



city of plano, texas

COMPREHENSIVE ANNUAL
financial report
for fiscal year ended september 30, 2007





Mission Statement



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

Photographs on the cover:

In order from top to bottom: Fire Station 11, Tom Muehlenbeck Center, "The Tracks of Our Past and Future - Evolution" Public Art Project and a Plano Police cruiser.

CITY OF PLANO, TEXAS

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2007

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**CITY OF PLANO, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
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Pat Evans

Mayor

Sally Magnuson

Mayor Pro Tem

Jean Callison

Deputy Mayor Pro Tem

Shep Stahel

Place 1

Scott Johnson

Place 2

Loretta Ellerbe

Place 3

Harry LaRosiliere

Place 5

Lee Dunlap

Place 8

Thomas H. Muehlenbeck

City Manager

December 28, 2007

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

The Comprehensive Annual Financial Report (CAFR) of the City of Plano, Texas (the City), for the year ended September 30, 2007, is submitted in accordance with Section 3.14 in the City Charter.

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

Grant Thornton LLP has issued an unqualified ("clean") opinion on the City of Plano's financial statements for the year ended September 30, 2007. The independent auditors' report is located in the beginning of the financial section of the CAFR.

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

City of Plano Profile

The City of Plano is the largest city in Collin County, located in the southwest corner of the county, approximately 20 miles north of downtown Dallas. There are currently 72.32 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 discretely using proprietary fund accounting. The Plano Housing Authority, a related organization, is not a part of this report, as the City's accountability does not extend beyond appointing the Board.

Local Economy

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

Plano, a 1994 All-American City, was named the 41st fastest growing city in the United States of cities with populations of 100,000 or more at the time of the 2000 Census, according to 2005 Census Bureau estimates. Since 1990, Plano's population has grown an estimated 100.1% to 257,600 in 2007. Estimates for residential population are projected at 260,400 in 2010 and 269,200 in 2020.

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".

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

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

Sales Tax Revenues

The General Fund's second largest revenue source is sales tax generated from a variety of businesses operating in the City of Plano. Sales tax receipts resulted in revenue of \$62.3 million in fiscal year 2006-07, a 6.2% increase over the prior year. The sales tax collections are produced primarily from Plano's sizeable retail base, including two major shopping malls, hundreds of specialty shops and boutiques and major retailers throughout the City. Recent increases in sales tax revenues are indicative of continued consumer confidence and spending and increased numbers of retailers and restaurants.

Employment

Because of Plano's strong business atmosphere and highly educated and motivated workforce, companies continue to relocate to Plano. Plano is the world-wide headquarters for EDS, JCPenney, Frito-Lay, Perot Systems and Cadbury Schweppes Americas Beverages. An array of national and international corporations in Plano include Alcatel-Lucent, Capital One Auto Finance, Countrywide Home Loans, Ericsson, Flextronics, McAfee. and Texas Instruments. This type of environment creates employment opportunities for Plano residents and creates a significant business component to the local tax base.

Job Growth

The result of businesses relocating and expanding in Plano is the increase of job opportunities. Cadbury Schweppes Americas Beverages announced the relocation of its science and technology lab to its existing headquarters in Plano. The company employs 1,250 people in Plano and plans to add an additional 150-200 employees by 2012. Capital One Financial Corporation's new facility totaling 150,000 square feet is planned for occupancy in 2009 and will add 400-500 new jobs to Plano. CVE Technologies Group, performers of warranty repair work for cellular phone refurbishment, expanded in Plano and purchased a 105,880 square foot building and plan to include employing over 400 people by 2008. Invensys Process Systems, a supplier of industrial technology to the oil and gas industry and manufacturers, will be relocating its headquarters from Massachusetts. The company's corporate executives, marketing team and communications officers will be among those relocating to Plano in the first quarter 2008 and will employ 85 people in Plano. Nexen Petroleum U.S.A. Inc. relocated its U.S. headquarters to Plano. Nexen Petroleum is an independent, Canadian-based global energy company that explores, develops, produces and markets crude oil and natural gas. The company employs 190 people and plans to expand to 230 by 2010.

The three largest job sectors are retail and wholesale trade, services and manufacturing. The unemployment rate for 1998 and 1999 was recorded at 2.0%, which was the lowest rate in the last ten years. In 2003, the unemployment rate reached 5.9% and in 2007, recorded at 3.9%, as provided by the Texas Workforce Commission.

Long-Term Financial Planning

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

The City of Plano's fiscal year 2007-08 budget reflects continuing strength in the City's economy. As a result, from implementation of Community Investment Program (CIP) projects, additional facility and building services will be spent to provide coverage for Chisholm Trail and Bikeway Systems, Oak Point Park and Nature Preserve and Athletic Field Improvements. In addition, personnel costs for the Community Investment Program projects scheduled for 2007-08 include 11 full-time positions.

The fiscal year 2008 budget includes the addition of forty-nine new full time positions, of which twenty-five are related to Public Safety and twelve for Community Investment Projects coming on-line. The City-wide 2007-08 combined budget reflects an increase of \$17.7 million, or 4.8%, over prior year's final budget. The 2007-08 budget for total General Fund revenues and expenditures is approximately \$8.4 million and \$11.3 million, respectively, higher than the 2007 final budget. Funding for Capital Reserve will be accomplished by

transferring \$3.0 million from the Water and Sewer Fund along with \$10.5 million from the General Fund. These increases and others along with no decline in service levels are funded with ad valorem property tax revenues. (\$.3210 General Fund and \$.1525 Debt Service.)

Of the \$94.7 million budgeted for capital expenditures in 2008, \$15.9 million pertains to municipal facilities, \$31.4 million for parks and recreation and \$47.4 million for street improvements and enhancements. The estimated expenditures for municipal facilities includes construction of two new fire stations, establishing an Emergency Operations Center for the City, remodeling to existing fire stations, security enhancements at fire stations, purchase of a new fire engine, construction of a new cultural arts facility in conjunction with two neighboring cities and expansion of the Animal Shelter. Projects pertaining to parks and recreation include acquisition of White Rock Creek Community Park, development of Oak Point Park, various trail connections, construction of a maintenance facility at Oak Point Park and Nature Preserve, restoration and enhancements of Chisholm Trail and Memorial Park and expansion and renovation of Carpenter Park Recreation Center, including addition of senior facilities. The City plans on spending \$47.4 million on street enhancements and improvements that include construction and expansion of roadways.

Relevant Financial Policies

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

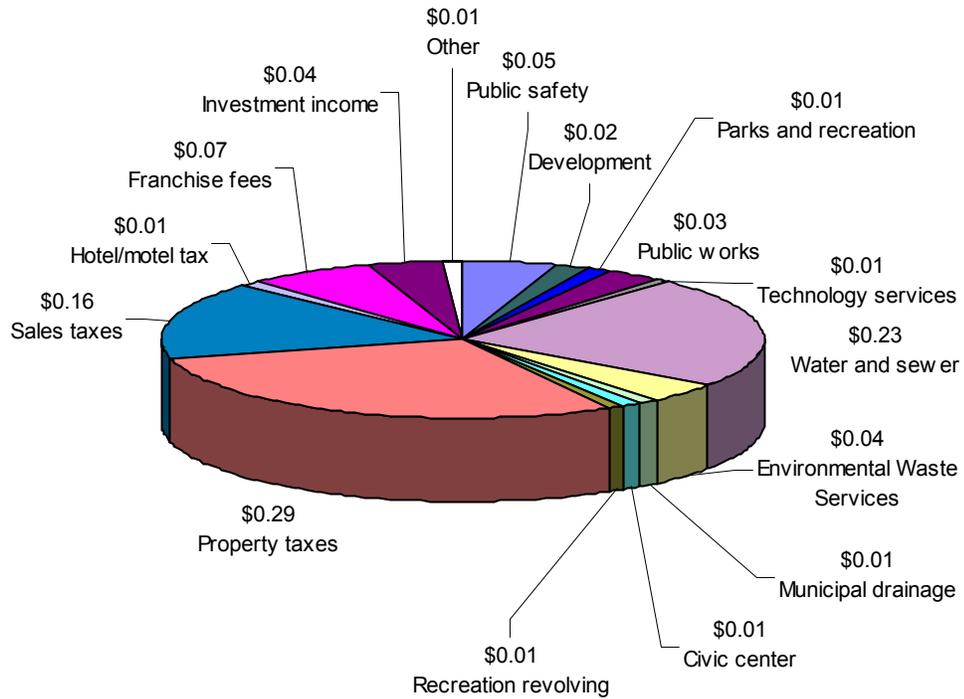
Major Initiatives

The City of Plano's fiscal year 2006-07 budget reflected continuing strength in the City's economy. As a result from implementation of Community Investment Program projects, additional facility and building services were spent for Fire Station No. 11, Haggard Library Expansion, Interurban Station Expansion, Animal Shelter Expansion, Tom Muehlenbeck Center, Environmental Education Building, Oak Point Visitor and Retreat Centers and Archgate Park. Budgeted personnel for the Community Investment Program projects coming on-line included twenty-seven full-time and seventy-five part-time positions.

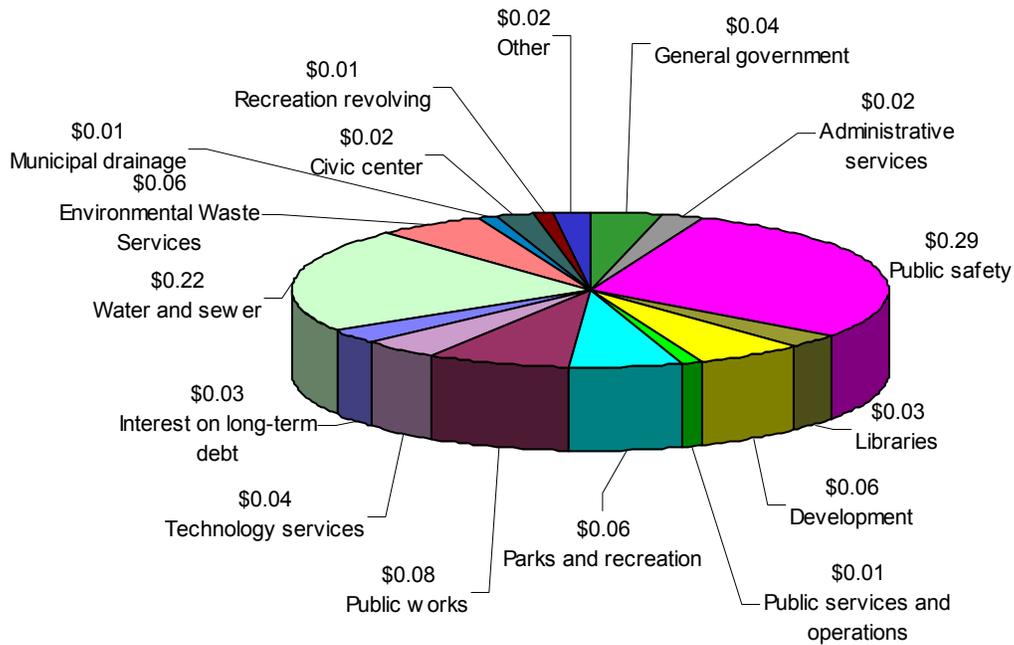
The fiscal year 2007 budget included the addition of fifty-nine full time positions, of which twenty-nine are related to Public Safety and twenty-seven for Community Investment Projects. The 2006-07 budget for total General Fund revenues was projected \$4.7 million above the 2006 final budget. Funding for Capital Reserve was accomplished by transferring \$3.0 million from the Water and Sewer Fund along with \$10.3 million from the General Fund. Employee salary and benefits were budgeted to increase approximately \$14.1 million. One of the major features of the fiscal year 2007 budget was an increase of \$6.0 million dedicated solely for economic development incentives in order to remain competitive with surrounding neighboring cities. As a result, a two-cent tax rate increase occurred, from 45.35 cents to 47.35 cents in fiscal year 2007. (\$.3080 General Fund and \$.1655 Debt Service.)

The following chart depicts the sources and uses of the City's financial breakout as of fiscal year end 2007:

Where the Money Comes From Revenues per \$1



Where the Money Goes Cost per \$1



Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Plano for its CAFR for the Fiscal Year ended September 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

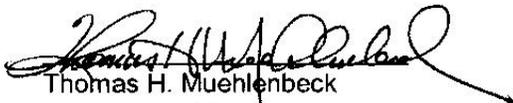
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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-six consecutive years (Fiscal Years ended 1981-2006). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

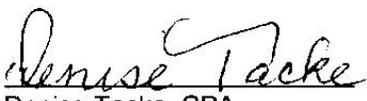
Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Accounting Department who were instrumental in the successful completion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

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

Respectfully submitted,


Thomas H. Muehlenbeck
CITY MANAGER


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, 2006

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.



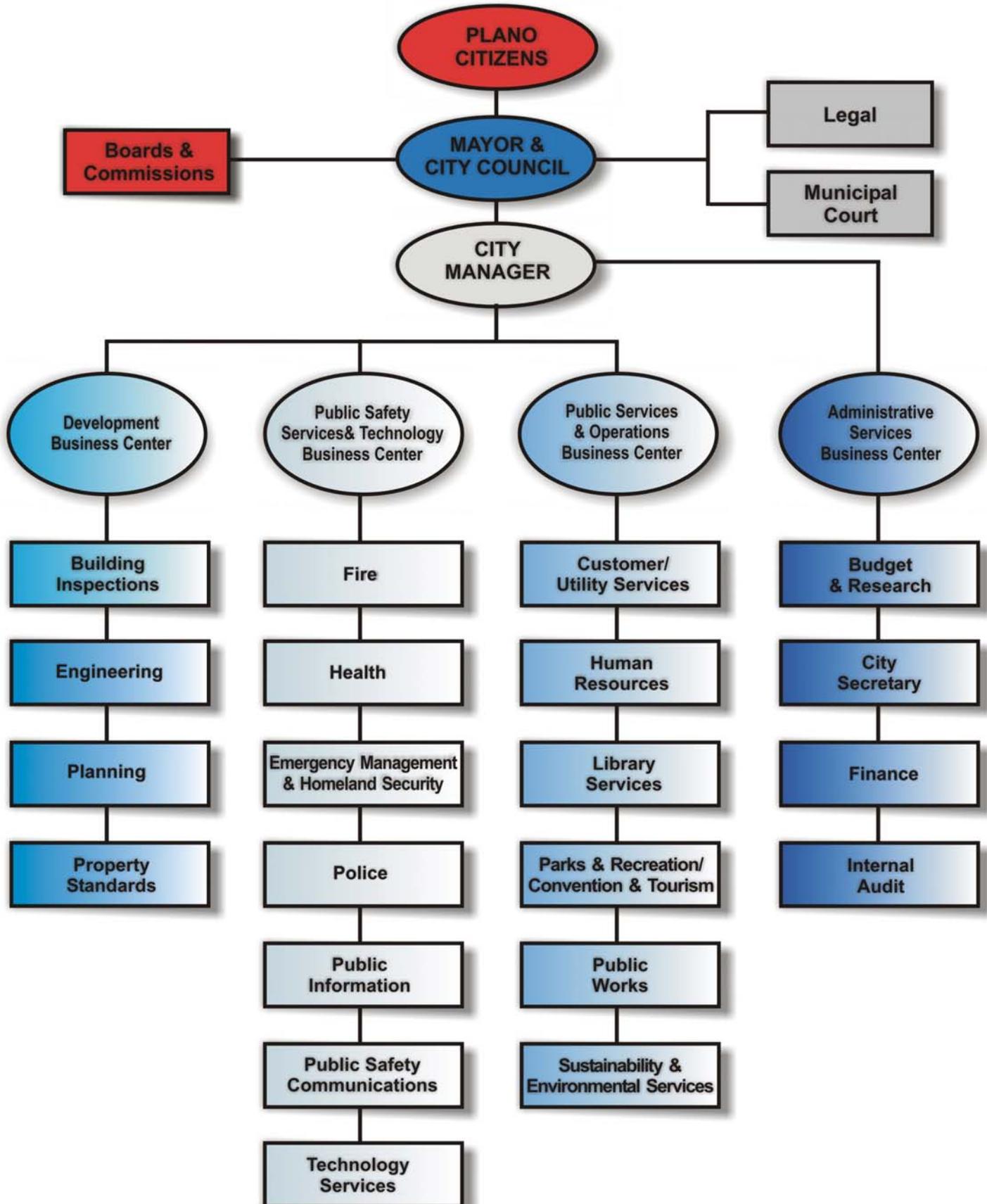
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

City of Plano Organizational Chart



CITY OF PLANO, TEXAS

ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

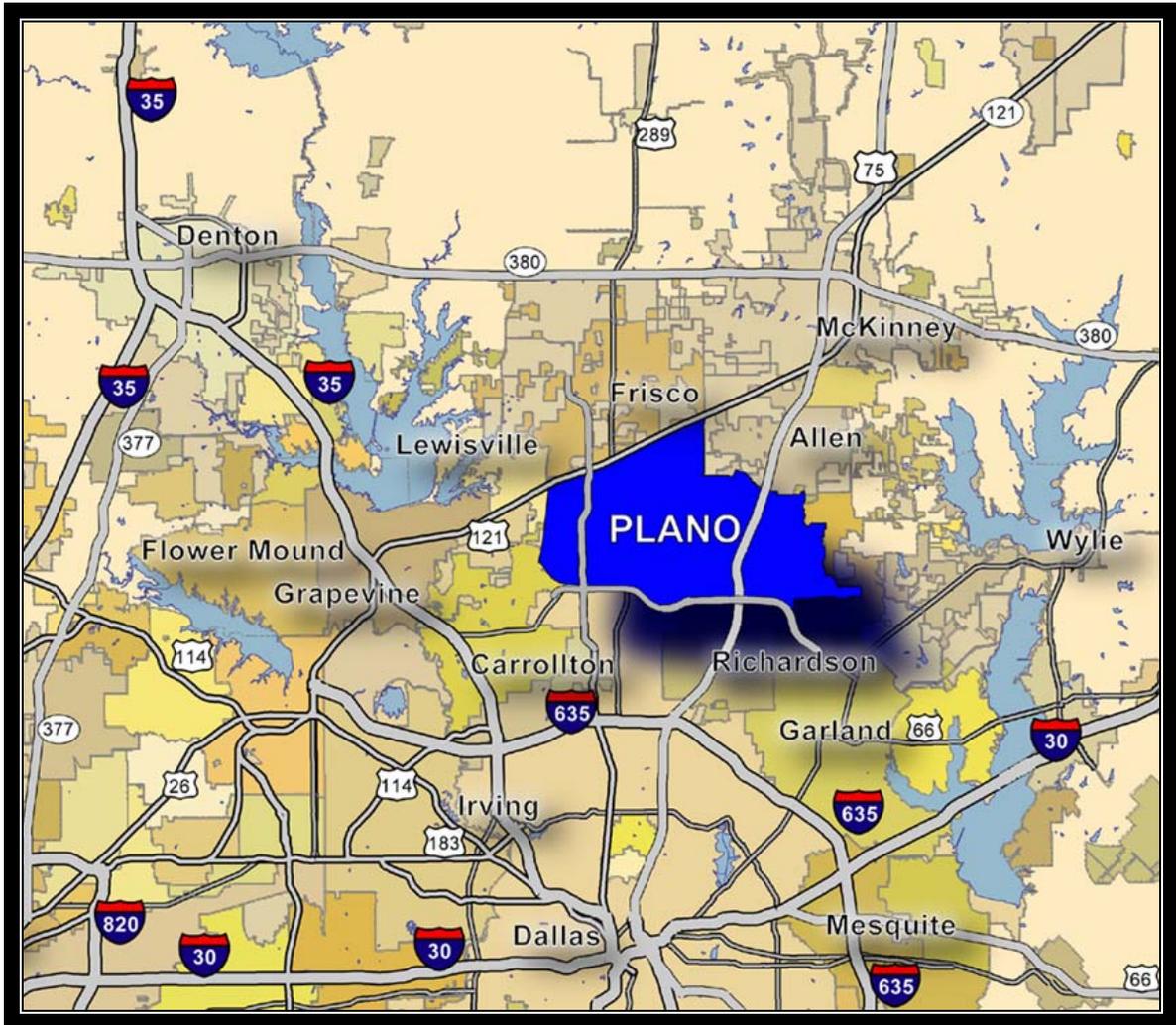
Elected Officials

<u>City Council</u>	<u>Term Expires</u>
Pat Evans Mayor Place 6	May, 2009
Sally Magnuson Mayor Pro Tem Place 4	May, 2009
Jean Callison Deputy Mayor Pro Tem Place 7	May, 2008
Shep Stahel Place 1	May, 2008
Scott Johnson Place 2	May, 2009
Loretta Ellerbe Place 3	May, 2008
Harry LaRosiliere Place 5	May, 2008
Lee Dunlap Place 8	May, 2009

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



Independent Auditor's Report

The Honorable Mayor and Members of the City Council
The 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, Texas (the City), as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Plano's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Plano, Texas, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 14, the Schedule of Pension Trust – Texas Municipal Retirement System Funding Progress and Contributions on page 63, and the Schedule of Pension Trust – Retirement Security Plano Funding Progress and Contributions on page 63 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Grant Thornton LLP

Dallas, Texas
December 28, 2007

CITY OF PLANO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2007

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, 2007. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

- The City's net assets of governmental activities increased by \$35.6 million or 4.9 percent as a result of this year's operations, primarily due to an increase in the City's capital assets, property tax revenues and investment income of approximately \$49.3 million, \$9.3 million and \$4.1 million, respectively. Net assets of the City's business type activities increased as a result of this year's operations by \$6.4 million or 1.6 percent.
- The City of Plano's total net assets increased by \$42.0 million or 3.8 percent during the current fiscal year. The increase is primarily the result of contributions from developers of \$18.6 million. Ad valorem tax revenues increased over prior year by \$9.3 million attributed to an increase in existing property values in addition to new property coming on-line as compared to prior year. Investment income is higher over prior year by \$4.0 million due to an increase in interest rates and shortening of the average maturity of investments.
- Total cost of all of the City's programs increased during the current fiscal year by \$38.9 million or 26.8 percent. No new major programs were added during the current fiscal year.
- As of September 30, 2007, the City of Plano's governmental funds reported combined ending fund balances of \$163.4 million, an increase of \$4.9 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 decreased \$1.4 million to \$37.1 million which is approximately 19.5 percent of total general fund expenditures.
- The City's total bonded debt increased by \$21.6 million during the current fiscal year. During the current fiscal year, the City issued \$35.7 million in general obligation bonds, \$11.0 million in tax anticipation notes and \$2.0 million in municipal drainage revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2007**

spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

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 twenty individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, street

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improvements fund, capital reserve fund and park improvements fund, all of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The City of Plano maintains eight individual enterprise funds. The City uses enterprise funds to account for its water and sewer, environmental waste, civic center, municipal drainage, municipal golf course, property management, downtown center development, and recreation revolving activities. The 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 \$1.2 billion as of September 30, 2007. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$394.6 million. This analysis focuses on the net assets (table 1) and changes in general revenues (table 2) and changes in net assets (table 3) of the City's governmental and business-type activities.

By far the largest portion of the City's net assets (90.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related

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

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 248	\$ 234	\$ 58	\$ 59	\$ 306	\$ 293
Capital assets	878	828	380	374	1,258	1,202
Total assets	1,126	1,062	438	433	1,564	1,495
Long-term debt outstanding	340	313	33	35	373	348
Other liabilities	23	21	10	10	33	31
Total liabilities	363	334	43	45	406	379
Net assets:						
Invested in capital assets, net of related debt	680	650	370	357	1,050	1,007
Restricted	5	3	5	6	10	9
Unrestricted	78	75	20	25	98	100
Total net assets	\$ 763	\$ 728	\$ 395	\$ 388	\$ 1,158	\$ 1,116

Governmental Activities

The City's general revenues increased when compared to the prior year with an increase of \$10.2 million or 5.0 percent. The primary reason for this increase was due to an increase in property tax revenues of \$9.3 million. Property tax revenue increased over prior year attributed to increased property valuations and addition of new property throughout the City. The assessed value of the property in the City increased by \$1.2 billion or 5.4 percent as compared to the prior year. An increase of \$4.1 million in investment income occurred in the current year due to an increase in interest rates and shortening of the average maturity of investments. The increase in the City's general revenues are detailed below (Table 2).

Table 2
General Revenues
(in Thousands)

	2007	2006	Increase (decrease)
Property taxes	\$ 114,157	\$ 104,809	\$ 9,348
Sales taxes	61,573	65,321	(3,748)
Mixed drink taxes	984	814	170
Other taxes	225	215	10
Franchise fees	22,464	22,115	349
Investment Income	13,986	9,914	4,072
Total general revenues	\$ 213,389	\$ 203,188	\$ 10,201

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Governmental and Business-type activities increased the City's net assets by \$42.0 million in 2007. The key elements of this increase are as follows:

Table 3
Changes in Net Assets
(in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 28,407	\$ 30,853	\$109,109	\$114,033	\$ 137,516	\$ 144,886
Operating grants and contributions	4,592	9,696	289	23	4,881	9,719
Capital grants and contributions	13,500	16,672	7,991	10,049	21,491	26,721
General revenues:						
Property taxes	114,157	104,809	-	-	114,157	104,809
Sales taxes	61,573	65,321	-	-	61,573	65,321
Other taxes	23,673	23,144	11,001	10,293	34,674	33,437
Investment income	13,986	9,914	1,803	1,882	15,789	11,796
Total revenues	259,888	260,409	130,193	136,280	390,081	396,689
Expenses:						
General government	12,820	12,869	-	-	12,820	12,869
Administrative services	7,814	7,249	-	-	7,814	7,249
Police	60,137	52,662	-	-	60,137	52,662
Fire	39,368	40,172	-	-	39,368	40,172
Libraries	10,561	9,616	-	-	10,561	9,616
Development	19,509	18,483	-	-	19,509	18,483
Public services and operations	5,213	5,069	-	-	5,213	5,069
Parks and recreation	22,646	20,491	-	-	22,646	20,491
Public works	26,677	25,865	-	-	26,677	25,865
Technology services	12,951	11,113	-	-	12,951	11,113
Other	6,677	952	-	-	6,677	952
Interest on long-term debt	12,504	12,010	-	-	12,504	12,010
Water and sewer	-	-	78,414	79,400	78,414	79,400
Environmental waste services	-	-	19,298	18,346	19,298	18,346
Municipal drainage	-	-	3,429	3,118	3,429	3,118
Civic center	-	-	6,416	5,751	6,416	5,751
Municipal golf course	-	-	885	936	885	936
Property management	-	-	79	26	79	26
Recreation revolving	-	-	2,643	2,436	2,643	2,436
Downtown center development	-	-	47	43	47	43
Total expenses	236,877	216,551	111,211	110,056	348,088	326,607
Increase in net assets before transfers	23,011	43,858	18,982	26,224	41,993	70,082
Transfers	12,604	11,908	(12,604)	(11,908)	-	-
Increase in net assets	35,615	55,766	6,378	14,316	41,993	70,082
Net assets – October 1	727,660	671,894	388,229	373,913	1,115,889	1,045,807
Net assets – September 30	\$763,275	\$727,660	\$394,607	\$388,229	\$1,157,882	\$1,115,889

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The most significant governmental expense for the City was in providing the police activity. Of the total \$60.1 million spent for police activity, personnel costs were \$50.6 million, an increase over prior year by \$3.4 million. The largest increase in governmental expense can be noted in other expenses and pertains to an increase of \$6.0 million dedicated solely for economic development incentives in order to remain competitive with surrounding neighboring cities. Operating grants and contributions decreased primarily attributed to receipt of grants in prior year relating to Hurricane Katrina efforts, which were reported at \$5.2 million. Depreciation expense increased in the parks and recreation, general government and public works activities by \$0.5 million, \$0.8 million and \$0.7 million, respectively.

