

CITY OF PLANO, TEXAS

comprehensive annual financial report

for fiscal year ended september 30, 2008





Mission Statement



The Mission of the City of Plano is to provide outstanding services and facilities, through cooperative efforts with our citizens, that contribute to the quality of life in our community.

Photographs on the cover:

In order from left to right: Plano Police motorcycle, Memorial Day ceremony, Firefighter in action and Plano Balloon Festival.

CITY OF PLANO, TEXAS

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2008

Prepared By:

Accounting Division

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**CITY OF PLANO, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008
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January 5, 2009

Pat Evans
Mayor

Jean Callison
Mayor Pro Tem

Harry LaRosiliere
Deputy Mayor Pro Tem

Pat Miner
Place 1

Scott Johnson
Place 2

Mabrie Jackson
Place 3

Sally Magnuson
Place 4

Lee Dunlap
Place 8

Thomas H. Muehlenbeck
City Manager

To the Honorable Mayor, Members of the City Council
and Citizens of the City of Plano, Texas:

The Comprehensive Annual Financial Report (CAFR) of the City of Plano, Texas (the City), for the year ended September 30, 2008, is submitted in accordance with Section 3.14 in the City Charter.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Grant Thornton LLP has issued an unqualified ("clean") opinion on the City of Plano's financial statements for the year ended September 30, 2008. The independent auditors' report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to compliment Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

City of Plano Profile

The City of Plano is the largest city in Collin County, located in the southwest corner of the county, approximately 20 miles north of downtown Dallas. There are currently 72.2 square miles of land in the City's corporate boundary.

The City was incorporated on June 2, 1873, under the provisions of H.B. 901 of the Texas Legislature. It was subsequently chartered on June 10, 1961, and operates under a Council-Manager form of government. The City Council is comprised of a Mayor and seven members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, and a Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the executive directors, and heads of departments, and the performance of functions within the municipal organization.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Plano as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection; environmental health; sanitation services; community development; building inspection; traffic control; parks and libraries; the construction and operation of water, sewer, drainage, environmental waste services, streets and infrastructure; convention and tourism activities and cultural events.

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Plano Economic Development Board and the two Tax Increment Financing units are reported discretely using proprietary fund accounting. The Plano Housing Authority, a related organization, is not a part of this report, as the City's accountability does not extend beyond appointing the Board.

Local Economy

Plano is a community that offers exceptional housing, award-winning schools and a dynamic business climate, all of which are strong factors in the success of the City's economy. The City also continues to benefit from other favorable conditions associated with Plano, including a stable, diversified economic base and a desirable location for work, destination and living.

Plano, a 1994 All-American City, was named the 41st fastest growing city in the United States of cities with populations of 100,000 or more at the time of the 2000 Census, according to 2005 Census Bureau estimates. Since 1990, Plano's population has grown an estimated 100.1% to 261,500 in 2008. Estimates for residential population are projected at 264,300 in 2010 and 274,300 in 2020.

In August 2008, Salary.com named Plano as the number one place to build personal wealth, based on job availability, industry diversity, population education level, salary level, cost of living, work commute time, poverty level and proximity to educational institutes on their Salary Value Index.

The Census Bureau released a report in fall 2008 presenting Plano as the most affluent city in the nation with a 2007 median income of \$84,492. The city had the highest income and lowest poverty level for cities with populations of more than 250,000.

New Geography packaged Plano with the Dallas Metropolitan area, giving it a 12th place rating as one of the "Best Cities for Doing Business."

Plano has held an "AAA" Bond Rating since fiscal year 2000 by three of the nation's top bond rating companies, attesting to its strong tax base and financial management. Attracting and retaining some of the nation's top Corporate 500 companies and the best small businesses in the region has become the "norm".

Plano is recognized for its education system, library system, public safety departments, quality of life, and stable tax base. A diverse economy and well-educated populace make for a higher per capita income, reflected in higher per capita spending. Many new jobs continue to be created with the opening, expansion and relocation of businesses to the City.

Given Plano's continued pro-business attitude and enthusiastic accommodation of industry, the City continues to prosper economically. The following categories represent key factors that impact Plano's economic and financial success:

Sales Tax Revenues

The General Fund's second largest revenue source is sales tax generated from a variety of businesses operating in the City of Plano. Sales tax receipts resulted in revenue of \$62.1 million in fiscal year 2007-08, a 0.09% increase from the prior year. The sales tax collections are produced primarily from Plano's sizeable retail base, including two major shopping malls, hundreds of specialty shops and boutiques and major retailers throughout the City.

Employment

A strong business atmosphere, coupled with a highly-educated and motivated workforce, continues to draw diverse companies to relocate to Plano. As a World headquarters for EDS, JCPenney, Frito-Lay, Perot Systems and Dr. Pepper Snapple Group, Plano has built a reputation for being a great place to grow business. An array of national and international corporations have joined these top companies in making Plano home, including Alcatel-Lucent, Capital One, Countrywide Home Loans, Ericsson, Flextronics, McAfee and Texas Instruments. This type of environment creates a broad range of employment opportunities for Plano residents and creates a significant business component to the local tax base.

Job Growth

The following businesses relocating and expanding into Plano have increased the number and scope of job opportunities and brought much needed services to the community. Altair Global Relocation, an independent, full-service relocation management company, plans to relocate its global headquarters to Plano, adding 215 full-time associates and occupying 60,084 square feet of space. Founded in 1989, Altair is the largest certified woman-owned relocation management company in the U.S. It grossed more than \$49 million in 2007 with additional offices in California, Connecticut, Minnesota and London. Children's Medical Center Legacy celebrated its grand opening in September 2008. Located at 7601 Preston Road, Children's Medical Center Legacy sits on a 155-acre site at the southwest corner of Preston and Hedgcoxe Roads. The 184,000-square-foot, \$147 million project offers 60 medical surgical beds, 12 intensive care unit beds, four operating rooms, a full-service diagnostic including CT and MRI, an urgent/emergency care center and a medical office/ambulatory services building. Diodes, Inc. purchased a 16-acre tract in the master planned Legacy mixed-use development to construct a 70,000 square-foot national corporate headquarters in Plano. Diodes, Inc. is a leading global manufacturer and supplier of high-quality, application-specific standard products within the broad discrete and analog semiconductor markets. The new \$7.5 million facility will be ready for occupancy in December 2009. At least 30 full-time employees from two California sites will relocate to Plano. It is a publicly-held corporation with over 2,300 employees in North America, Asia and Europe. Dr Pepper Snapple Group, Inc. (DPS), has leased 41,226 square feet of newly renovated office space at The Campus at Legacy for 270 people. It employs 20,000 people worldwide including 1,250 people at its headquarters' campus. Heartland Payment Systems, Inc., a publicly-traded company delivers credit, debit and prepaid card processing, payroll, check management and payment solutions to more than 165,000 businesses nationwide. It relocated to Plano into 45,000 square feet at Lincoln Legacy One. It acquired Alliance Data's Network Service Business and will more than double its size in the new office space. It acquired 120 employees bringing its total employees to 320 in the new offices. Intertek, a third-party testing lab and analysis company, relocated its Commercial and Electrical Division office to Plano into 94,600 square feet of the 10th Street Business Park. London-based Intertek is a leading provider of quality and safety services to a wide range of global industries including textiles, toys, electronics, building, heating, pharmaceuticals, petroleum, food, minerals and cargo scanning. Its global network of laboratories comprises of more than 1,000 offices and labs, and 23,000 employees around the world. Thirty full-time employees relocated to Plano and it plans to expand to 50 in the next four years. Phoenix Indemnity Insurance Company, a subsidiary of Hallmark Financial Services headquartered in Memphis, Tennessee, moved its office

into 17,000 square feet at 6500 Pinecrest Drive in the Lincoln R&D complex. The 70-employee company plans to increase its staff to 125 in the next four years. Phoenix Indemnity Insurance Company markets personal automobile, motorcycle, homeowner's and renter's policies for over 1,600 independent agents in 12 states. It has growth plans to offer insurance in 23 states by the end of 2009.

The three largest job sectors are retail and wholesale trade, services and manufacturing. The unemployment rate for 1999 was recorded at 2.0%, which was the lowest rate in the last ten years. In 2003, the unemployment rate reached 5.9% and in 2008, was recorded at 4.8%, as provided by the Texas Workforce Commission.

Long-Term Financial Planning

The City's responsiveness to emerging economic challenges and its long-term planning have been key factors in its fiscal health. Although economic forecasts for Plano and the region remain favorable, residential build-out and the controlled economic recovery continue to affect the City. The City has established a program to address the challenges and opportunities that Plano will face as it transitions from a growing to a maturing community.

The City of Plano's fiscal year 2008-09 budget reflects continuing strength in the City's economy. As a result, from implementation of Community Investment Program (CIP) projects, additional facility and building services will be spent to provide coverage for Fire Station #12, the Warehouse Logistics Facility and the Emergency Operations Center.

The City-wide 2008-09 combined budget reflects an increase of \$17.6 million, or 4.6%, over prior year's final budget. The 2008-09 budget for total General Fund revenues and expenditures is approximately \$7.5 million and \$3.6 million, respectively, higher than the 2008 final budget. Funding for Capital Reserve will be accomplished by transferring \$1.2 million from the Water and Sewer Fund along with \$10.5 million from the General Fund. These increases along with no decline in service levels are funded with ad valorem property tax revenues. (\$.3268 General Fund and \$.1467 Debt Service.)

Of the \$78.2 million budgeted for capital expenditures in 2009, \$10.3 million pertains to municipal facilities, \$21.4 million for parks and recreation and \$46.5 million for street improvements and enhancements. The estimated expenditures for municipal facilities includes construction of two new fire stations, establishing an Emergency Operations Center for the City, remodeling existing fire stations, purchase of a new fire engine and construction of a new cultural arts facility in conjunction with several neighboring cities. Projects pertaining to parks and recreation include development of Oak Point Park, various trail connections, construction of a maintenance facility at Oak Point Park and Nature Preserve, restoration and enhancements of Chisholm Trail, new construction at Pecan Hollow Golf Course, various athletic field improvements and expansion and renovation of Carpenter Park Recreation Center, including addition of senior facilities. The City plans on spending \$46.5 million on street enhancements and improvements that include construction and expansion of roadways.

Relevant Financial Policies

Financial Policies. During fiscal year 1990-91, the City Council Finance Subcommittee developed written policies detailing financial goals and guidelines for the City. These included policies for accounting, budgeting, capital improvements, asset management, revenue management, risk management, and fund balance/reserve levels. The City Council adopted these policies in July 1991. During fiscal year 2000, the financial policies were reviewed and updated with the revised financial policies being adopted by City Council in November 2000.

Accounting Procedures and Budgetary Controls. The City's accounting records for general governmental activities are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

Budgetary control is maintained at the fund level, and encumbrances are entered at the time a purchase order is issued. Open encumbrances are recorded as reservations of fund balance as of September 30 of each year, and the subsequent year's budget is increased to reflect these carried-forward encumbrances. Unspent and unencumbered appropriations lapse at the end of the fiscal year.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's financial management staff, and expenditure estimates by each City department. Budgets are reviewed by the Director of Budget & Research. The City Manager makes final decisions and submits a recommended budget, or "Program of Service," to the City Council. The proposed budget is reviewed extensively by the City Council, a process which includes a Charter-mandated public hearing, in addition to work sessions which are open to the public. The City Charter requires adoption of the City budget by no later than September 15.

While the budget is developed and controlled at the departmental level, appropriations are made at the fund level. An ordinance establishes the budget for operating expenditures, debt service payments, and interfund transfers, while a separate ordinance establishes the property tax rate.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the Director of Budget & Research, the City Manager, and the City Council concurrent with review of the proposed budget. (The "re-estimated" current year budget is used as a working budget for the last half of the current fiscal year.) This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

During the course of the fiscal year, expenditure controls are maintained by each department head with overall review exercised by the Director of Budget & Research and the City Manager. Monthly departmental expenditure reports are generated by an automated management accounting system and provide expenditure totals and encumbrances at the line-item level for the most recently completed month, as well as a year-to-date total, and an actual versus planned rate of expenditure. Major expenditure requests are reviewed by the Budget & Research Department prior to the encumbrance of funds.

Constant review of revenue and expenditure trends is maintained with specific responsibility assigned to the Director of Budget & Research. Recommendations for corrective action are made to the City Manager (and to the City Council, if appropriate) as needed to ensure the integrity of the adopted budget.

The City's Finance Department publishes a Comprehensive Monthly Finance Report (CMFR) directed at providing internal and external users with the general awareness of the City's financial positions and economic activity. The CMFR includes a Financial Summary section reporting the performances of the major operating funds and a status report of the City's capital projects; an Economic Analysis section summarizing key economic indicators and an in-depth review with graphic illustrations; and an Investment Report section describing investment activity, interest earnings and the City's portfolio. The highlights of each month's CMFR are presented to the City Council.

With the recognition of increased need for internal control, an internal audit program has been in place since 1988. An Internal Audit Committee provides oversight and an Internal Auditor conducts the program. This program serves to enhance controls, which are currently in place to safeguard the City's assets and provide a reasonable assurance of proper recording of financial transactions, which, due to the changing complexity of the organization, requires greater attention.

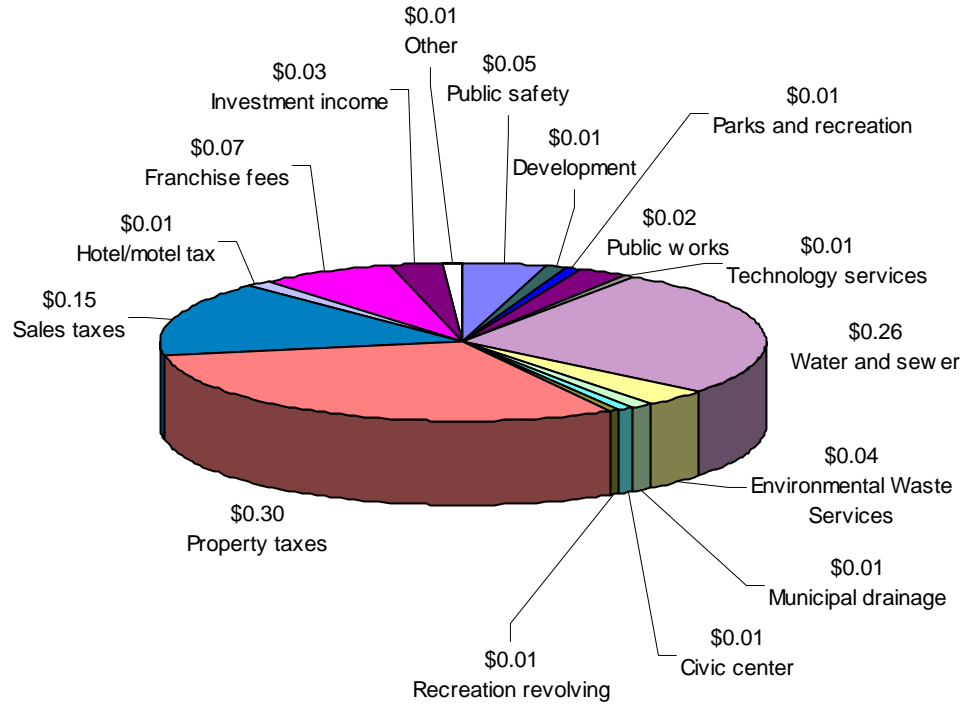
Major Initiatives

The City of Plano's fiscal year 2007-08 budget reflected continuing strength in the City's economy. As a result from implementation of Community Investment Program projects, additional facility and building services were spent for the Tom Muehlenbeck Center, Chisholm Trail & Memorial Park, Trail Connections & Bikeway Systems, Oak Point Park & Nature Preserve and Athletic Field Improvements. Budgeted personnel for the Community Investment Program projects coming on-line included twelve full-time positions.

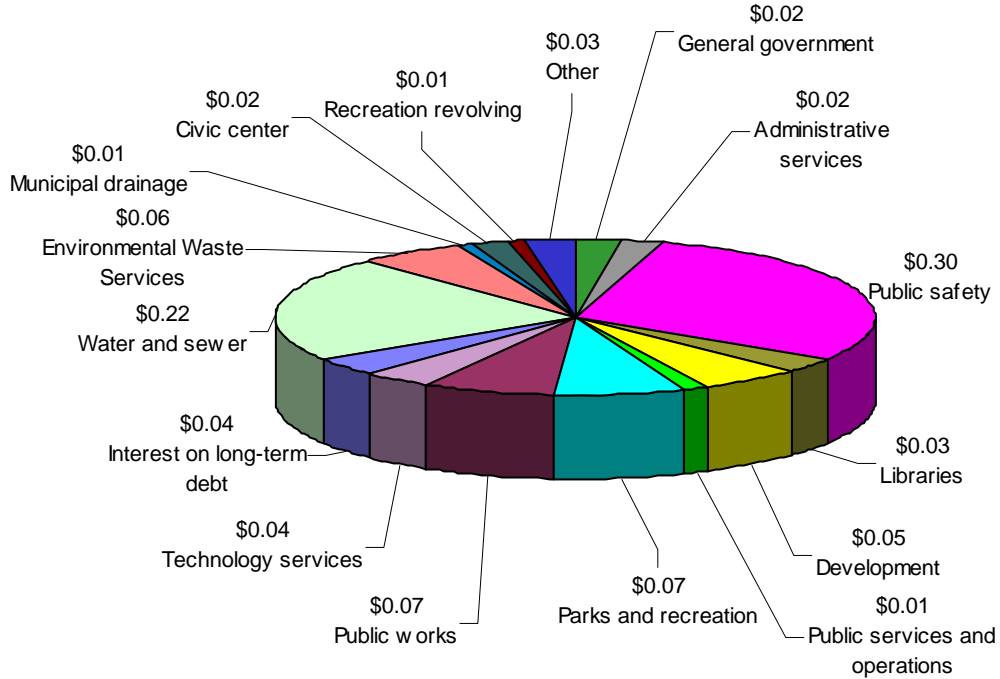
The fiscal year 2008 budget included the addition of forty-nine full time positions, of which twenty-five are related to Public Safety and twelve for Community Investment Projects. The 2007-08 budget for total General Fund revenues was projected \$8.4 million above the 2007 final budget. Funding for Capital Reserve was accomplished by transferring \$3.0 million from the Water and Sewer Fund along with \$10.5 million from the General Fund. Employee salary and benefits were budgeted to increase approximately \$8.1 million. For the second year in a row \$6.0 million was dedicated solely for economic development incentives in order to remain competitive with surrounding neighboring cities. The fiscal year 2008 tax rate remained consistent to prior year at 47.35 cents (\$.3210 General Fund and \$.1525 Debt Service).

The following chart depicts the sources and uses of the City's financial breakout as of fiscal year end 2008:

Where the Money Comes From Revenues per \$1



Where the Money Goes Cost per \$1



Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Plano for its CAFR for the Fiscal Year ended September 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

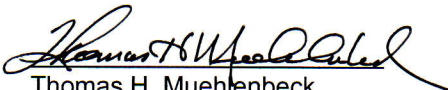
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The City of Plano has received a Certificate of Achievement for the last twenty-seven consecutive years (Fiscal Years ended 1981-2007). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Accounting Department who were instrumental in the successful completion of this report. Certain individuals worked many extra hours and exhibited extraordinary effort in ensuring the accuracy and timeliness of this report, and their contribution to this effort is greatly appreciated.

Our appreciation is also extended to the Mayor and members of the City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,


Thomas H. Muehlenbeck
CITY MANAGER


Denise Tacke, CPA
DIRECTOR OF FINANCE


Mary Reese, CPA
CONTROLLER

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Plano
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



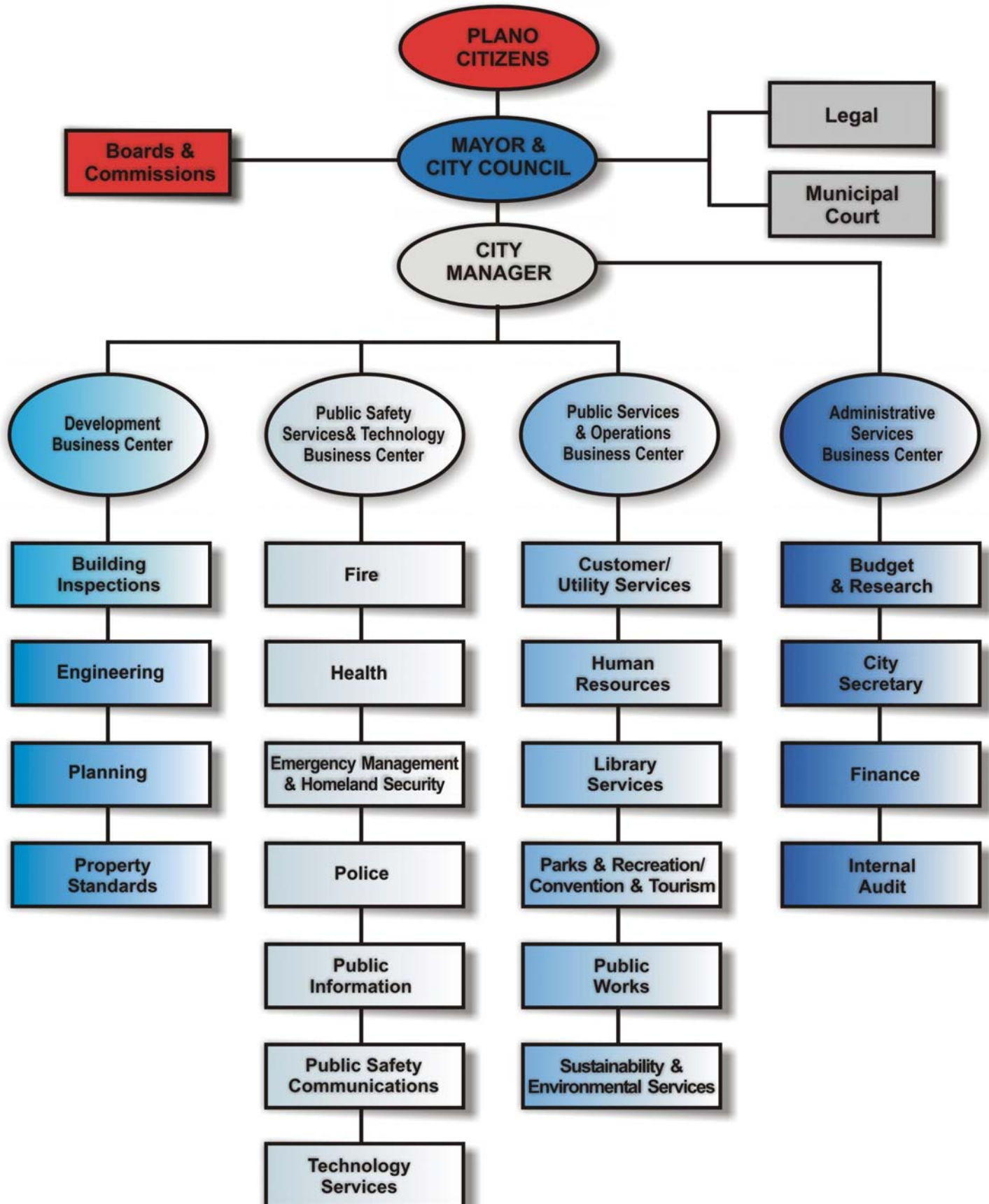
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

City of Plano Organizational Chart



CITY OF PLANO, TEXAS
ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

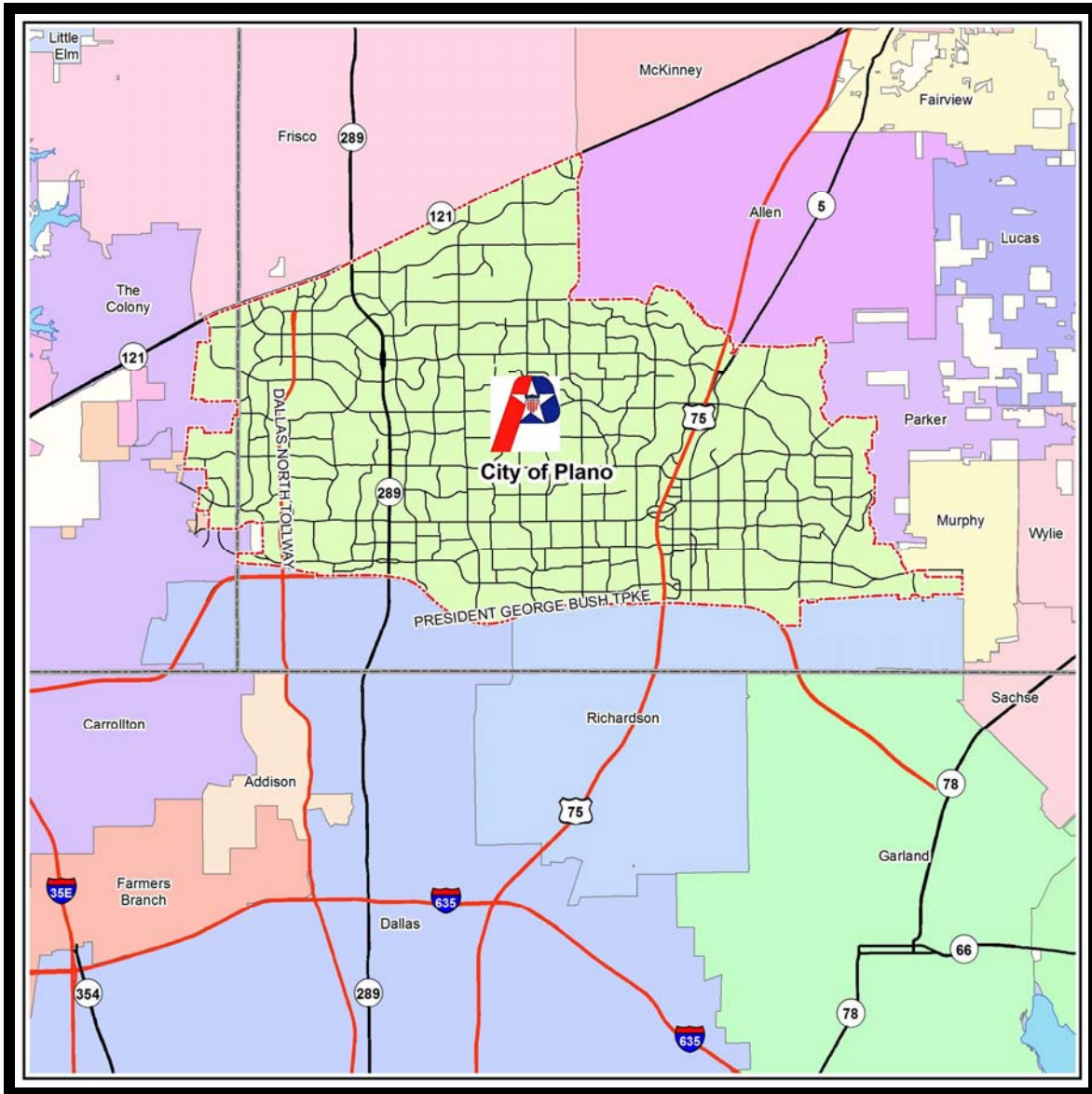
Elected Officials

<u>City Council</u>	<u>Term Expires</u>
Pat Evans Mayor Place 6	May, 2009
Jean Callison Mayor Pro Tem Place 7	May, 2011
Harry LaRosiliere Deputy Mayor Pro Tem Place 5	May, 2011
Pat Miner Place 1	May, 2011
Scott Johnson Place 2	May, 2009
Mabrie Jackson Place 3	May, 2011
Sally Magnuson Place 4	May, 2009
Lee Dunlap Place 8	May, 2009

Administrative Officers

<u>Name</u>	<u>Position</u>
Thomas H. Muehlenbeck	City Manager
Denise Tacke, CPA	Director of Finance
Mary Reese, CPA	Controller

The City of Plano and Surrounding Areas





Independent Auditor's Report

The Honorable Mayor and Members of the City Council
The City of Plano, Texas

Audit • Tax • Advisory

Grant Thornton LLP
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We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Plano, Texas (the City), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Plano's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Plano, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 14, the Schedule of Pension Trust – Texas Municipal Retirement System Funding Progress and Contributions, the Schedule of Pension Trust – Retirement Security Plano Funding Progress and Contributions and the Schedule of Pension Trust – Postemployment Benefits 115 Trust Funding Progress and Contributions on page 65 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards that is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining fund financial statements, individual nonmajor fund financial statements, individual fund budgetary comparison schedules, and Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, capital assets used in the operation of governmental funds schedules, and statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Grant Thornton LLP

Dallas, Texas
January 5, 2009

CITY OF PLANO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008

Our discussion and analysis of the City of Plano's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

- The City's net assets of governmental activities increased by \$21.3 million or 2.8 percent as a result of this year's operations. This is primarily due to increases in the City's capital assets, prepaid postemployment pension benefit obligation and property tax revenues of approximately \$31.0 million, \$17.9 million and \$9.0 million, respectively. Governmental activities program expenses also increased \$20.7 million. Net assets of the City's business type activities increased as a result of this year's operations by \$13.7 million or 3.5 percent.
- The City of Plano's total net assets increased by \$35.0 million or 3.0 percent during the current fiscal year. The increase is primarily the result of contributions from developers of \$13.2 million. Ad valorem tax revenues increased over prior year by \$9.0 million attributed to an increase in existing property values in addition to new property coming on-line as compared to prior year. Investment income is lower over prior year by \$3.7 million due to a decrease in interest rates as a result of the slowing economy.
- Total cost of all of the City's programs increased during the current fiscal year by \$14.1 million or 7.7 percent. The most significant increases in current year operations occurred in police, fire and property liability loss activities. No new major programs were added during the current fiscal year.
- As of September 30, 2008, the City of Plano's governmental funds reported combined ending fund balances of \$196.1 million, an increase of \$32.7 million in comparison with the prior fiscal year.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the general fund decreased \$1.7 million to \$35.4 million which is approximately 17.8 percent of total general fund expenditures.
- The City's total bonded debt increased by \$33.5 million during the current fiscal year. During the current fiscal year, the City issued \$41.3 million in general obligation bonds, \$17.1 million in tax anticipation notes and \$2.1 million in municipal drainage revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the City of Plano's basic financial statements. The City of Plano's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Plano's finances, in a manner similar to private-sector business. The statement of net assets presents information on all of the City of Plano's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Plano is improving or deteriorating. The statement of net assets combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be

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taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but not used vacation leave). Both the statement of net assets and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, libraries, development, public services and operations, public works, technology services and general administration. Property taxes, sales taxes and franchise fees finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system, environmental waste system, municipal drainage system, civic center, municipal golf course, property management activity, recreation revolving activities and downtown center development activity are reported here.
- **Component units** – The City includes three separate legal entities in its report – the economic development fund, TIF (tax incremental financing unit) mall and TIF east side. Although legally separate, these "component units" are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

The City of Plano maintains twenty individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital reserve fund and municipal facilities fund, all of which are considered to be major funds. Data from the other sixteen

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governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

- Proprietary funds – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's municipal warehouse, the City's self insurance funds and equipment maintenance function. Because these services benefit both governmental as well as business type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City of Plano maintains eight individual enterprise funds. The City uses enterprise funds to account for its water and sewer, environmental waste, civic center, municipal drainage, municipal golf course, property management, downtown center development, and recreation revolving activities. The proprietary fund financial statements provide separate information for the water and sewer, environmental waste services and municipal drainage functions, all three of which are considered to be major funds of the City. Data from the remaining five enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor business-type funds is provided in the form of combining statements elsewhere in this report.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for its employee's pension plan and post-employment retiree health benefits as well as certain amounts held on behalf of developers, property owners and others. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. The activities of these funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and health benefits to the employees.

THE CITY AS A WHOLE – Government-Wide Financial Analysis

The City's combined net assets were \$1.2 billion as of September 30, 2008. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$408.3 million. This analysis focuses on the net assets (table 1) and changes in general revenues (table 2) and changes in net assets (table 3) of the City's governmental and business-type activities.

By far the largest portion of the City's net assets (91.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related

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debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1
Net Assets
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 281	\$ 248	\$ 66	\$ 58	\$ 347	\$ 306
Capital assets	909	878	383	380	1,292	1,258
Total assets	1,190	1,126	449	438	1,639	1,564
Long-term debt outstanding	378	340	31	33	409	373
Other liabilities	27	23	10	10	37	33
Total liabilities	405	363	41	43	446	406
Net assets:						
Invested in capital assets, net of related debt	701	680	377	370	1,078	1,050
Restricted	5	5	6	5	11	10
Unrestricted	79	78	25	20	104	98
Total net assets	\$ 785	\$ 763	\$ 408	\$ 395	\$ 1,193	\$ 1,158

Governmental Activities

The City's general revenues increased when compared to the prior year with an increase of \$6.9 million or 3.2 percent. The primary reason for this increase was due to an increase in property tax revenues of \$8.9 million. Property tax revenue increased over prior year attributed to increased property valuations and addition of new property throughout the City. The assessed value of the property in the City increased by \$1.7 billion or 7.4 percent as compared to the prior year. A decrease of \$3.3 million in investment income occurred in the current year due to a decrease in interest rates as a result of the slowing economy. The increase in the City's general revenues are detailed below (Table 2).

