



**City of Plano, Texas
Comprehensive Annual Financial Report
for Fiscal Year Ended September 30, 2004**

CITY OF PLANO, TEXAS

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2004

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**CITY OF PLANO, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

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December 10, 2004

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 (the City), for the year ended September 30, 2004, 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 CAFR. 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 CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, Certificate of Achievement, the City's organizational chart, a list of principal officials, and an area map. The financial section includes the independent auditors' report on the financial statements and schedules, MD&A, Basic Financial Statements, Required Supplementary Information, as well as the Combining Financial Statements. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

Pat Evans
Mayor

Shep Stahel
Mayor Pro Tem

Ken Lambert
Deputy Mayor Pro Tem

Scott Johnson
Place 2

Phil Dyer
Place 3

Sally Magnuson
Place 4

Steve Stovall
Place 5

Jean Callison
Place 7

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 91.2% to 246,098 in 2004. Estimates for residential population are projected at 247,000 in 2005, 253,000 in 2010 and 265,000 in 2020.

In January 2004, CNN Money designated Plano its top place to live in the Western United States (cities over 100,000). This is clearly substantiated by Plano's citizens, who in a February 2004 survey, ranked Plano as "the best, or one of the best places to live in the Metroplex," with a 72.7% approval rate.

Plano continues to hold an "AAA" Bond Rating by three of the nation's top bond rating companies, attesting to its strong tax base and financial management. Attracting and retaining some of the nation's top Corporate 500 companies and the best small businesses in the region has become the "norm". A revitalized, award-winning Downtown and cultural arts theatre has made the area a regional "destination," with the influx of the DART light rail.

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

Advanced Neuromodulation Systems, Inc., a designer, manufacturer and marketer of proprietary neuromodulation devices that battle chronic pain, announced plans to expand their Plano corporate office.

Baylor Health Care System began construction on a 163,000 square-foot, seven-story medical office building to be built on the campus of the recently announced Plano hospital. The facility will be built at the same time as the Baylor Medical Center.

Cates Control Systems, Inc., a controls and systems integrator, relocated their regional office to Plano.

CDS Datacomm, a manufacturer of custom engineered fiber optic, coaxial and copper cable assemblies, relocated their corporate office to Plano.

Estech Systems, Inc., which makes and sells communications systems for small and mid-sized companies, expanded their Plano corporate headquarters. The company leased a 38,400 square-foot building.

Harley Davidson Finance Corporation, a subsidiary of Harley Davidson, Inc., announced plans to expand their office to 60,000 square feet. The company has 103 employees and plans to grow next year.

Hematronix, Inc., a manufacturer of hematology regulatory products and services, expanded their corporate office into a 25,000 square-foot facility. They distribute in North America, Europe, South America, the Middle East and Asia.

McDowell Label & Screen Printing, a nationally recognized producer of cosmetic, food and beverage labels, purchased 3.5 acres in Plano to house its 45 employees.

Packaging Corporation of America (PCA) leased 76,800 square-feet of office/warehouse space. PCA is the sixth largest manufacturer of containerboard and corrugated packaging products in the United States.

PepsiCo, a world leader in convenient foods and beverages, relocated their Information Technology Division into 250,000 square feet in Legacy Business Park.

Presbyterian Hospital began a \$120 million expansion to include an eight-story bed tower, more emergency department and pediatric beds and additional parking. In a separate project, Presbyterian is partnering with 60 area physicians to build a \$30 million diagnostic and surgery center.

Southwest Corporate Federal Credit Union, the second largest corporate credit union in the United States, announced plans to relocate their corporate office into 100,000 square-feet in Legacy Business Park.

SVTronics, Inc., a contract manufacturer in electronic assembly, announced plans to relocate their office to Plano and purchased 2.2 acres where a 30,000 square foot facility will be constructed.

Symon Communications, Inc., a global provider of contact center and enterprise performance and productivity information tools, relocated to Plano.

The Angelika Film Center and Café began construction to expand into Plano with a new 43,889 square-foot, five screen theater at the Shops at Legacy. The Plano Angelika Film Center will specialize in independent, foreign and specialty films.

Tyler Technologies, a leading provider of integrated, end-to-end information management solutions and services to local governments, relocated to Plano into a 60,000 square-foot facility. The company provides software and professional IT services to nearly 6,000 local government offices in the United States, Canada and Puerto Rico.

UICI Insurance Company relocated their 350 employees of the Student Insurance Division into 68,000 square-foot facility in the Plano Corporate Center.

Woodmark International LP, a distributor of kitchen and bath faucets, relocated to Plano into 55,190 square-feet of office space in the Jupiter Resource Center.

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

MAJOR INITIATIVES

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, Haggard Library Expansion, Parkway Operations Expansion and Equipment Services Expansion. In addition, 3 additional positions for Parks CIP projects and contractual service for median maintenance are also scheduled in fiscal year 2005.

The fiscal year 2005 budget includes the addition of thirty-one full time positions in the Public Safety department and 3 positions for capital improvement projects coming on-line. The 2004-05 budget for total General Fund revenues is approximately \$158,000 below the 2004 final budget. Funding for Capital Reserve will be accomplished by transferring \$3,000,000 from the Water and Sewer Fund along with \$9,500,000 from the General Fund. Employee salary and benefits will increase approximately \$11,200,000. These increases and others along with no decline in service levels are funded with ad valorem property tax revenues. (\$.2810 General Fund and \$.1725 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 2004-05 and the preceding five fiscal years is reflected in the following table:

| Purpose | | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-2000 |
|-------------------|----|---------|---------|---------|---------|---------|-----------|
| General Fund | \$ | 0.2810 | 0.2908 | 0.2864 | 0.2690 | 0.2614 | 0.2708 |
| Debt Service Fund | | 0.1725 | 0.1627 | 0.1671 | 0.1845 | 0.1971 | 0.1977 |
| Total Tax Rate | \$ | 0.4535 | 0.4535 | 0.4535 | 0.4535 | 0.4585 | 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 2003-04, the City payment to the Appraisal District for appraisal services was \$378,672, a decrease of \$20,772 from the amount paid by the City in 2002-03. Beginning in September 1996 the City contracted with the Collin County Tax Office for tax collection services and the 2003-04 cost was \$59,794.

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 9-30-04 (Net of Debt Service) | \$234,353,669 |
| Estimated Population | 246,098 |
| G. O. Debt per Capita | 952 |
| Net G. O. Debt per Assessed Value | 1.15% |

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 \$5,058,816 in government securities held as collateral at the Federal Reserve Bank of Chicago.

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, 2004 the portfolio consisted of:

| <u>Year to Maturity</u> | <u>Percent of Portfolio</u> |
|-------------------------|-----------------------------|
| 0-1 | 19.20% |
| 1-2 | 11.58% |
| 2-3 | 19.74% |
| 3-4 | 45.01% |
| 4-5 | 4.47% |

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 Notes as a yield benchmark. The City's portfolio average yield was 2.58% in 2004, which was above the T-Note yield of 2.12%.

As of September 30, 2004, the City's cash and investment resources were divided between cash on hand of \$109,849, demand deposits of \$2,098,573 and other investments of \$236,305,798 (excluding component units), 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 respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2004, and the respective changes in financial position and cash flows of its proprietary funds 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.

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

CAFR for the Fiscal Year ended September 30, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

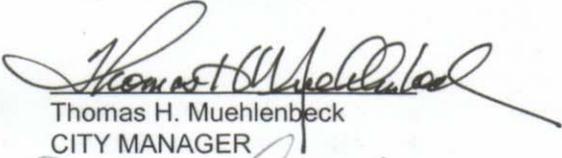
A Certificate of Achievement is valid for a period of one year only. The City of Plano has received a Certificate of Achievement for the last twenty-three consecutive years (Fiscal Years ended 1981-2003). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

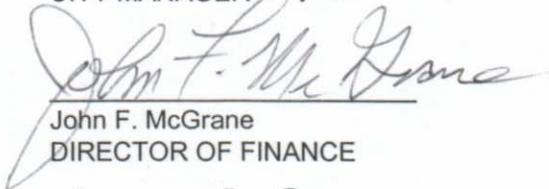
Acknowledgments. Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Accounting Department who were instrumental in the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

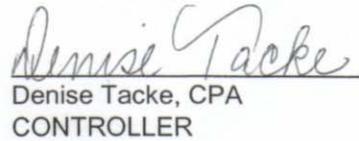
Acknowledgment is also given to the representatives of KPMG LLP for their invaluable assistance in producing the final product.

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, 2003

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.



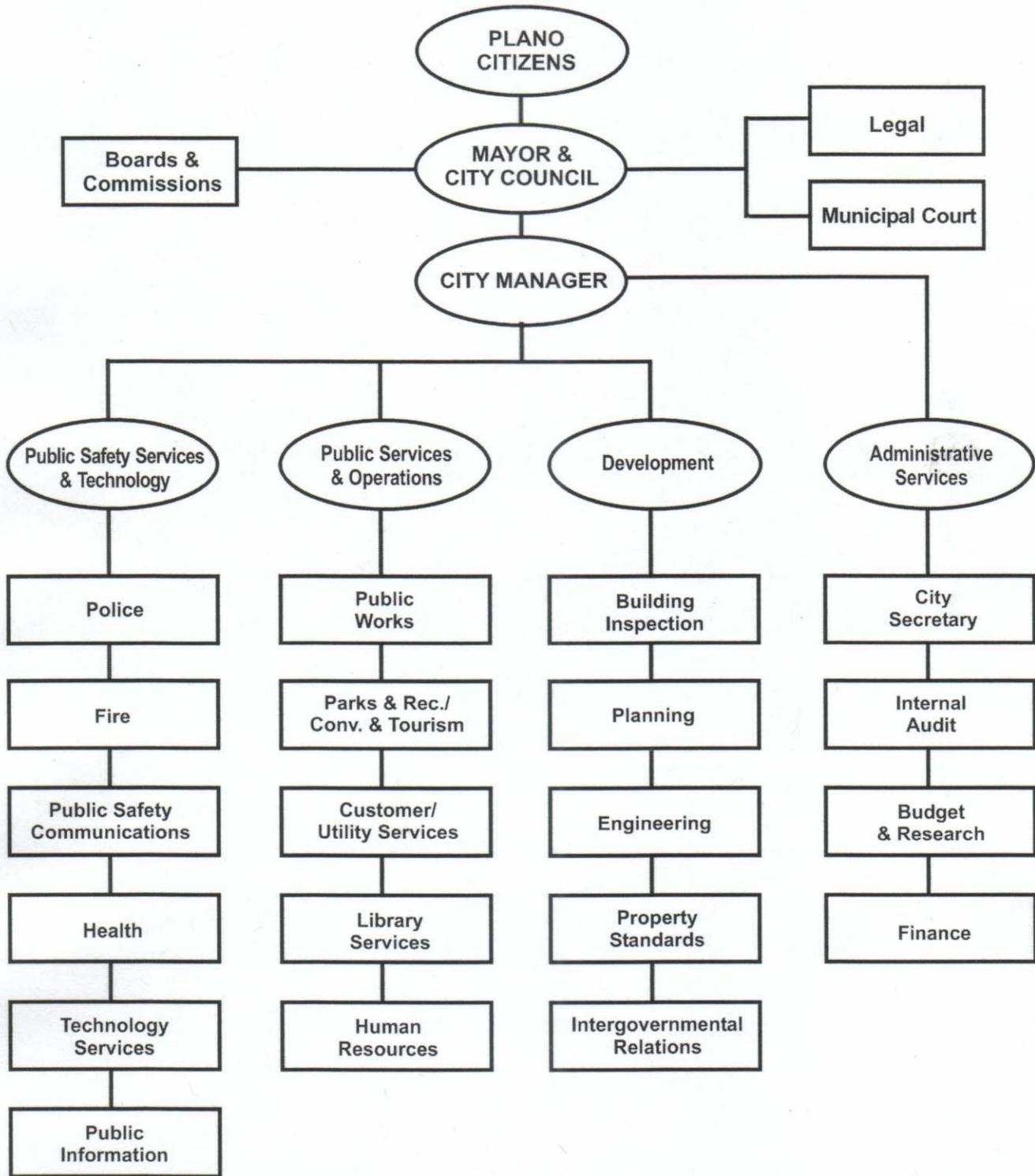
Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director

City of Plano Organizational Chart



CITY OF PLANO, TEXAS

ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

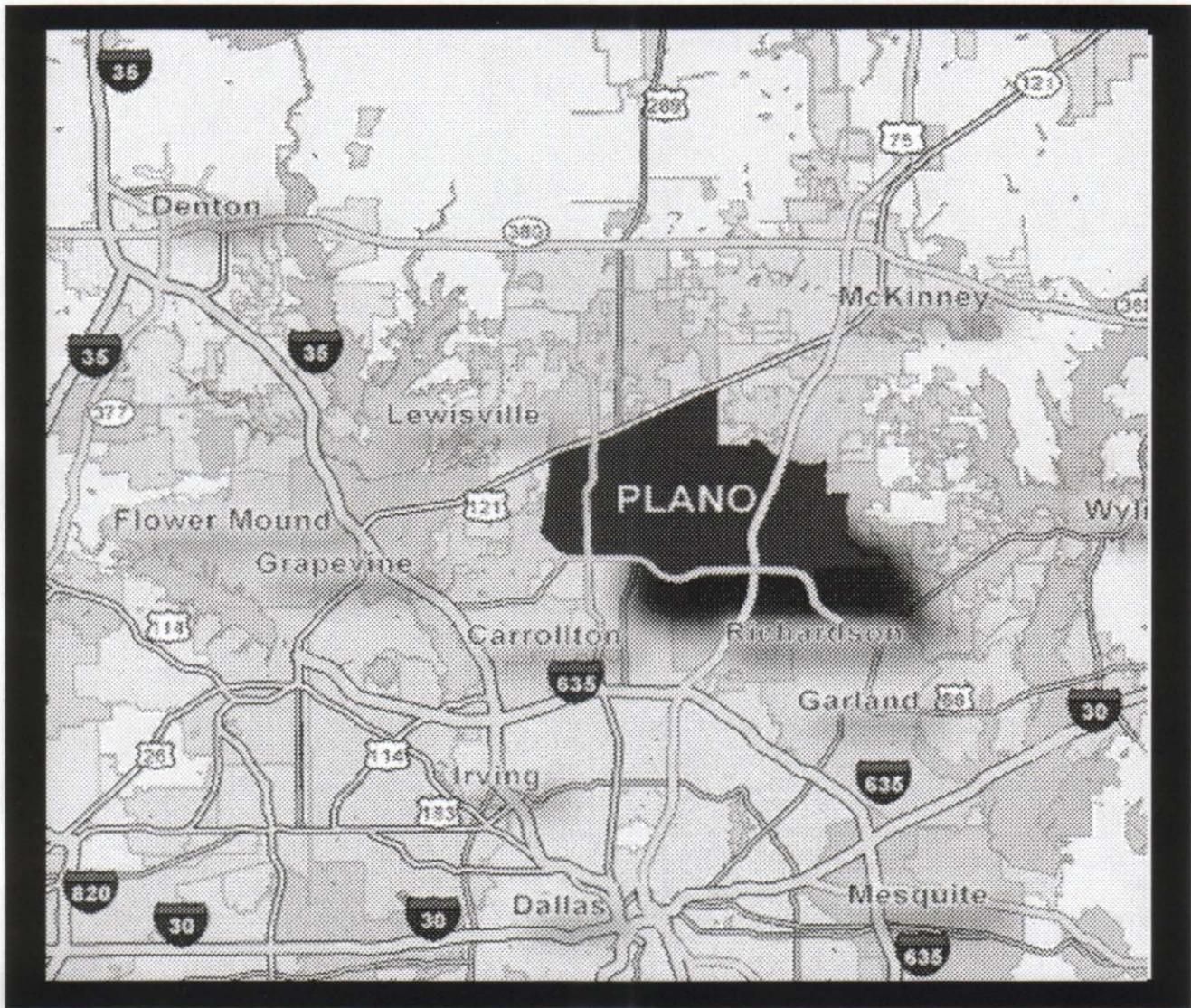
Elected Officials

| <u>City Council</u> | <u>Term Expires</u> |
|--|---------------------|
| Pat Evans Mayor Place 6 | May, 2006 |
| Shep Stahel Mayor Pro Tem Place 1 | May, 2005 |
| Ken Lambert Deputy Mayor Pro Tem Place 8 | May, 2006 |
| Scott Johnson Place 2 | May, 2006 |
| Phil Dyer Place 3 | May, 2005 |
| Sally Magnuson Place 4 | May, 2006 |
| Steve Stovall Place 5 | May, 2005 |
| Jean Callison Place 7 | May, 2005 |

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, 2004, 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 the 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, 2004, 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 10, 2004 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 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 financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section 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 10, 2004

CITY OF PLANO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004

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, 2004. 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 \$24.1 million or 3.9 percent as a result of this year's operations, primarily due to an increase in the City's capital assets and sales tax revenues of approximately \$10.0 million and \$3.7 million, respectively. Of this change, depreciation expense decreased for governmental activities by \$4.2 million as compared to the prior year. Net assets of the City's business type activities increased as a result of this year's operations by \$3.8 million or 1.0 percent.
- The City of Plano's total net assets increased by \$27.9 million or 2.8 percent during the current fiscal year. The increase is primarily the result of contributions from developers of \$13.9 million and a decrease in interest on long-term debt of \$0.9 million. In addition, sales tax revenues increased \$3.7 million as compared to prior year.
- Total cost of all of the City's programs increased during the current fiscal year by \$4.9 million or 3.5 percent. No new major programs were added during the current fiscal year.
- As of September 30, 2004, the City of Plano's governmental funds reported combined ending fund balances of \$108.8 million, a decrease of \$7.0 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 \$7.6 million to \$35.7 million which is approximately 24.6 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$25.5 million during the current fiscal year. During the current fiscal year, the City did not issue or refund any debt.

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, 2004**

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps 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, street improvement fund and the capital reserve fund, all of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation.

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2004**

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, environmental waste services and municipal drainage functions, all three of which are considered to be major funds of the City. Data from the remaining five enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor business-type funds is provided in the form of combining statements elsewhere in this report.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for its employee's pension plan 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.

THE CITY AS A WHOLE – Government-Wide Financial Analysis

The City's combined net assets were \$1.0 billion as of September 30, 2004. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$370 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 (92.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2004**

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 | |
|--|------------------------------------|-------------|-------------------------------------|-------------|-------------------------------------|-------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Current and other assets | 169 | 173 | 52 | 60 | 221 | 233 |
| Capital assets | 768 | 758 | 367 | 359 | 1,135 | 1,117 |
| Total assets | 937 | 931 | 419 | 419 | 1,356 | 1,350 |
| Long-term debt outstanding | 275 | 296 | 39 | 43 | 314 | 339 |
| Other liabilities | 21 | 18 | 10 | 10 | 31 | 28 |
| Total liabilities | 296 | 314 | 49 | 53 | 345 | 367 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 590 | 479 | 347 | 313 | 937 | 792 |
| Restricted | - | 88 | 7 | 28 | 7 | 116 |
| Unrestricted | 51 | 50 | 16 | 25 | 67 | 75 |
| Total net assets | 641 | 617 | 370 | 366 | 1,011 | 983 |

Governmental Activities

The City's general revenues increased slightly when compared to the prior year with an increase of \$2.2 million or 1.3 percent. The primary reason for this increase was due to an increase in sales tax revenue of \$3.7 million. The increase in sales tax revenue is due to the result of a rise in the economy. The increase in sales tax revenue was offset by a decrease of \$0.7 million in investment income caused by a declining interest rate environment. Additionally, franchise fee revenue decreased from \$19.9 million in the prior year to \$19.2 million for the year ended September 30, 2004. The increase in the City's general revenues are detailed below (Table 2).

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

| | 2004 | 2003 | Increase (decrease) |
|------------------------|-------------|-------------|--------------------------------|
| Property taxes | \$ 97,679 | \$ 97,807 | \$ (128) |
| Sales taxes | 49,602 | 45,933 | 3,669 |
| Mixed drink taxes | 613 | 548 | 65 |
| Other taxes | 130 | 92 | 38 |
| Franchise fees | 19,226 | 19,897 | (671) |
| Investment Income | 3,798 | 4,546 | (748) |
| Total general revenues | 171,048 | 168,823 | 2,225 |

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2004

Governmental and Business-type activities increased the City's net assets by \$27.9 million in 2004. The key elements of this increase are as follows:

Table 3
Changes in Net Assets
(in Thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|---------|--------------------------|---------|-----------|---------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | 25,809 | 26,384 | 102,357 | 104,066 | 128,166 | 130,450 |
| Operating grants and contributions | 3,979 | 3,715 | 15 | 261 | 3,994 | 3,976 |
| Capital grants and contributions | 9,479 | 11,396 | 6,746 | 6,612 | 16,225 | 18,008 |
| General revenues: | | | | | | |
| Property taxes | 97,679 | 97,807 | - | - | 97,679 | 97,807 |
| Sales taxes | 49,602 | 45,933 | - | - | 49,602 | 45,933 |
| Other taxes | 19,970 | 20,538 | 3,077 | 2,900 | 23,047 | 23,438 |
| Investment income | 3,797 | 4,546 | 746 | 924 | 4,543 | 5,470 |
| Total revenues | 210,315 | 210,319 | 112,941 | 114,763 | 323,256 | 325,082 |
| Expenses: | | | | | | |
| General government | 12,513 | 17,438 | - | - | 12,513 | 17,438 |
| Administrative services | 5,768 | 6,528 | - | - | 5,768 | 6,528 |
| Police | 48,243 | 45,894 | - | - | 48,243 | 45,894 |
| Fire | 30,628 | 29,815 | - | - | 30,628 | 29,815 |
| Libraries | 9,062 | 9,351 | - | - | 9,062 | 9,351 |
| Development | 16,296 | 15,321 | - | - | 16,296 | 15,321 |
| Public services and operations | 4,879 | 4,608 | - | - | 4,879 | 4,608 |
| Parks and recreation | 17,705 | 18,614 | - | - | 17,705 | 18,614 |
| Public works | 24,744 | 25,157 | - | - | 24,744 | 25,157 |
| Technology services | 11,964 | 9,597 | - | - | 11,964 | 9,597 |
| Other | 791 | 793 | - | - | 791 | 793 |
| Interest on long-term debt | 13,907 | 14,830 | - | - | 13,907 | 14,830 |
| Water and sewer | - | - | 71,292 | 69,729 | 71,292 | 69,729 |
| Environmental waste services | - | - | 15,857 | 15,641 | 15,857 | 15,641 |
| Municipal drainage | - | - | 2,896 | 2,587 | 2,896 | 2,587 |
| Civic center | - | - | 5,076 | 5,107 | 5,076 | 5,107 |
| Municipal golf course | - | - | 1,188 | 928 | 1,188 | 928 |
| Property management | - | - | 86 | 75 | 86 | 75 |
| Recreation revolving | - | - | 2,409 | 2,401 | 2,409 | 2,401 |
| Downtown center development | - | - | 43 | 43 | 43 | 43 |
| Total expenses | 196,500 | 197,946 | 98,847 | 96,511 | 295,347 | 294,457 |
| Increase in net assets before transfers | 13,815 | 12,373 | 14,094 | 18,252 | 27,909 | 30,625 |
| Transfers | 10,275 | 9,833 | (10,275) | (9,833) | - | - |
| Increase in net assets | 24,090 | 22,206 | 3,819 | 8,419 | 27,909 | 30,625 |
| Net assets – October 1 | 616,713 | 594,507 | 366,348 | 357,929 | 983,061 | 952,436 |
| Net assets – September 30 | 640,803 | 616,713 | 370,167 | 366,348 | 1,010,970 | 983,061 |

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2004**

The most significant governmental expense for the City was in providing the police activity, which incurred expenses of \$48.2 million. These expenses were offset by revenues collected from a variety of sources, with the largest being from fines and forfeitures, which are \$8.8 million for the fiscal year ended September 30, 2004 an increase of \$0.4 million or 4.4 percent over the prior period. The most significant portion of police activity is the cost of personnel, which is estimated at \$41.6 million. The technology services activities of the City incurred \$12.0 million in expenses, an increase of \$2.4 million or 24.7 percent as compared to the prior fiscal year. This increase is primarily due to increases in depreciation costs of \$1.4 million over prior fiscal year. In addition, contractual services increased \$0.6 million over prior year. This increase was driven by a \$0.1 million increase in maintenance agreements for computer hardware and software support. General government activities decreased \$4.9 million incurring expenses of \$12.5 million in the current year. A transfer to the Health Claims Fund from the General Fund did not occur in the current year. The amount of the transfer last fiscal year totaled \$2.8 million. In addition, depreciation expense for general government activities decreased \$1.5 million as compared to the prior fiscal year.

