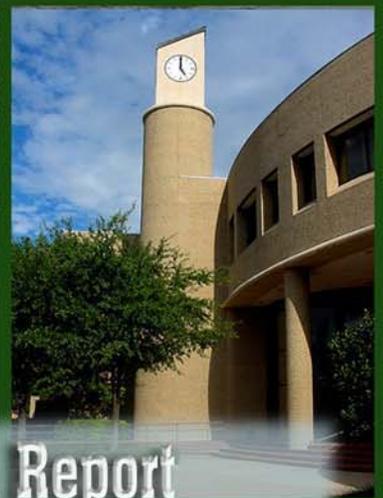


City of Plano, Texas



Comprehensive Annual Financial Report
For Fiscal Year Ended September 30, 2002

CITY OF PLANO, TEXAS

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2002

Prepared By:

Accounting Division

**Controller – Denise Tacke
Manager – Mary Reese**

**Jonathan Davis
Diane Dunbar
Allison Friloux
Debbie Hartwell
Glenn Matherly
Denise McCord
Diane McCullough
Elsa Pasanen
Pam Poempipatana
Christy Rosa
Kalesha Russell
Rebecca Sides
Wendy Spencer
Kathy Stewart
Valerie Tidwell**

**CITY OF PLANO, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

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November 27, 2002

Pat Evans
Mayor

Phil Dyer
Mayor Pro Tem
Place 3

Steve Stovall
Deputy Mayor Pro Tem
Place 5

Shep Stahl
Place 1

Scott Johnson
Place 2

Sally Magnuson
Place 4

John R. Roach, Jr.
Place 7

Ken Lambert
Place 8

•

Thomas H. Muehlenbeck
City Manager

Honorable Mayor and City Council
City of Plano
Plano, Texas

Dear Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Plano, Texas, for the year ended September 30, 2002, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In the prior year's financial statements, the City elected to early implement a dramatic change in governmental financial reporting. We believe this new presentation will provide better information to users of the comprehensive annual financial report. The new reporting model issued by the Governmental Accounting Standards Board requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, a list of principal officials, and an area map. The financial section includes the MD&A, Government-wide and Major Fund presentations, Required Supplementary Information, Combining Individual Fund Statements, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.



GENERAL INFORMATION - CITY OF PLANO

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 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, solid 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 as enterprise funds. 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.

ECONOMIC CONDITIONS AND OUTLOOK

Plano, a 1994 All-American City, was named the second fastest growing city in the United States by the U.S. Census Bureau in June 1999. Since 1990, Plano's population has grown an estimated 83.3% to 235,949 in 2002. Estimates are for residential population to peak at 244,000 in 2005, and 252,000 in 2010.

Given Plano's continued pro-business attitude and enthusiastic accommodation of industry, the city continues to prosper economically. Highlights include:

Texas Commercial Energy L.L.C. is moving its headquarters to Plano, and will have 90 employees. The new headquarters could accommodate about 250 employees over the next three to five years.

Approximately \$130 million will be spent on Baylor Medical Center at Plano when construction begins early 2003 near the intersection of President George Bush Turnpike and Preston Road.

Safety-Kleen Corp. headquarters will be located at Plano's Legacy business park with plans to hire up to 250 workers locally. The City of Plano was chosen for its easy access to highways and location to its tech services supplier. Safety-Kleen Corp. is the nation's largest handler of hazardous waste, relocating from Columbia, South Carolina.

The Shops at Legacy has become a success with Plano shoppers. Tenants in The Shops at Legacy include a variety of eating establishments and retail shops. The complex accommodates office space on the second floor, which is fully leased, and will include 200,000 square feet of retail space.

MetaSolv Software, Inc. has added 300 employees since January 2002. The Plano based company specializes in communications management solutions for traditional and next-generation services and networks.

The latest U.S. census data shows how the City of Plano has changed in more ways than just size. According to the data, Plano is becoming increasingly diverse, better educated and wealthier.

The DART light-rail expansion arrived six months ahead of schedule in Plano. Trains will transport customers to and from Plano stations, reaching destinations to downtown Dallas in less than 45 minutes.

Universal Reference Publications included Plano as one of "America's Top Rated Cities", based on Plano's high rankings in other periodicals. The publication provides information regarding social, business, economic, demographic and environmental data about each city listed.

Quadrem Inc., provider of an Internet-based marketplace for the worlds leading global mining, minerals and metals industries, signed a sublease to occupy office space at Willowbend Office Center.

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.

MAJOR INITIATIVES

The following City facility and building services resulting from implementation of Capital Improvement Program projects, are online or coming online:

- Police Expansion
- Joint Use Facility
- Park Maintenance Facility
- Pecan Hollow Expansion
- Park and Athletic Facilities

The fiscal year 2003 budget includes the addition of 7 full time positions, of which 2 are related to Public Safety. Total General Fund revenue increases are approximately \$8,000,000 or 5.4% above the 2002 final budget. Funding for Capital Reserve will be accomplished by transferring \$3,000,000 from the Water and Sewer Fund along with \$9,100,000 from the General Fund. Employee salary and benefits will increase approximately \$4,100,000. These increases and others along with no decline in service levels are funded with ad valorem property tax revenues. (\$.2864 General Fund and \$.1671 Debt Service.)

FINANCIAL INFORMATION

Financial Policies. During fiscal year 1990-91, the City Council Finance Subcommittee developed written policies detailing financial goals and guidelines for the City. These include 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.

General Governmental Functions.

Tax Rates. All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. Under State law and provisions of the City Charter, the City is limited to a maximum tax rate of \$2.50 per \$100 assessed valuation. As shown below, the tax rate adopted by the City Council has historically been substantially lower than the maximum provided by law.

The allocation of the property tax levy by purpose (General Fund operations and Debt Service) for fiscal year 2001-02 and the preceding five fiscal years is reflected in the following table:

Purpose		2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98
General Fund	\$	0.2864	0.2690	0.2614	0.2708	0.2538	0.2608
Debt Service Fund		0.1671	0.1845	0.1971	0.1977	0.2147	0.2377
Total Tax Rate	\$	0.4535	0.4535	0.4585	0.4685	0.4685	0.4985

Tax Appraisal/Collection Responsibilities. Under Texas law enacted in 1979, and subsequent revisions to the State Property Tax Code, the appraised value of taxable property in Plano is established by the Central Appraisal District of Collin County. The City of Plano and other taxing jurisdictions in Collin County provide a pro rata share of the budgeted expenditures incurred by the Appraisal District, based upon individual levy. In fiscal year 2001-02, the City payment to the Appraisal District for appraisal services was \$375,204, a decrease of \$79,556 from the amount paid by the City in 2000-01. Beginning in September 1996 the City contracted with the Collin County Tax Office for tax collection services and the 2001-02 costs was \$58,308.

Debt Administration

Two ratios traditionally used to analyze the debt structure of municipalities are presented below. Revenue debt has been excluded since service and user charges made by utility system customers are used to retire such debt and no ad valorem tax proceeds are used for utility revenue bond debt service.

Outstanding General Obligation Debt at 9-30-02 (Net of Debt Service)	\$245,078,391
Estimated Population	235,949
G. O. Debt per Capita	1,039
Net G. O. Debt per Assessed Value	1.30%

The City's Series 2002 General Obligation Bond issue received the rating of "AAA" from Standard & Poor's, an "Aaa" from Moody's and an "AAA" from Fitch, and as a result, no insurance was required.

Cash Management. According to the City of Plano's Investment Policy, the Investment Officer has three main objectives in managing the portfolio: safety, liquidity and yield.

Safety

Safety is insured in several ways: investing only in securities allowed by state statute and the City's investment policy; using delivery versus payment for all security transactions; requiring all cash in the bank be collateralized with government securities pledged to the City and safekept at a third party institution; and diversifying investment purchases to minimize individual security market risk. In addition, the City uses an approved list of security brokers when making investment transactions.

The City's bank deposits are secured by \$5,019,292 in government securities held as collateral at the Federal Home Loan Bank in Dallas.

Liquidity

Liquidity is the second objective of the Investment Officer's management of the portfolio. To ensure sufficient funds to meet scheduled obligations, investment maturities are matched to projected expenditures. In addition, a portion of the portfolio is invested in liquid assets, such as pools and short-term securities, to cover unforeseen expenditures and day-to-day fluctuations. By using the matching strategy, a portion of the portfolio can be extended out longer, thus increasing yield and stabilizing interest earnings.

At September 30, 2002 the portfolio consisted of:

<u>Year to Maturity</u>	<u>Percent of Portfolio</u>
0-1	18.67%
1-2	9.25%
2-3	22.21%
3-4	22.13%
4-5	27.74%

Yield

Maximizing yield is the third objective of the Investment Officer. Although maintaining safety and liquidity are always more important than increasing yield, the Investment Officer should be able to maintain a reasonable rate of return and at the same time avoid taking on unnecessary risks.

The City of Plano uses 2-year Treasury Note as a yield benchmark. The City's portfolio average yield was 4.24% in 2002, which was above the T-Note yield of 2.85%.

As of September 30, 2002, the City's cash and investment resources were divided between cash on hand of \$57,347, demand deposits of \$(398,040) and other investments of \$234,426,814, including resources held by claims paying agent banks and the Retirement Security Plan.

OTHER INFORMATION

Independent Audit. According to Article 3, Section 3.14 of the City Charter of the City of Plano, an annual independent audit is required to be made of the financial records of the City by a Public Accountant or Certified Public Accountant selected by the City Council. In addition, by Resolution, the City Council has established that no independent audit firm will hold the engagement for a period longer than five years. The City of Plano has engaged the firm of KPMG LLP and the opinion has been included in this report.

It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the City at September 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certificate of Achievement. 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 Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2001. 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 Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

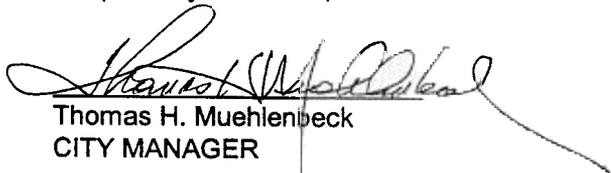
A Certificate of Achievement is valid for a period of one year only. The City of Plano has received a Certificate of Achievement for the last twenty-one consecutive years (Fiscal Years ended 1981-2001). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

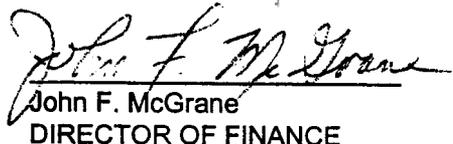
Acknowledgments. Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Accounting Department who were instrumental in the 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.

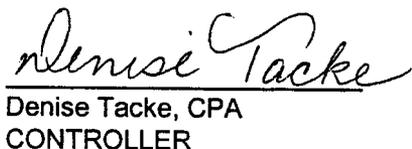
Acknowledgment is also given to the representatives of KPMG LLP for their invaluable assistance in producing the final product.

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


John F. McGrane
DIRECTOR OF FINANCE


Denise Tacke, 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, 2001

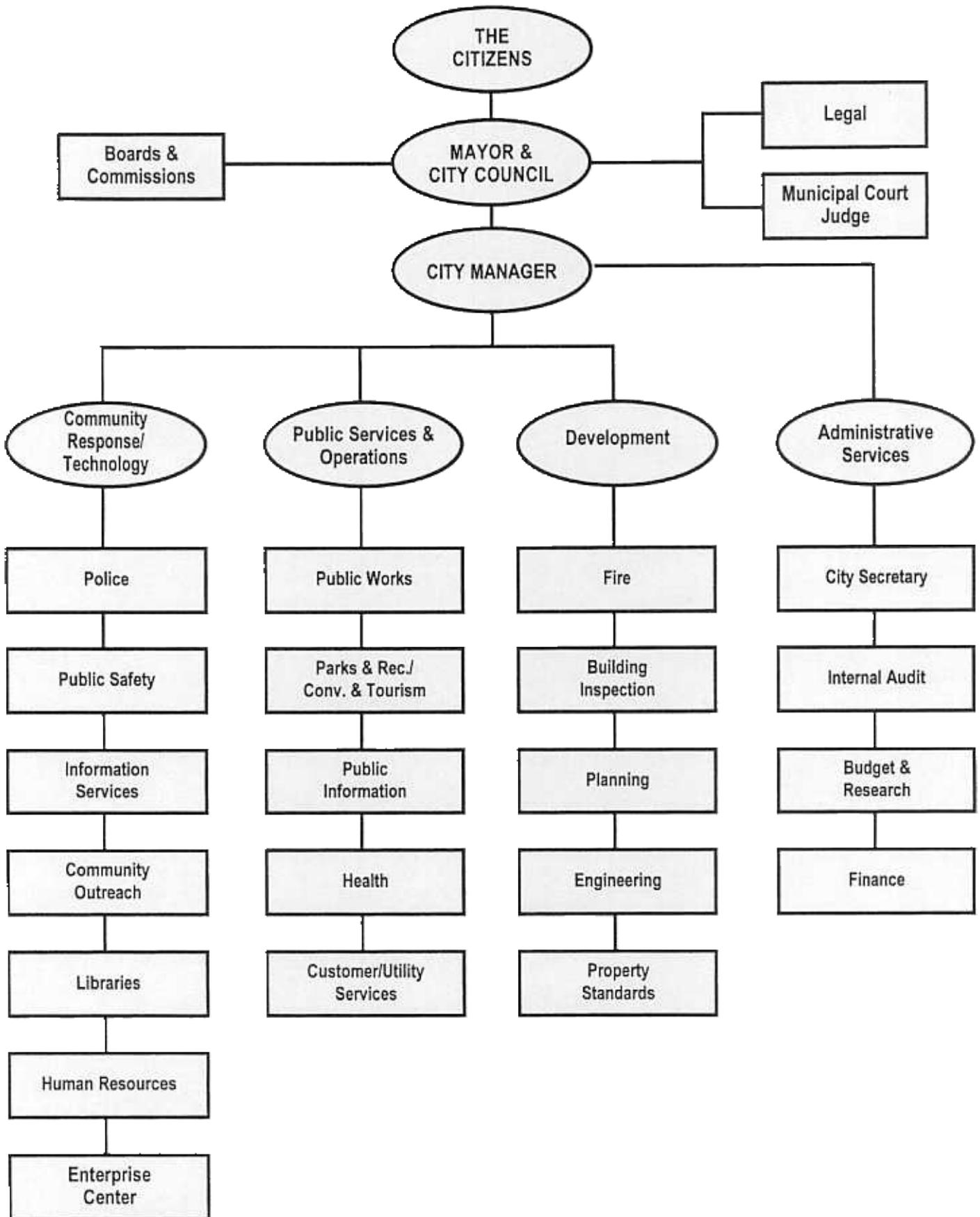
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



William Patrick Pate
President

Jeffrey L. Esser
Executive Director

City of Plano Organizational Chart



CITY OF PLANO, TEXAS

ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

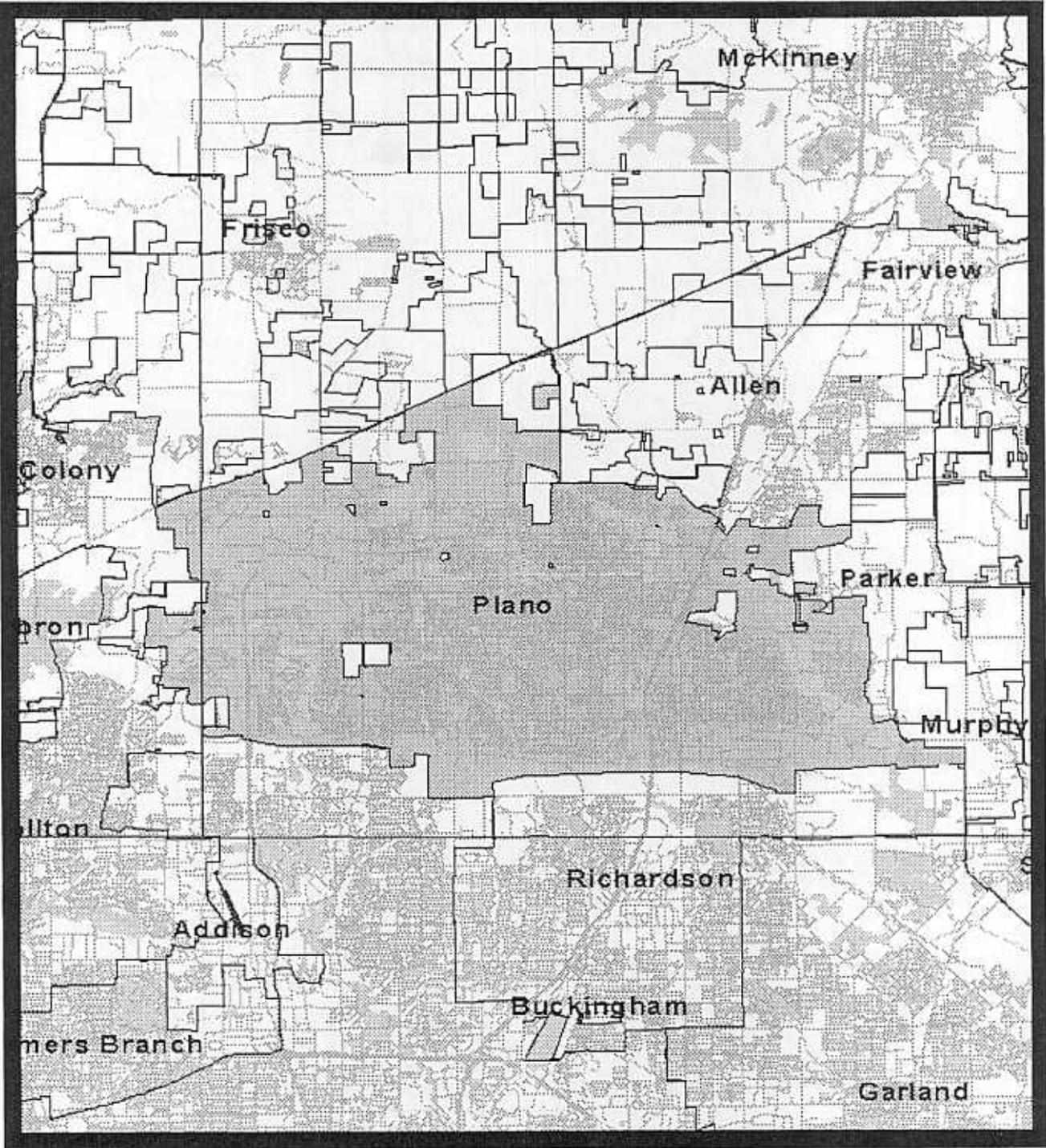
Elected Officials

<u>City Council</u>	<u>Term Expires</u>
Pat Evans Mayor Place 6	May, 2004
Phil Dyer Mayor Pro tem Place 3	May, 2003
Steve Stovall Deputy Mayor Pro tem Place 5	May, 2003
Shep Stahel Place 1	May, 2003
Scott Johnson Place 2	May, 2004
Sally Magnuson Place 4	May, 2004
John R. Roach, Jr. Place 7	May, 2003
Ken Lambert Place 8	May, 2004

Administrative Officers

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

The City of Plano and Surrounding Areas





717 North Harwood Street
Suite 3100
Dallas, TX 75201-6585

Independent Auditors' Report

The Honorable Mayor and City Council
City of Plano, Texas:

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 (the City) as of and for the year ended September 30, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District'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 of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 as of September 30, 2002, 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 a report dated November 27, 2002 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 and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



The Management's Discussion and Analysis on pages 3 – 13, the Schedule of Pension Trust – TMRS Funding Progress and Contributions on page 67, and the Schedule of Pension Trust – Retirement Security Plan Funding Progress and Contributions on page 67 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 information presented in the financial section of the table of contents labeled as combining financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financials 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 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.

KPMG LLP

November 27, 2002

CITY OF PLANO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2002

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, 2002. 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 \$35.4 million or 6.3 percent as a result of this year's operations primarily as a result of an increase in the City's capital assets of approximately \$33.1 million. Net assets of the City's business type activities remained virtually unchanged as a result of this year's operations with an increase of \$7.3 million or 2.1 percent.
- The City of Plano's total net assets increased by \$42.8 million or 4.7 percent during the current fiscal year. The increase is primarily the result of contributions from developers of \$19.6 million and an increase in charges for services in the water and sewer activities of \$7.4 million.
- Total cost of all of the City's programs decreased during the current fiscal year by \$20.0 million or 13.8 percent. No new programs were added during the current fiscal year.
- As of September 30, 2002, the City of Plano's governmental funds reported combined ending fund balances of \$115.3 million, an increase of \$6.4 million in comparison with the prior fiscal year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$20.1 million or approximately 14.4 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$8.0 million during the current fiscal year. During the current fiscal year the City refunded \$42.3 million of general obligation bonds and issued \$56.1 million in general obligation 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 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.

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2002

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 in this statement 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, information 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, solid 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, 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 you 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-four 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 and the street improvement fund, all of which are considered to be major funds. Data from the other twenty-one 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.

**City of Plano, Texas
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- 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 that are 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, solid waste, civic center, municipal drainage, municipal golf course, property management, downtown center development, and recreation revolving activities. The funds provide the same type of information as the government-wide financial statements, only in more detail and including some of the internal service fund type activity. The proprietary fund financial statements provide separate information for the water and sewer, municipal drainage and solid waste 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 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 benefits to the employees and budgetary comparative information for the general fund.

THE CITY AS A WHOLE – Government-Wide Financial Analysis

The City's combined net assets were \$952 million as of September 30, 2002. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$358 million. This analysis focuses on the net assets (table 1) and changes in general revenues (table 2) and significant expenses of the City's governmental and business-type activities.

By far the largest portion of the City's net assets (80.5 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 debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2002

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2002	2001	2002	2001	2002	2001
Current and other assets	169	169	59	70	228	239
Capital assets	740	707	353	339	1,093	1,046
Total assets	909	876	412	409	1,321	1,285
Long-term debt outstanding	297	300	44	49	341	349
Other liabilities	18	17	10	9	28	26
Total liabilities	315	317	54	58	369	375
Net assets:						
Invested in capital assets, net of related debt	461	426	305	289	766	715
Restricted	98	68	27	34	125	102
Unrestricted	35	65	26	28	61	93
Total net assets	594	559	358	351	952	910

Governmental Activities

The City's general revenues remained relatively the same when compared to the prior year with a decrease of \$0.2 million. The primary reason for this decrease was due to a decrease of \$4.0 million in investment income caused by a declining interest rate environment. The increase in property tax revenue is due to increased property valuations and addition of new property throughout the City. The assessed value of the property in the City increased by \$2.0 billion or 11.6% as compared to the prior year. The City decreased the property tax rate to \$0.4535 per \$100 assessed valuation in the current year, down one half cent from the fiscal year ending September 30, 2001. Additionally, franchise fee revenue increased from \$19.3 million in the prior year to \$19.9 million for the year ended September 30, 2002. These increases are offset by decreases in sales tax revenue, the result of recent downturn in the economy. Sales tax revenue decreased by \$2.0 million or 4.2% when compared to the prior fiscal year. The increases in City's general revenues are detailed below (Table 2).

