presented on the Government-wide Statement of Net Position was \$364,419,104, which represents an increase of \$36,140,221 from the prior year. This was primarily due to increased revenue related to property taxes, investment earnings, and grant revenue in connection with the City's continued participation in the American Rescue Plan Act (ARPA) grant. This increase in net position, was also a result of cost saving efforts related to the City's expenditures.
- The City's governmental funds reported combined ending fund balances of \$101,254,443, an increase of \$6,510,784 in comparison with the prior year. The increase was mainly attributable to rental revenues received in connection with the Stars Multi-Sport Center.
- The unassigned fund balance for the general fund was \$28,866,715 or 31.62 percent of total general fund expenditures plus other financing sources (uses). This represents an increase of \$6,655,012 from the prior fiscal year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the general fund was \$51,738,870 or 59.10 percent of total general fund expenditures.
- The City's long-term liabilities decreased \$(1,770,544) during the current fiscal year primarily due to the City's net pension liability and compensated absences decreasing from prior year. The accounting standards for pensions will reflect more volatility in the amount of the liability from year-to-year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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 supplementary information required to be presented by the Governmental Accounting Standards Board and other supplementary information in addition to the basic financial statements themselves.

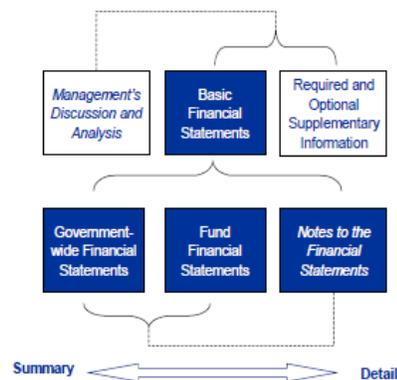
Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change 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 and earned, but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water and sewer and stormwater utilities.

**Required Components of
City of Farmers Branch's Annual Financial Report**



CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025
(Unaudited)

The government-wide financial statements can be found in Exhibit A of this report.

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

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

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

The City maintains 28 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, grants fund, debt service fund, Dallas Stars Multi-Sport fund, and Non-Bond capital projects fund, which are the five major funds for the reporting year. Data from the other 23 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 elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibit B of this report.

Proprietary Funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sanitary sewer utility and stormwater long-term construction projects. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its facilities and fleet management, workers' compensation, and health claims funds. Because these services predominantly benefit governmental rather than business-type functions, they have been primarily included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer fund is considered a major fund of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found in Exhibit C of this report.

Notes to Basic Financial Statements - The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found in Exhibit D of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found in Exhibit E of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplementary information on pensions and OPEB. Combining and individual statements and schedules can be found in Exhibit F through Exhibit H of this report.

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net position, the amount that assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources, was \$364,419,104 at the close of the most recent fiscal year.

	CONDENSED NET POSITION					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 131,726,907	\$ 133,435,974	\$ 34,760,739	\$ 31,286,257	\$ 166,487,646	\$ 164,722,231
Capital, lease and subscription assets	246,995,610	219,921,720	87,263,184	79,097,780	334,258,794	299,019,500
Total assets	<u>378,722,517</u>	<u>353,357,694</u>	<u>122,023,923</u>	<u>110,384,037</u>	<u>500,746,440</u>	<u>463,741,731</u>
Total deferred outflows of resources	<u>12,234,990</u>	<u>19,318,676</u>	<u>651,464</u>	<u>993,968</u>	<u>12,886,454</u>	<u>20,312,644</u>
Noncurrent liabilities	115,219,032	118,524,411	7,333,255	2,257,332	122,552,287	120,781,743
Other liabilities	12,123,514	21,543,412	2,339,637	3,076,304	14,463,151	24,619,716
Total liabilities	<u>127,342,546</u>	<u>140,067,823</u>	<u>9,672,892</u>	<u>5,333,636</u>	<u>137,015,438</u>	<u>145,401,459</u>
Total deferred inflows of resources	<u>11,992,725</u>	<u>10,279,854</u>	<u>205,627</u>	<u>94,179</u>	<u>12,198,352</u>	<u>10,374,033</u>
Net position:						
Net investment in capital assets	181,052,895	166,817,200	85,819,303	76,765,889	266,872,198	243,583,089
Restricted	17,455,523	11,412,361	-	-	17,455,523	11,412,361
Unrestricted	53,113,818	44,099,132	26,977,565	29,184,301	80,091,383	73,283,433
Total net position	<u>\$ 251,622,236</u>	<u>\$ 222,328,693</u>	<u>\$ 112,796,868</u>	<u>\$ 105,950,190</u>	<u>\$ 364,419,104</u>	<u>\$ 328,278,883</u>

The largest portion of the City's combined net position in the amount of \$266,872,198 reflects its investments in capital, lease and subscription assets (e.g., land, buildings, equipment, intangible assets, improvements, construction in progress, infrastructure, lease assets, and subscription assets (SBITAs)), less any debt used to acquire those assets that are still outstanding. The City uses these capital and lease assets to provide service to citizens; consequently, these 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 and lease assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position in the amount of \$17,455,523 represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's combined unrestricted net position is a surplus of \$80,091,383 due to improving market conditions and increased taxes revenue. Unrestricted net position of \$53,113,818 exists in the governmental activities net position.

The unrestricted net position of the business-type activities is a positive balance of \$26,977,565. The City generally can only use this net position to finance continuing water and sewer operations.

Analysis of the City's Operations – During the current fiscal year, the net position for governmental activities increased \$29,293,543 from the prior fiscal year for an ending balance of \$251,622,236. This increase is attributable in large part to the development on the City's west side, which increased capital contributions, building permits and sales tax. Additionally, the increase is also attributed to an increase in revenue from property taxes, charges for services and other revenue areas. The net position of the business-type activities increased \$6,846,678 from the prior fiscal year for an ending balance of \$112,796,868. The development on the City's west side included capital contributions of \$1,154,515 for the business-type activities. Transfers to governmental activities increased by \$384,324 due to the advance funding of FY 2024-25 capital assets and an increase in transfers for CIP projects.

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025
(Unaudited)

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 25,811,083	\$ 19,240,981	\$ 32,736,988	\$ 32,535,077	\$ 58,548,071	\$ 51,776,058
Operating grants and contributions	2,293,873	815,576	-	-	2,293,873	\$ 815,576
Capital grants and contributions	264,047	1,349,652	1,154,515	869,449	1,418,562	2,219,101
General revenues:						
Taxes:						
Property taxes, levied for general purposes	44,369,907	45,710,705	-	-	44,369,907	45,710,705
Property taxes, levied for debt service	5,230,610	4,451,622	-	-	5,230,610	4,451,622
Sales and use taxes	25,051,912	24,406,225	-	-	25,051,912	24,406,225
Hotel/motel taxes	3,494,683	3,515,051	-	-	3,494,683	3,515,051
Franchise taxes	3,840,790	3,791,350	-	-	3,840,790	3,791,350
Tax increment financing	2,701,779	2,011,454	-	-	2,701,779	2,011,454
Investment income	5,323,681	7,459,624	968,862	1,292,274	6,292,543	8,751,898
Gain on disposal of capital assets	71,080	260,392	94,867	-	165,947	260,392
Miscellaneous	1,346,335	174,145	3,202	-	1,349,537	174,145
Grants not restricted to a specific purpose	2,555,010	5,078,575	-	-	2,555,010	5,078,575
Total revenues	122,354,790	118,265,352	34,958,434	34,696,800	157,313,224	152,962,152
Expenses:						
General government	24,136,616	21,150,357	-	-	24,136,616	21,150,357
Public safety	39,066,954	38,959,551	-	-	39,066,954	38,959,551
Public works	13,587,126	15,389,261	-	-	13,587,126	15,389,261
Culture and recreation	18,864,600	18,277,084	-	-	18,864,600	18,277,084
Interest on long-term debt	2,753,963	1,540,892	-	-	2,753,963	1,540,892
Unallocated depreciation	179,963	178,508	-	-	179,963	178,508
Water and sewer	-	-	22,473,530	20,780,323	22,473,530	20,780,323
Stormwater utility	-	-	110,251	107,716	110,251	107,716
Total expenses	98,589,222	95,495,653	22,583,781	20,888,039	121,173,003	116,383,692
Increase in net position before transfers	23,765,568	22,769,699	12,374,653	13,808,761	36,140,221	36,578,460
Transfers	5,527,975	5,143,651	(5,527,975)	(5,143,651)	-	-
Change in net position	29,293,543	27,913,350	6,846,678	8,665,110	36,140,221	36,578,460
Net position--beginning	222,328,693	194,415,343	105,950,190	97,285,080	328,278,883	291,700,423
Net position--ending	\$ 251,622,236	\$ 222,328,693	\$ 112,796,868	\$ 105,950,190	\$ 364,419,104	\$ 328,278,883

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
 For the Fiscal Year Ended September 30, 2025
 (Unaudited)

FINANCIAL ANALYSIS OF THE GOVERNMENT'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 at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$101,254,443. Of this total, \$32,975,019 is restricted due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors, donors, or trustees. A total of \$5,609,490 is considered nonspendable because it has been used for inventory and prepaid items. A total of \$33,803,219 has been assigned meaning there are limitations resulting from its intended use, such as, payment of debt service, other capital assets, and for other purposes. The remaining \$28,866,715 is unassigned and can be used for any lawful purpose.

The general fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund is \$28,866,715, while total fund balance is \$55,628,172. As a measure of the general fund's liquidity, it may be useful to compare the unassigned general fund balance and total general fund balance to total general fund expenditures and other financing sources and uses. Unassigned general fund balance represents 31.62 percent of total general fund expenditures plus other financing sources (uses), while total fund balance represents 60.93 percent of that same amount.

The fund balance of the General fund increased \$9,847,607 during the fiscal year. Revenues were \$82,864 higher than the prior year. Property tax revenue decreased \$1,653,291 due primarily to lower valuations. Additionally, sales tax revenue increased \$645,687 due to a slight increase in local spending. Expenditures were \$3,188,893 more than the prior year. This is mostly due to increased capital expenditures for various completed and ongoing capital projects, as well as increased personnel costs, both merit adjustments and increase in headcount. The Dallas Stars Multi-Sport fund had a significant decrease in fund balance of \$5,686,096 due to large capital expenditures in connection with the construction of the Stars Multi-Sport Complex, that was completed during the year. The Grants fund had a substantial increase of \$2,461,902 related to ARPA related revenue in excess of grant expenditures. The Debt Service fund, with fund balance surplus of \$1,780,948, is an increase of \$3,224,211 from prior year. The Debt Service funds utilized their fund balance for a debt payment of \$4,710,000 on the City's outstanding debt at fiscal year-end. The increase in the Debt Service Fund is attributable to rental installments received during the year in connection with the Stars Multi-Sport Complex, that was recognized when the tenant moved in during the year.

Proprietary Funds - The City's Water and Sewer fund and Stormwater Utility fund are the enterprise components of the City's proprietary funds. These funds' financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the Water and Sewer fund was \$24,631,229 and the Stormwater Utility fund was \$1,932,664. The internal service funds (the other component of proprietary funds) report activities that provide supplies and services for the City's various functions. The City uses internal service funds to account for facilities and fleet management and the City's workers' compensation and health insurance self-insurance programs. Because all of these services primarily benefit governmental rather than business-type activities, they have primarily been included with governmental activities in the government-wide financial statements.

General Fund Budgetary Highlights – During the fiscal year ending September 30, 2025, the City Council adopted amendments to the budget. In the general fund, final budgeted revenues increased \$1,330,008 and final budgeted expenditures increased \$6,523,448 compared to the original budget. The budget for sale of general capital assets, which is an "other financing source", increased \$687,903 due to City-owned property that was sold during 2025. Variances with Final Budget are denoted in Exhibit B-5. During the fiscal year ending September 30, 2025, the most notable variances from the final budget include an increase of \$2,324,575 for sales, property and franchise taxes and an increase of \$258,531 for charges for services. Actual expenditures for the General Fund were less than budgeted by \$12.1 million. This is due to several factors. Supply chain shortages and increased lead time caused a reduction in the purchase of budgeted capital assets. Also, a large amount of staff vacancies due to retirements and a highly competitive job market resulted in a decrease in personnel costs.

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
 For the Fiscal Year Ended September 30, 2025
 (Unaudited)

CAPITAL, LEASE AND SUBSCRIPTION ASSETS

The City's investment in capital, lease and subscription assets for its government-wide activities as of September 30, 2025, amounts to \$334,258,794 (net of accumulated depreciation and amortization). This investment in capital, lease and subscription assets includes land, buildings, equipment, improvements, infrastructure, intangible assets, construction in progress, and lease and subscription assets.

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

Completed Projects

- Stars Center Facility - \$23,845,983
- Historical Park Barn - \$5,009,032
- Signature Park Phase I - \$3,374,567

Amounts Spent for Ongoing Projects

- Justice Center - \$548,912
- Street Revitalization - \$2,640,559
- North Texas Emergency Communication Center - \$3,036,729
- Utility Replacement - \$5,890,765
- Public Drainage Projects - \$1,546,945

**Capital, Lease and Subscription Assets
 at Year-End
 Net of Accumulated Depreciation and
 Amortization**

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 39,411,462	\$ 39,411,462	\$ 603,364	\$ 603,364	\$ 40,014,826	\$ 40,014,826
Buildings	83,620,441	49,637,757	5,031,562	5,301,025	88,652,003	54,938,782
Equipment	11,662,093	10,008,986	4,483,344	1,957,279	16,145,437	11,966,265
Improvements	24,043,885	11,492,204	9,836	10,982	24,053,721	11,503,186
Infrastructure	60,591,367	63,528,899	63,563,666	57,626,614	124,155,033	121,155,513
Intangible assets	298,738	484,734	419,207	592,648	717,945	1,077,382
SBITAs	498,126	445,435	-	-	498,126	445,435
Construction in progress	26,869,498	44,912,243	13,152,205	13,005,868	40,021,703	57,918,111
Total	\$ 246,995,610	\$ 219,921,720	\$ 87,263,184	\$ 79,097,780	\$ 334,258,794	\$ 299,019,500

Additional information on the City's capital and subscription assets can be found in Note 3.D. Capital, Lease and Subscription Assets.

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
 For the Fiscal Year Ended September 30, 2025
 (Unaudited)

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total bonded debt of \$79,138,222. A portion of this debt, approximately 33%, is considered to be self-supporting in that it will be repaid from sources other than property taxes. A portion in the amount of \$590,000 comprises debt to be repaid from hotel/motel tax revenues and lease payments from the Dallas Stars. An additional \$22.6 million comprises debt to be repaid from lease payments related to the Dallas Stars Multi-Sport Complex. All self-supporting debt is backed by the full faith and credit of the government.

Outstanding Debt at Year-End

	Governmental Activities	
	2025	2024
General obligation bonds	\$ 73,537,346	\$ 65,751,051
Total	\$ 73,537,346	\$ 65,751,051

	Business-Type Activities	
	2025	2024
General obligation bonds	\$ 5,600,876	\$ -
Total	\$ 5,600,876	\$ -

The City maintains favorable ratings from bond rating agencies. The ratings are as follows:

	Fitch Ratings	Date Confirmed	Standard & Poor's	Date Confirmed
2011 General obligation refunding bonds, taxable	AAA	N/A	AAA	July 28, 2025
2013 Certificates of obligation	AAA	N/A	AAA	July 28, 2025
2014 General obligation	AAA	July 29, 2025	AAA	July 28, 2025
2016 Certificates of obligation	AAA	July 29, 2025	AAA	July 28, 2025
2018 Certificates of obligation	AAA	July 29, 2025	AAA	July 28, 2025
2018 General obligation	AAA	July 29, 2025	AAA	July 28, 2025
2020 General obligation refunding bonds	AAA	July 29, 2025	AAA	July 28, 2025
2020 General obligation improvement bonds	AAA	July 29, 2025	AAA	July 28, 2025
2022 Certificates of obligation	AAA	July 29, 2025	AAA	July 28, 2025
2024 General obligation	AAA	July 29, 2025	AAA	July 28, 2025
2024 Certificates of obligation	AAA	July 29, 2025	AAA	July 28, 2025
2025 General obligation	AAA	July 29, 2025	AAA	July 28, 2025

Additional information on the City's long term-debt can be found in Note 3.G. Long-Term Liabilities.

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025
(Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fiscal Year 2025-26 budget was developed to continue strategic investments in capital improvements while maintaining the long-term financial strength of the City and preserving AAA-rated financial performance. The budget reflects the priorities of the City Council and was designed to remain responsive to residents and businesses experiencing financial pressures. As part of this effort, the City maintained the property tax rate at \$0.5435 per \$100 valuation. Major initiatives include building enhancements and renovations, including the relocation of the City's consolidated dispatch center (NTECC); continued investments in the City's revenue stabilization and landfill closure/post-closure funds; continued investments in neighborhoods and neighborhood partnerships; ongoing utility replacement and inflow and infiltration funding; and continued implementation of automated Itron water meter change-outs to provide residents with improved information and alerts regarding water usage. The budget also supports the development of staffing capacity, equipment, and capital investments necessary to deliver high-impact services and projects while preserving critical reserves.

Revenues are projected to increase 2.59% from the prior year amended budget. Property tax and sales tax revenue represent 75.00% of total General Fund revenues. In past years, the City has had the fortune of a strong tax base and fund balances. The Dallas Central Appraisal District provides cities with a certified property value. The certified taxable value (including an estimated minimum value of properties under dispute) is \$ 10,131,204,784, which represents an increase of 2.05% over prior year values. New construction is valued at \$139,511,100. The commercial tax base, including real and business personal property, represents a strong 72.60% of taxable value.

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025
(Unaudited)

The property tax rate of 54.35 cents per \$100 valuation is a \$0.0255 decrease from the prior year. A property tax rate at this level continues to position Farmers Branch at one of the lowest rates in Dallas County. Sales tax revenues can fluctuate greatly due to national, state, and local economic conditions; however, the 2024-25 budget reflects the leveling-off of sales tax revenues in anticipation of an economic downturn and a slowdown in consumer spending.

Budgeted general fund expenditures are expected to decrease by approximately \$6.4 million from the prior year's amended budget. This decrease is primarily due to the advance funding of 2024-25 capital projects in the 2023-24 fiscal year, a reduced allocation for the Parks Master Plan and trail projects, and a reduction in contract services. The 2024-25 budget includes the addition of ten full-time employees, seven of which are public safety positions.

The 2024-25 budget includes the implementation of a nominal monthly fee for refuse collection to be directed towards prepaying landfill closure/post-closure costs.

Enterprise Fund operating expenditures are budgeted at approximately \$1.5 million more than the 2023-24 amended budget due primarily to increased rates for water and treated sewer.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131.

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT A-1

STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 94,172,216	\$ 19,334,625	\$ 113,506,841
Receivables (net of allowance for uncollectibles)	18,636,849	4,626,061	23,262,910
Inventories and land held for resale	5,537,093	-	5,537,093
Deposits	40,000	-	40,000
Prepaid items	129,445	13,773	143,218
Equity interest in joint venture	3,692,955	4,888,063	8,581,018
Restricted cash	9,518,349	5,898,217	15,416,566
Capital, lease and subscription assets			
Nondepreciable	66,280,960	13,755,569	80,036,529
Depreciable, net of accumulated depreciation/amortization	180,714,650	73,507,615	254,222,265
Total assets	<u>378,722,517</u>	<u>122,023,923</u>	<u>500,746,440</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	11,417,951	570,658	11,988,609
Deferred outflows from OPEB	817,039	80,806	897,845
Total deferred outflows of resources	<u>12,234,990</u>	<u>651,464</u>	<u>12,886,454</u>
LIABILITIES			
Accounts payable and other accrued liabilities	9,783,168	2,148,673	11,931,841
Retainage payable	514,613	213,117	727,730
Accrued interest payable	406,860	-	406,860
Deposits payable	400,382	391,519	791,901
Internal balances	413,672	(413,672)	-
Unearned revenue	604,819	-	604,819
Noncurrent liabilities			
Due within one year	6,958,827	76,237	7,035,064
Due in more than one year	108,260,205	7,257,018	115,517,223
Total liabilities	<u>127,342,546</u>	<u>9,672,892</u>	<u>137,015,438</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	3,924,522	196,144	4,120,666
Deferred inflows from OPEB	95,889	9,483	105,372
Deferred inflows from leases and PPPs	7,972,314	-	7,972,314
Total deferred inflows of resources	<u>11,992,725</u>	<u>205,627</u>	<u>12,198,352</u>
Net Position			
Net investment in capital assets	181,052,895	85,819,303	266,872,198
Restricted for:			
Construction of capital assets	6,395,057	-	6,395,057
Promotion of tourism	4,073,583	-	4,073,583
Purpose of grantors/trustees	3,519,248	-	3,519,248
Debt service	1,780,948	-	1,780,948
Law enforcement	821,305	-	821,305
Fire training	24,444	-	24,444
Economic development	840,938	-	840,938
Unrestricted	53,113,818	26,977,565	80,091,383
Total net position	<u>\$ 251,622,236</u>	<u>\$ 112,796,868</u>	<u>\$ 364,419,104</u>

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

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT A-2

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities				
General government	\$ 24,136,616	\$ 8,522,048	\$ 505,926	\$ -
Public safety	39,066,954	4,282,208	1,392,398	-
Public works	13,587,126	10,013,970	209,000	264,047
Culture and recreation	18,864,600	2,992,857	186,549	-
Interest on long-term debt	2,753,963	-	-	-
Unallocated depreciation	179,963	-	-	-
Total governmental activities	<u>98,589,222</u>	<u>25,811,083</u>	<u>2,293,873</u>	<u>264,047</u>
Business-type activities				
Water and sewer	22,473,530	30,960,001	-	1,154,515
Stormwater utility	110,251	1,776,987	-	-
Total business-type activities	<u>22,583,781</u>	<u>32,736,988</u>	<u>-</u>	<u>1,154,515</u>
Total primary government	<u>\$ 121,173,003</u>	<u>\$ 58,548,071</u>	<u>\$ 2,293,873</u>	<u>\$ 1,418,562</u>
General revenues and transfers				
Taxes:				
Property taxes - general purpose				
Property taxes - debt service				
Sales and use taxes				
Hotel motel taxes				
Franchise taxes				
Tax increment financing				
Investment income				
Gain on disposal of capital assets				
Miscellaneous				
Grants not restricted to a specific purpose				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Primary Government		Total
	Governmental Activities	Business-type Activities	
Primary government:			
Governmental activities			
General government	\$ (15,108,642)	\$ -	\$ (15,108,642)
Public safety	(33,392,348)	-	(33,392,348)
Public works	(3,100,109)	-	(3,100,109)
Culture and recreation	(15,685,194)	-	(15,685,194)
Interest on long-term debt	(2,753,963)	-	(2,753,963)
Unallocated depreciation	(179,963)	-	(179,963)
Total governmental activities	(70,220,219)	-	(70,220,219)
Business-type activities			
Water and sewer	-	9,640,986	9,640,986
Stormwater utility	-	1,666,736	1,666,736
Total business-type activities	-	11,307,722	11,307,722
Total primary government	\$ (70,220,219)	\$ 11,307,722	\$ (58,912,497)
	44,369,907	-	44,369,907
	5,230,610	-	5,230,610
	25,051,912	-	25,051,912
	3,494,683	-	3,494,683
	3,840,790	-	3,840,790
	2,701,779	-	2,701,779
	5,323,681	968,862	6,292,543
	71,080	94,867	165,947
	1,346,335	3,202	1,349,537
	2,555,010	-	2,555,010
	5,527,975	(5,527,975)	-
	99,513,762	(4,461,044)	95,052,718
	29,293,543	6,846,678	36,140,221
	222,328,693	105,950,190	328,278,883
	\$ 251,622,236	\$ 112,796,868	\$ 364,419,104

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT B-1

BALANCE SHEET GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General	Grants	Debt Service	Dallas Stars Multi-Sport
ASSETS				
Cash, cash equivalents, and investments	\$ 50,639,266	\$ 1,891,067	\$ 2,550,866	\$ 2,040,197
Receivables (net of allowance for uncollectibles)	8,628,012	875,895	176,519	-
Lease receivable	2,342,029	-	-	-
PPP receivable	-	-	5,469,906	-
Accrued interest and other	10,545	-	15,544	4,109
Land held for resale	3,766,320	-	-	-
Prepaid items	122,982	-	-	-
Due from other funds	1,192,698	-	-	-
	<u>\$ 66,701,852</u>	<u>\$ 2,766,962</u>	<u>\$ 8,212,835</u>	<u>\$ 2,044,306</u>
LIABILITIES				
Accounts payable	\$ 6,621,826	\$ 110,000	\$ 5,800	\$ -
Retainage payable	36,515	-	-	-
Due to other funds	-	-	-	-
Deposits payable	29,476	-	200,000	-
Unearned revenue	229,228	30,767	150,000	-
	<u>6,917,045</u>	<u>140,767</u>	<u>355,800</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	2,083,888	-	176,520	-
Lease and PPP related	2,072,747	-	5,899,567	-
	<u>4,156,635</u>	<u>-</u>	<u>6,076,087</u>	<u>-</u>
FUND BALANCES				
Nonspendable				
Land held for resale	3,766,320	-	-	-
Prepaid items	122,982	-	-	-
Restricted				
Construction of capital assets	-	-	-	2,044,306
Landfill closure/post-closure	-	-	-	-
Promotion of tourism	-	-	-	-
Purpose of grantors, trustees and donors	-	2,626,195	-	-
Economic development	-	-	-	-
Debt service	-	-	1,780,948	-
Law enforcement	-	-	-	-
Fire training operations	-	-	-	-
Assigned				
Construction of capital assets	-	-	-	-
Other capital assets	10,288,650	-	-	-
Economic development	5,869,062	-	-	-
Other purposes	6,714,443	-	-	-
Unassigned	28,866,715	-	-	-
	<u>55,628,172</u>	<u>2,626,195</u>	<u>1,780,948</u>	<u>2,044,306</u>
Total fund balances	<u>55,628,172</u>	<u>2,626,195</u>	<u>1,780,948</u>	<u>2,044,306</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 66,701,852</u>	<u>\$ 2,766,962</u>	<u>\$ 8,212,835</u>	<u>\$ 2,044,306</u>

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

Non-Bond	Nonmajor Governmental Funds	Total Governmental Funds
\$ 12,465,152	\$ 29,028,559	\$ 98,615,107
7,503	546,221	10,234,150
-	-	2,342,029
-	-	5,469,906
3,069	5,584	38,851
-	1,718,800	5,485,120
-	1,388	124,370
-	-	1,192,698
<u>\$ 12,475,724</u>	<u>\$ 31,300,552</u>	<u>\$ 123,502,231</u>
\$ 724,203	\$ 1,833,222	\$ 9,295,051
447,224	30,874	514,613
-	1,192,698	1,192,698
170,906	-	400,382
194,824	-	604,819
<u>1,537,157</u>	<u>3,056,794</u>	<u>12,007,563</u>
7,503	-	2,267,911
-	-	7,972,314
<u>7,503</u>	<u>-</u>	<u>10,240,225</u>
-	1,718,800	5,485,120
-	1,388	124,370
-	12,430,130	14,474,436
-	7,440,117	7,440,117
-	4,073,583	4,073,583
-	893,053	3,519,248
-	840,938	840,938
-	-	1,780,948
-	821,305	821,305
-	24,444	24,444
10,931,064	-	10,931,064
-	-	10,288,650
-	-	5,869,062
-	-	6,714,443
-	-	28,866,715
<u>10,931,064</u>	<u>28,243,758</u>	<u>101,254,443</u>
<u>\$ 12,475,724</u>	<u>\$ 31,300,552</u>	<u>\$ 123,502,231</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total fund balances - governmental funds \$ 101,254,443

Amounts reported for governmental activities in the statement of net position are different because:

Capital, lease and subscription assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (net of internal service fund capital assets of \$6,935,481).	240,060,129
Equity interest in joint venture is not a current financial resource. Therefore, it is not reported in the governmental funds.	3,692,955
Deferred outflows of resources are not reported in the governmental funds:	
Deferred outflows on pension (net of internal service fund of \$323,692)	11,094,259
Deferred outflows on OPEB (net of internal service fund of \$44,892)	772,147
	11,866,406
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	2,267,911
Internal service funds are used by management to charge the cost of certain activities, such as fleet & facilities management and workers' compensation and health insurance self-insurance programs, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position (less amount allocated to business-type activities of \$413,672).	10,083,926
Long-term liabilities, including bonds payable, (net of internal service fund) are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(70,730,000)
Issuance premium (to be amortized over life of debt)	(2,807,346)
Accrued interest payable	(406,860)
Compensated absences (net of internal service fund of \$33,038)	(4,143,308)
Net pension liability (net of internal service fund of \$657,963)	(20,993,197)
Total OPEB liability (net of internal service fund of \$201,565)	(3,522,591)
SBITA liability	(443,273)
Landfill liability	(10,653,075)
	(113,699,650)
Deferred inflows of resources are not reported in the governmental funds:	
Deferred inflows from OPEB (net of internal service fund of \$5,269)	(90,620)
Deferred inflows on pension (net of internal service fund of \$111,258)	(3,813,264)
	(3,903,884)
Net position of governmental activities	\$ 251,622,236

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

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT B-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	General	Grants	Debt Service	Dallas Stars Multi-Sport
REVENUES				
Property taxes	\$ 43,934,360	\$ -	\$ 5,186,017	\$ -
Sales and use taxes	25,051,912	-	-	-
Hotel/motel taxes	-	-	-	-
Franchise taxes	3,837,503	-	-	-
Tax increment financing	-	-	-	-
Licenses and permits	2,331,253	-	-	-
Charges for services	12,501,231	-	5,362,138	-
Fines and forfeitures	2,621,379	-	-	-
Investment income	2,606,205	-	205,696	244,048
Intergovernmental	-	3,269,869	-	-
Miscellaneous	751,847	-	-	-
Total revenues	93,635,690	3,269,869	10,753,851	244,048
EXPENDITURES				
Current				
General government	20,747,419	-	-	-
Public safety	37,401,702	173,095	-	-
Public works	10,349,921	15,506	-	-
Culture and recreation	14,025,327	530,200	-	-
Debt service				
Principal retirement	326,451	-	4,710,000	-
Interest and fiscal agent charges	10,863	-	2,816,914	-
Issuance costs	-	-	2,726	-
Capital outlay	4,685,100	2,665,010	-	5,930,144
Total expenditures	87,546,783	3,383,811	7,529,640	5,930,144
Excess (Deficiency) of revenues over (under) expenditures	6,088,907	(113,942)	3,224,211	(5,686,096)
OTHER FINANCING SOURCES (USES)				
Transfers in	6,234,383	2,575,844	-	-
Transfers out	(3,290,000)	-	-	-
General obligation bonds issued	-	-	-	-
Premium on debt issued	-	-	-	-
Sale of general capital assets	113,568	-	-	-
Insurance recoveries	292,137	-	-	-
Issuance of SBITAs	408,612	-	-	-
Total other financing sources (uses)	3,758,700	2,575,844	-	-
Net change in fund balances	9,847,607	2,461,902	3,224,211	(5,686,096)
Fund balances - beginning	45,780,565	164,293	(1,443,263)	7,730,402
Fund balances - ending	<u>\$ 55,628,172</u>	<u>\$ 2,626,195</u>	<u>\$ 1,780,948</u>	<u>\$ 2,044,306</u>

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

Non-Bond	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 49,120,377
-	-	25,051,912
-	3,494,683	3,494,683
-	33,274	3,870,777
-	2,701,779	2,701,779
-	-	2,331,253
-	603,219	18,466,588
-	245,032	2,866,411
849,818	1,666,838	5,572,605
1,581,407	104,608	4,955,884
-	794,633	1,546,480
<u>2,431,225</u>	<u>9,644,066</u>	<u>119,978,749</u>
-	2,452,292	23,199,711
-	284,991	37,859,788
-	-	10,365,427
-	2,435,402	16,990,929
-	-	5,036,451
-	21,485	2,849,262
-	225,685	228,411
<u>8,983,581</u>	<u>14,016,693</u>	<u>36,280,528</u>
<u>8,983,581</u>	<u>19,436,548</u>	<u>132,810,507</u>
<u>(6,552,356)</u>	<u>(9,792,482)</u>	<u>(12,831,758)</u>
3,675,000	41,853	12,527,080
(2,555,010)	(1,154,370)	(6,999,380)
-	11,870,000	11,870,000
-	868,025	868,025
-	-	113,568
262,500	-	554,637
-	-	408,612
<u>1,382,490</u>	<u>11,625,508</u>	<u>19,342,542</u>
(5,169,866)	1,833,026	6,510,784
<u>16,100,930</u>	<u>26,410,732</u>	<u>94,743,659</u>
<u>\$ 10,931,064</u>	<u>\$ 28,243,758</u>	<u>\$ 101,254,443</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds		\$	6,510,784
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 these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.			27,017,243
The net effect of the various miscellaneous transactions involving capital assets (i.e., sales, transfers and donations) is to increase net position.			221,559
The change in equity interest in joint venture increases net position.			1,246,538
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the decrease during the current year in unavailable revenue that is earned but not collected.			239,739
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.			(7,750,503)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds.			
Decrease in compensated absences		1,118,877	
Increase in landfill liability		<u>(232,638)</u>	886,239
Changes to net pension and total OPEB liabilities and related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			964,528
Current year change in accrued interest payable does not require the use of current financial resources; but they are reported as expenses in the governmental activities.			(35,974)
Internal service funds are used by management to charge the costs of fleet management, workers' compensation, and health claims, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (net of (\$275) allocated to business-type activities).			<u>(6,610)</u>
Change in net position of governmental activities		\$	<u>29,293,543</u>

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

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT B-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 46,004,500	\$ 43,795,000	\$ 43,934,360	\$ 139,360
Sales and use taxes	21,811,800	23,126,000	25,051,912	1,925,912
Franchise taxes	3,775,000	3,578,200	3,837,503	259,303
Licenses and permits	2,085,500	2,205,600	2,331,253	125,653
Charges for services	11,470,100	12,242,700	12,501,231	258,531
Fines and forfeitures	1,577,200	2,523,800	2,621,379	97,579
Investment income	1,476,000	2,033,708	2,606,205	572,497
Miscellaneous	62,000	87,100	751,847	664,747
Total revenues	88,262,100	89,592,108	93,635,690	4,043,582
EXPENDITURES				
General government				
General government	6,912,500	9,064,297	6,366,479	2,697,818
City administration	1,245,300	1,375,900	1,359,248	16,652
Communications	725,400	805,556	703,784	101,772
Economic development	2,706,200	2,382,905	1,672,871	710,034
Human resources	1,293,400	1,250,052	1,144,832	105,220
Finance	3,355,300	3,536,765	3,401,205	135,560
Innovation & technology	4,964,400	5,094,477	4,371,362	723,115
Community services	1,938,500	1,897,166	1,727,638	169,528
Public safety				
Police	21,161,700	20,571,258	19,783,643	787,615
Fire	17,568,500	20,201,815	17,618,059	2,583,756
Public works				
Public works	5,730,100	5,667,503	5,291,397	376,106
Sustainability & public health	5,011,400	5,136,751	5,058,524	78,227
Culture and recreation				
Parks and recreation	12,692,900	12,510,566	12,146,083	364,483
Library	1,900,800	1,893,374	1,879,244	14,130
Principal retirement	9,900	340,300	326,451	13,849
Interest and fiscal agent charges	-	-	10,863	(10,863)
Capital outlay	5,950,500	7,961,563	4,685,100	3,276,463
Total expenditures	93,166,800	99,690,248	87,546,783	12,143,465
Excess (deficiency) of revenues over (under) expenditures	(4,904,700)	(10,098,140)	6,088,907	16,187,047
OTHER FINANCING SOURCES (USES)				
Transfers in	10,839,500	10,839,500	6,234,383	(4,605,117)
Transfers out	(8,134,800)	(8,085,800)	(3,290,000)	4,795,800
Sale of general capital assets	100,000	787,903	113,568	(674,335)
Insurance recoveries	-	93,000	292,137	199,137
Issuance of SBITAs	-	-	408,612	408,612
Total other financing sources (uses)	2,804,700	3,634,603	3,758,700	124,097
Net change in fund balance	(2,100,000)	(6,463,537)	9,847,607	16,311,144
Fund balances- beginning	45,780,565	45,780,565	45,780,565	-
Fund balances - ending	\$ 43,680,565	\$ 39,317,028	\$ 55,628,172	\$ 16,311,144

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

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT B-6

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GRANTS FUND
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 954,600	\$ 3,581,838	\$ 3,269,869	\$ (311,969)
Total revenues	954,600	3,581,838	3,269,869	(311,969)
EXPENDITURES				
General government	55,000	2,555,000	-	2,555,000
Public safety	413,000	276,577	173,095	103,482
Public works	76,600	95,486	15,506	79,980
Culture and recreation	464,000	528,566	530,200	(1,634)
Capital outlay	-	205,000	2,665,010	(2,460,010)
Total expenditures	1,008,600	3,660,629	3,383,811	276,818
Excess (deficiency) of revenues over (under) expenditures	(54,000)	(78,791)	(113,942)	(35,151)
OTHER FINANCING SOURCES (USES)				
Transfers in	263,000	234,834	2,575,844	2,341,010
Transfers out	(209,000)	(209,000)	-	209,000
Total other financing sources (uses)	54,000	25,834	2,575,844	2,550,010
Net change in fund balances	-	(52,957)	2,461,902	2,514,859
Fund balances - beginning	164,293	164,293	164,293	-
Fund balances - ending	<u>\$ 164,293</u>	<u>\$ 111,336</u>	<u>\$ 2,626,195</u>	<u>\$ 2,514,859</u>

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

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2025

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
ASSETS				
Current assets				
Cash, cash equivalents, and investments	\$ 17,523,065	\$ 1,811,560	\$ 19,334,625	\$ 5,075,458
Receivables (net of allowance for uncollectibles)	4,492,893	128,273	4,621,166	551,913
Accrued interest and other	4,377	518	4,895	-
Inventories	-	-	-	51,973
Prepaid items	13,773	-	13,773	5,075
Deposits	-	-	-	40,000
Total current assets	22,034,108	1,940,351	23,974,459	5,724,419
Noncurrent assets				
Restricted cash	5,898,217	-	5,898,217	-
Equity interest in joint venture	4,888,063	-	4,888,063	-
Capital and lease assets				
Nondepreciable	7,847,000	5,908,569	13,755,569	8,170
Depreciable, net of accumulated depreciation/amortization	68,593,650	4,913,965	73,507,615	6,927,311
Total noncurrent assets	87,226,930	10,822,534	98,049,464	6,935,481
Total assets	109,261,038	12,762,885	122,023,923	12,659,900
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	570,658	-	570,658	323,692
Deferred outflows from OPEB	80,806	-	80,806	44,892
Total deferred outflows of resources	651,464	-	651,464	368,584
LIABILITIES				
Current Liabilities				
Accounts payable and other accrued liabilities	1,676,312	472,361	2,148,673	488,117
Deposits payable	391,519	-	391,519	-
Retainage payable	181,886	31,231	213,117	-
Compensated absences	29,227	-	29,227	23,425
Claims payable	-	-	-	702,103
Total OPEB liability	47,010	-	47,010	26,117
Total current liabilities	2,325,954	503,592	2,829,546	1,239,762
Noncurrent liabilities				
Bonds payable	5,600,876	-	5,600,876	-
Compensated absences	182,942	-	182,942	9,613
Net pension liability	1,151,887	-	1,151,887	657,963
Total OPEB liability	321,313	-	321,313	175,448
Claims payable	-	-	-	331,573
Total noncurrent liabilities	7,257,018	-	7,257,018	1,174,597
Total liabilities	9,582,972	503,592	10,086,564	2,414,359
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	196,144	-	196,144	111,258
Deferred inflows from OPEB	9,483	-	9,483	5,269
Total deferred inflows of resources	205,627	-	205,627	116,527
NET POSITION				
Net investment in capital assets	75,492,674	10,326,629	85,819,303	6,935,481
Unrestricted	24,631,229	1,932,664	26,563,893	3,562,117
Total net position	\$ 100,123,903	\$ 12,259,293	\$ 112,383,196	\$ 10,497,598
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time			413,672	
Net position of business-type activities			\$ 112,796,868	

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
Operating Revenues				
Charges for services	\$ 30,960,001	\$ 1,776,987	\$ 32,736,988	\$ 5,799,113
Contributions and miscellaneous	3,202	-	3,202	5,425,888
Total operating revenues	30,963,203	1,776,987	32,740,190	11,225,001
Operating Expenses				
Personal services	2,376,926	-	2,376,926	1,076,012
Materials and supplies	348,574	-	348,574	2,078,345
Maintenance and utilities	2,219,843	57,851	2,277,694	2,007,676
Purchase of water	7,728,751	-	7,728,751	-
Sewage treatment	6,190,619	-	6,190,619	-
Insurance claims and expenses	-	-	-	5,834,971
Depreciation	3,445,366	52,400	3,497,766	234,882
Total operating expenses	22,310,079	110,251	22,420,330	11,231,886
Operating income (loss)	8,653,124	1,666,736	10,319,860	(6,885)
Nonoperating Revenues				
Investment income	882,456	86,406	968,862	-
Interest expense	(94,178)	-	(94,178)	-
Gain on sale of capital assets	94,867	-	94,867	-
Loss on the joint venture	(69,273)	-	(69,273)	-
Total nonoperating revenues	813,872	86,406	900,278	-
Income before contributions and transfers	9,466,996	1,753,142	11,220,138	(6,885)
Capital contributions	1,154,515	-	1,154,515	-
Transfers out	(5,420,900)	(106,800)	(5,527,700)	-
Change in net position	5,200,611	1,646,342	6,846,953	(6,885)
Net position - beginning	94,923,292	10,612,951	105,536,243	10,504,483
Net position - ending	\$ 100,123,903	\$ 12,259,293	\$ 112,383,196	\$ 10,497,598
Reconciliation to government-wide statement of net position:				
Change in net position			6,846,953	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds			(275)	
Change in net position of business-type activities			\$ 6,846,678	

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

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT C-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 31,109,283	\$ 1,779,359	\$ 32,888,642	\$ -
Receipts from interfund services provided	-	-	-	10,721,769
Payments to suppliers	(16,174,552)	(55,703)	(16,230,255)	(4,263,453)
Payments to employees	(2,444,289)	-	(2,444,289)	(1,097,737)
Payments for loss claims	-	-	-	(5,625,370)
Net cash provided by (used for) operating activities	<u>12,490,442</u>	<u>1,723,656</u>	<u>14,214,098</u>	<u>(264,791)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(5,420,900)	(106,800)	(5,527,700)	-
Net cash used for noncapital financing activities	<u>(5,420,900)</u>	<u>(106,800)</u>	<u>(5,527,700)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(9,810,376)	(1,680,467)	(11,490,843)	(69,969)
Proceeds from capital debt	5,630,569	-	5,630,569	-
Debt Issuance costs	(123,871)	-	(123,871)	-
Gain on sale of capital assets	94,867	-	94,867	-
Net cash used for capital assets related financing activities	<u>(4,208,811)</u>	<u>(1,680,467)</u>	<u>(5,889,278)</u>	<u>(69,969)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	4,069,606	532,732	4,602,338	-
Investment income	1,049,650	106,188	1,155,838	-
Net cash provided by (used for) investing activities	<u>5,119,256</u>	<u>638,920</u>	<u>5,758,176</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	7,979,987	575,309	8,555,296	(334,760)
Cash and cash equivalents - beginning of year	3,147,020	285,329	3,432,349	5,410,218
Cash and cash equivalents - end of year	<u>\$ 11,127,007</u>	<u>\$ 860,638</u>	<u>\$ 11,987,645</u>	<u>\$ 5,075,458</u>
Investments	12,294,275	950,922	13,245,197	-
Cash, cash equivalents, and investments - end of year including restricted cash of \$5,898,217 for the Water and Sewer Fund	<u>\$ 23,421,282</u>	<u>\$ 1,811,560</u>	<u>\$ 25,232,842</u>	<u>\$ 5,075,458</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributed capital assets	\$ 1,154,515	\$ -	1,154,515	\$ -
Loss on the joint venture	(69,273)	-	(69,273)	-
Purchase of capital assets on accounts and retainage payable	853,798	495,905	1,349,703	\$ -

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

(continued)

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT C-3

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating Income (Loss)	8,653,124	1,666,736	10,319,860	-
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	3,445,366	52,400	3,497,766	234,882
(Increase)/Decrease in				
Receivables	221,868	2,372	224,240	(513,574)
Prepaid items	(2,013)		(2,013)	(262)
Deferred outflows of resources - pension	364,207		364,207	206,589
Deferred outflows of resources - OPEB	(21,703)		(21,703)	(12,057)
Increase/(Decrease) in				
Accounts payable and accrued liabilities	318,886	2,148	321,034	(150,719)
Claims payable				200,832
Deposits payable	(75,788)		(75,788)	-
Net Pension liability	(523,171)		(523,171)	(296,757)
Total OPEB liability	10,819		10,819	6,011
Deferred inflows of resources - pension	117,844		117,844	66,844
Deferred inflows of resources - OPEB	(6,396)		(6,396)	(3,553)
Compensated absences	(12,601)		(12,601)	3,858
Net Cash Provided by (Used for) Operating Activities	<u>\$ 12,490,442</u>	<u>\$ 1,723,656</u>	<u>\$ 14,214,098</u>	<u>\$ (257,906)</u>

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

(concluded)

CITY OF FARMERS BRANCH, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Farmers Branch, Texas (the "City") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") which are 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 significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and a five-member council. The City was incorporated in 1946 under the Constitution of the State of Texas (Home Rule Amendment). As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered financially accountable. A component unit is included in the City's reporting entity if it is both fiscally dependent on the City (the primary government) and there is a potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government. The City's blended component units and joint ventures, which all have a September 30 year-end, are as follows:

Blended Component Units

The City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name);
- The City appoints a voting majority of the organization's board;
- The City is able to impose its will on the organization;
- The organization has the potential to impose a financial benefit/burden on the City; or
- There is a fiscal dependency by the organization on the City

Tax Increment Finance and Tax Increment Reinvestment Zones (TIFs/TIRZ)

Tax Increment Finance District Number Two ("TIF No. 2"), Tax Increment Reinvestment Zone Number Three ("TIRZ No. 3"), and Tax Increment Finance District Number Four ("TIF No. 4/I-35 Zone") were created pursuant to the Texas Tax Increment Financing Act, Tax Code Chapter 311, as amended. The purpose of the TIF No. 2 is to promote development in the Old Farmers Branch area. The purpose of the TIRZ No. 3 is to dedicate certain tax increment revenues to the Mercer Crossing Development and apply these revenues to reduce the public improvement district assessments. Management of the primary government has operational responsibility for both of these tax increment financing districts. The purpose of TIF No. 4/I-35 Zone is to dedicate certain tax increment revenues to the Interstate Highway 35W and apply these revenues for improvements to the commercial corridor on the east and west of the Interstate Highway 35W and Valwood Park. Management of the primary government has operational responsibility for these tax increment financing districts. TIF No. 2 and TIF No. 4 are reported as capital projects funds and are included as blended component units because they provide a financing mechanism to build streets and other infrastructure. The TIRZ No. 3 is reported as a special revenue fund because the revenues are restricted to reduce the public improvement district assessments, and the fund is included as a blended component unit.

Public Improvement Districts (PIDs)

The City has one Public Improvement District. Farmers Branch's PID program allows for groups of property owners to request special property assessments for the provisions of services above typical City levels. The PID may select its own budget and categories based on its goals and needs, subject to Chapter 372 of the Texas Local Government Code. This may consist of eligible supplemental activities such as marketing the area, providing additional security, landscaping and lighting, street cleaning, and cultural and recreational improvements. The City's sole PID is operated by a designated management organization.

Separate financial statements for the sole PID are not prepared.

Mercer Crossing PID - created in February 2017 to support development along Valley View lane in Farmers Branch. On June 20, 2017, the Public Finance Authority of Wisconsin issued tax-exempt revenue bonds for the Mercer Crossing PID. Assessments on property within the district are pledged as reimbursement for this debt, which is not an obligation of the City. The PID's governing body is substantially the same as City's and the operations of the PID benefit the City almost exclusively.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Farmers Branch Local Government Corporation

The Farmers Branch Local Government Corporation ("FBLGC") was organized on behalf of the City to accomplish any governmental purpose of the City and to promote the common good and general welfare of the City. This includes the furtherance of the promotion, development, encouragement, and maintenance of employment, commerce, economic development and public facility development in the City, and currently to develop oil, natural gas and other mineral interests on behalf of the City. Management of the primary government has operational responsibility for the FBLGC. The FBLGC is authorized to issue bonds, notes or other obligations after approval by the City Council. The FBLGC has been included as a special revenue fund because it is organized as a not-for-profit corporation in which the City of Farmers Branch is the sole corporate member. The FBLGC is fiscally dependent (the City must approve any issuance of debt) and the purpose of the corporation is to provide a benefit to the City. Separate financial statements for the blended component units are not available.

Joint Ventures

The North Texas Emergency Communications Center, Inc. (NTECC) is a joint venture between the Town of Addison, City of Carrollton, City of Coppell, and City of Farmers Branch (the "Cities") formed to establish and operate a joint public safety dispatch center. The affairs of the NTECC are managed by a four-person board of directors representing each of the four participating Cities.

The Cities are responsible for funding capital and operating costs of the NTECC in the proportions stated in the inter-local agreement. The City financed its portion of construction funds through the issuance and sale of certificates of obligation. The City of Farmers Branch's equity interest in the NTECC is \$3,692,955 at September 30, 2025 and is reported as equity interest in joint venture in the governmental activities on the government-wide Statement of Net Position. Audited financial statements for the NTECC can be obtained from the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131.

Additionally, the Cities have also entered into inter-local agreements to jointly procure a public safety radio system and a fire training facility. These agreements did not include the formation of a separate legal joint venture entity. The City has financed its portion of construction funds through the issuance and sale of general obligation bonds. The Cities are responsible for funding a portion of the radio system and fire training facility in the proportions stated in the inter-local agreements. The City of Farmers Branch's portion of the radio system is capitalized as infrastructure and equipment and the portion of the fire training facility is capitalized as buildings in the governmental activities on the government-wide Statement of Net Position.

The North Dallas County Water Supply Corporation ("NDCWSC") is a joint venture between the City and the Town of Addison (the "Town") to design, construct, operate, and maintain a joint sanitary sewer interceptor and conventional sewer lines. The NDCWSC, a public instrumentality and nonprofit water supply corporation, was created for that purpose. Upon dissolution of the NDCWSC, the City and Town will share the net position in the proportions stated in an inter-local agreement. The affairs of the NDCWSC are managed by a six-person board of directors appointed by the governing bodies of the City and the Town.

The City and the Town are each obligated to fund construction of the sanitary sewer interceptor in the proportions stated in the inter-local agreement. The City financed its portion of construction funds through the issuance and sale of assessment revenue bonds and a transfer from previously issued sewer bonds and none of the bonds are still outstanding. The City's net investment and its share of the operating results of the NDCWSC are reported in the City's water and sewer fund. The City's equity interest in the NDCWSC was \$4,888,063 at September 30, 2025. Complete financial statements for the NDCWSC can be obtained from the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131.

B. Basis of Presentation

While separate government-wide financial statements (based on the City as a whole) and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds.

The fund financial statements provide information about the City's funds, including its blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The *Grants Fund* is used to account for monies received from other governmental agencies that have restricted legal requirements. The City has designated this fund as major.

The *Debt Service Fund* is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

The *Dallas Stars Multi-Sport Fund* is used to account for the acquisition and construction of the City's Dallas Stars Multi-Sport Complex. The City has designated this fund as major.

The *Non-Bond Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities.

The City reports the following major proprietary funds:

The *Water and Sewer Fund* is used to account for water and sewer service operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *Stormwater Utility Fund* is used to account for stormwater service operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City reports the following internal service funds:

The *Internal Service Funds* are used to account for facilities and fleet management services and the City's workers' compensation and health insurance self-insurance programs for the departments of the City on a cost reimbursement basis.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Exceptions to this general rule are payments-in-lieu-of-taxes (PILOT) where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time 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.

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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures, including those on lease liabilities, and expenditures related to pension, other post-employment benefits, compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. The issuance of long-term debt and financing through leases is reported as an other financing source.

Property, franchise, sales and hotel occupancy taxes, and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 1 year of year-end). All other revenue items are considered measurable and available only when the government receives cash.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB for the OPEB Retiree Health Plan, OPEB expenses have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

D. Budgetary Information

1) Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, grants fund, special revenue funds, and debt service fund. The capital projects funds are appropriated on a project-length basis and often span a period of more than one year. The Farmers Branch Local Government Corporation does not have a legally adopted budget, as the activity during the year is at the discretion of the Management of the primary government.

The appropriated budget is prepared by fund, department and function. The City Manager may transfer unencumbered appropriations within a department and between departments within the same fund. City Council approval is necessary for transfers of unencumbered appropriations between funds. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Special revenue funds are budgeted at the function level. Appropriations, except remaining project appropriations and encumbrances, lapse at the end of the fiscal year.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1) Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2) Investments

Investments are recorded at fair value (based on quoted market prices), except for investments with maturity of one year or less from date of purchase and investments in TexPool, which are stated at amortized cost.

3) Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

4) Inventories, Land Held For Resale and Prepaid Items

Inventories are stated at cost for the internal service funds and at the lower of cost or market value (assessed taxable value) for the inventory of land held for resale in the general fund and nonmajor governmental funds. Inventories are recorded as assets when purchased and charged to operations when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5) Capital, Lease and Subscription Assets

Capital, lease and subscription assets include land, buildings, equipment, improvements, infrastructure (e.g., roads, bridges, sidewalks, and similar items), intangible assets (e.g., software, websites), and lease and subscription assets. Capital assets purchased, acquired or developed, are carried at historical cost or estimated historical cost if historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The City defines capital, lease, and subscription assets as having a useful life longer than one year and an initial, individual cost that exceeds the capitalization threshold for their class. The capitalization threshold for the infrastructure class is \$100,000. The capitalization threshold for lease and subscription asset classes is \$25,000. The capitalization threshold for all other asset classes is \$5,000. Other costs incurred for repairs and maintenance are expensed. Insurance recoveries of \$554,637 were received for the year ended September 30, 2025. They are included as an "other financing source" in the governmental funds.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated/amortized on the straight-line basis over the following estimated useful lives or lease term, whichever is shorter.

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	30 - 50 years
Equipment	5 - 30 years
Improvements	20 years
Intangible assets-software/websites	5 years
Infrastructure	15 - 63 years

6) Lease Receivable

The City is a lessor for noncancellable leases of tower spaces. The City recognizes a lease receivable and a deferred inflow of resources. 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 inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City monitors changes in circumstances that would require a remeasurement of its leases 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.

7) Subscription Liability

The City recognizes a subscription liability and an intangible right-to-use IT asset (subscription asset) in the financial statements. The City recognizes subscription liability with an initial, individual value of \$25,000 or more. Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

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

8) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as outflows of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The deferred outflows of resources are reported in the government-wide and proprietary funds statements of net position. The first item is the deferred outflows of resources from pension. For purposes of measuring the net pension liability, deferred outflows of resources related to pension have been determined on the same basis as they are reported by TMRS. The second item is the deferred outflows of resources from OPEB.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources from pensions, OPEB, leases, and PPPs.

Finally, the City has one item that arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from the following sources:

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	General Fund	Debt Service Fund	Non-Bond Fund	Total
Property taxes	\$ 1,468,847	\$ 176,520	\$ -	\$ 1,645,367
Ambulance	3,798			3,798
Franchise taxes - electric	611,058			611,058
Charges for services - culture and recreation	185			185
Special assessments			7,503	7,503
Total	\$ 2,083,888	\$ 176,520	\$ 7,503	\$ 2,267,911

9) Unearned Revenue

The General, Non-Bond and Grants Funds report unearned revenue in connection with grant funding that has been received, but not yet earned. These funds will be recognized as revenue as the City completes related projects for which these funds were provided. At September 30, 2025, the amount reported for unearned revenue less the amounts related to the Debt Service Fund totaled \$454,819, as these proceeds received were not utilized by the end of the current fiscal year. The Debt Service Fund reports unearned revenue in connection with advance rental installments that have been received. However, the Debt Service Fund will only recognize it as it fulfills its obligations. The amount reported in unearned revenue for this activity totaled \$150,000 as the tenant paid ahead on rent owed.