Business-type Activities

Revenues of the City's business-type activities were \$130.2 million for the fiscal year ended September 30, 2007. Revenues decreased approximately \$6.1 million or 4.5 percent as compared to the prior fiscal year. Expenses for the City's business-type activities increased \$1.2 million or 1.0 percent. The decrease in net revenues is the result of several factors, including the following:

- The City's water and sewer system recorded charges for services of \$83.6 million a decrease of \$6.6 million or 7.3 percent from prior year primarily due to decreased consumption. As a result of drought conditions beginning in 2006, water restrictions were implemented in the final quarter of fiscal year 2006 and were lifted in July 2007. Additionally, a large amount of precipitation occurred the last several months of the current fiscal year resulting in less consumption. Sewer income increased due to a more stable three year winter quarter average. A significant non-cash revenue source of \$8.0 million of capital contributions which represent developers contributions and impact fees decreased over prior year by \$2.1 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. Excluding the capital contributions of \$8.0 million, the water and sewer system charges for services exceeded the expenses by \$5.2 million. Expenses decreased over prior year by \$1.0 million primarily due to payments to North Texas Municipal Water District (NTMWD) decreasing for water and wastewater services in the amount of \$0.9 million. Additionally, claims expenses decreased due to several large incidents with commercial contractors that occurred in prior year that resulted in higher judgments and damages expense.
- The City's environmental waste services activities operated with program expenses exceeding charges for services by \$5.1 million. Residential solid waste revenues are \$0.8 million higher than prior year primarily due to an increase in rates for use of 95-gallon carts. The rate increased from \$12.75 per month in the prior year to \$13.85 per month in the current year. Commercial franchise fee revenues increased over prior year by \$0.4 million. Commercial franchise revenues are based upon commercial tonnage disposed, which has increased over prior year, in addition to an increase in the number of commercial entities serviced. Environmental waste services expenses increased \$1.0 million over prior. This increase is due to personal services increasing \$0.6 million as a result of annual merit increases which includes related benefits costs. Additionally, various staffing changes such as promotions occurred in the current year.
- The City's municipal drainage activity operated with charges for services exceeding expenses by \$1.6 million, compared to \$1.8 million in the prior year. The municipal drainage system recorded charges for services of \$5.0 million compared to \$4.9 million in the prior year.
- The City's civic center activity operated with expenses exceeding charges for services by \$3.8 million as compared to \$3.3 million in the prior fiscal year. Charges for services are reported at \$2.6 million an increase of \$0.2 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2007, the City had \$1.3 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 4 below.) This amount represents a net increase (including additions and deductions) of \$54.6 million over the prior fiscal year.

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

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land	\$ 104,753	\$ 101,728	\$ 9,249	\$ 9,194	\$ 114,002	\$ 110,922
Buildings and improvements	72,979	74,058	306,003	305,296	378,982	379,354
Equipment	32,585	26,014	6,599	7,803	39,184	33,817
Construction in progress	165,583	129,395	41,356	35,533	206,939	164,928
Public Art	1,378	-	-	-	1,378	-
Infrastructure	500,358	497,108	-	-	500,358	497,108
Drainage improvements	-	-	16,474	16,553	16,474	16,553
Totals	\$ 877,636	\$ 828,303	\$ 379,681	\$ 374,379	\$1,257,317	\$1,202,682

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

Construction of Tom Muehlenbeck Recreation Center	\$ 13.6
Construction of MotoMesh Network	5.0
Acquisition of White Rock Creek Community Park	1.7
Development of Archgate Park	6.7
Construction of Plano Parkway–Tollroad to Park	1.9
Widening of McDermott-Coit to Custer	1.1
Construction of Dominion-Headquarters to Hedgcoxe	1.6
Replacement of traffic signal assemblies in medians	1.1
Replacement of various street and alley pavement	2.7
Arterial concrete improvements	3.0
Arterial joint sealing program	1.4
Renovation of athletic facilities	<u>2.3</u>
Total	\$ <u>42.1</u>

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The City's fiscal year 2008 capital budget calls for it to spend another \$94.7 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 \$15.9 million including plans to construct two new fire stations, establishing an Emergency Operations Center, remodel existing fire stations, addition of security enhancements at fire stations and purchase of a new fire engine costing \$8.8 million, \$6.1 million for architectural services for a multi-city Performing Arts Facility and \$1.0 million for expansion of the Animal Shelter. The estimated expenditures for the parks and recreation facilities are \$31.4 million including \$13.0 million for acquisition of White Rock Creek Community Park, development of Oak Point Park at a cost of \$8.0 million, connection of recreational trails at a cost of \$2.0 million, \$1.7 million for construction of a maintenance facility at Oak Point Park and Nature Preserve, restoration and enhancements of Chisholm Trail and Memorial Park costing \$2.2 million and expansion and renovation of Carpenter Park Recreation Center at a cost of \$1.0 million. The remaining funds for park improvements and recreation centers are for a variety of projects. The City plans on spending \$47.4 million on street improvements and enhancements including \$6.3 million for participation with Texas Department of Transportation in construction of interchange at Parker Road and U.S. 75, \$4.4 million to reconstruct 14th Street from Avenue K to Ridgewood Drive, \$4.1 million to widen Parkwood from Park Boulevard to Spring Creek Parkway, \$3.2 million to widen McDermott Road from Coit to Ohio, \$2.8 million to reconstruct and widen Parker Road from K Avenue to Raton, \$2.6 million to widen Communications from Parker Road to Windhaven, \$2.4 million to extend Communications Parkway from Spring Creek Parkway to Tennyson, \$2.0 million to construct Razor from Ohio to SH 121, \$1.8 million for widening Ridgeview from Coit to Independence, \$1.5 million to widen Independence from McDermott to SH 121, \$1.2 million to reconstruct Springbrook from Janwood to Quill, \$1.1 million for widening Alma from Spicewood to Rowlett Creek and \$1.0 million for reconstruction of streets, sidewalks and residential drive approaches in Wyatt North Addition. The remaining street improvements and enhancements are for a variety of projects. To support the entire 2007-08 general obligation capital improvement program, an additional \$66.1 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 \$333.5 million in bonds and tax anticipation notes outstanding as compared to \$311.9 at the end of the prior fiscal year, an increase of 6.9 percent – as shown in Table 5.

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

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
General obligation bonds (backed by the City)	\$ 291,949	\$ 276,640	\$ -	\$ -	\$ 291,949	\$ 276,640
Tax anticipation notes (backed by the City)	11,000	2,557	-	-	11,000	2,557
Revenue bonds (backed by fee revenues)	-	-	30,507	32,658	30,507	32,658
Totals	\$ 302,949	\$ 279,197	\$ 30,507	\$ 32,658	\$ 333,456	\$ 311,855

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During the current fiscal year, the City issued \$35.7 million in general obligation bonds, \$11.0 million in tax anticipation notes and \$2.0 million in municipal drainage revenue bonds.

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 Moody's Investors Service, Inc., Standard & Poor's and Fitch, Inc. The City's drainage revenue bonds carry an A1 and AA- ratings, as assigned by two of the national rating agencies. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is 1.32 percent.

The City maintains a self-insurance program for general liability, public officials' errors and omission, police professional liability, property loss and workers' compensation. Claims for property loss over \$100,000 per occurrence and for workers' compensation over \$500,000 per occurrence are covered by private insurance companies. The City has claims and judgments of \$6.7 million outstanding at year-end compared with \$6.4 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, 2007, the governmental funds of the City reported a combined fund balance of \$163.4 million and the enterprise funds of the City reported combined net assets of \$387.4 million. Included in this year's total change in fund balance is a decrease in fund balance of \$3.1 million in the City's General Fund due to an increase in expenditures of \$22.6 million. Of the \$22.6 million increase in expenditures, personnel costs for police activity are \$3.4 million higher than prior year. Additionally, in the current year, \$6.0 million was dedicated solely for economic development incentives in order to remain competitive with surrounding cities. Depreciation expense increased in the parks and recreation, general government and public works activities by \$0.5 million, \$0.8 million and \$0.7 million, respectively. The \$8.7 million increase in fund balance in the City's Municipal Facilities, reflected in Other Governmental Funds, is attributed to proceeds from sale of bonds in the current year. However, Street and Park Improvements' fund balances decreased \$6.2 million and \$3.5 million, respectively. A decrease of \$3.7 million in street improvement bonds issuances occurred as compared to prior year while construction of the Tom Muehlenbeck Center occurred in the current year increasing capital outlay expenses for park improvements. In addition, these other changes in fund balances should be noted:

- The City's Debt Service fund balance of \$4.8 million increased from the prior year fund balance by \$2.6 million. Since fiscal year 2005-06, the allocation to the Debt Service portion of the ad valorem tax rate has increased to 0.1655 from 0.1647, a \$0.0008 increase.
- The City spent \$12.8 million in capital outlay in the capital reserve fund as compared to \$12.0 million in the prior fiscal year. Investment income increased \$0.7 million attributed to an increase in interest rates and shortening of the average maturity of investments.
- The City's water and sewer fund net assets of \$354.7 million increased by \$1.6 million over the prior year net asset balance. In the current fiscal year, revenues decreased by \$6.5 million due to decreased consumption. As a result of drought conditions beginning in 2006, water restrictions were implemented in the final quarter of fiscal year 2006 and were lifted in July 2007. Additionally, a large amount of precipitation occurred the last several months of the current fiscal year resulting in less consumption. Sewer income increased due to a more stable three year winter quarter average.

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- The City's environmental waste services fund net assets were \$2.3 million and increased by \$0.5 million as compared to the prior fiscal year. Residential solid waste revenues are \$0.8 million higher than prior year primarily due to an increase in rates for use of 95-gallon carts. Commercial franchise fee revenues increased over prior year by \$0.4 million. Commercial franchise revenues are based upon commercial tonnage disposed, which has increased over prior year, in addition to an increase in the number of commercial entities serviced. Environmental waste services expenses increased \$0.5 million over prior. This increase is due to personal services increasing \$0.6 million as a result of annual merit increases which includes related benefits costs. Additionally, various staffing changes such as promotions occurred in the current year.
- The City's municipal drainage fund net assets increased by \$1.8 million to \$17.0 million representing an increase of 11.8 percent over prior fiscal year.

General Fund Budgetary Highlights

With the adjustments made during FY 2006-07, the actual on a budgetary basis expenditures were \$191.6 million compared to the re-estimated budget amount of \$196.8 million. The actual expenditures were \$10.7 million lower than the original budget implemented for fiscal year 2006-07. The \$6.8 million variance, comparing actual to re-estimate, was due to adherence by City departments to operate within the allocated re-estimated budget.

For FY 2006-07, the actual on a budgetary basis revenues were \$186.9 million as compared to the re-estimated budget amount and original budget amount of \$185.5 million and \$179.7 million, respectively. Contributing to the variance was higher than anticipated franchise revenue increasing \$1.5 million over the re-estimated budget. Sales tax revenues were higher than the final budget by \$1.1 million. However, property tax revenues and fines and forfeitures came in lower than re-estimated by \$1.0 million and \$0.5 million, respectively. The City did reinstate the transfer of the agricultural exemption rollback taxes of \$1.2 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 \$33.6 million as of the fiscal year end, compared to the re-estimated budget fund balance and original budget fund balance of \$36.3 million and \$26.7 million respectively. The variance in fund balance is due to City departments operating within the allocated re-estimated budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2008 Budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. Sound financial and infrastructure replacement planning have proved invaluable, which is evidenced by the City keeping the tax rate relatively constant or even being able to lower the rate, while at the same time maintaining a balance of services. The 2008 Budget focuses on the City Council priorities established at the June 2007 City Council Retreat which include establishing the City of Plano as a premier city in which to live, providing for a livable and sustainable community, service excellence, a diverse business center and providing for safe and efficient travel. The budget reflects a fiscally balanced plan that will allow the City to address community priorities, support essential services, invest in capital projects and provide funding for reserve funds.

Public safety, health, value, and quality of life are foremost in administrative decisions. Visionary planning, community involvement in municipal government, and dedication and resolve by municipal staff have all combined to maintain and improve the quality of life and economic opportunities for citizens. Plano's current population is 257,600 and Plano's population is anticipated to be approximately 269,200 in 2020. Plano has

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been fortunate over the past two decades to have numerous corporate citizens make Plano their home. City tax abatement agreements and reinvestment zones have helped create approximately 42,200 jobs, and are directed at the continued growth of the City. 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. Current trends indicate great interest in the redevelopment of mature commercial centers and infill projects. Nationwide employment statistics show the region as leading the country in employment growth, ahead of much larger metropolitan areas, with significant expansion in the service-providing job cluster. The reasonable costs of living and homes priced below the national average continue to make Plano an attractive area for new business locations and re-locations. The City continues to attract new and existing companies due to the strategy of working diligently with corporations on relocation incentives. Lured by the pro-business atmosphere and highly educated and motivated workforce, companies continue to relocate here.

These indicators are taken into account when adopting the General Fund budget for fiscal year 2008. The total 2007-08 combined budget appropriation totals \$388.5 million for ten operating funds. This represents an increase of \$19.5 million or 5.3 percent over the 2006-07 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. However, once again, the 2007-08 Budget maintains the tax rate of 47.35 cents per \$100 valuation. Of this rate, two-cents is to be dedicated solely for the Economic Development Incentive Program which was implemented this past year. According to final figures received from the Central Appraisal District, the total assessed property value for 2007-08 of \$24.511 billion is an increase of \$1.682 billion or 7.37 percent. The increase includes new property coming on-line of \$568.1 million while existing property values are expected to increase by \$1.114 billion, or 4.88 percent.

Sales tax receipts, the General Fund's second largest revenue source in 2007-08, are projected to remain flat at the 2006-07 re-estimated level; \$61.2 million. This projected amount does take into consideration approximately \$1.5 million in 380 Agreements. Sales tax projections will continue to be impacted by any changes to the national economy, high fuel prices, weather conditions, the loss of market share to surrounding communities due to new shopping developments, the Texas Legislative-initiated "Back-To-School" Sales Tax Holiday occurring each August, and any impending future legislation.

Budgeted expenditures in the General Fund are expected to rise \$16.0 million or 7.7 percent over the 2006-07 re-estimated budget, or an increase of \$12.1 million or 5.7 percent over the 2006-07 Council Budget. Increased wage and cost of living adjustments are the largest increments, representing \$9.6 million of the increase in expenditures which includes a 0% to 5% merit increase for non-civil service employees and an across the board 4% for civil service employees. In addition, a \$1.8 million health insurance increase is included to provide additional funding for the implementation of GASB 45 which requires a change from "pay as you go" accounting for post employment benefits to accrual basis for local governments. Also, a total of \$1.5 million is included in the budget to cover the amount of retiree payouts expected to occur in 2007-08. Also, the Texas Municipal Retirement (TMRS) contribution rate will be increased slightly at a projected cost of \$366,178. The 2007-08 Budget also includes an additional \$3.8 million for Public Safety Additions and Program Increases as well as \$1.5 million as a result of CIP projected coming on-line. Finally, \$1.2 million in additional Parks & Recreation Additions and Program Increases is included.

If these estimates are realized, the City's budgetary General Fund balance is expected to decrease from the re-estimated 2006-07 budget by approximately \$20.0 million.

As for the City's business type activities, of major concern is the Water & Sewer Fund. Record rainfall plagued the North Texas area through the spring and into summer. For 2007-08, the Water & Sewer Fund is projected at only ten (10) days of working capital due to the devastating toll the loss in revenue has had on the fund. However, assuming a return to more normal weather patterns in 2007-08, projections indicate that the Water & Sewer Fund balance will increase by \$1.1 million. Additionally, projections indicate that the Sustainability &

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2007

Environmental Services Fund balance will decrease by \$0.8 million. The following recent rate decisions have been made regarding the City's business type activities:

- The 2007-08 revenues for the Water & Sewer Fund are projected to increase by a total of \$12.6 million over the 2006 final budget. This includes an estimated 5.0 percent increase in rates which will be passed through from NTMWD and are scheduled to be implemented May 1, 2008. The 2006-07 re-estimated revenues also include changes related to the May 1, 2007 rate increases including 5.0 percent increases for both water and sewer rates and a \$1 minimum meter rate increase for all residential and commercial customers.
- Total Sustainability & Environmental Services revenues for 2007-08 are projected at \$20.8 million. No residential rate increases are planned at this time. During 2006-07, the residential rate for customers who chose to use the 95-gallon cart increased by \$1.00 to \$13.75 monthly. Customers who use a 68-gallon refuse cart will continue to pay a monthly rate of \$11.25.
- No municipal drainage rate adjustment will be required in 2007-08. The drainage rate for an average homeowner will continue to be \$3.30 per month, and non-residential rates will stay at .056 cents per 100 square feet of impervious area.
- Golf Fees for 2006-07 are projected down from the original budgeted amount of \$950,000 to \$783,000 due to the substantial amount of rainfall received during the peak playing time of the year. Golf Fees are projected to increase back to their normal level at \$925,000 in 2007-08, assuming the return of a normal weather pattern.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

**CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2007**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 67,676,647	\$ 3,540,101	\$ 71,216,748	\$ 4,787,108
Investments	143,897,250	7,525,677	151,422,927	10,191,039
Receivables (net of allowance for doubtful accounts)	24,739,444	20,093,755	44,833,199	88,403
Internal balances	881,786	(881,786)	-	-
Due from other governments	1,640,909	-	1,640,909	-
Inventories	977,364	-	977,364	-
Prepays and other assets	506,508	1,632,844	2,139,352	8,050
Restricted assets:				
Cash and cash equivalents	2,563,996	8,233,007	10,797,003	-
Investments	5,458,592	17,527,575	22,986,167	-
Receivables	47,350	152,044	199,394	-
Capital assets:				
Non-depreciable	271,713,434	50,604,936	322,318,370	110,629
Depreciable (net)	605,922,392	329,076,426	934,998,818	4,573,903
Total Assets	1,126,025,672	437,504,579	1,563,530,251	19,759,132
LIABILITIES				
Accounts payable	5,670,244	3,736,149	9,406,393	181,029
Accrued liabilities	7,841,508	1,915,737	9,757,245	44,194
Accrued interest payable	562,743	410,865	973,608	-
Contracts payable	4,457,895	860,376	5,318,271	-
Customer deposits	-	2,625,364	2,625,364	-
Unearned revenue	1,059,123	373,816	1,432,939	-
Due to other governments	1,135,951	-	1,135,951	-
Retainage payable	1,648,853	349,460	1,998,313	-
Seized assets payable	295,343	-	295,343	-
Non-current liabilities				
Due within one year:				
Compensated absences	4,213,072	354,921	4,567,993	7,046
Notes payable	-	-	-	732,484
Bonds payable	21,840,000	3,670,000	25,510,000	-
Tax anticipation notes payable	1,670,000	-	1,670,000	-
Liability for insurance claims	5,343,186	-	5,343,186	-
Due in more than one year:				
Compensated absences	26,206,126	1,763,294	27,969,420	71,217
Notes payable	-	-	-	6,193,115
Bonds payable	270,108,534	26,837,107	296,945,641	-
Tax anticipation notes payable	9,330,000	-	9,330,000	-
Liability for insurance claims	1,367,970	-	1,367,970	-
Total Liabilities	362,750,548	42,897,089	405,647,637	7,229,085
NET ASSETS				
Invested in capital assets (net of related debt)	680,315,170	370,233,734	1,050,548,904	4,684,532
Restricted for:				
Capital projects	-	992,113	992,113	-
Debt service	4,647,374	3,743,784	8,391,158	-
Unrestricted (deficit)	78,312,580	19,637,859	97,950,439	7,845,515
Total Net Assets	\$ 763,275,124	\$ 394,607,490	\$ 1,157,882,614	\$ 12,530,047

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, 2007

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 12,820,474	\$ 1,009,164	\$ 262,711	\$ 90,243
Administrative services	7,814,137	-	19,240	-
Police	60,136,573	12,413,238	1,177,774	274,433
Fire	39,368,057	3,446,175	564,544	-
Libraries	10,560,624	496,697	190,828	-
Development	19,508,839	5,124,766	2,015,112	-
Public services and operations	5,213,097	1,016,193	137,578	-
Parks and recreation	22,645,606	2,357,306	134,559	2,340,946
Public works	26,677,227	84,217	89,962	10,794,242
Technology services	12,951,258	2,459,419	-	-
Other	6,577,443	-	-	-
Interest on Long-Term Debt	12,503,580	-	-	-
Unallocated Depreciation	100,907	-	-	-
Total governmental activities	236,877,822	28,407,175	4,592,308	13,499,864
Business-type Activities:				
Water and sewer	78,413,719	83,598,039	-	7,991,489
Environmental waste services	19,298,289	14,196,523	289,052	-
Municipal drainage	3,429,488	4,986,648	-	-
Civic center	6,416,054	2,589,358	-	-
Municipal golf course	885,158	823,353	-	-
Property management	78,759	81,587	-	-
Recreation revolving	2,642,687	2,765,100	-	-
Downtown center development	46,784	68,127	-	-
Total business-type activities	111,210,938	109,108,735	289,052	7,991,489
Total primary government	\$ 348,088,760	\$ 137,515,910	\$ 4,881,360	\$ 21,491,353
Component units:				
Economic Development	\$ 1,330,320	\$ 6,927,663	\$ -	\$ -
TIF Mall	5,035,083	-	-	-
TIF East Side	1,209,083	53,798	-	-
Total component units	\$ 7,574,486	\$ 6,981,461	\$ -	\$ -

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
\$ (11,458,356)		\$ (11,458,356)	
(7,794,897)		(7,794,897)	
(46,271,128)		(46,271,128)	
(35,357,338)		(35,357,338)	
(9,873,099)		(9,873,099)	
(12,368,961)		(12,368,961)	
(4,059,326)		(4,059,326)	
(17,812,795)		(17,812,795)	
(15,708,806)		(15,708,806)	
(10,491,839)		(10,491,839)	
(6,577,443)		(6,577,443)	
(12,503,580)		(12,503,580)	
(100,907)		(100,907)	
<u>(190,378,475)</u>		<u>(190,378,475)</u>	
	\$ 13,175,809	13,175,809	
	(4,812,714)	(4,812,714)	
	1,557,160	1,557,160	
	(3,826,696)	(3,826,696)	
	(61,805)	(61,805)	
	2,828	2,828	
	122,413	122,413	
	21,343	21,343	
	<u>6,178,338</u>	<u>6,178,338</u>	
<u>-</u>	<u>6,178,338</u>	<u>(184,200,137)</u>	
<u>(190,378,475)</u>	<u>6,178,338</u>		
			\$ 5,597,343
			(5,035,083)
			<u>(1,155,285)</u>
			<u>(593,025)</u>
114,157,316	-	114,157,316	8,209,402
61,573,210	-	61,573,210	-
983,663	-	983,663	-
-	4,741,492	4,741,492	-
225,445	-	225,445	-
22,463,447	6,259,512	28,722,959	-
13,985,970	1,803,285	15,789,255	313,667
12,604,397	(12,604,397)	-	-
<u>225,993,448</u>	<u>199,892</u>	<u>226,193,340</u>	<u>8,523,069</u>
35,614,973	6,378,230	41,993,203	7,930,044
727,660,151	388,229,260	1,115,889,411	4,600,003
<u>\$ 763,275,124</u>	<u>\$ 394,607,490</u>	<u>\$ 1,157,882,614</u>	<u>\$ 12,530,047</u>

CITY OF PLANO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2007

	General	Debt Service	Street Improvements	Capital Reserve	Park Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 10,701,525	\$ 1,485,287	\$ 3,811,911	\$ 11,751,235	\$ 8,411,839	\$ 14,312,810	\$ 50,474,607
Investments	22,594,320	3,162,087	8,115,328	25,024,850	17,908,295	30,470,904	107,275,784
Receivables (net of allowance for uncollectibles)							
Taxes	12,198,131	582,539	-	-	-	-	12,780,670
Accounts	1,113,419	-	-	-	-	94,665	1,208,084
Notes	6,925,599	-	-	-	-	-	6,925,599
Accrued interest	195,995	27,430	70,396	217,078	155,345	264,320	930,564
Assessments	-	-	1,575,746	-	-	-	1,575,746
Other	-	-	153	-	-	947,856	948,009
Due from other funds	8,869,708	-	-	-	-	-	8,869,708
Due from other governments	28,215	79,896	-	-	-	1,532,713	1,640,824
Prepaid items and other assets	90,268	-	-	-	-	2,702	92,970
Total Assets	62,717,180	5,337,239	13,573,534	36,993,163	26,475,479	47,625,970	192,722,565
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	3,412,032	-	-	-	-	371,885	3,783,917
Accrued liabilities	6,519,000	-	-	-	-	40,192	6,559,192
Contracts payable	-	-	1,669,283	1,247,900	1,096,920	443,792	4,457,895
Deferred revenue	7,075,585	582,539	1,575,746	-	-	985,631	10,219,501
Due to other funds	26,903	-	-	-	-	1,170,951	1,197,854
Due to other governments	-	-	-	-	-	1,135,951	1,135,951
Retainage payable	-	-	501,005	250,363	785,459	112,026	1,648,853
Seized assets payable	-	-	-	-	-	295,343	295,343
Total Liabilities	17,033,520	582,539	3,746,034	1,498,263	1,882,379	4,555,771	29,298,506
Fund Balance:							
Reserved for encumbrances in:							
General fund	1,566,433	-	-	-	-	-	1,566,433
Street improvement fund	-	-	9,454,447	-	-	-	9,454,447
Capital reserve fund	-	-	-	3,775,660	-	-	3,775,660
Park improvement fund	-	-	-	-	2,459,893	-	2,459,893
Capital project funds	-	-	-	-	-	8,165,483	8,165,483
Reserved for:							
Prepaid items and other assets	90,268	-	-	-	-	2,702	92,970
Interfund advance and notes receivable	6,925,599	-	-	-	-	-	6,925,599
Debt service	-	4,754,700	-	-	-	-	4,754,700
Street improvements	-	-	373,053	-	-	-	373,053
Capital reserve	-	-	-	31,719,240	-	-	31,719,240
Capital projects	-	-	-	-	-	18,653,621	18,653,621
Park improvements	-	-	-	-	22,133,207	-	22,133,207
Unreserved, designated in:							
Special revenue funds	-	-	-	-	-	409,149	409,149
Unreserved, undesignated in:							
General fund	37,101,360	-	-	-	-	-	37,101,360
Special revenue funds	-	-	-	-	-	15,107,398	15,107,398
Capital project funds	-	-	-	-	-	731,846	731,846
Total Fund Balance	45,683,660	4,754,700	9,827,500	35,494,900	24,593,100	43,070,199	163,424,059
Total Liabilities and Fund Balance	\$ 62,717,180	\$ 5,337,239	\$ 13,573,534	\$ 36,993,163	\$ 26,475,479	\$ 47,625,970	\$ 192,722,565

