

City Government

Plano was incorporated on June 2, 1873, under the provisions of H.B. 901 of the Texas Legislature. It was subsequently chartered as a Home Rule City on June 10, 1961, and operates under a Council-Manager form of government. The Council sets City policy and the Manager is responsible for City operations. Citizen advisory boards and commissions add to the governing process.

The City Council is comprised of a Mayor and seven members, all elected citywide, 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 Municipal Judge.

Pat Evans

Mayor
Place 6

Jean Callison

Mayor Pro Tem
Place 7

Harry LaRosiliere

Deputy Mayor Pro Tem
Place 5

Pat Miner

Place 1

Scott Johnson

Place 2

Mabrie Jackson

Place 3

Sally Magnuson

Place 4

Lee Dunlap

Place 8

The City Manager, **Thomas H. Muehlenbeck**, 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 City's Director of Finance, **Denise Tacke**, is the chief fiscal officer of the City and acts as the primary contact with the City's bond counsel, rating agencies and underwriters and is also responsible for general supervision and oversight of the Accounting, Purchasing, Warehouse, Treasury, Municipal Court, Risk Management and Financial Systems divisions.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**City of Plano
Texas**

for the Fiscal Year Ended

September 30, 2007



Kim L. Rott
President

Jeffrey L. Esser
Executive Director

Personality of Plano

Plano's Profile

Population	274,300	Page 1
Unemployment Rate	4.8%	Page 5
Median Income	\$79,687	Page 5
Property Tax Rate	0.4735	Page 6

Plano's Prosperity

Property Tax Collections	\$115,343,287	Page 7
Sales Tax Collections	\$62,122,119	Page 8
Corporate Development	\$345,236,133	Page 9
Community Development	\$ 85,034,955	Page 9

Plano's Performance

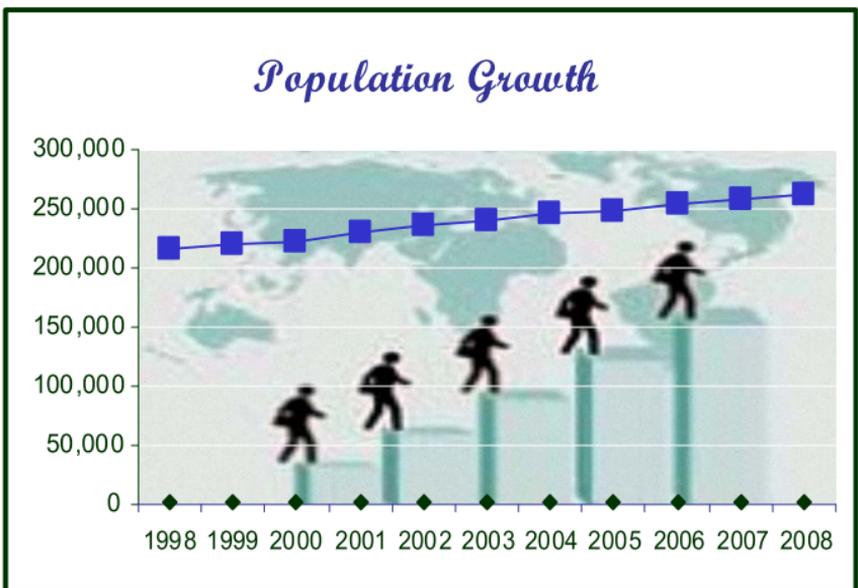
Statement of Net Assets	\$1.2 billion	Page 11
Statement of Activities	\$35.0 million	Page 15
Governmental Funds		Page 17
Proprietary Funds		Page 23
More Citizen Surveys		Page 27

Plano's Personnel

Organizational Chart		Page 29
Contact Information		Page 30

Plano's Profile

Designated in July 2006 by CNN Money as the 11th most desirable place to live in the nation and one of the best places to retire, Plano is a hometown choice of 261,500 residents. Estimates have projected Plano's residential population at approximately 264,300 in 2010 and 274,300 in 2020. With Plano's land supply never exceeding its 72 square miles, the new shift in housing and business growth will be a focus on building up, not out. In years to come, Plano will transition from suburban expansion to the more innovative process of urban infill and redevelopment. In June 2008, Salary.com named Plano as the number one place to build personal wealth, based on job availability, industry diversity, population, education level, salary level, cost of living, work commute time, poverty level and proximity to educational institutes on their Salary Value Index.



The largest city in Collin County, located 20 miles north of downtown Dallas, Plano continues to garner national accolades and serve as a role model among municipalities for its quality of lifestyle and environmental initiatives. Designated as an All-America City in 1994, the highest honor a city may receive by the National Civic League, Plano continues to exceed in civic excellence.

In August 2008, the Census Bureau named Plano "the most affluent city in the USA." The Bureau's annual report named Plano with the highest income and lowest poverty rate among cities with populations of 250,000 or more.

Nationally accredited since 1994, the Plano Parks and Recreation department is a three-time winner of the National Gold Medal for Excellence in Parks and Recreation Management. The first of three accredited parks and recreation departments in the state of Texas and one of the first eight in the nation, the City features 81 public parks, 51 miles of recreational trails, two nature preserves, an amphitheater, a senior citizen's

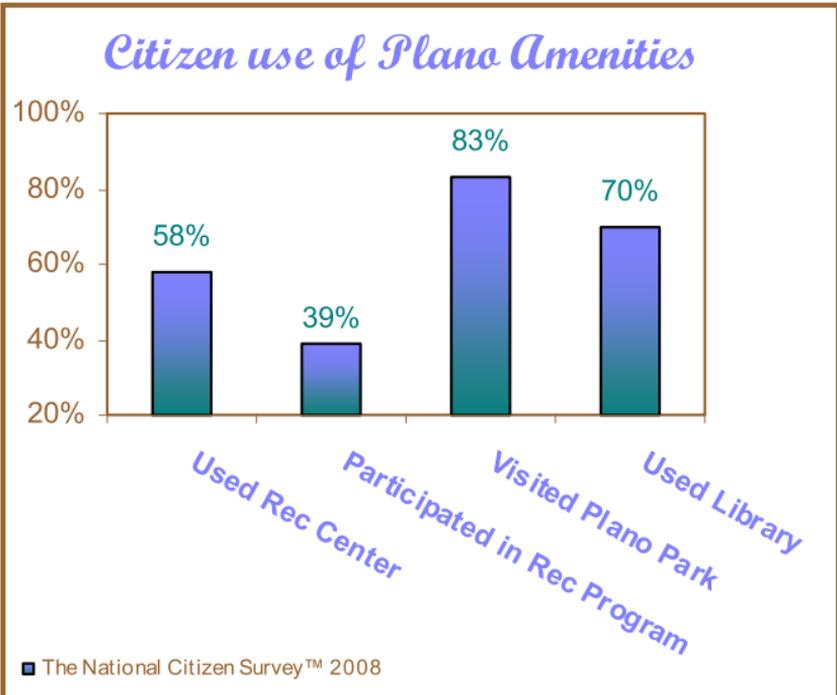
center, a city/school outdoor learning center, seven recreation centers and three public golf courses just to name a few.

Located on the western border of Plano, Arbor Hills Nature Preserve is a 200-acre park featuring vast areas of natural beauty for walking, jogging, hiking, orienteering, and other outdoor activity.



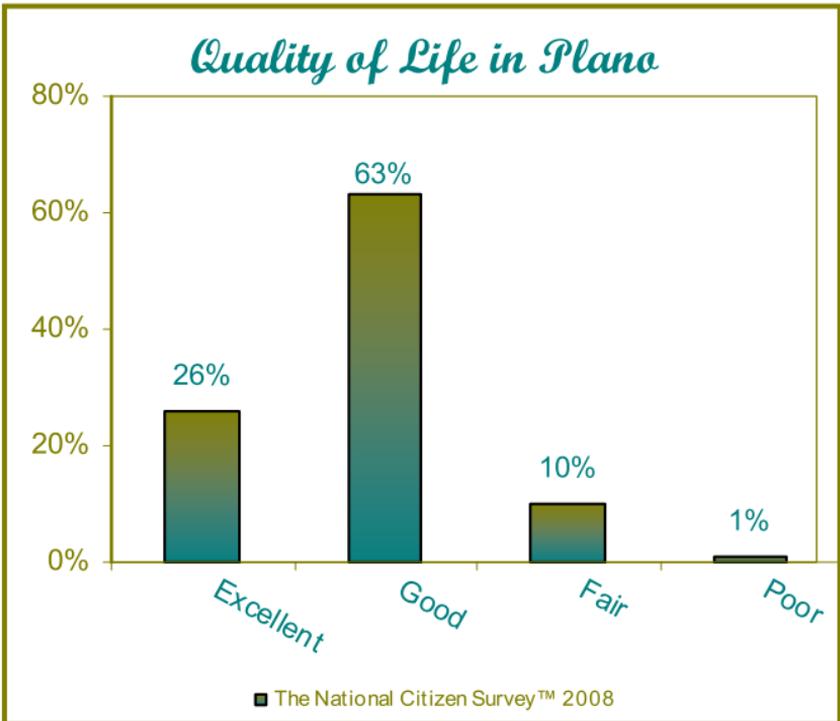
Located in central Plano, Big Lake Park is a neighborhood park with a playground, picnic tables, grills, a drinking fountain, and a hike/bike trail.

Other benefits to citizens of Plano include five public libraries with 804,410 volumes and public internet access, eGovernment (a multitude of convenient on-line services), 10 public swimming pools, 71 playgrounds, 179 athletic fields, and participation in the North Texas Municipal Water District, a “Superior” rated water system. Plano also prides an award-winning public school system boasting three senior high school campuses, two community college campuses and four other institutes of higher learning.

