

City of Farmers Branch, Texas
Annual Comprehensive Financial Report
For the Year Ended September 30, 2023

City Council:

Terry Lynne	Mayor
Omar Roman	Deputy Mayor Pro Tem, District 1
Martin Baird	District 2
Tina Bennett-Burton	District 3
Richard Jackson	Mayor Pro Tem, District 4
David Merritt	District 5



(From Left) Mayor Pro Tem Richard Jackson, Councilwoman Tina Bennett-Burton, Deputy Mayor Pro Tem Omar Roman, Mayor Terry Lynne, Councilman Martin Baird, Councilman David Merritt

City Manager
Benjamin Williamson

Prepared by the
City of Farmers Branch Finance Department
Tammy Zimmerman, CPA
Director of Finance, Fleet and Facilities

**Annual Comprehensive Financial Report
For the Year Ended September 30, 2023**

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**FARMERS
BRANCH**

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

March __, 2024

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Farmers Branch, Texas for the year ended September 30, 2023.

This report is published to provide the City Council, our citizens, City staff, the public and other interested readers with detailed information concerning the financial position and activities of the City. Management has prepared the report and is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Also included in this report are unmodified ("clean") opinions on the City of Farmers Branch's financial statements for the year ended September 30, 2023, issued by FORVIS. Additionally, FORVIS has issued a management letter with noted suggestions to improve internal controls related to capital assets. Management welcomes these comments as an opportunity for continued process improvements in financial controls. The independent auditor's report is located at the beginning of the financial section of the ACFR.

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

REPORTING ENTITY

The Texas Local Government Code (§103.001) requires management to present a draft of annual audits of municipalities and the City Charter (Sec. 2-18) requires an annual audit of the books of account, financial records, and other evidence of transactions by a certified public accountant within 120 days of the end of the fiscal year.

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 operation. The Farmers Branch Tax Increment Financing Districts No. 2 and No. 4, Farmers Branch Tax Increment Reinvestment Zone No. 3, 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 (See Note 1.A).

PROFILE OF THE GOVERNMENT

The City of Farmers Branch (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 only minutes from Farmers Branch. These factors all contribute to the favorable business climate existing within the City.

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 six non-partisan Council members, including the Mayor, to be elected to staggered terms of three years, with the terms of two members expiring every year. Term limits allow two terms for at-large members and an additional two terms for an at-large member who becomes Mayor. 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 is the chief executive officer for the City.

Although the residential population has recently been estimated at 38,615, Farmers Branch serves a daytime population of 66,000 (per the United States Census Bureau's *American Community Survey – 1 Year Preliminary Estimate*). City service departments provide a full range of services including police and fire protection, emergency ambulance service, municipal courts, building code enforcement, library, parks and recreation, tourism, water/sewer and stormwater utility services, sanitation/solid waste services, traffic engineering, and construction and maintenance of streets and infrastructure. The City currently supports a staff of 470.22 full time equivalent employees.

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

The Dallas-Fort Worth area has an incredibly diversified economy, a low unemployment rate, a growing labor force, low cost of living, affordable real estate, and a superior business climate. The City of Farmers Branch unemployment rate as of September 2023 was 3.8%. The median per capita family income in Farmers Branch was \$43,681 and the median age for the City's population of 38,615 is 34.1.

According to the Federal Reserve Bank of Dallas' Economic Update published December 21, 2023, Texas economic growth slowed in the fourth quarter, with job growth falling sharply in October and business activity contracting slightly in November. Despite the slowing of employment growth, during the fourth quarter the top sectors were trade, transportation and utilities; professional and business services and education and health.



The City's broadly diversified economic base supports home furnishings, financial, high-tech, insurance, and telecommunications industries, and includes many of the nation's foremost businesses. Slightly more than seventy-four percent (74.42%) of the City's tax base comes from the business community.

Long Range Financial Planning

The City's responsiveness to emerging economic challenges and its long-term planning have been key factors in its fiscal health. The City has a six-year financial plan and a seven-year capital improvement plan where departments reevaluate project priorities, review funding sources, and identify new projects as needed. Using this plan allows the City to plan the timing of projects associated with debt issuance and the effects on the tax rate. The ratings on the City's General Obligation (GO) certificates of obligation debt outstanding are AAA by Standard and Poor's (SAP) and AA+ by Fitch. The City has no Water and Sewer Revenue Bonds.

S&P's last rating report supporting the 'AAA' rating cited improved income and property wealth metrics, 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, and lower debt burden compared with state peers. Also noted was that while the city's commercial and office space sector continues to grow, its property tax base has diversified due to growth in single-family and multi-family housing.

Fiscal Year 2023 Highlights

During fiscal year 2023, the City accomplished many initiatives to enhance livability, improve personal experience, invest in the future, and celebrate the successes. From quality neighborhoods to park development, community safety, and environmental initiatives, it's no surprise that people move here to experience the quality of life the citizens of Farmers Branch enjoy.

The City continues to meet the growing diversity of residents by adding a variety of housing types--single-family homes, townhomes, and multifamily units. The addition of new housing and mixed-use development should help to balance out revenue activity between commercial and residential revenue sources. Permit activity showed revenue growth across all development types, due largely to development activity on the City's west side.

The fiscal year 2022-23 budget was prepared with the objectives of continuing significant investments in capital improvements, maintaining the financial strength of the City, meeting the needs of citizens, implementing the priorities of the City Council, and maintaining AAA-rated financial performance. The budget was developed to be responsive to residents and businesses feeling financial stress and included no increase in the property tax rate; a two-cent tax refund to all property taxpayers; a one-year reduction in the residential water base rate of \$11 per month (annual savings of \$132 per residential customer); a \$20,000 increase in the over-65 exemption (for a total exemption of \$100,000); a \$40,000 increase in the disabled persons exemption (for a total exemption of \$100,000); continued spending related to the American Rescue Plan Act (ARPA); funding the transition to a 20-year retirement plan; and, continued funding to assist residents with food and rental-assistance expenditures.

During the 2020-21 fiscal year, the ARPA federal program allocated \$11.9 million to the City with funding to be provided in two equal payments over two years. The City continued the plans started during Fiscal Year 2021-22 related to this funding, which included completing a variety of projects to greatly improve city infrastructure, public safety and parks.

The property tax rate of 58.9 cents per \$100 valuation was maintained for the 2022-23 fiscal year, which continued to position Farmers Branch at one of the lowest rates in Dallas County. In previous budget years, the Coronavirus pandemic impacted several revenue sources, including sales tax and hotel/motel occupancy tax revenues. Sales tax revenues can fluctuate greatly due to national, state and local economic conditions; however, the 2022-23 budget anticipated a return to pre-pandemic sales tax revenue levels and a gradual return of hotel/motel occupancy revenues. Sales tax revenue growth exceeded expectations and provided the means to create a new revenue stabilization fund. The City continues its efforts in sales tax audits to ensure all appropriate sales tax revenue is received.

Funding was provided for an increase in both Police and Fire pay and staff merit increases, which was partially offset by the advance funding of 2022-23 fixed assets in the 2021-22 fiscal year. Additionally, nine new full-time employees were added primarily to help support public safety needs in our growing city.

The budget provided for approximately \$1.4 million for the continued update of the computer-aided dispatch system at NTECC and also included additional funding for fire department medical devices to assist with patient transport.

The expansion approval for the City's Camelot Landfill combined with the closing announcement of a nearby private landfill provided significant future revenue growth opportunity. Plans are to direct a significant portion of this new revenue towards prepaying closure/post-closure costs anticipated in 31 years and the continuation of funding \$1 million annually towards these costs.

Relevant 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, the City of Farmers Branch charter, and internal management laws, and are reviewed on a periodic basis.

The City invests funds prudently and has adopted an investment policy, which is reviewed annually by the City Council as prescribed by State law. Staff also provides financial and investment reports on a quarterly report basis for City Council review. The City's investment practice is to buy securities and hold them to maturity to avoid potential losses from a sale. During fiscal year 2023, the City complied with all aspects of the investment policy. All other policies (accounting, budgeting, procurement, capital improvements, asset management, and risk management) are internal policies approved by the Finance department and City Manager. On a quarterly basis, the Finance Department prepares financial and investment reports that are presented to the City Council.

The City's fund balance/operating position concept continues to be an important factor in policy decisions. The concept notes that the City will strive to maintain a general fund unassigned fund balance to be used for unanticipated emergencies with a low end of 15% and a high end of 20% of the actual general fund expenditures plus other financing sources and uses. These monies will be used to avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowing, and assist in maintaining an investment-grade rating.

Internal Control

Management of the City, through its Finance Department, is responsible for the implementation, maintenance, and monitoring of a set of comprehensive internal controls. The goal of the City's system of internal control is to limit opportunity for theft, fraud, or abuse by ensuring adequate separation of duties and systematic monitoring with a positive control environment set at the top of the organization. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

AWARDS AND ACKNOWLEDGMENTS

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, 2022. The City has received this prestigious award for thirty-four 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.

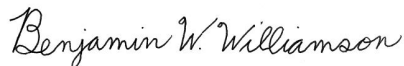
A Certificate of Achievement is valid for a period of one year only. The City believes its current financial statements continue to meet the Certificate of Achievement Program requirements and is submitting it to the GFOA to determine eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2022. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the finance department and our independent auditors. We would also like to express sincere appreciation to all employees who contributed to its preparation.

In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

Sincerely,



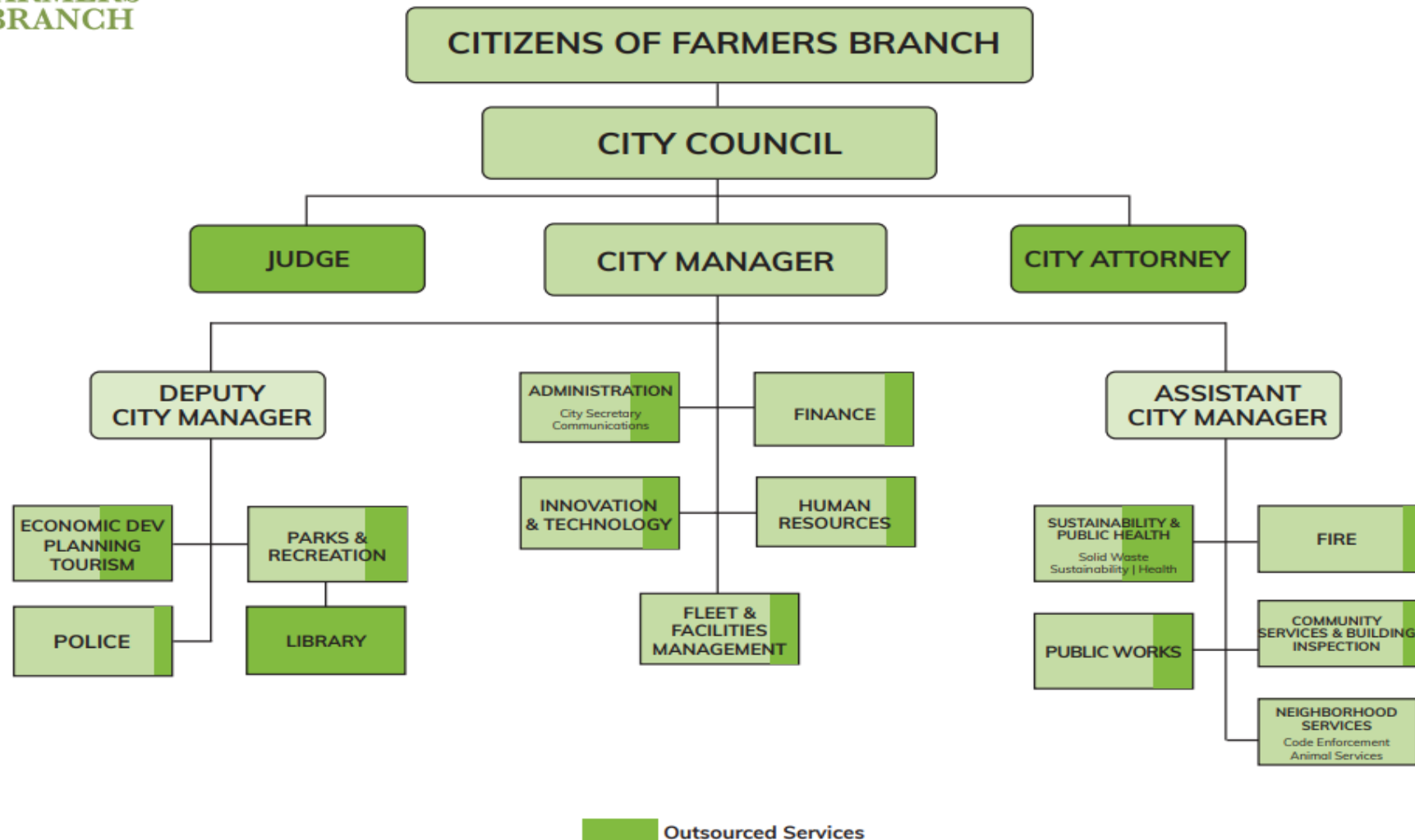
Benjamin Williamson
City Manager



Tammy Zimmerman, CPA
Director of Finance, Fleet and Facilities



CITY OF FARMERS BRANCH FY 2022-23 ORGANIZATION CHART



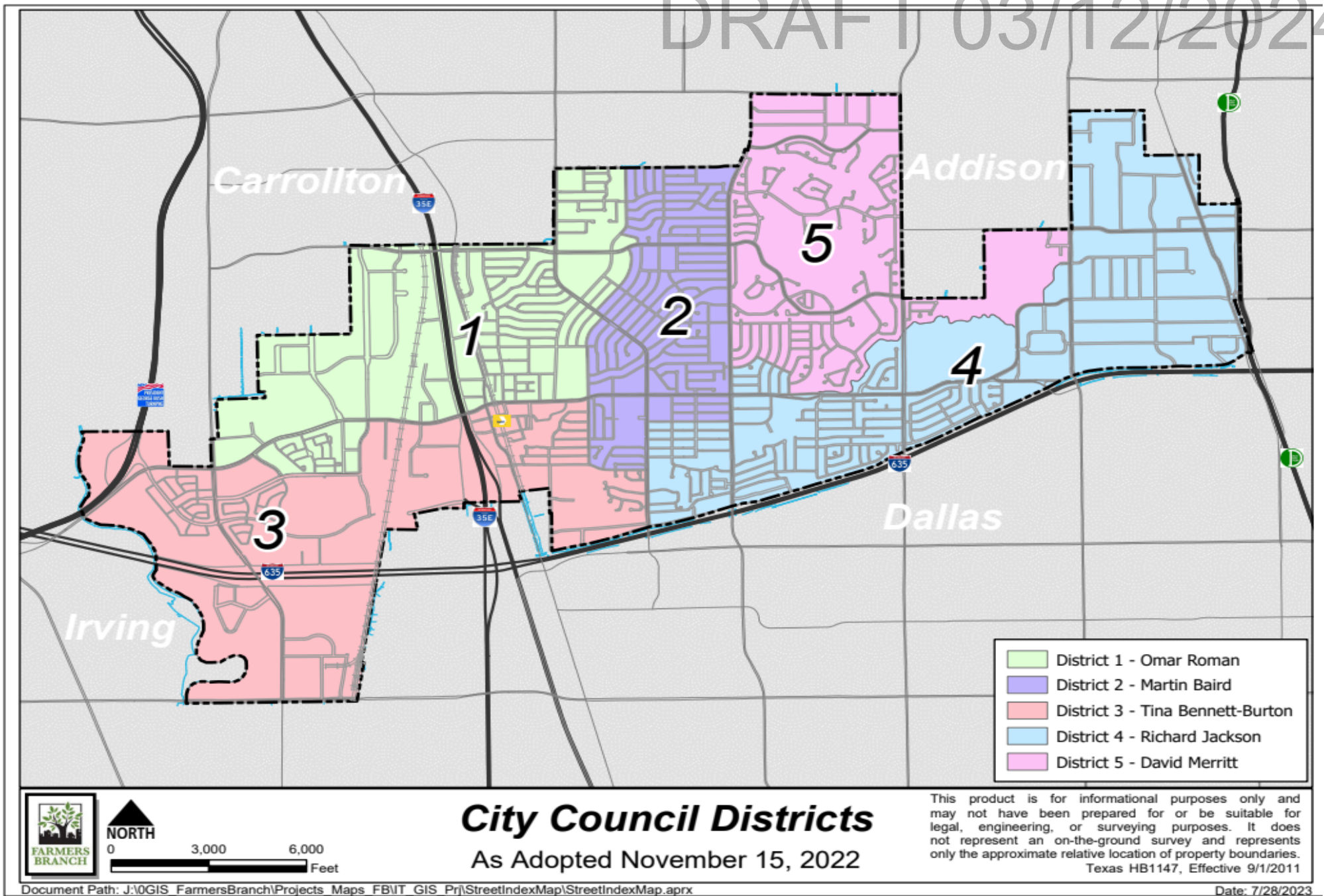
**City of Farmers Branch, Texas
List of Principal Officials**

CITY COUNCIL

Terry Lynne	Mayor
Omar Roman	Deputy Mayor Pro Tem, District 1
Martin Baird	Councilmember, District 2
Tina Bennett-Burton	Councilmember, District 3
Richard Jackson	Mayor Pro Tem, District 4
David Merritt	Councilmember, District 5

APPOINTED OFFICIALS

Benjamin Williamson	City Manager
Michael Mashburn	Deputy City Manager
Jawaria Tareen	Deputy City Manager
Terry Carnes	City Judge
Stacy Henderson	City Secretary/Director of Administrative Services
Jeff L. Brady	Communications Director
Danielle Summers	Community Services Director
Allison Cook	Economic Development, Tourism & Planning Director
Tammy Zimmerman	Finance Director, Fleet & Facilities Director
Daniel Latimer	Fire Chief
Yoko Matsumoto	Human Resources Director
Mark Samuels	Innovation & Technology Director
Leo Bonanno	Neighborhood Services Director
Vacant	Parks & Recreation Director
Kevin McCoy	Police Chief
James Ryan Sartor	Public Works Director
Shane Davis	Sustainability & Public Health Director
Marcos Narvaez	Deputy Director of Planning





Government Finance Officers Association

**Certificate of
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Presented to

**City of Farmers Branch
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2023
(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, 2023. 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 \$291,700,423, which represents an increase of \$27,069,179 from the prior year. This was primarily due to the continued impact of the Mercer Crossing planned development on the City's west side.
- The City's governmental funds reported combined ending fund balances of \$102,458,139, an increase of \$7,679,350 in comparison with the prior year. The increase in total fund balance was primarily due to the receipt of grant funds related to the American Rescue Plan Act (ARPA) and the receipt of bond proceeds for the construction of the Dallas Stars Multi-Sport Complex.
- The unassigned fund balance for the general fund was \$23,413,424 or 28.97 percent of total general fund expenditures plus other financing sources (uses). This represents an increase of \$372,560 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 \$34,812,692 or 41.80 percent of total general fund expenditures.
- The City's long-term liabilities increased \$34,297,021 during the current fiscal year primarily due to the City's net pension liability increasing from prior year. The accounting standards for pensions will reflect more volatility in the amount of the liability from year-to-year.
- Effective October 1, 2022, the City adopted Governmental Account Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Governmental Account Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Comparative information presented herein has not been restated for the adoption of GASB 94 and 96 because the basic financial statements present fiscal year 2023 only.

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.

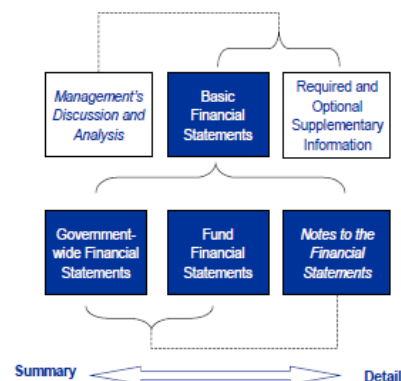
Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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, 2023
(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 25 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 20 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, 2023
(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 \$291,700,423 at the close of the most recent fiscal year.

	CONDENSED NET POSITION					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 137,387,407	\$ 126,274,396	\$ 28,205,551	\$ 28,926,143	\$ 165,592,958	\$ 155,200,539
Capital, lease and subscription assets	191,404,639	184,446,588	72,246,253	63,666,929	263,650,892	248,113,517
Total assets	<u>328,792,046</u>	<u>310,720,984</u>	<u>100,451,804</u>	<u>92,593,072</u>	<u>429,243,850</u>	<u>403,314,056</u>
Total deferred outflows of resources	<u>28,958,480</u>	<u>8,478,310</u>	<u>1,474,363</u>	<u>450,578</u>	<u>30,432,843</u>	<u>8,928,888</u>
Noncurrent liabilities	135,032,624	100,735,603	2,882,303	1,021,226	137,914,927	101,756,829
Other liabilities	19,371,705	18,987,984	1,720,816	2,787,403	21,092,521	21,775,387
Total liabilities	<u>154,404,329</u>	<u>119,723,587</u>	<u>4,603,119</u>	<u>3,808,629</u>	<u>159,007,448</u>	<u>123,532,216</u>
Total deferred inflows of resources	<u>8,930,854</u>	<u>23,190,112</u>	<u>37,968</u>	<u>889,372</u>	<u>8,968,822</u>	<u>24,079,484</u>
Net position:						
Net investment in capital assets	150,702,636	142,607,256	71,461,488	62,163,819	222,164,124	204,771,075
Restricted	13,178,193	10,521,379	-	-	13,178,193	10,521,379
Unrestricted	30,534,514	23,156,960	25,823,592	26,181,830	56,358,106	49,338,790
Total net position	<u>\$ 194,415,343</u>	<u>\$ 176,285,595</u>	<u>\$ 97,285,080</u>	<u>\$ 88,345,649</u>	<u>\$ 291,700,423</u>	<u>\$ 264,631,244</u>

The largest portion of the City's combined net position in the amount of \$222,164,124 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 \$13,178,193 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 \$56,358,106 due to increased improving market conditions and increased taxes revenue. Unrestricted net position of \$30,534,514 exists in the governmental activities net position.

