HTS Continuing Disclosure Services
A Division of Hilltop Securities.
(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated April 30, 2025

Ratings:
Fitch: "AA+"
S&P: "AAA"
(See "OTHER INFORMATION-Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" herein.

THE BONDS **WILL NOT BE** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

Plano City of Excellence

$43,610,000*
CITY OF PLANO, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, SERIES 2025

Dated Date: May 1, 2025
Interest to accrue from Delivery Date

Due: May 1, as shown below

PAYMENT TERMS . . . Interest on the $43,610,000* City of Plano, Texas, Waterworks and Sewer System Revenue Bonds, Series 2025 (the "Bonds"), will accrue from the Delivery Date (as defined below), will be payable November 1 and May 1 of each year, commencing November 1, 2025, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or any integral multiple thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is UMB Bank, N.A., Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are authorized and issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Texas Government Code, Chapters 1371 and 1502, as amended, and a Ordinance adopted by the City Council of the City of Plano, Texas (the "City") on April 28, 2025 (the "Bond Authorization"), in which the City Council delegated pricing of the Bonds and certain other matters to "Pricing Officers" who will approve a "Pricing Certificate" for the Bonds which will contain the final terms of sale and will complete the sale of the Bonds (the Bond Authorization and the Pricing Certificate are jointly referred to as the "Ordinance"). The Bonds are payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Net Revenues (identified and defined in the Ordinance) of the City's combined waterworks and sewer system (the "System"). **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - Authority for Issuance" and "THE BONDS – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for extending and improving the water and sanitary sewer system, including the acquisition of rights-of-way therefor, and to pay certain costs incurred in connection with the issuance of the Bonds.

MATURITY SCHEDULE*

CUSIP Prefix: 727227 (1)

Amount	Maturity	Initial Rate	Initial Yield	CUSIP Suffix (1)	Amount	Maturity	Initial Rate	Initial Yield	CUSIP Suffix (1)
$ 850,000	2026				$ 1,360,000	2041			
685,000	2027				1,425,000	2042			
720,000	2028				1,500,000	2043			
755,000	2029				1,575,000	2044			
795,000	2030				1,650,000	2045			
835,000	2031				1,735,000	2046			
875,000	2032				1,820,000	2047			
920,000	2033				1,910,000	2048			
965,000	2034				2,005,000	2049			
1,015,000	2035				2,105,000	2050			
1,065,000	2036				2,215,000	2051			
1,115,000	2037				2,325,000	2052			
1,175,000	2038				2,440,000	2053			
1,230,000	2039				2,560,000	2054			
1,295,000	2040				2,690,000	2055			

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS") managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor, or the Initial Bond Purchaser take any responsibility for the accuracy of such numbers.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds maturing on May 1, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof within a maturity, on May 1, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix B, "Form of Bond Counsel's Opinion")

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on June 5, 2025 (the "Delivery Date").

BIDS DUE WEDNESDAY, MAY 7, 2025 AT 10:15 AM, CDT

* Preliminary, subject to change. See "THE BONDS - Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions".

This Preliminary Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document, as the same may be supplemented or corrected from time to time, constitutes an official statement of the City with respect to the Bonds described herein that has been "deemed final" by the City as of its date (or the date of any supplement or correction), except for the omission of no more than the information permitted by the Rule.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the City, Financial Advisor or Initial Purchaser. This Preliminary Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

NEITHER THE CITY, ITS FINANCIAL ADVISOR, NOR THE INITIAL PURCHASER MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENT.

TABLE OF CONTENTS

The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Preliminary Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Preliminary Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Preliminary Official Statement. No person is authorized to detach this summary from this Preliminary Official Statement or to otherwise use it without the entire Preliminary Official Statement.

THE CITY .... The City of Plano, Texas (the "City"), is a political subdivision and home-rule municipal corporation of the State of Texas (the "State"), located in Collin and Denton Counties, Texas. The City covers approximately 72 square miles (see "INTRODUCTION - Description of City").

THE BONDS .... The City's $43,610,000* City of Plano, Texas, Waterworks and Sewer System Revenue Bonds, Series 2025 are scheduled to mature on May 1 in each of the years 2026 through 2045 (see "THE BONDS - Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the Delivery Date, calculated on the basis of a 360-day year consisting of twelve 30-day months, and is payable November 1, 2025, and each May 1 and November 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of The Bonds "and "THE BONDS - Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are authorized and issued pursuant to the Constitution and general laws of the State, particularly Texas Government Code, Chapters 1371 and 1502, as amended, and a Ordinance adopted by the City Council of the City on April 28, 2025 (the "Bond Authorization"), in which the City Council delegated pricing of the Bonds and certain other matters to "Pricing Officers" who will approve a "Pricing Certificate" for the Bonds which will contain the final terms of sale and will complete the sale of the Bonds (the Bond Authorization and the Pricing Certificate are jointly referred to as the "Ordinance") (see "THE BONDS - Authority for Issuance").

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS .... The Bonds constitute special obligations of the City, and are payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Net Revenues (identified and defined in the Ordinance) of the City's waterworks and sewer system (the "System"). **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - Security and Source of Payment").

OPTIONAL REDEMPTION .... The City reserves the right, at its option, to redeem Bonds maturing on May 1, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on May 1, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

TAX EXEMPTION.......................... In the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "Tax Matters" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used for extending and improving the water and sanitary sewer system, including the acquisition of right-of-way therefor, and to pay certain costs incurred in connection with the issuance of the Bonds.

RATINGS .... The Bonds are rated "AAA" by S&P Global Ratings ("S&P"), a division of S&P Global Inc. and "AA+" by Fitch Ratings ("Fitch") (see "OTHER INFORMATION - Ratings").

BOOK-ENTRY-ONLY SYSTEM...... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD .... The City has never defaulted on its revenue bonds.

* Preliminary, subject to change.

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Term Expires
John B. Muns Mayor, Place 6	May, 2025
Maria Tu Mayor Pro Tem, Place 1	May, 2027
Julie Holmer Deputy Mayor Pro Tem, Place 7	May, 2027
Anthony Ricciardelli Councilmember, Place 2	May, 2025
Rick Horne Councilmember, Place 3	May, 2027
Kayci Prince Councilmember, Place 4	May, 2025
Shelby Williams Councilmember, Place 5	May, 2027 (1)
Rick Smith Councilmember, Place 8	May, 2025

(1) Shelby Williams resigned March 15, 2025, but will remain seated until someone is elected in his place.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service	Total Governmental Service
Mark D. Israelson	City Manager	6 Years	25 Years
Lisa C. Henderson	City Secretary	11 Years	22 Years
Denise Tacke	Director of Finance	17 Years	25 Years
Paige Mims	City Attorney	11 Years	29 Years

CONSULTANTS AND ADVISORS

Auditors .... Weaver and Tidwell LLP
Dallas, Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor .... Hilltop Securities Inc.
Fort Worth, Texas

For additional information regarding the City, please contact:

Denise Tacke Director of Finance City of Plano P.O. Box 860358 Plano, TX 75086 (972) 941-5233	or	Laura Alexander Steven Murray Hilltop Securities Inc. 777 Main Street, Suite 1525 Fort Worth, TX 76102 (817) 332-9710

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$43,610,000*
CITY OF PLANO, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2025

INTRODUCTION

This Preliminary Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $43,610,000* City of Plano, Texas, Waterworks and Sewer System Revenue Bonds, Series 2025 (the "Bonds"). Capitalized terms used in this Preliminary Official Statement have the same meanings assigned to such terms in the Bond Authorization that was adopted by the City Council on April 28, 2025 in which the City delegated the pricing of the Bonds and certain other matters to designated officers (the "Pricing Officers") of the City to establish the terms and details of the Bonds and to effect the sale of the Bonds through the Pricing Officers' execution of a "Pricing Certificate" (the Bond Authorization and the Pricing Certificate are jointly referred to as the "Ordinance").

There follows in this Preliminary Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc. ("HilltopSecurities"), Fort Worth, Texas.

All financial and other information presented in this Preliminary Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "OTHER INFORMATION – Forward-Looking Statements Disclaimer").

DESCRIPTION OF THE CITY . . . The City is a political subdivision and home-rule municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City first adopted its Charter on June 10, 1961, and operates under the Council/Manager form of government with a City Council comprised of the Mayor and seven Council Members. At an election held on November 8, 2011, City of Plano voters approved a charter amendment revising Council Member terms of office to four years and establishing staggered, odd-numbered year an election. Council Members in office at the time of the election were held over. The Mayor and three other Council Members' terms expire in 2025 and the other four Council Members' terms expire in 2027. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: police, fire and emergency medical services, including all facilities, equipment and personnel, highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2020 Census population of the City was 285,494 and the City's estimated 2025 population is 296,800. The City covers approximately 72 square miles.

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* Preliminary, subject to change.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for extending and improving the water and sanitary sewer system, including the acquisition of rights-of-way therefor, and to pay certain costs incurred in connection with the issuance of the Bonds.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources:		
Par Amount	$	-
Premium Bid		-
Total Sources of Funds	$	-
Uses:		
Deposit to the Construction Fund	$	-
Cost of Issuance		-
Total Uses of Funds	$	-

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated May 1, 2025, and mature on May 1 in each of the years and in the amounts shown on the cover page hereof. Interest will accrue from the date of their initial delivery to the Initial Purchaser, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on November 1 and May 1 of each year, commencing November 1, 2025, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are authorized and issued pursuant to the Constitution and general laws of the State, particularly Texas Government Code, Chapters 1371 and 1502, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are special obligations of the City, and are payable, both as to principal and interest, and secured by a first lien on and pledge of the Net Revenues (identified and defined in the Ordinance) of the City's combined waterworks and sewer system (the "System"). The City has reserved the right to issue additional obligations (the "Additional Bonds") on a parity with the Bonds and Previously Issued Bonds payable from a first lien on and pledge of the Net Revenues (see "Selected Provisions of the Ordinance").

The Bonds are not a charge upon any other income or revenues of the City and shall never constitute an indebtedness or pledge of the general credit or taxing powers of the City. The Ordinance does not create a lien or mortgage on the System, except the Net Revenues, and any judgment against the City may not be enforced by levy and execution against any property owned by the City. The City does not intend to create or fund a reserve fund for the Bonds (see "THE BONDS – Reserve Fund").

RESERVE FUND . . . The Bonds offered by this Preliminary Official Statement will not be secured by a reserve fund. The City reserves the right in the future to fund a reserve fund for the benefit of the Bonds and Previously Issued Bonds, or Additional Bonds that may be issued in the future, either with cash or with a credit facility such that the amount on deposit there is at least equal to the required reserve amount specified in the ordinance or resolution establishing any such reserve fund.

NET REVENUES . . . The Bonds are secured on a first lien upon the Net Revenues. The Net Revenues are further pledged to the establishment of maintenance of the debt service fund as provided in the Ordinance.

RATES AND CHARGES . . . In the Ordinance, the City covenants to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient: (i) to pay Maintenance and Operating Expenses, depreciation charges and replacement and betterment costs, and (ii) to produce Net Revenues sufficient to pay the principal of and interest on the Bonds to pay all other financial obligations of the System reasonably anticipated to paid by Gross Revenues.

ADDITIONAL BONDS . . . In the Ordinance, the City, reserves the right to issue Additional Bonds, for the purpose of improving, extending, equipping and repairing the System and for the purpose of refunding in any lawful manner, any part or all of the Bonds Similarly Secured or other obligations of the City eligible to be refunded under the laws of the State of Texas as such laws now or hereafter may exist. The Additional Bonds shall be secured by and payable from a lien on and pledge of the Net Revenues in the same manner and to the same extent as any then Outstanding Bonds Similarly Secured, and the Additional Bonds then proposed to be issued shall in all respects be on a parity and of equal dignity as to lien and right. Additional Bonds may be issued in one or more installments; provided, however, that none of the Additional Bonds shall be issued unless and until the following conditions have been met, to wit:

i. The City is not then in default as to any covenant, condition, or obligation contained in the Ordinance or the ordinances authorizing the issuance of the Bonds Similarly Secured.

ii. Each of the special funds created for the payment and security of the Bonds Similarly Secured contains the amount of money then required to be on deposit therein.

iii. The City has secured from a certified public accountant a certificate or opinion showing that the Net Earnings of the System for either the completed Fiscal Year next preceding the date of the Additional Bonds or a consecutive twelve month period out of the last fifteen (15) months next preceding the date of the Additional Bonds is equal to the lesser of (i) at least 1.25 times the average annual principal and interest requirements (calculated on a Fiscal Year basis at the time of the issuance of the Additional Bonds) of all Bonds Similarly Secured that will be Outstanding after the issuance of the proposed Additional Bonds or (ii) at least 1.10 times the maximum annual principal and interest requirements (calculated on a Fiscal Year basis at the time of the issuance of the Additional Bonds) of all Bonds Similarly Secured that will be Outstanding after the issuance of the proposed Additional Bonds. However, (A) should the certificate of the accountant certify that the Net Earnings of the System for the period covered thereby were less than required above, and (B) a change in the rates and charges for services afforded by the System became effective at least 60 days prior to the last day of the period covered by the accountant's certificate, and (C) the accountant's certificate may state that, had such change in rates and charges been effective for the entire period covered by the accountant's certificate, the Net Earnings covered by the accountant's certificate would have been, in his or their opinion, equal to the lesser of (i) at least 1.25 times the average annual principal and interest requirements (calculated on a Fiscal Year basis) of the Outstanding Bonds Similarly Secured or (ii) at least 1.10 times the maximum annual principal and interest requirements (calculated on a Fiscal Year basis at the time of the issuance of the Additional Bonds) after giving effect to the issuance of the Bonds, and the Outstanding Bonds Similarly Secured, then, in such event, the coverage specified in the first sentence of this paragraph (iii) shall not be required for the period specified, and such accountant's certificate will be sufficient if accompanied by an engineer's certificate to the above effect.

iv. The ordinance authorizing the Additional Bonds requires that deposits shall be made into the Interest and Sinking Fund in amounts adequate to pay the principal and interest requirements of the Additional Bonds as the same become due.

The Additional Bonds are made to mature on May 1 or November 1 (or both) of each of the years in which they are scheduled to mature or become due See "SELECTED PROVISIONS OF THE ORDINANCE" herein.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Bonds maturing on May 1, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on May 1, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all of the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Preliminary Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Preliminary Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the register and request that copies of the notices be provided directly to them.

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, bond certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Preliminary Official Statement . . . In reading this Preliminary Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Preliminary Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Initial Purchaser.

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System of the Bonds is discontinued, printed certificates will be issued to the DTC Participants or the holder, as the case may be, and such Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "The BONDs - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is UMB Bank, N.A., Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, financial institution or trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds affected by the changes by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, Bond certificates will be printed and delivered to the registered owners thereof and thereafter may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount and series as the Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

REMEDIES . . . The Ordinance does not specify events of default with respect to the Bonds. If the City defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or Bonds set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's Bonds are not uncertain or disputed. The issuance of a writ of mandamus is governed by equitable principles, and within the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. No assurance can be given that a mandamus or other legal action to enforce a default under the Ordinance would be successful. Some Texas case law suggests that mandamus relief may not be available to enforce a non-legislatively mandated contract. The opinion of Bond Counsel will state that all opinions relative to the enforceability of the Bonds are qualified with respect to customary rights of debtors relative to their creditors. See "APPENDIX B – Form of Bond Counsel's Opinion." The Ordinance does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016 the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville, 489 S.W. 3d 427 (Tex. 2016)("Wasson")* that the sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then, the Texas Supreme Court has ruled in *Tooke v. City of Mexia 197 S.W. 3d 325* (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the City for breach of the Bonds or the covenants in the Ordinance. Chapter 1371, which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing the Bonds. While the City has relied on Chapter 1371 in connection with the issuance of the Bonds, the City has not waived sovereign immunity. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues. Chapter 9 includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

DEFEASANCE . . . The Ordinance provides that the City may discharge its obligations to the registered owners of any or all of the Bonds, as applicable, to pay principal and interest thereon either (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal of and all interest to accrue on such Bonds to maturity or redemption (if applicable) or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity Government Securities, that have been certified by an independent accounting or consulting firm or other qualified third party to mature as to principal and interest in such amounts and at such times as, together with the investments earnings thereon, to provide for the payment and/or redemption (if applicable) of such obligations. The Ordinance provides that "Government Securities" means that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations to refund the Bonds, as applicable, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas. The Pricing Officer may restrict such eligible securities and obligations as deemed appropriate, and will include any such restriction in the applicable Pricing Certificate. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption (if applicable) of the Bonds, as the case may be.

If any of the Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for the payment to the registered owners of such Bonds at the date of maturity or prior redemption of the full amount to which such owner would be entitled and for giving notice of redemption as provided in the Ordinance.

Under current State law, after such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

AMENDMENTS . . . The City may amend the Ordinance without the consent of or notice to any registered owners of the Bonds in any manner not detrimental to the interests of such registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the consent of the registered owners of a majority in aggregate principal amount of the Bonds then Outstanding, amend, add to, or rescind any of the provisions of the Ordinance; provided that, without the consent of all registered owners of Outstanding Bonds, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount, the redemption price, or the rate of interest, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by registered owners of such Bonds for consent to any such amendment, addition, or rescission of the Ordinance.

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THE SYSTEM

WATER SYSTEM . . . The City owns and operates a complete water distribution system adequate to provide retail water service to all retail water customers within its corporate boundaries. The distribution system consists of more than 1,500 miles of water mains, 17.5 million gallons of elevated storage and 68 million gallons of ground storage reservoirs having a combined capacity in excess of 126 million gallons. The system served 83,304 customers on September 30, 2024, and delivered in excess of 22 billion gallons of water for the 12-month period then ended.

WATER SUPPLY . . . The City is a member of, and purchases treated water from, the North Texas Municipal Water District (the "District"), a conservation and reclamation district created under the laws and constitution of the State of Texas under terms of a contract which obligates the City to pay its proportionate share of debt service on the District's bonds issued for approved system projects while any of such revenue bonds are outstanding and unpaid, and to pay an operating charge for District facilities used by the City through the useful life of such facilities. Both the debt service and operating components of the City's contract payment are maintenance expenses of the City's waterworks and sewer system, payable prior to the payment of the City's debt service on the Bonds, but the City is not obligated to make any contract payments from monies received from City ad valorem taxes. In September 1988, the City approved an amendatory contract to the original water supply contract entered into in December 1953 between the City and the District. Provisions of the contract include extension of the original term, recalculation of the maximum daily rate of treated water delivery, and revised financing for construction projects. The City has entered into a contract amendment where the City is obligated to take or pay until 2029 for a minimum annual amount of system treated water based upon the maximum historical amount taken and will then transition to a 5 year rolling average that will be fully implemented by 2033. The City has agreed to indemnify and hold harmless the District for any claim or liability arising from the District's ownership or operation of its water facilities.

TABLE 1 - HISTORICAL WATER CONSUMPTION (GALLONS) (1)

Fiscal Year Ended 9/30	Total Water Purchased	Water Usage: Average Day Usage	Water Usage: Peak Day Usage	Water Usage: Total Usage
2020	20,087,457,000	55,034,128	105,660,000	16,749,370,000
2021	20,879,521,000	57,204,167	102,030,000	16,528,116,000
2022	22,191,847,000	60,799,581	119,930,000	18,043,795,640
2023	22,445,442,000	61,494,362	126,080,000	18,099,052,240
2024	22,137,204,000	62,183,157	111,140,000	19,391,820,000

(1) Source: City of Plano.

TABLE 2 - TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED) (1)

Customer	Type of Industry	FY 2024 Water Usage (in gallons)	% of Total Water Revenue	FY 2024 Water Revenue
Plano Independent School District	School	237,176,100	1.83%	$ 2,265,362
City of The Colony	Wholesale	234,899,300	0.77%	950,924
Lurin Real Estate Holdings LXI	Apartment	75,419,800	0.27%	339,467
Stack Infrastructure USA LLC	Data Center	73,444,000	0.31%	387,764
5765 Bozeman TX Owner LP	Apartment	72,263,300	0.41%	511,014
1000 Coit Rd LP	Data Center	65,907,500	0.27%	334,536
Toyota Motor Sales	Automotive HQ	65,072,800	0.39%	487,196
SSB Ridgeview Ranch LLC	Golf	64,708,300	0.06%	76,226
Children's Medical Center Legacy	Hospital	59,906,500	0.27%	335,044
JP Morgan Chase	Financial HQ / Data Center	59,412,100	0.35%	433,490
		1,008,209,700	4.93%	$ 6,121,022

(1) Source: City of Plano.

TABLE 3 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2024) [(1)]

All Residential Base Meter Charge		
Meter Size		Rate
up to 3/4"	$	28.89
1"		28.89
1 1/2"		137.50
2"		217.00

Residential Consumption Charge		
First 1000	Gallons	Included in Base Meter Charge
1,001 - 5,000	Gallons	$2.20 per 1,000 Gallons
5,001 - 20,000	Gallons	$4.70 per 1,000 Gallons
20,001 - 40,000	Gallons	$9.40 per 1,000 Gallons
All over 40,000	Gallons	$11.30 per 1,000 Gallons

All Non-Residential and Separately Metered Irrigation Base Meter Charge		
Meter Size		Rate
up to 3/4"	$	31.30
1"		70.20
1 1/2"		137.50
2"		217.00
3"		428.90
4"		667.50
6"		1,330.10
8"		2,125.50
10"		3,053.00

All Non-Residential and Separately Metered Irrigation Use Consumption Charge		
First 1000	Gallons	Included in Base Meter Charge
1,001 - 20,000	Gallons	$4.70 per 1,000 Gallons
All over 20,000	Gallons*	$9.40 per 1,000 Gallons

* Rate applies only to separately metered irrigation use

(1) Source: City of Plano.

SEWER SYSTEM . . . The City owns and operates a complete sewage collection system adequate and necessary to collect and transport sewage to wastewater treatment facilities.

WASTEWATER TREATMENT FACILITIES . . . On October 1, 1975, the City entered into a contract with the District for wastewater treatment services whereby the District provides facilities necessary to receive, transport, treat and dispose of the City's wastewater. The District has been designated by the Texas Commission on Environmental Quality 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 Cities of Plano, Richardson and Mesquite, have entered into a wastewater system contract with the District which provides 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 said cities. In order to provide said services, the contract provides that: (a) the District will acquire, design, construct and complete the system, as generally described in the Engineering Report with respect to Mesquite and Plano, and will operate and maintain the system and from time to time enlarge, repair, replace and/or extend the system to provide service to Plano and Mesquite and to additional member 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) for services to be rendered, each member 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" (collectively, the "Annual Requirement"); (e) each member city's proportionate share of the Annual Requirement shall be a percentage obtained by dividing such member city's estimated contributing flow to the system by the total estimated contributing flow to the system by all member cities during such Fiscal Year and (1) each member city has agreed to indemnify and hold harmless the District for any claim or liability arising from the District's ownership or operation of the facilities. The City is obligated to pay its Bond Service Component during such times as the District's bonds issued for an approved project are outstanding and is obligated to pay its Operation and Maintenance Component throughout the useful life of the project. The City's Annual Requirement is an operating expense of the City's waterworks and sewer system, payable prior to the payment of debt service on the City's revenue bonds, but the City is not obligated to make any payment under the contract out of monies raised from City ad valorem taxes.

TABLE 4 - SEWER SYSTEM USAGE (GALLONS) (1)

Fiscal Year Ended 9/30	Daily Average	Monthly Average	Total Usage	Total Revenues
2020	27,803,005	845,674,750	10,148,097,000	169,377,598
2021	27,864,444	847,543,500	10,170,522,000	163,284,905
2022	24,345,112	740,497,167	8,885,966,000	188,406,328
2023	27,705,310	842,703,167	10,112,438,000	206,463,875
2024	32,185,041	978,961,667	11,747,540,000	211,864,576

(1) Source: City of Plano.

TABLE 5 - TEN LARGEST SEWER SYSTEM CUSTOMERS (BASED ON GALLONS CONSUMED) (1)

Customer	Type of Industry	FY 2024 Wastewater Revenue	% of Total Wastewater Revenue
Plano Independent School District	School	$ 818,858	0.93%
Lurin Real Estate Holdings LXI	Apartment	561,993	0.64%
5765 Bozeman TX Owner LP	Apartment	514,843	0.59%
Bel Air Oaks	Apartment	438,943	0.50%
Legacy West Investors LP	Retail	364,265	0.42%
Sreit Gio Apartments, LLC	Apartment	357,885	0.41%
Childrens Medical Cntr Legacy	Hospital	308,336	0.35%
Custer TX Partners LLC	Apartment	270,113	0.31%
Medical Center of Plano	Hospital	271,793	0.31%
TX APT 8205 Town Main Drive LP	Apartment	254,291	0.29%
		$ 4,161,320	4.74%

(1) Source: City of Plano.

TABLE 6 - MONTHLY SEWER SYSTEM RATES (EFFECTIVE OCTOBER 1, 2024) (1)

All Residential Base Meter Charge

Meter Size	Rate
up to 3/4"	$ 20.10
1"	20.10
1 1/2"	20.10
2"	20.10

All Non-Residential Base Meter Charge

Meter Size	Rate
up to 3/4"	$ 20.10
1"	39.10
1 1/2"	70.80
2"	108.90
3"	210.30
4"	324.30
6"	641.30
8"	954.30
10"	1,465.40

Residential Consumption Charge

First 1000 Gallons	Included in Base Meter Charge
All over 1,000 Gallons	$7.95 per 1,000 Gallons

All Non-Residential Use Consumption Charge

First 1000 Gallons	Included in Base Meter Charge
All over 1,000 Gallons	$7.95 per 1,000 Gallons

(1) Source: City of Plano.

DEBT INFORMATION

TABLE 7 – PRO FORMA DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Bonds Principal	Outstanding Bonds Interest	Outstanding Bonds Total	The Bonds (1) Principal	The Bonds (1) Interest	The Bonds (1) Total	Total Outstanding Debt	% of Principal Retired
2025	$ 3,315,000	$ 1,278,700	$ 4,593,700	$ -	$ -	$ -	$ 4,593,700	
2026	3,470,000	1,122,800	4,592,800	850,000	1,974,564	2,824,564	7,417,364	
2027	3,630,000	959,550	4,589,550	685,000	2,138,000	2,823,000	7,412,550	
2028	3,795,000	801,100	4,596,100	720,000	2,103,750	2,823,750	7,419,850	
2029	2,495,000	663,250	3,158,250	755,000	2,067,750	2,822,750	5,981,000	26.71%
2030	2,605,000	551,900	3,156,900	795,000	2,030,000	2,825,000	5,981,900	
2031	2,720,000	435,600	3,155,600	835,000	1,990,250	2,825,250	5,980,850	
2032	1,510,000	326,800	1,836,800	875,000	1,948,500	2,823,500	4,660,300	
2033	1,570,000	266,400	1,836,400	920,000	1,904,750	2,824,750	4,661,150	
2034	1,630,000	203,600	1,833,600	965,000	1,858,750	2,823,750	4,657,350	46.25%
2035	1,695,000	138,400	1,833,400	1,015,000	1,810,500	2,825,500	4,658,900	
2036	1,765,000	70,600	1,835,600	1,065,000	1,759,750	2,824,750	4,660,350	
2037	-	-	-	1,115,000	1,706,500	2,821,500	2,821,500	
2038	-	-	-	1,175,000	1,650,750	2,825,750	2,825,750	
2039	-	-	-	1,230,000	1,592,000	2,822,000	2,822,000	58.53%
2040	-	-	-	1,295,000	1,530,500	2,825,500	2,825,500	
2041	-	-	-	1,360,000	1,465,750	2,825,750	2,825,750	
2042	-	-	-	1,425,000	1,397,750	2,822,750	2,822,750	
2043	-	-	-	1,500,000	1,326,500	2,826,500	2,826,500	
2044	-	-	-	1,575,000	1,251,500	2,826,500	2,826,500	68.22%
2045	-	-	-	1,650,000	1,172,750	2,822,750	2,822,750	
2046	-	-	-	1,735,000	1,090,250	2,825,250	2,825,250	
2047	-	-	-	1,820,000	1,003,500	2,823,500	2,823,500	
2048	-	-	-	1,910,000	912,500	2,822,500	2,822,500	
2049	-	-	-	2,005,000	817,000	2,822,000	2,822,000	80.58%
2050	-	-	-	2,105,000	716,750	2,821,750	2,821,750	
2051	-	-	-	2,215,000	611,500	2,826,500	2,826,500	
2052	-	-	-	2,325,000	500,750	2,825,750	2,825,750	
2053	-	-	-	2,440,000	384,500	2,824,500	2,824,500	
2054	-	-	-	2,560,000	262,500	2,822,500	2,822,500	96.36%
2055	-	-	-	2,690,000	134,500	2,824,500	2,824,500	100.00%
Total	$ 30,200,000	$ 6,818,700	$ 37,018,700	$ 43,610,000	$ 41,114,314	$ 84,724,314	$ 121,743,014	

(1) Average life of the issue – 18.855 years. Interest on the Bonds has been calculated at the rate of 4.69% for purposes of illustration. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF ADDITIONAL REVENUE BONDS . . . The City anticipates the issuance of approximately $25 million in additional Waterworks and Sewer System Revenue Bonds in fiscal year 2026.