10) Net Position Flow Assumptions

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital, lease and subscription assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted net position* consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted net position* is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

11) Fund Balance Policies and Flow Assumptions

Governmental fund balances classified as nonspendable are balances that cannot be spent because they are either not in a spendable form or are legally and/or contractually required to stay intact. Fund balances classified as restricted are balances constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balance. The City Council must take the same level of action to remove or change the constraint. Assigned fund balances are constrained by intent to use for a specific purpose but are neither restricted nor committed. Assignments are made by City management based on Council direction.

As previously mentioned, sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. In the general fund, the City strives to maintain a target range of unassigned fund balance to be used for unanticipated emergencies with a low end of 15% and a high end of 20% of the actual GAAP basis expenditures and other financing sources and uses.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

12) 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 and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Revenues and Expenditures/Expenses

1) Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

2) Property Taxes

The City's property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

3) Compensated Absences

Holiday, vacation, and compensatory time are accrued as liabilities as employees earn the benefits to the extent that they meet all of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; 2) the leave accumulates; and 3) it is more likely than not that the City will compensate the employees for the benefits through time off or some other means, such as cash payments.

For the government-wide financial statements, as well as the proprietary fund financial statements, outstanding compensated absences are recorded as a liability based on the last-in-first-out (LIFO) method.

The change in compensated absences is presented as a net amount, in accordance with GASB 101, *Compensated Absences* in Note 3G.

4) Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 water and sewer fund and the government's internal service funds are charges to customers for sales and services. Operating expenses for water and sewer funds and internal service 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$240,060,129 difference are as follows:

Land and rights of way	\$ 39,403,292
Construction in progress	26,869,498
Improvements	34,414,156
Less: Accumulated depreciation-improvements	(11,920,007)
Buildings	106,325,527
Less: Accumulated depreciation-building	(27,853,577)
Equipment	46,530,826
Less: Accumulated depreciation-equipment	(35,097,817)
Infrastructure	154,971,161
Less: Accumulated depreciation-infrastructure	(94,379,794)
SBITAs	1,438,278
Less: Accumulated amortization-SBITAs	(940,152)
Intangible assets	3,317,930
Less: Accumulated depreciation-intangible assets	<u>(3,019,192)</u>
Net adjustment to increase fund balance - total government funds to arrive at net position -	<u>\$ 240,060,129</u>

Another element of that reconciliation explains that “internal service funds are used by management to charge the costs of certain activities, such as fleet management and workers’ compensation and medical self-insurance programs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.” The details of this \$10,083,926 difference are as follows:

Net position of the internal service funds	\$ 10,497,598
Less: Internal receivable representing charges to the business-type activities - current year	<u>(413,672)</u>
Net adjustment to increase fund balance - total government funds to arrive at net position - governmental activities	<u>\$ 10,083,926</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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 that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.” The details of this \$27,017,243 difference are as follows:

Capital outlay	\$ 36,280,528
Depreciation and amortization expense	<u>\$ (9,263,285)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 27,017,243</u>

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. In addition, 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 statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$(7,750,503) difference are as follows:

Debt issued:	
SBITAs	\$ (408,612)
Bonds issued	(11,870,000)
Premium on bonds issued	<u>(868,025)</u>
Total proceeds	<u>(13,146,637)</u>
Debt repayments	
To bondholders/debtors	4,710,000
To lessors/vendors	<u>326,451</u>
Total debt repayments	<u>\$ 5,036,451</u>
Amortization of long-term debt	
Amortization of loss on refunding	\$ (15,911)
Arbitrage expense	133,864
Bond premiums	<u>241,730</u>
Total amortization of long-term debt	<u>\$ 359,683</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (7,750,503)</u>

Another element of that reconciliation states that “changes to net pension and OPEB liabilities and related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$964,528 difference are as follows:

OPEB income	\$ (165,119)
Pension income	<u>(799,409)</u>
Net adjustment to decrease total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (964,528)</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Another element of that reconciliation states that “internal service funds are used by management to charge the costs of fleet management, workers’ compensation, and health claims, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.” The details of this \$(6,610) difference are as follows:

Change in net position of the internal service funds	\$ (6,885)
Plus: charges to business-type activities	<u>275</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (6,610)</u>

C. Explanation of Certain Differences Between the Proprietary Fund Statement of Net Position and the Government-Wide Statement of Net Position

The proprietary fund statement of net position includes reconciliation between *net position – total enterprise funds* and *net position of business-type activities* as reported in the government-wide statement of net position. The description of the only item of that reconciliation is “adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.” The details of the \$413,672 difference are as follows:

Internal payable representing charges over cost to business-type activities - prior year	\$ 413,947
Internal payable representing charges over cost to business-type activities - current year	<u>(275)</u>
Net adjustment to increase net position - total enterprise funds to arrive at changes in net position of business-type activities	<u>\$ 413,672</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

3. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits with Financial Institutions

At year-end, the carrying amount of the City's demand deposits, was \$1,089,431 and the bank balance was \$1,014,467. The bank balance was completely covered by federal depository insurance or by collateral held by the City's agent in the City's name.

B. Investments

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 "Act"), provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds. TexPool uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool invests in a high-quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

To maximize investment opportunities, all funds (excluding the debt service fund and the internal service funds) participate in a pooling of cash and investment income. Each fund may liquidate its equity in the pool on demand.

State statutes, City bond ordinances, and City resolutions authorize the City's investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, direct obligations of Texas and its agencies and instrumentalities, obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating, insured or collateralized certificates of deposit, fully collateralized repurchase agreements, and government pools.

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Securities classified as level 3 have limited trade information. The City has no Level 3 inputs that are valued using significant unobservable inputs. As of September 30, 2025, the City had the following investments:

<u>Investments by Fair Value Level</u>	<u>September 30, 2024</u>	<u>Fair Value - Level 1</u>	<u>Fair Value - Level 2</u>	<u>Weighted Average Maturity (in days)</u>
Municipal Obligations	\$ 28,952,380	\$ 7,567,560	\$ 21,384,820	68
US Treasury Notes	9,356,964	9,356,964	-	170
US Agency Securities	25,270,318	-	25,270,318	94
Total Investments by Fair Value Level	<u>63,579,662</u>	<u>16,924,524</u>	<u>46,655,138</u>	
Investments Measured at Amortized Cost				
TexPool	64,254,314			40
Total investments at Amortized Cost	<u>64,254,314</u>			
Total Investments at Carrying Amount	<u>\$ 127,833,976</u>			
Portfolio Weighted Average Maturity				54

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 24 months (730 days).

Credit Risk. The City's investment policy is to apply the "prudent investor" standard: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City's investments were rated as follows:

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

**Credit Quality Distribution for Securities
with Credit Exposure as a Percentage of Total Investments**

Municipal Obligations	Aa1/AAA	4%
Municipal Obligations	Aaa/AAA	2%
Municipal Obligations	Aa3/AA	8%
Municipal Obligations	AA+	4%
Municipal Obligations	Aa3	2%
Municipal Obligations	Aa1/AA+	2%
Municipal Obligations	AA	1%
Treasury Notes	AAA	20%
Agency Obligations	AA/AA	7%
Tex Pool	AAAm	50%

*Aaa/AAA is the highest credit quality issued by Moody 's Investor's Services,
and by Standard & Poor's, respectively.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. However, the City's investment policy calls for portfolio diversification by avoiding over-concentration in a specific maturity sector or specific instruments. The City's portfolio is 23% invested in Municipal Obligations, 20% invested in US Treasury Notes, and 7% invested in US Agency Securities as of September 30, 2025. The remaining 50% of the City's investments, are invested in an external government investment pool.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

C. Receivables (net of allowance for uncollectibles)

Receivables, as of year-end, for the City's individual major fund and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Grants	Debt Service	Dallas Stars Multi-Sport	Non-Bond	Nonmajor Governmental	Internal Service	Water and Sewer	Nonmajor Stormwater Utility
Receivables:									
Property tax	\$ 1,546,154	\$ -	\$ 185,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	4,074,746	-	-	-	21,021	397,844	-	-	-
Accounts	5,521,402	875,895	-	-	-	48,070	551,913	1,686,642	46,687
Unbilled accounts	-	-	-	-	-	-	-	2,864,737	85,067
Assessments	-	-	-	-	-	100,307	-	-	-
PPPs	-	-	5,469,906	-	-	-	-	-	-
Leases	2,342,029	-	-	-	-	-	-	-	-
Accrued interest	10,545	-	15,544	4,109	3,069	5,584	-	4,377	518
Gross receivables	13,494,876	875,895	5,671,260	4,109	24,090	551,805	551,913	4,555,756	132,272
Less: Allowance									
for uncollectibles	(2,514,290)	-	(9,291)	-	(13,518)	-	-	(58,486)	(3,481)
Net total receivables	\$ 10,980,586	\$ 875,895	\$ 5,661,969	\$ 4,109	\$ 10,572	\$ 551,805	\$ 551,913	\$ 4,497,270	\$ 128,791

Lease Receivable

The City leases tower space to various third parties, the terms of which expire between 2029 and 2036. The City recognized approximately \$211,000 in lease revenue and approximately \$145,000 in interest revenue during the current fiscal year related to the lease. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was \$2,072,747.

As of September 30, 2025 the City's receivable for all lease payments was \$2,342,029.

PPP Receivable

In fiscal year 2022, the City entered into an agreement with DSE Multisport, LP (DSE), under which DSE will operate, maintain, and retain fees from a multisport complex for 25 years, with one 5-year renewal option succeeding the term of 25 years. The City receives advanced rental installments until construction of the complex is complete and DSE has moved into the premises. The City continues to report the rink as a capital asset with a value of \$5,832,551.

The City recognized approximately \$255,000 in miscellaneous revenue and approximately \$192,000 in interest revenue during the current fiscal year related to the partnership. The City utilized a discount rate of 3.79% in the determination of the receivable for installment payments. The City has a deferred inflow of resources associated with this partnership that will be recognized as revenue over the partnership term. As of September 30, 2025, the balance of the deferred inflow of resources was \$5,899,567.

As of September 30, 2025 the City's receivable for all PPP payments was \$5,469,906.

CITY OF FARMERS BRANCH, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

D. Capital, Lease and Subscription Assets

Capital, lease and subscription asset activity for the year ended September 30, 2025 was as follows:

	Primary Government				
	Beginning Balance	Additions	Sales/Disposals	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and rights of way	\$ 39,411,462	\$ -	\$ -	\$ -	\$ 39,411,462
Construction in progress	44,912,243	30,374,975	-	(48,417,720)	26,869,498
Total capital assets, not being depreciated	<u>84,323,705</u>	<u>30,374,975</u>	<u>-</u>	<u>(48,417,720)</u>	<u>66,280,960</u>
Capital, lease and subscription assets, being depreciated					
Improvements	23,145,582	2,167,536	-	11,167,176	36,480,294
Buildings	76,744,524	47,000	-	35,610,080	112,401,604
Equipment	43,138,546	3,199,751	(806,733)	1,640,464	47,172,028
Infrastructure	154,707,114	264,047	-	-	154,971,161
Intangible assets - software/websites	3,559,120	8,505	-	-	3,567,625
SBITAs	908,151	552,731	(22,604)	-	1,438,278
Total capital, lease and subscription assets, being depreciated/amortized	<u>302,203,037</u>	<u>6,239,570</u>	<u>(829,337)</u>	<u>48,417,720</u>	<u>356,030,990</u>
Less accumulated depreciation/amortization for:					
Improvements	(11,653,378)	(783,031)	-	-	(12,436,409)
Buildings	(27,106,767)	(1,674,396)	-	-	(28,781,163)
Equipment	(33,129,560)	(3,144,620)	764,245	-	(35,509,935)
Infrastructure	(91,178,215)	(3,201,579)	-	-	(94,379,794)
Intangible assets - software/websites	(3,074,386)	(194,501)	-	-	(3,268,887)
SBITAs	(462,716)	(500,040)	22,604	-	(940,152)
Total accumulated depreciation/amortization	<u>(166,605,022)</u>	<u>(9,498,167)</u>	<u>786,849</u>	<u>-</u>	<u>(175,316,340)</u>
Total capital, lease and subscription assets, being depreciated/amortized, net	<u>135,598,015</u>	<u>(3,258,597)</u>	<u>(42,488)</u>	<u>48,417,720</u>	<u>180,714,650</u>
Governmental activities capital, lease and subscription assets, net	<u>\$ 219,921,720</u>	<u>\$ 27,116,378</u>	<u>\$ (42,488)</u>	<u>\$ -</u>	<u>\$ 246,995,610</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land and rights of way	\$ 603,364	\$ -	\$ -	\$ -	\$ 603,364
Construction in progress	13,005,868	9,676,630	-	(9,530,293)	13,152,205
Total capital assets, not being depreciated	<u>13,609,232</u>	<u>9,676,630</u>	<u>-</u>	<u>(9,530,293)</u>	<u>13,755,569</u>
Capital assets, being depreciated:					
Improvements	46,126	-	-	-	46,126
Buildings	14,693,323	-	-	-	14,693,323
Equipment	7,687,634	1,007,025	(334,204)	1,940,011	10,300,466
Infrastructure	120,836,264	979,515	(28,932)	7,590,282	129,377,129
Intangible assets - software/websites	1,546,591	-	-	-	1,546,591
Total capital assets, being depreciated	<u>144,809,938</u>	<u>1,986,540</u>	<u>(363,136)</u>	<u>9,530,293</u>	<u>155,963,635</u>
Less accumulated depreciation for:					
Improvements	(35,144)	(1,146)	-	-	(36,290)
Buildings	(9,392,298)	(269,463)	-	-	(9,661,761)
Equipment	(5,730,355)	(420,971)	334,204	-	(5,817,122)
Infrastructure	(63,209,650)	(2,632,745)	28,932	-	(65,813,463)
Intangible assets - software/websites	(953,943)	(173,441)	-	-	(1,127,384)
Total accumulated depreciation	<u>(79,321,390)</u>	<u>(3,497,766)</u>	<u>363,136</u>	<u>-</u>	<u>(82,456,020)</u>
Total capital assets, being depreciated, net	<u>65,488,548</u>	<u>(1,511,226)</u>	<u>-</u>	<u>9,530,293</u>	<u>73,507,615</u>
Business-type activities capital assets, net	<u>\$ 79,097,780</u>	<u>\$ 8,165,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,263,184</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

The preceding schedule includes internal service assets totaling \$6,935,481 in the governmental activities. Internal service fund depreciation expense is allocated to the primary government based on each function or program's usage of its services.

Depreciation expense (includes amortization expense of intangible assets) was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,219,889
Public safety	2,069,569
Public works, which includes the depreciation of general infrastructure assets	3,869,195
Culture and recreation	2,159,551
Unallocated	179,963
Total depreciation/amortization expense - governmental activities	\$ 9,498,167
Business-type activities:	
Water and sewer	\$ 3,445,366
Stormwater utility	52,400
Total depreciation expense business-type activities	\$ 3,497,766

Commitments and Contingent Liabilities

Encumbrances are commitments related to unperformed contracts for goods or services (i.e. purchase orders). At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

	<u>Encumbrances</u>
General fund for general purposes	\$ 1,193,056
General fund for capital assets	5,073,263
Grants fund	2,453,380
Water and sewer fund	120,295
Water and sewer fund for capital assets	769,705
Nonmajor Stormwater utility fund	12,163
Nonmajor funds	1,400,862
Total	\$ 11,022,724

The City has entered into several construction contracts during the fiscal year, which include street improvements, replacement of water mains, and the construction of municipal facilities. As of September 30, 2025, the City had outstanding construction contracts totaling \$10,489,563 that will be financed from operating funds.

	<u>Construction Commitments</u>
Water and sewer	\$ 1,636,790
Non-bond capital projects fund	3,563,146
Nonmajor capital projects funds	5,289,627
Total	\$ 10,489,563

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

E. Interfund Receivables, Payables and Transfers

Government interfund transfers during the year ended September 30, 2025 were as follows:

TRANSFERS OUT	TRANSFERS IN					Total
	General Fund	Non-Bond Fund	Grants Fund	Nonmajor Governmental Funds	Internal Service Fund	
General Fund	\$ -	\$ 3,250,000		\$ 40,000	\$ -	\$ 3,290,000
Non-Bond Fund			2,555,010			2,555,010
Stormwater Utility Fund	106,800	-		-	-	106,800
Nonmajor governmental funds	706,683	425,000	20,834	1,853	-	1,154,370
Water & Sewer Fund	5,420,900	-		-	-	5,420,900
Total	\$ 6,234,383	\$ 3,675,000	\$ 2,575,844	\$ 41,853	\$ -	\$ 12,527,080

Eliminations

Interfund transfers are reported in the governmental and proprietary fund financial statements. In the entity-wide statements, interfund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

Purpose of Transfers

Transfers are used to (1) move unrestricted revenues to finance various programs in accordance with budgetary authorizations, (2) for the general fund to the capital projects funds for various construction projects including the Event Center, and (3) for the water and sewer fund to the general fund for a payment-in-lieu-of-taxes.

Interfund balances at September 30, 2025 consisted of the following receivables and payables:

	Due from Other Funds		Purpose
	Due to Other Funds	General Fund	
Hotel/Motel Fund - Special Revenue	\$	1,192,698	Event Center - Construction
		<u>1,192,698</u>	

All of the above balances are expected to be repaid within one year.

F. Tax Abatements / Tax Increment Financing Zones / Public Improvement Districts

Tax Abatements – The City of Farmers Branch enters into tax abatement agreements with local residents and businesses under Chapter 380 of the Texas Local Government Code. Under this chapter, the City may provide incentives consisting of loans and grants of city funds, use of city personnel, facilities and services with or without charge, for the promotion of economic development.

The City has three categories of economic development agreements:

- Residential Demolition/Rebuild Incentive Program – This program provides property tax abatements to encourage redevelopment of existing housing stock in the City. The program may include a demolition incentive grant up to \$30,000 and annual incentive grants (between three and seven years) equal to the difference between the City property taxes assessed and paid for the new improvements (new residential structure excluding the land) for a given tax year and the City property taxes for the residential structure prior to demolition (excluding the land) for the tax year in which the structure was demolished (the "Base Year"). The amounts and number of years the incentive will be paid vary depending on the value of the residential structure and the program in place at the effective date of the agreement. Abatements are obtained through application prior to beginning the improvements and commence when the City issues a certificate of occupancy or certificate of completion for the new residence. The property owner commits to demolition of the existing residence and the construction of a new residence within 24 months of the effective date of the agreement. If construction is not completed as agreed, the City has the option to terminate the agreement and seek reimbursement of the demolition cost reimbursement incentive. No other commitments were made by the City as part of those agreements. For the fiscal year ended September 30, 2025, the City did not abate any property taxes under this program.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

- Economic Development Agreements – The purpose of these agreements is for the promotion of the expansion of existing businesses within the City and the recruitment of new business enterprises to the City. These agreements include repayment provisions should the recipient fail to fully meet its commitments. The names of businesses receiving sales tax rebates are not disclosed, as they are made confidential by Texas Tax Code Section 151.027.
 - A ten-year agreement for a 50 percent property tax rebate and sixty quarterly sales tax grants of 50% of the sales tax paid for years 1 to 7 and 25% of the sales tax paid for years 8 to 15 to a security services company to relocate its headquarters and call center. The incentive period began July 2015. The company must maintain a minimum level of taxable sales and continuous occupancy of the premises during the terms of the agreement. The abatements amounted to \$304,284 during the fiscal year ended September 30, 2025.
 - A fifteen-year agreement for a tangible personal property tax reduction of 100 percent for years one through five, a 50 percent reduction for years six through eight, and a 25 percent reduction for years nine and ten plus a cash grant of \$75,000 to offset costs for relocation to the Leased Premises for Tenet Healthcare Corporation ("THC"). The company must maintain a nine hundred (900) employment positions within the City and maintain the lease. The agreement was executed in June 2019. During the fiscal year ended September 30, 2025, THC received the fourth annual installment of the property tax abatement in the amount of \$197,498.
 - An agreement to rebate 30% of tangible personal property tax for ten years for BSN Sports, LLC to maintain tangible personal property at the leased premises of at least \$18,000,000 as of January 1 of each calendar year. The agreement was executed in June 2017. The abatements amounted to \$12,867 for the fiscal year ended September 30, 2025.
 - An agreement for an economic development grant to be paid from available funds to a painting company for a period of 5 years. The company must relocate to the new building and employ a minimum of 50 full-time employees. The effective date of the agreement was January 2025. The grant amounted to \$100,000 for the fiscal year ended September 30, 2025.
- Tax Increment Financing –The City has three active reinvestment zones ("TIF No. 2", "TIF No. 4" and "TIRZ No. 3") for the purpose of tax increment financing of infrastructure. In accordance with State law pertaining to tax increment reinvestment zones, the costs of public infrastructure improvements in the zone are repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property. The City contributed 100% of the incremental tax revenues associated with the growth of the tax base in TIF No. 2 to a special fund to pay costs of infrastructure in the zones. There are \$153,405,006 of infrastructure improvements in the TIF No. 2 project plan, including streets, water and sewer projects and the TIF No. 2 increment for tax year 2024 is \$38,351,251 TIF No. 2 was scheduled to expire December 31, 2020; however, the City extended its participation on November 17, 2020 from January 1, 2021 until December 31, 2031 at a participation rate of 25%.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

For tax years 2017, 2018, and 2019, the City contributed 1% of the incremental tax revenues generated from the City's ad valorem tax associated with the growth of the tax base in TIRZ No. 3 to a special revenue fund to reduce the public improvement district assessments within the zone. For years 2020 through and including 2052, the City will contribute 40% of the incremental tax revenue generated by the City's ad valorem tax associated with the growth of the tax base in TIRZ No. 3 to a special revenue fund to reduce the public improvement district assessment associated with the zone. There are \$797,624,639 of infrastructure improvements in the TIRZ No. 3 project plan and the TIRZ No. 3 increment for tax year 2024 is \$319,048,524. The TIRZ No. 3 is scheduled to terminate in tax year 2052.

For tax year 2024, the City contributed 100% of the incremental tax revenues generated from the City's ad valorem tax associated with the growth of the tax base in TIF No. 4 to a capital project fund for improvements to the commercial corridor on the east and west of the Interstate Highway 35W and Valwood Park. For years 2021 through and including, the City will contribute 100% of the incremental tax revenue generated by the City's ad valorem tax associated with the growth of the tax base in TIF No. 4 to a capital projects fund for improvements within the district. The TIF No. 4 increment for tax year 2024 is \$159,048,524. The TIF No. 4 is scheduled to terminate in tax year 2046.

The City Council, upon recommendation of the Council-appointed TIF Board for each district, can enter into economic grant agreements with developers to utilize TIF funds. Unlike contractual obligations, TIF grants are subject to availability of TIF funds, and any balance owed to a developer upon termination of the TIF district will no longer be considered an obligation of the City. The City made \$2,701,779 in property tax rebates from general TIF resources.

Public Improvement District – Under Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), the City authorized the creation of the Mercer Crossing Public Improvement District (the "PID") to impose annual assessments on property owners within the PID (the "Assessments") to pay for certain public improvements (the "Public Improvements"). The PID is composed of approximately 397.6 acres that are being developed as a master-planned mixed-use development known as "Mercer Crossing". The development is expected to include, among other things, single-family homes, active adult senior condominiums, two hotels, office, retail, commercial, and an amphitheater. Pursuant to a master development agreement and a reimbursement agreement (together, the "Agreements"), the City has agreed to reimburse the Developer for a portion of the costs of the Public Improvements within the PID in a total amount not to exceed \$43,247,845, plus accrued interest, from assessment revenues. Under the terms of the Agreements, the Assessments may be offset in each year by tax increment revenues generated with Tax Increment District, which includes the PID property. The only obligation of the City under Agreements is the collection and enforcement of the Assessments and the payment of annual Assessment revenues to the Mercer Crossing developer pursuant to the terms of the Agreements. The City has not issued debt to fund its obligations under the Agreements. The City did not make any payments pursuant to this agreement for the year ended September 30, 2025.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

G. Long-Term Liabilities

General Obligation Bonds – The City of Farmers Branch issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as serial bonds with equal amounts of principal maturing each year with maturities that range from five to 20 years. The City is required to compute, at the time taxes are levied, the rate of tax required to provide a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

Bonds payable at September 30, 2025 are comprised of the following individual issues:

Bonds Payable:	Sale Date	Original Borrowing	Interest Rates to Maturity (%)	Final Maturity	Outstanding Sept. 30, 2025
Bonds - Public Offerings - Governmental Activities					
General obligation refunding bonds, taxable	2011	7,035,000	0.44 - 4.00	2025	\$ 590,000
Certificates of obligation	2013	6,500,000	2.50 - 4.50	2032	3,115,000
General obligation bonds	2014	13,920,000	2.00 - 5.00	2034	5,865,000
Certificates of obligation	2016	2,545,000	2.00 - 3.00	2036	1,550,000
Certificates of obligation	2018	10,515,000	3.00 - 5.00	2038	12,110,000
General obligation bonds	2018	13,540,000	3.25 - 4.00	2038	4,400,000
General obligation bonds	2020	12,305,000	2.00 - 4.00	2039	9,465,000
Certificates of obligation	2022	23,810,000	3.36 - 4.84	2047	22,600,000
General obligation bonds	2024	2,310,000	5.00	2039	2,310,000
Certificates of obligation	2024	9,560,000	5.00	2044	8,725,000
Total Bonds Payable - Governmental Activities		\$ 102,040,000			\$ 70,730,000

Bonds Payable:	Sale Date	Original Borrowing	Interest Rates to Maturity (%)	Final Maturity	Outstanding Sept. 30, 2025
Bonds - Public Offerings - Business-Type Activities					
General obligation bonds	2025	5,185,000	4.00 - 5.00	2040	\$ 5,185,000
Total Bonds Payable - Business-Type Activities		\$ 5,185,000			\$ 5,185,000

Legal Debt Margin – The City is permitted by Article XI, Section 5, of the State of Texas Constitution 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.

Calculation of Legal Debt Margin – September 30, 2025

Adjusted Tax Base Valuation	\$ 9,927,205,747
Constitutional Limit	2.5% of assessed valuation
Maximum Constitutional Revenue Available	\$ 248,180,144
Tax Rate to Achieve Maximum Tax Revenue	\$ 2.5000 per \$100 of valuation
Adopted Tax Rate for Fiscal Year 2024-2025	\$ 0.5435 per \$100 of valuation
Available Unused Constitutional Maximum Tax Rate	\$ 1.9565 per \$100 of valuation

Landfill Closure and Post-closure Costs – The City owns a sanitary landfill site located in the City of Lewisville, Texas. On October 1, 2008, the City renewed a previous ten-year contract with Allied Waste North America, Inc. (“Allied Waste”) for the operation and management of the landfill. The current agreement continues until all permitted air space has been filled with waste material. All payments for operations & management are variable.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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The landfill operates on a "cell" basis and state and federal laws require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The site capacity of 53.2 million cubic yards will be reached in approximately 30 years. The City recognizes a portion of the final closure and post-closure care liability in each operating period even though actual final payout will not occur until the landfill is completely closed.

The amount recognized as a liability is based on the landfill capacity used as of the balance sheet date. As of September 30, 2025, the City had incurred a liability of \$10,653,075, which represents the amount of costs estimated to date based on 48.38% of landfill capacity used to date. The remaining estimated liability for these costs is \$11,383,801, which will be recognized as the remaining capacity is used. Additionally, during the term of the agreement, the City is required to maintain a special revenue fund for future landfill closure and post-closure costs and has restricted the fund balance of \$7,440,117 for these costs. The estimated cost of closure and post-closure care are subject to changes such as the effects of inflation, revision of laws, and other variables.