Business-type Activities

Revenues of the City's business-type activities were \$112.9 million for the fiscal year ended September 30, 2004. Revenues decreased approximately \$1.8 million or 1.6 percent as compared to the prior fiscal year. Expenses for the City's business-type activities increased \$2.3 million or 2.4 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 \$75.1 million a decrease of \$3.7 million or 4.7 percent from the prior period primarily due to winter quarter average billing for sewer usage and record rainfall, which impacts water consumption. The winter quarter averaging program charges consumers based on average water consumption during the winter months. A significant non-cash revenue source of \$6.7 million of capital contributions which represent developers contributions and impact fees increased over prior year by \$0.1 million. 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, 2004 to the City were \$4.9 million. Excluding the capital contributions of \$6.7 million, the water and sewer system charges for services exceeded the expenses by \$3.8 million. The City increased water rates effective October 1, 2003, while sewer rates were reduced 10% effective April 1, 2004 when the winter quarter average billing program was implemented. Expenses increased over prior year by \$1.6 million due to increased payments to North Texas Municipal Water District (NTMWD) in the amount of \$1.9 million for wastewater and water services. In addition, depreciation expense increased over prior year by \$0.4 million. These increases were offset by a decrease of \$0.6 million to the information services technology fund as compared to prior year.
- The City's environmental waste services activities operated with charges for services exceeding expenses by \$1.1 million. Charges for services increased over prior year by \$1.9 million due to an increase in cart rates experienced in the current fiscal year. Citizens were given the option of choosing between differing sized refuse carts, each with a different monthly fee assessed. More citizens chose the larger refuse cart which had the higher rate, resulting in increased revenues.
- The City's municipal drainage activity operated with charges for services exceeding expenses by \$1.8 million, compared to \$2.1 million in the prior year. The municipal drainage system recorded charges for services of \$4.7 million which is what was reported in the prior fiscal year.
- The City's civic center activity continued to operate with expenses exceeding charges for services by \$3.1 million. As in the prior fiscal year, charges for services are reported at \$2.0 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2004, 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 \$18.1 million over the prior fiscal year.

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

| | Governmental Activities | | Business-type Activities | | Totals | |
|----------------------------|-------------------------|----------------|--------------------------|----------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Land | 98,226 | 97,025 | 9,151 | 9,134 | 107,377 | 106,159 |
| Buildings and improvements | 75,410 | 78,782 | 302,489 | 301,181 | 377,899 | 379,963 |
| Equipment | 20,594 | 24,581 | 9,525 | 9,145 | 30,119 | 33,726 |
| Construction in progress | 80,332 | 59,884 | 33,157 | 27,447 | 113,489 | 87,331 |
| Infrastructure | 493,294 | 497,611 | - | - | 493,294 | 497,611 |
| Drainage improvements | - | - | 12,954 | 12,291 | 12,954 | 12,291 |
| Totals | 767,856 | 757,883 | 367,276 | 359,198 | 1,135,132 | 1,117,081 |

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

| | |
|---|--------------------|
| Improvements to Arbor Hills Nature Preserve | 1.1 |
| Construction of Liberty Recreation Center | 3.3 |
| Construction of Los Rios Road from Jupiter Road to Park Boulevard | 2.4 |
| Construction of Hedgoxe from Preston Road to Custer | 3.1 |
| Construction of Jupiter from Spring Creek Parkway to Chaparral Road | 1.7 |
| Construction of SH 121 from the Tollroad To Preston Road | 1.0 |
| Residential street and alley replacement | 3.2 |
| Arterial Joint Sealing Program | 1.4 |
| Construction of Legacy Drive from US 75 to SH 121 | 1.5 |
| Service Center Improvements | <u>1.0</u> |
| Total | <u>19.7</u> |

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2004**

The City's fiscal year 2005 capital budget calls for it to spend another \$60.6 million for capital projects, principally for three major categories: municipal facilities, parks and recreation and street improvements and enhancements. The estimated expenditures for municipal facilities are \$10.4 million including plans to purchase land and construct two additional fire station facilities at a cost of \$5.4 million, \$3.6 million for library expansion and improvements and \$1.2 million to expand the Tri-City Academy. The estimated expenditures for the parks and recreation facilities are \$20.2 million including \$4.3 million for Oak Point Park Development, \$10.8 million for construction of a new recreation center facility, \$2.0 million for development of Archgate Park, \$1.2 million for expansion of trail connections and \$1.0 million for Preston Meadow Athletic Site. The remaining funds for park improvements and recreation centers are for a variety of projects. The City is planning on spending \$30.0 million on street improvements and enhancements including \$1.4 million to improve Alma Road, \$3.8 million for expansion of Los Rios-Los Robles to Parker Road, \$2.4 million to expand Plano Parkway-East of Los Rios to FM 544, \$1.8 million for construction of Ridgeview Custer-West to West Independence, \$1.7 million for construction and expansion of Plano Parkway-Tollroad to Park Boulevard, \$1.2 million to widen Hedgcoxe-Custer to Alma, \$1.0 million to construct McDermott-Ohio to Robinson Road and \$1.1 million to extend Premier-Ruisseau to Heritage. The remaining street improvements and enhancements are for a variety of projects. A bond sale held in May 2003 continues to provide funding to continue the 2004-05 General Obligation projects. To support the entire 2004-05 general obligation capital improvement program, an additional \$48.0 million will be required.

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

Debt

At year-end, the City had \$281.9 million in bonds and tax anticipation notes outstanding as compared to \$307.4 at the end of the prior fiscal year, a decrease of 8.3 percent – as shown in Table 5.

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

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| General obligation bonds (backed by the City) | 235,815 | 253,958 | - | - | 235,815 | 253,958 |
| Tax anticipation notes (backed by the City) | 9,311 | 12,501 | - | - | 9,311 | 12,501 |
| Revenue bonds (backed by fee revenues) | - | - | 36,797 | 40,922 | 36,797 | 40,922 |
| Totals | 245,126 | 266,459 | 36,797 | 40,922 | 281,923 | 307,381 |

During the current fiscal year, the City did not issue new debt.

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

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2004**

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 1.20%.

The City maintains a self-insurance program for general liability, public officials' errors and omission, police professional liability, property loss and workers' compensation. Claims for property loss over \$100,000 per occurrence and for workers' compensation over \$500,000 per occurrence are covered by private insurance companies. The City has claims and judgments of \$6.0 million outstanding at year-end compared with \$6.8 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, 2004, the governmental funds of the City reported a combined fund balance of \$108.8 million and the enterprise funds of the City reported combined net assets of \$367.8 million. Included in this year's total change in fund balance, primarily, is an increase in fund balance of \$9.7 million in the City's General Fund. The General Fund's increase is due to the increase in sales tax revenue of \$3.7 million due to an upturn in the economy. In addition, these other changes in fund balances should be noted:

- The City's Debt Service fund balance of \$0.2 million decreased from the prior year fund balance by \$0.5 million. Since fiscal year 2002-03, the allocation to the Debt Service portion of the ad valorem tax rate has declined to 0.1627 from 0.1671, a \$0.0044 decrease.
- The City spent \$13.2 million in capital outlay in the street improvement fund, an increase of \$1.7 million as compared to the same period in the prior year. The City also had a decrease in contributions from developers in the street improvement fund down \$0.8 million as compared to the prior fiscal year, a 39.8 percent decrease.
- The City spent \$11.3 million in capital outlay in the capital reserve fund as compared to \$10.1 million in the prior fiscal year. An increase, primarily from the General Fund, of \$2.5 million in transfers occurred in the current fiscal year.
- The City's water and sewer fund net assets of \$340.7 million increased by \$1.1 million over the prior year net asset balance. However, in the prior fiscal year, net assets increased \$7.3 million. In the current fiscal year, revenues decreased by \$3.5 million attributed to winter quarter average billing for sewer income. In addition, expenses increased \$2.3 million due to increased payments to North Texas Municipal Water District.
- The City's environmental waste services fund net assets were \$2.9 million and increased by \$0.6 million as compared to the prior fiscal year.
- The City's municipal drainage fund net assets increased by \$1.8 million to \$12.6 million representing an increase of 16.4 percent over prior fiscal year.

General Fund Budgetary Highlights

With the adjustments made during FY 2003-04, the actual on a budgetary basis expenditures were \$148.4 million compared to the re-estimated budget amount of \$154.5 million. The actual expenditures were \$8.4 million lower than the original budget implemented for fiscal year 2003-04. The \$6.1 million variance, comparing actual to re-estimate, 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.

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2004**

For FY 2003-04, the actual on a budgetary basis revenues were \$158.0 million as compared to the re-estimated budget amount and original budget amount of \$157.7 million and \$151.0 million, respectively. Contributing to the variance was higher than anticipated Sales Tax revenue and higher than anticipated Investment Income revenue. However, Electrical Franchise Fee revenue was \$0.9 million lower than re-estimated. The City did reinstate the transfer of the agricultural exemption rollback taxes of \$0.2 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.

The City of Plano has an actual on a budgetary basis General Fund balance of \$35.6 million as of the fiscal year end, compared to the re-estimated budget fund balance and original budget fund balance of \$29.1 million and \$21.5 million respectively. 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 2005 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The population growth experienced by the City has stimulated local business and development activity, and the community has placed additional demands on the City to maintain or enhance services provided to our citizens. However, the population growth has already begun to slow, and expected to continue to do so over the next several years. Plano's current population is 246,098. Plano's population at build out will be approximately 265,000. 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 2005. The total 2004-05 combined budget appropriation total \$324.0 million for ten operating funds. This represents an increase of \$18.7 million or 6.1 percent over the 2003-04 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 2004-05 of \$20.869 billion is an increase of \$471.1 million or 2.31%. The increase includes new property coming on-line of \$328.7 million while existing property values are expected to decrease by \$142.4 million, or 0.70%.

Sales tax receipts, the General Fund's second largest revenue source in fiscal year 2004-05, are projected to remain flat at the 2003-04 re-estimated level, \$48.6 million, due to the continue volatility of this revenue source. Sales tax projections will continue to be impacted by the slowed national economy, the loss of market share to surrounding communities and the Texas Legislature proposing lengthening and enhancing the "Back-To-School" Sales Tax Holiday and the impending Streamlined Sales Tax issue regarding origin based versus destination based collections.

Budgeted expenditures, including transfers out, in the General Fund are expected to rise \$14.6 million or 8.8 percent over the 2003-04 re-estimated budget. Increased wage and cost of living adjustments are the largest increments, representing \$11.1 million of the increase in expenditures which includes a 4% salary increase for

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2004**

all non-civil service and civil service positions. In addition, all full-time positions both "frozen" and "vacated" during previous budget reductions have been included totaling \$2.3 million. Also, a large portion of the increase in salary and benefit expenditures is related to health insurance costs. An increase of 10% or approximately \$1.4 million is budgeted in 2004-05 due to increased utilization and rising medical costs. The 2004-05 budget also includes a \$1.2 million increase in transfers to the Technology Fund from the General Fund. This transfer was halted during 2003-04 due to budget reductions.

If these estimates are realized, the City's budgetary General Fund balance is expected to decrease from the re-estimated 2003-04 budget by approximately \$15.4 million.

As for the City's business type activities, the City expects the 2005 results will improve in the water and sewer fund. Projections indicate that the water and sewer fund balance will increase by \$0.2 million, while the environmental waste fund balance will decrease by \$0.2 million. The following recent rate decisions have been made regarding the City's business type activities:

- A projected decrease in sewer income of \$3.8 million is primarily due to the implementation of winter quarter averaging and citizens conserving water during the winter months.
- In order to pass through increases from our provider, North Texas Municipal Water District (NTMWD), to the water customers, the 2004-05 budget includes a 5.3% overall water rate increase and a 3.2% sewer increase. The 2004-05 projected revenues for the Water & Sewer Fund are projected to increase by a total of \$4.6 million over the re-estimate.
- The residential rate in environmental waste services will remain the same for 2004-05. Customers who wish to use a 68-gallon refuse cart pay a monthly rate of \$11.25 and customer who choose to use the 95-gallon cart pay a monthly rate of \$12.75. The variable rates continue to allow the City to implement environmental systems that will reduce our disposal costs and encourage waste minimization.
- No municipal drainage rate adjustment will be required in 2004-05. The drainage rate for an average homeowner will continue to be \$3.30 per month, and non-residential rates will stay at \$0.056 cents per 100 square feet of impervious area.

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, 2004**

| | Primary Government | | | Component Units |
|---|------------------------------------|-------------------------------------|-------------------------|----------------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 29,165,536 | \$ 1,484,047 | \$ 30,649,583 | \$ 570,275 |
| Investments | 111,845,578 | 9,196,319 | 121,041,897 | 3,635,389 |
| Receivables (net of allowance for doubtful accounts) | 17,363,427 | 15,106,877 | 32,470,304 | 26,257 |
| Internal balances | (734,133) | 734,133 | - | - |
| Due from other governments | 984,455 | - | 984,455 | - |
| Interfund receivable (payable) | 361,591 | (361,591) | - | - |
| Inventories | 768,208 | - | 768,208 | - |
| Prepays and other assets | 718,271 | 719,297 | 1,437,568 | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | 1,101,077 | 3,224,706 | 4,325,783 | - |
| Investments | 7,021,608 | 21,478,061 | 28,499,669 | - |
| Receivables | 50,714 | 148,526 | 199,240 | - |
| Capital assets: | | | | |
| Non-depreciable | 178,558,209 | 42,307,466 | 220,865,675 | 110,629 |
| Depreciable (net) | 589,297,605 | 324,968,355 | 914,265,960 | 5,412,765 |
| Total Assets | 936,502,146 | 419,006,196 | 1,355,508,342 | 9,755,315 |
| LIABILITIES | | | | |
| Accounts payable | 6,305,737 | 4,014,446 | 10,320,183 | 2,244 |
| Accrued liabilities | 6,092,178 | 1,462,520 | 7,554,698 | 25,406 |
| Accrued interest payable | 542,454 | 685,287 | 1,227,741 | - |
| Contracts payable | 4,982,109 | 838,657 | 5,820,766 | - |
| Customer deposits | - | 2,202,576 | 2,202,576 | - |
| Deferred revenue | 1,121,249 | 335,606 | 1,456,855 | - |
| Due to other governments | 259,078 | 500,952 | 760,030 | - |
| Retainage payable | 709,965 | 240,176 | 950,141 | - |
| Seized asset payable | 292,072 | - | 292,072 | - |
| Non-current liabilities | | | | |
| Due within one year: | | | | |
| Compensated absences | 5,571,451 | 606,069 | 6,177,520 | 13,724 |
| Bonds payable | 18,892,991 | 4,305,000 | 23,197,991 | - |
| Tax anticipation notes payable | 3,215,000 | - | 3,215,000 | - |
| Liability for insurance claims | 5,102,877 | - | 5,102,877 | - |
| Due in more than one year: | | | | |
| Compensated absences | 18,746,842 | 1,155,859 | 19,902,701 | 34,112 |
| Notes payable | - | - | - | 7,916,107 |
| Bonds payable | 216,921,574 | 32,492,015 | 249,413,589 | - |
| Tax anticipation notes payable | 6,096,124 | - | 6,096,124 | - |
| Liability for insurance claims | 847,931 | - | 847,931 | - |
| Total Liabilities | 295,699,632 | 48,839,163 | 344,538,795 | 7,991,593 |
| NET ASSETS | | | | |
| Invested in capital assets (net of related debt) | 589,409,075 | 347,518,646 | 936,927,721 | 5,523,394 |
| Restricted for: | | | | |
| Capital projects | - | 60,246 | 60,246 | - |
| Debt service | 216,903 | 6,705,846 | 6,922,749 | - |
| Unrestricted (deficit) | 51,176,536 | 15,882,295 | 67,058,831 | (3,759,672) |
| Total Net Assets | \$ 640,802,514 | \$ 370,167,033 | \$ 1,010,969,547 | \$ 1,763,722 |

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, 2004

| Function/Program Activities | Expenses | Program Revenues | | |
|---------------------------------------|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 12,512,878 | \$ 896,238 | \$ 418,849 | \$ - |
| Administrative services | 5,768,394 | - | 25,039 | - |
| Police | 48,243,055 | 12,162,718 | 968,221 | 148,182 |
| Fire | 30,628,041 | 2,807,624 | 26,411 | 276,637 |
| Libraries | 9,061,682 | 413,414 | 174,441 | - |
| Development | 16,295,697 | 4,849,896 | 1,852,525 | - |
| Public services and operations | 4,879,335 | 882,984 | 73,124 | - |
| Parks and recreation | 17,705,076 | 2,269,333 | 232,868 | 13,255 |
| Public works | 24,743,556 | 115,206 | 191,480 | 9,041,289 |
| Technology services | 11,963,912 | 1,411,457 | 16,095 | - |
| Other | 752,988 | - | - | - |
| Interest on Long-Term Debt | 13,907,340 | - | - | - |
| Unallocated Depreciation | 38,323 | - | - | - |
| Total governmental activities | 196,500,277 | 25,808,870 | 3,979,053 | 9,479,363 |
| Business-type Activities: | | | | |
| Water and sewer | 71,292,512 | 75,116,766 | - | 6,746,298 |
| Environmental waste services | 15,856,929 | 16,947,888 | 15,107 | - |
| Municipal drainage | 2,895,673 | 4,684,635 | - | - |
| Civic center | 5,075,801 | 1,968,913 | - | - |
| Municipal golf course | 1,188,468 | 905,720 | - | - |
| Property management | 86,193 | 74,301 | - | - |
| Recreation revolving | 2,409,349 | 2,591,140 | - | - |
| Downtown center development | 42,668 | 67,879 | - | - |
| Total business-type activities | 98,847,593 | 102,357,242 | 15,107 | 6,746,298 |
| Total primary government | \$ 295,347,870 | \$ 128,166,112 | \$ 3,994,160 | \$ 16,225,661 |
| Component units: | | | | |
| Economic Development | \$ 714,956 | \$ 631,292 | \$ - | \$ - |
| TIF Mall | 5,155,011 | - | - | - |
| TIF East Side | 525,341 | - | - | - |
| Total component units | \$ 6,395,308 | \$ 631,292 | \$ - | \$ - |

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 |
| \$ (11,197,791) | | \$ (11,197,791) | |
| (5,743,355) | | (5,743,355) | |
| (34,963,934) | | (34,963,934) | |
| (27,517,369) | | (27,517,369) | |
| (8,473,827) | | (8,473,827) | |
| (9,593,276) | | (9,593,276) | |
| (3,923,227) | | (3,923,227) | |
| (15,189,620) | | (15,189,620) | |
| (15,395,581) | | (15,395,581) | |
| (10,536,360) | | (10,536,360) | |
| (752,988) | | (752,988) | |
| (13,907,340) | | (13,907,340) | |
| (38,323) | | (38,323) | |
| <u>(157,232,991)</u> | | <u>(157,232,991)</u> | <u>-</u> |
| | 10,570,552 | 10,570,552 | |
| | 1,106,066 | 1,106,066 | |
| | 1,788,962 | 1,788,962 | |
| | (3,106,888) | (3,106,888) | |
| | (282,748) | (282,748) | |
| | (11,892) | (11,892) | |
| | 181,791 | 181,791 | |
| | 25,211 | 25,211 | |
| <u>-</u> | <u>10,271,054</u> | <u>10,271,054</u> | |
| <u>\$ (157,232,991)</u> | <u>\$ 10,271,054</u> | <u>\$ (146,961,937)</u> | <u>\$ -</u> |
| \$ - | | | \$ (83,664) |
| - | | | (5,155,011) |
| - | | | (525,341) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (5,764,016)</u> |
| 97,679,382 | - | 97,679,382 | 6,548,418 |
| 49,602,196 | - | 49,602,196 | - |
| 613,182 | - | 613,182 | - |
| - | 3,076,824 | 3,076,824 | - |
| 129,814 | - | 129,814 | - |
| 19,226,216 | - | 19,226,216 | - |
| 3,797,449 | 745,804 | 4,543,253 | 16,291 |
| 10,274,617 | (10,274,617) | - | - |
| <u>181,322,856</u> | <u>(6,451,989)</u> | <u>174,870,867</u> | <u>6,564,709</u> |
| 24,089,865 | 3,819,065 | 27,908,930 | 800,693 |
| 616,712,649 | 366,347,968 | 983,060,617 | 963,029 |
| <u>\$ 640,802,514</u> | <u>\$ 370,167,033</u> | <u>\$ 1,010,969,547</u> | <u>\$ 1,763,722</u> |

CITY OF PLANO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2004

| | General | Debt Service | Street Improvements | Capital Reserve | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|-------------------|------------------------|----------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 14,915,772 | \$ 29,402 | \$ 1,426,711 | \$ 3,552,506 | \$ 4,981,663 | \$ 24,906,054 |
| Investments | 20,977,612 | 187,501 | 9,098,191 | 22,654,461 | 31,767,637 | 84,685,402 |
| Receivables (net of allowance for uncollectibles) | | | | | | |
| Taxes | 4,708,077 | 522,701 | - | - | - | 5,230,778 |
| Accounts | 471,814 | - | 2,543 | - | - | 474,357 |
| Notes | 7,916,108 | - | - | - | - | 7,916,108 |
| Accrued interest | 223,680 | 1,354 | 65,712 | 163,623 | 229,442 | 683,811 |
| Assessments | - | - | 1,682,431 | - | - | 1,682,431 |
| Other | - | - | - | 37,351 | 1,102,599 | 1,139,950 |
| Due from other funds | 618,986 | - | - | 141,920 | - | 760,906 |
| Due from other governments | 19,471 | 6,065 | - | - | 958,919 | 984,455 |
| Interfund advance | - | - | - | 951,845 | - | 951,845 |
| Prepaid items and other assets | 114,548 | - | - | - | 6,415 | 120,963 |
| Total Assets | 49,966,068 | 747,023 | 12,275,588 | 27,501,706 | 39,046,675 | 129,537,060 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | 4,298,542 | - | - | - | 211,342 | 4,509,884 |
| Accrued liabilities | 5,217,699 | - | - | - | 31,212 | 5,248,911 |
| Contracts payable | - | - | 3,333,733 | 941,355 | 707,021 | 4,982,109 |
| Deferred revenue | 952,893 | 522,701 | 1,682,431 | - | 1,102,599 | 4,260,624 |
| Due to other funds | - | - | - | - | 476,634 | 476,634 |
| Due to other governments | - | - | - | - | 259,078 | 259,078 |
| Retainage payable | - | - | 197,786 | 259,013 | 253,166 | 709,965 |
| Seized assets payable | - | - | - | - | 292,072 | 292,072 |
| Total Liabilities | 10,469,134 | 522,701 | 5,213,950 | 1,200,368 | 3,333,124 | 20,739,277 |
| Fund Balance: | | | | | | |
| Reserved for encumbrances in: | | | | | | |
| General fund | 3,718,284 | - | - | - | - | 3,718,284 |
| Street improvement fund | - | - | 4,610,616 | - | - | 4,610,616 |
| Capital reserve fund | - | - | - | 6,972,705 | - | 6,972,705 |
| Capital project funds | - | - | - | - | 7,957,774 | 7,957,774 |
| Reserved for: | | | | | | |
| Prepaid items and other assets | 114,548 | - | - | - | 6,415 | 120,963 |
| Debt service | - | 224,322 | - | - | - | 224,322 |
| Street improvements | - | - | 2,451,022 | - | - | 2,451,022 |
| Long term loans and advances | - | - | - | 951,845 | - | 951,845 |
| Capital projects | - | - | - | - | 18,760,394 | 18,760,394 |
| Unreserved, designated in: | | | | | | |
| Capital reserve fund | - | - | - | 18,376,788 | - | 18,376,788 |
| Special revenue funds | - | - | - | - | 826,861 | 826,861 |
| Unreserved, undesignated in: | | | | | | |
| General fund | 35,664,102 | - | - | - | - | 35,664,102 |
| Special revenue funds | - | - | - | - | 8,056,814 | 8,056,814 |
| Capital project funds | - | - | - | - | 105,293 | 105,293 |
| Total Fund Balance | 39,496,934 | 224,322 | 7,061,638 | 26,301,338 | 35,713,551 | 108,797,783 |
| Total Liabilities and Fund Balance | \$ 49,966,068 | \$ 747,023 | \$ 12,275,588 | \$ 27,501,706 | \$ 39,046,675 | \$ 129,537,060 |

