

**PLANO INDEPENDENT SCHOOL DISTRICT
PLANO, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED

JUNE 30, 2011

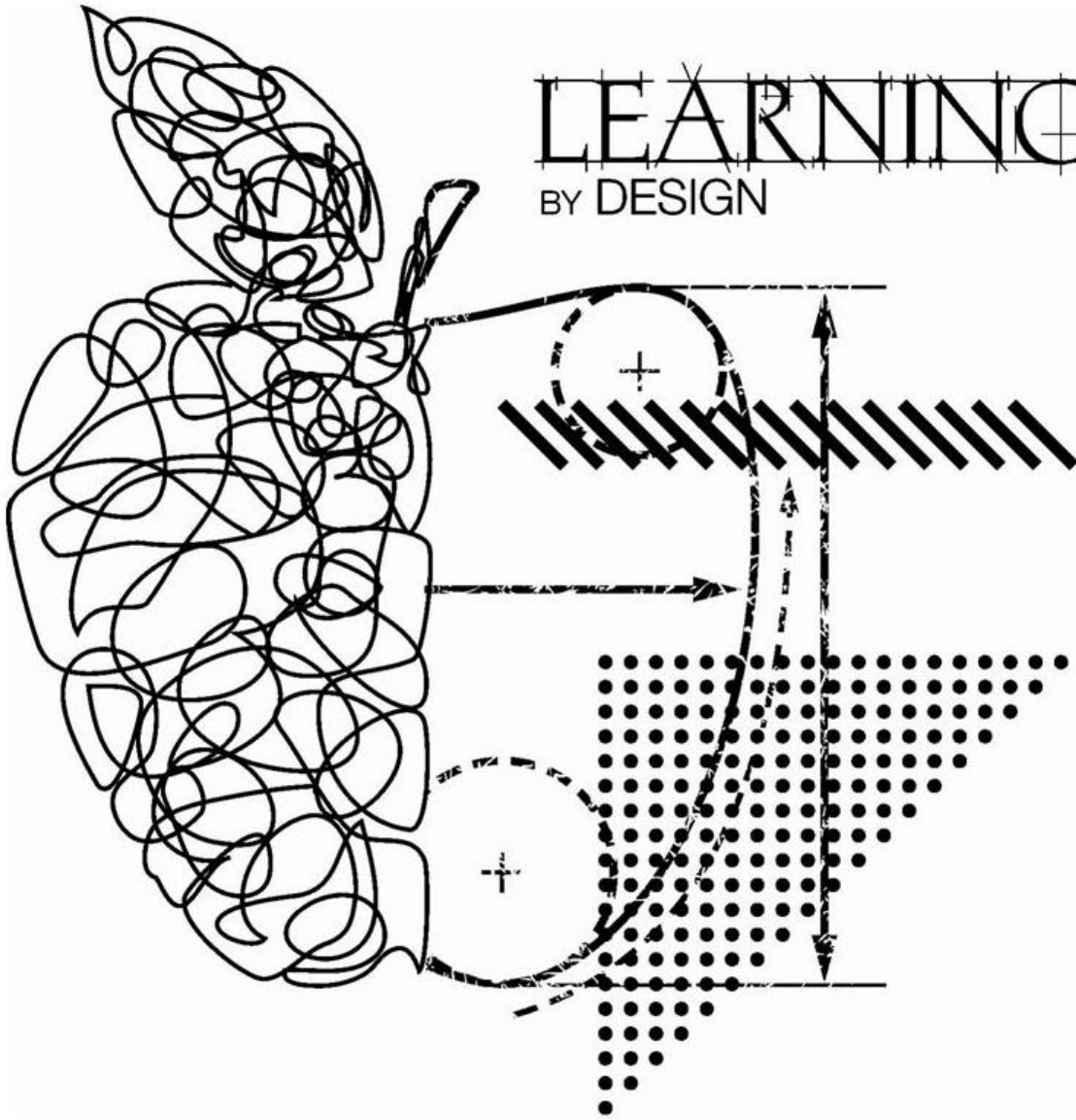
PREPARED BY

**CHRISTIE TATE
ACCOUNTING & BUDGET DIRECTOR**

**LINDA MADON
EXECUTIVE DIRECTOR OF FINANCIAL SERVICES**

LEARNING

BY DESIGN



PLANO INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2011

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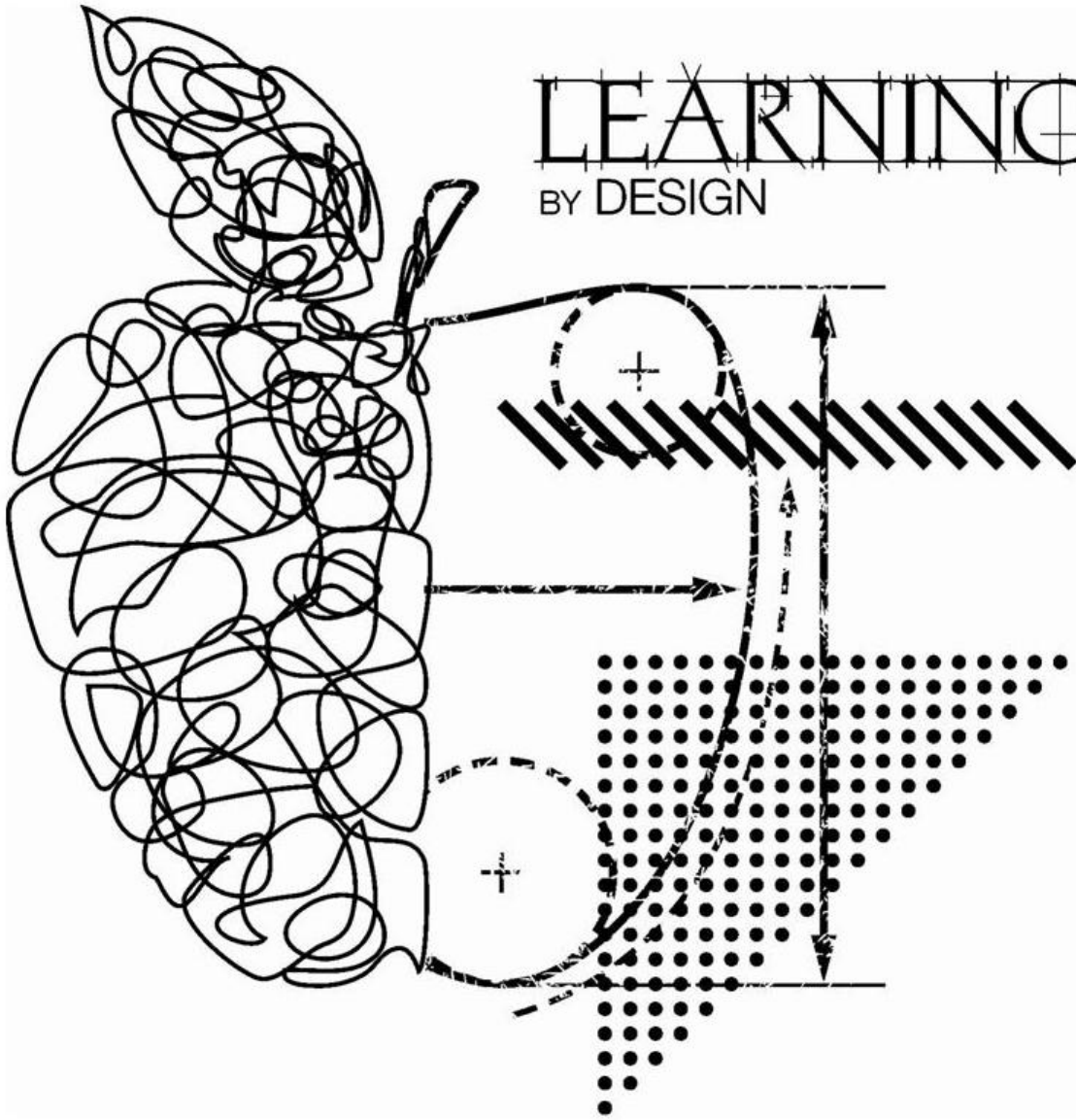
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BY DESIGN



CERTIFICATE OF THE BOARD

Plano Independent School District

Collin

043-910

Name of School District

County

County-District No.

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and 7 approved 0 disapproved for the year ended June 30, 2011 at a meeting of the Board of Trustees of such school district on the 1st day of November, 2011.



Signature of Board President

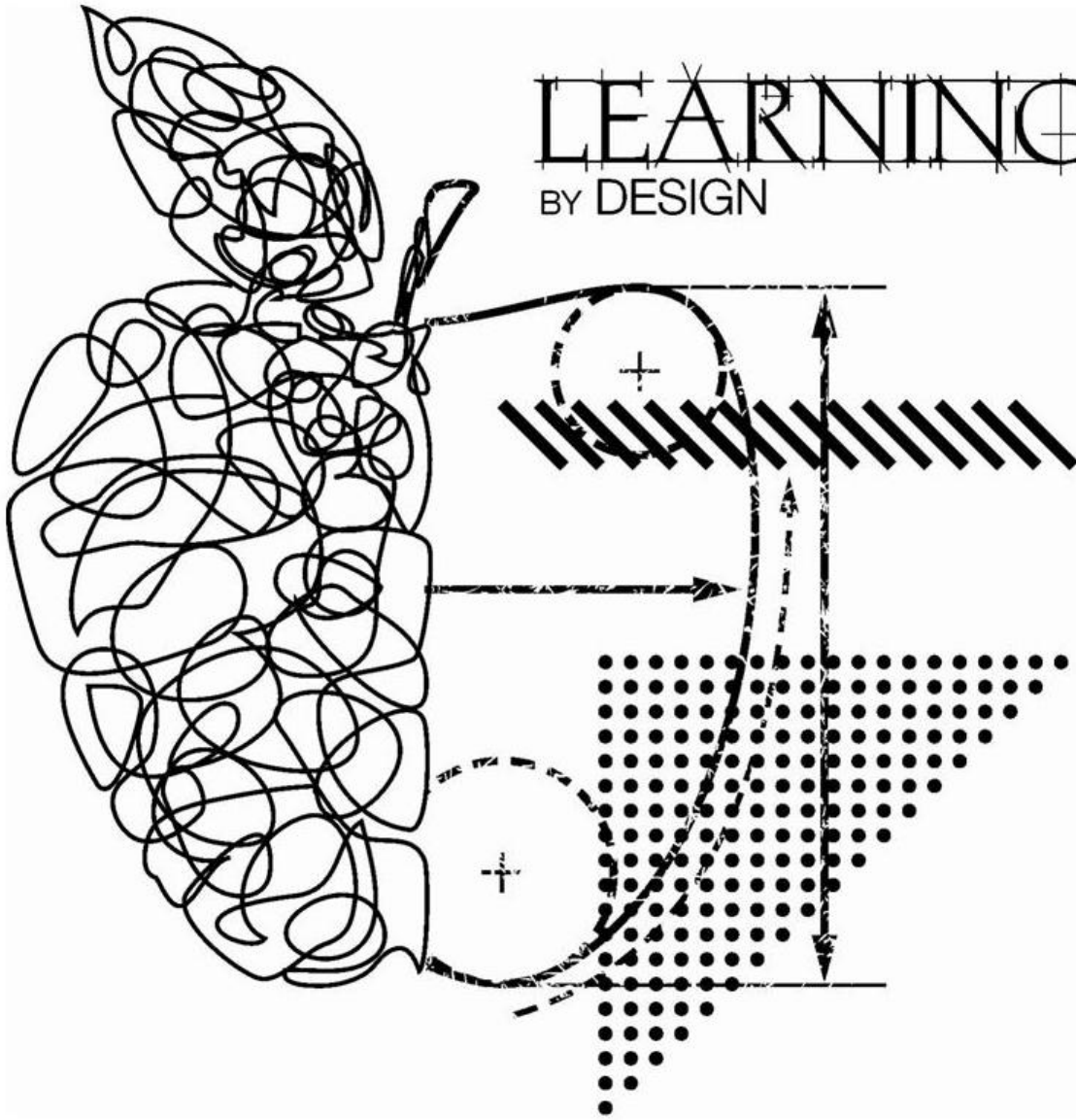


Signature of Board Vice President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):

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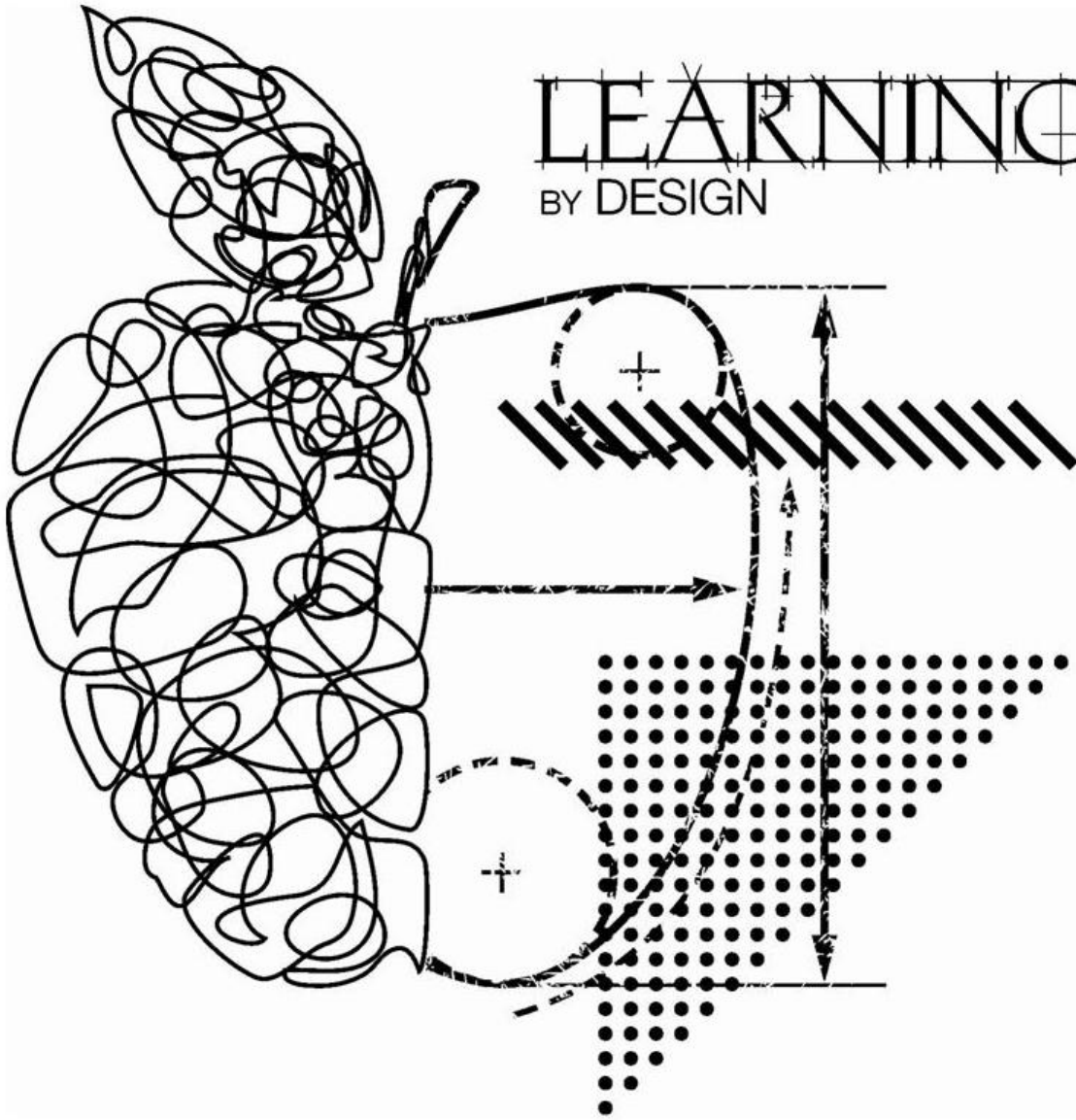
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INTRODUCTORY SECTION

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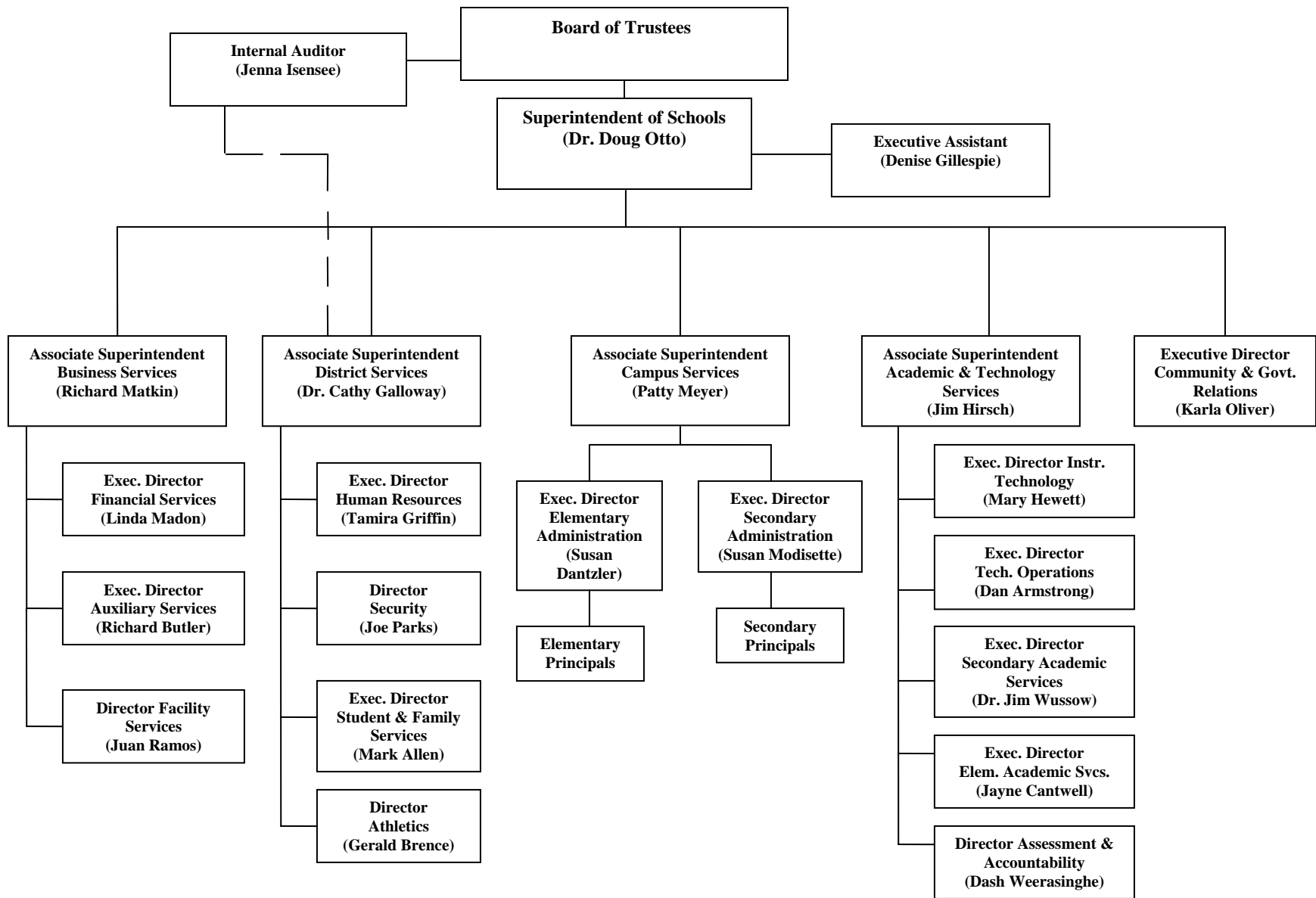


BOARD OF TRUSTEES

Name	Length of Service	Term Expires	Occupations
Tammy Richards President	1 Year	May 2013	Associate Dean – SMU School of Engineering
Nancy Humphrey Vice President	1 Year	May 2013	Public and Contract Accountant
Marilyn Hinton Secretary	2 Years	May 2013	Community Volunteer
Missy Bender Trustee	5 Years	May 2013	Community Volunteer
Carolyn Moebius Trustee	1 Year	May 2013	Veterinary Hospital Administrator
Michael Friedman Trustee	Newly Elected	May 2015	Senior Vice President Retail Brokerage Services
David Stolle Trustee	Newly Elected	May 2015	Attorney

ADMINISTRATIVE OFFICIALS

Name	Position	Length of District Service
Dr. Douglas Otto	Superintendent *total school district experience 39 years	16 Years*
Dr. Cathy Galloway	Associate Superintendent for District Services	25 Years
Jim Hirsch	Associate Superintendent for Academic and Technology Services *total school district experience 36 years	13 Years*
Richard Matkin	Associate Superintendent for Business Services *total school district experience 36 years	10 Years*
Patty Meyer	Associate Superintendent for Campus Services *total school district experience 38 years	25 Years*
Karla Oliver	Executive Director, Government and Community Relations *total school district experience 21 years	7 Years*





October 27, 2011

Board of School Trustees
Plano Independent School District
2700 W. 15th Street
Plano, Texas 75075

Members of the Board:

The Comprehensive Annual Financial Report (CAFR) of the Plano Independent School District (District) for the year ended June 30, 2011, is submitted herewith. This report was prepared by the District's Financial Services Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report includes all funds of the District. The District discusses in greater detail its financial position in the narrative, introduction, overview and analysis sections of the Management's Discussion and Analysis (MD&A).

The CAFR for the year ended June 30, 2011 is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued in June 1999.

GOVERNANCE

The governance of the District is overseen by a seven-member board of trustees (Board) that are elected by the citizens. Each member is elected to a three-year term with the elections being staggered so that not all positions are voted on during the same year. See page i for a listing of the present members of the Board along with the administrative officials who are appointed by the Board.

Regular action meetings are scheduled the first Tuesday of the month and are held in the District's Administration Building. Regular work sessions are scheduled the third Tuesday of the month and are held at the District's staff development training center, the Sockwell Center. Special meetings are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, by the courts and by the will of the people as expressed in School Board elections. Board decisions are based on a majority vote of a quorum of the Board.

In general, the Board adopts policies, sets direction for curriculum, employs the superintendent and oversees the operations of the District and its schools. Besides general Board business, trustees are charged with numerous statutory regulations, including appointing the tax assessor/collector, calling trustee and other school elections and canvassing the results, organizing the Board and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, and acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget.

The Board has responsibilities and control over all activities related to the public school education within its geographic boundaries. Even though there is considerable association between such other entities as the Collin County Tax Office and the Collin County Central Appraisal District, this report is restricted only to the actual activities of the District.

The Board solicits and evaluates community input and support concerning school policies.

MISSION

The District is a public school system whose adopted mission is:

“ . . .to provide an excellent education for all students.”

To accomplish its mission, the District provides a full range of educational services appropriate to grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education for handicapped children, career education and special programs for those with limited English proficiency. These programs are supplemented by a wide variety of co-curricular offerings, including those in fine arts and athletics. The District's curriculum is well-defined for the purpose of preparing students early for college readiness. The participation rate of PISD students in Advanced Placement/International Baccalaureate ranks among the highest in the state and nation. PISD students' performance on these exams gives them a competitive edge for college admission and college success.

As reflected in the District's mission statement, activities of the District focus on learning opportunities for students. The District is providing educational services to over 55,735 students in state of the art facilities that include three early childhood schools for pre-kindergarten age students, 44 elementary schools, 22 secondary school programs and two special program centers. The District has long maintained the philosophy of renovating its schools every 20 to 25 years to ensure that all facilities continue to meet new building standards as well as curriculum and technology requirements.

ECONOMIC CONDITIONS AND OUTLOOK

Situated in the heart of north Texas, and as an integral part of the Dallas/Fort Worth Metroplex, the City of Plano enjoys easy access to major transportation and shipping hubs in air, rail and trucking to any destination in the United States. A significant factor in the growth of the City's economic base is the addition, expansion and retention of numerous corporate and regional headquarters. Plano is home to more than 6,000 businesses, including global corporate headquarters and technology-related companies, and a large retail environment including two major shopping centers. HP Enterprise Services, formerly Electronic Data Systems, J.C. Penney Co., Frito-Lay Inc., Dr. Pepper Snapple Group, Alcatel USA, Bank of America Home Loans, and Ericsson all call Plano home. The combined effects of population, income, employment and residential growth along with increased industrial, commercial and retail development, have ensured the continuance of growth during the past several years.

The Texas Economic Development Act amended the Texas Tax Code in 2001 to allow businesses to apply for appraised value limitation on qualified property for economic development, making the state more attractive for large-scale projects. Texas Instruments (TI) made application to the District for approval of this limitation in November 2003. The District entered into a Texas Economic Development Act Participation Agreement with TI in February 2004. The construction of the Texas Instruments \$3 billion semiconductor manufacturing facility located near the southern border of Plano ISD is complete. The facility opened in October 2009. The benefits associated with the construction of this plant in Plano ISD and Collin County are estimated to be as large as 2.8 billion dollars in assets. In conjunction with the construction of this facility, Plano ISD along with other higher education entities in the area, have formed the High Technology Education Coalition of Collin County. The collaboration between the entities in the coalition will provide internships and increase scholarship opportunities for students and professional development opportunities for teachers.

The East section of the District continues to experience the most growth. The District's latest multi-year bond program was successfully approved by the voters in May 2008. Approval of \$490 million will provide funding for four new schools, 20-year renovations, additions and expansions, system and compliance for several facilities and district wide technology initiatives and capital improvements. This multi-year bond program will impact every child and school in Plano ISD. The first bond sale on the authorization was dated November 14, 2008 with the second sale taking place near the end of 2009. As of June 30, 2011, \$172,470,000 of the bonds were authorized, but not issued. The District had several active construction projects as of June 30, 2011. Projects included new school construction, additions to buildings and renovation of existing facilities.

During fiscal year 2011, the District purchased a building for use as an Academy. Construction was completed for renovation of Vines High School, Clark High School, Guinn Special Programs Center Transportation facility and concession building at Clark Field. The new Otto Middle School was completed as well as building additions at Plano East Senior High and Forman Elementary. HVAC upgrades were completed at four campuses along with new roofs at three other campuses. Additional lighting upgrades flooring projects were also completed.

Since the 1970s, the State of Texas has been involved with lawsuits challenging the system of financing public schools. In 1987, the courts declared the system unconstitutional according to standards of the Texas Constitution. The ruling focused not only on operating revenues and expenditures, but also on facilities and capital financing. In the ensuing years, the Legislature has tried to remain a step ahead of the courts, but has had several efforts at satisfying the requirements of the Constitution found unconstitutional. In 1992, the Supreme Court of Texas found Senate Bill 351, passed by the Legislature in 1991, to be unconstitutional in that it imposed a statewide property tax by creating "county education districts" (CEDs). The Texas Constitution prohibits a state property tax. Following this ruling, the Legislature called a referendum to constitutionalize the provisions of Senate Bill 351 and the CEDs. The voters of the state turned down the referendum issues, with 63% saying no. The next effort at meeting the tests of equity, Senate Bill 7, passed by the Texas Legislature in 1993, was challenged by property-poor school districts as well as property-wealthy districts. Points litigated include the equity issue, the capital financing issues, and issues of adequacy and suitability. The Texas Supreme Court ruled, in January 1995, that the law was constitutional at the time, but could become unconstitutional unless changes were made in the law over the next several years.

Senate Bill 7 mandated that all districts having a wealth per student based on the weighted average daily attendance (WADA) exceeding \$280,000 must give up that excess wealth in one of several manners: (1) consolidation with a property-poor district such that the combined wealth is less than \$280,000 per WADA; (2) tax base consolidation with a property-poor district such that the combined wealth is less than \$280,000 per WADA; (3) purchase of attendance credits from the State to reduce the wealth to less than \$280,000 per WADA; (4) purchase of attendance credits from a property-poor district to reduce the wealth to less than \$280,000 per WADA; or (5) disannexation of property from a property-wealthy district to reduce the wealth to less than \$280,000 and attachment of that property to a property-poor district.

In 1995, the Texas Legislature passed Senate Bill 1, which rewrote the entire Texas Education Code. This new law made very few changes to the school financing provisions. During the 1997 legislative session, the Texas Legislature revised the formula for calculating the recapture amount to exclude taxes collected for debt service from the calculation. The voters approved an additional \$10,000 homestead exemption in August 1998. The 1997 legislation included provisions in the revised recapture calculation to hold the District harmless from any lost tax revenues caused by the loss in taxable value due to the increased homestead exemption.

In the 1999 legislative session, the Texas Legislature passed House Bill 4. This new law increased the wealth per WADA that districts may retain to \$295,000. This \$15,000 increase in wealth per weighted student represents the first increase since Senate Bill 7 was enacted in 1993. This minimal adjustment to the wealth per weighted student provided some relief to the District regarding its equalization efforts.

During the 2001 legislative session, the Texas Legislature passed House Bill 3343. This new law increased the wealth per WADA that districts may retain to \$300,000 for 2001-02 and to \$305,000 for 2002-03. During the legislative session the Legislature agreed to name an interim committee following the session to study public school finance in Texas. In September 2001, the Lieutenant Governor and Speaker of the House appointed this committee. The committee was charged with conducting a comprehensive review of the structure of the Texas public school finance system, including facilities and transportation issues, the method used to fund public schools, and the criteria used to determine state payments to school districts. The legislative leaders also instructed the committee to carefully consider all of the equity issues that govern public school finance and fully examine all of the revenue resources for funding public schools, including the state's property tax system.

The Joint Select Committee on Public School Finance completed its review of the Texas public school finance system in 2002. However, the committee failed to come to a consensus and make a recommendation to state officials. The decision was left for Legislators to address in the 2003 legislative session. The regular session of the Texas Legislature ended June 2, 2003. The legislation passed during the regular session that addressed the school finance system left the current funding structure in place. The Texas Governor called a special session of the Legislature that convened April 20, 2004 to consider changes to the Texas public school finance system. The special session ended without the enactment of new school finance legislation.

On April 9, 2001 four districts filed a suit now known as the West Orange case that challenged the Texas school finance system on the basis that it effectively forced school districts to levy maintenance and operation taxes at the maximum rate of \$1.50 per \$100 assessed value, thereby resulting in an unconstitutional statewide ad valorem tax. Initially, the trial court in West Orange dismissed the suit stating that the plaintiffs had failed to establish that a sufficient number of school districts were levying the maximum tax rate of \$1.50 in an effort to provide an accredited education and that the \$1.50 statutory cap did not constitute a statewide property tax. Upon appeal, the appeals court affirmed the trial court's ruling. On May 29, 2003 the Texas Supreme Court reversed the lower courts and remanded the case back to the trial court for further proceedings. On September 15, 2004 the trial court ruled on remand that the State's school finance system: (1) fails to provide an adequate suitable education as required by the State Constitution; (2) forces certain school districts in the State to levy an ad valorem tax at the \$1.50 statutory cap on maintenance and operations tax rate, therefore violating the State constitution's proscription against a statewide ad valorem tax; and (3) is neither financially efficient nor efficient in the sense of providing for the mandated adequate education nor the statutory regime of accreditation, accountability and assessment. The judge further stated that he intends to enter an injunction on approximately October 1, 2004 that State funding of public schools cease unless the State legislature conforms the State school finance system to meet State constitutional standards, with the effective date of the injunction to be one year from the date the injunction order is entered. The Texas Attorney General immediately announced that his office would appeal the trial court's ruling directly to the Texas Supreme Court. After the failure of the 79th regular Legislative Session and two subsequent special sessions to enact legislation addressing the constitutional issues identified in the final judgment entered by the District Court, the court's ruling was appealed to the Texas Supreme Court in June 2005. The Texas Supreme Court ruling in October 2005 upheld the trial court's ruling on points one and two stated above. Although the Texas Supreme Court noted significant deficiencies in the system, it did not declare it to be unconstitutional at this time. The results of the Texas Supreme Court ruling required the Legislature to significantly alter the Texas system of school finance. The Court established a deadline of June 1, 2006 by which the Legislature had to restore meaningful local discretion to school districts or the State funding system to school districts would cease to operate. The special session called by the Governor which convened on April 17, 2006 was the sixth attempt in three years by the Legislature to address school finance and tax policy issues.