**Table 2
General Revenues
(in Thousands)**

	2008	2007	Increase (decrease)
Property taxes	\$ 123,055	\$ 114,157	\$ 8,898
Sales taxes	62,122	61,573	549
Mixed drink taxes	1,004	984	20
Other taxes	360	225	135
Franchise fees	23,022	22,464	558
Investment Income	10,683	13,986	(3,303)
Total general revenues	\$ 220,246	\$ 213,389	\$ 6,857

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Governmental and Business-type activities increased the City's net assets by \$35.0 million in 2008. The key elements of this increase are as follows:

Table 3
Changes in Net Assets
(in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 31,046	\$ 28,407	\$126,579	\$109,109	\$ 157,625	\$ 137,516
Operating grants and contributions	4,774	4,592	61	289	4,835	4,881
Capital grants and contributions	9,654	13,500	7,354	7,991	17,008	21,491
General revenues:						
Property taxes	123,055	114,157	-	-	123,055	114,157
Sales taxes	62,122	61,573	-	-	62,122	61,573
Other taxes	24,386	23,673	11,631	11,001	36,017	34,674
Investment income	10,683	13,986	1,411	1,803	12,094	15,789
Total revenues	265,720	259,888	147,036	130,193	412,756	390,081
Expenses:						
General government	9,052	12,820	-	-	9,052	12,820
Administrative services	8,424	7,814	-	-	8,424	7,814
Police	68,433	60,137	-	-	68,433	60,137
Fire	44,201	39,368	-	-	44,201	39,368
Libraries	11,765	10,561	-	-	11,765	10,561
Development	20,447	19,509	-	-	20,447	19,509
Public services and operations	5,402	5,213	-	-	5,402	5,213
Parks and recreation	26,135	22,646	-	-	26,135	22,646
Public works	27,944	26,677	-	-	27,944	26,677
Technology services	13,686	12,951	-	-	13,686	12,951
Other	7,504	6,677	-	-	7,504	6,677
Interest on long-term debt	14,625	12,504	-	-	14,625	12,504
Water and sewer	-	-	83,264	78,414	83,264	78,414
Environmental waste services	-	-	21,864	19,298	21,864	19,298
Municipal drainage	-	-	3,530	3,429	3,530	3,429
Civic center	-	-	7,312	6,416	7,312	6,416
Municipal golf course	-	-	1,000	885	1,000	885
Property management	-	-	39	79	39	79
Recreation revolving	-	-	3,096	2,643	3,096	2,643
Downtown center development	-	-	46	47	46	47
Total expenses	257,618	236,877	120,151	111,211	377,769	348,088
Increase (decrease) in net assets before transfers	8,102	23,011	26,885	18,982	34,987	41,993
Transfers	13,217	12,604	(13,217)	(12,604)	-	-
Increase in net assets	21,319	35,615	13,668	6,378	34,987	41,993
Net assets – October 1	763,275	727,660	394,607	388,229	1,157,882	1,115,889
Net assets – September 30	\$784,594	\$763,275	\$408,275	\$394,607	\$1,192,869	\$1,157,882

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The most significant governmental expense for the City was for police activity. Of the total \$68.4 million spent, personnel costs were \$52.7 million, an increase over prior year by \$2.1 million. The increase in other expenses in governmental activities pertains to an increase of funds allocated to the Property Liability Loss fund in the current year. Fire activity expenses increased \$4.8 million over prior year attributed to higher personnel costs and increased garage and equipment replacement charges. Operating grants and contributions increased \$0.2 million primarily attributed to increases in grant receipts related to the Community Development Block Grant program and Environmental Services grants from the North Central Texas Council of Governments. Capital grants and contributions decreased \$3.8 million due to receipt of donated land and public art work in prior year. Depreciation expense increased in the parks and recreation, general government and public works activities by \$0.4 million, \$0.5 million and \$0.5 million, respectively.

Business-type Activities

Revenues of the City's business-type activities were \$147.0 million for the fiscal year ended September 30, 2008. Revenues increased approximately \$16.8 million or 13.0 percent as compared to the prior fiscal year. Expenses for the City's business-type activities increased \$8.9 million or 8.0 percent. The increase in net revenues is the result of several factors, including the following:

- The City's water and sewer system recorded charges for services of \$100.0 million, an increase of \$16.4 million or 20.0 percent from prior year primarily due to increased consumption as a result of less rainfall in fiscal year 2008. Expenses increased over the prior year by \$4.9 million. This was primarily due to increases in payments for water and wastewater services in the amount of \$3.1 million.
- The City's environmental waste services activities operated with program expenses exceeding charges for services by \$7.0 million. Residential solid waste revenues are \$0.1 million higher than prior year primarily due to an increase in rates for use of 95-gallon carts. Commercial franchise fee revenues increased over prior year by \$0.5 million. Commercial franchise revenues are based upon commercial tonnage disposed, which has increased over prior year, in addition to an increase in the number of commercial entities serviced. Environmental waste services expenses increased \$2.6 million over the prior year. The increase primarily is due to increased landfill costs as well as garage and equipment replacement charges.
- The City's municipal drainage activity operated with charges for services exceeding expenses by \$1.5 million, compared to \$1.6 million in the prior year. The municipal drainage system recorded charges for services of \$5.0 million, unchanged from the prior year.
- The City's civic center activity operated with expenses exceeding charges for services by \$4.6 million as compared to \$3.8 million in the prior fiscal year. Charges for services are reported at \$2.7 million, an increase of \$0.1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2008, the City had \$1.3 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 4 below.) This amount represents a net increase (including additions and deductions) of \$34.7 million over the prior fiscal year.

**Table 4
Capital Assets at Year-end
(Net of Depreciation, in Thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 106,991	\$ 104,753	\$ 9,252	\$ 9,249	\$ 116,243	\$ 114,002
Buildings and improvements	73,135	72,979	304,575	306,003	377,710	378,982
Equipment	46,186	32,585	5,402	6,599	51,588	39,184
Construction in progress	180,710	165,583	47,987	41,356	228,697	206,939
Public Art	1,649	1,378	-	-	1,649	1,378
Infrastructure	499,863	500,358	-	-	499,863	500,358
Drainage improvements	-	-	16,235	16,474	16,235	16,474
Totals	\$ 908,534	\$ 877,636	\$ 383,451	\$ 379,681	\$1,291,985	\$1,257,317

This year's major additions included (in millions):

Reconstruction & widening of Parker-K Avenue to Raton	\$ 1.8
Widening Parkwood-Park to Spring Creek	2.7
Acquisition of White Rock Creek Community Park	1.8
Renovation & improvements to Memorial Park	1.3
Construction of Fire Station 12/Logistics Facility and Emergency Operations Center	4.0
Expansion of the Police Academy	2.6
Implementation of Moto Mesh Wireless Phase III	7.0
Replacement of traffic signal assemblies in medians	1.0
Replacement of various street and alley pavement	3.1
Replacement of concrete pavement	2.5
Linking recreational trails throughout the City	1.3
Arterial joint sealing program	1.5
Renovation of athletic facilities	<u>2.1</u>
Total	\$ <u>32.7</u>

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The City's fiscal year 2009 capital budget calls for it to spend another \$78.2 million for capital projects, principally for three major categories: municipal facilities, parks and recreation and street improvements and enhancements. The estimated expenditures for municipal facilities are \$10.3 million including \$9.3 million for plans to construct a new fire station, establish an Emergency Operations Center, remodel existing fire stations, addition of security enhancements at fire stations and purchase of a new fire engine. Also budgeted is \$1.0 million for architectural services and expenses for a multi-city Performing Arts Facility. Estimated expenditures for the parks and recreation facilities are \$21.4 million including \$9.9 million for development of Oak Point Park, \$2.7 for construction of Legacy recreation trail, \$1.7 million for construction of a maintenance facility at Oak Point Park and Nature Preserve, \$1.2 million for restoration and enhancements of Chisholm Trail, \$1.1 million Pecan Hollow Golf Course construction, \$1.1 million for athletic field improvements, \$1.0 for connection of recreational trails, \$1.0 for expansion and renovation of Carpenter Park Recreation Center. The remaining funds for park improvements and recreation centers are for a variety of projects. The City plans to spend \$46.5 million on street improvements and enhancements including \$5.2 million to reconstruct 14th Street from Avenue K to Ridgewood Drive, \$5.0 million for participation with Collin County on Dallas North Tollway ramp changes, \$2.7 million to widen McDermott Road from Coit to Ohio, \$2.6 million to widen Parkwood from Park Boulevard to Spring Creek Parkway, \$2.0 million to widen Communications from Parker Road to Spring Creek, \$2.0 million to widen Chaparral from K Avenue to East City Limit, \$2.0 million to construct Rasor from Ohio to SH 121, \$2.0 million for widening Ridgeview from Coit to Independence, \$1.8 for intersection improvements at Preston and Legacy, \$1.5 million to widen Independence from McDermott to SH 121, \$1.3 million to widen Plano Parkway from Midway to West City Limit, \$1.3 million for widening Alma from Spicewood to Rowlett Creek, \$1.2 for reconstruction of P Avenue to 18th Street and Belle View, \$1.0 million to reconstruct Springbrook from Janwood to Quill, \$1.0 million to extend Communications Parkway from Spring Creek Parkway to Tennyson, and \$6.3 million for various street improvements, The remaining street improvements and enhancements are for a variety of projects. To support the entire 2008-09 general obligation capital improvement program, an additional \$23.0 million will be required.

More detailed information about the City's capital asset activity is presented in Note 4 to the financial statements.

Debt

At year-end, the City had \$367.0 million in bonds and tax anticipation notes outstanding as compared to \$333.5 million at the end of the prior fiscal year, an increase of 10.1 percent – as shown in Table 5.

**Table 5
Outstanding Debt, at Year-end
(in Thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation bonds (backed by the City)	\$ 310,024	\$ 291,949	\$ -	\$ -	\$ 310,024	\$ 291,949
Tax anticipation notes (backed by the City)	28,075	11,000	-	-	28,075	11,000
Revenue bonds (backed by fee revenues)	-	-	28,900	30,507	28,900	30,507
Totals	\$ 338,099	\$ 302,949	\$ 28,900	\$ 30,507	\$ 366,999	\$ 333,456

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During the current fiscal year, the City issued \$41.3 million in general obligation bonds, \$17.1 million in tax anticipation notes and \$2.1 million in municipal drainage revenue bonds.

The City's general obligation bonds and tax notes continue to carry an AAA rating, the highest rating possible. This rating has been assigned to the City's tax-supported debt since February 2000, by Moody's Investors Service, Inc., Standard & Poor's and Fitch, Inc. The City's drainage revenue bonds carry an A1 and AA- ratings, as assigned by two of the national rating agencies. 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. The current ratio of tax-supported debt to assessed value of all taxable property is 1.37 percent.

The City maintains a self-insurance program for general liability, public officials' errors and omission, police professional liability, property loss and workers' compensation. Claims for property loss over \$100,000 per occurrence and for workers' compensation over \$500,000 per occurrence are covered by private insurance companies. The City has claims and judgments of \$7.5 million outstanding at year-end compared with \$6.7 million at the end of the prior fiscal year. Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

THE CITY'S FUNDS

At the close of the City's fiscal year on September 30, 2008, the governmental funds of the City reported a combined fund balance of \$196.1 million and the enterprise funds of the City reported combined net assets of \$401.0 million. Included in this year's total change in fund balance is a decrease in fund balance of \$1.0 million in the City's General Fund due to an increase in expenditures of \$8.3 million. Of the \$8.3 million increase in expenditures, personnel costs for police activity are \$2.1 million higher than prior year. Additionally, in the current year, \$6.0 million was dedicated solely for economic development incentives in order to remain competitive with surrounding cities. Depreciation expense increased in the parks and recreation, general government and public works activities by \$0.4 million, \$0.5 million and \$0.5 million, respectively. Fund balance increases in the City's Municipal Facilities of \$11.1 million, Street Improvements of \$11.0 and Park Improvements of \$6.4 are attributable to proceeds from sale of bonds in the current year. In addition, these other changes in fund balances should be noted:

- The City's Debt Service fund balance of \$5.5 million increased from the prior year fund balance by \$0.7 million. Since fiscal year 2006-07, the allocation to the Debt Service portion of the ad valorem tax rate has decreased to 0.1525 from 0.1655, a \$0.0130 decrease.
- The City spent \$14.2 million in capital outlay in the capital reserve fund as compared to \$12.8 million in the prior fiscal year. Investment income decreased \$0.5 million attributed to decreases in interest rates as a result of the slowing economy.
- The City's water and sewer fund net assets of \$367.6 million increased by \$13.0 million over the prior year net asset balance. In the current fiscal year, revenues increased by \$16.4 million due to increased consumption as a result of less rainfall in fiscal year 2008.
- The City's environmental waste services fund net assets were \$1.7 million and decreased by \$0.6 million as compared to the prior fiscal year. Residential solid waste revenues are \$0.1 million higher than prior year primarily due to an increase in rates for use of 95-gallon carts. Commercial franchise fee revenues increased over prior year by \$0.5 million. Commercial franchise revenues are based upon commercial tonnage disposed, which has increased over prior year, in addition to an increase in the number of commercial entities serviced. Environmental waste services expenses increased \$2.6 million over the prior year. This increase is primarily due to increased landfill costs as well as garage and equipment replacement charges.

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- The City's municipal drainage fund net assets increased by \$1.6 million to \$18.6 million representing an increase of 9.4 percent over prior fiscal year.

General Fund Budgetary Highlights

With the adjustments made during FY 2007-08, the actual on a budgetary basis expenditures were \$201.0 million compared to the re-estimated budget amount of \$209.5 million. The actual expenditures were \$13.9 million lower than the original budget implemented for fiscal year 2007-08. The \$11.1 million variance, comparing actual to re-estimate, was due to adherence by City departments to operate within the allocated re-estimated budget.

For FY 2007-08, the actual on a budgetary basis revenues were \$197.4 million as compared to the re-estimated budget amount and original budget amount of \$193.7 million and \$194.0 million, respectively. Contributing to the variance was higher than anticipated franchise revenue increasing \$1.1 million over the re-estimated budget. Sales tax revenues were higher than the final budget by \$2.9 million. However, property tax revenues came in lower than re-estimated by \$1.2 million. The General Fund transferred \$1.1 million of agricultural exemption rollback taxes to the Capital Reserve fund. The City of Plano has a financial policy to move all of the agricultural exemption rollback taxes received to its Capital Reserve Fund for financing the maintenance and replacement of major infrastructure classified as general capital assets by the City.

The City of Plano has an actual on a budgetary basis General Fund balance of \$34.7 million as of the fiscal year end, compared to the re-estimated budget fund balance and original budget fund balance of \$28.8 million and \$25.9 million respectively. The variance in fund balance is due to City departments operating within the allocated re-estimated budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2009 budget, tax rates, and fees that will be charged for the business-type activities. As anticipated for a number of years, the City of Plano is witnessing a slowdown in our primary revenue sources due to the current economic recession, competition from surrounding cities for sales tax dollars and other factors. Sound financial and infrastructure replacement planning have enabled the City to keep the tax rate relatively constant while maintaining a balance of services. The 2009 Budget reflects a fiscally balanced plan that will allow the City to address community priorities, support essential services, invest in capital projects and provide funding for reserve funds.

Public safety, health, value, and quality of life are foremost in administrative decisions. Visionary planning, community involvement in municipal government, and dedication and resolve by municipal staff have combined to maintain and improve the quality of life and economic opportunities for citizens. Plano's current population of 261,500 is anticipated to be approximately 268,917 in 2015. Plano has been fortunate over the past two decades to have numerous corporate citizens make Plano their home. City tax abatement agreements and reinvestment zones have helped create more than 43,000 jobs. The three largest job sectors are retail and wholesale trade, services, and manufacturing. Although the past year has seen increases for Plano-based oil and gas companies, growth in the region continues to be concentrated on healthcare and small businesses. Current trends indicate interest in the redevelopment of mature commercial centers and infill projects. The reasonable costs of living and homes priced below the national average continue to make Plano an attractive area for new business locations and re-locations. The City continues to attract new and existing companies due to the strategy of working diligently with corporations on relocation incentives. Lured by the pro-business atmosphere and highly educated and motivated workforce, companies continue to relocate to Plano.

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These indicators are taken into account when adopting the General Fund Budget for fiscal year 2009. The total 2008-09 combined budget appropriation totals \$400.8 million for ten operating funds. This represents an increase of \$17.6 million or 4.4 percent over the 2007-08 re-estimated budget. Ad valorem tax revenue is determined by two major factors: the total assessed values established by both the central Appraisal Districts of Collin and Denton Counties and the tax rate established by the Plano City Council. Since assessed property values have increased annually since 1993, the City has been afforded the opportunity to hold the tax rate relatively constant. The 2008-09 Budget maintains the tax rate of 47.35 cents per \$100 valuation. Of this rate, two-cents is dedicated solely for the Economic Development Incentive Program (EDIP) implemented in 2006-07 to encourage businesses to relocate to Plano. According to final figures received from both the Collin County and the Denton County Central Appraisal Districts, the total assessed property value for 2008-09 of \$25.785 billion is an increase of \$1.274 billion or 5.20 percent. The increase includes new property coming on-line of \$559.7 million while existing property values are expected to increase by \$714.1 million, or 2.91 percent.

Sales tax receipts, the General Fund's second largest revenue source in 2008-09, are projected to decrease 3.0 percent to \$57.4 million. This projected amount includes approximately \$1.5 million in Section 380 grants used as part of the EDIP. Sales tax projections will continue to be impacted by any changes to the national economy, high fuel prices, weather conditions, the loss of market share to surrounding communities due to new shopping developments, the Texas Legislative-initiated "Back-To-School" Sales Tax Holiday occurring each August, and any impending future legislation.

Budgeted expenditures in the General Fund are expected to increase slightly by \$3.6 million or 1.6 percent over the 2007-08 re-estimated Budget, or a decrease of \$44,576 or 0.02 percent less than the 2007-08 Council Budget. The 2008-09 Budget for the General Fund includes \$4.0 million for a 3.0 percent average merit increase for non-civil service employees and an across the board 3.0 percent for civil service employees. This amount includes related increased benefits costs, as well as a 5.0 percent allowance for attrition for all non-civil service positions. In addition, a \$1.6 million health insurance increase is included for nominal medical services increases and to provide additional funding for the implementation of GASB 45 which requires a change from "pay as you go" accounting for post employment benefits to accrual basis for local governments. A total of \$2.0 million is included in the budget to cover the amount of retiree payouts of accrued vacation and sick leave balances expected to occur in 2008-09. Also, the Texas Municipal Retirement (TMRS) contribution rate will be increased slightly at a projected cost of \$860,000. The 2008-09 Budget includes an additional \$1.5 million for Public Safety Additions and Program Increases; \$1.5 million as a result of CIP projected coming on-line; and \$991,761 in increased electricity costs. In addition, General Fund full-time positions were reduced by 39 vacant full-time positions during the 2007-08 Re-Estimate as well as 7 part-time positions. These eliminated positions produced a total estimated salary and benefits savings of \$3.0 million to General Fund operations.

If estimates are realized, the City's budgetary General Fund balance is expected to decrease from the re-estimated 2007-08 Budget by approximately \$12.5 million.

For the City's business type activities, of major concern is the Water and Sewer Fund. The City did not meet its take or pay contract with the North Texas Municipal Water District (NTMWD) for 26.7 billion gallons of water resulting in loss of projected revenue of \$5.0 million. Lower revenues and increases in charges from NTMWD have resulted in the City increasing water and sewer rates, the fourth increase since October 2006. However, 2008-09 assumptions project an increase of \$3.6 million in the Water & Sewer Fund balance. The following recent rate decisions have been made regarding the City's business type activities:

- The 2008-09 revenue projections increase water income by \$7.4 million, or 14.8 percent over the 2007-08 Re-Estimate. The water income revenue increase covers an increase in the wholesale water cost of .10 per thousand gallons, and assumes that weather patterns return to normal, dry summer conditions and reflect a direct consumption increase to a use of 27.6 billion gallons, the contracted minimum from NTMWD. Using the updated 3-year winter quarter averages, 2008-09 Sewer Income revenue is projected to increase 18.4 percent or \$8.2 million over the 2007-08 re-estimate, and includes a pass-through to consumers of a treatment cost increase from NTMWD.

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2008**

- Total Sustainability & Environmental Services revenues for 2008-09 are projected at \$22.4 million. This includes the residential rate for customers who choose the 95-gallon cart to increase by \$1.25 to \$15.10 monthly. Customers who use a 68-gallon refuse cart will continue to pay a monthly rate of \$11.25.
- No municipal drainage rate adjustment will be required in 2008-09. The drainage rate for an average homeowner will continue to be \$3.30 per month, and non-residential rates will stay at .056 cents per 100 square feet of impervious area.
- Civic Center fees experienced robust activity during 2007-08 due to an increase in events at Plano Centre. These fees are anticipated to increase slightly in 2008-09 based on booked events and are projected to be approximately \$2.7 million.
- Golf Fees for 2007-08 are projected down from the original budgeted amount of \$925,000 to \$865,000 due to the substantial amount of rainfall received during the spring months. Golf Fees are projected to increase slightly to \$870,000 in 2008-09, assuming the return of a more normal weather pattern.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Controller's Office, at City of Plano, 1520 Avenue K, Suite 370, Plano, TX 75074.

**CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2008**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 205,253,868	\$ 13,388,563	\$ 218,642,431	\$ 15,750,655
Investments	34,208,378	2,051,120	36,259,498	2,625,315
Receivables (net of allowance for doubtful accounts)	24,961,790	18,432,958	43,394,748	37,028
Internal balances	(7,055,245)	7,055,245	-	-
Due from other governments	618,699	-	618,699	-
Inventories	1,053,062	-	1,053,062	-
Prepays and other assets	18,448,975	544,723	18,993,698	5,257
Restricted assets:				
Cash and cash equivalents	2,660,829	21,176,050	23,836,879	-
Investments	443,512	3,696,506	4,140,018	-
Receivables	6,256	118,754	125,010	-
Capital assets:				
Non-depreciable	289,350,099	57,239,112	346,589,211	110,629
Depreciable (net)	619,183,913	326,211,911	945,395,824	4,235,604
Total Assets	1,189,134,136	449,914,942	1,639,049,078	22,764,488
LIABILITIES				
Accounts payable	5,532,246	4,194,268	9,726,514	15,390
Accrued liabilities	9,463,379	2,165,535	11,628,914	60,076
Accrued interest payable	1,224,874	416,980	1,641,854	-
Contracts payable	6,467,082	168,093	6,635,175	-
Customer deposits	-	2,564,835	2,564,835	-
Unearned revenue	988,378	674,466	1,662,844	-
Due to other governments	1,499,568	-	1,499,568	-
Retainage payable	1,183,454	289,113	1,472,567	-
Seized assets payable	262,791	-	262,791	-
Non-current liabilities				
Due within one year:				
Compensated absences	4,392,465	407,082	4,799,547	5,377
Notes payable	-	-	-	776,433
Bonds payable	21,745,000	3,345,000	25,090,000	-
Tax anticipation notes payable	3,900,000	-	3,900,000	-
Liability for insurance claims	6,302,190	-	6,302,190	-
Due in more than one year:				
Compensated absences	27,884,851	1,859,907	29,744,758	84,647
Notes payable	-	-	-	5,742,533
Bonds payable	288,278,640	25,554,975	313,833,615	-
Tax anticipation notes payable	24,175,000	-	24,175,000	-
Liability for insurance claims	1,240,283	-	1,240,283	-
Total Liabilities	404,540,201	41,640,254	446,180,455	6,684,456
NET ASSETS				
Invested in capital assets (net of related debt)	700,704,326	376,593,433	1,077,297,759	4,346,233
Restricted for:				
Capital projects	-	3,000,840	3,000,840	-
Debt service	5,473,218	3,587,756	9,060,974	-
Unrestricted (deficit)	78,416,391	25,092,659	103,509,050	11,733,799
Total Net Assets	\$ 784,593,935	\$ 408,274,688	\$ 1,192,868,623	\$ 16,080,032

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

CITY OF PLANO, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 9,052,498	\$ 1,634,183	\$ 307,924	\$ 14,951
Administrative services	8,423,416	-	-	-
Police	68,433,179	12,939,924	1,058,757	267,879
Fire	44,201,284	3,801,412	665,140	-
Libraries	11,765,263	453,572	434,266	-
Development	20,447,190	4,686,571	1,801,761	-
Public services and operations	5,402,333	1,150,449	167,059	-
Parks and recreation	26,134,622	3,685,465	142,432	-
Public works	27,944,393	104,028	196,542	9,371,570
Technology services	13,686,048	2,590,036	-	-
Other	7,401,221	-	-	-
Interest on Long-Term Debt	14,625,019	-	-	-
Unallocated Depreciation	102,199	-	-	-
Total governmental activities	257,618,665	31,045,640	4,773,881	9,654,400
Business-type Activities:				
Water and sewer	83,264,179	100,049,904	-	7,354,169
Environmental waste services	21,863,854	14,772,782	60,609	-
Municipal drainage	3,530,079	4,995,106	-	-
Civic center	7,311,505	2,693,882	-	-
Municipal golf course	1,000,257	846,096	-	-
Property management	39,291	72,567	-	-
Recreation revolving	3,096,166	3,080,725	-	-
Downtown center development	46,176	68,127	-	-
Total business-type activities	120,151,507	126,579,189	60,609	7,354,169
Total primary government	\$ 377,770,172	\$ 157,624,829	\$ 4,834,490	\$ 17,008,569
Component units:				
Economic Development	\$ 2,042,866	\$ 6,996,908	\$ -	\$ -
TIF Mall	5,365,165	-	-	-
TIF East Side	5,040,634	5,000	-	-
Total component units	\$ 12,448,665	\$ 7,001,908	\$ -	\$ -

General revenues:
Property taxes
Sales taxes
Mixed drink taxes
Hotel/Motel tax
Other taxes
Franchise fees
Investment income
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (7,095,440)		\$ (7,095,440)	
(8,423,416)		(8,423,416)	
(54,166,619)		(54,166,619)	
(39,734,732)		(39,734,732)	
(10,877,425)		(10,877,425)	
(13,958,858)		(13,958,858)	
(4,084,825)		(4,084,825)	
(22,306,725)		(22,306,725)	
(18,272,253)		(18,272,253)	
(11,096,012)		(11,096,012)	
(7,401,221)		(7,401,221)	
(14,625,019)		(14,625,019)	
(102,199)		(102,199)	
<u>(212,144,744)</u>		<u>(212,144,744)</u>	
	\$ 24,139,894	24,139,894	
	(7,030,463)	(7,030,463)	
	1,465,027	1,465,027	
	(4,617,623)	(4,617,623)	
	(154,161)	(154,161)	
	33,276	33,276	
	(15,441)	(15,441)	
	21,951	21,951	
	<u>13,842,460</u>	<u>13,842,460</u>	
	<u>13,842,460</u>	<u>(198,302,284)</u>	
			\$ 4,954,042
			(5,365,165)
			<u>(5,035,634)</u>
			<u>(5,446,757)</u>
123,054,998	-	123,054,998	8,636,083
62,122,119	-	62,122,119	-
1,003,932	-	1,003,932	-
-	4,909,061	4,909,061	-
360,115	-	360,115	-
23,022,217	6,721,464	29,743,681	-
10,683,028	1,411,359	12,094,387	360,659
13,217,146	(13,217,146)	-	-
<u>233,463,555</u>	<u>(175,262)</u>	<u>233,288,293</u>	<u>8,996,742</u>
21,318,811	13,667,198	34,986,009	3,549,985
763,275,124	394,607,490	1,157,882,614	12,530,047
<u>\$ 784,593,935</u>	<u>\$ 408,274,688</u>	<u>\$ 1,192,868,623</u>	<u>\$ 16,080,032</u>

**CITY OF PLANO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2008**

	General	Debt Service	Capital Reserve	Municipal Facilities	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 36,745,709	\$ 4,691,269	\$ 33,757,936	\$ 30,313,834	\$ 67,301,639	\$ 172,810,387
Investments	6,121,172	781,949	5,626,872	5,052,766	11,217,950	28,800,709
Receivables (net of allowance for uncollectibles)						
Taxes	11,838,978	584,981	-	-	-	12,423,959
Accounts	1,327,992	-	-	-	257,562	1,585,554
Notes	6,518,966	-	-	-	-	6,518,966
Accrued interest	86,303	11,029	79,332	71,265	158,220	406,149
Assessments	-	-	-	-	1,550,281	1,550,281
Other	-	-	-	225	2,266,673	2,266,898
Due from other funds	399,449	-	-	-	-	399,449
Due from other governments	26,814	7,726	-	-	584,130	618,670
Prepaid items and other assets	159,121	-	-	-	6,195	165,316
Total Assets	63,224,504	6,076,954	39,464,140	35,438,090	83,342,650	227,546,338
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	3,234,666	-	-	-	280,960	3,515,626
Accrued liabilities	8,028,201	-	-	-	41,996	8,070,197
Contracts payable	-	-	1,716,344	2,789,044	1,961,694	6,467,082
Deferred revenue	7,220,091	584,981	-	-	2,476,161	10,281,233
Due to other funds	-	-	-	-	122,420	122,420
Due to other governments	-	-	-	-	1,499,568	1,499,568
Retainage payable	-	-	301,674	277,009	604,771	1,183,454
Seized assets payable	-	-	-	-	262,791	262,791
Total Liabilities	18,482,958	584,981	2,018,018	3,066,053	7,250,361	31,402,371
Fund Balance:						
Reserved for encumbrances in:						
General fund	2,683,725	-	-	-	-	2,683,725
Capital reserve fund	-	-	4,878,179	-	-	4,878,179
Municipal facilities	-	-	-	15,894,695	-	15,894,695
Capital project funds	-	-	-	-	18,631,353	18,631,353
Reserved for:						
Prepaid items and other assets	159,121	-	-	-	6,195	165,316
Notes receivable	6,518,966	-	-	-	-	6,518,966
Debt service	-	5,491,973	-	-	-	5,491,973
Capital reserve	-	-	32,567,943	-	-	32,567,943
Capital projects	-	-	-	-	39,644,331	39,644,331
Municipal facilities	-	-	-	16,477,342	-	16,477,342
Unreserved, designated in:						
Special revenue funds	-	-	-	-	431,271	431,271
Unreserved, undesignated in:						
General fund	35,379,734	-	-	-	-	35,379,734
Special revenue funds	-	-	-	-	17,248,985	17,248,985
Capital project funds	-	-	-	-	130,154	130,154
Total Fund Balance	44,741,546	5,491,973	37,446,122	32,372,037	76,092,289	196,143,967
Total Liabilities and Fund Balance	\$ 63,224,504	\$ 6,076,954	\$ 39,464,140	\$ 35,438,090	\$ 83,342,650	\$ 227,546,338

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

**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2008**

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

Total fund balance per balance sheet	\$ 196,143,967
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	875,113,297
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds	27,415,824
Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	65,064,150
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(379,143,303)
Net assets of governmental activities	<u><u>\$ 784,593,935</u></u>