Changes in long-term liabilities - Changes in the City's long-term liabilities for the year ended September 30, 2025, are as follows:

	Balance at			Balance at	
	Beginning of Year	Increase	Decrease	End of Year	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable					
Bonds - public offerings	\$ 63,570,000	\$ 11,870,000	\$ (4,710,000)	\$ 70,730,000	\$ 4,945,000
Unamortized amounts: For issuance premiums	2,181,051	868,025	(241,730)	2,807,346	-
Total bonds payable - public offerings	65,751,051	12,738,025	(4,951,730)	73,537,346	4,945,000
Compensated absences	5,291,364	-	(1,115,018)	4,176,346	579,057
Net pension liability	32,118,983	-	(10,467,823)	21,651,160	-
Arbitrage liability	133,864	-	(133,864)	-	-
Total OPEB liability	3,614,756	109,400	-	3,724,156	475,324
Claims	832,844	5,550,614	(5,349,782)	1,033,676	702,103
SBITAs	361,112	408,612	(326,451)	443,273	257,343
Landfill closure and post-closure care costs	10,420,437	232,638	-	10,653,075	-
Governmental activities long-term debt	<u>\$ 118,524,411</u>	<u>\$ 19,039,289</u>	<u>\$ (22,344,668)</u>	<u>\$ 115,219,032</u>	<u>\$ 6,958,827</u>
<u>Business-type activities</u>					
Bonds payable					
Bonds - public offerings	\$ -	\$ 5,185,000	\$ -	\$ 5,185,000	\$ -
Unamortized amounts: For issuance premiums	-	445,569	(29,693)	415,876	-
Total bonds payable - public offerings	-	5,630,569	(29,693)	5,600,876	-
Compensated absences	\$ 224,770	\$ -	\$ (12,601)	\$ 212,169	\$ 29,227
Net pension liability	1,675,058	-	(523,171)	1,151,887	-
Total OPEB liability	357,504	10,819	-	368,323	47,010
Business-type activities long-term debt	<u>\$ 2,257,332</u>	<u>\$ 5,641,388</u>	<u>\$ (565,465)</u>	<u>\$ 7,333,255</u>	<u>\$ 76,237</u>
Total	<u>\$ 120,781,743</u>	<u>\$ 24,680,677</u>	<u>\$ (22,910,133)</u>	<u>\$ 122,552,287</u>	<u>\$ 7,035,064</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year-end, internal service fund liabilities for claims payable of \$1,033,676, compensated absences of \$33,038, total OPEB liability of \$201,565, and net pension liability of \$657,963 are included in the above amounts. In addition, for the governmental activities, claims payable, total OPEB liability and net pension liability are generally liquidated by the general fund. The landfill closure and post-closure care costs will be liquidated from the landfill closure/post-closure fund.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

The debt service requirements at September 30, 2025 are as follows:

Governmental Activities			
Year Ended	Bonds Payable		
September 30	Principal	Interest	Total
2026	\$ 4,945,000	\$ 2,690,168	\$ 7,635,168
2027	4,530,000	2,504,339	7,034,339
2028	4,850,000	2,351,245	7,201,245
2029	5,045,000	2,124,525	7,169,525
2030	4,355,000	1,942,251	6,297,251
2031-2035	20,660,000	7,386,788	28,046,788
2036-2040	15,010,000	3,911,036	18,921,036
2041-2045	8,210,000	1,714,232	9,924,232
2046-2050	3,125,000	152,970	3,277,970
Total	\$ 70,730,000	\$ 24,777,554	\$ 95,507,554

Business-Type Activities			
Year Ended	Bonds Payable		
September 30	Principal	Interest	Total
2026	\$ -	\$ 236,551	\$ 236,551
2027	-	249,731	249,731
2028	-	249,731	249,731
2029	295,000	242,356	537,356
2030	340,000	226,481	566,481
2031-2035	2,000,000	849,406	2,849,406
2036-2040	2,550,000	294,247	2,844,247
Total	\$ 5,185,000	\$ 2,348,503	\$ 7,533,503

SBITA Liability - The City has an agreement as subscriber for various software, the terms of which expire in 2027. During the year ended September 30, 2025, the City did not recognize any subscription expense for variable expenses not previously included in the measurement of the SBITA liability.

The following is a schedule by year of payments under the subscription as of September 30, 2025:

Year Ending September 30,	Principal	Interest	Total
2026 \$	257,343 \$	10,476 \$	267,819
2027	185,930	4,018	189,948
\$	443,273 \$	14,494 \$	457,767

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Current Year Bond Issuances - The City had the following issuances of debt during the fiscal year ending September 30, 2025:

In October 2024, the City issued \$9,560,000 of Combination Tax and Revenue Certificates of Obligation, Series 2024 with a premium of \$589,726 bearing an interest rate of 5.0%. The Certificates will be used for the purpose of (i) designing, constructing, developing and equipping public safety facilities, including a public safety communication facility and dispatch center, and the acquisition of land therefor; (ii) acquiring vehicles and equipment for public safety, including fire, police and emergency services; (iii) professional services incurred in connection with the project, and; (iv) paying the costs associated with the issuance of Certificates.

The City also issued \$2,310,000 of General Obligation Bonds, Series 2024 with a premium of \$278,299 bearing an interest rate of 5.0% in October 2024. The Bonds will be used for the purpose of (i) an economic development fund to finance the City's programs for economic development for single-family residential and revitalization in the City; (ii) designing, constructing, renovating, improving and equipping the Branch Connection Active Adult Center, and; (iii) paying the costs associated with the issuance of the Bonds.

In August 2025, the City issued \$5,185,000 of General Obligation Bonds, Series 2025 with a premium of \$445,569 bearing an interest rate of 4.0%-5.0%. The Bonds will be used for the purpose of (i) designing, constructing, renovating, improving and equipping the City's water transmission and distribution infrastructure, and; (ii) paying the costs associated with the issuance of the Bonds.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

H. Risk Management and Other Information

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. A Schedule of Insurance Policies in Force showing the type of coverage, deductible, and liability limit is shown in Table 18.

Workers' Compensation Insurance - The City has established the workers' compensation fund (an internal service fund) to account for workers' compensation uninsured risks of loss. Under this program, the workers' compensation fund provides coverage for up to a maximum of \$350,000 for each workers' compensation occurrence claim.

The costs associated with this self-insurance plan are funded by charges to the City's other funds. Liabilities include provisions for claims reported and claims incurred, but not reported. The provision for reported claims is computed by the City's third-party administrator based upon standard actuarial principles. The provision for claims incurred, but not yet reported, is estimated based on the City's experience and an actuarial study that was performed during fiscal year 2025. State law provides that the City is relieved of liability if notice of employee injury has not been received within 30 days of the date on which the injury occurs.

At September 30, 2025, the amount of workers' compensation liabilities was \$510,112. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The liability for unpaid claims includes allocated loss adjustment expenses (ALAE), which are primarily legal expenses. Changes in the balance of claims liability during the past two years are as follows:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Ending Fiscal Year Liability
2023-2024	\$ 291,231	\$ 280,305	\$(303,212)	\$ 268,324
2024-2025	\$ 268,324	\$ 830,388	\$(588,600)	\$ 510,112

At September 30, 2025, workers' compensation fund cash and investments of \$1,599,826 were held for funding future obligations. The City continues to carry commercial insurance for other risks of loss (except medical insurance as described in the following section). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Group Medical Insurance – The health claims fund (an internal service fund) was established to account for the provision of group medical insurance coverage for employees and their dependents. The City's medical insurance program is a "self-insured" plan funded by both the City and participating employees. The City makes a predetermined contribution to the plan each month for a portion of medical group insurance coverage. This is done on a bi-monthly basis for qualifying City employees and their dependents. Employees contribute through payroll deductions for the balance of their medical coverage.

The City's medical insurance program is made up of two contracts, a specific stop loss contract and an aggregate stop loss contract. The specific stop loss contract has a specific deductible of \$150,000 per individual and an \$80,000 aggregating specific corridor with an unlimited lifetime maximum benefit on eligible expenses. The aggregate stop loss contract has a minimum attachment point of \$5,342,990, which may increase based on enrollment. The aggregate contract will pay up to \$1,000,000 on total claims over the attachment point.

All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan and the City reimburses the insurance company for each claim paid. The insurance company charges the City a fee for this service.

At September 30, 2025, the amount of estimated claims payable was \$523,564. Changes in the reported liability since October 1, 2023 resulted from the following:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2023-2024	\$ 508,185	\$ 4,506,037	\$(4,449,702)	\$ 564,520
2024-2025	\$ 564,520	\$ 4,720,226	\$(4,761,182)	\$ 523,564

Claims payable include provisions for claims reported and claims incurred but not reported. The provision for reported claims and for claims incurred but not reported is determined by an independent consultant.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Deferred Compensation Plan - The City offers all employees a deferred compensation plan through Empower Retirement in accordance with Internal Revenue Code Section 457. The 457 Plan provides employees an option to supplement their TMRS retirement benefits by making pre-tax contributions to their plan. All assets are held in trust for the exclusive benefit of participants and their beneficiaries. Therefore, it is not reported in the financial statements of the City. Benefit provisions are contained in the plan document and were established and can be amended by the action of City Council. Employees may enroll in the plan and/or change their contribution amounts at any time. The City does not have any financial contribution obligations regarding this 457 Plan and did not make any contributions during the year ended September 30, 2025.

1) Commitments and Contingencies

The City has several long-term agreements with significant commitments as follows:

- a. City of Dallas Water Purchase Agreement - The City purchases treated water from the City of Dallas under a 30-year contract negotiated in August 2010. The City makes payments to the City of Dallas at a rate of \$.4480 per 1,000 gallons plus \$312,607 per year for each million gallons per day rate of flow (maximum delivery rate). The City paid \$7,728,751 to the City of Dallas for the fiscal year ended September 30, 2025.
- b. Trinity River Authority (the "Authority") Sewage Disposal Agreement - On November 29, 1973, the City, along with other cities, entered into a 50-year contract with the Authority, whereby the Authority will provide and operate a regional wastewater treatment plant and wastewater conveyance facility constructed with the Authority's funds. At the conclusion of the 50 years (in 2023), the contract shall remain in effect until any remaining TRA bonds have been repaid in full. In return, the cities agreed to pay for such services based on a usage formula that will provide reimbursements for operations, maintenance, and debt service payments to the Authority. The cities are jointly and severally responsible for the above payments. Each city's proportionate share is determined annually according to its contributing flow to the system. The City paid \$6,190,619 to the Authority for the fiscal year ended September 30, 2025.

The City is involved in various legal actions in which claims of varying amounts are being asserted against the City. The City follows the practice of providing for any uninsured claims when a loss is probable and a loss becomes fixed or determinable in amount. In the opinion of City management, these actions will not result in a significant impact of the City's financial position. Events could occur that would change this estimate materially in the near term.

The City participates in several federal grant programs that are governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. For the year ended September 30, 2025, grant expenditures did exceed the threshold for the single audit requirement; therefore, a single audit will be performed regarding the City's federal funding.

2) Postemployment Benefits Other Than Pensions (OPEB)

Plan Description - The City of Farmers Branch administers a single-employer defined benefit OPEB plan, the "Retiree Health Plan". The plan provides OPEB through the City's group health insurance plan, which covers both active and retired members (see funding policy below). Contributions are established through City policy as approved by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Retiree Health Plan does not issue a publicly available financial report.

The eligibility requirements are:

- Must be a current, full-time employee hired prior to January 1, 2007 and are not eligible for Medicare;
- Must have worked for the City for at least ten years, which needs to be concurrent;
- Must meet the eligibility requirements of the Texas Municipal Retirement System (TMRS) and retire from the City; and,
- Must be on the City's health plan at the time of retirement, and for dependents to be carried on the health plan, they must be on the plan at that time.

Benefits Provided - The City contributes \$625 per month toward the cost of a health reimbursement account (HRA) administered through HSA Bank, plus an annual lump sum funding of \$500 to the HRA, and the full premium for life insurance coverage of \$12,000. The City's contribution for future health insurance premiums is capped at a maximum of \$625 per month. As an alternative, to the HRA, retirees may be provided an age-adjusted high deductible health insurance plan with no contribution from the City.

Plan members receiving benefits contribute the full group premium for dental or vision plans selected. They also pay the full premium for age-adjusted life insurance coverage if they choose coverage after they turn 65.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Retirees are required to enroll in Medicare, if they are eligible, at age 65. For those who are not eligible for Medicare, the City will pay the monthly premium for Medicare Part A for any retirees who reach age 65 and must provide documentation from Social Security on Medicare ineligibility.

Employees Covered by Benefit Terms – At the December 31, 2024 measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	69
Inactive, nonretired members	-
Active employees	73
Total	142

The City’s retiree healthcare benefit is only provided to employees who were hired prior to January 1, 2007 and are not eligible for Medicare.

Total OPEB Liability

The City’s total OPEB liability of \$4,092,479 was measured as of December 31, 2024, and was determined by an actuarial valuation as of December 31, 2024.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including in the measurement, unless otherwise specified:

Actuarial Assumptions and Methods

Valuation Date: 12/31/2024

Methods and Assumptions:

Actuarial cost method	Individual Entry-Age Normal
Discount rate	4.08% as of December 31, 2024
Inflation	2.50%
Salary increases	3.60% to 11.85%, including inflation
Demographic assumption	Based on the experience study covering the four-year period ending December 31, 2024 as conducted for the Texas Municipal Retirement System
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health care cost trends	N/A. The City’s subsidy is a fixed dollar contribution to a retiree health care account
Participation rates	Medical: 85% of retirees who are eligible for a subsidy; Life Insurance: 100% of eligible retirees

Other Information:

Notes The discount rate changed from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024. Additionally, the demographic and salary increase assumptions were updated to reflect the 2024 TMRS experience study.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 10/1/2024	\$ 3,972,260
Changes for the year:	
Service cost	98,357
Interest on the total OPEB liability	140,861
Difference between expected and actual experience of the total OPEB liability	499,469
Changes of assumptions	(48,343)
Benefit payments	(570,125)
Net changes	120,219
Balance at 9/30/2025	\$ 4,092,479

There were no changes in benefit terms during the year.

Changes of assumptions reflect a change in the discount rate from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024. The discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

Sensitivity of the Total OPEB Liability to the Discount Rate Assumption – Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the City’s total OPEB liability, calculated using a discount rate of 4.08%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 3.08%	Discount Rate 4.08%	1% Decrease 5.08%
Total OPEB Liability	\$ 4,248,129	\$ 4,092,479	\$ 3,936,913

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates Assumption – Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the City’s total liability, calculated using the assumed trend rates as well as what the City’s total OPEB liability would be if it were calculated using trend rates that are one percent lower or one percent higher:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 4,092,479	\$ 4,092,479	\$ 4,092,479

Note: The City’s retiree medical benefit is a set dollar amount that is not impacted by future medical trends.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City of Farmers Branch recognized OPEB expense of \$411,688. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefits paid subsequent to the measurement date	\$ 427,594	\$ -
Changes in assumptions	61,666	105,372
Difference between expected and actual experience	408,585	-
Total	\$ 897,845	\$ 105,372

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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The amount of \$427,594 reported as deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30:	
2026	\$ 150,923
2027	182,718
2028	31,238
Total	<u>\$ 364,879</u>

Allocation of OPEB Items

The City allocates OPEB items between governmental activities and business-type activities on the basis of employee payroll funding. For the governmental activities, the total OPEB liability is liquidated by the general fund and fleet and facilities management fund. For the business-type activities, the total OPEB liability is liquidated by the water and sewer fund.

3) Defined Benefit Pension Plan

Plan Description

The City of Farmers Branch participates as one of over 900 cities in the defined benefit cash-balance 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 (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 System with a six- member, governor appointed, Board of Trustees, however TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS. The City does not participate in the Social Security system.

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 payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms:

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	447
Inactive employees entitled to but not yet receiving benefits	424
Active employees	<u>423</u>
Total	<u>1,294</u>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City matching ratios 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) cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Farmers Branch were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City of Farmers Branch were 20.19% and 20.10% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were \$10,240,790 and were \$2,283,740 more than the required contributions.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.65% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were 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 for 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 real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Private Markets	4.0%	7.30%
Total	100.0%	

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Discount rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 10/1/2024	\$ 329,005,873	\$ 295,211,832	\$ 33,794,041
Changes for the year:			
Service cost	7,314,208		7,314,208
Interest	21,833,235		21,833,235
Difference between expected and actual experience	2,465,903		2,465,903
Contributions - employer		9,454,981	(9,454,981)
Contributions - employee		2,732,095	(2,732,095)
Net investment income		30,618,588	(30,618,588)
Benefit payments, including refunds of employee contributions	(18,415,281)	(18,415,281)	-
Administrative expense		(196,723)	196,723
Other changes		(4,601)	4,601
Net changes	\$ 13,198,065	\$ 24,189,059	\$ (10,990,994)
Balance at 9/30/2025	\$ 342,203,938	\$ 319,400,891	\$ 22,803,047

Sensitivity of the net pension liability to changes in the discount rate:

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

	1% Decrease 5.75%	Current Single Rate 6.75%	1% Decrease 7.75%
City's net pension liability (asset)	\$ 67,565,584	\$ 22,803,047	\$(14,148,686)

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 at www.tmr.com.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:

For the year ended September 30, 2025, the City recognized pension expense of \$9,376,936.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 8,450,415	\$ -
Change in assumptions	-	950,881
Differences between projected and actual investment earnings	-	3,169,785
Differences between expected and actual economic experience	3,538,194	-
Total	\$ 11,988,609	\$ 4,120,666

The amount of \$8,450,415 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ended:			
2026	\$	1,678,537	
2027		4,406,871	
2028		(4,529,520)	
2029		(2,138,360)	
Total	\$	(582,472)	

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

4) New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*, supersedes Statement 16, *Accounting for Compensated Absences*, issued in 1992. This standard updates the recognition and measurement guidance for compensated absences by aligning the guidance under a unified model. This will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation and can be applied consistently to any type of leave. The City has implemented this Statement in fiscal year 2025, which had no impact on beginning of year net position.

GASB Statement No. 102, *Certain Risk Disclosures*, supersedes the Statement by the National Council of Governmental Accounting (NCGA) Interpretation 6, *Notes to the Financial Statements Disclosure*, paragraph 5. This Standard establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. For concentrations and constraints meeting the definitions in the Standard, governments will disclose the concentrations or constraints, related events that could have a substantial impact, and action taken to mitigate the risk. The City has implemented this Statement in fiscal year 2025, which had no impact on the City's financial statements.

5) Future Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve the financial reporting model by standardizing the presentation for various matters within government financial statements. The purpose is to eliminate diversity practice and improve comparability. The requirements of this Statement will take effect for the City's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to improve disclosures related to certain types of capital assets. The purpose is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement will take effect for the City's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in the application and better meeting the information needs of financial statement users. The requirements of this Statement will take effect for the City's fiscal year 2027. Management has not yet determined the impact of this Statement on its financial statements.

CITY OF FARMERS BRANCH, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Measurement Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarial Valuation Date	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Total pension liability										
Service cost	\$ 4,261,691	\$ 4,616,826	\$ 4,806,867	\$ 4,866,475	\$ 5,127,310	\$ 5,240,367	\$ 5,281,449	\$ 6,093,461	\$ 6,591,462	\$ 7,314,208
Interest (on the total pension liability)	15,717,266	15,747,728	16,395,749	17,101,046	17,818,591	18,476,451	19,027,607	20,096,121	21,069,719	21,833,235
Change in benefit terms including substantively automatic status	-	-	-	-	-	-	-	1,772,446	-	-
Difference between expected and actual experience	(698,312)	1,000,031	1,014,084	876,127	415,085	(1,293,960)	3,966,105	4,281,046	3,558,757	2,465,903
Change in assumptions	626,944	-	-	-	121,972	-	-	-	(2,339,029)	-
Benefit payments, including refunds of employee contributions	(10,957,740)	(11,677,954)	(12,040,638)	(11,554,676)	(13,132,856)	(14,453,989)	(14,102,244)	(15,145,311)	(17,446,591)	(18,415,281)
Net change in total pension liability	8,949,849	9,686,631	10,176,062	11,288,972	10,350,102	7,968,869	14,172,917	17,097,763	11,434,318	13,198,065
Total pension liability - beginning	227,880,390	236,830,239	246,516,870	256,692,932	267,981,904	278,332,006	286,300,875	300,473,792	317,571,555	329,005,873
Total pension liability - ending (a)	\$ 236,830,239	\$ 246,516,870	\$ 256,692,932	\$ 267,981,904	\$ 278,332,006	\$ 286,300,875	\$ 300,473,792	\$ 317,571,555	\$ 329,005,873	\$ 342,203,938
Plan fiduciary net position										
Contributions - employer	\$ 4,939,690	\$ 4,776,281	\$ 5,118,344	\$ 5,312,253	\$ 5,553,843	\$ 5,829,450	\$ 6,105,689	\$ 10,489,950	\$ 8,534,416	\$ 9,454,981
Contributions - employee	1,843,704	1,920,471	1,964,277	2,000,313	2,102,588	2,148,396	2,154,437	2,396,102	2,561,923	2,732,095
Net investment income	305,177	13,701,366	29,283,799	(7,051,348)	34,618,034	19,190,023	34,594,891	(21,449,525)	31,266,806	30,618,588
Benefit payments, including refunds of employee contributions	(10,957,740)	(11,677,954)	(12,040,638)	(11,554,676)	(13,132,856)	(14,453,989)	(14,102,244)	(15,145,311)	(17,446,591)	(18,415,281)
Administrative expense	(185,890)	(154,760)	(151,785)	(136,330)	(195,719)	(124,261)	(160,193)	(185,817)	(199,167)	(196,723)
Other	(9,182)	(8,338)	(7,692)	(7,123)	(5,880)	(4,848)	1,097	221,735	(1,391)	(4,601)
Net change in plan fiduciary net position	(4,064,241)	8,557,066	24,166,305	(11,436,911)	28,940,010	12,584,771	28,593,677	(23,672,866)	24,715,996	24,189,059
Plan fiduciary net position - beginning	206,828,025	202,763,784	211,320,850	235,487,155	224,050,244	252,990,254	265,575,025	294,168,702	270,495,836	295,211,832
Plan fiduciary net position - ending (b)	\$ 202,763,784	\$ 211,320,850	\$ 235,487,155	\$ 224,050,244	\$ 252,990,254	\$ 265,575,025	\$ 294,168,702	\$ 270,495,836	\$ 295,211,832	\$ 319,400,891
Net pension liability - ending [(a) - (b)]	\$ 34,066,455	\$ 35,196,020	\$ 21,205,777	\$ 43,931,660	\$ 25,341,752	\$ 20,725,850	\$ 6,305,090	\$ 47,075,719	\$ 33,794,041	\$ 22,803,047
Plan fiduciary net position as a percentage of total pension liability	85.62%	85.72%	91.74%	83.61%	90.90%	92.76%	97.90%	85.18%	89.73%	93.34%
Covered payroll	\$ 25,797,163	\$ 26,888,911	\$ 28,061,102	\$ 28,575,894	\$ 30,036,968	\$ 30,681,303	\$ 30,777,674	\$ 34,137,039	\$ 36,598,899	\$ 39,029,924
Net pension liability as a percentage of covered payroll	132.06%	130.89%	75.57%	153.74%	84.37%	67.55%	20.49%	137.90%	92.34%	58.42%

**REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	(1) Actuarially determined contribution	(2) Contributions in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered pay roll	(5) Actuarially determined contributions as a percentage of covered pay roll (1)/(4)	(6) Contributions as a percentage of covered pay roll (2)/(4)
2016	\$ 4,859,534	\$ 4,859,534	\$ 0	\$ 26,799,133	18.13%	18.13%
2017	5,042,680	5,042,680	0	27,664,216	18.23%	18.23%
2018	5,235,027	5,235,027	0	28,294,655	18.50%	18.50%
2019	5,512,290	5,512,290	0	29,772,189	18.51%	18.51%
2020	5,596,912	5,596,912	0	29,695,237	18.85%	18.85%
2021	5,901,143	5,901,143	0	31,021,165	19.02%	19.02%
2022	6,808,330	7,328,330	520,000	34,097,741	19.97%	21.49%
2023	7,228,762	12,003,853	4,775,091	37,977,824	19.03%	31.61%
2024	7,806,538	9,378,099	1,571,561	39,144,978	19.94%	23.96%
2025	7,957,050	10,240,790	2,283,740	39,546,136	20.12%	25.90%

NOTES TO SCHEDULE OF 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	21 Years
Asset Valuation Method	10 Year Smoothed Fair Value, 12% Soft Corridor
Corridor Inflation	2.5%
Salary Increases	3.60% to 11.85% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. 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).
Mortality	Pre-retirement: PUB(10) mortality tables, with the 100% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a full generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes Adopted restricted prior service credit. *

**REQUIRED SUPPLEMENTARY INFORMATION
 RETIREE HEALTH PLAN
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST TEN FISCAL YEARS (will ultimately be displayed)
 (UNAUDITED)**

Measurement Date December 31,	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service Cost	\$ 98,357	\$ 110,736	\$ 111,763	\$ 131,014	\$ 120,599	\$ 103,922	\$ 112,523	\$ 117,900
Interest on the total OPEB liability	140,861	156,152	82,870	93,957	139,265	177,352	173,090	199,485
Change of benefit terms	-	-	(172,028)	-	-	-	-	-
Difference between expected and actual experience of the total OPEB liability	499,469	58,138	158,578	22,259	(186,450)	21,854	(142,849)	15,272
Changes of assumptions	(48,343)	109,686	(330,436)	38,096	25,396	449,630	(109,852)	143,553
Benefit payments	(570,125)	(525,376)	(471,500)	(467,935)	(472,782)	(481,825)	(473,238)	(486,880)
Net change in total OPEB liability	120,219	(90,664)	(620,753)	(182,609)	(373,972)	270,933	(440,326)	(10,670)
Total OPEB liability - beginning	3,972,260	4,062,924	4,683,677	4,866,286	5,240,258	4,969,325	5,409,651	5,420,321
Total OPEB liability - ending	\$ 4,092,479	\$ 3,972,260	\$ 4,062,924	\$ 4,683,677	\$ 4,866,286	\$ 5,240,258	\$ 4,969,325	\$ 5,409,651
Covered-employee payroll	\$ 8,070,639	\$ 10,446,418	\$ 11,370,837	\$ 10,176,385	\$ 11,301,580	\$ 13,088,231	\$ 13,527,167	\$ 12,668,540
Total OPEB liability as a percentage of covered-employee payroll	50.71%	38.03%	35.73%	46.02%	43.06%	40.04%	36.74%	42.70%

Notes to Schedule:

FYE24 - The demographic assumptions were updated to reflect the 2022 TMRS Experience Study.

FYE20 - The demographic assumptions were updated to reflect the 2019 TMRS Experience Study .

Changes of assumptions reflect the effects of changes in the discount rate each period.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

The following are the discount rates used in each period:

FYE	Discount Rate
2025	4.08%
2024	3.77%
2023	4.05%
2022	1.84%
2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%

OTHER SUPPLEMENTARY INFORMATION

DRAFT 03/10/2026
**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Special Revenue Funds:

Hotel/Motel - to account for receipt and allocation of the City's hotel/motel occupancy tax. Use of this tax is limited by law to the promotion of tourism. The City hotel occupancy tax rate for its twelve hotels is 7%.

Police Forfeitures - to account for proceeds from the sale of assets seized in connection with drug arrests. Revenues are restricted to law enforcement expenditures.

Donations - to account for voluntary contributions for community improvement.

Cemetery – to account for grounds maintenance of Keenan Cemetery.

Tax Increment Reinvestment Zone No. 3 – to dedicate certain tax increment revenues to the Mercer Crossing Development and apply these revenues to reduce the public improvement district assessments.

Municipal Court Fees – to account for the municipal court building security fee dedicated to courthouse security and the municipal court technology fee for the purchase of technological enhancements.