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

	2002	2001	Increase (decrease)
Property taxes	\$ 89,723	\$ 84,499	\$ 5,224
Sales taxes	45,591	47,569	(1,978)
Mixed drink taxes	508	475	33
Other taxes	147	143	4
Franchise fees	19,917	19,336	581
Investment Income	7,205	11,228	(4,023)
Total general revenues	163,091	163,250	(159)

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Governmental and Business-type activities increased the City's net assets by \$42.8 million. The key elements of this increase are as follows:

Table 3
Changes in Net Assets
(in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Revenues:						
Program revenues:						
Charges for services	24,478	26,500	87,722	79,068	112,200	105,568
Operating grants and contributions	3,395	3,287	-	3	3,395	3,290
Capital grants and contributions	32,523	7,162	12,294	11,177	44,817	18,339
General revenues:						
Property taxes	89,723	84,499	-	-	89,723	84,499
Sales taxes	45,591	47,569	-	-	45,591	47,569
Other taxes	20,572	19,954	2,699	3,202	23,271	23,156
Other	7,205	11,228	1,850	4,289	9,055	15,517
Total revenues	223,487	200,199	104,565	97,739	328,052	297,938
Expenses:						
General government	20,985	18,355	-	-	20,985	18,355
Administrative services	6,828	6,593	-	-	6,828	6,593
Police	45,447	42,581	-	-	45,447	42,581
Fire	27,915	27,055	-	-	27,915	27,055
Libraries	10,411	9,285	-	-	10,411	9,285
Development	16,981	15,356	-	-	16,981	15,356
Public services and operations	5,020	4,704	-	-	5,020	4,704
Parks and recreation	21,945	20,093	-	-	21,945	20,093
Public works	15,573	15,287	-	-	15,573	15,287
Information services	8,422	8,041	-	-	8,422	8,041
Other	174	2,816	-	-	174	2,816
Interest on long-term debt	16,514	17,667	-	-	16,514	17,667
Water and sewer	-	-	63,207	59,071	63,207	59,071
Solid waste	-	-	15,079	14,907	15,079	14,907
Municipal drainage	-	-	2,257	2,036	2,257	2,036
Civic center	-	-	5,326	5,327	5,326	5,327
Municipal golf course	-	-	873	814	873	814
Property management	-	-	33	53	33	53
Recreation revolving	-	-	2,274	2,007	2,274	2,007
Downtown center development	-	-	34	63	34	63
Total expenses	196,215	187,833	89,083	84,278	285,298	272,111
Increase in net assets before transfers	27,272	12,365	15,482	13,461	42,754	25,827
Transfers	8,139	5,601	(8,139)	(4,676)	-	925
Increase in net assets	35,411	17,967	7,343	8,785	42,754	26,752
Net assets – October 1	559,096	541,129	350,586	341,801	909,682	882,930
Net assets – September 30	594,507	559,096	357,929	350,586	952,436	909,682

**City of Plano, Texas
Management's Discussion and Analysis (continued)
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The most significant governmental expense for the City was in providing the police activity, which incurred expenses of \$45.4 million, representing a \$2.9 million increase over the prior fiscal year. These expenses were offset by revenues collected from a variety of sources, with the largest being from fines and forfeitures, which are \$8.2 million for the fiscal year ending September 30, 2002 an increase of \$1.0 million or 13.9 percent over the prior period. The most significant portion of police activity is the cost of personnel, which is estimated at \$35.9 million. The parks and recreation activities of the City incurred \$21.9 million in expenses an increase of \$1.9 million or 9.2 percent as compared to the prior fiscal year. This increase is primarily due to increases in personnel costs, which are approximately \$1.5 million higher than in the prior fiscal year.

Business-type Activities

Revenues of the City's business-type activities were \$104.6 million for the fiscal year ending September 30, 2002. Revenues increased approximately \$6.8 million or 7.0 percent as compared to the prior fiscal year. Expenses for the City's business-type activities increased \$4.8 million or 5.7 percent. The increase in net revenues are the result of several factors, including the following:

- The City's water and sewer system recorded charges for services of \$63.4 million an increase of \$7.4 million over the prior period and a significant non-cash revenue source of \$12.3 million of capital contributions which represent developers contributions and impact fees. Developers contributions are projects that are completed where the developer is required to make a one-time contribution of resources to the City when the infrastructure is substantially complete. The developers contributions for the business type activities for the year ended September 30, 2002 to the City were \$10.9 million. Excluding the capital contributions of \$12.3 million, the water and sewer system charges for services exceeded the expenses by \$0.17 million. The City increased water and sewer rates in the fiscal year 2001-02 to offset increased charges made by NTMWD during the prior fiscal year of approximately 14%. The City's increased rates were effective January 1, 2002 and were up \$.13 per 1,000 gallons, from \$.92 per 1,000 gallons to \$1.05 per 1,000 gallons, representing an increase of approximately 14.1%.
- The City's solid waste activity operated at an \$0.6 million net expense. The net expense can be attributed to several factors. Additionally, in the prior fiscal year the solid waste activity implemented a gain-sharing program where employees would participate in any savings from a variety of goals set to increase productivity and cost effectiveness. The solid waste division paid gain-sharing bonuses totaling \$62,000.

**City of Plano, Texas
Management's Discussion and Analysis (continued)
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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2002, the City had \$1.1 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 \$46.5 million over the prior fiscal year.

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

	Governmental Activities		Business-type Activities		Totals	
	2002	2001	2002	2001	2002	2001
Land	91,176	87,108	7,476	7,417	98,652	94,525
Buildings and improvements	126,808	130,726	305,252	296,060	432,060	426,786
Equipment	28,088	26,231	8,401	8,039	36,489	34,270
Construction in progress	41,449	24,632	19,674	18,294	61,123	42,926
Infrastructure	452,454	438,225	-	-	452,454	438,225
Drainage improvements	-	-	12,084	9,619	12,084	9,619
Totals	739,975	706,922	352,887	339,429	1,092,862	1,046,351

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

Expansion of Criminal Justice Center	\$ 2.0
Acquisition of land for Oak Point Center	1.3
Paving and drainage improvements	1.0
Construction of 6-lane thoroughfare of Hedgcoxe from Preston to Custer	1.9
Street widening to a 6-lane thoroughfare of Independence Parkway from Legacy to McDermott	2.3
Street widening to a 6-lane thoroughfare of Parker Road from Midway to Denton County City Limit	2.6
Construction of Spring Creek Parkway from Midway Road East to Tollway frontage road	1.8
Residential street and alley replacement	1.5
Construction of substation on-site with Davis Library to House Police Operations	1.0
Construction of new traffic signals	0.8
Street widening of Midway	0.7
Street widening of 6-lane thoroughfare of Parker Road	0.9
Site improvements at Parkway Service Center	0.8
Arterial concrete repairs	<u>1.0</u>
Total	<u>19.6</u>

**City of Plano, Texas
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The City's fiscal year 2003 capital budget calls for it to spend another \$52.2 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 \$12.4 million including plans to expand the service center facility at a cost of \$3.5 million and the Haggard library at a cost of \$2.8 million. The estimated expenditures for the parks and recreation facilities are \$13.5 million including \$3.6 million for the Tennyson / Archgate athletic site and \$2.6 million for the Preston Meadow Athletic Site and \$2.3 million for the Oak Point Park Development. The City is planning on spending \$26.3 million on street improvements and enhancements including \$2.9 million to expand Los Rios and 14th to Country Club Dr., \$2.2 million to expand Jupiter Road from Spring Creek to Chapparral, and \$2.2 million to expand Spring Creek Parkway from White Rock Creek to the Tollway. The remaining street improvements and enhancements are for a variety of projects. To support the 2002-03 general obligation capital improvement program, bonds in the total amount of \$35.9 million were required. The City sold \$15.6 million of these bonds in August of 2002 for the purpose of allowing the opportunity for immediate land purchases related to several of the projects approved in the referendum. The City intends to sell \$20.3 million in additional bonds for these programs in mid-year 2003.

Debt

At year-end, the City had \$310.2 million in bonds and tax anticipation notes outstanding as compared to \$318.3 at the end of the prior fiscal year, a decrease of 2.5 percent – as shown in Table 5.

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

	Governmental Activities		Business-type Activities		Totals	
	2002	2001	2002	2001	2002	2001
General obligation bonds (backed by the City)	251,913	253,480	-	-	251,913	253,480
Tax anticipation notes (backed by the City)	15,562	18,182	-	-	15,562	18,182
Revenue bonds (backed by fee revenues)	-	-	42,765	46,636	42,765	46,636
Totals	267,475	271,662	42,765	46,636	310,240	318,298

During the current fiscal year the City issued debt in August of 2002. The new debt resulted primarily from the issuance of general obligation refunding and improvement bonds during the current fiscal year in the amount of \$56.130 million in order to refund \$42.3 million in old debt and issue \$15.63 million in new debt to be used for a variety of new projects. Those projects included expansion in the municipal facilities and park improvement and recreation center projects.

The City's general obligation bonds and tax notes continue to carry a triple A rating, the highest rating possible. This rating has been assigned to the City's tax-supported debt since February 2000, by three national rating agencies. The City's drainage revenue bonds carry a 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

**City of Plano, Texas
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and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is 1.51%.

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 \$6.6 million outstanding at year-end compared with \$5.5 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, 2002, the governmental funds of the City reported a combined fund balance of \$115.3 million. Included in this year's total change in fund balance, however, is an increase in fund balance of \$0.4 million in the City's General Fund. The primary reason for the General Fund's increase is the fact that the General Fund transferred less than the amount budgeted to the Capital Reserve Fund. The Capital Reserve Fund was established to provide for major infrastructure repairs and rehabilitation projects that are more appropriately funded from sources other than debt. In addition, these other changes in fund balances should be noted:

- The City's Debt Service fund balance of \$6.0 million increased over the prior year fund balance by \$1.2 million due to the increases experienced in property tax revenues.
- The City spent \$18.6 million in capital outlay in the street improvement fund, an increase of \$3.6 million as compared to the same period in the prior year.
- The City's water and sewer fund net assets of \$332.3 million increased by \$6.2 million over the prior year net asset balance. The increase in net assets is primarily due to an increase in operating revenues of \$7.3 million due to rate increases effective in the current fiscal year, and an offset by an increase in operating expenses as compared to the prior fiscal year.
- The City's solid waste fund net assets were \$2.8 million and decreased by \$1.1 million as compared to the prior fiscal year. This decrease was due primarily to an increase in contractual services of \$0.8 million.
- The City's municipal drainage fund net assets increased by \$1.8 million to \$8.8 million as compared to the prior year net assets of \$7.0 million. The increase in net assets is due primarily to an increase in revenues over the prior fiscal year of \$0.7 million.

General Fund Budgetary Highlights

During FY 2001-02, the City Council of the City of Plano amended the budget for the General Fund on a couple of occasions. The amendments were made up of one supplemental appropriation as well as re-estimated allocations. One supplemental appropriation was approved after beginning the fiscal year, with the total amount of the appropriation equaling \$0.1 million. The supplemental appropriation was made to reimburse Plano Independent School District for School Crossing Guard payments. The re-estimate adjustments were used to reallocate funds appropriated to more accurately account for estimated revenues and expenditures.

With the adjustments made during FY 2001-02, the actual on a budgetary basis expenditures were \$141.9 million compared to the re-estimated budget amount of \$147.8 million. The \$5.9 million variance was due to the City's Budget Contingency Plan that was adopted and implemented by the City Council. Some of the actions initiated included freezing of all new hire and vacant positions, a mandatory 5% operating expenditure

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reduction, placing on hold \$9.4 million in Capital Reserve Projects and no unbudgeted purchases were allowed. The City transferred \$4.4 million less to the Capital Reserve fund than was originally budgeted.

For FY 2001-02, the actual on a budgetary basis revenues were \$142.8 million as compared to the re-estimated budget amount of \$142.3 million. Contributing to the variance was higher than anticipated Franchise Fees and higher than anticipated Fines & Forfeiture revenues. This increase in revenues was enough to offset the lower than anticipated interest earnings of \$0.2 million. The City also did not transfer the agricultural exemption rollback taxes of \$0.7 million to the Capital Reserve fund as done in the prior fiscal years. 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 fixed assets by the City. As part of the Budget Contingency Plan, this transfer was not done in the current fiscal year.

The City of Plano has an actual on a budgetary basis General Fund balance of \$20.1 million as of the fiscal year end, compared to the re-estimated budget fund balance of \$13.7 million. The variance in fund balance is due to the City's Budget Contingency Plan that was adopted and implemented by the City Council.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2003 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The population growth experienced by the City has stimulated local business and development activity, and the community has placed additional demands on the City to maintain or enhance services provided to our citizens. However, the population growth has already begun to slow, and expected to continue to do so over the next several years. Plano's current population is 233,700. Plano's population at build out will be approximately 245,194. Plano's greatest economic strength is the diversified employment base. The three largest job sectors are retail and wholesale trade, services, and manufacturing. It is anticipated that future growth for the region will focus on healthcare and small businesses, rather than technology. Nationwide employment statistics show the region as leading the country in employment growth, ahead of much larger metropolitan areas. 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.

These indicators are taken into account when adopting the General Fund budget for fiscal year 2003. The total 2002-03 combined budget appropriation total \$299.2 million for ten operating funds. This represents an increase of \$9.0 million or 3.1 percent over the 2001-02 re-estimated budget. Ad valorem tax revenue is determined by two major factors: the total assessed value established by the central Appraisal District of Collin County and the tax rate established by the Plano City Council. Due to the fact that assessed property values have increased annually since 1993, the City has been afforded the opportunity to hold the tax rate relatively constant or even been able to lower the rate in the past. Because of this, the Plano City Council chose to keep the tax rate consistent at 45.35 cents per \$100 valuation for the current fiscal year. According to final figures received from the Central Appraisal District, the total assessed property value for 2002-03 of \$20.194 billion is an increase of \$1.271 billion or 6.72%. The increase includes new property coming on-line of \$913.9 million while existing property values are expected to increase by \$357.2 million, or 1.89%.

The General Fund's largest revenue source in fiscal year 2001-02 is property tax receipts. For the fiscal year ending 2001-2002, the City's largest revenue source was sales tax revenues. The economic events of this year have sharply diminished any projected increases from sales tax revenue. Due to the stagnant economy and conservative economic forecasts, sales tax collections for 2002-03 are projected to remain constant at the 2001-02 level, of \$45.1 million. Also, the Texas Legislature lengthening and enhancing the "Back-To-School" Sales Tax Holiday could potentially have a negative impact on sales tax receipts.

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Budgeted expenditures in the General Fund are expected to rise \$0.9 million or 0.57 percent over the 2001-02 re-estimated budget. Increased wage and cost of living adjustments are the largest increments, representing \$4.0 million of the increase in expenditures. However, a projected \$2.0 million in position eliminations and \$1.8 million in program eliminations offset the projected increase in personnel expenses. The City has added no new major programs or initiatives to the 2003 budget.

If these estimates are realized, the City's budgetary General Fund balance is expected to decrease from the re-estimated 2001-02 budget by approximately \$1.6 million.

As for the City's business type activities, the City expects the 2003 results will not improve in the water and sewer fund or the solid waste fund. Projections indicate that the water and sewer fund balance will decrease by \$0.8 million, while the solid waste fund balance will decrease by \$0.9 million. However, the municipal drainage fund balance is projected to stay approximately the same in the next fiscal year. The following recent rate decisions have been made to offset the operating deficit incurred by the City's business type activities:

- The water and sewer rate model was reviewed by City Council and rate changes were implemented January 1, 2002. A water rate increase approved by City Council of approximately 14.1 percent was implemented, with future rate adjustments being approved as well. This rate increase was determined to offset the fact that a 14 percent wastewater treatment rate increase was implemented by NTMWD during the past fiscal year.
- No rate adjustments are projected for the Solid Waste fund in the upcoming fiscal year.
- In order to continue drainage operations, finance drainage capital improvement projects and meet debt ratio requirements for the Municipal Drainage activity, a municipal drainage rate revenue adjustment will be required during the 2002-03 fiscal year. The drainage rate for an average homeowner will increase from \$3.10 per month to \$3.30. Non-residential rates will increase from .052 cents to .056 cents per 100 square feet of impervious area. Residential revenues are projected to increase from \$2.3 million to \$2.5 million and commercial revenues are projected to increase from \$1.8 million to \$1.9 million.

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, 2002**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 6,857,007	\$ 2,185,693	\$ 9,042,700	\$ 117,218
Investments	45,876,383	14,693,791	60,570,174	788,804
Receivables (net of allowance for doubtful accounts)	16,391,178	14,024,617	30,415,795	8,275
Internal balance	138,461	(138,461)	-	-
Due from other governments	1,043,195	75,578	1,118,773	-
Interfund receivable (payable)	173,560	(173,560)	-	-
Inventories	1,022,847	-	1,022,847	-
Prepays and other assets	613,844	1,639,920	2,253,764	1,431
Restricted assets:				
Cash and cash equivalents	12,636,298	3,046,988	15,683,286	-
Investments	85,179,592	23,524,261	108,703,853	-
Receivables	-	215,479	215,479	-
Capital assets:				
Non-depreciable	132,624,827	27,150,078	159,774,905	110,629
Depreciable (net)	607,350,177	325,736,837	933,087,014	6,072,288
Total Assets	909,907,369	411,981,221	1,321,888,590	7,098,645
LIABILITIES				
Accounts payable	6,605,545	3,920,288	10,525,833	30,221
Accrued liabilities	4,626,526	1,094,911	5,721,437	19,457
Accrued interest payable	958,603	863,585	1,822,188	-
Contracts payable	2,677,845	537,383	3,215,228	-
Customer deposits	-	2,241,560	2,241,560	-
Deferred revenue	1,944,423	300,318	2,244,741	-
Due to other governments	403,986	481,577	885,563	-
Retainage payable	1,108,215	286,819	1,395,034	-
Seized asset payable	347,324	-	347,324	-
Non-current liabilities				
Due within one year:				
Compensated absences	7,434,148	862,099	8,296,247	30,151
Bonds payable	17,688,449	3,805,468	21,493,917	-
Tax anticipation notes payable	2,955,000	-	2,955,000	-
Liability for insurance claims	2,543,654	-	2,543,654	-
Due in more than one year:				
Compensated absences	15,192,111	699,229	15,891,340	8
Notes payable	-	-	-	7,005,764
Bonds payable	234,225,002	38,959,066	273,184,068	-
Tax anticipation notes payable	12,606,721	-	12,606,721	-
Liability for insurance claims	4,082,353	-	4,082,353	-
Total Liabilities	315,399,905	54,052,303	369,452,208	7,085,601
NET ASSETS				
Invested in capital assets (net of related debt)	461,267,761	305,107,182	766,374,943	6,182,917
Restricted for:				
Capital projects	91,560,838	19,387,748	110,948,586	-
Debt service	6,255,052	7,398,980	13,654,032	-
Unrestricted (deficit)	35,423,813	26,035,008	61,458,821	(6,169,873)
Total Net Assets	\$ 594,507,464	\$ 357,928,918	\$ 952,436,382	\$ 13,044

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, 2002

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 20,985,117	\$ 498,562	\$ 323,914	\$ -
Administrative services	6,828,203	-	-	-
Police	45,446,673	11,647,864	968,321	148,142
Fire	27,914,879	2,665,946	870	-
Libraries	10,410,453	359,232	283,122	-
Development	16,981,049	4,033,639	1,439,541	-
Public services and operations	5,019,854	700,666	211,466	-
Parks and recreation	21,945,020	2,271,951	99,180	-
Public works	15,572,746	395,593	68,335	32,374,354
Information services	8,422,018	1,904,632	-	-
Other	92,178	-	-	-
Interest on Long-Term Debt	16,514,330	-	-	-
Unallocated Depreciation	81,359	-	-	-
Total governmental activities	196,213,879	24,478,085	3,394,749	32,522,496
Business-type Activities:				
Water and sewer	63,207,453	63,374,773	-	12,293,848
Solid waste	15,078,559	14,434,409	-	-
Municipal drainage	2,257,100	4,250,933	-	-
Civic center	5,326,148	2,197,003	-	-
Municipal golf course	872,512	953,588	-	-
Property management	33,117	65,779	-	-
Recreation revolving	2,274,243	2,444,845	-	-
Downtown center development	34,412	736	-	-
Total business-type activities	89,083,544	87,722,066	-	12,293,848
Total primary government	\$ 285,297,423	\$ 112,200,151	\$ 3,394,749	\$ 44,816,344
Component units:				
Economic Development	\$ 652,520	\$ 629,281	\$ -	\$ -
TIF Mall	1,863,626	-	-	-
TIF East Side	301,035	-	-	40,000
Total component units	\$ 2,817,181	\$ 629,281	\$ -	\$ 40,000

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

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (20,162,641)		\$ (20,162,641)	
(6,828,203)		(6,828,203)	
(32,682,346)		(32,682,346)	
(25,248,063)		(25,248,063)	
(9,768,099)		(9,768,099)	
(11,507,869)		(11,507,869)	
(4,107,722)		(4,107,722)	
(19,573,889)		(19,573,889)	
17,265,536		17,265,536	
(6,517,386)		(6,517,386)	
(92,178)		(92,178)	
(16,514,330)		(16,514,330)	
(81,359)		(81,359)	
<u>(135,818,549)</u>		<u>(135,818,549)</u>	<u>-</u>
	12,461,168	12,461,168	
	(644,150)	(644,150)	
	1,993,833	1,993,833	
	(3,129,145)	(3,129,145)	
	81,076	81,076	
	32,662	32,662	
	170,602	170,602	
	(33,676)	(33,676)	
-	<u>10,932,370</u>	<u>10,932,370</u>	
<u>\$ (135,818,549)</u>	<u>\$ 10,932,370</u>	<u>\$ (124,886,179)</u>	<u>\$ -</u>
\$ -			\$ (23,239)
-			(1,863,626)
-			(261,035)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,147,900)</u>
89,723,339	-	89,723,339	2,237,583
45,591,342	-	45,591,342	-
508,009	-	508,009	-
-	2,699,230	2,699,230	-
146,765	-	146,765	-
19,916,471	-	19,916,471	-
7,205,315	1,850,368	9,055,683	38,377
8,138,708	(8,138,708)	-	-
<u>171,229,949</u>	<u>(3,589,110)</u>	<u>167,640,839</u>	<u>2,275,960</u>
35,411,400	7,343,260	42,754,660	128,060
559,096,064	350,585,658	909,681,722	(115,016)
<u>\$ 594,507,464</u>	<u>\$ 357,928,918</u>	<u>\$ 952,436,382</u>	<u>\$ 13,044</u>

**CITY OF PLANO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2002**

	<u>General</u>	<u>Debt Service</u>	<u>Street Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,264,323	\$ -	\$ -	\$ 1,063,511	\$ 3,327,834
Investments	14,920,893	-	-	7,168,336	22,089,229
Receivables (net of allowance for uncollectibles)					
Taxes	4,215,209	537,898	-	-	4,753,107
Accounts	606,661	-	-	34,508	641,169
Notes	7,005,764	-	-	-	7,005,764
Accrued interest	156,500	57,144	202,906	617,753	1,034,303
Assessments	-	-	1,594,498	-	1,594,498
Other	-	-	-	975,120	975,120
Due from other funds	3,229,019	-	-	948,457	4,177,476
Due from other governments	36,190	18,950	-	859,910	915,050
Prepaid items and other assets	30,273	-	-	150	30,423
Restricted assets:					
Cash and cash equivalents	-	808,056	2,869,216	7,672,004	11,349,276
Investments	-	5,446,996	19,341,001	51,715,955	76,503,952
Total Assets	<u>32,464,832</u>	<u>6,869,044</u>	<u>24,007,621</u>	<u>71,055,704</u>	<u>134,397,201</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	4,912,865	180,884	-	187,570	5,281,319
Accrued liabilities	3,879,348	-	-	46,953	3,926,301
Accrued interest payable	-	175,071	-	-	175,071
Contracts payable	-	-	1,715,079	962,766	2,677,845
Deferred revenue	793,281	537,898	1,594,498	974,445	3,900,122
Due to other funds	-	-	-	1,260,806	1,260,806
Due to other governments	-	-	-	403,986	403,986
Retainage payable	-	-	572,653	535,562	1,108,215
Seized assets payable	-	-	-	347,324	347,324
Total Liabilities	<u>9,585,494</u>	<u>893,853</u>	<u>3,882,230</u>	<u>4,719,412</u>	<u>19,080,989</u>
Fund Balance:					
Reserved for encumbrances in:					
General fund	2,747,069	-	-	-	2,747,069
Street improvement fund	-	-	7,653,151	-	7,653,151
Capital project funds	-	-	-	8,008,033	8,008,033
Reserved in:					
General fund	30,273	-	-	-	30,273
Debt service fund	-	5,975,191	-	-	5,975,191
Street improvement fund	-	-	12,472,240	-	12,472,240
Capital project funds	-	-	-	52,175,860	52,175,860
Unreserved, designated in:					
Special revenue funds	-	-	-	1,581,128	1,581,128
Unreserved, undesignated in:					
General fund	20,101,996	-	-	-	20,101,996
Special revenue funds	-	-	-	5,942,047	5,942,047
Capital project funds	-	-	-	(1,370,776)	(1,370,776)
Total Fund Balance	<u>22,879,338</u>	<u>5,975,191</u>	<u>20,125,391</u>	<u>66,336,292</u>	<u>115,316,212</u>
Total Liabilities and Fund Balance	<u>\$ 32,464,832</u>	<u>\$ 6,869,044</u>	<u>\$ 24,007,621</u>	<u>\$ 71,055,704</u>	<u>\$ 134,397,201</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 GOVERNMENTAL FUNDS
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2002**

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

Total fund balance per balance sheet	\$115,316,212
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	720,427,760
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds	1,955,699
Net pension obligation asset for retirement security plan, not available to pay for current-period expenditures	530,622
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.	53,788,141
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(297,510,970)
Net assets of governmental activities	<u><u>\$594,507,464</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, 2002