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, 2004**

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

| | |
|--|-----------------------------|
| Total fund balance per balance sheet | \$108,797,783 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 750,840,208 |
| Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds. | 3,366,245 |
| Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | 53,735,522 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (275,937,244) |
| Net assets of governmental activities | <u><u>\$640,802,514</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, 2004**

| | <u>General</u> | <u>Debt Service</u> | <u>Street Improvements</u> | <u>Capital Reserve</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-------------------------|--------------------------------|----------------------------|---|---|
| REVENUES | | | | | | |
| Taxes- | | | | | | |
| Property taxes | \$ 58,751,685 | \$ 32,903,838 | \$ - | \$ - | \$ - | \$ 91,655,523 |
| Other taxes | 50,289,482 | - | - | - | - | 50,289,482 |
| Franchise fees | 19,226,216 | - | - | - | - | 19,226,216 |
| Fines and forfeitures | 9,167,151 | - | - | - | 639,371 | 9,806,522 |
| Contributions | - | - | 1,147,917 | 138,077 | 731,259 | 2,017,253 |
| Rollback taxes | - | - | - | 205,506 | - | 205,506 |
| Licenses and permits | 5,131,810 | - | - | - | - | 5,131,810 |
| Intragovernmental | 5,851,135 | - | - | - | - | 5,851,135 |
| Intergovernmental | 632,888 | - | - | - | 2,350,390 | 2,983,278 |
| Fees for services | 7,147,176 | - | - | - | 1,698,971 | 8,846,147 |
| Assessments | - | - | 197,763 | - | - | 197,763 |
| Investment income | 1,181,060 | 300,028 | 278,419 | 533,525 | 726,952 | 3,019,984 |
| Proceeds from sale of capital assets | - | - | - | 21,000 | - | 21,000 |
| Miscellaneous | 859,555 | 148,182 | - | 3,245 | 100,435 | 1,111,417 |
| Total revenues | <u>158,238,158</u> | <u>33,352,048</u> | <u>1,624,099</u> | <u>901,353</u> | <u>6,247,378</u> | <u>200,363,036</u> |
| EXPENDITURES | | | | | | |
| Current operating: | | | | | | |
| General government | 2,585,346 | - | - | - | 178,679 | 2,764,025 |
| Administrative services | 6,312,095 | - | - | - | - | 6,312,095 |
| Police | 46,510,062 | - | - | - | 709,393 | 47,219,455 |
| Fire | 28,981,600 | - | - | - | 44,418 | 29,026,018 |
| Libraries | 8,490,632 | - | - | - | 74,281 | 8,564,913 |
| Development | 14,349,401 | - | - | - | 1,729,127 | 16,078,528 |
| Public services and operations | 3,686,090 | - | - | - | 862,503 | 4,548,593 |
| Parks and recreation | 13,928,306 | - | - | - | 33,438 | 13,961,744 |
| Environmental waste services | - | - | - | - | 14,194 | 14,194 |
| Public works | 4,948,866 | - | - | - | - | 4,948,866 |
| Other | 13,747,316 | - | - | - | - | 13,747,316 |
| Capital outlay | 1,191,150 | - | 13,199,744 | 11,331,528 | 9,627,472 | 35,349,894 |
| Debt service: | | | | | | |
| Principal retirement | - | 18,187,142 | - | - | - | 18,187,142 |
| Interest and fiscal charges | - | 13,527,706 | - | - | - | 13,527,706 |
| Total expenditures | <u>144,730,864</u> | <u>31,714,848</u> | <u>13,199,744</u> | <u>11,331,528</u> | <u>13,273,505</u> | <u>214,250,489</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>13,507,294</u> | <u>1,637,200</u> | <u>(11,575,645)</u> | <u>(10,430,175)</u> | <u>(7,026,127)</u> | <u>(13,887,453)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 7,274,617 | 1,505,000 | - | 12,421,555 | 410,361 | 21,611,533 |
| Transfers out | (11,086,916) | (3,637,382) | - | - | - | (14,724,298) |
| Total other financing sources (uses) | <u>(3,812,299)</u> | <u>(2,132,382)</u> | <u>-</u> | <u>12,421,555</u> | <u>410,361</u> | <u>6,887,235</u> |
| Net change in fund balances | 9,694,995 | (495,182) | (11,575,645) | 1,991,380 | (6,615,766) | (7,000,218) |
| Fund balances-beginning | 29,801,939 | 719,504 | 18,637,283 | 24,309,958 | 42,329,317 | 115,798,001 |
| Fund balances-ending | <u>\$ 39,496,934</u> | <u>\$ 224,322</u> | <u>\$ 7,061,638</u> | <u>\$ 26,301,338</u> | <u>\$ 35,713,551</u> | <u>\$ 108,797,783</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, 2004**

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

| | |
|---|----------------------------|
| Net change in fund balance - total governmental funds | \$ (7,000,218) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 6,161,472 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 7,315,869 |
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no 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. | 18,187,142 |
| 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. | (1,165,702) |
| 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. | 592,215 |
| Special revenue funds which are used for the benefit of business-type activities. The net expenses of certain activities are reported within the business type activities. | (913) |
| Change in net assets of governmental activities | <u><u>\$24,089,865</u></u> |

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

CITY OF PLANO, TEXAS
GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

| | Budgeted Amounts | | Actual | Adjustments- Budgetary Basis | Actual on a Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|--|----------------------|----------------------|----------------------|------------------------------------|-----------------------------------|---|
| | Original | Final | | | | |
| REVENUES: | | | | | | |
| Taxes- | | | | | | |
| Property taxes | \$ 58,761,145 | \$ 58,761,145 | \$ 58,751,685 | \$ (205,506) | \$ 58,546,179 | \$ (214,966) |
| Other taxes | 44,884,715 | 49,325,493 | 50,289,482 | - | 50,289,482 | 963,989 |
| Franchise fees | 19,001,473 | 20,026,730 | 19,226,216 | - | 19,226,216 | (800,514) |
| Fines and forfeitures | 9,215,945 | 9,449,476 | 9,167,151 | - | 9,167,151 | (282,325) |
| Licenses and permits | 3,819,634 | 5,036,500 | 5,131,810 | - | 5,131,810 | 95,310 |
| Intragovernmental | 5,851,135 | 5,851,135 | 5,851,135 | - | 5,851,135 | - |
| Intergovernmental | 562,351 | 613,184 | 632,888 | - | 632,888 | 19,704 |
| Fees for services | 7,254,112 | 7,175,989 | 7,147,176 | - | 7,147,176 | (28,813) |
| Investment income | 1,100,000 | 750,000 | 1,181,060 | - | 1,181,060 | 431,060 |
| Miscellaneous | 531,808 | 692,197 | 859,555 | - | 859,555 | 167,358 |
| Total Revenues | 150,982,318 | 157,681,849 | 158,238,158 | (205,506) | 158,032,652 | 350,803 |
| EXPENDITURES: | | | | | | |
| General government | 3,669,805 | 3,542,945 | 2,585,346 | 104,839 | 2,690,185 | 852,760 |
| Administrative services | 7,194,427 | 7,052,770 | 6,312,095 | 97,786 | 6,409,881 | 642,889 |
| Police | 48,301,996 | 47,496,500 | 46,510,062 | 230,595 | 46,740,657 | 755,843 |
| Fire | 30,767,216 | 29,989,721 | 28,981,600 | 49,270 | 29,030,870 | 958,851 |
| Libraries | 9,187,075 | 8,915,194 | 8,490,632 | 52,324 | 8,542,956 | 372,238 |
| Development | 16,344,387 | 16,486,964 | 14,349,401 | 824,262 | 15,173,663 | 1,313,301 |
| Public services and operations | 3,943,109 | 3,987,367 | 3,686,090 | 114,593 | 3,800,683 | 186,684 |
| Parks and Recreation | 15,001,685 | 14,587,783 | 13,928,306 | 198,560 | 14,126,866 | 460,917 |
| Public works | 5,295,117 | 5,115,673 | 4,948,866 | 172,042 | 5,120,908 | (5,235) |
| Other | 16,022,903 | 15,301,650 | 13,747,316 | 1,020,018 | 14,767,334 | 534,316 |
| Capital outlay | 1,099,817 | 2,048,141 | 1,191,150 | 853,995 | 2,045,145 | 2,996 |
| Total Expenditures | 156,827,537 | 154,524,708 | 144,730,864 | 3,718,284 | 148,449,148 | 6,075,560 |
| Excess (Deficiency) Of Revenues Over Expenditures | (5,845,219) | 3,157,141 | 13,507,294 | (3,923,790) | 9,583,504 | (5,724,757) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 7,306,904 | 7,274,617 | 7,274,617 | - | 7,274,617 | 6,618,409 |
| Transfers out | (9,749,528) | (11,086,916) | (11,086,916) | - | (11,086,916) | (7,254,596) |
| Total Other Financing Uses | (2,442,624) | (3,812,299) | (3,812,299) | - | (3,812,299) | (636,187) |
| Excess (Deficiency) Of Revenues And Other Sources Over (Under) Expenditures And Other Uses | (8,287,843) | (655,158) | 9,694,995 | (3,923,790) | 5,771,205 | (6,360,944) |
| FUND BALANCE, October 1 | 29,801,939 | 29,801,939 | 29,801,939 | - | 29,801,939 | - |
| FUND BALANCE, September 30 | \$ 21,514,096 | \$ 29,146,781 | \$ 39,496,934 | \$ (3,923,790) | \$ 35,573,144 | \$ (6,360,944) |

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, 2004**

| | Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses General Fund |
|-----------------------------------|---|
| GAAP basis | \$ 9,694,995 |
| Revenues: | |
| Decrease due to rolled back taxes | (205,506) |
| Expenditures: | |
| Increase due to encumbrances | (3,718,284) |
| Budgetary basis | <u>\$ 5,771,205</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, 2004

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 | \$ 765,809 | \$ 142,902 | \$ 220,376 | \$ 354,960 | \$ 1,484,047 | \$ 4,259,482 |
| Investments | 4,862,707 | 754,315 | 1,344,150 | 2,235,147 | 9,196,319 | 27,160,176 |
| Receivables - | | | | | | |
| Accounts | 12,111,727 | 1,527,655 | 647,646 | 314,906 | 14,601,934 | 37,200 |
| Accrued interest | 35,121 | 5,448 | 9,708 | 16,144 | 66,421 | 194,862 |
| Other | 682 | 431,342 | - | 6,498 | 438,522 | 3,930 |
| Interfund receivable (payable) | - | (185,045) | - | (176,546) | (361,591) | 185,045 |
| Inventories | - | - | - | - | - | 768,208 |
| Prepaid expenses & other assets | 528,132 | 161,568 | 495 | 29,102 | 719,297 | 370,438 |
| Advances to other funds | - | - | - | - | - | 835,093 |
| Restricted assets: | | | | | | |
| Revenue bond debt service- | | | | | | |
| Cash and cash equivalents | 203,953 | - | 576,296 | - | 780,249 | - |
| Investments | 1,300,618 | - | 2,303,919 | - | 3,604,537 | - |
| Accrued interest receivable | 9,394 | - | 26,543 | - | 35,937 | - |
| Revenue bond reserve fund- | | | | | | |
| Investments | 913,981 | - | 1,371,142 | - | 2,285,123 | - |
| Revenue bond construction fund- | | | | | | |
| Cash and cash equivalents | 2,089,522 | - | 354,935 | - | 2,444,457 | 1,101,077 |
| Investments | 13,324,959 | - | 2,263,442 | - | 15,588,401 | 7,021,608 |
| Accrued interest receivable | 96,240 | - | 16,349 | - | 112,589 | 50,714 |
| Total current assets | <u>36,242,845</u> | <u>2,838,185</u> | <u>9,135,001</u> | <u>2,780,211</u> | <u>50,996,242</u> | <u>41,987,833</u> |
| Capital assets: | | | | | | |
| Land | 4,787,399 | - | 37,951 | 4,325,479 | 9,150,829 | 62,522 |
| Buildings | 1,246,028 | - | - | 13,821,672 | 15,067,700 | 1,371,852 |
| Improvements other than buildings | 413,497,222 | - | - | 1,835,921 | 415,333,143 | - |
| Equipment | 11,962,018 | 7,132,628 | 258,137 | 2,134,548 | 21,487,331 | 31,487,192 |
| Furniture and fixtures | 233,095 | 73,460 | 8,124 | 571,723 | 886,402 | 122,873 |
| Rolling equipment | 114,195 | 136,694 | - | - | 250,889 | 43,626,504 |
| Drainage improvements | - | - | 14,533,345 | - | 14,533,345 | - |
| Construction in progress | 22,275,001 | - | 10,881,636 | - | 33,156,637 | 2,149,984 |
| Less accumulated depreciation | (123,897,739) | (5,174,779) | (1,844,334) | (11,673,603) | (142,590,455) | (61,805,321) |
| Total capital assets (net of accumulated depreciation) | <u>330,217,219</u> | <u>2,168,003</u> | <u>23,874,859</u> | <u>11,015,740</u> | <u>367,275,821</u> | <u>17,015,606</u> |
| Total noncurrent assets | <u>330,217,219</u> | <u>2,168,003</u> | <u>23,874,859</u> | <u>11,015,740</u> | <u>367,275,821</u> | <u>17,015,606</u> |
| Total assets | <u>\$ 366,460,064</u> | <u>\$ 5,006,188</u> | <u>\$ 33,009,860</u> | <u>\$ 13,795,951</u> | <u>418,272,063</u> | <u>\$ 59,003,439</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, 2004
(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 | \$ 3,080,483 | \$ 380,521 | \$ 114,319 | \$ 439,123 | \$ 4,014,446 | \$ 1,795,853 |
| Accrued liabilities | 686,809 | 438,563 | 54,951 | 282,197 | 1,462,520 | 843,267 |
| Deferred revenue | - | - | - | 335,606 | 335,606 | - |
| Due to other funds | - | - | - | - | - | 284,272 |
| Tax anticipation notes payable | - | - | - | - | - | 3,215,000 |
| Accrued interest payable | - | 1,517 | - | - | 1,517 | - |
| Customer deposits | 2,107,442 | - | - | 95,134 | 2,202,576 | - |
| Total current liabilities | 5,874,734 | 820,601 | 169,270 | 1,152,060 | 8,016,665 | 6,138,392 |
| Current liabilities payable from restricted assets: | | | | | | |
| Due to other governments | 180,004 | - | 320,948 | - | 500,952 | - |
| Contracts payable | 623,596 | - | 215,061 | - | 838,657 | - |
| Current portion of long-term debt | 3,320,000 | - | 985,000 | - | 4,305,000 | - |
| Liability for insurance claims | - | - | - | - | - | 5,102,877 |
| Accrued interest payable | 323,835 | - | 359,935 | - | 683,770 | - |
| Retainage payable | 190,287 | - | 49,889 | - | 240,176 | - |
| Total current liabilities payable from restricted assets | 4,637,722 | - | 1,930,833 | - | 6,568,555 | 5,102,877 |
| Noncurrent liabilities: | | | | | | |
| Advance from other funds | - | 835,093 | - | 775,299 | 1,610,392 | - |
| Bonds payable | 14,265,325 | - | 18,226,690 | - | 32,492,015 | - |
| Liability for compensated absences | 1,012,915 | 448,645 | 51,503 | 248,865 | 1,761,928 | - |
| Liability for insurance claims | - | - | - | - | - | 847,931 |
| Tax anticipation notes payable | - | - | - | - | - | 6,096,124 |
| Total noncurrent liabilities | 15,278,240 | 1,283,738 | 18,278,193 | 1,024,164 | 35,864,335 | 6,944,055 |
| Total liabilities | 25,790,696 | 2,104,339 | 20,378,296 | 2,176,224 | 50,449,555 | 18,185,324 |
| NET ASSETS | | | | | | |
| Invested in capital assets (net of related debt) | 327,252,069 | 2,168,003 | 7,082,834 | 11,015,740 | 347,518,646 | 15,683,728 |
| Restricted for: | | | | | | |
| Capital projects | 60,246 | - | - | - | 60,246 | - |
| Debt service | 2,427,946 | - | 4,277,900 | - | 6,705,846 | - |
| Unrestricted | 10,929,107 | 733,846 | 1,270,830 | 603,987 | 13,537,770 | 25,134,387 |
| Total Net Assets | \$ 340,669,368 | \$ 2,901,849 | \$ 12,631,564 | \$ 11,619,727 | \$ 367,822,508 | \$ 40,818,115 |

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, 2004**

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

| | |
|--------------------------------------|----------------|
| Total fund balance per balance sheet | \$ 367,822,508 |
|--------------------------------------|----------------|

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. | 2,344,525 |
|--|-----------|

| | |
|--|-----------------------|
| Net assets of business type activities | <u>\$ 370,167,033</u> |
|--|-----------------------|

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

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

| | 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 | \$ 73,330,029 | \$ 11,013,988 | \$ 4,673,042 | \$ 5,586,149 | \$ 94,603,208 | \$ 40,913,354 |
| Franchise fees | - | 5,021,716 | - | - | 5,021,716 | - |
| Sale of trash bags | - | 545,404 | - | - | 545,404 | - |
| Penalties | 978,801 | - | - | - | 978,801 | - |
| Taps and meters | 296,748 | - | - | - | 296,748 | - |
| Construction water | 77,833 | - | - | - | 77,833 | - |
| Contributions | - | 99,831 | - | - | 99,831 | - |
| Miscellaneous charges | 23,219 | 209,954 | - | 15,791 | 248,964 | 215,527 |
| Total operating revenues | <u>74,706,630</u> | <u>16,890,893</u> | <u>4,673,042</u> | <u>5,601,940</u> | <u>101,872,505</u> | <u>41,128,881</u> |
| Operating expenses: | | | | | | |
| Personal services | 7,556,161 | 4,386,663 | 1,048,308 | 3,427,956 | 16,419,088 | 6,203,929 |
| Contractual services | 5,182,573 | 4,698,213 | 465,997 | 3,304,801 | 13,651,584 | 7,036,826 |
| Supplies | 1,620,370 | 234,843 | 103,721 | 894,649 | 2,853,583 | 5,404,681 |
| Claims expense | - | - | - | - | - | 15,457,730 |
| Depreciation | 11,035,603 | 418,006 | 285,972 | 939,409 | 12,678,990 | 9,578,145 |
| Landfill services | - | 5,711,812 | - | - | 5,711,812 | - |
| Wastewater treatment | 16,248,681 | - | - | - | 16,248,681 | - |
| Charges in lieu of taxes | 5,132,127 | 719,008 | - | - | 5,851,135 | - |
| Water supply | 23,674,651 | - | - | - | 23,674,651 | - |
| Miscellaneous | 297,295 | 74,808 | 1,972 | 100,077 | 474,152 | 13,136 |
| Total operating expenses | <u>70,747,461</u> | <u>16,243,353</u> | <u>1,905,970</u> | <u>8,666,892</u> | <u>97,563,676</u> | <u>43,694,447</u> |
| Operating income (loss) | <u>3,959,169</u> | <u>647,540</u> | <u>2,767,072</u> | <u>(3,064,952)</u> | <u>4,308,829</u> | <u>(2,565,566)</u> |
| Nonoperating revenues (expenses): | | | | | | |
| Investment income | 516,898 | 3,282 | 177,902 | 47,722 | 745,804 | 780,444 |
| Gain (loss) on property disposition | (5,017) | - | - | (1,831) | (6,848) | 330,088 |
| Interest and fiscal charges | (913,895) | (69,789) | (933,641) | (74,654) | (1,991,979) | (553,557) |
| Hotel/motel tax | - | - | - | 3,076,824 | 3,076,824 | - |
| Intergovernmental revenues | - | - | - | - | - | 27,194 |
| Tax anticipation note premium | - | - | - | - | - | 105,299 |
| Miscellaneous | 359,691 | 15,460 | 5,158 | 2,097 | 382,406 | 17,666 |
| Total nonoperating revenue (expenses) | <u>(42,323)</u> | <u>(51,047)</u> | <u>(750,581)</u> | <u>3,050,158</u> | <u>2,206,207</u> | <u>707,134</u> |
| Income (loss) before contributions and transfers | 3,916,846 | 596,493 | 2,016,491 | (14,794) | 6,515,036 | (1,858,432) |
| Contributions from developers | 6,746,298 | - | - | - | 6,746,298 | - |
| Transfers in | - | - | - | - | - | 3,637,382 |
| Transfers out | (9,601,618) | - | (239,116) | (433,883) | (10,274,617) | (250,000) |
| Change in net assets | 1,061,526 | 596,493 | 1,777,375 | (448,677) | 2,986,717 | 1,528,950 |
| Total net assets-beginning | <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> |
| Total net assets-ending | <u>\$ 340,669,368</u> | <u>\$ 2,901,849</u> | <u>\$ 12,631,564</u> | <u>\$ 11,619,727</u> | <u>\$ 367,822,508</u> | <u>\$ 40,818,115</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, 2004**

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

| | |
|--|--------------------------------|
| Net change in fund balance - total proprietary funds | \$ 2,986,717 |
| <p>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.</p> | |
| The net revenues of certain activities of internal service funds is reported within business-type activities. | 831,435 |
| The net expenses of certain activities of special revenue funds is reported within business-type activities | 913 |
| Change in net assets of business-type activities | <u><u>\$ 3,819,065</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, 2004

| | 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 | \$ 75,217,756 | \$ 11,709,376 | \$ 4,623,360 | \$ 5,492,361 | \$ 97,042,853 | \$ 38,439,016 |
| Franchise fees | - | 5,021,716 | - | - | 5,021,716 | - |
| Charges in lieu of taxes | (5,132,127) | (719,008) | - | - | (5,851,135) | - |
| Cash payments to suppliers for goods and services | (47,131,147) | (10,846,313) | (522,940) | (4,630,513) | (63,130,913) | (28,717,630) |
| Cash payments to employees for services | (7,379,092) | (4,226,934) | (1,026,483) | (3,379,358) | (16,011,867) | (6,113,836) |
| Net cash provided (used) by operating activities | <u>15,575,390</u> | <u>938,837</u> | <u>3,073,937</u> | <u>(2,517,510)</u> | <u>17,070,654</u> | <u>3,607,550</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Repayments from other funds | - | - | - | - | - | 180,082 |
| Repayments to other funds | - | (169,008) | - | (293,134) | (462,142) | - |
| Hotel/motel tax | - | - | - | 3,076,824 | 3,076,824 | - |
| Transfers to other funds | (9,601,618) | - | (239,116) | (433,883) | (10,274,617) | (250,000) |
| Transfers from other funds | - | - | - | - | - | 3,637,382 |
| Grant receipts | - | - | - | - | - | 27,194 |
| Net cash provided (used) by noncapital financing activities | <u>(9,601,618)</u> | <u>(169,008)</u> | <u>(239,116)</u> | <u>2,349,807</u> | <u>(7,659,935)</u> | <u>3,594,658</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Acquisition and construction of capital assets | (11,880,779) | (57,943) | (2,448,955) | (1,480,282) | (15,867,959) | (5,674,020) |
| Transfer of capital assets to (from) other funds | - | 23,890 | - | - | 23,890 | (255,225) |
| Proceeds from sale of equipment | - | - | - | - | - | 357,156 |
| Principal paid on long-term debt | (3,410,000) | - | (930,000) | - | (4,340,000) | (3,085,000) |
| Interest and fees paid on long-term debt | (750,762) | (69,789) | (965,653) | (74,654) | (1,860,858) | (553,557) |
| Contributions by developers | 1,884,262 | - | 20,504 | - | 1,904,766 | - |
| Proceeds from insurance damages | 359,691 | 15,460 | 1,166 | 2,097 | 378,414 | 17,666 |
| Net cash used by capital and related financing activities | <u>(13,797,588)</u> | <u>(88,382)</u> | <u>(4,322,938)</u> | <u>(1,552,839)</u> | <u>(19,761,747)</u> | <u>(9,192,980)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of investment securities | (20,402,265) | (754,315) | (7,282,653) | (2,235,147) | (30,674,380) | (34,181,784) |
| Proceeds from sale and maturities of investment securities | 25,203,771 | 176,101 | 7,929,181 | 3,460,550 | 36,769,603 | 33,181,286 |
| Interest on investments | 735,508 | 5,382 | 250,256 | 78,517 | 1,069,663 | 1,063,993 |
| Decrease in fair value of investments | (162,007) | (6,112) | (60,308) | (18,725) | (247,152) | (258,599) |
| Net cash provided (used) by investing activities | <u>5,375,007</u> | <u>(578,944)</u> | <u>836,476</u> | <u>1,285,195</u> | <u>6,917,734</u> | <u>(195,104)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(2,448,809)</u> | <u>102,503</u> | <u>(651,641)</u> | <u>(435,347)</u> | <u>(3,433,294)</u> | <u>(2,185,876)</u> |
| Cash and cash equivalents, October 1 | <u>5,508,093</u> | <u>40,399</u> | <u>1,803,248</u> | <u>790,307</u> | <u>8,142,047</u> | <u>7,546,435</u> |
| Cash and cash equivalents, September 30 | <u>3,059,284</u> | <u>142,902</u> | <u>1,151,607</u> | <u>354,960</u> | <u>4,708,753</u> | <u>5,360,559</u> |
| Classified as: | | | | | | |
| Current assets | 765,809 | 142,902 | 220,376 | 354,960 | 1,484,047 | 4,259,482 |
| Restricted assets | 2,293,475 | - | 931,231 | - | 3,224,706 | 1,101,077 |
| Total | <u>\$ 3,059,284</u> | <u>\$ 142,902</u> | <u>\$ 1,151,607</u> | <u>\$ 354,960</u> | <u>\$ 4,708,753</u> | <u>\$ 5,360,559</u> |

Non-cash disclosure:
Developers contributions \$ 6,746,298
Loss on property disposition (5,017)