PENSION FUND . . . The City participates as one of more than 936 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com.*

All eligible employees of the City are required to participate in TMRS.

BENEFITS PROVIDED . . . TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

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.

Plan provisions for the City were as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
A member is vested after	5 years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above

As of the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	1,688
Inactive Employees Entitled to But Not Yet Receiving Benefits	1,459
Active Employees	2,505
	5,652

CONTRIBUTIONS AND FUNDING POLICY . . . Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The City's contribution rate requirement set by TMRS was 16.60% in calendar year 2023 and 17.64% for calendar year 2024. The City's actual contributions to TMRS were at 16.75% for fiscal year 2023, which provided for additional voluntary contributions. The City's contributions to TMRS for fiscal year 2024 were $38,283,309.

NET PENSION LIABILITY . . . The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as, the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

Rate of Return

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	6.70%
Core fixed income	6.00%	4.70%
Non-core fixed income	20.00%	8.00%
Other public and private markets	12.00%	8.00%
Real estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private equity	10.00%	11.60%
	100.00%	

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2022	$ 1,355,043,700	$ 1,173,020,952	$ 182,022,748
Changes for the year:			
Service cost	38,060,057	-	38,060,057
Interest (on the total pension liability)	90,782,766	-	90,782,766
Difference between expected and actual experience	13,916,804	-	13,916,804
Change of assumptions	(8,297,905)	-	(8,297,905)
Benefit payments, including refunds of employee contributions	(58,287,713)	(58,287,713)	-
Contributions-employer	-	34,367,369	(34,367,369)
Contributions-employee	-	14,362,499	(14,362,499)
Net investment loss	-	135,783,108	(135,783,108)
Administrative Expense	-	(863,698)	863,698
Other	-	(6,034)	6,034
Net Change	76,174,009	125,355,531	(49,181,522)
Balance at December 31, 2023	$ 1,431,217,709	$ 1,298,376,483	$ 132,841,226

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as, what the City's NPL would be if it were calculated using a discount rate that is 1-percentage-point-lower (5.75%) and 1-percentage-point-higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
City's Net Pension Liability	$325,128,490	$132,841,226	$ (26,222,914)

PENSION EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2024, the City recognized pension expense of $36,694,674.

At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 29,275,928	$ (1,051,705)
Difference in assumption changes	64,755	(6,494,012)
Difference in projected and actual investment earnings	31,798,932	-
Employer contributions subsequent to the measurement date	29,487,282	-
	$ 90,626,897	$ (7,545,717)

Deferred outflows of resources of $29,487,282 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for fiscal year 2025. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense in the following fiscal years:

2025	$ 16,362,177
2026	18,835,297
2027	28,984,362
2028	(10,587,938)
Total	$ 53,593,898

RETIREMENT SECURITY PLAN . . . On January 1, 1983, the City withdrew from the Federal Social Security system and created the 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 or more, not to exceed seven, which meets a minimum of four times a year. Professional investment management and an investment consultant are 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.

BENEFITS PROVIDED

As of the December 31, 2023 biennial actuarial valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	1,148
Inactive Employees Entitled to But Not Yet Receiving Benefits	138
Active Employees	2,334
	3,620

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

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-$25,000, participant has a choice of single lump-sum payment or monthly annuity payments.

When lump-sum value exceeds $25,000, the participant must receive monthly annuity payments.

Joint and survivor options are available. Additionally, benefits are available for members who become totally and permanently disabled. Each April 1, retirement benefits that have been paid for at least 12 months are adjusted to reflect changes in the U.S. Consumer Price Index (not to exceed 4%), as determined by the Plan's actuary. This cost of living adjustment is applied to only the participant's benefits; spouses or beneficiaries are excluded.

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 $7,575,665 for the year ended September 30, 2024.

The contribution amount is a 15-year level percentage of pay funding with a 2.75% 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.

NET PENSION LIABILITY

The City's NPL was measured as of December 31, 2023 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL was determined by an actuarial valuation as of December 31, 2023 using the following actuarial assumptions:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	15 years as of the measurement date
Asset valuation method:	5-year smoothed market; 20% corridor
Inflation:	2.50%
Salary increases:	8.00% to 2.75%, including inflation
Investment rate of return:	6.75%
Retirement age:	Experience-based table rates that are specific to the type of eligibility condition.
Mortality:	2019 Municipal Retirees of texas mortality tables are used. Generational mortality improvements applied using Scale MP-2014.

Rate of Return

Asset Class	Long-Term Expected Arithmetic Real Rate of Return	Target Asset Allocation	Development of Long-Term Arithmetic Return for Investment Portfolio
Domestic equity	4.82%	40%	1.93%
International equity	5.56%	20%	1.11%
Core Fixed income	2.29%	20%	0.46%
Bank Loans	4.83%	5%	0.24%
Core real estate	4.34%	10%	0.43%
Private Infrastructure	5.12%	5%	0.26%
Cash equivalents	0.91%	0%	0.00%
	Total Expected Arithmetic Real Return:		4.43%
	Inflation Assumption for Actuarial Valuation:		2.50%
	Total Expected Arithmetic Nominal Return:		6.93%

Discount Rate

A single discount rate of 6.75% was used to measure the TPL for the measurement period ending December 31, 2023. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and the projection of cash flows as of each year ending December 31, the Plan's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the TPL.

The projection of cash flows used to determine the single discount rate for the Plan assumed that the funding policy adopted by the RSP Committee will remain in effect for all future years. Under this funding policy, the City of Plano will finance the unfunded actuarial accrued liability as a level percentage of payroll. Beginning with the December 31, 2021 actuarial valuation, and each subsequent valuation, new amortization bases will be established and separately maintained and amortized over 15 years. If the net amortization cost is negative, or a credit, then all prior bases shall be zeroed out and the resulting surplus shall be established as the new base. However, per the Plan's funding policy, the recommended contribution applicable to the City in this surplus position shall be no less than the total normal cost (no credit for the surplus on the actuarial value of assets).

Changes in the Net Pension (Asset)/Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balance at December 31, 2022	$ 200,151,968	$ 185,800,514	$ 14,351,454
Changes for the year:			
Service cost	6,311,406	-	6,311,406
Interest (on the total pension liability)	13,445,688	-	13,445,688
Difference between expected and actual experience	5,033,469	-	5,033,469
Assumption changes	-	-	-
Benefit payments	(8,224,594)	(8,224,594)	-
Contributions-employer	-	7,073,127	(7,073,127)
Net investment income	-	26,906,490	(26,906,490)
Administrative Expense	-	(154,514)	154,514
Net Change	16,565,969	25,600,509	(9,034,540)
Balance at December 31, 2023	$ 216,717,937	$ 211,401,023	$ 5,316,914

Sensitivity of the Net Pension (Asset)/Liability to Changes in the Discount Rate

The following presents the NPL of the City, as well as, what the City's NPL would be if it were calculated using a discount rate of 1-percentage point lower and 1-percentage point higher than the current discount rate.

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 36,134,919	$ 5,316,914	$(20,083,499)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of $6,545,329.

At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 6,386,593	$ (401,682)
Difference in assumption changes	1,935,564	(1,652,309)
Difference in projected and actual investment earnings	8,575,404	-
Employer contributions subsequent to the measurement date	5,843,230	-
	$ 22,740,791	$ (2,053,991)

Deferred outflows of resources of $5,843,230 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the NPL for fiscal year 2025. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense in the following fiscal years:

2025	$ 2,684,188
2026	5,131,722
2027	7,585,602
2028	(2,155,313)
2029	687,558
Thereafter	909,813
Total	$ 14,843,570

OTHER POST-EMPLOYMENT BENEFITS . . . The 115 Trust (the Plan) was established on March 1, 2008 to comply with the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, for the purpose of funding and providing certain benefits to its eligible retirees and dependents, such as medical, dental and vision insurance benefits. It is a single-employer, defined benefit OPEB plan.

The 115 Trust was created by City ordinance and is administered by the Risk Pool Trustees (the Trustees) who meet at least four times a year. The Trustees consist of six City employees, including four City Deputy Managers, Director of Finance and Director of Human Resources, who are appointed by the City through the City Manager pursuant to the City of Plano Welfare Benefit Plan. The Trustees oversee the Plan and set policies for operations, including appointing management and directing investment decisions. Professional investment management and an investment consultant are used and a custodial bank retains the assets. Pursuant to Section 6.01 of the Welfare Benefit Plan and Resolution 2007-9-2(R), City Council has set forth delegation to the City Manager, or his designee, the authority to amend each Plan in any and all respects, except for any amendment that would materially increase the costs of the Plan to the City.

The 115 Trust issues a separate publicly available financial report that includes financial statements and required supplementary information at the 115 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.

BENEFITS PROVIDED

The City offers its retired employees and their dependents 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 2024 was 567 of which 250 were on the same plan as the active employees and 317 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 2024 were $6,457,261.

As of December 31, 2023, the following were covered by the benefit terms:

Retirees and dependents currently receiving benefits	419
Terminated members entitled to benefits, but not yet receiving them	146
Active members	2,237
	2,802

CONTRIBUTIONS AND FUNDING POLICY

The City has the authority to establish and amend the Plan contributions. The City transfers retiree and City contributions to the 115 Trust on a monthly basis. 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. Retirees and their dependents currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of October 1, 2023.

Actuarial Assumptions:

The total OPEB liability was determined by an actuarial valuation as of October 1, 2023.

As of December 31, 2023:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percent, Closed
Remaining amortization period:	20 years, as of the valuation date
Amortization growth rate:	2.75%
Asset valuation method:	Market Value
Inflation:	2.50%
Salary increases:	2.75%
Discount rate:	6.75%
Healthcare cost trend rates:	8.50% for 2023, decreasing to an ultimate rate of 4.00%.
Dental cost trend rates:	4.10% for 2023, decreasing to an ultimate rate of 4.00% .
Retirement:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	
Active participants	Pub-2010 General Employee Amount-Weighted Mortality Tables projected fully generationally using Scale MP-2014.
Retired participants	Pub-2010 General Healthy Retiree Amount-Weighted Mortality Tables projected fully generationally using Scale MP-2014.
Disabled participants	Pub-2010 General Disabled Retiree Amount-Weighted Mortality Tables projected fully generationally using Scale MP-2014.

Discount Rate

A single discount rate of 6.75% was used to measure the total OPEB liability. Based on the stated assumptions and the projection of cash flows as of each Plan year, the OPEB plan's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2022	$ 131,671,156	$ 109,336,036	$ 22,335,120
Changes for the year:			
Service cost	3,921,701	-	3,921,701
Interest on total OPEB liability	8,906,170	-	8,906,170
Effect of economic/demographic gains or losses	(2,508,090)	-	(2,508,090)
Effect of assumptions changes or inputs	19,916,399	-	19,916,399
Benefit payments, net of retiree contributions	(7,420,373)	(7,420,373)	-
Employer contributions	-	4,786,586	(4,786,586)
Net investment income	-	16,820,546	(16,820,546)
Administrative Expense	-	(27,750)	27,750
Net Change	22,815,807	14,159,009	8,656,798
Balance at December 31, 2023	$ 154,486,963	$ 123,495,045	$ 30,991,918

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB (asset)/liability of the City, as well as, what the City's net OPEB (asset)/liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current discount rate.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's Net Pension Liability	$ 46,533,662	$ 30,991,918	$ 17,389,061

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB (asset)/liability of the City, as well as, what the City's net OPEB (asset)/liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate.

	1% Decrease	Current Trend Rate	1% Increase
City's Net Pension Liability	$ 20,895,765	$ 30,991,918	$ 42,824,679

OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended September 30, 2024, the City recognized OPEB expense of $3,992,221. At September 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 2,368,678	$ (9,977,422)
Difference in assumption changes	22,808,563	(3,216,092)
Difference in projected and actual investment earnings	5,195,400	-
Employer contributions subsequent to the measurement date	3,403,131	-
	$ 33,775,772	$ (13,193,514)

Deferred outflows of resources of $3,403,131 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for fiscal year 2025. Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense in the following fiscal years:

2025	$ 1,245,181
2026	3,599,540
2027	5,937,840
2028	6,172
2029	2,203,583
Thereafter	4,186,811
Total	$ 17,179,127

For more detailed information concerning the City's Employee Benefit Plans, see Appendix A, "Excerpts from the City's Annual Comprehensive Financial Report" - Note IV.5.

FINANCIAL INFORMATION

TABLE 8 - CONDENSED SCHEDULE OF OPERATIONS

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
Operating Revenues	$ 220,068,292	$ 211,428,678	$ 191,403,438	$ 166,190,392	$ 169,258,210
Expenditures [1]					
Water Purchased	$ 85,523,507	$ 81,813,711	$ 77,678,572	$ 76,813,645	$ 77,364,433
Sewer Contract	50,925,556	43,373,195	37,493,446	36,807,029	35,386,603
Other	32,073,011	28,040,132	25,687,459	25,411,270	25,749,909
	$ 168,522,074	$ 153,227,038	$ 140,859,477	$ 139,031,944	$ 138,500,945
Net Available for Debt Service	$ 51,546,218	$ 58,201,640	$ 50,543,961	$ 27,158,448	$ 30,757,265
Water Customers	83,304	82,999	82,849	82,425	82,206
Sewer Customers	80,920	80,664	79,747	79,747	79,507

(1) Excludes depreciation and bonded debt amortization.

TABLE 9 - COVERAGE [1]

Average Annual Principal and Interest Requirements, 2025 - 2045	$ 3,927,194
Coverage of Average Annual Requirements by 9/30/24 Net Available	13.13x
Maximum Principal and Interest Requirements, 2028	$ 7,419,850
Coverage of Maximum Requirements by 9/30/24 Net Available	6.95x
Water and Sewer System Revenue Bonds Outstanding as of 3/1/25	$ 73,810,000

(1) Projected, includes the Bonds being offered herein. Preliminary, subject to change.

TABLE 10 - VALUE OF THE SYSTEM

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
Land	$ 6,990,887	$ 4,868,391	$ 4,856,807	$ 3,686,762	$ 3,666,227
Buildings	2,748,029	2,748,029	2,748,029	2,748,029	2,748,029
Improvements Other Than Buildings	792,177,477	755,237,224	738,394,415	725,599,336	707,565,639
Equipment	-	-	-	-	-
Furniture and Fixtures	-	-	-	-	-
Rolling Equipment	-	-	-	-	-
Construction in Progress	12,172,599	21,765,325	12,212,041	5,080,256	4,352,656
Value of Plant	$ 814,088,992	$ 784,618,969	$ 758,211,292	$ 737,114,383	$ 718,332,551
Less Accumulated Depreciation	(403,345,929)	(384,389,748)	(366,100,877)	(348,172,559)	(330,635,087)
Net Total Value	$ 410,743,063	$ 400,229,221	$ 392,110,415	$ 388,941,824	$ 387,697,464

FINANCIAL POLICIES

Basis of Accounting . . . The accounting policies of the City conform to generally accepted accounting principles for governmental entities as promulgated by the Government Accounting Standards Board. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and pension trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary and 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 combined statement of net assets. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in total net assets.

The modified accrual basis of accounting is used by all governmental funds types, pension trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recorded when the related fund liability is incurred. However, principal of and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Major revenue sources which have been treated as susceptible to accrual under the modified basis of accounting include property taxes, charges for services, intergovernmental revenues, and investment of available funds.

The accrual basis of accounting is utilized by proprietary and trust funds. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports unearned revenue on its combined balance sheet. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

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

Fund Balances . . . It is the City's practice regarding the General Fund and Enterprise Funds that working capital resources should be maintained at 30 days of the Funds' operating expenses. The City maintains its various debt service funds in accordance with the covenants of applicable Ordinances.

Budgetary Procedures . . . The City's Home Rule Charter establishes the fiscal year as the twelve-month period beginning each October l. Each year by the end of July, the City Manager, after review, submits a budget of estimated revenues and expenditures to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state and local statutes. The City Council will adopt a budget prior to October 1 through passage of an ordinance. If the Council fails to adopt a budget then the prior year budget remains in effect.

During the fiscal year, budgetary control is maintained by the monthly review by department heads of departmental appropriation balances. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law and in accordance with investment policies approved by the City Council. Both state law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal, (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest, (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years, and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Texas Public Funds Investment Act (Texas Government Code, Chapter 2256). All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 11 - CURRENT INVESTMENTS (1)

As of March 1, 2025, the City's investable funds were invested in the following categories:

Description	Percent	Book Value
Local Government Investment Pools	27.78%	$ 221,304,999
Bank Accounts	1.11%	8,819,630
Agency Debt	37.45%	298,379,818
Certificates of Deposit/Fixed Term Products	2.88%	22,959,514
Municipal Debt	30.79%	245,286,920
	100.00%	$ 796,750,881

(1) Source: City Officials.

SELECTED PROVISIONS OF THE ORDINANCE

The following are selected provisions of the Ordinance. These excerpts should be qualified by reference to the exact terms of the Ordinance. Unless otherwise indicated, any references to sections listed below are to sections contained in the Ordinance and section headings contained in the following excerpts are to sections contained in the Ordinance.

SECTION X. **Definitions**. For purposes of this Ordinance and in particular for clarity with respect to the issuance of the Bonds herein authorized and the pledge and appropriation of revenues therefor, the following definitions are provided:

(a) The term "Additional Bonds" shall mean the additional parity revenue obligations which the City reserves the right to issue in this Ordinance.

(b) The term "Bonds" shall mean the waterworks and sewer system revenue bonds authorized by this Ordinance and designated as "City of Plano, Texas, Waterworks and Sewer System Revenue Bonds, Series 2025."

(c) The term "Bonds Similarly Secured" means the Bonds, the Previously Issued Bonds and Additional Bonds.

(d) The term "Fiscal Year" shall mean the twelve months' period ending September 30 of each year, unless otherwise designated by the City.

(e) The term "Net Revenues" shall mean the gross revenues of the System less the expense of operation and maintenance, all salaries, labor, materials, repairs, and extensions necessary to render efficient service, provided, however, that only such expenses for repairs and extensions as in the judgment of the City, reasonably and fairly exercised, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition that would otherwise impair any obligations payable from the net revenues of the System, shall be deducted in determining "Net Revenues." Contractual payments for the purchase of water or the treatment of sewage shall be a maintenance and operating expense of the System to the extent provided in any contract therefor and as may be authorized by law. Depreciation shall never be considered as an expense of operation and maintenance.

(f) The term "Ordinance" means this Ordinance under which the Bonds are authorized.

(g) The terms "Outstanding" and "outstanding", when used in this Ordinance with respect to Bonds or Additional Bonds means, as of the date of determination, all bonds theretofore issued and delivered, except:

> (1) those bonds theretofore canceled by the paying agent/registrar or delivered to the paying agent/registrar for cancellation;
>
> (2) those bonds for which payment has been duly provided by the City by the irrevocable deposit with the paying agent/registrar, or an authorized escrow agent, of money, or government securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to the ordinance authorizing such bonds or irrevocably provided to be given to the satisfaction of the paying agent/registrar, or waived;
>
> (3) those bonds that have been mutilated, destroyed, lost or stolen and replacement bonds have been registered and delivered in lieu thereof as provided in the ordinance authorizing such bonds.

(h) The term "Previously Issued Bonds" means bonds issued on a parity with the Bonds and Additional Bonds, including the Outstanding "City of Plano, Texas, Waterworks and Sewer System Revenue Bonds, Series 2016," dated April 15, 2016, "City of Plano, Texas, Waterworks and Sewer System Revenue Bonds, Series 2018," dated April 15, 2018 and "City of Plano, Texas, Waterworks and Sewer System Revenue Bonds, Series 2021," dated May 1, 2021.

(i) The term "System" shall mean the City's combined Waterworks and Sewer System, including all present and future additions, extensions, replacements, and improvements thereto.

SECTION XI. **Pledge of Revenues**. That the City hereby covenants and agrees that the Net Revenues of the System, with the exception of those in excess of the amounts required for the payment and security of the Bonds Similarly Secured, are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured, including the establishment and maintenance of the special funds created and established for the payment and security thereof, all as hereinafter provided, and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on the Net Revenues of the System and be valid and binding without any filing or recording except for the filing of this Ordinance in the records of the City.

Texas Government Code, Chapter 1208, as amended, applies to the issuance of the Bonds and the pledge of the revenues granted by the City under this Section of this Ordinance, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are Outstanding and unpaid such that the pledge of the revenues granted by the City under this Section of this Ordinance is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the Holders of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

SECTION XII. **Rates and Charges**. For the benefit of the original purchasers as well as the ultimate owners of the Bonds and the Bonds Similarly Secured, and, in addition to all provisions and covenants in the laws of the State of Texas and in this Ordinance, it is expressly stipulated that the City shall, at all times while any of the Bonds Similarly Secured are Outstanding and unpaid, maintain rates and collect charges for the facilities and services afforded by the System, as required by Texas Government Code, Section 1502.057, as amended, which will provide revenues sufficient at all times to:

(a) Pay for all operation, maintenance, depreciation, replacement, and betterment charges of said System;

(b) Produce Net Revenues each year in an amount reasonably estimated to be not less than the annual principal and interest requirements of the Bonds Similarly Secured scheduled to come due and mature in each year;

(c) Maintain the Reserve Fund, if any, provided and established for the benefit and security of the Bonds Similarly Secured; and

(d) Pay all other outstanding indebtedness against said System as and when the same becomes due.

SECTION XIII. **Revenue Fund**. The City covenants that it will deposit, as collected, all revenues of every nature derived from the operation of the System into a separate account known as the "City of Plano, Texas, Waterworks and Sewer System Revenue Fund (herein called the "Revenue Fund") which is hereby established which shall be maintained and kept separate and apart from all other funds of the City, and, further, that said Revenue Fund shall be pledged and appropriated to the following uses and in the order of precedence shown:

First: To the payment of all necessary and reasonable maintenance and operation expenses of the System as said expenses are defined by law;

Second: To the payment, equally and ratably, of the amounts required to be deposited in the Interest and Sinking Fund created and established for the payment of principal of and interest on the Bonds Similarly Secured as the same becomes due and payable;

Third: To the payment of the amounts required, if any, to be deposited to any Reserve Fund to accumulate and maintain therein the Required Reserve Amount, if any, in accordance with the provisions of Section XV hereof;

Fourth: To the payment of any other indebtedness payable from and secured, in whole or in part, by a lien on and claim against the Net Revenues of the System; and

Fifth: Any Net Revenues remaining in the Revenue Fund after satisfying the foregoing payments, or making adequate and sufficient provisions for the payment thereof, may be appropriated and used for any other purpose now or hereafter permitted by law.

SECTION XIV. **Interest and Sinking Fund**. There is hereby established and the City agrees to maintain the "City of Plano, Texas, Series Waterworks and Sewer System Interest and Sinking Fund" (the "Interest and Sinking Fund"). The City covenants that from the funds in the Revenue Fund, the City shall pay into the Interest and Sinking Fund during each year in which any of the Bonds Similarly Secured are outstanding, an amount equal to one hundred percent (100%) of the amount required to meet the principal and interest payments falling due on or before the next interest payment, maturity or redemption date of the Bonds Similarly Secured, such payments to be made in substantially equal monthly installments. If the revenues of the System in any month, after deductions for maintenance and operation expenses, are then insufficient to make the required payments into the Interest and Sinking Fund, then the amount of any deficiency in the payment shall be added to the amount otherwise required to be paid into the Interest and Sinking Fund in the next month. All moneys paid into the Interest and Sinking Fund shall be deposited in a City depository bank, and the Mayor, Mayor Pro Tem, City Manager, Director of Finance or City Secretary, any one or more of said officials of the City, shall cause the depository bank, not later than any principal or interest payment date, to transfer the amount then to become due to the paying agent.

SECTION XV. **Reserve Fund**.

(a) Establishment. A Reserve Fund shall not be required to be established or maintained by the City for the payment of the Bonds or any other Bonds Similarly Secured so long as the Net Revenues of the System for a Fiscal Year equal or exceed one hundred fifty per cent (150%) of the annual debt service requirements of Bonds Similarly Secured due and payable in such Fiscal Year. If for any Fiscal Year such Net Revenues do not exceed 150% of the annual debt service requirements of the Bonds Similarly Secured, the City shall be obligated to establish and maintain on the books of the City a separate fund or account designated as the "City of Plano, Texas, Waterworks and Sewer System Reserve Fund" (the "Reserve Fund"). Upon being established and except as provided in below, the amount on deposit to the credit of the Reserve Fund shall be maintained for the benefit of the owners of the Bonds Similarly Secured. The amounts deposited to the credit of the Reserve Fund shall be in a special fund maintained at a depository of the City. Monies or investments held in the Reserve Fund shall be used for the purpose of retiring the last of the Bonds Similarly Secured as they become due or paying principal of and interest on the Bonds Similarly Secured when and to the extent the amounts in the Interest and Sinking Fund are insufficient for such purpose.

When a Reserve Fund is required to be established as noted above and while the same is required to be maintained, the Required Reserve Amount (the "Required Reserve Amount") to be accumulated and maintained in the Reserve Fund shall be determined and re-determined as follows:

(1) ten per cent (10%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than 150% of the annual debt service requirement for such Fiscal Year;

(2) twenty per cent (20%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than one hundred forty percent (140%) of the annual debt service requirement for such Fiscal Year, but greater than or equal to one hundred thirty percent (130%) of the annual debt service requirement for such Fiscal Year;

(3) thirty per cent (30%) of the average annual debt service requirement for all Bonds Similarly Secured then Outstanding if the Net Revenues for the previous Fiscal Year were less than one hundred thirty percent (130%) of the annual debt service requirement for such Fiscal Year, but greater than or equal to one hundred twenty percent (120%) of the annual debt service requirement for such Fiscal Year;

(4) forty per cent (40%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than one hundred twenty percent (120%) of the annual debt service requirement for such Fiscal Year, but greater than or equal to one hundred ten percent (110%) of the annual debt service requirement for such Fiscal Year; and

(5) fifty per cent (50%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than 110% of the annual debt service requirement for such Fiscal Year.

The City shall review the amount, if any, on deposit in the Reserve Fund within thirty (30) days of the receipt of the audited financial statements applicable to the System for the preceding Fiscal Year to determine compliance with the provisions of subparagraph (1), (2), (3), (4) and (5) of subsection (a) of this Section. If at any time the City is required to fund the Required Reserve Amount, or to increase the Required Reserve Amount, the Required Reserve Amount or increase in the Required Reserve Amount, as applicable, shall be funded as provided in subsection (b) of this Section in not more than sixty (60) substantially equal consecutive monthly deposits commencing not later than the month following the receipt of audited financial statements for the System for the preceding Fiscal Year.

(b) Funding. The Required Reserve Amount, if required, shall be established and maintained with Net Revenues of the System, transfer(s) of funds from refunded obligations, proceeds of sale of Bonds Similarly Secured, or by depositing to the credit of the Reserve Fund, to the extent permitted by law, one or more surety bonds or insurance policies issued by a company or institution which at the time of such deposit has a rating in one of the two highest rating categories by two nationally recognized rating agencies or services, or any combination thereof. The City hereby covenants and agrees to accumulate in the Reserve Fund the Required Reserve Amount either by depositing, from Net Revenues, in not more than sixty (60) substantially equal monthly payments, which initial fractional payment thereof shall be made on or before the fifteenth (15th) day of the month next following the determination that additional amounts need to be accumulated in the Reserve Fund to satisfy the Required Reserve Amount or by funding the Reserve Fund in the Required Reserve Amount from funds received from the transfer of funds from refunded obligations, from proceeds of sale of Bonds Similarly Secured, or by depositing one or more surety bonds or insurance policies issued by a company or companies meeting the aforesaid criteria, or any combination of the foregoing.

