

**PLANO INDEPENDENT SCHOOL DISTRICT  
PLANO, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED**

**JUNE 30, 2014**

**PREPARED BY**

**CHRISTIE TATE  
ACCOUNTING & BUDGET DIRECTOR**

**LINDA MADON  
EXECUTIVE DIRECTOR OF FINANCIAL SERVICES**

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Teamwork for Excellence



**P L A N O**  
Independent School District

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# PLANO INDEPENDENT SCHOOL DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014

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# PLANO INDEPENDENT SCHOOL DISTRICT

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**CERTIFICATE OF THE BOARD**

Plano Independent School District

Name of School District

Collin

County

043-910

County-District No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and   ✓   approved        disapproved for the year ended June 30, 2014 at a meeting of the Board of Trustees of such school district on 4th day of November, 2014.

  
\_\_\_\_\_  
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 the report is (are):

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## **INTRODUCTORY SECTION**

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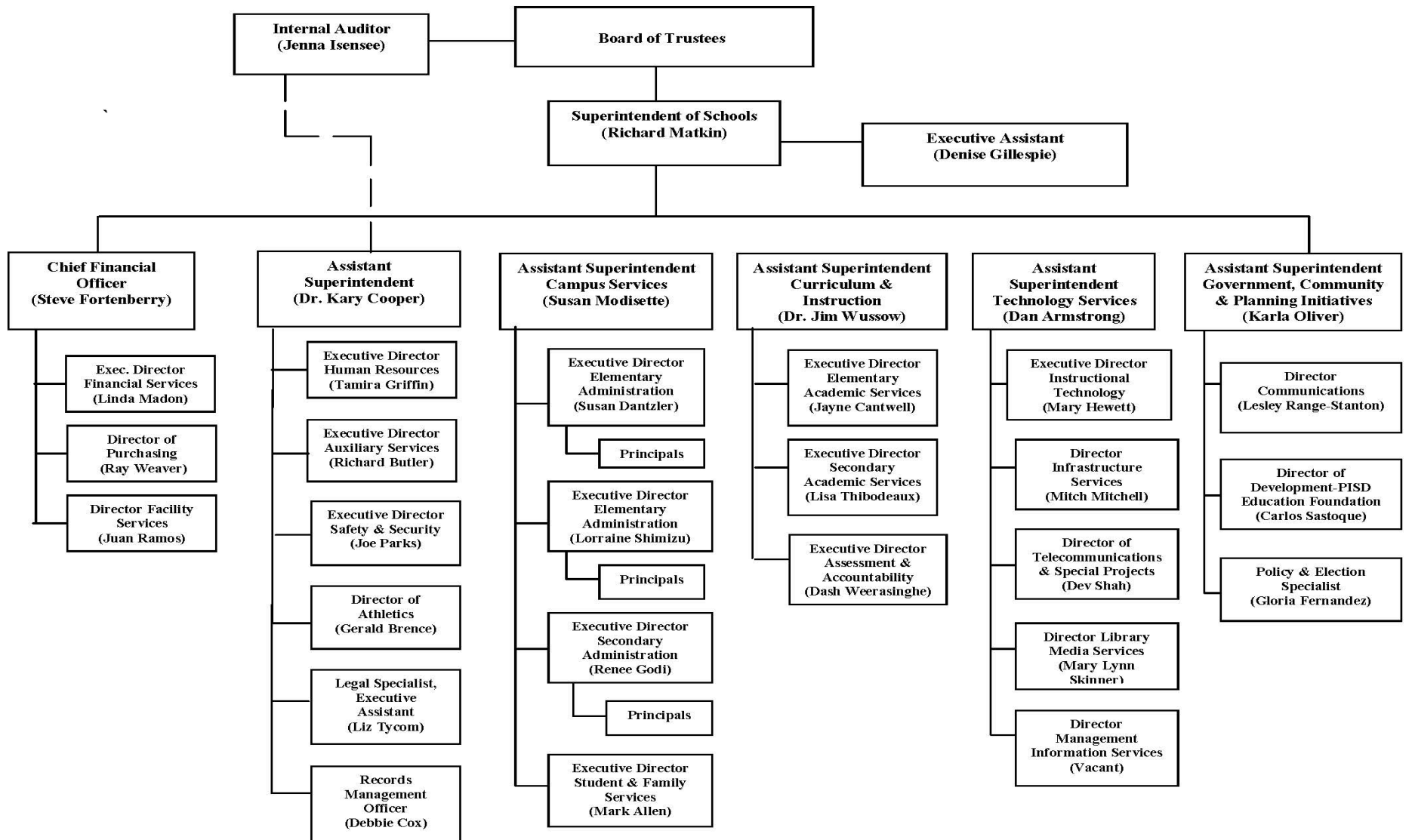
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**BOARD OF TRUSTEES**

<b>Name</b>	<b>Length of Service</b>	<b>Term Expires</b>	<b>Occupations</b>
Nancy Humphrey President	4 Years	May 2017	Public and Contract Accountant
David Stolle Vice President	3 Years	May 2015	Attorney
Michael Friedman Secretary	3 Years	May 2015	Senior Vice President Retail Brokerage Services
Missy Bender Trustee	8 Years	May 2015	Community Volunteer
Marilyn Hinton Trustee	5 Years	May 2017	Community Volunteer
Carrolyn Moebius Trustee	4 Years	May 2017	Veterinary Hospital Administrator
Tammy Richards Trustee	4 Years	May 2017	Consultant

**ADMINISTRATIVE OFFICIALS**

<b>Name</b>	<b>Position</b>	<b>Length of District Service</b>
Richard Matkin	Superintendent *total school district experience 39 years	13 Years*
Steve Fortenberry	Chief Financial Officer *total school district experience 31 years	2 Years*
Dr. Kary Cooper	Assistant Superintendent for District Services	26 Years
Karla Oliver	Assistant Superintendent for Government, Community and Planning Initiatives *total school district experience 24 years	10 Years*
Dan Armstrong	Assistant Superintendent for Technology Services	24 Years
Susan Modisette	Assistant Superintendent for Campus Services *total school district experience 31 years	27 Years*
Dr. Jim Wussow	Assistant Superintendent for Academic Services *total school district experience 31 years	27 Years*



June 2, 2014



November 4, 2014

Board of School Trustees  
Plano Independent School District  
2700 W. 15<sup>th</sup> 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, 2014, 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, 2014 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 four-year term with the elections being staggered in odd years 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 generally scheduled the first Tuesday of the month and regular work sessions the third Tuesday of the month. Both the action meetings and the work sessions are held in the District's Administration Building. 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 approximately 55,000 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. Health Care Service Corporation, J.C. Penney Co., Frito-Lay Inc., Dr. Pepper Snapple Group, Alcatel-Lucent, Bank of America Home Loans, HP Enterprise Services 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. The District entered into a Texas Economic Development Act Participation Agreement with Texas Instruments (TI) in February 2004. Its \$3 billion semiconductor manufacturing facility located near the southern border of Plano ISD 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 in assets. In conjunction with the opening 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 have provided internships and increased scholarship opportunities for students and professional development opportunities for teachers. Texas Instruments is the signature donor for the Plano ISD Academy High School which opened in August 2013.

The Plano ISD Academy High School is an innovative, project-based 9<sup>th</sup>–12<sup>th</sup> grade learning community with an emphasis on science, technology, engineering, arts and mathematics (STEAM).

In the South central section of the District, State Farm Insurance's new regional office campus is under construction as the key corporate anchor of a 186-acre development by KDC. State Farm's half billion dollar complex will include four office towers plus parking garages. Three of the four towers are well under construction, According to State Farm, the first group of employees will start moving into the new facility at the end of this year. Construction will start soon on the Aloft Hotel and hundreds of apartments in the surrounding CityLine project are currently under construction. The fourth State Farm tower is planned for the future. In the same section of the District, Raytheon broke ground in July on its new regional office campus. The site will include a three building complex with almost 500,000 square feet. Raytheon plans to move into the new corporate campus by the end of 2015.

In late April, Toyota announced that within the next three years, it will establish separate North American headquarters for manufacturing, sales and marketing and corporate operations in a state-of-the art campus in Northwest Plano. Altogether, the moves will affect approximately 4,000 employees. Construction of Toyota's new headquarters is expected to be completed in late 2016 or early 2017.

The District's latest multi-year bond program was successfully approved by the voters in May 2008. The purpose of this \$490 million program was to provide funding for four new schools, 20-year renovations, additions and expansions, system and compliance upgrades for several facilities, district wide technology initiatives and other capital improvements. This multi-year bond program will impact every child and school in Plano ISD. As of June 30, 2014, \$16,020,000 of the bonds were authorized, but not issued. The District had several active construction projects as of June 30, 2014. Projects included additions to buildings and renovation of existing facilities.

During fiscal year 2014, the District completed the addition at Plano West Senior High, first phase of Academy High School, Plano East Senior High IB Academy, Williams Health Science Academy, renovations at Mitchell Elementary and Rasor Elementary, roof replacements at Carpenter, Skaggs, and Stinson and HVAC upgrades at Administrative and Facility Service Buildings. Various security enhancements and upgrades were added at several campuses throughout the district.

Since the 1970s, the State of Texas has been involved with various lawsuits challenging the constitutionality of the system of financing public schools.

The foundation of the current school finance system was put in place by House Bill 1 in a special session of the legislature in 2006. House Bill 1 was enacted in response to a ruling by the Texas Supreme Court in the case of West Orange-Cove Consolidated ISD v Neely, that the system in place at that time was unconstitutional because it created a de facto state property tax which is prohibited by the State Constitution. House Bill 1 primarily focused on property tax relief. Districts were required to compress (reduce) their maintenance and operations tax rates by 33.33% over a two year period. For most districts this meant a reduction from a rate of \$1.50 (per \$100 of assessed taxable value) to a rate of \$1.00. Districts were authorized to add four cents to the compressed rate by a vote of their Board of Trustees. The District accessed two of the four cents in 2007-08 and the other two in 2008-09 to bring the total maintenance and operations rate to \$1.04 from that point through 2012-13. An additional 13 cents was also authorized, but required the board to adopt the higher rate and then conduct a tax ratification election in which all registered voters are given the opportunity to vote on the increased rate.

In order to replace the loss of revenues resulting from the mandated tax rate reduction, the State levied new business taxes and increased other taxes. School districts were guaranteed per pupil funding equal to at least what they would have received in local taxes and state aid in 2005-06 and 2006-07. This hold harmless formula funding was labeled Additional State Aid for Tax Reduction or "ASATR".

Over the following three years, it became evident that the new business and other taxes levied by the State were not adequate to replace the property tax losses caused by the mandated tax rate reductions. As a result in 2009, the legislature chose to use \$3.2 billion in federal stimulus funds available under the American Recovery and Reinvestment Act to cover state funding shortfalls and pay for a state mandated teacher pay raise for the 2009-11 biennium.

During the 2011 legislative session, facing the phase out of the federal stimulus funds and a recessionary economic forecast, the State reduced formula funding by approximately \$4.0 billion. Many State grants and other allotments were also reduced or eliminated. In the first year of the biennium, the funding cuts were spread proportionately across all districts. However, in 2012-13, the state funding cuts fell much more heavily on districts receiving ASATR funds which the State decided to phase out by 2017. The District's share of the funding reductions was approximately \$24 million in 2011-12, but increased to \$35 million in 2012-13.

In response to the funding reductions, the District enacted over \$26.6 million in budget cuts for the 2011-12 school year and froze salaries. The majority of the budget cuts were accomplished through a reduction in force of 344 positions. The cuts remained in place for 2012-13; however a compensation increase of 3% was included and implemented. The two year strategy and actions utilized to address the state funding reductions resulted in an increase of \$2.0 million in the fund balance of the general fund over the biennium.

During the 2013 Legislative Session, the Texas Legislature restored \$3.2 billion of the reductions made in 2011. Funds were not restored in a proportionate manner. The District's restoration was less than 30% compared to a statewide average of 77%. The District's restoration was accomplished entirely by a reduction in property tax recapture payments to the State rather than in additional state funding.

The district adopted its 2013-14 budget on June 4, 2013 – less than a week after the legislative session was adjourned. The 2013-14 revenue budget was based on prior funding law, resulting in a budgeted deficit of \$28.4 million. The partial restoration of state funding reductions subsequently reduced this deficit to \$18.2 million. To address the deficit and provide for a solid revenue stream going forward, on August 20, 2013 the District adopted a maintenance and operations tax rate of \$1.17 and scheduled a tax ratification election for November 5, 2013 to ratify the 13 cent tax rate increase. The voters continued their strong support of the District and passed the election with 63% voting in favor of the tax rate increase. With this tax rate increase, the District generated an additional \$29.7 million in tax revenue net of recapture in 2013-14. The District also adopted a debt service tax rate of 28.3 cents representing a 5.04 cent reduction from 2012-13. The purpose of the reduction was to minimize the impact to taxpayers of the 13 cent increase in the maintenance and operations rate. The resulting revenue shortfall generated in the debt service fund was addressed by reducing the 2014 scheduled bond payments through issuance of refunding bonds to restructure debt payments. The restructuring leveled out payments over the 2014-2018 time frame, but did not extend final maturity dates on existing debt. Due to favorable interest rates, the District also saved \$1,747,875 in future payments with present value savings totaling \$2,588,586 as a result of the restructuring.

### State Funding Litigation

Following the conclusion of the 2011 legislative session, new state funding litigation was filed and on February 4, 2013 in the District Court of Travis County rendered a preliminary ruling that the current system was unconstitutional based on (1) equity, (2) adequacy and (3) establishment of a de facto statewide property tax (as in the West Orange-Cove case). Before the Court entered its finding of fact and a final judgment, the 83<sup>rd</sup> Legislature passed several bills that implicated the claim in the case. The Court granted a motion to reopen the evidence to consider the impact of the 2013 legislation and held another three week evidentiary hearing beginning on January 21, 2014. On August 28, 2014 Judge Dietz ruled the Texas school finance system is unconstitutional by upholding the same three reasons as stated in the preliminary ruling.



The Attorney General informed attorneys in the case on Friday, September 26th that his office will appeal the ruling directly to the Texas Supreme Court. The details of the appeal are expected to come in the next few weeks.

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 3, 2014. 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.

On September 2, 2014 the District adopted a maintenance and operations tax rate of \$1.17 - the maximum rate approved by voters in November 2013. A debt service tax rate of 27.8 cents representing a 0.5 cent reduction in the rate was also adopted. With the debt restructuring completed in fiscal year 2013-14, along with increased property values, the District was able to adopt the lower debt service tax rate.

The Texas Legislature will meet in regular session beginning on January 13, 2015. The next legislative session is complicated by changes in Senate leadership positions within the Legislature along with significant changes in the State's executive leadership including the Governor, Lt. Governor, State Comptroller and Attorney General. Timing on the final verdict on the school finance court case will be critical and may create the need for a special session.

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 cost of a control should not exceed the benefits to be derived, therefore 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, 2014. The independent auditors' report has been included in this report at the front of the financial section.

### Awards

In 1999, the 76<sup>th</sup> 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 77<sup>th</sup> 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, 2013. The District received this prestigious award for the thirty first consecutive year in 2014 .

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, 2014 to GFOA to determine its eligibility for another certificate.

#### Acknowledgments

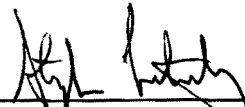
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of Financial Services. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation.

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.



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Richard Matkin  
Superintendent



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Stephen Fortenberry  
Associate Superintendent  
of Business Services



Government Finance Officers Association

**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, 2013**

Executive Director/CEO

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Teamwork for Excellence



**P L A N O**  
Independent School District

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## **FINANCIAL SECTION**

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**P L A N O**  
Independent School District

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Plano Independent School District  
Plano, Texas

### **Report on the Financial Statements**

We have audited the accompanying 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 14 to the financial statements, in 2014, the District adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 18 and 71 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, required Texas Education Agency report section and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The 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 is also not a required part of the financial statements.



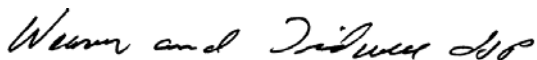
The combining and individual fund statements and schedules, required Texas Education Agency report section, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, required Texas Education Agency report section, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 4, 2014

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Teamwork for Excellence



**P L A N O**  
Independent School District

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**PLANO INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**  
*(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, 2014. It should be read in conjunction with the District's financial statements.

**FINANCIAL HIGHLIGHTS**

The District's total assets as presented on the government-wide Statement of Net Position exceeded total liabilities by \$330.8 million. The net assets of the District increased by \$36.5 million during the year ended June 30, 2014.

The District's governmental funds financial statements reported combined ending fund balance of \$285.7 million. Of this amount, the General Fund has a total of \$169.2 million of which \$2.0 million is nonspendable, \$12.9 million is assigned and \$154.3 million is unassigned available for spending at the District's discretion. Fund balance of \$98.9 million is restricted for use by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$17.6 million 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 four times against this authorization. Bonds authorized and not issued as of June 30, 2014 are \$16,020,000. Bonds were refunded twice during fiscal year 2014 to restructure a portion of the Series 2004 and 2005 Unlimited Tax Refunding Bonds. In October 2013, Series 2013 Unlimited Tax Refunding Bonds were issued in the amount of \$25,955,000 to restructure a portion of the 2004 Unlimited Tax Refunding Bonds. Series 2014 Unlimited Tax Refunding Bonds were dated January 1, 2014 in the amount of \$40,795,000 to refund a portion of Series 2005 Unlimited Tax Refunding Bonds. The restructuring leveled out debt payments over the 2014-2018 time frame, but did not extend final maturity dates on existing debt

During fiscal year 2014, the District completed the addition at Plano West Senior High, first phase of Academy High School, Plano East Senior High IB Academy, Williams Health Science Academy, and renovations at Mitchell Elementary and Rasor Elementary. Roof replacements at Carpenter, Skaggs and Stinson along with HVAC upgrades at Administrative and Facility Service Buildings were also completed. Various security enhancements and upgrades were added at several campuses throughout the district.

**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 position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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-term 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>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<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>	<ul style="list-style-type: none"> <li>♦ Statement of net assets</li> <li>♦ Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>♦ Balance sheet</li> <li>♦ Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>♦ Statement of net assets</li> <li>♦ Statement of revenues, expenses and changes in fund net assets</li> <li>♦ Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>♦ Statement of fiduciary net assets</li> <li>♦ Statement of changes in fiduciary net assets</li> </ul>
<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 position may serve over time as a useful indicator of the District's financial position. The District's net position was \$330.8 million at June 30, 2014.

### The District's Net Position

	Governmental Activities As of June 30, 2014	Governmental Activities As of June 30, 2013	Business Type Activities As of June 30, 2014	Business Type Activities As of June 30, 2013
Current and other assets	\$ 369,808,915	\$ 428,057,260	\$ 626,668	\$ 600,338
Capital assets	997,179,660	987,711,201	-	-
Total assets	<u>1,366,988,575</u>	<u>1,415,768,461</u>	<u>626,668</u>	<u>600,338</u>
Deferred outflows of resources	19,434,125	-	-	-
Current liabilities	91,001,065	114,527,139	497,647	502,821
Long term liability	964,700,123	1,006,946,805	-	-
Total liabilities	<u>1,055,701,188</u>	<u>1,121,473,944</u>	<u>497,647</u>	<u>502,821</u>
Net position:				
Invested in capital assets net of related debt	120,499,074	97,719,303	-	-
Restricted	29,242,464	27,682,058	-	-
Unrestricted	180,979,974	168,893,156	129,021	97,517
Total net position	<u>\$ 330,721,512</u>	<u>\$ 294,294,517</u>	<u>\$ 129,021</u>	<u>\$ 97,517</u>

Our analysis focuses on net position and changes in net position of the District's governmental and business-type activities. The District's total net position increased by \$36.5 million. Current and Other Assets decreased by \$58.2 million which is attributable primarily to a \$45.2 million decrease in Cash and Investments, a \$9.7 million decrease in Due from Other Governments and a decrease of \$3.9 million in capitalize bond issuance cost. Capital Project activity continued throughout fiscal year 2014 without any new debt being issued to fund projects which resulted in a decrease in cash and investments of \$48.8 million for the Capital Projects Fund. An increase in the General Fund cash and investments of \$5.9 million partially offset the decrease in the Capital Projects Fund. The increase in taxable values and a higher maintenance and operating tax rate accounts for the increase in the General Fund, cash and investments. An audit of the District's taxable value for a prior year resulted in a \$5 million recapture payment receivable due to the District at the end of last fiscal year. This payment was received in September 2013 with no other similar adjustments occurring at the end of fiscal year 2014. The remaining amount Due from Other Governments for fiscal year 2014 is due to the timing of payments received from the State for current year state aid payments as well as federal grant payments due. With the implementation of GASB 65, debt issuance costs is recognized as an expense in the period incurred which resulted in the decrease in capitalized bond issuance cost of \$3.9 million. This amount is used as a prior period adjustment to restate the beginning Net Position balance on the Statement of Activities, Exhibit B-1.

Non-Current Capital Assets increased due to the completion of \$38.2 million in building construction projects and the completion of \$849,685 in land improvement projects which resulted in recording the addition of these projects to the various capital asset line items. Construction in Progress decreased \$25 million. Furniture and Equipment and Other Capital Assets decreased a combined total of \$4.5 million. Several construction projects including additions and renovations of existing facilities remained active as of June 30, 2014. These amounts combine to result in a net increase in Capital and Non-Current Assets of \$9.5 million. The combined net effect of a decrease in Current assets and an increase Non-Current Capital Assets resulted in a decrease in total assets during the year ended June 30, 2014 of \$48.8 million.