Landfill Closure/Post-closure - to account for the accumulated contributions from a prior contract with Allied Waste North America, Inc. to provide resources for current and future landfill costs related to closure/post-closure.

Joint Fire Training – to account for the contributions from the participating cities to pay for the operations of the Joint Fire Training facility.

PEG Access Channel – to account for Public, Educational, Governmental (PEG) access channel capital support. Funding source is 1% of cable franchisees' gross revenue.

Farmers Branch Local Government Corporation – to account for activities to further the promotion, development, encouragement, and maintenance of employment, commerce, economic development and public facility development in Farmers Branch on behalf of the City.

Residential Revitalization Bond – to finance the City's programs for economic development for single-family residential redevelopment and revitalization in the City.

Consolidated Court Technology and Security - fund required by Code of Criminal Procedures to account for certain proceeds from ticket fees, which must be used for building security or technological enhancements. This fund is required per House Bill 1950, which was signed by the governor on May 29, 2025, to introduce a new funding structure for municipal courts in cities under 100,000 in population.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the Enterprise Fund. The following is a description of the City's Capital Projects Funds:

Hotel/Motel – to account for the construction and financing of historical park improvements, funded by hotel/motel tax revenues.

Street Improvement Bond – to account for permanent public improvements for streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the City, including streetscape improvements, public utility improvements, storm drainage facilities, and the acquisition of land therefore.

Fire Station #2 / Landfill Bond – to account for the construction and relocation of Fire Station #2 and to construct a new scale house and maintenance facility at the Camelot Landfill.

Radio System Bond – to account for public radio system upgrades and improvements.

Consolidated Dispatch Bond – to account for acquiring, equipping, or constructing of joint public safety dispatch, communications, and training facilities.

Pike Street / Station Area Improvement Bond – to account for infrastructure construction in the City's light rail station area including sidewalks, street lighting, parking and streetscaping, and related storm drainage improvements, and acquiring rights-of-way in connection therewith.

TIF District No. 2 - to account for infrastructure construction in the Old Farmers Branch tax increment financing district and is funded from developer contributions, developer advances, and property tax payments.

TIF District No. 4 - to account for infrastructure in Interstate Highway 35W and Valwood Park tax increment financing district and is funded from developer contributions, developer advances, and proper property tax payments.

Trails & Sidewalks Bond – to provide funds for park and open space improvements, including trails, sidewalks and nature preserves.

NTECC/Emergency Equipment Bond– to account for the acquisition of fire apparatus.

Branch Connection – to account for the construction and remodel of the Branch Connection Center.

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT F-1

COMBINING BALANCE SHEET - SUMMARY
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash, cash equivalents, and investments	\$ 16,210,716	\$ 12,817,843	\$ 29,028,559
Receivables (net of allowance for uncollectibles)	546,221		546,221
Accrued interest and other	2,943	2,641	5,584
Land held for resale	1,718,800		1,718,800
Prepaid items	1,388		1,388
Total assets	\$ 18,480,068	\$ 12,820,484	\$ 31,300,552
LIABILITIES			
Accounts payable	\$ 1,468,782	\$ 364,440	\$ 1,833,222
Retainage payable	4,960	25,914	30,874
Due to other funds	1,192,698		1,192,698
Total liabilities	2,666,440	390,354	3,056,794
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Nonspendable			
Land held for resale	1,718,800		1,718,800
Prepaid items	1,388		1,388
Restricted for			
Construction of capital assets		12,430,130	12,430,130
Landfill closure/post-closure	7,440,117		7,440,117
Promotion of tourism	4,073,583		4,073,583
Purpose of grantors, trustees and donors	893,053		893,053
Economic development	840,938		840,938
Law enforcement	821,305		821,305
Fire training operations	24,444		24,444
Assigned to			
Total fund balances	15,813,628	12,430,130	28,243,758
Total liabilities and fund balances	\$ 18,480,068	\$ 12,820,484	\$ 31,300,552

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT F-1A

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2025

	Nonmajor Special Revenue Funds					
	Hotel/ Motel	Police Forfeitures	Donations	Cemetery	Tax Increment Reinvestment Zone No. 3	Municipal Court Fees
ASSETS						
Cash, cash equivalents, and investments	\$ 4,969,560	\$ 256,692	\$ 652,686	\$ 16,301	\$ 1,639,736	\$ 548,384
Receivables (net of allowance for uncollectibles)	410,614	1,155			100,307	
Accrued interest and other	960	74	254	3	344	75
Land held for resale						
Prepaid items	1,388					
Total assets	\$ 5,382,522	\$ 257,921	\$ 652,940	\$ 16,304	\$ 1,740,387	\$ 548,459
LIABILITIES						
Accounts payable	\$ 114,853	\$ 17,372	\$ 11,163		\$ 1,298,692	\$
Retainage payable						
Due to other funds	1,192,698					
Total liabilities	1,307,551	17,372	11,163	-	1,298,692	-
FUND BALANCES						
Nonspendable						
Land held for resale						
Prepaid items	1,388					
Restricted for						
Landfill closure/post-closure						
Promotion of tourism	4,073,583					
Purpose of grantors, trustees, and donors			641,777	16,304		
Economic development					441,695	
Law enforcement		240,549				548,459
Fire training operations						
Total fund balances	4,074,971	240,549	641,777	16,304	441,695	548,459
Total liabilities and fund balances	\$ 5,382,522	\$ 257,921	\$ 652,940	\$ 16,304	\$ 1,740,387	\$ 548,459

Nonmajor Special Revenue Funds							Total
Landfill Closure Post-closure	Joint Fire Training	PEG Access Channel	Farmers Branch Local Gov't Corporation	Residential Revitalization Bond	Consolidated Court Technology & Security	Special Revenue Funds	Nonmajor Special Revenue Funds
\$ 7,420,665	\$ 47,737	\$ 227,433	\$	\$ 399,225	\$ 32,297	\$	\$ 16,210,716
26,678		7,467					546,221
1,137	6	72		18			2,943
				1,718,800			1,718,800
							1,388
<u>\$ 7,448,480</u>	<u>\$ 47,743</u>	<u>\$ 234,972</u>	<u>\$ -</u>	<u>\$ 2,118,043</u>	<u>\$ 32,297</u>	<u>\$</u>	<u>\$ 18,480,068</u>
\$ 3,403	\$ 23,299	\$	\$	\$	\$	\$	\$ 1,468,782
4,960							4,960
							1,192,698
<u>8,363</u>	<u>23,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,666,440</u>
				1,718,800			1,718,800
							1,388
7,440,117							7,440,117
		234,972	-				4,073,583
				399,243			893,053
					32,297		840,938
	24,444						821,305
	<u>24,444</u>						<u>24,444</u>
<u>7,440,117</u>	<u>24,444</u>	<u>234,972</u>	<u>-</u>	<u>2,118,043</u>	<u>32,297</u>		<u>15,813,628</u>
<u>\$ 7,448,480</u>	<u>\$ 47,743</u>	<u>\$ 234,972</u>	<u>\$ -</u>	<u>\$ 2,118,043</u>	<u>\$ 32,297</u>	<u>\$</u>	<u>\$ 18,480,068</u>

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT F-1B

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2025

	Nonmajor Capital Projects Fund					
	Hotel/ Motel	Street Improvement Bond	Fire Station #2/ Landfill Bond	Radio System Bond	Consolidated Dispatch Bond	Pike Street/ Station Area Improvement Bond
ASSETS						
Cash, cash equivalents, and investments	\$	\$ 14,532	\$ 149,184	\$	\$	\$ 728,868
Accrued interest and other		62	42			752
Total assets	\$ -	\$ 14,594	\$ 149,226	\$ -	\$ -	\$ 729,620
LIABILITIES						
Accounts payable	\$		\$ 45,175	\$	\$	
Retainage payable		1,871				7,997
Total liabilities	-	1,871	45,175	-	-	7,997
FUND BALANCES						
Restricted for						
Construction of capital assets	-	12,723	104,051	-	-	721,623
Assigned to						
Total fund balances	-	12,723	104,051	-	-	721,623
Total liabilities and fund balances	\$ -	\$ 14,594	\$ 149,226	\$ -	\$ -	\$ 729,620

Nonmajor Capital Projects Fund

TIF District No. 2	TIF District No 4	Trails & Sidewalks Bond	NTECC/Emergency Equipment Bond	Branch Connection Bond	Total Nonmajor Capital Projects Funds
\$ 3,795,779	\$ 1,941,156	\$ 2,958,166	\$ 3,228,177	\$ 1,981	\$ 12,817,843
765	150	870			2,641
<u>\$ 3,796,544</u>	<u>\$ 1,941,306</u>	<u>\$ 2,959,036</u>	<u>\$ 3,228,177</u>	<u>\$ 1,981</u>	<u>\$ 12,820,484</u>
\$ 45,428	\$	\$ 212,247	\$ 61,590	\$	\$ 364,440
		16,046			25,914
<u>45,428</u>	<u>-</u>	<u>228,293</u>	<u>61,590</u>	<u>-</u>	<u>390,354</u>
3,751,116	1,941,306	2,730,743	3,166,587	1,981	12,430,130
<u>3,751,116</u>	<u>1,941,306</u>	<u>2,730,743</u>	<u>3,166,587</u>	<u>1,981</u>	<u>12,430,130</u>
<u>\$ 3,796,544</u>	<u>\$ 1,941,306</u>	<u>\$ 2,959,036</u>	<u>\$ 3,228,177</u>	<u>\$ 1,981</u>	<u>\$ 12,820,484</u>

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT F-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SUMMARY
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Hotel/motel taxes	\$ 3,494,683	\$	\$ 3,494,683
Franchise taxes	33,274		33,274
Tax increment financing	1,628,906	1,072,873	2,701,779
Charges for services	603,219		603,219
Fines and forfeitures	245,032		245,032
Investment income	831,826	835,012	1,666,838
Intergovernmental	104,608		104,608
Miscellaneous	749,955	44,678	794,633
	<u>7,691,503</u>	<u>1,952,563</u>	<u>9,644,066</u>
EXPENDITURES			
Current			
General government	2,071,785	380,507	2,452,292
Public safety	225,441	59,550	284,991
Culture and recreation	2,435,402		2,435,402
Debt Service			
Interest and fiscal agent charges	21,485		21,485
Issuance costs	17,164	208,521	225,685
Capital outlay	1,221,644	12,795,049	14,016,693
	<u>5,992,921</u>	<u>13,443,627</u>	<u>19,436,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,698,582</u>	<u>(11,491,064)</u>	<u>(9,792,482)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	40,000	1,853	41,853
Transfers out	(1,154,370)		(1,154,370)
General obligation bonds issued	462,000	11,408,000	11,870,000
Premium on debt issued	55,660	812,365	868,025
	<u>(596,710)</u>	<u>12,222,218</u>	<u>11,625,508</u>
Net change in fund balances	1,101,872	731,154	1,833,026
Fund balances - beginning	14,711,756	11,698,976	26,410,732
Fund balances - ending	<u>\$ 15,813,628</u>	<u>\$ 12,430,130</u>	<u>\$ 28,243,758</u>

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT F-2A

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Nonmajor Special Revenue Funds					
	Hotel/ Motel	Police Forfeitures	Donations	Cemetery	Tax Increment Reinvestment Zone No 3	Municipal Court Fees
REVENUES						
Hotel/motel taxes	\$ 3,494,683	\$	\$	\$	\$	\$
Franchise taxes						
Tax increment financing					1,628,906	
Charges for services	228,330					
Fines and forfeitures		44,473				168,803
Investment income	253,869	16,119	42,053	818	44,718	26,661
Intergovernmental						
Miscellaneous	11,856		636,591	1,200	100,307	1
Total revenues	3,988,738	60,592	678,644	2,018	1,773,931	195,465
EXPENDITURES						
General government			31,945		1,729,213	69,276
Public safety		99,983	13,035			13,607
Culture and recreation	2,302,259		133,143			
Interest and fiscal agent charges	21,485					
Debt service: issuance costs						
Capital outlay						
Total expenditures	2,323,744	99,983	178,123	-	1,729,213	82,883
Excess (deficiency) of revenues over (under) expenditures	1,664,994	(39,391)	500,521	2,018	44,718	112,582
OTHER FINANCING SOURCES (USES)						
Transfers in	-		40,000			
Transfers out	(692,853)		(400,000)			(20,834)
General obligation bonds issued						
Premium on debt issued						
Total other financing sources (uses)	(692,853)	-	(360,000)	-	-	(20,834)
Net change in fund balances	972,141	(39,391)	140,521	2,018	44,718	91,748
Fund balances - beginning	3,102,830	279,940	501,256	14,286	396,977	456,711
Fund balances - ending	\$ 4,074,971	\$ 240,549	\$ 641,777	\$ 16,304	\$ 441,695	\$ 548,459

Nonmajor Special Revenue Funds						
Landfill Closure Post-closure	Joint Fire Training	PEG Access Channel	Farmers Branch Local Gov't Corporation	Residential Revitalization Bond	Consolidated Court Technology & Security	Total Nonmajor Special Revenue Funds
\$	\$	\$	\$	\$	\$	\$ 3,494,683
		33,274				33,274
374,889						1,628,906
409,759	2,604	11,909		22,775	31,756	603,219
	104,608				541	245,032
						831,826
						104,608
						749,955
784,648	107,212	45,183	-	22,775	32,297	7,691,503
		34,784		206,567		2,071,785
	98,816					225,441
						2,435,402
				17,164		21,485
1,221,644						17,164
1,221,644	98,816	34,784	-	223,731	-	1,221,644
(436,996)	8,396	10,399	-	(200,956)	32,297	5,992,921
						1,698,582
						40,000
			(40,683)			(1,154,370)
				462,000		462,000
				55,660		55,660
-	-	-	(40,683)	517,660	-	(596,710)
(436,996)	8,396	10,399	(40,683)	316,704	32,297	1,101,872
7,877,113	16,048	224,573	40,683	1,801,339		14,711,756
\$ 7,440,117	\$ 24,444	\$ 234,972	\$ -	\$ 2,118,043	\$ 32,297	\$ 15,813,628

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT F-2B

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Nonmajor Capital Projects Funds					
	Hotel/ Motel	Street Improvement Bond	Fire Station #2/ Landfill Bond	Radio System Bond	Consolidated Dispatch Bond	Pike Street / Station Area Improvement Bond
REVENUES						
Tax increment financing	\$	\$	\$	\$	\$	\$
Investment income	6,270	1,470	9,558			79,906
Miscellaneous				44,678		
Total revenues	<u>6,270</u>	<u>1,470</u>	<u>9,558</u>	<u>44,678</u>	<u>-</u>	<u>79,906</u>
EXPENDITURES						
Current						
General government						164,442
Public safety				45,353	14,197	
Debt service						
Issuance costs						
Capital outlay	8,124	16,000	103,274			2,552,268
Total expenditures	<u>8,124</u>	<u>16,000</u>	<u>103,274</u>	<u>45,353</u>	<u>14,197</u>	<u>2,716,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,854)</u>	<u>(14,530)</u>	<u>(93,716)</u>	<u>(675)</u>	<u>(14,197)</u>	<u>(2,636,804)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,853					
General obligation bonds issued						
Premium on debt issued						334,253
Total other financing sources (uses)	<u>1,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,253</u>
Net change in fund balances	(1)	(14,530)	(93,716)	(675)	(14,197)	(2,302,551)
Fund balances - beginning	<u>1</u>	<u>27,253</u>	<u>197,767</u>	<u>675</u>	<u>14,197</u>	<u>3,024,174</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 12,723</u>	<u>\$ 104,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,623</u>

Nonmajor Capital Projects Funds

TIF District No. 2	TIF District No 4	Trails & Sidewalks Bond	NTECC/Emergency Equipment Bond	Branch Connection Bond	Total Nonmajor Capital Projects Funds
\$ 208,439	\$ 864,434				\$ 1,072,873
198,725	78,129	192,599	268,355		835,012
					44,678
407,164	942,563	192,599	268,355	-	1,952,563
		216,065			380,507
					59,550
			139,863	68,658	208,521
299,379		915,430	7,111,631	1,788,943	12,795,049
299,379	-	1,131,495	7,251,494	1,857,601	13,443,627
107,785	942,563	(938,896)	(6,983,139)	(1,857,601)	(11,491,064)
					1,853
			9,560,000	1,848,000	11,408,000
		(334,253)	589,726	222,639	812,365
-	-	(334,253)	10,149,726	2,070,639	12,222,218
107,785	942,563	(1,273,149)	3,166,587	213,038	731,154
3,643,331	998,743	4,003,892	-	(211,057)	11,698,976
<u>\$ 3,751,116</u>	<u>\$ 1,941,306</u>	<u>\$ 2,730,743</u>	<u>\$ 3,166,587</u>	<u>\$ 1,981</u>	<u>\$ 12,430,130</u>

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

Nonmajor Special Revenue Funds and Debt Service Fund

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-1A

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL/MOTEL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Hotel/motel taxes	\$ 3,470,000	\$ 3,494,683	\$ 24,683
Charges for services	223,700	228,330	4,630
Investment income	175,100	253,869	78,769
Miscellaneous	1,000	11,856	10,856
Total revenues	3,869,800	3,988,738	118,938
EXPENDITURES			
Culture and recreation	3,041,950	2,302,259	739,691
Interest and fiscal agent charges	-	21,485	(21,485)
Total expenditures	3,041,950	2,323,744	718,206
Excess (deficiency) of revenues over (under) expenditures	827,850	1,664,994	837,144
OTHER FINANCING SOURCES (USES)			
Transfers in	302,100	-	(302,100)
Transfers out	(755,000)	(692,853)	62,147
Total other financing sources (uses)	(452,900)	(692,853)	(239,953)
Net change in fund balances	374,950	972,141	597,191
Fund balances - beginning	3,102,830	3,102,830	-
Fund balances - ending	\$ 3,477,780	\$ 4,074,971	\$ 597,191

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-1B

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 POLICE FORFEITURES FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Fines and forfeitures	\$ 40,000	\$ 44,473	\$ 4,473
Investment income	7,628	16,119	8,491
Total revenues	47,628	60,592	12,964
EXPENDITURES			
Public safety	247,200	99,983	147,217
Total expenditures	247,200	99,983	147,217
Net change in fund balances	(199,572)	(39,391)	160,181
Fund balances - beginning	279,940	279,940	-
Fund balances - ending	\$ 80,368	\$ 240,549	\$ 160,181

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-1C

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DONATIONS FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 22,898	\$ 42,053	\$ 19,155
Miscellaneous	634,015	636,591	2,576
Total revenues	656,913	678,644	21,731
EXPENDITURES			
General government	131,600	31,945	99,655
Public safety	37,464	13,035	24,429
Culture and recreation	242,900	133,143	109,757
Total expenditures	411,964	178,123	233,841
Excess (deficiency) of revenues over (under) expenditures	244,949	500,521	255,572
OTHER FINANCING SOURCES (USES)			
Transfers in	40,000	40,000	-
Transfers out	(400,000)	(400,000)	-
Total other financing sources (uses)	(360,000)	(360,000)	-
Net change in fund balances	(115,051)	140,521	255,572
Fund balances - beginning	501,256	501,256	-
Fund balances - ending	\$ 386,205	\$ 641,777	\$ 255,572

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-1D

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CEMETERY FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 373	\$ 818	\$ 445
Miscellaneous	1,200	1,200	-
Total revenues	1,573	2,018	445
Net change in fund balances	1,573	2,018	445
Fund balances - beginning	14,286	14,286	-
Fund balances - ending	\$ 15,859	\$ 16,304	\$ 445

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-1E

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 TAX INCREMENT REINVESTMENT ZONE NO. 3
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Tax increment financing	\$ 1,629,000	\$ 1,628,906	\$ (94)
Investment income	4,088	44,718	40,630
Miscellaneous	75,000	100,307	25,307
Total revenues	1,708,088	1,773,931	65,843
EXPENDITURES			
General government	1,718,000	1,729,213	(11,213)
Total expenditures	1,718,000	1,729,213	(11,213)
Net change in fund balances	(9,912)	44,718	54,630
Fund balances - beginning	396,977	396,977	-
Fund balances - ending	\$ 387,065	\$ 441,695	\$ 54,630

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-1F

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL COURT FEES FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Fines and forfeitures	\$ 165,940	\$ 168,803	\$ 2,863
Investment income	11,634	26,661	15,027
Miscellaneous	-	1	1
Total revenues	177,574	195,465	17,891
EXPENDITURES			
General government	73,100	69,276	3,824
Public safety	13,607	13,607	-
Total expenditures	86,707	82,883	3,824
Excess (deficiency) of revenues over (under) expenditures	90,867	112,582	21,715
OTHER FINANCING SOURCES (USES)			
Transfers out	(20,834)	(20,834)	-
Total other financing sources (uses)	(20,834)	(20,834)	-
Net change in fund balances	70,033	91,748	21,715
Fund balances - beginning	456,711	456,711	-
Fund balances - ending	\$ 526,744	\$ 548,459	\$ 21,715

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G1-G

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 LANDFILL CLOSURE/POSTCLOSURE FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Charges for services	\$ 375,000	\$ 374,889	\$ (111)
Investment income	210,699	409,759	199,060
Total revenues	585,699	784,648	198,949
EXPENDITURES			
Capital outlay	1,300,001	1,221,644	78,357
Total expenditures	1,300,001	1,221,644	78,357
Net change in fund balances	(714,302)	(436,996)	277,306
Fund balances - beginning	7,877,113	7,877,113	-
Fund balances - ending	\$ 7,162,811	\$ 7,440,117	\$ 277,306

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-1H

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 JOINT FIRE TRAINING FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 1,439	\$ 2,604	\$ 1,165
Intergovernmental	104,600	104,608	8
Total revenues	106,039	107,212	1,173
EXPENDITURES			
Public safety	116,100	98,816	17,284
Total expenditures	116,100	98,816	17,284
Net change in fund balances	(10,061)	8,396	18,457
Fund balances - beginning	16,048	16,048	-
Fund balances - ending	\$ 5,987	\$ 24,444	\$ 18,457

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-11

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 PEG ACCESS CHANNEL FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Franchise taxes	\$ 34,000	\$ 33,274	\$ (726)
Investment income	3,366	11,909	8,543
Total revenues	37,366	45,183	7,817
EXPENDITURES			
General government	45,892	34,784	11,108
Total expenditures	45,892	34,784	11,108
Net change in fund balances	(8,526)	10,399	18,925
Fund balances - beginning	224,573	224,573	-
Fund balances - ending	\$ 216,047	\$ 234,972	\$ 18,925

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-1J

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 RESIDENTIAL REVITALIZATION BOND FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 15,739	\$ 22,775	\$ 7,036
Total revenues	15,739	22,775	7,036
EXPENDITURES			
General government	504,500	206,567	297,933
Issuance costs	-	17,164	(17,164)
Total expenditures	504,500	223,731	280,769
Excess (deficiency) of revenues over (under) expenditures	(488,761)	(200,956)	287,805
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued	500,000	462,000	(38,000)
Premium on debt issued	-	55,660	55,660
Total other financing sources (uses)	500,000	517,660	17,660
Net change in fund balances	11,239	316,704	305,465
Fund balances - beginning	1,801,339	1,801,339	-
Fund balances - ending	\$ 1,812,578	\$ 2,118,043	\$ 305,465

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-1K

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CONSOLIDATED COURT TECHNOLOGY & SECURITY FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Fines and forfeitures	\$ 27,000	\$ 31,756	\$ 4,756
Investment income	-	541	541
Total revenues	27,000	32,297	5,297
Net change in fund balances	27,000	32,297	5,297
Fund balances - beginning	-	-	-
Fund balances - ending	\$ 27,000	\$ 32,297	\$ 5,297

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT G-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Property taxes	\$ 4,883,000	\$ 5,186,017	\$ 303,017
Charges for services	3,000,000	5,362,138	2,362,138
Investment income	100,000	205,696	105,696
Total revenues	7,983,000	10,753,851	2,770,851
EXPENDITURES			
Principal retirement	4,430,000	4,710,000	(280,000)
Interest and fiscal agent charges	2,703,000	2,816,914	(113,914)
Issuance costs	-	2,726	(2,726)
Total expenditures	7,133,000	7,529,640	(396,640)
Net Change in Fund Balances	850,000	3,224,211	2,374,211
Fund balances - beginning	(1,443,263)	(1,443,263)	-
Fund balances - ending	\$ (593,263)	\$ 1,780,948	\$ 2,374,211

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

The Internal Service Funds account for the financing services provided by one department to other departments of the City on a cost reimbursement basis. The following is a description of the City's Internal Service Funds:

Fleet & Facilities Management Fund - to account for materials and supplies provided exclusively to other funds and departments of the City.

Workers' Compensation Fund - to account for the City's workers' compensation self-insurance program.

Health Claims Fund – to account for the City's group health self-insurance program for employees, retirees, and their immediate families.