	General	Debt Service	Street Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes-					
Property taxes	\$ 50,531,838	\$ 34,696,399	\$ -	\$ -	\$ 85,228,237
Other taxes	46,167,605	-	-	-	46,167,605
Franchise fees	19,700,523	-	-	-	19,700,523
Fines and forfeitures	8,220,779	-	-	588,342	8,809,121
Contributions	-	-	8,637,132	4,525,501	13,162,633
Licenses and permits	4,381,369	-	-	-	4,381,369
Intragovernmental	5,089,048	-	-	-	5,089,048
Intergovernmental	519,175	-	-	1,859,549	2,378,724
Fees for services	6,987,653	-	-	1,544,983	8,532,636
Assessments	-	-	44,445	-	44,445
Investment income	1,299,498	982,057	676,792	2,573,069	5,531,416
Miscellaneous	570,991	148,142	160	170,346	889,639
Total revenues	<u>143,468,479</u>	<u>35,826,598</u>	<u>9,358,529</u>	<u>11,261,790</u>	<u>199,915,396</u>
EXPENDITURES					
Current operating:					
General government	2,934,244	-	-	260,618	3,194,862
Administrative services	6,581,342	-	-	-	6,581,342
Police	41,985,390	-	-	662,000	42,647,390
Fire	25,880,242	-	-	15,014	25,895,256
Libraries	8,517,373	-	-	102,345	8,619,718
Development	14,894,618	-	-	1,231,434	16,126,052
Public services and operations	3,667,990	-	-	964,878	4,632,868
Parks and recreation	13,362,417	-	-	21,818	13,384,235
Public works	4,843,160	-	-	-	4,843,160
Other	15,284,555	-	-	-	15,284,555
Capital outlay	1,907,691	-	18,606,694	20,190,577	40,704,962
Debt service:					
Principal retirement	-	16,681,306	-	-	16,681,306
Interest and fiscal charges	-	15,970,668	-	-	15,970,668
Escrow payment-refunding	-	1,216,610	-	-	1,216,610
Total expenditures	<u>139,859,022</u>	<u>33,868,584</u>	<u>18,606,694</u>	<u>23,448,684</u>	<u>215,782,984</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,609,457</u>	<u>1,958,014</u>	<u>(9,248,165)</u>	<u>(12,186,894)</u>	<u>(15,867,588)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of bonds	-	-	10,154,195	5,475,805	15,630,000
Bond proceeds-refunding	-	42,842,287	-	-	42,842,287
Escrow payment-refunding	-	(42,503,801)	-	-	(42,503,801)
Transfers in	5,733,852	183,903	-	10,620,923	16,538,678
Transfers out	(8,984,766)	(1,265,205)	-	-	(10,249,971)
Total other financing sources (uses)	<u>(3,250,914)</u>	<u>(742,816)</u>	<u>10,154,195</u>	<u>16,096,728</u>	<u>22,257,193</u>
Net change in fund balances	358,543	1,215,198	906,030	3,909,834	6,389,605
Fund balances-beginning	22,520,795	4,759,993	19,219,361	62,426,458	108,926,607
Fund balances-ending	<u>\$ 22,879,338</u>	<u>\$ 5,975,191</u>	<u>\$ 20,125,391</u>	<u>\$ 66,336,292</u>	<u>\$ 115,316,212</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, 2002**

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

Net change in fund balance - total governmental funds	\$6,389,605
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.	6,525,457
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Governmental funds do not report the developers' contributions, whereas these amounts are reported in the statement of activities.	19,625,932
Net pension obligation 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.	530,622
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.	2,268,268
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.	485,335
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.	(413,819)
Change in net assets of governmental activities	<u><u>\$35,411,400</u></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 BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Budgeted Amounts		Actual	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES:						
Taxes-						
Property taxes	\$ 51,157,645	\$ 50,428,110	\$ 50,531,838	\$ (669,917)	\$ 49,861,921	\$ (566,189)
Other taxes	49,757,725	45,659,660	46,167,605	-	46,167,605	507,945
Franchise fees	19,218,385	19,463,624	19,700,523	-	19,700,523	236,899
Fines and forfeitures	7,527,437	8,083,270	8,220,779	-	8,220,779	137,509
Licenses and permits	5,639,125	4,308,277	4,381,369	-	4,381,369	73,092
Intragovernmental	5,089,048	5,089,048	5,089,048	-	5,089,048	-
Intergovernmental	403,951	493,348	519,175	-	519,175	25,827
Fees for services	7,006,410	6,835,064	6,987,653	-	6,987,653	152,589
Investment income	1,850,000	1,500,000	1,299,498	-	1,299,498	(200,502)
Miscellaneous	392,034	433,558	570,991	-	570,991	137,433
Total Revenues	148,041,760	142,293,959	143,468,479	(669,917)	142,798,562	504,603
EXPENDITURES:						
General government	3,389,891	3,631,184	2,934,244	70,661	3,004,905	626,279
Administrative services	7,292,841	7,224,711	6,581,342	43,943	6,625,285	599,426
Police	42,945,351	43,203,151	41,985,390	227,167	42,212,557	990,594
Fire	25,999,922	26,352,417	25,880,242	36,101	25,916,343	436,074
Libraries	8,695,769	8,794,584	8,517,373	53,092	8,570,465	224,119
Development	16,116,029	16,757,777	14,894,618	427,482	15,322,100	1,435,677
Public services and operations	3,780,773	4,033,712	3,667,990	166,139	3,834,129	199,583
Parks and recreation	14,286,139	13,677,873	13,362,417	219,226	13,581,643	96,230
Public works	5,393,687	5,045,841	4,843,160	73,937	4,917,097	128,744
Other	14,560,733	15,344,124	15,284,555	(588,782)	14,695,773	648,351
Capital outlay	2,617,933	3,756,133	1,907,691	1,348,186	3,255,877	500,256
Total Expenditures	145,079,068	147,821,507	139,859,022	2,077,152	141,936,174	5,885,333
Excess (Deficiency) Of Revenues Over Expenditures	2,962,692	(5,527,548)	3,609,457	(2,747,069)	862,388	6,389,936
OTHER FINANCING SOURCES (USES):						
Transfers in	4,956,532	5,733,852	5,733,852	-	5,733,852	-
Transfers out	(13,796,288)	(8,984,766)	(8,984,766)	-	(8,984,766)	-
Total Other Financing Sources (Uses)	(8,839,756)	(3,250,914)	(3,250,914)	-	(3,250,914)	-
Excess (Deficiency) Of Revenues And Other Sources Over Expenditures And Other Uses	(5,877,064)	(8,778,462)	358,543	(2,747,069)	(2,388,526)	6,389,936
FUND BALANCE, OCTOBER 1	22,520,795	22,520,795	22,520,795	-	22,520,795	-
FUND BALANCE, September 30	\$ 16,643,731	\$ 13,742,333	\$ 22,879,338	\$ (2,747,069)	\$ 20,132,269	\$ 6,389,936

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, 2002**

	Excess (Deficiency) of Revenues and other Sources Over Expenditures And Other Uses General Fund
GAAP basis	\$ 358,543
Revenues:	
Decrease due to rolled back taxes	(669,917)
Expenditures:	
Increase due to encumbrances	(2,747,069)
Decrease due to rolled back taxes	669,917
Budgetary basis	<u>\$ (2,388,526)</u>

CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2002

Business-type Activities
Enterprise Funds

	Water and Sewer	Solid Waste	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,693,862	\$ 42,327	\$ 73,331	\$ 376,173	\$ 2,185,693	\$ 3,529,173
Investments	11,398,044	283,632	494,311	2,517,804	14,693,791	23,787,154
Receivables -						
Accounts	11,562,232	1,155,845	531,901	125,167	13,375,145	46,047
Accrued Interest	119,577	2,975	5,186	26,415	154,153	340,567
Other	2,774	430,139	-	62,406	495,319	603
Interfund receivable (payable)	-	(163,072)	-	(10,488)	(173,560)	173,560
Due from other governments	75,578	-	-	-	75,578	128,145
Inventories	-	-	-	-	-	1,022,847
Prepaid expenses & other assets	1,342,335	259,850	-	37,735	1,639,920	52,799
Advances to other funds	-	-	-	-	-	1,200,220
Total current assets	<u>26,194,402</u>	<u>2,011,696</u>	<u>1,104,729</u>	<u>3,135,212</u>	<u>32,446,039</u>	<u>30,281,115</u>
Restricted assets:						
Revenue bond debt service-						
Cash and cash equivalents	194,942	-	318,275	-	513,217	-
Investments	1,314,086	-	1,261,983	-	2,576,069	-
Accrued interest receivable	13,786	-	22,508	-	36,294	-
Total revenue bond debt service	<u>1,522,814</u>	<u>-</u>	<u>1,602,766</u>	<u>-</u>	<u>3,125,580</u>	<u>-</u>
Revenue bond reserve fund-						
Investments	2,984,905	-	1,288,495	-	4,273,400	-
Total revenue bond reserve fund	<u>2,984,905</u>	<u>-</u>	<u>1,288,495</u>	<u>-</u>	<u>4,273,400</u>	<u>-</u>
Revenue bond construction fund-						
Cash and cash equivalents	2,075,544	-	458,227	-	2,533,771	1,287,022
Investments	13,990,969	-	2,683,823	-	16,674,792	8,675,640
Accrued interest receivable	146,780	-	32,405	-	179,185	-
Total revenue bond construction	<u>16,213,293</u>	<u>-</u>	<u>3,174,455</u>	<u>-</u>	<u>19,387,748</u>	<u>9,962,662</u>
Total restricted assets	<u>20,721,012</u>	<u>-</u>	<u>6,065,716</u>	<u>-</u>	<u>26,786,728</u>	<u>9,962,662</u>
Capital assets:						
Land	3,114,160	-	36,974	4,325,004	7,476,138	63,022
Buildings	1,246,028	-	-	12,289,014	13,535,042	1,171,242
Improvements other than buildings	396,235,056	-	-	1,820,046	398,055,102	802
Equipment	8,270,717	7,127,023	258,124	2,188,667	17,844,531	25,651,487
Furniture and fixtures	231,368	68,356	5,724	688,842	994,290	125,463
Rolling equipment	114,195	136,694	-	-	250,889	41,601,011
Drainage improvements	-	-	13,118,250	-	13,118,250	-
Construction in progress	12,056,639	-	7,617,301	-	19,673,940	1,520,420
Less accumulated depreciation	(102,233,406)	(4,340,399)	(1,287,540)	(10,199,922)	(118,061,267)	(50,586,203)
Total capital assets (net of accumulated depreciation)	<u>319,034,757</u>	<u>2,991,674</u>	<u>19,748,833</u>	<u>11,111,651</u>	<u>352,886,915</u>	<u>19,547,244</u>
Total noncurrent assets	<u>339,755,769</u>	<u>2,991,674</u>	<u>25,814,549</u>	<u>11,111,651</u>	<u>379,673,643</u>	<u>29,509,906</u>
Total assets	<u>\$ 365,950,171</u>	<u>\$ 5,003,370</u>	<u>\$ 26,919,278</u>	<u>\$ 14,246,863</u>	<u>412,119,682</u>	<u>\$ 59,791,021</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
SEPTEMBER 30, 2002
(continued)

Business-type Activities
Enterprise Funds

	Water and Sewer	Solid Waste	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 2,935,307	\$ 307,669	\$ 98,249	\$ 579,063	\$ 3,920,288	\$ 1,324,226
Accrued liabilities	549,386	305,092	33,025	207,408	1,094,911	700,225
Deferred revenue	-	-	-	300,318	300,318	-
Due to other funds	-	-	-	35,762	35,762	2,880,908
Tax anticipation notes payable	-	-	-	-	-	2,955,000
Accrued interest payable	-	1,517	-	-	1,517	-
Customer deposits	2,161,400	-	-	80,160	2,241,560	-
Total current liabilities	5,646,093	614,278	131,274	1,202,711	7,594,356	7,860,359
Current liabilities payable from restricted assets:						
Due to other governments	180,004	-	301,573	-	481,577	-
Contracts payable	462,049	-	75,334	-	537,383	-
Current portion of long-term debt	3,020,468	-	785,000	-	3,805,468	-
Liability for insurance claims	-	-	-	-	-	6,626,007
Accrued interest payable	486,007	-	376,061	-	862,068	-
Retainage payable	252,784	-	34,035	-	286,819	-
Total current liabilities payable from restricted assets	4,401,312	-	1,572,003	-	5,973,315	6,626,007
Noncurrent liabilities:						
Advance from other funds	-	1,189,146	-	11,074	1,200,220	-
Bonds payable	22,617,978	-	16,341,088	-	38,959,066	-
Liability for compensated absences	945,222	376,121	36,979	203,006	1,561,328	-
Tax anticipation notes payable	-	-	-	-	-	12,606,721
Total noncurrent liabilities	23,563,200	1,565,267	16,378,067	214,080	41,720,614	12,606,721
Total liabilities	33,610,605	2,179,545	18,081,344	1,416,791	55,288,285	27,093,087
NET ASSETS						
Invested in capital assets (net of related debt)	289,911,618	2,378,913	2,491,471	10,325,180	305,107,182	4,916,072
Restricted for:						
Capital projects	16,213,293	-	3,174,455	-	19,387,748	9,962,662
Debt service	4,507,719	-	2,891,261	-	7,398,980	-
Unrestricted	21,706,936	444,912	280,747	2,504,892	24,937,487	17,819,200
Total Net Assets	\$ 332,339,566	\$ 2,823,825	\$ 8,837,934	\$ 12,830,072	\$ 356,831,397	\$ 32,697,934

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, 2002

	Business-type Activities Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	Water and Sewer	Solid Waste	Municipal Drainage	Other Enterprise Funds		
Operating revenues:						
Charges for sales and services:						
Service charges	\$ 61,815,023	\$ 8,987,531	\$ 4,221,977	\$ 5,621,773	\$ 80,646,304	\$ 37,526,267
Franchise fees	-	4,739,942	-	-	4,739,942	-
Sale of trash bags	-	456,992	-	-	456,992	-
Penalties	824,640	-	-	-	824,640	-
Taps and meters	289,300	-	-	-	289,300	-
Sewer taps	1,007	-	-	-	1,007	-
Construction water	83,184	-	-	-	83,184	-
Contributions	-	107,971	-	-	107,971	-
Intergovernmental	19,550	121,123	-	-	140,673	-
Miscellaneous charges	4,031	20,561	-	38,679	63,271	159,171
Total operating revenues	<u>63,036,735</u>	<u>14,434,120</u>	<u>4,221,977</u>	<u>5,660,452</u>	<u>87,353,284</u>	<u>37,685,438</u>
Operating expenses:						
Personal services	6,965,189	4,077,136	798,930	3,232,649	15,073,904	5,746,944
Contractual services	5,742,783	5,298,437	775,239	3,547,293	15,363,752	4,404,916
Supplies	1,317,129	302,823	85,175	853,893	2,559,020	4,957,955
Claims expense	-	-	-	-	-	17,420,139
Depreciation	10,310,979	487,663	213,315	760,423	11,772,380	7,036,790
Landfill services	-	4,557,748	-	-	4,557,748	-
Wastewater treatment	12,645,534	-	-	-	12,645,534	-
Charges in lieu of taxes	4,472,838	616,210	-	-	5,089,048	-
Water supply	20,532,408	-	-	-	20,532,408	-
Miscellaneous	104,973	89,387	1,034	137,941	333,335	32,361
Total operating expenses	<u>62,091,833</u>	<u>15,429,404</u>	<u>1,873,693</u>	<u>8,532,199</u>	<u>87,927,129</u>	<u>39,599,105</u>
Operating income (loss)	<u>944,902</u>	<u>(995,284)</u>	<u>2,348,284</u>	<u>(2,871,747)</u>	<u>(573,845)</u>	<u>(1,913,667)</u>
Nonoperating revenues (expenses):						
Investment income	1,442,637	1,162	286,243	120,326	1,850,368	1,681,024
Loss on property disposition	-	-	-	(1,456)	(1,456)	195,647
Interest and fiscal charges	(1,537,655)	(84,848)	(595,254)	(1,764)	(2,219,521)	(1,172,878)
Hotel/motel tax	-	-	-	2,699,230	2,699,230	-
Intergovernmental revenues	-	-	-	-	-	8,840
Tax anticipation note premium	-	-	-	-	-	105,299
Miscellaneous	312,470	289	21,564	1,499	335,822	35,015
Total nonoperating revenue (expenses)	<u>217,452</u>	<u>(83,397)</u>	<u>(287,447)</u>	<u>2,817,835</u>	<u>2,664,443</u>	<u>852,947</u>
Income (loss) before contributions and transfers	<u>1,162,354</u>	<u>(1,078,681)</u>	<u>2,060,837</u>	<u>(53,912)</u>	<u>2,090,598</u>	<u>(1,060,720)</u>
Contributions from developers	12,293,848	-	-	-	12,293,848	-
Transfers in	-	-	-	-	-	2,000,000
Transfers out	(7,293,230)	-	(209,731)	(635,746)	(8,138,707)	(150,000)
Change in net assets	6,162,972	(1,078,681)	1,851,106	(689,658)	6,245,739	789,280
Total net assets-beginning	326,176,594	3,902,506	6,986,828	13,519,730	350,585,658	31,908,654
Total net assets-ending	<u>\$ 332,339,566</u>	<u>\$ 2,823,825</u>	<u>\$ 8,837,934</u>	<u>\$ 12,830,072</u>	<u>\$ 356,831,397</u>	<u>\$ 32,697,934</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 FUND BALANCES OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

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

Net change in fund balance - total proprietary funds	\$6,245,739
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 business-type activities.	1,097,521
Change in net assets of business-type activities	<u><u>\$7,343,260</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, 2002

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Solid Waste	Municipal Drainage	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 59,064,378	\$ 10,048,889	\$ 4,144,988	\$ 5,801,661	\$ 79,059,916	\$ 37,911,920
Franchise fees	-	4,739,942	-	-	4,739,942	-
Charges in lieu of taxes	(4,472,838)	(616,210)	-	-	(5,089,048)	-
Cash payments to suppliers for goods and services	(41,103,179)	(10,239,732)	(857,131)	(4,200,727)	(56,400,769)	(25,921,877)
Cash payments to employees for services	(6,826,663)	(4,061,111)	(785,956)	(3,159,628)	(14,833,358)	(5,649,833)
Net cash provided (used) by operating activities	6,661,698	(128,222)	2,501,901	(1,558,694)	7,476,683	6,340,210
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Repayments from other funds	-	-	-	-	-	164,356
Repayments to other funds	-	(154,425)	-	(9,931)	(164,356)	-
Hotel/motel tax	-	-	-	2,699,230	2,699,230	-
Transfers to other funds	(7,293,230)	-	(209,731)	(635,746)	(8,138,707)	(150,000)
Transfers from other funds	-	-	-	-	-	2,000,000
Grant receipts	-	-	-	-	-	8,840
Net cash provided (used) by noncapital financing activities	(7,293,230)	(154,425)	(209,731)	2,053,553	(5,603,833)	2,023,196
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(10,773,070)	(144,810)	(2,915,849)	(392,498)	(14,226,227)	(13,829,607)
Transfer of capital assets to other funds	-	141,810	-	-	141,810	(126,129)
Proceeds from sale of equipment	-	-	-	-	-	220,114
Principal paid on long-term debt	(3,410,000)	-	(815,000)	-	(4,225,000)	(2,515,000)
Interest and fees paid on long-term debt	(1,342,495)	(84,848)	(845,848)	(1,764)	(2,274,955)	(1,172,878)
Contributions by developers	1,388,345	-	36,032	-	1,424,377	-
Contributions by other governments	64,422	-	-	-	64,422	-
Proceeds from insurance damages	353,248	289	3,755	1,499	358,791	35,015
Bond proceeds	-	-	4,557,466	-	4,557,466	-
Bond issuance costs paid	-	-	(30,007)	-	(30,007)	-
Tax anticipation notes proceeds	-	-	-	-	-	4,200,000
Net cash used by capital and related financing activities	(13,719,550)	(87,559)	(9,451)	(392,763)	(14,209,323)	(13,188,485)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(29,688,004)	(283,632)	(5,728,612)	(2,517,804)	(38,218,052)	(32,462,794)
Proceeds from sale and maturities of investment securities	43,240,040	620,668	3,724,984	2,473,583	50,059,275	37,351,198
Interest on investments	1,929,614	11,837	253,129	129,382	2,323,962	1,832,858
Increase (decrease) in fair value of investments	(373,960)	(7,562)	9,550	(11,209)	(383,181)	(126,054)
Net cash provided (used) by investing activities	15,107,690	341,311	(1,740,949)	73,952	13,782,004	6,595,208
Net increase (decrease) in cash and cash equivalents	756,608	(28,895)	541,770	176,048	1,445,531	1,770,129
Cash and cash equivalents, October 1	3,207,740	71,222	308,063	200,125	3,787,150	3,046,066
Cash and cash equivalents, September 30	3,964,348	42,327	849,833	376,173	5,232,681	4,816,195
Classified as:						
Current assets	1,693,862	42,327	73,331	376,173	2,185,693	3,529,173
Restricted assets	2,270,486	-	776,502	-	3,046,988	1,287,022
Total	\$ 3,964,348	\$ 42,327	\$ 849,833	\$ 376,173	\$ 5,232,681	\$ 4,816,195

Non-cash disclosure:
Developers contributions \$ 12,293,848

(continued)

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, 2002
(continued)

	Business-type Activities Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	Water and Sewer	Solid Waste	Municipal Drainage	Other Enterprise Funds		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 944,902	\$ (995,284)	\$ 2,348,284	\$ (2,871,747)	\$ (573,845)	\$ (1,913,667)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	10,310,979	487,663	213,315	760,423	11,772,380	7,036,790
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivable	(3,879,041)	(52,407)	(76,989)	124,801	(3,883,636)	9,533
Other accounts receivable	808	407,118	-	27,420	435,346	(115,624)
Due from other governments	-	-	-	-	-	(9,440)
Prepaid expenses	(1,341,839)	(257,625)	-	12,109	(1,587,355)	(4,950)
Inventory	-	8,615	-	-	8,615	(272,899)
Increase (decrease) in-						
Accounts payable	581,487	257,673	9,329	263,110	1,111,599	(2,732)
Accrued liabilities	85,744	(2,772)	1,258	43,337	127,567	97,111
Due to other funds	-	-	(5,012)	35,762	30,750	353,236
Refunds payable	-	-	-	(2,597)	(2,597)	-
Liability for compensated absences	52,782	18,797	11,716	29,684	112,979	-
Customer deposits	(94,124)	-	-	277	(93,847)	-
Deferred revenue	-	-	-	18,727	18,727	-
Liability for insurance claims	-	-	-	-	-	1,162,852
Total adjustments	5,716,796	867,062	153,617	1,313,053	8,050,528	8,253,877
Net cash provided (used) by operating activities	\$ 6,661,698	\$ (128,222)	\$ 2,501,901	\$ (1,558,694)	\$ 7,476,683	\$ 6,340,210

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, 2002**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 286,008	\$ 876,029
Investments	33,018,883	5,905,193
Accrued interest	198,883	61,951
Total Assets	<u>33,503,774</u>	<u>6,843,173</u>
LIABILITIES		
Developers' escrow liability	-	6,822,802
Unclaimed property payable	-	20,371
Total Liabilities	<u>-</u>	<u>6,843,173</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>33,503,774</u>	
Total Net Assets	<u>\$ 33,503,774</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, 2002**

	Pension Trust Fund
ADDITIONS	
Contributions	\$ 2,043,814
Investment income (loss):	
Net depreciation in fair value of investments	(5,521,612)
Interest	847,872
Dividends	281,905
Total investment loss	<u>(4,391,835)</u>
Less investment expense	176,722
Net investment loss	<u>(4,568,557)</u>
Total additions	<u>(2,524,743)</u>
DEDUCTIONS	
Benefits	643,097
Miscellaneous expense	24,199
Total deductions	<u>667,296</u>
Net decrease	(3,192,039)
Net assets-beginning of year	36,695,813
Net assets-end of year	<u>\$ 33,503,774</u>

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

**CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
COMPONENT UNITS
AS OF SEPTEMBER 30, 2002**

	Economic Development	TIF Mall	TIF East Side	Total
ASSETS				
Cash and cash equivalents	\$ 117,218	\$ -	\$ -	\$ 117,218
Investments	788,804	-	-	788,804
Receivables:				
Accrued interest	8,275	-	-	8,275
Prepaid expenses and other assets	1,431	-	-	1,431
Capital assets, net	15,624	-	6,167,293	6,182,917
Total Assets	<u>931,352</u>	<u>-</u>	<u>6,167,293</u>	<u>7,098,645</u>
LIABILITIES				
Current:				
Accounts payable	27,526	-	2,695	30,221
Accrued liabilities	19,457	-	-	19,457
Long-term:				
Notes payable	-	3,920,277	3,085,487	7,005,764
Liability for compensated absences	30,159	-	-	30,159
Total Liabilities	<u>77,142</u>	<u>3,920,277</u>	<u>3,088,182</u>	<u>7,085,601</u>
NET ASSETS				
Invested in capital assets (net of related debt)	15,624	-	6,167,293	6,182,917
Unrestricted	838,586	(3,920,277)	(3,088,182)	(6,169,873)
Total Net Assets	<u>\$ 854,210</u>	<u>\$ (3,920,277)</u>	<u>\$ 3,079,111</u>	<u>\$ 13,044</u>

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

**CITY OF PLANO, TEXAS
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component units:				
Economic Development	\$ 652,520	\$ 629,281	\$ -	\$ -
TIF Mall	1,863,626	-	-	-
TIF East Side	301,035	-	-	40,000
Total component units	<u>\$ 2,817,181</u>	<u>\$ 629,281</u>	<u>\$ -</u>	<u>\$ 40,000</u>

General revenues:
Property taxes
Investment income
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

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

Net (Expenses) Revenue and Changes in Net Assets

Component Units		
Economic Development	TIF Mall	TIF East Side
\$ (23,239)	\$ -	\$ -
-	(1,863,626)	-
-	-	(261,035)
<u>\$ (23,239)</u>	<u>\$ (1,863,626)</u>	<u>\$ (261,035)</u>
-	1,146,958	1,090,625
38,377	-	-
<u>38,377</u>	<u>1,146,958</u>	<u>1,090,625</u>
15,138	(716,668)	829,590
839,072	(3,203,609)	2,249,521
<u>\$ 854,210</u>	<u>\$ (3,920,277)</u>	<u>\$ 3,079,111</u>

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

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 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 or account group, but distinguish between the City's governmental 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, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expenses on the City's fixed assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. The accrual basis of accounting is utilized by proprietary fund types and the pension trust fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Accordingly, the accounting and financial reporting of the City's General Fund, Capital Projects Funds and Debt Services Funds is similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by Statement No. 34.