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, 2007**

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

Total fund balance per balance sheet	\$ 163,424,059
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	850,235,411
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds	9,387,089
Internal service funds are used by management to charge the costs of fleet management, management information systems, property liability loss, health claims, office services and municipal warehouse to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	80,870,196
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(340,641,631)
Net assets of governmental activities	<u><u>\$ 763,275,124</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, 2007**

	General	Debt Service	Street Improvements	Capital Reserve	Park Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes-							
Property taxes	\$ 69,646,933	\$ 37,412,220	\$ -	\$ -	\$ -	\$ -	\$ 107,059,153
Other taxes	63,425,218	-	-	-	-	-	63,425,218
Franchise fees	22,039,441	-	-	-	-	-	22,039,441
Fines and forfeitures	7,484,453	-	-	-	-	2,338,460	9,822,913
Contributions	-	-	222,006	1,800	-	83,118	306,924
Rollback taxes	-	-	-	1,172,609	-	-	1,172,609
Licenses and permits	5,524,955	-	-	-	-	-	5,524,955
Intragovernmental	6,399,935	-	-	-	-	-	6,399,935
Intergovernmental	696,994	-	-	-	-	3,218,818	3,915,812
Fees for services	8,473,801	-	-	-	-	2,002,844	10,476,645
Assessments	-	-	99,741	-	-	-	99,741
Investment income	3,392,086	1,296,164	459,017	1,988,166	976,722	2,667,254	10,779,409
Miscellaneous	962,120	274,433	625	61,612	-	108,552	1,407,342
Total revenues	188,045,936	38,982,817	781,389	3,224,187	976,722	10,419,046	242,430,097
EXPENDITURES							
Current operating:							
General government	640,926	-	-	-	-	614,280	1,255,206
Administrative services	7,916,611	-	-	-	-	-	7,916,611
Police	57,524,736	-	-	-	-	1,589,366	59,114,102
Fire	38,600,193	-	-	-	-	496,713	39,096,906
Libraries	10,045,040	-	-	-	-	94,865	10,139,905
Development	17,910,977	-	-	-	-	1,733,209	19,644,186
Public services and operations	4,443,707	-	-	-	-	960,246	5,403,953
Parks and recreation	18,744,879	-	-	-	-	40,518	18,785,397
Environmental waste services	-	-	-	-	-	258,275	258,275
Public works	5,764,590	-	-	-	-	-	5,764,590
Other	26,335,719	-	-	-	-	-	26,335,719
Capital outlay	2,142,144	-	17,142,020	12,844,226	26,238,679	9,633,074	68,000,143
Debt service:							
Principal retirement	-	21,020,000	-	-	-	-	21,020,000
Interest and fiscal charges	-	12,837,888	-	-	-	-	12,837,888
Total expenditures	190,069,522	33,857,888	17,142,020	12,844,226	26,238,679	15,420,546	295,572,881
Excess (deficiency) of revenues over (under) expenditures	(2,023,586)	5,124,929	(16,360,631)	(9,620,039)	(25,261,957)	(5,001,500)	(53,142,784)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	9,905,447	-	21,122,266	15,647,287	46,675,000
Premium on sale of bonds	-	-	297,163	-	633,668	231,991	1,162,822
Transfers in	9,462,695	140,956	-	13,250,000	-	560,857	23,414,508
Transfers out	(10,560,111)	(2,682,750)	-	-	-	-	(13,242,861)
Total other financing sources (uses)	(1,097,416)	(2,541,794)	10,202,610	13,250,000	21,755,934	16,440,135	58,009,469
Net change in fund balances	(3,121,002)	2,583,135	(6,158,021)	3,629,961	(3,506,023)	11,438,635	4,866,685
Fund balances-beginning	48,804,662	2,171,565	15,985,521	31,864,939	28,099,123	31,631,564	158,557,374
Fund balances-ending	\$ 45,683,660	\$ 4,754,700	\$ 9,827,500	\$ 35,494,900	\$ 24,593,100	\$ 43,070,199	\$ 163,424,059

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, 2007**

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

Net change in fund balance - total governmental funds	\$ 4,866,685
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.	33,881,466
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	11,658,359
The issuance of long-term debt (e.g. bonds, tax anticipation notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(26,656,345)
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.	(2,530,547)
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.	14,426,132
Grant revenue included in the special revenue funds which are used for the benefit of business-type activities. The net expenses of certain activities are reported within the business-type activities.	(30,777)
Change in net assets of governmental activities	<u><u>\$ 35,614,973</u></u>

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

**CITY OF PLANO, TEXAS
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	Budgeted Amounts		Actual	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES:						
Taxes-						
Property taxes	\$ 69,461,175	\$ 69,461,175	\$ 69,646,933	\$ (1,172,609)	\$ 68,474,324	\$ (986,851)
Other taxes	58,453,397	62,214,886	63,425,218	-	63,425,218	1,210,332
Franchise fees	19,029,151	20,510,013	22,039,441	-	22,039,441	1,529,428
Fines and forfeitures	9,335,057	7,944,851	7,484,453	-	7,484,453	(460,398)
Licenses and permits	5,390,349	5,389,194	5,524,955	-	5,524,955	135,761
Intragovernmental	6,399,935	6,399,935	6,399,935	-	6,399,935	-
Intergovernmental	693,566	705,807	696,994	-	696,994	(8,813)
Fees for services	8,374,607	8,622,810	8,473,801	-	8,473,801	(149,009)
Investment income	1,700,000	3,218,908	3,392,086	-	3,392,086	173,178
Miscellaneous	888,686	996,782	962,120	-	962,120	(34,662)
Total Revenues	179,725,923	185,464,361	188,045,936	(1,172,609)	186,873,327	1,408,966
EXPENDITURES:						
General government	706,486	755,605	640,926	28,175	669,101	86,504
Administrative services	8,000,232	8,332,559	7,916,611	160,638	8,077,249	255,310
Police	61,137,148	59,059,468	57,524,736	148,264	57,673,000	1,386,468
Fire	41,387,264	38,847,589	38,600,193	154,551	38,754,744	92,845
Libraries	10,313,037	10,436,832	10,045,040	92,611	10,137,651	299,181
Development	19,816,475	20,208,914	17,910,977	482,027	18,393,004	1,815,910
Public services and operations	4,650,284	4,760,084	4,443,707	65,760	4,509,467	250,617
Parks and Recreation	20,050,081	20,098,252	18,744,879	538,923	19,283,802	814,450
Public works	6,032,186	6,142,859	5,764,590	155,390	5,919,980	222,879
Other	27,185,844	26,064,119	26,335,719	(797,511)	25,538,208	525,911
Capital outlay	1,465,905	2,126,216	2,142,144	537,605	2,679,749	(553,533)
Total Expenditures	200,744,942	196,832,497	190,069,522	1,566,433	191,635,955	5,196,542
Deficiency Of Revenues Under Expenditures	(21,019,019)	(11,368,136)	(2,023,586)	(2,739,042)	(4,762,628)	6,605,508
OTHER FINANCING SOURCES (USES):						
Transfers in	9,462,695	9,462,695	9,462,695	-	9,462,695	-
Transfers out	(10,560,111)	(10,560,111)	(10,560,111)	-	(10,560,111)	-
Total Other Financing Sources (Uses)	(1,097,416)	(1,097,416)	(1,097,416)	-	(1,097,416)	-
Deficiency Of Revenues And Other Sources Under Expenditures And Other Uses	(22,116,435)	(12,465,552)	(3,121,002)	(2,739,042)	(5,860,044)	6,605,508
FUND BALANCE, OCTOBER 1	48,804,662	48,804,662	48,804,662	-	39,496,934	-
FUND BALANCE, September 30	\$ 26,688,227	\$ 36,339,110	\$ 45,683,660	\$ (2,739,042)	\$ 33,636,890	\$ 6,605,508

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, 2007**

	Deficiency of Revenues and Other Sources Under Expenditures and Other Uses General Fund
GAAP basis	\$ (3,121,002)
Revenues:	
Decrease due to rolled back taxes	(1,172,609)
Expenditures:	
Increase due to encumbrances	(1,566,433)
Budgetary basis	\$ (5,860,044)

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

CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2007

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	\$ -	\$ 324,461	\$ 1,330,928	\$ 1,884,712	\$ 3,540,101	\$ 17,202,040
Investments	-	689,057	2,833,464	4,003,156	7,525,677	36,621,466
Receivables -						
Accounts	16,476,802	1,752,500	628,286	603,253	19,460,841	52,886
Accrued interest	-	5,977	24,579	34,726	65,282	316,455
Other	1,960	557,080	-	8,592	567,632	1,431
Interfund receivable	127,304	-	-	-	127,304	214,142
Due from other funds	8,210	-	-	-	8,210	177,244
Due from other governments	-	-	-	-	-	85
Inventories	-	-	-	-	-	977,364
Prepaid expenses & other assets	1,366,312	231,761	204	34,567	1,632,844	186,827
Advances to other funds	413,288	-	-	-	413,288	226,133
Restricted assets:						
Revenue bond debt service-						
Cash and cash equivalents	203,550	-	891,053	-	1,094,603	-
Investments	433,346	-	674,047	-	1,107,393	-
Accrued interest receivable	3,759	-	16,456	-	20,215	-
Revenue bond reserve fund-						
Investments	-	-	1,521,573	-	1,521,573	-
Revenue bond construction fund-						
Cash and cash equivalents	5,423,474	-	1,714,930	-	7,138,404	2,563,996
Investments	11,546,248	-	3,352,361	-	14,898,609	5,458,592
Accrued interest receivable	100,157	-	31,672	-	131,829	47,350
Total current assets	<u>36,104,410</u>	<u>3,560,836</u>	<u>13,019,553</u>	<u>6,569,006</u>	<u>59,253,805</u>	<u>64,046,011</u>
Capital assets:						
Land	4,874,864	-	48,286	4,325,479	9,248,629	62,522
Buildings	1,308,505	8,581	52,921	13,821,672	15,191,679	5,609,742
Improvements other than buildings	451,255,586	-	-	1,835,921	453,091,507	-
Equipment	12,856,739	7,036,876	257,707	2,124,124	22,275,446	35,719,017
Furniture and fixtures	208,759	53,028	8,124	467,075	736,986	126,436
Rolling equipment	114,195	136,694	-	-	250,889	51,427,650
Drainage improvements	-	-	19,088,206	-	19,088,206	-
Construction in progress	30,910,289	-	10,446,018	-	41,356,307	2,149,984
Less accumulated depreciation	<u>(158,665,467)</u>	<u>(6,213,029)</u>	<u>(2,882,645)</u>	<u>(13,797,146)</u>	<u>(181,558,287)</u>	<u>(67,694,936)</u>
Total capital assets (net of accumulated depreciation)	<u>342,863,470</u>	<u>1,022,150</u>	<u>27,018,617</u>	<u>8,777,125</u>	<u>379,681,362</u>	<u>27,400,415</u>
Total noncurrent assets	<u>342,863,470</u>	<u>1,022,150</u>	<u>27,018,617</u>	<u>8,777,125</u>	<u>379,681,362</u>	<u>27,400,415</u>
Total assets	<u>\$ 378,967,880</u>	<u>\$ 4,582,986</u>	<u>\$ 40,038,170</u>	<u>\$ 15,346,131</u>	<u>438,935,167</u>	<u>\$ 91,446,426</u>

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

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2007
(continued)

	Business-type Activities Enterprise Funds					
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 2,834,707	\$ 163,947	\$ 295,047	\$ 442,448	\$ 3,736,149	\$ 1,886,327
Accrued liabilities	795,062	560,837	56,419	503,419	1,915,737	1,282,316
Deferred revenue	-	-	-	373,816	373,816	-
Due to other funds	7,611,958	341	-	-	7,612,299	245,009
Interfund payable	-	341,446	-	-	341,446	-
Accrued interest payable	-	1,517	-	-	1,517	-
Customer deposits	2,478,795	-	-	146,569	2,625,364	-
Liability for compensated absences	-	101,456	-	63,524	164,980	-
Liability for insurance claims	-	-	-	-	-	5,343,186
Total current liabilities	<u>13,720,522</u>	<u>1,169,544</u>	<u>351,466</u>	<u>1,529,776</u>	<u>16,771,308</u>	<u>8,756,838</u>
Current liabilities payable from restricted assets:						
Contracts payable	860,376	-	-	-	860,376	-
Current portion of long-term debt	2,280,000	-	1,390,000	-	3,670,000	-
Liability for compensated absences	163,509	-	26,433	-	189,942	-
Accrued interest payable	26,591	-	382,757	-	409,348	-
Retainage payable	332,804	-	16,656	-	349,460	-
Total current liabilities payable from restricted assets	<u>3,663,280</u>	<u>-</u>	<u>1,815,846</u>	<u>-</u>	<u>5,479,126</u>	<u>-</u>
Total current liabilities	<u>17,383,802</u>	<u>1,169,544</u>	<u>2,167,312</u>	<u>1,529,776</u>	<u>22,250,434</u>	<u>8,756,838</u>
Noncurrent liabilities:						
Advance from other funds	-	639,421	-	-	639,421	-
Bonds payable	6,024,886	-	20,812,221	-	26,837,107	-
Liability for compensated absences	907,444	465,798	41,526	348,525	1,763,293	-
Liability for insurance claims	-	-	-	-	-	1,367,970
Total noncurrent liabilities	<u>6,932,330</u>	<u>1,105,219</u>	<u>20,853,747</u>	<u>348,525</u>	<u>29,239,821</u>	<u>1,367,970</u>
Total liabilities	<u>24,316,132</u>	<u>2,274,763</u>	<u>23,021,059</u>	<u>1,878,301</u>	<u>51,490,255</u>	<u>10,124,808</u>
NET ASSETS						
Invested in capital assets (net of related debt)	350,618,168	1,022,150	9,816,291	8,777,125	370,233,734	35,030,004
Restricted for:						
Capital projects	992,113	-	-	-	992,113	-
Debt service	640,655	-	3,103,129	-	3,743,784	-
Unrestricted	2,400,812	1,286,073	4,097,691	4,690,705	12,475,281	46,291,614
Total Net Assets	<u>\$ 354,651,748</u>	<u>\$ 2,308,223</u>	<u>\$ 17,017,111</u>	<u>\$ 13,467,830</u>	<u>\$ 387,444,912</u>	<u>\$ 81,321,618</u>

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

**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF PROPRIETARY FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2007**

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

Total net assets of proprietary funds \$ 387,444,912

Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds.

The net receivable due from activities of the internal service funds which are reported within business-type activities. 7,162,578

Net assets of business type activities \$ 394,607,490

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, 2007

Business-type Activities
Enterprise Funds

	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Operating revenues:						
Charges for sales and services:						
Service charges	\$ 81,725,947	\$ 12,539,596	\$ 4,908,476	\$ 6,270,525	\$ 105,444,544	\$ 59,111,144
Franchise fees	-	6,259,512	-	-	6,259,512	-
Sale of trash bags	-	610,974	-	-	610,974	-
Penalties	1,137,183	-	-	-	1,137,183	-
Taps and meters	242,708	-	-	-	242,708	-
Construction water	87,423	-	-	-	87,423	-
Contributions	-	100,960	-	-	100,960	-
Miscellaneous charges	30,550	888,000	-	46,701	965,251	382,711
Total operating revenues	<u>83,223,811</u>	<u>20,399,042</u>	<u>4,908,476</u>	<u>6,317,226</u>	<u>114,848,555</u>	<u>59,493,855</u>
Operating expenses:						
Personal services	8,542,289	5,622,098	1,187,716	3,996,260	19,348,363	8,207,889
Contractual services	7,186,485	6,357,208	756,128	4,106,835	18,406,656	11,067,826
Supplies	2,366,827	321,151	154,249	1,192,717	4,034,944	7,983,594
Claims expense	-	-	-	-	-	16,217,353
Depreciation	12,033,510	373,776	382,051	746,675	13,536,012	6,054,752
Landfill services	-	6,337,459	-	-	6,337,459	-
Wastewater treatment	17,935,581	-	-	-	17,935,581	-
Charges in lieu of taxes	5,599,673	800,262	-	-	6,399,935	-
Water supply	24,946,198	-	-	-	24,946,198	-
Miscellaneous	537,055	121,764	1,334	83,227	743,380	56,258
Total operating expenses	<u>79,147,618</u>	<u>19,933,718</u>	<u>2,481,478</u>	<u>10,125,714</u>	<u>111,688,528</u>	<u>49,587,672</u>
Operating income (loss)	<u>4,076,193</u>	<u>465,324</u>	<u>2,426,998</u>	<u>(3,808,488)</u>	<u>3,160,027</u>	<u>9,906,183</u>
Nonoperating revenues (expenses):						
Investment income	930,183	-	603,391	269,711	1,803,285	3,210,901
Gain (loss) on property disposition	-	-	-	(1,730)	(1,730)	709,611
Interest and fiscal charges	(105,405)	(58,315)	(969,797)	-	(1,133,517)	(127,750)
Tax anticipation note premium	-	-	-	-	-	2,632
Hotel/motel tax	-	-	-	4,741,492	4,741,492	-
Intergovernmental revenues	-	-	-	-	-	3,536
Miscellaneous	374,228	56,993	78,172	10,299	519,692	159,381
Total nonoperating revenue (expenses)	<u>1,199,006</u>	<u>(1,322)</u>	<u>(288,234)</u>	<u>5,019,772</u>	<u>5,929,222</u>	<u>3,958,311</u>
Income before contributions and transfers	5,275,199	464,002	2,138,764	1,211,284	9,089,249	13,864,494
Contributions from developers	7,991,489	-	-	-	7,991,489	-
Transfers in	-	84,758	-	-	84,758	2,682,750
Transfers out	(11,683,412)	-	(336,833)	(668,910)	(12,689,155)	(250,000)
Change in net assets	1,583,276	548,760	1,801,931	542,374	4,476,341	16,297,244
Total net assets-beginning	353,068,472	1,759,463	15,215,180	12,925,456	382,968,571	65,024,374
Total net assets-ending	<u>\$ 354,651,748</u>	<u>\$ 2,308,223</u>	<u>\$ 17,017,111</u>	<u>\$ 13,467,830</u>	<u>\$ 387,444,912</u>	<u>\$ 81,321,618</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, 2007**

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

Net change in net assets - total proprietary funds	\$ 4,476,341
<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.	1,871,112
The net expenses of grant activities of special revenue funds is reported within business-type activities	30,777
Change in net assets of business-type activities	<u>\$ 6,378,230</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, 2007

	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	\$ 79,314,256	\$ 13,878,038	\$ 4,877,745	\$ 6,222,585	\$ 104,292,624	\$ 59,461,607
Franchise fees	-	6,259,512	-	-	6,259,512	-
Charges in lieu of taxes	(5,599,673)	(800,262)	-	-	(6,399,935)	-
Cash payments to suppliers for goods and services	(54,547,709)	(13,464,520)	(945,521)	(5,269,339)	(74,227,089)	(35,589,207)
Cash payments to employees for services	(8,415,868)	(5,524,645)	(1,171,596)	(3,857,943)	(18,970,052)	(8,098,305)
Net cash provided (used) by operating activities	10,751,006	348,123	2,760,628	(2,904,697)	10,955,060	15,774,095
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advances from other funds	7,071,366	540,592	-	-	7,611,958	236,799
Repayments to other funds	(8,210)	(205,817)	-	(50)	(214,077)	(91,826)
Hotel/motel tax	-	-	-	4,741,492	4,741,492	-
Transfers to other funds	(11,683,412)	-	(336,833)	(668,910)	(12,689,155)	(250,000)
Transfers from other funds	-	84,758	-	-	84,758	2,682,750
Grant receipts	-	-	-	-	-	3,536
Net cash provided (used) by noncapital financing activities	(4,620,256)	419,533	(336,833)	4,072,532	(465,024)	2,581,259
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(11,149,223)	-	(790,750)	(74,393)	(12,014,366)	(8,555,458)
Bond proceeds	-	-	2,000,000	-	2,000,000	-
Bond issuance costs paid	-	-	(40,513)	-	(40,513)	-
Proceeds from sale of equipment	-	-	-	-	-	719,682
Principal paid on long-term debt	(2,895,000)	-	(1,255,000)	-	(4,150,000)	(2,555,000)
Interest and fees paid on long-term debt	(431,594)	(58,315)	(936,317)	-	(1,426,226)	(127,750)
Contributions by developers	1,508,930	-	94,447	-	1,603,377	-
Proceeds from insurance damages & other	374,228	56,993	9,491	10,299	451,011	159,381
Net cash used by capital and related financing activities	(12,592,659)	(1,322)	(918,642)	(64,094)	(13,576,717)	(10,359,145)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(11,979,594)	(689,057)	(8,381,445)	(4,003,156)	(25,053,252)	(42,080,058)
Proceeds from sale and maturities of investment securities	18,837,053	177,702	8,256,083	3,654,835	30,925,673	40,973,197
Interest on investments	727,672	(8,744)	469,118	206,900	1,394,946	2,571,727
Net cash provided (used) by investing activities	7,585,131	(520,099)	343,756	(141,421)	7,267,367	1,464,866
Net increase in cash and cash equivalents	1,123,222	246,235	1,848,909	962,320	4,180,686	9,461,075
Cash and cash equivalents, October 1	4,503,802	78,226	2,088,002	922,392	7,592,422	10,304,961
Cash and cash equivalents, September 30	\$ 5,627,024	\$ 324,461	\$ 3,936,911	\$ 1,884,712	\$ 11,773,108	\$ 19,766,036
Classified as:						
Current assets	\$ -	\$ 324,461	\$ 1,330,928	\$ 1,884,712	\$ 3,540,101	\$ 17,202,040
Restricted assets	5,627,024	-	2,605,983	-	8,233,007	2,563,996
Total	\$ 5,627,024	\$ 324,461	\$ 3,936,911	\$ 1,884,712	\$ 11,773,108	\$ 19,766,036
Non-cash disclosure:						
Developers contributions	\$ 7,991,489	\$ -	\$ -	\$ -	\$ 7,991,489	\$ -
Loss on property disposition	-	-	-	(1,730)	(1,730)	(10,071)
Tax anticipation note premium	-	-	-	-	-	2,632
Increase in fair value of investments	260,498	4,334	134,990	60,580	460,402	637,894
Transfer of capital assets	2,841	132,439	25,147	445	160,872	48,699

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

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007
(continued)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 4,076,193	\$ 465,324	\$ 2,426,998	\$ (3,808,488)	\$ 3,160,027	\$ 9,906,183
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	12,033,510	373,776	382,051	746,675	13,536,012	6,054,752
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivable	(4,015,116)	(221,139)	(30,731)	(96,270)	(4,363,256)	118,388
Other accounts receivable	26	(40,353)	-	34,062	(6,265)	2,472
Due to other funds	-	-	-	-	-	(153,120)
Due from other governments	-	-	-	-	-	12
Prepaid expenses & other assets	(1,366,067)	(229,328)	558	9,870	(1,584,967)	37,885
Inventories	-	-	-	-	-	(217,912)
Increase (decrease) in-						
Accounts payable	(209,496)	(97,610)	(34,368)	69,508	(271,966)	(376,452)
Accrued liabilities	52,080	62,449	10,865	72,320	197,714	109,584
Liability for compensated absences	74,341	35,004	5,255	65,108	179,708	-
Customer deposits	105,535	-	-	5,563	111,098	-
Deferred revenue	-	-	-	(3,045)	(3,045)	-
Liability for insurance claims	-	-	-	-	-	292,303
Total adjustments	<u>6,674,813</u>	<u>(117,201)</u>	<u>333,630</u>	<u>903,791</u>	<u>7,795,033</u>	<u>5,867,912</u>
Net cash provided (used) by operating activities	<u>\$ 10,751,006</u>	<u>\$ 348,123</u>	<u>\$ 2,760,628</u>	<u>\$ (2,904,697)</u>	<u>\$ 10,955,060</u>	<u>\$ 15,774,095</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, 2007**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 2,129,078	\$ 1,322,811
Investment pool	-	2,816,184
U.S. government treasury notes	1,013,670	-
Other U.S. government obligations	5,479,909	-
Corporate bonds	10,901,015	-
Common stocks	38,132,075	-
Foreign equities	4,803,200	-
Mutual funds	5,749,715	-
Real estate investment trusts	1,798,830	-
Accrued interest	273,623	24,429
Total Assets	<u>70,281,115</u>	<u>4,163,424</u>
LIABILITIES		
Accounts payable	36,033	-
Developers' escrow liability	-	4,111,649
Unclaimed property payable	-	51,775
Total Liabilities	<u>36,033</u>	<u>4,163,424</u>
NET ASSETS		
Held in trust for pension benefits	<u>70,245,082</u>	
Total Net Assets	<u>\$ 70,245,082</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, 2007**

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	\$ 3,329,872
Investment income:	
Net appreciation in fair value of investments	8,139,598
Interest	999,501
Dividends	<u>818,189</u>
Total investment gain	9,957,288
Less investment expenses	238,550
Net investment gain	<u>9,718,738</u>
Total additions	<u>13,048,610</u>
DEDUCTIONS	
Benefits	1,427,753
Miscellaneous expenses	<u>7,370</u>
Total deductions	<u>1,435,123</u>
Net increase	11,613,487
Net assets held in trust for pension benefits-beginning of year	<u>58,631,595</u>
Net assets held in trust for pension benefits-end of year	<u>\$ 70,245,082</u>

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

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, as amended, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the City's statement of net assets includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation 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 use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary fund types and the pension trust fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

B. Reporting Entity

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

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 provides marketing and economic development services to the City and the City provides for custody and investment of the Board's assets, various administrative/personnel/legal services and the majority of funding for the Board's budget. The Board is reported as an enterprise fund. There are no separately issued financial statements of the Board. The Board is presented as a discrete component unit.

