

Plano Independent School District

Plano, Texas

Comprehensive
Annual
Financial Report

Year Ended

June 30, 2018

Prepared By

Christie Tate
Director Accounting & Budget

Linda Madon
Executive Director of Financial Services

Teamwork for Excellence



P L A N O
Independent School District

Plano Independent School District
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2018
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Certificate Of The Board

Plano Independent School District

Collin

043-910

Name of School District

County

County-District No.

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and ✓ approved _____ disapproved for the year ended June 30, 2018 at a meeting of the Board of Trustees of such school district on the 13 day of November, 2018.



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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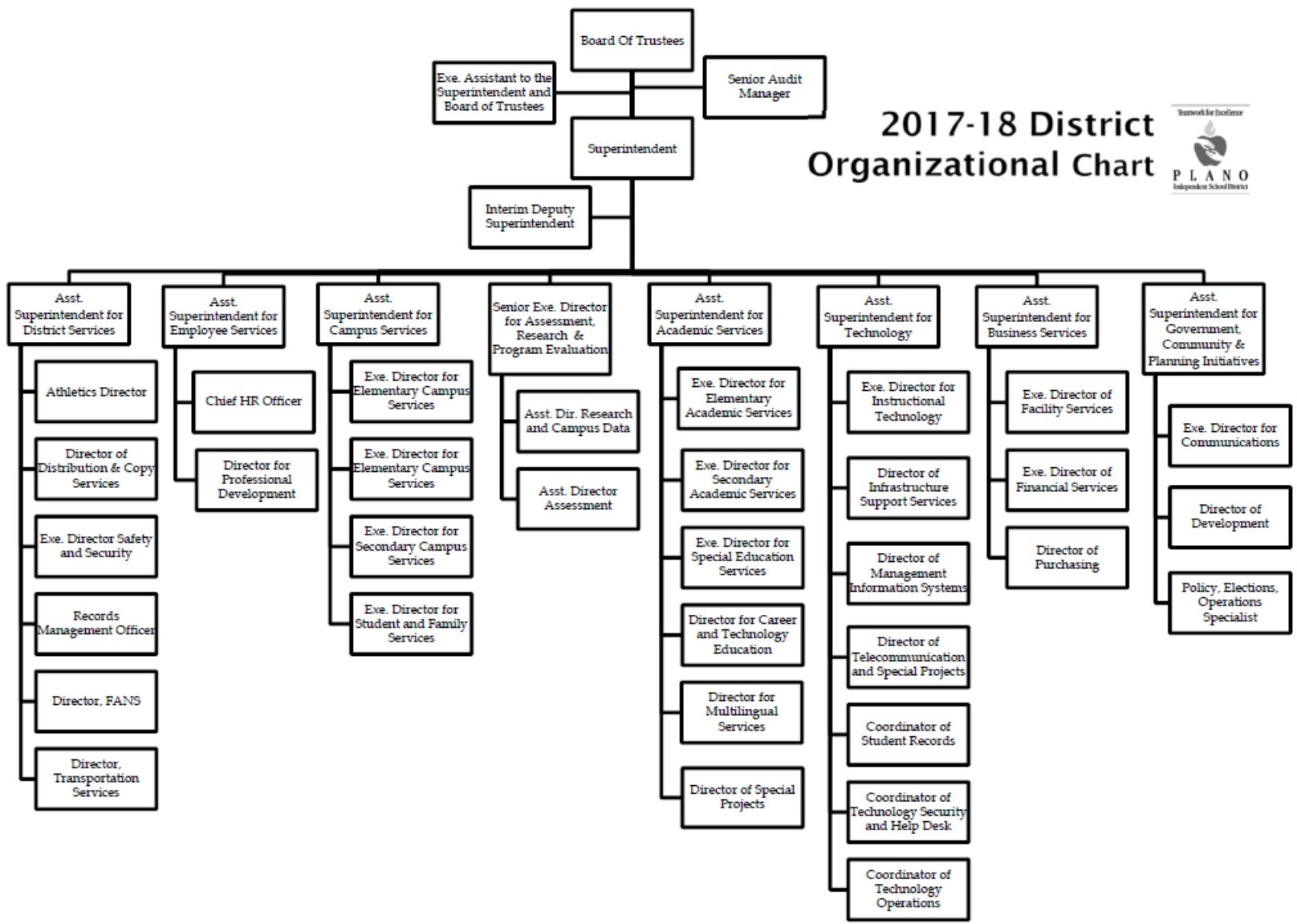
Board of Trustees

Name	Length of Service	Term Expires	Occupations
Missy Bender President	12 Years	May 2019	Community Volunteer
Yoram Soloman Vice President	3 Years	May 2019	Author, Speaker, Coach
Nancy Humphrey Secretary	8 Years	May 2021	Community Volunteer
Jeri Chambers Trustee	Newly Appointed	May 2021	Nonprofit Development Officer
Angela Powell Trustee	1 year	May 2021	Director of Administration
Tammy Richards Trustee	8 Years	May 2021	Nonprofit Chief Executive Officer
David Stolle Trustee	7 Years	May 2019	Attorney

Administrative Officials

Name	Position	Length of District Service
Sara Bonser	Superintendent *total school district experience 28 years	1 Year*
Dr. Theresa Williams	Chief Operating Officer *total school district experience 25 years	Since July 2018
Randy McDowell	Chief Financial Officer *total school district experience 26 years	1 Year*
Dr. Katrina Hasley	Assistant Superintendent for Academic Services *total school district experience 27 years	1 Year*
Susan Modisette	Assistant Superintendent for Campus Services *total school district experience 35 years	31 Years*
Dr. Kary Cooper	Assistant Superintendent for District Services	30 Years
Dr. Beth Brockman	Assistant Superintendent for Employee Services *total school district experience 25 years	1 Year*
Karla Oliver	Assistant Superintendent for Government, Community and Planning Initiatives *total school district experience 28 years	14 Years*
Dan Armstrong	Assistant Superintendent for Technology Services	28 Years
Dr. Dash Weerasinghe	Senior Exec. Director, Assessment, Research & Program Evaluation *total school district experience 23 years	10 Years*

2017-18 District Organizational Chart





November 13, 2018

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

Members of the Board:

The Comprehensive Annual Financial Report (CAFR) of the Plano Independent School District (District) for the year ended June 30, 2018, 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, 2018 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 53,000 students in state of the art facilities that include three early childhood schools for pre-kindergarten age students, 44 elementary schools with eleven offering pre-kindergarten classes, 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 9th-12th 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. The second bond issue of \$120.35 million (inclusive of bond premiums) were sold during the fiscal year ended June 30, 2018. 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 (\$99.41 in 2017-18). 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 \$39.44 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 2017 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.

2018-19 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 12, 2018. 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 4, 2018 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, 2018. The independent auditors' report has been included in this report at the front of the financial section.

Awards

In 1999, the 76th Texas Legislature, approved legislation requiring the commissioner of education in consultation with the comptroller of public accounts to develop a rating system for school district financial accountability. The 77th Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of Texas. The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. Plano Independent School District has received a Superior 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, 2017. The District received this prestigious award for the thirty fifth consecutive year in 2018.

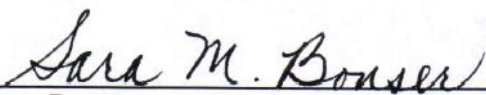
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable 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, 2018 to GFOA to determine its eligibility for another certificate.

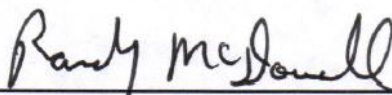
Acknowledgments

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.



Sara Bonser
Superintendent



Randy McDowell
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, 2017

Christopher P. Morrill

Executive Director/CEO

Financial Section

Teamwork for Excellence



P L A N O
Independent School District

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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 11. and Note 16. to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, TRS pension and other postemployment benefits schedules, and the notes to the required supplementary information on pages 7 through 20, 76, 77 through 80, and 81 through 83, 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, 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.

Board of Trustees
Plano Independent School District

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018, 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 13, 2018

Teamwork for Excellence



P L A N O
Independent School District

**Plano Independent School District
Management's Discussion and Analysis
For The Year Ended June 30, 2018
(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, 2018. 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 \$255.7 million. The net assets of the District decreased by \$197.2 million during the year ended June 30, 2018. Primarily due to the implementation of GASB 75 (*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*).

The District's governmental funds financial statements reported a combined ending fund balance of \$610.1 million. Of this amount, the General Fund has a total of \$242.8 million, of which \$1.1 million is nonspendable, \$15.3 million is assigned, and \$226.4 million is unassigned and available for spending at the District's discretion. Fund balance of \$349.4 million is restricted for use by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$17.9 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 3, 2017, \$108,020,000 of Unlimited Tax School Building bonds were sold.

This amount along with a bond premium of \$12,333,985 allocated to bond projects, leaves the District with \$89 million of authorized, but unissued bonds as of June 30, 2018.

During fiscal year 2018 preliminary planning for a new Fine Arts Center continued and is scheduled to begin construction in late 2018. The District continued work on the renovation of Shepton High School and began working on the renovation at Robinson Middle School. Refurbishment projects continued at Gulledge, Miller and Barksdale Elementary Schools and Wilson Middle School. Several roofing and flooring projects were completed as well. As of June 30, 2018, the District had several active construction projects that are 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

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	All activities of the District (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses.	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> ◆ Statement of net assets ◆ Statement of activities 	<ul style="list-style-type: none"> ◆ Balance sheet ◆ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ◆ Statement of net assets ◆ Statement of revenues, expenses and changes in fund net assets ◆ Statement of cash flows 	<ul style="list-style-type: none"> ◆ Statement of fiduciary net assets ◆ Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Financial Analysis of the District as A Whole

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 \$255.7 million at June 30, 2018. The largest portion of Net Position, \$302.4 million, 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, \$33.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of Unrestricted Net Position may be used to meet the government's ongoing obligations.

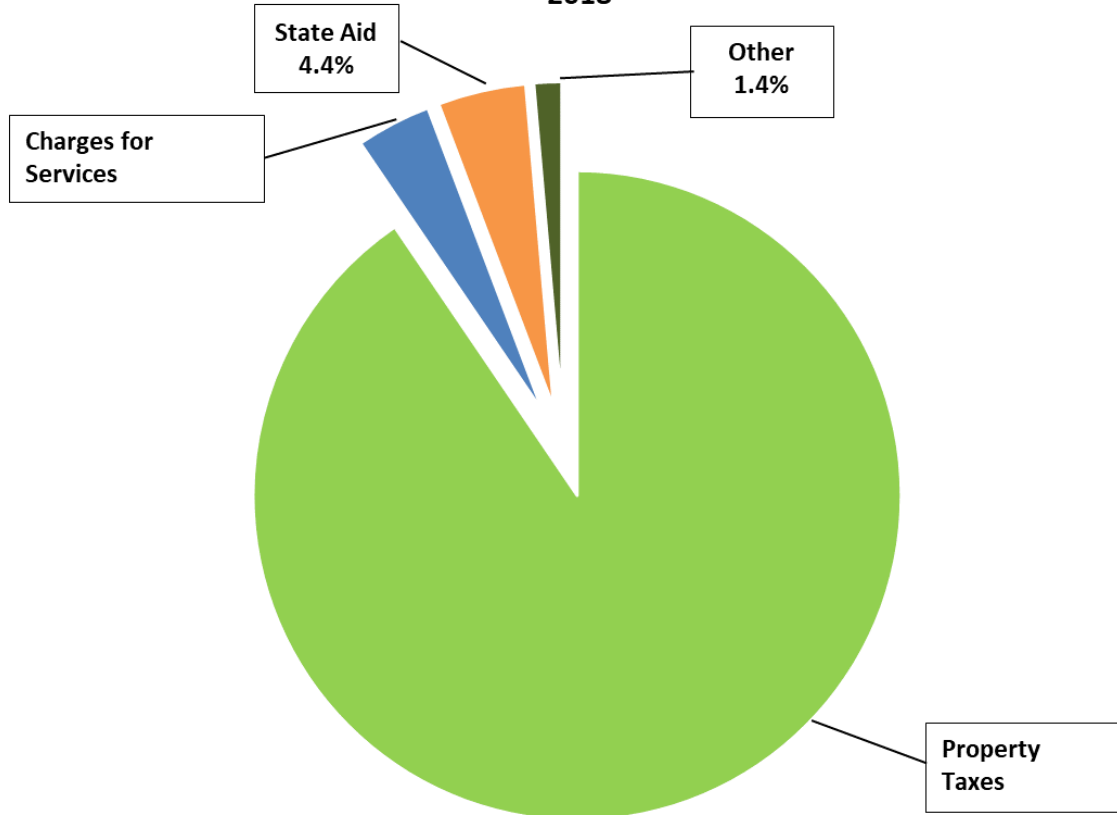
The District's Net Position

	Governmental Activities As of June 30, 2018	Governmental Activities As of June 30, 2017	Business Type Activities As of June 30, 2018	Business Type Activities As of June 30, 2017
Current and other assets	\$ 776,681,616	\$ 691,751,577	\$ 605,307	\$ 842,986
Capital assets	1,023,193,699	980,579,531	9,245	-
Total assets	1,799,875,315	1,672,331,108	614,552	842,986
Deferred outflows of resources	59,269,008	24,141,872	-	-
Current liabilities	175,525,410	125,490,374	434,730	596,282
Long term liability	1,335,782,719	1,153,002,953	-	-
Total liabilities	1,511,308,129	1,278,493,327	434,730	596,282
Deferred inflows of resources	92,286,190	7,350,406	-	-
Net position:				
Invested in capital assets				
net of related debt	302,391,732	257,189,793	9,245	-
Restricted	33,742,610	35,304,197	-	-
Unrestricted	(80,584,338)	160,169,015	170,577	246,704
Total net position	\$ 255,550,004	\$ 452,663,005	\$ 179,822	\$ 246,704

Changes in net position. The District's total revenues were \$783.8 million. The most significant portion (90.5%) of the District's revenue comes from property taxes. (See Figure 1) State aid comprised 4.4% and Charges for Service equaled 3.7%. All remaining sources combined for the remaining 1.4%. The total cost of all programs and services was \$664.2 million.

Figure 1 graphically depicts the sources of governmental activities revenue for the fiscal year ending June 30, 2018. 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 directed by the State of Texas to calculate state aid.

Figure 1
Governmental Activities Revenue by Source for the fiscal year ended June 30, 2018



Government-Wide Activities In fiscal year 2018, the District implemented the Governmental Accounting Standards Board (GASB) Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* – which superseded GASB Statement No. 45.

Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined benefit other post employment benefits (OPEB) plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the implementation of this statement has no impact on the District's governmental fund financial statements. However, implementation has resulted in certain changes to the presentation of the financial statements of the District's government-wide financial statements. More information on the implementation of this statement and the District's OPEB plan is available in Note 11 and Note 16 respectively.

The total cost of all government-wide activities for the year ended June 30, 2018 was \$664.2 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 \$656.5 million.
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. These program revenues amounted to \$9 million.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$647.5 million which was funded from property taxes and other local sources.

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

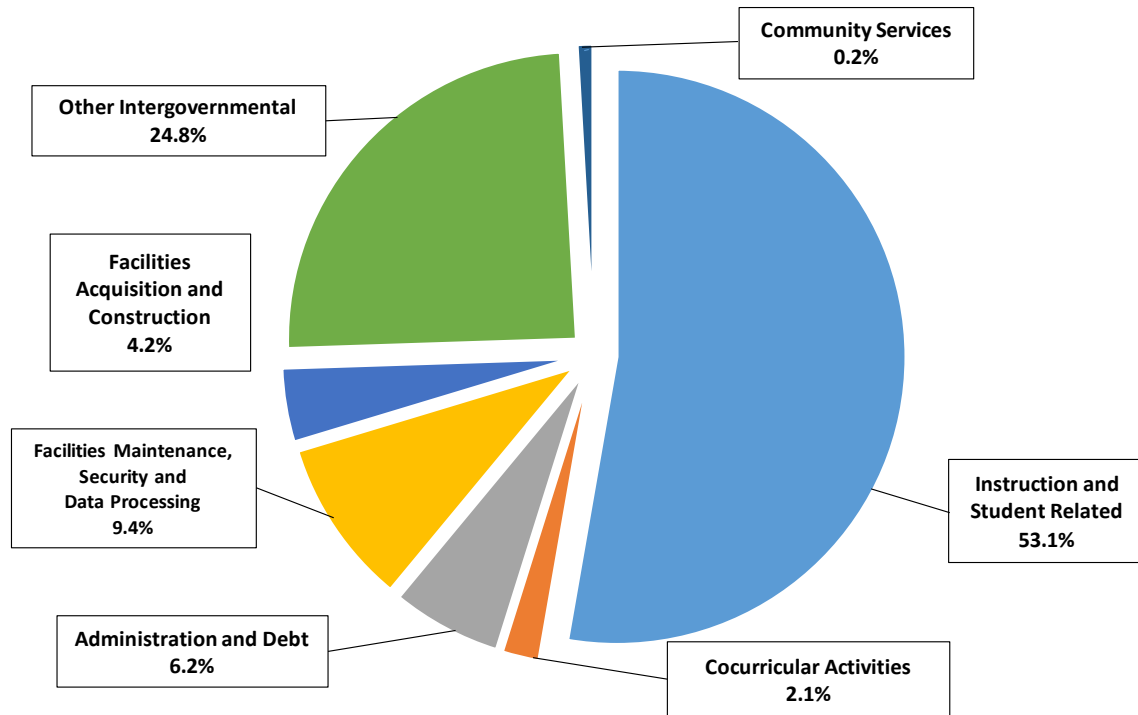
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services	Net Cost of Services
Instruction	\$257.5	\$271.4
Contracted instructional services between schools	157.1	157.1
Plant maintenance & operations	51.6	51.4
Debt service interest on long term debt	31.1	29.7
School leadership	20.8	24.0
Food services	20.4	2.6

Change in Net Position

	Governmental Activities FY 6/30/18	Governmental Activities FY 6/30/17	Business-Type Activities FY 6/30/18	Business-Type Activities FY 6/30/17
Revenue				
Program revenues				
Charges for services	\$ 19,072,578	\$ 20,012,802	\$ 10,232,322	\$ 10,049,469
Operating grants and contributions	(10,067,886)	70,957,664	-	-
General revenues				
Property taxes	709,226,576	640,421,626	-	-
State aid - formula	34,442,260	38,967,197	-	-
Interest income	11,051,271	4,376,592	41,330	21,532
Other	9,814,035	11,620,621	-	-
Total revenues	773,538,834	786,356,502	10,273,652	10,071,001
Expenses				
Instruction and Instructional - related services	271,708,390	369,305,192	-	-
Instructional and school leadership	23,615,680	32,520,204	-	-
Support services - student	67,026,339	83,713,237	-	-
Administrative support services	8,892,969	10,727,100	-	-
Support services - nonstudent based	61,652,197	63,302,401	-	-
Ancillary services - community service	1,395,322	2,606,928	-	-
Debt service	31,474,562	30,103,720	-	-
Other facility costs	27,888,685	18,345,584	-	-
Intergovernmental charges	162,880,469	109,915,562	-	-
Concessions	-	-	249,429	270,652
Employee child care	-	-	1,503,704	1,380,828
After school care	-	-	5,958,494	5,944,855
Total expenses	656,534,613	720,539,928	7,711,627	7,596,335
Excess (Deficiency) before transfers	117,004,221	65,816,574	2,562,025	2,474,666
Transfers in (out)	2,628,907	2,422,889	(2,628,907)	(2,422,889)
Change in net position	119,633,128	68,239,463	(66,882)	51,777
Beginning net position	452,663,005	384,423,542	246,704	194,927
Cumulative effect of change in accounting principle	(316,746,129)	-	-	-
Ending net position	\$ 255,550,004	\$ 452,663,005	\$ 179,822	\$ 246,704

Figure 2
Governmental Activities Expenses by Source for the fiscal year ended June 30, 2018



The decrease in the ending net position for Governmental Activities of \$197.2 million is due to the prior period adjustment required with the implementation of GASB 75 (Postemployment Benefits Other Than Pensions). Revenue for Governmental Activities decreased by \$12.6 million during fiscal year 2018.