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

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General	Debt Service	Capital Reserve	Municipal Facilities	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes-						
Property taxes	\$ 77,593,744	\$ 36,900,896	\$ -	\$ -	\$ -	\$ 114,494,640
Other taxes	63,266,376	-	-	-	-	63,266,376
Franchise fees	22,628,847	-	-	-	-	22,628,847
Fines and forfeitures	7,268,269	-	-	-	1,899,137	9,167,406
Contributions	-	-	7,386	14,951	3,823,595	3,845,932
Rollback taxes	-	-	1,134,487	-	-	1,134,487
Licenses and permits	5,235,695	-	-	-	-	5,235,695
Intragovernmental	7,276,212	-	-	-	-	7,276,212
Intergovernmental	714,197	-	-	-	2,718,446	3,432,643
Fees for services	10,723,589	-	-	-	2,764,992	13,488,581
Assessments	-	-	-	-	25,465	25,465
Investment income	2,244,622	941,997	1,490,916	1,324,993	2,418,271	8,420,799
Miscellaneous	1,577,363	248,301	4,875	2,700	76,671	1,909,910
Total revenues	<u>198,528,914</u>	<u>38,091,194</u>	<u>2,637,664</u>	<u>1,342,644</u>	<u>13,726,577</u>	<u>254,326,993</u>
EXPENDITURES						
Current operating:						
General government	675,020	-	-	-	203,655	878,675
Administrative services	8,208,019	-	-	-	-	8,208,019
Police	59,460,636	-	-	-	2,370,576	61,831,212
Fire	41,016,497	-	-	-	344,940	41,361,437
Libraries	10,349,410	-	-	-	117,630	10,467,040
Development	18,071,893	-	-	-	1,564,064	19,635,957
Public services and operations	4,441,702	-	-	-	935,579	5,377,281
Parks and recreation	20,643,848	-	-	-	37,970	20,681,818
Environmental waste services	-	-	-	-	53,576	53,576
Public works	5,820,027	-	-	-	-	5,820,027
Other	27,266,420	-	-	-	-	27,266,420
Capital outlay	2,377,311	-	14,186,442	16,231,533	21,884,698	54,679,984
Debt service:						
Principal retirement	-	23,510,000	-	-	-	23,510,000
Interest and fiscal charges	-	14,598,200	-	-	-	14,598,200
Total expenditures	<u>198,330,783</u>	<u>38,108,200</u>	<u>14,186,442</u>	<u>16,231,533</u>	<u>27,512,688</u>	<u>294,369,646</u>
Excess (deficiency) of revenues over (under) expenditures	198,131	(17,006)	(11,548,778)	(14,888,889)	(13,786,111)	(40,042,653)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	25,795,000	32,575,000	58,370,000
Premium on sale of bonds	-	206,475	-	235,744	483,196	925,415
Transfers in	9,669,342	547,804	13,500,000	-	559,587	24,276,733
Transfers out	(10,809,587)	-	-	-	-	(10,809,587)
Total other financing sources (uses)	<u>(1,140,245)</u>	<u>754,279</u>	<u>13,500,000</u>	<u>26,030,744</u>	<u>33,617,783</u>	<u>72,762,561</u>
Net change in fund balances	(942,114)	737,273	1,951,222	11,141,855	19,831,672	32,719,908
Fund balances-beginning	45,683,660	4,754,700	35,494,900	21,230,182	56,260,617	163,424,059
Fund balances-ending	<u>\$ 44,741,546</u>	<u>\$ 5,491,973</u>	<u>\$ 37,446,122</u>	<u>\$ 32,372,037</u>	<u>\$ 76,092,289</u>	<u>\$ 196,143,967</u>

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

**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

Net change in fund balance - total governmental funds	\$ 32,719,908
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	18,990,605
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	6,019,758
The issuance of long-term debt (e.g. bonds, tax anticipation notes) 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 assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(35,573,586)
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 governmental funds.	15,799,491
Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims, office services and municipal warehouse to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities.	(16,630,332)
Grant revenue included in the special revenue funds which are used for the benefit of business-type activities. The net expenses of certain activities are reported within the business-type activities.	(7,033)
Change in net assets of governmental activities	<u>\$ 21,318,811</u>

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

CITY OF PLANO, TEXAS
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES:						
Taxes-						
Property taxes	\$ 77,466,721	\$ 77,641,257	\$ 77,593,744	\$ (1,134,487)	\$ 76,459,257	\$ (1,182,000)
Other taxes	62,220,054	60,333,172	63,266,376	-	63,266,376	2,933,204
Franchise fees	20,388,866	21,576,228	22,628,847	-	22,628,847	1,052,619
Fines and forfeitures	8,136,155	7,073,889	7,268,269	-	7,268,269	194,380
Licenses and permits	4,898,157	5,172,380	5,235,695	-	5,235,695	63,315
Intragovernmental	7,276,212	7,276,212	7,276,212	-	7,276,212	-
Intergovernmental	710,887	750,995	714,197	-	714,197	(36,798)
Fees for services	8,967,739	9,739,903	10,723,589	-	10,723,589	983,686
Investment income	2,918,908	2,867,498	2,244,622	-	2,244,622	(622,876)
Miscellaneous	1,009,525	1,248,206	1,577,363	-	1,577,363	329,157
Total Revenues	193,993,224	193,679,740	198,528,914	(1,134,487)	197,394,427	3,714,687
EXPENDITURES:						
General government	841,170	858,950	675,020	89,646	764,666	94,284
Administrative services	9,031,064	8,839,650	8,208,019	218,447	8,426,466	413,184
Police	63,255,777	61,326,332	59,460,636	199,486	59,660,122	1,666,210
Fire	42,570,616	40,993,553	41,016,497	227,319	41,243,816	(250,263)
Libraries	10,911,444	10,690,923	10,349,410	56,604	10,406,014	284,909
Development	21,295,456	20,815,611	18,071,893	667,006	18,738,899	2,076,712
Public services and operations	4,866,249	4,649,342	4,441,702	55,820	4,497,522	151,820
Parks and Recreation	22,901,255	22,106,626	20,643,848	445,579	21,089,427	1,017,199
Public works	6,106,267	6,205,297	5,820,027	74,510	5,894,537	310,760
Other	28,227,498	29,865,131	27,266,420	(122,426)	27,143,994	2,721,137
Capital outlay	2,254,500	3,115,519	2,377,311	771,734	3,149,045	(33,526)
Total Expenditures	212,261,296	209,466,934	198,330,783	2,683,725	201,014,508	8,452,426
Excess (Deficiency) Of Revenues Over Expenditures	(18,268,072)	(15,787,194)	198,131	(3,818,212)	(3,620,081)	12,167,113
OTHER FINANCING SOURCES (USES):						
Transfers in	9,341,995	9,669,342	9,669,342	-	9,669,342	-
Transfers out	(10,844,568)	(10,809,587)	(10,809,587)	-	(10,809,587)	-
Total Other Financing Sources (Uses)	(1,502,573)	(1,140,245)	(1,140,245)	-	(1,140,245)	-
Excess (Deficiency) Of Revenues And Other Sources Over Expenditures And Other Uses	(19,770,645)	(16,927,439)	(942,114)	(3,818,212)	(4,760,326)	12,167,113
FUND BALANCE, OCTOBER 1	45,683,660	45,683,660	45,683,660	-	39,496,934	-
FUND BALANCE, September 30	\$ 25,913,015	\$ 28,756,221	\$ 44,741,546	\$ (3,818,212)	\$ 34,736,608	\$ 12,167,113

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

**CITY OF PLANO, TEXAS
 ADJUSTMENTS TO REVENUES, EXPENDITURES AND OTHER
 FINANCING USES FROM GAAP BASIS TO BUDGETARY BASIS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Deficiency of Revenues and Other Sources Under Expenditures and Other Uses General Fund
GAAP basis	\$ (942,114)
Revenues:	
Decrease due to rolled back taxes	(1,134,487)
Expenditures:	
Increase due to encumbrances	(2,683,725)
Budgetary basis	\$ (4,760,326)

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

CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2008

Business-type Activities
Enterprise Funds

	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,556,998	\$ 666,909	\$ 3,720,904	\$ 5,442,796	\$ 12,387,607	\$ 32,443,481
Investments	425,791	101,672	617,267	906,390	2,051,120	5,407,669
Receivables -						
Accounts	14,758,413	1,845,703	604,836	596,972	17,805,924	132,714
Accrued interest	6,005	1,434	8,706	12,783	28,928	76,272
Other	3,954	588,325	-	5,827	598,106	997
Interfund receivable	132,396	-	-	-	132,396	226,133
Due from other governments	-	-	-	-	-	29
Inventories	-	-	-	-	-	1,053,062
Prepaid expenses & other assets	515,887	675	-	28,161	544,723	160,687
Advances to other funds	280,892	-	-	-	280,892	-
Restricted assets:						
Revenue bond debt service-						
Cash and cash equivalents	177,121	-	1,811,868	-	1,988,989	-
Investments	29,523	-	-	-	29,523	-
Accrued interest receivable	416	-	6,613	-	7,029	-
Revenue bond reserve fund-						
Cash and cash equivalents	-	-	1,000,956	-	1,000,956	-
Investments	-	-	561,259	-	561,259	-
Revenue bond construction fund-						
Cash and cash equivalents	14,506,329	-	4,680,732	-	19,187,061	2,660,829
Investments	2,417,942	-	687,782	-	3,105,724	443,512
Accounts	66,621	-	-	-	66,621	-
Accrued interest receivable	34,103	-	11,001	-	45,104	6,256
Total current assets	<u>35,912,391</u>	<u>3,204,718</u>	<u>13,711,924</u>	<u>6,992,929</u>	<u>59,821,962</u>	<u>42,611,641</u>
Capital assets:						
Land	4,875,524	-	50,700	4,325,479	9,251,703	62,522
Buildings	1,367,813	8,581	52,921	13,821,672	15,250,987	5,753,870
Improvements other than buildings	461,672,160	-	-	2,053,248	463,725,408	-
Equipment	12,884,239	7,047,576	257,707	2,199,340	22,388,862	40,269,217
Furniture and fixtures	208,759	53,028	8,124	467,075	736,986	126,436
Rolling equipment	114,195	136,694	-	-	250,889	57,917,382
Drainage improvements	-	-	19,232,552	-	19,232,552	-
Construction in progress	35,415,038	-	12,572,371	-	47,987,409	-
Less accumulated depreciation	(170,981,222)	(6,563,902)	(3,268,920)	(14,559,729)	(195,373,773)	(70,708,711)
Total capital assets (net of accumulated depreciation)	<u>345,556,506</u>	<u>681,977</u>	<u>28,905,455</u>	<u>8,307,085</u>	<u>383,451,023</u>	<u>33,420,716</u>
Total noncurrent assets	<u>345,556,506</u>	<u>681,977</u>	<u>28,905,455</u>	<u>8,307,085</u>	<u>383,451,023</u>	<u>33,420,716</u>
Total assets	<u>\$ 381,468,897</u>	<u>\$ 3,886,695</u>	<u>\$ 42,617,379</u>	<u>\$ 15,300,014</u>	<u>443,272,985</u>	<u>\$ 76,032,357</u>

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

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2008
(continued)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 3,209,056	\$ 225,447	\$ 389,215	\$ 370,550	\$ 4,194,268	\$ 2,016,620
Accrued liabilities	876,327	650,951	93,953	544,304	2,165,535	1,393,182
Deferred revenue	-	-	-	674,466	674,466	-
Due to other funds	-	-	-	-	-	277,029
Interfund payable	-	358,529	-	-	358,529	-
Accrued interest payable	-	1,517	-	-	1,517	-
Customer deposits	2,358,938	-	-	205,897	2,564,835	-
Liability for compensated absences	-	102,206	-	89,468	191,674	-
Liability for insurance claims	-	-	-	-	-	6,302,190
Total current liabilities	<u>6,444,321</u>	<u>1,338,650</u>	<u>483,168</u>	<u>1,884,685</u>	<u>10,150,824</u>	<u>9,989,021</u>
Current liabilities payable from restricted assets:						
Contracts payable	168,093	-	-	-	168,093	-
Current portion of long-term debt	1,855,000	-	1,490,000	-	3,345,000	-
Liability for compensated absences	188,476	-	26,932	-	215,408	-
Accrued interest payable	19,941	-	395,522	-	415,463	-
Retainage payable	200,755	-	88,358	-	289,113	-
Total current liabilities payable from restricted assets	<u>2,432,265</u>	<u>-</u>	<u>2,000,812</u>	<u>-</u>	<u>4,433,077</u>	<u>-</u>
Total current liabilities	<u>8,876,586</u>	<u>1,338,650</u>	<u>2,483,980</u>	<u>1,884,685</u>	<u>14,583,901</u>	<u>9,989,021</u>
Noncurrent liabilities:						
Advance from other funds	-	280,892	-	-	280,892	-
Bonds payable	4,120,653	-	21,434,322	-	25,554,975	-
Liability for compensated absences	844,305	576,862	86,173	352,567	1,859,907	-
Liability for insurance claims	-	-	-	-	-	1,240,283
Total noncurrent liabilities	<u>4,964,958</u>	<u>857,754</u>	<u>21,520,495</u>	<u>352,567</u>	<u>27,695,774</u>	<u>1,240,283</u>
Total liabilities	<u>13,841,544</u>	<u>2,196,404</u>	<u>24,004,475</u>	<u>2,237,252</u>	<u>42,279,675</u>	<u>11,229,304</u>
NET ASSETS						
Invested in capital assets (net of related debt)	356,243,723	681,977	11,360,648	8,307,085	376,593,433	36,187,020
Restricted for:						
Capital projects	3,000,840	-	-	-	3,000,840	-
Debt service	207,060	-	3,380,696	-	3,587,756	-
Unrestricted	8,175,730	1,008,314	3,871,560	4,755,677	17,811,281	28,616,033
Total Net Assets	<u>\$ 367,627,353</u>	<u>\$ 1,690,291</u>	<u>\$ 18,612,904</u>	<u>\$ 13,062,762</u>	<u>\$ 400,993,310</u>	<u>\$ 64,803,053</u>

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

**CITY OF PLANO, TEXAS
 RECONCILIATION OF THE STATEMENT OF NET ASSETS
 OF PROPRIETARY FUNDS
 TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
 AS OF SEPTEMBER 30, 2008**

Amounts reported for business type activities in the statement of net assets are different because:

Total net assets of proprietary funds	\$ 400,993,310
Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds.	
The net receivable due from activities of the internal service funds which are reported within business-type activities.	7,281,378
Net assets of business type activities	<u><u>\$ 408,274,688</u></u>

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

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds		
Operating revenues:						
Charges for sales and services:						
Service charges	\$ 97,793,046	\$ 12,961,384	\$ 4,976,304	\$ 6,701,348	\$ 122,432,082	\$ 60,613,214
Franchise fees	-	6,721,464	-	-	6,721,464	-
Sale of trash bags	-	767,035	-	-	767,035	-
Penalties	1,339,659	-	-	-	1,339,659	-
Taps and meters	218,979	-	-	-	218,979	-
Construction water	245,036	-	-	-	245,036	-
Contributions	-	20,973	-	-	20,973	-
Miscellaneous charges	334,992	970,329	15	49,504	1,354,840	521,097
Total operating revenues	<u>99,931,712</u>	<u>21,441,185</u>	<u>4,976,319</u>	<u>6,750,852</u>	<u>133,100,068</u>	<u>61,134,311</u>
Operating expenses:						
Personal services	8,374,180	5,784,886	1,409,948	4,268,001	19,837,015	8,306,390
Contractual services	7,749,159	7,596,694	684,861	4,775,517	20,806,231	12,639,353
Supplies	1,735,473	311,351	144,993	1,230,579	3,422,396	8,486,547
Claims expense	-	-	-	-	-	19,556,864
Depreciation	12,315,755	350,873	386,275	769,728	13,822,631	7,160,997
Landfill services	-	7,177,078	-	-	7,177,078	-
Wastewater treatment	18,973,500	-	-	-	18,973,500	-
Charges in lieu of taxes	6,458,893	817,319	-	-	7,276,212	-
Water supply	26,973,343	-	-	-	26,973,343	-
Other post employment benefits	-	-	-	-	-	23,934,554
Miscellaneous	418,504	127,017	9,146	118,923	673,590	48,740
Total operating expenses	<u>82,998,807</u>	<u>22,165,218</u>	<u>2,635,223</u>	<u>11,162,748</u>	<u>118,961,996</u>	<u>80,133,445</u>
Operating income (loss)	<u>16,932,905</u>	<u>(724,033)</u>	<u>2,341,096</u>	<u>(4,411,896)</u>	<u>14,138,072</u>	<u>(18,999,134)</u>
Nonoperating revenues (expenses):						
Investment income	693,836	9,134	494,966	213,423	1,411,359	2,266,174
Gain on property disposition	-	-	-	-	-	433,426
Interest and fiscal charges	(263,211)	(56,094)	(928,397)	-	(1,247,702)	-
Hotel/motel tax	-	-	-	4,909,061	4,909,061	-
Intergovernmental revenues	-	-	-	-	-	882
Miscellaneous	118,192	53,061	18,787	10,545	200,585	30,087
Total nonoperating revenue (expenses)	<u>548,817</u>	<u>6,101</u>	<u>(414,644)</u>	<u>5,133,029</u>	<u>5,273,303</u>	<u>2,730,569</u>
Income (loss) before contributions and transfers	17,481,722	(717,932)	1,926,452	721,133	19,411,375	(16,268,565)
Contributions from developers	7,354,169	-	-	-	7,354,169	-
Transfers in	-	100,000	-	-	100,000	-
Transfers out	(11,860,286)	-	(330,659)	(1,126,201)	(13,317,146)	(250,000)
Change in net assets	12,975,605	(617,932)	1,595,793	(405,068)	13,548,398	(16,518,565)
Total net assets-beginning	354,651,748	2,308,223	17,017,111	13,467,830	387,444,912	81,321,618
Total net assets-ending	<u>\$ 367,627,353</u>	<u>\$ 1,690,291</u>	<u>\$ 18,612,904</u>	<u>\$ 13,062,762</u>	<u>\$ 400,993,310</u>	<u>\$ 64,803,053</u>

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

**CITY OF PLANO, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENSES AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Amounts reported for business-type activities in the statement of activities are different because:

Net change in net assets - total proprietary funds	\$13,548,398
Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims, office services and municipal warehouse to individual funds.	
The net revenues of certain activities of internal service funds is reported within business-type activities.	111,767
The net expenses of grant activities of special revenue funds is reported within business-type activities	7,033
Change in net assets of business-type activities	<u><u>\$13,667,198</u></u>

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

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 101,461,629	\$ 14,595,273	\$ 4,999,769	\$ 7,170,510	\$ 128,227,181	\$ 61,230,999
Franchise fees	-	6,721,464	-	-	6,721,464	-
Charges in lieu of taxes	(6,458,893)	(817,319)	-	-	(7,276,212)	-
Cash payments to suppliers for goods and services	(54,625,205)	(14,919,554)	(744,628)	(6,239,434)	(76,528,821)	(63,754,007)
Cash payments to employees for services	(8,331,087)	(5,582,958)	(1,327,268)	(4,198,841)	(19,440,154)	(8,195,524)
Net cash provided (used) by operating activities	32,046,444	(3,094)	2,927,873	(3,267,765)	31,703,458	(10,718,532)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advances from other funds	(7,484,654)	285,984	-	-	(7,198,670)	277,029
Repayments to other funds	8,210	(627,771)	-	-	(619,561)	(30,867)
Hotel/motel tax	-	-	-	4,909,061	4,909,061	-
Transfers to other funds	(11,860,286)	-	(330,659)	(1,126,201)	(13,317,146)	(4,583,205)
Transfers from other funds	-	100,000	-	-	100,000	4,333,205
Grant receipts	-	-	-	-	-	882
Net cash provided (used) by noncapital financing activities	(19,336,730)	(241,787)	(330,659)	3,782,860	(16,126,316)	(2,956)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(9,910,226)	(10,700)	(2,116,171)	(299,688)	(12,336,785)	(13,207,709)
Bond proceeds	-	-	2,085,000	-	2,085,000	-
Bond issuance costs paid	-	-	(43,266)	-	(43,266)	-
Proceeds from sale of equipment	-	-	-	-	-	459,837
Principal paid on long-term debt	(2,280,000)	-	(1,390,000)	-	(3,670,000)	-
Interest and fees paid on long-term debt	(319,094)	(56,094)	(955,499)	-	(1,330,687)	-
Contributions by developers	1,431,272	-	35,000	-	1,466,272	-
Proceeds from insurance damages	116,892	53,061	8,534	10,545	189,032	30,087
Proceeds from sale of maps	1,300	-	247	-	1,547	-
Net cash used by capital and related financing activities	(10,959,856)	(13,733)	(2,376,155)	(289,143)	(13,638,887)	(12,717,785)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(2,873,256)	(101,672)	(1,866,308)	(906,390)	(5,747,626)	(5,851,181)
Proceeds from sale and maturities of investment securities	11,973,048	687,551	8,365,959	3,995,826	25,022,384	41,990,614
Interest on investments	763,774	15,183	556,839	242,696	1,578,492	2,638,114
Net cash provided by investing activities	9,863,566	601,062	7,056,490	3,332,132	20,853,250	38,777,547
Net increase in cash and cash equivalents	11,613,424	342,448	7,277,549	3,558,084	22,791,505	15,338,274
Cash and cash equivalents, October 1	5,627,024	324,461	3,936,911	1,884,712	11,773,108	19,766,036
Cash and cash equivalents, September 30	\$ 17,240,448	\$ 666,909	\$ 11,214,460	\$ 5,442,796	\$ 34,564,613	\$ 35,104,310
Classified as:						
Current assets	\$ 2,556,998	\$ 666,909	\$ 3,720,904	\$ 5,442,796	\$ 12,387,607	\$ 32,443,481
Restricted assets	14,683,450	-	7,493,556	-	22,177,006	2,660,829
Total	\$ 17,240,448	\$ 666,909	\$ 11,214,460	\$ 5,442,796	\$ 34,564,613	\$ 35,104,310
Non-cash disclosure:						
Developers contributions	\$ 5,922,897	\$ -	\$ -	\$ -	\$ 5,922,897	\$ -
Loss on property disposition	-	-	-	-	-	(26,411)
Decrease in fair value of investments	(6,546)	(1,506)	(15,486)	(7,330)	(30,868)	(89,445)
Transfer in (out) of capital assets	(60,643)	(347,367)	(741)	(43,260)	(452,011)	16,973

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

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(continued)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 16,932,905	\$ (724,033)	\$ 2,341,096	\$ (4,411,896)	\$ 14,138,072	\$ (18,999,134)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	12,315,755	350,873	386,275	769,728	13,822,631	7,160,997
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivable	1,651,768	(93,203)	23,450	57,969	1,639,984	(80,955)
Other accounts receivable	(1,994)	(31,245)	-	(48,923)	(82,162)	343
Due to other funds	-	-	-	-	-	177,244
Due from other governments	-	-	-	-	-	56
Prepaid expenses & other assets	850,425	231,086	204	6,406	1,088,121	26,139
Inventories	-	-	-	-	-	(75,698)
Increase (decrease) in-						
Accounts payable	374,349	61,500	94,168	(71,898)	458,119	130,293
Accrued liabilities	81,265	90,114	37,534	40,885	249,798	110,866
Liability for compensated absences	(38,172)	111,814	45,146	29,986	148,774	-
Customer deposits	(119,857)	-	-	59,328	(60,529)	-
Deferred revenue	-	-	-	300,650	300,650	-
Liability for insurance claims	-	-	-	-	-	831,317
Total adjustments	<u>15,113,539</u>	<u>720,939</u>	<u>586,777</u>	<u>1,144,131</u>	<u>17,565,386</u>	<u>8,280,602</u>
Net cash provided (used) by operating activities	<u>\$ 32,046,444</u>	<u>\$ (3,094)</u>	<u>\$ 2,927,873</u>	<u>\$ (3,267,765)</u>	<u>\$ 31,703,458</u>	<u>\$ (10,718,532)</u>

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

**CITY OF PLANO, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2008**

	<u>Pension Trust Fund</u>	<u>Postemployment Benefits Trust Fund</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,838,174	\$ 2,956,085	\$ 3,628,001
Investment pool	-	-	604,721
U.S. government treasury notes	1,052,890	-	-
Other U.S. government obligations	6,579,640	7,536,290	-
Corporate bonds	10,877,035	1,240,064	-
Common stocks	30,497,155	9,390,062	-
Foreign equities	2,696,170	-	-
Mutual funds	6,250,380	176,632	-
Real estate investment trusts	820,410	-	-
Accrued interest	325,745	-	8,529
Pending trades accrued interest	-	99,503	-
Due from brokers	1,226,913	-	-
Total Assets	<u>63,164,512</u>	<u>21,398,636</u>	<u>4,241,251</u>
LIABILITIES			
Accounts payable	-	35,408	-
Payable from pending trades	-	6,436	-
Due to brokers	1,331,733	-	-
Developers' escrow liability	-	-	4,184,550
Unclaimed property payable	-	-	56,701
Total Liabilities	<u>1,331,733</u>	<u>41,844</u>	<u>4,241,251</u>
NET ASSETS			
Held in trust for pension benefits	61,832,779	-	-
Held in trust for other postemployment benefits	-	21,356,792	-
Total Net Assets	<u>\$ 61,832,779</u>	<u>\$ 21,356,792</u>	-

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

**CITY OF PLANO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Pension Trust Fund</u>	<u>Postemployment Benefits Trust Fund</u>
ADDITIONS		
Contributions	\$ 3,421,348	\$ 23,934,554
Investment return:		
Net decrease in fair value of investments	(11,973,778)	(1,838,431)
Interest	1,023,172	191,714
Dividends	1,062,371	69,990
Miscellaneous	4,134	
Total investment return	<u>(9,884,101)</u>	<u>(1,576,727)</u>
Less investment expenses:		
Trustee fees	42,837	14,170
Advisory fees	147,219	52,278
Audit fee	28,286	-
Actuary fee	44,704	-
Total investment expenses	<u>263,046</u>	<u>66,448</u>
Net investment loss	<u>(10,147,147)</u>	<u>(1,643,175)</u>
Total additions, net	<u>(6,725,799)</u>	<u>22,291,379</u>
 DEDUCTIONS		
Benefits	1,686,154	934,548
Miscellaneous expenses	350	39
Total deductions	<u>1,686,504</u>	<u>934,587</u>
 Net increase (decrease)	 (8,412,303)	 21,356,792
 Net assets held in trust - beginning of year	 <u>70,245,082</u>	 <u>-</u>
Net assets held in trust - end of year	<u>\$ 61,832,779</u>	<u>\$ 21,356,792</u>

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

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Plano, Texas, ("City") was originally incorporated in 1873 and chartered on June 10, 1961, and is a municipal corporation incorporated under provisions of H.B. 901 of the Texas Legislature. The City operates under a Council-Manager form of government and provides such services as authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance. The more significant accounting and reporting policies and practices used by the City are described below.

A. Financial Statement Presentation

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

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary fund types and the pension trust and postemployment benefits trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Management's Discussion and Analysis provides an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted and final amended General Fund budget with actual results.

B. Reporting Entity

The City is governed by an elected mayor and seven-member council. As required by GAAP, these financial statements present the City (the primary government) and its component units, entities for which the

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City.

Discretely Presented Component Units. The Plano Economic Development Board (Board) is legally separate from the City and the City does not appoint a majority of its governing board; however, the City Manager is a designated position on the Board and City Council appoints one member who must be a Council Member to serve on the Board. The City Council contracts with the Board to provide marketing and economic development services to the City and the City provides for custody and investment of the Board's assets, various administrative/personnel/legal services and the majority of funding for the Board's budget. The Board is reported as an enterprise fund. There are no separately issued financial statements of the Board. The Board is presented as a discrete component unit.

Tax Increment Financing Units. The City has established two tax increment financing units (TIF) for project improvements within the City. The first is an agreement by and between the City of Plano and the Taubman Realty Group Limited Partnership for the development of a regional mall. The second relates to financing for public improvements associated with the future development of East Plano. Both projects were approved by the City Council in fiscal year 1999. The Tax Increment Financing Units are legally separate from the City and the City does not appoint a majority of its governing board for the first TIF and does appoint a majority of its governing board for the second TIF; however, the entities are fiscally dependent on the City. These projects had limited activity during fiscal year 2008 and are presented as discrete component units as the City has determined it would be misleading to exclude them. Separate financial statements for these entities are not available.

Related Organization. The City's mayor appoints the board of the Plano Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments.

The financial statements are formatted to allow the user to clearly distinguish between primary government and its discretely presented component units.

C. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements, the focus is either the City as a whole or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales and franchise taxes, and interest income).

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, debt service fund, capital reserve fund and municipal facilities fund. The major enterprise funds are the water and sewer fund, environmental waste services fund and municipal drainage fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a separate column in the fund financial statements.

Internal Service Funds, which traditionally provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government wide level. To the extent possible, the cost of these services are reflected in the appropriate functional activity (Police, Fire, Public Works, etc.). The City's Internal Service Funds consist of the equipment maintenance, office services, municipal warehouse, technology services, property liability loss and health claims funds.

The City's Fiduciary Funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City's Fiduciary Funds consist of funds that account for the pension trust, postemployment benefits trust, developer's escrow and unclaimed property.

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

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year end as required by GASB Interpretation No. 6.

Ad valorem, franchise and sales tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered deferred revenue.

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

Paving assessments in the non-major governmental funds-Capital Projects are recorded as revenues when cash is received. The assessments are due in annual installments, including interest, over a four- to eight-year period. The assessments are measurable when assessed but are generally not available for use when assessed. Unallocated assessments are recorded as deferred revenue.

Business type activities and all proprietary funds, and the pension trust and postemployment benefits trust funds, are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, environmental waste services, municipal drainage, civic center, municipal golf course, property management and recreation revolving funds are charges to customers for sales and services. Operating expenses for the enterprise 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.

The following major funds are used by the City:

1. Governmental Funds:

The focus of Governmental Fund measurement (in the Fund Financial Statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major Governmental Funds of the City:

- a. General Fund accounts for several of the City's primary services (Police, Fire, Public Works, Libraries, Parks and Recreation, etc.) and is the primary operating unit of the City.
- b. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- c. Capital reserve fund accounts for the financing of betterments and renewals to the City's infrastructure and for public improvements not requiring general obligation bond financing.
- d. Municipal Facilities fund accounts for the financing and construction of various City facilities. Funds are provided primarily through bond sales and interest earnings.
- e. Other Governmental Funds is a summarization of all of the non-major governmental funds.

2. Enterprise Funds:

The focus of proprietary funds measurement is upon determination of operating income, changes in net assets, financial position, and cash flows, which is similar to businesses. The following is a description of the major Enterprise Funds of the City:

- a. Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

- b. Environmental Waste Services Fund accounts for the provision of solid waste collection and disposal services to customers who are billed monthly at a rate sufficient to cover the cost of providing such services.
- c. Municipal Drainage Fund accounts for the City's storm water management program.
- d. Other Enterprise Funds is a summarization of all of the non-major enterprise funds.

3. Other Fund Types:

The City additionally reports for the following Fund types:

- a. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, generally on a cost reimbursement basis.
- b. Agency Funds are used to account for assets held by the City in an agency capacity for individuals, local law enforcement agencies or developers. Agency funds record only assets and liabilities and therefore have no measurement focus.
- c. Trust Funds are used to account for the accumulation of resources to be used for the retirement benefit payments to employees of the City and for postemployment health benefits.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, demand deposits, escrow cash with fiscal agent and short-term investments with original maturities of three months or less from the date of acquisition.

Cash in all funds, excluding the City's payroll account, is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash.

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

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund advances or interfund receivable/payable". All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

G. Inventories and Prepaid Items

Inventories of supplies are maintained at the City warehouse for use by all the City funds and are accounted for by the consumption method. They are valued at the lower of moving average (i.e., perpetual inventory) cost or market. Unit prices are adjusted as new inventory is added, thus the moving average cost closely represents the cost of goods sold. Other inventories are stated at the lower of cost (first-in, first-out method) or market.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. A reserve for prepaid items is recognized in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Long-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts and fund balance is reserved for these amounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds – for example, contribution of capital assets to a proprietary fund or transfers of residual balances of discontinued funds to other funds – are accounted for as transfers.

I. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For fiscal year 2008, \$85,239 of such interest costs were capitalized in the Municipal Drainage Fund.

Property, plant, and equipment of the primary government and business-type activities, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 – 40
Improvements other than buildings	20 – 50
Equipment	2 – 20
Furniture and fixtures	5 – 15
Drainage improvements	50
Meters	10
Streets	30 – 50
Alleys	25
Storm/sanitary sewer	50
System infrastructure	50

J. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. Upon termination, an employee is reimbursed for accumulated vacation. Police and firemen are reimbursed upon termination up to a maximum of 90 days accumulated sick leave as required by State Civil Service law. All other full time City employees with five or more years of service are reimbursed up to 90 days accumulated sick leave upon termination. Sick leave in excess of 90 days is not paid upon termination, but will be paid only upon illness while in the employ of the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements in accordance with GASB Interpretation No. 6.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

K. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed. Federal grants include Community Development Block Grant funds, Department of Homeland Security Grant and several police grants, which are accounted for within the Grant Fund (Special Revenue). Various state grants are included in the General Fund, Capital Projects Funds (Park Improvements) and Proprietary Funds (Equipment Maintenance). Grant revenues received for purposes normally financed through the general government are accounted for within the General Fund and those for specific purposes in the proprietary fund.

L. Long-Term Debt

General Obligation Bonds issued for general government capital projects that are to be repaid from tax revenues of the City are recorded in the government-wide statement of net assets. Revenue Bonds issued for Proprietary Fund assets that are to be repaid by the Proprietary Fund are recorded in the Proprietary Fund.

Revenue Bonds have been issued to fund capital projects of Proprietary Funds. Such bonds are to be repaid from the net revenues of the applicable Proprietary Fund. To date, Revenue Bonds have been issued for water and wastewater purposes and for municipal drainage improvements. Tax Anticipation Notes have been issued to fund permanent public improvements related to public safety communications and network infrastructure in Internal Service Funds. Such notes are to be repaid from tax revenues of the City and are recorded in the government-wide Statement of Net Assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. Deferred gains and losses are amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. In the fund financial statements, issuance costs, as well as bond premiums and discounts are recognized when incurred.

