

**PLANO INDEPENDENT SCHOOL DISTRICT
PLANO, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED

JUNE 30, 2013

PREPARED BY

**CHRISTIE TATE
ACCOUNTING & BUDGET DIRECTOR**

**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 YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

CERTIFICATE OF THE BOARD

INTRODUCTORY SECTION

	<u>Page</u>
Board of Trustees and Administrative Officials	i
Organization Chart	ii
Transmittal Letter	iii
GFOA Certificate of Achievement	ix

FINANCIAL SECTION

Exhibit

Independent Auditor's Report	1
Management's Discussion and Analysis	5

Basic Financial Statements 19

	Government Wide Statements:	
A-1	Statement of Net Position	21
B-1	Statement of Activities	22
	Governmental Fund Financial Statements:	
C-1	Balance Sheet – Governmental Funds	24
C-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27
C-3	Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	28
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	30
D-1	Statement of Net Position – Proprietary Funds	31
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	32
D-3	Statement of Cash Flows – Proprietary Funds	33
E-1	Statement of Assets and Liabilities – Agency Funds	34

	Notes to the Basic Financial Statements	35
--	---	----

Required Supplementary Information 67

G-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	68
-----	--	----

	Notes to Required Supplementary Information	69
--	---	----

PLANO INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS – CONTINUED

	<u>Combining and Individual Fund Statements and Schedules</u>	71
H-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	73
H-2	Combining Balance Sheet – Nonmajor Governmental Funds	74
H-3	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	76
H-4	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – National Breakfast and Lunch Program	78
H-5	Combining Statement of Net Position – Nonmajor Enterprise Funds	79
H-6	Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds	80
H-7	Combining Statement of Cash Flows – Nonmajor Enterprise Funds	81
H-8	Combining Statement of Net Position – Internal Service Funds	82
H-9	Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	84
H-10	Combining Statement of Cash Flows – Internal Service Funds	86
H-11	Combining Statement of Changes in Assets and Liabilities – Agency Funds	88
	 <u>Required Texas Education Agency Report Section</u>	89
J-1	Schedule of Delinquent Taxes Receivable	90
J-2	Schedule of Expenditures for Computation of Indirect Cost	92
	 STATISTICAL SECTION (Unaudited)	93
<u>Exhibit</u>		
S-1	Net Position by Component	95
S-2	Change in Net Position	96
S-3	Fund Balances Governmental Funds	98
S-4	Governmental Funds Revenues	99
S-5	Governmental Funds Expenditures and Debt Service Ratio	100
S-6	Governmental Funds Other Financing Sources and Uses and Net Change in Fund Balances	101
S-7	Assessed Value and Actual Value of Taxable Property	102
S-8	Direct and Overlapping Property Tax Rates	103
S-9	Principal Property Taxpayers	104
S-10	Property Tax Levies and Collections	105
S-11	Outstanding Debt by Type	106
S-12	Direct and Overlapping Governmental Activities Debt	107

PLANO INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS – CONTINUED

S-13	Legal Debt Margin Information	108
S-14	Demographic and Economic Statistics	109
S-15	Principal Employers	110
S-16	Full-time-Equivalent District Employees by Type	111
S-17	Operating Statistics	112
S-18	Teacher Base Salaries	113
S-19	School Building Information	114
	REPORTS ON INTERNAL CONTROL, COMPLIANCE AND FEDERAL AWARDS	117
<u>Exhibit</u>	Auditor Documents:	
	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	119
	Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	121
	Auditee Documents:	
K-1	Supplemental Schedule of Expenditures of Federal Awards	123
	Notes to Supplemental Schedule of Expenditures of Federal Awards	125
	Auditor Documents:	
	Schedule of Findings and Questioned Costs	127
	Auditee Documents:	
	Summary of Prior Year Audit Findings	129

Teamwork for Excellence



P L A N O
Independent School District

CERTIFICATE OF THE BOARD

Plano Independent School District
Name of School District

Collin
County

043-910
County-District No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and ✓ approved disapproved for the year ended June 30, 2013 at a meeting of the Board of Trustees of such school district on 5th day of NOVEMBER, 2013.