Concurrently with the delivery of a series of Additional Bonds, the appropriate City officials shall determine the Required Reserve Amount as well as the amount then held in the Reserve Fund, and the amount of such difference shall be deposited in the said Reserve Fund (i) by depositing to the credit of the Reserve Fund (concurrently with the delivery of the then proposed Additional Bonds) cash or an additional surety bond or insurance policy or revised surety bond or revised insurance policy with coverage in an amount sufficient to provide for the new Required Reserve to be fully or partially funded, or (ii) at the option of the City, in not more than sixty (60) substantially equal consecutive monthly payments, cash, the initial payment to be made on or before the fifteenth (15th) day of the month next following the month in which such Additional Bonds are delivered (or 1/60th of the balance of the additional amount not deposited immediately in cash or provided by a surety bond or insurance policy).

When and so long as the cash and investments in the Reserve Fund and/or coverage afforded by a surety bond or insurance policy held for the account of the Reserve Fund total not less than the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (or so much thereof as shall then be required to be contained therein if Additional Bonds have been issued and the City has elected to accumulate all or a portion of the Required Reserve Amount with Net Revenues), the City covenants and agrees to cause monthly deposits to be made to the Reserve Fund on or before the fifteenth (15th) day of each month (beginning the month next following the month the deficiency in the Required Reserve Amount occurred) from Net Revenues of the System in an amount equal to either (i) one-sixtieth (1/60th) of the Required Reserve Amount until the total Required Reserve Amount then required to be maintained in said Fund has been fully restored or (ii) the amounts to pay principal of and interest on Bonds Similarly Secured held by an insurer, or evidenced by an instrument of assignment entitling an insurer to payment of principal of and interest on Bonds Similarly Secured, as a result of payments or draws made on a surety bond or insurance policy held for the account of the Reserve Fund, and such payments will result in (x) the principal of and/or interest on such Bonds Similarly Secured to be paid and (y) the restoration and replenishment of the surety bond or insurance policy coverage representing all or a portion of the Required Reserve Amount.

During such time as the Reserve Fund contains the total Required Reserve Amount, the City may, at its option, withdraw all surplus in the Reserve Fund over the Required Reserve Amount and deposit such surplus in the System Fund. Any such amount to be withdrawn that is allocated to proceeds of Bonds Similarly Secured shall be deposited to the Interest and Sinking Fund or otherwise used for only such purposes as other bond proceeds may be used.

If the Reserve Fund is required to be established as provided in (a) above, and for two consecutive Fiscal Years, the Net Revenues of the System for a Fiscal Year equal or exceed one hundred fifty per cent (150%) of the annual debt service requirements of Bonds Similarly Secured due and payable in such Fiscal Year, then the Reserve Fund does not need to be maintained and the amounts in the Reserve Fund may be deposited to the Interest and Sinking Fund or otherwise used for only such purposes as bond proceeds or other revenues of the System, as applicable, may be used.

SECTION XVI. **Investment of Certain Funds**. The Interest and Sinking Fund may be invested in investments authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, and the City's investment policy. All moneys resulting from the investment of said fund shall be transferred to the Revenue Fund as received.

SECTION XVII. **Further Covenants**. The City further covenants and agrees by and through this Ordinance as follows:

(a) That the Bonds shall be special obligations of the City, and the registered owners thereof shall never have the right to demand payment out of any funds raised or to be raised by taxation.

(b) That it has the lawful power to pledge the revenues supporting the Bonds and has lawfully exercised said power under the Constitution and laws of the State of Texas, and that the Bonds issued under this Ordinance shall be ratably secured in such manner that no one Bond shall have preference over any other Bond or Bonds or Bonds Similarly Secured.

(c) That other than for the payment of the Bonds and the Previously Issued Bonds, the Net Revenues have not been in any manner pledged to the payment of any debt or obligation of the City or the System, other than debt or obligations which have a lien on or pledge of the Net Revenues subordinate to the lien on and pledge of such Net Revenues to the Bonds Similarly Secured.

SECTION XVIII. **Issuance of Additional Bonds**.

(a) That, in addition to the right to issue bonds of inferior lien as authorized by law, the City reserves the right to issue Additional Bonds, for the purpose of improving, extending, equipping and repairing the System and for the purpose of refunding in any lawful manner, any part or all of the Bonds Similarly Secured or other obligations of the City eligible to be refunded under the laws of the State of Texas as such laws now or hereafter may exist. The Additional Bonds shall be secured by and payable from a lien on and pledge of the Net Revenues in the same manner and to the same extent as any then Outstanding Bonds Similarly Secured, and the Additional Bonds then proposed to be issued shall in all respects be on a parity and of equal dignity as to lien and right. Additional Bonds may be issued in one or more installments; provided, however, that none of the Additional Bonds shall be issued unless and until the following conditions have been met, to wit:

(a) The City is not then in default as to any covenant, condition, or obligation contained in this Ordinance or the ordinances authorizing the issuance of the Bonds Similarly Secured.

(b) Each of the special funds created for the payment and security of the Bonds Similarly Secured contains the amount of money then required to be on deposit therein.

(c) The City has secured from a certified public accountant a certificate or opinion showing that the Net Earnings of the System for either the completed Fiscal Year next preceding the date of the Additional Bonds or a consecutive twelve month period out of the last fifteen (15) months next preceding the date of the Additional Bonds is equal to the lesser of (i) at least 1.25 times the average annual principal and interest requirements (calculated on a Fiscal Year basis at the time of the issuance of the Additional Bonds) of all Bonds Similarly Secured that will be Outstanding after the issuance of the proposed Additional Bonds or (ii) at least 1.10 times the maximum annual principal and interest requirements (calculated on a Fiscal Year basis at the time of the issuance of the Additional Bonds) of all Bonds Similarly Secured that will be Outstanding after the issuance of the proposed Additional Bonds. However, (A) should the certificate of the accountant certify that the Net Earnings of the System for the period covered thereby were less than required above, and (B) a change in the rates and charges for services afforded by the System became effective at least 60 days prior to the last day of the period covered by the accountant's certificate, and (C) the accountant's certificate may state that, had such change in rates and charges been effective for the entire period covered by the accountant's certificate, the Net Earnings covered by the accountant's certificate would have been, in his or their opinion, equal to the lesser of (i) at least 1.25 times the average annual principal and interest requirements (calculated on a Fiscal Year basis) of the Outstanding Bonds Similarly Secured or (ii) at least 1.10 times the maximum annual principal and interest requirements (calculated on a Fiscal Year basis at the time of the issuance of the Additional Bonds) after giving effect to the issuance of the Bonds and the Outstanding Bonds Similarly Secured, then, in such event, the coverage specified in the first sentence of this paragraph (iii) shall not be required for the period specified, and such accountant's certificate will be sufficient if accompanied by an engineer's certificate to the above effect.

(d) The ordinance authorizing the Additional Bonds requires that deposits shall be made into the Interest and Sinking Fund in amounts adequate to pay the principal and interest requirements of the Additional Bonds as the same become due.

(e) The Additional Bonds are made to mature on May 1 or November 1 (or both) of each of the years in which they are scheduled to mature or become due.

(b) The term "Net Earnings," as used in this Ordinance shall mean all income, revenues, and receipts derived from the operation or by reason of the ownership of the System, including grants, gifts, contributions in aid of construction (but excluding meter deposits), interest earned on invested moneys in the special Funds created therein for the payment and security of Bonds Similarly Secured, after deduction of maintenance and operation expenses but not deducting depreciation, and other expenditures which, under standard accounting practice, should be classified as capital expenditures.

(c) Wherever, in this Ordinance, the City reserves the right to issue Additional Bonds, such term shall also include, mean and refer to any other forms or types of obligations, whether now existing or hereafter authorized, which may be made lawfully payable from and secured by the Net Revenues.

SECTION XIX. **Maintenance and Operation - Insurance**. The City shall maintain the System in good condition and operate the same in an efficient manner and at reasonable cost. So long as any Bonds are outstanding, the City agrees to maintain insurance for the benefit of the holder or holders thereof on the System of a kind, including but not limited to self-insurance to the extent and in the manner deemed advisable by the City, and in an amount which usually would be carried by private companies engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the City to expend any funds derived from sources other than the operation of the System, but nothing therein shall be construed as preventing the City from doing so.

SECTION XX. **Records - Accounts - Accounting Reports**. The City covenants and agrees that so long as any Bonds, or any interest thereon, remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the operation of its System separate and apart from all other records and accounts; complete and correct entries shall be made of all transactions relating to the System, in accordance with generally accepted accounting principles except as provided by Texas Government Code, Chapter 1502, as amended; and registered owners shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto, and to inspect the System and all properties comprising same. The City further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of certified public accountants of national reputation. Each such audit, in addition to whatever other matters may be thought proper by the accountant, shall particularly include the following:

(a) A detailed statement of the income and expenditures of the System for such Fiscal Year.

(b) A balance sheet as of the end of such Fiscal Year.

(c) The accountant's comments regarding the manner in which the City has carried out the requirements of this Ordinance and his recommendations for any changes or improvements in the operation, records and accounts of the System.

Expenses incurred in making the audits referred to hereinabove are to be regarded as maintenance and operation expenses and paid as such. Copies of the aforesaid annual audit shall be immediately furnished, upon request, to the original purchaser or any subsequent owner of the Bonds.

SECTION XXI. **Excess Revenues**. As provided in Section XIII hereof, all revenues in excess of those required to establish and maintain the Interest and Sinking Fund as required, may be used for any proper City purpose now or heretofore permitted by law.

SECTION XXII. **Security of Funds**. All funds for which provision is made by the Ordinance shall be secured in the manner and to the fullest extent permitted by law for the security of public funds and the funds created by the Ordinance shall be used only for the purposes therein specified.

SECTION XXIII. **Remedy in Event of Default**. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Interest and Sinking Fund as required by this Ordinance, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, registered owner or owners of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in this Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedy provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

SECTION XXIV. **Bonds are Special Obligations**. The Bonds are and shall be special obligations of the City payable from the pledged Net Revenues, and the holder or holders thereof shall never have the right to demand payment of the Bonds out of funds raised or to be raised by taxation.

SECTION XXV. **Bonds are Negotiable Instruments**. Each of the Bonds authorized shall be deemed and construed to be a "Security" and as such a negotiable instrument within the meaning of Chapter 8 of the Texas Business and Commerce Code, as amended.

SECTION XXVI. **Competition - Sale of System**. So far as it legally may, the City covenants and agrees, for the protection and security of the Bonds, and the registered owner or owners thereof from time to time, that it will not grant a franchise for the operation of any competing system in the City until all Bonds shall have been retired. Neither the System, nor a substantial part thereof, shall be sold while the Bonds are outstanding, but nothing in this Ordinance shall prevent the sale or disposal of properties constituting a part of the System which are no longer useful or needed in connection with the operation thereof.

SECTION XXVII. **Satisfaction of Obligation of the City**. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of revenues under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting or consulting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Bonds such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. The provisions of this paragraph are subject to the applicable unclaimed property law of the State of Texas.

Unless otherwise modified by the Pricing Officer, the term "Government Securities," as used herein, means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

SECTION XXVIII. **Ordinance to Constitute Contract - Amendment**. This Ordinance shall constitute a contract with the Holder of any Bond from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section and in Section XLV hereof. The City, may, without the consent of or notice to any Holders of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders of any Bond, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the written consent of the Holders of Bonds owning a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition or rescission shall (a) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor or the rate of interest thereon or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (b) give any preference to any Bond over any other Bond or (c) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition or rescission.

TAX MATTERS

TAX EXEMPTION . . . The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as Appendix B. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinion, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Bonds. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $ I billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN BONDS . . . The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the “Premium Bonds”) paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond). .

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement while it remains obligated to advance funds to pay such Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the Tables numbered 1 through 6 and 8 through 14 and in Appendix A. The City will update and provide this information in the numbered tables within six months after the end of each fiscal year ending in or after 2024 and audited financial statements within 12 months after the end of each fiscal year ending in or after 2024. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City’s current fiscal year end is September 30. Accordingly, updated unaudited information included in the above-referenced tables must be provided by March 31 in each year, and audited financial statements must be provided by September 30 of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data.

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation or a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the City, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. Additionally, the City intends the words used in the preceding items (15) and (16) and the definition of "financial obligation" in these items to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City's continuing disclosure agreements for the Bonds may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell the Bonds in the primary offering of such Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized Bond Counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of such Bonds. The City may also amend or repeal the provisions of the continuing disclosure agreements if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Bonds in the primary offering of such Bonds. If the City amends its agreements, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years the City believes it has complied in all material respects with its previous continuing disclosure undertakings entered into pursuant to the Rule.

OTHER INFORMATION

Ratings

The Bonds are rated "AAA" by S&P and "AA+" by Fitch in each case without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of the organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the company, if in the judgment of company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Litigation

It is the opinion of the City Attorney and City Staff that there is no pending or, to their knowledge, threatened litigation or other proceeding against the City that would have a material adverse financial impact upon the City, its operations or its financial statements.

Registration and Qualification of Bonds for Sale

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Legal Investments and Eligibility to Secure Public Funds in Texas

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Bonds (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before the Bonds are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds to any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Legal Opinions and No-Litigation Certificate

The City will furnish to the Initial Purchaser a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Matters" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security or in any manner questioning the validity of said Bonds will also be furnished. Though it represents the Financial Advisor and purchasers of debt from governmental issuers from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements, and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER OF THE BONDS

After requesting competitive bids for the Bonds, the City accepted the bid of ________________________ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the cover page of the Official Statement at a price of par plus a cash premium of $__________. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the City will furnish to the Initial Purchaser a certificate, executed by a proper City officer, acting in such officer's official capacity, to the effect that to the best of such officer's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement, or amendment thereto, on the date of the Official Statement, on the date of sale of the Bonds, and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the operations of the City Information technology and infrastructure of the City may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the City. To mitigate these risks, the City continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture, including required training for City staff and administration.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The Pricing Certificate will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the offering of the Bonds by the Initial Purchaser.

PRICING OFFICER
City of Plano, Texas

APPENDIX A

EXCERPTS FROM THE

CITY OF PLANO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2024

The information contained in this Appendix consists of excerpts from the City of Plano, Texas Annual Comprehensive Financial Report for the Year Ended September 30, 2024, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Plano, Texas (City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the individual fund budgetary comparison schedules 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report January 7, 2025 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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 7, 2025

Plano
City of Excellence

MANAGEMENT'S DISCUSSION & ANALYSIS SECTION

Plano
City of Excellence

CITY OF PLANO, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2024

(unaudited)

Management's discussion and analysis of the City's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $1.9 billion (net position). Of this amount, $1.5 billion (76.9%) is net investment in capital assets. The amount of net position restricted for a specific purpose is $53.3 million (2.8%). The remaining $387.3 million (20.3%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

- The City's total net position increased by $96.2 million.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $440.6 million, a decrease of $7.1 million in comparison with the prior year. Within this total, $100.2 million (22.8%) is restricted by specific legal requirements and $297.4 million (67.5%) has been committed and assigned to specific types of expenditures. Unassigned fund balance is $42.1 million (9.5%) and can be used for any lawful purpose. The remaining $832 thousand (0.2%) is nonspendable.

- The City's total bonded debt increased by $52.9 million primarily due to issuance in the current year of General Obligation bonds, Tax Anticipation notes and Municipal Drainage Revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (uncollected taxes and earned but not used vacation leave).

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

- Governmental activities – Most of the City's basic services are reported here, including police, fire, libraries, development, public services and operations, parks and recreation, public works, technology solutions and general administration. Property taxes, sales taxes and franchise fees finance most of these activities. Additionally, the City has three blended component units that are detailed in the accompanying footnotes.

- 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 operations, sustainability and environmental services, municipal drainage system, convention and tourism, municipal golf course, downtown center development and recreation revolving programs are reported as business-type activities.

- Discretely Presented Component units – The City includes separate legal Tax Increment entities, created under Texas Tax Code Chapter 311, in its report; Tax Increment Financing (TIF) No. 2 East Side, TIF No. 3 Silver Line (formerly Cotton Belt) Regional Rail Project and TIF No. 4 Collin Creek Mall Redevelopment. In the current fiscal year, TIF No. 5 Legacy Business Area was established to support the redevelopment of vacant corporate office campuses. TIF No. 5 had no activity in fiscal year 2024. Although legally separate, the City is financially accountable for TIF No. 2, No. 3, No. 4 and No. 5.

The government-wide financial statements can be found on pages 19-21 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 22 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 Maintenance Fund, Street Improvements Fund, Municipal Facilities Fund, Park Improvements

Fund, Economic Development Incentive Fund and Grants Fund, all of which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the Combining Financial Statements Section elsewhere in this report.

The basic governmental fund financial statements can be found on pages 22-28.

- **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, sustainability and environmental services, municipal drainage system, convention and tourism, municipal golf course, downtown center development and recreation revolving programs. 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 equipment maintenance services, municipal warehouse, technology solutions, risk management and health claims programs. 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 maintains seven individual enterprise funds. The proprietary fund financial statements provide separate information for the water and sewer operations, sustainability and environmental services and municipal drainage system, as they are considered major funds. Data from the remaining four enterprise funds, known as the other enterprise funds, as well as the internal service funds, are combined into single aggregated presentations in the proprietary fund financial statements. Individual fund data is provided in the Combining Financial Statements Section elsewhere in this report.

  The basic proprietary fund financial statements can be found on pages 30-37 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 38-39 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 41-88 of this report.

- **Other information**. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the General Fund's budget to actual performance and the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees and retirees.

  The required supplementary information can be found on pages 89-96 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, nonmajor enterprise, internal service, fiduciary and component unit funds can be found on pages 97-137 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position was $1.9 billion as of September 30, 2024. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

By far the largest portion of the City's net position (76.9%) reflects its net investment in capital assets (land, buildings and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 563,278	$ 560,308	$ 198,692	$ 181,974	$ 761,970	$ 742,282
Capital assets	1,596,767	1,482,171	497,053	475,361	2,093,820	1,957,532
Total assets	2,160,045	2,042,479	695,745	657,335	2,855,790	2,699,814
Deferred outflows	131,494	172,021	16,336	20,406	147,830	192,427
Noncurrent liabilities	871,390	867,269	127,536	122,540	998,926	989,809
Other liabilities	41,676	39,763	24,890	23,564	66,566	63,327
Total liabilities	913,066	907,032	152,426	146,104	1,065,492	1,053,136
Deferred inflows	26,809	25,063	7,922	6,886	34,731	31,949
Net position:						
Net investment in capital assets	1,052,078	964,900	410,754	395,785	1,462,832	1,360,685
Restricted	46,979	45,677	6,282	5,968	53,261	51,645
Unrestricted	252,607	271,828	134,697	122,998	387,304	394,826
Total net position	$ 1,351,664	$ 1,282,405	$ 551,733	$ 524,751	$ 1,903,397	$ 1,807,156

An additional portion of the City's net position (2.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (20.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Table 2
Change in Net Position
(in Thousands)

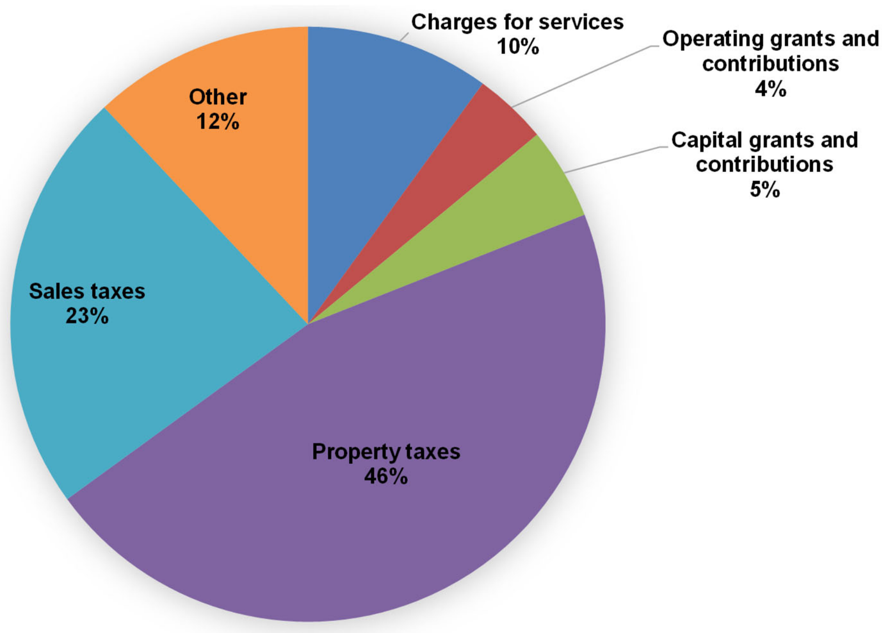
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 52,775	$ 48,740	$ 267,360	$ 255,058	$ 320,135	$ 303,798
Operating grants and contributions	20,474	37,057	-	-	20,474	37,057
Capital grants and contributions	26,748	20,636	6,650	3,033	33,398	23,669
General revenues:						
Property taxes	242,281	222,561	-	-	242,281	222,561
Sales taxes	120,263	114,129	-	-	120,263	114,129
Other taxes	2,966	3,105	12,895	12,589	15,861	15,694
Franchise fees	22,326	22,059	9,653	9,243	31,979	31,302
Investment income (loss)	36,788	19,758	8,571	4,261	45,359	24,019
Total revenues	524,621	488,045	305,129	284,184	829,750	772,229
Expenses:						
General government	37,289	34,047	-	-	37,289	34,047
Administrative services	14,724	14,645	-	-	14,724	14,645
Police	113,821	111,065	-	-	113,821	111,065
Fire	85,850	85,567	-	-	85,850	85,567
Libraries	15,911	15,835	-	-	15,911	15,835
Development	47,481	47,473	-	-	47,481	47,473
Public services and operations	12,972	10,783	-	-	12,972	10,783
Parks and recreation	44,792	44,182	-	-	44,792	44,182
Public works	51,830	47,161	-	-	51,830	47,161
Technology solutions	30,018	28,355	-	-	30,018	28,355
Interest on long-term debt	16,943	15,905	-	-	16,943	15,905
Water and sewer	-	-	200,222	185,133	200,222	185,133
Sustainability and environmental services	-	-	36,756	33,701	36,756	33,701
Municipal drainage	-	-	7,928	7,772	7,928	7,772
Convention and tourism	-	-	11,854	11,409	11,854	11,409
Municipal golf course	-	-	1,236	1,082	1,236	1,082
Downtown center development	-	-	54	66	54	66
Recreation revolving	-	-	3,828	3,905	3,828	3,905
Total expenses	471,631	455,018	261,878	243,068	733,509	698,086
Increase in net position before transfers	52,990	33,027	43,251	41,116	96,241	74,143
Transfers	16,269	9,413	(16,269)	(9,413)	-	-
Increase in net position	69,259	42,440	26,982	31,703	96,241	74,143
Net position – October 1	1,282,405	1,239,965	524,751	493,048	1,807,156	1,733,013
Net position – September 30	$ 1,351,664	$ 1,282,405	$ 551,733	$ 524,751	$ 1,903,397	$ 1,807,156

The City's total net position increased by $96.2 million. Property tax revenues increased over prior fiscal year by $19.7 million as a result of additional properties added in the current year and increases in total assessed property values. In fiscal year 2025, the total appraised value includes an increase in new property coming on-line of $906.6 million while existing property values are expected to increase by $3.9 billion. Sales tax revenues increased over prior year by $6.1 million due to increased consumer spending, even during inflationary pressures. Investment income is reported at $45.4 million, increasing $21.3 million over prior year, as a result of fair market value adjustments to investments as required by the Governmental Accounting Standards Board (GASB) Statement No. 31. The unrealized gain for fiscal year 2024 is $22.2 million compared to the fiscal year 2023 unrealized gain of $5.5 million. Water and sewer charges for services increased $8.6 million over prior year due to water and sewer rate increases effective October 1, 2023. Charges for services in the Sustainability and Environmental Services fund increased $4.8 million also attributed to rate increases for fiscal year 2024.

Governmental Activities

Governmental activities increased the City's net position by $69.3 million. Key elements of this increase are shown in Table 2.

Revenues by Source – Governmental Activities



Program revenues were $100.0 million, compared to $106.4 million in fiscal year 2023. Of this decrease, operating grants are lower than prior year by $16.6 million due to full utilization of American Rescue Plan Act - State and Local Fiscal Recovery Funds (ARPA) in fiscal year 2023. The City applied the funding in fiscal year 2023 toward public safety salaries.

General revenues increased from $381.6 million in fiscal year 2023 to $424.6 million in fiscal year 2024. Interest income increased $17.0 million due to larger unrealized investment gains in current year, as reported per GASB Statement No. 31. Property tax revenues increased by $19.7 million due to additional properties added in the current year and increases in total assessed property value. Sales tax revenues increased over prior year by $6.1 million due to increased consumer spending, even during inflationary pressures.

Overall, governmental activities expenses were $471.6 million, an increase of $16.6 million over the prior year, the result of the organization focusing on priorities of meeting service demands and increased costs due to inflation.

Business-Type Activities

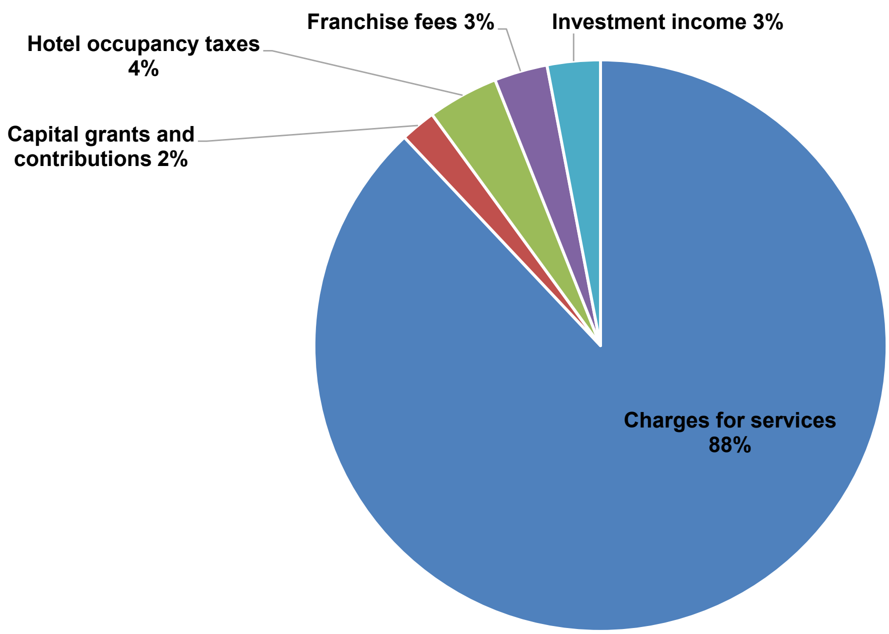
Revenues of the City's business-type activities were $305.1 million for the fiscal year ended September 30, 2024. Revenues increased approximately $20.9 million, or 7.4%, as compared to the prior fiscal year. Expenses for the City's business-type activities increased $18.8 million, or 7.7%. These changes are the result of several factors, including the following:

- The City's water and sewer system recorded charges for services of $220.1 million, an increase of $8.6 million, or 4.1%, from the prior year primarily attributable to water and sewer rate increases effective October 1, 2023. Contractual payments to NTMWD increased $11.3 million in the current year due to a rate increase effective October 1, 2023.

- The City's sustainability and environmental services activities operated with charges for services and franchise fee revenues exceeding expenses by $1.2 million in fiscal year 2024. Rate increases for fiscal year 2024 resulted in the increased revenues.

- The City's municipal drainage activity operated with charges for services exceeding expenses by $1.9 million, compared to $3.4 million in the prior year. Drainage rates reman constant compared to prior year, ensuring coverage of additional debt costs associated with the renovation of the large culvert at Collin Creek Mall is met.

