



**CITY OF PLANO
COUNCIL AGENDA ITEM**

CITY SECRETARY'S USE ONLY				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		01/28/2013		
Department:		Accounting		
Department Head		Denise Tacke		
Agenda Coordinator (include phone #): Allison Friloux x5225				
CAPTION				
A Resolution of the City Council 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.				
FINANCIAL SUMMARY				
<input checked="" type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: 2012-13	Prior Year (CIP Only)	Current Year	Future Years	TOTALS
Budget	0	0	0	0
Encumbered/Expended Amount	0	0	0	0
This Item	0	0	0	0
BALANCE	0	0	0	0
FUND(s): N/A				
COMMENTS: This item has no fiscal impact.				
STRATEGIC PLAN GOAL: Accepting the findings and opinions of the Annual Audit relates to the City's Goal of a Financially Strong City with Service Excellence.				
SUMMARY OF ITEM				
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 2011-12 financial audit in the City's official newspaper as required by Section 3.14 of the City Charter.				
List of Supporting Documents: Comprehensive Annual Financial Report			Other Departments, Boards, Commissions or Agencies	

A Resolution of the City Council 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 "At the close of each fiscal year a complete audit shall be made by a duly licensed Public Accountant . . ."; and

WHEREAS, the City Council has been presented the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2011-12, 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 28th day of January, 2013.

Phil Dyer, MAYOR

ATTEST:

Diane Zucco, CITY SECRETARY

APPROVED AS TO FORM:

Diane C. Wetherbee, CITY ATTORNEY

CITY OF PLANO, TEXAS

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2012

Prepared By:

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**CITY OF PLANO, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
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January 9, 2013

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, 2012, 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 unqualified ("clean") opinion on the City of Plano's financial statements for the year ended September 30, 2012. 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 corporate boundary.

The City was incorporated on June 2, 1873, under the provisions of H.B. 901 of the Texas Legislature. It was subsequently chartered on June 10, 1961, and operates under a Council-Manager form of government. The City Council comprises 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, 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 appointing 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 2003, Plano's population grew an estimated 9.65% to 263,750 in 2012. According to residential development projections by the City's planning department, it is projected to grow to 278,000 by 2020 and to 284,000 by 2030.

According to the U.S. Census Bureau, the median household income of Plano is \$81,822.

In October 2010 and December 2011, *Forbes* named Plano *America's Safest City* based on low violent crime and fatal traffic accident data. *Forbes* had previously packaged Plano with the Dallas Metropolitan Area to give it a 6th place ranking as one of the big "Best Cities for Jobs." Additionally, *Forbes* listed Plano in *America's 25 Best Places to Move*.

CareerBliss.com included Plano in the listing of Top 20 Happiest U.S. Cities for Young Professionals for 2012. The study arrived at the results by comparing factors such as work-life balance, compensation, overall work environment in addition to job autonomy.

The 25th anniversary issue of *Dallas Child Magazine* named the City of Plano as the "Best Family-friendly City or Suburb." As noted in the article, "Plano offers a great mix of education, events and entertainment."

In August 2011, *Men's Health Magazine* named Plano the #1 most iPad-friendly city in the United States. Additionally, *Men's Health* and *Women's Health* magazines ranked Plano as the "#6 Best City to live in for Women" and the "#3 Best City to live in for Men."

The Business Journals named Plano as the top Texas City in "brainpower." The study looked at percentages of adults twenty-five or older with varying educational backgrounds.

"*U.S. News and World Report*" in August 2009 selected Plano as one of *America's 10 Best Places to Grow Up*. Plano was lauded for its outstanding school district, great park system and comfortable lifestyle. That same year Plano was listed among *RelocateAmerica's TOP 100 Places to Live*.

In August 2011, *Forbes* named Plano as one of top 25 suburbs for retirement citing its five hospitals, low crime, reasonable home prices, and a low cost of living.

Collin County Ranked 6th in the U.S. for "Counties with Best Job Growth" by *CNN Money.com*.

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 Service, Standard & Poor's and Fitch IBCA. In issuing their ratings, they praised the City of Plano for its quality of fiscal management as well as its diverse economic development and corporate headquarter relocation and retention success.

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 \$120.8 million for fiscal year 2012, an increase of 1.66% from the prior year. According to the Collin County Appraisal District, Plano property appraisals increased 1.35% for 2012 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 \$70.4 million from October 2011 through September 2012, an increase of 12.7% over fiscal year 2011.

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, retail trade, and manufacturing. According to the U.S. Census Bureau, 54% of Plano residents have a bachelor's degree or higher. The unemployment rate in Plano from October 2011 through September 2012 ranged from 5.6 percent to 6.7 percent.

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, JCPenney, Medical Center of Plano, PepsiCo, Raytheon and Texas Health Presbyterian Hospital Plano. Employing 500-999, companies having significant operations in Plano include Baylor Regional Medical Center at Plano, CA Technologies, Children's Medical Center at Legacy, CROSSMARK, CVE Technologies Group, Denbury Resources, Encana Oil & Gas (USA), Flextronics, Huawei Technologies (USA), Intuit, McAfee, MedAssets, Pizza Hut/YUM! Restaurants International, Rent-A-Center, St. Jude Medical Neuromodulation Division, Texas Instruments, 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 2011 through September 2012 have increased the number and scope of job opportunities and brought a variety of services to the community:

Cain Watters & Associates relocated into 32,000 square feet of office space at Two Legacy Town Center in January 2012. Cain Watters & Associates is a CPA firm that provides financial planning, accounting and tax services to over 1,400 clients worldwide and employs 120.

Capital One Finance continues to expand its campus by constructing two new buildings totaling 360,000 square feet and a parking garage. The campus which now stands at one million square feet, houses the company's auto finance and mortgage divisions, as well as credit card and banking operations. Its recent expansion brings the employee count in Plano to more than 3,175.

CSMtx.com Print and Mail relocated into 18,000 square feet at 1700 10th Street with 20 employees. The family-owned company has been in business 33 years handling direct mail campaigns including creative design and fulfillment.

Plano-based **Denbury Resources** expanded its corporate headquarters by leasing an additional 123,716 square feet of office space and extending its current lease to nearly 500,000 square feet at The Campus at Legacy. With those additions, the independent oil and gas producer's employment base will be up by about 800 by 2015. The company currently has about 600 corporate employees in Plano and 1,350 employees throughout the United States.

Eltek, a manufacturer of power conversion electronics used in telecom and clean energy applications, is constructing a new 107,000-square-foot facility to house its North American headquarters, production and research labs. Construction has begun on the site located in the Research/Technology Crossroads at 2925 East Plano Parkway. Eltek will employ 115. Its partner NT Manufacturing will employ an additional 45 workers in the facility. Eltek is headquartered in Norway.

Swedish telecom firm, **Ericsson** announced a \$34 million expansion of its North American headquarters in Legacy business park. The project's first phase will be a four-story, 200,000-square-foot building. Phase II will be a three-story, 150,000-square-foot building. Both buildings will be served by two multi-level parking garages. Phase I and II will be completed in the summer of 2013 and 2014, respectively. The project will add an estimated 1,600 jobs.

Plano-based **LHP Hospital Group (LHP)** expanded its office space, leasing 45,920 square feet at 6404 International Parkway where it relocated 100 employees. LHP is a privately held company that creates joint ventures with not-for-profit hospitals and hospital systems. It acquires majority ownership of healthcare companies and facilities, installs local leadership and provides expertise behind the scenes.

Construction of **MedAssets'** new corporate office is underway in Legacy business park on a 19-acre site. The 225,000-square-foot facility is located on the north side of Legacy Drive one block east of Parkwood Boulevard. MedAssets provides supply-chain and revenue-cycle management services for healthcare companies. Since moving to Plano in 2009, it has expanded rapidly. The new \$28 million facility will be completed in 2013, and will house more than 1,000 employees.

Mustang Technology Group, a defense contractor, expanded and relocated into 56,000 square feet at 6900 Avenue K. The company specializes in radar, guidance and control systems and sensors used in a variety of weapon systems. The defense contractor has been headquartered in Collin County since its founding 12 years ago and employees 89.

Plano-based **Natural Polymer International (NPIC)** leased an additional 14,000 square feet at its corporate office in the Research/Technology Crossroads located at 1909 10th Street. It expanded its Get Naked® treat line the first quarter of 2012 to include two crunchy and two semi-moist, heart-shaped, functional treats for cats. NPIC has continued to grow in Plano since 2008 and currently employs 58.

Founded in 2001, **OptiSense Networks** relocated its headquarters and manufacturing operations into 33,600 square feet at 2901 Summit Avenue. It provides utilities patented medium voltage optical current and voltage sensors that increase electric distribution. OptiSense Networks continues to grow with 65 employees and plans to add another 50 over the next two years.

Petro Harvester Oil & Gas relocated its corporate office into 34,200 square feet at 5160 Tennyson Parkway in the Legacy business park. Petro Harvester Oil & Gas is an upstream exploration and production business focused on the acquisition, development and operational improvement of oil properties in North America. It employs 30 people.

Retail giant **Sears Holdings Corporation (SHC)**, relocated a 77-member accounting group to Plano. It leased 20,500 square feet in Corporate Center II at 2301 West Plano Parkway. Sears Holdings Corporation was formed from the merger of Sears, Roebuck and Co. and Kmart Corporation in 2005 and operates through its subsidiaries, including Sears, Roebuck and Co. and Kmart Corporation.

Tyler Technologies broke ground on its new 82,000-square-foot addition to its new campus at 5101 Tennyson Parkway in Legacy business park. Tyler Technologies, which focuses on producing software for the public sector, plans to consolidate its Courts & Justice Division with its corporate headquarters in the new office next year. Its 26-acre Plano headquarters campus will include a new, 82,000-square-foot, three-story office building connected by a transparent ground-level walkway to a 60,000-square-foot, two-story former YMCA building. More than 300 employees are expected to office at the new facility and it has growth plans to add an additional 100 employees.

Winzer Corporation is constructing a new 100,000-square-foot facility at 4060 East Plano Parkway to house its headquarters and distribution center. The Winzer Corporation is a distributor of maintenance, repair and operations (MRO) supplies for auto, industrial and retail industries. It will employ 120 and plans to expand its facility to 200,000 square feet.

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 will face as it transitions from a growing to a maturing community.

The Citywide 2012-13 combined budget appropriations of \$424,746,828 reflect an increase of \$14.0 million, or 3.4% above the FY 2011-12 re-estimated budget. The 2012-13 budget for total General Fund revenues is estimated at \$212,276,578 which is \$3.3 million above the 2011-12 re-estimated budget. The 2012-13 total appropriations for General Fund expenditures are \$230,749,054, \$13.0 million higher than the 2011-12 re-estimated budget.

Funding for Capital Reserves will be accomplished by transferring \$3.0 million from the Water and Sewer Fund and \$12.9 million from the General Fund. The Capital Reserve funding is a factor for maintaining the City's AAA bond ratings.

Of the \$49.5 million budgeted for General Obligation capital expenditures in 2012-13, \$5.4 million pertains to municipal facilities, \$9.4 million for parks and recreation and \$34.7 million for street improvements and enhancements.

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 minimize 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 2012-13 Equipment Replacement Fund projected revenues total \$9.3 million and includes \$8.3 million in depreciation transfers, \$225,000 in interest income, \$516,500 from equipment auction revenues and \$285,000 from the recreation equipment replacement fee.

A General Obligation bond sale of \$24.8 million is projected in 2012-13. The sale will fund continued development of Oak Point Park, expansion of Oak Point Recreation Center, reconstruction of 15th Street from G Avenue to U.S. 75, intersection improvements along Independence Parkway at 15th Street, Park Boulevard and Parker Road and intersection improvements along Park Boulevard at Coit Road, Custer Road, Alma Drive, K Street and Jupiter Road.

The North Texas Municipal Water District (NTMWD) is passing along both water and sewer rate increases, and the City of Plano water rates increased 10% effective November 1, 2012.

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, 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 general 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 water and sewer utility and other proprietary activities are maintained on the accrual basis.

Budgetary control is maintained at the fund level, and encumbrances are entered at the time a purchase order is issued. Open encumbrances are recorded as 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 and Research, Director of Finance, Director of Human Resources and Director of Policy and Government Relations. The City Manager makes final decisions and submits a recommended budget, or "Program of Service," to the City Council. The proposed budget is reviewed extensively by the City Council, a process which includes a Charter-mandated public hearing, in addition to work sessions which are open to the public. The City Charter requires adoption of the City budget by no later than September 15 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 and Research. Recommendations for corrective action are made to the City Manager (and to the City Council, if appropriate) as needed to ensure the integrity of the adopted budget.

The City's Finance Department publishes a Comprehensive Monthly Finance Report (CMFR) directed at providing internal and external users with the general awareness of the City's financial positions and economic activity. The CMFR includes a Financial Summary section reporting the performances of the major operating funds and a status report of the City's capital projects, an Economic Analysis section summarizing key economic indicators and an in-depth review with graphic illustrations, and an Investment Report section describing investment activity, interest earnings and the City's portfolio. The highlights of each month's CMFR are presented to the City Council.

Recognizing the value of internal control, an internal audit program has been in place since 1988. An Internal Audit Committee provides oversight and the Internal Audit Department conducts the program. 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.

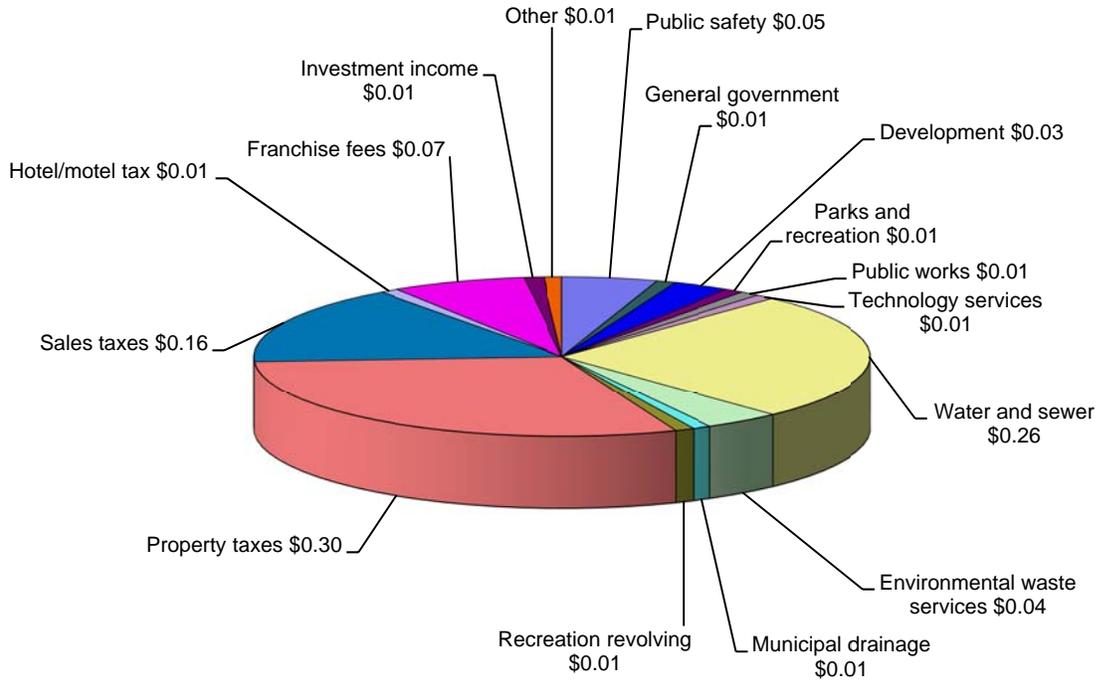
Major Initiatives

The FY 2011-12 Community Investment Program (CIP) continued to reflect the City's commitment to enhancing and maintaining its infrastructure. Significant projects from the FY 2011-12 CIP included Plano Aquatic Center renovation, Fire Station #4 expansion, construction of Legacy Trail from Legacy Drive to Preston Road, extension of Communications Parkway from Spring Creek to Tennyson, repairs to eliminate sewer infiltration/inflow and upgrade of the Custer Pump Station which has been in service since 1974.

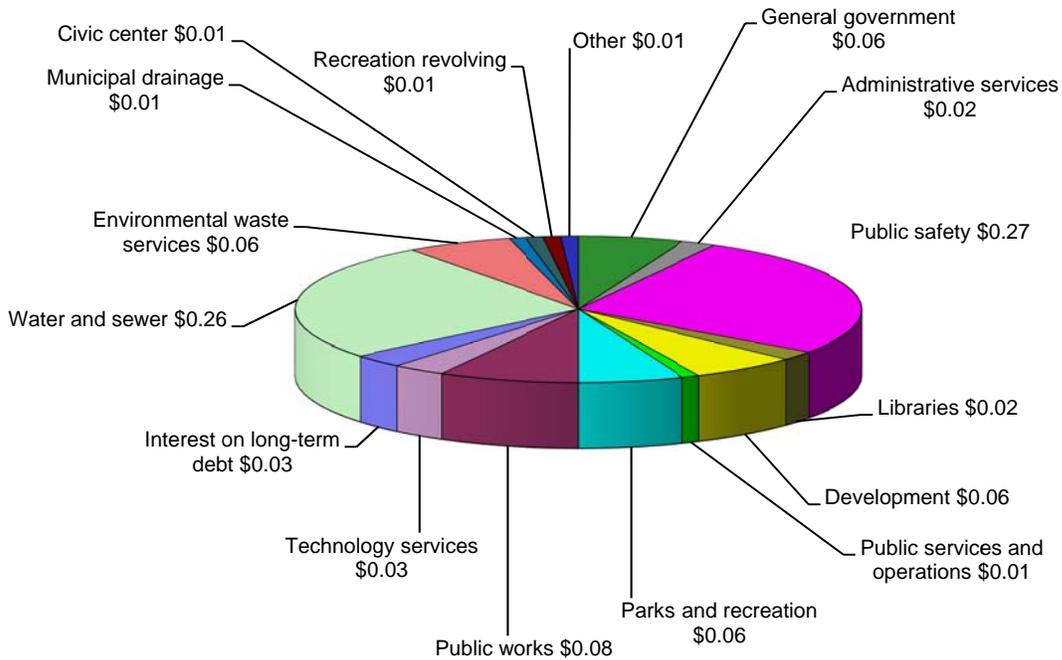
The City budgeted \$6.5 million for economic development incentives in order to remain competitive with surrounding neighboring cities. Fiscal year 2012 was the sixth year that two-cents of the property tax rate was dedicated for these incentives. The fiscal year 2012 total property tax rate remained the same as the previous year at 0.4886 cents (\$0.3149 General Fund and \$0.1737 Debt Service).

The following chart depicts the sources and uses of the City's financial breakout as of fiscal year-end 2012:

Where the Money Comes From Revenues per \$1



Where the Money Goes Cost per \$1



Awards and Acknowledgements

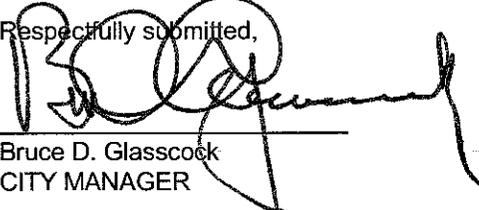
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Plano for its CAFR for the Fiscal Year ended September 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

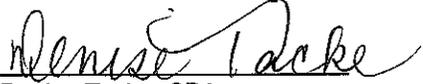
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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 thirty-one consecutive years (Fiscal Years ended 1981-2011). 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


Andrea Cockrell, CPA
CONTROLLER



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Plano
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Movill

President

Jeffrey R. Emer

Executive Director



CITY OF PLANO

ORGANIZATIONAL CHART



CITY OF PLANO, TEXAS
ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

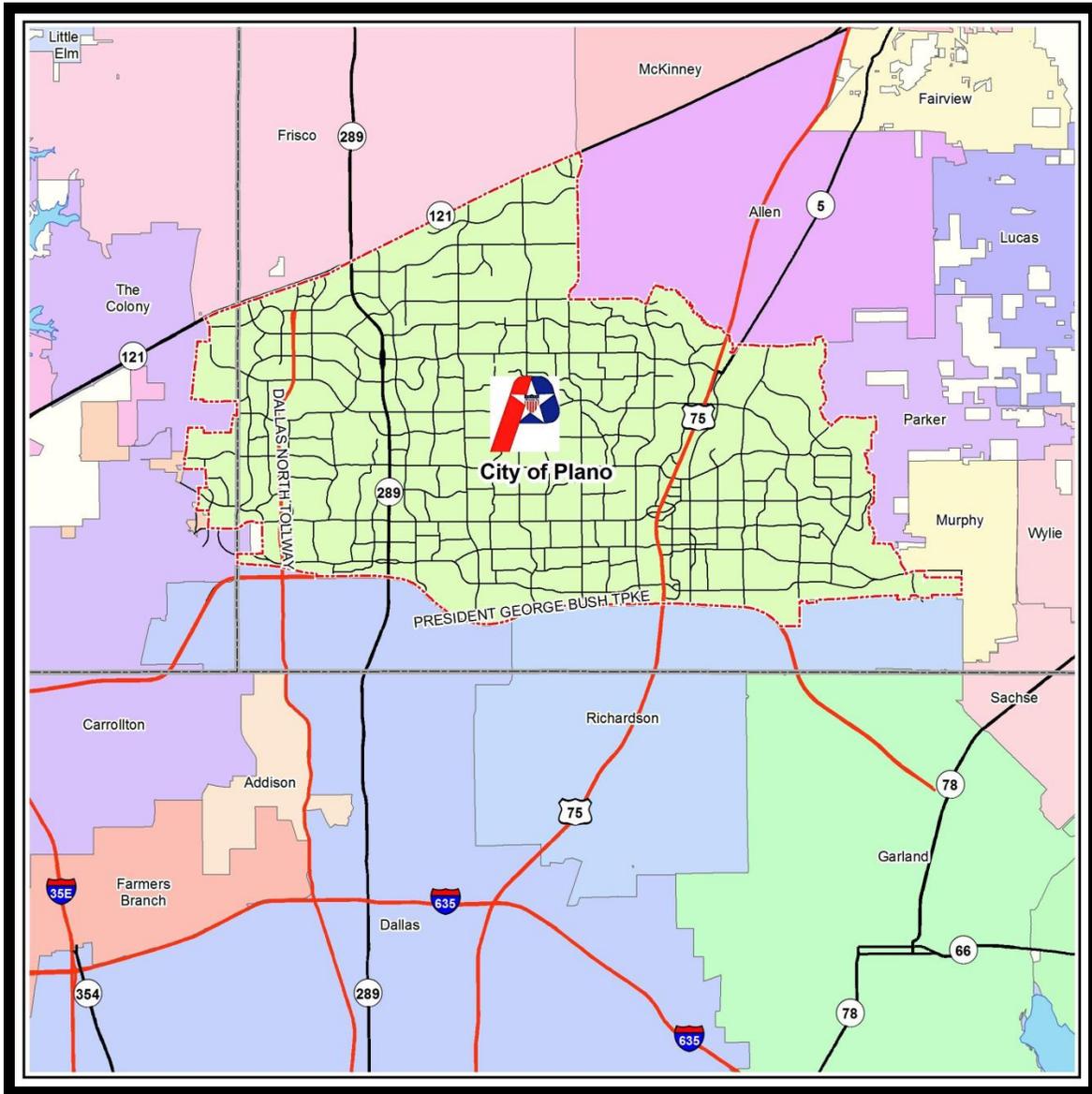
Elected Officials

<u>City Council</u>	<u>Term Expires</u>
Phil Dyer Mayor Place 6	May 2013
Lissa Smith Mayor Pro Tem Place 4	May 2013
Ben Harris Deputy Mayor Pro Tem Place 2	May 2013
Pat Miner Place 1	May 2015
André Davidson Place 3	May 2015
James Duggan Place 5	May 2015
Patrick Gallagher Place 7	May 2015
Lee Dunlap Place 8	May 2013

Administrative Officers

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

The City of Plano and Surrounding Areas







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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Plano, Texas, as of September 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3 through 14, the Schedule of Pension Trusts – 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 69 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.