Signature of Board President


Signature of Board Vice President

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

Teamwork for Excellence



P L A N O
Independent School District

INTRODUCTORY SECTION

Teamwork for Excellence



P L A N O
Independent School District

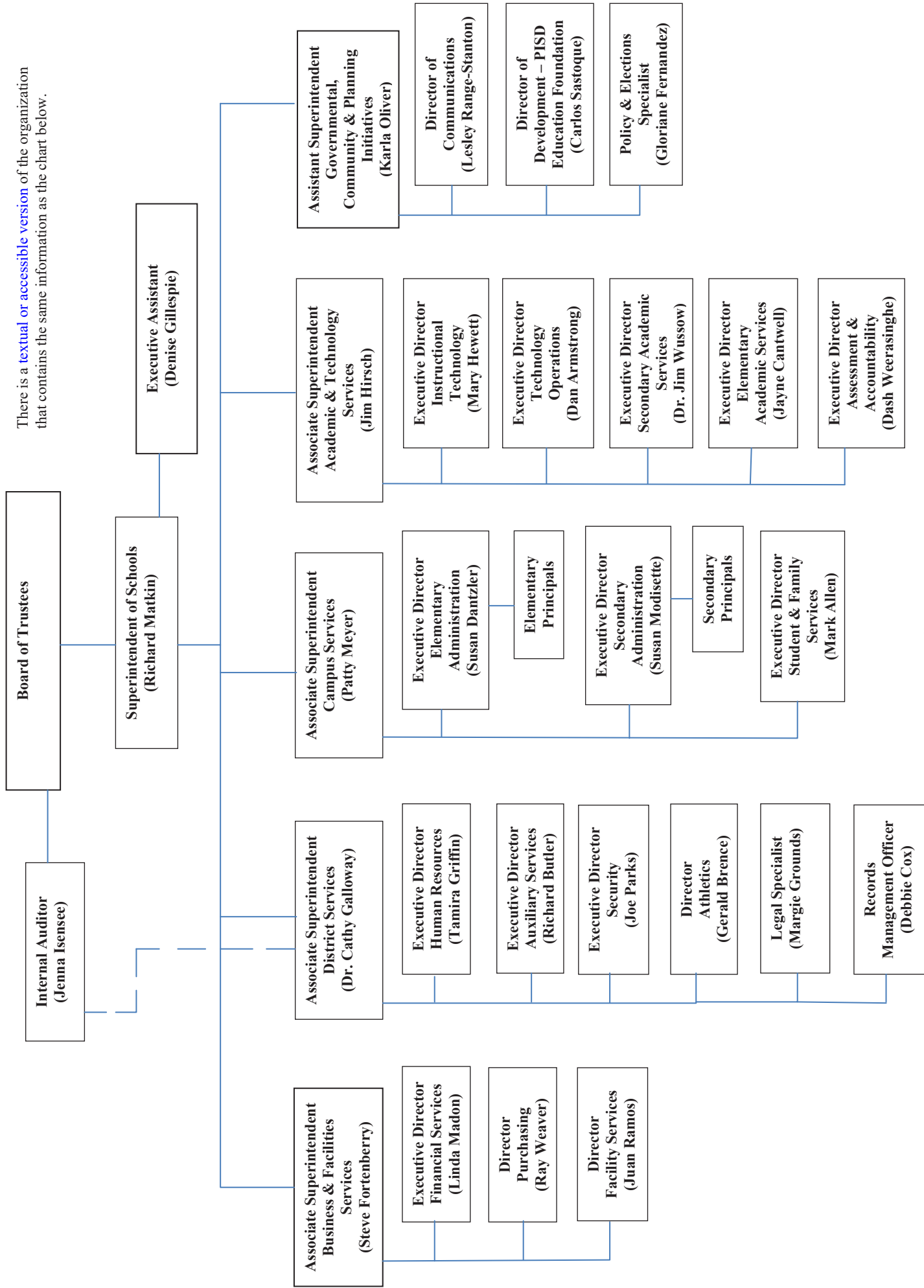
BOARD OF TRUSTEES

Name	Length of Service	Term Expires	Occupations
Nancy Humphrey President	3 Years	May 2017	Public and Contract Accountant
David Stolle Vice President	2 Years	May 2015	Attorney
Michael Friedman Secretary	2 Years	May 2015	Senior Vice President Retail Brokerage Services
Missy Bender Trustee	7 Years	May 2015	Community Volunteer
Marilyn Hinton Trustee	4 Years	May 2017	Community Volunteer
Carrolyn Moebius Trustee	3 Years	May 2017	Veterinary Hospital Administrator
Tammy Richards Trustee	3 Years	May 2017	Consultant

ADMINISTRATIVE OFFICIALS

Name	Position	Length of District Service
Richard Matkin	Superintendent *total school district experience 38 years	12 Years*
Dr. Cathy Galloway	Associate Superintendent for District Services	27 Years
Jim Hirsch	Associate Superintendent for Academic and Technology Services *total school district experience 38 years	17 Years*
Steve Fortenberry	Associate Superintendent for Business and Facilities Services *total school district experience 30 years	1 Year*
Patty Meyer	Associate Superintendent for Campus Services *total school district experience 40 years	27 Years*
Karla Oliver	Assistant Superintendent for Government, Community and Planning Initiatives *total school district experience 23 years	9 Years*

There is a [textual or accessible version](#) of the organization that contains the same information as the chart below.





November 5, 2013

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, 2013, 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, 2013 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 on 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 scheduled the first Tuesday of the month and are held in the District's Administration Building. Regular work sessions are scheduled the third Tuesday of the month and are held at the District's staff development training center, the Sockwell Center. Special meetings are scheduled as needed and announced in compliance with public notice requirements.

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

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

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

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

MISSION

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

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

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

As reflected in the District's mission statement, activities of the District focus on learning opportunities for students. The District is providing educational services to approximately over 55,000 students in state of the art facilities that include three early childhood schools for pre-kindergarten age students, 44 elementary schools, 22 secondary school programs and two special program centers. The District has long maintained the philosophy of renovating its schools every 20 to 25 years to ensure that all facilities continue to meet new building standards as well as curriculum and technology requirements.

ECONOMIC CONDITIONS AND OUTLOOK

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

The Texas Economic Development Act amended the Texas Tax Code in 2001 to allow businesses to apply for appraised value limitation on qualified property for economic development, making the state more attractive for large-scale projects. The District entered into a Texas Economic Development Act Participation Agreement with TI in February 2004. The Texas Instruments \$3 billion semiconductor manufacturing facility located near the southern border of Plano ISD opened in October 2009. The benefits associated with the construction of this plant in Plano ISD and Collin County are estimated to be as large as \$2.8 billion in assets. In conjunction with the opening of this facility, Plano ISD along with other higher education entities in the area, have formed the High Technology Education Coalition of Collin County. The collaboration between the entities in the coalition have provided internships and increased scholarship opportunities for students and professional development opportunities for teachers. Texas Instruments is the signature donor for the Plano ISD Academy High School which opened in August 2013. The Plano ISD Academy High

School is an innovative, project-based 9th–12th grade learning community with an emphasis on science, technology, engineering, arts and mathematics (STEAM).