Revenues by Source – Business-Type Activities

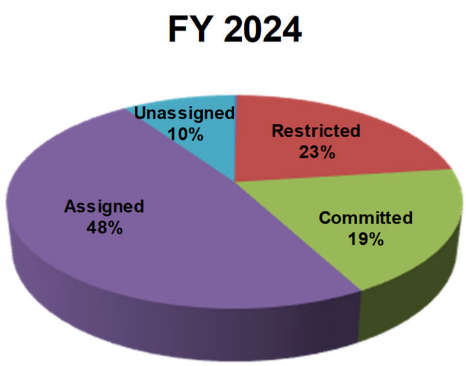


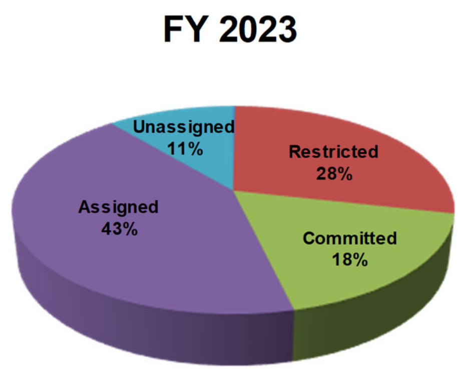
Financial Analysis of the City's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $440.6 million. Within this total, $100.2 million (22.8%) is restricted by specific legal requirements and $297.4 million (67.5%) has been committed and assigned to specific types of expenditures. Unassigned fund balance is $42.1 million (9.5%) and can be used for any lawful purpose. The remaining $832 thousand (0.2%) is nonspendable.





The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund decreased by $10.7 million during the current fiscal year. Key factors in this decrease are as follows:

- General fund revenues increased $19.6 million compared to prior year. Property tax revenues increased $13.1 million due to additional properties added in the current year and increases in total assessed property values. Sales tax revenues increased over prior year by $4.2 million due to continued consumer spending.

- Expenditures increased $41.4 million primarily due to ARPA funds used to offset public safety salaries in prior year.

The Debt Service Fund has a total fund balance of $4.1 million, all of which is restricted for the payment of debt service. The fund balance decreased by $844 thousand primarily due to bond principal, interest and escrow payments exceeding property tax revenues and debt refunding sources in the current year.

The Capital Maintenance Fund balance of $66.3 million is assigned for replacement and renewals of the City's facilities and infrastructure. The Capital Maintenance Fund balance decreased $9.5 million from the prior year as a result of capital outlay expenditures exceeding transfers in by $15.3 million, offset by $5.2 million in investment income.

The Street Improvements Fund has a total fund balance of $85.4 million, all of which is assigned. The Street Improvements Fund balance increased $10.5 million primarily due to reimbursement from DART for approved streets projects to promote public transportation utilization.

The Municipal Facilities Fund has a total fund balance of $41.7 million, with $31.4 million in restricted and $10.3 million in assigned. The Municipal Facilities Fund balance increased $2.8 million due to increased investment income in the current fiscal year.

The Park Improvements Fund has a total fund balance of $52.1 million, with $20.2 million in restricted and $31.9 million in assigned. The Park Improvements Fund balance decreased over prior year by $6.9 million due to capital outlay of $16.4 million exceeding other financing sources related to debt issuance of $5.8 million in the current year.

The Economic Development Incentive Fund balance of $84.7 million increased over prior year by $5.0 million as a result of contributions exceeding expenditures in the current year. Contributions from the General Fund were lowered in the current year, capped at $8.5 million. Expenditures are based upon incentive obligations which stimulate economic development for the City through usage of Chapter 380 agreements as authorized by the Texas Local Government Code. In the current year, the City acquired land for $4.2 million. The portion of the fund balance obligated but unpaid for potential incentives on signed economic development agreements totals $2.6 million.

The Grant Fund has a negative fund balance of $49 thousand due to reimbursements not being received within 30 days and, therefore, not considered available to pay liabilities of the current period.

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

- The City's Water and Sewer Fund net position of $483.9 million increased by $20.9 million over the prior year. In the current fiscal year, total operating revenues are $220.1 million while operating expenses are $199.9 million. Revenue is higher in the current year by $8.6 million due to increased water and sewer rates effective October 1, 2023. Sewer revenues are calculated on averages of the winter quarter period (November-February) from prior actual usage. Contractual payments to NTMWD increased $11.3 million in the current year due to a rate increase implemented in fiscal year 2024. Contractual payments to NTMWD are $136.4 million of total operating expenses.

- The City's Sustainability and Environmental Services Fund reported negative net position of $2.0 million in the current year compared to negative net position of $2.9 million in the prior year. Total operating revenues are $37.2 million which exceeded operating expenses of $36.3 million. The change in net position is an increase of $889 thousand, primarily due to insurance receipts received for vehicles and equipment damaged in the current year. Although a rate increase occurred in the current fiscal year, expenses to meet service demands are higher due to increased customer growth and need for additional services, impacting increased personnel and contractual related expenses. In fiscal year 2023, a loan of $2.5 million was made from the Water and Sewer Fund to be paid back over seven years.

- The City's Municipal Drainage Fund net position increased over the prior year by $1.9 million. Drainage revenues are reported at $9.8 million exceeding operating expenses of $6.2 million.

General Fund Budgetary Highlights

During the current year, the actual expenditures on a budgetary basis were $360.5 million compared to the final budget amount of $362.8 million. Actual expenditures on a budgetary basis were $4.1 million higher than the original budget and $2.2 million lower as compared to the final budget. The City continues to focus on maintaining all of our current assets as well as meeting service demands generated by new businesses and residents, all while maintaining financial prudence and financial responsiveness.

For fiscal year 2024, the actual revenues on a budgetary basis were $361.1 million as compared to the final and original budget amounts, each at $359.0 million and $353.4 million, respectively.

The City has an actual budgetary basis General Fund balance of $45.6 million as of September 30, 2024, compared to the final and original budget fund balances of $41.4 million and $31.7 million, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2024, the City had $2.1 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges and water and sewer lines (Table 3). This amount represents a net increase (including additions and deductions) of $136.3 million over the prior fiscal year.

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

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	$ 180,013	$ 171,038	$ 10,181	$ 8,058	$ 190,194	$ 179,096
Buildings and improvements	377,187	360,701	393,171	375,317	770,358	736,018
Equipment	71,274	70,849	529	606	71,803	71,455
Construction in progress	87,544	90,458	42,903	43,657	130,447	134,115
Public art	1,847	1,846	50	50	1,897	1,896
Infrastructure	863,714	775,552	-	-	863,714	775,552
Right-to-use leased buildings	1,400	932	475	649	1,875	1,581
Right-to-use leased equipment	6,128	4,477	15	30	6,143	4,507
Right-to-use subscription assets	7,660	6,318	28	-	7,688	6,318
Drainage improvements	-	-	49,701	46,994	49,701	46,994
Totals	$ 1,596,767	$ 1,482,171	$ 497,053	$ 475,361	$ 2,093,820	$ 1,957,532

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

Plano Event Center street improvements	$ 4.0
Pinecrest Drive improvements	6.6
Residential repair	10.7
Arterial overlay and repair	11.9
Park land acquisitions	3.6
City Council Chambers renovation	4.2
Fire Station No. 5 renovations	5.2
	$ 46.2

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

Capital Improvement Program for Fiscal Year 2025

The City's fiscal year 2025 General Obligation capital budget includes $193.1 million for capital projects, principally for three major categories: street improvements and enhancements, parks and recreation and municipal facilities. An additional $85.0 million in General Obligation bond proceeds will be required to support the fiscal year 2025 General Obligation capital investment program.

Street Improvements and Enhancements. The City plans to spend $119.4 million on street improvements and enhancements including $14.5 million for arterial overlay, $8.1 million for screening wall replacement, $4.2 million for a vehicle detection system, $11.4 million for various arterial repair and rehab projects, $14.7 million for residential concrete repair. The remaining funds for street improvements are for a variety of projects totaling $66.5 million.

Parks and Recreation. Estimated expenditures for parks and recreation facilities are $59.7 million including $11.4 million for Tom Muehlenbeck Recreation Center renovations, $9.6 million for maintenance facilities, $6.1 million for Enfield Park restroom renovations, $5.0 million for Bob Woodruff Community Park renovations and $3.9 million for Oak Point Park and Nature Preserve renovations. The remaining funds for park improvements are for a variety of projects.

Municipal Facilities. Estimated expenditures for municipal facilities are $13.7 million including $6.4 million for Fire Station No. 5 remodel, $3.7 million for fueling stations and $1.2 million for renovations to the City Council Chambers. The remaining funds for municipal facilities are for a variety of projects.

Debt

At year-end, the City had $761.3 million in bonds, tax anticipation notes, leases and subscription liability outstanding as compared to $705.7 million at the end of the prior fiscal year, an increase of 7.9%.

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

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General obligation bonds and tax anticipation notes (backed by the City)	$ 643,488	$ 599,784	$ -	$ -	$ 643,488	$ 599,784
Revenue bonds (backed by fee revenues)	-	-	103,020	93,820	103,020	93,820
Leases payable	7,014	5,474	533	716	7,547	6,190
Subscription liability	7,256	5,901	29	-	7,285	5,901
Totals	$ 657,758	$ 611,159	$ 103,582	$ 94,536	$ 761,340	$ 705,695

During the current fiscal year, the City issued $89.7 million in General Obligation bonds and $6.6 million in Tax Anticipation notes.

The City's General Obligation bonds and Tax Anticipation Notes continue to carry AAA-rated bonds issued by Moody's Investor Service, Standard & Poor's and Fitch, Inc., the highest rating possible. This rating has been assigned to the City's tax-supported debt since February 2000. The City's Water and Sewer Revenue bonds carry AAA ratings as assigned by Standard & Poor's and AA+ ratings as assigned by Fitch. Municipal Drainage Revenue bonds are rated as Aa1 by Moody's and AAA as assigned by Standard & Poor's.

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 City maintains a self-insurance program for general liability, public officials' errors and omission, police professional liability, property loss and workers' compensation, as well as health related claims under the group accident and health insurance coverage provided to all City employees. The City has claims and judgments of $8.2 million outstanding at year-end compared with $9.5 million at the end of the prior fiscal year. Claims and judgements of $5.4 million relate to property and liability losses while $2.8 million relate to health claims.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities and self-insurance is presented in Notes 7 and 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City is a service industry and is subject to the same economic conditions affecting the rest of the country. Early in 2024, the City was presented with a financial forecast indicating the need for the City to implement the budget contingency plan. Flattening revenues have been anticipated due to the continued reduction of land available for development in the City resulting in slowed revenues. Plano's future growth will look different than during the previous decades and the organization must adapt to flattening revenue growth and balance those revenue expectations with expenditures needed to support the City's programs and services. The current financial position was impacted by federal funding received during COVID. These funds buffered the City and allowed the City to navigate the COVID economic roller coaster without impacting service levels and allowed for increased expenditures without increasing revenues. Additionally, for four years the City has passed a tax rate at or near the No-New-Revenue Tax Rate (or Effective Tax Rate) which shifted the dependance on revenue growth to sales tax and new property. As mentioned before, new property growth is declining and development related revenue continues to decline as a result. The City must recognize and continue to adapt to a mature environment where resource growth is reduced by slowed commercial growth, increased residential tax freezes, along with rising costs of providing services.

Within the strategic goal to deliver outstanding operational analysis and effectiveness, the City is committed to providing exceptional services at the greatest possible value. This is reinforced by consistently offering one of the lowest tax rates in the region, which includes maintaining the tax rate from the previous year's rate of 41.76 cents per $100 of assessed property valuation. The fiscal year 2025 Combined Budget was developed with a focus on Plano's five main values/priorities: financial policies/ratings, personnel, quality infrastructure, service demands/programs, affordability/property tax, and maintains a focus on preserving existing programs, services and people. The City strives to retain the values and priorities that have made Plano successful while encompassing the organizational and community values that have made Plano the premier city in North Texas. The City is entering the next lifecycle phase, which is characterized by a slowing of new revenue from green field development and will transition to a larger focus on infrastructure maintenance, commercial and corporate redevelopment and long-term revenue sustainability. The 2025 budget positions the City to adapt to a mature environment where resource growth is reduced by slowed commercial growth, increased residential tax freezes, along with rising costs of providing service that citizens have come to expect.

The annual budget is a critical City Council policy document that defines the service priorities and projects financial resources for the City of Plano. Given the cautious approach moving forward, the 2025 budget contains no new programs or services. The budget provides for continued maintenance and improvements to the City's $2.8 billion infrastructure. With an aging infrastructure, it is critical for the City to reinvest in maintaining what it owns. The City has also reached functional build out of its 72 square miles but continues to have infill and redevelopment opportunities across the City. The City is undergoing a comprehensive review of policies and practices to adjust to the current financial and development conditions which we expect to continue.

The largest single revenue source in the fiscal year 2025 General Fund budget is property taxes, which account for 46.8% of total revenues. Assessed property values in Plano increased 8.4% from the prior year, including $906.6 million in new property entering the tax roll for the first time. In addition, the 65 and over exemption equals $11.0 million in property tax revenue this year. Existing property values are expected to increase by $3.9 billion, or 6.8%. Sales tax revenue remains the City's second largest revenue source, making up 30.1% of General Fund revenues.

Increased costs in wholesale water rates and sewer treatment costs from the NTMWD have been included in the 2025 budget and are based on the latest adopted multi-year forecast and projections that were received by the District. The NTMWD will increase wholesale water rates from $3.69 per thousand gallons to $3.85 per thousand gallons in 2025. Furthermore, customers are currently charged a minimum rate of $28.89 (1,000 gallons included) and this rate will not change. The 1,001-5,000 gallons tier rate is currently charged less than what the City pays for wholesale water from the NTMWD. The City's rate strategy includes gradual increases over the next three years so this first billed tier rate will cover the cost of wholesale water. Additionally, wastewater treatment rates including the Upper East Fork Interceptor will increase from $4.66 per thousand gallons to $5.61 per thousand gallons. These increases have been required to pay for debt service and the increased treatment and operational costs associated with the $300 million pipeline that was opened in 2014 to bring raw water from Lake Texoma to the NTMWD Wylie Water Treatment Plant. Also supported is the expansion of and improvements to the District's water treatment operations, coupled with additional expansion of water reservoirs, namely the Bois d'Arc Lake. These improvements ensure that the region has an adequate supply of drinking water for many years in the future. Replacing deteriorating pipelines, improving treatment plants and extending main lines into sprawling North Texas neighborhoods drive up the water costs for everyone.

Sustainability and Environmental Services has faced enormous financial pressures over the last several years including the loss of all recycling revenue, increased cost for personnel, fuel and equipment plus contractual-related expenditures. Due to the current financial condition of the Sustainability and Environmental Services Fund, an increase in the residential rate for waste collection will increase from $23.60 to $24.60 for 95-gallon cart service and from $16.89 to $17.61 for 68-gallon cart service. The rate for an additional 95-gallon cart will increase from $19.66 to $20.50. Furthermore, the non-franchisee commercial rate will increase from $30.45 to $31.45.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, 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's Accounting Division, at City of Plano, 1520 Avenue K, Suite 370, Plano, Texas 75074.

Plano
City of Excellence

BASIC FINANCIAL STATEMENTS SECTION

2024 Annual Comprehensive Financial Report

For Fiscal Year Ended September 30, 2024 | City of Plano, Texas

Plano
City of Excellence

CITY OF PLANO, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2024

	Primary Government			
	Governmental Activities	**Business-type Activities**	**Total**	**Component Units**
ASSETS				
Cash and cash equivalents	$ 82,599,370	$ 17,297,208	$ 99,896,578	$ 12,167,461
Investments	452,704,333	90,368,831	543,073,164	-
Receivables (net of allowance for uncollectibles)	30,727,206	41,937,318	72,664,524	253
Lease receivables	7,542,052	5,192,805	12,734,857	109,915
Internal balances	(15,092,159)	15,092,159	-	-
Due from other governments	1,745,563	185,786	1,931,349	-
Inventories	2,471,719	181,650	2,653,369	-
Prepaid items and other assets	580,321	158,802	739,123	-
Restricted assets:				
Cash and cash equivalents	-	4,292,519	4,292,519	-
Investments	-	23,859,951	23,859,951	-
Receivables	-	124,986	124,986	-
Capital assets:				
Nondepreciable	269,403,580	53,133,872	322,537,452	7,223,987
Depreciable (net)	1,327,363,368	443,919,050	1,771,282,418	-
Total assets	2,160,045,353	695,744,937	2,855,790,290	19,501,616
DEFERRED OUTFLOWS OF RESOURCES				
Pensions related	101,628,783	11,738,905	113,367,688	-
Other postemployment benefits related	29,267,129	4,508,643	33,775,772	-
Deferred charges on refundings	598,183	88,319	686,502	-
Total deferred outflows of resources	131,494,095	16,335,867	147,829,962	-
LIABILITIES				
Accounts payable	4,983,467	11,280,940	16,264,407	700
Accrued liabilities	9,960,608	1,984,441	11,945,049	-
Contracts payable	14,637,150	2,992,454	17,629,604	-
Accrued interest payable	2,310,402	1,322,511	3,632,913	-
Customer deposits	-	3,681,045	3,681,045	-
Escrow liability	-	231,320	231,320	-
Unearned revenue	6,243,122	1,589,817	7,832,939	-
Due to other governments	211,599	-	211,599	-
Retainage payable	3,241,173	1,807,428	5,048,601	-
Seized assets payable	88,507	-	88,507	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	6,662,587	729,700	7,392,287	-
Leases payable	2,137,743	194,384	2,332,127	-
Subscription liabilities	2,445,309	6,764	2,452,073	-
Bonds and notes payable	48,956,310	6,522,260	55,478,570	-
Liability for insurance claims	8,213,212	-	8,213,212	-
Due in more than one year:				
Compensated absences	48,771,543	4,058,086	52,829,629	-
Leases payable	4,876,589	338,566	5,215,155	-
Subscription liabilities	4,810,567	22,227	4,832,794	-
Bonds and notes payable	594,532,037	96,498,202	691,030,239	-
Net pension liability	123,176,565	14,981,575	138,158,140	-
Net other postemployment benefits liability	26,807,902	4,184,016	30,991,918	-
Total liabilities	913,066,392	152,425,736	1,065,492,128	700
DEFERRED INFLOWS OF RESOURCES				
Pensions related	8,584,992	1,014,716	9,599,708	-
Other postemployment benefits related	11,270,506	1,923,008	13,193,514	-
Leases related	6,953,754	4,983,863	11,937,617	92,726
Total deferred inflows of resources	26,809,252	7,921,587	34,730,839	92,726
NET POSITION				
Net investment in capital assets	1,052,077,968	410,754,533	1,462,832,501	7,223,987
Restricted for:				
Special revenue:				
Public safety	42,751,115	-	42,751,115	-
Public services and operations	1,224,542	-	1,224,542	-
Other	287,389	-	287,389	-
Component unit	304,509	-	304,509	12,184,203
Debt service	2,411,648	6,281,879	8,693,527	-
Unrestricted	252,606,633	134,697,069	387,303,702	-
Total net position	$ 1,351,663,804	$ 551,733,481	$ 1,903,397,285	$ 19,408,190

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

CITY OF PLANO, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Function/Program Activities				
Primary Government:				
Governmental Activities:				
General government	$ 37,288,631	$ 9,971,967	$ 373,661	$ -
Administrative services	14,724,195	148,123	-	-
Police	113,821,259	8,520,496	3,629,215	16,218
Fire	85,850,308	7,230,306	1,255,502	-
Libraries	15,911,006	192,653	129,545	-
Development	47,481,011	8,438,422	12,522,241	-
Public services and operations	12,971,336	1,217,788	1,935,475	-
Parks and recreation	44,792,162	10,262,958	466,431	-
Public works	51,829,747	1,172,657	162,074	26,731,522
Technology solutions	30,017,709	5,619,173	-	-
Interest on long-term debt	16,943,085	-	-	-
Total governmental activities	471,630,449	52,774,543	20,474,144	26,747,740
Business-type Activities:				
Water and sewer	200,222,458	220,078,333	-	6,650,433
Sustainability and environmental services	36,755,622	28,265,682	-	-
Municipal drainage	7,927,679	9,828,473	-	-
Convention and tourism	11,854,371	4,030,381	-	-
Municipal golf course	1,236,171	1,235,495	-	-
Downtown center development	53,725	49,240	-	-
Recreation revolving	3,828,370	3,872,227	-	-
Total business-type activities	261,878,396	267,359,831	-	6,650,433
Total primary government	$ 733,508,845	$ 320,134,374	$ 20,474,144	$ 33,398,173
Component units	$ 2,431,620	$ -	$ -	$ -

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

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (26,943,003)		$ (26,943,003)	
(14,576,072)		(14,576,072)	
(101,655,330)		(101,655,330)	
(77,364,500)		(77,364,500)	
(15,588,808)		(15,588,808)	
(26,520,348)		(26,520,348)	
(9,818,073)		(9,818,073)	
(34,062,773)		(34,062,773)	
(23,763,494)		(23,763,494)	
(24,398,536)		(24,398,536)	
(16,943,085)		(16,943,085)	
(371,634,022)		(371,634,022)	
	$ 26,506,308	26,506,308	
	(8,489,940)	(8,489,940)	
	1,900,794	1,900,794	
	(7,823,990)	(7,823,990)	
	(676)	(676)	
	(4,485)	(4,485)	
	43,857	43,857	
	12,131,868	12,131,868	
(371,634,022)	12,131,868	(359,502,154)	
			$ (2,431,620)
242,281,161	-	242,281,161	4,836,662
120,262,825	-	120,262,825	-
2,683,537	-	2,683,537	-
-	12,895,296	12,895,296	-
282,433	-	282,433	-
22,325,811	9,653,210	31,979,021	-
36,788,071	8,571,418	45,359,489	-
16,269,352	(16,269,352)	-	-
440,893,190	14,850,572	455,743,762	4,836,662
69,259,168	26,982,440	96,241,608	2,405,042
1,282,404,636	524,751,041	1,807,155,677	17,003,148
$ 1,351,663,804	$ 551,733,481	$ 1,903,397,285	$ 19,408,190

CITY OF PLANO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2024

	General	Debt Service	Capital Maintenance	Street Improvements
ASSETS				
Cash and cash equivalents	$ 7,743,781	$ 643,481	$ 10,505,786	$ 14,731,457
Investments	42,934,493	3,576,788	58,396,392	81,884,773
Receivables (net of allowance for uncollectibles):				
Taxes	21,628,412	483,044	-	-
Accounts	1,218,703	-	-	2,263,579
Accrued interest	510,679	18,737	305,900	428,940
Assessments	-	-	-	1,271,842
Other	-	-	-	-
Lease receivables	7,542,052	-	-	-
Due from other funds	1,967,760	-	288,060	-
Due from other governments	538,013	-	-	-
Inventories	283,216	-	-	-
Prepaid items and other assets	275,669	-	-	-
Total assets	$ 84,642,778	$ 4,722,050	$ 69,496,138	$ 100,580,591
LIABILITIES				
Accounts payable	$ 2,895,806	$ -	$ -	$ -
Accrued liabilities	9,430,649	-	-	-
Contracts payable	-	-	2,889,111	7,755,284
Unearned revenue	247,397	-	-	2,751,585
Due to other funds	1,254,013	-	-	139,408
Due to other governments	211,599	-	-	-
Retainage payable	-	-	333,410	1,787,128
Seized assets payable	-	-	-	-
Total liabilities	14,039,464	-	3,222,521	12,433,405
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	12,617,156	644,215	-	2,743,061
Leases related	6,953,754	-	-	-
Total deferred inflows of resources	19,570,910	644,215	-	2,743,061
FUND BALANCE				
Nonspendable:				
Prepaid items and inventories	558,885	-	-	-
Restricted for:				
Debt service	-	4,077,835	-	-
Municipal facilities	-	-	-	-
Park improvements	-	-	-	-
Grant	-	-	-	-
Special revenue	-	-	-	-
Blended component unit	-	-	-	-
Other capital projects	-	-	-	-
Committed to:				
Economic development incentive	-	-	-	-
Assigned to:				
General government	333,161	-	-	-
Administrative services	76,774	-	-	-
Police	280,155	-	-	-
Fire	1,454,744	-	-	-
Libraries	107,587	-	-	-
Development	1,181,108	-	-	-
Public services and operations	108,540	-	-	-
Parks and recreation	101,027	-	-	-
Public works	92,967	-	-	-
Capital maintenance	-	-	66,273,617	-
Street improvements	-	-	-	85,404,125
Municipal facilities	-	-	-	-
Park improvements	-	-	-	-
Other capital projects	-	-	-	-
Other purposes	4,504,233	-	-	-
Unassigned	42,233,223	-	-	-
Total fund balance	51,032,404	4,077,835	66,273,617	85,404,125
Total liabilities, deferred inflows and fund balance	$ 84,642,778	$ 4,722,050	$ 69,496,138	$ 100,580,591

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

Municipal Facilities	Park Improvements	Economic Development Incentive	Grants	Other Governmental Funds	Total Governmental Funds
$ 6,613,192	$ 8,329,605	$ 12,861,262	$ 1,072,495	$ 8,672,504	$ 71,173,563
36,759,416	46,300,093	71,489,298	1,379,029	46,473,731	389,194,013
-	-	-	-	-	22,111,456
-	-	-	-	1,105	3,483,387
192,558	242,535	374,484	7,224	241,826	2,322,883
-	-	-	-	-	1,271,842
-	-	-	846,923	-	846,923
-	-	-	-	-	7,542,052
401,327	39,594	-	325	7,275	2,704,341
-	-	-	895,456	312,094	1,745,563
-	-	-	-	-	283,216
-	-	-	-	273,218	548,887
$ 43,966,493	$ 54,911,827	$ 84,725,044	$ 4,201,452	$ 55,981,753	$ 503,228,126
$ -	$ -	$ -	$ 89,911	$ 187,977	$ 3,173,694
-	-	-	4,754	245,544	9,680,947
1,867,943	2,124,812	-	-	-	14,637,150
-	-	-	3,244,140	-	6,243,122
-	-	21,834	542,405	5,261	1,962,921
-	-	-	-	-	211,599
426,405	694,230	-	-	-	3,241,173
-	-	-	-	88,507	88,507
2,294,348	2,819,042	21,834	3,881,210	527,289	39,239,113
-	-	-	369,428	90,167	16,464,027
-	-	-	-	-	6,953,754
-	-	-	369,428	90,167	23,417,781
-	-	-	-	273,218	832,103
-	-	-	-	-	4,077,835
31,394,675	-	-	-	-	31,394,675
-	20,150,064	-	-	-	20,150,064
-	-	-	73,520	-	73,520
-	-	-	-	43,914,389	43,914,389
-	-	-	-	289,781	289,781
-	-	-	-	339,133	339,133
-	-	84,703,210	-	-	84,703,210
-	-	-	-	-	333,161
-	-	-	-	-	76,774
-	-	-	-	-	280,155
-	-	-	-	-	1,454,744
-	-	-	-	-	107,587
-	-	-	-	-	1,181,108
-	-	-	-	-	108,540
-	-	-	-	-	101,027
-	-	-	-	-	92,967
-	-	-	-	-	66,273,617
-	-	-	-	-	85,404,125
10,277,470	-	-	-	-	10,277,470
-	31,942,721	-	-	-	31,942,721
-	-	-	-	10,547,776	10,547,776
-	-	-	-	-	4,504,233
-	-	-	(122,706)	-	42,110,517
41,672,145	52,092,785	84,703,210	(49,186)	55,364,297	440,571,232
$ 43,966,493	$ 54,911,827	$ 84,725,044	$ 4,201,452	$ 55,981,753	$ 503,228,126

CITY OF PLANO, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2024

Total fund balance per balance sheet	$ 440,571,232
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	1,526,850,696
Deferred charges on refundings represent a consumption of net position that applies to future periods and, therefore, will not be recognized as an outflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.	598,183
Deferred outflows related to pensions and other postemployment benefits.	130,895,912
Internal service funds are used by management to charge the costs of equipment maintenance, municipal warehouse, technology solutions, risk management and health claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	112,862,380
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(706,738,661)
Deferred inflows represent an acquisition of net position that applies to future periods. The amount is unavailable and deferred at the fund level but recognized as revenue in the governmental activities.	16,464,027
Net pension and other postemployment benefits liability and deferred inflows related to pensions and other post employment benefits.	(169,839,965)
Net position of governmental activities	$ 1,351,663,804