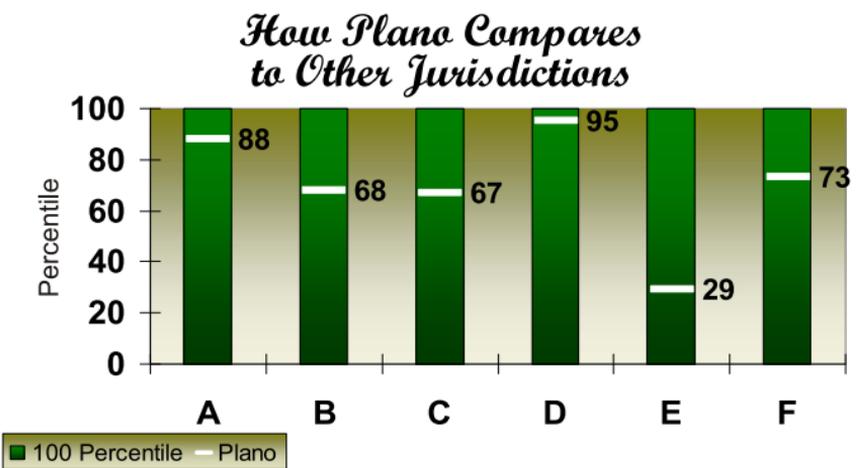


Plano's Profile

In 2008, Plano citizens were asked to describe the quality of life in Plano. As shown, 89% of the respondents reported that the quality of life in Plano was either excellent at 26%, or good, 63%.



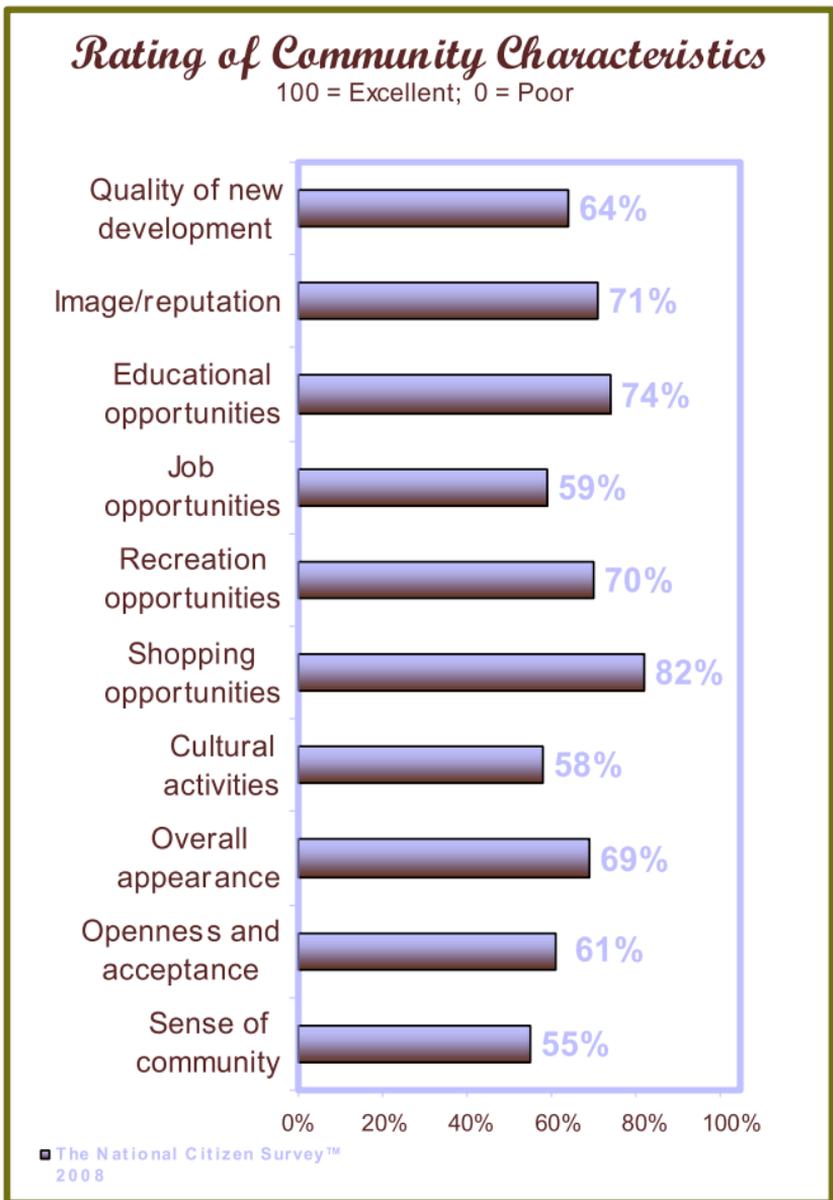
The National Citizen Survey™ collected citizen surveys in over 500 jurisdictions in the United States. If the same question was asked by at least five jurisdictions, a comparison among those jurisdictions was reported.



- A. Plano as a place to live
- B. Your neighborhood as a place to live
- C. Plano as a place to raise children
- D. Plano as a place to work
- E. Plano as a place to retire
- F. The overall quality of life in Plano

With the exception of Plano as a place to retire, the City ranked "above the norm" on all jurisdiction comparisons.

Along with Plano’s residents, CNN Money has noted that Plano has the best possible blend of good jobs, low crime, quality schools, plenty of open space, rational home prices and lots to do. Additionally, Plano has convenient access to four airports (international, regional, municipal and private) as well as the benefit of membership in the regional public transportation system known as DART (Dallas Area Rapid Transit). This allows Plano to be served by more than a dozen bus routes, with access to light rail stations as well as park and ride locations for commuters.



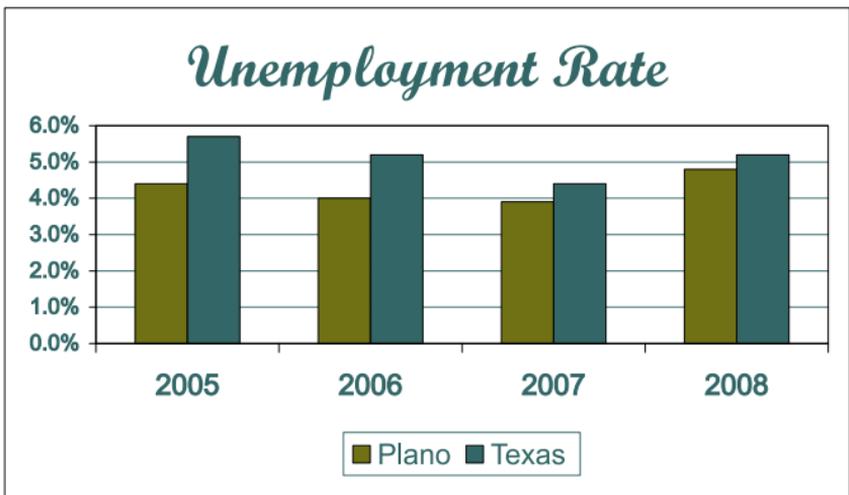
With its vitality and charisma, residents and visitors enjoy exploring the exciting opportunities of Plano, Texas. One will find nightlife, colorful heritage, historical museums, an abundance of shopping and much more.

Titled “The Hot Air Balloon Capital of Texas,” Plano hosts the annual balloon festival every September, featuring over 100 hot air balloons. Listed on The National Register of Historic Places and fully accredited by the American Association of Museums, the Heritage Farmstead in Plano offers a step back in time for a visit to an 1891 Victorian farmstead. Transportation history is brought back to life with Plano’s Interurban Museum featuring one of the original electric cars that ran the tracks through Plano. In addition, a walking tour of downtown Plano bestows old-fashioned brick streets and numerous quaint boutiques.

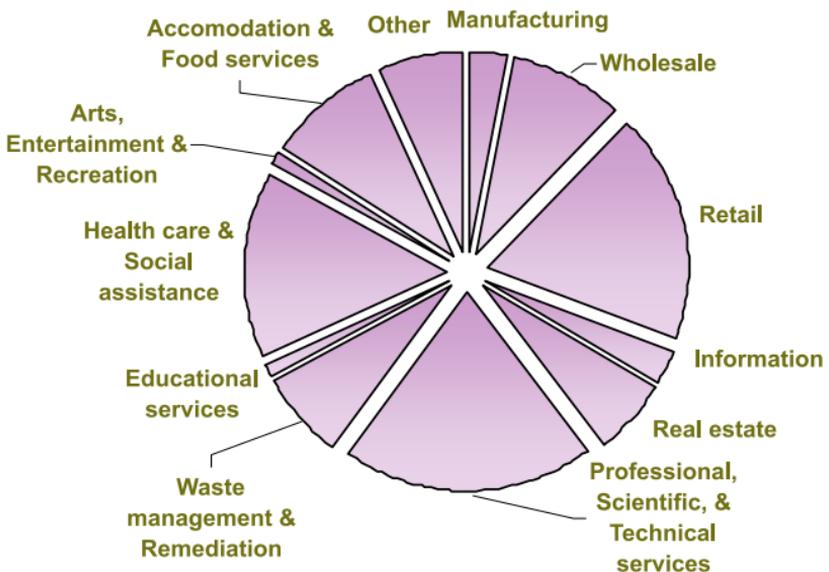
Plano's Profile

Plano's greatest economic strength is its diversified employment base. The three largest job sectors are retail and wholesale trade, services and manufacturing. Growth in the region continues to be concentrated on healthcare and small businesses rather than technology, although the past year has seen booming increases for Plano-based oil and gas companies. Current trends indicate great interest in the redevelopment of mature commercial centers and infill projects.

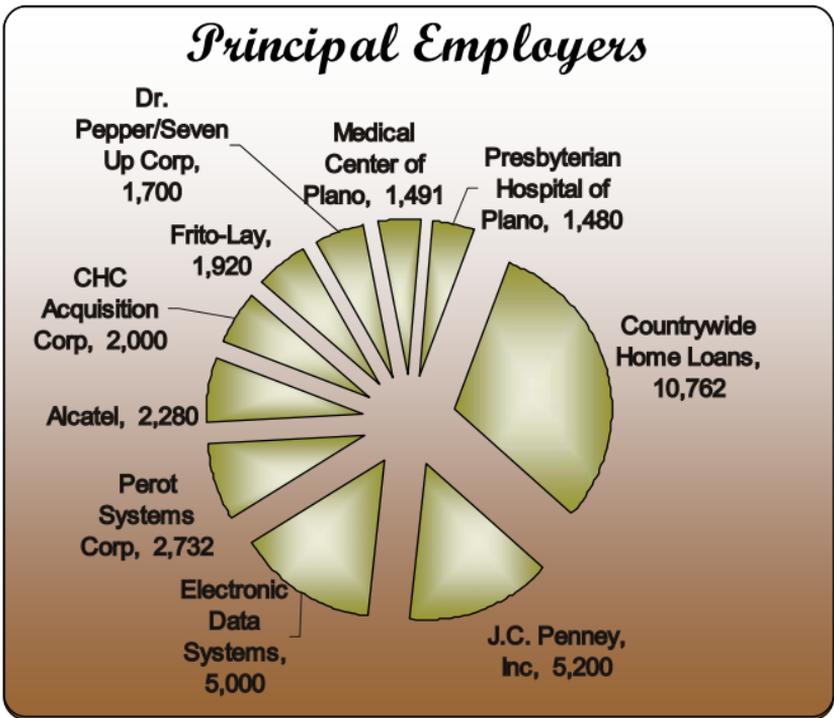
Nationwide employment statistics continue to show the region as leading the country in employment growth, ahead of much larger metropolitan areas, with significant expansion in the service-providing job cluster. The City's unemployment rate for fiscal year 2008 was 4.8%, increasing 0.9% from the 2007 rate of 3.9%. The Texas state average for October 2008 was 5.2%. Ranked at 69 on the list of the most populous cities over 100,000 by the US Census Bureau estimate, Plano's median average household income is approximately \$79,687, 59% above the national average of \$50,007. In August 2007, CNN Money listed Plano as the highest median income of cities with 250,000 or more residents in the United States.