Statement No. 34 also requires supplementary information Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition a budgetary comparison statement is presented that compares the adopted and modified General Fund budget with actual results.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

A significant amount of the City's revenues are derived from nonexchange transactions, such as developers contributions. The effect of adoption of Statement No. 33 on the nonexchange transactions recorded as revenue in the City's water and sewer funds was significant. Developers contributions and impact fees of \$12.3 million are recorded as nonoperating revenue in the water and sewer fund financial statements. These amounts represent revenues from nonexchange transactions during the fiscal year which are not available to finance expenditures of the current period. For reporting nonexchange transactions in the government-wide financial statements on the accrual basis of accounting, the revenues are recorded as capital contributions program revenue.

B. Reporting Entity

The City is governed by an elected mayor and seven-member council. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so 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. The Board does 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 type. There are no separately issued financial statements of the Board. The Board will be presented as discrete component unit.

Tax Increment Financing Units. The City has established two-tax increment financing units 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 Incremental Financing Units are legally separate from the City and the City does not appoint a majority of its governing board; however, the entities are fiscally dependent on the City. These projects had limited activity during fiscal year 2002 and will be presented as discrete component units. Separate financial statements for these entities are not available.

Related Organizations. 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 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 previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model as defined by

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

GASB Statement No. 34 the focus is either the City as a whole or major individual funds (within the fund financial statements).

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, franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, debt service fund and street improvements fund. The major enterprise funds are the water and sewer fund, solid waste 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. The non-major funds are detailed in the combining section of the 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 fiduciary funds (which have been redefined and narrowed in scope) 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 government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units. 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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to 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 immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered deferred revenue.

Paving assessments in the Capital Projects Funds 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. The assessments not collected are recorded as deferred revenue.

Business type activities and all proprietary funds, and the pension trust fund, 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, solid waste, 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 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. Street improvements fund accounts 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.
- d. Other Governmental Funds is a summarization of all of the non-major governmental funds.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

2. Proprietary Funds:

The focus of Proprietary Fund 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 Proprietary Funds of the City:

- a. Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the Fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.
- b. Solid Waste 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 Proprietary Funds is a summarization of all of the non-major proprietary 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.
- c. Pension Trust Fund is used to account for the accumulation of resources to be used for the retirement benefit payments to employees of the City.

4. Non-Current Governmental Assets/Liabilities:

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

F. 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.

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.

G. Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the 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.

H. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) fixed 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 \$1,500 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. Net revenue bond interest cost incurred during construction periods is capitalized when material. For fiscal year 2002, \$399,828 of such interest costs were capitalized in the Municipal Drainage Fund.

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

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

I. 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, proprietary, and fiduciary fund 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.

J. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed. Federal grants include Community Development Block Grant funds 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.

K. 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, issuance costs, as well as bond premiums and discounts are recognized when incurred.

L. 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).

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 the “long-term liabilities, including bonds payable, are not due and

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

payable in the current period and therefore are not reported in the funds.” The details of this \$297,510,970 difference are as follows:

Bonds payable	\$ 251,053,582
Tax anticipation notes	15,155,000
Less: Issuance discount (to be amortized as interest expense)	(383,692)
Add: Issuance premium (to be amortized as interest expense)	3,409,531
Less: Deferred charges from refunding	(1,759,249)
Accrued interest payable	783,532
Claims and judgments	6,626,007
Compensated absences	<u>22,626,259</u>
 Net adjustment to reduce fund balance – total governmental funds To arrive at net assets – governmental activities	 <u>\$ 297,510,970</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 that 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 \$ 6,525,457 difference are as follows:

Capital outlay	\$ 40,425,159
Depreciation expense	<u>(33,899,702)</u>
 Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 6,525,457</u>

Another element of that 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 \$(2,268,268) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ 56,130,000
Add premiums	2,342,287
Principal repayments:	
General obligation debt	(16,681,306)
Principal refunding:	
General obligation debt	(42,300,000)
Deferred charges	(1,759,249)
 Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (2,268,268)</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

Another element of that reconciliation 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 \$(485,335) difference are as follows:

Compensated absences	\$ (194,956)
Accrued interest	(171,234)
Amortization of bond discount	(152,692)
Amortization of bond premium	<u>33,547</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (485,335)</u>

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.
- 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 \$111,348 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. (See Encumbrances, above, regarding encumbered appropriations.)

The Budgetary Comparison Schedule, included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which annual operating budgets are 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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

Budgetary data for the Special Revenue Funds and Capital Projects Funds have not been presented in the accompanying required supplemental information. Receipts of revenues are not estimable for all Special Revenue Funds and are not budgeted. Expenditures are limited to total revenues over the life of the funds. Capital Projects Funds are budgeted over the life of the respective project and are reviewed and approved by the City Council in an annual Capital Improvements Program plan.

B. Fund Deficits and Budget Compliance:

The DART Capital Projects Fund deficit of \$813,145 will be funded from future contributions from the Dallas Area Rapid Transit local assistance program. The Downtown Center Development Enterprise Fund accumulated a net liability of \$ 14,160, and will require funding from future revenues generated by the properties in the fund. The Office Services net liability of \$417,673 and the Health Claims Internal Services Fund net liability of \$1,982,806 will require adjustments to the billing rate as well as a review of the health plan employee and employer contributions. The TIF Mall Discretely Presented Component Unit deficit of \$3,920,277 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.

IV. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS:

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2002. At year-end, the carrying amount of the City's demand deposits was an overdraft of \$(340,688) (bank balance, \$1,671,707). The bank balance was covered by collateral with a fair value of \$5,019,292. The collateral is held in the City's name by the Federal Home Loan Bank of Dallas, an agent of the City's financial institution. (Category 2 - Collateralized with securities held by the pledging financial institution's agent in the City's name).

Investments - State statutes and City Bond Ordinances authorize the City's investments. The City is authorized to invest in U. S. Government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, government pools and money market funds consisting of any of these securities listed. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes investments that are uninsured and unregistered, or for which securities are held by the counterparty's trust department or agent in the entity's name. Category 3 includes investments that are uninsured and unregistered, or for which the securities are held by the counterparty, or by its trust department or agent but not in the entity's name. The short-term investment pools are not evidenced by securities that exist in physical or book entry form and accordingly, not categorized for credit risk. The City has the ability and intent to hold investments until maturity and not realize losses due to market decline.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

The City's investments carried at fair value as of September 30, 2002 are:

	Fair Value
Primary Government	
Investments categorized as Category 1:	
Obligations of the U.S. Government and its agencies	\$ 170,372,665
Municipal Bonds	1,821,651
Total Category 1 investments	<u>172,194,316</u>
Investments not subject to categorization:	
Short-Term Investments in Treasury Money Market Funds	2,984,905
Texpool Investment Pool	25,942,702
	<u>28,927,607</u>
Retirement Security Plan Investments: (Category 3)	
Obligations of the U.S. Government and its agencies	-
Corporate Bonds	11,144,935
Corporate Stocks	21,873,948
Total Category 3 Investments	<u>33,018,883</u>
Investments not subject to categorization:	
Short-Term Treasury Fund	286,008
	<u>286,008</u>
Total Investments Primary Government	<u>234,426,814</u>
Component Units	
Investments categorized as Category 1:	
Obligations of the U.S. government and its agencies	780,459
Municipal Bonds	8,345
Total Category 1 investments	<u>788,804</u>
Investments not subject to categorization:	
Texpool Investment Pool	117,218
Total Investments Economic Development Board	<u>906,022</u>
Total Reporting Entity	<u>\$ 235,332,836</u>

Investments in the Retirement Security Plan are held by a bank trust department.

Investments of the City, other than for 2a7-like pools, are valued based upon quotes obtained from Interactive Data Corporation (IDC). Investments in 2a7-like pools, are valued based upon the value of pool shares. No investments are reported at amortized cost. The City currently invests in one 2a7-like pool, the Texas Local Government Investment Pool (Texpool), which was created under the Interlocal Cooperation Act, Texas Government Code Ann. Ch. 791 and the Texas Government Code Ann. Ch. 2256. The Texas Treasury Safekeeping Trust Company (the Trust) is trustee of Texpool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is the sole officer, director and shareholder. The advisory board of Texpool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act, Texas Government Code Ann. Ch. 2256. The City's investment in Texpool and short-term investments (treasury money market funds) are not categorized because they are not evidenced by securities that exist in physical or book entry form.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

A reconciliation of cash and investments as shown on the Statement of Net Assets for the City follows:

	Primary Government	Component Units	Reporting Entity	Fiduciary Funds
Cash on Hand	\$ 57,347	200	57,547	-
Carrying Amount of Deposits	(384,395)	(1,823)	(386,218)	(13,645)
Carrying Amount of Investments	194,327,061	907,645	195,234,706	40,099,758
	<u>\$ 194,000,013</u>	<u>906,022</u>	<u>194,906,035</u>	<u>40,086,113</u>
Cash and Cash Equivalents	\$ 9,042,700	117,218	9,159,918	1,162,037
Cash and Cash Equivalents-Restricted	15,683,286	-	15,683,286	-
Investments	60,570,174	788,804	61,358,978	38,924,076
Investments-Restricted	108,703,853	-	108,703,853	-
	<u>\$ 194,000,013</u>	<u>906,022</u>	<u>194,906,035</u>	<u>40,086,113</u>

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, 2001, upon which the original 2002 levy was based, was \$18,923,096,351. Subsequent adjustments decreased this value to \$18,896,826,737.

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 sixty days after year-end. Current tax collections for the year ended September 30, 2002, were 98.1% 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, 2002, was \$0.4535 (\$0.2690 for general government and \$0.1845 for debt service) per \$100 of assessed valuation. Thus the City has a tax margin of approximately \$2.0465 per \$100 and could have levied up to approximately \$386,724,000 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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

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.

3. RECEIVABLES:

Receivables at September 30, 2002 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	Street Improvements	Water & Sewer	Solid Waste	Municipal Drainage	Nonmajor & Other Funds	Total
Receivables:								
Property Taxes	\$1,106,689	799,577	-	-	-	-	-	1,906,266
Sales Taxes	3,294,396	-	-	-	-	-	-	3,294,396
Mixed Drink Taxes	136,561	-	-	-	-	-	-	136,561
Accounts	606,661	-	-	11,691,421	1,155,845	531,901	205,722	14,191,550
Accrued Interest	156,500	57,144	202,906	280,143	2,975	60,099	984,735	1,744,502
Assessments	-	-	1,688,197	-	-	-	-	1,688,197
Bonds	-	-	-	-	-	-	-	-
Tax Anticipation Notes	-	-	-	-	-	-	-	-
Notes	7,005,764	-	-	-	-	-	-	7,005,764
Other	-	-	-	2,774	430,139	-	1,038,129	1,471,042
Gross Receivables	12,306,571	856,721	1,891,103	11,974,338	1,588,959	592,000	2,228,586	31,438,278
Less: Allowance for Uncollectibles	(322,437)	(261,679)	(93,699)	(129,189)	-	-	-	(807,004)
Net total Receivables	11,984,134	595,042	1,797,404	11,845,149	1,588,959	592,000	2,228,586	30,631,274

The Enterprise Fund accounts receivable include unbilled charges for services rendered at September 30, 2002.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

Capital asset activity for the year ended September 30, 2002 was as follows:

Primary Government

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 87,107,794	4,088,938	(20,873)	91,175,859
Construction in progress	24,632,132	39,244,031	(22,427,195)	41,448,968
Total capital assets, not being depreciated	111,739,926	43,332,969	(22,448,068)	132,624,827
Capital assets, being depreciated:				
Buildings	80,569,572	6,948,621	-	87,518,193
Improvements other than buildings	150,326,673	15,593,425	(17,099,482)	148,820,616
Equipment	106,317,467	15,781,842	(2,382,475)	119,716,834
Infrastructure	644,704,782	32,251,158	-	676,955,940
Total capital assets being depreciated	981,918,494	70,575,046	(19,481,957)	1,033,011,583
Less accumulated depreciation for:				
Buildings	(33,350,944)	(4,248,613)	-	(37,599,557)
Improvements other than buildings	(66,819,242)	(5,111,797)	-	(71,931,039)
Equipment	(80,086,381)	(13,578,859)	2,036,057	(91,629,183)
Infrastructure	(206,479,596)	(18,022,031)	-	(224,501,627)
Total accumulated depreciation	(386,736,163)	(40,961,300)	2,036,057	(425,661,406)
Total capital assets, being depreciated, net	595,182,331	29,613,746	(17,445,900)	607,350,177
Governmental activities capital assets, net	\$ 706,922,257	72,946,715	(39,893,968)	739,975,004

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Water and sewer activities:				
Capital assets, not being depreciated:				
Land	\$ 3,088,592	25,568	-	3,114,160
Construction in progress	11,252,362	8,827,034	(8,022,757)	12,056,639
Total capital assets, not being depreciated	14,340,954	8,852,602	(8,022,757)	15,170,799
Capital assets, being depreciated:				
Buildings	1,246,028	-	-	1,246,028
Improvements other than buildings	377,151,324	19,083,732	-	396,235,056
Furniture and fixtures	306,342	-	(74,974)	231,368
Equipment	7,000,320	1,919,530	(534,938)	8,384,912
Total capital assets being depreciated	385,704,014	21,003,262	(609,912)	406,097,364
Less accumulated depreciation for:				
Buildings	(662,139)	(62,301)	-	(724,440)
Improvements other than buildings	(88,143,852)	(9,550,108)	-	(97,693,960)
Furniture and fixtures	(314,701)	-	83,333	(231,368)
Equipment	(3,129,427)	(706,926)	252,715	(3,583,638)
Total accumulated depreciation	(92,250,119)	(10,319,335)	336,048	(102,233,406)
Total capital assets, being depreciated, net	293,453,895	10,683,927	(273,864)	303,863,958
Water and sewer activities capital assets, net	\$ 307,794,849	19,536,529	(8,296,621)	319,034,757

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Solid waste activities:				
Capital assets, being depreciated:				
Equipment	\$ 7,260,717	144,810	(141,810)	7,263,717
Furniture and fixtures	68,858	-	(502)	68,356
Total capital assets being depreciated	7,329,575	144,810	(142,312)	7,332,073
Less accumulated depreciation for:				
Equipment	(3,813,042)	(478,990)	-	(4,292,032)
Furniture and fixtures	(40,196)	(8,673)	502	(48,367)
Total accumulated depreciation	(3,853,238)	(487,663)	502	(4,340,399)
Total capital assets, being depreciated, net	3,476,337	(342,853)	(141,810)	2,991,674
Solid waste activities capital assets, net	\$ 3,476,337	(342,853)	(141,810)	2,991,674

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Municipal drainage activities:				
Capital assets, not being depreciated:				
Land	\$ 35,675	1,299	-	36,974
Construction in progress	7,041,978	3,274,729	(2,699,406)	7,617,301
Total capital assets, not being depreciated	7,077,653	3,276,028	(2,699,406)	7,654,275
Capital assets, being depreciated:				
Drainage improvements	10,420,143	2,698,107	-	13,118,250
Furniture and fixtures	6,393	-	(669)	5,724
Equipment	280,738	218,485	(241,099)	258,124
Total capital assets being depreciated	10,707,274	2,916,592	(241,768)	13,382,098
Less accumulated depreciation for:				
Drainage improvements	(801,749)	(232,768)	-	(1,034,517)
Furniture and fixtures	(2,642)	(370)	669	(2,343)
Equipment	(304,283)	(3,722)	57,325	(250,680)
Total accumulated depreciation	(1,108,674)	(236,860)	57,994	(1,287,540)
Total capital assets, being depreciated, net	9,598,600	2,679,732	(183,774)	12,094,558
Municipal drainage activities capital assets, net	\$ 16,676,253	5,955,760	(2,883,180)	19,748,833

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Other nonmajor business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 4,292,532	32,472	-	4,325,004
Total capital assets, not being depreciated	4,292,532	32,472	-	4,325,004
Capital assets, being depreciated:				
Buildings	11,936,460	352,554	-	12,289,014
Improvements other than buildings	1,820,046	-	-	1,820,046
Furniture and fixtures	689,606	-	(764)	688,842
Equipment	2,187,871	22,254	(21,458)	2,188,667
Total capital assets being depreciated	16,633,983	374,808	(22,222)	16,986,569
Less accumulated depreciation for:				
Buildings	(6,756,530)	(591,110)	-	(7,347,640)
Improvements other than buildings	(531,107)	(40,815)	-	(571,922)
Furniture and fixtures	(440,179)	(11,975)	761	(451,393)
Equipment	(1,717,666)	(116,523)	5,222	(1,828,967)
Total accumulated depreciation	(9,445,482)	(760,423)	5,983	(10,199,922)
Total capital assets, being depreciated, net	7,188,501	(385,615)	(16,239)	6,786,647
Other nonmajor business-type activities capital assets, net	\$ 11,481,033	(353,143)	(16,239)	11,111,651

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Total Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,416,799	59,339	-	7,476,138
Construction in progress	18,294,340	12,101,763	(10,722,163)	19,673,940
Total capital assets, not being depreciated	25,711,139	12,161,102	(10,722,163)	27,150,078
Capital assets, being depreciated:				
Buildings	13,182,488	352,554	-	13,535,042
Improvements other than buildings	378,971,370	19,083,732	-	398,055,102
Drainage improvements	10,420,143	2,698,107	-	13,118,250
Furniture and fixtures	1,071,199	-	(76,909)	994,290
Equipment	16,729,646	2,305,079	(939,305)	18,095,420
Total capital assets being depreciated	420,374,846	24,439,472	(1,016,214)	443,798,104
Less accumulated depreciation for:				
Buildings	(7,418,669)	(653,411)	-	(8,072,080)
Improvements other than buildings	(88,674,959)	(9,590,923)	-	(98,265,882)
Drainage improvements	(801,749)	(232,768)	-	(1,034,517)
Furniture and fixtures	(797,718)	(21,018)	85,265	(733,471)
Equipment	(8,964,418)	(1,306,161)	315,262	(9,955,317)
Total accumulated depreciation	(106,657,513)	(11,804,281)	400,527	(118,061,267)
Total capital assets, being depreciated, net	313,717,333	12,635,191	(615,687)	325,736,837
Business-type activities capital assets, net	\$ 339,428,472	24,796,293	(11,337,850)	352,886,915

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

Governmental activities:	
General government	\$ 10,265,141
Administrative services	111,869
Police	1,986,523
Fire	864,442
Libraries	1,579,726
Development	342,387
Public services and operations	203,398
Parks and recreation	8,268,137
Public works	10,254,660
Information services	2,783,044
Unallocated	81,359
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,213,751
Total depreciation expense – governmental activities	<u>\$ 40,954,437</u>

Asset transfers in to governmental activities were \$6,863 in the current fiscal year.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

Business-type activities:		
Water and sewer	\$	10,319,335
Solid waste		487,663
Municipal drainage		236,860
Nonmajor		760,423
Total depreciation expense – business-type activities	\$	<u>11,804,281</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 various purpose General Obligation Bonds were authorized and \$65,359,000 of the 1998 bonds have been issued. In May 2001, \$112,415,000 various purpose General Obligation Bonds were authorized and \$23,586,000 of the 2001 bonds have been issued.

The City uses the straight-line depreciation method for all proprietary fund type property, plant and equipment based on the following estimated useful lives by major class of depreciable fixed assets:

Class	Enterprise Funds	Internal Service Funds
Buildings	15-20 years	20 years
Improvements other than buildings	40-50 years	-
Equipment	5-20 years	2-20 years
Furniture and fixtures	5-15 years	5-15 years
Drainage improvements	50 years	-

Discretely presented component units

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Economic development activities:				
Capital assets, being depreciated:				
Equipment	51,078	-	-	51,078
Total capital assets being depreciated	51,078	-	-	51,078
Less accumulated depreciation for:				
Equipment	(29,055)	(6,399)	-	(35,454)
Total accumulated depreciation	(29,055)	(6,399)	-	(35,454)
Economic development activities capital assets, net	\$ 22,023	(6,399)	-	15,624

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

	Balance at Beginning Of Year	Additions	Transfers And Retirements	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	2,789,146	3,700,970	-	6,490,116
Improvements other than buildings	6,008	-	-	6,008
Equipment	-	25,809	-	25,809
Total capital assets being depreciated	2,795,154	3,726,779	-	6,521,933
Less accumulated depreciation for:				
Buildings	(165,535)	(298,428)	-	(463,963)
Improvements other than buildings	(303)	(25)	-	(328)
Equipment	-	(978)	-	(978)
Total accumulated depreciation	(165,838)	(299,431)	-	(465,269)
Total capital assets, being depreciated, net	2,629,316	3,427,348	-	6,056,664
TIF East side activities capital assets, net	\$ 2,739,945	3,427,348	-	6,167,293

Component units:

Economic development	\$ 6,399
TIF east side	299,431

Total depreciation expense – component units \$ 305,830

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 758 administered by TMRS, an agent multiple-employer public employee 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 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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

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 and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows (as of 4/08/02):

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, 2001 valuation is effective for rates beginning January 2003)

Contributions by the City were \$11,046,952 or 12.50% of the covered payroll of \$88,397,052 as required by the actuarial valuation. The total fiscal year 2002 payroll was \$98,524,711. Annual City TMRS pension cost and related information for the last three years is as follows:

	2001	2000	1999
Annual pension cost	\$ 11,046,952	10,063,853	9,350,907
Contributions made	11,046,952	10,063,853	9,350,907
Contributions as % of			
Annual pension cost	100%	100%	100%
Net Pension Obligation (NPO)			
At end of year	-	-	-
Actuarial valuation date	12/31/01	12/31/00	12/31/99
Actuarial cost method	Unit	Unit	Unit
	Credit	Credit	Credit
Amortization method	Level %	Level %	Level %
Asset valuation method	Open	Open	Open
	Market	Market	Market
Amortization period	25 years	25 years	25 years
Actuarial assumptions:			
Investment rate of return	8%	8%	8%
Inflation rate	4-6%	4-6%	4-6%
Projected salary increases	N/A	N/A	N/A

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

The City's net pension obligation (NPO) for TMRS at December 31, 2001, 2000 and 1999 is calculated as follows:

	2001	2000	1999
Annual required contribution (ARC)	\$ 11,046,952	10,063,853	9,350,907
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Annual pension cost	11,046,952	10,063,853	9,350,907
Contribution made	(11,046,952)	(10,063,853)	(9,350,907)
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 does not issue separate financial statements. As of the December 31, 2001 actuarial valuation, there were 1,905 active members of whom 1,014 were vested and 891 were non-vested. There are 157 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 25 years of vesting service (TMRS credited service) or upon attaining age 60 with 10 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 is reduced 1/15 for the first 6 years and 1/30 per year thereafter from the normal retirement.

