Dear Citizens,

The City of Allen is proud to present the Popular Annual Financial Report for the Fiscal Year ended September 30, 2023. The financial information contained within this report is taken from the financial statements that are a part of the City of Allen’s 2023 Annual Comprehensive Financial Report, which is prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and is audited by an independent firm of certified public accountants, Weaver & Tidwell, LLP of Dallas, TX. The annual financial report contains additional detailed and extensive information, such as notes, statistical information, investments and debt service obligations. It may be viewed at CityofAllen.org/Accounting.

The purpose of the popular report is to convey the information presented in the annual financial report in a condensed and easily understood format. This report is intended to provide an overview of the City’s audited financial position, local taxing information and economic climate. This report represents another indication of the City of Allen’s commitment to financial transparency and accountability.

If you should have any questions or concerns, please do not hesitate to contact the City of Allen Finance Department at 214.509.4626 or by email at finance@cityofallen.org.

Eric Ellwanger
March 29, 2024
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**About Allen**

**OUR CITY**

Allen is located in Collin County at the intersection of Central Expressway (US-75) and Sam Rayburn Tollway (SH-121), 25 minutes north of downtown Dallas. Allen is bordered by incorporated cities on all sides: to the north lie McKinney (the county seat) and Fairview; Plano borders Allen on the south and west, and Lucas borders Allen to the east.

Allen features several important transportation connections. Central Expressway (US-75) bisects the City in a north/south direction toward downtown Dallas and I-30. Sam Rayburn Tollway (SH-121) offers a direct 30-mile route to DFW International Airport and a 10-mile route the Dallas North Tollway, home to many of the region’s largest corporate headquarters. State Highway 5 connects with Greenville Avenue in Allen and continues into the Dallas urban core. Dallas Love Field Airport is 25 miles from Allen and McKinney National Airport is nine miles away.

<table>
<thead>
<tr>
<th>SQUARE MILES</th>
<th>POPULATION</th>
<th>OPERATING BUDGET OF</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.40</td>
<td>111,218</td>
<td>$300 million</td>
</tr>
</tbody>
</table>
HISTORY

Allen was settled in the early 1850s as a farming community and remained relatively small until 1953 when the City was officially incorporated with a Council-Manager form of government. In the 1960s, the relocation of technology companies to North Dallas and Richardson—as well as the completion of Central Expressway and Lavon Lake—dramatically increased employment and development opportunities for Allen's citizens.

DEMOGRAPHICS

Allen’s population reached 111,218 in 2023, more than doubling from just over 45,032 in year 2000 and is expected to reach 140,000 at build-out. Allen’s median household income is $121,259 and per capita income is $55,022. More than 55% of residents possess at least a bachelor’s degree, and the unemployment rate was 3.5% in 2023, below the national rate of 3.8%. In 2023, the median home price in Allen was $538,250, and the median age was 37.8 years old.

CITY SERVICES

The City of Allen employs 937.17 full-time equivalent employees, including 126 in the fire department and 210 in the police department. The City boasts 1,845 acres of park land, 50 parks, eight recreation facilities, one library, six fire stations, one police headquarters and three police storefronts among many other amenities.
MEET THE LEADERS

Allen City Council

ABOUT CITY COUNCIL
The Allen City Council consists of the mayor and six council members elected citywide to serve three-year, staggered terms of office. In addition to strategic planning and approving the annual budget, the council sets policy, enacts ordinances establishing municipal law and regulates zoning and development. The council also appoints board and commission members.

CITY COUNCIL MEETINGS
City Council meetings are held on the second and fourth Tuesday of each month at 7 p.m. in the Council Chambers of City Hall, 305 Century Parkway. Prior to the Council meeting, a workshop is conducted at 6 p.m. in the Council Conference Room, located next to Council Chambers. City Council meetings and workshops are open to the public and citizen input is welcome. Citizens may speak at council meetings on agenda and non-agenda items by completing and submitting a public meeting appearance card.