M. Retirement Plans

The City has two separate retirement plans covering substantially all employees. It is the City's policy to record the cost for such plans on the accrual basis (See Note 5).

**CITY OF PLANO, TX
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2008**

II. 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 assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One 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 \$379,143,303 difference are as follows:

Bonds payable	\$310,580,000
Tax anticipation notes	26,405,000
Less: Issuance discount (to be amortized as interest expense)	(163,886)
Add: Issuance premium (to be amortized as interest expense)	8,472,792
Less: Deferred charges from refunding and bond issuance costs	(7,195,266)
Accrued interest payable	1,224,874
Claims and judgments	7,542,473
Compensated absences	<u>32,277,316</u>
 Net adjustment to reduce fund balance – total governmental funds	
To arrive at net assets – governmental activities	<u><u>\$379,143,303</u></u>

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 a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of the reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$18,990,605 difference are as follows:

Capital outlay	\$ 54,679,984
Depreciation expense	(34,153,660)
Other capital related transactions	<u>(1,535,719)</u>
 Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$18,990,605</u></u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

Another element of the reconciliation states “The issuance of long-term debt (e.g., bonds, leases) 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(35,573,589) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (41,295,000)
Issuance of tax anticipation notes	(17,075,000)
Add premium	(925,415)
Less bond issue costs	211,829
Principal repayments:	
General obligation debt	23,510,000
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ (35,573,586)

The reconciliation also states “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 governmental funds.” The details of this \$(2,103,180) difference are as follows:

Changes in:	
Compensated absences	\$(1,858,118)
Accrued interest	(662,131)
Amortization of bond discount / deferred charge on refunding	(729,708)
Amortization of bond premium	1,153,190
Record change in net pension asset	(6,413)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ (2,103,180)

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The City Charter contains the following requirements, which are adhered to by the City Council, regarding preparation of the annual budget:

- The City Manager, between 60 and 90 days prior to October 1 of each fiscal year, shall submit to the Council a proposed budget. Such budget shall provide a complete financial plan for the fiscal year.
- At the meeting of the City Council at which the budget is submitted, the City Council shall fix the time and place of a public hearing on the budget and shall cause to be published in the official newspaper of the City of Plano, a notice of the hearing setting forth the time and place thereof at least five days before the date of such hearing.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008**

- The budget shall be finally adopted no later than 15 days prior to the beginning of the fiscal year and should the City Council fail to so adopt a budget, the then existing budget together with its tax-levying ordinance and its appropriation ordinance, shall be deemed adopted for the ensuing fiscal year.

The City Council approves annual appropriations for operations and interfund transfers for all operating and debt service funds. The City Manager has the authority to transfer unexpended balances between departmental budgets within appropriated funds. The City Council, however, must approve any increase in fund appropriations. The legal level of budgetary control is the fund level. During the year, there were \$161,549 in appropriation increases for the General Fund. Funds with operating appropriations and interfund transfers set by ordinance include the General Fund and Debt Service Fund. During the year, appropriations are adjusted as a result of re-estimates by the departments. For budgetary purposes, unencumbered appropriations lapse at fiscal year-end.

The Budgetary Comparison Statement, included in the basic financial statements presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results, with the following exceptions:

The portion of ad valorem tax revenues in the General Fund from “rolled back” tax payments (those taxes, up to five years back, on properties previously taxed at special use exemption values and currently changed to full values) are excluded from the budgetary basis tax revenues and from the general governmental expenditures.

The General Fund encumbrances are added to the actual expenditures for budgetary comparison.

B. Fund Deficits and Budget Compliance:

The Office Services net deficit of \$(291,443) will require adjustments to the billing rate. The TIF Mall Discretely Presented Component Unit deficit of \$(5,742,533) will be funded from future ad-valorem taxes received from the creation of reinvestment zones and the establishment of tax increment financing agreements with the City of Plano, Plano Independent School District, Collin County and Collin County Community College District.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008**

IV. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS:

Deposits

Pursuant to provisions of both the Texas Public Funds Investment Act and the Public Funds Investment Policy of the City of Plano, Texas (City), all deposits of the City that exceed the federal depository insurance coverage level are collateralized with securities held by a third party custodian and pledged to the City in an amount not less than 102% (on a market value basis) of the City's deposit of public funds and any accrued interest.

At September 30, 2008, the carrying amount of the City's demand deposits was \$28,799,164, which includes component unit deposits of \$1,732,939. The bank balance was \$29,232,671. At September 30, 2008, the City's cash on hand totaled \$104,978. At September 30, 2008, the carrying value and the bank balance of the City's non-negotiable certificates of deposit (CD's) was \$16,500,000. At September 30, 2008 the carrying value of cash held in trust by a bank trust department for the City's Pension Trust Fund and Postemployment Benefit Trust Fund was \$5,794,259.

Investments

At September 30, 2008, the City's investment balances were as follows:

Investment type	Fair Value		Total	Weighted Avg Maturity (Years) ^a
	Primary Government	Component Units		
U.S. Agencies	\$25,497,089	\$1,632,460	\$27,129,549	0.28
Texas Local Government Investment Pool – TexPool	218,936,311	14,017,516	232,953,827	.00213
Total	\$244,433,400	\$15,649,976	\$260,083,376	.28213
Investment Trust Funds				
Retirement Security Plan:				
U.S. Treasuries			\$1,052,890	2.13
Government Agencies			6,579,640	3.44
Corporate Obligations			10,877,035	4.11
Equities:				
Common Stocks			30,497,155	N/A
Foreign Equities			2,696,170	N/A
CTF/Mutual Funds			6,250,380	N/A
Real Estate Investment Trusts			820,410	N/A
Postemployment Benefit:				
Government Agencies			7,536,290	2.57
Corporate Obligations			1,240,064	3.42
Equities:				
Common Stocks			9,566,694	N/A
Total Investment Trust Funds:			77,116,728	
Total Investments			\$337,200,104	

^a Fair value basis

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008**

Investments in the Retirement Security Plan, the City's Pension Trust Fund, are held by a bank trust department. Investments in the Postemployment Benefit Trust Fund are held by a bank trust department.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from increasing interest rates, the City's investment policy establishes the portfolio's maximum average dollar-weighted maturity of no more than two and one-half years. By policy, the City will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk. The City's investment policy, in conjunction with state law, specifies the type of credit rating of all authorized investments. The City's investments in U.S. Agency securities (FHLB, FNMA, FHLMC, and FFCB) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The investment in the Texas Local Government Pool (TexPool) carried a credit rating of AAA by Standard & Poor's as of September 30, 2008.

Concentration of Credit Risk. With the exception of U.S. Treasury securities, the City's investment policy limits the amount that may be invested in any one issuer to 50% of the total investment portfolio. As of September 30, 2008, 5% or more of the City's total investments are in: Home Loan Mortgage Corporation securities (6.01%) on a fair value basis.

2. PROPERTY TAXES:

The City's property tax is 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. The property taxes attach as an enforceable lien on property as of January 1. Appraised values are established by the Central Appraisal District of Collin County at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value for the tax roll of January 1, 2007, upon which the original 2008 levy was based, was \$24,511,500,675. Subsequent adjustments increased this value to \$24,616,962,094.

Taxes are due October 1 and become delinquent after the following January 31. Penalty and interest is charged at 7% on delinquent taxes beginning February 1, and increases each month to 18% on July 1.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the tax levy is billed. Current year revenues recognized are those ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, generally thirty days after year-end. Current tax collections for the year ended September 30, 2008, were 99.3% of the tax levy.

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. The tax rate to finance general governmental services, including debt service, for the year ended September 30, 2008, was \$0.4735 (\$0.3210 for general government and \$0.1525 for debt service) per \$100 of assessed valuation. Thus the City has a tax margin of approximately \$2.0265 per \$100 and could have levied up to approximately \$498,862,737 in additional taxes from the present assessed valuation.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City, at its own expense, requires annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. Under this system, the City sets tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

3. RECEIVABLES:

Receivables at September 30, 2008 for the government's individual major funds and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	General	Debt Service	Capital Reserve	Municipal Facilities	Water & Sewer	Environmental Waste	Municipal Drainage	Aggregate Remaining Funds	Total
Receivables:									
Property Taxes	\$ 1,968,077	\$ 1,032,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,810
Sales Taxes	10,348,095	-	-	-	-	-	-	-	10,348,095
Mixed Drink Taxes	259,545	-	-	-	-	-	-	-	259,545
Accounts	1,327,992	-	-	-	14,987,929	1,857,515	612,456	974,144	19,760,036
Accrued Interest	86,303	11,029	79,332	71,265	40,524	1,434	26,320	247,275	563,482
Assessments	-	-	-	-	-	-	-	1,550,281	1,550,281
Notes	6,518,966	-	-	-	-	-	-	-	6,518,966
Other	-	-	-	225	3,954	588,325	-	2,292,857	2,885,361
Gross Receivables	20,508,978	1,043,762	79,332	71,490	15,032,407	2,447,274	638,776	5,064,557	44,886,576
Less: Allowance for Uncollectibles	(736,739)	(447,752)	-	-	(162,895)	(11,812)	(7,620)	-	(1,366,818)
Net total Receivables	19,772,239	596,010	79,332	71,490	14,869,512	2,435,462	631,156	5,064,557	43,519,758

The Enterprise Fund accounts receivable includes unbilled charges for services (\$7,487,792) rendered at September 30, 2008.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008**

4. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2008 was as follows:

Primary Government

	Balance at Beginning Of Year	Additions And Transfers	Retirements And Transfers	Balance at End Of Year
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 104,752,983	2,238,025	-	106,991,008
Construction in progress	165,582,451	52,251,334	(37,123,434)	180,710,351
Public art	1,378,000	270,740	-	1,648,740
Total capital assets, not being depreciated	<u>271,713,434</u>	<u>54,760,099</u>	<u>(37,123,434)</u>	<u>289,350,099</u>
Capital assets, being depreciated:				
Buildings	100,886,652	921,403	-	101,808,055
Improvements other than buildings	78,670,633	6,573,438	-	85,244,071
Equipment	155,784,861	28,004,494	(5,850,143)	177,939,212
Infrastructure	859,244,084	20,638,973	-	879,883,057
Total capital assets being depreciated	<u>1,194,586,230</u>	<u>56,138,308</u>	<u>(5,850,143)</u>	<u>1,244,874,395</u>
Less accumulated depreciation for:				
Buildings	(58,666,284)	(4,497,107)	-	(63,163,391)
Improvements other than buildings	(47,911,914)	(2,841,469)	-	(50,753,383)
Equipment	(123,199,873)	(12,841,451)	4,288,013	(131,753,311)
Infrastructure	(358,885,767)	(21,134,630)	-	(380,020,397)
Total accumulated depreciation	<u>(588,663,838)</u>	<u>(41,314,657)</u>	<u>4,288,013</u>	<u>(625,690,482)</u>
Total capital assets, being depreciated, net	<u>605,922,392</u>	<u>14,823,651</u>	<u>(1,562,130)</u>	<u>619,183,913</u>
Governmental activities capital assets, net	<u>\$ 877,635,826</u>	<u>69,583,750</u>	<u>(38,685,564)</u>	<u>908,534,012</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

	Balance at Beginning Of Year	Additions And Transfers	Retirements And Transfers	Balance at End Of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 9,248,629	3,074	-	9,251,703
Construction in progress	41,356,307	11,272,199	(4,641,097)	47,987,409
Total capital assets, not being depreciated	50,604,936	11,275,273	(4,641,097)	57,239,112
Capital assets, being depreciated:				
Buildings	15,191,679	59,308	-	15,250,987
Improvements other than buildings	453,091,507	10,633,901	-	463,725,408
Drainage improvements	19,088,206	144,346	-	19,232,552
Equipment	23,263,321	572,572	(459,156)	23,376,737
Total capital assets being depreciated	510,634,713	11,410,127	(459,156)	521,585,684
Less accumulated depreciation for:				
Buildings	(11,838,284)	(745,459)	-	(12,583,743)
Improvements other than buildings	(150,441,828)	(11,375,855)	-	(161,817,683)
Drainage improvements	(2,614,531)	(382,993)	-	(2,997,524)
Equipment	(16,663,644)	(1,318,324)	7,145	(17,974,823)
Total accumulated depreciation	(181,558,287)	(13,822,631)	7,145	(195,373,773)
Total capital assets, being depreciated, net	329,076,426	(2,412,504)	(452,011)	326,211,911
Business-type activities capital assets, net	\$ 379,681,362	8,862,769	(5,093,108)	383,451,023

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

Governmental activities:	
General government	\$ 5,541,941
Administrative services	35,802
Police	863,682
Fire	411,662
Libraries	974,735
Development	145,553
Public services and operations	75,250
Parks and recreation	4,453,680
Public works	21,549,156
Technology Services	1,546,593
Unallocated	102,199
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	5,614,404
Total depreciation expense – governmental activities	\$ 41,314,657

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

Business-type activities:		
Water and sewer	\$	12,315,755
Environmental waste services		350,873
Municipal drainage		386,275
Nonmajor		769,728
Total depreciation expense – business-type activities	\$	<u>13,822,631</u>

Future expenditures for capital projects will be funded from unexpended bond proceeds and additional general obligation or revenue bonds and operating revenues. In May 1998, \$80,351,000 of various purpose General Obligation Bonds were authorized and \$66,159,000 of the 1998 bonds have been issued. In May 2001, \$112,415,000 various purpose General Obligation Bonds were authorized and \$108,915,000 of the 2001 bonds have been issued. In May 2005, \$144,802,000 of various purpose General Obligation Bonds were authorized and \$91,852,000 of the 2005 bonds have been issued.

Discretely presented component units

	Balance at Beginning Of Year	Additions And Transfers	Retirements And Transfers	Balance at End Of Year
Economic development activities:				
Capital assets, being depreciated:				
Equipment	\$ 57,115	-	-	57,115
Total capital assets being depreciated	<u>57,115</u>	<u>-</u>	<u>-</u>	<u>57,115</u>
Less accumulated depreciation for:				
Equipment	(48,772)	(3,136)	-	(51,908)
Total accumulated depreciation	<u>(48,772)</u>	<u>(3,136)</u>	<u>-</u>	<u>(51,908)</u>
Economic development activities capital assets, net	\$ 8,343	(3,136)	-	<u>5,207</u>

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008**

	Balance at Beginning Of Year	Additions And Transfers	Retirements And Transfers	Balance at End Of Year
TIF East side activities:				
Capital assets, not being depreciated:				
Land	\$ 110,629	-	-	110,629
Total capital assets, not being depreciated	110,629	-	-	110,629
Capital assets, being depreciated:				
Buildings	6,661,087	-	-	6,661,087
Improvements other than buildings	6,008	-	-	6,008
Equipment	25,809	-	-	25,809
Total capital assets being depreciated	6,692,904	-	-	6,692,904
Less accumulated depreciation for:				
Buildings	(2,106,691)	(333,328)	-	(2,440,019)
Improvements other than buildings	(2,184)	(288)	-	(2,472)
Equipment	(18,469)	(1,547)	-	(20,016)
Total accumulated depreciation	(2,127,344)	(335,163)	-	(2,462,507)
Total capital assets, being depreciated, net	4,565,560	(335,163)	-	4,230,397
TIF East side activities capital assets, net	\$ 4,676,189	(335,163)	-	4,341,026

Component units:	
Economic development	\$ 3,136
TIF east side	335,163
Total depreciation expense – component units	<u>\$ 338,299</u>

5. EMPLOYEE BENEFIT PLANS:

Texas Municipal Retirement System Plan

Plan Description-

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 currently administered by TMRS, an agent multiple-employer public employee retirement system. TMRS annually issues a stand-alone financial report. These reports are available from offices of TMRS.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows (as of December 2007):

Deposit Rate:	7%
Matching Ratio (City to Employee):	2 – 1
A member is vested after	5 years

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are: 5 years/age 60, 20 years/any age.

Contributions and Funding Policy-

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2006 valuation is effective for rates beginning January 2008)

Contributions by the City were \$16,450,528 or 14.0% of the covered payroll of \$117,372,866 as required by the actuarial valuation. The total fiscal year 2008 payroll was \$126,137,348. Annual City TMRS pension cost and related information for the last three years is as follows:

	2007	2006	2005
Annual pension cost	\$ 16,450,528	15,387,911	14,892,443
Contributions made	16,450,528	15,387,911	14,892,443
Contributions as % of Annual pension cost	100%	100%	100%
Net Pension Obligation (NPO)			
At end of year	-	-	-
Actuarial valuation date	12/31/07	12/31/06	12/31/05
Actuarial cost method	Projected Unit Credit	Unit Credit	Unit Credit
Amortization method	Level %	Level %	Level %
Asset valuation method	Amortized Cost	Amortized Cost	Amortized Cost
Amortization period	30 years-Closed	25 years-Open	25 years-Open
Actuarial assumptions:			
Investment rate of return	7%	7%	7%
Inflation rate	3.0%	3.5%	3.5%
Projected salary increases	N/A	N/A	N/A

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

The City's net pension obligation (NPO) for TMRS at December 31, 2007, 2006 and 2005 is calculated as follows:

	2007	2006	2005
Annual required contribution (ARC)	\$ 16,450,528	15,387,911	14,892,443
Annual pension cost	16,450,528	15,387,911	14,892,443
Contribution made	(16,450,528)	(15,387,911)	(14,892,443)
Change in NPO	-	-	-
NPO, beginning of year	-	-	-
NPO, end of year	\$ -	-	-

All annual required contributions have been paid; therefore there is no net pension obligation.

Retirement Security Plan

Plan Description-

On January 1, 1983, the City withdrew from the Federal Social Security system and created the Retirement Security Plan (RSP), a single-employer, defined benefit pension trust fund, to provide retirement benefits for all full-time employees of the City. The plan is created by City ordinance and administered by a committee of five, which meets four times a year. Professional investment management is used and a custodial bank retains the assets and provides for administration of benefit payments. The plan issues a separate publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by request to the City's Human Resources Department, 1520 Avenue K, Suite 130, Plano, TX 75074. As of the December 31, 2007 biennial actuarial valuation, there were 2,064 active members of whom 1,359 were vested and 705 were non-vested. There are 339 terminated participants receiving benefits.

Normal retirement benefits are paid upon attaining age 65 with 5 years of service. Early retirement benefits are paid upon completion of 20 years of vesting service (TMRS credited service) or upon attaining age 60 with 5 years of vesting service. At least 5 years must be with the City.

For normal retirement the monthly benefit payment is calculated as follows:

.007 X City of Plano credited service since January 1, 1983 (not to exceed 25 years) X average compensation (highest 3 years of last 10).

Benefits are paid as a monthly life annuity to the participant, with a guarantee that should the participant die prior to receiving 60 monthly payments, the payments will continue to a beneficiary for the balance of the 60-month period.

For early retirement the monthly benefit payment is calculated as follows:

.007 X City of Plano credited service since January 1, 1983 (not to exceed 25 years) X average compensation (highest 3 years of last 10) X a reduction factor based on the number of years which the benefit start date precedes the normal retirement date. The benefit amount is reduced by one-fifteenth (1/15) for each of the first five years and one-thirtieth (1/30) for each of the next five years (and on an Actuarial Equivalent basis thereafter) by which the starting date of payments precedes the employee's normal retirement date.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008**

The benefits are paid monthly the same as for the normal retirement.

A participant that has completed at least 5 years of City of Plano service, and either retires or terminates his employment is eligible for a monthly benefit at the time the participant turns age 60. The benefit is calculated as follows:

.007 X City of Plano credited service since January 1, 1983 (not to exceed 25 years) X average compensation (highest 3 years of last 10) X a reduction factor based on the number of years which the benefit start date precedes the normal retirement date. The benefit amount is reduced by one-fifteenth (1/15) for each of the first five years and one-thirtieth (1/30) for each of the next five years (and on an Actuarial Equivalent basis thereafter) by which the starting date of payments precedes the employee's normal retirement date.

There is no reduction factor if the participant waits until age 65 to begin drawing a monthly benefit.

A lump sum payment option is available and the lump sum value of a participant's RSP benefit is always calculated. Lump sum payments follow these guidelines:

When lump sum value is less than \$5,000, the benefit must be in form of a single lump sum payment.

When lump sum value is \$5,000 - \$12,000, participant has choice of single lump sum payment or monthly annuity payments.

When lump sum value exceeds \$12,000, the participant must receive monthly annuity payments.

Joint and survivor options are available. Total and permanent disability retirement benefits are provided. Each April 1, retirement benefits which have been paid for at least 12 months are adjusted to reflect changes in the U.S. Consumer Price Index (not to exceed 4%). This adjustment is applied to only the participant's benefits; spouses or beneficiaries are excluded.

Summary of Significant Accounting Policies-

The plan is presented on the accrual basis of accounting. City contributions are recognized when due and benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments of the plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value.

At September 30, 2008, there were no individual investments that constituted more than 5% of the plan net assets available for benefits. In addition, the plan did not have any investment transactions with related parties during the year.

Contributions and Funding Policy-

Contributions by the City are established as part of the City budget process. No employee contributions are required by the plan. The City contributed \$3,420,947 or 3.13% of the covered payroll for the year ended September 30, 2008, as compared to the December 31, 2007 biennial actuarial requirement of 3.12%.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

The covered payroll was \$109,295,425 and the City's total payroll was \$126,137,348 for the year ended September 30, 2008. The contribution amount is a 30-year level percentage of pay funding with a 4% payroll growth assumption. This funding approach produces a contribution pattern that is intended to increase in amount from year to year but remain relatively constant as a percent of payroll. Administrative costs, including investment, custodial trustee, and actuarial services are charged to the plan.

The City's annual pension cost and related information for the plan for the last three years is as follows:

	2008	2007	2006
Annual pension cost	\$ 3,427,360	2,951,185	2,944,465
Contributions made	3,420,947	3,121,295	2,788,179
Contributions as % of			
Annual pension cost	100%	106%	95%
Net Pension Asset (NPA)			
At end of year	(220,298)	(226,711)	(56,601)
Actuarial valuation date	12/31/07	12/31/05	12/31/05
Actuarial cost method	Entry Age	Entry Age	Entry Age
	Normal	Normal	Normal
Amortization method	Level %	Level %	Level %
Asset valuation method	5- Year	5- Year	5- Year
	Smoothed	Smoothed	Smoothed
	Market	Market	Market
Amortization period	30 years- Open	30 years- Open	30 years- Open
Actuarial assumptions:			
Investment rate or return	8%	8%	8%
Inflation rate	4%	4%	4%
Projected salary increases	4%-9.43%	4%	4%

The City's net pension asset (NPA) for the Retirement Security Plan (RSP) at September 30, 2008, 2007 and 2006 is calculated as follows:

	2008	2007	2006
Annual required contribution (ARC)	\$ 3,447,764	2,953,619	2,953,619
Interest on NPA	(18,137)	(4,528)	(17,031)
Adjustment to the ARC	(2,267)	2,094	7,877
Annual pension cost	3,427,360	2,951,185	2,944,465
Contribution made	(3,420,947)	(3,121,295)	(2,788,179)
Change in NPA	6,413	(170,110)	156,286
NPA , beginning of year	(226,711)	(56,601)	(212,887)
NPA, end of year	\$ (220,298)	(226,711)	(56,601)

In all years, the NPA has an asset (negative) balance and therefore the interest adjustment is deducted and the ARC adjustment added to determine the annual pension cost. The net pension asset has been recorded in prepaid and other assets in the government-wide financial statements.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights are held in trust or under one or more annuity contracts described in Internal Revenue Code Section 401(f). Except as may otherwise be permitted or required by law, no assets or income of the Plan shall be used for, or diverted to, purposes other than for the exclusive purpose of providing benefits for Participants and their Beneficiaries or defraying reasonable expenses of administration of the Plan. Accordingly, the assets of the Plan are not reported in the City's basic financial statements.

Postemployment Benefits

The City offers its retired employees health insurance coverage under the same plan as the active employees. The number of retired participants receiving health insurance coverage for 2008 was 298. Premiums are paid by the retired employees and claims are processed by the City's agent and paid through the Health Claims Fund. Expenditures for postretirement health care benefits are recognized as retirees report claims. Claims paid for retired employees for 2008 were approximately \$1,198,295.

Postemployment Benefits Trust Fund - Section 115 Trust

Plan Description-

On March 1, 2008, the City established a Section 115 Trust (the Trust) to comply with the requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions, for the purpose of funding and providing certain benefits to its eligible retirees. The plan is created by City ordinance and administered by the Risk Pool Trustees who meet four times a year. The Risk Pool Trustees consist of three City employees who are appointed by the City pursuant to the Plano Welfare Benefit Plan. Professional investment management is used and a custodial bank retains the assets of the Trust. The Trust will issue a separate publicly available financial report that includes financial statements and required supplementary information at the Trust's fiscal year end which is December 31. Those financial reports may be obtained by request to the City's Human Resources Department, 1520 Avenue K, Suite 130, Plano, TX 75074.

Receipt of Contributions-

The City delivers to the Section 115 Trustee the amounts of money that are contributed to the Trust Fund by the City and, if applicable, by participants. Contributions by the City are established as part of the City budget process and are based on amounts determined in the actuarial study prepared biennially. For fiscal year ending September 30, 2008 the City contributed \$23.9 million to the Trust which represents approximately three years of the annual required contribution of the employer (ARC).

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

Annual OPEB Cost and Net OBEP Obligation-

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the City's ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount annually contributed to the Trust, and the changes in the City's net OPEB obligation to the Trust.

Annual required contribution	\$ 6,031,883
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>6,031,883</u>
Contributions made	<u>(23,934,554)</u>
Decrease in net OPEB obligation	<u>(17,902,671)</u>
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u><u>\$(17,902,671)</u></u>

The following table shows the assumed annual OPEB cost and net OPEB obligation for the prior three years (7% discount and level percent of pay amortization):

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2006	N/A	N/A	N/A	N/A
9/30/2007	N/A	N/A	N/A	N/A
9/30/2008	7%	\$6,031,883	396.8%	\$(17,902,671)

Funding Status and Funding Progress –

As of October 1, 2007, the most recent actuarial valuation date, the Trust was not funded. The actuarial accrued liability for benefits was \$55,831,704, and there was not an actuarial value of net assets. During the fiscal year the City contributed \$23,934,554 million to the plan, resulting in an unfunded actuarial accrued liability (UAAL) of \$32,831,698 million. The covered payroll was \$109,295,425, and the ratio of the UAAL to the covered payroll was 30.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Trust and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions –

In the October 1, 2007, actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the Trust assets and on the employer's own investments calculated based on the funded level of the Trust at the valuation date, and an annual healthcare trend rate of 7.3% initially, reduced by decrements each year. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at October 1, 2007, was thirty years.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

6. LONG-TERM DEBT:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2008, is as follows (in thousands of dollars):

	Balance Beginning Of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Governmental Activities:					
General obligation bonds & certificates of obligation	\$ 291,125	41,295	(21,840)	310,580	21,745
Tax anticipation notes	11,000	17,075	(1,670)	26,405	3,900
Deferred amounts:					
For issuance (discounts) / premiums / deferred charge on refunding	824	1,655	(1,365)	1,114	344
Total bonds payable	302,949	60,025	(24,875)	338,099	25,989
Compensated absences	30,419	6,228	(4,370)	32,277	4,392
Liability for insurance claims	6,711	20,491	(19,660)	7,542	6,302
Governmental activity Long-term debt	\$ 340,079	86,744	(48,905)	377,918	36,683

The compensated absences liability attributable to the governmental activities will be liquidated by several of the City's governmental and internal service funds. Approximately 95.2% has been paid by the General Fund, 0.7% by Special Revenue Funds and 4.1% by Internal Service Funds.

The liability for insurance claims will be liquidated through a variety of funds. The General Fund bears approximately 93.8% of the claims and judgments liability. The Enterprise Funds bear approximately 4.5% of the claims and judgment liability, while the Internal Service and Special Revenue Funds bear approximately 1.6% and 0.1%, respectively.

	Balance Beginning Of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Business Type Activities:					
Water & Sewer Revenue bonds	\$ 8,030	-	(2,280)	5,750	1,855
Municipal Drainage Revenue bonds	22,475	2,085	(1,390)	23,170	1,490
Deferred amounts:					
For issuance (discounts) / premiums/ (deferred charges)	2	-	(22)	(20)	-
Total bonds payable	30,507	2,085	(3,692)	28,900	3,345
Compensated absences	2,118	564	(415)	2,267	407
Business-type activity Long-term debt	\$ 32,625	2,649	(4,107)	31,167	3,752

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

	Balance Beginning Of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Discretely Presented Component Units:					
TIF Mall note payable	\$ 5,417	326	-	5,743	-
TIF East Side note payable	1,509	-	733	776	776
Total note payable	\$ 6,926	326	733	6,519	776

Long-term debt at September 30, 2008, includes the following individual issues (not including the unamortized discount of \$163,886, the unamortized premium of \$8,472,792, and the unamortized deferred charge of \$7,195,267 of the General Obligation Bonds, the unamortized premium of \$412,986 and deferred charges of \$187,333 of the Water & Sewer Revenue Bonds and the unamortized premium of \$312,263 and unamortized discount of \$293,575 and unamortized deferred charges of \$264,367 of the Municipal Drainage Revenue Bonds):

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
General Obligation Bonds:						
1998 Refunding and Improvements	3.95 – 5.15	03-15-98	09-01-18	50,935,000	35,470,000	15,465,000
1999 Various purpose	3.50 – 5.00	01-15-99	09-01-19	25,160,000	21,455,000	3,705,000
2000 Various purpose	5.125 – 5.875	02-15-00	09-01-20	24,330,000	22,085,000	2,245,000
2001 Various purpose	4.50 – 5.00	02-01-01	09-01-20	20,315,000	15,000,000	5,315,000
2001-A Various purpose	4.00 – 5.00	09-15-01	09-01-21	18,195,000	4,505,000	13,690,000
2002 Refunding and Improvements	3.25 – 5.25	08-01-02	09-01-22	56,130,000	36,305,000	19,825,000
2003 Refunding and Improvements	2.00 – 5.00	05-01-03	09-01-23	41,370,000	15,720,000	25,650,000
2004 Refunding	2.00 – 5.00	10-15-04	09-01-17	30,690,000	4,520,000	26,170,000
2005 Refunding and Improvements	3.50 – 5.00	05-15-05	09-01-25	84,880,000	3,855,000	81,025,000
2006 Various purpose	4.00 – 5.00	02-01-06	09-01-26	40,925,000	2,760,000	38,165,000
2007 Various purpose	4.25 – 5.25	05-01-07	09-01-27	35,675,000	1,165,000	34,510,000
2008 Various purpose	3.50 – 5.00	01-15-08	09-01-28	41,295,000	-	41,295,000
				<u>469,900,000</u>	<u>162,840,000</u>	<u>307,060,000</u>
Tax Anticipation Notes:						
2007 Tax anticipation notes	4.00 – 4.00	05-01-07	09-01-13	11,000,000	1,670,000	9,330,000
2008 Tax anticipation notes	3.00 – 3.25	01-15-08	09-01-15	17,075,000	-	17,075,000
				<u>28,075,000</u>	<u>1,670,000</u>	<u>26,405,000</u>
Certificates of Obligation:						
2006 Various purpose	4.25 – 4.50	02-01-06	09-01-26	3,765,000	245,000	3,520,000
Water & Sewer Revenue Bonds:						
2003 General Obligation Refunding	2.00 – 5.00	05-01-03	09-01-13	16,825,000	11,075,000	5,750,000
Municipal Drainage Revenue Bonds:						
1998 Refunding and Improvements	3.95 – 5.05	03-15-98	05-15-18	4,950,000	1,615,000	3,335,000
1999 Improvements	3.80 – 5.00	01-15-99	05-15-19	2,600,000	2,475,000	125,000
2001 Improvements	4.20 – 5.10	09-15-01	05-15-21	4,530,000	3,935,000	595,000
2003 Improvements	2.50 – 4.50	05-01-03	05-15-23	3,675,000	620,000	3,055,000
2005 Refunding and Improvements	3.00 – 5.00	05-15-05	05-15-25	11,610,000	955,000	10,655,000
2006 Improvements	4.00 – 5.00	02-01-06	05-15-26	1,455,000	75,000	1,380,000
2007 Improvements	4.00 – 5.50	05-01-07	05-15-27	2,000,000	60,000	1,940,000
2008 Improvements	4.00 – 4.50	01-15-08	05-15-28	2,085,000	-	2,085,000
				<u>\$ 32,905,000</u>	<u>9,735,000</u>	<u>23,170,000</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

The annual requirements to amortize debt outstanding as of September 30, 2008, including interest payments of approximately \$129,906 follow. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable and have not been included in the following summary (in thousands of dollars):

Year Ended September 30,	General Obligation, Tax Anticipation Notes & Certificates of Obligation		Proprietary Fund Types			
			Water and Sewer		Municipal Drainage	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 25,645	14,666	1,855	239	1,490	1,026
2010	25,960	13,593	1,940	172	1,575	938
2011	25,470	12,468	1,260	75	1,655	872
2012	25,180	11,464	330	28	1,715	805
2013	25,565	10,431	365	15	1,795	733
2014-2018	101,725	37,209	-	-	8,045	2,462
2019-2023	69,040	17,195	-	-	4,870	1,022
2024-2028	38,400	4,277	-	-	2,025	216
Total	\$ 336,985	121,303	5,750	529	23,170	8,074

The City intends to retire all of its general long-term liabilities, plus interest, from ad valorem taxes and other current revenues. The proprietary fund type long-term debt will be repaid, plus interest, from the operating revenues of the Water and Sewer Fund, Environmental Waste Services Fund and the Municipal Drainage Fund.