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

**CITY OF PLANO, TX
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2002**

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 deferred vested pension 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 vested percentage. The percentage is:

<u>Years of Service</u>	<u>Percentage</u>
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

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 - \$10,000, participant has choice of single lump sum payment or monthly annuity payments.

When lump sum value exceeds \$10,000, 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. Participants are vested according to the following schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

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, 2002, 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 \$2,035,700 or 2.35% of the covered payroll for the year ended September 30, 2002, as compared to the December 31, 2001 biennial actuarial requirement of 2.52%.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

The covered payroll was \$86,588,337 and the City's total payroll was \$98,524,711 for the year ended September 30, 2002. 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:

	2002	2001	2000
Annual pension cost	\$ 2,418,786	1,768,939	1,766,900
Contributions made	2,035,700	1,861,008	1,682,191
Contributions as % of			
Annual pension cost	84%	105%	94%
Net Pension Obligation (NPO)			
At end of year	(530,622)	(913,708)	(821,639)
Actuarial valuation date	12/31/01	12/31/00	12/31/99
Actuarial cost method	Entry Age	Entry Age	Entry Age
	Normal	Normal	Normal
Amortization method	Level %	Level %	Level %
Asset valuation method	Open	Open	Open
	Market	Market	Market
Amortization period	30 years	30 years	30 years
Actuarial assumptions:			
Investment rate or return	8%	8%	8%
Inflation rate	4%	4%	4%
Projected salary increases	4%	4%	4%

The City's net pension obligation (NPO) for RSP at September 30, 2002, 2001 and 2000 is calculated as follows:

	2002	2001	2000
Annual required contribution (ARC)	\$ 2,440,075	1,788,018	1,788,018
Interest on NPO	(73,096)	(65,731)	(72,508)
Adjustment to the ARC	51,807	46,652	51,390
Annual pension cost	2,418,786	1,768,939	1,766,900
Contribution made	(2,035,700)	(1,861,008)	(1,682,191)
Change in NPO	383,086	(92,069)	84,709
NPO, beginning of year	(913,708)	(821,639)	(906,348)
NPO, end of year	\$ (530,622)	(913,708)	(821,639)

In both years, the NPO 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 assets in the government-wide financial statements.

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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

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 general purpose 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 2002 was 141. Premiums are paid by the retired employees and claims are processed by the City's agent and paid through the Health Claims Fund. Claims paid for retired employees for 2002 were approximately \$1,578,306.

6. LONG-TERM DEBT:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2002, 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	\$ 253,905	56,130	(58,981)	251,054	17,688
Tax anticipation notes	17,670	-	(2,515)	15,155	2,955
Less deferred amounts:					
For issuance discounts / premiums	87	3,091	(1,912)	1,266	-
Total bonds payable	271,662	59,221	(63,408)	267,475	20,643
Compensated absences	22,821	7,956	(8,151)	22,626	7,434
Liability for insurance claims	5,463	17,420	(16,257)	6,626	2,544
Governmental activity					
Long-term debt	\$ 299,946	84,597	(87,816)	296,727	30,621
Business Type Activities:					
Water & Sewer					
Revenue bonds	\$ 27,078	-	(3,410)	23,668	3,021
Municipal Drainage					
Revenue bonds	18,180	-	(815)	17,365	785
Less deferred amounts:					
For issuance discounts / premiums	104	31	(120)	15	-
For accretion	1,427	385	-	1,812	-
On refunding	(153)	-	58	(95)	-
Total bonds payable	46,636	416	(4,287)	42,765	3,806
Compensated absences	1,447	1,063	(949)	1,561	862
Business-type activity					
Long-term debt	\$ 48,083	1,479	(5,236)	44,326	4,668

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

Long-term debt at September 30, 2002, includes the following individual issues (not including the unamortized premium of \$297,439 and future accretion of \$1,855,449 of the Water & Sewer Revenue Bonds and the unamortized premium of \$50,946 and unamortized discount of \$10,390 of the Municipal Drainage Revenue Bonds):

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
General Obligation Bonds:						
1985 Refunding	7.70 – 9.20	11-01-85	03-01-05	\$ 100,302,327	98,938,745	1,363,582
1992 Refunding and Improvements	3.60 – 6.20	08-15-92	09-01-12	122,840,000	122,840,000	-
1993 Refunding	3.50 – 5.40	06-15-93	09-01-11	9,570,000	1,500,000	8,070,000
1993-A Various purpose	4.40 – 5.50	09-15-93	09-01-13	22,710,000	6,875,000	15,835,000
1994 Various purpose	5.30 – 6.50	09-15-94	09-01-14	24,275,000	22,120,000	2,155,000
1996 Various purpose	3.50 – 5.625	02-01-96	09-01-16	22,085,000	4,535,000	17,550,000
1997 Various purpose	4.50 – 6.75	01-15-97	09-01-17	25,845,000	4,315,000	21,530,000
1998 Refunding and Improvements	3.95 – 5.15	03-15-98	09-01-18	50,935,000	6,325,000	44,610,000
1999 Various purpose	3.50 – 5.00	01-15-99	09-01-19	25,160,000	2,550,000	22,610,000
2000 Various purpose	5.125 – 5.875	02-15-00	09-01-20	24,330,000	935,000	23,395,000
2001 Various purpose	4.50 – 5.00	02-01-01	09-01-20	20,315,000	120,000	20,195,000
2001-A Various purpose	4.00 – 5.00	09-15-01	09-01-21	18,195,000	585,000	17,610,000
2002 Refunding and Improvements	3.25 – 5.25	08-01-02	09-01-22	56,130,000	-	56,130,000
				<u>522,692,327</u>	<u>271,638,745</u>	<u>251,053,582</u>
Tax Anticipation Notes:						
2001 Tax anticipation notes	4.50 – 5.00	02-01-01	09-01-07	13,470,000	1,730,000	11,740,000
2001-A Tax anticipation notes	3.00 – 3.50	09-15-01	09-01-06	4,200,000	785,000	3,415,000
				<u>17,670,000</u>	<u>2,515,000</u>	<u>15,155,000</u>
Water & Sewer Revenue Bonds:						
1990 Refunding and Improvements	6.30 – 7.20	02-01-90	05-01-07	17,200,000	15,646,593	1,553,407
1991 Improvements	5.50 – 6.50	07-15-91	05-01-02	10,900,000	10,900,000	-
1993 Refunding	2.60 – 5.50	06-15-93	05-01-11	31,845,000	16,130,000	15,715,000
1993-A Improvements	3.35 – 5.35	09-15-93	05-01-13	9,165,000	2,765,000	6,400,000
				<u>69,110,000</u>	<u>45,441,593</u>	<u>23,668,407</u>
Municipal Drainage Revenue Bonds:						
1994 Improvements	5.35 – 6.50	09-15-94	05-15-14	5,400,000	4,910,000	490,000
1996 Improvements	4.40 – 6.55	02-01-96	05-15-16	3,815,000	780,000	3,035,000
1997 Improvements	4.85 – 7.50	01-15-97	05-15-17	2,805,000	470,000	2,335,000
1998 Refunding and Improvements	3.95 – 5.05	03-15-98	05-15-18	4,950,000	135,000	4,815,000
1999 Improvements	3.80 – 5.00	01-15-99	05-15-19	2,600,000	235,000	2,365,000
2001 Improvements	4.20 – 5.10	09-15-01	05-15-21	4,530,000	205,000	4,325,000
				<u>\$ 24,100,000</u>	<u>6,735,000</u>	<u>17,365,000</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

The annual requirements to amortize debt outstanding as of September 30, 2002, including interest payments of approximately \$128,568,000 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		Proprietary Fund Types			
			Water and Sewer		Municipal Drainage	
	Principal	Interest & Accretion	Principal	Interest	Principal	Interest
2003	\$ 20,644	15,806	3,020	1,446	785	856
2004	20,872	13,488	2,818	1,803	820	817
2005	21,283	12,048	2,627	1,661	865	776
2006	21,695	10,062	2,621	1,427	905	736
2007	19,900	8,981	2,607	1,124	950	695
2008-2012	75,665	32,702	9,225	1,479	5,485	2,742
2013-2017	59,955	15,482	750	40	5,680	1,288
2018-2022	26,195	2,905	-	-	1,875	204
Total	\$ 266,209	111,474	23,668	8,980	17,365	8,114

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, Solid Waste Fund and the Municipal Drainage Fund.

The discretely held component unit TIF Mall had notes payable as of September 30, 2002 of \$3,920,277. 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. The interest rate on the note payable is 6%.

The discretely held component unit TIF East Side had notes payable as of September 30, 2002 of \$3,085,487. 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 when funding is available from the TIF East Side. The interest rate on the note payable is 6%.

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 \$5,975,191 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. The City is in compliance with the significant limitations and restrictions at September 30, 2002.

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 \$350,000 at September 30, 2002. 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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

In August 2002 the City issued \$56,130,000 in General Obligation bonds, with interest ranging from 3.25% to 5.25%, \$15,630,000 for various improvements and \$40,500,000 to advance refund previously outstanding bonds. The refunded bonds were comprised of the following:

Series	Interest Rates	Maturities	Call Date	Amount
1992	5.40 – 6.20%	2003 – 2012	9/1/02	\$ 42,300,000

The net proceeds from the refunding bonds of \$43,720,411 (principal of \$42,300,000 plus transfer from prior issue debt service of \$1,216,610, and issuance costs of \$329,668 and accrued interest of \$125,867), was used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent, which together with future earnings of the securities will provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the Governmental Activities Statement of Net Assets. At September 30, 2002 \$42,300,000 of the defeased bonds are outstanding.

The City advance refunded these bonds to reduce its total debt service payments over the next 10 years by \$4,929,289 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,216,965. The advance refunding also resulted in a deferred gain of \$1,420,411, which is amortized over the life of the refunded bonds in the government-wide Statement of Activities.

In Fiscal Years 1986, 1992, 1993, 1998 and 2002, the City defeased certain outstanding general obligation bonds by placing the proceeds of 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, 2002, \$6,400,000, \$15,320,000 and \$42,300,000 of the defeased bonds are outstanding for the 1986, 1998 and 2002 years respectively. At September 30, 2002 there were no defeased bonds outstanding for the 1992 and 1993 years.

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 \$1,522,814 at September 30, 2002, 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.

The ordinances authorizing the Water and Sewer Revenue Bonds stipulate that the City will deposit, in addition to principal and interest requirements, certain amounts in a reserve fund. Amounts in the reserve fund are to be used to pay principal and interest on outstanding bonds at any time sufficient funds are not available in the bond interest and redemption fund. The bond indentures require that the City accumulate reserves to an amount equal to the average annual principal and interest requirements of all outstanding bonds secured by the net revenues of the system. The required reserve at September 30, 2002, is \$2,968,023 and the amount on hand is \$2,984,905. Bond proceeds since 1988 are covered by the arbitrage provisions of the Internal Revenue Tax Act of 1986. Accordingly, excess arbitrage earnings of \$180,004 were estimated at September 30, 2002 and included in the Water and Sewer Fund "Payable from restricted assets

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

- Due to other governments." The City is in compliance with all requirements of the bond ordinances for the year ended September 30, 2002.

In Fiscal Year 1993, the City defeased certain outstanding Water and Sewer Revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment of the refunded bonds. Accordingly, the trust account and the defeased bonds are not included in the City's basic financial statements. At September 30, 2002, none of the defeased bonds are outstanding.

Restricted assets of the Water and Sewer Fund at September 30, 2002 are as follows:

Cash and cash equivalents	\$	2,270,486
Investments		18,289,960
Accrued interest receivable		<u>160,566</u>
	\$	<u><u>20,721,012</u></u>

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, 2002 \$1,602,766 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, 2002 the reserve required and restricted within the Municipal Drainage Fund is \$1,288,495. In fiscal year 1998, 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, 2002, \$3,560,000 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 \$301,573 were estimated at September 30, 2002. This amount is included in the Municipal Drainage fund "Payable from restricted assets – Due to other governments." The City is in compliance with all requirements of the bond ordinance for the year ended September 30, 2002.

Restricted assets of the Municipal Drainage Fund at September 30, 2002 are as follows:

Cash and cash equivalents	\$	776,502
Investments		5,234,301
Accrued interest receivable		<u>54,913</u>
	\$	<u><u>6,065,716</u></u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

7. INTERFUND TRANSACTIONS:

A summary of interfund receivables and payables at September 30, 2002 is as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 3,229,019	
Special Revenue Funds:		
Grant		312,349
Capital Projects Funds:		
Capital Reserve	948,457	
Dart		948,457
Enterprise Funds:		
Downtown Center Development		35,762
Internal Service Funds:		
Equipment Maintenance		2,338,645
Office Services		201,909
Municipal Warehouse		340,354
	<u>\$ 4,177,476</u>	<u>4,177,476</u>

Internal loans from the Equipment Replacement Fund to the Solid Waste and Recreation Revolving funds were recorded during fiscal year ended September 30, 1999 in the amounts of \$1,791,360 and \$49,804, respectively. Current portions of the loans at September 30, 2002 are \$163,072 in the Solid Waste Fund and \$10,488 in the Recreation Revolving Fund. The long term advance is \$1,189,146 and \$11,074. The loans will be repaid over a five-year period. The loans bear interest at a rate of 5.6% annually.

Transfers between funds during the year were as follows:

	Transfer In	Transfer Out
Governmental Activities:		
General Fund	\$ 5,733,852	8,984,766
Debt Service	183,903	1,265,205
Nonmajor governmental activities	12,620,923	150,000
Business-type Activities:		
Water and Sewer	-	7,293,230
Municipal Drainage	-	209,731
Nonmajor business-type activities	-	635,746
	<u>\$ 18,538,678</u>	<u>18,538,678</u>

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002**

The transfers include the following:

Transfer from Fund	Transfer to Fund	Amount
General Fund:		
Capital Reserve Funding	Capital Reserve Fund	\$ 8,540,926
CATV Funding	CATV Fund	279,606
911 Reserve Funding	911 Reserve Fund	164,234
Debt Service Fund:		
Rebate	Rebate Fund	1,265,205
Water and Sewer Fund:		
Indirect Cost Transfer	General Fund	5,072,278
Equipment Replacement	Equipment Replacement Fund	2,000,000
Rebate	Rebate Fund	220,952
Civic Center Fund:		
Indirect Cost Transfer	General Fund	269,488
Debt Service	Debt service	183,903
Municipal Drainage Fund:		
Indirect Cost Transfer	General Fund	209,731
Municipal Golf Course Fund:		
Indirect Cost Transfer	General Fund	54,672
Recreation Revolving Fund:		
Indirect Cost Transfer	General Fund	127,683
Information Services:		
CATV Funding	CATV	150,000
		\$ 18,538,678

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.

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, 2002, was \$20,532,408. The City has also contracted for water transmission facility

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

improvements and pays the District for debt service for bonds issued to fund the improvements. For fiscal year 2002 this payment was \$870,520. Future years' payments to debt service are as follows:

2003	\$	865,520
2004		859,170
2005		851,470
2006		852,420
2007		848,758
2008-2018		9,007,415

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, 2002, was \$12,645,534 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, 2002, was \$4,557,748.

9. COMMITMENTS AND CONTINGENCIES:

The City has contractual commitments of approximately \$15,661,184 in the Capital Projects Funds, \$5,174,817 in the Water and Sewer Fund, and \$655,243 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.

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2002

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.

The Water and Sewer Fund current assets include \$9,211,912 for funding of the City's share of the proposed upper East Fork Interceptor System and for other system improvements made by the North Texas Municipal Water District.

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 2002 and 2001 were:

Fund	Liability Beginning Of Year	Current Year Claims And Changes in Estimates	Claim Payments	Liability End of Year
2002:				
Property/Liability Loss	\$ 3,087,540	2,174,668	2,133,952	3,128,256
Health Claims	2,375,615	15,245,471	14,123,335	3,497,751
Total	\$ 5,463,155	17,420,139	16,257,287	6,626,007
2001:				
Property/Liability Loss	\$ 3,306,516	2,176,973	2,395,949	3,087,540
Health Claims	1,726,387	10,083,449	9,434,221	2,375,615
Total	\$ 5,032,903	12,260,422	11,830,170	5,463,155

**CITY OF PLANO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TMRS FUNDING 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
1997	12/31/96	95,403,791	122,038,459	(26,634,668)	78.18%	55,869,147	-47.67%	6,846,975	6,846,975	100.00%
1998	12/31/97	112,060,397	146,094,460	(34,034,063)	76.70%	57,907,857	-58.77%	7,684,202	7,684,202	100.00%
1999	12/31/98	128,860,668	157,535,723	(28,675,055)	81.79%	62,676,254	-45.75%	9,179,759	9,179,759	100.00%
2000	12/31/99	149,286,899	179,974,010	(30,687,111)	82.95%	70,737,332	-43.38%	9,350,907	9,350,907	100.00%
2001	12/31/00	169,208,492	203,481,489	(34,272,997)	83.16%	79,129,184	-43.31%	10,063,853	10,063,853	100.00%
2002	12/31/01	193,968,415	233,236,278	(39,267,863)	83.16%	88,397,052	-44.42%	11,046,952	11,046,952	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
1997	12/31/96	18,658,846	17,778,408	880,438	104.95%	45,752,818	1.92%	1,260,713	1,495,857	118.65%
1998	12/31/97	27,598,932	22,194,261	5,404,671	124.35%	53,088,187	10.18%	1,457,612	1,625,929	111.55%
1999	12/31/97	27,598,932	22,194,261	5,404,671	124.35%	53,088,187	10.18%	1,457,612	1,572,611	107.88%
2000	12/31/99	36,482,176	26,992,917	9,489,259	135.15%	65,122,204	14.57%	1,788,018	1,682,191	94.08%
2001	12/31/00	36,482,176	26,992,917	9,489,259	135.15%	65,122,204	14.57%	1,788,018	1,861,008	104.08%
2002	12/31/01	43,901,297	37,603,431	6,297,866	116.75%	86,588,337	7.27%	2,440,075	2,035,700	83.43%

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.

9-1-1 RESERVE FUND- to account for monies received from wireless communication fees to be used for related 911 services.

MUNICIPAL COURT BUILDING SECURITY FUND- to account for monies received from conviction of misdemeanor fees to be used to provide for the security and housing of municipal courts.

TEEN COURT PROGRAM FUND- to account for fees collected from teens requesting teen court. These monies are used to cover the costs of administering teen court.

INTERGOVERNMENTAL RADIO FUND- to account for 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.

WIRELINE FEES FUND- to account for and report 9-1-1 expenditures.

MUNICIPAL COURT TECHNOLOGY- to account for state fees collected with each citation that has resulted from a conviction. The fees can be collected for a period up to five years and are to be used exclusively for court technology.

JUDICIAL EFFICIENCY- to account for state fees collected for payment on any part of a judgment on or after the 31st date on which a judgment is entered. 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.

LIBRARY TRAINING LAB- to account for the monies received from the Bill and Melinda Gates Foundation for the establishment of a library training lab.

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 Capital Projects Funds are as Follows:

MUNICIPAL FACILITIES FUND- to account for the financing and construction of various City facilities. Funds are provided primarily through bond sales 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.

CAPITAL RESERVE FUND- to account for the financing of betterments and renewals to the City's infrastructure and for public improvements not requiring general obligation bond financing.

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, 2002**

Special Revenue

	Criminal Investigation	Grant	CATV	Industrial Revenue Bond Auth.
ASSETS				
Cash and cash equivalents	\$ 64,934	\$ 36,230	\$ 66,751	\$ 1,893
Investments	437,714	243,583	449,956	12,762
Receivables (net of allowance for uncollectible)				
Accounts	-	-	34,508	-
Accrued interest	4,592	2,555	4,721	134
Other	-	974,445	-	-
Due from other funds			-	-
Due from other governments	7,271	423,371	-	-
Prepaid items and other assets	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Total Assets	514,511	1,680,184	555,936	14,789
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	53,466	12,343	50,021	-
Accrued liabilities	12,555	20,657	12,928	-
Contracts payable	-	-	-	-
Retainage payable	-	-	-	-
Deferred revenue	-	974,445	-	-
Due to other funds	-	312,349	-	-
Due to other governments	-	-	-	-
Seized assets payable	-	-	-	-
Total Liabilities	66,021	1,319,794	62,949	-
Fund Balances:				
Reserved for encumbrances	-	-	-	-
Reserved	-	-	-	-
Unreserved, designated	-	-	-	-
Unreserved, undesignated	448,490	360,390	492,987	14,789
Total fund balances	448,490	360,390	492,987	14,789
Total Liabilities and Fund Balance	\$ 514,511	\$ 1,680,184	\$ 555,936	\$ 14,789

Public Safety Communications	Municipal Court	Rebate	Memorial Library	Seized Assets	Library Training Lab
\$ 450,146	\$ 151,085	\$ 220,509	\$ 27,234	\$ 44,463	\$ 266
3,034,369	1,018,440	1,486,419	183,580	299,717	1,796
-	-	-	-	-	-
31,833	10,684	15,594	1,926	3,144	19
-	-	-	-	-	-
-	-	-	-	-	-
49,008	-	-	-	-	-
-	150	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,565,356</u>	<u>1,180,359</u>	<u>1,722,522</u>	<u>212,740</u>	<u>347,324</u>	<u>2,081</u>
58,357	9,249	-	4,134	-	-
-	813	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
53,986	-	350,000	-	-	-
-	-	-	-	347,324	-
<u>112,343</u>	<u>10,062</u>	<u>350,000</u>	<u>4,134</u>	<u>347,324</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,372,522	208,606	-	-
<u>3,453,013</u>	<u>1,170,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,081</u>
<u>3,453,013</u>	<u>1,170,297</u>	<u>1,372,522</u>	<u>208,606</u>	<u>-</u>	<u>2,081</u>
<u>\$ 3,565,356</u>	<u>\$ 1,180,359</u>	<u>\$ 1,722,522</u>	<u>\$ 212,740</u>	<u>\$ 347,324</u>	<u>\$ 2,081</u>

(continued)

CITY OF PLANO, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF SEPTEMBER 30, 2002
 (continued)

	<u>Capital Projects</u>		
	<u>Municipal Facilities</u>	<u>Park Improvements</u>	<u>Capital Reserve</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowance for uncollectible)			
Accounts	-	-	-
Accrued interest	79,243	217,217	207,581
Other	675	-	-
Due from other funds	-	-	948,457
Due from other governments	-	-	-
Prepaid items and other assets	-	-	-
Restricted assets:			
Cash and cash equivalents	1,120,541	3,071,576	2,935,322
Investments	7,553,416	20,705,086	19,786,612
Total Assets	<u>8,753,875</u>	<u>23,993,879</u>	<u>23,877,972</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Contracts payable	338,424	95,714	373,899
Retainage payable	289,817	60,407	59,146
Deferred revenue	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Seized assets payable	-	-	-
Total Liabilities	<u>628,241</u>	<u>156,121</u>	<u>433,045</u>
Fund Balances:			
Reserved for encumbrances	3,609,825	1,750,014	1,129,808
Reserved	4,515,809	22,087,744	22,315,119
Unreserved, designated	-	-	-
Unreserved, undesignated	-	-	-
Total fund balances	<u>8,125,634</u>	<u>23,837,758</u>	<u>23,444,927</u>
Total Liabilities and Fund Balance	<u>\$ 8,753,875</u>	<u>\$ 23,993,879</u>	<u>\$ 23,877,972</u>