- Property taxes increased \$68.8 million due to a 9.9% increase in taxable property values.
- Investment earnings increased \$6.7 million due to an active investment program along with increases in interest rates throughout the fiscal year.
- The most significant reduction was in Program Revenue for Operating Grants due to the impact of GASB 75 entries that resulted in an \$81 million reduction.
- State Aid decreased by \$4.5 million due in part to a decrease of \$183 per daily attendance funding from the Available School Fund Program in the first year of the biennium. State Aid for Homestead Exemption declined by \$347,989 along with a reduction of \$2.7 million in the Instructional Materials Allotment due to the textbook funding allocation being significantly higher in the previous fiscal year.

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 decrease of \$64 million due to impact of GASB 75 implementation. All functional categories except Debt Service had large decreases due to reduction of expenses with the recognition of the Other Post Employment Benefit (OPEB) liability. The reduction in expenses was largest in the functional categories with the most employees. Additional key factors combined with the GASB 75 implementation to account for the decrease.

- Instruction and Instructional Related Services decreased \$97.6 million. The GASB 75 reduction to expenses in this category was the largest at \$116.8 million due to the majority of employees accounted for in this category. Offsetting the decrease was increases in this category including a 3% raise, additional staffing associated with expansion of the District's Pre-Kindergarten program, Special Education Staffing and additional substitute teachers to allow for expanded teacher planning time.

- The \$1.4 million increase in Debt Service is due to an increase in bond principal payments related to new bond issues in 2016 and 2017.
- The increase in Other Facility Costs of \$9.5 million is due to the availability of bond proceeds during fiscal year 2018 for renovations, technology and security projects.
- As a direct result of the increase in property tax revenue, Contracted Instructional Services Between Schools (Recapture) increased by \$52.4 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 decreased by \$66,882. This decrease is primarily due to changes within two of the business type activities.

- During fiscal year 2018, participation increased in the two existing Employee Child Care centers along with preparations to open a third center. While this resulted in increased revenues, expenses increased due to start-up costs of hiring and training of staff for the new center. Utilities and contracted custodial cost came online for the new center mid-way through the fiscal year. Supply replacement and the number of catered lunches increased as well which resulted in a decrease in Net Position of \$56,977.
- Concessions saw a decrease in their net position of \$10,175 due to reduced revenues.

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 \$840.8 million for the year ended June 30, 2018. Property taxes were the largest source of revenue received by the District. Increase property tax revenue account for the majority of the \$65.3 million increase in Local Revenue.

- The total property tax rate for the district remained constant at \$1.439 for fiscal year 2018. 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 9.9%. While the tax rate was constant, when applied against the increased property value the result was an increase in M&O tax revenue of \$55.6 million and Debt Service tax revenue of \$12.7 million for a total increase in tax revenue of \$68.3 million. Note, the increase in M&O tax revenue as compared to the increase in the District's recapture payment to the State of \$52.4 million.

State revenue decreased by \$6.2 million.

- State Aid decreased due to a decrease of approximately \$183 per average daily attendance funding from the Available School Fund Program in the first year of the biennium for a total decrease of \$2.8 million. State revenue received to hold districts harmless from a state mandated increase in the Homestead Exemption declined by \$347,989. Additional decreases were seen in State revenue in Other Funds due to a decrease in funding for the Instructional Materials Allotment of \$2.7 million along with an additional \$476,579 decrease in other state program revenue.

Federal revenues decreased by \$532,624.

- SHARS Medicaid revenue decreased \$815,930. Increases and decreases occurred in several federal grants. Increases in Title IV- Summer School LEP and National School Lunch & Breakfast programs along with a decrease in Title III - Language Instruction primarily account for reduction in federal revenues.

Expenditures for general governmental operations totaled \$937.9 million during fiscal year 2018 for an increase of \$137.6 million.

- Contracted Instructional Services between Schools (Recapture) increased by \$52.4 million as previously discussed.
- Facilities, Acquisition and Construction expenditures increased by \$50.6 million as the District continued the implementation of the Bond Program authorized in May 2016.
- Debt Service principal and interest payments increased \$19.4 million due to recent bond issuances in 2016 and 2017.
- Most other areas realized increases due primarily to a 3% salary increase and additional positions added in Instruction associated with expansion of the District's Pre-Kindergarten program, Special Education Staffing and additional substitute teachers to allow for expanded teacher planning time.

The governmental funds reported a combined fund balance of \$610.0 million. Out of the combined fund balances, \$226.4 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, 2018 consist of:

	<u>As of 6/30/18</u>	<u>As of 6/30/17</u>
Nonspendable		
Inventories	\$ 1,327,988	\$ 1,423,252
Prepaid items	4,555	4,425
Restricted		
Debt service	41,226,830	40,104,413
Capital projects	308,165,254	288,931,479
Food service	7,493,658	6,759,968
State special revenue	761,962	2,556,089
Committed		
Local special revenue	9,412,278	9,612,365
Assigned		
Purchases on order	15,302,688	11,331,903
Unassigned	<u>226,358,260</u>	<u>214,764,507</u>
Total Fund Balance	<u>\$ 610,053,473</u>	<u>\$ 575,488,401</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 \$226.4 million. Encumbrances in the amount of \$15.3 million were assigned. Unassigned fund balance available for the general operations of the District represents 35.4% of the total general fund expenditures while total fund balance represents 37.9% of the same amount.

The Capital Project Fund has a total fund balance of \$308.2 million. This entire amount is restricted for future construction. The fund balance increased by \$19.2 million as a result of the combination of additional bonds issued in August 2017 and significantly increased expenditures from increased construction project activity.

The Debt Service fund balance increased by \$1.1 million. As of June 30, 2018, the August 2018 payment is neither expended nor accrued.

The Special Revenue Funds have a total fund balance of \$17.9 million. Nonspendable fund balance of \$238,452 is invested in inventory. Fund balance is restricted for food service in the amount of \$7.5 million, for state special revenue in the amount of \$761,962 with the remaining balance of \$9.4 million committed for local special revenue funds. Approximately 53% of the total fund balance is from activity in several local special revenue funds. Of the remaining balance, 41.8% is restricted for use by food service with 4.3% 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, 2018 was \$179,822. Net position for the 2018 year decreased by \$66,882. The decrease is due to decreases in Net Position for employee child care operations of \$56,977 and Concessions operations of \$10,175.

Net Position in the Internal Service Funds as of June 30, 2018 was approximately \$3.0 million. The majority of this amount is unrestricted to be used for future expenses in the health benefits, unemployment and Sign Shop internal service funds. Net Position decreased by \$24,180 during fiscal year 2018. This decrease is attributable to the combination of decreases in net position for worker's compensation, unemployment and insurance claims that was offset in large part by increases in the Print Shop and Health Benefits internal service funds.

- The Worker's Compensation Fund was funded for six months of the year, which resulted in the decrease in net position of \$322,288.
- 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 2018 being \$49,242.
- The Insurance Claims Internal Service Fund received a transfer in of \$200,000 during the previous fiscal year to fund multiple repairs that were under the insurance deductible. In fiscal year 2018, no such transfer was made which resulted in the decrease in net position of \$52,046.
- The Health Benefits Internal Service Fund Net Position increased by \$191,497 due primarily to a larger transfer in from the General Fund to cover overhead cost exceeding net operating loss.
- The Print Shop Internal Service Fund Net Position increased \$208,687 due to an increase in operating revenues as a result of a price increase for services during fiscal year 2018.

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. As local tax revenue increases due to higher property values the State share of revenue decreases. The 2017 Texas Legislature made no change to the basic allotment per WADA for the 2017–19 biennium.

The only increase benefitting the District from the 2017 Legislative session was an increase in the guaranteed yield for Tier II, Level 1 funding as the six pennies in this funding level are not subject to the State equalization formula. This resulted in a \$5.1 million increase in funding under the Foundation School Program for fiscal year 2017-18. During the 1st Called Special Session of the 2017 Legislature, House Bill 21 was passed establishing the Texas Commission on Public School Finance. The Commission was charged to develop and make recommendations for improvements to the current public school finance system or for new methods of financing public schools in Texas. The District's Board of Trustees President testified before the Commission to represent the district's case for property tax transparency and needed relief for school districts subject to the state's equalization wealth limit. The Commission's final report is due by December 31, 2018 ahead of the 2019 Legislative Session. The District adopted its 2017-18 budget on June 6, 2017. The 2017-18 General Fund budget was adopted with appropriations and other uses of \$641.3 million exceeding revenue and other sources of \$634.5 million by \$6.8 million. Revenue and Other Sources increased by \$30.3 million when compared to the 2016-17 amended budget. This overall net increase was the result of increases in property tax revenues of \$39.4 million due to increased property values, \$1.8 million increase in investment revenue due to higher interest rates and a \$1.25 million increase in TRS On-Behalf in kind revenue. These increases were offset by an \$8.4 million decrease in other sources due to nonrecurring hail storm insurance proceeds received in 2016-17 and by a net decrease in state aid of \$3.8 million due to a decrease in the Per Capita allocation.

Appropriations and other uses reflected an increase of \$35.6 million. The appropriations budget included \$14.2 million in increased payroll costs associated with increased instructional and campus administrator staffing along with a 3% compensation increase and \$20 per month increase to insurance cost. TRS On-Behalf payment made by the State increased \$1.25 million. Capital Outlay budget was reduced by \$3.4 million primarily from appropriation of insurance proceeds to repair/replace hail damaged facilities in 2016-17. Recapture payments to the state included a budgeted \$46 million increase due to the increased property values. Facility Maintenance decreased by \$22 million related to repairs of facilities damaged in the hail storms in 2016-17.

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 \$19.6 million. Local revenue increased by \$18.4 million with \$13.5 million of the increase due to certified values exceeding preliminary values on which the budget was adopted. Investment earnings primarily account for the remaining increase with \$3.3 million due to increased interest rates. State revenue increased in total by \$1.1 million due to increased Foundation School Program revenue received through the State Finance formula.

Final results indicate actual expenditures were \$9.3 million below final budgeted amounts. Essentially, the entire positive variances (\$9.2 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. The budgeted appropriation for payments due to the State in Contracted Instructional Services between Schools (Recapture) was below the amount due by \$1.8 million. This variance is due to a timing issue with final weighted average daily attendance not available at the time the final amended budget was prepared. With the exclusion of the unusual occurrence in Facilities Acquisition and Construction function, the budget would have been balanced.

Capital Assets and Debt Administration

Capital Assets As of June 30, 2018, the District had invested \$1,023,202,944 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.

	As of 6/30/18	As of 6/30/17
Land and improvements	\$ 146,049,745	\$ 137,631,295
Buildings and improvements	1,340,749,558	1,322,335,681
Construction in progress	71,164,605	20,224,392
Furniture, equipment, & vehicles	118,682,478	115,075,751
Totals	1,676,646,386	1,595,267,119
Total accumulated depreciation	<u>(653,443,442)</u>	<u>(614,687,588)</u>
Net capital assets	<u>\$ 1,023,202,944</u>	<u>\$ 980,579,531</u>

The year's major capital asset additions include the completion of the refurbishment at Rose Haggard Elementary and additions at Wells Elementary and Guinn Center. Additionally, flooring projects at Armstrong and Renner Middle Schools and Thomas Elementary were completed. Roof improvements at Schimelpfenig Middle School, along with refurbishments at Brinker and Daffron Elementary Schools, were completed. Turf and track upgrades at Plano Senior, Plano East and Plano West Senior High Schools as well as at Clark and Williams Stadiums were completed. The building waterproofing at the Academy High School was also completed. 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, 2018, the District had total bonded debt outstanding of \$1.05 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 \$108,020,000 of Series 2017 Unlimited Tax School Building Bonds on August 3, 2017. Net bonded debt per capita increased to \$2,936 and the ratio of net bonded debt to assessed value increased to 2.46 percent.

The District has authorized unissued bonds as of June 30, 2018 in the amount of \$89,000,000. During the year, the District issued \$108,020,000 of Series 2017 Unlimited Tax School Building Bonds. The bonds were issued at a premium, with a total of \$120,353,985 counting against voter authorization. The District continues to enjoy excellent bond ratings. Rating agency reviews were conducted in June 2017 in conjunction with the issuance of the Series 2017 Unlimited Tax School Building Bonds issued on August 3, 2017. Moody's Investors Service, Inc. assigned an underlying rating of Aaa while Standard and Poor's Corporation assigned an underlying rating of AA+ with a stable outlook to the district's debt obligations.

Interest earnings on proceeds from debt are subject to arbitrage regulations contained in the Federal Tax Reform Act of 1986. As of June 30, 2018, 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. Certified taxable property values reported in the summer of 2018 grew by \$4.4 billion (8.6%) from 2017 and now totals \$55.5 billion. Of this growth, \$1.05 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. Other headquarters that recently opened include Liberty Mutual Insurance with 5,000 employees, JPMorgan Chase & Co with 6,000 employees, FedEx with 1,200 employees along with the Renaissance Hotel with 304 rooms. Overall, Legacy West is on track to match downtown Dallas in employment. According to the Plano Economic Development board, daytime workforce is up to around 100,000 currently. 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 2018-19 budget on June 12, 2018. The 2018-19 General Fund budget was adopted with revenues and other sources of \$697.7 million, appropriations and other uses of \$700.7 million. The resulting \$3 million deficit is expected to be more than offset by underspending of appropriations which has historically been 2% or more. Revenue and other sources increased by \$71.1 million when compared to the 2017-18 adopted budget. The majority of the increase, \$59.2 million, is attributable to property tax increases due to the previously mentioned property value growth along with increases in State aid from the Available School Fund rate increase of \$7.9 million and in investment revenue of \$3.5 million due to higher interest rates. Appropriations and other uses reflect an increase of \$67.3 million when compared to the 2017-18 adopted budget. The change in appropriations is primarily due to the following:

- Increase in recapture payment to the State of \$57.4 million due to rising property values and the State's equalization system.
- Increase in salary and benefits of \$7.6 million due to a 3% pay raise and increased staffing primarily targeted to high need campuses/students.
- Increase of \$1.7 million in Maintenance and Operations, which includes an increase in custodial services due to the CPI increase and added square footage, increases in trash and recycling services and district maintenance initiatives.
- Increase of \$1.6 million in security to expand the School Resource Officer program and other security initiatives.
- A decrease of \$1.1 million in transportation to more accurately reflect costs.

On September 4, 2018 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 2017-18. Due to the favorable interest rates and increase in property values, the District is able to maintain the same debt service tax rate even with the issuance of \$13,655,000 Series 2018 Unlimited Tax Bonds on September 18, 2018. The debt service fund has a balanced budget of \$143.9 in revenue and appropriations for 2018-19.

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 Director of Accounting, at 2700 W. 15th Street, Plano, Texas 75075, or call (469) 752-8118 or 8115.

Basic Financial Statements

Teamwork for Excellence



P L A N O
Independent School District

Plano Independent School District
Statement of Net Position
June 30, 2018

Exhibit A-1

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business Type Activities	Total
ASSETS				
1110	Cash and investments	\$ 742,308,526	\$ 566,231	\$ 742,874,757
1220	Property taxes receivable (delinquent)	10,226,134	-	10,226,134
1230	Allowance for uncollectible taxes	(3,600,359)	-	(3,600,359)
1240	Due from other governments	24,820,014	-	24,820,014
1250	Accrued interest	1,116,332	502	1,116,834
1290	Other receivables, net	277,395	38,574	315,969
1300	Inventories	1,327,988	-	1,327,988
1410	Deferred expenses	205,586	-	205,586
	Non-current assets:			
	Capital assets:			
1510	Land	90,506,303	-	90,506,303
1520	Buildings, net	803,613,679	-	803,613,679
1530	Furniture and equipment, net	26,774,538	9,245	26,783,783
1540	Other capital assets, net	31,134,574	-	31,134,574
1580	Construction in progress	71,164,605	-	71,164,605
1000	Total assets	1,799,875,315	614,552	1,800,489,867
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred charge for refunding	17,083,735	-	17,083,735
1705	Related to the TRS pension	38,025,038	-	38,025,038
1706	Related to the TRS OPEB	4,160,235	-	4,160,235
1700	Total deferred outflows of resources	59,269,008	-	59,269,008
LIABILITIES				
2110	Accounts payable	39,841,930	196,344	40,038,274
2140	Interest payable	16,662,687	-	16,662,687
2150	Payroll deduction and withholdings	4,515,576	-	4,515,576
2160	Accrued wages payable	52,554,044	133,836	52,687,880
2180	Due to other governments	46,539,163	-	46,539,163
2200	Accrued expenses	2,449,772	-	2,449,772
2300	Unearned revenues	12,962,238	104,550	13,066,788
	Non-current liabilities:			
2501	Due within one year	95,435,937	-	95,435,937
2502	Due in more than one year	954,834,423	-	954,834,423
2540	Net pension liability (District's share)	104,113,028	-	104,113,028
2545	OPEB liability (District's share)	181,399,331	-	181,399,331
2000	Total liabilities	1,511,308,129	434,730	1,511,742,859
DEFERRED INFLOWS OF RESOURCES				
2605	Related to the TRS pension	16,406,507	-	16,406,507
2606	Related to the TRS OPEB	75,879,683	-	75,879,683
2600	Total deferred inflows of resources	92,286,190	-	92,286,190
NET POSITION				
3200	Net investment in capital assets	302,391,732	9,245	302,400,977
	Restricted for:			
3820	Restricted for state programs	761,962	-	761,962
3840	Restricted for food service	7,493,658	-	7,493,658
3850	Restricted for debt service	25,486,990	-	25,486,990
3900	Unrestricted net position	(80,584,338)	170,577	(80,413,761)
3000	TOTAL NET POSITION	\$ 255,550,004	\$ 179,822	\$ 255,729,826

The Notes to the Financial Statements are an integral part of this statement.