The unrestricted net position of the business-type activities is a positive balance of \$25,823,592. 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 \$18,129,748 from the prior fiscal year for an ending balance of \$194,415,343. 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 \$8,939,431 from the prior fiscal year for an ending balance of \$97,285,080. The City reduced its base water rate by one-half for residential customers for a period of one year. The development on the City's west side included capital contributions of \$683,747 for the business-type activities. Transfers to governmental activities increased by \$377,756 due to the advance funding of FY 2022-23 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, 2023
(Unaudited)

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 27,271,284	\$ 15,283,649	\$ 32,168,051	\$ 32,708,631	\$ 59,439,335	\$ 47,992,280
Operating grants and contributions	2,356,770	930,087	-	-	2,356,770	\$ 930,087
Capital grants and contributions	1,733,548	457,008	683,747	621,363	2,417,295	1,078,371
General revenues:						
Taxes:						
Property taxes, levied for general purposes	42,362,924	36,920,934	-	-	42,362,924	36,920,934
Property taxes, levied for debt service	4,799,484	4,414,339	-	-	4,799,484	4,414,339
Sales and use taxes	25,344,604	24,413,463	-	-	25,344,604	24,413,463
Hotel/motel taxes	3,341,512	2,913,839	-	-	3,341,512	2,913,839
Franchise taxes	3,870,277	3,856,016	-	-	3,870,277	3,856,016
Tax increment financing	1,501,804	860,064	-	-	1,501,804	860,064
Investment income (loss)	5,280,165	(353,710)	792,209	(411,147)	6,072,374	(764,857)
Gain on disposal of capital assets	849,647	92,288	-	-	849,647	92,288
Miscellaneous	592,775	57,058	12,251	-	605,026	57,058
Grants not restricted to a specific purpose	1,745,580	2,546,527	-	-	1,745,580	2,546,527
Total revenues	121,050,374	92,391,562	33,656,258	32,918,847	154,706,632	125,310,409
Expenses:						
General government	27,032,249	20,254,045	-	-	27,032,249	20,254,045
Public safety	36,077,852	24,240,573	-	-	36,077,852	24,240,573
Public works	24,718,438	14,182,657	-	-	24,718,438	14,182,657
Culture and recreation	16,848,177	16,005,075	-	-	16,848,177	16,005,075
Principal retirement	-	417,521	-	-	-	417,521
Interest on long-term debt	2,873,370	2,064,562	-	-	2,873,370	2,064,562
Unallocated depreciation	487,635	466,577	-	-	487,635	466,577
Water and sewer	-	-	19,540,609	17,959,957	19,540,609	17,959,957
Stormwater utility	-	-	59,123	386,898	59,123	386,898
Total expenses	108,037,721	77,631,010	19,599,732	18,346,855	127,637,453	95,977,865
Increase in net position before transfers	13,012,653	14,760,552	14,056,526	14,571,992	27,069,179	29,332,544
Transfers	5,117,095	4,739,339	(5,117,095)	(4,739,339)	-	-
Change in net position	18,129,748	19,499,891	8,939,431	9,832,653	27,069,179	29,332,544
Net position--beginning	176,285,595	156,785,704	88,345,649	78,512,996	264,631,244	235,298,700
Net position--ending	<u>\$ 194,415,343</u>	<u>\$ 176,285,595</u>	<u>\$ 97,285,080</u>	<u>\$ 88,345,649</u>	<u>\$ 291,700,423</u>	<u>\$ 264,631,244</u>

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
 For the Fiscal Year Ended September 30, 2023
 (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 \$102,458,139. Of this total, \$48,316,315 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 \$5,427,413 is considered nonspendable because it has been used for inventory and prepaid items. A total of \$25,300,987 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 \$23,413,424 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 \$23,413,424, while total fund balance is \$38,520,555. 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 28.97 percent of total general fund expenditures plus other financing sources (uses), while total fund balance represents 47.67 percent of that same amount.

The fund balance of the general fund increased \$2,203,344 during the fiscal year. Revenues were \$9,917,814 higher than the prior year. Property tax revenue increased \$5,250,687 due primarily to higher valuations. Additionally, sales tax revenue increased \$1,416,441 due to increasing prices of consumer goods and the rebounding economy after the COVID-19 pandemic. Expenditures were \$14,529,902 more than the prior year. This is mostly due to increased capital expenditures for various completed & ongoing capital projects. The addition of the Dallas Stars Multi-Sport fund created a minimal increase in fund balance of \$126,900 due to the favorable return on investments for the Dallas Stars Multi-Sport Complex. The Grants fund had a minimal increase of \$561,637 related to a recognition of grant revenue. The addition of the Debt Service fund with fund balance of \$287,803 is a decrease of \$2,264,983 from prior year. The Debt Service utilized their fund balance for debt payment of \$4,835,000 on the City's outstanding debt at fiscal year end.

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 \$23,041,542 and the stormwater utility fund was \$2,644,225. 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, 2023, the City Council adopted amendments to the budget. In the general fund, final budgeted revenues increased \$8,001,700 and final budgeted expenditures increased \$4,481,104 compared to the original budget. The budget for sale of general capital assets, which is an "other financing source", decreased \$886,900 due to City-owned property that was not sold during 2023 as budgeted. Variances with Final Budget are denoted in Exhibit B-5. During the fiscal year ending September 30, 2023, the most notable variances from the final budget include a decrease of \$907,396 in sales and use taxes and an increase of \$413,129 in charges for services, which represents a decrease due to high inflation. Actual expenditures for the General Fund were less than budgeted by \$8.5 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, 2023
(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, 2023, amounts to \$263,650,892 (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

- Recreation Center - \$978,479
- Park Lighting - \$479,555
- Drainage Improvements - \$1,415,057

Amounts Spent for Ongoing Projects

- Joya Signature Park - \$444,582
- Water & Sewer Utility improvements - \$2,604,111
- Inflow & Infiltration improvements - \$1,915,736
- Park and Trail Improvements - \$956,623
- Street Revitalization - \$1,313,542
- Creek Channel & Drainage Improvements - \$1,262,691
- Event Center - \$1,851,953
- Justice Center - \$560,461
- Branch Connection (Senior Center) - \$233,286
- Recreation Center Phase II - \$804,254
- Senlac - Public Works Building - \$454,063

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

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 39,411,462	\$ 39,411,462	\$ 603,364	\$ 603,364	\$ 40,014,826	\$ 40,014,826
Buildings	51,251,673	52,877,384	5,568,909	5,839,948	56,820,582	58,717,332
Equipment	8,952,915	9,223,889	1,737,731	1,624,278	10,690,646	10,848,167
Improvements	11,769,879	12,169,384	12,128	13,274	11,782,007	12,182,658
Infrastructure	63,101,239	63,155,293	46,731,985	44,348,147	109,833,224	107,503,440
Intangible assets	545,969	472,225	333,396	468,412	879,365	940,637
SBITAs	457,756	-	-	-	457,756	-
Lease building	223,437	-	-	-	223,437	-
Construction in progress	15,690,309	6,839,035	17,258,740	10,769,506	32,949,049	17,608,541
Total	\$ 191,404,639	\$ 184,148,672	\$ 72,246,253	\$ 63,666,929	\$ 263,650,892	\$ 247,815,601

Additional information on the City's capital and lease 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, 2023
(Unaudited)

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total bonded debt of \$70,098,877. A portion of this debt, approximately 44%, is considered to be self-supporting in that it will be repaid from sources other than property taxes. A portion in the amount of \$1,700,000 comprises debt to be repaid from hotel/motel tax revenues and lease payments from the Dallas Stars. An additional \$23.8 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	
	2023	2022
General obligation bonds	\$ 70,098,877	\$ 75,181,055
Total	\$ 70,098,877	\$ 75,181,055

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

	Fitch Ratings	Date Confirmed	Standard & Poor's	Date Confirmed
2009 Combination tax and revenue, taxable	AA+	May 12, 2023	AAA	May 12, 2023
2011 General obligation refunding bonds, taxable	AA+	May 12, 2023	AAA	May 12, 2023
2012 Certificates of obligation (bank issued)	AA+	May 12, 2023	AAA	May 12, 2023
2013 Certificates of obligation	AA+	May 12, 2023	AAA	May 12, 2023
2014 Certificates of obligation	AA+	May 12, 2023	AAA	May 12, 2023
2014 General obligation	AA+	May 12, 2023	AAA	May 12, 2023
2016 Certificates of obligation	AA+	May 12, 2023	AAA	May 12, 2023
2018 Certificates of obligation	AA+	May 12, 2023	AAA	May 12, 2023
2018 General obligation	AA+	May 12, 2023	AAA	May 12, 2023
2020 General obligation refunding bonds	AA+	May 12, 2023	AAA	May 12, 2023
2020 General obligation improvement bonds	AA+	May 12, 2023	AAA	May 12, 2023
2022 Certificates of obligation	AA+	May 12, 2023	AAA	May 12, 2023

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2023-24 budget has been prepared with the objectives of continuing significant investments in capital improvements, maintaining the financial strength of the City, meeting the needs of citizens, implementing the priorities of the City Council, and maintaining AAA-rated financial performance. The budget has been developed to be responsive to residents and businesses feeling financial stress and includes a decrease in the property tax rate of \$0.5690; providing for a two-cent tax decrease to all property taxpayers; building enhancements and renovations including the lobby of City Hall, the Justice Center and the Branch Connection senior center; Dallas Area Rapid Transit (DART) authority transportation projects; continued investments in City's revenue stabilization fund and landfill closure/post-closure funding.

During the 2020-21 fiscal year, the ARPA federal program allocated \$11.9 million to the City with funding to be provided in two equal payments over two years (\$5.97 million in 2021-22 and 2022-23). The City intends to continue the plans started during Fiscal Year 2022-23 related to this funding, which includes completing a variety of projects that will greatly improve city infrastructure, public safety and parks.

Revenues are projected to increase in fiscal year 2023-24 as the City's financial outlook continues to improve. Property tax and sales tax revenue represent 77.89% 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) utilized in preparing this budget is approximately \$9.28 billion, which represents an increase of 15.05% over prior year values. New construction is valued at \$171,756,242. The commercial tax base, including real and business personal property, represents a strong 73.54% of taxable value.

CITY OF FARMERS BRANCH, TEXAS

Management's Discussion and Analysis
 For the Fiscal Year Ended September 30, 2023
 (Unaudited)

The property tax rate of 56.9 cents per \$100 valuation is a two-cent 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 2023-24 budget reflects the leveling off of sales tax revenues in anticipation of an economic downturn and a slowdown in consumer spending. While an increase in sales tax is reflected when compared to the Adopted Fiscal Year 2022-23 Budget, projected sales tax revenue will see a decrease when compared to the Year-End Amended 2022-23 Budget as sales tax was updated from the original adopted budget to reflect significant increases the City was experiencing due to inflation, stimulus money continuing to work its way through the economy, pandemic spending sprees, etc.

Budgeted general fund expenditures are expected to increase by approximately \$6.8 million from the prior year's amended budget. The increase is primarily due to increased Police and Fire pay and staff merit increases, which has been offset by the advance funding of 2023-24 fixed assets in the 2022-23 fiscal year. Additionally, new personnel costs include seven full-time employees: 10 considering Year-End Amendment additions. The seven positions include three Firefighters Officers; one Public Safety Officer; one Media Specialist (for Police); one Recreation Supervisor; and one Enterprise Applications Manager.

The budget for Police expenditures increased by approximately \$2.5 million compared to the 2022-23 amended budget and is primarily due to the continued update of the computer-aided dispatch system and increased call volume costs related to the City's contract for NTECC.

The expansion approval for the City's Camelot Landfill combined with the closing announcement of a nearby private landfill continues to provide significant future revenue growth opportunity. The budget implements a plan to direct a significant portion of this new revenue towards prepaying closure/post-closure costs anticipated in 30 years. The Fiscal Year 2023-24 Budget includes the continuation of funding \$1 million annually towards these costs, plus the addition of an additional \$1 million for the 2023-24 fiscal year. The City Council is also considering the addition of a refuse fee to offset some of the future closure/post-closure costs. This fee is not anticipated to begin until fiscal year 2024-25 and it will be recommended that the fee be a direct allocation to the Landfill Closure/Post-Closure Fund.

Enterprise Fund operating expenditures are budgeted at \$459,600 more than the 2022-23 amended budget due primarily to increased rates for treated sewer from the Trinity River Authority and added funding for storm water projects that do not meet the qualifications to be capitalized.

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, or e-mail tammy.zimmerman@farmersbranchtx.gov.

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT A-1

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 111,327,901	\$ 18,118,973	\$ 129,446,874
Receivables (net of allowance for uncollectibles)	18,632,974	5,048,771	23,681,745
Inventories and land held for resale	5,393,509		5,393,509
Deposits	35,000		35,000
Prepaid items	67,293	11,198	78,491
Equity interest in joint venture	1,930,730	5,026,609	6,957,339
Capital, lease and subscription assets			
Nondepreciable	55,101,771	17,862,104	72,963,875
Depreciable, net of accumulated depreciation/amortization	136,302,868	54,384,149	190,687,017
Total assets	<u>328,792,046</u>	<u>100,451,804</u>	<u>429,243,850</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	28,343,760	1,416,593	29,760,353
Deferred outflows from OPEB	584,123	57,770	641,893
Deferred outflows on refunding	30,597		30,597
Total deferred outflows	<u>28,958,480</u>	<u>1,474,363</u>	<u>30,432,843</u>
LIABILITIES			
Accounts payable and other accrued liabilities	7,937,230	1,230,372	9,167,602
Retainage payable	250,837	358,640	609,477
Accrued interest payable	1,279,659		1,279,659
Deposits payable	574,062	561,502	1,135,564
Internal balances	429,698	(429,698)	-
Unearned revenue	8,900,219		8,900,219
Noncurrent liabilities			
Due within one year	6,216,683	73,890	6,290,573
Due in more than one year	128,815,941	2,808,413	131,624,354
Total liabilities	<u>154,404,329</u>	<u>4,603,119</u>	<u>159,007,448</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	176,052	8,799	184,851
Deferred inflows from OPEB	294,928	29,169	324,097
Deferred inflows on refunding	17,115		17,115
Deferred inflows from leases and PPPs	8,442,759		8,442,759
Total deferred inflows of resources	<u>8,930,854</u>	<u>37,968</u>	<u>8,968,822</u>
Net Position			
Net investment in capital assets	150,702,636	71,461,488	222,164,124
Restricted for:			
Construction of capital assets	6,327,476		6,327,476
Promotion of tourism	2,667,002		2,667,002
Purpose of grantors/trustees	2,847,301		2,847,301
Debt service	287,803		287,803
Law enforcement	666,267		666,267
Fire training	8,602		8,602
Economic development	373,742		373,742
Unrestricted	<u>30,534,514</u>	<u>25,823,592</u>	<u>56,358,106</u>
Total net position	<u>\$ 194,415,343</u>	<u>\$ 97,285,080</u>	<u>\$ 291,700,423</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities				
General government	\$ 27,032,249	\$ 2,226,063	\$ 1,794,212	\$ 13,766
Public safety	36,077,852	3,579,903	346,776	
Public works	24,718,438	18,261,953	205,605	1,719,782
Culture and recreation	16,848,177	3,203,365	10,177	
Interest on long-term debt	2,873,370			
Unallocated depreciation	487,635			
Total governmental activities	<u>108,037,721</u>	<u>27,271,284</u>	<u>2,356,770</u>	<u>1,733,548</u>
Business-type activities				
Water and sewer	19,540,609	30,414,377		683,747
Stormwater utility	59,123	1,753,674		
Total business-type activities	<u>19,599,732</u>	<u>32,168,051</u>	<u>-</u>	<u>683,747</u>
Total primary government	<u>\$ 127,637,453</u>	<u>\$ 59,439,335</u>	<u>\$ 2,356,770</u>	<u>\$ 2,417,295</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		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities			
General government	\$ (22,998,208)	\$ -	\$ (22,998,208)
Public safety	(32,151,173)		(32,151,173)
Public works	(4,531,098)		(4,531,098)
Culture and recreation	(13,634,635)		(13,634,635)
Interest on long-term debt	(2,873,370)		(2,873,370)
Unallocated depreciation	(487,635)		(487,635)
Total governmental activities	<u>(76,676,119)</u>	<u>-</u>	<u>(76,676,119)</u>
Business-type activities			
Water and sewer		11,557,515	11,557,515
Stormwater utility		1,694,551	1,694,551
Total business-type activities	<u>-</u>	<u>13,252,066</u>	<u>13,252,066</u>
Total primary government	<u>\$ (76,676,119)</u>	<u>\$ 13,252,066</u>	<u>\$ (63,424,053)</u>
	42,362,924	-	42,362,924
	4,799,484	-	4,799,484
	25,344,604	-	25,344,604
	3,341,512	-	3,341,512
	3,870,277	-	3,870,277
	1,501,804	-	1,501,804
	5,280,165	792,209	6,072,374
	849,647	-	849,647
	592,775	12,251	605,026
	1,745,580	-	1,745,580
	<u>5,117,095</u>	<u>(5,117,095)</u>	<u>-</u>
	<u>94,805,867</u>	<u>(4,312,635)</u>	<u>90,493,232</u>
	18,129,748	8,939,431	27,069,179
	<u>176,285,595</u>	<u>88,345,649</u>	<u>264,631,244</u>
	<u>\$ 194,415,343</u>	<u>\$ 97,285,080</u>	<u>\$ 291,700,423</u>

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT B-1

BALANCE SHEET GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General	Grants	Debt Service	Dallas Stars Multi-Sport
ASSETS				
Cash, cash equivalents, and investments	\$ 32,264,564	\$ 7,543,857	\$ 1,679,161	\$ 23,483,567
Receivables (net of allowance for uncollectibles)	7,947,059	725,694	131,185	
Lease receivable	2,149,024			
PPP receivable			6,268,195	
Accrued interest and other	381,918		17,812	190,438
Land held for resale	3,646,320			
Prepaid items	61,543			
Due from other funds	1,328,735			
Total assets	<u>\$ 47,779,163</u>	<u>\$ 8,269,551</u>	<u>\$ 8,096,353</u>	<u>\$ 23,674,005</u>
LIABILITIES				
Accounts payable	\$ 5,372,130	\$ 36,323	\$	\$ 79,615
Retainage payable	18,688			44,955
Due to other funds				
Deposits payable	26,552		200,000	
Unearned revenue	166,723	7,666,852	1,066,644	
Total liabilities	<u>5,584,093</u>	<u>7,703,175</u>	<u>1,266,644</u>	<u>124,570</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,642,477		131,185	
Lease and PPP related	2,032,038		6,410,721	
Total deferred inflows of resources	<u>3,674,515</u>	<u>-</u>	<u>6,541,906</u>	<u>-</u>
FUND BALANCES				
Nonspendable				
Inventory	3,646,320			
Prepaid items	61,543			
Restricted				
Construction of capital assets				23,549,435
Landfill closure/postclosure				
Promotion of tourism				
Purpose of grantors, trustees and donors		566,376		
Economic development				
Debt service			287,803	
Law enforcement				
Fire training operations				
Assigned				
Construction of capital assets	7,182,161		-	-
Economic development	1,616,527			
Other purposes	2,600,580			
Unassigned	23,413,424	-	-	-
Total fund balances	<u>38,520,555</u>	<u>566,376</u>	<u>287,803</u>	<u>23,549,435</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 47,779,163</u>	<u>\$ 8,269,551</u>	<u>\$ 8,096,353</u>	<u>\$ 23,674,005</u>

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

Non-Bond	Nonmajor Governmental Funds	Total Governmental Funds
\$ 14,937,789	\$ 25,933,949	\$ 105,842,887
7,503	490,368	9,301,809
		2,149,024
		6,268,195
80,011	194,918	865,097
	1,718,800	5,365,120
	750	62,293
		1,328,735
<u>\$ 15,025,303</u>	<u>\$ 28,338,785</u>	<u>\$ 131,183,160</u>
\$ 905,187	\$ 1,053,989	\$ 7,447,244
63,988	123,206	250,837
	1,328,735	1,328,735
146,906	200,604	574,062
		8,900,219
<u>1,116,081</u>	<u>2,706,534</u>	<u>18,501,097</u>
7,503		1,781,165
		8,442,759
<u>7,503</u>	<u>-</u>	<u>10,223,924</u>
	1,718,800	5,365,120
	750	62,293
	13,026,412	36,575,847
	4,889,751	4,889,751
	2,667,002	2,667,002
	2,280,925	2,847,301
	373,742	373,742
		287,803
	666,267	666,267
	8,602	8,602
13,901,719	-	21,083,880
		1,616,527
-	-	2,600,580
<u>-</u>	<u>-</u>	<u>23,413,424</u>
<u>13,901,719</u>	<u>25,632,251</u>	<u>102,458,139</u>
<u>\$ 15,025,303</u>	<u>\$ 28,338,785</u>	<u>\$ 131,183,160</u>

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT B-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total fund balances - governmental funds \$ 102,458,139

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 \$7,334,076).		184,070,563
Equity investment in joint venture is not a current financial resource. Therefore, it is not reported in the governmental funds.		1,930,730
Deferred outflows of resources are not reported in the governmental funds:		
Deferred outflows on pension (net of internal service fund of \$803,529)	27,540,231	
Deferred outflows on OPEB (net of internal service fund of \$32,095)	552,028	
Deferred outflows on debt refunding	<u>30,597</u>	28,122,856
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,781,165
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 \$429,698).		10,474,486
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	(67,715,000)	
Add: Issuance premium (to be amortized over life of debt)	(2,383,877)	
Accrued interest payable	(1,279,659)	
Compensated absences (net of internal service fund of \$43,759)	(5,229,062)	
Net pension liability (net of internal service fund of \$1,313,325)	(43,455,126)	
Total OPEB liability (net of internal service fund of \$200,086)	(3,497,176)	
Lease liability	(231,700)	
SBITA liability	(430,957)	
Landfill liability	<u>(9,733,140)</u>	(133,955,697)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflows from OPEB (net of internal service fund of \$16,205)	(278,723)	
Deferred inflows on pension (net of internal service fund of \$4,991)	(171,061)	
Deferred inflows on debt refinancing	<u>(17,115)</u>	(466,899)
Net position of governmental activities		<u><u>\$ 194,415,343</u></u>

