

CITY OF PLANO, TEXAS



Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2003



CITY OF PLANO, TEXAS

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2003

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**CITY OF PLANO, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003**

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December 5, 2003

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, 2003, 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 2001 financial statements, the City elected to early implement a dramatic change in governmental financial reporting. We believe this new presentation provides 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.

Pat Evans
Mayor

Steve Stovall
Mayor Pro tem

Shep Stahel
Deputy Mayor Pro tem

Scott Johnson
Place 2

Phil Dyer
Place 3

Sally Magnuson
Place 4

Jean Callison
Place 7

Ken Lambert
Place 8

Thomas H. Muehlenbeck
City Manager



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 72.32 square miles of land in the City's corporate boundary.

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

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

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Plano Economic Development Board and the two Tax Increment Financing units are reported 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 86.9% to 240,545 in 2003. Estimates are for residential population to peak at 244,000 in 2005, and 253,000 in 2010.

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

SVTronics Inc. purchased land with plans to construct a 25,000 to 30,000 square foot facility. SVTronics Inc. is a contract manufacturer in electronics assembly.

Target Corp., a Minneapolis-based corporation, signed a 10-year extension for office space at Republic Place in Plano.

The North Central Texas Council of Governments has announced the City of Plano to be given awards acknowledging developments of the Downtown Plano Transit Village and Legacy Town Center. The two awards are the region's top development awards.

Plano-based Advanced Neuromodulation Systems Inc. (ANS) designs, manufactures and markets implantable systems that battle chronic pain. ANS was reported on Fortune magazine's list of the top 100 fastest growing companies in the United States.

Presbyterian Hospital of Plano has plans for two building projects, worth more than \$150 million, to include expansion of the West Parker Road facility, as well as a new diagnostic and surgery center across from Communications Parkway.

PepsiCo's Information Technology division, Southwest Corporate Federal Credit Union and UICI Insurance Co. have announced their corporate divisions will be located in Plano.

Fry's Electronics opened its newest store on East Plano Parkway near Central Expressway during the last quarter of the calendar year.

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

As a result from implementation of Capital Improvement Program projects, additional facility and building services will be spent to provide coverage for the Joint Use Facility.

The fiscal year 2004 budget includes the addition of 1 full time position in the Environmental Waste Services department and 9 part-time positions in the School Crossing Guard Program. Total General Fund revenue increases are approximately \$1,400,000 or 0.9% above the 2003 final budget. Funding for Capital Reserve will be accomplished by transferring \$3,000,000 from the Water and Sewer Fund along with \$9,400,000 from the General Fund. Employee salary and benefits will increase approximately \$7,300,000. These increases and others along with no decline in service levels are funded with ad valorem property tax revenues. (\$.2908 General Fund and \$.1627 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 2002-03 and the preceding five fiscal years is reflected in the following table:

Purpose		2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99
General Fund	\$	0.2908	0.2864	0.2690	0.2614	0.2708	0.2538
Debt Service Fund		0.1627	0.1671	0.1845	0.1971	0.1977	0.2147
Total Tax Rate	\$	0.4535	0.4535	0.4535	0.4585	0.4685	0.4685

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 2002-03, the City payment to the Appraisal District for appraisal services was \$399,444, an increase of \$24,240 from the amount paid by the City in 2001-02. Beginning in September 1996 the City contracted with the Collin County Tax Office for tax collection services and the 2002-03 costs was \$59,492.

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 9-30-03 (Net of Debt Service)	\$252,045,629
Estimated Population	240,545
G. O. Debt per Capita	1,048
Net G. O. Debt per Assessed Value	1.25%

The City's Series 2003 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 \$5,110,839 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, 2003 the portfolio consisted of:

<u>Year to Maturity</u>	<u>Percent of Portfolio</u>
0-1	19.15%
1-2	1.46%
2-3	0.75%
3-4	25.22%
4-5	53.42%

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 3.32% in 2003, which was above the T-Note yield of 1.64%.

As of September 30, 2003, the City's cash and investment resources were divided between cash on hand of \$66,462, demand deposits of \$(1,534,807) and other investments of \$246,955,400, 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, 2003, and the changes in financial position and cash flows of its proprietary funds 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, 2002. 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.

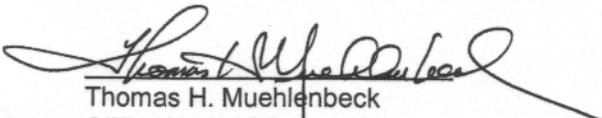
A Certificate of Achievement is valid for a period of one year only. The City of Plano has received a Certificate of Achievement for the last twenty-two consecutive years (Fiscal Years ended 1981-2002). We believe our current report continues to conform to the Certificate of Achievement Program requirements, 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.

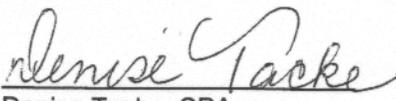
Acknowledgment is also given to the representatives of KPMG LLP for their invaluable assistance in producing the final product.

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, 2002

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.



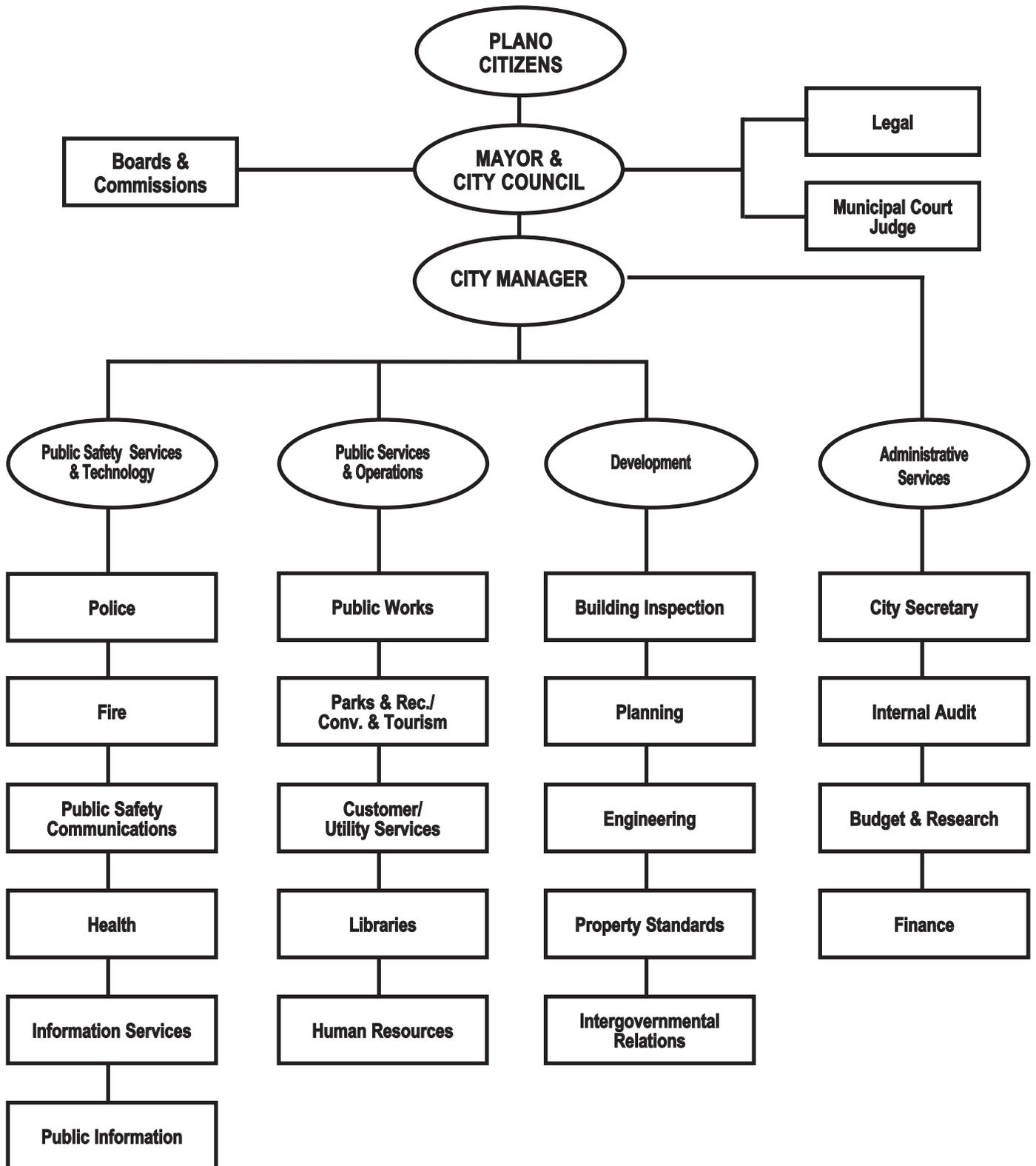
A handwritten signature in cursive script, reading "Edward Haney".

President

A handwritten signature in cursive script, reading "Jeffrey R. Emer".

Executive Director

City of Plano Organizational Chart



CITY OF PLANO, TEXAS

ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

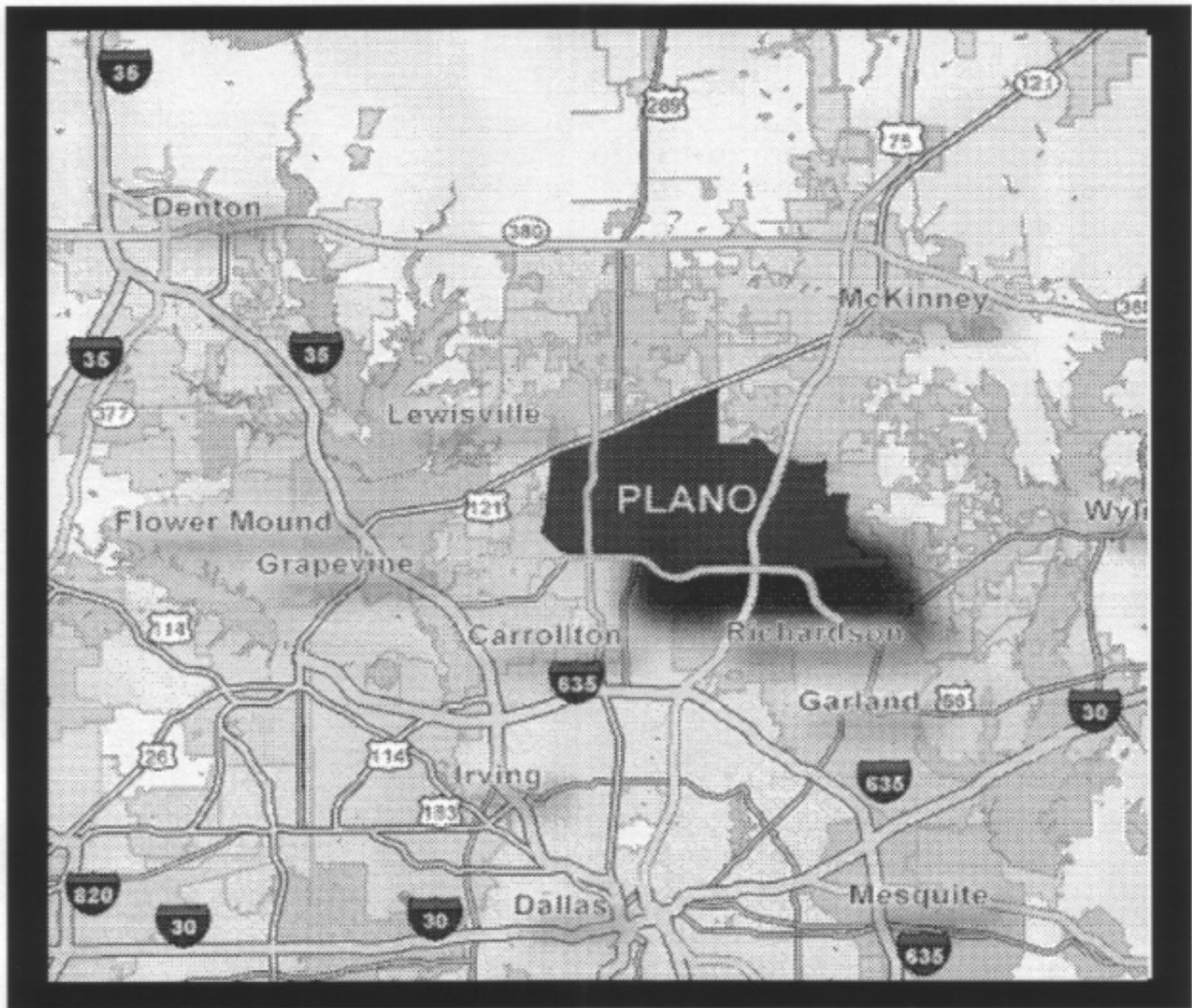
Elected Officials

<u>City Council</u>	<u>Term Expires</u>
Pat Evans Mayor Place 6	May, 2004
Steve Stovall Mayor Pro tem Place 5	May, 2005
Shep Stahel Deputy Mayor Pro tem Place 1	May, 2005
Scott Johnson Place 2	May, 2004
Phil Dyer Place 3	May, 2005
Sally Magnuson Place 4	May, 2004
Jean Callison Place 7	May, 2005
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





KPMG LLP
Suite 3100
717 North Harwood Street
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, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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, 2003, 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 December 5, 2003 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 68, and the Schedule of Pension Trust – Retirement Security Plan Funding Progress and Contributions on page 68 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

December 5, 2003

CITY OF PLANO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2003

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, 2003. 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 \$22.2 million or 3.7 percent as a result of this year's operations primarily due to an increase in the City's capital assets of approximately \$17.9 million. Net assets of the City's business type activities increased as a result of this year's operations with an increase of \$8.4 million or 2.4 percent.
- The City of Plano's total net assets increased by \$30.6 million or 3.2 percent during the current fiscal year. The increase is primarily the result of contributions from developers of \$14.4 million and an increase in charges for services in the water and sewer activities of \$15.5 million.
- Total cost of all of the City's programs increased during the current fiscal year by \$17.1 million or 13.7 percent. No new major programs were added during the current fiscal year.
- As of September 30, 2003, the City of Plano's governmental funds reported combined ending fund balances of \$115.8 million, an increase of \$0.5 million in comparison with the prior fiscal year.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund increased \$8.0 million to \$28.1 million or approximately 19.4 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$2.8 million during the current fiscal year. During the current fiscal year the City refunded \$22.0 million of general obligation bonds, \$19.4 million of water and sewer revenue bonds and issued \$58.2 million in general obligation bonds. Of the \$58.2 million, \$16.8 million relates to water and sewer operations, while the remaining \$41.4 million relates to operations of the general government.

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

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2003

infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported 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, environmental waste system, municipal drainage system, civic center, municipal golf course, property management activity, recreation revolving activities and downtown center development activity are reported here.
- **Component units** – The City includes three separate legal entities in its report – the economic development fund, TIF (tax incremental financing unit) mall and TIF east side. Although legally separate, these "component units" are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

- Proprietary funds – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities 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, environmental 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 environmental 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 \$983 million as of September 30, 2003. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$366 million. This analysis focuses on the net assets (table 1) and changes in general revenues (table 2) and revenues and expenses (table 3) of the City's governmental and business-type activities.

By far the largest portion of the City's net assets (80.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Current and other assets	173	169	60	59	233	228
Capital assets	758	740	359	353	1,117	1,093
Total assets	931	909	419	412	1,350	1,321
Long-term debt outstanding	296	297	43	44	339	341
Other liabilities	18	18	10	10	28	28
Total liabilities	314	315	53	54	367	369
Net assets:						
Invested in capital assets, net of related debt	479	461	313	305	792	766
Restricted	88	98	28	27	116	125
Unrestricted	50	35	25	26	75	61
Total net assets	617	594	366	358	983	952

Governmental Activities

The City's general revenues increased slightly when compared to the prior year with an increase of \$5.7 million or 3.5%. The primary reason for this increase was due to an increase in property tax revenue of \$8.1 million. 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 \$1.3 billion or 6.8% as compared to the prior year. The City's property tax rate remained constant at \$0.4535 per \$100 assessed valuation. The increase in property tax revenue was offset by a continued decrease of \$2.7 million in investment income caused by a declining interest rate environment. The increases in City's general revenues are detailed below (Table 2).

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

	2003	2002	Increase (decrease)
Property taxes	\$ 97,807	\$ 89,723	\$ 8,084
Sales taxes	45,933	45,591	342
Mixed drink taxes	548	508	40
Other taxes	92	147	(55)
Franchise fees	19,897	19,917	(20)
Investment Income	4,546	7,205	(2,659)
Total general revenues	168,823	163,091	5,732

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Governmental and Business-type activities increased the City's net assets by \$30.6 million in 2003. The key elements of this increase are as follows:

Table 3
Changes in Net Assets
(in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	26,384	24,478	104,066	87,722	130,450	112,200
Operating grants and contributions	3,715	3,395	261	-	3,976	3,395
Capital grants and contributions	11,396	32,523	6,612	12,294	18,008	44,817
General revenues:						
Property taxes	97,807	89,723	-	-	97,807	89,723
Sales taxes	45,933	45,591	-	-	45,933	45,591
Other taxes	20,538	20,572	2,900	2,699	23,438	23,271
Investment income	4,546	7,205	924	1,850	5,470	9,055
Total revenues	210,319	223,487	114,763	104,565	325,082	328,052
Expenses:						
General government	17,438	20,985	-	-	17,438	20,985
Administrative services	6,528	6,828	-	-	6,528	6,828
Police	45,894	45,447	-	-	45,894	45,447
Fire	29,815	27,915	-	-	29,815	27,915
Libraries	9,351	10,411	-	-	9,351	10,411
Development	15,321	16,981	-	-	15,321	16,981
Public services and operations	4,608	5,020	-	-	4,608	5,020
Parks and recreation	18,614	21,945	-	-	18,614	21,945
Public works	25,157	15,573	-	-	25,157	15,573
Information services	9,597	8,422	-	-	9,597	8,422
Other	793	174	-	-	793	174
Interest on long-term debt	14,830	16,514	-	-	14,830	16,514
Water and sewer	-	-	69,729	63,207	69,729	63,207
Environmental waste services	-	-	15,641	15,079	15,641	15,079
Municipal drainage	-	-	2,587	2,257	2,587	2,257
Civic center	-	-	5,107	5,326	5,107	5,326
Municipal golf course	-	-	928	873	928	873
Property management	-	-	75	33	75	33
Recreation revolving	-	-	2,401	2,274	2,401	2,274
Downtown center development	-	-	43	34	43	34
Total expenses	197,946	196,215	96,511	89,083	294,457	285,298
Increase in net assets before transfers	12,373	27,272	18,252	15,482	30,625	42,754
Transfers	9,833	8,139	(9,833)	(8,139)	-	-
Increase in net assets	22,206	35,411	8,419	7,343	30,625	42,754
Net assets – October 1	594,507	559,096	357,929	350,586	952,436	909,682
Net assets – September 30	616,713	594,507	366,348	357,929	983,061	952,436

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The most significant governmental expense for the City was in providing the police activity, which incurred expenses of \$45.9 million. These expenses were offset by revenues collected from a variety of sources, with the largest being from fines and forfeitures, which are \$9.1 million for the fiscal year ended September 30, 2003 an increase of \$0.8 million or 10.1 percent over the prior period. The most significant portion of police activity is the cost of personnel, which is estimated at \$39.4 million. The public works activities of the City incurred \$25.2 million in expenses, an increase of \$9.6 million or 61.5 percent as compared to the prior fiscal year. This increase is primarily due to increases in depreciation costs charged to public works for infrastructure, which are approximately \$8.8 million higher than in the prior fiscal year. In the current fiscal year, the City reclassified certain capital assets from improvements to infrastructure. The reclassification caused a shift in the allocation of depreciation expense among functional activities, most significantly from general government to public works. Depreciation expense in total has increased \$1.9 million as compared to the prior fiscal year.