Tax Increment Financing Units. The City has established two tax increment financing units (TIF) for project improvements within the City. The first is an agreement by and between the City of Plano and the Taubman Realty Group Limited Partnership for the development of a regional mall. The second relates to financing for public improvements associated with the future development of East Plano. Both projects were approved by the City Council in fiscal year 1999. The Tax Incremental Financing Units are legally separate from the City and the City does not appoint a majority of its governing board for the first TIF and does appoint a majority of its governing board for the second TIF; however, the entities are fiscally dependent on the City. These projects had limited activity during fiscal year 2007 and are presented as discrete component units as the City has determined it would be misleading to exclude them. Separate financial statements for these entities are not available.

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

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

C. Government-wide and Fund Financial Statements

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

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

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

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 major Governmental Funds of the City:

- a. General Fund accounts for several of the City's primary services (Police, Fire, Public Works, Libraries, Parks and Recreation, etc.) and is the primary operating unit of the City.
- b. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- c. 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 public improvements not requiring general obligation bond financing.
- e. Other Governmental Funds is a summarization of all of the non-major governmental funds.

2. Enterprise Funds:

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

- a. Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. This fund also accounts for the

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

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 Enterprise Funds is a summarization of all of the non-major enterprise funds.

3. Other Fund Types:

The City additionally reports for the following Fund types:

- a. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, generally on a cost reimbursement basis.
- b. Agency Funds are used to account for assets held by the City in an agency capacity for individuals, local law enforcement agencies or developers. Agency funds record only assets and liabilities and therefore have no measurement focus.
- c. 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 outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

G. Inventories and Prepaid Items

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

**CITY OF PLANO, TX
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2007**

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

H. Interfund Transactions and Receivables and Payables

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

I. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For fiscal year 2007, \$21,438 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

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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

K. Federal and State Grants

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

L. Long-Term Debt

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

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

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. 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 and payable in the current period and therefore are not reported in the funds.” The details of this \$340,641,631 difference are as follows:

Bonds payable	\$ 291,125,000
Tax anticipation notes	11,000,000
Less: Issuance discount (to be amortized as interest expense)	(190,596)
Add: Issuance premium (to be amortized as interest expense)	8,700,564
Less: Deferred charges from refunding and bond issuance costs	(7,686,434)
Accrued interest payable	562,743
Claims and judgments	6,711,156
Compensated absences	30,419,198
	<hr/>
Net adjustment to reduce fund balance – total governmental funds	
To arrive at net assets – governmental activities	<u>\$ 340,641,631</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$33,881,466 difference are as follows:

Capital outlay	\$ 68,000,143
Depreciation expense	(32,657,153)
Other capital related transactions	<u>(1,461,524)</u>
 Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 33,881,466</u>

Another element of that reconciliation states “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(26,656,345) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (35,675,000)
Issuance of tax anticipation notes	(11,000,000)
Add premium	(1,162,822)
Less bond issue costs	161,477
 Principal repayments:	
General obligation debt	21,020,000
 Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (26,656,345)</u>

Another element of that reconciliation states “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(2,530,547) difference are as follows:

Changes in:	
Compensated absences	\$ (2,998,607)
Accrued interest	(49,549)
Amortization of bond discount / deferred charge on refunding	(709,180)
Amortization of bond premium	1,056,679
Record change in net pension asset	<u>170,110</u>
 Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (2,530,547)</u>

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007**

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 \$330,061 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.

B. Fund Deficits and Budget Compliance:

The Office Services net deficit of \$370,648 will require adjustments to the billing rate. The TIF Mall Discretely Presented Component Unit deficit of \$5,366,682 will be funded from future ad-valorem taxes received from the creation of reinvestment zones and the establishment of tax increment financing agreements with the City of Plano, Plano Independent School District, Collin County and Collin County Community College District.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007**

IV. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS:

Deposits

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

At September 30, 2007, the carrying amount of the City's demand deposits was \$12,832,102 which includes component unit deposits of \$698,131. The bank balance was \$17,647,089. At September 30, 2007, the City's cash on hand totaled \$97,708. At September 30, 2007, the carrying value and the bank balance of the City's non-negotiable certificates of deposit (CD's) was \$10,999,733. At September 30, 2007 the carrying value held in trust by a bank trust department for the City's Pension Trust Fund cash was \$2,129,078.

Investments

At September 30, 2007, the City's investment balances were as follows:

Investment type	Fair Value		Total	Weighted Avg Maturity (Years) ^a
	Primary Government	Component Units		
U.S. Agencies	\$ 161,643,941	\$ 9,295,045	\$ 170,938,986	.95
Texas Local Government Investment Pool – TexPool	71,105,087	4,088,777	75,193,864	.00074
Commercial Paper	5,179,743	297,852	5,477,595	.00241
Total	<u>\$ 237,928,771</u>	<u>\$ 13,681,674</u>	<u>\$ 251,610,445</u>	.95315
Investment Trust Funds (Retirement Security Plan)				
U.S. Treasuries			\$ 1,013,670	3.13
Government Agencies			5,479,909	4.47
Corporate Obligations			10,901,015	4.68
Equities:				
Common Stocks			38,132,075	N/A
Foreign Equities			4,803,200	N/A
CTF/Mutual Funds			5,749,715	N/A
Real Estate Investment Trusts			1,798,830	N/A
Total Investment Trust Funds:			<u>67,878,414</u>	
Total Investments			<u>\$ 319,488,859</u>	

^a Fair value basis

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

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007**

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

Credit Risk. The City's investment policy, in conjunction with state law, specifies the type of credit rating of all authorized investments. The City's investments in U.S. Agency securities (FHLB, FNMA, FHLMC, and FFCB) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. These securities are indirectly guaranteed by the U.S. Government. The investment in the Texas Local Government Pool (TexPool) carried a credit rating of AAAM by Standard & Poor's as of September 30, 2007. The City's investments in commercial paper are rated not less than A-1, P-1, or F-1 by at least two nationally recognized statistical rating organizations.

Concentration of Credit Risk. With the exception of U.S. Treasury securities, the City's investment policy limits the amount that may be invested in any one issuer to 50% of the total investment portfolio. As of September 30, 2007, 5% or more of the City's total investments are in the following: Federal Home Loan Bank securities (30.65%), Federal Home Loan Mortgage Corporation securities (10.48%), Federal National Mortgage Association securities (14.9%), and Federal Farm Credit Banks (5.0%) on a fair value basis.

2. PROPERTY TAXES:

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. The property taxes attach as an enforceable lien on property as of January 1. Appraised values are established by the Central Appraisal District of Collin County at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value for the tax roll of January 1, 2006, upon which the original 2007 levy was based, was \$22,829,141,312. Subsequent adjustments increased this value to \$22,898,260,505.

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

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the tax levy is billed. Current year revenues recognized are those ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, generally thirty days after year-end. Current tax collections for the year ended September 30, 2007, were 99.2% 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, 2007, was \$0.4735 (\$0.3080 for general government and \$0.1655 for debt service) per \$100 of assessed valuation. Thus the City has a tax margin of approximately \$2.0265 per \$100 and could have levied up to approximately \$464,033,249 in additional taxes from the present assessed valuation.

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

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007**

3. RECEIVABLES:

Receivables at September 30, 2007 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	Park Improvements	Water & Sewer	Environmental Waste	Municipal Drainage	Aggregate Remaining Funds	Total
Receivables:										
Property Taxes	\$1,760,564	\$1,002,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,763,009
Sales Taxes	10,857,994	-	-	-	-	-	-	-	-	10,857,994
Mixed Drink Taxes	256,016	-	-	-	-	-	-	-	-	256,016
Accounts	1,113,419	-	-	-	-	16,606,963	1,761,549	635,253	806,746	20,923,930
Accrued Interest	195,995	27,430	70,396	217,078	155,345	103,916	5,977	72,707	615,501	1,464,345
Assessments	-	-	1,669,445	-	-	-	-	-	-	1,669,445
Notes	6,925,599	-	-	-	-	-	-	-	-	6,925,599
Other	-	-	153	-	-	1,960	557,080	-	949,287	1,508,480
Gross Receivables	21,109,587	1,029,875	1,739,994	217,078	155,345	16,712,839	2,324,606	707,960	2,371,534	46,368,818
Less: Allowance for Uncollectibles	(676,443)	(419,906)	(93,699)	-	-	(130,161)	(9,049)	(6,967)	-	(1,336,225)
Net total Receivables	20,433,144	609,969	1,646,295	217,078	155,345	16,582,678	2,315,557	700,993	2,371,534	45,032,593

The Enterprise Fund accounts receivable include unbilled charges for services (\$7,039,800) rendered at September 30, 2007.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007**

4. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2007 was as follows:

Primary Government

	Balance at Beginning Of Year	Additions And Transfers	Retirements And Transfers	Balance at End Of Year
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 101,728,355	3,078,426	(53,798)	104,752,983
Construction in progress	129,395,251	65,821,774	(29,634,574)	165,582,451
Public art	-	1,378,000	-	1,378,000
Total capital assets, not being depreciated	<u>231,123,606</u>	<u>70,278,200</u>	<u>(29,688,372)</u>	<u>271,713,434</u>
Capital assets, being depreciated:				
Buildings	98,203,451	2,683,201	-	100,886,652
Improvements other than buildings	75,327,616	3,343,017	-	78,670,633
Equipment	143,954,793	18,951,544	(7,121,476)	155,784,861
Infrastructure	835,349,365	23,894,719	-	859,244,084
Total capital assets being depreciated	<u>1,152,835,225</u>	<u>48,872,481</u>	<u>(7,121,476)</u>	<u>1,194,586,230</u>
Less accumulated depreciation for:				
Buildings	(54,183,610)	(4,482,674)	-	(58,666,284)
Improvements other than buildings	(45,289,560)	(2,622,354)	-	(47,911,914)
Equipment	(117,941,102)	(10,962,449)	5,703,678	(123,199,873)
Infrastructure	(338,241,339)	(20,644,428)	-	(358,885,767)
Total accumulated depreciation	<u>(555,655,611)</u>	<u>(38,711,905)</u>	<u>5,703,678</u>	<u>(588,663,838)</u>
Total capital assets, being depreciated, net	<u>597,179,614</u>	<u>10,160,576</u>	<u>(1,417,798)</u>	<u>605,922,392</u>
Governmental activities capital assets, net	<u>\$ 828,303,220</u>	<u>80,438,776</u>	<u>(31,106,170)</u>	<u>877,635,826</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

	Balance at Beginning Of Year	Additions And Transfers	Retirements And Transfers	Balance at End Of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 9,193,623	55,006	-	9,248,629
Construction in progress	35,532,924	12,216,243	(6,392,860)	41,356,307
Total capital assets, not being depreciated	44,726,547	12,271,249	(6,392,860)	50,604,936
Capital assets, being depreciated:				
Buildings	15,142,544	49,135	-	15,191,679
Improvements other than buildings	440,619,519	12,471,988	-	453,091,507
Drainage improvements	18,788,852	299,354	-	19,088,206
Equipment	23,251,215	302,444	(290,338)	23,263,321
Total capital assets being depreciated	497,802,130	13,122,921	(290,338)	510,634,713
Less accumulated depreciation for:				
Buildings	(11,092,826)	(745,458)	-	(11,838,284)
Improvements other than buildings	(139,373,666)	(11,068,162)	-	(150,441,828)
Drainage improvements	(2,235,760)	(378,771)	-	(2,614,531)
Equipment	(15,447,759)	(1,343,621)	127,736	(16,663,644)
Total accumulated depreciation	(168,150,011)	(13,536,012)	127,736	(181,558,287)
Total capital assets, being depreciated, net	329,652,119	(413,091)	(162,602)	329,076,426
Business-type activities capital assets, net	\$ 374,378,666	11,858,158	(6,555,462)	379,681,362

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

Governmental activities:	
General government	\$ 5,060,961
Administrative services	34,837
Police	832,482
Fire	406,030
Libraries	891,344
Development	142,951
Public services and operations	73,278
Parks and recreation	4,067,509
Public works	21,046,854
Technology Services	1,147,508
Unallocated	100,907
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,907,244
Total depreciation expense – governmental activities	<u>\$ 38,711,905</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

Business-type activities:	
Water and sewer	\$ 12,033,510
Environmental waste services	373,776
Municipal drainage	382,051
Nonmajor	746,675
 Total depreciation expense – business-type activities	 <u>\$ 13,536,012</u>

Future expenditures for capital projects will be funded from unexpended bond proceeds and additional general obligation or revenue bonds and operating revenues. In May 1998, \$80,351,000 of various purpose General Obligation Bonds were authorized and \$66,159,000 of the 1998 bonds have been issued. In May 2001, \$112,415,000 various purpose General Obligation Bonds were authorized and \$108,915,000 of the 2001 bonds have been issued. In May 2005, \$144,802,000 of various purpose General Obligation Bonds were authorized and \$50,182,000 of the 2005 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 And Transfers	Retirements And Transfers	Balance at End Of Year
Economic development activities:				
Capital assets, being depreciated:				
Equipment	\$ 50,516	6,599	-	57,115
Total capital assets being depreciated	<u>50,516</u>	<u>6,599</u>	<u>-</u>	<u>57,115</u>
Less accumulated depreciation for:				
Equipment	(46,132)	(2,640)	-	(48,772)
Total accumulated depreciation	<u>(46,132)</u>	<u>(2,640)</u>	<u>-</u>	<u>(48,772)</u>
Economic development activities capital assets, net	<u>\$ 4,384</u>	<u>3,959</u>	<u>-</u>	<u>8,343</u>

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007**

	Balance at Beginning Of Year	Additions And Transfers	Retirements And Transfers	Balance at End Of Year
TIF East side activities:				
Capital assets, not being depreciated:				
Land	\$ 110,629	-	-	110,629
Total capital assets, not being depreciated	110,629	-	-	110,629
Capital assets, being depreciated:				
Buildings	6,598,401	62,686	-	6,661,087
Improvements other than buildings	6,008	-	-	6,008
Equipment	25,809	-	-	25,809
Total capital assets being depreciated	6,630,218	62,686	-	6,692,904
Less accumulated depreciation for:				
Buildings	(1,773,363)	(333,328)	-	(2,106,691)
Improvements other than buildings	(1,870)	(314)	-	(2,184)
Equipment	(15,971)	(2,498)	-	(18,469)
Total accumulated depreciation	(1,791,204)	(336,140)	-	(2,127,344)
Total capital assets, being depreciated, net	4,839,014	(273,454)	-	4,565,560
TIF East side activities capital assets, net	\$ 4,949,643	(273,454)	-	4,676,189

Component units:	
Economic development	\$ 2,640
TIF east side	336,140
Total depreciation expense – component units	<u>\$ 338,780</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 811 currently administered by TMRS, an agent multiple-employer public employee retirement system. TMRS annually issues a stand-alone financial report. These reports are available from offices of TMRS.

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows (as of 4/4/07):

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

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

Contributions and Funding Policy-

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

Contributions by the City were \$15,387,911 or 13.8% of the covered payroll of \$111,407,362 as required by the actuarial valuation. The total fiscal year 2007 payroll was \$120,112,217. Annual City TMRS pension cost and related information for the last three years is as follows:

	2006	2005	2004
Annual pension cost	\$ 15,387,911	14,892,443	13,144,945
Contributions made	15,387,911	14,892,443	13,144,945
Contributions as % of			
Annual pension cost	100%	100%	100%
Net Pension Obligation (NPO)			
At end of year	-	-	-
Actuarial valuation date	12/31/06	12/31/05	12/31/04
Actuarial cost method	Unit	Unit	Unit
	Credit	Credit	Credit
Amortization method	Level %	Level %	Level %
Asset valuation method	Amortized	Amortized	Amortized
	Cost	Cost	Cost
Amortization period	25 years- Open	25 years- Open	25 years- Open
Actuarial assumptions:			
Investment rate of return	7%	7%	7%
Inflation rate	3.5%	3.5%	3.5%
Projected salary increases	N/A	N/A	N/A

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007**

The City's net pension obligation (NPO) for TMRS at December 31, 2006, 2005 and 2004 is calculated as follows:

	2006	2005	2004
Annual required contribution (ARC)	\$ 15,387,911	14,892,443	13,144,945
Annual pension cost	15,387,911	14,892,443	13,144,945
Contribution made	(15,387,911)	(14,892,443)	(13,144,945)
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, 2005 biennial actuarial valuation, there were 1,952 active members of whom 1,311 were vested and 641 were non-vested. There are 249 terminated participants receiving benefits.

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

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

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

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

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

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

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, 2007, there were no individual investments that constituted more than 5% of the plan net assets available for benefits. In addition, the plan did not have any investment transactions with related parties during the year.

Contributions and Funding Policy-

Contributions by the City are established as part of the City budget process. No employee contributions are required by the plan. The City contributed \$3,121,295 or 3.02% of the covered payroll for the year ended September 30, 2007, as compared to the December 31, 2005 biennial actuarial requirement of 3.13%.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

The covered payroll was \$103,517,354 and the City's total payroll was \$120,112,217 for the year ended September 30, 2007. 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:

	2007	2006	2005
Annual pension cost	\$ 2,951,185	2,944,465	2,584,609
Contributions made	3,121,295	2,788,179	2,570,626
Contributions as % of			
Annual pension cost	106%	95%	99%
Net Pension Asset (NPA)			
At end of year	(226,711)	(56,601)	(212,887)
Actuarial valuation date	12/31/05	12/31/05	12/31/03
Actuarial cost method	Entry Age	Entry Age	Entry Age
	Normal	Normal	Normal
Amortization method	Level %	Level %	Level %
Asset valuation method	5- Year	5- Year	5- Year
	Smoothed	Smoothed	Smoothed
	Market	Market	Market
Amortization period	30 years- Open	30 years- Open	30 years- Open
Actuarial assumptions:			
Investment rate or return	8%	8%	8%
Inflation rate	4%	4%	4%
Projected salary increases	4%	4%	4%

The City's net pension asset (NPA) for the Retirement Security Plan (RSP) at September 30, 2007, 2006 and 2005 is calculated as follows:

	2007	2006	2005
Annual required contribution (ARC)	\$ 2,953,619	2,953,619	2,589,895
Interest on NPA	(4,528)	(17,031)	(18,150)
Adjustment to the ARC	2,094	7,877	12,864
Annual pension cost	2,951,185	2,944,465	2,584,609
Contribution made	(3,121,295)	(2,788,179)	(2,570,626)
Change in NPA	(170,110)	156,286	13,983
NPA , beginning of year	(56,601)	(212,887)	(226,870)
NPA, end of year	\$ (226,711)	(56,601)	(212,887)

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

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

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 2007 was 281. 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 2007 were approximately \$1,258,272.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007**

6. LONG-TERM DEBT:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2007, is as follows (in thousands of dollars):

	Balance Beginning Of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Governmental Activities:					
General obligation bonds & certificates of obligation	\$ 276,470	35,675	(21,020)	291,125	21,840
Tax anticipation notes	2,555	11,000	(2,555)	11,000	1,670
Deferred amounts:					
For issuance (discounts) / premiums / gain on refundings	172	1,872	(1,220)	824	-
Total bonds payable	279,197	48,547	(24,795)	302,949	23,510
Compensated absences	27,421	7,511	(4,513)	30,419	4,213
Liability for insurance claims	6,419	16,217	(15,925)	6,711	5,343
Governmental activity Long-term debt	<u>\$ 313,037</u>	<u>72,275</u>	<u>(45,233)</u>	<u>340,079</u>	<u>33,066</u>

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

The claims and judgments liability will be liquidated through a variety of funds. The General Fund bears approximately 79% of the claims and judgments liability. The Enterprise Funds bear approximately 14% of the claims and judgment liability, while the Internal Service and Special Revenue Funds bear approximately 6% and 1%, respectively.

	Balance Beginning Of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Business Type Activities:					
Water & Sewer Revenue bonds	\$ 10,472	-	(2,442)	8,030	2,280
Municipal Drainage Revenue bonds	21,730	2,000	(1,255)	22,475	1,390
Deferred amounts:					
For issuance (discounts) / premiums	39	-	(37)	2	-
For accretion	416	37	(453)	-	-
Total bonds payable	32,657	2,037	(4,187)	30,507	3,670
Compensated absences	1,939	542	(363)	2,118	355
Business-type activity Long-term debt	<u>\$ 34,596</u>	<u>2,579</u>	<u>(4,550)</u>	<u>32,625</u>	<u>4,025</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

	Balance Beginning Of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Discretely Presented Component Units:					
TIF Mall note payable	\$ 5,110	307	-	5,417	-
TIF East Side note payable	2,200	-	691	1,509	733
Total note payable	\$ 7,310	307	691	6,926	733

Long-term debt at September 30, 2007, includes the following individual issues (not including the unamortized discount of \$190,596, the unamortized premium of \$8,700,564, and the unamortized deferred charge of \$7,686,434 of the General Obligation Bonds, the unamortized premium of \$503,092 and unamortized discount and deferred charges of \$228,206 of the Water & Sewer Revenue Bonds and the unamortized premium of \$330,443 and unamortized discount of \$318,519 and unamortized deferred charges of \$284,703 of the Municipal Drainage Revenue Bonds):

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
General Obligation Bonds:						
1997 Various purpose	4.50 – 6.75	01-15-97	09-01-17	25,845,000	25,845,000	-
1998 Refunding and Improvements	3.95 – 5.15	03-15-98	09-01-18	50,935,000	32,285,000	18,650,000
1999 Various purpose	3.50 – 5.00	01-15-99	09-01-19	25,160,000	20,335,000	4,825,000
2000 Various purpose	5.125 – 5.875	02-15-00	09-01-20	24,330,000	21,050,000	3,280,000
2001 Various purpose	4.50 – 5.00	02-01-01	09-01-20	20,315,000	14,085,000	6,230,000
2001-A Various purpose	4.00 – 5.00	09-15-01	09-01-21	18,195,000	3,770,000	14,425,000
2002 Refunding and Improvements	3.25 – 5.25	08-01-02	09-01-22	56,130,000	30,230,000	25,900,000
2003 Refunding and Improvements	2.00 – 5.00	05-01-03	09-01-23	41,370,000	13,540,000	27,830,000
2004 Refunding	2.00 – 5.00	10-15-04	09-01-17	30,690,000	1,960,000	28,730,000
2005 Refunding and Improvements	3.50 – 5.00	05-15-05	09-01-25	84,880,000	2,510,000	82,370,000
2006 Various purpose	4.00 – 5.00	02-01-06	09-01-26	40,925,000	1,360,000	39,565,000
2007 Various purpose	4.25 – 5.25	05-01-07	09-01-27	35,675,000	-	35,675,000
				<u>454,450,000</u>	<u>166,970,000</u>	<u>287,480,000</u>
Tax Anticipation Notes:						
2001 Tax anticipation notes	4.50 – 5.00	02-01-01	09-01-07	13,470,000	13,470,000	-
2007 Tax anticipation notes	4.00 – 4.00	05-01-07	09-01-13	11,000,000	-	11,000,000
				<u>24,470,000</u>	<u>13,470,000</u>	<u>11,000,000</u>
Certificates of Obligation:						
2006 Various purpose	4.25 – 4.50	02-01-06	09-01-26	3,765,000	120,000	3,645,000
Water & Sewer Revenue Bonds:						
1990 Refunding and Improvements	6.30 – 7.20	02-01-90	05-01-07	17,200,000	17,200,000	-
2003 General Obligation Refunding	2.00 – 5.00	05-01-03	09-01-13	16,825,000	8,795,000	8,030,000
				<u>34,025,000</u>	<u>25,995,000</u>	<u>8,030,000</u>
Municipal Drainage Revenue Bonds:						
1997 Improvements	4.85 – 7.50	01-15-97	05-15-17	2,805,000	2,805,000	-
1998 Refunding and Improvements	3.95 – 5.05	03-15-98	05-15-18	4,950,000	1,250,000	3,700,000
1999 Improvements	3.80 – 5.00	01-15-99	05-15-19	2,600,000	2,355,000	245,000
2001 Improvements	4.20 – 5.10	09-15-01	05-15-21	4,530,000	3,755,000	775,000
2003 Improvements	2.50 – 4.50	05-01-03	05-15-23	3,675,000	485,000	3,190,000
2005 Refunding and Improvements	3.00 – 5.00	05-15-05	05-15-25	11,610,000	475,000	11,135,000
2006 Improvements	4.00 – 5.00	02-01-06	05-15-26	1,455,000	25,000	1,430,000
2007 Improvements	4.00 – 5.50	05-01-07	05-15-27	2,000,000	-	2,000,000
				<u>\$ 33,625,000</u>	<u>11,150,000</u>	<u>22,475,000</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

The annual requirements to amortize debt outstanding as of September 30, 2007, including interest payments of approximately \$121,144 follow. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable and have not been included in the following summary (in thousands of dollars):

Year Ended September 30,	General Obligation, Tax Anticipation Notes & Certificates of Obligation		Proprietary Fund Types			
			Water and Sewer		Municipal Drainage	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 23,510	13,506	2,280	319	1,390	969
2009	22,125	12,483	1,855	239	1,450	911
2010	22,295	11,524	1,940	172	1,505	853
2011	21,660	10,517	1,260	75	1,580	790
2012	21,215	9,636	330	28	1,640	727
2013-2017	92,685	34,849	365	15	8,075	2,503
2018-2022	65,005	15,777	-	-	4,815	996
2023-2027	33,630	4,048	-	-	2,020	207
Total	\$ 302,125	112,340	8,030	848	22,475	7,956

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, 2007 of \$5,416,683. These notes are for amounts loaned by the City for projects and construction relating to the TIF Mall and will be repaid when funding is available from the TIF Mall. Funding will not be available from the TIF Mall until full repayment is made to Taubman Realty Group Limited Partnership for construction of a parking garage. Repayment is estimated to be complete in fiscal year 2009. The interest rate on the note payable is 6.5%. Until repayment can be made on the note, interest is capitalized.

The discretely held component unit TIF East Side had notes payable as of September 30, 2007 of \$1,508,916. These notes are for amounts loaned by the City for construction of the Courtyard Theater on the East side of Plano. The notes will be paid to the City in two remaining installments of \$823,019 from the TIF East Side. The interest rate on the note payable is 6%.

The annual requirements to amortize debt outstanding for the TIF East Side Discretely Presented Component Unit as of September 30, 2007, including interest payments of approximately \$137,000 follow:

Year Ended September 30,	Note Payable	
	Principal	Interest
2008	\$ 733	90
2009	776	47
Total	\$ 1,509	137

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

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 \$4,754,700 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, 2007.