In the Southeast section of the District, State Farm Insurance new regional office campus is under construction as the key corporate anchor of a 186-acre development by KDC. State Farm's half billion dollar complex will include three office towers plus parking garages. Facility is expected to open in early 2015. The development will also include apartments, retail space and a hotel.

The District's latest multi-year bond program was successfully approved by the voters in May 2008. The purpose of this \$490 million program was to provide funding for four new schools, 20-year renovations, additions and expansions, system and compliance upgrades for several facilities and district wide technology initiatives and other capital improvements. This multi-year bond program will impact every child and school in Plano ISD. The fourth sale of bonds from this authorization occurred in April 2013 with the issuance of \$60,015,000. As of June 30, 2013, \$16,020,000 of the bonds were authorized, but not issued. The District had several active construction projects as of June 30, 2013. Projects included additions to buildings and renovation of existing facilities.

During fiscal year 2013, the District completed the Memorial Elementary building replacement, Employee Childcare at Mendenhall, Clark High School addition, Williams High School collaboration and upgrades and Haggard Middle School fine arts addition. Also finished during the year were improvements to the Clark Stadium press box and Jasper High School flooring and collaboration upgrades.

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

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

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

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

During the 2011 legislative session, facing the phase out of the federal stimulus funds and a recessionary economic forecast, the State reduced formula funding by approximately \$4.0 billion. Many State grants and other allotments were also reduced or eliminated. In the first year of the biennium, the funding cuts were spread proportionately across all districts. However, in 2012-13,

the state funding cuts fell much more heavily on districts receiving ASATR funds which the State decided to phase out by 2017. The District's share of the funding reductions was approximately \$24 million in 2011-12, but increased to \$35 million in 2012-13.

In response to the funding reductions, the District enacted over \$26.6 million in budget cuts for the 2011-12 school year and froze salaries. The majority of the budget cuts were accomplished through a reduction in force of 344 positions. The cuts remained in place for 2012-13; however a compensation increase of 3% was included and implemented. The two year strategy and actions utilized to address the state funding reductions resulted in an increase of \$13.4 million in the fund balance of the general fund in 2011-12, followed by a decrease of \$11.4 million in 2012-13, for a net increase of \$2.0 million over the biennium,

Following the conclusion of the 2011 legislative session, new state funding litigation was filed and on February 4, 2013 the District Court of Travis County rendered a preliminary ruling that the current system was unconstitutional based on (1) equity, (2) adequacy and (3) establishment of a de facto statewide property tax (as in the West Orange-Cove case). At the time this preliminary ruling was rendered, the 2013 legislative session was underway. Possibly in reaction to the ruling and certainly in light of an economic rebound, the legislature restored \$3.2 billion of the \$4.0 billion reduction from the 2011 session. In response to the legislative action, the District Court has set a new trial date of January 6, 2014 at which time it will consider supplemental evidence pertaining to the new funding enacted by the legislature in 2013. Unfortunately for the District, the restoration was not implemented proportionately. The District's restoration was less than 30% compared to a statewide average of 77%. Furthermore, the District's restoration was accomplished entirely by a reduction in property tax recapture payments to the State rather than in additional state funding.

The district adopted its 2013-14 budget on June 4, 2013 – less than a week after the legislative session was adjourned. The 2013-14 revenue budget was based on prior funding law, resulting in a budgeted deficit of \$28.4 million. The partial restoration of state funding reductions subsequently reduced this deficit to \$18.2 million.

On August 20, 2013 the District adopted a maintenance and operations tax rate of \$1.17 and scheduled a tax ratification election for November 5, 2013 to ratify the 13 cent increase. If the election is successful, the District will generate an additional \$30.6 million net of recapture. Otherwise, the District will be faced with a deficit of \$18-20 million and plans to make further cuts to balance the 2014-15 budget. The District also adopted a debt service tax rate of 28.3 cents representing a 5.04 cent reduction from 2012-13. The purpose of the reduction was to minimize the impact to taxpayers of the 13 cent increase in the maintenance and operations rate. The resulting revenue shortfall generated in the debt service fund will be addressed by reducing the 2014 scheduled bond payment through issuance of refunding bonds to restructure debt payments. The restructuring will level out payments over the 2014-2018 time frame, but will not extend final maturity dates on existing debt. As a contingency, \$13.0 million of fund balance in the General Fund is assigned to transfer to the debt service fund if the restructuring is not accomplished.

Biennium

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 4, 2013. The budget is prepared by fund and function. Site based decisions are made throughout the year as campuses and departments manage their budgets. Budget transfers between functions, however, require approval from the Board of Trustees. The District operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.

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

OTHER INFORMATION

Controls

An internal control structure that has been designed, managed and maintained by the District is in place to ensure the District's assets are protected from loss, theft and misuse, and to ensure that accurate accounting data is compiled in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of a control should not exceed the benefits to be derived therefore 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, 2013. The independent auditor's report has been included in this report at the front of the financial section.

Awards

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Plano Independent School District for its Comprehensive Annual Financial Report for the fiscal period ended June 30, 2012. The District received this prestigious award for the thirtieth consecutive year in 2013 .

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, 2013 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.