This time the Legislature did take action and met the June deadline imposed by the Texas Supreme Court. House Bill I was passed by the Legislature with its primary focus on property tax relief. Some additional financial capacity was available in the 2006-07 school year for districts. However, no long term stable revenue source was created for public education. House Bill 1

provided for the reduction of maintenance and operating taxes by \$0.17. Districts reducing the tax rate by this amount were guaranteed the better of their 2005-06 or 2006-07 state aid and local tax revenue. For the 2007-08 school year, districts were required to reduce the maintenance and operating tax rate by an additional \$0.33 to a rate of \$1.00 per hundred dollars of taxable value. Districts could access four cents of additional tax rate capacity for enrichment during these two years. An additional \$0.02 of tax capacity became available in 2008-09, but requires voter approval. House Bill 1 also provided for a \$2,000 net pay increase for teachers, counselors, nurses and librarians effective for 2006-07. The bill established a high school allotment of \$275 per average daily attendance (ADA), incentive pay programs for campuses in 2006-07 and incentive pay programs for both teachers and campuses in 2007-08. The bill also contained significant changes to accountability for campus performance and financial accountability along with a host of new efficiency measures including instructional spending targets, as well as a uniform school start date for the fourth Monday in August to be effective in 2007. The 80th Legislature concluded its work in early June 2007. During the 81st Legislative Session, which concluded in June 2009, Education continued to receive significant legislative attention. There were two key bills from this session with significant impact on public schools in Texas. House Bill 3 on Accountability, both academic and financial, implements significant new standards for the State and local districts. New players, new criteria and new electronic submission systems are all included with the passage of this legislation. The key bill addressing school finance, House Bill 3646, included provisions that significantly increased the equalized wealth level to \$476,500 for the 2009-10 year, guaranteed a minimum gain per weighted average daily attendance (WADA) for local districts of \$120 in revenues available, provided pay raise provisions to be the greater of \$800 per eligible employee or a higher uniform increase based on receiving \$60 per WADA. The Legislature chose to use \$3.2 billion in federal American Recovery and Reinvestment Act (ARRA) stabilization funds to cover shortfalls in the foundation school program to fund school finance changes passed as part of HB 3646. This action required local districts to apply through the federal grant application process to receive millions of what was previously part of their state revenue from federal sources. The 82nd Legislative session and special session ending on June 27, 2011 proved to be one of the most challenging sessions ever for the Legislature and public education in Texas. Senate Bill 1 resulted in all Texas public school districts seeing an average reduction of 5.6% in state funding for the 2011-12 year compared to the previous school finance legislation. An additional average reduction of 5.4% will be effective for the 2012-13 year. Equalization provisions remain a part of the newly passed school finance legislation, but at a reduced level due to the decrease in the maintenance and operating tax rate and the increase in the equalized wealth level. Cumulatively, since the inception of these equalization efforts, the District has purchased over \$1.2 billion in attendance credits from the State and other districts within the State. Since the 1993-94 fiscal year, \$4.91 cumulative of the local maintenance and operating tax rate has been levied, but recaptured by the State. The District has seen its recapture payment increase from \$10.4 million in 1993-94 to a peak of \$136 million for the 2005-06 year. Under House Bill 1, the reduced maintenance and operating tax rate in place since fiscal year 2007 and the increase in the equalized wealth level has resulted in a reduction in the recapture payment to the current year level of \$29.2 million.

The District's financial planning for 2012 considered the impact of the new legislation passed as part of Senate Bill 1 when the General Fund budget for 2012 was prepared for adoption. Reductions in State revenue along with an increase in the purchase of attendance credits from the State required the District to evaluate all areas of spending across all functional responsibilities as part of the budget adoption process for fiscal year 2012. The budget for 2012 includes a reorganized executive level staff with a new reporting structure. Reductions in staff were seen across all schools and departments. No raise was included for any staff members. On average the General Fund budget was reduced by 6% in each functional area. The District has accessed the full four cents of additional tax rate capacity available without approval by the voters. The Board of Trustees is required to adopt a final budget by no later than the close of the fiscal year, June 30. Annual budgets for the General Operating Fund, Debt Service Fund and Food Service Fund were adopted by the Board of Trustees on June 14, 2011. The budget is prepared by fund and function. Site based decisions are made throughout the year as campuses and departments manage their budgets. Budget transfers between functions, however, require approval from the Board of Trustees. The District operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.

For additional information about the financial status of the District, readers should refer to Management's Discussion and Analysis section of this report.

OTHER INFORMATION

Controls

An internal control structure that has been designed, managed and maintained by the District is in place to ensure the District's assets are protected from loss, theft and misuse, and to ensure that accurate accounting data is compiled in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Independent Audit

State law and District policy require an annual audit of the accounts and financial records of the District by independent certified public accountants selected by the Board of Trustees. Weaver has issued an unqualified opinion on the financial statements of Plano Independent School District for the year ended June 30, 2011. The independent auditors' report has been included in this report at the front of the financial section.

Awards

In 1999, the 76th Texas Legislature, approved legislation requiring the commissioner of education in consultation with the comptroller of public accounts to develop a rating system for school district financial accountability. The 77th Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of Texas. The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. Plano Independent School District has received a Superior Achievement rating since the implementation of the rating system in the 2001-02 year.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Plano Independent School District for its Comprehensive Annual Financial Report for the fiscal period ended June 30, 2010. This was the twenty-eighth consecutive year that the District has received this prestigious award.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements. We are submitting the current report for the year ended June 30, 2011 to GFOA to determine its eligibility for another certificate.

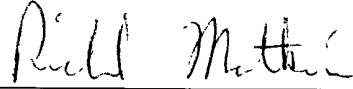
Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of Financial Services. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation.

We also wish to thank the members of the Board of Trustees for their continued consideration and support, and for planning and conducting the financial operations of the District in a responsible and progressive manner.



Doug Otto
Superintendent



Richard Matkin
Associate Superintendent
of Business Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Plano Independent School
District, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



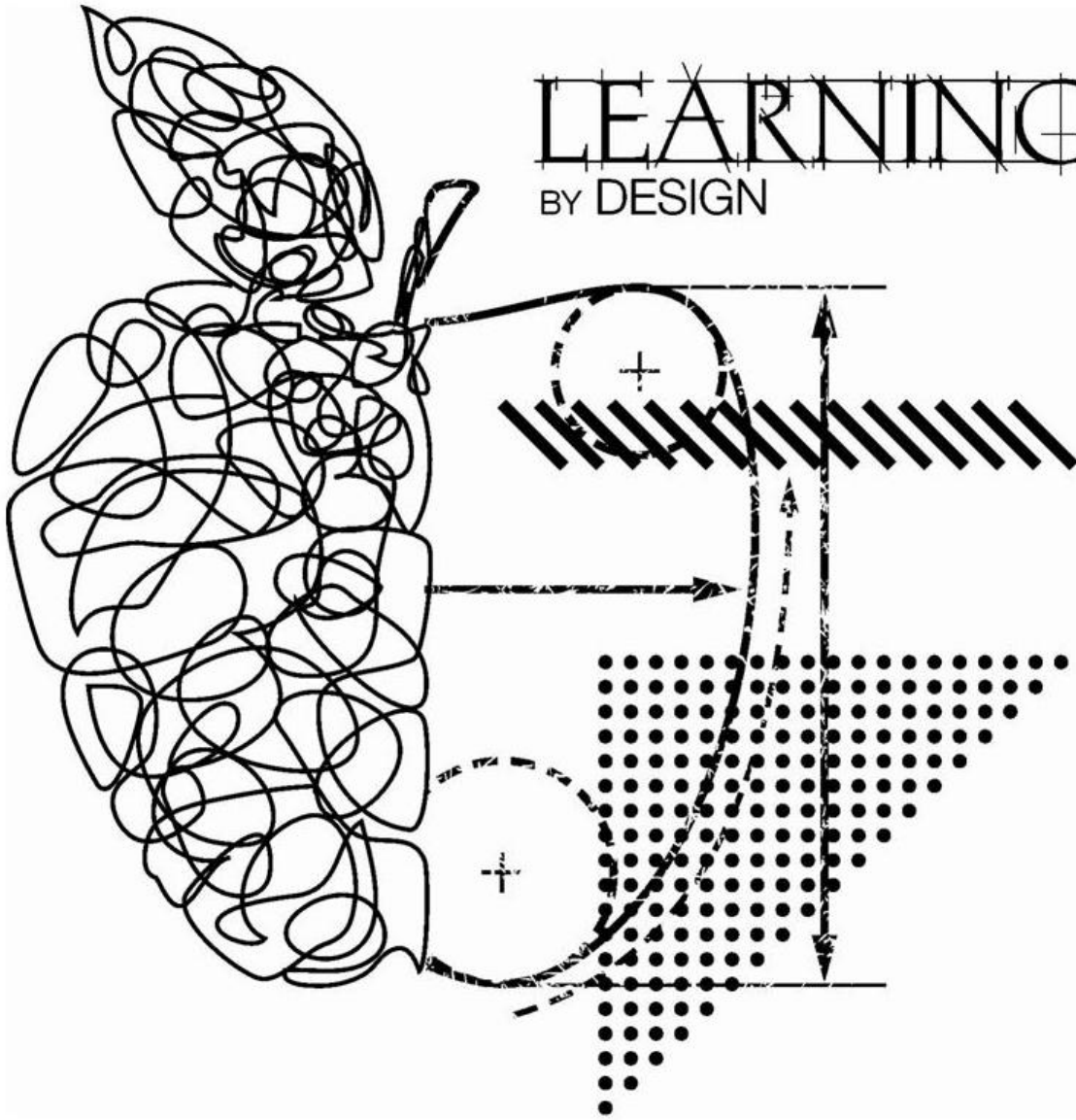
President

Executive Director

FINANCIAL SECTION

LEARNING

BY DESIGN





INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Plano Independent School District
Plano, Texas

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Plano Independent School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administration. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, business type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position and the cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

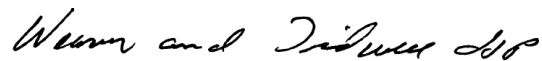
In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and the budgetary comparison schedule-general fund as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Plano Independent School District

Page 2

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and in addition to the combining and individual fund statements and schedules, and the required TEA schedules listed in the table of contents, are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 27, 2011

**PLANO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(Unaudited)**

Our discussion and analysis of Plano Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the year ended June 30, 2011. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's net assets as presented on the government-wide Statement of Net Assets exceeded liabilities by \$235,659,537. The net assets of the District increased by \$33.7 million during the year ended June 30, 2011.

The District's governmental funds financial statements reported combined ending fund balance of \$285,315,422. Of this amount, \$2,894,867 is nonspendable with \$2,181,605 assigned in the general operating funds while \$147,394,102 is unassigned in the General Operating Fund and is available for spending at the District's discretion. Fund balance of \$118,416,347 is restricted for use by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$14,428,501 that is either restricted or committed with a small amount in the nonspendable inventory classification.

On May 10, 2008, the District held a successful bond election with voters approving \$490 million in authorized new bonds. Bonds have been issued twice against this authorization. No new bonds were issued against this authorization during fiscal year 2011. Bonds authorized and not issued as of June 30, 2011 are \$172,470,000. Series 2010 Refunding Bonds in the amount of \$108,815,000 were issued in November 2010 to refund portions of the Series 2001, 2002 and 2003 bonds.

During fiscal year 2011, the District purchased a building for use as an Academy. Construction was completed for renovation of Vines High School, Clark High School, Guinn Special Programs Center, Transportation Facility and Concession Building at Clark Field. The new Otto Middle School was completed as well as building additions at Plano East Senior High and Forman Elementary. Lighting upgrades were completed at Plano West Senior High resulting in more efficient energy usage. HVAC improvements were made at Jasper, Robinson, Bowman and Barron Elementary School. Barksdale Elementary, Bird Center and Robinson Middle School all received a new roof. Lastly, Bowman Middle School had restroom improvements and the flooring project at Haun Elementary was completed.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

All of the District's services are reported in the government-wide financial statements, including instruction, student support services, student transportation, general administration, school leadership, facilities acquisition and construction and food services. Property taxes, state and federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported here.

The government-wide financial statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *statement of activities* details how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Fund Financial Statements

The District uses fund accounting to monitor specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the District's activities are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year end that are available. However, unlike the government-wide financial statements, governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them. 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 and the Capital Projects Fund, which are considered to be major funds. Data from all other Special Revenue funds is in the Other Funds column and is presented as a non-major governmental fund on the same statements.

Proprietary funds are used to account for operations that are financed similar to those found in the private sector. These funds provide both long- and short-term financial information. The District maintains two 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 District uses enterprise funds to account for its concession service, after school care, employee childcare and photography. Internal service funds report activities that provide services for the District's other programs and activities, i.e., health insurance, workers' compensation, property insurance, unemployment benefits and print shop. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities within the government-wide financial statements.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Immediately following the required supplementary information, combining statements are included for the nonmajor special revenue funds, the enterprise funds, the internal service funds and the agency funds.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements. Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain.

Figure A-1. Major Features of the District's Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	All activities of the District (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses.	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	◆ Statement of net assets	◆ Balance sheet	◆ Statement of net assets	◆ Statement of fiduciary net assets
	◆ Statement of activities	◆ Statement of revenues, expenditures & changes in fund balances	◆ Statement of revenues, expenses and changes in fund net assets ◆ Statement of cash flows	◆ Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The District's net assets were \$235.6 million at June 30, 2011.

The District's Net Assets

	<i>Governmental Activites As of June 30, 2011</i>	<i>Governmental Activites As of June 30, 2010</i>	<i>Business-Type Activities As of June 30, 2011</i>	<i>Business-Type Activities As of June 30, 2010</i>
Current and Other Assets	\$ 373,732,765	\$ 473,577,549	\$ 418,365	\$ 311,482
Capital and Non-Current Assets	951,677,341	884,905,991	-	-
Total Assets	<u>1,325,410,106</u>	<u>1,358,483,540</u>	<u>418,365</u>	<u>311,482</u>
Current Liabilities	95,293,072	100,338,578	406,275	292,092
Long Term Liabilities	994,469,587	1,056,204,609	-	-
Total Liabilities	<u>1,089,762,659</u>	<u>1,156,543,187</u>	<u>406,275</u>	<u>292,092</u>
Net Assets:				
Invested in Capital Assets, net of related debt	41,667,055	26,482,025	-	-
Restricted	29,387,324	29,443,499	-	-
Unrestricted	<u>164,593,068</u>	<u>146,014,829</u>	<u>12,090</u>	<u>19,390</u>
Total Net Assets	<u>\$ 235,647,447</u>	<u>\$ 201,940,353</u>	<u>\$ 12,090</u>	<u>\$ 19,390</u>

Our analysis focuses on the net assets and changes in net assets of the District's governmental and business-type activities. Current and Other Assets decreased by \$99.8 million which is attributable primarily to a \$117 million decrease in Cash and Cash Equivalents, a decrease in Property Taxes Receivable of \$1.2 million along with a decrease in Accrued Interest of \$2.6 million and an increase of \$21 million in Due from Other Governments. Several major construction projects were completed during fiscal year 2011 including a new middle school, major renovations at two high schools and building additions at two campuses along with the purchase of a building for use as an academy in the future. The completion of these projects accounts for a reduction in Cash and Cash Equivalents of \$108.6 million. Once again in fiscal year 2011, the State of Texas based state aid payments on assumptions that created significantly smaller state aid payments during the year requiring the District to use local dollars to fund expenditures throughout the year. These reductions are offset partially by a \$21 million increase in the receivable due from the State. The Capital and Non-Current Assets increased by \$66.8 million due to the completion of several building construction projects, the purchase of a building and the completion of land improvement projects which resulted in recording the addition of these projects to the various capital asset line items. The Notes Receivable of \$839,627 is the result of an agreement reached with a neighboring municipality as part of a land sale transaction. The combined net effect of decreases in Current assets with the increases in Capital and Non-Current assets resulted in a decrease in total assets during the year ended June 30, 2011 of \$33.1 million. The decrease in the Accounts Payable line within the Current Liabilities category of \$4.8 million primarily accounts for the decrease of \$5 million for the fiscal year. Timely payments and continued use of an additional Accounts Payable check run at the end of June has allowed us to be more current on payments which accounts for the \$4.8 million decrease. Other variances in the Current Liabilities category include a \$1.5 million decrease in Interest Payable due to a lower bond interest payment due in August 2011 as a result of no new debt being issued during fiscal year 2011. An additional decrease in Due to Other Governments of \$1.8 million is a result of a lower attendance credit amount due to the State as our average daily attendance for the year was higher than expected. These additional decreases are offset by an increase in Accrued Wages Payable of \$3.1 million which is due to increased salaries for fiscal year 2011. Noncurrent Liabilities decreased \$61.7

million. Obligations due within one year increased \$2.2 million while obligations due in more than one year decreased \$64 million due to refunding \$117.5 million of outstanding bonds along with no new debt issued. The decrease in Current Liabilities combined with the decrease in Noncurrent Liabilities resulted in a total decrease in liabilities of \$66.8 million.

Investment in capital assets (e.g. land, buildings, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding is \$41,667,055. The increase of \$15.2 million is the result of an increase in capital assets net of depreciation of \$65.9 million coupled with decreasing related debt by \$61.3 million which is offset by the decrease in the Construction fund balance of \$112 million. An additional portion of the District's net assets of \$29,387,324 represents resources that are subject to external restrictions on how they may be used. Assets restricted for use by Food Service increased by \$655,960. Net assets restricted for Debt Service use decreased by \$712,135. The remaining balance of net assets, \$164,593,068, is unrestricted and may be used to meet the District's ongoing obligations. The amount of unrestricted net assets increased \$18.6 million for the year ended June 30, 2011. This increase is a result of the large decrease in Total Liabilities.

Changes in net assets. The District's total revenues were \$641,767,143. A significant portion, approximately 69%, of the District's revenue comes from taxes. (See Figure A-2 or Exhibit B-1) Changes in the State school finance funding continued for fiscal year 2011 with sources of revenue from state aid shifted to operating grants due to the State using State Fiscal Stabilization Funds through the American Recovery and Reinvestment Act to replace revenue traditionally received through state aid. State aid comprised 12% of the District's revenue while operating and capital grants provided 14%. Charges for services contributed 4%. Interest revenue and other sources including miscellaneous local revenue, gain on sale of land are 1%. The total cost of all programs and services was \$608,067,349.

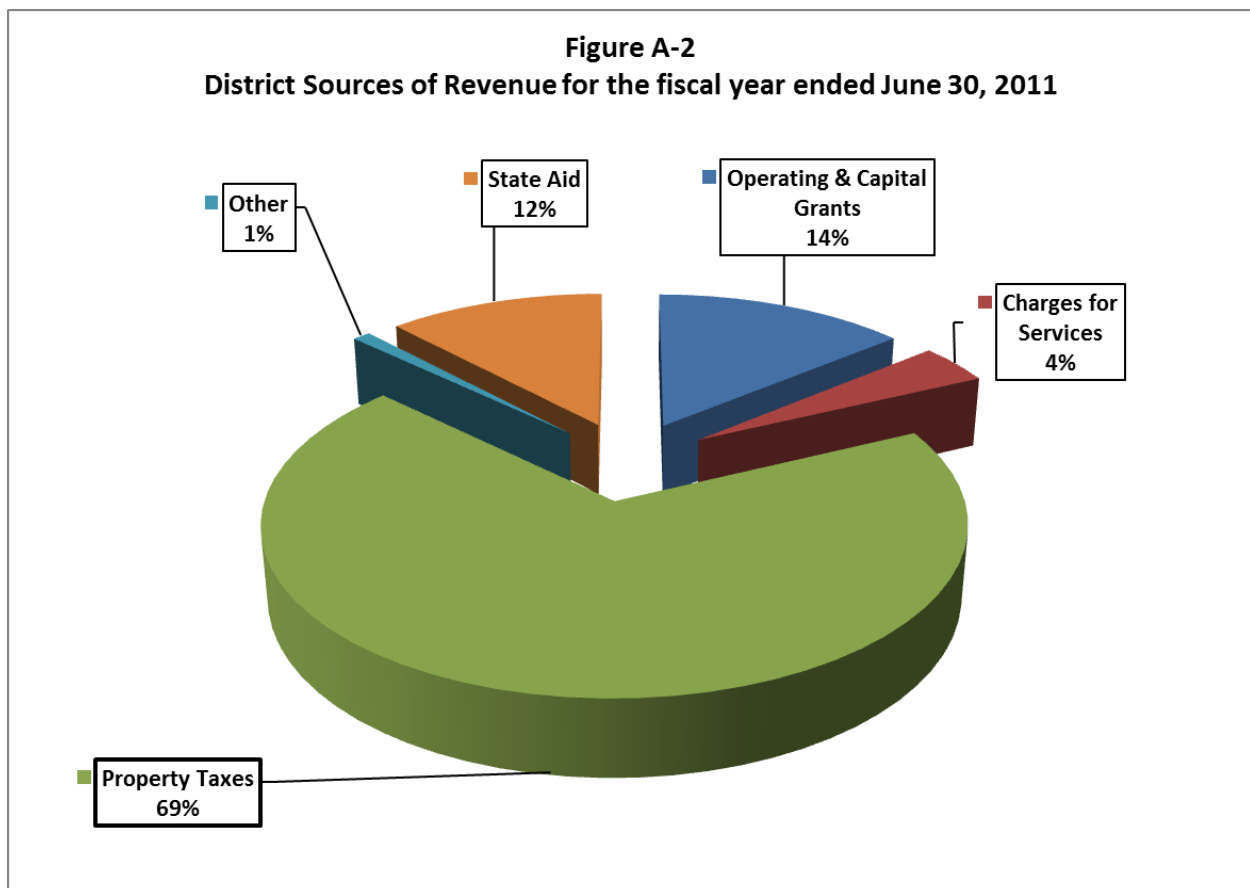
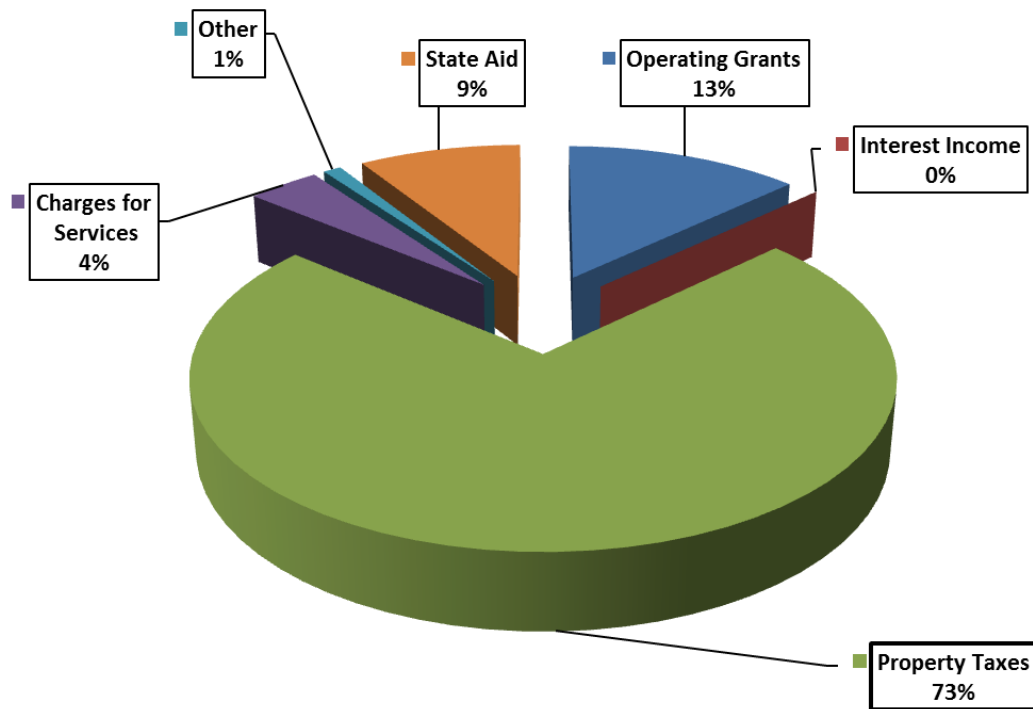


Figure A-2
District Sources of Revenue for the fiscal year ended June 30, 2010



Government-Wide Activities

The District's total net assets increased by \$33,699,794. The total cost of all government-wide activities for the year ended June 30, 2011 was \$608,067,349. Funding for these government-wide activities is by specific program revenue or through general revenues such as property taxes and investment earnings. The following is a summary of the governmental funds activities:

- The cost of all *governmental activities* for the year was \$602,137,375.
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. These program revenues amounted to \$107,009,655.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$495,127,720 which was funded from property taxes and other local sources.

The following table presents the cost of the District's largest governmental functions as well as their related *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, state revenues and other miscellaneous general revenues.

Net Cost of Selected District Functions
(in millions of dollars)

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$318.9	\$251.1
Debt Service-Interest on LT Debt	44.4	44.4
Plant Maintenance & Operations	44.0	42.4
Contracted Instrl Serv Btw Schools	29.0	29.0
School Leadership	24.1	22.6
Other Facility Costs	23.3	22.7

Change in the District's Net Assets

	Governmental Activities FY 6/30/11	Governmental Activities FY 6/30/10	Business-Type Activities FY 6/30/11	Business-Type Activities FY 6/30/10
Revenues				
Program Revenues				
Charges for services	\$ 19,627,367	\$ 19,664,266	\$ 7,962,424	\$ 7,890,201
Operating grants and contributions	86,767,210	77,525,488		
Capital grants and contributions	615,078	-		
General Revenues				
Property taxes	443,952,068	448,284,971		
State aid - formula	75,037,921	56,589,856		
Interest income	2,068,106	1,488,083	3,463	9,803
Other	5,733,506	5,343,903		
Total revenues	<u>633,801,256</u>	<u>608,896,567</u>	<u>7,965,887</u>	<u>7,900,004</u>
Expenses				
Instruction and Instructional-Related Services	338,096,781	333,059,432		
Instructional and School Leadership	28,256,991	28,135,270		
Support Services - Student	63,317,441	66,321,830		
Administrative Support Services	9,239,980	10,007,334		
Support Services - Nonstudent Based	51,509,560	54,615,118		
Ancillary Services - Community Service	2,244,648	1,985,194		
Debt Service	44,422,001	47,376,967		
Other Facility Costs	23,308,474	23,491,700		
Intergovernmental Charges	41,741,499	42,881,909		
Concessions	-	-	243,231	212,543
Employee Child Care	-	-	714,264	694,029
After School Care	-	-	4,931,711	5,040,529
Photography	-	-	40,768	57,795
Total expenses	<u>602,137,375</u>	<u>607,874,754</u>	<u>5,929,974</u>	<u>6,004,896</u>
Excess (Deficiency) in net assets	31,663,881	1,021,813	2,035,913	1,895,108
Transfers In (Out)	2,043,213	1,908,398	(2,043,213)	(1,908,398)
Beginning net assets	<u>201,940,353</u>	<u>199,010,142</u>	<u>19,390</u>	<u>32,680</u>
Ending net assets	<u>\$ 235,647,447</u>	<u>\$ 201,940,353</u>	<u>\$ 12,090</u>	<u>\$ 19,390</u>

The increase in the ending net assets for Governmental Activities of \$33.7 million is a combination of several factors. During fiscal year 2011 the State continued as they did in fiscal year 2010 to use federal stimulus State Fiscal Stabilization Funds (SFSF) made available through the American Recovery and Reinvestment Act (ARRA) to provide funding to school districts that would traditionally have been funded through general state revenue. Additional ARRA funds were received by the District in fiscal year 2011 for the Education Jobs Fund in the amount of \$8.6 million. This new grant along with an increase in the National School Lunch and Breakfast federal revenue of \$512,659 accounts for the total increase in operating grants and contributions of \$9.2 million. The full amount in capital grants and contributions is due to funds received from the Tax Increment Finance Zone for parking and roof improvements made to the Bird Center which is located in the TIF zone. Property tax revenue shows a decrease of \$4.3 million which is a combination of a \$10 million decrease in Maintenance and Operating tax revenue due to a constant rate applied to an assessed property value base that declined 3% while the Debt Service tax rate increased two and a half cents to account for a \$5.7 million increase in tax revenue for Debt Service. State revenue is comprised of two revenue sources, the Foundation School Program and the Available School Fund. Revenue received from both sources is impacted by attendance. The increase in this category of \$18.4 million is due to an increase in the District's weighted average daily attendance by more than 1,000 over fiscal year 2010 when attendance was lower due to wide spread cases of the swine flu for several months. This increase was compounded by a portion of the state aid payment being paid at a rate significantly higher than in fiscal year 2010. The Available School Fund portion was paid at a rate in fiscal year 2011 that was 70% higher than paid the previous year. A small increase of \$580,023 in the general revenue line item for interest revenue is due to a slight improvement in interest rates. Other revenue reflects an increase of \$389,603 due to the one time gain on sale of land during the fiscal year. These variances combine for an increase in revenue of \$24.9 million.

Total expenses reflect an overall decrease of \$5.7 million as a result of increases in two areas that were more than offset by decreases in four major areas. Instruction and Instructional Related Services reflect an increase of \$5 million due to salary increases for all staff of 2.5%. Beginning teacher pay was increased for bachelor and master degreed new hires as well. Payments to the Tax Increment Fund increased \$4.5 million due to a reduction in the payment for fiscal year 2011 offset by a one-time additional payment to the TIF. Support Services Student decreased \$3 million due to an increase in de-expended capital outlay for Student Transportation along with a decrease in the loss from the Health Internal Service Fund that was distributed to this functional area in fiscal year 2010. Support Services – Nonstudent Based decrease of \$3.1 is due to changes in the Data Processing function relating to a decrease in depreciation and an increase in de-expended capital outlay. Debt Service decreased \$2.9 million due to a decrease in interest payable as a result of the bond refunding along with an increase in the amortization of bond premium. Intergovernmental Charges reflect a decrease of \$5.8 million in Contracted Instructional Services Between Schools as a result of higher weighted average daily attendance by more than 1,000 along with lower property taxes which reduced the payment to the State for the purchase of attendance credits.

Business-Type Activities

Net assets of the District's business-type activities decreased by \$7,300. This decrease is due to a decrease in net assets for the Concession Enterprise Fund of \$9,483 coupled with a slight increase in net assets for Photography. During fiscal year 2011, there was increased revenue in the Concession Enterprise Fund, but expenses increased at a higher rate to more than offset the increase in revenue.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds The District's accounting records for general governmental operations are maintained on a modified accrual basis as prescribed by the *Financial Accountability System Resource Guide*, Texas Education Agency, with the revenues being recorded when available and measurable to finance expenditures of the fiscal period. Expenditures are recorded when services or goods are received and the fund liabilities are incurred. The general governmental operations include the following major funds: General, Debt Service and the Capital Projects Fund.

Revenues for general governmental functions totaled \$634,606,345 for the year ended June 30, 2011. Property taxes were the largest source of revenue received by the District. Fiscal year 2011 is the second year of implementation of HB 3646 passed by the State Legislature during their 2009 regular session. This

legislation continues the target revenue school finance system put in place by HB1 in 2006. The Maintenance and Operating (M&O) tax rate remained at \$1.04 which is the highest rate available to the District for the M&O rate without holding a tax rate authorization election. The constant M&O tax rate applied against a declining assessed property value resulted in a decrease in tax revenue of \$10 million for M&O. The District did increase the Debt Service tax rate by two and half cents from \$0.2884 to \$0.3134. This increase coupled with a property value decline of 3% resulted in increased tax revenue of \$5.7 million for Debt Service. Interest revenue increased by \$573,683. Additional local revenue received from the Tax Increment Finance Zone of \$615,077 along with rebates from the Oncor lighting project resulted in an increase of a million in miscellaneous local revenue. These items represent the major offsetting components of the \$2.1 million decrease in Local Revenue.

The State School Finance formula generates revenue from two revenue sources, the Foundation School Program and the Available School Fund. Revenue received from both sources is impacted by attendance. The increase in this category is due to an increase in the District's weighted average daily attendance by more than 1,000 over fiscal year 2010 when attendance was lower due to wide spread cases of the swine flu for several months. This increase was compounded by a portion of the state aid payment being paid at a rate significantly higher than in fiscal year 2010. The Available School Fund portion was paid at a rate in fiscal year 2011 70% higher than paid the previous year. These two factors resulted in an increase through the school finance funding of \$15.3 million. Additional increases in State Revenue were seen in the School Health and Related Services funding in the amount of \$789,277 and in Teacher Retirement On-Behalf payments by the State of \$315,302. These increases combine to account for the \$16.7 million increase in State Program Revenues.

