

# Plano Independent School District

Plano, Texas

Comprehensive  
Annual  
Financial Report

Year Ended

June 30, 2017

Prepared By

Christie Tate  
Director Accounting & Budget

Linda Madon  
Executive Director of Financial Services

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Independent School District

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**Plano Independent School District**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2017  
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**Certificate Of The Board**

Plano Independent School District

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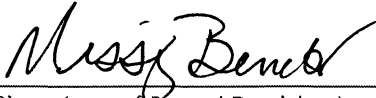
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Name of School District

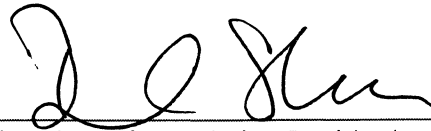
County

County-District No.

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and ✓ approved \_\_\_\_\_ disapproved for the year ended June 30, 2017 at a meeting of the Board of Trustees of such school district on the 14th day of November, 2017.



Signature of Board President



Signature of Board Vice President

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

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# **Introductory Section**

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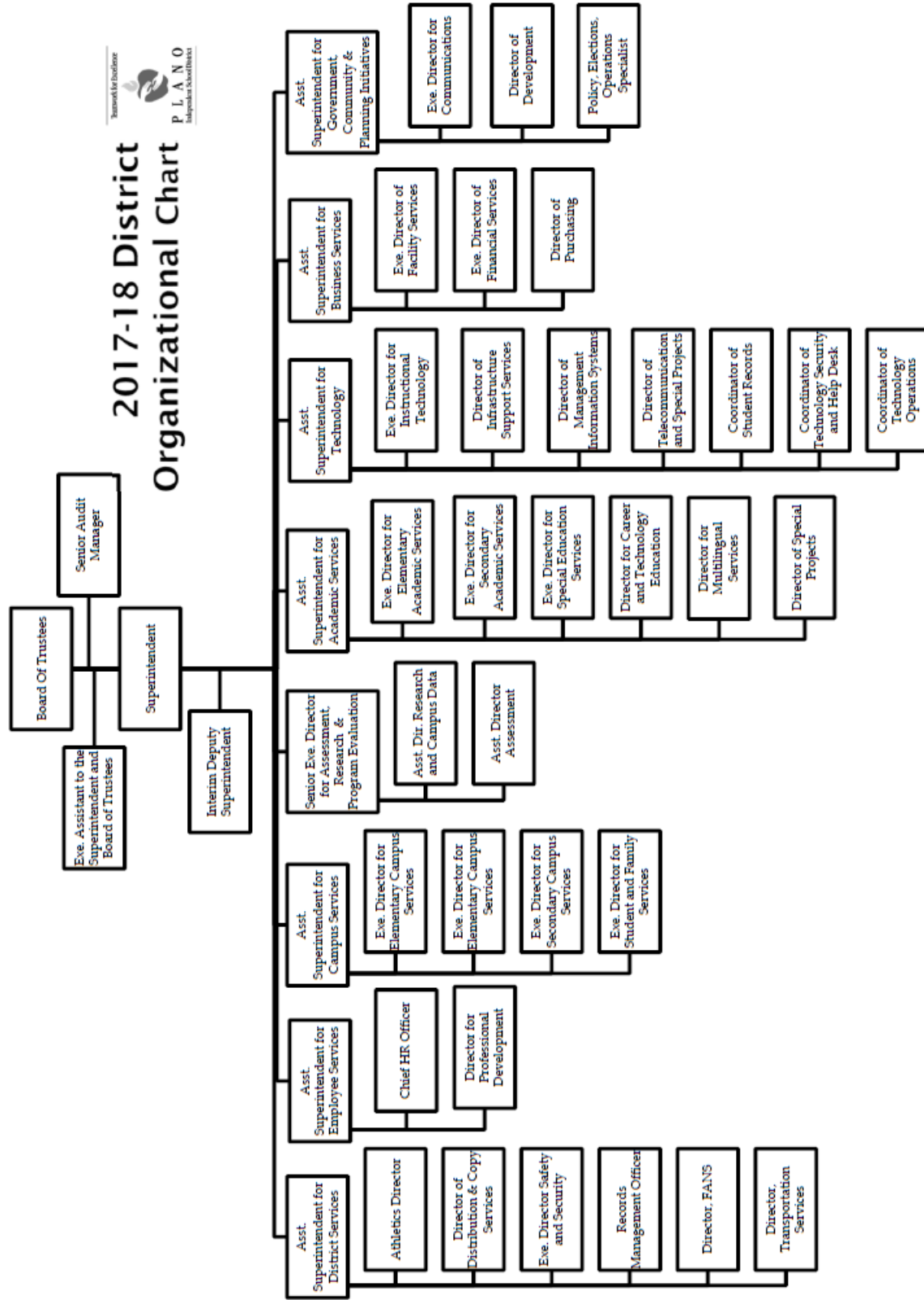
## Board of Trustees

Name	Length of Service	Term Expires	Occupations
Missy Bender President	11 Years	May 2019	Community Volunteer
David Stolle Vice President	6 Years	May 2097	Attorney
Nancy Humphrey Secretary	7 Years	May 2021	Public and Contract Accountant
Greg Myer Trustee	Newly Elected	May 2021	Executive in Real Estate Industry
Angela Powell Trustee	Newly Elected	May 2021	Community Volunteer
Tammy Richards Trustee	7 Years	May 2021	Consultant
Yoram Solomon Trustee	2 Year	May 2019	Author, Speaker, Coach

## Administrative Officials

Name	Position	Length of District Service
Dr. Brian Binggeli	Superintendent *total school district experience 36 years	2 Years*
Sara Bonser	Interim Deputy Superintendent *total school district experience 27 years	Since May 2017*
Steve Fortenberry	Chief Financial Officer *total school district experience 35 years	5 Years*
Dr. Kary Cooper	Assistant Superintendent for District Services	29 Years
Karla Oliver	Assistant Superintendent for Government, Community and Planning Initiatives *total school district experience 27 years	13 Years*
Dan Armstrong	Assistant Superintendent for Technology Services	27 Years
Susan Modisette	Assistant Superintendent for Campus Services *total school district experience 34 years	30 Years*
Dr. Katrina Hasley	Assistant Superintendent for Academic Services *total school district experience 26 years	Since August 2017*
Dr. Beth Brockman	Assistant Superintendent for Employee Services *total school district experience 24 years	Since Sept. 2017*
Dr. Dash Weerasinghe	Senior Exec. Director, Assessment, Research & Program Evaluation *total school district experience 22 years	9 Years*

# 2017-18 District Organizational Chart





November 14, 2017

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, 2017, 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, 2017 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 each student.”

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 54,000 students in state of the art facilities that include three early childhood schools for pre-kindergarten age students, 44 elementary schools (with five offering pre-kindergarten classes for the first time in fiscal year 2017), 23 secondary school programs and two special program centers. Included in the secondary schools are three academy programs – Health Science Academy as part of Williams High School and Plano East Senior High, International Baccalaureate World School as part of Plano East Senior High and the Academy High School an innovative 9<sup>th</sup>-12<sup>th</sup> grade learning community with an emphasis on science, technology, engineering, arts and mathematics (STEAM). The District has long maintained the philosophy of renovating and refurbishing its schools to ensure that all facilities continue to meet new building standards as well as curriculum and technology requirements.

## **Economic Conditions and Outlook**

Plano's economic base consists of a wide range of services and products. Accelerated industrial and commercial development within the past 15 years in the City and immediate surrounding area has created a very sound, balanced economy. While a substantial economic base has been built on manufacturing and agriculture, retail and commercial development have made a steadily increasing contribution to the economic growth of the district. Situated in the heart of Texas and as an integral part of the Dallas/Fort Worth Metroplex, the City 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 district's economic base is the addition, expansion and retention of numerous corporate and regional headquarters, including Toyota, Liberty Mutual Insurance, State Farm Insurance, JPMorgan Chase, Fed Ex, HP Systems, J.C. Penney, Frito-Lay, Dr. Pepper/Snapple, and Ericsson. The combined effects of population, income, employment and residential growth, along with increased industrial, commercial and retail development, have ensured the continuance of steady growth during the past several years. These factors have created a more productive and diversified economic base and provided Plano ISD with the foundation for a steady transition from a suburban to urban character.

The City and District have enjoyed carefully planned development and, as a result, the local economy is based on research, development and manufacturing in the fields of information technology and telecommunications. Research activities, publishing, printing, banking, government employment, insurance, real estate and diverse manufacturing facilities provide a wide variety of opportunities.

The District's latest multi-year bond program was successfully approved by the voters in May 2016. The purpose of this \$481 million program is to provide funding for eight major project areas with no increase to the tax rate. All Plano ISD campuses will be impacted by district-wide security updates, renovation and facility upgrades, as well as technology improvements. The program also provides funding for the purchase of property and construction of new facilities that will increase classroom capacity and expand program offerings for students along with the purchase of school buses. \$300 million of bonds (inclusive of bond premiums) were sold during the fiscal year ended June 30, 2017. A list of construction projects in progress is included in Note 5 to the financial statements.

The State funding formula continues to impact the District's financial operations. In its simplest form, this formula guarantees districts a revenue yield per student for each penny of the districts operating tax rate. The first dollar of tax rate is guaranteed to generate \$51.40 per penny for each student in weighted average daily attendance (WADA). Districts whose tax base generates less than this amount receive additional state funds to get to the guaranteed amount. Districts whose tax base generates more than the guaranteed amount have to send the excess local property tax collections to the state in the form of recapture. The next six pennies of tax effort are guaranteed to generate the same amount per WADA as Austin ISD's tax base does (\$77.53 in 2016-17). Districts below this level receive additional state aid. Districts above this level get to keep the excess of these (and only these) six pennies. The final 11 cents of the tax rate, which gets a district to the maximum total operating tax rate of \$1.17 and can only be reached with a tax ratification election (TRE), work just like the first \$1.00 of the tax rate, but the guaranteed yield per student per penny is reduced to \$31.95.

Since the funding formula is linked to property values, any growth in property values not offset by increases in the number of students results in a benefit to the State rather than to the local school districts. This occurs regardless of whether a district is "property wealthy" or "property poor". For "property wealthy" districts, property value growth results in a higher recapture payment to the State. For "property poor" districts, property value growth results in a reduction in state aid.

The District continues to see its property values grow, but the large majority of that growth accrues to the benefit of the State through increased recapture payments. The District is fortunate to have additional funding provided through a TRE in November 2013. The TRE, which took the operating tax rate to \$1.17, became necessary when the State only partially restored its \$59 million funding reduction to the District from the 2011-13 biennium. Since the passage of the District's TRE, the state formula has changed only slightly. The guaranteed yield for the first \$1.00 of effort has increased by only 3.8% since 2013-14, the Austin yield has grown by \$17.56 per student, and the yield on the final 11 cents of the tax rate has not changed. Absent legislative action, funding will remain an issue and property value growth will result in higher local tax bills with the increases primarily accruing to the State's budget.

During the recently concluded legislative session, the only significant school finance change affecting the District was funding of an increase in the Austin yield from \$77.53 to \$99.85 per student. The impact of this increase is rather limited as it applies to only six cents of the \$1.17 operating tax rate.

### **State Funding Litigation**

On seven occasions in the last thirty years, the Texas Supreme Court (the "Court") has issued decisions assessing the constitutionality of the Texas public school finance system (the "Finance System").

On May 13, 2016, the Court issued its opinion in the most recent school finance litigation, which was styled *Morath, et al v. The Texas Taxpayer and Student Fairness Coalition, et al.*, No. 14-0776 (Tex. May 13, 2016) (“*Morath*”). In its opinion, the Court held that “despite the imperfections of the current school funding regime, it meets minimum constitutional requirements.” The Court also noted that:

“Lawmakers decide if laws pass, and judges decide if those laws pass muster. But our lenient standard of review in the policy-laden area counsels modesty. The judicial role is not to second-guess whether our system is optimal, but whether it is constitutional. Our Byzantine school funding “system” is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.”

There is currently no pending School Finance litigation in Texas.

### **2017-18 Budget and Tax Rate**

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 6, 2017. 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 5, 2017 the District adopted a maintenance and operations tax rate of \$1.17, the maximum rate approved by voters in the Tax Ratification Election in November 2013. The debt service tax rate of 26.9 cents remained constant and was also adopted.

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, 2017. 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 rating every year 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, 2016. The District received this prestigious award for the thirty fourth consecutive year in 2017.

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, 2017 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.



Brian Binggeli  
Superintendent



Stephen Fortenberry  
Chief Financial Officer



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, 2016**

Executive Director/CEO



## **Financial Section**

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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, 2017, 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, 2017, 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, TRS pension schedules, and the notes to the required supplementary information on pages 5 through 17, 70, 71 through 72, and 73 through 75, respectively, 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 fund statements and schedules, required Texas Education Agency required schedule 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 Title 2 U.S. Code of Federal Regulations (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the financial statements.

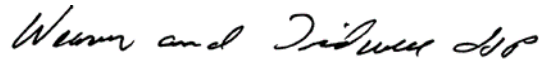
The combining and individual fund statements and schedules, Texas Education Agency required schedule, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic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

Board of Trustees  
Plano Independent School District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017, 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 14, 2017

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## **Management's Discussion and Analysis**

*(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, 2017. 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 \$452.9 million. The net assets of the District increased by \$68.3 million during the year ended June 30, 2017.

The District's governmental funds financial statements reported combined ending fund balance of \$575.5 million. Of this amount, the General Fund has a total of \$227.3 million of which \$1.2 million is nonspendable, \$11.3 million is assigned and \$214.7 million is unassigned and available for spending at the District's discretion. Fund balance of \$329 million is restricted for use by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$19.2 million that is either restricted, committed or nonspendable.

On May 7, 2016, the District held a successful bond election with voters approving \$481 million in authorized bonds. This new authorization combined with \$16,020,000 authorized in 2008 provides for a \$497,020,000 five year bond program. On August 2, 2016, \$257,210,000 of Unlimited Tax School Building bonds were sold.

This amount along with a bond premium of \$42,790,000 allocated to bond projects, leaves the District with \$197,020,000 of authorized, but unissued bonds as of June 30, 2017.

During fiscal year 2017, the District purchased property and began preliminary planning for a new Fine Arts Center. Buildings were also purchased for a Special Education Transition Center and a third employee childcare. The cafeteria upgrade at Jasper High School, refurbishment at Christie and Hughston Elementary Schools and minor upgrades at Haun, Memorial and Shepard Elementary Schools were completed. As of June 30, 2017 the District had several active construction projects as more fully detailed in Note 5 to the financial statements.

### **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**

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	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
Required financial statements	<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>
Accounting basis and measurement focus	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
Type of asset/liability information	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
Type of inflow/outflow information	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

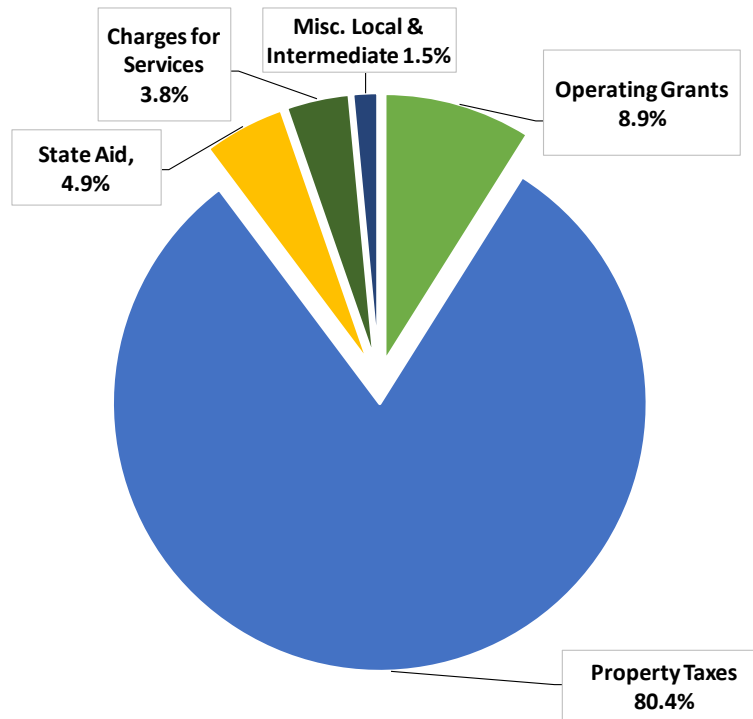
**Net Position.** As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's net position was \$452.9 million at June 30, 2017. The largest portion of net position, \$257.2 million or 56.8%, reflects the District's investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire these assets that is still outstanding. The District uses these capital assets to provide services to students, consequently, these assets are not available for future spending. An additional portion of the District's net position, \$35.3 million or 7.8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$160.4 million or 35.4% may be used to meet the government's ongoing obligations.

	<b>The District's Net Position</b>			
	<i>Governmental</i>	<i>Governmental</i>	<i>Business-Type</i>	<i>Business-Type</i>
	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>
	<i>As of</i>	<i>As of</i>	<i>As of</i>	<i>As of</i>
	<i>June 30, 2017</i>	<i>June 30, 2016</i>	<i>June 30, 2017</i>	<i>June 30, 2016</i>
Current and Other Assets	\$ 691,751,577	\$ 379,465,200	\$ 842,986	\$ 797,039
Non- Current Capital Assets	980,579,531	976,236,835	-	-
Total Assets	<u>1,672,331,108</u>	<u>1,355,702,035</u>	<u>842,986</u>	<u>797,039</u>
Deferred Outflows of Resources	66,175,630	89,027,178	-	-
Current Liabilities	125,490,374	94,686,984	596,282	602,112
Long Term Liabilities	1,153,002,953	944,185,874	-	-
Total Liabilities	<u>1,278,493,327</u>	<u>1,038,872,858</u>	<u>596,282</u>	<u>602,112</u>
Deferred Inflows of Resources	7,350,406	21,432,813	-	-
Net Position:				
Invested in Capital Assets, net of related debt	257,189,793	216,678,892	-	-
Restricted	35,304,197	31,349,021	-	-
Unrestricted	160,169,015	136,395,629	246,704	194,927
Total Net Position	<u>\$ 452,663,005</u>	<u>\$ 384,423,542</u>	<u>\$ 246,704</u>	<u>\$ 194,927</u>

**Changes in net position.** The District's total revenues were \$796.4 million. The most significant portion (80.4%) of the District's revenue comes from property taxes. (See Figure 1) Operating grants provided 8.9%. State aid comprised 4.9% and Charges for Service equaled 3.8%. All remaining sources combined for the remaining 2%. The total cost of all programs and services was \$728.1 million.

Figure 1 graphically depicts the sources of governmental activities revenue for the fiscal year ending June 30, 2017. Property taxes and state aid are two of the District's chief sources of operating revenues. Both of these revenue streams continue to change from year to year due to changes in property values and components in the funding formulas used by the State of Texas to calculate state aid.

**Figure 1**  
**Governmental Activities Revenue by Source for the fiscal year ended June 30, 2017**



**Government-Wide Activities**

The total cost of all government-wide activities for the year ended June 30, 2017 was \$728.1 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 \$720.5 million.
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. These program revenues amounted to \$91 million.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$629.6 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.