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, 2023

	General	Grants	Debt Service	Dallas Stars Multi-Sport
REVENUES				
Property taxes	\$ 42,222,395	\$	\$ 4,792,768	\$
Sales and use taxes	25,344,604			
Hotel/motel taxes				
Franchise taxes	3,822,980			
Tax increment financing				
Licenses and permits	2,137,679			
Charges for services	10,618,829			
Fines and forfeitures	1,147,804			
Investment income	2,426,916		219,709	1,069,929
Intergovernmental		3,104,512		
Miscellaneous	235,435		255,577	18,732
Total revenues	87,956,642	3,104,512	5,268,054	1,088,661
EXPENDITURES				
Current				
General government	23,855,846	13,766		
Public safety	32,755,001	313,442		
Public works	9,863,308	18,000		
Culture and recreation	13,016,008	2,527		
Debt service				
Principal retirement	302,872		4,835,000	
Interest and fiscal agent charges			2,690,998	
Capital outlay	3,490,302	1,745,580		961,761
Total expenditures	83,283,337	2,093,315	7,525,998	961,761
Excess (Deficiency) of revenues over (under) expenditures	4,673,305	1,011,197	(2,257,944)	126,900
OTHER FINANCING SOURCES (USES)				
Transfers in	5,929,100			
Transfers out	(9,996,000)	(449,560)		
Sale of general capital assets	849,647			
Insurance recoveries	107,205			
Issuance of SBITAs	640,087			
Total other financing sources (uses)	(2,469,961)	(449,560)	-	-
Net change in fund balances	2,203,344	561,637	(2,257,944)	126,900
Fund balances - beginning, as previously reported	36,317,211	4,739	2,552,786	23,422,535
Adjustment applicable to prior years (see Note 4)	-	-	(7,039)	-
Fund balances, beginning	36,317,211	4,739	2,545,747	23,422,535
Fund balances - ending	\$ 38,520,555	\$ 566,376	\$ 287,803	\$ 23,549,435

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

Non-Bond	Other Governmental Funds	Total Governmental Funds
\$	\$	\$
		47,015,163
		25,344,604
	3,341,512	3,341,512
	46,842	3,869,822
	1,501,804	1,501,804
		2,137,679
	1,116,219	11,735,048
	114,780	1,262,584
449,525	1,114,086	5,280,165
350,000	79,593	3,534,105
	1,621,708	2,131,452
799,525	8,936,544	107,153,938
	1,109,943	24,979,555
	484,662	33,553,105
	-	9,881,308
	1,987,890	15,006,425
		5,137,872
	11,628	2,702,626
3,845,453	4,699,332	14,742,428
3,845,453	8,293,455	106,003,319
(3,045,928)	643,089	1,150,619
8,396,000	1,893,491	16,218,591
	(834,200)	(11,279,760)
		849,647
		107,205
		640,087
8,396,000	1,059,291	6,535,770
5,350,072	1,702,380	7,686,389
8,551,647	23,929,871	94,778,789
		(7,039)
8,551,647	23,929,871	94,771,750
\$ 13,901,719	\$ 25,632,251	\$ 102,458,139

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT B-4

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, 2023

Net change in fund balances - total governmental funds	\$	7,686,389
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.		5,491,082
The net effect of the various miscellaneous transactions involving capital assets (i.e., sales, transfers and donations) is to increase net position.		2,300,834
The change in equity interest in joint venture increases net position.		179,532
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.		(43,201)
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.		4,134,994
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.		
Increase in compensated absences	(54,206)	
Increase in landfill liability	<u>(819,655)</u>	(873,861)
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.		(590,372)
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.		(422,147)
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 (\$28,264) allocated to business-type activities).		<u>266,498</u>
Change in net position of governmental activities	\$	<u><u>18,129,748</u></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, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget
REVENUES				
Property taxes	\$ 41,220,000	\$ 42,065,900	\$ 42,222,395	\$ 156,495
Sales and use taxes	19,680,000	26,252,000	25,344,604	(907,396)
Franchise taxes	3,814,000	3,905,200	3,822,980	(82,220)
Licenses and permits	2,275,000	1,953,900	2,137,679	183,779
Charges for services	10,210,200	10,205,700	10,618,829	413,129
Fines and forfeitures	1,588,000	1,080,300	1,147,804	67,504
Investment income	585,000	1,838,500	2,426,916	588,416
Miscellaneous	47,000	119,400	235,435	116,035
Total revenues	79,419,200	87,420,900	87,956,642	535,742
EXPENDITURES				
General government				
General government	12,370,100	11,711,583	9,219,763	2,491,820
City administration	1,223,200	1,208,451	1,193,751	14,700
Communications	897,600	879,821	764,360	115,461
Economic development	4,048,100	4,404,438	2,863,527	1,540,911
Human resources	1,241,100	1,253,678	1,141,703	111,975
Finance	3,546,900	3,804,419	3,272,133	532,286
Innovation & technology	3,815,800	3,860,251	3,495,612	364,639
Community services	2,109,600	2,064,389	1,904,997	159,392
Public safety				
Police	18,047,500	18,192,180	16,782,441	1,409,739
Fire	15,392,600	18,681,265	15,972,560	2,708,705
Principal retirement	-	-	302,872	(302,872)
Public works				
Public works	5,568,700	5,721,162	5,434,893	286,269
Sustainability & public health	5,128,300	5,500,215	4,428,415	1,071,800
Culture and recreation				
Parks and recreation	11,671,400	12,145,008	10,889,471	1,255,537
Library	2,255,700	2,370,844	2,126,537	244,307
Capital outlay	-	-	3,490,302	(3,490,302)
Total expenditures	87,316,600	91,797,704	83,283,337	8,514,367
Excess (deficiency) of revenues over (under) expenditures	(7,897,400)	(4,376,804)	4,673,305	9,050,109
OTHER FINANCING SOURCES (USES)				
Transfers in	6,595,900	12,071,500	5,929,100	(6,142,400)
Transfers out	(4,885,000)	(16,138,400)	(9,996,000)	6,142,400
Sale of general capital assets	1,700,000	813,100	849,647	36,547
Insurance recoveries	-	95,700	107,205	11,505
Issuance of SBITAs	-	-	640,087	640,087
Total other financing sources (uses)	3,410,900	(3,158,100)	(2,469,961)	688,139
Net change in fund balance	(4,486,500)	(7,534,904)	2,203,344	9,738,248
Fund balances- beginning	36,317,211	36,317,211	36,317,211	-
Fund balances - ending	\$ 31,830,711	\$ 28,782,307	\$ 38,520,555	\$ 9,738,248

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, 2023

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,274,638	\$ 7,778,219	\$ 3,104,512	\$ (4,673,707)
Total revenues	6,274,638	7,778,219	3,104,512	(4,673,707)
EXPENDITURES				
General government	456,438	470,204	13,766	456,438
Public safety	381,000	305,015	313,442	(8,427)
Public works		93,000	18,000	75,000
Culture and recreation			2,527	(2,527)
Capital outlay			1,745,580	(1,745,580)
Total expenditures	837,438	868,219	2,093,315	(1,225,096)
Excess (deficiency) of revenues over (under) expenditures	5,437,200	6,910,000	1,011,197	(5,898,803)
OTHER FINANCING SOURCES (USES)				
Transfers in	72,800			-
Transfers out	(5,510,000)	(6,910,000)	(449,560)	6,460,440
Total other financing sources (uses)	(5,437,200)	(6,910,000)	(449,560)	6,460,440
Net change in fund balances	-	-	561,637	561,637
Fund balances - beginning	4,739	4,739	4,739	-
Fund balances - ending	\$ 4,739	\$ 4,739	\$ 566,376	\$ 561,637

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

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2023

	Business-Type Activities			Governmental Activities
	Nonmajor Fund			Internal Service Funds
	Water and Sewer	Stormwater Utility	Total	
ASSETS				
Current assets				
Cash, cash equivalents, and investments	\$ 15,928,544	\$ 2,190,429	\$ 18,118,973	\$ 5,485,014
Receivables (net of allowance for uncollectibles)	4,768,881	126,822	4,895,703	48,849
Accrued interest and other	123,238	29,830	153,068	
Inventories			-	28,389
Prepaid items	11,198		11,198	5,000
Deposits			-	35,000
Total current assets	20,831,861	2,347,081	23,178,942	5,602,252
Noncurrent assets				
Equity interest in joint venture	5,026,609		5,026,609	
Capital and lease assets				
Nondepreciable	11,650,934	6,211,170	17,862,104	8,170
Depreciable, net of accumulated depreciation/amortization	53,805,661	578,488	54,384,149	7,325,906
Total noncurrent assets	70,483,204	6,789,658	77,272,862	7,334,076
Total assets	91,315,065	9,136,739	100,451,804	12,936,328
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	1,416,593		1,416,593	803,529
Deferred outflows from OPEB	57,770		57,770	32,095
Total deferred outflows of resources	1,474,363	-	1,474,363	835,624
LIABILITIES				
Current Liabilities				
Accounts payable and other accrued liabilities	1,128,994	101,378	1,230,372	489,986
Compensated absences	50,297		50,297	33,542
Total OPEB liability	23,593		23,593	
Claims payable			-	665,772
Retainage payable	211,101	147,539	358,640	
Deposits payable	561,502		561,502	
Total current liabilities	1,975,487	248,917	2,224,404	1,189,300
Noncurrent liabilities				
Compensated absences	159,077		159,077	10,217
Claims payable			-	133,644
Net pension liability	2,307,267		2,307,267	1,313,325
Total OPEB liability	342,069		342,069	200,086
Total noncurrent liabilities	2,808,413	-	2,808,413	1,657,272
Total liabilities	4,783,900	248,917	5,032,817	2,846,572
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	8,799		8,799	4,991
Deferred inflows from OPEB	29,169		29,169	16,205
Total deferred inflows of resources	37,968	-	37,968	21,196
NET POSITION				
Net investment in capital assets	64,926,018	6,243,597	71,169,615	7,334,076
Unrestricted	23,041,542	2,644,225	25,685,767	3,570,108
Total net position	\$ 87,967,560	\$ 8,887,822	\$ 96,855,382	\$ 10,904,184
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			429,698	
Net position of business-type activities			\$ 97,285,080	

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

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT C-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities		Governmental Activities	
	Water and Sewer	Nonmajor Fund Stormwater Utility	Total	Internal Service Funds
Operating Revenues				
Charges for services	\$ 30,366,063	\$ 1,753,674	\$ 32,119,737	\$ 6,237,241
Contributions and miscellaneous	12,251		12,251	4,632,130
Total operating revenues	30,378,314	1,753,674	32,131,988	10,869,371
Operating Expenses				
Personal services	2,458,272		2,458,272	1,228,975
Materials and supplies	315,268		315,268	2,265,287
Maintenance and utilities	1,559,905	35,655	1,595,560	2,047,067
Purchase of water	6,803,355		6,803,355	
Sewage treatment	5,224,506		5,224,506	
Insurance claims and expenses			-	4,990,496
Depreciation	3,130,989	23,468	3,154,457	249,312
Total operating expenses	19,492,295	59,123	19,551,418	10,781,137
Operating income	10,886,019	1,694,551	12,580,570	88,234
Nonoperating Revenues (Expenses)				
Investment income	624,620	167,589	792,209	
Total nonoperating revenues	624,620	167,589	792,209	-
Income before contributions and transfers	11,510,639	1,862,140	13,372,779	88,234
Capital contributions	683,747		683,747	
Transfers in	-	31,069	31,069	150,000
Transfers out	(5,035,100)	(84,800)	(5,119,900)	-
Change in net position	7,159,286	1,808,409	8,967,695	238,234
Net position - beginning	80,808,274	7,079,413	87,887,687	10,665,950
Net position - ending	\$ 87,967,560	\$ 8,887,822	\$ 96,855,382	\$ 10,904,184
Reconciliation to government-wide statement of net position:				
Change in net position			8,967,695	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds			(28,264)	
Change in net position of business-type activities			\$ 8,939,431	

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, 2023

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 29,306,138	\$ 1,839,983	\$ 31,146,121	\$ -
Receipts from interfund services provided	-	-	-	10,826,431
Payments to suppliers	(14,181,851)	-	(14,181,851)	(4,151,145)
Payments to employees	(2,467,197)	-	(2,467,197)	(1,305,146)
Payments for loss claims	-	-	-	(4,979,907)
Net cash provided by operating activities	<u>12,657,090</u>	<u>1,839,983</u>	<u>14,497,073</u>	<u>390,233</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(5,035,100)	(84,800)	(5,119,900)	-
Transfers from other funds	-	31,069	31,069	150,000
Net cash provided by (used for) noncapital financing activities	<u>(5,035,100)</u>	<u>(53,731)</u>	<u>(5,088,831)</u>	<u>150,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(7,696,247)	(4,219,671)	(11,915,918)	-
Net cash used for capital assets and related financing activities	<u>(7,696,247)</u>	<u>(4,219,671)</u>	<u>(11,915,918)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(3,240,040)	-	(3,240,040)	-
Sale of investments	-	1,420,241	1,420,241	-
Investment income	594,933	144,568	739,501	-
Net cash provided by (used for) investing activities	<u>(2,645,107)</u>	<u>1,564,809</u>	<u>(1,080,298)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(2,719,364)	(868,610)	(3,587,974)	540,233
Cash and cash equivalents - beginning of year	3,228,856	938,673	4,167,529	4,944,781
Cash and cash equivalents - end of year	<u>\$ 509,492</u>	<u>\$ 70,063</u>	<u>\$ 579,555</u>	<u>\$ 5,485,014</u>
Investments	15,419,052	2,120,366	17,539,418	-
Cash, cash equivalents, and investments - end of year	<u>\$ 15,928,544</u>	<u>\$ 2,190,429</u>	<u>\$ 18,118,973</u>	<u>\$ 5,485,014</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributed capital assets	\$ 683,747	\$ -	683,747	\$ -
Loss on the joint venture	(67,760)	-	(67,760)	-
Purchase of capital assets on accounts and retainage payable	530,577	106,649	637,226	\$ -

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, 2023

	Business-Type Activities			Governmental Activities
	Water and Sewer	Stormwater Utility	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities				
Operating Income	10,886,019	1,694,551	12,580,570	88,234
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	3,130,989	23,468	3,154,457	249,312
(Increase)/Decrease in				
Receivables	(980,278)	(15,033)	(995,311)	(42,940)
Inventories			-	(11,857)
Prepaid items	436		436	63
Deferred outflows of resources - pension	(1,024,851)		(1,024,851)	(581,321)
Deferred outflows of resources - OPEB	1,066		1,066	592
Increase/(Decrease) in				
Accounts payable and accrued liabilities	(274,064)	136,997	(137,067)	221,026
Claims payable				(40,358)
Deposits payable	(91,900)		(91,900)	-
Net Pension liability	1,940,683		1,940,683	1,100,806
Total OPEB liability	(55,869)		(55,869)	(31,038)
Deferred inflows of resources - pension	(865,415)		(865,415)	(490,887)
Deferred inflows of resources - OPEB	14,011		14,011	7,784
Compensated absences	(23,737)		(23,737)	(79,183)
Net Cash Provided by Operating Activities	<u>\$ 12,657,090</u>	<u>\$ 1,839,983</u>	<u>\$ 14,497,073</u>	<u>\$ 390,233</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, 2023**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, 2023**

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 \$1,930,730 at September 30, 2023 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, or e-mail tammy.zimmerman@farmersbranchtx.gov.

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 \$5,026,609 at September 30, 2023. 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, or e-mail tammy.zimmerman@farmersbranchtx.gov.

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 *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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

The City reports the following major proprietary fund:

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 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.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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 \$592,775 were received for the year ended September 30, 2023. They are included as an "other financing source" in the governmental funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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) Lease Liability

The City is a lessee for a noncancellable lease of a building and recognizes a related lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The City recognizes lease liabilities with an initial, individual value of \$25,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease 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 position 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. The third item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 position 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, PPPs and deferred gain on refunding.

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:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 910,246	\$ 131,185	\$ -	\$ 1,041,431
Ambulance	53,399			53,399
Franchise taxes - electric	678,647			678,647
Charges for services - culture and recreation	185			185
Special assessments			7,503	7,503
Total	<u>\$ 1,642,477</u>	<u>\$ 131,185</u>	<u>\$ 7,503</u>	<u>\$ 1,781,165</u>

9) Unearned Revenue

The General and Grant 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, 2023, the amount reported for unearned revenue totaled \$8,900,219, as these proceeds received were not utilized by the end of the current fiscal year.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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.

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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

3) Compensated Absences

The City's employees earn vacation leave (up to a maximum of 192 hours per year for 40 hours per week employees and 288 hours per year for 56 hours per week employees) based on years employed. Upon retirement or termination, payment of accumulated vacation may not exceed that which can be accumulated within two years for employees hired prior to January 1, 2011 and within one and a half years for employees hired on or after January 1, 2011. Unused sick leave, based on days employed, may be accumulated up to certain limits. Upon retirement or termination, employees hired before October 1, 1992 will be paid a maximum of 720 hours of sick pay for 40 hours per week employees or 1,080 hours for 56 hours per week employees. Upon retirement or termination, employees hired between October 1, 1992 and December 31, 2010 with five years or less of service will be paid a maximum of 120 hours of sick pay and with more than five years of service will be paid a maximum of 240 hours of sick pay for 40 hours per week employees or with five years or less of service will be paid a maximum of 180 hours of sick pay and with more than five years of service will be paid a maximum of 360 hours of sick pay for 56 hours per week employees. Employees hired on or after January 1, 2011 receive no payout for unused sick leave upon retirement or termination.

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, 2023**

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 \$184,070,563 difference are as follows:

Land and rights of way	\$ 39,403,292
Construction in progress	15,690,309
Improvements	20,644,438
Less: Accumulated depreciation-improvements	(10,630,907)
Buildings and lease buildings	71,040,842
Less: Accumulated depreciation/amortization-buildings and lease buildings	(24,948,143)
Equipment	40,177,646
Less: Accumulated depreciation-equipment	(31,411,878)
Infrastructure	149,619,625
Less: Accumulated depreciation-infrastructure	(86,518,386)
SBITAs	662,691
Less: Accumulated amortization-SBITAs	(204,935)
Intangible assets	3,181,667
Less: Accumulated depreciation-intangible assets	<u>(2,635,698)</u>
Net adjustment to increase fund balance - total government funds to arrive at net position -	<u><u>\$ 184,070,563</u></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 \$10,474,486 (net of internal service fund activity) difference are as follows:

Net position of the internal service funds	\$ 10,904,184
Less: Internal receivable representing changes below cost to business-type activities - current year	<u>(429,698)</u>
Net adjustment to increase fund balance - total government funds to arrive at net position - governmental activities	<u><u>\$ 10,474,486</u></u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$133,955,697 difference are as follows:

Bonds payable	\$ 67,715,000
Add: Issuance premium (to be amortized over life of debt)	2,383,877
Accrued interest payable	1,279,659
Compensated absences	5,229,062
Net pension liability	43,455,126
Total OPEB liability	3,497,176
Lease liability	231,700
SBITA liability	430,957
Landfill liability	<u>9,733,140</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 133,955,697</u></u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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 \$5,491,082 difference are as follows:

Capital outlay	\$ 14,742,428
Depreciation and amortization expense	\$ (9,251,346)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 5,491,082</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 \$4,134,994 difference are as follows:

Debt issued:	
SBITAs	\$ (640,087)
Total proceeds	<u>(640,087)</u>
Debt repayments	
To bondholders/debtors	4,835,000
To lessors/vendors	(302,872)
Total debt repayments	<u>\$ 4,532,128</u>
Amortization of long-term debt	
Deferred offering amounts	\$ (4,225)
Bond premiums	247,178
Total amortization of long-term debt	<u>\$ 242,953</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,134,994</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 \$590,372 difference are as follows:

OPEB income	\$ 389,786
Pension expense	(980,158)
Net adjustment to decrease total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (590,372)</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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 \$266,498 difference are as follows:

Change in net position of the internal service funds	\$ 238,234
Plus: charges to business-type activities	<u>28,264</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 266,498</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 \$429,698 difference are as follows:

Internal payable representing charges over cost to business-type activities - prior year	\$ 457,962
Internal payable representing charges over cost to business-type activities - current year	<u>(28,264)</u>
Net adjustment to increase net position - total enterprise funds to arrive at changes in net position of business-type activities	<u>\$ 429,698</u>

CITY OF FARMERS BRANCH, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 \$(872,643) and the bank balance was \$667,413. The bank balance was completely covered by federal depository insurance or by collateral held by the City's agent in the City's name. The negative carrying amount is offset by the City's cash equivalents included in investments below.

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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in active markets for identical securities in active markets. Level 2 inputs are valued using observable inputs other than those in Level 1. The City has no Level 3 inputs that are valued using significant unobservable inputs. As of September 30, 2023, the City had the following investments:

Investments by Fair Value Level	September 30, 2023	Fair Value - Level 1	Fair Value - Level 2	Weighted Average Maturity (in days)
Municipal Obligations	\$ 38,055,523	\$ 4,363,350	\$ 33,692,173	200
US Treasury Bill	36,760,006	36,760,006	-	49
Federal Home Loan Bank Notes	17,833,694	2,203,198	15,630,496	40
Total Investments by Fair Value Level	92,649,223	43,326,554	49,322,669	
Investments Measured at Amortized Cost				
CDARs	25,540,075			52
TexPool	12,150,219			27
Total investments at Amortized Cost	37,690,294			
Total Investments at Carrying Amount	\$ 130,339,517			
Portfolio Weighted Average Maturity				74

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, 2023

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

Municipal Obligations	Aa/AA	8%
Municipal Obligations	Aaa/AAA	21%
Federal Home Loan Bank Notes	Aaa/AA	14%
Tex Pool	AAAm	29%
US Treasury Bills	AAA	28%

*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 29% invested in Municipal Obligations; 14% invested in Federal Home Loan Bank ; and 28% invested in US Treasury Bills as of September 30, 2023 . The remaining 29% of the City's investments, which includes certificates of deposits, are invested in an external government investment pool.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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	\$ 975,692	\$ -	\$ 131,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	3,898,543	-	-	-	7,503	317,000	-	-	-
Accounts	4,818,656	725,694	-	-	-	12,480	48,849	1,820,147	58,591
Unbilled accounts	-	-	-	-	-	-	-	3,062,228	71,805
Assessments	-	-	-	-	-	174,406	-	-	-
PPPs	-	-	6,268,195	-	-	-	-	-	-
Leases	2,149,024	-	-	-	-	-	-	-	-
Accrued interest	381,918	-	17,812	190,438	80,011	194,918	-	123,238	29,830
Gross receivables	12,223,833	725,694	6,417,192	190,438	87,514	698,804	48,849	5,005,613	160,226
Less: Allowance									
for uncollectibles	(1,745,832)	-	-	-	-	(13,518)	-	(113,494)	(3,574)
Net total receivables	\$ 10,478,001	\$ 725,694	\$ 6,417,192	\$ 190,438	\$ 87,514	\$ 685,286	\$ 48,849	\$ 4,892,119	\$ 156,652

Lease Receivable

The City leases tower space to various third parties, the terms of which expire between 2029 and 2036. The City recognized approximately \$182,000 in lease revenue and approximately \$111,000 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, 2023, the balance of the deferred inflow of resources was \$2,032,038.