Federal revenues show an increase of \$10.9 million for the 2011 year. The Education Jobs Fund became available during fiscal year 2011 as a new funding source in the American Reinvestment and Recovery Act. The District received \$8.6 million from this funding source that was not previously available to the District. The District issued \$87,390,000 in Build America Bonds (BAB) in November 2009. During fiscal year 2011 the District received the first and second BABs rebate payments for a total of \$2.2 million. These two new federal revenue sources account for the increase in this revenue category.

Expenditures for general governmental operations totaled \$731,880,204 during fiscal year 2011 for an increase of \$2.7 million. There are several increases and decreases that combine for this increase in expenditures. As stated previously in this report the increase in weighted average daily attendance along with reduced property taxes resulted in a \$5.8 million decrease in Contracted Instructional Services Between Schools. An additional decrease of \$5.2 million is seen in Facilities Acquisition and Construction expenditures due to projects completed in fiscal year 2010 along with no new bonds issued during fiscal year 2011 to fund additional projects. A final decrease of \$711,521 in Data Processing Services is due to a reduction in software purchases with grant funds. These decreases are more than offset by several increases the largest of which is seen in Instruction which reflects an increase of \$5.3 million due to increased starting teacher pay and raises given to staff during fiscal year 2011. A solid compensation package was funded by providing a \$1,316 to \$1,376 raise for all teachers, librarians and nurses with all other professional and paraprofessional staff receiving a 2.5% raise. Food Services increased by \$1.3 million due to higher food cost and increased salaries. Facilities Maintenance and Operation increased by \$1.2 million due to increases in contracted services. Smaller additional increases were seen in Curriculum and Instructional Staff Development, School Leadership, Guidance and Counseling Services, and Instructional Resources and Media Services. These functions combine for a total increase of \$1.9 million. The combination of these variances results in the net increase in Governmental fund expenditures.

The governmental funds reported a combined fund balance of \$285,315,422. The net decrease in the combined fund balance of \$93,156,609 is comprised of several changes in fund balance. The primary decrease of \$112,011,246, occurred in the Capital Projects fund due to construction projects continuing funded by previously issued bonds while no additional bonds were issued during fiscal year 2011. An additional decrease occurred in the Debt Service Fund of \$1.8 million. Tax revenue increased due to the two and half cent tax rate increase, but was more than offset by principal and interest payments made during the fiscal year. Increases occurred in the General Fund and Other non-major funds of \$20,015,706 and \$722,927 respectively. The increase in the General Fund was due to use of the Education Jobs Fund of \$8.6 million to pay for benefits as allowed by the Education Jobs Fund that were previously paid by the General Fund. Additional reductions were implemented in the General Fund before the end of the fiscal year that

reduced expenditures in all categories. Payroll expenditures were reduced by \$3.3 million, utility savings were achieved of approximately \$380,000 along with reductions in travel of \$427,200. Reductions of over \$721,000 were made to the Summer School program by reducing the number of days the program was offered and by reducing the number of campuses operated. The Food Service Special Revenue program assumed responsibility for expenditures previously paid by the General Fund that are directly related to the Food Service program in the amount of \$1.1 million. Out of the combined fund balances, \$147,394,102 constitutes unassigned fund balance available for the general operations of the District. The remainder of the fund balance is nonspendable, restricted, committed by board action or assigned. Fund balance classifications as of June 30, 2011 consist of:

	As of 6/30/11	As of 6/30/10
Nonspendable:		
Inventories	\$ 1,552,911	\$ 1,611,116
Prepaid Items	\$ 1,341,956	\$ 1,293,743
Restricted:		
Debt Service	\$ 37,435,527	\$ 39,319,523
Capital Projects	\$ 80,980,820	\$ 192,992,066
Food Service	\$ 8,216,809	\$ 7,560,290
Federal Special Revenue	\$ 6,940	\$ 13,926
State Special Revenue	\$ 365,182	\$ 308,494
Committed:		
Local Special Revenue	\$ 5,839,570	\$ 4,777,762
Assigned:	\$ 2,181,605	\$ 2,690,017
Unassigned:	<u>\$ 147,394,102</u>	<u>\$ 127,905,094</u>
Total Fund Balance	<u>\$ 285,315,422</u>	<u>\$ 378,472,031</u>

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$147,394,102. Unassigned fund balance available for the general operations of the District represents 34.2% of the total general fund expenditures, while total fund balance represents 35.3% of the same amount.

The Capital Project Fund has a total fund balance of \$80,980,820. This entire amount is restricted for future construction. The fund balance decreased by \$112,011,246 as a result of the continuation of the 2008 Bond Program with several projects completed during the year without the issuance of any new bonds.

The Special Revenue Funds have a total fund balance of \$14,712,977. Nonspendable fund balance invested in inventory equals \$284,476. Fund balance is restricted for food service in the amount of \$8,216,809, for federal special revenue in the amount of \$6,940, for state special revenue in the amount of \$365,182 with the remaining balance of \$5,839,570 committed for local special revenue funds. Fifty-six percent of the total fund balance is from activity in the Food Service Fund. The remaining forty-four percent is related to primarily several miscellaneous local grants with two percent restricted for state grants and a minimal amount restricted for federal grants.

The Debt Service fund balance decreased by \$1.9 million due to principal and interest payments that outpaced the increase in tax revenue due to a \$0.025 increase in the tax rate. The District's semi-annual debt payment of \$24.4 million is due in mid-August and was as of June 30 neither expended nor accrued.

Proprietary Funds—The District maintains both enterprise funds and internal service funds. Information is presented separately in the proprietary fund statement of net assets and in the proprietary fund statement of revenues, expenses and changes in fund net assets for the Enterprise Fund and the Internal Service Funds. Net assets in the Enterprise Fund as of June 30, 2011 were \$12,090. Net assets for the 2011 year decreased by \$7,300. Net assets in the Internal Service Funds as of June 30, 2011 were \$4,210,691. The

majority of this amount is unrestricted to be used for future expenses in the print shop, workers compensation, health benefits, sign shop, and unemployment internal service funds. September 1, 2010, began the first full twelve month period for employees to purchase health insurance through TRS-Active Care which is the statewide health plan for public education employees in Texas. The District converted to the TRS-Active Care plan on January 1, 2010. The final claims for the self-funded health plans the District discontinued in January 2010 were paid as of December 2010. As a result the Health Benefits Internal Service Fund saw a large decrease in operating expenses for fiscal year 2011 which generated an increase in net assets of \$534,479. The District continued its planned reduction of net assets in the Worker' Compensation Internal Service Fund which resulted in a decrease of \$1.6 million. The Unemployment Internal Service Fund was pulled out of the Insurance Claims fund and created as a new internal service fund during fiscal year 2011. The combined impact of these actions resulted in a minimal decrease of \$70,375 in net assets for the Internal Service Funds.

General Fund Budgetary Highlights

For the General Fund, the original adopted budget was based on state funding as it had traditionally flowed to school districts which assisted in comparisons and presentation of the budget as it related to the prior fiscal year budget presentation. During the year, the budget was significantly amended to reflect the State's shift in funding from traditional general state revenue to requiring districts to make application through the Department of Education for federal ARRA funds to replace state revenue. This decision by the State of Texas shifted \$14.6 million from the General Fund budget to the Other non-major fund budget.

In the General Fund, the final budgeted amount for revenues was \$445,714,744. This was a decrease of \$5.6 million from the original budget estimate of \$451,307,192. Local tax revenue was amended for an increase in tax revenue of \$5.3 million due to certified property values coming in approximately 3% higher than the preliminary values on which the original budget was based. Interest revenue was decreased by \$1.2 million during the year to reflect the continued decline seen in interest rates. TIF Revenue decreased by \$1 million due to lower property values. Budget amendments to state revenue based on state funding allocations resulted in an increase of \$2.5 million that was offset by the shift in funds from state revenue to federal revenue. The State Health and Related Service revenue was amended during the year by \$975,340 to reflect the increase in reimbursable services provided to Medicaid eligible students. TRS On Behalf revenue increased by \$1.5 million while a decrease of \$1.5 million occurred when the Technology Allotment was moved to special revenue fund 411. These key adjustments account for the \$10.7 million decrease in state revenue. Federal budgeted revenue shows an increase of \$1.2 million. The increase is primarily due to the Build American Bonds rebate payment. The original budget reflected one payment, but was amended during the year by \$908,836 to reflect the receipt of a second rebate payment during the fiscal year. In addition a budget line item was included during the year for indirect cost that relate to ARRA grants for Special Education and several Title grants.

Over the course of the period, the District revised its budget several times. These adjustments resulted in actual expenditures \$6,881,420 below final budgeted amounts. The most significant positive variances were seen in the functional areas of Instruction, Facilities Maintenance and Contracted Instructional Services Between Schools. Staffing is budgeted at the full employment level throughout the entire year. Budget amounts for vacant positions throughout the year are not eligible for budget revisions and contribute to the variance between budgeted salaries and actual salaries. Contracted services for utilities and facility management services were below budget while various supply accounts for maintenance and repairs were below budget. Weighted average daily attendance increased in excess of 1,000 WADA which resulted in a smaller payment to the State for the purchase of attendance credits as the District's own attendance credits were significantly higher due to the strong attendance for fiscal year 2011. In the spring of 2011, all departments and campuses were asked to reduce spending through the end of the fiscal year which resulted in most functional areas showing a positive budget variance. The expenditure budget variance represents a 1.6% variance on the total expenditure budget of \$437.9 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District had invested \$950,837,714 net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and Construction in Progress. This amount represents a net increase (including additions, retirements and depreciation) of \$65.9 million over last year.

	<u>As of 6/30/11</u>	<u>As of 6/30/10</u>
Land and improvements	\$ 106,059,369	\$ 100,332,623
Buildings and improvements	1,074,943,230	974,171,407
Construction in Progress	78,344,009	96,160,597
Furniture, Equipment, & Vehicles	<u>96,404,482</u>	<u>87,582,497</u>
Totals	1,355,751,090	1,258,247,124
Total accumulated depreciation	<u>(404,913,376)</u>	<u>(373,341,133)</u>
Net capital assets	<u>\$ 950,837,714</u>	<u>\$ 884,905,991</u>

The year's major capital asset additions include the new Otto Middle School, additions at Plano East Senior High and Forman Elementary and purchase of a building for future use as an academy. Renovations were completed for Clark High School, Vines High School, Guinn Special Programs Center, the Transportation facility and the concession building at Clark Field. Plano West Senior High School received a lighting upgrade. HVAC improvements were made at Jasper High School, Robinson and Bowman Middle Schools, and Barron Elementary. Barksdale Elementary, the Bird Center and Robinson Middle School all received new roofs. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Debt Administration and Bond Ratings

Debt-management policies seek to provide the most favorable climate for District debt projects while upholding the highest rating possible for debt instruments. Management policies include the following points:

- All debt service obligations will be met when due.
- Long-term financing will be restricted to capital projects and capital equipment acquisition.
- Long-term bonds will not be issued to finance current operations.
- The District will cooperate and communicate with bond-rating agencies and work towards obtaining the most favorable municipal bond rating possible.
- Outstanding obligations will be reviewed frequently to ensure the most favorable funding structure for the District.
- All necessary information and material regarding the District's financial status will be provided to the appropriate parties.

As of June 30, 2011, the District had total bonded debt outstanding of \$979,789,339. The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the District's debt position. Data presented in the statistical section indicate both of these indicators

decreased. Bonded debt per capita decreased to \$2,992 and the ratio of net bonded debt to assessed value decreased to 1.3 percent.

The District has authorized unissued bonds as of June 30, 2011 in the amount of \$172,470,000. During the year, the District issued \$108,815,000 Series 2010 Refunding Bonds used to refund \$78,625,000 of outstanding Series 2001 bonds, \$26,600,000 of outstanding Series 2002 bonds and \$12,255,000 of outstanding Series 2003 bonds. The District continues to enjoy excellent bond ratings. Rating agency reviews were conducted in October 2010 in conjunction with the issuance of the Series 2010 Refunding Bonds. Moody's Investors Service, Inc. assigned an underlying rating of Aaa while Standard and Poor's Corporation assigned an underlying rating of AA with a stable outlook to the District's debt obligations during their October 2010 reviews.

Interest earnings on proceeds from debt are subject to arbitrage regulations contained in the Federal Tax Reform Act of 1986. As of June 30, 2011 a liability for arbitrage rebate in the amount of \$48,643 has been recorded in the liability section on the Governmental-Wide Statement of Net Assets.

Amounts included for compensated absences include accrued vacation according to the District's leave policy. Employees who terminate their employment may be paid accrued vacation not to exceed 40 days carryover plus the current-year vacation allocation. More detailed information about the District's general long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The preliminary appraised local tax value used for the 2011-12 budget reflected a 3% increase when compared to the appraised value from last year. The District's weighted average daily attendance (WADA) is expected to be 64,831 reflecting an increase from the near final WADA of 64,450 for 2010-11. Enrollment and WADA during the first six weeks of school for the 2011-12 year reflect a higher increase than budgeted. A new campus, McMillen High School, in the east quadrant of the District opened at the start of the 2011-12 year. Several major renovations and additions to existing schools are in progress across the District.

The State Legislature was in a called special session to complete work on revisions to the state school finance formula when the District was required by State law to adopt its budget for 2011-12. Proposed legislation at the time the 2011-12 budget was adopted projected a reduction in State revenue of approximately \$25 million for the District. Senate Bill 1 was passed by the Legislature after the District adopted its 2011-12 budget. The legislation included a reduction in funding for all Texas public school districts of \$4 billion which is an average reduction of 5.6% compared to the previous state funding formula.

These factors were taken into account when adopting the General Fund budget for 2012. However, with the state funding formula not finalized by the Legislature when the budget was adopted, State Funding was budgeted based on current law. Amounts available for appropriation in the general fund budget are \$445,539,565, a decrease of \$5.2 million from the adopted budget for 2010-11. Legislation passed in special session by the Legislature in 2006 has been in effect since fiscal year 2007 and is structured on the basis of a target revenue amount. Up until the passage of Senate Bill 1, the amount funded locally and by the State might fluctuate, but the overall total had remained constant based on the target revenue amount. This method has equalized funding for public education in the State of Texas. While Senate Bill 1 continues to include the target revenue methodology also included is the significant reduction in funding from the State. The District is considered a property wealthy district and as such is subject to the recapture provisions in the school finance legislation. Recapture provisions remain a part of the recently passed Senate Bill 1 legislation that will be effective for fiscal year 2012. The equalized wealth level of \$476,500 effective for fiscal year 2011 was not changed as part of the new legislation passed this summer. The mechanism to be used by the State to distribute the reduction in State funding to each district is WADA districts are allowed to retain. The District is projecting a decrease of approximately 4,000 WADA due to the revised weighting structure for

2011-12 under the new Senate Bill 1 legislation. This will result in a \$9.4 million increase for Contracted Purchase of WADA.

Expenditures are budgeted to decrease by \$35.3 million over the 2010-11 year. Instructional staffing allocations were reduced by increasing the student to teacher ratio and eliminating several positions. No raise was included for any staff member in the 2011-12 budget. Additionally, stipends paid for extra duties were analyzed and either eliminated or reduced by 10% from the prior year. The 401(a) teacher recruitment and retention initiative was suspended which generated savings of \$1.8 million. The overall decrease in salary and benefits is \$19.7 million. Contracted Services show a decrease in anticipated expenditures of \$2.2 million due to reductions in the contracted support services of \$1.6 million, reduction in utilities of approximately \$420,000 along with a decrease in the Masters Program offered by the District for teachers of \$150,000. Supplies decreased \$487,232 due to decreased supply allocations along with reduced travel budgets which account for the decrease in other operating expenditures of \$513,203. The capital outlay budget decreased \$182,500 due to the suspension of the vehicle replacement program. Contracted Services for the purchase of WADA is calculated through the State school finance formula. For adopted budget presentation this amount was based on current law and reflects a decrease due to the higher WADA count for 2011-12 of \$12.1 million. These amounts combine to create the budgeted decrease in expenditures of \$35.3 million for fiscal year 2012. The District continues to operate a tightly controlled budget. Academic initiatives focus on closing the achievement gap and ensuring learning for all students through high standards, integrated technology and district-wide coherent curriculum. Several revenue generating programs have been implemented. The District continues with its after-school care program and marketing of athletic events. When combined, these initiatives will contribute approximately \$2.4 million to the General Fund budget.

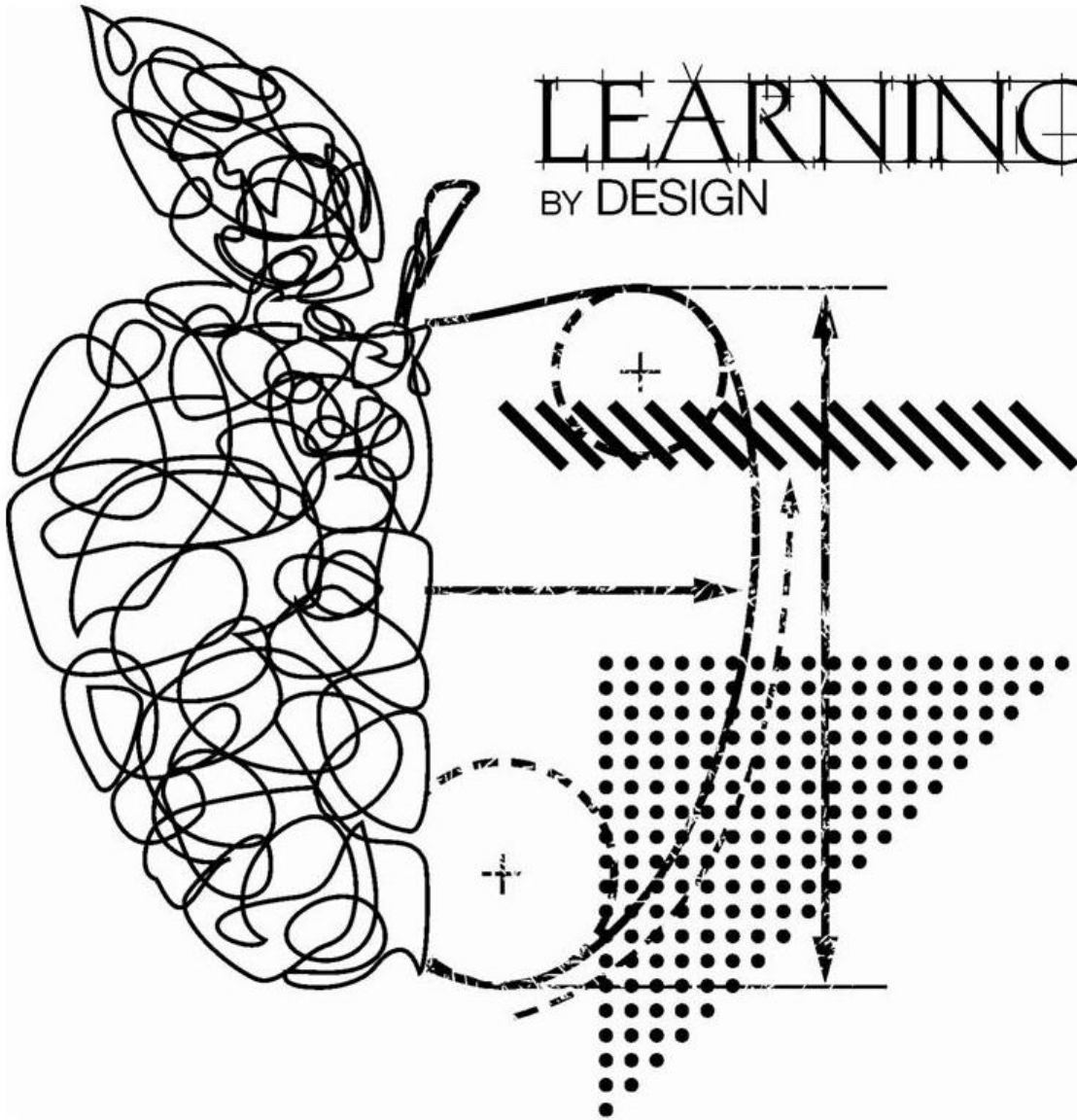
CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director for Financial Services or the Accounting/Budget Director, at 2700 W. 15th Street, Plano, Texas 75075, or call (469) 752-8118 or 8115.

BASIC FINANCIAL STATEMENTS

LEARNING

BY DESIGN



**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011**

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business Type Activities	Total
ASSETS				
1110	Cash and Investments	\$ 313,275,670	\$ 73,135	\$ 313,348,805
1220	Property Taxes Receivable (Delinquent)	9,449,640	-	9,449,640
1230	Allowance for Uncollectible Taxes	(3,609,211)	-	(3,609,211)
1240	Due from Other Governments	45,786,216	-	45,786,216
1250	Accrued Interest	233,595	8	233,603
1260	Internal Balances	614	(614)	-
1290	Other Receivables, Net	1,632,058	345,836	1,977,894
1300	Inventories	1,552,911	-	1,552,911
1410	Deferred Expenses	1,341,956	-	1,341,956
1420	Capitalized Bond and Other Debt Issuance Costs	3,980,796	-	3,980,796
1490	Other Current Assets	88,520	-	88,520
	Non-current Assets			
	Capital Assets:			
1510	Land	69,858,964	-	69,858,964
1520	Buildings, Net	740,238,295	-	740,238,295
1530	Furniture and Equipment, Net	35,172,787	-	35,172,787
1540	Other Capital Assets, Net	27,223,659	-	27,223,659
1580	Construction in Progress	78,344,009	-	78,344,009
	Other Assets:			
1990	Notes Receivable	839,627	-	839,627
1000	Total Assets	<u>1,325,410,106</u>	<u>418,365</u>	<u>1,325,828,471</u>
LIABILITIES				
2110	Accounts Payable	12,958,778	43,087	13,001,865
2140	Interest Payable	17,221,712	-	17,221,712
2150	Payroll Deduction & Withholdings	2,455,042	-	2,455,042
2160	Accrued Wages Payable	46,713,106	52,486	46,765,592
2180	Due to Other Governments	12,441,436	-	12,441,436
2200	Accrued Expenses	2,149,749	-	2,149,749
2300	Unearned Revenues	1,353,249	310,702	1,663,951
	Non-Current Liabilities			
2501	Due within One Year	67,412,050	-	67,412,050
2502	Due in More than One Year	927,057,537	-	927,057,537
2000	Total Liabilities	<u>1,089,762,659</u>	<u>406,275</u>	<u>1,090,168,934</u>
NET ASSETS				
3200	Invested in Capital Assets, Net of Related Debt Restricted for:	41,667,055	-	41,667,055
3840	Restricted for Food Service	8,501,285	-	8,501,285
3850	Restricted for Debt Service	20,886,039	-	20,886,039
3900	Unrestricted Net Assets	164,593,068	12,090	164,605,158
3000	Total Net Assets	<u>\$ 235,647,447</u>	<u>\$ 12,090</u>	<u>\$ 235,659,537</u>

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	Expenses	Program Revenues			
		3 Charges of Services	4 Operating Grant and Contributions	5 Capital Grants and Contributions	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 318,947,983	\$ 4,366,699	\$ 63,492,157	\$ -
12	Instructional Resources and Media Services	9,510,815	-	448,526	-
13	Curriculum and Instructional Staff Development	9,637,983	85,346	3,666,781	-
21	Instructional Leadership	4,147,058	-	992,017	-
23	School Leadership	24,109,933	-	1,497,736	-
31	Guidance, Counseling and Evaluation Services	18,272,191	7,759	2,236,777	-
32	Social Work Services	1,082,171	-	59,539	-
33	Health Services	5,110,878	-	546,124	-
34	Student (Pupil) Transportation	7,378,389	-	502,755	-
35	Food Services	22,351,917	12,681,545	8,594,511	-
36	Extracurricular Activities	9,121,895	1,425,176	647,965	-
41	General Administration	9,239,980	51,093	520,201	-
51	Plant Maintenance and Operations	43,992,526	928,282	630,316	-
52	Security and Monitoring Services	2,244,796	-	200,454	-
53	Data Processing Services	5,272,238	-	482,076	-
61	Community Services	2,244,648	81,467	1,660,890	-
72	Debt Service - Interest on Long Term Debt	43,932,182	-	-	-
73	Debt Service - Bond Issuance Costs and Fees	489,819	-	-	-
81	Other Facility Costs	23,308,474	-	-	615,078
91	Contracted Instructional Services Between Schools	28,998,089	-	-	-
92	Incremental Costs Associated with Chapter 41	443,936	-	-	-
93	Payment to Fiscal Agent/Member Districts of SSA	834,235	-	588,385	-
95	Payments to Juvenile Justice Alternative Ed. Prg.	102,947	-	-	-
97	Payments to Tax Increment Fund	8,912,292	-	-	-
99	Other Intergovernmental Charges	2,450,000	-	-	-
	(TG) Total Governmental Activities:	<u>602,137,375</u>	<u>19,627,367</u>	<u>86,767,210</u>	<u>615,078</u>
BUSINESS-TYPE ACTIVITIES:					
01	Employee Child Care	714,264	725,805	-	-
02	After School Care	4,931,711	6,959,920	-	-
03	Concessions	243,231	233,748	-	-
04	Photography	40,768	42,951	-	-
	(TB) Total Business-Type Activities:	<u>5,929,974</u>	<u>7,962,424</u>	<u>-</u>	<u>-</u>
	(TP) TOTAL PRIMARY GOVERNMENT:	<u>\$ 608,067,349</u>	<u>\$ 27,589,791</u>	<u>\$ 86,767,210</u>	<u>\$ 615,078</u>

Data	
Control	General Revenues:
Codes	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service\
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
SI	Special Item - Gain on Sale of Land
FR	Transfers In (Out)
TR	Total General Revenues and Transfers
CN	Change in Net Assets
NB	Net Assets - Beginning
NE	Net Assets - Ending

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

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (251,089,127)	\$ -	\$ (251,089,127)
(9,062,289)	-	(9,062,289)
(5,885,856)	-	(5,885,856)
(3,155,041)	-	(3,155,041)
(22,612,197)	-	(22,612,197)
(16,027,655)	-	(16,027,655)
(1,022,632)	-	(1,022,632)
(4,564,754)	-	(4,564,754)
(6,875,634)	-	(6,875,634)
(1,075,861)	-	(1,075,861)
(7,048,754)	-	(7,048,754)
(8,668,686)	-	(8,668,686)
(42,433,928)	-	(42,433,928)
(2,044,342)	-	(2,044,342)
(4,790,162)	-	(4,790,162)
(502,291)	-	(502,291)
(43,932,182)	-	(43,932,182)
(489,819)	-	(489,819)
(22,693,396)	-	(22,693,396)
(28,998,089)	-	(28,998,089)
(443,936)	-	(443,936)
(245,850)	-	(245,850)
(102,947)	-	(102,947)
(8,912,292)	-	(8,912,292)
(2,450,000)	-	(2,450,000)
<u>(495,127,720)</u>	<u>-</u>	<u>(495,127,720)</u>
-	11,541	11,541
-	2,028,209	2,028,209
-	(9,483)	(9,483)
-	2,183	2,183
<u>-</u>	<u>2,032,450</u>	<u>2,032,450</u>
<u>\$ (495,127,720)</u>	<u>\$ 2,032,450</u>	<u>\$ (493,095,270)</u>
339,532,434	-	339,532,434
104,419,634	-	104,419,634
75,037,921	-	75,037,921
2,068,106	3,463	2,071,569
5,010,933	-	5,010,933
722,573	-	722,573
2,043,213	(2,043,213)	-
<u>528,834,814</u>	<u>(2,039,750)</u>	<u>526,795,064</u>
33,707,094	(7,300)	33,699,794
201,940,353	19,390	201,959,743
<u>\$ 235,647,447</u>	<u>\$ 12,090</u>	<u>\$ 235,659,537</u>

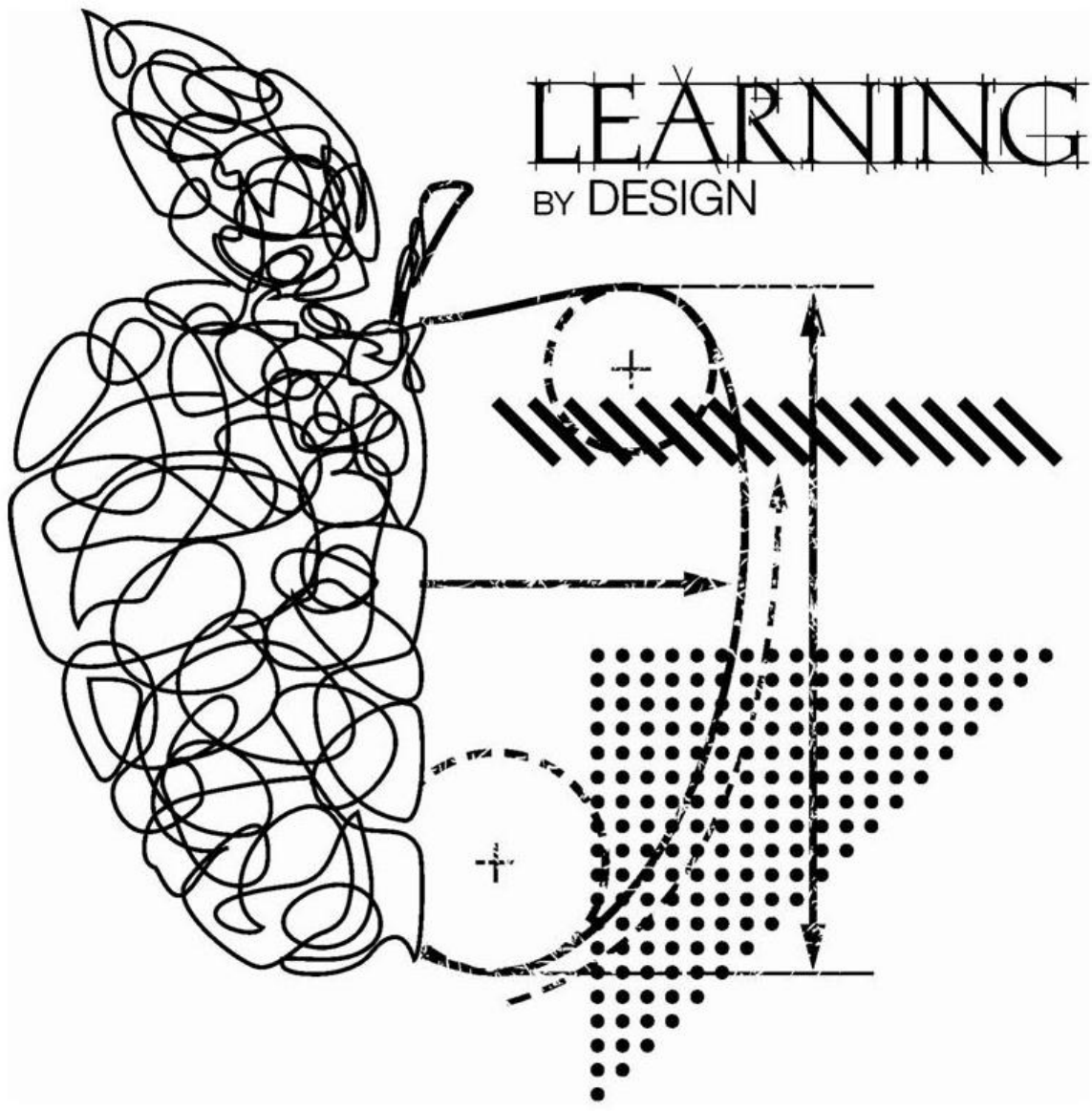
**PLANO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project	
ASSETS				
1110	Cash and Investments	\$ 166,955,370	\$ 36,825,995	\$ 84,598,492
1220	Property Taxes - Delinquent	7,602,140	1,847,500	-
1230	Allowance for Uncollectible Taxes (Credit)	(3,023,282)	(585,929)	-
1240	Due from Other Governments	37,363,225	62,180	-
1250	Accrued Interest	129,473	26,986	62,631
1260	Due from Other Funds	3,904,445	-	-
1290	Other Receivables	2,033,818	-	-
1300	Inventories	1,268,435	-	-
1410	Prepaid Expenditures	1,341,956	-	-
1000	Total Assets	<u>\$ 217,575,580</u>	<u>\$ 38,176,732</u>	<u>\$ 84,661,123</u>
LIABILITIES AND FUND BALANCES				
2110	Accounts Payable	\$ 6,333,413	\$ -	\$ 3,680,303
2150	Payroll Deductions and Withholdings Payable	2,455,042	-	-
2160	Accrued Wages Payable	41,851,299	-	-
2170	Due to Other Funds	-	-	-
2180	Due to Other Governments	12,441,143	-	-
2300	Deferred Revenues	2,308,585	741,205	-
2000	Total Liabilities	<u>65,389,482</u>	<u>741,205</u>	<u>3,680,303</u>
Fund Balances:				
Nonspendable				
3410	Investments in Inventory	1,268,435	-	-
3430	Prepaid Expenditures	1,341,956	-	-
Restricted				
3480	Debt Service	-	37,435,527	-
3470	Capital Projects	-	-	80,980,820
3450	Food Service	-	-	-
3450	Federal Special Revenue	-	-	-
3450	State Special Revenue	-	-	-
Committed				
3545	Local Special Revenue	-	-	-
3590	Assigned	2,181,605	-	-
3600	Unassigned	147,394,102	-	-
	Total Fund Balances	<u>152,186,098</u>	<u>37,435,527</u>	<u>80,980,820</u>
	Total Liabilities and Fund Balances	<u>\$ 217,575,580</u>	<u>\$ 38,176,732</u>	<u>\$ 84,661,123</u>