Deferred Outflows of Resources is a new section on the Statement of Net Position for fiscal year 2014, with the implementation of GASB 63. Deferred outflows are a consumption of net assets that is applicable to a future reporting period. The advanced refunding of \$19,434,125 is shown as a Deferred Outflow of Resources for fiscal year 2014.

Several components came together to create the overall \$23.5 million decrease in Current Liabilities. Due to Other Governments indicates a decrease of \$14.7 million. The large amount Due to Other Governments at the end of fiscal year 2013 was the result of the State using Weighted Average Daily Attendance (WADA) counts that were too high as the basis of state aid payments during fiscal year 2013. The amount due to the State was paid in February 2014. State aid assumptions for fiscal year 2014 provided a better basis for payments in the current fiscal year that did not result in a large overpayment to the District. The amount remaining due to the State at June 30, 2014 is primarily the last two recapture payments due in July and August for a total of \$10.3 million. Accounts Payable reflects a decrease of \$5.6 million. While several construction projects were active at fiscal year-end, the size and number of projects were less than the prior year. This resulted in \$3 million decrease in accounts payable to large construction contractors at year end. In addition, in September 2013 the Texas Teacher Retirement System (TRS) changed the timing of payments due for insurance premiums. Previously, payments were due on the sixth of the following month for the previous month which resulted in a \$2.5 million accrued payable to TRS at the end of fiscal year 2013. Payments are now made in advance on the fifteenth of the month for the upcoming month, thus, eliminating this \$2.5 million accrual for fiscal year 2014. Unearned Revenues decreased by \$2.8 million due to the decrease in the Instructional Materials Allotment from the State available to be drawn upon in future periods. Finally, a decrease of \$1.1 million in Interest Payable was due to a lower bond interest payment due in August 2014 as a result of the bond refunding in fiscal year 2014. These decreases were offset by increases in Accrued Wages Payable of \$591,954 and Payroll Deductions & Withholdings of \$109,572 due to a one percent raise granted for fiscal year 2014.

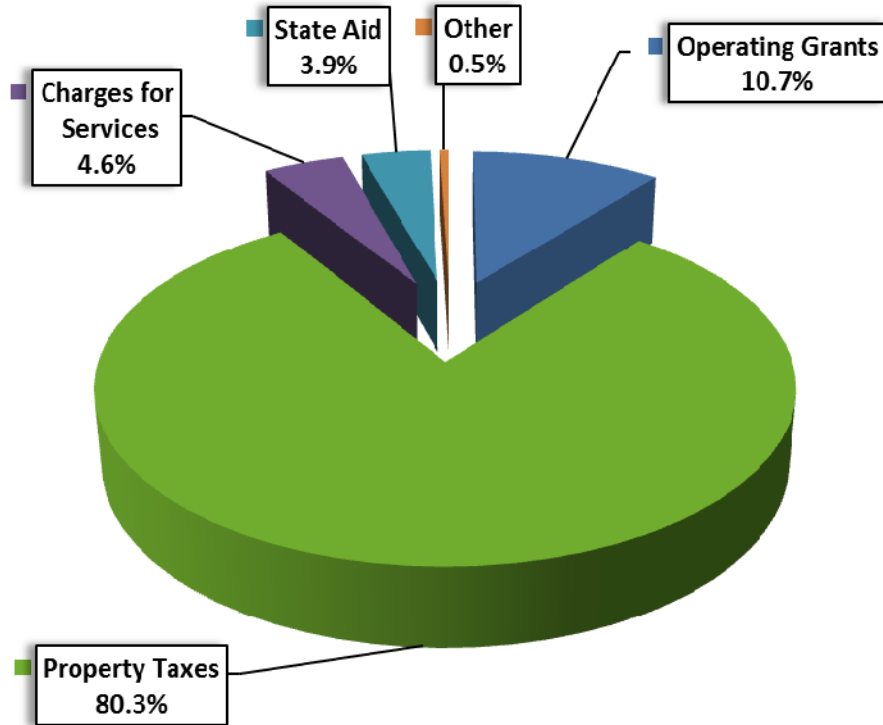
Noncurrent Liabilities decreased \$42.2 million. Obligations due within one year decreased \$9 million while obligations due in more than one year decreased \$33.2 million. During fiscal year 2014, the District refunded bonds twice to restructure a portion of the Series 2004 and 2005 Unlimited Tax Refunding Bonds. The restructuring leveled out the debt payments due in 2014-2018 without extending the final maturity dates on existing debt. No bonds were issued on the authorized, but unissued debt during fiscal year 2014. With the implementation of GASB 65, \$19.4 million was removed from obligation due in more than one year and shown separately in the new Deferred Outflows of Resources section as deferred charge for refunding.

The amount invested in capital assets (e.g. land, buildings, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding increased by \$22.8 million to \$120.5 million. The increase of \$22.8 million is the result of an increase in capital assets net of depreciation of \$9.5 million offset by a decrease in related debt of \$61.6 million with a decrease in the Construction fund balance of \$48.3 million.

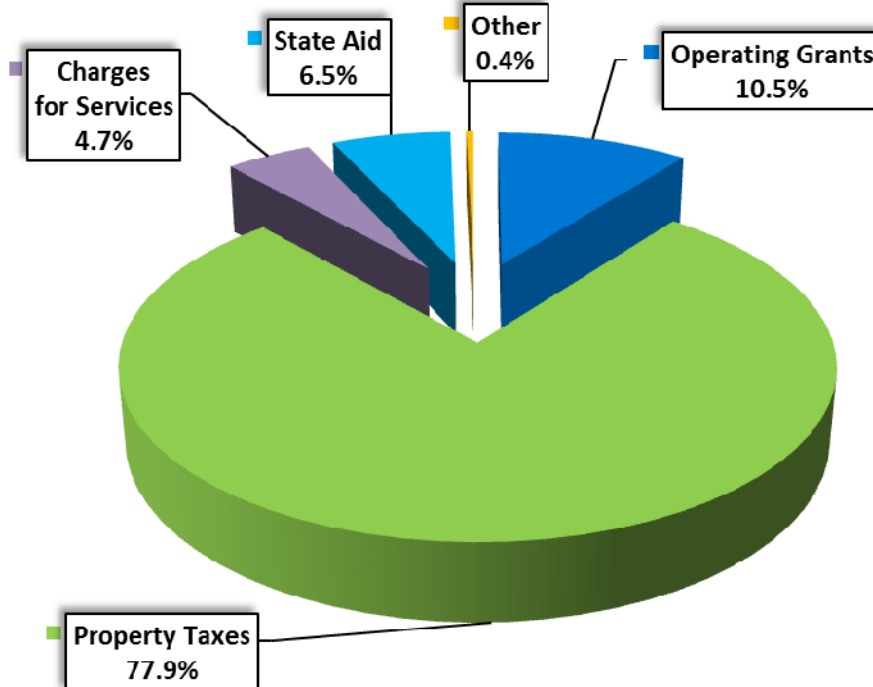
An additional portion of the District's net position of \$28 million represents resources that are subject to external restrictions on how they may be used. Assets restricted for State Programs increased by \$476,992. Assets restricted for use by Food Service decreased slightly by \$10,172. Net assets restricted for Debt Service use increased by \$1.1 million. The remaining balance of net position, \$181 million, is unrestricted and may be used to meet the District's ongoing obligations. The amount of unrestricted net position increased \$12.1 million for the year ended June 30, 2014. This increase is a result of the large decrease in Total Liabilities.

**Changes in net position.** The District's total revenues were \$639.8 million. A significant portion (80.3%) of the District's revenue comes from taxes. (See Figure A-2 or Exhibit B-1) Continued equalization of the State school finance funding formula for fiscal year 2014 reduced state aid. State aid comprised 3.9% of the District's revenue while operating grants provided 10.7%. Charges for services contributed 4.6%. Interest revenue and other sources including miscellaneous local revenue account for 0.5%. The total cost of all programs and services was \$599.5 million.

**Figure A-2**  
**District Sources of Revenue for the fiscal year ended June 30, 2014**



**Figure A-2**  
**District Sources of Revenue for the fiscal year ended June 30, 2013**





## Government-Wide Activities

The total cost of all government-wide activities for the year ended June 30, 2014 was \$599.5 million. 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 \$593 million.
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. These program revenues amounted to \$88.5 million.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$504.5 million 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.

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$316.3	\$271.8
Debt service interest on long term debt	39.1	39.1
Plant maintenance & operations	39.6	37.8
Contracted instructional services between schools	36.0	36.0
School leadership	24.8	22.9
Other facility costs	24.5	0.7

	<u>Governmental Activities FY 6/30/14</u>	<u>Governmental Activities FY 6/30/13</u>	<u>Business-Type Activities FY 6/30/14</u>	<u>Business-Type Activities FY 6/30/13</u>
<b>Revenue</b>				
Program Revenues				
Charges for services	\$ 20,164,360	\$ 19,596,268	\$ 9,099,662	\$ 8,628,573
Operating grants and contributions	68,322,777	62,620,613	-	-
General Revenues				
Property taxes	513,765,055	466,083,318	-	-
State aid - formula	25,147,980	38,658,074	-	-
Interest income	623,136	867,508	2,587	2,798
Other	2,687,011	1,987,074	-	-
Total revenues	<u>630,710,319</u>	<u>589,812,855</u>	<u>9,102,249</u>	<u>8,631,371</u>
<b>Expenses</b>				
Instruction and Instructional - Related Services	332,665,507	325,445,714		
Instructional and School Leadership	28,195,492	27,522,157		
Support Services - Student	77,232,838	71,742,677		
Administrative Support Services	9,802,666	9,864,334		
Support Services - Nonstudent Based	48,297,851	51,965,417		
Ancillary Services - Community Service	1,826,495	2,097,258		
Debt Service	39,078,896	41,114,449		
Other Facility Costs	13,684,442	18,430,979		
Intergovernmental Charges	42,240,335	31,894,055		
Concessions	-	-	210,699	230,810
Employee Child Care	-	-	1,219,369	1,194,578
After School Care	-	-	4,966,384	4,813,962
Photography	-	-	42,005	43,671
Total expenses	<u>593,024,522</u>	<u>580,077,040</u>	<u>6,438,457</u>	<u>6,283,021</u>
<b>Excess (Deficiency) before transfers</b>	37,685,797	9,735,815	2,663,792	2,348,350
<b>Transfers In (Out)</b>	<u>2,632,288</u>	<u>2,296,509</u>	<u>(2,632,288)</u>	<u>(2,296,509)</u>
<b>Change in net position</b>	<u>40,318,085</u>	<u>12,032,324</u>	<u>31,504</u>	<u>51,841</u>
<b>Beginning net position</b>	<u>290,403,427</u>	<u>282,262,193</u>	<u>97,517</u>	<u>45,676</u>
<b>Ending net position</b>	<u>\$ 330,721,512</u>	<u>\$ 294,294,517</u>	<u>\$ 129,021</u>	<u>\$ 97,517</u>

The increase in the ending net position for Governmental Activities of \$36.4 million is a combination of several factors. During fiscal year 2014 several types of revenue reflect significant changes. Charges for services increased by \$568,092 which is attributable to the price increase for student meals served during the school day effective with the start of fiscal year 2014. Operating grants and contributions increased by \$5.7 million. This increase is the result of revenue received for the Instructional Materials Allotment as the result of several textbook adoptions.

Property tax revenue increased by \$47.7 million due to an increase in the assessed property value base and a significant increase in the maintenance and operation (M&O) tax rate of \$0.13 cents. The Texas School Finance legislation passed in 2006 established a standard compressed M&O tax rate of \$1.00. The legislation authorized districts to add four cents to the compressed rate by a vote of their Board of Trustees. An additional 13 cents was also authorized, but requires the board to adopt the higher rate and then conduct a tax ratification election in which all registered voters are given the opportunity to vote on the increased rate. The District had previously approved the additional four cent tax increase in two cent increments in 2007-08 and 2008-09. With the \$4.0 billion reduction in formula funding passed by the legislature for the 2011–13 biennium, the District had reduced staff and restructured operations to the point that without an additional source of steady revenue, reductions would have become necessary in instructional programs along with further reductions in staff. On August 20, 2013 the Board of Trustees adopted a M&O tax rate of \$1.17 and scheduled a tax ratification election for November 5, 2013 to ratify the 13 cent tax rate increase. The voters responded favorably by approving the higher tax rate which resulted in the significant increase in property tax revenue. State aid decreased by \$13.5 million due to a change in the funding formula for 2013-14. A portion of State aid is paid on a set dollar amount that is established annually per average daily attendance (ADA). In 2012-13 the amount paid per ADA was \$469 while in 2013-14 the amount paid per ADA was reduced to \$256 which accounts for the reduction in State aid for fiscal year 2014. Other revenue increased by \$699,937. The District opened three academy programs during 2013-14, a 9-12 Science, Technology, Engineering, Arts and Math (STEAM) academy, a health science academy and an International Baccalaureate (IB) academy. Several corporations and hospitals made significant donations to the academy programs during fiscal year 2014. Southwest Airlines donated \$500,000 to the STEAM academy while Texas Presbyterian Hospital donated \$75,000 to the health science academy. Other corporations made smaller donations totaling \$40,000 to the STEAM academy. Food and Nutritional Services also received a \$107,000 donation from Dairy Max. Interest income decreased by \$244,372 as interest rates continued to decline. These variances combine for an increase in total Government Activity revenue of \$40.9 million.

Total expenses reflect an overall increase of \$12.9 million primarily as a result of a significant increase in Intergovernmental Charges, Instruction and Instructional Related Services and Support Services - Student that was offset by decreases in several areas. As a direct result of the increase in property tax revenue, Contracted Instructional Services Between Schools increased by \$10.3 million. The school finance system in Texas is equalized through an equalized wealth limit that requires excess wealth per weighted average daily attendance (WADA) to be returned to the State. Instruction and Instructional Related Services increased \$7.2 million due to the raise and one-time payment granted to staff and by the increased activity in the Instructional Materials Allotment to purchase textbooks and materials for several textbook adoptions. Support Services – Student reflected a \$5.5 million increase also as a result of the raise and one-time payment granted to staff as well as an increase due to the treatment of capital assets purchased in 2012-13 which reduced the expense in the prior year. The largest decrease that offset these increases was seen in Other Facility Costs due to fewer large construction projects which resulted in a \$4.7 million decrease for this area. Other decreases were seen in Support Services – Nonstudent for \$3.7 million due to savings realized from a new electricity contract as well as a decrease in Debt Service of \$2 million due to a decrease in long term debt interest as a result of two bond refundings during fiscal year 2014 to restructure debt.

### **Business-Type Activities**

The net position of the District's business-type activities increased by \$31,504. This increase is due to an increase in net position for the Concession Enterprise Fund of \$17,135 coupled with an increase in net position for Photography of \$14,369. During fiscal year 2014, there was a decrease in supply expenses in the Concession Enterprise Fund. The Photography fund revenue although less than the previous year continued to exceed operating expenses.

## 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 \$629.3 million for the year ended June 30, 2014. Property taxes were the largest source of revenue received by the District. The Maintenance and Operating (M&O) tax rate increased from \$1.04 to \$1.17 with the passage of the tax ratification election held on November 5, 2013. The 13 cent increase in the M&O tax rate applied against an increasing assessed property value resulted in a total increase in tax revenue of \$60.1 million for M&O. The Debt Service tax rate decreased by 5.04 cents to \$0.2830. The reduction was an effort on the District's part to minimize the impact to taxpayers of the 13 cent increase in the M&O rate. The reduction in the tax rate coupled with an increase in taxable value resulted in decreased tax revenue of \$13.3 million for Debt Service. Other Funds reflect a decrease of \$1.1 million in local revenue due to a decline in the funds raised by student groups of \$2.2 million which was offset by increased local donations of \$676,731 to the District's academy programs and \$107,000 to the Food Service fund. These items represent the major offsetting components of the \$45.1 million increase in Local Revenue.

The State School Finance formula generates revenue from two revenue sources, the Foundation School Program and the Available School Fund. Funding for the Available School Fund portion is based on an annually established amount per ADA. The amount per ADA was significantly decreased by more than 50% in 2013-14 which accounts for the decrease in State Revenue of \$11.4 million in the General Fund. This decrease is offset by an increase in State Revenue in Other Funds of \$6.1 million. State funding recognized for the Instructional Materials Allotment increased by \$5.7 million, and funding from the State increased by \$509,571 for the Regional Day School for the Deaf Program. These variances combine to primarily account for the \$5.3 million decrease in State Program Revenues.

Federal revenues show a decrease of \$793,739 for the 2014 fiscal year. Four programs primarily account for the decrease. SHARS Medicaid revenue decreased by \$161,701, the Build America Bond rebate decreased by \$144,505 due to sequestration cuts to account for the decrease in the General fund. In Other Funds, Title I and Title II decreased by \$743,061 and \$359,674 respectively. Offsetting these decreases was an increase in the National School Lunch & Breakfast federal revenue of \$ 432,726.

Expenditures for general governmental operations totaled \$663.4 million during fiscal year 2014 for a decrease of \$17.3 million. There are several factors that combine for this decrease in expenditures. Due to decreased activity in construction projects, the major decrease in expenditures is in Facilities Acquisition and Construction of \$20.5 million. Long term debt principal and interest payments decreased by \$15.9 million as a result of two bond refundings completed during the year which restructured the debt to level out payments for the next four years, but did not extend final maturity dates on existing debt. Facilities Maintenance and Operations decreased by \$3.1 million due to savings realized from a new multi-year electricity contract. These reductions of \$39.5 million were offset by several functions that saw increases as a result of a 1% raise and 1% one-time payment given to all staff in 2013-14. Instruction increased in total \$8.9 million due to the raise granted to staff (\$3.1 million), and by the increased activity in the Instructional Materials Allotment to purchase textbooks and materials for new textbook adoptions (\$5.7 million). Contracted Instruction Services Between Schools (commonly referred to as "recapture") increased by \$11.1 million as a result of the significant increase in property tax revenue due to the 13 cent increase in the maintenance and operating tax rate. The equalized state funding formula is directly impacted by an increase in local property taxes. Student Transportation increased by \$1.5 million due to an increased staffing level for bus drivers, the raise given to staff and increases in gasoline, repair parts and equipment purchased. These items combine to primarily account for the decrease in expenditures.

The governmental funds reported a combined fund balance of \$285.7 million. The net decrease in the combined fund balance of \$32.7 million is comprised of several changes in fund balance. The primary decrease of \$48.3 million, occurred in the Capital Projects fund due to ongoing bond projects during fiscal year 2014 that were funded from existing funds. A small decrease occurred in the Debt Service Fund of \$262,715. These decreases were offset by an increase in the General Fund of \$15 million and \$814,907 in Other Funds. With the successful tax ratification election, tax revenue increased significantly for the General Fund. The decrease in tax revenue as a result of a lower tax rate resulted in only a slight decrease in the Debt Service fund balance. The increase in fund balance for Other non-major funds of \$814,907 is primarily due to increased donations to the District's academy programs. Out of the combined fund balances, \$154.3 million 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, 2014 consist of:

	<u>As of 6/30/14</u>	<u>As of 6/30/13</u>
<b>Nonspendable</b>		
Inventories	\$1,321,252	\$1,383,747
Prepaid items	908,395	948,771
<b>Restricted</b>		
Debt service	34,925,023	35,187,738
Capital Projects	64,007,275	112,314,815
Food Service	6,967,785	6,951,863
State Special Revenue	1,247,146	770,154
<b>Committed</b>		
Local Special Revenue	9,188,237	8,840,132
<b>Assigned</b>		
Purchases on order	2,183,886	1,646,043
Subsequent year's budget: for capital projects	10,700,000	-
Subsequent year's budget: appropriation of fund balance	-	18,223,808
<b>Unassigned</b>	<u>154,251,239</u>	<u>132,177,609</u>
<b>Total Fund Balance</b>	<u><u>\$285,700,238</u></u>	<u><u>\$318,444,680</u></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 \$154.3 million. An anticipated amount of \$10.7 million to be spent for capital projects was assigned along with encumbrances in the amount of \$2.2 million. Unassigned fund balance available for the general operations of the District represents 34.8% of the total general fund expenditures while total fund balance represents 38.1% of the same amount.

The Capital Project Fund has a total fund balance of \$64 million. This entire amount is restricted for future construction. The fund balance decreased by \$48.3 million as a result of ongoing projects that were funded from balances on hand at June 30, 2013.

The Special Revenue Funds have a total fund balance of \$17.6 million. Nonspendable fund balance invested in inventory equals \$181,117. Fund balance is restricted for food service in the amount of \$6,967,785, for state special revenue in the amount of \$1,247,146 with the remaining balance of \$9.2 million committed for local special revenue funds. Approximately 52% of the total fund balance is from activity in several local special revenue funds. Of the remaining balance, 39.6% is restricted for use by food service with 7.1% restricted for state grants.

The Debt Service fund balance decreased by \$262,715 due to principal and interest payments that outpaced tax revenue. The District's semi-annual debt payment of \$20.9 million is due in mid-August. As of June 30 it was 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 position and in the proprietary fund statement of revenues, expenses and changes in fund net position for the Enterprise Funds and the Internal Service Funds.

Net position in the Enterprise Funds as of June 30, 2014 was \$129,021. Net position for the 2014 year increased by \$31,504. This increase is due to a \$17,135 increase in the Concessions Enterprise Fund as a result of reduced operating expenses for supplies and materials. The Photography Enterprise Fund shows the remainder of the increase of \$14,369 as a result of operating revenue exceeding decreased expenses.

