



# CITY OF PLANO COUNCIL AGENDA ITEM

<b>CITY SECRETARY'S USE ONLY</b>					
<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory					
Council Meeting Date:		1/26/2015			
Department:		Accounting			
Department Head		Denise Tacke			
Agenda Coordinator (include phone #): <b>Allison Friloux x5225</b>					
<b>CAPTION</b>					
A Resolution of the City of Plano, Texas, accepting the findings and opinions of the Annual Audit; authorizing the City Manager, or in his absence the Director of Finance, to publish the results thereof; and providing an effective date.					
<b>FINANCIAL SUMMARY</b>					
<input checked="" type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP					
FISCAL YEAR:	<b>2014-15</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget		0	0	0	0
Encumbered/Expended Amount		0	0	0	0
This Item		0	0	0	0
BALANCE		0	0	0	0
<b>FUND(S):</b> <b>N/A</b>					
<b>COMMENTS:</b> This item has no fiscal impact.					
<b>STRATEGIC PLAN GOAL:</b> Accepting the findings and opinions of the Annual Audit relates to the City's Goal of a Financially Strong City with Service Excellence.					
<b>SUMMARY OF ITEM</b>					
It is recommended that the City Council formally accept the annual financial report and that authorization be given for publication of a summary of the 2013-14 financial audit in the City's official newspaper as required by Section 3.14 of the City Charter.					
List of Supporting Documents:			Other Departments, Boards, Commissions or Agencies		
Comprehensive Annual Financial Report Single Audit					

**A Resolution of the City of Plano, Texas, accepting the findings and opinions of the Annual Audit; authorizing the City Manager, or in his absence the Director of Finance, to publish the results thereof; and providing an effective date.**

**WHEREAS**, Section 3.14 of the City Charter requires that a complete audit be made by a duly licensed Public Accountant at the close of each fiscal year; and

**WHEREAS**, the City Council has been presented the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2013-14, a copy of which has been filed with the City Secretary, available for public inspection, and incorporated herein by reference (hereinafter called "CAFR"); and

**WHEREAS**, upon full review and consideration of the CAFR, and the included opinion of the City's duly appointed auditors, KPMG LLP, the City Council is of the opinion that the requirements of the Charter have been satisfied.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS, THAT:**

**Section I.** The findings and opinions of the CAFR have been reviewed by the City Council of the City of Plano, and are hereby in all things accepted.

**Section II.** The City Manager, or in his absence, the Director of Finance, is hereby instructed to publish the results of the CAFR and all other documents in connection therewith on behalf of the City of Plano, as provided in Section 3.14 of the City Charter.

**Section III.** This Resolution shall become effective from and after its passage.

**DULY PASSED AND APPROVED** this the 26<sup>th</sup> day of January, 2015.

\_\_\_\_\_  
Harry LaRosiliere, MAYOR

ATTEST:

\_\_\_\_\_  
Lisa C. Henderson, CITY SECRETARY

APPROVED AS TO FORM:

\_\_\_\_\_  
Paige Mims, CITY ATTORNEY

**CITY OF PLANO, TEXAS**

**Comprehensive Annual Financial Report**

**FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**Prepared By:**

**Accounting Division**

**Director of Finance – Denise Tacke  
Controller – Allison Friloux**

**Natalie Chavez  
Winnie Christian  
Jonathan Davis  
Charline Grant  
Pam Hanks  
Debbie Hartwell  
Theresa King  
Ebony Lusk  
Melissa McClanahan  
Brandon Potemra  
Heather Potyok  
Sheri Stephens  
Crystal Swiere  
Valerie Tidwell**



**CITY OF PLANO, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014  
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City of Plano  
1520 K Avenue  
Plano, TX 75074

P.O. Box 860358  
Plano, TX 75086-0358  
Tel: 972.941.7000  
plano.gov

January 13, 2015

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, 2014, 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 controls established for this purpose.

KPMG LLP has issued an unmodified (clean) opinion on the City of Plano's financial statements for the year ended September 30, 2014. 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 72.1 square miles of land in the City's 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 Deputy City Managers, Assistant City Manager, and heads of departments, and the performance of functions within the municipal organization.

Financial reporting of the entity (the government) includes all the funds of the primary government (i.e., the City of Plano as legally defined), as well as the Tax Increment Financing District, a discretely presented component unit. Discretely presented component units are legally separate entities and are not part of the primary government's operations. 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, and convention, tourism, and cultural events. The Plano Housing Authority, a related organization, is not a part of this report as the City's accountability does not extend beyond making the appointments of the Plano Housing Authority 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 continues to benefit from other favorable conditions associated with Plano including a stable, diverse economic base and a desirable location for work and living.

Since 2013, Plano's population grew an estimated 1.6% to 270,100 in 2014. According to residential development projections by the City's planning department, it is projected to grow to 280,000 by 2020 and to 295,000 by 2030.

According to the U.S. Census Bureau, the median household income of Plano is \$82,484.

Plano is ranked as the #1 Best City for Families by *wallethub.com*. Scoring was based on socio-economic environment, education and child care, affordability, health and safety, family activities, and other factors.

In 2014, *liveability.com* listed Plano as the fifth Best City for Kids in America. Moreover, in August 2014, *NerdWallet* named Plano the second Best City for Working Parents. The criteria for both awards included quality of schools, affordability, community, and family friendliness.

Based on safety, particularly in terms of the lack of crime, *movoto.com* ranked Plano as the "#1 Safest City with a Population over 250,000" and fourth best overall in America. Additionally, *lawstreetmedia.com* named Plano America's third safest city with a population over 200,000.

Based on diverse recreational activities, Plano Fire-Rescue's safety and education training, and the low crime and traffic accident rates, *Time Magazine* ranked Plano one of the 10 Healthiest Cities in America.

According to *24/7 Wall Street*, Plano is ranked the #3 Best Run City in America. *24/7 Wall Street* ranked the 100 largest cities in the United States taking into consideration employment, safety, and a strong housing market.

In 2014, *wallethub.com* listed Plano as the sixth Best City for first time homebuyers among U.S. cities and the ninth Best City for retirees.

Plano's Parks and Recreation Department was awarded the 2014 Texas Recreation and Park Society (TRAPS) Maintenance Award. Additionally, Plano was one of the four finalists for the National Recreation and Park Association's National Gold Medal Award, which recognizes the top four parks and recreations agencies in the nation based on population.

Plano remains one of only a few cities in the United States receiving an "AAA" bond rating, the highest possible bond rating from Moody's Investor Services, Standard & Poor's and Fitch IBCA. In issuing their ratings, they praised the City of Plano for its stable financial position driven by conservative budgeting as well as its large and diverse tax base and strong management practices.

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:

## Property Tax Revenues

Property tax revenues are the City's largest source of funding. Tax collections totaled \$130.4 million for fiscal year 2014, an increase of 4.9% from the prior year. According to the Collin County Appraisal District, Plano property appraisals increased 5.0% for 2014 on property tax estimates.

## Sales Tax Revenues

After property 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 collections are produced primarily from Plano's sizeable retail base including two major shopping malls, 70 shopping centers, The Shops at Legacy, Historic Downtown Plano with Dallas Area Rapid Transit (DART) light rail access, as well as hundreds of specialty shops and major retailers throughout the City.

Sales tax allocations to the City totaled \$74.5 million from October 2013 through September 2014, an increase of 8.2% compared to fiscal year 2013.

## Employment

A strong business atmosphere, coupled with a highly educated and motivated workforce, continue to draw diverse companies to relocate to Plano. The three largest job sectors are professional, scientific, and technical services; healthcare; and educational services. According to the U.S. Census Bureau, 53% of Plano residents have a bachelor's degree or higher. The unemployment rate in Plano for fiscal year 2014 was 4.6% compared to 5.6% in 2013.

Plano's large businesses, employing 1000+, include Alcatel-Lucent, Bank of America Home Loans, Capital One, CIGNA, Dell Services, Dr. Pepper Snapple Group, Ericsson, Frito-Lay, HP Enterprise Services, Intel Security, J.C. Penney, Medical Center of Plano, PepsiCo, and Texas Health Presbyterian Hospital Plano. Employing 500-999, companies having significant operations in Plano include Baylor Regional Medical Center at Plano, Children's Medical Center at Legacy, CROSSMARK, CVE Technologies Group, Denbury Resources, Flextronics, Intuit, MedAssets, Pizza Hut/YUM! Restaurants International, Raytheon, Rent-A-Center, St. Jude Medical Neuromodulation Division, Tektronix Communications, Texas Instruments, The Heart Hospital Baylor Plano, Transamerica and XO Communications. This type of environment creates a broad range of employment opportunities for Plano and area residents and creates a significant business component to the local tax base.

## Job Growth

The following businesses relocating and expanding into Plano from October 2013 through September 2014 have increased the number and scope of job opportunities and brought a variety of services to the community:

**BakerCorp.**, a market leader in tank, pump, filtration and shoring equipment rentals, with a network of locations including operations in North America and Europe, has relocated to Plano. BakerCorp will be occupying 13,500 square-feet at 7800 N. Dallas Parkway with 45 employees in October 2014.

**CSA Group**, is a leading global provider of testing and certification services and a standards development organization. The local Canadian Standards Association (CSA Group) laboratory, previously located in Arlington, Texas will be relocating to 2860 Guilder Drive in Plano.

**Denali Advanced Integration**, just launched a state-of-the-art mobile device integration center at 1004 Avenue N. Denali's new 20,000 square-foot facility, which houses 40 employees, will focus on mobility services. The company will also use the space to handle all configuration and data center services.

**Duggan Realty Advisors**, a commercial real estate brokerage and consulting firm specializing in assisting corporations and professional firms in planning and implementing solutions to their real estate requirements, expanded their office to 5,600 square-feet. The company is located at 2701 Dallas Parkway and has 5 employees.

**FedEx Office & Print Services Inc.**, will consolidate its North Texas headquarters by building a new 255,000-square-foot corporate campus in Legacy business park. They will build their new corporate headquarters at the northeast corner of Legacy and Headquarters Dr. bringing over 1,200 employees to the City. FedEx plans to move into the new Plano headquarters at the end of 2015.

**For Rent Media Solutions**, founded in 1982 as For Rent Magazine®, For Rent Media Solutions™ is headquartered in Norfolk, Virginia and provides property managers and owners with diverse marketing and advertising products, services and education. The company occupies a 20,200 square-foot lease in the International Business Park building, located at 6500 International Pkwy. The company has relocated its divisional offices and has 96 employees.

**Great Lakes Educational Loan Services Inc.**, based in Madison, Wisconsin, a guarantor and servicer of student loans, is entering the Texas market with a new operations center in Plano. The company has leased over 26,800 square-feet at 6500 International Pkwy at International Business Park. Over the next year, Great Lakes plans to hire up to 140 customer service representatives and support personnel.

**Learfield Communications**, a collegiate sports multimedia and sponsorship firm, acquired New Jersey-based Nelligan Sports Marketing. That acquisition, along with a rise in sports marketing and sponsorship activity, led Learfield to expand its Plano headquarters by more than 12 percent to 15,700 square-feet. The company's Plano corporate headquarters has 40 employees.

**Mitel**, a global communications provider, plans to consolidate its Dallas-Fort Worth operations with a lease at Plano-based Granite Properties' newly completed Granite IV office tower located at 5850 Granite Pkwy. The Canada-based company signed a lease for two floors totaling 52,800 square-feet with employment at 170.

**Murchison Oil & Gas Inc.**, an energy firm that traces its history to the early 20th century is taking the top floor of Trammell Crow Co.'s new Legacy Tower under construction at 7250 Dallas Pkwy. The company will occupy over 27,000 square-feet and have 33 employees.

**NTT Data**, a fast-growing high-tech firm is expanding the size of its new West Plano headquarters at 5601 Granite Pkwy. NTT Data, formed by Japan's Nippon Telegraph and Telephone Corp., will double the size of their U.S. headquarters from 25,000 square-feet to 50,000 square-feet and have capacity for 150 employees.

**Puritan Financial Group** relocated its office to Plano at 5085 W. Park Blvd. and occupies over 12,200 square-feet. Puritan is an insurance company that focuses on senior citizens and people preparing for retirement. Founded in 1994 by CEO Matt McIntyre, Puritan has called Addison home since 2002.

**T5 Data Centers**, an Atlanta-based data center operator announced the expansion of its operations in Plano due to strong demand from clients. T5 Data Centers is expanding its data center by 70,000 square-feet and is located at 6653 Pinecrest Dr. The company employs 37.

**Toyota Motor North America** announced that it is establishing a new headquarters in Plano, Texas for its North American operations. The \$350 million Toyota campus will be built on 124 acres at the southwest corner of State Highway 121 and Legacy Dr. The project is expected to total over 1 million square-feet and employ over 4,000 people.

**UBS**, the international global finance firm, has rented 27,900 square-feet in Crow's Legacy Tower at 7250 Dallas Pkwy. UBS is consolidating two offices now located in North Dallas and Addison. The new location will house the company's wealth management office and employ 300.

**ZeOmega Inc.**, the premier provider of solutions for population health management, has relocated its global headquarters to a 31,000 square-foot building at 6200 Tennyson Pkwy. ZeOmega's Dallas-area staff has doubled in size from nearly 70 to approximately 140 people since 2011.

**Zoës Kitchen**, founded in 1995, a fast casual restaurant concept serving a distinct menu of fresh, wholesome, Mediterranean-inspired dishes delivered with Southern hospitality relocated to Plano. The company is now headquartered at 5700 Granite Pkwy.

## ***Long-Term Financial Planning***

The City's responsiveness to emerging economic challenges and its long-term planning have been key factors in maintaining its fiscal health. Although economic forecasts for Plano and the region remain favorable, residential build-out and the stagnation of the national and local economy continue to affect the City. The City uses its Core Business Matrix to address the challenges and opportunities that Plano faces as it transitions from a growing to a maturing community.

The City-wide 2015 combined budget appropriations of \$468.9 million reflect an increase of \$26.3 million, or 6.0%, above the fiscal year 2014 re-estimated budget. The 2015 budget for total General Fund revenues is estimated at \$240.1 million, which is \$7.4 million above the 2014 re-estimated budget. The 2015 total appropriations for General Fund expenditures are \$260.5 million, \$10.4 million higher than the 2014 re-estimated budget.

Funding for Capital Reserves will be accomplished by transferring \$3.0 million from the Water and Sewer Fund, \$500 thousand from the Municipal Drainage Fund, and \$20.0 million from the General Fund. The Capital Reserve funding is a factor for maintaining the City's AAA bond ratings.

Of the \$79.7 million budgeted for General Obligation capital expenditures in 2015, \$7.8 million pertains to municipal facilities, \$29.1 million for parks and recreation, \$36.8 million for street improvements and enhancements and \$6.0 million for public infrastructure.

The Equipment Replacement Fund provides resources for the purchase of equipment and the replacement of equipment that has exceeded its useful life, which in turn minimizes budgetary impacts. Scheduled depreciation charges from user departments on vehicles and capital equipment are collected in the fund. Reserve funds then are used to purchase new equipment as needed. Fiscal year 2015 Equipment Replacement Fund projected revenues total \$9.4 million and includes \$8.7 million in depreciation transfers, \$175 thousand in interest income and \$509 thousand from equipment auction revenues.

A General Obligation bond sale of \$34.7 million and Certificate of Obligation sale of \$6.8 million is projected in 2015. The sale will fund the Moto Mesh Network, technology infrastructure, public art and radio system replacement.

The North Texas Municipal Water District (NTMWD) is passing along both water and sewer rate increases, and as a result, the City of Plano water rates increased 10% effective November 1, 2014.

## ***Relevant Financial Policies***

Financial Policies. The City Council Finance Subcommittee developed written policies detailing financial goals and guidelines for the City. These included policies for accounting, budgeting, capital improvements, asset management, revenue management, risk management, investing, cash management and fund balance/reserve levels. The City Council adopted these policies and on a periodic basis, the financial policies are reviewed and updated.

Accounting Procedures and Budgetary Controls. The City's accounting records for governmental funds 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 proprietary funds are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Recognizing the value of internal control, an internal audit program has been in place since 1988. This program serves to enhance controls 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, require greater attention.

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 assignments of fund balance as of September 30 of each year, and the subsequent year's budget is increased to reflect these 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 Budget Committee which consists of the City Manager, Deputy City Managers, Director of Budget, Director of Finance, Director of Human Resources and Assistant City Manager. 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 that 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 of each fiscal year.

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 Budget Committee 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 Budget Committee. 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 and 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. 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 a 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, 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 CMFR is presented quarterly to the City Council.

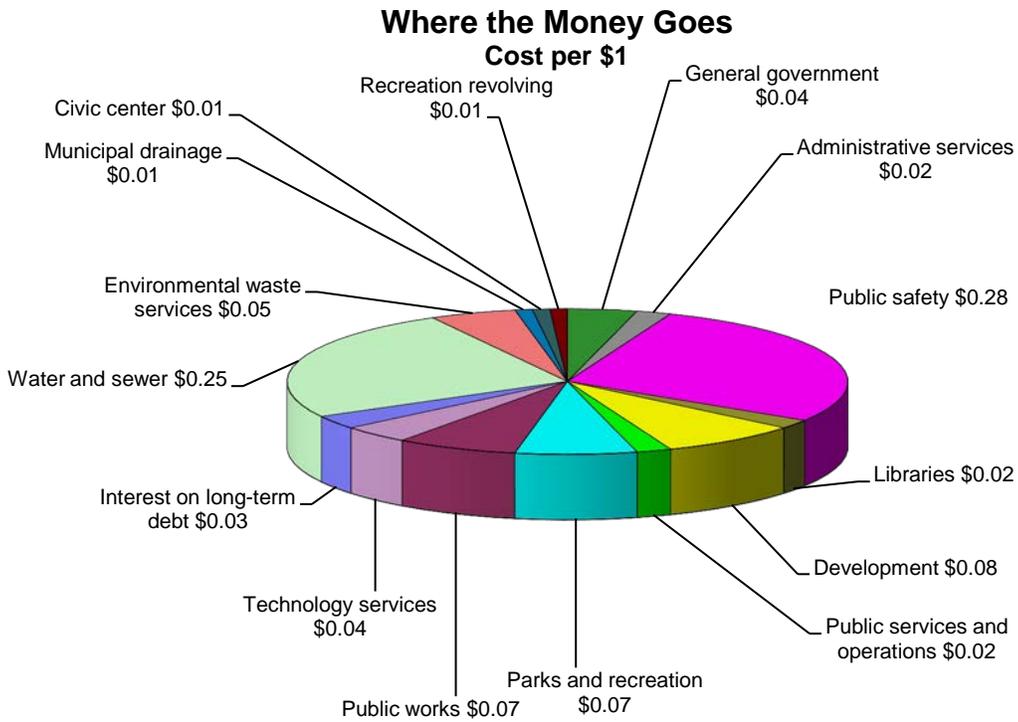
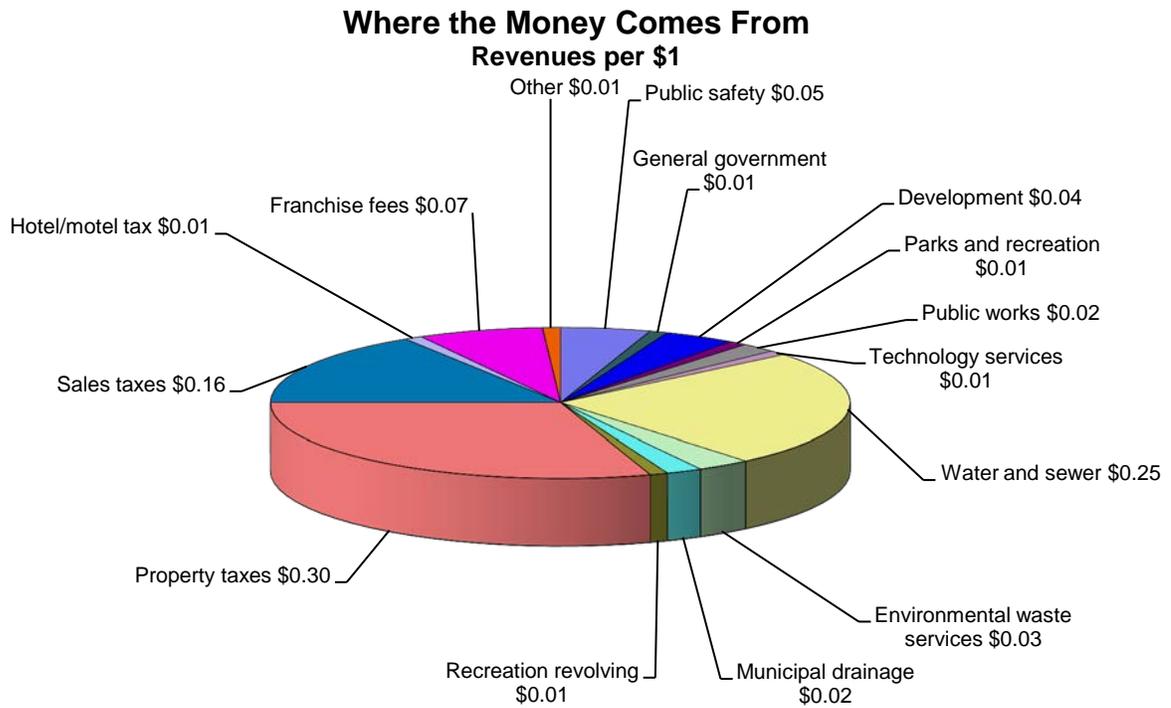
## ***Major Initiatives***

The fiscal year 2014 Community Investment Program (CIP) continued to reflect the City's commitment to enhancing and maintaining its infrastructure. Significant projects from the fiscal year 2014 CIP included construction of intersection improvements along the Spring Creek Parkway and Preston Road corridors, as well as other significant street design and construction activity, initial construction on the second phase of the Technology Services Building renovation and Police Evidence Storage Facility, ongoing design and construction of improvements to the City's water and sewer systems, as well as drainage and erosion control improvements, and design and construction of park improvements, including Oak Point Park and Nature Preserve. In addition, nearly \$18 million was invested through the Capital Reserve Fund in repairs, renovations and rehabilitation projects for city streets, facilities, and park assets with the express intent of extending the useful life of those assets.

The City budgeted \$8.1 million for economic development incentives for fiscal year 2015 in order to remain competitive with surrounding neighboring cities. Fiscal year 2014 was the eighth year that two-cents of the property tax rate was dedicated for these incentives. The Economic Development Incentive fund is utilized to attract and retain major business and employees to the City of Plano.

The fiscal year 2015 total property tax rate remained the same as the previous year at 0.4886 cents (\$0.3438 General Fund and \$0.1448 Debt Service).

The following chart depicts the sources and uses of the City's financial breakout as of fiscal year-end 2014:



### **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, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

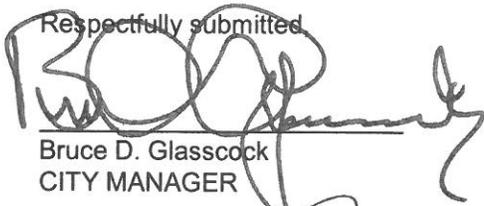
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The City of Plano has received a Certificate of Achievement for the last 33 consecutive years (fiscal years ended 1981-2013). 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,



Bruce D. Glasscock  
CITY MANAGER



Denise Tacke, CPA  
DIRECTOR OF FINANCE



Allison Friloux  
CONTROLLER





Government Finance Officers Association

**Award for  
Outstanding  
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**City of Plano  
Texas**

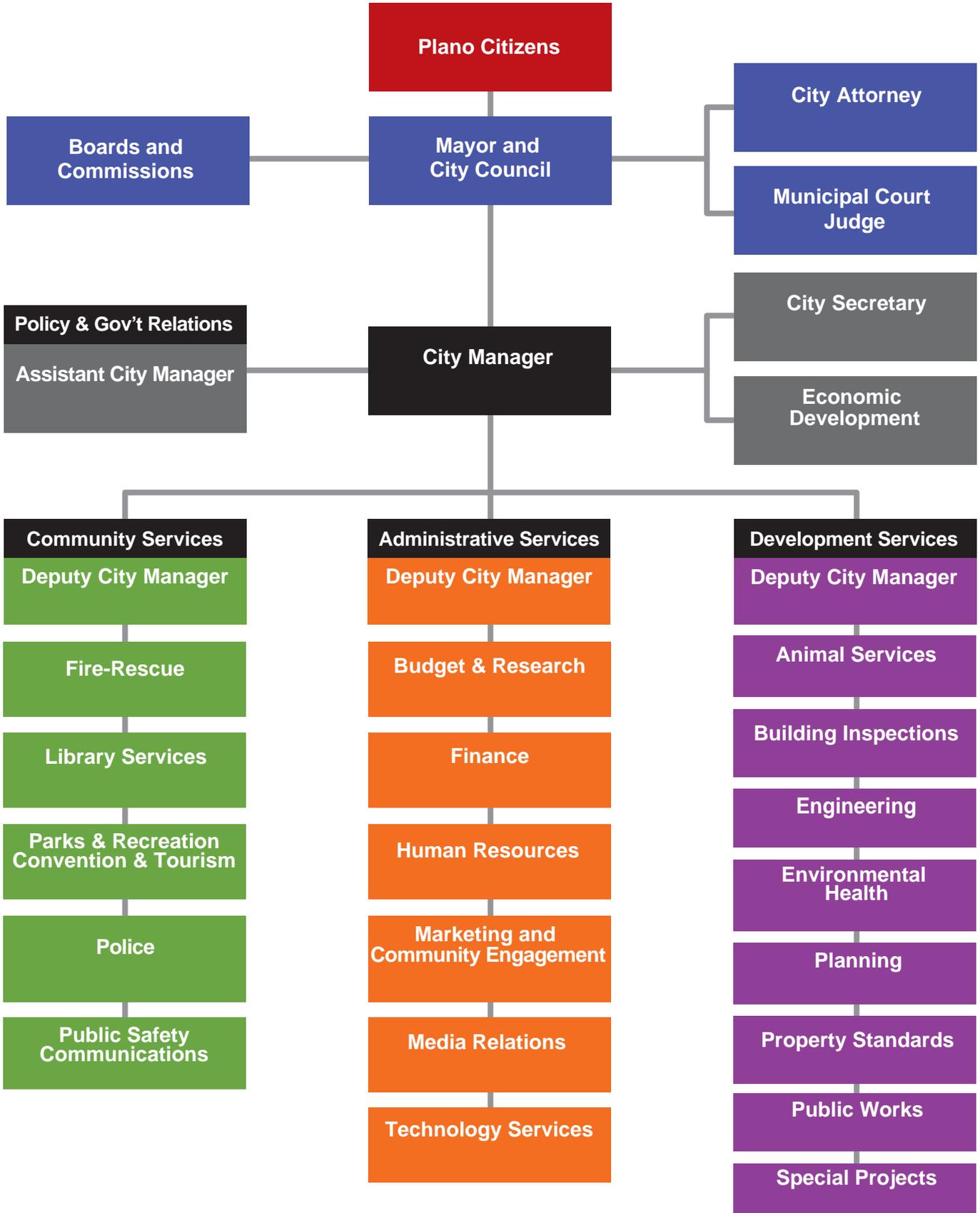
For its Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO



CITY OF PLANO  
ORGANIZATION CHART



**CITY OF PLANO, TEXAS**  
**ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

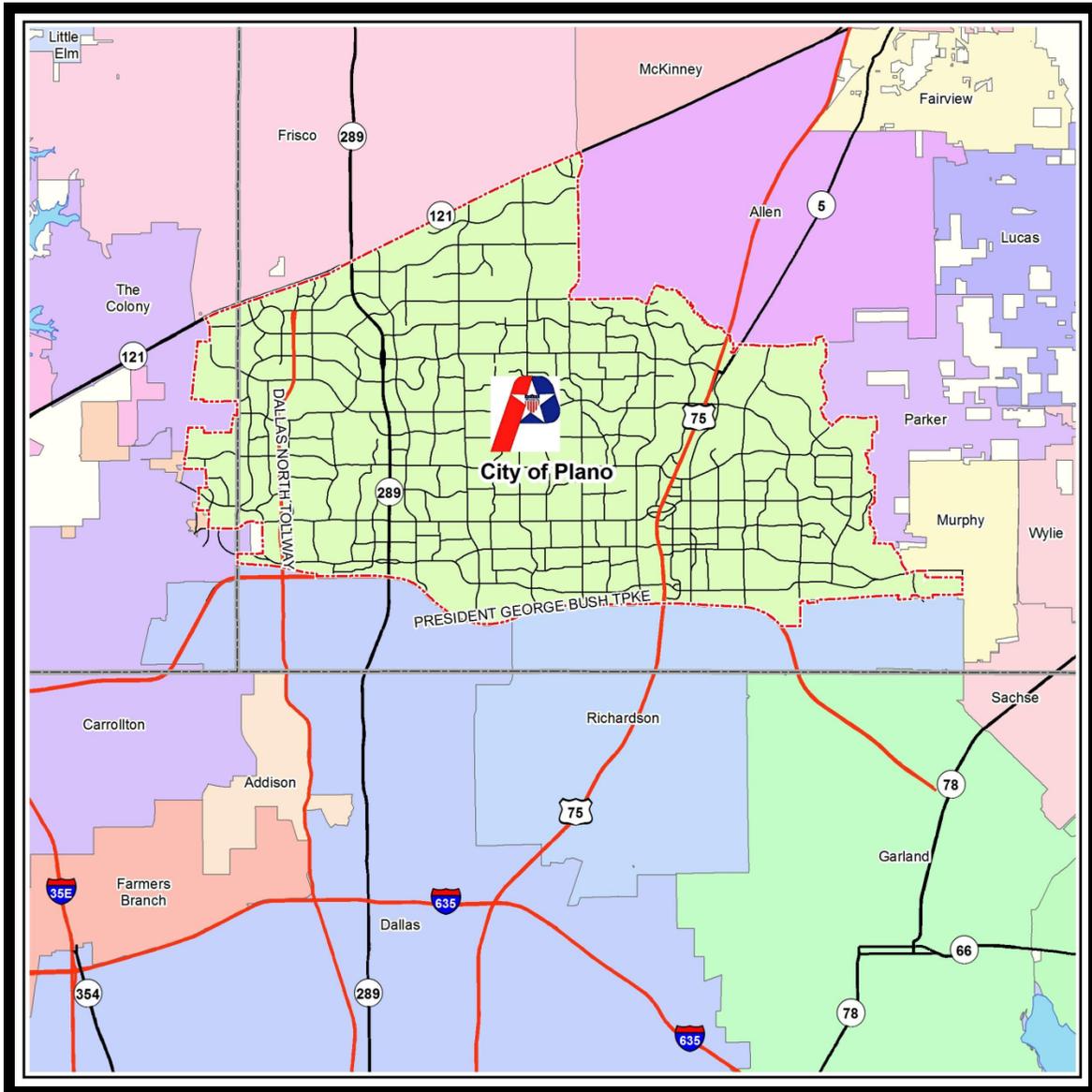
**Elected Officials**

<u>City Council</u>	<u>Term Expires</u>
Harry LaRosiliere Mayor Place 6	May 2017
Lissa Smith Mayor Pro Tem Place 4	May 2017
Ben Harris Deputy Mayor Pro Tem Place 2	May 2017
Pat Miner Place 1	May 2015
André Davidson Place 3	May 2015
James Duggan Place 5	May 2015
Patrick Gallagher Place 7	May 2015
David Downs Place 8	May 2017

**Administrative Officers**

<u>Name</u>	<u>Position</u>
Bruce D. Glasscock	City Manager
Denise Tacke, CPA	Director of Finance
Allison Friloux	Controller

# The City of Plano and Surrounding Areas







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

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Plano, Texas, as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.