(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, 2004
(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) | \$ 3,959,169 | \$ 647,540 | \$ 2,767,072 | \$ (3,064,952) | \$ 4,308,829 | \$ (2,565,566) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | | |
| Depreciation | 11,035,603 | 418,006 | 285,972 | 939,409 | 12,678,990 | 9,578,145 |
| Change in assets and liabilities: | | | | | | |
| (Increase) decrease in- | | | | | | |
| Accounts receivable | 616,040 | (201,185) | (49,682) | (118,156) | 247,017 | 2,352 |
| Other accounts receivable | (202) | 41,384 | - | (4,344) | 36,838 | 227 |
| Due (to) from other governments | (64,062) | - | - | - | (64,062) | 6,493 |
| Prepaid expenses | (372,477) | (159,106) | 17 | 10,132 | (521,434) | (291,594) |
| Inventory | - | - | - | - | - | 33,623 |
| Increase (decrease) in- | | | | | | |
| Accounts payable | 264,900 | 32,469 | 5,509 | (327,318) | (24,440) | 261,035 |
| Accrued liabilities | 98,403 | 102,531 | 12,371 | 43,353 | 256,658 | 90,093 |
| Due to (from) other funds | - | - | 43,224 | (9,456) | 33,768 | (2,679,973) |
| Refunds payable | - | - | - | (1,044) | (1,044) | - |
| Liability for compensated absences | 78,666 | 57,198 | 9,454 | 5,245 | 150,563 | - |
| Customer deposits | (40,650) | - | - | 7,146 | (33,504) | - |
| Deferred revenue | - | - | - | 2,475 | 2,475 | - |
| Liability for insurance claims | - | - | - | - | - | (827,285) |
| Total adjustments | <u>11,616,221</u> | <u>291,297</u> | <u>306,865</u> | <u>547,442</u> | <u>12,761,825</u> | <u>6,173,116</u> |
| Net cash provided (used) by operating activities | <u>\$ 15,575,390</u> | <u>\$ 938,837</u> | <u>\$ 3,073,937</u> | <u>\$ (2,517,510)</u> | <u>\$ 17,070,654</u> | <u>\$ 3,607,550</u> |

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

**CITY OF PLANO, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2004**

| | <u>Pension Trust Fund</u> | <u>Agency Funds</u> |
|--|---------------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 3,872,992 | \$ 931,746 |
| Investment pool | | 5,941,780 |
| Corporate bonds | 8,631,454 | |
| Common stocks | 33,435,250 | |
| Foreign equities | 1,035,540 | |
| Accrued interest | 155,326 | 42,915 |
| Total Assets | <u>47,130,562</u> | <u>6,916,441</u> |
| LIABILITIES | | |
| Developers' escrow liability | - | 6,887,811 |
| Unclaimed property payable | - | 28,630 |
| Total Liabilities | <u>-</u> | <u>6,916,441</u> |
| NET ASSETS | | |
| Held in trust for pension benefits and other purposes | <u>47,130,562</u> | |
| Total Net Assets | <u>\$ 47,130,562</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, 2004**

| | Pension Trust Fund |
|--|-------------------------------|
| ADDITIONS | |
| Contributions | \$ 2,407,905 |
| Investment income: | |
| Net appreciation in fair value of investments | 2,461,360 |
| Interest | 566,812 |
| Dividends | 569,557 |
| Total investment gain | <u>3,597,729</u> |
| Less investment expense | 175,156 |
| Net investment gain | <u>3,422,573</u> |
| Total additions | <u>5,830,478</u> |
| | |
| DEDUCTIONS | |
| Benefits | 858,185 |
| Miscellaneous expense | 1,756 |
| Total deductions | <u>859,941</u> |
| | |
| Net increase | 4,970,537 |
| | |
| Net assets-beginning of year | 42,160,025 |
| Net assets-end of year | <u>\$ 47,130,562</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, 2004**

| | <u>Economic Development</u> | <u>TIF Mall</u> | <u>TIF East Side</u> | <u>Total</u> |
|---|---------------------------------|-----------------------|--------------------------|---------------------|
| ASSETS | | | | |
| Current: | | | | |
| Cash and cash equivalents | \$ 119,472 | \$ 2,694 | \$ 448,109 | \$ 570,275 |
| Investments | 760,600 | 17,182 | 2,857,607 | 3,635,389 |
| Receivables: | | | | |
| Accrued interest | 5,494 | 124 | 20,639 | 26,257 |
| Noncurrent: | | | | |
| Capital assets, net | 9,377 | - | 5,514,017 | 5,523,394 |
| Total Assets | <u>894,943</u> | <u>20,000</u> | <u>8,840,372</u> | <u>9,755,315</u> |
| LIABILITIES | | | | |
| Current: | | | | |
| Accounts payable | 2,244 | - | - | 2,244 |
| Accrued liabilities | 25,406 | - | - | 25,406 |
| Long-term: | | | | |
| Notes payable | - | 4,449,254 | 3,466,853 | 7,916,107 |
| Liability for compensated absences | 47,836 | - | - | 47,836 |
| Total Liabilities | <u>75,486</u> | <u>4,449,254</u> | <u>3,466,853</u> | <u>7,991,593</u> |
| NET ASSETS | | | | |
| Invested in capital assets (net of related debt) | 9,377 | - | 5,514,017 | 5,523,394 |
| Unrestricted | 810,080 | (4,429,254) | (140,498) | (3,759,672) |
| Total Net Assets | <u>\$ 819,457</u> | <u>\$ (4,429,254)</u> | <u>\$ 5,373,519</u> | <u>\$ 1,763,722</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, 2004**

| Function/Program Activities | Expenses | Program Revenues | | |
|------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Component units: | | | | |
| Economic Development | \$ 714,956 | \$ 631,292 | \$ - | \$ - |
| TIF Mall | 5,155,011 | - | - | - |
| TIF East Side | 525,341 | - | - | - |
| Total component units | <u>\$ 6,395,308</u> | <u>\$ 631,292</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 |
| \$ (83,664) | \$ - | \$ - | \$ (83,664) |
| - | (5,155,011) | - | (5,155,011) |
| - | - | (525,341) | (525,341) |
| <u>\$ (83,664)</u> | <u>\$ (5,155,011)</u> | <u>\$ (525,341)</u> | <u>\$ (5,764,016)</u> |
| - | 4,068,291 | 2,480,127 | 6,548,418 |
| 16,291 | - | - | 16,291 |
| <u>16,291</u> | <u>4,068,291</u> | <u>2,480,127</u> | <u>6,564,709</u> |
| (67,373) | (1,086,720) | 1,954,786 | 800,693 |
| 886,830 | (3,342,534) | 3,418,733 | 963,029 |
| <u>\$ 819,457</u> | <u>\$ (4,429,254)</u> | <u>\$ 5,373,519</u> | <u>\$ 1,763,722</u> |

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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, business-type activities and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the City's statement of net assets includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital 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 for the governmental funds. 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. 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.

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, 2004

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 City Manager, Mayor and one Council Member all serve on the Board. The City Council approves the Board's budget each year and maintains the ability to impose its will on the Board. The Board does provide marketing and economic development services to the City and the City provides for custody and investment of the Board's assets, various administrative/personnel/legal services and the majority of funding for the Board's budget. The Board is reported as an enterprise fund. There are no separately issued financial statements of the Board. The Board will be presented as a 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 2004 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 focus is either the City as a whole or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, 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, street improvements fund and capital reserve fund. The major enterprise funds are the water and sewer fund, environmental waste services fund and municipal drainage fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a separate column in the fund financial statements.

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

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

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

D. Measurement Focus and Basis of Accounting

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

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered deferred revenue.

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

Paving assessments in the non-major governmental funds-Capital Projects are recorded as revenues when cash is received. The assessments are due in annual installments, including interest, over a four- to eight-year period. The assessments are measurable when assessed but are generally not available for use when assessed. 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. Capital reserve fund accounts for the financing of betterments and renewals to the City's infrastructure and for major rehabilitation, renovation, and replacement outlays and for emergency or unplanned projects not requiring general obligation bond financing.
- e. Other Governmental Funds is a summarization of all of the non-major governmental funds.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

2. Enterprise Funds:

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

- a. Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the Fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.
- b. 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.

E. Cash, Cash Equivalents and Investments

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

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

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

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund advances or interfund receivable/payable". All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

G. Inventories and Prepaid Items

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

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. For fiscal year 2004, \$46,830 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 | 15 – 40 |
| Improvements other than buildings | 20 – 50 |
| Equipment | 2 – 20 |
| Furniture and fixtures | 5 – 15 |
| Drainage improvements | 50 |
| Meters | 10 |
| Streets | 30 – 50 |
| Alleys | 25 |
| Storm/sanitary sewer | 50 |
| System infrastructure | 50 |

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

J. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. Upon termination, an employee is reimbursed for accumulated vacation. Police and firemen are reimbursed upon termination up to a maximum of 90 days accumulated sick leave as required by State Civil Service law. All other full time City employees with five or more years of service are reimbursed up to 90 days accumulated sick leave upon termination. Sick leave in excess of 90 days is not paid upon termination, but will be paid only upon illness while in the employ of the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide, 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).

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

| | |
|--|----------------------|
| Compensated absences | \$ (1,155,506) |
| Accrued interest | 112,518 |
| Amortization of bond discount | (250,360) |
| Amortization of bond premium | 311,764 |
| Record change in net pension obligation | <u>(184,118)</u> |
| Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | <u>\$(1,165,702)</u> |

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

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

- The City Manager, between 60 and 90 days prior to October 1 of each fiscal year, shall submit to the Council a proposed budget. Such budget shall provide a complete financial plan for the fiscal year.
- At the meeting of the City Council at which the budget is submitted, the City Council shall fix the time and place of a public hearing on the budget and shall cause to be published in the official newspaper of the City of Plano, a notice of the hearing setting forth the time and place thereof at least five days before the date of such hearing.
- The budget shall be finally adopted no later than 15 days prior to the beginning of the fiscal year and should the City Council fail to so adopt a budget, the then existing budget together with its tax-levying ordinance and its appropriation ordinance, shall be deemed adopted for the ensuing fiscal year.

The City Council approves annual appropriations for operations and interfund transfers for all operating and debt service funds. The City Manager has the authority to transfer unexpended balances between departmental budgets within appropriated funds. The City Council, however, must approve any increase in fund appropriations. The legal level of budgetary control is the fund level. During the year, there were \$7,657 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 an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results, with the following exceptions:

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

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

B. Fund Deficits and Budget Compliance:

The Office Services net liability of \$529,237 will require adjustments to the billing rate. The TIF Mall Discretely Presented Component Unit deficit of \$4,429,254 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, 2004. At year-end, the carrying amount of the City's demand deposits was \$2,144,934, which includes component unit deposits of \$46,361. The bank balance was covered by collateral with a fair value of \$5,058,816. The collateral is held in the City's name by the Federal Home Loan Bank of Chicago, an agent of the City's financial institution. (Category 2 - Collateralized with securities held by the pledging financial institution's agent in the City's name).

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

The City's investments carried at fair value as of September 30, 2004 are:

| | Fair Value |
|---|-----------------------|
| Primary Government | |
| Investments categorized as Category 1: | |
| Obligations of the U.S. Government and its agencies | \$ 154,717,891 |
| Total Category 1 investments | <u>154,717,891</u> |
| Investments not subject to categorization: | |
| Short-Term Investments in Treasury Money Market Funds | 913,981 |
| Texpool Investment Pool | <u>33,698,690</u> |
| | <u>34,612,671</u> |
| Retirement Security Plan Investments: (Category 3) | |
| Corporate Bonds | 8,631,454 |
| Corporate Stocks | <u>34,470,790</u> |
| Total Category 3 Investments | <u>43,102,244</u> |
| Investments not subject to categorization: | |
| Short-Term Treasury Fund | <u>3,872,992</u> |
| Total Investments Primary Government | <u>236,305,798</u> |
| Component Units | |
| Investments categorized as Category 1: | |
| Obligations of the U.S. government and its agencies | 3,635,389 |
| Total Category 1 investments | <u>3,635,389</u> |
| Investments not subject to categorization: | |
| Texpool Investment Pool | <u>523,714</u> |
| Total Investments Economic Development Board | <u>4,159,103</u> |
| Total Reporting Entity | <u>\$ 240,464,901</u> |

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

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

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004**

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 | \$ 109,849 | 200 | 110,049 | - |
| Carrying Amount of Deposits | 2,022,800 | 46,361 | 2,069,161 | 75,773 |
| Carrying Amount of Investments | 182,532,809 | 4,159,103 | 186,691,912 | 53,772,989 |
| | <u>\$ 184,665,458</u> | <u>4,205,664</u> | <u>188,871,122</u> | <u>53,848,762</u> |
| | | | | |
| Cash and Cash Equivalents | \$ 30,649,583 | 570,275 | 31,219,858 | 4,804,738 |
| Cash and Cash Equivalents-Restricted | 4,325,783 | - | 4,325,783 | - |
| Investments | 121,041,897 | 3,635,389 | 124,677,286 | 49,044,024 |
| Investments-Restricted | 28,648,195 | - | 28,648,195 | - |
| | <u>\$ 184,665,458</u> | <u>4,205,664</u> | <u>188,871,122</u> | <u>53,848,762</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, 2003, upon which the original 2004 levy was based, was \$20,398,670,327. Subsequent adjustments increased this value to \$20,446,515,520.

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

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the tax levy is billed. Current year revenues recognized are those ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, generally sixty days after year-end. Current tax collections for the year ended September 30, 2004, were 97.7% 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, 2004, was \$0.4535 (\$0.2908 for general government and \$0.1627 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 \$418,437,940 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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

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, 2004 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 | Capital Reserve | Water & Sewer | Environmental Waste | Municipal Drainage | Aggregate Remaining Funds | Total |
|---------------------------------------|--------------|-----------------|------------------------|--------------------|------------------|------------------------|-----------------------|---------------------------------|-------------|
| Receivables: | | | | | | | | | |
| Property Taxes | \$1,494,451 | 921,826 | - | - | - | - | - | - | 2,416,277 |
| Sales Taxes | 3,611,446 | - | - | - | - | - | - | - | 3,611,446 |
| Mixed Drink Taxes | 162,388 | - | - | - | - | - | - | - | 162,388 |
| Accounts | 471,814 | - | 2,543 | - | 12,169,205 | 1,527,655 | 647,646 | 402,820 | 15,221,683 |
| Accrued Interest | 223,680 | 1,354 | 65,712 | 163,623 | 140,755 | 5,448 | 52,600 | 440,448 | 1,093,620 |
| Assessments | - | - | 1,776,130 | - | - | - | - | - | 1,776,130 |
| Notes | 7,916,108 | - | - | - | - | - | - | - | 7,916,108 |
| Other | - | - | - | 37,351 | 682 | 431,342 | - | 1,113,027 | 1,582,402 |
| Gross Receivables | 13,879,887 | 923,180 | 1,844,385 | 200,974 | 12,310,642 | 1,964,445 | 700,246 | 1,956,295 | 33,780,054 |
| Less: Allowance For uncollectibles | (560,208) | (399,125) | (93,699) | - | (57,478) | - | - | - | (1,110,510) |
| Net total Receivables | \$13,319,679 | 524,055 | 1,750,686 | 200,974 | 12,253,164 | 1,964,445 | 700,246 | 1,956,295 | 32,669,544 |

The Enterprise Fund accounts receivable include unbilled charges for services rendered at September 30, 2004.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004**

4. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2004 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 | \$ 97,024,871 | 1,201,115 | - | 98,225,986 |
| Construction in progress | 59,884,335 | 33,983,389 | (13,535,501) | 80,332,223 |
| Total capital assets, not being depreciated | 156,909,206 | 35,184,504 | (13,535,501) | 178,558,209 |
| Capital assets, being depreciated: | | | | |
| Buildings | 88,369,077 | 2,131,463 | (152,772) | 90,347,768 |
| Improvements other than buildings | 70,069,397 | 1,246,800 | (54,712) | 71,261,485 |
| Equipment | 128,099,533 | 9,164,414 | (7,371,549) | 129,892,398 |
| Infrastructure | 777,170,965 | 14,813,579 | - | 791,984,544 |
| Total capital assets being depreciated | 1,063,708,972 | 27,356,256 | (7,579,033) | 1,083,486,195 |
| Less accumulated depreciation for: | | | | |
| Buildings | (41,763,695) | (4,167,599) | - | (45,931,294) |
| Improvements other than buildings | (37,892,335) | (2,375,383) | - | (40,267,718) |
| Equipment | (103,518,324) | (12,615,949) | 6,835,396 | (109,298,877) |
| Infrastructure | (279,560,070) | (19,130,631) | - | (298,690,701) |
| Total accumulated depreciation | (462,734,424) | (38,289,562) | 6,835,396 | (494,188,590) |
| Total capital assets, being depreciated, net | 600,974,548 | (10,933,306) | (743,637) | 589,297,605 |
| Governmental activities capital assets, net | \$ 757,883,754 | 24,251,198 | (14,279,138) | 767,855,814 |

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

| | Balance at Beginning Of Year | Additions | Transfers And Retirements | Balance at End Of Year |
|--|------------------------------------|--------------|---------------------------------|------------------------------|
| Water and sewer activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,770,917 | 16,482 | - | 4,787,399 |
| Construction in progress | 18,281,495 | 10,092,624 | (6,099,118) | 22,275,001 |
| Total capital assets, not being depreciated | 23,052,412 | 10,109,106 | (6,099,118) | 27,062,400 |
| Capital assets, being depreciated: | | | | |
| Buildings | 1,246,028 | - | - | 1,246,028 |
| Improvements other than buildings | 402,589,122 | 10,908,100 | - | 413,497,222 |
| Furniture and fixtures | 231,049 | 2,346 | (300) | 233,095 |
| Equipment | 10,436,689 | 1,680,774 | (41,250) | 12,076,213 |
| Total capital assets being depreciated | 414,502,888 | 12,591,220 | (41,550) | 427,052,558 |
| Less accumulated depreciation for: | | | | |
| Buildings | (786,742) | (62,302) | - | (849,044) |
| Improvements other than buildings | (107,567,843) | (10,092,369) | - | (117,660,212) |
| Furniture and fixtures | (231,049) | (2,345) | 300 | (233,094) |
| Equipment | (4,297,626) | (878,587) | 20,824 | (5,155,389) |
| Total accumulated depreciation | (112,883,260) | (11,035,603) | 21,124 | (123,897,739) |
| Total capital assets, being depreciated, net | 301,619,628 | 1,555,617 | (20,426) | 303,154,819 |
| Water and sewer activities capital assets, net | \$ 324,672,040 | 11,664,723 | (6,119,544) | 330,217,219 |

| | Balance at Beginning Of Year | Additions | Transfers And Retirements | Balance at End Of Year |
|--|------------------------------------|-----------|---------------------------------|------------------------------|
| Environmental waste activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Equipment | \$ 7,268,416 | 52,839 | (51,933) | 7,269,322 |
| Furniture and fixtures | 68,356 | 5,104 | - | 73,460 |
| Total capital assets being depreciated | 7,336,772 | 57,943 | (51,933) | 7,342,782 |
| Less accumulated depreciation for: | | | | |
| Equipment | (4,725,731) | (413,710) | 28,043 | (5,111,398) |
| Furniture and fixtures | (59,085) | (4,296) | - | (63,381) |
| Total accumulated depreciation | (4,784,816) | (418,006) | 28,043 | (5,174,779) |
| Total capital assets, being depreciated, net | 2,551,956 | (360,063) | (23,890) | 2,168,003 |
| Environmental waste activities capital assets, net | \$ 2,551,956 | (360,063) | (23,890) | 2,168,003 |

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

| | Balance at Beginning Of Year | Additions | Transfers And Retirements | Balance at End Of Year |
|---|------------------------------------|-----------|---------------------------------|------------------------------|
| Municipal drainage activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 37,243 | 708 | - | 37,951 |
| Construction in progress | 9,165,989 | 2,661,063 | (945,416) | 10,881,636 |
| Total capital assets, not being depreciated | 9,203,232 | 2,661,771 | (945,416) | 10,919,587 |
| Capital assets, being depreciated: | | | | |
| Drainage improvements | 13,588,650 | 944,695 | - | 14,533,345 |
| Furniture and fixtures | 5,724 | 2,400 | - | 8,124 |
| Equipment | 258,124 | 13 | - | 258,137 |
| Total capital assets being depreciated | 13,852,498 | 947,108 | - | 14,799,606 |
| Less accumulated depreciation for: | | | | |
| Drainage improvements | (1,297,588) | (281,220) | - | (1,578,808) |
| Furniture and fixtures | (3,623) | (106) | - | (3,729) |
| Equipment | (257,151) | (4,646) | - | (261,797) |
| Total accumulated depreciation | (1,558,362) | (285,972) | - | (1,844,334) |
| Total capital assets, being depreciated, net | 12,294,136 | 661,136 | - | 12,955,272 |
| Municipal drainage activities capital assets, net | \$ 21,497,368 | 3,322,907 | (945,416) | 23,874,859 |
| Other nonmajor business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,325,704 | - | (225) | 4,325,479 |
| Total capital assets, not being depreciated | 4,325,704 | - | (225) | 4,325,479 |
| Capital assets, being depreciated: | | | | |
| Buildings | 12,449,986 | 1,371,686 | - | 13,821,672 |
| Improvements other than buildings | 1,820,046 | 15,875 | - | 1,835,921 |
| Furniture and fixtures | 688,563 | 80,540 | (197,380) | 571,723 |
| Equipment | 2,197,440 | 16,083 | (78,975) | 2,134,548 |
| Total capital assets being depreciated | 17,156,035 | 1,484,184 | (276,355) | 18,363,864 |
| Less accumulated depreciation for: | | | | |
| Buildings | (7,956,901) | (791,442) | - | (8,748,343) |
| Improvements other than buildings | (612,737) | (41,610) | - | (654,347) |
| Furniture and fixtures | (503,294) | (19,629) | 197,380 | (325,543) |
| Equipment | (1,932,108) | (86,728) | 73,466 | (1,945,370) |
| Total accumulated depreciation | (11,005,040) | (939,409) | 270,846 | (11,673,603) |
| Total capital assets, being depreciated, net | 6,150,995 | 544,775 | (5,509) | 6,690,261 |
| Other nonmajor business-type activities capital assets, net | \$ 10,476,699 | 544,775 | (5,734) | 11,015,740 |

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

| | Balance at Beginning Of Year | Additions | Transfers And Retirements | Balance at End Of Year |
|--|------------------------------------|--------------|---------------------------------|------------------------------|
| Total Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 9,133,864 | 17,190 | (225) | 9,150,829 |
| Construction in progress | 27,447,484 | 12,753,687 | (7,044,534) | 33,156,637 |
| Total capital assets, not being depreciated | 36,581,348 | 12,770,877 | (7,044,759) | 42,307,466 |
| Capital assets, being depreciated: | | | | |
| Buildings | 13,696,014 | 1,371,686 | - | 15,067,700 |
| Improvements other than buildings | 404,409,168 | 10,923,975 | - | 415,333,143 |
| Drainage improvements | 13,588,650 | 944,695 | - | 14,533,345 |
| Furniture and fixtures | 993,692 | 90,390 | (197,680) | 886,402 |
| Equipment | 20,160,669 | 1,749,709 | (172,158) | 21,738,220 |
| Total capital assets being depreciated | 452,848,193 | 15,080,455 | (369,838) | 467,558,810 |
| Less accumulated depreciation for: | | | | |
| Buildings | (8,743,643) | (853,744) | - | (9,597,387) |
| Improvements other than buildings | (108,180,580) | (10,133,979) | - | (118,314,559) |
| Drainage improvements | (1,297,588) | (281,220) | - | (1,578,808) |
| Furniture and fixtures | (797,051) | (26,376) | 197,680 | (625,747) |
| Equipment | (11,212,616) | (1,383,671) | 122,333 | (12,473,954) |
| Total accumulated depreciation | (130,231,478) | (12,678,990) | 320,013 | (142,590,455) |
| Total capital assets, being depreciated, net | 322,616,715 | 2,401,465 | (49,825) | 324,968,355 |
| Business-type activities capital assets, net | \$ 359,198,063 | 15,172,342 | (7,094,584) | 367,275,821 |

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

| | |
|--|---------------|
| Governmental activities: | |
| General government | \$ 4,040,533 |
| Administrative services | 38,323 |
| Police | 706,104 |
| Fire | 331,495 |
| Libraries | 671,613 |
| Development | 137,005 |
| Public services and operations | 68,024 |
| Parks and recreation | 3,303,455 |
| Public works | 19,414,223 |
| Technology Services | 4,678,185 |
| Unallocated | 38,323 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 4,862,279 |
| Total depreciation expense – governmental activities | \$ 38,289,562 |

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004**

| | |
|---|--------------------------|
| Business-type activities: | |
| Water and sewer | \$ 11,035,603 |
| Environmental waste services | 418,006 |
| Municipal drainage | 285,972 |
| Nonmajor | 939,409 |
| Total depreciation expense – business-type activities | <u>\$ 12,678,990</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.