WHAT’S ON THE AGENDA?
The City Council agenda is available at CityofAllen.org 72 hours prior to every meeting. The agendas are posted outside of City Hall in a glass public notice case adjacent to the main City Hall entrance.

MAYOR PRO TEM, PLACE 4
CHRIS SCHULMEISTER

COUNCILMEMBER, PLACE 1
DAREN MEIS

COUNCILMEMBER, PLACE 2
TOMMY BARIL

COUNCILMEMBER, PLACE 3
DAVE CORNETTE

COUNCILMEMBER, PLACE 5
DAVE SHAFER

COUNCILMEMBER, PLACE 6
BEN TRAHAN
Construction continues for the Stephen G. Terrell Recreation Center

Construction continues for Allen Fire Station #6

Rolling Hills Park expansion complete

Allen Media Productions Center renovations continue

Design begins on Allen Public Library Expansion Phase II

Design begins on new PD HQ

New Fire Truck

Progress made on Advanced Meter Infrastructure Project

EDC purchased $22M in land for future economic development

Continued improvement on Ridgeview, Stacy and Bethany

Start of Highway Safety Improvement Program

MAJOR PROJECTS 2022-2023
We don’t set out to win awards, but our everyday excellence has caught the eye of some of the country’s most prestigious publications and organizations. In recent years, we were named one of the best real estate markets by WalletHub, one of the safest cities in the U.S. by Homes.com and the Best Place to Live in the South by Money Magazine. In Allen City Hall, you will find trophy cases brimming with local, state and national honors earned across our departments, including our ninth consecutive Achievement of Library Excellence and the coveted Texas Best Practice Agency designation for Allen Police Department. This year we ranked third in our population category in the Digital Cities Survey, an annual recognition of cities using technology to tackle social challenges, enhance cyber security, improve transparency and more. We were also awarded the Future Ready award to recognize the City’s forward-thinking implementation of technology.
AWARD-WINNING REPORTING

Certificate of Achievement for Excellence in Financial Reporting
The City has earned the Certificate of Achievement for Excellence in Financial Reporting for the Annual Comprehensive Financial Report from the Government Finance Officers Association for the twenty-third consecutive year. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The comprehensive report is compiled by the finance department and audited by an independent firm of certified public accountants. The purpose of the comprehensive report is to give a detailed overview of the City's financial status, including various funds, investments and debt service obligations.

Distinguished Budget Presentation Award
The City has earned the Distinguished Budget Presentation Award from the Government Finance Officers Association for the twenty-third consecutive year. It reflects the commitment of the City's staff to meet the highest principles of governmental budgeting and the award represents a significant achievement. The budget presents the plan for accomplishing the City's goals and objectives during the fiscal year. Preparation of this document requires a comparison of the anticipated revenues with adopted programs and priorities that are based on City Council's priorities, service demands and prior year project commitments.

Outstanding Achievement in Popular Annual Financial Reporting
The City has also earned the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for four years. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

Achievement for Excellence in Procurement
Established by the National Procurement Institute, the Achievement of Excellence in Procurement Award is earned by public agencies that demonstrate a commitment of procurement and purchasing excellence and is given to organizations who demonstrate to their leadership, governing body, and the public that they exceed the highest standards in innovation, professionalism, productivity, e-procurement, and leadership attributes of procurement.
Financial Highlights

The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City of Allen currently maintains eighteen governmental funds, including five major funds: General Fund, Debt Service Fund, General Capital Projects Fund, Grants Fund, and General Obligation Bond Fund. In business-type activities, the City also has 5 enterprise funds: Water and Sewer, Solid Waste, Drainage, Golf Course, and Allen Event Center. The Allen Event Center was previously accounted for in the General Fund but was reclassified to enterprise due to the nature of the Event Center and its operations.

More information can be found in the Annual Comprehensive Financial Report (ACFR) on the City’s website at CityofAllen.org.