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

Plano

City of Excellence

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General	Debt Service	Capital Maintenance	Street Improvements
REVENUES				
Taxes:				
Property taxes	$ 163,580,313	$ 62,107,664	$ -	$ -
Sales taxes	118,394,903	-	-	-
Mixed drink taxes	2,683,537	-	-	-
Other taxes	282,433	-	-	-
Franchise fees	21,928,916	-	-	-
Fines and forfeitures	4,101,278	-	-	-
Contributions	-	-	-	-
Rollback taxes	-	-	281,626	-
Licenses and permits	9,094,470	-	-	-
Intragovernmental	15,497,009	-	-	-
Intergovernmental	2,474,526	-	-	23,144,362
Charges for services	17,799,904	-	-	-
Assessed taxes	-	-	-	-
Investment income	4,757,518	1,664,485	5,155,077	4,975,773
Miscellaneous	2,520,821	16,218	365,942	1,084,478
Total revenues	363,115,628	63,788,367	5,802,645	29,204,613
EXPENDITURES				
Current operating:				
General government	37,859,182	-	-	-
Administrative services	14,526,207	-	-	-
Police	107,947,028	-	-	-
Fire	83,709,978	-	-	-
Libraries	15,662,659	-	-	-
Development	38,965,944	-	-	-
Public services and operations	8,984,201	-	-	-
Parks and recreation	34,085,642	-	-	-
Public works	10,782,962	-	-	-
Technology solutions	1,000,000	-	-	-
Capital outlay	2,729,679	-	46,306,974	93,726,116
Interest and fiscal charges	-	-	-	546,541
Debt service:				
Principal retirement	753,073	40,565,000	-	-
Interest and fiscal charges	85,328	24,105,351	-	-
Total expenditures	357,091,883	64,670,351	46,306,974	94,272,657
Excess (deficiency) of revenues over (under) expenditures	6,023,745	(881,984)	(40,504,329)	(65,068,044)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	69,573,530
Issuance of debt - refunding	-	10,815,000	-	-
Escrow payment - refunding	-	(11,991,583)	-	-
Premium on sale of bonds	-	1,214,904	-	5,977,739
Proceeds from sale of land	-	-	-	-
Issuance of debt - SBITA	673,414	-	-	-
Issuance of debt - leases	803,473	-	-	-
Transfers in	9,504,950	-	31,000,000	-
Transfers out	(27,660,077)	-	-	-
Total other financing sources (uses)	(16,678,240)	38,321	31,000,000	75,551,269
Net change in fund balances	(10,654,495)	(843,663)	(9,504,329)	10,483,225
Fund balances - beginning	61,686,899	4,921,498	75,777,946	74,920,900
Fund balances - ending	$ 51,032,404	$ 4,077,835	$ 66,273,617	$ 85,404,125

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

Municipal Facilities	Park Improvements	Economic Development Incentive	Grants	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 225,687,977
-	-	-	-	-	118,394,903
-	-	-	-	-	2,683,537
-	-	-	-	-	282,433
-	-	-	-	-	21,928,916
-	-	-	-	108,235	4,209,513
-	-	8,500,000	-	596,586	9,096,586
-	-	-	-	-	281,626
-	-	-	-	-	9,094,470
-	-	-	-	-	15,497,009
-	4,500	-	6,460,881	1,746,958	33,831,227
-	-	-	-	4,479,860	22,279,764
-	-	-	-	75,614	75,614
2,767,822	3,747,893	5,442,657	101,490	3,364,110	31,976,825
-	-	153,637	-	79,773	4,220,869
2,767,822	3,752,393	14,096,294	6,562,371	10,451,136	499,541,269
-	-	-	-	-	37,859,182
-	-	-	-	-	14,526,207
-	-	-	932,571	2,596,860	111,476,459
-	-	-	866,016	322,810	84,898,804
-	-	-	30,278	181,666	15,874,603
-	-	4,872,425	2,774,833	313,894	46,927,096
-	-	-	1,842,606	1,899,806	12,726,613
-	-	-	212,329	-	34,297,971
-	-	-	4,612	-	10,787,574
-	-	-	-	-	1,000,000
11,193,247	16,418,096	4,221,688	1,039,338	4,586,287	180,221,425
86,190	37,415	-	-	-	670,146
299,467	-	-	-	36,802	41,654,342
204,475	-	-	-	5,948	24,401,102
11,783,379	16,455,511	9,094,113	7,702,583	9,944,073	617,321,524
(9,015,557)	(12,703,118)	5,002,181	(1,140,212)	507,063	(117,780,255)
10,944,941	4,916,529	-	-	-	85,435,000
-	-	-	-	-	10,815,000
-	-	-	-	-	(11,991,583)
843,478	422,427	-	-	-	8,458,548
-	425,200	-	-	-	425,200
-	-	-	-	-	673,414
-	-	-	434,136	-	1,237,609
-	-	-	2,096,684	709,827	43,311,461
-	-	-	-	(31,873)	(27,691,950)
11,788,419	5,764,156	-	2,530,820	677,954	110,672,699
2,772,862	(6,938,962)	5,002,181	1,390,608	1,185,017	(7,107,556)
38,899,283	59,031,747	79,701,029	(1,439,794)	54,179,280	447,678,788
$ 41,672,145	$ 52,092,785	$ 84,703,210	$ (49,186)	$ 55,364,297	$ 440,571,232

CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds	$ (7,107,556)
Amounts reported for governmental activities in the statement of activities are different because:	
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/amortization in the current period.	106,437,523
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,821,034
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(50,908,189)
Pension and other postemployment benefits net expense are not reported in governmental funds.	2,688,870
Pension and other postemployment benefits net expense in internal service funds	132,249
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.	3,887,875
Internal service funds are used by management to charge the costs of equipment maintenance, municipal warehouse, technology solutions, risk management and health claims to individual funds. The net expenses of certain activities of internal service funds are reported within governmental activities.	9,307,362
Change in net position of governmental activities	$ 69,259,168

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

Plano

City of Excellence

CITY OF PLANO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2024

	Business-type Activities Enterprise Funds					
	Water and Sewer	Sustainability and Environmental Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	$ 13,958,158	$ 198,315	$ 1,123,411	$ 2,017,324	$ 17,297,208	$ 11,425,807
Investments	71,866,231	1,073,278	6,244,478	11,184,844	90,368,831	63,510,320
Receivables (net of allowance for uncollectibles):						
Accounts	35,796,056	2,893,165	1,097,026	917,509	40,703,756	-
Accrued interest	414,265	5,622	32,710	77,404	530,001	690,715
Other	48,067	655,494	-	-	703,561	-
Interfund receivables	357,143	-	-	-	357,143	-
Lease receivables	2,374,060	-	-	2,818,745	5,192,805	-
Due from other funds	139,408	-	-	-	139,408	524,706
Due from other governments	-	185,786	-	-	185,786	-
Inventories	158,897	-	-	22,753	181,650	2,188,503
Prepaid items and other assets	9,056	40,890	-	108,856	158,802	31,434
Restricted assets:						
Revenue bond debt service-						
Cash and cash equivalents	134,184	-	819,406	-	953,590	-
Investments	745,859	-	4,554,664	-	5,300,523	-
Accrued interest receivable	3,907	-	23,859	-	27,766	-
Revenue bond construction fund-						
Cash and cash equivalents	666,583	-	2,672,346	-	3,338,929	-
Investments	3,705,198	-	14,854,230	-	18,559,428	-
Accrued interest receivable	19,409	-	77,811	-	97,220	-
Total current assets	130,396,481	5,052,550	31,499,941	17,147,435	184,096,407	78,371,485
Noncurrent assets:						
Advances to other funds	2,142,857	-	-	-	2,142,857	-
Capital assets:						
Land	6,990,887	-	197,826	2,992,154	10,180,867	62,522
Public art	-	-	-	50,000	50,000	-
Buildings	2,748,029	569,023	52,921	14,282,224	17,652,197	5,975,294
Right-to-use lease buildings	-	-	-	985,354	985,354	198,533
Improvements other than buildings	792,177,477	-	-	3,519,353	795,696,830	-
Equipment	-	546,839	15,048	2,015,343	2,577,230	63,285,714
Rolling equipment	-	-	-	-	-	81,530,727
Drainage improvements	-	-	66,600,968	-	66,600,968	-
Right-to-use lease equipment	-	-	-	59,760	59,760	7,617,010
Right-to-use subscription assets	-	-	37,092	-	37,092	5,003,139
Construction in progress	12,172,599	-	30,730,406	-	42,903,005	-
Less accumulated depreciation	(403,345,929)	(629,993)	(16,972,570)	(18,741,889)	(439,690,381)	(93,756,687)
Total capital assets (net of accumulated depreciation)	410,743,063	485,869	80,661,691	5,162,299	497,052,922	69,916,252
Total noncurrent assets	412,885,920	485,869	80,661,691	5,162,299	499,195,779	69,916,252
Total assets	543,282,401	5,538,419	112,161,632	22,309,734	683,292,186	148,287,737
DEFERRED OUTFLOWS OF RESOURCES						
Pensions related	5,003,049	3,785,169	999,509	1,951,178	11,738,905	5,976,059
Other postemployment benefits related	1,933,407	1,395,740	396,743	782,753	4,508,643	1,667,165
Deferred charges on refundings	-	-	88,319	-	88,319	-
Total deferred outflows of resources	6,936,456	5,180,909	1,484,571	2,733,931	16,335,867	7,643,224

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

CITY OF PLANO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2024
(continued)

	Business-type Activities Enterprise Funds					
	Water and Sewer	Sustainability and Environmental Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	$ 9,672,066	$ 84,567	$ 1,234,755	$ 289,552	$ 11,280,940	$ 1,809,773
Accrued liabilities	194,047	1,389,988	40,600	359,806	1,984,441	279,661
Due to other funds	3,113	1,147	794	144,925	149,979	1,255,555
Interfund payable	-	357,143	-	-	357,143	-
Accrued interest payable	-	-	1,332	2,284	3,616	141,774
Leases payable	-	-	-	194,384	194,384	1,590,924
Subscription liabilities	-	-	6,764	-	6,764	1,831,545
Customer deposits	3,626,176	-	-	54,869	3,681,045	-
Escrow liability	231,320	-	-	-	231,320	-
Unearned revenue	100	185,786	-	1,403,931	1,589,817	-
Liability for compensated absences	289,197	308,320	28,977	103,206	729,700	198,101
Liability for insurance claims	-	-	-	-	-	8,213,212
Total current liabilities	14,016,019	2,326,951	1,313,222	2,552,957	20,209,149	15,320,545
Current liabilities payable from restricted assets:						
Contracts payable	2,992,454	-	-	-	2,992,454	-
Current portion of long-term debt	3,847,558	-	2,674,702	-	6,522,260	-
Accrued interest payable	479,513	-	839,382	-	1,318,895	-
Retainage payable	571,743	-	1,235,685	-	1,807,428	-
Total current liabilities payable from restricted assets	7,891,268	-	4,749,769	-	12,641,037	-
Total current liabilities	21,907,287	2,326,951	6,062,991	2,552,957	32,850,186	15,320,545
Noncurrent liabilities:						
Advance from other funds	-	2,142,857	-	-	2,142,857	-
Bonds payable	30,849,461	-	65,648,741	-	96,498,202	-
Net pension liability	6,646,308	4,676,023	1,257,827	2,401,417	14,981,575	7,347,549
Net other postemployment benefits liability	1,834,895	1,263,438	356,995	728,688	4,184,016	1,511,036
Leases payable	-	-	-	338,566	338,566	3,368,432
Subscription liabilities	-	-	22,227	-	22,227	908,038
Liability for compensated absences	1,479,925	1,460,704	331,427	786,030	4,058,086	725,612
Total noncurrent liabilities	40,810,589	9,543,022	67,617,217	4,254,701	122,225,529	13,860,667
Total liabilities	62,717,876	11,869,973	73,680,208	6,807,658	155,075,715	29,181,212
DEFERRED INFLOWS OF RESOURCES						
Pensions related	486,699	243,258	47,560	237,199	1,014,716	324,579
Other postemployment benefits related	895,874	579,500	138,787	308,847	1,923,008	553,491
Leases related	2,222,793	-	-	2,761,070	4,983,863	-
Total deferred inflows of resources	3,605,366	822,758	186,347	3,307,116	7,921,587	878,070
NET POSITION						
Net investment in capital assets	376,873,037	485,869	28,766,278	4,629,349	410,754,533	62,217,313
Restricted for:						
Debt service	883,950	-	5,397,929	-	6,281,879	-
Unrestricted	106,138,628	(2,459,272)	5,615,441	10,299,542	119,594,339	63,654,366
Total net position	$ 483,895,615	$ (1,973,403)	$ 39,779,648	$ 14,928,891	$ 536,630,751	$ 125,871,679

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

CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF PROPRIETARY FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2024

Total net position - total enterprise funds	$ 536,630,751
Amounts reported for business-type activities in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of equipment maintenance, municipal warehouse, technology solutions, risk management and health claims to individual funds.	
The net receivable due from activities of the internal service funds is reported within business-type activities.	15,102,730
Net position of business-type activities	$ 551,733,481

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

Plano
City of Excellence

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-type Activities Enterprise Funds					
	Water and Sewer	Sustainability and Environmental Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
OPERATING REVENUES						
Charges for services	$ 219,472,518	$ 21,684,915	$ 9,721,362	$ 9,150,210	$ 260,029,005	$ 115,151,784
Franchise fees	-	9,653,210	-	-	9,653,210	-
Sale of compost products	-	3,346,074	-	-	3,346,074	-
Subrogation receipts	-	-	-	-	-	673,468
Intergovernmental	-	70,933	-	-	70,933	-
Contributions	-	320	-	-	320	-
Miscellaneous charges	595,774	2,444,328	96,590	29,189	3,165,881	9,897
Total operating revenues	220,068,292	37,199,780	9,817,952	9,179,399	276,265,423	115,835,149
OPERATING EXPENSES						
Personnel services	14,356,389	10,068,085	3,769,126	6,354,206	34,547,806	17,613,532
Pension and other postemployment benefits expense (net)	(139,431)	(101,997)	(29,057)	(55,670)	(326,155)	(132,249)
Contractual services	13,168,831	12,746,818	994,710	9,604,143	36,514,502	22,752,368
Supplies	2,002,601	622,684	113,003	1,284,088	4,022,376	11,858,544
Claims expense	-	-	-	-	-	41,561,099
Depreciation and amortization	18,956,181	63,303	1,303,952	349,731	20,673,167	18,350,821
Solid waste disposal	-	9,136,961	-	-	9,136,961	-
Wastewater treatment	50,925,556	-	-	-	50,925,556	-
Charges in lieu of taxes	12,559,414	2,937,595	-	-	15,497,009	-
Water supply	85,523,507	-	-	-	85,523,507	-
Miscellaneous	2,545,190	814,883	78,307	140,464	3,578,844	115,415
Total operating expenses	199,898,238	36,288,332	6,230,041	17,676,962	260,093,573	112,119,530
Operating income (loss)	20,170,054	911,448	3,587,911	(8,497,563)	16,171,850	3,715,619
NONOPERATING REVENUES (EXPENSES)						
Investment income	5,951,948	30,074	1,758,490	830,906	8,571,418	4,811,246
Gain on property disposition	-	-	-	-	-	1,257,994
Interest and fiscal charges	(880,680)	-	(1,761,775)	(25,953)	(2,668,408)	(381,959)
Hotel occupancy taxes	-	-	-	12,895,296	12,895,296	-
Miscellaneous	10,041	719,112	10,521	7,944	747,618	270,455
Total nonoperating revenues	5,081,309	749,186	7,236	13,708,193	19,545,924	5,957,736
Income before contributions and transfers	25,251,363	1,660,634	3,595,147	5,210,630	35,717,774	9,673,355
Contributions from developers	6,650,433	-	-	-	6,650,433	-
Transfers in	-	83,920	-	-	83,920	983,761
Transfers out	(11,011,020)	(855,195)	(1,646,200)	(2,840,857)	(16,353,272)	(333,920)
Change in net position	20,890,776	889,359	1,948,947	2,369,773	26,098,855	10,323,196
Total net position - beginning	463,004,839	(2,862,762)	37,830,701	12,559,118	510,531,896	115,548,483
Total net position - ending	$ 483,895,615	$ (1,973,403)	$ 39,779,648	$ 14,928,891	$ 536,630,751	$ 125,871,679

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

CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION OF PROPRIETARY FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Change in net position - total enterprise funds	$ 26,098,855
Amounts reported for business-type activities in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of equipment maintenance, municipal warehouse, technology solutions, risk management and health claims to individual funds.	
The net revenues of certain activities of internal service funds are reported within business-type activities.	883,585
Change in net position of business-type activities	$ 26,982,440

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, 2024

	Business-type Activities Enterprise Funds					
	Water and Sewer	Sustainability and Environmental Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities-Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	$ 219,477,069	$ 27,034,457	$ 10,073,324	$ 9,238,979	$ 265,823,829	$ -
Cash received from other funds	-	-	-	-	-	114,655,734
Cash received from subrogation	-	-	-	-	-	673,468
Franchise fees	-	9,653,210	-	-	9,653,210	-
Charges in lieu of taxes	(12,559,414)	(2,937,595)	-	-	(15,497,009)	-
Cash payments to suppliers for goods and services	(151,140,724)	(23,075,587)	(1,459,244)	(10,554,843)	(186,230,398)	(77,895,168)
Cash paid to or on behalf of employees for services	(14,320,389)	(9,865,078)	(3,682,926)	(6,154,926)	(34,023,319)	(17,532,145)
Net cash provided (used) by operating activities	41,456,542	809,407	4,931,154	(7,470,790)	39,726,313	19,901,889
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advances from other funds	3,113	-	-	-	3,113	-
Hotel occupancy taxes	-	-	-	12,895,296	12,895,296	-
Transfers to other funds	(11,011,020)	-	(1,646,200)	(2,840,857)	(15,498,077)	233,761
Transfers from other funds	-	(771,275)	-	-	(771,275)	416,080
Net cash provided (used) by noncapital financing activities	(11,007,907)	(771,275)	(1,646,200)	10,054,439	(3,370,943)	649,841
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(23,306,065)	-	(12,650,286)	(19,896)	(35,976,247)	(17,343,356)
Bond proceeds	-	-	15,003,272	-	15,003,272	-
Bond issuance costs paid	(5,975)	-	(3,300)	-	(9,275)	-
Proceeds from sale of equipment	-	-	-	-	-	1,315,911
Principal paid on long-term debt	(3,165,000)	-	(2,038,101)	(182,569)	(5,385,670)	(3,124,120)
Interest and fees paid on long-term debt	(1,427,450)	-	(1,675,144)	(26,747)	(3,129,341)	(301,310)
Proceeds from insurance damages	10,041	719,112	10,521	7,944	747,618	270,455
Net cash provided (used) by capital and related financing activities	(27,894,449)	719,112	(1,353,038)	(221,268)	(28,749,643)	(19,182,420)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investment securities	(76,317,288)	(1,073,278)	(25,653,372)	(11,184,844)	(114,228,782)	(63,510,320)
Proceeds from sale and maturities of investment securities	66,736,888	397,545	21,943,865	8,268,849	97,347,147	56,557,052
Interest on investments	5,847,033	26,206	1,720,903	805,531	8,399,673	4,968,759
Net cash used by investing activities	(3,733,367)	(649,527)	(1,988,604)	(2,110,464)	(8,481,962)	(1,984,509)
Net increase (decrease) in cash and cash equivalents	(1,179,181)	107,717	(56,688)	251,917	(876,235)	(615,199)
Cash and cash equivalents - beginning	15,938,106	90,598	4,671,851	1,765,407	22,465,962	12,041,006
Cash and cash equivalents - ending	$ 14,758,925	$ 198,315	$ 4,615,163	$ 2,017,324	$ 21,589,727	$ 11,425,807
Classified as:						
Current assets	$ 13,958,158	$ 198,315	$ 1,123,411	$ 2,017,324	$ 17,297,208	$ 11,425,807
Restricted assets	800,767	-	3,491,752	-	4,292,519	-
Total	$ 14,758,925	$ 198,315	$ 4,615,163	$ 2,017,324	$ 21,589,727	$ 11,425,807
Noncash disclosures:						
Developers' contributions	$ 6,650,433	$ -	$ -	$ -	$ 6,650,433	$ -
Premium amortization	496,964	-	289,702	-	786,666	-
Amortization of deferred charge on refunding	-	-	(16,564)	-	(16,564)	-
Contracts, retainage, leases and SBITA payables	(486,474)	-	179,509	(182,569)	(489,534)	(3,687,178)
Property disposition/adjustments	-	-	-	-	-	(57,917)
Increase in fair value of investments	2,749,197	12,227	900,216	329,035	3,990,675	2,337,662
Transfer in (out) of capital assets	(11,282)	(58,926)	(5,439)	-	(75,647)	675,593

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, 2024
(continued)

	Business-type Activities Enterprise Funds					
	Water and Sewer	Sustainability and Environmental Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ 20,170,054	$ 911,448	$ 3,587,911	$ (8,497,563)	$ 16,171,850	$ 3,715,619
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	18,956,181	63,303	1,303,952	349,731	20,673,167	18,350,821
Pension and other postemployment benefits expense (net)	(139,431)	(101,997)	(29,057)	(55,670)	(326,155)	(132,249)
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivables	(644,981)	(510,042)	255,372	197,881	(701,770)	10,941
Leases receivables	362,111	-	-	(1,338,521)	(976,410)	-
Other receivables	(5,978)	(3,218)	-	494	(8,702)	5,592
Due from other funds	(142,521)	-	-	-	(142,521)	(524,706)
Due from other governments	-	(185,786)	-	-	(185,786)	-
Prepaid items and other assets	1,785,518	220,522	-	357,631	2,363,671	70,370
Inventories	(14,037)	-	-	-	(14,037)	62,100
Increase (decrease) in-						
Accounts payable	1,250,367	25,237	(274,018)	117,644	1,119,230	(499,578)
Accrued liabilities	37,936	(32,652)	4,385	53,071	62,740	69,726
Due to other funds	3,113	1,147	794	225	5,279	2,226
Liability for compensated absences	(1,936)	235,659	81,815	146,209	461,747	11,661
Customer deposits	240,980	-	-	(47,176)	193,804	-
Deferred inflows from leases	(400,824)	-	-	1,302,784	901,960	-
Unearned revenue	(10)	185,786	-	(57,530)	128,246	-
Liability for insurance claims	-	-	-	-	-	(1,240,634)
Total adjustments	21,286,488	(102,041)	1,343,243	1,026,773	23,554,463	16,186,270
Net cash provided (used) by operating activities	$ 41,456,542	$ 809,407	$ 4,931,154	$ (7,470,790)	$ 39,726,313	$ 19,901,889

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

CITY OF PLANO, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2024

	Pension and Other Post-Employment Benefits Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	$ 4,970,644	$ 29,593,100
Investments:		
Mutual funds:		
Domestic equity funds	157,019,767	-
International equity funds	80,576,169	-
Fixed income funds	39,699,110	-
Bank loans	14,989,679	-
Real estate investment trusts	23,820,617	-
Collective investment trusts	39,658,393	-
Diversified inflation strategies	14,754,004	-
Accrued interest	22,858	-
Prepaid items and other assets	170,274	-
Total assets	375,681,515	29,593,100
LIABILITIES		
Accrued liabilities	336,094	1,605,912
Bond holder liability	-	67,945,666
Total liabilities	336,094	69,551,578
NET POSITION		
Net position restricted for pensions	237,889,023	-
Net position restricted for other postemployment benefits	137,456,398	-
Net position restricted for custodial funds	-	(39,958,478)
Total net position	$ 375,345,421	$ (39,958,478)

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

CITY OF PLANO, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Pension and Other Post-Employment Benefits Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
From employers	$ 12,087,466	$ -
From retirees	3,150,162	-
From property assessments	-	3,248,677
From developer and bonds	-	7,304,060
Total contributions	15,237,628	10,552,737
Investment return:		
Net increase in fair value of investment	63,280,292	-
Interest	95,923	-
Dividends	5,407,499	1,687,747
Miscellaneous	15,710	-
Total investment return	68,799,424	1,687,747
Less investment expenses:		
Trustee fees	135,050	-
Advisory fees	177,928	-
Total investment expenses	312,978	-
Net investment return	68,486,446	1,687,747
Total additions	83,724,074	12,240,484
DEDUCTIONS		
Benefits	15,225,813	-
Administrative expenses	2,907,555	-
Bond interest	-	4,088,164
Project expenses	-	22,390,917
Total deductions	18,133,368	26,479,081
Change in net position	65,590,706	(14,238,597)
Total net position - beginning	309,754,715	(25,719,881)
Total net position - ending	$ 375,345,421	$ (39,958,478)

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

Plano

City of Excellence

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Plano, Texas (the City) was originally incorporated in 1873 and chartered on June 10, 1961. 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. GAAP 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*. The 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 Position and Statement of Activities. The City's Statement of Net Position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the 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 and fiduciary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Management's Discussion and Analysis (MD&A) 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 budgets 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 discretely presented component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and 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 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; or
- there is fiscal dependency by the organization on the City.

Discretely Presented Component Units.

The City has established a Tax Increment Financing District Number Two (TIF No. 2) for project improvements within the City. The TIF No. 2 provides financing for public improvements associated with the future development of East Plano. The project was approved by City Council in fiscal year 1999. The TIF No. 2 is legally separate from the City, and the City appoints a majority of its governing board; however, the entity is fiscally dependent on the City. All taxing entities, including the Plano Independent School District, Collin College and Collin County continued to participate through the initial term which expired December 31, 2014. In fiscal year 2014, the City passed an ordinance to extend the termination date for an additional 15 years. The additional 15-year term includes participation with the City, as well as, Collin County.

In December 2018, City Council approved Tax Increment Financing District Number Three (TIF No. 3) to support construction and development of the Silver Line (formerly Cotton Belt) Regional Rail Project in the City of Plano. TIF No. 3 consists of two non-contiguous areas within an approximate ½ mile walking distance of planned 12th Street and Shiloh Road Stations. A station along the Dallas Area Rapid Transit (DART) Red Line is also planned for the project. Properties within TIF No. 3 largely consist of commercial, industrial and office type uses. The base year for calculating tax increments is 2018. Contributions are limited to a total of $12.3 million or the revenue on real property taxes levied through 2038, whichever occurs first. A portion of the increments collected from existing TIF No. 2 parcels within an approximate ½ mile walking distance of the proposed 12th Street Station shall also be dedicated to the project.

On July 22, 2019, a development agreement for the Collin Creek Mall Redevelopment Project was approved between the City and Collin Creek Development, LLC (developer). As part of the agreement, City Council agreed to establish TIF No. 4. In addition, City Council adopted a resolution establishing the Collin Creek West Public Improvement District (PID) in February 2021. The Collin Creek East PID was approved by resolution in January 2020 and its expansion in February 2021. The Collin Creek West PID and the Collin Creek East PID's first Service and Assessment plan and Assessment Roll was approved by ordinance(s) in August 2021. The Zone is established to support the revitalization of the Collin Creek Mall and surrounding gateway area. The tax increment would fund public projects with the Zone. Service and Assessment Plan updates are required to be approved annually to determine needed projects. The City is current with its updates and the discretely presented component began activity in fiscal year 2024. The City recognizes the positive impact the Collin Creek PIDs will bring to the City and promote state and local economic development.

On January 8, 2024, City Council approved TIF No. 5 to support the redevelopment of vacant corporate office campuses in the Legacy Business Area (the District). The District contains approximately 703 acres generally bounded by Dallas North Tollway to the west, Tennyson Parkway to the south, Headquarters to the north and Hedgecoxe to the east. The duration of the zone will be 25-years and the increment will be set at 65%, currently with City participation only. No activity occurred for TIF No. 5 in the current year.

The financial statements are formatted to allow the user to clearly distinguish between primary government and its discretely presented component units. Financial reports may be obtained by request to the City's Accounting Division, 1520 Avenue K, Suite 370, Plano, Texas 75074.

Blended Component Units.

The City first established a Downtown Plano PID for project improvements and services for the Downtown Plano area, which benefits the primary government. The PID was approved in October 2014. In November 2017, City Council voted to renew the PID for an additional five years. That PID was allowed to expire and a new PID with the same purpose was established in December 2022. The new PID has a 10-year term. The PID is utilized to provide additional improvements and services in Downtown Plano where funding is derived from a special assessment paid by downtown property owners and based on a property's taxable value. Chapter 372 of the Texas Local Government Code allows City Council to establish an advisory board for the PID, which has the responsibility of developing the improvement plan for the PID. The Advisory Board consists of all property owners within the Downtown Plano PID. The Advisory Board prepares an annual service plan and assessment plan for consideration to City Council for their review and approval.