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 \$931,918 at September 30, 2007. As provided for by the bond indentures, this amount has been recorded as "Due to other governments" in a special revenue fund (the Rebate Fund) for the benefit of the federal government and will be paid as required by applicable regulations.

In May of 2007, the City issued \$35,675,000 in General Obligation bonds, with interest ranging from 4.25% to 5.25% for various improvements. Also in May of 2007, the City issued \$11,000,000 of Tax Notes, with interest at 4.00% for upgrading software and equipment for police and fire and for payment of professional services of attorneys, financial advisors and other professionals in connection with the projects.

In prior years, the City defeased certain outstanding general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts pledged to pay all future debt service payments of the refunded bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statement. At September 30, 2007, \$48,580,000 of the defeased bonds are still outstanding.

B. Water and Sewer Revenue Bonds

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

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

The debt service funds, aggregating \$640,655 at September 30, 2007, are restricted within the Water and Sewer Fund. The respective bond indentures require the City to make equal monthly installments to the debt service funds which will accumulate to pay the annual principal and semiannual interest requirements as they become due.

Bond proceeds since 1988 are covered by the arbitrage provisions of the Internal Revenue Tax Act of 1986. Accordingly, there were no excess arbitrage earnings estimated at September 30, 2007. The City is in compliance with all requirements of the bond ordinances for the year ended September 30, 2007.

Restricted assets of the Water and Sewer Fund at September 30, 2007 are as follows:

Cash and cash equivalents	\$	5,627,024
Investments		11,979,594
Accrued interest receivable		<u>103,916</u>
	\$	<u><u>17,710,534</u></u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

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, 2007 \$1,581,556 is restricted within the Municipal Drainage Fund for debt service requirements.

In addition, the bond indenture requires a reserve equal to the average annual debt services requirement be maintained in order to pay any bond principal and interest should the debt service funds be insufficient. At September 30, 2007 the reserve required and restricted within the Municipal Drainage Fund is \$1,521,573.

In May of 2007, the City issued \$2,000,000 in Municipal Drainage Revenue bonds, with interest ranging from 4.00% to 5.50% for various drainage and erosion projects throughout the City.

In fiscal year 2005, the City defeased certain outstanding Municipal Drainage Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of refunded bonds. Accordingly, the trust account and the defeased bonds are not included in the City's financial statement. At September 30, 2007 \$4,375,000 of the defeased bonds are still outstanding.

Municipal Drainage revenue bonds are covered by the arbitrage provisions of the Internal Revenue Tax Act of 1986 and accordingly, excess arbitrage earnings of \$59,294 were estimated at September 30, 2007. This amount is included in the Special Revenue Rebate fund "Due to other governments." The City is in compliance with all requirements of the bond ordinance for the year ended September 30, 2007.

Restricted assets of the Municipal Drainage Fund at September 30, 2007 are as follows:

Cash and cash equivalents	\$	2,605,983
Investments		4,026,408
Accrued interest receivable		48,128
		<u>48,128</u>
	\$	<u>6,680,519</u>

7. INTERFUND TRANSACTIONS:

A summary of interfund receivables and payables at September 30, 2007 is as follows:

	Due From	Due To
Governmental Activities:		
General Fund	\$ 8,869,708	26,903
Nonmajor governmental activities	177,244	1,415,960
Business-type Activities:		
Water & Sewer	8,210	7,611,958
Environmental Waste Services	-	341
		<u>341</u>
	<u>\$ 9,055,162</u>	<u>9,055,162</u>

An internal loan (interfund advance) from the Equipment Maintenance Fund to the Environmental Waste Services Fund was recorded during fiscal year ended September 30, 1999 in the amount of \$1,791,360. Current and long term portions of the loan at September 30, 2007 are \$214,142 and \$226,133, respectively in the Environmental Waste Services Fund. An internal loan from the Water and Sewer Fund to the

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007**

Environmental Waste Services Fund was recorded during fiscal year ending September 30, 2007 in the amount of \$663,000. Current and long term portion of the loan at September 30, 2007 are \$127,304 and \$413,288, respectively in the Environmental Waste Services Fund. The Environmental Waste Services Fund internal loans will be repaid over a ten-year period and five-year period at interest rates of 5.6% and 4.0% annually. At the end of each fiscal year a temporary due to / due from is recorded for any cash shortfalls that a fund may have incurred. These amounts are typically short term advances from the General Fund.

The City performs a complex calculation to determine the value of the charges in lieu of taxes to be paid to the General Fund. This calculation is reasonably equivalent to the value of the services provided to the Water and Sewer and Environmental Waste Services funds and is therefore appropriately reported as an expense as opposed to a transfer. During fiscal year 2007, charges in lieu of taxes were \$6,399,935.

Transfers between funds during the year were as follows:

	Transfer In	Transfer Out
Governmental Activities:		
General Fund	\$ 9,462,695	10,560,111
Debt Service	140,956	2,682,750
Capital Reserve	13,250,000	-
Internal Service	2,682,750	250,000
Nonmajor governmental activities	560,857	-
Business-type Activities:		
Water and Sewer	-	11,683,412
Environmental Waste Services	84,758	-
Municipal Drainage	-	336,833
Nonmajor business-type activities	-	668,910
	<u>\$ 26,182,016</u>	<u>26,182,016</u>

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

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

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

**CITY OF PLANO, TX
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2007**

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, 2007, was \$24,946,198. 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 2007 this payment was \$848,758. Future years' payments to debt service are as follows:

2008	\$	856,058
2009		856,957
2010		861,488
2011		869,233
2012		869,898
2013 – 2017		4,410,957
2018		282,825

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, 2007 was \$17,935,581 net of payments to the City for facilities usage.

Solid Waste Disposal

On November 29, 1979, the City entered into a contract for services with the District, whereby the District agreed to provide a solid waste disposal system for the benefit of the City of Plano and other cities. Each city agreed to pay its share of an annual requirement for the operating expenses and debt service of the District to be calculated in the same manner as the wastewater contract. The City's annual payment for the year ended September 30, 2007 was \$6,337,459.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007**

9. COMMITMENTS AND CONTINGENCIES:

The City has contractual commitments of approximately \$23,855,483 in the Capital Projects Funds, \$7,278,031 in the Water and Sewer Fund, and \$1,095,157 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.

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 2007 and 2006 were:

Fund	Liability Beginning Of Year	Current Year Claims And Changes in Estimates	Claim Payments	Liability End of Year
2007:				
Property/Liability Loss	\$ 3,573,771	1,935,398	1,963,096	3,546,073
Health Claims	2,845,082	14,281,955	13,961,954	3,165,083
Total	<u>\$ 6,418,853</u>	<u>16,217,353</u>	<u>15,925,050</u>	<u>6,711,156</u>
2006:				
Property/Liability Loss	\$ 3,277,182	2,571,933	2,275,344	3,573,771
Health Claims	2,569,236	12,830,023	12,554,177	2,845,082
Total	<u>\$ 5,846,418</u>	<u>15,401,956</u>	<u>14,829,521</u>	<u>6,418,853</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2007

11. NEW ACCOUNTING PRONOUNCEMENTS:

In August 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB No. 45 requires employer governments to account for and report the annual cost of other postemployment benefits in the same manner as they do for pensions. This statement is effective for the City's financial statements for period beginning after December 15, 2006. The City is in the process of reviewing and evaluating this statement. Therefore, the potential affect of this new accounting pronouncement on the financial statements cannot be determined at this time.

In June of 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. GASB No. 47 gives accounting and reporting guidance for early retirement incentives, severance payments for involuntary terminations and termination benefits affecting defined benefit postemployment benefits. The adoption of this statement has no impact on the City's financial statements.

In September 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The statement provides guidance for reporting transactions occurring from the pledging of receivables. The statement also discusses the valuation of assets transferred between reporting entity components. This statement is effective for the City's financial statements for periods beginning after December 15, 2006. The City is in the process of reviewing and evaluating this statement. Therefore, the potential affect of this new accounting pronouncement on the financial statements cannot be determined at this time.

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

In May 2007, GASB issued Statement No. 50, *Pension Disclosures*, which amends statements 25 and 27 to require defined benefit pension plans and sole and agent employers to report certain disclosures in the financial statements. This statement is effective for the City's financial statements for periods beginning after June 15, 2007. The City is in the process of reviewing and evaluating this statement and it's potential impact on the City's financial statements.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting of these types of assets. The statement requires that all intangible assets not specifically excluded by its scope and provisions be classified as capital assets. This statement is effective for financial statements for periods beginning after June 15, 2009. The City is in the process of reviewing and evaluating this statement and its potential impact on the City's financial statements.

CITY OF PLANO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Unit Credit	Unfunded Actuarial Accrued Liability UAAL	Funded Percent	Covered Payroll	UAAAL as Percent of Covered Payroll	Annual Required Contributions	Actual Contributions	Percent Contributed
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%
2005	12/31/04	262,169,460	317,019,786	(54,850,326)	82.70%	101,569,594	-54.00%	13,144,945	13,144,945	100.00%
2006	12/31/05	280,298,567	340,897,795	(60,599,228)	82.22%	102,734,170	-58.99%	14,892,443	14,892,443	100.00%
2007	12/31/06	296,863,771	369,388,605	(72,524,834)	80.37%	111,407,362	-65.10%	15,387,911	15,387,911	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
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%
2005	12/31/03	48,894,642	44,115,875	4,778,767	110.83%	89,847,588	5.32%	2,589,895	2,570,626	99.26%
2006	12/31/05	56,579,886	55,987,030	592,856	101.06%	97,020,196	0.61%	2,953,619	2,788,179	94.40%
2007	12/31/05	56,579,886	55,987,030	592,856	101.06%	97,020,196	0.61%	2,953,619	2,788,179	94.40%

See accompanying independent auditors' report.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

MUNICIPAL FACILITIES FUND- to account for the financing and construction of various City facilities. 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, 2007

Special Revenue

	Special Revenue			
	Criminal Investigation	Grant	CATV	Industrial Revenue Bond Auth.
ASSETS				
Cash and cash equivalents	\$ 320,553	\$ 409,129	\$ 181,305	\$ 5,500
Investments	682,437	870,807	385,988	11,709
Receivables (net of allowance for uncollectible)				
Accounts	-	623	18,037	-
Accrued interest	5,920	7,554	3,348	102
Other	-	947,631	-	-
Due from other governments	2,283	1,036,803	-	-
Prepaid items and other assets	-	1,935	140	-
Total Assets	<u>1,011,193</u>	<u>3,274,482</u>	<u>588,818</u>	<u>17,311</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	25,409	246,802	27,266	-
Accrued liabilities	30	6,687	23,623	-
Contracts payable	-	-	-	-
Deferred revenue	-	947,631	38,000	-
Due to other funds	85,852	688,355	246,744	-
Due to other governments	-	15,508	-	-
Retainage payable	-	-	-	-
Seized assets payable	-	-	-	-
Total Liabilities	<u>111,291</u>	<u>1,904,983</u>	<u>335,633</u>	<u>-</u>
Fund Balances:				
Reserved for encumbrances	-	-	-	-
Reserved for prepaid items and other assets	-	1,935	140	-
Reserved for capital projects	-	-	-	-
Unreserved, designated for special revenue funds	-	-	-	-
Unreserved, undesignated	899,902	1,367,564	253,045	17,311
Total fund balances	<u>899,902</u>	<u>1,369,499</u>	<u>253,185</u>	<u>17,311</u>
Total Liabilities and Fund Balance	<u>\$ 1,011,193</u>	<u>\$ 3,274,482</u>	<u>\$ 588,818</u>	<u>\$ 17,311</u>

Public Safety Communications	Municipal Court	Rebate	Memorial Library	Seized Assets	Libraries	Animal Shelter Donations
\$ 2,533,855	\$ 1,362,992	\$ 366,148	\$ 61,003	\$ 93,837	\$ 8,810	\$ 39,615
5,394,425	2,901,730	779,507	129,871	199,773	18,754	84,338
13,300	62,107	-	-	-	-	598
46,794	25,171	6,762	1,127	1,733	162	732
-	-	-	-	-	-	-
85,528	96,804	-	-	-	311,295	-
407	220	-	-	-	-	-
<u>8,074,309</u>	<u>4,449,024</u>	<u>1,152,417</u>	<u>192,001</u>	<u>295,343</u>	<u>339,021</u>	<u>125,283</u>
1,469	64,276	2,980	371	-	3,312	-
-	9,852	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	150,000	-
188,525	-	931,918	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	295,343	-	-
<u>189,994</u>	<u>74,128</u>	<u>934,898</u>	<u>371</u>	<u>295,343</u>	<u>153,312</u>	<u>-</u>
-	-	-	-	-	-	-
407	220	-	-	-	-	-
-	-	-	-	-	-	-
-	-	217,519	191,630	-	-	-
<u>7,883,908</u>	<u>4,374,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,709</u>	<u>125,283</u>
<u>7,884,315</u>	<u>4,374,896</u>	<u>217,519</u>	<u>191,630</u>	<u>-</u>	<u>185,709</u>	<u>125,283</u>
<u>\$ 8,074,309</u>	<u>\$ 4,449,024</u>	<u>\$ 1,152,417</u>	<u>\$ 192,001</u>	<u>\$ 295,343</u>	<u>\$ 339,021</u>	<u>\$ 125,283</u>

(continued)

CITY OF PLANO, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF SEPTEMBER 30, 2007
 (continued)

	Capital Projects				Total Nonmajor Governmental Funds
	Municipal Facilities	DART	Spring Creekwalk	Park Services	
ASSETS					
Cash and cash equivalents	\$ 6,919,735	\$ 232,524	\$ 7,157	\$ 1,770,647	\$ 14,312,810
Investments	14,731,698	495,028	15,238	3,769,601	30,470,904
Receivables (net of allowance for uncollectible)					
Accounts	-	-	-	-	94,665
Accrued interest	127,790	4,294	132	32,699	264,320
Other	225	-	-	-	947,856
Due from other governments	-	-	-	-	1,532,713
Prepaid items and other assets	-	-	-	-	2,702
Total Assets	<u>21,779,448</u>	<u>731,846</u>	<u>22,527</u>	<u>5,572,947</u>	<u>47,625,970</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	-	371,885
Accrued liabilities	-	-	-	-	40,192
Contracts payable	437,240	-	-	6,552	443,792
Deferred revenue	-	-	-	-	985,631
Due to other funds	-	-	-	-	1,170,951
Due to other governments	-	-	-	-	1,135,951
Retainage payable	112,026	-	-	-	112,026
Seized assets payable	-	-	-	-	295,343
Total Liabilities	<u>549,266</u>	<u>-</u>	<u>-</u>	<u>6,552</u>	<u>4,555,771</u>
Fund Balances:					
Reserved for encumbrances	8,124,475	-	-	41,008	8,165,483
Reserved for prepaid items and other assets	-	-	-	-	2,702
Reserved for capital projects	13,105,707	-	22,527	5,525,387	18,653,621
Unreserved, designated for special revenue funds	-	-	-	-	409,149
Unreserved, undesignated	-	731,846	-	-	15,839,244
Total fund balances	<u>21,230,182</u>	<u>731,846</u>	<u>22,527</u>	<u>5,566,395</u>	<u>43,070,199</u>
Total Liabilities and Fund Balance	<u>\$ 21,779,448</u>	<u>\$ 731,846</u>	<u>\$ 22,527</u>	<u>\$ 5,572,947</u>	<u>\$ 47,625,970</u>

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue			
	Criminal Investigation	Grant	CATV	Industrial Revenue Bond Auth.
REVENUES				
Fines and forfeitures	\$ 256,850	\$ -	\$ -	\$ -
Contributions	-	-	-	-
Intergovernmental	22,409	3,116,808	-	-
Fees for services	-	2,445	424,463	-
Investment income	53,431	66,839	22,263	938
Miscellaneous	27,157	70,522	3,173	-
Total revenues	<u>359,847</u>	<u>3,256,614</u>	<u>449,899</u>	<u>938</u>
EXPENDITURES				
General government	-	-	-	-
Police	80,307	277,037	-	-
Fire	-	488,547	-	-
Libraries	-	56,432	-	-
Development	-	1,733,209	-	-
Public services and operations	-	-	960,246	-
Parks and recreation	-	40,518	-	-
Sustainability & environmental services	-	258,275	-	-
Capital outlay	189,479	322,203	5,523	-
Total expenditures	<u>269,786</u>	<u>3,176,221</u>	<u>965,769</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,061</u>	<u>80,393</u>	<u>(515,870)</u>	<u>938</u>
OTHER FINANCING SOURCES				
Proceeds from sale of bonds	-	-	-	-
Premium on sale of bonds	-	-	-	-
Transfers in	-	-	560,111	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>560,111</u>	<u>-</u>
Net change in fund balances	<u>90,061</u>	<u>80,393</u>	<u>44,241</u>	<u>938</u>
Fund balances-beginning	809,841	1,289,106	208,944	16,373
Fund balances-ending	<u>\$ 899,902</u>	<u>\$ 1,369,499</u>	<u>\$ 253,185</u>	<u>\$ 17,311</u>

Public Safety Communications	Municipal Court	Rebate	Memorial Library	Libraries	Animal Shelter Donations
\$ -	\$ 2,081,610	-	-	-	-
-	-	-	31,068	7,372	44,678
79,601	-	-	-	-	-
1,145,458	13,075	-	-	-	-
406,241	226,128	63,884	10,709	16,463	5,591
-	-	-	-	-	-
<u>1,631,300</u>	<u>2,320,813</u>	<u>63,884</u>	<u>41,777</u>	<u>23,835</u>	<u>50,269</u>
-	-	614,280	-	-	-
84,950	1,147,072	-	-	-	-
8,166	-	-	-	-	-
-	-	-	-	38,433	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,183	-	-	37,127	73,638	-
<u>107,299</u>	<u>1,147,072</u>	<u>614,280</u>	<u>37,127</u>	<u>112,071</u>	<u>-</u>
<u>1,524,001</u>	<u>1,173,741</u>	<u>(550,396)</u>	<u>4,650</u>	<u>(88,236)</u>	<u>50,269</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	746	-	-	-
-	-	746	-	-	-
<u>1,524,001</u>	<u>1,173,741</u>	<u>(549,650)</u>	<u>4,650</u>	<u>(88,236)</u>	<u>50,269</u>
<u>6,360,314</u>	<u>3,201,155</u>	<u>767,169</u>	<u>186,980</u>	<u>273,945</u>	<u>75,014</u>
<u>\$ 7,884,315</u>	<u>\$ 4,374,896</u>	<u>\$ 217,519</u>	<u>\$ 191,630</u>	<u>\$ 185,709</u>	<u>\$ 125,283</u>

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007
(continued)

	<u>Capital Projects</u>				Total Nonmajor Governmental Funds
	Municipal Facilities	DART	Spring Creekwalk	Park Services	
REVENUES					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 2,338,460
Contributions	-	-	-	-	83,118
Intergovernmental	-	-	-	-	3,218,818
Fees for services	-	-	-	417,403	2,002,844
Investment income	1,455,845	40,046	1,220	297,656	2,667,254
Miscellaneous	7,700	-	-	-	108,552
Total revenues	<u>1,463,545</u>	<u>40,046</u>	<u>1,220</u>	<u>715,059</u>	<u>10,419,046</u>
EXPENDITURES					
General government	-	-	-	-	614,280
Police	-	-	-	-	1,589,366
Fire	-	-	-	-	496,713
Libraries	-	-	-	-	94,865
Development	-	-	-	-	1,733,209
Public services and operations	-	-	-	-	960,246
Parks and recreation	-	-	-	-	40,518
Environmental waste services	-	-	-	-	258,275
Capital outlay	8,672,801	13,800	-	304,320	9,633,074
Total expenditures	<u>8,672,801</u>	<u>13,800</u>	<u>-</u>	<u>304,320</u>	<u>15,420,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,209,256)</u>	<u>26,246</u>	<u>1,220</u>	<u>410,739</u>	<u>(5,001,500)</u>
OTHER FINANCING SOURCES					
Proceeds from sale of bonds	15,647,287	-	-	-	15,647,287
Premium on sale of bonds	231,991	-	-	-	231,991
Transfers in	-	-	-	-	560,857
Total other financing sources	<u>15,879,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,440,135</u>
Net change in fund balances	8,670,022	26,246	1,220	410,739	11,438,635
Fund balances-beginning	12,560,160	705,600	21,307	5,155,656	31,631,564
Fund balances-ending	<u>\$ 21,230,182</u>	<u>\$ 731,846</u>	<u>\$ 22,527</u>	<u>\$ 5,566,395</u>	<u>\$ 43,070,199</u>

**CITY OF PLANO, TEXAS
BUDGETARY COMPARISON SCHEDULE-GAAP BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 37,116,932	\$ 37,116,932	\$ 37,412,220	\$ 295,288
Investment income	1,000,000	1,000,000	1,296,164	296,164
Miscellaneous	73,722	73,722	274,433	200,711
Total Revenues	<u>38,190,654</u>	<u>38,190,654</u>	<u>38,982,817</u>	<u>792,163</u>
EXPENDITURES:				
Principal retirement	21,300,000	21,020,000	21,020,000	-
Interest and fiscal charges	13,769,553	13,035,971	12,837,888	198,083
Total Expenditures	<u>35,069,553</u>	<u>34,055,971</u>	<u>33,857,888</u>	<u>198,083</u>
Excess Of Revenues Over Expenditures	<u>3,121,101</u>	<u>4,134,683</u>	<u>5,124,929</u>	<u>990,246</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	140,956	140,956	140,956	-
Transfers out	(2,682,750)	(2,682,750)	(2,682,750)	-
Total Other Financing Sources (Uses):	<u>(2,541,794)</u>	<u>(2,541,794)</u>	<u>(2,541,794)</u>	<u>-</u>
Excess Of Revenues And Other Sources Over Expenditures And Other Uses	579,307	1,592,889	2,583,135	990,246
FUND BALANCE, OCTOBER 1	<u>2,171,565</u>	<u>2,171,565</u>	<u>2,171,565</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 2,750,872</u>	<u>\$ 3,764,454</u>	<u>\$ 4,754,700</u>	<u>\$ 990,246</u>

NONMAJOR ENTERPRISE FUNDS

Following are the nonmajor Enterprise Funds:

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

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

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

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

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

CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
AS OF SEPTEMBER 30, 2007

	Business-type Activities Enterprise Funds					Total Nonmajor Enterprise Funds
	Civic Center	Municipal Golf Course	Property Management	Downtown Center Development	Recreation Revolving	
ASSETS						
Cash and cash equivalents	\$ 1,330,652	\$ 52,584	\$ 122,791	\$ 30,300	\$ 348,385	\$ 1,884,712
Investments	2,824,341	111,949	261,415	64,507	740,944	4,003,156
Receivables -						
Accounts	578,240	13,475	-	-	11,538	603,253
Accrued Interest	24,500	971	2,268	560	6,427	34,726
Other	-	-	6,241	-	2,351	8,592
Prepaid expenses & other assets	19,429	-	-	-	15,138	34,567
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	1,511,704	159,037	-	-	453,383	2,124,124
Furniture and fixtures	312,821	80,381	-	-	73,873	467,075
Less accumulated depreciation	(11,469,927)	(1,641,001)	(174,941)	-	(511,277)	(13,797,146)
Total capital assets (net of accumulated depreciation)	4,509,674	2,868,448	1,346,025	36,999	15,979	8,777,125
Total assets	9,286,836	3,047,427	1,738,740	132,366	1,140,762	15,346,131
LIABILITIES						
Current liabilities:						
Accounts payable	346,106	44,071	-	1,742	50,529	442,448
Accrued liabilities	361,129	50,757	-	-	91,533	503,419
Deferred revenue	-	-	-	-	373,816	373,816
Customer deposits	-	9,112	10,467	-	126,990	146,569
Liability for compensated absences	37,851	5,363	-	-	20,310	63,524
Total current liabilities	745,086	109,303	10,467	1,742	663,178	1,529,776
Noncurrent liabilities:						
Liability for compensated absences	201,927	78,771	-	-	67,827	348,525
Total noncurrent liabilities	201,927	78,771	-	-	67,827	348,525
Total liabilities	947,013	188,074	10,467	1,742	731,005	1,878,301
NET ASSETS						
Invested in capital assets (net of related debt)	4,509,674	2,868,448	1,346,025	36,999	15,979	8,777,125
Unrestricted (deficit)	3,830,149	(9,095)	382,248	93,625	393,778	4,690,705
Total Net Assets	\$ 8,339,823	\$ 2,859,353	\$ 1,728,273	\$ 130,624	\$ 409,757	\$ 13,467,830

CITY OF PLANO, TEXAS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Business-type Activities					Total Nonmajor Enterprise Funds
	Enterprise Funds					
	Civic Center	Municipal Golf Course	Property Management	Downtown Center Development	Recreation Revolving	
Operating revenues:						
Charges for sales and services:						
Service charges	\$ 2,581,123	\$ 820,807	\$ 81,587	\$ 68,127	\$ 2,718,881	\$ 6,270,525
Miscellaneous charges	482	-	-	-	46,219	46,701
Total operating revenues	<u>2,581,605</u>	<u>820,807</u>	<u>81,587</u>	<u>68,127</u>	<u>2,765,100</u>	<u>6,317,226</u>
Operating expenses:						
Personal services	2,496,560	524,876	-	-	974,824	3,996,260
Contractual services	2,400,700	154,230	76,890	46,784	1,428,231	4,106,835
Supplies	916,691	102,198	1,075	-	172,753	1,192,717
Depreciation	578,390	162,970	794	-	4,521	746,675
Miscellaneous	60,941	1,844	-	-	20,442	83,227
Total operating expenses	<u>6,453,282</u>	<u>946,118</u>	<u>78,759</u>	<u>46,784</u>	<u>2,600,771</u>	<u>10,125,714</u>
Operating income (loss)	<u>(3,871,677)</u>	<u>(125,311)</u>	<u>2,828</u>	<u>21,343</u>	<u>164,329</u>	<u>(3,808,488)</u>
Nonoperating revenues (expenses):						
Investment income	186,786	4,870	20,719	4,068	53,268	269,711
Loss on property disposition	(1,730)	-	-	-	-	(1,730)
Hotel/motel tax	4,741,492	-	-	-	-	4,741,492
Miscellaneous	7,753	2,546	-	-	-	10,299
Total nonoperating revenue	<u>4,934,301</u>	<u>7,416</u>	<u>20,719</u>	<u>4,068</u>	<u>53,268</u>	<u>5,019,772</u>
Income (loss) before transfers	1,062,624	(117,895)	23,547	25,411	217,597	1,211,284
Transfers out	(492,067)	(40,300)	-	-	(136,543)	(668,910)
Change in net assets	570,557	(158,195)	23,547	25,411	81,054	542,374
Total net assets-beginning	7,769,266	3,017,548	1,704,726	105,213	328,703	12,925,456
Total net assets-ending	<u>\$ 8,339,823</u>	<u>\$ 2,859,353</u>	<u>\$ 1,728,273</u>	<u>\$ 130,624</u>	<u>\$ 409,757</u>	<u>\$ 13,467,830</u>