Richard Matkin
Superintendent



Stephen Fortenberry
Associate Superintendent
of Business Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Plano Independent School
District, Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Teamwork for Excellence



P L A N O
Independent School District

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, 2013, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 17 and 67 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, required Texas Education Agency report section and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

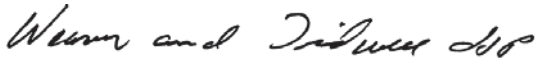
The combining and individual fund statements and schedules, required Texas Education Agency report section, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2013, 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* the District's internal control over financial reporting and compliance.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 4, 2013

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, 2013
(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, 2013. 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 \$294.3 million. The net assets of the District increased by \$12.1 million during the year ended June 30, 2013.

The District's governmental funds financial statements reported combined ending fund balance of \$318.4 million. Of this amount, the General Fund has a total of \$154.2 million of which \$2.1 million is nonspendable, \$19.9 million is assigned and \$132.2 million is unassigned available for spending at the District's discretion. Fund balance of \$147.5 million is restricted for use by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$16.8 million that is either restricted or committed with a small amount in the nonspendable inventory classification.

On May 10, 2008, the District held a successful bond election with voters approving \$490 million in authorized new bonds. Bonds have been issued four times against this authorization with the fourth issuance occurring during fiscal year 2013. In April 2013, the District issued \$53,740,000 of unlimited tax bonds. Bonds authorized and not issued as of June 30, 2013 are \$16,020,000. Series 2012A Refunding Bonds in the amount of \$27,805,000 were also issued in October 2012 to refund \$29,400,000 of outstanding Series 2003 bonds.

During fiscal year 2013, the District completed the Employee Childcare Center at Mendenhall, the Clark High School addition and Haggard Fine Arts addition. Also finished during the year were Memorial Elementary building replacement, Williams High School collaboration upgrades, Clark Stadium press box improvements and Jasper flooring and collaboration upgrades.

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

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 \$294.3 million at June 30, 2013.

The District's Net Assets

	Governmental Activities As of June 30, 2013	Governmental Activities As of June 30, 2012	Business Type Activities As of June 30, 2013	Business Type Activities As of June 30, 2012
Current and other assets	\$ 428,057,260	\$ 437,420,415	\$ 600,338	\$ 485,844
Capital assets	987,711,201	960,330,658	-	-
Other assets	-	339,627	-	-
Total assets	<u>1,415,768,461</u>	<u>1,398,090,700</u>	<u>600,338</u>	<u>485,844</u>
Current liabilities	114,527,139	94,892,337	502,821	440,168
Long term liability	1,006,946,805	1,020,936,170	-	-
Total liabilities	<u>1,121,473,944</u>	<u>1,115,828,507</u>	<u>502,821</u>	<u>440,168</u>
Net position:				
Net Investment in				
capital assets	97,719,303	74,007,332	-	-
Restricted	27,682,058	28,295,963	-	-
Unrestricted	168,893,156	180,004,574	97,517	45,676
Total net position	<u>\$ 294,294,517</u>	<u>\$ 282,307,869</u>	<u>\$ 97,517</u>	<u>\$ 45,676</u>

Our analysis focuses on net position and changes in net position of the District's governmental and business-type activities. The District's total net position increased by \$12.1 million. Current and Other Assets decreased by \$9.4 million which is attributable primarily to a \$13.4 million decrease in Cash and Investments that is offset by a \$5 million increase in Due from Other Governments. Capital Project activity significantly increased in fiscal year 2013 resulting in a decrease in cash and investments of \$11.1 million for the Capital Projects Fund. In addition, with stable local revenue and reduced state revenue in the General Fund, cash and investments decreased \$2.2 million. These two items account primarily for the decrease in Cash and Investments of \$13.4 million. Towards the end of fiscal year 2013, the District requested an audit of its 2009 total taxable value. As a result of the audit, a reduction in taxable value for 2009 created an adjustment to the District's recapture payment made to the State of Texas for this prior year. This resulted in a receivable from the State of \$5 million which accounts for the increase in Due from Other Governments.

Non-Current Capital increased due to the completion of \$5.7 million in building construction projects and the completion of \$4.1 million in land improvement projects which resulted in recording the addition of these projects to the various capital asset line items. Construction in Progress increased \$18.6 million. Several construction projects including new school construction and additions and renovations of existing facilities remained active as of June 30, 2013. These increases combine to result in a net increase in Capital and Non-Current Assets of \$27.4 million. The Non-Current Other Assets section is no longer shown on the Statement of Net Position as the final note payment on the agreement reached with a neighboring municipality as part of a land sale transaction is included in Current Assets for the balance of \$339,627 during fiscal year 2013. The combined net effect of a decrease in Current assets and an increase Capital and Non-Current assets resulted in an increase in total assets during the year ended June 30, 2013 of \$17.7 million.

Several components came together to create the overall \$19.6 million increase in Current Liabilities. Two current liability lines account for the majority of this increase. Due to Other Governments indicates an increase of \$11.6 million. Weighted Average Daily Attendance (WADA) counts used as the basis by the State of Texas for state aid payments during fiscal year 2013 were too high which resulted in the State overpaying the District by this amount. With several construction projects active at June 30, 2013, Accounts Payable reflects an increase of \$6.4 million due to large construction contractor payments in excess of \$7.4 million that were invoiced after fiscal year end for work relating to the current fiscal year period. Otherwise, Accounts Payable would have reflected a decrease due to emphasis placed at year end to close out orders and receive goods so payments could be processed by fiscal year end. Accrued Wages Payable increased \$1.3 million and Payroll Deductions & Withholding increased \$249,174 due to a three percent raise granted for fiscal year 2013. Unearned Revenues increased by \$665,999 due to a \$1.1 million increase in the Instructional Materials Allotment from the State remaining to be drawn upon in future periods. This large increase was offset by a decrease in Other Special Revenue unearned revenue in the Deaf Ed Shared Services Program of \$470,252. Finally, a decrease of \$661,673 in Interest Payable was due to a lower bond interest payment due in August 2013 as a result of the bond refunding in fiscal year 2013.