Industry Composition



Contributing to the low levels of unemployment, Plano has been fortunate to have some of the country's largest and most recognized corporate employers make Plano their home. The principal employers within the City claim 23.36% of the total City employment, which equates to 34,565 employees.



In September 2006, the Plano City Council increased the property tax rate by two cents to 47.35 cents per \$100 of assessed valuation, specifically dedicated to continued economic development projects and enhanced business attraction and retention in order to remain competitive with neighboring cities. Offering a lower property tax rate and greater homestead exemptions than neighboring cities, Plano continues to offer the lowest municipal tax rate in the area, based on a property tax base of \$24.5 billion. Plano also continues to be the only city in Collin County to offer its residents a 20% Homestead Exemption and up to \$40,000 for Disability or Over 65 exemptions. In addition, since May 2004, the City has approved a property tax freeze for homeowners over the age of 65, their spouses and the disabled. The average single-family market and taxable value for a Plano home is \$253,380 and \$202,317 respectively.

Where the Money Goes



Plano's Prosperity

Property Tax collections, the City's largest revenue source, were \$115,343,287 in fiscal year 2008. The assessed value for the tax roll of January 1, 2007, upon which the original 2008 levy was based, was \$24,511,500,675. This tax roll includes \$568 million in new property coming online and an increase of \$1.7 billion, or 7.5%, in existing property values. Overall, the January 1, 2007 tax roll increased \$1.7 billion or 7.4% over prior year.

The 2007 tax roll Homestead, Disability and Over 65 Exemptions combined with ad valorem tax freezes on the residential homestead of citizens over 65 and disabled totaled \$4.8 billion in assessed property value, which equates to \$22.0 million in lost property tax collections in fiscal year 2008.

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 the year ended September 30, 2008, the City's \$0.4735 tax rate leaves a margin of \$2.0265, in which approximately \$498,862,737 in additional taxes could have been levied from the present assessed valuation.

Property Tax Values and Collections



Seventy six percent of Plano's \$30,035,155,976 property tax market value is the combination of 56% single-family residence and 20% commercial real property. The City's top five taxpayers are Electronic Data Systems Corp, TXU Electric Delivery Company, J C Penney Co. Inc., Willow Bend Shopping Center LP, and Alcatel USA Sourcing with a combined market and taxable value of \$905 million and \$787 million respectively.

Committed to a growth-oriented business environment, Plano offers an attractive tax incentive program designed to promote ongoing development for businesses of all types and sizes. Committed to the promotion and retention of high quality neighborhoods and development, the City has a Capital Improvement Program to continually heighten the amenities offered to the citizenry. A portion of the Ad Valorem tax rate funds the largest of the CIP categories, General Obligation Improvements. These projects include municipal facilities, park, and street Improvements.

In 2008, there was a net increase of \$34.7 million in major additions to the City’s capital assets that offered enhancements to the quality of life in Plano. The major additions include \$11.6 million in street improvements, \$7.0 million in construction of a MotoMesh network, \$6.5 million in acquisition and improvements to parks and athletic facilities, \$4.0 million in construction of Fire Station 12/Logistics Facility and Emergency Operations Center, \$2.6 million expansion of the Police Academy and \$1.0 million in replacement of various traffic signals.

Did
You
Know?

It will be red trucks next to “green buildings” when Plano’s new Fire Station No. 12 - Emergency Operations Center - Logistics Building is completed. Leadership in Energy and Environmental Design-Certified, features include light colored reflective surfaces to reduce heat gain inside and out, a gray water reuse recovery system, a design 20– 25 percent more energy efficient than comparable buildings and superior indoor air quality through use of low or Zero volatile organic compound products. More than 40 percent of all construction materials are locally manufactured with more than 20 percent recycled content.

Source: 2007 Plano Annual Performance Initiative

Sales Tax collections, the City’s second largest revenue source, were \$62,122,119 in fiscal year 2007-08, an increase of 0.89% from the prior fiscal year. The \$0.5 million increase is primarily due to a \$0.4 million decrease in unfavorable State audit adjustments in the current year.

The City of Plano’s local portion of the 8.25% sales tax is used to fund the City’s general expenses. 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.

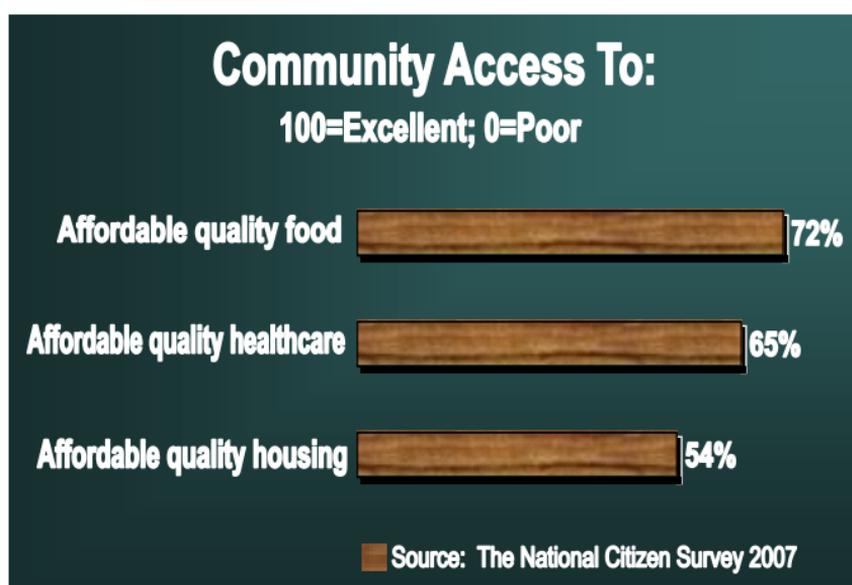
Sales Tax Allocation



Plano's Prosperity

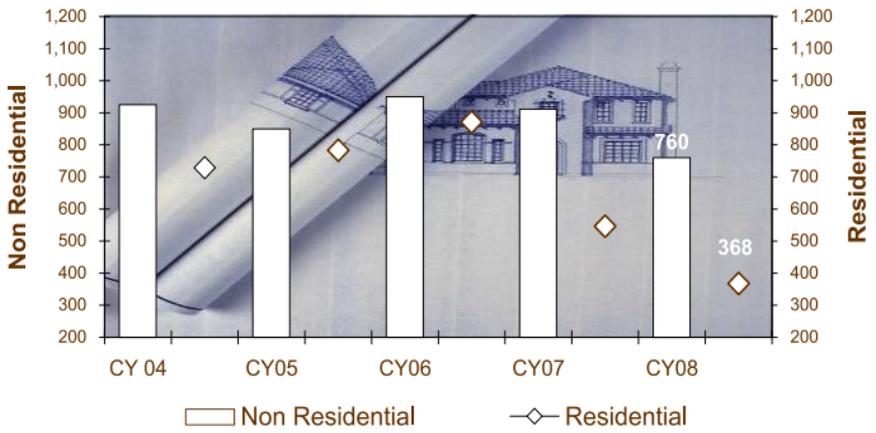
To amplify its corporate development, the City of Plano offers tax abatement for commercial or industrial new business construction or facility expansion, as well as business personal property tax associated with real property. The tax abatement applies to the value of improvements made. Subsequent to tax abatements awarded from the City, numerous companies have significantly expanded since moving to Plano, further contributing to the City's growth. In 2008, there were 760 non-residential construction permits issued with a total value of \$345.2 million, a decrease of 151 permits and \$38.6 million in valuation from the prior year.

In 2008, through continued pro-business attitude and enthusiastic accommodation of industry, the City's commercial development continued to prosper in the existing technology and retail industry as well as the newly arriving healthcare industry. Home to many corporate giants, such as JCPenney (ranked 126 on Fortune's 2008 America's Largest Corporations and 429 on their World's Largest Companies), EDS (ranked 115 on Fortune's 2008 America's Largest Corporations and 384 on their World's Largest Companies), Frito-Lay, Alcatel and Dr. Pepper, the City of Plano has been fortunate over the past two decades to have numerous corporate citizens make Plano their home. With one of the lowest property tax rates in the state of Texas, companies locating to Plano boost their bottom line while offering a high quality of life for employees. In fact, realizing the benefits of living and working in the same community, 41.1% of Plano's residents are employed within the City limits.



While Plano continues to experience positive growth in commercial construction, new home construction is on the decline as a result of the economic slow down and the impending land lock of all residentially zoned areas. In 2008, there were 368 new residential single-family permits issued, with a total home valuation of \$85.0 million.