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. 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 basic financial statements. The combining and individual nonmajor fund financial statements and individual fund budgetary comparison schedules have 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 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 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

KPMG LLP

January 9, 2013

CITY OF PLANO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012

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, 2012. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1.3 billion (net assets). Of this amount, \$1.0 billion (76.4 percent) is invested in capital assets, net of related debt. Net assets restricted for a specific purpose are \$53.4 million (4.0 percent). The remaining \$264.2 million (19.6 percent) are 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 assets increased by \$23.1 million. Approximately, one-third of the increase is attributable to the \$7.9 million increase in sales tax revenue which was driven by business-to-business sales.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$231.1 million, an increase of \$30.4 million in comparison with the prior year. Within this total, \$93.9 million (40.6 percent) is restricted by specific legal requirements and \$86.8 million (37.6 percent) has been committed and assigned to specific types of expenditures. \$50.2 million (21.7 percent) is unassigned fund balance in the general fund and can be used for any lawful purpose.
- The City's total debt decreased by \$4.0 million primarily because no Municipal Drainage bonds or Tax Anticipation notes were sold in the current fiscal 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2012**

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 Assets 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, property management activity, recreation revolving activities and downtown center development activity are reported as business-type activities.
- **Component unit** – The City includes one separate legal entity in its report –TIF (tax increment financing unit) 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 nineteen 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 fourteen 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.

- **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 35-68 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 69 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 70-102 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets were \$1.3 billion as of September 30, 2012. This analysis focuses on the net assets (table 1) and changes in net assets (table 2) of the City's governmental and business-type activities.

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2012

By far the largest portion of the City's net assets (76.4 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 Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 349	\$ 314	\$ 100	\$ 102	\$ 449	\$ 416
Capital assets	948	963	380	381	1,328	1,344
Total assets	<u>1,297</u>	<u>1,277</u>	<u>480</u>	<u>483</u>	<u>1,777</u>	<u>1,760</u>
Long-term debt outstanding	369	370	26	27	395	397
Other liabilities	28	32	9	10	37	42
Total liabilities	<u>397</u>	<u>402</u>	<u>35</u>	<u>37</u>	<u>432</u>	<u>439</u>
Net assets:						
Invested in capital assets, net of related debt	663	666	363	362	1,026	1,028
Restricted	51	46	3	3	54	49
Unrestricted	186	163	78	81	264	244
Total net assets	<u>\$ 900</u>	<u>\$ 875</u>	<u>\$ 444</u>	<u>\$ 446</u>	<u>\$ 1,344</u>	<u>\$ 1,321</u>

An additional portion of the City's net assets (4.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$264.2 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 assets, 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.

There was an increase in restricted net assets of \$4.3 million primarily driven by the increase in general obligation bonds sold.

The City's net assets increased by \$23.1 million during the current fiscal year. About one-third of this increase is attributable to the \$7.9 million increase in sales tax. Another \$4.2 million of the increase is the change in fund balance pertaining to the Economic Development Incentive fund which was reported as a component unit in the prior year.

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2012

Governmental Activities

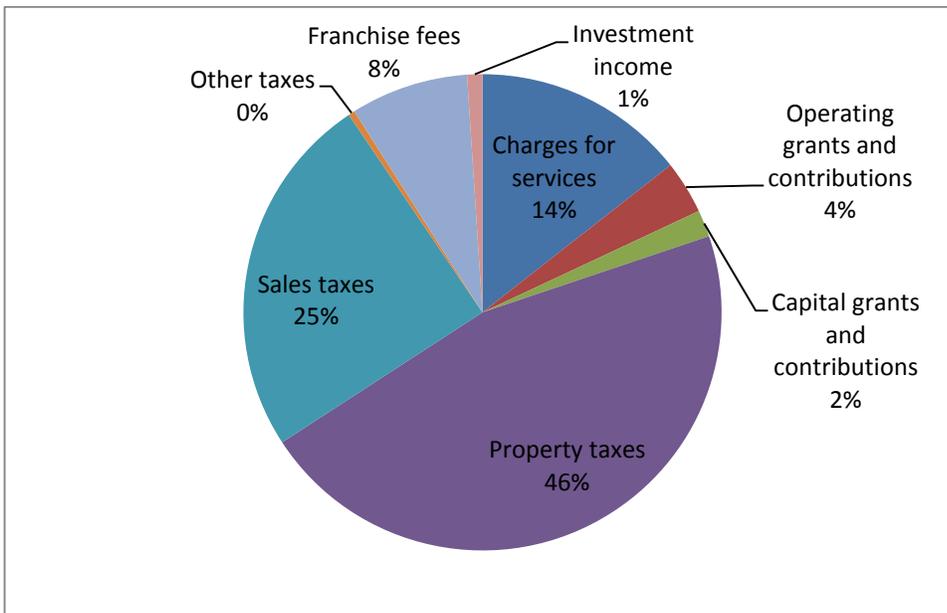
Governmental activities increased the City's net assets by \$25.0 million, thereby accounting for 108 percent of the total growth in net assets of the City. Key elements of this increase are as follows (Table 2):

Table 2
Changes in Net Assets
(in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$40,930	\$37,455	\$142,405	\$155,021	\$183,335	\$192,476
Operating grants and contributions	10,244	5,624	1,070	1,568	11,314	7,192
Capital grants and contributions	5,158	13,737	2,079	1,378	7,237	15,115
General revenues:						
Property taxes	130,761	128,275	-	-	130,761	128,275
Sales taxes	70,355	62,442	-	-	70,355	62,442
Other taxes	1,230	1,347	4,669	4,722	5,899	6,069
Franchise fees	22,669	23,220	6,498	6,761	29,167	29,981
Investment income	2,926	4,756	640	796	3,566	5,552
Total revenues	284,273	276,856	157,361	170,246	441,634	447,102
Expenses:						
General government	23,945	17,854	-	-	23,945	17,854
Administrative services	7,925	7,596	-	-	7,925	7,596
Police	68,057	66,434	-	-	68,057	66,434
Fire	45,661	44,652	-	-	45,661	44,652
Libraries	9,766	10,137	-	-	9,766	10,137
Development	24,287	24,694	-	-	24,287	24,694
Public services and operations	5,469	5,602	-	-	5,469	5,602
Parks and recreation	26,999	25,774	-	-	26,999	25,774
Public works	32,261	30,869	-	-	32,261	30,869
Technology services	14,144	14,738	-	-	14,144	14,738
Interest on long-term debt	13,546	13,821	-	-	13,546	13,821
Water and sewer	-	-	108,565	101,646	108,565	101,646
Environmental waste services	-	-	23,342	23,431	23,342	23,431
Municipal drainage	-	-	4,224	3,953	4,224	3,953
Civic center	-	-	6,098	5,890	6,098	5,890
Municipal golf course	-	-	965	232	965	232
Recreation revolving	-	-	3,227	3,177	3,227	3,177
Downtown center development	-	-	9	54	9	54
Total expenses	272,060	262,171	146,430	138,383	418,490	400,554
Increase in net assets						
before transfers	12,213	14,685	10,931	31,863	23,144	46,548
Transfers	12,819	29,825	(12,819)	(12,603)	-	17,223
Increase in net assets	25,032	44,510	(1,888)	19,260	23,144	63,771
Net assets – October 1	874,642	830,132	446,509	427,249	1,321,152	1,257,381
Net assets – September 30	\$899,674	\$874,642	\$444,621	\$446,509	\$1,344,296	\$1,321,152

- Charges for services for governmental activities increased \$3.5 million. Nearly half of this was attributable to the increase in fine and forfeitures and ambulance revenue.
- Operating grants and contributions increased primarily due to the Economic Development Incentive fund. The Plano Economic Development Board was previously reported as a Component Unit, but is now a part of the primary government since the dissolution of the Board a year ago.
- Capital grants decreased \$7.9 million primarily due to the conclusion of many American Reinvestment and Recovery Awards (ARRA), as well as less overall federal funding and funding from Collin County.

Revenues by Source – Governmental Activities



The most significant governmental expense for the City was for police activity. Of a total \$68.0 million spent, personnel costs were \$56.2 million, an increase over the prior year by \$0.4 million. Overall, governmental activities expenses were consistent with the prior year due to a continued effort to keep expenses down, the exception being general government which increased due to the change in the net other postemployment benefits plan asset and increased depreciation expense. The largest governmental activities revenue decrease was capital grants and contributions which decreased \$8.6 million. The decrease is primarily due to a decline in the amount spent on federal and state transportation grants as well as lower funding from Collin County through interlocal agreements. This decrease is offset by increases in both property taxes and sales taxes of \$2.5 million and \$7.9 million, respectively. Property tax revenue increases are due to an increase in the tax levy which is the result of increased property values. Sales tax revenue increases are a result of positive audit adjustments, in addition to increased business-to-business sales coupled with improved consumer spending.

Business-type Activities

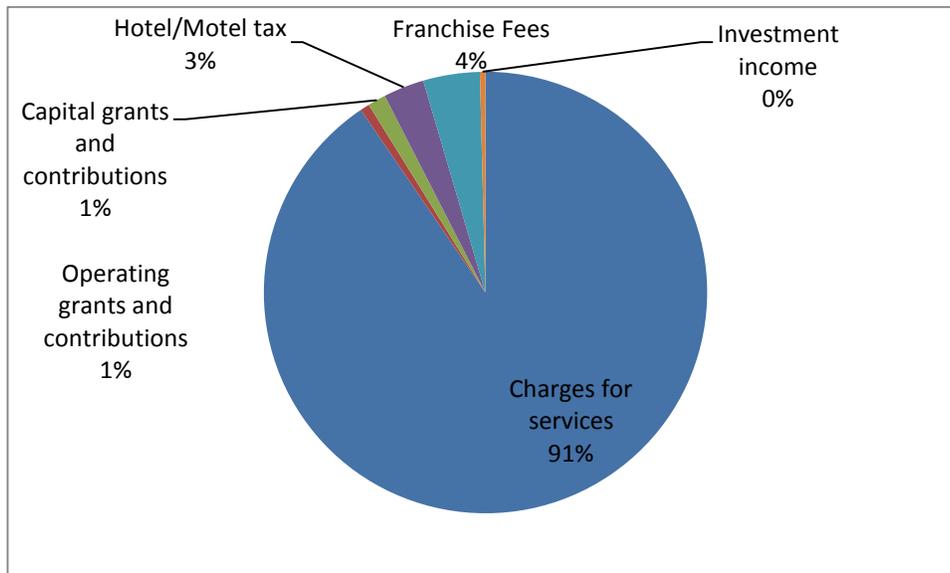
Revenues of the City's business-type activities were \$157.4 million for the fiscal year ended September 30, 2012. Revenues decreased approximately \$12.9 million or 7.6 percent as compared to the prior fiscal year.

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2012**

Expenses for the City's business-type activities increased \$8.0 million or 5.8 percent. The decrease in net revenues is the result of several factors, including the following:

- The City's water and sewer system recorded charges for services of \$114.4 million, a decrease of \$13.7 million or 10.7 percent from the prior year primarily due to a decline in water consumption as a result of the extreme drought conditions. Expenses increased over the prior year by \$6.9 million or 6.8 percent.
- The City's environmental waste services activities operated with program expenses exceeding program revenues by \$6.2 million. The City's percentage of contractual payments to North Texas Municipal Water District (NTMWD) decreased \$0.3 million over the prior year. Payment is based on allocation of tonnage between member cities. Recycling revenues decreased \$0.4 million due to an increase in the processing fee in November 2011 as well as a decrease in tonnage and commodity prices.
- The City's municipal drainage activity operated with charges for services exceeding expenses by \$1.0 million, compared to \$1.3 million in the prior year. The municipal drainage system recorded charges for services of \$5.2 million, consistent with the prior year as there have been no rate changes.
- The City's civic center activity operated with expenses exceeding charges for services by \$4.3 million as compared to \$4.1 million in the prior fiscal year. Charges for services are reported at \$1.8 million which is consistent with the prior year.

Revenues by Source – Business-Type Activities



Financial Analysis of the City's Funds

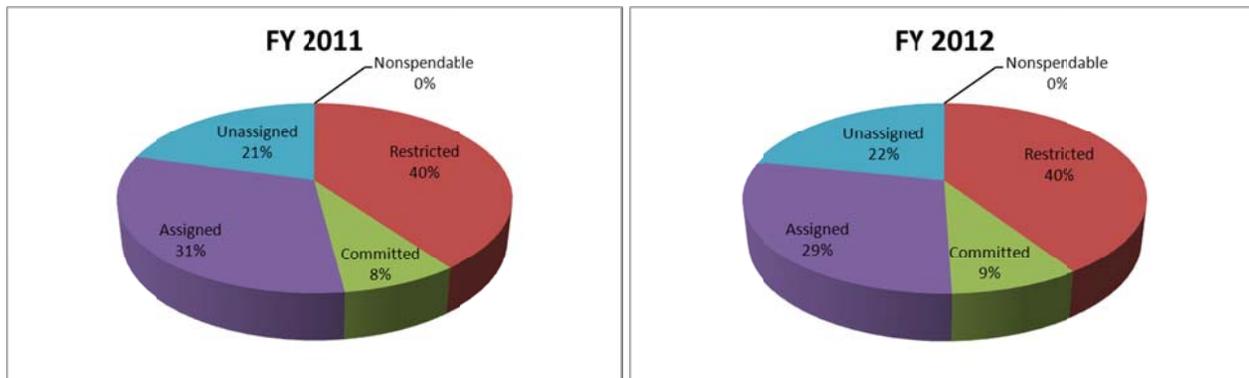
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2012**

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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$231.1 million. Within this total \$93.9 million is restricted by specific legal requirements, such as by debt covenants, and \$86.8 million has been committed and assigned to specific types of expenditures. \$50.2 million is unassigned fund balance in the general fund and can be used for any lawful purpose. The remaining \$0.2 million is nonspendable.



The general fund is the chief operating fund of the City. The fund balance of the City's general fund increased by \$8.1 million during the current fiscal year. Key factors in this growth are as follows:

- An increase in property taxes of \$3.8 million due to increased assessed valuation from the previous year.
- Sales tax revenue increased \$7.2 million as a result of positive audit adjustments as well as increased business-to-business sales.
- These increases to revenues were offset by increased expenditures of \$3.3 million primarily due to a 2% across the board pay increase.

The debt service fund has a total fund balance of \$2.2 million, all of which is restricted for the payment of debt service. The debt service fund increased by \$0.2 million.

The capital reserve fund balance of \$44.7 million is assigned for replacement and renewals of the City's infrastructure. The capital reserve fund increased \$1.3 million from the prior year due to an increase in the transfers from the general fund of \$1.4 million.

The municipal facilities fund balance of \$27.7 million is divided between restricted for municipal facilities (\$20.1 million) and assigned to encumbrances (\$7.6 million). The municipal facilities fund balance increased \$7.9 million primarily due to \$4.4 million less capital outlay expenditures in the current fiscal year due to the completion of a fire station in the previous fiscal year.

The street improvements fund balance of \$31.3 million is divided between restricted for street improvements (\$26.1 million) and assigned to encumbrances (\$5.2 million). The street improvements fund balance increased \$5.8 million was impacted a decrease of \$6.6 million in intergovernmental revenue due to decreased American Recovery and Reinvestment Act (ARRA) funds as funding for the ARRA related projects was completed in the prior year as well as lower funding from Collin County through interlocal agreements. The decrease in revenues was offset by a \$3.9 decrease in capital outlay and bond proceeds of \$7.7 million.

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

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2012**

- The City's Water and Sewer fund net assets of \$400.0 million decreased by \$4.0 million over the prior year. In the current fiscal year, total operating revenues decreased by \$13.7 million due primarily to a decline in water consumption as a result of extreme drought conditions.
- The City's Environmental Waste Services fund net assets of \$2.2 million remained consistent with the prior year.
- The City's Municipal Drainage fund net assets increased slightly over the prior year by \$0.7 million to \$21.8 million.

General Fund Budgetary Highlights

During the current year, the actual on a budgetary basis expenditures were \$201.7 million compared to the re-estimated budget amount of \$206.9 million. Actual expenditures were \$8.2 million lower than the original budget implemented for fiscal year 2011-12 and \$7.3 million lower as compared to the re-estimate. Decreases were due to continued prudent spending by the various departments as well as salary savings from the original budget.

For FY 2011-12, the actual on a budgetary basis revenues were \$208.4 million as compared to the re-estimated budget amount and original budget amount of \$193.2 million and \$199.2 million, respectively. The primary reason for the increase in actual revenue compared to the re-estimated budget is related to a \$10.1 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 \$59.5 million.

The City of Plano has an actual on a budgetary basis General Fund balance of \$47.1 million as of the fiscal year-end, compared to the re-estimated budget fund balance and original budget fund balance of \$11.7 million and \$22.2 million, respectively. The variance in fund balance is primarily due to expenditure reductions by City departments and higher than expected sales tax revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2012, 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 \$15.6 million over the prior fiscal year.

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

	Governmental		Business-type		Totals	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land	\$130,217	\$126,889	\$6,456	\$7,972	\$136,673	\$134,861
Buildings and improvements	187,427	179,392	339,963	329,113	527,390	508,505
Equipment	54,769	44,273	2,215	2,609	56,984	46,882
Construction in progress	16,613	47,053	1,440	12,827	18,053	59,880
Public art	1,699	1,699	-	-	1,699	1,699
Infrastructure	557,354	563,218	-	-	557,354	563,218
Drainage improvements	-	-	29,978	28,674	29,978	28,674
Totals	\$948,079	\$962,524	\$380,052	\$381,195	\$1,328,131	\$1,343,719

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

Extension of Communications Parkway from Spring Creek to Tennyson	\$	1.9
Land acquisitions in accordance with the Park Master Plan		2.7
Replacement of various sections of street and alley pavement		2.8
Arterial concrete repair throughout the City		1.9
Arterial joint sealing program		1.4
Expansion to Fire Station No. 4		1.6
Aquatic Center renovation		3.3
	\$	15.6

The City's fiscal year 2012-2013 General Obligation (G.O.) capital budget includes \$49.5 million for capital projects, principally for three major categories: municipal facilities, parks and recreation, and street improvements.

Municipal Facilities. Estimated expenditures for municipal facilities are \$5.4 million including \$5.0 million to renovate fire facilities.

Parks and Recreation. Estimated expenditures for parks and recreation facilities are \$9.4 million including \$3.0 million to improve the Oak Point Park Development, \$900 thousand for athletic field improvements and \$700 thousand for athletic field renovations. An additional \$2.8 million is planned for land acquisitions. The remaining funds for park improvements are for a variety of projects.

Street Improvements. The City plans to spend \$34.7 million on street improvements including \$4.5 million for Spring Creek Parkway corridor improvements, \$3.8 million to reconstruct 15th Street from G Avenue to U.S. 75,

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2012

\$2.5 million for ramp improvements along the Dallas North Toll Road, \$2.5 million for improvements along Park Boulevard, \$2.0 million for improvements along Preston Road, \$1.7 million for improvements along Independence Parkway, and \$1.7 million for intersection improvements at Plano Parkway and Los Rios Boulevard. The remaining street improvements are for a variety of projects. An additional \$24.8 million in general obligation bond proceeds will be required to support the entire 2012-2013 general obligation capital investment program.

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 \$348.6 million in bonds and tax anticipation notes outstanding as compared to \$353.5 million at the end of the prior fiscal year, a decrease of 1.4 percent – as shown in Table 4.

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

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General obligation bonds and tax anticipation notes (backed by the City)	\$326,711	\$329,288	\$ -	\$ -	\$326,711	\$329,288
Revenue bonds (backed by fee revenues)	-	-	21,856	24,169	21,856	24,169
Totals	\$326,711	\$329,288	\$ 21,856	\$ 24,169	\$348,567	\$353,457

During the current fiscal year, the City issued \$25.9 million in new general obligation bonds and refunded \$21.5 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 Investors Service, Inc., 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 5.68 percent.

The City maintains a self-insurance program for general liability, public officials' errors and omission, police professional liability, property loss and workers' compensation. Claims for property loss over \$100,000 per occurrence and for workers' compensation over \$500,000 per occurrence are covered by private insurance

**City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2012**

companies. The City has claims and judgments of \$5.9 million outstanding at year-end compared with \$6.2 million at the end of the prior fiscal year. \$3.9 million is related to property/liability losses while \$2.0 million is related to health claims which are \$0.3 million 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 2013 Budget and rates. The focus of the 2013 Budget is to restore certain services to maintain quality as certain items were impacted over the past several years' tightening on the budget.

Ad valorem taxes are the single largest source of revenue and represent 38.4% of the 2013 Budget. The assessed property value represents an increase of 2.5%. Ad valorem tax rates will remain unchanged at 48.86 cents per \$100 valuation. Sales tax receipts, the most volatile revenue source, came in very strong for 2012, ending the year with growth of 12.7%. Sales tax revenue is the City's second largest source of revenue representing 27.8% of the Budget.

Budgeted revenue for the Water and Sewer Fund is expected to increase 5.9% based upon less strict watering restrictions that were in place for most of 2012. Water expenditures projections are up by 14.1% primarily due to debt service payments of North Texas Municipal Water District for the pipeline being constructed from Howe, Texas to the Wylie Treatment Plant. As a result of this, water rates will have a 10% increase, effective November 1, 2012.

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, TX 75074.

**CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 77,805,105	\$ 7,300,873	\$ 85,105,978	\$ 1,859,349
Investments	233,428,032	22,098,498	255,526,530	5,655,207
Receivables (net of allowance for uncollectibles)	18,104,470	19,583,283	37,687,753	-
Internal balances	(11,812,541)	11,812,541	-	-
Due from other governments	5,208,993	-	5,208,993	-
Inventories	1,003,617	-	1,003,617	-
Prepays and other assets	21,735,300	857,618	22,592,918	-
Restricted assets:				
Cash and cash equivalents	796,984	9,321,706	10,118,690	-
Investments	2,414,351	28,238,768	30,653,119	-
Receivables	9,676	113,172	122,848	-
Capital assets:				
Nondepreciable	148,528,050	7,896,285	156,424,335	1,689,798
Depreciable (net)	799,550,458	372,155,631	1,171,706,089	-
Total Assets	1,296,772,495	479,378,375	1,776,150,870	9,204,354
LIABILITIES				
Accounts payable	5,561,217	4,278,470	9,839,687	1,126
Accrued liabilities	6,104,518	851,379	6,955,897	-
Accrued interest payable	1,128,271	330,599	1,458,870	-
Contracts payable	3,550,885	240,300	3,791,185	-
Customer deposits	-	2,395,828	2,395,828	-
Unearned revenue	9,580,964	802,263	10,383,227	-
Due to other governments	1,444,416	-	1,444,416	-
Retainage payable	636,828	309,271	946,099	-
Seized assets payable	113,357	-	113,357	-
Noncurrent liabilities				
Due within one year:				
Compensated absences	4,731,214	300,885	5,032,099	-
Bonds and notes payable	30,636,665	2,397,877	33,034,542	-
Liability for insurance claims	5,010,660	-	5,010,660	-
Due in more than one year:				
Compensated absences	31,659,144	3,392,353	35,051,497	-
Bonds and notes payable	296,073,848	19,457,857	315,531,705	-
Liability for insurance claims	866,328	-	866,328	-
Total Liabilities	397,098,315	34,757,082	431,855,397	1,126
NET ASSETS				
Invested in capital assets (net of related debt)	663,420,473	363,340,513	1,026,760,986	1,689,798
Restricted for:				
Capital projects and special revenue	49,611,154	-	49,611,154	-
Debt service	1,096,473	2,671,383	3,767,856	-
Unrestricted	185,546,080	78,609,397	264,155,477	7,513,430
Total Net Assets	\$ 899,674,180	\$ 444,621,293	\$ 1,344,295,473	\$ 9,203,228

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

CITY OF PLANO, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 23,945,434	\$ 5,561,420	\$ 702,039	\$ -
Administrative services	7,925,435	8,200	-	-
Police	68,056,743	16,242,970	2,496,522	150,597
Fire	45,660,603	4,461,129	-	-
Libraries	9,765,576	449,743	55,355	-
Development	24,286,697	5,274,987	6,517,502	-
Public services and operations	5,469,346	1,431,446	129,507	-
Parks and recreation	26,999,247	4,528,827	234,930	239,375
Public works	32,261,282	175,256	108,182	4,768,168
Technology services	14,144,322	2,796,312	-	-
Interest on long-term debt	13,546,098	-	-	-
Total governmental activities	<u>272,060,783</u>	<u>40,930,290</u>	<u>10,244,037</u>	<u>5,158,140</u>
Business-type Activities:				
Water and sewer	108,565,144	114,415,670	-	2,078,980
Environmental waste services	23,342,162	16,096,610	1,070,468	-
Municipal drainage	4,223,993	5,208,675	-	-
Civic center	6,098,248	1,812,576	-	-
Municipal golf course	965,133	933,533	-	-
Recreation revolving	3,226,272	3,870,482	-	-
Downtown center development	9,327	67,828	-	-
Total business-type activities	<u>146,430,279</u>	<u>142,405,374</u>	<u>1,070,468</u>	<u>2,078,980</u>
Total primary government	<u>\$ 418,491,062</u>	<u>\$ 183,335,664</u>	<u>\$ 11,314,505</u>	<u>\$ 7,237,120</u>
Component unit:				
TIF East Side	<u>\$ 4,339,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 assets
 Net assets - beginning
 Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (17,681,975)		\$ (17,681,975)	
(7,917,235)		(7,917,235)	
(49,166,654)		(49,166,654)	
(41,199,474)		(41,199,474)	
(9,260,478)		(9,260,478)	
(12,494,208)		(12,494,208)	
(3,908,393)		(3,908,393)	
(21,996,115)		(21,996,115)	
(27,209,676)		(27,209,676)	
(11,348,010)		(11,348,010)	
(13,546,098)		(13,546,098)	
<u>(215,728,316)</u>		<u>(215,728,316)</u>	
	\$ 7,929,506	7,929,506	
	(6,175,084)	(6,175,084)	
	984,682	984,682	
	(4,285,672)	(4,285,672)	
	(31,600)	(31,600)	
	644,210	644,210	
	58,501	58,501	
	<u>(875,457)</u>	<u>(875,457)</u>	
<u>(215,728,316)</u>	<u>(875,457)</u>	<u>(216,603,773)</u>	
			<u>(4,339,766)</u>
130,761,336	-	130,761,336	2,510,207
70,355,058	-	70,355,058	-
1,061,390	-	1,061,390	-
-	4,669,257	4,669,257	-
167,773	-	167,773	-
22,668,521	6,498,108	29,166,629	-
2,926,435	639,758	3,566,193	-
12,819,487	(12,819,487)	-	-
<u>240,760,000</u>	<u>(1,012,364)</u>	<u>239,747,636</u>	<u>2,510,207</u>
25,031,684	(1,887,821)	23,143,863	(1,829,559)
874,642,496	446,509,114	1,321,151,610	11,032,787
<u>\$ 899,674,180</u>	<u>\$ 444,621,293</u>	<u>\$ 1,344,295,473</u>	<u>\$ 9,203,228</u>

**CITY OF PLANO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2012**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Reserve</u>
ASSETS			
Cash and cash equivalents	\$ 14,038,515	\$ 550,225	\$ 11,382,194
Investments	42,398,306	1,666,828	34,480,735
Receivables (net of allowance for uncollectibles)			
Taxes	12,125,385	503,237	-
Accounts	1,386,482	-	-
Accrued interest	169,918	6,681	138,188
Assessments	-	-	-
Other	-	-	-
Due from other funds	204,245	-	-
Due from other governments	52,177	1,010	-
Prepaid items and other assets	189,920	-	-
Total Assets	<u>70,564,948</u>	<u>2,727,981</u>	<u>46,001,117</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	3,143,514	-	-
Accrued liabilities	5,110,935	-	-
Contracts payable	-	-	1,047,361
Deferred revenue	8,585,607	503,237	-
Due to other funds	546,677	-	-
Due to other governments	211,452	-	-
Retainage payable	-	-	237,412
Seized assets payable	-	-	-
Total Liabilities	<u>17,598,185</u>	<u>503,237</u>	<u>1,284,773</u>
Fund Balance:			
Nonspendable:			
Prepaid items and other assets	189,920	-	-
Restricted for:			
Debt service	-	2,224,744	-
Municipal facilities	-	-	-
Street improvements	-	-	-
Other capital projects	-	-	-
Special revenue	-	-	-
Committed to:			
Special revenue	-	-	-
Assigned to:			
Encumbrances	2,136,698	-	-
Capital reserve	-	-	44,716,344
Municipal facilities	-	-	-
Street improvements	-	-	-
Other capital projects	-	-	-
Other purposes	443,112	-	-
Unassigned	50,197,033	-	-
Total Fund Balance	<u>52,966,763</u>	<u>2,224,744</u>	<u>44,716,344</u>
Total Liabilities and Fund Balance	<u>\$ 70,564,948</u>	<u>\$ 2,727,981</u>	<u>\$ 46,001,117</u>

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

Municipal Facilities	Street Improvements	Other Governmental Funds	Total Governmental Funds
\$ 7,146,067	\$ 9,240,910	\$ 19,220,497	\$ 61,578,408
21,647,992	27,994,020	56,084,592	184,272,473
-	-	-	12,628,622
-	-	470,327	1,856,809
86,758	112,191	224,769	738,505
-	1,339,635	-	1,339,635
549	-	868,617	869,166
124,031	208,000	3	536,279
-	4,660,015	495,791	5,208,993
-	-	905	190,825
<u>29,005,397</u>	<u>43,554,771</u>	<u>77,365,501</u>	<u>269,219,715</u>
-	-	221,821	3,365,335
-	-	730,219	5,841,154
1,297,629	344,674	861,221	3,550,885
-	11,846,020	1,319,186	22,254,050
-	-	412,245	958,922
-	2,943	1,230,021	1,444,416
-	82,229	317,187	636,828
-	-	113,357	113,357
<u>1,297,629</u>	<u>12,275,866</u>	<u>5,205,257</u>	<u>38,164,947</u>
-	-	905	190,825
-	-	-	2,224,744
20,123,635	-	-	20,123,635
-	26,126,795	-	26,126,795
-	-	19,458,836	19,458,836
-	-	25,954,366	25,954,366
-	-	20,280,369	20,280,369
-	-	-	2,136,698
-	-	-	44,716,344
7,584,133	-	-	7,584,133
-	5,152,110	-	5,152,110
-	-	6,465,768	6,465,768
-	-	-	443,112
-	-	-	50,197,033
<u>27,707,768</u>	<u>31,278,905</u>	<u>72,160,244</u>	<u>231,054,768</u>
<u>\$ 29,005,397</u>	<u>\$ 43,554,771</u>	<u>\$ 77,365,501</u>	<u>\$ 269,219,715</u>

**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2012**

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

Total fund balance per balance sheet	\$ 231,054,768
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	916,503,035
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds.	33,839,942
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 assets.	87,693,247
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(369,416,812)
Net assets of governmental activities	<u>\$ 899,674,180</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, 2012

	General	Debt Service	Capital Reserve
REVENUES			
Taxes:			
Property taxes	\$ 78,358,760	\$ 43,137,906	\$ -
Other taxes	71,089,176	-	-
Franchise fees	21,895,025	-	-
Fines and forfeitures	7,808,267	-	-
Contributions	-	-	12,600
Rollback taxes	-	-	896,012
Licenses and permits	6,976,693	-	-
Intragovernmental	8,354,150	-	-
Intergovernmental	1,020,171	-	-
Fees for services	12,113,312	-	-
Assessments	-	-	-
Investment income	530,888	27,176	417,422
Miscellaneous	1,181,358	150,597	2,325
Total revenues	<u>209,327,800</u>	<u>43,315,679</u>	<u>1,328,359</u>
EXPENDITURES			
Current operating:			
General government	23,684,196	-	-
Administrative services	7,998,091	-	-
Police	61,278,339	-	-
Fire	44,369,182	-	-
Libraries	9,146,500	-	-
Development	22,075,813	-	-
Public services and operations	4,666,898	-	-
Parks and recreation	18,729,207	-	-
Environmental waste services	-	-	-
Public works	5,327,481	-	-
Technology services	1,000,000	-	-
Capital outlay	1,271,121	-	13,563,121
Interest and fiscal charges	-	-	-
Debt service:			
Principal retirement	-	28,990,000	-
Interest and fiscal charges	-	14,219,545	-
Total expenditures	<u>199,546,828</u>	<u>43,209,545</u>	<u>13,563,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,780,972</u>	<u>106,134</u>	<u>(12,234,762)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Bond proceeds - refunding	-	20,540,000	-
Escrow payment - refunding	-	(22,783,832)	-
Premium on sale of bonds	-	2,433,540	-
Discount on sale of bonds	-	(106,739)	-
Transfers in	9,819,487	-	13,500,000
Transfers out	(11,467,421)	-	-
Total other financing sources (uses)	<u>(1,647,934)</u>	<u>82,969</u>	<u>13,500,000</u>
Net change in fund balances	8,133,038	189,103	1,265,238
Fund balances-beginning	44,833,725	2,035,641	43,451,106
Fund balances-ending	<u>\$ 52,966,763</u>	<u>\$ 2,224,744</u>	<u>\$ 44,716,344</u>

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

Municipal Facilities	Street Improvements	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 121,496,666
-	-	-	71,089,176
-	-	-	21,895,025
-	-	4,303,455	12,111,722
-	1,895,675	5,287,175	7,195,450
-	-	-	896,012
-	-	-	6,976,693
-	-	-	8,354,150
-	906,966	3,768,260	5,695,397
-	-	3,541,458	15,654,770
-	56,776	-	56,776
265,604	401,678	681,194	2,323,962
1,925	3,676	234,547	1,574,428
<u>267,529</u>	<u>3,264,771</u>	<u>17,816,089</u>	<u>275,320,227</u>
-	-	-	23,684,196
-	-	-	7,998,091
-	-	5,268,863	66,547,202
-	-	85,193	44,454,375
-	-	-	9,146,500
-	-	2,341,335	24,417,148
-	-	848,516	5,515,414
-	-	-	18,729,207
-	-	875,569	875,569
-	-	-	5,327,481
-	-	-	1,000,000
2,857,126	5,498,819	10,351,823	33,542,010
39,979	19,405	46,001	105,385
-	-	-	28,990,000
-	-	-	14,219,545
<u>2,897,105</u>	<u>5,518,224</u>	<u>19,817,300</u>	<u>284,552,123</u>
<u>(2,629,576)</u>	<u>(2,253,453)</u>	<u>(2,001,211)</u>	<u>(9,231,896)</u>
9,866,938	7,663,642	8,329,420	25,860,000
-	-	-	20,540,000
-	-	-	(22,783,832)
529,377	411,168	446,887	3,820,972
(56,107)	(43,577)	(47,363)	(253,786)
173,544	-	400,000	23,893,031
-	-	-	(11,467,421)
<u>10,513,752</u>	<u>8,031,233</u>	<u>9,128,944</u>	<u>39,608,964</u>
7,884,176	5,777,780	7,127,733	30,377,068
19,823,592	25,501,125	65,032,511	200,677,700
<u>\$ 27,707,768</u>	<u>\$ 31,278,905</u>	<u>\$ 72,160,244</u>	<u>\$ 231,054,768</u>

**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, 2012**

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

Net change in fund balance - total governmental funds	\$ 30,377,068
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.	(14,280,370)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,173,872
The issuance of long-term debt (e.g., bonds, tax anticipation notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,232,158
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.	(2,714,973)
Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims, office services and municipal warehouse to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities.	7,366,244
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.	(122,315)
Change in net assets of governmental activities	<u>\$ 25,031,684</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments- Budgetary Basis</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
REVENUES:						
Taxes:						
Property taxes	\$ 78,254,045	\$ 78,354,185	\$ 78,358,760	\$ (896,012)	\$ 77,462,748	\$ (891,437)
Other taxes	57,993,903	61,024,304	71,089,176	-	71,089,176	10,064,872
Franchise fees	22,349,971	22,510,454	21,895,025	-	21,895,025	(615,429)
Fines and forfeitures	6,711,138	7,446,231	7,808,267	-	7,808,267	362,036
Licenses and permits	5,345,931	6,935,823	6,976,693	-	6,976,693	40,870
Intragovernmental	8,354,150	8,354,150	8,354,150	-	8,354,150	-
Intergovernmental	1,158,478	1,149,404	1,020,171	-	1,020,171	(129,233)
Fees for services	11,319,143	11,412,788	12,113,312	-	12,113,312	700,524
Investment income	721,067	575,000	530,888	-	530,888	(44,112)
Miscellaneous	980,485	1,391,996	1,181,358	-	1,181,358	(210,638)
Total revenues	193,188,311	199,154,335	209,327,800	(896,012)	208,431,788	9,277,453
EXPENDITURES:						
General government	25,417,400	24,747,140	23,684,196	(375,252)	23,308,944	1,438,196
Administrative services	8,380,475	8,773,150	7,998,091	216,353	8,214,444	558,706
Police	62,776,986	62,143,555	61,278,339	329,390	61,607,729	535,826
Fire	44,022,395	44,262,328	44,369,182	204,621	44,573,803	(311,475)
Libraries	9,596,820	9,555,480	9,146,500	175,103	9,321,603	233,877
Development	24,693,638	23,991,083	22,075,813	491,460	22,567,273	1,423,810
Public services and operations	4,852,797	4,904,782	4,666,898	15,261	4,682,159	222,623
Parks and recreation	20,375,983	20,255,624	18,729,207	404,842	19,134,049	1,121,575
Public works	5,636,424	5,560,870	5,327,481	93,491	5,420,972	139,898
Technology services	1,000,000	1,000,000	1,000,000	-	1,000,000	-
Capital outlay	1,000,000	1,693,393	1,271,121	581,429	1,852,550	(159,157)
Total expenditures	207,752,918	206,887,405	199,546,828	2,136,698	201,683,526	5,203,879
Excess (deficiency) of revenues over (under) expenditures	(14,564,607)	(7,733,070)	9,780,972	(3,032,710)	6,748,262	14,481,332
OTHER FINANCING SOURCES (USES):						
Transfers in	10,081,794	10,359,486	9,819,487	-	9,819,487	(539,999)
Transfers out	(10,500,000)	(10,500,000)	(11,467,421)	-	(11,467,421)	(967,421)
Total other financing sources	(418,206)	(140,514)	(1,647,934)	-	(1,647,934)	(1,507,420)
Net change in fund balance	(14,982,813)	(7,873,584)	8,133,038	(3,032,710)	5,100,328	12,973,912
FUND BALANCE, October 1	26,708,670	30,065,599	44,833,725	-	42,022,376	-
FUND BALANCE, September 30	\$ 11,725,857	\$ 22,192,015	\$ 52,966,763	\$ (3,032,710)	\$ 47,122,704	\$ 12,973,912

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, 2012**

	Net Change in Fund Balance
GAAP basis	\$ 8,133,038
Revenues:	
Decrease due to rolled back taxes	(896,012)
Expenditures:	
Increase due to encumbrances	(2,136,698)
Budgetary basis	<u>\$ 5,100,328</u>

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



CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2012

Business-type Activities
Enterprise Funds

	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,975,746	\$ 357,054	\$ 737,117	\$ 1,230,956	\$ 7,300,873	\$ 16,226,697
Investments	15,066,119	1,079,673	2,232,992	3,719,714	22,098,498	49,155,559
Receivables (net of allowance for uncollectibles)						
Accounts	16,164,970	1,312,283	569,568	458,808	18,505,629	273,584
115 trust	-	-	-	-	-	200,751
Accrued interest	60,380	4,327	8,949	14,907	88,563	196,998
Other	5,094	983,197	-	800	989,091	400
Interfund receivable	145,376	-	-	-	145,376	-
Due from other funds	-	-	-	-	-	546,674
Inventories	-	-	-	-	-	1,003,617
Prepaid expenses and other assets	477,813	337,646	954	41,205	857,618	377,619
Restricted assets:						
Revenue bond debt service-						
Cash and cash equivalents	95,984	-	953,559	-	1,049,543	-
Investments	290,769	-	1,318,329	-	1,609,098	-
Accrued interest receivable	1,165	-	11,577	-	12,742	-
Revenue bond reserve fund-						
Investments	-	-	1,570,340	-	1,570,340	-
Revenue bond construction fund-						
Cash and cash equivalents	6,775,350	-	1,496,813	-	8,272,163	796,984
Investments	20,524,953	-	4,534,377	-	25,059,330	2,414,351
Accrued interest receivable	82,257	-	18,173	-	100,430	9,676
Total current assets	<u>64,665,976</u>	<u>4,074,180</u>	<u>13,452,748</u>	<u>5,466,390</u>	<u>87,659,294</u>	<u>71,202,910</u>
Advances to other funds	151,191	-	-	-	151,191	-
Capital assets:						
Land	3,369,250	-	94,796	2,992,154	6,456,200	62,522
Buildings	2,748,029	8,581	52,921	13,782,224	16,591,755	5,844,458
Improvements other than buildings	547,883,767	-	-	2,037,373	549,921,140	-
Equipment	12,940,398	7,015,395	264,643	2,135,238	22,355,674	42,291,368
Furniture and fixtures	208,643	53,028	8,124	455,259	725,054	117,373
Rolling equipment	114,195	133,694	-	-	247,889	43,187,875
Drainage improvements	-	-	35,460,811	-	35,460,811	-
Construction in progress	1,079,106	-	360,979	-	1,440,085	-
Less accumulated depreciation	<u>(224,375,338)</u>	<u>(6,910,739)</u>	<u>(5,768,543)</u>	<u>(16,092,072)</u>	<u>(253,146,692)</u>	<u>(59,928,123)</u>
Total capital assets (net of accumulated depreciation)	<u>343,968,050</u>	<u>299,959</u>	<u>30,473,731</u>	<u>5,310,176</u>	<u>380,051,916</u>	<u>31,575,473</u>
Total noncurrent assets	<u>344,119,241</u>	<u>299,959</u>	<u>30,473,731</u>	<u>5,310,176</u>	<u>380,203,107</u>	<u>31,575,473</u>
Total assets	<u>\$ 408,785,217</u>	<u>\$ 4,374,139</u>	<u>\$ 43,926,479</u>	<u>\$ 10,776,566</u>	<u>\$ 467,862,401</u>	<u>\$ 102,778,383</u>

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

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2012
(continued)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 3,742,350	\$ 148,579	\$ 148,233	\$ 239,308	\$ 4,278,470	\$ 2,195,882
Accrued liabilities	121,338	628,929	17,461	83,651	851,379	263,364
Deferred revenue	-	-	-	802,263	802,263	-
Due to other funds	-	-	-	-	-	124,031
Interfund payable	-	145,376	-	-	145,376	-
Customer deposits	2,111,660	-	-	284,168	2,395,828	-
Liability for compensated absences	109,321	96,856	19,666	75,042	300,885	200,215
Liability for insurance claims	-	-	-	-	-	5,010,660
Total current liabilities	<u>6,084,669</u>	<u>1,019,740</u>	<u>185,360</u>	<u>1,484,432</u>	<u>8,774,201</u>	<u>7,794,152</u>
Current liabilities payable from restricted assets:						
Contracts payable	240,300	-	-	-	240,300	-
Current portion of long-term debt	393,720	-	2,004,157	-	2,397,877	-
Accrued interest payable	1,217	-	329,382	-	330,599	-
Retainage payable	309,271	-	-	-	309,271	-
Total current liabilities payable from restricted assets	<u>944,508</u>	<u>-</u>	<u>2,333,539</u>	<u>-</u>	<u>3,278,047</u>	<u>-</u>
Total current liabilities	<u>7,029,177</u>	<u>1,019,740</u>	<u>2,518,899</u>	<u>1,484,432</u>	<u>12,052,248</u>	<u>7,794,152</u>
Noncurrent liabilities:						
Advance from other funds	-	151,191	-	-	151,191	-
Bonds payable	-	-	19,457,857	-	19,457,857	-
Liability for compensated absences	1,783,043	1,013,028	143,725	452,557	3,392,353	489,103
Liability for insurance claims	-	-	-	-	-	866,328
Total noncurrent liabilities	<u>1,783,043</u>	<u>1,164,219</u>	<u>19,601,582</u>	<u>452,557</u>	<u>23,001,401</u>	<u>1,355,431</u>
Total liabilities	<u>8,812,220</u>	<u>2,183,959</u>	<u>22,120,481</u>	<u>1,936,989</u>	<u>35,053,649</u>	<u>9,149,583</u>
NET ASSETS						
Invested in capital assets (net of related debt)	343,574,330	299,959	14,156,048	5,310,176	363,340,513	31,575,473
Restricted for:						
Debt service	387,918	-	2,283,465	-	2,671,383	-
Unrestricted	56,010,749	1,890,221	5,366,485	3,529,401	66,796,856	62,053,327
Total Net Assets	<u>\$ 399,972,997</u>	<u>\$ 2,190,180</u>	<u>\$ 21,805,998</u>	<u>\$ 8,839,577</u>	<u>\$ 432,808,752</u>	<u>\$ 93,628,800</u>

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

**CITY OF PLANO, TEXAS
 RECONCILIATION OF THE STATEMENT OF NET ASSETS
 OF PROPRIETARY FUNDS
 TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
 AS OF SEPTEMBER 30, 2012**

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

Total net assets of proprietary funds	\$ 432,808,752
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Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims, office services and municipal warehouse to individual funds.