**Other Matters**

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management’s Discussion and Analysis on pages 3 through 14, the Schedule of Pension Trust – Texas Municipal Retirement System Funding Progress and Contributions, the Schedule of Pension Trust – Retirement Security Plan Funding Progress and Contributions and the Schedule of OPEB Trust – Postemployment Benefits 115 Trust Funding Progress and Contributions on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and individual fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2015 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

**KPMG LLP**

Dallas, Texas  
January 13, 2015

**CITY OF PLANO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2014**

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, 2014. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$1.4 billion (net position). Of this amount, \$1.1 billion (75.7 percent) is net investment in capital assets. The amount of net position restricted for a specific purpose is \$34.3 million (2.5 percent). The remaining \$304.4 million (21.8 percent) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$22.5 million. Approximately, one-half of the increase is attributable to increased property and sales tax revenues. Property tax revenues are higher over prior year by \$6.3 million as a result of higher assessed property values in the current year. For fiscal year 2015, the total appraised value will include an increase in new property coming on-line of \$511.8 million while existing property values are expected to increase by \$1.4 billion. The \$5.6 million increase in sales tax revenues is the result of higher business-to-business sales.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$259.6 million, an increase of \$12.1 million in comparison with the prior year. Within this total, \$87.2 million (33.6 percent) is restricted by specific legal requirements and \$126.5 million (48.7 percent) has been committed and assigned to specific types of expenditures. \$45.9 million (17.7 percent) is unassigned fund balance in the general fund and can be used for any lawful purpose.
- The City's total debt decreased by \$13.2 million primarily because of a larger General Obligation and Refunding bond issuance in the prior year.

**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 are comprised of 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 Position presents information on all of the City of Plano's assets, deferred outflows, liabilities and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Plano is improving or deteriorating. The Statement of Net Position combines and consolidates governmental and business-type funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. In order to assess the overall health or financial condition of the City, other non-financial factors should also be taken into consideration. These include 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.).

**City of Plano, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2014**

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. 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).

In the Statement of Net Position and the Statement of Activities, the City is divided into three types of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including police, fire, libraries, development, public services and operations, parks and recreation, 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 in order to cover all or most of the cost of certain services the City provides. The City's water and sewer system, environmental waste system, municipal drainage system, civic center, municipal golf course, recreation revolving activities and downtown center development activities are reported as business-type activities.
- **Component unit** – The City includes one separate legal entity in its report – Tax Increment Financing District (TIF) East Side. Although legally separate, this "component unit" is important because the City is financially accountable for it.

The government-wide financial statements can be found on pages 15-17 of this report.

### **Fund Financial Statements**

A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital reserve fund, municipal facilities fund, and street 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 nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 18-22.

**City of Plano, Texas**  
**Management's Discussion and Analysis (continued)**  
**September 30, 2014**

- **Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, environmental waste services, municipal drainage, civic center, golf course, recreation centers, and downtown development. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its fleet services, risk management, employee health and disability programs, municipal warehouse and its information systems. Because these services predominately benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City of Plano maintains seven individual enterprise funds. The proprietary fund financial statements provide separate information for the water and sewer, environmental waste services and municipal drainage functions, as they are considered major funds. Data from the remaining four enterprise funds are combined into a single, aggregated presentation. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26-32 of this report.

- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 33 and 34 of this report.

- **Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 35-69 of this report.

- **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 and health benefits to its employees and retirees.

The required supplementary information can be found on page 70 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise and internal service funds can be found on pages 71-103 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position was \$1.4 billion as of September 30, 2014. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**City of Plano, Texas**  
**Management's Discussion and Analysis (continued)**  
**September 30, 2014**

By far the largest portion of the City's net position (75.7 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 cannot be used to liquidate these liabilities.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 378	\$ 363	\$ 110	\$ 109	\$ 488	\$ 472
Capital assets	954	953	376	379	1,330	1,332
Total assets	1,332	1,316	486	488	1,818	1,804
Deferred outflows	6	6	-	-	6	6
Long-term debt outstanding	364	375	22	24	386	399
Other liabilities	31	28	12	10	43	38
Total liabilities	395	403	34	34	429	437
Net position:						
Invested in capital assets, net of related debt	696	673	361	363	1,057	1,036
Restricted	32	52	2	2	34	54
Unrestricted	215	194	89	89	304	283
Total net position	\$ 943	\$ 919	\$ 452	\$ 454	\$ 1,395	\$ 1,373

An additional portion of the City's net position (2.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$304.4 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true to the prior fiscal year.

The City's net position increased by \$22.5 million during the current fiscal year. About one-half of this increase is attributable to increased property and sales tax revenues. Assessed property values are higher over prior year resulting in increased revenues of \$6.3 million. For fiscal year 2015, the total appraised value will include an increase in new property coming on-line of \$511.8 million while existing property values are expected to increase by \$1.4 billion. Sales tax revenues are higher in the current year by \$5.6 million as a result of higher business-to-business sales in the community.

**Governmental Activities**

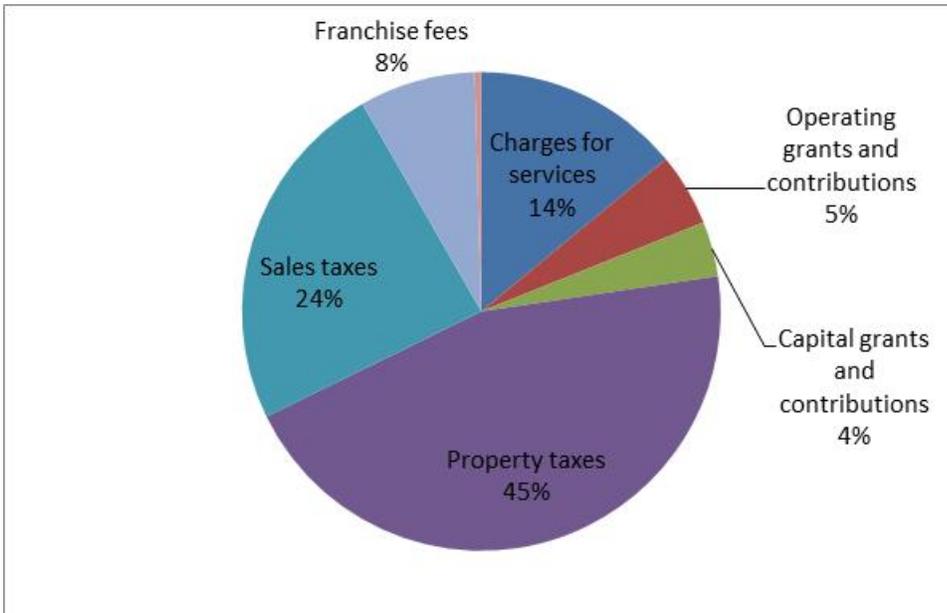
Governmental activities increased the City's net position by \$23.9 million, thereby accounting for 106.0 percent of the total growth in net position of the City. Key elements of this increase are as follows (Table 2):

**City of Plano, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2014**

**Table 2  
Change in Net Position  
(in Thousands)**

	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 43,562	\$ 42,642	\$ 144,663	\$ 150,454	\$ 188,225	\$ 193,096
Operating grants and contributions	15,264	14,058	-	359	15,264	14,417
Capital grants and contributions	11,543	8,576	3,463	4,255	15,006	12,831
General revenues:						
Property taxes	140,181	133,922	-	-	140,181	133,922
Sales taxes	74,469	68,831	-	-	74,469	68,831
Other taxes	1,824	1,677	5,985	5,096	7,809	6,773
Franchise fees	24,332	23,283	7,570	7,068	31,902	30,351
Investment income	1,397	974	450	196	1,847	1,170
Total revenues	312,572	293,963	162,131	167,428	474,703	461,391
Expenses:						
General government	22,837	22,902	-	-	22,837	22,902
Administrative services	9,004	8,716	-	-	9,004	8,716
Police	73,546	70,840	-	-	73,546	70,840
Fire	50,823	48,086	-	-	50,823	48,086
Libraries	11,153	10,268	-	-	11,153	10,268
Development	35,304	28,042	-	-	35,304	28,042
Public services and operations	7,350	6,372	-	-	7,350	6,372
Parks and recreation	32,445	28,606	-	-	32,445	28,606
Public works	29,654	31,256	-	-	29,654	31,256
Technology services	17,036	15,485	-	-	17,036	15,485
Interest on long-term debt	11,455	16,606	-	-	11,455	16,606
Water and sewer	-	-	113,528	108,229	113,528	108,229
Environmental waste services	-	-	22,665	22,344	22,665	22,344
Municipal drainage	-	-	4,576	4,475	4,576	4,475
Civic center	-	-	6,547	6,288	6,547	6,288
Municipal golf course	-	-	1,018	1,022	1,018	1,022
Recreation revolving	-	-	3,215	3,326	3,215	3,326
Downtown center development	-	-	29	10	29	10
Total expenses	300,607	287,179	151,578	145,694	452,185	432,873
Increase in net position						
before transfers	11,965	6,784	10,553	21,734	22,518	28,518
Transfers	11,898	12,443	(11,898)	(12,443)	-	-
Increase (decrease) in net position	23,863	19,227	(1,345)	9,291	22,518	28,518
Net position – October 1	918,901	899,674	453,912	444,621	1,372,813	1,344,295
Net position – September 30	\$ 942,764	\$ 918,901	\$ 452,567	\$ 453,912	\$ 1,395,331	\$ 1,372,813

**Revenues by Source – Governmental Activities**



Program revenues were \$70.4 million, compared to \$65.3 million in fiscal year 2013. The breakdown of the increase is as follows:

- Charges for services for governmental activities increased \$920 thousand. A portion of the increase is driven by higher ambulance revenue as a result of increased billing rates in fiscal year 2014. Additionally, engineering inspection fee revenues increased due to larger residential development activity in the current year.
- Operating grants and contributions increased \$1.2 million primarily due to increased economic development contribution revenue.
- Capital grants increased \$3.0 million primarily due to increased contributions from external agencies related to streets projects, as well as a larger volume of street projects funded through grant receipts.

General revenues increased from \$228.7 million in fiscal year 2013 to \$242.2 million in fiscal year 2014. Property tax revenues increased by \$6.3 million due to an increase in assessed valuations. Total assessed property values for fiscal year 2015 include \$511.8 million of new property coming on-line, while existing property values are expected to increase by \$1.4 billion. Sales tax revenues increased over prior year by \$5.6 million as a result of greater business-to-business sales. Electric and gas franchise revenues are higher compared to prior year due to extreme temperatures in the current year impacting usage.

Overall, governmental activities expenses were \$300.6 million, an increase of \$13.4 million over the prior year. The change was driven by increased economic development incentives and increased personnel costs due to the 3% across the board pay increases.

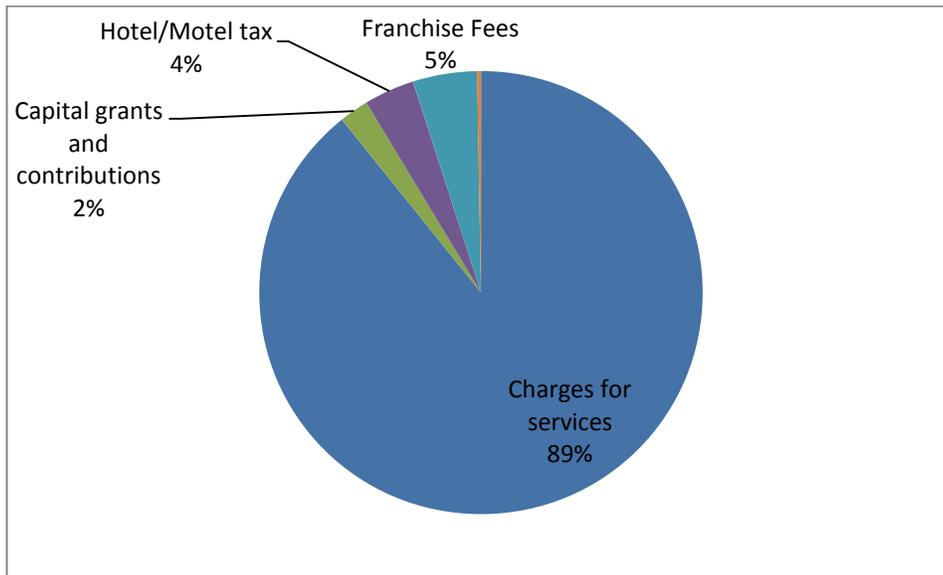
**Business-Type Activities**

Revenues of the City's business-type activities were \$162.1 million for the fiscal year ended September 30, 2014. Revenues decreased approximately \$5.3 million or 3.2 percent as compared to the prior fiscal year. Expenses for the City's business-type activities increased \$5.9 million or 4.0 percent. The decrease in net revenues is the result of several factors, including the following:

**City of Plano, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2014**

- The City's water and sewer system recorded charges for services of \$114.6 million, a decrease of \$6.6 million or 5.4 percent from the prior year primarily attributable to more stringent water restrictions in the current year due to extreme drought conditions which impacted consumption. Additionally, developers' contributions were \$792 thousand lower in the current fiscal year.
- The City's environmental waste services activities operated with program expenses exceeding program revenues by \$6.5 million compared to \$5.6 million in fiscal year 2013. The City's percentage of contractual payments to North Texas Municipal Water District (NTMWD) decreased \$302 thousand over the prior year. Payment is based on allocation of tonnage between member cities. Franchise fee revenue increased \$502 thousand due to an increase in collection fees and disposal volumes.
- The City's municipal drainage activity operated with charges for services exceeding expenses by \$2.8 million, compared to \$1.8 million in the prior year. The municipal drainage system recorded charges for services of \$7.4 million, an increase of \$1.1 million due to a rate increase in October 2013.
- The City's Plano Centre activity operated with expenses exceeding charges for services by \$4.8 million as compared to \$4.5 million in the prior fiscal year. Charges for services are reported at \$1.7 million which is consistent with the prior year.

**Revenues by Source – Business-Type Activities**



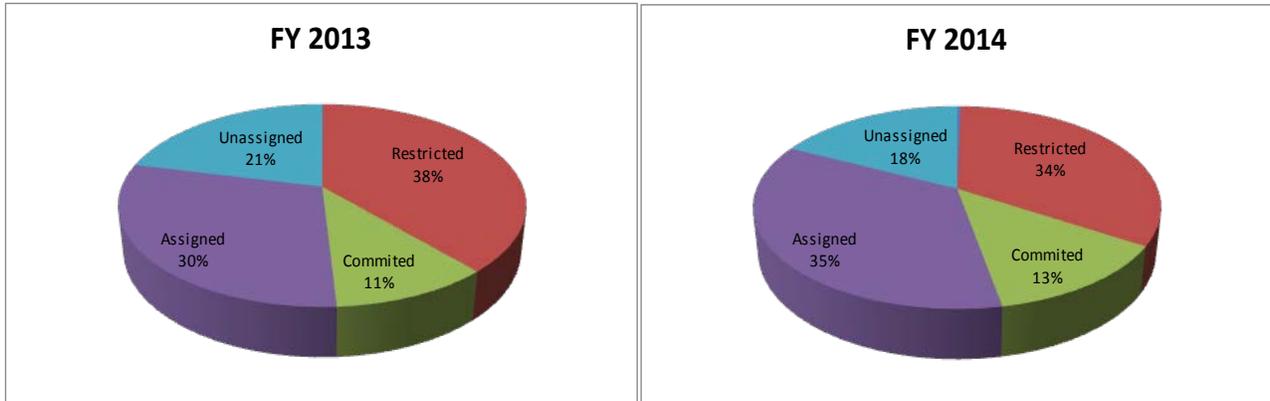
**Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balances (unassigned, assigned, and committed) may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

**City of Plano, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2014**

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$259.6 million. Within this total \$87.2 million is restricted by specific legal requirements, such as by debt covenants, and \$125.6 million has been committed and assigned to specific types of expenditures. \$45.9 million is unassigned fund balance in the general fund and can be used for any lawful purpose. The remaining \$858 thousand is nonspendable.



The general fund is the chief operating fund of the City. The fund balance of the City's general fund decreased by \$5.0 million during the current fiscal year. Key factors in this decline are as follows:

- Expenditures increased \$15.9 million primarily due to a 3% across the board pay increase for non-civil and civil service employees, as well as adding 33 positions. Additionally, the amount contributed to the economic development incentive fund increased over prior year by \$4.8 million and will continue to be utilized to attract and retain major businesses and employers.
- The increases to expenditures are offset by increased revenue related to higher property and sales tax revenues of \$6.3 million and \$5.6 million, respectively. These increases are related to higher property valuations and increased business-to-business sales.

The debt service fund has a total fund balance of \$3.3 million, all of which is restricted for the payment of debt service. The debt service fund increased by \$1.8 million primarily because the 2003 G.O. bonds and 2007 tax anticipation notes were paid off during fiscal year 2013.

The capital reserve fund balance of \$49.0 million is assigned for replacement and renewals of the City's infrastructure. The capital reserve fund balance increased \$4.5 million from the prior year as the result of increased transfers from the general fund of \$5.6 million.

The municipal facilities fund balance of \$20.3 million is divided between restricted for municipal facilities (\$16.8 million) and assigned to encumbrances (\$3.5 million). The municipal facilities fund balance decreased \$1.5 million primarily due to \$2.3 million in capital outlay expenditures for the technology services facility reconstruction.

The street improvements fund balance of \$40.9 million is divided between restricted for street improvements (\$24.6 million), assigned to encumbrances (\$16.2 million) and nonspendable (\$60 thousand). The street improvements fund balance decreased \$3.5 million primarily due to increased capital outlay expenditures of \$5.1 million for various streets projects.

**City of Plano, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2014**

**Proprietary Funds** – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- The City's Water and Sewer fund net position of \$399.3 million decreased by \$6.0 million over the prior year. In the current fiscal year, total operating revenues decreased by \$6.5 million. Because of extreme drought conditions, more stringent water restrictions were enacted resulting in less consumption.
- The City's Environmental Waste Services fund net position of \$4.4 million increased by \$951 thousand over the prior year primarily due to an increase in franchise fee revenue and a decrease in landfill services expense. Franchise fee revenues increased as a result of higher collection fees and disposal volumes, while landfill expenses decreased due to operational changes.
- The City's Municipal Drainage fund net position increased over the prior year by \$2.6 million to \$26.0 million due to an increase in drainage rates in October 2013.

**General Fund Budgetary Highlights**

During the current year, the actual on a budgetary basis expenditures were \$227.4 million compared to the re-estimated final budget amount of \$233.3 million. Actual expenditures on a budgetary basis were \$4.5 million lower than the original budget implemented for fiscal year 2014 and \$5.9 million lower as compared to the re-estimate final. Decreases were due to continued prudent spending by the various departments, as well as salary savings from the original budget.

For fiscal year 2014, the actual on a budgetary basis revenues were \$227.3 million as compared to the re-estimated final budget amount and original budget amount of \$223.5 million and \$213.4 million, respectively. The primary reason for the increase in actual revenue compared to the re-estimated budget is related to a \$4.0 million variance in sales tax revenue as a result of the slight improvement in the local economy. The City Council has capped the amount that can be budgeted for sales tax revenue based upon a rolling three-year average, which is approximately \$70.0 million.

The City of Plano has an actual on budgetary basis general fund balance of \$46.5 million as of the fiscal year-end, compared to the re-estimated budget fund balance and original budget fund balance of \$37.0 million and \$32.9 million, respectively. The variance in fund balance is primarily due to the aforementioned variance in sales tax and continued prudent spending by the departments.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year 2014, 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 (Table 3). This amount represents a net decrease (including additions and deductions) of \$1.6 million over the prior fiscal year.

**Table 3**  
**Capital Assets at Year-end**  
**(Net of Depreciation, in Thousands)**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 135,281	\$134,508	\$ 6,472	\$ 6,452	\$ 141,753	\$ 140,960
Buildings and improvements	188,441	196,933	332,278	335,746	520,719	532,679
Equipment	47,176	52,107	891	1,906	48,067	54,013
Construction in progress	31,385	16,049	5,353	4,694	36,738	20,743
Public art	1,699	1,699	-	-	1,699	1,699
Infrastructure	550,567	552,010	-	-	550,567	552,010
Drainage improvements	-	-	30,748	29,825	30,748	29,825
<b>Totals</b>	<b>\$ 954,549</b>	<b>\$953,306</b>	<b>\$375,742</b>	<b>\$378,623</b>	<b>\$1,330,291</b>	<b>\$1,331,929</b>

This year's major capital outlay additions for governmental capital projects included (in millions):

Park development and improvements	\$ 3.6
Recreational trail connections development	1.6
Reconstruction of existing street pavement and sidewalks at various locations	3.1
Various intersection improvements	4.6
Residential street and alley repairs	4.0
Repair screening walls	1.0
Arterial concrete repair	2.3
Arterial joint sealing program	2.0
Install and replace water lines	3.7
Technology Service facility	2.3
	\$ 28.2

The City's fiscal year 2015 general obligation capital budget includes \$79.7 million for capital projects, principally for four major categories: street improvements and enhancements, parks and recreation, municipal facilities and public infrastructure improvements. An additional \$34.7 million in general obligation bond proceeds will be required to support the entire 2014-2015 general obligation capital investment program.

**Street Improvements and Enhancements.** The City plans to spend \$36.8 million on street improvements and enhancements including \$3.8 million to widen Windhaven Parkway from Spring Creek Parkway to the west city limits, \$3.0 million for improvements to 15<sup>th</sup> Street from G Avenue to U.S. Highway 75, \$1.8 million for reconstruction of Royal Oaks Drive, \$1.5 for reconstruction of Split Trail Road, \$1.4 million for construction of a

**City of Plano, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2014**

pedestrian crossing at Park Boulevard and U.S. Highway 75, \$1.3 million for bridge inspections and repairs and \$7.8 million for construction of corridor improvements along major thoroughfares. The remaining funds for street improvements are for a variety of projects.

**Parks and Recreation.** Estimated expenditures for parks and recreation facilities are \$29.1 million including \$6.9 million for continued development of Oak Point Park and Nature Preserve, \$4.0 million for expansion of the Oak Point Recreation Center, \$3.6 million for various trail improvements, \$2.8 million for initial construction of the Jack Carter Pool renovation, \$2.0 million for development of Windhaven Meadows Park and \$1.9 million for construction of the Carpenter Recreation Center swimming pool. The remaining funds for park improvements are for a variety of projects.

**Municipal Facilities.** Estimated expenditures for municipal facilities are \$7.8 million including \$7.1 million for fire station renovations.

**Public Infrastructure Improvement.** Estimated expenditures of \$6.0 million to improve publicly owned infrastructure that serves commercial areas, such as streets, utilities and open spaces, in coordination with private development and reinvestment in commercial properties. Funds are intended to improve older areas of Plano by enhancing existing infrastructure so further economic development becomes attractive to private firms and investors.

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 \$337.4 million in bonds and tax anticipation notes outstanding as compared to \$350.6 million at the end of the prior fiscal year, a decrease of 3.8 percent – as shown in Table 4.

**Table 4  
Outstanding Debt, at Year-end  
(in Thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds and tax anticipation notes (backed by the City)	\$319,362	\$330,424	\$ -	\$ -	\$319,362	\$330,424
Revenue bonds (backed by fee revenues)	-	-	18,016	20,151	18,016	20,151
<b>Totals</b>	<b>\$319,362</b>	<b>\$330,424</b>	<b>\$ 18,016</b>	<b>\$ 20,151</b>	<b>\$337,378</b>	<b>\$350,575</b>

During the current fiscal year, the City issued \$20.7 million in new general obligation bonds and refunded \$8.6 million.

The City's general obligation bonds and tax notes continue to carry an "AAA" rating, the highest rating possible. This rating has been assigned to the City's tax-supported debt since February 2000, by Moody's Investor

**City of Plano, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2014**

Service, Standard & Poor's and Fitch, Inc. The City's drainage revenue bonds carry Aa2 and AAA 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 5.1 percent.

The City maintains a self-insurance program for general liability, public officials' errors and omission, police professional liability, property loss and workers' compensation. The City has claims and judgments of \$6.5 million outstanding at year-end compared with \$6.4 million at the end of the prior fiscal year. \$4.0 million is related to property/liability losses while \$2.5 million is related to health claims which are \$44 thousand higher than prior 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.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Although the economy is a primary factor, City elected and appointed officials addressed many considerations when setting the fiscal year 2015 budget and rates. The focus of the 2015 budget is to restore certain services to maintain quality as certain items were impacted over the past several years' tightening on the budget.

Property taxes are the single largest source of revenue and represent 41.0% of the 2015 General Fund Budget appropriations. The assessed property value represents an increase of 7.1%. Ad valorem tax rates will remain unchanged at 48.86 cents per \$100 valuation. Sales tax revenue is the City's second largest source of revenue representing 27.4% of budget General Fund revenues.

Water expenditure projections are up primarily due to increased water and wastewater treatment increases from North Texas Municipal Water District. The significant increase in the water rate is to pay for debt service associated with the 46-mile, \$300 million pipeline that is currently under construction and will bring raw water from Lake Texoma to the NTMWD Wylie Plant for treatment and support the expansion and improvements of NTMWD's water treatment operations. As a result of increased expenses for NTMWD, budgeted water rates will be evaluated and increased accordingly.

### **REQUESTS FOR INFORMATION**

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, Texas 75074.