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT H-1

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2025

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
ASSETS				
Current assets:				
Cash, cash equivalents, and investments	\$ 2,264,991	\$ 1,599,826	\$ 1,210,641	\$ 5,075,458
Receivables (net of allowance for uncollectibles)	5,342	14,983	531,588	551,913
Inventories	51,973			51,973
Prepaid items	5,075			5,075
Deposits		40,000		40,000
Total current assets	<u>2,327,381</u>	<u>1,654,809</u>	<u>1,742,229</u>	<u>5,724,419</u>
Noncurrent assets				
Capital and lease assets				
Nondepreciable	8,170			8,170
Depreciable, net of accumulated depreciation/amortization	6,927,311			6,927,311
Total noncurrent assets	<u>6,935,481</u>	<u>-</u>	<u>-</u>	<u>6,935,481</u>
Total assets	<u>9,262,862</u>	<u>1,654,809</u>	<u>1,742,229</u>	<u>12,659,900</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	323,692			323,692
Deferred outflows from OPEB	44,892			44,892
Total deferred outflows of resources	<u>368,584</u>	<u>-</u>	<u>-</u>	<u>368,584</u>
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	363,227	13,977	110,913	488,117
Compensated absences	23,425			23,425
Claims payable		178,539	523,564	702,103
Total OPEB liability Current	26,117			26,117
Total current liabilities	<u>412,769</u>	<u>192,516</u>	<u>634,477</u>	<u>1,239,762</u>
Noncurrent liabilities				
Compensated absences	9,613			9,613
Net pension liability	657,963			657,963
Total OPEB liability	175,448			175,448
Claims payable long term		331,573		331,573
Total noncurrent liabilities	<u>843,024</u>	<u>331,573</u>	<u>-</u>	<u>1,174,597</u>
Total liabilities	<u>1,255,793</u>	<u>524,089</u>	<u>634,477</u>	<u>2,414,359</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	111,258			111,258
Deferred inflows from OPEB	5,269			5,269
Total deferred inflows of resources	<u>116,527</u>	<u>-</u>	<u>-</u>	<u>116,527</u>
NET POSITION				
Net investment in capital assets	6,935,481			6,935,481
Unrestricted	1,323,645	1,130,720	1,107,752	3,562,117
Total net position	<u>\$ 8,259,126</u>	<u>\$ 1,130,720</u>	<u>\$ 1,107,752</u>	<u>\$ 10,497,598</u>

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT H-2

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
Operating Revenues				
Charges for services	\$ 5,799,113	\$	\$	\$ 5,799,113
Contributions and miscellaneous	4,410	528,376	4,893,102	5,425,888
Total operating revenues	5,803,523	528,376	4,893,102	11,225,001
Operating Expenses				
Personal services	1,076,012			1,076,012
Materials and supplies	2,078,345			2,078,345
Maintenance and utilities	2,002,426	5,250		2,007,676
Insurance claims and expenses		588,600	5,246,371	5,834,971
Depreciation	234,882			234,882
Total operating expenses	5,391,665	593,850	5,246,371	11,231,886
Change in net position	411,858	(65,474)	(353,269)	(6,885)
Net Position, Beginning of Year	7,847,268	1,196,194	1,461,021	10,504,483
Net Position, End of Year	\$ 8,259,126	\$ 1,130,720	\$ 1,107,752	\$ 10,497,598

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 5,803,523	\$ 524,727	\$ 4,393,519	10,721,769
Payments to suppliers	(4,263,453)	-	-	(4,263,453)
Payments to employees	(1,097,737)	-	-	(1,097,737)
Payments for claims	-	(375,564)	(5,249,806)	(5,625,370)
Net cash provided by (used for) operating activities	<u>442,333</u>	<u>149,163</u>	<u>(856,287)</u>	<u>(264,791)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(69,969)	-	-	(69,969)
Net cash used for capital and related financing activities	(69,969)	-	-	(69,969)
Net increase (decrease) in cash and cash equivalents	372,364	149,163	(856,287)	(334,760)
Cash and cash equivalents - beginning of year	1,892,627	1,450,663	2,066,928	5,410,218
Cash and cash equivalents - end of year	<u>\$ 2,264,991</u>	<u>\$ 1,599,826</u>	<u>\$ 1,210,641</u>	<u>\$ 5,075,458</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	234,882	-	-	234,882
(Increase)/Decrease in				
Receivables	(5,342)	(8,649)	(499,583)	(513,574)
Prepaid items	(262)	-	-	(262)
Deferred outflows of resources - pension	206,589	-	-	206,589
Deferred outflows of resources - OPEB	(12,057)	-	-	(12,057)
Increase/(Decrease) in				
Accounts payable and accrued in accrued liabilities	(169,738)	(18,502)	37,521	(150,719)
Claims payable	-	241,788	(40,956)	200,832
Net Pension liability	(296,757)	-	-	(296,757)
Total OPEB liability	6,011	-	-	6,011
Deferred inflows of resources - pension	66,844	-	-	66,844
Deferred inflows of resources - OPEB	(3,553)	-	-	(3,553)
Compensated absences	3,858	-	-	3,858
Net cash provided by (used for) operating activities	<u>\$ 30,475</u>	<u>\$ 214,637</u>	<u>\$ (503,018)</u>	<u>\$ (257,906)</u>

STATISTICAL SECTION
(Unaudited)

The City of Farmers Branch's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

		Page
Financial Trends	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	93 - 100
Revenue Capacity	These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	101 - 106
Debt Capacity	These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	107 - 109
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	110 - 111
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	112 - 117
Other Information	This schedule offers additional analysis regarding rapidly growing expenses or areas of financial concern that are of interest to the users of the financial statements.	119

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF FARMERS BRANCH, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

(UNAUDITED)

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	2018 (1)	<u>2019</u>	2020
Governmental activities:					
Net investment in capital assets	\$ 98,496,787	\$ 102,598,166	\$ 111,614,735	\$ 120,256,477	\$ 140,767,184
Restricted	7,152,723	5,347,455	5,004,542	8,793,762	9,407,269
Unrestricted	(32,114,251)	(24,589,681)	(23,365,364)	(20,684,259)	(11,806,042)
Total governmental activities net position	<u>\$ 73,535,259</u>	<u>\$ 83,355,940</u>	<u>\$ 93,253,913</u>	<u>\$ 108,365,980</u>	<u>\$ 138,368,411</u>
Business-type activities:					
Net investment in capital assets	\$ 41,529,619	\$ 40,158,599	\$ 44,369,653	\$ 50,795,139	\$ 52,383,379
Unrestricted	10,471,923	12,805,807	15,252,063	18,940,131	18,701,549
Total business-type activities net position	<u>\$ 52,001,542</u>	<u>\$ 52,964,406</u>	<u>\$ 59,621,716</u>	<u>\$ 69,735,270</u>	<u>\$ 71,084,928</u>
Primary government:					
Net investment in capital assets	\$ 140,026,406	\$ 142,756,765	\$ 155,984,388	\$ 171,051,616	\$ 193,150,563
Restricted	7,152,723	5,347,455	5,004,542	8,793,762	9,407,269
Unrestricted	(21,642,328)	(11,783,874)	(8,113,301)	(1,744,128)	6,895,507
Total governmental activities net position	<u>\$ 125,536,801</u>	<u>\$ 136,320,346</u>	<u>\$ 152,875,629</u>	<u>\$ 178,101,250</u>	<u>\$ 209,453,339</u>

Notes:

(1) The fiscal year 2018 governmental activities were restated with implementation of GASB Statement 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

Fiscal Year					
<u>2021</u>	<u>2022</u>	2023	<u>2023</u>	<u>2024</u>	
\$ 148,809,910	\$ 142,607,256	\$ 150,702,636	\$ 166,817,200	\$ 181,052,895	
13,515,575	10,194,325	13,178,193	11,412,361	17,455,523	
<u>(5,539,781)</u>	<u>23,156,960</u>	<u>30,534,514</u>	<u>44,099,132</u>	<u>53,113,818</u>	
<u>\$ 156,785,704</u>	<u>\$ 175,958,541</u>	<u>\$ 194,415,343</u>	<u>\$ 222,328,693</u>	<u>\$ 251,622,236</u>	
\$ 54,928,229	\$ 62,163,819	\$ 71,461,488	\$ 76,765,889	\$ 85,819,303	
<u>23,584,767</u>	<u>26,181,830</u>	<u>25,823,592</u>	<u>29,184,301</u>	<u>26,977,565</u>	
<u>\$ 78,512,996</u>	<u>\$ 88,345,649</u>	<u>\$ 97,285,080</u>	<u>\$ 105,950,190</u>	<u>\$ 112,796,868</u>	
\$ 203,738,139	\$ 204,771,075	\$ 222,164,124	\$ 243,583,089	\$ 266,872,198	
13,515,575	10,194,325	13,178,193	11,412,361	17,455,523	
<u>18,044,986</u>	<u>49,338,790</u>	<u>56,358,106</u>	<u>73,283,433</u>	<u>80,091,383</u>	
<u>\$ 235,298,700</u>	<u>\$ 264,304,190</u>	<u>\$ 291,700,423</u>	<u>\$ 328,278,883</u>	<u>\$ 364,419,104</u>	

CITY OF FARMERS BRANCH, TEXAS

CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (UNAUDITED)

	Fiscal Year					
	2016	2017	2018 (1)	2019	2020	2020
Expenses						
Governmental activities:						
General government	\$ 14,578,536	\$ 16,573,789	\$ 16,174,829	\$ 19,575,431	\$ 21,181,076	\$ 17,255,980
Public safety	25,223,791	26,982,151	25,966,603	29,155,722	29,902,691	26,422,950
Public works	9,262,380	304,447	12,433,845	13,841,348	12,899,719	14,984,662
Culture and recreation	14,084,036	14,415,728	13,864,483	15,349,830	14,243,692	13,626,946
Principal retirement						
Interest on long term debt	2,359,900	2,217,026	2,812,608	3,474,315	1,823,611	1,527,200
Unallocated depreciation	273,962	277,305	272,867	246,659	185,799	145,929
Total governmental activities expenses	<u>65,782,605</u>	<u>60,770,446</u>	<u>71,525,235</u>	<u>81,643,305</u>	<u>80,236,588</u>	<u>73,963,667</u>
Business-type activities:						
Water and sewer	15,187,138	16,086,557	17,132,596	16,513,832	16,026,496	17,324,414
Stormwater utility	274,895	647,624	284,185	1,509,879	1,693,104	1,009,125
Total business-type activities expenses	<u>15,462,033</u>	<u>16,734,181</u>	<u>17,416,781</u>	<u>18,023,711</u>	<u>17,719,600</u>	<u>18,333,539</u>
Total primary government expenses	<u>\$ 81,244,638</u>	<u>\$ 77,504,627</u>	<u>\$ 88,942,016</u>	<u>\$ 99,667,016</u>	<u>\$ 97,956,188</u>	<u>\$ 92,297,206</u>
Program Revenues						
Governmental activities:						
Charges for services						
Public safety	\$ 4,694,946	\$ 4,734,932	\$ 4,254,309	\$ 4,659,728	\$ 3,453,793	\$ 4,152,796
Public works	2,481,706	2,651,878	3,342,887	6,672,289	5,658,875	7,065,519
Other	2,952,599	3,581,692	6,900,369	5,615,232	4,002,289	5,491,545
Operating grants and contributions	349,473	600,602	719,367	516,444	2,177,925	1,565,257
Capital grants and contributions	253,844	560,197	6,471,947	10,004,978	5,920,245	4,164,801
Total governmental activities program revenues	<u>10,732,568</u>	<u>12,129,301</u>	<u>21,688,879</u>	<u>27,468,671</u>	<u>21,213,127</u>	<u>22,439,918</u>
Business-type activities:						
Charges for services	20,083,136	21,271,417	25,155,472	25,734,892	28,029,705	29,054,152
Capital grants and contributions			3,368,829	4,365,188	2,716,505	592,797
Total business-type activities program revenues	<u>20,083,136</u>	<u>21,271,417</u>	<u>28,524,301</u>	<u>30,100,080</u>	<u>30,746,210</u>	<u>29,646,949</u>
Total primary government program revenues	<u>\$ 30,815,704</u>	<u>\$ 33,400,718</u>	<u>\$ 50,213,180</u>	<u>\$ 57,568,751</u>	<u>\$ 51,959,337</u>	<u>\$ 52,086,867</u>
Net (Expense)/Revenue						
Governmental activities	\$ (55,050,037)	\$ (48,641,145)	\$ (49,836,356)	\$ (54,174,634)	\$ (59,023,461)	\$ (51,523,749)
Business-type activities	4,621,103	4,537,236	11,107,520	12,076,369	13,026,610	11,313,410
Total primary government net expense	<u>\$ (50,428,934)</u>	<u>\$ (44,103,909)</u>	<u>\$ (38,728,836)</u>	<u>\$ (42,098,265)</u>	<u>\$ (45,996,851)</u>	<u>\$ (40,210,339)</u>
General Revenues and Other Changes in Net Position						
Governmental activities:						
Taxes						
Property taxes, levied for general purposes	\$ 22,191,443	\$ 24,509,410	\$ 25,617,820	\$ 27,431,177	\$ 30,636,546	\$ 34,131,625
Property taxes, levied for debt service	3,926,612	4,291,764	4,309,918	4,584,944	4,443,207	4,973,900
Sales and use taxes	13,639,841	13,936,336	14,618,441	17,410,323	17,164,707	18,737,374
Other taxes	9,457,598	10,600,730	12,032,639	14,617,755	10,181,063	7,125,294
Investment income	1,664,659	1,447,475	1,787,154	2,935,658	2,393,143	1,031,746
Gain on extinguishment of debt					9,979,973	-
Gain on sale of capital assets/miscellaneous		59,927	17,136	35,918	2,280,136	41,584
Grants not restricted to a specific purpose						
Transfers	4,174,000	3,616,184	4,227,900	2,270,926	11,947,117	3,899,519
Total governmental activities	<u>55,054,153</u>	<u>58,461,826</u>	<u>62,611,008</u>	<u>69,286,701</u>	<u>89,025,892</u>	<u>69,941,042</u>
Business-type activities:						
Investment income	34,178	41,812	103,609	308,111	270,165	7,656
Gain on sale of capital assets/miscellaneous						6,521
Transfers	(4,174,000)	(3,616,184)	(4,227,900)	(2,270,926)	(11,947,117)	(3,899,519)
Total business-type activities	<u>(4,139,822)</u>	<u>(3,574,372)</u>	<u>(4,124,291)</u>	<u>(1,962,815)</u>	<u>(11,676,952)</u>	<u>(3,885,342)</u>
Total primary government	<u>\$ 50,914,331</u>	<u>\$ 54,887,454</u>	<u>\$ 58,486,717</u>	<u>\$ 67,323,886</u>	<u>\$ 77,348,940</u>	<u>\$ 66,055,700</u>
Change in Net Position						
Governmental activities	\$ 4,116	\$ 9,820,681	\$ 12,774,652	\$ 15,112,067	\$ 30,002,431	\$ 18,417,293
Business-type activities	481,281	962,864	6,983,229	10,113,554	1,349,658	7,428,068
Total primary government	<u>\$ 485,397</u>	<u>\$ 10,783,545</u>	<u>\$ 19,757,881</u>	<u>\$ 25,225,621</u>	<u>\$ 31,352,089</u>	<u>\$ 25,845,361</u>

Notes:

(1) The fiscal year 2018 governmental activities were restated with implementation of GASB 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

		Fiscal Year					
		2022	2023	2024	2025		
\$	20,254,045	\$	27,032,249	\$	21,150,357	\$	24,136,616
	24,240,573		36,077,852		38,959,551		39,066,954
	14,182,657		24,718,438		15,389,261		13,587,126
	16,005,075		16,848,177		18,277,084		18,864,600
							-
	2,064,562		2,873,370		1,540,892		2,753,963
	466,577		487,635		178,508		179,963
	<u>77,213,489</u>		<u>108,037,721</u>		<u>95,495,653</u>		<u>98,589,222</u>
	17,959,957		19,540,609		20,780,323		22,473,530
	386,898		59,123		107,716		110,251
	<u>18,346,855</u>		<u>19,599,732</u>		<u>20,888,039</u>		<u>22,583,781</u>
\$	<u>95,560,344</u>	\$	<u>127,637,453</u>	\$	<u>116,383,692</u>	\$	<u>121,173,003</u>
\$	3,260,855	\$	3,579,903	\$	4,076,158	\$	4,282,208
	6,651,483		18,261,953		8,966,993		10,013,970
	5,371,311		5,429,428		6,197,830		11,514,905
	930,087		2,356,770		815,576		2,293,873
	457,008		1,733,548		1,349,652		264,047
	<u>16,670,744</u>		<u>31,361,602</u>		<u>21,406,209</u>		<u>28,369,003</u>
	32,708,631		32,168,051		32,535,077		32,736,988
	621,363		683,747		869,449		1,154,515
	<u>33,329,994</u>		<u>32,851,798</u>		<u>33,404,526</u>		<u>33,891,503</u>
\$	<u>50,000,738</u>	\$	<u>64,213,400</u>	\$	<u>54,810,735</u>	\$	<u>62,260,506</u>
\$	(60,542,745)	\$	(76,676,119)	\$	(74,089,444)	\$	(70,220,219)
	14,983,139		13,252,066		12,516,487		11,307,722
\$	<u>(45,559,606)</u>	\$	<u>(63,424,053)</u>	\$	<u>(61,572,957)</u>	\$	<u>(58,912,497)</u>
\$	36,920,934	\$	42,362,924	\$	45,710,705	\$	44,369,907
	4,414,339		4,799,484		4,451,622		5,230,610
	24,413,463		25,344,604		24,406,225		25,051,912
	7,629,919		8,713,593		9,317,855		10,037,252
	-		5,280,165		7,459,624		5,323,681
	-		-		-		-
	149,346		1,442,422		434,537		1,417,415
			1,745,580		5,078,575		2,555,010
	4,739,339		5,117,095		5,143,651		5,527,975
	<u>78,267,340</u>		<u>94,805,867</u>		<u>102,002,794</u>		<u>99,513,762</u>
	-		792,209		1,292,274		968,862
	-		12,251		-		98,069
	<u>(4,739,339)</u>		<u>(5,117,095)</u>		<u>(5,143,651)</u>		<u>(5,527,975)</u>
	<u>(4,739,339)</u>		<u>(4,312,635)</u>		<u>(3,851,377)</u>		<u>(4,461,044)</u>
\$	<u>73,528,001</u>	\$	<u>90,493,232</u>	\$	<u>98,151,417</u>	\$	<u>95,052,718</u>
\$	17,724,595	\$	18,129,748	\$	27,913,350	\$	29,293,543
	10,243,800		8,939,431		8,665,110		6,846,678
\$	<u>27,968,395</u>	\$	<u>27,069,179</u>	\$	<u>36,578,460</u>	\$	<u>36,140,221</u>

CITY OF FARMERS BRANCH, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (UNAUDITED)

	Fiscal Year					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund						
Nonspendable	\$ 448,649	\$ 517,318	\$ 410,007	\$ 2,737,891	\$ 3,548,208	\$ 3,517,846
Assigned	4,182,793	3,629,261	5,244,119	3,126,224	3,307,524	4,477,605
Unassigned	8,257,163	10,183,899	14,421,939	17,828,976	16,720,978	22,030,886
Total general fund	<u>\$ 12,888,605</u>	<u>\$ 14,330,478</u>	<u>\$ 20,076,065</u>	<u>\$ 23,693,091</u>	<u>\$ 23,576,710</u>	<u>\$ 30,026,337</u>
All Other Governmental Funds						
Nonspendable	\$ 1,178,410	\$ 813	\$ 24,488	\$ 938	\$ 704,863	\$ 1,300,176
Restricted	19,182,416	15,144,319	33,841,817	27,285,503	31,040,799	27,327,233
Assigned	1,842,960	2,398,480	3,250,792	3,370,932	4,929,935	3,409,615
Unassigned						
Total all other governmental funds	<u>\$ 22,203,786</u>	<u>\$ 17,543,612</u>	<u>\$ 37,117,097</u>	<u>\$ 30,657,373</u>	<u>\$ 36,675,597</u>	<u>\$ 32,037,024</u>

Fiscal Year			
<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 3,069,861	\$ 3,707,863	\$ 62,115	\$ 3,889,302
10,206,486	11,399,268	9,730,120	22,872,155
23,040,864	23,413,424	22,211,703	28,866,715
<u>\$ 36,317,211</u>	<u>\$ 38,520,555</u>	<u>\$ 32,003,938</u>	<u>\$ 55,628,172</u>
\$ 1,719,675	\$ 1,719,550	\$ 1,719,488	\$ 1,720,188
48,193,026	48,316,315	32,975,019	32,975,019
8,551,647	13,901,719	16,100,930	10,931,064
(2,770)	-	(1,654,320)	-
<u>\$ 58,461,578</u>	<u>\$ 63,937,584</u>	<u>\$ 49,141,117</u>	<u>\$ 45,626,271</u>

CITY OF FARMERS BRANCH, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (UNAUDITED)

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
REVENUES						
Property taxes	\$ 24,536,084	\$ 26,330,398	\$ 28,416,586	\$ 30,016,868	\$ 31,975,934	\$ 34,907,228
Sales and use taxes	13,363,544	13,639,841	13,936,336	14,618,441	17,410,323	17,164,707
Hotel/motel taxes	2,728,631	2,959,667	2,892,655	2,849,666	3,115,374	1,794,067
Franchise taxes	4,411,259	4,309,598	4,255,212	4,207,394	4,132,975	3,939,882
Tax increment financing	1,289,826	2,236,280	3,481,586	4,949,033	7,351,606	4,513,776
Licenses and permits	1,680,095	1,427,801	2,024,453	5,016,007	3,712,038	2,883,283
Charges for services	5,001,160	5,407,761	5,487,380	6,280,213	8,710,341	8,432,009
Fines and forfeitures	3,034,885	3,125,094	3,176,432	2,737,338	2,787,243	1,709,922
Special assessments	4,496	1,152		276	829	-
Investment income	1,591,991	1,651,645	1,447,475	1,787,154	2,935,658	2,393,143
Intergovernmental	584,312	503,153	676,535	327,232	510,454	2,482,704
Miscellaneous	279,221	194,356	744,394	623,672	1,116,009	546,467
Total revenues	<u>58,505,504</u>	<u>61,786,746</u>	<u>66,539,044</u>	<u>73,413,294</u>	<u>83,758,784</u>	<u>80,767,188</u>
EXPENDITURES						
General government	12,880,704	13,447,135	14,173,367	13,541,524	15,695,223	20,340,488
Public safety	23,117,436	24,353,622	25,600,823	25,364,483	26,304,729	29,457,949
Public works	7,145,553	7,378,781	8,458,117	9,298,814	9,833,782	10,230,771
Culture and recreation	11,746,205	12,923,543	12,997,256	13,029,696	13,993,554	12,902,268
Debt service:						
Principal retirement	3,450,000	3,930,000	4,605,000	5,481,000	6,081,028	4,120,000
Interest and fiscal agent charges	1,531,742	1,437,739	1,380,656	1,256,017	3,060,568	4,597,248
Issuance costs		96,628		429,311		177,131
Loss due to decline in market value						
Capital outlay	11,716,646	7,269,438	7,588,292	10,955,111	16,611,491	10,554,026
Total expenditures	<u>71,588,286</u>	<u>70,836,886</u>	<u>74,803,511</u>	<u>79,355,956</u>	<u>91,580,375</u>	<u>92,379,881</u>
Deficiency of revenues under expenditures	<u>(13,082,782)</u>	<u>(9,050,140)</u>	<u>(8,264,467)</u>	<u>(5,942,662)</u>	<u>(7,821,591)</u>	<u>(11,612,693)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	6,528,075	7,860,588	9,715,107	7,827,000	6,814,947	8,238,200
Transfers out	(2,477,275)	(3,095,788)	(4,984,107)	(3,129,100)	(3,673,047)	(4,163,700)
Certificates of obligation issued		2,545,000		10,515,000		
General obligation refunding and improvement bonds issued				13,540,000		12,305,000
Premiums on debt issued		149,083				1,178,547
Payment to refund bond escrow agent				1,337,311		(3,290,921)
Issuance of SBITAs						-
Sale of capital assets/insurance recoveries	709,764	87,438	315,166	1,171,523	1,836,993	3,247,410
Total other financing sources	<u>4,760,564</u>	<u>7,546,321</u>	<u>5,046,166</u>	<u>31,261,734</u>	<u>4,978,893</u>	<u>17,514,536</u>
Net change in fund balances	<u>(8,322,218)</u>	<u>(1,503,819)</u>	<u>(3,218,301)</u>	<u>25,319,072</u>	<u>(2,842,698)</u>	<u>5,901,843</u>
Debt service as a percentage of noncapital expenditures	8.32%	8.60%	8.91%	10.48%	12.19%	10.87%

Fiscal Year			
2021	2022	2023	2024
\$ 39,103,679	\$ 41,399,866	\$ 50,038,531	\$ 49,120,377
18,737,374	24,413,463	24,406,225	25,051,912
1,683,018	2,913,839	3,515,051	3,494,683
3,877,037	3,856,016	3,828,952	3,870,777
1,557,120	860,064	2,011,454	2,701,779
3,810,089	2,700,392	2,252,812	2,331,253
9,961,389	10,810,063	12,061,700	18,466,588
1,731,794	1,235,780	2,262,179	2,866,411
166	-	-	-
1,031,796	-	7,459,624	5,572,605
2,266,930	3,546,738	7,674,876	4,955,884
1,350,204	351,968	328,017	1,546,480
<u>85,110,596</u>	<u>92,088,189</u>	<u>115,839,421</u>	<u>119,978,749</u>
17,608,739	17,723,764	20,438,928	23,199,711
28,611,977	29,640,456	36,873,749	37,859,788
11,292,346	10,019,759	10,921,561	10,365,427
15,497,781	14,258,499	16,206,097	16,990,929
4,300,000	4,699,556	4,534,947	5,036,451
2,039,374	1,857,848	2,521,056	2,849,262
-	319,500	-	-
<u>8,186,898</u>	<u>9,366,850</u>	<u>37,422,708</u>	<u>36,280,528</u>
<u>87,537,115</u>	<u>87,886,232</u>	<u>128,919,046</u>	<u>132,582,096</u>
<u>(2,426,519)</u>	<u>4,201,957</u>	<u>(13,079,625)</u>	<u>(12,603,347)</u>
8,025,400	15,147,600	15,543,778	12,527,080
(4,045,881)	(10,257,700)	(10,792,678)	(6,999,380)
-	23,810,000	-	-
-	-	-	-
-	-	-	-
-	-	640,087	408,612
258,054	167,281	368,585	668,205
<u>4,237,573</u>	<u>28,867,181</u>	<u>5,759,772</u>	<u>6,604,517</u>
<u>1,811,054</u>	<u>33,069,138</u>	<u>(7,319,853)</u>	<u>(5,998,830)</u>
7.99%	8.35%	7.71%	8.19%

CITY OF FARMERS BRANCH, TEXAS

ESTIMATED ACTUAL AND ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

FISCAL YEAR	RESIDENTIAL PROPERTY			COMMERCIAL PROPERTY		
	ESTIMATED	LESS:	ASSESSED	ESTIMATED	LESS:	ASSESSED
	ACTUAL	TAX		ACTUAL	TAX	
VALUE	EXEMPTIONS	VALUE	VALUE	EXEMPTIONS	VALUE	
2016	\$ 1,282,165,920	\$ 358,024,345	\$ 924,141,575	\$ 3,043,315,820	\$ 498,804,477	\$ 2,544,511,343
2017	1,406,460,670	393,903,858	1,012,556,812	3,281,998,130	528,879,342	2,753,118,788
2018	1,552,573,710	442,604,793	1,109,968,917	3,423,020,660	512,810,029	2,910,210,631
2019	1,798,603,280	525,012,568	1,273,590,712	3,677,741,720	485,632,657	3,192,109,063
2020	2,008,956,470	551,238,764	1,457,717,706	4,103,048,110	521,046,781	3,582,001,329
2021	2,175,288,420	601,694,918	1,573,593,502	4,031,330,270	524,799,521	3,506,530,749
2022	2,464,002,060	614,135,636	1,849,866,424	4,487,428,100	544,619,638	3,942,808,462
2023	2,883,772,300	820,690,421	2,063,081,879	5,266,679,330	561,258,190	4,705,421,140
2024	3,432,772,830	977,521,391	2,455,251,439	5,912,890,050	597,252,878	5,315,637,172
2025	3,879,707,050	1,145,662,645	2,734,044,405	6,525,871,380	696,183,262	5,829,688,118

Source: Dallas Central Appraisal District

Note: Property in the city is reassessed at least every three years. Property is assessed at actual value; therefore, the assessed values are equal to actual value less exemptions. Tax rates are per \$100 of assessed value.

BUSINESS-PERSONAL PROPERTY			TOTAL			TOTAL DIRECT TAX RATE
ESTIMATED	LESS:	ASSESSED	ESTIMATED	LESS:	ASSESSED	
ACTUAL	TAX		ACTUAL	TAX		
VALUE	EXEMPTIONS	VALUE	VALUE	EXEMPTIONS	VALUE	
\$ 1,454,961,470	\$ 384,016,188	\$ 1,070,945,282	\$ 5,780,443,210	\$ 1,240,845,010	\$ 4,539,598,200	0.6023
1,361,283,370	274,149,744	1,087,133,626	6,049,742,170	1,196,932,944	4,852,809,226	0.6023
1,305,089,180	223,283,131	1,081,806,049	6,280,683,550	1,178,697,953	5,101,985,597	0.6023
1,315,215,260	205,277,411	1,109,937,849	6,791,559,810	1,215,922,636	5,575,637,174	0.5995
1,366,077,570	192,257,572	1,173,819,998	7,478,082,150	1,264,543,117	6,213,539,033	0.5995
1,389,153,750	217,850,106	1,171,303,644	7,595,772,440	1,344,344,545	6,251,427,895	0.5890
1,351,735,470	193,071,601	1,158,663,869	8,303,165,630	1,351,826,875	6,951,338,755	0.5890
1,526,102,570	228,396,600	1,297,705,970	9,676,554,200	1,610,345,211	8,066,208,989	0.5890
1,740,989,030	231,761,076	1,509,227,954	11,086,651,910	1,806,535,345	9,280,116,565	0.5690
1,594,167,020	230,693,796	1,363,473,224	11,999,745,450	2,072,539,703	9,927,205,747	0.5435

CITY OF FARMERS BRANCH, TEXAS

TABLE 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES
 (PER \$100 OF ASSESSED VALUE)
 LAST TEN FISCAL YEARS
 (UNAUDITED)

CITY DIRECT RATES				OVERLAPPING RATES (1)						
FISCAL YEAR	BASIC RATE	GENERAL OBLIGATION		CARROLLTON - FARMERS BRANCH I.S.D.		DALLAS COUNTY		DALLAS COUNTY COMMUNITY COLLEGE		TOTAL (3)
		DEBT SERVICE	DIRECT (2)	I.S.D.	I.S.D.	COUNTY	HOSPITAL	COLLEGE		
2016	\$ 0.5139	\$ 0.0884	\$ 0.6023	\$ 1.2817	\$ 1.2821	\$ 0.2531	\$ 0.2860	\$ 0.1237	\$ 2.5468	
2017	0.5153	0.0870	0.6023	1.3917	1.2821	0.2524	0.2794	0.1229	2.6487	
2018	0.5177	0.0846	0.6023	1.3810	1.2821	0.2531	0.2794	0.1242	2.6400	
2019	0.5167	0.0828	0.5995	1.3700	1.4120	0.2531	0.2794	0.1240	2.6260	
2020	0.5273	0.0722	0.5995	1.2684	1.3104	0.2531	0.2695	0.1240	2.5145	
2021	0.5062	0.0828	0.5890	1.2547	1.2967	0.2497	0.2661	0.1240	2.4835	
2022	0.5272	0.0618	0.5890	1.2013	1.2482	0.2379	0.2550	0.1235	2.4067	
2023	0.5308	0.0582	0.5890	1.1429	1.1849	0.2279	0.2358	0.1159	2.3115	
2024	0.5204	0.0486	0.5690	0.9836	1.0138	0.2157	0.2195	0.1103	2.0981	
2025	0.4893	0.0542	0.5435	0.9836	0.9972	0.2155	0.2120	0.1056	2.0602	

Source: Dallas Central Appraisal District

Notes:

- (1) Overlapping rates are those of local and county governments that apply to property owners within the City of Farmers Branch. Not all overlapping rates apply to all city property owners; for example, although the county property tax rates apply to all city property owners, the Dallas Independent School District (ISD) rates apply only to the approximately 29.3% of city property owners whose property is located within that district's geographic boundaries.
- (2) The City's basic property tax rate may be increased only by a majority vote of the City Council up to the limits of State law, after which city residents may petition for a vote. Rates for debt service are set based on each year's debt requirements.
- (3) Does not include Dallas ISD as school districts do not overlap each other.