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

EXHIBIT C-1

	Other Funds	Total Governmental Funds
\$	16,085,237	\$ 304,465,094
	-	9,449,640
	-	(3,609,211)
	8,360,811	45,786,216
	8,002	227,092
	-	3,904,445
	233,261	2,267,079
	284,476	1,552,911
	-	1,341,956
<u>\$</u>	<u>24,971,787</u>	<u>\$ 365,385,222</u>
\$	175,717	\$ 10,189,433
	-	2,455,042
	4,854,805	46,706,104
	3,903,831	3,903,831
	293	12,441,436
	1,324,164	4,373,954
<u>\$</u>	<u>10,258,810</u>	<u>80,069,800</u>
	284,476	1,552,911
	-	1,341,956
	-	37,435,527
	-	80,980,820
	8,216,809	8,216,809
	6,940	6,940
	365,182	365,182
	5,839,570	5,839,570
	-	2,181,605
	-	147,394,102
<u>\$</u>	<u>14,712,977</u>	<u>285,315,422</u>
<u>\$</u>	<u>24,971,787</u>	<u>\$ 365,385,222</u>



LEARNING

BY DESIGN

**PLANO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total Fund Balances - Governmental Funds	\$ 285,315,422
Capital assets used in governmental activities (excluding internal service) are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$1,355,684,505 and the accumulated depreciation is \$404,873,373.	950,811,132
Uncollected property taxes are reported as deferred revenue in the governmental funds balance sheet but are recognized as a revenue in the statement of activities.	3,020,705
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds (including net capital assets of \$26,582) are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.	4,210,691
Long-term liabilities of \$1,014,797,170 are not due and payable in the current period and therefore are not reported as liabilities in the funds. Losses on advanced refunding of bonds payable of \$20,327,583 are netted against the long-term liabilities in the statement of net assets and as an other use in the governmental funds.	(994,469,587)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(17,221,712)
Bond issuance costs are reported in the governmental funds as an expenditure and the costs net of amortization are reported as an asset in the statement of net assets.	<u>3,980,796</u>
Net Assets of Governmental Activities	<u><u>\$ 235,647,447</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project	
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 354,104,431	\$ 104,848,068	\$ 1,305,779
5800	State Program Revenues	91,954,332	-	-
5900	Federal Program Revenues	2,819,470	-	-
5020	Total Revenues	<u>448,878,233</u>	<u>104,848,068</u>	<u>1,305,779</u>
EXPENDITURES:				
Current:				
0011	Instruction	252,144,806	-	-
0012	Instructional Resources and Media Services	8,319,251	-	-
0013	Curriculum and Instructional Staff Development	6,181,923	-	-
0021	Instructional Leadership	3,284,599	-	-
0023	School Leadership	22,925,330	-	-
0031	Guidance, Counseling and Evaluation Services	16,681,598	-	-
0032	Social Work Services	1,079,105	-	-
0033	Health Services	4,694,710	-	-
0034	Student (Pupil) Transportation	9,626,618	-	-
0035	Food Services	-	-	-
0036	Extacurricular Activities	7,011,554	-	-
0041	General Administration	8,664,589	-	-
0051	Facilities Maintenance and Operations	40,485,278	-	-
0052	Security and Monitoring Services	2,746,680	-	-
0053	Data Processing Services	5,236,021	-	-
0061	Community Services	774,507	-	-
Debt Service:				
0071	Debt Service - Principal on Long Term Debt	-	58,165,000	-
0072	Debt Service- Interest on Long Term Debt	-	48,353,647	-
0073	Debt Service - Bond Issuance Cost and Fees	-	749,281	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	113,055,198
Intergovernmental:				
0091	Contracted Instructional Services Between Schools	28,998,089	-	-
0092	Incremental Costs Associated with Chapter 41	443,936	-	-
0093	Payments to Fiscal Agent/Member Districts of SSA	245,850	-	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	102,947	-	-
0097	Payments to Tax Increment Fund	8,912,292	-	-
0099	Other Intergovernmental Charges	2,450,000	-	-
6030	Total Expenditures	<u>431,009,683</u>	<u>107,267,928</u>	<u>113,055,198</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,868,550</u>	<u>(2,419,860)</u>	<u>(111,749,419)</u>
OTHER FINANCING SOURCES (USES):				
7911	Refunding Bonds Issued	-	108,815,000	-
7912	Sale of Real and Personal Property	1,800,000	-	-
7915	Transfers In	2,043,213	261,827	-
7916	Premium or Discount on Issuance of Bonds	-	14,304,238	-
8911	Transfers Out (Use)	(1,696,057)	-	(261,827)
8949	Payments to Bond Escrow Agent	-	(122,845,201)	-
7080	Total Other Financing Sources (Uses)	<u>2,147,156</u>	<u>535,864</u>	<u>(261,827)</u>
1200	Net Change in Fund Balances	20,015,706	(1,883,996)	(112,011,246)
0100	Fund Balance - July 1 (Beginning)	<u>132,170,392</u>	<u>39,319,523</u>	<u>192,992,066</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 152,186,098</u>	<u>\$ 37,435,527</u>	<u>\$ 80,980,820</u>

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

EXHIBIT C-3

Other Funds	Total Governmental Funds
\$ 15,962,801	\$ 476,221,079
9,907,800	101,862,132
<u>53,703,664</u>	<u>56,523,134</u>
<u>79,574,265</u>	<u>634,606,345</u>
49,037,450	301,182,256
42,825	8,362,076
3,233,048	9,414,971
837,024	4,121,623
335,640	23,260,970
1,373,276	18,054,874
2,998	1,082,103
324,017	5,018,727
154,238	9,780,856
20,662,364	20,662,364
443,113	7,454,667
283,608	8,948,197
1,268,163	41,753,441
165,666	2,912,346
442,038	5,678,059
1,353,542	2,128,049
-	58,165,000
-	48,353,647
-	749,281
-	113,055,198
-	28,998,089
-	443,936
588,385	834,235
-	102,947
-	8,912,292
-	2,450,000
<u>80,547,395</u>	<u>731,880,204</u>
<u>(973,130)</u>	<u>(97,273,859)</u>
-	108,815,000
-	1,800,000
2,824,657	5,129,697
-	14,304,238
(1,128,600)	(3,086,484)
-	(122,845,201)
<u>1,696,057</u>	<u>4,117,250</u>
<u>722,927</u>	<u>(93,156,609)</u>
<u>13,990,050</u>	<u>378,472,031</u>
<u>\$ 14,712,977</u>	<u>\$ 285,315,422</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Total Net Change in Fund Balances - Governmental Funds \$ (93,156,609)

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$99,845,087 exceeded depreciation of \$32,786,400 in the current period, net of disposition of assets of \$1,121,811.

Certain expenditures are reported in the Facilities Acquisition and Construction category which are under the capitalization threshold of \$5,000 and therefore are not considered capital outlay. 65,936,876

Repayment of principal and other long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not an expense in the current period. This amount represents the following: current year

Principal Payment	\$ 58,165,000	
Advanced Bond Refunding	117,480,000	
Loss on Advanced Refunding	5,114,199	
Amortization of Premium	5,359,381	
Amortization of loss on Bond Refunding	(1,670,408)	
Bond Issuance Cost	259,463	
Amortization of Bond Issuance cost	(318,962)	
Increase in Accretion	(157,994)	
Reduction of Arbitrage	465,229	
		184,695,908

Some property taxes will not be collected for several months after the fiscal year ends, therefore they are not considered available revenues and are deferred in the governmental funds. Deferred tax revenues, net of bad debt, increased (decreased) by this amount. (2,138,771)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,460,451

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This year, compensated absences used exceeded the amounts earned. 98,852

The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net loss of internal service funds is reported with governmental activities. The net effect of this consolidation is to decrease net assets. (70,375)

Proceeds of bonds (including premium) issued during the year are recognized as Other Financing Sources in the governmental funds but increase non-current liabilities in the statement of net assets (123,119,238)

Change in Net Assets of Governmental Activities **\$ 33,707,094**

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 73,135	\$ 8,810,576
Accrued Interest	8	6,503
Other Receivables	345,836	204,606
Other Current Assets	-	88,520
	<u>418,979</u>	<u>9,110,205</u>
Total Current Assets		
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	5,445	61,140
Depreciation on Furniture and Equipment	(5,445)	(34,558)
	<u>-</u>	<u>26,582</u>
Total Noncurrent Assets		
	<u>418,979</u>	<u>9,136,787</u>
TOTAL ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts Payable	43,087	2,769,345
Accrued Wages Payable	52,486	7,002
Due to Other Funds	614	-
Accrued Expenses	-	2,149,749
Deferred Revenues	310,702	-
	<u>406,889</u>	<u>4,926,096</u>
TOTAL LIABILITIES		
NET ASSETS		
Investments in Capital Assets	-	26,582
Unrestricted Net Assets	12,090	4,184,109
	<u>12,090</u>	<u>4,210,691</u>
TOTAL NET ASSETS	<u>\$ 12,090</u>	<u>\$ 4,210,691</u>

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 7,962,424	\$ 38,127,657
Total Operating Revenues	<u>7,962,424</u>	<u>38,127,657</u>
OPERATING EXPENSES:		
Payroll Costs	4,669,515	1,158,923
Professional and Contracted Services	165,838	2,466,153
Supplies and Materials	174,629	464,352
Other Operating Costs	919,992	34,298,866
Total Operating Expenses	<u>5,929,974</u>	<u>38,388,294</u>
Operating Income (Loss)	2,032,450	(260,637)
NON OPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	3,463	23,299
Insurance Recovery	-	166,963
Total Non Operating Revenue	<u>3,463</u>	<u>190,262</u>
Income (Loss) Before Transfers	2,035,913	(70,375)
Transfers Out	<u>(2,043,213)</u>	<u>-</u>
Change in Net Assets	(7,300)	(70,375)
TOTAL NET ASSETS - JULY 1 (BEGINNING)	<u>19,390</u>	<u>4,281,066</u>
TOTAL NET ASSETS - JUNE 30 (ENDING)	<u>\$ 12,090</u>	<u>\$ 4,210,691</u>

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from User Charges	\$ 7,992,033	\$ 37,923,628
Cash Payments to Employees for Services	(4,684,075)	(1,105,322)
Cash Payments for Insurance Claims	-	(2,581,371)
Cash Payments for Suppliers	(331,998)	(1,399,016)
Cash Payments for Other Operating Expenses	(919,992)	(33,519,418)
Net Cash Provided by (Used for) Operating Activities	2,055,968	(681,499)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers Out	(2,043,213)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	(2,043,213)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Insurance Proceeds	-	166,963
Net Cash Provided by (Used for) Non-Capital Financing Activities	-	166,963
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Securities	18,551	3,268,296
Purchase of Investment Securities	(1,638)	(64,009)
Interest and Dividends on Investments	3,580	74,427
Net Cash Provided by Investing Activities	20,493	3,278,714
Net Increase in Cash and Cash Equivalents	33,248	2,764,178
Cash and Cash Equivalents at Beginning of Year	37,535	5,518,096
Cash and Cash Equivalents at End of Year	70,783	8,282,274
Temporary Investment Not in Cash Equivalents	2,352	528,302
CASH ON BALANCE SHEET	\$ 73,135	\$ 8,810,576
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 2,032,450	\$ (260,637)
Adjustments to Reconcile Operating Income(loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	-	5,153
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(85,536)	(203,956)
Decrease (increase) in Prepaid Expenses	-	(63,520)
Increase (decrease) in Accounts Payable	13,598	226,728
Increase (decrease) in Accrued Wages Payable	(14,560)	6,267
Increase (decrease) Deferred Revenues	115,145	-
Increase (decrease) in Accrued Expenses	-	(391,534)
Increase (decrease) in Due to Other Funds	(5,129)	-
Net Cash Provided by (Used for) Operating Activities	\$ 2,055,968	\$ (681,499)

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Agency Fund
<hr/>	
ASSETS	
Investments - Current	\$ 2,997,499
Accrued Interest	130
Other Receivables	1,187
Total Assets	2,998,816
 LIABILITIES	
Accounts Payable	50,159
Accrued Wages	997
Due to Student Groups	2,947,660
Total Liabilities	\$ 2,998,816

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Plano Independent School District (District) is an independent school district governed by the Board of Trustees (Board), composed of seven Board Members, all of whom are elected officials. The Board is the basic level of government which has responsibility and control over all activities related to the public school education in the city of Plano and portions of the cities of Richardson, Dallas, Murphy, Parker, Carrollton and Allen which lie within the District's boundaries. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity," as defined in pronouncements by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*. The District implemented GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, and it was determined that there are no component units and there is no effect on the financials.

Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. 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.

Transactions among governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other financing sources and uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. Interfund services provided and used are not eliminated in the consolidation of funds for the Statement of Activities. All interfund transactions that do not represent services provided and used between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from other funds on the government-wide Statement of Net Assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Program revenues included in the Statement of Activities reduce the cost of the function to be financed from General Revenues. Taxes and other items not properly identified as program revenues are reported instead as general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense to each function.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements – Continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. In accordance with the provisions of GASB Statement No. 34, the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements--The government-wide financial statements, as well as the agency and proprietary fund statements, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. All interfund transactions between governmental funds are eliminated on the government-wide statements.

Fund Financial Statements--Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of the fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded when payments are due. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. All other revenue items are considered measurable and available only when cash is received by the District. For proprietary funds, the District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Funds

The District reports its financial activities through the use of “fund accounting”. The activities of the District are organized on the basis of funds. The operations of each fund are accounted for within a separate set of self-balancing accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to assist management in demonstrating compliance with finance-related legal and contractual provisions.

As required by the Texas Education Agency, the following fund types are included in the financial statements:

Governmental Funds

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through the Governmental Fund Types.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental Funds – Continued

The following are the District's major governmental funds:

- General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses and the capital improvement costs that are not paid through other funds are paid from the General Fund.
- Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the retirement of, long-term debt and related costs.
- Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, renovation or construction of capital facilities. Proceeds are received through long-term debt financing and other authorized sources.

Other governmental funds include:

- Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than private-purpose trust funds or capital projects) such as federal, state or locally financed programs. Funds are legally restricted to expenditures for specified purposes.

Proprietary Funds

Proprietary Funds are used to account for operations that are financed in a manner similar to those found in the private sector, where the determination of net income is appropriate for sound financial administration.

- Enterprise Funds - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private enterprise where the District's intent is to provide services financed primarily through user charges. In prior years, the District's only enterprise fund was used to account for concession sales. Beginning in fiscal year 2008, the District began accounting for the Employee Child Care and the After School Care funds as enterprise funds; and in fiscal year 2009 the Photography enterprise fund was established.
- Internal Service Funds - The Internal Service Funds are used to account for the financing of services provided by one department to other departments of the District on a cost reimbursement basis. The print shop, health benefits, workers' compensation self-funded, unemployment benefits, sign shop and insurance claims self-funded programs of the District are accounted for in these funds. Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on District experience since the inception of the programs and data provided by actuarial consultants.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Proprietary Funds – Continued

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 District's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary 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.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other funds.

- Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds account for the receipt and disbursement of monies from student activity organizations and other types of activities requiring clearing accounts. The student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board. This accounting reflects the District's agency relationship with the student activity organizations.

Assets, Liabilities and Net Assets or Equity

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, money market bank sweep accounts, money markets, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with maturities exceeding twelve months at the date of purchase are stated at fair value, which is the amount at which the investment can be exchanged in a current transaction between willing parties. Investments with maturities of twelve months or less at the date of purchase are held at amortized cost. Management of the District believes that in the areas of investment practice, management reports and establishment of appropriate policies, the District adhered to the requirements of the State of Texas Public Funds Investment Act. Additionally, management of the District believes that investment practices of the District were in accordance with local policies.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

All trade and property tax receivables are shown net of allowance for uncollectible. The property tax receivable allowance is 38% of outstanding property taxes at June 30, 2011.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Assets or Equity – Continued

Inventories

Inventories of supplies on the balance sheet are stated at weighted average cost. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity.

Grant Fund Accounting

The Special Revenue Funds include programs that are financed on a project grant basis. These projects have grant periods that range from less than twelve months to in excess of two years. Grants are recorded as revenues when earned. Cost reimbursement grants are considered to be earned to the extent of expenditures made under the provisions of the grants. Funds received, but not earned, are recorded as deferred revenue until earned.

Indirect costs earned from grant programs are recorded as revenues of the General Fund. These indirect costs are determined by applying approved indirect cost rates to actual expenditures of the programs.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve the portion of the applicable appropriation, is employed in the governmental fund financial statements. Encumbrances, which have not been liquidated, are reported as assignments of fund balance since they do not constitute expenditures or liabilities. District policy requires that such amounts be re-appropriated in the following fiscal year.

Capital Assets

Capital assets, which include land, land improvements, building, building improvements and equipment, are reported in the applicable governmental activities column in the government-wide financial statements and the proprietary fund financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold is a unit cost of \$5,000. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Assets or Equity – Continued

Capital Assets – Continued

Buildings and building improvements of the District are depreciated using the straight-line method beginning in the year after they are placed in service. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Classification</u>	<u>Useful Life</u>
Buildings and building improvements	50 years
Vehicles and buses	10 years
Furniture	20 years
Equipment	
Computers	5 years
Kitchen equipment	10 years
Custodial equipment	15 years
Telephone equipment	10 years
Instruction and misc. equipment	10 years

Compensated Absences

Employees of the District are granted vacation and sick leave annually. Teachers do not receive paid vacations but are paid only for the number of days they are required to work each year. As of June 30, 2011, the District recorded \$3,641,922 in the government-wide financial statements for accrued vacation liabilities. Full-time employees in positions that require 12 months of service are eligible for two weeks of vacation on July 1 following the first full year of employment. Full-time employees who have not been employed one full year as of July 1 are eligible to take accrued days after July 1 of that year but shall not be eligible for the full two weeks until July 1 of the following year. Full-time employees who have completed five years of service in the District are granted three weeks of vacation per year. Employees in positions that require 12 months of service may extend accrued vacation time to September 30 each year. Vacation days not used by September 30 may be carried over, with a maximum accrual of 40 days.

Employees are allowed to accrue five days of state personal leave and seven days of local sick leave each year without limit. State personal leave and local sick leave do not vest under the District's policy and accordingly, employees can only utilize state personal and sick leave when sick, or state personal leave for personal reasons when approved by their supervisor. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets Liabilities, and Net Assets or Equity – Continued

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs for bond issuances beginning in September 2001, are deferred and amortized over the life of the bonds. Bonds payable are reported inclusive of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method. Losses on refunding are capitalized and amortized over the shorter of the life of the new issuance or the life on existing debt using the effective interest method. Premiums and discounts are amortized over the life of the related debt using the effective interest method.

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

Fund Balances and Net Assets

Government-Wide Financial Statements

Net assets on the Statement of Net Assets include the following:

Invested in Capital Assets, Net of Related Debt -- the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt net of premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Debt Service -- the component of net assets that reports the difference between assets and liabilities with constraints placed on their use by law.

Restricted for Food Service -- the component of net assets that reports the difference between assets and liabilities with constraints placed on their use by the U.S. Department of Agriculture.

Unrestricted -- the difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt, Net Assets Restricted for Food Service or Net Assets Restricted for Debt Service.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances and Net Assets – Continued

Governmental Fund Financial Statements

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the District classifies governmental fund balances as follows:

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items and long term receivables.

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification includes campus activity funds, local special revenue funds and potential litigation, claims and judgments.

Assigned -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Associate Superintendent of Business Services. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances and Net Assets – Continued

Governmental Fund Financial Statement – Continued

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Minimum Fund Balance Policy

It is the desire of the Board to attempt to maintain a fund balance in the general operating fund that is approximately 20 percent of general operating expenditures, excluding any nonspendable fund balance; and fund balance in the interest and sinking fund that is approximately 20 percent of the current annual debt services requirement.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH AND INVESTMENTS

Statutes of the State of Texas and policies mandated by the District's Board of Trustees authorize the District to invest in obligations of the U.S. Government or its agencies, repurchase agreements, commercial paper, public fund investment pools, mutual funds and money market accounts. All cash balances and investments are held separately in each of its funds.

As of June 30, 2011, the carrying amount of the District's cash deposits were \$116,742 and the bank balance was \$621,303. The District's cash deposits at June 30, 2011 were entirely covered by FDIC insurance or by pledged collateral held by the District's bank in the District's name.

Depository information, required to be reported to the Texas Education Agency, is as follows:

- a) Name of depository bank: Bank of America, N.A.
- b) Amount of bond or security pledged as of the date of the highest combined balance on deposit was \$53,682,661.
- c) Highest cash, savings and time deposits combined account balances amount was \$2,001,130 and occurred on December 23, 2010.
- d) Total amount of Federal Deposit Insurance Corporation (FDIC) coverage at the time of highest combined balance was \$250,000.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

As of June 30, 2011, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	\$ 4,999,500	1.704
Commercial Paper	188,771,272	0.113
Municipal Tax Anticipation Notes	5,014,845	0.170
Certificates of Deposit	15,096,967	0.226
Public Funds Investment Pools	<u>102,346,020</u>	0.003
Total Fair Value	<u>\$ 316,228,604</u>	
Portfolio weighted average maturity		0.109

The fair value of investments is \$958 less than the book value reported by the District. As required by GASB Statement No. 31, the District recognizes the net unrealized gain/loss on investments with a maturity date greater than one year from the acquisition date and investments that are callable.

Interest rate risk. In accordance with the District's investment policy, investments are made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. The District's policy states that no individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

Credit risk. The District's policy relating to the credit risk of investments reflects adherence to the Public Funds Investment Act, which limits investments in commercial paper to not less than A-1 or P-1 or equivalent rating by at least two nationally recognized credit rating agencies. As of June 30, 2011, the District had commercial paper of \$188,771,272 in the portfolio. The District's investments in public funds investment pools and money market mutual funds include those with TexPool, TexStar and Federated Tax-Free Obligation Fund. TexPool and TexStar are public funds investment pools operating in full compliance with the Public Funds Investment Act. TexPool and TexStar are rated as AAA money market funds by Standard & Poor's. Both investment pools use amortized costs, rather than market value, to report net assets to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool. As of June 30, 2011, the District's investment in TexPool and TexStar was \$32,788,627 and \$1,538,202, respectively. The Federated Tax-Free Obligation Fund is rated as AAA money market fund by Fitch and AAA by Moody's. As of June 30, 2011, the District's investment in the Tax-Free Obligation Fund was \$68,019,190 with a fair market value of \$68,019,190.

Concentration of credit risk. The investment policy of the District places no limitations on the amount that can be invested in any one issuer; however, the investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. More than 5% of the District's investments are in the following instruments: University of Texas CP at 7.9%, City of Austin, Texas CP at 9.3%, Harris City, Texas CP at 6.8% and LCRA CP at 6.32%. The commercial paper for City of Austin, University of Texas and Harris City Texas are rated A-1+ by Standard & Poor's and P-1 by Moody's. The LCRA commercial paper is rated A-1 by Standard & Poor's and P-1 by Moody's.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Under the Dodd Frank Act, the FDIC is providing 100% FDIC insurance on all non-interest bearing transaction accounts regardless of the deposit size. This is in addition to the \$250,000 FDIC insurance for interest bearing deposits. The expanded insurance coverage began on December 31, 2010 and will continue through December 31, 2012.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments held by third parties were fully collateralized and held in the District's name.

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE

Property Taxes

The appraisal of property within the District is the responsibility of the Collin County Appraisal District (Appraisal District). The District's property taxes are levied annually in October on the basis of the Appraisal District's assessed values of property as of January 1 of that calendar year and are due and payable when assessed. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property after January 31 of the subsequent calendar year. Delinquent taxes receivable and the related allowance for uncollectible taxes are shown on the government-wide Statement of Net Assets and the fund financial Balance Sheet.

The District is permitted to levy taxes up to \$1.04 per \$100 of assessed valuation for general governmental maintenance and operations. The tax rate for the payment of principal and interest on general obligation long-term debt is determined by the debt service requirements of the outstanding bonds as approved by the voters prior to issuance. For the current fiscal year, the Board of Trustees set a tax rate of \$1.3534 per \$100 of assessed valuation. The maintenance and debt service portions of such rate are \$1.04 and \$0.3134, respectively. The 2010 assessed valuation was \$33,730,477,447 resulting in a tax levy of \$449,546,631 for the current fiscal year. The 2010 tax levy reflects an adjustment of \$6,961,645 of frozen homestead exemptions for taxpayers 65 years and older as mandated by state property tax laws.

Property taxes which are measurable (quantifiable) and available (collectible within the current period or soon enough thereafter to finance expenditures of the current period, which the District has estimated to be collected in the two months after the fiscal year end) are recognized as revenue in the year of levy in the governmental fund financial statements. Property taxes, which are measurable but not available, are recorded net of estimated uncollectible amounts, as deferred revenues in the year of the levy in the governmental fund financial statements. Such deferred revenues are recognized in the fund financial statements as revenue in the fiscal year in which they become available. In the government-wide financial statements, property taxes are recognized as revenues in the year for which the taxes are levied.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE – CONTINUED

Property Taxes – Continued

Delinquent taxes receivable and the related allowance for uncollectible taxes in the governmental fund financial statements as of June 30, 2011 are as follows:

	<u>Delinquent Taxes Receivable, Gross</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Delinquent Taxes Receivable, Net</u>
General fund	\$ 7,602,140	\$ 3,023,282	\$ 4,578,858
Debt service fund	<u>1,847,500</u>	<u>585,929</u>	<u>1,261,571</u>
Total	<u>\$ 9,449,640</u>	<u>\$ 3,609,211</u>	<u>\$ 5,840,429</u>

The District entered into two tax increment reinvestment zone (TIF) agreements during the 1999 fiscal year. TIF zone number 1 provides the District with a training facility. For fiscal year 2001 through 2021, the District will contribute 100% of the Maintenance and Operations portion of its taxes attributable to the incremental increase in the assessed value of the property within the Tax Increment Financing (TIF) Zone. TIF zone number 2 provides the District with a facility for administrative and ancillary functions. For fiscal year 2001 through 2015, the District will contribute 100% of the Maintenance and Operations portion of its taxes attributable to the incremental increase in the assessed value of the property within the TIF Zone. Tax Increment Financing due to the TIF Board of \$3,875,996 is reported as due to other governments in the General Fund and is payable January 2012. This amount includes \$2,435,225 for Tax Year 2010 TIF #1 taxes and \$1,440,771 for Tax Year 2010 TIF #2 taxes.

State Aid Revenue

The Texas Education Agency, through its application of state law, allocates state revenues to school districts by formula allocation. The District receives two allocations, a per capita allocation and a foundation program allocation. The District also recognizes revenues for the state's share of the contributions to the Teacher Retirement System of Texas. See Note 10 for additional information on the employee's retirement plan. Other state revenues are received through other state miscellaneous programs on an allocated basis.

State Program Revenues

The components of state program revenues as shown in the governmental fund financial statements are as follows:

<u>Revenues</u>	<u>Amounts</u>
Per capita revenues	\$ 17,145,699
Foundation fund revenues	53,591,010
Technology allotment	1,541,761
Other state revenues	9,656,422
TRS on behalf	<u>19,927,240</u>
Total State Program Revenues	<u>\$ 101,862,132</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 4. RECEIVABLES

Receivables due from other governments, as of June 30, 2011 for the District's individual major funds and non-major, internal service and fiduciary funds in the aggregate are as follows:

	General Fund	Debt Service Fund	Non-Major and Other Funds	Total
Due from the State of Texas	\$ 37,153,261	\$ -	\$ 8,041,268	\$ 45,194,529
Due from the Federal Government	-	-	319,543	319,543
Due from Other Local Governments	209,964	62,180	-	272,144
Total receivables	<u>\$ 37,363,225</u>	<u>\$ 62,180</u>	<u>\$ 8,360,811</u>	<u>\$ 45,786,216</u>

NOTE 5. CAPITAL ASSETS

A summary of capital asset activity during the year ended June 30, 2011 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 67,778,997	\$ 3,157,394	\$ 1,077,427	\$ 69,858,964
Construction in Progress	96,160,597	89,759,408	107,575,996	78,344,009
Total capital assets not being depreciated	<u>\$ 163,939,594</u>	<u>\$ 92,916,802</u>	<u>\$ 108,653,423</u>	<u>\$ 148,202,973</u>
Capital assets being depreciated:				
Land Improvements	\$ 32,553,626	\$ 3,646,779	\$ -	\$ 36,200,405
Buildings and Improvements	974,171,407	100,771,823	-	1,074,943,230
Furniture/Equipment & Vehicles	87,515,912	10,085,679	1,263,694	96,337,897
Total capital assets being depreciated	<u>\$ 1,094,240,945</u>	<u>\$ 114,504,281</u>	<u>\$ 1,263,694</u>	<u>\$ 1,207,481,532</u>
Total Capital Assets	<u>\$ 1,258,180,539</u>	<u>\$ 207,421,083</u>	<u>\$ 109,917,117</u>	<u>\$ 1,355,684,505</u>
Less accumulated depreciation for:				
Land Improvements	\$ 7,313,412	\$ 1,663,334	\$ -	\$ 8,976,746
Buildings and Improvements	310,254,381	24,450,554	-	334,704,935
Furniture/Equipment & Vehicles	55,738,490	6,672,512	1,219,310	61,191,692
Total accumulated depreciation	<u>\$ 373,306,283</u>	<u>\$ 32,786,400</u>	<u>\$ 1,219,310</u>	<u>\$ 404,873,373</u>
Governmental funds capital assets, net	<u>\$ 884,874,256</u>	<u>\$ 174,634,683</u>	<u>\$ 108,697,807</u>	<u>\$ 950,811,132</u>
Internal Service Funds:				
Furniture/Equipment & Vehicles	\$ 61,140	\$ -	\$ -	\$ 61,140
Less Accumulated Depreciation	29,405	5,153	-	34,558
Internal service funds capital assets, net	<u>\$ 31,735</u>	<u>\$ 5,153</u>	<u>\$ -</u>	<u>\$ 26,582</u>
Governmental activities capital assets, net	<u>\$ 884,905,991</u>	<u>\$ 174,629,530</u>	<u>\$ 108,697,807</u>	<u>\$ 950,837,714</u>
Business Activities:				
Furniture/Equipment & Vehicles	\$ 5,445	\$ -	\$ -	\$ 5,445
Less Accumulated Depreciation	5,445	-	-	5,445
Business activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Capital Assets, net	<u>\$ 884,905,991</u>	<u>\$ 174,629,530</u>	<u>\$ 108,697,807</u>	<u>\$ 950,837,714</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 5. CAPITAL ASSETS – CONTINUED

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

Governmental activities:	
Instruction	\$ 21,760,296
Instructional resources and media services	1,427,233
Curriculum development and instructional staff development	223,173
Instructional leadership	32,234
School leadership	833,975
Guidance, counseling, and evaluation services	201,934
Health services	88,141
Student transportation	1,205,703
Food services	1,801,306
Co-curricular/extracurricular activities	1,797,393
General administration	303,717
Plant maintenance and operations	2,726,867
Security and monitoring services	210,592
Data processing services	43,204
Community services	114,714
Facilities acquisition and construction	15,918
	<hr/>
Total depreciation expense, governmental activities	<u><u>\$ 32,786,400</u></u>

Construction Commitments

The District had several active construction projects as of June 30, 2011. Projects included new school construction, additions to buildings and renovation of existing facilities. Fiscal year 2011 expenses and estimated future expenditures for capital projects are funded from unexpended bond proceeds and additional general obligation bonds. The following summarizes the various types of projects:

New Construction -- A construction contract was awarded for a replacement building at Memorial Elementary School. Construction continued for McMillien High School, Mendenhall Elementary School replacement building and the Employee Childcare Center at Mendenhall High School.