**CITY OF PLANO, TEXAS  
STATEMENT OF NET POSITION  
AS OF SEPTEMBER 30, 2014**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 71,017,048	\$ 8,713,627	\$ 79,730,675	\$ 1,617,551
Investments	271,489,546	30,482,405	301,971,951	6,305,913
Receivables (net of allowance for uncollectibles)	20,853,258	17,643,339	38,496,597	-
Internal balances	(13,127,820)	13,127,820	-	-
Due from other governments	1,027,544	-	1,027,544	-
Inventories	1,217,647	104,562	1,322,209	-
Prepays and other assets	22,994,598	192,752	23,187,350	-
Restricted assets:				
Cash and cash equivalents	434,596	8,179,496	8,614,092	-
Investments	1,684,065	31,695,677	33,379,742	-
Receivables	10,176	191,520	201,696	-
Capital assets:				
Nondepreciable	168,364,232	11,824,846	180,189,078	2,453,267
Depreciable (net)	786,184,958	363,917,044	1,150,102,002	-
<b>Total assets</b>	<b>1,332,149,848</b>	<b>486,073,088</b>	<b>1,818,222,936</b>	<b>10,376,731</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	5,685,332	396,313	6,081,645	-
<b>LIABILITIES</b>				
Accounts payable	5,047,011	5,397,807	10,444,818	382,351
Accrued liabilities	6,605,715	1,710,961	8,316,676	-
Accrued interest payable	1,045,092	271,006	1,316,098	-
Contracts payable	5,872,647	1,143,615	7,016,262	-
Customer deposits	-	2,618,275	2,618,275	-
Unearned revenue	9,487,360	753,969	10,241,329	-
Due to other governments	1,766,725	-	1,766,725	-
Retainage payable	1,221,535	354,652	1,576,187	-
Seized assets payable	66,499	-	66,499	-
Noncurrent liabilities				
Due within one year:				
Compensated absences	5,641,158	539,875	6,181,033	-
Bonds and notes payable	30,185,729	1,899,968	32,085,697	-
Liability for insurance claims	5,741,471	-	5,741,471	-
Due in more than one year:				
Compensated absences	32,504,803	3,095,803	35,600,606	-
Bonds and notes payable	289,176,539	16,116,042	305,292,581	-
Liability for insurance claims	709,229	-	709,229	-
<b>Total liabilities</b>	<b>395,071,513</b>	<b>33,901,973</b>	<b>428,973,486</b>	<b>382,351</b>
<b>NET POSITION</b>				
Net investment in capital assets	695,615,093	360,960,813	1,056,575,906	2,453,267
Restricted for:				
Capital projects and special revenue	29,801,369	-	29,801,369	-
Debt service	2,295,679	2,242,278	4,537,957	-
Unrestricted	215,051,526	89,364,337	304,415,863	7,541,113
<b>Total net position</b>	<b>\$ 942,763,667</b>	<b>\$ 452,567,428</b>	<b>\$ 1,395,331,095</b>	<b>\$ 9,994,380</b>

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, 2014

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 22,837,719	\$ 6,152,383	\$ 706,928	\$ 110,630
Administrative services	9,004,302	5,296	-	-
Police	73,546,241	16,615,952	1,811,902	156,476
Fire	50,822,815	4,898,085	131,700	7,000
Libraries	11,152,367	432,864	143,885	-
Development	35,304,179	6,492,386	11,753,437	-
Public services and operations	7,350,378	1,448,584	172,257	-
Parks and recreation	32,444,929	4,423,381	346,767	102,682
Public works	29,653,914	48,710	197,165	11,165,755
Technology services	17,035,972	3,044,377	-	-
Interest on long-term debt	11,454,975	-	-	-
<b>Total governmental activities</b>	<b>300,607,791</b>	<b>43,562,018</b>	<b>15,264,041</b>	<b>11,542,543</b>
Business-type Activities:				
Water and sewer	113,527,471	114,554,767	-	3,463,123
Environmental waste services	22,664,437	16,147,526	-	-
Municipal drainage	4,576,230	7,400,810	-	-
Plano centre	6,547,215	1,727,103	-	-
Municipal golf course	1,017,816	965,465	-	-
Recreation revolving	3,215,117	3,773,493	-	-
Downtown center development	28,931	93,896	-	-
<b>Total business-type activities</b>	<b>151,577,217</b>	<b>144,663,060</b>	<b>-</b>	<b>3,463,123</b>
<b>Total primary government</b>	<b>\$ 452,185,008</b>	<b>\$ 188,225,078</b>	<b>\$ 15,264,041</b>	<b>\$ 15,005,666</b>
<b>Component unit:</b>				
TIF East Side	\$ 3,180,860	\$ -	\$ -	\$ 1,025,358

General revenues:  
Property taxes  
Sales taxes  
Mixed drink taxes  
Hotel/Motel tax  
Other taxes  
Franchise fees based upon gross receipts  
Investment income  
Transfers  
Total general revenues and transfers  
Change in net position  
Net position - beginning  
Net position - ending

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

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (15,867,778)		\$ (15,867,778)	
(8,999,006)		(8,999,006)	
(54,961,911)		(54,961,911)	
(45,786,030)		(45,786,030)	
(10,575,618)		(10,575,618)	
(17,058,356)		(17,058,356)	
(5,729,537)		(5,729,537)	
(27,572,099)		(27,572,099)	
(18,242,284)		(18,242,284)	
(13,991,595)		(13,991,595)	
(11,454,975)		(11,454,975)	
<u>(230,239,189)</u>		<u>(230,239,189)</u>	
	\$ 4,490,419	4,490,419	
	(6,516,911)	(6,516,911)	
	2,824,580	2,824,580	
	(4,820,112)	(4,820,112)	
	(52,351)	(52,351)	
	558,376	558,376	
	64,965	64,965	
	<u>(3,451,034)</u>	<u>(3,451,034)</u>	
<u>(230,239,189)</u>	<u>(3,451,034)</u>	<u>(233,690,223)</u>	
			<u>(2,155,502)</u>
140,180,751	-	140,180,751	2,837,673
74,468,963	-	74,468,963	-
1,659,703	-	1,659,703	-
-	5,984,727	5,984,727	-
164,195	-	164,195	-
24,332,547	7,570,258	31,902,805	-
1,396,949	449,967	1,846,916	-
11,898,312	(11,898,312)	-	-
<u>254,101,420</u>	<u>2,106,640</u>	<u>256,208,060</u>	<u>2,837,673</u>
23,862,231	(1,344,394)	22,517,837	682,171
918,901,436	453,911,822	1,372,813,258	9,312,209
<u>\$ 942,763,667</u>	<u>\$ 452,567,428</u>	<u>\$ 1,395,331,095</u>	<u>\$ 9,994,380</u>

**CITY OF PLANO, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Reserve</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,680,426	\$ 680,318	\$ 10,468,567
Investments	41,278,838	2,636,243	40,565,871
Receivables (net of allowance for uncollectibles)			
Taxes	14,518,633	477,506	-
Accounts	1,784,308	-	-
Accrued interest	249,424	15,927	245,116
Assessments	-	-	-
Other	-	-	-
Due from other funds	702,322	3,092	-
Due from other governments	11,743	-	-
Inventories	238,474	-	-
Prepaid items and other assets	554,980	-	-
<b>Total assets</b>	<u>70,019,148</u>	<u>3,813,086</u>	<u>51,279,554</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	2,876,290	-	-
Accrued liabilities	6,405,847	-	-
Contracts payable	-	-	1,953,175
Unearned revenue	1,287,607	-	-
Due to other funds	30,543	-	-
Due to other governments	211,599	-	-
Retainage payable	-	-	356,719
Seized assets payable	-	-	-
<b>Total liabilities</b>	<u>10,811,886</u>	<u>-</u>	<u>2,309,894</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	7,882,444	472,315	-
Fund Balance:			
Nonspendable:			
Prepaid items and other assets	793,454	-	-
Restricted for:			
Debt service	-	3,340,771	-
Municipal facilities	-	-	-
Street improvements	-	-	-
Other capital projects	-	-	-
Special revenue	-	-	-
Committed to:			
Special revenue	-	-	-
Assigned to:			
Encumbrances	4,234,552	-	-
Capital reserve	-	-	48,969,660
Municipal facilities	-	-	-
Street improvements	-	-	-
Other capital projects	-	-	-
Other purposes	382,677	-	-
Unassigned	45,914,135	-	-
<b>Total fund balance</b>	<u>51,324,818</u>	<u>3,340,771</u>	<u>48,969,660</u>
<b>Total liabilities, deferred inflows, and fund balance</b>	<u>\$ 70,019,148</u>	<u>\$ 3,813,086</u>	<u>\$ 51,279,554</u>

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

<b>Municipal Facilities</b>	<b>Street Improvements</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 4,366,907	\$ 10,055,924	\$ 21,112,047	\$ 57,364,189
16,921,834	38,966,876	78,215,022	218,584,684
-	-	-	14,996,139
-	111,944	450,547	2,346,799
102,249	235,454	472,608	1,320,778
-	1,370,676	-	1,370,676
-	-	205,054	205,054
-	-	30,543	735,957
-	166,597	849,204	1,027,544
-	-	-	238,474
-	60,480	4,030	619,490
<u>21,390,990</u>	<u>50,967,951</u>	<u>101,339,055</u>	<u>298,809,784</u>
-	-	332,596	3,208,886
-	-	16,595	6,422,442
927,349	1,091,266	1,900,857	5,872,647
-	8,605,503	964,926	10,858,036
-	-	702,322	732,865
-	-	1,555,126	1,766,725
113,975	405,074	345,767	1,221,535
-	-	66,499	66,499
<u>1,041,324</u>	<u>10,101,843</u>	<u>5,884,688</u>	<u>30,149,635</u>
-	-	659,120	9,013,879
-	60,480	4,030	857,964
-	-	-	3,340,771
16,807,679	-	-	16,807,679
-	24,564,873	-	24,564,873
-	-	12,700,525	12,700,525
-	-	29,812,011	29,812,011
-	-	34,066,858	34,066,858
-	-	-	4,234,552
-	-	-	48,969,660
3,541,987	-	-	3,541,987
-	16,240,755	-	16,240,755
-	-	18,211,823	18,211,823
-	-	-	382,677
-	-	-	45,914,135
<u>20,349,666</u>	<u>40,866,108</u>	<u>94,795,247</u>	<u>259,646,270</u>
<u>\$ 21,390,990</u>	<u>\$ 50,967,951</u>	<u>\$ 101,339,055</u>	<u>\$ 298,809,784</u>

**CITY OF PLANO, TEXAS  
RECONCILIATION OF THE STATEMENT OF NET POSITION  
OF GOVERNMENTAL FUNDS  
TO THE BALANCE SHEET  
AS OF SEPTEMBER 30, 2014**

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

Total fund balance per balance sheet	\$ 259,646,270
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	919,246,078
Deferred outflows represent a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.	5,685,332
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds.	23,428,538
Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims 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 position.	83,595,039
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(357,851,469)
Deferred inflows represent an acquisition of net position that applies to future periods. The amount is unavailable and deferred at the fund level but recognized as revenue in the governmental activities.	9,013,879
Net position of governmental activities	<u>\$ 942,763,667</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, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Reserve</u>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 87,985,153	\$ 42,402,430	\$ -
Sales taxes	73,976,157	-	-
Other taxes	1,816,987	-	-
Franchise fees	23,469,220	-	-
Fines and forfeitures	7,529,084	-	-
Contributions	-	-	-
Rollback taxes	-	-	593,756
Licenses and permits	8,464,559	-	-
Intragovernmental	8,839,577	-	-
Intergovernmental	1,056,121	-	-
Fees for services	12,552,999	-	-
Assessments	-	-	-
Investment income	483,213	421,907	294,230
Miscellaneous	1,716,167	156,476	10,750
Total revenues	<u>227,889,237</u>	<u>42,980,813</u>	<u>898,736</u>
<b>EXPENDITURES</b>			
Current operating:			
General government	23,153,000	-	-
Administrative services	9,075,852	-	-
Police	67,425,919	-	-
Fire	48,517,309	-	-
Libraries	9,635,480	-	-
Development	30,636,688	-	-
Public services and operations	6,264,622	-	-
Parks and recreation	20,362,792	-	-
Environmental waste services	-	-	-
Public works	5,817,124	-	-
Technology services	1,000,000	-	-
Capital outlay	1,306,108	-	17,860,693
Interest and fiscal charges	-	-	-
Debt service:			
Principal retirement	-	28,135,000	-
Interest and fiscal charges	-	13,015,703	-
Total expenditures	<u>223,194,894</u>	<u>41,150,703</u>	<u>17,860,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,694,343</u>	<u>1,830,110</u>	<u>(16,961,957)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Issuance of debt - refunding	-	8,645,000	-
Escrow payment - refunding	-	(11,373,354)	-
Premium on sale of bonds	-	326,970	-
Transfers in	9,266,641	2,338,615	21,500,000
Transfers out	(18,946,590)	-	-
Total other financing sources (uses)	<u>(9,679,949)</u>	<u>(62,769)</u>	<u>21,500,000</u>
Net change in fund balances	(4,985,606)	1,767,341	4,538,043
Fund balances-beginning	56,310,424	1,573,430	44,431,617
Fund balances-ending	<u>\$ 51,324,818</u>	<u>\$ 3,340,771</u>	<u>\$ 48,969,660</u>

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

<b>Municipal Facilities</b>	<b>Street Improvements</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 130,387,583
-	-	-	73,976,157
-	-	-	1,816,987
-	-	-	23,469,220
-	-	4,852,014	12,381,098
-	2,900,562	11,485,513	14,386,075
-	-	-	593,756
-	-	-	8,464,559
-	-	-	8,839,577
-	4,160,270	1,644,766	6,861,157
-	-	3,540,967	16,093,966
-	-	-	-
141,123	1,575,435	(1,954,453)	961,455
-	1,925	101,895	1,987,213
<u>141,123</u>	<u>8,638,192</u>	<u>19,670,702</u>	<u>300,218,803</u>
-	-	-	23,153,000
-	-	-	9,075,852
-	-	5,198,282	72,624,201
-	-	153,736	48,671,045
-	-	171,857	9,807,337
-	-	5,084,797	35,721,485
-	-	1,028,917	7,293,539
-	-	-	20,362,792
-	-	-	-
-	-	-	5,817,124
-	-	-	1,000,000
3,888,557	12,142,480	8,967,100	44,164,938
10,602	-	89,733	100,335
-	-	-	28,135,000
-	-	-	13,015,703
<u>3,899,159</u>	<u>12,142,480</u>	<u>20,694,422</u>	<u>318,942,351</u>
<u>(3,758,036)</u>	<u>(3,504,288)</u>	<u>(1,023,720)</u>	<u>(18,723,548)</u>
2,182,341	-	18,497,659	20,680,000
-	-	-	8,645,000
-	-	-	(11,373,354)
68,836	-	556,944	952,750
-	-	524,693	33,629,949
-	-	(2,731,637)	(21,678,227)
<u>2,251,177</u>	<u>-</u>	<u>16,847,659</u>	<u>30,856,118</u>
(1,506,859)	(3,504,288)	15,823,939	12,132,570
21,856,525	44,370,396	78,971,308	247,513,700
<u>\$ 20,349,666</u>	<u>\$ 40,866,108</u>	<u>\$ 94,795,247</u>	<u>\$ 259,646,270</u>

**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, 2014**

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

Net change in fund balance - total governmental funds	\$ 12,132,570
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.	(4,706,375)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,221,761
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 position. Also, governmental funds report the effect of premiums and discounts 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.	8,992,611
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.	2,140,419
Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims and municipal warehouse to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities.	1,088,921
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.	(7,676)
Change in net position of governmental activities	<u><u>\$ 23,862,231</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, 2014

	Budgeted Amounts		Actual	Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
<b>REVENUES:</b>						
Taxes:						
Property taxes	\$ 88,281,249	\$ 88,029,063	\$ 87,985,153	\$ (593,756)	\$ 87,391,397	\$ (637,666)
Sales taxes	61,503,635	70,000,000	73,976,157	-	73,976,157	3,976,157
Other taxes	1,304,099	1,640,713	1,816,987	-	1,816,987	176,274
Franchise fees	22,792,394	23,696,080	23,469,220	-	23,469,220	(226,860)
Fines and forfeitures	8,080,568	7,678,757	7,529,084	-	7,529,084	(149,673)
Licenses and permits	7,434,135	8,222,786	8,464,559	-	8,464,559	241,773
Intragovernmental	8,839,577	8,839,577	8,839,577	-	8,839,577	-
Intergovernmental	1,027,049	1,052,102	1,056,121	-	1,056,121	4,019
Fees for services	12,342,732	12,617,295	12,552,999	-	12,552,999	(64,296)
Investment income	500,000	150,000	483,213	-	483,213	333,213
Miscellaneous	1,257,231	1,560,039	1,716,167	-	1,716,167	156,128
Total revenues	<u>213,362,669</u>	<u>223,486,412</u>	<u>227,889,237</u>	<u>(593,756)</u>	<u>227,295,481</u>	<u>3,809,069</u>
<b>EXPENDITURES:</b>						
General government	32,093,618	27,367,677	23,153,000	424,986	23,577,986	3,789,691
Administrative services	9,130,969	9,374,943	9,075,852	205,415	9,281,267	93,676
Police	69,083,539	67,786,448	67,425,919	194,407	67,620,326	166,122
Fire	48,682,188	48,868,627	48,517,309	373,379	48,890,688	(22,061)
Libraries	9,909,574	9,846,587	9,635,480	239,986	9,875,466	(28,879)
Development	27,567,170	33,062,853	30,636,688	1,291,089	31,927,777	1,135,076
Public services and operations	5,739,757	6,566,355	6,264,622	35,240	6,299,862	266,493
Parks and recreation	21,803,522	21,765,934	20,362,792	917,135	21,279,927	486,007
Public works	5,743,893	5,881,964	5,817,124	21,327	5,838,451	43,513
Technology services	1,000,000	1,000,000	1,000,000	-	1,000,000	-
Capital outlay	1,133,800	1,812,854	1,306,108	531,588	1,837,696	(24,842)
Total expenditures	<u>231,888,030</u>	<u>233,334,242</u>	<u>223,194,894</u>	<u>4,234,552</u>	<u>227,429,446</u>	<u>5,904,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,525,361)</u>	<u>(9,847,830)</u>	<u>4,694,343</u>	<u>(4,828,308)</u>	<u>(133,965)</u>	<u>9,713,865</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	10,357,280	9,266,641	9,266,641	-	9,266,641	-
Transfers out	<u>(15,250,000)</u>	<u>(18,750,000)</u>	<u>(18,946,590)</u>	<u>-</u>	<u>(18,946,590)</u>	<u>(196,590)</u>
Total other financing uses	<u>(4,892,720)</u>	<u>(9,483,359)</u>	<u>(9,679,949)</u>	<u>-</u>	<u>(9,679,949)</u>	<u>(196,590)</u>
Net change in fund balance	(23,418,081)	(19,331,189)	(4,985,606)	(4,828,308)	(9,813,914)	9,517,275
FUND BALANCE, October 1	<u>56,310,424</u>	<u>56,310,424</u>	<u>56,310,424</u>	<u>-</u>	<u>56,310,424</u>	<u>-</u>
<b>FUND BALANCE, September 30</b>	<u>\$ 32,892,343</u>	<u>\$ 36,979,235</u>	<u>\$ 51,324,818</u>	<u>\$ (4,828,308)</u>	<u>\$ 46,496,510</u>	<u>\$ 9,517,275</u>

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

**CITY OF PLANO, TEXAS  
 ADJUSTMENTS TO REVENUES, EXPENDITURES AND OTHER  
 FINANCING USES FROM GAAP BASIS TO BUDGETARY BASIS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Net Change in Fund Balance
GAAP basis	\$ <u>(4,985,606)</u>
Revenues:	
Decrease due to rolled back taxes	(593,756)
Expenditures:	
Increase due to encumbrances	<u>(4,234,552)</u>
Budgetary basis	<u>\$ (9,813,914)</u>

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



CITY OF PLANO, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AS OF SEPTEMBER 30, 2014

Business-type Activities  
Enterprise Funds

	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 5,713,248	\$ 812,200	\$ 953,980	\$ 1,234,199	\$ 8,713,627	\$ 13,652,859
Investments	18,868,567	3,145,160	3,696,667	4,772,011	30,482,405	52,904,862
Receivables (net of allowance for uncollectibles)						
Accounts	13,060,019	1,115,871	733,729	579,517	15,489,136	294,138
Accrued interest	114,012	19,004	22,337	28,834	184,187	319,674
Other	1,703	1,952,234	-	16,079	1,970,016	-
Inventories	104,562	-	-	-	104,562	979,173
Prepaid expenses and other assets	143,103	3,631	-	46,018	192,752	317,246
Restricted assets:						
Revenue bond debt service-						
Cash and cash equivalents	-	-	744,005	-	744,005	-
Investments	-	-	1,480,852	-	1,480,852	-
Accrued interest receivable	-	-	17,421	-	17,421	-
Revenue bond reserve fund-						
Investments	-	-	1,402,178	-	1,402,178	-
Revenue bond construction fund-						
Cash and cash equivalents	6,662,803	-	772,688	-	7,435,491	434,596
Investments	25,818,468	-	2,994,179	-	28,812,647	1,684,065
Accrued interest receivable	156,006	-	18,093	-	174,099	10,176
Total current assets	<u>70,642,491</u>	<u>7,048,100</u>	<u>12,836,129</u>	<u>6,676,658</u>	<u>97,203,378</u>	<u>70,596,789</u>
Capital assets:						
Land	3,388,639	-	91,496	2,992,154	6,472,289	62,522
Buildings	2,748,029	8,581	52,921	13,782,224	16,591,755	5,844,458
Improvements other than buildings	567,076,740	-	-	2,037,373	569,114,113	-
Equipment	7,320,722	402,406	-	1,682,592	9,405,720	36,076,208
Furniture and fixtures	133,712	2,448	4,421	430,896	571,477	200,512
Rolling equipment	2,417	-	-	-	2,417	46,916,998
Drainage improvements	-	-	37,694,242	-	37,694,242	-
Construction in progress	4,837,302	-	515,255	-	5,352,557	-
Less accumulated depreciation	(246,405,671)	(115,127)	(6,973,770)	(15,968,112)	(269,462,680)	(53,797,586)
Total capital assets (net of accumulated depreciation)	<u>339,101,890</u>	<u>298,308</u>	<u>31,384,565</u>	<u>4,957,127</u>	<u>375,741,890</u>	<u>35,303,112</u>
Total noncurrent assets	<u>339,101,890</u>	<u>298,308</u>	<u>31,384,565</u>	<u>4,957,127</u>	<u>375,741,890</u>	<u>35,303,112</u>
Total assets	<u>\$ 409,744,381</u>	<u>\$ 7,346,408</u>	<u>\$ 44,220,694</u>	<u>\$ 11,633,785</u>	<u>\$ 472,945,268</u>	<u>\$ 105,899,901</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	\$ -	\$ -	\$ 396,313	\$ -	\$ 396,313	\$ -

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

(continued)

CITY OF PLANO, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AS OF SEPTEMBER 30, 2014  
(continued)

Business-type Activities  
Enterprise Funds

	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 4,713,671	\$ 408,852	\$ 103,715	\$ 171,569	\$ 5,397,807	\$ 1,838,125
Accrued liabilities	197,385	1,378,354	28,969	106,253	1,710,961	183,273
Unearned revenue	-	-	-	753,969	753,969	-
Due to other funds	-	-	2,825	-	2,825	267
Customer deposits	2,283,033	-	-	335,242	2,618,275	-
Liability for compensated absences	259,139	167,361	32,393	80,982	539,875	70,098
Liability for insurance claims	-	-	-	-	-	5,741,471
Total current liabilities	<u>7,453,228</u>	<u>1,954,567</u>	<u>167,902</u>	<u>1,448,015</u>	<u>11,023,712</u>	<u>7,833,234</u>
Current liabilities payable from restricted assets:						
Contracts payable	1,143,615	-	-	-	1,143,615	-
Current portion of long-term debt	-	-	1,899,968	-	1,899,968	-
Accrued interest payable	-	-	271,006	-	271,006	-
Retainage payable	354,050	-	602	-	354,652	-
Total current liabilities payable from restricted assets	<u>1,497,665</u>	<u>-</u>	<u>2,171,576</u>	<u>-</u>	<u>3,669,241</u>	<u>-</u>
Total current liabilities	<u>8,950,893</u>	<u>1,954,567</u>	<u>2,339,478</u>	<u>1,448,015</u>	<u>14,692,953</u>	<u>7,833,234</u>
Noncurrent liabilities:						
Bonds payable	-	-	16,116,042	-	16,116,042	-
Liability for compensated absences	1,481,517	944,849	200,388	469,049	3,095,803	631,754
Liability for insurance claims	-	-	-	-	-	709,229
Total noncurrent liabilities	<u>1,481,517</u>	<u>944,849</u>	<u>16,316,430</u>	<u>469,049</u>	<u>19,211,845</u>	<u>1,340,983</u>
Total liabilities	<u>10,432,410</u>	<u>2,899,416</u>	<u>18,655,908</u>	<u>1,917,064</u>	<u>33,904,798</u>	<u>9,174,217</u>
<b>NET POSITION</b>						
Net investment in capital assets	339,101,890	298,308	16,603,488	4,957,127	360,960,813	35,303,112
Restricted for:						
Debt service	-	-	2,242,278	-	2,242,278	-
Unrestricted	60,210,081	4,148,684	7,115,333	4,759,594	76,233,692	61,422,572
<b>Total net position</b>	<u>\$ 399,311,971</u>	<u>\$ 4,446,992</u>	<u>\$ 25,961,099</u>	<u>\$ 9,716,721</u>	<u>\$ 439,436,783</u>	<u>\$ 96,725,684</u>

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

**CITY OF PLANO, TEXAS  
 RECONCILIATION OF THE STATEMENT OF NET POSITION  
 OF PROPRIETARY FUNDS  
 TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
 AS OF SEPTEMBER 30, 2014**

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

Total net position of proprietary funds	\$ 439,436,783
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Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims and municipal warehouse to individual funds.

The net receivable due from activities of the internal service funds which are reported within business-type activities.	13,130,645
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Net position of business-type activities	<u>\$ 452,567,428</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF PLANO, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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	\$ 113,686,383	\$ 13,463,685	\$ 7,397,607	\$ 6,494,193	\$ 141,041,868	\$ 67,041,690
Franchise fees	-	7,570,258	-	-	7,570,258	-
Compost products	-	1,591,345	-	-	1,591,345	-
Contributions	-	107,418	-	-	107,418	-
Miscellaneous charges	747,287	967,251	-	65,764	1,780,302	291,015
Total operating revenues	<u>114,433,670</u>	<u>23,699,957</u>	<u>7,397,607</u>	<u>6,559,957</u>	<u>152,091,191</u>	<u>67,332,705</u>
Operating expenses:						
Personnel services	10,754,465	6,480,433	1,920,656	4,379,253	23,534,807	8,927,995
Contractual services	7,657,733	8,072,205	655,598	5,612,534	21,998,070	14,623,317
Supplies	1,588,424	471,365	265,114	818,114	3,143,017	9,081,911
Claims expense	-	-	-	-	-	26,322,887
Depreciation	14,868,960	4,772	743,173	209,339	15,826,244	7,298,855
Landfill services	-	6,691,380	-	-	6,691,380	-
Wastewater treatment	23,934,521	-	-	-	23,934,521	-
Charges in lieu of taxes	7,936,697	902,880	-	-	8,839,577	-
Water supply	46,060,145	-	-	-	46,060,145	-
Other postemployment benefits	-	-	-	-	-	574,422
Miscellaneous	724,407	260,075	10,923	103,692	1,099,097	53,371
Total operating expenses	<u>113,525,352</u>	<u>22,883,110</u>	<u>3,595,464</u>	<u>11,122,932</u>	<u>151,126,858</u>	<u>66,882,758</u>
Operating income (loss)	<u>908,318</u>	<u>816,847</u>	<u>3,802,143</u>	<u>(4,562,975)</u>	<u>964,333</u>	<u>449,947</u>
Nonoperating revenues (expenses):						
Investment income	324,497	17,672	74,267	33,531	449,967	435,494
Gain on property disposition	-	-	-	-	-	511,805
Interest and fiscal charges	-	(6,048)	(742,081)	-	(748,129)	-
Auction proceeds	16,983	-	-	-	16,983	-
Hotel/Motel tax	-	-	-	5,984,727	5,984,727	-
Intergovernmental revenues	-	-	-	-	-	1,000
Miscellaneous	104,114	17,827	3,203	-	125,144	34,179
Total nonoperating revenue (expenses)	<u>445,594</u>	<u>29,451</u>	<u>(664,611)</u>	<u>6,018,258</u>	<u>5,828,692</u>	<u>982,478</u>
Income before contributions and transfers	<u>1,353,912</u>	<u>846,298</u>	<u>3,137,532</u>	<u>1,455,283</u>	<u>6,793,025</u>	<u>1,432,425</u>
Contributions from developers	3,463,123	-	-	-	3,463,123	-
Transfers in	-	104,425	-	-	104,425	196,590
Transfers out	(10,862,268)	-	(530,556)	(609,913)	(12,002,737)	(250,000)
Change in net position	(6,045,233)	950,723	2,606,976	845,370	(1,642,164)	1,379,015
Total net position-beginning	<u>405,357,204</u>	<u>3,496,269</u>	<u>23,354,123</u>	<u>8,871,351</u>	<u>441,078,947</u>	<u>95,346,669</u>
Total net position-ending	<u>\$ 399,311,971</u>	<u>\$ 4,446,992</u>	<u>\$ 25,961,099</u>	<u>\$ 9,716,721</u>	<u>\$ 439,436,783</u>	<u>\$ 96,725,684</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 POSITION OF PROPRIETARY FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

Net change in net position - total proprietary funds	\$ (1,642,164)
Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims and municipal warehouse to individual funds.	
The net revenues of certain activities of internal service funds is reported within business-type activities.	290,094
The net revenues of grant activities of special revenue funds is reported within business-type activities.	7,676
Change in net position of business-type activities	<u>\$ (1,344,394)</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, 2014

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 116,694,340	\$ 15,466,399	\$ 7,406,335	\$ 6,316,552	\$ 145,883,626	\$ 67,115,761
Franchise fees	-	7,570,258	-	-	7,570,258	-
Charges in lieu of taxes	(7,936,697)	(902,880)	-	-	(8,839,577)	-
Cash payments to suppliers for goods and services	(77,470,499)	(14,854,773)	(900,320)	(6,610,319)	(99,835,911)	(49,981,355)
Cash payments to employees for services	(10,664,895)	(5,921,072)	(1,853,618)	(4,366,406)	(22,805,991)	(8,921,244)
Net cash provided (used) by operating activities	20,622,249	1,357,932	4,652,397	(4,660,173)	21,972,405	8,213,162
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Payments from other funds	151,191	-	-	-	151,191	-
Repayments to other funds	-	(151,191)	-	-	(151,191)	-
Hotel/Motel tax	-	-	-	5,984,727	5,984,727	-
Transfers to other funds	(10,862,268)	-	(530,556)	(609,913)	(12,002,737)	(250,000)
Transfers from other funds	-	104,425	-	-	104,425	196,590
Intergovernmental receipts	-	-	-	-	-	1,000
Net cash provided (used) by noncapital financing activities	(10,711,077)	(46,766)	(530,556)	5,374,814	(5,913,585)	(52,410)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(7,882,172)	(9,275)	(1,289,748)	(64,899)	(9,246,094)	(8,984,271)
Bond issuance costs received (paid)	-	-	(4,325)	-	(4,325)	-
Proceeds from sale of equipment	-	-	-	-	-	529,923
Principal paid on long-term debt	-	-	(2,110,000)	-	(2,110,000)	-
Interest and fees paid on long-term debt	-	(6,048)	(807,926)	-	(813,974)	-
Proceeds from insurance damages	104,114	17,827	3,203	-	125,144	34,179
Proceeds from sale of equipment	22,898	-	-	-	22,898	-
Net cash provided (used) by capital and related financing activities	(7,755,160)	2,504	(4,208,796)	(64,899)	(12,026,351)	(8,420,169)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of investment securities	(44,687,035)	(3,145,160)	(9,573,876)	(4,772,011)	(62,178,082)	(54,588,927)
Proceeds from sale and maturities of investment securities	43,494,444	2,096,837	9,606,574	4,241,217	59,439,072	54,578,192
Interest on investments	441,280	15,582	102,366	41,689	600,917	593,506
Decrease in fair value of investments	(92,740)	(2,738)	(21,001)	(8,318)	(124,797)	(118,866)
Net cash provided (used) by investing activities	(844,051)	(1,035,479)	114,063	(497,423)	(2,262,890)	463,905
<b>Net increase in cash and cash equivalents</b>	1,311,961	278,191	27,108	152,319	1,769,579	204,488
<b>Cash and cash equivalents, October 1</b>	11,064,090	534,009	2,443,565	1,081,880	15,123,544	13,882,967
<b>Cash and cash equivalents, September 30</b>	\$ 12,376,051	\$ 812,200	\$ 2,470,673	\$ 1,234,199	\$ 16,893,123	\$ 14,087,455
<b>Classified as:</b>						
Current assets	\$ 5,713,248	\$ 812,200	\$ 953,980	\$ 1,234,199	\$ 8,713,627	\$ 13,652,859
Restricted assets	6,662,803	-	1,516,693	-	8,179,496	434,596
<b>Total</b>	\$ 12,376,051	\$ 812,200	\$ 2,470,673	\$ 1,234,199	\$ 16,893,123	\$ 14,087,455
<b>Noncash disclosure:</b>						
Developers contributions	\$ 3,463,123	\$ -	\$ -	\$ -	\$ 3,463,123	\$ -
Premium amortization	-	-	24,970	-	24,970	-
Amortization of loss on refunding	-	-	(36,900)	-	(36,900)	-
Loss on property disposition	-	-	-	-	-	(625,245)
Decrease in fair value of investments	(92,740)	(2,738)	(21,001)	(8,318)	(124,797)	(118,866)
Transfer in (out) of capital assets	7,053,409	(85,387)	1,647,438	-	8,615,460	-