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Business-type Activities Enterprise Funds					Total Nonmajor Enterprise Funds
	Civic Center	Municipal Golf Course	Property Management	Downtown Center Development	Recreation Revolving	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 2,364,086	\$ 857,216	\$ 83,300	\$ 68,127	\$ 2,849,856	\$ 6,222,585
Cash payments to suppliers for goods and services	(3,228,105)	(264,991)	(82,630)	(45,730)	(1,647,883)	(5,269,339)
Cash payments to employees for services	(2,408,416)	(512,962)	-	-	(936,565)	(3,857,943)
Net cash provided (used) by operating activities	(3,272,435)	79,263	670	22,397	265,408	(2,904,697)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Repayments to other funds	-	-	-	-	(50)	(50)
Hotel/motel tax	4,741,492	-	-	-	-	4,741,492
Transfers to other funds	(492,067)	(40,300)	-	-	(136,543)	(668,910)
Net cash provided (used) by noncapital financing activities	4,249,425	(40,300)	-	-	(136,593)	4,072,532
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(53,893)	-	-	-	(20,500)	(74,393)
Proceeds from insurance damages & other	7,753	2,546	-	-	-	10,299
Net cash provided (used) by capital and related financing activities	(46,140)	2,546	-	-	(20,500)	(64,094)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(2,824,341)	(111,949)	(261,415)	(64,507)	(740,944)	(4,003,156)
Proceeds from sale and maturities of investment securities	2,459,332	95,814	293,411	55,418	750,860	3,654,835
Interest on investments	143,018	3,143	16,366	3,071	41,302	206,900
Net cash provided (used) by investing activities	(221,991)	(12,992)	48,362	(6,018)	51,218	(141,421)
Net increase in cash and cash equivalents	708,859	28,517	49,032	16,379	159,533	962,320
Cash and cash equivalents, October 1	621,793	24,067	73,759	13,921	188,852	922,392
Cash and cash equivalents, September 30	\$ 1,330,652	\$ 52,584	\$ 122,791	\$ 30,300	\$ 348,385	\$ 1,884,712

Non-cash disclosure:

Loss on property disposition	\$ (1,730)	\$ -	\$ -	\$ -	\$ -	\$ (1,730)
Increase in fair value of investments	41,131	1,608	4,695	929	12,217	60,580
Transfer of capital assets	-	445	-	-	-	445

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007
(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)	\$ (3,871,677)	\$ (125,311)	\$ 2,828	\$ 21,343	\$ 164,329	\$ (3,808,488)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	578,390	162,970	794	-	4,521	746,675
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivable	(217,519)	36,409	1,713	-	83,127	(96,270)
Other receivable	33,731	-	-	-	331	34,062
Prepaid expenses & other assets	(1,182)	-	-	-	11,052	9,870
Increase (decrease) in-						
Accounts payable	117,678	(6,719)	(4,665)	1,054	(37,840)	69,508
Accrued liabilities	45,281	6,628	-	-	20,411	72,320
Liability for compensated absences	42,863	5,286	-	-	16,959	65,108
Customer deposits	-	-	-	-	5,563	5,563
Deferred revenue	-	-	-	-	(3,045)	(3,045)
Total adjustments	<u>599,242</u>	<u>204,574</u>	<u>(2,158)</u>	<u>1,054</u>	<u>101,079</u>	<u>903,791</u>
Net cash provided (used) by operating activities	<u>\$ (3,272,435)</u>	<u>\$ 79,263</u>	<u>\$ 670</u>	<u>\$ 22,397</u>	<u>\$ 265,408</u>	<u>\$ (2,904,697)</u>

INTERNAL SERVICE FUNDS

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

The City has six Internal Service Funds as follows:

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

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

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

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

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

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

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2007**

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
ASSETS			
Cash & cash equivalents	\$ 2,036,840	\$ -	\$ 66,047
Investments	4,335,885	-	140,397
Receivables			
Accounts	-	6	3,030
Accrued interest	37,612	-	-
Other	8	2	-
Interfund receivables			
Environmental waste services fund	214,142	-	-
Due from other funds	17,635	-	-
Due from other governments	85	-	-
Inventories	105,407	12,278	859,679
Prepaid items	2,123	-	-
Interfund advance	226,133	-	-
Restricted assets:			
Cash & cash equivalents	-	-	-
Investments	-	-	-
Accrued interest receivable	-	-	-
Capital assets:			
Land	51,515	-	-
Buildings	5,264,915	-	-
Equipment	7,886,969	300,386	113,272
Furniture & fixtures	42,662	449	11,200
Rolling equipment	51,427,650	-	-
Construction in progress	-	-	-
Less accumulated depreciation	<u>(47,091,501)</u>	<u>(246,806)</u>	<u>(124,158)</u>
Total capital assets (net of accumulated depreciation)	17,582,210	54,029	314
Total Assets	<u>24,558,080</u>	<u>66,315</u>	<u>1,069,467</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	634,569	174,293	283,510
Accrued liabilities	175,565	25,871	56,316
Due to other funds	-	236,799	-
Liability for insurance claims	-	-	-
Total current liabilities	<u>810,134</u>	<u>436,963</u>	<u>339,826</u>
NONCURRENT LIABILITIES:			
Liability for insurance claims	-	-	-
Total Liabilities	<u>810,134</u>	<u>436,963</u>	<u>339,826</u>
NET ASSETS (DEFICIT)			
Invested in capital assets	17,146,424	54,029	314
Unrestricted (deficit)	6,601,522	(424,677)	729,327
Total net assets (deficit)	<u>\$ 23,747,946</u>	<u>\$ (370,648)</u>	<u>\$ 729,641</u>

	Technology Services	Property/ Liability Loss	Health Claims	Total
\$	4,211,054	\$ 2,273,712	\$ 8,614,387	\$ 17,202,040
	8,965,079	4,840,596	18,339,509	36,621,466
	6	34,334	15,510	52,886
	77,768	41,989	159,086	316,455
	1,086	335	-	1,431
	-	-	-	214,142
	150,000	9,609	-	177,244
	-	-	-	85
	-	-	-	977,364
	30,153	550	154,001	186,827
	-	-	-	226,133
	2,563,996	-	-	2,563,996
	5,458,592	-	-	5,458,592
	47,350	-	-	47,350
	11,007	-	-	62,522
	344,827	-	-	5,609,742
	26,868,770	549,620	-	35,719,017
	65,390	6,735	-	126,436
	-	-	-	51,427,650
	2,149,984	-	-	2,149,984
	(19,721,880)	(510,591)	-	(67,694,936)
	9,718,098	45,764	-	27,400,415
	31,223,182	7,246,889	27,282,493	91,446,426
	548,778	181,653	63,524	1,886,327
	832,548	192,016	-	1,282,316
	-	8,210	-	245,009
	-	2,178,103	3,165,083	5,343,186
	1,381,326	2,559,982	3,228,607	8,756,838
	-	1,367,970	-	1,367,970
	1,381,326	3,927,952	3,228,607	10,124,808
	17,783,473	45,764	-	35,030,004
	12,058,383	3,273,173	24,053,886	46,291,614
\$	29,841,856	\$ 3,318,937	\$ 24,053,886	\$ 81,321,618

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
REVENUES:			
Charges for services	\$ 13,024,335	\$ 1,075,343	\$ 3,304,906
Miscellaneous	342	12,876	14,590
Total operating revenues	<u>13,024,677</u>	<u>1,088,219</u>	<u>3,319,496</u>
EXPENSES:			
Personal services	2,399,950	319,448	467,911
Contractual services	916,374	267,219	45,829
Supplies	2,950,857	386,319	2,767,819
Claims expense	-	-	-
Depreciation	4,899,013	5,500	81
Miscellaneous	11,384	2,199	32,946
Total operating expenses	<u>11,177,578</u>	<u>980,685</u>	<u>3,314,586</u>
Operating income (loss)	<u>1,847,099</u>	<u>107,534</u>	<u>4,910</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	348,855	-	10,836
Gain (loss) on capital asset disposal	599,349	-	113,058
Interest and fiscal charges on tax anticipation notes	-	-	-
Tax anticipation note premium	-	-	-
Intergovernmental revenues	3,536	-	-
Miscellaneous	16,232	-	-
Total nonoperating revenues	<u>967,972</u>	<u>-</u>	<u>123,894</u>
Income before transfers	2,815,071	107,534	128,804
Transfers in	-	-	-
Transfers out	-	-	-
Change in net assets	<u>2,815,071</u>	<u>107,534</u>	<u>128,804</u>
Total net assets (deficit)-beginning	20,932,875	(478,182)	600,837
Total net assets (deficit)-ending	<u>\$ 23,747,946</u>	<u>\$ (370,648)</u>	<u>\$ 729,641</u>

Technology Services	Property/ Liability Loss	Health Claims	Total
\$12,413,331	\$ 5,542,492	\$23,750,737	\$59,111,144
-	285,504	69,399	382,711
<u>12,413,331</u>	<u>5,827,996</u>	<u>23,820,136</u>	<u>59,493,855</u>
4,566,288	454,292	-	8,207,889
5,109,103	1,855,068	2,874,233	11,067,826
1,817,694	60,905	-	7,983,594
-	1,935,398	14,281,955	16,217,353
1,147,508	2,650	-	6,054,752
4,281	5,403	45	56,258
<u>12,644,874</u>	<u>4,313,716</u>	<u>17,156,233</u>	<u>49,587,672</u>
<u>(231,543)</u>	<u>1,514,280</u>	<u>6,663,903</u>	<u>9,906,183</u>
1,277,952	285,547	1,287,711	3,210,901
(2,796)	-	-	709,611
(127,750)	-	-	(127,750)
2,632	-	-	2,632
-	-	-	3,536
143,149	-	-	159,381
<u>1,293,187</u>	<u>285,547</u>	<u>1,287,711</u>	<u>3,958,311</u>
1,061,644	1,799,827	7,951,614	13,864,494
2,682,750	-	-	2,682,750
(250,000)	-	-	(250,000)
<u>3,494,394</u>	<u>1,799,827</u>	<u>7,951,614</u>	<u>16,297,244</u>
26,347,462	1,519,110	16,102,272	65,024,374
<u>\$29,841,856</u>	<u>\$ 3,318,937</u>	<u>\$24,053,886</u>	<u>\$81,321,618</u>

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Equipment Maintenance	Office Services	Municipal Warehouse
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 13,157,697	\$ 1,088,225	\$ 3,328,218
Cash payments to suppliers for goods and services	(4,291,675)	(702,499)	(3,079,160)
Cash payments to employees for services	(2,405,328)	(316,457)	(465,837)
Net cash provided (used) by operating activities	<u>6,460,694</u>	<u>69,269</u>	<u>(216,779)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Advances from other funds	-	236,799	-
Repayments (to) from other other funds	206,157	(306,193)	-
Transfers (to) from other funds	-	-	-
Grant receipts	3,536	-	-
Net cash provided (used) by noncapital financing activities	<u>209,693</u>	<u>(69,394)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(6,358,166)	-	-
Proceeds on sale of equipment	606,624	-	113,058
Principal paid on long-term debt	-	-	-
Interest and fees paid on long-term debt	-	-	-
Proceeds from insurance damages	16,232	-	-
Net cash provided (used) by capital and related financing activities	<u>(5,735,310)</u>	<u>-</u>	<u>113,058</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(4,335,885)	-	(140,397)
Proceeds from sales and maturities of investment securities	4,121,714	-	242,001
Interest on investments	280,077	-	7,175
Net cash provided (used) by investing activities	<u>65,906</u>	<u>-</u>	<u>108,779</u>
Net increase (decrease) in cash and cash equivalents	1,000,983	(125)	5,058
Cash and cash equivalents, October 1	<u>1,035,857</u>	<u>125</u>	<u>60,989</u>
Cash and cash equivalents, September 30	<u>\$ 2,036,840</u>	<u>\$ -</u>	<u>\$ 66,047</u>
Non-cash disclosure:			
Tax anticipation note premium	\$ -	\$ -	\$ -
Increase (decrease) in fair value of investments	67,818	(456)	3,661
Transfer of capital assets	1,581	-	-

Technology Services	Property/ Liability Loss	Health Claims	Total
\$12,264,198	\$ 5,818,629	\$23,804,640	\$59,461,607
(6,759,821)	(3,842,283)	(16,913,769)	(35,589,207)
(4,458,537)	(452,146)	-	(8,098,305)
<u>1,045,840</u>	<u>1,524,200</u>	<u>6,890,871</u>	<u>15,774,095</u>
-	-	-	236,799
-	8,210	-	(91,826)
2,432,750	-	-	2,432,750
-	-	-	3,536
<u>2,432,750</u>	<u>8,210</u>	<u>-</u>	<u>2,581,259</u>
(2,197,292)	-	-	(8,555,458)
-	-	-	719,682
(2,555,000)	-	-	(2,555,000)
(127,750)	-	-	(127,750)
143,149	-	-	159,381
<u>(4,736,893)</u>	<u>-</u>	<u>-</u>	<u>(10,359,145)</u>
(14,423,671)	(4,840,596)	(18,339,509)	(42,080,058)
17,085,953	4,293,206	15,230,779	40,973,653
1,066,947	210,177	1,006,895	2,571,271
<u>3,729,229</u>	<u>(337,213)</u>	<u>(2,101,835)</u>	<u>1,464,866</u>
2,470,926	1,195,197	4,789,036	9,461,075
4,304,124	1,078,515	3,825,351	10,304,961
<u>\$ 6,775,050</u>	<u>\$ 2,273,712</u>	<u>\$ 8,614,387</u>	<u>\$19,766,036</u>
\$ 2,632	\$ -	\$ -	\$ 2,632
238,211	71,550	257,110	637,894
43,772	3,346	-	48,699

(continued)

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007
(continued)**

	<u>Equipment Maintenance</u>	<u>Office Services</u>	<u>Municipal Warehouse</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	<u>\$ 1,847,099</u>	<u>\$ 107,534</u>	<u>\$ 4,910</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	4,899,013	5,500	81
Changes in assets and liabilities-			
(Increase) decrease in			
Accounts receivable	124,865	-	8,722
Other receivable	1,654	6	-
Due from other funds	6,489	-	-
Due from other governments	12	-	-
Prepaid items	598	-	-
Inventories	(28,478)	2,603	(192,037)
Increase (decrease) in			
Accounts payable	(385,180)	(49,365)	(40,529)
Accrued liabilities	(5,378)	2,991	2,074
Liability for insurance claims	-	-	-
Total adjustments	<u>4,613,595</u>	<u>(38,265)</u>	<u>(221,689)</u>
Net cash provided (used) by operating activities	<u><u>\$ 6,460,694</u></u>	<u><u>\$ 69,269</u></u>	<u><u>\$ (216,779)</u></u>

<u>Technology Services</u>	<u>Property/ Liability Loss</u>	<u>Health Claims</u>	<u>Total</u>
<u>\$ (231,543)</u>	<u>\$ 1,514,280</u>	<u>\$ 6,663,903</u>	<u>\$ 9,906,183</u>
1,147,508	2,650	-	6,054,752
-	297	(15,496)	118,388
867	(55)	-	2,472
(150,000)	(9,609)	-	(153,120)
-	-	-	12
34,750	2,522	15	37,885
-	-	-	(217,912)
136,507	39,667	(77,552)	(376,452)
107,751	2,146	-	109,584
-	(27,698)	320,001	292,303
<u>1,277,383</u>	<u>9,920</u>	<u>226,968</u>	<u>5,867,912</u>
<u>\$ 1,045,840</u>	<u>\$ 1,524,200</u>	<u>\$ 6,890,871</u>	<u>\$15,774,095</u>

AGENCY FUNDS

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

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

**CITY OF PLANO, TEXAS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 AS OF SEPTEMBER 30, 2007**

	<u>Agency Funds</u>		<u>Total Agency Funds</u>
	<u>Developers' Escrow</u>	<u>Unclaimed Property</u>	
ASSETS			
Cash and cash equivalents	\$ 1,306,361	\$ 16,450	\$ 1,322,811
Investments	2,781,163	35,021	2,816,184
Accrued interest	24,125	304	24,429
Total Assets	<u>4,111,649</u>	<u>51,775</u>	<u>4,163,424</u>
LIABILITIES			
Developers' escrow liability	4,111,649	-	4,111,649
Unclaimed property payable	-	51,775	51,775
Total Liabilities	<u>\$ 4,111,649</u>	<u>\$ 51,775</u>	<u>\$ 4,163,424</u>

**CITY OF PLANO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
Developers' Escrow Fund				
ASSETS				
Cash and cash equivalents	\$ 781,144	\$ 525,217	\$ -	\$ 1,306,361
Investments	3,057,652	-	276,489	2,781,163
Accrued interest receivable	27,645	-	3,520	24,125
Total assets	<u>\$ 3,866,441</u>	<u>\$ 525,217</u>	<u>\$ 280,009</u>	<u>\$ 4,111,649</u>
LIABILITIES				
Developers' escrow liability	3,866,441	245,208	-	4,111,649
Total liabilities	<u>\$ 3,866,441</u>	<u>\$ 245,208</u>	<u>\$ -</u>	<u>\$ 4,111,649</u>
Unclaimed Property Fund				
ASSETS				
Cash and cash equivalents	\$ 9,252	\$ 7,198	\$ -	\$ 16,450
Investments	36,215	-	1,194	35,021
Accrued interest receivable	327	-	23	304
Total assets	<u>\$ 45,794</u>	<u>\$ 7,198</u>	<u>\$ 1,217</u>	<u>\$ 51,775</u>
LIABILITIES				
Unclaimed property payable	45,794	5,981	-	51,775
Total liabilities	<u>\$ 45,794</u>	<u>\$ 5,981</u>	<u>\$ -</u>	<u>\$ 51,775</u>
Total Fiduciary Funds				
ASSETS				
Cash and cash equivalents	\$ 790,396	\$ 532,415	\$ -	\$ 1,322,811
Investments	3,093,867	-	277,683	2,816,184
Accrued interest receivable	27,972	-	3,543	24,429
Total assets	<u>\$ 3,912,235</u>	<u>\$ 532,415</u>	<u>\$ 281,226</u>	<u>\$ 4,163,424</u>
LIABILITIES				
Developers' escrow liability	3,866,441	245,208	-	4,111,649
Unclaimed property payable	45,794	5,981	-	51,775
Total liabilities	<u>\$ 3,912,235</u>	<u>\$ 251,189</u>	<u>\$ -</u>	<u>\$ 4,163,424</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
COMBINING STATEMENT OF FUND NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
AS OF SEPTEMBER 30, 2007**

	<u>Economic Development</u>	<u>TIF Mall</u>	<u>TIF East Side</u>	<u>Total</u>
ASSETS				
Current:				
Cash and cash equivalents	\$ 2,296,620	\$ 15,886	\$ 2,474,602	4,787,108
Investments	4,888,940	33,821	5,268,278	10,191,039
Receivables:				
Accrued interest	42,409	294	45,700	88,403
Prepaid expenses & other assets	8,050	-	-	8,050
Noncurrent:				
Capital assets, net	8,343	-	4,676,189	4,684,532
Total Assets	<u>7,244,362</u>	<u>50,001</u>	<u>12,464,769</u>	<u>19,759,132</u>
LIABILITIES				
Current:				
Accounts payable	181,029	-	-	181,029
Accrued liabilities	44,194	-	-	44,194
Notes payable	-	-	732,484	732,484
Compensated absences	7,046	-	-	7,046
Long-term:				
Notes payable	-	5,416,683	776,432	6,193,115
Liability for compensated absences	71,217	-	-	71,217
Total Liabilities	<u>303,486</u>	<u>5,416,683</u>	<u>1,508,916</u>	<u>7,229,085</u>
NET ASSETS (DEFICIT)				
Invested in capital assets (net of related debt)	8,343	-	4,676,189	4,684,532
Unrestricted	6,932,533	(5,366,682)	6,279,664	7,845,515
Total Net Assets (Deficit)	<u>\$ 6,940,876</u>	<u>\$ (5,366,682)</u>	<u>\$ 10,955,853</u>	<u>\$ 12,530,047</u>

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Economic Development	TIF Mall	TIF East Side	Total
REVENUES				
Charges for services	\$ 6,917,663	\$ -	\$ -	\$ 6,917,663
Miscellaneous	10,000	-	53,798	63,798
Total revenues	<u>6,927,663</u>	<u>-</u>	<u>53,798</u>	<u>6,981,461</u>
EXPENSES				
Personal services	524,551	-	-	524,551
Contractual services	757,002	4,728,479	740,947	6,226,428
Supplies	43,264	-	-	43,264
Depreciation	2,640	-	336,140	338,780
Miscellaneous	2,863	-	-	2,863
Total operating expenses	<u>1,330,320</u>	<u>4,728,479</u>	<u>1,077,087</u>	<u>7,135,886</u>
Operating income (loss)	5,597,343	(4,728,479)	(1,023,289)	(154,425)
NONOPERATING REVENUES (EXPENSES)				
Property taxes	-	4,738,479	3,470,923	8,209,402
Investment income	313,667	-	-	313,667
Interest expense	-	(306,604)	(131,996)	(438,600)
Total nonoperating revenues	<u>313,667</u>	<u>4,431,875</u>	<u>3,338,927</u>	<u>8,084,469</u>
Change in net assets	5,911,010	(296,604)	2,315,638	7,930,044
Total net assets (deficit)-beginning	1,029,866	(5,070,078)	8,640,215	4,600,003
Total net assets (deficit)-ending	<u>\$ 6,940,876</u>	<u>\$ (5,366,682)</u>	<u>\$ 10,955,853</u>	<u>\$ 12,530,047</u>

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Economic Development	TIF Mall	TIF East Side	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 6,927,663	\$ -	\$ 53,798	\$ 6,981,461
Cash payments to suppliers for goods and services	(621,366)	(4,421,875)	(1,431,969)	(6,475,210)
Cash payments to employees for services	(519,650)	-	-	(519,650)
Net cash provided (used) by operating activities	<u>5,786,647</u>	<u>(4,421,875)</u>	<u>(1,378,171)</u>	<u>(13,399)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	4,738,479	3,470,923	8,209,402
Net cash provided by noncapital financing activities	<u>-</u>	<u>4,738,479</u>	<u>3,470,923</u>	<u>8,209,402</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(6,599)	-	(62,686)	(69,285)
Interest expense	-	(306,604)	(131,996)	(438,600)
Net cash used for operating and related financing activities	<u>(6,599)</u>	<u>(306,604)</u>	<u>(194,682)</u>	<u>(507,885)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	(4,888,940)	(33,821)	(5,268,278)	(10,191,039)
Proceeds from sales and maturities of investment securities	923,022	32,162	4,737,066	5,692,250
Interest on investments	253,175	(536)	(82,326)	170,313
Net cash used by investing activities	<u>(3,712,743)</u>	<u>(2,195)</u>	<u>(613,538)</u>	<u>(4,328,476)</u>
Net increase in cash and cash equivalents	2,067,305	7,805	1,284,532	3,359,642
Cash and cash equivalents, October 1	<u>229,315</u>	<u>8,081</u>	<u>1,190,070</u>	<u>1,427,466</u>
Cash and cash equivalents, September 30	<u>\$ 2,296,620</u>	<u>\$ 15,886</u>	<u>\$ 2,474,602</u>	<u>\$ 4,787,108</u>
Non-cash disclosure:				
Capitalize interest on note payable	\$ -	\$ 306,604	\$ 131,996	\$ 438,600
Increase in fair value of investments	26,191	529	78,743	105,463

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2007
(continued)**

	<u>Economic Development</u>	<u>TIF Mall</u>	<u>TIF East Side</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	<u>\$ 5,597,343</u>	<u>\$(4,728,479)</u>	<u>\$(1,023,289)</u>	<u>\$ (154,425)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expenses	2,640	-	336,140	338,780
Changes in assets and liabilities-				
(Increase) decrease in				
Prepaid expenses	3,528	-	-	3,528
Increase (decrease) in				
Accounts payable	178,235	-	-	178,235
Notes payable	-	306,604	(691,022)	(384,418)
Accrued liabilities	4,901	-	-	4,901
Total adjustments	<u>189,304</u>	<u>306,604</u>	<u>(354,882)</u>	<u>141,026</u>
Net cash provided (used) by operating activities	<u><u>\$ 5,786,647</u></u>	<u><u>\$(4,421,875)</u></u>	<u><u>\$(1,378,171)</u></u>	<u><u>\$ (13,399)</u></u>

CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE¹
AS OF SEPTEMBER 30, 2007 (unaudited)

Governmental activities capital assets:	2007	2006
Land	\$ 104,690,461	\$ 101,665,833
Construction in progress	163,432,467	127,245,267
Buildings	95,276,910	92,938,536
Improvements other than buildings	78,670,633	75,327,616
Equipment	68,511,758	60,383,320
Public art	1,378,000	-
Infrastructure	859,244,084	835,349,365
Total governmental funds capital assets	\$ 1,371,204,313	\$ 1,292,909,937
Investments in governmental activities capital assets by source:		
General fund	\$ 269,086,977	\$ 254,297,079
Park improvements fund	78,670,633	75,327,616
Special revenue fund	642,153	690,610
Capital projects fund	1,022,804,550	962,594,632
	\$ 1,371,204,313	\$ 1,292,909,937