**Net Cost of Selected District Functions**

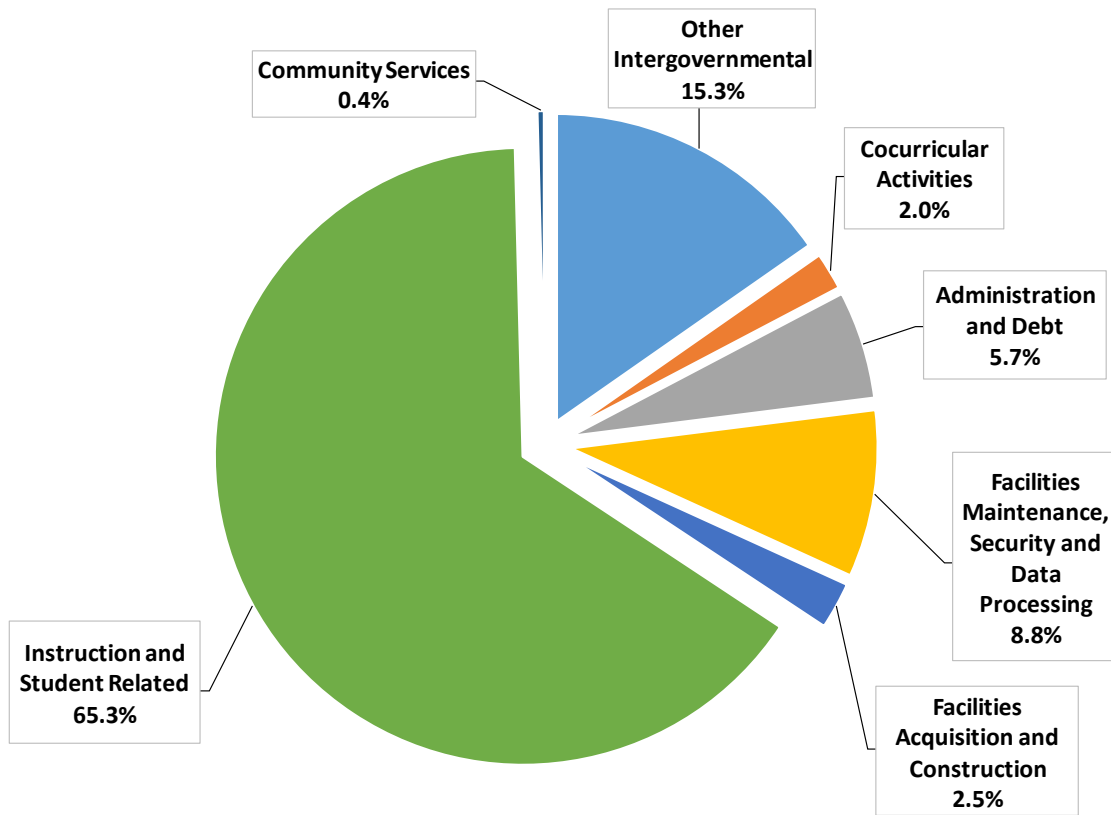
(in millions of dollars)

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$350.0	\$306.5
Contracted Instrl Serv Btw Schools	104.7	104.7
Plant Maintenance & Operations	55.4	53.9
Debt Service-Interest on LT Debt	2936	27.8
School Leadership	28.6	26.9
Food Services	27.4	1.9

**Change in the District's Net Position**

	<b>Governmental Activities FY 6/30/17</b>	<b>Governmental Activities FY 6/30/16</b>	<b>Business-Type Activities FY 6/30/17</b>	<b>Business-Type Activities FY 6/30/16</b>
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 20,012,802	\$ 19,617,850	\$ 10,049,469	\$ 9,616,176
Operating grants and contributions	70,957,664	82,106,197		
General Revenues				
Property taxes	640,421,626	585,121,934		
State aid - formula	38,967,197	32,576,028		
Interest income	4,376,592	1,465,083	21,532	9,649
Other	11,620,621	15,683,263		
Total revenues	<u>786,356,502</u>	<u>736,570,355</u>	<u>10,071,001</u>	<u>9,625,825</u>
<b>Expenses</b>				
Instruction and Instructional-Related Services	369,305,192	374,353,545		
Instructional and School Leadership	32,520,204	32,498,092		
Support Services - Student	83,713,237	83,311,106		
Administrative Support Services	10,727,100	10,821,575		
Support Services - Nonstudent Based	63,302,401	56,291,134		
Ancillary Services - Community Service	2,606,928	2,544,174		
Debt Service	30,103,720	34,883,065		
Other Facility Costs	18,345,584	16,046,258		
Intergovernmental Charges (Recapture)	109,915,562	65,528,366		
Concessions	-	-	270,652	296,441
Employee Child Care	-	-	1,380,828	1,374,744
After School Care	-	-	5,944,855	5,779,267
Photography	-	-	-	31,142
Total expenses	<u>720,539,928</u>	<u>676,277,315</u>	<u>7,596,335</u>	<u>7,481,594</u>
<b>Excess (Deficiency) before transfers and special items</b>	65,816,574	60,293,040	2,474,666	2,144,231
<b>Special Item-Gain on Sale of Land</b>	-	-		
<b>Transfers In (Out)</b>	2,422,889	2,206,566	(2,422,889)	(2,206,566)
<b>Change in net position</b>	<u>68,239,463</u>	<u>62,499,606</u>	<u>51,777</u>	<u>(62,335)</u>
<b>Beginning net position</b>	384,423,542	321,923,936	194,927	257,262
<b>Prior Period Adjustment - GASB 68</b>	-	-		
<b>Ending net position</b>	<u>\$ 452,663,005</u>	<u>\$ 384,423,542</u>	<u>\$ 246,704</u>	<u>\$ 194,927</u>

**Figure 2**  
**Governmental Activities Expenses by Source for the fiscal year ended June 30, 2017**



The increase in the ending net position for Governmental Activities of \$68.2 million is a combination of several factors. Revenue and transfers in for governmental activities increased by \$51.5 million during fiscal year 2016.

- Property taxes increased \$55.3 million due to an 10.2% increase in taxable property values.
- State Aid increased \$6.3 million due to an increase of approximately \$210 per average daily attendance funding from the Available School Fund Program in the second year of the biennium. Available School Fund is directed to the Instructional Materials Allotment in the first year of the biennium which reduces the funding available for general support of districts.
- Miscellaneous Local and Intermediate revenue decreased \$4.1 million as insurance proceeds received after extensive damage from two spring storms in fiscal year 2016 were for a lesser amount in fiscal year 2017.

Expenses are summarized by functional categories that reflect the purpose of the transaction. Various operating expenses are recorded within each functional category. Total expenses reflect an overall increase of \$44.3 million. Several key factors combine to account for the increase.

- Instruction and Instructional Related Services decreased \$5.0 million. Increases in this category included a 3% raise, additional staffing associated with expansion of the District's Pre-Kindergarten program, and additional Special Education Staffing. These increases were more than offset by a reduction in the District's proportional cost of the State operated Teacher Retirement System.
- Two major hail storms did considerable damage to school building roofs across the district in the Spring of 2016. Roof repairs and replacements primarily occurred during fiscal year 2017 and fully account for the \$7 million increase in Facilities Maintenance and Operations.

- The \$4.8 million decrease in Debt Service is due to a reduction in interest cost on long term debt.
- The increase in Other Facility Costs of \$2.3 million is due to the availability of bond proceeds in fiscal year 2017 for Technology and Security projects.
- As a direct result of the increase in property tax revenue, Contracted Instructional Services Between Schools (Recapture) increased by \$44.4 million. The school finance system in Texas is equalized through an equalized wealth limit that requires excess property wealth per weighted average daily attendance (WADA) to be returned to the State.

### **Business-Type Activities**

The net position of the District's business-type activities increased by \$51,777. This increase is primarily due to changes within two of the business type activities.

- The Employee Child Care centers saw an increase in the number of children served which resulted in an increase in tuition revenue producing an increase in Net Position of \$32,463.
- Concessions saw an increase in their net position of \$18,841. Solid attendance at events resulted in increased sales at district stadiums.

### **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 unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year. The general governmental operations include the following major funds: General, Debt Service and the Capital Projects Fund.

Revenues for general governmental functions totaled \$775.5 million for the year ended June 30, 2017. Property taxes were the largest source of revenue received by the District. Increase property tax revenue account for the majority of the \$55.7 million increase in Local Revenue.

- The total property tax rate for the district remained constant at \$1.439 for fiscal year 2017. The Maintenance and Operating (M&O) tax rate was \$1.17 with the Debt Service rate at \$0.269. Net taxable property value grew by 10.2%. While the tax rate was constant, when applied against the increased property value the result was an increase in M&O tax revenue of \$44.7 million and Debt Service tax revenue of \$10.1 million for a total increase in tax revenue of \$54.8 million. Note, the increase in M&O tax revenue was essentially the same as the increase in the District's recapture payment to the State (\$44.4 million).

State revenue increased by \$4.8 million.

State Aid increased \$6.5 million due to an increase of approximately \$210 per average daily attendance funding from the Available School Fund Program in the second year of the biennium. This increase was offset by a \$1.6 million decrease in State revenue in Other Funds due to a decrease in funding for the Instructional Materials Allotment that was pushed forward into the first year's allocation due to several large textbook adoptions.

Federal revenues show an increase of \$2,769,097 for the 2017 fiscal year.

- SHARS Medicaid revenue increased \$966,936. Also, increases in federal grants were seen in IDEA-B, Title III- Language Instruction and National School Lunch & Breakfast programs to primarily account for \$1.9 million of the increase.

Expenditures for general governmental operations totaled \$800.3 million during fiscal year 2017 for an increase of \$90.

- Contracted Instruction Services Between Schools (Recapture) increased by \$44.4 million as previously discussed.
- Facilities, Acquisition and Construction expenditures increased by \$28.1 million as the District began implementation of the Bond Program authorized in May 2016. Most other areas realized increases due primarily to a 3% salary increase.
- Roof repairs and replacements continued throughout fiscal year 2017 and account for the \$8.5 million increase in Facilities Maintenance and Operations.
- Debt Service principal payments increased by \$3.6 million due to accelerated debt repayment.

The governmental funds reported a combined fund balance of \$575.52 million. Out of the combined fund balances, \$214.8 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, 2017 consist of:

	<u>As of 6/30/17</u>	<u>As of 6/30/16</u>
<b>Nonspendable</b>		
Inventories	\$ 1,423,252	\$ 1,526,996
Prepaid Items	4,425	783,688
<b>Restricted</b>		
Debt Service	40,104,413	30,574,993
Capital Projects	288,931,479	43,304,022
Food Service	6,759,968	7,144,051
State Special Revenue	2,556,089	693,251
<b>Committed</b>		
Local Special Revenue	9,612,365	10,340,081
<b>Assigned</b>		
Purchases on order	11,331,903	17,618,791
<b>Unassigned</b>	<u>214,764,507</u>	<u>174,700,092</u>
<b>Total Fund Balance</b>	<u>\$ 575,488,401</u>	<u>\$ 286,685,965</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 \$214.8 million. Encumbrances in the amount of \$11.3 million were assigned. Unassigned fund balance available for the general operations of the District represents 37.6% of the total general fund expenditures while total fund balance represents 39.8% of the same amount.

The Capital Project Fund has a total fund balance of \$288.9 million. This entire amount is restricted for future construction. The fund balance increased by \$245.6 million as a result of \$257,210,000 in bonds issued in August 2016.

The Debt Service fund balance increased by \$9.5 million. This increase was necessary to fund a \$7 million increase in the August 2017 debt payment resulting from the August 2016 bond issuance. As of June 30, 2017 the August 2017 payment is neither expended nor accrued.

The Special Revenue Funds have a total fund balance of \$19.2 million. Nonspendable fund balance of \$255,433 is invested in inventory. Fund balance is restricted for food service in the amount of \$6.8 million, for state special revenue in the amount of \$2.6 million with the remaining balance of \$9.6 million committed for local special revenue funds. Approximately 50% of the total fund balance is from activity in several local special revenue funds. Of the remaining balance, 35.2% is restricted for use by food service with 13.3% restricted for state grants.

**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, 2017 was \$246,704. Net position for the 2017 year increased by \$51,777. The increase is due to increases in net position for Employee Child Care operations of \$32,463 and Concessions operations of \$18,841.

Net position in the Internal Service Funds as of June 30, 2017 was \$3.0 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 \$168,730 during fiscal year 2017. This decrease is attributable to the decrease in net position for Worker's Compensation and the Unemployment internal service funds.

- The Worker's Compensation fund was funded for eight months of the year which resulted in the decrease in net position of \$134,067.
- The Unemployment internal service fund has not been funded since fiscal year 2012. Annual operating expenses continue to draw down the net position each year with the decrease for 2017 being \$97,802.
- The Health Benefits Net Position increased by \$60,991 due to transfer in from the General Fund to cover overhead cost exceeding net operating loss.

### **General Fund Budgetary Highlights**

The school finance system in Texas is equalized through an equalized wealth limit that requires excess property wealth per weighted average daily attendance (WADA) to be returned to the State. The equalized state funding formula is directly impacted by an increase in local property values. The 2015 Texas Legislature favorably impacted state funding for the biennium by increasing the basic allotment by \$100 per WADA and by including provisions to hold the District harmless if voters were to approve a \$10,000 increase in the State mandated homestead tax exemption. In November 2015, voters did approve Proposition 1 to amend the Texas State Constitution to increase the state mandated homestead exemption from \$15,000 to \$25,000. The District adopted its 2016-17 budget on June 7, 2016. The 2016-17 general fund budget was adopted with revenue and other sources of \$583.9 million exceeding appropriations and other uses of \$575.9 by approximately \$8 million. Revenue and other sources increased by \$38.3 million when compared to the 2015-16 amended budget. This overall net increase was the result of increases in property tax revenues of \$38.6 million due to increased property values, a net increase of \$4.2 million in State revenue due to an increase in the per capita allocation, and a \$5 million decrease in other sources due to nonrecurring hailstorm insurance proceeds received in 2015-16.

Appropriations and other uses reflected an increase of \$30.9 million. The appropriations budget included \$11.9 million in increased payroll costs associated with increased instructional and campus administrator staffing along with a 3% compensation increase. TRS On-Behalf payment made by the State increased \$1.1 million. Capital Outlay budget was reduced by \$5.9 million primarily from appropriation of insurance proceeds to repair/replace hail damaged facilities in 2015-16. Recapture payments to the state included a budgeted \$40.8 million increase due to the increased property values. The budgeted transfer out to the capital projects fund of \$14.4 million was eliminated from the 2016-17 budget.

The district operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.



Over the course of the fiscal year, the District revised its budget several times. In the General Fund, revenue overall increased by \$18.8 million. Local revenue increased by \$10.3 million with \$8.3 million of the increase due to certified values exceeding preliminary values on which the budget was adopted along with an increase of \$1.6 million due to increased investment earnings as a result of higher interest rates. State revenue increased in total by \$7.2 million of which \$3.4 million is due to an increase in the per capita funding rate from the Available School Fund along with a \$3.9 million increase due to the settle up of the prior year state formula revenue. Federal program revenue increased by \$1.3 million due to a larger than expected SHARS prior year Medicaid Cost Report settlement and increased current year SHARS claims reimbursements.

Final results indicate actual expenditures were \$15.3 million below final budgeted amounts. The most significant positive variances (\$6.4 million) was seen in the Facilities Acquisition and Construction function due to timing of the numerous roof replacements and repairs related to the hail storm damages from storms in the Spring of 2016. 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 of \$5.9 million in the Instruction function. The budgeted appropriation for payments due to the State in Contracted Instructional Services Between Schools (Recapture) exceeded the amount due by \$3.1 million. With the exclusion of the unusual occurrence in Facilities Acquisition and Construction function, the remaining expenditure budget variance represents a 1.8% variance on the total expenditure budget of \$587.6 million.

**Capital Assets and Debt Administration**

**Capital Assets**

As of June 30, 2017, the District had invested \$980,579,531 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 \$4.3 million over last year.

	<u>As of 6/30/17</u>	<u>As of 6/30/16</u>
Land and improvements	\$ 137,631,295	\$ 129,821,626
Buildings and improvements	1,322,335,681	1,309,509,784
Construction in Progress	20,224,392	4,036,319
Furniture, Equipment, & Vehicles	115,075,751	108,665,998
Totals	<u>1,595,267,119</u>	<u>1,552,033,727</u>
Total accumulated depreciation	<u>(614,687,588)</u>	<u>(575,796,892)</u>
Net capital assets	<u>\$ 980,579,531</u>	<u>\$ 976,236,835</u>

The year's major capital asset additions include the purchase of property for a new Fine Arts Center, buildings for a Special Education Transition Center and a third employee child care center, and upgrades for the cafeteria at Jasper High School, refurbishment at Christie and Hughston Elementary Schools and minor upgrades at Haun, Memorial and Shepard Elementary Schools. Several building improvements and land improvement projects are in progress at fiscal year-end. 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, 2017, the District had total bonded debt outstanding of \$1.0 billion. 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 increased due to the issuance of \$257,210,000 of Series 2016 Unlimited Tax School Building Bonds on August 1, 2016. Net bonded debt per capita increased to \$2,894 and the ratio of net bonded debt to assessed value increased to 2.42 percent.

The District has authorized unissued bonds as of June 30, 2017 in the amount of \$197,020,000. During the year, the District issued \$ 257,210,000 of Series 2016 Unlimited Tax School Building Bonds. The bonds were issued at a premium, with a total of \$300,000,000 counting against voter authorization. The District continues to enjoy excellent bond ratings. Rating agency reviews were conducted in July 2016 in conjunction with the issuance of the Series 2016 Unlimited Tax School Building Bonds issued on August 1, 2016. Moody's Investors Service, Inc. assigned an underlying rating of Aaa while Standard and Poor's Corporation assigned an underlying rating of AAA with a stable outlook to the district's debt obligations.

Interest earnings on proceeds from debt are subject to arbitrage regulations contained in the Federal Tax Reform Act of 1986. As of June 30, 2017, there was no liability for arbitrage rebate.

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 economy continues to be very favorable. Net taxable property values reported in the summer of 2017 grew by \$5.4 billion (11.8%) from 2016 and now totals \$51.2 billion. Of this growth, \$1.2 billion was for new construction. The balance reflects increases in value of existing property. In the last three years, Plano has created a new central business district in North Texas with the \$3.2 billion, 255-acre Legacy West development. Toyota opened its North American headquarters on July 6, 2017. Generally, most of Legacy West is expected to be completed by the end of 2017. Scheduled to open are Liberty Mutual Insurance with 5,000 employees, JPMorgan Chase & Co with 6,000 employees, Renaissance Hotel with 304 rooms along with two residential towers opening in the summer of 2018. Overall, Legacy West will bring more than 20,000 jobs to Plano. In the South central section of the district, the \$1.5 billion, 186-acre CityLine mixed-use development is home to State Farm Insurance, the key corporate anchor of the development. Raytheon now fully occupies its new regional office within the development. Upon completion, CityLine will have 6 million square feet of office space, almost 4,000 apartments, two hotels and 300,000 square feet of retail space. 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.

On May 13, 2016, the Texas Supreme Court issued its opinion in the most recent school finance litigation that began February 4, 2013. The plaintiffs and intervenors in the case had alleged that the Finance System, as modified by the Texas Legislature in 2015 in response to prior decisions of the Court, violated two articles of the Texas Constitution. In its latest opinion, the Court held that "despite the imperfections of the current school funding regime, it meets minimum constitutional requirements." The court also noted that, " our Byzantine school funding system is undeniably imperfect, with immense room for improvement, but it satisfies minimum constitutional requirements."

The District adopted its 2017-18 budget on June 6, 2017. The 2017-18 general fund budget was adopted with revenues and other sources of \$634.5 million, appropriations and other uses of \$641.3 million. The resulting deficit of \$6.8 million was expected to be more than offset by underspending of appropriations which has historically been 2% or more. Revenue and other sources increased by \$30.3 million when compared to the 2016-17 amended budget. All of the increase is attributable to property tax increases due to the previously mentioned property value growth. Appropriations and other uses reflect an increase of \$35.6 million when compared to the 2016-17 amended budget. The change in appropriations is primarily due to the following:

- Increased payroll cost of \$15.5 million due to a 3% pay raise, additional health insurance contributions, and increased staffing primarily targeted to high need campuses/students.
- An increase of \$46.0 million in the recapture payment to the state due to rising property values and the state's equalization system.
- A decrease of \$19.1 million in purchased and contracted services due to the non-recurring nature of roof repairs from hail storm damage paid for in 2016-17, and
- A decrease of \$3.9 million in capital outlay as several capital items as several were added to the 2016-17 budget based on needs and funding availability.

On September 5, 2017 the District adopted a maintenance and operations tax rate of \$1.17 per \$100 of taxable assessed value which is the maximum rate approved by voters in the Tax Ratification Election in November 2013. The District also adopted a debt service tax rate of 26.9 cents, the same rate adopted in 2016-17. Due to the decline in interest rates and increase in property values the District was able to maintain the same debt service tax rate even with the issuance of \$108,020,000 Series 2017 Unlimited Tax Bonds on August 3, 2017. The debt service fund has a balanced budget of \$131.9 in revenue and appropriations for 2017-18.