As of September 30, 2023 the City's receivable for all lease payments was \$2,149,024.

PPP Receivable

The City has entered into one public-private partnership arrangement. A third party will operate, maintain, and retain related fees for the ice skating rink for 24 years. The City will receive installment payments under the agreement until 2047. The City continues to report the rink as a capital asset value of \$6,020,196.

The City recognized approximately \$256,000 in miscellaneous revenue and approximately \$385,000 in interest revenue during the current fiscal year related to the partnership. Also, 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, 2023, the balance of the deferred inflow of resources was \$6,410,721.

As of September 30, 2023 the City's receivable for all partnership payments was \$6,268,195.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

D. Capital, Lease and Subscription Assets

Capital, lease and subscription asset activity for the year ended September 30, 2023 was as follows:

	Primary Government				
	Restated 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	6,839,035	10,977,905	-	(2,126,631)	15,690,309
Total capital assets, not being depreciated	46,250,497	10,977,905	-	(2,126,631)	55,101,771
Capital, lease and subscription assets, being depreciated					
Improvements	22,231,021	-	-	479,555	22,710,576
Buildings	76,744,524	-	-	-	76,744,524
Equipment	37,820,355	2,040,711	(143,165)	1,028,478	40,746,379
Infrastructure	148,752,077	2,468,356	(2,219,406)	618,598	149,619,625
Intangible assets - software/websites	3,122,316	309,046	-	-	3,431,362
SBITAs	22,604	640,087	-	-	662,691
Lease building	372,395	-	-	-	372,395
Total capital, lease and subscription assets, being depreciated/amortized	289,065,292	5,458,200	(2,362,571)	2,126,631	294,287,552
Less accumulated depreciation/amortization for:					
Improvements	(10,061,637)	(879,060)	-	-	(10,940,697)
Buildings	(23,867,140)	(1,625,711)	-	-	(25,492,851)
Equipment	(28,596,466)	(3,340,163)	143,165	-	(31,793,464)
Infrastructure	(85,596,784)	(3,141,008)	2,219,406	-	(86,518,386)
Intangible assets - software/websites	(2,650,091)	(235,302)	-	-	(2,885,393)
SBITAs	-	(204,935)	-	-	(204,935)
Lease building	(74,479)	(74,479)	-	-	(148,958)
Total accumulated depreciation/amortization	(150,846,597)	(9,500,658)	2,362,571	-	(157,984,684)
Total capital, lease and subscription assets, being depreciated/amortized, net	138,218,695	(4,042,458)	-	2,126,631	136,302,868
Governmental activities capital, lease and subscription assets, net	\$ 184,469,192	\$ 6,935,447	\$ -	\$ -	\$ 191,404,639
Business-type activities:					
Capital assets, not being depreciated:					
Land and rights of way	\$ 603,364	\$ -	\$ -	\$ -	\$ 603,364
Construction in progress	10,769,506	10,510,105	-	(4,020,871)	17,258,740
Total capital assets, not being depreciated	11,372,870	10,510,105	-	(4,020,871)	17,862,104
Capital assets, being depreciated:					
Improvements	46,126	-	-	-	46,126
Buildings	14,693,323	-	-	-	14,693,323
Equipment	6,705,794	469,310	(27,043)	-	7,148,061
Infrastructure	105,438,264	683,747	(2,512,482)	4,020,871	107,630,400
Intangible assets - software/websites	1,048,989	70,646	-	-	1,119,635
Total capital assets, being depreciated	127,932,496	1,223,703	(2,539,525)	4,020,871	130,637,545
Less accumulated depreciation for:					
Improvements	(32,852)	(1,146)	-	-	(33,998)
Buildings	(8,853,375)	(271,039)	-	-	(9,124,414)
Equipment	(5,081,516)	(355,830)	27,016	-	(5,410,330)
Infrastructure	(61,090,117)	(2,320,780)	2,512,482	-	(60,898,415)
Intangible assets - software/websites	(580,577)	(205,662)	-	-	(786,239)
Total accumulated depreciation	(75,638,437)	(3,154,457)	2,539,498	-	(76,253,396)
Total capital assets, being depreciated, net	52,294,059	(1,930,754)	(27)	4,020,871	54,384,149
Business-type activities capital assets, net	\$ 63,666,929	\$ 8,579,351	\$ (27)	\$ -	\$ 72,246,253

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

The preceding schedule includes internal service assets totaling \$7,334,076 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	\$ 1,881,894
Public safety	2,169,284
Public works, which includes the depreciation of general infrastructure assets	3,199,085
Culture and recreation	1,762,760
Unallocated	487,635
Total depreciation/amortization expense - governmental activities	<u>\$ 9,500,658</u>
Business-type activities:	
Water and sewer	\$ 3,130,989
Stormwater utility	23,468
Total depreciation expense business-type activities	<u>\$ 3,154,457</u>

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	\$ 1,000,580
General fund for capital assets	3,357,047
Debt service fund	12,750
Water and sewer fund	164,712
Water and sewer fund for capital assets	123,876
Nonmajor Stormwater utility fund	24,302
Nonmajor funds	666,945
Total	<u>\$ 5,350,212</u>

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, 2023, the City had outstanding construction contracts totaling \$31,617,153 that will be financed from operating funds.

	<u>Construction Commitments</u>
Water and sewer	\$ 4,792,926
Dallas Stars multi-sport fund	21,175,995
Nonmajor capital projects funds	5,648,232
Total	<u>\$ 31,617,153</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

E. Interfund Receivables, Payables and Transfers

Government interfund transfers during the year ended September 30, 2023 were as follows:

TRANSFERS OUT	TRANSFERS IN					Total
	General Fund	Non-Bond Fund	Nonmajor Governmental Funds	Storm Water Utility Fund	Internal Service Fund	
General Fund	\$ -	\$ 8,296,000	\$ 1,550,000	\$ -	\$ 150,000	\$ 9,996,000
Grants Fund	-	75,000	343,491	31,069	-	449,560
Storm Water Utility Fund	84,800	-	-	-	-	84,800
Nonmajor governmental funds	809,200	25,000	-	-	-	834,200
Water & sewer Fund	5,035,100	-	-	-	-	5,035,100
Total	<u>\$ 5,929,100</u>	<u>\$ 8,396,000</u>	<u>\$ 1,893,491</u>	<u>\$ 31,069</u>	<u>\$ 150,000</u>	<u>\$ 16,399,660</u>

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, 2023 consisted of the following receivables and payables:

Due to Other Funds	Due from Other Funds	
	General Fund	Purpose
Hotel/Motel Fund - Special Revenue	\$ 1,328,735	Event Center - Construction
	<u>1,328,735</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, 2023, the City abated property taxes totaling \$198,650 for 45 properties under this program.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

- 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 \$460,576 during the fiscal year ended September 30, 2023.
 - 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, 2023, THC received the second annual installment of the tax abatement for \$323,588 and the third annual installment of the grant payment of \$212,962.
 - 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 \$9,156 for the fiscal year ended September 30, 2023.
 - A ten-year agreement for semi-annual economic development grants equal to 50 percent of use taxes collected by the City to a home building company. The company must purchase building materials from Farmers Branch vendors to be eligible for the grants. The effective date of the agreement was January 2018. The abatement amounted to \$8,199 for the fiscal year ended September 30, 2023.
- 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 \$128,991,985 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 2022 is \$32,247,996. 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%.

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 \$523,922,333 of infrastructure improvements in the TIRZ No. 3 project plan and the TIRZ No. 3 increment for tax year 2022 is \$207,164,933. The TIRZ No. 3 is scheduled to terminate in tax year 2052.

For tax year 2022, 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 TITZ 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 2022 is \$67,742,863. The TIF No. 4 is scheduled to terminate in tax year 2052.

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 \$1,501,804 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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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. Currently, the City has no outstanding general obligation bonds issued for 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.

Direct Placement Bonds – The City of Farmers Branch issues direct placement general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Direct placement general obligation bonds have been issued for governmental activities.

Bonds payable at September 30, 2023 are comprised of the following individual issues:

Bonds Payable:	Sale Date	Original Borrowing	Interest Rates to Maturity (%)	Final Maturity	Outstanding Sept. 30, 2023
Bonds - Public Offerings					
Certificates of obligation, taxable	2009	\$ 10,000,000	1.50 - 5.22	2024	\$ 895,000
General obligation refunding bonds, taxable	2011	7,035,000	0.44 - 4.00	2025	1,700,000
Certificates of obligation	2013	6,500,000	2.50 - 4.50	2032	3,795,000
Certificates of obligation	2014	1,890,000	2.00 - 5.00	2024	220,000
General obligation bonds	2014	13,920,000	2.00 - 5.00	2034	6,955,000
Certificates of obligation	2016	2,545,000	2.00 - 3.00	2036	1,785,000
Certificates of obligation	2018	10,515,000	3.00 - 5.00	2038	12,940,000
General obligation bonds	2018	13,540,000	3.25 - 4.00	2038	4,745,000
General obligation bonds	2020	12,305,000	2.00 - 4.00	2039	10,870,000
Certificates of obligation	2022	23,810,000	3.36 - 4.84	2047	23,810,000
Total Bonds Payable		<u>\$ 102,060,000</u>			<u>\$ 67,715,000</u>

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, 2023

Adjusted Tax Base Valuation	\$ 8,066,208,989
Constitutional Limit	2.5% of assessed valuation
Maximum Constitutional Revenue Available	\$ 201,655,225
Tax Rate to Achieve Maximum Tax Revenue	\$2.5000 per \$100 of valuation
Adopted Tax Rate for Fiscal Year 2022-23	\$0.58900 per \$100 of valuation
Available Unused Constitutional Maximum Tax Rate	\$1.9110 per \$100 of valuation

Landfill Closure and Postclosure 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.

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 postclosure 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, 2023, the City had incurred a liability of \$9,733,140, which represents the amount of costs estimated to date based on 46.5% of landfill capacity used to date. The remaining estimated liability for these costs is \$11,196,651, 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 postclosure costs and has restricted the fund balance of \$4,889,751 for these costs. The estimated cost of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws, and other variables.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Changes in long-term liabilities - Changes in the City's long-term liabilities for the year ended September 30, 2023 are as follows:

	Balance at Beginning of Year	Increase	Decrease	Balance at End of Year	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable - public offerings					
Bonds - public offerings	\$ 72,225,000	\$ -	\$ (4,510,000)	\$ 67,715,000	\$ 4,145,000
Unamortized amounts: For issuance premiums	2,631,055	-	(247,178)	2,383,877	-
Total bonds payable - public offerings	74,856,055	-	(4,757,178)	70,098,877	4,145,000
Bonds payable - direct placements					
Certificates of obligation bonds - direct placements	325,000	-	(325,000)	-	-
Total bonds payable	75,181,055	-	(5,082,178)	70,098,877	4,145,000
Compensated absences	5,297,798	4,372,157	(4,397,134)	5,272,821	665,873
Net pension liability	5,938,506	38,829,945	-	44,768,451	-
Total OPEB liability	4,262,146	-	(564,884)	3,697,262	448,265
Claims	839,774	4,227,713	(4,268,071)	799,416	665,772
SBITAs	22,604	640,087	(231,734)	430,957	217,671
Leases	302,838	-	(71,138)	231,700	74,102
Landfill closure and postclosure care costs	8,913,485	819,655	-	9,733,140	-
Governmental activities long-term debt	\$ 100,758,206	\$ 48,889,557	\$ (14,615,139)	\$ 135,032,624	\$ 6,216,683
<u>Business-type activities</u>					
Compensated absences	\$ 233,111	\$ 173,611	\$ (197,348)	\$ 209,374	\$ 50,297
Net pension liability	366,584	1,940,683	-	2,307,267	-
Total OPEB liability	421,531	-	(55,869)	365,662	23,593
Business-type activities long-term debt	\$ 1,021,226	\$ 2,114,294	\$ (253,217)	\$ 2,882,303	\$ 73,890
Total	\$ 101,779,432	\$ 51,003,851	\$ (14,868,356)	\$ 137,914,927	\$ 6,290,573

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 \$799,416 , compensated absences of \$43,759 , total OPEB liability of \$200,086 , and net pension liability of \$1,313,325 are included in the above amounts. In addition, for the governmental activities, claims payable, compensated absences, total OPEB liability and net pension liability are generally liquidated by the general fund. The landfill closure and postclosure care costs will be liquidated from the landfill closure/postclosure fund.

The debt service requirements at September 30, 2023 are as follows:

Governmental Activities:

Year Ended	Bonds - Public Offerings		
	Principal	Interest	Total
September 30			
2024	\$ 4,145,000	\$ 2,648,840	\$ 6,793,840
2025	3,875,000	2,477,672	6,352,672
2026	4,025,000	2,168,477	6,193,477
2027	3,560,000	2,180,918	5,740,918
2028	3,685,000	2,042,339	5,727,339
2029-2033	19,465,000	7,486,535	26,951,535
2034-2038	16,320,000	4,324,479	20,644,479
2039-2043	6,675,000	2,193,692	8,868,692
2044-2048	5,965,000	594,346	6,559,346
Total	\$ 67,715,000	\$ 26,117,298	\$ 93,832,298

NOTES TO THE BASIC FINANCIAL STATEMENTS
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Lease Liability - The City has an agreement as lessee for building space, the terms of which expire in 2026. During the year ended September 30, 2023, the City did not recognize any rental expense for variable expenses not previously included in the measurement of the lease liability.

The following is a schedule by year of payments under the lease as of September 30, 2023:

Year Ending September 30,	Principal	Interest	Total
2024	74,102	8,098	82,200
2025	77,191	5,009	82,200
2026	80,407	1,792	82,199
\$	231,700	\$ 14,899	\$ 246,599

SBITA Liability - The City has an agreement as subscriber for various software, the terms of which expire in 2025. During the year ended September 30, 2023, 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, 2023:

Year Ending September 30,	Principal	Interest	Total
2024 \$	217,671	\$ 14,439	\$ 232,110
2025	213,286	7,146	220,432
\$	430,957	\$ 21,585	\$ 452,542

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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 2023. 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, 2023, the amount of workers' compensation liabilities was \$291,231. 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
2021-2022	\$ 492,611	\$ 1,484	\$(206,170)	\$ 287,925
2022-2023	\$ 287,925	\$ 386,120	\$(382,814)	\$ 291,231

At September 30, 2023, workers' compensation fund cash and investments of \$1,277,629 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, 2023, the amount of estimated claims payable was \$508,185. Changes in the reported liability since October 1, 2021 resulted from the following:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2021-2022	\$ 468,160	\$ 4,207,162	\$(4,123,473)	\$ 551,849
2022-2023	\$ 551,849	\$ 3,841,593	\$(3,885,257)	\$ 508,185

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, 2023.

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 \$6,803,355 to the City of Dallas for the fiscal year ended September 30, 2023.
- 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 \$5,224,506 to the Authority for the fiscal year ended September 30, 2023.

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, 2023, 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.

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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, 2022 measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	66
Inactive, nonretired members	-
Active employees	99
Total	165

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 \$4,062,924 was measured as of December 31, 2022, and was determined by an actuarial valuation as of December 31, 2022.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2022 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: 12/31/2022

Methods and Assumptions:

Actuarial cost method	Individual Entry-Age Normal
Discount rate	4.05% as of December 31, 2022
Inflation	2.50%
Salary increases	3.50% to 11.50%, including inflation
Demographic assumption	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 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 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 1/1/2022	\$ 4,683,677
Changes for the year:	
Service cost	111,763
Interest on the total OPEB liability	82,870
Changes of benefit terms	(172,028)
Difference between expected and actual experience of the total OPEB liability	158,578
Changes of assumptions	(330,436)
Benefit payments	(471,500)
Net changes	(620,753)
Balance at 12/31/2022	\$ 4,062,924

There were no changes in benefit terms during the year.

Changes of assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. 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 4.05%, 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 3.05%	Discount Rate 4.05%	1% Decrease 5.05%
Total OPEB Liability	\$ 4,216,426	\$ 4,062,924	\$ 3,906,601

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	\$ 4,062,924	\$ 4,062,924	\$ 4,062,924

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, 2023, the City of Farmers Branch recognized OPEB expense of \$20,934. At September 30, 2023, 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	\$ 353,625	\$ -
Changes in assumptions	152,446	252,906
Difference between expected and actual experience	135,822	71,191
Total	\$ 641,893	\$ 324,097

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The amount of \$353,625 reported as deferred outflows of resources related to OPEB resulting from benefit paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. 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:	
2024	\$ 6,213
2025	(10,248)
2026	(31,795)
Total	<u>\$ (35,830)</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 930 plans 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	396
Inactive employees entitled to but not yet receiving benefits	407
Active employees	404
Total	<u>1,207</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 18.64% and 19.15% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$12,003,853 and were \$4,775,091 more than the required contributions.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.55% 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 the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rate for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 1/1/2022	\$ 300,473,792	\$ 294,168,702	\$ 6,305,090
Changes for the year:			
Service cost	6,093,461		6,093,461
Interest	20,096,121		20,096,121
Change in benefit terms including substantively automatic status	1,772,446		1,772,446
Difference between expected and actual experience	4,281,046		4,281,046
Contributions - employer		10,489,950	(10,489,950)
Contributions - employee		2,396,102	(2,396,102)
Net investment income		(21,449,525)	21,449,525
Benefit payments, including refunds of employee contributions	(15,145,311)	(15,145,311)	-
Administrative expense		(185,817)	185,817
Other changes		221,736	(221,736)
Net changes	\$ 17,097,763	\$ (23,672,865)	\$ 40,770,628
Balance at 12/31/2022	\$ 317,571,555	\$ 270,495,837	\$ 47,075,718

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

The following presents the net pension liability 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	\$ 89,271,655	\$ 47,075,718	\$ 12,299,271

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, 2023, the City recognized pension expense of \$13,063,027.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

At September 30, 2023, 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	\$ 6,820,924	
Differences between projected and actual investment earnings	\$ 18,299,384	
Differences between expected and actual economic experience	\$ 4,640,045	\$ 184,851
Total	\$ 29,760,353	\$ 184,851

The amount of \$6,820,924 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, 2024. Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ended:	
2024	\$ 2,875,221
2025	6,313,352
2026	5,304,826
2027	8,261,179
Total	\$ 22,754,578

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

4) Accounting Standards

The GASB has issued the following Statement(s) which were implemented during the current fiscal year as shown below:

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*: In 2023, the City adopted GASB 96. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended in year of adoption.

GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. In 2023, the City adopted GASB 94. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The implementation of this statement resulted in a \$7,039 decrease in beginning fund balance for the debt service fund. These changes were the result of public-private partnerships that qualified as leases in fiscal year 2022 under GASB 87, but as a public-private partnership under GASB 94 as implemented in fiscal year 2023.

The GASB has issued the following Statements which will become effective in future years as shown below:

GASB Statement No. 100 - *Accounting Changes and Error Corrections*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement will take effect for the City's fiscal year 2024. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 101 - *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement will take effect for the City's fiscal year 2025. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 102 - *Certain Risk Disclosures*. The objective of this statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement will take effect for the City's fiscal year 2025. Management has not yet determined the impact of this Statement on its financial statements.

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT E-1

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

Measurement Year Actuarial Valuation Date	2014 12/31/2014	2015 12/31/2015	2016 12/31/2016	2017 12/31/2017	2018 12/31/2018	2019 12/31/2019	2020 12/31/2020	2021 12/31/2021	2022 12/31/2022
Total pension liability									
Service cost	\$ 4,007,557	\$ 4,261,691	\$ 4,616,826	\$ 4,806,867	\$ 4,866,475	\$ 5,127,310	\$ 5,240,367	\$ 5,281,449	\$ 6,093,461
Interest (on the total pension liability)	15,367,910	15,717,266	15,747,728	16,395,749	17,101,046	17,818,591	18,476,451	19,027,607	20,096,121
Change in benefit terms including substantively automatic status	-	-	-	-	-	-	-	-	1,772,446
Difference between expected and actual experience	(3,914,413)	(698,312)	1,000,031	1,014,084	876,127	415,085	(1,293,960)	3,966,105	4,281,046
Change in assumptions		626,944				121,972		-	-
Benefit payments, including refunds of employee contributions	(10,236,923)	(10,957,740)	(11,677,954)	(12,040,638)	(11,554,676)	(13,132,856)	(14,453,989)	(14,102,244)	(15,145,311)
Net change in total pension liability	5,224,131	8,949,849	9,686,631	10,176,062	11,288,972	10,350,102	7,968,869	14,172,917	17,097,763
Total pension liability - beginning	222,656,259	227,880,390	236,830,239	246,516,870	256,692,932	267,981,904	278,332,006	286,300,875	300,473,792
Total pension liability - ending (a)	\$ 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
Plan fiduciary net position									
Contributions - employer	\$ 4,951,824	\$ 4,939,690	\$ 4,776,281	\$ 5,118,344	\$ 5,312,253	\$ 5,553,843	\$ 5,829,450	\$ 6,105,689	\$ 10,489,950
Contributions - employee	1,779,313	1,843,704	1,920,471	1,964,277	2,000,313	2,102,588	2,148,396	2,154,437	2,396,102
Net investment income	11,387,339	305,177	13,701,366	29,283,799	(7,051,348)	34,618,034	19,190,023	34,594,891	(21,449,525)
Benefit payments, including refunds of employee contributions	(10,236,923)	(10,957,740)	(11,677,954)	(12,040,638)	(11,554,676)	(13,132,856)	(14,453,989)	(14,102,244)	(15,145,311)
Administrative expense	(118,899)	(185,890)	(154,760)	(151,785)	(136,330)	(195,719)	(124,261)	(160,193)	(185,817)
Other	(9,775)	(9,182)	(8,338)	(7,692)	(7,123)	(5,880)	(4,848)	1,097	221,735
Net change in plan fiduciary net position	7,752,879	(4,064,241)	8,557,066	24,166,305	(11,436,911)	28,940,010	12,584,771	28,593,677	(23,672,866)
Plan fiduciary net position - beginning	199,075,146	206,828,025	202,763,784	211,320,850	235,487,155	224,050,244	252,990,254	265,575,025	294,168,702
Plan fiduciary net position - ending (b)	\$ 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
Net pension liability - ending [(a) - (b)]	\$ 21,052,365	\$ 34,066,455	\$ 35,196,020	\$ 21,205,777	\$ 43,931,660	\$ 25,341,752	\$ 20,725,850	\$ 6,305,090	\$ 47,075,719
Plan fiduciary net position as a percentage of total pension liability	90.76%	85.62%	85.72%	91.74%	83.61%	90.90%	92.76%	97.90%	85.18%
Covered payroll	\$ 25,406,973	\$ 25,797,163	\$ 26,888,911	\$ 28,061,102	\$ 28,575,894	\$ 30,036,968	\$ 30,681,303	\$ 30,777,674	\$ 34,137,039
Net pension liability as a percentage of covered payroll	82.86%	132.06%	130.89%	75.57%	153.74%	84.37%	67.55%	20.49%	137.90%

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)
2014	4,919,572	4,919,572	0	25,143,279	19.57%	19.57%
2015	4,887,161	4,887,161	0	25,596,098	19.09%	19.09%
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%

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	23 Years
Asset Valuation Method	10 Year Smoothed Market, 12% Soft Corridor
Corridor Inflation	2.5%
Salary Increases	3.50% to 11.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018. Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality	Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The Rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes

Adopted 20 year, any age retirement eligibility.