Net position in the Internal Service Funds as of June 30, 2014 remained at \$4.2 million. The majority of this amount is unrestricted to be used for future expenses in the health benefits, workers' compensation and unemployment internal service funds. Net position decreased by \$65,605 during fiscal year 2014. This small decrease is primarily attributable to the \$56,344 decrease in net position for the Print Shop. Equipment was replaced during the year which resulted in higher monthly lease payment by approximately \$30,000. In addition, increases were seen in payroll costs as a result of the 1% raise and one-time payment granted to all staff. Offsetting changes in net position for the Worker's Compensation Fund and Unemployment Fund resulted in an increase of \$16,234. The Insurance Claims Fund had a decrease in net position of \$37,491 due to increased claims during the year. The amounts combine to account for the decrease in net position of \$65,605.

### **General Fund Budgetary Highlights**

During the 2013 Legislative session, the Texas Legislature restored \$3.2 billion of the reductions made in 2011. However, funds were not restored in a proportionate manner which resulted in the District's restoration being less than 30% compared to a statewide average of 77%. The District adopted the 2013-14 budget days after the legislative session ended in early June 2013, thus, the original budget was based on the prior funding law resulting in an adopted budget deficit of \$28.4 million. Restoration of state funding for the District was accomplished by a reduction in property tax recapture payments which subsequently reduced the adopted deficit to \$18.2 million. The method of restoration provided no additional state funding as an increase in State revenue. To address the deficit and provide for a solid revenue stream going forward, the District adopted a maintenance and operating tax rate of \$1.17 for 2013-14 which exceeded the amount the District could set without seeking voter approval through a tax ratification election. The Board of Trustees scheduled the tax ratification election for November 5, 2013. The voters responded favorably with 63% voting in favor of the higher tax rate. The increase in tax revenue was offset in part by an increase in the District's property tax recapture payment. An 1% raise as well as an 1% one-time pay stipend was included in the adopted budget. Capital outlay of \$405,000 was included in the adopted budget with \$315,000 appropriated to fund vehicle replacement for Facility Services and the Distribution Center. Budget for all other non-payroll related items were either held constant except in areas impacted by external price increases over which the District had no control such as fuel and property insurance or decreased as was the case for Contracted Services due to anticipated savings from a new electricity contract.

In the General Fund, the final budgeted amount for revenues was \$420.2 million. Local tax revenue was amended for the increase in tax revenue of \$49.4 million as a result of the 13 cent increase in the maintenance and operating tax rate as well as certified property values coming in approximately 1.5% higher than the preliminary values on which the original budget was based. Budget amendments to state revenue based on the new state funding law and the reclassification of SHARS Medicaid revenue to federal revenue resulted in a decrease of \$13.2 million. Federal budgeted revenue increased by \$2.7 million as a result of reclassifying the SHARS Medicaid revenue to this category.

Over the course of the fiscal year, the District revised its budget several times. Final results indicate actual expenditures were \$15.2 million 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 repairs, utilities and custodial contract were less than anticipated in Facilities Maintenance. The District's weighted average daily attendance (WADA) increased during the year which accounts for the reduction in the Contracted Instructional Services Between Schools. Overall the expenditure budget variance represents a 3.3% variance on the total expenditure budget of \$459 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2014, the District had invested \$997.2 million 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 \$9.5 million over last year.

	As of 6/30/14	As of 6/30/13
Land and improvements	\$ 120,963,431	\$ 118,894,228
Buildings and improvements	1,240,062,643	1,173,112,051
Construction in progress	34,727,773	59,770,973
Furniture, equipment, & vehicles	104,037,550	101,568,970
Totals	<u>1,499,791,397</u>	<u>1,453,346,222</u>
Total accumulated depreciation	<u>(502,611,737)</u>	<u>(465,635,021)</u>
Net capital assets	<u>\$ 997,179,660</u>	<u>\$ 987,711,201</u>

The year's major capital asset additions include the addition at Plano West Senior High, first phase of Academy High School, Plano East Senior High IB Academy, Williams Health Science Academy, renovations at Mitchell and Rasor Elementary, roof replacements at Carpenter, Skaggs and Stinson and HVAC upgrades at Administrative and Facility Service Buildings. 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, 2014, the District had total bonded debt outstanding of \$924.6 million. The ratio of net general bonded debt to assessed valuation and the amount of net 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. Net bonded debt per capita decreased to \$2,690 and the ratio of net bonded debt to assessed value decreased to 2.73 percent.

The District has authorized unissued bonds as of June 30, 2014 in the amount of \$16,020,000. During the year, the District issued \$25,955,000 Series 2013 Refunding Bonds used to refund \$28,520,000 of outstanding Series 2004 bonds. In addition, the District issued \$40,795,000 Series 2014 Refunding Bonds used to refund \$48,910,000 of outstanding Series 2005 bonds. The District continues to enjoy excellent bond ratings. Rating agency reviews were last conducted in December 2013 in conjunction with the issuance of the Series 2014 Unlimited Refunding Tax 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 December 2013 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, 2014 a liability for arbitrage rebate in the amount of \$31,434 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 local economic climate is as favorable as it has been in several years. Net taxable property values reported in the summer of 2014 grew by \$1.9 billion (5.2%) from 2013 and now total \$38.4 billion. Of this growth, \$542 million was for new construction. The balance reflects increases in value of existing property. There are several new construction projects underway in the District which will add to property growth in 2015 and future years. In April 2014, Toyota announced the relocation of its corporate headquarters to Plano. The new corporate campus will be developed in a \$2 billion mixed use development in west Plano. Approximately, 4000 employees will be affected by the move. A second relocation project involves State Farm Insurance Company. This project is well under construction with State Farm projecting some initial occupancy by the end of 2014. In addition to the four tower office complex, adjacent multi-family and retail development, is expected to result in a total investment of \$1.5 billion when completed. Raytheon has broken ground on a new corporate campus that is expected to be completed by the end of 2015. Although property value growth has minimal impact on net general fund revenue due to the equalization provisions of the state funding formula, it does enhance debt service fund revenues and ultimately reduces the tax rate necessary to service existing debt payments.

With the passage of the tax ratification election in November 2013, the District has capacity to provide competitive salaries and continue support for a broad spectrum of academic offerings for the next several years. By working through the District's strong education foundation, local donations continue to be secured to assist with the support and development of academy program offerings for the students of Plano Independent School District.

School finance litigation is not yet settled. Following the conclusion of the 2011 legislative session, new state funding litigation was filed and on February 4, 2013 the District Court of Travis County rendered a preliminary ruling that the current system was unconstitutional based on (1) equity, (2) adequacy and (3) establishment of a de facto statewide property tax. At the time the preliminary ruling was rendered, the 2013 legislative session was underway. Possibly in reaction to the ruling and certainly in light of an economic rebound, the legislature restored \$3.2 billion of the \$4.0 billion formula funding reduction from the 2011 session although not in a prorated manner to all districts.

As a result of this legislative action, the Court granted a motion to reopen the evidence in the case. An evidentiary hearing was conducted for a three week period in January and February 2014. On August 28, 2014 Judge Dietz ruled the Texas school finance system is unconstitutional by upholding the same three reasons as stated in his preliminary ruling. The Attorney General informed attorneys in the case on Friday, September 26<sup>th</sup> that his office will appeal the ruling directly to the Texas Supreme Court. The details of the appeal are not available at this time, but are expected to come in the next few weeks.

The District adopted its 2014-15 budget on June 3, 2014. The 2014-15 general fund budget is a balanced budget with revenues and other sources of \$503.5 million. Appropriations including recapture equal the same total of \$503.5 million. Budgeted local revenue includes \$23.6 million in additional tax revenue as a result of an approximate 5% increase in property values. The appropriations budget includes \$15 million in increased payroll costs associated with increased instructional staffing and a 3.5% compensation increase. All other non-payroll budgeted appropriations (excluding recapture payments to the state) decreased. Recapture payments to the state include a budgeted \$13.3 million increase due the increase budgeted for local tax revenue.

On September 2, 2014 the District adopted a maintenance and operations tax rate of \$1.17 per \$100 of taxable assessed value which is the same rate approved by voters during fiscal year 2014. The District also adopted a debt service tax rate of 27.8 cents representing a 0.5 cent reduction from 2013-14. With property values slightly above their original estimate, the District was able to adopt a lower debt service rate. The debt service fund is budgeted to use \$1.4 million of fund balance, but is projected to end fiscal year 2015 with a fund balance of over \$33 million.

#### **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. 15<sup>th</sup> Street, Plano, Texas 75075, or call (469) 752-8118 or 8115.



## **BASIC FINANCIAL STATEMENTS**

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Teamwork for Excellence



**P L A N O**  
Independent School District

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**PLANO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

Data Control Codes	1	2	3	
	Primary Government			
	Governmental Activities	Business Type Activities	Total	
<b>ASSETS:</b>				
1110	Cash and Investments	\$ 350,111,505	\$ 238,148	\$ 350,349,653
1220	Property Taxes Receivable (Delinquent)	11,493,342	-	11,493,342
1230	Allowance for Uncollectible Taxes	(4,480,135)	-	(4,480,135)
1240	Due from Other Governments	9,035,382	-	9,035,382
1250	Accrued Interest	60,932	20	60,952
1290	Other Receivables, Net	1,019,348	387,378	1,406,726
1300	Inventories	1,321,252	-	1,321,252
1410	Deferred Expenses	1,247,289	1,122	1,248,411
	Non-current Assets			
	Capital Assets:			
1510	Land	77,097,642	-	77,097,642
1520	Buildings, Net	830,686,836	-	830,686,836
1530	Furniture and Equipment, Net	25,837,421	-	25,837,421
1540	Other Capital Assets, Net	28,829,988	-	28,829,988
1580	Construction in Progress	34,727,773	-	34,727,773
1000	<b>Total Assets</b>	<u>1,366,988,575</u>	<u>626,668</u>	<u>1,367,615,243</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
1701	Deferred Charge for Refunding	19,434,125	-	19,434,125
1700	<b>Total Deferred Outflows of Resources</b>	<u>19,434,125</u>	<u>-</u>	<u>19,434,125</u>
<b>LIABILITIES:</b>				
2110	Accounts Payable	13,215,708	58,281	13,273,989
2140	Interest Payable	14,858,214	-	14,858,214
2150	Payroll Deduction & Withholdings	2,610,231	-	2,610,231
2160	Accrued Wages Payable	46,243,619	117,952	46,361,571
2180	Due to Other Governments	11,047,875	-	11,047,875
2200	Accrued Expenses	2,161,008	-	2,161,008
2300	Unearned Revenues	864,410	321,414	1,185,824
	Non-Current Liabilities			
2501	Due within One Year	66,188,369	-	66,188,369
2502	Due in More than One Year	898,511,754	-	898,511,754
2000	<b>Total Liabilities</b>	<u>1,055,701,188</u>	<u>497,647</u>	<u>1,056,198,835</u>
<b>NET POSITION:</b>				
3200	Invested in Capital Assets, Net of Related Debt	120,499,074	-	120,499,074
	Restricted for:			
3820	Restricted for State Programs	1,247,146	-	1,247,146
3840	Restricted for Food Service	7,148,902	-	7,148,902
3850	Restricted for Debt Service	20,846,416	-	20,846,416
3900	Unrestricted Net Position	180,979,974	129,021	181,108,995
3000	<b>Total Net Position</b>	<u>\$ 330,721,512</u>	<u>\$ 129,021</u>	<u>\$ 330,850,533</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, 2014**

Data Control Codes	Expenses	Program Revenues	
		3 Charges of Services	4 Operating Grant and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
11	Instruction	\$ 316,343,437	\$ 40,725,438
12	Instructional Resources and Media Services	8,882,454	465,427
13	Curriculum and Instructional Staff Development	7,439,616	1,828,661
21	Instructional Leadership	3,383,330	715,046
23	School Leadership	24,812,162	1,868,145
31	Guidance, Counseling and Evaluation Services	18,481,335	2,059,548
32	Social Work Services	914,444	48,552
33	Health Services	5,306,311	498,142
34	Student (Pupil) Transportation	14,221,710	589,052
35	Food Services	24,491,684	10,106,297
36	Extracurricular Activities	13,817,354	5,364,824
41	General Administration	9,802,666	558,681
51	Plant Maintenance and Operations	39,576,466	833,668
52	Security and Monitoring Services	3,389,610	158,554
53	Data Processing Services	5,331,775	335,670
61	Community Services	1,826,495	1,434,396
72	Debt Service - Interest on Long Term Debt	38,770,726	-
73	Debt Service - Bond Issuance Costs and Fees	308,170	-
81	Other Facility Costs	13,684,442	-
91	Contracted Instructional Services Between Schools	36,015,750	-
92	Incremental Costs Associated with Chapter 41	600,000	-
93	Payment to Fiscal Agent/Member Districts of SSA	999,041	732,676
95	Payments to Juvenile Justice Alternative Ed. Prg.	118,232	-
97	Payments to Tax Increment Fund	1,875,134	-
99	Other Intergovernmental Charges	2,632,178	-
	<b>(TG) Total Governmental Activities:</b>	<u>593,024,522</u>	<u>68,322,777</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
01	Employee Child Care	1,219,369	-
02	After School Care	4,966,384	-
03	Concessions	210,699	-
04	Photography	42,005	-
	<b>(TB) Total Business-Type Activities:</b>	<u>6,438,457</u>	<u>-</u>
	<b>(TP) TOTAL PRIMARY GOVERNMENT:</b>	<u>\$ 599,462,979</u>	<u>\$ 68,322,777</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  
FR Transfers In (Out)  
  
TR Total General Revenues and Transfers  
  
CN Change in Net Position  
NB Net Position - Beginning, as Restated  
NE Net Position - Ending

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

**EXHIBIT B-1**

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
6	7	8
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
\$ (271,857,233)	\$ -	\$ (271,857,233)
(8,417,027)	-	(8,417,027)
(5,524,863)	-	(5,524,863)
(2,668,284)	-	(2,668,284)
(22,944,017)	-	(22,944,017)
(16,414,301)	-	(16,414,301)
(865,892)	-	(865,892)
(4,808,169)	-	(4,808,169)
(13,632,658)	-	(13,632,658)
(725,949)	-	(725,949)
(6,840,470)	-	(6,840,470)
(9,195,361)	-	(9,195,361)
(37,764,133)	-	(37,764,133)
(3,231,056)	-	(3,231,056)
(4,996,105)	-	(4,996,105)
(380,870)	-	(380,870)
(38,770,726)	-	(38,770,726)
(308,170)	-	(308,170)
(13,684,442)	-	(13,684,442)
(36,015,750)	-	(36,015,750)
(600,000)	-	(600,000)
(266,365)	-	(266,365)
(118,232)	-	(118,232)
(1,875,134)	-	(1,875,134)
(2,632,178)	-	(2,632,178)
<u>(504,537,385)</u>	<u>-</u>	<u>(504,537,385)</u>
-	54,402	54,402
-	2,575,299	2,575,299
-	17,135	17,135
-	14,369	14,369
<u>-</u>	<u>2,661,205</u>	<u>2,661,205</u>
<u>\$ (504,537,385)</u>	<u>\$ 2,661,205</u>	<u>\$ (501,876,180)</u>
412,189,988	-	412,189,988
101,575,067	-	101,575,067
25,147,980	-	25,147,980
623,136	2,587	625,723
2,687,011	-	2,687,011
2,632,288	(2,632,288)	-
<u>544,855,470</u>	<u>(2,629,701)</u>	<u>542,225,769</u>
40,318,085	31,504	40,349,589
290,403,427	97,517	290,500,944
<u>\$ 330,721,512</u>	<u>\$ 129,021</u>	<u>\$ 330,850,533</u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project
<b>ASSETS:</b>			
1110 Cash and Investments	\$ 219,205,895	\$ 34,186,681	\$ 72,173,152
1220 Property Taxes - Delinquent	9,066,979	2,426,363	-
1230 Allowance for Uncollectible Taxes (Credit)	(3,587,870)	(892,265)	-
1240 Due from Other Governments	4,673,441	87,537	-
1250 Accrued Interest	36,403	5,475	16,363
1260 Due from Other Funds	1,426,240	-	-
1290 Other Receivables	801,730	-	-
1300 Inventories	1,140,135	-	-
1410 Prepaid Expenditures	904,169	-	-
1000 <b>Total Assets</b>	<u>\$ 233,667,122</u>	<u>\$ 35,813,791</u>	<u>\$ 72,189,515</u>
<b>LIABILITIES:</b>			
2110 Accounts Payable	\$ 4,790,791	\$ -	\$ 8,179,562
2150 Payroll Deductions and Withholdings Payable	2,610,231	-	-
2160 Accrued Wages Payable	43,094,593	-	2,678
2170 Due to Other Funds	-	-	-
2180 Due to Other Governments	11,044,535	-	-
2300 Unearned Revenues	16,625	-	-
2000 <b>Total Liabilities</b>	<u>61,556,775</u>	<u>-</u>	<u>8,182,240</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
2601 Unavailable Revenue - Property Taxes	2,930,918	888,768	-
2600 <b>Total Deferred Inflows of Resources</b>	<u>2,930,918</u>	<u>888,768</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Nonspendable			
3410 Investments in Inventory	1,140,135	-	-
3430 Prepaid Expenditures	904,169	-	-
Restricted			
3480 Debt Service	-	34,925,023	-
3470 Capital Projects	-	-	64,007,275
3450 Food Service	-	-	-
3450 State Special Revenue	-	-	-
Committed			
3545 Local Special Revenue	-	-	-
Assigned			
3590 Purchases on order	2,183,886	-	-
3590 Subsequent year's budget: for capital projects	10,700,000	-	-
3600 Unassigned	154,251,239	-	-
<b>Total Fund Balances</b>	<u>169,179,429</u>	<u>34,925,023</u>	<u>64,007,275</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 233,667,122</u>	<u>\$ 35,813,791</u>	<u>\$ 72,189,515</u>

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

**EXHIBIT C-1**

	<b>Other Funds</b>	<b>Total Governmental Funds</b>
\$	18,530,156	\$ 344,095,884
	-	11,493,342
	-	(4,480,135)
	4,274,404	9,035,382
	1,720	59,961
	-	1,426,240
	165,926	967,656
	181,117	1,321,252
	4,226	908,395
<b>\$</b>	<b>23,157,549</b>	<b>\$ 364,827,977</b>
\$	197,320	\$ 13,167,673
	-	2,610,231
	3,133,259	46,230,530
	1,387,334	1,387,334
	3,340	11,047,875
	847,785	864,410
	<u>5,569,038</u>	<u>75,308,053</u>
	-	3,819,686
	-	3,819,686
	181,117	1,321,252
	4,226	908,395
	-	34,925,023
	-	64,007,275
	6,967,785	6,967,785
	1,247,146	1,247,146
	9,188,237	9,188,237
	-	2,183,886
	-	10,700,000
	-	154,251,239
	<u>17,588,511</u>	<u>285,700,238</u>
<b>\$</b>	<b>23,157,549</b>	<b>\$ 364,827,977</b>

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Teamwork for Excellence



**P L A N O**  
Independent School District

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**PLANO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

<b>Total Fund Balances - Governmental Funds</b>	\$ 285,700,238
Capital assets used in governmental activities (excluding internal service) are not financial resources and therefore are not reported in governmental funds. The cost of the capital assets is \$1,499,754,579, and the accumulated depreciation associated with the capital assets is \$502,595,832.	997,158,747
Uncollected property taxes are reported as deferred inflow of resources in the governmental funds balance sheet but are recognized as a revenue in the statement of activities.	3,819,686
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 \$20,913) are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net position.	4,167,053
Long-term liabilities of \$964,700,123 are not due and payable in the current period and therefore are not reported as liabilities in the funds. A deferred charge on an advanced refunding of bonds payable of \$19,434,125 is reflected as a deferred outflow of resources on the Statement of Net Position.	(945,265,998)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	<u>(14,858,214)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 330,721,512</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 420,626,695	\$ 101,402,995	\$ 169,693
5800 State Program Revenues	39,537,140	-	-
5900 Federal Program Revenues	4,978,648	-	-
<b>5020 Total Revenues</b>	<b>465,142,483</b>	<b>101,402,995</b>	<b>169,693</b>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	265,015,877	-	-
0012 Instructional Resources and Media Services	7,485,614	-	-
0013 Curriculum and Instructional Staff Development	5,775,939	-	-
0021 Instructional Leadership	2,781,787	-	-
0023 School Leadership	23,253,181	-	-
0031 Guidance, Counseling and Evaluation Services	17,064,567	-	-
0032 Social Work Services	913,327	-	-
0033 Health Services	4,960,459	-	-
0034 Student (Pupil) Transportation	12,561,104	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	6,501,444	-	-
0041 General Administration	9,419,495	-	-
0051 Facilities Maintenance and Operations	37,336,201	-	-
0052 Security and Monitoring Services	3,264,548	-	-
0053 Data Processing Services	5,064,389	-	-
0061 Community Services	731,291	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	56,610,000	-
0072 Debt Service- Interest on Long Term Debt	-	43,631,630	-
0073 Debt Service - Bond Issuance Cost and Fees	-	308,170	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	86,685	-	57,058,229
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	36,015,750	-	-
0092 Incremental Costs Associated with Chapter 41	600,000	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	266,365	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	118,232	-	-
0097 Payments to Tax Increment Fund	1,875,134	-	-
0099 Other Intergovernmental Charges	2,632,178	-	-
<b>6030 Total Expenditures</b>	<b>443,723,567</b>	<b>100,549,800</b>	<b>57,058,229</b>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	21,418,916	853,195	(56,888,536)
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Refunding Bonds Issued	-	74,750,000	-
7915 Transfers In	2,632,288	160,440	8,741,436
7916 Premium or Discount on Issuance of Bonds	-	5,672,938	-
7919 Insurance Recoveries	505,000	-	-
8911 Transfers Out (Use)	(9,545,298)	-	(160,440)
8949 Payment to Bond Escrow Agent	-	(81,699,288)	-
<b>7080 Total Other Financing Sources (Uses)</b>	<b>(6,408,010)</b>	<b>(1,115,910)</b>	<b>8,580,996</b>
1200 Net Change in Fund Balances	15,010,906	(262,715)	(48,307,540)
0100 Fund Balance - July 1 (Beginning)	154,168,523	35,187,738	112,314,815
<b>3000 Fund Balance - June 30 (Ending)</b>	<b>\$ 169,179,429</b>	<b>\$ 34,925,023</b>	<b>\$ 64,007,275</b>