Business-type Activities

Revenues of the City's business-type activities were \$114.8 million for the fiscal year ended September 30, 2003. Revenues increased approximately \$10.2 million or 9.8 percent as compared to the prior fiscal year. Expenses for the City's business-type activities increased \$7.4 million or 8.3 percent. The increase in net revenues is the result of several factors, including the following:

- The City's water and sewer system recorded charges for services of \$78.8 million an increase of \$15.5 million or 24.4 percent over the prior period and a significant non-cash revenue source of \$6.6 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, 2003 to the City were \$5.0 million. Excluding the capital contributions of \$6.6 million, the water and sewer system charges for services exceeded the expenses by \$9.1 million. The City increased water and sewer rates in the fiscal year 2001-02 to offset increased charges made by North Texas Municipal Water District (NTMWD). Again in fiscal year 2002-03, the City increased water and sewer rates. The City's increased rates were effective January 1, 2003 and were up \$.26 per 1,000 gallons, from \$1.05 per 1,000 gallons to \$1.31 per 1,000 gallons, representing an increase of approximately 24.8%.
- The City's municipal drainage activity operated with charges for services exceeding expenses by \$2.1 million, compared to \$2.0 million in the prior fiscal year. The municipal drainage system recorded charges of services of \$4.7 million an increase of \$0.4 million or 9.4 percent over the prior period.
- The City's civic center activity continued to operate with expenses exceeding charges for services by \$3.1 million. This is the third year that the civic center activity operated at expenses exceeding charges for services by \$3.1 million. Charges for services decreased in the current fiscal year to \$2.0 million as compared to \$2.2 million in the prior fiscal year, this represents a decrease in revenues of 10.3 percent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2003, 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 \$24.2 million over the prior fiscal year.

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

	Governmental Activities		Business-type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Land	97,025	91,176	9,134	7,476	106,159	98,652
Buildings and improvements	78,782	126,808	301,181	305,252	379,963	432,060
Equipment	24,581	28,088	9,145	8,401	33,726	36,489
Construction in progress	59,884	41,449	27,447	19,674	87,331	61,123
Infrastructure	497,611	452,454	-	-	497,611	452,454
Drainage improvements	-	-	12,291	12,084	12,291	12,084
Totals	757,883	739,975	359,198	352,887	1,117,081	1,092,862

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

Acquisition of land for Oak Point Center	\$ 4.7
Street widening of Los Rios Road from FM 544 To Country Club Drive	4.0
Construction of Parker road from Marsh Road To Midway Road	3.4
Construction of Spring Creek Parkway from White Rock Road to Tollway	2.5
Residential street and alley replacement	2.1
Residential sidewalk repairs	<u>1.4</u>
Total	<u>18.1</u>

The City's fiscal year 2004 capital budget calls for it to spend another \$40.0 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 \$2.9 million including plans to expand the Tri-City Academy facility at a cost of \$2.1 million. The estimated expenditures for the parks and recreation facilities are \$13.2 million including \$5.0 million for the South Central Plano Community Park, \$2.6 million for the

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Preston Meadow Athletic Site, \$1.3 million for Arbor Hills Nature Preserve and \$1.2 million Oak Point Park Development. The City is planning on spending \$23.9 million on street improvements and enhancements including \$4.7 million to expand Los Rios from Jupiter Road to Parker Road and \$2.4 million to expand Plano Parkway from Los Rios to 544. The remaining street improvements and enhancements are for a variety of projects. A bond sale held in May 2003 provided the majority of funding to continue the 2003-04 General Obligation projects. To support the entire 2003-04 general obligation capital improvement program, an additional \$12.0 million will be required.

Debt

At year-end, the City had \$307.4 million in bonds and tax anticipation notes outstanding as compared to \$310.2 at the end of the prior fiscal year, a decrease of 0.9 percent – as shown in Table 5.

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

	Governmental Activities		Business-type Activities		Totals	
	2003	2002	2003	2002	2003	2002
General obligation bonds (backed by the City)	253,958	251,913	-	-	253,958	251,913
Tax anticipation notes (backed by the City)	12,501	15,562	-	-	12,501	15,562
Revenue bonds (backed by fee revenues)	-	-	40,922	42,765	40,922	42,765
Totals	266,459	267,475	40,922	42,765	307,381	310,240

During the current fiscal year the City issued debt in May of 2003. The new debt resulted primarily from the issuance of general obligation refunding and improvement bonds during the current fiscal year in the amount of \$58.2 million in order to refund \$22.0 million in old general obligation debt and \$19.3 million in old water and sewer revenue bond debt and issue \$20.3 million in new general obligation 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 portion of the refunding that relates to the water and sewer project is \$16.8 million and is classified in the water and sewer fund.

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 and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is 1.31%.

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

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companies. The City has claims and judgments of \$6.8 million outstanding at year-end compared with \$6.6 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, 2003, the governmental funds of the City reported a combined fund balance of \$115.8 million. Included in this year's total change in fund balance, however, is an increase in fund balance of \$6.9 million in the City's General Fund. The primary reason for the General Fund's increase is the increase in property tax revenue of \$6.4 million. In addition, these other changes in fund balances should be noted:

- The City's Debt Service fund balance of \$0.7 million decreased over the prior year fund balance by \$5.3 million due to a transfer of funds to the internal service funds of \$7.3 million to pay for tax anticipation notes in those funds.
- The City spent \$11.5 million in capital outlay in the street improvement fund, a decrease of \$7.1 million as compared to the same period in the prior year. The City also had a significant decrease in contributions from developers in the street improvement fund down \$6.7 million as compared to the prior fiscal year, a 77.9 percent decrease.
- The City's water and sewer fund net assets of \$339.6 million increased by \$7.3 million over the prior year net asset balance. The increase in net assets is primarily due to an increase in operating revenues of \$15.2 million due to rate increases effective in the current fiscal year, and an offset by a \$6.4 million increase in operating expenses as compared to the prior fiscal year.
- The City's environmental waste fund net assets were \$2.3 million and decreased by \$0.5 million as compared to the prior fiscal year.
- The City's municipal drainage fund net assets increased by \$2.0 million to \$10.9 million as compared to the prior year net assets of \$8.8 million. The increase in net assets is due primarily to an increase in revenues over the prior fiscal year of \$0.4 million.

General Fund Budgetary Highlights

During FY 2002-03, 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 near the end of the fiscal year, with the total amount of the appropriation equaling \$2.8 million. The supplemental appropriation was made to cover increased health claims expenditures due to increases in the health insurance industry. 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 2002-03, the actual on a budgetary basis expenditures were \$146.4 million compared to the re-estimated budget amount of \$151.7 million. The \$5.3 million variance was due to continued adherence to the City's Budget Contingency Plan that was adopted and implemented by the City Council in prior fiscal years. Some of the actions initiated included freezing all new hire and vacant positions, a mandatory 3% operating expenditure reduction, vacant position eliminations, various program elimination, and no unbudgeted purchases were allowed. The City transferred \$2.2 million less to the Capital Reserve fund that was originally budgeted.

For FY 2002-03, the actual on a budgetary basis revenues were \$152.3 million as compared to the re-estimated budget amount of \$150.3 million. Contributing to the variance was higher than anticipated Franchise Fees,

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higher than anticipated Licenses & Permit revenue and higher than anticipated Fines & Forfeiture revenues. The City did reinstate the transfer of the agricultural exemption rollback taxes of \$0.4 million to the Capital Reserve fund. The City of Plano has a financial policy to move all of the agricultural exemption rollback taxes received to its Capital Reserve Fund for financing the maintenance and replacement of major infrastructure classified as general fixed assets by the City. As part of the Budget Contingency Plan, this transfer was not done in the prior fiscal year.

The City of Plano has an actual on a budgetary basis General Fund balance of \$28.1 million as of the fiscal year end, compared to the re-estimated budget fund balance of \$20.8 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 2004 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 is expected to continue to do so over the next several years. Plano's current population is 240,545. Plano's population at build out will be approximately 253,183. 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 2004. The total 2003-04 combined budget appropriation total \$310.3 million for ten operating funds. This represents an increase of \$9.7 million or 3.2 percent over the 2002-03 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 2003-04 of \$20.398 billion is an increase of \$221.0 million or 1.10%. The increase includes new property coming on-line of \$434.7 million while existing property values are expected to decrease by \$230.3 million, or 1.14%.

The General Fund's largest revenue source in fiscal year 2002-03 is property tax receipts. 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, the Budget Department projected sales tax collections for 2003-04 to remain constant at the 2002-03 level, of \$44.3 million. Also, the Texas Legislature providing the "Back-To-School" Sales Tax Holiday could have a negative impact on sales tax receipts.

Budgeted expenditures in the General Fund are expected to rise \$7.6 million or 4.7 percent over the 2002-03 re-estimated budget. Increased wage and cost of living adjustments are the largest increments, representing \$7.3 million of the increase in expenditures. A large portion of the increase in salary and benefit expenditures is related to health insurance costs. An increase of 20% or approximately \$2.2 million is budgeted in 2003-04 due to increased utilization and rising medical costs. The 2003-04 budget also includes a \$2.5 million increase in transfers to the Capital Reserve Fund for maintenance and rehabilitation to the City's infrastructure.

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If these estimates are realized, the City's budgetary General Fund balance is expected to decrease from the re-estimated 2002-03 budget by approximately \$8.3 million.

As for the City's business type activities, the City expects the 2004 results will improve in the water and sewer fund. Projections indicate that the water and sewer fund balance will increase by \$1.5 million, while the environmental waste fund balance will decrease by \$0.3 million. The following recent rate decisions have been made regarding the City's business type activities:

- The water and sewer rate model was reviewed by City Council and rate changes were implemented January 1, 2003. A water rate increase approved by City Council of approximately 25.8 percent was implemented. This rate increase was determined to offset the fact that a wastewater treatment rate increase was implemented by NTMWD in prior fiscal years.
- Residential rate increases in environmental waste services will be implemented in 2003-04, based on the size of the refuse cart that is utilized by the customer.
- 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 was required during the 2002-03 fiscal year. The drainage rate for an average homeowner increased 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. No additional rate adjustments are projected for 2003-04.

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, 2003**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 12,005,438	\$ 3,164,571	\$ 15,170,009	\$ 487,587
Investments	52,526,831	13,885,963	66,412,794	2,143,128
Receivables (net of allowance for doubtful accounts)	17,185,035	15,437,524	32,622,559	17,473
Internal balances	530,127	(530,127)	-	-
Due from other governments	1,674,607	-	1,674,607	-
Interfund receivable (payable)	465,339	(465,339)	-	-
Inventories	801,832	-	801,832	-
Prepays and other assets	540,779	197,863	738,642	-
Restricted assets:				
Cash and cash equivalents	16,172,072	4,977,476	21,149,548	-
Investments	71,111,301	22,883,640	93,994,941	-
Receivables	58,332	178,441	236,773	-
Capital assets:				
Non-depreciable	156,909,206	36,581,349	193,490,555	110,629
Depreciable (net)	600,974,548	322,616,714	923,591,262	5,744,525
Total Assets	930,955,447	418,928,075	1,349,883,522	8,503,342
LIABILITIES				
Accounts payable	6,821,886	4,038,886	10,860,772	12,500
Accrued liabilities	5,188,241	1,206,907	6,395,148	21,326
Accrued interest payable	882,916	705,536	1,588,452	-
Contracts payable	2,517,722	968,953	3,486,675	-
Customer deposits	-	2,236,080	2,236,080	-
Deferred revenue	1,065,920	333,131	1,399,051	-
Due to other governments	95,102	457,728	552,830	-
Retainage payable	1,033,426	99,218	1,132,644	-
Seized asset payable	237,470	-	237,470	-
Non-current liabilities				
Due within one year:				
Compensated absences	6,785,530	819,686	7,605,216	18,351
Bonds payable	18,187,142	4,340,000	22,527,142	-
Tax anticipation notes payable	3,085,000	-	3,085,000	-
Liability for insurance claims	2,258,896	-	2,258,896	-
Due in more than one year:				
Compensated absences	16,377,257	791,679	17,168,936	20,110
Notes payable	-	-	-	7,468,026
Bonds payable	235,770,670	36,582,303	272,352,973	-
Tax anticipation notes payable	9,416,423	-	9,416,423	-
Liability for insurance claims	4,519,197	-	4,519,197	-
Total Liabilities	314,242,798	52,580,107	366,822,905	7,540,313
NET ASSETS				
Invested in capital assets (net of related debt)	479,414,392	313,029,967	792,444,359	5,855,154
Restricted for:				
Capital projects	86,470,889	21,730,820	108,201,709	-
Debt service	870,816	6,308,737	7,179,553	-
Unrestricted (deficit)	49,956,552	25,278,444	75,234,996	(4,892,125)
Total Net Assets	\$ 616,712,649	\$ 366,347,968	\$ 983,060,617	\$ 963,029

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, 2003

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 17,438,330	\$ 622,533	\$ 259,398	\$ -
Administrative services	6,528,175	-	5,078	-
Police	45,893,819	11,986,491	972,669	147,964
Fire	29,814,653	2,630,739	188,748	22,914
Libraries	9,350,720	384,080	421,358	-
Development	15,320,345	4,503,747	1,389,840	-
Public services and operations	4,607,610	803,013	209,972	-
Parks and recreation	18,614,020	2,234,251	118,324	300,000
Public works	25,157,249	830,296	147,395	10,925,169
Information services	9,596,783	2,388,886	1,999	-
Other	752,748	-	-	-
Interest on Long-Term Debt	14,830,089	-	-	-
Unallocated Depreciation	41,175	-	-	-
Total governmental activities	197,945,716	26,384,036	3,714,781	11,396,047
Business-type Activities:				
Water and sewer	69,729,462	78,836,837	-	6,612,238
Environmental waste services	15,640,696	15,078,214	260,702	-
Municipal drainage	2,586,813	4,651,887	-	-
Civic center	5,107,302	1,969,739	-	-
Municipal golf course	927,797	863,653	-	-
Property management	75,118	94,538	-	-
Recreation revolving	2,401,070	2,486,156	-	-
Downtown center development	42,668	84,596	-	-
Total business-type activities	96,510,926	104,065,620	260,702	6,612,238
Total primary government	\$ 294,456,642	\$ 130,449,656	\$ 3,975,483	\$ 18,008,285
Component units:				
Economic Development	\$ 597,233	\$ 607,643	\$ -	\$ -
TIF Mall	2,147,419	-	-	-
TIF East Side	2,014,783	-	-	-
Total component units	\$ 4,759,435	\$ 607,643	\$ -	\$ -

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
\$ (16,556,399)		\$ (16,556,399)	
(6,523,097)		(6,523,097)	
(32,786,695)		(32,786,695)	
(26,972,252)		(26,972,252)	
(8,545,282)		(8,545,282)	
(9,426,758)		(9,426,758)	
(3,594,625)		(3,594,625)	
(15,961,445)		(15,961,445)	
(13,254,389)		(13,254,389)	
(7,205,898)		(7,205,898)	
(752,748)		(752,748)	
(14,830,089)		(14,830,089)	
(41,175)		(41,175)	
<u>(156,450,852)</u>		<u>(156,450,852)</u>	<u>-</u>
	15,719,613	15,719,613	
	(301,780)	(301,780)	
	2,065,074	2,065,074	
	(3,137,563)	(3,137,563)	
	(64,144)	(64,144)	
	19,420	19,420	
	85,086	85,086	
	41,928	41,928	
-	<u>14,427,634</u>	<u>14,427,634</u>	
<u>\$ (156,450,852)</u>	<u>\$ 14,427,634</u>	<u>\$ (142,023,218)</u>	<u>\$ -</u>
\$ -			\$ 10,410
-			(2,147,419)
-			(2,014,783)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,151,792)</u>
97,806,975	-	97,806,975	5,079,567
45,932,804	-	45,932,804	-
548,213	-	548,213	-
-	2,900,308	2,900,308	-
92,480	-	92,480	-
19,896,556	-	19,896,556	-
4,546,042	924,075	5,470,117	22,210
9,832,967	(9,832,967)	-	-
<u>178,656,037</u>	<u>(6,008,584)</u>	<u>172,647,453</u>	<u>5,101,777</u>
22,205,185	8,419,050	30,624,235	949,985
594,507,464	357,928,918	952,436,382	13,044
<u>\$ 616,712,649</u>	<u>\$ 366,347,968</u>	<u>\$ 983,060,617</u>	<u>\$ 963,029</u>

**CITY OF PLANO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2003**

	<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	\$ 4,538,157	\$ -	\$ -	\$ 1,547,953	\$ 6,086,110
Investments	19,694,029	-	-	6,806,179	26,500,208
Receivables (net of allowance for uncollectibles)					
Taxes	4,410,443	548,915	-	-	4,959,358
Accounts	846,719	-	-	32,377	879,096
Notes	7,468,026	-	-	-	7,468,026
Accrued interest	160,565	5,784	133,842	437,302	737,493
Assessments	-	-	1,820,337	-	1,820,337
Other	-	-	-	1,064,821	1,064,821
Due from other funds	2,973,701	64,062	-	1,434,256	4,472,019
Due from other governments	12,657	6,786	-	1,648,671	1,668,114
Interfund receivable	-	-	-	1,233,905	1,233,905
Prepaid items and other assets	50,622	-	-	325	50,947
Restricted assets:					
Cash and cash equivalents	-	161,347	3,733,393	10,650,225	14,544,965
Investments	-	709,469	16,416,354	46,830,815	63,956,638
Total Assets	<u>40,154,919</u>	<u>1,496,363</u>	<u>22,103,926</u>	<u>71,686,829</u>	<u>135,442,037</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	5,009,676	-	-	277,390	5,287,066
Accrued liabilities	4,401,169	-	-	33,898	4,435,067
Accrued interest payable	-	227,944	-	-	227,944
Contracts payable	-	-	1,229,396	1,288,326	2,517,722
Deferred revenue	942,135	548,915	1,820,337	1,064,596	4,375,983
Due to other funds	-	-	-	1,434,256	1,434,256
Due to other governments	-	-	-	95,102	95,102
Retainage payable	-	-	416,910	616,516	1,033,426
Seized assets payable	-	-	-	237,470	237,470
Total Liabilities	<u>10,352,980</u>	<u>776,859</u>	<u>3,466,643</u>	<u>5,047,554</u>	<u>19,644,036</u>
Fund Balance:					
Reserved for encumbrances in:					
General fund	1,682,711	-	-	-	1,682,711
Street improvement fund	-	-	5,142,445	-	5,142,445
Capital project funds	-	-	-	3,274,797	3,274,797
Reserved in:					
General fund	50,622	-	-	-	50,622
Debt service fund	-	719,504	-	-	719,504
Street improvement fund	-	-	13,494,838	-	13,494,838
Special revenue funds	-	-	-	325	325
Capital project funds	-	-	-	55,449,308	55,449,308
Unreserved, designated in:					
Special revenue funds	-	-	-	1,012,524	1,012,524
Unreserved, undesignated in:					
General fund	28,068,606	-	-	-	28,068,606
Special revenue funds	-	-	-	7,184,287	7,184,287
Capital project funds	-	-	-	(281,966)	(281,966)
Total Fund Balance	<u>29,801,939</u>	<u>719,504</u>	<u>18,637,283</u>	<u>66,639,275</u>	<u>115,798,001</u>
Total Liabilities and Fund Balance	<u>\$ 40,154,919</u>	<u>\$ 1,496,363</u>	<u>\$ 22,103,926</u>	<u>\$ 71,686,829</u>	<u>\$ 135,442,037</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, 2003**

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

Total fund balance per balance sheet	\$ 115,798,001
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	737,192,180
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds	3,721,051
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.	57,056,504
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(297,055,087)
Net assets of governmental activities	<u><u>\$ 616,712,649</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, 2003