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,	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service Cost	\$ 111,763	\$ 131,014	\$ 120,599	\$ 103,922	\$ 112,523	\$ 117,900
Interest on the total OPEB liability	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	158,578	22,259	(186,450)	21,854	(142,849)	15,272
Changes of assumptions	(330,436)	38,096	25,396	449,630	(109,852)	143,553
Benefit payments	(471,500)	(467,935)	(472,782)	(481,825)	(473,238)	(486,880)
Net change in total OPEB liability	(620,753)	(182,609)	(373,972)	270,933	(440,326)	(10,670)
Total OPEB liability - beginning	4,683,677	4,866,286	5,240,258	4,969,325	5,409,651	5,420,321
Total OPEB liability - ending	\$ 4,062,924	\$ 4,683,677	\$ 4,866,286	\$ 5,240,258	\$ 4,969,325	\$ 5,409,651
Covered-employee payroll	\$ 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	35.73%	46.02%	43.06%	40.04%	36.74%	42.70%

Notes to Schedule:

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
2023	4.05%
2022	1.84%
2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%
2017	3.81%

OTHER SUPPLEMENTARY INFORMATION

**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/Postclosure - 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/postclosure.

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.

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.

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT F-1

COMBINING BALANCE SHEET - SUMMARY
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash, cash equivalents, and investments	\$ 11,808,101	\$ 14,125,848	\$ 25,933,949
Receivables (net of allowance for uncollectibles)	490,368		490,368
Accrued interest and other	81,949	112,969	194,918
Land held for resale	1,718,800		1,718,800
Prepaid items	750		750
Total assets	<u>\$ 14,099,968</u>	<u>\$ 14,238,817</u>	<u>\$ 28,338,785</u>
LIABILITIES			
Accounts payable	\$ 85,434	\$ 968,555	\$ 1,053,989
Retainage payable	4,960	118,246	123,206
Due to other funds	1,328,735		1,328,735
Deposits payable	75,000	125,604	200,604
Total liabilities	<u>1,494,129</u>	<u>1,212,405</u>	<u>2,706,534</u>
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Inventory	1,718,800		1,718,800
Prepaid items	750		750
Restricted for			
Construction of capital assets		13,026,412	13,026,412
Landfill closure / postclosure	4,889,751		4,889,751
Promotion of tourism	2,667,002		2,667,002
Purpose of grantors, trustees and donors	2,280,925		2,280,925
Economic development	373,742		373,742
Law enforcement	666,267		666,267
Fire training operations	8,602		8,602
Assigned to			
Total fund balances	<u>12,605,839</u>	<u>13,026,412</u>	<u>25,632,251</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,099,968</u>	<u>\$ 14,238,817</u>	<u>\$ 28,338,785</u>

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT F-1A

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2023

	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	\$ 3,705,685	\$ 303,600	\$ 1,897,813	\$ 12,186	\$ 219,471	\$ 376,336
Receivables (net of allowance for uncollectibles)	326,016				153,385	
Accrued interest and other	17,481	3,818	12,526	93	7,652	1,833
Land held for resale						
Prepaid items	750					
Total assets	<u>\$ 4,049,932</u>	<u>\$ 307,418</u>	<u>\$ 1,910,339</u>	<u>\$ 12,279</u>	<u>\$ 380,508</u>	<u>\$ 378,169</u>
LIABILITIES						
Accounts payable	\$ 53,445	\$ 3,149	\$ 669		\$ 9,458	\$ 16,171
Retainage payable						
Due to other funds	1,328,735					
Deposits payable					75,000	
Total liabilities	<u>1,382,180</u>	<u>3,149</u>	<u>669</u>	<u>-</u>	<u>84,458</u>	<u>16,171</u>
FUND BALANCES						
Nonspendable						
Inventory						
Prepaid items	750					
Restricted for						
Landfill closure/postclosure						
Promotion of tourism	2,667,002					
Purpose of grantors, trustees, and donors			1,909,670	12,279		
Economic development					296,050	
Law enforcement		304,269				361,998
Fire training operations						
Total fund balances	<u>2,667,752</u>	<u>304,269</u>	<u>1,909,670</u>	<u>12,279</u>	<u>296,050</u>	<u>361,998</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,049,932</u>	<u>\$ 307,418</u>	<u>\$ 1,910,339</u>	<u>\$ 12,279</u>	<u>\$ 380,508</u>	<u>\$ 378,169</u>

Nonmajor Special Revenue Funds					
Landfill Closure/ Postclosure	Joint Fire Training	PEG Access Channel	Farmers Branch Local Gov't Corporation	Residential Revitalization Bond	Total Nonmajor Special Revenue Funds
\$ 4,859,464	\$ 10,793	\$ 305,036	\$ 40,683	\$ 77,034	\$ 11,808,101
		10,967			490,368
35,247	351	2,290		658	81,949
				1,718,800	1,718,800
					750
<u>\$ 4,894,711</u>	<u>\$ 11,144</u>	<u>\$ 318,293</u>	<u>\$ 40,683</u>	<u>\$ 1,796,492</u>	<u>\$ 14,099,968</u>
\$ 4,960	\$ 2,542	\$ -	\$ -	\$ -	\$ 85,434
					4,960
					1,328,735
					75,000
<u>4,960</u>	<u>2,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,494,129</u>
				1,718,800	1,718,800
					750
4,889,751					4,889,751
		318,293	40,683		2,667,002
				77,692	2,280,925
					373,742
					666,267
	8,602				8,602
<u>4,889,751</u>	<u>8,602</u>	<u>318,293</u>	<u>40,683</u>	<u>1,796,492</u>	<u>12,605,839</u>
<u>\$ 4,894,711</u>	<u>\$ 11,144</u>	<u>\$ 318,293</u>	<u>\$ 40,683</u>	<u>\$ 1,796,492</u>	<u>\$ 14,099,968</u>

CITY OF FARMERS BRANCH, TEXAS

EXHIBIT F-1B

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2023

	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	\$ 1,583,479	\$ 934,551	\$ 183,294	\$ 44,739	\$ 183,738	\$ 3,554,601
Accrued interest and other	7,736	9,089	2,902	613	1,887	28,933
Total assets	<u>\$ 1,591,215</u>	<u>\$ 943,640</u>	<u>\$ 186,196</u>	<u>\$ 45,352</u>	<u>\$ 185,625</u>	<u>\$ 3,583,534</u>
LIABILITIES						
Accounts payable	\$ 175,835	\$ 514,244	\$	\$ 44,678	\$ 45,824	\$ 57,217
Retainage payable	89,337	28,909				
Deposits payable					125,604	
Total liabilities	<u>265,172</u>	<u>543,153</u>	<u>-</u>	<u>44,678</u>	<u>171,428</u>	<u>57,217</u>
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted for						
Construction of capital assets	1,326,043	400,487	186,196	674	14,197	3,526,317
Assigned to						
Total fund balances	<u>1,326,043</u>	<u>400,487</u>	<u>186,196</u>	<u>674</u>	<u>14,197</u>	<u>3,526,317</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,591,215</u>	<u>\$ 943,640</u>	<u>\$ 186,196</u>	<u>\$ 45,352</u>	<u>\$ 185,625</u>	<u>\$ 3,583,534</u>

Nonmajor Capital Projects Fund			
TIF District No. 2	TIF District No 4	Trails & Sidewalks Bond	Total Nonmajor Capital Projects Funds
\$ 3,289,588	\$ 399,005	\$ 3,952,853	\$ 14,125,848
25,538		36,271	112,969
<u>\$ 3,315,126</u>	<u>\$ 399,005</u>	<u>\$ 3,989,124</u>	<u>\$ 14,238,817</u>
\$ 11,182	\$	\$ 119,575	\$ 968,555
			118,246
			125,604
11,182	-	119,575	1,212,405
-	-	-	-
3,303,944	399,005	3,869,549	13,026,412
<u>3,303,944</u>	<u>399,005</u>	<u>3,869,549</u>	<u>13,026,412</u>
<u>\$ 3,315,126</u>	<u>\$ 399,005</u>	<u>\$ 3,989,124</u>	<u>\$ 14,238,817</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, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Hotel/motel taxes	\$ 3,341,512	\$	\$ 3,341,512
Franchise taxes	46,842		46,842
Tax increment financing	912,858	588,946	1,501,804
Charges for services	1,116,219		1,116,219
Fines and forfeitures	114,780		114,780
Investment income	479,395	634,691	1,114,086
Intergovernmental	79,593		79,593
Miscellaneous	1,621,708		1,621,708
Total revenues	7,712,907	1,223,637	8,936,544
EXPENDITURES			
Current			
General government	1,109,943		1,109,943
Public safety	384,662	100,000	484,662
Culture and recreation	1,987,890		1,987,890
Debt Service			
Interest and fiscal agent charges	11,628		11,628
Capital outlay	248,170	4,451,162	4,699,332
Total expenditures	3,742,293	4,551,162	8,293,455
Excess (deficiency) of revenues over (under) expenditures	3,970,614	(3,327,525)	643,089
OTHER FINANCING SOURCES (USES)			
Transfers in		1,893,491	1,893,491
Transfers out	(834,200)		(834,200)
Total other financing sources (uses)	(834,200)	1,893,491	1,059,291
Net change in fund balances	3,136,414	(1,434,034)	1,702,380
Fund balances - beginning	9,469,425	14,460,446	23,929,871
Fund balances - ending	\$ 12,605,839	\$ 13,026,412	\$ 25,632,251

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, 2023

	Nonmajor Special Revenue Funds					
	Hotel/ Motel	Police Forfeitures	Donations	Cemetery	Tax Increment Reinvestment Zone No 3	Municipal Court Fees
REVENUES						
Hotel/motel taxes	\$ 3,341,512	\$	\$	\$	\$	\$
Franchise taxes						
Tax increment financing					912,858	
Charges for services	116,219					
Fines and forfeitures		40,462				74,318
Investment income	117,197	21,450	70,373	521	42,991	10,302
Intergovernmental						
Miscellaneous	1,075		1,556,229	1,200	63,204	
Total revenues	3,576,003	61,912	1,626,602	1,721	1,019,053	84,620
EXPENDITURES						
General government			114,456		976,062	11,261
Public safety		231,508	35,614			18,000
Culture and recreation	1,982,023		5,867			
Interest and fiscal agent charges	11,628					
Capital outlay						
Total expenditures	1,993,651	231,508	155,937	-	976,062	29,261
Excess (deficiency) of revenues over (under) expenditures	1,582,352	(169,596)	1,470,665	1,721	42,991	55,359
OTHER FINANCING SOURCES (USES)						
Transfers out	(834,200)					
Total other financing sources (uses)	(834,200)	-	-	-	-	-
Net change in fund balances	748,152	(169,596)	1,470,665	1,721	42,991	55,359
Fund balances - beginning	1,919,600	473,865	439,005	10,558	253,059	306,639
Fund balances - ending	\$ 2,667,752	\$ 304,269	\$ 1,909,670	\$ 12,279	\$ 296,050	\$ 361,998

Nonmajor Special Revenue Funds					
Landfill Closure/ Postclosure	Joint Fire Training	PEG Access Channel	Farmers Branch Local Gov't Corporation	Residential Revitalization Bond	Total Nonmajor Special Revenue Funds
\$	\$	\$	\$	\$	\$ 3,341,512
		46,842			46,842
					912,858
1,000,000					1,116,219
					114,780
198,029	1,971	12,864		3,697	479,395
	79,593				79,593
					1,621,708
1,198,029	81,564	59,706	-	3,697	7,712,907
		8,164			1,109,943
	99,540				384,662
					1,987,890
					11,628
248,170					248,170
248,170	99,540	8,164	-	-	3,742,293
949,859	(17,976)	51,542	-	3,697	3,970,614
					(834,200)
-	-	-	-	-	(834,200)
949,859	(17,976)	51,542	-	3,697	3,136,414
3,939,892	26,578	266,751	40,683	1,792,795	9,469,425
\$ 4,889,751	\$ 8,602	\$ 318,293	\$ 40,683	\$ 1,796,492	\$ 12,605,839

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, 2023

	Nonmajor Capital Projects Funds									Total 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	TIF District No. 2	TIF District No 4	Trails & Sidewalks Bond	
REVENUES										
Tax increment financing	\$	\$	\$	\$	\$	\$	\$ 189,941	\$ 399,005	\$	\$ 588,946
Investment income	43,465	51,063	16,310	3,444	10,602	162,552	143,477		203,778	634,691
Total revenues	43,465	51,063	16,310	3,444	10,602	162,552	333,418	399,005	203,778	1,223,637
EXPENDITURES										
Current										
Public safety					100,000					100,000
Debt service										
Capital outlay	1,851,953	995,980				209,607	29,596		1,364,026	4,451,162
Total expenditures	1,851,953	995,980	-	-	100,000	209,607	29,596	-	1,364,026	4,551,162
Excess (deficiency) of revenues over (under) expenditures	(1,808,488)	(944,917)	16,310	3,444	(89,398)	(47,055)	303,822	399,005	(1,160,248)	(3,327,525)
OTHER FINANCING SOURCES (USES)										
Transfers in	1,893,491									1,893,491
Total other financing sources (uses)	1,893,491	-	-	-	-	-	-	-	-	1,893,491
Net change in fund balances	85,003	(944,917)	16,310	3,444	(89,398)	(47,055)	303,822	399,005	(1,160,248)	(1,434,034)
Fund balances - beginning	1,241,040	1,345,404	169,886	(2,770)	103,595	3,573,372	3,000,122		5,029,797	14,460,446
Fund balances - ending	\$ 1,326,043	\$ 400,487	\$ 186,196	\$ 674	\$ 14,197	\$ 3,526,317	\$ 3,303,944	\$ 399,005	\$ 3,869,549	\$ 13,026,412

**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, 2023

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Hotel/motel taxes	\$ 3,262,400	\$ 3,341,512	\$ 79,112
Charges for services	115,300	116,219	919
Investment income	90,200	117,197	26,997
Miscellaneous	700	1,075	375
Total revenues	3,468,600	3,576,003	107,403
EXPENDITURES			
Culture and recreation	2,466,231	1,982,023	484,208
Interest and fiscal agent charges	-	11,628	(11,628)
Total expenditures	2,466,231	1,993,651	472,580
Excess (deficiency) of revenues over (under) expenditures	1,002,369	1,582,352	579,983
OTHER FINANCING SOURCES (USES)			
Transfers out	(834,200)	(834,200)	-
Total other financing sources (uses)	(834,200)	(834,200)	-
Net change in fund balances	168,169	748,152	579,983
Fund balances - beginning	1,919,600	1,919,600	-
Fund balances - ending	\$ 2,087,769	\$ 2,667,752	\$ 579,983

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, 2023

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Fines and forfeitures	\$ 40,500	\$ 40,462	\$ (38)
Investment income	17,100	21,450	4,350
Total revenues	57,600	61,912	4,312
EXPENDITURES			
Public safety	234,700	231,508	3,192
Total expenditures	234,700	231,508	3,192
Net change in fund balances	(177,100)	(169,596)	7,504
Fund balances - beginning	473,865	473,865	-
Fund balances - ending	\$ 296,765	\$ 304,269	\$ 7,504

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, 2023

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 35,600	\$ 70,373	\$ 34,773
Miscellaneous	1,620,200	1,556,229	(63,971)
Total revenues	1,655,800	1,626,602	(29,198)
EXPENDITURES			
General government	176,975	114,456	62,519
Public safety	125,600	35,614	89,986
Culture and recreation	23,000	5,867	17,133
Total expenditures	325,575	155,937	169,638
Net change in fund balances	1,330,225	1,470,665	140,440
Fund balances - beginning	439,005	439,005	-
Fund balances - ending	\$ 1,769,230	\$ 1,909,670	\$ 140,440

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, 2023

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 400	\$ 521	\$ 121
Miscellaneous	1,200	1,200	-
Total revenues	1,600	1,721	121
Net change in fund balances	1,600	1,721	121
Fund balances - beginning	10,558	10,558	-
Fund balances - ending	<u>\$ 12,158</u>	<u>\$ 12,279</u>	<u>\$ 121</u>

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, 2023

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Tax increment financing	\$ 912,900	\$ 912,858	\$ (42)
Investment income	25,000	42,991	17,991
Miscellaneous	-	63,204	63,204
Total revenues	937,900	1,019,053	81,153
EXPENDITURES			
General government	958,000	976,062	(18,062)
Total expenditures	958,000	976,062	(18,062)
Net change in fund balances	(20,100)	42,991	63,091
Fund balances - beginning	253,059	253,059	-
Fund balances - ending	\$ 232,959	\$ 296,050	\$ 63,091

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, 2023

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Fines and forfeitures	\$ 71,100	\$ 74,318	\$ 3,218
Investment income	7,200	10,302	3,102
Total revenues	78,300	84,620	6,320
EXPENDITURES			
General government	11,400	11,261	139
Public safety	81,600	18,000	63,600
Total expenditures	93,000	29,261	63,739
Net change in fund balances	(14,700)	55,359	70,059
Fund balances - beginning	306,639	306,639	-
Fund balances - ending	\$ 291,939	\$ 361,998	\$ 70,059

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, 2023

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Charges for services	\$ 1,000,000	\$ 1,000,000	\$ -
Investment income	143,000	198,029	55,029
Total revenues	1,143,000	1,198,029	55,029
EXPENDITURES			
Public works	701,947	-	701,947
Capital outlay	-	248,170	(248,170)
Total expenditures	701,947	248,170	453,777
Net change in fund balances	441,053	949,859	508,806
Fund balances - beginning	3,939,892	3,939,892	-
Fund balances - ending	\$ 4,380,945	\$ 4,889,751	\$ 508,806

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, 2023

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 1,900	\$ 1,971	\$ 71
Intergovernmental	79,600	79,593	(7)
Total revenues	81,500	81,564	64
EXPENDITURES			
Public safety	105,300	99,540	5,760
Total expenditures	105,300	99,540	5,760
Net change in fund balances	(23,800)	(17,976)	5,824
Fund balances - beginning	26,578	26,578	-
Fund balances - ending	<u>\$ 2,778</u>	<u>\$ 8,602</u>	<u>\$ 5,824</u>

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, 2023

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Franchise taxes	\$ 49,000	\$ 46,842	\$ (2,158)
Investment income	9,600	12,864	3,264
Total revenues	58,600	59,706	1,106
EXPENDITURES			
General government	25,000	8,164	16,836
Total expenditures	25,000	8,164	16,836
Net change in fund balances	33,600	51,542	17,942
Fund balances - beginning	266,751	266,751	-
Fund balances - ending	\$ 300,351	\$ 318,293	\$ 17,942

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, 2023

	Revised Budget	Actual Budget Basis	Variance
REVENUES			
Investment income	\$ 1,600	\$ 3,697	\$ 2,097
Total revenues	1,600	3,697	2,097
EXPENDITURES			
General government	75,594	-	75,594
Total expenditures	75,594	-	75,594
Net change in fund balances	(73,994)	3,697	77,691
Fund balances - beginning	1,792,795	1,792,795	-
Fund balances - ending	<u>\$ 1,718,801</u>	<u>\$ 1,796,492</u>	<u>\$ 77,691</u>

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, 2023

	Original Budget	Revised Budget	Actual Budget Basis	Variance
REVENUES				
Property taxes	\$ -	\$ 4,477,800	\$ 4,792,768	\$ 314,968
Investment income	-	1,666,644	219,709	(1,446,935)
Miscellaneous	-	-	255,577	255,577
Total revenues	-	6,144,444	5,268,054	(876,390)
EXPENDITURES				
Principal retirement	-	4,835,000	4,835,000	-
Interest and fiscal agent charges	-	2,715,000	2,690,998	24,002
Total expenditures	-	7,550,000	7,525,998	24,002
Net Change in Fund Balances	-	(1,405,556)	(2,257,944)	(852,388)
Fund balances - beginning	2,552,786	2,552,786	2,552,786	-
Fund balances - ending	\$ 2,552,786	\$ 1,147,230	\$ 294,842	\$ (852,388)