EXHIBIT C-3

	<b>Other Funds</b>	<b>Total Governmental Funds</b>
\$	24,904,494	\$ 547,103,877
	11,408,586	50,945,726
	<u>26,305,079</u>	<u>31,283,727</u>
	<u>62,618,159</u>	<u>629,333,330</u>
	26,026,547	291,042,424
	104,492	7,590,106
	1,474,696	7,250,635
	587,767	3,369,554
	578,076	23,831,257
	1,151,955	18,216,522
	1,099	914,426
	241,236	5,201,695
	67,556	12,628,660
	22,481,937	22,481,937
	5,258,595	11,760,039
	221,666	9,641,161
	1,161,151	38,497,352
	156,775	3,421,323
	410,518	5,474,907
	950,372	1,681,663
	-	56,610,000
	-	43,631,630
	-	308,170
	500,000	57,644,914
	-	36,015,750
	-	600,000
	732,676	999,041
	-	118,232
	-	1,875,134
	-	<u>2,632,178</u>
	<u>62,107,114</u>	<u>663,438,710</u>
	<u>511,045</u>	<u>(34,105,380)</u>
	-	74,750,000
	303,862	11,838,026
	-	5,672,938
	-	505,000
	-	(9,705,738)
	-	<u>(81,699,288)</u>
	<u>303,862</u>	<u>1,360,938</u>
	814,907	(32,744,442)
	<u>16,773,604</u>	<u>318,444,680</u>
\$	<u>17,588,511</u>	<u>\$ 285,700,238</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, 2014**

**Total Net Change in Fund Balances - Governmental Funds** \$ (32,744,442)

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 \$46,794,845 exceeded depreciation of \$37,479,676 in the current period, net of disposition of assets of \$(149,520) (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.) 9,464,689

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 expensed in the current period. This amount represents the following: current year

Principal Payment	\$	56,610,000	
Advanced Bond Refunding		77,430,000	
Deferred Refunding Amount		2,088,130	
Amortization of Premium		8,182,028	
Amortization of loss on Bond Refunding		(2,158,782)	
Increase in Accreted Interest		(119,719)	
Reduction of Arbitrage		6,715	
			142,038,372

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. Unearned tax revenues, net of bad debt, increased (decreased) by this amount. 844,100

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. 1,138,534

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. 65,375

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 income of internal service funds is reported with governmental activities. The net effect of this consolidation is to decrease net position. (65,605)

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 Position. (80,422,938)

**Change in Net Position of Governmental Activities** \$ 40,318,085

**PLANO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<b>Total Enterprise Funds</b>	<b>Total Internal Service Funds</b>
<b>ASSETS:</b>		
Current Assets:		
Cash and Investments	\$ 238,148	\$ 6,015,621
Accrued Interest	20	971
Other Receivables	387,378	51,692
Prepaid Expenses	1,122	338,894
	<u>626,668</u>	<u>6,407,178</u>
<b>Total Current Assets</b>		
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	5,445	31,374
Depreciation on Furniture and Equipment	(5,445)	(10,461)
	<u>-</u>	<u>20,913</u>
<b>Total Noncurrent Assets</b>		
	<u>626,668</u>	<u>6,428,091</u>
<b>TOTAL ASSETS:</b>		
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	58,281	48,035
Accrued Wages Payable	117,952	13,089
Accrued Expenses	-	2,161,008
Unearned Revenues	321,414	-
Due To Other Funds	-	38,906
	<u>497,647</u>	<u>2,261,038</u>
<b>TOTAL LIABILITIES:</b>		
<b>NET POSITION:</b>		
Investments in Capital Assets	-	20,913
Unrestricted Net Position	129,021	4,146,140
	<u>129,021</u>	<u>4,167,053</u>
<b>TOTAL NET POSITION:</b>	<u>\$ 129,021</u>	<u>\$ 4,167,053</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 POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES:</b>		
Local and Intermediate Sources	\$ 9,099,662	\$ 38,362,112
<b>Total Operating Revenues</b>	<u>9,099,662</u>	<u>38,362,112</u>
<b>OPERATING EXPENSES:</b>		
Payroll Costs	4,845,046	1,087,107
Professional and Contracted Services	84,527	1,903,303
Supplies and Materials	215,286	429,419
Other Operating Costs	1,293,598	35,529,063
<b>Total Operating Expenses</b>	<u>6,438,457</u>	<u>38,948,892</u>
Operating Income (Loss)	2,661,205	(586,780)
<b>NON OPERATING REVENUES (EXPENSES):</b>		
Earnings from Temporary Deposits & Investments	2,587	7,756
Insurance Recovery	-	13,419
<b>Total Non Operating Revenue</b>	<u>2,587</u>	<u>21,175</u>
Income Before Transfers	2,663,792	(565,605)
Transfers In	-	500,000
Transfers Out	(2,632,288)	-
Change in Net Position	31,504	(65,605)
<b>TOTAL NET POSITION - JULY 1 (BEGINNING)</b>	<u>97,517</u>	<u>4,232,658</u>
<b>TOTAL NET POSITION - JUNE 30 (ENDING)</b>	<u>\$ 129,021</u>	<u>\$ 4,167,053</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, 2014**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Total Enterprise Funds</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from User Charges	\$ 9,071,992	\$ 38,352,226
Cash Payments to Employees for Services	(4,832,836)	(1,086,065)
Cash Payments for Insurance Claims	-	(1,413,552)
Cash Payments for Suppliers	(316,031)	(1,374,151)
Cash Payments for Other Operating Expenses	(1,294,868)	(37,543,902)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>2,628,257</b>	<b>(3,065,444)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfer In	-	500,000
Transfers Out	(2,632,288)	-
Insurance Proceeds	-	13,419
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<b>(2,632,288)</b>	<b>513,419</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of Capital Assets	-	(16,430)
Sale of Capital Asset	-	11,166
<b>Net Cash (Used for) by Non-Capital Financing Activities</b>	<b>-</b>	<b>(5,264)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sales and Maturities of Securities	82,892	4,979,732
Interest and Dividends on Investments	2,604	8,525
<b>Net Cash Provided by Investing Activities</b>	<b>85,496</b>	<b>4,988,257</b>
Net Increase in Cash and Cash Equivalents	81,465	2,430,968
Cash and Cash Equivalents at Beginning of Year	97,967	1,494,651
Cash and Cash Equivalents at End of Year	179,432	3,925,619
Temporary Investment Not in Cash Equivalents	58,716	2,090,002
<b>CASH ON BALANCE SHEET</b>	<b>\$ 238,148</b>	<b>\$ 6,015,621</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 2,661,205	\$ (586,780)
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	-	1,494
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(27,778)	(48,792)
Decrease (increase) in Prepaid Expenses	4	4,844
Increase (decrease) in Accounts Payable	(17,492)	(2,520,425)
Increase (decrease) in Accrued Wages Payable	12,210	1,042
Increase (decrease) Due to Other Funds	-	38,906
Increase (decrease) Unearned Revenues	108	-
Increase (decrease) in Accrued Expenses	-	44,267
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 2,628,257</b>	<b>\$ (3,065,444)</b>

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

**PLANO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUND  
JUNE 30, 2014**

	<b>Agency Fund</b>
<b>ASSETS:</b>	
Investments - Current	\$ 441,341
Accrued Interest	27
Other Receivables	235
<b>Total Assets</b>	441,603
<b>LIABILITIES:</b>	
Accounts Payable	2,615
Due to Student Groups	321,401
Due to Other Groups	117,587
<b>Total Liabilities</b>	\$ 441,603

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, 2014**

**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* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*.

**Government-Wide and Fund Financial Statements**

The Statement of Net Position 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 Position 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 Position. 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 Position 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 Position.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Government-Wide and Fund Financial Statements – Continued**

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.

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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued**

All other revenue items are considered measurable and available only when cash is received by the District.

**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.

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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Governmental Funds – Continued**

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 or committed 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. The District accounts for concession sales, Employee Child Care and the After School Care, and Photography as enterprise funds.
- 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.

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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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 Position 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 39% of outstanding property taxes at June 30, 2014.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities and Net Position or Equity – Continued**

**Inventories and Prepaid Items**

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.

Prepaid balances are for payments made by the District for which benefits extend beyond June 30, 2014. The cost of governmental fund type prepaid balances are recorded as an expenditure when consumed rather than when purchased.

**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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities and Net Position or Equity – Continued**

**Capital Assets – Continued**

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.

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. 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. As of June 30, 2014, the District recorded \$3,799,607 in the government-wide financial statements for accrued vacation liabilities. Employees are allowed to accrue five days of state personal leave and seven days of local sick leave each year without limit.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets Liabilities, and Net Position or Equity – Continued**

**Compensated Absences – Continued**

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.

**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 Position. Bond premiums and discounts 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 expensed when incurred. 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 and are reported as deferred outflows of resources in the government-wide Statement of Net Position. 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 Position**

**Government-Wide Financial Statements**

Net position on the Statement of Net Position includes the following:

Invested in Capital Assets, Net of Related Debt -- the component of net position 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.



**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Balances and Net Position – Continued**

**Governmental Wide Financial Statements – Continued**

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

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

Restricted for State Programs -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the State of Texas.

Unrestricted -- the difference between the assets and liabilities that is not reported in Net Position Invested in Capital Assets, Net of Related Debt and restricted net position.

**Governmental Fund Financial Statements**

Governmental fund balances are classified as 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.

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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Balances and Net Position – Continued**

**Governmental Fund Financial Statement – Continued**

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. As defined by the Fiscal Management Goals and Objectives Policy, 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.

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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is possible that the foundation revenue estimate as of June 30, 2014 will change.

**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, 2014, the carrying amount of the District's cash deposits were \$75,210 and the bank balance was \$14,523. The District's cash deposits at June 30, 2014 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 \$81,575,406.
- c) Highest cash, savings and time deposits combined account balances amount was \$66,311,815 and occurred on January 30, 2014.
- d) Total amount of Federal Deposit Insurance Corporation (FDIC) coverage at the time of highest combined balance was \$500,000.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

As of June 30, 2014, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	\$ 42,003,600	0.282
Commercial Paper	159,960,109	0.168
Demand Deposits	130,051,110	0.000
Public Funds Investment Pools	<u>18,711,346</u>	0.003
Total Fair Value	<u>\$ 350,726,165</u>	
Portfolio weighted average maturity		0.112

The fair value of investments is \$10,385 more 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, 2014, the District had commercial paper of \$159,960,109 in the portfolio. The District's investments in public funds investment pools and money market mutual funds include those with TexPool and TexStar. 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 position 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, 2014, the District's investment in TexPool and TexStar was \$6,416,616 and \$12,294,730, respectively.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

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:

<u>Investment Description</u>	<u>Percentage of Investments</u>	<u>S&amp;P Rating</u>	<u>Moody Rating</u>	<u>Fitch Rating</u>
Commercial Paper				
GE Capital Corp	9.98%	A-1+	P-1	Not rated
Wells Fargo & Co	9.98%	A-1	P-1	F1+
JP Morgan Sec	8.55%	A-1	P-1	F1
Toyota Mtr Cr	7.41%	A-1+	P-1	Not rated

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, deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to \$250,000.

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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 3. PROPERTY TAXES AND STATE AID REVENUE – CONTINUED**

**Property Taxes – Continued**

Delinquent taxes receivable and the related allowance for uncollectible taxes are shown on the government-wide Statement of Net Position and the fund financial Balance Sheet.

The District is permitted to levy taxes up to \$1.17 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 \$1.453 per \$100 of assessed valuation. The maintenance and debt service portions of such rate are \$1.17 and \$0.283, respectively. The 2013 assessed valuation was \$35,508,818,530 resulting in a tax levy of \$506,969,500 for the current fiscal year. The 2013 tax levy reflects an adjustment of \$8,973,671 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.

Delinquent taxes receivable and the related allowance for uncollectible taxes in the governmental fund financial statements as of June 30, 2014 are as follows:

	<u>Delinquent Taxes Receivable, Gross</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Delinquent Taxes Receivable, Net</u>
General fund	\$ 9,066,979	\$ 3,587,870	\$ 5,479,109
Debt service fund	2,426,363	892,265	1,534,098
Total	<u>\$ 11,493,342</u>	<u>\$ 4,480,135</u>	<u>\$ 7,013,207</u>

The District entered into a tax increment reinvestment zone (TIF) agreement during the 1999 fiscal year.

**PLANO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 3. PROPERTY TAXES AND STATE AID REVENUE – CONTINUED**

**Property Taxes – Continued**

The TIF zone number 2 agreement 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 \$1,875,134 is reported as due to other governments in the General Fund and is payable January 2015 and relates to Tax Year 2013 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	\$ 14,458,195
Foundation fund revenues	5,848,150
Instructional materials allotment	7,078,047
Other state revenues	3,976,138
TRS on behalf	<u>19,585,196</u>
Total State Program Revenues	<u><u>\$ 50,945,726</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 4. RECEIVABLES**

Receivables due from other governments, as of June 30, 2014 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	Capital Projects Fund	Non-Major and Other Funds	Total
Due from the State of Texas	\$ 4,329,308	\$ -	\$ -	\$ 528,016	\$ 4,857,324
Due from the Federal Government	-	-	-	3,746,388	3,746,388
Due from Other Local Governments	344,133	87,537	-	-	431,670
Total receivables	<u>\$ 4,673,441</u>	<u>\$ 87,537</u>	<u>\$ -</u>	<u>\$ 4,274,404</u>	<u>\$ 9,035,382</u>

**NOTE 5. CAPITAL ASSETS**

A summary of capital asset activity during the year ended June 30, 2014 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 76,247,957	\$ 849,685	\$ -	\$ 77,097,642
Construction in Progress	59,770,973	43,980,185	69,023,385	34,727,773
Total capital assets not being depreciated	<u>136,018,930</u>	<u>44,829,870</u>	<u>69,023,385</u>	<u>111,825,415</u>
Capital assets being depreciated:				
Land Improvements	42,646,271	1,219,518	-	43,865,789
Buildings and Improvements	1,173,112,051	66,950,592	-	1,240,062,643
Furniture/Equipment & Vehicles	101,511,994	2,818,250	329,512	104,000,732
Total capital assets being depreciated	<u>1,317,270,316</u>	<u>70,988,360</u>	<u>329,512</u>	<u>1,387,929,164</u>
Total Capital Assets	<u>1,453,289,246</u>	<u>115,818,230</u>	<u>69,352,897</u>	<u>1,499,754,579</u>
Less accumulated depreciation for:				
Land Improvements	12,867,833	2,167,968	-	15,035,801
Buildings and Improvements	380,596,997	28,928,330	149,520	409,375,807
Furniture/Equipment & Vehicles	72,130,358	6,383,378	329,512	78,184,224
Total accumulated depreciation	<u>465,595,188</u>	<u>37,479,676</u>	<u>479,032</u>	<u>502,595,832</u>
Governmental funds capital assets, net	<u>987,694,058</u>	<u>78,338,554</u>	<u>68,873,865</u>	<u>997,158,747</u>
Internal Service Funds:				
Furniture/Equipment & Vehicles	51,531	16,430	36,587	31,374
Less Accumulated Depreciation	34,388	1,494	25,421	10,461
Internal service funds capital assets, net	<u>17,143</u>	<u>14,936</u>	<u>11,166</u>	<u>20,913</u>
Governmental activities capital assets, net	<u>987,711,201</u>	<u>78,353,490</u>	<u>68,885,031</u>	<u>997,179,660</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>\$ 987,711,201</u>	<u>\$ 78,353,490</u>	<u>\$ 68,885,031</u>	<u>\$ 997,179,660</u>



**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 5. CAPITAL ASSETS – CONTINUED**

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

Governmental activities:	
Instruction	\$ 26,016,464
Instructional resources and media services	1,491,013
Curriculum development and instructional staff development	189,876
Instructional leadership	15,936
School leadership	960,659
Guidance, counseling, and evaluation services	245,197
Health services	99,215
Student transportation	1,662,839
Food services	2,123,845
Co-curricular/extracurricular activities	2,152,456
General administration	169,520
Plant maintenance and operations	1,748,440
Security and monitoring services	243,967
Data processing services	201,777
Community services	142,484
Facilities acquisition and construction	<u>17,482</u>
Total depreciation expense, governmental activities	<u><u>\$ 37,481,170</u></u>

**Construction Commitments**

The District had several active construction projects as of June 30, 2014. Projects included new school construction, additions to buildings and renovation or upgrades of existing facilities. Fiscal year 2014 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 --** Construction contracts were awarded during the year for the Plano East High School Health Academy addition.

**Building Renovation/Upgrades --** Construction continued for renovations at Bethany, Brinker, Daffron and Hedgcoxe Elementary schools, and the addition at Hunt Elementary. At several campuses the district continued to work on security upgrades and minor capital project improvements.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 5. CAPITAL ASSETS – CONTINUED**

**Construction Commitments – Continued**

Completed Projects -- During fiscal year 2014, the District completed the addition at PWSH, first phase of Academy High School, IB Academy, Williams Health Academy, renovations at Mitchell Elementary and Rasor Elementary, roof replacements at Carpenter, Skaggs and Stinson and HVAC upgrades at Administrative and Facility Service Buildings. Various security enhancements and upgrades were added at several campuses throughout the district.

Current projects include the following:

Project	Estimated Total Cost	Expenditures Incurred to 06/30/14	Estimated Future Expenditures
<b>Building Projects</b>			
PSHS Minor Renovation	\$ 176,694	\$ 96,502	\$ 80,192
Clark HS Special Education Building Upgrades	39,500	381	39,119
PESH Health Academy	6,922,188	1,045,392	5,876,796
Shepton HS Renovation	73,093	20,035	53,058
Plano Academy High School	910,000	47,440	862,560
Jasper Security Upgrades	45,747	7,318	38,429
Carpenter Roof	26,800	2,830	23,970
Bowman CIP	12,825	2,200	10,625
Wilson Security Upgrades	68,187	35,499	32,688
Armstrong CIP	12,911	7,736	5,175
Schimelpfenig VCT and Security Improvements	492,835	319,223	173,612
Robinson Security Upgrades	25,388	16,717	8,671
Rice Security Upgrades	43,377	39,075	4,302
Shepard Capital Improvements	18,868	2,585	16,283
Christie Foundation Upgrades	22,483	14,466	8,017
Saigling Security Upgrades	21,396	12,665	8,731
Brinker Renovation	12,825,699	10,299,374	2,526,325
Daffron Renovation	13,474,530	11,812,531	1,661,999
Hedgcoxe Renovation	13,599,201	3,828,529	9,770,672
Bethany Renovation	15,950,006	4,828,805	11,121,201
Hickey Capital Improvements	27,600	279	27,321
Hunt Addition	3,087,149	2,214,833	872,316
<b>Land improvement Projects</b>			
PESH Health Academy	192,012	6,000	186,012
Brinker Renovation	354,151	14,004	340,147
Daffron Renovation	456,541	19,305	437,236
Hedgcoxe Renovation	221,495	11,762	209,733
Bethany Renovation	322,448	11,998	310,450
Hunt Addition	62,233	10,289	51,944
<b>Total Ongoing Construction</b>	<b>\$ 69,485,357</b>	<b>\$ 34,727,773</b>	<b>\$ 34,757,584</b>

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances in the fund financial statements as of June 30, 2014, is as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,426,240	\$ -
Other Governmental Funds	-	1,387,334
Internal Service Funds	-	38,906
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 1,426,240</u>	<u>\$ 1,426,240</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 or state sources.