The discretely held component unit TIF Mall had notes payable as of September 30, 2008 of \$5,742,533. These notes are for amounts loaned by the City for projects and construction relating to the TIF Mall and will be repaid when funding is available from the TIF Mall. Funding will not be available from the TIF Mall until full repayment is made to Taubman Realty Group Limited Partnership for construction of a parking garage, land and roadway improvements. Repayment is estimated to be complete in fiscal year 2010. The interest rate on the note payable is 6.5%. Until repayment can be made on the note, interest is capitalized.

The discretely held component unit TIF East Side had notes payable as of September 30, 2008 of \$776,433. These notes are for amounts loaned by the City for construction of the Courtyard Theater on the East side of Plano. The notes will be paid to the City in one remaining installment of \$823,019 from the TIF East Side. The interest rate on the note payable is 6%.

The annual requirements to amortize debt outstanding for the TIF East Side Discretely Presented Component Unit as of September 30, 2008, including interest payments of approximately \$47,000 follow:

Year Ended September 30,	Note Payable	
	Principal	Interest
2009	\$ 776	47

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

A. General Obligation Bonds and Certificates

The City is required by ordinance to create from ad valorem tax revenues a sinking fund sufficient to pay the current interest and principal installments as they become due. The Debt Service Fund has \$5,491,973 available to service the general obligation debt after all debt due in the current fiscal year has been paid.

There are a number of limitations and restrictions contained in the various general obligation bond and certificate indentures. Management of the City believes it is in compliance with the significant limitations and restrictions at September 30, 2008.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. Beginning in 1992, the City paid required five-year rebates. Future rebates are estimated to be \$962,072 at September 30, 2008. As provided for by the bond indentures, this amount has been recorded as "Due to other governments" in a special revenue fund (the Rebate Fund) for the benefit of the federal government and will be paid as required by applicable regulations.

In January of 2008, the City issued \$41,295,000 in General Obligation bonds, with interest ranging from 3.5% to 5.0% for various permanent public improvements. Also in January of 2008, the City issued \$17,075,000 of Tax Notes, with interest ranging from 3.0% to 3.25% for the acquisition, implementation and installation of software, hardware and other equipment for a public safety wireless mesh network to provide wireless connectivity for City personnel and for radio system infrastructure as well as for payment of professional services of attorneys, financial advisors and other professionals in connection with the projects.

In prior years, the City defeased certain outstanding general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts pledged to pay all future debt service payments of the refunded bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statement. At September 30, 2008, \$38,495,000 of the defeased bonds are still outstanding.

B. Water and Sewer Revenue Bonds

The Water and Sewer Revenue Bonds are secured by the net revenues of the Water and Sewer Fund as defined in the respective bond indentures.

The City is required by the applicable revenue bond indentures to pledge the net revenues of the Water and Sewer Fund for the retirement of its outstanding revenue bonds, including interest thereon, and is required to maintain debt service funds and bond reserve funds for all such bonds outstanding.

The debt service funds, aggregating \$207,060 at September 30, 2008, are restricted within the Water and Sewer Fund. The respective bond indentures require the City to make equal monthly installments to the debt service funds which will accumulate to pay the annual principal and semiannual interest requirements as they become due.

Bond proceeds since 1988 are covered by the arbitrage provisions of the Internal Revenue Tax Act of 1986. Accordingly, there were no excess arbitrage earnings estimated at September 30, 2008. The City is in compliance with all requirements of the bond ordinances for the year ended September 30, 2008.

Restricted assets of the Water and Sewer Fund at September 30, 2008 are as follows:

Cash and cash equivalents	\$ 14,683,450
Investments	2,447,465
Accrued interest receivable	34,519
Accounts receivable	66,621
	<hr/>
	\$ 17,232,055
	<hr/>

**CITY OF PLANO, TX
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2008**

C. Municipal Drainage Revenue Bonds

These bonds are secured by a first lien on and pledge of the revenues of the Municipal Drainage Fund in accordance with the provisions of the bond indenture.

The bond indenture requires the City to make equal monthly installments to a debt service fund to pay principal and interest requirement as they become due. At September 30, 2008 \$1,818,481 is restricted within the Municipal Drainage Fund for debt service requirements.

In addition, the bond indenture requires a reserve equal to the average annual debt services requirement be maintained in order to pay any bond principal and interest should the debt service funds be insufficient. At September 30, 2008 the reserve required and restricted within the Municipal Drainage Fund is \$1,562,215.

In January of 2008, the City issued \$2,085,000 in Municipal Drainage Revenue bonds, with interest ranging from 4.00% to 4.50% for various drainage and erosion projects throughout the City.

In fiscal year 2005, the City defeased certain outstanding Municipal Drainage Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of refunded bonds. Accordingly, the trust account and the defeased bonds are not included in the City's financial statement. At September 30, 2008 \$4,375,000 of the defeased bonds are still outstanding.

Municipal Drainage revenue bonds are covered by the arbitrage provisions of the Internal Revenue Tax Act of 1986 and accordingly, excess arbitrage earnings of \$42,650 were estimated at September 30, 2008. This amount is included in the Special Revenue Rebate fund "Due to other governments." The City is in compliance with all requirements of the bond ordinance for the year ended September 30, 2008.

Restricted assets of the Municipal Drainage Fund at September 30, 2008 are as follows:

Cash and cash equivalents	\$	7,493,556
Investments		1,249,041
Accrued interest receivable		<u>17,614</u>
	\$	<u>8,760,211</u>

7. INTERFUND TRANSACTIONS:

A summary of interfund receivables and payables at September 30, 2008 is as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental Activities:		
General Fund	\$ 399,449	-
Nonmajor governmental activities	-	399,449
	<u>\$ 399,449</u>	<u>399,449</u>

An internal loan (interfund advance) from the Equipment Maintenance Fund to the Environmental Waste Services Fund was recorded during fiscal year ended September 30, 1999 in the amount of \$1,791,360. Current portion of the loan at September 30, 2008 is \$226,133 in the Environmental Waste Services Fund. An internal loan from the Water and Sewer Fund to the Environmental Waste Services Fund was recorded during fiscal year ending September 30, 2008 in the amount of \$663,000. Current and long term portion of the loan at September 30, 2008 are \$132,396 and \$280,892, respectively in the Environmental Waste

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008**

Services Fund. The Environmental Waste Services Fund internal loans will be repaid over a ten-year period and five-year period at interest rates of 5.6% and 4.0% annually. At the end of each fiscal year a temporary due to / due from is recorded for any cash shortfalls that a fund may have incurred. These amounts are typically short term advances from the General Fund.

The City performs a complex calculation to determine the value of the charges in lieu of taxes to be paid to the General Fund. This calculation is reasonably equivalent to the value of the services provided to the Water and Sewer and Environmental Waste Services funds and is therefore appropriately reported as an expense as opposed to a transfer. During fiscal year 2008, charges in lieu of taxes were \$7,276,212.

Transfers between funds during the year were as follows:

	Transfer In	Transfer Out
Governmental Activities:		
General Fund	\$ 9,669,342	10,809,587
Debt Service	547,804	-
Capital Reserve	13,500,000	-
Internal Service	-	250,000
Nonmajor governmental activities	559,587	-
Business-type Activities:		
Water and Sewer	-	11,860,286
Environmental Waste Services	100,000	-
Municipal Drainage	-	330,659
Nonmajor business-type activities	-	1,126,201
	<u>\$ 24,376,733</u>	<u>24,376,733</u>

The City performs a cost allocation to determine the portion of indirect expenses that will be reimbursed by the respective business-type activities to the General Fund. The City funds the Capital Reserve fund by transferring amounts from the General Fund and Water and Sewer fund each year based on a portion of depreciation.

8. REGIONAL SYSTEMS FOR WATER SUPPLY, WASTEWATER TREATMENT, AND SOLID WASTE DISPOSAL:

The City of Plano secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 17-member board (the "Board"), the City of Plano being authorized by statute to appoint two of those members. The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contracts with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. A portion of the outstanding bonds of the District are contract revenue bonds based on contracts with certain member cities of the District. The City of Plano provides for the payment of its contractual obligations with the District from revenues generated by its waterworks and sewer systems. Such contractual payments provide for the payment of the principal and interest requirements, and the premium payment, if any, on specified indebtedness and associated operation and maintenance expenses of the District. Because of the factors mentioned above, the District is not included in the City's basic financial statements.

**CITY OF PLANO, TX
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2008**

Water Supply

On December 12, 1953, the City entered into a contract with the District whereby the District agreed to provide water for the benefit of the City. In return for this service, the City agreed to pay the District at a rate per 1,000 gallon basis, subject to minimum annual payments. The City's annual payment for the year ended September 30, 2008, was \$26,973,343. The City has also contracted for water transmission facility improvements and pays the District for debt service for bonds issued to fund the improvements. For fiscal year 2008 this payment was \$856,058. Future years' payments to debt service are as follows:

2009	\$	856,957
2010		861,488
2011		869,233
2012		869,898
2013		873,695
2014 – 2018		3,820,088

Wastewater Treatment

On October 1, 1975, the City entered into a contract for wastewater treatment services with the District. The District has been designated by the Texas Water Quality Board as the regional agency to provide and develop a Regional System for Wastewater Treatment in the general area of the East Fork of the Trinity River, which includes the City of Plano and other cities located in Collin, Dallas, Kaufman and Rockwall Counties, Texas. Relative thereto, the City of Plano and other cities have entered into wastewater system contracts with the District, which provide for the establishment, operation and maintenance of a Regional Wastewater System for the purpose of providing facilities to adequately receive, transport, treat and dispose of wastewater for the cities. In order to provide said services, the contract provides that (a) the District will acquire, design, construct and complete the system, repair, replace and/or extend the system to provide service to the cities; (b) in consideration of payments to be made under the contract, each of the cities shall have the right to discharge all its wastewater from its sewage system into the District's system, subject to certain quality requirements set forth in the contract; (c) the District will issue its bonds, in amounts and at times determined by the District, to provide for the wastewater treatment facilities; (d) each city agrees to pay its proportionate share of the annual requirement sufficient to pay or provide for the payment of an "Operation and Maintenance Component" and a "Bond Service Component;" (e) each city's proportionate share of the annual requirement shall be a percentage obtained by dividing such city's estimated contributing flow to the system by the total estimated contributing flow to the system by all cities during such fiscal year. No city will exercise oversight responsibility for the District and no city is liable for the District's debt. The City of Plano's payment for the year ended September 30, 2008 was \$18,973,500 net of payments to the City for facilities usage.

Solid Waste Disposal

On November 29, 1979, the City entered into a contract for services with the District, whereby the District agreed to provide a solid waste disposal system for the benefit of the City of Plano and other cities. Each city agreed to pay its share of an annual requirement for the operating expenses and debt service of the District to be calculated in the same manner as the wastewater contract. The City's annual payment for the year ended September 30, 2008 was \$7,177,078.

9. COMMITMENTS AND CONTINGENCIES:

The City has contractual commitments of \$39,404,227 in the Capital Projects Funds, \$4,255,110 in the Water and Sewer Fund, and \$992,746 in the Municipal Drainage Fund. These commitments are for construction of various projects and will be funded primarily from general obligation bond proceeds in the Capital Projects Funds, operating revenues in the Water and Sewer Fund and revenue bond proceeds in the Municipal Drainage Fund.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008**

Various claims and lawsuits are pending in which the City is involved. Included among the various actions are those for which the discovery process is currently underway or which have yet to proceed to trial. Outside of those claims accrued by the City; it is the opinion of City management that the ultimate outcome of all other lawsuits will not have a material adverse effect on the City's financial position.

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

10. SELF INSURANCE:

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City maintains a self-insurance program for general liability, public officials' errors and omission, police professional liability, property loss and workers' compensation. The Property/Liability Loss Internal Service Fund has been established to pay identified claims and judgments, maintain loss reserves and purchase insurance coverage as required. Claims for property loss over \$100,000 per occurrence and for workers' compensation over \$500,000 per occurrence are covered by private insurance companies. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Group medical benefits are paid from the Health Claims Internal Service Fund, which has an annually negotiated stop loss provision. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage.

The liabilities for insurance claims reported in each of the funds are based on Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported claims. Change in each fund's claims liability amount in fiscal 2008 and 2007 were:

Fund	Liability Beginning Of Year	Current Year Claims And Changes in Estimates	Claim Payments	Liability End of Year
2008:				
Property/Liability Loss	\$ 3,546,073	2,158,070	2,240,092	3,464,051
Health Claims	3,165,083	18,333,342	17,420,003	4,078,422
Total	<u>\$ 6,711,156</u>	<u>20,491,412</u>	<u>19,660,095</u>	<u>7,542,473</u>
2007:				
Property/Liability Loss	\$ 3,573,771	1,935,398	1,963,096	3,546,073
Health Claims	2,845,082	14,281,955	13,961,954	3,165,083
Total	<u>\$ 6,418,853</u>	<u>16,217,353</u>	<u>15,925,050</u>	<u>6,711,156</u>

Health Claims expenses include \$934,548 in retiree benefits.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008**

11. NEW ACCOUNTING PRONOUNCEMENTS:

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which identifies situations in which a government is required to report obligations relating to pollution remediation, estimate expected outlays for the remediation, and disclose information about pollution obligations associated with clean up efforts. This statement is effective for the City's financial statements for periods beginning after December 15, 2007. The City is in the process of reviewing and evaluating this statement and it's potential impact on the City's financial statements.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting of these type of assets. The statement requires that all intangible assets not specifically excluded by it's scope and provisions be classified as capital assets. This statement is effective for financial statements for periods beginning after June 15, 2009. The City does not currently have any intangible assets and as such there is no impact on the City's financial statements.

CITY OF PLANO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION TRUST - TMRS FUNDING PROGRESS AND CONTRIBUTIONS
LAST SIX FISCAL YEARS (Unaudited)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Unit Credit	Unfunded Actuarial Accrued Liability UAAL	Funded Percent	Covered Payroll		UAAL as Percent of Covered Payroll		Annual Required Contributions	Actual Contributions	Percent Contributed
						Covered Payroll	Percent	Covered Payroll	Percent			
2003	12/31/02	220,533,591	265,800,391	(45,266,800)	82.97%	93,219,714	82.97%	48.56%	11,337,849	11,337,849	100.00%	
2004	12/31/03	237,335,980	293,597,459	(56,261,479)	80.84%	93,999,206	80.84%	-59.85%	11,840,053	11,840,053	100.00%	
2005	12/31/04	262,169,460	317,019,786	(54,850,326)	82.70%	101,569,594	82.70%	-54.00%	13,144,945	13,144,945	100.00%	
2006	12/31/05	280,298,567	340,897,795	(60,599,228)	82.22%	102,734,170	82.22%	-58.99%	14,892,443	14,892,443	100.00%	
2007	12/31/06	296,863,771	369,388,605	(72,524,834)	80.37%	111,407,362	80.37%	-65.10%	15,387,911	15,387,911	100.00%	
2008	12/31/07	311,729,835	447,870,971	(136,141,136)	69.60%	117,372,866	69.60%	-115.99%	16,450,528	16,450,528	100.00%	

SCHEDULE OF PENSION TRUST - RETIREMENT SECURITY PLAN FUNDING PROGRESS AND CONTRIBUTIONS
LAST SIX FISCAL YEARS (Unaudited)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Entry Age	Excess of Assets over/(under) AAL	Funded Percent	Covered Payroll		Excess as Percent of Covered Payroll		Annual Required Contributions	Actual Contributions	Percent Contributed
						Covered Payroll	Percent	Covered Payroll	Percent			
2003	12/31/01	43,901,297	37,603,431	6,297,866	116.75%	86,588,337	116.75%	7.27%	2,440,075	2,308,078	94.59%	
2004	12/31/03	48,894,642	44,115,875	4,778,767	110.83%	89,847,588	110.83%	5.32%	2,589,895	2,396,201	92.52%	
2005	12/31/03	48,894,642	44,115,875	4,778,767	110.83%	89,847,588	110.83%	5.32%	2,589,895	2,570,626	99.26%	
2006	12/31/05	56,579,886	55,987,030	592,856	101.06%	97,020,196	101.06%	0.61%	2,953,619	2,788,179	94.40%	
2007	12/31/05	56,579,886	55,987,030	592,856	101.06%	97,020,196	101.06%	0.61%	2,953,619	3,121,295	105.68%	
2008	12/31/07	69,211,789	68,647,366	564,423	100.82%	109,334,429	100.82%	0.52%	3,447,764	3,420,947	99.22%	

SCHEDULE OF PENSION TRUST - POSTEMPLOYMENT BENEFITS 115 TRUST FUNDING PROGRESS AND CONTRIBUTIONS
LAST SIX FISCAL YEARS (Unaudited)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Entry Age	Excess of Assets over/(under) AAL	Funded Percent	Covered Payroll		Excess as Percent of Covered Payroll		Annual Required Contributions	Actual Contributions	Percent Contributed
						Covered Payroll	Percent	Covered Payroll	Percent			
2008	10/1/07	-	55,831,704	(55,831,704)	0.00%	109,295,425	0.00%	-51.08%	6,031,883	23,934,554	396.80%	

See accompanying independent auditors' report.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

CRIMINAL INVESTIGATION FUND- to account for any monies taken into police custody as a result of police investigation. These monies are to be spent only on law enforcement activities as provided by state statute.

GRANT FUND- to account for monies received from other governmental agencies.

CATV FUND- to account for monies received for local access programming, under conditions contained within the franchise agreement with AT&T Broadband.

INDUSTRIAL REVENUE BOND AUTHORITY- to account for the fees for issuance of Industrial Revenue Bonds.

PUBLIC SAFETY COMMUNICATIONS- to account for 9-1-1 reserve fund monies received from wireless communication fees to be used for related 9-1-1 services; and intergovernmental radio fund fees collected under an interlocal agreement for a joint communication system between the cities of Plano, Allen and Frisco, the fees are used to pay maintenance expenses of the system; and wireline fees and reporting for 9-1-1 expenditures.

MUNICIPAL COURT – to account for building security fund monies received from conviction of misdemeanor fees to be used to provide for the security and housing of municipal courts; teen court fees collected from teens requesting teen court, these monies are used to cover the costs of administering teen court; municipal court technology state fees collected with each citation that has resulted from a conviction; and judicial efficiency state fees collected for payment on any part of a judgment on or after the 31st date on which a judgment is entered where one-half is remitted to the state, four-tenths is retained locally with no restriction, while one-tenth is used for the purpose of improving judicial efficiency.

REBATE FUND- to account for excess arbitrage earnings of the City's bond proceeds.

MEMORIAL LIBRARY FUND- to account for monies received in support of the City's library.

SEIZED ASSETS FUND- to account for the seizure and disposition of assets confiscated by local law enforcement agencies.

LIBRARIES- to account for library training lab monies received from the Bill and Melinda Gates Foundation for the establishment of a library training lab; and Sproles library fund monies received in support of the City's library.

ANIMAL SHELTER DONATIONS- to account for donations to assist the animal shelter.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary type funds).

The City's nonmajor Capital Projects Funds are as follows:

STREET IMPROVEMENTS FUNDS - to account for the financing and acquisition of right of way and construction of streets, storm sewers and alleys. Funds are provided primarily through bond sales, paving assessments and interest earnings.

PARK IMPROVEMENTS FUND- to account for the financing, acquisition and construction of park sites and related assets. Funds are provided primarily through bond sales and interest earnings.

DART- to account for the financing and construction of street modifications necessary to accommodate the public transportation system. Funds are provided through the DART local Assistance Program.

SPRING CREEKWALK- to account for the financing and construction of the Spring Creekwalk project. Funds are provided primarily through contributions by participating citizens.

PARK SERVICES- to account for building permit fees exclusively for the acquisition and development of new neighborhood and parks.

CITY OF PLANO, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF SEPTEMBER 30, 2008

Special Revenue

	<u>Criminal Investigation</u>	<u>Grant</u>	<u>CATV</u>	<u>Industrial Revenue Bond Auth.</u>	<u>Public Safety Communications</u>
ASSETS					
Cash and cash equivalents	\$ 845,909	\$ 953,202	\$ 368,504	\$ 15,391	\$ 7,895,997
Investments	140,998	158,866	61,423	2,566	1,316,120
Receivables (net of allowance for uncollectible)					
Accounts	-	-	14,012	-	-
Accrued interest	1,989	2,240	866	36	18,563
Assessments	-	-	-	-	-
Other	-	925,880	-	-	-
Due from other governments	19,184	377,566	-	-	95,811
Prepaid items and other assets	-	3,626	120	-	-
Total Assets	<u>1,008,080</u>	<u>2,421,380</u>	<u>444,925</u>	<u>17,993</u>	<u>9,326,491</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	90	57,395	80,456	-	39,041
Accrued liabilities	30	6,210	25,994	-	-
Contracts payable	-	-	-	-	-
Deferred revenue	-	925,880	-	-	-
Due to other funds	-	122,420	-	-	-
Due to other governments	-	-	-	-	225,877
Retainage payable	-	-	-	-	-
Seized assets payable	-	-	-	-	-
Total Liabilities	<u>120</u>	<u>1,111,905</u>	<u>106,450</u>	<u>-</u>	<u>264,918</u>
Fund Balances:					
Reserved for encumbrances	-	-	-	-	-
Reserved for prepaid items and other assets	-	3,626	120	-	-
Reserved for capital projects	-	-	-	-	-
Unreserved, designated for special revenue funds	-	-	-	-	-
Unreserved, undesignated	1,007,960	1,305,849	338,355	17,993	9,061,573
Total fund balances	<u>1,007,960</u>	<u>1,309,475</u>	<u>338,475</u>	<u>17,993</u>	<u>9,061,573</u>
Total Liabilities and Fund Balance	<u>\$ 1,008,080</u>	<u>\$ 2,421,380</u>	<u>\$ 444,925</u>	<u>\$ 17,993</u>	<u>\$ 9,326,491</u>

Municipal Court	Rebate	Memorial Library	Seized Assets	Libraries	Animal Shelter Donations
\$ 4,478,845	\$ 869,804	\$ 323,236	\$ 224,794	\$ 162,785	\$ 153,901
746,542	144,981	53,878	37,469	27,134	25,653
243,233	-	-	-	-	317
10,529	2,045	760	528	383	362
-	-	-	-	-	-
-	-	-	-	-	-
91,569	-	-	-	-	-
2,449	-	-	-	-	-
<u>5,573,167</u>	<u>1,016,830</u>	<u>377,874</u>	<u>262,791</u>	<u>190,302</u>	<u>180,233</u>
102,617	-	1,361	-	-	-
9,762	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
311,619	962,072	-	-	-	-
-	-	-	-	-	-
-	-	-	262,791	-	-
<u>423,998</u>	<u>962,072</u>	<u>1,361</u>	<u>262,791</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
2,449	-	-	-	-	-
-	-	-	-	-	-
-	54,758	376,513	-	-	-
<u>5,146,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,302</u>	<u>180,233</u>
<u>5,149,169</u>	<u>54,758</u>	<u>376,513</u>	<u>-</u>	<u>190,302</u>	<u>180,233</u>
<u>\$ 5,573,167</u>	<u>\$ 1,016,830</u>	<u>\$ 377,874</u>	<u>\$ 262,791</u>	<u>\$ 190,302</u>	<u>\$ 180,233</u>

(continued)

CITY OF PLANO, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF SEPTEMBER 30, 2008
 (continued)

	<u>Capital Projects</u>					Total Nonmajor Governmental Funds
	Street Improvements	Park Improvements	DART	Spring Creekwalk	Park Services	
ASSETS						
Cash and cash equivalents	\$ 18,180,052	\$ 27,194,055	\$ 650,715	\$ 20,030	\$ 4,964,419	\$ 67,301,639
Investments	3,030,285	4,532,756	108,462	3,338	827,479	11,217,950
Receivables (net of allowance for uncollectible)						
Accounts	-	-	-	-	-	257,562
Accrued interest	42,740	63,931	1,530	47	11,671	158,220
Assessments	1,550,281	-	-	-	-	1,550,281
Other	1,340,793	-	-	-	-	2,266,673
Due from other governments	-	-	-	-	-	584,130
Prepaid items and other assets	-	-	-	-	-	6,195
Total Assets	24,144,151	31,790,742	760,707	23,415	5,803,569	83,342,650
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	-	-	-	-	-	280,960
Accrued liabilities	-	-	-	-	-	41,996
Contracts payable	1,395,421	562,997	-	-	3,276	1,961,694
Deferred revenue	1,550,281	-	-	-	-	2,476,161
Due to other funds	-	-	-	-	-	122,420
Due to other governments	-	-	-	-	-	1,499,568
Retainage payable	412,706	192,065	-	-	-	604,771
Seized assets payable	-	-	-	-	-	262,791
Total Liabilities	3,358,408	755,062	-	-	3,276	7,250,361
Fund Balances:						
Reserved for encumbrances	8,252,642	9,435,058	630,553	-	313,100	18,631,353
Reserved for prepaid items and other assets	-	-	-	-	-	6,195
Reserved for capital projects	12,533,101	21,600,622	-	23,415	5,487,193	39,644,331
Unreserved, designated for special revenue funds	-	-	-	-	-	431,271
Unreserved, undesignated	-	-	130,154	-	-	17,379,139
Total fund balances	20,785,743	31,035,680	760,707	23,415	5,800,293	76,092,289
Total Liabilities and Fund Balance	\$ 24,144,151	\$ 31,790,742	\$ 760,707	\$ 23,415	\$ 5,803,569	\$ 83,342,650

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Special Revenue

	Criminal Investigation	Grant	CATV	Industrial Revenue Bond Auth.	Public Safety Communications
REVENUES					
Fines and forfeitures	\$ 139,767	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	38,000	-	-
Intergovernmental	21,825	2,621,918	-	-	74,703
Fees for services	-	2,967	395,971	-	1,254,195
Assessments	-	-	-	-	-
Investment income	37,678	48,730	22,280	682	330,469
Miscellaneous	14,536	57,664	2,039	-	-
Total revenues	<u>213,806</u>	<u>2,731,279</u>	<u>458,290</u>	<u>682</u>	<u>1,659,367</u>
EXPENDITURES					
General government	-	-	-	-	-
Police	49,108	272,679	-	-	109,868
Fire	-	335,321	-	-	9,619
Libraries	-	111,162	-	-	-
Development	-	1,564,064	-	-	-
Public services and operations	-	-	904,109	-	31,470
Parks and recreation	-	37,970	-	-	-
Sustainability & environmental services	-	53,576	-	-	-
Capital outlay	56,640	416,531	28,478	-	331,152
Total expenditures	<u>105,748</u>	<u>2,791,303</u>	<u>932,587</u>	<u>-</u>	<u>482,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>108,058</u>	<u>(60,024)</u>	<u>(474,297)</u>	<u>682</u>	<u>1,177,258</u>
OTHER FINANCING SOURCES					
Issuance of debt	-	-	-	-	-
Premium on sale of bonds	-	-	-	-	-
Transfers in	-	-	559,587	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>559,587</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>108,058</u>	<u>(60,024)</u>	<u>85,290</u>	<u>682</u>	<u>1,177,258</u>
Fund balances-beginning	899,902	1,369,499	253,185	17,311	7,884,315
Fund balances-ending	<u>\$ 1,007,960</u>	<u>\$ 1,309,475</u>	<u>\$ 338,475</u>	<u>\$ 17,993</u>	<u>\$ 9,061,573</u>

Municipal Court	Rebate	Memorial Library	Libraries	Animal Shelter Donations
\$ 1,759,370	-	-	-	-
-	-	206,773	5,735	49,323
-	-	-	-	-
872,106	-	-	-	-
-	-	-	-	-
182,005	40,840	10,274	7,066	5,627
1,473	54	-	-	-
<u>2,814,954</u>	<u>40,894</u>	<u>217,047</u>	<u>12,801</u>	<u>54,950</u>
-	203,655	-	-	-
1,938,921	-	-	-	-
-	-	-	-	-
-	-	-	6,468	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
101,760	-	32,164	1,740	-
<u>2,040,681</u>	<u>203,655</u>	<u>32,164</u>	<u>8,208</u>	<u>-</u>
<u>774,273</u>	<u>(162,761)</u>	<u>184,883</u>	<u>4,593</u>	<u>54,950</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>774,273</u>	<u>(162,761)</u>	<u>184,883</u>	<u>4,593</u>	<u>54,950</u>
4,374,896	217,519	191,630	185,709	125,283
<u>\$ 5,149,169</u>	<u>\$ 54,758</u>	<u>\$ 376,513</u>	<u>\$ 190,302</u>	<u>\$ 180,233</u>

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(continued)

	<u>Capital Projects</u>					Total Nonmajor Governmental Funds
	Street Improvements	Park Improvements	DART	Spring Creekwalk	Park Services	
REVENUES						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,899,137
Contributions	3,523,764	-	-	-	-	3,823,595
Intergovernmental	-	-	-	-	-	2,718,446
Fees for services	-	-	-	-	239,753	2,764,992
Assessments	25,465	-	-	-	-	25,465
Investment income	244,284	1,236,379	28,861	888	222,208	2,418,271
Miscellaneous	905	-	-	-	-	76,671
Total revenues	<u>3,794,418</u>	<u>1,236,379</u>	<u>28,861</u>	<u>888</u>	<u>461,961</u>	<u>13,726,577</u>
EXPENDITURES						
General government	-	-	-	-	-	203,655
Police	-	-	-	-	-	2,370,576
Fire	-	-	-	-	-	344,940
Libraries	-	-	-	-	-	117,630
Development	-	-	-	-	-	1,564,064
Public services and operations	-	-	-	-	-	935,579
Parks and recreation	-	-	-	-	-	37,970
Environmental waste services	-	-	-	-	-	53,576
Capital outlay	13,057,357	7,630,813	-	-	228,063	21,884,698
Total expenditures	<u>13,057,357</u>	<u>7,630,813</u>	<u>-</u>	<u>-</u>	<u>228,063</u>	<u>27,512,688</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,262,939)</u>	<u>(6,394,434)</u>	<u>28,861</u>	<u>888</u>	<u>233,898</u>	<u>(13,786,111)</u>
OTHER FINANCING SOURCES						
Issuance of debt	20,155,000	12,420,000	-	-	-	32,575,000
Premium on sale of bonds	66,182	417,014	-	-	-	483,196
Transfers in	-	-	-	-	-	559,587
Total other financing sources	<u>20,221,182</u>	<u>12,837,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,617,783</u>
Net change in fund balances	10,958,243	6,442,580	28,861	888	233,898	19,831,672
Fund balances-beginning	9,827,500	24,593,100	731,846	22,527	5,566,395	56,260,617
Fund balances-ending	<u>\$ 20,785,743</u>	<u>\$ 31,035,680</u>	<u>\$ 760,707</u>	<u>\$ 23,415</u>	<u>\$ 5,800,293</u>	<u>\$ 76,092,289</u>

**CITY OF PLANO, TEXAS
 BUDGETARY COMPARISON SCHEDULE-GAAP BASIS
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 36,537,990	\$ 36,537,990	\$ 36,900,896	\$ 362,906
Investment income	1,000,000	800,000	941,997	141,997
Miscellaneous	73,765	73,765	248,301	174,536
Total Revenues	37,611,755	37,411,755	38,091,194	679,439
EXPENDITURES:				
Principal retirement	23,510,000	23,510,000	23,510,000	-
Interest and fiscal charges	17,144,551	14,916,266	14,598,200	318,066
Total Expenditures	40,654,551	38,426,266	38,108,200	318,066
(Deficiency) Of Revenues Over Expenditures	(3,042,796)	(1,014,511)	(17,006)	997,505
OTHER FINANCING SOURCES:				
Premium from sale of bonds	-	-	206,475	206,475
Transfers in	547,804	547,804	547,804	-
Transfers out	-	-	-	-
Total Other Financing Sources:	547,804	547,804	754,279	206,475
Excess (Deficiency) Of Revenues And Other Sources Over/Under Expenditures	(2,494,992)	(466,707)	737,273	1,203,980
FUND BALANCE, OCTOBER 1	4,754,700	4,754,700	4,754,700	-
FUND BALANCE, September 30	\$ 2,259,708	\$ 4,287,993	\$ 5,491,973	\$ 1,203,980

NONMAJOR ENTERPRISE FUNDS

Following are the nonmajor Enterprise Funds:

CIVIC CENTER FUND- to account for the convention and tourism activities of the City's Civic Center.