Permits Issued



An abridged list of the 2008 highlights for business relocations and expansions include:

RELOCATIONS

- * ARGUS Software
- * B&R Energy
- * DR. Pepper Snapple Group
- * Forex Capital Markets
- * GE Healthcare Integrated IT Solutions
- * Invensys Systems
- * Keste
- * Layered Technologies
- * LifePort Interiors
- * ND SatCom
- * Optical Cabling Systems
- * Picture People
- * Precision Technology
- * SCOR Global Life
- * SHW Group
- * Specialty Risk Services
- * Terex Corporation
- * Texakoma Operating
- * The Wizetrade Group

EXPANSIONS OF EXISTING BUSINESSES

- * Adams Golf, Inc
- * Cadbury plc
- * Capitol One Financial Corporation
- * Cinemark USA, Inc
- * CVE Technologies Group
- * Denbury Resources, Inc.
- * FutureWei
- * Krypton-Solutions
- * Pasco Brokerage, Inc
- * PepsiCo
- * Prodea Systems
- * United HealthCare Services, Inc

Plan's Performance

The Statement of Net Assets, as of September 30, 2008, presents a government wide financial analysis of the City's assets, liabilities and net assets.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current and other assets	\$ 277,489,527	\$ 41,472,609	\$ 318,962,136	\$ 18,418,255
Restricted assets	3,110,597	24,991,310	28,101,907	-
Capital assets	908,534,012	383,451,023	1,291,985,035	4,346,233
Total Assets	<u>1,189,134,136</u>	<u>449,914,942</u>	<u>1,639,049,078</u>	<u>22,764,488</u>
LIABILITIES				
Payables and other	26,621,772	10,473,290	37,095,062	75,466
Non-current liabilities				
Due within one year	36,339,655	3,752,082	40,091,737	781,810
Due in more than one year	341,578,774	27,414,882	368,993,656	5,827,180
Total Liabilities	<u>404,540,201</u>	<u>41,640,254</u>	<u>446,180,455</u>	<u>6,684,456</u>
NET ASSETS				
Invested in capital assets				
(net of related debt)	700,704,326	376,593,433	1,077,297,759	4,346,233
Restricted	5,473,218	6,588,596	12,061,814	-
Unrestricted (deficit)	78,416,391	25,092,659	103,509,050	11,733,799
Total Net Assets	<u>\$ 784,593,935</u>	<u>\$ 408,274,688</u>	<u>\$ 1,192,868,623</u>	<u>\$ 16,080,032</u>

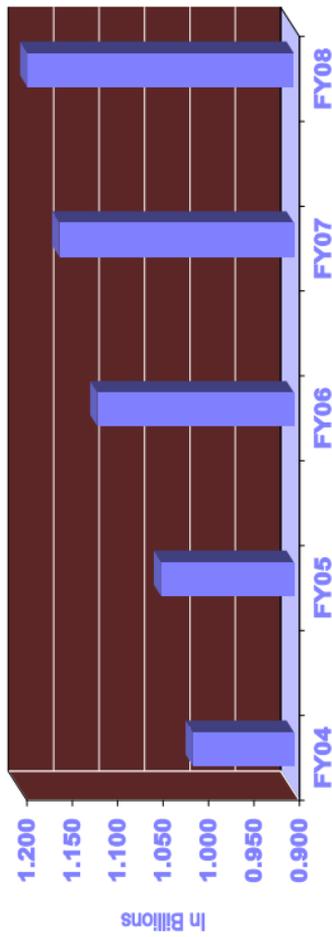
Credit Ratings Maintained by the City

Moody's Investor's Service, Inc.	Standard & Poor's Corp.	Fitch Inc
General Obligation Bonds AAA	AAA	AAA
Tax Anticipation Notes AAA	AAA	AAA
Drainage Revenue Bonds AA-	A1	-

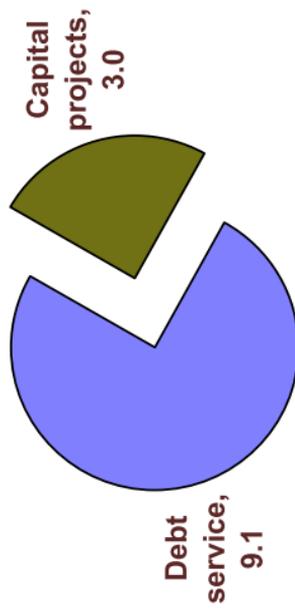
Government-wide financial statements provide financial information about the City as a whole. These statements distinguish between two types: *governmental* and *business-type* activities. For the most part, the effect of inter-fund activity has been removed from these statements. The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Net assets, the amount in which assets exceed liabilities, may serve over time as a useful indicator of a city's financial position. It is a snap shot of the City's entire resources and obligations, or net worth, at the close of the fiscal year. The City of Plano's combined net assets were \$1.2 billion as of September 30, 2008, which consists of \$785 million in governmental activities and \$408 million in business-type activities. Plano's \$1.2 billion combined net assets have increased \$35.0 million or 3.0% over the prior year.

Total Net Assets



Restricted Net Assets Fiscal Year 2008 in Millions



The three components of net assets are:

Investments in capital assets, net of related debt represents the City's investment in land, buildings, improvements other than buildings, machinery, equipment, vehicles and construction in progress.

Restricted net assets represent external restrictions imposed by creditors, grantors, contributors, or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

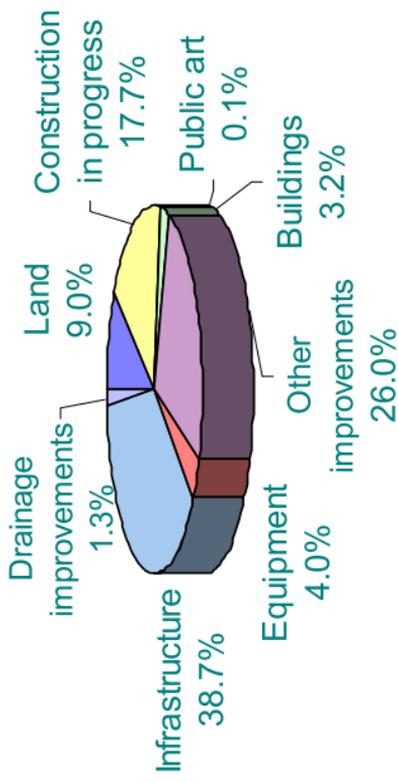
Unrestricted net assets represent net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

Plans's Performance

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

As of September 30, 2008, seventy nine percent, or \$1.3 billion, of the City's assets are invested in a broad range of capital assets, such as police and fire equipment, machinery, vehicles, buildings, park facilities, roads, water and sewer lines and construction in progress. This amount represents a net increase (including additions and deductions) of \$34.7 million over the prior fiscal year.

Capital Assets, net of depreciation 2008

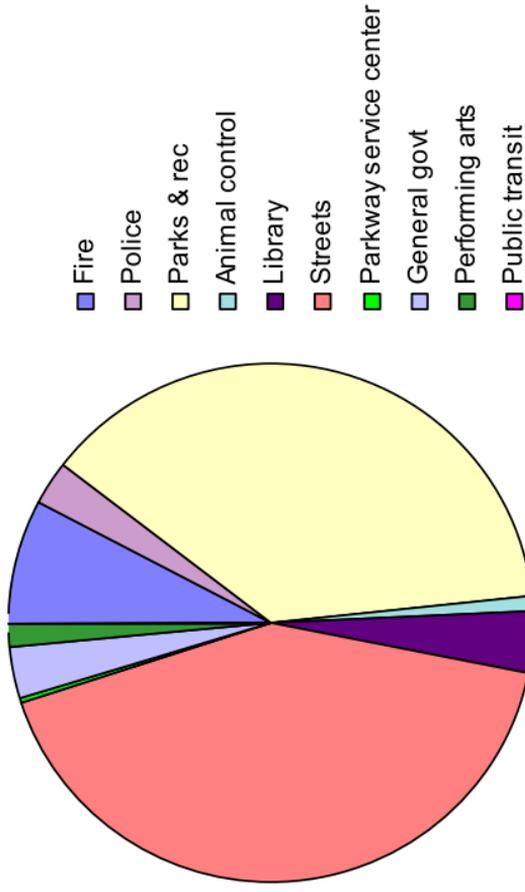


As of September 30, 2008, the City's long-term debt (including current portion) for its governmental and business-type activities amounted to \$409,085,393, which includes long-term debt, compensated absences and liability for insurance claims.

Lang Term Debt



Uses of General Obligation Bonds



\$17.1 million of the City's tax anticipation notes will be used for public safety technology upgrades, while the other \$9.3 million will be used for upgrading police and fire software and equipment. The \$3.5 million in certificates of obligation will be used for technology projects on the City's network and telecommunication systems as well as improving the City's grounds and facilities.

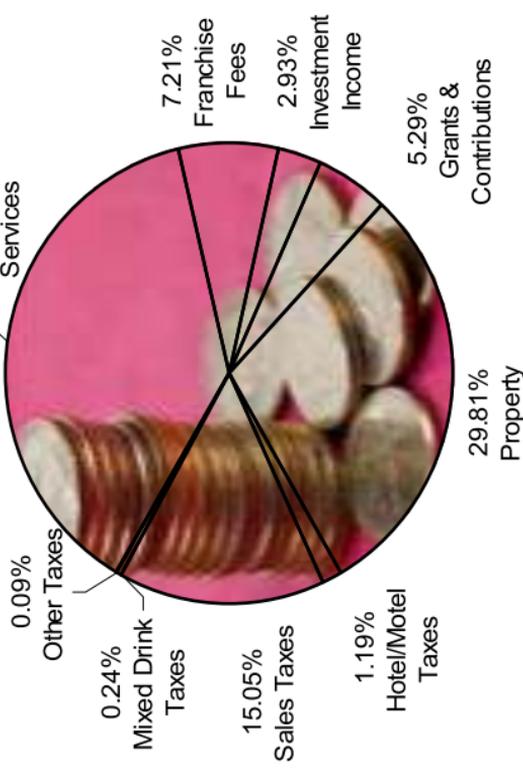
Plan's Performance

The Statement of Activities, as of September 30, 2008, presents a government wide financial analysis of how the City's net assets changed during the fiscal year.