The following is a summary of the District's transfers for the year ended June 30, 2014:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Gov. Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ -	\$ 8,741,436	\$ 303,862	\$ 500,000	\$ 9,545,298
Capital Projects Fund	-	160,440	-	-	-	160,440
Enterprise Funds	2,632,288	-	-	-	-	2,632,288
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 2,632,288</u>	<u>\$ 160,440</u>	<u>\$ 8,741,436</u>	<u>\$ 303,862</u>	<u>\$ 500,000</u>	<u>\$ 12,338,026</u>

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	\$ 303,862	To finance costs in excess of federal allotments for Headstart; and to finance costs in excess of donations, grants and user charges in the Special Events Fund.
General Fund	Capital Projects Fund	8,741,436	To finance capital projects.
General Fund	Internal Service Fund	500,000	To finance the overhead of the health insurance fund administration.
Capital Projects Fund	Debt Service Fund	160,440	Transfer interest earned to finance debt service costs associated with construction projects.
Enterprise Fund	General Fund	2,632,288	Transfer revenues in excess of costs from the After School Care Program and the Employee Child Care Program.
Total Transfers		<u>\$ 12,338,026</u>	

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 7. LONG-TERM DEBT**

The following is a summary of the District's long-term debt for the year ended June 30, 2014

	Obligations Outstanding 7/1/2013	New Obligations Incurred	Obligations Retired or Refunded and Accretion	Obligations Outstanding 6/30/2014	Obligations Due Within One Year
General Obligation Bonds Payable	\$ 983,813,196	\$ 74,750,000	\$ (133,930,415)	\$ 924,632,781	\$ 65,699,776
CAB Premium and Accumulated Accretion	736,961	119,719	(109,584)	747,096	109,161
Premium on Bond Issuance	37,998,294	5,672,939	(8,182,028)	35,489,205	-
Compensated Absences	3,864,982	320,585	(385,960)	3,799,607	379,432
Arbitrage Liability	38,149	-	(6,715)	31,434	-
Totals	<u>\$ 1,026,451,582</u>	<u>\$ 80,863,243</u>	<u>\$ (142,614,702)</u>	<u>\$ 964,700,123</u>	<u>\$ 66,188,369</u>

**Debt Payable-Governmental Activities**

Bonds payable at June 30, 2014, are composed of the following individual issues:

Description	Interest Rate Payable	Amounts Original Issue	Bonds Outstanding at July 1, 2013	Issued (Retired)	Bonds Outstanding at June 30, 2014	CAB Premium and Accumulated Accretion
Unlimited Tax Refunding Bonds Series 2004	2.00% to 5.00%	112,080,000	31,890,000	(31,890,000)	-	-
School Building Unlimited Tax Bonds Series 2004	3.25% to 5.00%	71,420,000	2,365,000	(2,365,000)	-	-
Unlimited Tax Refunding Bonds Series 2005	5.00%	56,805,000	56,805,000	(48,910,000)	7,895,000	-
School Building Unlimited Tax Bonds Series 2006	4.50% to 5.75%	70,535,000	54,180,000	(2,015,000)	52,165,000	-
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	2,468,196	(340,415)	2,127,781	747,096
School Building Unlimited Tax Bonds Series 2007	4.50% to 5.00%	76,670,000	60,610,000	(2,160,000)	58,450,000	-

(continued)

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 7. LONG-TERM DEBT – CONTINUED**

**Debt Payable-Governmental Activities – Continued**

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Bonds Outstanding at July 1, 2013</u>	<u>Issued (Retired)</u>	<u>Bonds Outstanding at June 30, 2014</u>	<u>CAB Premium and Accumulated Accretion</u>
School Building Unlimited Tax Bonds Series 2008	3.00% to 5.00%	58,280,000	44,945,000	(1,575,000)	43,370,000	-
Unlimited Tax Refunding Bonds Series 2008	3.25% to 4.60%	33,305,000	23,910,000	(7,435,000)	16,475,000	-
School Building Current Interest Bonds Series 2008A	5.00% to 5.25%	177,465,000	165,125,000	(4,540,000)	160,585,000	-
School Building Unlimited Tax Bonds Series 2009A	4.00%	17,685,000	8,285,000	(4,060,000)	4,225,000	-
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	29,240,000	(1,330,000)	27,910,000	-
Unlimited Tax Refunding Bonds Series 2010	3.00% to 5.00%	108,815,000	77,575,000	(18,235,000)	59,340,000	-
School Building Unlimited Tax Bonds Series 2012	2.50% to 5.00%	92,840,000	89,560,000	(3,380,000)	86,180,000	-
Unlimited Tax Refunding Bonds Series 2012	4.00% to 5.00%	46,115,000	46,115,000	-	46,115,000	-
Unlimited Tax Refunding Bonds Series 2012A	2.00% to 4.00%	27,805,000	27,805,000	(5,695,000)	22,110,000	-
School Building Unlimited Tax Bonds Series 2013	4.00% to 5.00%	53,740,000	53,740,000	-	53,740,000	-
School Building Refunding Bonds Series 2013	4.50% to 5.00%	25,955,000	-	25,955,000	25,955,000	-
School Building Refunding Bonds Series 2014	2.63% to 3.88%	48,795,000	-	48,795,000	48,795,000	-
Totals			<u>\$ 983,813,196</u>	<u>\$ (59,180,415)</u>	<u>\$ 924,632,781</u>	<u>\$ 747,096</u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**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, 2014, to maturity:

	Bond Principal	Bond Interest	Totals
2015	\$ 65,699,776	\$ 41,831,615	\$ 107,531,391
2016	70,410,940	38,949,453	109,360,393
207	75,117,065	36,126,832	111,243,897
2018	64,610,000	32,969,894	97,579,894
2019	58,320,000	30,194,078	88,514,078
2020-2024	221,945,000	113,802,913	335,747,913
2025-2029	175,385,000	72,591,545	247,976,545
2030-2034	158,805,000	30,463,773	189,268,773
2035-2039	34,340,000	2,708,324	37,048,324
	<u>\$ 924,632,781</u>	<u>\$ 399,638,427</u>	<u>\$ 1,324,271,208</u>

During the year, the District issued \$25,955,000 Series 2013 Refunding Bonds used to refund \$28,520,000 of outstanding Series 2004 Refunding bonds. An amount of \$29,220,156 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 \$974,115. The net carrying amount of the old debt exceeded the reacquisition price by \$162,054.

During the year, the District issued \$40,795,000 Series 2014 Refunding Bonds used to refund \$48,910,000 of outstanding Series 2005 Refunding bonds. An amount of \$52,479,132 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 \$1.6 million. The net carrying amount of the reacquisition price exceeds the old debt by \$2,250,184.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 7. LONG-TERM DEBT – CONTINUED**

**Debt Payable-Governmental Activities – Continued**

As of June 30, 2014, the principal balance of all defeased bonds outstanding was \$48,910,000. Original losses on refunding were \$33.9 million of which \$19.2 million is unamortized and reported in the Statement of Net Position as a reduction in the long-term debt. Unamortized bond premiums of \$35 million are reported in the Statement of Net Position as an increase in the long-term debt.

As of June 30, 2014, \$16,020,000 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, 2014, amounted to \$31,434.

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 \$65,375 over the prior fiscal year represents the recorded decrease in the liability due to employees' not using accumulated vacation pay and allowing days to accumulate. 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, 2014**

**NOTE 8. ENCUMBRANCES**

At June 30, 2014, the District had encumbrances which are classified as restricted, committed or assigned in accordance with purpose constraints. 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	\$ 720,207	\$ -	\$ -	\$ 2,151	\$ 566,856	\$ 274,476	\$ 1,563,690
Instructional resources	1,955	-	-	-	-	594	2,549
Curriculum & instructional staff development	25,277	-	-	-	577	-	25,854
Instructional leadership	4,568	-	-	1,271	108	-	5,947
School leadership	1,027	-	-	-	-	2,729	3,756
Guidance, counseling & evaluation services	16,868	-	-	-	-	92,640	109,508
Health services	-	-	-	-	-	-	-
Student transportation	16,350	-	-	-	-	-	16,350
Food services	-	-	23,208	2,943	-	4,774	30,925
Co-curricular/extracurricular activities	212,755	-	-	-	-	71,344	284,099
General administration	24,995	-	-	-	-	1,536	26,531
Plant maintenance and operations	901,223	-	-	-	-	73,574	974,797
Security and monitoring services	190,258	-	-	-	-	-	190,258
Data processing services	62,839	-	-	-	-	-	62,839
Community services	5,564	-	-	-	-	-	5,564
Facilities acquisition and construction	-	36,719,112	-	-	-	-	36,719,112
Total encumbrances by fund type	<u>\$ 2,183,886</u>	<u>\$ 36,719,112</u>	<u>\$ 23,208</u>	<u>\$ 6,365</u>	<u>\$ 567,541</u>	<u>\$ 521,667</u>	<u>\$ 40,021,779</u>

**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.



**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 9. RISK MANAGEMENT – CONTINUED**

**Workers' Compensation – Continued**

An accrual for incurred but not reported claims in the amount of \$1,736,000 has been recorded in the fund as of June 30, 2014. 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, 2014 and 2013:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Claims payable, beginning of fiscal year	\$ 1,682,000	\$ 1,655,000
Incurred claims and claim adjustment expenses	1,309,077	1,566,831
Claim payments during the year	<u>(1,255,077)</u>	<u>(1,539,831)</u>
Claims payable, end of fiscal year	<u>\$ 1,736,000</u>	<u>\$ 1,682,000</u>

**Health Benefits**

The District employees are 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.

During the year ended June 30, 2014, 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.

**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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 9. RISK MANAGEMENT – CONTINUED**

**Property, Casualty, General Liability and Professional Liability – Continued**

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 \$51,344 has been recorded as of June 30, 2014. Property and Liability changes in claims payable for the years ended June 30, 2014 and 2013:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Claims payable, beginning of fiscal year	\$ 52,680	\$ 53,373
Incurred claims and claim adjustment expenses	38,730	32,314
Claim payments during the year	<u>(40,066)</u>	<u>(33,007)</u>
Claims payable, end of fiscal year	<u>\$ 51,344</u>	<u>\$ 52,680</u>

**Unemployment**

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.

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 \$288,834 has been recorded as of June 30, 2014. Changes in unemployment claims payable for the years ended June 30, 2014 and 2013:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Claims payable, beginning of fiscal year	\$ 288,834	\$ 288,834
Incurred claims and claim adjustment expenses	110,598	148,928
Claim payments during the year	<u>(110,598)</u>	<u>(148,928)</u>
Claims payable, end of fiscal year	<u>\$ 288,834</u>	<u>\$ 288,834</u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 9. RISK MANAGEMENT – CONTINUED**

**Unemployment – Continued**

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, 2014, was \$315,425,922. 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.

**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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

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 6.8% beginning September 1, 2013 and a member contribution rate of 6.8%. 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, 2014**

**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 1.00% 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 \$843,659 in 2014 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 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Covered Payroll	\$ 315,425,922	\$ 312,407,141	\$ 313,578,721
Contributions made by the State	19,585,196	17,737,213	18,254,518
Retirement plan rate *	6.80%	6.40%	6.00%
Retiree health care rate	1.00%	0.50%	1.00%
Medicare Part D	843,659	1,187,557	747,517
District Required and Actual contributions to TRS & TRS - Care	5,375,842	5,059,543	4,923,152
Employee contributions to TRS & TRS - Care	20,187,185	19,994,021	18,268,172

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**Contributions Made – Continued**

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.

**NOTE 11. RECAPTURE PAYMENT**

Intergovernmental Charges include an amount of \$36,015,750 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 \$526,946 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 2013-2014 of \$34,596,944 increased \$5.2 million due to increased tax collections. Due to prior year adjustments and final settle ups, the District paid out \$1,418,806.

**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, 2014.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 12. COMMITMENTS AND CONTINGENCIES – CONTINUED**

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 2019. Payments under the leases for the year ended June 30, 2014 totaled \$1,347,804. Future obligations under the leases are as follows:

2015	\$	1,208,882
2016		1,090,435
2017		1,090,435
2018		1,085,062
2019		781,748

**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, Celina ISD, Community ISD, Coppell ISD, Farmersville ISD, Frisco ISD, Imagine International, 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 15.0, 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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 13. SHARED SERVICE ARRANGEMENTS – CONTINUED**

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, 2014 are summarized below:

Allen ISD	\$ 100,166
Anna ISD	3,893
Blue Ridge ISD	18,499
Celina ISD	9,468
Community ISD	4,538
Coppell ISD	9,077
Farmersville ISD	4,538
Frisco ISD	160,266
Imagine International	1,590
Lovejoy ISD	27,069
McKinney ISD	185,824
Melissa ISD	5,183
Plano ISD	732,676
Princeton ISD	22,171
Prosper ISD	21,757
Richardson ISD	284,715
Wylie ISD	<u>82,868</u>
Total	<u><u>\$ 1,674,298</u></u>

**NOTE 14. CHANGE IN ACCOUNTING PRINCIPLES**

The GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities, to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

GASB concluded that debt issuance costs should be recognized as an outflow of resources in the reporting period in which they are incurred.



**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 14. CHANGE IN ACCOUNTING PRINCIPLES – CONTINUED**

The effect of the change on beginning net positions of Governmental Activities and Business-Type Activities is listed below.

	Governmental Activities	Business-Type Activities
Beginning Net Position, as previously reported	\$ 294,294,517	\$ 97,517
Cummulative effect of change in accounting principle	(3,891,090)	-
Beginning Net Position, as restated	\$ 290,403,427	\$ 97,517

The GASB concluded that refunding debt gain/loss, the difference resulting from a current refunding, or an advance refunding, relates to future periods, and meets the definition of a deferred outflow of resources or a deferred inflow of resources, as applicable.

Loss on refunding debt was previously presented as noncurrent liabilities in statement of net position. Beginning in fiscal year 2014, loss on refunding debt is presented as deferred charges on refunding under deferred outflows of resources in statement of net position. There is no effect on beginning net positions of Governmental Activities and Business-Type Activities with this change.

**NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, which will be effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting of state and local governmental pension plans. This Statement applies to all state and governmental entities and replaces Statements 27 and 50. 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. 69, Governmental Combinations and Disposals of Government Operations, which will be effective for periods beginning after December 15, 2013. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The District will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 370,971,333	\$ 420,193,733	\$ 420,626,695	\$ 432,962
5800	State Program Revenues	54,249,497	41,046,084	39,537,140	(1,508,944)
5900	Federal Program Revenues	2,220,236	4,920,236	4,978,648	58,412
5020	<b>Total Revenues</b>	<u>427,441,066</u>	<u>466,160,053</u>	<u>465,142,483</u>	<u>(1,017,570)</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	271,302,293	271,377,807	265,015,877	6,361,930
0012	Instructional Resources and Media Services	7,913,705	7,961,122	7,485,614	475,508
0013	Curriculum and Instructional Staff Development	6,300,302	6,286,024	5,775,939	510,085
0021	Instructional Leadership	3,003,469	2,993,743	2,781,787	211,956
0023	School Leadership	23,276,148	23,507,440	23,253,181	254,259
0031	Guidance, Counseling and Evaluation Services	17,129,940	17,401,549	17,064,567	336,982
0032	Social Work Services	930,968	945,463	913,327	32,136
0033	Health Services	4,954,224	5,141,020	4,960,459	180,561
0034	Student (Pupil) Transportation	12,757,667	13,274,116	12,561,104	713,012
0036	Extracurricular Activities	7,186,917	6,955,277	6,501,444	453,833
0041	General Administration	9,035,611	9,722,576	9,419,495	303,081
0051	Facilities Maintenance and Operations	39,085,293	39,632,061	37,336,201	2,295,860
0052	Security and Monitoring Services	4,305,051	3,586,025	3,264,548	321,477
0053	Data Processing Services	5,398,220	5,453,028	5,064,389	388,639
0061	Community Services	839,358	839,288	731,291	107,997
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	86,685	86,685	-
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	38,303,264	38,252,297	36,015,750	2,236,547
0092	Incremental Costs Associated with Chapter 41	600,000	600,000	600,000	-
0093	Payments to Fiscal Agent/Member District of SSA	253,000	266,365	266,365	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	183,000	183,000	118,232	64,768
0097	Payments to Tax Increment Fund	1,700,000	1,875,135	1,875,134	1
0099	Other Intergovernmental charges	2,450,000	2,632,200	2,632,178	22
6030	<b>Total Expenditures</b>	<u>456,908,430</u>	<u>458,972,221</u>	<u>443,723,567</u>	<u>15,248,654</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(29,467,364)</u>	<u>7,187,832</u>	<u>21,418,916</u>	<u>14,231,084</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	9,363,767	9,297,167	2,632,288	(6,664,879)
7919	Insurance Recoveries	-	505,000	505,000	-
8911	Transfers Out (Use)	(8,276,542)	(16,989,999)	(9,545,298)	7,444,701
7080	<b>Total Other Financing Sources (Uses)</b>	<u>1,087,225</u>	<u>(7,187,832)</u>	<u>(6,408,010)</u>	<u>779,822</u>
1200	Net Change in Fund Balances	(28,380,139)	-	15,010,906	15,010,906
0100	Fund Balance - July 1 (Beginning)	154,168,523	154,168,523	154,168,523	-
3000	Fund Balance - June 30 (Ending)	<u>\$ 125,788,384</u>	<u>\$ 154,168,523</u>	<u>\$ 169,179,429</u>	<u>\$ 15,010,906</u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**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.

**PLANO INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**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:

<u>Type of Revenue/Expenditure</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budget Amendments</u>
Total Local and Intermediate Sources	370,971,333	420,193,733	49,222,400
State Revenues	54,249,497	41,046,084	(13,203,413)
Federal Program Revenues	2,220,236	4,920,236	2,700,000
Security and Monitoring Services	4,305,051	3,586,025	(719,026)

The budget for Local and Intermediate Revenues was increased \$49 million to reflect the increased property values and the increased tax rate after the passing of the Tax Rate Election.

The adopted budget for State Revenues was decreased to account for the change in state formula revenue of \$10.5M and by \$2.7M to move SHARS revenue from state to federal revenue.

The adopted budget for Federal Revenues was increased by \$2.7M to move SHARS revenue from state to federal revenue.

The Security and Monitoring budget was decreased due to a reorganization of the security department and the change from contracted services for repair of equipment to repairs by District personnel.

**Excess Expenditures**

The Budgetary Comparison Schedule for the General Fund indicates no areas with an excess of expenditures over appropriations for the year ended June 30, 2014.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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**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, 2014**

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700	<b>Total Local and Intermediate Sources</b>		\$ 101,402,995	\$ 199,917
5020	<b>Total Revenues</b>		101,402,995	199,917
<b>EXPENDITURES:</b>				
Debt Service:				
0071	Debt Service - Principal on Long Term Debt		56,610,000	(449,595)
0072	Debt Service - Interest on Long Term Debt		43,631,630	449,596
0073	Debt Service - Bond Issuance Cost and Fees		308,170	80,905
6030	<b>Total Expenditures</b>		100,549,800	80,906
1100	Deficiency of Revenues Under Expenditures		853,195	280,823
<b>OTHER FINANCING SOURCES (USES):</b>				
7911	Refunding Bonds Issued		74,750,000	-
7915	Transfers In		160,440	80,440
7916	Premium or Discount on Issuance of Bonds		5,672,938	-
8949	Payment to Bond Escrow Agent		(81,699,288)	-
7080	<b>Total Other Financing Sources (Uses)</b>		(1,115,910)	80,440
1200	Net Change in Fund Balances		(262,715)	361,263
0100	Fund Balance - July 1 (Beginning)		35,187,738	-
3000	Fund Balance - June 30 (Ending)		\$ 34,925,023	\$ 361,263

**PLANO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

<b>Data Control Codes</b>	<b>240 National Breakfast and Lunch Program</b>	<b>289 Other Federal Special Revenue Funds</b>	<b>379 Other Federal SSA Special Revenue Funds</b>	
<b>ASSETS:</b>				
1110	Cash and Investments	\$ 7,626,795	\$ 18,524	\$ 2,299
1240	Due from Other Governments	253,702	3,452,683	40,003
1250	Accrued Interest	1,221	-	-
1290	Other Receivables	164,844	-	-
1300	Inventories	181,117	-	-
1410	Prepaid Expenditures	-	-	-
1000	<b>Total Assets</b>	<u>\$ 8,227,679</u>	<u>\$ 3,471,207</u>	<u>\$ 42,302</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
2110	Accounts Payable	\$ 43,848	\$ 13,068	\$ -
2160	Accrued Wages Payable	303,928	2,078,284	34,448
2170	Due to Other Funds	-	1,367,065	7,854
2180	Due to Other Governments	-	-	-
2300	Unearned Revenues	731,001	12,790	-
2000	<b>Total Liabilities</b>	<u>1,078,777</u>	<u>3,471,207</u>	<u>42,302</u>
Fund Balances:				
Non Spendable				
3410	Investments in Inventory	181,117	-	-
3430	Prepaid Expenditures	-	-	-
Restricted				
3450	Food Services	6,967,785	-	-
3450	State Special Revenue	-	-	-
Committed				
3545	Local Special Revenue	-	-	-
3000	<b>Total Fund Balances</b>	<u>7,148,902</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 8,227,679</u>	<u>\$ 3,471,207</u>	<u>\$ 42,302</u>

**EXHIBIT H-2**

<b>410 Instructional Materials Allotment</b>	<b>429 Other State Special Revenue Funds</b>	<b>459 Other SSA Special Revenue Funds</b>	<b>499 Other Local Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 1,060,012	\$ 188,956	\$ 82,504	\$ 9,551,066	\$ 18,530,156
42,746	17,608	467,662	-	4,274,404
-	-	-	499	1,720
-	-	-	1,082	165,926
-	-	-	-	181,117
-	-	-	4,226	4,226
<u>\$ 1,102,758</u>	<u>\$ 206,564</u>	<u>\$ 550,166</u>	<u>\$ 9,556,873</u>	<u>\$ 23,157,549</u>
\$ -	\$ 3,617	\$ 8,908	\$ 127,879	\$ 197,320
-	3,398	541,258	171,943	3,133,259
-	12,415	-	-	1,387,334
-	-	-	3,340	3,340
42,746	-	-	61,248	847,785
<u>42,746</u>	<u>19,430</u>	<u>550,166</u>	<u>364,410</u>	<u>5,569,038</u>
-	-	-	-	181,117
-	-	-	4,226	4,226
-	-	-	-	6,967,785
1,060,012	187,134	-	-	1,247,146
-	-	-	9,188,237	9,188,237
<u>1,060,012</u>	<u>187,134</u>	<u>-</u>	<u>9,192,463</u>	<u>17,588,511</u>
<u>\$ 1,102,758</u>	<u>\$ 206,564</u>	<u>\$ 550,166</u>	<u>\$ 9,556,873</u>	<u>\$ 23,157,549</u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes	240 National Breakfast and Lunch Program	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds	
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ 13,669,465	\$ 52,846	\$ -
5800	State Program Revenues	557,943	-	-
5900	Federal Program Revenues	9,396,031	16,616,375	292,673
5020	<b>Total Revenues</b>	<u>23,623,439</u>	<u>16,669,221</u>	<u>292,673</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	-	12,474,098	212,276
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	1,160,218	-
0021	Instructional Leadership	-	442,628	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	902,656	60,397
0032	Social Work Services	-	-	-
0033	Health Services	-	189,011	-
0034	Student (Pupil) Transportation	-	66,859	-
0035	Food Services	22,352,188	20,096	-
0036	Extracurricular Activities	-	47,879	20,000
0041	General Administration	63,848	18,603	-
0051	Facilities Maintenance and Operations	757,075	47,189	-
0052	Security and Monitoring Services	-	9,037	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	822,411	-
0081	Facilities Acquisition and Construction	500,000	-	-
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	-	732,676	-
6030	<b>Total Expenditures</b>	<u>23,673,111</u>	<u>16,933,361</u>	<u>292,673</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(49,672)</u>	<u>(264,140)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES:</b>				
7915	Transfers In	39,500	264,140	-
7080	<b>Total Other Financing Sources</b>	<u>39,500</u>	<u>264,140</u>	<u>-</u>
1200	Net Change in Fund Balance	(10,172)	-	-
0100	Fund Balance - July 1 (Beginning)	<u>7,159,074</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 7,148,902</u>	<u>\$ -</u>	<u>\$ -</u>