The net receivable due from activities of the internal service funds which are reported within business-type activities.	11,812,541
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Net assets of business-type activities	<u><u>\$ 444,621,293</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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	\$ 113,846,128	\$ 13,182,587	\$ 5,207,975	\$ 6,603,498	\$ 138,840,188	\$ 68,597,994
Franchise fees	-	6,498,108	-	-	6,498,108	-
Compost products	-	1,586,901	-	-	1,586,901	-
Contributions	-	117,020	-	-	117,020	-
Miscellaneous charges	419,838	1,080,312	700	80,921	1,581,771	180,210
Total operating revenues	114,265,966	22,464,928	5,208,675	6,684,419	148,623,988	68,778,204
Operating expenses:						
Personnel services	9,660,445	5,982,873	1,598,746	4,396,378	21,638,442	8,053,354
Contractual services	7,576,052	7,641,985	692,087	5,049,668	20,959,792	12,496,932
Supplies	9,541,846	388,183	285,796	887,104	11,102,929	8,133,301
Claims expense	-	-	-	-	-	20,937,095
Depreciation	13,684,890	4,736	693,289	211,046	14,593,961	7,548,721
Landfill services	-	7,398,953	-	-	7,398,953	-
Wastewater treatment	22,155,664	-	-	-	22,155,664	-
Charges in lieu of taxes	7,463,675	890,475	-	-	8,354,150	-
Water supply	37,660,182	-	-	-	37,660,182	-
Other postemployment benefits	-	-	-	-	-	4,750,679
Miscellaneous	1,152,569	378,567	38,576	67,659	1,637,371	64,700
Total operating expenses	108,895,323	22,685,772	3,308,494	10,611,855	145,501,444	61,984,782
Operating income (loss)	5,370,643	(220,844)	1,900,181	(3,927,436)	3,122,544	6,793,422
Nonoperating revenues (expenses):						
Investment income	465,016	8,550	125,456	40,736	639,758	602,473
Gain (loss) on property disposition	(52,484)	-	-	-	(52,484)	590,413
Interest and fiscal charges	22,533	(17,454)	(920,503)	-	(915,424)	-
Auction proceeds	59,886	-	-	-	59,886	-
Hotel/motel tax	-	-	-	4,669,257	4,669,257	-
Intergovernmental revenues	-	-	-	-	-	168
Miscellaneous	67,284	129,790	(11,109)	(1,053)	184,912	7,813
Total nonoperating revenue (expenses)	562,235	120,886	(806,156)	4,708,940	4,585,905	1,200,867
Income (loss) before contributions and transfers	5,932,878	(99,958)	1,094,025	781,504	7,708,449	7,994,289
Contributions from developers	2,078,980	-	-	-	2,078,980	-
Transfers in	-	100,000	-	-	100,000	817,421
Transfers out	(12,003,374)	-	(361,076)	(555,037)	(12,919,487)	(423,544)
Change in net assets	(3,991,516)	42	732,949	226,467	(3,032,058)	8,388,166
Total net assets-beginning	403,964,513	2,190,138	21,073,049	8,613,110	435,840,810	85,240,634
Total net assets-ending	\$ 399,972,997	\$ 2,190,180	\$ 21,805,998	\$ 8,839,577	\$ 432,808,752	\$ 93,628,800

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



**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

Net change in net assets - total proprietary funds	\$ (3,032,058)
<p>Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims, office services and municipal warehouse to individual funds.</p>	
The net revenues of certain activities of internal service funds is reported within business-type activities.	1,021,922
The net revenues of grant activities of special revenue funds is reported within business-type activities.	122,315
Change in net assets of business-type activities	<u><u>\$ (1,887,821)</u></u>

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

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 118,017,829	\$ 16,380,354	\$ 5,286,093	\$ 6,801,693	\$ 146,485,969	\$ 68,130,101
Franchise fees	-	6,498,108	-	-	6,498,108	-
Charges in lieu of taxes	(7,463,675)	(890,475)	-	-	(8,354,150)	-
Cash payments to suppliers for goods and services	(77,611,258)	(15,773,952)	(1,112,121)	(5,992,683)	(100,490,014)	(45,501,005)
Cash payments to employees for services	(9,591,382)	(5,823,341)	(1,549,140)	(4,407,390)	(21,371,253)	(8,310,034)
Net cash provided (used) by operating activities	23,351,514	390,694	2,624,832	(3,598,380)	22,768,660	14,319,062
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advances from other funds	139,785	156,782	-	-	296,567	-
Repayments to other funds	-	(296,567)	-	-	(296,567)	-
Hotel/motel tax	-	-	-	4,669,257	4,669,257	-
Transfers to other funds	(12,003,374)	-	(361,076)	(555,037)	(12,919,487)	(423,544)
Transfers from other funds	-	100,000	-	-	100,000	817,421
Intergovernmental receipts	-	-	-	-	-	168
Net cash provided (used) by noncapital financing activities	(11,863,589)	(39,785)	(361,076)	4,114,220	(8,150,230)	394,045
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(12,561,918)	(10,344)	(470,097)	(32,279)	(13,074,638)	(5,512,377)
Proceeds from sale of equipment	-	-	-	-	-	636,365
Principal paid on long-term debt	(330,000)	-	(1,965,000)	-	(2,295,000)	-
Interest and fees paid on long-term debt	(27,800)	(17,454)	(944,614)	-	(989,868)	-
Proceeds from insurance damages	66,381	129,790	7,802	105	204,078	7,813
Proceeds from sale of equipment	1,639,054	-	-	-	1,639,054	-
Proceeds from construction participation	903	-	-	-	903	-
Net cash provided (used) by capital and related financing activities	(11,213,380)	101,992	(3,371,909)	(32,174)	(14,515,471)	(4,868,199)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investment securities	(35,881,841)	(1,079,673)	(9,656,038)	(3,719,714)	(50,337,266)	(51,569,910)
Proceeds from sale and maturities of investment securities	33,416,623	694,097	9,830,494	3,146,703	47,087,917	41,373,094
Interest on investments	211,734	(2,171)	65,635	11,320	286,518	177,530
Increase in fair value of investments	238,336	9,070	59,029	26,643	333,078	377,804
Net cash provided (used) by investing activities	(2,015,148)	(378,677)	299,120	(535,048)	(2,629,753)	(9,641,482)
Net increase (decrease) in cash and cash equivalents	(1,740,603)	74,224	(809,033)	(51,382)	(2,526,794)	203,426
Cash and cash equivalents, October 1	13,587,683	282,830	3,996,522	1,282,338	19,149,373	16,820,255
Cash and cash equivalents, September 30	\$ 11,847,080	\$ 357,054	\$ 3,187,489	\$ 1,230,956	\$ 16,622,579	\$ 17,023,681
Classified as:						
Current assets	\$ 4,975,746	\$ 357,054	\$ 737,117	\$ 1,230,956	\$ 7,300,873	\$ 16,226,697
Restricted assets	6,871,334	-	2,450,372	-	9,321,706	796,984
Total	\$ 11,847,080	\$ 357,054	\$ 3,187,489	\$ 1,230,956	\$ 16,622,579	\$ 17,023,681
Noncash disclosure:						
Developers contributions	\$ 2,078,980	\$ -	\$ -	\$ -	\$ 2,078,980	\$ -
Loss on property disposition	(52,484)	-	-	-	(52,484)	(45,951)
Increase in fair value of investments	238,336	9,070	59,029	26,643	333,078	377,804
Transfer in (out) of capital assets	22,207,660	(275,196)	1,992,326	(29)	23,924,761	-

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, 2012
(continued)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 5,370,643	\$ (220,844)	\$ 1,900,181	\$ (3,927,436)	\$ 3,122,544	\$ 6,793,422
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	13,684,890	4,736	693,289	211,046	14,593,961	7,548,721
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivable	3,649,251	31,687	77,418	35,493	3,793,849	(768,353)
Other accounts receivable	(4,953)	386,077	-	1,451	382,575	(400)
Due from other funds	-	-	-	-	-	(3,380)
Prepaid expenses and other assets	257,497	50,500	(954)	(7,386)	299,657	(145,472)
Inventories	-	-	-	-	-	33,858
Increase (decrease) in-						
Accounts payable	217,558	(15,247)	(94,708)	26,795	134,398	1,301,799
Accrued liabilities	3,477	184,770	3,789	(4,703)	187,333	(3,973)
Due to other funds	-	-	-	-	-	124,031
Liability for compensated absences	65,586	(26,755)	45,817	(6,354)	78,294	(252,707)
Customer deposits	107,565	-	-	41,138	148,703	-
Deferred revenue	-	(4,230)	-	31,576	27,346	-
Liability for insurance claims	-	-	-	-	-	(308,484)
Total adjustments	<u>17,980,871</u>	<u>611,538</u>	<u>724,651</u>	<u>329,056</u>	<u>19,646,116</u>	<u>7,525,640</u>
Net cash provided (used) by operating activities	<u>\$ 23,351,514</u>	<u>\$ 390,694</u>	<u>\$ 2,624,832</u>	<u>\$ (3,598,380)</u>	<u>\$ 22,768,660</u>	<u>\$ 14,319,062</u>

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



**CITY OF PLANO, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2012**

	Pension and Other Employee Benefit Trust funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 4,571,273	\$ 617,437
Investment pool	-	1,870,439
Other U.S. government obligations	2,764,300	-
Corporate bonds	30,973,342	-
Common stocks	64,436,893	-
Foreign equities	2,809,970	-
Mutual funds	26,770,814	-
Real estate investment trusts	646,530	-
Accrued interest	421,022	7,496
Total Assets	<u>133,394,144</u>	<u>2,495,372</u>
LIABILITIES		
Accounts payable	4,400	-
Payable to health claims fund	511,975	-
Payable from pending trades	54,124	-
Developers' escrow liability	-	2,423,242
Unclaimed property payable	-	72,130
Total Liabilities	<u>570,499</u>	<u>2,495,372</u>
NET ASSETS		
Held in trust for pension benefits	90,128,202	
Held in trust for other postemployment benefits	42,695,443	
Total Net Assets	<u>\$ 132,823,645</u>	

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

**CITY OF PLANO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Pension and Other Employee Benefit Trust funds
ADDITIONS	
Contributions:	
From employer	\$ 8,268,882
From retirees	882,509
Total contributions	<u>9,151,391</u>
Investment return:	
Net increase in fair value of investments	17,836,205
Interest	1,473,136
Dividends	1,920,081
Miscellaneous	32,388
Total investment return	<u>21,261,810</u>
Less investment expenses:	
Trustee fees	171,649
Advisory fees	172,949
Audit fees	47,700
Actuary fee	23,072
Total investment expenses	<u>415,370</u>
Net investment return	<u>20,846,440</u>
Total additions, net	<u>29,997,831</u>
DEDUCTIONS	
Benefits	6,253,817
Miscellaneous expenses	5,179
Total deductions	<u>6,258,996</u>
Net increase	23,738,835
Net assets held in trust - beginning of year	<u>109,084,810</u>
Net assets held in trust - end of year	<u>\$ 132,823,645</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, 2012

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. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989. 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 units on the statement of net assets and statement of activities. The City's statement of net assets includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation 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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

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. 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 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 holds the corporate powers of the organization;
- 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;
- there is fiscal dependency by the organization on the City;

Discretely Presented Component Unit.

Effective September 30, 2011, The Plano Economic Development Board, Inc. legally dissolved and will no longer be reported as a discretely presented component unit. Effective October 1, 2011, the operating expenses of the City's economic development administration efforts will reside in the General Fund. The aggregate funds related to the \$.02 earmarked for economic development incentives were transferred to the Economic Development Incentive Fund (Special Revenue) as of September 30, 2012.

The City has established a tax increment financing unit (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. This project had limited activity during fiscal year 2012 and is presented as discrete component unit as the City has determined it would be misleading to exclude it.

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 assets 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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

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).

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 assets and the operating statements present increases (revenues) and decreases (expenses) in total net assets. 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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

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.

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 deferred revenue.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as 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 deferred 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 all liabilities 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 assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, environmental waste services, municipal drainage, civic center, municipal golf course, 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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

- 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.
- 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 assets, financial position, and cash flows, which is similar to businesses. The following is a description of the major Enterprise Funds of the City:

- a. 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. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure 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 or developers. 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, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

E. Cash, Cash Equivalents and Investments

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

Cash 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. 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, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

I. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For fiscal year 2012, \$11,194 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 firemen are reimbursed upon termination up to a maximum of 90 days accumulated sick leave as required by state civil service law. All other full time City employees with five or more years of service are reimbursed up to 90 days accumulated sick leave upon termination. Sick leave in excess of 90 days is not paid upon termination, but will be paid only upon illness while in the employ of the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide 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, 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). Several of the federal grants are a part of the American Reinvestment and Recovery Act Grants. Various state grants are included in the Grant Fund, General 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, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

L. Long-Term Debt

General obligation bonds issued for general government capital projects that are to be repaid from tax revenues of the City are recorded in the government-wide statement of net assets. Revenue bonds issued for proprietary fund assets that are to be repaid by the proprietary fund are recorded in the proprietary 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 water and wastewater purposes and for municipal drainage improvements. Tax anticipation notes have been issued to fund permanent public improvements related to public safety communications and network infrastructure. 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. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Deferred gains and losses are amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. In the fund financial statements, issuance costs, as well as bond premiums and discounts, are recognized when incurred.

M. Retirement Plans

The City has two separate retirement plans, 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).

N. Nature and Purpose of Classifications of Fund Balance

Governmental fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. This is typically done through adoption and amendment of the budget. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City manager based upon City Council direction. Fund balances classified as nonspendable are resources that cannot be spent because of their form or because they must be maintained intact.

For the classification of governmental fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available.

O. New Accounting Pronouncements

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

GASB Statement Number 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34" will be implemented by the City as required by GASB during the fiscal year ending September 30, 2013. This statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination. The statement also amends the criteria for blending component units and provides additional guidance for blending a component unit if the primary government is a business-type activity and clarifies the reporting of equity interests in legally separate organizations. The implementation of this statement will not result in any changes to the financial statements.

**CITY OF PLANO, TX
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2012**

GASB Statement Number 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and will be implemented by the City as required by GASB during the fiscal year ending September 30, 2013. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The City is currently evaluating the 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 assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$369,416,812 difference are as follows:

Bonds and tax anticipation notes payable	\$ 324,225,000
Less: Deferred charges from refunding	(5,588,130)
Add: Premium	8,073,643
Accrued interest payable	1,128,271
Claims and judgments	5,876,988
Compensated absences	35,701,040
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$ 369,416,812

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of 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 \$(14,280,370) difference are as follows:

Capital outlay	\$ 33,542,010
Depreciation expense	(47,236,476)
Other capital-related transactions	(585,904)
<hr/>	
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (14,280,370)</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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$2,232,158 difference are as follows:

Bonds issued:	
New money	\$ (25,860,000)
Advance refunding	(20,540,000)
Premium	(3,820,972)
Discount	253,786
Issuance costs	188,353
Write-off of refunding premium	423,520
Write-off of refunding deferred costs	(186,361)
Payment to escrow agent	22,783,832
Principal payments	28,990,000
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Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,232,158</u>

**CITY OF PLANO, TX
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2012**

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 \$(2,714,973) difference are as follows:

Changes in:		
Compensated absences	\$	(1,365,660)
Accrued interest		7,471
Amortization of bond discount/deferred charges on refunding		(104,241)
Amortization of bond premium		449,229
Change in net OPEB asset		(1,967,811)
Change in net pension asset		264,725
Other		1,314
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$	<u>(2,714,973)</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 \$896,012 in appropriation increases for the General Fund. Funds with operating appropriations and interfund transfers set by ordinance include the General Fund and Debt Service Fund. During the year, appropriations are adjusted as a result of re-estimates by the departments. For budgetary purposes, unencumbered appropriations lapse at fiscal year-end.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012**

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, 2012, there are no fund deficits.

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, 2012, the carrying amount of the City’s demand deposits was \$60,303,138, which includes component unit deposits of \$1,156,573. The bank balance was \$59,501,786. At September 30, 2012, the City’s cash on hand totaled \$49,194. At September 30, 2012, the carrying value and the bank balance of the City’s nonnegotiable certificates of deposit (CDs) was \$49,565,715. At September 30, 2012, 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 \$4,571,273.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012**

Investments

At September 30, 2012, the City's investment balances were as follows:

Investment Type	Fair Value			Weighted Avg Maturity (Years)*
	Primary Government	Component Units	Total	
U.S. Agencies	\$ 239,435,007	\$ 4,681,997	\$ 244,117,004	1.31
Texas Local Government Investment Pools**	35,939,634	702,776	36,642,410	0.0004
Total:	<u>\$ 275,374,641</u>	<u>5,384,773</u>	<u>\$ 280,759,414</u>	1.3104
Investment Trust Funds				
Retirement Security Plan:				
Government Agency Obligations			2,264,415	3.00
Corporate Bonds			20,411,723	5.30
Equities:				
Common Stocks			53,851,590	NA
Foreign Equities			2,809,970	NA
Collected Trust Fund/Mutual Funds			6,285,648	NA
Real Estate Investment Trusts			646,530	NA
Postemployment Benefit:				
Government Agency Obligations			499,885	6.75
Corporate Bonds			10,561,619	3.23
Equities:				
Common Stocks			10,585,303	NA
Mutual Funds			20,485,166	NA
Total Investment Trust Funds			<u>128,401,849</u>	
TOTAL INVESTMENTS			<u><u>\$ 409,161,263</u></u>	

*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 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.

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

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

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, 2012.

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, 2012, 5% or more of the City's total investments are in: Federal Home Loan Mortgage Corporation securities (21.98%), Federal Home Loan Bank securities (19.89%), Federal National Mortgage Association securities (18.42%), Certificates of Deposits (12.71%), Investment Pools (9.40%), and bank accounts (15.26%), 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, 2011 upon which the original 2012 levy was based was \$24,556,748,931. Subsequent adjustments increased this value to \$24,801,173,232.

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

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the tax levy is billed. Current year revenues recognized are those ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, generally 30 days after year-end. Current tax collections for the year ended September 30, 2012, were 99.7% of the tax levy

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate to finance general governmental services, including debt service, for the year ended September 30, 2012, was \$0.4886 (\$0.3149 for general government and \$0.1737 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 \$498,850,798 in additional taxes from the present assessed valuation.

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

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012**

3. RECEIVABLES:

Receivables at September 30, 2012 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	\$ 1,816,236	980,557	-	-	-	-	-	-	-	\$ 2,796,793
Sales Taxes	10,925,275	-	-	-	-	-	-	-	-	10,925,275
Mixed Drink Taxes	287,793	-	-	-	-	-	-	-	-	287,793
Accounts	1,386,482	-	-	-	-	16,364,367	1,370,883	579,080	1,202,719	20,903,531
Accrued Interest	169,918	6,681	138,188	86,758	112,191	143,802	4,327	38,699	446,350	1,146,914
Assessments	-	-	-	-	1,339,635	-	-	-	-	1,339,635
115 Trust	-	-	-	-	-	-	-	-	200,751	200,751
Other	-	-	-	549	-	5,094	983,197	-	869,817	1,858,657
Gross Receivables	14,585,704	987,238	138,188	87,307	1,451,826	16,513,263	2,358,407	617,779	2,719,637	39,459,349
Less: Allowance for Uncollectibles	(903,919)	(477,320)	-	-	-	(199,397)	(58,600)	(9,512)	-	(1,648,748)
Net total Receivables	\$ 13,681,785	509,918	138,188	87,307	1,451,826	16,313,866	2,299,807	608,267	2,719,637	\$ 37,810,601

The enterprise fund accounts receivable includes unbilled charges for services of \$6,311,973 rendered at September 30, 2012.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012**

4. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2012 was as follows:

Primary Government

	Balance at Beginning Of Year	Additions And Transfers	Retirements And Transfers	Balance at End Of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 126,889,260	3,327,379	-	130,216,639
Construction in progress	47,052,919	30,857,871	(61,298,119)	16,612,671
Public art	1,698,740	-	-	1,698,740
Total capital assets, not being depreciated	<u>175,640,919</u>	<u>34,185,250</u>	<u>(61,298,119)</u>	<u>148,528,050</u>
Capital assets, being depreciated:				
Buildings	169,640,088	8,260,385	-	177,900,473
Improvements other than buildings	160,436,089	12,844,365	-	173,280,454
Equipment	184,082,832	27,508,222	(11,350,481)	200,240,573
Infrastructure	1,016,274,188	19,471,199	-	1,035,745,387
Total capital assets being depreciated	<u>1,530,433,197</u>	<u>68,084,171</u>	<u>(11,350,481)</u>	<u>1,587,166,887</u>
Less accumulated depreciation for:				
Buildings	(84,598,274)	(7,296,132)	-	(91,894,406)
Improvements other than buildings	(66,085,421)	(5,773,646)	-	(71,859,067)
Equipment	(139,810,052)	(16,380,373)	10,718,467	(145,471,958)
Infrastructure	(453,055,952)	(25,335,046)	-	(478,390,998)
Total accumulated depreciation	<u>(743,549,699)</u>	<u>(54,785,197)</u>	<u>10,718,467</u>	<u>(787,616,429)</u>
Total capital assets, being depreciated, net	<u>786,883,498</u>	<u>13,298,974</u>	<u>(632,014)</u>	<u>799,550,458</u>
Governmental activities capital assets, net	<u>\$ 962,524,417</u>	<u>47,484,224</u>	<u>(61,930,133)</u>	<u>948,078,508</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

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

Governmental activities:	
General government	\$ 10,325,430
Administrative services	34,604
Police	855,908
Fire	426,202
Libraries	1,168,003
Development	138,198
Public services and operations	79,940
Parks and recreation	8,470,597
Public works	25,737,594
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	7,548,721
Total depreciation expense – governmental activities	<u>\$ 54,785,197</u>

	Balance at Beginning Of Year	Additions And Transfers	Retirements And Transfers	Balance at End Of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,971,564	116,288	(1,631,652)	6,456,200
Construction in progress	12,827,062	12,846,377	(24,233,354)	1,440,085
Total capital assets, not being depreciated	<u>20,798,626</u>	<u>12,962,665</u>	<u>(25,865,006)</u>	<u>7,896,285</u>
Capital assets, being depreciated:				
Buildings	16,588,021	3,734	-	16,591,755
Improvements other than buildings	525,607,737	24,313,403	-	549,921,140
Drainage improvements	33,467,393	1,993,418	-	35,460,811
Furniture and fixtures	725,054	-	-	725,054
Equipment	22,572,615	351,217	(320,269)	22,603,563
Total capital assets being depreciated	598,960,820	26,661,772	(320,269)	625,302,323
Less accumulated depreciation for:				
Buildings	(14,089,425)	(262,088)	-	(14,351,513)
Improvements other than buildings	(198,992,975)	(13,205,766)	-	(212,198,741)
Drainage improvements	(4,793,061)	(689,282)	-	(5,482,343)
Furniture and fixtures	(523,593)	(10,283)	-	(533,876)
Equipment	(20,165,351)	(426,542)	11,674	(20,580,219)
Total accumulated depreciation	<u>(238,564,405)</u>	<u>(14,593,961)</u>	<u>11,674</u>	<u>(253,146,692)</u>
Total capital assets, being depreciated, net	<u>360,396,415</u>	<u>12,067,811</u>	<u>(308,595)</u>	<u>372,155,631</u>
Business-type activities capital assets, net	<u>\$ 381,195,041</u>	<u>25,030,476</u>	<u>(26,173,601)</u>	<u>380,051,916</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

Business-type activities:	
Water and sewer	\$ 13,684,890
Environmental waste services	4,736
Municipal drainage	693,289
Nonmajor	211,046
Total depreciation expense – business-type activities	<u>\$ 14,593,961</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. In May 2009, \$128,622,500 of various purpose general obligation bonds were authorized and \$31,030,000 of the 2009 bonds have been issued.

Discretely presented component unit

	Balance at Beginning Of Year	Additions And Transfers	Retirements And Transfers	Balance at End Of Year
TIF East Side:				
Capital assets, not being depreciated:				
Land	\$ 110,629	1,579,169	-	1,689,798
Total capital assets, not being depreciated	110,629	1,579,169	-	1,689,798
Capital assets, being depreciated:				
Buildings	6,661,087	-	-	6,661,087
Improvements other than buildings	6,008	-	-	6,008
Equipment	25,809	-	-	25,809
Total capital assets being depreciated	6,692,904	-	-	6,692,904
Less accumulated depreciation for:				
Buildings	(5,365,173)	(1,295,914)	-	(6,661,087)
Improvements other than buildings	(4,955)	(1,053)	-	(6,008)
Equipment	(25,809)	-	-	(25,809)
Total accumulated depreciation	(5,395,937)	(1,296,967)	-	(6,692,904)
Total capital assets, being depreciated, net	1,296,967	(1,296,967)	-	-
TIF East Side capital assets, net	\$ 1,407,596	282,202	-	1,689,798

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012**

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 847 currently administered by TMRS, an agent multiple-employer public employee retirement system. TMRS annually issues a stand-alone financial report. These reports are available from offices of TMRS.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee 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 2010):

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.

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 30-year closed amortization period. The projected unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e., December 31, 2009 valuation is effective for rates beginning January 2011).

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

Contributions by the City were \$21,233,268 or 17.80% of the covered payroll of \$119,317,288 as required by the actuarial valuation. The total fiscal year 2012 payroll was \$124,090,481. Annual City TMRS pension cost and related information for the last three fiscal years are as follows:

	2012	2011	2010
Annual pension cost	\$ 21,233,268	19,883,712	19,272,054
Contributions made	21,233,268	19,883,712	19,272,054
Contributions as % of			
Annual pension cost	100%	100%	100%
Net Pension Obligation (NPO)			
At end of year	-	-	-
Actuarial valuation date	12/31/11	12/31/10	12/31/09
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level %	Level %	Level %
Asset valuation method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Amortization period	26.2 years- Closed	27.1 years- Closed	28 years- Closed
Actuarial assumptions:			
Investment rate of return	7%	7%	7.5%
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%

The City's net pension obligation (NPO) for TMRS at December 31, 2011, 2010 and 2009 is calculated as follows:

	2011	2010	2009
Annual required contribution (ARC)	\$ 21,233,268	19,883,712	19,272,054
Annual pension cost	21,233,268	19,883,712	19,272,054
Contribution made	(21,233,268)	(19,883,712)	(19,272,054)
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, 2011, 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
12/31/09	\$346,665,548	498,304,233	69.6%	\$(151,638,685)	124,078,995	(122.2%)
12/31/10	517,246,424	635,988,264	81.3%	(118,741,840)	121,259,388	(97.9%)
12/31/11	562,197,473	674,415,595	83.4%	(112,218,122)	119,317,288	(94.1%)

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.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012**

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, 2011 biennial actuarial valuation, there were 1,957 active members of whom 1,439 were vested and 518 were nonvested. There are 508 terminated participants receiving benefits.

Retirement benefits become vested after 5 years of service. Members who terminate employment prior to completing 5 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 5 years of vesting service. At least 5 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 3 years of last 10), and choice of single or joint-life monthly payments or a lump sum payment as noted below.

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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

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

Summary of Significant Accounting Policies

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

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

At September 30, 2012, 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 \$3,514,540 or 3.23% of the covered payroll for the year ended September 30, 2012, as compared to the revised December 31, 2011 biennial actuarial requirement of 3.28%.