Plano Independent School District

Statement of Activities

Year Ended June 30, 2018

Data Control Codes		Expenses	Program Revenues	
			3 Charges of Services	4 Operating Grant and Contributions
	Primary Government			
	GOVERNMENTAL ACTIVITIES			
11	Instruction	\$ 257,538,032	\$ 3,613,951	\$ (17,511,588)
12	Instructional resources and media services	6,367,641	-	(703,390)
13	Curriculum and instructional staff development	7,802,717	18,274	950,563
21	Instructional leadership	2,857,580	-	(11,768)
23	School leadership	20,758,100	-	(3,250,475)
31	Guidance, counseling and evaluation services	15,504,917	-	(1,748,490)
32	Social work services	1,247,949	-	(222,381)
33	Health services	4,252,820	-	(627,542)
34	Student (pupil) transportation	11,969,631	-	(1,483,322)
35	Food services	20,423,172	12,908,495	10,121,941
36	Extracurricular activities	13,627,850	1,450,495	4,191,322
41	General administration	8,892,969	49,646	(1,031,044)
51	Facilities maintenance and operations	51,573,158	1,016,488	(857,245)
52	Security and monitoring services	3,617,721	-	46,143
53	Data processing services	6,461,318	-	(347,340)
61	Community services	1,395,322	15,229	134,831
72	Debt service - interest on long term debt	31,147,249	-	1,433,802
73	Debt service - bond issuance costs and fees	327,313	-	-
81	Other facility costs	27,888,685	-	3,302
91	Contracted instructional services between schools	157,110,088	-	-
92	Incremental costs associated with Chapter 41	1,249,423	-	-
93	Payment to fiscal agent/member districts of SSA	1,118,860	-	844,795
95	Payments to juvenile justice alternative ed. prg.	69,896	-	-
99	Other intergovernmental charges	3,332,202	-	-
TG	Total governmental activities	656,534,613	19,072,578	(10,067,886)
	BUSINESS-TYPE ACTIVITIES			
01	Employee child care	1,503,704	1,435,217	-
02	After school care	5,958,494	8,558,767	-
03	Concessions	249,429	238,338	-
04	Photography	-	-	-
TB	Total business-type activities	7,711,627	10,232,322	-
TP	TOTAL PRIMARY GOVERNMENT	\$ 664,246,240	\$ 29,304,900	\$ (10,067,886)
	General revenues:			
	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			
PA	Cumulative effect of change in accounting principle			
NE	NET POSITION - ENDING			

The Notes to the 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
\$ (271,435,669)	\$ -	\$ (271,435,669)
(7,071,031)	-	(7,071,031)
(6,833,880)	-	(6,833,880)
(2,869,348)	-	(2,869,348)
(24,008,575)	-	(24,008,575)
(17,253,407)	-	(17,253,407)
(1,470,330)	-	(1,470,330)
(4,880,362)	-	(4,880,362)
(13,452,953)	-	(13,452,953)
2,607,264	-	2,607,264
(7,986,033)	-	(7,986,033)
(9,874,367)	-	(9,874,367)
(51,413,915)	-	(51,413,915)
(3,571,578)	-	(3,571,578)
(6,808,658)	-	(6,808,658)
(1,245,262)	-	(1,245,262)
(29,713,447)	-	(29,713,447)
(327,313)	-	(327,313)
(27,885,383)	-	(27,885,383)
(157,110,088)	-	(157,110,088)
(1,249,423)	-	(1,249,423)
(274,065)	-	(274,065)
(69,896)	-	(69,896)
(3,332,202)	-	(3,332,202)
(647,529,921)	-	(647,529,921)
-	(68,487)	(68,487)
-	2,600,273	2,600,273
-	(11,091)	(11,091)
-	-	-
-	2,520,695	2,520,695
\$ (647,529,921)	\$ 2,520,695	\$ (645,009,226)
576,690,876	-	576,690,876
132,535,700	-	132,535,700
34,442,260	-	34,442,260
11,051,271	41,330	11,092,601
9,814,035	-	9,814,035
2,628,907	(2,628,907)	-
767,163,049	(2,587,577)	764,575,472
119,633,128	(66,882)	119,566,246
452,663,005	246,704	452,909,709
(316,746,129)	-	(316,746,129)
\$ 255,550,004	\$ 179,822	\$ 255,729,826

Plano Independent School District
 Balance Sheet
 Governmental Funds
 June 30, 2018

<u>Data Control Codes</u>	<u>10 General Fund</u>	<u>50 Debt Service Fund</u>	<u>60 Capital Project</u>
ASSETS			
1110 Cash and investments	\$ 346,590,378	\$ 40,767,637	\$ 330,430,433
1220 Property taxes - delinquent	8,216,208	2,009,926	-
1230 Allowance for uncollectible taxes (credit)	(2,854,989)	(745,370)	-
1240 Due from other governments	6,533,758	69,004	-
1250 Accrued interest	424,012	48,480	625,817
1260 Due from other funds	3,376,382	-	-
1290 Other receivables	225,612	-	-
1300 Inventories	1,089,536	-	-
1410 Prepaid expenditures	4,555	-	-
1000 Total assets	<u>\$ 363,605,452</u>	<u>\$ 42,149,677</u>	<u>\$ 331,056,250</u>
LIABILITIES			
2110 Accounts payable	\$ 16,577,124	\$ -	\$ 22,888,098
2150 Payroll deductions and withholdings payable	4,515,576	-	-
2160 Accrued wages payable	49,337,400	-	2,898
2170 Due to other funds	-	-	-
2180 Due to other governments	46,534,147	-	-
2300 Unearned revenues	10,850	-	-
2000 Total liabilities	116,975,097	-	22,890,996
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable revenue - property taxes	3,875,316	922,847	-
2600 Total deferred inflows of resources	3,875,316	922,847	-
FUND BALANCES			
Nonspendable			
3410 Investments in inventory	1,089,536	-	-
3430 Prepaid expenditures	4,555	-	-
Restricted			
3480 Debt service	-	41,226,830	-
3470 Capital projects	-	-	308,165,254
3450 Food service	-	-	-
3450 State special revenue	-	-	-
Committed			
3545 Local special revenue	-	-	-
Assigned			
3590 Purchases on order	15,302,688	-	-
3600 Unassigned	226,358,260	-	-
Total fund balances	<u>242,755,039</u>	<u>41,226,830</u>	<u>308,165,254</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 363,605,452</u>	<u>\$ 42,149,677</u>	<u>\$ 331,056,250</u>

The Notes to the Financial Statements are an integral part of this statement.

<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 19,292,215	\$ 737,080,663
-	10,226,134
-	(3,600,359)
18,217,252	24,820,014
12,757	1,111,066
-	3,376,382
51,699	277,311
238,452	1,327,988
-	4,555
<u>\$ 37,812,375</u>	<u>\$ 774,623,754</u>
\$ 366,908	\$ 39,832,130
-	4,515,576
3,206,331	52,546,629
3,376,382	3,376,382
5,016	46,539,163
12,951,388	12,962,238
19,906,025	159,772,118
-	4,798,163
-	4,798,163
238,452	1,327,988
-	4,555
-	41,226,830
-	308,165,254
7,493,658	7,493,658
761,962	761,962
9,412,278	9,412,278
-	15,302,688
-	226,358,260
<u>17,906,350</u>	<u>610,053,473</u>
<u>\$ 37,812,375</u>	<u>\$ 774,623,754</u>

Teamwork for Excellence



P L A N O
Independent School District

Plano Independent School District

Exhibit C-2

Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 610,053,473
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 \$1,676,600,322, and the accumulated depreciation associated with the capital assets is \$653,461,481.	1,023,183,841
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.	4,798,163
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 9,858) are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net position.	2,977,115
Long-term liabilities of \$1,050,270,360 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 \$17,083,735, is reflected as a deferred outflow of resources on the Statement of Net Position.	(1,033,186,625)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(16,662,687)
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 \$104,113,028, a deferred inflow of resources related to TRS in the amount of \$16,406,507, and a deferred outflow of resources related to TRS in the amount of \$38,025,038. This resulted in a decrease in net position.	(82,494,497)
Included in the items related to debt is the recognition of the District's proportionate share of the TRS OPEB liability in the amount of \$181,399,331, a deferred inflow of resources related to TRS in the amount of \$75,879,683, and a deferred outflow of resources related to TRS in the amount of \$4,160,235. This resulted in a decrease in net position.	(253,118,779)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 255,550,004</u>

The Notes to the 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, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project
REVENUES			
5700 Total local and intermediate sources	\$ 586,819,088	\$ 132,814,079	\$ 4,940,705
5800 State program revenues	51,295,238	1,433,802	-
5900 Federal program revenues	6,194,196	-	-
5020 Total revenues	644,308,522	134,247,881	4,940,705
EXPENDITURES			
Current:			
0011 Instruction	305,633,697	-	-
0012 Instructional resources and media services	6,839,088	-	-
0013 Curriculum and instructional staff development	8,560,205	-	-
0021 Instructional leadership	3,442,540	-	-
0023 School leadership	27,767,535	-	-
0031 Guidance, counseling and evaluation services	21,045,123	-	-
0032 Social work services	1,760,154	-	-
0033 Health services	5,793,679	-	-
0034 Student (pupil) transportation	14,316,609	-	-
0035 Food services	56,213	-	-
0036 Extracurricular activities	7,854,207	-	-
0041 General administration	10,457,181	-	-
0051 Facilities maintenance and operations	51,878,786	-	-
0052 Security and monitoring services	3,798,322	-	-
0053 Data processing services	6,924,539	-	-
0061 Community services	1,532,379	-	-
Debt service:			
0071 Debt service - principal on long term debt	-	87,755,000	-
0072 Debt service - interest on long term debt	-	45,347,136	-
0073 Debt service - bond issuance cost and fees	-	327,313	-
Capital outlay:			
0081 Facilities acquisition and construction	-	-	105,756,930
Intergovernmental:			
0091 Contracted instructional services between schools	157,110,088	-	-
0092 Incremental costs associated with Chapter 41	1,249,423	-	-
0093 Payments to fiscal agent/member districts of SSA	274,065	-	-
0095 Payments to juvenile justice alternative ed. prg.	69,896	-	-
0099 Other intergovernmental charges	3,332,202	-	-
6030 Total expenditures	639,695,931	133,429,449	105,756,930
1100 Excess (deficiency) of revenues over (under) expenditures	4,612,591	818,432	(100,816,225)
OTHER FINANCING SOURCES (USES)			
7911 Capital related debt issued	-	-	108,020,000
7915 Transfers in	2,640,417	303,985	-
7916 Premium or discount on issuance of bonds	-	-	12,333,985
7919 Insurance recoveries	9,334,590	-	-
8911 Transfers out (use)	(1,101,213)	-	(303,985)
7080 Total other financing sources (uses)	10,873,794	303,985	120,050,000
1200 Net change in fund balances	15,486,385	1,122,417	19,233,775
0100 Fund balance - July 1 (beginning)	227,268,654	40,104,413	288,931,479
3000 FUND BALANCE - JUNE 30 (ENDING)	\$ 242,755,039	\$ 41,226,830	\$ 308,165,254

The Notes to the Financial Statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 22,404,866	\$ 746,978,738
5,565,753	58,294,793
29,336,798	35,530,994
<hr/> 57,307,417	<hr/> 840,804,525
23,092,828	328,726,525
112,138	6,951,226
2,038,522	10,598,727
488,082	3,930,622
222,884	27,990,419
922,280	21,967,403
1,217	1,761,371
119,046	5,912,725
61,905	14,378,514
23,571,702	23,627,915
5,123,928	12,978,135
261,111	10,718,292
797,367	52,676,153
198,864	3,997,186
136,465	7,061,004
977,447	2,509,826
-	87,755,000
-	45,347,136
-	327,313
4,044	105,760,974
-	157,110,088
-	1,249,423
844,795	1,118,860
-	69,896
-	3,332,202
<hr/> 58,974,625	<hr/> 937,856,935
(1,667,208)	(97,052,410)
-	108,020,000
389,703	3,334,105
-	12,333,985
-	9,334,590
-	(1,405,198)
<hr/> 389,703	<hr/> 131,617,482
(1,277,505)	34,565,072
19,183,855	575,488,401
<hr/> \$ 17,906,350	<hr/> \$ 610,053,473

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, 2018

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 34,565,072

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 \$83,462,592 exceeded depreciation of \$40,846,781 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.) 42,615,811

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

Principal payment	\$	87,755,000	
Amortization of premium		18,125,434	
Amortization of loss on bond refunding		(2,172,454)	103,707,980

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. 2,105,569

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. (1,753,101)

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. (158,109)

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. (24,180)

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. (120,353,985)

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 financials 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 \$8,894,405, a increase in the deferred inflow of resources related to TRS of \$9,056,101, and an decrease in the net pension liability of \$13,251,227. (4,699,279)

The net change in OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current financials 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-OPEB of \$655,008 a increase in the deferred inflow of resources related to TRS-OPEB of \$75,879,683, and an decrease in the OPEB liability of \$138,852,025. 63,627,350

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 119,633,128

The Notes to the Financial Statements are an integral part of this statement.

Plano Independent School District
Statement of Net Position
Proprietary Funds
June 30, 2018

Exhibit D-1

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
ASSETS		
Current assets		
Cash and investments	\$ 566,231	\$ 5,227,863
Accrued interest	502	5,266
Other receivables	38,574	84
Prepaid expenses	-	201,031
	<hr/>	<hr/>
Total current assets	605,307	5,434,244
Noncurrent assets		
Capital assets		
Furniture and equipment	14,690	31,374
Depreciation on furniture and equipment	(5,445)	(21,516)
	<hr/>	<hr/>
Total noncurrent assets	9,245	9,858
	<hr/>	<hr/>
TOTAL ASSETS	614,552	5,444,102
LIABILITIES		
Current liabilities		
Accounts payable	196,344	9,791
Accrued wages payable	133,836	7,416
Accrued expenses	-	2,449,772
Unearned revenues	104,550	-
	<hr/>	<hr/>
TOTAL LIABILITIES	434,730	2,466,979
NET POSITION		
Investments in capital assets	9,245	9,858
Unrestricted net position	170,577	2,967,265
	<hr/>	<hr/>
TOTAL NET POSITION	<u>\$ 179,822</u>	<u>\$ 2,977,123</u>

The Notes to the 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, 2018

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES		
Local and intermediate sources	\$ 10,232,322	\$ 40,530,896
Total operating revenues	10,232,322	40,530,896
OPERATING EXPENSES		
Payroll costs	5,744,214	1,191,934
Professional and contracted services	116,955	2,327,201
Supplies and materials	337,733	385,020
Depreciation	-	1,643
Other operating costs	1,512,725	37,417,030
Total operating expenses	7,711,627	41,322,828
Operating income (loss)	2,520,695	(791,932)
NON OPERATING REVENUES (EXPENSES)		
Earnings from temporary deposits and investments	41,330	36,755
Insurance recovery	-	30,997
Total non operating revenue	41,330	67,752
Income before transfers	2,562,025	(724,180)
Transfers in	11,510	700,000
Transfers out	(2,640,417)	-
Change in net position	(66,882)	(24,180)
Net position - July 1 (beginning)	246,704	3,001,303
TOTAL NET POSITION - JUNE 30 (ENDING)	\$ 179,822	\$ 2,977,123

The Notes to the Financial Statements are an integral part of this statement.

Plano Independent School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018

Exhibit D-3

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	\$ 10,125,612	\$ 40,532,878
Cash payments to employees for services	(5,733,703)	(1,191,751)
Cash payments for insurance claims	-	(1,709,078)
Cash payments for suppliers	(517,317)	(1,261,565)
Cash payments for other operating expenses	(1,513,585)	(36,561,439)
Net cash provided by (used for) operating activities	2,361,007	(190,955)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	11,510	700,000
Transfers out	(2,640,417)	-
Insurance proceeds	-	30,997
Net cash provided by (used for) non-capital financing activities	(2,628,907)	730,997
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(9,245)	-
Net cash provided by capital and related financing activities	(9,245)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of securities	85,142	249,271
Purchase of investment securities	-	(49,338)
Interest and dividends on investments	40,917	32,189
Net cash provided by (used for) investing activities	126,059	232,122
Net increase (decrease) in cash and cash equivalents	(151,086)	772,164
Cash and cash equivalents at beginning of year	614,298	3,197,642
Cash and cash equivalents at end of year	463,212	3,969,806
Temporary investment not in cash equivalents	103,019	1,258,057
CASH ON BALANCE SHEET	\$ 566,231	\$ 5,227,863
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ 2,520,695	\$ (791,932)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	-	1,643
Effect of increases and decreases in current assets and liabilities:		
Decrease (increase) in receivables	1,865	1,982
Decrease (increase) in prepaid expenses	-	339,489
Increase (decrease) in accounts payable	(63,488)	(10,237)
Increase (decrease) in accrued wages payable	10,509	74
Increase (decrease) in unearned revenues	(108,574)	-
Increase (decrease) in accrued expenses	-	268,026
Net cash provided by (used for) operating activities	\$ 2,361,007	\$ (190,955)

The Notes to the Financial Statements are an integral part of this statement.

Plano Independent School District
Statement of Assets and Liabilities
Agency Fund
June 30, 2018

Exhibit E-1

	Agency Fund
	<hr/>
ASSETS	
Investments - current	\$ 414,812
Accrued interest	200
Other receivables	85
	<hr/>
TOTAL ASSETS	\$ 415,097
	<hr/> <hr/>
LIABILITIES	
Accounts payable	\$ 723
Accrued Wages	369
Due to other groups	110,285
Due to student groups	303,720
	<hr/>
TOTAL LIABILITIES	\$ 415,097
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement.

Plano Independent School District

Notes to the 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 the 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.

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

Plano Independent School District

Notes to the Basic Financial Statements

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.

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.

Plano Independent School District

Notes to the Basic Financial Statements

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 35.2% of outstanding property taxes at June 30, 2018.

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, 2018. The cost of governmental fund type prepaid balances are recorded as an expenditure when consumed rather than when purchased.

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

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

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

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

Plano Independent School District
Notes to the Basic Financial Statements

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

Deferred Outflows/Inflows of Resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions after the measurement date are recognized in the subsequent year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

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, 2018, the District recorded \$4,219,403 in the government-wide financial statements for accrued vacation liabilities. Employees are allowed to accrue five days of state personal leave and seven days of local sick leave each year without limit.

Plano Independent School District

Notes to the Basic Financial Statements

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.

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.

Plano Independent School District

Notes to the Basic Financial Statements

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.

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, 2018 will change.

Plano Independent School District

Notes to the Basic Financial Statements

Pensions. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund and the National Breakfast and Lunch Program Fund have been used to liquidate pension liabilities.

Other Post-Employment Benefits. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account. The General Fund and the National Breakfast and Lunch Program Fund have been used to liquidate other postemployment benefits liabilities.

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, 2018, the carrying amount of the District's cash deposits were \$164,949 and the bank balance was \$24,336.

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 \$22,688,956.
- c) Highest cash, savings and time deposits combined account balances amount was \$12,688,956 and occurred on December 21, 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, 2018, the carrying amount and bank balance of these deposits were \$25,410,677. The District's cash deposits at June 30, 2018 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.

Plano Independent School District
Notes to the Basic Financial Statements

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.

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:

	June 30, 2018	Fair Value Measurements Using			Percent of Total Investments	Weighted Average Maturity (Years)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Cash and cash equivalents						
Bank deposits	\$ 25,575,626	\$ -	\$ -	\$ -		
Total cash and cash equivalents	25,575,626	-	-	-		
Investments measured at amortized cost:						
Investment pools:						
Texpool	12,196,898	-	-	-	1.70%	0.0030
Investments measured at Net asset value (NAV), fair value:						
Investment pools:						
Lone Star	18,700,662	-	-	-	2.62%	0.0030
TexStar	30,919,289	-	-	-	4.31%	0.0030
Investments by fair value level:						
U.S. government agency securities:						
Federal Home Loan Bank	33,492,351	-	33,492,351	-	4.67%	0.5240
Federal Farm Credit Bank	30,993,234	-	30,993,234	-	4.32%	0.5240
Federal Home Loan Mortgage Corp.	57,367,139	-	57,367,139	-	7.99%	0.5240
Fannie Mae	20,943,569	-	20,943,569	-	2.92%	0.5240
U.S. treasury bonds	155,692,641	155,692,641	-	-	21.69%	0.2720
Municipal obligations:						
Texas Public Finance Authority	3,625,544	-	3,625,544	-	0.51%	0.5290
Texas Tech University	3,000,180	-	3,000,180	-	0.42%	0.5290
Texas Transportation Commission	3,089,382	-	3,089,382	-	0.43%	0.5290
Commercial Paper	347,757,888	-	347,757,888	-	48.45%	0.1940
Total investments	717,778,777	155,692,641	500,269,287	-		
Total cash and investments	\$ 743,354,403	\$ 155,692,641	\$ 500,269,287	\$ -		
Portfolio Weighted Average Maturity						0.1980

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.

Plano Independent School District

Notes to the Basic Financial Statements

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.

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 and *Municipal Bonds* 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 \$59,495 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. Texpool, TexStar, and LoneStar are rated as AAA by Standard & Poor's. The District's investments in U.S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. Municipal obligations were not rated.

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.

Plano Independent School District
Notes to the Basic Financial Statements

More than 5% of the District's investments are in the following instruments:

Commercial Paper Investment Description	Percentage of Investments	S&P Rating	Moody Rating	Fitch Rating
JP Morgan Sec	11.89%	A-1+	P-1	F1+
Royal Bank of Canada	6.99%	A-1+	P-1	F1+
Kaiser Foundation Hospital	7.03%	A-1	Not Rated	F1+
GE Capital Treasury	4.54%	A-1+	P-1	F1

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 2018 assessed valuation was \$51,009,463,132 resulting in a tax levy of \$707,443,306 for the current fiscal year. The 2018 tax levy reflects an adjustment of \$26,353,510 of frozen homestead exemptions for taxpayers 65 years and older as mandated by state property tax laws.