Building Renovation/Additions -- Construction contracts were awarded during the year for the Haggard Fine Arts addition, Williams High School collaboration project and Weatherford Elementary School renovation. A contract was awarded for a new roof at Beverly and Gullede Elementary Schools. Construction continued for Plano Senior High School Fine Arts addition, Jackson Elementary School renovation and Stinson Elementary School addition.

Completed Projects -- During fiscal year 2011, the District purchased a building for use as an Academy. Additionally, construction was completed for renovation of Vines High School, Clark High School, Guinn Special Programs Center, the transportation building and the concession building at Clark Field. The brand new Otto Middle School was completed as well as building additions at Plano East Senior High and Forman Elementary School. HVAC upgrades were completed at Jasper, Robinson, Bowman and Barron Elementary Schools.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 5. CAPITAL ASSETS – CONTINUED

Barksdale Elementary School, Bird Center and Robinson Middle School all received new roofs. Plano West Senior High School received a lighting upgrade, Bowman Middle School restrooms were improved and new floors installed at Haun Elementary School.

Current projects include the following:

Project	Estimated Total Cost	Expenditures Incurred to 06/30/11	Estimated Future Expenditures
PSHS Fine Arts Addition	\$ 10,646,900	\$ 9,122,781	\$ 1,524,119
Williams Collaboration	975,000	42,021	932,979
PESH Land	202,902	194,746	8,156
Academy	20,000	15,071	4,929
PWSH Addition & Lockers	150,000	137,498	12,502
McMillen HS Bldg and Land	41,654,903	37,248,014	4,406,889
Haggard Fine Arts Addition	4,074,939	3,092,689	982,250
Armstrong Marquee	20,770	10,770	10,000
Jackson Renovation and Land	9,961,433	8,461,471	1,499,962
Mendenhall Renovation and Land	12,871,347	11,099,182	1,772,165
Memorial Renovation and Land	14,420,705	3,201,530	11,219,175
Weatherford Renovation and Land	10,983,550	3,886,733	7,096,817
Hedgcoxe 5th Grade Renovation	49,566	995	48,571
Gulledge Roof/Plumbing	462,013	216,638	245,375
Haggard Plumbing	25,392	16,527	8,865
Beverly Roof	450,799	204,320	246,479
Stinson Addition and Land	1,429,392	1,191,031	238,361
Facility Services HVAC	30,000	6,375	23,625
Bird Parking	367,179	105,711	261,468
Employee Childcare @ Mendenhall	2,300,000	89,906	2,210,094
	<u>\$ 111,096,790</u>	<u>\$ 78,344,009</u>	<u>\$ 32,752,781</u>
Total Ongoing Construction	<u>\$ 111,096,790</u>	<u>\$ 78,344,009</u>	<u>\$ 32,752,781</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances in the fund financial statements as of June 30, 2011, is as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 3,904,445	\$ -
Other Governmental Funds	-	3,903,831
Enterprise Funds	-	614
Totals	<u>\$ 3,904,445</u>	<u>\$ 3,904,445</u>

The primary interfund transactions at year-end included amounts due to the General Fund from Other Governmental Funds for expenditures made by the funds prior to receiving reimbursement from the federal, state or local sources.

The following is a summary of the District's transfers for the year ended June 30, 2011:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Gov. Funds</u>	
General Fund	\$ -	\$ -	\$ 1,696,057	\$ 1,696,057
Capital Projects Fund	-	261,827	-	261,827
Enterprise Funds	2,043,213	-	-	2,043,213
Other Governmental Funds	-	-	1,128,600	1,128,600
	<u>\$ 2,043,213</u>	<u>\$ 261,827</u>	<u>\$ 2,824,657</u>	<u>\$ 5,129,697</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – CONTINUED

The transfers made during the period consisted of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Description</u>
General Fund	Other Governmental Funds	\$ 1,696,057	To finance costs in excess of federal allotments for Headstart, the State Fiscal Stabilization Fund and the Summer Feeding Program; to finance costs in excess of donations, grants and user charges in the Special Events Fund; to finance costs for academic initiatives supported by the Dr Pepper Fund.
Capital Projects Fund	Debt Service Fund	261,827	Transfer interest earned to finance debt service costs associated with construction projects.
Enterprise Fund	General Fund	2,043,213	Transfer revenue in excess of cost from the After School Care Program and the Employee Child Care Program.
Other Governmental	Other Governmental	1,128,600	Transfer Food Services share of Dr Pepper donations to Food Services Fund.
Total Transfers		<u>\$ 5,129,697</u>	

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 7. LONG-TERM DEBT

The following is a summary of the District's long-term debt for the year ended June 30, 2011

	Obligations Outstanding 7/1/2010	New Obligations Incurred	Obligations Retired or Refunded and Accretion	Obligations Outstanding 6/30/2011	Obligations Due Within One Year
General Obligation Bonds Payable	\$ 1,046,554,958	\$ 108,815,000	\$ (175,580,619)	\$ 979,789,339	\$ 67,100,530
Accreted Interest	533,931	157,994	(64,382)	627,543	68,981
Loss on Advanced Refunding	(16,883,792)	(5,114,199)	1,670,408	(20,327,583)	-
Premium on Bond Issuance	21,744,866	14,304,238	(5,359,381)	30,689,723	-
Compensated Absences	3,740,774	150,270	(249,122)	3,641,922	242,539
Arbitrage Liability	513,872	-	(465,229)	48,643	-
Totals	<u>\$ 1,056,204,609</u>	<u>\$ 118,313,303</u>	<u>\$ (180,048,325)</u>	<u>\$ 994,469,587</u>	<u>\$ 67,412,050</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 7. LONG-TERM DEBT – CONTINUED

Debt Payable-Governmental Activities

Bonds payable at June 30, 2011, are composed of the following individual issues:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Bonds Outstanding at July 1, 2010</u>	<u>Issued (Retired)</u>	<u>Bonds Outstanding at June 30, 2011</u>	<u>Capital Appreciation Accretion</u>
School Building Unlimited Tax Bonds, Series 2000	4.88% to 5.13%	\$ 85,000,000	\$ 6,320,000	\$ (6,320,000)	\$ -	\$ -
School Building Refunding Bonds, Unlimited Tax Bonds Series 2001	4.32% to 4.42%	264,705,000	88,360,000	(88,360,000)	-	-
School Building Unlimited Tax Bonds, Series 2002	4.10% to 5.10%	128,900,000	37,470,000	(29,535,000)	7,935,000	-
Unlimited Tax Refunding & Improvement Bonds Series 2003	2.00% to 5.25%	119,310,000	69,415,000	(25,045,000)	44,370,000	-
Unlimited Tax Refunding Bonds Series 2004	2.00% to 5.00%	112,080,000	73,540,000	(8,520,000)	65,020,000	-
School Building Unlimited Tax Bonds Series 2004	3.25% to 5.00%	71,420,000	58,650,000	(2,040,000)	56,610,000	-
Unlimited Tax Refunding Bonds Series 2005	5.00%	56,805,000	56,805,000	-	56,805,000	-
School Building Unlimited Tax Bonds Series 2006	4.50% to 5.75%	70,535,000	60,745,000	(2,775,000)	57,970,000	-
Unlimited Tax Refunding Current Interest Bonds Series 2006	5.00% to 5.00%	121,805,000	121,805,000	-	121,805,000	-
School Building Refunding Capital Appreciation Bonds Series 2006	3.52% to 4.05%	7,375,443	3,579,958	(385,619)	3,194,339	627,543
School Building Unlimited Tax Bonds Series 2007	4.50% to 5.00%	76,670,000	68,740,000	(2,965,000)	65,775,000	-
School Building Unlimited Tax Bonds Series 2008	3.00% to 5.00%	58,280,000	53,380,000	(2,715,000)	50,665,000	-
Unlimited Tax Refunding Bonds Series 2008	3.25% to 4.60%	33,305,000	33,305,000	-	33,305,000	-
School Building Current Interest Bonds Series 2008A	5.00% to 5.25%	177,465,000	177,465,000	(3,910,000)	173,555,000	-
School Building Unlimited Tax Bonds Series 2009A	4.00%	17,685,000	17,685,000	(3,010,000)	14,675,000	-
School Building Unlimited Tax Bonds Series 2009B	4.04% to 6.27%	87,390,000	87,390,000	-	87,390,000	-
School Building Unlimited Tax Bonds Series 2009C	1.00%	31,900,000	31,900,000	-	31,900,000	-
Unlimited Tax Refunding Bonds Series 2010	3.00% to 5.00%	108,815,000	-	108,815,000	108,815,000	-
Totals			<u>\$ 1,046,554,958</u>	<u>\$ (66,765,619)</u>	<u>\$ 979,789,339</u>	<u>\$ 627,543</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 7. LONG-TERM DEBT – CONTINUED

Debt Payable-Governmental Activities – Continued

The following table summarizes the annual debt service requirements of the outstanding debt issues at June 30, 2011, to maturity:

	Bond Principal	Bond Interest	Totals
2012	\$ 67,100,530	\$ 47,702,382	\$ 114,802,912
2013	69,185,613	47,016,565	116,202,178
2014	71,840,415	43,819,470	115,659,885
2015	71,085,616	40,617,620	111,703,236
2016	59,382,165	37,183,901	96,566,066
2017-2021	268,585,000	144,230,188	412,815,188
2022-2026	144,355,000	88,223,102	232,578,102
2027-2031	151,790,000	52,187,273	203,977,273
2032-2036	76,465,000	14,963,490	91,428,490
	<u>\$ 979,789,339</u>	<u>\$ 515,943,991</u>	<u>\$ 1,495,733,330</u>

During the year, the District issued \$108,815,000 Series 2010 Refunding Bonds used to refund \$78,625,000 of outstanding Series 2001 bonds, \$26,600,000 of outstanding Series 2002 bonds and \$12,255,000 of outstanding Series 2003 bonds. An amount of \$122,845,201 was placed in an irrevocable trust to provide for future debt service payments relating to the defeased bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the District's financial statements. The net present value of the economic gain on the refunding was \$12.5 million. The reacquisition price exceeded the net carrying amount of the old debt by \$5,114,199.

As of June 30, 2011, the principal balance of all defeased bonds outstanding was \$122,175,000. Original losses on refunding were \$29 million of which \$20.3 million is unamortized and reported in the Statement of Net Assets as a reduction in the long-term debt. Unamortized bond premiums of \$30.7 million are reported in the Statement of Net Assets as an increase in the long-term debt.

As of June 30, 2011, \$172,470,000 of bonds were authorized by bond election and not issued.

Other Long-Term Debt

Arbitrage - The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. Arbitrage liability for tax-exempt debt subject to the Tax Reform Act issued through June 30, 2011, amounted to \$48,643. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due.

Compensated Absences - Certain employees are entitled to receive accrued vacation pay in a lump-sum cash payment upon termination of employment with the District. The net decrease of \$98,852 over the prior fiscal year represents the recorded decrease in the liability due to employees using more accumulated vacation pay. The general fund and special revenue funds are used to liquidate compensated absences.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 8. Encumbrances

At June 30, 2011, the District had encumbrances which are classified as restricted, committed or assigned in accordance with purpose restrictions. Encumbrances reported in the Governmental Funds were as follows:

Function	General Fund	Capital Projects	Food Service	Federal Special Revenue	State Special Revenue	Local Special Revenue	Total
Instruction	\$ 560,452	\$ -	\$ -	\$ 4,089	\$ 23,746	\$ 14,795	\$ 603,082
Instructional resources	103,808	-	-	-	-	-	103,808
Curriculum & instructional staff development	26,311	-	-	32,118	-	-	58,429
Instructional leadership	2,728	-	-	-	-	-	2,728
School leadership	9,419	-	-	-	-	-	9,419
Guidance, counseling & evaluation services	56,758	-	-	-	-	-	56,758
Health services	5,773	-	-	-	-	-	5,773
Student transportation	26,164	-	-	-	-	-	26,164
Food services	-	-	136,434	5,626	-	-	142,060
Co-curricular/extracurricular activities	181,318	-	-	-	-	26,980	208,298
General administration	23,340	-	-	-	-	-	23,340
Plan maintenance and operations	1,154,394	-	-	-	-	2,029	1,156,423
Security and monitoring services	12,236	-	-	-	-	-	12,236
Data processing services	17,346	-	-	-	-	45,000	62,346
Community services	1,558	-	-	1,702	-	-	3,260
Facilities acquisition and construction	-	38,884,371	-	-	-	-	38,884,371
Total encumbrances by fund type	\$ 2,181,605	\$ 38,884,371	\$ 136,434	\$ 43,535	\$ 23,746	\$ 88,804	\$ 41,358,495

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks related to theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against losses through policies with commercial insurance carriers or through self-insurance. Settled claims have not exceeded insurance coverage in any of the previous five fiscal years.

Workers' Compensation

The District maintains a self-insurance program for workers' compensation. Contributions are paid from all governmental and proprietary funds to the Workers' Compensation Internal Service Fund from which all claims and administrative expenses are paid. The District maintains a catastrophic loss insurance policy for catastrophic losses exceeding \$400,000 per occurrence up to statutory limit of liability.

An accrual for incurred but not reported claims in the amount of \$1,722,000 has been recorded in the fund as of June 30, 2011. Claims payable, including an estimate of claims incurred but not reported, was actuarially determined based on the District's historical claims experience and an estimate of the remaining liability on known claims.

Workers' Compensation Fund changes in claims payable for the years ended June 30, 2011 and June 30, 2010:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Claims payable, beginning of fiscal year	\$ 1,681,000	\$ 1,634,000
Incurred claims and claim adjustment expenses	1,458,325	1,411,989
Claim payments during the year	<u>(1,417,325)</u>	<u>(1,364,989)</u>
Claims payable, end of fiscal year	<u>\$ 1,722,000</u>	<u>\$ 1,681,000</u>

Health Benefits

As of January 1, 2010, the District discontinued all of the self-funded medical plans with the exception of the alternate plan. At that time, employees became eligible to purchase health insurance through TRS-Active Care which is the statewide health plan for public education employees established by the 77th Texas Legislature and is a fully insured plan administered by Blue Cross and Blue Shield of Texas. The alternate plan is administered by the District and pays benefits to hospitalized employees. This plan was discontinued August 31, 2011.

During the year ended June 30, 2011, the District funded benefit credits of \$259 per month per participating employee to the health insurance internal service fund. The District contribution, along with the employee contribution made through payroll deduction was used to pay the premiums for the insurance plans chosen by the employee. The District also offers a flexible spending option that is administered by Flexible Benefit Administrators.

The self-funded health and dental plans paid out all final claims incurred prior to the end of the plan, December 31, 2009. Claims payments on these plans ended and all funds held by CIGNA, the third party administrator, were returned to the District.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 9. RISK MANAGEMENT – CONTINUED

Health Benefits – Continued

Health Benefits Fund changes in claims payable for the years ended June 30, 2011 and June 30, 2010:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Claims payable, beginning of fiscal year	\$ 300,000	\$ 2,299,976
Incurred claims and claim adjustment expenses	81,706	22,415,869
Claim payments during the year	<u>(381,706)</u>	<u>(24,415,845)</u>
Claims payable, end of fiscal year	<u>\$ -</u>	<u>\$ 300,000</u>

Property, Casualty, General Liability and Professional Liability

The District purchases commercial policies which include general liability, property and auto insurance. However, the District has established a self-funded internal service fund to pay the cost of deductibles associated with these insurance policies. There have been no significant reductions in insurance coverage from coverage in the prior year for any category of risk. The deductible for property insurance is \$100,000 with no deductible on auto insurance. In addition, the District purchases professional legal liability insurance and must pay the first \$250,000 on each liability claim. The amount of claims settlements did not exceed the insurance coverage in each of the past three years.

An accrual for incurred but not reported claims in the amount of \$52,020 has been recorded as of June 30, 2011. Property and Liability changes in claims payable for the years ended June 30, 2011 and June 30, 2010:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Claims payable, beginning of fiscal year	\$ 304,322	\$ 198,634
Incurred claims and claim adjustment expenses	499,026	374,847
Claim payments during the year	<u>(751,328)</u>	<u>(269,159)</u>
Claims payable, end of fiscal year	<u>\$ 52,020</u>	<u>\$ 304,322</u>

Unemployment

In prior fiscal years, the self-funded unemployment was part of the property, casualty and liability internal self-insurance fund. During the fiscal year ended June 30, 2011, the District opened a separate internal service fund to account for unemployment benefits. TASB Risk Management Fund bills the District quarterly for the unemployment benefits paid out by the Texas Workforce Commission.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 9. RISK MANAGEMENT – CONTINUED

Unemployment – Continued

The District maintains the self-insurance program for unemployment benefits which is funded by premiums charged to the general and special revenue funds. An accrual for incurred but not reported claims in the amount of \$234,554 has been recorded as of June 30, 2011. Changes in unemployment claims payable for the years ended June 30, 2011 and June 30, 2010:

	June 30, 2011	June 30, 2010
Claims payable, beginning of fiscal year	\$ 187,670	\$ 127,760
Incurred claims and claim adjustment expenses	77,896	270,455
Claim payments during the year	(31,012)	(210,545)
Claims payable, end of fiscal year	\$ 234,554	\$ 187,670

The liabilities for each type of claims payable described above are expected to be liquidated within the next twelve months, and are, therefore, recorded as current liabilities.

NOTE 10. EMPLOYEES' RETIREMENT PLAN AND RETIREE HEALTH PLAN

Retirement Plan Description

The District's employees are covered by the Teacher Retirement System of Texas (TRS). TRS, a public employee retirement system (PERS), is a multiple-employer defined benefit pension plan. It is a cost sharing PERS with one exception: all risks and costs are not shared by the District but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate multiplied by the aggregate annual compensation of all members of the retirement system during that fiscal year. The District's covered payroll for the year ended June 30, 2011, was \$328,010,077. For members of the retirement system entitled to the State's statutory minimum salary certain school personnel, the District pays the State's contribution on the part of the member's salary that exceeds the statutory minimum.

Types of Employees Covered

All members of public state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under the Texas Government Code are covered by the plan.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 10. EMPLOYEES' RETIREMENT PLAN AND RETIREE HEALTH PLAN – CONTINUED

Benefit Provisions and Service Requirements

TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of the Texas Constitution Article XVI, Section 67 and the Texas Government Code, Title 8, Subtitle C, Chapter 803 and 805, respectively. Service requirements are as follows:

Normal - Age 65 with 5 or more years of service credit, or at least age 60 and the sum of member's age and years of credit equals or exceeds 80, with at least five years of service.

Reduced – If a member prior to September 1, 2007, age 55 with 5 or more years of service credit, or any age below 50 with 30 or more years of credited service. If a member on or after September 1, 2007, at least age 55 with five or more years of service credit; your age and service credit total 80 but age is less than 60 with at least 5 years of service credit; or 30 years of service credit and age is less than 60.

Members are fully vested after five years of creditable service and are entitled to any benefit for which eligibility requirements have been met.

Funding Policy

State law provides for a state contribution rate of 6.644% beginning January 1, 2010 and a member contribution rate of 6.4%. The State of Texas' contribution is a percentage of members' eligible gross earnings, except for those District employees subject to the statutory minimum rules and those employees being paid from and participating in federally funded programs. The statutory minimum requirements are based on the State of Texas minimum teacher schedule and then adjusted based on local tax rates. For employees paid by federal programs, the federal programs are required to contribute the state's portion.

Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) the state contribution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution of not less than 6% of the member's annual compensation rate and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year, (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of the particular actions, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period exceeds 31 years, the period would be increased by such action.

Retiree Health Plan

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 10. EMPLOYEES' RETIREMENT PLAN AND RETIREE HEALTH PLAN – CONTINUED

Retiree Health Plan – Continued

Plan Description – Continued

TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants.

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of the public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55%. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee. In addition, the State of Texas contributed \$849,739 in 2011 for on-behalf payments for Medicare Part D.

Contributions Made

Contributions made by the State, the District and its employees; and the District's covered payroll for the fiscal years 2011, 2010 and 2009 are as follows:

	2011	2010	2009
Covered Payroll	\$ 328,010,077	\$ 320,851,289	\$ 312,474,500
Contributions made by the State	19,927,240	19,611,938	18,922,208
Retirement plan rate *	6.64%	6.58-6.644%	6.58%
Retiree health care rate	1.00%	1.00%	1.00%
Medicare Part D	849,739	784,036	731,599
District Required and Actual contributions to TRS & TRS - Care	5,995,589	5,593,165	5,494,958
Employee contributions to TRS & TRS - Care	20,992,573	20,534,144	2,008,789

* Retirement plan rate increased to 6.644% beginning 1/1/10

The contributions made by the State on behalf of the District have been recorded in the government-wide financial statements and in the fund financial statement of the General Fund as both state revenues and payroll expenditures. These contributions are the legal responsibility of the State.

TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan and TRS-Care. This report may be obtained by contacting the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 11. RECAPTURE PAYMENT

Intergovernmental Charges include an amount of \$28,998,089 representing recapture payments made in accordance with the state school finance law. The state school finance law has capped the amount of property value per student that can be retained by local districts at \$476,500 per student. The District's property value of \$523,268 per weighted average daily attendance is significantly higher than the state mandated limit. The amount of tax revenue generated by the excess property value over the state mandated limit is recaptured by the state. The formula for this expense is based on prior taxable value using current year tax collections and current year WADA (weighted average daily attendance). The District's recapture payment for 2010-2011 of \$28,601,678 decreased \$6 million due to the increase in the WADA of 1,043 resulting in the lower property value per WADA. Due to prior year adjustments and final settle ups, the District made additional payments of \$396,411. Final settle up for 2010-2011 takes place well after the District's fiscal year end and may result in a refund or payable of additional amounts.

NOTE 12. COMMITMENTS AND CONTINGENCIES

The District received financial resources from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, subject to audit by the grantor agencies and the Texas Education Agency. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, any such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2011.

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements. A provision for losses has been recorded in the self-funded internal service fund to pay the cost of deductibles associated with the District's professional legal liability insurance.

The District is party to several operating leases for the rental of copier machines and portable buildings. These leases are for various terms with expiration dates through 2015. Payments under the leases for the year ended June 30, 2011 totaled \$1,446,463. Future obligations under the leases are as follows:

2012	\$	1,279,704
2013		1,262,105
2014		879,366
2015		113,887

NOTE 13. SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Service Arrangement (SSA) which provides deaf education services to member districts whose students are enrolled in the Regional Day School Program for the Deaf (RDSPD). In addition to the District, other member districts include Allen ISD, Anna ISD, Blue Ridge ISD,

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 13. SHARED SERVICE ARRANGEMENTS – CONTINUED

Celina ISD, Community ISD, Coppell ISD, Farmersville ISD, Frisco ISD, Lovejoy ISD, McKinney ISD, Melissa ISD, Princeton ISD, Prosper ISD, Richardson ISD and Wylie ISD.

The District, acting as the fiscal agent, receives monies from the granting agencies and administers the program. The fiscal agent is responsible for employment of personnel, budgeting, accounting and reporting. According to guidance provided in the TEA Financial Accounting Resource Guide, Update 14.0, the District has accounted for the activities of the SSA in the appropriate special revenue funds. Additionally, the SSA is accounted for using Model #2 in Section 1.3.1.6 of the Accounting and Reporting Treatment Guidance.

According to the SSA agreement, costs incurred by the RDSPD over and above the amount of state and federal funds received shall be divided among the member districts using a weighted formula based on student services, time and distance to a school.

Expenditures billed to the SSA members as of June 30, 2011 are summarized below:

Allen ISD	\$ 102,095
Anna ISD	16,038
Blue Ridge ISD	10,773
Celina ISD	6,930
Community ISD	7,130
Coppell ISD	73,135
Farmersville ISD	2,177
Frisco ISD	195,897
Lovejoy ISD	27,389
McKinney ISD	244,541
Melissa ISD	9,263
Plano ISD	588,385
Princeton ISD	27,100
Prosper ISD	13,814
Richardson ISD	191,146
Wylie ISD	82,060
Total	<u>\$ 1,597,873</u>

NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 64, Accounting and Financial Reporting for Derivative Instruments, which will be effective for periods beginning after June 15, 2011. The Statement clarifies the existing requirements for the termination of hedge accounting. This statement applies to all state and government and amends Statement 53, paragraphs 22d and 82. The District has no derivative instruments. In the future if there is a situation that applies to this Statement, the District will account for it appropriately.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

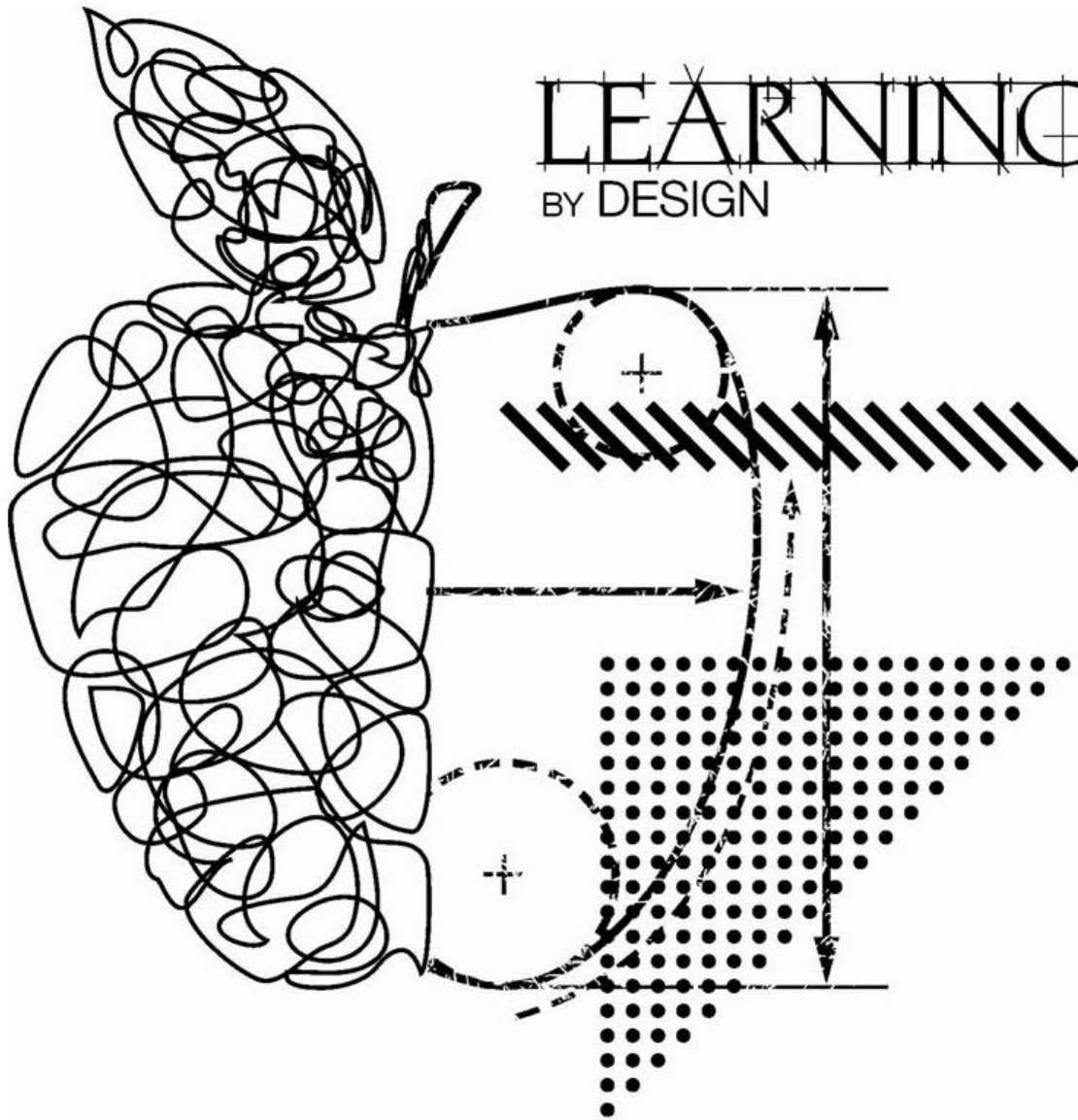
NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

The GASB issued Statement No. 63, Accounting and Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which will be effective in the fiscal year ending December 15, 2011. The Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The District will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

The GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, which will be effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The District will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

LEARNING

BY DESIGN



**REQUIRED SUPPLEMENTARY
INFORMATION**

EXHIBIT G-1

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 348,528,338	\$ 352,517,384	\$ 354,104,431	\$ 1,587,047
5800	State Program Revenues	101,306,384	90,567,480	91,954,332	1,386,852
5900	Federal Program Revenues	1,472,470	2,629,880	2,819,470	189,590
5020	Total Revenues	<u>451,307,192</u>	<u>445,714,744</u>	<u>448,878,233</u>	<u>3,163,489</u>
EXPENDITURES:					
Current:					
0011	Instruction	280,787,525	255,137,951	252,144,806	2,993,145
0012	Instructional Resources and Media Services	8,201,692	8,366,037	8,319,251	46,786
0013	Curriculum and Instructional Staff Development	6,350,009	6,142,380	6,181,923	(39,543)
0021	Instructional Leadership	3,136,035	3,313,350	3,284,599	28,751
0023	School Leadership	22,676,634	23,095,419	22,925,330	170,089
0031	Guidance, Counseling and Evaluation Services	16,011,608	16,831,610	16,681,598	150,012
0032	Social Work Services	1,135,613	1,103,408	1,079,105	24,303
0033	Health Services	4,381,173	4,737,943	4,694,710	43,233
0034	Student (Pupil) Transportation	9,358,613	9,721,351	9,626,618	94,733
0036	Extracurricular Activities	7,344,621	7,333,745	7,011,554	322,191
0041	General Administration	9,025,508	8,921,110	8,664,589	256,521
0051	Facilities Maintenance and Operations	43,736,079	41,754,200	40,485,278	1,268,922
0052	Security and Monitoring Services	3,032,492	2,867,776	2,746,680	121,096
0053	Data Processing Services	5,558,934	5,353,685	5,236,021	117,664
0061	Community Services	684,888	801,206	774,507	26,699
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	31,963,702	29,998,089	28,998,089	1,000,000
0092	Incremental Costs Associated with Chapter 41	600,000	600,000	443,936	156,064
0093	Payments to Fiscal Agent/Member District of SSA	253,000	245,850	245,850	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	203,700	203,700	102,947	100,753
0097	Payments to Tax Increment Fund	4,900,000	8,912,293	8,912,292	1
0099	Other Intergovernmental charges	2,450,000	2,450,000	2,450,000	-
6030	Total Expenditures	<u>461,791,826</u>	<u>437,891,103</u>	<u>431,009,683</u>	<u>6,881,420</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,484,634)</u>	<u>7,823,641</u>	<u>17,868,550</u>	<u>10,044,909</u>
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	1,800,000	1,800,000	-
7915	Transfers In	11,642,274	1,920,000	2,043,213	123,213
8911	Transfers Out (Use)	(8,184,241)	(1,818,274)	(1,696,057)	122,217
7080	Total Other Financing Sources (Uses)	<u>3,458,033</u>	<u>1,901,726</u>	<u>2,147,156</u>	<u>245,430</u>
1200	Net Change in Fund Balances	(7,026,601)	9,725,367	20,015,706	10,290,339
0100	Fund Balance - July 1 (Beginning)	<u>132,170,392</u>	<u>132,170,392</u>	<u>132,170,392</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 125,143,791</u>	<u>\$ 141,895,759</u>	<u>\$ 152,186,098</u>	<u>\$ 10,290,339</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. BUDGETS

The District is required by state law to adopt an annual budget for the General Fund, presented on the modified accrual basis of accounting, which is consistent with GAAP. Annual budgets are also adopted for the Child Nutrition Program and the Debt Service Fund.

The following procedures are used in establishing the budgetary data reflected in the financial statements:

- A. Prior to June 30 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- B. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget after giving at least ten days and up to 30 days public notice of the meeting.
- C. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Trustees.
- D. Budget data is filed with the Texas Education Agency as a part of the District's annual fall submission to the TEA Public Education Information Management System (PEIMS).

Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board of Trustees. The function level is the legal level of budgetary control and the object level is the administrative level of control. Amendments are presented to the Board at its regular meetings. Each amendment crossing the function level must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year-end, as dictated by law.

Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Board approval is not required for amendments by department heads that move monies within a function. Budgeted amounts are as amended by the Board of Trustees. All budget appropriations lapse at year-end.

NOTE 2. SIGNIFICANT ITEMS

Budget Amendments

During the year, numerous budget amendments are approved by the Board in order to redistribute the budget to align specific amounts to meet projected actual expenditures. The Board also approves appropriations of fund balance to meet budgetary needs that may arise after the original budget is approved.

Significant changes between the original and final budgets in the General Fund include the following:

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 2. SIGNIFICANT ITEMS – CONTINUED

Budget Amendments – Continued

<u>Type of Revenue/Expenditure</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budget Amendments</u>
Local Revenue	\$ 348,528,338	\$ 352,517,384	\$ 3,989,046
State Revenues	101,306,384	90,567,480	(10,738,904)
Federal Revenue	1,472,470	2,629,880	1,157,410
Instruction	280,787,525	255,137,951	(25,649,574)

The original budget projection for Local Revenue was increased due to an increase in tax collections of \$5.3M, a decrease in interest revenue of \$1.2M, a decrease in TIF revenue of \$1M, and a net increase to other miscellaneous local revenue of \$800,000. The tax collection increase was a result of an increase in the final assessed property values which were received after the original budget was adopted.

The adopted budget for State Revenue was decreased to account for the change in funding from the state. The state funded \$14.6M to the District from federal ARRA funds which are accounted for in federal fund 266. Other increases and decreases in state revenue include: increase in TRS on Behalf Revenue of \$1.5M, increase of \$5.3M due to prior year funding corrections relating to the TIF, a decrease of \$1.5M to move the Technology Allotment to fund 411, and a net \$1.4M decrease in state funding due to the increase in tax collections.

The Federal Revenue budget was increased to account for rebates received relating to the Build America Bonds issued in November 2009. The District receives direct subsidy payments from the U.S. Department of Treasury in the amount of 35% of each interest payment made with respect to the Series 2009 B bonds.

The Instruction expenditure budget was decreased by \$14.6M to move cost to the federal fund 266 to be paid from the ARRA State Stabilization funds, \$8.6M to move cost to the Education Jobs fund 287, \$1.6M for TRS on Behalf Payments and, \$1.5M of instructional technology expenses were moved to the Technology Allotment fund 411.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 2. SIGNIFICANT ITEMS – CONTINUED

Excess Expenditures

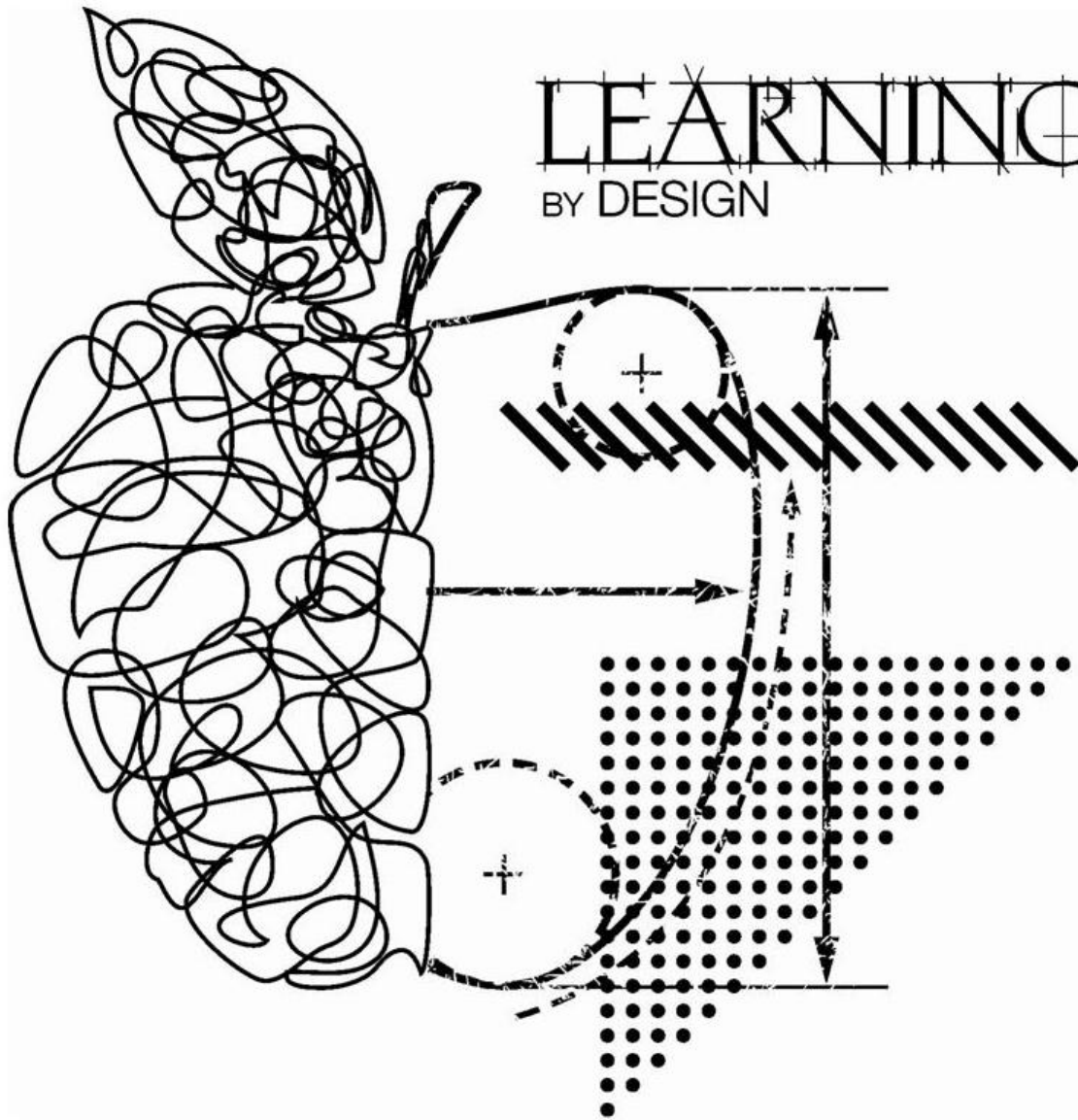
The Budgetary Comparison Schedule for the General Fund indicates an excess of expenditures over appropriations for the year ended June 30, 2011, in one area. Funds sufficient to provide for the excess expenditures were made available from current year revenues, and the excess had no impact on the financial results of the District. The following is a summary of the items:

<u>Type of Expenditure</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
Curriculum and Instructional Staff Development	\$ 6,142,380	\$ 6,181,923	\$ (39,543)

The variance is less than 1% of the actual expenditure. Total expenditures did not exceed the total budget.

LEARNING

BY DESIGN



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

LEARNING

BY DESIGN

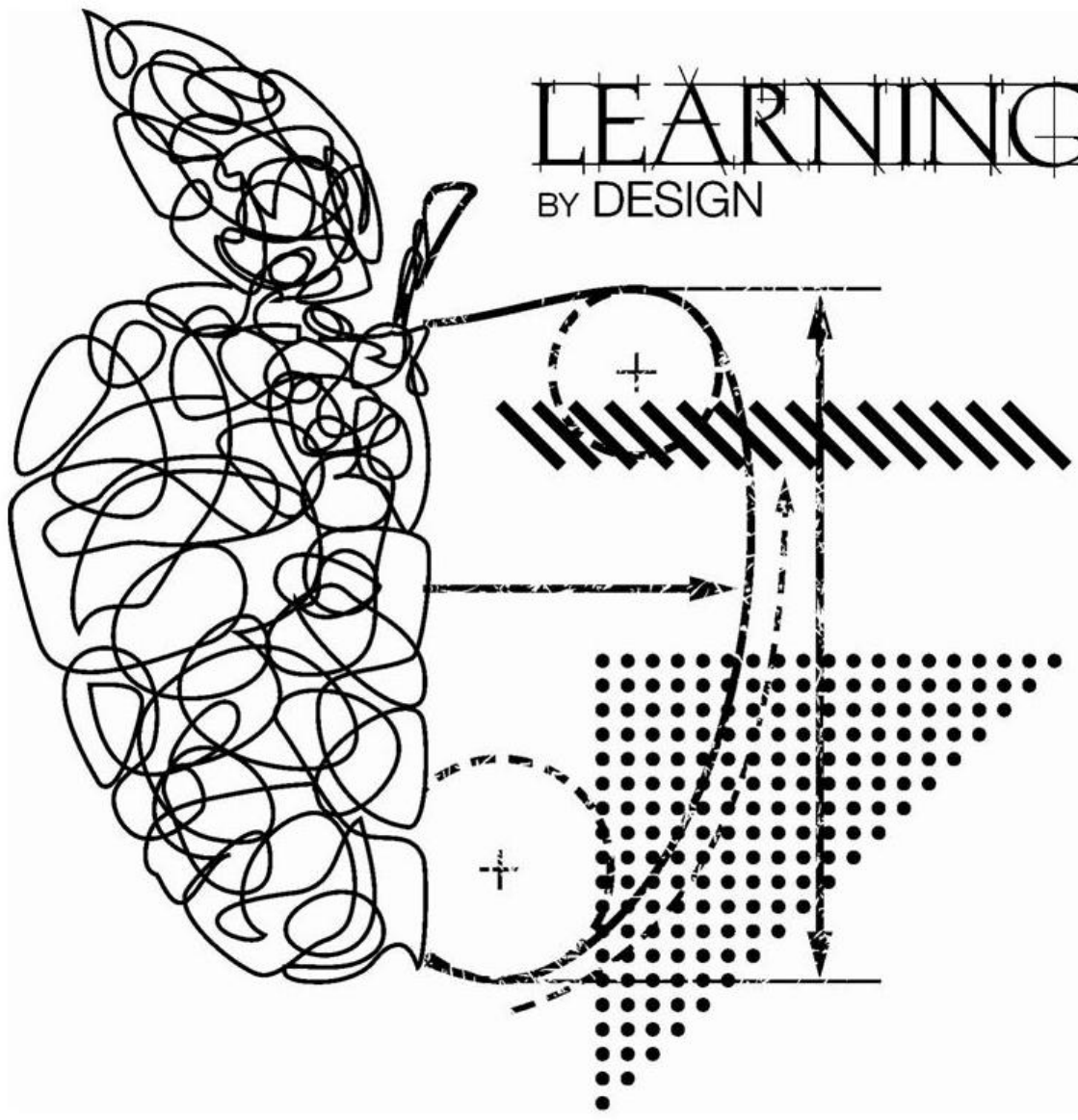


EXHIBIT H-1

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700	Total Local and Intermediate Sources		\$ 104,848,068	\$ (271,932)
5020	Total Revenues		104,848,068	(271,932)
EXPENDITURES:				
Debt Service:				
0071	Debt Service - Principal on Long Term Debt		58,165,000	-
0072	Debt Service - Interest on Long Term Debt		48,353,648	1
0073	Debt Service - Bond Issuance Cost and Fees		749,281	75,719
6030	Total Expenditures		107,267,928	75,720
1100	Deficiency of Revenues Under Expenditures		(2,419,860)	(196,212)
OTHER FINANCING SOURCES (USES):				
7911	Refunding Bonds Issued		108,815,000	-
7915	Transfers In		261,827	(13,173)
7916	Premium or Discount on Issuance of Bonds		14,304,238	-
8949	Payment to Bond Escrow Agent		(122,845,201)	-
7080	Total Other Financing Sources (Uses)		535,864	(13,173)
1200	Net Change in Fund Balances		(1,883,996)	(209,385)
0100	Fund Balance - July 1 (Beginning)		39,319,523	-
3000	Fund Balance - June 30 (Ending)		\$ 37,435,527	\$ (209,385)

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

Data Control Codes	240 National Breakfast and Lunch Program	266 Title XIV ARRA State Stabilization	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds	
ASSETS					
1110	Cash and Investments	\$ 8,625,600	\$ -	\$ 7,306	\$ -
1240	Due from Other Governments	176,925	3,937,900	4,001,488	58,591
1250	Accrued Interest	6,326	-	-	-
1290	Other Receivables	233,206	-	-	-
1300	Inventories	284,476	-	-	-
1000	Total Assets	<u>\$ 9,326,533</u>	<u>\$ 3,937,900</u>	<u>\$ 4,008,794</u>	<u>\$ 58,591</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 29,878	\$ -	\$ 48,204	\$ -
2160	Accrued Wages Payable	195,281	2,142,322	2,009,316	15,980
2170	Due to Other Funds	-	1,795,578	1,944,334	42,611
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	600,089	-	-	-
2000	Total Liabilities	<u>825,248</u>	<u>3,937,900</u>	<u>4,001,854</u>	<u>58,591</u>
Fund Balances:					
Non Spendable					
3410	Investments in Inventory	284,476	-	-	-
Restricted					
3450	Food Services	8,216,809	-	-	-
3450	Federal Special Revenue	-	-	6,940	-
3450	State Special Revenue	-	-	-	-
Committed					
3545	Local Special Revenue	-	-	-	-
3000	Total Fund Balances	<u>8,501,285</u>	<u>-</u>	<u>6,940</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 9,326,533</u>	<u>\$ 3,937,900</u>	<u>\$ 4,008,794</u>	<u>\$ 58,591</u>

EXHIBIT H-2

411 Technology Allotment	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 363,720	\$ 1,200,297	\$ 5,888,314	\$ 16,085,237
24,426	161,481	-	-	8,360,811
-	-	-	1,676	8,002
-	-	-	55	233,261
-	-	-	-	284,476
<u>\$ 24,426</u>	<u>\$ 525,201</u>	<u>\$ 1,200,297</u>	<u>\$ 5,890,045</u>	<u>\$ 24,971,787</u>
\$ -	\$ 68,002	\$ 50	\$ 29,583	\$ 175,717
-	2,497	480,513	8,896	4,854,805
24,426	85,179	-	11,703	3,903,831
-	-	-	293	293
-	4,341	719,734	-	1,324,164
<u>24,426</u>	<u>160,019</u>	<u>1,200,297</u>	<u>50,475</u>	<u>10,258,810</u>
-	-	-	-	284,476
-	-	-	-	8,216,809
-	365,182	-	-	6,940
-	-	-	5,839,570	365,182
-	-	-	-	5,839,570
-	365,182	-	5,839,570	14,712,977
<u>\$ 24,426</u>	<u>\$ 525,201</u>	<u>\$ 1,200,297</u>	<u>\$ 5,890,045</u>	<u>\$ 24,971,787</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	240 National Breakfast and Lunch Program	266 Title XIV ARRA State Stabilization	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds	
REVENUES					
5700	Total Local and Intermediate Sources	\$ 12,716,919	\$ -	\$ 67,542	\$ -
5800	State Program Revenues	515,420	-	-	-
5900	Federal Program Revenues	8,008,835	14,476,778	30,916,925	301,126
5020	Total Revenues	<u>21,241,174</u>	<u>14,476,778</u>	<u>30,984,467</u>	<u>301,126</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	14,642,042	24,290,582	191,665
0012	Instructional Resources and Media Services	-	-	35,500	-
0013	Curriculum and Instructional Staff Development	-	3,793	2,756,284	18,764
0021	Instructional Leadership	-	-	668,208	7,114
0023	School Leadership	-	-	540	-
0031	Guidance, Counseling and Evaluation Services	-	-	1,231,722	57,544
0032	Social Work Services	-	-	2,639	-
0033	Health Services	-	-	311,402	-
0034	Student (Pupil) Transportation	-	-	153,401	-
0035	Food Services	20,619,560	-	34,385	-
0036	Extracurricular Activities	-	-	88,843	25,794
0041	General Administration	102,728	-	5,361	-
0051	Facilities Maintenance and Operations	1,028,246	-	63,446	-
0052	Security and Monitoring Services	-	-	7,868	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	1,078,863	245
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	588,385	-
6030	Total Expenditures	<u>21,750,534</u>	<u>14,645,835</u>	<u>31,317,429</u>	<u>301,126</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(509,360)</u>	<u>(169,057)</u>	<u>(332,962)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	1,165,320	169,057	325,976	-
8911	Transfers Out	-	-	-	-
7080	Total Other Financing Sources	<u>1,165,320</u>	<u>169,057</u>	<u>325,976</u>	<u>-</u>
1200	Net Change in Fund Balance	655,960	-	(6,986)	-
0100	Fund Balance - July 1 (Beginning)	<u>7,845,325</u>	<u>-</u>	<u>13,926</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 8,501,285</u>	<u>\$ -</u>	<u>\$ 6,940</u>	<u>\$ -</u>

EXHIBIT H-3

411 Technology Allotment	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 1,500	\$ 245,850	\$ 2,930,990	\$ 15,962,801
1,541,761	4,478,107	3,372,512	-	9,907,800
-	-	-	-	53,703,664
<u>1,541,761</u>	<u>4,479,607</u>	<u>3,618,362</u>	<u>2,930,990</u>	<u>79,574,265</u>
1,391,632	4,161,530	3,274,970	1,085,029	49,037,450
-	1,320	-	6,005	42,825
-	92,086	3,149	358,972	3,233,048
-	20,158	140,542	1,002	837,024
-	7,942	-	327,158	335,640
-	57,465	16,426	10,119	1,373,276
-	-	-	359	2,998
-	-	-	12,615	324,017
-	-	-	837	154,238
-	-	-	8,419	20,662,364
-	676	-	327,800	443,113
-	-	-	175,519	283,608
-	-	50	176,421	1,268,163
-	-	-	157,798	165,666
150,129	-	-	291,909	442,038
-	81,742	183,225	9,467	1,353,542
-	-	-	-	588,385
<u>1,541,761</u>	<u>4,422,919</u>	<u>3,618,362</u>	<u>2,949,429</u>	<u>80,547,395</u>
-	56,688	-	(18,439)	(973,130)
-	-	-	1,164,304	2,824,657
-	-	-	(1,128,600)	(1,128,600)
-	-	-	35,704	1,696,057
-	56,688	-	17,265	722,927
-	308,494	-	5,822,305	13,990,050
<u>\$ -</u>	<u>\$ 365,182</u>	<u>\$ -</u>	<u>\$ 5,839,570</u>	<u>\$ 14,712,977</u>

EXHIBIT H-4

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NATIONAL BREAKFAST AND LUNCH PROGRAM
FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 12,781,352	\$ 12,781,352	\$ 12,716,919	\$ (64,433)
5800	State Program Revenues	506,889	506,889	515,420	8,531
5900	Federal Program Revenues	7,064,959	7,413,458	8,008,835	595,377
5020	Total Revenues	<u>20,353,200</u>	<u>20,701,699</u>	<u>21,241,174</u>	<u>539,475</u>
EXPENDITURES:					
0035	Food Services	20,637,020	20,992,800	20,619,560	373,240
0041	General Administration	-	106,531	102,728	3,803
0051	Facilities Maintenance and Operations	243,400	1,948,500	1,028,246	920,254
6030	Total Expenditures	<u>20,880,420</u>	<u>23,047,831</u>	<u>21,750,534</u>	<u>1,297,297</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(527,220)	(2,346,132)	(509,360)	1,836,772
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	225,000	1,153,560	1,165,320	11,760
7080	Total Other Financing Sources (Uses)	<u>225,000</u>	<u>1,153,560</u>	<u>1,165,320</u>	<u>11,760</u>
1200	Net Change in Fund Balances	(302,220)	(1,192,572)	655,960	1,848,532
0100	Fund Balance - July 1 (Beginning)	7,845,325	7,845,325	7,845,325	-
3000	Fund Balance - June 30 (Ending)	<u>\$ 7,543,105</u>	<u>\$ 6,652,753</u>	<u>\$ 8,501,285</u>	<u>\$ 1,848,532</u>

EXHIBIT H-5

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2011**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 37,191	\$ 25,420	\$ 10,524	\$ -	\$ 73,135
Accrued Interest	-	-	8	-	8
Other Receivables	-	343,039	-	2,797	345,836
Total Current Assets	<u>37,191</u>	<u>368,459</u>	<u>10,532</u>	<u>2,797</u>	<u>418,979</u>
Noncurrent Assets:					
Capital Assets:					
Furniture and Equipment	-	-	5,445	-	5,445
Depreciation on Furniture and Equipment	-	-	(5,445)	-	(5,445)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>37,191</u>	<u>368,459</u>	<u>10,532</u>	<u>2,797</u>	<u>418,979</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	162	42,300	625	-	43,087
Accrued Wages Payable	37,029	15,457	-	-	52,486
Due to Other Funds	-	-	-	614	614
Deferred Revenues	-	310,702	-	-	310,702
Total Liabilities	<u>37,191</u>	<u>368,459</u>	<u>625</u>	<u>614</u>	<u>406,889</u>
NET ASSETS					
Unrestricted Net Assets	<u>-</u>	<u>-</u>	<u>9,907</u>	<u>2,183</u>	<u>12,090</u>
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,907</u>	<u>\$ 2,183</u>	<u>\$ 12,090</u>

EXHIBIT H-6

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Local and Intermediate Sources	\$ 725,805	\$ 6,959,920	\$ 233,748	\$ 42,951	\$ 7,962,424
Total Operating Revenues	<u>725,805</u>	<u>6,959,920</u>	<u>233,748</u>	<u>42,951</u>	<u>7,962,424</u>
OPERATING EXPENSES:					
Payroll Costs	611,338	3,922,255	95,348	40,574	4,669,515
Professional and Contracted Services	33,491	132,207	140	-	165,838
Supplies and Materials	21,200	58,273	94,962	194	174,629
Other Operating Costs	48,235	818,976	52,781	-	919,992
Total Operating Expenses	<u>714,264</u>	<u>4,931,711</u>	<u>243,231</u>	<u>40,768</u>	<u>5,929,974</u>
Operating Income (Loss)	<u>11,541</u>	<u>2,028,209</u>	<u>(9,483)</u>	<u>2,183</u>	<u>2,032,450</u>
NON OPERATING REVENUES (EXPENSES):					
Earnings from Temporary Deposits & Investments	-	3,463	-	-	3,463
Total Non Operating Revenues (Expenses)	<u>-</u>	<u>3,463</u>	<u>-</u>	<u>-</u>	<u>3,463</u>
Income (Loss) Before Transfers	11,541	2,031,672	(9,483)	2,183	2,035,913
Transfers Out	<u>(11,541)</u>	<u>(2,031,672)</u>	<u>-</u>	<u>-</u>	<u>(2,043,213)</u>
Change in Net Assets	-	-	(9,483)	2,183	(7,300)
Total Net Assets - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>19,390</u>	<u>-</u>	<u>19,390</u>
Total Net Assets - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,907</u>	<u>\$ 2,183</u>	<u>\$ 12,090</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
CASH FLOW FROM OPERATING ACTIVITIES					
Cash Received from User Charges	\$ 725,805	\$ 6,992,326	\$ 233,748	\$ 40,154	\$ 7,992,033
Cash Payments to Employees for Services	(611,371)	(3,936,782)	(95,348)	(40,574)	(4,684,075)
Cash Payments for Suppliers	(55,002)	(182,939)	(94,477)	420	(331,998)
Cash Payments for Other Operating Expenses	(48,235)	(818,976)	(52,781)	-	(919,992)
Net Cash Provided by (Used for) Operating Activities	<u>11,197</u>	<u>2,053,629</u>	<u>(8,858)</u>	<u>-</u>	<u>2,055,968</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers Out	(11,541)	(2,031,672)	-	-	(2,043,213)
Net Cash used for Non-Capital Financing Activities	<u>(11,541)</u>	<u>(2,031,672)</u>	<u>-</u>	<u>-</u>	<u>(2,043,213)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	-	-	18,551	-	18,551
Purchase of Investment Securities	-	(1,638)	-	-	(1,638)
Interest and Dividends on Investments	-	3,463	117	-	3,580
Net Cash Provided by Investing Activities	<u>-</u>	<u>1,825</u>	<u>18,668</u>	<u>-</u>	<u>20,493</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(344)</u>	<u>23,782</u>	<u>9,810</u>	<u>-</u>	<u>33,248</u>
Cash and Cash Equivalents at Beginning of the Year	<u>37,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,535</u>
Cash and Cash Equivalents at the End of the Year	37,191	23,782	9,810	-	70,783
Temporary Investment Not in Cash Equivalents	-	1,638	714	-	2,352
Cash on Statement of Net Assets	<u>\$ 37,191</u>	<u>\$ 25,420</u>	<u>\$ 10,524</u>	<u>\$ -</u>	<u>\$ 73,135</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 11,541	\$ 2,028,209	\$ (9,483)	\$ 2,183	\$ 2,032,450
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities					
Effect of Increases and Decreases in Current Assets and Liabilities					
Decrease (increase) in Receivables	-	(82,739)	-	(2,797)	(85,536)
Increase (decrease) in Accounts Payable	(311)	13,284	625	-	13,598
Increase (decrease) in Accrued Wages Payable	(33)	(14,527)	-	-	(14,560)
Increase (decrease) in Deferred Revenues	-	115,145	-	-	115,145
Increase (decrease) in Due to Other Funds	-	(5,743)	-	614	(5,129)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 11,197</u>	<u>\$ 2,053,629</u>	<u>\$ (8,858)</u>	<u>\$ -</u>	<u>\$ 2,055,968</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011**

	752	753
	Print Shop	Health Benefits
ASSETS		
Current Assets:		
Cash and Investments	\$ 532,062	\$ 3,583,902
Accrued Interest	393	2,645
Other Receivables	9,830	65,521
Other Current Assets	-	-
Total Current Assets	542,285	3,652,068
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	52,468	-
Depreciation on Furniture and Equipment	(26,753)	-
Total Noncurrent Assets	25,715	-
Total Assets	568,000	3,652,068
LIABILITIES		
Current Liabilities		
Accounts Payable	68,918	2,605,934
Accrued Wages Payable	7,002	-
Accrued Expenses	-	141,175
Total Liabilities	75,920	2,747,109
NET ASSETS		
Investments in Capital Assets	25,715	-
Unrestricted Net Assets	466,365	904,959
Total Net Assets	\$ 492,080	\$ 904,959

EXHIBIT H-8

772 Workers' Compensation Self-Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 3,072,518	\$ 1,068,191	\$ 314,073	\$ 239,830	\$ 8,810,576
2,268	950	231	16	6,503
-	-	-	129,255	204,606
88,520	-	-	-	88,520
<u>3,163,306</u>	<u>1,069,141</u>	<u>314,304</u>	<u>369,101</u>	<u>9,110,205</u>
-	-	8,672	-	61,140
-	-	(7,805)	-	(34,558)
-	-	867	-	26,582
<u>3,163,306</u>	<u>1,069,141</u>	<u>315,171</u>	<u>369,101</u>	<u>9,136,787</u>
34,789	58,876	-	828	2,769,345
-	-	-	-	7,002
1,722,000	234,554	-	52,020	2,149,749
<u>1,756,789</u>	<u>293,430</u>	<u>-</u>	<u>52,848</u>	<u>4,926,096</u>
-	-	867	-	26,582
<u>1,406,517</u>	<u>775,711</u>	<u>314,304</u>	<u>316,253</u>	<u>4,184,109</u>
<u>\$ 1,406,517</u>	<u>\$ 775,711</u>	<u>\$ 315,171</u>	<u>\$ 316,253</u>	<u>\$ 4,210,691</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	752	753
	Print Shop	Health Benefits
OPERATING REVENUES		
Local and Intermediate Services	\$ 1,413,832	\$ 34,812,111
Total Operating Revenues	<u>1,413,832</u>	<u>34,812,111</u>
OPERATING EXPENSES		
Payroll Costs	304,741	407,837
Professional and Contracted Services	735,309	376,074
Supplies and Materials	374,637	5,870
Other Operating Costs	4,286	33,487,851
Total Operating Expenses	<u>1,418,973</u>	<u>34,277,632</u>
Operating Income (Loss)	<u>(5,141)</u>	<u>534,479</u>
NON OPERATING REVENUES (EXPENSES)		
Earnings from Temporary Deposits & Investments	1,966	-
Insurance Recovery	-	-
Total Non Operating Revenues (Expenses)	<u>1,966</u>	<u>-</u>
Change in Net Assets	(3,175)	534,479
Total Net Assets - July 1 (Beginning)	<u>495,255</u>	<u>370,480</u>
Total Net Assets - June 30 (Ending)	<u>\$ 492,080</u>	<u>\$ 904,959</u>

EXHIBIT H-9

772 Workers' Compensation Self-Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
<u>\$ 500,000</u>	<u>\$ 1,100,000</u>	<u>\$ 42,512</u>	<u>\$ 259,202</u>	<u>\$ 38,127,657</u>
<u>500,000</u>	<u>1,100,000</u>	<u>42,512</u>	<u>259,202</u>	<u>38,127,657</u>
446,345	-	-	-	1,158,923
1,144,711	-	-	210,059	2,466,153
37,472	-	9,307	37,066	464,352
<u>450,369</u>	<u>324,442</u>	<u>867</u>	<u>31,051</u>	<u>34,298,866</u>
<u>2,078,897</u>	<u>324,442</u>	<u>10,174</u>	<u>278,176</u>	<u>38,388,294</u>
<u>(1,578,897)</u>	<u>775,558</u>	<u>32,338</u>	<u>(18,974)</u>	<u>(260,637)</u>
17,218	153	1,291	2,671	23,299
<u>-</u>	<u>-</u>	<u>-</u>	<u>166,963</u>	<u>166,963</u>
<u>17,218</u>	<u>153</u>	<u>1,291</u>	<u>169,634</u>	<u>190,262</u>
<u>(1,561,679)</u>	<u>775,711</u>	<u>33,629</u>	<u>150,660</u>	<u>(70,375)</u>
<u>2,968,196</u>	<u>-</u>	<u>281,542</u>	<u>165,593</u>	<u>4,281,066</u>
<u>\$ 1,406,517</u>	<u>\$ 775,711</u>	<u>\$ 315,171</u>	<u>\$ 316,253</u>	<u>\$ 4,210,691</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	752	753
	Print Shop	Health Benefits Self-Funded
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Received from User Charges	\$ 1,404,002	\$ 34,747,167
Cash Payments to Employees for Services	(297,739)	(360,503)
Cash Payments for Insurance Claims	-	(381,706)
Cash Payments for Suppliers	(1,041,028)	(274,687)
Cash Payments for Other Operating Expenses	-	(33,334,850)
Net Cash Provided by (Used for) Operating Activities	<u>65,235</u>	<u>395,421</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Insurance Proceeds	-	-
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of securities	145,509	1,067,084
Purchase of investment securities	-	-
Interest and Dividends on Investments	4,592	15,291
Net Cash Provided by (used for) Investing Activities	<u>150,101</u>	<u>1,082,375</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	215,336	1,477,796
Cash and Cash Equivalents at Beginning of the Year	284,972	1,891,179
Cash and Cash Equivalents at the End of the Year	500,308	3,368,975
Temporary Investment Not in Cash Equivalents	31,754	214,927
Cash on Balance Sheet	<u>\$ 532,062</u>	<u>\$ 3,583,902</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (5,141)	\$ 534,479
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	4,286	-
Effect of Increases and Decreases in Current Assets and Liabilities		
Decrease (increase) in Receivables	(9,830)	(64,944)
Decrease (increase) in Prepaid Expenses	-	25,000
Increase (decrease) in Accounts Payable	68,918	128,002
Increase (decrease) in Accrued Wages Payable	7,002	-
Increase (decrease) in Accrued Expenses	-	(227,116)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 65,235</u>	<u>\$ 395,421</u>