The covered payroll was \$108,860,210 and the City's total payroll was \$124,090,481 for the year ended September 30, 2012. The contribution amount is a 23-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:

	2012	2011*	2010
Annual pension cost	\$ 3,249,816	3,336,593	3,539,064
Contributions made	3,514,540	3,554,303	3,549,068
Contributions as % of			
Annual pension cost	108%	107%	100%
Net Pension Asset (NPA)			
At end of year	(762,549)	(497,824)	(280,114)
Actuarial valuation date	12/31/11	12/31/09*	12/31/09
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	23 years- Closed	25 years- Closed	30 years- Open
Actuarial assumptions:			
Investment rate or return	7.75%	7.75%	8%
Inflation rate	3%	3%	4%
Projected salary increases	3.5%-8.10%	3.5%-8.10%	4%-9.43%

*Reflects change in actuarial assumptions of 12/31/09 actuarial valuation revised on November 30, 2010

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

The City's net pension asset (NPA) for the Retirement Security Plan (RSP) at September 30, 2012, 2011 and 2010 is calculated as follows:

	2012	2011*	2010
Annual required contribution (ARC)	\$ 3,272,118	3,341,915	3,577,150
Interest on NPA	(38,581)	(21,709)	(21,609)
Adjustment to the ARC	16,279	16,387	(16,477)
Annual pension cost	3,249,816	3,336,593	3,539,064
Contribution made	(3,514,540)	(3,554,303)	(3,549,068)
Change in NPA	(264,724)	(217,710)	(10,004)
NPA, beginning of year	(497,824)	(280,114)	(270,110)
NPA, end of year	\$ (762,548)	(497,824)	(280,114)

*Reflects change in actuarial assumptions of 12/31/09 actuarial valuation revised on November 30, 2010

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

Funding Status and Funding Progress –

The funding status as of December 31, 2011, 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
12/31/09	\$75,217,522	82,733,359	90.9%	\$(7,515,837)	110,025,108	(6.83%)
12/31/09*	75,217,522	76,550,304	98.3%	(1,332,782)	110,025,108	(1.2%)
12/31/11	84,500,525	86,978,777	97.2%	(2,478,252)	108,860,210	(2.3%)

*Reflects change in actuarial assumptions of 12/31/09 actuarial valuation revised on November 30, 2010

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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

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 2012 was 333 of which 194 were on the same plan as the active employees and 139 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 2012 were \$2,732,124.

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.

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, 2012 the City contributed \$4.8 million to the Trust which represents approximately 103.7% of the annual required contribution of the employer (ARC). In addition, retirees contributed \$0.9 million 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.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

	2012	2011	2010
Annual required contribution (ARC)	\$ 4,579,847	4,036,553	4,036,553
Interest on net OPEB asset	(1,566,048)	(1,476,372)	(1,307,028)
Adjustment to the ARC	1,387,754	1,259,911	1,115,395
Annual OPEB cost	4,401,553	3,820,092	3,844,920
Contributions made	(2,433,742)	(5,101,180)	(6,264,121)
(Increase) Decrease in net OPEB asset	1,967,811	(1,281,088)	(2,419,201)
Net OPEB asset, beginning of year	(22,372,118)	(21,091,030)	(18,671,829)
Net OPEB asset, end of year	<u>\$ (20,404,307)</u>	<u>(22,372,118)</u>	<u>(21,091,030)</u>

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
9/30/2010	7%	3,844,920	162.9%	(21,091,030)
9/30/2011	7%	3,820,092	133.5%	(22,372,118)
9/30/2012	7%	4,401,553	100.0%	(20,404,307)

Funding Status and Funding Progress –

The funding status as of October 1, 2011, 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
10/01/09	\$27,256,812	50,657,828	53.8%	\$(23,401,016)	113,388,754	(20.64%)
10/01/10	33,647,178	50,657,828	66.4%	(17,010,650)	113,388,754	(15.00%)
10/01/11	35,008,862	59,410,089	58.9%	(24,401,227)	124,090,481	(19.66%)

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.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012**

Actuarial Methods and Assumptions

	2012	2011	2010
Actuarial valuation date	10/01/11	10/01/09	10/01/09
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 or return	7%	7%	7%
Payroll growth	3%	3%	3%
Inflation rate	3%	3%	3%
Medical inflation trend rate	10.9% initial	6.6% initial	6.6% initial

In the October 1, 2011 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 10.9% initially, adjusted each year with an ultimate trend rate of 4.7% reached in 78 years. Both rates include a 3% 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, 2011 was 24.2 years. The value of assets is equal to the market value of assets as of the valuation date.

6. LONG-TERM DEBT:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2012 is as follows (in thousands of dollars):

	Balance, Beginning of Year	Increase	Decrease	Balance, End of Year	Due Within One Year
Governmental Activities:					
General obligation bonds and certificates of obligation	\$ 309,340	46,400	(45,210)	310,530	24,040
Tax anticipation notes	18,940	-	(5,245)	13,695	6,030
Deferred amounts:					
For issuance (discounts)/premiums /deferred charge on refunding	1,008	2,060	(582)	2,486	567
Total bonds and notes payable	329,288	48,460	(51,037)	326,711	30,637
Compensated absences	35,277	5,841	(4,728)	36,390	4,731
Liability for insurance claims	6,185	20,937	(21,246)	5,877	5,011
Governmental activities Long-term debt	\$ 370,750	75,238	(77,011)	368,978	40,379

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

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, 0.7% 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 85.3% of the claims and judgments liability. The enterprise funds bear approximately 12.6% of the claims and judgment liability, while the internal service and special revenue funds bear approximately 1.9% and 0.1%, respectively.

	Balance, Beginning of Year	Increase	Decrease	Balance, End of Year	Due Within One Year
Business Type Activities:					
Water and Sewer revenue bonds	\$ 695	-	(330)	365	365
Municipal Drainage revenue bonds	23,815	-	(1,965)	21,850	2,035
Deferred amounts:					
For issuance (discounts)/premiums/ (deferred charges) on refunding	(341)	-	(18)	(359)	(2)
Total bonds payable	24,169	-	(2,313)	21,856	2,398
Compensated absences	3,615	404	(326)	3,693	301
Business-type activities					
Long-term debt	\$ 27,784	404	(2,639)	25,549	2,699

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

Long-term debt at September 30, 2012 includes the following individual issues (not including the unamortized premium of \$8,074 and the unamortized deferred charges of \$5,588 of the general obligation bonds, the unamortized premium of \$53 and deferred charges of \$24 of the Water and Sewer revenue bonds and the unamortized premium of \$361 and unamortized deferred charges of \$279 of the Municipal Drainage revenue bonds):

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
General Obligation Bonds:						
2003 Refunding and Improvements	2.00 – 5.00	5/1/2003	9/1/2023	\$ 41,370,000	38,690,000	2,680,000
2004 Refunding	2.00 – 5.00	10/15/2004	9/1/2017	30,690,000	15,700,000	14,990,000
2005 Refunding and Improvements	3.50 – 5.00	5/15/2005	9/1/2025	84,880,000	17,820,000	67,060,000
2006 Various purpose	4.00 – 5.00	2/1/2006	9/1/2026	40,925,000	8,900,000	32,025,000
2007 Various purpose	4.25 – 5.25	5/1/2007	9/1/2027	35,675,000	6,310,000	29,365,000
2008 Various purpose	3.50 – 5.00	1/15/2008	9/1/2028	41,295,000	5,760,000	35,535,000
2009 Refunding and Improvements	2.25 – 4.75	1/15/2009	9/1/2029	35,330,000	7,760,000	27,570,000
2010 Refunding and Improvements	2.00 – 4.00	1/15/2010	9/1/2030	28,520,000	5,610,000	22,910,000
2011 Various purpose	2.50 – 4.75	1/15/2011	9/1/2031	21,400,000	690,000	20,710,000
2011 Refunding and Improvements	2.00 – 5.00	11/17/2011	9/1/2032	46,400,000	180,000	46,220,000
				<u>406,485,000</u>	<u>107,420,000</u>	<u>299,065,000</u>
Tax Anticipation Notes:						
2007 Tax anticipation notes	4.00 – 4.00	5/1/2007	9/1/2013	11,000,000	8,995,000	2,005,000
2008 Tax anticipation notes	3.00 – 3.25	1/15/2008	9/1/2015	17,075,000	9,200,000	7,875,000
2009 Tax anticipation notes	2.25 – 3.00	1/15/2009	9/1/2016	6,355,000	2,540,000	3,815,000
				<u>34,430,000</u>	<u>20,735,000</u>	<u>13,695,000</u>
Certificates of Obligation:						
2006 Various purpose	4.25 – 4.50	2/1/2006	9/1/2026	3,765,000	800,000	2,965,000
2010 Various purpose	2.00 – 4.00	1/15/2010	9/1/2022	9,660,000	1,160,000	8,500,000
				<u>13,425,000</u>	<u>1,960,000</u>	<u>11,465,000</u>
Water & Sewer Revenue						
2003 General Obligation Refunding	2.00 – 5.00	5/1/2003	9/1/2013	16,825,000	16,460,000	365,000
Municipal Drainage Revenue						
Bonds:						
2005 Refunding and Improvements	3.00 – 5.00	5/15/2005	5/15/2025	11,610,000	3,660,000	7,950,000
2006 Improvements	4.00 – 5.00	2/1/2006	5/15/2026	1,455,000	290,000	1,165,000
2007 Improvements	4.00 – 5.50	5/1/2007	5/15/2027	2,000,000	345,000	1,655,000
2008 Improvements	4.00 – 4.50	1/15/2008	5/15/2028	2,085,000	260,000	1,825,000
2009 Refunding and Improvements	3.00 – 3.50	1/15/2009	5/15/2029	4,790,000	1,530,000	3,260,000
2010 Refunding and Improvements	2.00 – 4.25	1/15/2010	5/15/2030	6,790,000	795,000	5,995,000
				<u>\$ 28,730,000</u>	<u>6,880,000</u>	<u>21,850,000</u>

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

The annual requirements to amortize debt outstanding as of September 30, 2012, including interest payments of \$112,690 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:

Year(s) Ending September	General Obligation, Tax Anticipation Notes and Certificates of Obligation		Proprietary Fund Types			
			Water and Sewer		Municipal Drainage	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 30,070	13,491	365	15	2,035	878
2014	27,380	12,397	-	-	2,110	808
2015	26,440	11,410	-	-	1,875	723
2016	24,740	10,378	-	-	1,955	645
2017	22,945	9,328	-	-	1,730	562
2018 - 2022	97,635	32,848	-	-	6,700	1,946
2023 - 2027	71,910	14,061	-	-	4,295	764
2028 - 2032	23,105	2,346	-	-	1,150	90
Total	\$ 324,225	106,259	365	15	21,850	6,416

The City intends to retire all of its general long-term liabilities, plus interest, from ad valorem taxes and other current revenues. The proprietary fund type long-term debt will be repaid, plus interest, from the operating revenues of the Water and Sewer Fund and 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 \$2,224,744 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, 2012.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. Beginning in 1992, the City paid required five-year rebates. Future rebates are estimated to be \$5,756 at September 30, 2012. 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 October 2011, the City issued \$46,400,000 in general obligation refunding and improvements bonds, with interest rates ranging from 2.0% to 5.0%. The portion of the debt that represents refunded bonds were Series 2002 and 2003 general obligation bonds totaling \$21,465,000 and carried interest rates ranging from 3.5% to 4.75% with maturity dates in 2013 through 2023. The aggregate difference between the refunding debt and the refunded debt resulted in savings of \$1,602,000. As a result of the refunding, the City obtained

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

an economic gain (difference between present value of the debt service payments on the old and new debt) of \$1,374,156.

The City has placed the proceeds from the refunding issue in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt will not be actually retired until the call dates have come due. At September 30, 2012, \$12,035,000 of the defeased bonds are still outstanding.

B. Water and Sewer Revenue Bonds

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

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

The debt service funds, aggregating \$387,918 at September 30, 2012, are restricted within the Water and Sewer Fund. The respective bond indentures require the City to make equal monthly installments to the debt service funds which will accumulate to pay the annual principal and semiannual interest requirements as they become due.

Bond proceeds since 1988 are covered by the arbitrage provisions of the Internal Revenue Tax Act of 1986. Accordingly, there were no excess arbitrage earnings estimated at September 30, 2012. The City is in compliance with all requirements of the bond ordinances for the year ended September 30, 2012.

Restricted assets of the Water and Sewer Fund at September 30, 2012 are as follows:

Cash and cash equivalents	\$ 6,871,334
Investments	20,815,722
Accrued interest receivable	<u>83,422</u>
	<u>\$ 27,770,478</u>

C. Municipal Drainage Revenue Bonds

These bonds are secured by a first lien on and pledge of the revenues of the Municipal Drainage Fund in accordance with the provisions of the bond indenture.

The bond indenture requires the City to make equal monthly installments to a debt service fund to pay principal and interest requirement as they become due. At September 30, 2012, \$2,283,465 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, 2012, the reserve required and restricted within the Municipal Drainage Fund is \$1,570,340.

In prior years, the City defeased certain outstanding Municipal Drainage bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of refunded bonds. Accordingly, the trust account and the defeased bonds are not included in the City's financial statements. At September 30, 2012, \$2,260,000 of the defeased bonds is still outstanding.

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012**

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, 2012. The City is in compliance with all requirements of the bond ordinance for the year ended September 30, 2012.

Restricted assets of the Municipal Drainage Fund at September 30, 2012 are as follows:

Cash and cash equivalents	\$	2,450,372
Investments		7,423,046
Accrued interest receivable		<u>29,750</u>
	\$	<u>9,903,168</u>

7. INTERFUND TRANSACTIONS:

A summary of interfund receivables and payables at September 30, 2012 is as follows:

Due From	Due To			Total
	General Fund	Internal Service Funds	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	204,245	\$ 204,245
Nonmajor Governmental Funds	3	-	-	3
Internal Service	546,674	-	-	546,674
Municipal Facilities	-	124,031	-	124,031
Street Improvements	-	-	208,000	208,000
Total	<u>\$ 546,677</u>	<u>\$ 124,031</u>	<u>412,245</u>	<u>\$ 1,082,953</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.

The Water and Sewer Fund has an interfund receivable to the Environmental Waste Service Fund. The long-term portion of the note is reflected as advances to/from other funds.

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 2012, charges in lieu of taxes were \$8,354,150.

Transfers between funds during the year were as follows:

Transfers Out	Transfers In						Total
	General Fund	Capital Reserve	Municipal Facilities	Internal Service	Nonmajor Governmental Funds	Environmental Waste Services	
General Fund	\$ -	10,500,000	-	817,421	150,000	-	\$ 11,467,421
Internal Service	-	-	173,544	-	250,000	-	423,544
Water and Sewer	8,903,374	3,000,000	-	-	-	100,000	12,003,374
Municipal Drainage	361,076	-	-	-	-	-	361,076
Nonmajor Enterprise Funds	555,037	-	-	-	-	-	555,037
Total	<u>\$ 9,819,487</u>	<u>13,500,000</u>	<u>173,544</u>	<u>817,421</u>	<u>400,000</u>	<u>100,000</u>	<u>\$ 24,810,452</u>

**CITY OF PLANO, TX
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2012**

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.

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, 2012 was \$37,660,182. 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 2012, this payment was \$808,875. Future years' payments to debt service are as follows:

2013	\$812,075
2014	823,075
2015	819,950
2016	824,600
2017 – 2018	1,059,175

**CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012**

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, 2012 was \$22,155,664, 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, 2012 was \$7,398,953.

CITY OF PLANO, TX
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2012

9. COMMITMENTS AND CONTINGENCIES:

The City has contractual commitments of \$21,241,149 in the Capital Projects Funds, \$5,108,662 in the Water and Sewer Fund, and \$1,013,195 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 which may arise as the result of these audits is not believed to be material.

10. SELF-INSURANCE:

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City maintains a self-insurance program for general liability, public officials' errors and omission, police professional liability, property loss and workers' compensation. The Property/Liability Loss Fund (Internal Service) has been established to pay identified claims and judgments, maintain loss reserves and purchase insurance coverage as required. Claims for property loss over \$500,000 per occurrence and for workers' compensation over \$1,000,000 per occurrence are covered by private insurance companies. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Group medical benefits are paid from the Health Claims 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 2012 and 2011 were as follows:

Fund	Liability, Beginning of year	Current year Claims and Changes in Estimates	Claim Payments	Liability, End of year
2012:				
Property/Liability Loss	\$ 3,910,514	\$ 3,219,988	\$ (3,224,544)	\$ 3,905,958
Health Claims	2,274,958	17,717,107	(18,021,035)	1,971,030
Total	\$ 6,185,472	\$ 20,937,095	\$ (21,245,579)	\$ 5,876,988
2011:				
Property/Liability Loss	\$ 3,640,888	\$ 3,602,114	\$ (3,332,488)	\$ 3,910,514
Health Claims	1,863,818	17,211,915	(16,800,775)	2,274,958
Total	\$ 5,504,706	\$ 20,814,029	\$ 20,133,263	\$ 6,185,472

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
2007	12/31/06	\$ 296,863,771	\$ 369,388,605	\$ (72,524,834)	80.37%	\$ 111,407,362	-65.10%	\$ 15,387,911	\$ 15,387,911	100.00%
2008	12/31/07	311,729,835	447,870,971	(136,141,136)	69.60%	117,372,866	-115.99%	16,450,528	16,450,528	100.00%
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%

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
2007	12/31/05	\$ 56,579,886	\$ 55,987,030	\$ 592,856	101.06%	\$ 97,020,196	0.61%	\$ 2,953,619	\$ 3,121,295	105.68%
2008	12/31/07	69,211,789	68,647,366	564,423	100.82%	109,334,429	0.52%	3,447,764	3,420,947	99.22%
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%

* 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 FIVE 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 Employee Contributions	Percent Contributed By City
2008	10/1/07	\$ -	\$ 55,831,704	\$ (55,831,704)	0.00%	\$ 109,295,425	-51.08%	\$ 6,031,883	\$ 23,934,554	\$ -	396.80%
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	10/1/10	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%

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.

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 31st date on which a judgment is entered where one-half is remitted to the state, four-tenths is retained locally with no restriction, while one-tenth is used for the purpose of improving judicial efficiency.

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.



CITY OF PLANO, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF SEPTEMBER 30, 2012

Special Revenue

	Criminal Investigation	Economic Development Incentive	Grant	PTN	Public Safety Communications
ASSETS					
Cash and cash equivalents	\$ 484,736	\$ 5,018,033	\$ 890,944	\$ 198,664	\$ 3,409,256
Investments	1,468,441	15,201,414	557,811	601,826	10,327,860
Receivables (net of allowance for uncollectible)					
Accounts	-	-	1,084	-	-
Accrued interest	5,885	60,922	2,235	2,412	41,390
Other	-	-	868,617	-	-
Due from other funds	-	-	3	-	-
Due from other governments	6,002	-	311,877	-	91,814
Prepaid items and other assets	-	-	905	-	-
Total Assets	<u>1,965,064</u>	<u>20,280,369</u>	<u>2,633,476</u>	<u>802,902</u>	<u>13,870,320</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,774	-	79,700	8,930	2,688
Accrued liabilities	7,451	-	705,487	9,110	-
Contracts payable	-	-	-	-	-
Deferred revenue	-	-	1,319,186	-	-
Due to other funds	-	-	204,245	-	-
Due to other governments	-	-	-	-	130,681
Retainage payable	-	-	-	-	-
Seized assets payable	-	-	-	-	-
Total Liabilities	<u>9,225</u>	<u>-</u>	<u>2,308,618</u>	<u>18,040</u>	<u>133,369</u>
Fund Balances:					
Nonspendable:					
Prepaid items and other assets	-	-	905	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Special revenue	1,955,839	-	323,953	784,862	13,736,951
Committed to:					
Special revenue	-	20,280,369	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Total fund balances	<u>1,955,839</u>	<u>20,280,369</u>	<u>324,858</u>	<u>784,862</u>	<u>13,736,951</u>
Total Liabilities and Fund Balance	<u>\$ 1,965,064</u>	<u>\$ 20,280,369</u>	<u>\$ 2,633,476</u>	<u>\$ 802,902</u>	<u>\$ 13,870,320</u>

Municipal Court	Memorial Library	Seized Assets	Libraries	Animal Shelter Donations
\$ 2,301,837	\$ 96,661	\$ 28,048	\$ 9,279	\$ 25,393
6,973,096	292,820	84,968	28,108	76,925
469,116	-	-	-	127
27,946	1,174	341	113	308
-	-	-	-	-
-	-	-	-	-
86,098	-	-	-	-
-	-	-	-	-
<u>9,858,093</u>	<u>390,655</u>	<u>113,357</u>	<u>37,500</u>	<u>102,753</u>
128,556	173	-	-	-
8,171	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,099,340	-	-	-	-
-	-	-	-	-
-	-	113,357	-	-
<u>1,236,067</u>	<u>173</u>	<u>113,357</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
8,622,026	390,482	-	37,500	102,753
-	-	-	-	-
-	-	-	-	-
<u>8,622,026</u>	<u>390,482</u>	<u>-</u>	<u>37,500</u>	<u>102,753</u>
<u>\$ 9,858,093</u>	<u>\$ 390,655</u>	<u>\$ 113,357</u>	<u>\$ 37,500</u>	<u>\$ 102,753</u>

(continued)

CITY OF PLANO, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF SEPTEMBER 30, 2012
 (continued)

	<u>Capital Projects</u>				Total Nonmajor Governmental Funds
	<u>DART</u>	<u>Park Improvements</u>	<u>Spring Creekwalk</u>	<u>Park Services</u>	
ASSETS					
Cash and cash equivalents	\$ 66,857	\$ 5,416,793	\$ 6,095	\$ 1,267,901	\$ 19,220,497
Investments	202,532	16,409,402	18,463	3,840,926	56,084,592
Receivables (net of allowance for uncollectible)					
Accounts	-	-	-	-	470,327
Accrued interest	812	65,764	74	15,393	224,769
Other	-	-	-	-	868,617
Due from other funds	-	-	-	-	3
Due from other governments	-	-	-	-	495,791
Prepaid items and other assets	-	-	-	-	905
Total Assets	<u>270,201</u>	<u>21,891,959</u>	<u>24,632</u>	<u>5,124,220</u>	<u>77,365,501</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	-	221,821
Accrued liabilities	-	-	-	-	730,219
Contracts payable	-	861,221	-	-	861,221
Deferred revenue	-	-	-	-	1,319,186
Due to other funds	-	208,000	-	-	412,245
Due to other governments	-	-	-	-	1,230,021
Retainage payable	-	317,187	-	-	317,187
Seized assets payable	-	-	-	-	113,357
Total Liabilities	<u>-</u>	<u>1,386,408</u>	<u>-</u>	<u>-</u>	<u>5,205,257</u>
Fund Balances:					
Nonspendable:					
Prepaid items and other assets	-	-	-	-	905
Restricted for:					
Capital projects	270,201	19,188,635	-	-	19,458,836
Special revenue	-	-	-	-	25,954,366
Committed to:					
Special revenue	-	-	-	-	20,280,369
Assigned to:					
Capital projects	-	1,316,916	24,632	5,124,220	6,465,768
Total fund balances	<u>270,201</u>	<u>20,505,551</u>	<u>24,632</u>	<u>5,124,220</u>	<u>72,160,244</u>
Total Liabilities and Fund Balance	<u>\$ 270,201</u>	<u>\$ 21,891,959</u>	<u>\$ 24,632</u>	<u>\$ 5,124,220</u>	<u>\$ 77,365,501</u>