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

Plano Independent School District
Notes to the Basic Financial Statements

Delinquent taxes receivable and the related allowance for uncollectible taxes in the governmental fund financial statements as of June 30, 2018 are as follows:

	Delinquent Taxes Receivable, Gross	Allowance for Uncollectible Taxes	Delinquent Taxes Receivable, net
General fund	\$ 8,216,208	\$ 2,854,989	\$ 5,361,219
Debt service fund	2,009,926	745,370	1,264,556
Total	\$ 10,226,134	\$ 3,600,359	\$ 6,625,775

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	\$ 10,598,135
Foundation fund revenues	17,920,778
Instructional materials allotment	478,750
State aid for homestead exemption	1,433,802
Other state revenues	4,589,328
TRS on behalf	23,274,000
Total state program revenues	\$ 58,294,793

Note 4. Receivables

Receivables due from other governments, as of June 30, 2018 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	\$ 6,233,357	\$ -	\$17,876,441	\$ 24,109,798
Due from the federal government	-	-	340,811	340,811
Due from other local governments	300,401	69,004	-	369,405
Total receivables	\$ 6,533,758	\$ 69,004	\$18,217,252	\$ 24,820,014

Plano Independent School District
Notes to the Basic Financial Statements

Note 5. Capital Assets

A summary of capital asset activity during the year ended June 30, 2018 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 90,389,078	\$ 117,225	\$ -	\$ 90,506,303
Construction in progress	20,224,392	77,772,539	26,832,326	71,164,605
Total capital assets not being depreciated	110,613,470	77,889,764	26,832,326	161,670,908
Capital assets being depreciated:				
Land improvements	47,242,217	8,301,225	-	55,543,442
Buildings and improvements	1,322,335,681	18,413,877	-	1,340,749,558
Furniture, equipment and vehicles	115,038,932	5,690,052	2,092,570	118,636,414
Total capital assets being depreciated	1,484,616,830	32,405,154	2,092,570	1,514,929,414
Total capital assets	1,595,230,300	110,294,918	28,924,896	1,676,600,322
Less accumulated depreciation for:				
Land improvements	21,948,486	2,460,382	-	24,408,868
Buildings and improvements	504,172,083	32,963,796	-	537,135,879
Furniture, equipment and vehicles	88,541,701	5,422,603	2,092,570	91,871,734
Total accumulated depreciation	614,662,270	40,846,781	2,092,570	653,416,481
Governmental funds capital assets, net	980,568,030	69,448,137	26,832,326	1,023,183,841
Internal service funds:				
Furniture, equipment and vehicles	31,374	-	-	31,374
Less accumulated depreciation	19,873	1,643	-	21,516
Internal service funds capital assets, net	11,501	(1,643)	-	9,858
Governmental activities capital assets, net	<u>\$ 980,579,531</u>	<u>\$ 69,446,494</u>	<u>\$ 26,832,326</u>	<u>\$1,023,193,699</u>
Business activities:				
Furniture, equipment and vehicles	\$ 5,445	\$ 9,245	\$ -	\$ 14,690
Less accumulated depreciation	5,445	-	-	5,445
Business activities capital assets, net	-	9,245	-	9,245
Total capital assets, net	<u>\$ 980,579,531</u>	<u>\$ 69,455,739</u>	<u>\$ 26,832,326</u>	<u>\$1,023,202,944</u>

Plano Independent School District
Notes to the Basic Financial Statements

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

Governmental activities:	
Instruction	\$ 27,521,171
Instructional resources and media services	1,765,458
Curriculum development and instructional staff development	210,186
Instructional leadership	25,513
School leadership	1,107,780
Guidance, counseling, and evaluation services	287,956
Health services	111,656
Student transportation	1,902,921
Food services	2,415,298
Co-curricular/extracurricular activities	2,361,900
General administration	207,282
Plant maintenance and operations	1,645,895
Security and monitoring services	209,727
Data processing services	869,772
Community services	191,058
Facilities acquisition and construction	14,851
	\$ 40,848,424
	\$ 40,848,424

Construction Commitments

The District had several active construction projects as of June 30, 2018. Projects included building and land purchases, additions to buildings and renovation or upgrades of existing facilities. Fiscal year 2018 expenditures 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 in 2017 for a new Fine Arts Center and began preliminary planning. Additionally, preliminary planning started for construction of a new early childhood school.

Building Renovation/Upgrades. The District continued work on the renovation of Shepton High School and began working on the renovation at Robinson Middle School. Refurbishment projects continued at Gulledege, Miller and Barksdale Elementary Schools and Wilson Middle School. The District continued working on additions at Plano East Senior High School, an addition and refurbishment at Jasper High School and upgrades at the Agriculture Barn. Roofing and flooring upgrades were started at Williams High School, Frankford Middle School, and McCall, Haun, Boggess, Wyatt and Hickey Elementary School. Lastly, the district continued to work on minor capital project improvements at several campuses.

Completed Projects. During fiscal year 2018, the District completed the refurbishment at Rose Haggard Elementary and additions at Wells Elementary and the Guinn Special Program Center. Additionally, flooring projects at Armstrong Middle School, Renner Middle School and Thomas Elementary School, and roof improvements at Schimelpfenig Middle School, Brinker Elementary School, and Daffron Elementary School were completed. Turf and track upgrades were completed at Plano Senior High School, Plano East Senior High School and Plano West Senior High School, and Clark and Williams Stadiums. Lastly, building waterproofing at the Academy High School was completed.

Plano Independent School District
Notes to the Basic Financial Statements

Current projects include the following:

Project	Estimated Total Cost	Expenditures Incurred to June 30, 2018	Estimated Future Expenditures
Building improvement projects:			
PSHS Security Intercom/Access and Wall	\$ 744,202	\$ 42,092	\$ 702,110
Williams HS Roof Project	1,240,135	1,000,000	240,135
Williams HS Refurbishment	5,676,072	800	5,675,272
Vines Fine Arts Addition	5,676,072	676	5,675,396
Plano East SHS Addition	9,343,063	8,917,500	425,563
Plano East SHS Security Access/Intercom	533,708	18,282	515,426
Shepton HS Renovation	39,000,000	33,452,355	5,547,645
Jasper Addition/Refurbishment	9,974,415	2,109,665	7,864,750
PWSHS Canopy and Roof Upgrades	170,914	147,104	23,810
PWSH Security Access/Intercom	514,738	18,282	496,456
Bowman Refurbishment	10,039,891	74,255	9,965,636
Wilson Refurbishment	7,742,356	1,633,240	6,109,116
Haggard HVAC Upgrades	803,004	191,398	611,606
Armstrong Fine Arts Addition	5,122,832	676	5,122,156
Renner Fine Arts	5,707,718	32,415	5,675,303
Robinson Renovation	28,620,137	4,194,492	24,425,645
Frankford Fine Arts/Flooring	5,804,432	221,586	5,582,846
Rice Fine Arts Addition	6,327,076	25,681	6,301,395
Gulledge Refurbishment	6,184,174	5,947,175	236,999
Miller Refurbishment	4,415,616	3,103,411	1,312,205
Barksdale Refurbishment/Addition	7,579,510	2,593,727	4,985,783
Skaggs Refurbishment/HVAC	6,905,475	800	6,904,675
Haun Refurbishment	7,176,056	800	7,175,256
Haun Roof	146,062	146,062	-
McCall Flooring Upgrades	200,550	125,778	74,772
Bogges Roof	693,199	693,199	-
Hickey Roof	587,609	587,609	-
Wyatt Roof	557,507	557,507	-
Pearson Flooring Upgrades	131,735	3,108	128,627
Adult Transition Center	486,565	11,866	474,699
Fine Arts Facility	50,910,750	3,454,252	47,456,498
Transportation Bldg Upgrades	107,170	7,718	99,452
Ag Barn Upgrades	1,963,208	1,452,838	510,370
Clark Stadium Scoreboard	322,454	137,398	185,056
Kimbrough Stadium Scoreboard	256,046	164,017	92,029
Land improvement projects:			
PESH Addition	125,000	6,040	118,960
Shepton HS Renovation	250,000	18,260	231,740
Jasper Refurbishment	118,965	4,400	114,565
Carpenter Parking Upgrades	150,000	7,800	142,200
Robinson Renovation	420,168	14,733	405,435
Gulledge Refurbishment	15,717	4,897	10,820
Barksdale Addition/Refurb	139,519	2,880	136,639
Fine Arts Center	47,790	37,830	9,960
	\$ 232,931,610	\$ 71,164,604	\$ 161,767,006

Plano Independent School District
Notes to the Basic Financial Statements

Note 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances in the fund financial statements as of June 30, 2018, is as follows:

	Receivable	Payable
General fund	\$ 3,376,382	\$ -
Other governmental funds	-	3,376,382
Totals	\$ 3,376,382	\$ 3,376,382

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, 2018:

Transfers Out	Transfers In					Total
	General Fund	Debt Service Fund	Enterprise Funds	Other Governmental Funds	Internal Service Funds	
General fund	\$ -	\$ -	\$ 11,510	\$ 389,703	\$ 700,000	\$ 1,101,213
Capital projects fund	-	303,985	-	-	-	303,985
Enterprise funds	2,640,417	-	-	-	-	2,640,417
	<u>\$ 2,640,417</u>	<u>\$ 303,985</u>	<u>\$ 11,510</u>	<u>\$ 389,703</u>	<u>\$ 700,000</u>	<u>\$ 4,045,615</u>

The transfers made during the period consisted of the following:

From	To	Amount	Description
General fund	Other governmental funds	\$ 389,703	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	700,000	To finance the overhead of the health insurance fund administration
General Fund	Enterprise Fund	11,510	To finance cost in excess of user fees to the Employee Child Care
Capital projects fund	Debt service fund	303,985	To transfer excess premium received on bond issue to debt service for bond cost
Enterprise fund	General fund	2,640,417	To transfer revenues in excess of costs from the After School Care Program
Total transfers		\$ 4,045,615	

Plano Independent School District
Notes to the 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, 2018:

	Obligations Outstanding July 1, 2017	New Obligations Incurred	Obligations Retired or Refunded and Accretion	Obligations Outstanding June 30, 2018	Obligations Due Within One Year
General obligation bonds payable	\$ 923,705,000	\$ 108,020,000	\$ (87,755,000)	\$ 943,970,000	\$ 94,940,000
Premium on bond issuance	107,872,404	12,333,985	(18,125,432)	102,080,957	-
Compensated absences	4,061,294	635,462	(477,353)	4,219,403	495,937
Total	\$ 1,035,638,698	\$ 120,989,447	\$ (106,357,785)	\$ 1,050,270,360	\$ 95,435,937

Debt Payable-Governmental Activities

Bonds payable at June 30, 2018, are composed of the following individual issues:

Description	Interest Rate Payable	Amounts Original Issue	Bonds Outstanding at July 1, 2017	Issued (Retired)	Bonds Outstanding at June 30, 2018
School Building Unlimited Tax Bonds Series 2008	3.00% to 5.00%	58,280,000	1,830,000	(1,830,000)	-
School Building Current Interest Bonds Series 2008A	5.00% to 5.25%	177,465,000	5,495,000	(5,495,000)	-
School Building Unlimited Tax Bonds Series 2009B	4.04% to 6.27%	87,390,000	84,935,000	(1,330,000)	83,605,000
School Building Unlimited Tax Bonds Series 2009C	1.00%	31,900,000	20,130,000	(3,225,000)	16,905,000
Unlimited Tax Refunding Bonds Series 2010	3.00% to 5.00%	108,815,000	30,580,000	(6,150,000)	24,430,000 (continued)

Plano Independent School District
Notes to the Basic Financial Statements

Description	Interest Rate Payable	Amounts Original Issue	Bonds Outstanding at July 1, 2017	Issued (Retired)	Bonds Outstanding at June 30, 2018
School Building Unlimited Tax Bonds Series 2012	2.50% to 5.00%	92,840,000	75,470,000	(2,610,000)	72,860,000
Unlimited Tax Refunding Bonds Series 2012	4.00% to 5.00%	46,115,000	39,105,000	(2,475,000)	36,630,000
Unlimited Tax Refunding Bonds Series 2012A	2.00% to 4.00%	27,805,000	13,610,000	(930,000)	12,680,000
School Building Unlimited Tax Bonds Series 2013	3.38% to 5.50%	53,740,000	44,685,000	(3,310,000)	41,375,000
School Building Refunding Bonds Series 2013	4.50% to 5.00%	25,955,000	13,165,000	(13,165,000)	-
School Building Refunding Bonds Series 2014	2.63% to 3.88%	48,795,000	7,715,000	(7,715,000)	-
School Building Refunding Bonds Series 2015	2.00% to 5.00%	43,250,000	40,725,000	(2,140,000)	38,585,000
School Building Refunding Bonds Series 2016A	2.00% to 5.00%	199,950,000	198,660,000	(3,730,000)	194,930,000
School Building Refunding Bonds Series 2016B	2.00% to 5.00%	103,410,000	92,265,000	(11,605,000)	80,660,000
School Building Unlimited Tax Bonds Series 2016	4.15% to 5.15%	257,210,000	255,335,000	(9,535,000)	245,800,000
School Building Unlimited Tax Bonds Series 2017	3.00% to 5.00%	108,020,000	-	95,510,000	95,510,000
Totals			<u>\$ 923,705,000</u>	<u>\$ 20,265,000</u>	<u>\$ 943,970,000</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, 2018, to maturity:

	Bond Principal	Bond Interest	Totals
2019	\$ 94,940,000	\$ 44,502,050	\$ 139,442,050
2020	99,490,000	39,972,272	139,462,272
2021	105,575,000	35,157,181	140,732,181
2022	69,835,000	30,027,691	99,862,691
2023	63,025,000	26,654,082	89,679,082
2024-2028	256,995,000	92,112,662	349,107,662
2029-2033	168,265,000	37,320,630	205,585,630
2034-2038	85,845,000	7,424,109	93,269,109
	<u>\$ 943,970,000</u>	<u>\$ 313,170,677</u>	<u>\$ 1,257,140,677</u>

On August 8, 2017, the District issued "Plano Independent School District Unlimited Tax School Building Bonds, Series 2017" totaling \$108,020,000 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 3.00-5.00% and mature annually with semi-annual interest payments. The bonds will fully mature in 2037. The bonds were issued at a premium.

As of June 30, 2018, the principal balance of all defeased bonds outstanding was \$176,570,000 and is scheduled to be called February 15, 2019. Original losses on refunding were \$24.9 million of which \$17.3 million is unamortized and reported in the Statement of Net Position as a deferred outflow of resources. Unamortized bond premiums of \$102.1 million are reported in the Statement of Net Position as an increase in the long-term debt.

As of June 30, 2018, \$89,000,000 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, 2018, 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 \$158,109 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, 2018, 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	\$ 1,320,877	\$ -	\$ -	\$ 62,934	\$ -	\$ 27,856	\$ 1,411,667
Instructional resources	11,643	-	-	-	-	4,298	15,941
Curriculum and instructional staff development	66,939	-	-	4,799	-	6,489	78,227
Technology	-	-	-	-	-	2,732	2,732
Instructional leadership	5,648	-	-	-	-	300	5,948
School leadership	692	-	-	-	-	6,533	7,225
Guidance, counseling and evaluation services	34,798	-	-	-	-	17,778	52,576
Health services	382	-	-	-	-	-	382
Student transportation	32,764	-	-	-	-	-	32,764
Food services	-	-	42,267	14,464	-	5,392	62,123
Co-curricular/ extracurricular activities	244,874	-	-	-	-	93,933	338,807
General administration	22,815	-	-	-	-	1,550	24,365
Plant maintenance and operations	13,398,707	-	18,974	-	-	30,672	13,448,353
Security and monitoring services	118,908	-	-	-	-	-	118,908
Data processing services	43,297	-	-	-	-	-	43,297
Community services	344	-	-	-	-	-	344
Facilities acquisition and construction	-	63,427,863	-	-	-	-	63,427,863
Total encumbrances by fund type	\$ 15,302,688	\$ 63,427,863	\$ 61,241	\$ 82,197	\$ -	\$ 197,533	\$ 79,071,522

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 \$1,972,000 has been recorded in the fund as of June 30, 2018. 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 2018 and 2017:

	June 30, 2018	June 30, 2017
Claims payable, beginning of fiscal year	\$ 1,753,000	\$ 1,735,000
Incurred claims and claim adjustment expenses	1,856,016	1,348,863
Claim payments during the year	<u>(1,637,016)</u>	<u>(1,330,863)</u>
Claims payable, end of fiscal year	<u>\$ 1,972,000</u>	<u>\$ 1,753,000</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, 2018, 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, 2018. Property and Liability changes in claims payable for the years ended June 30, 2018 and 2017:

	June 30, 2018	June 30, 2017
Claims payable, beginning of fiscal year	\$ 53,176	\$ 53,176
Incurred claims and claim adjustment expenses	93,113	273,217
Claim payments during the year	<u>(93,113)</u>	<u>(273,217)</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.

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, 2018.

Plano Independent School District
Notes to the Basic Financial Statements

Changes in unemployment claims payable for the years ended June 30, 2018 and 2017:

	June 30, 2018	June 30, 2017
Claims payable, beginning of fiscal year	\$ 288,834	\$ 288,834
Incurred claims and claim adjustment expenses	49,026	101,866
Claim payments during the year	<u>(49,026)</u>	<u>(101,866)</u>
Claims payable, end of fiscal year	<u>\$ 288,834</u>	<u>\$ 288,834</u>

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 <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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.

Plano Independent School District
Notes to the Basic Financial Statements

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 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

	Contribution Rates	
	2017	2018
Member	7.7%	7.7%
Non-employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2018 Employer Contributions		\$ 10,671,646
2018 Member Contributions		27,122,331
2018 NECE On-behalf Contributions		17,366,002

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).

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.

Plano Independent School District
 Notes to the Basic Financial Statements

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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
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.

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.

Plano Independent School District
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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, 2017 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
Global Equity			
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%
Stable Value			
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%
Real Return			
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%
Risk Party			
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:	\$ 175,513,995	\$ 104,113,028	\$ 44,660,135

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

At June 30, 2018, the District reported a liability of \$104,113,028 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	\$ 104,113,028
State's proportionate share that is associated with the District	<u>169,779,642</u>
Total	<u><u>\$ 273,892,670</u></u>

The net pension liability was measured as of August 31, 2017 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, 2016 through August 31, 2017.

At August 31, 2017 the District's proportion of the collective net pension liability was 0.325612%, which was an increase of 0.01503% from its proportion measured as of August 31, 2016.

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, 2018, the District recognized pension expense of \$17,649,395 and revenue of \$12,950,116 for support provided by the State.

Plano Independent School District
Notes to the Basic Financial Statements

At June 30, 2018, 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	\$ 1,523,221	\$ 5,614,679
Changes in actuarial assumptions	4,742,514	2,714,978
Differences between projected and actual investment earnings	16,011,375	23,598,905
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	22,443,033	489,320
Contributions paid to TRS subsequent to the measurement date	9,316,270	-
Total	\$ 54,036,413	\$ 32,417,882

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:	
2019	\$ 1,879,624
2020	8,525,428
2021	1,368,992
2022	(657,077)
2023	703,493
Thereafter	481,801
Total	\$ 12,302,261

Note 11. Defined Other Post-Employment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Plano Independent School District
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Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates
Effective September 1, 2016-December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and spouse	20	175	255
Retiree* and children	41	132	182
Retiree and family	61	237	337
Surviving children only	28	62	82

*or surviving spouse

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

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Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2018</u>	<u>2017</u>
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.00%
Employers/District	0.75%	0.55%
Federal/private funding remitted by Employers	1.25%	1.00%

The contribution amounts for the District's fiscal year 2018 are as follows:

District contributions	\$ 2,168,725
Member contributions	2,289,547
NECE on-behalf contributions (state)	3,277,102

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

Plano Independent School District
Notes to the Basic Financial Statements

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	
Additional Actuarial Methods and Assumptions:	
Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate	3.42%*
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age adjusted claims cost
Payroll growth rate	2.50%
Projected salary increases	3.50% to 9.50%**
Healthcare trend rates	4.50% to 12.00%***
Election rates	Normal retirement 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retiree; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

Other information - There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

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Notes to the Basic Financial Statements

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. *The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of August 31, 2017.*

Asset Class	Target Allocation	Long Term Expected Geometric Real Rate of Return	Expected Contribution to Long Term Portfolio Returns*
Global equity:			
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%
Stable value:			
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%
Real return:			
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%
Risk parity:			
Risk parity	5%	6.7%	0.3%
Inflation expectation			2.2%
Alpha			1.0%
Totals	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 OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 3.42% in measuring the Net OPEB Liability.