Noncurrent Liabilities decreased \$14 million. Obligations due within one year increased \$2.2 million while obligations due in more than one year decreased \$16.2 million. During fiscal year 2013, the District issued \$27,805,000 in refunding bonds to refund \$29,400,000 of outstanding debt. In addition, \$53,740,000 of unlimited tax bonds were issued. The increase in Current Liabilities combined with the decrease in Noncurrent Liabilities resulted in a total increase in liabilities of \$5.6 million.

Investment in capital assets (e.g. land, buildings, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding is \$97.7 million. The increase of \$23.7 million is the result of an increase in capital assets net of depreciation of \$27.4 million offset by decreasing related debt of \$14.5 million with a decrease in the Construction fund balance of \$18.1 million. An additional portion of the District's net position of \$26.9 million represents resources that are subject to external restrictions on how they may be used. Assets restricted for use by Food Service decreased by \$316,490. Net position restricted for Debt Service use decreased by \$249,236. Net position restricted for State Programs use decreased by \$48,179. The remaining balance of net position, \$168.9 million, is unrestricted and may be used to meet the District's ongoing obligations. The amount of unrestricted net position decreased \$11.1 million for the year ended June 30, 2013. This decrease is a result of the large decrease in Total Assets.

Changes in net position. The District's total revenues were \$598.4 million. A significant portion (77.9%) of the District's revenue comes from taxes. (See Figure A-2 or Exhibit B-1) A change in the State school finance funding formula for fiscal year 2013 reduced state aid. State aid comprised 6.5% of the District's revenue while operating grants provided 10.5%. Charges for services contributed 4.7%. Interest revenue and other sources including miscellaneous local revenue are 0.4%. The total cost of all programs and services was \$586.4 million.

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

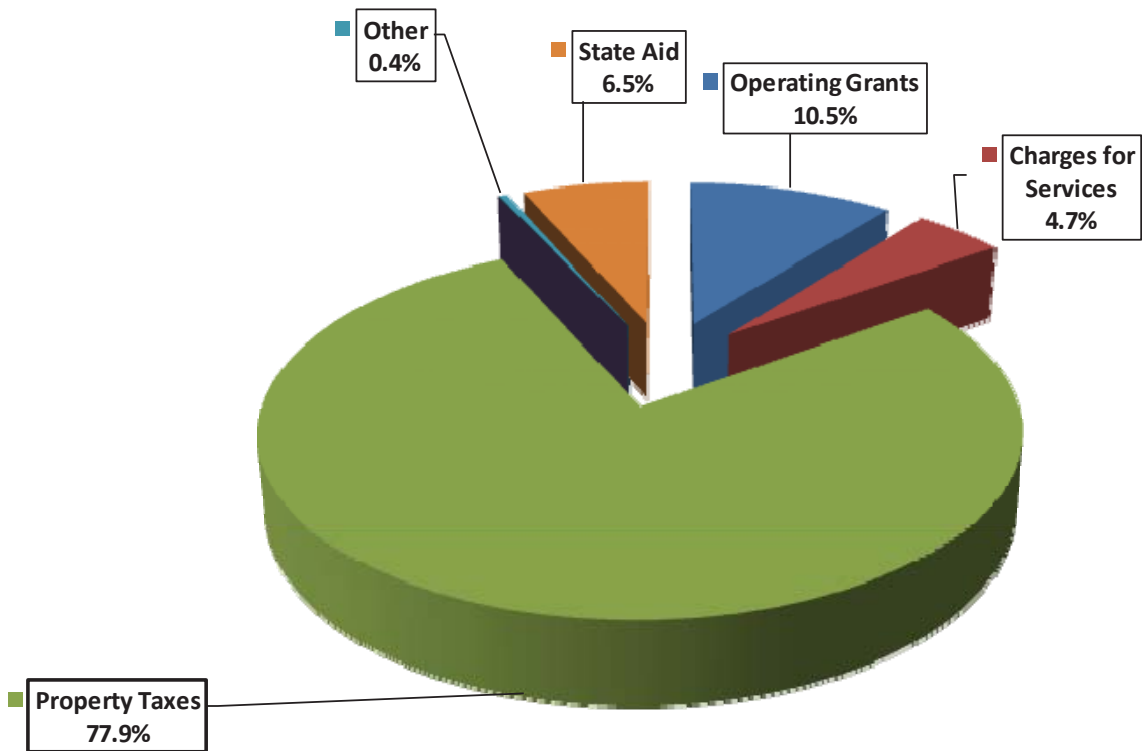
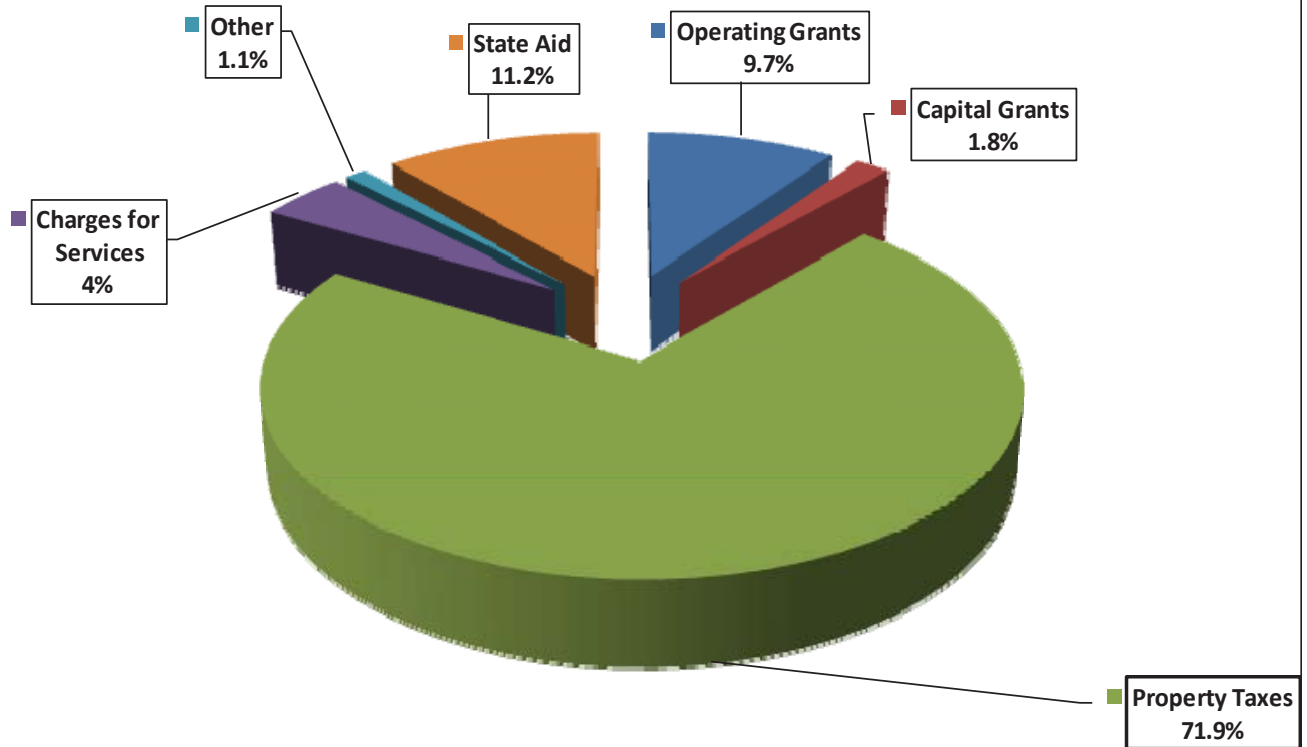