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, 2014  
(continued)

	Business-type Activities Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
<b>Operating income (loss)</b>	\$ 908,318	\$ 816,847	\$ 3,802,143	\$ (4,562,975)	\$ 964,333	\$ 449,947
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>						
Depreciation	14,868,960	4,772	743,173	209,339	15,826,244	7,298,855
<b>Change in assets and liabilities:</b>						
(Increase) decrease in-						
Accounts receivable	2,212,626	227,893	8,728	(246,314)	2,202,933	(244,625)
Other accounts receivable	592	(891,193)	-	(6,036)	(896,637)	280
Due from other funds	-	-	-	-	-	27,135
Prepaid expenses and other assets	2,217,329	611,126	-	(2,337)	2,826,118	6,376
Inventories	(104,562)	-	-	-	(104,562)	(61,076)
Increase (decrease) in-						
Accounts payable	381,964	29,126	28,490	(67,606)	371,974	685,068
Accrued liabilities	54,734	540,095	8,217	18,002	621,048	17,029
Due to other funds	-	-	2,825	-	2,825	267
Liability for compensated absences	34,836	19,266	58,821	(5,155)	107,768	(10,278)
Customer deposits	47,452	-	-	8,358	55,810	-
Unearned revenue	-	-	-	(5,449)	(5,449)	-
Liability for insurance claims	-	-	-	-	-	44,184
<b>Total adjustments</b>	<u>19,713,931</u>	<u>541,085</u>	<u>850,254</u>	<u>(97,198)</u>	<u>21,008,072</u>	<u>7,763,215</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 20,622,249</u>	<u>\$ 1,357,932</u>	<u>\$ 4,652,397</u>	<u>\$ (4,660,173)</u>	<u>\$ 21,972,405</u>	<u>\$ 8,213,162</u>

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



**CITY OF PLANO, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AS OF SEPTEMBER 30, 2014**

	<b>Pension and Other Employee Benefit Trust funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,497,164	\$ 571,617
Investment pool	-	2,215,023
Other U.S. government obligations	19,210,410	-
Corporate bonds	26,552,275	-
Asset-backed securities	3,571,611	-
Common stocks	85,936,542	-
Foreign equities	8,049,221	-
Mutual funds	27,828,786	-
Accrued interest	227,802	13,384
Pending trades accrued interest	57,218	-
<b>Total assets</b>	<u>173,931,029</u>	<u>2,800,024</u>
<b>LIABILITIES</b>		
Accounts payable	68,786	-
Accrued liabilities	327,954	-
Developers' escrow liability	-	2,712,103
Unclaimed property payable	-	87,921
<b>Total liabilities</b>	<u>396,740</u>	<u>2,800,024</u>
<b>NET POSITION</b>		
Held in trust for pension benefits	115,523,339	
Held in trust for other postemployment benefits	58,010,950	
<b>Total net position</b>	<u>\$ 173,534,289</u>	

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

**CITY OF PLANO, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Pension and Other Employee Benefit Trust funds</b>
<b>ADDITIONS</b>	
Contributions:	
From employer	\$ 8,175,601
From retirees	1,001,647
Total contributions	<u>9,177,248</u>
Investment return:	
Net increase in fair value of investments	13,486,186
Interest	1,163,978
Dividends	2,317,838
Miscellaneous	659,575
Total investment return	<u>17,627,577</u>
Less investment expenses:	
Trustee fees	29,026
Advisory fees	375,822
Total investment expenses	<u>404,848</u>
Net investment return	<u>17,222,729</u>
Total additions, net	<u>26,399,977</u>
<b>DEDUCTIONS</b>	
Benefits	7,013,688
Administrative expenses	259,611
Audit fees	31,000
Actuary fee	46,299
Miscellaneous expenses	1,392
Total deductions	<u>7,351,990</u>
<b>Net increase</b>	19,047,987
<b>Net assets held in trust - beginning of year</b>	<u>154,486,302</u>
<b>Net assets held in trust - end of year</b>	<u>\$ 173,534,289</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, 2014**

**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 accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments – Audit and Accounting Guide* and by the Financial Accounting Standards Board when applicable. The more significant accounting policies of the City are described below.

**A. Financial Statement Presentation**

The basic financial statements are prepared in conformity with GAAP, 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 unit on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expense 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 and postemployment benefits trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The 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 and Debt Service Fund budget with actual results. The City does not have any Special Revenue funds with legally adopted budgets.

**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 unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and data from these units are combined with data of the primary government. The City does not have blended component units. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City. The criteria for including organizations as

**CITY OF PLANO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 2014**

component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name);
- the City appoints a voting majority of the organization's board;
- the City is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the City; and
- there is fiscal dependency by the organization on the City.

*Discretely Presented Component Unit.*

The City has established a Tax Increment Financing district (TIF) for project improvements within the City. The TIF relates to financing for public improvements associated with the future development of East Plano. The project was approved by the City Council in fiscal year 1999. The TIF is legally separate from the City, and the City appoints a majority of its governing board for the TIF; however, the entity is fiscally dependent on the City. In fiscal year 2014, the City passed an ordinance to extend the termination date for an additional 15 years. The additional 15 year term will include participation with the City, as well as Collin County. All taxing entities, including the Plano Independent School District, Collin College and Collin County will continue to participate through the initial term which expires December 31, 2014.

*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. Thus, they are not included in the primary government or as discretely presented component units.

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

**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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The exception to this general rule is interfund services provided by the internal service funds. Elimination of these charges would distort the direct costs reported for the various functions concerned. 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 (e.g., 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 properly excluded from program revenues are reported instead as general revenues.

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

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

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, capital reserve fund, municipal facilities fund and street improvements fund. The major enterprise funds are the water and sewer fund, environmental waste services fund and municipal drainage fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor 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 is reflected in the appropriate functional activity (e.g., police, fire, public works, etc.). The City's internal service funds consist of the equipment maintenance and replacement, 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, postemployment benefits 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**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, in other words, 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.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

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 have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered unearned 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 needed.

Paving assessments in the Street Improvements Fund 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. Unallocated assessments are recorded as unearned revenue.

Business-type activities and all proprietary funds, and the pension trust and postemployment benefits trust funds, are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. 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, downtown center development 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. The General Fund accounts for several of the City's primary services (e.g., police, fire, public works, libraries, parks and recreation, etc.) and is the primary operating unit of the City.
- b. The 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. The 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.
- d. The Municipal Facilities Fund accounts for the financing and construction of various City facilities. Funds are provided primarily through bond sales and interest earnings.
- e. The 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.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

f. Other Governmental Funds is a summarization of all of the nonmajor governmental funds.

2. Enterprise Funds:

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

- a. The Water and Sewer Fund accounts for the operation of the City's water and sewer utilities. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure financial integrity of the Fund.
- b. The Environmental Waste Services Fund accounts for the provision of environmental services to customers who are billed monthly at a rate sufficient to cover the cost of providing such services.
- c. The Municipal Drainage Fund accounts for the City's storm water management program.
- d. Other Enterprise Funds are a summarization of all of the nonmajor 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 (Unclaimed property) or developers (Developers escrow). Agency funds record only assets and liabilities and therefore have no measurement focus.
- c. Trust funds are used to account for the accumulation of resources to be used for the retirement benefit payments to employees of the City and for postemployment health benefits.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

E. Cash, Cash Equivalents and Investments

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

Cash and cash equivalents for government-wide funds are 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, except for certificates of deposit and government agencies, which are recorded at amortized cost. Amortized cost approximates fair value. 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, Prepaid Items and Other Assets

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 (i.e., first-in, first-out method) or market.

Prepaid items are for payments made by the City in the current year to receive services occurring in the subsequent fiscal year, utilizing the consumption method. Inventories and prepaid items are reflected as nonspendable fund balance in the governmental funds.

Other assets consist of the net pension asset and net other postemployment benefit asset. The asset occurs when actual contributions from the City are greater than the Annual Required Contribution (ARC).

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 nonspendable 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 nonroutine 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.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

I. Capital Assets

Property, plant and equipment purchased or acquired are 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 2014, \$50,136 of such interest costs were capitalized in the Municipal Drainage Fund.

Property, plant and equipment of the primary government and business-type activities, as well as the component units, are 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 – 10
Furniture and fixtures	5 – 10
Drainage improvements	50
Meters	10
Storm/sanitary sewer	50
System infrastructure	30 – 50

J. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. Employees are required to utilize a minimum of 40 hours of vacation per year. Upon termination and completion of five years of service, an employee is reimbursed for accumulated vacation. Vacation leave in excess of 480 hours will not be reimbursed upon termination. Police and firefighters 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 employment of the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements in accordance with GASB Interpretation No. 6.

K. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed. Federal grants are from various federal agencies including the Departments of Energy and Transportation, Housing and Urban Development, Justice and Homeland Security, which are accounted for within the Grant Fund (Special Revenue) and Street Improvements Fund (Capital Projects). Various state grants are included in the Grant Fund and Street Improvements Funds. 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 special revenue funds.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

L. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or the refunded debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred outflows of resources are used to report consumptions of net position by the City that are applicable to a future reporting period. Deferred inflows of resources are used to report acquisitions of net assets by the City that are applicable to future reporting periods. The deferred inflow is reclassified to revenue on the government-wide financial statements.

M. 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 funds.

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 municipal drainage improvements. Tax anticipation notes have been issued to fund permanent public improvements related to public safety communications and network infrastructure. 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 are deferred and amortized over the life of the bonds using the effective-interest method in the government-wide financial statements. Issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs in the current period. The face amount of the debt issued is reflected as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Retirement Plans

The City has two separate retirement plans, the Texas Municipal Retirement System Plan and the Retirement Security Plan, covering substantially all employees. In addition, the City has a deferred compensation plan and a postemployment benefit plan. It is the City's policy to record the cost for such plans on the accrual basis (See Note 5).

**CITY OF PLANO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 2014**

O. Net Position

In the government-wide and proprietary funds financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

P. New Accounting Pronouncements

During fiscal year 2014, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement Number 66, "Technical Corrections – 2012 – an amendment of GASB Statement No. 10 and No. 62," was issued to improve financial reporting by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This statement amends Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting and operating leases. The implementation of this statement had no effect on the financial statements.

GASB Statement Number 69, "Government Combinations and Disposals of Government Operations," was issued to establish accounting and financial reporting standards related to government combinations and disposals of government operations, which includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The implementation of this statement had no effect on the financial statements.

GASB Statement Number 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees," was issued to establish accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions. The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. The implementation of this statement had no effect on the financial statements.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement Number 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25," will be implemented as required by GASB during the fiscal year ending September 30, 2015. The objective of this statement is to improve financial reporting by state and local government pension plans. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement Number 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27," will be implemented as required by GASB during the fiscal year ending September 30, 2015. The objective of this statement is to improve accounting and financial reporting by state and local government pensions and improve the decision-usefulness of information in contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement requires the liability of employers and nonemployer contributing entities to employees for defined-benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

**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 position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. 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 \$357,851,469 difference are as follows:

Bonds and tax anticipation notes payable	\$ 303,065,000
Add: Premium	16,297,268
Accrued interest payable	1,045,092
Compensated absences	37,444,109
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$ 357,851,469

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

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 position of governmental activities as reported in the government-wide statement of activities. One element of the 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 \$(4,706,375) difference are as follows:

Capital outlay	\$ 44,164,938
Depreciation expense	(45,847,241)
Other capital-related transactions	<u>(3,024,072)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (4,706,375)</u>

Another element of the reconciliation states, “The issuance of long-term debt (e.g., bonds and 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 position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$8,992,611 difference are as follows:

Bonds issued:	
New money	\$ (20,680,000)
Refunded bonds	(8,645,000)
Premium	(1,015,139)
Accrued interest on defeased bonds	(175,604)
Payment to escrow agent	11,373,354
Principal payments	<u>28,135,000</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 8,992,611</u>

**CITY OF PLANO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
 SEPTEMBER 30, 2014**

The reconciliation also 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 \$2,140,419 difference are as follows:

Changes in:		
Compensated absences	\$	(57,502)
Accrued interest		52,097
Amortization of deferred charge on refunding		(540,062)
Amortization of bond premium		2,286,684
Change in net pension asset		230,456
Change in net OPEB asset		168,746
		<hr/>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	<u>2,140,419</u>

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Legal Compliance - Budgets

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, 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. Only the General Fund and Debt Service Fund have legally adopted annual budgets. 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 no 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.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

Budgets and Budgetary Basis of Accounting

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.

For the year ended September 30, 2014, the Grant Fund reported a net deficit of \$(66,108) due to timing of reimbursement requests from federal agencies.

Nature and Purpose of Classifications of Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provision or enabling legislation. Fund balance should be reported as committed when amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Fund balance should be reported as assigned for amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is the residual classification for the general fund and includes amounts that are available for any purpose. Positive amounts are reported only in the general fund.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

The details of fund balance classifications for other governmental funds are as follows:

Restricted for:

Other Capital Projects:

DART fund	\$ 272,572
Park improvements fund	9,422,353
Public Infrastructure	3,005,600
	<u>\$ 12,700,525</u>

Special Revenue funds:

Criminal investigation fund	\$ 2,374,396
Grant fund	(66,871)
PTN fund	1,182,429
Public safety communications fund	15,635,467
Municipal court fund	10,165,043
Memorial library fund	394,521
Libraries fund	37,830
Animal shelter donations fund	89,196
	<u>\$ 29,812,011</u>

Committed to:

Special Revenue funds

Economic development incentive fund	\$ 34,066,858
	<u>\$ 34,066,858</u>

Assigned to:

Other Capital Projects

Park improvement fund	\$ 12,706,276
Park services fund	5,505,547
	<u>\$ 18,211,823</u>

The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City Council. This can also be done through adoption or amendment of the budget. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The City Council has authorized the City Manager as the official authorized to assign fund balance. Such assignments cannot exceed the available (spendable, unrestricted, and uncommitted) fund balance in any particular fund.

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will start with the most restricted category and spend those funds first before the next category with available funds.

It is the desire of the City to maintain adequate general fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a general fund minimum unassigned fund balance of 30 days working capital.

**CITY OF PLANO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 2014**

**IV. DETAILED NOTES ON ALL FUNDS**

**1. DEPOSITS AND INVESTMENTS:**

Deposits

Pursuant to provisions of both the Texas Public Funds Investment Act (PFIA) and the Public Funds Investment Policy of the City, all deposits of the City that exceed the federal depository insurance coverage level are collateralized with an irrevocable letter of credit at 100% or by 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, 2014, the carrying amount of the City's demand deposits was \$58,993,298, which includes component unit deposits of \$1,071,688. The bank balance was \$59,925,552. At September 30, 2014, the City's cash on hand totaled \$875,170. At September 30, 2014, the carrying value and the bank balance of the City's nonnegotiable certificates of deposit (CDs) was \$44,953,006. At September 30, 2014, the carrying value of cash held in trust by a bank trust department for the City's Pension Trust Fund and Postemployment Benefit Trust Fund was \$2,497,164.

**CITY OF PLANO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 2014**

Investments

At September 30, 2014, the City's investment balances were as follows:

Investment Type	Fair Value			Weighted Avg Maturity (Years)*
	Primary Government	Component Units	Total	
U.S. Agencies	\$ 137,815,413	\$ 5,448,554	\$ 143,263,967	0.4339
Texas Local Government Investment Pools**	29,397,598	545,863	29,943,461	0.0006
Municipal Bonds	155,617,782	-	155,617,782	0.8473
Total	\$ 322,830,793	5,994,417	\$ 328,825,210	1.2818
Investment Trust Funds				
Retirement Security Plan:				
Government Agency Obligations			18,727,715	1.79
Corporate Bonds			18,046,716	5.23
Equities:				
Common Stocks			69,300,868	NA
Foreign Equities			8,049,221	NA
Collected Trust Fund/Mutual Funds			1,172,892	NA
Real Estate Investment Trusts			-	NA
Postemployment Benefit:				
Government Agency Obligations			482,695	4.75
Corporate Bonds			8,505,559	2.85
Asset-backed securities			3,571,611	10.45
Equities:				
Common Stocks			16,635,674	NA
Mutual Funds			27,828,786	NA
Total Investment Trust Funds			172,321,737	
TOTAL INVESTMENTS			\$ 501,146,947	

\* Fair-value basis

\*\* Texas Local Government Investment Pool is reported under cash equivalent on the Government-wide Statement of Net Assets

Investments in both the Retirement Security Plan and the Postemployment Benefit Trust Fund are held by a bank trust department, apart from the overall City's cash and investments. The City has contracted with a bank trust department to manage the investment portfolio of the Retirement Security Plan and Postemployment Benefit Trust Fund. The investments are subject to the policies and guidelines established by the Retirement Security Plan and Postemployment Benefit Trust Fund committee members.

The City is authorized to invest in: (1) obligations of, or guaranteed by governmental entities; (2) certificates of deposit, issued by a depository institution that has its main office or branch in Texas; (3) fully collateralized repurchase agreements having a defined termination date; (4) commercial paper having a stated maturity of 270 days or fewer and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or on nationally recognized credit rating agency; (5) no-load money market mutual funds registered and regulated by the Securities and Exchange Commission (SEC) having a dollar-weighted average stated maturity of 90 days or fewer; no-load mutual funds registered with the SEC, having a weighted average maturity of less than two years and continuously rated of not less than AAA or its equivalent; and (6) eligible investment pools that invest in instruments and follow practices allowed by current law as defined by the PFIA, provided that each investment meets guidelines set forth by the City's investment policy.

*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 a half years. By policy, the City will not directly invest in securities maturing more than five years from the date of purchase.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

*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. The investments in the Texas Local Government Pools (TexPool and Texas Daily) carried a credit rating of AAAM by Standard & Poor's as of September 30, 2014.

*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, 2014, 5% or more of the City's total investments are in: Municipal Bonds (26.08%), Federal Home Loan Mortgage Corporation securities (20.38%), Federal Home Loan Bank securities (10.99%), Federal National Mortgage Association securities (11.36%), Certificates of Deposits (10.72%), Investment Pools (6.06%), and bank accounts (14.41%), on a fair value basis.

**2. PROPERTY TAXES:**

The City's ad valorem or 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 Districts of Collin and Denton Counties at 100% of estimated market value and certified by the Appraisal Review Boards. The assessed value for the tax roll of January 1, 2013 upon which the original 2014 levy was based was \$26,705,937,748. Subsequent adjustments increased this value to \$26,789,242,939.

Taxes are due October 1 and become delinquent after the following January 31. Penalty and interest are 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 inflows 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 30 days after year-end. Current tax collections for the year ended September 30, 2014 were 99.6% 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, 2014, was \$0.4886 (\$0.3296 for general government and \$0.1590 for debt service) per \$100 of assessed valuation. Thus, the City has a tax margin of approximately \$2.0114 per \$100 and could have levied up to approximately \$538,838,832 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, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

**3. RECEIVABLES:**

Receivables at September 30, 2014 for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	General	Debt Service	Capital Reserve	Municipal Facilities	Street Improvements	Water and Sewer	Environmental Waste Services	Municipal Drainage	Nonmajor and Other Funds	Total
Property taxes	\$ 2,308,738	1,163,709	-	-	-	-	-	-	-	\$ 3,472,447
Sales taxes	13,253,778	-	-	-	-	-	-	-	-	13,253,778
Mixed drink taxes	434,999	-	-	-	-	-	-	-	-	434,999
Accounts	1,784,308	-	-	-	111,944	13,279,554	1,179,219	744,403	1,347,205	18,446,633
Accrued interest	249,424	15,927	245,116	102,249	235,454	114,012	19,004	22,337	831,292	1,834,815
Assessments	-	-	-	-	1,370,676	-	-	-	-	1,370,676
Other	-	-	-	-	-	1,703	1,952,234	-	221,133	2,175,070
Gross receivables	18,031,247	1,179,636	245,116	102,249	1,718,074	13,395,269	3,150,457	766,740	2,399,630	40,988,418
Less: allowance for uncollectibles	(1,478,882)	(686,203)	-	-	-	(219,535)	(63,348)	(10,674)	(23,003)	(2,481,645)
Net total receivables	\$ 16,552,365	493,433	245,116	102,249	1,718,074	13,175,734	3,087,109	756,066	2,376,627	\$ 38,506,773

The enterprise fund accounts receivable includes unbilled charges for services of \$6,507,408 rendered at September 30, 2014.

**CITY OF PLANO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 2014**

**4. CAPITAL ASSETS:**

Capital asset activity for the year ended September 30, 2014 was as follows:

**Primary Government**

	Balance at Beginning of Year	Additions and Transfers	Retirements and Transfers	Balance at End of Year
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 134,507,649	\$ 772,955	\$ -	\$ 135,280,604
Construction in progress	16,049,213	42,422,386	(27,086,711)	31,384,888
Public art	1,698,740	-	-	1,698,740
Total capital assets, not being depreciated	<u>152,255,602</u>	<u>43,195,341</u>	<u>(27,086,711)</u>	<u>168,364,232</u>
Capital assets, being depreciated:				
Buildings	191,689,139	6,450,449	(2,713,351)	195,426,237
Improvements other than buildings	182,950,313	1,844,767	-	184,795,080
Equipment	204,645,149	11,591,977	(15,810,634)	200,426,492
Infrastructure	1,055,132,392	21,566,604	-	1,076,698,996
Total capital assets being depreciated	<u>1,634,416,993</u>	<u>41,453,797</u>	<u>(18,523,985)</u>	<u>1,657,346,805</u>
Less accumulated depreciation for:				
Buildings	(99,750,682)	(7,916,608)	-	(107,667,290)
Improvements other than buildings	(77,955,041)	(6,157,467)	-	(84,112,508)
Equipment	(152,538,675)	(16,061,933)	15,350,749	(153,249,859)
Infrastructure	(503,122,102)	(23,010,088)	-	(526,132,190)
Total accumulated depreciation	<u>(833,366,500)</u>	<u>(53,146,096)</u>	<u>15,350,749</u>	<u>(871,161,847)</u>
Total capital assets, being depreciated, net	<u>801,050,493</u>	<u>(11,692,299)</u>	<u>(3,173,236)</u>	<u>786,184,958</u>
Governmental activities capital assets, net	<u>\$ 953,306,095</u>	<u>\$ 31,503,042</u>	<u>\$ (30,259,947)</u>	<u>\$ 954,549,190</u>

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

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

Governmental activities:		
General government		\$ 10,793,523
Administrative services		32,657
Police		870,781
Fire		426,141
Libraries		1,241,199
Development		134,739
Public services and operations		110,989
Parks and recreation		8,817,425
Public works		23,419,787
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>7,298,855</u>
Total depreciation expense - governmental activities		<u>\$ 53,146,096</u>

	Balance at Beginning of Year	Additions and Transfers	Retirements and Transfers	Balance at End of Year
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,452,250	\$ 25,954	\$ (5,915)	\$ 6,472,289
Construction in progress	4,694,344	9,393,666	(8,735,453)	5,352,557
Total capital assets, not being depreciated	<u>11,146,594</u>	<u>9,419,620</u>	<u>(8,741,368)</u>	<u>11,824,846</u>
Capital assets, being depreciated:				
Buildings	16,591,755	-	-	16,591,755
Improvements other than buildings	559,591,766	10,465,819	(943,472)	569,114,113
Drainage improvements	36,033,378	1,660,864	-	37,694,242
Furniture and fixtures	733,559	-	(162,082)	571,477
Equipment	22,568,975	283,727	(13,444,565)	9,408,137
Total capital assets, being depreciated	<u>635,519,433</u>	<u>12,410,410</u>	<u>(14,550,119)</u>	<u>633,379,724</u>
Less accumulated depreciation for:				
Buildings	(14,613,395)	(261,883)	-	(14,875,278)
Improvements other than buildings	(225,824,236)	(13,489,593)	761,368	(238,552,461)
Drainage improvements	(6,208,736)	(737,276)	-	(6,946,012)
Furniture and fixtures	(544,057)	(5,856)	162,082	(387,831)
Equipment	(20,852,666)	(1,331,636)	13,483,204	(8,701,098)
Total accumulated depreciation	<u>(268,043,090)</u>	<u>(15,826,244)</u>	<u>14,406,654</u>	<u>(269,462,680)</u>
Total capital assets, being depreciated, net	<u>367,476,343</u>	<u>(3,415,834)</u>	<u>(143,465)</u>	<u>363,917,044</u>
Business-type activities capital assets, net	<u>\$ 378,622,937</u>	<u>\$ 6,003,786</u>	<u>\$ (8,884,833)</u>	<u>\$ 375,741,890</u>

**CITY OF PLANO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
 SEPTEMBER 30, 2014**

Business-type activities:	
Water and sewer	\$ 14,868,960
Environmental waste services	4,772
Plano centre	57,603
Municipal drainage	743,173
Municipal golf course	151,736
Total depreciation expense - business-type activities	<u>\$ 15,826,244</u>

Future expenditures for capital projects will be funded from federal and state grants as well as 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. The remaining \$14,192,000 authorization for a Creative and Performing Arts Center was revoked and passed by voters in May 2013. In May 2009, \$128,622,500 of various purpose general obligation bonds were authorized and \$72,330,000 of the 2009 bonds have been issued. In May 2013, \$98,313,000 of various purpose general obligation bonds were authorized and \$4,700,000 have been issued.

**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 statewide Texas Municipal Retirement System (TMRS), one of 850 currently administered by TMRS, an agent multiple-employer public employee retirement system. TMRS annually issues a stand-alone financial report which is available on the TMRS website.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his or her 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 December 2013):

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 of service and age 60 or 20 years of service and any age.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

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 20-year closed amortization period. The entry age normal actuarial cost method is used for determining the City contribution rate. The TMRS Board approved actuarial changes in the funding method from projected unit credit to entry age normal in October 2013. According to the actuarial valuation, the entry age normal method produces contribution rates that are more predictable and exhibit less volatility than those produced under the projected unit credit. Additionally, GASB Statements No. 67 and 68, which will be implemented in fiscal year 2015, require the entry age normal method to be used for financial reporting purposes. Both the employees and the City make contributions twice a month. 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, 2012 valuation is effective for rates beginning January 2014).

Contributions by the City were \$24,216,776 or 18.45% of the covered payroll of \$131,230,142 as required by the actuarial valuation. The total fiscal year 2014 payroll was \$134,189,283. Annual City TMRS pension cost and related information for the last three fiscal years are as follows:

	2014	2013	2012
Annual pension cost	\$ 24,216,776	22,745,603	21,233,268
Contributions made	24,216,776	22,745,603	21,233,268
Contributions as % of			
Annual pension cost	100%	100%	100%
Net Pension Obligation (NPO)			
At end of year	-	-	-
Actuarial valuation date	12/31/13	12/31/12	12/31/11
Actuarial cost method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization method	Level % 10-year	Level % 10-year	Level % 10-year
Asset valuation method	Smoothed Market	Smoothed Market	Smoothed Market
Amortization period	20.0 years- Closed	25.1 years- Closed	26.2 years- Closed
Actuarial assumptions:			
Investment rate of return	7.0%	7.0%	7.0%
Inflation rate	3.0%	3.0%	3.0%
Projected salary increases	N/A	N/A	N/A
Cost of living adjustment	2.1%	2.1%	2.1%

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

The City's net pension obligation (NPO) for TMRS at December 31, 2014, 2013 and 2012 is calculated as follows:

	2014	2013	2012
Annual required contribution (ARC) \$	24,216,776	22,745,603	21,233,268
Annual pension cost	24,216,776	22,745,603	21,233,268
Contribution made	(24,216,776)	(22,745,603)	(21,233,268)
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.

**Funding Status and Funding Progress**

The funding status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/11	562,197,473	674,415,595	83.4%	(112,218,122)	119,317,288	(94.1%)
12/31/12	612,784,042	715,103,991	85.7%	(102,319,949)	125,152,500	(81.8%)
12/31/13	667,602,583	797,166,833	83.7%	(129,564,250)	131,230,142	(98.7%)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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 issues a separate publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by request to the City's Human Resources Department, 1520 Avenue K, Suite 130, Plano, Texas 75074. As of the December 31, 2013 biennial actuarial valuation, there were 1,988 active members of whom 1,459 were vested and 529 were nonvested. There are 600 terminated participants receiving benefits.

Retirement benefits become vested after five years of service. Members who terminate employment prior to completing five years of service are not eligible for any benefit and all contributions made on their behalf remain with the plan. Members are eligible to receive full retirement income benefits when they reach age 65 or reduced benefits when they reach a younger age and meet certain length-of-service requirements. Early retirement benefits are paid upon completion of 20 years of vesting service (TMRS credited service) or upon attaining age 60 with five years of vesting service. At least five years must be with the City. The RSP provides retirement income benefits, with annual cost-of-living adjustments, based on a member's years of service, average compensation (highest three years of last ten), and choice of single or joint-life monthly payments or a lump-sum payment as detailed following.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

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).

Early retirement benefits paid upon completion of 20 years of vesting (TMRS credited service) or upon attaining age 60 with 5 years of vesting service with the City are 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 amount is reduced by one-fifteenth (1/15) for each of the first five years and one-thirtieth (1/30) for each of the next five years (and on an Actuarial Equivalent basis thereafter) by which the starting date of payments precedes the employee's normal retirement date.