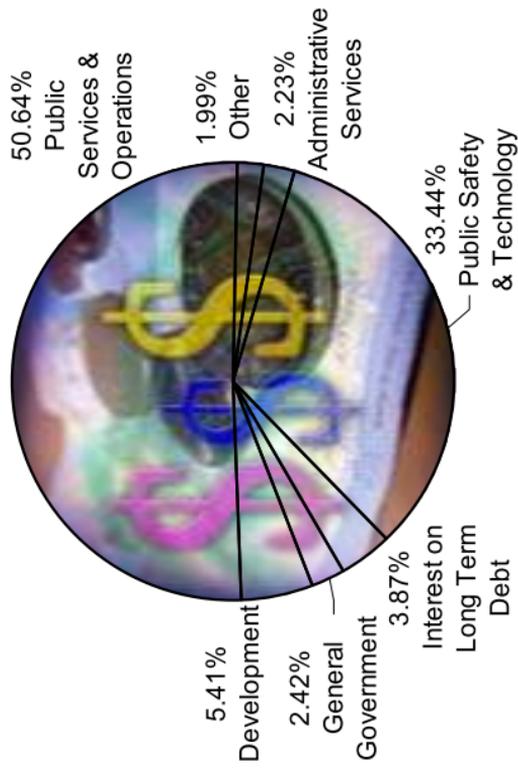
Function/Program Activities	Program Revenues			General Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes, Franchise & Investment	Governmental Activities	Primary Government	
							Business-type Activities	Total
Primary Government:								
Governmental Activities	\$ 257,618,665	\$ 31,045,640	\$ 4,773,881	\$ 9,654,400	\$ 220,246,409	\$ 8,101,665	\$ -	\$ 8,101,665
Business-type Activities	120,151,507	126,579,189	60,609	7,354,169	13,041,884	-	26,884,344	26,884,344
Total primary government	\$ 377,770,172	\$ 157,624,829	\$ 4,834,490	\$ 17,008,569	\$ 233,288,293	\$ 8,101,665	\$ 26,884,344	\$ 34,986,009
Component units:								
Economic Development	\$ 2,042,866	\$ 6,996,908	\$ -	\$ -	\$ 360,659			\$ 5,314,701
TIF Mall	5,365,165	-	-	-	4,989,314			(375,851)
TIF East Side	5,040,634	5,000	-	-	3,646,769			(1,388,865)
Total component units	\$ 12,448,665	\$ 7,001,908	\$ -	\$ -	\$ 8,996,742	\$ 13,217,146	\$ (13,217,146)	\$ 3,549,985
			Transfers					
			Change in net assets					
			Net assets - beginning			21,318,811	13,667,198	34,986,009
			Net assets - ending			763,275,124	394,607,490	1,157,882,614
						\$ 784,593,935	\$ 408,274,688	\$ 1,192,868,623

The City of Plano's general revenues increased \$7.1 million during the current fiscal year primarily due to an \$8.9 million increase in property tax and franchise fees, respectively. This increase was offset by a decrease of \$3.7 million in investment income. Program revenues increased \$15.6 million primarily due to an increase in water and sewer charges for services of \$16.5 million due to a rise in consumption as a result of less rainfall during the year. Although no new major programs were added, the total net cost of all of the City's programs increased during the current fiscal year by \$14.1 million or 7.7%.

Where the Money Comes From



Where the Money Goes



Plano's Performance

Governmental Funds

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. The City's two kinds of funds are governmental and proprietary.

The majority of the City's basic services, such as police, fire, libraries, development, public services and operations, public works, technology services and general administration are reported in governmental funds. Property taxes, sales taxes and franchise fees finance most of these activities. Governmental funds focus on how money flows into and out of those funds and the balances left at year end that are available for spending. The City of Plano maintains twenty individual governmental funds. As of September 30, 2008, the City of Plano's governmental funds reported a combined ending fund balance of \$196.1 million, an increase of \$32.7 million in comparison to the prior fiscal year.

The General Fund, the chief operating fund of a state or local government, is the most significant of the City's twenty governmental funds.

General Fund Balance Sheet

ASSETS

Cash and cash equivalents	\$ 36,745,709
Investments	6,121,172
Receivables (net of allowance for uncollectibles)	
Taxes	11,838,978
Accounts	1,327,992
Notes	6,518,966
Accrued interest	86,303
Due from other funds	399,449
Due from other governments	26,814
Prepaid items and other assets	159,121
Total Assets	<u><u>63,224,504</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

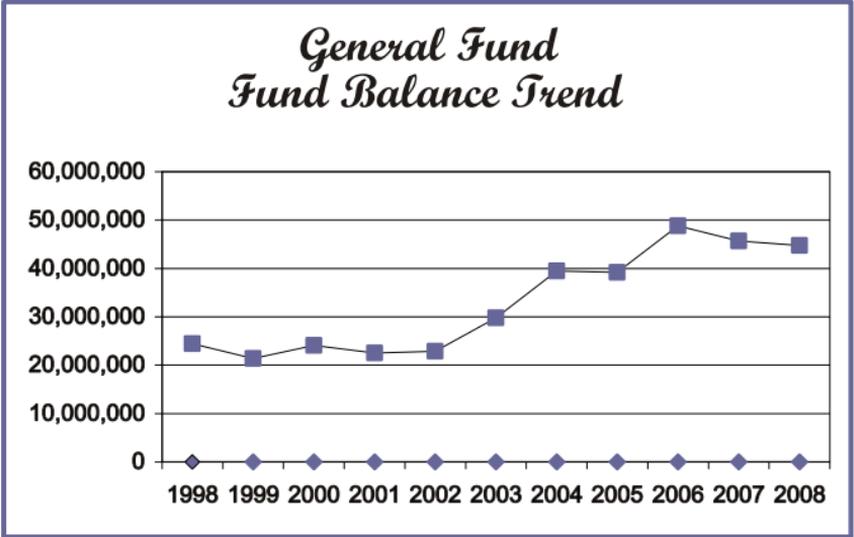
Accounts payable	3,234,666
Accrued liabilities	8,028,201
Deferred revenue	7,220,091
Total Liabilities	<u><u>18,482,958</u></u>

Fund Balance:

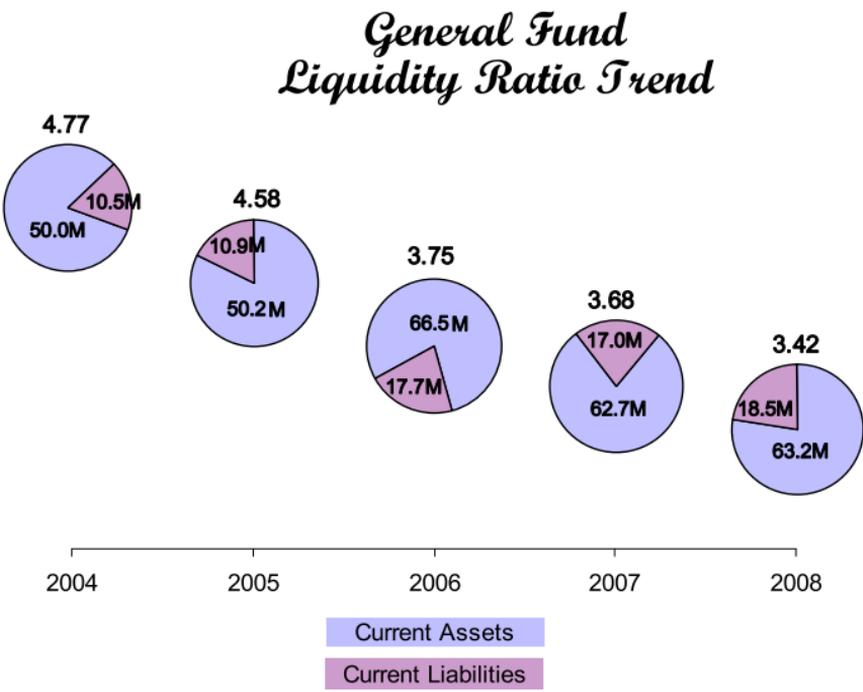
Reserved for:	
Encumbrances	2,683,725
Prepaid items and other assets	159,121
Interfund advance and notes receivable	6,518,966
Unreserved, undesignated in:	35,379,734
Total Fund Balance	<u><u>44,741,546</u></u>

Total Liabilities and Fund Balance	<u><u>\$ 63,224,504</u></u>
---	------------------------------------

The fund balance (equity) of the City's general fund decreased \$1.0 million, or 2.06%, to \$44.7 million from the prior year balance of \$45.7 million. Fund balance is a particularly important measure in the general fund because it reflects the primary functions of the government and includes primarily local tax revenues and some state aid.



While the general fund balance has been very strong with an increase of \$20.3 million or 83.17%, over the past ten years, with the recent pressures of the declining economy, the fund balance has decreased \$4.1 million or 8.33% over the past two years. At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund decreased \$1.7 million to \$35.4 million which is approximately 17.8% of total general fund expenditures.



A good measure of financial condition is cash position, or liquidity. The Quick Ratio liquidity rate determines government's ability to pay its short-term obligations. Generally, a Quick Ratio of 1.0 or greater is considered adequate. The City's general fund is in excellent financial condition and, thus has exceeded the benchmark for the past five years.

Plano's Performance

General Fund

Revenues and Expenditures

The City's general fund revenues increased \$10.5 million or 5.57% when compared to the prior fiscal year. The primary reason for this increase is due to a \$7.9 million rise in property tax revenue from last year's tax revenue of \$69.6 million. This ad valorem tax revenue increase is attributed to an elevation in existing property values in addition to new property throughout the City. In addition, the general fund experienced a \$2.2 million increase in fees for services. These increases were mainly attributed to increased fees for ambulance services and parks and recreation memberships and program fees.

The City's general fund expenditures increased in the current year by \$8.3 million when compared to the prior fiscal year. This increase is due primarily to increased current operating expenditures. Costing \$59.5 million, the most significant general fund function expenditure was in providing police activity, of which \$52.7 million was personnel costs. When compared to fiscal year 2007, the largest function expenditure increase, \$2.4 million, occurred in fire activity. This increase was mainly attributed to the \$1.8 million rise in fire personnel costs in 2008.