### **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.

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# **Basic Financial Statements**

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**Plano Independent School District**  
Statement of Net Position  
June 30, 2017

**Exhibit A-1**

Data Control Codes	Primary Government			
	1	2	3	
	Governmental Activities	Business Type Activities	Total	
<b>ASSETS:</b>				
1110	Cash and Investments	\$ 668,166,865	\$ 802,459	\$ 668,969,324
1220	Property Taxes Receivable (Delinquent)	8,958,719	-	8,958,719
1230	Allowance for Uncollectible Taxes	(2,916,718)	-	(2,916,718)
1240	Due from Other Governments	14,473,882	-	14,473,882
1250	Accrued Interest	567,450	89	567,539
1290	Other Receivables, Net	533,181	40,438	573,619
1300	Inventories	1,423,252	-	1,423,252
1410	Deferred Expenses	544,946	-	544,946
Non-current Assets				
Capital Assets:				
1510	Land	90,389,078	-	90,389,078
1520	Buildings, Net	818,163,598	-	818,163,598
1530	Furniture and Equipment, Net	26,508,732	-	26,508,732
1540	Other Capital Assets, Net	25,293,731	-	25,293,731
1580	Construction in Progress	20,224,392	-	20,224,392
1000	Total Assets	<u>1,672,331,108</u>	<u>842,986</u>	<u>1,673,174,094</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
1701	Deferred Charge for Refunding	19,256,187	-	19,256,187
1705	Related to the TRS Pension	46,919,443	-	46,919,443
1700	Total Deferred Outflows of Resources	<u>66,175,630</u>	<u>-</u>	<u>66,175,630</u>
<b>LIABILITIES:</b>				
2110	Accounts Payable	21,180,107	259,831	21,439,938
2140	Interest Payable	14,909,594	-	14,909,594
2150	Payroll Deduction & Withholdings	3,512,760	-	3,512,760
2160	Accrued Wages Payable	51,018,218	123,327	51,141,545
2180	Due to Other Governments	29,751,181	-	29,751,181
2200	Accrued Expenses	2,181,746	-	2,181,746
2300	Unearned Revenues	2,936,768	213,124	3,149,892
Non-Current Liabilities				
2501	Due within One Year	75,556,345	-	75,556,345
2502	Due in More than One Year	960,082,353	-	960,082,353
2540	Net Pension Liability (District's Share)	117,364,255	-	117,364,255
2000	Total Liabilities	<u>1,278,493,327</u>	<u>596,282</u>	<u>1,279,089,609</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
2605	Related to the TRS Pension	7,350,406	-	7,350,406
2600	Total Deferred Inflows of Resources	<u>7,350,406</u>	<u>-</u>	<u>7,350,406</u>
<b>NET POSITION:</b>				
3200	Net investment in Capital Assets	257,189,793	-	257,189,793
Restricted for:				
3820	Restricted for State Programs	2,556,089	-	2,556,089
3840	Restricted for Food Service	7,015,401	-	7,015,401
3850	Restricted for Debt Service	25,732,707	-	25,732,707
3900	Unrestricted Net Position	160,169,015	246,704	160,415,719
3000	Total Net Position	<u>\$ 452,663,005</u>	<u>\$ 246,704</u>	<u>\$ 452,909,709</u>

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

# Plano Independent School District

## Statement of Activities

Year Ended June 30, 2017

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	\$ 350,043,932	\$ 39,858,496
12	Instructional Resources and Media Services	9,435,476	504,015
13	Curriculum and Instructional Staff Development	9,825,784	2,567,246
21	Instructional Leadership	3,934,377	672,548
23	School Leadership	28,585,827	1,640,282
31	Guidance, Counseling and Evaluation Services	21,670,173	1,891,768
32	Social Work Services	1,649,846	85,730
33	Health Services	5,991,320	371,794
34	Student (Pupil) Transportation	11,881,446	640,239
35	Food Services	27,428,391	11,890,293
36	Extracurricular Activities	15,092,061	5,165,067
41	General Administration	10,727,100	584,056
51	Facilities Maintenance and Operations	55,405,305	458,756
52	Security and Monitoring Services	3,721,797	241,103
53	Data Processing Services	4,175,299	315,182
61	Community Services	2,606,928	1,498,285
72	Debt Service - Interest on Long Term Debt	29,550,428	1,781,791
73	Debt Service - Bond Issuance Costs and Fees	553,292	-
81	Other Facility Costs	18,345,584	-
91	Contracted Instructional Services Between Schools	104,685,715	-
92	Incremental Costs Associated with Chapter 41	584,459	-
93	Payment to Fiscal Agent/Member Districts of SSA	1,059,578	791,013
95	Payments to Juvenile Justice Alternative Ed. Prg.	28,310	-
99	Other Intergovernmental Charges	3,557,500	-
	(TG) Total Governmental Activities:	<u>720,539,928</u>	<u>70,957,664</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
01	Employee Child Care	1,380,828	-
02	After School Care	5,944,855	-
03	Concessions	270,652	-
04	Photography	-	-
	(TB) Total Business-Type Activities:	<u>7,596,335</u>	<u>-</u>
	<b>(TP) TOTAL PRIMARY GOVERNMENT:</b>	<u>\$ 728,136,263</u>	<u>\$ 70,957,664</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
NE	Net Position - Ending

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



Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (306,527,110)	\$ -	\$ (306,527,110)
(8,931,461)	-	(8,931,461)
(7,240,088)	-	(7,240,088)
(3,261,829)	-	(3,261,829)
(26,945,545)	-	(26,945,545)
(19,763,030)	-	(19,763,030)
(1,564,116)	-	(1,564,116)
(5,619,526)	-	(5,619,526)
(11,241,207)	-	(11,241,207)
(1,926,458)	-	(1,926,458)
(8,358,617)	-	(8,358,617)
(10,093,427)	-	(10,093,427)
(53,861,682)	-	(53,861,682)
(3,480,694)	-	(3,480,694)
(3,860,117)	-	(3,860,117)
(1,102,493)	-	(1,102,493)
(27,768,637)	-	(27,768,637)
(553,292)	-	(553,292)
(18,345,584)	-	(18,345,584)
(104,685,715)	-	(104,685,715)
(584,459)	-	(584,459)
(268,565)	-	(268,565)
(28,310)	-	(28,310)
(3,557,500)	-	(3,557,500)
<u>(629,569,462)</u>	<u>-</u>	<u>(629,569,462)</u>
-	32,463	32,463
-	2,401,509	2,401,509
-	18,841	18,841
-	321	321
<u>-</u>	<u>2,453,134</u>	<u>2,453,134</u>
<u>\$ (629,569,462)</u>	<u>\$ 2,453,134</u>	<u>\$ (627,116,328)</u>
520,714,404	-	520,714,404
119,707,222	-	119,707,222
38,967,197	-	38,967,197
4,376,592	21,532	4,398,124
11,620,621	-	11,620,621
2,422,889	(2,422,889)	-
<u>697,808,925</u>	<u>(2,401,357)</u>	<u>695,407,568</u>
68,239,463	51,777	68,291,240
<u>384,423,542</u>	<u>194,927</u>	<u>384,618,469</u>
<u>\$ 452,663,005</u>	<u>\$ 246,704</u>	<u>\$ 452,909,709</u>

**Plano Independent School District**  
 Balance Sheet  
 Governmental Funds  
 June 30, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project
<b>ASSETS:</b>			
1110 Cash and Investments	\$ 305,026,813	\$ 39,400,096	\$ 298,932,610
1220 Property Taxes - Delinquent	7,184,126	1,774,593	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,309,932)	(606,786)	-
1240 Due from Other Governments	8,459,850	68,696	-
1250 Accrued Interest	47,346	5,702	512,231
1260 Due from Other Funds	754,526	-	-
1290 Other Receivables	322,982	-	-
1300 Inventories	1,167,819	-	-
1410 Prepaid Expenditures	4,425	-	-
1000 Total Assets	<u>\$ 320,657,955</u>	<u>\$ 40,642,301</u>	<u>\$ 299,444,841</u>
<b>LIABILITIES:</b>			
2110 Accounts Payable	\$ 10,201,227	\$ -	\$ 10,510,604
2150 Payroll Deductions and Withholdings Payable	3,512,760	-	-
2160 Accrued Wages Payable	47,758,603	-	2,758
2170 Due to Other Funds	-	-	-
2180 Due to Other Governments	29,747,805	-	-
2300 Unearned Revenues	14,200	-	-
2000 Total Liabilities	<u>91,234,595</u>	<u>-</u>	<u>10,513,362</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
2601 Unavailable Revenue - Property Taxes	<u>2,154,706</u>	<u>537,888</u>	<u>-</u>
2600 Total Deferred Inflows of Resources	<u>2,154,706</u>	<u>537,888</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Nonspendable			
3410 Investments in Inventory	1,167,819	-	-
3430 Prepaid Expenditures	4,425	-	-
Restricted			
3480 Debt Service	-	40,104,413	-
3470 Capital Projects	-	-	288,931,479
3450 Food Service	-	-	-
3450 State Special Revenue	-	-	-
Committed			
3545 Local Special Revenue	-	-	-
Assigned			
3590 Purchases on order	11,331,903	-	-
3600 Unassigned	214,764,507	-	-
Total Fund Balances	<u>227,268,654</u>	<u>40,104,413</u>	<u>288,931,479</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 320,657,955</u>	<u>\$ 40,642,301</u>	<u>\$ 299,444,841</u>

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

Other Funds	Total Governmental Funds
\$ 20,151,715	\$ 663,511,234
-	8,958,719
-	(2,916,718)
5,945,336	14,473,882
1,471	566,750
-	754,526
208,133	531,115
255,433	1,423,252
-	4,425
<u>\$ 26,562,088</u>	<u>\$ 687,307,185</u>
\$ 448,248	\$ 21,160,079
-	3,512,760
3,249,515	51,010,876
754,526	754,526
3,376	29,751,181
<u>2,922,568</u>	<u>2,936,768</u>
<u>7,378,233</u>	<u>109,126,190</u>
-	<u>2,692,594</u>
-	<u>2,692,594</u>
255,433	1,423,252
-	4,425
-	40,104,413
-	288,931,479
6,759,968	6,759,968
2,556,089	2,556,089
9,612,365	9,612,365
-	11,331,903
-	214,764,507
<u>19,183,855</u>	<u>575,488,401</u>
<u>\$ 26,562,088</u>	<u>\$ 687,307,185</u>

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

**Exhibit C-2**

Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position  
June 30, 2017

<b>Total Fund Balances - Governmental Funds</b>	\$ 575,488,401
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 \$1,595,230,300, and the accumulated depreciation associated with the capital assets is \$614,662,270.	980,568,030
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.	2,692,594
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 \$11,501) are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net position.	3,001,303
Long-term liabilities of \$1,035,638,698 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 \$19,256,187 is reflected as a deferred outflow of resources on the Statement of Net Position.	(1,016,382,511)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(14,909,594)
Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability in the amount of \$117,364,255, a deferred inflow of resources related to TRS in the amount of \$7,350,406, and a deferred outflow of resources related to TRS in the amount of \$46,919,443. This resulted in a decrease in net position.	<u>(77,795,218)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 452,663,005</u></u>

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

**Plano Independent School District**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
Year Ended June 30, 2017

<b>Data Control Codes</b>		<b>10 General Fund</b>	<b>50 Debt Service Fund</b>	<b>60 Capital Project</b>
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ 529,981,721	\$ 120,078,122	\$ 1,616,616
5800	State Program Revenues	54,122,847	1,781,791	-
5900	Federal Program Revenues	7,009,659	-	-
5020	<b>Total Revenues</b>	<u>591,114,227</u>	<u>121,859,913</u>	<u>1,616,616</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	294,121,886	-	-
0012	Instructional Resources and Media Services	7,963,406	-	-
0013	Curriculum and Instructional Staff Development	7,269,351	-	-
0021	Instructional Leadership	3,292,935	-	-
0023	School Leadership	26,396,705	-	-
0031	Guidance, Counseling and Evaluation Services	19,942,475	-	-
0032	Social Work Services	1,621,547	-	-
0033	Health Services	5,602,526	-	-
0034	Student (Pupil) Transportation	13,554,124	-	-
0035	Food Services	39,165	-	-
0036	Extracurricular Activities	7,455,985	-	-
0041	General Administration	10,116,994	-	-
0051	Facilities Maintenance and Operations	53,205,834	-	-
0052	Security and Monitoring Services	3,276,306	-	-
0053	Data Processing Services	6,365,028	-	-
0061	Community Services	1,419,422	-	-
Debt Service:				
0071	Debt Service - Principal on Long Term Debt	-	76,765,000	-
0072	Debt Service - Interest on Long Term Debt	-	36,918,134	-
0073	Debt Service - Bond Issuance Cost and Fees	-	553,292	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	54,615,412
Intergovernmental:				
0091	Contracted Instructional Services Between Schools	104,685,715	-	-
0092	Incremental Costs Associated with Chapter 41	584,459	-	-
0093	Payments to Fiscal Agent/Member Districts of SSA	268,565	-	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	28,310	-	-
0099	Other Intergovernmental Charges	3,557,500	-	-
6030	Total Expenditures	<u>570,768,238</u>	<u>114,236,426</u>	<u>54,615,412</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,345,989</u>	<u>7,623,487</u>	<u>(52,998,796)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7911	Capital Related Debt Issued	-	-	257,210,000
7915	Transfers In	2,422,889	1,905,933	-
7916	Premium or Discount on Issuance of Bonds	-	-	43,322,186
7919	Insurance Recoveries	11,427,437	-	-
8911	Transfers Out (Use)	(1,244,527)	-	(1,905,933)
7080	Total Other Financing Sources (Uses)	<u>12,605,799</u>	<u>1,905,933</u>	<u>298,626,253</u>
1200	Net Change in Fund Balances	32,951,788	9,529,420	245,627,457
0100	Fund Balance - July 1 (Beginning)	<u>194,316,866</u>	<u>30,574,993</u>	<u>43,304,022</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 227,268,654</u>	<u>\$ 40,104,413</u>	<u>\$ 288,931,479</u>

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

Other Funds	Total Governmental Funds
\$ 23,318,097	\$ 674,994,556
8,549,874	64,454,512
29,053,959	36,063,618
<hr/>	<hr/>
60,921,930	775,512,686
<hr/>	<hr/>
22,603,045	316,724,931
122,591	8,085,997
2,172,016	9,441,367
539,655	3,832,590
589,344	26,986,049
1,041,951	20,984,426
1,500	1,623,047
174,330	5,776,856
58,250	13,612,374
24,419,685	24,458,850
5,276,238	12,732,223
256,850	10,373,844
797,938	54,003,772
187,882	3,464,188
138,179	6,503,207
971,261	2,390,683
-	76,765,000
-	36,918,134
-	553,292
530,958	55,146,370
-	104,685,715
-	584,459
791,013	1,059,578
-	28,310
-	3,557,500
<hr/>	<hr/>
60,672,686	800,292,762
<hr/>	<hr/>
249,244	(24,780,076)
<hr/>	<hr/>
-	257,210,000
444,527	4,773,349
-	43,322,186
-	11,427,437
-	(3,150,460)
<hr/>	<hr/>
444,527	313,582,512
<hr/>	<hr/>
693,771	288,802,436
18,490,084	286,685,965
<hr/>	<hr/>
\$ 19,183,855	\$ 575,488,401

# Plano Independent School District

# Exhibit C-4

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Year Ended June 30, 2017

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	288,802,436
<p>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 \$44,498,468 exceeded depreciation of \$40,152,635 in the current period (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.)</p>		
		4,345,833
<p>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</p>		
Principal Payment	\$	76,765,000
Amortization of Premium		16,295,961
Amortization of loss on Bond Refunding		<u>(1,988,027)</u>
		91,072,934
<p>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.</p>		
		(213,628)
<p>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 accrued, regardless of when it is due.</p>		
		(6,940,229)
<p>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 earned exceeded the amounts used.</p>		
		(6,711)
<p>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.</p>		
		(168,730)
<p>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.</p>		
		(300,532,186)
<p>The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore is not reported as expenditures in the governmental funds. The net change consists of a decrease in the deferred outflow of resources related to TRS of \$20,863,521 a decrease in the deferred inflow of resources related to TRS of \$14,802,407, and an increase in the net pension liability of \$1,339,142.</p>		
		<u>(8,120,256)</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>68,239,463</u></b>

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



**Plano Independent School District**  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

**Exhibit D-1**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and Investments	\$ 802,459	\$ 4,655,631
Accrued Interest	89	700
Other Receivables	40,438	2,066
Prepaid Expenses	-	540,521
	<u>842,986</u>	<u>5,198,918</u>
Total Current Assets		
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	5,445	31,374
Depreciation on Furniture and Equipment	(5,445)	(19,873)
	<u>-</u>	<u>11,501</u>
Total Noncurrent Assets		
<b>TOTAL ASSETS:</b>	<u>842,986</u>	<u>5,210,419</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	259,831	20,028
Accrued Wages Payable	123,327	7,342
Accrued Expenses	-	2,181,746
Unearned Revenues	213,124	-
	<u>596,282</u>	<u>2,209,116</u>
<b>TOTAL LIABILITIES:</b>		
<b>NET POSITION:</b>		
Investments in Capital Assets	-	11,501
Unrestricted Net Position	246,704	2,989,802
	<u>246,704</u>	<u>2,989,802</u>
<b>TOTAL NET POSITION:</b>	<u>\$ 246,704</u>	<u>\$ 3,001,303</u>

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

**Plano Independent School District**

**Exhibit D-2**

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 Year Ended June 30, 2017

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Total Enterprise Funds</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES:</b>		
Local and Intermediate Sources	\$ 10,049,469	\$ 39,165,150
Total Operating Revenues	<u>10,049,469</u>	<u>39,165,150</u>
<b>OPERATING EXPENSES:</b>		
Payroll Costs	5,668,406	1,191,030
Professional and Contracted Services	97,067	2,085,781
Supplies and Materials	320,487	351,254
Depreciation	-	3,137
Other Operating Costs	1,510,375	36,595,115
Total Operating Expenses	<u>7,596,335</u>	<u>40,226,317</u>
Operating Income (Loss)	2,453,134	(1,061,167)
<b>NON OPERATING REVENUES (EXPENSES):</b>		
Earnings from Temporary Deposits & Investments	21,532	29,662
Insurance Recovery	-	62,775
Total Non Operating Revenue	<u>21,532</u>	<u>92,437</u>
Income Before Transfers	2,474,666	(968,730)
Transfers In	-	800,000
Transfers Out	<u>(2,422,889)</u>	<u>-</u>
Change in Net Position	51,777	(168,730)
<b>TOTAL NET POSITION - JULY 1 (BEGINNING)</b>	<u>194,927</u>	<u>3,170,033</u>
<b>TOTAL NET POSITION - JUNE 30 (ENDING)</b>	<u>\$ 246,704</u>	<u>\$ 3,001,303</u>

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

**Plano Independent School District**  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2017

**Exhibit D-3**

	<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	\$ 9,968,447	\$ 39,164,965
Cash Payments to Employees for Services	(5,655,755)	(1,188,814)
Cash Payments for Insurance Claims	-	(1,750,826)
Cash Payments for Suppliers	(311,223)	(1,146,221)
Cash Payments for Other Operating Expenses	(1,515,267)	(36,321,672)
Net Cash Provided by (Used for) Operating Activities	<u>2,486,202</u>	<u>(1,242,568)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers In	-	800,000
Transfers Out	(2,422,889)	-
Insurance Proceeds	-	62,775
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(2,422,889)</u>	<u>862,775</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sales and Maturities of Securities	43,319	635,019
Purchase of Investment Securities	-	-
Interest and Dividends on Investments	21,666	31,050
Net Cash Provided by (Used from) Investing Activities	<u>64,985</u>	<u>666,069</u>
Net Increase (Decrease) in Cash and Cash Equivalents	128,298	286,276
Cash and Cash Equivalents at Beginning of Year	486,000	2,911,366
Cash and Cash Equivalents at End of Year	614,298	3,197,642
Temporary Investment Not in Cash Equivalents	188,161	1,457,989
<b>CASH ON BALANCE SHEET</b>	<u>\$ 802,459</u>	<u>\$ 4,655,631</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 2,453,134	\$ (1,061,167)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	-	3,137
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (Increase) in Receivables	37,742	(185)
Decrease (Increase) in Prepaid Expenses	1,156	(160,256)
Increase (Decrease) in Accounts Payable	100,285	567
Increase (Decrease) in Accrued Wages Payable	12,649	2,216
Increase (Decrease) in Due to Other Funds	-	-
Increase (Decrease) in Unearned Revenues	(118,764)	-
Increase (Decrease) in Accrued Expenses	-	(26,880)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,486,202</u>	<u>\$ (1,242,568)</u>

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

**Plano Independent School District**  
Statement of Assets and Liabilities  
Agency Fund  
June 30, 2017

**Exhibit E-1**

	<b>Agency Fund</b>
<b>ASSETS:</b>	
Investments - Current	\$ 487,161
Accrued Interest	25
Other Receivables	<u>85</u>
Total Assets	<u><u>487,271</u></u>
<b>LIABILITIES:</b>	
Accounts Payable	2,373
Due to Other Groups	216,036
Due to Student Groups	<u>268,862</u>
Total Liabilities	<u><u>\$ 487,271</u></u>

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

# Plano Independent School District

## Notes to Basic Financial Statements

### 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 receivables and payables on the government-wide Statement of Net Position.

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.

## Plano Independent School District

### Notes to Basic Financial Statements

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Fund Financial Statements--Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of the fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded when payments are due. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred.

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

#### 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.

## Plano Independent School District

### Notes to Basic Financial Statements

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, renovation or construction of capital facilities. Proceeds are received through long-term debt financing and other authorized sources.

Other governmental funds include:

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

#### **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.

## **Plano Independent School District**

### Notes to Basic Financial Statements

#### **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 and net asset value (NAV). Management of the District believes that in the areas of investment practice, management reports and the 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 32.6% of outstanding property taxes at June 30, 2017.

##### **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, 2017. 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.



# Plano Independent School District

## Notes to Basic Financial Statements

### 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 acquisition value at the date of donation.

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

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:

Asset Classification	Useful Life
Buildings and building improvements	50 years
Land improvements	20 years
Furniture/equipment & vehicles	
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

## Plano Independent School District

### Notes to Basic Financial Statements

#### 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, 2017, the District recorded \$4,061,294 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.

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:

Net Investment in Capital Assets -- 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.

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.

## Plano Independent School District

### Notes to Basic Financial Statements

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.

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.

## **Plano Independent School District**

### Notes to Basic Financial Statements

#### **Minimum Fund Balance Policy**

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

#### **Management's Use of Estimates**

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

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, 2017 will change.

#### **Pensions**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

#### **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, 2017, the carrying amount of the District's cash deposits were \$204,245 and the bank balance was \$44,629.

## Plano Independent School District

### Notes to Basic Financial Statements

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 \$10,085,957.
- c) Highest cash, savings and time deposits combined account balances amount was \$9,910,986 and occurred on January 31, 2017.
- d) Total amount of Federal Deposit Insurance Corporation (FDIC) coverage at the time of highest combined balance was \$250,000.