	<u>General</u>	<u>Debt Service</u>	<u>Street Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes-					
Property taxes	\$ 56,921,918	\$ 33,178,168	\$ -	\$ -	\$ 90,100,086
Other taxes	46,555,857	-	-	-	46,555,857
Franchise fees	19,698,926	-	-	-	19,698,926
Fines and forfeitures	9,051,277	-	-	687,268	9,738,545
Contributions	-	-	1,905,555	1,731,236	3,636,791
Rollback taxes	-	-	-	350,203	350,203
Licenses and permits	4,831,824	-	-	-	4,831,824
Intragovernmental	5,940,984	-	-	-	5,940,984
Intergovernmental	672,402	-	-	2,095,068	2,767,470
Fees for services	7,190,123	-	-	1,350,498	8,540,621
Assessments	-	-	542,131	-	542,131
Investment income	1,007,864	538,782	403,774	1,737,569	3,687,989
Miscellaneous	731,208	147,964	125	166,591	1,045,888
Total revenues	<u>152,602,383</u>	<u>33,864,914</u>	<u>2,851,585</u>	<u>8,118,433</u>	<u>197,437,315</u>
EXPENDITURES					
Current operating:					
General government	2,866,808	-	-	45,645	2,912,453
Administrative services	6,509,715	-	-	-	6,509,715
Police	43,225,336	-	-	517,750	43,743,086
Fire	28,057,782	-	-	191,038	28,248,820
Libraries	8,623,835	-	-	79,091	8,702,926
Development	13,860,235	-	-	1,318,585	15,178,820
Public services and operations	3,528,857	-	-	834,753	4,363,610
Parks and recreation	13,572,273	-	-	29,769	13,602,042
Environmental waste services	-	-	-	249,778	249,778
Public works	5,038,706	-	-	-	5,038,706
Other	17,752,756	-	-	-	17,752,756
Capital outlay	2,007,292	-	11,478,498	27,556,864	41,042,654
Debt service:					
Principal retirement	-	17,688,449	-	-	17,688,449
Interest and fiscal charges	-	14,616,031	-	-	14,616,031
Total expenditures	<u>145,043,595</u>	<u>32,304,480</u>	<u>11,478,498</u>	<u>30,823,273</u>	<u>219,649,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,558,788</u>	<u>1,560,434</u>	<u>(8,626,913)</u>	<u>(22,704,840)</u>	<u>(22,212,531)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of bonds	-	-	7,138,805	13,175,195	20,314,000
Bond proceeds-refunding	-	22,796,533	-	-	22,796,533
Escrow payment-refunding	-	(23,151,258)	-	-	(23,151,258)
Transfers in	6,618,409	826,449	-	10,465,231	17,910,089
Transfers out	(7,254,596)	(7,287,845)	-	(632,603)	(15,175,044)
Total other financing sources (uses)	<u>(636,187)</u>	<u>(6,816,121)</u>	<u>7,138,805</u>	<u>23,007,823</u>	<u>22,694,320</u>
Net change in fund balances	6,922,601	(5,255,687)	(1,488,108)	302,983	481,789
Fund balances-beginning	22,879,338	5,975,191	20,125,391	66,336,292	115,316,212
Fund balances-ending	<u>\$ 29,801,939</u>	<u>\$ 719,504</u>	<u>\$ 18,637,283</u>	<u>\$ 66,639,275</u>	<u>\$ 115,798,001</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, 2003**

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

Net change in fund balance - total governmental funds	\$ 481,789
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.	8,693,412
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9,425,373
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.	(2,065,421)
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.	(401,244)
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.	6,071,276
Change in net assets of governmental activities	<u><u>\$22,205,185</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, 2003

	Budgeted Amounts		Actual	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES:						
Taxes-						
Property taxes	\$ 57,432,425	\$ 57,432,405	\$ 56,921,918	\$ (350,203)	\$ 56,571,715	\$ (860,690)
Other taxes	45,667,627	44,880,505	46,555,857	-	46,555,857	1,675,352
Franchise fees	18,565,361	19,465,261	19,698,926	-	19,698,926	233,665
Fines and forfeitures	8,748,852	8,789,817	9,051,277	-	9,051,277	261,460
Licenses and permits	3,955,410	4,386,049	4,831,824	-	4,831,824	445,775
Intragovernmental	5,950,343	5,940,984	5,940,984	-	5,940,984	-
Intergovernmental	558,483	670,779	672,402	-	672,402	1,623
Fees for services	7,612,514	7,078,132	7,190,123	-	7,190,123	111,991
Investment income	1,500,000	1,100,000	1,007,864	-	1,007,864	(92,136)
Miscellaneous	438,508	513,179	731,208	-	731,208	218,029
Total Revenues	<u>150,429,523</u>	<u>150,257,111</u>	<u>152,602,383</u>	<u>(350,203)</u>	<u>152,252,180</u>	<u>1,995,069</u>
EXPENDITURES:						
General government	3,618,543	3,439,221	2,866,808	76,990	2,943,798	495,423
Administrative services	7,244,298	7,069,765	6,509,715	30,847	6,540,562	529,203
Police	45,047,879	44,649,679	43,225,336	210,896	43,436,232	1,213,447
Fire	27,776,125	28,598,448	28,057,782	134,686	28,192,468	405,980
Libraries	9,056,801	8,821,388	8,623,835	53,499	8,677,334	144,054
Development	16,224,895	16,204,225	13,860,235	194,295	14,054,530	2,149,695
Public services and operations	4,027,735	3,859,178	3,528,857	7,701	3,536,558	322,620
Parks and recreation	14,318,157	13,672,831	13,572,273	146,161	13,718,434	(45,603)
Public works	5,084,925	5,062,166	5,038,706	42,018	5,080,724	(18,558)
Other	14,258,934	17,678,145	17,752,756	(332,578)	17,420,178	257,967
Capital outlay	1,286,925	2,682,207	2,007,292	767,993	2,775,285	(93,078)
Total Expenditures	<u>147,945,217</u>	<u>151,737,253</u>	<u>145,043,595</u>	<u>1,332,508</u>	<u>146,376,103</u>	<u>5,361,150</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>2,484,306</u>	<u>(1,480,142)</u>	<u>7,558,788</u>	<u>(1,682,711)</u>	<u>5,876,077</u>	<u>7,356,219</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	5,647,512	6,618,409	6,618,409	-	6,618,409	-
Transfers out	(9,752,217)	(7,254,596)	(7,254,596)	-	(7,254,596)	-
Total Other Financing Sources (Uses)	<u>(4,104,705)</u>	<u>(636,187)</u>	<u>(636,187)</u>	<u>-</u>	<u>(636,187)</u>	<u>-</u>
Excess (Deficiency) Of Revenues And Other Sources Over Expenditures And Other Uses	<u>(1,620,399)</u>	<u>(2,116,329)</u>	<u>6,922,601</u>	<u>(1,682,711)</u>	<u>5,239,890</u>	<u>7,356,219</u>
FUND BALANCE, OCTOBER 1	<u>22,879,338</u>	<u>22,879,338</u>	<u>22,879,338</u>	<u>-</u>	<u>22,879,338</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 21,258,939</u>	<u>\$ 20,763,009</u>	<u>\$ 29,801,939</u>	<u>\$ (1,682,711)</u>	<u>\$ 28,119,228</u>	<u>\$ 7,356,219</u>

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, 2003**

	Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses General Fund
GAAP basis	\$ 6,922,601
Revenues:	
Decrease due to rolled back taxes	(350,203)
Expenditures:	
Increase due to encumbrances	(1,682,711)
Decrease due to rolled back taxes	350,203
Budgetary basis	<u>\$ 5,239,890</u>

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

CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2003

Business-type Activities
Enterprise Funds

	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,147,403	\$ 40,399	\$ 186,462	\$ 790,307	\$ 3,164,571	\$ 5,919,328
Investments	9,429,407	176,101	819,905	3,460,550	13,885,963	26,026,623
Restricted assets:						
Revenue bond debt service-						
Cash and cash equivalents	269,678	-	598,866	-	868,544	-
Investments	1,185,820	-	1,820,085	-	3,005,905	-
Accrued interest receivable	9,668	-	21,469	-	31,137	-
Revenue bond reserve fund-						
Investments	996,851	-	1,406,300	-	2,403,151	-
Revenue bond construction fund-						
Cash and cash equivalents	3,091,012	-	1,017,920	-	4,108,932	1,627,107
Investments	13,591,693	-	3,882,891	-	17,474,584	7,154,663
Accrued interest receivable	110,812	-	36,492	-	147,304	58,332
Receivables -						
Accounts	12,727,767	1,326,470	597,964	193,366	14,845,567	40,163
Accrued Interest	76,878	1,436	6,685	28,214	113,213	212,195
Other	480	472,726	-	5,538	478,744	3,546
Interfund receivable (payable)	-	(172,205)	-	(293,134)	(465,339)	183,279
Due from other governments	-	-	-	-	-	6,493
Inventories	-	-	-	-	-	801,832
Prepaid expenses & other assets	155,655	2,462	512	39,234	197,863	78,844
Advances to other funds	-	-	-	-	-	1,016,941
Total current assets	<u>43,793,124</u>	<u>1,847,389</u>	<u>10,395,551</u>	<u>4,224,075</u>	<u>60,260,139</u>	<u>43,129,346</u>
Capital assets:						
Land	4,770,917	-	37,243	4,325,704	9,133,864	62,522
Buildings	1,246,028	-	-	12,449,986	13,696,014	1,337,025
Improvements other than buildings	402,589,122	-	-	1,820,046	404,409,168	802
Equipment	10,322,494	7,131,722	258,124	2,197,440	19,909,780	30,924,267
Furniture and fixtures	231,049	68,356	5,724	688,563	993,692	124,354
Rolling equipment	114,195	136,694	-	-	250,889	42,193,339
Drainage improvements	-	-	13,588,650	-	13,588,650	-
Construction in progress	18,281,495	-	9,165,989	-	27,447,484	2,165,649
Less accumulated depreciation	(112,883,260)	(4,784,816)	(1,558,362)	(11,005,040)	(130,231,478)	(56,116,384)
Total capital assets (net of accumulated depreciation)	<u>324,672,040</u>	<u>2,551,956</u>	<u>21,497,368</u>	<u>10,476,699</u>	<u>359,198,063</u>	<u>20,691,574</u>
Total noncurrent assets	<u>324,672,040</u>	<u>2,551,956</u>	<u>21,497,368</u>	<u>10,476,699</u>	<u>359,198,063</u>	<u>20,691,574</u>
Total assets	<u>\$ 368,465,164</u>	<u>\$ 4,399,345</u>	<u>\$ 31,892,919</u>	<u>\$ 14,700,774</u>	<u>419,458,202</u>	<u>\$ 63,820,920</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, 2003
(continued)

Business-type Activities
Enterprise Funds

	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 2,815,583	\$ 348,052	\$ 108,810	\$ 766,441	\$ 4,038,886	\$ 1,534,820
Accrued liabilities	588,406	336,032	42,580	239,889	1,206,907	753,174
Deferred revenue	-	-	-	333,131	333,131	-
Due to other funds	-	-	-	9,456	9,456	2,964,245
Tax anticipation notes payable	-	-	-	-	-	3,085,000
Accrued interest payable	-	1,517	-	-	1,517	-
Customer deposits	2,148,092	-	-	87,988	2,236,080	-
Total current liabilities	5,552,081	685,601	151,390	1,436,905	7,825,977	8,337,239
Current liabilities payable from restricted assets:						
Due to other funds	64,062	-	-	-	64,062	-
Due to other governments	180,004	-	277,724	-	457,728	-
Contracts payable	918,962	-	49,991	-	968,953	-
Current portion of long-term debt	3,410,000	-	930,000	-	4,340,000	-
Liability for insurance claims	-	-	-	-	-	6,778,093
Accrued interest payable	323,835	-	380,184	-	704,019	-
Retainage payable	51,937	-	47,281	-	99,218	-
Total current liabilities payable from restricted assets	4,948,800	-	1,685,180	-	6,633,980	6,778,093
Noncurrent liabilities:						
Advance from other funds	-	1,016,941	-	951,845	1,968,786	-
Bonds payable	17,422,192	-	19,160,111	-	36,582,303	-
Liability for compensated absences	934,249	391,447	42,049	243,620	1,611,365	-
Tax anticipation notes payable	-	-	-	-	-	9,416,423
Total noncurrent liabilities	18,356,441	1,408,388	19,202,160	1,195,465	40,162,454	9,416,423
Total liabilities	28,857,322	2,093,989	21,038,730	2,632,370	54,622,411	24,531,755
NET ASSETS						
Invested in capital assets (net of related debt)	300,435,859	1,867,872	1,255,867	9,470,369	313,029,967	8,987,157
Restricted for:						
Capital projects	16,793,517	-	4,937,303	-	21,730,820	8,840,102
Debt service	2,462,017	-	3,846,720	-	6,308,737	-
Unrestricted	19,916,449	437,484	814,299	2,598,035	23,766,267	21,461,906
Total Net Assets	\$ 339,607,842	\$ 2,305,356	\$ 10,854,189	\$ 12,068,404	\$ 364,835,791	\$ 39,289,165

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

**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2003**

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

Total net assets per statement of net assets	\$ 364,835,791
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Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds.

The net receivable due from activities of the internal service funds which are reported within business-type activities.	1,512,177
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Net assets of business type activities	<u>\$ 366,347,968</u>
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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, 2003

	Business-type Activities Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds		
Operating revenues:						
Charges for sales and services:						
Service charges	\$ 76,868,842	\$ 9,350,081	\$ 4,627,990	\$ 5,462,792	\$ 96,309,705	\$ 42,649,036
Franchise fees	-	4,979,213	-	-	4,979,213	-
Sale of trash bags	-	512,038	-	-	512,038	-
Penalties	976,436	-	-	-	976,436	-
Taps and meters	249,839	-	-	-	249,839	-
Construction water	84,972	-	-	-	84,972	-
Contributions	-	97,583	-	-	97,583	-
Intergovernmental	-	10,213	-	-	10,213	-
Miscellaneous charges	14,582	28,372	-	29,213	72,167	160,055
Total operating revenues	<u>78,194,671</u>	<u>14,977,500</u>	<u>4,627,990</u>	<u>5,492,005</u>	<u>103,292,166</u>	<u>42,809,091</u>
Operating expenses:						
Personal services	7,262,194	4,319,841	926,725	3,439,001	15,947,761	6,309,647
Contractual services	5,770,481	4,873,260	550,757	3,392,877	14,587,375	4,905,519
Supplies	1,380,767	214,721	97,698	785,306	2,478,492	5,146,676
Claims expense	-	-	-	-	-	17,182,460
Depreciation	10,668,306	448,026	270,822	812,620	12,199,774	10,498,206
Landfill services	-	4,886,010	-	-	4,886,010	-
Wastewater treatment	15,525,615	-	-	-	15,525,615	-
Charges in lieu of taxes	5,314,651	626,403	-	-	5,941,054	-
Water supply	22,456,956	-	-	-	22,456,956	-
Miscellaneous	87,894	63,915	1,144	110,238	263,191	16,489
Total operating expenses	<u>68,466,864</u>	<u>15,432,176</u>	<u>1,847,146</u>	<u>8,540,042</u>	<u>94,286,228</u>	<u>44,058,997</u>
Operating income (loss)	<u>9,727,807</u>	<u>(454,676)</u>	<u>2,780,844</u>	<u>(3,048,037)</u>	<u>9,005,938</u>	<u>(1,249,906)</u>
Nonoperating revenues (expenses):						
Investment income	669,595	1,238	161,763	91,479	924,075	865,686
Gain on property disposition	-	-	-	-	-	426,168
Interest and fiscal charges	(1,356,370)	(75,724)	(713,288)	(91,206)	(2,236,588)	(674,380)
Hotel/motel tax	-	-	-	2,900,308	2,900,308	-
Intergovernmental revenues	-	-	-	-	-	18,443
Tax anticipation note premium	-	-	-	-	-	105,299
Miscellaneous	596,591	10,693	23,357	749	631,390	1,999
Total nonoperating revenue (expenses)	<u>(90,184)</u>	<u>(63,793)</u>	<u>(528,168)</u>	<u>2,901,330</u>	<u>2,219,185</u>	<u>743,215</u>
Income (loss) before contributions and transfers	9,637,623	(518,469)	2,252,676	(146,707)	11,225,123	(506,691)
Contributions from developers	6,612,238	-	-	-	6,612,238	-
Transfers in	-	-	-	-	-	7,287,845
Transfers out	(8,981,585)	-	(236,421)	(614,961)	(9,832,967)	(189,923)
Change in net assets	7,268,276	(518,469)	2,016,255	(761,668)	8,004,394	6,591,231
Total net assets-beginning	332,339,566	2,823,825	8,837,934	12,830,072	356,831,397	32,697,934
Total net assets-ending	<u>\$ 339,607,842</u>	<u>\$ 2,305,356</u>	<u>\$ 10,854,189</u>	<u>\$ 12,068,404</u>	<u>\$ 364,835,791</u>	<u>\$ 39,289,165</u>

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

**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

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

Net change in net assets - total proprietary funds	\$ 8,004,394
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.	414,656
Change in net assets of business-type activities	<u><u>\$ 8,419,050</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, 2003

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 77,018,122	\$ 9,785,075	\$ 4,561,927	\$ 5,461,309	\$ 96,826,433	\$ 42,953,805
Franchise fees	-	4,979,213	-	-	4,979,213	-
Charges in lieu of taxes	(5,314,651)	(626,403)	-	-	(5,941,054)	-
Cash payments to suppliers for goods and services	(44,154,757)	(9,740,135)	(663,399)	(4,068,162)	(58,626,453)	(26,630,277)
Cash payments to employees for services	(7,234,147)	(4,273,575)	(912,100)	(3,366,587)	(15,786,409)	(6,256,698)
Net cash provided (used) by operating activities	20,314,567	124,175	2,986,428	(1,973,440)	21,451,730	10,066,830
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Repayments from other funds	-	-	-	-	-	173,560
Repayments to other funds	-	(163,072)	-	1,223,417	1,060,345	-
Hotel/motel tax	-	-	-	2,900,308	2,900,308	-
Transfers to other funds	(8,981,585)	-	(236,421)	(614,961)	(9,832,967)	(189,923)
Transfers from other funds	-	-	-	-	-	7,287,845
Grant receipts	-	-	-	-	-	18,443
Net cash provided (used) by noncapital financing activities	(8,981,585)	(163,072)	(236,421)	3,508,764	(5,872,314)	7,289,925
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(11,097,184)	(28,058)	(1,842,194)	(177,667)	(13,145,103)	(11,561,442)
Transfer of capital assets to other funds	-	19,750	-	-	19,750	(121,541)
Proceeds from sale of equipment	-	-	-	-	-	466,616
Principal paid on long-term debt	(3,300,001)	-	(785,000)	-	(4,085,001)	(2,955,000)
Principal from current bond refunding	17,791,123	-	-	-	17,791,123	-
Payment to escrow agent for bond refunding	(19,495,949)	-	-	-	(19,495,949)	-
Bond issuance costs paid	(198,777)	-	(4,500)	-	(203,277)	-
Interest and fees paid on long-term debt	(1,168,498)	(75,724)	(859,261)	(91,206)	(2,194,689)	(674,380)
Contributions by developers	1,659,898	-	45,000	-	1,704,898	-
Contributions by other governments	75,578	-	-	-	75,578	-
Proceeds from insurance damages	707,960	10,693	245	749	719,647	1,999
Bond proceeds	-	-	3,692,471	-	3,692,471	-
Net cash provided (used) by capital and related financing activities	(15,025,850)	(73,339)	246,761	(268,124)	(15,120,552)	(14,843,748)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(25,203,771)	(176,101)	(7,929,181)	(3,460,550)	(36,769,603)	(33,181,286)
Proceeds from sale and maturities of investment securities	29,688,004	283,632	5,728,612	2,517,804	38,218,052	32,462,794
Interest on investments	1,111,631	6,610	233,714	123,307	1,475,262	1,295,622
Decrease in fair value of investments	(359,251)	(3,833)	(76,498)	(33,627)	(473,209)	(359,897)
Net cash provided (used) by investing activities	5,236,613	110,308	(2,043,353)	(853,066)	2,450,502	217,233
Net increase (decrease) in cash and cash equivalents	1,543,745	(1,928)	953,415	414,134	2,909,366	2,730,240
Cash and cash equivalents, October 1	3,964,348	42,327	849,833	376,173	5,232,681	4,816,195
Cash and cash equivalents, September 30	5,508,093	40,399	1,803,248	790,307	8,142,047	7,546,435
Classified as:						
Current assets	2,147,403	40,399	186,462	790,307	3,164,571	5,919,328
Restricted assets	3,360,690	-	1,616,786	-	4,977,476	1,627,107
Total	\$ 5,508,093	\$ 40,399	\$ 1,803,248	\$ 790,307	\$ 8,142,047	\$ 7,546,435