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, 2023

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
ASSETS				
Current assets:				
Cash, cash equivalents, and investments	\$ 2,062,740	\$ 1,277,629	\$ 2,144,645	\$ 5,485,014
Receivables (net of allowance for uncollectibles)		11,466	37,383	48,849
Inventories	28,389			28,389
Prepaid items	5,000			5,000
Deposits		35,000		35,000
Total current assets	2,096,129	1,324,095	2,182,028	5,602,252
Noncurrent assets				
Capital and lease assets				
Nondepreciable	8,170			8,170
Depreciable, net of accumulated depreciation/amortization	7,325,906			7,325,906
Total noncurrent assets	7,334,076	-	-	7,334,076
Total assets	9,430,205	1,324,095	2,182,028	12,936,328
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	803,529			803,529
Deferred outflows from OPEB	32,095			32,095
Total deferred outflows of resources	835,624	-	-	835,624
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	338,935	77,915	73,136	489,986
Compensated absences	33,542			33,542
Claims payable		157,587	508,185	665,772
Total current liabilities	372,477	235,502	581,321	1,189,300
Noncurrent liabilities				
Compensated absences	10,217			10,217
Claims payable long term		133,644		133,644
Net pension liability	1,313,325			1,313,325
Total OPEB liability	200,086			200,086
Total noncurrent liabilities	1,523,628	133,644	-	1,657,272
Total liabilities	1,896,105	369,146	581,321	2,846,572
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	4,991			4,991
Deferred inflows from OPEB	16,205			16,205
Total deferred inflows of resources	21,196	-	-	21,196
NET POSITION				
Net investment in capital assets	7,334,076		-	7,334,076
Unrestricted	1,014,452	954,949	1,600,707	3,570,108
Total net position	\$ 8,348,528	\$ 954,949	\$ 1,600,707	\$ 10,904,184

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, 2023

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
Operating Revenues				
Charges for services	\$ 5,912,741	\$ 324,500	\$	\$ 6,237,241
Contributions and miscellaneous		85,471	4,546,659	4,632,130
Total operating revenues	5,912,741	409,971	4,546,659	10,869,371
Operating Expenses				
Personal services	1,228,975			1,228,975
Materials and supplies	2,265,287			2,265,287
Maintenance and utilities	2,047,067			2,047,067
Insurance claims and expenses		382,814	4,607,682	4,990,496
Depreciation	249,312			249,312
Total operating expenses	5,790,641	382,814	4,607,682	10,781,137
Operating Income (Loss)	122,100	27,157	(61,023)	88,234
Transfers in		-	150,000	150,000
Change in net position	122,100	27,157	88,977	238,234
Net Position, Beginning of Year	8,226,428	927,792	1,511,730	10,665,950
Net Position, End of Year	\$ 8,348,528	\$ 954,949	\$ 1,600,707	\$ 10,904,184

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Fleet & Facilities Management	Workers' Compensation	Health Claims	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 5,912,741	\$ 400,447	\$ 4,513,243	10,826,431
Payments to suppliers	(4,151,145)	-	-	(4,151,145)
Payments to employees	(1,305,146)	-	-	(1,305,146)
Payments for claims		(401,116)	(4,578,791)	(4,979,907)
Net cash provided by (used for) operating activities	456,450	(669)	(65,548)	390,233
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	-	-	150,000	150,000
Net cash provided by noncapital financing activities	-	-	150,000	150,000
Net increase (decrease) in cash and cash equivalents	456,450	(669)	84,452	540,233
Cash and cash equivalents - beginning of year	1,606,290	1,278,298	2,060,193	4,944,781
Cash and cash equivalents - end of year	\$ 2,062,740	\$ 1,277,629	\$ 2,144,645	\$ 5,485,014
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 122,100	\$ 27,157	\$ (61,023)	\$ 88,234
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	249,312	-	-	249,312
(Increase)/Decrease in				
Receivables	-	(9,524)	(33,416)	(42,940)
Inventories	(11,857)	-	-	(11,857)
Prepaid items	63	-	-	63
Deferred outflows of resources - pension	(581,321)	-	-	(581,321)
Deferred outflows of resources - OPEB	592	-	-	592
Increase/(Decrease) in				
Accounts payable and accrued in accrued liabilities	170,079	(21,608)	72,555	221,026
Claims payable	-	3,306	(43,664)	(40,358)
Net Pension liability	1,100,806	-	-	1,100,806
OPEB liability	(31,038)	-	-	(31,038)
Deferred inflows of resources - pension	(490,887)	-	-	(490,887)
Deferred inflows of resources - OPEB	7,784	-	-	7,784
Compensated absences	(79,183)	-	-	(79,183)
Net cash provided by (used for) operating activities	\$ 456,450	\$ (669)	\$ (65,548)	\$ 390,233

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.

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.	Page 88 - 95
Revenue Capacity	These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	96 - 101
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.	102 - 104
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.	105 - 106
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.	107 - 112
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.	113

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				
	2014	2015 (1)	2016	2017	2018 (2)
Governmental activities:					
Net investment in capital assets	\$ 97,650,889	\$ 98,590,058	\$ 98,496,787	\$ 102,598,166	\$ 111,614,735
Restricted	4,792,147	6,147,754	7,152,723	5,347,455	5,004,542
Unrestricted	(16,653,141)	(31,206,669)	(32,114,251)	(24,589,681)	(23,365,364)
Total governmental activities net position	<u>\$ 85,789,895</u>	<u>\$ 73,531,143</u>	<u>\$ 73,535,259</u>	<u>\$ 83,355,940</u>	<u>\$ 93,253,913</u>
Business-type activities:					
Net investment in capital assets	\$ 40,410,276	\$ 42,443,950	\$ 41,529,619	\$ 40,158,599	\$ 44,369,653
Unrestricted	11,487,795	9,076,311	10,471,923	12,805,807	15,252,063
Total business-type activities net position	<u>\$ 51,898,071</u>	<u>\$ 51,520,261</u>	<u>\$ 52,001,542</u>	<u>\$ 52,964,406</u>	<u>\$ 59,621,716</u>
Primary government:					
Net investment in capital assets	\$ 138,061,165	\$ 141,034,008	\$ 140,026,406	\$ 142,756,765	\$ 155,984,388
Restricted	4,792,147	6,147,754	7,152,723	5,347,455	5,004,542
Unrestricted	(5,165,346)	(22,130,358)	(21,642,328)	(11,783,874)	(8,113,301)
Total governmental activities net position	<u>\$ 137,687,966</u>	<u>\$ 125,051,404</u>	<u>\$ 125,536,801</u>	<u>\$ 136,320,346</u>	<u>\$ 152,875,629</u>

Notes:

(1) The fiscal year 2015 governmental activities were restated with implementation of GASB Statements 68 & 71 to record a beginning net pension liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

(2) 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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 120,256,477	\$ 140,767,184	\$ 148,809,910	\$ 142,607,256	\$ 150,702,636
8,793,762	9,407,269	13,515,575	10,194,325	13,178,193
(20,684,259)	(11,806,042)	(5,539,781)	23,156,960	30,534,514
<u>\$ 108,365,980</u>	<u>\$ 138,368,411</u>	<u>\$ 156,785,704</u>	<u>\$ 175,958,541</u>	<u>\$ 194,415,343</u>
\$ 50,795,139	\$ 52,383,379	\$ 54,928,229	\$ 62,163,819	\$ 71,461,488
18,940,131	18,701,549	23,584,767	26,181,830	25,823,592
<u>\$ 69,735,270</u>	<u>\$ 71,084,928</u>	<u>\$ 78,512,996</u>	<u>\$ 88,345,649</u>	<u>\$ 97,285,080</u>
\$ 171,051,616	\$ 193,150,563	\$ 203,738,139	\$ 204,771,075	\$ 222,164,124
8,793,762	9,407,269	13,515,575	10,194,325	13,178,193
(1,744,128)	6,895,507	18,044,986	49,338,790	56,358,106
<u>\$ 178,101,250</u>	<u>\$ 209,453,339</u>	<u>\$ 235,298,700</u>	<u>\$ 264,304,190</u>	<u>\$ 291,700,423</u>

CITY OF FARMERS BRANCH, TEXAS

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

	Fiscal Year					
	2014	2015 (1)	2016	2017	2018 (2)	2019
Expenses						
Governmental activities:						
General government	\$ 13,133,503	\$ 12,623,901	\$ 14,578,536	\$ 16,573,789	\$ 16,174,829	\$ 19,575,431
Public safety	22,147,916	22,025,873	25,223,791	26,982,151	25,966,603	29,155,722
Public works	11,683,321	9,414,374	9,262,380	304,447	12,433,845	13,841,348
Culture and recreation	11,820,723	12,588,417	14,084,036	14,415,728	13,864,483	15,349,830
Principal retirement						
Interest on long term debt	2,141,082	2,344,088	2,359,900	2,217,026	2,812,608	3,474,315
Unallocated depreciation	126,464	126,464	273,962	277,305	272,867	246,659
Total governmental activities expenses	<u>61,053,009</u>	<u>59,123,117</u>	<u>65,782,605</u>	<u>60,770,446</u>	<u>71,525,235</u>	<u>81,643,305</u>
Business-type activities:						
Water and sewer	12,393,782	13,095,850	15,187,138	16,086,557	17,132,596	16,513,832
Stormwater utility		570,356	274,895	647,624	284,185	1,509,879
Total business-type activities expenses	<u>12,393,782</u>	<u>13,666,206</u>	<u>15,462,033</u>	<u>16,734,181</u>	<u>17,416,781</u>	<u>18,023,711</u>
Total primary government expenses	<u>\$ 73,446,791</u>	<u>\$ 72,789,323</u>	<u>\$ 81,244,638</u>	<u>\$ 77,504,627</u>	<u>\$ 88,942,016</u>	<u>\$ 99,667,016</u>
Program Revenues						
Governmental activities:						
Charges for services						
Public safety	\$ 4,379,539	\$ 4,441,054	\$ 4,694,946	\$ 4,734,932	\$ 4,254,309	\$ 4,659,728
Public works	2,279,435	2,287,633	2,481,706	2,651,878	3,342,887	6,672,289
Other	2,081,908	3,346,842	2,952,599	3,581,692	6,900,369	5,615,232
Operating grants and contributions	552,131	335,647	349,473	600,602	719,367	516,444
Capital grants and contributions	98,600	401,271	253,844	560,197	6,471,947	10,004,978
Total governmental activities program revenues	<u>9,391,613</u>	<u>10,812,447</u>	<u>10,732,568</u>	<u>12,129,301</u>	<u>21,688,879</u>	<u>27,468,671</u>
Business-type activities:						
Charges for services	14,576,404	17,746,563	20,083,136	21,271,417	25,155,472	25,734,892
Capital grants and contributions	290,890	3,800			3,368,829	4,365,188
Total business-type activities program revenues	<u>14,867,294</u>	<u>17,750,363</u>	<u>20,083,136</u>	<u>21,271,417</u>	<u>28,524,301</u>	<u>30,100,080</u>
Total primary government program revenues	<u>\$ 24,258,907</u>	<u>\$ 28,562,810</u>	<u>\$ 30,815,704</u>	<u>\$ 33,400,718</u>	<u>\$ 50,213,180</u>	<u>\$ 57,568,751</u>
Net (Expense)/Revenue						
Governmental activities	\$ (51,661,396)	\$ (48,310,670)	\$ (55,050,037)	\$ (48,641,145)	\$ (49,836,356)	\$ (54,174,634)
Business-type activities	2,473,512	4,084,157	4,621,103	4,537,236	11,107,520	12,076,369
Total primary government net expense	<u>\$ (49,187,884)</u>	<u>\$ (44,226,513)</u>	<u>\$ (50,428,934)</u>	<u>\$ (44,103,909)</u>	<u>\$ (38,728,836)</u>	<u>\$ (42,098,265)</u>
General Revenues and Other Changes in Net Position						
Governmental activities:						
Taxes						
Property taxes, levied for general purposes	\$ 18,886,710	\$ 20,727,595	\$ 22,191,443	\$ 24,509,410	\$ 25,617,820	\$ 27,431,177
Property taxes, levied for debt service	2,075,008	3,903,953	3,926,612	4,291,764	4,309,918	4,584,944
Sales and use taxes	13,430,485	13,363,544	13,639,841	13,936,336	14,618,441	17,410,323
Other taxes	7,724,433	8,508,637	9,457,598	10,600,730	12,032,639	14,617,755
Investment income	1,872,535	1,591,991	1,664,659	1,447,475	1,787,154	2,935,658
Gain on extinguishment of debt						
Gain on sale of capital assets/miscellaneous	36,873	124,938		59,927	17,136	35,918
Grants not restricted to a specific purpose						
Transfers	5,232,600	3,469,420	4,174,000	3,616,184	4,227,900	2,270,926
Total governmental activities	<u>49,258,644</u>	<u>51,690,078</u>	<u>55,054,153</u>	<u>58,461,826</u>	<u>62,611,008</u>	<u>69,286,701</u>
Business-type activities:						
Investment income	17,915	21,560	34,178	41,812	103,609	308,111
Gain on sale of capital assets/miscellaneous	56,500					
Transfers	(5,232,600)	(3,469,420)	(4,174,000)	(3,616,184)	(4,227,900)	(2,270,926)
Total business-type activities	<u>(5,158,185)</u>	<u>(3,447,860)</u>	<u>(4,139,822)</u>	<u>(3,574,372)</u>	<u>(4,124,291)</u>	<u>(1,962,815)</u>
Total primary government	<u>\$ 44,100,459</u>	<u>\$ 48,242,218</u>	<u>\$ 50,914,331</u>	<u>\$ 54,887,454</u>	<u>\$ 58,486,717</u>	<u>\$ 67,323,886</u>
Change in Net Position						
Governmental activities	\$ (2,402,752)	\$ 3,379,408	\$ 4,116	\$ 9,820,681	\$ 12,774,652	\$ 15,112,067
Business-type activities	(2,684,673)	636,297	481,281	962,864	6,983,229	10,113,554
Total primary government	<u>\$ (5,087,425)</u>	<u>\$ 4,015,705</u>	<u>\$ 485,397</u>	<u>\$ 10,783,545</u>	<u>\$ 19,757,881</u>	<u>\$ 25,225,621</u>

Notes:

- (1) The fiscal year 2015 governmental activities were restated with implementation of GASB 68 & 71 to record a beginning net pension liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.
- (2) 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			
2020	2021	2022	2023
\$ 21,181,076	\$ 17,255,980	\$ 20,254,045	\$ 27,032,249
29,902,691	26,422,950	24,240,573	36,077,852
12,899,719	14,984,662	14,182,657	24,718,438
14,243,692	13,626,946	16,005,075	16,848,177
			-
1,823,611	1,527,200	2,064,562	2,873,370
185,799	145,929	466,577	487,635
<u>80,236,588</u>	<u>73,963,667</u>	<u>77,213,489</u>	<u>108,037,721</u>
16,026,496	17,324,414	17,959,957	19,540,609
1,693,104	1,009,125	386,898	59,123
<u>17,719,600</u>	<u>18,333,539</u>	<u>18,346,855</u>	<u>19,599,732</u>
<u>\$ 97,956,188</u>	<u>\$ 92,297,206</u>	<u>\$ 95,560,344</u>	<u>\$ 127,637,453</u>
\$ 3,453,793	\$ 4,152,796	\$ 3,260,855	\$ 3,579,903
5,658,875	7,065,519	6,651,483	18,261,953
4,002,289	5,491,545	5,371,311	5,429,428
2,177,925	1,565,257	930,087	2,356,770
5,920,245	4,164,801	457,008	1,733,548
<u>21,213,127</u>	<u>22,439,918</u>	<u>16,670,744</u>	<u>31,361,602</u>
28,029,705	29,054,152	32,708,631	32,168,051
2,716,505	592,797	621,363	683,747
<u>30,746,210</u>	<u>29,646,949</u>	<u>33,329,994</u>	<u>32,851,798</u>
<u>\$ 51,959,337</u>	<u>\$ 52,086,867</u>	<u>\$ 50,000,738</u>	<u>\$ 64,213,400</u>
\$ (59,023,461)	\$ (51,523,749)	\$ (60,542,745)	\$ (76,676,119)
13,026,610	11,313,410	14,983,139	13,252,066
<u>\$ (45,996,851)</u>	<u>\$ (40,210,339)</u>	<u>\$ (45,559,606)</u>	<u>\$ (63,424,053)</u>
\$ 30,636,546	\$ 34,131,625	\$ 36,920,934	\$ 42,362,924
4,443,207	4,973,900	4,414,339	4,799,484
17,164,707	18,737,374	24,413,463	25,344,604
10,181,063	7,125,294	7,629,919	8,713,593
2,393,143	1,031,746	-	5,280,165
9,979,973	-	-	-
2,280,136	41,584	149,346	1,442,422
			1,745,580
<u>11,947,117</u>	<u>3,899,519</u>	<u>4,739,339</u>	<u>5,117,095</u>
<u>89,025,892</u>	<u>69,941,042</u>	<u>78,267,340</u>	<u>94,805,867</u>
270,165	7,656	-	792,209
	6,521	-	12,251
<u>(11,947,117)</u>	<u>(3,899,519)</u>	<u>(4,739,339)</u>	<u>(5,117,095)</u>
<u>(11,676,952)</u>	<u>(3,885,342)</u>	<u>(4,739,339)</u>	<u>(4,312,635)</u>
<u>\$ 77,348,940</u>	<u>\$ 66,055,700</u>	<u>\$ 73,528,001</u>	<u>\$ 90,493,232</u>
\$ 30,002,431	\$ 18,417,293	\$ 17,724,595	\$ 18,129,748
1,349,658	7,428,068	10,243,800	8,939,431
<u>\$ 31,352,089</u>	<u>\$ 25,845,361</u>	<u>\$ 27,968,395</u>	<u>\$ 27,069,179</u>

CITY OF FARMERS BRANCH, TEXAS

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

	Fiscal Year					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund						
Nonspendable	\$ 69,257	\$ 132,756	\$ 448,649	\$ 517,318	\$ 410,007	\$ 2,737,891
Assigned	3,731,449	4,676,363	4,182,793	3,629,261	5,244,119	3,126,224
Unassigned	7,538,450	7,907,059	8,257,163	10,183,899	14,421,939	17,828,976
Total general fund	<u>\$ 11,339,156</u>	<u>\$ 12,716,178</u>	<u>\$ 12,888,605</u>	<u>\$ 14,330,478</u>	<u>\$ 20,076,065</u>	<u>\$ 23,693,091</u>
All Other Governmental Funds						
Nonspendable	\$ 5,703	\$ 5,647	\$ 1,178,410	\$ 813	\$ 24,488	\$ 938
Restricted	33,062,581	22,883,726	19,182,416	15,144,319	33,841,817	27,285,503
Assigned	510,988	990,659	1,842,960	2,398,480	3,250,792	3,370,932
Unassigned						
Total all other governmental funds	<u>\$ 33,579,272</u>	<u>\$ 23,880,032</u>	<u>\$ 22,203,786</u>	<u>\$ 17,543,612</u>	<u>\$ 37,117,097</u>	<u>\$ 30,657,373</u>

Fiscal Year			
<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 3,548,208	\$ 3,517,846	\$ 3,069,861	\$ 3,707,863
3,307,524	4,477,605	10,206,486	11,399,268
16,720,978	22,030,886	23,040,864	23,413,424
<u>\$ 23,576,710</u>	<u>\$ 30,026,337</u>	<u>\$ 36,317,211</u>	<u>\$ 38,520,555</u>
\$ 704,863	\$ 1,300,176	\$ 1,719,675	\$ 1,719,550
31,040,799	27,327,233	48,193,026	48,316,315
4,929,935	3,409,615	8,551,647	13,901,719
		(2,770)	-
<u>\$ 36,675,597</u>	<u>\$ 32,037,024</u>	<u>\$ 58,461,578</u>	<u>\$ 63,937,584</u>

CITY OF FARMERS BRANCH, TEXAS

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

	Fiscal Year					
	2014	2015	2016	2017	2018	2019
REVENUES						
Property taxes	\$ 21,083,842	\$ 24,536,084	\$ 26,330,398	\$ 28,416,586	\$ 30,016,868	\$ 31,975,934
Sales and use taxes	13,430,485	13,363,544	13,639,841	13,936,336	14,618,441	17,410,323
Hotel/motel taxes	2,396,399	2,728,631	2,959,667	2,892,655	2,849,666	3,115,374
Franchise taxes	4,495,241	4,411,259	4,309,598	4,255,212	4,207,394	4,132,975
Tax increment financing	1,007,993	1,289,826	2,236,280	3,481,586	4,949,033	7,351,606
Licenses and permits	930,443	1,680,095	1,427,801	2,024,453	5,016,007	3,712,038
Charges for services	4,522,186	5,001,160	5,407,761	5,487,380	6,280,213	8,710,341
Fines and forfeitures	3,090,300	3,034,885	3,125,094	3,176,432	2,737,338	2,787,243
Special assessments	7,585	4,496	1,152		276	829
Investment income	1,360,409	1,591,991	1,651,645	1,447,475	1,787,154	2,935,658
Intergovernmental	569,418	584,312	503,153	676,535	327,232	510,454
Miscellaneous	171,238	279,221	194,356	744,394	623,672	1,116,009
Total revenues	53,065,539	58,505,504	61,786,746	66,539,044	73,413,294	83,758,784
EXPENDITURES						
General government	12,996,563	12,880,704	13,447,135	14,173,367	13,541,524	15,695,223
Public safety	22,655,239	23,117,436	24,353,622	25,600,823	25,364,483	26,304,729
Public works	7,204,534	7,145,553	7,378,781	8,458,117	9,298,814	9,833,782
Culture and recreation	11,092,198	11,746,205	12,923,543	12,997,256	13,029,696	13,993,554
Debt service:						
Principal retirement	2,596,859	3,450,000	3,930,000	4,605,000	5,481,000	6,081,028
Interest and fiscal agent charges	997,079	1,531,742	1,437,739	1,380,656	1,256,017	3,060,568
Issuance costs	223,842		96,628		429,311	
Loss due to decline in market value						
Capital outlay	7,496,911	11,716,646	7,269,438	7,588,292	10,955,111	16,611,491
Total expenditures	65,263,225	71,588,286	70,836,886	74,803,511	79,355,956	91,580,375
Deficiency of revenues under expenditures	(12,197,686)	(13,082,782)	(9,050,140)	(8,264,467)	(5,942,662)	(7,821,591)
OTHER FINANCING SOURCES (USES)						
Transfers in	8,517,400	6,528,075	7,860,588	9,715,107	7,827,000	6,814,947
Transfers out	(3,284,800)	(2,477,275)	(3,095,788)	(4,984,107)	(3,129,100)	(3,673,047)
Certificates of obligation issued			2,545,000		10,515,000	
General obligation refunding and improvement bonds issued	15,810,000				13,540,000	
Premiums on debt issued	924,244		149,083			
Payment to refund bond escrow agent					1,337,311	
Issuance of SBITAs						
Sale of capital assets/insurance recoveries	114,535	709,764	87,438	315,166	1,171,523	1,836,993
Total other financing sources	22,081,379	4,760,564	7,546,321	5,046,166	31,261,734	4,978,893
Net change in fund balances	9,883,693	(8,322,218)	(1,503,819)	(3,218,301)	25,319,072	(2,842,698)
Debt service as a percentage of noncapital expenditures	6.09%	8.29%	8.65%	8.97%	9.90%	11.87%