The District also holds bank deposits as part of the District's investment portfolio. As of June 30, 2017, the carrying amount and bank balance of these deposits were \$25,082,020. The District's cash deposits at June 30, 2017 were entirely covered by FDIC insurance or by pledged collateral held by the District's bank in the District's name.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

# Plano Independent School District

## Notes to Basic Financial Statements

The District has recurring fair value measurements as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

	<u>Fair Value Measurements Using</u>					
	<u>June 30, 2017</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Percent of Total Investments</u>	<u>Weighted Average Maturity (Years)</u>
<b><u>Cash and Cash Equivalents</u></b>						
Bank Deposits	\$ 25,286,266	\$ -	\$ -	\$ -		
Total Cash and Cash Equivalents	<u>25,286,266</u>	<u>-</u>	<u>-</u>	<u>-</u>		
<b><u>Investments Measured at Amortized Cost:</u></b>						
Investment Pools:						
Texpool	15,314,214	-	-	-	2.38%	0.0030
<b><u>Investments Measured at Net Asset Value (NAV), Fair Value:</u></b>						
Investment Pools:						
Lone Star	10,435,828	-	-	-	1.63%	0.0030
TexStar	21,359,626	-	-	-	3.32%	0.0030
<b><u>Investments by Fair Value Level:</u></b>						
U.S. Government Agency Securities:						
Federal Home Loan Bank	53,933,490	-	53,933,490	-	8.37%	1.1790
Federal Farm Credit Bank	38,287,608	-	38,287,608	-	5.94%	1.1790
Federal Home Loan Mortgage Corp.	57,152,165	-	57,152,165	-	8.87%	1.1790
Fannie Mae	28,882,699	-	28,882,699	-	4.48%	1.1790
U.S. Treasury Bonds	11,971,228	11,971,228	-	-	1.86%	0.5296
Municipal Obligations:						
Texas Public Finance Authority	3,614,995				0.56%	1.5320
Texas Tech University	2,992,530				0.46%	1.5320
Texas Transportation Commission	3,202,740				0.50%	1.5320
Certificates of Deposit	20,000,000	-	20,000,000	-	3.10%	0.2301
Commercial Paper	377,023,096	-	377,023,096	-	58.53%	0.2060
Total Investments	<u>644,170,219</u>	<u>11,971,228</u>	<u>575,279,058</u>	<u>-</u>		
Total Cash and Investments	<u>\$ 669,456,485</u>	<u>\$ 11,971,228</u>	<u>\$ 575,279,058</u>	<u>\$ -</u>		
Portfolio Weighted Average Maturity						

The *Texpool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity. Texpool is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission.

## Plano Independent School District

### Notes to Basic Financial Statements

The *Lone Star* and *TexStar* investment pools are external investment pools measured at net asset value. Lone Star and TexStar's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Lone Star and TexStar have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. LoneStar and TexStar are subject to regulatory oversight by the State Treasurer, although the pools are not registered with the Securities and Exchange Commission.

*U.S. Government Agency Securities* classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*U.S. Treasury Bonds* and *Commercial Paper* classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The fair value of investments is \$65,452 less than the book value reported by the District. As required by GASB Statement No. 31, the District recognizes the net unrealized gain/loss on investments with a maturity date greater than one year from the acquisition date and investments that are callable.

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

Credit risk. The District's policy relating to the credit risk of investments reflects adherence to the Public Funds Investment Act, which limits investments in commercial paper to not less than A-1 or P-1 or equivalent rating by at least two nationally recognized credit rating agencies. The District's investments in public funds investment pools and money market mutual funds include those with TexPool, TexStar and LoneStar. TexPool, TexStar and LoneStar are public funds investment pools operating in full compliance with the Public Funds Investment Act. They are rated as AAA money market funds by Standard & Poor's.

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:

Investment Description	Percentage of Investments	S&P Rating	Moody Rating	Fitch Rating
GE Capital Treasury	11.18%	A-1+	P-1	Not Rated
Nestle Finacle Intl Ltd	9.02%	A-1+	P-1	F1+
American Honda Finance	8.22%	A-1	P-1	F1
Kaiser Foundation Hospital	7.44%	A-1+	Not Rated	F1
Toyota Mtr Cr	6.17%	A-1+	P-1	Not Rated

## Plano Independent School District

### Notes to Basic Financial Statements

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.

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 \$1.439 per \$100 of assessed valuation. The maintenance and debt service portions of such rate are \$1.17 and \$0.269, respectively. The 2017 assessed valuation was \$45,916,580,666 resulting in a tax levy of \$639,881,781 for the current fiscal year. The 2017 tax levy reflects an adjustment of \$20,532,374 of frozen homestead exemptions for taxpayers 65 years and older as mandated by state property tax laws.

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



## Plano Independent School District

### Notes to Basic Financial Statements

Delinquent taxes receivable and the related allowance for uncollectible taxes in the governmental fund financial statements as of June 30, 2017 are as follows:

	Delinquent Taxes Receivable, Gross	Allowance for Uncollectible Taxes	Delinquent Taxes Receivable, Net
General fund	\$ 7,184,126	\$ 2,309,932	\$ 4,874,194
Debt service fund	1,774,593	606,786	1,167,807
Total	<u>\$ 8,958,719</u>	<u>\$ 2,916,718</u>	<u>\$ 6,042,001</u>

### 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:

Revenues	Amounts
Per capita revenues	\$ 20,187,184
Foundation fund revenues	12,156,261
Instructional materials allotment	3,216,122
State aid for homestead exemption	1,781,791
Other state revenues	4,947,845
TRS on behalf	22,165,309
Total State Program Revenues	<u>\$ 64,454,512</u>

### Note 4. Receivables

Receivables due from other governments, as of June 30, 2017 for the District's individual major funds and non-major, internal service and fiduciary funds in the aggregate are as follows:

	General Fund	Debt Service Fund	Non-Major and Other Funds	Total
Due from the State of Texas	\$ 8,175,282	\$ -	\$ 5,629,190	\$ 13,804,472
Due from the Federal Government	-	-	316,146	316,146
Due from Other Local Governments	284,568	68,696	-	353,264
Total receivables	<u>\$ 8,459,850</u>	<u>\$ 68,696</u>	<u>\$ 5,945,336</u>	<u>\$ 14,473,882</u>

**Plano Independent School District**  
Notes to Basic Financial Statements

**Note 5. Capital Assets**

A summary of capital asset activity during the year ended June 30, 2017 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 83,073,196	\$ 7,315,882	\$ -	\$ 90,389,078
Construction in progress	4,036,319	36,823,640	20,635,567	20,224,392
Total capital assets not being depreciated	<u>87,109,515</u>	<u>44,139,522</u>	<u>20,635,567</u>	<u>110,613,470</u>
Capital assets being depreciated:				
Land improvements	46,748,430	493,787	-	47,242,217
Buildings and improvements	1,309,509,784	12,825,897	-	1,322,335,681
Furniture, equipment and vehicles	108,629,179	7,674,829	1,265,076	115,038,932
Total capital assets being depreciated	<u>1,464,887,393</u>	<u>20,994,513</u>	<u>1,265,076</u>	<u>1,484,616,830</u>
Total capital assets	<u>1,551,996,908</u>	<u>65,134,035</u>	<u>21,900,643</u>	<u>1,595,230,300</u>
Less accumulated depreciation for:				
Land improvements	19,545,531	2,402,955	-	21,948,486
Buildings and improvements	471,623,690	32,548,393	-	504,172,083
Furniture, equipment and vehicles	84,605,490	5,201,287	1,265,076	88,541,701
Total accumulated depreciation	<u>575,774,711</u>	<u>40,152,635</u>	<u>1,265,076</u>	<u>614,662,270</u>
Governmental funds capital assets, net	<u>976,222,197</u>	<u>24,981,400</u>	<u>20,635,567</u>	<u>980,568,030</u>
Internal service funds:				
Furniture, equipment and vehicles	31,374	-	-	31,374
Less accumulated depreciation	16,736	3,137	-	19,873
Internal service funds capital assets, net	<u>14,638</u>	<u>(3,137)</u>	<u>-</u>	<u>11,501</u>
Governmental activities capital assets, net	<u>\$ 976,236,835</u>	<u>\$ 24,978,263</u>	<u>\$ 20,635,567</u>	<u>\$ 980,579,531</u>
Business activities:				
Furniture, equipment and 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>\$ 976,236,835</u>	<u>\$ 24,978,263</u>	<u>\$ 20,635,567</u>	<u>\$ 980,579,531</u>

## Plano Independent School District

### Notes to Basic Financial Statements

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

Governmental activities:	
Instruction	\$ 27,768,878
Instructional resources and media services	1,663,426
Curriculum development and instructional staff development	212,872
Instructional leadership	26,128
School leadership	1,090,480
Guidance, counseling, and evaluation services	284,983
Health services	109,384
Student transportation	1,649,713
Food services	2,384,950
Co-curricular/extracurricular activities	2,354,505
General administration	225,633
Plant maintenance and operations	1,608,067
Security and monitoring services	221,253
Data processing services	398,169
Community services	142,484
Facilities acquisition and construction	14,847
	<hr/>
	\$ 40,155,772

### Construction Commitments

The District had several active construction projects as of June 30, 2017. Projects included building and land purchases, additions to buildings and renovation or upgrades of existing facilities. Fiscal year 2017 expenses and estimated future expenditures for capital projects are funded from operating capital project funds, unexpended bond proceeds and additional general obligation bonds. The following summarizes the various types of projects:

Building Purchases/New Construction – The District purchased property for a new Fine Arts Center and began preliminary planning. Additionally, the District purchased buildings for a Special Education Transition Center and a third employee childcare.

Building Renovation/Upgrades – The District continued work on the renovation of Shepton High School and refurbishments at Gulledge and Rose Haggard Elementary Schools. The District also began work on additions at Plano East Senior High School, Guinn Center and Wells Elementary; upgrades at the Agricultural Barn and Academy High School; and roofing projects for Williams High School, Schimelpfenig Middle School, Harrington and Daffron Elementary Schools. Additionally, preliminary work began for the renovation of Robinson Middle School and refurbishment at Miller Elementary. The District continued work on minor capital project improvements at several campuses.

Completed Projects – During fiscal year 2017, the District completed the cafeteria upgrades at Jasper High School, refurbishment at Christie and Hughston Elementary Schools and minor upgrades at Haun, Memorial and Shepard Elementary Schools.

# Plano Independent School District

## Notes to Basic Financial Statements

Current projects include the following:

Project	Estimated Total Cost	Expenditures Incurred to 06/30/17	Estimated Future Expenditures
Building Improvement Projects:			
Williams HS Roof Project	\$ 1,240,135	\$ 1,000,000	\$ 240,135
Plano East SHS Addition	9,343,063	791,109	8,551,954
Shepton HS Renovation	39,000,000	5,337,336	33,662,664
Academy HS Waterproofing	1,919,923	286,592	1,633,331
PWSHS Canopy and Roof Upgrades	95,143	71,332	23,811
Armstrong MS Bldg and Floor Upgrades	373,778	249,243	124,535
Schimelpfenig MS Roof Project	1,371,936	1,100,000	271,936
Renner MS Bldg and Floor Upgrades	334,470	220,464	114,006
Robinson MS Renovation	1,664,013	42,200	1,621,813
Wells ES Addition	1,990,448	1,442,940	547,508
Thomas ES Flooring	160,138	10,224	149,914
Harrington ES Roof	50,000	37,256	12,744
Daffron ES Roof	76,806	1,996	74,810
Gulledge ES Refurbishment	6,184,174	1,902,156	4,282,018
Haggar ES Refurbishment	6,730,025	2,949,566	3,780,459
Miller Es Refurbishment	4,415,616	3,190	4,412,426
Skaggs ES HVAC	252,456	14,710	237,746
Guinn Center Addition	3,904,046	2,118,444	1,785,602
Fine Arts Center	50,910,750	579,399	50,331,351
Ag Barn Upgrades	1,000,000	7,650	992,350
Land Improvement Projects:			
PSHS Turf for Practice Field	1,050,914	461,732	589,182
PESH Turf for Practice Field	1,157,250	471,997	685,253
PESH Addition	125,000	6,040	118,960
Shepton HS Renovation	250,000	14,210	235,790
PWSH Turf for Practice Field	947,552	342,195	605,357
Wells ES Addition	25,000	6,860	18,140
Guinn Center Addition	25,000	3,955	21,045
Fine Arts Center	37,590	14,500	23,090
Clark Stadium Turf	310,981	295,472	15,509
Williams Football Field Turf	1,052,570	441,624	610,946
	\$ 135,998,777	\$ 20,224,392	\$ 115,774,385

**Plano Independent School District**

Notes to Basic Financial Statements

**Note 6. Interfund Receivables, Payables and Transfers**

The composition of interfund balances in the fund financial statements as of June 30, 2017, is as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 754,526	\$ -
Other Governmental Funds	<u>-</u>	<u>754,526</u>
Totals	<u>\$ 754,526</u>	<u>\$ 754,526</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, 2017:

	<u>Transfers Out</u>		<u>Transfers In</u>		<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>	
General fund	\$ -	\$ -	\$ 444,527	\$ 800,000	\$ 1,244,527
Capital projects fund	-	1,905,933	-	-	1,905,933
Enterprise funds	<u>2,422,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,422,889</u>
	<u>\$ 2,422,889</u>	<u>\$ 1,905,933</u>	<u>\$ 444,527</u>	<u>\$ 800,000</u>	<u>\$ 5,573,349</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	\$ 444,527	To finance costs in excess of federal allotments for Headstart; to finance costs in excess of donations, grants and user charges in the Special Events Fund
General Fund	Internal Service Fund	600,000	To finance the overhead of the health insurance fund administration
General Fund	Internal Service Fund	200,000	To finance the property self insurance funds
Capital Projects Fund	Debt Service Fund	1,905,933	To transfer interest earned to finance debt service costs associated with construction projects
Enterprise Fund	General Fund	2,422,889	To transfer revenues in excess of costs from the After School Care Program and the Employee Child Care Program
Total transfers		<u>\$ 5,573,349</u>	

# Plano Independent School District

## Notes to Basic Financial Statements

### Note 7. Long-Term Debt

The following is a summary of the District's long-term debt for the year ended June 30, 2017:

	Obligations Outstanding 7/1/2016	New Obligations Incurred	Obligations Retired or Refunded and Accretion	Obligations Outstanding 6/30/2017	Obligations Due Within One Year
General obligation bonds payable	\$ 743,260,000	\$ 257,210,000	\$ (76,765,000)	\$ 923,705,000	\$ 75,245,000
Premium on bond issuance	80,846,179	43,322,186	(16,295,961)	107,872,404	-
Compensated absences	4,054,583	317,542	(310,831)	4,061,294	311,345
Total	<u>\$ 828,160,762</u>	<u>\$ 300,849,728</u>	<u>\$ (93,371,792)</u>	<u>\$ 1,035,638,698</u>	<u>\$ 75,556,345</u>

### Debt Payable-Governmental Activities

Bonds payable at June 30, 2017, are composed of the following individual issues:

Description	Interest Rate Payable	Amounts Original Issue	Bonds Outstanding at July 1, 2016	Issued (Retired)	Bonds Outstanding at June 30, 2017
School Building Unlimited Tax Bonds Series 2007	4.50% to 5.00%	76,670,000	2,450,000	(2,450,000)	-
School Building Unlimited Tax Bonds Series 2008	3.00% to 5.00%	58,280,000	3,585,000	(1,755,000)	1,830,000
Unlimited Tax Refunding Bonds Series 2008	3.25% to 4.60%	33,305,000	320,000	(320,000)	-
School Building Current Interest Bonds Series 2008A	5.00% to 5.25%	177,465,000	10,715,000	(5,220,000)	5,495,000
School Building Unlimited Tax Bonds Series 2009B	4.04% to 6.27%	87,390,000	86,195,000	(1,260,000)	84,935,000
School Building Unlimited Tax Bonds Series 2009C	1.00%	31,900,000	23,355,000	(3,225,000)	20,130,000
Unlimited Tax Refunding Bonds Series 2010	3.00% to 5.00%	108,815,000	36,410,000	(5,830,000)	30,580,000

(continued)

## Plano Independent School District

### Notes to Basic Financial Statements

Description	Interest Rate Payable	Amounts Original Issue	Bonds Outstanding at July 1, 2016	Issued (Retired)	Bonds Outstanding at June 30, 2017
School Building Unlimited Tax Bonds Series 2012	2.50% to 5.00%	92,840,000	79,130,000	(3,660,000)	75,470,000
Unlimited Tax Refunding Bonds Series 2012	4.00% to 5.00%	46,115,000	41,475,000	(2,370,000)	39,105,000
Unlimited Tax Refunding Bonds Series 2012A	2.00% to 4.00%	27,805,000	14,515,000	(905,000)	13,610,000
School Building Unlimited Tax Bonds Series 2013	3.38% to 5.50%	53,740,000	47,850,000	(3,165,000)	44,685,000
School Building Refunding Bonds Series 2013	4.50% to 5.00%	25,955,000	21,445,000	(8,280,000)	13,165,000
School Building Refunding Bonds Series 2014	2.63% to 3.88%	48,795,000	31,730,000	(24,015,000)	7,715,000
School Building Refunding Bonds Series 2015	2.00% to 5.00%	43,250,000	40,725,000	-	40,725,000
School Building Refunding Bonds Series 2016A	2.00% to 5.00%	199,950,000	199,950,000	(1,290,000)	198,660,000
School Building Refunding Bonds Series 2016B	2.00% to 5.00%	103,410,000	103,410,000	(11,145,000)	92,265,000
School Building Unlimited Tax Bonds Series 2016	4.15% to 5.15%	257,210,000	-	255,335,000	255,335,000
Totals			<u>\$ 743,260,000</u>	<u>\$ 180,445,000</u>	<u>\$ 923,705,000</u>

**Plano Independent School District**  
Notes to the Basic Financial Statements

The following table summarizes the annual debt service requirements of the outstanding debt issues at June 30, 2017, to maturity:

	Bond Principal	Bond Interest	Totals
2018	\$ 75,245,000	\$ 43,202,267	\$ 118,447,267
2019	76,755,000	39,830,600	116,585,600
2020	81,260,000	36,210,072	117,470,072
2021	85,170,000	32,306,481	117,476,481
2022	59,655,000	28,149,757	87,804,757
2023-2027	246,855,000	102,005,388	348,860,388
2028-2032	189,605,000	46,098,564	235,703,564
2033-2037	106,310,000	11,800,062	118,110,062
2038-2039	2,850,000	99,750	2,949,750
	<u>\$ 923,705,000</u>	<u>\$ 339,702,941</u>	<u>\$ 1,263,407,941</u>

On August 2, 2016, the District issued "Plano Independent School District Unlimited Tax School Building Bonds, Series 2016" totaling \$257,210,000 for the construction, renovation, acquisition, and equipping of school buildings and other facilities in the District, the purchase of necessary sites for future school buildings, and the purchase of new school buses. These bonds incur an average cost over the life of the bonds at a rate of 4.15-5.15% and mature annually with semi-annual interest payments. The bonds will fully mature in 2036. The bonds were issued at a premium, with a total of \$300,000,000 counting against voter authorization.

As of June 30, 2017, the principal balance of all defeased bonds outstanding was \$176,570,000 and is scheduled to be called February 15, 2018. Original losses on refunding were \$25.1 million of which \$19.3 million is unamortized and reported in the Statement of Net Position as a deferred outflow of resources. Unamortized bond premiums of \$107.9 million are reported in the Statement of Net Position as an increase in the long-term debt.

As of June 30, 2017, \$197,020,000 of bonds from the May 2016 election 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, 2017, amounted to \$0.

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 increase of \$6,711 over the prior fiscal year represents the recorded increase 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

**Note 8. Encumbrances**

At June 30, 2017, 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	\$ 849,455	\$ -	\$ -	\$ 52,073	\$ 1,933,402	\$ 50,280	\$ 2,885,210
Instructional resources	10,053	-	-	-	-	3,915	13,968
Curriculum & instructional staff development	19,021	-	-	21,735	-	3,188	43,944
Instructional leadership	-	-	-	1,461	-	225	1,686
School leadership	7,937	-	-	-	-	3,476	11,413
Guidance, counseling & evaluation services	18,119	-	-	-	23,311	1,600	43,030
Health services	3,362	-	-	-	-	-	3,362
Student transportation	39,065	-	-	-	-	-	39,065
Food services	-	-	12,814	32,652	-	1,068	46,534
Co-curricular/ extracurricular activities	323,501	-	-	-	-	152,919	476,420
General administration	49,578	-	-	-	-	18,669	68,247
Plant maintenance and operations	9,682,722	-	43,646	-	-	31,655	9,758,023
Security and monitoring services	92,372	-	-	-	-	-	92,372
Data processing services	236,684	-	-	-	-	-	236,684
Community services	34	-	-	55,560	-	82	55,676
Facilities acquisition and construction	-	75,935,014	-	-	-	-	75,935,014
Total encumbrances by fund type	<u>\$ 11,331,903</u>	<u>\$ 75,935,014</u>	<u>\$ 56,460</u>	<u>\$ 163,481</u>	<u>\$ 1,956,713</u>	<u>\$ 267,077</u>	<u>\$ 89,710,648</u>

**Note 9. Risk Management**

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

**Workers' Compensation**

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

An accrual for incurred but not reported claims in the amount of \$1,753,000 has been recorded in the fund as of June 30, 2017. 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.

**Plano Independent School District**  
Notes to the Basic Financial Statements

Workers' Compensation Fund changes in claims payable for the years ended 2017 and 2016:

	June 30, 2017	June 30, 2016
Claims payable, beginning of fiscal year	\$ 1,735,000	\$ 1,811,000
Incurred claims and claim adjustment expenses	1,348,863	1,109,392
Claim payments during the year	<u>(1,330,863)</u>	<u>(1,185,392)</u>
Claims payable, end of fiscal year	<u>\$ 1,753,000</u>	<u>\$ 1,735,000</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, 2017, 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.

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 \$53,176 has been recorded as of June 30, 2017. Property and Liability changes in claims payable for the years ended June 30, 2017 and 2016:

	June 30, 2017	June 30, 2016
Claims payable, beginning of fiscal year	\$ 53,176	\$ 53,176
Incurred claims and claim adjustment expenses	273,217	125,392
Claim payments during the year	<u>(273,217)</u>	<u>(125,392)</u>
Claims payable, end of fiscal year	<u>\$ 53,176</u>	<u>\$ 53,176</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.

**Plano Independent School District**  
Notes to the Basic Financial Statements

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, 2017.