The Plano Improvement Corporation (PIC) was established as a 501(c)3 to serve as a non-profit corporation to facilitate real estate transactions and serve as an independent foundation for acceptance of donations. The City desired to create the PIC for the purpose of transfer of land and improvements that the City wants developed pursuant to Texas Local Government Code §272.001(b)(4). Occasionally, individuals, as well as charitable corporations and foundations, desire to donate to the City to benefit the citizens of Plano. The City provides all financial support to the PIC and because the services provided by the PIC exclusively benefit the City, it is blended into the City's financial statements in the other governmental funds category.

On January 9, 2023, City Council conducted a public hearing to consider a petition requesting the creation of the Haggard Farm PID. A resolution creating the PID was approved. In August 2023, a development agreement for the Haggard Farm Project was approved between the City and developer. The City received payment from the developer to pay for outside professional services utilized in this project. City Council adopted a resolution calling for a public hearing to consider the Service and Assessment Plan and Assessment Roll for the Haggard Farm PID on October 23, 2023. The City recognizes the positive impact the Haggard Farm PID will bring to the City and how it will promote economic development.

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, it is not included in the primary government or as a discretely presented component unit.

C. Upcoming and Newly Implemented Accounting Pronouncements

The GASB has issued the following statements:

GASB Statement No. 101, *Compensated Absences*, will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The City has implemented this Statement in the current fiscal year with no additional changes in the liability calculation.

GASB Statement No. 102, *Certain Risk Disclosures,* will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement have no impact on the City's financial statement for the current report.

GASB Statement No. 103, *Financial Reporting Model Improvements,* will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The City is currently evaluating the impact of this Statement.

GASB Statement No. 104, *Disclosure of Certain Capital Assets,* will provide users of government financial statements with essential information about certain types of capital assets to be disclosed separately in the capital assets note disclosures, such as lease and subscription assets. The Statement also requires for additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The City is currently evaluating the impact of this Statement.

D. <u>Government-Wide and Fund Financial Statements</u>

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 (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The exception to this general rule is interfund services provided by the internal service funds. Elimination of these charges would distort the direct costs reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a 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, such as 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, Debt Service, Capital Maintenance, Street Improvements, Municipal Facilities, Park Improvements, Economic Development Incentive and Grants funds. The major enterprise funds are the Water and Sewer, Sustainability and Environmental Services and Municipal Drainage funds. 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 activities column when presented at the government-wide level. To the extent possible, the cost of these services is reflected in the appropriate functional activity (police, fire, public works, etc.). The City's internal service funds consist of Equipment Maintenance, Municipal Warehouse, Technology Solutions, Risk Management and Health Claims funds.

The City's fiduciary funds are presented only in the fund financial statements. Since by definition these assets are being held for the benefit of a third-party (other local governments, individuals, pension participants, developer projects, 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 and Other Post-Employment Benefits (OPEB) Trust Funds, as well as, custodial funds related to the Collin Creek Mall redevelopment and Haggard Farm projects.

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 year. 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. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

E. 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, liabilities and deferred outflows and inflows (whether current or noncurrent) are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental 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 year. 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, lease liabilities and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year-end. General capital asset acquisitions, including entering into contracts giving the City the right to use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscription-based information technology arrangements are reported as other financing sources.

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

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

Paving assessments in the Street Improvements Fund are recorded as revenues when cash is received. The assessments are measurable when assessed but are generally not available for use.

Proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer, Sustainability and Environmental Services, Municipal Drainage, Convention and Tourism, 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 (police, fire, public works, libraries, parks and recreation, etc.) and is the primary operating unit of the City.

b. The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

c. The Capital Maintenance Fund accounts for the financing of betterments and renewals to the City's facilities and infrastructure and for public improvements not requiring general obligation bond financing.

d. The Street Improvements Fund accounts for the financing and acquisition of right-of-way and construction of streets, storm sewers and alleys. Resources are provided primarily through bond sales, paving assessments and interest earnings.

e. The Municipal Facilities Fund accounts for the financing and construction of various City facilities. Funds are provided primarily through bond sales and interest earnings.

f. The Park Improvements Fund accounts for the financing and construction of park projects. Funds are provided primarily through bond sales and interest earnings.

g. The Economic Development Incentive Fund accounts for projects stimulating economic development for the City through usage of Chapter 380 agreements as authorized by the Texas Local Government Code. In prior years, a portion of ad valorem tax revenue was dedicated for economic development program incentives and beginning in the current fiscal year, City Council opted to cap funding from the General Fund at $8.5 million.

h. The Grant Fund accounts for resources received from other governmental agencies.

2. Enterprise Funds:

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

a. The Water and Sewer Fund accounts for the operation of the City's water and sewer utilities. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure financial integrity of the fund.

b. The Sustainability and Environmental 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.

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. Fiduciary funds are used to account for the accumulation of resources to be used for the retirement benefit payments, postemployment health benefits for employees of the City and project redevelopment of the Collin Creek Mall and Haggard Farm areas.

- On January 1, 1983, the City withdrew from the Federal Social Security system and created the Retirement Security Plan (referred to as Pension Trust Fund in accompanying schedules), a single-employer, defined benefit pension plan and provides retirement benefits for all full-time employees of the City.

- The Other Post-Employment Benefits Trust Fund offers certain benefits to eligible retirees and dependents, such as medical, dental and vision insurance benefits. It is a single-employer other postemployment benefit plan.

- To develop and revitalize the Collin Creek Mall area, the developer plans include 400,000 square feet of retail space, as well as an assortment of restaurants and entertainment destinations. The goal of the project, Collin Creek East and West PIDs, is to create a multifunctional environment conducive to living, working and leisure activities. A professional Special District Administrator initiates reimbursement requests to the developer and distribution of assets are performed by a trust bank where the assets are held.

- To create a mixed-use development of restaurants, offices, housing and parks on almost 130-acres of undeveloped space called Haggard Farms. This project, Haggard Farm PID, will create an attractive environment of multipurpose highlights. A professional Special District Administrator initiates reimbursement requests to the developer and distribution of assets are performed by a trust bank where the assets are held.

F. Cash, Cash Equivalents and Investments

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

Cash and cash equivalents for government-wide funds are pooled 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 investments in government pools, which are recorded at amortized cost and certain pension and OPEB Trust funds that are measured at net asset value. 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.

G. Interfund 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.

H. Inventories, Prepaid Items and Other Assets

Inventories of supplies are maintained at the City warehouse for use by all City funds and are accounted for by the consumption method. They are valued at cost, which is determined using a weighted-average method. The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased.

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

I. Interfund Transactions

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.

J. Capital Assets

Property, plant and equipment purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at acquisition 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. Right-to-use lease and subscription assets are discussed in notes I. Q. and I. R., respectively, below.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, right-to-use lease and subscription assets and infrastructure of the primary government and business-type activities are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	15-40
Right-to-use lease buildings	3-100
Improvements other than buildings	20-50
Equipment	5-10
Right-to-use lease equipment	3-10
Right-to-use subscription assets	2-10
Infrastructure	30-50
Drainage Improvements	50

K. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. Upon termination and completion of five years of service, an employee is reimbursed for accumulated vacation up to 480 hours. Vacation leave cannot accrue in excess of 480 hours. Full-time, non-civil service employees, with at least five years of service, are eligible to be paid out for unused sick leave upon termination up to 720 hours. However, fire department civil service shift personnel may be paid for up to 1,080 hours. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary financial statements.

L. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed. Federal grants are accounted for within the Grant Fund (special revenue), Street Improvements Fund (capital projects) and Park Improvements Fund (capital projects). Various state grants are also included in the Grant Fund and Street Improvements Fund. 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.

M. Retirement Plans

The City has two separate retirement (pension) plans, Texas Municipal Retirement System (TMRS) and Retirement Security Plan (RSP), covering substantially all employees. In addition, the City has an Internal Revenue Code Section 457 deferred compensation plan and an OPEB plan (Section 115 Other Post-Employment Benefits Trust or 115 Trust). It is the City's policy to record the cost for such plans on the accrual basis (see Note 5).

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Difference in expected and actual experience for the pension and OPEB plans – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.

- Difference in projected and actual investment earnings on pension and OPEB plans' assets – This difference is deferred and amortized over a closed five-year period.

- Changes in actuarial assumptions used to determine pension liability for the pension and OPEB plans – This difference is deferred and amortized over the estimated average remaining service lives of all members determined as of the measurement date.

- Pension and OPEB plans' employer contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- Deferred charges on refundings – This outflow results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Unavailable revenue – These deferred inflows are reported on the governmental funds balance sheet as the funds are not received soon enough after year end to pay liabilities of the current period. These deferred inflows are reclassified to revenue on the governmental-wide financial statements.

- Difference in expected and actual experience for the pension and OPEB plans – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.

- Changes in actuarial assumptions used to determine liabilities for the RSP and OPEB plan – This difference is deferred and amortized over the estimated average remaining service lives of all members determined as of the measurement date.

- Deferred amounts related to leases – This amount is initially an offset to Lease Receivable recorded at lease commencement, and subsequently, recognized as revenue over the life of the lease term.

O. 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 position. 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 position. Revenue bonds issued for proprietary fund assets that are to be repaid by the proprietary fund are recorded in the proprietary funds.

Revenue bonds have been issued to fund capital projects of proprietary funds. Such bonds are to be repaid from the net revenues of the applicable proprietary fund. To date, revenue bonds have been issued for municipal drainage and waterworks and sewer system improvements.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest method in the government-wide financial statements. Issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

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

P. Net Position

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

The Sustainability and Environmental Services Fund reported negative net position of $1,973,403 at September 30, 2024. Expenses are projected to increase in 2025 to account for the growth in commercial and residential entities. In fiscal year 2025, rate increases will occur for residential waste collection.

The Grant Fund also reported negative fund balance of $49,186 at September 30, 2024, due to reimbursements not being received within 30 days and, therefore, not considered available to pay liabilities of the current period.

The Risk Management Fund ended fiscal year 2024 with a negative net position of $1,231,195. Claims expense continues to increase resulting in higher amounts funded by the General, Water and Sewer and Sustainability and Environmental Services funds. While fiscal year 2025 transfers to the Risk Management fund are comparable to the current year, it is anticipated claim payouts will reduce next year.

Q. Leases

The City has contracts as lessee and lessor related to various capital assets.

Lessee –

The City recognizes a lease liability and intangible right-to-use lease assets in the government-wide and proprietary funds financial statements.

The City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease right-to-use assets were initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease right-to use assets are amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

<u>Lessor</u> –

The City recognizes lease receivables and deferred inflows of resources in the government-wide, governmental funds and proprietary funds financial statements.

The City initially measures the lease receivables at the present value of payments expected to be received during the lease term. Subsequently, the lease receivables are reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivables, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term. Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a re-measurement of its leases, and will re-measure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivables.

R. <u>Subscription-Based Information Technology Arrangements (SBITA)</u>

The City has contracts with SBITA vendors for the right-to-use information technology software, alone or in combination with tangible capital assets. The City recognizes subscription liabilities, reported with long-term debt, and right-to-use subscription assets, reported with the other capital assets, in the government-wide and proprietary funds financial statements.

At implementation of GASB Statement No. 96 and the commencement of SBITAs beginning after October 1, 2022, the City initially measured the subscription liabilities at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liabilities are reduced by the principal portion of SBITA payments made. The right-to-use subscription assets are initially measured as the initial amount of the subscription liabilities, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

- The subscription term includes the noncancellable period of the SBITA.

- Subscription payments included in the measurement of the subscription liabilities are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance and net position of governmental activities as reported in the government-wide statement of net position. One element of the reconciliation explains, “Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

Bonds and tax anticipation notes payable	$ (604,725,000)
Bond premium	(38,763,347)
Accrued interest payable	(2,168,628)
Leases liability	(2,054,976)
Subscription liabilities	(4,516,293)
Compensated absences	(54,510,417)
	$ (706,738,661)

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 change in fund balances and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of the reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense." The details of this difference are as follows:

Capital outlay	$	180,221,425
Depreciation expense		(69,713,402)
Lease and SBITA amortization expense		(1,457,138)
Other capital-related transactions		(2,613,362)
	$	106,437,523

Another element of the reconciliation states, "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Bonds issued:		
New money	$	(85,435,000)
Refunded bonds		(10,815,000)
Premium		(8,458,548)
Payment to escrow agent		11,991,583
Interest earned on escrow		154,434
Principal payments		40,565,000
Lease and SBITA principal payments		1,089,342
	$	(50,908,189)

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 difference are as follows:

Changes in:		
Compensated absences	$	(3,797,665)
Accrued interest		(215,400)
Amortization of deferred charge on refunding		(593,268)
Amortization of bond premium		8,494,208
	$	3,887,875

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Legal Compliance - Budgets

The City Charter contains the following requirements, which are adhered to by 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 City Council a proposed budget. Such budget shall provide a complete financial plan for the fiscal year.

- At the meeting of City Council at which the budget is submitted, 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 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.

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. City Council, however, must approve any increase in fund appropriations. The legal level of budgetary control is the fund level. During the year, there were no supplemental appropriations. 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.

Budgets and Budgetary Basis of Accounting

The Budgetary Comparison Schedule, included in the required supplementary information section of this report, 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.

- The GASB 31 fair value adjustments are excluded for budgetary comparison.

Nature and Purpose of Classifications of Fund Balance

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

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. Below are details of encumbrances at September 30, which are classified as a portion of assigned fund balance:

Assigned to encumbrances:	
Governmental funds	
General	$ 3,736,063
Capital maintenance	20,981,348
Street improvements	72,834,760
Municipal facilities	10,277,470
Park services	117,283
Park improvements	31,942,721
	$ 139,889,645

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

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

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

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

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 fair value basis) of the City's deposit of public funds and any accrued interest.

At September 30, 2024, the carrying amount of the City's demand deposits was $6,989,889, which includes component units' deposits of $12,167,461. The bank balance was $8,380,323. Cash on hand totaled $1,058,226. The carrying value and the bank balance of the City's non-negotiable certificates of deposit (CD) were $22,958,650. The carrying value of cash held in trust by a bank trust department for the Pension and Other Post-Employment Benefits Trust Funds were $4,970,644. The carrying value of cash held in trust by a bank trust department for the Collin Creek Custodial Funds was $29,593,100.

Investments – Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs or quoted prices in markets that are not active; and Level 3 inputs are significant unobservable inputs. As of September 30, 2024, the City does not value any of its investments using Level 3 inputs. Additionally, the Pension and Other Post-Employment Benefits Trust Funds have investments measured at the Net Asset Value (NAV). Investments measured at NAV are not classified in the fair value hierarchy.

The City has the following recurring fair value measurements as of September 30, 2024:

- U.S. agencies of $295.9 million are valued using matrix pricing (Level 2 inputs)

- Municipal bonds of $248 million are valued using quoted market prices in markets that are not active (Level 2 inputs)

The Pension and Other Post-Employment Benefits Trust Funds have the following recurring fair value measurements as of September 30, 2024:

- Fixed income investments of $39.7 million are valued using quoted market prices (Level 1 inputs)

- Equities of $237.6 million are valued using quoted market prices (Level 1 inputs)

At September 30, 2024, the City's investment balances measured at fair value levels were as follows:

		Fair Value Measurements Using			
	9/30/2024	Quoted Prices in Active Markets for Identical Assets Primary Government (Level 1)	Significant Other Observable Inputs Primary Government (Level 2)	Significant Other Observable Inputs Component Unit (Level 2)	Weighted Avg Maturity (Years)
Government-wide					
U.S. agencies	$ 295,945,468	$ -	$ 295,945,468	$ -	1.0259
Municipal bonds	248,028,997	-	248,028,997	-	0.7799
Total Government-wide	543,974,465	-	543,974,465	-	1.8058
Trust Funds					
Pension and Other					
Post-Employment Benefits:					
Fixed income funds	39,699,110	39,699,110	-	-	NA
Domestic equity funds	157,019,767	157,019,767	-	-	NA
International equity funds	80,576,169	80,576,169	-	-	NA
Total Investment Trust Funds	277,295,046	277,295,046	-	-	
Total Investments Measured at Fair Value	821,269,511	$ 277,295,046	$ 543,974,465	$ -	

At September 30, 2024, the City's investment balances measured at the net asset value (NAV) per share (or its equivalent) were as follows:

	9/30/2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Trust Funds				
Pension and Other				
Post-Employment Benefits:				
Real estate collective trusts	$ 23,820,617	$ -	Quarterly	45 days
Collective investment trusts	39,658,393	-	Not limited	None
Bank loans	14,989,679	-		
Diversified inflation strategies	14,754,004	-		
Total Investments Measured at the NAV	93,222,693	$ -		
Total Investments	$ 914,492,204			

In addition, the City had investments in government pools at September 30, 2024 totaling $107,859,294 which are recorded at amortized cost. GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* establishes criteria for an external investment pool to qualify for making an election to measure all of its investments at amortized cost. The City does not have any limitations or restrictions on withdrawals.

Investments in the Pension and the Other Post-Employment Benefits Trust Funds are held by a bank trust department, apart from the overall City's cash and investments. The City employs the services of professional investment managers, an investment consultant and a custodial bank to retain the assets and administer benefit payments of the Pension and Other Post-Employment Benefits Trust Funds. The investments are subject to the policies and guidelines established by the Pension and Other Post-Employment Benefits Trust Funds committee members.

The City is authorized to invest in: (1) obligations of, or guaranteed by, governmental entities; (2) certificates of deposit, issued by a depository institution that has its main office or branch in Texas; (3) fully collateralized repurchase agreements having a defined termination date; (4) commercial paper having a stated maturity of 365 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 one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; (5) no-load money market mutual funds registered and regulated by the SEC, or no-load mutual funds registered with the SEC, having an average weighted maturity of less than two years and either has a duration of one year or more and is invested exclusively in obligations authorized by the PFIA; or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (6) eligible investment pools that invest in instruments and follow practices allowed by current law as defined by 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, including, Tennessee Valley Authority (TVA), Federal Agricultural Mortgage Corporation (FAMC), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Company (FHLMC), Federal Home Loan Bank (FHLB) and Federal Farm Credit Bank (FFCB), are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The investment in the Texas Local Government Pools (Texas Class, Texas Range and Texas Fixed Income Trust) carried a credit rating of AAAm by Standard & Poor's or Fitch as of September 30, 2024. The investments in Municipal Securities hold an investment rating not less than A or its equivalent.

Custodial Credit Risk. For deposits, custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy follows state statutes, which require that all deposits in financial institutions be fully collateralized or insured. For investments, custodial credit risk is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that all investments held by outside parties for safekeeping be held in the name of the City. The City was not exposed to any custodial credit risk during the year.

Concentration of Credit Risk. Except for U.S. Treasury securities and authorized pools, the City's investment policy limits the amount that may be invested in any one security type to 50% of the total investment portfolio. As of September 30, 2024, five percent (5%) or more of the City's total investments are in municipal bonds (36.76%), Federal Farm Credit Bank (14.71%), Federal National Mortgage Association (10.74%) and investment pools (15.98%), 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 original certified assessed value for the tax roll of January 1, 2023, was $56,684,262,273. Subsequent adjustments decreased this value to $55,140,808,558.

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

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the tax levy is billed. Current year revenues recognized are those ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, generally thirty days after year-end. Current tax collections for the year ended September 30, 2024, were 99.6% of the tax levy.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate to finance general governmental services, including debt service, for the year ended September 30, 2024, was $0.4176 ($0.3026 for general government and $0.1150 for debt service) per $100 of assessed valuation. Thus, the City has a tax margin of $2.0824 per $100 and could have levied up to $1,148,252,197 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 no-new-revenue rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 3.5%, an election is required to determine whether to limit the tax rate to no more than 3.5% above the tax rate of the previous year.

3. RECEIVABLES:

Receivables at September 30, 2024 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:

	Property Taxes	Other Taxes	Accounts	Leases	Accrued Interest	Assessments	Other	Gross Receivables	Less: Allowance for Uncollectibles	Net Total Receivables
General	$ 3,019,735	$ 20,345,050	$ 1,218,703	$ 7,542,052	$ 510,679	$ -	$ -	$ 32,636,219	$ (1,736,373)	$ 30,899,846
Debt Service	1,128,882	-	-	-	18,737	-	-	1,147,619	(645,838)	501,781
Capital Maintenance	-	-	-	-	305,900	-	-	305,900	-	305,900
Street Improvements	-	-	2,263,579	-	428,940	1,271,842	-	3,964,361	-	3,964,361
Municipal Facilities	-	-	-	-	192,558	-	-	192,558	-	192,558
Park Improvements	-	-	-	-	242,535	-	-	242,535	-	242,535
Economic Development Incentive	-	-	-	-	374,484	-	-	374,484	-	374,484
Grant	-	-	-	-	7,224	-	846,923	854,147	-	854,147
Water and Sewer	-	-	35,796,056	2,374,060	437,581	-	48,067	38,655,764	-	38,655,764
Sustainability and Environmental Services	-	-	2,893,165	-	5,622	-	655,494	3,554,281	-	3,554,281
Municipal Drainage	-	-	1,097,026	-	134,380	-	-	1,231,406	-	1,231,406
Nonmajor and Other Funds	-	-	918,614	2,818,745	1,009,945	-	-	4,747,304	-	4,747,304
	$ 4,148,617	$ 20,345,050	$ 44,187,143	$ 12,734,857	$ 3,668,585	$ 1,271,842	$ 1,550,484	$ 87,906,578	$ (2,382,211)	$ 85,524,367

The enterprise fund accounts receivable includes unbilled charges for services of $15,199,990 rendered at September 30, 2024.

Leases receivable – The City has entered into multiple lease agreements for land and cell sites as lessor. The lease rate, term and ending lease receivables at September 30, 2024 are as follows:

	Interest Rates	Lease Term in Years	Ending Balance
General Fund:			
Land	4.20%	20-50	$ 6,747,544
Cell sites	4.20%	30	794,508
			$ 7,542,052
Water and Sewer Fund:			
Cell sites	4.20%	30	$ 2,374,060
Nonmajor Enterprise Funds:			
Land	4.20%	114	$ 2,818,745

4. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2024 was as follows:

Primary Government

	Balance at Beginning of Year	Additions	Transfers	Retirements	Balance at End of Year
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 171,038,496	$ 4,221,688	$ 4,752,496	$ -	$ 180,012,680
Construction in progress	90,457,576	170,795,260	(173,708,919)	-	87,543,917
Public art	1,845,827	-	1,156	-	1,846,983
Total capital assets, not being depreciated	263,341,899	175,016,948	(168,955,267)	-	269,403,580
Capital assets, being depreciated/amortized:					
Buildings	357,618,237	1,290,597	27,750,055	-	386,658,889
Right-to-use lease buildings	1,322,325	796,727	-	-	2,119,052
Improvements other than buildings	360,321,827	-	12,567,544	-	372,889,371
Equipment	284,699,216	17,549,201	2,551,193	(11,388,010)	293,411,600
Right-to-use lease equipment	5,956,270	3,465,676	-	-	9,421,946
Right-to-use subscription assets	6,885,635	3,883,655	-	-	10,769,290
Infrastructure	1,566,864,763	2,115,941	126,078,099	-	1,695,058,803
Total capital assets, being depreciated/amortized	2,583,668,273	29,101,797	168,946,891	(11,388,010)	2,770,328,951
Less accumulated depreciation/amortization for:					
Buildings	(203,901,125)	(14,838,562)	-	-	(218,739,687)
Right-to-use lease buildings	(390,444)	(328,117)	-	-	(718,561)
Improvements other than buildings	(153,337,593)	(10,284,310)	-	-	(163,621,903)
Equipment	(213,850,163)	(19,682,394)	84,023	11,311,058	(222,137,476)
Right-to-use lease equipment	(1,479,500)	(1,814,794)	-	-	(3,294,294)
Right-to-use subscription assets	(567,341)	(2,542,093)	-	-	(3,109,434)
Infrastructure	(791,313,137)	(40,031,091)	-	-	(831,344,228)
Total accumulated depreciation/amortization	(1,364,839,303)	(89,521,361)	84,023	11,311,058	(1,442,965,583)
Total capital assets, being depreciated/amortized, net	1,218,828,970	(60,419,564)	169,030,914	(76,952)	1,327,363,368
Governmental Activities capital assets, net	$1,482,170,869	$ 114,597,384	$ 75,647	$ (76,952)	$ 1,596,766,948
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 8,058,271	$ -	$ 2,122,596	$ -	$ 10,180,867
Construction in progress	43,656,556	35,657,486	(36,411,037)	-	42,903,005
Public art	50,000	-	-	-	50,000
Total capital assets, not being depreciated	51,764,827	35,657,486	(34,288,441)	-	53,133,872
Capital assets, being depreciated/amortized:					
Buildings	17,652,197	-	-	-	17,652,197
Right-to-use lease buildings	985,354	-	-	-	985,354
Improvements other than buildings	758,756,577	6,650,433	30,289,820	-	795,696,830
Drainage improvements	62,602,347	-	3,998,621	-	66,600,968
Equipment	2,473,311	95,543	8,376	-	2,577,230
Right-to-use lease equipment	59,760	-	-	-	59,760
Right-to-use subscription assets	-	37,092	-	-	37,092
Total capital assets, being depreciated/amortized	842,529,546	6,783,068	34,296,817	-	883,609,431
Less accumulated depreciation/amortization for:					
Buildings	(16,378,430)	(131,730)	-	-	(16,510,160)
Right-to-use lease buildings	(336,046)	(173,596)	-	-	(509,642)
Improvements other than buildings	(384,712,928)	(18,954,945)	-	-	(403,667,873)
Drainage improvements	(15,608,369)	(1,292,033)	-	-	(16,900,402)
Equipment	(1,867,538)	(96,651)	(84,023)	-	(2,048,212)
Right-to-use lease equipment	(29,880)	(14,939)	-	-	(44,819)
Right-to-use subscription assets	-	(9,273)	-	-	(9,273)
Total accumulated depreciation/amortization	(418,933,191)	(20,673,167)	(84,023)	-	(439,690,381)
Total capital assets, being depreciated/amortized, net	423,596,355	(13,890,099)	34,212,794	-	443,919,050
Business-type Activities capital assets, net	$ 475,361,182	$ 21,767,387	$ (75,647)	$ -	$ 497,052,922

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

Governmental activities:	
General government	$ 17,416,002
Administrative services	20,800
Police	1,384,597
Fire	384,033
Libraries	526,329
Development	434,185
Public services and operations	151,984
Parks and recreation	10,457,717
Public works	40,394,893
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	18,350,821
Total depreciation/amortization expense - governmental activities	$ 89,521,361
Business-type activities:	
Water and sewer	$ 18,956,181
Sustainability and environmental services	63,303
Municipal drainage	1,303,952
Convention and tourism	234,699
Recreation revolving	115,032
Total depreciation/amortization expense - business-type activities	$ 20,673,167

Component Unit

	Balance at Beginning of Year	Additions	Transfers	Retirements	Balance at End of Year
TIF No. 2 Activities:					
Capital assets, not being depreciated:					
Land	$ 1,938,037	$ 5,285,950	$ -	$ -	$ 7,223,987

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 2021, $363,965,000 of various purpose General Obligation bonds were authorized, of which $232,305,000 has been issued.

5. EMPLOYEE BENEFIT PLANS:

Summary of Significant Accounting Policies

For purposes of measuring the pension and OPEB net liabilities, deferred outflows and inflows of resources and expense, information about the fiduciary net position of TMRS, RSP and 115 Trust and additions to/deductions from Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, Plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A summary of the pension and OPEB net liabilities, deferred outflows and inflows of resources and expenses are below and discussed in further detail in this footnote.

	Pension		Total	OPEB
	TMRS	RSP	Pension	115 Trust
Net liability	$ 132,841,226	$ 5,316,914	$ 138,158,140	$ 30,991,918
Deferred outflow	90,626,897	22,740,791	113,367,688	33,775,772
Deferred inflow	7,545,717	2,053,991	9,599,708	13,193,514
Expense in current year	36,694,672	6,545,329	43,240,001	3,992,221

A. Texas Municipal Retirement System Plan (TMRS)

Plan Description

The City participates as one of 936 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com.*

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

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.