	1% Decrease (2.42%)	Current Discount Rate (3.42%)	1% Increase (4.42%)
District's proportionate share of the net OPEB liability	\$ 214,096,243	\$ 181,399,331	\$ 155,118,385

Healthcare Cost Trend Rates Sensitivity Analysis. The following presents the Net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 151,033,065	\$ 181,399,331	\$ 221,243,698

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, the District reported a liability of \$181,399,331 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 181,399,331
State's proportionate share of the net OPEB liability associated with the District	<u>274,107,669.0</u>
Total	<u>\$ 455,507,000</u>

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.417142% which was the same proportion measured as of August 31, 2016.

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

Year Ending June 30,		
2019	\$	(10,008,666)
2020		(10,008,666)
2021		(10,008,666)
2022		(10,008,666)
2023		(10,015,554)
Thereafter		<u>(25,801,072)</u>
	\$	<u><u>(75,851,290)</u></u>

Cumulative Effects of Change in Accounting Principle

Net position at July 1, 2017 was restated per the following table for the implementation of GASB 75:

	Governmental Activities
Beginning net position, as previously reported	\$ 452,663,005
Implementation of GASB 75 for OPEB	<u>(316,746,129)</u>
Beginning net position, restated	<u><u>\$ 135,916,876</u></u>

Plano Independent School District
Notes to the Basic Financial Statements

Note 12. Recapture Payment

Intergovernmental Charges include an amount of \$157,110,088 representing recapture payments made in accordance with the state school finance law.

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

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

The District's property value of \$701,999 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 2017-2018 of \$157,110,088 increased \$52.7 million due to increased property values.

Note 13. 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, 2018.

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.

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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, 2018 totaled \$1,274,269. Future obligations under the leases are as follows:

2019	\$	894,798
2020		109,983
2021		109,983
2022		<u>2,515</u>
	\$	<u><u>1,117,279</u></u>

Note 14. 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, 2018 are summarized below:

Allen ISD	\$	125,588
Anna ISD		15,470
Blue Ridge ISD		-
Celina ISD		-
Community ISD		3,000
Coppell ISD		-
Farmersville ISD		18,419
Frisco ISD		289,907
Imagine International		3,235
McKinney ISD		206,177
Melissa ISD		18,178
Plano ISD		844,795
Princeton ISD		44,021
Prosper ISD		65,214
Richardson ISD		404,151
Wylie ISD		<u>84,816</u>
Total	\$	<u><u>2,122,971</u></u>

Plano Independent School District

Notes to the Basic Financial Statements

Note 15. Evaluation of Subsequent Events

The District has evaluated subsequent events through November 13, 2018, the date which the financial statements were available to be issued.

In September 2018, the District issued \$13,655,000 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 16. New Accounting Pronouncements

The GASB pronouncements effective in fiscal years 2018 and 2019 are listed as follows:

In fiscal year 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which supersedes GASB Statement No. 45*. The requirements of Statement No. 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions that are administered through trusts or equivalent arrangements, and to the financial statements of state and local government in which the non-employer contributing entity (State) and District have a legal obligation to make contributions directly to such OPEB plan. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to the OPEB plan. Note disclosure and RSI requirements about the OPEB plan also are addressed. The adoption of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. The calculation of OPEB contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of the Statement. Net position as of July 1, 2017 was decreased by \$316,746,129 to reflect the cumulative effect of adoption. An aggregate net OPEB liability of \$320,251,356 offset by aggregate deferred outflows of resources of \$3,505,227 at June 30, 2017 were reported as a prior period adjustment to the net position on July 1, 2017. Refer to Note 11 for more information regarding the District's OPEB plan. At transition, a government recognizes a beginning deferred outflows of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. Since the measurement date of the OPEB plan was different than the District's fiscal year-end, the effects from both plans reported contributions to the plan subsequent to the respective measurement date of each plan as an increase in deferred outflows of resources and a decrease in net position. The beginning deferred outflows for OPEB includes contributions from September 1, 2016 through June 30, 2017, totaling \$3,505,227.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* which requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This standard becomes effective for the District in fiscal year 2018. The implementation had no significant effect on the District's financial statements.

Plano Independent School District

Notes to the Basic Financial Statements

The GASB issued Statement No. 83, Certain Asset Retirement Obligations, in November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. This standard becomes effective for the District in fiscal year 2019. The District has not yet determined the impact of this statement.

The GASB issued Statement No. 84, Fiduciary Activities, in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. This standard becomes effective for the District in fiscal year 2020. The District has not yet determined the impact of this statement.

The GASB issued Statement No. 85, Omnibus 2017, in March 2017. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). This standard becomes effective for the District in fiscal year 2018. The implementation had no effect on the District's financial statements.

The GASB issued Statement No. 86, Certain Extinguishment Issues in May 2017. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust of the purpose of extinguishing debt. This Statement also amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an insubstance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired. This standard becomes effective for the District in fiscal year 2018. The implementation had no effect on the District's financial statements.

The GASB issued Statement No. 87, Leases, in June 2017. This Statement establishes standards of accounting and financial reporting for lease by lessees and lessors. This standard becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

The GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, in April 2018. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This standard becomes effective for the District in fiscal year 2019. The District has not yet determined the impact of this statement.

The GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, in June 2018. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This standard becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

The GASB issued Statement No. 90, Majority Equity Interests- an amendment of GASB Statements No. 14 and 61, in August 2018. This Statement's objective is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component unit. This standard becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

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, 2018

Exhibit G-1

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
		Original	Final		Positive or (Negative)
REVENUES					
5700	Total local and intermediate sources	\$ 568,411,405	\$ 586,795,275	\$ 586,819,088	\$ 23,813
5800	State program revenues	50,116,837	51,231,579	51,295,238	63,659
5900	Federal program revenues	5,811,522	5,912,548	6,194,196	281,648
5020	Total revenues	624,339,764	643,939,402	644,308,522	369,120
EXPENDITURES					
Current:					
0011	Instruction	312,779,799	306,121,922	305,633,697	488,225
0012	Instructional resources and media services	7,312,155	7,285,322	6,839,088	446,234
0013	Curriculum and instructional staff development	9,323,781	8,512,995	8,560,205	(47,210)
0021	Instructional leadership	3,517,898	3,593,294	3,442,540	150,754
0023	School leadership	28,107,519	28,049,474	27,767,535	281,939
0031	Guidance, counseling and evaluation services	20,973,561	21,073,267	21,045,123	28,144
0032	Social work services	1,685,359	1,792,436	1,760,154	32,282
0033	Health services	5,772,815	5,808,364	5,793,679	14,685
0034	Student (pupil) transportation	14,852,170	14,021,217	14,316,609	(295,392)
0035	Food services	64,586	64,310	56,213	8,097
0036	Extracurricular activities	7,784,068	8,136,492	7,854,207	282,285
0041	General administration	10,574,285	10,626,895	10,457,181	169,714
0051	Facilities maintenance and operations	40,942,733	61,106,254	51,878,786	9,227,468
0052	Security and monitoring services	4,038,505	3,882,940	3,798,322	84,618
0053	Data processing services	7,294,322	7,035,991	6,924,539	111,452
0061	Community services	1,589,252	1,516,559	1,532,379	(15,820)
Intergovernmental:					
0091	Contracted instructional services between schools	150,592,850	155,334,477	157,110,088	(1,775,611)
0092	Incremental costs associated with Chapter 41	600,000	1,234,748	1,249,423	(14,675)
0093	Payments to fiscal agent/member district of SSA	270,000	275,000	274,065	935
0095	Payments to juvenile justice alternative ed. prg.	180,000	100,000	69,896	30,104
0099	Other intergovernmental charges	3,878,200	3,409,648	3,332,202	77,446
6030	Total expenditures	632,133,858	648,981,605	639,695,931	9,285,674
1100	Excess (deficiency) of revenues over (under) expenditures	(7,794,094)	(5,042,203)	4,612,591	9,654,794
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	10,207,740	2,273,817	2,640,417	366,600
7919	Insurance recoveries	-	9,334,590	9,334,590	-
8911	Transfers out (use)	(9,211,604)	(1,204,440)	(1,101,213)	103,227
7080	Total other financing sources (uses)	996,136	10,403,967	10,873,794	469,827
1200	Net change in fund balances	(6,797,958)	5,361,764	15,486,385	10,124,621
0100	Fund balance - July 1 (beginning)	227,268,654	227,268,654	227,268,654	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 220,470,696	\$ 232,630,418	\$ 242,755,039	\$ 10,124,621

The Notes to the Required Supplementary Information are an integral part of this statement.

Plano Independent School District

Exhibit G-2

Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System
Last Four Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.3256120%	0.3105818%	0.3282305%	0.2089994%
District's proportionate share of net pension liability (asset)	\$ 104,113,028	\$ 117,364,255	\$ 116,025,113	\$ 55,826,630
States proportionate share of the net pension liability (asset) associated with the District	<u>169,779,642</u>	<u>209,131,676</u>	<u>198,641,457</u>	<u>173,123,406</u>
TOTAL	<u>\$ 273,892,670</u>	<u>\$ 326,495,931</u>	<u>\$ 314,666,570</u>	<u>\$ 228,950,036</u>
District's covered employee payroll	\$ 352,238,059	\$ 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	29.56%	34.41%	35.26%	17.65%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	83.25%	83.25%	83.25%

Note: Only four 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
 Last Four Fiscal Years

Exhibit G-3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,234,141	\$ 6,762,839	\$ 5,992,793	\$ 5,822,171
Contribution in relation to the contractually required contribution	<u>(7,234,141)</u>	<u>(6,762,839)</u>	<u>(5,992,793)</u>	<u>(5,822,171)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 360,911,191	\$ 350,278,666	\$ 339,263,215	\$ 327,053,718
Contributions as a percentage of covered employee payroll	2.00%	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 four 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**Exhibit G-4**

Schedule of the District's Proportionate Share of the Net OPEB
 Liability of a Cost-Sharing Multiple-Employer OPEB Plan
 Teacher Retirement System
 Last Fiscal Year*

	<u>2018</u>
District's proportion of the net OPEB liability	0.4171418%
District's proportionate share of the net OPEB liability	\$ 181,399,331
District's covered payroll	\$ 352,238,059
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	51.50%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

*The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
 Ten years of data is not available.

Plano Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System OPEB Plan
 Last Fiscal Year*

Exhibit G-5

	2018
TRS	
Contractually required contributions	\$ 2,522,542
Contributions in relation to the contractually required contributions	(2,522,542)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -
District's covered payroll	\$ 360,911,191
Contributions as a percentage of covered payroll	0.70%

*The amounts presented for the fiscal years were determined as of the District's fiscal year end June 30.
 Ten years of data is not available

Plano Independent School District

Notes to the Required Supplementary Information
Year Ended June 30, 2018

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 the Required Supplementary Information
Year Ended June 30, 2018

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	\$ 568,411,405	\$ 586,795,275	\$ 18,383,870
Instruction	312,779,799	306,121,922	(6,657,877)
Facilities maintenance and operations	40,942,733	61,106,254	20,163,521
Contracted instructional services between schools	150,592,850	155,334,477	4,741,627
Insurance recoveries	-	9,334,590	9,334,590

Local Revenue increased due to the finalized taxable property values increasing tax revenue \$15.5M and an increase in interest earnings of \$3.6M.

Instruction budget decreased to more accurately reflect the salary costs as the original budget is set prior to all retirements and new hires being finalized.

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 five areas with an excess of expenditures over appropriations for the year ended June 30, 2018 as follows:

Type of Expenditure	Final Budget	Actual	Actual Over Budget
Curriculum and instructional staff development	\$ 8,512,995	\$ 8,560,205	\$ (47,210)
Student (pupil) transportation	14,021,217	14,316,609	(295,392)
Community services	1,516,559	1,532,379	(15,820)
Contracted instructional services between schools	155,334,477	157,110,088	(1,775,611)
Incremental costs associated with Chapter 41	1,234,748	1,249,423	(14,675)

Curriculum and instructional staff development expenditures was in excess of final budget in the amount \$47,210. The expenditures are related to salary and staff development travel that took place in June 2018.

Student (pupil) transportation expenditures was in excess of final budget in the amount of \$295,392. The expenditures are related to salary and the final budget projection was under budget due to salaries and the final calculation of TRS on Behalf.

Community services expenditures was in excess of final budget in the amount of \$15,820. The expenditures are related to salary and the final budget projection was under budget due to salaries and the final calculation of TRS on Behalf.

Contracted instructional services between schools (recapture payments made under Chapter 41) was over budget \$1,775,611. The final calculation of the amount owed to the State is not received until after the final amended budget is set. Our estimate was low by 1.14%.

Plano Independent School District

Notes to the Required Supplementary Information
Year Ended June 30, 2018

Incremental costs associated with Chapter 41 is a calculation based on the amount paid to the State under contracted instructional services between schools which was more than the estimate. That in turned caused the Incremental Cost estimate to be under budget.

Total expenditures did not exceed the budget.

Pension Liability

Pension Changes of Benefit Terms

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

Pension Changes of Assumptions

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

Other Post Employment Benefits

Other Post Employment Benefits Changes of Benefit Terms

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

Other Post Employment Benefits Changes of Assumptions

The following changes to the actuarial assumptions or inputs that affected measurement of the total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

Teamwork for Excellence



P L A N O
Independent School District

Combining and Individual Fund Statements and Schedules

Teamwork for Excellence



P L A N O
Independent School District

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, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Total local and intermediate sources	\$ 128,815,268	\$ 132,325,000	\$ 132,814,079	\$ 489,079
5800	Total state revenues	1,433,493	1,433,802	1,433,802	-
5020	Total revenues	130,248,761	133,758,802	134,247,881	489,079
EXPENDITURES					
Debt service:					
0071	Debt service - principal on long term debt	75,245,000	87,755,000	87,755,000	-
0072	Debt service - interest on long term debt	56,643,761	45,347,136	45,347,136	-
0073	Debt service - bond issuance cost and fees	60,000	327,000	327,313	(313)
6030	Total expenditures	131,948,761	133,429,136	133,429,449	(313)
1100	Deficiency of revenues under expenditures	(1,700,000)	329,666	818,432	488,766
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	1,700,000	303,984	303,985	1
7080	Total other financing sources (uses)	1,700,000	303,984	303,985	1
1200	Net change in fund balances	-	633,650	1,122,417	488,767
0100	Fund balance - July 1 (beginning)	40,104,413	40,104,413	40,104,413	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 40,104,413	\$ 40,738,063	\$ 41,226,830	\$ 488,767

Plano Independent School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

<u>Data Control Codes</u>	240 National Breakfast and Lunch Program	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds	
ASSETS				
1110	Cash and investments	\$ 8,531,383	\$ 16,084	\$ -
1240	Due from other governments	101,148	5,480,606	81,028
1250	Accrued interest	10,252	-	-
1290	Other receivables	20,616	-	-
1300	Inventories	238,452	-	-
1000	TOTAL ASSETS	<u>\$ 8,901,851</u>	<u>\$ 5,496,690</u>	<u>\$ 81,028</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	Accounts payable	\$ 240,908	\$ 32,444	\$ -
2160	Accrued wages payable	247,378	2,187,216	30,261
2170	Due to other funds	-	3,277,030	50,767
2180	Due to other governments	-	-	-
2300	Unearned revenues	681,455	-	-
2000	Total liabilities	1,169,741	5,496,690	81,028
Fund balances:				
Non spendable				
3410	Investments in inventory	238,452	-	-
Restricted				
3450	Food services	7,493,658	-	-
3450	State special revenue	-	-	-
Committed				
3545	Local special revenue	-	-	-
3000	Total fund balances	<u>7,732,110</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,901,851</u>	<u>\$ 5,496,690</u>	<u>\$ 81,028</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
\$ 545,572	\$ 216,940	\$ 332,671	\$ 9,649,565	\$ 19,292,215
12,048,761	6,126	499,583	-	18,217,252
-	-	-	2,505	12,757
-	-	-	31,083	51,699
-	-	-	-	238,452
<u>\$ 12,594,333</u>	<u>\$ 223,066</u>	<u>\$ 832,254</u>	<u>\$ 9,683,153</u>	<u>\$ 37,812,375</u>
\$ -	\$ 550	\$ 1,379	\$ 91,627	\$ 366,908
-	720	654,853	85,903	3,206,331
-	5,406	-	43,179	3,376,382
-	-	-	5,016	5,016
12,048,761	-	176,022	45,150	12,951,388
12,048,761	6,676	832,254	270,875	19,906,025
-	-	-	-	238,452
-	-	-	-	7,493,658
545,572	216,390	-	-	761,962
-	-	-	9,412,278	9,412,278
545,572	216,390	-	9,412,278	17,906,350
<u>\$ 12,594,333</u>	<u>\$ 223,066</u>	<u>\$ 832,254</u>	<u>\$ 9,683,153</u>	<u>\$ 37,812,375</u>

Plano Independent School District

Combining Statement of Revenues, Expenditures And Changes In
Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2018

Data Control Codes	240 National Breakfast and Lunch Program	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds	
REVENUES				
5700	Total local and intermediate sources	\$ 13,017,010	\$ 6,186	\$ 56
5800	State program revenues	619,904	-	-
5900	Federal program revenues	11,025,389	18,002,756	308,653
5020	Total revenues	24,662,303	18,008,942	308,709
EXPENDITURES				
Current:				
0011	Instruction	-	13,571,193	223,741
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	1,809,481	-
0021	Instructional leadership	-	326,196	-
0023	School leadership	-	5,237	-
0031	Guidance, counseling and evaluation services	-	777,529	77,523
0032	Social work services	-	-	-
0033	Health services	-	98,452	-
0034	Student (pupil) transportation	-	59,328	-
0035	Food services	23,493,671	65,680	-
0036	Extracurricular activities	-	46,068	-
0041	General administration	52,780	18,351	-
0051	Facilities maintenance and operations	433,552	50	-
0052	Security and monitoring services	-	530	-
0053	Data processing services	-	-	-
0061	Community services	-	700,470	7,445
0081	Facilities acquisition and construction	-	-	-
Intergovernmental:				
0093	Payments to fiscal agent/member districts of SSA	-	844,795	-
6030	Total expenditures	23,980,003	18,323,360	308,709
1100	Excess (deficiency) of revenues over (under) expenditures	682,300	(314,418)	-
OTHER FINANCING SOURCES				
7915	Transfers in	34,409	314,418	-
7080	Total other financing sources	34,409	314,418	-
1200	Net change in fund balance	716,709	-	-
0100	Fund balance - July 1 (beginning)	7,015,401	-	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 7,732,110	\$ -	\$ -

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
\$ 51,043	\$ 103	\$ 345,584	\$ 8,984,884	\$ 22,404,866
478,750	165,994	4,301,105	-	5,565,753
-	-	-	-	29,336,798
529,793	166,097	4,646,689	8,984,884	57,307,417
2,344,197	96,405	4,214,532	2,642,760	23,092,828
-	45	-	112,093	112,138
-	22,900	9,741	196,400	2,038,522
-	-	156,418	5,468	488,082
-	-	-	217,647	222,884
-	-	20,727	46,501	922,280
-	-	-	1,217	1,217
-	18,228	-	2,366	119,046
-	-	-	2,577	61,905
-	-	-	12,351	23,571,702
-	-	25,741	5,052,119	5,123,928
-	-	-	189,980	261,111
-	-	-	363,765	797,367
-	-	-	198,334	198,864
-	-	-	136,465	136,465
-	8,242	219,530	41,760	977,447
-	-	-	4,044	4,044
-	-	-	-	844,795
2,344,197	145,820	4,646,689	9,225,847	58,974,625
(1,814,404)	20,277	-	(240,963)	(1,667,208)
-	-	-	40,876	389,703
-	-	-	40,876	389,703
(1,814,404)	20,277	-	(200,087)	(1,277,505)
2,359,976	196,113	-	9,612,365	19,183,855
\$ 545,572	\$ 216,390	\$ -	\$ 9,412,278	\$ 17,906,350