Changes in unemployment claims payable for the years ended June 30, 2017 and 2016:

	June 30, 2017	June 30, 2016
Claims payable, beginning of fiscal year	\$ 288,834	\$ 288,834
Incurred claims and claim adjustment expenses	101,866	97,623
Claim payments during the year	(101,866)	(97,623)
Claims payable, end of fiscal year	288,834	\$ 288,834

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**

**Plan Description**

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position**

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2016.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Plano Independent School District**  
Notes to the Basic Financial Statements

**Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

**Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	
	2016	2017
Member	7.2%	7.2%
Non-employer Contributing Entity (State)	6.7%	6.8%
Employers	6.8%	6.8%
2017 Employer Contributions		\$ 9,867,971
2017 Member Contributions		24,553,473
2017 NECE On-behalf Contributions		17,618,736

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

**Plano Independent School District**  
Notes to the Basic Financial Statements

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

**Actuarial Assumptions**

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2016
Actuarial method normal	Individual Entry Age Normal
Asset valuation method	Market Value
Single discount rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

**Plano Independent School District**  
Notes to the Basic Financial Statements

**Discount Rate**

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Real Return Geometric Basis</b>	<b>Long-Term Expected Portfolio Real Rate of Return *</b>
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Party</b>			
Risk Party	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

**Plano Independent School District**  
Notes to the Basic Financial Statements

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Proportionate share of the net pension liability:	\$ 181,640,301	\$ 117,364,255	\$ 62,845,149

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the District reported a liability of \$117,364,255 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 117,364,255
State's proportionate share that is associated with the District	<u>209,131,676</u>
Total	<u>\$ 326,495,931</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016 the District's proportion of the collective net pension liability was 0.310582%, which was a decrease of 0.0176485% from its proportion measured as of August 31, 2015.

**Changes Since the Prior Actuarial Valuation**

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended June 30, 2017, the District recognized pension expense of \$7,657,828 and revenue of \$21,702,881 for support provided by the State.

**Plano Independent School District**  
Notes to the Basic Financial Statements

At June 30, 2017, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 1,840,249	\$ 3,504,428
Changes in actuarial assumptions	3,577,052	3,253,181
Differences between projected and actual investment earnings	9,938,163	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	22,613,865	592,797
Contributions paid to TRS subsequent to the measurement date	8,950,114	-
Total	<u>\$ 46,919,443</u>	<u>\$ 7,350,406</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense (income) as follows:

	Pension Expense (Income)
Year ended August 31:	
2018	\$ 5,430,552
2019	5,430,552
2020	11,769,596
2021	4,943,497
2022	2,990,383
Thereafter	54,343
Total	<u>\$ 30,618,923</u>

**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.

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.



**Plano Independent School District**  
Notes to the Basic Financial Statements

**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 \$1,606,411 in 2017 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 2017, 2016, and 2015 are as follows:

	2017	2016	2015
Covered Payroll	\$ 350,278,666	\$ 339,263,215	\$ 327,053,718
Contributions made by the State	22,165,309	21,465,116	20,649,844
Retirement plan rate *	6.80%	6.80%	6.80%
Retiree health care rate	1.00%	1.00%	1.00%
Medicare Part D	1,606,411	995,379	961,825
District required and actual contributions to TRS & TRS - Care	6,762,839	5,992,793	5,822,171
Employee contributions to TRS & TRS - Care	26,677,719	24,141,586	21,748,666

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 \$104,422,755 representing recapture payments made in accordance with the state school finance law.

**Plano Independent School District**  
Notes to the Basic Financial Statements

The state school finance law has capped the amount of property value per student that can be retained by local districts based on the following:

	Tax Effort	2016-17 Wealth per WADA
1st Equalized Wealth Level	\$ 1.00	\$ 514,000
2nd Equalized Wealth Level	0.06	Unlimited
3rd Equalized Wealth Level	0.11	\$ 319,500
	<u>\$ 1.17</u>	

The District's property value of \$632,835 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 2016-2017 of \$104,422,755 increased \$44.3 million due to increased property values. Due to prior year adjustments and final settle ups, the District paid \$262,960 to the State.

**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, 2017.

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 2022. Payments under the leases for the year ended June 30, 2017 totaled \$1,278,874. Future obligations under the leases are as follows:

2018	\$ 1,197,038
2019	894,798
2020	109,983
2021	109,983
2022	2,515
	<u>\$ 2,314,317</u>

**Plano Independent School District**  
Notes to the Basic Financial Statements

**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, 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.

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, 2017 are summarized below:

Allen ISD	\$	107,910
Anna ISD		18,132
Blue Ridge ISD		-
Celina ISD		13,518
Community ISD		4,117
Coppell ISD		-
Farmersville ISD		17,517
Frisco ISD		186,424
Imagine International		3,737
McKinney ISD		174,750
Melissa ISD		16,017
Plano ISD		791,013
Princeton ISD		70,709
Prosper ISD		68,059
Richardson ISD		320,537
Wylie ISD		<u>69,772</u>
Total	\$	<u><u>1,862,212</u></u>

**Plano Independent School District**  
Notes to the Basic Financial Statements

**Note 14. Evaluation of Subsequent Events**

The District has evaluated subsequent events through November 14, 2017, the date which the financial statements were available to be issued.

In August 2017, the District issued \$108,020,000 in Unlimited Tax School Building Bonds. The proceeds from the issuance shall be for the purpose of construction, renovation, acquisition and equipment of school buildings, the purchase of necessary sites for school buildings, and the purchase of new school buses for the District.

**Note 15. New Accounting Pronouncements**

The GASB pronouncements effective in fiscal years 2017 and 2018 are listed as follows:

The GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68 and Amendments to Certain Provisions of GASB Statements 67 and 68, which will be effective for periods beginning after June 15, 2016. The objective of this Statement is to improve usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement applies to all state and governmental entities. This standard became effective for the District in fiscal year 2017. The implementation had no significant effect on the District's financial statements.

The GASB issued Statement No. 79, Certain External Investment Pools and Pool Participants, which will be effective for periods beginning after June 15, 2016. The objective of this Statement is to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This Statement applies to all state and governmental entities. This standard became effective for the District in fiscal year 2017. The implementation had no significant effect on the District's financial statements.

The GASB issued Statement No. 80, Blending Requirements for Certain Component Units- an amendment of GASB Statement No. 14, which will be effective for periods beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to all state and governmental entities. This standard became effective for the District in fiscal year 2017. The implementation had no significant effect on the District's financial statements.

The GASB issued Statement No. 81, Irrevocable Split-Interest Agreements, which will be effective for periods beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement applies to all state and governmental entities. This standard will become effective for the District in fiscal year 2018. The District has not yet determined the impact of this statement.

## **Plano Independent School District**

### Notes to the Basic Financial Statements

The GASB issued Statement No. 82, Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73, which will be effective for periods beginning after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement applies to all state and governmental entities. This standard became effective for the District in fiscal year 2018. The District has not yet determined the impact of this statement.

The GASB issued Statement No. 85, Omnibus 2017, which will be effective for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement applies to all state and governmental entities. This standard became effective for the District in fiscal year 2018. The District has not yet determined the impact of this statement.

The GASB issued Statement No. 86, Certain Debt Extinguishment Issues, which will be effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement applies to all state and governmental entities. This standard became effective for the District in fiscal year 2018. The District has not yet determined the impact of this statement.

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## **Required Supplementary Information**

**Plano Independent School District**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget And Actual – General Fund  
 Year Ended June 30, 2017

**Exhibit G-1**

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	\$ 518,763,321	\$ 529,069,243	\$ 529,981,721	\$ 912,478
5800	State Program Revenues	49,276,894	56,530,654	54,122,847	(2,407,807)
5900	Federal Program Revenues	5,779,070	7,049,317	7,009,659	(39,658)
5020	<b>Total Revenues</b>	<u>573,819,285</u>	<u>592,649,214</u>	<u>591,114,227</u>	<u>(1,534,987)</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	300,671,502	299,984,105	294,121,886	5,862,219
0012	Instructional Resources and Media Services	8,448,490	8,095,288	7,963,406	131,882
0013	Curriculum and Instructional Staff Development	7,527,011	7,402,810	7,269,351	133,459
0021	Instructional Leadership	3,195,142	3,263,764	3,292,935	(29,171)
0023	School Leadership	26,878,526	26,415,182	26,396,705	18,477
0031	Guidance, Counseling and Evaluation Services	20,228,909	19,814,103	19,942,475	(128,372)
0032	Social Work Services	1,579,371	1,657,880	1,621,547	36,333
0033	Health Services	5,603,881	5,610,143	5,602,526	7,617
0034	Student (Pupil) Transportation	14,480,829	14,231,624	13,554,124	677,500
0035	Food Services	10,280	41,086	39,165	1,921
0036	Extracurricular Activities	7,733,090	7,225,046	7,455,985	(230,939)
0041	General Administration	10,199,287	10,449,814	10,116,994	332,820
0051	Facilities Maintenance and Operations	41,470,417	59,622,003	53,205,834	6,416,169
0052	Security and Monitoring Services	3,830,013	3,442,903	3,276,306	166,597
0053	Data Processing Services	6,810,259	6,530,429	6,365,028	165,401
0061	Community Services	1,460,104	1,444,786	1,419,422	25,364
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	102,129,610	107,808,310	104,685,715	3,122,595
0092	Incremental Costs Associated with Chapter 41	600,000	600,000	584,459	15,541
0093	Payments to Fiscal Agent/Member District of SSA	270,000	270,000	268,565	1,435
0095	Payments to Juvenile Justice Alternative Ed. Prg.	183,000	160,000	28,310	131,690
0099	Other Intergovernmental charges	3,557,500	3,557,500	3,557,500	-
6030	<b>Total Expenditures</b>	<u>566,867,221</u>	<u>587,626,776</u>	<u>570,768,238</u>	<u>16,858,538</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,952,064</u>	<u>5,022,438</u>	<u>20,345,989</u>	<u>15,323,551</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	10,071,190	9,840,923	2,422,889	(7,418,034)
7919	Insurance Recoveries	-	8,336,204	11,427,437	3,091,233
8911	Transfers Out (Use)	(9,053,845)	(9,018,310)	(1,244,527)	7,773,783
7080	<b>Total Other Financing Sources (Uses)</b>	<u>1,017,345</u>	<u>9,158,817</u>	<u>12,605,799</u>	<u>3,446,982</u>
1200	Net Change in Fund Balances	7,969,409	14,181,255	32,951,788	18,770,533
0100	Fund Balance - July 1 (Beginning)	<u>194,316,866</u>	<u>194,316,866</u>	<u>194,316,866</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 202,286,275</u>	<u>\$ 208,498,121</u>	<u>\$ 227,268,654</u>	<u>\$ 18,770,533</u>



**Plano Independent School District****Exhibit G-2**

Schedule of the District's Proportionate Share of the Net Pension Liability  
 Teacher Retirement System  
 Years Ended June 30, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.3105818%	0.3282305%	0.2089994%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 117,364,255	\$ 116,025,113	\$ 55,826,630
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>209,131,676</u>	<u>198,641,457</u>	<u>173,123,406</u>
Total	<u>\$ 326,495,931</u>	<u>\$ 314,666,570</u>	<u>\$ 228,950,036</u>
District's Covered Employee Payroll	\$ 341,031,000	\$ 329,056,036	\$ 316,362,498
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	34.41%	35.26%	17.65%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83.25%	83.25%	83.25%

Note: Only three years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**Plano Independent School District**  
 Schedule of the District Contributions  
 Teacher Retirement System  
 For Fiscal Year 2017, 2016 And 2015

**Exhibit G-3**

	<u>2017</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 6,762,839	\$ 5,992,793	\$ 5,822,171
Contribution in Relation to the Contractually Required Contribution	<u>(6,762,839)</u>	<u>(5,992,793)</u>	<u>(5,822,171)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ 350,278,666	\$ 339,263,215	\$ 327,053,718
Contributions as a percentage of Covered Employee Payroll	1.93%	1.77%	1.78%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1 - August 31.

Note: Only three years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

## **Plano Independent School District**

Notes to Required Supplementary Information

Year Ended June 30, 2017

### **Note 1. Budgets**

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

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

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

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

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

### **Note 2. Significant Items**

#### **Budget Amendments**

During the year, numerous budget amendments are approved by the Board in order to redistribute the budget to align specific amounts to meet projected actual expenditures.

The Board also approves appropriations of fund balance to meet budgetary needs that may arise after the original budget is approved.

**Plano Independent School District**  
Notes to Required Supplementary Information  
Year Ended June 30, 2017

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

Type of Revenue/Expenditure	Original Budget	Final Budget	Budget Amendments
Total Local and Intermediate Sources	\$ 518,763,321	\$ 529,069,243	\$ 10,305,922
State Program Revenues	49,276,894	56,530,654	7,253,760
Federal Program Revenues	5,779,070	7,049,317	1,270,247
Food Service	10,280	41,086	30,806
Facilities Maintenance and Operations	41,470,417	59,622,003	18,151,586
Contracted Instructional Services Between Schools	102,129,610	107,808,310	5,678,700
Insurance Recoveries	-	8,336,204	8,336,204

Local Revenue increased due to the finalized taxable property values increasing tax revenue \$8.3M and an increase in interest earnings of \$2.3M.

State Revenue increased due to changes in the state's per capital distribution from the available school fund plus prior year settle up payments.

Federal Revenue increased due to a large settle up on SHARS reimbursements.

Food Service expenditures increased due to the addition of food expenses at the Early Childhood Schools for the all-day Pre-K programs added.

Facilities Maintenance and Operations budget was increased for expenditures related to the repairs of roof and other property damaged by the 2016 hail storms.

Contracted Instructional Services between Schools was increased due to final changes in the school finance formula and the final weighted average daily attendance.

Increase in Insurance Recoveries reflects the receipt of Insurance Proceeds related to damages to district property in the 2016 hail storms.

**Excess Expenditures**

The Budgetary Comparison Schedule for the General Fund indicates three areas with an excess of expenditures over appropriations for the year ended June 30, 2017 as follows:

Type of Expenditure	Final Budget	Actual	Actual Over Budget
Instructional Leadership	\$ 3,263,764	\$ 3,292,935	\$ (29,171)
Guidance, Counseling and Evaluation Services	19,814,103	19,942,475	(128,372)
Extracurricular Activities	7,225,046	7,455,985	(230,939)

Instructional Leadership expenditures was in excess of final budget in the amount of \$29,171. The expenditures are related to salary and the final budget projection was under budget due to the final calculation of TRS on Behalf.

Guidance, Counseling and Evaluation Services expenditures was in excess of final budget in the amount of \$128,377 which relates to salary and the final budget projection was under budget due to the final calculation of TRS on Behalf.

## Plano Independent School District

Notes to Required Supplementary Information  
Year Ended June 30, 2017

Extracurricular Activities expenditures was in excess of the final budget in the amount of \$230,899. The expenditures are related to salaries and an increase in student travel for competitions that took place in June 2017.

Total expenditures did not exceed the budget.

### Pension Liability

Actuarial Assumptions -The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the net pension liability in accordance with GASB 67. Actuarial methods and assumptions used for funding purposes can be found in the Actuarial Section. The GASB 67 assumptions are as follows:

Valuation date	August 31, 2016
Actuarial method normal	Individual Entry Age Normal
Asset valuation method	Market Value
Single discount rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

### Changes Since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

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# **Combining and Individual Fund Statements and Schedules**

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**Plano Independent School District**

**Exhibit H-1**

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Debt Service Fund  
Year Ended June 30, 2017

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	\$ 117,638,745	\$ 120,100,000	\$ 120,078,122	\$ (21,878)
5800	Total State Revenues	1,806,794	1,781,791	1,781,791	-
5020	Total Revenues	119,445,539	121,881,791	121,859,913	(21,878)
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	74,890,000	76,765,000	76,765,000	-
0072	Debt Service - Interest on Long Term Debt	44,595,539	36,918,134	36,918,134	-
0073	Debt Service - Bond Issuance Cost and Fees	60,000	560,000	553,292	6,708
6030	Total Expenditures	119,545,539	114,243,134	114,236,426	6,708
1100	Deficiency of Revenues Under Expenditures	(100,000)	7,638,657	7,623,487	(15,170)
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	100,000	2,400,000	1,905,933	(494,067)
7080	Total Other Financing Sources (Uses)	100,000	2,400,000	1,905,933	(494,067)
1200	Net Change in Fund Balances	-	10,038,657	9,529,420	(509,237)
0100	Fund Balance - July 1 (Beginning)	30,574,993	30,574,993	30,574,993	-
3000	Fund Balance - June 30 (Ending)	\$ 30,574,993	\$ 40,613,650	\$ 40,104,413	\$ (509,237)

# Plano Independent School District

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2017

Data Control Codes	240 National Breakfast and Lunch Program	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds
<b>ASSETS:</b>			
1110 Cash and Investments	\$ 7,429,041	\$ -	\$ -
1240 Due from Other Governments	114,171	2,960,086	56,037
1250 Accrued Interest	1,116	-	-
1290 Other Receivables	203,097	-	-
1300 Inventories	255,433	-	-
	<hr/>	<hr/>	<hr/>
1000 Total Assets	<u>\$ 8,002,858</u>	<u>\$ 2,960,086</u>	<u>\$ 56,037</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
2110 Accounts Payable	\$ 254,797	\$ 70,189	\$ 300
2160 Accrued Wages Payable	239,480	2,168,775	33,472
2170 Due to Other Funds	-	694,181	22,265
2180 Due to Other Governments	-	-	-
2300 Unearned Revenues	493,180	26,941	-
	<hr/>	<hr/>	<hr/>
2000 Total Liabilities	<u>987,457</u>	<u>2,960,086</u>	<u>56,037</u>
Fund Balances:			
Non Spendable			
3410 Investments in Inventory	255,433	-	-
Restricted			
3450 Food Services	6,759,968	-	-
3450 State Special Revenue	-	-	-
Committed			
3545 Local Special Revenue	-	-	-
	<hr/>	<hr/>	<hr/>
3000 Total Fund Balances	<u>7,015,401</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 8,002,858</u>	<u>\$ 2,960,086</u>	<u>\$ 56,037</u>

410 Instructional Materials Allotment	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 2,372,023	\$ 197,554	\$ 292,521	\$ 9,860,576	\$ 20,151,715
2,392,696	73,293	349,053	-	5,945,336
-	-	-	355	1,471
-	-	-	5,036	208,133
-	-	-	-	255,433
<u>\$ 4,764,719</u>	<u>\$ 270,847</u>	<u>\$ 641,574</u>	<u>\$ 9,865,967</u>	<u>\$ 26,562,088</u>
\$ 12,047	\$ 2,258	\$ 864	\$ 107,793	\$ 448,248
-	60,612	640,710	106,466	3,249,515
-	11,514	-	26,566	754,526
-	-	-	3,376	3,376
2,392,696	350	-	9,401	2,922,568
<u>2,404,743</u>	<u>74,734</u>	<u>641,574</u>	<u>253,602</u>	<u>7,378,233</u>
-	-	-	-	255,433
-	-	-	-	6,759,968
2,359,976	196,113	-	-	2,556,089
-	-	-	9,612,365	9,612,365
<u>2,359,976</u>	<u>196,113</u>	<u>-</u>	<u>9,612,365</u>	<u>19,183,855</u>
<u>\$ 4,764,719</u>	<u>\$ 270,847</u>	<u>\$ 641,574</u>	<u>\$ 9,865,967</u>	<u>\$ 26,562,088</u>

# Plano Independent School District

Combining Statement of Revenues, Expenditures And Changes In  
Fund Balances – Nonmajor Governmental Funds  
Year Ended June 30, 2017

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	\$ 13,661,346	\$ 5,928	\$ -
5800 State Program Revenues	598,266	-	-
5900 Federal Program Revenues	10,680,251	18,075,380	298,328
5020 Total Revenues	<u>24,939,863</u>	<u>18,081,308</u>	<u>298,328</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	-	13,671,466	231,882
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	1,922,202	-
0021 Instructional Leadership	-	380,814	-
0023 School Leadership	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	725,390	56,961
0032 Social Work Services	-	-	-
0033 Health Services	-	113,584	-
0034 Student (Pupil) Transportation	-	55,994	-
0035 Food Services	24,346,705	59,827	-
0036 Extracurricular Activities	-	31,503	-
0041 General Administration	67,846	16,111	-
0051 Facilities Maintenance and Operations	465,704	-	-
0052 Security and Monitoring Services	-	208	-
0053 Data Processing Services	-	-	-
0061 Community Services	-	675,823	9,485
0081 Facilities Acquisition and Construction	530,958	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	791,013	-
6030 Total Expenditures	<u>25,411,213</u>	<u>18,443,935</u>	<u>298,328</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(471,350)</u>	<u>(362,627)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES:</b>			
7915 Transfers In	34,354	362,627	-
7080 Total Other Financing Sources	<u>34,354</u>	<u>362,627</u>	<u>-</u>
1200 Net Change in Fund Balance	(436,996)	-	-
0100 Fund Balance - July 1 (Beginning)	7,452,397	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ 7,015,401</u>	<u>\$ -</u>	<u>\$ -</u>