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. 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 to eligible employees. 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 that 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, 2014, 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 and the actuarially determined percentage of each payroll. No employee contributions are required by the plan. The City contributed \$3,877,315 or 3.31% of the covered payroll for the year ended September 30, 2014, as compared to the revised December 31, 2013 biennial actuarial requirement of 3.12%.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

The covered payroll was \$117,023,684 and the City's total payroll was \$134,189,283 for the year ended September 30, 2014. The contribution amount is a 21-year level percentage of pay funding with a 3.5% 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 are as follows:

	2014	2013	2012
Annual pension cost	3,646,859	3,728,341	3,249,816
Contributions made	3,877,315	3,710,226	3,514,540
Contributions as % of annual pension cost	106%	100%	108%
Net Pension Asset (NPA) at end of year	(974,889)	(744,433)	(762,548)
Actuarial valuation date	12/31/13	12/31/11	12/31/11
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	21 years	23 years	23 years
	Closed	Closed	Closed
Actuarial assumptions:			
Investment rate of return	7.75%	7.75%	7.75%
Inflation rate	3%	3%	3%
Projected salary increases	8.10% to 3.5%	8.10% to 3.5%	8.10% to 3.5%

The City's net pension asset (NPA) for the Retirement Security Plan (RSP) at September 30, 2014, 2013 and 2012 is calculated as follows:

<b>NPA Calculation</b>	2014	2013	2012
Annual required contribution (ARC)	3,651,139	3,695,587	3,272,118
Interest on NPA	(57,694)	(59,097)	(38,581)
Adjustment to the ARC	53,414	91,851	16,279
Annual pension cost	3,646,859	3,728,341	3,249,816
Contribution made	(3,877,315)	(3,710,226)	(3,514,540)
Change in NPA	(230,456)	18,115	(264,724)
NPA, beginning of year	(744,433)	(762,548)	(497,824)
NPA, end of year	(974,889)	(744,433)	(762,548)

The NPA has been recorded in prepaid and other assets in the government-wide financial statements.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

Funding Status and Funding Progress

The funding status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Excess of Assets over (under) AAL	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/11	84,500,525	86,978,777	97.2%	(2,478,252)	108,860,210	(2.3%)
12/31/11	84,500,525	86,978,777	97.2%	(2,478,252)	108,860,210	(2.3%)
12/31/13	100,876,901	100,604,971	100.3%	271,930	117,023,684	0.2%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan, which is a defined-contribution benefit 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 under age 65 health insurance coverage under the same plan as the active employees and Medicare supplementary insurance for retirees 65 and older. The number of retired participants receiving health insurance coverage for 2014 was 371 of which 212 were on the same plan as the active employees and 159 on Medicare supplementary insurance. 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 healthcare benefits are recognized as retirees report claims. Claims paid for retired employees for 2014 were \$3,585,832.

Postemployment Benefits Trust Fund - Section 115 Trust

Plan Description

On March 1, 2008, the City established a Section 115 Trust (*the Trust*) to comply with the requirements of Governmental Accounting Standards Board Statement (GASB) No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions (OPEB), for the purpose of funding and providing certain benefits to its eligible retirees and dependents. The single-employer defined-benefit plan is created by City ordinance and administered by the Risk Pool Trustees who meet four times a year. The Risk Pool Trustees consist of three or more City employees who are appointed by the City pursuant to the Plano Welfare Benefit Plan. Professional investment management is used and a custodial bank retains the assets of the Trust. The Trust issued a separate publicly available financial report that includes financial statements and required supplementary information at the Trust's fiscal year-end which is December 31. Those financial reports may be obtained by request to the City's Human Resources Department, 1520 Avenue K, Suite 130, Plano, Texas 75074.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

Receipt of Contributions

The City delivers to the Section 115 Trustee the amounts of money that are contributed to the Trust Fund by the City and, if applicable, by participants. Contributions by the City are established as part of the City budget process and are based on amounts determined in the actuarial study prepared biennially. For fiscal year ending September 30, 2014, the City contributed \$5,219,998 to the Trust, which represents approximately 103.4% of the annual required contribution of the employer (ARC). In addition, retirees contributed \$1,001,647 to the Trust.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the City's ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount annually contributed to the Trust, and the changes in the City's net OPEB asset to the Trust.

	2014	2013	2012
Annual required contribution (ARC)	\$ 5,050,024	4,579,847	4,579,847
Interest on net OPEB asset	(1,463,996)	(1,566,048)	(1,566,048)
Adjustment to the ARC	1,465,224	1,387,754	1,387,754
Annual OPEB cost	5,051,252	4,401,553	4,401,553
Contributions made	(5,219,998)	(4,911,473)	(2,433,742)
(Increase) Decrease in net OPEB asset	(168,746)	(509,920)	1,967,811
Net OPEB asset, beginning of year	(20,914,227)	(20,404,307)	(22,372,118)
Net OPEB asset, end of year	\$ (21,082,973)	(20,914,227)	(20,404,307)

The net OPEB asset has been recorded in prepaid and other assets in the government-wide financial statements.

The following table shows the assumed annual OPEB cost and net OPEB asset for the prior three years (7% discount and level percent of pay amortization):

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Asset
9/30/2012	7%	4,401,553	55.3%	(20,404,307)
9/30/2013	7%	4,401,553	111.6%	(20,914,227)
9/30/2014	7%	5,051,252	103.3%	(21,082,973)

**CITY OF PLANO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 2014**

Funding Status and Funding Progress

The funding status as of October 1, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/11	35,008,862	59,410,089	58.9%	(24,401,227)	124,090,481	(19.7%)
10/01/11	51,322,263	59,410,089	86.4%	(8,087,826)	124,090,481	(6.5%)
10/01/13	50,780,101	73,844,336	68.8%	(23,064,235)	128,505,673	(17.9%)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Trust and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

	2014	2013	2012
Actuarial valuation date	10/01/13	10/01/11	10/01/11
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level%	Level%	Level%
Remaining amortization period	24.2 years-Closed	25.8 years-Closed	25.8 years-Closed
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Investment rate of return	7%	7%	7%
Payroll growth	3%	3%	3%
Inflation rate	2.5%	2.8%	2.8%
Medical inflation trend rate	5.7% initial	10.9% initial	10.9% initial

In the October 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the Trust assets and on the employer's own investments calculated based on the funded level of the Trust at the valuation date, and an annual healthcare trend rate of 5.7% initially, adjusted each year with an ultimate trend rate of 4.5% reached in 76 years. Both rates include a 2.5% inflation assumption. The initial UAAL was amortized over the maximum permissible period of 30 years as a level percentage of projected payroll on a closed basis, where salaries are assumed to increase at 3% per annum. The effective remaining amortization period at October 1, 2013 was 24.2 years. The value of assets is equal to the market value of assets as of the valuation date.

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

**6. LONG-TERM DEBT:**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2014, is as follows (in thousands of dollars):

	Balance, Beginning of Year	Increase	Decrease	Balance, End of Year	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds and certificates of obligation	\$ 304,595	29,325	(35,555)	298,365	24,365
Tax anticipation notes	8,260	-	(3,560)	4,700	3,695
Deferred amounts:					
Premium	17,569	1,015	(2,287)	16,297	2,126
Bond issuance costs	-	-	-	-	-
Total bonds and notes payable	330,424	30,340	(41,402)	319,362	30,186
Compensated absences	38,099	13,185	(13,138)	38,146	5,641
Liability for insurance claims	6,407	26,323	(26,279)	6,451	5,741
Governmental activities					
Long-term debt	\$ 374,930	69,848	(80,819)	363,959	41,568

The compensated absences liability attributable to the governmental activities will be liquidated by several of the City's governmental and internal service funds. Approximately 95.8% has been paid by the General Fund, 0.6% by Special Revenue Funds and 3.6% by Internal Service Funds.

The liability for insurance claims will be liquidated through a variety of funds. The General Fund bears approximately 81.2% of the claims and judgments liability. The Enterprise Funds bear approximately 14.0% of the claims and judgment liability, while the Internal Service and Special Revenue Funds bear approximately 4.6% and 0.2%, respectively.

	Balance, Beginning of Year	Increase	Decrease	Balance, End of Year	Due Within One Year
<b>Business-Type Activities:</b>					
Municipal Drainage revenue bonds	\$ 19,815	-	(2,110)	17,705	1,875
Deferred amounts:					
Premium	336	-	(25)	311	25
Bond issuance costs	-	-	-	-	-
Total bonds payable	20,151	-	(2,135)	18,016	1,900
Compensated absences	3,528	1,517	(1,409)	3,636	540
Business-type activities					
Long-term debt	\$ 23,679	1,517	(3,544)	21,652	2,440

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

Long-term debt at September 30, 2014 includes the following individual issues (not including the unamortized premium of \$16,297,268 and the unamortized deferred charge on refunding of \$5,685,332 of the General Obligation Bonds, and the unamortized premium of \$311,010 and unamortized deferred charges of \$396,313 of the Municipal Drainage Revenue Bonds):

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
<b>General Obligation Bonds:</b>						
2004 Refunding	2.00 – 5.00	10/15/2004	9/1/2017	30,690,000	30,690,000	-
2005 Refunding and Improvements	3.50 – 5.00	5/15/2005	9/1/2025	84,880,000	53,410,000	31,470,000
2006 Various purpose	4.00 – 5.00	2/1/2006	9/1/2026	40,925,000	33,150,000	7,775,000
2007 Various purpose	4.25 – 5.25	5/1/2007	9/1/2027	35,675,000	9,200,000	26,475,000
2008 Various purpose	3.50 – 5.00	1/15/2008	9/1/2028	41,295,000	9,020,000	32,275,000
2009 Refunding and Improvements	2.25 – 4.75	1/15/2009	9/1/2029	35,330,000	13,150,000	22,180,000
2010 Refunding and Improvements	2.00 – 4.00	1/15/2010	9/1/2030	28,520,000	9,805,000	18,715,000
2011 Various purpose	2.50 - 4.75	1/15/2011	9/1/2031	21,400,000	2,160,000	19,240,000
2011 Refunding and Improvements	2.00 – 5.00	11/17/2011	9/1/2032	46,400,000	4,415,000	41,985,000
2013 Refunding and Improvements	2.00 – 5.00	3/6/2013	9/1/2033	61,925,000	1,020,000	60,905,000
2014 Refunding and Improvements	2.00 - 4.00	4/28/2014	9/1/2034	29,325,000	-	29,325,000
				<u>456,365,000</u>	<u>166,020,000</u>	<u>290,345,000</u>
<b>Tax Anticipation Notes:</b>						
2008 Tax anticipation notes	3.00 – 3.25	1/15/2008	9/1/2015	17,075,000	14,350,000	2,725,000
2009 Tax anticipation notes	2.25 – 3.00	1/15/2009	9/1/2016	6,355,000	4,380,000	1,975,000
				<u>23,430,000</u>	<u>18,730,000</u>	<u>4,700,000</u>
<b>Certificates of Obligation:</b>						
2006 Various purpose	4.25 – 4.50	2/1/2006	9/1/2026	3,765,000	3,040,000	725,000
2010 Various purpose	2.00 – 4.00	1/15/2010	9/1/2022	9,660,000	2,365,000	7,295,000
				<u>13,425,000</u>	<u>5,405,000</u>	<u>8,020,000</u>
<b>Municipal Drainage Revenue Bonds:</b>						
2005 Refunding and Improvements	3.00 – 5.00	5/15/2005	5/15/2025	11,610,000	5,575,000	6,035,000
2006 Improvements	4.00 – 5.00	2/1/2006	5/15/2026	1,455,000	415,000	1,040,000
2007 Improvements	4.00 – 5.50	5/1/2007	5/15/2027	2,000,000	510,000	1,490,000
2008 Improvements	4.00 – 4.50	1/15/2008	5/15/2028	2,085,000	425,000	1,660,000
2009 Refunding and Improvements	3.00 – 3.50	1/15/2009	5/15/2029	4,790,000	2,625,000	2,165,000
2010 Refunding and Improvements	2.00 – 4.25	1/15/2010	5/15/2030	6,790,000	1,475,000	5,315,000
				<u>\$ 28,730,000</u>	<u>11,025,000</u>	<u>17,705,000</u>

**CITY OF PLANO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2014**

The annual requirements to amortize debt outstanding as of September 30, 2014, including interest payments of \$96,495 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 (noted in thousands):

Year Ended September 30	General Obligation, Tax Anticipation Notes & Certificates of Obligation		Municipal Drainage	
	Principal	Interest	Principal	Interest
2015	\$ 28,060	12,485	1,875	723
2016	26,295	11,520	1,955	645
2017	24,185	10,494	1,730	562
2018	23,345	9,537	1,570	501
2019	22,775	8,600	1,425	442
2020-2024	92,030	25,922	5,720	1,426
2025-2029	64,625	11,335	3,170	419
2030-2034	21,750	1,873	260	11
Total	\$ 303,065	91,766	17,705	4,729

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 Municipal Drainage Fund.

**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 \$3,340,771 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 bonds and certificate indentures. Management of the City believes it is in compliance with the significant limitations and restrictions at September 30, 2014.

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. There are no future rebates estimated as of September 30, 2014. As provided for by the bond indentures, this amount has been recorded in the General Fund in "Due to other governments" for the benefit of the federal government and will be paid as required by applicable regulations.

In April 2014, the City issued \$29,325,000 in General Obligation refunding and improvements bonds, with interest rates ranging from 2.0% to 4.0%. The portion of the debt that represents refunded bonds were Series 2004 general obligation bonds totaling \$8,710,000 and carried interest rates averaging 5.0% with maturity dates of 2015 through 2017. The aggregate difference between the refunding debt and the refunded debt resulted in savings of \$565,204. As a result of the refunding, the City obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$588,425. At September 30, 2014, \$8,710,000 of the defeased bonds are still outstanding.

**CITY OF PLANO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 2014**

The City defeased outstanding bonds in principal amount of \$2,270,000 related to the General Obligation Refunding and Improvement Bonds, Series 2005. A City ordinance authorized the issuance of the defeased bonds with the City to deposit funds directly into an escrow account which meets specific safekeeping requirements.

**B. 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 requirements as they become due. At September 30, 2014, \$2,242,278 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, 2014, the reserve required and restricted within the Municipal Drainage Fund is \$1,402,178.

Municipal Drainage revenue bonds 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, 2014. The City is in compliance with all requirements of the bond ordinance for the year ended September 30, 2014.

Restricted assets of the Municipal Drainage Fund at September 30, 2014 are as follows:

Cash and cash equivalents	\$	1,516,693
Investments		5,877,209
Accrued interest receivable		<u>35,514</u>
	\$	<u><u>7,429,416</u></u>

**7. INTERFUND TRANSACTIONS:**

A summary of interfund receivables and payables at September 30, 2014 is as follows:

Due From	Due To				Total
	General Fund	Municipal Drainage	Nonmajor Governmental Funds	Internal Service	
General Fund	\$ -	-	702,322	-	\$ 702,322
Debt Service Fund	-	2,825	-	267	3,092
Nonmajor Governmental Funds	30,543	-	-	-	30,543
Total	<u>\$ 30,543</u>	<u>\$ 2,825</u>	<u>702,322</u>	<u>267</u>	<u>\$ 735,957</u>

Due to and due from entries are primarily used to account for cash owed between funds that are expected to be repaid within one year or less.

**CITY OF PLANO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 2014**

The Water and Sewer Fund has an interfund receivable to the Environmental Waste Service Fund. The final principal and interest payment will occur in fiscal year 2014.

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 2014, charges in lieu of taxes were \$8,839,577.

Transfers between funds during the year were as follows:

	<b>Transfers In</b>						Total
	General Fund	Debt Service	Capital Reserve	Internal Service	Nonmajor Governmental Funds	Environmental Waste Services	
<b>Transfers Out</b>							
General Fund	\$ -	-	18,500,000	196,590	250,000	-	\$ 18,946,590
Nonmajor Governmental Funds	263,904	2,338,615	-	-	24,693	104,425	2,731,637
Internal Service	-	-	-	-	250,000	-	250,000
Water and Sewer	7,862,268	-	3,000,000	-	-	-	10,862,268
Municipal Drainage	530,556	-	-	-	-	-	530,556
Nonmajor Enterprise Funds	609,913	-	-	-	-	-	609,913
<b>Total</b>	<b>\$ 9,266,641</b>	<b>2,338,615</b>	<b>21,500,000</b>	<b>196,590</b>	<b>524,693</b>	<b>104,425</b>	<b>\$ 33,930,964</b>

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.

Transfers are primarily used to move funds to finance various programs in accordance with budgetary authorizations.

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

The City 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 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. Because of the factors mentioned above, the District is not included in the City's basic financial statements. A portion of the outstanding bonds of the District is contract revenue bonds based on contracts with certain member cities of the District. The City 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.

**CITY OF PLANO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 2014**

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, 2014 was \$46,060,145. 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 2014, this payment was \$823,075. Future years' payments to debt service are as follows:

2015	819,950
2016	824,600
2017	836,650
2018	222,525

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 and other cities located in Collin, Dallas, Kaufman and Rockwall Counties, Texas. Relative thereto, the City 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's payment for the year ended September 30, 2014 was \$23,934,521, 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 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, 2014 was \$6,691,380.

**CITY OF PLANO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (continued)  
SEPTEMBER 30, 2014**

**9. COMMITMENTS AND CONTINGENCIES:**

The City has contractual commitments of \$49,471,072 in the Capital Projects Funds, \$14,185,699 in the Water and Sewer Fund, and \$1,886,915 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. 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 that 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 Fund (Internal Service) has been established to pay identified claims and judgments, maintain loss reserves and purchase insurance coverage as required.

Group medical benefits are paid from the Health Claims Fund (Internal Service), 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 GASB 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 2014 and 2013 was as follows:

Fund	Liability, Beginning of year	Current year Claims and Changes in Estimates	Claim Payments	Liability, End of year
<b>2014:</b>				
Property/Liability Loss	\$ 4,079,902	\$ 3,066,430	\$ (3,170,058)	\$ 3,976,274
Health Claims	2,326,614	23,256,457	(23,108,645)	2,474,426
Total	<u>\$ 6,406,516</u>	<u>\$ 26,322,887</u>	<u>\$ (26,278,703)</u>	<u>\$ 6,450,700</u>
<b>2013:</b>				
Property/Liability Loss	\$ 3,905,958	\$ 3,514,918	\$ (3,340,974)	\$ 4,079,902
Health Claims	1,971,030	21,389,841	(21,034,257)	2,326,614
Total	<u>\$ 5,876,988</u>	<u>\$ 24,904,759</u>	<u>\$ (24,375,231)</u>	<u>\$ 6,406,516</u>



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	UAAL as Percent of Covered Payroll	Annual Required Contributions	Actual Contributions	Percent Contributed
2009	12/31/08	330,874,531	478,126,778	(147,252,247)	69.20%	125,137,265	-117.67%	18,687,379	18,687,379	100.00%
2010	12/31/09	346,665,548	498,304,233	(151,638,685)	69.57%	124,078,995	-122.21%	19,272,054	19,272,054	100.00%
2011	12/31/10	517,246,424	635,988,264	(118,741,840)	81.33%	121,259,388	-97.92%	19,883,712	19,883,712	100.00%
2012	12/31/11	562,197,473	674,415,595	(112,218,122)	83.36%	119,317,288	-94.05%	21,233,268	21,233,268	100.00%
2013	12/31/12	612,784,042	715,103,991	(102,319,949)	85.69%	125,152,500	-81.76%	22,745,603	22,745,603	100.00%
2014	12/31/13	667,602,583	797,166,833	(129,564,250)	83.75%	131,230,142	-98.73%	24,216,776	24,216,776	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 (UAAL)	Funded Percent	Covered Payroll	Excess as Percent of Covered Payroll	Annual Required Contributions	Actual Contributions	Percent Contributed
2009	12/31/07	69,211,789	68,647,366	564,423	100.82%	109,334,429	0.52%	3,447,764	3,479,512	100.92%
2010	12/31/09	75,217,522	82,733,359	(7,515,837)	90.92%	110,025,108	-6.83%	3,577,150	3,549,068	99.21%
2011	12/31/09*	75,217,522	76,550,304	(1,332,782)	98.26%	110,025,108	-1.21%	3,341,915	3,554,303	106.36%
2012	12/31/11	84,500,525	86,978,777	(2,478,252)	97.15%	108,860,210	-2.28%	3,272,118	3,514,540	107.41%
2013	12/31/11	84,500,525	86,978,777	(2,478,252)	97.15%	108,860,210	-2.28%	3,695,587	3,710,226	100.40%
2014	12/31/13	100,876,901	100,604,971	271,930	100.27%	117,023,684	0.23%	3,651,139	3,877,315	106.19%

\* The RSP actuarial valuation as of December 31, 2009 was revised on November 30, 2010 to reflect the assumptions from the 2010 Experience Study as adopted by the Retirement Committee in October 2010.

SCHEDULE OF OPEB TRUST - POSTEMPLOYMENT BENEFITS 115 TRUST FUNDING PROGRESS AND CONTRIBUTIONS  
LAST SIX FISCAL YEARS (Unaudited)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Unit Credit	Unfunded Actuarial Accrued Liability UAAL	Funded Percent	Covered Payroll	UAAL as Percent of Covered Payroll	Annual Required Contributions	Actual City Contributions	Actual Retiree Contributions	Percent Contributed By City
2009	10/1/07	21,356,792	55,831,704	(34,474,912)	38.25%	111,166,521	-31.01%	6,031,883	5,910,958	619,458	98.00%
2010	10/1/09	27,256,812	50,657,828	(23,401,016)	53.81%	113,388,754	-20.64%	4,036,553	5,474,975	789,146	135.63%
2011	10/1/09	33,647,178	50,657,828	(17,010,650)	66.42%	113,388,754	-15.00%	4,036,553	4,192,847	908,333	103.87%
2012	10/1/11	35,008,862	59,410,089	(24,401,227)	58.93%	124,090,481	-19.66%	4,579,847	4,243,468	812,013	92.66%
2013	10/1/11	51,322,263	59,410,089	(8,087,826)	86.39%	124,090,481	-6.52%	4,579,847	4,911,473	938,320	107.24%
2014	10/1/13	50,780,101	73,844,336	(23,064,235)	68.77%	128,505,673	-17.95%	5,050,024	5,219,998	1,001,647	103.37%

See accompanying independent auditors' report.



## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**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.

**ECONOMIC DEVELOPMENT INCENTIVE FUND** – to account for \$0.02 of ad valorem revenue designated by the City Council for stimulating economic development for the City through usage of 380 agreements and tax incentives.

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

**PLANO TELEVISION NETWORK (PTN) FUND** – to account for monies received for local access programming, under conditions contained within the franchise agreement with AT&T Broadband.

**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 31<sup>st</sup> 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.

**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 are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other government.

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

**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.

**PARK IMPROVEMENTS** – to account for the financing and construction of park construction projects.

**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.

**PUBLIC INFRASTRUCTURE** – to account for Improvements to City of Plano owned infrastructure related to existing commercial facilities, including streets, utilities, open space and other infrastructure.



CITY OF PLANO, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AS OF SEPTEMBER 30, 2014

Special Revenue

	<u>Criminal Investigation</u>	<u>Economic Development Incentive</u>	<u>Grant</u>	<u>PTN</u>	<u>Public Safety Communications</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 484,732	\$ 6,954,663	\$ 1,027,045	\$ 251,233	\$ 3,219,538
Investments	1,878,345	26,949,435	385,312	973,531	12,475,759
Receivables (net of allowance for uncollectible)					
Accounts	-	-	-	-	-
Accrued interest	11,350	162,840	2,328	5,882	75,384
Other	-	-	205,054	-	-
Due from other funds	-	-	30,543	-	-
Due from other governments	780	-	660,290	-	95,101
Prepaid items and other assets	-	-	763	-	1,967
<b>Total assets</b>	<u>2,375,207</u>	<u>34,066,938</u>	<u>2,311,335</u>	<u>1,230,646</u>	<u>15,867,749</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	-	80	49,377	40,988	21,653
Accrued liabilities	31	-	2,065	7,229	-
Contracts payable	-	-	-	-	-
Unearned revenue	-	-	964,926	-	-
Due to other funds	-	-	702,322	-	-
Due to other governments	-	-	413	-	208,662
Retainage payable	-	-	-	-	-
Seized assets payable	-	-	-	-	-
<b>Total liabilities</b>	<u>31</u>	<u>80</u>	<u>1,719,103</u>	<u>48,217</u>	<u>230,315</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	<u>780</u>	<u>-</u>	<u>658,340</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Prepaid items and other assets	-	-	763	-	1,967
<b>Restricted for:</b>					
Capital projects	-	-	-	-	-
Special revenue	2,374,396	-	(66,871)	1,182,429	15,635,467
<b>Committed to:</b>					
Special revenue	-	34,066,858	-	-	-
<b>Assigned to:</b>					
Capital projects	-	-	-	-	-
<b>Total fund balances</b>	<u>2,374,396</u>	<u>34,066,858</u>	<u>(66,108)</u>	<u>1,182,429</u>	<u>15,637,434</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 2,375,207</u>	<u>\$ 34,066,938</u>	<u>\$ 2,311,335</u>	<u>\$ 1,230,646</u>	<u>\$ 15,867,749</u>

<b>Municipal Court</b>	<b>Memorial Library</b>	<b>Seized Assets</b>	<b>Libraries</b>	<b>Animal Shelter Donations</b>
\$ 2,285,483	\$ 80,540	\$ 13,575	\$ 7,724	\$ 18,209
8,856,285	312,095	52,606	29,926	70,561
450,547	-	-	-	-
53,514	1,886	318	180	426
-	-	-	-	-
-	-	-	-	-
93,033	-	-	-	-
1,300	-	-	-	-
<u>11,740,162</u>	<u>394,521</u>	<u>66,499</u>	<u>37,830</u>	<u>89,196</u>
220,498	-	-	-	-
7,270	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,346,051	-	-	-	-
-	-	-	-	-
-	-	66,499	-	-
<u>1,573,819</u>	<u>-</u>	<u>66,499</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
1,300	-	-	-	-
-	-	-	-	-
10,165,043	394,521	-	37,830	89,196
-	-	-	-	-
-	-	-	-	-
<u>10,166,343</u>	<u>394,521</u>	<u>-</u>	<u>37,830</u>	<u>89,196</u>
<u>\$ 11,740,162</u>	<u>\$ 394,521</u>	<u>\$ 66,499</u>	<u>\$ 37,830</u>	<u>\$ 89,196</u>

(continued)

CITY OF PLANO, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AS OF SEPTEMBER 30, 2014  
 (continued)

	<b>Capital Projects</b>					<b>Total Nonmajor Governmental Funds</b>
	<b>DART</b>	<b>Park Improvements</b>	<b>Spring Creekwalk</b>	<b>Public Infrastructure</b>	<b>Park Services</b>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 55,645	\$ 4,976,135	\$ -	\$ 613,584	\$ 1,123,941	\$ 21,112,047
Investments	215,624	19,282,605	-	2,377,649	4,355,289	78,215,022
Receivables (net of allowance for uncollectible)						
Accounts	-	-	-	-	-	450,547
Accrued interest	1,303	116,513	-	14,367	26,317	472,608
Other	-	-	-	-	-	205,054
Due from other funds	-	-	-	-	-	30,543
Due from other governments	-	-	-	-	-	849,204
Prepaid items and other assets	-	-	-	-	-	4,030
<b>Total assets</b>	<u>272,572</u>	<u>24,375,253</u>	<u>-</u>	<u>3,005,600</u>	<u>5,505,547</u>	<u>101,339,055</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	-	-	-	-	-	332,596
Accrued liabilities	-	-	-	-	-	16,595
Contracts payable	-	1,900,857	-	-	-	1,900,857
Unearned revenue	-	-	-	-	-	964,926
Due to other funds	-	-	-	-	-	702,322
Due to other governments	-	-	-	-	-	1,555,126
Retainage payable	-	345,767	-	-	-	345,767
Seized assets payable	-	-	-	-	-	66,499
<b>Total liabilities</b>	<u>-</u>	<u>2,246,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,884,688</u>
<b>Deferred inflows of resources:</b>						
Unavailable revenue	-	-	-	-	-	659,120
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Prepaid items and other assets	-	-	-	-	-	4,030
<b>Restricted for:</b>						
Capital projects	272,572	9,422,353	-	3,005,600	-	12,700,525
Special revenue	-	-	-	-	-	29,812,011
<b>Committed to:</b>						
Special revenue	-	-	-	-	-	34,066,858
<b>Assigned to:</b>						
Capital projects	-	12,706,276	-	-	5,505,547	18,211,823
<b>Total fund balances</b>	<u>272,572</u>	<u>22,128,629</u>	<u>-</u>	<u>3,005,600</u>	<u>5,505,547</u>	<u>94,795,247</u>
<b>Total liabilities, deferred inflows, and fund balance</b>	<u>\$ 272,572</u>	<u>\$ 24,375,253</u>	<u>\$ -</u>	<u>\$ 3,005,600</u>	<u>\$ 5,505,547</u>	<u>\$ 101,339,055</u>



CITY OF PLANO, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue				
	Criminal Investigation	Economic Development Incentive	Grant	PTN	Public Safety Communications
<b>REVENUES</b>					
Fines and forfeitures	\$ 616,598	\$ -	\$ -	\$ -	\$ -
Contributions	-	11,341,179	-	-	-
Intergovernmental	16,787	-	1,498,140	-	91,544
Fees for services	-	-	-	863,379	1,489,917
Investment income	11,786	169,956	2,498	5,811	95,303
Miscellaneous	18,984	66,100	16,811	-	-
Total revenues	<u>664,155</u>	<u>11,577,235</u>	<u>1,517,449</u>	<u>869,190</u>	<u>1,676,764</u>
<b>EXPENDITURES</b>					
Police	48,909	-	441,421	-	509,886
Fire	-	-	49,301	-	104,435
Libraries	-	-	171,857	-	-
Development	-	3,830,727	1,254,070	-	-
Public services and operations	-	-	-	826,224	192,566
Environmental waste services	-	-	-	-	-
Capital outlay	-	-	54,398	18,343	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>48,909</u>	<u>3,830,727</u>	<u>1,971,047</u>	<u>844,567</u>	<u>806,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>615,246</u>	<u>7,746,508</u>	<u>(453,598)</u>	<u>24,623</u>	<u>869,877</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of bonds	-	-	-	-	-
Premium on sale of bonds	-	-	-	-	-
Transfers in	-	-	-	500,000	-
Transfers out	-	-	(368,329)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(368,329)</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances	<u>615,246</u>	<u>7,746,508</u>	<u>(821,927)</u>	<u>524,623</u>	<u>869,877</u>
Fund balances-beginning	<u>1,759,150</u>	<u>26,320,350</u>	<u>755,819</u>	<u>657,806</u>	<u>14,767,557</u>
Fund balances-ending	<u>\$ 2,374,396</u>	<u>\$ 34,066,858</u>	<u>\$ (66,108)</u>	<u>\$ 1,182,429</u>	<u>\$ 15,637,434</u>