Fiscal Year			
<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 34,907,228	\$ 39,103,679	\$ 41,399,866	\$ 47,015,163
17,164,707	18,737,374	24,413,463	25,344,604
1,794,067	1,683,018	2,913,839	3,341,512
3,939,882	3,877,037	3,856,016	3,869,822
4,513,776	1,557,120	860,064	1,501,804
2,883,283	3,810,089	2,700,392	2,137,679
8,432,009	9,961,389	10,810,063	11,735,048
1,709,922	1,731,794	1,235,780	1,262,584
-	166	-	-
2,393,143	1,031,796	-	5,280,165
2,482,704	2,266,930	3,546,738	3,534,105
546,467	1,350,204	351,968	2,131,452
<u>80,767,188</u>	<u>85,110,596</u>	<u>92,088,189</u>	<u>107,153,938</u>
20,340,488	17,608,739	17,723,764	24,979,555
29,457,949	28,611,977	29,640,456	33,553,105
10,230,771	11,292,346	10,019,759	9,881,308
12,902,268	15,497,781	14,258,499	15,006,425
4,120,000	4,300,000	4,699,556	5,137,872
4,597,248	2,039,374	1,857,848	2,702,626
177,131	-	319,500	-
10,554,026	8,186,898	9,366,850	14,742,428
<u>92,379,881</u>	<u>87,537,115</u>	<u>87,886,232</u>	<u>106,003,319</u>
<u>(11,612,693)</u>	<u>(2,426,519)</u>	<u>4,201,957</u>	<u>1,150,619</u>
8,238,200	8,025,400	15,147,600	16,218,591
(4,163,700)	(4,045,881)	(10,257,700)	(11,279,760)
12,305,000	-	23,810,000	-
1,178,547	-	-	-
(3,290,921)	-	-	-
-	-	-	640,087
3,247,410	258,054	167,281	956,852
<u>17,514,536</u>	<u>4,237,573</u>	<u>28,867,181</u>	<u>6,535,770</u>
<u>5,901,843</u>	<u>1,811,054</u>	<u>33,069,138</u>	<u>7,686,389</u>
11.08%	8.59%	8.73%	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 VALUE	ESTIMATED	LESS:	ASSESSED VALUE
	ACTUAL	TAX		ACTUAL	TAX	
	VALUE	EXEMPTIONS		VALUE	EXEMPTIONS	
2014	\$ 1,172,509,100	\$ 339,997,399	\$ 832,511,701	\$ 2,500,245,200	\$ 425,834,837	\$ 2,074,410,363
2015	1,219,899,590	348,502,483	871,397,107	2,811,101,750	491,719,476	2,319,382,274
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

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:		ESTIMATED	LESS:		
ACTUAL	TAX	ASSESSED	ACTUAL	TAX	ASSESSED	
VALUE	EXEMPTIONS	VALUE	VALUE	EXEMPTIONS	VALUE	
\$ 1,151,040,340	\$ 212,570,787	\$ 938,469,553	\$ 4,823,794,640	\$ 978,403,023	\$ 3,845,391,617	0.5531
1,275,747,640	250,286,356	1,025,461,284	5,306,748,980	1,090,508,315	4,216,240,665	0.6023
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

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)						
GENERAL				CARROLLTON -		DALLAS		DALLAS		TOTAL (3)
FISCAL	BASIC	OBLIGATION	TOTAL	FARMERS	DALLAS	DALLAS	DALLAS	COUNTY	COUNTY	
YEAR	RATE	DEBT SERVICE	DIRECT (2)	BRANCH	I.S.D.	I.S.D.	COUNTY	HOSPITAL	COLLEGE	
2014	\$ 0.4987	\$ 0.0544	\$ 0.5531	\$ 1.3235	\$ 1.2821	\$ 0.2531	\$ 0.2760	\$ 0.1247	\$ 2.5304	
2015	0.5076	0.0947	0.6023	1.3033	1.2821	0.2531	0.2860	0.1248	2.5695	
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	

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 -				DALLAS	
	FARMERS		DALLAS		COUNTY	
	FARMERS BRANCH	BRANCH I.S.D.	DALLAS I.S.D.	DALLAS COUNTY	COUNTY HOSPITAL	COMMUNITY COLLEGE
2014	\$ 21,268,861	\$ 198,050,007	\$ 1,026,191,861	\$ 415,485,244	\$ 453,602,530	\$ 214,160,553
2015	25,393,026	209,568,728	1,097,894,981	443,108,658	501,250,455	22,816,786
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

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	2023			2014		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY
			TAXABLE ASSESSED VALUE (a)			TAXABLE ASSESSED VALUE (b)
JDFW Boardwalk LLC	\$ 168,300,000	1	2.09%			
WRIA 2017 2 LP	163,000,000	2	2.02%			
Southern Glazers Wine & Spirit	137,266,110	3	1.70%			
Royal Tx Partners LLC	117,500,000	4	1.46%			
UDR Canal 1 LLC	105,000,000	5	1.30%			
EOS Properties at Providence Towers	99,250,000	6	1.23%			
Mercer Acquisition LLC	96,000,000	7	1.19%			
International Plaza I	95,000,000	8	1.18%	\$ 58,000,000	5	1.51%
Lakeside Lofts Owner LLC	94,745,000	9	1.17%			
Dallas International Parkway	92,000,000	10	1.14%			
70 Washington Street LP				110,000,000	1	2.86%
Occidental Chemical				70,224,330	2	1.83%
AT&T Communications				61,680,860	3	1.60%
Garden Centura LP				60,225,000	4	1.57%
TCI 600 Las Colinas Inc.				49,995,683	6	1.30%
Glazer's Wholesale Drug Co.				47,371,590	7	1.23%
TP IP Tower III Corporation				47,150,000	8	1.22%
Fenton Mercer Crossing Holding Co				46,500,000	9	1.21%
Lakeview at Parkside				46,000,000	10	1.20%
	<u>\$ 1,168,061,110</u>		<u>14.48%</u>	<u>\$ 597,147,463</u>		<u>15.53%</u>

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

(a) Total taxable value October 1, 2022 (2023 fiscal year) is \$8,066,208,989.

(b) Total taxable value October 1, 2013 (2014 fiscal year) is \$3,845,391,617.

CITY OF FARMERS BRANCH, TEXAS

TABLE 9

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

					COLLECTED WITHIN THE			TOTAL COLLECTIONS TO DATE	
					FISCAL YEAR OF THE LEVY		COLLECTIONS/	PERCENT OF	
ACTUAL					CURRENT	PERCENT OF	(REFUNDS) IN	TOTAL TAX	
FISCAL	LEVY	ORIGINAL	SUBSEQUENT	TOTAL	TAX	TOTAL LEVY	SUBSEQUENT	TOTAL TAX	COLLECTIONS
YEAR	YEAR	LEVY (1)	ADJUSTMENTS	LEVY	COLLECTIONS	COLLECTED	YEARS	COLLECTIONS	TO TOTAL LEVY
2014	2013	\$ 21,268,861	\$ (52,728)	\$ 21,216,133	\$ 21,112,294	99.51%	\$ 212,847	\$ 21,325,141	100.51%
2015	2014	25,393,026	(287,688)	25,105,338	24,917,704	99.25%	81,862	24,999,566	99.58%
2016	2015	27,340,502	(367,836)	26,972,666	26,719,748	99.06%	152,245	26,871,993	99.63%
2017	2016	29,226,869	(559,500)	28,667,369	28,371,356	98.97%	212,889	28,584,245	99.71%
2018	2017	30,727,576	(357,763)	30,369,813	30,399,097	100.10%	196,549	30,595,646	100.74%
2019	2018	33,426,335	(484,758)	32,941,577	33,064,557	100.37%	(148,856)	32,915,701	99.92%
2020	2019	37,250,601	(354,946)	36,895,655	36,897,441	100.00%	(249,217)	36,648,224	99.33%
2021	2020	36,820,910	3,325,092	40,146,002	40,300,904	100.39%	(161,369)	40,139,535	99.98%
2022	2021	40,943,385	1,479,205	42,422,590	42,196,219	99.47%	(172,544)	42,023,675	99.06%
2023	2022	47,509,971	1,135,633	48,645,604	48,429,875	99.56%		48,429,875	99.56%

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.

CITY OF FARMERS BRANCH, TEXAS

TABLE 10

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

FISCAL YEAR	GENERAL OBLIGATION BONDS	DEVELOPER ADVANCES	LEASES and SBITAs	TOTAL OUTSTANDING DEBT	TAXABLE ASSESSED VALUE	PERCENTAGE OF TAXABLE ASSESSED VALUE	ESTIMATED POPULATION (1)	DEBT PER CAPITA
Governmental Activities:								
2014	\$ 44,365,676	\$ 7,007,028		\$ 51,372,704	\$ 3,845,391,617	1.34%	29,660	\$ 1,732
2015	41,268,133	6,557,028		47,825,161	4,216,240,665	1.13%	30,350	1,576
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

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.

CITY OF FARMERS BRANCH, TEXAS

TABLE 11

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

FISCAL YEAR	GENERAL		LESS: AMOUNTS		TAXABLE	PERCENTAGE OF ACTUAL		ESTIMATED POPULATION (1)	PER CAPITA
	OBLIGATION	AVAILABLE IN DEBT		ASSESSED	TAXABLE VALUE				
	BONDS	SERVICE FUND	TOTAL	VALUE	OF PROPERTY				
2014	\$ 44,365,676	\$ 258,606	\$ 44,107,070	\$ 3,845,391,617	1.15%	29,660	\$ 1,487		
2015	41,268,133	232,113	41,036,020	4,216,240,665	0.97%	30,350	1,352		
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		

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.

CITY OF FARMERS BRANCH, TEXAS

TABLE 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 SEPTEMBER 30, 2023
 (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	\$ 677,115,000	17.61%	\$ 119,239,952
Dallas Independent School District	3,794,285,000	1.64%	62,226,274
Dallas County Hospital District	543,495,000	2.43%	13,206,929
Dallas County Community College District	375,515,000	2.43%	9,125,015
Dallas County	217,675,000	2.43%	5,289,503
Valwood Improvement Authority	4,725,000	40.60%	1,918,350
Subtotal, overlapping debt	5,612,810,000		211,006,021
City direct debt (2)	70,098,877	100.00%	70,098,877
Total direct and overlapping bonded debt	<u>\$ 5,682,908,877</u>		<u>\$ 281,104,899</u>
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)		<u>3.48%</u>	
Per capita overlapping bonded debt		<u>\$ 7,279.68 (3)</u>	

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 \$1,700,000 and Certificates of Obligation, Taxable Series 2022, in the amount of \$23,810,000 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.

CITY OF FARMERS BRANCH, TEXAS

TABLE 13

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)
2014	29,660	36.8	26,703	792,010,980	5.2%
2015	30,350	36.1	29,573	897,540,550	3.7%
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%

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	2023 (1)			2014 (1)		
	EMPLOYEES	RANK	PERCENTAGE	EMPLOYEES	RANK	PERCENTAGE
			OF TOTAL CITY			OF TOTAL CITY
			EMPLOYMENT			EMPLOYMENT
Federal Government - Internal Revenue Service	1,200	1	1.39%	1,200	3	1.49%
Feizy	1,170	2	1.35%			
Anserteam LLC	1,001	3	1.16%			
Telvista	1,000	4	1.16%	1,000	5	1.24%
TD Industries	900	5	1.04%	900	6	1.12%
Haggar Clothing Company	750	6	0.87%	750	7	0.93%
IBM Corporation	700	7	0.81%	1,870	2	2.32%
Moni Smart Security (aka Monitronics or Brinks Home Security)	700	7	0.81%	700	8	0.87%
Encore Enterprises, Inc.	650	9	0.75%	650	9	0.81%
Glazer's Wholesale Drug Company	650	9	0.75%	650	9	0.81%
JPMorgan Chase Investment Services				2,390	1	2.97%
GEICO				1,088	4	1.35%
	<u>8,721</u>		<u>10.09%</u>	<u>11,198</u>		<u>13.91%</u>

Sources:

Beginning in 2023, employment estimates were sourced from US Census Bureau OnTheMap, which estimated total employment for the area at 86,428, which represents a three-year lag. Prior employment estimates were sourced from North Central Texas Council of Governments (NCTCOG), which has a five-year lag. For 2014 estimated total employment was 80,470. (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 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.

CITY OF FARMERS BRANCH, TEXAS

TABLE 15

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

Function/Program	Full-time Equivalent Employees as of September 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	65.65	72.14	73.60	74.21	69.31	69.14	70.56	69.67	81.15	87.52
General administration	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00
Communications	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Economic development (1)	3.24	3.00	3.00	3.00	2.00	2.00	2.00	2.00	7.00	7.00
Human resources	7.00	7.00	7.47	6.47	7.75	7.75	6.75	6.48	7.48	7.00
Finance	23.48	24.48	28.24	29.38	18.21	18.21	18.73	18.96	19.96	20.00
Innovation and technology	0.00	0.00	0.00	0.00	11.89	11.89	12.89	12.75	14.25	14.75
Community services (1) (2)	24.70	28.00	26.19	27.00	20.00	20.00	20.00	20.00	8.00	11.00
Neighborhood services (1)	-	-	-	-	-	-	-	-	15.00	17.00
Other	0.23	2.66	1.70	1.36	1.46	1.29	2.19	1.48	1.46	2.77
Public safety	196.84	198.15	199.11	184.49	189.42	189.46	195.90	196.36	204.35	206.20
Police	115.04	116.32	115.85	100.85	102.60	102.60	104.60	104.60	111.60	112.59
Fire	78.60	78.19	79.37	79.38	82.70	82.70	88.70	88.00	89.00	91.00
Other	3.20	3.64	3.89	4.26	4.12	4.16	2.60	3.76	3.75	2.61
Public works	32.01	32.17	35.43	36.90	45.79	45.91	44.77	44.69	37.69	36.71
Public health/sustainability	0.00	0.00	0.00	0.00	20.17	20.17	20.17	19.00	12.00	12.19
Public works	28.00	31.00	34.17	35.17	24.00	24.00	24.00	24.00	24.00	24.00
Other	4.01	1.17	1.26	1.73	1.62	1.74	0.60	1.69	1.69	0.52
Culture and recreation	82.99	101.91	103.35	103.77	106.99	101.52	110.97	105.62	105.62	105.46
Parks	80.43	98.86	98.80	99.81	102.87	97.45	105.01	101.49	101.49	100.17
Other	2.56	3.05	4.55	3.96	4.12	4.07	5.96	4.13	4.13	5.29
Water and sewer	25.88	27.17	27.76	27.89	27.88	27.93	27.51	27.82	27.82	27.44
Water and sewer	25.88	26.46	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
Other	0.00	0.71	0.76	0.89	0.88	0.93	0.51	0.82	0.82	0.44
Fleet and facilities management	1.47	0.24	0.31	0.27	0.27	0.28	0.51	0.59	0.59	0.89
Fleet and facilities	1.47	0.24	0.31	0.27	0.27	0.28	0.51	0.59	0.59	0.89
Total	404.84	431.78	439.56	427.53	439.66	434.24	450.22	444.75	457.22	464.22

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.

(1) The Planning division moved from the Community Services department to the Economic Development department in Fiscal Year 2021-22. The Animal Services division moved from the Sustainability and Public Health department to a new Neighborhood Services department and the code enforcement function of the Community Services department was moved to the new division.

CITY OF FARMERS BRANCH, TEXAS

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

	Fiscal Year						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public safety							
Police							
Number of authorized full-time employees	112	113	113	98	100	100	102
Number of authorized sworn officers	74	74	74	74	76	76	78
Number of violations (citations)	15,629	13,332	10,948	13,095	11,612	12,111	5,262
Fire							
Number of authorized full-time employees	78	78	79	79	82	82	88
Number of EMS runs	2,357	2,589	2,887	2,878	2,854	2,933	2,883
Number of fire runs	1,495	1,601	1,823	1,759	1,843	2,026	2,142
Public works							
Street reconstruction (lane-miles)	0.0	1.4	1.2	2.8	0.0	0.1	0.0
Street resurfacing (lane-miles)	2.9	22.0	9.6	1.0	11.5	4.7	0.0
Culture and recreation							
Parks							
Recreation memberships sold (basic)	824	1,347	1,364	1,442	1,866	1,409	936
Recreation memberships sold (fitness)	813	1,019	1,055	1,059	1,191	1,112	1,696
Total pool admissions (1)	0	51,547	40,963	61,847	68,309	82,857	32,452
Visits to Historical Park	60,406	85,799	95,847	109,785	102,413	32,013	19,549
Library							
Volumes borrowed	352,076	343,592	303,513	274,219	191,735	177,901	139,239
Volumes in library collection	135,173	137,586	136,953	132,602	116,238	116,093	90,711
Water and sewer							
Average daily water consumption (thousands of gallons)	7,458	7,743	8,048	7,084	7,901	7,560	8,153
Number of water consumers	9,628	9,729	9,770	9,770	9,937	10,182	10,477
Total water purchased (thousands of gallons)	2,722,003	2,826,124	2,937,377	2,585,683	2,883,997	2,759,506	2,975,996
Total waste water consumption (thousands of gallons)	1,172,130	1,300,202	1,732,552	1,712,000	1,549,501	1,594,644	1,666,056

Sources: Various City departments.

Note:

(1) Total pool admissions have been restated for fiscal years 2015 and 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>2021</u>	<u>2022</u>	<u>2023</u>
102	105	111
78	80	85
8,016	5,712	6,604
88	89	90
3,458	3,519	3,768
2,490	2,238	2,464
0.0	0.0	0.0
8.1	2.7	1.5
515	354	451
3,526	2,062	4,964
37,783	41,193	44,843
19,070	35,753	28,113
140,366	195,796	200,039
77,389	84,334	88,440
7,596	7,553	8,153
10,784	11,242	11,254
2,772,384	2,756,901	2,975,996
1,594,355	1,525,702	1,552,049

CITY OF FARMERS BRANCH, TEXAS

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

	Fiscal Year					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government						
Number of general government buildings	1	1	1	1	1	1
Public safety						
Number of fire stations	3	3	3	3	3	3
Number of patrol units	15	15	15	19	19	19
Number of police stations	1	1	1	1	1	1
Public works						
Landfill capacity (million cubic yards)	24.5	24.5	24.5	53.2	53.2	53.2
Number of traffic signals	55	55	55	55	55	58
Streets (lane miles) (1)	411	411.5	412.0	413.1	413.1	427.1
Culture and recreation						
Number of aquatic centers (2)	0	1	1	1	1	1
Number of historical parks	1	1	1	1	1	1
Number of libraries	1	1	1	1	1	1
Number of parks	31	31	31	28	28	28
Number of playgrounds	13	13	13	13	13	13
Number of recreation centers	1	1	1	1	1	1
Number of senior centers	1	1	1	1	1	1
Parks acreage (3)	392	392	392	450	450	450
Utilities						
Number of fire hydrants	2,012	2,012	2,041	2,093	2,171	2,171
Sanitary sewers (miles)	162.0	165.9	166.0	152.9	162.8	162.8
Storage capacity (millions of gallons)	21.5	21.5	21.5	21.5	21.5	21.5
Storm sewers (miles) (1)	104	104	112	112	112.5	112.5
Water mains (miles)	203.0	206.6	206.6	201.3	202.4	202.4

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) The City's pool was demolished in 2014 and construction of a new aquatics center began in 2014. Construction of the aquatics center was completed in 2015.
 (3) Parks acreage was changed in 2021 to reflect only actual parks acreage. Prior year data included all acreage maintained by the Parks department.

<u>2020</u>	<u>2021</u>	<u>2022</u>	2023
1	1	1	1
3	3	3	3
19	21	21	22
1	1	1	1
53.2	53.2	53.2	53.2
59	60	60	61
405.0	400.0	401.0	397.2
1	1	1	1
1	1	1	1
1	1	1	1
28	28	28	29
13	13	13	13
1	1	1	1
1	1	1	1
450	258.93	258.93	261.15
2,267	2,373	2,439	2,468
170.3	174.0	176.4	176.6
21.5	21.5	21.5	21.5
119.3	102.1	102.6	103.5
215.0	220.6	224.5	225.3

CITY OF FARMERS BRANCH, TEXAS

TABLE 18

SCHEDULE OF INSURANCE POLICIES IN FORCE
 SEPTEMBER 30, 2023
 (UNAUDITED)

POLICY ISSUED BY	AM BEST RATING	POLICY NUMBER	POLICY PERIOD	COVERAGE	DEDUCTIBLES	LIABILITY LIMITS
Texas Municipal League	Property & Auto = A-	04687	10/1/22-9/30/23	General Liability	\$ 100,000	\$ 5,000,000
Intergovernmental Risk Pool	Workers' Comp = A			Real and Personal Property	5,000	As Scheduled
	Cyber = A			Auto 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	2,000,000
				Mobile Equipment	5,000	As Scheduled
				Workers' Compensation	N/A	350,000 *(SIR)
			10/4/22-9/30/23	Cyber Insurance - Core	See Below	Per Schedule
Tower I	Information Security/Privacy Liability Aggregate Limit/Website Media Content Liability Aggregate Limit				-	3,000,000
Tower II	Regulatory Defense and Penalties Aggregate Sublimit				5,000	600,000
Tower II	PCI Fines, Expenses and Costs Aggregate Sublimit				5,000	200,000
Tower II	Cyber Extortion Aggregate Sublimit				5,000	200,000
Tower II	First Party Data Protection Aggregate Sublimit				5,000	400,000
Tower II	First Party Network Business Interruption Aggregate Sublimit				5,000	400,000
Tower II	Fraudulent Instruction Aggregate Sublimit				5,000	150,000
Tower II	Electronic Crime Aggregate Sublimit				5,000	150,000
Tower II	Telecommunications Fraud Aggregate Sublimit				5,000	150,000
Tower II	Cumulative Liability Limit for Tower II				-	1,000,000
Tower III	Notified Individuals Aggregate Limit				-	750,000
Tower IV	Breach Response: Legal Services/Computer Expert Services/Public Relations/Crisis Mgmt Aggregate Limit				-	200,000
The Hartford Casualty Insurance Co.	A+	61BSBHP5615	12/19/22 - 12/19/23	Fidelity Bond for Finance Dir.	2,500	250,000
Mid-Continent Casualty Company	A+ IX	04-TOP-000022824	10/1/22-9/30/23	Pollution Liability	1,000,000	2,000,000
QBE Ins Corporation	A	LGS02069-22	1/1/23-12/31/23	Stop Loss Coverage	150,000	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.