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

**CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
AS OF SEPTEMBER 30, 2007 (unaudited)**

Function and Activity	Land	Construction in Progress	Buildings	Park Improvements	Equipment	Public Art	Infrastructure	Total
Administrative Services:								
City Council	\$ -	\$ -	\$ -	\$ -	\$ 4,301	\$ -	\$ -	\$ 4,301
Administration	-	-	-	-	71,644	-	-	71,644
Legal	-	-	-	-	106,661	-	-	106,661
City Secretary	-	-	-	-	44,484	-	-	44,484
Internal Audit	-	-	-	-	11,944	-	-	11,944
Finance	-	-	-	-	26,238	-	-	26,238
Financial Systems Administration	-	-	-	-	10,148	-	-	10,148
Accounting	-	-	-	-	122,723	-	-	122,723
Budget	-	-	-	-	117,558	-	-	117,558
Administrative Services	-	-	-	-	12,636	-	-	12,636
Purchasing	-	-	-	-	50,998	-	-	50,998
Human Resources	-	-	-	-	119,789	-	-	119,789
	-	-	-	-	699,124	-	-	699,124
Police:								
Municipal Court Judge	2,780,978	-	6,168,125	-	43,932	-	-	8,993,035
Municipal Court Administration	-	-	-	-	403,268	-	-	403,268
Public Safety Administration	-	-	-	-	2,144,719	-	-	2,144,719
Community Response	-	-	-	-	17,446	-	-	17,446
Police	4,592,859	-	11,253,244	-	9,290,501	-	-	25,136,604
Emergency 911	-	-	38,749	-	4,902,042	-	-	4,940,791
	7,373,837	-	17,460,118	-	16,801,908	-	-	41,635,863
Fire:								
Fire	7,909,347	-	14,380,895	-	8,099,002	-	-	30,389,244
Fire-Civilian	-	-	-	-	24,254	-	-	24,254
Fire Marshal	-	-	-	-	76,262	-	-	76,262
	7,909,347	-	14,380,895	-	8,199,518	-	-	30,489,760
Libraries:								
Library Administration	-	-	-	-	2,955,607	-	-	2,955,607
Technical Services	-	-	-	-	12,992,086	-	-	12,992,086
Harrington Library	1,244,216	-	2,759,632	-	394,156	-	-	4,398,004
Schmeipfenig Library	1,445,885	-	3,199,362	-	184,656	-	-	4,829,903
Haggard Library	1,551,303	-	3,436,684	-	1,417,391	-	-	6,405,378
Davis Library	2,046,883	-	4,513,662	-	45,541	-	-	6,606,086
Parr Library	1,757,104	-	3,867,355	-	-	-	-	5,624,459
	8,045,391	-	17,776,695	-	17,989,437	-	-	43,811,523
Development:								
Building Administration	79,989	-	51,782	-	-	-	-	131,771
Building Maintenance	-	-	-	-	46,009	-	-	46,009
Custodial Services	-	-	109,968	-	624,837	-	-	734,805
Engineering	-	-	-	-	3,251	-	-	3,251
Capital Projects Coordination	-	-	-	-	146,865	-	-	146,865
Development	-	-	-	-	219,754	-	-	219,754
Community Services Administration	-	-	-	-	28,898	-	-	28,898
Community Development Administration	-	-	-	-	37,915	-	-	37,915
Planning	220,899	-	-	-	285,151	-	-	285,151
Transportation Engineering	-	-	-	-	989,656	-	-	1,210,555
Building Inspection	-	-	-	-	93,671	-	-	93,671
	300,888	-	161,750	-	401,422	-	-	401,422
	300,888	-	161,750	-	2,877,429	-	-	3,340,067
Public Services and Operations:								
Public Information	-	-	-	-	866,811	-	-	866,811
Records Management	-	-	-	-	60,470	-	-	60,470
Environmental Health	-	-	-	-	231,799	-	-	231,799
Animal Control	101,571	-	2,409,927	-	330,766	-	-	2,842,264
	101,571	-	2,409,927	-	1,489,846	-	-	4,001,344

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

(continued)

CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
AS OF SEPTEMBER 30, 2007 (unaudited)
(continued)

Function and Activity	Improvements						Infrastructure	Total
	Land	Construction in Progress	Buildings	Other Than Buildings	Equipment	Public Art		
Parks and Recreation:	57,664,013	-	-	-	-	-	-	57,664,013
Parks and Recreation Administration	-	-	-	-	128,391	-	-	128,391
Park Administration	-	-	-	-	131,460	-	-	131,460
Park Planning	-	-	-	-	202,305	-	-	202,305
Park Development	2,059,081	-	11,700	-	169,510	-	-	2,240,291
Park Grounds Maintenance	-	-	215,854	-	801,575	-	-	1,017,429
Public Buildings Grounds Maintenance	-	-	-	-	116,158	-	-	116,158
Athletic Fields Grounds Maintenance	-	-	-	-	38,873	-	-	38,873
Championship Youth Ballpark	-	-	-	-	2,686	-	-	2,686
Median Maintenance	-	-	-	-	20,061	-	-	20,061
Creative Arts	25,797	-	555,007	-	-	-	-	580,804
Recreation Administration	-	-	-	-	362,775	-	-	362,775
Athletics	-	-	-	-	55,750	-	-	55,750
Special Activities	-	-	-	-	43,660	-	-	43,660
Aquatics	-	-	1,490,714	-	148,106	-	-	1,638,820
Tennis Center	-	-	85,426	-	7,835	-	-	93,261
Senior Services	1,861,895	-	4,129,627	-	156,883	-	-	6,148,405
Recreation Centers	784,514	-	12,480,102	-	1,022,403	-	-	14,287,019
Park Improvements	2,900,219	-	-	78,670,633	-	-	-	81,570,852
	<u>65,295,519</u>	<u>-</u>	<u>18,968,430</u>	<u>78,670,633</u>	<u>3,408,431</u>	<u>-</u>	<u>-</u>	<u>166,343,013</u>
General Government:	8,295,461	-	24,119,095	-	6,062,476	-	-	38,477,032
Enterprise Center	-	-	-	-	16,705	-	-	16,705
Productivity Bank	-	-	-	-	52,090	-	-	52,090
Downtown Advocacy	-	-	-	-	2,168	-	-	2,168
Volunteer Services	-	-	-	-	4,296	-	-	4,296
Tax Collections	-	-	-	-	302,069	-	-	302,069
Youth Advisory Committee	-	-	-	-	7,180	-	-	7,180
Telecommunications	-	-	-	-	425,506	-	-	425,506
	<u>8,295,461</u>	<u>-</u>	<u>24,119,095</u>	<u>-</u>	<u>6,872,490</u>	<u>-</u>	<u>-</u>	<u>39,287,046</u>
Public Works:	6,947,956	-	-	-	-	-	-	6,947,956
Public Works Administration	-	-	-	-	191,548	-	-	191,548
Streets and Traffic Administration	-	-	-	-	2,744,200	-	-	2,744,200
Streets	420,491	-	-	-	3,011,992	-	-	3,432,483
Signals	-	-	-	-	410,145	-	-	410,145
Signs and Markings	-	-	-	-	903,158	-	-	903,158
Sign Shop	-	-	-	-	186,012	-	-	186,012
Street and ROW Coordination	-	-	-	-	678,856	-	-	678,856
Infrastructure	-	-	-	-	-	-	859,244,084	859,244,084
	<u>7,368,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,125,911</u>	<u>-</u>	<u>859,244,084</u>	<u>874,738,442</u>
Construction in Progress	-	163,432,467	-	-	-	-	-	163,432,467
	<u>-</u>	<u>163,432,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,432,467</u>
Public Art	-	-	-	-	-	1,378,000	-	1,378,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,378,000</u>	<u>-</u>	<u>1,378,000</u>
Other:	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	2,047,664	-	-	2,047,664
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,047,664</u>	<u>-</u>	<u>-</u>	<u>2,047,664</u>
Total governmental funds capital assets	<u>\$ 104,690,461</u>	<u>\$ 163,432,467</u>	<u>\$ 95,276,910</u>	<u>\$ 78,670,633</u>	<u>\$ 68,511,758</u>	<u>\$ 1,378,000</u>	<u>\$ 859,244,084</u>	<u>\$ 1,371,204,313</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, 2007 (unaudited)

Function and Activity	Governmental Funds			Governmental Funds		
	Capital Assets October 1, 2006	Additions	Deductions	Capital Assets September 30, 2007		
Administrative Services:						
City Council	\$ 4,301	\$ -	\$ -	\$ 4,301		
Administration	71,644	-	-	71,644		
Legal	109,447	-	2,786	106,661		
City Secretary	44,484	-	-	44,484		
Internal Audit	11,944	-	-	11,944		
Finance	26,238	-	-	26,238		
Financial Systems Administration	10,148	-	-	10,148		
Accounting	122,723	-	-	122,723		
Budget	121,298	-	3,740	117,558		
Administrative Services	12,636	-	-	12,636		
Purchasing	50,998	-	-	50,998		
Human Resources	119,789	-	-	119,789		
	<u>705,650</u>	<u>-</u>	<u>6,526</u>	<u>699,124</u>		
Police:						
Municipal Court Judge	8,993,035	-	-	8,993,035		
Municipal Court Administration	403,957	-	689	403,268		
Public Safety Administration	2,144,719	-	-	2,144,719		
Community Response	17,446	-	-	17,446		
Police	24,861,392	518,475	243,263	25,136,604		
Emergency 911	4,922,190	26,208	7,607	4,940,791		
	<u>41,342,739</u>	<u>544,683</u>	<u>251,559</u>	<u>41,635,863</u>		
Fire:						
Fire	30,389,083	1,146,069	1,145,908	30,389,244		
Fire-Civilian	24,254	-	-	24,254		
Fire Marshal	76,262	-	-	76,262		
	<u>30,489,599</u>	<u>1,146,069</u>	<u>1,145,908</u>	<u>30,489,760</u>		
Libraries:						
Library Administration	2,955,607	-	-	2,955,607		
Technical Services	12,044,208	964,414	16,536	12,992,086		
Harrington Library	4,395,849	2,755	600	4,398,004		
Schimelpfenig Library	4,804,413	31,615	6,125	4,829,903		
Haggard Library	6,270,622	138,780	4,024	6,405,378		
Davis Library	6,606,086	-	-	6,606,086		
Parr Library	5,624,459	-	-	5,624,459		
	<u>42,701,244</u>	<u>1,137,564</u>	<u>27,285</u>	<u>43,811,523</u>		
Development:						
Building Administration	131,771	-	-	131,771		
Building Maintenance	46,009	-	-	46,009		
Building Maintenance	723,823	34,174	23,192	734,805		
Custodial Services	3,251	-	-	3,251		
Engineering	146,865	124,519	124,519	146,865		
Capital Projects Coordination	219,754	-	-	219,754		
Development	28,898	86,347	86,347	28,898		
Community Services Administration	37,915	-	-	37,915		
Community Development Administration	285,151	-	-	285,151		
Planning	1,240,751	-	30,196	1,210,555		
Transportation Engineering	93,671	-	-	93,671		
Building Inspection	403,056	-	1,634	401,422		
	<u>3,360,915</u>	<u>245,040</u>	<u>265,888</u>	<u>3,340,067</u>		
Public Services and Operations:						
Public Information	880,103	5,523	18,815	866,811		
Records Management	60,470	24,916	24,916	60,470		
Environmental Health	235,019	-	3,220	231,799		
Animal Control	2,840,140	10,583	8,459	2,842,264		
	<u>4,015,732</u>	<u>41,022</u>	<u>55,410</u>	<u>4,001,344</u>		

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

(continued)

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

CITY OF PLANO, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (unaudited)
(continued)

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	October 1, 2006	Additions	Deductions	September 30, 2007
Parks and Recreation:	57,664,931	2,899,301	-	60,564,232
Parks and Recreation Administration	128,391	-	-	128,391
Park Administration	104,835	34,069	7,444	131,460
Park Planning	202,305	969	969	202,305
Park Development	2,230,186	10,105	-	2,240,291
Park Grounds Maintenance	949,368	139,734	71,673	1,017,429
Public Buildings Grounds Maintenance	116,158	-	-	116,158
Athletic Fields Grounds Maintenance	41,419	33,043	35,589	38,873
Championship Youth Ballpark	1,687	999	-	2,686
Median Maintenance	20,061	-	-	20,061
Creative Arts	580,804	-	-	580,804
Recreation Administration	334,560	28,215	-	362,775
Athletics	38,503	17,247	-	55,750
Special Activities	43,660	-	-	43,660
Aquatics	1,637,962	858	-	1,638,820
Tennis Center	93,261	-	-	93,261
Senior Services	6,151,685	-	3,280	6,148,405
Recreation Centers	13,773,270	516,738	2,989	14,287,019
Park Improvements	75,327,616	3,343,017	-	78,670,633
	<u>159,440,662</u>	<u>7,024,295</u>	<u>121,944</u>	<u>166,343,013</u>
General Government:	30,352,606	8,941,791	817,365	38,477,032
Enterprise Center	16,705	-	-	16,705
Productivity Bank	52,090	-	-	52,090
Downtown Advocacy	2,168	-	-	2,168
Volunteer Services	4,296	-	-	4,296
Tax Collections	302,069	-	-	302,069
Youth Advisory Committee	7,180	-	-	7,180
Telecommunications	425,506	-	-	425,506
	<u>31,162,620</u>	<u>8,941,791</u>	<u>817,365</u>	<u>39,287,046</u>
Public Works:	6,947,956	-	-	6,947,956
Public Works Administration	191,548	-	-	191,548
Streets and Traffic Administration	2,744,200	-	-	2,744,200
Streets	2,989,137	448,818	5,472	3,432,483
Signals	410,145	-	-	410,145
Signs and Markings	897,960	7,797	2,599	903,158
Sign Shop	186,012	-	-	186,012
Street and ROW Coordination	678,856	-	-	678,856
Infrastructure	835,349,365	23,894,719	-	859,244,084
	<u>850,395,179</u>	<u>24,351,334</u>	<u>8,071</u>	<u>874,738,442</u>
Construction in progress	<u>127,245,267</u>	<u>65,252,195</u>	<u>29,064,995</u>	<u>163,432,467</u>
	<u>127,245,267</u>	<u>65,252,195</u>	<u>29,064,995</u>	<u>163,432,467</u>
Public Art	-	1,378,000	-	1,378,000
	-	<u>1,378,000</u>	-	<u>1,378,000</u>
Other:				
Non-departmental	2,050,330	-	2,666	2,047,664
	<u>2,050,330</u>	-	<u>2,666</u>	<u>2,047,664</u>
	<u>\$ 1,292,909,937</u>	<u>\$ 110,061,993</u>	<u>\$ 31,767,617</u>	<u>\$ 1,371,204,313</u>

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

STATISTICAL SECTION
(unaudited)

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

	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	101-106
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	107-110
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	111-116
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	117-118
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	119-123

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

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

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

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

Table 2

	Fiscal Year						
	2007	2006	2005	2004	2003	2002	2001
Expenses							
Governmental activities:							
General government	\$12,820,474	\$12,869,160	\$9,610,588	\$12,512,878	\$17,438,330	\$20,985,117	\$18,355,535
Administrative services	7,814,137	7,249,106	6,793,122	5,768,394	6,528,175	6,828,203	6,592,633
Police	60,136,573	52,661,945	52,064,166	48,243,055	45,893,819	45,446,673	42,581,088
Fire	39,368,057	40,171,670	33,765,963	30,628,041	29,814,653	27,914,879	27,054,838
Libraries	10,560,624	9,616,271	8,921,361	9,061,682	9,350,720	10,410,453	9,284,824
Development	19,508,839	18,482,899	17,415,770	16,295,697	15,320,345	16,981,049	15,355,833
Public services and operations	5,213,097	5,069,129	4,760,409	4,879,335	4,607,610	5,019,854	4,703,802
Parks and recreation	22,645,606	20,491,397	19,220,854	17,705,076	18,614,020	21,945,020	20,092,645
Public works	26,677,227	25,864,753	25,047,789	24,743,556	25,157,249	15,572,746	15,286,957
Technology services	12,951,258	11,113,407	12,319,110	11,963,912	9,596,783	8,422,018	8,040,874
Other	6,577,443	858,379	633,447	752,988	752,748	92,178	2,736,606
Interest on Long-Term Debt	12,503,580	12,009,766	9,882,495	13,907,340	14,830,089	16,514,330	17,666,935
Unallocated depreciation	100,907	93,337	37,954	38,323	41,175	81,359	79,865
Total governmental activities expenses	236,877,822	216,551,219	200,473,028	196,500,277	197,945,716	196,213,879	187,832,435
Business-type activities:							
Water and sewer	78,413,719	79,400,088	74,996,817	71,292,512	69,729,462	63,207,453	59,070,751
Environmental waste services	19,298,289	18,346,330	17,775,614	15,856,929	15,640,696	15,078,559	14,906,908
Municipal drainage	3,429,488	3,118,453	3,012,858	2,895,673	2,586,813	2,257,100	2,035,853
Civic center	6,416,054	5,751,129	5,488,081	5,075,801	5,107,302	5,326,148	5,327,149
Municipal golf course	885,158	935,483	1,052,789	1,188,468	927,797	872,512	814,230
Property management	78,759	25,940	65,746	86,193	75,118	33,117	53,168
Recreation revolving	2,642,687	2,436,064	2,471,405	2,409,349	2,401,070	2,274,243	2,006,723
Downtown center development	46,784	43,356	42,668	42,668	42,668	34,412	63,484
Total business-type activities expenses	111,210,938	110,056,843	104,905,978	98,847,593	96,510,926	89,083,544	84,278,266
Total primary government expenses	\$348,088,760	\$326,608,062	\$305,379,006	\$295,347,870	\$294,456,642	\$285,297,423	\$272,110,701
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$1,009,164	\$1,056,168	\$1,123,970	\$896,238	\$622,533	\$498,562	\$417,460
Police	12,413,238	12,839,712	11,401,502	12,162,718	11,986,491	11,647,864	10,464,785
Fire	3,446,175	3,396,538	3,114,030	2,807,624	2,630,739	2,665,946	2,299,985
Libraries	496,697	478,457	415,128	413,414	384,080	359,232	262,828
Development	5,124,766	7,038,776	5,363,885	4,849,896	4,503,747	4,033,639	6,400,990
Public services and operations	1,016,193	1,005,080	900,055	882,984	803,013	700,666	582,456
Parks and recreation	2,357,306	2,629,899	2,088,269	2,269,333	2,234,251	2,271,951	2,527,506
Public works	84,217	93,534	670,985	115,206	830,296	395,593	1,906,780
Technology services	2,459,419	2,315,210	2,713,243	1,411,457	2,388,886	1,904,632	1,637,408
Operating grants and contributions	4,592,308	9,695,987	4,419,525	3,979,053	3,714,781	3,394,749	3,286,849
Capital grants and contributions	13,499,864	16,672,181	11,494,632	9,479,363	11,396,047	32,522,496	7,162,367
Total governmental activities program revenues	46,499,347	57,221,542	43,705,224	39,267,286	41,494,864	60,395,330	36,949,414

(continued)

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

**Table 2
(continued)**

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

Source: Comprehensive Annual Financial Report

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

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund										
Reserved for encumbrances	\$1,566,433	\$2,776,694	\$2,283,707	\$3,718,284	\$1,682,711	\$2,747,069	\$4,574,168	\$4,441,987	\$5,227,781	\$4,644,420
Reserved for prepaids	90,268	229,018	145,343	114,548	50,622	30,273	26,106	35,103	99,218	34,979
Reserved for long term loans	6,925,599	7,310,017	7,672,675	7,916,108	7,468,026	7,005,764	3,600,325	2,833	-	-
Unreserved	37,101,360	38,488,933	29,122,461	27,747,994	20,600,580	13,096,232	14,320,196	19,605,217	16,054,036	19,746,371
Total general fund	\$45,683,660	\$48,804,662	\$39,224,186	\$39,496,934	\$29,801,939	\$22,879,338	\$22,520,795	\$24,085,140	\$21,381,035	\$24,425,770
All Other Governmental Funds										
Reserved for:										
Encumbrances	\$23,855,483	\$39,234,962	\$19,366,204	\$19,541,095	\$8,417,242	\$15,661,184	\$20,202,444	\$27,316,311	\$25,924,001	\$21,785,590
Prepaids and other assets	2,702	4,490	205,108	6,415	325	150	2,286	465	650	-
Debt service	4,754,700	2,171,565	1,937,365	224,322	719,504	5,975,191	4,759,993	1,944,438	1,977,192	3,287,015
Long term loans and advances	-	-	775,299	951,845	-	-	-	-	-	-
Capital projects	72,879,121	54,451,744	52,861,830	21,211,416	68,944,146	64,648,100	60,803,970	33,635,418	34,328,974	30,453,789
Unreserved, reported in:										
Special Revenue funds	15,516,547	13,184,351	10,306,964	8,883,675	8,196,811	7,523,025	4,906,653	2,822,592	1,483,001	1,069,250
Capital Projects funds	731,846	705,600	666,097	18,482,081	(281,966)	(1,370,776)	(4,269,534)	(6,110,231)	(1,397,024)	(798,682)
Total all other governmental funds	\$117,740,399	\$109,752,712	\$86,118,867	\$69,300,849	\$85,996,062	\$92,436,874	\$86,405,812	\$59,608,993	\$62,316,794	\$55,796,962

Source: Comprehensive Annual Financial Report

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues:										
Taxes-										
Property taxes	\$107,059,153	\$97,121,351	\$93,311,613	\$91,655,523	\$90,100,086	\$85,228,237	\$77,822,525	\$71,054,998	\$62,782,307	\$59,255,973
Other taxes	63,425,218	59,581,037	53,007,928	50,289,482	46,555,857	46,167,605	48,119,027	46,683,884	40,329,589	35,832,711
Franchise fees	22,039,441	21,720,865	19,200,896	19,226,216	19,698,926	19,700,523	19,090,181	15,120,762	14,085,493	13,150,681
Fines and forfeitures	9,822,913	10,125,683	8,961,337	9,806,522	9,738,545	8,809,121	7,845,797	6,508,695	5,308,765	4,177,226
Contributions	306,924	1,081,788	3,826,173	2,017,253	3,636,791	13,162,633	7,407,334	9,141,106	6,597,968	6,675,062
Rollback taxes	1,172,609	735,757	223,159	205,506	350,203	-	1,106,206	1,043,361	1,140,776	-
Licenses and permits	5,524,955	6,800,126	5,195,516	5,131,810	4,831,824	4,381,369	6,025,513	6,959,848	6,576,147	6,823,719
Intragovernmental	6,399,935	6,592,673	6,235,373	5,851,135	5,940,984	5,089,048	4,842,117	4,877,386	4,655,182	4,404,210
Intergovernmental	3,915,812	8,744,104	3,898,076	2,983,278	2,767,470	2,378,724	2,354,764	2,212,066	2,858,445	1,792,984
Fees for services	10,476,645	11,177,263	9,705,325	8,846,147	8,540,621	8,532,636	8,926,426	8,709,263	9,457,160	8,654,091
Assessments	99,741	443,672	202,427	197,763	542,131	44,445	567,590	582,653	506,953	160,559
Investment income	10,779,409	7,777,156	2,727,800	3,019,984	3,687,989	5,531,416	8,647,429	6,577,294	3,868,468	6,440,462
Proceeds from sale of capital assets	-	-	-	21,000	-	-	-	-	-	-
Miscellaneous	1,407,342	4,865,976	1,262,983	1,111,417	1,045,888	889,639	786,238	585,973	583,095	801,991
Total Revenues	242,430,097	236,767,451	207,758,606	200,363,036	197,437,315	199,915,396	193,541,147	180,057,289	158,750,348	148,169,669
Expenditures:										
Current-										
General government	1,255,206	1,309,980	577,990	2,764,025	2,912,453	3,194,862	2,722,284	-	-	-
Administrative services	7,916,611	7,282,215	6,892,456	6,312,095	6,509,715	6,581,342	6,344,653	-	-	-
Police	59,114,102	53,618,495	51,031,849	47,219,455	43,743,086	42,647,390	39,486,865	-	-	-
Fire	39,096,906	40,124,063	33,650,136	29,026,018	28,248,820	25,895,256	24,495,435	-	-	-
Libraries	10,139,905	9,238,861	8,705,346	8,564,913	8,702,926	8,619,718	7,874,877	-	-	-
Development	19,644,186	18,420,446	17,233,160	16,078,528	15,178,820	16,126,052	14,736,448	-	-	-
Public services and operations	5,403,953	5,063,124	4,786,528	4,548,593	4,363,610	4,323,868	4,323,585	-	-	-
Parks and recreation	18,785,397	16,709,740	15,891,574	13,961,744	13,602,042	13,384,235	12,318,857	-	-	-
Environmental waste services	258,275	19,845	215,025	14,194	249,778	-	-	-	-	-
Public works	5,764,590	5,273,610	5,395,278	4,948,866	5,038,706	4,843,160	4,849,468	-	-	-
Other	26,335,719	18,381,077	17,403,344	13,747,316	17,752,756	15,284,555	16,502,541	-	-	-
Capital outlay	68,000,143	49,933,401	44,443,506	35,349,894	41,042,654	40,704,962	46,091,229	-	-	-
General government	-	-	-	-	-	-	-	30,334,973	25,854,262	25,738,646
Public Safety	-	-	-	-	-	-	-	58,758,930	52,694,681	46,226,647
Community services	-	-	-	-	-	-	-	27,916,785	24,717,069	21,574,431
Public works	-	-	-	-	-	-	-	4,737,909	4,218,523	4,234,401
Capital Outlay	-	-	-	-	-	-	-	55,403,432	46,987,072	35,208,306
Debt service-										
Principal retirement	21,020,000	20,510,000	19,407,991	18,187,142	17,688,449	16,681,306	15,802,440	20,495,000	19,600,000	18,555,000
Interest and fiscal charges	12,837,888	12,154,302	10,669,530	13,527,706	14,616,031	15,970,668	17,650,364	11,332,423	11,949,394	11,989,026
Escrow payment-refunding	-	-	-	-	-	1,216,610	-	-	-	-
Bond accretion	-	-	962,009	-	-	-	-	-	-	-
Total Expenditures	295,572,881	258,039,159	237,265,722	214,250,489	219,649,846	215,782,984	213,199,066	208,979,452	186,021,001	163,526,457
Excess (Deficiency) Of Revenues Over Expenditures	(53,142,784)	(21,271,708)	(29,507,116)	(13,887,453)	(22,212,531)	(15,867,588)	(19,657,919)	(28,922,163)	(27,270,653)	(15,356,788)

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

Table 4
 (continued)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Other Financing										
Sources (Uses):										
Proceeds from sale of bonds	46,675,000	44,690,000	37,190,000	-	20,314,000	15,630,000	38,510,000	24,330,000	25,370,000	22,884,499
Tax anticipation note and bond premiums	-	-	-	-	-	-	637,205	-	-	-
Bond proceeds-refunding	-	-	78,380,000	-	22,796,533	42,842,287	-	-	-	28,536,700
Premium on sale of bonds	1,162,822	1,615,017	5,866,266	-	-	-	-	1,883	4,253	-
Discount on sale of bonds	-	(350,017)	(200,473)	-	-	-	-	-	-	-
Escrow payment-refunding	-	-	(84,067,431)	-	(23,151,258)	(42,503,801)	-	-	-	(28,111,885)
Sale of land	-	-	336,536	-	-	-	-	-	-	-
Operating transfers in	23,414,508	23,687,190	22,349,005	21,611,533	17,910,089	16,538,678	19,562,088	11,866,356	15,188,336	12,822,936
Operating transfers out	(13,242,861)	(15,156,161)	(13,801,517)	(14,724,298)	(15,175,044)	(10,249,971)	(13,818,900)	(7,279,772)	(9,816,839)	(8,415,678)
Total Other Financing	58,009,469	54,486,029	46,052,386	6,887,235	22,694,320	22,257,193	44,890,393	28,918,467	30,745,750	27,716,572
Sources (Uses)	4,866,685	33,214,321	16,545,270	(7,000,218)	481,789	6,389,605	25,232,474	(3,696)	3,475,097	12,359,784
Net change in fund balances										
Debt service as a percentage of noncapital expenditures	14.9%	15.7%	16.1%	17.7%	18.1%	19.3%	15.7%	20.7%	22.7%	23.8%