410 Instructional Materials Allotment	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 53,185	\$ 87	\$ 322,163	\$ 9,275,388	\$ 23,318,097
3,216,122	652,245	4,083,241	-	8,549,874
-	-	-	-	29,053,959
<u>3,269,307</u>	<u>652,332</u>	<u>4,405,404</u>	<u>9,275,388</u>	<u>60,921,930</u>
1,427,001	486,840	3,937,725	2,848,131	22,603,045
-	40	-	122,551	122,591
-	97,587	13,226	139,001	2,172,016
-	-	154,540	4,301	539,655
-	1,932	-	587,412	589,344
-	180	49,904	209,516	1,041,951
-	-	-	1,500	1,500
-	-	-	60,746	174,330
-	-	-	2,256	58,250
-	-	-	13,153	24,419,685
-	-	43,567	5,201,168	5,276,238
-	5,500	-	167,393	256,850
-	-	-	332,234	797,938
-	-	-	187,674	187,882
-	-	-	138,179	138,179
-	39,721	206,442	39,790	971,261
-	-	-	-	530,958
-	-	-	-	791,013
<u>1,427,001</u>	<u>631,800</u>	<u>4,405,404</u>	<u>10,055,005</u>	<u>60,672,686</u>
<u>1,842,306</u>	<u>20,532</u>	<u>-</u>	<u>(779,617)</u>	<u>249,244</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>47,546</u>	<u>444,527</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>47,546</u>	<u>444,527</u>
1,842,306	20,532	-	(732,071)	693,771
517,670	175,581	-	10,344,436	18,490,084
<u>\$ 2,359,976</u>	<u>\$ 196,113</u>	<u>\$ -</u>	<u>\$ 9,612,365</u>	<u>\$ 19,183,855</u>

**Plano Independent School District**

**Exhibit H-4**

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – National Breakfast and Lunch Program  
Year Ended June 30, 2017

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	\$ 13,816,981	\$ 13,796,081	\$ 13,661,346	\$ (134,735)
5800	State Program Revenues	577,500	598,400	598,266	(134)
5900	Federal Program Revenues	10,320,297	10,371,047	10,680,251	309,204
5020	Total Revenues	24,714,778	24,765,528	24,939,863	174,335
<b>EXPENDITURES:</b>					
0035	Food Services	25,628,259	25,698,155	24,346,705	1,351,450
0041	General Administration	68,828	68,828	67,846	982
0051	Facilities Maintenance and Operations	375,000	513,453	465,704	47,749
0081	Facilities Acquisition and Construction	-	530,967	530,958	9
6030	Total Expenditures	26,072,087	26,811,403	25,411,213	1,400,190
1100	Excess (Deficiency) of Revenues Over Expenditures	(1,357,309)	(2,045,875)	(471,350)	1,574,525
<b>OTHER FINANCING SOURCES</b>					
7915	Transfers In	-	36,614	34,354	(2,260)
7080	Total Other Financing Sources	-	36,614	34,354	(2,260)
1200	Net Change in Fund Balances	(1,357,309)	(2,009,261)	(436,996)	1,572,265
0100	Fund Balance - July 1 (Beginning)	7,452,397	7,452,397	7,452,397	-
3000	Fund Balance - June 30 (Ending)	\$ 6,095,088	\$ 5,443,136	\$ 7,015,401	\$ 1,572,265

**Plano Independent School District**  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
June 30, 2017

**Exhibit H-5**

	<b>Employee Child Care</b>	<b>After School Care</b>	<b>Concessions</b>	<b>Photography</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS:</b>					
Current Assets:					
Cash and Investments	\$ 202,805	\$ 484,126	\$ 96,690	\$ 18,838	\$ 802,459
Accrued Interest	-	72	14	3	89
Other Receivables	-	40,438	-	-	40,438
<b>Total Current Assets</b>	<b>202,805</b>	<b>524,636</b>	<b>96,704</b>	<b>18,841</b>	<b>842,986</b>
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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>202,805</b>	<b>524,636</b>	<b>96,704</b>	<b>18,841</b>	<b>842,986</b>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable	3,317	255,338	1,176	-	259,831
Accrued Wages Payable	67,025	56,174	128	-	123,327
Unearned Revenues	-	213,124	-	-	213,124
<b>Total Liabilities</b>	<b>70,342</b>	<b>524,636</b>	<b>1,304</b>	<b>-</b>	<b>596,282</b>
<b>NET POSITION:</b>					
Unrestricted Net Position	132,463	-	95,400	18,841	246,704
<b>Total Net Position</b>	<b>\$ 132,463</b>	<b>\$ -</b>	<b>\$ 95,400</b>	<b>\$ 18,841</b>	<b>\$ 246,704</b>

**Plano Independent School District**

**Exhibit H-6**

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Nonmajor Enterprise Funds  
 Year Ended June 30, 2017

	<b>Employee Child Care</b>	<b>After School Care</b>	<b>Concessions</b>	<b>Photography</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES:</b>					
Local and Intermediate Sources	\$ 1,413,291	\$ 8,346,364	\$ 289,493	\$ 321	\$ 10,049,469
Total Operating Revenues	1,413,291	8,346,364	289,493	321	10,049,469
<b>OPERATING EXPENSES:</b>					
Payroll Costs	1,137,399	4,428,892	102,115	-	5,668,406
Professional and Contracted Services	63,328	27,868	5,871	-	97,067
Supplies and Materials	65,456	153,984	101,047	-	320,487
Other Operating Costs	114,645	1,334,111	61,619	-	1,510,375
Total Operating Expenses	1,380,828	5,944,855	270,652	-	7,596,335
Operating Income	32,463	2,401,509	18,841	321	2,453,134
<b>NON OPERATING REVENUES (EXPENSES):</b>					
Earnings from Temporary Deposits & Investments	-	21,380	-	152	21,532
Total Non Operating Revenues (Expenses)	-	21,380	-	152	21,532
Income (Loss) Before Transfers	32,463	2,422,889	18,841	473	2,474,666
Transfers Out	-	(2,422,889)	-	-	(2,422,889)
Change in Net Position	32,463	-	18,841	473	51,777
Total Net Position - July 1 (Beginning)	100,000	-	76,559	18,368	194,927
Total Net Position - June 30 (Ending)	\$ 132,463	\$ -	\$ 95,400	\$ 18,841	\$ 246,704



**Plano Independent School District**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended June 30, 2017

**Exhibit H-7**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>					
Cash Received from User Charges	\$ 1,413,291	\$ 8,265,334	\$ 289,493	\$ 329	\$ 9,968,447
Cash Payments to Employees for Services	(1,132,608)	(4,421,162)	(101,985)	-	(5,655,755)
Cash Payments for Suppliers	(124,986)	(84,767)	(101,470)	-	(311,223)
Cash Payments for Other Operating Expenses	(114,645)	(1,334,111)	(66,511)	-	(1,515,267)
Net Cash Provided by (Used for) Operating Activities	41,052	2,425,294	19,527	329	2,486,202
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Transfers Out	-	(2,422,889)	-	-	(2,422,889)
Net Cash Used for Non-Capital Financing Activities	-	(2,422,889)	-	-	(2,422,889)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from sales and maturities of investments	- 0	40,740	949	1,630	43,319
Interest and Dividends on Investments	-	21,500	17	149	21,666
Net Cash Provided by (Used for) Investing Activities	-	62,240	966	1,779	64,985
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>					
	41,052	64,645	20,493	2,108	128,298
Cash and Cash Equivalents at Beginning of the Year	161,753	267,748	45,757	10,742	486,000
Cash and Cash Equivalents at the End of the Year	202,805	332,393	66,250	12,850	614,298
Temporary Investment Not in Cash Equivalents	-	151,733	30,440	5,988	188,161
Cash on Statement of Net Position	\$ 202,805	\$ 484,126	\$ 96,690	\$ 18,838	\$ 802,459
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ 32,463	\$ 2,401,509	\$ 18,841	\$ 321	\$ 2,453,134
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Effect of Increases and Decreases in Current Assets and Liabilities					
Decrease (Increase) in Receivables	-	37,734	-	8	37,742
Decrease (Increase) in Prepaid Expenses	1,156	-	-	-	1,156
Increase (Decrease) in Accounts Payable	2,642	97,085	558	-	100,285
Increase (Decrease) in Accrued Wages Payable	4,791	7,730	128	-	12,649
Increase (Decrease) in Unearned Revenues	-	(118,764)	-	-	(118,764)
Net Cash Provided by (Used for) Operating Activities	\$ 41,052	\$ 2,425,294	\$ 19,527	\$ 329	\$ 2,486,202

**Plano Independent School District**  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2017

	752	753
	Print Shop	Health Benefits
<b>ASSETS:</b>		
Current Assets:		
Cash and Investments	\$ 21,320	1,513,921
Accrued Interest	3	229
Other Receivables	2,010	56
Unearned Expenses	-	379,058
	<hr/>	<hr/>
Total Current Assets	23,333	1,893,264
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	14,944	-
Depreciation on Furniture and Equipment	(14,944)	-
	<hr/>	<hr/>
Total Noncurrent Assets	-	-
	<hr/>	<hr/>
Total Assets	23,333	1,893,264
<b>LIABILITIES:</b>		
Current Liabilities		
Accounts Payable	446	1,369
Accrued Wages Payable	7,063	-
Accrued Expenses	-	86,736
	<hr/>	<hr/>
Total Liabilities	7,509	88,105
<b>NET POSITION:</b>		
Investments in Capital Assets	-	-
Unrestricted Net Position	15,824	1,805,159
	<hr/>	<hr/>
Total Net Position	\$ 15,824	\$ 1,805,159
	<hr/> <hr/>	<hr/> <hr/>

<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>
\$ 1,934,674	\$ 732,794	\$ 263,595	\$ 189,327	\$ 4,655,631
290	110	40	28	700
-	-	-	-	2,066
161,463	-	-	-	540,521
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,096,427	732,904	263,635	189,355	5,198,918
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	16,430	-	31,374
-	-	(4,929)	-	(19,873)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	11,501	-	11,501
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,096,427	732,904	275,136	189,355	5,210,419
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
22	18,191	-	-	20,028
-	-	279	-	7,342
1,753,000	288,834	-	53,176	2,181,746
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,753,022	307,025	279	53,176	2,209,116
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	11,501	-	11,501
343,405	425,879	263,356	136,179	2,989,802
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 343,405	\$ 425,879	\$ 274,857	\$ 136,179	\$ 3,001,303
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**Plano Independent School District**

Combining Statement of Revenues, Expenses And Changes In Fund Net Position

Internal Service Funds

Year Ended June 30, 2017

	752	753
	Print Shop	Health Benefits
<b>OPERATING REVENUES:</b>		
Local and Intermediate Services	\$ 1,222,058	\$ 36,172,636
Total Operating Revenues	<u>1,222,058</u>	<u>36,172,636</u>
<b>OPERATING EXPENSES:</b>		
Payroll Costs	324,799	397,039
Professional and Contracted Services	601,580	147,248
Supplies and Materials	292,501	12,974
Depreciation	1,494	-
Other Operating Costs	-	36,154,384
Total Operating Expenses	<u>1,220,374</u>	<u>36,711,645</u>
Operating Income (Loss)	<u>1,684</u>	<u>(539,009)</u>
<b>NON OPERATING REVENUES (EXPENSES):</b>		
Earnings from Temporary Deposits & Investments	444	-
Insurance Recovery	-	-
Total Non Operating Revenues (Expenses)	<u>444</u>	<u>-</u>
Income (Loss) Before Transfers	2,128	(539,009)
Transfers In	-	600,000
Total Transfers	<u>-</u>	<u>600,000</u>
Change in Net Position	2,128	60,991
Total Net Position - July 1 (Beginning)	<u>13,696</u>	<u>1,744,168</u>
Total Net Position - June 30 (Ending)	<u>\$ 15,824</u>	<u>\$ 1,805,159</u>

772 Workers' Compensation Self-Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 1,762,155	\$ -	\$ 4,866	\$ 3,435	\$ 39,165,150
1,762,155	-	4,866	3,435	39,165,150
468,913	-	279	-	1,191,030
1,072,182	-	-	264,771	2,085,781
37,915	-	1,918	5,946	351,254
-	-	1,643	-	3,137
336,669	104,062	-	-	36,595,115
1,915,679	104,062	3,840	270,717	40,226,317
(153,524)	(104,062)	1,026	(267,282)	(1,061,167)
19,457	6,260	2,069	1,432	29,662
-	-	-	62,775	62,775
19,457	6,260	2,069	64,207	92,437
(134,067)	(97,802)	3,095	(203,075)	(968,730)
-	-	-	200,000	800,000
-	-	-	200,000	800,000
(134,067)	(97,802)	3,095	(3,075)	(168,730)
477,472	523,681	271,762	139,254	3,170,033
\$ 343,405	\$ 425,879	\$ 274,857	\$ 136,179	\$ 3,001,303

**Plano Independent School District**  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2017

	752	753
	Print Shop	Health Benefits Self-Funded
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Cash Received from User Charges	\$ 1,221,929	\$ 36,172,580
Cash Payments to Employees for Services	(322,862)	(397,039)
Cash Payments for Insurance Claims	-	(44,880)
Cash Payments for Suppliers	(894,357)	(159,642)
Cash Payments for Other Operating Expenses	-	(36,152,632)
	<u>4,710</u>	<u>(581,613)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers In	-	600,000
Insurance Proceeds	-	-
	<u>-</u>	<u>600,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale and Maturities of Securities	82	152,069
Interest and Dividends on Investments	448	394
	<u>530</u>	<u>152,463</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>		
	5,240	170,850
Cash and Cash Equivalents at Beginning of the Year	<u>9,324</u>	<u>870,521</u>
Cash and Cash Equivalents at the End of the Year	14,564	1,041,371
Temporary Investment Not in Cash Equivalents	<u>6,756</u>	<u>472,550</u>
Cash on Statement of Net Position	<u>\$ 21,320</u>	<u>\$ 1,513,921</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 1,684	\$ (539,009)
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	(129)	(56)
Decrease (Increase) in Prepaid Expenses	-	1,207
Increase (Decrease) in Accounts Payable	(276)	1,125
Increase (Decrease) in Accrued Wages Payable	1,937	-
Increase (Decrease) in Accrued Expenses	-	(44,880)
	<u>\$ 4,710</u>	<u>\$ (581,613)</u>

772 Workers' Compensation Self - Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 1,762,155	\$ -	\$ 4,866	\$ 3,435	\$ 39,164,965
(468,913)	-	-	-	(1,188,814)
(1,330,863)	(101,866)	-	(273,217)	(1,750,826)
(90,304)	-	(1,918)	-	(1,146,221)
(169,040)	-	-	-	(36,321,672)
<u>(296,965)</u>	<u>(101,866)</u>	<u>2,948</u>	<u>(269,782)</u>	<u>(1,242,568)</u>
-	-	-	200,000	800,000
-	-	-	62,775	62,775
-	-	-	262,775	862,775
318,488	116,661	25,568	22,151	635,019
20,090	6,496	2,137	1,485	31,050
<u>338,578</u>	<u>123,157</u>	<u>27,705</u>	<u>23,636</u>	<u>666,069</u>
41,613	21,291	30,653	16,629	286,276
<u>1,286,245</u>	<u>481,582</u>	<u>150,393</u>	<u>113,301</u>	<u>2,911,366</u>
1,327,858	502,873	181,046	129,930	3,197,642
606,816	229,921	82,549	59,397	1,457,989
<u>\$ 1,934,674</u>	<u>\$ 732,794</u>	<u>\$ 263,595</u>	<u>\$ 189,327</u>	<u>\$ 4,655,631</u>
\$ (153,524)	\$ (104,062)	\$ 1,026	\$ (267,282)	\$ (1,061,167)
-	-	1,643	-	3,137
-	-	-	-	(185)
(161,463)	-	-	-	(160,256)
22	2,196	-	(2,500)	567
-	-	279	-	2,216
18,000	-	-	-	(26,880)
<u>\$ (296,965)</u>	<u>\$ (101,866)</u>	<u>\$ 2,948</u>	<u>\$ (269,782)</u>	<u>\$ (1,242,568)</u>

**Plano Independent School District**

**Exhibit H-11**

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2017

	Balance July 1 2016	Additions	Deductions	Balance June 30 2017
<b>STUDENT ACTIVITY FUNDS:</b>				
Assets:				
Cash and Temporary Investments	\$ 282,861	\$ 134,499	\$ 148,310	\$ 269,050
Accrued Interest	71	-	46	25
	<u>282,932</u>	<u>134,499</u>	<u>148,356</u>	<u>269,075</u>
Total Assets	<u>\$ 282,932</u>	<u>\$ 134,499</u>	<u>\$ 148,356</u>	<u>\$ 269,075</u>
Liabilities:				
Accounts Payable	\$ -	\$ 146,485	\$ 146,272	\$ 213
Due to Student Groups	282,932	134,499	148,569	268,862
	<u>282,932</u>	<u>280,984</u>	<u>294,841</u>	<u>269,075</u>
Total Liabilities	<u>\$ 282,932</u>	<u>\$ 280,984</u>	<u>\$ 294,841</u>	<u>\$ 269,075</u>
<b>OTHER AGENCY FUNDS:</b>				
Assets:				
Cash and Temporary Investments	\$ 205,156	\$ 869,758	\$ 856,803	\$ 218,111
Other Receivables	80	5	-	85
	<u>205,236</u>	<u>869,763</u>	<u>856,803</u>	<u>218,196</u>
Total Assets	<u>\$ 205,236</u>	<u>\$ 869,763</u>	<u>\$ 856,803</u>	<u>\$ 218,196</u>
Liabilities:				
Accounts Payable	\$ -	\$ 711,577	\$ 709,417	\$ 2,160
Due to Other Groups	205,236	720,218	709,418	216,036
	<u>205,236</u>	<u>1,431,795</u>	<u>1,418,835</u>	<u>218,196</u>
Total Liabilities	<u>\$ 205,236</u>	<u>\$ 1,431,795</u>	<u>\$ 1,418,835</u>	<u>\$ 218,196</u>
<b>TOTAL AGENCY FUNDS:</b>				
Assets:				
Cash and Temporary Investments	\$ 488,017	\$ 1,004,257	\$ 1,005,113	\$ 487,161
Accrued Interest	71	-	46	25
Other Receivables	80	5	-	85
	<u>488,168</u>	<u>1,004,262</u>	<u>1,005,159</u>	<u>487,271</u>
Total Assets	<u>\$ 488,168</u>	<u>\$ 1,004,262</u>	<u>\$ 1,005,159</u>	<u>\$ 487,271</u>
Liabilities:				
Accounts Payable	\$ -	\$ 858,062	\$ 855,689	\$ 2,373
Due to Other Groups	205,236	720,218	709,418	216,036
Due to Student Groups	282,932	134,499	148,569	268,862
	<u>488,168</u>	<u>1,712,779</u>	<u>1,713,676</u>	<u>487,271</u>
Total Liabilities	<u>\$ 488,168</u>	<u>\$ 1,712,779</u>	<u>\$ 1,713,676</u>	<u>\$ 487,271</u>



**Required  
Texas Education Agency  
Report Section**

**Plano Independent School District**  
 Schedule of Delinquent Taxes Receivable  
 Year Ended June 30, 2017

Last 10 Years Ended June 30	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance July 1, 2016
	Maintenance	Debt Service		
2008 & PRIOR	1.0200	0.2484	33,467,159,126	940,274
2009	1.0400	0.2634	35,111,342,870	427,421
2010	1.0400	0.2884	34,765,694,294	555,209
2011	1.0400	0.3134	33,955,156,307	418,879
2012	1.0400	0.3334	34,342,959,439	506,735
2013	1.0400	0.3334	34,842,341,548	517,193
2014	1.1700	0.2830	36,441,999,880	617,495
2015	1.1700	0.2780	38,873,800,924	885,242
2016	1.1700	0.2690	41,496,244,736	4,183,415
2017	1.1700	0.2690	45,916,580,666	
1000	Totals			<u>\$ 9,051,863</u>

**Exhibit J-1**

<b>Current Year's Total Levy</b>	<b>Maintenance Collections</b>	<b>Debt Service Collections</b>	<b>Entire Year's Adjustments</b>	<b>Ending Balance June 30, 2017</b>
	37,037	6,831	(297,283)	599,123
	13,412	3,397	-	410,612
	17,456	4,841	-	532,912
	56,279	16,959	33,306	378,947
	254,432	81,564	248,002	418,741
	229,325	73,516	231,441	445,793
	304,450	73,641	265,754	505,158
	467,016	110,966	329,529	636,789
	1,841,866	423,471	(1,185,731)	732,347
<u>639,881,781</u>	<u>515,630,406</u>	<u>118,550,921</u>	<u>(1,402,621)</u>	<u>4,297,833</u>
<u>\$ 639,881,781</u>	<u>\$ 518,851,679</u>	<u>\$ 119,346,107</u>	<u>\$ (1,777,603)</u>	<u>\$ 8,958,255</u>
	Ending Balance 6/30/2017			\$ 8,958,255
	Add - County Education District Taxes Receivable			<u>464</u>
	Total Delinquent Taxes Receivable 6/30/2017			8,958,719
	Less Reserve for Uncollectible Taxes:			
	General Fund			(2,309,932)
	Debt Service Fund			<u>(606,786)</u>
	Net Delinquent Balance 6/30/2017			<u>\$ 6,042,001</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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well - being have changed over time.	101
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	109
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.	113
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	116
<b>Operational Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities it performs.	119

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)

**Exhibit S-1**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in capital assets \$	10,868	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007	\$ 97,719	\$ 120,499	\$ 159,052	\$ 216,679	\$ 257,190
Restricted	34,644	35,000	29,443	29,387	27,478	26,912	29,242	31,230	31,349	35,304
Unrestricted	158,432	150,549	146,015	164,593	180,777	169,663	180,980	131,642	136,396	160,169
<b>Total Governmental Net Assets</b>	<b>\$ 203,944</b>	<b>\$ 199,010</b>	<b>\$ 201,940</b>	<b>\$ 235,647</b>	<b>\$ 282,262</b>	<b>\$ 294,294</b>	<b>\$ 330,721</b>	<b>\$ 321,924</b>	<b>\$ 384,424</b>	<b>\$ 452,663</b>
Business Type Activities										
Net Investment in capital assets \$	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	(31)	33	19	12	46	98	129	257	195	247
Unrestricted	(30)	33	19	12	46	98	129	257	195	247
<b>Total Business Type Activities</b>										
Total Primary Government										
Net Investment in capital assets \$	10,869	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007	\$ 97,719	\$ 120,499	\$ 159,052	\$ 216,679	\$ 257,190
Restricted	34,644	35,000	29,443	29,387	27,478	26,912	29,242	31,230	31,349	35,304
Unrestricted	158,401	150,582	146,034	164,605	180,823	169,761	181,109	131,899	136,591	160,416
<b>Total Primary Government</b>	<b>\$ 203,914</b>	<b>\$ 199,043</b>	<b>\$ 201,959</b>	<b>\$ 235,659</b>	<b>\$ 282,308</b>	<b>\$ 294,392</b>	<b>\$ 330,850</b>	<b>\$ 322,181</b>	<b>\$ 384,619</b>	<b>\$ 452,910</b>