Non-cash disclosure:
Developers contributions \$ 6,612,238

(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, 2003
(continued)

	Business-type Activities Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 9,727,807	\$ (454,676)	\$ 2,780,844	\$ (3,048,037)	\$ 9,005,938	\$ (1,249,906)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	10,668,306	448,026	270,822	812,620	12,199,774	10,498,206
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivable	(1,165,535)	(170,625)	(66,063)	(72,017)	(1,474,240)	6,158
Other accounts receivable	2,294	(42,587)	-	60,686	20,393	115,670
Due from other governments	-	-	-	-	-	2,948
Prepaid expenses	1,186,680	257,388	(512)	(1,499)	1,442,057	(26,226)
Inventory	-	-	-	-	-	221,016
Increase (decrease) in-						
Accounts payable	(119,724)	40,383	10,561	187,378	118,598	210,593
Accrued liabilities	39,020	30,940	9,555	31,800	111,315	52,948
Due to other funds	-	-	(23,849)	(26,306)	(50,155)	83,337
Refunds payable	-	-	-	680	680	-
Liability for compensated absences	(10,973)	15,326	5,070	40,614	50,037	-
Customer deposits	(13,308)	-	-	7,828	(5,480)	-
Deferred revenue	-	-	-	32,813	32,813	-
Liability for insurance claims	-	-	-	-	-	152,086
Total adjustments	10,586,760	578,851	205,584	1,074,597	12,445,792	11,316,736
Net cash provided (used) by operating activities	\$ 20,314,567	\$ 124,175	\$ 2,986,428	\$ (1,973,440)	\$ 21,451,730	\$ 10,066,830

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, 2003**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1,367,693	\$ 1,249,569
Investments		5,494,567
U.S. Government treasury notes	2,016,260	
Corporate bonds	7,890,287	
Common stocks	29,904,590	
Foreign equities	836,864	
Accrued interest	144,331	44,797
Total Assets	<u>42,160,025</u>	<u>6,788,933</u>
LIABILITIES		
Developers' escrow liability	-	6,764,238
Unclaimed property payable	-	24,695
Total Liabilities	<u>-</u>	<u>6,788,933</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>42,160,025</u>	
Total Net Assets	<u>\$ 42,160,025</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, 2003**

	Pension Trust Fund
ADDITIONS	
Contributions	\$ 2,311,264
Investment income:	
Net appreciation in fair value of investments	6,145,014
Interest	615,940
Dividends	483,763
Total investment gain	<u>7,244,717</u>
Less investment expense	128,746
Net investment gain	<u>7,115,971</u>
Total additions	<u>9,427,235</u>
DEDUCTIONS	
Benefits	767,791
Miscellaneous expense	3,193
Total deductions	<u>770,984</u>
Net increase	8,656,251
Net assets-beginning of year	<u>33,503,774</u>
Net assets-end of year	<u><u>\$ 42,160,025</u></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, 2003**

	Economic Development	TIF Mall	TIF East Side	Total
ASSETS				
Cash and cash equivalents	\$ 172,844	\$ 158,987	\$ 155,756	\$ 487,587
Investments	759,145	699,095	684,888	2,143,128
Receivables:				
Accrued interest	6,189	5,700	5,584	17,473
Capital assets, net	12,033	-	5,843,121	5,855,154
Total Assets	<u>950,211</u>	<u>863,782</u>	<u>6,689,349</u>	<u>8,503,342</u>
LIABILITIES				
Current:				
Accounts payable	3,594	8,906	-	12,500
Accrued liabilities	21,326	-	-	21,326
Long-term:				
Notes payable	-	4,197,410	3,270,616	7,468,026
Liability for compensated absences	38,461	-	-	38,461
Total Liabilities	<u>63,381</u>	<u>4,206,316</u>	<u>3,270,616</u>	<u>7,540,313</u>
NET ASSETS				
Invested in capital assets (net of related debt)	12,033	-	5,843,121	5,855,154
Unrestricted	874,797	(3,342,534)	(2,424,388)	(4,892,125)
Total Net Assets	<u>\$ 886,830</u>	<u>\$ (3,342,534)</u>	<u>\$ 3,418,733</u>	<u>\$ 963,029</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, 2003**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component units:				
Economic Development	\$ 597,233	\$ 607,643	\$ -	\$ -
TIF Mall	2,147,419	-	-	-
TIF East Side	2,014,783	-	-	-
Total component units	<u>\$ 4,759,435</u>	<u>\$ 607,643</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
Investment income
Total general revenues
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	Total
\$ 10,410	\$ -	\$ -	\$ 10,410
-	(2,147,419)	-	(2,147,419)
-	-	(2,014,783)	(2,014,783)
<u>\$ 10,410</u>	<u>\$ (2,147,419)</u>	<u>\$ (2,014,783)</u>	<u>\$ (4,151,792)</u>
-	2,725,162	2,354,405	5,079,567
22,210	-	-	22,210
<u>22,210</u>	<u>2,725,162</u>	<u>2,354,405</u>	<u>5,101,777</u>
32,620	577,743	339,622	949,985
854,210	(3,920,277)	3,079,111	13,044
<u>\$ 886,830</u>	<u>\$ (3,342,534)</u>	<u>\$ 3,418,733</u>	<u>\$ 963,029</u>

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

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, 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. 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, 2003

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; however, the entities are fiscally dependent on the City. 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. 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 2003 and will be presented as discrete component units. Separate financial statements for these entities are not available.

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

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

C. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The 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 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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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, environmental waste services fund and municipal drainage fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a separate column in the fund financial statements. 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 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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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, environmental waste services, municipal drainage, civic center, municipal golf course, property management and recreation revolving funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major funds are used by the City:

1. Governmental Funds:

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

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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

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

F. Receivables and Payables

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

G. Inventories and Prepaid Items

Inventories of supplies are maintained at the City warehouse for use by all the City funds and are accounted for by the consumption method. They are valued at the lower of moving average (i.e., perpetual inventory)

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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.

H. 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.

I. 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 2003, \$42,164 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

J. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. Upon termination, an employee is reimbursed for accumulated vacation. Police and firemen are reimbursed upon termination up to a maximum of 90 days accumulated sick leave as required by State Civil Service law. All other full time City employees with five or more years of service are reimbursed up to 90 days accumulated sick leave upon termination.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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.

K. Federal and State Grants

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

L. Long-Term Debt

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

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

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. 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.

M. Retirement Plans

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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 payable in the current period and therefore are not reported in the funds.” The details of this \$297,055,087 difference are as follows:

Bonds payable	\$252,765,133
Tax anticipation notes	12,200,000
Less: Issuance discount (to be amortized as interest expense)	(297,436)
Add: Issuance premium (to be amortized as interest expense)	4,141,175
Less: Deferred charges from refunding	(2,349,637)
Accrued interest payable	654,972
Claims and judgments	6,778,093
Compensated absences	<u>23,162,787</u>
Net adjustment to reduce fund balance – total governmental funds	
To arrive at net assets – governmental activities	<u>\$297,055,087</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 \$8,693,412 difference are as follows:

Capital outlay	\$ 40,659,731
Depreciation expense	<u>(31,966,319)</u>
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 8,693,412</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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(2,065,421) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ 41,370,000
Add premiums	1,103,241
Principal repayments:	
General obligation debt	(17,688,449)
Principal refunding:	
General obligation debt	(21,970,000)
Deferred charges	(749,371)
	<hr/>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,065,421)</u>

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 \$(401,244) difference are as follows:

Compensated absences	\$ (536,527)
Accrued interest	128,560
Amortization of bond discount	(245,239)
Amortization of bond premium	371,596
Record change in net pension obligation	<u>(119,634)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (401,244)</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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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 \$2,777,996 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 Statement, included in the basic financial statements 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.

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 \$191,881 will be funded from future contributions from the Dallas Area Rapid Transit local assistance program. The Office Services net liability of \$382,708 will require adjustments to the billing rate. The TIF Mall Discretely Presented Component Unit deficit of \$3,342,534 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, 2003. At year-end, the carrying amount of the City's demand deposits was an overdraft of \$(1,468,278) (bank balance, \$582,785). The bank balance was covered by collateral with a fair value of \$5,110,839. 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).

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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.

The City's investments carried at fair value as of September 30, 2003 are:

	Fair Value
Primary Government	
Investments categorized as Category 1:	
Obligations of the U.S. Government and its agencies	\$ 164,409,964
Municipal Bonds	495,490
Total Category 1 investments	<u>164,905,454</u>
Investments not subject to categorization:	
Short-Term Investments in Treasury Money Market Funds	996,852
Texpool Investment Pool	39,037,400
	<u>40,034,252</u>
Retirement Security Plan Investments: (Category 3)	
Obligations of the U.S. Government and its agencies	-
Government Bonds	2,016,260
Corporate Bonds	7,890,287
Corporate Stocks	30,741,454
Total Category 3 Investments	<u>40,648,001</u>
Investments not subject to categorization:	
Short-Term Treasury Fund	1,367,693
	<u>1,367,693</u>
Total Investments Primary Government	<u>246,955,400</u>
Component Units	
Investments categorized as Category 1:	
Obligations of the U.S. government and its agencies	2,136,689
Municipal Bonds	6,439
Total Category 1 investments	<u>2,143,128</u>
Investments not subject to categorization:	
Texpool Investment Pool	487,587
Total Investments Economic Development Board	<u>2,630,715</u>
Total Reporting Entity	<u>\$ 249,586,115</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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.

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	\$ 66,462	200	66,662	-
Carrying Amount of Deposits	(1,483,670)	(19,946)	(1,503,616)	(51,137)
Carrying Amount of Investments	198,144,500	2,650,461	200,794,961	48,810,967
	<u>\$ 196,727,292</u>	<u>2,630,715</u>	<u>199,358,007</u>	<u>48,759,830</u>
Cash and Cash Equivalents	\$ 15,170,009	487,587	15,657,596	2,617,262
Cash and Cash Equivalents-Restricted	21,149,548	-	21,149,548	-
Investments	66,412,794	2,143,128	68,555,922	46,142,568
Investments-Restricted	93,994,941	-	93,994,941	-
	<u>\$ 196,727,292</u>	<u>2,630,715</u>	<u>199,358,007</u>	<u>48,759,830</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, 2002, upon which the original 2003 levy was based, was \$20,194,807,938. Subsequent adjustments decreased this value to \$20,177,347,079.

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

soon enough thereafter to pay current liabilities, generally sixty days after year-end. Current tax collections for the year ended September 30, 2003, were 97.4% 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, 2003, was \$0.4535 (\$0.2864 for general government and \$0.1671 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 \$412,929,000 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 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, 2003 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	Environmental Waste	Municipal Drainage	Nonmajor Funds	Total
Receivables:								
Property Taxes	\$1,388,709	901,184	-	-	-	-	-	2,289,893
Sales Taxes	3,318,144	-	-	-	-	-	-	3,318,144
Mixed Drink Taxes	151,489	-	-	-	-	-	-	151,489
Accounts	846,719	-	-	12,768,400	1,326,470	597,964	324,238	15,863,791
Accrued Interest	160,565	5,784	133,842	197,358	1,436	64,646	677,711	1,241,342
Assessments	-	-	1,914,036	-	-	-	-	1,914,036
Notes	7,468,026	-	-	-	-	-	-	7,468,026
Other	-	-	-	480	472,726	-	1,073,905	1,547,111
Gross Receivables	13,333,652	906,968	2,047,878	12,966,238	1,800,632	662,610	2,075,854	33,793,832
Less: Allowance for Uncollectibles	(447,899)	(352,269)	(93,699)	(40,633)	-	-	-	(934,500)
Net total Receivables	12,885,753	554,699	1,954,179	12,925,605	1,800,632	662,610	2,075,854	32,859,332

The Enterprise Fund accounts receivable include unbilled charges for services rendered at September 30, 2003.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

4. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2003 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	\$ 91,175,859	5,849,512	(500)	97,024,871
Construction in progress	41,448,968	43,853,595	(25,418,228)	59,884,335
Total capital assets, not being depreciated	132,624,827	49,703,107	(25,418,728)	156,909,206
Capital assets, being depreciated:				
Buildings	87,518,193	850,884	-	88,369,077
Improvements other than buildings	148,820,616	2,026,981	(80,778,200)	70,069,397
Equipment	119,716,834	14,197,626	(5,814,927)	128,099,533
Infrastructure	676,955,940	100,215,025	-	777,170,965
Total capital assets being depreciated	1,033,011,583	117,290,516	(86,593,127)	1,063,708,972
Less accumulated depreciation for:				
Buildings	(37,599,557)	(4,164,138)	-	(41,763,695)
Improvements other than buildings	(71,931,039)	34,038,704	-	(37,892,335)
Equipment	(91,629,183)	(17,280,735)	5,391,594	(103,518,324)
Infrastructure	(224,501,627)	(55,058,443)	-	(279,560,070)
Total accumulated depreciation	(425,661,406)	(42,464,612)	5,391,594	(462,734,424)
Total capital assets, being depreciated, net	607,350,177	74,825,904	(81,201,533)	600,974,548
Governmental activities capital assets, net	\$ 739,975,004	124,529,011	(106,620,261)	757,883,754

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Water and sewer activities:				
Capital assets, not being depreciated:				
Land	\$ 3,114,160	1,656,757	-	4,770,917
Construction in progress	12,056,639	7,661,966	(1,437,110)	18,281,495
Total capital assets, not being depreciated	15,170,799	9,318,723	(1,437,110)	23,052,412
Capital assets, being depreciated:				
Buildings	1,246,028	-	-	1,246,028
Improvements other than buildings	396,235,056	6,354,066	-	402,589,122
Furniture and fixtures	231,368	-	(319)	231,049
Equipment	8,384,912	2,157,500	(105,723)	10,436,689
Total capital assets being depreciated	406,097,364	8,511,566	(106,042)	414,502,888
Less accumulated depreciation for:				
Buildings	(724,440)	(62,302)	-	(786,742)
Improvements other than buildings	(97,693,960)	(9,873,883)	-	(107,567,843)
Furniture and fixtures	(231,368)	-	319	(231,049)
Equipment	(3,583,638)	(732,121)	18,133	(4,297,626)
Total accumulated depreciation	(102,233,406)	(10,668,306)	18,452	(112,883,260)
Total capital assets, being depreciated, net	303,863,958	(2,156,740)	(87,590)	301,619,628
Water and sewer activities capital assets, net	\$ 319,034,757	7,161,983	(1,524,700)	324,672,040

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Environmental waste activities:				
Capital assets, being depreciated:				
Equipment	\$ 7,263,717	28,058	(23,359)	7,268,416
Furniture and fixtures	68,356	-	-	68,356
Total capital assets being depreciated	7,332,073	28,058	(23,359)	7,336,772
Less accumulated depreciation for:				
Equipment	(4,292,032)	(437,308)	3,609	(4,725,731)
Furniture and fixtures	(48,367)	(10,718)	-	(59,085)
Total accumulated depreciation	(4,340,399)	(448,026)	3,609	(4,784,816)
Total capital assets, being depreciated, net	2,991,674	(419,968)	(19,750)	2,551,956
Environmental waste activities capital assets, net	\$ 2,991,674	(419,968)	(19,750)	2,551,956

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Municipal drainage activities:				
Capital assets, not being depreciated:				
Land	\$ 36,974	269	-	37,243
Construction in progress	7,617,301	2,019,358	(470,670)	9,165,989
Total capital assets, not being depreciated	7,654,275	2,019,627	(470,670)	9,203,232
Capital assets, being depreciated:				
Drainage improvements	13,118,250	470,400	-	13,588,650
Furniture and fixtures	5,724	-	-	5,724
Equipment	258,124	-	-	258,124
Total capital assets being depreciated	13,382,098	470,400	-	13,852,498
Less accumulated depreciation for:				
Drainage improvements	(1,034,517)	(263,071)	-	(1,297,588)
Furniture and fixtures	(2,343)	(1,280)	-	(3,623)
Equipment	(250,680)	(6,471)	-	(257,151)
Total accumulated depreciation	(1,287,540)	(270,822)	-	(1,558,362)
Total capital assets, being depreciated, net	12,094,558	199,578	-	12,294,136
Municipal drainage activities capital assets, net	\$ 19,748,833	2,219,205	(470,670)	21,497,368
Other nonmajor business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 4,325,004	700	-	4,325,704
Total capital assets, not being depreciated	4,325,004	700	-	4,325,704
Capital assets, being depreciated:				
Buildings	12,289,014	1,040,803	(879,831)	12,449,986
Improvements other than buildings	1,820,046	-	-	1,820,046
Furniture and fixtures	688,842	-	(279)	688,563
Equipment	2,188,667	31,909	(23,136)	2,197,440
Total capital assets being depreciated	16,986,569	1,072,712	(903,246)	17,156,035
Less accumulated depreciation for:				
Buildings	(7,347,640)	(609,261)	-	(7,956,901)
Improvements other than buildings	(571,922)	(40,815)	-	(612,737)
Furniture and fixtures	(451,393)	(52,180)	279	(503,294)
Equipment	(1,828,967)	(110,364)	7,223	(1,932,108)
Total accumulated depreciation	(10,199,922)	(812,620)	7,502	(11,005,040)
Total capital assets, being depreciated, net	6,786,647	260,092	(895,744)	6,150,995
Other nonmajor business-type activities capital assets, net	\$ 11,111,651	260,792	(895,744)	10,476,699

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
Total Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,476,138	1,657,726	-	9,133,864
Construction in progress	19,673,940	9,681,324	(1,907,780)	27,447,484
Total capital assets, not being depreciated	27,150,078	11,339,050	(1,907,780)	36,581,348
Capital assets, being depreciated:				
Buildings	13,535,042	1,040,803	(879,831)	13,696,014
Improvements other than buildings	398,055,102	6,354,066	-	404,409,168
Drainage improvements	13,118,250	470,400	-	13,588,650
Furniture and fixtures	994,290	-	(598)	993,692
Equipment	18,095,420	2,217,467	(152,218)	20,160,669
Total capital assets being depreciated	443,798,104	10,082,736	(1,032,647)	452,848,193
Less accumulated depreciation for:				
Buildings	(8,072,080)	(671,563)	-	(8,743,643)
Improvements other than buildings	(98,265,882)	(9,914,698)	-	(108,180,580)
Drainage improvements	(1,034,517)	(263,071)	-	(1,297,588)
Furniture and fixtures	(733,471)	(64,178)	598	(797,051)
Equipment	(9,955,317)	(1,286,264)	28,965	(11,212,616)
Total accumulated depreciation	(118,061,267)	(12,199,774)	29,563	(130,231,478)
Total capital assets, being depreciated, net	325,736,837	(2,117,038)	(1,003,084)	322,616,715
Business-type activities capital assets, net	\$ 352,886,915	9,222,012	(2,910,864)	359,198,063

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

Governmental activities:	
General government	\$ 5,535,677
Administrative services	57,114
Police	1,109,066
Fire	464,878
Libraries	895,222
Development	196,577
Public services and operations	98,288
Parks and recreation	4,553,147
Public works	19,049,353
Information services	3,272,661
Unallocated	41,175
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	7,191,367
Total depreciation expense – governmental activities	\$ 42,464,525

Asset transfers in to governmental activities were \$87 in the current fiscal year.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

Business-type activities:		
Water and sewer	\$	10,668,306
Environmental waste services		448,026
Municipal drainage		270,822
Nonmajor		812,620
 Total depreciation expense – business-type activities	 \$	 <u>12,199,774</u>

Future expenditures for capital projects will be funded from unexpended bond proceeds and additional general obligation or revenue bonds and operating revenues. In May 1998, \$80,351,000 of various purpose General Obligation Bonds were authorized and \$66,159,000 of the 1998 bonds have been issued. In May 2001, \$112,415,000 various purpose General Obligation Bonds were authorized and \$43,100,000 of the 2001 bonds have been issued.