Changes in Net Position

The Statement of Net Position presents information on all the City’s assets, liabilities, and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City’s financial position. The City’s total net position increased $13,107,608 (2%) from fiscal year 2022.
Total revenues increased $6,198,746 (4%) from fiscal year 2022. Charges for services decreased by $3,149,629 (24%) primarily due the Allen Event Center being accounted for as business-type activities in the current fiscal year as opposed to governmental in the prior fiscal year. Capital grants and contributions decreased by $9,486,145 (85%) with lower construction activities. Operating grants and contributions decreased by $1,837,920 (34%), due to a decrease in recognition of grant revenue as compared to the prior year. Franchise taxes increased by $92,036 (1%), due to new growth in the City. Hotel motel taxes increased $308,418 (15%), as a result of increased tourism. Sales taxes increased by $1,871,042 (7%), as a result of better than expected economic conditions. The City of Allen is largely dependent upon retail sales. Consumers purchased more goods than expected. Investment earnings increased by $13,536,208 (275%) over prior year, as a result of higher interest rates and an increase in fair market values of investments during fiscal 2023.
Expenses increased $11,871,702 (7%) from fiscal year 2022. Expenses for General Government increased by $3,096,271 (12%), due primarily to an economic grant for “The Farm”, a mixed-use development that was part of a large economic development project for the City. Expenses for Public Safety increased by $9,174,734 (19%), due primarily to the scheduled salaries market adjustment for both Fire and Police departments and the expense of contributing to the internal service fund for equipment replacement. Expenses for Public Works increased by $3,014,435 (12%), because the City is completing its bond program. Expenses for Culture and Recreation decreased by $6,101,248 (17%), due to the Event Center fund being moved out of the General Fund governmental activities to a new Enterprise Fund. Expenses for Community Development increased $1,144,155 (20%) due mostly to salary increases. Expenses for business-type activities (Water and Sewer, Solid Waste, Drainage, Golf Course, and Allen Event Center) increased by $18,226,821, or 31%. Most of the increase was due to Allen Event Center being reclassified as a business-type activity from its previous place in the General Fund. Water and Sewer and Solid Waste also saw large increases in contractual services due to increased costs.

<table>
<thead>
<tr>
<th>EXPENSES (BY FUNCTION)</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>% of Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>22,940,360</td>
<td>26,469,412</td>
<td>29,565,683</td>
<td>12.64%</td>
</tr>
<tr>
<td>Public Safety</td>
<td>49,532,988</td>
<td>63,891,672</td>
<td>57,988,034</td>
<td>24.80%</td>
</tr>
<tr>
<td>Public Works</td>
<td>19,661,514</td>
<td>9,148,396</td>
<td>27,241,203</td>
<td>11.65%</td>
</tr>
<tr>
<td>Culture &amp; Recreation</td>
<td>29,359,242</td>
<td>36,053,830</td>
<td>29,952,582</td>
<td>12.81%</td>
</tr>
<tr>
<td>Community Development</td>
<td>6,330,539</td>
<td>5,587,202</td>
<td>6,731,357</td>
<td>2.88%</td>
</tr>
<tr>
<td>Interest on Long-Term Debt</td>
<td>3,103,192</td>
<td>2,312,561</td>
<td>4,966,234</td>
<td>2.12%</td>
</tr>
<tr>
<td>Water &amp; Sewer</td>
<td>46,442,937</td>
<td>46,917,817</td>
<td>54,520,345</td>
<td>23.32%</td>
</tr>
<tr>
<td>Solid Waste Services</td>
<td>6,824,441</td>
<td>7,088,901</td>
<td>7,563,726</td>
<td>3.23%</td>
</tr>
<tr>
<td>Drainage</td>
<td>1,497,014</td>
<td>1,349,306</td>
<td>1,588,923</td>
<td>0.68%</td>
</tr>
<tr>
<td>Golf Course</td>
<td>3,557,076</td>
<td>3,800,645</td>
<td>4,267,842</td>
<td>1.83%</td>
</tr>
<tr>
<td>Allen Event Center</td>
<td>-</td>
<td>-</td>
<td>9,442,654</td>
<td>4.04%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>189,249,303</td>
<td>202,619,742</td>
<td>233,828,583</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at September 30, 2023, by $679,174,450. The largest portion of the City’s net position, $512,337,702 (75%), is in capital assets (land, buildings, infrastructure, vehicles, machinery, equipment, and construction in progress), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the City’s net position is restricted resources of $24,895,288 (4%), which are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $141,941,460 (21%) may be used to meet the government’s ongoing obligations to citizens and creditors.