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, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Total local and intermediate sources	\$ 13,959,235	\$ 13,927,235	\$ 13,017,010	\$ (910,225)
5800	State program revenues	598,000	630,000	619,904	(10,096)
5900	Federal program revenues	10,559,811	10,609,811	11,025,389	415,578
5020	Total revenues	25,117,046	25,167,046	24,662,303	(504,743)
EXPENDITURES					
0035	Food services	26,081,878	26,195,306	23,493,671	2,701,635
0041	General administration	71,748	71,748	52,780	18,968
0051	Facilities maintenance and operations	465,000	508,646	433,552	75,094
6030	Total expenditures	26,618,626	26,775,700	23,980,003	2,795,697
1100	Excess (deficiency) of revenues over expenditures	(1,501,580)	(1,608,654)	682,300	2,290,954
OTHER FINANCING SOURCES					
7915	Transfers in	-	50,614	34,409	(16,205)
7080	Total other financing sources	-	50,614	34,409	(16,205)
1200	Net change in fund balances	(1,501,580)	(1,558,040)	716,709	2,274,749
0100	Fund balance - July 1 (beginning)	7,015,401	7,015,401	7,015,401	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 5,513,821	\$ 5,457,361	\$ 7,732,110	\$ 2,274,749

Plano Independent School District
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

Exhibit H-5

	<u>Employee Child Care</u>	<u>After School Care</u>	<u>Concessions</u>	<u>Photography</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS					
Current assets:					
Cash and investments	\$ 144,717	\$ 314,650	\$ 87,776	\$ 19,088	\$ 566,231
Accrued interest	-	375	104	23	502
Other receivables	-	38,574	-	-	38,574
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	144,717	353,599	87,880	19,111	605,307
Noncurrent assets:					
Capital assets:					
Furniture and equipment	9,245	-	5,445	-	14,690
Depreciation on furniture and equipment	-	-	(5,445)	-	(5,445)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent assets	9,245	-	-	-	9,245
Total assets	153,962	353,599	87,880	19,111	614,552
LIABILITIES					
Current liabilities:					
Accounts payable	3,533	191,328	1,483	-	196,344
Accrued wages payable	74,943	57,721	1,172	-	133,836
Unearned revenues	-	104,550	-	-	104,550
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	78,476	353,599	2,655	-	434,730
NET POSITION					
Investments in Capital Assets	9,245	-	-	-	9,245
Unrestricted net position	66,241	-	85,225	19,111	170,577
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	<u>\$ 75,486</u>	<u>\$ -</u>	<u>\$ 85,225</u>	<u>\$ 19,111</u>	<u>\$ 179,822</u>

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, 2018

	<u>Employee Child Care</u>	<u>After School Care</u>	<u>Concessions</u>	<u>Photography</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES					
Local and intermediate sources	\$ 1,435,217	\$ 8,558,767	\$ 238,338	\$ -	\$ 10,232,322
Total operating revenues	1,435,217	8,558,767	238,338	-	10,232,322
OPERATING EXPENSES					
Payroll costs	1,224,592	4,430,924	88,698	-	5,744,214
Professional and contracted services	84,812	30,690	1,453	-	116,955
Supplies and materials	73,689	145,279	118,765	-	337,733
Other operating costs	120,611	1,351,601	40,513	-	1,512,725
Total operating expenses	1,503,704	5,958,494	249,429	-	7,711,627
Operating income (loss)	(68,487)	2,600,273	(11,091)	-	2,520,695
NON OPERATING REVENUES (EXPENSES)					
Earnings from temporary deposits and investments	-	40,144	916	270	41,330
Total non operating revenues (expenses)	-	40,144	916	270	41,330
Income (loss) before transfers	(68,487)	2,640,417	(10,175)	270	2,562,025
Transfers in	11,510	-	-	-	11,510
Transfers out	-	(2,640,417)	-	-	(2,640,417)
Change in net position	(56,977)	-	(10,175)	270	(66,882)
Total net position - July 1 (beginning)	132,463	-	95,400	18,841	246,704
TOTAL NET POSITION - JUNE 30 (ENDING)	<u>\$ 75,486</u>	<u>\$ -</u>	<u>\$ 85,225</u>	<u>\$ 19,111</u>	<u>\$ 179,822</u>

Plano Independent School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2018

Exhibit H-7

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
CASH FLOW FROM OPERATING ACTIVITIES					
Cash received from user charges	\$ 1,435,217	\$ 8,452,057	\$ 238,338	\$ -	\$ 10,125,612
Cash payments to employees for services	(1,216,674)	(4,429,376)	(87,653)	-	(5,733,703)
Cash payments for suppliers	(158,285)	(239,980)	(119,052)	-	(517,317)
Cash payments for other operating expenses	(120,611)	(1,351,601)	(41,373)	-	(1,513,585)
Net cash provided by (used for) operating activities	(60,353)	2,431,100	(9,740)	-	2,361,007
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	11,510	-	-	-	11,510
Transfers out	-	(2,640,417)	-	-	(2,640,417)
Net cash provided by (used for) non-capital financing activities	11,510	(2,640,417)	-	-	(2,628,907)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(9,245)	-	-	-	(9,245)
Net cash used for capital and related financing activities	(9,245)	-	-	-	(9,245)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	-	75,869	9,273	-	85,142
Interest and dividends on investments	-	39,841	826	250	40,917
Net cash provided by investing activities	-	115,710	10,099	250	126,059
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,088)	(93,607)	359	250	(151,086)
Cash and cash equivalents at beginning of the year	202,805	332,393	66,250	12,850	614,298
Cash and cash equivalents at the end of the year	144,717	238,786	66,609	13,100	463,212
Temporary investment not in cash equivalents	-	75,864	21,167	5,988	103,019
Cash on statement of net position	\$ 144,717	\$ 314,650	\$ 87,776	\$ 19,088	\$ 566,231
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ (68,487)	\$ 2,600,273	\$ (11,091)	\$ -	\$ 2,520,695
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	-	1,865	-	-	1,865
Increase (decrease) in accounts payable	216	(64,011)	307	-	(63,488)
Increase (decrease) in accrued wages payable	7,918	1,547	1,044	-	10,509
Increase (decrease) in unearned revenues	-	(108,574)	-	-	(108,574)
Net cash provided by (used for) operating activities	\$ (60,353)	\$ 2,431,100	\$ (9,740)	\$ -	\$ 2,361,007

Plano Independent School District
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	752	753
	<u>Print Shop</u>	<u>Health Benefits</u>
ASSETS		
Current assets:		
Cash and investments	\$ 233,612	1,929,412
Accrued interest	278	2,295
Other receivables	-	84
Unearned expenses	-	201,031
	<hr/>	<hr/>
Total current assets	233,890	2,132,822
Noncurrent assets:		
Capital assets:		
Furniture and equipment	14,944	-
Depreciation on furniture and equipment	(14,944)	-
	<hr/>	<hr/>
Total noncurrent assets	-	-
Total assets	233,890	2,132,822
LIABILITIES		
Current liabilities		
Accounts payable	4,029	244
Accrued wages payable	5,350	160
Accrued expenses	-	135,762
	<hr/>	<hr/>
Total liabilities	9,379	136,166
NET POSITION		
Investments in capital assets	-	-
Unrestricted net position	224,511	1,996,656
	<hr/>	<hr/>
TOTAL NET POSITION	<u>\$ 224,511</u>	<u>\$ 1,996,656</u>

772 Workers' Compensation Self-Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 1,993,453	\$ 670,176	\$ 264,064	\$ 137,146	\$ 5,227,863
1,419	797	314	163	5,266
-	-	-	-	84
-	-	-	-	201,031
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,994,872	670,973	264,378	137,309	5,434,244
-	-	16,430	-	31,374
-	-	(6,572)	-	(21,516)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	9,858	-	9,858
1,994,872	670,973	274,236	137,309	5,444,102
16	5,502	-	-	9,791
1,739	-	167	-	7,416
1,972,000	288,834	-	53,176	2,449,772
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,973,755	294,336	167	53,176	2,466,979
-	-	9,858	-	9,858
21,117	376,637	264,211	84,133	2,967,265
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 21,117</u>	<u>\$ 376,637</u>	<u>\$ 274,069</u>	<u>\$ 84,133</u>	<u>\$ 2,977,123</u>

Plano Independent School District

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

Internal Service Funds

Year Ended June 30, 2018

	752	753
	Print Shop	Health Benefits
OPERATING REVENUES		
Local and intermediate services	\$ 1,475,014	\$ 36,835,220
Total operating revenues	<u>1,475,014</u>	<u>36,835,220</u>
OPERATING EXPENSES		
Payroll costs	341,035	405,200
Professional and contracted services	600,267	147,370
Supplies and materials	327,274	12,549
Depreciation	-	-
Other operating costs	-	36,778,604
Total operating expenses	<u>1,268,576</u>	<u>37,343,723</u>
Operating income (loss)	<u>206,438</u>	<u>(508,503)</u>
NON OPERATING REVENUES (EXPENSES)		
Earnings from temporary deposits and investments	2,249	-
Insurance recovery	-	-
Total non operating revenues (expenses)	<u>2,249</u>	<u>-</u>
Income (loss) before transfers	208,687	(508,503)
Transfers in	-	700,000
Total transfers	-	700,000
Change in net position	208,687	191,497
Total net position - July 1 (beginning)	<u>15,824</u>	<u>1,805,159</u>
TOTAL NET POSITION - JUNE 30 (ENDING)	<u><u>\$ 224,511</u></u>	<u><u>\$ 1,996,656</u></u>

772 Workers' Compensation Self-Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 2,210,015	\$ -	\$ 3,169	\$ 7,478	\$ 40,530,896
2,210,015	-	3,169	7,478	40,530,896
443,963	-	1,736	-	1,191,934
1,489,544	-	-	90,020	2,327,201
37,685	-	4,419	3,093	385,020
-	-	1,643	-	1,643
579,053	59,373	-	-	37,417,030
2,550,245	59,373	7,798	93,113	41,322,828
(340,230)	(59,373)	(4,629)	(85,635)	(791,932)
17,942	10,131	3,841	2,592	36,755
-	-	-	30,997	30,997
17,942	10,131	3,841	33,589	67,752
(322,288)	(49,242)	(788)	(52,046)	(724,180)
-	-	-	-	700,000
-	-	-	-	700,000
(322,288)	(49,242)	(788)	(52,046)	(24,180)
343,405	425,879	274,857	136,179	3,001,303
\$ 21,117	\$ 376,637	\$ 274,069	\$ 84,133	\$ 2,977,123

Plano Independent School District
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018

	752	753
	Print Shop	Health Benefits Self-Funded
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from user charges	\$ 1,477,024	\$ 36,835,192
Cash payments to employees for services	(342,749)	(405,041)
Cash payments for insurance claims	-	-
Cash payments for suppliers	(923,957)	(161,044)
Cash payments for other operating expenses	-	(36,551,551)
	<u>210,318</u>	<u>(282,444)</u>
Net cash provided by (used for) operating activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers in	-	700,000
Insurance proceeds	-	-
	<u>-</u>	<u>700,000</u>
Net cash provided by non-capital financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of securities	-	8,213
Purchase of investment securities	(49,338)	-
Interest and dividends on investments	1,974	(2,066)
	<u>(47,364)</u>	<u>6,147</u>
Net cash provided by (used for) investing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	162,954	423,703
Cash and cash equivalents at beginning of the year	14,564	1,041,371
Cash and cash equivalents at the end of the year	177,518	1,465,074
Temporary investment not in cash equivalents	56,094	464,338
CASH ON STATEMENT OF NET POSITION	<u>\$ 233,612</u>	<u>\$ 1,929,412</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income (loss)	\$ 206,438	\$ (508,503)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation	-	-
Effect of increases and decreases in current assets and liabilities		
Decrease (increase) in receivables	2,010	(28)
Decrease (increase) in prepaid expenses	-	178,026
Increase (decrease) in accounts payable	3,583	(1,125)
Increase (decrease) in accrued wages payable	(1,713)	160
Increase (decrease) in accrued expenses	-	49,026
	<u>\$ 210,318</u>	<u>\$ (282,444)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		

772 Workers' Compensation Self - Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 2,210,015	\$ -	\$ 3,169	\$ 7,478	\$ 40,532,878
(442,225)	-	(1,736)	-	(1,191,751)
(1,637,016)	(72,062)	-	-	(1,709,078)
(78,920)	-	(4,531)	(93,113)	(1,261,565)
(9,888)	-	-	-	(36,561,439)
<u>41,966</u>	<u>(72,062)</u>	<u>(3,098)</u>	<u>(85,635)</u>	<u>(190,955)</u>
-	-	-	-	700,000
-	-	-	30,997	30,997
-	-	-	30,997	730,997
127,136	68,735	18,939	26,248	249,271
-	-	-	-	(49,338)
<u>16,813</u>	<u>9,444</u>	<u>3,567</u>	<u>2,457</u>	<u>32,189</u>
<u>143,949</u>	<u>78,179</u>	<u>22,506</u>	<u>28,705</u>	<u>232,122</u>
185,915	6,117	19,408	(25,933)	772,164
<u>1,327,858</u>	<u>502,873</u>	<u>181,046</u>	<u>129,930</u>	<u>3,197,642</u>
1,513,773	508,990	200,454	103,997	3,969,806
<u>479,680</u>	<u>161,186</u>	<u>63,610</u>	<u>33,149</u>	<u>1,258,057</u>
<u>\$ 1,993,453</u>	<u>\$ 670,176</u>	<u>\$ 264,064</u>	<u>\$ 137,146</u>	<u>\$ 5,227,863</u>
\$ (340,230)	\$ (59,373)	\$ (4,629)	\$ (85,635)	\$ (791,932)
-	-	1,643	-	1,643
-	-	-	-	1,982
161,463	-	-	-	339,489
(6)	(12,689)	-	-	(10,237)
1,739	-	(112)	-	74
<u>219,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,026</u>
<u>\$ 41,966</u>	<u>\$ (72,062)</u>	<u>\$ (3,098)</u>	<u>\$ (85,635)</u>	<u>\$ (190,955)</u>

Plano Independent School District

Exhibit H-11

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2018

	Balance July 1 2017	Additions	Deductions	Balance June 30 2018
STUDENT ACTIVITY FUNDS				
Assets:				
Cash and temporary investments	\$ 269,050	\$ 161,662	\$ 126,550	\$ 304,162
Accrued interest	25	175	-	200
TOTAL ASSETS	\$ 269,075	\$ 161,837	\$ 126,550	\$ 304,362
Liabilities:				
Accounts payable	\$ 213	\$ 124,975	\$ 124,915	\$ 273
Accrued Wages	-	369	-	369
Due to student groups	268,862	161,778	126,920	303,720
TOTAL LIABILITIES	\$ 269,075	\$ 287,122	\$ 251,835	\$ 304,362
OTHER AGENCY FUNDS				
Assets:				
Cash and temporary investments	\$ 218,111	\$ 970,061	\$ 1,077,522	\$ 110,650
Other receivables	85	-	-	85
TOTAL ASSETS	\$ 218,196	\$ 970,061	\$ 1,077,522	\$ 110,735
Liabilities:				
Accounts payable	\$ 2,160	\$ 971,974	\$ 973,684	\$ 450
Due to other groups	216,036	867,935	973,686	110,285
TOTAL LIABILITIES	\$ 218,196	\$ 1,839,909	\$ 1,947,370	\$ 110,735
TOTAL AGENCY FUNDS				
Assets:				
Cash and temporary investments	\$ 487,161	\$ 1,131,723	\$ 1,204,072	\$ 414,812
Accrued interest	25	175	-	200
Other receivables	85	-	-	85
TOTAL ASSETS	\$ 487,271	\$ 1,131,898	\$ 1,204,072	\$ 415,097
Liabilities:				
Accounts payable	\$ 2,373	\$ 1,096,949	\$ 1,098,599	\$ 723
Accrued Wages	-	369	-	369
Due to other groups	216,036	867,935	973,686	110,285
Due to student groups	268,862	161,778	126,920	303,720
TOTAL LIABILITIES	\$ 487,271	\$ 2,127,031	\$ 2,199,205	\$ 415,097

**Required
Texas Education Agency
Report Section**

Plano Independent School District
 Schedule of Delinquent Taxes Receivable
 Year Ended June 30, 2018

<u>Last 10 Years Ended June 30</u>	<u>Tax Rates</u>		<u>Assessed/Appraised Value for School Tax Purposes</u>	<u>Beginning Balance July 1, 2017</u>
	<u>Maintenance</u>	<u>Debt Service</u>		
2009 and prior years	1.0200	0.2634	35,111,342,870	\$ 1,009,735
2010	1.0400	0.2884	34,765,694,294	532,913
2011	1.0400	0.3134	33,955,156,307	378,947
2012	1.0400	0.3334	34,342,959,439	418,740
2013	1.0400	0.3334	34,842,341,548	445,793
2014	1.0400	0.2830	36,441,999,880	505,158
2015	1.1700	0.2780	38,873,800,924	636,789
2016	1.1700	0.2690	41,496,244,736	732,347
2017	1.1700	0.2690	45,916,580,666	4,297,833
2018	1.1700	0.2690	51,009,463,132	-
TOTALS				<u>\$ 8,958,255</u>

Exhibit J-1

Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance June 30, 2018
\$ -	\$ 55,327	\$ 9,779	\$ (148,302)	\$ 796,327
-	12,061	3,345	-	517,507
-	19,686	5,932	(28)	353,301
-	61,778	19,804	70,098	407,256
-	134,233	43,031	178,465	446,994
-	186,176	45,032	253,207	527,157
-	200,229	47,575	229,882	618,867
-	(1,340)	(308)	(101,407)	632,588
-	1,344,175	306,044	(1,713,772)	933,842
707,443,306	572,444,053	131,613,203	1,605,781	4,991,831
\$ 707,443,306	\$ 574,456,378	\$ 132,093,437	\$ 373,924	\$ 10,225,670
	Ending balance 6/30/2018			\$ 10,225,670
	Add - county education district taxes receivable			464
	Total delinquent taxes receivable 6/30/2018			10,226,134
	Less reserve for uncollectible taxes:			
	General fund			(2,854,989)
	Debt service fund			(745,370)
	NET DELINQUENT BALANCE 6/30/2018			\$ 6,625,775

Teamwork for Excellence



P L A N O
Independent School District

Statistical Section

(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well - being have changed over time.	109
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	117
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.	121
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	124
Operational Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities it performs.	127

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

Teamwork for Excellence



P L A N O
Independent School District

Plano Independent School District

Net Position By Component

Last Ten Fiscal Years

(Unaudited)