In May 2003, the City issued \$3,675,000 Municipal Drainage Revenue Bonds pursuant to the general laws to the State of Texas, particularly VTCA, Local Government Code, Section 402.051, as amended, and an ordinance approved by the City Council.

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 capital 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	(562)	-	50,516
Total capital assets being depreciated	51,078	(562)	-	50,516
Less accumulated depreciation for:				
Equipment	(35,454)	(3,029)	-	(38,483)
Total accumulated depreciation	(35,454)	(3,029)	-	(38,483)
Economic development activities capital assets, net	\$ 15,624	(3,591)	-	12,033

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

	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	6,490,116	5,482	-	6,495,598
Improvements other than buildings	6,008	-	-	6,008
Equipment	25,809	-	-	25,809
Total capital assets being depreciated	6,521,933	5,482	-	6,527,415
Less accumulated depreciation for:				
Buildings	(463,963)	(324,780)	-	(788,743)
Improvements other than buildings	(328)	(601)	-	(929)
Equipment	(978)	(4,273)	-	(5,251)
Total accumulated depreciation	(465,269)	(329,654)	-	(794,923)
Total capital assets, being depreciated, net	6,056,664	(324,172)	-	5,732,492
TIF East side activities capital assets, net	\$ 6,167,293	(324,172)	-	5,843,121

Component units:	
Economic development	\$ 3,029
TIF east side	329,654
Total depreciation expense – component units	<u>\$ 332,683</u>

5. EMPLOYEE BENEFIT PLANS:

Texas Municipal Retirement System Plan

Plan Description-

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 774 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 had always been in existence and if the employee's salary had always been the average of his salary in the

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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 4/07/03):

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, 2002 valuation is effective for rates beginning January 2004)

Contributions by the City were \$11,337,849 or 12.16% of the covered payroll of \$93,219,714 as required by the actuarial valuation. The total fiscal year 2003 payroll was \$100,298,699. Annual City TMRS pension cost and related information for the last three years is as follows:

	2002	2001	2000
Annual pension cost	\$ 11,337,849	11,046,952	10,063,853
Contributions made	11,337,849	11,046,952	10,063,853
Contributions as % of Annual pension cost	100%	100%	100%
Net Pension Obligation (NPO)			
At end of year	-	-	-
Actuarial valuation date	12/31/02	12/31/01	12/31/00
Actuarial cost method	Unit Credit	Unit Credit	Unit Credit
Amortization method	Level %	Level %	Level %
Asset valuation method	Amortized Cost	Amortized Cost	Amortized Cost
Amortization period	25 years-Open	25 years-Open	25 years-Open
Actuarial assumptions:			
Investment rate of return	8%	8%	8%
Inflation rate	N/A	N/A	N/A
Projected salary increases	N/A	N/A	N/A

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

The City's net pension obligation (NPO) for TMRS at December 31, 2002, 2001 and 2000 is calculated as follows:

	2002	2001	2000
Annual required contribution (ARC)	\$ 11,337,849	11,046,952	10,063,853
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Annual pension cost	11,337,849	11,046,952	10,063,853
Contribution made	(11,337,849)	(11,046,952)	(10,063,853)
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, 2003

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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

At September 30, 2003, 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 \$2,308,078 or 2.67% of the covered payroll for the year ended September 30, 2003, as compared to the December 31, 2001 biennial actuarial requirement of 2.52%.

The covered payroll was \$86,588,337 and the City's total payroll was \$100,298,699 for the year ended September 30, 2003. 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:

	2003	2002	2001
Annual pension cost	\$ 2,427,712	2,418,786	1,768,939
Contributions made	2,308,078	2,035,700	1,861,008
Contributions as % of			
Annual pension cost	95%	84%	105%
Net Pension Obligation (NPO)			
At end of year	(410,988)	(530,622)	(913,708)
Actuarial valuation date	12/31/01	12/31/01	12/31/00
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, 2003, 2002 and 2001 is calculated as follows:

	2003	2002	2001
Annual required contribution (ARC)	\$ 2,440,075	2,440,075	1,788,018
Interest on NPO	(42,449)	(73,096)	(65,731)
Adjustment to the ARC	30,086	51,807	46,652
Annual pension cost	2,427,712	2,418,786	1,768,939
Contribution made	(2,308,078)	(2,035,700)	(1,861,008)
Change in NPO	119,634	383,086	(92,069)
NPO, beginning of year	(530,622)	(913,708)	(821,639)
NPO, end of year	\$ (410,988)	(530,622)	(913,708)

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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.

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

Postemployment Benefits

The City offers its retired employees health insurance coverage under the same plan as the active employees. The number of retired participants receiving health insurance coverage for 2003 was 173. Premiums are paid by the retired employees and claims are processed by the City's agent and paid through the Health Claims Fund. Expenditures for postretirement health care benefits are recognized as retirees report claims. Claims paid for retired employees for 2003 were approximately \$1,040,616.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

6. LONG-TERM DEBT:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2003, 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	\$ 251,054	41,370	(39,659)	252,765	18,187
Tax anticipation notes	15,155	-	(2,955)	12,200	3,085
Less deferred amounts:					
For issuance discounts / premiums / refundings	1,266	1,289	(1,061)	1,494	-
Total bonds payable	267,475	42,659	(43,675)	266,459	21,272
Compensated absences	22,626	5,441	(4,904)	23,163	6,786
Liability for insurance claims	6,626	17,182	(17,030)	6,778	2,259
Governmental activity Long-term debt	<u>\$ 296,727</u>	<u>65,282</u>	<u>(65,609)</u>	<u>296,400</u>	<u>30,317</u>

The compensated absences liability attributable to the governmental activities will be liquidated by several of the City's governmental and internal service funds. Approximately 96% has been paid by the General Fund and 4% by Internal Service Funds.

The claims and judgments liability will be liquidated through the City's governmental, business-type, special revenue and internal service funds. The General Fund bears approximately 83% of the claims and judgments liability. The Enterprise Funds bear approximately 12% of the claims and judgment liability, while the Internal Service and Special Revenue Funds bear approximately 5% and 1%, respectively.

	Balance Beginning Of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Business Type Activities:					
Water & Sewer					
Revenue bonds	\$ 23,668	16,825	(22,305)	18,188	3,410
Municipal Drainage					
Revenue bonds	17,365	3,675	(785)	20,255	930
Less deferred amounts:					
For issuance discounts / premiums	15	570	8	593	-
For accretion	1,812	110	-	1,922	-
On refunding	(95)	-	59	(36)	-
Total bonds payable	42,765	21,180	(23,023)	40,922	4,340
Compensated absences	1,561	701	(651)	1,611	820
Business-type activity Long-term debt	<u>\$ 44,326</u>	<u>21,881</u>	<u>(23,674)</u>	<u>42,533</u>	<u>5,160</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

Long-term debt at September 30, 2003, includes the following individual issues (not including the unamortized premium of \$1,141,286, unamortized discount of \$419,247 and accretion of \$1,922,214 of the Water & Sewer Revenue Bonds and the unamortized premium of \$39,011 and unamortized discount of \$203,900 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	99,727,194	575,133
1993 Refunding	3.50 – 5.40	06-15-93	09-01-11	9,570,000	9,570,000	-
1993-A Various purpose	4.40 – 5.50	09-15-93	09-01-13	22,710,000	22,710,000	-
1994 Various purpose	5.30 – 6.50	09-15-94	09-01-14	24,275,000	23,170,000	1,105,000
1996 Various purpose	3.50 – 5.625	02-01-96	09-01-16	22,085,000	5,415,000	16,670,000
1997 Various purpose	4.50 – 6.75	01-15-97	09-01-17	25,845,000	5,295,000	20,550,000
1998 Refunding and Improvements	3.95 – 5.15	03-15-98	09-01-18	50,935,000	8,090,000	42,845,000
1999 Various purpose	3.50 – 5.00	01-15-99	09-01-19	25,160,000	3,460,000	21,700,000
2000 Various purpose	5.125 – 5.875	02-15-00	09-01-20	24,330,000	1,735,000	22,595,000
2001 Various purpose	4.50 – 5.00	02-01-01	09-01-20	20,315,000	840,000	19,475,000
2001-A Various purpose	4.00 – 5.00	09-15-01	09-01-21	18,195,000	1,160,000	17,035,000
2002 Refunding and Improvements	3.25 – 5.25	08-01-02	09-01-22	56,130,000	7,285,000	48,845,000
2003 Refunding and Improvements	2.00 – 5.00	05-01-03	09-01-23	41,370,000	-	41,370,000
				<u>441,222,327</u>	<u>188,457,194</u>	<u>252,765,133</u>
Tax Anticipation Notes:						
2001 Tax anticipation notes	4.50 – 5.00	02-01-01	09-01-07	13,470,000	3,880,000	9,590,000
2001-A Tax anticipation notes	3.00 – 3.50	09-15-01	09-01-06	4,200,000	1,590,000	2,610,000
				<u>17,670,000</u>	<u>5,470,000</u>	<u>12,200,000</u>
Water & Sewer Revenue Bonds:						
1990 Refunding and Improvements	6.30 – 7.20	02-01-90	05-01-07	17,200,000	15,837,061	1,362,939
1993 Refunding	2.60 – 5.50	06-15-93	05-01-11	31,845,000	31,845,000	-
1993-A Improvements	3.35 – 5.35	09-15-93	05-01-13	9,165,000	9,165,000	-
2003 General Obligation Refunding	2.00 – 5.00	05-01-03	09-01-13	16,825,000	-	16,825,000
				<u>75,035,000</u>	<u>56,847,061</u>	<u>18,187,939</u>
Municipal Drainage Revenue Bonds:						
1994 Improvements	5.35 – 6.50	09-15-94	05-15-14	5,400,000	5,150,000	250,000
1996 Improvements	4.40 – 6.55	02-01-96	05-15-16	3,815,000	930,000	2,885,000
1997 Improvements	4.85 – 7.50	01-15-97	05-15-17	2,805,000	575,000	2,230,000
1998 Refunding and Improvements	3.95 – 5.05	03-15-98	05-15-18	4,950,000	190,000	4,760,000
1999 Improvements	3.80 – 5.00	01-15-99	05-15-19	2,600,000	330,000	2,270,000
2001 Improvements	4.20 – 5.10	09-15-01	05-15-21	4,530,000	345,000	4,185,000
2003 Improvements	2.50 – 4.50	05-01-03	05-15-23	3,675,000	-	3,675,000
				<u>\$ 27,775,000</u>	<u>7,520,000</u>	<u>20,255,000</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

The annual requirements to amortize debt outstanding as of September 30, 2003, including interest payments of approximately \$118,275,000 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
2004	\$ 21,272	14,304	2,633	1,058	930	962
2005	22,108	12,483	2,567	1,272	985	913
2006	22,440	10,592	2,516	1,110	1,030	871
2007	20,625	9,563	2,442	885	1,080	825
2008	17,625	8,615	2,280	319	1,130	777
2009-2013	76,515	31,584	5,750	529	6,550	3,039
2014-2018	60,515	14,450	-	-	6,105	1,392
2019-2023	23,865	2,451	-	-	2,445	281
Total	\$ 264,965	104,042	18,188	5,173	20,255	9,060

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

The discretely held component unit TIF Mall had notes payable as of September 30, 2003 of \$4,197,410. 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, 2003 of \$3,270,616. 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 \$719,504 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, 2003.

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 \$46,954 at September 30, 2003. As provided for by the bond

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

indentures, this amount has been recorded as "Due to other governments" in a special revenue fund (the Rebate Fund) for the benefit of the federal government and will be paid as required by applicable regulations.

In May 2003 the City issued \$58,195,000 in General Obligation bonds, with interest ranging from 2.00% to 5.00%, \$20,314,000 for various improvements, \$21,056,000 to advance refund previously outstanding general obligation bonds and \$16,825,000 to advance refund previously outstanding water and sewer revenue bonds. The portion of these bonds recorded in the debt service fund is \$41,370,000, with the remaining \$16,825,000 bonds being recorded in the water and sewer fund. The refunded bonds were comprised of the following:

Series	Interest Rates	Maturities	Amount
1993 general obligation	5.0 – 5.4%	2004 – 2011	\$ 7,220,000
1993A general obligation	4.5 – 5.0%	2004 - 2013	\$14,750,000
1993 water & sewer revenue	4.4 – 5.5%	2004 - 2011	\$13,325,000
1993A water & sewer revenue	4.25 – 5.35%	2004-2013	\$ 5,960,000

The net proceeds recorded in the debt service fund related to the general obligation portion of the refunding bonds of \$22,796,533 (principal of \$21,970,000 and issuance costs of \$902,787 and accrued interest of \$76,254), 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, 2003 none of the defeased bonds are outstanding.

The City current refunded these bonds to reduce its total debt service payments over the next 10 years by \$2,120,701 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,808,351. The refunding also resulted in a deferred gain of \$543,966, which is amortized over the life of the bonds in the government-wide Statement of Activities.

In Fiscal Years 1986, 1992, 1993, 1998, 2002 and 2003, 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, 2003, \$3,550,000 and \$15,320,000 of the defeased bonds are outstanding for the 1986 and 1998 years respectively. At September 30, 2003, there were no defeased bonds outstanding for the 1998, 2002 and 2003 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 \$1,465,166 at September 30, 2003, 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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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, 2003, is \$995,000 and the amount on hand is \$996,851. 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, 2003 and included in the Water and Sewer Fund "Payable from restricted assets - Due to other governments." The City is in compliance with all requirements of the bond ordinances for the year ended September 30, 2003.

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, 2003, none of the defeased bonds are outstanding.

Restricted assets of the Water and Sewer Fund at September 30, 2003 are as follows:

Cash and cash equivalents	\$	3,360,690
Investments		15,774,364
Accrued interest receivable		<u>120,480</u>
	\$	<u><u>19,255,534</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, 2003 \$2,440,420 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, 2003 the reserve required and restricted within the Municipal Drainage Fund is \$1,406,300. 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, 2003, \$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 \$277,724 were estimated at September 30, 2003. 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, 2003.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

Restricted assets of the Municipal Drainage Fund at September 30, 2003 are as follows:

Cash and cash equivalents	\$	1,616,786
Investments		7,109,276
Accrued interest receivable		57,961
		<u>8,784,023</u>
	\$	<u>8,784,023</u>

7. INTERFUND TRANSACTIONS:

A summary of interfund receivables and payables at September 30, 2003 is as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 2,973,701	-
Debt Service Fund	64,062	-
Capital Projects Funds:		
Capital Reserve	1,434,256	-
DART	-	1,434,256
Enterprise Funds:		
Water and Sewer	-	64,062
Downtown Center Development	-	9,456
Internal Service Funds:		
Equipment Maintenance	-	2,632,039
Office Services	-	265,308
Municipal Warehouse	-	66,898
	<u>\$ 4,472,019</u>	<u>4,472,019</u>

Internal loans from the Equipment Replacement Fund to the Environmental Waste Services and Recreation Revolving funds were recorded during fiscal year ended September 30, 1999 in the amounts of \$1,791,360 and \$49,804, respectfully. An additional internal loan from the Capital Reserve Fund to the Municipal Golf Course Fund was recorded during fiscal year end September 30, 2003 in the amount of \$1,500,000. Current portions of the loans at September 30, 2003 are \$172,205 in the Environmental Waste Services Fund, \$11,074 in the Recreation Revolving Fund and \$282,060 in the Municipal Golf Course Fund. The long term advance is \$1,016,941 in the Environmental Waste Services Fund and \$951,845 in the Municipal Golf Course Fund. The Environmental Waste Services Fund internal loan will be repaid over a ten-year period at an interest rate of 5.6% annually. The Municipal Golf Course internal loan bears interest at a rate of 6.0% annually and will be paid over a five-year period. The Recreation Revolving Fund internal loan was repaid over a five-year period at a rate of 5.6% annually.

Transfers between funds during the year were as follows:

	Transfer In	Transfer Out
Governmental Activities:		
General Fund	\$ 6,618,409	7,254,596
Debt Service	826,449	7,287,845
Nonmajor governmental activities	17,753,076	822,526
Business-type Activities:		
Water and Sewer	-	8,981,585
Municipal Drainage	-	236,421
Nonmajor business-type activities	-	614,961
	<u>\$ 25,197,934</u>	<u>25,197,934</u>

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003**

The transfers include the following:

Transfer from Fund	Transfer to Fund	Amount
General Fund:		
Capital Reserve Funding	Capital Reserve Fund	\$ 6,930,352
CATV Funding	CATV Fund	324,244
Debt Service Fund:		
Debt Payment	Information Services Fund	7,287,845
Water and Sewer Fund:		
Indirect Cost Transfer	General Fund	5,960,873
Capital Reserve Funding	Capital Reserve Fund	3,000,000
Rebate	Rebate Fund	20,712
Civic Center Fund:		
Indirect Cost Transfer	General Fund	248,793
Debt Service	Debt Service Fund	193,846
Municipal Drainage Fund:		
Indirect Cost Transfer	General Fund	236,421
Municipal Golf Course Fund:		
Indirect Cost Transfer	General Fund	45,388
Recreation Revolving Fund:		
Indirect Cost Transfer	General Fund	126,934
Information Services:		
CATV Funding	CATV	189,923
Rebate Fund:		
Debt service funding	Debt Service Fund	632,603
		\$ 25,197,934

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

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003**

per 1,000 gallon basis, subject to minimum annual payments. The City's annual payment for the year ended September 30, 2003, was \$22,456,956. The City has also contracted for water transmission facility improvements and pays the District for debt service for bonds issued to fund the improvements. For fiscal year 2003 this payment was \$865,520. Future years' payments to debt service are as follows:

2004	\$	859,170
2005		851,470
2006		852,420
2007		848,758
2008		856,058
2009 - 2013		4,331,270
2014 - 2018		3,820,087

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, 2003 was \$15,525,615 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, 2003 was \$4,886,010.