The City has two funds that are not included in total net position of the primary government, both of which are considered discretely presented component units: the 4A Economic Development Corporation (EDC 4A) and the 4B Community Development Corporation (CDC 4B) Fund. The City Council appoints the EDC 4A and CDC 4B and can impose its will on their day-to-day operations. The combined fiscal year 2023 net position of EDC 4A and CDC 4B was $105,289,882, of which $57,173,933 (54%) is in capital assets, $4,685,423 (4%) is restricted for debt service, and $43,430,526 (41%) is unrestricted. The combined net position has increased $13,749,319 (15%) from last fiscal year.
The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2023, was $642,804,869 (net of accumulated depreciation). Investment in capital assets includes land and improvements, buildings, vehicles, machinery and equipment, park land and facilities, and roads and bridges. About 77% of the capital assets are governmental and 23% represent business-type activities. There was an increase of 3% in the investment in capital assets for the current fiscal year.

Major Capital Asset Events during Fiscal Year 2023 Included the Following:

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephen G Terrell Recreation Center</td>
<td>$12,001,773</td>
</tr>
<tr>
<td>Allen Fire Station #6</td>
<td>$6,535,585</td>
</tr>
<tr>
<td>Allen Media Productions Center renovations</td>
<td>$449,679</td>
</tr>
<tr>
<td>New PD HQ</td>
<td>$1,580,214</td>
</tr>
<tr>
<td>Library Expansion Phase II</td>
<td>$271,828</td>
</tr>
<tr>
<td>Advanced Meter Infrastructure Project</td>
<td>$8,949,256</td>
</tr>
<tr>
<td>New Fire Truck</td>
<td>$1,645,755</td>
</tr>
<tr>
<td>Highway Safety Improvement Program</td>
<td>$984,753</td>
</tr>
<tr>
<td>Ridgeview Drive, Stacy Road and Bethany Drive Improvements</td>
<td>$2,481,068</td>
</tr>
</tbody>
</table>
Debt Obligations

The City’s primary government had total outstanding debt at September 30, 2023 of $228,718,669. Of this total, $191,786,745 (84%) was associated with governmental activities, and $36,931,924 (16%) was business-type activities. The majority of total outstanding debt is comprised of gross bonded debt and tax notes of $165,508,424, which include General Obligation (G.O.) bonds and Certificates of Obligation that are backed by the full faith and credit of the primary government; revenue bonds that are secured solely by Water and Sewer revenues; tax notes and net premiums and discounts from bond issuances.

During fiscal year 2023, the City issued General Obligation Bonds in the amount of $14,525,000.

Outstanding debts associated with the component units totaled $27,921,582. $27,630,000 of this debt are secured by future sales tax revenue; and $291,582 are premiums and discounts from bond issuances.