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, 2023, 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").

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-1

VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION DEBT
(UNAUDITED)

2023-2024 Market Valuation Established by DCAD	\$	11,086,651,910
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Less Exemptions/Reductions at 100% Market Value:

Totally Exempt Parcels	\$	599,041,780	
Homestead		428,312,051	
Capped Value Loss		280,813,472	
Over 65		237,307,236	
Freeport		209,192,734	
Agricultural		27,261,468	
Disabled Persons		11,429,684	
Veteran 100% Disabled		10,899,005	
Disabled Veterans		840,000	
Prorated Total Exempt		715,360	
Under 500		479,962	
Pollution Control		241,193	
Mineral Rights		1,400	
Total Exemptions		-	1,806,535,345

2023-2024 Net Taxable Assessed Valuation	\$	9,280,116,565
---	-----------	----------------------

City Funded Debt Payable from Ad Valorem Taxes	\$	70,098,877
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Less: Self Supporting Debt

Series 2011 General Obligation Refunding Bonds	(1)	1,702,820
Series 2022 Certificates of Obligation	(2)	23,874,488

Net General Obligation Debt Payable from Ad Valorem Taxes	\$	44,521,569
--	-----------	-------------------

General Obligation Interest and Sinking Fund	287,803
---	----------------

Ratio of Gross General Obligation Tax Debt to Taxable Assessed Valuation	0.755%
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Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation	0.480%
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2023 Estimated Population - 38,140

Per Capita Taxable Assessed Valuation - \$211,489

Per Capita Funded Debt Payable from Ad Valorem Taxes - \$1,423

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.

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-2

TAXABLE ASSESSED VALUATIONS BY CATEGORY
(UNAUDITED)

	2024		2023		2022	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 3,400,539,400	30.67%	\$ 2,852,485,430	29.48%	\$ 2,412,356,700	29.05%
Real, Residential, Multi-Family	1,977,994,380	17.84%	1,741,961,480	18.00%	1,441,680,070	17.36%
Real, Vacant Lots/Tracts	178,235,680	1.61%	177,592,600	1.84%	192,020,310	2.31%
Real, Commercial	3,743,777,730	33.77%	3,341,712,310	34.53%	2,868,687,670	34.55%
Real, Industrial	31,106,870	0.28%	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%	1,400	0.00%
Real and Tangible Personal, Utilities	109,249,730	0.99%	95,975,470	0.99%	102,465,320	1.23%
Tangible Personal, Commercial	1,437,761,640	12.97%	1,262,178,500	13.04%	1,097,355,400	13.22%
Tangible Personal, Industrial	207,985,080	1.88%	181,644,990	1.88%	165,067,350	1.99%
Total Appraised Value Before Exemptions	11,086,651,910	100.00%	9,676,554,200	100.00%	8,303,165,630	100.00%
Less: Total Exemptions/Reductions	<u>1,806,535,345</u>		<u>1,610,345,211</u>		<u>1,351,826,875</u>	
Taxable Assessed Value	<u><u>\$ 9,280,116,565</u></u>		<u><u>\$ 8,066,208,989</u></u>		<u><u>\$ 6,951,338,755</u></u>	

	2021		2020	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 2,144,776,600	28.24%	\$ 1,961,050,990	26.22%
Real, Residential, Multi-Family	1,263,119,750	16.63%	1,053,862,590	14.09%
Real, Vacant Lots/Tracts	179,261,330	2.36%	254,544,760	3.40%
Real, Commercial	2,587,208,370	34.06%	2,813,299,960	37.62%
Real, Industrial	19,599,930	0.26%	17,071,380	0.23%
Real, Oil, Gas, and Other Mineral Reserves	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	100,293,170	1.32%	100,848,930	1.35%
Tangible Personal, Commercial	1,115,892,190	14.69%	1,103,342,530	14.75%
Tangible Personal, Industrial	185,619,700	2.44%	174,059,610	2.33%
Total Appraised Value Before Exemptions	7,595,772,440	100.00%	7,478,082,150	100.00%
Less: Total Exemptions/Reductions	<u>1,344,344,545</u>		<u>1,215,922,636</u>	
Taxable Assessed Value	<u><u>\$ 6,251,427,895</u></u>		<u><u>\$ 6,262,159,514</u></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.

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-3

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)
2020	41,848	\$ 6,213,539,033	\$ 148,479	60,644,386	0.98%	\$ 1,449
2021	35,991	6,251,427,895	173,694	55,972,366	0.90%	1,555
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	38,615	9,280,116,565	240,324	65,631,928	0.71%	1,700

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>
2020	\$ 0.5995	\$ 0.5273	\$ 0.0722	\$ 36,895,655	100.00%	99.33%
2021	0.5890	0.5062	0.0828	40,146,002	100.39%	99.98%
2022	0.5890	0.5272	0.0618	42,422,590	99.47%	99.06%
2023	0.5890	0.5062	0.0828	47,509,971	101.94%	101.94%
2024	0.5690	0.5204	0.0486	52,803,863		

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-5

TEN LARGEST TAXPAYERS
FISCAL YEAR 2024
(UNAUDITED)

TAXPAYER	NATURE OF PROPERTY	TAXABLE VALUE	PERCENTAGE OF TOTAL CERTIFIED TAXABLE VALUE
Southern Glazers Wine and Spirits	Spirit and Wine Distribution	\$ 199,162,980	2.15%
JDFW Boardwalk LLC	Real Estate Development	193,000,000	2.08%
WRIA 2017 2 LP	Real Estate Development	190,704,030	2.05%
Luxia Gallery House LLC	Real Estate Development	181,500,000	1.96%
Royal TX Partners LLC	Real Estate - Office/Showroom	136,000,000	1.47%
UDR Canal I LLC	Real Estate Development	125,000,000	1.35%
VAF2 Mack Lakeside LLC	Real Estate Development	113,620,000	1.22%
Mercer Acquisition LLC	Office Tower - Class A	110,000,000	1.19%
EOS Properties at Providence Towers	Office Tower - Class A	102,000,000	1.10%
Lakeview at Parkside	Apartment Complex	100,000,000	1.08%
		<u>\$ 1,450,987,010</u>	<u>15.65%</u>

Source: Dallas County, "City Report of Property Value," City of Farmers Branch. The total certified taxable value for the 2023-24 fiscal year is \$9,280,116,565.

TAX ADEQUACY
(UNAUDITED)

2024 Principal and Interest Requirements (1)	\$	4,622,067
\$0.0504 Tax Rate at 99% Collection Produces		4,630,407
Average Annual Principal and Interest Requirements, 2024-2039 (1)	\$	3,386,668
\$0.0369 Tax Rate at 99% Collection Produces		3,390,119
Maximum Annual Net Principal and Interest Requirements, 2024	\$	4,622,067
\$0.0504 Tax Rate at 99% Collection Produces		4,630,407

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. Debt includes premiums/discounts.

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-7

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			
2024	\$ 4,403,843	\$ 2,454,288	\$ 6,858,131	\$ 2,236,064	\$ 4,622,067	6.29%
2025	4,116,030	2,304,365	6,420,395	2,232,997	4,187,398	5.88%
2026	4,252,570	2,158,637	6,411,207	2,236,186	4,175,021	6.07%
2027	3,774,721	2,029,473	5,804,194	1,645,776	4,158,418	5.39%
2028	3,886,513	1,898,598	5,785,111	1,641,273	4,143,838	5.55%
2029-2033	20,274,724	7,409,807	27,684,531	8,216,994	19,467,537	28.95%
2034-2038	16,661,271	4,320,274	20,981,545	8,213,417	12,768,128	23.79%
2039-2043	6,690,351	2,193,692	8,884,043	8,219,758	664,285	9.55%
2044-2047	5,975,748	594,346	6,570,094	6,570,094	0	8.53%
	<u>\$ 70,035,771</u>	<u>\$ 25,363,480</u>	<u>\$ 95,399,251</u>	<u>\$ 41,212,559</u>	<u>\$ 54,186,692</u>	<u>100.00%</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.

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-8

INTEREST AND SINKING FUND BUDGET PROJECTION
(UNAUDITED)

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2023		\$	4,622,067
Interest and Sinking Fund, 9/30/2023	287,803		
Budgeted Interest and Sinking Fund Tax Levy	4,254,159		
Budgeted Penalty and Interest	20,000		4,561,962
Estimated Balance, 9/30/2024		\$	<u>(60,105)</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. Debt includes premiums/discounts.

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-9

COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)

Stars Center Revenues (1)	\$	600,000
Less: Requirements for Taxable Series 2011 General Obligation Refunding Bonds		<u>597,485</u>
Deficit amount to be paid from available fund balance	\$	<u><u>2,515</u></u>

Notes:

(1) The Taxable Series 2011 General Obligation Refunding Bonds refunded Taxable Series 2004 Certificates of Obligation. The Taxable Series 2004 Certificates of Obligation 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. If the lease payments discontinue, the City will be required to assess an ad valorem tax for the payment of the bonds.

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-10

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>
2014	\$ 2,396,399	2,137
2015	2,728,631	2,137
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

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-11

HOTEL OCCUPANCY TAXPAYERS
 SEPTEMBER 30, 2023
 (UNAUDITED)

HOTEL	NUMBER	TAXES	% OF
	OF ROOMS	PAID	TOTAL
Doubletree by Hilton Dallas Near the Galleria	290	\$ 649,439	19.44%
Sheraton Dallas Hotel by the Galleria	317	611,144	18.29%
Renaissance Dallas North (formerly Dallas Park West Hotel)	337	486,457	14.56%
Doubletree by Hilton Dallas-Farmers Branch	160	391,603	11.72%
Hampton Inn & Suites	116	277,310	8.30%
Holiday Inn Express & Suites	104	223,192	6.68%
Wyndam Corporation	350	141,779	4.24%
Comfort Inn & Suites (aka Parkside Hotel; formerly Fairfield Inn)	106	129,716	3.88%
Candlewood Suites	86	126,043	3.77%
Motel 6 Dallas	108	92,487	2.77%
Stripe Accounts-Short Term Rentals	Varies	49,663	1.49%
Super 8 North Dallas	51	44,762	1.34%
ARYA (formerly Days Inn North Dallas)	51	43,686	1.31%
Econolodge Dallas Airport North	112	35,752	1.07%
Extended Stay America #6069	83	34,785	1.04%
STR - 2941 Esterbrook Dr	Varies	2,339	0.07%
Ready Set Build Management	1	841	0.03%
Goldnest Oren Property Mgmt	1	514	0.02%
	<u>2,273</u>	<u>\$ 3,341,512</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES:					
Program revenues:					
Charges for services	\$ 27,271,284	\$ 15,283,649	\$ 16,709,860	\$ 13,114,957	\$ 16,947,249
Operating grants and contributions	2,356,770	930,087	1,565,257	2,177,925	516,444
Capital grants and contributions	1,733,548	457,008	4,164,801	5,920,245	10,004,978
General revenues:					
Taxes:					
Property taxes, levied for general purposes	42,362,924	36,920,934	34,131,625	30,636,546	27,431,177
Property taxes, levied for debt service	4,799,484	4,414,339	4,973,900	4,443,207	4,584,944
Sales and use taxes	25,344,604	24,413,463	18,737,374	17,164,707	17,410,323
Hotel/motel taxes	3,341,512	2,913,839	1,683,018	1,794,067	3,115,374
Franchise taxes	3,870,277	3,856,016	3,885,156	3,873,220	4,150,775
Tax increment financing	1,501,804	860,064	1,557,120	4,513,776	7,351,606
Investment income (loss)	5,280,165	(353,710)	1,031,746	2,393,143	2,935,658
Grants not restricted to a specific purpose	1,745,580	2,546,527		9,979,973	
Gain on sale/retirement and miscellaneous	1,442,422	149,346	41,584	2,280,136	35,918
Total revenues	<u>121,050,374</u>	<u>92,391,562</u>	<u>88,481,441</u>	<u>98,291,902</u>	<u>94,484,446</u>
EXPENSES:					
General government	27,032,249	20,254,045	17,255,980	21,181,076	19,575,431
Public safety	36,077,852	24,240,573	26,422,950	29,902,691	29,155,722
Public works	24,718,438	14,182,657	14,984,662	12,899,719	13,841,348
Culture and recreation	16,848,177	16,005,075	13,626,946	14,243,692	15,349,830
Principal retirement	-	417,521			
Interest on long-term debt	2,873,370	2,064,562	1,527,200	1,823,611	3,474,315
Unallocated depreciation	487,635	466,577	145,929	185,799	246,659
Total expenses	<u>108,037,721</u>	<u>77,631,010</u>	<u>73,963,667</u>	<u>80,236,588</u>	<u>81,643,305</u>
Change in net position before transfers	13,012,653	14,760,552	14,517,774	18,055,314	12,841,141
Transfers	<u>5,117,095</u>	<u>4,739,339</u>	<u>3,899,519</u>	<u>11,947,117</u>	<u>2,270,926</u>
Change in net position	18,129,748	19,499,891	18,417,293	30,002,431	15,112,067
Net position--beginning	<u>176,285,595</u>	<u>156,785,704</u>	<u>138,368,411</u>	<u>108,365,980</u>	<u>93,253,913</u>
Net position--ending	<u>\$ 194,415,343</u>	<u>\$ 176,285,595</u>	<u>\$ 156,785,704</u>	<u>\$ 138,368,411</u>	<u>\$ 108,365,980</u>

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-13

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

	FISCAL YEARS ENDED SEPTEMBER 30				
	2023	2022	2021	2020	2019
REVENUES					
Property, sales, and franchise taxes	\$ 71,389,979	\$ 64,703,376	\$ 56,693,276	\$ 51,521,257	\$ 48,874,564
Licenses and permits	2,137,679	2,700,392	3,810,089	2,883,283	3,712,038
Charges for services	10,618,829	9,698,983	8,416,478	7,056,305	7,528,129
Fines and forfeitures	1,147,804	1,159,482	1,447,925	1,560,596	1,969,185
Investment income (loss)	2,426,916	(302,292)	272,084	1,026,467	1,198,165
Miscellaneous	235,435	78,887	36,370	63,699	91,213
Total revenues	<u>87,956,642</u>	<u>78,038,828</u>	<u>70,676,222</u>	<u>64,111,607</u>	<u>63,373,294</u>
EXPENDITURES					
General government	23,855,846	15,209,950	14,509,967	18,300,051	14,796,687
Public safety	32,755,001	28,891,395	27,236,275	28,555,541	25,706,131
Public works	9,863,308	9,564,782	10,067,222	9,623,549	9,183,961
Culture and recreation	13,016,008	12,543,218	14,063,704	11,275,025	11,845,713
Principal retirement	302,872	69,556			
Interest and fiscal agent charges		28,465			
Capital outlay	3,490,302	2,446,069			
Total expenditures	<u>83,283,337</u>	<u>68,753,435</u>	<u>65,877,168</u>	<u>67,754,166</u>	<u>61,532,492</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,673,305</u>	<u>9,285,393</u>	<u>4,799,054</u>	<u>(3,642,559)</u>	<u>1,840,802</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	5,929,100	5,307,900	5,013,400	4,787,700	4,714,300
Transfers out	(9,996,000)	(8,469,700)	(3,620,881)	(3,875,700)	(3,066,200)
Sale of capital assets/insurance recoveries	956,852	167,281	258,054	2,614,178	128,124
Issuance of SBITAs	640,087				
Total other financing sources	<u>(2,469,961)</u>	<u>(2,994,519)</u>	<u>1,650,573</u>	<u>3,526,178</u>	<u>1,776,224</u>
Net change in fund balance	2,203,344	6,290,874	6,449,627	(116,381)	3,617,026
Fund balances--beginning	36,317,211	30,026,337	23,576,710	23,693,091	20,076,065
Fund balances--ending	<u>\$ 38,520,555</u>	<u>\$ 36,317,211</u>	<u>\$ 30,026,337</u>	<u>\$ 23,576,710</u>	<u>\$ 23,693,091</u>

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-14

MUNICIPAL SALES TAX HISTORY
LAST FIVE FISCAL YEARS
(UNAUDITED)

<u>FISCAL YEAR</u>	<u>TOTAL COLLECTED</u>	<u>% OF AD VALOREM TAX LEVY</u>	<u>EQUIVALENT OF AD VALOREM TAX RATE</u>	<u>PER CAPITA</u>
2019	\$ 17,410,323	52.09%	0.3123	547.84
2020	17,164,707	46.08%	0.2762	410.17
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

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>

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-15

CURRENT INVESTMENTS
 SEPTEMBER 30, 2023
 (UNAUDITED)

DESCRIPTION OF INVESTMENT	% OF PORTFOLIO	PURCHASE PRICE	MARKET VALUE
Municipal Obligations	29.32%	\$ 38,725,555	\$ 38,055,523
US Treasury Bill	28.32%	36,107,066	36,760,006
Certificates of Deposit	19.26%	25,000,000	25,000,000
TexPool	9.36%	12,150,219	12,150,219
Federal Home Loan Bank Notes	7.69%	10,029,500	9,980,230
Federal Home Loan Mortgage Corporation	4.35%	5,442,700	5,650,267
Federal Farm Credit Bank	1.70%	2,234,167	2,203,198
	<u>100.00%</u>	<u>\$ 129,689,207</u>	<u>\$ 129,799,443</u>

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-16

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

FISCAL YEAR	WATER USAGE AMOUNT IN GALLONS (000)			WASTE WATER CONSUMPTION AMOUNT IN GALLONS (000)
	TOTAL CONSUMPTION	PEAK DAY	AVERAGE DAY	TOTAL USAGE
2019	2,759,506	15,687	7,560	1,594,644
2020	2,780,257	13,428	7,617	1,666,056
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

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

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-17

TOP TEN WATER CONSUMERS
 SEPTEMBER 30, 2023
 (UNAUDITED)

CONSUMER	TYPE OF INDUSTRY	2022-23 CONSUMPTION (GALLONS)	% OF TOTAL CONSUMPTION	2022-23 REVENUES	% OF REVENUES
FB Creek Partners (Cooks Creek Apts)	Multi-Family Housing	35,477,000	1.2%	\$ 276,669	1.4%
Qorvo Texas LLC	Real Estate	29,934,000	1.0%	209,096	1.1%
Towers at Mercer	Multi-Family Housing	28,695,000	1.0%	263,205	1.3%
VAF2 (Lakeside) LLC	Real Estate	25,099,000	0.8%	256,475	1.3%
The Luxe at Mercer Crossing	Multi-Family Housing	25,080,000	0.8%	260,085	1.3%
DFW Mercer Apartments LLC	Multi-Family Housing	22,792,000	0.8%	248,872	1.3%
Royal Texas Partners LLC	Multi-Family Housing	22,752,000	0.8%	301,346	1.5%
Lakeview at Parkside	Multi-Family Housing	22,611,000	0.8%	214,904	1.1%
UDR Canal LLC	Multi-Family Housing	22,181,000	0.7%	218,536	1.1%
Mansions at Mercer Crossing	Multi-Family Housing	21,185,000	0.7%	230,708	1.2%

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-18

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

FISCAL YEAR	WATER RATES				SEWER RATES		
	MONTHLY	PER 1,000 GALLONS			MONTHLY	RATE PER 1,000 GALLONS	
	BASE				BASE		
	2,000	NEXT 8,000	NEXT 10,000	OVER	2,000	NEXT 8,000	OVER
	GALLONS (1)	GALLONS	GALLONS	GALLONS	GALLONS	GALLONS (2)	GALLONS (2)
2014	\$ 12.76	\$ 3.47	\$ 3.90	\$ 4.05	\$ 13.35	\$ 1.81	\$ 1.81
2015	14.29	3.89	4.37	4.54	14.95	2.03	2.03
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

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.

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-19

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

	FISCAL YEARS ENDED SEPTEMBER 30				
	2023	2022	2021	2020	2019
REVENUES					
Charges for services	\$ 30,366,063	\$ 30,886,842	\$ 27,321,970	\$ 26,312,327	\$ 24,264,193
Investment income (loss)	624,620	(339,664)	(15,076)	188,591	228,282
Miscellaneous	12,251	44,782	7,658	16,355	35,886
Total revenues	<u>31,002,934</u>	<u>30,591,960</u>	<u>27,314,552</u>	<u>26,517,273</u>	<u>24,528,361</u>
EXPENSES					
Personal services	2,458,272	1,681,001	1,932,363	2,263,041	2,310,746
Materials and supplies	315,268	286,416	265,954	256,041	277,884
Maintenance and utilities	1,559,905	1,748,986	1,443,145	1,198,884	1,415,092
Purchase of water	6,803,355	6,668,954	5,658,171	5,424,919	5,343,572
Sewage treatment	<u>5,224,506</u>	<u>4,615,631</u>	<u>4,782,110</u>	<u>4,188,084</u>	<u>4,511,094</u>
Total expenses	<u>16,361,306</u>	<u>15,000,988</u>	<u>14,081,743</u>	<u>13,330,969</u>	<u>13,858,388</u>
Net available for debt service	<u>\$ 14,641,628</u>	<u>\$ 15,590,972</u>	<u>\$ 13,232,809</u>	<u>\$ 13,186,304</u>	<u>\$ 10,669,973</u>
CUSTOMERS	11,254	11,242	10,784	10,477	10,182

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.

CITY OF FARMERS BRANCH, TEXAS

TABLE CD-20

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS
(UNAUDITED)

PURPOSE	DATE AUTHORIZED	AMOUNT AUTHORIZED	AMOUNT PREVIOUSLY ISSUED	UNISSUED BALANCE
				\$
Infrastructure	11/7/2017	\$ 4,000,000	\$ 4,000,000	
Parks & Open Space	11/7/2017	7,000,000	7,000,000	
Neighborhood Dev	11/7/2017	4,000,000	4,000,000	
				\$
		<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	