**EXHIBIT H-3**

<b>410 Instructional Materials Allotment</b>	<b>429 Other State Special Revenue Funds</b>	<b>459 Other SSA Special Revenue Funds</b>	<b>499 Other Local Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 56,216	\$ -	\$ 319,036	\$ 10,806,931	\$ 24,904,494
7,078,047	56,713	3,715,883	-	11,408,586
-	-	-	-	26,305,079
<u>7,134,263</u>	<u>56,713</u>	<u>4,034,919</u>	<u>10,806,931</u>	<u>62,618,159</u>
6,637,967	9,021	3,738,506	2,954,679	26,026,547
-	88	-	104,404	104,492
-	28,345	10,437	275,696	1,474,696
-	-	144,672	467	587,767
-	2,310	-	575,766	578,076
-	-	40,342	148,560	1,151,955
-	-	-	1,099	1,099
-	-	-	52,225	241,236
-	-	-	697	67,556
-	-	-	109,653	22,481,937
-	-	13,082	5,177,634	5,258,595
-	-	-	139,215	221,666
1,476	-	-	355,411	1,161,151
-	-	-	147,738	156,775
-	-	-	410,518	410,518
-	34,777	87,880	5,304	950,372
-	-	-	-	500,000
-	-	-	-	732,676
<u>6,639,443</u>	<u>74,541</u>	<u>4,034,919</u>	<u>10,459,066</u>	<u>62,107,114</u>
<u>494,820</u>	<u>(17,828)</u>	<u>-</u>	<u>347,865</u>	<u>511,045</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>222</u>	<u>303,862</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>222</u>	<u>303,862</u>
494,820	(17,828)	-	348,087	814,907
<u>565,192</u>	<u>204,962</u>	<u>-</u>	<u>8,844,376</u>	<u>16,773,604</u>
<u>\$ 1,060,012</u>	<u>\$ 187,134</u>	<u>\$ -</u>	<u>\$ 9,192,463</u>	<u>\$ 17,588,511</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, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 14,057,920	\$ 14,057,920	\$ 13,669,465	\$ (388,455)
5800	State Program Revenues	526,000	526,000	557,943	31,943
5900	Federal Program Revenues	9,735,365	9,796,765	9,396,031	(400,734)
5020	<b>Total Revenues</b>	<u>24,319,285</u>	<u>24,380,685</u>	<u>23,623,439</u>	<u>(757,246)</u>
<b>EXPENDITURES:</b>					
0035	Food Services	24,167,152	24,799,761	22,352,188	2,447,573
0041	General Administration	120,012	120,012	63,848	56,164
0051	Facilities Maintenance and Operations	1,028,068	805,100	757,075	48,025
0081	Facilities Acquisition and Construction	-	500,000	500,000	-
6030	<b>Total Expenditures</b>	<u>25,315,232</u>	<u>26,224,873</u>	<u>23,673,111</u>	<u>2,551,762</u>
1100	Deficiency of Revenues Under Expenditures	<u>(995,947)</u>	<u>(1,844,188)</u>	<u>(49,672)</u>	<u>1,794,516</u>
<b>OTHER FINANCING SOURCES</b>					
7915	Transfers In	-	44,684	39,500	(5,184)
7080	<b>Total Other Financing Sources</b>	<u>-</u>	<u>44,684</u>	<u>39,500</u>	<u>(5,184)</u>
1200	Net Change in Fund Balances	(995,947)	(1,799,504)	(10,172)	1,789,332
0100	Fund Balance - July 1 (Beginning)	<u>7,159,074</u>	<u>7,159,074</u>	<u>7,159,074</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 6,163,127</u>	<u>\$ 5,359,570</u>	<u>\$ 7,148,902</u>	<u>\$ 1,789,332</u>



## EXHIBIT H-5

**PLANO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2014**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
<b>ASSETS:</b>					
Current Assets:					
Cash and Investments	\$ 69,122	\$ 40,019	\$ 87,444	\$ 41,563	\$ 238,148
Accrued Interest	-	6	14	-	20
Other Receivables	-	387,378	-	-	387,378
Prepaid Expenditures	1,122	-	-	-	1,122
<b>Total Current Assets</b>	<u>70,244</u>	<u>427,403</u>	<u>87,458</u>	<u>41,563</u>	<u>626,668</u>
Noncurrent Assets:					
Capital Assets:					
Furniture and Equipment	-	-	5,445	-	5,445
Depreciation on Furniture and Equipment	-	-	(5,445)	-	(5,445)
<b>Total Noncurrent Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>70,244</u>	<u>427,403</u>	<u>87,458</u>	<u>41,563</u>	<u>626,668</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable	734	57,547	-	-	58,281
Accrued Wages Payable	69,510	48,442	-	-	117,952
Unearned Revenues	-	321,414	-	-	321,414
<b>Total Liabilities</b>	<u>70,244</u>	<u>427,403</u>	<u>-</u>	<u>-</u>	<u>497,647</u>
<b>NET POSITION:</b>					
Unrestricted Net Position	<u>-</u>	<u>-</u>	<u>87,458</u>	<u>41,563</u>	<u>129,021</u>
<b>Total Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,458</u>	<u>\$ 41,563</u>	<u>\$ 129,021</u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>					
Local and Intermediate Sources	\$ 1,273,771	\$ 7,541,683	\$ 227,834	\$ 56,374	\$ 9,099,662
<b>Total Operating Revenues</b>	<u>1,273,771</u>	<u>7,541,683</u>	<u>227,834</u>	<u>56,374</u>	<u>9,099,662</u>
<b>OPERATING EXPENSES:</b>					
Payroll Costs	1,014,087	3,694,647	94,313	41,999	4,845,046
Professional and Contracted Services	57,678	21,963	4,886	-	84,527
Supplies and Materials	43,766	93,600	77,914	6	215,286
Other Operating Costs	103,838	1,156,174	33,586	-	1,293,598
<b>Total Operating Expenses</b>	<u>1,219,369</u>	<u>4,966,384</u>	<u>210,699</u>	<u>42,005</u>	<u>6,438,457</u>
Operating Income	<u>54,402</u>	<u>2,575,299</u>	<u>17,135</u>	<u>14,369</u>	<u>2,661,205</u>
<b>NON OPERATING REVENUES (EXPENSES):</b>					
Earnings from Temporary Deposits & Investments	-	2,587	-	-	2,587
<b>Total Non Operating Revenues (Expenses)</b>	<u>-</u>	<u>2,587</u>	<u>-</u>	<u>-</u>	<u>2,587</u>
Income (Loss) Before Transfers	54,402	2,577,886	17,135	14,369	2,663,792
Transfers Out	<u>(54,402)</u>	<u>(2,577,886)</u>	<u>-</u>	<u>-</u>	<u>(2,632,288)</u>
Change in Net Position	-	-	17,135	14,369	31,504
<b>Total Net Position - July 1 (Beginning)</b>	<u>-</u>	<u>-</u>	<u>70,323</u>	<u>27,194</u>	<u>97,517</u>
<b>Total Net Position - June 30 (Ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,458</u>	<u>\$ 41,563</u>	<u>\$ 129,021</u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>					
Cash Received from User Charges	\$ 1,273,771	\$ 7,513,864	\$ 227,834	\$ 56,523	\$ 9,071,992
Cash Payments to Employees for Services	(1,009,904)	(3,686,620)	(94,313)	(41,999)	(4,832,836)
Cash Payments for Suppliers	(104,485)	(130,010)	(81,530)	(6)	(316,031)
Cash Payments for Other Operating Expenses	(103,838)	(1,156,174)	(34,856)	-	(1,294,868)
<b>Net Cash Provided by Operating Activities</b>	<u>55,544</u>	<u>2,541,060</u>	<u>17,135</u>	<u>14,518</u>	<u>2,628,257</u>
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Transfers Out	(54,402)	(2,577,886)	-	-	(2,632,288)
<b>Net Cash Used for Non-Capital Financing Activities</b>	<u>(54,402)</u>	<u>(2,577,886)</u>	<u>-</u>	<u>-</u>	<u>(2,632,288)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from sales and maturities of investments	-	47,329	27,551	8,012	82,892
Interest and Dividends on Investments	-	2,597	1	6	2,604
<b>Net Cash Provided by Investing Activities</b>	<u>-</u>	<u>49,926</u>	<u>27,552</u>	<u>8,018</u>	<u>85,496</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>					
	1,142	13,100	44,687	22,536	81,465
Cash and Cash Equivalents at Beginning of the Year	67,980	12,990	12,299	4,698	97,967
Cash and Cash Equivalents at the End of the Year	69,122	26,090	56,986	27,234	179,432
Temporary Investment Not in Cash Equivalents	-	13,929	30,458	14,329	58,716
Cash on Statement of Net Position	<u>\$ 69,122</u>	<u>\$ 40,019</u>	<u>\$ 87,444</u>	<u>\$ 41,563</u>	<u>\$ 238,148</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating Income	\$ 54,402	\$ 2,575,299	\$ 17,135	\$ 14,369	\$ 2,661,205
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Effect of Increases and Decreases in Current Assets and Liabilities					
Decrease (increase) in Receivables	-	(27,927)	-	149	(27,778)
Decrease (increase) in Prepaid Expenses	4	-	-	-	4
Increase (decrease) in Accounts Payable	(3,045)	(14,447)	-	-	(17,492)
Increase (decrease) in Accrued Wages Payable	4,183	8,027	-	-	12,210
Increase (decrease) in Unearned Revenues	-	108	-	-	108
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 55,544</u>	<u>\$ 2,541,060</u>	<u>\$ 17,135</u>	<u>\$ 14,518</u>	<u>\$ 2,628,257</u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2014**

	752	753
	Print Shop	Health Benefits
<b>ASSETS:</b>		
Current Assets:		
Cash and Investments	\$ 11,165	\$ 1,383,513
Accrued Interest	2	222
Other Receivables	51,692	-
Unearned Expenses	-	338,894
	<b>Total Current Assets</b>	<b>1,722,629</b>
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	14,944	-
Depreciation on Furniture and Equipment	(10,461)	-
	<b>Total Noncurrent Assets</b>	<b>-</b>
	<b>Total Assets</b>	<b>1,722,629</b>
<b>LIABILITIES:</b>		
Current Liabilities		
Accounts Payable	15,307	685
Accrued Wages Payable	13,089	-
Accrued Expenses	-	84,830
Due To Other Funds	38,906	-
	<b>Total Liabilities</b>	<b>85,515</b>
<b>NET POSITION:</b>		
Investments in Capital Assets	4,483	-
Unrestricted Net Position	(4,443)	1,637,114
	<b>Total Net Position</b>	<b>1,637,114</b>
	<b>\$ 40</b>	<b>\$ 1,637,114</b>

EXHIBIT H-8

772 Workers' Compensation Self-Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 2,917,944	\$ 1,052,427	\$ 329,928	\$ 320,644	\$ 6,015,621
467	169	60	51	971
-	-	-	-	51,692
-	-	-	-	338,894
2,918,411	1,052,596	329,988	320,695	6,407,178
-	-	16,430	-	31,374
-	-	-	-	(10,461)
-	-	16,430	-	20,913
2,918,411	1,052,596	346,418	320,695	6,428,091
-	19,224	-	12,819	48,035
-	-	-	-	13,089
1,736,000	288,834	-	51,344	2,161,008
-	-	-	-	38,906
1,736,000	308,058	-	64,163	2,261,038
-	-	16,430	-	20,913
1,182,411	744,538	329,988	256,532	4,146,140
\$ 1,182,411	\$ 744,538	\$ 346,418	\$ 256,532	\$ 4,167,053

**PLANO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014**

	752	753
	Print Shop	Health Benefits
<b>OPERATING REVENUES:</b>		
Local and Intermediate Services	\$ 1,322,520	\$ 34,964,277
<b>Total Operating Revenues</b>	<u>1,322,520</u>	<u>34,964,277</u>
<b>OPERATING EXPENSES:</b>		
Payroll Costs	314,434	323,444
Professional and Contracted Services	678,534	138,889
Supplies and Materials	384,402	7,168
Other Operating Costs	1,494	34,988,662
<b>Total Operating Expenses</b>	<u>1,378,864</u>	<u>35,458,163</u>
Operating Income (Loss)	<u>(56,344)</u>	<u>(493,886)</u>
<b>NON OPERATING REVENUES (EXPENSES):</b>		
Earnings from Temporary Deposits & Investments	-	-
Insurance Recovery	-	-
<b>Total Non Operating Revenues (Expenses)</b>	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers	(56,344)	(493,886)
Transfers In	<u>-</u>	<u>500,000</u>
Change in Net Position	(56,344)	6,114
<b>Total Net Position - July 1 (Beginning)</b>	<u>56,384</u>	<u>1,631,000</u>
<b>Total Net Position - June 30 (Ending)</b>	<u>\$ 40</u>	<u>\$ 1,637,114</u>

**EXHIBIT H-9**

<b>772 Workers' Compensation Self-Funded</b>	<b>773 Unemployment Self-Funded</b>	<b>775 Sign Shop</b>	<b>786 Insurance Claims Self-Funded</b>	<b>Total Internal Service Funds</b>
<u>\$ 2,068,018</u>	<u>\$ -</u>	<u>\$ 7,297</u>	<u>\$ -</u>	<u>\$ 38,362,112</u>
<u>2,068,018</u>	<u>-</u>	<u>7,297</u>	<u>-</u>	<u>38,362,112</u>
449,229	-	-	-	1,087,107
1,037,200	-	-	48,680	1,903,303
32,922	-	2,058	2,869	429,419
<u>424,032</u>	<u>114,875</u>	<u>-</u>	<u>-</u>	<u>35,529,063</u>
<u>1,943,383</u>	<u>114,875</u>	<u>2,058</u>	<u>51,549</u>	<u>38,948,892</u>
<u>124,635</u>	<u>(114,875)</u>	<u>5,239</u>	<u>(51,549)</u>	<u>(586,780)</u>
4,850	1,624	643	639	7,756
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,419</u>	<u>13,419</u>
<u>4,850</u>	<u>1,624</u>	<u>643</u>	<u>14,058</u>	<u>21,175</u>
129,485	(113,251)	5,882	(37,491)	(565,605)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
129,485	(113,251)	5,882	(37,491)	(65,605)
<u>1,052,926</u>	<u>857,789</u>	<u>340,536</u>	<u>294,023</u>	<u>4,232,658</u>
<u>\$ 1,182,411</u>	<u>\$ 744,538</u>	<u>\$ 346,418</u>	<u>\$ 256,532</u>	<u>\$ 4,167,053</u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	752	753
	Print Shop	Health Benefits Self-Funded
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Cash Received from User Charges	\$ 1,312,634	\$ 34,964,277
Cash Payments to Employees for Services	(312,240)	(323,444)
Cash Payments for Insurance Claims	-	(7,811)
Cash Payments for Suppliers	(1,048,363)	(146,643)
Cash Payments for Other Operating Expenses	-	(37,438,051)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(47,969)</u>	<u>(2,951,672)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfer In	-	500,000
Insurance Proceeds	-	-
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>-</u>	<u>500,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of Capital Assets	-	-
Sale of Capital Asset	11,166	-
<b>Net Cash Provided by (Used by) Capital and Related Financing Activities</b>	<u>11,166</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale and Maturities of Securities	35,758	2,684,747
Interest and Dividends on Investments	8	594
<b>Net Cash Provided by Investing Activities</b>	<u>35,766</u>	<u>2,685,341</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>	(1,037)	233,669
Cash and Cash Equivalents at Beginning of the Year	8,360	669,180
Cash and Cash Equivalents at the End of the Year	7,323	902,849
Temporary Investment Not in Cash Equivalents	3,842	480,664
Cash on Statement of Net Position	<u>\$ 11,165</u>	<u>\$ 1,383,513</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (56,344)	\$ (493,886)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	1,494	-
Effect of Increases and Decreases in Current Assets and Liabilities		
Decrease (increase) in Receivables	(48,792)	-
Decrease (increase) in Prepaid Expenses	-	4,844
Increase (decrease) in Accounts Payable	14,573	(2,454,233)
Increase (decrease) in Accrued Wages Payable	2,194	-
Increase (decrease) in Due to Other Funds	38,906	-
Increase (decrease) in Accrued Expenses	-	(8,397)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (47,969)</u>	<u>\$ (2,951,672)</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
\$	2,068,018	\$ -	\$ 7,297	\$ -	\$ 38,352,226
	(450,381)	-	-	-	(1,086,065)
	(1,255,077)	(110,598)	-	(40,066)	(1,413,552)
	(177,087)	-	(2,058)	-	(1,374,151)
	(105,851)	-	-	-	(37,543,902)
	<u>79,622</u>	<u>(110,598)</u>	<u>5,239</u>	<u>(40,066)</u>	<u>(3,065,444)</u>
	-	-	-	-	500,000
	-	-	-	13,419	13,419
	-	-	-	13,419	513,419
	-	-	(16,430)	-	(16,430)
	-	-	-	-	11,166
	-	-	(16,430)	-	(5,264)
	1,325,073	593,048	166,471	174,635	4,979,732
	4,904	1,702	655	662	8,525
	<u>1,329,977</u>	<u>594,750</u>	<u>167,126</u>	<u>175,297</u>	<u>4,988,257</u>
	1,409,599	484,152	155,935	148,650	2,430,968
	494,509	202,654	59,421	60,527	1,494,651
	1,904,108	686,806	215,356	209,177	3,925,619
	1,013,836	365,621	114,572	111,467	2,090,002
\$	<u>2,917,944</u>	<u>1,052,427</u>	<u>329,928</u>	<u>320,644</u>	<u>6,015,621</u>
\$	124,635	\$ (114,875)	\$ 5,239	\$ (51,549)	\$ (586,780)
	-	-	-	-	1,494
	-	-	-	-	(48,792)
	-	-	-	-	4,844
	(97,861)	4,277	-	12,819	(2,520,425)
	(1,152)	-	-	-	1,042
	-	-	-	-	38,906
	54,000	-	-	(1,336)	44,267
\$	<u>79,622</u>	<u>(110,598)</u>	<u>5,239</u>	<u>(40,066)</u>	<u>(3,065,444)</u>

**PLANO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Balance July 1 2013	Additions	Deductions	Balance June 30 2014
<b>STUDENT ACTIVITY FUNDS:</b>				
Assets:				
Cash and Temporary Investments	\$ 306,707	\$ 155,047	\$ 169,520	\$ 292,234
Accrued Interest	37	-	10	27
<b>Total Assets</b>	<b>\$ 306,744</b>	<b>\$ 155,047</b>	<b>\$ 169,530</b>	<b>\$ 292,261</b>
Liabilities:				
Accounts Payable	\$ 601	\$ 167,589	\$ 168,074	\$ 116
Due to Student Groups	306,143	155,046	169,044	292,145
<b>Total Liabilities</b>	<b>\$ 306,744</b>	<b>\$ 322,635</b>	<b>\$ 337,118</b>	<b>\$ 292,261</b>
<b>OTHER AGENCY FUNDS:</b>				
Assets:				
Cash and Temporary Investments	\$ 186,751	\$ 899,384	\$ 937,028	\$ 149,107
Other Receivables	332	-	97	235
<b>Total Assets</b>	<b>\$ 187,083</b>	<b>\$ 899,384</b>	<b>\$ 937,125</b>	<b>\$ 149,342</b>
Liabilities:				
Accounts Payable	\$ -	\$ 938,845	\$ 936,345	\$ 2,500
Due to Other Groups	187,083	898,604	938,845	146,842
<b>Total Liabilities</b>	<b>\$ 187,083</b>	<b>\$ 1,837,449</b>	<b>\$ 1,875,190</b>	<b>\$ 149,342</b>
<b>TOTAL AGENCY FUNDS:</b>				
Assets:				
Cash and Temporary Investments	\$ 493,458	\$ 1,054,431	\$ 1,106,548	\$ 441,341
Accrued Interest	37	-	10	27
Other Receivables	332	-	97	235
<b>Total Assets</b>	<b>\$ 493,827</b>	<b>\$ 1,054,431</b>	<b>\$ 1,106,655</b>	<b>\$ 441,603</b>
Liabilities:				
Accounts Payable	\$ 601	\$ 1,106,434	\$ 1,104,419	\$ 2,616
Due to Student Groups	306,143	155,046	169,044	292,145
Due to Other Groups	187,083	898,604	938,845	146,842
<b>Total Liabilities</b>	<b>\$ 493,827</b>	<b>\$ 2,160,084</b>	<b>\$ 2,212,308</b>	<b>\$ 441,603</b>

**REQUIRED  
TEXAS EDUCATION AGENCY  
REPORT SECTION**

**PLANO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
YEAR ENDED JUNE 30, 2014**

Last 10 Years Ended June 30	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance July 1, 2013
	Maintenance	Debt Service		
2005 & PRIOR	1.5000	0.2334	\$ 27,901,712,003	\$ 1,008,621
2006	1.5000	0.2334	28,921,415,823	564,798
2007	1.5000	0.2484	30,665,981,311	520,787
2008	1.3300	0.2484	32,254,750,285	408,441
2009	1.0200	0.2634	34,847,134,028	543,721
2010	1.0400	0.2884	33,530,843,785	714,485
2011	1.0400	0.3134	33,730,477,447	643,962
2012	1.0400	0.3334	33,679,153,618	986,264
2013	1.0400	0.3334	33,895,714,519	3,816,896
2014	1.1700	0.2830	35,508,818,530	-
1000	Totals			<u>\$ 9,207,975</u>

9000 - Portion of Row 1000 for Taxes Paid  
into Tax Increment Zone Under Chapter 311, Tax Code

\$ -

EXHIBIT J-1

Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance June 30, 2014
	\$ 28,777	\$ 4,272	\$ (414,589)	\$ 560,983
	15,366	2,391	(107,239)	439,802
	18,930	3,535	(73,617)	424,705
	18,320	4,461	(65,417)	320,243
	140,637	35,619	416,084	783,549
	174,860	48,490	550,509	1,041,644
	122,787	37,002	444,048	928,221
	160,222	51,364	271,106	1,045,784
	1,188,581	381,031	(984,104)	1,263,180
<u>506,969,500</u>	<u>409,507,174</u>	<u>100,440,133</u>	<u>7,662,574</u>	<u>4,684,767</u>
<u>\$ 506,969,500</u>	<u>\$ 411,375,654</u>	<u>\$ 101,008,298</u>	<u>\$ 7,699,355</u>	<u>\$ 11,492,878</u>
<u>\$ -</u>	<u>\$ 1,875,134</u>	<u>\$ -</u>		
	Ending Balance 6/30/2014			\$ 11,492,878
	Add - County Education District Taxes Receivable			<u>464</u>
	Total Delinquent Taxes Receivable 6/30/2014			11,493,342
	Less Reserve for Uncollectible Taxes:			
	General Fund			(3,587,870)
	Debt Service Fund			<u>(892,265)</u>
	Net Delinquent Balance 6/30/2014			<u>\$ 7,013,207</u>

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Teamwork for Excellence



**P L A N O**  
Independent School District

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**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.