<b>Municipal Court</b>	<b>Memorial Library</b>	<b>Libraries</b>	<b>Animal Shelter Donations</b>
\$ 4,235,416	\$ -	\$ -	\$ -
-	3,543	-	76,404
-	-	-	-
1,019,849	-	-	-
63,032	2,454	235	1,056
-	-	-	-
<u>5,318,297</u>	<u>5,997</u>	<u>235</u>	<u>77,460</u>
4,198,066	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	10,127
-	-	-	-
233,389	2,314	-	128,000
-	-	-	-
<u>4,431,455</u>	<u>2,314</u>	<u>-</u>	<u>138,127</u>
886,842	3,683	235	(60,667)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
886,842	3,683	235	(60,667)
9,279,501	390,838	37,595	149,863
<u>\$ 10,166,343</u>	<u>\$ 394,521</u>	<u>\$ 37,830</u>	<u>\$ 89,196</u>

(continued)

CITY OF PLANO, TEXAS  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**  
(continued)

	Capital Projects					Total Nonmajor Governmental Funds
	DART	Park Improvements	Spring Creekwalk	Public Infrastructure	Park Services	
<b>REVENUES</b>						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,852,014
Contributions	-	64,387	-	-	-	11,485,513
Intergovernmental	-	38,295	-	-	-	1,644,766
Fees for services	-	-	-	-	167,822	3,540,967
Investment income	1,698	(2,346,780)	-	4,829	33,669	(1,954,453)
Miscellaneous	-	-	-	-	-	101,895
Total revenues	<u>1,698</u>	<u>(2,244,098)</u>	<u>-</u>	<u>4,829</u>	<u>201,491</u>	<u>19,670,702</u>
<b>EXPENDITURES</b>						
Police	-	-	-	-	-	5,198,282
Fire	-	-	-	-	-	153,736
Libraries	-	-	-	-	-	171,857
Development	-	-	-	-	-	5,084,797
Public services and operations	-	-	-	-	-	1,028,917
Environmental waste services	-	-	-	-	-	-
Capital outlay	-	8,530,656	-	-	-	8,967,100
Interest and fiscal charges	-	75,535	-	14,198	-	89,733
Total expenditures	<u>-</u>	<u>8,606,191</u>	<u>-</u>	<u>14,198</u>	<u>-</u>	<u>20,694,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,698</u>	<u>(10,850,289)</u>	<u>-</u>	<u>(9,369)</u>	<u>201,491</u>	<u>(1,023,720)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of bonds	-	15,570,299	-	2,927,360	-	18,497,659
Premium on sale of bonds	-	469,335	-	87,609	-	556,944
Transfers in	-	24,693	-	-	-	524,693
Transfers out	-	(2,338,615)	(24,693)	-	-	(2,731,637)
Total other financing sources (uses)	<u>-</u>	<u>13,725,712</u>	<u>(24,693)</u>	<u>3,014,969</u>	<u>-</u>	<u>16,847,659</u>
Net change in fund balances	1,698	2,875,423	(24,693)	3,005,600	201,491	15,823,939
Fund balances-beginning	270,874	19,253,206	24,693	-	5,304,056	78,971,308
Fund balances-ending	<u>\$ 272,572</u>	<u>\$ 22,128,629</u>	<u>\$ -</u>	<u>\$ 3,005,600</u>	<u>\$ 5,505,547</u>	<u>\$ 94,795,247</u>





**CITY OF PLANO, TEXAS  
BUDGETARY COMPARISON SCHEDULE-GAAP BASIS  
DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Property taxes	\$ 42,263,065	\$ 41,966,002	\$ 42,402,430	\$ 436,428
Investment income	33,000	33,000	421,907	388,907
Miscellaneous	150,597	150,597	156,476	5,879
<b>Total revenues</b>	<b>42,446,662</b>	<b>42,149,599</b>	<b>42,980,813</b>	<b>831,214</b>
<b>EXPENDITURES:</b>				
Principal retirement	28,135,000	28,135,000	28,135,000	-
Interest and fiscal charges	14,013,314	13,030,497	13,015,703	14,794
<b>Total expenditures</b>	<b>42,148,314</b>	<b>41,165,497</b>	<b>41,150,703</b>	<b>14,794</b>
Excess (deficiency) of revenues over (under) expenditures	298,348	984,102	1,830,110	846,008
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of debt-refunding	-	-	8,645,000	8,645,000
Escrow payment-refunding	-	-	(11,373,354)	(11,373,354)
Premium from sale of bonds	-	-	326,970	326,970
Transfers in	-	-	2,338,615	2,338,615
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>(62,769)</b>	<b>(62,769)</b>
Net change in fund balance	298,348	984,102	1,767,341	783,239
<b>FUND BALANCE, October 1</b>	<b>1,573,430</b>	<b>1,573,430</b>	<b>1,573,430</b>	<b>-</b>
<b>FUND BALANCE, September 30</b>	<b>\$ 1,871,778</b>	<b>\$ 2,557,532</b>	<b>\$ 3,340,771</b>	<b>\$ 783,239</b>



## **NONMAJOR ENTERPRISE FUNDS**

Following are the nonmajor Enterprise Funds:

**PLANO CENTRE 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.

**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 that 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  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 AS OF SEPTEMBER 30, 2014**

	<b>Business-type Activities Enterprise Funds</b>				<b>Total Nonmajor Enterprise Funds</b>
	<b>Plano Centre</b>	<b>Municipal Golf Course</b>	<b>Downtown Center Development</b>	<b>Recreation Revolving</b>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 518,871	\$ 43,264	\$ 70,870	\$ 601,194	\$ 1,234,199
Investments	2,000,878	167,647	274,624	2,328,862	4,772,011
Receivables:					
Accounts	562,597	-	16,920	-	579,517
Accrued Interest	12,090	1,013	1,659	14,072	28,834
Other	15,166	-	-	913	16,079
Prepaid expenses and other assets	34,387	-	-	11,631	46,018
Capital assets:					
Land	2,359,859	595,296	36,999	-	2,992,154
Buildings	11,354,841	2,427,383	-	-	13,782,224
Improvements other than buildings	790,021	1,247,352	-	-	2,037,373
Equipment	1,460,921	81,993	-	139,678	1,682,592
Furniture and fixtures	280,641	80,381	-	69,874	430,896
Less accumulated depreciation	(13,087,029)	(2,671,531)	-	(209,552)	(15,968,112)
Total capital assets (net of accumulated depreciation)	3,159,254	1,760,874	36,999	-	4,957,127
Total assets	6,303,243	1,972,798	401,072	2,956,672	11,633,785
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	102,815	36,148	-	32,606	171,569
Accrued liabilities	77,931	9,861	-	18,461	106,253
Unearned revenue	148,493	-	-	605,476	753,969
Customer deposits	-	-	-	335,242	335,242
Liability for compensated absences	59,386	10,798	-	10,798	80,982
Total current liabilities	388,625	56,807	-	1,002,583	1,448,015
Noncurrent liabilities:					
Liability for compensated absences	356,829	29,020	-	83,200	469,049
Total noncurrent liabilities	356,829	29,020	-	83,200	469,049
Total liabilities	745,454	85,827	-	1,085,783	1,917,064
<b>NET POSITION</b>					
Net investment in capital assets	3,159,254	1,760,874	36,999	-	4,957,127
Unrestricted	2,398,535	126,097	364,073	1,870,889	4,759,594
<b>Total net position</b>	<b>\$ 5,557,789</b>	<b>\$ 1,886,971</b>	<b>\$ 401,072</b>	<b>\$ 1,870,889</b>	<b>\$ 9,716,721</b>

CITY OF PLANO, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities Enterprise Funds				Total Nonmajor Enterprise Funds
	Plano Centre	Municipal Golf Course	Downtown Center Development	Recreation Revolving	
Operating revenues:					
Charges for sales and services:					
Service charges	\$ 1,726,989	\$ 965,465	\$ 93,896	\$ 3,707,843	\$ 6,494,193
Miscellaneous charges	114	-	-	65,650	65,764
Total operating revenues	<u>1,727,103</u>	<u>965,465</u>	<u>93,896</u>	<u>3,773,493</u>	<u>6,559,957</u>
Operating expenses:					
Personnel services	2,634,266	550,433	-	1,194,554	4,379,253
Contractual services	3,618,716	212,719	28,931	1,752,168	5,612,534
Supplies	512,699	122,743	-	182,672	818,114
Depreciation	57,603	151,736	-	-	209,339
Miscellaneous	62,544	11,493	-	29,655	103,692
Total operating expenses	<u>6,885,828</u>	<u>1,049,124</u>	<u>28,931</u>	<u>3,159,049</u>	<u>11,122,932</u>
Operating income (loss)	<u>(5,158,725)</u>	<u>(83,659)</u>	<u>64,965</u>	<u>614,444</u>	<u>(4,562,975)</u>
Nonoperating revenues (expenses):					
Investment income	14,279	882	1,951	16,419	33,531
Hotel/motel tax	5,984,727	-	-	-	5,984,727
Total nonoperating revenue	<u>5,999,006</u>	<u>882</u>	<u>1,951</u>	<u>16,419</u>	<u>6,018,258</u>
Income (loss) before transfers	840,281	(82,777)	66,916	630,863	1,455,283
Transfers out	<u>(367,028)</u>	<u>(50,060)</u>	<u>-</u>	<u>(192,825)</u>	<u>(609,913)</u>
Change in net position	473,253	(132,837)	66,916	438,038	845,370
Total net position-beginning	5,084,536	2,019,808	334,156	1,432,851	8,871,351
Total net position-ending	<u>\$ 5,557,789</u>	<u>\$ 1,886,971</u>	<u>\$ 401,072</u>	<u>\$ 1,870,889</u>	<u>\$ 9,716,721</u>

CITY OF PLANO, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities Enterprise Funds				Total Nonmajor Enterprise Funds
	Plano Centre	Municipal Golf Course	Downtown Center Development	Recreation Revolving	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 1,456,435	\$ 986,331	\$ 76,976	\$ 3,796,810	\$ 6,316,552
Cash payments to suppliers for goods and services	(4,278,909)	(325,686)	(28,931)	(1,976,793)	(6,610,319)
Cash payments to employees for services	(2,626,859)	(545,390)	-	(1,194,157)	(4,366,406)
Net cash provided (used) by operating activities	(5,449,333)	115,255	48,045	625,860	(4,660,173)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Hotel/motel tax	5,984,727	-	-	-	5,984,727
Transfers to other funds	(367,028)	(50,060)	-	(192,825)	(609,913)
Net cash provided (used) by noncapital financing activities	5,617,699	(50,060)	-	(192,825)	5,374,814
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(64,899)	-	-	-	(64,899)
Proceeds from insurance damages	-	-	-	-	-
Net cash used by capital and related financing activities	(64,899)	-	-	-	(64,899)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investment securities	(2,000,878)	(167,647)	(274,624)	(2,328,862)	(4,772,011)
Proceeds from sale and maturities of investment securities	1,912,084	115,648	235,629	1,977,856	4,241,217
Interest on investments	19,129	812	2,330	19,418	41,689
Decrease in fair value of investments	(4,013)	(161)	(445)	(3,699)	(8,318)
Net cash used by investing activities	(73,678)	(51,348)	(37,110)	(335,287)	(497,423)
<b>Net increase in cash and cash equivalents</b>	<b>29,789</b>	<b>13,847</b>	<b>10,935</b>	<b>97,748</b>	<b>152,319</b>
<b>Cash and cash equivalents, October 1</b>	<b>489,082</b>	<b>29,417</b>	<b>59,935</b>	<b>503,446</b>	<b>1,081,880</b>
<b>Cash and cash equivalents, September 30</b>	<b>\$ 518,871</b>	<b>\$ 43,264</b>	<b>\$ 70,870</b>	<b>\$ 601,194</b>	<b>\$ 1,234,199</b>

Noncash disclosure:

Decrease in fair value of investments	\$ (4,013)	\$ (161)	\$ (445)	\$ (3,699)	\$ (8,318)
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(continued)

CITY OF PLANO, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014  
 (continued)

	Business-type Activities Enterprise Funds				Total Nonmajor Enterprise Funds
	Plano Centre	Municipal Golf Course	Downtown Center Development	Recreation Revolving	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
<b>Operating income (loss)</b>	\$ (5,158,725)	\$ (83,659)	\$ 64,965	\$ 614,444	\$ (4,562,975)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>					
Depreciation	57,603	151,736	-	-	209,339
<b>Change in assets and liabilities:</b>					
(Increase) decrease in:					
Accounts receivable	(250,260)	20,866	(16,920)	-	(246,314)
Other receivable	(5,823)	-	-	(213)	(6,036)
Prepaid expenses and other assets	(1,267)	-	-	(1,070)	(2,337)
Increase (decrease) in:					
Accounts payable	(77,860)	21,269	-	(11,015)	(67,606)
Accrued liabilities	17,429	1,211	-	(638)	18,002
Liability for compensated absences	(10,022)	3,832	-	1,035	(5,155)
Customer deposits	-	-	-	8,358	8,358
Unearned revenue	(20,408)	-	-	14,959	(5,449)
<b>Total adjustments</b>	<u>(290,608)</u>	<u>198,914</u>	<u>(16,920)</u>	<u>11,416</u>	<u>(97,198)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (5,449,333)</u>	<u>\$ 115,255</u>	<u>\$ 48,045</u>	<u>\$ 625,860</u>	<u>\$ (4,660,173)</u>



## INTERNAL SERVICE FUNDS

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

The City has five 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.

**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 POSITION  
INTERNAL SERVICE FUNDS  
AS OF SEPTEMBER 30, 2014**

	<u>Equipment Maintenance</u>	<u>Municipal Warehouse</u>	<u>Technology Services</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,634,185	\$ 58,518	\$ 2,378,167
Investments	17,957,540	226,562	9,215,439
Receivables:			
Accounts	255,165	13,771	-
Accrued interest	108,507	1,369	55,684
Other	-	-	-
Due from other funds	-	-	-
Inventories	79,082	900,091	-
Prepaid items	-	-	52,634
Restricted assets:			
Cash and cash equivalents	-	-	434,596
Investments	-	-	1,684,065
Accrued interest receivable	-	-	10,176
Capital assets:			
Land	51,515	-	11,007
Buildings	5,264,915	-	579,543
Equipment	13,794,769	-	21,787,953
Furniture and fixtures	134,663	9,413	55,625
Rolling equipment	46,916,998	-	-
Less accumulated depreciation	(41,614,236)	(9,413)	(11,679,640)
Total capital assets (net of accumulated depreciation)	<u>24,548,624</u>	<u>-</u>	<u>10,754,488</u>
Total assets	<u>47,583,103</u>	<u>1,200,311</u>	<u>24,585,249</u>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	650,838	166,998	825,871
Accrued liabilities	41,343	8,737	111,433
Due to other funds	-	267	-
Compensated absences	25,339	8,841	33,152
Liability for insurance claims	-	-	-
Total current liabilities	<u>717,520</u>	<u>184,843</u>	<u>970,456</u>
<b>NONCURRENT LIABILITIES:</b>			
Compensated absences	125,623	22,111	441,798
Liability for insurance claims	-	-	-
Total liabilities	<u>843,143</u>	<u>206,954</u>	<u>1,412,254</u>
<b>NET POSITION</b>			
Net investment in capital assets	24,548,624	-	10,754,488
Unrestricted	22,191,336	993,357	12,418,507
<b>Total net position</b>	<u>\$ 46,739,960</u>	<u>\$ 993,357</u>	<u>\$ 23,172,995</u>

<b>Property/ Liability Loss</b>	<b>Health Claims</b>	<b>Total</b>
\$ 1,203,148	\$ 5,378,841	\$ 13,652,859
4,662,219	20,843,102	52,904,862
25,202	-	294,138
28,171	125,943	319,674
-	-	-
-	-	-
-	-	979,173
3,876	260,736	317,246
-	-	434,596
-	-	1,684,065
-	-	10,176
-	-	62,522
-	-	5,844,458
493,486	-	36,076,208
811	-	200,512
-	-	46,916,998
(494,297)	-	(53,797,586)
-	-	35,303,112
<u>5,922,616</u>	<u>26,608,622</u>	<u>105,899,901</u>
78,535	115,883	1,838,125
21,760	-	183,273
-	-	267
2,766	-	70,098
3,267,045	2,474,426	5,741,471
<u>3,370,106</u>	<u>2,590,309</u>	<u>7,833,234</u>
42,222	-	631,754
709,229	-	709,229
<u>4,121,557</u>	<u>2,590,309</u>	<u>9,174,217</u>
-	-	35,303,112
1,801,059	24,018,313	61,422,572
<u>\$ 1,801,059</u>	<u>\$ 24,018,313</u>	<u>\$ 96,725,684</u>

**CITY OF PLANO, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Equipment Maintenance</b>	<b>Municipal Warehouse</b>	<b>Technology Services</b>
<b>REVENUES:</b>			
Charges for services	\$ 16,739,689	\$ 3,815,286	\$ 15,007,848
Miscellaneous	1,124	9,239	10,658
Total operating revenues	<u>16,740,813</u>	<u>3,824,525</u>	<u>15,018,506</u>
<b>EXPENSES:</b>			
Personnel services	2,416,227	539,699	5,591,637
Contractual services	1,325,649	31,169	7,743,599
Supplies	4,480,388	3,253,094	1,308,246
Claims expense	-	-	-
Depreciation	6,089,358	2,276	1,207,221
Other postemployment benefits	-	-	-
Miscellaneous	18,280	25,989	2,941
Total operating expenses	<u>14,329,902</u>	<u>3,852,227</u>	<u>15,853,644</u>
<b>Operating income (loss)</b>	<u>2,410,911</u>	<u>(27,702)</u>	<u>(835,138)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income	142,769	1,563	83,923
Gain (loss) on capital asset disposal	512,655	16,397	(17,247)
Intergovernmental revenues	1,000		
Miscellaneous	4,786	-	29,393
Total nonoperating revenues	<u>661,210</u>	<u>17,960</u>	<u>96,069</u>
<b>Income (loss) before transfers</b>	3,072,121	(9,742)	(739,069)
<b>Transfers in</b>	196,590	-	-
<b>Transfers out</b>	-	-	(250,000)
<b>Change in net position</b>	<u>3,268,711</u>	<u>(9,742)</u>	<u>(989,069)</u>
<b>Total net position-beginning</b>	43,471,249	1,003,099	24,162,064
<b>Total net position-ending</b>	<u>\$ 46,739,960</u>	<u>\$ 993,357</u>	<u>\$ 23,172,995</u>

<b>Property/ Liability Loss</b>	<b>Health Claims</b>	<b>Total</b>
\$ 5,272,224	\$ 26,206,643	\$ 67,041,690
269,969	25	291,015
<u>5,542,193</u>	<u>26,206,668</u>	<u>67,332,705</u>
380,432	-	8,927,995
1,419,097	4,103,803	14,623,317
40,183	-	9,081,911
3,066,430	23,256,457	26,322,887
-	-	7,298,855
-	574,422	574,422
6,161	-	53,371
<u>4,912,303</u>	<u>27,934,682</u>	<u>66,882,758</u>
629,890	(1,728,014)	449,947
32,976	174,263	435,494
-	-	511,805
-	-	1,000
-	-	34,179
<u>32,976</u>	<u>174,263</u>	<u>982,478</u>
662,866	(1,553,751)	1,432,425
-	-	196,590
-	-	(250,000)
<u>662,866</u>	<u>(1,553,751)</u>	<u>1,379,015</u>
1,138,193	25,572,064	95,346,669
<u>\$ 1,801,059</u>	<u>\$ 24,018,313</u>	<u>\$ 96,725,684</u>

**CITY OF PLANO, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Equipment Maintenance</u>	<u>Municipal Warehouse</u>	<u>Technology Services</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 16,485,648	\$ 3,824,792	\$ 15,045,640
Cash payments to suppliers for goods and services	(5,624,376)	(3,367,119)	(8,664,381)
Cash payments to employees for services	(2,415,869)	(538,847)	(5,592,128)
Net cash provided (used) by operating activities	<u>8,445,403</u>	<u>(81,174)</u>	<u>789,131</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers to other funds	-	-	(250,000)
Transfers from other funds	196,590	-	-
Intergovernmental receipts	1,000	-	-
Net cash provided (used) by noncapital financing activities	<u>197,590</u>	<u>-</u>	<u>(250,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(7,912,168)	-	(1,072,103)
Proceeds on sale of equipment	513,526	16,397	-
Proceeds from insurance damages	4,786	-	29,393
Net cash provided (used) by capital and related financing activities	<u>(7,393,856)</u>	<u>16,397</u>	<u>(1,042,710)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investment securities	(17,957,540)	(226,562)	(10,899,504)
Proceeds from sales and maturities of investment securities	16,896,129	277,223	11,258,033
Interest on investments	183,476	2,761	119,244
Decrease in fair value of investments	(34,981)	(693)	(25,067)
Net cash provided (used) by investing activities	<u>(912,916)</u>	<u>52,729</u>	<u>452,706</u>
Net increase (decrease) in cash and cash equivalents	336,221	(12,048)	(50,873)
<b>Cash and cash equivalents, October 1</b>	<u>4,297,964</u>	<u>70,566</u>	<u>2,863,636</u>
<b>Cash and cash equivalents, September 30</b>	<u>\$ 4,634,185</u>	<u>\$ 58,518</u>	<u>\$ 2,812,763</u>
Noncash disclosure:			
Decrease in fair value of investments	\$ (34,981)	\$ (693)	\$ (25,067)

<b>Property/ Liability Loss</b>	<b>Health Claims</b>	<b>Total</b>
\$ 5,553,013	\$ 26,206,668	\$ 67,115,761
(4,584,323)	(27,741,156)	(49,981,355)
(374,400)	-	(8,921,244)
<u>594,290</u>	<u>(1,534,488)</u>	<u>8,213,162</u>
-	-	(250,000)
-	-	196,590
-	-	1,000
-	-	<u>(52,410)</u>
-	-	(8,984,271)
-	-	529,923
-	-	34,179
-	-	<u>(8,420,169)</u>
(4,662,219)	(20,843,102)	(54,588,927)
4,175,854	21,970,953	54,578,192
41,290	246,735	593,506
(8,253)	(49,872)	(118,866)
<u>(453,328)</u>	<u>1,324,714</u>	<u>463,905</u>
140,962	(209,774)	204,488
<u>1,062,186</u>	<u>5,588,615</u>	<u>13,882,967</u>
<u>\$ 1,203,148</u>	<u>\$ 5,378,841</u>	<u>\$ 14,087,455</u>
\$ (8,253)	\$ (49,872)	\$ (118,866)

(continued)

**CITY OF PLANO, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(continued)**

	<u>Equipment Maintenance</u>	<u>Municipal Warehouse</u>	<u>Technology Services</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 2,410,911	\$ (27,702)	\$ (835,138)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>			
Depreciation	6,089,358	2,276	1,207,221
<b>Changes in assets and liabilities:</b>			
(Increase) decrease in:			
Accounts receivable	(255,165)	-	-
Other receivable	-	-	-
Due from other funds	-	-	27,135
Prepaid items	-	4,018	23,643
Inventories	6,808	(67,884)	-
Increase (decrease) in:			
Accounts payable	193,133	6,999	366,761
Accrued liabilities	3,853	1,532	6,997
Due to other funds	-	267	-
Compensated absences	(3,495)	(680)	(7,488)
Liability for insurance claims	-	-	-
<b>Total adjustments</b>	<u>6,034,492</u>	<u>(53,472)</u>	<u>1,624,269</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 8,445,403</u>	<u>\$ (81,174)</u>	<u>\$ 789,131</u>

<u>Property/ Liability Loss</u>	<u>Health Claims</u>	<u>Total</u>
\$ 629,890	\$ (1,728,014)	\$ 449,947
-	-	7,298,855
10,540	-	(244,625)
280	-	280
-	-	27,135
(1,117)	(20,168)	6,376
-	-	(61,076)
52,293	65,882	685,068
4,647	-	17,029
-	-	267
1,385	-	(10,278)
<u>(103,628)</u>	<u>147,812</u>	<u>44,184</u>
<u>(35,600)</u>	<u>193,526</u>	<u>7,763,215</u>
<u>\$ 594,290</u>	<u>\$ (1,534,488)</u>	<u>\$ 8,213,162</u>



## FIDUCIARY FUNDS

### **PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS:**

**RETIREMENT SECURITY PLAN PENSION TRUST** – to account for assets held for full-time employees as a substitute retirement plan to Social Security.

**POSTEMPLOYMENT BENEFITS 115 TRUST** – to account for assets held for the purpose of funding and providing certain benefits to its eligible retirees in accordance with the requirements of Governmental Accounting Standards Board Statement No. 45.

### **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 or escheatment to the State of Texas.

**CITY OF PLANO, TEXAS  
 COMBINING STATEMENT OF PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS NET POSITION  
 FIDUCIARY FUNDS  
 AS OF SEPTEMBER 30, 2014**

	<u>Pension Trust Fund</u>	<u>Postemployment Benefits Trust Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,341,004	\$ 1,156,160	\$ 2,497,164
Investments:			
Other U.S. government obligations	18,727,715	482,695	19,210,410
Corporate bonds	18,046,716	8,505,559	26,552,275
Asset-backed securities	-	3,571,611	3,571,611
Common stocks	69,300,868	16,635,674	85,936,542
Foreign equities	8,049,221	-	8,049,221
Mutual funds	-	27,828,786	27,828,786
Accrued interest	109,485	118,317	227,802
Pending trades accrued interest	-	57,218	57,218
<b>Total assets</b>	<u>115,575,009</u>	<u>58,356,020</u>	<u>173,931,029</u>
<b>LIABILITIES</b>			
Accounts payable	51,670	17,116	68,786
Accrued liabilities	-	327,954	327,954
<b>Total liabilities</b>	<u>51,670</u>	<u>345,070</u>	<u>396,740</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	115,523,339	-	115,523,339
Held in trust for other postemployment benefits	-	58,010,950	58,010,950
<b>Total net position</b>	<u>\$ 115,523,339</u>	<u>\$ 58,010,950</u>	<u>\$ 173,534,289</u>

**CITY OF PLANO, TEXAS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION AND OTHER POST EMPLOYEE BENEFIT TRUST FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Pension Trust Fund</u>	<u>Postemployment Benefits Trust Fund</u>	<u>Total</u>
<b>ADDITIONS</b>			
Contributions			
From employers	\$ 2,955,603	\$ 5,219,998	\$ 8,175,601
From retirees	-	1,001,647	1,001,647
Total contributions	<u>\$ 2,955,603</u>	<u>\$ 6,221,645</u>	<u>\$ 9,177,248</u>
Investment return:			
Net increase in fair value of investments	9,574,037	3,912,149	13,486,186
Interest	664,193	499,785	1,163,978
Dividends	1,644,867	672,971	2,317,838
Miscellaneous	652,480	7,095	659,575
Total investment return	<u>12,535,577</u>	<u>5,092,000</u>	<u>17,627,577</u>
Less investment expenses:			
Trustee fees	-	29,026	29,026
Advisory fees	204,405	171,417	375,822
Total investment expenses	<u>204,405</u>	<u>200,443</u>	<u>404,848</u>
Net investment return	<u>12,331,172</u>	<u>4,891,557</u>	<u>17,222,729</u>
Total additions, net	<u>15,286,775</u>	<u>11,113,202</u>	<u>26,399,977</u>
<b>DEDUCTIONS</b>			
Audit fee	21,000	10,000	31,000
Actuary fee	31,799	14,500	46,299
Benefits	3,427,856	3,585,832	7,013,688
Administrative expenses	-	259,611	259,611
Miscellaneous expenses	798	594	1,392
Total deductions	<u>3,481,453</u>	<u>3,870,537</u>	<u>7,351,990</u>
<b>Net increase</b>	11,805,322	7,242,665	19,047,987
<b>Net assets held in trusts - beginning of year</b>	<u>103,718,017</u>	<u>50,768,285</u>	<u>154,486,302</u>
<b>Net assets held in trusts - end of year</b>	<u>\$ 115,523,339</u>	<u>\$ 58,010,950</u>	<u>\$ 173,534,289</u>

**CITY OF PLANO, TEXAS  
 COMBINING STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES  
 AS OF SEPTEMBER 30, 2014**

	<u>Agency Funds</u>		<u>Total Agency Funds</u>
	<u>Developers' Escrow</u>	<u>Unclaimed Property</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 553,668	\$ 17,949	\$ 571,617
Investment pool	2,145,471	69,552	2,215,023
Accrued interest	12,964	420	13,384
Total Assets	<u>2,712,103</u>	<u>87,921</u>	<u>2,800,024</u>
<b>LIABILITIES</b>			
Developers' escrow liability	2,712,103	-	2,712,103
Unclaimed property payable	-	87,921	87,921
Total Liabilities	<u>\$ 2,712,103</u>	<u>\$ 87,921</u>	<u>\$ 2,800,024</u>