**Plano Independent School District**  
Change in Net Position  
Last Ten Fiscal Years  
(Unaudited)  
(Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

**Exhibit S-2**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
Instruction	\$ 299,557	\$ 309,070	\$ 314,910	\$ 318,948	\$ 306,009	\$ 308,433	\$ 316,344	\$ 333,944	\$ 356,164	\$ 350,044
Instructional Resources & Media Services	10,104	9,650	9,104	9,511	8,278	8,761	8,882	9,195	9,632	9,436
Curriculum & Instructional Staff Development	8,764	8,733	9,046	9,638	8,165	8,252	7,440	8,412	8,558	9,826
Instructional Leadership	3,775	4,018	4,275	4,147	3,652	3,652	3,383	3,990	3,990	3,934
School Leadership	22,575	23,368	23,860	24,110	23,056	23,870	24,812	26,673	28,508	28,586
Guidance, Counseling & Evaluation Services	16,329	17,390	18,222	18,272	17,093	18,353	18,481	19,459	21,460	21,670
Social Work Services	1,266	1,320	1,205	1,082	819	868	914	1,008	1,103	1,650
Health Services	4,620	4,629	4,992	5,111	5,024	5,145	5,306	5,791	6,059	5,991
Student (Pupil) Transportation	10,903	8,968	11,352	7,378	11,881	9,373	14,222	13,327	14,050	11,882
Food Services	19,304	19,686	21,279	22,352	23,671	23,900	24,492	26,341	26,748	27,428
Cocurricular/Extracurricular Activities	8,482	9,240	9,272	9,122	8,795	14,104	13,817	14,470	13,891	15,092
General Administration	11,468	8,774	10,007	9,240	8,862	9,864	9,803	10,179	10,822	10,727
Plant Maintenance & Operations	43,518	43,944	43,660	43,993	42,655	43,143	39,577	40,207	46,844	55,405
Security & Monitoring Services	2,944	2,955	2,792	2,245	3,462	3,505	3,390	3,475	3,795	3,722
Data Processing Services	8,384	7,550	8,163	5,272	6,496	5,318	5,332	5,825	5,652	4,175
Community Services	1,220	1,553	1,985	2,245	2,336	2,097	1,826	2,330	2,544	2,607
Debt Service - Interest on Long Term Debt	37,533	42,373	47,343	43,932	43,019	41,082	38,771	42,035	30,990	29,550
Debt Service - Bond Issuance Cost and Fees	134	132	34	490	35	33	308	192	3,893	553
Facilities Acquisition & Construction	13,569	25,792	23,492	23,308	15,960	18,431	13,684	13,728	16,046	18,346
Contracted Instructional Services Between Schools	81,036	91,421	34,752	28,998	39,584	24,960	36,016	46,604	60,149	104,686
Incremental Costs Associated with Chapter 41	650	600	600	444	600	600	600	600	400	584
Payments to Fiscal Agent/Member Districts of SSA	719	740	709	834	634	755	999	1,000	993	1,060
Payments to Juvenile Justice Alternative Ed. Prg.	158	155	132	103	90	212	118	49	88	28
Payments to Tax Increment Fund	4,601	4,834	4,441	8,912	2,594	2,978	1,875	3,378	597	-
Other Intergovernmental Charges	2,200	2,200	2,248	2,450	2,247	2,388	2,632	2,823	3,301	3,558
<b>Total governmental activities expenses</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>	<b>634,863</b>	<b>676,277</b>	<b>720,540</b>
Business-type activities:										
Employee Child Care		31	694	714	752	1,194	1,219	1,226	1,375	1,381
After School Care		5,455	5,040	4,932	4,804	4,814	4,966	5,644	5,779	5,945
Concessions	162	328	213	243	223	231	211	325	297	270
Photography			58	41	55	44	42	34	31	-
<b>Total business-type activities expenses</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>7,229</b>	<b>7,482</b>	<b>7,596</b>
<b>Total primary government expenses</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>\$ 642,092</b>	<b>\$ 683,759</b>	<b>\$ 728,136</b>



**Plano Independent School District**  
Change in Net Position  
Last Ten Fiscal Years  
(Unaudited)  
(Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

**Exhibit S-2**

	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
<b>Program Revenues</b>											
Governmental activities:											
Charges for Services:											
Instruction	\$ 5,272	\$ 4,381	\$ 4,357	\$ 4,367	\$ 4,433	\$ 3,889	\$ 3,761	\$ 3,768	\$ 3,536	\$ 3,658	
Food Service	11,680	12,341	12,614	12,682	12,931	13,013	13,659	13,357	13,315	13,612	
Cocurricular/Extracurricular Activities	1,482	1,401	1,552	1,425	1,468	1,554	1,612	1,793	1,618	1,568	
Plant Maintenance & Operations	1,539	1,122	878	928	935	957	979	1,069	1,080	1,085	
Community Services	145	76	81	81	61	33	11	6	5	6	
Other	612	269	183	144	124	150	142	97	64	83	
Operating Grants and Contributions	53,350	56,502	77,525	86,767	61,521	62,621	68,323	84,554	82,106	70,958	
Capital Grants and Contributions	-	-	-	615	11,500	-	-	-	-	-	-
<b>Total governmental activities program revenues</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>	<b>104,644</b>	<b>101,724</b>	<b>90,970</b>	
Business-type activities:											
Charges for services:											
Employee Child Care	11	531	687	726	776	1,095	1,273	1,355	1,383	1,413	
After School Care	7,462	7,144	6,956	6,960	7,074	7,207	7,542	8,165	7,968	8,346	
Concessions	262	239	199	234	252	262	228	347	263	290	
Photography	-	-	48	43	60	64	56	40	2	-	
<b>Total business-type activities program revenues</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>9,907</b>	<b>9,616</b>	<b>10,049</b>	
<b>Total primary government program revenues</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>\$ 114,551</b>	<b>\$ 111,340</b>	<b>\$ 101,020</b>	
<b>Net (Expense) Revenue</b>											
Governmental activities	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)	\$ (497,860)	\$ (504,537)	\$ (530,219)	\$ (574,553)	\$ (629,569)	
Business-type activities	1,921	1,904	1,885	2,033	2,328	2,345	2,661	2,678	2,134	2,453	
<b>Total primary government net expense</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>	<b>\$ (527,541)</b>	<b>\$ (572,419)</b>	<b>\$ (627,116)</b>	

**Plano Independent School District**  
Change in Net Position  
Last Ten Fiscal Years -- Continued  
(Unaudited)  
(Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

**Exhibit S-2**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)	\$ (497,860)	\$ (504,537)	\$ (530,219)	\$ (574,553)	\$ (629,569)
Business-type activities	1,921	1,904	1,885	2,033	2,328	2,345	2,661	2,678	2,134	2,453
Total primary government net expense	\$ (535,612)	\$ (571,098)	\$ (508,800)	\$ (493,095)	\$ (489,717)	\$ (495,515)	\$ (501,876)	\$ (527,541)	\$ (572,419)	\$ (627,116)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property taxes levied for general purposes	333,528	352,709	349,563	339,532	344,781	351,218	412,190	439,832	475,671	520,714
Property taxes levied for debt service	82,905	91,245	98,722	104,420	112,694	114,865	101,575	106,235	109,451	119,707
Unrestricted grants and contributions	105,742	106,017	56,590	75,038	71,575	38,658	25,148	33,279	32,576	38,967
Investment earnings	15,715	9,415	1,488	2,068	760	868	623	622	1,465	4,377
Miscellaneous	5,008	6,815	5,344	5,011	6,551	1,987	2,687	2,659	15,683	11,621
Insurance recovery	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on disposition of capital assets	-	-	-	723	-	-	-	386	-	-
Transfers	2,054	1,867	1,908	2,043	2,298	2,296	2,632	2,553	2,207	2,423
Total governmental activities	\$ 544,952	\$ 568,068	\$ 513,615	\$ 528,835	\$ 538,659	\$ 509,892	\$ 544,855	\$ 585,566	\$ 637,053	\$ 697,809
Business-type activities:										
Investment earnings	68	26	10	3	4	2	2	3	9	22
Transfers	(2,054)	(1,867)	(1,908)	(2,043)	(2,298)	(2,296)	(2,632)	(2,552)	(2,206)	(2,423)
Total business-type activities	(1,986)	(1,841)	(1,898)	(2,040)	(2,294)	(2,294)	(2,630)	(2,549)	(2,197)	(2,401)
Total primary government	\$ 542,966	\$ 566,227	\$ 511,717	\$ 526,795	\$ 536,365	\$ 507,598	\$ 542,225	\$ 583,017	\$ 634,856	\$ 695,408
<b>Change in Net Position</b>										
Governmental activities	\$ 7,419	\$ (4,934)	\$ 2,930	\$ 33,707	\$ 46,615	\$ 12,032	\$ 40,318	\$ 55,347	\$ 62,500	\$ 68,239
Business-type activities	(65)	63	(13)	(7)	33	52	31	129	(63)	52
Total primary government	\$ 7,354	\$ (4,871)	\$ 2,917	\$ 33,700	\$ 46,648	\$ 12,084	\$ 40,349	\$ 55,476	\$ 62,437	\$ 68,291

**Plano Independent School District**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)  
(Modified Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

**Exhibit S-3**

	Fiscal Year									
	2008	2009	2010	2011 <sup>1</sup>	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ 2,610	\$ 2,703	\$ 2,121	\$ 2,044	\$ 1,296	\$ 1,998	\$ 1,172
Reserved	2,127	2,506	2,620	-	-	-	-	-	-	-
Assigned	-	-	-	2,182	1,935	19,870	12,884	9,515	17,619	11,332
Unreserved designated	6,843	8,250	3,757	-	-	-	-	-	-	-
Unassigned	-	-	-	147,394	160,919	132,178	154,251	167,771	174,700	214,765
Unreserved	122,252	116,608	126,838	-	-	-	-	-	-	-
Total general fund	<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>	<u>\$ 178,582</u>	<u>\$ 194,317</u>	<u>\$ 227,269</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ 284	\$ 290	\$ 211	\$ 185	\$ 270	\$ 313	\$ 255
Reserved	204	193	285	-	-	-	-	-	-	-
Restricted	-	-	-	37,435	35,999	35,188	34,925	33,138	30,575	40,104
Debt Service	-	-	-	80,981	130,444	112,315	64,007	35,596	43,304	288,931
Capital Projects	-	-	-	8,217	7,185	6,952	6,968	6,970	7,144	6,760
Food Service	-	-	-	7	-	-	-	-	-	-
Federal Special Revenue	-	-	-	365	818	770	1,247	2,856	693	2,556
State Special Revenue	-	-	-	5,840	6,772	8,840	9,189	9,596	10,340	9,613
Committed	567	71,676	77,783	-	-	-	-	-	-	-
Unreserved designated	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in	9,382	9,610	12,538	-	-	-	-	-	-	-
Special revenue funds	89,666	102,660	115,331	-	-	-	-	-	-	-
Capital projects funds	40,718	45,614	39,320	-	-	-	-	-	-	-
Debt service fund	<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>	<u>\$ 88,426</u>	<u>\$ 92,369</u>	<u>\$ 348,219</u>
Total all other governmental funds										
Total governmental funds	<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>	<u>\$ 267,008</u>	<u>\$ 286,686</u>	<u>\$ 575,488</u>

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

**Plano Independent School District**  
 Governmental Funds, Revenues  
 Last Ten Fiscal Years  
 (Unaudited)  
 (Modified Accrual Basis of Accounting)  
 (Amounts Expressed in Thousands)

**Exhibit S-4**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Federal sources:										
Federal grants	\$ 16,810	\$ 18,199	\$ 38,120	\$ 48,515	\$ 20,571	\$ 23,114	\$ 21,888	\$ 24,065	\$ 22,981	\$ 25,384
Food services	6,015	6,363	7,496	8,008	8,355	8,963	9,396	9,963	10,313	10,680
Total federal sources	22,825	24,562	45,616	56,523	28,926	32,077	31,284	34,028	33,294	36,064
State sources:										
State education finance program	123,519	124,349	75,535	91,954	87,367	50,928	39,537	47,626	47,641	54,123
State grants and other	8,697	10,234	9,582	9,908	12,190	5,285	11,409	8,325	12,054	10,332
Total state sources	132,216	134,583	85,117	101,862	99,557	56,213	50,946	55,951	59,695	64,455
Local sources:										
Ad valorem taxes	416,042	445,420	448,529	446,091	457,022	466,582	512,921	544,873	589,230	640,635
Food service sales	11,909	12,340	12,611	12,721	12,929	13,012	13,661	13,356	13,332	13,610
Interest and other income	16,255	9,028	1,434	1,644	767	872	635	631	1,507	4,510
Other revenue	16,832	15,747	15,757	15,765	30,330	21,529	19,886	20,966	15,241	16,239
Total local sources	461,038	482,535	478,331	476,221	501,048	501,995	547,103	579,826	619,310	674,994
Total revenues	\$ 616,079	\$ 641,680	\$ 609,064	\$ 634,606	\$ 629,531	\$ 590,285	\$ 629,333	\$ 669,805	\$ 712,299	\$ 775,513

## 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)

Exhibit S-5

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenditures:										
Instruction & Instructional-Related Services	\$ 300,195	\$ 306,772	\$ 312,619	\$ 318,959	\$ 299,009	\$ 297,559	\$ 305,883	\$ 316,046	\$ 329,496	\$ 334,252
Instructional & School Leadership	25,679	26,329	26,602	27,383	25,802	26,397	27,200	28,503	29,873	30,819
Support Services - Student	57,044	58,956	60,036	62,054	61,800	68,701	71,203	74,047	75,726	79,188
Administrative Support Services	11,283	8,786	8,812	8,948	8,625	9,408	9,641	9,761	10,157	10,374
Support Services - Nonstudent	49,445	49,366	49,887	50,344	49,626	50,233	47,394	47,884	54,896	63,971
Ancillary Services	1,204	1,424	1,987	2,128	2,227	1,965	1,682	2,069	2,109	2,391
Debt Service - Principal on long-term debt	48,480	50,860	58,918	58,165	67,180	70,215	56,610	65,715	73,210	76,765
Debt Service - Interest on long-term debt	38,747	39,361	48,048	48,354	47,692	45,878	43,632	41,817	38,150	36,918
Debt Service - Bond Issuance Costs and Fees	397	1,861	1,077	749	413	317	308	635	3,893	553
Facilities Acquisition & Construction	66,346	96,498	118,296	113,055	59,496	78,151	57,645	50,347	26,999	55,146
Intergovernmental Charges <sup>1</sup>	87,164	99,950	42,882	41,741	45,749	31,894	42,240	54,453	65,528	109,916
<b>Total Expenditures</b>	<b>\$ 685,984</b>	<b>\$ 740,163</b>	<b>\$ 729,164</b>	<b>\$ 731,880</b>	<b>\$ 667,619</b>	<b>\$ 680,718</b>	<b>\$ 663,438</b>	<b>\$ 691,277</b>	<b>\$ 710,037</b>	<b>\$ 800,293</b>

Capital Expenditures

\$ 53,887	\$ 77,375	\$ 103,874	\$ 99,845	\$ 47,012	\$ 66,635	\$ 46,794	\$ 42,925	\$ 15,018	\$ 44,498
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Debt service as a percentage of noncapital expenditure:

13.8%	13.6%	17.1%	16.9%	18.5%	18.9%	16.3%	16.6%	16.0%	15.0%
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<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. Prtg., 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)

**Exhibit S-6**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess of revenues over (under) expenditures	\$ (69,905)	\$ (98,483)	\$ (120,100)	\$ (97,274)	\$ (38,088)	\$ (90,433)	\$ (34,105)	\$ (21,472)	\$ 2,262	\$ (24,780)
Other financing sources (uses)										
Transfers In	9,247	7,446	7,222	5,129	4,087	3,085	11,838	24,940	37,232	4,773
Transfers Out	(7,192)	(5,580)	(4,694)	(3,086)	(2,589)	(1,588)	(9,706)	(22,957)	(35,625)	(3,150)
Bonds issued	58,280	179,999	136,975	-	92,840	53,740	-	-	-	257,210
Refunding bonds issued	33,305	-	-	108,815	46,115	27,805	74,750	43,250	303,360	-
Premiums on bonds issued	2,488	1,747	1,952	14,304	14,023	8,903	5,673	6,409	55,749	43,322
Payment to bond refunding agent	(36,299)	-	-	(122,845)	(54,638)	(30,132)	(81,699)	(49,496)	(358,425)	-
Insurance Proceeds	-	-	-	-	-	-	505	233	15,106	11,427
Sale of capital assets	-	-	-	1,800	-	-	-	400	19	-
Capital leases	-	228	-	-	-	-	-	-	-	-
Total other financing sources (uses)	59,829	183,840	141,455	4,117	99,838	61,813	1,361	2,779	17,416	313,582
Net change in fund balances	\$ (10,076)	\$ 85,357	\$ 21,355	\$ (93,157)	\$ 61,750	\$ (28,620)	\$ (32,744)	\$ (18,693)	\$ 19,678	\$ 288,802

## 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)

## Exhibit S-7

Fiscal Year	Actual Value				Less: Exemptions	Total Assessed Value	Total District Rate <sup>1</sup>
	Residential Property	Industrial Property	Rural Property	Personal Property			
2008	21,030,000	12,085,203	668,080	2,932,458	3,248,582	33,467,159	1.2684
2009	21,501,130	13,104,753	712,460	3,335,523	3,542,523	35,111,343	1.3034
2010	21,413,933	12,963,822	700,207	3,288,254	3,600,522	34,765,694	1.3284
2011	21,160,719	12,375,683	646,350	3,392,571	3,620,167	33,955,156	1.3534
2012	21,035,458	12,695,096	615,652	3,670,761	3,674,008	34,342,959	1.3734
2013	20,862,110	13,649,389	610,530	3,784,459	4,064,146	34,842,342	1.3734
2014	21,371,538	14,582,130	656,452	4,090,340	4,258,460	36,442,000	1.4530
2015	22,967,911	15,757,170	574,224	4,430,713	4,856,217	38,873,801	1.4480
2016	25,110,122	18,790,166	564,137	4,581,515	7,549,695	41,496,245	1.4390
2017	28,178,305	20,594,652	607,644	4,944,571	8,408,591	45,916,581	1.4390

Source: Collin County Tax Assessor Collector - Tax Roll Summary

<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)

**Exhibit S-8**

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
2008	1.0200	0.2484	1.2684	0.4735	0.2450	0.0870	0.5570	0.6179	0.7479	0.7046	0.3742	0.4683	0.3771	0.5752	0.8989
2009	1.0400	0.2634	1.3034	0.4735	0.2425	0.0865	0.5560	0.6179	0.7479	0.7046	0.3742	0.5183	0.3771	0.5752	0.8989
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
2015	1.1700	0.2780	1.4480	0.4886	0.2350	0.0819	0.5400	0.6153	0.7970	0.7046	0.3206	0.5500	0.3509	0.6351	0.8789
2016	1.1700	0.2690	1.4390	0.4886	0.2250	0.0819	0.5300	0.6128	0.7970	0.7046	0.3206	0.5500	0.3509	0.6351	0.8689
2017	1.1700	0.2690	1.4390	0.4786	0.2083	0.0812	0.5200	0.6037	0.7825	0.7046	0.3179	0.5100	0.3659	0.6251	0.8489

<sup>1</sup> Includes levies for operating and debt service



**Plano Independent School District**  
Principal Property Taxpayers  
Current Year And Nine Years Ago  
(Unaudited)

**Exhibit S-9**

<u>Taxpayer</u>	2017			2008		
	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>
Corporate Properties Trust I SPE#1 LLC	\$ 685,493,462	1	1.49 %	\$ -	-	%
Texas Instruments, Inc	426,412,466	2	0.93			
Health Care Service Corporation	257,500,000	3	0.56			-
Oncor Electric Delivery Company	244,619,037	4	0.53	217,120,709	1	0.67
Legacy West Investors LP	221,702,635	5	0.48	-		-
Bank of America, NA	194,745,453	6	0.42	-		-
Toyota Motor North America Inc	192,906,225	7	0.42	-		-
HP Enterprise Service,s LLC	178,540,755	8	0.39	138,210,883	4	0.43
394 Pacific DCD LLC	168,000,000	9	0.37			-
Silos Harvesting Partners, LP	162,498,535	10	0.35			
JC Penney Co Inc.			-	162,113,158	2	0.50
Countrywide Home Loans Inc.			-	144,658,191	3	0.45
Willow Bend Shopping Center LP			-	127,000,000	5	0.39
Legacy Campus LP			-	100,000,000	6	0.31
HSP of Texas Inc.			-	97,308,838	8	0.30
Ericsson			-	94,845,683	9	0.29
Alcatel USA Sourcing LP				82,135,055	10	0.25
Total	<u>\$ 2,732,418,568</u>		<u>5.95 %</u>	<u>\$ 1,163,392,517</u>		<u>3.61 %</u>
Total Taxable Value	\$45,916,580,666			\$32,254,750,285		