<u>DART</u>	<u>Spring Creekwalk</u>	<u>Park Services</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 1,063,511
-	-	-	7,168,336
-	-	-	34,508
-	174	38,336	617,753
-	-	-	975,120
-	-	-	948,457
380,260	-	-	859,910
-	-	-	150
-	2,464	542,101	7,672,004
-	16,609	3,654,232	51,715,955
<u>380,260</u>	<u>19,247</u>	<u>4,234,669</u>	<u>71,055,704</u>
-	-	-	187,570
-	-	-	46,953
142,261	-	12,468	962,766
102,687	-	23,505	535,562
-	-	-	974,445
948,457	-	-	1,260,806
-	-	-	403,986
-	-	-	347,324
<u>1,193,405</u>	<u>-</u>	<u>35,973</u>	<u>4,719,412</u>
557,631	-	960,755	8,008,033
-	19,247	3,237,941	52,175,860
-	-	-	1,581,128
(1,370,776)	-	-	4,571,271
<u>(813,145)</u>	<u>19,247</u>	<u>4,198,696</u>	<u>66,336,292</u>
<u>\$ 380,260</u>	<u>\$ 19,247</u>	<u>\$ 4,234,669</u>	<u>\$ 71,055,704</u>

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2002

	Special Revenue			
	Criminal Investigation	Grant	CATV	Industrial Revenue Bond Auth.
REVENUES				
Fines and forfeitures	\$ 118,629	\$ -	\$ -	\$ -
Contributions	-	-	150,000	-
Intergovernmental	13,837	1,793,508	-	-
Fees for services	-	965	215,948	-
Investment income	21,622	7,124	28,458	613
Miscellaneous	25,070	134,821	2,590	-
Total revenues	<u>179,158</u>	<u>1,936,418</u>	<u>396,996</u>	<u>613</u>
EXPENDITURES				
General government	-	-	-	-
Police	113,252	344,806	-	-
Fire	-	-	-	-
Libraries	-	92,936	-	-
Development	-	1,231,434	-	-
Public services and operations	-	-	873,897	-
Parks and recreation	-	21,818	-	-
Capital outlay	69,831	188,333	7,221	-
Total expenditures	<u>183,083</u>	<u>1,879,327</u>	<u>881,118</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,925)</u>	<u>57,091</u>	<u>(484,122)</u>	<u>613</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	-	-	-
Transfers in	-	-	429,606	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>429,606</u>	<u>-</u>
Net change in fund balances	<u>(3,925)</u>	<u>57,091</u>	<u>(54,516)</u>	<u>613</u>
Fund balances-beginning	452,415	303,299	547,503	14,176
Fund balances-ending	<u>\$ 448,490</u>	<u>\$ 360,390</u>	<u>\$ 492,987</u>	<u>\$ 14,789</u>

Public Safety Communications	Municipal Court	Rebate	Memorial Library	Library Training Lab
\$ -	\$ 469,713	-	-	-
-	-	-	126,599	2,070
52,204	-	-	-	-
808,749	18,661	-	-	-
134,200	42,745	13,345	9,365	277
-	-	-	-	-
<u>995,153</u>	<u>531,119</u>	<u>13,345</u>	<u>135,964</u>	<u>2,347</u>
-	-	260,618	-	-
103,023	100,919	-	-	-
15,014	-	-	-	-
-	-	-	-	9,409
-	-	-	-	-
90,981	-	-	-	-
-	-	-	-	-
-	52,967	-	80,415	-
<u>209,018</u>	<u>153,886</u>	<u>260,618</u>	<u>80,415</u>	<u>9,409</u>
<u>786,135</u>	<u>377,233</u>	<u>(247,273)</u>	<u>55,549</u>	<u>(7,062)</u>
-	-	-	-	-
164,234	-	1,486,157	-	-
<u>164,234</u>	<u>-</u>	<u>1,486,157</u>	<u>-</u>	<u>-</u>
950,369	377,233	1,238,884	55,549	(7,062)
2,502,644	793,064	133,638	153,057	9,143
<u>\$ 3,453,013</u>	<u>\$ 1,170,297</u>	<u>\$ 1,372,522</u>	<u>\$ 208,606</u>	<u>\$ 2,081</u>

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2002
(continued)

	<u>Capital Projects</u>		
	<u>Municipal Facilities</u>	<u>Park Improvements</u>	<u>Capital Reserve</u>
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Contributions	-	-	123,822
Intergovernmental	-	-	-
Fees for services	-	-	-
Investment income	468,160	917,775	694,320
Miscellaneous	3,750	-	4,115
Total revenues	<u>471,910</u>	<u>917,775</u>	<u>822,257</u>
EXPENDITURES			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Libraries	-	-	-
Development	-	-	-
Public services and operations	-	-	-
Parks and recreation	-	-	-
Capital outlay	5,201,292	3,300,091	6,733,768
Total expenditures	<u>5,201,292</u>	<u>3,300,091</u>	<u>6,733,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,729,382)</u>	<u>(2,382,316)</u>	<u>(5,911,511)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of bonds	1,270,000	4,205,805	-
Transfers in	-	-	8,540,926
Total other financing sources	<u>1,270,000</u>	<u>4,205,805</u>	<u>8,540,926</u>
Net change in fund balances	<u>(3,459,382)</u>	<u>1,823,489</u>	<u>2,629,415</u>
Fund balances-beginning	11,585,016	22,014,269	20,815,512
Fund balances-ending	<u>\$ 8,125,634</u>	<u>\$ 23,837,758</u>	<u>\$ 23,444,927</u>

DART	Spring Creekwalk	Park Services	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 588,342
4,123,010	-	-	4,525,501
-	-	-	1,859,549
-	-	500,660	1,544,983
39,927	798	194,340	2,573,069
-	-	-	170,346
<u>4,162,937</u>	<u>798</u>	<u>695,000</u>	<u>11,261,790</u>
-	-	-	260,618
-	-	-	662,000
-	-	-	15,014
-	-	-	102,345
-	-	-	1,231,434
-	-	-	964,878
-	-	-	21,818.00
<u>2,814,702</u>	<u>-</u>	<u>1,741,957</u>	<u>20,190,577</u>
<u>2,814,702</u>	<u>-</u>	<u>1,741,957</u>	<u>23,448,684</u>
<u>1,348,235</u>	<u>798</u>	<u>(1,046,957)</u>	<u>(12,186,894)</u>
-	-	-	5,475,805
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,620,923</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>16,096,728</u>
1,348,235	798	(1,046,957)	3,909,834
(2,161,380)	18,449	5,245,653	62,426,458
<u>\$ (813,145)</u>	<u>\$ 19,247</u>	<u>\$ 4,198,696</u>	<u>\$ 66,336,292</u>

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
SEPTEMBER 30, 2002

	Business-type Activities					Total Nonmajor Enterprise Funds
	Enterprise Funds					
	Civic Center	Municipal Golf Course	Property Management	Downtown Center Development	Recreation Revolving	
ASSETS						
Cash and cash equivalents	\$ 190,103	\$ 118,369	\$ 23,101	\$ -	\$ 44,600	\$ 376,173
Investments	1,264,202	797,913	155,725	-	299,964	2,517,804
Receivables -						
Accounts	125,167	-	-	-	-	125,167
Accrued Interest	13,263	8,371	1,634	-	3,147	26,415
Other	56,034	-	4,234	-	2,138	62,406
Interfund receivable	-	-	-	-	(10,488)	(10,488)
Prepaid expenses & other assets	5,278	-	-	-	32,457	37,735
Capital assets:						
Land	2,359,859	595,296	1,332,625	37,224	-	4,325,004
Buildings	11,222,523	894,725	171,766	-	-	12,289,014
Improvements other than buildings	572,694	1,247,352	-	-	-	1,820,046
Equipment	1,536,659	205,302	-	-	446,706	2,188,667
Furniture and fixtures	599,670	14,614	-	-	74,558	688,842
Less accumulated depreciation	(8,819,080)	(916,178)	(81,249)	-	(383,415)	(10,199,922)
Total capital assets (net of accumulated depreciation)	7,472,325	2,041,111	1,423,142	37,224	137,849	11,111,651
Total assets	9,126,372	2,965,764	1,607,836	37,224	509,667	14,246,863
LIABILITIES						
Current liabilities:						
Accounts payable	348,397	133,923	6,694	15,622	74,427	579,063
Accrued liabilities	151,484	31,469	-	-	24,455	207,408
Deferred revenue	-	-	-	-	300,318	300,318
Due to other funds	-	-	-	35,762	-	35,762
Customer deposits	-	9,112	10,467	-	60,581	80,160
Total current liabilities	499,881	174,504	17,161	51,384	459,781	1,202,711
Noncurrent liabilities:						
Advance from other funds	-	-	-	-	11,074	11,074
Liability for compensated absences	100,806	74,520	-	-	27,680	203,006
Total noncurrent liabilities	100,806	74,520	-	-	38,754	214,080
Total liabilities	600,687	249,024	17,161	51,384	498,535	1,416,791
NET ASSETS						
Invested in capital assets (net of related debt)	6,972,444	1,875,719	1,416,448	21,602	38,967	10,325,180
Unrestricted	1,553,241	841,021	174,227	(35,762)	(27,835)	2,504,892
Total Net Assets	\$ 8,525,685	\$ 2,716,740	\$ 1,590,675	\$ (14,160)	\$ 11,132	\$ 12,830,072

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	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	\$ 2,194,678	\$ 953,330	\$ 65,779	\$ 736	\$ 2,407,250	\$ 5,621,773
Miscellaneous charges	826	258	-	-	37,595	38,679
Total operating revenues	<u>2,195,504</u>	<u>953,588</u>	<u>65,779</u>	<u>736</u>	<u>2,444,845</u>	<u>5,660,452</u>
Operating expenses:						
Personal services	1,897,718	530,879	-	-	804,052	3,232,649
Contractual services	2,147,774	148,799	18,337	34,412	1,197,971	3,547,293
Supplies	532,840	119,138	779	-	201,136	853,893
Depreciation	641,046	66,134	14,093	-	39,150	760,423
Miscellaneous	108,176	558	-	-	29,207	137,941
Total operating expenses	<u>5,327,554</u>	<u>865,508</u>	<u>33,209</u>	<u>34,412</u>	<u>2,271,516</u>	<u>8,532,199</u>
Operating income (loss)	<u>(3,132,050)</u>	<u>88,080</u>	<u>32,570</u>	<u>(33,676)</u>	<u>173,329</u>	<u>(2,871,747)</u>
Nonoperating revenues (expenses):						
Investment income	56,951	41,098	6,974	-	15,303	120,326
Loss on property disposition	(1,456)	-	-	-	-	(1,456)
Interest and fiscal charges	-	-	-	-	(1,764)	(1,764)
Hotel/motel tax	2,699,230	-	-	-	-	2,699,230
Miscellaneous	1,499	-	-	-	-	1,499
Total nonoperating revenue	<u>2,756,224</u>	<u>41,098</u>	<u>6,974</u>	<u>-</u>	<u>13,539</u>	<u>2,817,835</u>
Income (loss) before contributions and transfers	<u>(375,826)</u>	<u>129,178</u>	<u>39,544</u>	<u>(33,676)</u>	<u>186,868</u>	<u>(53,912)</u>
Transfers out	<u>(453,391)</u>	<u>(54,672)</u>	<u>-</u>	<u>-</u>	<u>(127,683)</u>	<u>(635,746)</u>
Change in net assets	<u>(829,217)</u>	<u>74,506</u>	<u>39,544</u>	<u>(33,676)</u>	<u>59,185</u>	<u>(689,658)</u>
Total net assets-beginning	<u>9,354,902</u>	<u>2,642,234</u>	<u>1,551,131</u>	<u>19,516</u>	<u>(48,053)</u>	<u>13,519,730</u>
Total net assets-ending	<u>\$ 8,525,685</u>	<u>\$ 2,716,740</u>	<u>\$ 1,590,675</u>	<u>\$ (14,160)</u>	<u>\$ 11,132</u>	<u>\$ 12,830,072</u>

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	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	\$ 2,320,101	\$ 953,729	\$ 66,168	\$ 736	\$ 2,460,927	\$ 5,801,661
Cash payments to suppliers for goods and services	(2,622,847)	(191,371)	(20,109)	16,972	(1,383,372)	(4,200,727)
Cash payments to employees for services	(1,854,783)	(521,547)	-	-	(783,298)	(3,159,628)
Net cash provided (used) by operating activities	(2,157,529)	240,811	46,059	17,708	294,257	(1,558,694)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Repayments to other funds	-	-	-	-	(9,931)	(9,931)
Hotel/motel tax	2,699,230	-	-	-	-	2,699,230
Transfers to other funds	(453,391)	(54,672)	-	-	(127,683)	(635,746)
Net cash provided (used) by noncapital financing activities	2,245,839	(54,672)	-	-	(137,614)	2,053,553
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(7,474)	(352,552)	-	(32,472)	-	(392,498)
Interest paid on long-term debt	-	-	-	-	(1,764)	(1,764)
Proceeds from insurance damages	1,499	-	-	-	-	1,499
Net cash used by capital and related financing activities	(5,975)	(352,552)	-	(32,472)	(1,764)	(392,763)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(1,264,202)	(797,913)	(155,725)	-	(299,964)	(2,517,804)
Proceeds from sale and maturities of investment securities	1,217,033	963,450	116,927	13,548	162,625	2,473,583
Interest on investments	60,793	49,036	6,516	383	12,654	129,382
Increase (decrease) in fair value of investments	(5,168)	(6,859)	(29)	(250)	1,097	(11,209)
Net cash provided (used) by investing activities	8,456	207,714	(32,311)	13,681	(123,588)	73,952
Net increase (decrease) in cash and cash equivalents	90,791	41,301	13,748	(1,083)	31,291	176,048
Cash and cash equivalents, October 1	99,312	77,068	9,353	1,083	13,309	200,125
Cash and cash equivalents, September 30	190,103	118,369	23,101	-	44,600	376,173
Classified as:						
Current assets	190,103	118,369	23,101	-	44,600	376,173
Restricted assets	-	-	-	-	-	-
Total	<u>\$ 190,103</u>	<u>\$ 118,369</u>	<u>\$ 23,101</u>	<u>\$ -</u>	<u>\$ 44,600</u>	<u>\$ 376,173</u>

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002
(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 TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (3,132,050)	88,080	32,570	(33,676)	173,329	(2,871,747)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	641,046	66,134	14,093	-	39,150	760,423
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivable	124,597	140	64	-	-	124,801
Other accounts receivable	26,061	-	-	-	1,359	27,420
Prepaid expenses	(3,138)	-	-	-	15,247	12,109
Increase (decrease) in-						
Accounts payable	143,021	77,124	(993)	15,622	28,336	263,110
Accrued liabilities	28,863	6,298	-	-	8,176	43,337
Due to other funds	-	-	-	35,762	-	35,762
Refunds payable	-	-	-	-	(2,597)	(2,597)
Liability for compensated absences	14,071	3,035	-	-	12,578	29,684
Customer deposits	-	-	325	-	(48)	277
Deferred revenue	-	-	-	-	18,727	18,727
Total adjustments	<u>974,521</u>	<u>152,731</u>	<u>13,489</u>	<u>51,384</u>	<u>120,928</u>	<u>1,313,053</u>
Net cash provided (used) by operating activities	<u>\$ (2,157,529)</u>	<u>\$ 240,811</u>	<u>\$ 46,059</u>	<u>\$ 17,708</u>	<u>\$ 294,257</u>	<u>\$ (1,558,694)</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.

INFORMATION 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
SEPTEMBER 30, 2002**

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
ASSETS			
Cash & cash equivalents	\$ 1,439,867	\$ 125	\$ 100
Investments	9,704,942	-	-
Receivables			
Accounts	9,152	-	264
Accrued interest	101,814	-	-
Other	73	530	-
Due from other governments	9,441	-	-
Advances to other funds	1,200,220	-	-
Interfund receivables			
Solid waste fund	163,072	-	-
Recreation revolving fund	10,488	-	-
Inventories	34,257	11,578	977,012
Prepaid items	2,464	-	-
Restricted assets:			
Cash & cash equivalents	-	-	-
Investments	-	-	-
Capital assets:			
Land	51,515	-	-
Buildings	1,171,242	-	-
Furniture & fixtures	44,643	2,954	34,162
Rolling equipment	41,601,011	-	-
Machinery & tools	5,484,416	414,194	228,524
Mains/hydrants/meters	-	-	802
Construction in progress	-	-	-
Less accumulated depreciation	(38,988,953)	(307,235)	(249,560)
Total capital assets(net of accumulated depreciation)	9,363,874	109,913	13,928
Total Assets	<u>22,039,664</u>	<u>122,146</u>	<u>991,304</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	332,549	321,031	357,616
Accrued liabilities	139,810	16,879	35,688
Due to other funds	2,338,645	201,909	340,354
Tax anticipation notes payable	-	-	-
Liability for insurance claims	-	-	-
Total current liabilities	<u>2,811,004</u>	<u>539,819</u>	<u>733,658</u>
NONCURRENT LIABILITIES:			
Tax anticipation notes payable	-	-	-
Total Liabilities	<u>2,811,004</u>	<u>539,819</u>	<u>733,658</u>
NET ASSETS			
Invested in capital assets	8,891,515	(227,997)	(379,376)
Restricted	-	-	-
Unrestricted	10,337,145	(189,676)	637,022
Total net assets	<u>\$ 19,228,660</u>	<u>\$ (417,673)</u>	<u>\$ 257,646</u>

	Information Services	Property/ Liability Loss	Health Claims	Total
\$	1,248,710	\$ 646,237	\$ 194,134	\$ 3,529,173
	8,417,388	4,356,194	1,308,630	23,787,154
	-	36,631	-	46,047
	179,323	45,701	13,729	340,567
		-	-	603
	118,704	-	-	128,145
	-	-	-	1,200,220
	-	-	-	163,072
	-	-	-	10,488
	-	-	-	1,022,847
	48,902	1,433	-	52,799
	1,287,022	-	-	1,287,022
	8,675,640	-	-	8,675,640
	11,507	-	-	63,022
	-	-	-	1,171,242
	30,538	13,166	-	125,463
	-	-	-	41,601,011
	18,949,906	574,447	-	25,651,487
	-	-	-	802
	1,520,420	-	-	1,520,420
	(10,510,775)	(529,680)	-	(50,586,203)
	10,001,596	57,933	-	19,547,244
	29,977,285	5,144,129	1,516,493	59,791,021
	278,091	33,391	1,548	1,324,226
	472,460	35,388	-	700,225
	-	-	-	2,880,908
	2,955,000	-	-	2,955,000
	-	3,128,256	3,497,751	6,626,007
	3,705,551	3,197,035	3,499,299	14,486,366
	12,606,721	-	-	12,606,721
	16,312,272	3,197,035	3,499,299	27,093,087
	(3,355,676)	(10,846)	(1,548)	4,916,072
	9,962,662	-	-	9,962,662
	7,058,027	1,957,940	(1,981,258)	17,819,200
\$	13,665,013	\$ 1,947,094	\$ (1,982,806)	\$ 32,697,934

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
REVENUES:			
Charges for services	\$ 8,644,254	\$ 1,099,735	\$ 3,502,106
Miscellaneous	27,584	11,228	2,209
Total operating revenues	<u>8,671,838</u>	<u>1,110,963</u>	<u>3,504,315</u>
EXPENSES:			
Personal services	1,976,821	299,058	324,935
Contractual services	747,073	334,776	36,717
Supplies	1,151,798	548,137	10,251
Materials	-	-	2,844,482
Claims expense	-	-	-
Depreciation	4,213,751	23,680	9,698
Miscellaneous	9,893	15,708	1,140
Total operating expenses	<u>8,099,336</u>	<u>1,221,359</u>	<u>3,227,223</u>
Operating income (loss)	<u>572,502</u>	<u>(110,396)</u>	<u>277,092</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	369,222	-	3,092
Intergovernmental revenues	8,840	-	-
Interest and fiscal charges on tax anticipation notes	-	-	-
Gain (loss) on fixed asset disposal	130,712	-	66,911
Tax anticipation note premium	-	-	-
Miscellaneous	35,015	-	-
Total nonoperating revenues (expenses)	<u>543,789</u>	<u>-</u>	<u>70,003</u>
Income (loss) before transfers	1,116,291	(110,396)	347,095
Transfers in	2,000,000	-	-
Transfers out	-	-	-
Change in net assets	<u>3,116,291</u>	<u>(110,396)</u>	<u>347,095</u>
Total net assets-beginning	16,112,369	(307,277)	(89,449)
Total net assets-ending	<u>\$ 19,228,660</u>	<u>\$ (417,673)</u>	<u>\$ 257,646</u>

Information Services	Property/ Liability Loss	Health Claims	Total
\$ 8,776,817	\$ 3,501,369	\$ 12,001,986	\$ 37,526,267
-	118,150	-	159,171
<u>8,776,817</u>	<u>3,619,519</u>	<u>12,001,986</u>	<u>37,685,438</u>
2,821,988	324,142	-	5,746,944
2,283,851	933,909	68,590	4,404,916
369,435	33,852	-	2,113,473
-	-	-	2,844,482
-	2,174,668	15,245,471	17,420,139
2,783,044	6,617	-	7,036,790
902	4,718	-	32,361
<u>8,259,220</u>	<u>3,477,906</u>	<u>15,314,061</u>	<u>39,599,105</u>
<u>517,597</u>	<u>141,613</u>	<u>(3,312,075)</u>	<u>(1,913,667)</u>
1,014,967	197,928	95,815	1,681,024
-	-	-	8,840
(1,172,878)	-	-	(1,172,878)
(1,976)	-	-	195,647
105,299	-	-	105,299
-	-	-	35,015
<u>(54,588)</u>	<u>197,928</u>	<u>95,815</u>	<u>852,947</u>
463,009	339,541	(3,216,260)	(1,060,720)
-	-	-	2,000,000
(150,000)	-	-	(150,000)
<u>313,009</u>	<u>339,541</u>	<u>(3,216,260)</u>	<u>789,280</u>
13,352,004	1,607,553	1,233,454	31,908,654
<u>\$ 13,665,013</u>	<u>\$ 1,947,094</u>	<u>\$ (1,982,806)</u>	<u>\$ 32,697,934</u>

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	Equipment Maintenance	Office Services	Municipal Warehouse
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 9,170,713	\$ 1,114,043	\$ 3,347,096
Cash payments to suppliers for goods and services	(2,082,658)	(820,000)	(3,098,607)
Cash payments to employees for services	(1,987,569)	(294,043)	(318,492)
Net cash provided (used) by operating activities	<u>5,100,486</u>	<u>-</u>	<u>(70,003)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Repayments from other other funds	164,356	-	-
Transfers from other funds	2,000,000	-	-
Transfers to other funds	-	-	-
Grant receipts	8,840	-	-
Net cash provided (used) by noncapital financing activities	<u>2,173,196</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(4,288,866)	-	-
Transfer of capital assets to (from) other funds	78,427	-	-
Principal paid on long-term debt	-	-	-
Interest and fees paid on long-term debt	-	-	-
Proceeds on sale of equipment	153,203	-	66,911
Proceeds from insurance damages	35,015	-	-
Tax anticipation notes proceeds	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(4,022,221)</u>	<u>-</u>	<u>66,911</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(9,704,942)	-	-
Proceeds from sales and maturities of investment securities	6,944,277	-	-
Interest on investments	331,011	-	3,092
Increase (decrease) in fair value of investments	4,508	-	-
Net cash provided (used) by investing activities	<u>(2,425,146)</u>	<u>-</u>	<u>3,092</u>
Net increase (decrease) in cash and cash equivalents	826,315	-	-
Cash and cash equivalents, October 1	<u>613,552</u>	<u>125</u>	<u>100</u>
Cash and cash equivalents, September 30	<u>\$ 1,439,867</u>	<u>\$ 125</u>	<u>\$ 100</u>

<u>Information Services</u>	<u>Property/ Liability Loss</u>	<u>Health Claims</u>	<u>Total</u>
\$ 8,658,113	\$ 3,619,969	\$ 12,001,986	\$ 37,911,920
(2,557,763)	(3,089,364)	(14,273,485)	(25,921,877)
(2,733,070)	(316,659)	-	(5,649,833)
<u>3,367,280</u>	<u>213,946</u>	<u>(2,271,499)</u>	<u>6,340,210</u>
-	-	-	164,356
-	-	-	2,000,000
(150,000)	-	-	(150,000)
-	-	-	8,840
<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>2,023,196</u>
(9,533,168)	(7,573)	-	(13,829,607)
(204,556)	-	-	(126,129)
(2,515,000)	-	-	(2,515,000)
(1,172,878)	-	-	(1,172,878)
-	-	-	220,114
-	-	-	35,015
<u>4,200,000</u>	<u>-</u>	<u>-</u>	<u>4,200,000</u>
<u>(9,225,602)</u>	<u>(7,573)</u>	<u>-</u>	<u>(13,188,485)</u>
(17,093,028)	(4,356,194)	(1,308,630)	(32,462,794)
22,757,800	4,261,180	3,387,941	37,351,198
1,085,442	253,453	159,860	1,832,858
(26,586)	(59,432)	(44,544)	(126,054)
<u>6,723,628</u>	<u>99,007</u>	<u>2,194,627</u>	<u>6,595,208</u>
715,306	305,380	(76,872)	1,770,129
<u>1,820,426</u>	<u>340,857</u>	<u>271,006</u>	<u>3,046,066</u>
<u>\$ 2,535,732</u>	<u>\$ 646,237</u>	<u>\$ 194,134</u>	<u>\$ 4,816,195</u>