General Fund

Statement of Revenues, Expenditures

and Changes in Fund Balance

REVENUES

Taxes-	
Property taxes	\$ 77,593,744
Other taxes	63,266,376
Other	57,668,794
Total revenues	198,528,914

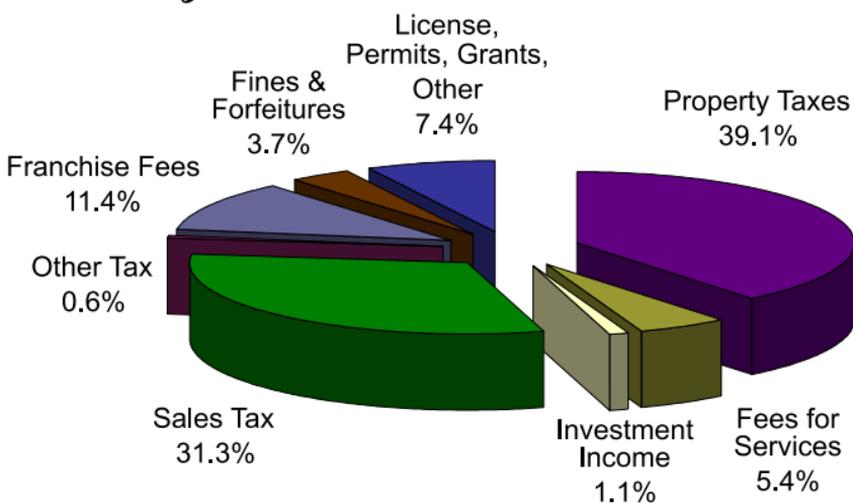
EXPENDITURES

Current operating	195,953,472
Capital outlay	2,377,311
Total expenditures	198,330,783
Excess (deficiency) of revenues over (under) expenditures	198,131

OTHER FINANCING SOURCES (USES)

Transfers in	9,669,342
Transfers out	(10,809,587)
Total other financing sources (uses)	(1,140,245)
Net change in fund balances	(942,114)
Fund balances-beginning	45,683,660
Fund balances-ending	\$ 44,741,546

General Fund Revenues

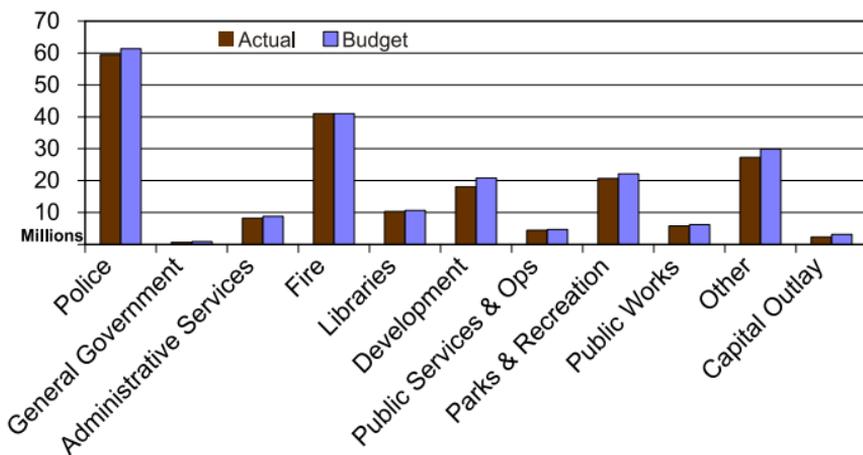


Property and sales tax revenues are generally relied on heavily by local government. For the City of Plano, property and sales tax revenue together comprise 70.4% of the general fund revenues.

Attempts to forecast future revenues to fund City operating costs and services are subject to events that cannot be predicted. To neutralize the dramatic effects on the economy from the September 11 tragedy, as well as the impending build out of the City, in October 2001, the City formed a Budget Contingency Committee to monitor departmental expenditures. This plan was reviewed and updated in 2004-05 and outlines procedures that minimize impacts of unplanned reductions in City revenues and establishes controls for parallel decreases in program expenditures.

As anticipated for a number of years, the City is witnessing a slowdown in our primary revenue sources due to the current economic recession, competition from surrounding cities for sales tax dollars and other factors. Sound financial planning and controlled spending has enabled the City to continue to address community priorities, support essential services, invest in capital projects and provide funding for reserve funds.

City Departments Show Controlled Spending



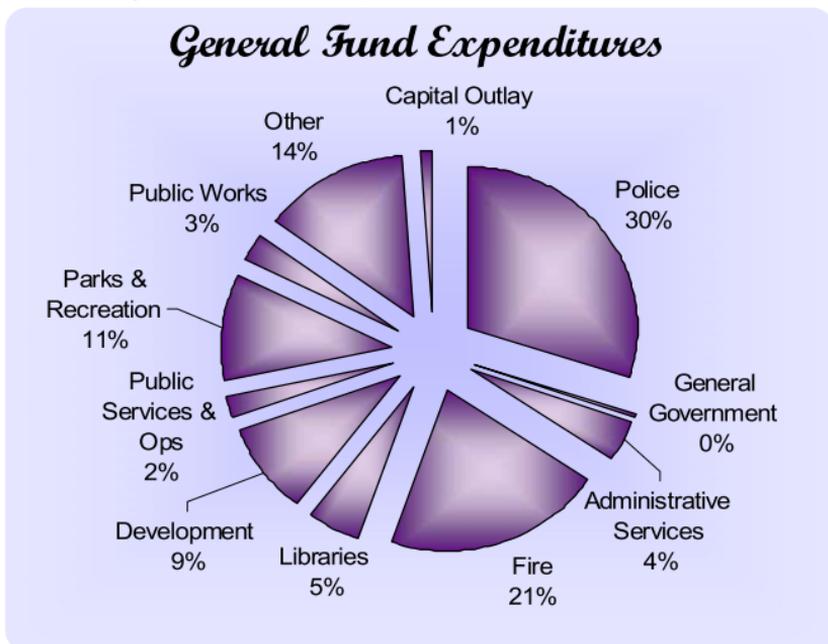
In fiscal year 2008, the general fund expenditures were \$11.1 million under final budget.

Plano's Performance

General Fund

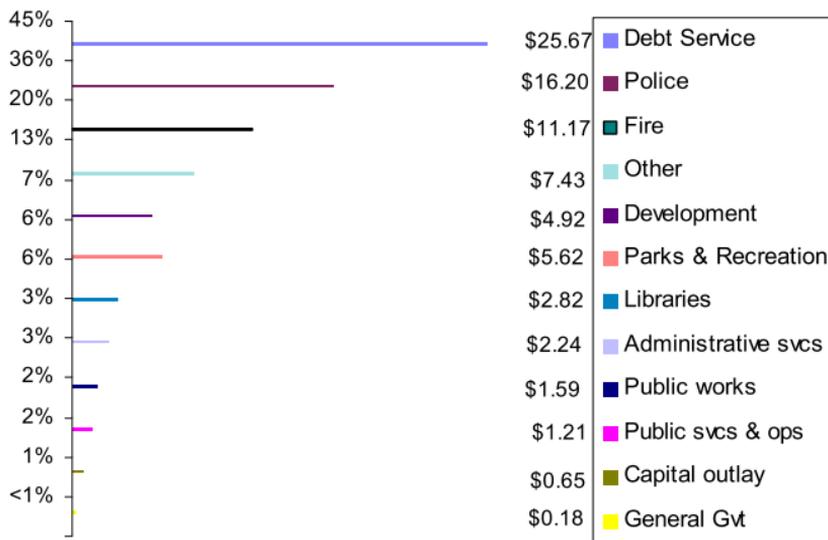
Revenues and Expenditures

As shown in the general fund expenditures illustration, police and fire account for approximately half, or 51% of the total general fund expenses.



Value for Your Tax Dollars

The annual residential property tax bill for an average house valued at \$202,000 was \$4,189. The City's share is \$956 per year or \$80 per month per average valued home.



Total = \$79.70
per month

Options Citizens Would Support to Preserve City Services

Option	Percent Agreed
Upgrade deteriorating neighborhoods	36%
Improve major thoroughfares	32%
New public safety facilities	23%
Additional parks and recreation facilities	20%
New fire station	15%
Expand existing libraries	14%
None of these	20%

National Citizen Survey 2007; Total may exceed 100% as respondents could select more than one category

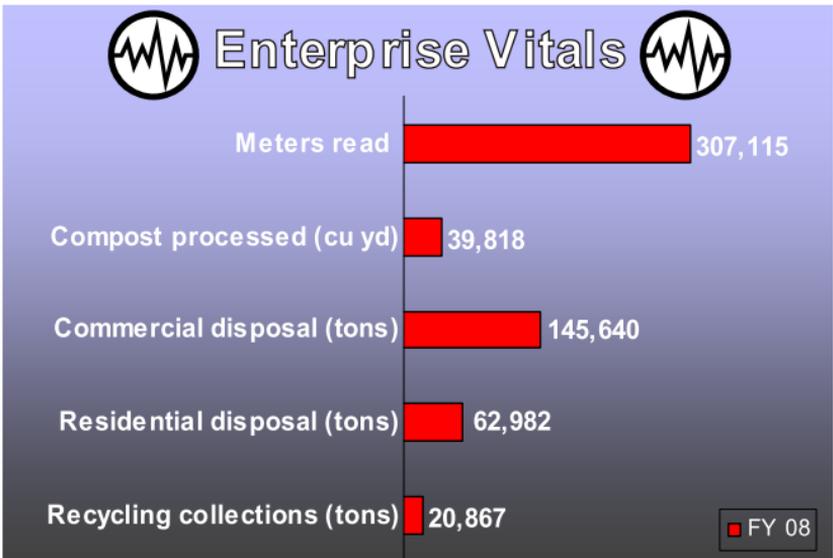


Plano's Performance

Proprietary Funds

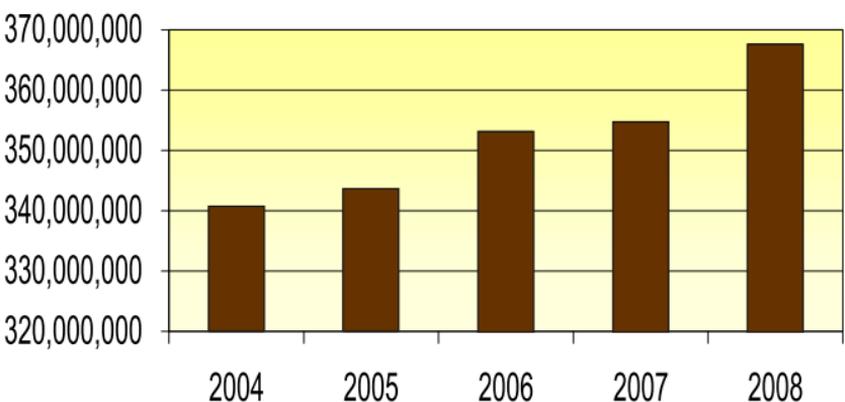
The City charges customers for the services it provides, whether to outside or to other units within the City. These services are generally reported in Proprietary Funds. The City's Proprietary Funds are comprised of the Enterprise Funds and the Internal Service Funds.