Plan provisions for the City were as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
A member is vested after	5 years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,688
Inactive employees entitled to but not yet receiving benefits	1,459
Active employees	2,505
	5,652

Contributions and Funding Policy

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The City's contribution rate requirement set by TMRS was 16.60% in calendar year 2023 and 17.64% for calendar year 2024. The City's actual contributions to TMRS were at 16.75% for fiscal year 2023, which provided for additional voluntary contributions. The City's contributions to TMRS for fiscal year 2024 were $38,283,309.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.5% per year
Overall payroll growth:	2.75% per year, adjusted down for population declines, if any
Investment rate of return:	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as, the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

Rate of Return

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00 %	6.70 %
Core Fixed Income	6.00	4.70
Non-core Fixed Income	20.00	8.00
Other Public and Private Markets	12.00	8.00
Real Estate	12.00	7.60
Hedge Funds	5.00	6.40
Private Equity	10.00	11.60
Total	100.00 %	

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the Net Pension (Asset)/Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balance at December 31, 2022	$ 1,355,043,700	$ 1,173,020,952	$ 182,022,748
Changes for the year:			
Service cost	38,060,057	-	38,060,057
Interest (on the total pension liability)	90,782,766	-	90,782,766
Difference between expected and actual experience	13,916,804	-	13,916,804
Changes of assumptions	(8,297,905)	-	(8,297,905)
Benefit payments, including refunds of employee contributions	(58,287,713)	(58,287,713)	-
Contributions - employer	-	34,367,369	(34,367,369)
Contributions - employee	-	14,362,499	(14,362,499)
Net investment income	-	135,783,108	(135,783,108)
Administrative expense	-	(863,698)	863,698
Other	-	(6,034)	6,034
Net change	76,174,009	125,355,531	(49,181,522)
Balance at December 31, 2023	$ 1,431,217,709	$ 1,298,376,483	$ 132,841,226

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as, what the City's NPL would be if it were calculated using a discount rate that is 1-percentage-point-lower (5.75%) and 1-percentage-point-higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 325,128,490	$ 132,841,226	$ (26,222,914)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by participating city and may be obtained at www.tmrs.com.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of $36,694,674.

At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 29,275,928	$ (1,051,705)
Difference in assumption changes	64,755	(6,494,012)
Difference in projected and actual investment earnings	31,798,932	-
Employer contributions subsequent to the measurement date	29,487,282	-
	$ 90,626,897	$ (7,545,717)

Deferred outflows of resources of $29,487,282 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for fiscal year 2025. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense in the following fiscal years:

2025	$ 16,362,177
2026	18,835,297
2027	28,984,362
2028	(10,587,938)
Total	$ 53,593,898

B. Retirement Security Plan (RSP)

Plan Description

On January 1, 1983, the City withdrew from the Federal Social Security system and created the 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 or more, not to exceed seven, which meets a minimum of four times a year. Professional investment management and an investment consultant are 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.

Benefits Provided

As of the December 31, 2023 biennial actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,148
Inactive employees entitled to but not yet receiving benefits	138
Active employees	2,334
	3,620

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

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 - $25,000, participant has a choice of single lump-sum payment or monthly annuity payments.
>
> When lump-sum value exceeds $25,000, the participant must receive monthly annuity payments.

Joint and survivor options are available. Additionally, benefits are available for members who become totally and permanently disabled. Each April 1, retirement benefits that have been paid for at least 12 months are adjusted to reflect changes in the U.S. Consumer Price Index (not to exceed 4%), as determined by the Plan's actuary. This cost of living adjustment is applied to only the participant's benefits; spouses or beneficiaries are excluded.

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 $7,575,665 for the year ended September 30, 2024.

The contribution amount is a 15-year level percentage of pay funding with a 2.75% 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.

Net Pension Liability

The City's NPL was measured as of December 31, 2023, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL was determined by an actuarial valuation as of December 31, 2023 using the following actuarial assumptions:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	15 years as of the measurement date
Asset valuation method:	5-year smoothed market; 20% corridor
Inflation:	2.50%
Salary increases:	8.00% to 2.75%, including inflation
Investment rate of return:	6.75%
Retirement age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	2019 Municipal Retirees of Texas mortality tables are used. Generational mortality improvements applied using the ultimate rates of Scale MP-2014.

Rate of Return

Asset Class	Long-Term Expected Arithmetic Real Rate of Return	Target Asset Allocation	Development of Long-Term Arithmetic Return for Investment Portfolio
Domestic Equity	4.82%	40%	1.93%
International Equity	5.56%	20%	1.11%
Core Fixed Income	2.29%	20%	0.46%
Bank Loans	4.83%	5%	0.24%
Core Real Estate	4.34%	10%	0.43%
Private Infrastructure	5.12%	5%	0.26%
Cash Equivalents	0.91%	-	-
	Total Expected Arithmetic Real Return:		4.43%
	Inflation Assumption for Actuarial Valuation:		2.50%
	Total Expected Arithmetic Nominal Return:		6.93%

Discount Rate

A single discount rate of 6.75% was used to measure the TPL for the measurement period ending December 31, 2023. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and the projection of cash flows as of each year ending December 31, the Plan's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the TPL.

The projection of cash flows used to determine the single discount rate for the Plan assumed that the funding policy adopted by the RSP Committee will remain in effect for all future years. Under this funding policy, the City of Plano will finance the unfunded actuarial accrued liability as a level percentage of payroll. Beginning with the December 31, 2021 actuarial valuation, and each subsequent valuation, new amortization bases will be established and separately maintained and amortized over 15 years. If the net amortization cost is negative, or a credit, then all prior bases shall be zeroed out and the resulting surplus shall be established as the new base. However, per the Plan's funding policy, the recommended contribution applicable to the City in this surplus position shall be no less than the total normal cost (no credit for the surplus on the actuarial value of assets).

Changes in the Net Pension (Asset)/Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2022	$ 200,151,968	$ 185,800,514	$ 14,351,454
Changes for the year:			
Service cost	6,311,406	-	6,311,406
Interest (on the total pension liability)	13,445,688	-	13,445,688
Difference between expected and actual experience	5,033,469	-	5,033,469
Assumption changes	-	-	-
Benefit payments	(8,224,594)	(8,224,594)	-
Contributions - employer	-	7,073,127	(7,073,127)
Net investment income	-	26,906,490	(26,906,490)
Administrative expense	-	(154,514)	154,514
Net change	16,565,969	25,600,509	(9,034,540)
Balance at December 31, 2023	$ 216,717,937	$ 211,401,023	$ 5,316,914

Sensitivity of the Net Pension (Asset)/Liability to Changes in the Discount Rate

The following presents the NPL of the City, as well as, what the City's NPL would be if it were calculated using a discount rate of 1-percentage point lower and 1-percentage point higher than the current discount rate.

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 36,134,919	$ 5,316,914	$ (20,083,499)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of $6,545,329.

At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 6,386,593	$ (401,682)
Difference in assumption changes	1,935,564	(1,652,309)
Difference in projected and actual investment earnings	8,575,404	-
Employer contributions subsequent to the measurement date	5,843,230	-
	$ 22,740,791	$ (2,053,991)

Deferred outflows of resources of $5,843,230 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the NPL for fiscal year 2025. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense in the following fiscal years:

2025	$	2,684,188
2026		5,131,722
2027		7,585,602
2028		(2,155,313)
2029		687,558
Thereafter		909,813
Total	$	14,843,570

C. <u>Deferred Compensation Plan</u>

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.

D. <u>Section 115 Post-Employment Benefits Trust (115 Trust)</u>

<u>Plan Description</u>

The 115 Trust (the Plan) was established on March 1, 2008 to comply with the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, for the purpose of funding and providing certain benefits to its eligible retirees and dependents, such as medical, dental and vision insurance benefits. It is a single-employer, defined benefit OPEB plan.

The 115 Trust was created by City ordinance and is administered by the Risk Pool Trustees (the Trustees) who meet at least four times a year. The Trustees consist of five City employees, including three City Deputy Managers, Director of Finance and Director of Human Resources, who are appointed by the City through the City Manager pursuant to the City of Plano Welfare Benefit Plan. The Trustees oversee the Plan and set policies for operations, including appointing management and directing investment decisions. Professional investment management and an investment consultant are used and a custodial bank retains the assets. Pursuant to Section 6.01 of the Welfare Benefit Plan and Resolution 2007-9-2(R), City Council has set forth delegation to the City Manager, or his designee, the authority to amend each Plan in any and all respects, except for any amendment that would materially increase the costs of the Plan to the City.

The 115 Trust issues a separate publicly available financial report that includes financial statements and required supplementary information at the 115 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.

Benefits Provided

The City offers its retired employees and their dependents 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 2024 was 567 of which 250 were on the same plan as the active employees and 317 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 2024 were $6,457,261.

As of December 31, 2023, the following were covered by the benefit terms:

Retirees and dependents currently receiving benefits	419
Terminated members entitled to benefits, but not yet receiving them	146
Active members	2,237
	2,802

Contributions and Funding Policy

The City has the authority to establish and amend the Plan contributions. The City transfers retiree and City contributions to the 115 Trust on a monthly basis. 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. Retirees and their dependents currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums. Monthly retiree premiums contributed to the Plan are based on the benefit election of the Plan member and are as follows:

	Medical Plan	Dental Plan	Vision Plan
Retiree only	$ 620.00	$ 45.00	$ 9.22
Retiree and spouse	1,600.00	88.00	14.75
Retiree and children	1,140.00	108.00	15.09
Retiree and family	2,310.00	164.00	24.28
Spouse only	980.00	45.00	9.22
Children only	520.00	63.00	9.22
Spouse and children only	1,690.00	119.00	15.06

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of October 1, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2023.

As of December 31, 2023:

Valuation Date:	The actuarially determined contribution is the sum of the current year's normal cost plus an amount necessary to amortize the unfunded liability over a closed 20-year period. Actuarial valuations have been performed biennially as of October 1. The most recent valuation was performed as of October 1, 2023.
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percent, Closed
Remaining amortization period:	20 years, as of the valuation date
Amortization growth rate:	2.75%
Asset valuation method:	Market Value
Inflation:	2.50%
Salary increases:	2.75%
Discount rate:	6.75%
Healthcare cost trend rates:	8.50% for 2023, decreasing to an ultimate rate of 4.00%
Dental cost trend rates:	4.10% for 2023, decreasing to an ultimate rate of 4.00%
Retirement:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	
Active participants	Pub-2010 General Employee Amount-Weighted Mortality Tables projected fully generationally using Scale MP-2014.
Retired participants	Pub-2010 General Healthy Retiree Amount-Weighted Mortality Tables projected fully generationally using Scale MP-2014.
Disabled participants	Pub-2010 General Disabled Retiree Amount-Weighted Mortality Tables projected fully generationally using Scale MP-2014.

Rate of Return

The long-term rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of December 31, 2023.

Asset Classification	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	Bloomberg Barclays Aggregate	25.00%	2.21%	2.08%
Domestic Equity	Russell 3000	37.00%	5.50%	3.82%
International Equity	MSCI ACWI Ex US NR	23.00%	7.66%	5.80%
Core Real Estate	NCREIF Property	5.00%	5.14%	3.91%
Bank Loans	Credit Suisse Leveraged Loan	5.00%	3.55%	3.20%
Diversified Inflation Strategies	Bloomberg US Corporate Baa	5.00%	3.02%	2.74%
		Assumed Inflation - Mean	2.31%	2.30%
		Assumed Inflation - Standard Deviation	1.44%	
		Portfolio Real Mean Return	4.94%	4.21%
		Portfolio Nominal Mean Return	7.24%	6.64%
		Portfolio Standard Deviation	11.62%	
		Long-Term Expected Rate of Return	**6.75%**	

Discount Rate

A single discount rate of 6.75% was used to measure the total OPEB liability. Based on the stated assumptions and the projection of cash flows as of each Plan year, the OPEB plan's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2022	$ 131,671,156	$ 109,336,036	$ 22,335,120
Changes for the year:			
Service cost	3,921,701	-	3,921,701
Interest on total OPEB liability	8,906,170	-	8,906,170
Effect of economic/demographic gains	(2,508,090)	-	(2,508,090)
Effect of assumptions changes or inputs	19,916,399	-	19,916,399
Benefit payments, net of retiree contributions	(7,420,373)	(7,420,373)	-
Employer contributions	-	4,786,586	(4,786,586)
Net investment income	-	16,820,546	(16,820,546)
Administrative expenses	-	(27,750)	27,750
Net change	22,815,807	14,159,009	8,656,798
Balance at December 31, 2023	$ 154,486,963	$ 123,495,045	$ 30,991,918

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as, what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current discount rate.

1% Decrease 5.75%	Current Discout Rate 6.75%	1% Increase 7.75%
$ 46,533,662	$ 30,991,918	$ 17,389,061

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, as well as, what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate.

1% Decrease	Current Trend Rate	1% Increase
$ 20,895,765	$ 30,991,918	$ 42,824,679

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the City recognized OPEB expense of $3,992,221. At September 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 2,368,678	$ (9,977,422)
Difference in assumption changes	22,808,563	(3,216,092)
Difference in projected and actual investment earnings	5,195,400	-
Employer contributions subsequent to the measurement date	3,403,131	-
	$ 33,775,772	$ (13,193,514)

Deferred outflows of resources of $3,403,131 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for fiscal year 2025. Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense in the following fiscal years:

2025	$ 1,245,181
2026	3,599,540
2027	5,937,840
2028	6,172
2029	2,203,583
Thereafter	4,186,811
Total	$ 17,179,127

6. CUSTODIAL UNITS:

To develop and revitalize the Collin Creek Mall area, the developer plans include 400,000 square feet of retail space, as well as an assortment of restaurants and entertainment destinations. The goal of the project is to create a multifunctional environment conducive to living, working and leisure activities. The creation of the PID and custodial units will be the vehicles to facilitate these funds held in trust. A professional Special District Administrator initiates reimbursement requests to the developer and actual distribution of assets are performed by a trust bank where the assets are held. The following entities are accounted for as custodial units.

As part of the Collin Creek Mall Redevelopment Project, the developer plans to develop 99-acres of real property and the TIF No. 4 revenue stream from the assessment will be used for projects benefiting the zone. On August 9, 2021, City Council approved an agreement to consider the sale of the TIF No. 4 increment generated from the project's 99-acres. On September 13, 2021, the TIF No. 4 assignment of the 99-acres' increment was approved via a purchase and sale between the City and ORIX Public Finance, LLC in the amount of $38,500,000.

The Collin Creek East PID was created on January 13, 2020, which boundaries were expanded on February 8, 2021. The Collin Creek West PID was approved on February 8, 2021. The Collin Creek East and West PIDs contain approximately 60 acres and 39 acres, respectively. The funding of this development is through PID bonds, developer cash contributions, TIF revenue stream and land acquisition by the City, all of which will reside in a trust. The City authorized the issuance of PID bonds to construct, reimburse or acquire the public improvements within the districts, including a garage. The amount of Collin Creek East and West PID bonds issued are $32,761,000 and $14,687,000, respectively.

These bonds are issued by the City pursuant to the Public Improvements District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, an ordinance adopted by the City on August 23, 2021, and an Indenture of Trust, dated as of September 1, 2021, by and between the City and the Trustee.

Proceeds of the bonds will be used to provide funds for (i) paying a portion of the actual costs of the PID improvements in the Collin Creek East and West districts, (ii) paying interest on the bonds during and after the period of acquisition and construction of the public improvements, (iii) funding the reserve account of the reserve fund, (iv) paying district formation costs and (v) paying bond issuance costs.

The bonds are special obligations of the City payable solely from the pledged revenues and other funds comprising the trust estate, as and to the extent provided in the indenture. The bonds do not give rise to a charge against the general credit or taxing power of the City and are payable solely from the sources identified in the indenture.

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
2021 Collin Creek East PID	4.375	9/1/2021	12/31/2051	$ 32,761,000	$ 591,000	$ 32,170,000
2021 Collin Creek West PID	4.000	9/1/2021	12/31/2051	14,687,000	544,000	14,143,000
				$ 47,448,000	$ 1,135,000	$ 46,313,000

The difference in the bonds payable of the custodial funds, reported in the basic financial statements compared to the table above, is attributed to premium amortization of the PID West bonds with a balance of $174,666.

In October 2023, City Council approved and authorized the issuance and sale of the City of Plano, Texas, Special Assessment Revenue Bonds, Series 2023, for purposes related to the Haggard Farm Public Improvement District. Within the Haggard Farm PID, are two levies; Major Improvement Area Project and Public Improvement District Area #1 Project. The bonds are issued by the City pursuant to Chapter 372 of the Texas Local Government Code. The amount of Major Improvement Area Project and Area #1 Project bonds issued are $16,458,000 and $5,000,000, respectively, and settled November 20, 2023.

As with the Collin Creek Redevelopment Project, the purpose of the Haggard Farm PID will be to finance public infrastructure (via bond sales or other related financial instruments) that historically would be the responsibility of the developer. The bonds will be repaid using proportional levies on the private property within the PID. No City funds will be used to pay the bond holders.

Any method of financing will be repaid using proportional levies on the private property within the PID. Until the properties are sold to other entities, the current property owner is responsible for the entire yearly levy – starting in year one. It should be noted that while the City will be sponsoring the bond sales, the City is not responsible for the bonds repayment or performance. Similarly, other financial instruments that require payment via levy will not require the City to pledge either its credit or any funds. The PID was divided into two areas to ensure each parcel was assessed according to the benefit it receives from the PID funded improvements.

The bonds are special obligations of the City payable solely from the pledged revenues and other funds comprising the trust estate, as and to the extent provided in the indenture. The bonds do not give rise to a charge against the general credit or taxing power of the City and are payable solely from the sources identified in the indenture.

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
2023 Haggard Farm Improvement Area #1	7.500	11/20/2023	9/30/2053	$ 5,000,000	$ -	$ 5,000,000
2023 Haggard Farm Major Improvement Area	4.000	11/20/2023	9/30/2053	16,458,000	-	16,458,000
				$ 21,458,000	$ -	$ 21,458,000

7. LONG-TERM DEBT:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2024, 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	$ 553,680	$ 89,665	$ (51,135)	$ 592,210	$ 39,485
Tax anticipation notes	7,305	6,585	(1,375)	12,515	2,050
Deferred amounts:					
Premium	38,799	8,458	(8,494)	38,763	7,421
Total bonds and notes payable	599,784	104,708	(61,004)	643,488	48,956
Compensated absences	51,625	26,163	(22,354)	55,434	6,663
Leases payable*	5,474	3,224	(1,684)	7,014	2,138
Subscription liabilities*	5,901	3,884	(2,529)	7,256	2,445
Liability for insurance claims	9,454	41,561	(42,802)	8,213	8,213
Net pension liability	175,722	-	(52,545)	123,177	-
Net other postemployment benefits liability	19,309	7,499	-	26,808	-
Governmental Activities Long-term debt	$ 867,269	$ 187,039	$ (182,918)	$ 871,390	$ 68,415

*Of the end of year leases payable and subscription liabilities balances, $4,959,356 and $2,739,583, respectively, belong to internal service funds.

	Balance, Beginning of Year	Increase	Decrease	Balance, End of Year	Due Within One Year
Business-Type Activities:					
Water and Sewer revenue bonds	$ 33,365	$ -	$ (3,165)	$ 30,200	$ 3,315
Municipal Drainage revenue bonds	51,340	14,660	(2,030)	63,970	2,385
Deferred amounts:					
Premium	9,115	522	(787)	8,850	822
Total bonds payable	93,820	15,182	(5,982)	103,020	6,522
Compensated absences	4,326	2,589	(2,127)	4,788	730
Leases payable	716	-	(183)	533	194
Subscription liabilities	-	37	(8)	29	7
Net pension liability	20,652	-	(5,670)	14,982	-
Net other postemployment benefits liability	3,027	1,157	-	4,184	-
Business-type Activities Long-term debt	$ 122,541	$ 18,965	$ (13,970)	$ 127,536	$ 7,453

The compensated absences liability attributable to the governmental activities will be liquidated by several of the City's governmental and internal service funds. Approximately 98.9% has been paid by the General Fund, 0.5% by special revenue funds and 0.6% by internal service funds.

Pension and OPEB liabilities for governmental-type funds are recorded at the government-wide statement level and are primarily liquidated in the General Fund. Liabilities for the proprietary type activities are recorded and liquidated in the fund that incurs the liability.

The liability for insurance claims will be liquidated through a variety of funds. The General Fund bears approximately 81.9% and the enterprise funds bear approximately 12.7% of the liability, while the internal service and special revenue funds bear approximately 5.2% and 0.2%, respectively.

Long-term debt at September 30, 2024 includes the following individual issues (not including the unamortized premiums of $38,763,347 and the unamortized deferred charge on refunding of $598,183 of the General Obligation bonds, the unamortized premiums of $4,353,443 and unamortized deferred charges of $88,319 of the Municipal Drainage Revenue bonds and the unamortized premiums of $4,497,019 of the Water and Sewer Revenue bonds).

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
General Obligation Bonds:						
Improvements	2.00 - 4.00	4/15/2014	9/1/2034	$ 29,325,000	$ 29,325,000	$ -
2015 Refunding and						
Improvements	2.00 - 5.00	5/1/2015	9/1/2035	75,685,000	53,065,000	22,620,000
2016 Refunding and						
Improvements	1.00 - 5.00	4/15/2016	9/1/2036	67,195,000	29,110,000	38,085,000
2017 Improvements	2.00 - 5.00	2/1/2017	9/1/2036	41,290,000	11,400,000	29,890,000
2017 Refunding	4.00 - 5.00	8/1/2017	9/1/2031	27,805,000	13,190,000	14,615,000
2018 Improvements	3.00 - 5.00	4/15/2018	9/1/2038	77,915,000	16,420,000	61,495,000
2019 Refunding and						
Improvements	3.00 - 5.00	4/1/2019	9/1/2039	63,420,000	12,375,000	51,045,000
2020 Refunding and						
Improvements	3.00 - 4.00	4/1/2020	9/1/2040	74,635,000	12,455,000	62,180,000
2021 Refunding and	2.00 - 5.00	5/1/2021	9/1/2041			
Improvements				74,085,000	9,545,000	64,540,000
2022 Improvements	4.00 - 5.00	5/1/2022	9/1/2042	76,450,000	4,425,000	72,025,000
2023 Refunding and						
Improvements	4.00 - 5.00	4/15/2023	9/1/2043	97,490,000	8,780,000	88,710,000
2024 Refunding and						
Improvements	4.00 - 5.00	5/1/2024	9/1/2044	89,665,000	2,660,000	87,005,000
				$ 794,960,000	$ 202,750,000	$ 592,210,000
Tax Anticipation Notes:						
2023 Tax anticipation notes	5.00	4/15/2023	9/1/2029	$ 8,405,000	$ 2,175,000	$ 6,230,000
2024 Tax anticipation notes	5.00	5/1/2024	9/1/2030	6,585,000	300,000	6,285,000
				$ 14,990,000	$ 2,475,000	$ 12,515,000
Water & Sewer Revenue Bonds:						
2016 Improvements	1.00 - 5.00	4/15/2016	5/1/2036	$ 24,775,000	$ 7,585,000	$ 17,190,000
2018 Improvements	3.00 - 5.00	4/15/2018	5/1/2028	11,350,000	6,160,000	5,190,000
2021 Improvements	4.00 - 5.00	5/1/2021	5/1/2031	10,605,000	2,785,000	7,820,000
				$ 46,730,000	$ 16,530,000	$ 30,200,000
Municipal Drainage Revenue Bonds:						
2015 Refunding	2.00 - 4.00	5/1/2015	5/15/2027	$ 7,105,000	$ 6,365,000	$ 740,000
2017 Refunding and						
Improvements	2.00 - 5.00	2/1/2017	5/15/2036	8,035,000	2,980,000	5,055,000
2019 Refunding and						
Improvements	2.00 - 4.00	8/1/2019	5/15/2039	6,925,000	1,470,000	5,455,000
2021 Refunding and	2.00 - 5.00	5/1/2021	5/15/2061			
Improvements				40,590,000	2,530,000	38,060,000
2024 Improvements	4.00-5.00	5/1/2024	5/15/2054	14,660,000	-	14,660,000
				$ 77,315,000	$ 13,345,000	$ 63,970,000

The annual requirements to amortize debt outstanding as of September 30, 2024, including interest payments of $245,342,475 follow (noted in thousands).

Year Ended September 30	General Obligation and Tax Anticipation Notes		Water and Sewer		Municipal Drainage	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 41,535	$ 24,910	$ 3,315	$ 1,279	$ 2,385	$ 2,192
2026	40,755	22,948	3,470	1,123	2,195	2,135
2027	39,685	20,971	3,630	960	2,180	2,035
2028	39,095	19,133	3,795	801	2,180	1,937
2029	37,705	17,413	2,495	663	2,115	1,836
2030-2034	180,040	62,884	10,035	1,784	10,490	7,792
2035-2039	153,795	29,766	3,460	209	10,985	5,708
2040-2044	72,115	6,713	-	-	7,515	4,258
2045-2049	-	-	-	-	7,410	3,149
2050-2054	-	-	-	-	8,675	1,899
2055-2059	-	-	-	-	5,450	750
2060-2061	-	-	-	-	2,390	95
Total	$ 604,725	$ 204,738	$ 30,200	$ 6,819	$ 63,970	$ 33,786

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

The City is required by ordinance to create from ad valorem tax revenues a sinking fund sufficient to pay the current interest and principal installments as they become due. The Debt Service Fund has $4,077,835 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. Management of the City believes it is in compliance with the significant limitations and restrictions at September 30, 2024.

In June 2024, the City issued $89,665,000 in General Obligation Refunding and Improvement bonds, with interest rates ranging from 4.0% to 5.0%. The portion of the debt that represents refunded bonds were Series 2014 General Obligation Refunding and Improvement bonds totaling $11,945,000 with interest rates ranging from 3.0% to 4.0% and maturity dates of 2025 through 2034. As a result of the refunding, the City obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of $250,437. In June 2024, the City also issued $6,585,000 in Tax Anticipation Notes, with interest rates of 5.0%.

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 bond indenture requires the City to make equal monthly installments to a debt service fund to pay principal and interest requirements as they become due. At September 30, 2024, $883,950 is in restricted net position of the Water and Sewer Fund for debt service requirements.

A reserve fund is not required so long as the net revenues equal or exceed 150% of the annual debt service requirements due and payable in the fiscal year.

Restricted assets of the Water and Sewer Fund at September 30, 2024 are as follows:

Cash and cash equivalents	$	800,767
Investments		4,451,057
Accrued interest receivable		23,316
	$	5,275,140

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 requirements as they become due. At September 30, 2024, $5,397,929 is in restricted net position of the Municipal Drainage Fund for debt service requirements.

A reserve fund is not required so long as the net revenues equal or exceed 1.25 times the average annual debt service requirements due and payable in the fiscal year.

Restricted assets of the Municipal Drainage Fund at September 30, 2024 are as follows:

Cash and cash equivalents	$	3,491,752
Investments		19,408,894
Accrued interest receivable		101,670
	$	23,002,316

D. Leases Payable

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-use of buildings and equipment over the term of the lease. The City is required to make periodic payments at its incremental borrowing rate or the interest rate stated or implied within the leases.

The lease rate, term and ending lease liability are as follows (noted in thousands):

	Interest Rates %	Lease Term in Years		Ending Balance
Governmental activities:				
Buildings	4.20 - 5.00	3 - 100	$	1,454
Equipment	4.20 - 5.00	3 - 9		5,560
Total governmental activities			$	7,014
Business-type activities:				
Buildings	4.20	10	$	517
Equipment	4.20	10		16
Total business-type activities			$	533

The annual requirements to amortize leases payable outstanding as of September 30, 2024, including interest of $1,551,635 follow (noted in thousands).

Year Ended September 30	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest
2025	$ 2,138	$ 254	$ 194	$ 19
2026	1,498	259	190	11
2027	975	166	149	2
2028	949	113	-	-
2029	367	62	-	-
2030-2034	889	131	-	-
2035-2039	-	40	-	-
2040-2044	-	42	-	-
2045-2049	-	44	-	-
2050-2054	-	47	-	-
2055-2059	-	48	-	-
2060-2064	-	51	-	-
2065-2069	-	53	-	-
2070-2074	-	56	-	-
2075-2079	10	49	-	-
2080-2084	25	37	-	-
2085-2089	33	31	-	-
2090-2094	45	23	-	-
2095-2099	59	12	-	-
2100-2101	26	1	-	-
	$ 7,014	$ 1,519	$ 533	$ 32

E. Subscription-Based Information Technology Arrangements (SBITA)

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make scheduled payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs.