CITY OF PLANO, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

Special Revenue

	<u>Criminal Investigation</u>	<u>Economic Development Incentive</u>	<u>Grant</u>	<u>PTN</u>	<u>Public Safety Communications</u>
REVENUES					
Fines and forfeitures	\$ 636,945	\$ -	\$ -	\$ -	\$ -
Contributions	-	4,937,144	-	-	-
Intergovernmental	56,313	-	3,644,256	-	64,430
Fees for services	-	-	-	773,793	1,600,853
Investment income	15,902	172,818	8,215	6,441	123,174
Miscellaneous	60,830	91,712	82,005	-	-
Total revenues	<u>769,990</u>	<u>5,201,674</u>	<u>3,734,476</u>	<u>780,234</u>	<u>1,788,457</u>
EXPENDITURES					
Police	248,290	-	770,782	-	517,823
Fire	-	-	33,980	-	51,213
Development	-	973,843	1,367,492	-	-
Public services and operations	-	-	-	797,520	37,101
Sustainability and environmental services	-	-	875,569	-	-
Capital outlay	89,321	-	672,877	36,410	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>337,611</u>	<u>973,843</u>	<u>3,720,700</u>	<u>833,930</u>	<u>606,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>432,379</u>	<u>4,227,831</u>	<u>13,776</u>	<u>(53,696)</u>	<u>1,182,320</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of bonds	-	-	-	-	-
Premium on sale of bonds	-	-	-	-	-
Discount on sale of bonds	-	-	-	-	-
Transfers in	-	-	-	400,000	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>-</u>
Net change in fund balances	<u>432,379</u>	<u>4,227,831</u>	<u>13,776</u>	<u>346,304</u>	<u>1,182,320</u>
Fund balances-beginning	<u>1,523,460</u>	<u>16,052,538</u>	<u>311,082</u>	<u>438,558</u>	<u>12,554,631</u>
Fund balances-ending	<u>\$ 1,955,839</u>	<u>\$ 20,280,369</u>	<u>\$ 324,858</u>	<u>\$ 784,862</u>	<u>\$ 13,736,951</u>

<u>Municipal Court</u>	<u>Memorial Library</u>	<u>Libraries</u>	<u>Animal Shelter Donations</u>
\$ 3,666,510	\$ -	\$ -	\$ -
-	48,841	-	65,076
-	-	-	-
1,000,393	-	-	-
84,981	3,395	346	739
-	-	-	-
<u>4,751,884</u>	<u>52,236</u>	<u>346</u>	<u>65,815</u>
3,731,968	-	-	-
-	-	-	-
-	-	-	-
-	-	-	13,895
-	-	-	-
590,805	23,605	-	-
-	-	-	-
<u>4,322,773</u>	<u>23,605</u>	<u>-</u>	<u>13,895</u>
<u>429,111</u>	<u>28,631</u>	<u>346</u>	<u>51,920</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>429,111</u>	<u>28,631</u>	<u>346</u>	<u>51,920</u>
<u>8,192,915</u>	<u>361,851</u>	<u>37,154</u>	<u>50,833</u>
<u>\$ 8,622,026</u>	<u>\$ 390,482</u>	<u>\$ 37,500</u>	<u>\$ 102,753</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, 2012
 (continued)

	<u>Capital Projects</u>				Total Nonmajor Governmental Funds
	<u>DART</u>	<u>Park Improvements</u>	<u>Spring Creekwalk</u>	<u>Park Services</u>	
REVENUES					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 4,303,455
Contributions	-	236,114	-	-	5,287,175
Intergovernmental	-	3,261	-	-	3,768,260
Fees for services	-	-	-	166,419	3,541,458
Investment income	2,487	215,938	227	46,531	681,194
Miscellaneous	-	-	-	-	234,547
Total revenues	<u>2,487</u>	<u>455,313</u>	<u>227</u>	<u>212,950</u>	<u>17,816,089</u>
EXPENDITURES					
Police	-	-	-	-	5,268,863
Fire	-	-	-	-	85,193
Development	-	-	-	-	2,341,335
Public services and operations	-	-	-	-	848,516
Environmental waste services	-	-	-	-	875,569
Capital outlay	-	8,938,805	-	-	10,351,823
Interest and fiscal charges	-	46,001	-	-	46,001
Total expenditures	<u>-</u>	<u>8,984,806</u>	<u>-</u>	<u>-</u>	<u>19,817,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,487</u>	<u>(8,529,493)</u>	<u>227</u>	<u>212,950</u>	<u>(2,001,211)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of bonds	-	8,329,420	-	-	8,329,420
Premium on sale of bonds	-	446,887	-	-	446,887
Discount on sale of bonds	-	(47,363)	-	-	(47,363)
Transfers in	-	-	-	-	400,000
Total other financing sources (uses)	<u>-</u>	<u>8,728,944</u>	<u>-</u>	<u>-</u>	<u>9,128,944</u>
Net change in fund balances	<u>2,487</u>	<u>199,451</u>	<u>227</u>	<u>212,950</u>	<u>7,127,733</u>
Fund balances-beginning	267,714	20,306,100	24,405	4,911,270	65,032,511
Fund balances-ending	<u>\$ 270,201</u>	<u>\$ 20,505,551</u>	<u>\$ 24,632</u>	<u>\$ 5,124,220</u>	<u>\$ 72,160,244</u>





**CITY OF PLANO, TEXAS
 BUDGETARY COMPARISON SCHEDULE-GAAP BASIS
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 42,971,131	\$ 42,771,131	\$ 43,137,906	\$ 366,775
Investment income	225,000	350,000	27,176	(322,824)
Miscellaneous	150,597	150,597	150,597	-
Total Revenues	43,346,728	43,271,728	43,315,679	43,951
EXPENDITURES:				
Principal retirement	28,810,000	28,990,000	28,990,000	-
Interest and fiscal charges	14,325,489	14,134,330	14,219,545	(85,215)
Total Expenditures	43,135,489	43,124,330	43,209,545	(85,215)
Excess (Deficiency) Of Revenues Over (Under) Expenditures	211,239	147,398	106,134	(41,264)
OTHER FINANCING SOURCES (USES):				
Bond proceeds-refunding	-	-	20,540,000	20,540,000
Escrow payment-refunding	-	-	(22,783,832)	(22,783,832)
Premium from sale of bonds	-	-	2,433,540	2,433,540
Discount from sale of bonds	-	-	(106,739)	(106,739)
Total Other Financing Sources	-	-	82,969	82,969
Net Change in Fund Balance	211,239	147,398	189,103	41,705
FUND BALANCE, October 1	2,035,641	2,035,641	2,035,641	-
FUND BALANCE, September 30	\$ 2,246,880	\$ 2,183,039	\$ 2,224,744	\$ 41,705



NONMAJOR ENTERPRISE FUNDS

Following are the nonmajor Enterprise Funds:

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

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

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 ASSETS
NONMAJOR ENTERPRISE FUNDS
AS OF SEPTEMBER 30, 2012

	Business-type Activities Enterprise Funds				Total Nonmajor Enterprise Funds
	Civic Center	Municipal Golf Course	Downtown Center Development	Recreation Revolving	
ASSETS					
Cash and cash equivalents	\$ 650,884	\$ 15,990	\$ 54,820	\$ 509,262	\$ 1,230,956
Investments	1,963,528	48,440	166,071	1,541,675	3,719,714
Receivables:					
Accounts	389,298	7,087	16,919	45,504	458,808
Accrued Interest	7,869	194	666	6,178	14,907
Other	-	-	-	800	800
Prepaid expenses and other assets	36,671	-	-	4,534	41,205
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	1,616,795	165,786	-	352,657	2,135,238
Furniture and fixtures	304,747	80,381	-	70,131	455,259
Less accumulated depreciation	(13,226,243)	(2,443,041)	-	(422,788)	(16,092,072)
Total capital assets (net of accumulated depreciation)	3,200,020	2,073,157	36,999	-	5,310,176
Total assets	6,248,270	2,144,868	275,475	2,107,953	10,776,566
LIABILITIES					
Current liabilities:					
Accounts payable	190,160	13,859	-	35,289	239,308
Accrued liabilities	58,552	7,612	-	17,487	83,651
Deferred revenue	200,204	-	-	602,059	802,263
Customer deposits	-	-	-	284,168	284,168
Liability for compensated absences	35,638	18,071	-	21,333	75,042
Total current liabilities	484,554	39,542	-	960,336	1,484,432
Noncurrent liabilities:					
Liability for compensated absences	380,012	18,391	-	54,154	452,557
Total noncurrent liabilities	380,012	18,391	-	54,154	452,557
Total liabilities	864,566	57,933	-	1,014,490	1,936,989
NET ASSETS					
Invested in capital assets (net of related debt)	3,200,020	2,073,157	36,999	-	5,310,176
Unrestricted	2,183,684	13,778	238,476	1,093,463	3,529,401
Total Net Assets	\$ 5,383,704	\$ 2,086,935	\$ 275,475	\$ 1,093,463	\$ 8,839,577

CITY OF PLANO, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-type Activities Enterprise Funds				Total Nonmajor Enterprise Funds
	Civic Center	Municipal Golf Course	Downtown Center Development	Recreation Revolving	
Operating revenues:					
Charges for sales and services:					
Service charges	\$ 1,809,579	\$ 924,421	\$ 67,828	\$ 3,801,670	\$ 6,603,498
Miscellaneous charges	2,997	9,112	-	68,812	80,921
Total operating revenues	<u>1,812,576</u>	<u>933,533</u>	<u>67,828</u>	<u>3,870,482</u>	<u>6,684,419</u>
Operating expenses:					
Personnel services	2,656,737	508,181	-	1,231,460	4,396,378
Contractual services	3,076,003	206,157	9,327	1,758,181	5,049,668
Supplies	560,443	117,287	-	209,374	887,104
Depreciation	50,477	160,569	-	-	211,046
Miscellaneous	43,099	243	-	24,317	67,659
Total operating expenses	<u>6,386,759</u>	<u>992,437</u>	<u>9,327</u>	<u>3,223,332</u>	<u>10,611,855</u>
Operating income (loss)	<u>(4,574,183)</u>	<u>(58,904)</u>	<u>58,501</u>	<u>647,150</u>	<u>(3,927,436)</u>
Nonoperating revenues (expenses):					
Investment income	22,593	-	1,832	16,311	40,736
Hotel/motel tax	4,669,257	-	-	-	4,669,257
Miscellaneous	(1,053)	-	-	-	(1,053)
Total nonoperating revenue	<u>4,690,797</u>	<u>-</u>	<u>1,832</u>	<u>16,311</u>	<u>4,708,940</u>
Income (loss) before transfers	116,614	(58,904)	60,333	663,461	781,504
Transfers out	<u>(329,319)</u>	<u>(48,025)</u>	<u>-</u>	<u>(177,693)</u>	<u>(555,037)</u>
Change in net assets	<u>(212,705)</u>	<u>(106,929)</u>	<u>60,333</u>	<u>485,768</u>	<u>226,467</u>
Total net assets-beginning	<u>5,596,409</u>	<u>2,193,864</u>	<u>215,142</u>	<u>607,695</u>	<u>8,613,110</u>
Total net assets-ending	<u>\$ 5,383,704</u>	<u>\$ 2,086,935</u>	<u>\$ 275,475</u>	<u>\$ 1,093,463</u>	<u>\$ 8,839,577</u>

CITY OF PLANO, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-type Activities Enterprise Funds				Total Nonmajor Enterprise Funds
	Civic Center	Municipal Golf Course	Downtown Center Development	Recreation Revolving	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,938,476	\$ 926,446	\$ 50,909	\$ 3,885,862	\$ 6,801,693
Cash payments to suppliers for goods and services	(3,626,688)	(366,159)	(9,507)	(1,990,329)	(5,992,683)
Cash payments to employees for services	(2,652,301)	(516,609)	-	(1,238,480)	(4,407,390)
Net cash provided (used) by operating activities	(4,340,513)	43,678	41,402	657,053	(3,598,380)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Hotel/motel tax	4,669,257	-	-	-	4,669,257
Transfers to other funds	(329,319)	(48,025)	-	(177,693)	(555,037)
Net cash provided (used) by noncapital financing activities	4,339,938	(48,025)	-	(177,693)	4,114,220
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(25,530)	(6,749)	-	-	(32,279)
Proceeds from insurance damages	105	-	-	-	105
Net cash used by capital and related financing activities	(25,425)	(6,749)	-	-	(32,174)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(1,963,528)	(48,440)	(166,071)	(1,541,675)	(3,719,714)
Proceeds from sale and maturities of investment securities	1,859,737	53,687	126,434	1,106,845	3,146,703
Interest on investments	9,042	(257)	379	2,156	11,320
Increase (decrease) in fair value of investments	12,853	270	1,275	12,245	26,643
Net cash provided (used) by investing activities	(81,896)	5,260	(37,983)	(420,429)	(535,048)
Net increase (decrease) in cash and cash equivalents	(107,896)	(5,836)	3,419	58,931	(51,382)
Cash and cash equivalents, October 1	758,780	21,826	51,401	450,331	1,282,338
Cash and cash equivalents, September 30	\$ 650,884	\$ 15,990	\$ 54,820	\$ 509,262	\$ 1,230,956

Noncash disclosure:

Increase in fair value of investments	\$ 12,853	\$ 270	\$ 1,275	\$ 12,245	\$ 26,643
Transfer out of capital assets	-	(29)	-	-	(29)

(continued)

CITY OF PLANO, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 (continued)

	Business-type Activities Enterprise Funds				Total Nonmajor Enterprise Funds
	Civic Center	Municipal Golf Course	Downtown Center Development	Recreation Revolving	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (4,574,183)	\$ (58,904)	\$ 58,501	\$ 647,150	\$ (3,927,436)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	50,477	160,569	-	-	211,046
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	98,786	(7,087)	(16,919)	(39,287)	35,493
Other receivable	-	-	-	1,451	1,451
Prepaid expenses and other assets	(3,604)	-	-	(3,782)	(7,386)
Increase (decrease) in:					
Accounts payable	56,461	(33,360)	(180)	3,874	26,795
Accrued liabilities	11,653	(15,028)	-	(1,328)	(4,703)
Liability for compensated absences	(7,217)	6,600	-	(5,737)	(6,354)
Customer deposits	-	(9,112)	-	50,250	41,138
Deferred revenue	27,114	-	-	4,462	31,576
Total adjustments	<u>233,670</u>	<u>102,582</u>	<u>(17,099)</u>	<u>9,903</u>	<u>329,056</u>
Net cash provided (used) by operating activities	<u>\$ (4,340,513)</u>	<u>\$ 43,678</u>	<u>\$ 41,402</u>	<u>\$ 657,053</u>	<u>\$ (3,598,380)</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 ASSETS
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2012**

	Equipment Maintenance	Municipal Warehouse	Technology Services
ASSETS			
Cash and cash equivalents	\$ 4,874,549	\$ 46,752	\$ 3,512,041
Investments	14,766,150	141,324	10,639,229
Receivables:			
Accounts	95,570	147,050	-
115 Trust	-	-	-
Accrued interest	59,178	566	42,638
Other	400	-	-
Due from other funds	3,380	-	-
Inventories	191,592	812,025	-
Prepaid items	-	-	160,301
Restricted assets:			
Cash and cash equivalents	-	-	796,984
Investments	-	-	2,414,351
Accrued interest receivable	-	-	9,676
Capital assets:			
Land	51,515	-	11,007
Buildings	5,264,915	-	579,543
Equipment	11,227,346	108,335	30,423,347
Furniture and fixtures	42,662	10,527	57,449
Rolling equipment	43,187,875	-	-
Less accumulated depreciation	(37,894,491)	(116,061)	(21,378,496)
Total capital assets (net of accumulated depreciation)	<u>21,879,822</u>	<u>2,801</u>	<u>9,692,850</u>
Total Assets	<u>41,870,641</u>	<u>1,150,518</u>	<u>27,268,070</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	484,081	137,010	1,472,925
Accrued liabilities	30,542	5,813	65,417
Due to other funds	-	-	124,031
Compensated absences	4,788	13,217	180,484
Liability for insurance claims	-	-	-
Total current liabilities	<u>519,411</u>	<u>156,040</u>	<u>1,842,857</u>
NONCURRENT LIABILITIES:			
Compensated absences	148,694	13,699	290,919
Liability for insurance claims	-	-	-
Total Liabilities	<u>668,105</u>	<u>169,739</u>	<u>2,133,776</u>
NET ASSETS			
Invested in capital assets	21,879,822	2,801	9,692,850
Unrestricted	19,322,714	977,978	15,441,444
Total net assets	<u>\$ 41,202,536</u>	<u>\$ 980,779</u>	<u>\$ 25,134,294</u>

Property/ Liability Loss	Health Claims	Total
\$ 1,285,773	\$ 6,507,582	\$ 16,226,697
3,895,065	19,713,791	49,155,559
30,964	-	273,584
-	200,751	200,751
15,610	79,006	196,998
-	-	400
-	543,294	546,674
-	-	1,003,617
-	217,318	377,619
-	-	796,984
-	-	2,414,351
-	-	9,676
-	-	62,522
-	-	5,844,458
532,340	-	42,291,368
6,735	-	117,373
-	-	43,187,875
(539,075)	-	(59,928,123)
-	-	31,575,473
<u>5,227,412</u>	<u>27,261,742</u>	<u>102,778,383</u>
40,047	61,819	2,195,882
161,592	-	263,364
-	-	124,031
1,726	-	200,215
<u>3,039,630</u>	<u>1,971,030</u>	<u>5,010,660</u>
<u>3,242,995</u>	<u>2,032,849</u>	<u>7,794,152</u>
35,791	-	489,103
<u>866,328</u>	-	<u>866,328</u>
<u>4,145,114</u>	<u>2,032,849</u>	<u>9,149,583</u>
-	-	31,575,473
<u>1,082,298</u>	<u>25,228,893</u>	<u>62,053,327</u>
<u>\$ 1,082,298</u>	<u>\$ 25,228,893</u>	<u>\$ 93,628,800</u>

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Equipment Maintenance</u>	<u>Municipal Warehouse</u>	<u>Technology Services</u>
REVENUES:			
Charges for services	\$ 15,372,706	\$ 3,692,929	\$ 13,815,412
Miscellaneous	4,135	7,966	-
Total operating revenues	<u>15,376,841</u>	<u>3,700,895</u>	<u>13,815,412</u>
EXPENSES:			
Personnel services	2,347,842	493,750	4,754,802
Contractual services	1,135,986	37,402	6,790,838
Supplies	4,468,827	3,148,798	498,023
Claims expense	-	-	-
Depreciation	6,270,406	526	1,277,789
Other postemployment benefits	-	-	-
Miscellaneous	45,508	15,929	765
Total operating expenses	<u>14,268,569</u>	<u>3,696,405</u>	<u>13,322,217</u>
Operating income	<u>1,108,272</u>	<u>4,490</u>	<u>493,195</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	169,989	1,218	154,694
Gain (loss) on capital asset disposal	594,904	40,269	(44,760)
Intergovernmental revenues	168	-	-
Miscellaneous	4,016	-	3,797
Total nonoperating revenues	<u>769,077</u>	<u>41,487</u>	<u>113,731</u>
Income before transfers	1,877,349	45,977	606,926
Transfers in	206,371	-	-
Transfers out	-	-	(423,544)
Change in net assets	<u>2,083,720</u>	<u>45,977</u>	<u>183,382</u>
Total net assets-beginning	39,118,816	934,802	24,950,912
Total net assets -ending	<u>\$ 41,202,536</u>	<u>\$ 980,779</u>	<u>\$ 25,134,294</u>

Property/ Liability Loss	Health Claims	Total
\$ 5,204,135	\$ 30,512,812	\$ 68,597,994
168,084	25	180,210
<u>5,372,219</u>	<u>30,512,837</u>	<u>68,778,204</u>
456,960	-	8,053,354
1,439,989	3,092,717	12,496,932
17,653	-	8,133,301
3,219,988	17,717,107	20,937,095
-	-	7,548,721
-	4,750,679	4,750,679
2,498	-	64,700
<u>5,137,088</u>	<u>25,560,503</u>	<u>61,984,782</u>
235,131	4,952,334	6,793,422
43,491	233,081	602,473
-	-	590,413
-	-	168
-	-	7,813
<u>43,491</u>	<u>233,081</u>	<u>1,200,867</u>
278,622	5,185,415	7,994,289
611,050	-	817,421
-	-	(423,544)
<u>889,672</u>	<u>5,185,415</u>	<u>8,388,166</u>
192,626	20,043,478	85,240,634
<u>\$ 1,082,298</u>	<u>\$ 25,228,893</u>	<u>\$ 93,628,800</u>

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Equipment Maintenance</u>	<u>Municipal Warehouse</u>	<u>Technology Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 15,277,491	\$ 3,693,038	\$ 13,939,442
Cash payments to suppliers for goods and services	(5,582,640)	(3,223,811)	(6,115,835)
Cash payments to employees for services	(2,317,173)	(500,024)	(5,043,982)
Net cash provided (used) by operating activities	<u>7,377,678</u>	<u>(30,797)</u>	<u>2,779,625</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	-	-	(423,544)
Transfers from other funds	206,371	-	-
Intergovernmental receipts	168	-	-
Net cash provided (used) by noncapital financing activities	<u>206,539</u>	<u>-</u>	<u>(423,544)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(4,642,634)	-	(869,743)
Proceeds on sale of equipment	596,096	40,269	-
Proceeds from insurance damages	4,016	-	3,797
Net cash provided (used) by capital and related financing activities	<u>(4,042,522)</u>	<u>40,269</u>	<u>(865,946)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(14,766,150)	(141,324)	(13,053,580)
Proceeds from sales and maturities of investment securities	11,335,791	126,101	11,181,295
Interest on investments	41,712	166	58,147
Increase in fair value of investments	112,810	972	87,348
Net cash used by investing activities	<u>(3,275,837)</u>	<u>(14,085)</u>	<u>(1,726,790)</u>
Net increase (decrease) in cash and cash equivalents	265,858	(4,613)	(236,655)
Cash and cash equivalents, October 1	<u>4,608,691</u>	<u>51,365</u>	<u>4,545,680</u>
Cash and cash equivalents, September 30	<u>\$ 4,874,549</u>	<u>\$ 46,752</u>	<u>\$ 4,309,025</u>
Noncash disclosure:			
Increase in fair value of investments	\$ 112,810	\$ 972	\$ 87,348

Property/ Liability Loss	Health Claims	Total
\$ 5,346,370	\$ 29,873,760	\$ 68,130,101
(4,745,291)	(25,833,428)	(45,501,005)
(448,855)	-	(8,310,034)
<u>152,224</u>	<u>4,040,332</u>	<u>14,319,062</u>
-	-	(423,544)
611,050	-	817,421
-	-	168
<u>611,050</u>	<u>-</u>	<u>394,045</u>
-	-	(5,512,377)
-	-	636,365
-	-	7,813
<u>-</u>	<u>-</u>	<u>(4,868,199)</u>
(3,895,065)	(19,713,791)	(51,569,910)
3,112,370	15,617,537	41,373,094
10,869	66,636	177,530
29,013	147,661	377,804
<u>(742,813)</u>	<u>(3,881,957)</u>	<u>(9,641,482)</u>
20,461	158,375	203,426
<u>1,265,312</u>	<u>6,349,207</u>	<u>16,820,255</u>
<u>\$ 1,285,773</u>	<u>\$ 6,507,582</u>	<u>\$ 17,023,681</u>
\$ 29,013	\$ 147,661	\$ 377,804

(continued)

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(continued)**

	<u>Equipment Maintenance</u>	<u>Municipal Warehouse</u>	<u>Technology Services</u>
RECONCILIATION OF OPERATING INCOMETO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income	\$ 1,108,272	\$ 4,490	\$ 493,195
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	6,270,406	526	1,277,789
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(95,570)	(7,857)	-
Other receivable	(400)	-	-
Due from other funds	(3,380)	-	-
Prepaid items	1,682	-	(150,889)
Inventories	(13,324)	47,182	-
Increase (decrease) in:			
Accounts payable	79,323	(68,864)	1,324,679
Accrued liabilities	26	(88)	(3,670)
Due to other funds	-	-	124,031
Compensated absences	30,643	(6,186)	(285,510)
Liability for insurance claims	-	-	-
Total adjustments	<u>6,269,406</u>	<u>(35,287)</u>	<u>2,286,430</u>
Net cash provided (used) by operating activities	<u>\$ 7,377,678</u>	<u>\$ (30,797)</u>	<u>\$ 2,779,625</u>