9. COMMITMENTS AND CONTINGENCIES:

The City has contractual commitments of approximately \$8,417,242 in the Capital Projects Funds, \$6,778,558 in the Water and Sewer Fund, and \$217,120 in the Municipal Drainage Fund. These commitments are for construction of various projects and will be funded primarily from general obligation bond proceeds in the Capital Projects Funds, operating revenues in the Water and Sewer Fund and revenue bond proceeds in the Municipal Drainage Fund.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2003

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

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

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 2003 and 2002 were:

Fund	Liability Beginning Of Year	Current Year Claims And Changes in Estimates	Claim Payments	Liability End of Year
2003:				
Property/Liability Loss	\$ 3,128,256	2,425,644	2,413,080	3,140,820
Health Claims	3,497,751	14,756,816	14,617,294	3,637,273
Total	<u>\$ 6,626,007</u>	<u>17,182,460</u>	<u>17,030,374</u>	<u>6,778,093</u>
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	<u>\$ 5,463,155</u>	<u>17,420,139</u>	<u>16,257,287</u>	<u>6,626,007</u>

**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
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%
2003	12/31/02	220,533,591	265,800,391	(45,266,800)	82.97%	93,219,714	-48.56%	11,337,849	11,337,849	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
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	12/31/99	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%
2003	12/31/01	43,901,297	37,603,431	6,297,866	116.75%	86,588,337	7.27%	2,440,075	2,308,078	94.59%

See accompanying independent auditors' report.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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, 2003**

Special Revenue

	Criminal Investigation	Grant	CATV	Industrial Revenue Bond Auth.
ASSETS				
Cash and cash equivalents	\$ 117,329	\$ 41,924	\$ 91,800	\$ 2,787
Investments	515,915	183,930	403,659	12,254
Receivables (net of allowance for uncollectible)				
Accounts	-	-	32,377	-
Accrued interest	4,206	1,500	3,291	100
Other	-	1,064,596	-	-
Interfund receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	9,502	266,892	-	-
Prepaid items and other assets	-	150	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Total Assets	646,952	1,558,992	531,127	15,141
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,240	220,992	47,573	-
Accrued liabilities	-	14,424	15,221	-
Contracts payable	-	-	-	-
Retainage payable	-	-	-	-
Deferred revenue	-	1,064,596	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Seized assets payable	-	-	-	-
Total Liabilities	1,240	1,300,012	62,794	-
Fund Balances:				
Reserved for encumbrances	-	-	-	-
Reserved	-	150	-	-
Unreserved, designated	-	-	-	-
Unreserved, undesignated	645,712	258,830	468,333	15,141
Total fund balances	645,712	258,980	468,333	15,141
Total Liabilities and Fund Balance	\$ 646,952	\$ 1,558,992	\$ 531,127	\$ 15,141

Public Safety Communications	Municipal Court	Rebate	Memorial Library	Seized Assets	Libraries
\$ 734,935	\$ 272,061	\$ 161,300	\$ 33,889	\$ 43,709	\$ 48,219
3,231,627	1,196,295	709,262	149,014	192,194	212,029
-	-	-	-	-	-
26,347	9,753	5,783	1,215	1,567	1,729
-	-	-	-	-	-
-	-	-	-	-	-
122,277	-	-	-	-	-
-	175	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,115,186</u>	<u>1,478,284</u>	<u>876,345</u>	<u>184,118</u>	<u>237,470</u>	<u>261,977</u>
3,051	1,903	-	985	-	1,646
-	1,357	-	-	-	2,896
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
48,148	-	46,954	-	-	-
-	-	-	-	237,470	-
<u>51,199</u>	<u>3,260</u>	<u>46,954</u>	<u>985</u>	<u>237,470</u>	<u>4,542</u>
-	-	-	-	-	-
-	175	-	-	-	-
-	-	829,391	183,133	-	-
<u>4,063,987</u>	<u>1,474,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,435</u>
<u>4,063,987</u>	<u>1,475,024</u>	<u>829,391</u>	<u>183,133</u>	<u>-</u>	<u>257,435</u>
<u>\$ 4,115,186</u>	<u>\$ 1,478,284</u>	<u>\$ 876,345</u>	<u>\$ 184,118</u>	<u>\$ 237,470</u>	<u>\$ 261,977</u>

(continued)

**CITY OF PLANO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2003
(continued)**

	Capital Projects		
	Municipal Facilities	Park Improvements	Capital Reserve
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowance for uncollectible)			
Accounts	-	-	-
Accrued interest	66,319	142,983	148,339
Other	225	-	-
Interfund receivable	-	-	1,233,905
Due from other funds	-	-	1,434,256
Due from other governments	-	-	-
Prepaid items and other assets	-	-	-
Restricted assets:			
Cash and cash equivalents	1,849,902	3,988,371	4,137,746
Investments	8,134,330	17,537,532	18,194,360
Total Assets	10,050,776	21,668,886	25,148,606
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Contracts payable	532,787	74,390	628,674
Retainage payable	164,537	166,222	209,974
Deferred revenue	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Seized assets payable	-	-	-
Total Liabilities	697,324	240,612	838,648
Fund Balances:			
Reserved for encumbrances	636,207	766,414	1,713,888
Reserved	8,717,245	20,661,860	22,596,070
Unreserved, designated	-	-	-
Unreserved, undesignated	-	-	-
Total fund balances	9,353,452	21,428,274	24,309,958
Total Liabilities and Fund Balance	\$ 10,050,776	\$ 21,668,886	\$ 25,148,606

<u>DART</u>	<u>Spring Creekwalk</u>	<u>Park Services</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 1,547,953
-	-	-	6,806,179
-	-	-	32,377
-	130	24,040	437,302
-	-	-	1,064,821
-	-	-	1,233,905
-	-	-	1,434,256
1,250,000	-	-	1,648,671
-	-	-	325
-	3,627	670,579	10,650,225
-	15,948	2,948,645	46,830,815
<u>1,250,000</u>	<u>19,705</u>	<u>3,643,264</u>	<u>71,686,829</u>
-	-	-	277,390
-	-	-	33,898
7,625	-	44,850	1,288,326
-	-	75,783	616,516
-	-	-	1,064,596
1,434,256	-	-	1,434,256
-	-	-	95,102
-	-	-	237,470
<u>1,441,881</u>	<u>-</u>	<u>120,633</u>	<u>5,047,554</u>
90,085	-	68,203	3,274,797
-	19,705	3,454,428	55,449,633
-	-	-	1,012,524
(281,966)	-	-	6,902,321
<u>(191,881)</u>	<u>19,705</u>	<u>3,522,631</u>	<u>66,639,275</u>
\$ 1,250,000	\$ 19,705	\$ 3,643,264	\$ 71,686,829

**CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2003**

	Special Revenue			
	Criminal Investigation	Grant	CATV	Industrial Revenue Bond Auth.
REVENUES				
Fines and forfeitures	\$ 182,726	\$ -	\$ -	\$ -
Contributions	-	-	150,000	-
Rollback taxes	-	-	-	-
Intergovernmental	20,474	2,014,722	-	-
Fees for services	-	1,597	197,630	-
Investment income	13,334	7,633	13,670	352
Miscellaneous	20,922	65,923	100	-
Total revenues	<u>237,456</u>	<u>2,089,875</u>	<u>361,400</u>	<u>352</u>
EXPENDITURES				
General government	-	-	-	-
Police	38,125	166,245	-	-
Fire	-	165,508	-	-
Libraries	-	72,422	-	-
Development	-	1,318,585	-	-
Public services and operations	-	-	833,073	-
Parks and recreation	-	29,769	-	-
Environmental waste services	-	249,778	-	-
Capital outlay	2,109	188,978	67,148	-
Total expenditures	<u>40,234</u>	<u>2,191,285</u>	<u>900,221</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>197,222</u>	<u>(101,410)</u>	<u>(538,821)</u>	<u>352</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	-	-	-
Transfers in	-	-	514,167	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>514,167</u>	<u>-</u>
Net change in fund balances	<u>197,222</u>	<u>(101,410)</u>	<u>(24,654)</u>	<u>352</u>
Fund balances-beginning	448,490	360,390	492,987	14,789
Fund balances-ending	<u>\$ 645,712</u>	<u>\$ 258,980</u>	<u>\$ 468,333</u>	<u>\$ 15,141</u>

Public Safety Communications	Municipal Court	Rebate	Memorial Library	Libraries
\$ -	\$ 504,542	-	-	-
-	-	-	11,519	260,473
-	-	-	-	-
59,872	-	-	-	-
729,791	24,131	-	-	-
85,705	31,374	39,891	4,735	1,804
-	-	74,514	-	-
<u>875,368</u>	<u>560,047</u>	<u>114,405</u>	<u>16,254</u>	<u>262,277</u>
-	-	45,645	-	-
188,644	124,736	-	-	-
25,530	-	-	-	-
-	-	-	-	6,669
-	-	-	-	-
1,680	-	-	-	-
-	-	-	-	-
-	-	-	-	-
48,540	130,584	-	41,727	254
<u>264,394</u>	<u>255,320</u>	<u>45,645</u>	<u>41,727</u>	<u>6,923</u>
<u>610,974</u>	<u>304,727</u>	<u>68,760</u>	<u>(25,473)</u>	<u>255,354</u>
-	-	-	-	-
-	-	20,712	-	-
-	-	(632,603)	-	-
-	-	(611,891)	-	-
610,974	304,727	(543,131)	(25,473)	255,354
3,453,013	1,170,297	1,372,522	208,606	2,081
<u>\$ 4,063,987</u>	<u>\$ 1,475,024</u>	<u>\$ 829,391</u>	<u>\$ 183,133</u>	<u>\$ 257,435</u>

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2003
(continued)

	Capital Projects		
	Municipal Facilities	Park Improvements	Capital Reserve
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Contributions	-	-	25,125
Rollback taxes	-	-	350,203
Intergovernmental	-	-	-
Fees for services	-	-	-
Investment income	404,842	396,016	646,633
Miscellaneous	2,700	-	2,432
Total revenues	<u>407,542</u>	<u>396,016</u>	<u>1,024,393</u>
EXPENDITURES			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Libraries	-	-	-
Development	-	-	-
Public services and operations	-	-	-
Parks and recreation	-	-	-
Environmental waste services	-	-	-
Capital outlay	4,464,724	10,695,695	10,089,714
Total expenditures	<u>4,464,724</u>	<u>10,695,695</u>	<u>10,089,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,057,182)</u>	<u>(10,299,679)</u>	<u>(9,065,321)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of bonds	5,285,000	7,890,195	-
Transfers in	-	-	9,930,352
Transfers out	-	-	-
Total other financing sources (uses)	<u>5,285,000</u>	<u>7,890,195</u>	<u>9,930,352</u>
Net change in fund balances	1,227,818	(2,409,484)	865,031
Fund balances-beginning	8,125,634	23,837,758	23,444,927
Fund balances-ending	<u>\$ 9,353,452</u>	<u>\$ 21,428,274</u>	<u>\$ 24,309,958</u>

DART	Spring Creekwalk	Park Services	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 687,268
1,284,119	-	-	1,731,236
-	-	-	350,203
-	-	-	2,095,068
-	-	397,349	1,350,498
-	458	91,122	1,737,569
-	-	-	166,591
<u>1,284,119</u>	<u>458</u>	<u>488,471</u>	<u>8,118,433</u>
-	-	-	45,645
-	-	-	517,750
-	-	-	191,038
-	-	-	79,091
-	-	-	1,318,585
-	-	-	834,753
-	-	-	29,769
-	-	-	249,778
662,855	-	1,164,536	27,556,864
<u>662,855</u>	<u>-</u>	<u>1,164,536</u>	<u>30,823,273</u>
<u>621,264</u>	<u>458</u>	<u>(676,065)</u>	<u>(22,704,840)</u>
-	-	-	13,175,195
-	-	-	10,465,231
-	-	-	(632,603)
-	-	-	23,007,823
621,264	458	(676,065)	302,983
(813,145)	19,247	4,198,696	66,336,292
<u>\$ (191,881)</u>	<u>\$ 19,705</u>	<u>\$ 3,522,631</u>	<u>\$ 66,639,275</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, 2003

Business-type Activities
Enterprise Funds

	Civic Center	Municipal Golf Course	Property Management	Downtown Center Development	Recreation Revolving	Total Nonmajor Enterprise Funds
ASSETS						
Cash and cash equivalents	\$ 273,506	\$ 396,896	\$ 41,560	\$ -	\$ 78,345	\$ 790,307
Investments	1,188,753	1,745,216	182,747	-	343,834	3,460,550
Receivables -						
Accounts	193,366	-	-	-	-	193,366
Accrued Interest	9,692	14,229	1,490	-	2,803	28,214
Other	(4,363)	-	8,052	-	1,849	5,538
Interfund receivable (payable)	-	(282,060)	-	-	(11,074)	(293,134)
Prepaid expenses & other assets	7,588	-	-	-	31,646	39,234
Capital assets:						
Land	2,359,859	595,296	1,333,325	37,224	-	4,325,704
Buildings	11,222,523	1,055,697	171,766	-	-	12,449,986
Improvements other than buildings	572,694	1,247,352	-	-	-	1,820,046
Equipment	1,531,158	215,580	-	-	450,702	2,197,440
Furniture and fixtures	599,670	14,614	-	-	74,279	688,563
Less accumulated depreciation	(9,467,650)	(981,081)	(113,493)	-	(442,816)	(11,005,040)
Total capital assets (net of accumulated depreciation)	6,818,254	2,147,458	1,391,598	37,224	82,165	10,476,699
Total assets	8,486,796	4,021,739	1,625,447	37,224	529,568	14,700,774
LIABILITIES						
Current liabilities:						
Accounts payable	429,335	283,751	50	-	53,305	766,441
Accrued liabilities	175,310	32,861	-	-	31,718	239,889
Deferred revenue	-	-	-	-	333,131	333,131
Due to other funds	-	-	-	9,456	-	9,456
Customer deposits	-	9,112	10,467	-	68,409	87,988
Total current liabilities	604,645	325,724	10,517	9,456	486,563	1,436,905
Noncurrent liabilities:						
Advance from other funds	-	951,845	-	-	-	951,845
Liability for compensated absences	126,255	81,301	-	-	36,064	243,620
Total noncurrent liabilities	126,255	1,033,146	-	-	36,064	1,195,465
Total liabilities	730,900	1,358,870	10,517	9,456	522,627	2,632,370
NET ASSETS						
Invested in capital assets (net of related debt)	6,213,609	1,830,846	1,391,548	37,224	(2,858)	9,470,369
Unrestricted	1,542,287	832,023	223,382	(9,456)	9,799	2,598,035
Total Net Assets	\$ 7,755,896	\$ 2,662,869	\$ 1,614,930	\$ 27,768	\$ 6,941	\$ 12,068,404

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	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	\$ 1,968,496	\$ 857,725	\$ 94,538	\$ 84,596	\$ 2,457,437	\$ 5,462,792
Miscellaneous charges	494	-	-	-	28,719	29,213
Total operating revenues	<u>1,968,990</u>	<u>857,725</u>	<u>94,538</u>	<u>84,596</u>	<u>2,486,156</u>	<u>5,492,005</u>
Operating expenses:						
Personal services	2,044,549	526,161	-	-	868,291	3,439,001
Contractual services	1,939,753	140,716	40,759	42,668	1,228,981	3,392,877
Supplies	504,207	95,426	2,115	-	183,558	785,306
Depreciation	654,071	66,625	32,244	-	59,680	812,620
Miscellaneous	81,521	541	-	-	28,176	110,238
Total operating expenses	<u>5,224,101</u>	<u>829,469</u>	<u>75,118</u>	<u>42,668</u>	<u>2,368,686</u>	<u>8,540,042</u>
Operating income (loss)	<u>(3,255,111)</u>	<u>28,256</u>	<u>19,420</u>	<u>41,928</u>	<u>117,470</u>	<u>(3,048,037)</u>
Nonoperating revenues (expenses):						
Investment income	26,904	53,261	4,835	-	6,479	91,479
Interest and fiscal charges	-	(90,000)	-	-	(1,206)	(91,206)
Hotel/motel tax	2,900,308	-	-	-	-	2,900,308
Miscellaneous	749	-	-	-	-	749
Total nonoperating revenue	<u>2,927,961</u>	<u>(36,739)</u>	<u>4,835</u>	<u>-</u>	<u>5,273</u>	<u>2,901,330</u>
Income (loss) before transfers	<u>(327,150)</u>	<u>(8,483)</u>	<u>24,255</u>	<u>41,928</u>	<u>122,743</u>	<u>(146,707)</u>
Transfers out	<u>(442,639)</u>	<u>(45,388)</u>	<u>-</u>	<u>-</u>	<u>(126,934)</u>	<u>(614,961)</u>
Change in net assets	<u>(769,789)</u>	<u>(53,871)</u>	<u>24,255</u>	<u>41,928</u>	<u>(4,191)</u>	<u>(761,668)</u>
Total net assets-beginning	<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>
Total net assets-ending	<u>\$ 7,755,896</u>	<u>\$ 2,662,869</u>	<u>\$ 1,614,930</u>	<u>\$ 27,768</u>	<u>\$ 6,941</u>	<u>\$ 12,068,404</u>

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	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	\$ 1,900,791	\$ 857,725	\$ 90,720	\$ 84,596	\$ 2,527,477	\$ 5,461,309
Cash payments to suppliers for goods and services	(2,386,456)	(86,855)	(49,518)	(84,596)	(1,460,737)	(4,068,162)
Cash payments to employees for services	(1,995,274)	(517,988)	-	-	(853,325)	(3,366,587)
Net cash provided (used) by operating activities	<u>(2,480,939)</u>	<u>252,882</u>	<u>41,202</u>	<u>-</u>	<u>213,415</u>	<u>(1,973,440)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Repayments to other funds	-	1,233,905	-	-	(10,488)	1,223,417
Hotel/motel tax	2,900,308	-	-	-	-	2,900,308
Transfers to other funds	(442,639)	(45,388)	-	-	(126,934)	(614,961)
Net cash provided (used) by noncapital financing activities	<u>2,457,669</u>	<u>1,188,517</u>	<u>-</u>	<u>-</u>	<u>(137,422)</u>	<u>3,508,764</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	-	(172,972)	(700)	-	(3,995)	(177,667)
Interest paid on long-term debt	-	(90,000)	-	-	(1,206)	(91,206)
Proceeds from insurance damages	749	-	-	-	-	749
Net cash provided (used) by capital and related financing activities	<u>749</u>	<u>(262,972)</u>	<u>(700)</u>	<u>-</u>	<u>(5,201)</u>	<u>(268,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(1,188,753)	(1,745,216)	(182,747)	-	(343,834)	(3,460,550)
Proceeds from sale and maturities of investment securities	1,264,202	797,913	155,725	-	299,964	2,517,804
Interest on investments	47,474	57,924	7,065	-	10,844	123,307
Decrease in fair value of investments	(16,999)	(10,521)	(2,086)	-	(4,021)	(33,627)
Net cash provided (used) by investing activities	<u>105,924</u>	<u>(899,900)</u>	<u>(22,043)</u>	<u>-</u>	<u>(37,047)</u>	<u>(853,066)</u>
Net increase in cash and cash equivalents	83,403	278,527	18,459	-	33,745	414,134
Cash and cash equivalents, October 1	190,103	118,369	23,101	-	44,600	376,173
Cash and cash equivalents, September 30	273,506	396,896	41,560	-	78,345	790,307
Classified as:						
Current assets	273,506	396,896	41,560	-	78,345	790,307
Restricted assets	-	-	-	-	-	-
Total	\$ 273,506	\$ 396,896	\$ 41,560	\$ -	\$ 78,345	\$ 790,307

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(continued)

	Business-type Activities Enterprise Funds					Total Nonmajor Enterprise Funds
	Civic Center	Municipal Golf Course	Property Management	Downtown Center Development	Recreation Revolving	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (3,255,111)	28,256	19,420	41,928	117,470	(3,048,037)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	654,071	66,625	32,244	-	59,680	812,620
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivable	(68,199)	-	(3,818)	-	-	(72,017)
Other accounts receivable	60,397	-	-	-	289	60,686
Prepaid expenses	(2,310)	-	-	-	811	(1,499)
Increase (decrease) in-						
Accounts payable	80,938	149,828	(6,644)	(15,622)	(21,122)	187,378
Accrued liabilities	23,826	1,392	-	-	6,582	31,800
Due to other funds	-	-	-	(26,306)	-	(26,306)
Refunds payable	-	-	-	-	680	680
Liability for compensated absences	25,449	6,781	-	-	8,384	40,614
Customer deposits	-	-	-	-	7,828	7,828
Deferred revenue	-	-	-	-	32,813	32,813
Total adjustments	<u>774,172</u>	<u>224,626</u>	<u>21,782</u>	<u>(41,928)</u>	<u>95,945</u>	<u>1,074,597</u>
Net cash provided (used) by operating activities	<u>\$ (2,480,939)</u>	<u>\$ 252,882</u>	<u>\$ 41,202</u>	<u>\$ -</u>	<u>\$ 213,415</u>	<u>\$ (1,973,440)</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, 2003**