Figure A-2
District Sources of Revenue for the fiscal year ended June 30, 2012



Government-Wide Activities

The total cost of all government-wide activities for the year ended June 30, 2013 was \$586,360,061. 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 \$580.1 million.
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. These program revenues amounted to \$82.2 million.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$497.9 million which was funded from property taxes and other local sources.

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

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

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$308.4	\$271.2
Debt service interest on It debt	43.1	41.5
Plant maintenance & operations	41.1	41.1
Contracted instrl serv btw schools	25.0	25.0
School leadership	23.9	1.4
Other facility costs	23.9	22.2

Change in the District's Net Assets

	Governmental Activities <u>FY 6/30/13</u>	Governmental Activities <u>FY 6/30/12</u>	Business-Type Activities <u>FY 6/30/13</u>	Business-Type Activities <u>FY 6/30/12</u>
Revenue				
Program Revenues				
Charges for services	\$ 19,596,268	\$ 19,951,864	\$ 8,628,573	\$ 8,161,955
Operating grants and contributions	62,620,613	61,520,659		
Capital grants and contributions	-	11,500,000		
General Revenues				
Property taxes	466,083,318	457,475,007		
State aid - formula	38,658,074	71,574,799		
Interest income	867,508	760,274	2,798	3,551
Other	1,987,074	6,551,384		
Total revenues	<u>589,812,855</u>	<u>629,333,987</u>	<u>8,631,371</u>	<u>8,165,506</u>
Expenses				
Instruction and Instructional - Related Services	325,445,714	322,451,999		
Instructional and School Leadership	27,522,157	26,707,839		
Support Services - Student	71,742,677	67,283,255		
Administrative Support Services	9,864,334	8,862,161		
Support Services - Nonstudent Based	51,965,417	52,612,898		
Ancillary Services - Community Service	2,097,258	2,335,734		
Debt Service	41,114,449	43,053,866		
Other Facility Costs	18,430,979	15,960,170		
Intergovernmental Charges	31,894,055	45,749,101		
Concessions	-	-	230,810	222,719
Employee Child Care	-	-	1,194,578	752,325
After School Care	-	-	4,813,962	4,803,720
Photography	-	-	43,671	55,374
Total expenses	<u>580,077,040</u>	<u>585,017,023</u>	<u>6,283,021</u>	<u>5,834,138</u>
Excess (Deficiency) before transfers	9,735,815	44,316,964	2,348,350	2,331,368
Transfers In (Out)	2,296,509	2,297,782	(2,296,509)	(2,297,782)
Beginning net assets	282,262,193	235,647,447	45,676	12,090
Ending net assets	<u>\$ 294,294,517</u>	<u>\$ 282,262,193</u>	<u>\$ 97,517</u>	<u>\$ 45,676</u>