The enterprise funds are the most significant of the proprietary fund types. 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. These funds account for "business-type activities," similar to those found in the private sector, that include services primarily funded through user charges.

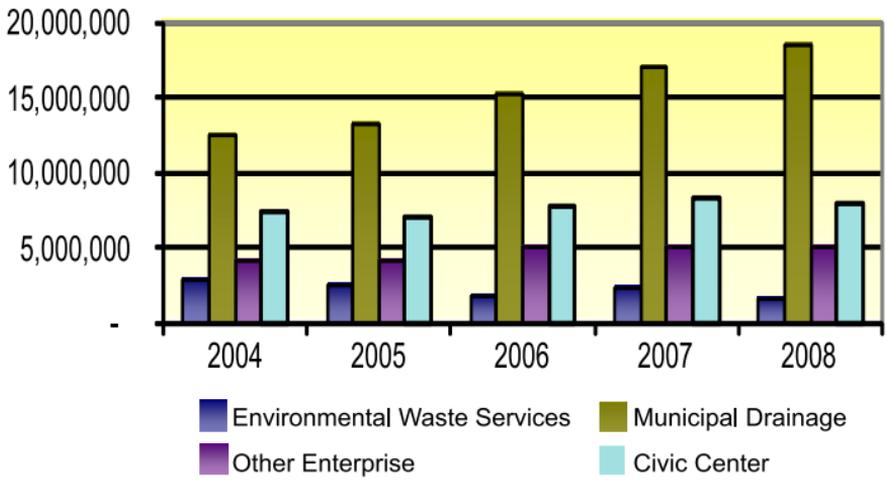


Net assets of the City's enterprise funds increased \$13.5 million over the prior year as a result of this year's operations.

Water & Sewer Fund Net Assets Trend



Net Assets Trend



Enterprise Funds Statement of Net Assets

ASSETS

Current assets:

Cash and cash equivalents	\$ 12,387,607
Investments	2,051,120
Receivables	18,565,354
Prepaid expenses & other assets	825,615

Restricted assets 25,992,266

Total current assets 59,821,962

Capital assets (net accumulated depreciation) 383,451,023

Total assets 443,272,985

LIABILITIES

Current liabilities:

Accounts payable	4,194,268
Accrued liabilities	2,165,535
Customer deposits	2,564,835
Other	1,226,186

Total current liabilities 10,150,824

Current liabilities payable from restricted assets:

Current portion of long-term debt	3,345,000
Other	1,088,077

Total current liabilities payable from restricted assets 4,433,077

Total current liabilities 14,583,901

Noncurrent liabilities:

Advance from other funds	280,892
Bonds payable	25,554,975
Liability for compensated absences	1,859,907

Total noncurrent liabilities 27,695,774

Total liabilities 42,279,675

NET ASSETS

Invested in capital assets (net of related debt)	376,593,433
Restricted	6,588,596
Unrestricted	17,811,281

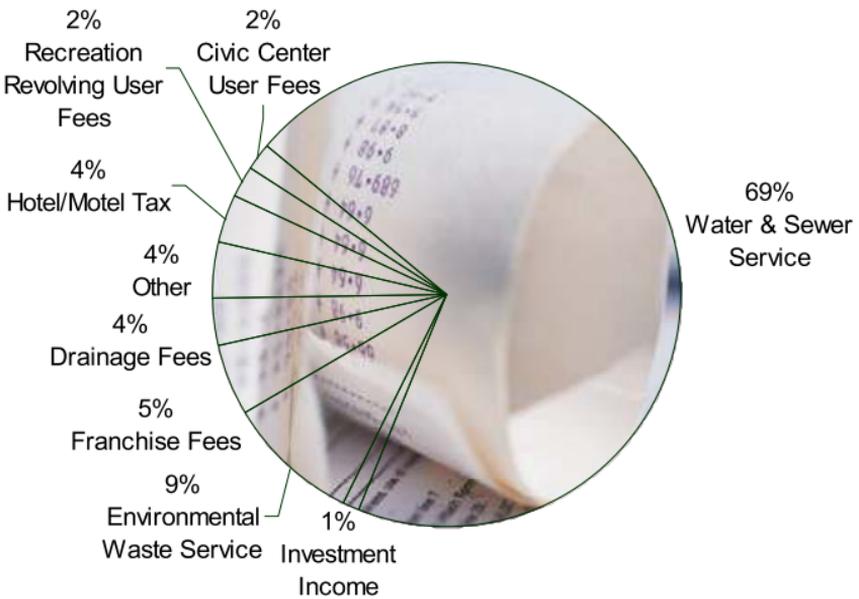
Total Net Assets \$ 400,993,310

Plano's Performance

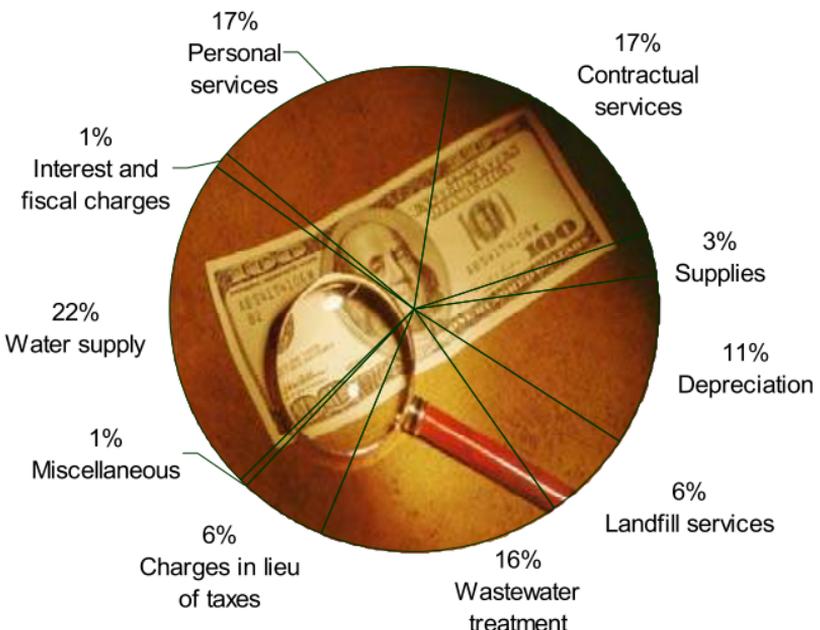
Enterprise Funds

The Enterprise Funds had a combined net income of \$19.4 million before transfers or contributions from developers, an increase of \$10.3 million or 113.6% from the prior fiscal year's activity. Compared to the prior year, charges for sales and services have increased \$18.3 million while operating expenses have increased \$7.3 million. The majority of the operating revenue increase was due to a \$16.1 million rise in water and sewer service charges as a result of increased consumption due to less rainfall in fiscal year 2008.

Where the Money Comes From

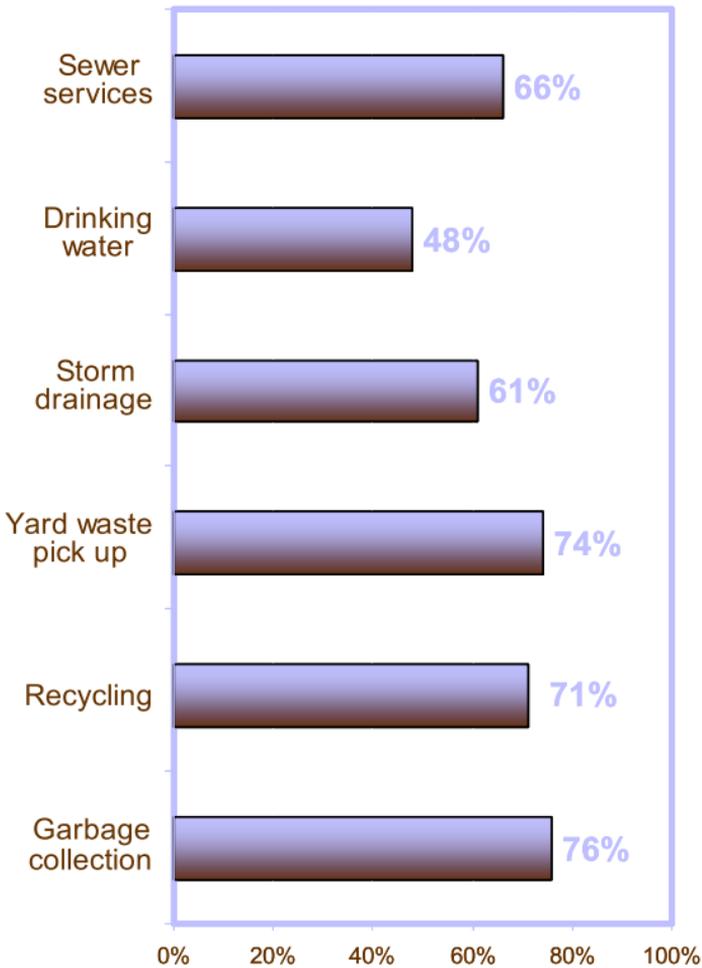


Where the Money Goes



Quality of Water, Sewer & Environmental Services

100 = Excellent; 0 = Poor



■ The National Citizen Survey™
2008

Next Year's Rates

- ◆ There are no projected water increases but sewer rates will begin to include a pass-through to consumers of a treatment cost increase from the water and sewer district.
- ◆ Waste cart rates increase to \$15.10/mo for 95-gallon and remain unchanged at \$13.75/mo for 68-gallon
- ◆ \$3.30 will remain the average homeowner rate for municipal drainage
- ◆ Golf fees will remain unchanged

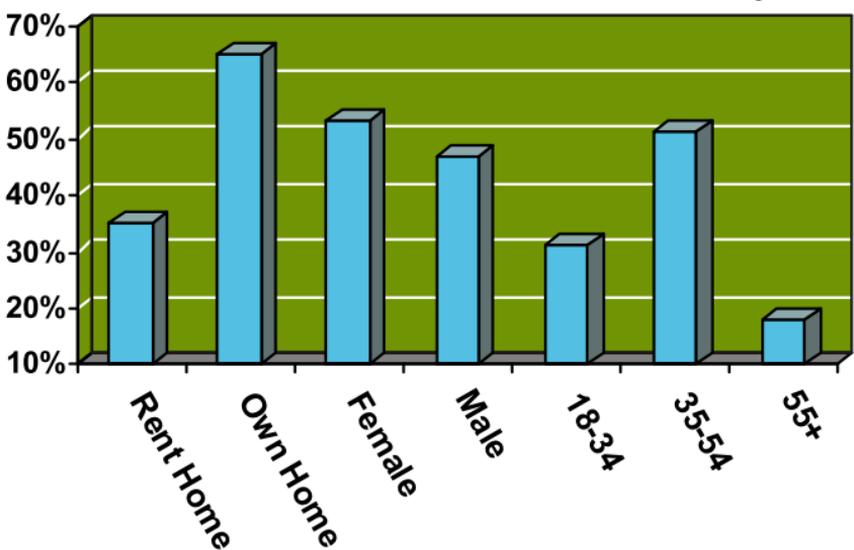
Plano's Performance

More Citizen Surveys

In 2008, Plano was one of several cities in the United States to participate in The National Citizen Survey™ (The NCS™). Questionnaires were sent to a random sample of 1,200 households, asking for feedback on the quality and usefulness of city services and community problems, questions selected by the City of Plano Staff. Results are statistically weighted to reflect the proper demographic composition of the entire community.