<u>Property/ Liability Loss</u>	<u>Health Claims</u>	<u>Total</u>
\$ 235,131	\$ 4,952,334	\$ 6,793,422
-	-	7,548,721
(25,849)	(639,077)	(768,353)
-	-	(400)
-	-	(3,380)
4,599	(864)	(145,472)
-	-	33,858
(65,206)	31,867	1,301,799
(241)	-	(3,973)
-	-	124,031
8,346	-	(252,707)
(4,556)	(303,928)	(308,484)
<u>(82,907)</u>	<u>(912,002)</u>	<u>7,525,640</u>
<u>\$ 152,224</u>	<u>\$ 4,040,332</u>	<u>\$ 14,319,062</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 ASSETS
 FIDUCIARY FUNDS
 AS OF SEPTEMBER 30, 2012**

	<u>Pension Trust Fund</u>	<u>Postemployment Benefits Trust Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,566,919	\$ 1,004,354	\$ 4,571,273
Investments:			
Other U.S. government obligations	2,264,415	499,885	2,764,300
Corporate bonds	20,411,723	10,561,619	30,973,342
Common stocks	53,851,590	10,585,303	64,436,893
Foreign equities	2,809,970	-	2,809,970
Mutual funds	6,285,648	20,485,166	26,770,814
Real estate investment trusts	646,530	-	646,530
Accrued interest	293,607	127,415	421,022
Pending trades accrued interest	-	-	-
Total Assets	<u>90,130,402</u>	<u>43,263,742</u>	<u>133,394,144</u>
LIABILITIES			
Accounts payable	2,200	2,200	4,400
Payable to health claims fund	-	511,975	511,975
Payable from pending trades	-	54,124	54,124
Total Liabilities	<u>2,200</u>	<u>568,299</u>	<u>570,499</u>
NET ASSETS			
Held in trust for pension benefits	90,128,202		90,128,202
Held in trust for other postemployment benefits		42,695,443	42,695,443
Total Net Assets	<u>\$ 90,128,202</u>	<u>\$ 42,695,443</u>	<u>\$ 132,823,645</u>

**CITY OF PLANO, TEXAS
 COMBINING STATEMENT OF CHANGES IN PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST
 FUNDS NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Pension Trust Fund</u>	<u>Postemployment Benefits Trust Fund</u>	<u>Total</u>
ADDITIONS			
Contributions:			
From employers	\$ 3,518,203	\$ 4,750,679	\$ 8,268,882
From retirees	-	882,509	882,509
Total contributions	<u>3,518,203</u>	<u>5,633,188</u>	<u>9,151,391</u>
Investment return:			
Net decrease in fair value of investments	12,846,494	4,989,711	17,836,205
Interest	1,030,559	442,577	1,473,136
Dividends	1,387,998	532,083	1,920,081
Miscellaneous	30,510	1,878	32,388
Total investment return	<u>15,295,561</u>	<u>5,966,249</u>	<u>21,261,810</u>
Less investment expenses:			
Trustee fees	121,109	50,540	171,649
Advisory fees	86,677	86,272	172,949
Audit fee	31,050	16,650	47,700
Actuary fee	5,072	18,000	23,072
Total investment expenses	<u>243,908</u>	<u>171,462</u>	<u>415,370</u>
Net investment return	<u>15,051,653</u>	<u>5,794,787</u>	<u>20,846,440</u>
Total additions, net	<u>18,569,856</u>	<u>11,427,975</u>	<u>29,997,831</u>
DEDUCTIONS			
Benefits	2,632,762	3,621,055	6,253,817
Miscellaneous expenses	4,946	233	5,179
Total deductions	<u>2,637,708</u>	<u>3,621,288</u>	<u>6,258,996</u>
Net increase	15,932,148	7,806,687	23,738,835
Net assets held in trust - beginning of year	<u>74,196,054</u>	<u>34,888,756</u>	<u>109,084,810</u>
Net assets held in trust - end of year	<u>\$ 90,128,202</u>	<u>\$ 42,695,443</u>	<u>\$ 132,823,645</u>

**CITY OF PLANO, TEXAS
 COMBINING STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 AS OF SEPTEMBER 30, 2012**

	<u>Agency Funds</u>		<u>Total Agency Funds</u>
	<u>Developers' Escrow</u>	<u>Unclaimed Property</u>	
ASSETS			
Cash and cash equivalents	\$ 599,590	\$ 17,847	\$ 617,437
Investments	1,816,373	54,066	1,870,439
Accrued interest	7,279	217	7,496
Total Assets	<u>2,423,242</u>	<u>72,130</u>	<u>2,495,372</u>
LIABILITIES			
Developers' escrow liability	2,423,242	-	2,423,242
Unclaimed property payable	-	72,130	72,130
Total Liabilities	<u>\$ 2,423,242</u>	<u>\$ 72,130</u>	<u>\$ 2,495,372</u>

CITY OF PLANO, TEXAS
 COMBINING STATEMENT OF CHANGES IN AGENCY FUNDS ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Balance,</u> <u>October 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>September 30, 2012</u>
Developers' Escrow Fund				
ASSETS				
Cash and cash equivalents	\$ 707,438	\$ -	\$ 107,848	\$ 599,590
Investments	1,740,130	76,243	-	1,816,373
Accrued interest receivable	6,710	569	-	7,279
Total assets	<u>\$ 2,454,278</u>	<u>\$ 76,812</u>	<u>\$ 107,848</u>	<u>\$ 2,423,242</u>
LIABILITIES				
Developers' escrow liability	2,454,278	-	31,036	2,423,242
Total liabilities	<u>\$ 2,454,278</u>	<u>\$ -</u>	<u>\$ 31,036</u>	<u>\$ 2,423,242</u>
Unclaimed Property Fund				
ASSETS				
Cash and cash equivalents	\$ 19,567	\$ -	\$ 1,720	\$ 17,847
Investments	48,130	5,936	-	54,066
Accrued interest receivable	186	31	-	217
Total assets	<u>\$ 67,883</u>	<u>\$ 5,967</u>	<u>\$ 1,720</u>	<u>\$ 72,130</u>
LIABILITIES				
Unclaimed property payable	67,883	4,247	-	72,130
Total liabilities	<u>\$ 67,883</u>	<u>\$ 4,247</u>	<u>\$ -</u>	<u>\$ 72,130</u>
Total Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 727,005	\$ -	\$ 109,568	\$ 617,437
Investments	1,788,260	82,179	-	1,870,439
Accrued interest receivable	6,896	600	-	7,496
Total assets	<u>\$ 2,522,161</u>	<u>\$ 82,779</u>	<u>\$ 109,568</u>	<u>\$ 2,495,372</u>
LIABILITIES				
Developers' escrow liability	2,454,278	-	31,036	2,423,242
Unclaimed property payable	67,883	4,247	-	72,130
Total liabilities	<u>\$ 2,522,161</u>	<u>\$ 4,247</u>	<u>\$ 31,036</u>	<u>\$ 2,495,372</u>



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 ASSETS
DISCRETELY PRESENTED COMPONENT UNIT
AS OF SEPTEMBER 30, 2012**

	TIF
	East Side
ASSETS	
Current:	
Cash and cash equivalents	\$ 1,859,349
Investments	5,655,207
Noncurrent:	
Capital assets, net	1,689,798
Total Assets	<u>9,204,354</u>
LIABILITIES	
Current:	
Accounts payable	1,126
Total Liabilities	<u>1,126</u>
NET ASSETS	
Invested in capital assets (net of related debt)	1,689,798
Unrestricted	7,513,430
Total Net Assets	<u>\$ 9,203,228</u>

**CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	TIF East Side
EXPENSES	
Contractual services	\$ 3,042,799
Depreciation	<u>1,296,967</u>
Total operating expenses	<u>4,339,766</u>
Operating loss	(4,339,766)
 NONOPERATING REVENUES	
Property taxes	<u>2,510,207</u>
Total nonoperating revenues	<u>2,510,207</u>
 Change in net assets	(1,829,559)
 Total net assets-beginning	<u>11,032,787</u>
Total net assets-ending	<u><u>\$ 9,203,228</u></u>

**CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	TIF East Side
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash payments to suppliers for goods and services	\$ (3,047,020)
Net cash used by operating activities	<u>(3,047,020)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes	<u>2,510,207</u>
Net cash provided by noncapital financing activities	<u>2,510,207</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	<u>(1,579,168)</u>
Net cash used by operating and related financing activities	<u>(1,579,168)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment securities	(5,655,207)
Proceeds from sales and maturities of investment securities	<u>6,854,564</u>
Net cash provided by investing activities	<u>1,199,357</u>
Net decrease in cash and cash equivalents	(916,624)
Cash and cash equivalents, October 1	<u>2,775,973</u>
Cash and cash equivalents, September 30	<u>\$ 1,859,349</u>

CITY OF PLANO, TEXAS
 STATEMENT OF CASH FLOWS
 DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 (continued)

	<u>TIF</u> <u>East Side</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (4,339,766)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	1,296,967
Changes in assets and liabilities-	
Decrease in:	
Accounts payable	<u>(4,221)</u>
Total adjustments	<u>1,292,746</u>
 Net cash used by operating activities	 <u>\$ (3,047,020)</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.	104-109
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	110-113
<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.	114-119
<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.	120-121
<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.	122-126

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

Table 1

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Invested in capital assets, net of related debt	\$663,420,473	\$665,695,098	\$663,597,387	\$728,662,561	\$700,704,326	\$680,315,170	\$650,438,402	\$613,733,146	\$589,409,075	\$479,414,392
Restricted	50,707,627	46,410,136	1,182,560	3,270,626	5,473,218	4,647,374	2,149,959	1,922,052	216,903	87,341,705
Unrestricted	185,546,080	162,537,262	165,352,118	72,524,094	78,416,391	78,312,580	75,071,790	56,238,723	51,176,536	49,956,552
Total governmental activities net assets	<u>\$899,674,180</u>	<u>\$874,642,496</u>	<u>\$830,132,065</u>	<u>\$804,457,281</u>	<u>\$784,593,935</u>	<u>\$763,275,124</u>	<u>\$727,660,151</u>	<u>\$671,893,921</u>	<u>\$640,802,514</u>	<u>\$616,712,649</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$363,340,513	\$362,757,006	\$367,024,467	\$383,531,217	\$376,593,433	\$370,233,734	\$356,802,993	\$350,430,598	\$347,518,646	\$313,029,967
Restricted	2,671,383	2,514,172	2,639,954	3,911,737	6,588,596	4,735,897	6,532,464	5,306,823	6,766,092	28,039,557
Unrestricted	78,609,397	81,237,936	57,584,753	25,620,288	25,092,659	19,637,859	24,893,803	18,175,790	15,882,295	25,278,444
Total business-type activities net assets	<u>\$444,621,293</u>	<u>\$446,509,114</u>	<u>\$427,249,174</u>	<u>\$413,063,242</u>	<u>\$408,274,688</u>	<u>\$394,607,490</u>	<u>\$388,229,260</u>	<u>\$373,913,211</u>	<u>\$370,167,033</u>	<u>\$366,347,968</u>
Primary government:										
Invested in capital assets, net of related debt	\$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	\$936,927,721	\$792,444,359
Restricted	53,379,010	48,924,308	3,822,514	7,182,363	12,061,814	9,383,271	8,682,423	7,228,875	6,982,995	115,381,262
Unrestricted	264,155,477	243,775,198	222,936,871	98,144,382	103,509,050	97,950,439	99,965,593	74,414,513	67,058,831	75,234,996
Total primary government net assets	<u>\$1,344,295,473</u>	<u>\$1,321,151,610</u>	<u>\$1,257,381,239</u>	<u>\$1,217,520,523</u>	<u>\$1,192,868,623</u>	<u>\$1,157,882,614</u>	<u>\$1,115,889,411</u>	<u>\$1,045,807,132</u>	<u>\$1,010,969,547</u>	<u>\$983,060,617</u>

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

Table 2

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities:										
General government	\$23,945,434	\$17,854,055	\$18,468,819	\$14,360,212	\$9,052,498	\$12,820,474	\$12,869,160	\$9,610,588	\$12,512,878	\$17,438,330
Administrative services	7,925,435	7,595,755	7,799,815	8,294,111	8,423,416	7,814,137	7,249,106	6,793,122	5,768,394	6,528,175
Police	68,056,743	66,433,966	66,061,326	65,225,173	68,433,179	60,136,573	52,661,945	52,064,166	48,243,055	45,893,819
Fire	45,660,603	44,652,064	43,654,787	44,279,959	44,201,284	39,368,057	40,171,670	33,765,963	30,628,041	29,814,653
Libraries	9,765,576	10,136,834	10,295,418	11,104,945	11,765,263	10,560,624	9,616,271	8,921,361	9,061,682	9,350,720
Development	24,286,697	24,693,554	18,945,171	19,929,365	20,447,190	19,508,839	18,482,899	17,415,770	16,295,697	15,320,345
Public services and operations	5,469,346	5,602,338	5,662,869	5,645,771	5,402,333	5,213,097	5,069,129	4,760,409	4,879,335	4,607,610
Parks and recreation	26,999,247	25,773,639	27,219,522	26,170,315	26,134,622	22,645,606	20,491,397	19,220,854	17,705,076	18,614,020
Public works	32,261,282	30,868,916	34,002,485	28,025,006	27,944,393	26,677,227	25,864,753	25,047,789	24,743,556	25,157,249
Technology services	14,144,322	14,738,189	13,806,148	14,008,840	13,686,048	12,951,258	11,113,407	12,319,110	11,963,912	9,596,783
Other	-	-	1,963,496	5,480,962	7,401,221	6,577,443	858,379	633,447	752,988	752,748
Interest on Long-Term Debt	13,546,098	13,821,383	14,089,411	14,640,081	14,625,019	12,503,580	12,009,766	9,882,495	13,907,340	14,830,089
Unallocated depreciation	-	-	111,959	96,934	102,199	100,907	93,337	37,954	38,323	41,175
Total governmental activities expenses	272,060,783	262,170,693	262,081,226	257,261,674	257,618,665	236,877,822	216,551,219	200,473,028	196,500,277	197,945,716
Business-type activities:										
Water and sewer	108,565,144	101,645,618	97,546,366	96,352,987	83,264,179	78,413,719	79,400,088	74,996,817	71,292,512	69,729,462
Environmental waste services	23,342,162	23,431,488	21,163,351	21,354,795	21,863,854	19,298,289	18,346,330	17,775,614	15,856,929	15,640,696
Municipal drainage	4,223,993	3,952,974	4,051,080	3,843,011	3,530,079	3,429,488	3,118,453	3,012,858	2,895,673	2,586,813
Civic center	6,098,248	5,889,739	6,393,145	7,331,173	7,311,505	6,416,054	5,751,129	5,488,081	5,075,801	5,107,302
Municipal golf course	965,133	231,640	718,046	870,436	1,000,257	885,158	935,483	1,052,789	1,188,468	927,797
Property management	-	-	59,678	32,053	39,291	78,759	25,940	65,746	86,193	75,118
Recreation revolving	3,226,272	3,176,716	3,216,311	3,191,594	3,096,166	2,642,687	2,436,064	2,471,405	2,409,349	2,401,070
Downtown center development	9,327	55,683	47,918	47,917	46,176	46,784	43,356	42,668	42,668	42,668
Total business-type activities expenses	146,430,279	138,383,858	133,195,895	133,023,966	120,151,507	111,210,938	110,056,843	104,905,978	98,847,593	96,510,926
Total primary government expenses	\$418,491,062	\$400,554,551	\$395,277,121	\$390,285,640	\$377,770,172	\$348,088,760	\$326,608,062	\$305,379,006	\$295,347,870	\$294,456,642
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$5,561,420	\$4,739,503	\$1,394,826	\$994,964	\$1,634,183	\$1,009,164	\$1,056,168	\$1,123,970	\$896,238	\$622,533
Administrative services	8,200	-	-	-	-	-	-	-	-	-
Police	16,242,970	15,458,080	15,429,740	15,344,518	12,939,924	12,413,238	12,839,712	11,401,502	12,162,718	11,986,491
Fire	4,461,129	3,630,026	3,882,667	4,161,383	3,801,412	3,446,175	3,396,538	3,114,030	2,807,624	2,630,739
Libraries	449,743	473,956	500,514	545,755	453,572	496,697	478,457	415,128	413,414	384,080
Development	5,274,987	4,833,730	3,990,274	3,175,176	4,686,571	5,124,766	7,038,776	5,363,885	4,849,896	4,503,747
Public services and operations	1,431,446	1,319,479	1,333,016	1,277,357	1,150,449	1,016,193	1,005,080	900,055	882,984	803,013
Parks and recreation	4,528,827	4,179,352	4,058,923	3,952,244	3,685,465	2,357,306	2,629,899	2,088,269	2,269,333	2,234,251
Public works	175,256	194,348	247,408	40,592	104,028	84,217	93,534	670,985	115,206	830,296
Technology services	2,796,312	2,626,768	2,870,243	2,882,354	2,590,036	2,459,419	2,315,210	2,713,243	1,411,457	2,388,886
Operating grants and contributions	10,244,037	5,624,013	6,858,965	7,430,737	4,773,881	4,592,308	9,695,987	4,419,525	3,979,053	3,714,781
Capital grants and contributions	5,158,140	13,736,398	20,765,810	10,939,098	9,654,400	13,499,864	16,672,181	11,494,632	9,479,363	11,396,047
Total governmental activities program revenues	56,332,467	56,815,653	61,332,386	50,744,178	45,473,921	46,499,347	57,221,542	43,705,224	39,267,286	41,494,864

(continued)

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

**Table 2
(continued)**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Business-type activities:										
Charges for services:										
Water and sewer	\$114,415,670	\$128,109,639	\$116,516,442	\$108,076,125	\$100,049,904	\$83,598,039	\$90,197,835	\$80,490,282	\$75,116,766	\$78,836,837
Environmental waste services	16,096,610	16,368,530	15,616,880	15,101,758	14,772,782	14,196,523	12,784,020	12,239,098	11,926,172	10,099,001
Municipal drainage	5,208,675	5,228,986	5,161,087	5,050,406	4,995,106	4,986,648	4,918,531	4,653,546	4,684,635	4,651,887
Civic center	1,812,576	1,822,231	2,180,520	2,439,129	2,693,882	2,589,358	2,414,989	2,203,629	1,968,913	1,969,739
Municipal golf course	933,533	65,906	600,919	792,753	846,096	823,353	907,325	1,009,294	905,720	863,653
Property management	-	9,967	7,594	42,309	72,567	81,587	85,789	84,468	74,301	94,538
Recreation revolving	3,870,482	3,347,434	3,545,142	3,325,754	3,080,725	2,765,100	2,656,865	2,600,095	2,591,140	2,486,156
Downtown center development	67,828	68,128	68,128	68,127	68,127	68,127	68,127	67,679	67,879	84,596
Operating grants and contributions	1,070,468	1,568,388	60,194	339,804	60,609	289,052	22,828	259,951	15,107	260,702
Capital grants and contributions	2,078,980	1,377,582	3,721,845	5,128,295	7,354,169	7,991,489	10,048,819	7,762,146	6,746,298	6,612,238
Total business-type activities program revenues	145,554,822	157,966,791	147,478,751	140,364,460	133,993,967	117,389,276	124,105,128	111,370,188	104,096,931	105,959,347
Total primary government program revenues	\$201,887,289	\$214,782,444	\$208,811,137	\$191,108,638	\$179,467,888	\$163,888,623	\$181,326,670	\$155,075,412	\$143,364,217	\$147,454,211
Net (Expense) Revenue										
Governmental Activities	(215,728,316)	(205,355,040)	(200,748,840)	(206,517,496)	(212,144,744)	(190,378,475)	(159,329,677)	(156,767,804)	(157,232,991)	(156,450,852)
Business-type Activities	(875,457)	19,582,933	14,282,856	7,340,494	13,842,460	6,178,338	14,048,285	6,464,210	5,249,338	9,448,421
Total primary government net (expense)	(216,603,773)	(185,772,107)	(186,465,984)	(199,177,002)	(198,302,284)	(184,200,137)	(145,281,392)	(150,303,594)	(151,983,653)	(147,002,431)
General revenues and transfers										
Governmental activities:										
Property taxes	\$130,761,336	\$128,274,660	\$129,741,125	\$127,265,332	\$123,054,998	\$114,157,316	\$104,809,088	\$100,094,935	\$97,679,382	\$97,806,975
Sales taxes	70,355,058	62,441,697	58,652,787	56,064,538	62,122,119	61,573,210	65,320,897	52,251,009	49,602,196	45,932,804
Mixed drink taxes	1,061,390	1,140,818	1,103,815	997,051	1,003,932	983,663	814,346	680,135	613,182	548,213
Other taxes	167,773	206,389	77,968	118,580	360,115	225,445	215,439	135,574	129,814	92,480
Franchise fees	22,668,521	23,220,388	22,361,082	23,995,388	23,022,217	22,463,447	22,114,560	19,200,896	19,226,216	19,896,556
Investment income	2,926,435	4,756,044	3,473,366	4,632,949	10,683,028	13,985,970	9,914,048	3,558,018	3,797,449	4,546,042
Transfers	12,819,487	29,825,475	11,103,481	13,307,004	13,217,146	12,604,397	11,907,529	11,938,644	10,274,617	9,832,967
Total governmental activities	240,760,000	249,865,471	226,513,624	226,380,842	233,463,555	225,993,448	215,095,907	187,859,211	181,322,856	178,656,037
Business-type activities:										
Hotel/Motel tax	4,669,257	4,722,431	4,098,810	3,951,890	4,909,061	4,741,492	4,416,422	3,423,055	3,076,824	2,900,308
Franchise fees	6,498,108	6,761,347	6,286,201	6,198,973	6,721,464	6,259,512	5,876,771	5,254,809	5,021,716	4,979,213
Investment income	639,758	795,789	531,546	604,201	1,411,359	1,803,285	1,882,100	542,748	745,804	924,075
Transfers	(12,819,487)	(12,602,560)	(11,013,481)	(13,307,004)	(13,217,146)	(12,604,397)	(11,907,529)	(11,938,644)	(10,274,617)	(9,832,967)
Total business-type activities	(1,012,364)	(322,993)	(96,924)	(2,551,940)	(175,262)	199,892	267,764	(2,718,032)	(1,430,273)	(1,029,371)
Total primary government	\$239,747,636	\$249,542,478	\$226,416,700	\$223,828,902	\$233,288,293	\$226,193,340	\$215,363,671	\$185,141,179	\$179,892,583	\$177,626,666
Change in Net Assets										
Governmental activities	\$25,031,684	\$44,510,431	\$25,674,784	\$19,863,346	\$21,318,811	\$35,614,973	\$55,766,230	\$31,091,407	\$24,089,865	\$22,205,185
Business-type activities	(1,887,821)	19,259,940	14,185,932	4,788,554	13,667,198	6,378,230	14,316,049	3,746,178	3,819,065	8,419,050
Total primary government	\$23,143,863	\$63,770,371	\$39,860,716	\$24,651,900	\$34,986,009	\$41,993,203	\$70,082,279	\$34,837,585	\$27,908,930	\$30,624,235

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Nonspendable	\$ 189,920	\$ 176,588	\$ 2,321,839	\$ 6,976,517	\$ 6,678,087	\$ 7,015,867	\$ 7,539,035	\$ 7,818,018	\$ 8,030,656	\$ 7,518,648
Assigned	2,579,810	3,110,127	4,604,162	4,055,302	2,683,725	1,566,433	2,776,694	2,283,707	3,718,284	1,682,711
Unassigned	50,197,033	41,547,010	34,474,576	31,712,311	35,379,734	37,101,360	38,488,933	29,122,461	27,747,994	20,600,580
Total general fund	<u>\$ 52,966,763</u>	<u>\$ 44,833,725</u>	<u>\$ 41,400,577</u>	<u>\$ 42,744,130</u>	<u>\$ 44,741,546</u>	<u>\$ 45,683,660</u>	<u>\$ 48,804,662</u>	<u>\$ 39,224,186</u>	<u>\$ 39,496,934</u>	<u>\$ 29,801,939</u>
All Other Governmental Funds										
Nonspendable	\$ 905	\$ 4,405	\$ -	\$ 2,680	\$ 6,195	\$ 2,702	\$ 4,490	\$ 980,407	\$ 958,260	\$ 325
Restricted	93,888,376	80,004,218	61,975,246	85,435,605	74,471,250	56,380,230	35,828,799	39,285,018	25,978,787	50,945,726
Committed	20,280,369	16,052,538	-	-	-	-	-	-	-	-
Assigned	63,918,355	59,782,814	71,516,720	61,199,709	76,924,976	61,357,467	73,919,423	45,872,910	42,363,802	35,241,892
Unassigned	-	-	(374,071)	-	-	-	-	(19,468)	-	(191,881)
Total all other governmental funds	<u>\$ 178,088,005</u>	<u>\$ 155,843,975</u>	<u>\$ 133,117,895</u>	<u>\$ 146,637,994</u>	<u>\$ 151,402,421</u>	<u>\$ 117,740,399</u>	<u>\$ 109,752,712</u>	<u>\$ 86,118,867</u>	<u>\$ 69,300,849</u>	<u>\$ 85,996,062</u>