Source: Collin County Tax Assessor Collector

**Plano Independent School District**  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(Unaudited)

**Exhibit S-10**

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
2008	415,715,781	2,797,156	418,512,937	412,176,374	99.15	5,737,440	417,913,814	99.86
2009	447,941,075	69,881	448,010,956	441,638,332	98.59	5,962,012	447,600,344	99.91
2010	452,088,944	(1,291,954)	450,796,990	445,745,911	98.60	4,518,167	450,264,078	99.88
2011	449,428,766	(1,045,759)	448,383,007	444,404,742	98.88	3,599,318	448,004,060	99.92
2012	459,298,341	(2,141,722)	457,156,619	453,398,398	98.72	3,339,480	456,737,878	99.91
2013	466,912,198	(1,189,045)	465,723,153	461,906,257	98.93	3,371,103	465,277,360	99.90
2014	515,059,308	(427,234)	514,632,074	509,947,307	99.01	4,179,609	514,126,916	99.90
2015	546,185,299	(1,517,151)	544,668,148	540,145,891	98.89	3,885,468	544,031,359	99.88
2016	581,815,938	(678,834)	581,137,104	576,953,689	99.16	3,451,068	580,404,757	99.87
2017	639,881,781	(1,402,621)	638,479,160	634,181,327	99.11	-	634,181,327	99.33

**Plano Independent School District**  
 Outstanding Debt By Type  
 Last Ten Fiscal Years  
 (Unaudited)  
 (Dollars in thousands, except per capita)

**Exhibit S-11**

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							
2008	864,026	-	-	864,026	28,440	835,586	6%	2,698	2.50	2,609
2009	991,780	-	108	991,888	28,528	963,360	10%	3,085	2.74	2,996
2010	1,068,831	-	-	1,068,831	21,598	1,047,233	10%	3,299	3.01	3,233
2011	1,011,105	-	-	1,011,105	20,886	990,219	10%	3,119	2.92	3,055
2012	1,039,226	-	-	1,039,226	20,002	1,019,224	10%	3,187	2.97	3,126
2013	1,022,548	-	-	1,022,548	19,753	1,002,795	9%	3,119	2.88	3,059
2014	960,869	-	-	960,869	20,846	940,023	8%	2,897	2.58	2,834
2015	889,854	-	-	889,854	21,133	868,721	8%	2,626	2.23	2,564
2016	824,106	-	-	824,106	23,203	800,903	7%	2,406	1.93	2,338
2017	1,031,577	-	-	1,031,577	25,733	1,005,844	8%	2,968	2.42	2,894

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 Premium on Bond Issuance

**Plano Independent School District**

Direct And Overlapping Governmental Activities Debt

June 30, 2015

(Unaudited)

(Dollars in thousands, except per capita)

**Exhibit S-12**

<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>	\$ 332,367	85.58 %	\$ 284,440
Collin County Community College <sup>1</sup>	19,366	42.25	8,182
Collin County <sup>1</sup>	395,590	42.25	167,137
City of Allen <sup>1</sup>	88,835	3.56	3,163
City of Carrollton <sup>1</sup>	178,955	0.48	859
City of Dallas <sup>2</sup>	1,632,595	4.16	67,916
City of Garland <sup>1</sup>	268,080	0.19	509
City of Lucas <sup>1</sup>	7,100	5.69	404
City of Murphy <sup>1</sup>	32,061	71.22	22,834
City of Parker <sup>1</sup>	5,405	72.20	3,902
City of Richardson <sup>1</sup>	191,684	38.90	74,565
City of Wylie <sup>1</sup>	83,016	0.31	257
Subtotal, overlapping debt			634,168
<b>District gross bonded debt</b>			<u>1,031,577</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 1,665,745</u></u>

Sources: Debt outstanding data provided by each governmental unit. Data of overlapping percentages was provided by the Municipal Advisory Council of Texas.

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 2016.

<sup>2</sup> Reported as of entity's fiscal year end 2017.

**Plano Independent School District**

**Exhibit S-13**

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>
2008	3,346,716	823,581	2,523,135	24.61
2009	3,511,134	946,168	2,564,966	26.95
2010	3,476,569	1,029,514	2,447,055	29.61
2011	3,395,516	973,671	2,421,845	28.68
2012	3,434,296	1,003,229	2,431,067	29.21
2013	3,484,234	987,360	2,496,874	28.34
2014	3,644,200	925,944	2,718,256	25.41
2015	3,887,380	856,716	3,030,664	22.04
2016	4,149,625	793,531	3,356,094	19.12
2017	4,591,658	991,473	3,600,185	21.59

**Legal Debt Margin Calculation for Fiscal Year 2017**

Assessed Value		\$	45,916,581
Debt limit (10% of assessed value)			4,591,658
Total bonded debt	\$	1,031,577	
Less reserve for retirement of debt		40,104	
Debt applicable to limit			991,473
Legal debt margin	\$		3,600,185

**Plano Independent School District**  
Demographic And Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

**Exhibit S-14**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
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	324,169	9,984,522	30,800	7.60
2012	326,039	10,403,381	31,908	6.70
2013	327,830	10,934,607	33,355	6.00
2014	331,665	11,384,568	34,326	5.00
2015	338,849	11,625,338	34,308	3.70
2016	342,563	11,806,045	34,464	3.70
2017	347,580	12,185,621	35,058	3.60

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)

**Exhibit S-15**

Employer	2017			2008		
	Employees	Rank	Percentage Of Total District Employment	Employees	Rank	Percentage Of Total District Employment
Plano ISD	6,796	1	4.22 %	6,894	2	4.71 %
Capital One Finance	5,500	2	3.42	-	-	-
City of Plano	3,919	3	2.44	-	-	-
Bank of America	3,400	4	2.11	-	-	-
DXC Technology (formally HP)	3,250	5	2.02	-	-	-
Ericsson	3,200	6	1.99	-	-	-
Toyota Motor North America, Inc.	2,900	7	1.80	-	-	-
Frito-Lay	2,500	8	1.55	2,050	7	1.40
J.C. Penney Company, Inc.	2,420	9	1.50	4,850	4	3.31
Dell Services	2,250	10	1.40	-	-	-
Countrywide Home Loans				10,762	1	7.35
Electronic Data Systems				5,000	3	3.42
Perot Systems				2,732	5	1.87
Alcatel USA				2,280	6	1.56
CHC Acquisition Corp.				2,000	8	1.37
Dr. Pepper/Seven-Up Corp.				1,700	9	1.16
Texas Health Presbyterian Hospital				1,497	10	1.02
<b>Total</b>	<b>36,135</b>		<b>23.87 %</b>	<b>39,765</b>		<b>26.88 %</b>

Sources:  
Texas Workforce Commission provided total labor force numbers - 2017 (160,931); 2008 (146,386)  
Plano Economic Development Corporation provided 2017 Principal Employers.  
2008 data from PISD 2008 CAFR

**Plano Independent School District**  
 Full-Time Equivalent District Employees by Type  
 Last Ten Fiscal Years  
 (Unaudited)

**Exhibit S-16**

Instruction	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percent Change 2008 - 2017
Teachers	4,003	4,067	3,942	4,011	3,822	3,813	3,825	3,865	3,895	3,905	(3) %
Librarians	70	71	70	73	71	71	71	70	70	70	0
Educational Aides	648	661	629	622	580	573	559	568	581	609	(10)
Interpreters	17	12	13	9	12	13	17	14	14	15	(17)
Other Professionals (Instructional)	138	156	141	162	159	153	159	171	175	195	26
	<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>4,688</u>	<u>4,735</u>	<u>4,793</u>	<u>(3)</u>
<b>Campus Administration</b>											
Principal	68	68	68	71	71	72	72	72	72	72	6
Assistant Principal	87	90	89	92	87	88	92	95	102	103	17
Instructional Officer	8	8	10	10	10	10	8	8	8	8	0
Athletic Director	-	-	-	2	3	3	3	3	3	3	300
	<u>163</u>	<u>166</u>	<u>167</u>	<u>175</u>	<u>171</u>	<u>173</u>	<u>175</u>	<u>178</u>	<u>185</u>	<u>186</u>	<u>13</u>
<b>Student Services</b>											
Counselor	143	147	146	152	138	143	146	148	157	161	10
Educational Diagnostician	29	29	30	32	30	30	33	34	35	35	20
School Nurse	72	72	72	73	73	71	71	72	72	72	0
LSP/psychologist	13	14	14	14	14	13	12	10	13	13	(5)
Social Worker	9	10	10	9	8	8	9	10	10	11	11
	<u>266</u>	<u>272</u>	<u>273</u>	<u>279</u>	<u>263</u>	<u>265</u>	<u>271</u>	<u>274</u>	<u>287</u>	<u>291</u>	<u>8</u>
<b>Support and Administration</b>											
Superintendent, Deputy, Assoc. & Assistant	7	7	7	7	5	6	6	7	7	8	0
Non-Campus Professionals	208	211	223	223	216	222	224	229	228	239	10
Auxiliary Staff	1,375	1,216	1,301	1,342	1,239	1,250	1,219	1,276	1,306	1,279	(5)
	<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>1,512</u>	<u>1,541</u>	<u>1,526</u>	<u>(3)</u>
<b>Total</b>	<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>6,652</u>	<u>6,747</u>	<u>6,796</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)

**Exhibit S-17**

Fiscal Year	Enrollment <sup>1</sup>	Operating Expenditures <sup>2</sup>	Cost Per Pupil	Percentage Change	Expenditures Excluding Recapture	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
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 %
2015	54,689	532,762,942	9,742	5.58 %	486,159,231	8,890	3.73 %	3,865	14.1	31 %
2016	54,573	567,799,620	10,404	6.80 %	507,650,912	9,302	4.64 %	3,895	14.0	31 %
2017	54,173	631,440,924	11,656	12.03 %	526,755,209	9,724	4.53 %	3,905	13.9	31 %

<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)

**Exhibit S-18**

<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>District Average Salary</b>	<b>Statewide Average Salary</b>
2008	43,149	69,736	48,712	46,178
2009	44,251	71,122	49,669	47,158
2010	45,100	71,858	52,375	48,263
2011	46,150	71,858	51,741	48,639
2012	45,112	71,950	51,579	46,361
2013	46,700	73,137	52,245	48,821
2014	47,000	73,676	52,399	49,692
2015	48,500	74,003	53,800	50,715
2016	50,000	77,000	54,900	51,892
2017	51,000	78,499	56,180	52,525

## Sources:

Plano ISD 2016-2017 Compensation Plan Book  
TEA PEIMS Standard Reports

**Plano Independent School District**  
 School Building Information  
 Last Ten Fiscal Years  
 (Unaudited)

**Exhibit S-19**

Schools:	Fiscal Year										
	2005	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Elementary</b>											
Buildings	42	43	44	44	44	44	44	44	44	44	44
Square Feet	2,926,668	3,084,444	3,194,580	3,204,030	3,234,785	3,253,327	3,301,493	3,350,490	3,378,450	3,380,050	3,387,145
Enrollment	24,214	24,730	24,658	25,005	24,941	24,721	24,406	24,107	23,900	23,704	19,813
<b>Middle School</b>											
Buildings	12	12	12	13	13	13	13	13	13	13	13
Square Feet	1,805,997	1,814,967	1,817,526	1,970,926	1,979,618	1,980,339	1,980,339	1,980,339	1,980,479	1,980,479	1,980,479
Enrollment	12,055	12,151	12,476	12,459	12,640	12,706	12,730	12,621	12,447	12,498	12,429
<b>High School</b>											
Buildings	5	5	5	5	5	6	7	6	6	6	6
Square Feet	1,126,915	1,233,939	1,233,939	1,274,402	1,275,730	1,458,754	1,458,754	1,565,808	1,572,843	1,572,843	1,572,843
Enrollment	7,833	7,977	7,936	8,191	8,414	8,433	8,435	8,496	8,540	8,623	8,470
<b>Senior High School</b>											
Buildings	3	3	3	3	3	3	3	4	4	4	4
Square Feet	1,252,658	1,272,129	1,272,150	1,328,045	1,369,618	1,369,618	1,458,754	1,458,754	1,576,908	1,576,908	1,576,908
Enrollment	6,869	7,290	7,429	7,440	7,604	7,806	7,872	7,937	8,183	8,262	8,355
<b>Early Childhood Schools</b>											
Buildings	3	3	3	3	3	3	3	3	3	3	3
Square Feet	147,683	147,683	156,458	156,458	156,458	156,458	156,458	156,458	156,458	156,458	156,458
Enrollment <sup>1</sup>	1,385	1,435	1,704	1,844	1,971	1,993	1,742	1,661	1,619	1,486	1,619
<b>Total Schools</b>											
Buildings	65	66	67	68	68	69	70	70	70	70	70
Square Feet	7,259,921	7,553,162	7,674,653	7,933,861	8,016,209	8,218,496	8,355,798	8,511,849	8,665,138	8,666,738	8,673,833
Enrollment	52,356	53,583	54,203	54,939	55,570	55,659	55,185	54,822	54,689	54,573	54,173

**Plano Independent School District**  
 School Building Information  
 Last Ten Fiscal Years -- Continued  
 (Unaudited)

**Exhibit S-19**

	Fiscal Year										
	2005	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Other PISD Facilities:</b>											
<b>Other Educational Facilities -</b>											
Buildings	3	3	4	4	4	5	5	5	5	5	7
Square Feet	97,775	97,775	126,961	138,036	138,036	149,820	149,820	149,820	149,820	149,820	222,197
<b>Administrative</b>											
Buildings	5	6	6	6	6	6	6	6	6	6	6
Square Feet	211,866	223,271	223,271	223,271	223,271	223,271	204,199	204,199	204,199	204,199	204,199
<b>Facility Services</b>											
Buildings	4	4	4	4	4	4	4	4	4	4	4
Square Feet	142,389	142,389	142,389	148,662	148,662	148,662	148,662	148,662	148,662	148,662	148,662
<b>Athletics</b>											
Stadiums	6	6	6	6	6	6	6	6	6	6	6
Running Tracks	9	9	9	9	10	10	10	10	10	10	10
Tennis Courts	20	20	20	21	22	22	21	21	21	21	21
Softball Fields	5	3	3	3	4	4	4	4	4	4	4
Baseball Fields	7	7	7	7	8	8	8	8	8	8	8
Indoor Athletic Fields	3	3	3	3	3	3	3	3	3	3	3

Source: District Records

Notes:

- <sup>1</sup> Early Childhood School Enrollment - students are 1/2 day students
- <sup>2</sup> Reduction is due to recalculations of square footage of several facilities, most notably the removal of the Annex portion of the Cox Building (which is not owned by PISD) and the transfer of the Academy High School to the High School Buildings portion of this exhibit.

# **Reports on Internal Control, Compliance, and Federal Awards**

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Teamwork for Excellence



**P L A N O**  
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, 2017, 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 14, 2017.

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

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

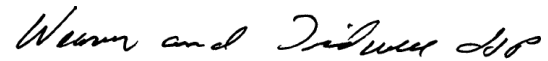
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Trustees  
Plano Independent School District

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 14, 2017



**Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance**

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 U.S. *Office of Management and Budget (OMB) 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, 2017. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

### 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 of compliance, 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 as a basis for designing 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 the Uniform Guidance, 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.

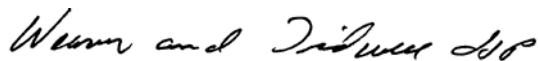
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that is considered a significant deficiency, as described in the accompanying schedule of findings and questioned costs as item [2017-001].

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

WEAVER AND TIDWELL, L.L.P.



Dallas, Texas  
November 14, 2017

**Plano Independent School District**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2017

**Exhibit K-1**

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		\$ 253,842
Total Direct Funding U.S. Department of Defense			253,842
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			253,842
<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	16-610101043910	136,449
ESEA Title I Part A - Improving Basic Programs	84.010A	17-610101043910	4,875,197
Total Title I - Part A Cluster			5,011,646
Title IV IDEA - Part B, Formula	84.027	16-6600010439106600	566,423
Title IV IDEA - Part B, Formula	84.027	17-6600010439106600	8,299,647
Title IV IDEA - Part B, Preschool	84.027	16-6610010439106610	5,053
Title IV IDEA - Part B, Preschool	84.027	17-6610010439106610	212,380
Title IV IDEA - Part B, High Cost Risk	84.027	16-660006043910	4,688
Title IV IDEA - Part B, High Cost Risk	84.027	17-660006043910	307,895
SSA - IDEA - Part B, Discretionary	84.027	16-6600020439106673	3,231
SSA - IDEA - Part B, Discretionary	84.027	17-6600020439106673	285,614
Total Special Education Cluster			9,684,931
Vocational Education - Basic Grant	84.048	17-420006043910	434,637
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	17-3911010439103911	9,485
Title III, Language Instruction LEP	84.365	16-671001043910	313,151
Title III, Language Instruction LEP	84.365	17-671001043910	1,119,953
Total Title III			1,433,104
ESEA Title II, Part A, Teacher & Principal Training	84.367A	16-694501043910	96,974
ESEA Title II, Part A, Teacher & Principal Training	84.367A	17-694501043910	718,696
Total Title II, Part A			815,670
Title IV Part A Summer School LEP	84.369	17-69550502	74,556
Total Passed Through State Department of Education			17,464,029
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			17,464,029
<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	707,671
Head Start	93.600	CH6042/41	301,250
Total Head Start Cluster			1,008,921
Medicaid Administrative Claim Program	93.778	16-043910	72,978
Total Direct Funding U.S. Department of Health and Human Services			1,081,899
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			1,081,899
			(continued)

**Plano Independent School District**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2017 -- Continued

**Exhibit K-1**

**U.S. DEPARTMENT OF AGRICULTURE**

Passed Through the State Department of Agriculture

National School Breakfast Program	10.553	17-043910	1,722,733
National School Lunch Program	10.555	17-043910	7,369,868
Commodity Food Distribution	10.555	17-043910	1,586,897
Summer Feeding Program	10.559	16-043910	1,373
Summer Feeding Program	10.559	17-043910	56,995

Total Child Nutrition Cluster 10,737,866

NSLP Training Assistance Grant 10.560 17-043910 750

Total Passed Through the State Department of Agriculture 10,738,616

**TOTAL U.S. DEPARTMENT OF AGRICULTURE** 10,738,616

**TOTAL EXPENDITURES OF FEDERAL AWARDS** \$ 29,538,386

(Concluded)

## Plano Independent School District

### Notes to Supplemental Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

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 the General Fund or Special Revenue Funds which are both Governmental Fund types. 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 performance 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 Performance, Part 3, Office of Management and Budget (OMB) Compliance Supplement.
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, 2017 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, 2017

5. The information in Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Single Audit Amendments of 1996 and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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	\$ 29,538,386
Reimbursements received from the Federal School Health and Related Services	4,847,811
Rebates received from the Federal Government for Build America Bonds	<u>1,677,421</u>
Total Federal Program Revenues per Exhibit C-3	<u>\$ 36,063,618</u>

6. The District has not elected to use the 10% de minimis indirect cost rate.

**Plano Independent School District**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2017

**I. Summary of the Auditor's Results:**

Financial Statements

- a. An unmodified 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 unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported in accordance with Uniform Guidance  Yes  No
- g. Identification of major programs:
- |                         |                        |
|-------------------------|------------------------|
| Child Nutrition Cluster | 10.553, 10.555, 10.559 |
| Head Start              | 93.600                 |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$886,152
- i. Auditee qualified as a low-risk auditee.  Yes  No

**Plano Independent School District**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

**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**

**Finding 2017-001**

**10.553, 10.555, 10.559** — Child Nutrition Cluster Department of Agriculture, passed through the State Department of Agriculture

**Special Tests and Provisions- Verification** — Significant Deficiency in Controls over Compliance and Compliance Finding

**Criteria** — According to the April 2017 OMB Compliance Supplement, the District must select and verify the required sample of approved free and reduced price applications and make the appropriate changes to eligibility status.

**Condition** — During our special tests and provisions testing, we identified five instances where the information included in the income support differed from the information entered by the District.

**Likely Questioned Costs** — \$996.51

**Context** — During our review of 24 applications, we noted 3 instances in which the amount entered did not match the income support and 2 instances in which the pay frequency entered did not match the income support.

**Effect** — Failure to properly input the correct information in the system led to one instance in which the student did not meet the requirements to be included as “Free” or “Reduced” and therefore should have been removed from the program, as well as, two instances in which the student did not meet the requirements to be included as “Free” and therefore should have been moved to “Reduced”.

**Cause** — There is no review of the verification calculations performed by the Administrative Assistant of Food and Nutrition.

**Recommendation** — We recommend that the District add a review of the verification calculations performed by the Administrative Assistant of Food and Nutrition.

**View of Responsible Officials** — See corrective action plan

**IV. Corrective Action Plan**

**Finding 2017-001 Special Tests and Provisions- Verification**

**Responsible Party** — Cynthia Lee

**Management Response** — Management acknowledges finding



## **Plano Independent School District**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

**Corrective Action** — Food and Nutritional Services will continue to review and update procedures for verification. Several professional learning and training opportunities will take place yearly to ensure compliance.

The following procedures are now in place to correct deficiencies for verification:

- Yearly professional learning and training
- Verification summary report will have three different staff to review, verify and sign off
- February 2018-the district internal auditor will review Food and Nutritional Services verification internal control process and continue to monitor periodically

**Expected Completion Date** — June 30, 2018

**Plano Independent School District**

Summary of Prior Year Audit Findings

Year Ended June 30, 2017

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

None