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 | \$ 50,516 | - | - | 50,516 |
| Total capital assets being depreciated | 50,516 | - | - | 50,516 |
| Less accumulated depreciation for: | | | | |
| Equipment | (38,483) | (2,656) | - | (41,139) |
| Total accumulated depreciation | (38,483) | (2,656) | - | (41,139) |
| Economic development activities capital assets, net | \$ 12,033 | (2,656) | - | 9,377 |

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

| | 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 | 6,495,598 | - | - | 6,495,598 |
| Improvements other than buildings | 6,008 | - | - | 6,008 |
| Equipment | 25,809 | - | - | 25,809 |
| Total capital assets being depreciated | 6,527,415 | - | - | 6,527,415 |
| Less accumulated depreciation for: | | | | |
| Buildings | (788,743) | (324,506) | - | (1,113,249) |
| Improvements other than buildings | (929) | (313) | - | (1,242) |
| Equipment | (5,251) | (4,285) | - | (9,536) |
| Total accumulated depreciation | (794,923) | (329,104) | - | (1,124,027) |
| Total capital assets, being depreciated, net | 5,732,492 | (329,104) | - | 5,403,388 |
| TIF East side activities capital assets, net | \$ 5,843,121 | (329,104) | - | 5,514,017 |

| | |
|--|-------------------|
| Component units: | |
| Economic development | \$ 2,656 |
| TIF east side | 329,104 |
| Total depreciation expense – component units | <u>\$ 331,760</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 794 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, 2004

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 4/01/04):

| | |
|------------------------------------|---------|
| 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, 2003 valuation is effective for rates beginning January 2005)

Contributions by the City were \$11,840,053 or 12.6% of the covered payroll of \$93,999,206 as required by the actuarial valuation. The total fiscal year 2004 payroll was \$101,444,277. Annual City TMRS pension cost and related information for the last three years is as follows:

| | 2003 | 2002 | 2001 |
|---|----------------|----------------|----------------|
| Annual pension cost | \$ 11,840,053 | 11,337,849 | 11,046,952 |
| Contributions made | 11,840,053 | 11,337,849 | 11,046,952 |
| Contributions as % of Annual pension cost | 100% | 100% | 100% |
| Net Pension Obligation (NPO) | | | |
| At end of year | - | - | - |
| Actuarial valuation date | 12/31/03 | 12/31/02 | 12/31/01 |
| 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 | 7% | 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, 2004**

The City's net pension obligation (NPO) for TMRS at December 31, 2003, 2002 and 2001 is calculated as follows:

| | 2003 | 2002 | 2001 |
|------------------------------------|---------------|--------------|--------------|
| Annual required contribution (ARC) | \$ 11,840,053 | 11,337,849 | 11,046,952 |
| Interest on NPO | - | - | - |
| Adjustment to the ARC | - | - | - |
| Annual pension cost | 11,840,053 | 11,337,849 | 11,046,952 |
| Contribution made | (11,840,053) | (11,337,849) | (11,046,952) |
| 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, 2003 actuarial valuation, there were 1,908 active members of whom 1,160 were vested and 748 were non-vested. There are 203 terminated participants receiving benefits.

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

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

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

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

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

.007 X City of Plano credited service since January 1, 1983 (not to exceed 25 years) X average compensation (highest 3 years of last 10) X a reduction factor based on the number of years which

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004**

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.

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

.007 X City of Plano credited service since January 1, 1983 (not to exceed 25 years) X average compensation (highest 3 years of last 10) X a reduction factor based on the number of years which the benefit start date precedes the normal retirement date. The benefit is reduced 1/15 for the first 6 years and 1/30 per year thereafter from the normal retirement.

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

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

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

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

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

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

Summary of Significant Accounting Policies-

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

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

At September 30, 2004, 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 \$2,396,201 or 2.67% of the covered payroll for the year ended September 30, 2004, as compared to the December 31, 2003 biennial actuarial requirement of 2.7%.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

The covered payroll was \$89,847,588 and the City's total payroll was \$101,444,277 for the year ended September 30, 2004. 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:

| | 2004 | 2003 | 2002 |
|------------------------------|--------------|-----------|-----------|
| Annual pension cost | \$ 2,580,319 | 2,427,712 | 2,418,786 |
| Contributions made | 2,396,201 | 2,308,078 | 2,035,700 |
| Contributions as % of | | | |
| Annual pension cost | 93% | 95% | 84% |
| Net Pension Obligation (NPO) | | | |
| At end of year | (226,870) | (410,988) | (530,622) |
| Actuarial valuation date | 12/31/03 | 12/31/01 | 12/31/01 |
| Actuarial cost method | Entry Age | Entry Age | Entry Age |
| | Normal | Normal | Normal |
| Amortization method | Level % | Level % | Level % |
| Asset valuation method | 5- Year | 5- Year | 5- Year |
| | Smoothed | Smoothed | Smoothed |
| | Market | Market | Market |
| Amortization period | 30 years | 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 the Retirement Security Plan (RSP) at September 30, 2004, 2003 and 2002 is calculated as follows:

| | 2004 | 2003 | 2002 |
|------------------------------------|--------------|-------------|-------------|
| Annual required contribution (ARC) | \$ 2,589,895 | 2,440,075 | 2,440,075 |
| Interest on NPO | (32,879) | (42,449) | (73,096) |
| Adjustment to the ARC | 23,303 | 30,086 | 51,807 |
| Annual pension cost | 2,580,319 | 2,427,712 | 2,418,786 |
| Contribution made | (2,396,201) | (2,308,078) | (2,035,700) |
| Change in NPO | 184,118 | 119,634 | 383,086 |
| NPO, beginning of year | (410,988) | (530,622) | (913,708) |
| NPO, end of year | \$ (226,870) | (410,988) | (530,622) |

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

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 2004 was 191. 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 2004 were approximately \$1,617,364.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004**

6. LONG-TERM DEBT:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2004, 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 | \$ 252,765 | - | (18,187) | 234,578 | 18,893 |
| Tax anticipation notes | 12,200 | - | (3,085) | 9,115 | 3,215 |
| Less deferred amounts: | | | | | |
| For issuance discounts / premiums / refundings | 1,494 | - | (61) | 1,433 | - |
| Total bonds payable | 266,459 | - | (21,333) | 245,126 | 22,108 |
| Compensated absences | 23,163 | 4,814 | (3,659) | 24,318 | 5,571 |
| Liability for insurance claims | 6,778 | 15,458 | (16,285) | 5,951 | 5,103 |
| Governmental activity Long-term debt | \$ 296,400 | 20,272 | (41,277) | 275,395 | 32,782 |

The compensated absences liability attributable to the governmental activities will be liquidated by several of the City's governmental and internal service funds. Approximately 95.8% has been paid by the General Fund and 0.4% by Special Revenue Funds and 3.8% by Internal Service Funds.

The claims and judgments liability will be liquidated through a variety of funds. The General Fund bears approximately 86% of the claims and judgments liability. The Enterprise Funds bear approximately 9% of the claims and judgment liability, while the Internal Service Funds bear approximately 4%. The remaining 1% of the claims and judgments liability will be liquidated through Special Revenue and Capital Projects Funds.

| | Balance Beginning Of Year | Increase | Decrease | Balance End of Year | Due Within One Year |
|--|---------------------------------|----------|----------|---------------------------|------------------------|
| Business Type Activities: | | | | | |
| Water & Sewer | | | | | |
| Revenue bonds | \$ 18,188 | - | (2,633) | 15,555 | 3,320 |
| Municipal Drainage | | | | | |
| Revenue bonds | 20,255 | - | (930) | 19,325 | 985 |
| Less deferred amounts: | | | | | |
| For issuance discounts / premiums | 593 | - | (149) | 444 | - |
| For accretion | 1,922 | - | (449) | 1,473 | - |
| On refunding | (36) | - | 36 | - | - |
| Total bonds payable | 40,922 | - | (4,125) | 36,797 | 4,305 |
| Compensated absences | 1,611 | 369 | (218) | 1,762 | 606 |
| Business-type activity Long-term debt | \$ 42,533 | 369 | (4,343) | 38,559 | 4,911 |

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

Long-term debt at September 30, 2004, includes the following individual issues (not including the unamortized premium of \$923,361, unamortized discount of \$365,696 and accretion of \$1,472,518 of the Water & Sewer Revenue Bonds and the unamortized premium of \$37,718 and unamortized discount of \$151,027 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 | 100,094,336 | 207,991 |
| 1994 Various purpose | 5.30 – 6.50 | 09-15-94 | 09-01-14 | 24,275,000 | 24,275,000 | - |
| 1996 Various purpose | 3.50 – 5.625 | 02-01-96 | 09-01-16 | 22,085,000 | 6,340,000 | 15,745,000 |
| 1997 Various purpose | 4.50 – 6.75 | 01-15-97 | 09-01-17 | 25,845,000 | 6,325,000 | 19,520,000 |
| 1998 Refunding and Improvements | 3.95 – 5.15 | 03-15-98 | 09-01-18 | 50,935,000 | 9,735,000 | 41,200,000 |
| 1999 Various purpose | 3.50 – 5.00 | 01-15-99 | 09-01-19 | 25,160,000 | 4,410,000 | 20,750,000 |
| 2000 Various purpose | 5.125 – 5.875 | 02-15-00 | 09-01-20 | 24,330,000 | 2,580,000 | 21,750,000 |
| 2001 Various purpose | 4.50 – 5.00 | 02-01-01 | 09-01-20 | 20,315,000 | 1,595,000 | 18,720,000 |
| 2001-A Various purpose | 4.00 – 5.00 | 09-15-01 | 09-01-21 | 18,195,000 | 1,765,000 | 16,430,000 |
| 2002 Refunding and Improvements | 3.25 – 5.25 | 08-01-02 | 09-01-22 | 56,130,000 | 13,260,000 | 42,870,000 |
| 2003 Refunding and Improvements | 2.00 – 5.00 | 05-01-03 | 09-01-23 | 41,370,000 | 3,985,000 | 37,385,000 |
| | | | | <u>408,942,327</u> | <u>174,364,336</u> | <u>234,577,991</u> |
| Tax Anticipation Notes: | | | | | | |
| 2001 Tax anticipation notes | 4.50 – 5.00 | 02-01-01 | 09-01-07 | 13,470,000 | 6,125,000 | 7,345,000 |
| 2001-A Tax anticipation notes | 3.00 – 3.50 | 09-15-01 | 09-01-06 | 4,200,000 | 2,430,000 | 1,770,000 |
| | | | | <u>17,670,000</u> | <u>8,555,000</u> | <u>9,115,000</u> |
| Water & Sewer Revenue Bonds: | | | | | | |
| 1990 Refunding and Improvements | 6.30 – 7.20 | 02-01-90 | 05-01-07 | 17,200,000 | 16,304,857 | 895,143 |
| 2003 General Obligation Refunding | 2.00 – 5.00 | 05-01-03 | 09-01-13 | 16,825,000 | 2,165,000 | 14,660,000 |
| | | | | <u>34,025,000</u> | <u>18,469,857</u> | <u>15,555,143</u> |
| Municipal Drainage Revenue Bonds: | | | | | | |
| 1994 Improvements | 5.35 – 6.50 | 09-15-94 | 05-15-14 | 5,400,000 | 5,400,000 | - |
| 1996 Improvements | 4.40 – 6.55 | 02-01-96 | 05-15-16 | 3,815,000 | 1,090,000 | 2,725,000 |
| 1997 Improvements | 4.85 – 7.50 | 01-15-97 | 05-15-17 | 2,805,000 | 685,000 | 2,120,000 |
| 1998 Refunding and Improvements | 3.95 – 5.05 | 03-15-98 | 05-15-18 | 4,950,000 | 245,000 | 4,705,000 |
| 1999 Improvements | 3.80 – 5.00 | 01-15-99 | 05-15-19 | 2,600,000 | 430,000 | 2,170,000 |
| 2001 Improvements | 4.20 – 5.10 | 09-15-01 | 05-15-21 | 4,530,000 | 490,000 | 4,040,000 |
| 2003 Improvements | 2.50 – 4.50 | 05-01-03 | 05-15-23 | 3,675,000 | 110,000 | 3,565,000 |
| | | | | <u>\$ 27,775,000</u> | <u>8,450,000</u> | <u>19,325,000</u> |

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

The annual requirements to amortize debt outstanding as of September 30, 2004, including interest payments of approximately \$101,951,000 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 |
| 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 | 16,055 | 7,803 | 1,855 | 239 | 1,190 | 726 |
| 2010-2014 | 74,025 | 27,951 | 3,895 | 290 | 6,870 | 2,725 |
| 2015-2019 | 55,965 | 11,436 | - | - | 5,335 | 1,094 |
| 2020-2023 | 14,850 | 1,295 | - | - | 1,705 | 167 |
| Total | \$ 243,693 | 89,738 | 15,555 | 4,115 | 19,325 | 8,098 |

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, 2004 of \$4,449,254. 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, 2004 of \$3,466,853. 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 \$224,322 available to service the general obligation debt after all debt due in the current fiscal year has been paid.

There are a number of limitations and restrictions contained in the various general obligation bond and certificate indentures. Management of the City believes it is in compliance with the significant limitations and restrictions at September 30, 2004.

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 \$180,443 at September 30, 2004. As provided for by the bond

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

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 Fiscal Years 1985 and 1998, 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, 2004, \$1,500,000 of the defeased bonds are outstanding for the 1985 year. At September 30, 2004, there were no defeased bonds outstanding for the 1998 year.

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 \$1,513,965 at September 30, 2004, are restricted within the Water and Sewer Fund. The respective bond indentures require the City to make equal monthly installments to the debt service funds which will accumulate to pay the annual principal and semiannual interest requirements as they become due.

The ordinances authorizing the Water and Sewer Revenue Bonds stipulate that the City will deposit, in addition to principal and interest requirements, certain amounts in a reserve fund. Amounts in the reserve fund are to be used to pay principal and interest on outstanding bonds at any time sufficient funds are not available in the bond interest and redemption fund. The bond indentures require that the City accumulate reserves to an amount equal to the average annual principal and interest requirements of all outstanding bonds secured by the net revenues of the system. The required reserve at September 30, 2004, is \$911,667 and the amount on hand is \$913,981. 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, 2004 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, 2004.

Restricted assets of the Water and Sewer Fund at September 30, 2004 are as follows:

| | | |
|-----------------------------|----|--------------------------|
| Cash and cash equivalents | \$ | 2,293,475 |
| Investments | | 15,539,558 |
| Accrued interest receivable | | <u>105,634</u> |
| | \$ | <u><u>17,938,667</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, 2004 \$2,906,758 is restricted within the Municipal Drainage Fund for debt service requirements.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004**

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, 2004 the reserve required and restricted within the Municipal Drainage Fund is \$1,371,142. 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, 2004, none of the defeased bonds were 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 \$320,948 were estimated at September 30, 2004. 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, 2004.

Restricted assets of the Municipal Drainage Fund at September 30, 2004 are as follows:

| | | |
|-----------------------------|----|-------------------------|
| Cash and cash equivalents | \$ | 931,231 |
| Investments | | 5,938,503 |
| Accrued interest receivable | | <u>42,892</u> |
| | \$ | <u><u>6,912,626</u></u> |

7. INTERFUND TRANSACTIONS:

A summary of interfund receivables and payables at September 30, 2004 is as follows:

| | Interfund Receivables | Interfund Payables |
|-------------------------|--------------------------|-----------------------|
| General Fund | \$ 618,986 | - |
| Special Revenue Funds: | | |
| Grant | - | 334,714 |
| Capital Projects Funds: | | |
| Capital Reserve | 141,920 | - |
| DART | - | 141,920 |
| Internal Service Funds: | | |
| Office Services | - | <u>284,272</u> |
| | <u>\$ 760,906</u> | <u>760,906</u> |

Internal loans (interfund advances) from the Equipment Maintenance 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, respectively. 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, 2004 are \$185,045 in the Environmental Waste Services Fund and \$176,546 in the Municipal Golf Course Fund. The long term advance is \$835,093 in the Environmental Waste Services Fund and \$775,299 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.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004**

Transfers between funds during the year were as follows:

| | Transfer In | Transfer Out |
|-----------------------------------|----------------------|-------------------|
| Governmental Activities: | | |
| General Fund | \$ 7,274,617 | 11,086,916 |
| Debt Service | 1,505,000 | 3,637,382 |
| Capital Reserve Fund | 12,421,555 | - |
| Nonmajor governmental activities | 4,047,743 | 250,000 |
| Business-type Activities: | | |
| Water and Sewer | - | 9,601,618 |
| Municipal Drainage | - | 239,116 |
| Nonmajor business-type activities | - | 433,883 |
| | <u>\$ 25,248,915</u> | <u>25,248,915</u> |

The transfers include the following:

| Transfer from Fund | Transfer to Fund | Amount |
|------------------------------------|--------------------------|----------------------|
| General Fund: | | |
| Capital Reserve Funding | Capital Reserve Fund | \$ 9,421,555 |
| CATV Funding | CATV Fund | 160,361 |
| Debt Service | Debt Service Fund | 1,505,000 |
| Debt Service Fund: | | |
| Debt Payment | Technology Services Fund | 3,637,382 |
| Water and Sewer Fund: | | |
| Indirect Cost Transfer | General Fund | 6,601,618 |
| Capital Reserve Funding | Capital Reserve Fund | 3,000,000 |
| Civic Center Fund: | | |
| Indirect Cost Transfer | General Fund | 254,163 |
| Municipal Drainage Fund: | | |
| Indirect Cost Transfer | General Fund | 239,116 |
| Municipal Golf Course Fund: | | |
| Indirect Cost Transfer | General Fund | 51,791 |
| Recreation Revolving Fund: | | |
| Indirect Cost Transfer | General Fund | 127,929 |
| Technology Services: | | |
| CATV Funding | CATV | 250,000 |
| | | <u>\$ 25,248,915</u> |

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

**CITY OF PLANO, TX
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2004**

the District. The City of Plano provides for the payment of its contractual obligations with the District from revenues generated by its waterworks and sewer systems. Such contractual payments provide for the payment of the principal and interest requirements, and the premium payment, if any, on specified indebtedness and associated operation and maintenance expenses of the District. Because of the factors mentioned above, the District is not included in the City's basic financial statements.

Water Supply

On December 12, 1953, the City entered into a contract with the District whereby the District agreed to provide water for the benefit of the City. In return for this service, the City agreed to pay the District at a rate per 1,000 gallon basis, subject to minimum annual payments. The City's annual payment for the year ended September 30, 2004, was \$23,674,651. 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 2004 this payment was \$859,170. Future years' payments to debt service are as follows:

| | | |
|-------------|----|-----------|
| 2005 | \$ | 851,470 |
| 2006 | | 852,420 |
| 2007 | | 848,758 |
| 2008 | | 856,058 |
| 2009 | | 856,957 |
| 2010 – 2014 | | 4,354,638 |
| 2015 – 2018 | | 2,939,762 |

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, 2004 was \$16,248,681 net of payments to the City for facilities usage.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004**

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, 2004 was \$5,711,812.

9. COMMITMENTS AND CONTINGENCIES:

The City has contractual commitments of approximately \$19,541,095 in the Capital Projects Funds, \$6,758,231 in the Water and Sewer Fund, and \$1,450,147 in the Municipal Drainage Fund. These commitments are for construction of various projects and will be funded primarily from general obligation bond proceeds in the Capital Projects Funds, operating revenues in the Water and Sewer Fund and revenue bond proceeds in the Municipal Drainage Fund.

Various claims and lawsuits are pending in which the City is involved. Included among the various actions are those for which the discovery process is currently underway or which have yet to proceed to trial. Outside 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 \$6,211,912 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 2004 and 2003 were:

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2004

| Fund | Liability Beginning Of Year | Current Year Claims And Changes in Estimates | Claim Payments | Liability End of Year |
|-------------------------|-----------------------------------|--|-------------------|--------------------------|
| 2004: | | | | |
| Property/Liability Loss | \$ 3,140,820 | 2,282,414 | 2,314,635 | 3,108,599 |
| Health Claims | 3,637,273 | 13,175,316 | 13,970,380 | 2,842,209 |
| Total | <u>\$ 6,778,093</u> | <u>15,457,730</u> | <u>16,285,015</u> | <u>5,950,808</u> |
| 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> |

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

**SCHEDULE OF TMRS FUNDING PROGRESS AND CONTRIBUTIONS
LAST SIX FISCAL YEARS (Unaudited)**

| Fiscal Year | Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) -Unit Credit | Unfunded Actuarial Accrued Liability UAAL | Funded Percent | Covered Payroll | UAAL as Percent of Covered Payroll | Annual Required Contributions | Actual Contributions | Percent Contributed |
|--------------------|---------------------------------|----------------------------------|---|--|-----------------------|------------------------|---|--------------------------------------|-----------------------------|----------------------------|
| 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% |
| 2004 | 12/31/03 | 237,335,980 | 293,597,459 | (56,261,479) | 80.84% | 93,999,206 | -59.85% | 11,840,053 | 11,840,053 | 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 |
|--------------------|---------------------------------|----------------------------------|---|--|-----------------------|------------------------|---|--------------------------------------|-----------------------------|----------------------------|
| 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% |
| 2004 | 12/31/03 | 48,894,642 | 44,115,875 | 4,778,767 | 110.83% | 89,847,588 | 5.32% | 2,589,895 | 2,396,201 | 92.52% |

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.

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, 2004

| Special Revenue | | | | | |
|---|---------------------------|---------------------|-------------------|-------------------------------------|---------------------------------|
| | Criminal Investigation | Grant | CATV | Industrial Revenue Bond Auth. | Public Safety Communications |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 99,135 | \$ 19,278 | \$ 58,682 | \$ 2,078 | \$ 629,920 |
| Investments | 632,191 | 122,329 | 374,218 | 13,249 | 4,017,019 |
| Receivables (net of allowance for uncollectible) | | | | | |
| Accrued interest | 4,566 | 883 | 2,703 | 96 | 29,012 |
| Other | - | 1,102,599 | - | - | - |
| Due from other governments | 6,171 | 522,642 | - | - | 61,036 |
| Prepaid items and other assets | - | 6,265 | - | - | - |
| Total Assets | <u>742,063</u> | <u>1,773,996</u> | <u>435,603</u> | <u>15,423</u> | <u>4,736,987</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 49,054 | 103,190 | 28,191 | - | 15,823 |
| Accrued liabilities | 31 | 9,969 | 19,396 | - | - |
| Contracts payable | - | - | - | - | - |
| Retainage payable | - | - | - | - | - |
| Deferred revenue | - | 1,102,599 | - | - | - |
| Due to other funds | - | 334,714 | - | - | - |
| Due to other governments | - | - | - | - | 78,635 |
| Seized assets payable | - | - | - | - | - |
| Total Liabilities | <u>49,085</u> | <u>1,550,472</u> | <u>47,587</u> | <u>-</u> | <u>94,458</u> |
| Fund Balances: | | | | | |
| Reserved for encumbrances | - | - | - | - | - |
| Reserved | - | 6,265 | - | - | - |
| Unreserved, designated | - | - | - | - | - |
| Unreserved, undesignated | 692,978 | 217,259 | 388,016 | 15,423 | 4,642,529 |
| Total fund balances | <u>692,978</u> | <u>223,524</u> | <u>388,016</u> | <u>15,423</u> | <u>4,642,529</u> |
| Total Liabilities and Fund Balance | <u>\$ 742,063</u> | <u>\$ 1,773,996</u> | <u>\$ 435,603</u> | <u>\$ 15,423</u> | <u>\$ 4,736,987</u> |

| Municipal Court | Rebate | Memorial Library | Seized Assets | Libraries |
|------------------------|-------------------|-------------------------|----------------------|-------------------|
| \$ 250,289 | \$ 114,164 | \$ 21,569 | \$ 39,346 | \$ 34,936 |
| 1,596,101 | 728,029 | 137,547 | 250,914 | 222,790 |
| 11,527 | 5,258 | 994 | 1,812 | 1,609 |
| - | - | - | - | - |
| - | - | - | - | - |
| 150 | - | - | - | - |
| <u>1,858,067</u> | <u>847,451</u> | <u>160,110</u> | <u>292,072</u> | <u>259,335</u> |
| 14,827 | 185 | 72 | - | - |
| 1,816 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 180,443 | - | - | - |
| - | - | - | 292,072 | - |
| <u>16,643</u> | <u>180,628</u> | <u>72</u> | <u>292,072</u> | <u>-</u> |
| - | - | - | - | - |
| 150 | - | - | - | - |
| - | 666,823 | 160,038 | - | - |
| 1,841,274 | - | - | - | 259,335 |
| <u>1,841,424</u> | <u>666,823</u> | <u>160,038</u> | <u>-</u> | <u>259,335</u> |
| <u>\$ 1,858,067</u> | <u>\$ 847,451</u> | <u>\$ 160,110</u> | <u>\$ 292,072</u> | <u>\$ 259,335</u> |

(continued)

CITY OF PLANO, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF SEPTEMBER 30, 2004
 (continued)

| | <u>Capital Projects</u> | | | | | Total Nonmajor Governmental Funds |
|---|---------------------------------|------------------------------|-------------------|-----------------------------|--------------------------|--|
| | Municipal Facilities | Park Improvements | DART | Spring Creekwalk | Park Services | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,163,714 | \$ 2,019,155 | \$ - | \$ 2,704 | \$ 526,693 | \$ 4,981,663 |
| Investments | 7,421,045 | 12,876,225 | - | 17,242 | 3,358,738 | 31,767,637 |
| Receivables (net of allowance for uncollectible) | | | | | | |
| Accrued interest | 53,599 | 92,999 | - | 125 | 24,259 | 229,442 |
| Other | - | - | - | - | - | 1,102,599 |
| Due from other governments | - | - | 369,070 | - | - | 958,919 |
| Prepaid items and other assets | - | - | - | - | - | 6,415 |
| Total Assets | <u>8,638,358</u> | <u>14,988,379</u> | <u>369,070</u> | <u>20,071</u> | <u>3,909,690</u> | <u>39,046,675</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | - | - | - | - | - | 211,342 |
| Accrued liabilities | - | - | - | - | - | 31,212 |
| Contracts payable | 226,692 | 348,615 | 68,719 | - | 62,995 | 707,021 |
| Retainage payable | 178,349 | 64,850 | 4,423 | - | 5,544 | 253,166 |
| Deferred revenue | - | - | - | - | - | 1,102,599 |
| Due to other funds | - | - | 141,920 | - | - | 476,634 |
| Due to other governments | - | - | - | - | - | 259,078 |
| Seized assets payable | - | - | - | - | - | 292,072 |
| Total Liabilities | <u>405,041</u> | <u>413,465</u> | <u>215,062</u> | <u>-</u> | <u>68,539</u> | <u>3,333,124</u> |
| Fund Balances: | | | | | | |
| Reserved for encumbrances | 3,140,625 | 4,719,600 | 48,715 | - | 48,834 | 7,957,774 |
| Reserved | 5,092,692 | 9,855,314 | - | 20,071 | 3,792,317 | 18,766,809 |
| Unreserved, designated | - | - | - | - | - | 826,861 |
| Unreserved, undesignated | - | - | 105,293 | - | - | 8,162,107 |
| Total fund balances | <u>8,233,317</u> | <u>14,574,914</u> | <u>154,008</u> | <u>20,071</u> | <u>3,841,151</u> | <u>35,713,551</u> |
| Total Liabilities and Fund Balance | <u>\$ 8,638,358</u> | <u>\$ 14,988,379</u> | <u>\$ 369,070</u> | <u>\$ 20,071</u> | <u>\$ 3,909,690</u> | <u>\$ 39,046,675</u> |