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Taxes:										
Property taxes	\$121,496,666	\$117,691,853	\$121,312,517	\$119,568,563	\$114,494,640	\$107,059,153	\$97,121,351	\$93,311,613	\$91,655,523	\$90,100,086
Other taxes	71,089,176	63,851,345	59,176,584	57,577,341	63,266,376	63,425,218	59,581,037	53,007,928	50,289,482	46,555,857
Franchise fees	21,895,025	22,770,634	21,886,667	23,586,443	22,628,847	22,039,441	21,720,865	19,200,896	19,226,216	19,698,926
Fines and forfeitures	12,111,722	10,949,125	10,912,913	10,982,616	9,167,406	9,822,913	10,125,683	8,961,337	9,806,522	9,738,545
Contributions	7,195,450	7,161,721	10,691,912	5,206,878	3,845,932	306,924	1,081,788	3,826,173	2,017,253	3,636,791
Rollback taxes	896,012	172,594	63,296	263,577	1,134,487	1,172,609	735,757	223,159	205,506	350,203
Licenses and permits	6,976,693	6,619,204	5,763,535	4,786,291	5,235,695	5,524,955	6,800,126	5,195,516	5,131,810	4,831,824
Intragovernmental	8,354,150	8,879,036	8,211,958	7,739,588	7,276,212	6,399,935	6,592,673	6,235,373	5,851,135	5,940,984
Intergovernmental	5,695,397	12,269,550	7,236,142	7,118,445	3,432,643	3,915,812	8,744,104	3,898,076	2,983,278	2,767,470
Fees for services	15,654,770	13,535,139	13,769,089	13,808,677	13,488,581	10,476,645	11,177,263	9,705,325	8,846,147	8,540,621
Assessments	56,776	157,805	88,375	10,094	25,465	99,741	443,672	202,427	197,763	542,131
Investment income	2,323,962	3,932,542	2,884,604	3,988,091	8,420,799	10,779,409	7,777,156	2,727,800	3,019,984	3,687,989
Proceeds from sale of capital assets	-	-	-	2,456,619	-	-	-	-	21,000	-
Miscellaneous	1,574,428	1,292,782	1,398,742	-	1,909,910	1,407,342	4,865,976	1,262,983	1,111,417	1,045,888
Total Revenues	275,320,227	269,283,330	263,396,334	257,093,223	254,326,993	242,430,097	236,767,451	207,758,606	200,363,036	197,437,315
Expenditures:										
Current:										
General government	23,684,196	21,355,266	392,129	613,652	878,675	1,255,206	1,309,980	577,990	2,764,025	2,912,453
Administrative services	7,998,091	7,978,998	7,901,744	8,239,334	8,208,019	7,916,611	7,282,215	6,892,456	6,312,095	6,509,715
Police	66,547,202	65,618,061	65,289,730	63,987,283	61,831,212	59,114,102	53,618,495	51,031,849	47,219,455	43,743,086
Fire	44,454,375	43,239,799	42,984,135	43,080,441	41,361,437	39,096,906	40,124,063	33,650,136	29,026,018	28,248,820
Libraries	9,146,500	9,392,127	9,926,819	10,314,568	10,467,040	10,139,905	9,238,861	8,705,346	8,564,913	8,702,926
Development	24,417,148	24,830,560	19,694,309	19,924,444	19,635,957	19,644,186	18,420,446	17,233,160	16,078,528	15,178,820
Public services and operations	5,515,414	5,653,648	5,634,193	5,757,144	5,377,281	5,403,953	5,063,124	4,786,528	4,548,593	4,363,610
Parks and recreation	18,729,207	18,792,674	19,909,716	21,407,832	20,681,818	18,785,397	16,709,740	15,891,574	13,961,744	13,602,042
Environmental waste services	875,569	1,284,956	88,202	300,339	53,576	258,275	19,845	215,025	14,194	249,778
Public works	5,327,481	5,538,454	5,592,600	5,840,246	5,820,027	5,764,590	5,273,610	5,395,278	4,948,866	5,038,706
Technology services	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	13,747,316	17,752,756
Capital outlay	33,542,010	47,374,962	64,827,368	60,362,017	54,679,984	68,000,143	49,933,401	44,443,506	35,349,894	41,042,654
Interest and fiscal charges	105,385	-	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	28,990,000	28,405,000	27,650,000	25,645,000	23,510,000	21,020,000	20,510,000	19,407,991	18,187,142	17,688,449
Interest and fiscal charges	14,219,545	14,128,251	14,553,158	15,037,063	14,598,200	12,837,888	12,154,302	10,669,530	13,527,706	14,616,031
Bond accretion	-	-	-	-	-	-	-	962,009	-	-
Total Expenditures	284,552,123	294,592,756	312,253,966	308,119,089	294,369,646	295,572,881	258,039,159	237,265,722	214,250,489	219,649,846
Deficiency Of Revenues										
Over Expenditures	(9,231,896)	(25,309,426)	(48,857,632)	(51,025,866)	(40,042,653)	(53,142,784)	(21,271,708)	(29,507,116)	(13,887,453)	(22,212,531)

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Other Financing Sources:										
Proceeds from sale of bonds	25,860,000	21,400,000	22,615,000	29,315,000	58,370,000	46,675,000	44,690,000	37,190,000	-	20,314,000
Bond proceeds-refunding	20,540,000	-	16,633,613	12,370,000	-	-	-	78,380,000	-	22,796,533
Premium on sale of bonds	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	(22,783,832)	-	(16,777,204)	(12,428,331)	-	-	-	(84,067,431)	-	(23,151,258)
Sale of land	-	-	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	23,893,031	24,366,126	21,898,253	25,390,773	24,276,733	23,414,508	23,687,190	22,349,005	21,611,533	17,910,089
Operating transfers out	(11,467,421)	(11,762,012)	(11,246,039)	(10,633,769)	(10,809,587)	(13,242,861)	(15,156,161)	(13,801,517)	(14,724,298)	(15,175,044)
Total Other Financing Sources	39,608,964	51,964,988	33,993,980	44,264,023	72,762,561	58,009,469	54,486,029	46,052,386	6,887,235	22,694,320
Net change in fund balances	30,377,068	26,655,562	(14,863,652)	(6,761,843)	32,719,908	4,866,685	33,214,321	16,545,270	(7,000,218)	481,789
Debt service as a percentage of noncapital expenditures	17.2%	17.2%	17.1%	16.4%	15.9%	14.9%	15.7%	16.1%	17.7%	18.1%

**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			
2003	15,264,661,366	6,407,096,419	2,617,931,276	4,095,469,553	20,194,219,508	0.4535
2004	15,881,648,854	6,294,650,068	2,266,621,779	4,044,250,374	20,398,670,327	0.4535
2005	16,332,126,225	6,546,216,987	2,242,943,854	4,251,552,256	20,869,734,810	0.4535
2006	16,979,745,491	6,758,241,962	2,255,993,450	4,344,715,518	21,649,265,385	0.4535
2007	17,812,371,500	7,138,331,140	2,375,828,520	4,497,389,848	22,829,141,312	0.4735
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

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		
2003	0.2864	0.1671	0.4535	100	1.7034	100	1.81	100	0.250	100	1.498	100	1.7700	100	0.2490	100	0.0920	100
2004	0.2908	0.1627	0.4535	100	1.7334	100	1.93	100	0.250	100	1.558	100	1.7700	100	0.2470	100	0.0920	100
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

(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	2012			2003		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Oncor Electric Delivery Company	\$ 187,037,658	1	0.75%	\$ 167,338,977	1	0.83%
J C Penney Inc	163,195,767	2	0.66%	159,977,471	2	0.79%
Legacy Campus LP	152,500,000	3	0.61%			
KBSIII Legacy Town Center LLC	106,000,000	4	0.43%			
HSP Of Texas Inc	105,338,347	5	0.42%			
United Dominion Realty LP	98,820,240	6	0.40%			
Tollway/121 Partners LTD	95,070,351	7	0.38%			
Electronic Data Systems Corporation	94,967,787	8	0.38%	124,527,452	5	0.62%
Ericsson Inc	93,903,019	9	0.38%			
Bank Of America NA	90,374,185	10	0.36%			
Alcatel USA Sourcing LP				88,705,487	3	0.44%
DSC Telecom LP				108,281,094	4	0.54%
EDS Information Services LLC				117,701,972	6	0.58%
Willow Bend Assoc LP				105,140,788	7	0.52%
Dallas Morning News LP				96,695,103	8	0.48%
Tollway/121 Partners Ltd				74,760,767	9	0.37%
Texas Instruments Inc				68,898,691	10	0.34%
	<u>\$ 1,187,207,354</u>		<u>4.77%</u>	<u>\$ 1,112,027,802</u>		<u>5.51%</u>

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Source: Collin County Appraisal District

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

Table 8

Fiscal Year	Total Tax Levy	Collection Current Year's Taxes During Period	Collections Transferred to TIF Component Units	Total Current Year Collections	Percent of Levy Collected During Fiscal Period	Collections in Subsequent Years	Total Tax Collections	Accumulated Delinquent Taxes	Ratio of Total Tax Collections to Current Levy
2003	91,504,269	89,097,226	1,491,645	90,588,871	99.0	836,723	91,425,594	78,675	99.91
2004	92,724,955	90,573,604	1,349,783	91,923,387	99.1	714,412	92,637,799	87,156	99.91
2005	94,735,250	92,286,096	1,455,736	93,741,832	99.0	894,651	94,636,483	98,767	99.90
2006	98,580,157	95,754,030	1,588,800	97,342,830	98.7	1,120,361	98,463,191	116,966	99.88
2007	108,186,053	105,461,839	1,870,213	107,332,052	99.2	721,762	108,053,814	132,239	99.88
2008	116,214,292	113,215,333	2,127,954	115,343,287	99.3	736,334	116,079,621	134,671	99.88
2009	121,434,014	118,459,942	2,205,306	120,665,248	99.4	577,245	121,242,493	191,521	99.84
2010	123,231,506	120,537,005	1,976,550	122,513,555	99.4	439,378	122,952,933	278,573	99.77
2011	* 119,311,553	117,076,366	1,740,962	118,817,328	99.6	254,214	119,071,542	240,011	99.80
2012	121,179,947	120,112,398	682,096	120,794,494	99.7	-	120,794,494	382,896	99.68

* 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 and Certificates of Obligation	Tax Anticipation Notes	Water and Sewer Revenue Bonds	Municipal Drainage Revenue Bonds			
2003	252,765,133	12,200,000	18,187,939	20,255,000	303,408,072	3.50	1,261
2004	234,577,991	9,115,000	15,555,143	19,325,000	278,573,134	3.34	1,132
2005	252,290,000	5,900,000	12,988,168	21,445,000	292,623,168	3.43	1,176
2006	276,470,000	2,555,000	10,472,042	21,730,000	311,227,042	3.28	1,225
2007	291,125,000	11,000,000	8,030,000	22,475,000	332,630,000	3.24	1,291
2008	310,580,000	26,405,000	5,750,000	23,170,000	365,905,000	3.37	1,399
2009	311,790,000	28,860,000	3,895,000	23,490,000	368,035,000	3.40	1,393
2010	311,295,000	23,990,000	1,955,000	25,650,000	362,890,000	3.70	1,369
2011	309,340,000	18,940,000	695,000	23,815,000	352,790,000	3.47	1,345
2012	310,530,000	13,695,000	365,000	21,850,000	346,440,000	3.43	1,314

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

Fiscal year	Governmental Activities			Percentage of Actual Taxable Value	Per Capita
	General Obligation Bonds and Certificates of Obligation	Tax Anticipation Notes	Total Primary Government		
2003	252,765,133	12,200,000	264,965,133	1.31	1,102
2004	234,577,991	9,115,000	243,692,991	1.19	990
2005	252,290,000	5,900,000	258,190,000	1.24	1,037
2006	276,470,000	2,555,000	279,025,000	1.28	1,098
2007	291,125,000	11,000,000	302,125,000	1.32	1,173
2008	310,580,000	26,405,000	336,985,000	1.37	1,289
2009	311,790,000	28,860,000	340,650,000	1.33	1,289
2010	311,295,000	23,990,000	335,285,000	1.31	1,265
2011	309,340,000	18,940,000	328,280,000	1.36	1,252
2012	310,530,000	13,695,000	324,225,000	1.30	1,229

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, 2012
(unaudited)**

Table 11

Taxing Body	Net General Bonded Debt	Percentage of Debt Applicable to Area	City of Plano Share of Debt
City of Plano	\$ 322,000,256	100.00%	\$ 322,000,256
Total direct debt	322,000,256		322,000,256
Plano Independent School District	966,485,527	70.14%	677,892,949
Collin County	393,210,000	34.13%	134,202,573
Denton County	553,915,000	1.63%	9,028,815
Frisco Independent School District	1,393,125,752	13.66%	190,300,978
Allen Independent School District	482,613,699	0.91%	4,391,785
Lewisville Independent School District	1,032,702,503	4.25%	43,889,856
Collin College	37,092,559	34.13%	12,659,690
Total overlapping debt	4,859,145,040		1,072,366,645
Total direct and overlapping bonded debt	\$ 5,181,145,296		\$ 1,394,366,901
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			5.68%
Per capita overlapping bonded debt			\$ 5,287

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, 2012
(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, 2011 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
2003	78,194,671	52,483,907	25,710,764	1,666,071	473,851	2,139,922	12.01
2004	74,706,630	54,579,731	20,126,899	1,568,586	414,900	1,983,486	10.15
2005	80,074,804	58,161,700	21,913,104	1,456,617	318,752	1,775,369	12.34
2006	89,735,898	61,879,529	27,856,369	1,322,784	218,834	1,541,618	18.07
2007	83,223,811	61,514,435	21,709,376	1,357,183	143,305	1,500,488	14.47
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

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

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

Table 14

Fiscal Year	Gross Revenue	Operating and Maintenance Expense	Gross Revenues Times Expense	Average Annual Debt Service Requirement			Coverage
				Principal	Interest	Total	
2003	4,813,110	1,576,324	3.05	1,012,750	452,982	1,465,732	2.21
2004	4,856,102	1,619,998	3.00	1,017,105	426,202	1,443,307	2.24
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

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

DEMOGRAPHICS					
Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	PISD School Enrollment	Unemployment Rate (%)
2003	240,545	8,663,388	36,016	51,800	5.9
2004	246,098	8,337,833	33,880	51,244	3.8
2005	248,912	8,535,705	34,292	51,446	4.4
2006	254,082	9,491,143	37,355	53,181	4.0
2007	257,600	10,250,853	39,794	52,997	3.9
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

Sources: Population estimates were prepared by the City of Plano. Personal income estimates were obtained from the U.S. Census Bureau for the year 2011. 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

2012			2006		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Bank of America Home Loans	5,400	3.84	Countrywide Home Loans	5,566	3.96
HP Enterprise Services	4,800	3.41	JCPenney	4,650	3.31
Capital One	3,175	2.26	Electronic Data Systems	4,310	3.06
JCPenney	3,100	2.20	Perot Systems Corporation	2,732	1.94
Ericsson	2,650	1.88	Raytheon Corporation	2,400	1.71
Alcatel-Lucent	2,500	1.78	Alcatel	2,280	1.62
Frito-Lay	2,400	1.70	Frito-Lay	2,050	1.46
Dell Services	2,200	1.56	CHC Acquisition Corporation	2,000	1.42
Texas Health Presbyterian Hospital Plano	1,670	1.19	Dr. Pepper/SevenUp Corporation	1,700	1.21
Medical Center of Plano	1,300	0.92	Presbyterian Hospital of Plano	1,581	1.12
Total	29,195	20.74	Total	29,269	20.81

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government	95.0	93.5	54.5	64.5	63.5	65.0	67.0	62.5	63.0	64.0
Administrative services	79.5	79.0	79.5	79.5	86.0	79.0	74.5	77.5	73.0	75.0
Police	606.0	604.5	620.0	651.5	661.0	661.5	622.0	630.5	607.0	613.5
Fire	335.0	334.0	335.0	334.0	335.5	333.0	322.0	298.5	300.5	293.5
Libraries	149.0	159.0	157.0	156.0	172.0	170.0	167.0	161.0	161.5	173.0
Development	148.0	148.0	149.5	159.5	164.0	164.0	174.0	170.0	167.0	174.5
Public services and operations	66.5	67.5	60.5	66.0	64.0	66.5	64.0	71.0	66.5	68.5
Parks and recreation	357.0	342.0	387.5	378.0	376.5	311.5	303.5	299.5	301.5	293.0
Public works	55.0	56.5	64.0	61.5	65.5	61.0	63.0	64.0	62.5	61.0
Technology services	46.0	47.0	49.0	50.0	50.0	47.0	46.0	46.0	41.0	40.0
Water and sewer	146.0	144.5	152.0	153.0	146.5	147.5	139.5	144.5	148.5	139.0
Environmental waste services	95.5	95.5	95.0	93.0	90.5	89.5	85.0	86.5	86.0	83.5
Municipal drainage	22.0	20.0	22.0	19.0	18.0	18.0	18.0	18.5	18.0	18.0
Civic center	40.5	43.0	48.5	50.0	47.5	49.0	46.0	48.0	47.0	40.5
Municipal golf course	8.5	7.0	6.0	7.0	8.0	9.0	9.0	10.0	10.0	9.0
Recreation revolving	160.5	159.0	160.5	169.0	148.0	107.0	111.5	131.0	135.5	143.0
Total	2,410.0	2,400.0	2,440.5	2,491.5	2,496.5	2,378.5	2,312.0	2,319.0	2,288.5	2,289.0

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

Table 18

Function/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Administrative Services										
Legal										
Ordinance/resolution review/preparation	240	258	266	552	658	677	605	525	500	700
Human Resources										
Full-time civilian employees	1,308	1,320	1,349	1,387	1,422	2,050	1,991	1,952	1,840	1,856
Accounting										
Payment requests processed	63,183	65,723	70,850	81,677	86,869	82,630	84,642	76,872	70,000	84,000
Police										
Employees (uniformed)	340	335	340	341	344	343	335	329	323	315
Citations	75,009	60,378	68,598	92,133	87,801	79,224	101,199	93,502	101,804	109,422
Public Safety Communications										
911 Calls*	150,508	150,614	157,277	234,876	228,214	165,194	169,559	168,560	161,332	178,410
911 Dispatches*	239,491	232,981	240,175	229,669	222,252	146,277	150,904	142,993	146,592	137,212
Fire										
Employees (uniformed)	316	315	313	323	317	319	308	287	282	276
Fire runs	20,342	21,040	19,893	20,235	19,665	18,964	18,178	17,085	16,011	17,214
EMS runs	13,293	12,902	12,782	13,693	12,297	11,734	10,786	10,214	9,362	9,022
Libraries										
Volumes in collection	807,343	798,347	757,837	793,073	804,410	761,236	738,939	730,837	686,861	648,998
Registered borrowers	206,550	204,234	200,386	196,093	192,578	173,341	174,970	184,980	176,355	167,370
Development										
Building Inspections										
Inspections (all construction)	58,217	53,890	50,790	52,805	80,600	80,732	91,166	91,401	90,459	89,356
New construction permits issued	854	1,885	1,010	825	1,718	1,578	1,957	1,608	1,633	1,652
Engineering										
New Streets/Alleys paved (miles)	2	3	2	2	9	16	9	8	7	6
New Water lines installed (miles)	9	2	10	14	16	18	21	21	20	18
Public Services and Operations										
Environmental Health										
Inspections	5,478	4,489	4,554	3,931	3,961	3,909	3,445	3,593	3,476	3,292
Animal Control										
Animals impounded	9,388	7,591	9,616	8,728	8,307	6,241	5,464	6,848	5,413	5,546

(continued)

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

Table 18
continued

Function/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Parks and Recreation										
Recreation attendance	2,447,363	2,169,763	2,361,390	2,377,182	2,341,119	1,691,348	1,675,541	1,864,361	1,874,506	1,849,450
Recreation center members	35,222	21,690	22,246	22,083	38,341	16,371	15,849	16,412	14,815	15,498
Public Works										
Streets										
Street Excavate/Replace (Sq Ft)	681,991	1,588,379	1,377,388	863,190	857,592	1,005,678	828,864	469,602	752,382	779,175
Water and Sewer										
Water Customers	78,144	77,720	79,243	77,082	77,440	77,961	77,400	76,305	75,307	74,014
Average Daily Water Consumption (gal)	80,284,182	61,740,731	63,893,260	62,645,000	61,657,000	52,211,000	66,758,838	53,531,312	57,239,000	53,580,000
Maximum Storage Capacity (gal)	261,300,000	257,000,000	257,000,000	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)	57,810	62,078	59,530	60,670	62,982	63,154	61,095	66,048	67,187	65,573
Bulky waste pickups (tons)	4,194	5,544	5,142	5,264	5,650	5,240	4,717	4,786	3,118	5,132
Recyclables collected (tons)	18,882	19,216	19,435	19,632	20,867	20,469	20,667	20,449	20,721	20,435
Yard trimmings collected (tons)	19,614	21,139	21,704	21,465	26,836	24,541	19,021	20,649	19,636	20,211
Municipal Drainage										
Environmental assessment requests	74	70	65	54	82	120	128	99	90	95
Storm sewer inlets maintained	9,673	10,483	10,483	10,483	4,139	10,483	10,200	9,800	9,500	9,050
Civic Center										
Event days booked and serviced	693	883	834	1,145	1,200	1,256	1,205	861	803	1,000
Municipal Golf Course										
Rounds of golf played	50,759	4,902	41,592	54,109	55,004	51,254	55,670	58,917	61,188	54,654
Recreation Revolving										
Courses completed	6,810	6,924	7,046	6,822	6,896	6,504	6,220	6,514	6,005	5,270

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									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police										
Number of stations	3	3	3	3	3	3	1	1	1	1
Number of patrol units	126	121	143	166	189	135	140	115	109	113
Number of motorcycle units	7	7	6	6	6	8	9	8	9	9
Fire										
Number of stations	13	13	12	11	11	11	10	10	10	10
Number of fire engines/trucks	22	22	22	22	22	21	21	20	19	NA
Number of EMS trucks	10	10	10	7	7	8	9	8	8	NA
Libraries										
Number of libraries	5	5	5	5	5	5	5	5	5	5
Development										
Planning										
Streets- Paved (miles)	1,021	1,019	1,016	1,014	1,012	1,004	990	980	973	966
Alleys- Paved (miles)	519	519	518	517	517	516	515	513	512	512
Public Services and Operations										
Animal Services										
Animal control trucks	8	8	8	8	15	14	11	7	7	7
Parks and Recreation										
Parks* (acres)	3,995	3,994	3,936	3,858	3,858	3,858	3,827	3,820	3,809	3,658
Athletic fields	179	179	179	179	179	175	175	175	175	175
Playgrounds	69	71	71	71	71	68	67	60	68	63
Recreation centers	4	4	4	5	5	5	4	4	3	3
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/Natatorium	9	9	9	9	9	4	3	3	3	3
Public Works										
Traffic signals	219	216	215	212	211	207	205	203	197	193

(continued)

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

Table 19
(continued)

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Water and Sewer										
Water mains (miles)	1,373	1,367	1,362	1,351	1,335	1,317	1,295	1,268	1,248	1,226
Sanitary sewers (miles)	1,014	1,009	1,007	1,001	999	992	981	968	959	952
Fire hydrants	14,677	14,604	14,516	14,369	14,109	13,840	13,555	13,224	12,906	12,646
Environmental Waste Services										
Collection trucks	50	48	45	45	45	42	38	37	NA	NA
Municipal Drainage										
Storm sewers (miles)	668	665	662	656	646	635	622	467	600	590
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