MUNICIPAL GOLF COURSE FUND- to account for operation of the City's golf course, including administration, operation and maintenance. All costs are financed through fees charged to patrons.

PROPERTY MANAGEMENT FUND- to account for the rental properties of the Downtown Center projects.

DOWNTOWN CENTER DEVELOPMENT FUND- to account for the construction of a multi-use project in the City's downtown area.

RECREATION REVOLVING FUND- to account for recreational programs and activities which are offered to groups and individuals on a fee basis. Fees are adjusted periodically to cover the cost of providing each program.

CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
AS OF SEPTEMBER 30, 2008

	Business-type Activities Enterprise Funds					Total Nonmajor Enterprise Funds
	Civic Center	Municipal Golf Course	Property Management	Downtown Center Development	Recreation Revolving	
ASSETS						
Cash and cash equivalents	\$ 3,638,140	\$ 118,855	\$ 375,963	\$ 102,013	\$ 1,207,825	\$ 5,442,796
Investments	605,644	19,811	62,666	17,004	201,265	906,390
Receivables -						
Accounts	572,802	7,529	-	-	16,641	596,972
Accrued Interest	8,542	278	884	240	2,839	12,783
Other	-	-	3,876	-	1,951	5,827
Prepaid expenses & other assets	25,370	-	-	-	2,791	28,161
Capital assets:						
Land	2,359,859	595,296	1,333,325	36,999	-	4,325,479
Buildings	11,222,523	2,427,383	171,766	-	-	13,821,672
Improvements other than buildings	790,021	1,247,352	15,875	-	-	2,053,248
Equipment	1,589,706	159,037	-	-	450,597	2,199,340
Furniture and fixtures	312,821	80,381	-	-	73,873	467,075
Less accumulated depreciation	(12,068,590)	(1,802,525)	(175,735)	-	(512,879)	(14,559,729)
Total capital assets (net of accumulated depreciation)	4,206,340	2,706,924	1,345,231	36,999	11,591	8,307,085
Total assets	9,056,838	2,853,397	1,788,620	156,256	1,444,903	15,300,014
LIABILITIES						
Current liabilities:						
Accounts payable	228,010	22,984	841	-	118,715	370,550
Accrued liabilities	388,789	54,894	-	-	100,621	544,304
Deferred revenue	177,099	-	-	-	497,367	674,466
Customer deposits	-	9,112	10,467	-	186,318	205,897
Liability for compensated absences	41,499	8,172	-	-	39,797	89,468
Total current liabilities	835,397	95,162	11,308	-	942,818	1,884,685
Noncurrent liabilities:						
Liability for compensated absences	226,719	68,863	-	-	56,985	352,567
Total noncurrent liabilities	226,719	68,863	-	-	56,985	352,567
Total liabilities	1,062,116	164,025	11,308	-	999,803	2,237,252
NET ASSETS						
Invested in capital assets (net of related debt)	4,206,340	2,706,924	1,345,231	36,999	11,591	8,307,085
Unrestricted (deficit)	3,788,382	(17,552)	432,081	119,257	433,509	4,755,677
Total Net Assets	\$ 7,994,722	\$ 2,689,372	\$ 1,777,312	\$ 156,256	\$ 445,100	\$ 13,062,762

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities					Total Nonmajor Enterprise Funds
	Enterprise Funds					
	Civic Center	Municipal Golf Course	Property Management	Downtown Center Development	Recreation Revolving	
Operating revenues:						
Charges for sales and services:						
Service charges	\$ 2,682,611	\$ 846,096	\$ 72,567	\$ 68,127	\$ 3,031,947	\$ 6,701,348
Miscellaneous charges	726	-	-	-	48,778	49,504
Total operating revenues	2,683,337	846,096	72,567	68,127	3,080,725	6,750,852
Operating expenses:						
Personal services	2,607,167	526,277	-	-	1,134,557	4,268,001
Contractual services	2,932,671	205,497	37,662	46,176	1,553,511	4,775,517
Supplies	934,399	80,267	835	-	215,078	1,230,579
Depreciation	603,022	161,524	794	-	4,388	769,728
Miscellaneous	88,605	2,049	-	-	28,269	118,923
Total operating expenses	7,165,864	975,614	39,291	46,176	2,935,803	11,162,748
Operating income (loss)	(4,482,527)	(129,518)	33,276	21,951	144,922	(4,411,896)
Nonoperating revenues (expenses):						
Investment income	148,518	3,487	15,763	3,681	41,974	213,423
Hotel/motel tax	4,909,061	-	-	-	-	4,909,061
Miscellaneous	10,545	-	-	-	-	10,545
Total nonoperating revenue	5,068,124	3,487	15,763	3,681	41,974	5,133,029
Income (loss) before transfers	585,597	(126,031)	49,039	25,632	186,896	721,133
Transfers out	(930,698)	(43,950)	-	-	(151,553)	(1,126,201)
Change in net assets	(345,101)	(169,981)	49,039	25,632	35,343	(405,068)
Total net assets-beginning	8,339,823	2,859,353	1,728,273	130,624	409,757	13,467,830
Total net assets-ending	\$ 7,994,722	\$ 2,689,372	\$ 1,777,312	\$ 156,256	\$ 445,100	\$ 13,062,762

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities Enterprise Funds					Total Nonmajor Enterprise Funds
	Civic Center	Municipal Golf Course	Property Management	Downtown Center Development	Recreation Revolving	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 2,915,197	\$ 852,042	\$ 74,932	\$ 68,127	\$ 3,260,212	\$ 7,170,510
Cash payments to suppliers for goods and services	(4,129,035)	(308,900)	(37,656)	(47,918)	(1,715,925)	(6,239,434)
Cash payments to employees for services	(2,551,067)	(529,239)	-	-	(1,118,535)	(4,198,841)
Net cash provided (used) by operating activities	(3,764,905)	13,903	37,276	20,209	425,752	(3,267,765)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Hotel/motel tax	4,909,061	-	-	-	-	4,909,061
Transfers to other funds	(930,698)	(43,950)	-	-	(151,553)	(1,126,201)
Net cash provided (used) by noncapital financing activities	3,978,363	(43,950)	-	-	(151,553)	3,782,860
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(299,688)	-	-	-	-	(299,688)
Proceeds from insurance damages	10,545	-	-	-	-	10,545
Net cash used by capital and related financing activities	(289,143)	-	-	-	-	(289,143)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(605,644)	(19,811)	(62,666)	(17,004)	(201,265)	(906,390)
Proceeds from sale and maturities of investment securities	2,819,019	111,719	260,952	64,399	739,737	3,995,826
Interest on investments	169,798	4,410	17,610	4,109	46,769	242,696
Net cash provided by investing activities	2,383,173	96,318	215,896	51,504	585,241	3,332,132
Net increase in cash and cash equivalents	2,307,488	66,271	253,172	71,713	859,440	3,558,084
Cash and cash equivalents, October 1	1,330,652	52,584	122,791	30,300	348,385	1,884,712
Cash and cash equivalents, September 30	\$ 3,638,140	\$ 118,855	\$ 375,963	\$ 102,013	\$ 1,207,825	\$ 5,442,796

Non-cash disclosure:

Decrease in fair value of investments	(5,322)	\$ (230)	\$ (463)	\$ (108)	\$ (1,207)	\$ (7,330)
Transfer out of capital assets	(21,098)	(22,162)	-	-	-	(43,260)

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(continued)

	Business-type Activities Enterprise Funds					Total Nonmajor Enterprise Funds
	Civic Center	Municipal Golf Course	Property Management	Downtown Center Development	Recreation Revolving	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (4,482,527)	\$ (129,518)	\$ 33,276	\$ 21,951	\$ 144,922	\$ (4,411,896)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	603,022	161,524	794	-	4,388	769,728
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivable	54,761	5,946	2,365	-	(5,103)	57,969
Other receivable	(49,323)	-	-	-	400	(48,923)
Prepaid expenses & other assets	(5,941)	-	-	-	12,347	6,406
Increase (decrease) in-						
Accounts payable	(118,096)	(21,087)	841	(1,742)	68,186	(71,898)
Accrued liabilities	27,660	4,137	-	-	9,088	40,885
Liability for compensated absences	28,440	(7,099)	-	-	8,645	29,986
Customer deposits	-	-	-	-	59,328	59,328
Deferred revenue	177,099	-	-	-	123,551	300,650
Total adjustments	<u>717,622</u>	<u>143,421</u>	<u>4,000</u>	<u>(1,742)</u>	<u>280,830</u>	<u>1,144,131</u>
Net cash provided (used) by operating activities	<u>\$ (3,764,905)</u>	<u>\$ 13,903</u>	<u>\$ 37,276</u>	<u>\$ 20,209</u>	<u>\$ 425,752</u>	<u>\$ (3,267,765)</u>

INTERNAL SERVICE FUNDS

Internal Service Funds accounts for the financing of goods or services provided by one department for another.

The City has six Internal Service Funds as follows:

EQUIPMENT MAINTENANCE FUND- to account for the cost of operating and maintaining automotive and other equipment used by City departments. Service charges are billed to departments on a monthly basis to cover all expenses of the fund, including depreciation of furniture and fixtures, machinery and equipment necessary to provide maintenance services and for replacement of the fleet.

OFFICE SERVICES FUND-to account for the cost of operating a centralized print shop, which performs printing and copying services, as well as interoffice mail delivery and other services, for City departments. Monthly charges are billed to departments to cover costs, including depreciation of furniture and equipment necessary to provide services.

MUNICIPAL WAREHOUSE FUND- to account for the operation of a central warehouse facility which provides the capability of storing and distributing in volume supplies and materials used by City departments. An overhead charge is applied to the purchase price of all materials handled to cover the operating costs, including the cost of goods sold.

TECHNOLOGY SERVICES FUND- to account for the data processing and information systems. Charges for software, hardware and maintenance of the systems are billed to the user funds.

PROPERTY/LIABILITY LOSS FUND- to account for the operation of a self-insurance program for general liability, public officials errors and omission, police professional liability, property loss and worker's compensation.

HEALTH CLAIMS FUND- to account for the self-insurance operation of group accident and health insurance coverage for all City employees. In addition to the basic insurance coverage provided, employees may purchase dependent coverage through payroll deductions. Coverage is financed by billings to the departments and through employee payroll deductions.

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2008**

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
ASSETS			
Cash & cash equivalents	\$ 5,175,556	\$ 125	\$ 203,292
Investments	862,638	-	33,868
Receivables			
Accounts	-	-	4,969
Accrued interest	12,167	-	478
Other	-	74	-
Interfund receivables			
Environmental waste services fund	226,133	-	-
Due from other governments	29	-	-
Inventories	139,518	15,008	898,536
Prepaid items	991	215	-
Restricted assets:			
Cash & cash equivalents	-	-	-
Investments	-	-	-
Accrued interest receivable	-	-	-
Capital assets:			
Land	51,515	-	-
Buildings	5,264,915	-	-
Equipment	8,293,637	300,386	118,522
Furniture & fixtures	42,662	449	11,200
Rolling equipment	57,917,382	-	-
Less accumulated depreciation	<u>(49,159,140)</u>	<u>(251,420)</u>	<u>(124,587)</u>
Total capital assets (net of accumulated depreciation)	<u>22,410,971</u>	<u>49,415</u>	<u>5,135</u>
Total Assets	<u>28,828,003</u>	<u>64,837</u>	<u>1,146,278</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	840,829	60,287	223,284
Accrued liabilities	184,800	18,964	60,570
Due to other funds	-	277,029	-
Liability for insurance claims	-	-	-
Total current liabilities	<u>1,025,629</u>	<u>356,280</u>	<u>283,854</u>
NONCURRENT LIABILITIES:			
Liability for insurance claims	-	-	-
Total Liabilities	<u>1,025,629</u>	<u>356,280</u>	<u>283,854</u>
NET ASSETS (DEFICIT)			
Invested in capital assets	22,143,188	49,415	5,135
Unrestricted (deficit)	<u>5,659,186</u>	<u>(340,858)</u>	<u>857,289</u>
Total net assets (deficit)	<u>\$ 27,802,374</u>	<u>\$ (291,443)</u>	<u>\$ 862,424</u>

	Technology Services	Property/ Liability Loss	Health Claims	Total
\$	15,458,417	\$ 4,811,212	\$ 6,794,879	\$ 32,443,481
	2,576,638	801,942	1,132,583	5,407,669
	6,116	119,231	2,398	132,714
	36,342	11,311	15,974	76,272
	923	-	-	997
	-	-	-	226,133
	-	-	-	29
	-	-	-	1,053,062
	23,001	355	136,125	160,687
	2,660,829	-	-	2,660,829
	443,512	-	-	443,512
	6,256	-	-	6,256
	11,007	-	-	62,522
	488,955	-	-	5,753,870
	31,007,052	549,620	-	40,269,217
	65,390	6,735	-	126,436
	-	-	-	57,917,382
	(20,617,209)	(556,355)	-	(70,708,711)
	10,955,195	-	-	33,420,716
	32,167,229	5,744,051	8,081,959	76,032,357
	491,550	376,973	23,697	2,016,620
	916,543	212,305	-	1,393,182
	-	-	-	277,029
	-	2,223,768	4,078,422	6,302,190
	1,408,093	2,813,046	4,102,119	9,989,021
	-	1,240,283	-	1,240,283
	1,408,093	4,053,329	4,102,119	11,229,304
	13,989,282	-	-	36,187,020
	16,769,854	1,690,722	3,979,840	28,616,033
\$	30,759,136	\$ 1,690,722	\$ 3,979,840	\$ 64,803,053

**CITY OF PLANO, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
REVENUES:			
Charges for services	\$ 16,462,586	\$ 1,039,244	\$ 3,363,591
Miscellaneous	148	8,221	19,868
Total operating revenues	<u>16,462,734</u>	<u>1,047,465</u>	<u>3,383,459</u>
EXPENSES:			
Personal services	2,431,831	280,965	476,507
Contractual services	1,106,962	298,428	42,927
Supplies	3,978,654	382,792	2,774,792
Claims expense	-	-	-
Depreciation	5,563,597	4,614	429
Other post employment benefits	-	-	-
Miscellaneous	10,315	1,461	26,414
Total operating expenses	<u>13,091,359</u>	<u>968,260</u>	<u>3,321,069</u>
Operating income (loss)	<u>3,371,375</u>	<u>79,205</u>	<u>62,390</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	285,964	-	7,910
Gain (loss) on capital asset disposal	377,479	-	58,993
Intergovernmental revenues	882	-	-
Miscellaneous	18,728	-	3,490
Total nonoperating revenues	<u>683,053</u>	<u>-</u>	<u>70,393</u>
Income (loss) before transfers	4,054,428	79,205	132,783
Transfers in	-	-	-
Transfers out	-	-	-
Change in net assets	<u>4,054,428</u>	<u>79,205</u>	<u>132,783</u>
Total net assets (deficit)-beginning	23,747,946	(370,648)	729,641
Total net assets (deficit)-ending	<u>\$ 27,802,374</u>	<u>\$ (291,443)</u>	<u>\$ 862,424</u>

Technology Services	Property/ Liability Loss	Health Claims	Total
\$ 13,851,649	\$ 2,778,066	\$ 23,118,078	\$60,613,214
12,666	480,194	-	521,097
<u>13,864,315</u>	<u>3,258,260</u>	<u>23,118,078</u>	<u>61,134,311</u>
4,733,368	383,719	-	8,306,390
5,973,979	2,478,860	2,738,197	12,639,353
1,238,664	111,645	-	8,486,547
-	2,158,070	17,398,794	19,556,864
1,546,593	45,764	-	7,160,997
-	-	23,934,554	23,934,554
2,796	7,754	-	48,740
<u>13,495,400</u>	<u>5,185,812</u>	<u>44,071,545</u>	<u>80,133,445</u>
<u>368,915</u>	<u>(1,927,552)</u>	<u>(20,953,467)</u>	<u>(18,999,134)</u>
793,542	299,337	879,421	2,266,174
(3,046)	-	-	433,426
-	-	-	882
7,869	-	-	30,087
<u>798,365</u>	<u>299,337</u>	<u>879,421</u>	<u>2,730,569</u>
1,167,280	(1,628,215)	(20,074,046)	(16,268,565)
-	-	-	-
(250,000)	-	-	(250,000)
<u>917,280</u>	<u>(1,628,215)</u>	<u>(20,074,046)</u>	<u>(16,518,565)</u>
29,841,856	3,318,937	24,053,886	81,321,618
<u>\$ 30,759,136</u>	<u>\$ 1,690,722</u>	<u>\$ 3,979,840</u>	<u>\$64,803,053</u>

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Equipment Maintenance	Office Services	Municipal Warehouse
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 16,480,433	\$ 1,047,399	\$ 3,380,302
Cash payments to suppliers for goods and services	(4,922,650)	(799,632)	(2,943,216)
Cash payments to employees for services	(2,422,596)	(287,872)	(472,253)
Net cash provided (used) by operating activities	<u>9,135,187</u>	<u>(40,105)</u>	<u>(35,167)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Advances from other funds	-	277,029	-
Repayments (to) from other other funds	214,142	(236,799)	-
Transfers (to) from other funds	-	-	-
Grant receipts	882	-	-
Net cash provided (used) by noncapital financing activities	<u>215,024</u>	<u>40,230</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(10,415,723)	-	(5,250)
Proceeds on sale of equipment	400,844	-	58,993
Proceeds from insurance damages	18,728	-	3,490
Net cash provided (used) by capital and related financing activities	<u>(9,996,151)</u>	<u>-</u>	<u>57,233</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(862,638)	-	(33,868)
Proceeds from sales and maturities of investment securities	4,327,412	456	140,149
Interest on investments	319,882	(456)	8,898
Net cash provided by investing activities	<u>3,784,656</u>	<u>-</u>	<u>115,179</u>
Net increase (decrease) in cash and cash equivalents	3,138,716	125	137,245
Cash and cash equivalents, October 1	<u>2,036,840</u>	<u>-</u>	<u>66,047</u>
Cash and cash equivalents, September 30	<u><u>\$ 5,175,556</u></u>	<u><u>\$ 125</u></u>	<u><u>\$ 203,292</u></u>
Non-cash disclosure:			
Increase (decrease) in fair value of investments	\$ (8,473)	\$ 456	\$ (248)
Transfer in (out) of capital assets	-	(26,402)	-

Technology Services	Property/ Liability Loss	Health Claims	Total
\$ 14,008,368	\$ 3,183,307	\$ 23,131,190	\$ 61,230,999
(7,265,515)	(4,642,836)	(43,180,158)	(63,754,007)
(4,649,373)	(363,430)	-	(8,195,524)
<u>2,093,480</u>	<u>(1,822,959)</u>	<u>(20,048,968)</u>	<u>(10,718,532)</u>
-	-	-	277,029
-	(8,210)	-	(30,867)
(250,000)	-	-	(250,000)
-	-	-	882
<u>(250,000)</u>	<u>(8,210)</u>	<u>-</u>	<u>(2,956)</u>
(2,786,736)	-	-	(13,207,709)
-	-	-	459,837
7,869	-	-	30,087
<u>(2,778,867)</u>	<u>-</u>	<u>-</u>	<u>(12,717,785)</u>
(3,020,150)	(801,942)	(1,132,583)	(5,851,181)
14,399,803	4,830,414	18,292,380	41,990,614
899,930	340,197	1,069,663	2,638,114
<u>12,279,583</u>	<u>4,368,669</u>	<u>18,229,460</u>	<u>38,777,547</u>
11,344,196	2,537,500	(1,819,508)	15,338,274
<u>6,775,050</u>	<u>2,273,712</u>	<u>8,614,387</u>	<u>19,766,036</u>
<u>\$ 18,119,246</u>	<u>\$ 4,811,212</u>	<u>\$ 6,794,879</u>	<u>\$ 35,104,310</u>
\$ (23,868)	\$ (10,182)	\$ (47,130)	\$ (89,445)
80,373	(36,998)	-	16,973

(continued)

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(continued)**

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	<u>\$ 3,371,375</u>	<u>\$ 79,205</u>	<u>\$ 62,390</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	5,563,597	4,614	429
Changes in assets and liabilities-			
(Increase) decrease in			
Accounts receivable	-	(66)	(3,157)
Other receivable	8	-	-
Due from other funds	17,635	-	-
Due from other governments	56	-	-
Prepaid items	1,132	(215)	-
Inventories	(34,111)	(2,730)	(38,857)
Increase (decrease) in			
Accounts payable	206,260	(114,006)	(60,226)
Accrued liabilities	9,235	(6,907)	4,254
Liability for insurance claims	-	-	-
Total adjustments	<u>5,763,812</u>	<u>(119,310)</u>	<u>(97,557)</u>
Net cash provided (used) by operating activities	<u>\$ 9,135,187</u>	<u>\$ (40,105)</u>	<u>\$ (35,167)</u>

<u>Technology Services</u>	<u>Property/ Liability Loss</u>	<u>Health Claims</u>	<u>Total</u>
\$ 368,915	\$(1,927,552)	\$(20,953,467)	\$(18,999,134)
1,546,593	45,764	-	7,160,997
(5,947)	(84,897)	13,112	(80,955)
-	335	-	343
150,000	9,609	-	177,244
-	-	-	56
7,152	195	17,875	26,139
-	-	-	(75,698)
(57,228)	195,320	(39,827)	130,293
83,995	20,289	-	110,866
-	(82,022)	913,339	831,317
<u>1,724,565</u>	<u>104,593</u>	<u>904,499</u>	<u>8,280,602</u>
<u>\$ 2,093,480</u>	<u>\$(1,822,959)</u>	<u>\$(20,048,968)</u>	<u>\$(10,718,532)</u>

AGENCY FUNDS

DEVELOPERS' ESCROW FUND- to account for escrow received from developers. The escrow will be used for construction of improvements to be made by the City.

UNCLAIMED PROPERTY FUND- to account for assets under \$100, which have been issued by the City but remain unclaimed. Disposition is made upon claim by rightful owners.

**CITY OF PLANO, TEXAS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 AS OF SEPTEMBER 30, 2008**

	<u>Agency Funds</u>		<u>Total Agency Funds</u>
	<u>Developers' Escrow</u>	<u>Unclaimed Property</u>	
ASSETS			
Cash and cash equivalents	\$ 3,579,498	\$ 48,503	\$ 3,628,001
Investments	596,637	8,084	604,721
Accrued interest	8,415	114	8,529
Total Assets	<u>4,184,550</u>	<u>56,701</u>	<u>4,241,251</u>
LIABILITIES			
Developers' escrow liability	4,184,550	-	4,184,550
Unclaimed property payable	-	56,701	56,701
Total Liabilities	<u>\$ 4,184,550</u>	<u>\$ 56,701</u>	<u>\$ 4,241,251</u>

CITY OF PLANO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Balance</u> <u>October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2008</u>
Developers' Escrow Fund				
ASSETS				
Cash and cash equivalents	\$ 1,306,361	\$ 2,273,137	\$ -	\$ 3,579,498
Investments	2,781,163	-	2,184,526	596,637
Accrued interest receivable	24,125	-	15,710	8,415
Total assets	<u>\$ 4,111,649</u>	<u>\$ 2,273,137</u>	<u>\$ 2,200,236</u>	<u>\$ 4,184,550</u>
LIABILITIES				
Developers' escrow liability	4,111,649	72,901	-	4,184,550
Total liabilities	<u>\$ 4,111,649</u>	<u>\$ 72,901</u>	<u>\$ -</u>	<u>\$ 4,184,550</u>
Unclaimed Property Fund				
ASSETS				
Cash and cash equivalents	\$ 16,450	\$ 32,053	\$ -	\$ 48,503
Investments	35,021	-	26,937	8,084
Accrued interest receivable	304	-	190	114
Total assets	<u>\$ 51,775</u>	<u>\$ 32,053</u>	<u>\$ 27,127</u>	<u>\$ 56,701</u>
LIABILITIES				
Unclaimed property payable	51,775	4,926	-	56,701
Total liabilities	<u>\$ 51,775</u>	<u>\$ 4,926</u>	<u>\$ -</u>	<u>\$ 56,701</u>
Total Fiduciary Funds				
ASSETS				
Cash and cash equivalents	\$ 1,322,811	\$ 2,305,190	\$ -	\$ 3,628,001
Investments	2,816,184	-	2,211,463	604,721
Accrued interest receivable	24,429	-	15,900	8,529
Total assets	<u>\$ 4,163,424</u>	<u>\$ 2,305,190</u>	<u>\$ 2,227,363</u>	<u>\$ 4,241,251</u>
LIABILITIES				
Developers' escrow liability	4,111,649	72,901	-	4,184,550
Unclaimed property payable	51,775	4,926	-	56,701
Total liabilities	<u>\$ 4,163,424</u>	<u>\$ 77,827</u>	<u>\$ -</u>	<u>\$ 4,241,251</u>

COMPONENT UNITS

ECONOMIC DEVELOPMENT BOARD- organized to account for various financial and administrative services and a majority of funding provided to the Board by the City. The Board is legally separate from the City and does not appoint a majority of its governing board; however, the City Manager is a designated position on the Board and City Council appoints one member who must be a City Council Member to serve on the Board.

TIF MALL- organized to account for a tax increment financing unit for project improvements within the City. The City and Taubman Realty Group Limited Partnership entered into an agreement for the development of a regional mall.

TIF EAST SIDE- organized to account for a tax increment financing unit for improvements related to the future development of East Plano.

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF FUND NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
AS OF SEPTEMBER 30, 2008**

	<u>Economic Development</u>	<u>TIF Mall</u>	<u>TIF East Side</u>	<u>Total</u>
ASSETS				
Current:				
Cash and cash equivalents	\$ 10,616,158	\$ -	\$ 5,134,497	15,750,655
Investments	1,769,488	-	855,827	2,625,315
Receivables:				
Accrued interest	24,957	-	12,071	37,028
Prepaid expenses & other assets	5,257	-	-	5,257
Noncurrent:				
Capital assets, net	5,207	-	4,341,026	4,346,233
Total Assets	<u>12,421,067</u>	<u>-</u>	<u>10,343,421</u>	<u>22,764,488</u>
LIABILITIES				
Current:				
Accounts payable	15,390	-	-	15,390
Accrued liabilities	60,076	-	-	60,076
Notes payable	-	-	776,433	776,433
Compensated absences	5,377	-	-	5,377
Long-term:				
Notes payable	-	5,742,533	-	5,742,533
Compensated absences	84,647	-	-	84,647
Total Liabilities	<u>165,490</u>	<u>5,742,533</u>	<u>776,433</u>	<u>6,684,456</u>
NET ASSETS (DEFICIT)				
Invested in capital assets (net of related debt)	5,207	-	4,341,026	4,346,233
Unrestricted	12,250,370	(5,742,533)	5,225,962	11,733,799
Total Net Assets (Deficit)	<u>\$ 12,255,577</u>	<u>\$ (5,742,533)</u>	<u>\$ 9,566,988</u>	<u>\$ 16,080,032</u>

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Economic Development</u>	<u>TIF Mall</u>	<u>TIF East Side</u>	<u>Total</u>
REVENUES				
Charges for services	\$ 6,985,489	\$ -	\$ -	\$ 6,985,489
Miscellaneous	11,419	-	5,000	16,419
Total revenues	<u>6,996,908</u>	<u>-</u>	<u>5,000</u>	<u>7,001,908</u>
EXPENSES				
Personal services	557,760	-	-	557,760
Contractual services	1,432,958	5,040,164	4,614,935	11,088,057
Supplies	21,413	-	-	21,413
Depreciation	3,135	-	335,164	338,299
Miscellaneous	27,600	-	-	27,600
Total operating expenses	<u>2,042,866</u>	<u>5,040,164</u>	<u>4,950,099</u>	<u>12,033,129</u>
Operating income (loss)	4,954,042	(5,040,164)	(4,945,099)	(5,031,221)
NONOPERATING REVENUES (EXPENSES)				
Property taxes	-	4,989,314	3,646,769	8,636,083
Investment income	360,659	-	-	360,659
Interest expense	-	(325,001)	(90,535)	(415,536)
Total nonoperating revenues	<u>360,659</u>	<u>4,664,313</u>	<u>3,556,234</u>	<u>8,581,206</u>
Change in net assets	5,314,701	(375,851)	(1,388,865)	3,549,985
Total net assets (deficit)-beginning	6,940,876	(5,366,682)	10,955,853	12,530,047
Total net assets (deficit)-ending	<u>\$ 12,255,577</u>	<u>\$ (5,742,533)</u>	<u>\$ 9,566,988</u>	<u>\$ 16,080,032</u>

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Economic Development	TIF Mall	TIF East Side	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 6,996,908	\$ -	\$ 5,000	\$ 7,001,908
Cash payments to suppliers for goods and services	(1,644,817)	(4,714,314)	(4,614,935)	(10,974,066)
Cash payments to employees for services	(530,117)	-	-	(530,117)
Net cash provided (used) by operating activities	<u>4,821,974</u>	<u>(4,714,314)</u>	<u>(4,609,935)</u>	<u>(4,502,275)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	4,989,314	3,646,769	8,636,083
Net cash provided by noncapital financing activities	<u>-</u>	<u>4,989,314</u>	<u>3,646,769</u>	<u>8,636,083</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payment on note payable	-	-	(732,483)	(732,483)
Interest expense	-	(325,001)	(90,535)	(415,536)
Net cash used for operating and related financing activities	<u>-</u>	<u>(325,001)</u>	<u>(823,018)</u>	<u>(1,148,019)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	(1,769,488)	-	(855,827)	(2,625,315)
Proceeds from sales and maturities of investment securities	4,882,964	33,725	5,257,120	10,173,809
Interest on investments	384,088	390	44,786	429,264
Net cash provided by investing activities	<u>3,497,564</u>	<u>34,115</u>	<u>4,446,079</u>	<u>7,977,758</u>
Net increase (decrease) in cash and cash equivalents	8,319,538	(15,886)	2,659,895	10,963,547
Cash and cash equivalents, October 1	<u>2,296,620</u>	<u>15,886</u>	<u>2,474,602</u>	<u>4,787,108</u>
Cash and cash equivalents, September 30	<u>\$ 10,616,158</u>	<u>\$ -</u>	<u>\$ 5,134,497</u>	<u>\$ 15,750,655</u>
Non-cash disclosure:				
Capitalize interest on note payable	\$ -	\$ 325,001	\$ 90,535	\$ 415,536

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(continued)**

	<u>Economic Development</u>	<u>TIF Mall</u>	<u>TIF East Side</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	<u>\$ 4,954,042</u>	<u>\$(5,040,164)</u>	<u>\$(4,945,099)</u>	<u>\$ (5,031,221)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expenses	3,135	-	335,164	338,299
Changes in assets and liabilities- (Increase) decrease in				
Prepaid expenses	2,793	-	-	2,793
Increase (decrease) in				
Accounts payable	(165,639)	-	-	(165,639)
Notes payable	-	325,850	-	325,850
Accrued liabilities	27,643	-	-	27,643
Total adjustments	<u>(132,068)</u>	<u>325,850</u>	<u>335,164</u>	<u>528,946</u>
Net cash provided (used) by operating activities	<u>\$ 4,821,974</u>	<u>\$(4,714,314)</u>	<u>\$(4,609,935)</u>	<u>\$ (4,502,275)</u>

CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE¹
AS OF SEPTEMBER 30, 2008 (unaudited)

Governmental activities capital assets:	2008	2007
Land	\$ 106,928,486	\$ 104,690,461
Construction in progress	180,710,351	163,432,467
Buildings	96,054,185	95,276,910
Improvements other than buildings	85,244,071	78,670,633
Equipment	79,626,177	68,511,758
Public art	1,648,740	1,378,000
Infrastructure	879,883,057	859,244,084
Total governmental funds capital assets	\$ 1,430,095,067	\$ 1,371,204,313
Investments in governmental activities capital assets by source:		
General fund	\$ 283,018,384	\$ 269,086,977
Park improvements fund	85,244,071	78,670,633
Special revenue fund	968,464	642,153
Capital projects fund	1,060,864,148	1,022,804,550
	\$ 1,430,095,067	\$ 1,371,204,313

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
AS OF SEPTEMBER 30, 2008 (unaudited)