EXHIBIT H-10

772	773	775	786	
Workers' Compensation Self - Funded	Unemployment Self-Funded	Sign Shop	Insurance Claims Self-Funded	Total Internal Service Funds
\$ 500,000	\$ 1,100,000	\$ 42,512	\$ 129,947	\$ 37,923,628
(447,080)	-	-	-	(1,105,322)
(1,417,325)	(31,012)	-	(751,328)	(2,581,371)
(74,067)	-	(9,234)	-	(1,399,016)
(184,568)	-	-	-	(33,519,418)
<u>(1,623,040)</u>	<u>1,068,988</u>	<u>33,278</u>	<u>(621,381)</u>	<u>(681,499)</u>
-	-	-	166,963	166,963
-	-	-	166,963	166,963
1,694,003	-	103,598	258,102	3,268,296
-	(64,009)	-	-	(64,009)
45,323	(797)	2,875	7,143	74,427
<u>1,739,326</u>	<u>(64,806)</u>	<u>106,473</u>	<u>265,245</u>	<u>3,278,714</u>
116,286	1,004,182	139,751	(189,173)	2,764,178
2,772,001	-	155,439	414,505	5,518,096
2,888,287	1,004,182	295,190	225,332	8,282,274
184,231	64,009	18,883	14,498	528,302
<u>\$ 3,072,518</u>	<u>\$ 1,068,191</u>	<u>\$ 314,073</u>	<u>\$ 239,830</u>	<u>\$ 8,810,576</u>
\$ (1,578,897)	\$ 775,558	\$ 32,338	\$ (18,974)	\$ (260,637)
-	-	867	-	5,153
-	-	73	(129,255)	(203,956)
(88,520)	-	-	-	(63,520)
4,112	58,876	-	(33,180)	226,728
(735)	-	-	-	6,267
41,000	234,554	-	(439,972)	(391,534)
<u>\$ (1,623,040)</u>	<u>\$ 1,068,988</u>	<u>\$ 33,278</u>	<u>\$ (621,381)</u>	<u>\$ (681,499)</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance July 1 2010	Additions	Deductions	Balance June 30 2011
STUDENT ACTIVITY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 2,901,917	\$ 5,249,600	\$ 5,154,018	\$ 2,997,499
Accrued Interest	1,177	-	1,047	130
Other Receivables	2,107	-	920	1,187
	<u>2,905,201</u>	<u>5,249,600</u>	<u>5,155,985</u>	<u>2,998,816</u>
Total Assets	<u>\$ 2,905,201</u>	<u>\$ 5,249,600</u>	<u>\$ 5,155,985</u>	<u>\$ 2,998,816</u>
Liabilities:				
Accounts Payable	\$ 65,069	\$ 5,153,594	\$ 5,168,504	\$ 50,159
Accrued Wages	-	997	-	997
Due to Student Groups	2,840,132	5,252,894	5,145,366	2,947,660
	<u>2,840,132</u>	<u>5,252,894</u>	<u>5,145,366</u>	<u>2,947,660</u>
Total Liabilities	<u>\$ 2,905,201</u>	<u>\$ 10,407,485</u>	<u>\$ 10,313,870</u>	<u>\$ 2,998,816</u>

**REQUIRED
TEXAS EDUCATION AGENCY
REPORT SECTION**

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED JUNE 30, 2011**

Last 10 Years Ended June 30	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance July 1, 2010
	Maintenance	Debt Service		
2002 & PRIOR	1.4400	0.1885	\$ 25,625,181,207	\$ 399,465
2003	1.4700	0.2334	27,170,645,727	405,733
2004	1.5000	0.2334	27,594,319,479	488,014
2005	1.5000	0.2334	27,901,712,003	709,421
2006	1.5000	0.2334	28,921,415,823	843,897
2007	1.3300	0.2484	30,665,981,311	739,791
2008	1.0200	0.2484	32,254,750,285	620,698
2009	1.0400	0.2634	34,847,134,028	1,378,159
2010	1.0400	0.2884	33,530,843,785	5,051,079
2011	1.0400	0.3134	33,730,477,447	
1000	Totals			<u>\$ 10,636,257</u>
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code				<u>\$ -</u>

EXHIBIT J-1

Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance June 30, 2011
	\$ 8,472	\$ 1,109	\$ (111,994)	\$ 277,890
	8,887	1,411	(19,387)	376,048
	11,250	1,750	(26,780)	448,234
	27,760	4,319	(69,045)	608,297
	72,925	11,347	(57,276)	702,349
	94,056	17,567	(42,512)	585,656
	77,960	18,986	(55,597)	468,155
	145,203	36,776	(400,211)	795,969
	1,594,164	442,074	(1,812,431)	1,202,410
<u>449,546,631</u>	<u>341,496,181</u>	<u>102,908,561</u>	<u>(1,163,624)</u>	<u>3,978,265</u>
<u>\$ 449,546,631</u>	<u>\$ 343,536,858</u>	<u>\$ 103,443,900</u>	<u>\$ (3,758,857)</u>	<u>\$ 9,443,273</u>

<u>\$ -</u>	<u>\$ 8,912,292</u>	<u>\$ -</u>
-------------	---------------------	-------------

Ending Balance 6/30/2011	\$ 9,443,273
Add - County Education District Taxes Receivable	<u>6,367</u>
Total Delinquent Taxes Receivable 6/30/2011	9,449,640
Less Reserve for Uncollectible Taxes:	
General Fund	(3,023,282)
Debt Service Fund	<u>(585,929)</u>
Net Delinquent Balance 6/30/2011	<u>\$ 5,840,429</u>

EXHIBIT J-2

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT
COST FOR 2010-2011
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

FUNCTION 41 AND RELATED FUNCTION 53-GENERAL ADMINISTRATION, 99-APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 535,879	\$ 4,623,195	\$ 1,719,130	\$ -	\$ 6,878,204
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in Fn 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	472,320	-	-	-	472,320
6212	Audit Services	-	-	-	115,785	-	-	115,785
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	2,528,464	-	-	-	-	2,528,464
621X	Other Professional Services	-	-	-	40,666	-	-	40,666
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	46,995	-	-	46,995
6240	Contr. Maint. and Repair	-	-	-	-	23,582	-	23,582
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	-	46,535	-	46,535
6290	Miscellaneous Contr.	-	-	-	1,742,008	-	-	1,742,008
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	3,582	-	5,406	109,956	25,008	-	143,952
6410	Travel, Subsistence, Stipends	26,817	-	13,106	55,957	16,923	-	112,803
6420	Ins. And Bonding Costs	-	-	-	175,034	861	-	175,895
6430	Election Costs	52,020	-	-	-	-	-	52,020
6490	Miscellaneous Operating	45,702	-	12,146	348,663	3,768	-	410,279
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	<u>\$ 128,121</u>	<u>\$ 2,528,464</u>	<u>\$ 1,038,857</u>	<u>\$ 7,258,259</u>	<u>\$ 1,835,807</u>	<u>\$ -</u>	<u>\$ 12,789,508</u>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 511,557,078

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 462,095
Total Debt & Lease (6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	41,480,227
Food (Function 35, 6341 and 6499)	(13)	9,473,190
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>\$ 7,258,259</u>

SubTotal: 58,673,771

Net Allowed Direct Cost \$ 452,883,307

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	1,074,943,230
Historical Cost of Building over 50 years old	(16)	-
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	132,538,302
Historical Cost of Furniture & Equipment over 16 years old	(19)	-
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	-

(8) NOTE A: \$1,391,311 in Function 53 expenditures are included in this report on administrative costs.
\$2,450,000 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

STATISTICAL SECTION
(Unaudited)

This section of the Plano Independent School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well - being have changes over time.	93
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	100
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.	104
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	107
Operational Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities it performs.	110

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LEARNING

BY DESIGN

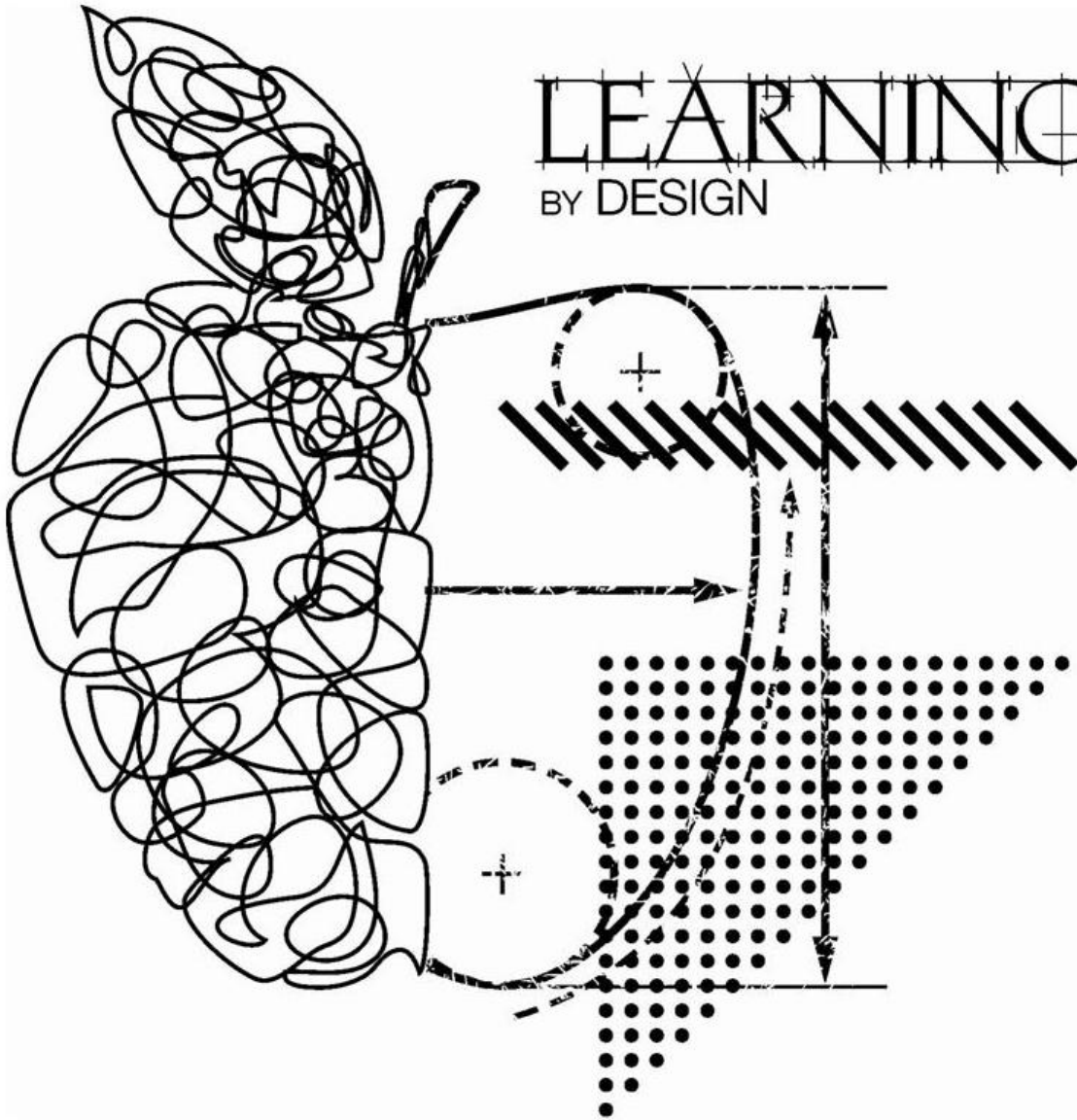


EXHIBIT S-1

**PLANO INDEPENDENT SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Unaudited)
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

	Fiscal Year								
	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in capital assets, net of related debt	\$ (24,245)	\$ (29,827)	\$ (14,497)	\$ (6,937)	\$ 6,177	\$ 10,868	\$ 13,461	\$ 26,482	\$ 41,667
Restricted	18,940	24,144	28,740	29,922	29,741	34,644	35,000	29,443	29,387
Unrestricted	91,910	131,755	131,166	146,159	160,607	158,432	150,549	146,015	164,593
Total Governmental Net Assets	<u>\$ 86,605</u>	<u>\$ 126,072</u>	<u>\$ 145,409</u>	<u>\$ 169,144</u>	<u>\$ 196,525</u>	<u>\$ 203,944</u>	<u>\$ 199,010</u>	<u>\$ 201,940</u>	<u>\$ 235,647</u>
Business Type Activities									
Invested in capital assets, net of related debt	\$ 4	\$ 3	\$ 3	\$ 2	\$ 2	\$ 1	\$ -	\$ -	\$ -
Restricted									
Unrestricted	(3)	-	13	16	32	(31)	33	19	12
Total Business Type Activities	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 16</u>	<u>\$ 18</u>	<u>\$ 34</u>	<u>\$ (30)</u>	<u>\$ 33</u>	<u>\$ 19</u>	<u>\$ 12</u>
Total Primary Government									
Invested in capital assets, net of related debt	\$ (24,241)	\$ (29,824)	\$ (14,494)	\$ (6,935)	\$ 6,179	\$ 10,869	\$ 13,461	\$ 26,482	\$ 41,667
Restricted	18,940	24,144	28,740	29,922	29,741	34,644	35,000	29,443	29,387
Unrestricted	91,907	131,755	131,179	146,175	160,639	158,401	150,582	146,034	164,605
Total Primary Government	<u>\$ 86,606</u>	<u>\$ 126,075</u>	<u>\$ 145,425</u>	<u>\$ 169,162</u>	<u>\$ 196,559</u>	<u>\$ 203,914</u>	<u>\$ 199,043</u>	<u>\$ 201,959</u>	<u>\$ 235,659</u>

¹ Fiscal year 2004 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2004 are September 1 through August 31 and years following 2004 are July 1 through June 30.

EXHIBIT S-2

**PLANO INDEPENDENT SCHOOL DISTRICT
CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

	Fiscal Year								
	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
Instruction	\$ 236,721	\$ 222,996	\$ 247,607	\$ 253,458	\$ 273,019	\$ 299,557	\$ 309,070	\$ 314,910	\$ 318,948
Instructional Resources & Media Services	10,117	9,401	10,843	11,052	11,527	10,104	9,650	9,104	9,511
Curriculum & Instructional Staff Development	7,120	6,072	6,040	6,378	7,432	8,764	8,733	9,046	9,638
Instructional Leadership	3,377	3,094	3,318	3,657	3,783	3,775	4,018	4,275	4,147
School Leadership	18,801	17,236	19,443	20,731	20,703	22,575	23,368	23,860	24,110
Guidance, Counseling & Evaluation Services	12,532	11,699	13,637	14,128	15,170	16,329	17,390	18,222	18,272
Social Work Services	1,370	1,228	1,054	1,118	1,246	1,266	1,320	1,205	1,082
Health Services	3,471	3,370	3,614	3,821	4,163	4,620	4,629	4,992	5,111
Student (Pupil) Transportation	8,280	6,864	7,790	7,951	8,918	10,903	8,968	11,352	7,378
Food Services	15,173	14,558	16,304	16,700	18,056	19,304	19,686	21,279	22,352
Cocurricular/Extracurricular Activities	5,548	6,241	7,297	7,703	8,196	8,482	9,240	9,272	9,122
General Administration	10,009	8,485	9,239	10,264	10,715	11,468	8,774	10,007	9,240
Plant Maintenance & Operations	35,785	33,352	38,091	39,629	42,957	43,518	43,944	43,660	43,993
Security & Monitoring Services	2,981	2,110	2,349	2,582	2,651	2,944	2,955	2,792	2,245
Data Processing Services	5,259	6,304	7,896	7,483	8,161	8,384	7,550	8,163	5,272
Community Services	3,412	4,589	5,612	6,118	6,193	1,220	1,553	1,985	2,245
Debt Service - Interest on Long Term Debt	31,116	27,484	30,354	32,887	35,720	37,533	42,373	47,343	43,932
Debt Service - Bond Issuance Cost and Fees	164	595	814	184	150	134	132	34	490
Facilities Acquisition & Construction	19,185	8,072	10,853	10,705	13,232	13,569	25,792	23,492	23,308
Contracted Instructional Services Between Schools	117,368	127,301	127,293	132,999	125,383	81,036	91,421	34,752	28,998
Incremental Costs Associated with Chapter 41	-	711	676	760	838	650	600	600	444
Payments to Fiscal Agent/Member Districts of SSA	500	490	466	536	509	719	740	709	834
Payments to Juvenile Justice Alternative Ed. Prg.	119	83	127	103	137	158	155	132	103
Payments to Tax Increment Fund	4,818	4,485	4,828	5,266	5,312	4,601	4,834	4,441	8,912
Other Intergovernmental Charges							2,200	2,248	2,450
Total governmental activities expenses	553,226	526,820	575,545	596,213	624,171	611,613	649,095	607,875	602,137
Business-type activities:									
Concessions	110	98	120	128	137	162	328	213	243
Employee Child Care							31	694	714
After School Care							5,455	5,040	4,932
Photography								58	41
Total business-type activities expenses	110	98	120	128	137	162	5,814	6,005	5,930
Total primary government expenses	\$ 553,336	\$ 526,918	\$ 575,665	\$ 596,341	\$ 624,308	\$ 611,775	\$ 654,909	\$ 613,880	\$ 608,067
Program Revenues									
Governmental activities:									
Charges for Services:									
Instruction	\$ 4,272	\$ 4,657	\$ 5,350	\$ 4,330	\$ 5,048	\$ 5,272	\$ 4,381	\$ 4,357	\$ 4,367
Food Service	10,342	9,848	11,312	11,014	11,247	11,680	12,341	12,614	12,682
Cocurricular/Extracurricular Activities	766	915	1,006	1,732	1,516	1,482	1,401	1,552	1,425
Plant Maintenance & Operations	947	1,032	1,052	1,207	1,152	1,539	1,122	878	928
Community Services	3,864	4,800	6,546	6,584	7,052	145	76	81	81
Other	578	248	197	644	315	612	269	183	144
Operating Grants and Contributions	42,046	33,649	37,570	46,477	48,736	53,350	56,502	77,525	86,767
Capital Grants and Contributions	2,701	252	2,312	1,932	293	-	-	-	615
Total governmental activities program revenues	\$ 65,516	\$ 55,401	\$ 65,345	\$ 73,920	\$ 75,359	\$ 74,080	\$ 76,092	\$ 97,190	\$ 107,009
Business-type activities:									
Charges for services:									
Concessions	95	123	141	139	176	262	239	199	234
Employee Child Care						11	531	687	726
After School Care						7,462	7,144	6,956	6,960
Photography								48	43
Total business-type activities program revenues	95	123	141	139	176	7,735	7,914	7,890	7,963
Total primary government program revenues	\$ 65,611	\$ 55,524	\$ 65,486	\$ 74,059	\$ 75,535	\$ 81,815	\$ 84,006	\$ 105,080	\$ 114,972

**EXHIBIT S-2
(Cont.)**

**PLANO INDEPENDENT SCHOOL DISTRICT
CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

	Fiscal Year								
	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011
Net (Expense) Revenue									
Governmental activities	\$ (487,710)	\$ (471,419)	\$ (510,201)	\$ (522,294)	\$ (548,812)	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)
Business-type activities	(3)	3	13	2	14	1,921	1,904	1,885	2,033
Total primary government net expense	<u>\$ (487,713)</u>	<u>\$ (471,416)</u>	<u>\$ (510,188)</u>	<u>\$ (522,292)</u>	<u>\$ (548,798)</u>	<u>\$ (535,612)</u>	<u>\$ (571,098)</u>	<u>\$ (508,800)</u>	<u>\$ (493,095)</u>
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes									
Property taxes levied for general purposes	399,426	412,652	420,601	435,617	409,133	333,528	352,709	349,563	339,532
Property taxes levied for debt service	64,112	64,897	66,189	68,599	77,383	82,905	91,245	98,722	104,420
Unrestricted grants and contributions	19,903	22,856	27,500	23,418	64,836	105,742	106,017	56,590	75,038
Investment earnings	4,794	4,408	8,154	13,479	17,681	15,715	9,415	1,488	2,068
Miscellaneous	8,808	6,072	5,317	4,916	7,901	5,008	6,815	5,344	5,011
Insurance recovery	630	-	-	-	-	-	-	-	-
Gain (Loss) on disposition of capital assets	-	-	1,776	-	-	-	-	-	723
Transfers	-	-	-	-	-	2,054	1,867	1,908	2,043
Total governmental activities	<u>\$ 497,673</u>	<u>\$ 510,885</u>	<u>\$ 529,537</u>	<u>\$ 546,029</u>	<u>\$ 576,934</u>	<u>\$ 544,952</u>	<u>\$ 568,068</u>	<u>\$ 513,615</u>	<u>\$ 528,835</u>
Business-type activities:									
Investment earnings	-	-	-	1	1	68	26	10	3
Transfers	-	-	-	-	-	(2,054)	(1,867)	(1,908)	(2,043)
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>(1,986)</u>	<u>(1,841)</u>	<u>(1,898)</u>	<u>(2,040)</u>
Total primary government	<u>\$ 497,673</u>	<u>\$ 510,885</u>	<u>\$ 529,538</u>	<u>\$ 546,030</u>	<u>\$ 576,935</u>	<u>\$ 542,966</u>	<u>\$ 566,227</u>	<u>\$ 511,717</u>	<u>\$ 526,795</u>
Change in Net Assets									
Governmental activities	\$ 9,963	\$ 39,466	\$ 19,336	\$ 23,735	\$ 28,122	\$ 7,419	\$ (4,934)	\$ 2,930	\$ 33,707
Business-type activities	(4)	3	14	3	15	(65)	63	(13)	(7)
Total primary government	<u>\$ 9,960</u>	<u>\$ 39,469</u>	<u>\$ 19,350</u>	<u>\$ 23,738</u>	<u>\$ 28,137</u>	<u>\$ 7,354</u>	<u>\$ (4,871)</u>	<u>\$ 2,917</u>	<u>\$ 33,700</u>

¹ Fiscal year 2004 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2004 are September 1 through August 31 and years following 2004 are July 1 through June 30.

EXHIBIT S-3

**PLANO INDEPENDENT SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

	Fiscal Year									
	2002	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011 ²
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,610
Reserved	702	730	748	1,027	2,241	2,308	2,127	2,506	2,620	-
Assigned	-	-	-	-	-	-	-	-	-	2,182
Unreserved designated	3,873	3,986	5,097	4,686	6,133	7,418	6,843	8,250	3,757	-
Unassigned	-	-	-	-	-	-	-	-	-	147,394
Unreserved	75,950	76,009	100,824	108,486	114,930	125,947	122,252	116,608	126,838	-
Total general fund	<u>\$ 80,525</u>	<u>\$ 80,725</u>	<u>\$ 106,669</u>	<u>\$ 114,199</u>	<u>\$ 123,304</u>	<u>\$ 135,673</u>	<u>\$ 131,222</u>	<u>\$ 127,364</u>	<u>\$ 133,215</u>	<u>\$ 152,186</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284
Reserved	561	615	268	239	239	258	204	193	285	-
Restricted										
Debt Service	-	-	-	-	-	-	-	-	-	37,435
Capital Projects	-	-	-	-	-	-	-	-	-	80,981
Food Service	-	-	-	-	-	-	-	-	-	8,217
Federal Special Revenue	-	-	-	-	-	-	-	-	-	7
State Special Revenue	-	-	-	-	-	-	-	-	-	365
Committed	-	-	-	-	-	-	-	-	-	5,840
Unreserved designated	451	466	94	73	75	90	567	71,676	77,783	-
Unreserved, reported in:										
Special revenue funds	1,863	1,792	4,141	5,647	6,867	8,397	9,382	9,610	12,538	-
Capital projects funds	214,977	100,128	81,164	99,977	113,855	98,234	89,666	102,660	115,331	-
Debt service fund	12,685	18,896	34,066	37,544	36,920	39,184	40,718	45,614	39,320	-
Total all other governmental funds	<u>\$ 230,537</u>	<u>\$ 121,897</u>	<u>\$ 119,733</u>	<u>\$ 143,480</u>	<u>\$ 157,956</u>	<u>\$ 146,163</u>	<u>\$ 140,538</u>	<u>\$ 229,753</u>	<u>\$ 245,257</u>	<u>\$ 133,129</u>
Total governmental funds	<u>\$ 311,062</u>	<u>\$ 202,622</u>	<u>\$ 226,402</u>	<u>\$ 257,679</u>	<u>\$ 281,260</u>	<u>\$ 281,836</u>	<u>\$ 271,760</u>	<u>\$ 357,117</u>	<u>\$ 378,472</u>	<u>\$ 285,315</u>

¹ Fiscal year 2004 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2004 are September 1 through August 31 and years following 2004 are July 1 through June 30.

² Fiscal year 2011, the District implemented GASB 54 which changed the fund balance classifications to Nonspendable, Restricted, Committed, Assigned and Unassigned. See Note 1 to the Basic Financial Statements.

EXHIBIT S-4

**PLANO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS, REVENUES
LAST TEN FISCAL YEARS
(Unaudited)
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

	Fiscal Year									
	2002	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011
Federal sources:										
Federal grants	\$ 8,848	\$ 11,589	\$ 11,674	\$ 13,077	\$ 17,936	\$ 16,275	\$ 16,810	\$ 18,199	\$ 38,120	\$ 48,515
Food services	2,666	3,363	3,569	4,459	4,940	5,349	6,015	6,363	7,496	8,008
Total federal sources	<u>11,514</u>	<u>14,952</u>	<u>15,243</u>	<u>17,536</u>	<u>22,876</u>	<u>21,624</u>	<u>22,825</u>	<u>24,562</u>	<u>45,616</u>	<u>56,523</u>
State sources:										
State education finance program	23,776	30,696	32,271	38,341	36,256	79,568	123,519	124,349	75,535	91,954
State grants and other	4,050	12,066	6,057	6,175	6,641	8,419	8,697	10,234	9,582	9,908
Total state sources	<u>27,826</u>	<u>42,762</u>	<u>38,328</u>	<u>44,516</u>	<u>42,897</u>	<u>87,987</u>	<u>132,216</u>	<u>134,583</u>	<u>85,117</u>	<u>101,862</u>
Local sources:										
Ad valorem taxes	418,599	463,538	477,549	486,790	504,216	487,970	416,042	445,420	448,529	446,091
Food service sales	9,849	10,365	9,882	11,390	11,025	11,246	11,909	12,340	12,611	12,721
Interest and other income	16,041	4,794	4,408	8,154	13,479	18,750	16,255	9,028	1,434	1,644
Other revenue	10,137	25,264	19,906	24,090	22,921	25,631	16,832	15,747	15,757	15,765
Total local sources	<u>454,626</u>	<u>503,961</u>	<u>511,745</u>	<u>530,424</u>	<u>551,641</u>	<u>543,597</u>	<u>461,038</u>	<u>482,535</u>	<u>478,331</u>	<u>476,221</u>
Total revenues	<u>\$ 493,966</u>	<u>\$ 561,675</u>	<u>\$ 565,316</u>	<u>\$ 592,476</u>	<u>\$ 617,414</u>	<u>\$ 653,208</u>	<u>\$ 616,079</u>	<u>\$ 641,680</u>	<u>\$ 609,064</u>	<u>\$ 634,606</u>

¹ Fiscal year 2004 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2004 are September 1 through August 31 and years following 2004 are July 1 through June 30.

EXHIBIT S-5

**PLANO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS, EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Unaudited)
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

	Fiscal Year									
	2002	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011
Expenditures:										
Instruction & Instructional-Related Services	\$ 218,383	\$ 244,733	\$ 226,405	\$ 252,250	\$ 257,275	\$ 277,297	\$ 300,195	\$ 306,772	\$ 312,619	\$ 318,959
Instructional & School Leadership	19,941	21,768	19,799	22,377	23,893	23,937	25,679	26,329	26,602	27,383
Support Services - Student	39,299	44,598	41,358	46,699	48,392	52,174	57,044	58,956	60,036	62,054
Administrative Support Services	9,062	9,949	8,250	9,002	9,832	10,438	11,283	8,786	8,812	8,948
Support Services - Nonstudent	41,195	43,480	38,163	43,379	45,330	50,027	49,445	49,366	49,887	50,344
Ancillary Services	1,799	3,400	4,590	5,641	6,138	6,187	1,204	1,424	1,987	2,128
Debt Service - Principal on long-term debt	23,072	28,300	33,870	32,600	39,485	45,880	48,480	50,860	58,918	58,165
Debt Service - Interest on long-term debt	30,900	38,156	16,445	32,904	35,172	36,000	38,747	39,361	48,048	48,354
Debt Service - Bond Issuance Costs and Fees	270	164	595	814	320	569	397	1,861	1,077	749
Facilities Acquisition & Construction	150,888	112,909	52,675	58,465	61,717	95,844	66,346	96,498	118,296	113,055
Intergovernmental Charges ²	99,332	122,805	133,070	133,390	139,664	132,180	87,164	99,950	42,882	41,741
Total Expenditures	\$ 634,141	\$ 670,262	\$ 575,220	\$ 637,521	\$ 667,218	\$ 730,533	\$ 685,984	\$ 740,163	\$ 729,164	\$ 731,880
Capital Expenditures	\$ 134,064	\$ 98,456	\$ 45,009	\$ 47,911	\$ 52,526	\$ 85,689	\$ 53,887	\$ 77,375	\$ 103,874	\$ 99,845
Debt service as a percentage of noncapital expenditures	10.8%	11.6%	9.5%	11.1%	12.1%	12.7%	13.8%	13.6%	17.1%	16.9%

¹ Fiscal year 2004 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2004 are September 1 through August 31 and years following 2004 are July 1 through June 30.

² Intergovernmental charges include: Contracted Instructional Services Between Schools, Incremental Costs Associated with Chapter 41 (2004 first year) Payments to Fiscal Agent/Member Districts of SSA, Payments to Juvenile Justice Alternative Ed. Prg., Payment to Tax Increment Fund (2001 first year), and Appraisal District Costs (2009 first year). The Contracted Instructional Services Between Schools increased due to increases in tax revenue as a result of increases in appraised property values.

EXHIBIT S-6

**PLANO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS, OTHER FINANCING SOURCES AND USES
AND NET CHANGE IN FUND BALANCE
LAST TEN FISCAL YEARS
(Unaudited)
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

	Fiscal Year									
	2002	2003	2004¹	2005	2006	2007	2008	2009	2010	2011
Excess of revenues over (under) expenditures	\$(140,175)	\$(108,587)	\$ (9,904)	\$(45,045)	\$(49,804)	\$(77,325)	\$(69,905)	\$(98,483)	\$(120,100)	\$ (97,274)
Other financing sources (uses)										
Transfers In	11,055	8,925	3,597	4,494	4,955	6,731	9,247	7,446	7,222	5,129
Transfers Out	(16,059)	(8,778)	(3,298)	(4,494)	(4,955)	(7,331)	(7,192)	(5,580)	(4,694)	(3,086)
Bonds issued	128,900	-	-	71,420	70,535	76,670	58,280	179,999	136,975	-
Refunding bonds issued	-	-	231,390	56,805	-	129,180	33,305	-	-	108,815
Premiums on bonds issued	615	-	19,864	9,000	2,821	4,496	2,488	1,747	1,952	14,304
Payment to bond refunding agent	-	-	(217,869)	(62,938)	-	(131,106)	(36,299)	-	-	(122,845)
Special Early Retirement Benefits	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	349	-	-	2,035	29	-	-	-	-	1,800
Capital leases	-	-	-	-	-	-	-	228	-	-
Total other financing sources (uses)	<u>124,860</u>	<u>147</u>	<u>33,684</u>	<u>76,322</u>	<u>73,385</u>	<u>78,640</u>	<u>59,829</u>	<u>183,840</u>	<u>141,455</u>	<u>4,117</u>
Net change in fund balances	<u>\$ (15,315)</u>	<u>\$ (108,440)</u>	<u>\$ 23,780</u>	<u>\$ 31,277</u>	<u>\$ 23,581</u>	<u>\$ 1,315</u>	<u>\$ (10,076)</u>	<u>\$ 85,357</u>	<u>\$ 21,355</u>	<u>\$ (93,157)</u>

¹ Fiscal year 2004 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2004 are September 1 through August 31 and years following 2004 are July 1 through June 30.

EXHIBIT S-7

PLANO INDEPENDENT SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

(Unaudited)
 (Modified Accrual Basis of Accounting)
 (Amounts Expressed in Thousands)

Fiscal Year	Actual Value				Less: Exemptions	Total Assesed Value	Total District Rate ¹
	Residential Property	Industrial Property	Rural Acreage	Personal Property			
2002	\$ 17,935,003	\$ 6,068,529	740,731	\$ 3,078,659	\$ 2,197,741	\$ 25,625,181	1.6285
2003	19,255,237	6,654,460	665,504	2,811,574	2,216,130	27,170,645	1.7034
2004	19,912,909	6,508,264	614,019	2,409,418	1,850,291	27,594,319	1.7334
2005	20,442,670	6,674,985	597,633	2,356,902	2,170,478	27,901,712	1.7334
2006	21,192,806	7,119,236	563,882	2,234,944	2,189,452	28,921,416	1.7334
2007	22,197,270	7,693,125	523,206	2,389,513	2,137,133	30,665,981	1.5784
2008	23,322,123	8,527,170	517,748	2,583,357	2,695,648	32,254,750	1.2684
2009	24,083,793	9,137,863	541,191	2,981,489	1,897,202	34,847,134	1.3034
2010	20,620,809	12,895,711	700,169	3,052,462	3,738,307	33,530,844	1.3284
2011	21,233,623	12,377,934	646,338	3,391,275	3,918,693	33,730,477	1.3534

Source: Comptroller of Public Accounts - School District Summary Worksheet

¹ Per \$100 of assessed value.