(continued)

CITY OF PLANO, TEXAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2002
(continued)

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 572,502	\$ (110,396)	\$ 277,092
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expenses	4,213,751	23,680	9,698
Changes in assets and liabilities-			
(Increase) decrease in			
Accounts receivable	9,152	-	(69)
Other accounts receivable	-	3,080	-
Due from other governments	(9,440)	-	-
Prepaid expenses	(1,177)	-	-
Inventory	(1,940)	15,658	(286,617)
Increase (decrease) in			
Accounts payable	(170,778)	51,741	80,600
Accrued liabilities	(10,748)	5,015	6,443
Due to (from) other funds	499,164	11,222	(157,150)
Liability for insurance claims	-	-	-
Total adjustments	<u>4,527,984</u>	<u>110,396</u>	<u>(347,095)</u>
Net cash provided (used) by operating activities	<u>\$ 5,100,486</u>	<u>\$ -</u>	<u>\$ (70,003)</u>

<u>Information Services</u>	<u>Property/ Liability Loss</u>	<u>Health Claims</u>	<u>Total</u>
<u>\$ 517,597</u>	<u>\$ 141,613</u>	<u>\$ (3,312,075)</u>	<u>\$ (1,913,667)</u>
2,783,044	6,617	-	7,036,790
-	450	-	9,533
(118,704)	-	-	(115,624)
-	-	-	(9,440)
(3,763)	(10)	-	(4,950)
-	-	-	(272,899)
100,188	17,077	(81,560)	(2,732)
88,918	7,483	-	97,111
-	-	-	353,236
-	40,716	1,122,136	1,162,852
<u>2,849,683</u>	<u>72,333</u>	<u>1,040,576</u>	<u>8,253,877</u>
<u>\$ 3,367,280</u>	<u>\$ 213,946</u>	<u>\$ (2,271,499)</u>	<u>\$ 6,340,210</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
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2002**

	<u>Agency Funds</u>		<u>Total Agency Funds</u>
	<u>Developers' Escrow</u>	<u>Unclaimed Property</u>	
ASSETS			
Cash and cash equivalents	\$ 873,421	\$ 2,608	\$ 876,029
Investments	5,887,614	17,579	5,905,193
Accrued interest	61,767	184	61,951
Total Assets	<u>6,822,802</u>	<u>20,371</u>	<u>6,843,173</u>
LIABILITIES			
Developers' escrow liability	6,822,802	-	6,822,802
Unclaimed property payable	-	20,371	20,371
Total Liabilities	<u>\$ 6,822,802</u>	<u>\$ 20,371</u>	<u>\$ 6,843,173</u>

**CITY OF PLANO, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes-				
Property taxes	\$ 35,052,765	\$ 35,052,765	\$ 34,696,399	\$ (356,366)
Investment income	1,200,000	926,625	982,057	55,432
Miscellaneous	148,122	148,122	148,142	20
Total Revenues	36,400,887	36,127,512	35,826,598	(300,914)
EXPENDITURES:				
Principal retirement	17,826,306	17,826,306	16,681,306	1,145,000
Interest and fiscal charges	13,642,666	13,642,666	12,246,974	1,395,692
Bond accretion	3,723,694	3,723,694	3,723,694	-
Escrow payment-refunding	-	-	1,216,610	(1,216,610)
Total Expenditures	35,192,666	35,192,666	33,868,584	1,324,082
Excess (Deficiency) Of Revenues Over Expenditures	1,208,221	934,846	1,958,014	1,023,168
OTHER FINANCING SOURCES:				
Bond proceeds-refunding	-	-	42,842,287	42,842,287
Escrow payment-refunding	-	-	(42,503,801)	(42,503,801)
Transfers in	-	183,903	183,903	-
Transfers out	-	-	(1,265,205)	(1,265,205)
Total Other Financing Sources (Uses)	-	183,903	(742,816)	(926,719)
Excess (Deficiency) Of Revenues And Other Sources Over Expenditures And Other Uses	1,208,221	1,118,749	1,215,198	96,449
FUND BALANCE, October 1	4,759,993	4,759,993	4,759,993	-
FUND BALANCE, September 30	\$ 5,968,214	\$ 5,878,742	\$ 5,975,191	\$ 96,449

**CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE¹
SEPTEMBER 30, 2002**

Governmental funds capital assets:	2002	2001
Land	\$ 91,112,837	\$ 87,051,319
Construction in progress	39,928,548	24,564,442
Buildings	86,346,951	79,582,330
Improvements other than buildings	148,820,616	150,326,673
Equipment	52,338,071	50,184,110
Infrastructure	676,955,940	644,704,782
Total governmental funds capital assets	<u>\$ 1,095,502,963</u>	<u>\$ 1,036,413,656</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 229,399,091	\$ 216,536,247
Street improvements fund	80,778,200	86,037,675
Park improvements fund	68,042,416	64,288,998
Special revenue fund	398,768	281,512
Capital projects fund	716,884,488	669,269,224
	<u>\$ 1,095,502,963</u>	<u>\$ 1,036,413,656</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 BY FUNCTION AND ACTIVITY¹
SEPTEMBER 30, 2002**

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure	Total
Administrative Services:							
City Council	\$ -	\$ -	\$ -	\$ -	4,301	\$ -	\$ 4,301
Administration	-	-	-	-	106,157	-	106,157
Legal	-	-	-	-	146,866	-	146,866
City Secretary	-	-	-	-	52,010	-	52,010
Internal Audit	-	-	-	-	25,624	-	25,624
Finance	-	-	-	-	43,214	-	43,214
Financial Systems Administration	-	-	-	-	5,767	-	5,767
Accounting	-	-	-	-	168,951	-	168,951
Budget	-	-	-	-	151,381	-	151,381
Administrative Services	-	-	-	-	12,636	-	12,636
Purchasing	-	-	-	-	59,613	-	59,613
Human Resources	-	-	-	-	167,753	-	167,753
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>944,273</u>	<u>-</u>	<u>944,273</u>
Police:							
Municipal Court Judge	2,780,978	-	6,168,125	-	49,298	-	8,998,401
Municipal Court Administration	-	-	-	-	399,755	-	399,755
Public Safety Administration	-	-	-	-	2,144,719	-	2,144,719
Community Response	-	-	-	-	20,576	-	20,576
Police	4,639,011	-	10,305,369	-	9,743,644	-	24,688,024
Emergency 911	-	-	-	-	4,560,478	-	4,560,478
	<u>7,419,989</u>	<u>-</u>	<u>16,473,494</u>	<u>-</u>	<u>16,918,470</u>	<u>-</u>	<u>40,811,953</u>
Fire:							
Fire	5,493,983	-	13,913,091	-	7,244,553	-	26,651,627
Fire-Civilian	-	-	-	-	27,977	-	27,977
Fire Marshal	-	-	-	-	80,034	-	80,034
	<u>5,493,983</u>	<u>-</u>	<u>13,913,091</u>	<u>-</u>	<u>7,352,564</u>	<u>-</u>	<u>26,759,638</u>
Libraries:							
Library Administration	-	-	-	-	2,979,793	-	2,979,793
Technical Services	-	-	-	-	8,901,474	-	8,901,474
Harrington Library	1,244,216	-	2,759,632	-	400,270	-	4,404,118
Schmelpfenig Library	1,445,885	-	3,153,657	-	227,117	-	4,826,659
Haggard Library	1,549,473	-	3,436,684	-	883,005	-	5,869,162
Municipal Reference Library	-	-	-	-	1,370	-	1,370
Davis Library	2,046,883	-	4,513,662	-	52,232	-	6,612,777
Parr Library	1,757,104	-	3,867,343	-	-	-	5,624,447
	<u>8,043,561</u>	<u>-</u>	<u>17,730,978</u>	<u>-</u>	<u>13,445,261</u>	<u>-</u>	<u>39,219,800</u>
Development:							
Building Administration	79,989	-	50,657	-	-	-	130,646
Building Maintenance	-	-	-	-	61,625	-	61,625
Building Maintenance	-	-	-	-	486,188	-	486,188
Custodial Services	-	-	-	-	3,251	-	3,251
Engineering	-	-	-	-	85,895	-	85,895
Capital Projects Coordination	-	-	-	-	219,754	-	219,754
Development	-	-	-	-	6,988	-	6,988
Community Services Administration	-	-	-	-	37,915	-	37,915
Community Development Administration	-	-	-	-	343,831	-	343,831
Planning	220,899	-	-	-	1,072,984	-	1,293,883
Transportation Engineering	-	-	-	-	93,671	-	93,671
Building Inspection	-	-	-	-	496,211	-	496,211
	<u>300,888</u>	<u>-</u>	<u>50,657</u>	<u>-</u>	<u>2,908,313</u>	<u>-</u>	<u>3,259,858</u>
Public Services and Operations:							
Public Information	-	-	-	-	1,148,023	-	1,148,023
Records Management	-	-	-	-	62,713	-	62,713
Environmental Health	-	-	-	-	243,305	-	243,305
Animal Control	101,571	-	2,334,798	-	276,834	-	2,713,203
	<u>101,571</u>	<u>-</u>	<u>2,334,798</u>	<u>-</u>	<u>1,730,875</u>	<u>-</u>	<u>4,167,244</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
SEPTEMBER 30, 2002
(continued)

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure	Total
Parks and Recreation:	52,571,427	-	-	-	-	-	52,571,427
Parks and Recreation Administration	-	-	-	-	86,105	-	86,105
Park Administration	-	-	-	-	141,478	-	141,478
Park Planning	-	-	-	-	224,316	-	224,316
Park Development	-	-	-	-	169,510	-	169,510
Park Grounds Maintenance	-	-	215,854	-	339,951	-	555,805
Public Buildings Grounds Maintenance	-	-	-	-	127,587	-	127,587
Athletic Fields Grounds Maintenance	-	-	-	-	90,181	-	90,181
Championship Youth Ballpark	-	-	-	-	1,687	-	1,687
Median Maintenance	-	-	-	-	32,829	-	32,829
Creative Arts	-	-	493,394	-	-	-	493,394
Recreation Administration	-	-	-	-	97,192	-	97,192
Athletics	-	-	-	-	46,774	-	46,774
Special Activities	-	-	-	-	48,079	-	48,079
Acquatics	-	-	1,477,533	-	217,058	-	1,694,591
Tennis Center	-	-	85,426	-	27,980	-	113,406
Senior Services	1,861,895	-	4,129,627	-	180,049	-	6,171,571
Recreation Centers	-	-	12,037,135	-	534,285	-	12,571,420
Park Improvements	-	-	-	68,042,416	-	-	68,042,416
	<u>54,433,322</u>	<u>-</u>	<u>18,438,969</u>	<u>68,042,416</u>	<u>2,365,061</u>	<u>-</u>	<u>143,279,768</u>
General Government:	8,470,915	-	17,404,964	-	-	-	25,875,879
Enterprise Center	-	-	-	-	29,257	-	29,257
Productivity Bank	-	-	-	-	52,090	-	52,090
Downtown Advocacy	-	-	-	-	1,863	-	1,863
Volunteer Services	-	-	-	-	4,296	-	4,296
Tax Collections	-	-	-	-	302,069	-	302,069
Youth Advisory Committee	-	-	-	-	7,180	-	7,180
School Crossing Guards	-	-	-	-	5,455	-	5,455
Telecommunications	-	-	-	-	191,180	-	191,180
	<u>8,470,915</u>	<u>-</u>	<u>17,404,964</u>	<u>-</u>	<u>593,390</u>	<u>-</u>	<u>26,469,269</u>
Public Works:	6,848,608	-	-	-	-	-	6,848,608
Public Works Administration	-	-	-	-	193,291	-	193,291
Streets and Traffic Administration	-	-	-	-	924,230	-	924,230
Streets	-	-	-	-	2,068,033	-	2,068,033
Signals	-	-	-	-	444,841	-	444,841
Signs and Markings	-	-	-	-	898,913	-	898,913
Sign Shop	-	-	-	-	186,012	-	186,012
Street and ROW Coordination	-	-	-	-	678,856	-	678,856
Infrastructure	-	-	-	-	-	676,955,940	676,955,940
Street and Sewer Improvements	-	-	-	80,778,200	-	-	80,778,200
	<u>6,848,608</u>	<u>-</u>	<u>-</u>	<u>80,778,200</u>	<u>5,394,176</u>	<u>676,955,940</u>	<u>769,976,924</u>
Construction in Progress	-	39,928,548	-	-	-	-	39,928,548
	<u>-</u>	<u>39,928,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,928,548</u>
Other:	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	685,688	-	685,688
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>685,688</u>	<u>-</u>	<u>685,688</u>
Total governmental funds capital assets	\$ 91,112,837	\$ 39,928,548	\$ 86,346,951	\$ 148,820,616	\$ 52,338,071	\$ 676,955,940	\$ 1,095,502,963

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, 2002**

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	October 1, 2001	Additions	Deductions	September 30, 2002
Administrative Services:				
City Council	\$ 29,579	\$ -	\$ 25,278	\$ 4,301
Administration	106,212	-	55	106,157
Legal	174,665	-	27,799	146,866
City Secretary	69,458	-	17,448	52,010
Internal Audit	25,624	-	-	25,624
Finance	59,630	-	16,416	43,214
Financial Systems Administration	3,105	2,662	-	5,767
Accounting	168,951	-	-	168,951
Budget	178,729	-	27,348	151,381
Administrative Services	12,636	-	-	12,636
Purchasing	67,966	-	8,353	59,613
Human Resources	193,319	22,773	48,339	167,753
	<u>1,089,874</u>	<u>25,435</u>	<u>171,036</u>	<u>944,273</u>
Police:				
Municipal Court Judge	9,002,001	-	3,600	8,998,401
Municipal Court Administration	358,918	52,967	12,130	399,755
Public Safety Administration	2,144,719	-	-	2,144,719
Community Response	12,707	10,194	2,325	20,576
Police	21,395,593	3,424,245	131,814	24,688,024
Emergency 911	4,499,501	98,470	37,493	4,560,478
	<u>37,413,439</u>	<u>3,585,876</u>	<u>187,362</u>	<u>40,811,953</u>
Fire:				
Fire	24,839,833	1,812,453	659	26,651,627
Fire-Civilian	24,866	3,111	-	27,977
Fire Marshal	80,034	-	-	80,034
	<u>24,944,733</u>	<u>1,815,564</u>	<u>659</u>	<u>26,759,638</u>
Libraries:				
Library Administration	2,970,433	35,814	26,454	2,979,793
Technical Services	7,866,059	1,035,415	-	8,901,474
Harrington Library	4,404,188	-	70	4,404,118
Schimelpfenig Library	4,827,151	-	492	4,826,659
Haggard Library	5,869,408	-	246	5,869,162
Municipal Reference Library	1,370	-	-	1,370
Davis Library	6,612,777	-	-	6,612,777
Parr Library	5,654,306	(29,859)	-	5,624,447
	<u>38,205,692</u>	<u>1,041,370</u>	<u>27,262</u>	<u>39,219,800</u>
Development:				
Building Administration	84,324	46,322	-	130,646
Building Maintenance	60,322	1,523	220	61,625
Custodial Services	559,300	718	73,830	486,188
Engineering	27,708	-	24,457	3,251
Capital Projects Coordination	154,778	17,109	85,992	85,895
Development	220,005	-	251	219,754
Community Services Administration	6,988	-	-	6,988
Community Development Administration	37,915	-	-	37,915
Planning	352,489	2,810	11,468	343,831
Transportation Engineering	1,424,778	3,192	134,087	1,293,883
Building Inspection	93,671	-	-	93,671
	<u>565,307</u>	<u>13,861</u>	<u>82,957</u>	<u>496,211</u>
	<u>3,587,585</u>	<u>85,535</u>	<u>413,262</u>	<u>3,259,858</u>
Public Services and Operations:				
Public Information	1,176,938	16,507	45,422	1,148,023
Records Management	67,618	14,250	19,155	62,713
Environmental Health	243,305	-	-	243,305
Animal Control	574,290	2,138,963	50	2,713,203
	<u>2,062,151</u>	<u>2,169,720</u>	<u>64,627</u>	<u>4,167,244</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 OF CHANGES BY FUNCTION AND ACTIVITY¹
FOR THE YEAR ENDED SEPTEMBER 30, 2002
(continued)

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	October 1, 2001	Additions	Deductions	September 30, 2002
Parks and Recreation:	50,751,068	1,820,359	-	52,571,427
Parks and Recreation Administration	81,109	6,709	1,713	86,105
Park Administration	141,478	-	-	141,478
Park Planning	224,316	-	-	224,316
Park Development	169,510	-	-	169,510
Park Grounds Maintenance	537,273	103,820	85,288	555,805
Public Buildings Grounds Maintenance	80,730	46,857	-	127,587
Athletic Fields Grounds Maintenance	90,944	20,859	21,622	90,181
Championship Youth Ballpark	1,687	-	-	1,687
Median Maintenance	32,829	-	-	32,829
Creative Arts	466,529	26,865	-	493,394
Recreation Administration	97,192	-	-	97,192
Athletics	46,774	-	-	46,774
Special Activities	48,079	-	-	48,079
Acquatics	1,694,591	-	-	1,694,591
Tennis Center	113,406	-	-	113,406
Senior Services	6,166,430	5,141	-	6,171,571
Recreation Centers	12,528,251	44,143	974	12,571,420
Park Improvements	64,288,998	3,753,418	-	68,042,416
	<u>137,561,194</u>	<u>5,828,171</u>	<u>109,597</u>	<u>143,279,768</u>
General Government:	25,160,746	715,133	-	25,875,879
Enterprise Center	29,906	-	649	29,257
Productivity Bank	52,090	-	-	52,090
Downtown Advocacy	1,863	-	-	1,863
Volunteer Services	4,296	-	-	4,296
Tax Collections	302,180	-	111	302,069
Youth Advisory Committee	7,180	-	-	7,180
School Crossing Guards	5,500	-	45	5,455
Telecommunications	192,423	-	1,243	191,180
	<u>25,756,184</u>	<u>715,133</u>	<u>2,048</u>	<u>26,469,269</u>
Public Works:	5,027,422	1,821,186	-	6,848,608
Public Works Administration	244,905	1,587	53,201	193,291
Streets and Traffic Administration	294,411	629,819	-	924,230
Streets	2,196,034	29,065	157,066	2,068,033
Signals	440,618	4,973	750	444,841
Signs and Markings	928,732	12,844	42,663	898,913
Sign Shop	186,012	-	-	186,012
Street and ROW Coordination	463,148	215,708	-	678,856
Infrastructure	644,704,782	32,251,158	-	676,955,940
Street and Sewer Improvements	86,037,675	11,840,007	17,099,482	80,778,200
	<u>740,523,739</u>	<u>46,806,347</u>	<u>17,353,162</u>	<u>769,976,924</u>
Construction in progress	<u>24,564,442</u>	<u>30,970,620</u>	<u>15,606,514</u>	<u>39,928,548</u>
	<u>24,564,442</u>	<u>30,970,620</u>	<u>15,606,514</u>	<u>39,928,548</u>
Other:				
Non-departmental	704,623	-	18,935	685,688
	<u>704,623</u>	<u>-</u>	<u>18,935</u>	<u>685,688</u>
	<u>\$ 1,036,413,656</u>	<u>\$ 93,043,771</u>	<u>\$ 33,954,464</u>	<u>\$ 1,095,502,963</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
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

Table 1

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
General government	3,194,862	2,722,284	2,664,249	26,166,836	26,233,344	19,977,171	17,837,840	18,483,676	18,787,014	14,313,888
Administrative services	6,581,342	6,344,653	6,164,859	-	-	-	-	-	-	-
Public safety	-	-	-	56,527,215	47,737,779	42,784,334	38,437,795	33,953,979	28,522,998	25,115,371
Police	42,647,390	39,486,865	36,081,947	-	-	-	-	-	-	-
Fire	25,895,256	24,495,435	22,620,729	-	-	-	-	-	-	-
Libraries	8,619,718	7,874,877	8,186,004	-	-	-	-	-	-	-
Development	16,126,052	14,736,448	13,565,003	-	-	-	-	-	-	-
Public services and operations	4,632,868	4,323,585	2,914,992	-	-	-	-	-	-	-
Parks and recreation	13,384,235	12,318,857	11,418,038	-	-	-	-	-	-	-
Public works	4,843,160	4,849,468	5,148,450	4,383,022	4,496,883	4,255,922	3,993,882	3,743,710	3,374,022	4,532,734
Other	15,284,555	16,502,541	15,915,695	-	-	-	-	-	-	-
Community services	-	-	2,372,804	27,183,509	22,530,786	22,170,230	19,441,188	17,997,687	17,226,975	13,394,130
Capital Outlay	40,704,962	46,091,229	50,169,810	40,211,025	31,983,639	31,165,732	24,922,164	27,123,629	28,493,656	21,886,719
Debt service	33,868,584	33,452,824	31,827,423	31,549,394	30,544,026	28,381,927	26,897,735	26,991,113	24,895,209	24,614,641
Total	\$215,782,984	\$213,199,066	209,050,003	186,021,001	163,526,457	148,735,316	131,530,604	128,293,794	121,299,874	103,857,483

(A) Includes all Governmental Funds

(B) The City implemented GASB 34 in fiscal year 2001 which expanded the reporting of its functional activities. Fiscal year 2000 is presented for comparative purposes.

(C) Beginning in fiscal year 2000, the City began preparing for GASB 34 and tracking expenditures for the functional activities reported above.

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
GENERAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Table 2

Fiscal Year	General Property Taxes	Sales Tax	Other Non-Property Taxes	Franchise Fees	Fines and Forfeitures	Licenses and Permits	Inter-Governmental Revenues	Fees for Services	Investment Income	Miscellaneous	Total
1993	\$16,561,433	21,272,367	233,324	7,974,137	1,062,045	2,907,897	797,103	7,128,858	531,600	1,160,893	59,629,657
1994	18,683,156	24,734,395	354,369	10,351,632	1,244,593	3,540,184	821,416	7,838,918	673,868	1,377,423	69,619,954
1995	19,369,465	27,541,769	382,374	10,105,479	1,383,815	3,248,880	959,775	8,593,643	958,311	851,553	73,395,064
1996	22,202,450	30,901,889	391,901	11,343,772	3,220,214	4,818,056	949,945	9,005,449	1,034,945	666,111	84,534,732
1997	25,740,348	32,207,556	583,911	11,699,553	4,437,090	6,160,525	397,022	10,786,814	1,434,127	611,178	94,058,124
1998	30,970,576	35,430,985	401,726	13,150,681	4,139,537	6,823,719	389,465	10,431,476	1,847,074	491,901	104,077,140
1999	33,995,326	39,876,108	453,481	14,085,493	5,100,498	6,576,147	424,456	11,991,259	978,028	428,486	113,909,282
2000	41,033,395	46,177,525	506,359	15,120,762	5,960,566	6,959,848	431,410	11,880,955	1,694,937	427,226	130,192,983
2001	44,206,716	47,569,128	549,899	19,090,181	7,330,592	6,025,513	605,611	12,121,258	2,388,471	524,252	140,411,621
2002	50,531,838	45,591,342	576,263	19,700,523	8,220,779	4,381,369	519,175	12,076,701	1,299,498	570,991	143,468,479

NOTES:

(A) Includes only General Fund Revenues. Transfers in from other funds are not included.

(B) Beginning in 1990, fees for services includes intragovernmental revenues for charges in lieu of taxes previously reflected as operating transfers in.

(C) Beginning in 1995, paving assessments previously included the General Fund are included in Capital Projects.

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
SUMMARY OF TAX COLLECTION ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

Table 3

City of Plano Tax Roll - 2001

	Assessed Valuation	Tax Rate/\$100	Assessed Taxes
ORIGINAL TAX ROLL	\$ 18,923,096,351	0.4535	\$ 85,816,760
NET ADJUSTMENTS	<u>(26,269,614)</u>	0.4535	<u>(119,133)</u>
ADJUSTED TAX ROLL	<u>\$ 18,896,826,737</u>	0.4535	<u>\$ 85,697,627</u>
COLLECTION OF CURRENT YEAR TAXES			\$ 84,838,031
Less: Transfer to TIF Component Units			<u>(729,535)</u>
			<u>\$ 84,108,496</u>
DELINQUENT TAXES - 2001 ROLL			<u>\$ 859,596</u>
PERCENTAGE COLLECTION - 2001 ROLL			99.0%

Unaudited - See accompanying independent auditors' report.