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other Than Buildings	Equipment	Public Art	Infrastructure	Total
Administrative Services:								
City Council	\$ -	\$ -	\$ -	\$ -	\$ 4,301	\$ -	\$ -	\$ 4,301
Administration	-	-	-	-	78,044	-	-	78,044
Legal	-	-	-	-	118,563	-	-	118,563
City Secretary	-	-	-	-	43,804	-	-	43,804
Internal Audit	-	-	-	-	11,944	-	-	11,944
Finance	-	-	-	-	26,238	-	-	26,238
Financial Systems Administration	-	-	-	-	10,148	-	-	10,148
Accounting	-	-	-	-	122,723	-	-	122,723
Budget	-	-	-	-	117,558	-	-	117,558
Administrative Services	-	-	-	-	12,636	-	-	12,636
Purchasing	-	-	-	-	50,998	-	-	50,998
Human Resources	-	-	-	-	119,789	-	-	119,789
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>716,746</u>	<u>-</u>	<u>-</u>	<u>716,746</u>
Police:								
Municipal Court Judge	2,780,978	-	6,178,741	-	43,932	-	-	9,003,651
Municipal Court Administration	-	-	-	-	395,469	-	-	395,469
Public Safety Administration	-	-	-	-	2,144,719	-	-	2,144,719
Community Response	-	-	-	-	17,446	-	-	17,446
Police	4,592,859	-	11,566,420	-	9,742,294	-	-	25,901,573
Emergency 911	-	-	368,383	-	4,964,893	-	-	5,333,276
	<u>7,373,837</u>	<u>-</u>	<u>18,113,544</u>	<u>-</u>	<u>17,308,753</u>	<u>-</u>	<u>-</u>	<u>42,796,134</u>
Fire:								
Fire	7,909,347	-	14,435,690	-	8,148,971	-	-	30,494,008
Fire-Civilian	-	-	-	-	24,254	-	-	24,254
Fire Marshal	-	-	-	-	76,262	-	-	76,262
	<u>7,909,347</u>	<u>-</u>	<u>14,435,690</u>	<u>-</u>	<u>8,249,487</u>	<u>-</u>	<u>-</u>	<u>30,594,524</u>
Libraries:								
Library Administration	-	-	-	-	2,955,607	-	-	2,955,607
Technical Services	-	-	-	-	14,021,519	-	-	14,021,519
Harrington Library	1,244,216	-	2,759,632	-	683,118	-	-	4,686,966
Schimepfenig Library	1,445,885	-	3,199,362	-	184,273	-	-	4,829,520
Haggard Library	1,551,303	-	3,436,684	-	1,645,489	-	-	6,633,476
Davis Library	2,046,883	-	4,513,662	-	45,541	-	-	6,606,086
Parr Library	1,757,104	-	3,867,355	-	-	-	-	5,624,459
	<u>8,045,391</u>	<u>-</u>	<u>17,776,695</u>	<u>-</u>	<u>19,535,547</u>	<u>-</u>	<u>-</u>	<u>45,357,633</u>
Development:								
Building Administration	79,989	-	51,782	-	-	-	-	131,771
Building Maintenance	-	-	-	-	46,009	-	-	46,009
Building Maintenance	-	-	109,968	-	664,732	-	-	774,700
Custodial Services	-	-	-	-	3,251	-	-	3,251
Engineering	-	-	-	-	146,865	-	-	146,865
Capital Projects Coordination	-	-	-	-	219,754	-	-	219,754
Development	-	-	-	-	28,898	-	-	28,898
Community Services Administration	-	-	-	-	37,915	-	-	37,915
Community Development Administration	-	-	-	-	285,151	-	-	285,151
Planning	220,899	-	-	-	989,656	-	-	1,210,555
Transportation Engineering	-	-	-	-	93,671	-	-	93,671
Building Inspection	-	-	-	-	401,422	-	-	401,422
	<u>300,888</u>	<u>-</u>	<u>161,750</u>	<u>-</u>	<u>2,917,324</u>	<u>-</u>	<u>-</u>	<u>3,379,962</u>
Public Services and Operations:								
Public Information	-	-	-	-	889,435	-	-	889,435
Records Management	-	-	-	-	60,470	-	-	60,470
Environmental Health	-	-	-	-	227,383	-	-	227,383
Animal Control	101,571	-	2,409,927	-	330,766	-	-	2,842,264
	<u>101,571</u>	<u>-</u>	<u>2,409,927</u>	<u>-</u>	<u>1,508,054</u>	<u>-</u>	<u>-</u>	<u>4,019,552</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

(continued)

CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
AS OF SEPTEMBER 30, 2008 (unaudited)
(continued)

Function and Activity	Improvements							Total
	Land	Construction in Progress	Buildings	Other Than Buildings	Equipment	Public Art	Infrastructure	
Parks and Recreation:	57,664,013	-	-	-	-	-	-	57,664,013
Parks and Recreation Administration	-	-	-	-	193,623	-	-	193,623
Park Administration	-	-	-	-	131,460	-	-	131,460
Park Planning	-	-	-	-	202,305	-	-	202,305
Park Development	2,059,236	-	11,700	-	184,293	-	-	2,255,229
Park Grounds Maintenance	-	-	215,854	-	801,563	-	-	1,017,417
Public Buildings Grounds Maintenance	-	-	-	-	116,158	-	-	116,158
Athletic Fields Grounds Maintenance	-	-	-	-	38,888	-	-	38,888
Championship Youth Ballpark	-	-	-	-	2,686	-	-	2,686
Median Maintenance	-	-	-	-	20,061	-	-	20,061
Creative Arts	25,797	-	555,007	-	30,432	-	-	611,236
Recreation Administration	-	-	-	-	362,775	-	-	362,775
Athletics	44	-	-	-	60,456	-	-	60,500
Special Activities	-	-	-	-	43,660	-	-	43,660
Aquatics	-	-	1,490,714	-	148,106	-	-	1,638,820
Tennis Center	-	-	85,426	-	7,835	-	-	93,261
Senior Services	1,861,895	-	4,129,627	-	156,123	-	-	6,147,645
Recreation Centers	784,700	-	12,491,983	-	1,515,063	-	-	14,791,746
Park Improvements	4,710,284	-	-	85,244,071	-	-	-	89,954,355
	<u>67,105,969</u>	<u>-</u>	<u>18,980,311</u>	<u>85,244,071</u>	<u>4,015,487</u>	<u>-</u>	<u>-</u>	<u>175,345,838</u>
General Government:	8,332,543	-	24,176,268	-	14,209,528	-	-	46,718,339
Enterprise Center	-	-	-	-	16,705	-	-	16,705
Productivity Bank	-	-	-	-	52,090	-	-	52,090
Downtown Advocacy	-	-	-	-	2,168	-	-	2,168
Volunteer Services	-	-	-	-	4,296	-	-	4,296
Tax Collections	-	-	-	-	302,069	-	-	302,069
Youth Advisory Committee	-	-	-	-	7,180	-	-	7,180
Telecommunications	-	-	-	-	425,506	-	-	425,506
	<u>8,332,543</u>	<u>-</u>	<u>24,176,268</u>	<u>-</u>	<u>15,019,542</u>	<u>-</u>	<u>-</u>	<u>47,528,353</u>
Public Works:	6,947,956	-	-	-	-	-	-	6,947,956
Public Works Administration	-	-	-	-	191,548	-	-	191,548
Streets and Traffic Administration	-	-	-	-	2,744,200	-	-	2,744,200
Streets	810,984	-	-	-	3,193,654	-	-	4,004,638
Signals	-	-	-	-	410,145	-	-	410,145
Signs and Markings	-	-	-	-	903,158	-	-	903,158
Sign Shop	-	-	-	-	186,012	-	-	186,012
Street and ROW Coordination	-	-	-	-	678,856	-	-	678,856
Infrastructure	-	-	-	-	-	-	879,883,057	879,883,057
	<u>7,758,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,307,573</u>	<u>-</u>	<u>879,883,057</u>	<u>895,949,570</u>
Construction in Progress	-	180,710,351	-	-	-	-	-	180,710,351
	<u>-</u>	<u>180,710,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,710,351</u>
Public Art	-	-	-	-	-	1,648,740	-	1,648,740
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,648,740</u>	<u>-</u>	<u>1,648,740</u>
Other:	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	2,047,664	-	-	2,047,664
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,047,664</u>	<u>-</u>	<u>-</u>	<u>2,047,664</u>
Total governmental funds capital assets	<u>\$ 106,928,486</u>	<u>\$ 180,710,351</u>	<u>\$ 96,054,185</u>	<u>\$ 85,244,071</u>	<u>\$ 79,626,177</u>	<u>\$ 1,648,740</u>	<u>\$ 879,883,057</u>	<u>\$ 1,430,095,067</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
FOR THE YEAR ENDED SEPTEMBER 30, 2008 (unaudited)**

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	October 1, 2007	Additions	Deductions	September 30, 2008
Administrative Services:				
City Council	\$ 4,301	\$ -	\$ -	\$ 4,301
Administration	71,644	6,400	-	78,044
Legal	106,661	11,902	-	118,563
City Secretary	44,484	-	680	43,804
Internal Audit	11,944	-	-	11,944
Finance	26,238	-	-	26,238
Financial Systems Administration	10,148	-	-	10,148
Accounting	122,723	-	-	122,723
Budget	117,558	-	-	117,558
Administrative Services	12,636	-	-	12,636
Purchasing	50,998	-	-	50,998
Human Resources	119,789	-	-	119,789
	<u>699,124</u>	<u>18,302</u>	<u>680</u>	<u>716,746</u>
Police:				
Municipal Court Judge	8,993,035	10,616	-	9,003,651
Municipal Court Administration	403,268	-	7,799	395,469
Public Safety Administration	2,144,719	-	-	2,144,719
Community Response	17,446	-	-	17,446
Police	25,136,604	1,114,832	349,863	25,901,573
Emergency 911	4,940,791	431,212	38,727	5,333,276
	<u>41,635,863</u>	<u>1,556,660</u>	<u>396,389</u>	<u>42,796,134</u>
Fire:				
Fire	30,389,244	657,271	552,507	30,494,008
Fire-Civilian	24,254	-	-	24,254
Fire Marshal	76,262	-	-	76,262
	<u>30,489,760</u>	<u>657,271</u>	<u>552,507</u>	<u>30,594,524</u>
Libraries:				
Library Administration	2,955,607	-	-	2,955,607
Technical Services	12,992,086	1,029,433	-	14,021,519
Harrington Library	4,398,004	295,016	6,054	4,686,966
Schimelpfenig Library	4,829,903	-	383	4,829,520
Haggard Library	6,405,378	236,252	8,154	6,633,476
Davis Library	6,606,086	-	-	6,606,086
Parr Library	5,624,459	-	-	5,624,459
	<u>43,811,523</u>	<u>1,560,701</u>	<u>14,591</u>	<u>45,357,633</u>
Development:				
Building Administration	131,771	-	-	131,771
Building Maintenance	46,009	-	-	46,009
Building Maintenance	734,805	97,547	57,652	774,700
Custodial Services	3,251	-	-	3,251
Engineering	146,865	-	-	146,865
Capital Projects Coordination	219,754	-	-	219,754
Development	28,898	44,146	44,146	28,898
Community Services Administration	37,915	-	-	37,915
Community Development Administration	285,151	-	-	285,151
Planning	1,210,555	15,372	15,372	1,210,555
Transportation Engineering	93,671	-	-	93,671
Building Inspection	401,422	-	-	401,422
	<u>3,340,067</u>	<u>157,065</u>	<u>117,170</u>	<u>3,379,962</u>
Public Services and Operations:				
Public Information	866,811	28,478	5,854	889,435
Records Management	60,470	-	-	60,470
Environmental Health	231,799	7,038	11,454	227,383
Animal Control	2,842,264	-	-	2,842,264
	<u>4,001,344</u>	<u>35,516</u>	<u>17,308</u>	<u>4,019,552</u>

¹This schedule presents only the capital asset balar (continued)

(continued)

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
FOR THE YEAR ENDED SEPTEMBER 30, 2008 (unaudited)
(continued)

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	October 1, 2007	Additions	Deductions	September 30, 2008
Parks and Recreation:	60,564,232	1,810,065	-	62,374,297
Parks and Recreation Administration	128,391	65,232	-	193,623
Park Administration	131,460	64,541	64,541	131,460
Park Planning	202,305	611	611	202,305
Park Development	2,240,291	102,580	87,642	2,255,229
Park Grounds Maintenance	1,017,429	133,243	133,255	1,017,417
Public Buildings Grounds Maintenance	116,158	-	-	116,158
Athletic Fields Grounds Maintenance	38,873	166,722	166,707	38,888
Championship Youth Ballpark	2,686	-	-	2,686
Median Maintenance	20,061	-	-	20,061
Creative Arts	580,804	35,398	4,966	611,236
Recreation Administration	362,775	-	-	362,775
Athletics	55,750	5,750	1,000	60,500
Special Activities	43,660	-	-	43,660
Aquatics	1,638,820	-	-	1,638,820
Tennis Center	93,261	-	-	93,261
Senior Services	6,148,405	-	760	6,147,645
Recreation Centers	14,287,019	504,727	-	14,791,746
Park Improvements	78,670,633	6,573,438	-	85,244,071
	<u>166,343,013</u>	<u>9,462,307</u>	<u>459,482</u>	<u>175,345,838</u>
General Government:	38,477,032	8,317,634	76,327	46,718,339
Enterprise Center	16,705	-	-	16,705
Productivity Bank	52,090	-	-	52,090
Downtown Advocacy	2,168	-	-	2,168
Volunteer Services	4,296	-	-	4,296
Tax Collections	302,069	-	-	302,069
Youth Advisory Committee	7,180	-	-	7,180
Telecommunications	425,506	-	-	425,506
	<u>39,287,046</u>	<u>8,317,634</u>	<u>76,327</u>	<u>47,528,353</u>
Public Works:	6,947,956	-	-	6,947,956
Public Works Administration	191,548	-	-	191,548
Streets and Traffic Administration	2,744,200	-	-	2,744,200
Streets	3,432,483	573,427	1,272	4,004,638
Signals	410,145	69,383	69,383	410,145
Signs and Markings	903,158	-	-	903,158
Sign Shop	186,012	-	-	186,012
Street and ROW Coordination	678,856	-	-	678,856
Infrastructure	859,244,084	20,638,973	-	879,883,057
	<u>874,738,442</u>	<u>21,281,783</u>	<u>70,655</u>	<u>895,949,570</u>
Construction in progress	<u>163,432,467</u>	<u>51,362,807</u>	<u>34,084,923</u>	<u>180,710,351</u>
	<u>163,432,467</u>	<u>51,362,807</u>	<u>34,084,923</u>	<u>180,710,351</u>
Public Art	<u>1,378,000</u>	<u>270,740</u>	-	<u>1,648,740</u>
	<u>1,378,000</u>	<u>270,740</u>	-	<u>1,648,740</u>
Other:				
Non-departmental	<u>2,047,664</u>	-	-	<u>2,047,664</u>
	<u>2,047,664</u>	-	-	<u>2,047,664</u>
	<u>\$ 1,371,204,313</u>	<u>\$ 94,680,786</u>	<u>\$ 35,790,032</u>	<u>\$ 1,430,095,067</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**STATISTICAL SECTION
(unaudited)**

Tables in the statistical section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City.

	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	103-108
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	109-112
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	113-118
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	119-120
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	121-125

CITY OF PLANO, TEXAS
NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	Fiscal Year							
	2008	2007	2006	2005	2004	2003	2002	2001
Governmental activities								
Invested in capital assets, net of related debt	\$700,704,326	\$680,315,170	\$650,438,402	\$613,733,146	\$589,409,075	\$479,414,392	\$461,267,761	\$425,662,237
Restricted	5,473,218	4,647,374	2,149,959	1,922,052	216,903	87,341,705	97,815,890	68,789,774
Unrestricted	78,416,391	78,312,580	75,071,790	56,238,723	51,176,536	49,956,552	35,423,813	64,644,053
Total governmental activities net assets	\$784,593,935	\$763,275,124	\$727,660,151	\$671,893,921	\$640,802,514	\$616,712,649	\$594,507,464	\$559,096,064
Business-type activities								
Invested in capital assets, net of related debt	\$376,593,433	\$370,233,734	\$356,802,993	\$350,430,598	\$347,518,646	\$313,029,967	\$305,107,182	\$289,013,497
Restricted	6,588,596	4,735,897	6,532,464	5,306,823	6,766,092	28,039,557	26,786,728	33,293,518
Unrestricted	25,092,659	19,637,859	24,893,803	18,175,790	15,882,295	25,278,444	26,035,008	28,278,643
Total business-type activities net assets	\$408,274,688	\$394,607,490	\$388,229,260	\$373,913,211	\$370,167,033	\$366,347,968	\$357,928,918	\$350,585,658
Primary government								
Invested in capital assets, net of related debt	\$1,077,297,759	\$1,050,548,904	\$1,007,241,395	\$964,163,744	\$936,927,721	\$792,444,359	\$766,374,943	\$714,675,734
Restricted	12,061,814	9,383,271	8,682,423	7,228,875	6,982,995	115,381,262	124,602,618	102,083,292
Unrestricted	103,509,050	97,950,439	99,965,593	74,414,513	67,058,831	75,234,996	61,458,821	92,922,696
Total primary government net assets	\$1,192,868,623	\$1,157,882,614	\$1,115,889,411	\$1,045,807,132	\$1,010,969,547	\$983,060,617	\$952,436,382	\$909,681,722

Source: Comprehensive Annual Financial Report
 Note: The City implemented GASB Statement No. 34 in fiscal year 2001, thus 10 years of data is not available.

Table 2

**CITY OF PLANO, TEXAS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
(unaudited)**

	Fiscal Year							
	2008	2007	2006	2005	2004	2003	2002	2001
Expenses								
Governmental activities:								
General government	\$9,052,498	\$12,820,474	\$12,869,160	\$9,610,588	\$12,512,878	\$17,438,330	\$20,985,117	\$18,355,535
Administrative services	8,423,416	7,814,137	7,249,106	6,793,122	5,768,394	6,528,175	6,828,203	6,592,633
Police	68,433,179	60,136,573	52,661,945	52,064,166	48,243,055	45,893,819	45,446,673	42,581,088
Fire	44,201,284	39,368,057	40,171,670	33,765,963	30,628,041	29,814,653	27,914,879	27,054,838
Libraries	11,765,263	10,560,624	9,616,271	8,921,361	9,068,162	9,350,720	10,410,453	9,284,824
Development	20,447,190	19,508,839	18,482,899	17,415,770	16,295,697	15,320,345	16,981,049	15,355,833
Public services and operations	5,402,333	5,213,097	5,069,129	4,760,409	4,879,335	4,607,610	5,019,854	4,703,802
Parks and recreation	26,134,622	22,645,606	20,491,397	19,220,854	17,705,076	18,614,020	21,945,020	20,092,645
Public works	27,944,393	26,677,227	25,864,753	25,047,789	24,743,556	25,157,249	15,572,746	15,286,957
Technology services	13,686,048	12,951,258	11,113,407	12,319,110	11,963,912	9,596,783	8,422,018	8,040,874
Other	7,401,221	6,577,443	858,379	633,447	752,988	752,748	92,178	2,736,606
Interest on Long-Term Debt	14,625,019	12,503,580	12,009,766	9,882,495	13,907,340	14,830,089	16,514,330	17,666,935
Unallocated activities	102,199	100,907	93,337	37,954	38,323	41,175	81,359	79,865
Total governmental activities expenses	257,618,665	236,877,822	216,551,219	200,473,028	196,500,277	197,945,716	196,213,879	187,832,435
Business-type activities:								
Water and sewer	83,264,179	78,413,719	79,400,088	74,996,817	71,292,512	69,729,462	63,207,453	59,070,751
Environmental waste services	21,863,854	19,298,289	18,346,330	17,775,614	15,856,929	15,640,696	15,078,559	14,906,908
Municipal drainage	3,530,079	3,429,488	3,118,453	3,012,858	2,895,673	2,586,813	2,257,100	2,035,853
Civic center	7,311,505	6,416,054	5,751,129	5,488,081	5,075,801	5,107,302	5,326,148	5,327,149
Municipal golf course	1,000,257	885,158	935,483	1,052,789	1,188,468	927,797	872,512	814,230
Property management	39,291	78,759	25,940	65,746	86,193	75,118	33,117	53,168
Recreation revolving	3,096,166	2,642,687	2,436,064	2,471,405	2,409,349	2,401,070	2,274,243	2,006,723
Downtown center development	46,176	46,784	43,356	42,668	42,668	42,668	34,412	63,484
Total business-type activities expenses	120,151,507	111,210,938	110,056,843	104,905,978	98,847,593	96,510,926	89,083,544	84,278,266
Total primary government expenses	\$377,770,172	\$348,088,760	\$326,608,062	\$305,379,006	\$295,347,870	\$294,456,642	\$285,297,423	\$272,110,701
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$1,634,183	\$1,009,164	\$1,056,168	\$1,123,970	\$896,238	\$622,533	\$498,562	\$417,460
Police	12,939,924	12,413,238	12,839,712	11,401,502	12,162,718	11,986,491	11,647,864	10,464,785
Fire	3,801,412	3,446,175	3,396,538	3,114,030	2,807,624	2,630,739	2,665,946	2,299,985
Libraries	453,572	496,697	478,457	415,128	413,414	384,080	359,232	262,828
Development	4,686,571	5,124,766	7,038,776	5,363,885	4,849,896	4,503,747	4,033,639	6,400,990
Public services and operations	1,150,449	1,016,193	1,005,080	900,055	882,984	803,013	700,666	582,456
Parks and recreation	3,685,465	2,357,306	2,629,899	2,088,269	2,269,333	2,234,251	2,271,951	2,527,506
Public works	104,028	84,217	93,534	670,985	115,206	830,296	395,593	1,906,780
Technology services	2,590,036	2,459,419	2,315,210	2,713,243	1,411,457	2,388,886	1,904,632	1,637,408
Operating grants and contributions	4,773,881	4,592,308	6,695,987	4,419,525	3,979,053	3,714,781	3,394,749	3,286,849
Capital grants and contributions	9,654,400	13,499,864	16,672,181	11,494,632	9,479,363	11,396,047	32,522,496	7,162,367
Total governmental activities program revenues	45,473,921	46,499,347	57,221,542	43,705,224	39,267,286	41,494,864	60,395,330	36,949,414

(continued)

**CITY OF PLANO, TEXAS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
(unaudited)**

	Fiscal Year							
	2008	2007	2006	2005	2004	2003	2002	2001
Business-type activities:								
Charges for services:								
Water and sewer	\$100,049,904	\$83,598,039	\$90,197,835	\$80,490,282	\$75,116,766	\$78,836,837	\$63,374,773	\$56,000,539
Environmental waste services	14,772,782	14,196,523	12,784,020	12,239,098	11,926,172	10,099,001	9,694,467	9,367,676
Municipal drainage	4,995,106	4,986,648	4,918,531	4,653,546	4,684,635	4,651,887	4,250,933	3,579,115
Civic center	2,693,882	2,589,358	2,414,989	2,203,629	1,968,913	1,969,739	2,197,003	2,226,117
Municipal golf course	846,096	823,353	907,325	1,009,294	905,720	863,653	953,588	956,099
Property management	72,567	81,587	85,789	84,468	74,301	94,538	65,779	75,444
Recreation revolving	3,080,725	2,765,100	2,656,865	2,600,095	2,591,140	2,486,156	2,444,845	2,159,850
Downtown center development	68,127	68,127	68,127	67,679	67,879	84,596	736	-
Operating grants and contributions	60,609	289,052	22,828	259,951	15,107	260,702	-	2,850
Capital grants and contributions	7,354,169	7,991,489	10,048,819	7,762,146	6,746,298	6,612,238	12,293,848	11,176,751
Total business-type activities program revenues	133,993,967	117,389,276	124,105,128	111,370,188	104,096,931	105,959,347	95,275,972	85,544,441
Total primary government program revenues	\$179,467,888	\$163,888,623	\$181,326,670	\$155,075,412	\$143,364,217	\$147,454,211	\$155,671,302	\$122,493,855
Net (Expense) Revenue								
Governmental Activities	(212,144,744)	(190,378,475)	(159,329,677)	(156,767,804)	(157,232,991)	(156,450,852)	(135,818,549)	(150,883,021)
Business-type Activities	13,842,460	6,178,338	14,048,285	6,464,210	5,249,338	9,448,421	6,192,428	1,266,175
Total primary government net (expense)	(198,302,284)	(184,200,137)	(145,281,392)	(150,303,594)	(151,983,653)	(147,002,431)	(129,626,121)	(149,616,846)
General revenues and transfers								
Governmental activities:								
Property taxes	\$123,054,998	\$114,157,316	\$104,809,088	\$100,094,935	\$97,679,382	\$97,806,975	\$89,723,339	\$84,499,132
Sales taxes	62,122,119	61,573,210	65,320,897	52,251,009	49,602,196	45,932,804	45,591,342	47,569,128
Mixed drink taxes	1,003,932	983,663	814,346	680,135	613,182	548,213	508,009	475,118
Other taxes	360,115	225,445	215,439	135,574	129,814	92,480	146,765	143,061
Franchise fees	23,022,217	22,463,447	22,114,560	19,200,896	19,226,216	19,896,556	19,916,471	19,335,868
Investment income	10,683,028	13,985,970	9,914,048	3,558,018	3,797,449	4,546,042	7,205,315	11,227,523
Transfers	13,217,146	12,604,397	11,907,529	11,938,644	10,274,617	9,832,967	8,138,708	5,600,488
Total governmental activities	233,463,555	225,993,448	215,095,907	187,859,211	181,322,856	178,656,037	171,229,949	168,850,318
Business-type activities:								
Hotel/Motel tax	4,909,061	4,741,492	4,416,422	3,423,055	3,076,824	2,900,308	2,699,230	3,202,533
Franchise fees	6,721,464	6,259,512	5,876,771	5,254,809	5,021,716	4,979,213	4,739,942	4,703,106
Investment income	1,411,359	1,803,285	1,882,100	542,748	745,804	924,075	1,850,368	4,289,004
Transfers	(13,217,146)	(12,604,397)	(11,907,529)	(11,938,644)	(10,274,617)	(9,832,967)	(8,138,708)	(4,675,730)
Total business-type activities	(175,262)	199,892	267,764	(2,718,032)	(1,430,273)	(1,029,371)	1,150,832	7,518,913
Total primary government	\$233,288,293	\$226,193,340	\$215,363,671	\$185,141,179	\$179,892,583	\$177,626,666	\$172,380,781	\$176,369,231
Change in Net Assets								
Governmental activities	\$21,318,811	\$35,614,973	\$55,766,230	\$31,091,407	\$24,089,865	\$22,205,185	\$35,411,400	\$17,967,297
Business-type activities	13,667,198	6,378,230	14,316,049	3,746,178	3,819,065	8,419,050	7,343,260	8,785,088
Total primary government	\$34,986,009	\$41,993,203	\$70,082,279	\$34,837,585	\$27,908,930	\$30,624,235	\$42,754,660	\$26,752,385

Source: Comprehensive Annual Financial Report
Note: The City implemented GASB Statement No. 34 in fiscal year 2001, thus 10 years of data is not available.

**CITY OF PLANO, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (unaudited)**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved for encumbrances	\$2,683,725	\$1,566,433	\$2,776,694	\$2,283,707	\$3,718,284	\$1,682,711	\$2,747,069	\$4,574,168	\$4,441,987	\$5,227,781
Reserved for prepaids	159,121	90,268	229,018	145,343	114,548	50,622	30,273	26,106	35,103	99,218
Reserved for long term loans	6,518,966	6,925,699	7,310,017	7,672,675	7,916,108	7,468,026	7,005,764	3,600,325	2,833	-
Unreserved	35,379,734	37,101,360	38,488,933	29,122,461	27,747,994	20,600,580	13,096,232	14,320,196	19,605,217	16,054,036
Total general fund	\$44,741,546	\$45,683,660	\$48,804,662	\$39,224,186	\$39,496,934	\$29,801,939	\$22,879,338	\$22,520,795	\$24,085,140	\$21,381,035
All Other Governmental Funds										
Reserved for:										
Encumbrances	\$39,404,227	\$23,855,483	\$39,234,962	\$19,366,204	\$19,541,095	\$8,417,242	\$15,661,184	\$20,202,444	\$27,316,311	\$25,924,001
Prepaids and other assets	6,195	2,702	4,490	205,108	6,415	325	150	2,286	465	650
Debt service	5,491,973	4,754,700	2,171,565	1,937,365	224,322	719,504	5,975,191	4,759,993	1,944,438	1,977,192
Long term loans and advances	-	-	-	775,299	951,845	-	-	-	-	-
Capital projects	88,689,616	72,879,121	54,451,744	52,861,830	21,211,416	68,944,146	64,648,100	60,803,970	33,635,418	34,328,974
Unreserved, reported in:										
Special Revenue funds	17,680,256	15,516,547	13,184,351	10,306,964	8,883,675	8,196,811	7,523,025	4,906,653	2,822,592	1,483,001
Capital Projects funds	130,154	731,846	705,600	666,097	18,482,081	(281,966)	(1,370,776)	(4,269,534)	(6,110,231)	(1,397,024)
Total all other governmental funds	\$151,402,421	\$117,740,399	\$109,752,712	\$86,118,867	\$69,300,849	\$85,996,062	\$92,436,874	\$86,405,812	\$59,608,993	\$62,316,794

Source: Comprehensive Annual Financial Report

**CITY OF PLANO, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues:										
Taxes-										
Property taxes	\$114,494,640	\$107,059,153	\$97,121,351	\$93,311,613	\$91,655,523	\$90,100,086	\$85,228,237	\$77,822,525	\$71,054,998	\$62,782,307
Other taxes	63,266,376	63,425,218	59,581,037	53,007,928	50,289,482	46,555,857	46,167,605	48,119,027	46,683,884	40,329,589
Franchise fees	22,628,847	22,039,441	21,720,865	19,200,896	19,226,216	19,698,926	19,700,523	19,090,181	15,120,762	14,085,493
Fines and forfeitures	9,167,406	9,822,913	10,125,683	8,961,337	9,806,522	9,738,545	8,809,121	7,845,797	6,508,695	5,308,765
Contributions	3,845,932	306,924	1,081,788	3,826,173	2,017,253	3,636,791	13,162,633	7,407,334	9,141,106	6,597,968
Rollback taxes	1,134,487	1,172,609	735,757	223,159	205,506	350,203	-	1,106,206	1,043,361	1,140,776
Licenses and permits	5,235,695	5,524,955	6,800,126	5,195,516	5,131,810	4,831,824	4,381,369	6,025,513	6,959,848	6,576,147
Intragovernmental	7,276,212	6,399,935	6,592,673	6,235,373	5,851,135	5,940,984	5,089,048	4,842,117	4,877,386	4,655,182
Intergovernmental	3,432,643	3,915,812	8,744,104	3,898,076	2,983,278	2,767,470	2,378,724	2,354,764	2,212,066	2,858,445
Fees for services	13,488,581	10,476,645	11,177,263	9,705,325	8,846,147	8,540,621	8,532,636	8,926,426	8,709,263	9,457,160
Assessments	25,465	99,741	443,672	202,427	197,763	542,131	44,445	567,590	582,653	506,953
Investment income	8,420,799	10,779,409	7,777,156	2,727,800	3,019,984	3,687,989	5,531,416	8,647,429	6,577,294	3,868,468
Proceeds from sale of capital assets	-	-	-	-	21,000	-	-	-	-	-
Miscellaneous	1,909,910	1,407,342	4,865,976	1,262,983	1,111,417	1,045,888	889,639	786,238	585,973	583,095
Total Revenues	254,326,993	242,430,097	236,767,451	207,758,606	200,363,036	197,437,315	199,915,396	193,541,147	180,057,289	158,750,348
Expenditures:										
Current-										
General government	878,675	1,255,206	1,309,980	577,990	2,764,025	2,912,453	3,194,862	2,722,284	-	-
Administrative services	8,208,019	7,916,611	7,282,215	6,892,456	6,312,095	6,509,715	6,581,342	6,344,653	-	-
Police	61,831,212	59,114,102	53,618,495	51,031,849	47,219,455	43,743,086	42,647,390	39,486,865	-	-
Fire	41,361,437	39,096,906	40,124,063	33,650,136	29,026,018	28,248,820	25,895,256	24,495,435	-	-
Libraries	10,467,040	10,139,905	9,238,861	8,705,346	8,564,913	8,702,926	8,619,718	7,874,877	-	-
Development	19,635,957	19,644,186	18,420,446	17,233,160	16,078,528	15,178,820	16,126,052	14,736,448	-	-
Public services and operations	5,377,281	5,403,953	5,063,124	4,786,528	4,548,593	4,363,610	4,632,868	4,323,585	-	-
Parks and recreation	20,681,818	18,785,397	16,709,740	15,891,574	13,961,744	13,602,042	13,384,235	12,318,857	-	-
Environmental waste services	53,576	258,275	19,845	215,025	14,194	249,778	-	-	-	-
Public works	5,820,027	5,764,590	5,273,610	5,395,278	4,948,866	5,038,706	4,843,160	4,849,468	-	-
Other	27,266,420	26,335,719	18,381,077	17,403,344	13,747,316	17,752,756	15,284,555	16,502,541	-	-
Capital outlay	54,679,984	68,000,143	49,933,401	44,443,506	35,349,894	41,042,654	40,704,962	46,091,229	-	-
General government	-	-	-	-	-	-	-	-	30,334,973	25,854,262
Public Safety	-	-	-	-	-	-	-	-	58,758,930	52,694,681
Community services	-	-	-	-	-	-	-	-	27,916,785	24,717,069
Public works	-	-	-	-	-	-	-	-	4,737,909	4,218,523
Capital Outlay	-	-	-	-	-	-	-	-	55,403,432	46,987,072
Debt service-										
Principal retirement	23,510,000	21,020,000	20,510,000	19,407,991	18,187,142	17,688,449	16,681,306	15,802,440	20,495,000	19,600,000
Interest and fiscal charges	14,598,200	12,837,888	12,154,302	10,669,530	13,527,706	14,616,031	15,970,668	17,650,384	11,332,423	11,949,394
Escrow payment-refunding	-	-	-	-	-	-	1,216,610	-	-	-
Bond accretion	-	-	-	962,009	-	-	-	-	-	-
Total Expenditures	294,369,646	295,572,881	258,039,159	237,265,722	214,250,489	219,649,846	215,782,984	213,199,066	208,979,452	186,021,001
Deficiency Of Revenues	(40,042,653)	(53,142,784)	(21,271,708)	(29,507,116)	(13,887,453)	(22,212,531)	(15,867,588)	(19,657,919)	(28,922,163)	(27,270,653)
Under Expenditures										