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

Exhibit S-1

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities										
Net Investment in capital assets	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007	\$ 97,719	\$120,499	\$ 159,052	\$ 216,679	\$ 257,190	\$ 302,392
Restricted	35,000	29,443	29,387	27,478	26,912	29,242	31,230	31,349	35,304	33,742
Unrestricted	150,549	146,015	164,593	180,777	169,663	180,980	131,642	136,396	160,169	(80,584)
Total Governmental Net Assets	<u>\$ 199,010</u>	<u>\$ 201,940</u>	<u>\$ 235,647</u>	<u>\$ 282,262</u>	<u>\$ 294,294</u>	<u>\$ 330,721</u>	<u>\$ 321,924</u>	<u>\$ 384,424</u>	<u>\$ 452,663</u>	<u>\$ 255,550</u>
Business Type Activities										
Net Investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9
Restricted										
Unrestricted	33	19	12	46	98	129	257	195	247	171
Total Business Type Activities	<u>\$ 33</u>	<u>\$ 19</u>	<u>\$ 12</u>	<u>\$ 46</u>	<u>\$ 98</u>	<u>\$ 129</u>	<u>\$ 257</u>	<u>\$ 195</u>	<u>\$ 247</u>	<u>\$ 180</u>
Total Primary Government										
Net Investment in capital assets	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007	\$ 97,719	\$120,499	\$ 159,052	\$ 216,679	\$ 257,190	\$ 302,401
Restricted	35,000	29,443	29,387	27,478	26,912	29,242	31,230	31,349	35,304	33,742
Unrestricted	150,582	146,034	164,605	180,823	169,761	181,109	131,899	136,591	160,416	(80,413)
Total Primary Government	<u>\$ 199,043</u>	<u>\$ 201,959</u>	<u>\$ 235,659</u>	<u>\$ 282,308</u>	<u>\$ 294,392</u>	<u>\$ 330,850</u>	<u>\$ 322,181</u>	<u>\$ 384,619</u>	<u>\$ 452,910</u>	<u>\$ 255,730</u>

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

Exhibit S-2
Page 1 of 3

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses										
Governmental activities:										
Instruction	\$ 309,070	\$ 314,910	\$ 318,948	\$ 306,009	\$ 308,433	\$ 316,344	\$ 333,944	\$ 356,164	\$ 350,044	\$ 257,538
Instructional Resources & Media Services	9,650	9,104	9,511	8,278	8,761	8,882	9,195	9,632	9,436	6,368
Curriculum & Instructional Staff Development	8,733	9,046	9,638	8,165	8,252	7,440	8,412	8,558	9,826	7,803
Instructional Leadership	4,018	4,275	4,147	3,652	3,652	3,383	3,818	3,990	3,934	2,858
School Leadership	23,368	23,860	24,110	23,056	23,870	24,812	26,673	28,508	28,586	20,758
Guidance, Counseling & Evaluation Services	17,390	18,222	18,272	17,093	18,353	18,481	19,459	21,460	21,670	15,505
Social Work Services	1,320	1,205	1,082	819	868	914	1,008	1,103	1,650	1,248
Health Services	4,629	4,992	5,111	5,024	5,145	5,306	5,791	6,059	5,991	4,253
Student (Pupil) Transportation	8,968	11,352	7,378	11,881	9,373	14,222	13,327	14,050	11,882	11,970
Food Services	19,686	21,279	22,352	23,671	23,900	24,492	26,341	26,748	27,428	20,423
Cocurricular/Extracurricular Activities	9,240	9,272	9,122	8,795	14,104	13,817	14,470	13,891	15,092	13,628
General Administration	8,774	10,007	9,240	8,862	9,864	9,803	10,179	10,822	10,727	8,893
Plant Maintenance & Operations	43,944	43,660	43,993	42,655	43,143	39,577	40,207	46,844	55,405	51,573
Security & Monitoring Services	2,955	2,792	2,245	3,462	3,505	3,390	3,475	3,795	3,722	3,618
Data Processing Services	7,550	8,163	5,272	6,496	5,318	5,332	5,825	5,652	4,175	6,461
Community Services	1,553	1,985	2,245	2,336	2,097	1,826	2,330	2,544	2,607	1,395
Debt Service - Interest on Long Term Debt	42,373	47,343	43,932	43,019	41,082	38,771	42,035	30,990	29,550	31,147
Debt Service - Bond Issuance Cost and Fees	132	34	490	35	33	308	192	3,893	553	327
Facilities Acquisition & Construction	25,792	23,492	23,308	15,960	18,431	13,684	13,728	16,046	18,346	27,889
Contracted Instructional Services Between Schools	91,421	34,752	28,998	39,584	24,960	36,016	46,604	60,149	104,686	157,110
Incremental Costs Associated with Chapter 41	600	600	444	600	600	600	600	400	584	1,249
Payments to Fiscal Agent/Member Districts of SSA	740	709	834	634	755	999	1,000	993	1,060	1,119
Payments to Juvenile Justice Alternative Ed. Prg.	155	132	103	90	212	118	49	88	28	70
Payments to Tax Increment Fund	4,834	4,441	8,912	2,594	2,978	1,875	3,378	597	-	-
Other Intergovernmental Charges	2,200	2,248	2,450	2,247	2,388	2,632	2,823	3,301	3,558	3,332
Total governmental activities expenses	<u>649,095</u>	<u>607,875</u>	<u>602,137</u>	<u>585,017</u>	<u>580,077</u>	<u>593,024</u>	<u>634,863</u>	<u>676,277</u>	<u>720,540</u>	<u>656,535</u>
Business-type activities:										
Employee Child Care	31	694	714	752	1,194	1,219	1,226	1,375	1,381	1,504
After School Care	5,455	5,040	4,932	4,804	4,814	4,966	5,644	5,779	5,945	5,958
Concessions	328	213	243	223	231	211	325	297	270	249
Photography		58	41	55	44	42	34	31	-	-
Total business-type activities expenses	<u>5,814</u>	<u>6,005</u>	<u>5,930</u>	<u>5,834</u>	<u>6,283</u>	<u>6,438</u>	<u>7,229</u>	<u>7,482</u>	<u>7,596</u>	<u>7,711</u>
Total primary government expenses	<u>\$ 654,909</u>	<u>\$ 613,880</u>	<u>\$ 608,067</u>	<u>\$ 590,851</u>	<u>\$ 586,360</u>	<u>\$ 599,462</u>	<u>\$ 642,092</u>	<u>\$ 683,759</u>	<u>\$ 728,136</u>	<u>\$ 664,246</u>

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

Exhibit S-2
Page 2 of 3

Program Revenues

Governmental activities:

Charges for Services:

Instruction	\$ 4,381	\$ 4,357	\$ 4,367	\$ 4,433	\$ 3,889	\$ 3,761	\$ 3,768	\$ 3,536	\$ 3,658	\$ 3,614
Food Service	12,341	12,614	12,682	12,931	13,013	13,659	13,357	13,315	13,612	12,909
Cocurricular/Extracurricular Activities	1,401	1,552	1,425	1,468	1,554	1,612	1,793	1,618	1,568	1,451
Plant Maintenance & Operations	1,122	878	928	935	957	979	1,069	1,080	1,085	1,016
Community Services	76	81	81	61	33	11	6	5	6	15
Other	269	183	144	124	150	142	97	64	83	68
Operating Grants and Contributions	56,502	77,525	86,767	61,521	62,621	68,323	84,554	82,106	70,958	(10,068)
Capital Grants and Contributions	-	-	615	11,500	-	-	-	-	-	-

Total governmental activities program revenues	<u>76,092</u>	<u>97,190</u>	<u>107,009</u>	<u>92,973</u>	<u>82,217</u>	<u>88,487</u>	<u>104,644</u>	<u>101,724</u>	<u>90,970</u>	<u>9,005</u>
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Business-type activities:

Charges for services:

Employee Child Care	531	687	726	776	1,095	1,273	1,355	1,383	1,413	1,435
After School Care	7,144	6,956	6,960	7,074	7,207	7,542	8,165	7,968	8,346	8,559
Concessions	239	199	234	252	262	228	347	263	290	238
Photography	-	48	43	60	64	56	40	2	-	-

Total business-type activities program revenues	<u>7,914</u>	<u>7,890</u>	<u>7,963</u>	<u>8,162</u>	<u>8,628</u>	<u>9,099</u>	<u>9,907</u>	<u>9,616</u>	<u>10,049</u>	<u>10,232</u>
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Total primary government program revenues	<u>\$ 84,006</u>	<u>\$ 105,080</u>	<u>\$ 114,972</u>	<u>\$ 101,135</u>	<u>\$ 90,845</u>	<u>\$ 97,586</u>	<u>\$ 114,551</u>	<u>\$ 111,340</u>	<u>\$ 101,020</u>	<u>\$ 19,237</u>
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Net (Expense) Revenue

Governmental activities	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)	\$ (497,860)	\$ (504,537)	\$ (530,219)	\$ (574,553)	\$ (629,569)	\$ (647,530)
Business-type activities	1,904	1,885	2,033	2,328	2,345	2,661	2,678	2,134	2,453	2,521
Total primary government net expense	<u>\$ (571,098)</u>	<u>\$ (508,800)</u>	<u>\$ (493,095)</u>	<u>\$ (489,717)</u>	<u>\$ (495,515)</u>	<u>\$ (501,876)</u>	<u>\$ (527,541)</u>	<u>\$ (572,419)</u>	<u>\$ (627,116)</u>	<u>\$ (645,009)</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (Expense) Revenue										
Governmental activities	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)	\$ (497,860)	\$ (504,537)	\$ (530,219)	\$ (574,553)	\$ (629,569)	\$ (647,530)
Business-type activities	1,904	1,885	2,033	2,328	2,345	2,661	2,678	2,134	2,453	2,521
Total primary government net expense	<u>\$ (571,098)</u>	<u>\$ (508,800)</u>	<u>\$ (493,095)</u>	<u>\$ (489,717)</u>	<u>\$ (495,515)</u>	<u>\$ (501,876)</u>	<u>\$ (527,541)</u>	<u>\$ (572,419)</u>	<u>\$ (627,116)</u>	<u>\$ (645,009)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes levied for general purposes	352,709	349,563	339,532	344,781	351,218	412,190	439,832	475,671	520,714	576,691
Property taxes levied for debt service	91,245	98,722	104,420	112,694	114,865	101,575	106,235	109,451	119,707	132,536
Unrestricted grants and contributions	106,017	56,590	75,038	71,575	38,658	25,148	33,279	32,576	38,967	34,442
Investment earnings	9,415	1,488	2,068	760	868	623	622	1,465	4,377	11,051
Miscellaneous	6,815	5,344	5,011	6,551	1,987	2,687	2,659	15,683	11,621	9,814
Insurance recovery	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on disposition of capital assets	-	-	723	-	-	-	386	-	-	-
Transfers	1,867	1,908	2,043	2,298	2,296	2,632	2,553	2,207	2,423	2,629
Total governmental activities	<u>\$ 568,068</u>	<u>\$ 513,615</u>	<u>\$ 528,835</u>	<u>\$ 538,659</u>	<u>\$ 509,892</u>	<u>\$ 544,855</u>	<u>\$ 585,566</u>	<u>\$ 637,053</u>	<u>\$ 697,809</u>	<u>\$ 767,163</u>
Business-type activities:										
Investment earnings	26	10	3	4	2	2	3	9	22	41
Transfers	(1,867)	(1,908)	(2,043)	(2,298)	(2,296)	(2,632)	(2,552)	(2,206)	(2,423)	(2,629)
Total business-type activities	<u>(1,841)</u>	<u>(1,898)</u>	<u>(2,040)</u>	<u>(2,294)</u>	<u>(2,294)</u>	<u>(2,630)</u>	<u>(2,549)</u>	<u>(2,197)</u>	<u>(2,401)</u>	<u>(2,588)</u>
Total primary government	<u>\$ 566,227</u>	<u>\$ 511,717</u>	<u>\$ 526,795</u>	<u>\$ 536,365</u>	<u>\$ 507,598</u>	<u>\$ 542,225</u>	<u>\$ 583,017</u>	<u>\$ 634,856</u>	<u>\$ 695,408</u>	<u>\$ 764,575</u>
Change in Net Position										
Governmental activities	\$ (4,934)	\$ 2,930	\$ 33,707	\$ 46,615	\$ 12,032	\$ 40,318	\$ 55,347	\$ 62,500	\$ 68,239	\$ 119,633
Business-type activities	63	(13)	(7)	33	52	31	129	(63)	52	(67)
Total primary government	<u>\$ (4,871)</u>	<u>\$ 2,917</u>	<u>\$ 33,700</u>	<u>\$ 46,648</u>	<u>\$ 12,084</u>	<u>\$ 40,349</u>	<u>\$ 55,476</u>	<u>\$ 62,437</u>	<u>\$ 68,291</u>	<u>\$ 119,566</u>

Plano Independent School District

Exhibit S-3

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Unaudited)

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2009</u>	<u>2010</u>	<u>2011¹</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ 2,610	\$ 2,703	\$ 2,121	\$ 2,044	\$ 1,296	\$ 1,998	\$ 1,172	\$ 1,094
Reserved	2,506	2,620	-	-	-	-	-	-	-	-
Assigned	-	-	2,182	1,935	19,870	12,884	9,515	17,619	11,332	15,303
Unreserved designated	8,250	3,757	-	-	-	-	-	-	-	-
Unassigned	-	-	147,394	160,919	132,178	154,251	167,771	174,700	214,765	226,358
Unreserved	116,608	126,838	-	-	-	-	-	-	-	-
Total general fund	<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>	<u>\$ 242,755</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 284	\$ 290	\$ 211	\$ 185	\$ 270	\$ 313	\$ 255	\$ 238
Reserved	193	285	-	-	-	-	-	-	-	-
Restricted										
Debt Service	-	-	37,435	35,999	35,188	34,925	33,138	30,575	40,104	41,227
Capital Projects	-	-	80,981	130,444	112,315	64,007	35,596	43,304	288,931	308,165
Food Service	-	-	8,217	7,185	6,952	6,968	6,970	7,144	6,760	7,494
Federal Special Revenue	-	-	7	-	-	-	-	-	-	-
State Special Revenue	-	-	365	818	770	1,247	2,856	693	2,556	762
Committed	-	-	5,840	6,772	8,840	9,189	9,596	10,340	9,613	9,412
Unreserved designated	71,676	77,783	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	9,610	12,538	-	-	-	-	-	-	-	-
Capital projects funds	102,660	115,331	-	-	-	-	-	-	-	-
Debt service fund	45,614	39,320	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 367,298</u>
Total governmental funds	<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>	<u>\$ 610,053</u>

¹ 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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Federal sources:										
Federal grants	\$ 18,199	\$ 38,120	\$ 48,515	\$ 20,571	\$ 23,114	\$ 21,888	\$ 24,065	\$ 22,981	\$ 25,384	\$ 24,506
Food services	6,363	7,496	8,008	8,355	8,963	9,396	9,963	10,313	10,680	11,025
Total federal sources	<u>24,562</u>	<u>45,616</u>	<u>56,523</u>	<u>28,926</u>	<u>32,077</u>	<u>31,284</u>	<u>34,028</u>	<u>33,294</u>	<u>36,064</u>	<u>35,531</u>
State sources:										
State education finance program	124,349	75,535	91,954	87,367	50,928	39,537	47,626	47,641	54,123	51,295
State grants and other	10,234	9,582	9,908	12,190	5,285	11,409	8,325	12,054	10,332	7,000
Total state sources	<u>134,583</u>	<u>85,117</u>	<u>101,862</u>	<u>99,557</u>	<u>56,213</u>	<u>50,946</u>	<u>55,951</u>	<u>59,695</u>	<u>64,455</u>	<u>58,295</u>
Local sources:										
Ad valorem taxes	445,420	448,529	446,091	457,022	466,582	512,921	544,873	589,230	640,635	707,121
Food service sales	12,340	12,611	12,721	12,929	13,012	13,661	13,356	13,332	13,610	13,017
Interest and other income	9,028	1,434	1,644	767	872	635	631	1,507	4,510	11,236
Other revenue	15,747	15,757	15,765	30,330	21,529	19,886	20,966	15,241	16,239	15,605
Total local sources	<u>482,535</u>	<u>478,331</u>	<u>476,221</u>	<u>501,048</u>	<u>501,995</u>	<u>547,103</u>	<u>579,826</u>	<u>619,310</u>	<u>674,994</u>	<u>746,979</u>
Total revenues	<u>\$641,680</u>	<u>\$609,064</u>	<u>\$634,606</u>	<u>\$629,531</u>	<u>\$ 590,285</u>	<u>\$ 629,333</u>	<u>\$ 669,805</u>	<u>\$ 712,299</u>	<u>\$ 775,513</u>	<u>\$ 840,805</u>

Plano Independent School District

Exhibit S-5

Governmental Funds, Expenditures And Debt Service Ratio

Last Ten Fiscal Years

(Unaudited)

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenditures:										
Instruction & Instructional-Related Services	\$306,772	\$312,619	\$318,959	\$299,009	\$297,559	\$ 305,883	\$316,046	\$329,496	\$334,252	\$346,277
Instructional & School Leadership	26,329	26,602	27,383	25,802	26,397	27,200	28,503	29,873	30,819	31,921
Support Services - Student	58,956	60,036	62,054	61,800	68,701	71,203	74,047	75,726	79,188	80,626
Administrative Support Services	8,786	8,812	8,948	8,625	9,408	9,641	9,761	10,157	10,374	10,718
Support Services - Nonstudent	49,366	49,887	50,344	49,626	50,233	47,394	47,884	54,896	63,971	63,734
Ancillary Services	1,424	1,987	2,128	2,227	1,965	1,682	2,069	2,109	2,391	2,510
Debt Service - Principal on long-term debt	50,860	58,918	58,165	67,180	70,215	56,610	65,715	73,210	76,765	87,755
Debt Service - Interest on long-term debt	39,361	48,048	48,354	47,692	45,878	43,632	41,817	38,150	36,918	45,347
Debt Service - Bond Issuance Costs and Fees	1,861	1,077	749	413	317	308	635	3,893	553	327
Facilities Acquisition & Construction	96,498	118,296	113,055	59,496	78,151	57,645	50,347	26,999	55,146	105,761
Intergovernmental Charges ¹	99,950	42,882	41,741	45,749	31,894	42,240	54,453	65,528	109,916	162,881
Total Expenditures	<u>\$740,163</u>	<u>\$729,164</u>	<u>\$731,880</u>	<u>\$667,619</u>	<u>\$680,718</u>	<u>663,438</u>	<u>691,277</u>	<u>710,037</u>	<u>800,293</u>	<u>937,857</u>
Capital Expenditures	\$ 77,375	\$103,874	\$ 99,845	\$ 47,012	\$ 66,635	\$ 46,794	\$ 42,925	\$ 15,018	\$ 44,498	\$ 83,463
Debt service as a percentage of noncapital expenditures	13.6%	17.1%	16.9%	18.5%	18.9%	16.3%	16.6%	16.0%	15.0%	15.6%

¹ Intergovernmental charges include: Contracted Instructional Services Between Schools, Incremental Costs Associated with Chapter 41 (2004 first year) Payments to Fiscal Agent/Member Districts of SSA, Payments to Juvenile Justice Alternative Ed. Prg., Payment to Tax Increment Fund (2001 first year), and Appraisal District Costs (2009 first year). The Contracted Instructional Services Between Schools increased due to increases in tax revenue as a result of increases in appraised property values.