	Equipment Maintenance	Office Services	Municipal Warehouse
ASSETS			
Cash & cash equivalents	\$ 1,910,086	\$ 125	\$ 100
Investments	8,398,307	-	-
Receivables			
Accounts	350	-	3,638
Accrued interest	68,471	-	-
Other	-	2,711	-
Due from other governments	6,493	-	-
Advances to other funds	1,016,941	-	-
Interfund receivables			
Solid waste fund	172,205	-	-
Recreation revolving fund	11,074	-	-
Inventories	18,679	20,268	762,885
Prepaid items	3,036	-	-
Restricted assets:			
Cash & cash equivalents	-	-	-
Investments	-	-	-
Receivables	-	-	-
Capital assets:			
Land	51,515	-	-
Buildings	1,337,025	-	-
Furniture & fixtures	44,643	3,041	33,566
Rolling equipment	42,193,339	-	-
Equipment	5,841,893	411,562	223,038
Mains/hydrants/meters	-	-	802
Construction in progress	-	-	-
Less accumulated depreciation	(41,996,952)	(326,321)	(247,353)
Total capital assets(net of accumulated depreciation)	<u>7,471,463</u>	<u>88,282</u>	<u>10,053</u>
Total Assets	<u>19,077,105</u>	<u>111,386</u>	<u>776,676</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	346,203	213,132	357,879
Accrued liabilities	141,121	15,654	39,296
Due to other funds	2,632,039	265,308	66,898
Tax anticipation notes payable	-	-	-
Liability for insurance claims	-	-	-
Total current liabilities	<u>3,119,363</u>	<u>494,094</u>	<u>464,073</u>
NONCURRENT LIABILITIES:			
Tax anticipation notes payable	-	-	-
Total Liabilities	<u>3,119,363</u>	<u>494,094</u>	<u>464,073</u>
NET ASSETS			
Invested in capital assets	6,984,139	(140,504)	(387,122)
Restricted	-	-	-
Unrestricted	8,973,603	(242,204)	699,725
Total net assets	<u>\$ 15,957,742</u>	<u>\$ (382,708)</u>	<u>\$ 312,603</u>

Information Services	Property/ Liability Loss	Health Claims	Total
\$ 2,119,579	\$ 993,393	\$ 896,045	\$ 5,919,328
9,320,142	4,368,113	3,940,061	26,026,623
-	36,175	-	40,163
75,987	35,613	32,124	212,195
835	-	-	3,546
-	-	-	6,493
-	-	-	1,016,941
-	-	-	172,205
-	-	-	11,074
-	-	-	801,832
75,558	250	-	78,844
1,627,107	-	-	1,627,107
7,154,663	-	-	7,154,663
58,332	-	-	58,332
11,007	-	-	62,522
-	-	-	1,337,025
29,938	13,166	-	124,354
-	-	-	42,193,339
23,857,106	590,668	-	30,924,267
-	-	-	802
2,165,649	-	-	2,165,649
(13,007,406)	(538,352)	-	(56,116,384)
13,056,294	65,482	-	20,691,574
33,488,497	5,499,026	4,868,230	63,820,920
510,039	75,004	32,563	1,534,820
521,642	35,461	-	753,174
-	-	-	2,964,245
3,085,000	-	-	3,085,000
-	3,140,820	3,637,273	6,778,093
4,116,681	3,251,285	3,669,836	15,115,332
9,416,423	-	-	9,416,423
13,533,104	3,251,285	3,669,836	24,531,755
2,608,190	(44,983)	(32,563)	8,987,157
8,840,102	-	-	8,840,102
8,507,101	2,292,724	1,230,957	21,461,906
\$ 19,955,393	\$ 2,247,741	\$ 1,198,394	\$ 39,289,165

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
REVENUES:			
Charges for services	\$ 7,358,395	\$ 1,037,356	\$ 3,134,313
Miscellaneous	688	20,711	10,255
Total operating revenues	<u>7,359,083</u>	<u>1,058,067</u>	<u>3,144,568</u>
EXPENSES:			
Personal services	2,101,176	298,180	398,212
Contractual services	719,851	178,010	36,959
Supplies	1,276,465	524,633	10,392
Materials	-	-	2,717,600
Claims expense	-	-	-
Depreciation	7,191,367	21,631	3,875
Miscellaneous	9,736	648	-
Total operating expenses	<u>11,298,595</u>	<u>1,023,102</u>	<u>3,167,038</u>
Operating income (loss)	<u>(3,939,512)</u>	<u>34,965</u>	<u>(22,470)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	272,623	-	1,046
Intergovernmental revenues	18,443	-	-
Interest and fiscal charges on tax anticipation notes	-	-	-
Gain (loss) on fixed asset disposal	377,528	-	76,381
Tax anticipation note premium	-	-	-
Miscellaneous	-	-	-
Total nonoperating revenues (expenses)	<u>668,594</u>	<u>-</u>	<u>77,427</u>
Income (loss) before transfers	<u>(3,270,918)</u>	<u>34,965</u>	<u>54,957</u>
Transfers in	-	-	-
Transfers out	-	-	-
Change in net assets	<u>(3,270,918)</u>	<u>34,965</u>	<u>54,957</u>
Total net assets-beginning	<u>19,228,660</u>	<u>(417,673)</u>	<u>257,646</u>
Total net assets-ending	<u>\$ 15,957,742</u>	<u>\$ (382,708)</u>	<u>\$ 312,603</u>

Information Services	Property/ Liability Loss	Health Claims	Total
\$ 8,863,538	\$ 3,758,082	\$ 18,497,352	\$ 42,649,036
-	128,401	-	160,055
<u>8,863,538</u>	<u>3,886,483</u>	<u>18,497,352</u>	<u>42,809,091</u>
3,204,069	308,010	-	6,309,647
2,603,347	794,944	572,408	4,905,519
463,976	153,610	-	2,429,076
-	-	-	2,717,600
-	2,425,644	14,756,816	17,182,460
3,272,661	8,672	-	10,498,206
743	5,362	-	16,489
<u>9,544,796</u>	<u>3,696,242</u>	<u>15,329,224</u>	<u>44,058,997</u>
<u>(681,258)</u>	<u>190,241</u>	<u>3,168,128</u>	<u>(1,249,906)</u>
468,539	110,406	13,072	865,686
-	-	-	18,443
(674,380)	-	-	(674,380)
(27,741)	-	-	426,168
105,299	-	-	105,299
1,999	-	-	1,999
<u>(126,284)</u>	<u>110,406</u>	<u>13,072</u>	<u>743,215</u>
(807,542)	300,647	3,181,200	(506,691)
7,287,845	-	-	7,287,845
(189,923)	-	-	(189,923)
<u>6,290,380</u>	<u>300,647</u>	<u>3,181,200</u>	<u>6,591,231</u>
13,665,013	1,947,094	(1,982,806)	32,697,934
<u>\$ 19,955,393</u>	<u>\$ 2,247,741</u>	<u>\$ 1,198,394</u>	<u>\$ 39,289,165</u>

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	Equipment Maintenance	Office Services	Municipal Warehouse
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 7,664,301	\$ 1,055,886	\$ 2,867,738
Cash payments to suppliers for goods and services	(1,977,393)	(756,481)	(2,550,560)
Cash payments to employees for services	(2,099,865)	(299,405)	(394,605)
Net cash provided (used) by operating activities	<u>3,587,043</u>	<u>-</u>	<u>(77,427)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Repayments from other other funds	173,560	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Grant receipts	18,443	-	-
Net cash provided by noncapital financing activities	<u>192,003</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(5,313,569)	-	-
Transfer of capital assets to (from) other funds	1,941	-	-
Principal paid on long-term debt	-	-	-
Interest and fees paid on long-term debt	-	-	-
Proceeds on sale of equipment	390,200	-	76,381
Proceeds from insurance damages	-	-	-
Tax anticipation notes proceeds	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(4,921,428)</u>	<u>-</u>	<u>76,381</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(8,398,307)	-	-
Proceeds from sales and maturities of investment securities	9,704,942	-	-
Interest on investments	436,615	-	1,046
Increase (decrease) in fair value of investments	(130,649)	-	-
Net cash provided (used) by investing activities	<u>1,612,601</u>	<u>-</u>	<u>1,046</u>
Net increase in cash and cash equivalents	470,219	-	-
Cash and cash equivalents, October 1	<u>1,439,867</u>	<u>125</u>	<u>100</u>
Cash and cash equivalents, September 30	<u>\$ 1,910,086</u>	<u>\$ 125</u>	<u>\$ 100</u>

Information Services	Property/ Liability Loss	Health Claims	Total
\$ 8,981,389	\$ 3,887,139	\$ 18,497,352	\$ 42,953,805
(2,862,756)	(3,324,400)	(15,158,687)	(26,630,277)
(3,154,886)	(307,937)	-	(6,256,698)
<u>2,963,747</u>	<u>254,802</u>	<u>3,338,665</u>	<u>10,066,830</u>
-	-	-	173,560
7,287,845	-	-	7,287,845
(189,923)	-	-	(189,923)
-	-	-	18,443
<u>7,097,922</u>	<u>-</u>	<u>-</u>	<u>7,289,925</u>
(6,231,617)	(16,256)	-	(11,561,442)
(123,482)	-	-	(121,541)
(2,955,000)	-	-	(2,955,000)
(674,380)	-	-	(674,380)
-	35	-	466,616
1,999	-	-	1,999
-	-	-	-
<u>(9,982,480)</u>	<u>(16,221)</u>	<u>-</u>	<u>(14,843,748)</u>
(16,474,805)	(4,368,113)	(3,940,061)	(33,181,286)
17,093,028	4,356,194	1,308,630	32,462,794
667,241	179,013	11,707	1,295,622
(153,699)	(58,519)	(17,030)	(359,897)
<u>1,131,765</u>	<u>108,575</u>	<u>(2,636,754)</u>	<u>217,233</u>
1,210,954	347,156	701,911	2,730,240
<u>2,535,732</u>	<u>646,237</u>	<u>194,134</u>	<u>4,816,195</u>
<u>\$ 3,746,686</u>	<u>\$ 993,393</u>	<u>\$ 896,045</u>	<u>\$ 7,546,435</u>

(continued)

**CITY OF PLANO, TEXAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(continued)**

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (3,939,512)	\$ 34,965	\$ (22,470)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expenses	7,191,367	21,631	3,875
Changes in assets and liabilities-			
(Increase) decrease in			
Accounts receivable	8,876	-	(3,374)
Other accounts receivable	-	(2,181)	-
Due from other governments	2,948	-	-
Prepaid expenses	(573)	-	-
Inventory	15,578	(8,689)	214,127
Increase (decrease) in			
Accounts payable	13,654	(107,900)	264
Accrued liabilities	1,311	(1,225)	3,607
Due to (from) other funds	293,394	63,399	(273,456)
Liability for insurance claims	-	-	-
Total adjustments	<u>7,526,555</u>	<u>(34,965)</u>	<u>(54,957)</u>
Net cash provided (used) by operating activities	<u>\$ 3,587,043</u>	<u>\$ -</u>	<u>\$ (77,427)</u>

<u>Information Services</u>	<u>Property/ Liability Loss</u>	<u>Health Claims</u>	<u>Total</u>
<u>\$ (681,258)</u>	<u>\$ 190,241</u>	<u>\$ 3,168,128</u>	<u>\$ (1,249,906)</u>
3,272,661	8,672	-	10,498,206
-	656	-	6,158
117,851	-	-	115,670
-	-	-	2,948
(26,637)	984	-	(26,226)
-	-	-	221,016
231,948	41,612	31,015	210,593
49,182	73	-	52,948
-	-	-	83,337
-	12,564	139,522	152,086
<u>3,645,005</u>	<u>64,561</u>	<u>170,537</u>	<u>11,316,736</u>
<u>\$ 2,963,747</u>	<u>\$ 254,802</u>	<u>\$ 3,338,665</u>	<u>\$ 10,066,830</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, 2003**

	<u>Agency Funds</u>		<u>Total Agency Funds</u>
	<u>Developers' Escrow</u>	<u>Unclaimed Property</u>	
ASSETS			
Cash and cash equivalents	\$ 1,245,024	\$ 4,545	\$ 1,249,569
Investments	5,474,580	19,987	5,494,567
Accrued interest	44,634	163	44,797
Total Assets	<u>6,764,238</u>	<u>24,695</u>	<u>6,788,933</u>
LIABILITIES			
Developers' escrow liability	6,764,238	-	6,764,238
Unclaimed property payable	-	24,695	24,695
Total Liabilities	<u>\$ 6,764,238</u>	<u>\$ 24,695</u>	<u>\$ 6,788,933</u>

**CITY OF PLANO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	<u>Balance</u> <u>October 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2003</u>
Developers' Escrow Fund				
ASSETS				
Cash	\$ 873,421	\$ 371,603	\$ -	\$ 1,245,024
Investments	5,887,614	-	413,034	5,474,580
Interest receivable	61,767	-	17,133	44,634
Total assets	<u>\$ 6,822,802</u>	<u>\$ 371,603</u>	<u>\$ 430,167</u>	<u>\$ 6,764,238</u>
LIABILITIES				
Developers' escrow liability	6,822,802	-	58,564	6,764,238
Total liabilities	<u>\$ 6,822,802</u>	<u>\$ -</u>	<u>\$ 58,564</u>	<u>\$ 6,764,238</u>
Unclaimed Property Fund				
ASSETS				
Cash	\$ 2,608	\$ 1,937	\$ -	\$ 4,545
Investments	17,579	2,408	-	19,987
Interest receivable	184	-	21	163
Total assets	<u>\$ 20,371</u>	<u>\$ 4,345</u>	<u>\$ 21</u>	<u>\$ 24,695</u>
LIABILITIES				
Unclaimed property payable	20,371	4,324	-	24,695
Total liabilities	<u>\$ 20,371</u>	<u>\$ 4,324</u>	<u>\$ -</u>	<u>\$ 24,695</u>

COMPONENT UNITS

ECONOMIC DEVELOPMENT BOARD- organized to account for various financial and administrative services and a majority of funding provided to the Board by the City. The Board is legally separate from the City and the City does not appoint a majority of its governing board.

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

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

**CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	Economic Development	TIF Mall	TIF East Side	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 607,643	\$ -	\$ -	\$ 607,643
Cash received from property taxes	-	2,725,162	2,354,405	5,079,567
Cash payments to suppliers for goods and services	(195,912)	(1,624,863)	(1,317,566)	(3,138,341)
Cash payments to employees for services	(410,622)	-	-	(410,622)
Net cash provided by operating activities	1,109	1,100,299	1,036,839	2,138,247
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	562	-	(5,482)	(4,920)
Interest expense	-	(236,517)	(185,129)	(421,646)
Net cash provided (used) by capital and related financing activities	562	(236,517)	(190,611)	(426,566)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	(759,145)	(699,095)	(684,888)	(2,143,128)
Proceeds from sales and maturities of investment securities	788,804	-	-	788,804
Interest on investments	13,693	(5,554)	(5,441)	2,698
Increase in fair value of investments	10,603	(146)	(143)	10,314
Net cash provided (used) by investing activities	53,955	(704,795)	(690,472)	(1,341,312)
Net increase in cash and cash equivalents	55,626	158,987	155,756	370,369
Cash and cash equivalents, October 1	117,218	-	-	117,218
Cash and cash equivalents, September 30	\$ 172,844	\$ 158,987	\$ 155,756	\$ 487,587

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(continued)

	<u>Economic Development</u>	<u>TIF Mall</u>	<u>TIF East Side</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income	\$ 10,410	\$ 814,260	\$ 524,751	\$ 1,349,421
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expenses	3,029	-	329,654	332,683
Changes in assets and liabilities-				
(Increase) decrease in				
Prepaid expenses	1,431	-	-	1,431
Increase (decrease) in				
Accounts payable	(23,932)	8,906	(2,695)	(17,721)
Notes payable	-	277,133	185,129	462,262
Accrued liabilities	10,171	-	-	10,171
Total adjustments	<u>(9,301)</u>	<u>286,039</u>	<u>512,088</u>	<u>788,826</u>
Net cash provided by operating activities	<u>\$ 1,109</u>	<u>\$ 1,100,299</u>	<u>\$ 1,036,839</u>	<u>\$ 2,138,247</u>

**CITY OF PLANO, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes-				
Property taxes	\$ 33,472,518	\$ 33,472,518	\$ 33,178,168	\$ (294,350)
Investment income	926,625	650,000	538,782	(111,218)
Miscellaneous	207,914	207,914	147,964	(59,950)
Total Revenues	34,607,057	34,330,432	33,864,914	(465,518)
EXPENDITURES:				
Principal retirement	20,158,449	20,643,449	17,688,449	2,955,000
Interest and fiscal charges	12,820,875	13,011,955	11,819,480	1,192,475
Bond accretion	2,796,551	2,796,551	2,796,551	-
Total Expenditures	35,775,875	36,451,955	32,304,480	4,147,475
Excess (Deficiency) Of Revenues Over Expenditures	(1,168,818)	(2,121,523)	1,560,434	3,681,957
OTHER FINANCING SOURCES:				
Bond proceeds-refunding	-	-	22,796,533	22,796,533
Escrow payment-refunding	-	-	(23,151,258)	(23,151,258)
Transfers in	193,846	193,846	826,449	632,603
Transfers out	-	-	(7,287,845)	(7,287,845)
Total Other Financing Sources (Uses)	193,846	193,846	(6,816,121)	(7,009,967)
Excess (Deficiency) Of Revenues And Other Sources Over Expenditures And Other Uses	(974,972)	(1,927,677)	(5,255,687)	(3,328,010)
FUND BALANCE, OCTOBER 1	5,975,191	5,975,191	5,975,191	-
FUND BALANCE, SEPTEMBER 30	\$ 5,000,219	\$ 4,047,514	\$ 719,504	\$ (3,328,010)

**CITY OF PLANO, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE¹
 SEPTEMBER 30, 2003**

Governmental funds capital assets:	2003	2002
Land	\$ 96,962,349	\$ 91,112,837
Construction in progress	57,718,686	39,928,548
Buildings	87,032,052	86,346,951
Improvements other than buildings	70,069,397	148,820,616
Equipment	54,856,771	52,338,071
Infrastructure	777,170,965	676,955,940
Total governmental funds capital assets	<u>\$ 1,143,810,220</u>	<u>\$ 1,095,502,963</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 238,371,833	\$ 229,399,091
Street improvement fund	-	80,778,200
Park improvements fund	70,069,397	68,042,416
Special revenue fund	479,339	398,768
Capital projects fund	834,889,651	716,884,488
	<u>\$ 1,143,810,220</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
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
SEPTEMBER 30, 2003**

Function and Activity	Land	Construction in Progress	Buildings	Park Improvements	Equipment	Infrastructure	Total
Administrative Services:							
City Council	\$ -	\$ -	\$ -	\$ -	\$ 4,301	\$ -	\$ 4,301
Administration	-	-	-	-	103,982	-	103,982
Legal	-	-	-	-	134,159	-	134,159
City Secretary	-	-	-	-	51,710	-	51,710
Internal Audit	-	-	-	-	25,624	-	25,624
Finance	-	-	-	-	43,214	-	43,214
Financial Systems Administration	-	-	-	-	7,756	-	7,756
Accounting	-	-	-	-	170,567	-	170,567
Budget	-	-	-	-	139,861	-	139,861
Administrative Services	-	-	-	-	12,636	-	12,636
Purchasing	-	-	-	-	55,069	-	55,069
Human Resources	-	-	-	-	169,545	-	169,545
	-	-	-	-	918,424	-	918,424
Police:							
Municipal Court Judge	2,780,978	-	6,168,125	-	46,998	-	8,996,101
Municipal Court Administration	-	-	-	-	392,192	-	392,192
Public Safety Administration	-	-	-	-	2,144,719	-	2,144,719
Community Response	-	-	-	-	20,576	-	20,576
Police	4,639,811	-	10,306,069	-	10,324,144	-	25,270,024
Emergency 911	-	-	-	-	4,767,399	-	4,767,399
	7,420,789	-	16,474,194	-	17,696,028	-	41,591,011
Fire:							
Fire	6,150,783	-	14,268,751	-	7,309,608	-	27,729,142
Fire-Civilian	-	-	-	-	27,977	-	27,977
Fire Marshal	-	-	-	-	80,034	-	80,034
	6,150,783	-	14,268,751	-	7,417,619	-	27,837,153
Libraries:							
Library Administration	-	-	-	-	2,979,793	-	2,979,793
Technical Services	-	-	-	-	9,763,791	-	9,763,791
Harrington Library	1,244,216	-	2,759,632	-	396,299	-	4,400,147
Schmelpfenig Library	1,445,885	-	3,153,657	-	224,125	-	4,823,667
Haggard Library	1,549,473	-	3,436,684	-	878,460	-	5,864,617
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	-	3,867,355	-	-	-	5,624,459
	8,043,561	-	17,730,990	-	14,296,070	-	40,070,621
Development:							
Building Administration	79,989	-	51,782	-	-	-	131,771
Building Maintenance	-	-	-	-	56,672	-	56,672
Building Maintenance	-	-	1,672	-	698,697	-	700,369
Custodial Services	-	-	-	-	3,251	-	3,251
Engineering	-	-	-	-	83,802	-	83,802
Capital Projects Coordination	-	-	-	-	219,754	-	219,754
Development	-	-	-	-	6,988	-	6,988
Community Services Administration	-	-	-	-	37,915	-	37,915
Community Development Administration	-	-	-	-	336,069	-	336,069
Planning	220,899	-	-	-	1,094,374	-	1,315,273
Transportation Engineering	-	-	-	-	93,671	-	93,671
Building Inspection	-	-	-	-	498,614	-	498,614
	300,888	-	53,454	-	3,129,807	-	3,484,149
Public Services and Operations:							
Public Information	-	-	-	-	984,363	-	984,363
Records Management	-	-	-	-	55,983	-	55,983
Environmental Health	-	-	-	-	243,171	-	243,171
Animal Control	101,571	-	2,376,671	-	278,249	-	2,756,491
	101,571	-	2,376,671	-	1,561,766	-	4,040,008