CITY OF PLANO, TEXAS
SUMMARY OF TAX COLLECTION ACTIVITY (continued)

Table 3

Tax Year	Rate	Assessed Value	Assessed Tax	Balance October 1, 2001	Current Year Taxes	2002 Adjustments	Collections	Balance September 30 2002
1951-1987	\$	25,676,550,778	117,644,671	5,401	-	(840)	2,024	2,537
1988	0.4750	7,435,518,947	35,426,315	2,192	-	(1,169)	484	539
1989	0.4750	7,570,848,045	37,127,188	3,882	-	(2,244)	1,233	405
1990	0.4883	7,564,575,819	38,594,297	6,034	-	(1,654)	2,003	2,377
1991	0.5102	7,595,360,458	38,839,329	6,261	-	(2,101)	1,009	3,151
1992	0.5102	7,641,810,625	39,108,652	4,934	-	(1,051)	509	3,374
1993	0.5102	8,087,599,099	41,262,936	4,304	-	(823)	591	2,890
1994	0.5102	8,601,115,799	43,882,895	6,879	-	(194)	557	6,128
1995	0.4985	9,605,539,869	47,883,625	5,886	-	(443)	548	4,895
1996	0.4985	10,592,475,133	52,804,168	60,273	-	(14,573)	4,839	40,861
1997	0.4985	11,867,697,437	59,162,367	69,502	-	(13,804)	8,172	47,526
1998	0.4685	13,495,204,308	63,228,396	122,622	-	(2,912)	20,483	99,227
1999	0.4685	15,083,037,029	70,664,028	235,855	-	21,956	108,666	149,145
2000	0.4585	17,032,463,011	78,095,849	817,630	-	(79,716)	516,853	221,061
2001	0.4535	18,896,826,737	85,697,627	-	85,816,760	(119,133)	84,838,031	859,596
				<u>\$ 1,351,655</u>	<u>85,816,760</u>	<u>(218,701)</u>	<u>85,506,002</u>	<u>1,443,712</u>

CITY OF PLANO - OTHER TAX-RELATED COLLECTIONS:

Penalty and interest on delinquent collections	451,771
Attorney fee	163,512
Total - other tax-related collections	<u>615,283</u>
Total Collections	<u><u>\$ 86,121,285</u></u>

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
 ASSESSED VALUES, LEVIES, AND TAX DISTRIBUTION
 LAST TEN FISCAL YEARS**

Table 4

Fiscal Year	Assessed Value	Tax Rate	Total Tax Levy	Tax Distribution	
				General Fund	Debt Service Fund
1993	7,641,810,625	0.5102	39,003,417	0.2076	0.3026
1994	8,087,599,099	0.5102	41,262,936	0.2229	0.2873
1995	8,601,115,799	0.5102	43,882,895	0.2224	0.2878
1996	9,605,539,869	0.4985	47,883,625	0.2296	0.2689
1997	10,592,475,133	0.4985	52,804,168	0.2433	0.2552
1998	11,867,697,437	0.4985	59,162,367	0.2608	0.2377
1999	13,495,204,308	0.4685	63,228,396	0.2538	0.2147
2000	15,083,037,029	0.4685	70,664,028	0.2708	0.1977
2001	17,032,463,011	0.4585	78,095,849	0.2614	0.1971
2002	18,896,826,737	0.4535	85,697,627	0.2690	0.1845

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Table 5

Fiscal Year	Total Tax Levy	Collection Current Year's Taxes During Period	Percent of Levy Collected During Fiscal Period	Collection Prior Years' Taxes During Period	Total Tax Collections	Accumulated Delinquent Taxes	Ratio of Accumulated Delinquent Taxes to Current Levy
1993	\$ 39,003,417	38,670,456	99.1	1,406,543	40,076,999	1,369,834	3.5
1994	41,276,736	41,093,390	99.6	1,163,243	42,256,634	1,164,966	2.8
1995	43,882,895	43,744,057	99.7	706,969	44,451,026	1,166,308	2.6
1996	47,883,625	47,591,660	99.4	516,752	48,108,412	1,364,639	2.8
1997	52,804,168	52,051,452	98.6	478,664	52,530,116	1,553,442	2.9
1998	59,162,367	58,370,749	98.7	601,365	58,972,115	1,394,892	2.4
1999	63,228,936	62,097,393	98.2	346,009	62,443,402	1,542,283	2.4
2000	70,664,029	69,961,280	99.0	781,171	70,742,451	1,091,090	1.5
2001	78,095,849	76,907,817	98.5	519,841	77,427,658	1,351,655	1.7
2002	85,697,627	84,108,496	98.1	667,971	84,776,467	1,443,713	1.7

Current taxes were adjusted for \$729,535 which were transferred to the TIF Component Units.

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
 ASSESSED VALUE AND ESTIMATED TRUE VALUE OF
 OF ALL TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Table 6

Fiscal Year	Assessed Value	Estimated Market Value	Ratio of Total Assessed Value to Market Value
1993	\$ 7,641,810,625	7,641,810,625	100
1994	8,087,599,099	8,087,599,099	100
1995	8,601,115,799	8,601,115,799	100
1996	9,605,539,869	9,605,539,869	100
1997	10,592,475,133	10,592,475,133	100
1998	11,867,697,437	11,867,697,437	100
1999	13,495,204,308	13,495,204,308	100
2000	15,083,037,029	15,083,037,029	100
2001	17,032,463,011	17,032,463,011	100
2002	18,896,826,737	18,896,826,737	100

Unaudited - See accompanying independent auditors' report.

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

Table 7

Fiscal Year (1)	City of Plano	Plano School District		Allen School District		Collin County		Frisco School District		Lewisville School District		Denton County		Collin County Communtiy College		
	Rate	Assess-ment Ratio	Rate	Assess-ment Ratio	Rate	Assess-ment Ratio	Rate	Assess-ment Ratio	Rate	Assess-ment Ratio	Rate	Assess-ment Ratio	Rate	Assess-ment Ratio		
1993	0.5102	100	1.461	100	1.67	100	0.2600	100	1.570	100	1.336	100	0.2924	100	0.099	100
1994	0.5102	100	1.472	100	1.67	100	0.2600	100	1.368	100	1.372	100	0.2994	100	0.099	100
1995	0.5102	100	1.478	100	1.67	100	0.2600	100	1.368	100	1.372	100	0.2900	100	0.099	100
1996	0.4985	100	1.489	100	1.61	100	0.2600	100	1.399	100	1.437	100	0.2783	100	0.099	100
1997	0.4985	100	1.500	100	1.67	100	0.2600	100	1.529	100	1.516	100	0.2669	100	0.099	100
1998	0.4985	100	1.540	100	1.74	100	0.2600	100	1.514	100	1.516	100	0.2559	100	0.099	100
1999	0.4685	100	1.540	100	1.89	100	0.2708	100	1.514	100	1.610	100	0.2488	100	0.099	100
2000	0.4685	100	1.579	100	1.89	100	0.2500	100	1.440	100	1.567	100	0.235	100	0.097	100
2001	0.4585	100	1.5531	100	1.76	100	0.2500	100	1.420	100	1.610	100	0.232	100	0.094	100
2002	0.4535	100	1.6285	100	1.83	100	0.2500	100	1.440	100	1.670	100	0.252	100	0.093	100

CITY TAX DISTRIBUTION: 2000-01 LEVY

General Fund	0.2690
Debt Service Fund - General Obligations	<u>0.1845</u>
	<u><u>0.4535</u></u>

(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.

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Table 8

Fiscal Year	Assessed Value	Gross General Bonded Debt	Less Debt Service Fund	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Estimated Population (1)	Net General Bonded Debt Per Capita
1993	\$ 7,641,810,625	183,127,327	2,205,613	180,921,714	2.38	149,188	1,212
1994	8,087,599,099	191,832,327	2,174,116	189,658,211	2.35	157,406	1,205
1995	8,601,115,799	200,457,327	1,928,765	198,528,562	2.31	167,070	1,188
1996	9,605,539,869	206,847,327	2,879,416	203,967,911	2.12	176,408	1,156
1997	10,592,475,133	215,977,327	3,438,774	212,538,553	2.01	192,400	1,105
1998	11,867,697,437	221,802,327	3,287,015	218,515,312	1.85	216,000	1,012
1999	13,495,204,308	227,362,327	1,977,192	225,385,135	1.67	220,200	1,024
2000	15,083,037,029	231,197,327	1,944,438	229,252,889	1.53	222,030	1,033
2001	17,032,463,011	253,904,888	4,759,993	249,144,895	1.47	230,409	1,081
2002	18,896,826,737	251,053,582	5,975,191	245,078,391	1.30	235,949	1,039

(1) 2000 population is official U.S. Census Bureau count. Other population estimates prepared by City of Plano.

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2002**

Table 9

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, 2001, is \$0.4535 per \$100.00 with assessed valuation at 100% of market value.

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2002**

Table 10

Taxing Body	Net General Bonded Debt	Percentage of Debt Applicable to Area	City of Plano Share of Debt
City of Plano	\$ 245,078,391	100.00%	245,078,391
Total direct debt	245,078,391		245,078,391
Plano Independent School District	747,142,789	74.93%	559,834,092
Collin County	210,252,040	47.42%	99,701,517
Denton County	136,922,570	0.53%	725,690
Frisco Independent School District	341,735,092	3.21%	10,969,696
Allen Independent School District	299,657,385	0.69%	2,067,636
Lewisville Independent School District	480,686,347	1.24%	5,960,511
Collin County Community College	56,324,988	47.42%	26,709,309
Total overlapping debt	2,272,721,211		705,968,451
Total direct and overlapping bonded debt	\$ 2,517,799,602		\$ 951,046,842
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			5.61%
Per capita overlapping bonded debt			\$ 4,128

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.

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
RATIO OF GENERAL OBLIGATION DEBT SERVICE
TO TOTAL GOVERNMENTAL EXPENDITURES**

Table 11

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total Governmental Expenditures (1)	Debt Service As a Percent of Total Governmental Expenditures
1993	\$ 13,825,000	10,604,607	24,429,607	81,787,784	29.87
1994	14,005,000	10,890,209	24,895,209	92,613,357	26.88
1995	15,650,000	11,341,113	26,991,113	100,885,813	26.75
1996	15,695,000	11,202,735	26,897,735	106,608,440	25.23
1997	16,715,000	11,666,927	28,381,927	116,890,954	24.28
1998	18,555,000	11,989,026	30,544,026	131,542,818	23.21
1999	19,600,000	11,949,394	31,549,394	145,809,976	21.64
2000	20,495,000	11,332,423	31,827,423	158,783,793	20.04
2001	15,802,440	17,650,384	33,452,824	170,398,824	19.63
2002	16,681,306	15,970,668	32,651,974	177,384,480	18.41

(1) Includes total general fund expenditures plus total general obligation debt service and special revenue fund expenditures.

Unaudited - See accompanying independent auditors' report.

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

Table 12

Fiscal Year	Total Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Coverage
				Principal	Interest	Total	
1993	41,064,580	21,036,949	20,027,631	2,641,900	1,241,228	3,883,128	5.16
1994	41,400,259	23,780,393	17,619,866	2,788,165	1,351,832	4,139,997	4.26
1995	43,281,208	25,390,544	17,890,664	2,699,911	1,260,354	3,960,265	4.52
1996	49,697,027	26,253,940	23,443,087	2,683,929	1,205,748	3,889,677	6.03
1997	49,527,223	28,892,281	20,634,942	2,632,197	1,134,781	3,766,978	5.48
1998	56,134,401	30,747,680	25,386,721	2,575,765	1,066,570	3,642,335	6.97
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	3,228,691	3.35
2002	63,036,735	47,308,016	15,728,719	2,236,385	848,490	3,084,875	5.10

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

Unaudited - See accompanying independent auditors' report.

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

Table 13

Fiscal Year	Gross Revenue	Operating and Maintenance Expense	Gross Revenues Times Expense	Maximum Annual Debt Service Requirement			Coverage
				Principal	Interest	Total	
1995	\$ 1,986,978	947,456	2.10	165,000	329,808	494,808	2.10
1996	2,241,517	996,374	2.25	305,000	504,893	809,893	1.54
1997	2,428,628	1,214,965	2.00	390,000	667,700	1,057,700	1.15
1998	2,673,544	1,185,243	2.26	460,000	629,778	1,089,778	1.37
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	785,000	856,345	1,641,345	1.75

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.

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
PAVING ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS**

Table 14

Fiscal Year	Beginning Outstanding Assessments	Amount Adjusted and Collected	Assessments Added	Ending Outstanding Assessments
1993	\$ 4,708,270	471,903	175,918	4,412,285
1994	4,412,285	4,657,786	2,048,890	1,803,389
1995	1,803,389	362,172	-	1,441,217
1996	1,441,217	931,049	1,117,870	1,628,038
1997	1,628,038	700,379	1,083,964	2,011,623
1998	2,011,623	160,558	650,217	2,501,282
1999	2,501,282	506,953	371,674	2,366,003
2000	2,366,003	582,653	233,633	2,016,983
2001	2,016,983	598,676	-	1,418,307
2002	1,418,307	44,445	314,335	1,688,197

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
CONSTRUCTION ACTIVITY AND PROPERTY VALUE
LAST TEN FISCAL YEARS**

Table 15

Fiscal Year	Total Property Value	Construction Activity			
		Residential		Commercial/Industrial	
		Permits	Value	Permits	Value
1993	\$ 7,641,810,625	2,642	393,171,521	83	65,855,737
1994	8,087,599,099	2,876	461,959,010	257	139,824,106
1995	8,601,115,799	2,394	415,048,980	239	139,955,712
1996	9,605,539,869	2,979	509,328,907	197	149,341,257
1997	10,592,475,133	3,128	540,055,625	442	438,026,292
1998	11,867,697,437	3,081	547,694,342	615	558,505,708
1999	13,495,204,308	2,459	454,268,856	683	412,216,283
2000	15,083,037,029	1,911	391,062,641	868	557,166,638
2001	17,032,463,011	1,995	342,146,112	386	341,402,730
2002	18,896,826,737	1,100	204,186,521	515	249,036,493

SOURCE: City of Plano Building Inspection Department.

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Table 16

DEMOGRAPHICS				POPULATION CHANGE			
Fiscal Year	Population	PISD School Enrollment	Unemployment Rate (%)	Year	Number	Change	Percent of Change
1993	149,188	33,431	5.6	1930	1,554	-	-
1994	157,406	35,033	3.7	1940	1,582	28	1.8
1995	167,070	36,664	3.3	1950	2,126	544	34.4
1996	176,408	40,548	2.5	1960	3,695	1,569	73.8
1997	192,400	43,325	2.2	1970	17,872	14,177	383.7
1998	216,000	43,460	2.0	1980	72,331	54,459	304.7
1999	220,200	43,514	2.0	1990	128,713	56,382	77.9
2000	222,030	46,115	2.2	2000	222,030	93,317	72.5
2001	230,409	47,364	4.3				
2002	235,949	50,632	5.6				

SOURCES: 1980, 1990 and 2000 populations are official U.S. Census Bureau count. Other population estimates were prepared by the City of Plano. School enrollment figures were provided by the Plano Independent School District (PISD). Unemployment rates were provided by the Texas Workforce Commission.

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
SCHEDULE OF INSURANCE IN FORCE
SEPTEMBER 30, 2002**

Table 17

Insuring Company	Policy No.	Policy Period		Coverage	Type	Amount
		From	To			
Travelers	CMB-294T160-7-02	10-01-2002	10-01-2003	Building & Contents	All Risk, Physical Damage, Business Income	\$233,177,733
Travelers	CMB-294T160-7-02	10-01-2002	10-01-2003	Boiler and Machinery at Various Municipal Buildings	Comprehensive	50,000,000
Safety National Casualty	SP-6162-TX	10-01-2002	10-01-2003	Excess Workers Compensation	Statutory	1,000,000
Western World	NPP764686	10-01-2002	10-01-2003	EMT, Paramedic Liability	Professional Liability	1,000,000
Nautilus Insurance Company	NC185043	07-04-2002	07-05-02	Special Events	General Liability	2,000,000
TIG Insurance	T70003922089600	11-30-2001	11-30-2002	Special Events	General Liability	5,000,000
National Flood Insurance	3000033633	05-16-2002	05-16-2003	Single Family Dwelling	Flood	225,000
Western Surety Company	Various	11-07-2001	10-31-2003	Pubic Official Bonds		50,000
American Manufacturers Mutual	3SE603 386-09	03-17-2001	Continuous	Pubic Official Bonds		100,000
Specialty Surplus Insurance	3ZH12079902	10-01-2002	10-01-2003	Excess Liability		10,000,000
American Motorists Insurance	3FM024444-01	10-01-2002	10-01-2003	Crime	Employee Dishonesty Forgery or Alteration Theft Inside/Outside Computer Fraud	1,000,000 25,000 100,000 1,000,000
Caliber One Indemnity	ZLL0000969-01	07-14-2002	07-14-2003	Plano Center Facility	Liquor Liability	1,000,000
United National Insurance	NCL0030422	06-05-2002	06-05-2003	Recreation Facility	General Liability	2,000,000
American National Life	FLD02-26748-BC	06-05-2002	06-05-2003	Recreation Facility	Medical	50,000
Great Amercian E & S	BTA523684201	10-01-2002	10-01-2003	Underground Storage Tank	Environmental	2,000,000

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
MAJOR EMPLOYERS
SEPTEMBER 30, 2002**

Table 18

COMPANY	PRODUCT	COMPANY	PRODUCT
Firms Employing 500 or More:		Firms Employing 150 to 499, continued:	
Aegon DMS	Insurance	Mervyn's Distribution Center	Distribution
Alcatel	Telecommunications equipment	Metrocom, Inc.	Wireless Internet services
AT&T Wireless Group	Communications	Metromedia Restaurant Group	Advertising
Aurum Technology, Inc.	Information technology services	Pacific USA	Bank holding company
Capital One Auto Finance	Auto loan lending	Performance Pipe	Polyethylene pipe systems manufacturing
Compaq Telecom Division	Computer manufacturing	PSFWebb	Communications
Computer Associates International, Inc.	eBusiness services	Plano Family YMCA in Legacy	Nonprofit community service organization
Countrywide Home Loans, Inc.	Mortgage lending	Rent-A-Center, Inc.	Rental company
Crossmark	Consulting	Republic Title	Mortgage Lending
Dallas Morning News	Daily newspaper	Safety-Kleen Corporation	Handler of hazardous waste
Dr. Pepper/Seven Up, Inc.	Corporate headquarters	Sanmina, Inc	Electronics manufacturer
Electronic Data Systems Corp.	Corporate headquarters	Santera Systems, Inc	Telecommunications
Ericsson, Inc.	Telecommunications	SBC Internet Services	Internet services
Frito Lay, Inc.	Corporate headquarters	SIG Simonazzi and Stewart Systems	Beverage bottling equipment manufacturing
Intuit, Inc.	Accounting Software	Smith System Manufacturing	School furniture manufacturer
J. C. Penney Co., Inc.	Corporate headquarters	Summit Acceptance Corporation	Financing
Medical Center of Plano	Health care	Telcobuy.Com	Telecommunications
MetaSolv Software, Inc.	Telecommunication software	Triad Hospitals, Inc.	Health care
Network Associates	Network mgmt and security software	Unicare	Health care insurance
Perot Systems	Consulting	United States Brass Corp.	Building products manufacturer
Presbyterian Hospital of Plano	Health care	Via Cyrix	Communication chip development
Raytheon	Government and Commercial Electronics	Wellness International Network	Multi-level marketing
Texas Instruments, Inc.	Headquarters- Information tech.	XO Communications	Business communications hosting
United Healthcare	Health care	Firms Employing 100 to 149:	
Firms Employing 150 to 499:		American Southwest Insurance Managers	Insurance
Advanced Neuromodulation Systems, Inc.	Medical device manufacturing	Aarow Electronics, Inc.	Electronic component distributor
AmeriPlan USA	Health care insurance	Broadband Gateways, Inc.	Broadband services
American Forms LLC	Paper forms manufacturing	Consumer Plumbing Recovery Center	Plumbing supplies
Beal Bank	Banking	Crown North America	Engineering component manufacturing
Center for American and International Law	Nonprofit for continuing education	DataStar USA, Inc.	Design and Installation of network infrastructure
Certified Merchant Service	Electronic transaction processing	Denbury Resources, Inc.	Oil & gas exploration and development
Cinemark USA	Entertainment	Flexible Technologies Inc.	Web site development
Community Credit Union	Banking	GulfTel Communications Services	Communications
DFW Community Newspapers	Newspapers	Gustafson, LLC	Seed treatment manufacturer
Disctronics Texas, Inc.	Compact discs	Insight for Living	Christian Ministry
Doubletree Hotel & Executive Meeting Center	Hotel	Intecom, Inc.	Multi-media networks
Eastman Kodak Health Imaging	Health imaging	LaserComm	Fiber optics
ESI	Project mgmt training and consulting	Nortex Drug Distributors, Inc.	Drug emporium franchisee
Flextronics	Electronics	Packaging Corp of America	Packaging manufacturing and sales
Goodman Family of Builders	Home Building	Rug Doctor LP	Manufacture & sale of carpet cleaning products & machines
HA Building Maintenance, Inc.	Building maintenance services	S2 Systems, Inc.	Underground utilities
Harvey Hotel	Hotel	Software Group, Inc	Information management solutions
HealthSouth Plano Rehabilitation Hospital	Health Care	Teague Industries	Innovative packaging solutions
Hendry Telephone Products	Phone box manufacturing	TeleStrat, Inc.	Telecommunications
Hewlett Packard	Computer manufacturing	Tenneco Packaging	Packaging manufacturer
Legacy Bank of Texas	Banking	Trinity	Waste management
Luminator Mark IV Industries	Interior lighting for mass trans.	Xalted Networks	Telecommunication services
Merkafon International, Limited	Direct marketing	Yotta Networks, Inc.	Optical Network services

SOURCE: Plano Economic Development Board
City of Plano Public Information Office

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2002**

Table 19

Name of Taxpayer	Nature of Property	2001 Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Electronic Data Systems	Computer center	\$ 314,773,697	1.67
Alcatel	Telecommunications	209,521,981	1.11
TU Electric	Utility	171,345,441	0.91
J.C. Penney, Inc.	Corporate Headquarters	131,290,177	0.69
Dallas Morning News	Publishing facility	87,985,827	0.47
Collin Creek Mall, LP	Retail	75,943,203	0.40
Texas Instruments	Electronic Manufacturing	73,338,044	0.39
Frito-Lay	Corporate headquarters	70,622,267	0.37
Willow Bend Association	Retail	70,508,616	0.37
DSC Telecom	Telecommunications	67,896,159	0.36
Total		<u>\$ 1,273,225,412</u>	<u>6.74</u>

SOURCE: Collin County Appraisal District

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
 MISCELLANEOUS STATISTICAL DATA
 SEPTEMBER 30, 2002**

Table 20

Date of Incorporation:	June 2, 1873	Recreation:	
Date of City Charter Adoption:	June 10, 1961	Park sites	80
Form of Government:	Council-Manager	Parks- number of acres (includes golf course)	3,657
Area - square miles	72	Number of playgrounds	59
Miles of streets and alleys:		Libraries:	
Streets	961	Number of libraries	5
Alleys	512	Volumes	642,692
Miles of sewers:		Registered borrowers	144,386
Storm	466	Items circulated	2,324,093
Sanitary	923	Education:	
Building permits:		Number of campuses	63
Permits issued	1,615	Number of classroom teachers	3,528
Value	\$453,223,014	Number of students	50,632
Fire protection:		Average daily attendance	90%
Number of stations	10	Municipal water system:	
Number of employees (uniformed)	274	Number of customers	73,109
Police protection:		Daily average consumption (gallons)	41,400,000
Number of employees (uniformed)	322	Miles of water mains	1,207
City employees:		Number of fire hydrants	12,356
Full time	1,890	Registered voters	136,070
Part time	664	Population	235,949

SOURCES: City of Plano, except educational data provided by the Plano Independent School District and population provided by the U.S. Census Bureau.

Unaudited - See accompanying independent auditors' report.