Plano Independent School District

Exhibit S-6

Governmental Funds, Other Financing Sources and Uses and Net Change in Fund Balance

Last Ten Fiscal Years

(Unaudited)

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Excess of revenues over (under) expenditures	\$ (98,483)	\$ (120,100)	\$ (97,274)	\$ (38,088)	\$ (90,433)	\$ (34,105)	\$ (21,472)	\$ 2,262	\$ (24,780)	\$ (97,052)
Other financing sources (uses)										
Transfers In	7,446	7,222	5,129	4,087	3,085	11,838	24,940	37,232	4,773	3,334
Transfers Out	(5,580)	(4,694)	(3,086)	(2,589)	(1,588)	(9,706)	(22,957)	(35,625)	(3,150)	(1,405)
Bonds issued	179,999	136,975	-	92,840	53,740	-	-	-	257,210	108,020
Refunding bonds issued	-	-	108,815	46,115	27,805	74,750	43,250	303,360	-	-
Premiums on bonds issued	1,747	1,952	14,304	14,023	8,903	5,673	6,409	55,749	43,322	12,334
Payment to bond refunding agent	-	-	(122,845)	(54,638)	(30,132)	(81,699)	(49,496)	(358,425)	-	-
Insurance Proceeds	-	-	-	-	-	505	233	15,106	11,427	9,334
Sale of capital assets	-	-	1,800	-	-	-	400	19	-	-
Capital leases	228	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>183,840</u>	<u>141,455</u>	<u>4,117</u>	<u>99,838</u>	<u>61,813</u>	<u>1,361</u>	<u>2,779</u>	<u>17,416</u>	<u>313,582</u>	<u>131,617</u>
Net change in fund balances	<u>\$ 85,357</u>	<u>\$ 21,355</u>	<u>\$ (93,157)</u>	<u>\$ 61,750</u>	<u>\$ (28,620)</u>	<u>\$ (32,744)</u>	<u>\$ (18,693)</u>	<u>\$ 19,678</u>	<u>\$ 288,802</u>	<u>\$ 34,565</u>

Plano Independent School District

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

Fiscal Year	Actual Value				Less: Exemptions	Total Assessed Value	Total District Rate ¹
	Residential Property	Industrial Property	Rural Property	Personal Property			
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
2018	30,487,769	23,655,232	633,748	5,001,069	8,768,355	51,009,463	1.4390

Source: Collin County Tax Assesor Collector - Tax Roll Summary

¹ 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 ¹											
	Maintenance & Operations	Debt Service	Total	City of Plano	Collin County	Collin Co. Community College (CCCC)	City of Allen	City of Carrollton	City of Dallas	City of Garland	City of Lucas	City of Murphy	City of Parker	City of Richardson	City of Wylie
2009	1.0400	0.2634	1.3034	0.4735	0.2425	0.0865	0.5560	0.6179	0.7479			0.5183	0.3771	0.5752	
2010	1.0400	0.2884	1.3284	0.4735	0.2425	0.0863	0.5550	0.6179	0.7970	0.7046	0.3742	0.5384	0.3771	0.5752	0.8989
2011	1.0400	0.3134	1.3534	0.4886	0.2400	0.0863	0.5540	0.6176	0.7970	0.7046	0.3742	0.5650	0.3371	0.6352	0.8989
2012	1.0400	0.3334	1.3734	0.4886	0.2400	0.0863	0.5530	0.6179	0.7970	0.7046	0.3742	0.5650	0.3771	0.6352	0.8989
2013	1.0400	0.3334	1.3734	0.4886	0.2400	0.0863	0.5520	0.6179	0.7970	0.7046	0.3742	0.5700	0.3771	0.6352	0.8889
2014	1.1700	0.2830	1.4530	0.4886	0.2375	0.0836	0.5500	0.6179	0.7970	0.7046	0.3207	0.5700	0.3509	0.6352	0.8839
2015	1.1700	0.2830	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	1.4400	0.4886	0.2250	0.0819	0.5300	0.6128	0.7970	0.7046	0.3206	0.5300	0.3509	0.6351	0.8689
2017	1.1700	0.2690	1.4400	0.4786	0.2083	0.0812	0.5200	0.6037	0.7825	0.7046	0.3179	0.5100	0.3659	0.6251	0.8489
2018	1.1700	0.2690	1.4400	0.4686	0.1922	0.07981	0.5100	0.5997	0.7804	0.7046	0.3179	0.5000	0.365984	0.6251	0.7810

¹ 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>	<u>2018</u>			<u>2009</u>		
	<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	\$ 720,068,550	1	1.41 %	\$ -		- %
Toyota Motor North America Inc	341,969,180	2	0.67			
Legacy West Investors LP	340,861,050	3	0.67			
Health Care Service Corporation	292,703,563	4	0.57			
Silos Harvesting Partners, LP	271,574,928	5	0.53			
Oncor Electric Delivery Company	253,926,960	6	0.50	230,050,668	1	0.66
Bank of America, NA	241,200,841	7	0.47			
Texas Instruments, Inc	198,162,916	8	0.39			
394 Pacific DCD LLC	187,235,847	9	0.37			
HP Enterprise Service,s LLC	181,600,000	10	0.36	140,996,529	4	0.40
JC Penney Co Inc.				163,972,572	3	0.47
Countrywide Home Loans Inc.				200,102,718	2	0.57
Willow Bend Shopping Center LP				127,374,433	5	0.37
Legacy Campus LP				110,257,786	7	0.32
HSP of Texas Inc.						-
Ericsson				101,752,008	9	0.29
Alcatel USA Sourcing LP				102,402,233	8	0.29
United Dominion Realty LP				113,285,714	6	0.33
Total	<u>\$ 3,029,303,835</u>		<u>5.94 %</u>	<u>\$ 1,290,194,661</u>		<u>3.70 %</u>
Total Taxable Value	\$51,009,463,132			\$34,846,156,234		

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
2009	447,941,075	69,881	448,010,956	441,638,332	98.59	5,576,297	447,214,629	99.82
2010	452,088,944	(1,291,954)	450,796,990	445,745,911	98.60	4,533,572	450,279,483	99.89
2011	449,428,766	(1,045,759)	448,383,007	444,404,742	98.88	3,624,964	448,029,706	99.92
2012	459,298,341	(2,141,722)	457,156,619	453,398,398	98.72	3,350,965	456,749,363	99.91
2013	466,912,198	(1,189,045)	465,723,153	461,906,257	98.93	3,369,902	465,276,159	99.90
2014	515,059,308	(427,234)	514,632,074	509,947,307	99.01	4,157,610	514,104,917	99.90
2015	546,185,299	(1,517,151)	544,668,148	540,145,891	98.89	3,903,390	544,049,281	99.89
2016	581,815,938	(678,834)	581,137,104	576,953,689	99.16	3,550,827	580,504,516	99.89
2017	639,881,781	(1,402,621)	638,479,160	634,181,327	99.11	3,363,991	637,545,318	99.85
2018	707,443,306	1,605,781	709,049,087	704,057,256	99.52	-	704,057,256	99.30

Plano Independent School District

Exhibit S-11

Outstanding Debt By Type

Last Ten Fiscal Years

(Unaudited)

(Dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Total Primary Government	Resources Restricted for Debt Service	Net Bonded Debt Outstanding	Gross Bonded Debt as % of Personal Income ¹	Gross Bonded Debt Per Capita	Net Bonded Debt as % of Assessed Value	Net Bonded Debt Per Capita
	Unlimited Tax Bonds ²	Loans Payable	Capital Leases							
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
2018	1,046,051	-	-	1,046,051	25,487	1,020,564	8%	3,010	2.46	2,936

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

² Unlimited Tax Bond equals GO Bonds Payable plus Premium on Bond Issuance

Plano Independent School District

Exhibit S-12

Direct And Overlapping Governmental Activities Debt

June 30, 2015

(Unaudited)

(Dollars in thousands, except per capita)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Plano ¹	\$ 359,093	85.58 %	\$ 307,312
Collin County Community College ¹	15,938	42.25	6,734
Collin County ¹	319,815	42.25	135,122
City of Allen ¹	90,235	3.56	3,212
City of Carrollton ¹	184,737	0.68	1,256
City of Dallas ²	1,822,867	4.16	75,831
City of Garland ¹	261,645	0.19	497
City of Lucas ¹	12,425	5.69	707
City of Murphy ¹	23,305	71.22	16,598
City of Parker ¹	5,235	72.20	3,780
City of Richardson ¹	305,820	38.90	118,964
City of Wylie ¹	72,830	0.31	226
Subtotal, overlapping debt			670,239
District gross bonded debt			1,046,051
Total direct and overlapping debt			\$ 1,716,290

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.

¹ Reported as of entity's fiscal year end 2017.

² Reported as of entity's fiscal year end 2018.

Plano Independent School District

Exhibit S-13

Legal Debt Margin Information
 Last Ten Fiscal Years
 (Unaudited)
 (Dollars in thousands)

Fiscal Year	Debt Limit	Total Net Debt Applicable To Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
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
2018	5,100,946	1,004,824	4,096,122	19.70

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value		\$	51,009,463
Debt limit (10% of assessed value)			5,100,946
Total bonded debt	\$	1,046,051	
Less reserve for retirement of debt		41,227	
Debt applicable to limit			1,004,824
Legal debt margin	\$		4,096,122

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

Exhibit S-14

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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
2018	355,760	12,835,581	36,079	3.30

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

Exhibit S-15

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2018			2009		
	Employees	Rank	Percentage Of Total District Employment	Employees	Rank	Percentage Of Total District Employment
Plano ISD	6,796	1	4.37 %	6,839	2	4.62
Capital One Finance	5,979	2	3.84	1,415	10	0.96
Bank of America	4,500	3	2.89			
DXC Technology (formally HP)	4,000	4	2.57			
Toyota Motor North America, Inc.	3,937	5	2.53			
Ericsson	2,713	6	1.74			
J.C. Penney Company, Inc.	2,420	7	1.55	5,100	4	3.44
City of Plano	2,270	8	1.46			
Dell Services	2,133	9	1.37			
J P Morgan Chase	2,000	10	1.28			
Countrywide Home Loans				9,410	1	6.36
Electronic Data Systems				5,000	3	3.38
Perot Systems				2,697	5	1.82
Alcatel USA				2,023	6	1.37
Frito-Lay Inc.				2,000	7	1.35
CHC Acquisition Corp.				2,000	8	1.35
Texas Health Presbyterian Hospital				1,488	9	1.00
Total	36,748		23.60 %	37,972		25.65

Sources:

Texas Workforce Commission provided total labor force numbers - 2018 (155,666); 2009 (148,064)

Plano Economic Development Corporation provided 2018 Principal Employers.

2009 data from PISD 2009 CAFR

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

Exhibit S-16

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Percent Change 2009 - 2018
Instruction											
Teachers	4,067	3,942	4,011	3,822	3,813	3,825	3,865	3,895	3,905	3,900	(4)
Librarians	71	70	73	71	71	71	70	70	70	70	(1)
Educational Aides	661	629	622	580	573	559	568	581	609	628	(5)
Interpreters	12	13	9	12	13	17	14	14	15	16	36
Other Professionals (instructional)	156	141	162	159	153	159	171	175	195	195	25
	<u>4,967</u>	<u>4,795</u>	<u>4,877</u>	<u>4,644</u>	<u>4,623</u>	<u>4,631</u>	<u>4,688</u>	<u>4,735</u>	<u>4,794</u>	<u>4,809</u>	<u>(3)</u>
Campus Administration											
Principal	68	68	71	71	72	72	72	72	72	72	6
Assistant Principal	90	89	92	87	88	92	95	102	103	109	21
Instructional Officer	8	10	10	10	10	8	8	8	8	9	13
Athletic Director	-	-	2	3	3	3	3	3	3	3	3
	<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>193</u>	<u>16</u>
Student Services											
Counselor	147	146	152	138	143	146	148	157	161	162	10
Educational Diagnostician	29	30	32	30	30	33	34	35	35	37	28
School Nurse	72	72	73	73	71	71	72	72	72	71	(1)
LSSP/Psychologist	14	14	14	14	13	12	10	13	13	15	7
Social Worker	10	10	9	8	8	9	10	10	11	11	10
	<u>272</u>	<u>272</u>	<u>280</u>	<u>263</u>	<u>265</u>	<u>271</u>	<u>274</u>	<u>287</u>	<u>292</u>	<u>296</u>	<u>9</u>
Support and Administration											
Superintendent, Deputy, Assoc. & Assistant	7	7	7	5	6	6	7	7	8	8	14
Non-Campus Professionals	211	223	223	216	222	224	229	228	239	240	14
Auxiliary Staff	1,216	1,301	1,342	1,239	1,250	1,219	1,276	1,306	1,279	1,282	5
	<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>1,530</u>	<u>7</u>
Total	<u>6,839</u>	<u>6,765</u>	<u>6,904</u>	<u>6,538</u>	<u>6,538</u>	<u>6,526</u>	<u>6,652</u>	<u>6,748</u>	<u>6,798</u>	<u>6,828</u>	<u>(0)</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

<u>Fiscal Year</u>	<u>Enrollment ¹</u>	<u>Operating Expenditures ²</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenditures Excluding Recapture</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
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 %
2018	53,952	698,670,555	12,950	11.10 %	541,560,467	10,038	3.23 %	3,900	13.8	34 %

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

² Operating expenditures are total governmental fund expenditures less debt service and capital projects.

Plano Independent School District**Exhibit S-18**Teacher Base Salaries
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Statewide Average Salary
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
2018	53,000	79,500	58,075	53,334

Sources:

Plano ISD 2017-2018 Compensation Plan Book
TEA PEIMS Standard Reports

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

	Fiscal Year										
	2005	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Schools:											
Elementary											
Buildings	42	44	44	44	44	44	44	44	44	44	44
Square Feet	2,926,668	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	3,390,582
Enrollment	24,214	24,658	25,005	24,941	24,721	24,406	24,107	23,900	23,704	19,813	23,257
Middle School											
Buildings	12	12	13	13	13	13	13	13	13	13	13
Square Feet	1,805,997	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	1,981,439
Enrollment	12,055	12,476	12,459	12,640	12,706	12,730	12,621	12,447	12,498	12,429	12,328
High School											
Buildings	5	5	5	5	6	7	6	6	6	6	6
Square Feet	1,126,915	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	1,643,107
Enrollment	7,833	7,936	8,191	8,414	8,433	8,435	8,496	8,540	8,623	8,470	8,305
Senior High School											
Buildings	3	3	3	3	3	3	4	4	4	4	4
Square Feet	1,252,658	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	1,641,492
Enrollment	6,869	7,429	7,440	7,604	7,806	7,872	7,937	8,183	8,262	8,355	8,365
Early Childhood Schools											
Buildings	3	3	3	3	3	3	3	3	3	3	3
Square Feet	147,683	156,458	156,458	156,458	156,458	156,458	156,458	156,458	156,458	156,458	156,458
Enrollment ¹	1,385	1,704	1,844	1,971	1,993	1,742	1,661	1,619	1,486	1,619	1,697
Total Schools											
Buildings	65	67	68	68	69	70	70	70	70	70	70
Square Feet	7,259,921	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	8,813,078
Enrollment	52,356	54,203	54,939	55,570	55,659	55,185	54,822	54,689	54,573	54,173	53,952

Source: District Records

Notes:

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

² 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.

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

	2005	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other PISD Facilities:											
Other Educational Facilities -											
Buildings	3	4	4	4	5	5	5	5	5	7	8
Square Feet	97,775	126,961	138,036	138,036	149,820	149,820	149,820	149,820	149,820	222,197	254,741
Administrative											
Buildings	5	6	6	6	6	6	6	6	6	6	6
Square Feet	211,866	223,271	223,271	223,271	223,271	204,199	204,199	204,199	204,199	204,199	204,199
Facility Services											
Buildings	4	4	4	4	4	4	4	4	4	4	4
Square Feet	142,389	142,389	148,662	148,662	148,662	148,662	148,662	148,662	148,662	148,662	148,662
Athletics											
Stadiums	6	6	6	6	6	6	6	6	6	6	6
Running Tracks	9	9	9	10	10	10	10	10	10	10	10
Tennis Courts	20	20	21	22	22	21	21	21	21	21	21
Softball Fields	5	3	3	4	4	4	4	4	4	4	4
Baseball Fields	7	7	7	8	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:

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

² 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

Teamwork for Excellence



P L A N O
Independent School District

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 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, 2018, 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 13, 2018, which included an emphasis paragraph on the restatement of beginning net position due to the implementation of new accounting guidance, GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 13, 2018

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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2018.

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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 13, 2018

Plano Independent School District
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2018

Exhibit K-1
 Page 1 of 2

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct funding U.S. Department of Defense</u>			
Junior ROTC Program	12.000		\$ 279,499
Total direct funding U.S. Department of Defense			279,499
TOTAL U.S. DEPARTMENT OF DEFENSE			279,499
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA Title I Part A - Improving Basic Programs	84.010A	17-610101043910	137,596
ESEA Title I Part A - Improving Basic Programs	84.010A	18-610101043910	4,998,888
Total Title I - Part A Cluster			5,136,484
Title IV IDEA - Part B, Formula	84.027A	17-6600010439106600	499,198
Title IV IDEA - Part B, Formula	84.027A	18-6600010439106600	8,204,444
Title IV IDEA - Part B, Preschool	84.173A	17-6610010439106610	4,745
Title IV IDEA - Part B, Preschool	84.173A	18-6610010439106610	225,709
Title IV IDEA - Part B, High Cost Risk	84.027A	17-660006043910	323,071
SSA - IDEA - Part B, Discretionary	84.027A	17-660011043910	2,731
SSA - IDEA - Part B, Discretionary	84.027A	18-660011043910	298,478
Total Special Education Cluster			9,558,376
Vocational Education - Basic Grant	84.048A	17-420006043910	3,478
Vocational Education - Basic Grant	84.048A	18-420006043910	433,916
Total Vocational Education - Basic Grant			437,394
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	18-3911010439103911	7,445
Title III, Language Instruction LEP	84.365A	17-671001043910	84,428
Title III, Language Instruction LEP	84.365A	18-671001043910	892,370
Total Title III			976,798
ESEA Title II, Part A, Teacher and Principal Training	84.367A	17-694501043910	54,369
ESEA Title II, Part A, Teacher and Principal Training	84.367A	18-694501043910	807,094
Total Title II, Part A			861,463

(continued)

Plano Independent School District
 Schedule of Expenditures of Federal Awards—Continued
 Year Ended June 30, 2018

Exhibit K-1
 Page 2 of 2

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Title IV Part A Summer School LEP	84.369A	18-69551702	\$ 70,042
Title IV Part A Subpart 1	84.424A	18-680101043910	94,920
Title IV Hurricane Relief Funds	84.938C		243,017
Total Title IV			407,979
Total passed through State Department of Education			17,385,939
TOTAL U.S. DEPARTMENT OF EDUCATION			17,385,939
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct funding U.S. Department of Health and Human Services</u>			
Head Start	93.600	CH6042/40	745,929
Head Start	93.600	CH6042/41	335,416
Total Head Start Cluster			1,081,345
Total direct funding U.S. Department of Health and Human Services			1,081,345
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,081,345
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast Program	10.533	18-043910	1,919,761
National School Lunch Program	10.555	18-043910	7,558,955
Commodity Food Distribution	10.550	18-043910	1,545,170
Summer Feeding Program	10.559	17-043910	10,153
Summer Feeding Program	10.559	18-043910	54,795
Total Child Nutrition Cluster			11,088,834
Child and Adult Care Food Program	10.558	18-043910	1,503
Total passed through the State Department of Agriculture			11,090,337
TOTAL U.S. DEPARTMENT OF AGRICULTURE			11,090,337
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 29,837,120

(Concluded)

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

Plano Independent School District

Notes to the Schedule of Expenditures of Federal Awards

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.

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.

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.

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, 2018 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.

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	\$ 29,837,120
Reimbursements received from the federal school health and related services	4,031,881
Rebates received from the federal government for Build America Bonds	<u>1,661,993</u>
Total federal program revenues per Exhibit C-3	<u>\$ 35,530,994</u>

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, 2018

Section 1. Summary of the Auditor's Results:

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered a material weakness?	_____ Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes	<u> X </u> No

Major Programs

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered a material weakness?	_____ Yes	<u> X </u> None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that were required to be reported in accordance with Uniform Guidance?	_____ Yes	<u> X </u> No
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Identification of major programs:

Title I, Part A Cluster	84.010A
ESEA Title II, Part A, Teacher & Principal Training	84.367A
Title III Language Instruction LEP	84.365

The dollar threshold used to distinguish between Type A and Type B program?.	<u>\$895,114</u>
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Auditee qualified as a low-risk auditee?	<u> X </u> Yes	_____ No
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Plano Independent School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section 2. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards.

None

Section 3. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in 1.f Above

None

Plano Independent School District

Summary of Prior Year Audit Findings

Year Ended June 30, 2018

Section 4. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards.

Finding 2017-001 Special Tests and Provisions- Verification

Responsible Party — Cynthia Lee

Corrective Action — Food and Nutritional Services reviewed and updated procedures for verification. 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
- The District internal auditor review Food and Nutritional Services verification internal control process and will continue to monitor periodically

Status — Corrected