The increase in the ending net position for Governmental Activities of \$12 million is a combination of several factors. During fiscal year 2013 several types of revenue reflect significant changes. Operating grants and contributions increased by \$1.1 million. This increase is a combination of a significant increase in local revenue, \$7.9 million, due to the reclassification and change in the methodology used to account for funds raised by student groups from an agency fund to a local special revenue fund. In addition, the Regional Day School for the Deaf grant showed a \$474,266 increase in local revenue from participating districts. These increases were offset by decreases in revenue received for the District Award for Teacher Excellence (DATE) grant and Instructional Materials Allotment. The funding for the DATE grant was significantly reduced by the State for 2012-13. Plano ISD had received \$3.8 million for the grant in fiscal year 2012, but received no funding for this grant in fiscal year 2013. With fiscal year 2013 being the second year of the State biennium, less revenue in the amount of \$2.8 million was recognized for the Instructional Materials Allotment. The District received \$11.5 million from the Tax Increment Finance ("TIF") Zone for construction of the replacement of Mendenhall Elementary School in fiscal year 2012. No funding of this nature was received in fiscal year 2013, thus the significant reduction in capital grants and contributions. Property tax revenue increased by \$8.6 million due to an increase in the assessed property value base. The decrease in State aid is due to the approximately \$4.0 billion reduction in formula funding passed by the legislature for the 2011 – 13 biennium. In the first year of the biennium, the funding cuts were spread proportionately across all districts. However, in 2012-13, the state funding cuts fell more heavily on districts receiving ASATR funds which the State decided to phase out by 2017. The District's share of the funding reductions increased to \$35 million in 2012-13. In other revenue, the District received a one-time close out payment from one of the Tax Increment Finance Zones when the remaining funds were distributed to participating taxing entities during 2011-12.

In 2012-13 no such payment was received which accounts for the \$4.5 million reduction. These variances combine for a decrease in total Government Activity revenue of \$39.5 million.

Total expenses reflect an overall decrease of \$4.9 million primarily as a result of a significant decrease in Intergovernmental Charges that was offset by increases in several areas. During 2012-13 the State restored most of the District's Weighted Average Daily Attendance (WADA) that was lost in 2011-12 when it was used as the mechanism to distribute statewide reductions in state funding. With an increase in WADA of approximately 2,540, Contracted Instructional Services Between Schools decreased by \$14.6 million. The largest increase that offset this decrease was seen in Support Services – Student due to the change in accounting for student groups' extracurricular activities from an agency fund to a local special revenue fund. Instruction and Instructional Related Services increased \$3.0 million due to a three percent salary increase for all staff in 2012-13. Increased activity in Other Facility Costs due to several large construction projects resulted in a \$2.5 million increase for this area.

Business-Type Activities

The net position of the District's business-type activities increased by \$51,841. This increase is due to an increase in net position for the Concession Enterprise Fund of \$30,964 coupled with an increase in net position for Photography of \$20,877. During fiscal year 2013, there was increased revenue in the Concession Enterprise Fund. The Photography fund experience increased revenue along with a reduction in payroll expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Revenues for general governmental functions totaled \$590.3 million for the year ended June 30, 2013. Property taxes were the largest source of revenue received by the District. The Maintenance and Operating (M&O) tax rate remained at \$1.04 which is the highest rate available to the District for the M&O rate without holding a tax rate authorization election. The constant M&O tax rate applied against an increasing assessed property value resulted in an increase in tax revenue of \$6.6 million for M&O. The Debt Service tax rate remained at \$0.3334. A property value increase of 1.4% resulted in increased tax revenue of \$2.2 million for Debt Service. Offsetting the tax revenue increase was additional one-time local revenue received from the TIF Zone of \$11.5 million to fund capital projects in fiscal year 2012 that was not received in 2013. In addition, one-time revenue received as the first TIF zone was closed out in fiscal year 2012 was not received in 2013. Other Funds reflect a significant increase of \$8.5 million in local revenue due to the change in how student groups were accounted for as they moved from an agency fund to a local special revenue fund effective with 2013. These items represent the major offsetting components of the \$946,269 increase in Local Revenue.

The State School Finance formula generates revenue from two revenue sources, the Foundation School Program and the Available School Fund. During the 2011 legislative session, the State reduced formula funding by approximately \$4.0 billion. In 2011-12, the first year of the biennium, the funding cuts were spread proportionately across all districts. However, in 2012-13, the state funding cuts fell much more heavily on districts like Plano ISD who received Additional State Aid for Tax Reduction (ASATR). The District's share of the funding reductions increased from \$24 million in 2011-12 to \$35 million in 2012-13. Many State grant and other allotments were also reduced or eliminated as part of the reductions passed by the 2011 Legislature. The District Award for Teacher Excellence (DATE) grant was significantly reduced. The District received no funding from this grant for 2012-13 which resulted in a decrease in state funding of \$3.8 million. State funding recognized for the Instructional Materials Allotment decrease by \$2.8 million in fiscal year 2013. These variances combine to primarily account for the \$43.3 million decrease in State Program Revenues.

Federal revenues show an increase of \$3.2 million for the 2013 fiscal year. The reclassification of the School Health and Related Services revenue from State revenue to Federal revenue accounts for the increase in this revenue category.