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

Fiscal Year	Estimated Market Value			Less:		Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property Residential	Real Property Non-Residential	Non-Real Property Personal	Tax-Exempt Property			
1998	8,983,141,490	3,139,805,852	1,819,459,921	2,284,752,153	11,657,655,110	0.4985	
1999	10,105,409,869	3,814,047,977	2,003,213,399	2,603,867,932	13,318,803,313	0.4685	
2000	11,545,972,673	4,310,895,509	1,928,110,972	2,814,264,430	14,970,714,724	0.4685	
2001	12,996,818,388	5,096,813,143	2,132,562,355	3,274,218,669	16,951,975,217	0.4585	
2002	14,142,191,479	5,949,271,808	2,733,219,210	3,901,586,146	18,923,096,351	0.4535	
2003	15,264,661,366	6,407,096,419	2,617,931,276	4,095,469,553	20,194,219,508	0.4535	
2004	15,881,648,854	6,294,650,068	2,266,621,779	4,044,250,374	20,398,670,327	0.4535	
2005	16,332,126,225	6,546,216,987	2,242,943,854	4,251,552,256	20,869,734,810	0.4535	
2006	16,979,745,491	6,758,241,962	2,255,993,450	4,344,715,518	21,649,265,385	0.4535	
2007	17,812,371,500	7,138,331,140	2,375,828,520	4,497,389,848	22,829,141,312	0.4735	

Source: Collin County Central Appraisal District based on original tax roll

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

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

Fiscal Year (1)	City of Plano			Plano School District			Allen School District			Collin County			Frisco School District			Lewisville School District			Denton County			Community College		
	General Fund	Debt Service Fund	Rate	Assessment		Rate	Assessment		Rate	Assessment		Rate	Assessment		Rate	Assessment		Rate	Assessment		Rate	Assessment		
				Ratio	ment		Ratio	ment		Ratio	ment		Ratio	ment		Ratio	ment		Ratio	ment		Ratio	ment	Ratio
1998	0.2608	0.2377	0.4985	100	100	1.540	100	1.74	100	0.2600	100	1.514	100	1.516	100	0.2559	100	0.099	100	0.099	100	0.099	100	
1999	0.2538	0.2147	0.4685	100	100	1.540	100	1.89	100	0.2708	100	1.514	100	1.610	100	0.2488	100	0.099	100	0.099	100	0.099	100	
2000	0.2708	0.1977	0.4685	100	100	1.579	100	1.89	100	0.2500	100	1.440	100	1.567	100	0.235	100	0.097	100	0.097	100	0.097	100	
2001	0.2614	0.1971	0.4585	100	100	1.5531	100	1.76	100	0.2500	100	1.420	100	1.610	100	0.232	100	0.094	100	0.094	100	0.094	100	
2002	0.2690	0.1845	0.4535	100	100	1.6285	100	1.83	100	0.2500	100	1.440	100	1.670	100	0.252	100	0.093	100	0.093	100	0.093	100	
2003	0.2864	0.1671	0.4535	100	100	1.7034	100	1.81	100	0.2500	100	1.498	100	1.770	100	0.249	100	0.092	100	0.092	100	0.092	100	
2004	0.2908	0.1627	0.4535	100	100	1.7334	100	1.93	100	0.2500	100	1.558	100	1.770	100	0.247	100	0.092	100	0.092	100	0.092	100	
2005	0.2810	0.1725	0.4535	100	100	1.7334	100	1.91	100	0.2500	100	1.630	100	1.770	100	0.255	100	0.091	100	0.091	100	0.091	100	
2006	0.2888	0.1647	0.4535	100	100	1.7334	100	1.91	100	0.2500	100	1.580	100	1.770	100	0.246	100	0.089	100	0.089	100	0.089	100	
2007	0.3080	0.1655	0.4735	100	100	1.5784	100	1.78	100	0.2450	100	1.580	100	1.640	100	0.232	100	0.088	100	0.088	100	0.088	100	

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

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

Sources: Representatives of the various taxing jurisdictions.

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

Table 7

Name of Taxpayer	2007			1998		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Electronic Data Systems Corporation	\$183,874,468	1	0.80	429,898,378	1	3.62
TXU Electric Delivery Company	176,546,432	2	0.77	122,631,939	4	1.03
J.C. Penney, Inc.	163,857,633	3	0.75	201,860,333	2	1.70
Willow Bend Association	120,000,004	4	0.55	-	-	-
Alcatel USA Sourcing LP	116,760,944	5	0.54	-	-	-
Tollway/121 Partners LTD	95,603,795	6	0.44	-	-	-
Collin Creek Mall	76,487,218	7	0.35	121,093,922	5	1.02
Texas Instruments	70,915,159	8	0.33	72,897,840	6	0.61
Dallas Morning News	69,258,840	9	0.32	63,982,140	10	0.54
HSP of Texas Incorporated	62,722,157	10	0.29	-	-	-
Digital Switch Corporation	-	-	-	182,428,742	3	1.54
Atlantic Richfield	-	-	-	67,363,048	8	0.57
Frito-Lay	-	-	-	64,648,984	9	0.54
G.T.E	-	-	-	70,911,586	7	0.60
Total	<u>1,136,026,650</u>		<u>5.15</u>	<u>1,397,716,912</u>		<u>11.78</u>

Source: Collin County Appraisal District

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

Fiscal Year	Total Tax Levy	Collection Current Year's Taxes During Period	Collections Transferred to TIF Component Units	Total Current Year Collections	Percent of Levy Collected During Fiscal Period	Collections in Subsequent Years	Total Tax Collections	Ratio of Accumulated Delinquent Taxes to Current Levy
1998	\$59,162,367	\$58,370,749	-	\$58,370,749	98.7%	\$788,728	\$59,159,477	99.97%
1999	63,228,936	62,097,393	-	62,097,393	98.2	1,121,328	63,218,721	99.94
2000	70,664,029	69,961,280	-	69,961,280	99.0	691,625	70,652,905	99.94
2001	78,095,849	76,907,817	370,402	77,278,219	99.0	1,131,834	78,410,053	100.34
2002	85,697,627	84,108,496	729,535	84,838,031	99.0	1,436,357	86,274,388	100.65
2003	91,504,269	89,097,226	1,491,645	90,588,871	99.0	2,196,107	92,784,978	101.39
2004	92,724,955	90,573,604	1,349,783	91,923,387	99.1	1,951,530	93,874,917	101.20
2005	94,735,250	92,286,096	1,455,736	93,741,832	99.0	2,271,712	96,013,544	101.23
2006	98,580,157	95,754,030	1,588,800	97,342,830	98.7	2,564,306	99,907,136	101.35
2007	108,186,053	105,461,839	1,870,213	107,332,052	99.2	-	107,332,052	99.21

Table 9

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

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Anticipation Notes	Water and Sewer Revenue Bonds	Solid Waste General Obligation Bonds	Drainage Revenue Bonds	Municipal Bonds			
1998	\$221,802,327	-	\$37,563,407	\$505,000	\$12,570,000	\$272,440,734	5.18	1,261	
1999	227,362,327	-	34,068,407	260,000	14,740,000	276,430,734	4.30	1,255	
2000	231,197,327	-	30,528,407	-	14,230,000	275,955,734	4.11	1,183	
2001	253,904,888	17,670,000	27,078,407	-	18,180,000	316,833,295	4.61	1,375	
2002	251,053,582	15,155,000	23,668,407	-	17,365,000	307,241,989	3.67	1,302	
2003	252,765,133	12,200,000	18,187,939	-	20,255,000	303,408,072	3.50	1,261	
2004	234,577,991	9,115,000	15,555,143	-	19,325,000	278,573,134	3.34	1,132	
2005	252,290,000	5,900,000	12,988,168	-	21,445,000	292,623,168	3.43	1,176	
2006	276,470,000	2,555,000	10,472,042	-	21,730,000	311,227,042	3.28	1,225	
2007	302,125,000	-	8,030,000	-	22,475,000	332,630,000	3.24	1,291	

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

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

Table 10

	Governmental Activities			Percentage of Actual Taxable Value	Per Capita
	General Obligation Bonds	Tax Anticipation Notes	Total Primary Government		
1998	\$221,802,327	\$ -	\$221,802,327	1.87	\$1,027
1999	227,362,327	-	227,362,327	1.68	1,033
2000	231,197,327	-	231,197,327	1.53	991
2001	253,904,888	17,670,000	271,574,888	1.59	1,179
2002	251,053,582	15,155,000	266,208,582	1.41	1,128
2003	252,765,133	12,200,000	264,965,133	1.31	1,102
2004	234,577,991	9,115,000	243,692,991	1.19	990
2005	252,290,000	5,900,000	258,190,000	1.24	1,037
2006	276,470,000	2,555,000	279,025,000	1.28	1,098
2007	302,125,000	-	302,125,000	1.32	1,173

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

**CITY OF PLANO, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2007
(unaudited)**

Table 11

Taxing Body	Net General Bonded Debt	Percentage of Debt Applicable to Area	City of Plano Share of Debt
City of Plano	\$ 297,370,300	100.00%	\$ 297,370,300
Total direct debt	297,370,300		297,370,300
Plano Independent School District	791,396,812	74.93%	592,993,631
Collin County	356,287,939	47.42%	168,951,741
Denton County	273,559,740	0.53%	1,449,867
Frisco Independent School District	902,862,979	3.21%	28,981,902
Allen Independent School District	262,714,780	0.69%	1,812,732
Lewisville Independent School District	710,033,354	1.24%	8,804,414
Collin County Community College	52,745,000	47.42%	25,011,679
Total overlapping debt	3,349,600,604		828,005,966
Total direct and overlapping bonded debt	\$ 3,646,970,904		\$ 1,125,376,266
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			5.18%
Per capita overlapping bonded debt			\$ 4,429

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

**CITY OF PLANO, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2007
(unaudited)**

Table 12

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

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

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

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

The tax rate at October 1, 2006, is \$0.4735 per \$100.00 with assessed valuation at 100% of market value.

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

Fiscal Year	Total Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			
				Principal	Interest	Total	
				Principal	Interest	Total	
Coverage							
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	3,228,690	3.35
2002	63,036,735	47,308,016	15,728,719	2,236,385	848,490	3,084,875	5.10
2003	78,194,671	52,483,907	25,710,764	1,666,071	473,851	2,139,922	12.01
2004	74,706,630	54,579,731	20,126,899	1,568,586	414,900	1,983,486	10.15
2005	80,074,804	58,161,700	21,913,104	1,456,617	318,752	1,775,369	12.34
2006	89,735,898	61,879,529	27,856,369	1,322,784	218,834	1,541,618	18.07
2007	83,223,811	61,514,435	21,709,376	1,357,183	143,305	1,500,488	14.47

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

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

Fiscal Year	Gross Revenue	Operating and Maintenance Expense	Gross Revenues Times Expense	Maximum Annual Debt Service Requirement			
				Principal	Interest	Total	
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	1,330,000	318,631	1,648,631	1.74
2003	4,813,110	1,576,324	3.05	1,510,000	411,084	1,921,084	1.68
2004	4,856,102	1,619,998	3.00	1,510,000	411,084	1,921,084	1.68
2005	4,787,315	1,938,716	2.47	1,635,000	467,365	2,102,365	1.35
2006	5,620,198	2,062,502	2.72	1,700,000	515,468	2,215,468	1.61
2007	5,590,039	2,099,427	2.66	1,785,000	582,979	2,367,979	1.47

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

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

Table 15

Fiscal Year	DEMOGRAPHICS					Unemployment Rate (%)
	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	PISD School Enrollment		
1998	216,000	5,258,618	24,345	43,460		2.0
1999	220,200	6,428,478	29,194	43,514		2.0
2000	233,200	6,720,560	28,819	46,115		2.2
2001	230,409	6,873,745	29,833	47,364		4.3
2002	235,949	8,360,561	35,434	50,632		5.6
2003	240,545	8,663,388	36,016	51,800		5.9
2004	246,098	8,337,833	33,880	51,244		3.8
2005	248,912	8,535,705	34,292	51,446		4.4
2006	254,082	9,491,143	37,355	53,181		4.0
2007	257,600	10,250,853	39,794	52,997		3.9

Sources: Population estimates were prepared by the City of Plano. Personal income estimates were obtained from the U. S. Census Bureau for the year 2006. School enrollment figures were provided by the Plano Independent School District (PISD). Unemployment rates were provided by the Texas Workforce Commission.

Table 16

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

	2007			1999		
	Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
	Countrywide Home Loans	10,762	7.25	Electronic Data Systems	12,000	10.43
	Electronic Data Systems	5,700	3.84	J.C. Penney, Inc.	4,000	3.48
	J.C. Penney, Inc.	4,650	3.13	DSC Communications Corporation	3,800	3.30
	Perot Systems Corporation	2,732	1.84	Frito-Lay	2,400	2.09
	Alcatel	2,280	1.54	J.C. Penney Life Insurance	1,350	1.17
	Frito-Lay	2,050	1.38	Countrywide Home Loans	1,300	1.13
	CHC Acquisition Corporation	2,000	1.35	HCA Medical Center of Plano	1,200	1.04
	Dr. Pepper/SevenUp Corporation	1,700	1.14	Dallas Morning News	900	0.78
	Presbyterian Hospital of Plano	1,497	1.01	Texas Instruments Incorporated	800	0.70
	Medical Center of Plano	1,491	1.00	Dr. Pepper/SevenUp Corporation	750	0.65
	Total	34,862	23.48	Total	28,500	24.77

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

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

Table 17

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government	65.0	67.0	62.5	63.0	64.0	64.0	63.0	60.0	58.5	N/A
Administrative services	79.0	74.5	77.5	73.0	75.0	82.0	80.5	77.0	73.5	N/A
Police	661.5	622.0	630.5	607.0	613.5	612.5	587.0	542.5	528.5	N/A
Fire	333.0	322.0	298.5	300.5	293.5	292.5	288.0	281.5	264.0	N/A
Libraries	170.0	167.0	161.0	161.5	173.0	174.5	170.5	148.5	143.0	N/A
Development	164.0	174.0	170.0	167.0	174.5	178.0	178.5	176.5	163.0	N/A
Public services and operations	66.5	64.0	71.0	66.5	68.5	66.5	68.0	62.5	56.0	N/A
Parks and recreation	311.5	303.5	299.5	301.5	293.0	300.0	263.5	228.5	191.5	N/A
Public works	61.0	63.0	64.0	62.5	61.0	65.0	62.5	69.0	67.5	N/A
Technology services	47.0	46.0	46.0	41.0	40.0	40.0	36.0	34.0	31.0	N/A
Water and sewer	147.5	139.5	144.5	148.5	139.0	143.0	137.0	119.0	117.0	N/A
Environmental waste services	89.5	85.0	86.5	86.0	83.5	85.0	84.0	69.0	64.5	N/A
Municipal drainage	18.0	18.0	18.5	18.0	18.0	15.0	15.5	15.5	12.5	N/A
Civic center	49.0	46.0	48.0	47.0	40.5	40.5	39.0	37.0	31.5	N/A
Municipal golf course	9.0	9.0	10.0	10.0	9.0	10.0	10.0	9.0	10.5	N/A
Recreation revolving	107.0	111.5	131.0	135.5	143.0	142.0	124.0	105.5	102.5	N/A
Total	2,378.5	2,312.0	2,319.0	2,288.5	2,289.0	2,310.5	2,207.0	2,035.0	1,915.0	

N/A - Data not available

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

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Administrative Services										
Legal										
Ordinance/resolution review/preparation	677	605	525	500	700	600	600	775	750	727
Human Resources										
Full-time employees	2,050	1,991	1,952	1,840	1,856	1,890	1,875	1,765	1,685	1,549
Accounting										
Payment requests processed	82,630	84,642	76,872	70,000	84,000	58,000	70,000	70,000	66,500	67,400
Police										
Employees (uniformed)	343	335	329	323	315	322	315	309	251	275
Citations	79,224	101,199	93,502	101,804	109,422	102,345	88,204	69,736	56,905	42,265
Public Safety Communications										
911 calls*	165,194	169,559	168,560	161,332	178,410	177,398	182,848	159,853	124,333	137,088
911 dispatches*	146,277	150,904	142,993	146,592	137,212	141,008	134,670	131,312	109,929	111,992
Fire										
Employees (uniformed)	319	308	287	282	276	274	269	267	284	227
Fire runs	18,964	18,178	17,085	16,011	17,214	16,936	16,640	15,034	14,255	13,120
EMS runs	11,734	10,786	10,214	9,362	9,022	8,968	8,946	8,259	7,564	7,118
Libraries										
Volumes in collection	761,236	738,939	730,837	686,861	648,998	642,692	605,735	578,311	506,697	437,193
Registered borrowers	173,341	174,970	184,980	176,355	167,370	144,386	140,161	127,902	126,035	122,702
Development										
Building Inspections										
Inspections (all construction)	80,732	91,166	91,401	90,459	89,356	78,597	98,598	106,160	114,031	130,942
New construction permits issued	1,578	1,957	1,608	1,633	1,652	1,615	2,381	3,696	3,696	3,081
Engineering										
New Streets/Alleys paved (miles)	16	9	8	7	6	23	17	36	44	50
New Water lines installed (miles)	18	21	21	20	18	42	56	56	52	51
Public Services and Operations										
Environmental Health										
Inspections	3,909	3,445	3,593	3,476	3,292	2,984	2,602	2,852	2,445	2,212
Animal Control										
Animals impounded	6,241	5,464	6,848	5,413	5,546	5,723	3,544	6,192	6,148	3,972

(continued)

Table 18
(continued)

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

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Parks and Recreation										
Park maintain & operate per acre	491	462	543	524	NA	NA	NA	NA	NA	NA
Athletic field maintain & operate per acre	15,052	13,621	10,669	8,377	NA	NA	NA	NA	NA	NA
Recreation attendance	1,691,348	1,675,541	1,864,361	1,874,506	1,849,450	1,874,666	1,750,812	1,612,836	1,399,860	1,448,075
Recreation center members	16,371	15,849	16,412	14,815	15,498	20,274	19,795	15,388	14,430	NA
Public Works										
Streets										
Street Excavate/Replace (Sq Ft)	1,005,678	828,864	469,602	752,382	779,175	835,587	409,014	456,858	510,876	331,263
Water and Sewer										
Water Customers	77,961	77,400	76,305	75,307	74,014	73,109	71,920	67,241	67,241	64,184
Average Daily Water Consumption (gal)	52,211,000	66,758,838	53,531,312	57,239,000	53,580,000	41,400,000	53,623,000	57,820,000	57,820,000	38,263,211
Maximum Storage Capacity (gal)	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	72,000,000	62,000,000
Environmental Waste Services (residential)										
Refuse collected (tons)	63,154	61,095	66,048	67,187	65,573	65,954	66,419	65,467	66,323	59,798
Bulky waste pickups (tons)	5,240	4,717	4,786	3,118	5,132	4,858	4,382	5,552	5,071	3,588
Recyclables collected (tons)	20,469	20,667	20,449	20,721	20,435	20,056	18,743	16,485	13,403	12,776
Yard trimmings collected (tons)	24,541	19,021	20,649	19,636	20,211	19,417	21,069	19,341	16,909	14,640
Municipal Drainage										
Environmental assessment requests	120	128	99	90	95	70	102	84	125	125
Storm sewer inlets maintained	10,483	10,200	9,800	9,500	9,050	9,078	8,972	8,700	8,700	8,700
Civic Center										
Events booked and serviced	1,256	1,205	861	803	1,000	1,370	853	875	871	798
Municipal Golf Course										
Rounds of golf played	51,254	55,670	58,917	61,188	54,654	61,428	66,183	70,342	72,948	71,811
Recreation Revolving										
Courses completed	6,504	6,220	6,514	6,005	5,270	5,670	5,551	4,701	NA	NA

Source: City Departments

Notes: N/A - Data not available

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

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

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

Table 19

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police										
Number of stations	3	1	1	1	1	1	1	1	1	1
Number of patrol units	135	140	115	109	113	103	113	NA	NA	NA
Number of motorcycle units	8	9	8	9	9	9	10	NA	NA	NA
Fire										
Number of stations	11	10	10	10	10	10	10	10	10	9
Number of fire engines/trucks	21	21	20	19	NA	NA	NA	NA	NA	NA
Number of EMS trucks	8	9	8	8	NA	NA	NA	NA	NA	NA
Libraries										
Number of libraries	5	5	5	5	5	5	5	4	5	4
Development										
Planning										
Streets- Paved (miles)	1004	990	980	973	966	961	944	903	903	857
Alleys- Paved (miles)	516	515	513	512	512	512	506	494	494	460
Public Services and Operations										
Animal Services										
Animal control trucks	14	11	7	7	7	NA	NA	NA	NA	NA
Parks and Recreation										
Parks* (acres)	3858	3,827	3,820	3,809	3,658	3,657	3,638	3,464	3,464	3,376
Athletic fields	175	175	175	175	175	187	187	188	173	176
Playgrounds	68	67	60	68	63	59	59	59	59	55
Recreation centers	5	4	4	3	3	3	3	3	2	2
Tennis centers	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Aquatic/Natorium	4	3	3	3	3	3	3	3	3	3
Public Works										
Traffic signals	207	205	203	197	193	186	180	166	152	139

(continued)

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

Table 19
(continued)

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Water and Sewer										
Water mains (miles)	1317	1,295	1,268	1,248	1,226	1,207	1,164	1,077	1,077	969
Sanitary sewers (miles)	992	981	968	959	952	923	923	874	874	802
Fire hydrants	13840	13,555	13,224	12,906	12,646	12,356	11,774	10,622	10,622	9,277
Environmental Waste Services										
Collection trucks	42	38	37	NA	NA	NA	NA	NA	NA	NA
Municipal Drainage										
Storm sewers (miles)	635	622	467	600	590	466	466	345	345	322
Civic Center										
Civic Centers	1	1	1	1	1	1	1	1	1	1

Source: City Departments

Notes: N/A - Data not available.

*Includes Golf Course

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The City of Plano, Texas (the City) as of and for the year ended September 30, 2007, and have issued our report thereon dated December 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Grant Thornton LLP

Dallas, Texas
December 28, 2007

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

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

Compliance

We have audited the compliance of The City of Plano, Texas (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2007. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2007.

Internal Control Over Compliance

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

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

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

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

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

Grant Thornton LLP

Dallas, Texas
December 28, 2007

CITY OF PLANO, TEXAS

Schedule of Expenditures of Federal Awards

September 30, 2007

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Pass-through Entity identifying number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	14.218	B-07-MC-48-0035	\$ 1,655,668
HOME Program	14.239	M-07-MC-48-0234	<u>321,900</u>
Total U.S. Department of Housing and Urban Development			<u>1,977,568</u>
U.S. Department of Homeland Security:			
Passed through Governor's Division of Emergency Management			
2005 Buffer Zone Protection Program	97.078	2005 BZPP - 58016	49,356
2005 Buffer Zone Protection Program	97.078	2005 BZPP - 58016	49,350
2005 Law Enforcement Terrorism Prevention Program	97.074	2005 HSGP - 58016	68,675
2005 State Homeland Security Program	97.073	2005 HSGP - 58016	8,180
2005 Urban Areas Security Initiative	97.008	2005 HSGP - 58016	298,124
2006 Urban Areas Security Initiative	97.008	06-SR 58016-01	<u>65,841</u>
Total U.S. Department of Homeland Security			<u>539,526</u>
U.S. Department of Transportation:			
Passed through Texas Department of Transportation-			
STEP - Comprehensive	20.600	586XXF6025	1,672
STEP - Comprehensive	20.600	587XXF6031	146,301
STEP - Click It or Ticket	20.609	587XXF6158	5,083
STEP - Impaired Driving Mobilization	20.601	587XXF6121	<u>18,337</u>
Total U.S. Department of Transportation			<u>171,393</u>
U.S. Department of Agriculture:			
Passed through Texas Health and Human Services Commission			
Parks and Recreation Summer Food Program	10.559	TX-043-1002	<u>37,983</u>
Total U.S. Department of Agriculture			<u>37,983</u>
U.S. Department of Justice:			
Organized Crime Drug Enforcement Task Force	16.xxx	Not Applicable	<u>27,028</u>
Subtotal Direct Programs			<u>27,028</u>
Passed through Navarro County Sheriff's Office			
HIDTA - North Texas	16.xxx	Various	10,386
Passed through University of North Texas			
National Integrated Ballistic Information Network	16.609	72304-1	<u>46,201</u>
Total U.S. Department of Justice			<u>56,587</u>
U.S. Department of Treasury:			
MATF - Metro Alien Task Force	21.xxx		9,962
NTAFTF - North Texas Asset Forfeiture Task Force	21.xxx		6,654
FBI Computer Crime Lab Task Force			<u>5,793</u>
Total U.S. Department of Treasury			<u>22,409</u>
U.S. Department of Health and Human Services			
Passed through Texas Health and Human Services Commission			
CPS/Bioterrorism Chempack	93.283	6X531BIOT	2,500
CPS/Bioterrorism Chempack	93.283	7X531BIOT	<u>2,500</u>
Total U.S. Department of Health and Human Services			<u>5,000</u>
 Total federal expenditures			 <u>\$ 2,837,494</u>

The accompanying notes are an integral part of this schedule.

CITY OF PLANO, TEXAS

Notes to Schedule of Expenditures of Federal Awards

September 30, 2007

(1) General

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

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

(2) Subrecipients

The City provided approximately \$623,000 and \$171,000 to subrecipients from the Community Development Block Grant and HOME program, respectively.

(3) Loans

At September 30, 2007, the amount of loans outstanding related to the Community Development Block Grant and HOME program were approximately \$887,000 and \$60,000, respectively.

City of Plano, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2007

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal controls over major program:

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

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

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

Identification of major program:

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

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

Auditee qualified as low-risk auditee? Yes

City of Plano, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended September 30, 2007

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

The audit disclosed no findings required to be reported.

PART III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

The audit disclosed no findings required to be reported.



city of plano texas

CITY OF PLANO, TEXAS
for fiscal year ended september 30, 2007