**CITY OF PLANO, TEXAS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
<b>Developers' Escrow</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 582,631	\$ -	\$ 28,963	\$ 553,668
Investments	2,290,543	-	145,072	2,145,471
Accrued interest receivable	15,486	-	2,522	12,964
<b>Total Assets</b>	<b>\$ 2,888,660</b>	<b>\$ -</b>	<b>\$ 176,557</b>	<b>\$ 2,712,103</b>
<b>LIABILITIES:</b>				
Developers' escrow liability	\$ 2,888,660	\$ -	\$ 176,557	\$ 2,712,103
	<b>\$ 2,888,660</b>	<b>\$ -</b>	<b>\$ 176,557</b>	<b>\$ 2,712,103</b>
<b>Unclaimed Property</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 16,684	\$ 1,265	\$ -	\$ 17,949
Investments	65,591	3,961	-	69,552
Accrued interest receivable	443	-	23	420
<b>Total Assets</b>	<b>\$ 82,718</b>	<b>\$ 5,226</b>	<b>\$ 23</b>	<b>\$ 87,921</b>
<b>LIABILITIES:</b>				
Unclaimed property payable	\$ 82,718	\$ 5,203	\$ -	\$ 87,921
<b>Total Agency Funds</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 599,315	\$ 1,265	\$ 28,963	\$ 571,617
Investments	2,356,134	3,961	145,072	2,215,023
Accrued interest receivable	15,929	-	2,545	13,384
<b>Total Assets</b>	<b>\$ 2,971,378</b>	<b>\$ 5,226</b>	<b>\$ 176,580</b>	<b>\$ 2,800,024</b>
<b>LIABILITIES:</b>				
Developers' escrow liability	\$ 2,888,660	\$ -	\$ 176,557	\$ 2,712,103
Unclaimed property payable	82,718	5,203	-	87,921
<b>Total Assets</b>	<b>\$ 2,971,378</b>	<b>\$ 5,203</b>	<b>\$ 176,557</b>	<b>\$ 2,800,024</b>



## **COMPONENT UNIT**

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

**CITY OF PLANO, TEXAS  
STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNIT  
AS OF SEPTEMBER 30, 2014**

	<b>TIF East Side</b>
<b>ASSETS</b>	
Current:	
Cash and cash equivalents	\$ 1,617,551
Investments	6,305,913
Noncurrent:	
Capital assets, net	<u>2,453,267</u>
<b>Total assets</b>	<u><u>10,376,731</u></u>
 <b>LIABILITIES</b>	
Current:	
Accounts payable	<u>382,351</u>
<b>Total liabilities</b>	<u><u>382,351</u></u>
 <b>NET POSITION</b>	
Net investment in capital assets	2,453,267
Unrestricted	<u>7,541,113</u>
<b>Total net position</b>	<u><u>\$ 9,994,380</u></u>

**CITY OF PLANO, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>TIF East Side</b>
<b>EXPENSES</b>	
Contractual services	\$ 3,180,860
Total operating expenses	<u>3,180,860</u>
Operating loss	(3,180,860)
 <b>NONOPERATING REVENUES</b>	
Property taxes	2,837,673
Miscellaneous income	1,025,358
Total nonoperating revenues	<u>3,863,031</u>
 <b>NET INCOME</b>	<u>682,171</u>
Change in net position	682,171
 Total net position-beginning	9,312,209
Total net position-ending	<u><u>\$ 9,994,380</u></u>

**CITY OF PLANO, TEXAS  
STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>TIF East Side</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash payments to suppliers for goods and services	\$ (2,801,364)
Net cash used by operating activities	<u>(2,801,364)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Property taxes	2,837,673
Net cash provided by noncapital financing activities	<u>2,837,673</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	<u>(763,469)</u>
Net cash used by operating and related financing activities	<u>(763,469)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of investment securities	(6,305,913)
Proceeds from sales and maturities of investment securities	6,087,280
Interest on investments	1,038,153
Decrease in fair value of investments	<u>(12,795)</u>
Net cash used by investing activities	<u>806,725</u>
Net decrease in cash and cash equivalents	79,565
<b>Cash and cash equivalents, October 1</b>	<u>1,537,986</u>
<b>Cash and cash equivalents, September 30</b>	<u>\$ 1,617,551</u>
Non-cash disclosure:	
Transfer out of capital assets	\$ (110,630)

CITY OF PLANO, TEXAS  
 STATEMENT OF CASH FLOWS  
 DISCRETELY PRESENTED COMPONENT UNIT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014  
 (continued)

	<u>TIF East Side</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating loss	<u>\$ (3,180,860)</u>
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>	
<b>Changes in assets and liabilities-</b>	
Decrease in:	
Accounts payable	<u>379,496</u>
<b>Total adjustments</b>	<u>379,496</u>
 Net cash used by operating activities	 <u>\$ (2,801,364)</u>



**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.	105-110
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	111-114
<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.	115-120
<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.	121-122
<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.	123-127

**CITY OF PLANO, TEXAS  
NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)  
(unaudited)**

Table 1

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in capital assets	\$ 695,615,093	\$ 672,747,769	\$ 663,420,473	\$ 665,695,098	\$ 663,597,387	\$ 728,662,561	\$ 700,704,326	\$ 680,315,170	\$ 650,438,402	\$ 613,733,146
Restricted	32,097,048	51,536,304	50,707,627	46,410,136	1,182,560	3,270,626	5,473,218	4,647,374	2,149,959	1,922,052
Unrestricted	215,051,526	194,617,363	185,546,080	162,537,262	165,352,118	72,524,094	78,416,391	78,312,580	75,071,790	56,238,723
Total governmental activities net position	942,763,667	918,901,436	899,674,180	874,642,496	830,132,065	804,457,281	784,593,935	763,275,124	727,660,151	671,893,921
Business-type activities:										
Net investment in capital assets	360,960,813	362,997,446	363,340,513	362,757,006	367,024,467	383,531,217	376,593,433	370,233,734	356,802,993	350,430,598
Restricted	2,242,278	2,375,886	2,671,383	2,514,172	2,639,954	3,911,737	6,588,596	4,735,897	6,532,464	5,306,823
Unrestricted	89,364,337	88,538,490	78,609,397	81,237,936	57,584,753	25,620,288	25,092,659	19,637,859	24,893,803	18,175,790
Total business-type activities net position	452,567,428	453,911,822	444,621,293	446,509,114	427,249,174	413,063,242	408,274,688	394,607,490	388,229,260	373,913,211
Primary government:										
Net investment in capital assets	1,056,575,906	1,035,745,215	1,026,760,986	1,028,452,104	1,030,621,854	1,112,193,778	1,077,297,759	1,050,548,904	1,007,241,395	964,163,744
Restricted	34,339,326	53,912,190	53,379,010	48,924,308	3,822,514	7,182,363	12,061,814	9,383,271	8,682,423	7,228,875
Unrestricted	304,415,863	283,155,853	264,155,477	243,775,198	222,936,871	98,144,382	103,509,050	97,950,439	99,965,593	74,414,513
Total primary government net position	\$ 1,395,331,095	\$ 1,372,813,258	\$ 1,344,295,473	\$ 1,321,151,610	\$ 1,257,381,239	\$ 1,217,520,523	\$ 1,192,868,623	\$ 1,157,882,614	\$ 1,115,889,411	\$ 1,045,807,132

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

Table 2

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses</b>										
Governmental activities:										
General government	\$ 22,837,719	\$ 22,902,283	\$ 23,945,434	\$ 17,854,055	\$ 18,468,819	\$ 14,360,212	\$ 9,052,498	\$ 12,820,474	\$ 12,869,160	\$ 9,610,588
Administrative services	9,004,302	8,715,712	7,925,435	7,595,755	7,799,815	8,294,111	8,423,416	7,814,137	7,249,106	6,793,122
Police	73,546,241	70,839,690	68,056,743	66,433,966	66,061,326	65,225,173	68,433,179	60,136,573	52,661,945	52,064,166
Fire	50,822,815	48,085,904	45,660,603	44,652,064	43,654,787	44,279,959	44,201,284	39,368,057	40,171,670	33,765,963
Libraries	11,152,367	10,268,273	9,765,576	10,136,834	10,295,418	11,104,945	11,765,263	10,560,624	9,616,271	8,921,361
Development	35,304,179	28,041,761	24,286,697	24,693,554	18,945,171	19,929,365	20,447,190	19,508,839	18,482,899	17,415,770
Public services and operations	7,350,378	6,372,030	5,469,346	5,602,338	5,662,869	5,645,771	5,402,333	5,213,097	5,069,129	4,760,409
Parks and recreation	32,444,929	28,605,874	26,999,247	25,773,639	27,219,522	26,170,315	26,134,622	22,645,606	20,491,397	19,220,854
Public works	29,653,914	31,256,009	32,261,282	30,868,916	34,002,485	28,025,006	27,944,393	26,677,227	25,864,753	25,047,789
Technology services	17,035,972	15,485,073	14,144,322	14,738,189	13,806,148	14,008,840	13,686,048	12,951,258	11,113,407	12,319,110
Other	-	-	-	-	1,963,496	5,480,962	7,401,221	6,577,443	858,379	633,447
Interest on Long-Term Debt	11,454,975	16,606,292	13,546,098	13,821,383	14,089,411	14,640,081	14,625,019	12,503,580	12,009,766	9,882,495
Unallocated depreciation	-	-	-	-	111,959	96,934	102,199	100,907	93,337	37,954
Total governmental activities expenses	300,607,791	287,178,901	272,060,783	262,170,693	262,081,226	257,261,674	257,618,665	236,877,822	216,551,219	200,473,028
Business-type activities:										
Water and sewer	113,527,471	108,229,423	108,565,144	101,645,618	97,546,366	96,352,987	83,264,179	78,413,719	79,400,088	74,996,817
Environmental waste services	22,664,437	22,343,541	23,342,162	23,431,488	21,163,351	21,354,795	21,863,854	19,298,289	18,346,330	17,775,614
Municipal drainage	4,576,230	4,475,248	4,223,993	3,952,974	4,051,080	3,843,011	3,530,079	3,429,488	3,118,453	3,012,858
Civic center	6,547,215	6,287,787	6,098,248	5,889,739	6,393,145	7,331,173	7,311,505	6,416,054	5,751,129	5,488,081
Municipal golf course	1,017,816	1,021,602	965,133	231,640	718,046	870,436	1,000,257	885,158	935,483	1,052,789
Property management	-	-	-	-	59,678	32,053	39,291	78,759	25,940	65,746
Recreation revolving	3,215,117	3,326,229	3,226,272	3,176,716	3,216,311	3,191,594	3,096,166	2,642,687	2,436,064	2,471,405
Downtown center development	28,931	9,893	9,327	55,683	47,918	47,917	46,176	46,784	43,356	42,668
Total business-type activities expenses	151,577,217	145,693,723	146,430,279	138,383,858	133,195,895	133,023,966	120,151,507	111,210,938	110,056,843	104,905,978
Total primary government expenses	\$ 452,185,008	\$ 432,872,624	\$ 418,491,062	\$ 400,554,551	\$ 395,277,121	\$ 390,285,640	\$ 377,770,172	\$ 348,088,760	\$ 326,608,062	\$ 305,379,006
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 6,152,383	\$ 5,913,645	\$ 5,561,420	\$ 4,739,503	\$ 1,394,826	\$ 994,964	\$ 1,634,183	\$ 1,009,164	\$ 1,056,168	\$ 1,123,970
Administrative services	5,296	11,515	8,200	-	-	-	-	-	-	-
Police	16,615,952	16,518,724	16,242,970	15,458,080	15,429,740	15,344,518	12,939,924	12,413,238	12,839,712	11,401,502
Fire	4,898,085	4,549,906	4,461,129	3,630,026	3,882,667	4,161,383	3,801,412	3,446,175	3,396,538	3,114,030
Libraries	432,864	467,501	449,743	473,956	500,514	545,755	453,572	496,697	478,457	415,128
Development	6,492,386	6,129,225	5,274,987	4,833,730	3,990,274	3,175,176	4,686,571	5,124,766	7,038,776	5,363,885
Public services and operations	1,448,584	1,473,792	1,431,446	1,319,479	1,333,016	1,277,357	1,150,449	1,016,193	1,005,080	900,055
Parks and recreation	4,423,381	4,534,559	4,528,827	4,179,352	4,058,923	3,952,244	3,685,465	2,357,306	2,629,899	2,088,269
Public works	48,710	112,267	175,256	194,348	247,408	40,592	104,028	84,217	93,534	670,985
Technology services	3,044,377	2,930,541	2,796,312	2,626,768	2,870,243	2,882,354	2,590,036	2,459,419	2,315,210	2,713,243
Operating grants and contributions	15,264,041	14,058,293	10,244,037	5,624,013	6,858,965	7,430,737	4,773,881	4,592,308	9,695,987	4,419,525
Capital grants and contributions	11,542,543	8,576,392	5,158,140	13,736,398	20,765,810	10,939,098	9,654,400	13,499,864	16,672,181	11,494,632
Total governmental activities program revenues	70,368,602	65,276,360	56,332,467	56,815,653	61,332,386	50,744,178	45,473,921	46,499,347	57,221,542	43,705,224

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

**Table 2  
(continued)**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Business-type activities:</b>										
Charges for services:										
Water and sewer	\$ 114,554,767	\$ 121,115,371	\$ 114,415,670	\$ 128,109,639	\$ 116,516,442	\$ 108,076,125	\$ 100,049,904	\$ 83,598,039	\$ 90,197,835	\$ 80,490,282
Environmental waste services	16,147,526	16,403,721	16,096,610	16,368,530	15,616,880	15,101,758	14,772,782	14,196,523	12,784,020	12,239,098
Municipal drainage	7,400,810	6,292,462	5,208,675	5,228,986	5,161,087	5,050,406	4,995,106	4,986,648	4,918,531	4,653,546
Civic center	1,727,103	1,759,911	1,812,576	1,822,231	2,180,520	2,439,129	2,693,882	2,589,358	2,414,989	2,203,629
Municipal golf course	965,465	994,125	933,533	65,906	600,919	792,753	846,096	823,353	907,325	1,009,294
Property management	-	-	-	9,967	7,594	42,309	72,567	81,587	85,789	84,468
Recreation revolving	3,773,493	3,820,358	3,870,482	3,347,434	3,545,142	3,325,754	3,080,725	2,765,100	2,656,865	2,600,095
Downtown center development	93,896	67,928	67,828	68,128	68,128	68,127	68,127	68,127	68,127	67,679
Operating grants and contributions	-	358,588	1,070,468	1,568,388	60,194	339,804	60,609	289,052	22,828	259,951
Capital grants and contributions	3,463,123	4,254,902	2,078,980	1,377,582	3,721,845	5,128,295	7,354,169	7,991,489	10,048,819	7,762,146
<b>Total business-type activities program revenues</b>	<b>148,126,183</b>	<b>155,067,366</b>	<b>145,554,822</b>	<b>157,966,791</b>	<b>147,478,751</b>	<b>140,364,460</b>	<b>133,993,967</b>	<b>117,389,276</b>	<b>124,105,128</b>	<b>111,370,188</b>
<b>Total primary government program revenues</b>	<b>\$ 218,494,785</b>	<b>\$ 220,343,726</b>	<b>\$ 201,887,289</b>	<b>\$ 214,782,444</b>	<b>\$ 208,811,137</b>	<b>\$ 191,108,638</b>	<b>\$ 179,467,888</b>	<b>\$ 163,888,623</b>	<b>\$ 181,326,670</b>	<b>\$ 155,075,412</b>
<b>Net (expense) revenue</b>										
Governmental activities	(230,239,189)	(221,902,541)	(215,728,316)	(205,355,040)	(200,748,840)	(206,517,496)	(212,144,744)	(190,378,475)	(159,329,677)	(156,767,804)
Business-type activities	(3,451,034)	9,373,643	(875,457)	19,582,933	14,282,856	7,340,494	13,842,460	6,178,338	14,048,285	6,464,210
<b>Total primary government net (expense)</b>	<b>\$ (233,690,223)</b>	<b>\$ (212,528,898)</b>	<b>\$ (216,603,773)</b>	<b>\$ (185,772,107)</b>	<b>\$ (186,465,984)</b>	<b>\$ (199,177,002)</b>	<b>\$ (198,302,284)</b>	<b>\$ (184,200,137)</b>	<b>\$ (145,281,392)</b>	<b>\$ (150,303,594)</b>
<b>General revenues and transfers</b>										
Governmental activities:										
Property taxes	\$ 140,180,751	\$ 133,922,409	\$ 130,761,336	\$ 128,274,660	\$ 129,741,125	\$ 127,265,332	\$ 123,054,998	\$ 114,157,316	\$ 104,809,088	\$ 100,094,935
Sales taxes	74,468,963	68,831,243	70,355,058	62,441,697	58,652,787	56,064,538	62,122,119	61,573,210	65,320,897	52,251,009
Mixed drink taxes	1,659,703	1,277,913	1,061,390	1,140,818	1,103,815	997,051	1,003,932	983,663	814,346	680,135
Other taxes	164,195	398,357	167,773	206,389	77,968	118,580	360,115	225,445	215,439	135,574
Franchise fees	24,332,547	23,283,089	22,668,521	23,220,388	22,361,082	23,995,388	23,022,217	22,463,447	22,114,560	19,200,896
Investment income	1,396,949	973,519	2,926,435	4,756,044	3,473,366	4,632,949	10,683,028	13,985,970	9,914,048	3,558,018
Transfers	11,898,312	12,443,267	12,819,487	29,825,475	11,013,481	13,307,004	13,217,146	12,604,397	11,907,529	11,938,644
<b>Total governmental activities</b>	<b>254,101,420</b>	<b>241,129,797</b>	<b>240,760,000</b>	<b>249,865,471</b>	<b>226,423,624</b>	<b>226,380,842</b>	<b>233,463,555</b>	<b>225,993,448</b>	<b>215,095,907</b>	<b>187,859,211</b>
Business-type activities:										
Hotel/Motel tax	5,984,727	5,095,504	4,669,257	4,722,431	4,098,810	3,951,890	4,909,061	4,741,492	4,416,422	3,423,055
Franchise fees	7,570,258	7,068,059	6,498,108	6,761,347	6,286,201	6,198,973	6,721,464	6,259,512	5,876,771	5,254,809
Investment income	449,967	196,590	639,758	795,789	531,546	604,201	1,411,359	1,803,285	1,882,100	542,748
Transfers	(11,898,312)	(12,443,267)	(12,819,487)	(12,602,560)	(11,013,481)	(13,307,004)	(13,217,146)	(12,604,397)	(11,907,529)	(11,938,644)
<b>Total business-type activities</b>	<b>2,106,640</b>	<b>(83,114)</b>	<b>(1,012,364)</b>	<b>(322,993)</b>	<b>(96,924)</b>	<b>(2,551,940)</b>	<b>(175,262)</b>	<b>199,892</b>	<b>267,764</b>	<b>(2,718,032)</b>
<b>Total primary government</b>	<b>\$ 256,208,060</b>	<b>\$ 241,046,683</b>	<b>\$ 239,747,636</b>	<b>\$ 249,542,478</b>	<b>\$ 226,326,700</b>	<b>\$ 223,828,902</b>	<b>\$ 233,288,293</b>	<b>\$ 226,193,340</b>	<b>\$ 215,363,671</b>	<b>\$ 185,141,179</b>
<b>Change in net position</b>										
Governmental activities	\$ 23,862,231	\$ 19,227,256	\$ 25,031,684	\$ 44,510,431	\$ 25,674,784	\$ 19,863,346	\$ 21,318,811	\$ 35,614,973	\$ 55,766,230	\$ 31,091,407
Business-type activities	(1,344,394)	9,290,529	(1,887,821)	19,259,940	14,185,932	4,788,554	13,667,198	6,378,230	14,316,049	3,746,178
<b>Total primary government</b>	<b>\$ 22,517,837</b>	<b>\$ 28,517,785</b>	<b>\$ 23,143,863</b>	<b>\$ 63,770,371</b>	<b>\$ 39,860,716</b>	<b>\$ 24,651,900</b>	<b>\$ 34,986,009</b>	<b>\$ 41,993,203</b>	<b>\$ 70,082,279</b>	<b>\$ 34,837,585</b>

Source: Comprehensive Annual Financial Report

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

Table 3

	Fiscal year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 793,454	\$ 152,616	\$ 189,920	\$ 176,588	\$ 2,321,839	\$ 6,976,517	\$ 6,678,087	\$ 7,015,867	\$ 7,539,035	\$ 7,818,018
Assigned	4,617,229	3,467,826	2,579,810	3,110,127	4,604,162	4,055,302	2,683,725	1,566,433	2,776,694	2,283,707
Unassigned	45,914,135	52,689,982	50,197,033	41,547,010	34,474,576	31,712,311	35,379,734	37,101,360	38,488,933	29,122,461
Total general fund	\$ 51,324,818	\$ 56,310,424	\$ 52,966,763	\$ 44,833,725	\$ 41,400,577	\$ 42,744,130	\$ 44,741,546	\$ 45,683,660	\$ 48,804,662	\$ 39,224,186
All Other Governmental Funds										
Nonspendable	\$ 64,510	\$ 22,830	\$ 905	\$ 4,405	\$ -	\$ 2,680	\$ 6,195	\$ 2,702	\$ 4,490	\$ 980,407
Restricted	87,225,859	94,919,165	93,888,376	80,004,218	61,975,246	85,435,605	74,471,250	56,380,230	35,828,799	39,285,018
Committed	34,066,858	26,320,350	20,280,369	16,052,538	-	-	-	-	-	-
Assigned	86,964,225	69,940,931	63,918,355	59,782,814	71,516,720	61,199,709	76,924,976	61,357,467	73,919,423	45,872,910
Unassigned	-	-	-	-	(374,071)	-	-	-	-	(19,468)
Total all other governmental funds	\$ 208,321,452	\$ 191,203,276	\$ 178,088,005	\$ 155,843,975	\$ 133,117,895	\$ 146,637,994	\$ 151,402,421	\$ 117,740,399	\$ 109,752,712	\$ 86,118,867

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)

Table 4

	Fiscal year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues:</b>										
Taxes:										
Property taxes	\$ 130,387,583	\$ 124,453,986	\$ 121,496,666	\$ 117,691,853	\$ 121,312,517	\$ 119,568,563	\$ 114,494,640	\$ 107,059,153	\$ 97,121,351	\$ 93,311,613
Other taxes	75,793,144	70,185,140	71,089,176	63,851,345	59,176,584	57,577,341	63,266,376	63,425,218	59,581,037	53,007,928
Franchise fees	23,469,220	22,455,605	21,895,025	22,770,634	21,886,667	23,586,443	22,628,847	22,039,441	21,720,865	19,200,896
Fines and forfeitures	12,381,098	11,584,047	12,111,722	10,949,125	10,912,913	10,982,616	9,167,406	9,822,913	10,125,683	8,961,337
Contributions	14,386,075	7,912,545	7,195,450	7,161,721	10,691,912	5,206,878	3,845,932	306,924	1,081,788	3,826,173
Rollback taxes	593,756	704,467	896,012	172,594	63,296	263,577	1,134,487	1,172,609	735,757	223,159
Licenses and permits	8,464,559	8,514,993	6,976,693	6,619,204	5,763,535	4,786,291	5,235,695	5,524,955	6,800,126	5,195,516
Intragovernmental	8,839,577	9,246,857	8,354,150	8,879,036	8,211,958	7,739,588	7,276,212	6,399,935	6,592,673	6,235,373
Intergovernmental	6,861,157	8,378,604	5,695,397	12,269,550	7,236,142	7,118,445	3,432,643	3,915,812	8,744,104	3,898,076
Fees for services	16,093,966	15,626,146	15,654,770	13,535,139	13,769,089	13,808,677	13,488,581	10,476,645	11,177,263	9,705,325
Assessments	-	13,512	56,776	157,805	88,375	10,094	25,465	99,741	443,672	202,427
Investment income	539,548	803,395	2,323,962	3,932,542	2,884,604	3,988,091	8,420,799	10,779,409	7,777,156	2,727,800
Proceeds from sale of capital assets	-	-	-	-	-	2,456,619	-	-	-	-
Miscellaneous	2,409,120	2,715,685	1,574,428	1,292,782	1,398,742	-	1,909,910	1,407,342	4,865,976	1,262,983
<b>Total revenues</b>	<b>\$ 300,218,803</b>	<b>\$ 282,594,982</b>	<b>\$ 275,320,227</b>	<b>\$ 269,283,330</b>	<b>\$ 263,396,334</b>	<b>\$ 257,093,223</b>	<b>\$ 254,326,993</b>	<b>\$ 242,430,097</b>	<b>\$ 236,767,451</b>	<b>\$ 207,758,606</b>
<b>Expenditures:</b>										
Current:										
General government	\$ 23,153,000	\$ 22,100,556	\$ 23,684,196	\$ 21,355,266	\$ 392,129	\$ 613,652	\$ 878,675	\$ 1,255,206	\$ 1,309,980	\$ 577,990
Administrative services	9,075,852	8,429,725	7,998,091	7,978,998	7,901,744	8,239,334	8,208,019	7,916,611	7,282,215	6,892,456
Police	72,624,201	69,419,105	66,547,202	65,618,061	65,289,730	63,987,283	61,831,212	59,114,102	53,618,495	51,031,849
Fire	48,671,045	45,723,609	44,454,375	43,239,799	42,984,135	43,080,441	41,361,437	39,096,906	40,124,063	33,650,136
Libraries	9,807,337	9,163,013	9,146,500	9,392,127	9,926,819	10,314,568	10,467,040	10,139,905	9,238,861	8,705,346
Development	35,721,485	27,163,001	24,417,148	24,830,560	19,694,309	19,924,444	19,635,957	19,644,186	18,420,446	17,233,160
Public services and operations	7,293,539	6,204,948	5,515,414	5,653,648	5,634,193	5,757,144	5,377,281	5,403,953	5,063,124	4,786,528
Parks and recreation	20,362,792	19,376,076	18,729,207	18,792,674	19,909,716	21,407,832	20,681,818	18,785,397	16,709,740	15,891,574
Environmental waste services	-	664,613	875,569	1,284,956	88,202	300,339	53,576	258,275	19,845	215,025
Public works	5,817,124	5,931,011	5,327,481	5,538,454	5,592,600	5,840,246	5,820,027	5,764,590	5,273,610	5,395,278
Technology services	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-
Other	-	-	-	-	27,809,863	27,609,726	27,266,420	26,335,719	18,381,077	17,403,344
Capital outlay	44,164,938	45,403,651	33,542,010	47,374,962	64,827,368	60,362,017	54,679,984	68,000,143	49,933,401	44,443,506
Interest and fiscal charges	100,335	175,051	105,385	-	-	-	-	-	-	-
Debt service:										
Principal retirement	28,135,000	30,335,000	28,990,000	28,405,000	27,650,000	25,645,000	23,510,000	21,020,000	20,510,000	19,407,991
Interest and fiscal charges	13,015,703	13,902,230	14,219,545	14,128,251	14,553,158	15,037,063	14,598,200	12,837,888	12,154,302	10,669,530
Bond accretion	-	-	-	-	-	-	-	-	-	962,009
<b>Total expenditures</b>	<b>\$ 318,942,351</b>	<b>\$ 304,991,589</b>	<b>\$ 284,552,123</b>	<b>\$ 294,592,756</b>	<b>\$ 312,253,966</b>	<b>\$ 308,119,089</b>	<b>\$ 294,369,646</b>	<b>\$ 295,572,881</b>	<b>\$ 258,039,159</b>	<b>\$ 237,265,722</b>
Deficiency of revenues over expenditures	\$ (18,723,548)	\$ (22,396,607)	\$ (9,231,896)	\$ (25,309,426)	\$ (48,857,632)	\$ (51,025,866)	\$ (40,042,653)	\$ (53,142,784)	\$ (21,271,708)	\$ (29,507,116)

(continued)

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

Table 4  
 (continued)

	Fiscal year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Other financing sources:</b>										
Proceeds from sale of bonds	\$ 20,680,000	\$ 22,175,000	\$ 25,860,000	\$ 21,400,000	\$ 22,615,000	\$ 29,315,000	\$ 58,370,000	\$ 46,675,000	\$ 44,690,000	\$ 37,190,000
Bond proceeds-refunding	8,645,000	39,750,000	20,540,000	-	16,633,613	12,370,000	-	-	-	78,380,000
Premium on sale of bonds	952,750	11,439,780	3,820,972	114,918	444,228	250,350	925,415	1,162,822	1,615,017	5,866,266
Discount on sale of bonds	-	-	(253,786)	-	-	-	-	-	(350,017)	(200,473)
Escrow payment-refunding	(11,373,354)	(48,059,266)	(22,783,832)	-	(16,777,204)	(12,428,331)	-	-	-	(84,067,431)
Sale of land	-	144,020	-	-	426,129	-	-	-	-	336,536
Disbursements from component units	-	-	-	1,793,418	-	-	-	-	-	-
Transfer of assets from Plano Economic Development Board	-	-	-	16,052,538	-	-	-	-	-	-
Operating transfers in	33,629,949	26,993,051	23,893,031	24,366,126	21,898,253	25,390,773	24,276,733	23,414,508	23,687,190	22,349,005
Operating transfers out	(21,678,227)	(13,587,046)	(11,467,421)	(11,762,012)	(11,246,039)	(10,633,769)	(10,809,587)	(13,242,861)	(15,156,161)	(13,801,517)
<b>Total other financing sources</b>	<b>\$ 30,856,118</b>	<b>\$ 38,855,539</b>	<b>\$ 39,608,964</b>	<b>\$ 51,964,988</b>	<b>\$ 33,993,980</b>	<b>\$ 44,264,023</b>	<b>\$ 72,762,561</b>	<b>\$ 58,009,469</b>	<b>\$ 54,486,029</b>	<b>\$ 46,052,386</b>
<b>Net change in fund balances</b>	<b>\$ 12,132,570</b>	<b>\$ 16,458,932</b>	<b>\$ 30,377,068</b>	<b>\$ 26,655,562</b>	<b>\$ (14,863,652)</b>	<b>\$ (6,761,843)</b>	<b>\$ 32,719,908</b>	<b>\$ 4,866,685</b>	<b>\$ 33,214,321</b>	<b>\$ 16,545,270</b>
Debt service as a percentage of noncapital expenditures	15.0%	17.1%	17.2%	17.2%	17.1%	16.4%	15.9%	14.9%	15.7%	16.1%