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2004

| | Special Revenue | | | | |
|--|-----------------------------------|-------------------|-------------------|--|---|
| | Criminal Investigation | Grant | CATV | Industrial Revenue Bond Auth. | Public Safety Communications |
| REVENUES | | | | | |
| Fines and forfeitures | \$ 148,837 | \$ - | \$ - | \$ - | \$ - |
| Contributions | - | - | - | - | - |
| Intergovernmental | 22,195 | 2,262,846 | - | - | 65,349 |
| Fees for services | - | 1,619 | 326,544 | - | 860,042 |
| Investment income | 12,427 | 2,978 | 10,096 | 282 | 81,633 |
| Miscellaneous | 8,113 | 87,842 | 280 | - | - |
| Total revenues | <u>191,572</u> | <u>2,355,285</u> | <u>336,920</u> | <u>282</u> | <u>1,007,024</u> |
| EXPENDITURES | | | | | |
| General government | - | - | - | - | - |
| Police | 57,623 | 346,742 | - | - | 158,602 |
| Fire | - | 24,816 | - | - | 19,602 |
| Libraries | - | 64,694 | - | - | - |
| Development | - | 1,729,127 | - | - | - |
| Public services and operations | - | - | 810,862 | - | 51,641 |
| Parks and recreation | - | 33,438 | - | - | - |
| Environmental waste services | - | 14,194 | - | - | - |
| Capital outlay | 86,683 | 177,730 | 16,736 | - | 198,637 |
| Total expenditures | <u>144,306</u> | <u>2,390,741</u> | <u>827,598</u> | <u>-</u> | <u>428,482</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>47,266</u> | <u>(35,456)</u> | <u>(490,678)</u> | <u>282</u> | <u>578,542</u> |
| OTHER FINANCING SOURCES | | | | | |
| Transfers in | - | - | 410,361 | - | - |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>410,361</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 47,266 | (35,456) | (80,317) | 282 | 578,542 |
| Fund balances-beginning | 645,712 | 258,980 | 468,333 | 15,141 | 4,063,987 |
| Fund balances-ending | <u>\$ 692,978</u> | <u>\$ 223,524</u> | <u>\$ 388,016</u> | <u>\$ 15,423</u> | <u>\$ 4,642,529</u> |

| Municipal Court | Rebate | Memorial Library | Libraries |
|------------------------|-------------------|-------------------------|-------------------|
| \$ 490,534 | - | - | - |
| - | - | 6,883 | 7,731 |
| - | - | - | - |
| 27,971 | - | - | - |
| 31,367 | 16,111 | 3,094 | 4,742 |
| - | - | - | - |
| <u>549,872</u> | <u>16,111</u> | <u>9,977</u> | <u>12,473</u> |
| - | 178,679 | - | - |
| 146,426 | - | - | - |
| - | - | - | - |
| - | - | - | 9,587 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 37,046 | - | 33,072 | 986 |
| <u>183,472</u> | <u>178,679</u> | <u>33,072</u> | <u>10,573</u> |
| <u>366,400</u> | <u>(162,568)</u> | <u>(23,095)</u> | <u>1,900</u> |
| - | - | - | - |
| - | - | - | - |
| 366,400 | (162,568) | (23,095) | 1,900 |
| <u>1,475,024</u> | <u>829,391</u> | <u>183,133</u> | <u>257,435</u> |
| <u>\$ 1,841,424</u> | <u>\$ 666,823</u> | <u>\$ 160,038</u> | <u>\$ 259,335</u> |

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2004
(continued)

| | <u>Capital Projects</u> | | | | | Total Nonmajor Governmental Funds |
|--|---------------------------------|------------------------------|-------------------|-----------------------------|--------------------------|--|
| | Municipal Facilities | Park Improvements | DART | Spring Creekwalk | Park Services | |
| REVENUES | | | | | | |
| Fines and forfeitures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 639,371 |
| Contributions | - | - | 716,645 | - | - | 731,259 |
| Intergovernmental | - | - | - | - | - | 2,350,390 |
| Fees for services | - | - | - | - | 482,795 | 1,698,971 |
| Investment income | 186,897 | 297,449 | 11,598 | 366 | 67,912 | 726,952 |
| Miscellaneous | 4,200 | - | - | - | - | 100,435 |
| Total revenues | <u>191,097</u> | <u>297,449</u> | <u>728,243</u> | <u>366</u> | <u>550,707</u> | <u>6,247,378</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | - | 178,679 |
| Police | - | - | - | - | - | 709,393 |
| Fire | - | - | - | - | - | 44,418 |
| Libraries | - | - | - | - | - | 74,281 |
| Development | - | - | - | - | - | 1,729,127 |
| Public services and operations | - | - | - | - | - | 862,503 |
| Parks and recreation | - | - | - | - | - | 33,438 |
| Environmental waste services | - | - | - | - | - | 14,194 |
| Capital outlay | 1,311,232 | 7,150,809 | 382,354 | - | 232,187 | 9,627,472 |
| Total expenditures | <u>1,311,232</u> | <u>7,150,809</u> | <u>382,354</u> | <u>-</u> | <u>232,187</u> | <u>13,273,505</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,120,135)</u> | <u>(6,853,360)</u> | <u>345,889</u> | <u>366</u> | <u>318,520</u> | <u>(7,026,127)</u> |
| OTHER FINANCING SOURCES | | | | | | |
| Transfers in | - | - | - | - | - | 410,361 |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>410,361</u> |
| Net change in fund balances | <u>(1,120,135)</u> | <u>(6,853,360)</u> | <u>345,889</u> | <u>366</u> | <u>318,520</u> | <u>(6,615,766)</u> |
| Fund balances-beginning | 9,353,452 | 21,428,274 | (191,881) | 19,705 | 3,522,631 | 42,329,317 |
| Fund balances-ending | <u>\$ 8,233,317</u> | <u>\$ 14,574,914</u> | <u>\$ 154,008</u> | <u>\$ 20,071</u> | <u>\$ 3,841,151</u> | <u>\$ 35,713,551</u> |

ENTERPRISE FUNDS

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business - where the intent of the City is that costs of providing the goods or services to the general public on a continuing basis will be financed or recovered through user charges.

The City has the following major Enterprise Funds:

WATER AND SEWER FUND- to account 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 cost are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

SOLID WASTE FUND- to account 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.

MUNICIPAL DRAINAGE FUND- to account for the City's storm water management program.

CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2004

| | Business-type Activities | | | | | Total Nonmajor Enterprise Funds |
|--|--------------------------|--------------------------|------------------------|--------------------------------|-------------------------|------------------------------------|
| | Enterprise Funds | | | | | |
| | Civic Center | Municipal Golf Course | Property Management | Downtown Center Development | Recreation Revolving | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 217,992 | \$ 16,434 | \$ 34,628 | \$ 2,153 | \$ 83,753 | \$ 354,960 |
| Investments | 1,362,658 | 104,797 | 220,826 | 13,728 | 533,138 | 2,235,147 |
| Receivables - | | | | | | |
| Accounts | 314,906 | - | - | - | - | 314,906 |
| Accrued Interest | 9,842 | 757 | 1,595 | 99 | 3,851 | 16,144 |
| Other | 16 | - | 4,668 | - | 1,814 | 6,498 |
| Interfund receivable (payable) | - | (176,546) | - | - | - | (176,546) |
| Prepaid expenses & other assets | 3,570 | - | - | - | 25,532 | 29,102 |
| Capital assets: | | | | | | |
| Land | 2,359,859 | 595,296 | 1,333,325 | 36,999 | - | 4,325,479 |
| Buildings | 11,222,523 | 2,427,383 | 171,766 | - | - | 13,821,672 |
| Improvements other than buildings | 572,694 | 1,247,352 | 15,875 | - | - | 1,835,921 |
| Equipment | 1,528,580 | 159,365 | - | - | 446,603 | 2,134,548 |
| Furniture and fixtures | 415,498 | 81,946 | - | - | 74,279 | 571,723 |
| Less accumulated depreciation | (9,892,110) | (1,140,321) | (164,821) | - | (476,351) | (11,673,603) |
| Total capital assets (net of accumulated depreciation) | 6,207,044 | 3,371,021 | 1,356,145 | 36,999 | 44,531 | 11,015,740 |
| Total assets | 8,116,028 | 3,316,463 | 1,617,862 | 52,979 | 692,619 | 13,795,951 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 296,325 | 72,549 | - | - | 70,249 | 439,123 |
| Accrued liabilities | 198,028 | 41,826 | - | - | 42,343 | 282,197 |
| Deferred revenue | - | - | - | - | 335,606 | 335,606 |
| Customer deposits | - | 9,112 | 10,467 | - | 75,555 | 95,134 |
| Total current liabilities | 494,353 | 123,487 | 10,467 | - | 523,753 | 1,152,060 |
| Noncurrent liabilities: | | | | | | |
| Advance from other funds | - | 775,299 | - | - | - | 775,299 |
| Liability for compensated absences | 118,151 | 84,833 | - | - | 45,881 | 248,865 |
| Total noncurrent liabilities | 118,151 | 860,132 | - | - | 45,881 | 1,024,164 |
| Total liabilities | 612,504 | 983,619 | 10,467 | - | 569,634 | 2,176,224 |
| NET ASSETS | | | | | | |
| Invested in capital assets (net of related debt) | 6,207,044 | 3,371,021 | 1,356,145 | 36,999 | 44,531 | 11,015,740 |
| Unrestricted | 1,296,480 | (1,038,177) | 251,250 | 15,980 | 78,454 | 603,987 |
| Total Net Assets | \$ 7,503,524 | \$ 2,332,844 | \$ 1,607,395 | \$ 52,979 | \$ 122,985 | \$ 11,619,727 |

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

| | 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 | \$ 1,965,685 | \$ 901,804 | \$ 74,301 | \$ 67,879 | \$ 2,576,480 | \$ 5,586,149 |
| Miscellaneous charges | 1,131 | - | - | - | 14,660 | 15,791 |
| Total operating revenues | <u>1,966,816</u> | <u>901,804</u> | <u>74,301</u> | <u>67,879</u> | <u>2,591,140</u> | <u>5,601,940</u> |
| Operating expenses: | | | | | | |
| Personal services | 2,006,370 | 545,961 | - | - | 875,625 | 3,427,956 |
| Contractual services | 1,828,339 | 160,688 | 29,483 | 42,668 | 1,243,623 | 3,304,801 |
| Supplies | 538,204 | 182,019 | 5,382 | - | 169,044 | 894,649 |
| Depreciation | 617,984 | 232,464 | 51,328 | - | 37,633 | 939,409 |
| Miscellaneous | 74,475 | 1,080 | - | - | 24,522 | 100,077 |
| Total operating expenses | <u>5,065,372</u> | <u>1,122,212</u> | <u>86,193</u> | <u>42,668</u> | <u>2,350,447</u> | <u>8,666,892</u> |
| Operating income (loss) | <u>(3,098,556)</u> | <u>(220,408)</u> | <u>(11,892)</u> | <u>25,211</u> | <u>240,693</u> | <u>(3,064,952)</u> |
| Nonoperating revenues (expenses): | | | | | | |
| Investment income | 23,257 | 16,208 | 4,357 | - | 3,900 | 47,722 |
| Loss on property disposition | (1,831) | - | - | - | - | (1,831) |
| Interest and fiscal charges | - | (74,034) | - | - | (620) | (74,654) |
| Hotel/motel tax | 3,076,824 | - | - | - | - | 3,076,824 |
| Miscellaneous | 2,097 | - | - | - | - | 2,097 |
| Total nonoperating revenue (expenses) | <u>3,100,347</u> | <u>(57,826)</u> | <u>4,357</u> | <u>-</u> | <u>3,280</u> | <u>3,050,158</u> |
| Income (loss) before transfers | 1,791 | (278,234) | (7,535) | 25,211 | 243,973 | (14,794) |
| Transfers out | <u>(254,163)</u> | <u>(51,791)</u> | <u>-</u> | <u>-</u> | <u>(127,929)</u> | <u>(433,883)</u> |
| Change in net assets | <u>(252,372)</u> | <u>(330,025)</u> | <u>(7,535)</u> | <u>25,211</u> | <u>116,044</u> | <u>(448,677)</u> |
| Total net assets-beginning | 7,755,896 | 2,662,869 | 1,614,930 | 27,768 | 6,941 | 12,068,404 |
| Total net assets-ending | <u>\$ 7,503,524</u> | <u>\$ 2,332,844</u> | <u>\$ 1,607,395</u> | <u>\$ 52,979</u> | <u>\$ 122,985</u> | <u>\$ 11,619,727</u> |

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

| | 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 | \$ 1,845,276 | \$ 901,804 | \$ 77,685 | \$ 67,879 | \$ 2,599,717 | \$ 5,492,361 |
| Cash payments to suppliers for goods and services | (2,574,389) | (554,989) | (34,915) | (52,124) | (1,414,096) | (4,630,513) |
| Cash payments to employees for services | (1,991,756) | (533,464) | - | - | (854,138) | (3,379,358) |
| Net cash provided (used) by operating activities | (2,720,869) | (186,649) | 42,770 | 15,755 | 331,483 | (2,517,510) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Repayments to other funds | - | (282,060) | - | - | (11,074) | (293,134) |
| Hotel/motel tax | 3,076,824 | - | - | - | - | 3,076,824 |
| Transfers to other funds | (254,163) | (51,791) | - | - | (127,929) | (433,883) |
| Net cash provided (used) by noncapital financing activities | 2,822,661 | (333,851) | - | - | (139,003) | 2,349,807 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Acquisition and construction of capital assets | (8,605) | (1,456,027) | (15,875) | 225 | - | (1,480,282) |
| Interest paid on long-term debt | - | (74,034) | - | - | (620) | (74,654) |
| Proceeds from insurance damages | 2,097 | - | - | - | - | 2,097 |
| Net cash provided (used) by capital and related financing activities | (6,508) | (1,530,061) | (15,875) | 225 | (620) | (1,552,839) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of investment securities | (1,362,658) | (104,797) | (220,826) | (13,728) | (533,138) | (2,235,147) |
| Proceeds from sale and maturities of investment securities | 1,188,753 | 1,745,216 | 182,747 | - | 343,834 | 3,460,550 |
| Interest on investments | 34,330 | 30,889 | 6,069 | 12 | 7,217 | 78,517 |
| Decrease in fair value of investments | (11,223) | (1,209) | (1,817) | (111) | (4,365) | (18,725) |
| Net cash provided (used) by investing activities | (150,798) | 1,670,099 | (33,827) | (13,827) | (186,452) | 1,285,195 |
| Net increase (decrease) in cash and cash equivalents | (55,514) | (380,462) | (6,932) | 2,153 | 5,408 | (435,347) |
| Cash and cash equivalents, October 1 | 273,506 | 396,896 | 41,580 | - | 78,345 | 790,307 |
| Cash and cash equivalents, September 30 | 217,992 | 16,434 | 34,628 | 2,153 | 83,753 | 354,960 |
| Classified as: | | | | | | |
| Current assets | 217,992 | 16,434 | 34,628 | 2,153 | 83,753 | 354,960 |
| Restricted assets | - | - | - | - | - | - |
| Total | <u>\$ 217,992</u> | <u>\$ 16,434</u> | <u>\$ 34,628</u> | <u>\$ 2,153</u> | <u>\$ 83,753</u> | <u>\$ 354,960</u> |

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004
(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) | \$ (3,098,556) | (220,408) | (11,892) | 25,211 | 240,693 | (3,064,952) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | | |
| Depreciation | 617,984 | 232,464 | 51,328 | - | 37,633 | 939,409 |
| Change in assets and liabilities: | | | | | | |
| (Increase) decrease in- | | | | | | |
| Accounts receivable | (121,540) | - | 3,384 | - | - | (118,156) |
| Other accounts receivable | (4,379) | - | - | - | 35 | (4,344) |
| Prepaid expenses | 4,018 | - | - | - | 6,114 | 10,132 |
| Increase (decrease) in- | | | | | | |
| Accounts payable | (133,010) | (211,202) | (50) | - | 16,944 | (327,318) |
| Accrued liabilities | 22,718 | 8,965 | - | - | 11,670 | 43,353 |
| Due to other funds | - | - | - | (9,456) | - | (9,456) |
| Refunds payable | - | - | - | - | (1,044) | (1,044) |
| Liability for compensated absences | (8,104) | 3,532 | - | - | 9,817 | 5,245 |
| Customer deposits | - | - | - | - | 7,146 | 7,146 |
| Deferred revenue | - | - | - | - | 2,475 | 2,475 |
| Total adjustments | <u>377,687</u> | <u>33,759</u> | <u>54,662</u> | <u>(9,456)</u> | <u>90,790</u> | <u>547,442</u> |
| Net cash provided (used) by operating activities | <u>\$ (2,720,869)</u> | <u>\$ (186,649)</u> | <u>\$ 42,770</u> | <u>\$ 15,755</u> | <u>\$ 331,483</u> | <u>\$ (2,517,510)</u> |

INTERNAL SERVICE FUNDS

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

The City has six Internal Service Funds as follows:

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

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

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

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

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

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

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2004**

| | Equipment Maintenance | Office Services | Municipal Warehouse |
|---|----------------------------------|----------------------------|--------------------------------|
| ASSETS | | | |
| Cash & cash equivalents | \$ 1,133,918 | \$ 125 | \$ 28,435 |
| Investments | 7,229,764 | - | 180,696 |
| Receivables | | | |
| Accounts | - | - | 1,569 |
| Accrued interest | 52,218 | - | - |
| Other | 505 | 129 | - |
| Interfund receivables | | | |
| Environmental waste services fund | 185,045 | - | - |
| Inventories | 73,080 | 15,463 | 679,665 |
| Prepaid items | 2,343 | - | - |
| Interfund advance | 835,093 | - | - |
| Restricted assets: | | | |
| Cash & cash equivalents | - | - | - |
| Investments | - | - | - |
| Receivables | - | - | - |
| Capital assets: | | | |
| Land | 51,515 | - | - |
| Buildings | 1,371,852 | - | - |
| Furniture & fixtures | 44,643 | 449 | 30,381 |
| Rolling equipment | 43,626,504 | - | - |
| Equipment | 6,470,734 | 413,742 | 220,898 |
| Construction in progress | - | - | - |
| Less accumulated depreciation | (44,738,366) | (332,559) | (250,724) |
| Total capital assets(net of accumulated depreciation) | 6,826,882 | 81,632 | 555 |
| Total Assets | <u>16,338,848</u> | <u>97,349</u> | <u>890,920</u> |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payable | 335,554 | 327,333 | 465,324 |
| Accrued liabilities | 157,650 | 14,981 | 39,520 |
| Due to other funds | - | 284,272 | - |
| Tax anticipation notes payable | - | - | - |
| Liability for insurance claims | - | - | - |
| Total current liabilities | <u>493,204</u> | <u>626,586</u> | <u>504,844</u> |
| NONCURRENT LIABILITIES: | | | |
| Tax anticipation notes payable | - | - | - |
| Liability for insurance claims | - | - | - |
| Total Liabilities | <u>493,204</u> | <u>626,586</u> | <u>504,844</u> |
| NET ASSETS | | | |
| Invested in capital assets | 6,640,526 | 81,632 | 555 |
| Restricted | - | - | - |
| Unrestricted | 9,205,118 | (610,869) | 385,521 |
| Total net assets | <u>\$ 15,845,644</u> | <u>\$ (529,237)</u> | <u>\$ 386,076</u> |

| | Technology Services | Property/ Liability Loss | Health Claims | Total |
|----|------------------------|--------------------------------|------------------|---------------|
| \$ | 1,477,867 | \$ 778,287 | \$ 840,850 | \$ 4,259,482 |
| | 9,424,416 | 4,963,167 | 5,362,133 | 27,160,176 |
| | - | 35,631 | - | 37,200 |
| | 68,069 | 35,847 | 38,728 | 194,862 |
| | 3,191 | 105 | - | 3,930 |
| | - | - | - | 185,045 |
| | - | - | - | 768,208 |
| | 15,628 | 1,467 | 351,000 | 370,438 |
| | - | - | - | 835,093 |
| | 1,101,077 | - | - | 1,101,077 |
| | 7,021,608 | - | - | 7,021,608 |
| | 50,714 | - | - | 50,714 |
| | 11,007 | - | - | 62,522 |
| | - | - | - | 1,371,852 |
| | 40,665 | 6,735 | - | 122,873 |
| | - | - | - | 43,626,504 |
| | 23,808,764 | 573,054 | - | 31,487,192 |
| | 2,149,984 | - | - | 2,149,984 |
| | (15,959,466) | (524,206) | - | (61,805,321) |
| | 10,050,954 | 55,583 | - | 17,015,606 |
| | 29,213,524 | 5,870,087 | 6,592,711 | 59,003,439 |
| | 455,199 | 207,933 | 4,510 | 1,795,853 |
| | 596,565 | 34,551 | - | 843,267 |
| | - | - | - | 284,272 |
| | 3,215,000 | - | - | 3,215,000 |
| | - | 2,260,668 | 2,842,209 | 5,102,877 |
| | 4,266,764 | 2,503,152 | 2,846,719 | 11,241,269 |
| | 6,096,124 | - | - | 6,096,124 |
| | - | 847,931 | - | 847,931 |
| | 10,362,888 | 3,351,083 | 2,846,719 | 18,185,324 |
| | 8,905,432 | 55,583 | - | 15,683,728 |
| | - | - | - | - |
| | 9,945,204 | 2,463,421 | 3,745,992 | 25,134,387 |
| \$ | 18,850,636 | \$ 2,519,004 | \$ 3,745,992 | \$ 40,818,115 |

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

| | <u>Equipment Maintenance</u> | <u>Office Services</u> | <u>Municipal Warehouse</u> |
|---|----------------------------------|----------------------------|--------------------------------|
| REVENUES: | | | |
| Charges for services | \$ 8,398,867 | \$ 908,340 | \$ 3,027,167 |
| Miscellaneous | 27,069 | 14,067 | 41,316 |
| Total operating revenues | <u>8,425,936</u> | <u>922,407</u> | <u>3,068,483</u> |
| EXPENSES: | | | |
| Personal services | 2,081,190 | 251,166 | 390,934 |
| Contractual services | 708,324 | 320,721 | 31,111 |
| Supplies | 1,380,776 | 478,404 | 21,242 |
| Materials | - | - | 2,636,248 |
| Claims expense | - | - | - |
| Depreciation | 4,862,279 | 18,284 | 9,498 |
| Miscellaneous | 8,900 | 361 | 1,371 |
| Total operating expenses | <u>9,041,469</u> | <u>1,068,936</u> | <u>3,090,404</u> |
| Operating income (loss) | <u>(615,533)</u> | <u>(146,529)</u> | <u>(21,921)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Investment income | 210,818 | - | 2,091 |
| Intergovernmental revenues | 27,194 | - | - |
| Interest and fiscal charges on tax anticipation notes | - | - | - |
| Gain (loss) on fixed asset disposal | 263,852 | - | 93,303 |
| Tax anticipation note premium | - | - | - |
| Miscellaneous | 1,571 | - | - |
| Total nonoperating revenues (expenses) | <u>503,435</u> | <u>-</u> | <u>95,394</u> |
| Income (loss) before transfers | <u>(112,098)</u> | <u>(146,529)</u> | <u>73,473</u> |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Change in net assets | <u>(112,098)</u> | <u>(146,529)</u> | <u>73,473</u> |
| Total net assets-beginning | <u>15,957,742</u> | <u>(382,708)</u> | <u>312,603</u> |
| Total net assets-ending | <u>\$ 15,845,644</u> | <u>\$ (529,237)</u> | <u>\$ 386,076</u> |

| Technology Services | Property/ Liability Loss | Health Claims | Total |
|----------------------------|---|--------------------------|----------------------|
| \$ 7,473,869 | \$ 3,624,731 | \$ 17,480,380 | \$ 40,913,354 |
| - | 133,075 | - | 215,527 |
| <u>7,473,869</u> | <u>3,757,806</u> | <u>17,480,380</u> | <u>41,128,881</u> |
| 3,176,261 | 304,378 | - | 6,203,929 |
| 3,153,731 | 966,585 | 1,856,354 | 7,036,826 |
| 861,650 | 26,361 | - | 2,768,433 |
| - | - | - | 2,636,248 |
| - | 2,282,414 | 13,175,316 | 15,457,730 |
| 4,678,185 | 9,899 | - | 9,578,145 |
| 1,542 | 962 | - | 13,136 |
| <u>11,871,369</u> | <u>3,590,599</u> | <u>15,031,670</u> | <u>43,694,447</u> |
| <u>(4,397,500)</u> | <u>167,207</u> | <u>2,448,710</u> | <u>(2,565,566)</u> |
| 364,591 | 104,056 | 98,888 | 780,444 |
| - | - | - | 27,194 |
| (553,557) | - | - | (553,557) |
| (27,067) | - | - | 330,088 |
| 105,299 | - | - | 105,299 |
| 16,095 | - | - | 17,666 |
| <u>(94,639)</u> | <u>104,056</u> | <u>98,888</u> | <u>707,134</u> |
| (4,492,139) | 271,263 | 2,547,598 | (1,858,432) |
| 3,637,382 | - | - | 3,637,382 |
| (250,000) | - | - | (250,000) |
| <u>(1,104,757)</u> | <u>271,263</u> | <u>2,547,598</u> | <u>1,528,950</u> |
| 19,955,393 | 2,247,741 | 1,198,394 | 39,289,165 |
| <u>\$ 18,850,636</u> | <u>\$ 2,519,004</u> | <u>\$ 3,745,992</u> | <u>\$ 40,818,115</u> |