CITY OF FARMERS BRANCH, TEXAS

TABLE 7

DIRECT AND OVERLAPPING PROPERTY TAX LEVIES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

FISCAL YEAR	CARROLLTON - FARMERS BRANCH			DALLAS COUNTY		DALLAS COUNTY COMMUNITY COLLEGE
	FARMERS BRANCH	BRANCH I.S.D.	DALLAS I.S.D.	DALLAS COUNTY	DALLAS COUNTY HOSPITAL	
2016	\$ 27,340,502	\$ 218,964,725	\$ 1,185,157,319	\$ 476,309,394	\$ 540,475,266	\$ 243,935,893
2017	29,226,869	256,530,998	1,294,078,980	522,984,193	581,286,539	266,184,338
2018	30,727,576	274,637,780	1,390,841,756	561,435,880	622,295,974	284,192,691
2019	33,426,335	297,645,641	1,684,977,660	616,748,343	682,256,444	310,881,970
2020	37,250,601	290,346,785	1,681,891,083	662,939,267	707,168,061	334,408,023
2021	36,820,910	300,512,257	1,660,552,636	657,244,595	701,836,668	336,248,911
2022	40,943,385	317,781,215	1,771,311,390	693,018,753	746,379,733	369,888,806
2023	47,509,971	342,843,789	1,930,400,883	757,820,618	795,736,277	399,967,180
2024	52,803,863	310,871,178	1,784,582,261	809,158,337	825,439,447	425,749,727
2025	53,954,363	329,782,672	1,935,190,120	889,567,825	877,711,560	446,742,618

Source:

Dallas Central Appraisal District with exception of Carrollton-Farmers Branch I.S.D. In 2009, Carrollton-Farmers Branch I.S.D. began reporting their own values since the district spans multiple counties and appraisal districts began reporting only their portion of an entity's value if the entity overlaps jurisdictions.

CITY OF FARMERS BRANCH, TEXAS

TABLE 8

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

TAXPAYER	2025			2016		
	TAXABLE ASSESSED	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED	TAXABLE ASSESSED	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED
	VALUE		VALUE (a)	VALUE		VALUE (b)
WRIA 2017 2 LP	\$ 199,500,000	1	2.01%	\$		
JDFW Boardwalk LLC	198,450,000	2	2.00%			
Luxia Gallery House LLC	173,000,000	3	1.74%			
Royal TX Partners LLC	136,000,000	4	1.37%			
UDR Canal I LLC	128,000,000	5	1.29%			
Mercer Acquisition LLC	113,500,000	6	1.14%			
VAF2 Mack Lakeside LLC	106,000,000	7	1.07%			
Lakeview at Parkside	102,000,000	8	1.03%	\$ 53,972,000	8	1.19%
International Plaza I	101,000,000	9	1.02%			
5005 LBJ Tower LLC	99,926,650	10	1.01%			
70 Washington Street LP				124,235,000	1	2.74%
Occidental Chemical Corporation				85,998,250	2	1.89%
Glazers Wholesale Drug Co.				74,953,180	3	1.65%
EOS Properties at Providence Towers				74,750,000	4	1.65%
Garden Centura LP				72,925,000	5	1.61%
Maxim Integrated Products				62,866,849	6	1.38%
AT&T Communications (formerly Southwestern Bell/Cingular)				57,292,810	7	1.26%
TP IP Tower III Corporation				51,275,000	9	1.13%
IBM Corporation				49,046,880	10	1.08%
	<u>\$ 1,357,376,650</u>		<u>13.68%</u>	<u>\$ 707,314,969</u>		<u>15.58%</u>

Source: Dallas County, "City Report of Property Value," City of Farmers Branch Notes:

(a) Total taxable value October 1, 2024 (2025 fiscal year) is \$9,927,205,747.

(b) Total taxable value October 1, 2015 (2016 fiscal year) is \$4,539,598,200.

CITY OF FARMERS BRANCH, TEXAS

TABLE 9

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	ACTUAL LEVY YEAR	ORIGINAL LEVY (1)	SUBSEQUENT ADJUSTMENTS	TOTAL LEVY	COLLECTED WITHIN THE		TOTAL COLLECTIONS TO DATE		
					FISCAL YEAR OF THE LEVY		COLLECTIONS/ (REFUNDS) IN SUBSEQUENT YEARS	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TOTAL LEVY
					CURRENT TAX COLLECTIONS	PERCENT OF TOTAL LEVY COLLECTED			
2016	2015	\$ 27,340,502	\$ (371,068)	\$ 26,969,434	\$ 26,719,748	99.07%	\$ 213,588	\$ 26,933,336	99.87%
2017	2016	29,226,869	(590,847)	28,636,022	28,371,356	99.08%	202,587	28,573,943	99.78%
2018	2017	30,727,576	(393,543)	30,334,033	30,399,097	100.21%	(143,472)	30,255,625	99.74%
2019	2018	33,426,335	(520,786)	32,905,549	33,064,557	100.48%	(236,354)	32,828,203	99.76%
2020	2019	37,250,601	(357,266)	36,893,335	36,897,441	100.01%	(99,969)	36,797,472	99.74%
2021	2020	36,820,910	3,306,768	40,127,678	40,300,904	100.43%	(258,324)	40,042,580	99.79%
2022	2021	40,943,385	1,132,663	42,076,048	42,196,219	100.29%	(202,376)	41,993,843	99.80%
2023	2022	47,509,971	170,850	47,680,821	48,429,875	101.57%	(764,162)	47,665,713	99.97%
2024	2023	52,803,863	(923,549)	51,880,314	52,643,219	101.47%	(1,007,507)	51,635,712	99.53%
2025	2024	53,954,363		53,954,363	52,623,177	97.53%	-	52,623,177	97.53%

Source: Dallas County Tax Office

Note:

(1) The original levy is as of July of the previous fiscal year and does not include any subsequent adjustments.

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	GENERAL OBLIGATION BONDS	DEVELOPER ADVANCES	SBITAs	TOTAL OUTSTANDING DEBT	TAXABLE ASSESSED VALUE	PERCENTAGE OF TAXABLE ASSESSED VALUE	ESTIMATED POPULATION (1)	DEBT PER CAPITA
<u>Governmental Activities:</u>								
2016	\$ 40,762,188	\$ 5,727,028		\$ 46,489,216	\$ 4,539,598,200	1.02%	30,480	\$ 1,525
2017	37,342,191	4,437,028		41,779,219	4,852,809,226	0.86%	31,560	1,324
2018	59,135,530	2,401,028		61,536,558	5,101,985,597	1.21%	31,590	1,948
2019	55,232,993			55,232,993	5,575,637,174	0.99%	31,780	1,738
2020	60,949,386			60,949,386	6,213,539,033	0.98%	41,848	1,456
2021	56,287,366			56,287,366	6,251,427,895	0.90%	35,991	1,564
2022	75,181,055		325,442	75,506,497	6,951,338,755	1.09%	38,143	1,980
2023	70,035,771		662,657	70,698,428	8,066,208,989	0.88%	38,615	1,831
2024	65,751,051		361,112	66,112,163	9,280,116,565	0.71%	39,070	1,692
2025	73,537,346		443,273	73,980,619	9,927,205,747	0.75%	40,246	1,838

Notes:

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

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates, with the exception of Fiscal Year 2020 and 2021, which are based on the estimated US Census. The US Census Bureau subsequently lowered their original 2020 population estimate in July 2021. Beginning in Fiscal Year 2022, the NCTCOG estimates published in January were used.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE IN DEBT		TAXABLE ASSESSED VALUE	PERCENTAGE OF ACTUAL		PER CAPITA
		SERVICE FUND (1)	TOTAL		TAXABLE VALUE OF PROPERTY	ESTIMATED POPULATION (2)	
2016	\$ 40,762,188	\$ 926,091	\$ 39,836,097	\$ 4,539,598,200	0.88%	30,480	1,307
2017	37,342,191	488,376	36,853,815	4,852,809,226	0.76%	31,560	1,168
2018	59,135,530	725,906	58,409,624	5,101,985,597	1.14%	31,590	1,849
2019	55,232,993	2,799,117	52,433,876	5,575,637,174	0.94%	31,780	1,650
2020	60,949,386	2,997,410	57,951,976	6,213,539,033	0.93%	41,848	1,385
2021	56,287,366	3,976,972	52,310,394	6,251,427,895	0.84%	35,991	1,453
2022	75,181,055	2,552,786	72,628,269	6,951,338,755	1.04%	38,143	1,904
2023	70,035,771	287,803	69,747,968	8,066,208,989	0.86%	38,615	1,806
2024	65,751,051	-	65,751,051	9,280,116,565	0.71%	39,070	1,683
2025	73,537,346	-	73,537,346	9,927,205,747	0.74%	40,246	1,827

Notes:

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

(1) The amount available for debt service in 2024 is negative due to the classification of revenue received from the Dallas Stars lease being classified as unearned revenue until the facility opens in January 2025.

(2) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates, with the exception of Fiscal Year 2020 and 2021, which are based on the estimated US Census. The US Census Bureau subsequently lowered their original 2020 population estimate in July 2021. Beginning in Fiscal Year 2022, the NCTCOG estimates published in January were used.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 SEPTEMBER 30, 2025
 (UNAUDITED)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE OVERLAPPING (1)	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes			
Carrollton/Farmers Branch Independent School District	\$ 908,585,000	18.97%	\$ 172,358,575
Dallas Independent School District	4,473,305,316	1.64%	73,362,207
Dallas County Hospital District	511,285,000	2.26%	11,555,041
Dallas County Community College District	123,294,162	2.26%	2,786,448
Dallas County	179,530,000	2.26%	4,057,378
Subtotal, overlapping debt	6,195,999,478		264,119,649
City direct debt (2)	73,980,619	100.00%	73,980,619
Total direct and overlapping bonded debt	\$ 6,269,980,097		\$ 338,100,269
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			
		3.34%	
Per capita overlapping bonded debt			
		\$ 8,400.84 (3)	

Source: Municipal Advisory Council of Texas

Notes:

(1) The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County entities certified taxable values. The share of market value for Carrollton/Farmers Branch ISD, Dallas ISD and Valwood Improvement Authority is calculated by the Dallas Central Appraisal District (DCAD) once every two years as these boundaries overlap within the City. (Source: Municipal Advisory Council of Texas)

(2) The City direct debt includes General Obligation Refunding Bonds, Taxable Series 2011, in the amount of \$590,000 and Certificates of Obligation, Taxable Series 2022, in the amount of \$22,600,000 which are being paid from amounts received under the Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P. The City direct debt also includes bond premiums/discounts.

(3) Based on estimated population.

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	ESTIMATED POPULATION (1)	MEDIAN AGE (2)	PER CAPITA INCOME (2)	PERSONAL INCOME (3)	UNEMPLOYMENT RATE % (4)
2016	30,480	36.7	\$ 30,054	\$ 916,045,920	4.0%
2017	31,560	35.9	31,053	980,032,680	3.6%
2018	31,590	35.9	30,993	979,068,870	3.3%
2019	31,780	36.4	33,214	1,055,540,920	3.0%
2020	41,848	35.7	36,058	1,508,955,184	6.4%
2021	35,991	35.7	36,058	1,297,763,478	4.2%
2022	38,143	34.9	38,940	1,485,288,420	3.3%
2023	38,615	34.1	43,681	1,686,741,815	3.8%
2024	39,070	33.5	44,577	1,741,623,390	3.9%
2025	40,246	33.4	48,638	1,957,484,948	4.1%

Sources/Notes:

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates, with the exception of Fiscal Year 2020 and 2021, which are based on the estimated US Census. The US Census Bureau subsequently lowered their original 2020 population estimate in July 2021. Beginning in Fiscal Year 2022, the NCTCOG estimates published in January were used.

(2) Median Age and Per Capita Income data provided by U.S. Census Bureau's American Community Survey - 5 Year Estimates.

(3) Personal Income is derived by multiplying per capita income by the estimated population.

(4) Unemployment Rate % provided by Bureau of Labor Statistics.

The following information is provided by the U.S. Census Bureau based on 2020 estimated census information.

Households:	14,295	Male:	17,492
Families:	9,546	Female:	18,499

Race and Hispanic Origin:

White alone	71.70%
Black or African American alone	5.70%
American Indian and Alaska Native alone	0.40%
Asian alone	7.50%
Native Hawaiian and Other Pacific Islander alone	0.00%
Hispanic or Latino	49.10%
White alone, not Hispanic or Latino	34.90%
Two or More Races	4.70%

Source: U.S. Census Bureau

CITY OF FARMERS BRANCH, TEXAS

TABLE 14

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO
(UNAUDITED)

EMPLOYERS	2025 (1)			2016 (1)		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
TD Industries	1,500	1	1.79%	900	6	1.15%
US Internal Revenue Service	1,200	2	1.43%	1,200	3	1.53%
Feizy	1,170	3	1.40%			
Anserteam LLC	1001	4	1.20%			
Trinity Industries	1,000	5	1.19%			
Southwestern Health Resources	900	6	1.07%			
o9 Solutions	830	7	0.99%			
Southern Glazers Wine & Spirits	650	8	0.78%			
Interstate Batteries	520	9	0.62%			
Lidon Security Associates	500	10	0.60%			
JP Morgan Chase Bank				2,390	1	3.05%
IBM Corporation				1,870	2	2.39%
GEICO				1,088	4	1.39%
Telvista				1,000	5	1.28%
Haggar Clothing Company				750	7	0.96%
Monitronics International Inc.				700	8	0.89%
Encore Enterprises, Inc.				650	9	0.83%
Glazer's Wholesale Drug Company				650	9	0.83%
	9,271		11.07%	11,198		14.30%

Sources:

Employment estimates were sourced from North Central Texas Council of Governments (NCTCOG). The total estimated employment for 2025 is 83,748 and for 2016 estimated total employment was 78,393. (See NCTCOG 2030 Demographic Forecast and Demographic Data for Farmers Branch for further information.) The NCTCOG report is adjusted by the City of Farmers Branch finance department for businesses that closed or moved prior to the reporting year.

Note:

(1) Employers with the same number of employees are ranked the same, which may result in the reporting of more than 10 employers.

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	73.60	74.21	69.31	69.14	70.56	69.67	81.15	87.52	89.95	89.86
General administration	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	8.00
Communications	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Economic development and planning	3.00	3.00	2.00	2.00	2.00	2.00	7.00	7.00	3.00	3.00
Support services	-	-	-	-	-	-	-	-	6.00	7.00
Human resources	7.47	6.47	7.75	7.75	6.75	6.48	7.48	7.00	7.00	7.00
Finance	28.24	29.38	18.21	18.21	18.73	18.96	19.96	20.00	17.45	15.45
Innovation and technology	0.00	0.00	11.89	11.89	12.89	12.75	14.25	14.75	17.45	18.00
Community services	26.19	27.00	20.00	20.00	20.00	20.00	8.00	11.00	7.45	6.45
Neighborhood services	-	-	-	-	-	-	15.00	17.00	8.00	7.00
Animal services	-	-	-	-	-	-	-	-	8.45	8.45
Planning	-	-	-	-	-	-	-	-	4.00	4.00
Other	1.70	1.36	1.46	1.29	2.19	1.48	1.46	2.77	2.15	2.51
Public safety	199.11	184.49	189.42	189.46	195.90	196.36	204.35	206.20	220.11	221.03
Police	115.85	100.85	102.60	102.60	104.60	104.60	111.60	112.59	119.95	118.95
Fire	79.37	79.38	82.70	82.70	88.70	88.00	89.00	91.00	94.90	95.90
Other	3.89	4.26	4.12	4.16	2.60	3.76	3.75	2.61	5.26	6.18
Public works	35.43	36.90	45.79	45.91	44.77	44.69	37.69	36.71	35.86	34.98
Public health/sustainability	0.00	0.00	20.17	20.17	20.17	19.00	12.00	12.19	10.00	8.00
Public works	34.17	35.17	24.00	24.00	24.00	24.00	24.00	24.00	25.00	26.00
Other	1.26	1.73	1.62	1.74	0.60	1.69	1.69	0.52	0.86	0.98
Culture and recreation	103.35	103.77	106.99	101.52	110.97	105.62	105.62	105.46	94.56	94.59
Parks	98.80	99.81	102.87	97.45	105.01	101.49	101.49	100.17	83.65	82.35
Tourism	-	-	-	-	-	-	-	-	8.65	9.60
Other	4.55	3.96	4.12	4.07	5.96	4.13	4.13	5.29	2.26	2.64
Water and sewer	27.76	27.89	27.88	27.93	27.51	27.82	27.82	27.44	26.64	26.75
Water and sewer	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	26.00	26.00
Other	0.76	0.89	0.88	0.93	0.51	0.82	0.82	0.44	0.64	0.75
Fleet and facilities management	0.31	0.27	0.27	0.28	0.51	0.59	0.59	0.89	0.28	0.39
Fleet and facilities	0.31	0.27	0.27	0.28	0.51	0.59	0.59	0.89	0.28	0.39
Total	439.56	427.53	439.66	434.24	450.22	444.75	457.22	464.22	467.40	467.60

Source: City of Farmers Branch Finance Department

Notes:

Information is reported from amended budgets. In 2018, Innovation & Technology was separated from Finance and Public Health & Sustainability was separated from Public Works. In 2023-24, several divisions were moved resulting in numerous changes to the reporting structure.

CITY OF FARMERS BRANCH, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year					
	2016	2017	2018	2019	2020	2021
Public safety						
Police						
Number of authorized full-time employees	113	98	100	100	102	102
Number of authorized sworn officers	74	74	76	76	78	78
Number of violations (citations)	10,948	13,095	11,612	12,111	5,262	8,016
Fire						
Number of authorized full-time employees	79	79	82	82	88	88
Number of EMS runs	2,887	2,878	2,854	2,933	2,883	3,458
Number of fire runs	1,823	1,759	1,843	2,026	2,142	2,490
Public works						
Street reconstruction (lane-miles)	1.2	2.8	0.0	0.1	0.0	0.0
Street resurfacing (lane-miles)	9.6	1.0	11.5	4.7	7.3	8.1
Culture and recreation						
Parks						
Recreation memberships sold (basic) [discontinued]	1,364	1,442	1,866	1,409	936	515
Recreation memberships sold (fitness)	1,055	1,059	1,191	1,112	1,696	3,526
Classic all-access membership (new 2023-24)						
Total pool admissions (1)	40,963	61,847	68,309	82,857	32,452	37,783
Visits to Historical Park	95,847	109,785	102,413	32,013	19,549	19,070
Library						
Volumes borrowed	303,513	274,219	191,735	177,901	139,239	140,366
Volumes in library collection	136,953	132,602	116,238	116,093	90,711	77,389
Water and sewer						
Average daily water consumption (thousands of gallons)	8,048	7,084	7,901	7,560	7,617	7,596
Number of water consumers	9,770	9,770	9,937	10,182	10,477	10,784
Total water purchased (thousands of gallons)	2,937,377	2,585,683	2,883,997	2,759,506	2,780,257	2,772,384
Total wastewater consumption (thousands of gallons)	1,732,552	1,712,000	1,549,501	1,594,644	1,666,056	1,594,355

Sources: Various City departments.

Note:

(1) Total pool admissions have been restated for fiscal year 2016 to include all pool admissions; previously, only daily-pass holders were included in the count. For the period ending 2020, the aquatics center ceased operations beginning March 13 and reopened June 15 to the public at 50% capacity in light of the COVID-19 pandemic.

Fiscal Year			
<u>2022</u>	<u>2023</u>	2024	2025
105	111	117	114
80	85	89	90
5,712	6,604	12,398	16,790
89	90	93	95
3,519	3,768	3,551	3,398
2,238	2,464	2,498	2,160
0.0	0.0	0.5	0.3
2.7	1.5	3.1	4.0
354	451	-	-
2,062	4,964	4,807	4,849
		303	233
41,193	44,843	66,811	58,735
35,753	28,113	32,247	38,925
195,796	200,039	201,797	198,729
84,334	88,440	73,890	75,510
7,553	8,153	7,212	9,616
11,242	11,254	11,269	11,011
2,756,901	2,975,996	3,426,434	2,931,537
1,525,702	1,552,049	1,751,762	1,652,546

CITY OF FARMERS BRANCH, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government					
Number of general government buildings	1	1	1	1	1
Public safety					
Number of fire stations	3	3	3	3	3
Number of patrol units	15	19	19	19	19
Number of police stations	1	1	1	1	1
Public works					
Landfill capacity (million cubic yards)	24.5	53.2	53.2	53.2	53.2
Number of traffic signals	55	55	55	58	59
Streets (lane miles) (1)	412.0	413.1	413.1	427.1	405.0
Culture and recreation					
Number of aquatic centers	1	1	1	1	1
Number of historical parks	1	1	1	1	1
Number of libraries	1	1	1	1	1
Number of parks	31	28	28	28	28
Number of playgrounds	13	13	13	13	13
Number of recreation centers	1	1	1	1	1
Number of senior centers	1	1	1	1	1
Parks acreage (2)	392	450	450	450	450
Utilities					
Number of fire hydrants	2,041	2,093	2,171	2,171	2,267
Sanitary sewers (miles)	166.0	152.9	162.8	162.8	170.3
Storage capacity (millions of gallons)	21.5	21.5	21.5	21.5	21.5
Storm sewers (miles) (1)	112	112	112.5	112.5	119.3
Water mains (miles)	206.6	201.3	202.4	202.4	215.0

Sources: Various City departments.

Notes:

(1) Total street and storm sewer miles were reduced in 2020 due to enhanced GIS information and the removal of streets and storm sewer miles that became private property.

(2) Parks acreage was changed in 2021 to reflect only actual parks acreage. Prior year data included all acreage maintained by the Parks department.

<u>2021</u>	<u>2022</u>	<u>2023</u>	2024	2025
1	1	1	1	1
3	3	3	3	3
21	21	22	24	25
1	1	1	1	1
53.2	53.2	53.2	53.2	53.2
60	60	61	61	61
400.0	401.0	397.2	398.4	398.0
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
28	28	29	30	31
13	13	13	13	13
1	1	1	1	1
1	1	1	1	1
258.93	258.93	261.15	265.67	268.45
2,373	2,439	2,468	2,507	2,525
174.0	176.4	176.6	176.6	176.5
21.5	21.5	21.5	21.5	21.5
102.1	102.6	103.5	102.6	103.1
220.6	224.5	225.3	226.6	226.9

SCHEDULE OF INSURANCE POLICIES IN FORCE
 SEPTEMBER 30, 2024
 (UNAUDITED)

POLICY ISSUED BY	AM BEST RATING	POLICY NUMBER	POLICY PERIOD	COVERAGE	DEDUCTIBLES	LIABILITY LIMITS
Texas Municipal League	Property & Auto = A-	04687	10/1/24-9/30/25	General Liability	\$ 100,000	\$ 5,000,000
Intergovernmental Risk Pool	Workers' Comp = A Cyber = A			Real and Personal Property	5,000	As Scheduled
				Automobile Liability	25,000	1,000,000
				Auto Physical Damage	2,500	Per Schedule
				Law Enforcement Liability	100,000	10,000,000
				Errors & Omissions	50,000	1,000,000
				Mobile Equipment	5,000	As Scheduled
				Flood and Earthquake	25,000	5,000,000
				Boiler and Machinery	5,000	8,000,000
				Crime	2,500	250,000
				Workers' Compensation	N/A	350,000 *(SIR)
Tokio Marine HCC (TPA from TML)		H24NGP244512-00	10/1/24-9/30/25	Cyber Insurance - Core	See Below	See Below
				Bodily Injury Liability Coverage	\$ 50,000	\$ 250,000
				BrandGuard® Coverage		3,000,000
				Breach Event Costs Coverage	50,000	3,000,000
				Bricking Loss Coverage	50,000	3,000,000
				Court Attendance Costs Coverage	None	25,000
				Cyber Crime Coverage	50,000	250,000
				Cyber Extortion Coverage	50,000	3,000,000
				Dependent System Failure Coverage	50,000	3,000,000
				Multimedia Liability Coverage	50,000	3,000,000
				PCI DSS Liability Coverage	50,000	3,000,000
				Post Breach Remediation Costs Coverage	50,000	25,000
				Privacy Regulatory Defense and Penalties Coverage	50,000	3,000,000
				Property Damage Liability Coverage	50,000	50,000
				Property Damage Loss Coverage	50,000	50,000
				Reward Expenses Coverage	50,000	50,000
				Security and Privacy Liability Coverage	50,000	3,000,000
				System Failure Coverage	50,000	3,000,000
				TCPA Defense Coverage	50,000	50,000
The Hartford Casualty Insurance Co.	A+	61BSBJC9616	10/23/24-10/23/25	Fidelity Bond for Finance Dir.		250,000

CITY OF FARMERS BRANCH, TEXAS

TABLE 18

SCHEDULE OF INSURANCE POLICIES IN FORCE
SEPTEMBER 30, 2024
(UNAUDITED)

Mid-Continent Casualty Company	A+ IX	04-TOP-000054034	10/1/24-09/30/25	Pollution Liability	As Scheduled	1,000,000
QBE Ins Corporation	A	GS02069-25	1/1/25-12/31/25	Stop Loss Coverage	80,000	1,000,000

Source: City of Farmers Branch Human Resources Department

Notes: Claims Administrator - Workers' Compensation, TML Claims, 18601 LBJ Freeway, Suite 210, Town East Tower, Mesquite, Texas 75150.

*(SIR) "Self Insured Retention"

CONTINUING FINANCIAL DISCLOSURE SECTION
(Unaudited)

The Continuing Financial Disclosure Section presents various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of the fiscal year ending on or after September 30, 1999. The financial tables that follow are updated through September 30, 2025, from the last debt issues that were dated August 2022. This financial information is also sent to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the Securities and Exchange Commission ("SEC").

VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION DEBT
(UNAUDITED)

2025-2026 Market Valuation Established by DCAD		\$ 12,124,242,660
Less Exemptions/Reductions at 100% Market Value:		
Totally Exempt Parcels	\$ 617,599,950	
Homestead	506,557,558	
Capped Value Loss	325,243,343	
Over 65	236,296,128	
Freeport	208,267,301	
Pollution Control	36,807,737	
Agricultural	31,078,837	
Veteran 100% Disabled	15,019,091	
Disabled Persons	10,947,649	
Disabled Veterans	949,000	
Prorated Total Exempt	3,407,862	
Under 2500	862,020	
Mineral Rights	1,400	
Total Exemptions		1,993,037,876
 2025-2026 Net Taxable Assessed Valuation		 \$ 10,131,204,784
 City Funded Debt Payable from Ad Valorem Taxes		 \$ 70,730,000
Less: Self Supporting Debt		
Series 2011 General Obligation Refunding Bonds	(1) 590,000	
Series 2022 Certificates of Obligation	(2) 22,600,000	
Total		23,190,000
Net General Obligation Debt Payable from Ad Valorem Taxes		\$ 47,540,000
 General Obligation Interest and Sinking Fund		 1,495,701
Ratio of Gross General Obligation Tax Debt to Taxable Assessed Valuation		0.698%
Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation		0.469%

2026 Estimated Population - 40,246

Per Capita Taxable Assessed Valuation - \$251,732

Per Capita Funded Debt Payable from Ad Valorem Taxes - \$1,181

Notes:

(1) This debt consists of General Obligation Refunding Bonds, Taxable Series 2011, which are self-supporting based upon amounts received under a Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P., with respect to the Dallas Stars Ice Skating facility located in the City. Payments under the Lease are not pledged to the payment of the bonds. If the City determines not to use payments under the Lease, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations.

(2) Debt service related to the Certificates are expected to be self-supported by The Multi-sport Complex Lease and Operation Agreement (the "Complex Lease") to be entered into between the City and the Dallas Stars, L.P. Payments under the Complex Lease are not pledged to the payment of the Certificates. If the City determines not to use payments under the Complex Lease to pay the debt service on the Certificates the City will be required to assess an ad valorem tax to pay such obligations.

TAXABLE ASSESSED VALUATIONS BY CATEGORY
(UNAUDITED)

	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 3,725,386,170	30.73%	\$ 3,844,082,670	32.03%	\$ 3,400,539,400	30.67%
Real, Residential, Multi-Family	2,048,632,980	16.90%	2,067,321,710	17.23%	1,977,994,380	17.84%
Real, Vacant Lots/Tracts	225,954,290	1.86%	183,203,220	1.53%	178,235,680	1.61%
Real, Commercial	4,505,214,640	37.16%	4,262,714,340	35.52%	3,743,777,730	33.77%
Real, Industrial	38,595,570	0.32%	34,189,750	0.28%	31,106,870	0.28%
Real, Oil, Gas, and Other Mineral Reserves	1,400	0.00%	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	117,402,300	0.97%	109,144,130	0.91%	109,249,730	0.99%
Tangible Personal, Commercial	1,258,179,530	10.38%	1,278,294,800	10.65%	1,437,761,640	12.97%
Tangible Personal, Industrial	204,875,780	1.69%	220,793,430	1.84%	207,985,080	1.88%
Total Appraised Value Before Exemptions	12,124,242,660	100.00%	11,999,745,450	100.00%	11,086,651,910	100.00%
Less: Total Exemptions/Reductions	<u>1,993,037,876</u>		<u>2,072,539,703</u>		<u>1,806,535,345</u>	
Taxable Assessed Value	<u>\$ 10,131,204,784</u>		<u>\$ 9,927,205,747</u>		<u>\$ 9,280,116,565</u>	

	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 2,852,485,430	29.48%	\$ 2,412,356,700	28.98%
Real, Residential, Multi-Family	1,741,961,480	18.00%	1,441,680,070	17.32%
Real, Vacant Lots/Tracts	177,592,600	1.84%	192,020,310	2.31%
Real, Commercial	3,341,712,310	34.53%	2,868,687,670	34.46%
Real, Industrial	23,002,020	0.24%	23,531,410	0.28%
Real, Oil, Gas, and Other Mineral Reserves	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	95,975,470	0.99%	102,465,320	1.23%
Tangible Personal, Commercial	1,262,178,500	13.04%	1,097,355,400	13.18%
Tangible Personal, Industrial	181,644,990	1.88%	185,619,700	2.23%
Total Appraised Value Before Exemptions	9,676,554,200	100.00%	8,323,717,980	100.00%
Less: Total Exemptions/Reductions	<u>1,610,345,211</u>		<u>1,344,344,545</u>	
Taxable Assessed Value	<u>\$ 8,066,208,989</u>		<u>\$ 6,979,373,435</u>	

Notes:

Valuations shown are certified taxable assessed values reported by the Dallas Central Appraisal District (DCAD) to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the DCAD updates records.

VALUATION AND GENERAL OBLIGATION DEBT HISTORY
(UNAUDITED)

FISCAL YEAR	ESTIMATED POPULATION (1)	TAXABLE ASSESSED VALUATION	TAXABLE ASSESSED VALUATION PER CAPITA (2)	G.O. TAX DEBT OUTSTANDING AT END OF YEAR (3)	RATIO OF G.O. TAX DEBT TO TAXABLE ASSESSED VALUATION (2)	G.O. TAX DEBT PER CAPITA (2)(3)
2022	38,143	\$ 6,951,338,755	\$ 182,244	\$ 74,861,055	1.08%	1,963
2023	38,615	8,066,208,989	208,888	69,710,771	0.86%	1,805
2024	39,070	9,280,116,565	237,525	65,631,928	0.71%	1,680
2025	40,246	9,927,205,747	246,663	65,751,051	0.66%	1,634
2026	40,246	10,131,204,784	251,732	73,537,346	0.73%	1,827

Notes:

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates, with the exception of Fiscal Year 2020 and 2021, which are based on the estimated US Census. The US Census Bureau subsequently lowered their original 2020 population estimate in July 2021. Beginning in Fiscal Year 2022, the NCTCOG estimates published in January were used. The current fiscal year is a projection.

(2) As reported by the Dallas Central Appraisal District on the City's Annual State Property Tax Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt Taxable Series 2011 General Obligation Refunding Bonds and Series 2022 Certificates of Obligation. Excludes direct placement offerings.

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-4

TAX RATE, LEVY, AND COLLECTION HISTORY
 LAST FIVE FISCAL YEARS
 (UNAUDITED)

<u>FISCAL YEAR</u>	<u>TAX RATE</u>	<u>GENERAL FUND</u>	<u>I & S FUND</u>	<u>TOTAL ADJUSTED TAX LEVY</u>	<u>% CURRENT COLLECTIONS</u>	<u>% TOTAL COLLECTIONS</u>
2022	\$ 0.5890	\$ 0.5272	\$ 0.0618	\$ 42,076,048	100.29%	99.80%
2023	0.5890	0.5308	0.5820	47,680,821	101.57%	99.97%
2024	0.5690	0.5204	0.0486	51,880,314	101.47%	99.53%
2025	0.5435	0.4893	0.0542	53,954,363	97.53%	97.53%
2026	0.5435	0.4846	0.0589	55,063,098		

TEN LARGEST TAXPAYERS
FISCAL YEAR 2026
(UNAUDITED)

TAXPAYER	NATURE OF PROPERTY	TAXABLE VALUE	PERCENTAGE OF TOTAL CERTIFIED TAXABLE VALUE
WRIA 2017 LP	Real Estate Development	\$ 204,497,560	2.02%
JDFW Boardwalk LLC	Real Estate Development	190,000,000	1.88%
Luxia Gallery House LLC	Apartment Complex	164,000,000	1.62%
Royal TX Partners LLC	Real Estate - Office/Showroom	134,500,000	1.33%
UDR Canal I LLC	Real Estate Development	129,000,000	1.27%
IP2 Owner LP	Real Estate Development	118,692,500	1.17%
Mercer Acquisition LLC	Real Estate Development	107,500,000	1.06%
VAF2 Mack Lakeside LLC	Real Estate Development	105,600,000	1.04%
5005 LBJ Tower LLC	Real Estate Development	105,416,490	1.04%
Lakeview at Parkside	Apartment Complex	102,000,000	1.01%
		<u>\$ 1,361,206,550</u>	<u>13.44%</u>

Source: Dallas County, "City Report of Property Value," City of Farmers Branch. The total certified taxable value for the 2025-26 fiscal year is \$10,131,204,784.

TAX ADEQUACY
(UNAUDITED)

2026 Principal and Interest Requirements (1)	\$	5,391,950
\$0.0538 Tax Rate at 99% Collection Produces		5,396,082
Average Annual Principal and Interest Requirements, 2026-2047 (1)	\$	2,673,558
\$0.0267 Tax Rate at 99% Collection Produces		2,677,981
Maximum Annual Net Principal and Interest Requirements, 2028	\$	5,531,659
\$0.0552 Tax Rate at 99% Collection Produces		5,536,501

Note:

(1) Excludes self-supporting debt Taxable Series 2011 General Obligation Refunding Bonds and Series 2022 Certificates of Obligation for the Dallas Stars Multi-Sport Complex.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
(UNAUDITED)

FISCAL YEAR	OUTSTANDING DEBT (1)			LESS SELF- SUPPORTING DEBT (2)	NET DEBT SERVICE REQUIREMENTS	% OF PRINCIPAL RETIRED
	PRINCIPAL	INTEREST	TOTAL			
2026	\$ 4,945,000	\$ 2,690,168	\$ 7,635,168	\$ 2,243,218	\$ 5,391,950	
2027	4,530,000	2,504,339	7,034,339	1,643,089	5,391,250	
2028	4,850,000	2,320,246	7,170,246	1,638,586	5,531,660	
2029	5,045,000	2,124,524	7,169,524	1,642,581	5,526,943	
2030	4,355,000	1,942,254	6,297,254	1,639,998	4,657,256	33.54%
2031	4,145,000	1,784,702	5,929,702	1,640,748	4,288,954	
2032	4,310,000	1,628,565	5,938,565	1,639,434	4,299,131	
2033	4,465,000	1,471,117	5,936,117	1,640,798	4,295,319	
2034	4,180,000	1,320,071	5,500,071	1,639,746	3,860,325	
2035	3,560,000	1,182,332	4,742,332	1,641,126	3,101,206	62.75%
2036	3,690,000	1,050,634	4,740,634	1,639,749	3,100,885	
2037	3,665,000	911,767	4,576,767	1,640,758	2,936,009	
2038	3,805,000	769,753	4,574,753	1,638,603	2,936,150	
2039	2,345,000	648,493	2,993,493	1,643,249	1,350,244	
2040	1,505,000	566,218	2,071,218	1,640,418	430,800	83.97%
2041	1,575,000	496,212	2,071,212	1,640,112	431,100	
2042	1,650,000	422,893	2,072,893	1,642,093	430,800	
2043	1,725,000	345,351	2,070,351	1,640,451	429,900	
2044	1,805,000	263,431	2,068,431	1,640,031	428,400	
2045	1,455,000	186,345	1,641,345	1,641,345	-	95.58%
2046	1,525,000	114,274	1,639,274	1,639,274	-	
2047	1,600,000	38,696	1,638,696	1,638,696	-	100.00%
	<u>\$ 70,730,000</u>	<u>\$ 24,782,384</u>	<u>\$ 95,512,384</u>	<u>\$ 36,694,102</u>	<u>\$ 58,818,281</u>	

Notes:

(1) "General Obligation Bonds" do not include lease/purchase obligations. Debt includes premiums/discounts.

(2) Self-Supporting Debt: Taxable Series 2011 General Obligation Refunding Bonds and Series 2022 Certificates of Obligation for the Dallas Stars Multi-Sport Complex.

INTEREST AND SINKING FUND BUDGET PROJECTION
(UNAUDITED)

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2026		\$ 5,391,950
Interest and Sinking Fund, 9/30/2025	1,495,701	
Budgeted Interest and Sinking Fund Tax Levy	<u>5,691,400</u>	
Budgeted Penalty and Interest	20,000	<u>7,207,101</u>
Estimated Balance, 9/30/2026		<u><u>\$ 1,815,151</u></u>

Note:

(1) Excludes self-supporting debt Taxable Series 2011 General Obligation Refunding Bonds and Series 2022 Certificates of Obligation for the Dallas Stars Multi-Sport Complex.

COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)

Budgeted Fiscal Year 2025 Stars Center Revenues (1)	\$	3,100,000
Less: Requirements for Taxable Series 2011 Bonds and Taxable 2022 Certificates		2,243,218
Balance Available for Other Purposes	\$	856,782

Notes:

(1) The General Obligation Refunding Bonds, Taxable Series 2011 refunded the Combination Tax and Revenue Certificates of Obligation, Taxable Series 2004 which were self-supporting general obligation debt based upon amounts received under the terms of a Ground Lease Agreement (the "Lease") between the City and the lessee, the Dallas Stars L.P. (the "Dallas Stars"), which Lease relates to the community-style recreational ice-skating and conference facility financed in part with the proceeds of the Series 2004 Taxable Certificates. The obligation of the Dallas Stars to make lease payments to the City to support the payment of the bonds is dependent on the satisfaction of certain ongoing requirements in the Lease. The City currently transfers Lease payments to the debt service fund to pay debt service on the bonds and anticipates it will continue to do so. If the City discontinues such transfers, the City will be required to assess an ad valorem tax for the payment of the Taxable Series 2011 Bonds.

HOTEL/MOTEL TAX REVENUE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>FISCAL</u> <u>YEAR</u>	<u>HOTEL/MOTEL</u> <u>TAX REVENUE</u>	<u>NUMBER</u> <u>OF ROOMS</u>
2016	\$ 2,959,667	2,137
2017	2,892,655	2,137
2018	2,849,666	1,957
2019	3,115,374	2,146
2020	1,794,067	2,272
2021	1,683,018	2,272
2022	2,913,839	2,273
2023	3,341,512	2,273
2024	3,515,051	2,159
2025	3,494,682	2,161

HOTEL OCCUPANCY TAXPAYERS
 SEPTEMBER 30, 2024
 (UNAUDITED)

HOTEL	NUMBER OF ROOMS	TAXES PAID	% OF TOTAL
Doubletree by Hilton Dallas Near the Galleria	290	\$ 677,570	19.39%
Sheraton Dallas Hotel by the Galleria	317	635,658	18.19%
Renaissance Dallas North	337	591,342	16.92%
Doubletree by Hilton Dallas-Farmers Branch	160	409,417	11.72%
Hampton Inn & Suites	116	317,018	9.07%
Holiday Inn Express & Suites	104	213,530	6.11%
Airbnb	Varies	149,935	4.29%
Candlewood Suites	86	139,996	4.01%
Comfort Inn & Suites (aka Parkside Hotel)	106	118,550	3.39%
Motel 6 Dallas	108	74,997	2.15%
Wyndam Corporation	350	61,233	1.75%
Super 8 North Dallas	51	36,077	1.03%
Days Inn (Peter Scott Investment LLC)	51	30,176	0.86%
Extended Stay America #6069	83	23,935	0.68%
Stripe Accounts-Short Term Rentals	Varies	14,746	0.42%
Farmers Branch 11th Tee Golf Retreat	1	260	0.01%
FBDA Solutions	1	242	0.01%
	<u>2,161</u>	<u>\$ 3,494,682</u>	<u>100.00%</u>

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-12

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES
 FISCAL YEARS ENDED SEPTEMBER 30
 (UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES:					
Program revenues:					
Charges for services	\$ 25,811,083	\$ 19,240,981	\$ 27,271,284	\$ 15,283,649	\$ 16,709,860
Operating grants and contributions	2,293,873	815,576	2,356,770	930,087	1,565,257
Capital grants and contributions	264,047	1,349,652	1,733,548	457,008	4,164,801
General revenues:					
Taxes:					
Property taxes, levied for general purposes	44,369,907	45,710,705	42,362,924	36,920,934	34,131,625
Property taxes, levied for debt service	5,230,610	4,451,622	4,799,484	4,414,339	4,973,900
Sales and use taxes	25,051,912	24,406,225	25,344,604	24,413,463	18,737,374
Hotel/motel taxes	3,494,683	3,515,051	3,341,512	2,913,839	1,683,018
Franchise taxes	3,840,790	3,791,350	3,870,277	3,856,016	3,885,156
Tax increment financing	2,701,779	2,011,454	1,501,804	860,064	1,557,120
Investment income (loss)	5,323,681	7,459,624	5,280,165	(353,710)	1,031,746
Grants not restricted to a specific purpose	2,555,010	5,078,575	1,745,580	2,546,527	
Gain on sale/retirement and miscellaneous	1,417,415	434,537	1,442,422	149,346	41,584
Total revenues	<u>122,354,790</u>	<u>118,265,352</u>	<u>121,050,374</u>	<u>92,391,562</u>	<u>88,481,441</u>
EXPENSES:					
General government	24,136,616	21,150,357	27,032,249	20,254,045	17,255,980
Public safety	39,066,954	38,959,551	36,077,852	24,240,573	26,422,950
Public works	13,587,126	15,389,261	24,718,438	14,182,657	14,984,662
Culture and recreation	18,864,600	18,277,084	16,848,177	16,005,075	13,626,946
Principal retirement	-	-	-	417,521	
Interest on long-term debt	2,753,963	1,540,892	2,873,370	2,064,562	1,527,200
Unallocated depreciation	179,963	178,508	487,635	466,577	145,929
Total expenses	<u>98,589,222</u>	<u>95,495,653</u>	<u>108,037,721</u>	<u>77,631,010</u>	<u>73,963,667</u>
Change in net position before transfers	23,765,568	22,769,699	13,012,653	14,760,552	14,517,774
Transfers	<u>5,527,975</u>	<u>5,143,651</u>	<u>5,117,095</u>	<u>4,739,339</u>	<u>3,899,519</u>
Change in net position	29,293,543	27,913,350	18,129,748	19,499,891	18,417,293
Net position--beginning	<u>(54,408,129)</u>	<u>(82,321,479)</u>	<u>(100,451,227)</u>	<u>(119,951,118)</u>	<u>(138,368,411)</u>
Net position--ending	<u>\$ (25,114,586)</u>	<u>\$ (54,408,129)</u>	<u>\$ (82,321,479)</u>	<u>\$ (100,451,227)</u>	<u>\$ (119,951,118)</u>

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-13

GENERAL FUND REVENUE AND EXPENDITURE HISTORY
FISCALS YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	FISCAL YEARS ENDED SEPTEMBER 30				
	2025	2024	2023	2022	2021
REVENUES					
Property, sales, and franchise taxes	\$ 72,823,775	\$ 73,781,761	\$ 71,389,979	\$ 64,703,376	\$ 56,693,276
Licenses and permits	2,331,253	2,252,812	2,137,679	2,700,392	3,810,089
Charges for services	12,501,231	11,924,395	10,618,829	9,698,983	8,416,478
Fines and forfeitures	2,621,379	2,061,087	1,147,804	1,159,482	1,447,925
Investment income (loss)	2,606,205	3,455,945	2,426,916	(302,292)	272,084
Miscellaneous	751,847	76,826	235,435	78,887	36,370
Total revenues	<u>93,635,690</u>	<u>93,552,826</u>	<u>87,956,642</u>	<u>78,038,828</u>	<u>70,676,222</u>
EXPENDITURES					
General government	20,747,419	18,967,250	23,855,846	15,209,950	14,509,967
Public safety	37,401,702	36,291,073	32,755,001	28,891,395	27,236,275
Public works	10,349,921	10,673,908	9,863,308	9,564,782	10,067,222
Culture and recreation	14,025,327	13,880,029	13,016,008	12,543,218	14,063,704
Principal retirement	326,451	389,947	302,872	69,556	
Interest and fiscal agent charges	10,863	21,997	-	28,465	
Capital outlay	4,685,100	4,133,686	3,490,302	2,446,069	
Total expenditures	<u>87,546,783</u>	<u>84,357,890</u>	<u>83,283,337</u>	<u>68,753,435</u>	<u>65,877,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,088,907</u>	<u>9,194,936</u>	<u>4,673,305</u>	<u>9,285,393</u>	<u>4,799,054</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	6,234,383	5,593,900	5,929,100	5,307,900	5,013,400
Transfers out	(3,290,000)	(8,107,463)	(9,996,000)	(8,469,700)	(3,620,881)
Sale of capital assets/insurance recoveries	405,705	333,177	956,852	167,281	258,054
Issuance of SBITAs	408,612	245,460	640,087		
Total other financing sources	<u>3,758,700</u>	<u>(1,934,926)</u>	<u>(2,469,961)</u>	<u>(2,994,519)</u>	<u>1,650,573</u>
Net change in fund balance	9,847,607	7,260,010	2,203,344	6,290,874	6,449,627
Fund balances--beginning	<u>45,780,565</u>	<u>38,520,555</u>	<u>36,317,211</u>	<u>30,026,337</u>	<u>23,576,710</u>
Fund balances--ending	<u>\$ 55,628,172</u>	<u>\$ 45,780,565</u>	<u>\$ 38,520,555</u>	<u>\$ 36,317,211</u>	<u>\$ 30,026,337</u>

MUNICIPAL SALES TAX HISTORY
 LAST FIVE FISCAL YEARS
 (UNAUDITED)

FISCAL YEAR	TOTAL COLLECTED	% OF AD VALOREM TAX LEVY	EQUIVALENT OF AD VALOREM TAX RATE	PER CAPITA
2021	\$ 18,737,374	50.89%	0.2997	520.61
2022	24,413,463	59.63%	0.3512	640.05
2023	25,344,604	53.35%	0.3142	656.34
2024	24,406,225	46.22%	0.2630	624.68
2025	25,051,912	46.43%	0.2524	622.47

The sales tax breakdown for the City is as follows:

Dallas Area Rapid Transit (DART)	1.00¢
City Sales and Use Tax	1.00¢
State Sales and Use Tax	<u>6.25¢</u>
Total	<u><u>8.25¢</u></u>

CURRENT INVESTMENTS
 SEPTEMBER 30, 2025
 (UNAUDITED)

<u>DESCRIPTION OF INVESTMENT</u>	<u>% OF PORTFOLIO</u>	<u>PURCHASE PRICE</u>	<u>MARKET VALUE</u>
TexPool	50.26%	\$ 64,254,314	\$ 64,254,314
Municipal Obligations	22.67%	27,671,957	28,986,614
Federal Farm Credit Bank	15.83%	20,232,902	20,237,669
US Treasury Bill	7.32%	9,372,266	9,354,883
Federal Home Loan Bank Notes	3.92%	4,997,650	5,017,280
	<u>100.00%</u>	<u>\$ 126,529,089</u>	<u>\$ 127,850,760</u>

HISTORICAL WATER AND WASTEWATER USAGE
 LAST FIVE FISCAL YEARS
 (UNAUDITED)

FISCAL YEAR	WATER USAGE AMOUNT IN GALLONS (000)			WASTEWATER CONSUMPTION AMOUNT IN GALLONS (000)
	TOTAL CONSUMPTION	PEAK DAY	AVERAGE DAY	TOTAL USAGE
2021	2,772,384	11,665	7,596	1,594,355
2022	2,756,901	14,379	7,553	1,525,702
2023	2,975,996	11,084	8,153	1,552,049
2024	2,632,272	12,620	7,212	1,751,762
2025	2,931,537	12,240	8,032	1,652,546

Note: Total consumption represents total gallons of water purchased by the City.

TOP TEN WATER CONSUMERS
 SEPTEMBER 30, 2025
 (UNAUDITED)

CONSUMER	TYPE OF INDUSTRY	2024-25	% OF	2024-25	% OF
		CONSUMPTION (GALLONS)	TOTAL CONSUMPTION	REVENUES	REVENUES
Wolfspeed Inc.	Technology (Chipmaker)	27,061,000	1.43%	\$ 190,244	1.27%
VAF2 (Lakeside) LLC	Real Estate	26,766,000	1.41%	221,880	1.48%
DFW Mercer Apartments LLC	Multi-Family Housing	25,419,000	1.34%	213,910	1.43%
Royal Texas Partners LLC	Multi-Family Housing	22,871,000	1.21%	207,766	1.39%
Luxia Gallery House LLC	Multi-Family Housing	21,608,000	1.14%	223,667	1.49%
UDR Canal LLC	Multi-Family Housing	21,194,000	1.12%	175,447	1.17%
Lakeview at Parkside	Multi-Family Housing	20,331,000	1.07%	207,742	1.39%
Mansions at Mercer Crossing	Multi-Family Housing	19,201,000	1.01%	168,543	1.13%
Brookhaven Brooks Golf Club	Country Club	18,753,000	0.99%	133,738	0.89%
Mustang Station	Real Estate	18,458,000	0.97%	182,515	1.22%

MONTHLY WATER AND SEWER RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	BASE				BASE		
	2,000 GALLONS (1)	NEXT 8,000 GALLONS	NEXT 10,000 GALLONS	OVER 20,000 GALLONS	2,000 GALLONS	NEXT 8,000 GALLONS (2)	OVER 10,000 GALLONS (2)
2016	\$ 16.44	\$ 4.47	\$ 5.03	\$ 5.22	\$ 17.19	\$ 2.33	\$ 2.33
2017	17.92	4.87	5.48	5.69	18.74	2.54	2.54
2018	19.75	5.40	6.05	6.30	20.65	2.80	3.80
2019	20.94	5.72	6.41	6.68	21.89	2.97	4.03
2020	21.99	6.01	6.73	7.01	22.99	3.12	4.23
2021	21.99	6.01	6.73	7.01	22.99	3.12	4.23
2022	21.99	6.01	6.73	7.01	22.99	3.12	4.23
2023	10.99 / 21.99	6.01	6.73	7.01	22.99	3.12	4.23
2024	21.99	6.01	6.73	7.01	22.99	3.12	4.23
2025	21.99	6.01	6.73	7.01	22.99	3.12	4.23

OVERSIZED METER CHARGES:

Meter Size	Meter Charge
5/8" or 3/4"	N/A
1"	"\$ 8.79
1 1/2"	"17.59
2"	"41.68
3"	"219.48
4"	"285.32
6"	"438.91
8"	"614.49

Notes:

Rates are based on 3/4" and 5/8" meters, which are the standard household meter sizes. The City charges an additional rate for non-standard meter sizes.

(1) In fiscal year 2023, the base water rate for residential customers was lowered to \$10.99 effective for one year.

(2) Private residents are not charged for sewer beyond 10,000 gallons. However, this cap will be removed beginning in fiscal year 2025-26.

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-19

CONDENSED STATEMENT OF WATER AND SEWER SYSTEM OPERATIONS
 FISCAL YEARS ENDED SEPTEMBER 30
 (UNAUDITED)

	2025	2024	2023	2022	2021	2020
REVENUES						
Charges for services	\$ 30,960,001	\$ 30,752,465	\$ 30,366,063	\$ 30,886,842	\$ 27,321,970	\$ 26,312,327
Investment income (loss)	882,456	1,149,241	624,620	(339,664)	(15,076)	188,591
Miscellaneous	3,202		12,251	44,782	7,658	16,355
Total revenues	<u>31,845,659</u>	<u>31,901,706</u>	<u>31,002,934</u>	<u>30,591,960</u>	<u>27,314,552</u>	<u>26,517,273</u>
EXPENSES						
Personal services	2,376,926	2,527,873	2,458,272	1,681,001	1,932,363	2,263,041
Materials and supplies	348,574	288,771	315,268	286,416	265,954	256,041
Maintenance and utilities	2,219,843	2,092,424	1,559,905	1,748,986	1,443,145	1,198,884
Purchase of water	7,728,751	7,060,234	6,803,355	6,668,954	5,658,171	5,424,919
Sewage treatment	6,190,619	5,526,428	5,224,506	4,615,631	4,782,110	4,188,084
Total expenses	<u>18,864,713</u>	<u>17,495,730</u>	<u>16,361,306</u>	<u>15,000,988</u>	<u>14,081,743</u>	<u>13,330,969</u>
Net available for debt service	<u>\$ 12,980,946</u>	<u>\$ 14,405,976</u>	<u>\$ 14,641,628</u>	<u>\$ 15,590,972</u>	<u>\$ 13,232,809</u>	<u>\$ 13,186,304</u>
CUSTOMERS	11,011	11,269	11,254	11,242	10,784	10,477

Notes:

The above calculation of amounts available for payment of system debt service excludes non-cash expenses such as depreciation and amortization. Debt service payments are also excluded. Certain nonoperating revenue sources, principally investment income, are included.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS
(UNAUDITED)

PURPOSE	DATE AUTHORIZED	AMOUNT AUTHORIZED	AMOUNT PREVIOUSLY ISSUED	UNISSUED BALANCE
				\$
		\$ -	\$ -	

COVERAGE AND FUND BALANCES

As of September 30, 2025, the City has no water and sewer revenue bonds outstanding and no authorized but unissued revenue debt.