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, 2003
(continued)**

Function and Activity	Construction					Infrastructure	Total
	Land	in Progress	Buildings	Improvements Other Than Buildings	Equipment		
Parks and Recreation:	57,664,013	-	-	-	-	-	57,664,013
Parks and Recreation Administration	-	-	-	-	88,110	-	88,110
Park Administration	-	-	-	-	137,410	-	137,410
Park Planning	-	-	-	-	224,241	-	224,241
Park Development	-	-	-	-	169,510	-	169,510
Park Grounds Maintenance	-	-	215,854	-	443,517	-	659,371
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	-	-	524,036	-	-	-	524,036
Recreation Administration	-	-	-	-	205,673	-	205,673
Athletics	-	-	-	-	46,774	-	46,774
Special Activities	-	-	-	-	48,079	-	48,079
Acquatics	-	-	1,477,533	-	217,058	-	1,694,591
Tennis Center	-	-	85,426	-	27,700	-	113,126
Senior Services	1,861,895	-	4,129,627	-	180,049	-	6,171,571
Recreation Centers	-	-	12,226,593	-	538,743	-	12,765,336
Park Improvements	-	-	-	70,069,397	-	-	70,069,397
	<u>59,525,908</u>	<u>-</u>	<u>18,659,069</u>	<u>70,069,397</u>	<u>2,579,148</u>	<u>-</u>	<u>150,833,522</u>
General Government:	8,470,915	-	17,468,923	-	-	-	25,939,838
Enterprise Center	-	-	-	-	27,074	-	27,074
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	-	-	-	-	366,212	-	366,212
	<u>8,470,915</u>	<u>-</u>	<u>17,468,923</u>	<u>-</u>	<u>766,239</u>	<u>-</u>	<u>26,706,077</u>
Public Works:	6,947,934	-	-	-	-	-	6,947,934
Public Works Administration	-	-	-	-	204,696	-	204,696
Streets and Traffic Administration	-	-	-	-	1,346,846	-	1,346,846
Streets	-	-	-	-	2,065,153	-	2,065,153
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	-	-	-	-	-	777,170,965	777,170,965
	<u>6,947,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,825,317</u>	<u>777,170,965</u>	<u>789,944,216</u>
Construction in Progress	-	57,718,686	-	-	-	-	57,718,686
	<u>-</u>	<u>57,718,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,718,686</u>
Other:							
Non-departmental	-	-	-	-	666,353	-	666,353
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>666,353</u>	<u>-</u>	<u>666,353</u>
Total governmental funds capital assets	<u>\$ 96,962,349</u>	<u>\$ 57,718,686</u>	<u>\$ 87,032,052</u>	<u>\$ 70,069,397</u>	<u>\$ 54,856,771</u>	<u>\$ 777,170,965</u>	<u>\$ 1,143,810,220</u>

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

**CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

Function and Activity	Governmental Funds Capital Assets October 1, 2002	Additions	Deductions	Governmental Funds Capital Assets September 30, 2003
Administrative Services:				
City Council	\$ 4,301	\$ -	\$ -	\$ 4,301
Administration	106,157	-	2,175	103,982
Legal	146,866	-	12,707	134,159
City Secretary	52,010	-	300	51,710
Internal Audit	25,624	-	-	25,624
Finance	43,214	-	-	43,214
Financial Systems Administration	5,767	1,989	-	7,756
Accounting	168,951	1,884	268	170,567
Budget	151,381	2,758	14,278	139,861
Administrative Services	12,636	-	-	12,636
Purchasing	59,613	-	4,544	55,069
Human Resources	167,753	3,895	2,103	169,545
	<u>944,273</u>	<u>10,526</u>	<u>36,375</u>	<u>918,424</u>
Police:				
Municipal Court Judge	8,998,401	-	2,300	8,996,101
Municipal Court Administration	399,755	-	7,563	392,192
Public Safety Administration	2,144,719	-	-	2,144,719
Community Response	20,576	-	-	20,576
Police	24,688,024	869,646	287,646	25,270,024
Emergency 911	4,560,478	215,420	8,499	4,767,399
	<u>40,811,953</u>	<u>1,085,066</u>	<u>306,008</u>	<u>41,591,011</u>
Fire:				
Fire	26,651,627	1,109,181	31,666	27,729,142
Fire-Civilian	27,977	-	-	27,977
Fire Marshal	80,034	-	-	80,034
	<u>26,759,638</u>	<u>1,109,181</u>	<u>31,666</u>	<u>27,837,153</u>
Libraries:				
Library Administration	2,979,793	2,224	2,224	2,979,793
Technical Services	8,901,474	870,854	8,537	9,763,791
Harrington Library	4,404,118	-	3,971	4,400,147
Schimelpfenig Library	4,826,659	-	2,992	4,823,667
Haggard Library	5,869,162	-	4,545	5,864,617
Municipal Reference Library	1,370	-	-	1,370
Davis Library	6,612,777	-	-	6,612,777
Parr Library	5,624,447	12	-	5,624,459
	<u>39,219,800</u>	<u>873,090</u>	<u>22,269</u>	<u>40,070,621</u>
Development:				
Building Administration	130,646	1,125	-	131,771
Building Maintenance	61,625	-	4,953	56,672
Building Maintenance	486,188	217,643	3,462	700,369
Custodial Services	3,251	-	-	3,251
Engineering	85,895	1,871	3,964	83,802
Capital Projects Coordination	219,754	-	-	219,754
Development	6,988	-	-	6,988
Community Services Administration	37,915	-	-	37,915
Community Development Administration	343,831	-	7,762	336,069
Planning	1,293,883	29,894	8,504	1,315,273
Transportation Engineering	93,671	-	-	93,671
Building Inspection	496,211	6,167	3,764	498,614
	<u>3,259,858</u>	<u>256,700</u>	<u>32,409</u>	<u>3,484,149</u>
Public Services and Operations:				
Public Information	1,148,023	77,066	240,726	984,363
Records Management	62,713	-	6,730	55,983
Environmental Health	243,305	-	134	243,171
Animal Control	2,713,203	43,288	-	2,756,491
	<u>4,167,244</u>	<u>120,354</u>	<u>247,590</u>	<u>4,040,008</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, 2003
(continued)

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	October 1, 2002	Additions	Deductions	September 30, 2003
Parks and Recreation:	52,571,427	5,092,586	-	57,664,013
Parks and Recreation Administration	86,105	4,342	2,337	88,110
Park Administration	141,478	-	4,068	137,410
Park Planning	224,316	-	75	224,241
Park Development	169,510	-	-	169,510
Park Grounds Maintenance	555,805	176,253	72,687	659,371
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	30,642	-	524,036
Recreation Administration	97,192	110,161	1,680	205,673
Athletics	46,774	-	-	46,774
Special Activities	48,079	23,543	23,543	48,079
Acquatics	1,694,591	-	-	1,694,591
Tennis Center	113,406	-	280	113,126
Senior Services	6,171,571	-	-	6,171,571
Recreation Centers	12,571,420	193,916	-	12,765,336
Park Improvements	68,042,416	2,026,981	-	70,069,397
	<u>143,279,768</u>	<u>7,658,424</u>	<u>104,670</u>	<u>150,833,522</u>
General Government:	25,875,879	63,959	-	25,939,838
Enterprise Center	29,257	-	2,183	27,074
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	175,032	-	366,212
	<u>26,469,269</u>	<u>238,991</u>	<u>2,183</u>	<u>26,706,077</u>
Public Works:	6,848,608	99,326	-	6,947,934
Public Works Administration	193,291	13,410	2,005	204,696
Streets and Traffic Administration	924,230	422,616	-	1,346,846
Streets	2,068,033	(985)	1,895	2,065,153
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	100,215,025	-	777,170,965
Street and Sewer Improvements	80,778,200	-	80,778,200	-
	<u>769,976,924</u>	<u>100,749,392</u>	<u>80,782,100</u>	<u>789,944,216</u>
Construction in progress	<u>39,928,548</u>	<u>38,556,022</u>	<u>20,765,884</u>	<u>57,718,686</u>
	<u>39,928,548</u>	<u>38,556,022</u>	<u>20,765,884</u>	<u>57,718,686</u>
Other:				
Non-departmental	685,688	-	19,335	666,353
	<u>685,688</u>	<u>-</u>	<u>19,335</u>	<u>666,353</u>
	<u>\$ 1,095,502,963</u>	<u>\$ 150,657,746</u>	<u>\$ 102,350,489</u>	<u>\$ 1,143,810,220</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

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
General government	2,912,453	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
Administrative services	6,509,715	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
Police	43,743,086	42,647,390	39,486,865	36,081,947	-	-	-	-	-	-
Fire	28,248,820	25,895,256	24,495,435	22,620,729	-	-	-	-	-	-
Libraries	8,702,926	8,619,718	7,874,877	8,186,004	-	-	-	-	-	-
Development	15,178,820	16,126,052	14,736,448	13,565,003	-	-	-	-	-	-
Public services and operations	4,363,610	4,632,868	4,323,585	2,914,992	-	-	-	-	-	-
Parks and recreation	13,602,042	13,384,235	12,318,857	11,418,038	-	-	-	-	-	-
Public works	5,038,706	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
Environmental waste services	249,778	-	-	-	-	-	-	-	-	-
Other	17,752,756	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
Capital Outlay	41,042,654	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
Debt service	32,304,480	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
Total	\$219,649,846	\$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

(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
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
2003	56,921,918	45,932,804	623,053	19,698,926	9,051,277	4,831,824	672,402	13,131,107	1,007,864	731,208	152,602,383

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, 2003**

Table 3

City of Plano Tax Roll - 2002

	Assessed Valuation	Tax Rate/\$100	Assessed Taxes
ORIGINAL TAX ROLL	\$ 20,194,807,938	0.4535	\$ 91,583,454
NET ADJUSTMENTS	<u>(17,460,859)</u>	0.4535	<u>(79,185)</u>
ADJUSTED TAX ROLL	<u>\$ 20,177,347,079</u>	0.4535	<u>\$ 91,504,269</u>
COLLECTION OF CURRENT YEAR TAXES			\$ 90,588,871
Less: Transfer to TIF Component Units			<u>(1,491,645)</u>
			<u>\$ 89,097,226</u>
DELINQUENT TAXES - 2002 ROLL			<u>\$ 915,398</u>
PERCENTAGE COLLECTION - 2002 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, 2002	Current Year Taxes	2003 Adjustments	Collections	Balance September 30 2003
1951-1988	\$	33,112,069,725	153,070,986	3,076	-	(1,202)	335	1,539
1989	0.4750	7,570,848,045	37,127,188	405	-	(27)	70	308
1990	0.4883	7,564,575,819	38,594,297	2,377	-	(28)	71	2,278
1991	0.5102	7,595,360,458	38,839,329	3,151	-	(29)	1,090	2,032
1992	0.5102	7,641,810,625	39,108,652	3,374	-	(30)	1,545	1,799
1993	0.5102	8,087,599,099	41,262,936	2,890	-	(19)	4	2,867
1994	0.5102	8,601,115,799	43,882,895	6,128	-	(18)	186	5,924
1995	0.4985	9,605,539,869	47,883,625	4,895	-	(549)	254	4,092
1996	0.4985	10,592,475,133	52,804,168	40,861	-	(7,083)	1,064	32,714
1997	0.4985	11,867,697,437	59,162,367	47,526	-	(11,658)	5,356	30,512
1998	0.4685	13,495,204,308	63,228,396	99,227	-	(6,104)	5,974	87,149
1999	0.4685	15,083,037,029	70,664,028	149,145	-	(8,947)	10,346	129,852
2000	0.4585	17,032,463,011	78,095,849	221,061	-	(16,485)	61,483	143,093
2001	0.4535	18,896,826,737	85,697,627	859,596		(95,771)	407,816	356,009
2002	0.4535	20,177,347,079	91,504,269	-	91,583,454	(79,185)	90,588,871	915,398
				\$ 1,443,712	91,583,454	(227,135)	91,084,465	1,715,566

CITY OF PLANO - OTHER TAX-RELATED COLLECTIONS:

Penalty and interest on delinquent collections	507,266
Attorney fee	207,145
Total - other tax-related collections	<u>714,411</u>
Total Collections	<u><u>\$ 91,798,876</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
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
2003	20,177,347,079	0.4535	91,504,269	0.2864	0.1671

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
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
2003	91,504,269	89,097,226	97.4	495,594	89,592,820	1,715,566	1.9

Current taxes were adjusted for \$1,491,645 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
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
2003	20,177,347,079	20,177,347,079	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 Communitiy 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		
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
2003	0.4535	100	1.7034	100	1.81	100	0.2500	100	1.498	100	1.77	100	0.249	100	0.092	100

CITY TAX DISTRIBUTION: 2002-03 LEVY

General Fund	0.2864
Debt Service Fund - General Obligations	<u>0.1671</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
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
2003	20,177,347,079	252,765,133	719,504	252,045,629	1.25	240,545	1,048

(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, 2003**

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, 2002, 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, 2003**

Table 10

Taxing Body	Net General Bonded Debt	Percentage of Debt Applicable to Area	City of Plano Share of Debt
City of Plano	\$ 252,045,629	100.00%	252,045,629
Total direct debt	252,045,629		252,045,629
Plano Independent School District	713,301,994	74.93%	534,477,184
Collin County	192,526,812	47.42%	91,296,214
Denton County	129,827,570	0.53%	688,086
Frisco Independent School District	373,567,233	3.21%	11,991,508
Allen Independent School District	206,823,648	0.69%	1,427,083
Lewisville Independent School District	517,464,936	1.24%	6,416,565
Collin County Community College	28,172,129	47.42%	13,359,224
Total overlapping debt	2,161,684,322		659,655,865
Total direct and overlapping bonded debt	\$ 2,413,729,951		\$ 911,701,494
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			4.52%
Per capita overlapping bonded debt			\$ 3,790

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
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
2003	17,688,449	14,616,031	32,304,480	181,093,824	17.84

(1) Includes total general fund expenditures plus total general obligation debt service, special revenue and expendable trust 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	
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
2003	78,194,671	52,483,907	25,710,764	297,369	570,995	868,364	29.61

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
2003	4,813,110	1,576,324	3.05	930,000	961,797	1,891,797	1.71

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
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
2003	1,688,197	662,137	887,976	1,914,036

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
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
2003	20,177,347,079	870	167,453,701	782	286,623,423

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
1994	157,406	35,033	3.7	1930	1,554	-	-
1995	167,070	36,664	3.3	1940	1,582	28	1.8
1996	176,408	40,548	2.5	1950	2,126	544	34.4
1997	192,400	43,325	2.2	1960	3,695	1,569	73.8
1998	216,000	43,460	2.0	1970	17,872	14,177	383.7
1999	220,200	43,514	2.0	1980	72,331	54,459	304.7
2000	222,030	46,115	2.2	1990	128,713	56,382	77.9
2001	230,409	47,364	4.3	2000	222,030	93,317	72.5
2002	235,949	50,632	5.6				
2003	240,545	51,800	5.9				

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, 2003**

Table 17

Insuring Company	Policy No.	Policy Period		Coverage	Type	Amount
		From	To			
Travelers	CMB-294T160-7-03	10-01-2003	10-01-2004	Building & Contents	All Risk, Physical Damage	\$200,000,000
Travelers	CMB-294T160-7-03	10-01-2003	10-01-2004	Boiler and Machinery at Various Municipal Buildings	Comprehensive	50,000,000
Safety National Casualty	SP-7446-TX	10-01-2003	10-01-2004	Excess Workers Compensation	Statutory	1,000,000
Western World	NPP764686	10-01-2003	10-01-2004	EMT, Paramedic Liability	Professional Liability	1,000,000
National Flood Insurance	3000033633	05-15-2003	05-15-2004	Single Family Dwelling	Flood	225,000
Western Surety Company	15528310	12-01-03	12-01-04	Pubic Official Bonds		50,000
	69248223	11-07-03	11-07-04			50,000
	69248214	11-07-03	11-07-04			50,000
	68546737	10-31-03	10-31-04			50,000
American Manufacturers Mutual	3SE603 386-09	03-17-2001	Continuous	Pubic Official Bonds		100,000
States RRG	SEL3016300	10-01-2003	10-01-2004	Excess Liability		10,000,000
Federal Insurance Company	8171-4605	06-01-03	06-01-04	Crime	Employee Theft	1,000,000
					Premisis	100,000
					In Transit	100,000
					Depositors Forgery	50,000
					Computer Theft and Funds Transfer Fraud	1,000,000
					Credit Cards	10,000
					Money Orders	10,000
Columbia Casualty Company	LLP2503347-3	07-14-2003	07-14-2004	Plano Center Facility	Liquor Liability	1,000,000
Great Americian E & S	BTA523684201	10-01-2003	10-01-2004	Underground Storage Tank	Environmental	2,000,000

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
MAJOR EMPLOYERS
SEPTEMBER 30, 2003**

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, 2003**

Table 19

Name of Taxpayer	Nature of Property	2002 Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Electronic Data Systems	Computer center	\$ 320,942,985	1.59
Oncor Electric Delivery Company	Utility	172,768,380	0.86
Alcatel	Telecommunications	165,327,705	0.82
DSC Telecom	Telecommunications	135,356,245	0.67
J.C. Penney, Inc.	Corporate Headquarters	131,291,955	0.65
Willow Bend Association	Retail	124,716,963	0.62
Dallas Morning News	Publishing facility	98,985,460	0.49
Tollway/121 Partners LTD	Development	75,179,868	0.37
Frito-Lay	Corporate headquarters	70,565,721	0.35
Texas Instruments	Electronic manufacturing	68,234,973	0.34
Total		<u>\$ 1,363,370,255</u>	<u>6.76</u>

SOURCE: Collin County Appraisal District

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
 MISCELLANEOUS STATISTICAL DATA
 SEPTEMBER 30, 2003**

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)	3,658
Area - square miles	72.32	Number of playgrounds	63
Miles of streets and alleys:		Libraries:	
Streets	966	Number of libraries	5
Alleys	512	Volumes	648,998
Miles of sewers:		Registered borrowers	167,370
Storm	590	Items circulated	2,538,275
Sanitary	952	Education:	
Building permits:		Number of campuses	64
Permits issued	1,652	Number of classroom teachers	3,624
Value	\$454,077,124	Number of students	49,647
Fire protection:		Average daily attendance	96%
Number of stations	10	Municipal water system:	
Number of employees (uniformed)	276	Number of customers	74,014
Police protection:		Daily average consumption (gallons)	53,580,000
Number of employees (uniformed)	315	Miles of water mains	1,226
City employees:		Number of fire hydrants	12,646
Full time	1,856	Registered voters	135,649
Part time	674	Population	240,545

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.