The SBITA rate, term and ending subscription liability are as follows (noted in thousands):

	Interest Rates %	Lease Term in Years	Ending Balance
Governmental activities:			
Subscription-based information technology arrangements	5.00	3-10	$ 7,256
Total governmental activities			$ 7,256
Business-type activities:			
Subscription-based information technology arrangements	5.00	3-10	$ 29
Total business-type activities			$ 29

The future principal and interest SBITA payments as of fiscal year end, including interest of $1,232,001 are as follows (noted in thousands):

Year Ended September 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2025	$ 2,445	$ 361	$ 7	$ 1
2026	1,134	244	7	1
2027	757	187	7	1
2028	763	150	8	-
2029	474	110	-	-
2030-2034	1,683	177	-	-
Total	$ 7,256	$ 1,229	$ 29	$ 3

8. INTERFUND TRANSACTIONS:

A summary of interfund receivables and payables at September 30, 2024 is as follows:

Due To Other Funds	Due From Other Funds: General	Capital Maintenance	Municipal Facilities	Park Improvements	Grants	Water and Sewer	Nonmajor Governmental	Internal Service	Total
General	$ -	$ 288,060	$ 401,327	$ 39,594	$ 325	$ -	$ 7,275	$ 517,432	$ 1,254,013
Street Improvements	-	-	-	-	-	139,408	-	-	139,408
Economic Development Incentive	21,834	-	-	-	-	-	-	-	21,834
Grants	542,358	-	-	-	-	-	-	47	542,405
Water and Sewer	-	-	-	-	-	-	-	3,113	3,113
Sustainability and Environmental Services	-	-	-	-	-	-	-	1,147	1,147
Municipal Drainage	-	-	-	-	-	-	-	794	794
Nonmajor Governmental	4,975	-	-	-	-	-	-	286	5,261
Nonmajor Enterprise	143,768	-	-	-	-	-	-	1,157	144,925
Internal Service	1,254,825	-	-	-	-	-	-	730	1,255,555
Total	$ 1,967,760	$ 288,060	$ 401,327	$ 39,594	$ 325	$ 139,408	$ 7,275	$ 524,706	$ 3,368,455

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 City performs a 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 Sustainability and Environmental Services Funds and is, therefore, appropriately reported as an expense as opposed to a transfer. During fiscal year 2024, charges in lieu of taxes were $15,497,009.

In fiscal year 2023, a loan of $2.5 million was made from the Water and Sewer Fund to the Sustainability and Environmental Services Fund to be paid back over seven years. The balance remaining at September 30, 2024, is $2,142,857.

Transfers between funds during the year were as follows:

	Transfers In						
Transfers Out	General	Capital Maintenance	Grants	Sustainability and Environmental Services	Nonmajor Governmental	Internal Service	Total
General	$ -	$ 25,000,000	$ 1,241,489	$ -	$ 434,827	$ 983,761	$ 27,660,077
Water and Sewer	7,011,020	4,000,000	-	-	-	-	11,011,020
Sustainability & Environmental Services	-	-	855,195	-	-	-	855,195
Municipal Drainage	1,146,200	500,000	-	-	-	-	1,646,200
Nonmajor Governmental	6,873	-	-	-	25,000	-	31,873
Nonmajor Enterprise	1,340,857	1,500,000	-	-	-	-	2,840,857
Internal Service	-	-	-	83,920	250,000	-	333,920
Total	$ 9,504,950	$ 31,000,000	$ 2,096,684	$ 83,920	$ 709,827	$ 983,761	$ 44,379,142

The City performs a cost allocation to determine the portion of indirect expenses that will be transferred by the respective business-type activities to the General Fund. The City funds the Capital Maintenance Fund by transferring amounts from other funds each year based on a portion of depreciation.

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

9. TAX ABATEMENTS AND ECONOMIC DEVELOPMENT INCENTIVES:

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property tax revenues. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code. The economic development agreements are designed to support the creation of new businesses, the expansion and retention of existing businesses within the City and the attraction of companies that offer high impact jobs and share the community's values. Recipients may be eligible to receive economic assistance based on the employment, economic or community impact of the project requesting assistance. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations or bringing targeted business to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has the following categories of economic development agreements:

- Tax Abatements - The City of Plano offers tax abatement on improvements to real and business personal property as directed under Chapter 312 of the Texas Tax Code. The abatements allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants with underlying goals to further economic development in Plano. Real Property abatements are offered to applicants that pursue the construction of new or expanded facilities in which to house the applicable project. The abatement applies to the assessed value of the improvements made. Business Personal Property abatements are offered to applicants that pursue the purchase or long-term lease of existing facilities. The abatement applies to the assessed value of new personal property brought into the taxing jurisdiction. Property taxes abated under this program in fiscal year 2024 are $5,118,589.

- Economic Development - In 2006, a property tax increase of two-cents per $100 valuation was approved by City Council that is dedicated to economic development. Chapter 380 of the Texas

Local Government Code allows municipalities to establish and provide programs to promote state or local economic development and to stimulate business and commercial activity. The City's economic development program offers incentives to provide a competitive advantage, foster relocation, encourage employment retention or growth and/or assist in public infrastructure improvements within the City. For fiscal year 2024, the City paid incentives of $336,163.

- Tax Rebates – The City of Plano offers property tax rebates to real and business personal property, pursuant to Chapter 380 of the Texas Local Government Code, to promote local economic development and stimulate business and commercial activity in the City. The City paid out $40,382 in tax rebates in fiscal year 2024.

- Tax Increment Financing - The City has TIF zones under Chapter 311 of the State of Texas Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are described in section I.B. of the footnotes. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code, which are funded with TIF resources. The City paid $2,386,308 in TIF obligations in fiscal year 2024.

10. 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, 2024 was $85,523,507.

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. 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 and 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, 2024 was $50,925,556, 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 to the District for the year ended September 30, 2024 was $8,510,084.

11. COMMITMENTS AND CONTINGENCIES:

The City has contractual commitments of $136,153,581 in the capital projects funds, $35,640,684 in the Water and Sewer Fund and $4,090,438 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, revenue bond proceeds in the Water and Sewer Fund and revenue bond proceeds in the Municipal Drainage Fund.

Various claims and lawsuits are pending in which the City is involved. Included among the various actions are those for which the discovery process is currently underway or which have yet to proceed to trial. It is the opinion of City management that the ultimate outcome of all other lawsuits will not have a material adverse effect on the City's financial position.

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

12. 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 Risk Management Fund has been established to pay identified claims and judgments, maintain loss reserves and purchase insurance coverage as required.

Group medical benefits are paid from the Health Claims Fund, which has an annually negotiated stop loss provision. Revenues are recognized from employee payroll deductions and from City contributions.

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 years 2024 and 2023 was as follows:

Fund	Liability, Beginning of year	Current year Claims and Changes in Estimates	Claim Payments	Liability, End of year
2024				
Property/Liability Loss	$ 5,008,774	$ 7,875,622	$ (7,461,804)	$ 5,422,592
Health Claims	4,445,072	33,685,477	(35,339,929)	2,790,620
Total	$ 9,453,846	$ 41,561,099	$ (42,801,733)	$ 8,213,212
2023				
Property/Liability Loss	$ 5,053,410	$ 6,419,814	$ (6,464,450)	$ 5,008,774
Health Claims	3,547,980	39,264,009	(38,366,917)	4,445,072
Total	$ 8,601,390	$ 45,683,823	$ (44,831,367)	$ 9,453,846

REQUIRED SUPPLEMENTARY INFO. SECTION

2024 Annual Comprehensive Financial Report

For Fiscal Year Ended September 30, 2024 | City of Plano, Texas

Plano

City of Excellence

CITY OF PLANO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

	Budgeted Amounts					
	Original	**Final**	**Actual**	**Adjustments-Budgetary Basis**	**Actual on a Budgetary Basis**	**Variance with Final Budget - Positive (Negative)**
REVENUES:						
Taxes:						
Property taxes	$ 165,347,691	$ 164,245,537	$ 163,580,313	$ (281,626)	$ 163,298,687	$ (946,850)
Sales taxes	110,726,919	117,318,749	118,394,903	-	118,394,903	1,076,154
Mixed drink taxes	2,783,403	2,783,403	2,683,537	-	2,683,537	(99,866)
Other taxes	291,944	280,522	282,433	-	282,433	1,911
Franchise fees	22,357,337	21,271,675	21,928,916	-	21,928,916	657,241
Fines and forfeitures	4,301,186	4,108,991	4,101,278	-	4,101,278	(7,713)
Licenses and permits	8,652,351	8,768,372	9,094,470	-	9,094,470	326,098
Intragovernmental	15,497,009	15,497,009	15,497,009	-	15,497,009	-
Intergovernmental	2,400,554	2,462,841	2,474,526	-	2,474,526	11,685
Charges for services	16,413,917	17,272,386	17,799,904	-	17,799,904	527,518
Investment income	2,700,000	2,800,000	4,757,518	(1,722,931)	3,034,587	234,587
Miscellaneous	1,907,532	2,225,195	2,520,821	-	2,520,821	295,626
Total revenues	353,379,843	359,034,680	363,115,628	(2,004,557)	361,111,071	2,076,391
EXPENDITURES:						
General government	44,132,708	39,348,463	37,859,182	51,535	37,910,717	1,437,746
Administrative services	14,373,112	14,761,655	14,526,207	76,774	14,602,981	158,674
Police	105,845,575	109,273,648	107,947,028	242,811	108,189,839	1,083,809
Fire	79,652,997	84,000,289	83,709,978	80,851	83,790,829	209,460
Libraries	14,955,008	15,803,768	15,662,659	107,587	15,770,246	33,522
Development	41,371,668	41,204,567	38,965,944	1,127,854	40,093,798	1,110,769
Public services and operations	8,857,578	8,928,485	8,984,201	23,604	9,007,805	(79,320)
Parks and recreation	34,433,643	34,619,239	34,085,642	101,027	34,186,669	432,570
Public works	10,619,904	10,713,223	10,782,962	39,585	10,822,547	(109,324)
Technology solutions	1,000,000	1,000,000	1,000,000	-	1,000,000	-
Capital outlay	1,185,850	3,110,575	2,729,679	1,602,809	4,332,488	(1,221,913)
Debt service:						
Principal retirement on leases	-	-	753,073	-	753,073	(753,073)
Interest and fiscal charges on leases	-	-	85,328	-	85,328	(85,328)
Total expenditures	356,428,043	362,763,912	357,091,883	3,454,437	360,546,320	2,217,592
Excess (deficiency) of revenues over (under) expenditures	(3,048,200)	(3,729,232)	6,023,745	(5,458,994)	564,751	4,293,983
OTHER FINANCING SOURCES (USES):						
Subscription-based arrangements	-	-	673,414	-	673,414	673,414
Leases issued	-	-	803,473	-	803,473	803,473
Transfers in	8,941,002	9,498,077	9,504,950	-	9,504,950	6,873
Transfers out	(35,900,549)	(26,050,000)	(27,660,077)	-	(27,660,077)	(1,610,077)
Total other financing sources (uses)	(26,959,547)	(16,551,923)	(16,678,240)	-	(16,678,240)	(126,317)
Net change in fund balance	(30,007,747)	(20,281,155)	(10,654,495)	(5,458,994)	(16,113,489)	4,167,666
FUND BALANCE, October 1	61,686,899	61,686,899	61,686,899	-	61,686,899	-
FUND BALANCE, September 30	$ 31,679,152	$ 41,405,744	$ 51,032,404	$ (5,458,994)	$ 45,573,410	$ 4,167,666

CITY OF PLANO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
ADJUSTMENTS TO REVENUES, EXPENDITURES AND OTHER FINANCING USES FROM GAAP BASIS TO BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

	Net Change in Fund Balance
GAAP basis	$ (10,654,495)
Revenues:	
Decrease due to rolled back taxes	(281,626)
Decrease due to GASB Statement No.31 market adjustment	(1,722,931)
Expenditures:	
Increase due to encumbrances	(3,454,437)
Budgetary basis	$ (16,113,489)

CITY OF PLANO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS
(UNAUDITED)

Fiscal year ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 38,060,057	$ 35,453,512	$ 33,499,863	$ 32,466,781	$ 31,626,466	$ 30,262,774	$ 28,866,767	$ 27,113,143	$ 25,341,004	$ 22,556,087
Interest (on the total pension liability)	90,782,766	84,911,516	79,592,577	75,778,584	71,666,069	67,704,728	64,180,007	60,407,716	59,290,515	55,667,118
Difference between expected and actual experience	13,916,804	20,900,686	15,902,679	(4,677,159)	(1,524,064)	193,289	(4,550,911)	950,930	(6,117,445)	(122,591)
Change of assumptions	(8,297,905)	-	-	-	1,969,335	-	-	-	(685,185)	-
Benefit payments, including refunds of employee contributions	(58,287,713)	(52,887,296)	(49,458,379)	(45,703,919)	(40,759,727)	(39,552,473)	(34,399,087)	(32,526,510)	(29,059,878)	(26,400,655)
Net change in total pension liability	76,174,009	88,378,418	79,536,740	57,864,287	62,978,079	58,608,318	54,096,776	55,945,279	48,769,011	51,699,959
Total pension liability - beginning	1,355,043,700	1,266,665,282	1,187,128,542	1,129,264,255	1,066,286,176	1,007,677,858	953,581,082	897,635,803	848,866,792	797,166,833
Total pension liability - ending (a)	1,431,217,709	1,355,043,700	1,266,665,282	1,187,128,542	1,129,264,255	1,066,286,176	1,007,677,858	953,581,082	897,635,803	848,866,792
Plan fiduciary net position										
Contributions - employer	34,367,369	32,013,956	31,077,671	30,213,790	30,578,118	29,233,234	28,535,854	26,761,281	25,429,543	28,690,370
Contributions - employee	14,362,499	13,378,709	12,641,458	12,289,329	12,087,312	11,556,306	11,029,878	10,345,977	9,831,426	9,684,277
Net investment income (loss)	135,783,108	(92,968,318)	147,638,938	80,158,056	141,253,119	(28,192,692)	114,003,401	51,816,415	1,121,428	40,500,200
Benefit payments, including refunds of employee contributions	(58,287,713)	(52,887,296)	(49,458,379)	(45,703,919)	(40,759,727)	(39,552,473)	(34,399,087)	(32,526,510)	(29,059,878)	(26,400,655)
Administrative expense	(863,698)	(804,320)	(682,877)	(518,522)	(797,858)	(544,700)	(590,653)	(585,071)	(683,011)	(422,815)
Other	(6,034)	959,793	4,676	(20,231)	(23,967)	(28,458)	(29,932)	(31,522)	(33,734)	(34,762)
Net change in plan fiduciary net position	125,355,531	(100,307,476)	141,221,487	76,418,503	142,336,997	(27,528,783)	118,549,461	55,780,570	6,605,774	52,016,615
Plan fiduciary net position - beginning	1,173,020,952	1,273,328,428	1,132,106,941	1,055,688,438	913,351,441	940,880,224	822,330,763	766,550,193	759,944,419	707,927,804
Plan fiduciary net position - ending (b)	1,298,376,483	1,173,020,952	1,273,328,428	1,132,106,941	1,055,688,438	913,351,441	940,880,224	822,330,763	766,550,193	759,944,419
Net pension (asset)/liability (a) - (b)	$ 132,841,226	$ 182,022,748	$ (6,663,146)	$ 55,021,601	$ 73,575,817	$ 152,934,735	$ 66,797,634	$ 131,250,319	$ 131,085,610	$ 88,922,373
Plan fiduciary net position as a percentage of the total pension liability	90.72%	86.57%	100.53%	95.37%	93.48%	85.66%	93.37%	86.24%	85.40%	89.52%
Covered payroll	$ 205,175,508	$ 191,124,052	$ 180,592,252	$ 175,496,112	$ 172,539,364	$ 165,009,673	$ 157,569,687	$ 147,755,548	$ 140,393,376	$ 138,229,574
Net pension (asset)/liability as a percentage of covered payroll	64.75%	95.24%	(3.69)%	31.35%	42.64%	92.68%	42.39%	88.83%	93.37%	64.33%

TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(UNAUDITED)

For year ending September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 38,204,538	$ 38,283,309	$ (78,771)	$ 219,675,053	17.43%
2023	33,137,262	33,436,695	(299,433)	199,622,057	16.75%
2022	31,582,175	31,784,103	(201,928)	188,550,301	16.86%
2021	30,844,427	31,809,437	(965,010)	184,831,171	17.21%
2020	29,310,064	30,463,893	(1,153,829)	175,520,827	17.36%
2019	28,822,800	30,304,772	(1,481,972)	171,116,724	17.71%
2018	28,117,546	28,953,620	(836,074)	162,477,475	17.82%
2017	26,897,936	28,071,915	(1,173,979)	155,007,834	18.11%
2016	25,652,983	26,360,550	(707,567)	145,557,931	18.11%
2015	25,302,110	28,302,110	(3,000,000)	138,720,040	20.40%

Notes to Schedule of Contributions

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	22 years
Asset valuation method:	10 year smoothed market; 12% soft corridor
Inflation:	2.50%
Salary increases:	3.50% to 11.85% including inflation
Investment rate of return:	6.75%
Retirement age:	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an expeirence study of the period ending 2022.
Mortality:	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes	There were no benefit changes during the year.

CITY OF PLANO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT SECURITY PLAN
SCHEDULE OF CHANGES IN NET PENSION (ASSET)/LIABILITY AND RELATED RATIOS
LAST TEN YEARS
(UNAUDITED)

Fiscal year ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 6,311,406	$ 5,476,527	$ 5,216,760	$ 5,110,419	$ 4,725,748	$ 4,510,192	$ 5,073,946	$ 4,716,387	$ 3,803,153	$ 3,674,544
Interest (on the total pension liability)	13,445,688	12,716,254	11,987,174	11,314,548	10,611,657	9,976,825	9,960,603	9,240,119	8,412,933	7,802,936
Difference between expected and actual experience	5,033,469	2,466,793	559,364	-	325,133	-	(3,005,892)	-	(1,059,691)	-
Assumption changes	-	(2,453,137)	-	-	6,187,338	-	2,989,199	-	7,094,524	-
Benefit payments	(8,224,594)	(7,410,301)	(6,773,708)	(6,252,909)	(5,775,825)	(5,275,730)	(4,760,146)	(4,297,533)	(3,822,305)	(3,518,902)
Net change in total pension liability	16,565,969	10,796,136	10,989,590	10,172,058	16,074,051	9,211,287	10,257,710	9,658,973	14,428,614	7,958,578
Total pension liability - beginning	200,151,968	189,355,832	178,366,242	168,194,184	152,120,133	142,908,846	132,651,136	122,992,163	108,563,549	100,604,971
Total pension liability - ending (a)	216,717,937	200,151,968	189,355,832	178,366,242	168,194,184	152,120,133	142,908,846	132,651,136	122,992,163	108,563,549
Plan fiduciary net position										
Employer contributions	7,073,127	6,612,525	6,318,436	5,745,254	5,664,638	5,406,257	5,159,461	4,133,463	3,959,196	4,037,995
Pension plan investment income (loss)	26,906,490	(33,613,047)	28,427,222	25,238,831	27,982,706	(8,633,093)	21,781,774	6,276,782	2,076,698	8,012,049
Benefit payments	(8,224,594)	(7,410,301)	(6,773,708)	(6,252,909)	(5,775,825)	(5,275,730)	(4,760,146)	(4,297,533)	(3,822,305)	(3,518,902)
Pension plan administrative expenses	(154,514)	(113,123)	(50,473)	(83,295)	(48,584)	(81,574)	(363,144)	(336,043)	(327,528)	(278,376)
Other	-	-	-	-	-	-	-	-	-	(22,051)
Net change in plan fiduciary net position	25,600,509	(34,523,946)	27,921,477	24,647,881	27,822,935	(8,584,140)	21,817,945	5,776,669	1,886,061	8,230,715
Plan fiduciary net position - beginning	185,800,514	220,324,460	192,402,983	167,755,102	139,932,167	148,516,307	126,698,362	120,921,693	119,035,632	110,804,917
Plan fiduciary net position - ending (b)	211,401,023	185,800,514	220,324,460	192,402,983	167,755,102	139,932,167	148,516,307	126,698,362	120,921,693	119,035,632
Net pension (asset)/liability - ending (a) - (b)	$ 5,316,914	$ 14,351,454	$ (30,968,628)	$ (14,036,741)	$ 439,082	$ 12,187,966	$ (5,607,461)	$ 5,952,774	$ 2,070,470	$ (10,472,083)
Plan fiduciary net position as a percentage of total pension liability	97.55%	92.83%	116.35%	107.87%	99.74%	91.99%	103.92%	95.51%	98.32%	109.65%
Covered payroll	$ 181,362,231	$ 169,551,923	$ 162,011,179	$ 158,708,674	$ 156,481,717	$ 149,344,120	$ 142,526,560	$ 132,482,794	$ 130,412,851	$ 117,023,684
Net pension (asset)/liability as a percentage of covered payroll	2.93%	8.46%	(19.12)%	(8.84)%	0.28%	8.16%	(3.93)%	4.49%	1.59%	(8.95)%

RETIREMENT SECURITY PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(UNAUDITED)

For year ending September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 7,575,665	$ 7,575,665	-	$ 194,551,557	3.89%
2023	6,929,246	6,929,246	-	177,672,977	3.90%
2022	6,533,924	6,533,924	-	167,536,555	3.90%
2021	6,358,994	6,358,994	-	166,054,205	3.83%
2020	5,758,065	5,758,065	-	159,062,559	3.62%
2019	5,601,861	5,601,861	-	154,747,546	3.62%
2018	5,339,710	5,339,710	-	147,505,817	3.62%
2017	4,880,321	4,880,321	-	139,928,684	3.49%
2016	4,081,765	4,081,765	-	130,825,766	3.12%
2015	3,908,790	3,908,790	-	125,281,726	3.12%

Notes to Schedule of Contributions

Notes	Actuarially determined contribution rates are calculated as of December 31 of odd numbered years. The actuarially determined contribution rate determined by the valuation is effective for the biennium period beginning with the fiscal year following the valuation date. Effective December 31, 2022, valuations are performed annually with the actuarially determined contribution rate effective for the calendar year one year after the vaulation date.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	15 years as of the measurement date
Asset valuation method:	5-year smoothed market; 20% corridor
Inflation:	2.50%
Salary increases:	8.00% to 2.75%, including inflation
Investment rate of return:	6.75%
Retirement age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	2019 Municipal Retirees of Texas mortality tables are used. Generational mortality improvements applied using the ultimate rates of Scale MP-2014.

SECTION 115 POST-EMPLOYMENT BENEFITS TRUST
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST SEVEN YEARS
(UNAUDITED)

Fiscal year ending December 31,	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	$ 3,921,701	$ 3,948,389	$ 3,512,754	$ 3,512,754	$ 2,929,725	$ 2,631,776	$ 2,631,472
Interest on total OPEB liability	8,906,170	8,505,387	8,296,379	7,600,903	6,961,454	6,401,106	7,587,712
Effect of economic/demographic gains or losses	(2,508,090)	-	(13,844,749)	-	6,923,828	-	(1,889,319)
Effect of assumptions changes or inputs	19,916,399	-	10,053,138	-	(495,595)	-	(17,339,980)
Benefit payments, net of retiree contributions	(7,420,373)	(5,588,671)	(5,132,293)	(3,597,582)	(4,052,790)	(3,396,639)	(2,505,768)
Net change in total OPEB liability	22,815,807	6,865,105	2,885,229	7,516,075	12,266,622	5,636,243	(11,515,883)
Total OPEB liability - beginning	131,671,156	124,806,051	121,920,822	114,404,747	102,138,125	96,501,882	108,017,765
Total OPEB liability - ending (a)	154,486,963	131,671,156	124,806,051	121,920,822	114,404,747	102,138,125	96,501,882
Plan fiduciary net position							
Employer contributions	4,786,586	4,272,033	4,327,093	4,344,778	4,792,867	4,834,363	5,585,470
Net investment income (loss)	16,820,546	(19,815,321)	15,596,951	12,934,745	19,624,624	(4,140,078)	11,242,528
Benefit payments, net of retiree contributions	(7,420,373)	(5,588,671)	(5,132,293)	(3,597,582)	(4,052,790)	(3,396,639)	(2,505,768)
Administrative expenses	(27,750)	(28,250)	(27,453)	(27,250)	(19,124)	(36,227)	(10,951)
Net change in plan fiduciary net position	14,159,009	(21,160,209)	14,764,298	13,654,691	20,345,577	(2,738,581)	14,311,279
Plan fiduciary net position - beginning	109,336,036	130,496,245	115,731,947	102,077,256	81,731,679	84,470,260	70,158,981
Plan fiduciary net position - ending (b)	123,495,045	109,336,036	130,496,245	115,731,947	102,077,256	81,731,679	84,470,260
Net OPEB (asset)/liability - ending (a) - (b)	$ 30,991,918	$ 22,335,120	$ (5,690,194)	$ 6,188,875	$ 12,327,491	$ 20,406,446	$ 12,031,622
Plan fiduciary net position as a percentage of the total OPEB liability	79.94%	83.04%	104.56%	94.92%	89.22%	80.02%	87.53%
Covered payroll	$ 185,955,486	$ 169,551,926	$ 162,006,381	$ 158,641,160	$ 156,985,248	$ 152,783,696	$ 148,694,595
Net OPEB (asset)/liability as a percentage of covered payroll	16.67%	13.17%	(3.51)%	3.90%	7.85%	13.36%	8.09%

Note: GASB 75 requires 10 fiscal years of data. As a result of the City implementing GASB 75 in fiscal year 2018, this schedule will be built to show the remaining reporting requirement.

SECTION 115 POST-EMPLOYMENT BENEFITS TRUST
SCHEDULE OF CONTRIBUTIONS
LAST SEVEN YEARS
(UNAUDITED)

Fiscal year ending September 30,	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	$ 9,476,595	$ 6,488,078	$ 3,692,978	$ 4,291,299	$ 4,510,751	$ 4,451,343	$ 3,774,139
Contributions in relation to the actuarially determined contribution	4,519,901	4,741,215	4,262,934	4,296,812	4,515,739	4,769,684	5,044,806
Contribution deficiency (excess)	$ 4,956,694	$ 1,746,863	$ (569,956)	$ (5,513)	$ (4,988)	$ (318,341)	$ (1,270,667)
Covered payroll	$ 194,251,557	$177,672,977	$ 167,536,555	$ 166,054,205	$ 159,062,559	$ 154,747,546	$ 147,505,817
Contributions as a percentage of covered payroll	2.33%	2.67%	2.54%	2.59%	2.84%	3.08%	3.42%

Notes to Schedule of Contributions

Notes

The Actuarially Determined Contribution is the sum of the current year's normal cost plus an amount necessary to amortize the unfunded liability over a closed 16-year period. Actuarial valuations have been performed biennially as of October 1. The most recent valuation was performed as of October 1, 2023.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percent, Closed
Remaining amortization period:	20 years, as of the valuation date
Amortization growth rate:	2.75%
Asset valuation method:	Market Value
Inflation:	2.50%
Salary increases:	2.75%
Discount rate:	6.75%
Healthcare cost trend rates:	8.50% for 2023, decreasing to an ultimate rate of 4.00%
Dental cost trend rates:	4.10% for 2023, decreasing to an ultimate rate of 4.00%
Retirement:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	
Active participants	Pub-2010 General Employee Amount-Weighted Mortality Tables projected fully generationally using Scale MP-2014.
Retired participants	Pub-2010 General Healthy Retiree Amount-Weighted Mortality Tables projected fully generationally using Scale MP-2014.
Disabled participants	Pub-2010 General Disabled Retiree Amount-Weighted Mortality Tables projected fully generationally using Scale MP-2014.

APPENDIX B

FORM OF BOND COUNSEL'S OPINION

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[*closing date*]

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IN REGARD to the authorization and issuance of the "City of Plano, Texas, Waterworks and Sewer System Revenue Bonds, Series 2025," dated May 1, 2025, in the principal amount of $______ (the "Bonds"), we have examined into their issuance by the City of Plano, Texas (the "City"), solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Bonds mature on May 15 in each of the years specified in a pricing certificate executed pursuant to an ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (jointly, the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City and, together with the outstanding and unpaid Previously Issued Bonds (identified and defined in the Ordinance), are payable solely from and equally and ratably secured by a lien on and pledge of the Net Revenues (as defined in the Ordinance) of the City's Waterworks and Sewer System, except to the extent that the enforceability thereof may be affected by bankruptcy,

insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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