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<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well - being have changes over time.	99
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	103
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Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Teamwork for Excellence



**P L A N O**  
Independent School District

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net Investment in capital assets	\$ (14,497)	\$ (6,937)	\$ 6,177	\$ 10,868	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007	\$ 97,719	\$ 120,499
Restricted	28,740	29,922	29,741	34,644	35,000	29,443	29,387	27,478	26,912	29,242
Unrestricted	131,166	146,159	160,607	158,432	150,549	146,015	164,593	180,777	169,663	180,980
Total Governmental Net Assets	<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>	<u>\$ 282,262</u>	<u>\$ 294,294</u>	<u>\$ 330,721</u>
Business Type Activities:										
Net Investment in capital assets	\$ 3	\$ 2	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Unrestricted	13	16	32	(31)	33	19	12	46	98	129
Total Business Type Activities	<u>\$ 16</u>	<u>\$ 18</u>	<u>\$ 34</u>	<u>\$ (30)</u>	<u>\$ 33</u>	<u>\$ 19</u>	<u>\$ 12</u>	<u>\$ 46</u>	<u>\$ 98</u>	<u>\$ 129</u>
Total Primary Government:										
Net Investment in capital assets	\$ (14,494)	\$ (6,935)	\$ 6,179	\$ 10,869	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007	\$ 97,719	\$ 120,499
Restricted	28,740	29,922	29,741	34,644	35,000	29,443	29,387	27,478	26,912	29,242
Unrestricted	131,179	146,175	160,639	158,401	150,582	146,034	164,605	180,823	169,761	181,109
Total Primary Government	<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>	<u>\$ 282,308</u>	<u>\$ 294,392</u>	<u>\$ 330,850</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
Instruction	\$ 247,607	\$ 253,458	\$ 273,019	\$ 299,557	\$ 309,070	\$ 314,910	\$ 318,948	\$ 306,009	\$ 308,433	\$ 316,344
Instructional Resources & Media Services	10,843	11,052	11,527	10,104	9,650	9,104	9,511	8,278	8,761	8,882
Curriculum & Instructional Staff Development	6,040	6,378	7,432	8,764	8,733	9,046	9,638	8,165	8,252	7,440
Instructional Leadership	3,318	3,657	3,783	3,775	4,018	4,275	4,147	3,652	3,652	3,383
School Leadership	19,443	20,731	20,703	22,575	23,368	23,860	24,110	23,056	23,870	24,812
Guidance, Counseling & Evaluation Services	13,637	14,128	15,170	16,329	17,390	18,222	18,272	17,093	18,353	18,481
Social Work Services	1,054	1,118	1,246	1,266	1,320	1,205	1,082	819	868	914
Health Services	3,614	3,821	4,163	4,620	4,992	4,275	5,111	5,024	5,145	5,306
Student (Pupil) Transportation	7,790	7,951	8,918	10,903	8,968	11,352	7,378	11,881	9,373	14,222
Food Services	16,304	16,700	18,056	19,304	19,686	21,279	22,352	23,671	23,900	24,492
Cocurricular/Extracurricular Activities	7,297	7,703	8,196	8,482	9,240	9,272	9,122	8,795	14,104	13,817
General Administration	9,239	10,264	10,715	11,468	8,774	10,007	9,240	8,862	9,864	9,803
Plant Maintenance & Operations	38,091	39,629	42,957	43,518	43,944	43,660	43,993	42,655	43,143	39,577
Security & Monitoring Services	2,349	2,582	2,651	2,944	2,955	2,792	2,245	3,462	3,505	3,390
Data Processing Services	7,896	7,483	8,161	8,384	7,550	8,163	5,272	6,496	5,318	5,332
Community Services	5,612	6,118	6,193	1,220	1,553	1,985	2,245	2,336	2,097	1,826
Debt Service - Interest on Long Term Debt	30,354	32,887	35,720	37,533	42,373	47,343	43,932	43,019	41,062	38,771
Debt Service - Bond Issuance Cost and Fees	814	184	150	134	132	34	490	35	33	308
Facilities Acquisition & Construction	10,853	10,705	13,232	13,569	25,792	23,492	23,308	15,960	18,431	13,684
Contracted Instructional Services Between Schools	127,293	132,999	125,383	81,036	91,421	34,752	28,998	39,584	24,960	36,016
Incremental Costs Associated with Chapter 41	676	760	838	650	600	600	444	600	600	600
Payments to Fiscal Agent/Member Districts of SSA	466	536	509	719	740	709	834	634	755	999
Payments to Juvenile Justice Alternative Ed. Prg.	127	103	137	158	155	132	103	90	212	118
Payments to Tax Increment Fund	4,828	5,266	5,312	4,601	4,834	4,441	8,912	2,594	2,978	1,875
Other Intergovernmental Charges	-	-	-	-	2,200	2,248	2,450	2,247	2,388	2,632
<b>Total governmental activities expenses</b>	<b>575,546</b>	<b>596,214</b>	<b>624,171</b>	<b>611,613</b>	<b>649,095</b>	<b>607,875</b>	<b>602,137</b>	<b>585,017</b>	<b>580,077</b>	<b>593,024</b>
Business-type activities:										
Employee Child Care	-	-	-	-	31	694	714	752	1,194	1,219
After School Care	-	-	-	-	5,455	5,040	4,932	4,804	4,814	4,966
Concessions	120	128	137	162	328	213	243	223	231	211
Photography	-	-	-	-	-	58	41	55	44	42
<b>Total business-type activities expenses</b>	<b>120</b>	<b>128</b>	<b>137</b>	<b>162</b>	<b>5,814</b>	<b>6,005</b>	<b>5,930</b>	<b>5,834</b>	<b>6,283</b>	<b>6,438</b>
<b>Total primary government expenses</b>	<b>\$ 575,666</b>	<b>\$ 596,342</b>	<b>\$ 624,308</b>	<b>\$ 611,775</b>	<b>\$ 654,909</b>	<b>\$ 613,880</b>	<b>\$ 608,067</b>	<b>\$ 590,851</b>	<b>\$ 586,360</b>	<b>\$ 599,462</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services:										
Instruction	\$ 5,350	\$ 4,330	\$ 5,048	\$ 5,272	\$ 4,381	\$ 4,357	\$ 4,367	\$ 4,433	\$ 3,889	\$ 3,761
Food Service	11,312	11,014	11,247	11,680	12,341	12,614	12,682	12,931	13,013	13,659
Cocurricular/Extracurricular Activities	1,006	1,732	1,516	1,482	1,401	1,552	1,425	1,468	1,554	1,612
Plant Maintenance & Operations	1,052	1,207	1,152	1,539	1,122	878	928	935	957	979
Community Services	6,546	6,584	7,052	145	76	81	81	61	33	11
Other	197	644	315	612	269	183	144	124	150	142
Operating Grants and Contributions	37,570	46,477	48,736	53,350	56,502	77,525	86,767	61,521	62,621	68,323
Capital Grants and Contributions	2,312	1,932	293	-	-	-	615	11,500	-	-
<b>Total governmental activities program revenues</b>	<b>65,345</b>	<b>73,920</b>	<b>75,359</b>	<b>74,080</b>	<b>76,092</b>	<b>97,190</b>	<b>107,009</b>	<b>92,973</b>	<b>82,217</b>	<b>88,487</b>
Business-type activities:										
Charges for services:										
Employee Child Care	-	-	-	11	531	687	726	776	1,095	1,273
After School Care	-	-	-	7,462	7,144	6,956	6,960	7,074	7,207	7,542
Concessions	141	139	176	262	239	199	234	252	262	228
Photography	-	-	-	-	-	48	43	60	64	56
<b>Total business-type activities program revenues</b>	<b>141</b>	<b>139</b>	<b>176</b>	<b>262</b>	<b>7,914</b>	<b>7,890</b>	<b>7,963</b>	<b>8,162</b>	<b>8,628</b>	<b>9,099</b>
<b>Total primary government program revenues</b>	<b>\$ 65,486</b>	<b>\$ 74,059</b>	<b>\$ 75,535</b>	<b>\$ 74,342</b>	<b>\$ 84,006</b>	<b>\$ 105,080</b>	<b>\$ 114,972</b>	<b>\$ 101,135</b>	<b>\$ 90,845</b>	<b>\$ 97,586</b>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (510,201)	\$ (522,294)	\$ (548,812)	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)	\$ (497,860)	\$ (504,537)
Business-type activities	13	2	14	1,921	1,904	1,885	2,033	2,328	2,345	2,661
<b>Total primary government net expense</b>	<b>\$ (510,188)</b>	<b>\$ (522,292)</b>	<b>\$ (548,798)</b>	<b>\$ (535,612)</b>	<b>\$ (571,098)</b>	<b>\$ (508,800)</b>	<b>\$ (493,095)</b>	<b>\$ (489,717)</b>	<b>\$ (495,515)</b>	<b>\$ (501,876)</b>

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

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

	<b>Fiscal Year</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (510,201)	\$ (522,294)	\$ (548,812)	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)	\$ (497,860)	\$ (504,537)
Business-type activities	13	2	14	1,921	1,904	1,885	2,033	2,328	2,345	2,661
Total primary government net expense	<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>	<u>\$ (489,717)</u>	<u>\$ (495,515)</u>	<u>\$ (501,876)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property taxes levied for general purposes	\$ 420,601	\$ 435,617	\$ 409,133	\$ 333,528	\$ 352,709	\$ 349,563	\$ 339,532	\$ 344,781	\$ 351,218	\$ 412,190
Property taxes levied for debt service	66,189	68,599	77,383	82,905	91,245	98,722	104,420	112,694	114,865	101,575
Unrestricted grants and contributions	27,500	23,418	64,836	105,742	106,017	56,590	75,038	71,575	38,658	25,148
Investment earnings	8,154	13,479	17,681	15,715	9,415	1,488	2,068	760	868	623
Miscellaneous	5,317	4,916	7,901	5,008	6,815	5,344	5,011	6,551	1,987	2,687
Insurance recovery	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on disposition of capital assets	1,778	-	-	-	-	-	723	-	-	-
Transfers	-	-	-	2,054	1,867	1,908	2,043	2,298	2,296	2,632
Total governmental activities	<u>529,538</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>	<u>538,659</u>	<u>509,892</u>	<u>544,855</u>
Business-type activities:										
Investment earnings	(1)	1	1	68	26	10	3	4	2	2
Transfers	-	-	-	(2,054)	(1,867)	(1,908)	(2,043)	(2,298)	(2,296)	(2,632)
Total business-type activities	<u>(1)</u>	<u>1</u>	<u>1</u>	<u>(1,986)</u>	<u>(1,841)</u>	<u>(1,898)</u>	<u>(2,040)</u>	<u>(2,294)</u>	<u>(2,294)</u>	<u>(2,630)</u>
Total primary government	<u>\$ 529,538</u>	<u>\$ 546,031</u>	<u>\$ 576,935</u>	<u>\$ 542,966</u>	<u>\$ 566,227</u>	<u>\$ 511,717</u>	<u>\$ 526,795</u>	<u>\$ 536,365</u>	<u>\$ 507,598</u>	<u>\$ 542,225</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 19,337	\$ 23,735	\$ 28,122	\$ 7,419	\$ (4,934)	\$ 2,930	\$ 33,707	\$ 46,615	\$ 12,032	\$ 40,318
Business-type activities	13	3	16	(65)	63	(13)	(7)	33	52	31
Total primary government	<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>	<u>\$ 46,648</u>	<u>\$ 12,084</u>	<u>\$ 40,349</u>

**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)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011<sup>1</sup></u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,610	\$ 2,703	\$ 2,121	\$ 2,044
Reserved	1,027	2,241	2,308	2,127	2,506	2,620	-	-	-	-
Assigned	-	-	-	-	-	-	2,182	1,935	19,870	12,884
Unreserved designated	4,686	6,133	7,418	6,843	8,250	3,757	-	-	-	-
Unassigned	-	-	-	-	-	-	147,394	160,919	132,178	154,251
Unreserved	108,486	114,930	125,947	122,252	116,608	126,838	-	-	-	-
Total general fund	<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>	<u>\$ 165,557</u>	<u>\$ 154,169</u>	<u>\$ 169,179</u>
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284	\$ 290	\$ 211	\$ 185
Reserved	239	239	258	204	193	285	-	-	-	-
Restricted										
Debt Service	-	-	-	-	-	-	37,435	35,999	35,188	34,925
Capital Projects	-	-	-	-	-	-	80,981	130,444	112,315	64,007
Food Service	-	-	-	-	-	-	8,217	7,185	6,952	6,968
Federal Special Revenue	-	-	-	-	-	-	7	-	-	-
State Special Revenue	-	-	-	-	-	-	365	818	770	1,247
Committed	-	-	-	-	-	-	5,840	6,772	8,840	9,189
Unreserved designated	73	75	90	567	71,676	77,783	-	-	-	-
Unreserved, reported in										
Special revenue funds	5,647	6,867	8,397	9,382	9,610	12,538	-	-	-	-
Capital projects funds	99,977	113,855	98,234	89,666	102,660	115,331	-	-	-	-
Debt service fund	37,544	36,920	39,184	40,718	45,614	39,320	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 181,508</u>	<u>\$ 164,276</u>	<u>\$ 116,521</u>
Total governmental funds	<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>	<u>\$ 347,065</u>	<u>\$ 318,445</u>	<u>\$ 285,700</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Federal sources:										
Federal grants	\$ 13,077	\$ 17,936	\$ 16,275	\$ 16,810	\$ 18,199	\$ 38,120	\$ 48,515	\$ 20,571	\$ 23,114	\$ 21,888
Food services	4,459	4,940	5,349	6,015	6,363	7,496	8,008	8,355	8,963	9,396
Total federal sources	<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>	<u>28,926</u>	<u>32,077</u>	<u>31,284</u>
State sources:										
State education finance program	38,341	36,256	79,568	123,519	124,349	75,535	91,954	87,367	50,928	39,537
State grants and other	6,175	6,641	8,419	8,697	10,234	9,582	9,908	12,190	5,285	11,409
Total state sources	<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>	<u>99,557</u>	<u>56,213</u>	<u>50,946</u>
Local sources:										
Ad valorem taxes	486,790	504,216	487,970	416,042	445,420	448,529	446,091	457,022	466,582	512,921
Food service sales	11,390	11,025	11,246	11,909	12,340	12,611	12,721	12,929	13,012	13,661
Interest and other income	8,154	13,479	18,750	16,255	9,028	1,434	1,644	767	872	635
Other revenue	24,090	22,921	25,631	16,832	15,747	15,757	15,765	30,330	21,529	19,886
Total local sources	<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>	<u>501,048</u>	<u>501,995</u>	<u>547,103</u>
Total revenues	<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>	<u>\$ 629,531</u>	<u>\$ 590,285</u>	<u>\$ 629,333</u>

**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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenditures:										
Instruction & Instructional-Related Services	\$ 252,250	\$ 257,275	\$ 277,297	\$ 300,195	\$ 306,772	\$ 312,619	\$ 318,959	\$ 299,009	\$ 297,559	\$ 305,883
Instructional & School Leadership	22,377	23,893	23,937	25,679	26,329	26,602	27,383	25,802	26,397	27,200
Support Services - Student	46,699	48,392	52,174	57,044	58,956	60,036	62,054	61,800	68,701	71,203
Administrative Support Services	9,002	9,832	10,438	11,283	8,786	8,812	8,948	8,625	9,408	9,641
Support Services - Nonstudent	43,379	45,330	50,027	49,445	49,366	49,887	50,344	49,626	50,233	47,394
Ancillary Services	5,641	6,138	6,187	1,204	1,424	1,987	2,128	2,227	1,965	1,682
Debt Service - Principal on long-term debt	32,600	39,485	45,880	48,480	50,860	58,918	58,165	67,180	70,215	56,610
Debt Service - Interest on long-term debt	32,904	35,172	36,000	38,747	39,361	48,048	48,354	47,692	45,878	43,632
Debt Service - Bond Issuance Costs and Fees	814	320	569	397	1,861	1,077	749	413	317	308
Facilities Acquisition & Construction	58,465	61,717	95,844	66,346	96,498	118,296	113,055	59,496	78,151	57,645
Intergovernmental Charges <sup>1</sup>	133,390	139,664	132,180	87,164	99,950	42,882	41,741	45,749	31,894	42,240
Total Expenditures	<u>\$ 637,521</u>	<u>\$ 667,218</u>	<u>\$ 730,533</u>	<u>\$ 685,984</u>	<u>\$ 740,163</u>	<u>\$ 729,164</u>	<u>\$ 731,880</u>	<u>\$ 667,619</u>	<u>\$ 680,718</u>	<u>663,438</u>
Capital Expenditures	\$ 47,911	\$ 52,526	\$ 85,689	\$ 53,887	\$ 77,375	\$ 103,874	\$ 99,845	\$ 47,012	\$ 66,635	\$ 46,794
Debt service as a percentage of noncapital expenditures	11.1%	12.1%	12.7%	13.8%	13.6%	17.1%	16.9%	18.5%	18.9%	16.3%

<sup>1</sup> 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.

**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)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Excess of revenues over (under) expenditures	\$ (45,045)	\$ (49,804)	\$ (77,325)	\$ (69,905)	\$ (98,483)	\$ (120,100)	\$ (97,274)	\$ (38,088)	\$ (90,433)	\$ (34,105)
Other financing sources (uses)										
Transfers In	4,494	4,955	6,731	9,247	7,446	7,222	5,129	4,087	3,085	11,838
Transfers Out	(4,494)	(4,955)	(7,331)	(7,192)	(5,580)	(4,694)	(3,086)	(2,589)	(1,588)	(9,706)
Bonds issued	71,420	70,535	76,670	58,280	179,999	136,975	-	92,840	53,740	-
Refunding bonds issued	56,805	-	129,180	33,305	-	-	108,815	46,115	27,805	74,750
Premiums on bonds issued	9,000	2,821	4,496	2,488	1,747	1,952	14,304	14,023	8,903	5,673
Payment to bond refunding agent	(62,938)	-	(131,106)	(36,299)	-	-	(122,845)	(54,638)	(30,132)	(81,699)
Insurance Proceeds	-	-	-	-	-	-	-	-	-	505
Sale of capital assets	2,035	29	-	-	-	-	1,800	-	-	-
Capital leases	-	-	-	-	228	-	-	-	-	-
Total other financing sources (uses)	<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>	<u>99,838</u>	<u>61,813</u>	<u>1,361</u>
Net change in fund balances	<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>	<u>\$ 61,750</u>	<u>\$ (28,620)</u>	<u>\$ (32,744)</u>

**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)**

<b>Fiscal Year</b>	<b>Actual Value</b>				<b>Less: Exemptions</b>	<b>Total Assessed Value</b>	<b>Total District Rate <sup>1</sup></b>
	<b>Residential Property</b>	<b>Industrial Property</b>	<b>Rural Acreage</b>	<b>Personal Property</b>			
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
2012	20,517,769	12,645,545	615,144	3,536,560	3,635,864	33,679,154	1.3734
2013	20,515,276	13,582,588	608,232	3,750,946	4,561,327	33,895,715	1.3734
2014	21,372,046	14,580,038	655,944	4,087,705	4,719,339	35,976,394	1.4530

Source: Comptroller of Public Accounts - School District Summary Worksheet

<sup>1</sup> Per \$100 of assessed value.