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

Table 5

Fiscal Year	Estimated Market Value			Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property Residential	Real Property Non-Residential	Non-Real Property Personal			
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
2008	18,778,466,676	7,916,064,395	2,475,080,029	4,658,110,425	24,511,500,675	0.4735
2009	19,441,887,373	8,552,440,842	2,907,734,613	5,116,747,520	25,785,315,308	0.4735
2010	19,469,820,194	8,372,599,454	2,838,415,401	5,173,616,893	25,507,218,156	0.4886
2011	19,221,382,580	7,932,502,481	2,745,292,364	5,218,278,720	24,680,898,705	0.4886
2012	19,444,538,595	8,054,393,555	2,740,588,934	5,225,477,405	25,014,043,679	0.4886
2013	19,521,767,361	8,525,544,346	2,973,730,987	5,373,537,781	25,647,504,913	0.4886
2014	19,948,241,485	9,106,522,472	3,391,385,705	5,520,976,231	26,925,173,431	0.4886

**Source:** City of Plano Budget Department and 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)**

Table 6

Fiscal Year (1)	General Fund	City of Plano			Plano School District		Allen School District		Collin County		Frisco School District		Lewisville School District		Denton County		Collin College	
		Debt Service Fund	Rate	Assessment Ratio	Rate	Assessment Ratio	Rate	Assessment Ratio	Rate	Assessment Ratio	Rate	Assessment Ratio	Rate	Assessment Ratio	Rate	Assessment Ratio	Rate	Assessment Ratio
2005	0.2810	0.1725	0.4535	100	1.7334	100	1.91	100	0.250	100	1.630	100	1.7700	100	0.2550	100	0.0910	100
2006	0.2888	0.1647	0.4535	100	1.7334	100	1.91	100	0.250	100	1.580	100	1.7700	100	0.2460	100	0.0890	100
2007	0.3080	0.1655	0.4735	100	1.5784	100	1.78	100	0.245	100	1.580	100	1.6400	100	0.2320	100	0.0880	100
2008	0.3210	0.1525	0.4735	100	1.2680	100	1.47	100	0.245	100	1.350	100	1.3800	100	0.2360	100	0.0800	100
2009	0.3268	0.1467	0.4735	100	1.3030	100	1.47	100	0.243	100	1.370	100	1.3800	100	0.2360	100	0.0860	100
2010	0.3284	0.1602	0.4886	100	1.3284	100	1.54	100	0.243	100	1.390	100	1.4087	100	0.2500	100	0.0860	100
2011	0.3135	0.1751	0.4886	100	1.3534	100	1.54	100	0.240	100	1.390	100	1.4267	100	0.2739	100	0.0863	100
2012	0.3149	0.1737	0.4886	100	1.3734	100	1.67	100	0.240	100	1.420	100	1.4260	100	0.2774	100	0.0863	100
2013	0.3192	0.1694	0.4886	100	1.3734	100	1.67	100	0.240	100	1.460	100	1.4530	100	0.2829	100	0.0836	100
2014	0.3296	0.1590	0.4886	100	1.4530	100	1.67	100	0.235	100	1.460	100	1.4770	100	0.2849	100	0.0836	100

(1) For School Districts, fiscal years ended on August 31 and 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	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Oncor Electric Delivery Company	\$ 207,985,330	1	0.77%			
J C Penney Inc	161,355,729	2	0.60%	162,979,052	2	0.78%
Willow Bend Assoc LP	142,581,631	3	0.53%	115,539,989	5	0.55%
Legacy Campus LP	126,045,001	4	0.47%			
Bank Of America NA	120,980,143	5	0.45%			
HSP Of Texas Inc	114,469,428	6	0.43%			
KBSIII Legacy Town Center LLC	113,067,926	7	0.42%			
T5@Dallas LLC	112,001,268	8	0.42%			
United Dominion Realty LP	109,117,517	9	0.41%			
Ericsson Inc	101,984,811	10	0.38%			
TXU Electric Delivery Company				176,467,064	1	0.84%
Alcatel USA Sourcing LP				141,359,478	3	0.68%
Electronic Data Systems Corporation				134,832,418	4	0.65%
EDS Information Services LLC				109,634,011	6	0.52%
Dallas Morning News LP				81,109,799	7	0.39%
Collin Creek Mall				76,418,575	8	0.37%
Tollway/121 Partners LTD				75,791,735	9	0.36%
Texas Instruments Inc				68,898,691	10	0.33%
	<u>\$ 1,309,588,784</u>		<u>4.88%</u>	<u>\$ 1,143,030,812</u>		<u>5.47%</u>

Source: Collin County Appraisal District

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

**Table 8**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collection Current Year's Taxes During Period</b>	<b>Collections Transferred to TIF Component Units</b>	<b>Total Current Year Collections</b>	<b>Percent of Levy Collected During Fiscal Period</b>	<b>Collections in Subsequent Years</b>	<b>Total Tax Collections</b>	<b>Accumulated Delinquent Taxes</b>	<b>Ratio of Total Tax Collections to Current Levy</b>
2005	94,735,250	92,286,096	1,455,736	93,741,832	99.0	901,951	94,643,783	83,419	99.90
2006	98,580,157	95,754,030	1,588,800	97,342,830	98.7	1,138,088	98,480,918	91,467	99.90
2007	108,186,053	105,461,839	1,870,213	107,332,052	99.2	748,210	108,080,262	99,239	99.90
2008	116,214,292	113,215,333	2,127,954	115,343,287	99.3	696,257	116,039,544	105,791	99.85
2009	121,434,014	118,459,942	2,205,306	120,665,248	99.4	525,577	121,190,825	174,748	99.80
2010	123,231,506	120,537,005	1,976,550	122,513,555	99.42	516,708	123,030,263	243,189	99.84
2011 *	119,311,553	117,076,366	1,740,962	118,817,328	99.59	244,294	119,061,622	201,243	99.79
2012	121,179,947	120,112,398	682,096	120,794,494	99.68	51,341	120,845,835	249,931	99.72
2013	124,539,135	123,491,655	765,800	124,257,455	99.77	-	124,257,455	334,112	99.77
2014	130,892,241	129,629,986	765,689	130,395,675	99.62	-	130,395,675	495,813	99.62

\* 2011 Total Levy has been reduced by \$29,552 refund for tax abatement.

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

**Table 9**

Fiscal Year	Governmental Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds, Certificates of Obligation, Tax Anticipation Notes	Water and Sewer Revenue Bonds	Municipal Drainage Revenue Bonds			
2005	266,227,097	12,988,168	21,783,057	300,998,322	3.53	1,209
2006	287,619,422	10,472,042	22,078,478	320,169,942	3.37	1,260
2007	310,825,564	8,030,000	22,805,443	341,661,007	3.33	1,326
2008	344,466,792	5,750,000	23,482,263	373,699,055	3.44	1,429
2009	349,122,792	3,895,000	23,834,830	376,852,622	3.49	1,426
2010	342,254,729	1,955,000	26,060,884	370,270,613	3.77	1,397
2011	334,358,571	695,000	24,200,916	359,254,487	3.53	1,370
2012	332,298,643	365,000	22,210,947	354,874,590	3.49	1,345
2013	330,423,813	-	20,150,978	350,574,791	3.19	1,318
2014	319,362,268	-	18,016,010	337,378,278	3.06	1,249

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**

<b>Fiscal Year</b>	<b>General Obligation Bonds, Certificates of Obligation, Tax Anticipation Notes</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Net General Bonded Debt</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2005	266,227,097	1,937,365	264,289,732	1.21	1,014
2006	287,619,422	2,171,565	285,447,857	1.25	1,073
2007	310,825,564	4,754,700	306,070,864	1.26	1,116
2008	344,466,792	3,250,126	341,216,666	1.26	1,179
2009	349,122,792	5,491,973	343,630,819	1.20	1,162
2010	342,254,729	1,175,155	341,079,574	1.17	1,126
2011	334,358,571	2,035,641	332,322,930	1.23	1,133
2012	332,298,643	2,224,744	330,073,899	1.20	1,134
2013	330,423,813	1,573,430	328,850,383	1.16	1,112
2014	319,362,268	3,340,771	316,021,495	1.08	1,075

Note: See Table 5 for property value data.

Note: See Table 15 for population data.

**CITY OF PLANO, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
SEPTEMBER 30, 2014  
(unaudited)**

Table 11

Taxing Body	Net General Bonded Debt	Percentage of Debt Applicable to Area	City of Plano Share of Debt
City of Plano	\$ 316,021,495	100.00%	\$ 316,021,495
<b>Total direct debt</b>	<b>316,021,495</b>		<b>316,021,495</b>
Plano Independent School District	890,454,855	70.14%	624,565,035
Collin County	391,410,000	34.13%	133,588,233
Denton County	614,975,000	1.63%	10,024,093
Frisco Independent School District	1,548,910,843	13.66%	211,581,221
Allen Independent School District	530,154,323	0.91%	4,824,404
Lewisville Independent School District	1,242,908,903	4.25%	52,823,628
Collin College	36,649,856	34.13%	12,508,596
<b>Total overlapping debt</b>	<b>5,255,463,780</b>		<b>1,049,915,211</b>
<b>Total direct and overlapping bonded debt</b>	<b>\$ 5,571,485,275</b>		<b>\$ 1,365,936,706</b>
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			5.11%
Per capita overlapping bonded debt			\$ 5,057

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, 2014  
(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, 2013 is \$0.4886 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)**

**Table 13**

Fiscal Year	Total Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			
				Principal	Interest	Total	Coverage
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
2008	99,931,712	64,224,159	35,707,553	1,169,492	107,551	1,277,043	27.96
2009	107,388,857	77,222,182	30,166,675	994,468	73,915	1,068,383	28.24
2010	116,274,847	77,198,970	39,075,877	670,286	40,269	710,555	54.99
2011	127,990,851	80,214,600	47,776,251	362,609	22,122	384,731	124.18
2012	114,265,966	87,746,758	26,519,208	398,182	15,927	414,109	64.04
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Note: Water and sewer bonds were paid off in fiscal year 2013.

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

**Table 14**

Fiscal Year	Gross Revenue	Operating and Maintenance Expense	Gross Revenues Times Expense	Average Annual Debt Service Requirement			Coverage
				Principal	Interest	Total	
2005	4,787,315	1,938,716	2.47	1,072,250	398,113	1,470,363	1.94
2006	5,620,198	2,062,502	2.72	1,086,500	392,652	1,479,152	2.41
2007	5,590,039	2,099,427	2.66	1,123,750	397,823	1,521,573	2.29
2008	5,490,072	2,248,948	2.44	1,158,500	403,715	1,562,215	2.07
2009	5,250,108	2,444,101	2.15	1,250,250	436,656	1,686,906	1.66
2010	5,331,169	2,475,433	N/A	1,282,500	421,898	1,704,398	1.68
2011	5,432,677	2,411,295	N/A	1,253,421	387,407	1,640,828	1.84
2012	5,334,131	2,615,205	N/A	1,213,889	356,451	1,570,340	1.73
2013	6,327,655	2,524,631	N/A	1,165,588	325,751	1,491,339	2.55
2014	7,471,874	2,852,291	N/A	1,106,563	295,615	1,402,178	3.29

NOTE: 1995 is the first Fiscal Year of coverage for the bonds. Bond ordinance requires that revenues are at least 1.25 times the average annual debt service for all outstanding bonds. Beginning in Fiscal Year 2010, the City no longer has the requirement related to gross revenues times expense.

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

Table 15

<b>DEMOGRAPHICS</b>					
<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>PISD School Enrollment</b>	<b>Unemployment Rate (%)</b>
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
2008	261,500	10,861,901	41,537	53,683	4.8
2009	264,250	10,813,110	40,920	54,203	7.6
2010	265,000	9,813,480	37,032	54,939	7.0
2011	262,200	10,167,592	38,778	55,570	7.4
2012	263,750	10,162,288	38,530	55,659	5.6
2013	265,900	11,004,272	41,385	54,735	5.6
2014	270,100	11,308,547	41,868	54,822	4.6

Sources: Population estimates were prepared by the City of Plano. Personal income estimates were obtained from the U.S. Census Bureau for the year 2014. School enrollment figures were provided by the Plano Independent School District (PISD). Unemployment rates were provided by the Texas Workforce Commission.

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

**Table 16**

<b>2014</b>			<b>2008</b>		
<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>	<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>
Bank of America Home Loans	8,000	5.36	Countrywide Home Loans	10,762	7.27
Capital One Finance	4,500	3.01	J.C. Penney, Inc.	5,200	3.51
HP Enterprise Services	4,500	3.01	Electronic Data Systems	5,000	3.38
J. C. Penney Company, Inc.	3,000	2.01	Perot Systems Corporation	2,732	1.85
Ericsson	2,650	1.77	Alcatel	2,280	1.54
Alcatel-Lucent	2,500	1.67	CHC Acquisition Corporation	2,000	1.35
Frito-Lay	2,500	1.67	Frito-Lay	1,920	1.30
Dell Services	2,250	1.51	Dr. Pepper/SevenUp Corporation	1,700	1.15
Texas Health Presbyterian Hospital Plano	1,680	1.12	Medical Center of Plano	1,491	1.01
Medical Center of Plano	1,600	1.07	Presbyterian Hospital of Plano	1,480	1.00
<b>Total</b>	<b>33,180</b>	<b>22.20</b>	<b>Total</b>	<b>34,565</b>	<b>23.36</b>

Sources: Plano Economic Development Board  
 Sources: Texas Workforce Commission

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

**Table 17**

	Fiscal year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government	91.0	96.5	95.0	93.5	54.5	64.5	63.5	65.0	67.0	62.5
Administrative services	83.5	81.5	79.5	79.0	79.5	79.5	86.0	79.0	74.5	77.5
Police	625.5	616.0	606.0	604.5	620.0	651.5	661.0	661.5	622.0	630.5
Fire	359.0	349.0	335.0	334.0	335.0	334.0	335.5	333.0	322.0	298.5
Libraries	148.5	148.5	149.0	159.0	157.0	156.0	172.0	170.0	167.0	161.0
Development	155.5	147.5	148.0	148.0	149.5	159.5	164.0	164.0	174.0	170.0
Public services and operations	69.0	66.5	66.5	67.5	60.5	66.0	64.0	66.5	64.0	71.0
Parks and recreation	347.5	386.0	357.0	342.0	387.5	378.0	376.5	311.5	303.5	299.5
Public works	61.0	61.0	55.0	56.5	64.0	61.5	65.5	61.0	63.0	64.0
Technology services	57.0	50.0	46.0	47.0	49.0	50.0	50.0	47.0	46.0	46.0
Water and sewer	150.0	147.0	146.0	144.5	152.0	153.0	146.5	147.5	139.5	144.5
Environmental waste services	97.5	94.0	95.5	95.5	95.0	93.0	90.5	89.5	85.0	86.5
Municipal drainage	25.0	22.0	22.0	20.0	22.0	19.0	18.0	18.0	18.0	18.5
Civic center	42.0	40.0	40.5	43.0	48.5	50.0	47.5	49.0	46.0	48.0
Municipal golf course	9.5	8.0	8.5	7.0	6.0	7.0	8.0	9.0	9.0	10.0
Recreation revolving	138.5	139.0	160.5	159.0	160.5	169.0	148.0	107.0	111.5	131.0
<b>Total</b>	<b>2,460.0</b>	<b>2,452.5</b>	<b>2,410.0</b>	<b>2,400.0</b>	<b>2,440.5</b>	<b>2,491.5</b>	<b>2,496.5</b>	<b>2,378.5</b>	<b>2,312.0</b>	<b>2,319.0</b>

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

**Table 18**

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administrative Services										
Legal										
Ordinance/resolution review/preparation	226	237	240	258	266	552	658	677	605	525
Human Resources										
Full-time civilian employees	1,363	1,330	1,308	1,320	1,349	1,387	1,422	2,050	1,991	1,952
Accounting										
Payment requests processed	64,765	66,076	63,183	65,723	70,850	81,677	86,869	82,630	84,642	76,872
Police										
Employees (uniformed)	352	345	340	335	340	341	344	343	335	329
Citations	68,258	72,507	75,009	60,378	68,598	92,133	87,801	79,224	101,199	93,502
Public Safety Communications										
911 Calls*	164,299	160,196	150,508	150,614	157,277	234,876	228,214	165,194	169,559	168,560
911 Dispatches*	226,704	235,572	239,491	232,981	240,175	229,669	222,252	146,277	150,904	142,993
Fire										
Employees (uniformed)	341	333	316	315	313	323	317	319	308	287
Fire runs	22,615	21,801	20,342	21,040	19,893	20,235	19,665	18,964	18,178	17,085
EMS runs	14,521	14,155	13,293	12,902	12,782	13,693	12,297	11,734	10,786	10,214
Libraries										
Volumes in collection	803,074	811,941	807,343	798,347	757,837	793,073	804,410	761,236	738,939	730,837
Registered borrowers	203,478	205,512	206,550	204,234	200,386	196,093	192,578	173,341	174,970	184,980
Development										
Building Inspections										
Inspections (all construction)	56,014	62,479	58,217	53,890	50,790	52,805	80,600	80,732	91,166	91,401
New construction permits issued	810	818	854	1,885	1,010	825	1,718	1,578	1,957	1,608
Engineering										
New Streets/Alleys paved (miles)	5	5	2	4	3	2	9	15	12	8
New Water lines installed (miles)	16	21	14	10	23	28	36	46	195	0
Public Services and Operations										
Environmental Health										
Inspections	6,087	5,898	5,478	4,489	4,554	3,931	3,961	3,909	3,445	3,593
Animal Control										
Animals impounded	8,302	9,152	9,388	7,591	9,616	8,728	8,307	6,241	5,464	6,848

(continued)

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

**Table 18  
(continued)**

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Parks and Recreation										
Recreation attendance	2,356,309	2,393,394	2,447,363	2,169,763	2,361,390	2,377,182	2,341,119	1,691,348	1,675,541	1,864,361
Recreation center members	52,664	50,476	35,222	21,690	22,246	22,083	38,341	16,371	15,849	16,412
Public Works										
Streets										
Streets, Alleys, and Sidewalks										
Excavate/Replace (Sq Ft)	1,607,939	1,490,877	975,140	1,639,893	1,377,388	877,475	984,657	1,091,732	945,618	1,234,456
Water and Sewer										
Water Customers	79,139	78,534	78,144	77,720	79,243	77,082	77,440	77,961	77,400	76,305
Average Daily Water Consumption (gal)	73,200,000	80,928,294	80,284,182	61,740,731	63,893,260	62,645,000	61,657,000	52,211,000	66,758,838	53,531,312
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	88,000,000	88,000,000
Environmental Waste Services (residential)										
Refuse collected (tons)	57,154	57,191	57,810	62,078	59,530	60,670	62,982	63,154	61,095	66,048
Bulky waste pickups (tons)	4,925	4,600	4,194	5,544	5,142	5,264	5,650	5,240	4,717	4,786
Recyclables collected (tons)	18,623	18,816	18,882	19,216	19,435	19,632	20,867	20,469	20,667	20,449
Yard trimmings collected (tons)	24,299	21,108	19,614	21,139	21,704	21,465	26,836	24,541	19,021	20,649
Municipal Drainage										
Environmental assessment requests	133	92	74	70	65	54	82	120	128	99
Storm sewer inlets maintained	8,983	9,527	9,673	10,483	10,483	10,483	4,139	10,483	10,200	9,800
Civic Center										
Event days booked and serviced	247	249	693	883	834	1,145	1,200	1,256	1,205	861
Municipal Golf Course										
Rounds of golf played	50,447	53,324	50,759	4,902	41,592	54,109	55,004	51,254	55,670	58,917
Recreation Revolving										
Courses completed	6,966	7,172	6,810	6,924	7,046	6,822	6,896	6,504	6,220	6,514

**Source:** City Departments

**Notes:** \*911 Calls and 911 dispatches include all calls to 911 which represent 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Number of stations	3	3	3	3	3	3	3	3	1	1
Number of patrol units	124	128	126	121	143	166	189	135	140	115
Number of motorcycle units	6	6	7	7	6	6	6	8	9	8
Fire										
Number of stations	13	13	13	13	12	11	11	11	10	10
Number of fire engines/trucks	22	22	22	22	22	22	22	21	21	20
Number of EMS trucks	10	10	10	10	10	7	7	8	9	8
Libraries										
Number of libraries	5	5	5	5	5	5	5	5	5	5
Development										
Planning										
Streets- Paved (miles)	1,031	1,026	1,021	1,019	1,016	1,014	1,012	1,004	990	980
Alleys- Paved (miles)	519	519	519	519	518	517	517	516	515	513
Public Services and Operations										
Animal Services										
Animal control trucks	8	8	8	8	8	8	15	14	11	7
Parks and Recreation										
Parks* (acres)	4,241	4,002	3,995	3,994	3,936	3,858	3,858	3,858	3,827	3,820
Athletic fields	179	179	179	179	179	179	179	175	175	175
Playgrounds	69	69	69	71	71	71	71	68	67	60
Recreation centers	4	4	4	4	4	5	5	5	4	4
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	8	9	9	9	9	9	9	4	3	3
Public Works										
Traffic signals	220	219	219	216	215	212	211	207	205	203

(continued)

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

Table 19  
 (continued)

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water and Sewer										
Water mains (miles)	1,391	1,384	1,373	1,367	1,362	1,351	1,335	1,317	1,295	1,268
Sanitary sewers (miles)	1,024	1,019	1,014	1,009	1,007	1,001	999	992	981	968
Fire hydrants	14,918	14,817	14,677	14,604	14,516	14,369	14,109	13,840	13,555	13,224
Environmental Waste Services										
Collection trucks	50	50	50	48	45	45	45	42	38	37
Municipal Drainage										
Storm sewers (miles)	677	673	668	665	662	656	646	635	622	467
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.



**CITY OF PLANO, TEXAS**

OMB Circular A-133 Single Audit – Federal and State Awards

Fiscal Year Ended September 30, 2014

# CITY OF PLANO, TEXAS

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

**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 13, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Dallas, Texas  
January 13, 2015



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

**Independent Auditors' Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of Texas Single Audit Circular**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the City of Plano, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2014. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas Single Audit Circular (SAC). Those standards, OMB Circular A-133 and SAC, 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 or state 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2014.



## **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and SAC, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and SAC. Accordingly, this report is not suitable for any other purpose.



**Report on Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards Required by OMB Circular A-133 and State of Texas Single Audit Circular**

We have audited the financial statements of the City as of and for the year ended September 30, 2014, and have issued our report thereon dated January 13, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and SAC and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

*KPMG LLP*

Dallas, Texas  
January 13, 2015

**CITY OF PLANO, TEXAS**  
Schedule of Federal and State Financial Assistance  
Year ended September 30, 2014

<u>Federal</u>	<u>Contract number</u>	<u>Federal CFDA number</u>	<u>FY2014 Total grant expenditures</u>
National Endowment for the Arts: Passed through Mid-America Arts Alliance: Promotion of the Arts Partnership Agreements	FY14-47381	45.025	\$ 1,975
Total National Endowment for the Arts			<u>1,975</u>
U.S. Department of Homeland Security, Federal Emergency Management Agency: Assistance to Firefighters Grant	EMW-2012-FO-01688	97.044	35,245
Passed through Texas Department of Public Safety: Urban Areas Security Initiative 2011	11-GA 58016-08	97.067	15,668
Urban Areas Security Initiative 2012	12-SR 58016-01	97.067	91,115
Urban Areas Security Initiative DFWA 2013	13-SR 58016-02	97.067	1,779
Urban Areas Security Initiative LETPA 2013	13-SR 58016-01	97.067	25,520
Total CFDA 97.067			<u>134,082</u>
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			<u>169,327</u>
U.S. Department of Housing and Urban Development: Community Development Block Grant	B-13-MC-48-0035	14.218	1,230,509
HOME Investment Partnerships Program	M-13-MC-480234	14.239	376,514
Total U.S. Department of Housing and Urban Development			<u>1,607,023</u>
U.S. Department of Justice: Edward Byrne Memorial Justice Assistance Grant Program	2012-DJ-BX-0674	16.738	26,769
Edward Byrne Memorial Justice Assistance Grant Program	2014-DJ-BX-0698	16.738	4,995
Total CFDA 16.738			<u>31,764</u>
Drug Enforcement Administration Task Force 2	N/A	16.xxx	1,583
Federal Bureau of Investigation Computer Crime Lab Task Force	N/A	16.xxx	2,226
Federal Bureau of Investigation Joint Terrorism Task Force	N/A	16.xxx	4,388
Federal Bureau of Investigation Organized Crime Drug Enforcement Task Force	N/A	16.xxx	14,252
Total CFDA 16.xxx			<u>22,449</u>
Total U.S. Department of Justice			<u>54,213</u>
U.S. Department of Transportation: Passed through Texas Department of Transportation: Windhaven – Spring Creek to West City	CSJ: 0918-24-143	20.205	51,845
Spring Creek at Coit Intersection Imp	CSJ: 0918-24-127	20.205	48,988
Total CFDA 20.205			<u>100,833</u>
Passed through Texas Department of Transportation: TS-ITC STEP	2013-PlanoPD-S-1YG-0065	20.600	137,305
Total U.S. Department of Transportation			<u>238,138</u>
U.S. Department of Treasury: North Texas Financial Crimes Task Force	N/A	21.xxx	10,954
Treasury Forfeiture Fund Program		21.000	22,150
Total U.S. Department of Treasury			<u>33,104</u>
U.S. Environmental Protection Agency: Passed through Environmental Education Association of New Mexico: Advancing Environmental Literacy in Region 6		66.951	38
Total U.S. Environmental Protection Agency			<u>38</u>
U.S. Institute of Museum and Library Services: Passed through Texas State Library and Archives Commission: TSLAC Special Projects	LS-00-13-0044-13	45.310	12,842
TSLAC Library Cooperation	LS-00-13-0044-13	45.310	70,151
TSLAC Impact Grant	LS-00-13-0044-13	45.310	9,889
TSLAC Edge Implementation Program	LS-00-13-0044-13	45.310	4,575
Total U.S. Institute of Museum and Library Services			<u>97,457</u>
U.S. Office of National Drug Control Policy: Passed through Navarro County Sheriff's Office: High Intensity Drug Trafficking Area (HIDTA)	G14NT001A	95.001	2,856
Total U.S. Office of National Drug Control Policy			<u>2,856</u>
Total federal assistance			<u>\$ 2,204,131</u>

See accompanying notes to schedule of expenditures of federal and state awards.

**CITY OF PLANO, TEXAS**  
Schedule of Federal and State Financial Assistance  
Year ended September 30, 2014

<u>State</u>	<u>Contract number</u>	<u>Federal CFDA number</u>	<u>FY2014 Total grant expenditures</u>
The Texas Commission on Environmental Quality:			
Passed through Collin County, Texas:			
Local Initiative Projects Grant Program	582-8-89950		\$ 528
Passed through North Central Texas Council of Governments:			
Purchase a Community Cleanup Trailer	14-04-G06		1,950
Total Texas Commission on Environmental Quality			<u>2,478</u>
Texas Department of State Health Services:			
Passed through North Central Texas Trauma Regional Advisory Council, Inc.:			
EMS/Trauma Care System Program			3,439
Total Texas Department of State Health Services			<u>3,439</u>
Texas Department of Transportation:			
15th Street G to Ave US 75	CSJ: 0918-24-144		364,139
Independence Parkway Corridor	CSJ: 0918-24-153		11,562
Parker Rd Corridor Improvement	CSJ: 0918-24-156		71,491
Spring Creek Pkwy/Corridor Improv	CSJ: 0918-24-157		1,550,184
Park Blvd Corridor Improvements	CSJ: 0918-24-155		123,057
Preston Rd Corridor Improv	CSJ: 0091-05-057		1,627,451
Total Texas Department of Transportation			<u>3,747,884</u>
Texas Office of the Governor / Comptroller:			
Law Enforcement Officer Standards and Education (LEOSE)			
Total Texas Office of the Governor / Comptroller			<u>3,688</u>
Office of the Attorney General:			
Texas Crime Victims Compensation			
Total Office of the Attorney General			<u>22,182</u>
Criminal Investigation:			
State/Local Criminal Investigation			
Total Criminal Investigation			<u>9,192</u>
Total state assistance			<u>\$ 3,788,863</u>

See accompanying notes to schedule of expenditures of federal and state awards.

**CITY OF PLANO, TEXAS**

Notes to Schedule of Expenditures of Federal and State Awards

September 30, 2014

**(1) General**

The accompanying schedule of expenditures of federal and state awards includes the federal and state 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 requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular (SAC). Therefore, some amounts presented in this schedule may differ from amounts presented 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 and state awards received directly from federal and state agencies as well as federal and state awards passed through other government agencies are included on the schedule.

**(2) Subrecipients**

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount</u>
Community Development Block Grant	14.218	\$ 175,967
HOME Investment Partnership Program	14.239	319,242
Edward Byrne Memorial Justice Assistance Grant Program	16.738	30,854
		<u>\$ 526,063</u>

**(3) Loans**

At September 30, 2014, the amount of loans outstanding related to the Community Development Block Grant and HOME Investment Partnership Program were approximately \$840,016 and \$83,000, respectively.

**(4) Noncash Assistance**

The City received a noncash donation of federal surplus personal property with a value of \$661.

The noncash donation was from the U.S. General Services Administration passed through the Texas Facilities Commission's Federal Surplus Property Program. The CFDA number is 39.003.

**CITY OF PLANO, TEXAS**

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

**Section I – Summary of Auditors’ Results**

***Financial Statements***

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

***Federal and State Awards***

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 State Single Audit Circular?	No

***Identification of Major Programs***

<u>CFDA/grant number/state identification number</u>	<u>Name of federal and state program or cluster</u>
Major Federal Program: 14.218	Community Development Block Grant Entitlement Grants Cluster
Major State Program: CSJ: 0918-24-153, CSJ: 0918-24-156, CSJ: 0918-24-157, CSJ: 0918-24-155, CSJ: 0091-05-057, CSJ: 0918-24-144	Texas Department of Transportation Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$300,000 for federal programs \$300,000 for state programs
Auditee qualified as low-risk auditee?	Yes

**CITY OF PLANO, TEXAS**

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

**Section II – Findings Relating to the Financial Statements**

The audit disclosed no findings required to be reported.

**Section III – Findings and Questioned Costs Related to Federal and State Awards**

The audit disclosed no findings required to be reported.