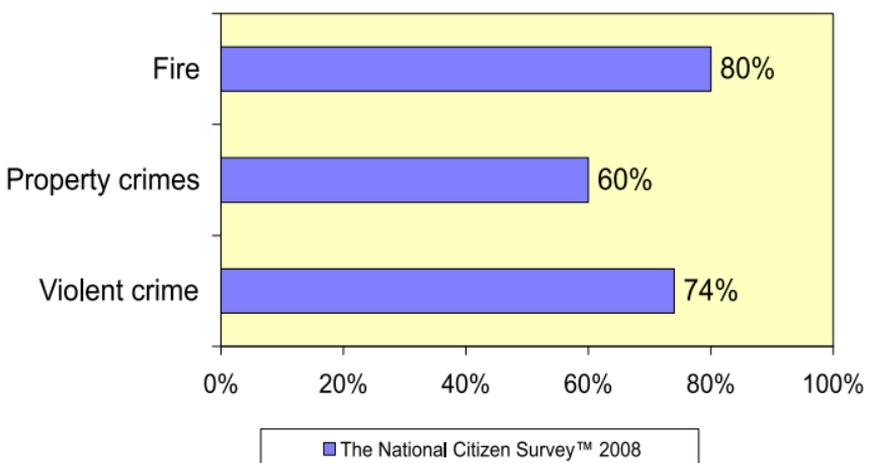
Respondent Characteristics

2008 National Citizen Survey

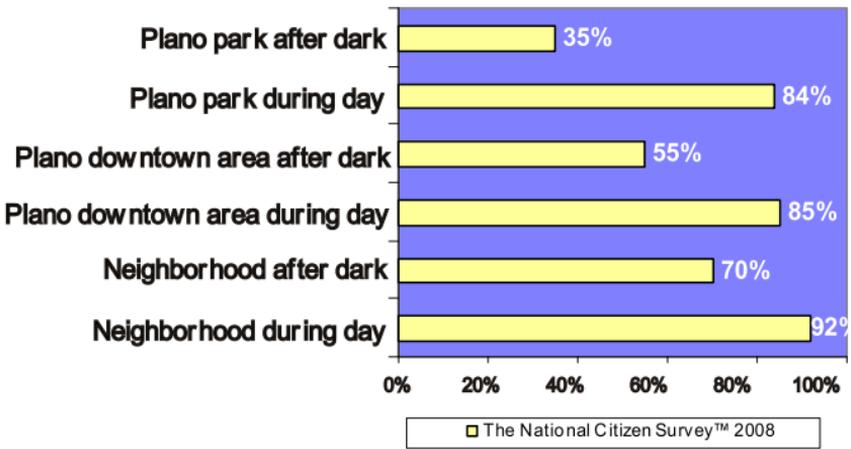


The National Citizen Survey 2008 revealed that when evaluating safety in the community, 74% of respondents felt "somewhat" or "very" safe from violent crimes in Plano. With the exception of Plano's parks, more than 50% of residents feel "somewhat" or "very" safe in various community locations after dark.

Percent of citizens that feel "somewhat" or "very" safe



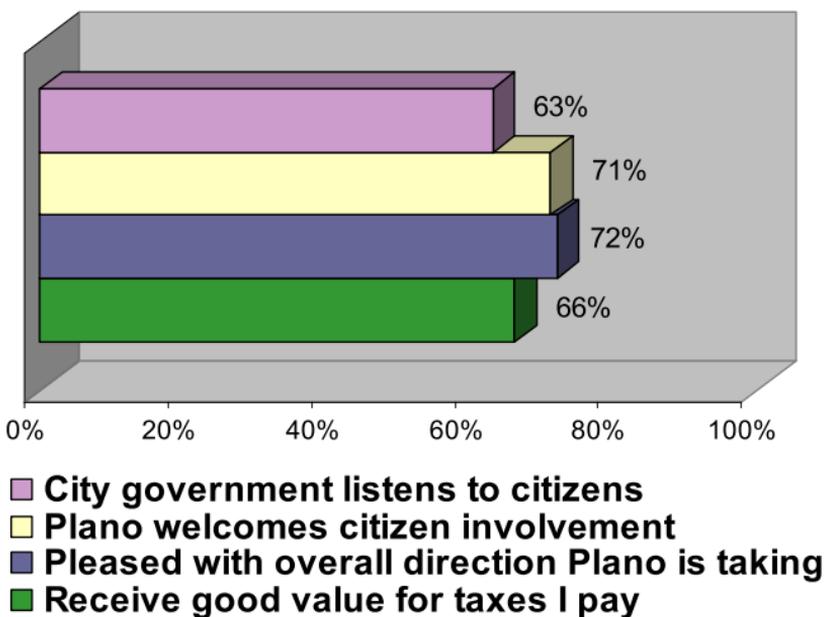
Percent of citizens that feel "somewhat" or "very" safe



When rating the overall direction Plano is taking, residents gave an average rate of 72 on a 100 point scale. In addition, residents of Plano gave the highest evaluations to their own local government in comparison to other applicable governments.

Public Trust

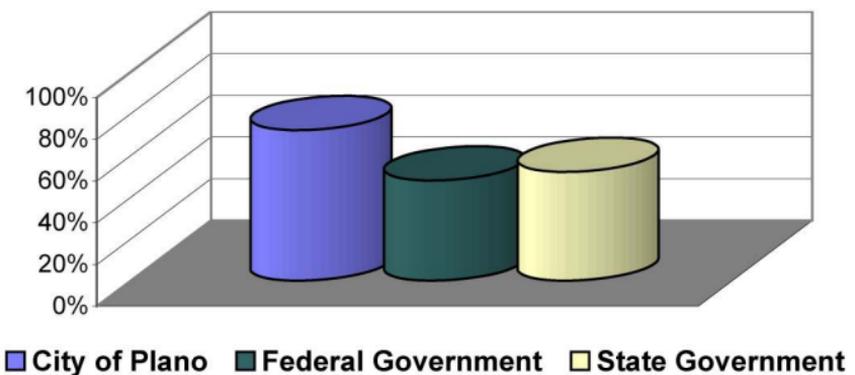
100% = strongly agree, 0% = strongly disagree



The National Citizen Survey 2008

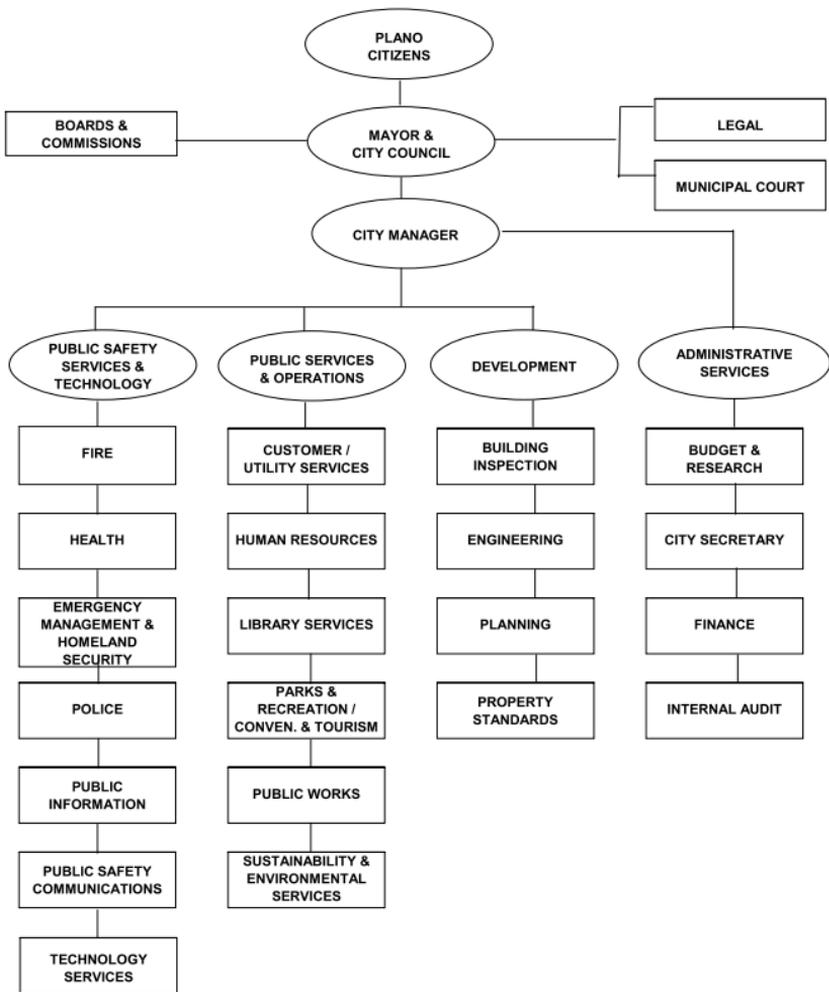
Overall Quality of Services

100% = excellent, 0% poor



The National Citizen Survey 2008

Plano's Personnel Organizational Chart



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.