<table>
<thead>
<tr>
<th>Gross Bonded Debt</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>82,380,000</td>
<td>95,885,000</td>
<td>100,895,000</td>
</tr>
<tr>
<td>Certificates of Obligation</td>
<td>22,945,000</td>
<td>21,870,000</td>
<td>20,740,000</td>
</tr>
<tr>
<td>Revenue Bonds Payable</td>
<td>28,955,000</td>
<td>27,400,000</td>
<td>25,825,000</td>
</tr>
<tr>
<td>Premiums &amp; Discounts</td>
<td>18,850,955</td>
<td>16,488,749</td>
<td>16,368,424</td>
</tr>
<tr>
<td>Tax Notes</td>
<td>3,580,000</td>
<td>2,200,000</td>
<td>1,680,000</td>
</tr>
<tr>
<td>Total Gross Bonded Debt</td>
<td>156,710,955</td>
<td>163,843,749</td>
<td>165,508,424</td>
</tr>
</tbody>
</table>
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, the unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. At the end of fiscal year 2023, the City’s governmental funds reported a combined ending fund balance of $125,075,963, a decrease of $5,655,724 (4%) in comparison with the prior fiscal year. The decrease is primarily due to expenditures on capital projects.

The General Fund is the chief operating fund of the City. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. As of the end of fiscal year 2023, total unassigned fund balance was $31,416,575. Total fund balance increased $3,768,189 (13%) during the fiscal year primarily due to increased investment earnings and steady expenditures under budget, especially in general government and culture and recreation.

The Debt Service Fund balance of $3,938,037, all of which is restricted for the payment of debt, represents an increase from the prior year of $3,017,830 (328%). The City’s made a large transfer of budget savings from the General Fund to the Debt Service Fund in fiscal year 2023.

The General Capital Projects Fund provides information on cash financed capital projects and had an ending fund balance of $29,805,326 at September 30, 2023, a decrease of $5,404,230 (15%). Revenues and other financing sources totaled $6,172,561, which included $2,550,000 from other funds to cash finance capital projects, and $805,533 in charges for median and streets improvements. Total expenditures and other uses of $11,576,791 consisted primarily of $2,488,187 for the Stephen G. Terrell Recreation Center and $631,481 for traffic signal improvements on Bethany.

The Grants Fund accounts for monies received from other governmental agencies that have restricted legal requirements and multi-year budgets and had an ending fund balance of $238,514, which is unchanged from the prior year. Advanced funding of $5,079,935 from the American Rescue Plan Act (ARPA) was received in fiscal year 2022 and an additional $5,079,935 was received in fiscal year 2023. There was $6,231,619 in ARPA expenditures during fiscal year 2023 and the remaining balance of $2,529,193 is recorded as unearned revenue.

The General Obligation Bond Fund had an ending fund balance of $40,471,307, which represents a decrease of $9,298,614 (23%) from the prior year. Expenditures totaled $25,378,515, which consisted mainly of $15,507,022 in construction costs for bond projects including the Stephen G. Terrell Recreation Center, the Library expansion Phase II, the Highway Safety Improvement Project, and improvements to Ridgeway Dr. The City also had an Economic Grant Expense to the Farm Development Corporation in the amount of $2,179,886. Other financing sources consisted mainly of issuance of bonds totaling $14,525,000 and the related premium of $771,340.
During April and May each year, all accounts are evaluated to determine whether they are in line with the original budgets. Accounts that are under or over budget are revised to meet year-end final estimates. New projects are not added to the year-end estimate; only the cost of maintaining the current base operation is revised as needed. As is customary, during fiscal year ended September 30, 2023, the City Council amended the budget for the General Fund one time.

Adjustments made during fiscal year 2023 increased the original revenue budget by $2,283,762 and increased the expenditure budget by $1,519,369. Due to actual expenditures being $4,902,869 less than the revised budget and revenues over the revised budget by $2,049,598, the City was able to increase the unassigned General Fund balance by $3,768,189, after net transfers. Unassigned fund balances are available for spending at the government’s discretion. The unassigned fund balance of $31,416,575 is equal to 25%, or 90 days of next year’s operating budget.
Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

City of Allen
Texas

For its Annual Financial Report
For the Fiscal Year Ended

September 30, 2022

Christophe P. Morrill
Executive Director/CEO