CITY OF PLANO, TEXAS
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (unaudited)

Table 4
 (continued)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Other Financing Sources (Uses):										
Proceeds from sale of bonds	58,370,000	46,675,000	44,690,000	37,190,000	-	20,314,000	15,630,000	38,510,000	24,330,000	25,370,000
Tax anticipation note and bond premiums	-	-	-	-	-	-	-	637,205	-	-
Bond proceeds-refunding	-	-	-	78,380,000	-	22,796,533	42,842,287	-	-	-
Premium on sale of bonds	925,415	1,162,822	1,615,017	5,866,266	-	-	-	-	1,883	4,253
Discount on sale of bonds	-	-	(350,017)	(200,473)	-	-	-	-	-	-
Escrow payment-refunding	-	-	-	(84,067,431)	-	(23,151,258)	(42,503,801)	-	-	-
Sale of land	-	-	-	336,536	-	-	-	-	-	-
Operating transfers in	24,276,733	23,414,508	23,687,190	22,349,005	21,611,533	17,910,089	16,538,678	19,562,088	11,866,356	15,188,336
Operating transfers out	(10,809,587)	(13,242,861)	(15,156,161)	(13,801,517)	(14,724,298)	(15,175,044)	(10,249,971)	(13,818,900)	(7,279,772)	(9,816,839)
Total Other Financing Sources	72,762,561	58,009,469	54,486,029	46,052,386	6,887,235	22,694,320	22,257,193	44,890,393	28,918,467	30,745,750
Net change in fund balances	\$ 32,719,908	\$ 4,866,685	\$ 33,214,321	\$ 16,545,270	\$ (7,000,218)	\$ 481,789	\$ 6,389,605	\$ 25,232,474	\$ (3,696)	\$ 3,475,097

Debt service as a percentage of noncapital expenditures 15.9% 14.9% 15.7% 16.1% 17.7% 18.1% 19.3% 15.7% 20.7% 22.7%

**CITY OF PLANO, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF
 TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (unaudited)**

Fiscal Year	Estimated Market Value			Less:		Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property Residential	Real Property Non-Residential	Non-Real Property Personal	Tax-Exempt Property			
1999	10,105,409,869	3,814,047,977	2,003,213,399	2,603,867,932		13,318,803,313	0.4685
2000	11,545,972,673	4,310,895,509	1,928,110,972	2,814,264,430		14,970,714,724	0.4685
2001	12,996,818,388	5,096,813,143	2,132,562,355	3,274,218,669		16,951,975,217	0.4585
2002	14,142,191,479	5,949,271,808	2,733,219,210	3,901,586,146		18,923,096,351	0.4535
2003	15,264,661,366	6,407,096,419	2,617,931,276	4,095,469,553		20,194,219,508	0.4535
2004	15,881,648,854	6,294,650,068	2,266,621,779	4,044,250,374		20,398,670,327	0.4535
2005	16,332,126,225	6,546,216,987	2,242,943,854	4,251,552,256		20,869,734,810	0.4535
2006	16,979,745,491	6,758,241,962	2,255,993,450	4,344,715,518		21,649,265,385	0.4535
2007	17,812,371,500	7,138,331,140	2,375,828,520	4,497,389,848		22,829,141,312	0.4735
2008	18,778,466,676	7,916,064,395	2,475,080,029	4,658,110,425		24,511,500,675	0.4735

Source: City of Plano Budget Department and Collin County Central Appraisal District based on original tax roll

Note: Real, Personal and Tax-Exempt breakout of Net Adjustments provided by Kenneth L. Maun, Tax Assessor/Collector, is unavailable.

**CITY OF PLANO, TEXAS
PROPERTY TAX RATES/ASSESSMENT RATIOS -
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(unaudited)**

Fiscal Year (1)	City of Plano			Plano			Allen			Collin County			Frisco			Lewisville			Denton County			Collin County Community College			
	General Fund	Debt Service Fund	Assessment Ratio	School District	Assessment Ratio	School District	School District	Assessment Ratio	School District	Assessment Ratio	School District	Assessment Ratio	School District	Assessment Ratio	School District	Assessment Ratio	School District	Assessment Ratio	School District	Assessment Ratio	School District	Assessment Ratio	School District	Assessment Ratio	
1999	0.2538	0.2147	100	1.540	100	1.89	100	0.2708	100	1.514	100	1.610	100	0.2488	100	0.099	100	0.099	100	0.099	100	0.099	100	0.099	100
2000	0.2708	0.1977	100	1.579	100	1.89	100	0.2500	100	1.440	100	1.567	100	0.235	100	0.097	100	0.097	100	0.097	100	0.097	100	0.097	100
2001	0.2614	0.1971	100	1.5531	100	1.76	100	0.2500	100	1.420	100	1.610	100	0.232	100	0.094	100	0.094	100	0.094	100	0.094	100	0.094	100
2002	0.2690	0.1845	100	1.6285	100	1.83	100	0.2500	100	1.440	100	1.670	100	0.252	100	0.093	100	0.093	100	0.093	100	0.093	100	0.093	100
2003	0.2864	0.1671	100	1.7034	100	1.81	100	0.2500	100	1.498	100	1.770	100	0.249	100	0.092	100	0.092	100	0.092	100	0.092	100	0.092	100
2004	0.2908	0.1627	100	1.7334	100	1.93	100	0.2500	100	1.558	100	1.770	100	0.247	100	0.092	100	0.092	100	0.092	100	0.092	100	0.092	100
2005	0.2810	0.1725	100	1.7334	100	1.91	100	0.2500	100	1.630	100	1.770	100	0.255	100	0.091	100	0.091	100	0.091	100	0.091	100	0.091	100
2006	0.2888	0.1647	100	1.7334	100	1.91	100	0.2500	100	1.580	100	1.770	100	0.246	100	0.089	100	0.089	100	0.089	100	0.089	100	0.089	100
2007	0.3080	0.1655	100	1.5784	100	1.78	100	0.2450	100	1.580	100	1.640	100	0.232	100	0.088	100	0.088	100	0.088	100	0.088	100	0.088	100
2008	0.3210	0.1525	100	1.268	100	1.47	100	0.2450	100	1.350	100	1.380	100	0.236	100	0.080	100	0.080	100	0.080	100	0.080	100	0.080	100

(1) For School Districts, fiscal years end on August 31, and, beginning in 1992, include the County Education District tax rate.

NOTE: Property tax rates are levied per \$100 assessed valuation.

Sources: Representatives of the various taxing jurisdictions.

CITY OF PLANO, TEXAS
 PRINCIPAL TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (unaudited)

Table 7

Name of Taxpayer	2008			1999		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Electronic Data Systems Corporation	\$200,554,042	1	0.82	322,591,550	1	2.39
TXU Electric Delivery Company	172,513,019	2	0.70	135,018,049	3	1.00
J.C. Penney, Inc.	169,039,157	3	0.69	127,395,785	4	0.94
Willow Bend Association	127,000,000	4	0.52	-	-	-
Alcatel USA Sourcing LP	118,284,531	5	0.48	136,457,118	2	1.01
The Campus at Legacy	100,000,000	6	0.41	-	-	-
HSP of Texas Incorporated	81,064,731	7	0.33	-	-	-
Collin Creek Mall	76,895,956	8	0.31	121,369,467	5	1.02
The Shops at Legacy	75,393,638	9	0.31	-	-	-
Tollway/121 Partners LTD	72,391,253	10	0.29	-	-	-
Texas Instruments	-	-	-	75,375,124	6	0.56
Digital Switch Corporation	-	-	-	69,207,704	7	0.51
Frito-Lay	-	-	-	65,106,770	8	0.48
Dallas Morning News	-	-	-	63,982,140	9	0.47
G.T.E	-	-	-	62,179,918	10	0.46
Total	1,193,136,327		4.86	1,178,683,625		8.84

Source: Collin County Appraisal District

Table 8

CITY OF PLANO, TEXAS
 PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS
 (unaudited)

Fiscal Year	Total Tax Levy	Collection Current Year's Taxes During Period	Collections Transferred to TIF Component Units	Total Current Year Collections	Percent of Levy Collected During Fiscal Period	Collections in Subsequent Years	Total Tax Collections	Accumulated Delinquent Taxes	Percentage of Levy
1999	\$63,228,936	\$62,097,393	-	\$62,097,393	98.2	\$1,121,382	\$63,218,775	\$10,161	99.98
2000	70,664,029	69,961,280	-	69,961,280	99.0	691,862	70,653,142	10,887	99.98
2001	78,095,849	76,907,817	370,402	77,278,219	99.0	761,910	78,040,129	55,720	99.93
2002	85,697,627	84,108,496	729,535	84,838,031	99.0	713,315	85,551,346	146,281	99.83
2003	91,504,269	89,097,226	1,491,645	90,588,871	99.0	713,326	91,302,197	202,072	99.78
2004	92,724,955	90,573,604	1,349,783	91,923,387	99.1	613,059	92,536,446	188,509	99.80
2005	94,735,250	92,286,096	1,455,736	93,741,832	99.0	841,526	94,583,358	151,892	99.84
2006	98,580,157	95,754,030	1,588,800	97,342,830	98.7	1,049,464	98,392,294	187,863	99.81
2007	108,186,053	105,461,839	1,870,213	107,332,052	99.2	637,039	107,969,091	216,962	99.80
2008	116,214,292	113,215,333	2,127,954	115,343,287	99.3	-	115,343,287	871,005	99.25

Table 9

CITY OF PLANO, TEXAS
 RATIO OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS
 (unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Anticipation Notes	Water and Sewer Revenue Bonds	Solid Waste General Obligation Bonds	Drainage Revenue Bonds	Municipal Bonds			
1999	\$227,362,327	-	\$34,068,407	\$260,000	\$14,740,000	\$276,430,734	4.30	1,255	
2000	231,197,327	-	30,528,407	-	14,230,000	275,955,734	4.11	1,183	
2001	253,904,888	17,670,000	27,078,407	-	18,180,000	316,833,295	4.61	1,375	
2002	251,053,582	15,155,000	23,668,407	-	17,365,000	307,241,989	3.67	1,302	
2003	252,765,133	12,200,000	18,187,939	-	20,255,000	303,408,072	3.50	1,261	
2004	234,577,991	9,115,000	15,555,143	-	19,325,000	278,573,134	3.34	1,132	
2005	252,290,000	5,900,000	12,988,168	-	21,445,000	292,623,168	3.43	1,176	
2006	276,470,000	2,555,000	10,472,042	-	21,730,000	311,227,042	3.28	1,225	
2007	302,125,000	-	8,030,000	-	22,475,000	332,630,000	3.24	1,291	
2008	336,985,000	-	5,750,000	-	23,170,000	365,905,000	3.37	1,399	

Note: See Table 15 for personal income and population data.

Table 10

CITY OF PLANO, TEXAS
 RATIO OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS
 (unaudited)

	Governmental Activities			Percentage of Actual Taxable Value	Per Capita
	General Obligation Bonds	Tax Anticipation Notes	Total Primary Government		
1999	\$227,362,327	\$ -	\$227,362,327	1.68	\$1,033
2000	231,197,327	-	231,197,327	1.53	991
2001	253,904,888	17,670,000	271,574,888	1.59	1,179
2002	251,053,582	15,155,000	266,208,582	1.41	1,128
2003	252,765,133	12,200,000	264,965,133	1.31	1,102
2004	234,577,991	9,115,000	243,692,991	1.19	990
2005	252,290,000	5,900,000	258,190,000	1.24	1,037
2006	276,470,000	2,555,000	279,025,000	1.28	1,098
2007	302,125,000	-	302,125,000	1.32	1,173
2008	336,985,000	-	336,985,000	1.37	1,289

See Table 5 for property value data.
 See Table for 15 for population data.

**CITY OF PLANO, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2008
(unaudited)**

Table 11

Taxing Body	Net General Bonded Debt	Percentage of Debt Applicable to Area	City of Plano Share of Debt
City of Plano	\$ 331,493,027	100.00%	\$ 331,493,027
Total direct debt	331,493,027		331,493,027
Plano Independent School District	797,795,000	74.93%	597,787,794
Collin County	384,263,566	47.42%	182,217,783
Denton County	285,616,003	0.53%	1,513,765
Frisco Independent School District	992,862,979	3.21%	31,870,902
Allen Independent School District	268,425,668	0.69%	1,852,137
Lewisville Independent School District	770,399,324	1.24%	9,552,952
Collin County Community College	48,270,096	47.42%	22,889,680
Total overlapping debt	3,547,632,636		847,685,013
Total direct and overlapping bonded debt	\$ 3,879,125,663		\$ 1,179,178,040
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			5.42%
Per capita overlapping bonded debt			\$ 4,641

Sources: For net bonded debt, representatives (business manager or finance officer) of the taxing jurisdictions. For percentage of debt applicable to City, the Municipal Advisory Council of Texas.

**CITY OF PLANO, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2008
(unaudited)**

Table 12

As a home rule city, the City of Plano is not limited by the law in the amount of debt it may issue. The City's Charter (Section 9.18) states

The City Council shall have the power under the provisions of the state law to levy, assess and collect an annual tax upon real and personal property within the City to the maximum provided by the Constitution and the general laws of the State of Texas. The City Council shall also have the power to levy occupation taxes on such occupations as consistent with the general laws of the State of Texas.

Article II, Section 5 of the State of Texas Constitution states in part:

...but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city.

The tax rate at October 1, 2007, is \$0.4735 per \$100.00 with assessed valuation at 100% of market value.

Table 13

CITY OF PLANO, TEXAS
 SCHEDULE OF REVENUE BOND COVERAGE - WATER AND SEWER BONDS
 LAST TEN FISCAL YEARS
 (unaudited)

Fiscal Year	Total Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			
				Principal	Interest	Total	
1999	56,214,422	35,813,341	20,401,081	2,472,209	935,020	3,407,229	5.99
2000	60,100,870	38,956,651	21,144,219	2,391,779	929,567	3,321,346	6.37
2001	55,670,700	44,854,515	10,816,185	2,337,704	890,986	3,228,690	3.35
2002	63,036,735	47,308,016	15,728,719	2,236,385	848,490	3,084,875	5.10
2003	78,194,671	52,483,907	25,710,764	1,666,071	473,851	2,139,922	12.01
2004	74,706,630	54,579,731	20,126,899	1,568,586	414,900	1,983,486	10.15
2005	80,074,804	58,161,700	21,913,104	1,456,617	318,752	1,775,369	12.34
2006	89,735,898	61,879,529	27,856,369	1,322,784	218,834	1,541,618	18.07
2007	83,223,811	61,514,435	21,709,376	1,357,183	143,305	1,500,488	14.47
2008	99,931,712	64,224,159	35,707,553	1,169,492	107,551	1,277,043	27.96

Note: Direct operating expense excludes depreciation and charges in lieu of taxes.

Table 14

CITY OF PLANO, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE - MUNICIPAL DRAINAGE BONDS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	Gross Revenue	Operating and Maintenance Expense	Gross Revenues Times Expense	Maximum Annual Debt Service Requirement			
				Principal	Interest	Total	
1999	2,615,883	1,164,802	2.25	510,000	786,671	1,296,671	1.12
2000	2,911,277	1,373,898	2.12	580,000	715,250	1,295,250	1.19
2001	3,885,818	1,381,379	2.81	815,000	828,508	1,643,508	1.52
2002	4,529,784	1,660,378	2.73	1,330,000	318,631	1,648,631	1.74
2003	4,813,110	1,576,324	3.05	1,510,000	411,084	1,921,084	1.68
2004	4,856,102	1,619,998	3.00	1,510,000	411,084	1,921,084	1.68
2005	4,787,315	1,938,716	2.47	1,635,000	467,365	2,102,365	1.35
2006	5,620,198	2,062,502	2.72	1,700,000	515,468	2,215,468	1.61
2007	5,590,039	2,099,427	2.66	1,785,000	582,979	2,367,979	1.47
2008	5,490,072	2,248,948	2.44	1,795,000	732,503	2,527,503	1.28

NOTE: 1995 is the first Fiscal Year of coverage for the bonds. Bond ordinance requires that revenues are at least equal to 1.00 times the operating and maintenance expenses (excluding depreciation) and 1.10 times the maximum annual debt service for all outstanding bonds.

CITY OF PLANO, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (unaudited)

Table 15

Fiscal Year	DEMOGRAPHICS				Unemployment Rate (%)
	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	PISD School Enrollment	
1999	220,200	6,428,478	29,194	43,514	2.0
2000	233,200	6,720,560	28,819	46,115	2.2
2001	230,409	6,873,745	29,833	47,364	4.3
2002	235,949	8,360,561	35,434	50,632	5.6
2003	240,545	8,663,388	36,016	51,800	5.9
2004	246,098	8,337,833	33,880	51,244	3.8
2005	248,912	8,535,705	34,292	51,446	4.4
2006	254,082	9,491,143	37,355	53,181	4.0
2007	257,600	10,250,853	39,794	52,997	3.9
2008	261,500	10,861,901	41,537	53,683	4.8

Sources: Population estimates were prepared by the City of Plano. Personal income estimates were obtained from the U. S. Census Bureau for the year 2007. School enrollment figures were provided by the Plano Independent School District (PISD). Unemployment rates were provided by the Texas Workforce Commission.

Table 16

**CITY OF PLANO, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(unaudited)**

	2008			2000		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment	
Countrywide Home Loans	10,762	7.27	Electronic Data Systems	10,530	9.15	
J.C. Penney, Inc.	5,200	3.51	DSC Communications Corporation	3,800	3.30	
Electronic Data Systems	5,000	3.38	J.C. Penney, Inc.	3,700	3.22	
Perot Systems Corporation	2,732	1.85	Frito-Lay	2,400	2.09	
Alcatel	2,280	1.54	J.C. Penney Life Insurance	1,350	1.17	
CHC Acquisition Corporation	2,000	1.35	Countrywide Home Loans	1,500	1.30	
Frito-Lay	1,920	1.30	Medical Center of Plano	1,200	1.04	
Dr. Pepper/SevenUp Corporation	1,700	1.15	Dallas Morning News	900	0.78	
Medical Center of Plano	1,491	1.01	Texas Instruments Incorporated	800	0.70	
Presbyterian Hospital of Plano	1,480	1.00	Dr. Pepper/SevenUp Corporation	730	0.63	
Total	34,565	23.36	Total	26,910	23.38	

Sources: North Central Texas Council of Governments statistical and census data and Texas Workforce Commission.

**CITY OF PLANO, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS
 (unaudited)**

Table 17

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government	63.5	65.0	67.0	62.5	63.0	64.0	64.0	63.0	60.0	58.5
Administrative services	86.0	79.0	74.5	77.5	73.0	75.0	82.0	80.5	77.0	73.5
Police	661.0	661.5	622.0	630.5	607.0	613.5	612.5	587.0	542.5	528.5
Fire	335.5	333.0	322.0	298.5	300.5	293.5	292.5	288.0	281.5	264.0
Libraries	172.0	170.0	167.0	161.0	161.5	173.0	174.5	170.5	148.5	143.0
Development	164.0	164.0	174.0	170.0	167.0	174.5	178.0	178.5	176.5	163.0
Public services and operations	64.0	66.5	64.0	71.0	66.5	68.5	66.5	68.0	62.5	56.0
Parks and recreation	376.5	311.5	303.5	299.5	301.5	293.0	300.0	263.5	228.5	191.5
Public works	65.5	61.0	63.0	64.0	62.5	61.0	65.0	62.5	69.0	67.5
Technology services	50.0	47.0	46.0	46.0	41.0	40.0	40.0	36.0	34.0	31.0
Water and sewer	146.5	147.5	139.5	144.5	148.5	139.0	143.0	137.0	119.0	117.0
Environmental waste services	90.5	89.5	85.0	86.5	86.0	83.5	85.0	84.0	69.0	64.5
Municipal drainage	18.0	18.0	18.0	18.5	18.0	18.0	15.0	15.5	15.5	12.5
Civic center	47.5	49.0	46.0	48.0	47.0	40.5	40.5	39.0	37.0	31.5
Municipal golf course	8.0	9.0	9.0	10.0	10.0	9.0	10.0	10.0	9.0	10.5
Recreation revolving	148.0	107.0	111.5	131.0	135.5	143.0	142.0	124.0	105.5	102.5
Total	2,496.5	2,378.5	2,312.0	2,319.0	2,288.5	2,289.0	2,310.5	2,207.0	2,035.0	1,915.0

CITY OF PLANO, TEXAS
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (unaudited)

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Administrative Services										
Legal										
Ordinance/resolution review/preparation	658	677	605	525	500	700	600	600	775	750
Human Resources										
Full-time employees	1,422	2,050	1,991	1,952	1,840	1,856	1,890	1,875	1,765	1,685
Accounting										
Payment requests processed	86,869	82,630	84,642	76,872	70,000	84,000	58,000	70,000	70,000	66,500
Police										
Employees (uniformed)	344	343	335	329	323	315	322	315	309	251
Citations	87,801	79,224	101,199	93,502	101,804	109,422	102,345	88,204	69,736	56,905
Public Safety Communications										
911 calls*	228,214	165,194	169,559	168,560	161,332	178,410	177,398	182,848	159,853	124,333
911 dispatches*	222,252	146,277	150,904	142,993	146,592	137,212	141,008	134,670	131,312	109,929
Fire										
Employees (uniformed)	317	319	308	287	282	276	274	269	267	284
Fire runs	19,665	18,964	18,178	17,085	16,011	17,214	16,936	16,640	15,034	14,255
EMS runs	12,297	11,734	10,786	10,214	9,362	9,022	8,968	8,946	8,259	7,564
Libraries										
Volumes in collection	804,410	761,236	738,939	730,837	686,861	648,998	642,692	605,735	578,311	506,697
Registered borrowers	192,578	173,341	174,970	184,980	176,355	167,370	144,386	140,161	127,902	126,035
Development										
Building Inspections										
Inspections (all construction)	80,600	80,732	91,166	91,401	90,459	89,356	78,597	98,598	106,160	114,031
New construction permits issued	1,718	1,578	1,957	1,608	1,633	1,652	1,615	2,381	3,696	3,696
Engineering										
New Streets/Alleys paved (miles)	9	16	9	8	7	6	23	17	36	44
New Water lines installed (miles)	16	18	21	21	20	18	42	56	56	52
Public Services and Operations										
Environmental Health										
Inspections	3,961	3,909	3,445	3,593	3,476	3,292	2,984	2,602	2,852	2,445
Animal Control										
Animals impounded	8,307	6,241	5,464	6,848	5,413	5,546	5,723	3,544	6,192	6,148

(continued)

Table 18
(continued)

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Parks and Recreation										
Park maintain & operate per acre	393	491	462	543	524	NA	NA	NA	NA	NA
Athletic field maintain & operate per acre	12,255	15,052	13,621	10,669	8,377	NA	NA	NA	NA	NA
Recreation attendance	2,341,119	1,691,348	1,675,541	1,864,361	1,874,506	1,849,450	1,874,666	1,750,812	1,612,836	1,399,860
Recreation center members	38,341	16,371	15,849	16,412	14,815	15,498	20,274	19,795	15,388	14,430
Public Works										
Streets										
Street Excavate/Replace (Sq Ft)	857,592	1,005,678	828,864	469,602	752,382	779,175	835,587	409,014	456,858	510,876
Water and Sewer										
Water Customers	77,440	77,961	77,400	76,305	75,307	74,014	73,109	71,920	67,241	67,241
Average Daily Water Consumption (gal)	61,657,000	52,211,000	66,758,838	53,531,312	57,239,000	53,580,000	41,400,000	53,623,000	57,820,000	57,820,000
Maximum Storage Capacity (gal)	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000
Environmental Waste Services (residential)										
Refuse collected (tons)	62,982	63,154	61,095	66,048	67,187	65,573	65,954	66,419	65,467	66,323
Bulky waste pickups (tons)	5,650	5,240	4,717	4,786	3,118	5,132	4,858	4,382	5,552	5,071
Recyclables collected (tons)	20,867	20,469	20,667	20,449	20,721	20,435	20,056	18,743	16,485	13,403
Yard trimmings collected (tons)	26,836	24,541	19,021	20,649	19,636	20,211	19,417	21,069	19,341	16,909
Municipal Drainage										
Environmental assessment requests	82	120	128	99	90	95	70	102	84	125
Storm sewer inlets maintained	4,139	10,483	10,200	9,800	9,500	9,050	9,078	8,972	8,700	8,700
Civic Center										
Event days booked and serviced	1,200	1,256	1,205	861	803	1,000	1,370	853	875	871
Municipal Golf Course										
Rounds of golf played	55,004	51,254	55,670	58,917	61,188	54,654	61,428	66,183	70,342	72,948
Recreation Revolving										
Courses completed	6,896	6,504	6,220	6,514	6,005	5,270	5,670	5,551	4,701	NA

Source: City Departments

Notes: N/A - Data not available

*911 calls and 911 dispatches include all calls to 911 which represents both police and fire

Operating indicators are not available for the general government, technology services, property management or downtown center development functions.

Table 19

CITY OF PLANO, TEXAS
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (unaudited)

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Police										
Number of stations	3	3	1	1	1	1	1	1	1	1
Number of patrol units	189	135	140	115	109	113	103	113	NA	NA
Number of motorcycle units	6	8	9	8	9	9	9	10	NA	NA
Fire										
Number of stations	11	11	10	10	10	10	10	10	10	10
Number of fire engines/trucks	22	21	21	20	19	NA	NA	NA	NA	NA
Number of EMS trucks	7	8	9	8	8	NA	NA	NA	NA	NA
Libraries										
Number of libraries	5	5	5	5	5	5	5	5	4	5
Development										
Planning										
Streets- Paved (miles)	1012	1004	990	980	973	966	961	944	903	903
Alleys- Paved (miles)	517	516	515	513	512	512	512	506	494	494
Public Services and Operations										
Animal Services										
Animal control trucks	15	14	11	7	7	7	NA	NA	NA	NA
Parks and Recreation										
Parks* (acres)	3858	3858	3,827	3,820	3,809	3,658	3,657	3,638	3,464	3,464
Athletic fields	179	175	175	175	175	175	187	187	188	173
Playgrounds	71	68	67	60	68	63	59	59	59	59
Recreation centers	5	5	4	4	3	3	3	3	3	2
Tennis centers	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Aquatic/Natatorium	9	4	3	3	3	3	3	3	3	3
Public Works										
Traffic signals	211	207	205	203	197	193	186	180	166	152

(continued)

**CITY OF PLANO, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Table 19
(continued)

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Water and Sewer										
Water mains (miles)	1335	1317	1,295	1,268	1,248	1,226	1,207	1,164	1,077	1,077
Sanitary sewers (miles)	999	992	981	968	959	952	923	923	874	874
Fire hydrants	14,109	13,840	13,555	13,224	12,906	12,646	12,356	11,774	10,622	10,622
Environmental Waste Services										
Collection trucks	45	42	38	37	NA	NA	NA	NA	NA	NA
Municipal Drainage										
Storm sewers (miles)	646	635	622	467	600	590	466	466	345	345
Civic Center										
Civic Centers	1	1	1	1	1	1	1	1	1	1

Source: City Departments

Notes: N/A - Data not available.

*Includes Golf Course

Capital asset indicators are not available for the general government, administrative services, property management, recreation revolving or downtown center development functions



**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements in Accordance with
*Government Auditing Standards***

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The Honorable Mayor and Members of the City Council
The City of Plano, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of Plano, Texas (the City) as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the City's financial statements will not be prevented or detected.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the City in a separate letter dated January 5, 2009.

This report is intended solely for the information and use of the Mayor, City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Dallas, Texas
January 5, 2009



**Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133**

The Honorable Mayor and Members of the City Council
The City of Plano, Texas

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Compliance

We have audited the compliance of The City of Plano, Texas (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2008. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Mayor, City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Dallas, Texas
January 5, 2009

CITY OF PLANO, TEXAS

Schedule of Expenditures of Federal Awards

September 30, 2008

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Pass-through Entity identifying number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	14.218	B-08-MC-48-0035	\$ 1,330,694
HOME Program	14.239	M-08-MC-48-0234	<u>438,674</u>
Total U.S. Department of Housing and Urban Development			<u>1,769,368</u>
U.S. Department of Homeland Security:			
Emergency Management Institute Training Assistance	97.026	N/A	<u>860</u>
Subtotal Direct Programs			<u>860</u>
Passed through Governor's Division of Emergency Management			
2006 Urban Areas Security Initiative	97.008	06-SR 58016-01	204,152
2006 Law Enforcement Terrorism Prevention Program	97.074	06-GA 58016-02	80,000
Passed through North Central Texas Council of Governments			
2006 Urban Areas Security Initiative	97.008	N/A	9,551
2007 State Homeland Security Program – Urban Search and Rescue	97.073	N/A	24,159
2007 State Homeland Security Program – HazMat Response	97.073	N/A	3,489
Passed through Texas Engineering Extension Services			
Texas Task Force One	97.025	N/A	<u>37,447</u>
Total U.S. Department of Homeland Security			<u>359,658</u>
U.S. Department of Transportation:			
Passed through Texas Department of Transportation-			
STEP – Comprehensive	20.600	588EGF6092	236,793
STEP – Impaired Driving Mobilization	20.601	588EGF6013	10,891
STEP – Click It or Ticket	20.609	588XXF6023	<u>5,419</u>
Total U.S. Department of Transportation			<u>253,103</u>
U.S. Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0302	45,775
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0183	32,098
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0167	<u>22,765</u>
Subtotal Direct Programs			<u>100,638</u>
Passed through the Office of the Attorney General			
Project Safe Neighborhoods	16.609	806018	35,440
Passed through University of North Texas			
National Integrated Ballistic Information Network	16.609	72304-1	10,446
Passed through Navarro County Sheriff's Office			
HIDTA – North Texas	16.xxx	Various	<u>1,266</u>
Total U.S. Department of Justice			<u>147,790</u>
U.S. Department of Agriculture:			
Passed through Texas Department of Agriculture			
Parks and Recreation Summer Food Program	10.559	TX-043-1002	<u>40,412</u>
Total U.S. Department of Agriculture			<u>40,412</u>
U.S. Department of Treasury:			
NTAFTF – North Texas Asset Forfeiture Task Force	21.xxx	N/A	12,618
MATF – Metro Alien Task Force	21.xxx	N/A	7,425
JTTF – Joint Terrorism Task Force	21.xxx	N/A	<u>1,781</u>
Total U.S. Department of Treasury			<u>21,824</u>
Total federal expenditures			\$ <u>2,592,155</u>

The accompanying notes are an integral part of this schedule.

CITY OF PLANO, TEXAS

Notes to Schedule of Expenditures of Federal Awards

September 30, 2008

(1) General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Plano, Texas (the City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presents in, or used in the preparation of, the basic financial statements.

The City's reporting entity is defined in note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

(2) Subrecipients

The City provided approximately \$482,000 and \$259,000 to subrecipients from the Community Development Block Grant and HOME program, respectively.

(3) Loans

At September 30, 2008, the amount of loans outstanding related to the Community Development Block Grant and HOME Program were approximately \$869,000 and \$56,000, respectively.

City of Plano, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal controls over major program:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

City of Plano, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended September 30, 2008

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

The audit disclosed no findings required to be reported.

PART III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

The audit disclosed no findings required to be reported.