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

| | <u>Equipment Maintenance</u> | <u>Office Services</u> | <u>Municipal Warehouse</u> |
|--|----------------------------------|----------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 5,800,234 | \$ 924,990 | \$ 3,003,654 |
| Cash payments to suppliers for goods and services | (2,162,358) | (661,516) | (2,499,307) |
| Cash payments to employees for services | (2,064,660) | (251,839) | (390,710) |
| Net cash provided by operating activities | <u>1,573,216</u> | <u>11,635</u> | <u>113,637</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Repayments from other other funds | 180,082 | - | - |
| Transfers from other funds | - | - | - |
| Transfers to other funds | - | - | - |
| Grant receipts | 27,194 | - | - |
| Net cash provided by noncapital financing activities | <u>207,276</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and construction of capital assets | (4,219,549) | (11,635) | - |
| Transfer of capital assets to (from) other funds | 1,851 | - | - |
| Principal paid on long-term debt | - | - | - |
| Interest and fees paid on long-term debt | - | - | - |
| Proceeds on sale of equipment | 263,853 | - | 93,303 |
| Proceeds from insurance damages | 1,571 | - | - |
| Net cash provided (used) by capital and related financing activities | <u>(3,952,274)</u> | <u>(11,635)</u> | <u>93,303</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of investment securities | (7,229,764) | - | (180,696) |
| Proceeds from sales and maturities of investment securities | 8,398,307 | - | - |
| Interest on investments | 287,051 | - | 3,546 |
| Decrease in fair value of investments | (59,980) | - | (1,455) |
| Net cash provided (used) by investing activities | <u>1,395,614</u> | <u>-</u> | <u>(178,605)</u> |
| Net increase (decrease) in cash and cash equivalents | (776,168) | - | 28,335 |
| Cash and cash equivalents, October 1 | <u>1,910,086</u> | <u>125</u> | <u>100</u> |
| Cash and cash equivalents, September 30 | <u>\$ 1,133,918</u> | <u>\$ 125</u> | <u>\$ 28,435</u> |

Non-cash disclosure:
Tax anticipation note premium

| Technology Services | Property/ Liability Loss | Health Claims | Total |
|----------------------------|---|--------------------------|---------------------|
| \$ 7,471,513 | \$ 3,758,245 | \$ 17,480,380 | \$ 38,439,016 |
| (4,011,833) | (3,176,830) | (16,205,786) | (28,717,630) |
| (3,101,338) | (305,289) | - | (6,113,836) |
| <u>358,342</u> | <u>276,126</u> | <u>1,274,594</u> | <u>3,607,550</u> |
| - | - | - | 180,082 |
| 3,637,382 | - | - | 3,637,382 |
| (250,000) | - | - | (250,000) |
| - | - | - | 27,194 |
| <u>3,387,382</u> | <u>-</u> | <u>-</u> | <u>3,594,658</u> |
| (1,438,502) | (4,334) | - | (5,674,020) |
| (261,410) | 4,334 | - | (255,225) |
| (3,085,000) | - | - | (3,085,000) |
| (553,557) | - | - | (553,557) |
| - | - | - | 357,156 |
| 16,095 | - | - | 17,666 |
| <u>(5,322,374)</u> | <u>-</u> | <u>-</u> | <u>(9,192,980)</u> |
| (16,446,024) | (4,963,167) | (5,362,133) | (34,181,784) |
| 16,474,805 | 4,368,113 | 3,940,061 | 33,181,286 |
| 492,400 | 144,706 | 136,290 | 1,063,993 |
| (112,273) | (40,884) | (44,007) | (258,599) |
| <u>408,908</u> | <u>(491,232)</u> | <u>(1,329,789)</u> | <u>(195,104)</u> |
| (1,167,742) | (215,106) | (55,195) | (2,185,876) |
| <u>3,746,686</u> | <u>993,393</u> | <u>896,045</u> | <u>7,546,435</u> |
| <u>\$ 2,578,944</u> | <u>\$ 778,287</u> | <u>\$ 840,850</u> | <u>\$ 5,360,559</u> |

\$ 105,299

(continued)

**CITY OF PLANO, TEXAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2004
(continued)**

| | <u>Equipment Maintenance</u> | <u>Office Services</u> | <u>Municipal Warehouse</u> |
|--|----------------------------------|----------------------------|--------------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | |
| Operating income (loss) | \$ (615,533) | \$ (146,529) | \$ (21,921) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation expenses | 4,862,279 | 18,284 | 9,498 |
| Changes in assets and liabilities- | | | |
| (Increase) decrease in | | | |
| Accounts receivable | (156) | - | 2,069 |
| Other accounts receivable | - | 2,583 | - |
| Due from other governments | 6,493 | - | - |
| Prepaid expenses | 693 | - | - |
| Inventory | (54,401) | 4,804 | 83,220 |
| Increase (decrease) in | | | |
| Accounts payable | (10,650) | 114,202 | 107,445 |
| Accrued liabilities | 16,530 | (673) | 224 |
| Due to (from) other funds | (2,632,039) | 18,964 | (66,898) |
| Liability for insurance claims | - | - | - |
| Total adjustments | <u>2,188,749</u> | <u>158,164</u> | <u>135,558</u> |
| Net cash provided by operating activities | <u>\$ 1,573,216</u> | <u>\$ 11,635</u> | <u>\$ 113,637</u> |

| <u>Technology Services</u> | <u>Property/ Liability Loss</u> | <u>Health Claims</u> | <u>Total</u> |
|--------------------------------|---|--------------------------|-----------------------|
| <u>\$ (4,397,500)</u> | <u>\$ 167,207</u> | <u>\$ 2,448,710</u> | <u>\$ (2,565,566)</u> |
| 4,678,185 | 9,899 | - | 9,578,145 |
| - | 439 | - | 2,352 |
| (2,356) | - | - | 227 |
| - | - | - | 6,493 |
| 59,929 | (1,216) | (351,000) | (291,594) |
| - | - | - | 33,623 |
| (54,839) | 132,929 | (28,052) | 261,035 |
| 74,923 | (911) | - | 90,093 |
| - | - | - | (2,679,973) |
| - | (32,221) | (795,064) | (827,285) |
| <u>4,755,842</u> | <u>108,919</u> | <u>(1,174,116)</u> | <u>6,173,116</u> |
| <u>\$ 358,342</u> | <u>\$ 276,126</u> | <u>\$ 1,274,594</u> | <u>\$ 3,607,550</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, 2004**

| | Agency Funds | | Total Agency Funds |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Developers' Escrow | Unclaimed Property | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 927,889 | \$ 3,857 | \$ 931,746 |
| Investments | 5,917,185 | 24,595 | 5,941,780 |
| Accrued interest | 42,737 | 178 | 42,915 |
| Total Assets | 6,887,811 | 28,630 | 6,916,441 |
| LIABILITIES | | | |
| Developers' escrow liability | 6,887,811 | - | 6,887,811 |
| Unclaimed property payable | - | 28,630 | 28,630 |
| Total Liabilities | \$ 6,887,811 | \$ 28,630 | \$ 6,916,441 |

**CITY OF PLANO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

| | <u>Balance</u> <u>October 1, 2003</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>September 30, 2004</u> |
|--------------------------------|--|-------------------|-------------------|---|
| Developers' Escrow Fund | | | | |
| ASSETS | | | | |
| Cash | \$ 1,245,024 | \$ - | \$ 317,135 | \$ 927,889 |
| Investments | 5,474,580 | 442,605 | - | 5,917,185 |
| Interest receivable | 44,634 | - | 1,897 | 42,737 |
| Total assets | <u>\$ 6,764,238</u> | <u>\$ 442,605</u> | <u>\$ 319,032</u> | <u>\$ 6,887,811</u> |
| LIABILITIES | | | | |
| Developers' escrow liability | 6,764,238 | 123,573 | - | 6,887,811 |
| Total liabilities | <u>\$ 6,764,238</u> | <u>\$ 123,573</u> | <u>\$ -</u> | <u>\$ 6,887,811</u> |
| Unclaimed Property Fund | | | | |
| ASSETS | | | | |
| Cash | \$ 4,545 | \$ - | \$ 688 | \$ 3,857 |
| Investments | 19,987 | 4,608 | - | 24,595 |
| Interest receivable | 163 | 15 | - | 178 |
| Total assets | <u>\$ 24,695</u> | <u>\$ 4,623</u> | <u>\$ 688</u> | <u>\$ 28,630</u> |
| LIABILITIES | | | | |
| Unclaimed property payable | 24,695 | 3,935 | - | 28,630 |
| Total liabilities | <u>\$ 24,695</u> | <u>\$ 3,935</u> | <u>\$ -</u> | <u>\$ 28,630</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, 2004**

| | <u>Economic Development</u> | <u>TIF Mall</u> | <u>TIF East Side</u> | <u>Total</u> |
|---|---------------------------------|---------------------|--------------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from customers | \$ 631,292 | \$ - | \$ - | \$ 631,292 |
| Cash received from property taxes | - | 4,068,291 | 2,480,127 | 6,548,418 |
| Cash payments to suppliers for goods and services | (280,421) | (4,912,073) | - | (5,192,494) |
| Cash payments to employees for services | (419,775) | - | - | (419,775) |
| Net cash provided (used) by operating activities | <u>(68,904)</u> | <u>(843,782)</u> | <u>2,480,127</u> | <u>1,567,441</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Purchase of investment securities | (760,600) | (17,182) | (2,857,607) | (3,635,389) |
| Proceeds from sales and maturities of investment securities | 759,145 | 699,095 | 684,888 | 2,143,128 |
| Interest on investments | 10,703 | 5,861 | (38,212) | (21,648) |
| Increase (decrease) in fair value of investments | 6,284 | (285) | 23,157 | 29,156 |
| Net cash provided (used) by investing activities | <u>15,532</u> | <u>687,489</u> | <u>(2,187,774)</u> | <u>(1,484,753)</u> |
| Net increase (decrease) in cash and cash equivalents | (53,372) | (156,293) | 292,353 | 82,688 |
| Cash and cash equivalents, October 1 | <u>172,844</u> | <u>158,987</u> | <u>155,756</u> | <u>487,587</u> |
| Cash and cash equivalents, September 30 | <u>\$ 119,472</u> | <u>\$ 2,694</u> | <u>\$ 448,109</u> | <u>\$ 570,275</u> |
| Non-cash disclosure: | | | | |
| Capitalize interest on note payable | | \$ 251,844 | \$ 196,237 | |

**CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2004
(continued)**

| | <u>Economic Development</u> | <u>TIF Mall</u> | <u>TIF East Side</u> | <u>Total</u> |
|--|---------------------------------|---------------------|--------------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ (83,664) | \$ (834,876) | \$ 2,151,023 | \$ 1,232,483 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation expenses | 2,655 | - | 329,104 | 331,759 |
| Changes in assets and liabilities- | | | | |
| Increase (decrease) in | | | | |
| Accounts payable | 2,730 | (8,906) | - | (6,176) |
| Accrued liabilities | 9,375 | - | - | 9,375 |
| Total adjustments | <u>14,760</u> | <u>(8,906)</u> | <u>329,104</u> | <u>334,958</u> |
| Net cash provided (used) by operating activities | <u>\$ (68,904)</u> | <u>\$ (843,782)</u> | <u>\$ 2,480,127</u> | <u>\$ 1,567,441</u> |

**CITY OF PLANO, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|-------------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 32,807,645 | \$ 32,807,645 | \$ 32,903,838 | \$ 96,193 |
| Investment income | 650,000 | 400,000 | 300,028 | (99,972) |
| Miscellaneous | 208,182 | 148,182 | 148,182 | - |
| Total Revenues | 33,665,827 | 33,355,827 | 33,352,048 | (3,779) |
| EXPENDITURES: | | | | |
| Principal retirement | 23,437,141 | 18,187,141 | 18,187,142 | (1) |
| Interest and fiscal charges | 13,568,706 | 12,266,332 | 12,039,848 | 226,484 |
| Bond accretion | 1,487,858 | 1,487,858 | 1,487,858 | - |
| Total Expenditures | 38,493,705 | 31,941,331 | 31,714,848 | 226,483 |
| Excess (Deficiency) Of Revenues Over (Under) Expenditures | (4,827,878) | 1,414,496 | 1,637,200 | 222,704 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 2,914,992 | 1,505,000 | 1,505,000 | - |
| Transfers out | - | (3,637,382) | (3,637,382) | - |
| Total Other Financing Sources (Uses): | 2,914,992 | (2,132,382) | (2,132,382) | - |
| Deficiency Of Revenues And Other Sources Over Expenditures And Other Uses | (1,912,886) | (717,886) | (495,182) | 222,704 |
| FUND BALANCE, October 1 | 719,504 | 719,504 | 719,504 | - |
| FUND BALANCE, September 30 | \$ (1,193,382) | \$ 1,618 | \$ 224,322 | \$ 222,704 |

**CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE¹
SEPTEMBER 30, 2004**

| Governmental funds capital assets: | 2004 | 2003 |
|---|-------------------------|-------------------------|
| Land | \$ 98,163,464 | \$ 96,962,349 |
| Construction in progress | 78,182,239 | 57,718,686 |
| Buildings | 88,975,916 | 87,032,052 |
| Improvements other than buildings | 71,261,485 | 70,069,397 |
| Equipment | 54,655,829 | 54,856,771 |
| Infrastructure | 791,984,544 | 777,170,965 |
| Total governmental funds capital assets | <u>\$ 1,183,223,477</u> | <u>\$ 1,143,810,220</u> |
| | | |
| Investments in governmental funds capital assets by source: | | |
| General fund | \$ 241,244,320 | \$ 238,371,833 |
| Park improvements fund | 71,261,485 | 70,069,397 |
| Special revenue fund | 550,889 | 479,339 |
| Capital projects fund | 870,166,783 | 834,889,651 |
| | <u>\$ 1,183,223,477</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 BY FUNCTION AND ACTIVITY¹
SEPTEMBER 30, 2004**

| Function and Activity | Land | Construction in Progress | Buildings | Park Improvements | Equipment | Infrastructure | Total |
|--|-----------|-----------------------------|------------|----------------------|------------|----------------|------------|
| Administrative Services: | | | | | | | |
| City Council | \$ - | \$ - | \$ - | \$ - | \$ 4,301 | \$ - | \$ 4,301 |
| Administration | - | - | - | - | 98,455 | - | 98,455 |
| Legal | - | - | - | - | 132,422 | - | 132,422 |
| City Secretary | - | - | - | - | 51,410 | - | 51,410 |
| Internal Audit | - | - | - | - | 22,615 | - | 22,615 |
| Finance | - | - | - | - | 28,854 | - | 28,854 |
| Financial Systems Administration | - | - | - | - | 7,756 | - | 7,756 |
| Accounting | - | - | - | - | 128,476 | - | 128,476 |
| Budget | - | - | - | - | 132,627 | - | 132,627 |
| Administrative Services | - | - | - | - | 12,636 | - | 12,636 |
| Purchasing | - | - | - | - | 49,471 | - | 49,471 |
| Human Resources | - | - | - | - | 168,795 | - | 168,795 |
| | - | - | - | - | 837,818 | - | 837,818 |
| Police: | | | | | | | |
| Municipal Court Judge | 2,780,978 | - | 6,168,125 | - | 44,483 | - | 8,993,586 |
| Municipal Court Administration | - | - | - | - | 411,937 | - | 411,937 |
| Public Safety Administration | - | - | - | - | 2,144,719 | - | 2,144,719 |
| Community Response | - | - | - | - | 20,576 | - | 20,576 |
| Police | 4,639,811 | - | 10,929,266 | - | 8,328,883 | - | 23,897,960 |
| Emergency 911 | - | - | - | - | 4,895,574 | - | 4,895,574 |
| | 7,420,789 | - | 17,097,391 | - | 15,846,172 | - | 40,364,352 |
| Fire: | | | | | | | |
| Fire | 6,152,073 | - | 14,304,175 | - | 7,328,659 | - | 27,784,907 |
| Fire-Civilian | - | - | - | - | 24,254 | - | 24,254 |
| Fire Marshal | - | - | - | - | 76,262 | - | 76,262 |
| | 6,152,073 | - | 14,304,175 | - | 7,429,175 | - | 27,885,423 |
| Libraries: | | | | | | | |
| Library Administration | - | - | - | - | 2,976,314 | - | 2,976,314 |
| Technical Services | - | - | - | - | 10,578,148 | - | 10,578,148 |
| Harrington Library | 1,244,216 | - | 2,759,632 | - | 387,600 | - | 4,391,448 |
| Schmelpfenig Library | 1,445,885 | - | 3,147,362 | - | 210,742 | - | 4,803,989 |
| Haggard Library | 1,549,473 | - | 3,436,684 | - | 861,484 | - | 5,847,641 |
| Municipal Reference Library | - | - | - | - | - | - | - |
| Davis Library | 2,046,883 | - | 4,513,662 | - | 48,630 | - | 6,609,175 |
| Parr Library | 1,757,104 | - | 3,867,355 | - | - | - | 5,624,459 |
| | 8,043,561 | - | 17,724,695 | - | 15,062,918 | - | 40,831,174 |
| Development: | | | | | | | |
| Building Administration | 79,989 | - | 51,782 | - | - | - | 131,771 |
| Building Maintenance | - | - | - | - | 48,203 | - | 48,203 |
| Building Maintenance | - | - | 1,672 | - | 703,479 | - | 705,151 |
| Custodial Services | - | - | - | - | 3,251 | - | 3,251 |
| Engineering | - | - | - | - | 103,952 | - | 103,952 |
| Capital Projects Coordination | - | - | - | - | 219,754 | - | 219,754 |
| Development | - | - | - | - | 6,988 | - | 6,988 |
| Community Services Administration | - | - | - | - | 37,915 | - | 37,915 |
| Community Development Administration | - | - | - | - | 298,408 | - | 298,408 |
| Planning | 220,899 | - | - | - | 1,070,305 | - | 1,291,204 |
| Transportation Engineering | - | - | - | - | 93,671 | - | 93,671 |
| Building Inspection | - | - | - | - | 492,113 | - | 492,113 |
| | 300,888 | - | 53,454 | - | 3,078,039 | - | 3,432,381 |
| Public Services and Operations: | | | | | | | |
| Public Information | - | - | - | - | 954,133 | - | 954,133 |
| Records Management | - | - | - | - | 63,978 | - | 63,978 |
| Environmental Health | - | - | - | - | 238,999 | - | 238,999 |
| Animal Control | 101,571 | - | 2,408,208 | - | 265,414 | - | 2,775,193 |
| | 101,571 | - | 2,408,208 | - | 1,522,524 | - | 4,032,303 |

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, 2004
(continued)**

| Function and Activity | Construction | | | | | | Total |
|---|----------------------|----------------------|----------------------|--------------------------------------|----------------------|-----------------------|-------------------------|
| | Land | in Progress | Buildings | Improvements Other Than Buildings | Equipment | Infrastructure | |
| Parks and Recreation: | 57,664,013 | - | - | - | - | - | 57,664,013 |
| Parks and Recreation Administration | - | - | - | - | 101,250 | - | 101,250 |
| Park Administration | - | - | - | - | 125,606 | - | 125,606 |
| Park Planning | - | - | - | - | 222,162 | - | 222,162 |
| Park Development | 98,813 | - | - | - | 169,510 | - | 268,323 |
| Park Grounds Maintenance | - | - | 215,854 | - | 598,438 | - | 814,292 |
| Public Buildings Grounds Maintenance | - | - | - | - | 127,587 | - | 127,587 |
| Athletic Fields Grounds Maintenance | - | - | - | - | 84,585 | - | 84,585 |
| Championship Youth Ballpark | - | - | - | - | 1,687 | - | 1,687 |
| Median Maintenance | - | - | - | - | 20,061 | - | 20,061 |
| Creative Arts | - | - | 537,748 | - | - | - | 537,748 |
| Recreation Administration | - | - | - | - | 334,560 | - | 334,560 |
| Athletics | - | - | - | - | 44,502 | - | 44,502 |
| Special Activities | - | - | - | - | 48,079 | - | 48,079 |
| Acquatics | - | - | 1,477,533 | - | 217,058 | - | 1,694,591 |
| Tennis Center | - | - | 85,426 | - | 27,590 | - | 113,016 |
| Senior Services | 1,861,895 | - | 4,129,627 | - | 176,138 | - | 6,167,660 |
| Recreation Centers | 784,514 | - | 12,305,933 | - | 532,239 | - | 13,622,686 |
| Park Improvements | - | - | - | 71,261,485 | - | - | 71,261,485 |
| | <u>60,409,235</u> | <u>-</u> | <u>18,752,121</u> | <u>71,261,485</u> | <u>2,831,052</u> | <u>-</u> | <u>153,253,893</u> |
| General Government: | 8,470,915 | - | 18,635,872 | - | - | - | 27,106,787 |
| Enterprise Center | - | - | - | - | 20,701 | - | 20,701 |
| Productivity Bank | - | - | - | - | 52,090 | - | 52,090 |
| Downtown Advocacy | - | - | - | - | 2,168 | - | 2,168 |
| Volunteer Services | - | - | - | - | 4,296 | - | 4,296 |
| Tax Collections | - | - | - | - | 302,069 | - | 302,069 |
| Youth Advisory Committee | - | - | - | - | 7,180 | - | 7,180 |
| School Crossing Guards | - | - | - | - | 5,455 | - | 5,455 |
| Telecommunications | - | - | - | - | 427,228 | - | 427,228 |
| | <u>8,470,915</u> | <u>-</u> | <u>18,635,872</u> | <u>-</u> | <u>821,187</u> | <u>-</u> | <u>27,927,974</u> |
| Public Works: | 6,947,956 | - | - | - | - | - | 6,947,956 |
| Public Works Administration | - | - | - | - | 204,696 | - | 204,696 |
| Streets and Traffic Administration | - | - | - | - | 1,903,926 | - | 1,903,926 |
| Streets | 316,476 | - | - | - | 2,062,169 | - | 2,378,645 |
| Signals | - | - | - | - | 440,053 | - | 440,053 |
| Signs and Markings | - | - | - | - | 895,721 | - | 895,721 |
| Sign Shop | - | - | - | - | 186,012 | - | 186,012 |
| Street and ROW Coordination | - | - | - | - | 678,856 | - | 678,856 |
| Infrastructure | - | - | - | - | - | 791,984,544 | 791,984,544 |
| | <u>7,264,432</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,371,433</u> | <u>791,984,544</u> | <u>805,620,409</u> |
| Construction in Progress | - | 78,182,239 | - | - | - | - | 78,182,239 |
| | <u>-</u> | <u>78,182,239</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>78,182,239</u> |
| Other: | | | | | | | |
| Non-departmental | - | - | - | - | 855,511 | - | 855,511 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>855,511</u> | <u>-</u> | <u>855,511</u> |
| Total governmental funds capital assets | <u>\$ 98,163,464</u> | <u>\$ 78,182,239</u> | <u>\$ 88,975,916</u> | <u>\$ 71,261,485</u> | <u>\$ 54,655,829</u> | <u>\$ 791,984,544</u> | <u>\$ 1,183,223,477</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, 2004**

| Function and Activity | Governmental Funds Capital Assets | | | Governmental Funds Capital Assets |
|--|--------------------------------------|------------------|------------------|--------------------------------------|
| | October 1, 2003 | Additions | Deductions | September 30, 2004 |
| Administrative Services: | | | | |
| City Council | \$ 4,301 | \$ - | \$ - | \$ 4,301 |
| Administration | 103,982 | - | 5,527 | 98,455 |
| Legal | 134,159 | - | 1,737 | 132,422 |
| City Secretary | 51,710 | - | 300 | 51,410 |
| Internal Audit | 25,624 | - | 3,009 | 22,615 |
| Finance | 43,214 | - | 14,360 | 28,854 |
| Financial Systems Administration | 7,756 | - | - | 7,756 |
| Accounting | 170,567 | 2,145 | 44,236 | 128,476 |
| Budget | 139,861 | 3,448 | 10,682 | 132,627 |
| Administrative Services | 12,636 | - | - | 12,636 |
| Purchasing | 55,069 | - | 5,598 | 49,471 |
| Human Resources | 169,545 | - | 750 | 168,795 |
| | <u>918,424</u> | <u>5,593</u> | <u>86,199</u> | <u>837,818</u> |
| Police: | | | | |
| Municipal Court Judge | 8,996,101 | - | 2,515 | 8,993,586 |
| Municipal Court Administration | 392,192 | 34,511 | 14,766 | 411,937 |
| Public Safety Administration | 2,144,719 | - | - | 2,144,719 |
| Community Response | 20,576 | - | - | 20,576 |
| Police | 25,270,024 | 1,006,437 | 2,378,501 | 23,897,960 |
| Emergency 911 | 4,767,399 | 211,267 | 83,092 | 4,895,574 |
| | <u>41,591,011</u> | <u>1,252,215</u> | <u>2,478,874</u> | <u>40,364,352</u> |
| Fire: | | | | |
| Fire | 27,729,142 | 450,843 | 395,078 | 27,784,907 |
| Fire-Civilian | 27,977 | - | 3,723 | 24,254 |
| Fire Marshal | 80,034 | - | 3,772 | 76,262 |
| | <u>27,837,153</u> | <u>450,843</u> | <u>402,573</u> | <u>27,885,423</u> |
| Libraries: | | | | |
| Library Administration | 2,979,793 | - | 3,479 | 2,976,314 |
| Technical Services | 9,763,791 | 824,386 | 10,029 | 10,578,148 |
| Harrington Library | 4,400,147 | 28,389 | 37,088 | 4,391,448 |
| Schimelpfenig Library | 4,823,667 | (6,295) | 13,383 | 4,803,989 |
| Haggard Library | 5,864,617 | - | 16,976 | 5,847,641 |
| Municipal Reference Library | 1,370 | - | 1,370 | - |
| Davis Library | 6,612,777 | - | 3,602 | 6,609,175 |
| Parr Library | 5,624,459 | - | - | 5,624,459 |
| | <u>40,070,621</u> | <u>846,480</u> | <u>85,927</u> | <u>40,831,174</u> |
| Development: | | | | |
| Building Administration | 131,771 | - | - | 131,771 |
| Building Maintenance | 56,672 | - | 8,469 | 48,203 |
| Building Maintenance | 700,369 | 4,782 | - | 705,151 |
| Custodial Services | 3,251 | - | - | 3,251 |
| Engineering | 83,802 | 25,750 | 5,600 | 103,952 |
| Capital Projects Coordination | 219,754 | - | - | 219,754 |
| Development | 6,988 | - | - | 6,988 |
| Community Services Administration | 37,915 | - | - | 37,915 |
| Community Development Administration | 336,069 | - | 37,661 | 298,408 |
| Planning | 1,315,273 | 5,282 | 29,351 | 1,291,204 |
| Transportation Engineering | 93,671 | - | - | 93,671 |
| Building Inspection | 498,614 | 5,559 | 12,060 | 492,113 |
| | <u>3,484,149</u> | <u>41,373</u> | <u>93,141</u> | <u>3,432,381</u> |
| Public Services and Operations: | | | | |
| Public Information | 984,363 | 54,312 | 84,542 | 954,133 |
| Records Management | 55,983 | 8,977 | 982 | 63,978 |
| Environmental Health | 243,171 | 3,276 | 7,448 | 238,999 |
| Animal Control | 2,756,491 | 31,537 | 12,835 | 2,775,193 |
| | <u>4,040,008</u> | <u>98,102</u> | <u>105,807</u> | <u>4,032,303</u> |