**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 <sup>1</sup>											
	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
2005	1.5000	0.2334	1.7334	0.4535	0.2500	0.0906	0.5600	0.5993	0.7197			0.4683	0.2820	0.5252	
2006	1.5000	0.2334	1.7334	0.4535	0.2500	0.0894	0.5600	0.5993	0.7417			0.4683	0.2820	0.5252	
2007	1.3300	0.2484	1.5784	0.4535	0.2500	0.0877	0.5580	0.6329	0.7292			0.4683	0.3771	0.5752	
2008	1.0200	0.2484	1.2684	0.4735	0.2450	0.0870	0.5570	0.6179	0.7479			0.4683	0.3771	0.5752	
2009	1.0400	0.2634	1.3034	0.4735	0.2425	0.0865	0.5560	0.6179	0.7479			0.5183	0.3771	0.5752	
2010	1.0400	0.2884	1.3284	0.4735	0.2425	0.0863	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	0.0863	0.5540	0.6176	0.7970	0.7046	0.3742	0.5650	0.3371	0.6352	0.8989
2012	1.0400	0.3334	1.3734	0.4886	0.2400	0.0863	0.5530	0.6179	0.7970	0.7046	0.3742	0.5650	0.3771	0.6352	0.8989
2013	1.0400	0.3334	1.3734	0.4886	0.2400	0.0863	0.5520	0.6179	0.7970	0.7046	0.3742	0.5700	0.3771	0.6352	0.8889
2014	1.1700	0.2830	1.4530	0.4886	0.2375	0.0836	0.5500	0.6179	0.7970	0.7046	0.3207	0.5700	0.3509	0.6352	0.8839

<sup>1</sup> 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	2014			2005		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Oncor Electric Delivery Company	\$ 264,690,044	1	0.74 %	\$ 221,461,549	1	0.79 %
Health Care Service Corporation	211,520,075	2	0.59	-	-	-
Bank of America, NA	176,622,431	3	0.49	-	-	-
JCPenney Co Inc.	154,094,721	4	0.43	156,221,693	2	0.56
Willow Bend Assoc LP	142,581,631	5	0.40	104,400,000	6	0.37
Bank of America, NA	140,315,067	6	0.39	-	-	-
Legacy Campus, LP	126,045,001	7	0.35	-	-	-
Cisco Systems Sales & Service Inc	115,958,112	8	0.32	77,401,880	9	0.28
HSP of Texas, Inc.	114,469,428	9	0.32	75,647,315	10	0.27
KBSIII Legacy Town Center, LLC	113,067,926	10	0.31	-	-	-
EDS Information Services LLC				110,205,885	3	0.39
Electronic Data Systems Corp				134,647,392	4	0.48
DSC Telecom LP				106,501,641	5	0.38
Countrywide Funding Corp.				102,991,114	7	0.37
Dallas Morning New LP				86,809,729	8	0.31
<b>Total</b>	<b>\$ 1,559,364,436</b>		<b>3.60 %</b>	<b>\$ 1,176,288,198</b>		<b>3.42 %</b>
 Total Taxable Value	 \$35,976,394,282			 \$27,901,712,003		

Source: Collin County Tax Assessor Collector

EXHIBIT S-10

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

Fiscal Year	Original Amount Levied	Supplements and Corrections	Total Adjusted Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 488,501,853	\$ 1,468,617	\$ 489,970,470	\$ 482,923,224	99 %	\$ 6,486,263	\$ 489,409,487	99.89 %
2006	506,379,142	1,804,641	508,183,783	498,938,497	99	8,805,484	507,743,981	99.91
2007	489,387,533	742,569	490,130,102	482,508,116	99	7,197,281	489,705,397	99.91
2008	419,159,205	(646,268)	418,512,937	412,176,374	98	6,016,320	418,192,694	99.92
2009	454,874,791	(6,863,835)	448,010,956	441,638,332	97	5,589,075	447,227,407	99.83
2010	438,406,394	12,390,596	450,796,990	445,745,911	102	4,009,435	449,755,346	99.77
2011	449,546,631	(1,163,624)	448,383,007	444,404,742	99	3,050,044	447,454,786	99.79
2012	455,730,380	1,426,239	457,156,619	453,398,398	99	2,712,437	456,110,835	99.77
2013	459,422,353	6,300,800	465,723,153	461,906,257	101	2,553,716	464,459,973	99.73
2014	506,969,500	7,662,574	514,632,074	509,947,307	101	-	509,947,307	99.09

**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	Resources Restricted for Debt Service	Net Bonded Debt Outstanding	Gross Bonded Debt as % of Personal Income <sup>1</sup>	Gross Bonded Debt Per Capita	Net Bonded Debt as % of Assessed Value	Net Bonded Debt Per Capita
	Unlimited Tax Bonds <sup>2</sup>	Loans Payable	Capital Leases							
2005	\$ 788,839	\$ -	\$ -	\$ 788,839	\$ 24,710	\$ 764,129	7%	\$ 2,481	2.77%	\$ 2,403
2006	820,099	-	-	820,099	24,869	795,230	7%	2,551	2.75	2,474
2007	836,333	-	-	836,333	24,755	811,578	6%	2,629	2.65	2,552
2008	844,133	-	-	844,133	28,440	815,693	6%	2,636	2.53	2,547
2009	973,392	-	108	973,500	28,528	944,972	9%	3,028	2.79	2,939
2010	1,051,948	-	-	1,051,948	21,598	1,030,350	10%	3,247	3.07	3,180
2011	990,778	-	-	980,417	20,886	959,531	10%	2,992	2.84	2,928
2012	1,017,461	-	-	1,017,461	20,002	997,459	10%	3,120	2.96	3,059
2013	1,003,044	-	-	1,003,044	19,753	983,291	9%	3,083	2.90	3,022
2014	947,389	-	-	947,389	20,846	926,543	8%	2,750	2.73	2,690

Note: <sup>1</sup> Refer to Exhibit S-14 for per capita personal income information.

<sup>2</sup> Unlimited Tax Bond equals GO Bonds Payable plus Accreted Interest plus Loss on Advanced Refunding less Premium on Bond Issuance

**PLANO INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2014**

(Unaudited)

(Dollars in thousands, except per capita)

<u>Governmental Unit</u>	<u>Gross Bonded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Plano <sup>1</sup>	\$ 324,416	86.10 %	\$ 279,322
Collin County Community College <sup>1</sup>	37,460	44.08	16,512
Collin County <sup>2</sup>	391,410	45.18	176,839
City of Allen <sup>2</sup>	97,535	3.94	3,843
City of Carrollton <sup>1</sup>	164,049	0.52	853
City of Dallas <sup>2</sup>	1,547,228	4.16	64,365
City of Garland <sup>1</sup>	202,499	0.19	385
City of Lucas <sup>1</sup>	6,060	4.93	299
City of Murphy <sup>1</sup>	22,630	71.99	16,291
City of Parker <sup>1</sup>	3,140	74.98	2,354
City of Richardson <sup>1</sup>	269,945	38.90	105,009
City of Wylie <sup>1</sup>	80,605	0.31	250
Subtotal, overlapping debt			666,322
<b>District gross bonded debt</b>			<u>925,380</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 1,591,702</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.

<sup>1</sup> Reported as of entity's fiscal year end 2013.

<sup>2</sup> Reported as of entity's fiscal year end 2014.

**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>
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
2012	3,367,915	966,485	2,401,430	28.70
2013	3,389,572	949,362	2,440,210	28.01
2014	3,550,882	890,455	2,660,427	25.08

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed Value		\$ 35,508,819
Debt limit (10% of assessed value)		3,550,882
Total bonded debt	\$ 925,380	
Less reserve for retirement of debt	<u>34,925</u>	
Debt applicable to limit		<u>890,455</u>
Legal debt margin		<u><u>\$ 2,660,427</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>
2005	317,993	\$ 11,683,250	\$ 36,741	4.40 %
2006	321,423	12,490,424	38,860	4.60
2007	318,073	13,726,042	43,154	3.90
2008	320,292	15,064,839	47,035	4.30
2009	321,502	10,299,677	32,036	7.40
2010	323,965	10,541,298	32,538	7.50
2011	327,653	9,984,522	30,473	7.60
2012	326,061	10,403,381	31,906	6.70
2013	325,383	10,934,607	33,605	6.00
2014	344,470	11,384,568	33,050	5.00

Sources: Population estimates were provided by the District with the exception of 2010 which was obtained from the U.S. Census Bureau.  
Personal income figures were obtained from the U.S. Census Bureau.  
Unemployment rates were provided by the Texas Workforce Commission.

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

Employer	2014			2006		
	Employees	Rank	Percentage Of Total District Employment	Employees	Rank	Percentage Of Total District Employment
Bank of America Home Loan	8,000	1	5.36 %	-		- %
Plano ISD	6,470	2	5.62	3,756	5	3.26
Capital One Finance	4,500	3	3.02	-		-
HP Enterprise Services	4,500	4	3.02	-		-
J. C. Penney, Inc.	3,000	5	2.01	3,800	4	3.30
City of Plano	2,790	6	1.87	2,568	9	2.23
Ericsson	2,650	7	1.78	-		-
Alcatel-Lucent	2,500	8	1.68	5,080	2	4.42
Frito-Lay	2,500	9	1.68	3,000	7	2.61
Dell Services	2,250	10	1.51	-		-
Electronic Data Systems				6,700	1	5.82
Perot Systems				4,311	3	3.75
Shops at Willow Bend				3,240	6	2.82
Countrywide Home Loans				3,000	8	2.61
Collin Creek Mall				2,418	10	2.10
Total	<u>39,160</u>		<u>25.28 %</u>	<u>37,873</u>		<u>26.65 %</u>

## Sources:

Texas Workforce Commission provided total labor force numbers - 2014 (154,934); 2005 (134,088)

Plano Economic Development Corporation provided 2014 Principal Employers.

2006 data from PISD 2006 CAFR



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

	Fiscal Year										Percent Change 2005 - 2014
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
<b>Instruction</b>											
Teachers	3,761	3,801	3,855	4,003	4,067	3,942	4,011	3,822	3,813	3,825	2 %
Librarians	67	69	66	70	71	70	73	71	71	71	6
Educational Aides	674	668	750	648	661	629	622	580	573	559	(17)
Interpreters	15	12	15	17	12	13	9	12	13	17	13
Other Professionals (instructional)	119	128	132	138	156	141	162	159	153	159	34
	<u>4,636</u>	<u>4,678</u>	<u>4,818</u>	<u>4,875</u>	<u>4,967</u>	<u>4,796</u>	<u>4,877</u>	<u>4,643</u>	<u>4,623</u>	<u>4,631</u>	<u>(0)</u>
<b>Campus Administration</b>											
Principal	63	67	67	68	68	68	71	71	72	72	14
Assistant Principal	82	83	85	87	90	89	92	87	88	92	12
Instructional Officer	6	6	8	8	8	10	10	10	10	8	33
Athletic Director	-	-	-	-	-	-	2	3	3	3	300
	<u>151</u>	<u>156</u>	<u>160</u>	<u>163</u>	<u>166</u>	<u>167</u>	<u>175</u>	<u>171</u>	<u>173</u>	<u>175</u>	<u>16</u>
<b>Student Services</b>											
Counselor	138	142	145	143	147	146	152	138	143	146	6
Educational Diagnostician	27	27	28	29	29	30	32	30	30	33	22
School Nurse	68	70	70	72	72	72	73	73	71	71	4
LSSP/Psychologist	13	13	13	13	14	14	14	14	13	12	(8)
Social Worker	8	8	9	9	10	10	9	8	8	9	13
	<u>254</u>	<u>260</u>	<u>265</u>	<u>266</u>	<u>272</u>	<u>273</u>	<u>279</u>	<u>263</u>	<u>265</u>	<u>271</u>	<u>7</u>
<b>Support and Administration</b>											
Superintendent, Deputy, Assoc. & Assistant	8	8	8	7	7	7	7	5	6	6	(25)
Non-Campus Professionals	198	204	213	208	211	223	223	216	222	224	13
Auxiliary Staff	1,435	1,450	1,146	1,375	1,216	1,301	1,342	1,239	1,250	1,219	(15)
	<u>1,641</u>	<u>1,662</u>	<u>1,366</u>	<u>1,590</u>	<u>1,434</u>	<u>1,531</u>	<u>1,572</u>	<u>1,460</u>	<u>1,478</u>	<u>1,449</u>	<u>(12)</u>
<b>Total</b>	<u>6,682</u>	<u>6,756</u>	<u>6,608</u>	<u>6,894</u>	<u>6,839</u>	<u>6,766</u>	<u>6,903</u>	<u>6,537</u>	<u>6,538</u>	<u>6,526</u>	<u>(2) %</u>

Source: Fall Public Education Information Management System (PEIMS) Submissions with full-time equivalent employees as of the last Friday in October.

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.

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

<u>Fiscal Year</u>	<u>Enrollment</u> <sup>1</sup>	<u>Operating Expenditures</u> <sup>2</sup>	<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>
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
2012	55,659	492,837,819	8,855	(3.81)	453,254,176	8,143	(6.22)	3,822	14.6	27
2013	55,185	486,157,034	8,810	(0.51)	461,196,436	8,357	2.63	3,813	14.5	28
2014	54,822	505,830,681	9,227	4.74	469,814,931	8,570	2.55	3,825	14.3	29

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

<sup>2</sup> 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)**

<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>District Average Salary</b>	<b>Statewide Average Salary</b>
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
2012	46,700	73,637	51,579	46,361
2013	46,700	73,637	52,245	48,821
2014	48,501	74,503	52,399	49,692

## Sources:

Plano ISD 2013-2014 Compensation Plan Book  
TEA PEIMS Standard Reports

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Schools:</b>										
<b>Elementary</b>										
Buildings	42	42	43	43	44	44	44	44	44	44
Square Feet	2,926,668	2,926,668	3,045,516	3,084,444	3,194,580	3,204,030	3,234,785	3,253,327	3,301,493	3,350,490
Enrollment	24,214	24,811	24,550	24,730	24,658	25,005	24,941	24,721	24,406	24,107
<b>Middle School</b>										
Buildings	12	12	12	12	12	13	13	13	13	13
Square Feet	1,805,997	1,805,997	1,805,997	1,814,967	1,817,526	1,970,926	1,979,618	1,980,339	1,980,339	1,980,339
Enrollment	12,055	12,048	12,103	12,151	12,476	12,459	12,640	12,706	12,730	12,621
<b>High School</b>										
Buildings	5	5	5	5	5	5	5	6	7	7
Square Feet	1,126,915	1,126,915	1,233,936	1,233,939	1,233,939	1,274,402	1,275,730	1,572,843	1,679,897	1,679,897
Enrollment	7,833	7,984	7,889	7,977	7,936	8,191	8,414	8,433	8,435	8,496
<b>Senior High School</b>										
Buildings	3	3	3	3	3	3	3	3	3	3
Square Feet	1,252,658	1,252,658	1,252,658	1,272,129	1,272,150	1,328,045	1,369,618	1,369,618	1,458,754	1,458,754
Enrollment	6,869	7,071	7,132	7,290	7,429	7,440	7,604	7,806	7,872	7,937
<b>Early Childhood Schools</b>										
Buildings	3	3	3	3	3	3	3	3	3	3
Square Feet	147,683	147,683	147,683	147,683	156,458	156,458	156,458	156,458	156,458	156,458
Enrollment <sup>1</sup>	1,385	1,267	1,261	1,435	1,704	1,844	1,971	1,993	1,742	1,661
<b>Total Schools</b>										
<b>Buildings</b>	65	65	66	66	67	68	68	69	70	70
<b>Square Feet</b>	7,259,921	7,259,921	7,485,790	7,553,162	7,674,653	7,933,861	8,016,209	8,332,585	8,576,941	8,625,938
<b>Enrollment</b>	52,356	53,181	52,935	53,583	54,203	54,939	55,570	55,659	55,185	54,822

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Other PISD Facilities:</b>										
<b>Other Educational Facilities -</b>										
Buildings	3	3	3	3	4	4	5	4	5	5
Square Feet	97,775	97,775	97,775	97,775	126,961	138,036	246,246	246,246	149,820 <sup>z</sup>	149,820
<b>Administrative</b>										
Buildings	5	5	6	6	6	6	6	6	6	6
Square Feet	211,866	211,866	223,271	223,271	223,271	223,271	223,271	223,271	204,199	204,199
<b>Facility Services</b>										
Buildings	4	4	4	4	4	4	4	4	4	4
Square Feet	142,389	142,389	142,389	142,389	142,389	148,662	148,662	148,662	148,662	148,662
<b>Athletics</b>										
Stadiums	6	6	6	6	6	6	6	6	6	6
Running Tracks	9	9	9	9	9	9	10	10	10	10
Tennis Courts	20	20	20	20	20	21	22	22	21	21
Softball Fields	5	5	5	3	3	3	4	4	4	4
Baseball Fields	7	7	7	7	7	7	8	8	8	8
Indoor Athletic Fields	3	3	3	3	3	3	3	3	3	3

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Teamwork for Excellence



**P L A N O**  
Independent School District

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

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Teamwork for Excellence



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Independent School District

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**INDEPENDENT AUDITOR'S 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**

Board of Trustees  
Plano Independent School District  
Plano, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2014.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

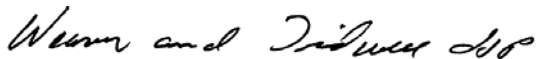
Plano Independent School District

Page 2

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 4, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees  
Plano Independent School District  
Plano, Texas

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

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, 2014. 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

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

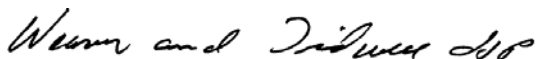
## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 4, 2014

EXHIBIT K-1

PLANO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Funding U.S. Department of Defense</u>			
Junior ROTC Program	12.000		\$ 235,628
Total Direct Funding U.S. Department of Defense			<u>235,628</u>
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<u>235,628</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA Title I Part A - Improving Basic Programs	84.010A	13-610101043910	87,546
ESEA Title I Part A - Improving Basic Programs	84.010A	14-610101043910	4,590,327
Total Title I - Part A Cluster			<u>4,677,873</u>
Title IV IDEA - Part B, Formula	84.027	13-6600010439106600	412,938
Title IV IDEA - Part B, Formula	84.027	14-6600010439106600	8,367,063
Title IV IDEA - Part B, Preschool	84.027	13-6610010439106610	5,152
Title IV IDEA - Part B, Preschool	84.027	14-6610010439106610	270,006
SSA - IDEA - Part B, Discretionary	84.027	14-6600020439106673	207,160
SSA - IDEA - Part B, Deaf	84.027	14-6600010439106601	65,397
SSA - IDEA - Part B, Preschool Deaf	84.173	14-6610010439106611	12,262
Total Special Education Cluster			<u>9,339,978</u>
Vocational Education - Basic Grant	84.048	13-420006043910	2,719
Vocational Education - Basic Grant	84.048	14-420006043910	354,077
Total Vocational Education			<u>356,796</u>
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	14-3911010439103911	7,854
Title III, Language Instruction LEP	84.365	13-671001043910	129,249
Title III, Language Instruction LEP	84.365	14-671001043910	747,792
Total Title III			<u>877,041</u>
ESEA Title II, Part A, Teacher & Principal Training	84.367A	13-694501043910	85,806
ESEA Title II, Part A, Teacher & Principal Training	84.367A	14-694501043910	736,251
Total Title II, Part A			<u>822,057</u>

(continued)

EXHIBIT K-1

PLANO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2014

Title IV Part A Summer School LEP	84.369	14-69550502	84,594
Total Passed Through State Department of Education			<u>16,166,193</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>16,166,193</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Direct Funding U.S. Department of Health and Human Services</u>			
Head Start	93.600	CH6042/40	863,488
Head Start	93.600	CH6042/41	62,080
Total Head Start Cluster			<u>925,568</u>
Medicaid Administrative Claim Program	93.778	14-043910	89,950
Total Direct Funding U.S. Department of Health and Human Services			<u>1,015,518</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>1,015,518</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast Program	10.553	14-043910	1,542,675
National School Lunch Program	10.555	14-043910	6,681,628
Commodity Food Distribution	10.555	14-043910	1,171,728
Summer Feeding Program	10.559	14-043910	20,761
Total Child Nutrition Cluster			<u>9,416,792</u>
Total Passed Through the State Department of Agriculture			<u>9,416,792</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>9,416,792</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 26,834,131</u>
			(Concluded)

**PLANO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2014**

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. 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.

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, 2014 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, 2014**

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-3:

Total Expenditures of Federal Awards per Exhibit K-1	\$ 26,834,131
Reimbursements received from the Federal School Health and Related Services	2,776,427
Rebates received from the Federal Government for Build America Bonds	<u>1,673,169</u>
Total Federal Program Revenues per Exhibit C-3	<u><u>\$ 31,283,727</u></u>



**PLANO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**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:
- |                           |                |
|---------------------------|----------------|
| Head Start                | 93.600         |
| Special Education Cluster | 84.027, 84.173 |
| Title I, Part A Cluster   | 84.010A        |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$805,024
- i. Auditee qualified as a low-risk auditee.  Yes  No

**PLANO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**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, 2014**

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

None

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