EXHIBIT S-8

**PLANO INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Unaudited)
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

Fiscal Year	District Direct Rates			Overlapping Rates ¹											
	Maintenance & Operations	Debt Service	Total	City of Plano	Collin County	Collin Co. Community College (CCCC)	City of Allen	City of Carrollton	City of Dallas	City of Garland	City of Lucas	City of Murphy	City of Parker	City of Richardson	City of Wylie
2002	1.4400	0.1885	1.6285	0.4535	0.2500	0.092843	0.5630	0.5993	0.6675			0.3764	0.2942	0.4439	
2003	1.4700	0.2334	1.7034	0.4535	0.2500	0.091946	0.5620	0.5993	0.6998			0.4200	0.2808	0.4779	
2004	1.5000	0.2334	1.7334	0.4535	0.2500	0.091932	0.5610	0.5993	0.6998			0.4300	0.2700	0.4779	
2005	1.5000	0.2334	1.7334	0.4535	0.2500	0.090646	0.5600	0.5993	0.7197			0.4683	0.2820	0.5252	
2006	1.5000	0.2334	1.7334	0.4535	0.2500	0.089422	0.5600	0.5993	0.7417			0.4683	0.2820	0.5252	
2007	1.3300	0.2484	1.5784	0.4535	0.2500	0.087683	0.5580	0.6329	0.7292			0.4683	0.3771	0.5752	
2008	1.0200	0.2484	1.2684	0.4735	0.2450	0.086984	0.5570	0.6179	0.7479			0.4683	0.3771	0.5752	
2009	1.0400	0.2634	1.3034	0.4735	0.2425	0.086493	0.5560	0.6179	0.7479			0.5183	0.3771	0.5752	
2010	1.0400	0.2884	1.3284	0.4735	0.2425	0.086300	0.5550	0.6179	0.7970	0.7046	0.3742	0.5384	0.3771	0.5752	0.8989
2011	1.0400	0.3134	1.3534	0.4886	0.2400	0.863000	0.5550	0.6176	0.7970	0.7046	0.3742	0.5650	0.3371	0.6352	0.8989

¹ Includes levies for operating and debt service

EXHIBIT S-9

PLANO INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Taxpayer	2011			2002		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
KDC/Galatyn Investments LLP	\$ 237,172,377	1	0.70 %	\$ -		- %
Oncor Electric Delivery Company	212,163,354	2	0.63	-		
JCPenney Co Inc.	155,550,055	3	0.46	242,756,196	4	0.95
Bank of America NA	137,203,655	4	0.41	-		-
IBM Credit LLC	125,841,821	5	0.37			
Willow Bend Shopping Center LP	110,000,000	6	0.33			
EDS	101,172,615	7	0.30	406,440,407	2	
Cisco Systems Sales & Service	100,516,565	8	0.30			
Texas Instruments Inc.	100,000,000	9	0.30	125,285,717	5	0.49
Shops at Legacy (Inland) LP	96,000,000	10	0.28			
Alcatel USA/DSC Telecom				1,002,691,570	1	3.91
Texas Utilities				251,033,645	3	0.98
Dallas Morning News				87,985,827	6	0.34
Collin Creek Mall				76,924,937	7	0.30
Albertson's Inc.				75,539,816	8	0.29
Prudential				68,987,628	9	0.27
Regency Centers				62,321,186	10	0.24
Total	<u>\$ 1,375,620,442</u>		<u>4.08 %</u>	<u>\$ 2,399,966,929</u>		<u>7.78 %</u>
Total Taxable Value	\$33,730,477,447			\$25,625,181,207		

Source: Collin County Tax Assessor Collector

**PLANO INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Taxes Levied For the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	416,808,597	413,385,800	99.18	3,247,545	416,633,345	99.96 %
2003	467,903,563	462,272,452	98.80	5,255,063	467,527,515	99.92
2004 ¹	479,281,136	473,510,730	98.80	5,282,172	478,792,902	99.90
2005	488,501,853	482,923,224	98.86	4,970,332	487,893,556	99.88
2006	508,183,783	498,938,497	98.18	8,542,937	507,481,434	99.86
2007	490,130,102	482,508,116	98.44	7,036,330	489,544,446	99.88
2008	418,512,937	412,176,374	98.49	5,868,408	418,044,782	99.89
2009	448,010,956	441,638,332	98.58	5,576,655	447,214,987	99.82
2010	450,796,990	445,745,911	98.88	3,848,669	449,594,580	99.73
2011	448,383,007 ³	444,404,742	99.11	-	444,404,742	99.11

¹ Fiscal year 2004 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2004 are September 1 through August 31 and years following 2004 are July 1 through June 30.

² Collections in subsequent years are net of supplements and corrections.

³ 2011 year original tax levy of \$449,546,631 was decreased by \$1,163,624 in supplements and corrections

⁴ Total cash collections is total cash net of interest and penalty collections and other judgments.

**PLANO INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

(Unaudited)

(Dollars in thousands, except per capita)

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita	Net Bonded Debt as % of Assessed Value
	Unlimited Tax Bonds	Capital Leases				
2002	759,828	-	759,828	0.07	2,364	2.92
2003	732,198	-	732,198	0.06	2,239	2.63
2004	724,063	-	724,063	0.06	2,171	2.50
2005	762,510	-	762,510	0.07	2,238	2.60
2006	794,108	-	794,108	0.06	2,267	2.62
2007	830,581	-	830,581	0.06	2,332	2.58
2008	838,043	-	838,043	0.06	2,310	2.47
2009	968,694	108	968,802	0.09	2,639	2.65
2010	1,047,089	-	1,047,089	0.10	3,145	3.01
2011	980,417	-	980,417	0.10	2,992	1.34

Note: Refer to Exhibit S-14 for per capita personal income information.

PLANO INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011
(Unaudited)
(Dollars in thousands, except per capita)

<u>Governmental Unit</u>	<u>Net Bonded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Plano ¹	\$ 334,109	86.58 %	\$ 289,272
Collin County Community College ²	39,820	44.74	17,815
Collin County ²	387,580	44.74	173,403
City of Allen ¹	110,235	4.38	4,828
City of Carrollton ¹	169,830	1.10	1,868
City of Dallas ²	1,743,013	4.14	72,161
City of Garland ¹	379,478	0.20	759
City of Lucas ¹	3,631	5.04	183
City of Murphy ¹	45,060	71.84	32,371
City of Parker ²	7,751	22.36	1,733
City of Richardson ¹	244,561	32.11	78,529
City of Wylie ¹	85,590	0.24	205
Subtotal, overlapping debt			673,127
District net bonded debt			<u>942,981</u>
Total direct and overlapping debt			<u><u>\$ 1,616,108</u></u>

Sources: Debt outstanding data provided by each governmental unit. Data for calculation of overlapping percentages was provided by Collin County Appraisal District and Dallas County Appraisal District.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district.

¹ Reported as of entity's fiscal year end 2010.

² Reported as of entity's fiscal year end 2011.

**PLANO INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**
(Unaudited)
(Dollars in thousands)

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable To Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2002	2,562,518	747,143	1,815,375	29.16 %
2003	2,717,065	713,302	2,003,763	26.25
2004	2,759,432	689,997	2,069,435	25.01
2005	2,790,171	724,765	2,065,406	25.98
2006	2,892,142	757,188	2,134,954	26.18
2007	3,066,598	791,397	2,275,201	25.81
2008	3,225,475	797,795	2,427,680	24.73
2009	3,381,040	923,350	2,457,690	27.31
2010	3,353,084	1,007,770	2,345,314	30.06
2011	3,373,048	942,981	2,430,067	27.96

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value		\$ 33,730,477,447
Debt limit (10% of assessed value)		3,373,047,745
Total bonded debt	\$ 980,416,882	
Less reserve for retirement of debt	<u>37,435,527</u>	
Debt applicable to limit		<u>942,981,355</u>
Legal debt margin		<u><u>\$ 2,430,066,390</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	321,381	11,387,814	35,434	5.60 %
2003	327,050	11,779,033	36,016	5.90
2004	333,468	11,297,896	33,880	3.80
2005	340,699	11,683,250	34,292	4.40
2006	350,225	12,490,424	35,664	4.60
2007	356,206	13,726,042	38,534	3.90
2008	362,711	15,064,839	41,534	4.30
2009	367,060	10,299,677	28,060	7.40
2010	332,932	10,541,298	31,662	7.50
2011	327,630	9,984,522	30,475	7.60

Sources: Population was provided by North Central Texas Council of Governments.
Personal income figures were obtained from the U.S Census Bureau.
Unemployment rates were provided by the Texas Workforce Commission.

EXHIBIT S-15

PLANO INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Employer	2011			2002		
	Employees	Rank	Percentage Of Total District Employment	Employees	Rank	Percentage Of Total District Employment
Plano ISD	6,903	1	4.63 %	5,880	2	5.11 %
Bank of America Home Loans	5,400	2	3.62	3,500	5	3.04
J. C. Penney, Inc.	5,000	3	3.35	5,200	3	4.52
HP/EDS	4,800	4	3.22	6,700	1	5.82
Capital One	3,500	5	2.35			
Dell	3,000	6	2.01			
Frito - Lay Inc.	2,400	7	1.61	2,500	6	2.17
Ericcson	2,200	8	1.47			
Alcatel-Lucent	1,830	9	1.23	4,900	4	4.26
Medical Center of Plano	1,500	10	1.01	1,950	8	1.69
University of Texas at Dallas				1,870	9	1.63
City of Plano				2,400	7	2.09
Collin County Community College				1,410	10	1.23
Total	<u>36,533</u>		<u>24.50 %</u>	<u>36,310</u>		<u>31.56 %</u>

Sources:

Bureau of Labor Statistics provided total labor force numbers - 2011 (149,195); 2002 (115,058)

North Central Texas Council of Governments statistical and census data

2002 data from PISD 2002 CAFR, Collin College 2011 CAFR

EXHIBIT S-16

PLANO INDEPENDENT SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
 LAST NINE FISCAL YEARS
 (Unaudited)

	Fiscal Year									Percent Change 2003 - 2011
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Instruction										
Teachers	3,624	3,826	3,761	3,801	3,855	4,003	4,067	3,942	4,011	5 %
Librarians	65	67	67	69	66	70	71	70	73	9
Educational Aides	650	704	674	668	750	648	661	629	622	(12)
Interpreters	16	15	15	12	15	17	12	13	9	(41)
Other Professionals (instructional)	186	120	119	128	132	138	156	141	162	35
	<u>4,541</u>	<u>4,732</u>	<u>4,636</u>	<u>4,678</u>	<u>4,818</u>	<u>4,876</u>	<u>4,967</u>	<u>4,795</u>	<u>4,877</u>	3
Campus Administration										
Principal	59	60	63	67	67	68	68	68	71	18
Assistant Principal	83	85	82	83	85	87	90	89	92	8
Instructional Officer	2	3	6	6	8	8	8	10	10	233
Athletic Director	-	-	-	-	-	-	-	-	2	
	<u>144</u>	<u>148</u>	<u>151</u>	<u>156</u>	<u>160</u>	<u>163</u>	<u>166</u>	<u>167</u>	<u>175</u>	18
Student Services										
Counselor	130	134	138	142	145	143	147	146	152	13
Educational Diagnostician	24	25	27	27	28	29	29	30	32	29
School Nurse	65	69	68	70	70	72	72	72	73	5
LSSP/Psychologist	11	11	13	13	13	13	14	14	14	23
Social Worker	17	17	8	8	9	9	10	10	9	(47)
	<u>247</u>	<u>256</u>	<u>254</u>	<u>260</u>	<u>265</u>	<u>266</u>	<u>272</u>	<u>272</u>	<u>280</u>	9
Support and Administration										
Superintendent, Deputy, Assoc. & Assistant	8	8	8	8	8	7	7	7	7	(13)
Non-Campus Professionals	214	204	198	204	213	208	211	223	223	9
Auxiliary Staff	1,002	1,472	1,435	1,450	1,146	1,375	1,216	1,301	1,342	(9)
	<u>1,224</u>	<u>1,684</u>	<u>1,641</u>	<u>1,662</u>	<u>1,367</u>	<u>1,590</u>	<u>1,434</u>	<u>1,531</u>	<u>1,572</u>	(7)
Total	<u>6,156</u>	<u>6,820</u>	<u>6,682</u>	<u>6,756</u>	<u>6,610</u>	<u>6,895</u>	<u>6,839</u>	<u>6,765</u>	<u>6,904</u>	1 %

Source: Fall Public Education Information Management System (PEIMS) Submissions with full-time equivalent employees as of the last Friday in October. PEIMS staffing reports with detail level information were not available prior to FY 2003.

Notes: Full-time instructional employees of the district are employed for 189 contract days. Campus Administrators and Student Services employees are primarily employed for 220 days. Central administrative and non-campus professional staff are employed for 246 days. Auxiliary staff are employed on an hourly basis with daily hours worked ranging from 8 hours to 4 hours.

EXHIBIT S-17

PLANO INDEPENDENT SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

<u>Fiscal Year</u>	<u>Enrollment</u> ¹	<u>Operating Expenditures</u> ³	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenditures Excluding Recapture</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
2002	49,050	429,047,700	8,747	4.11	332,604,397	6,781	(0.45)	3,528	13.9	12 %
2003	50,731	490,743,793	9,673	10.59	373,375,642	7,360	8.54	3,624	14.0	15 %
2004 ²	51,446	471,638,955	9,168	(5.23)	344,337,834	6,693	(9.06)	3,825	13.4	17 %
2005	52,356	512,742,554	9,793	6.83	385,449,406	7,362	9.99	3,760	13.9	19 %
2006	53,238	531,075,643	9,975	1.86	398,076,567	7,477	1.56	3,801	14.0	21 %
2007	52,997	552,265,959	10,421	4.46	426,882,506	8,055	7.72	3,855	13.7	19 %
2008	53,683	532,066,841	9,911	(4.89)	451,030,359	8,402	4.31	4,003	13.4	21 %
2009	54,203	551,978,466	10,184	2.75	460,557,493	8,497	1.13	4,067	13.3	22 %
2010	54,939	503,313,863	9,161	(10.04)	468,562,031	8,529	0.38	3,942	13.9	25 %
2011	55,570	511,557,078	9,206	0.48	482,558,989	8,684	1.82	4,011	13.9	26 %

¹ Enrollment is as of the October reporting date to TEA through the Public Education Information System (PEIMS).

² Fiscal year 2004 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2004 are September 1 through August 31 and years following 2004 are July 1 through June 30.

³ Operating expenditures are total governmental fund expenditures less debt service and capital projects.

**PLANO INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Statewide Average Salary
2002	34,000	61,285	41,155	39,232
2003	35,500	62,512	41,980	39,974
2004	36,250	62,312	42,533	40,478
2005	37,150	63,426	43,006	41,011
2006	38,000	64,528	43,952	41,744
2007	41,250	67,092	46,945	44,897
2008	43,149	69,736	48,712	46,178
2009	44,251	71,122	49,669	47,158
2010	45,100	72,358	52,375	48,263
2011	46,150	72,358	51,741	48,639

Sources:

Plano ISD 2010-2011 Compensation Plan Book
Academic Excellence Indicator System Annual Report for State of Texas (AEIS)

EXHIBIT S-19

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Schools:										
Elementary										
Buildings	41	40	40	42	42	43	43	44	44	44
Square Feet	2,838,405	2,774,970	2,774,970	2,926,668	2,926,668	3,045,516	3,084,444	3,194,580	3,204,030	3,234,785
Enrollment	23,662	23,522	23,993	24,214	24,811	24,550	24,730	24,658	25,005	24,941
Middle School										
Buildings	11	12	12	12	12	12	12	12	13	13
Square Feet	1,652,060	1,805,997	1,805,997	1,805,997	1,805,997	1,805,997	1,814,967	1,817,526	1,970,926	1,979,618
Enrollment	11,443	11,658	11,839	12,055	12,048	12,103	12,151	12,476	12,459	12,640
High School										
Buildings	5	5	5	5	5	5	5	5	5	5
Square Feet	1,126,915	1,126,915	1,126,915	1,126,915	1,126,915	1,233,936	1,233,939	1,233,939	1,274,402	1,275,730
Enrollment	7,241	7,514	7,769	7,833	7,984	7,889	7,977	7,936	8,191	8,414
Senior High School										
Buildings	3	3	3	3	3	3	3	3	3	3
Square Feet	1,252,658	1,252,658	1,252,658	1,252,658	1,252,658	1,252,658	1,272,129	1,272,150	1,328,045	1,369,618
Enrollment	6,373	6,794	6,645	6,869	7,071	7,132	7,290	7,429	7,440	7,604
Early Childhood Schools										
Buildings	1	3	3	3	3	3	3	3	3	3
Square Feet	24,000	147,683	147,683	147,683	147,683	147,683	147,683	156,458	156,458	156,458
Enrollment ¹	331	1,476	1,604	1,385	1,267	1,261	1,435	1,704	1,844	1,971
Total Schools										
Buildings	61	63	63	65	65	66	66	67	68	68
Square Feet	6,894,038	7,108,223	7,108,223	7,259,921	7,259,921	7,485,790	7,553,162	7,674,653	7,933,861	8,016,209
Enrollment	49,050	50,964	51,850	52,356	53,181	52,935	53,583	54,203	54,939	55,570

**EXHIBIT S-19
(Cont.)**

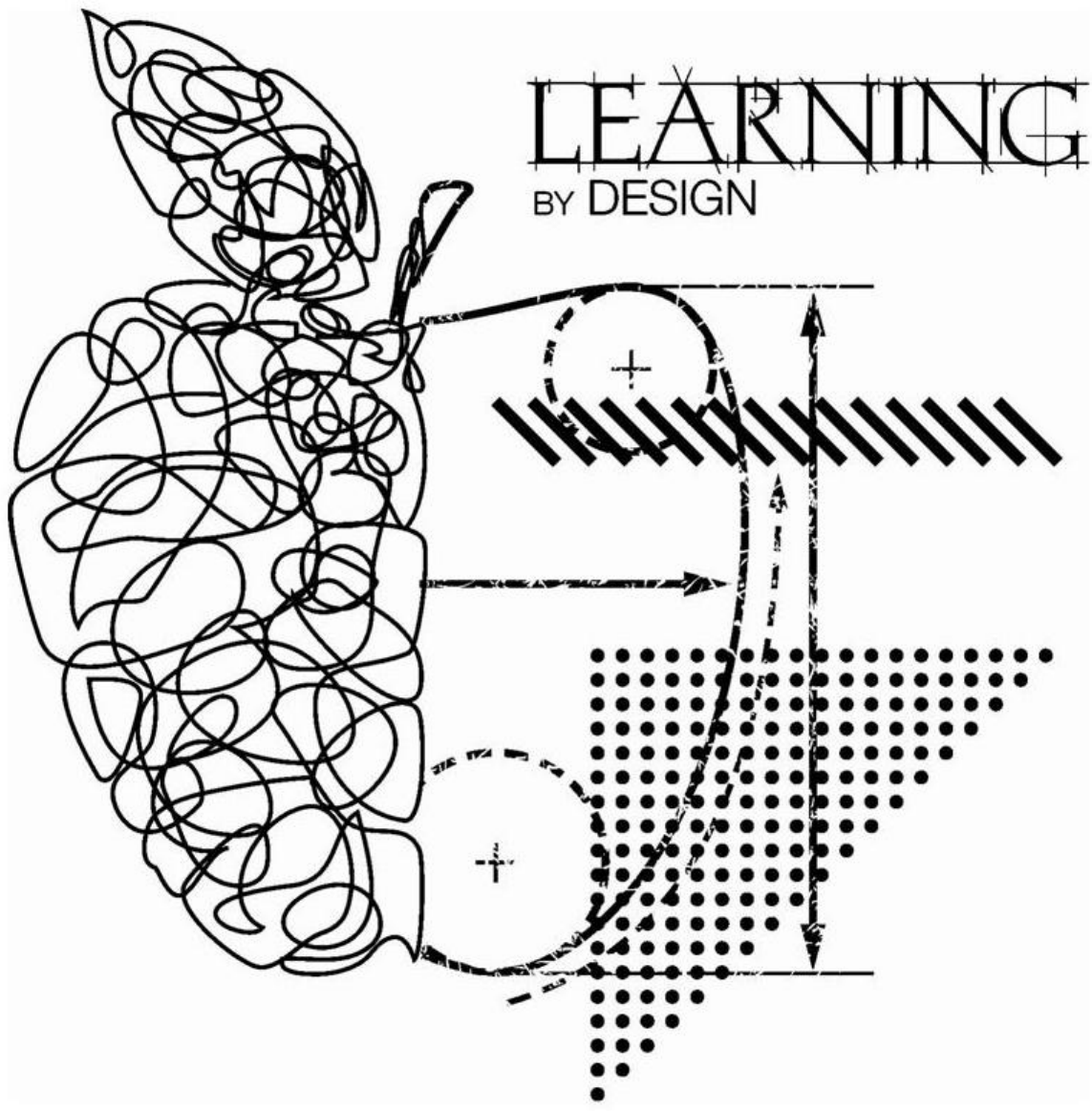
**PLANO INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Other PISD Facilities:										
Other Educational Facilities -										
Buildings	3	3	3	3	3	3	3	4	4	5
Square Feet	97,775	97,775	97,775	97,775	97,775	97,775	97,775	126,961	138,036	246,246
Administrative										
Buildings	4	5	5	5	5	6	6	6	6	6
Square Feet	207,520	211,866	211,866	211,866	211,866	223,271	223,271	223,271	223,271	223,271
Facility Services										
Buildings	3	3	4	4	4	4	4	4	4	4
Square Feet	102,389	102,389	142,389	142,389	142,389	142,389	142,389	142,389	148,662	148,662
Athletics										
Stadiums	2	2	6	6	6	6	6	6	6	6
Running Tracks	8	8	9	9	9	9	9	9	9	10
Tennis Courts	19	20	20	20	20	20	20	20	21	22
Softball Fields	5	5	5	5	5	5	3	3	3	4
Baseball Fields	7	7	7	7	7	7	7	7	7	8
Indoor Athletic Fields		3	3	3	3	3	3	3	3	3
Swimming Pools	2	2	2	2	2	2	2	2	3	3

Source: District Records

Notes:

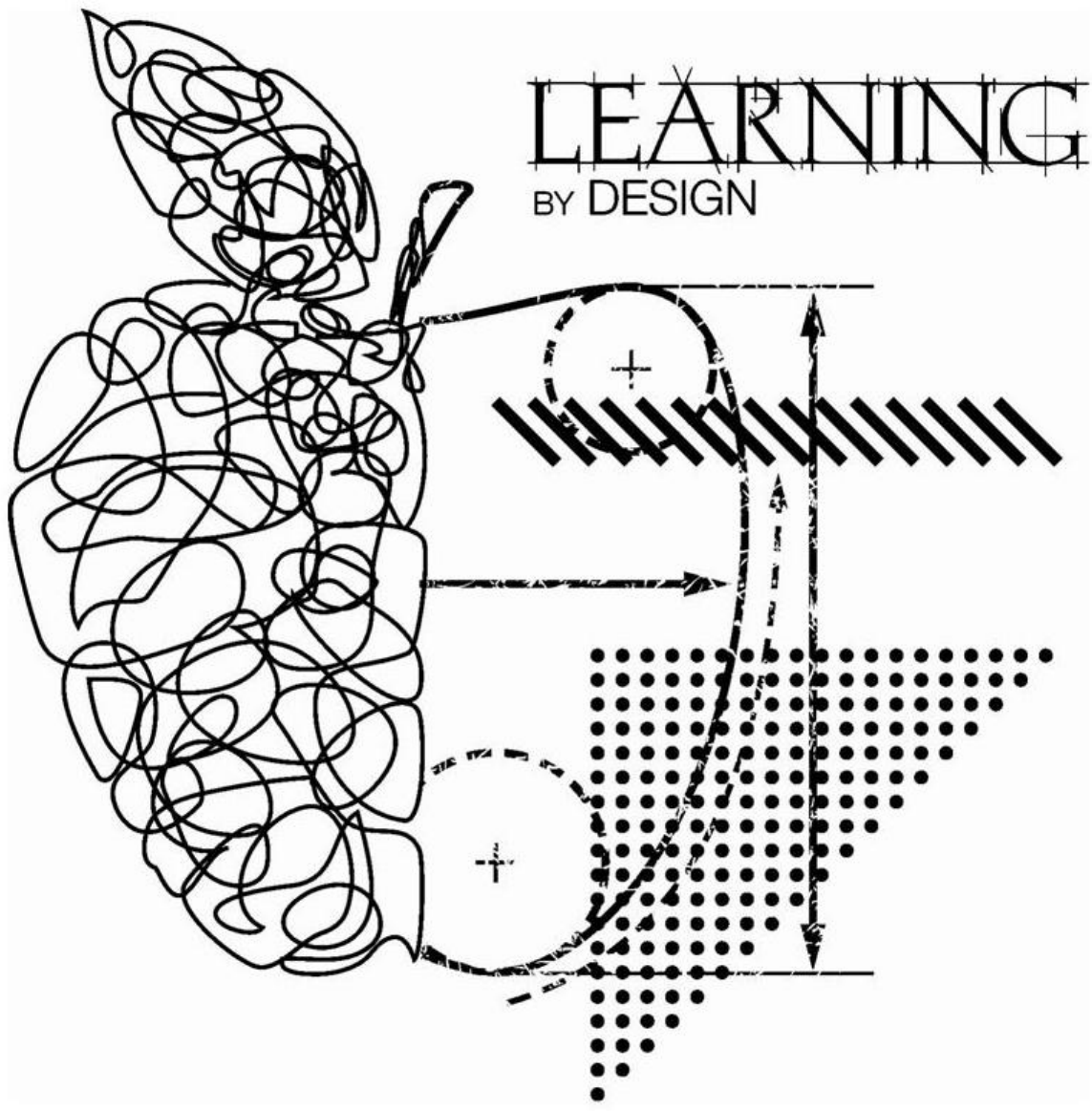
¹ Early Childhood School Enrollment - students are 1/2 day students



LEARNING

BY DESIGN

**REPORTS ON INTERNAL CONTROL, COMPLIANCE,
AND FEDERAL AWARDS**



LEARNING

BY DESIGN



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
PLANO ISD
Plano, TX

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Plano Independent School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

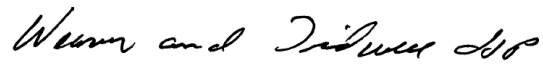
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Plano Independent School District

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However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the District's Trustees, the audit committee, the administration, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 27, 2011



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
PLANO ISD
Plano, TX

Compliance

We have audited Plano Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Plano Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

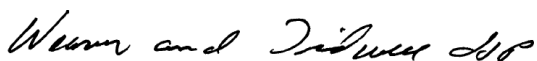
Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the District's administration, Trustees, the audit committee, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 27, 2011

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Funding U.S. Department of Defense</u>			
Junior ROTC Program	12.000	11-043910	\$ 219,103
Total Direct Funding U.S. Department of Defense			<u>219,103</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>219,103</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA Title I Part A - Improving Basic Programs	84.010A	10-610101043910	334,558
ESEA Title I Part A - Improving Basic Programs	84.010A	11-610101043910	4,152,062
ESEA Title I Part A - ARRA Funds	84.389A	11-551001043910	1,686,699
Total Title I - Part A Cluster			<u>6,173,319</u>
Title IV IDEA - Part B, Formula	84.027	10-6600010439106600	96,281
Title IV IDEA - Part B, Formula	84.027	11-6600010439106600	7,860,737
Title IV IDEA - Part B, Formula ARRA	84.391A	11-554001043910	4,472,382
Title IV IDEA - Part B, Preschool	84.027	10-6610010439106610	1,350
Title IV IDEA - Part B, Preschool	84.027	11-6610010439106610	273,438
Title IV IDEA - Part B, Preschool ARRA	84.392A	11-555001043910	184,377
Title IV IDEA - Part B, High Cost Risk	84.027	11-6600060439106680	39,488
SSA - IDEA - Part B, Discretionary	84.027	10-6600020439106673	479
SSA - IDEA - Part B, Discretionary	84.027	11-6600020439106673	198,220
SSA - IDEA - Part B, Deaf	84.027	10-6600010439106601	17,407
SSA - IDEA - Part B, Deaf	84.027	11-6600010439106601	65,127
SSA - IDEA - Part B, Preschool Deaf	84.173	11-6610010439106611	12,173
Total Special Education Cluster			<u>13,221,459</u>
Vocational Education - Basic Grant	84.048	10-42000604391010	38,385
Vocational Education - Basic Grant	84.048	11-42000604391010	500,558
Total Vocational Education			<u>538,943</u>
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	11-3910010439103911	7,720
ESEA Title IV - Safe and Drug-Free Schools	84.186A	10-691001043910	2,638
Title II, Part D - Enhancing Ed. Through Technology	84.318x	10-630001043910	754
Title II, Part D - ARRA Technology	84.386A	11-553001043910	35,394
Total Education Technology State Grants Cluster			<u>36,148</u>
Title III, Language Instruction LEP	84.365	10-671001043910	247,921
Title III, Language Instruction LEP	84.365	11-671001043910	432,466
Total Title III			<u>680,387</u>
ESEA Title II, Part A, Teacher & Principal Training	84.367A	10-694501043910	113,578
ESEA Title II, Part A, Teacher & Principal Training	84.367A	11-694501043910	916,944
Total Title II, Part A			<u>1,030,522</u>

(continued)

EXHIBIT K-1

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

Title IV Part A Summer School LEP	84.369	11-69550502	121,403
Title XIV State Fiscal Stabilization Funding - ARRA	84.394A	10-557001043910	49,116
Title XIV State Fiscal Stabilization Funding - ARRA	84.394A	11-557001043910	14,586,963
Total State Fiscal Stabilization			<u>14,636,079</u>
Education Jobs Fund - ARRA	84.410A	11-550101043910	8,628,786
Total Passed Through State Department of Education			<u>45,077,404</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>45,077,404</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Funding U.S. Department of Health and Human Services</u>			
Head Start	93.600	CH6042/35	675,611
Head Start	93.600	CH6042/36	319,542
Head Start ARRA Funding	93.708	06SE6042/01	8,498
Total Head Start Cluster			<u>1,003,651</u>
Total Direct Funding U.S. Department of Health and Human Services			<u>1,003,651</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,003,651</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast Program	10.553	11-043910	1,318,248
National School Lunch Program	10.555	11-043910	5,657,825
Commodity Food Distribution	10.555	11-043910	1,032,762
Summer Feeding Program	10.559	10-043910	10,632
Summer Feeding Program	10.559	11-043910	12,203
Total Child Nutrition Cluster			<u>8,031,670</u>
Total Passed Through the State Department of Agriculture			<u>8,031,670</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>8,031,670</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 54,331,828</u>
			(Concluded)

PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

1. The District utilizes the fund types specified in the Texas Education Agency Financial Accountability System Resource Guide.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state awards generally are accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified grant periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.
4. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2011 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

5. The following table reconciles total expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1) to Federal Program Revenues per Exhibit C-1:

Total Expenditures of Federal Awards per Exhibit K-1	\$ 54,331,828
Rebates received from the Federal Government for Build America Bonds	<u>2,191,306</u>
Total Federal Program Revenues per Exhibit C-1	<u><u>\$ 56,523,134</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

I. Summary of the Auditor's Results:

Financial Statements

- a. An unqualified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes None reported
- c. Noncompliance material to financial statements noted. Yes No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes None reported
- e. An unqualified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported under Section 510(a) or OMB Circular A-133. Yes No
- g. Identification of major programs:
- | | |
|---|----------------------------------|
| Title I Part A Cluster | 84.010A, 84.389A |
| Special Education Cluster | 84.027, 84.391A, 84.392A, 84.173 |
| Education Jobs Fund | 84.410A |
| Title XIV State Fiscal Stabilization Fund | 84.394A |
| Head Start Cluster | 93.600, 93.708 |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$1,629,955
- i. Auditee qualified as a low-risk auditee. Yes No

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in 1.f Above

None

**PLANO INDEPENDENT SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

IV. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

LEARNING

BY DESIGN