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

(continued)

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

CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
FOR THE YEAR ENDED SEPTEMBER 30, 2004
(continued)

| Function and Activity | Governmental Funds | | | Governmental Funds |
|--------------------------------------|-----------------------------------|----------------------|----------------------|--------------------------------------|
| | Capital Assets October 1, 2003 | Additions | Deductions | Capital Assets September 30, 2004 |
| Parks and Recreation: | 57,664,013 | - | - | 57,664,013 |
| Parks and Recreation Administration | 88,110 | 15,042 | 1,902 | 101,250 |
| Park Administration | 137,410 | - | 11,804 | 125,606 |
| Park Planning | 224,241 | 1,520 | 3,599 | 222,162 |
| Park Development | 169,510 | 98,813 | - | 268,323 |
| Park Grounds Maintenance | 659,371 | 187,999 | 33,078 | 814,292 |
| Public Buildings Grounds Maintenance | 127,587 | - | - | 127,587 |
| Athletic Fields Grounds Maintenance | 90,181 | 60,808 | 66,404 | 84,585 |
| Championship Youth Ballpark | 1,687 | - | - | 1,687 |
| Median Maintenance | 32,829 | - | 12,768 | 20,061 |
| Creative Arts | 524,036 | 13,712 | - | 537,748 |
| Recreation Administration | 205,673 | 128,887 | - | 334,560 |
| Athletics | 46,774 | - | 2,272 | 44,502 |
| Special Activities | 48,079 | 1,544 | 1,544 | 48,079 |
| Acquatics | 1,694,591 | - | - | 1,694,591 |
| Tennis Center | 113,126 | - | 110 | 113,016 |
| Senior Services | 6,171,571 | 1,261 | 5,172 | 6,167,660 |
| Recreation Centers | 12,765,336 | 863,854 | 6,504 | 13,622,686 |
| Park Improvements | 70,069,397 | 1,246,800 | 54,712 | 71,261,485 |
| | <u>150,833,522</u> | <u>2,620,240</u> | <u>199,869</u> | <u>153,253,893</u> |
| General Government: | 25,939,838 | 1,319,721 | 152,772 | 27,106,787 |
| Enterprise Center | 27,074 | 522 | 6,895 | 20,701 |
| Productivity Bank | 52,090 | - | - | 52,090 |
| Downtown Advocacy | 1,863 | 305 | - | 2,168 |
| 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 | 71,174 | 10,158 | 427,228 |
| | <u>26,706,077</u> | <u>1,391,722</u> | <u>169,825</u> | <u>27,927,974</u> |
| Public Works: | 6,947,934 | 22 | - | 6,947,956 |
| Public Works Administration | 204,696 | 6,522 | 6,522 | 204,696 |
| Streets and Traffic Administration | 1,346,846 | 557,080 | - | 1,903,926 |
| Streets | 2,065,153 | 316,684 | 3,192 | 2,378,645 |
| Signals | 444,841 | - | 4,788 | 440,053 |
| Signs and Markings | 898,913 | 2,524 | 5,716 | 895,721 |
| Sign Shop | 186,012 | - | - | 186,012 |
| Street and ROW Coordination | 678,856 | - | - | 678,856 |
| Infrastructure | 777,170,965 | 14,813,579 | - | 791,984,544 |
| | <u>789,944,216</u> | <u>15,696,411</u> | <u>20,218</u> | <u>805,620,409</u> |
| Construction in progress | 57,718,686 | 33,893,845 | 13,430,292 | 78,182,239 |
| | <u>57,718,686</u> | <u>33,893,845</u> | <u>13,430,292</u> | <u>78,182,239</u> |
| Other: | | | | |
| Non-departmental | 666,353 | 209,483 | 20,325 | 855,511 |
| | <u>666,353</u> | <u>209,483</u> | <u>20,325</u> | <u>855,511</u> |
| | <u>\$ 1,143,810,220</u> | <u>\$ 56,506,307</u> | <u>\$ 17,093,050</u> | <u>\$ 1,183,223,477</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

| | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General government | 2,764,025 | 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 |
| Administrative services | 6,312,095 | 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 |
| Police | 47,219,455 | 43,743,086 | 42,647,390 | 39,486,865 | 36,081,947 | - | - | - | - | - |
| Fire | 29,026,018 | 28,248,820 | 25,895,256 | 24,495,435 | 22,620,729 | - | - | - | - | - |
| Libraries | 8,564,913 | 8,702,926 | 8,619,718 | 7,874,877 | 8,186,004 | - | - | - | - | - |
| Development | 16,078,528 | 15,178,820 | 16,126,052 | 14,736,448 | 13,565,003 | - | - | - | - | - |
| Public services and operations | 4,548,593 | 4,363,610 | 4,632,868 | 4,323,585 | 2,914,992 | - | - | - | - | - |
| Parks and recreation | 13,961,744 | 13,602,042 | 13,384,235 | 12,318,857 | 11,418,038 | - | - | - | - | - |
| Public works | 4,948,866 | 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 |
| Environmental waste services | 14,194 | 249,778 | - | - | - | - | - | - | - | - |
| Other | 13,747,316 | 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 |
| Capital Outlay | 35,349,894 | 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 |
| Debt service | 31,714,848 | 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 |
| Total | \$214,250,489 | \$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 |

(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 |
|--------------------|-------------------------------|------------------|---------------------------------|-----------------------|------------------------------|-----------------------------|------------------------------------|--------------------------|--------------------------|----------------------|--------------|
| 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 |
| 2004 | 58,751,685 | 49,602,196 | 687,286 | 19,226,216 | 9,167,151 | 5,131,810 | 632,888 | 12,998,311 | 1,181,060 | 859,555 | 158,238,158 |

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, 2004**

Table 3

City of Plano Tax Roll - 2003

| | Assessed Valuation | Tax Rate/\$100 | Assessed Taxes |
|---------------------------------------|-------------------------------|---------------------------|---------------------------|
| ORIGINAL TAX ROLL | \$ 20,398,670,327 | 0.4535 | \$ 92,507,977 |
| NET ADJUSTMENTS | <u>47,845,193</u> | 0.4535 | <u>216,978</u> |
| ADJUSTED TAX ROLL | <u>\$ 20,446,515,520</u> | 0.4535 | <u>\$ 92,724,955</u> |
| COLLECTION OF CURRENT YEAR TAXES | | | \$ 91,923,387 |
| Less: Transfer to TIF Component Units | | | (1,343,511) |
| Refunds | | | <u>(6,272)</u> |
| | | | <u>\$ 90,573,604</u> |
| DELINQUENT TAXES - 2003 ROLL | | | <u>\$ 801,568</u> |
| PERCENTAGE COLLECTION - 2003 ROLL | | | 99.1% |

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, 2003 | Current Year Taxes | 2004 Adjustments | Collections | Balance September 30 2004 |
|-----------------|-------------|-----------------------|---------------------|--------------------------------|---------------------------|-------------------------|--------------------|----------------------------------|
| 1951-1989 | \$ | 40,682,917,770 | 190,198,174 | 1,847 | - | (28) | - | 1,819 |
| 1990 | 0.4883 | 7,564,575,819 | 38,594,297 | 2,278 | - | - | - | 2,278 |
| 1991 | 0.5102 | 7,595,360,458 | 38,839,329 | 2,032 | - | - | 29 | 2,003 |
| 1992 | 0.5102 | 7,641,810,625 | 39,108,652 | 1,799 | - | - | 19 | 1,780 |
| 1993 | 0.5102 | 8,087,599,099 | 41,262,936 | 2,867 | - | (856) | 41 | 1,970 |
| 1994 | 0.5102 | 8,601,115,799 | 43,882,895 | 5,924 | - | - | 1,515 | 4,409 |
| 1995 | 0.4985 | 9,605,539,869 | 47,883,625 | 4,092 | - | (237) | 1,588 | 2,267 |
| 1996 | 0.4985 | 10,592,475,133 | 52,804,168 | 32,714 | - | (3,092) | 546 | 29,076 |
| 1997 | 0.4985 | 11,867,697,437 | 59,162,367 | 30,512 | - | (6,081) | 1,973 | 22,458 |
| 1998 | 0.4685 | 13,495,204,308 | 63,228,396 | 87,149 | - | (11,322) | 1,175 | 74,652 |
| 1999 | 0.4685 | 15,083,037,029 | 70,664,028 | 129,852 | - | (469) | 25,796 | 103,587 |
| 2000 | 0.4585 | 17,032,463,011 | 78,095,849 | 143,093 | - | (2,815) | 16,576 | 123,702 |
| 2001 | 0.4535 | 18,896,826,737 | 85,697,627 | 356,009 | | (2,806) | 92,965 | 260,238 |
| 2002 | 0.4535 | 20,177,347,079 | 91,504,269 | 915,398 | | (106,876) | 479,428 | 329,094 |
| 2003 | 0.4535 | 20,446,515,520 | 92,507,977 | - | 92,507,977 | 216,978 | 91,923,387 | 801,568 |
| | | | | \$ 1,715,566 | 92,507,977 | 82,396 | 92,545,038 | 1,760,901 |

CITY OF PLANO - OTHER TAX-RELATED COLLECTIONS:

| | |
|--|-----------------------------|
| Penalty and interest on delinquent collections | 473,107 |
| Attorney fee | 192,840 |
| Total - other tax-related collections | <u>665,947</u> |
| Total Collections | <u><u>\$ 93,210,985</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 |
| 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 |
| 2004 | 20,446,515,520 | 0.4535 | 92,724,955 | 0.2908 | 0.1627 |

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 |
|--------------------|-----------------------|--|---|--|------------------------------|-------------------------------------|--|
| 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 |
| 2004 | 92,724,955 | 90,573,604 | 97.7 | 621,651 | 91,195,255 | 1,760,901 | 2.0 |

Current taxes were adjusted for \$1,343,511 which were transferred to the TIF Component Units and \$6,272 for refunds.

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 |
|--------------------|-----------------------|-------------------------------|--|
| 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 |
| 2004 | 20,446,515,520 | 20,446,515,520 | 100 |

Unaudited - See accompanying independent auditors' report.

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

Table 7

| Fiscal Year (1) | City of Plano | Plano School District | | Allen School District | | Collin County | | Frisco School District | | Lewisville School District | | Denton County | | Collin County Communtiy College | | |
|-----------------|---------------|-----------------------|--------|-----------------------|------|-------------------|--------|------------------------|-------|----------------------------|-------|-------------------|--------|---------------------------------|-------|-----|
| | Rate | Assess-ment Ratio | Rate | Assess-ment Ratio | Rate | Assess-ment Ratio | Rate | Assess-ment Ratio | Rate | Assess-ment Ratio | Rate | Assess-ment Ratio | Rate | Assess-ment Ratio | | |
| 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 |
| 2004 | 0.4535 | 100 | 1.7334 | 100 | 1.93 | 100 | 0.2500 | 100 | 1.558 | 100 | 1.77 | 100 | 0.247 | 100 | 0.092 | 100 |

CITY TAX DISTRIBUTION: 2003-04 LEVY

| | |
|--|----------------------|
| General Fund | 0.2908 |
| Debt Service Fund - General Obligations | <u>0.1627</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 |
|--------------------|-----------------------|----------------------------------|-------------------------------|--------------------------------|---|---------------------------------|---|
| 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 |
| 2004 | 20,446,515,520 | 234,577,991 | 224,322 | 234,353,669 | 1.15 | 246,098 | 952 |

(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, 2004**

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, 2003, 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, 2004**

Table 10

| Taxing Body | Net General Bonded Debt | Percentage of Debt Applicable to Area | City of Plano Share of Debt |
|---|--------------------------------|--|------------------------------------|
| City of Plano | \$ 234,353,669 | 100.00% | 234,353,669 |
| Total direct debt | 234,353,669 | | 234,353,669 |
| Plano Independent School District | 689,997,083 | 74.93% | 517,014,814 |
| Collin County | 241,329,977 | 47.42% | 114,438,675 |
| Denton County | 130,777,570 | 0.53% | 693,121 |
| Frisco Independent School District | 449,988,308 | 3.21% | 14,444,625 |
| Allen Independent School District | 221,583,532 | 0.69% | 1,528,926 |
| Lewisville Independent School District | 568,069,435 | 1.24% | 7,044,061 |
| Collin County Community College | 42,698,564 | 47.42% | 20,247,659 |
| Total overlapping debt | 2,344,444,469 | | 675,411,882 |
| Total direct and overlapping bonded debt | \$ 2,578,798,138 | | \$ 909,765,551 |
| Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value) | | | 4.51% |
| Per capita overlapping bonded debt | | | \$ 3,782 |

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

**CITY OF PLANO, TEXAS
RATIO OF GENERAL OBLIGATION DEBT SERVICE
TO TOTAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Table 11

| Fiscal Year | Principal | Interest and Fiscal Charges | Total Debt Service | Total Governmental Expenditures (1) | Debt Service As a Percent of Total Governmental Expenditures |
|--------------------|------------------|------------------------------------|---------------------------|--|---|
| 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 |
| 2004 | 18,187,142 | 13,527,706 | 31,714,848 | 180,642,635 | 17.56 |

(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 | |
| 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 |
| 2004 | 74,706,630 | 54,579,731 | 20,126,899 | 249,807 | 513,449 | 763,256 | 26.37 |

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 |
| 2004 | 4,856,102 | 1,619,998 | 3.00 | 985,000 | 913,236 | 1,898,236 | 1.70 |

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 |
|--------------------|--|--------------------------------------|--------------------------|---------------------------------------|
| 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 |
| 2004 | 1,914,036 | 197,763 | 59,857 | 1,776,130 |

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 |
| 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 |
| 2004 | 20,446,515,520 | 735 | 150,170,259 | 898 | 383,501,874 |

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 |
| 1995 | 167,070 | 36,664 | 3.3 | 1930 | 1,554 | - | - |
| 1996 | 176,408 | 40,548 | 2.5 | 1940 | 1,582 | 28 | 1.8 |
| 1997 | 192,400 | 43,325 | 2.2 | 1950 | 2,126 | 544 | 34.4 |
| 1998 | 216,000 | 43,460 | 2.0 | 1960 | 3,695 | 1,569 | 73.8 |
| 1999 | 220,200 | 43,514 | 2.0 | 1970 | 17,872 | 14,177 | 383.7 |
| 2000 | 222,030 | 46,115 | 2.2 | 1980 | 72,331 | 54,459 | 304.7 |
| 2001 | 230,409 | 47,364 | 4.3 | 1990 | 128,713 | 56,382 | 77.9 |
| 2002 | 235,949 | 50,632 | 5.6 | 2000 | 222,030 | 93,317 | 72.5 |
| 2003 | 240,545 | 51,800 | 5.9 | | | | |
| 2004 | 246,098 | 51,244 | 3.8 | | | | |

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, 2004**

Table 17

| Insuring Company | Policy No. | Policy Period | | Coverage | Type | Amount |
|---------------------------|------------------|---------------|------------|---|---|---------------|
| | | From | To | | | |
| Travelers | CMB-294T160-7-04 | 10-01-2004 | 10-01-2005 | Building & Contents | All Risk, Physical Damage | \$200,000,000 |
| Travelers | CMB-294T160-7-04 | 10-01-2004 | 10-01-2005 | Boiler and Machinery at Various Municipal Buildings | Comprehensive | 50,000,000 |
| Safety National Casualty | SP-8822-TX | 10-01-2004 | 10-01-2005 | Excess Workers Compensation | Statutory | 1,000,000 |
| Western World | NPP764686 | 10-01-2004 | 10-01-2005 | EMT, Paramedic Liability | Professional Liability | 1,000,000 |
| National Flood Insurance | 3000033633 | 05-15-2004 | 05-15-2005 | Single Family Dwelling | Flood | 225,000 |
| Western Surety Company | 15528310 | 12-01-04 | 12-01-05 | Pubic Official Bonds | | 50,000 |
| | 69248223 | 11-07-04 | 11-07-05 | | | 50,000 |
| | 69248214 | 11-07-04 | 11-07-05 | | | 50,000 |
| | 68546737 | 10-31-04 | 10-31-05 | | | 50,000 |
| States RRG | SEL3016301 | 10-01-2004 | 10-01-2005 | Excess Liability | | 5,000,000 |
| Federal Insurance Company | 8171-4605 | 06-01-04 | 06-01-05 | 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 | LLP250335088 | 07-14-2004 | 07-14-2005 | Plano Center Facility | Liquor Liability | 1,000,000 |
| Great Americian E & S | BTA523684203 | 10-01-2004 | 10-01-2005 | Underground Storage Tank | Environmental | 1,000,000 |

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
MAJOR EMPLOYERS
SEPTEMBER 30, 2004**

Table 18

| COMPANY | PRODUCT | COMPANY | PRODUCT |
|---|---------------------------------------|---|---|
| Firms Employing 500 or More: | | Firms Employing 150 to 499, continued: | |
| Advanced Neuromodulation Systems, Inc. | Medical device manufacturing | MetaSolv Softwara, Inc. | Software |
| Aegon DMS | Insurance | Merkafon International, Limited | Direct marketing |
| Alcatel | Telecommunications equipment | Mervyn's Distribution Center | Distribution |
| AT&T Wireless Group | Communications | Metrocom, Inc. | Wireless Internet services |
| Aurum Technology, Inc. | Information technology services | Metromedia Restaurant Group | Advertising |
| 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 | Santera Systems, Inc | Telecommunications |
| Electronic Data Systems Corp. | Corporate headquarters | SBC Internet Services | Internet services |
| Ericsson, Inc. | Telecommunications | SIG Simonazzi and Stewart Systems | Beverage bottling equipment manufacturing |
| Frito Lay, Inc. | Corporate headquarters | Smith System Manufacturing | School furniture manufacturer |
| Intuit, Inc. | Accounting Software | Southfork Hotel | Hotel |
| J. C. Penney Co., Inc. | Corporate headquarters | Telcobuy.Com | Telecommunications |
| Medical Center of Plano | Health care | Triad Hospitals, Inc. | Health care |
| Network Associates | Network mgmt and security software | Unicare | Health care insurance |
| PepsiCo | Beverage bottling distributor | United States Brass Corp. | Building products manufacturer |
| Perot Systems | Consulting | Via Cyrix | Communication chip development |
| Presbyterian Hospital of Plano | Health care | Wellness International Network | Multi-level marketing |
| Raytheon | Government and Commercial Electronics | XO Communications | Business communications hosting |
| Texas Instruments, Inc. | Headquarters- Information tech. | Firms Employing 100 to 149: | |
| United Healthcare | Health care | American Southwest Insurance Managers | Insurance |
| Firms Employing 150 to 499: | | Arrow 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 |
| Eastman Kodak Health Imaging | Health imaging | Intecom, Inc. | Multi-media networks |
| 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 |
| HealthSouth Plano Rehabilitation Hospital | Health Care | Software Group, Inc | Information management solutions |
| Hendry Telephone Products | Phone box manufacturing | Teague Industries | Innovative packaging solutions |
| Hewlett Packard | Computer manufacturing | TeleStrat., Inc. | Telecommunications |
| Legacy Bank of Texas | Banking | Tenneco Packaging | Packaging manufacturer |
| Luminator Mark IV Industries | Interior lighting for mass trans. | Trinity | Waste management |
| Marriott Plano at Legacy Town Center | Hotel | Xalted Networks | Telecommunication services |
| | | Yotta Networks, Inc. | Optical Network services |

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

**CITY OF PLANO, TEXAS
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2004**

Table 19

| Name of Taxpayer | Nature of Property | 2003 Taxable Assessed Valuation | Percentage of Total Taxable Assessed Valuation |
|---------------------------------|---------------------------|--|---|
| Oncor Electric Delivery Company | Utility | \$ 167,338,977 | 0.82 |
| J.C. Penney, Inc. | Corporate Headquarters | 159,977,471 | 0.78 |
| Electronic Data Systems | Computer center | 124,527,452 | 0.61 |
| EDS Information Services | Computer center | 117,701,972 | 0.58 |
| DSC Telecom | Telecommunications | 108,281,094 | 0.53 |
| Willow Bend Association | Retail | 105,140,788 | 0.51 |
| Dallas Morning News | Publishing facility | 96,695,103 | 0.47 |
| Alcatel | Telecommunications | 88,705,487 | 0.43 |
| Tollway/121 Partners LTD | Development | 74,760,767 | 0.37 |
| Texas Instruments | Electronic manufacturing | 68,898,691 | 0.34 |
| Total | | <u>\$ 1,112,027,802</u> | <u>5.44</u> |

SOURCE: Collin County Appraisal District

Unaudited - See accompanying independent auditors' report.

**CITY OF PLANO, TEXAS
MISCELLANEOUS STATISTICAL DATA
SEPTEMBER 30, 2004**

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) | 3,809 |
| Area - square miles | 72.32 | Number of playgrounds | 68 |
| Miles of streets and alleys: | | Libraries: | |
| Streets | 973 | Number of libraries | 5 |
| Alleys | 512 | Volumes | 686,861 |
| Miles of sewers: | | Registered borrowers | 176,355 |
| Storm | 600 | Items circulated | 2,681,026 |
| Sanitary | 959 | Education: | |
| Building permits: | | Number of campuses | 65 |
| Permits issued | 1,633 | Number of classroom teachers | 3,826 |
| Value | \$533,672,133 | Number of students | 51,244 |
| Fire protection: | | Average daily attendance | 95% |
| Number of stations | 10 | Municipal water system: | |
| Number of employees (uniformed) | 282 | Number of customers | 75,307 |
| Police protection: | | Daily average consumption (gallons) | 57,239,000 |
| Number of employees (uniformed) | 323 | Miles of water mains | 1,248 |
| City employees: | | Number of fire hydrants | 12,906 |
| Full time | 1,840 | Registered voters | 144,732 |
| Part time | 673 | Population | 246,098 |

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.