Expenditures for general governmental operations totaled \$680.7 million during fiscal year 2013 for an increase of \$13.1 million. There are several factors that combine for this increase in expenditures. Due to increased activity in construction projects, the major increase in expenditures is in Facilities Acquisition and Construction of \$18.7 million. The change in accounting treatment for student group activity from an agency fund to a local special revenue fund resulted in an increase of \$5.2 million in Extracurricular Activities. Long term debt principal payments increased due to the issuance of new debt which was offset by a reduction in long term debt interest as a result of bond refunding. These activities combined for a \$1.1 million increase in long term debt. Several functions saw increases as a result of a 3% raise given to all staff in 2012-13. The increases in expenditures was offset by a significant decrease in Contracted Instruction Services Between Schools. During the second year of implementation of Senate Bill 1 the mechanism used to reduce funding changed. The District's Weighted Average Daily Attendance was restored which resulted in a smaller amount of attendance credits needing to be purchased from the State. In addition, a \$5.0 million overpayment to the State as the result of an audit of 2009 taxable assessed value was booked against current expenditures for Contracted Instruction Services Between Schools.

The governmental funds reported a combined fund balance of \$318.4 million. The net decrease in the combined fund balance of \$28.6 million is comprised of several changes in fund balance. The primary decrease of \$18.1 million, occurred in the Capital Projects fund due to increased bond projects during fiscal year 2013. Decreases occurred in the General Fund and Debt Service Fund of \$11,388,578 and \$810,929 respectively. With the change in legislation implemented by the State in fiscal year 2012, the District chose to make the significant reductions in expenditures required for the biennium during the first year. As planned, fund balance increased in 2011-12 and provided the basis to assist in funding the budget for the second year of the biennium in 2012-2013. Tax revenue for the Debt Service fund increased, but was more than offset by principal and interest payments made during the fiscal year. The increase in fund balance for Other non-major funds of \$1,708,248 is primarily due to the change in accounting treatment of student group activities moving from an agency fund to a local special revenue fund. This change increased the fund balance in Other non-major funds by \$2.1 million. This increase was offset by a decrease in the Food Service Special Revenue fund balance of \$316,490. Out of the combined fund balances, \$132.2 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, 2013 consist of:

	<u>As of 6/30/13</u>	<u>As of 6/30/12</u>
Nonspendable		
Inventories	\$1,383,747	\$1,680,263
Prepaid items	948,771	1,312,792
Restricted		
Debt service	35,187,738	35,998,667
Capital Projects	112,314,815	130,443,647
Food Service	6,951,863	7,185,260
Federal Special Revenue	-	-
State Special Revenue	770,154	818,333
Committed		
Local Special Revenue	8,840,132	6,771,459
Assigned		
Purchases on order	1,646,043	1,935,548
Subsequent year's budget: appropriation of fund balance	18,223,808	-
Unassigned	<u>132,177,609</u>	<u>160,918,802</u>
Total Fund Balance	<u><u>\$318,444,680</u></u>	<u><u>\$347,064,771</u></u>

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$132.2 million. The anticipated budget deficit for fiscal year 2014 of \$18.2 million was assigned along with encumbrances in the amount of \$1.6 million. Unassigned fund balance available for the general operations of the District represents 30.8% of the total general fund expenditures while total fund balance represents 35.9% of the same amount.

The Capital Project Fund has a total fund balance of \$112.3 million. This entire amount is restricted for future construction. The fund balance decreased by \$18.1 million as a result of the continuation of the 2008 Bond Program with several large projects active during the year.

The Special Revenue Funds have a total fund balance of \$16.8 million. Nonspendable fund balance invested in inventory equals \$207,211. Fund balance is restricted for food service in the amount of \$6,951,863, for state special revenue in the amount of \$770,154 with the remaining balance of \$8.8 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 41.4% is restricted for use by food service with 4.6% restricted for state grants.

The Debt Service fund balance decreased by \$810,929 due to principal and interest payments that outpaced the increase in tax revenue. The District's semi-annual debt payment of \$21.8 million is due in mid-August. As of June 30 it was neither expended nor accrued.

Proprietary Funds— The District maintains both enterprise funds and internal service funds. Information is presented separately in the proprietary fund statement of net position and in the proprietary fund statement of revenues, expenses and changes in fund net position for the Enterprise Funds and the Internal Service Funds.

Net position in the Enterprise Funds as of June 30, 2013 was \$97,517. Net position for the 2013 year increased by \$51,841. The majority of the increase, \$30,964, occurred in the Concessions Enterprise Fund as a result of increased operating revenue coupled with a minimal increase in expenses. The Photography Enterprise Fund shows the remainder of the increase of \$20,877 as a result of increased operating revenue combined with a decrease in payroll cost.

Net position in the Internal Service Funds as of June 30, 2013 was \$4.2 million. The majority of this amount is unrestricted to be used for future expenses in the health benefits, workers' compensation and unemployment internal service funds. Operating expenses for the Health Benefits Internal Service fund increased this year due to an increase in premiums for all medical plans. This increase resulted in an operating loss for the year of \$484,608. The General Operating fund made an \$800,000 transfer to the Health Benefit Internal Service fund which generated the \$315,392 increase in net position for the year ending June 30, 2013. The District funded the Workers' Compensation Internal Service Fund for half of fiscal year 2013 which resulted in a planned decrease in operating revenue of \$688,539. Professional and Contracted Services increased mid-year resulting in an overall increase in operating expenses of \$641,562. These two factors combined to result in a decrease in net position of \$841,006. The combined impact of these actions primarily account for the decrease of \$784,279 in net position for the Internal Service Funds.

General Fund Budgetary Highlights

Fiscal year 2013 is the second year of the biennium in which the State Legislature reduced funding for school districts across the state by \$4.0 billion. In response to the funding reductions, the District enacted \$26.6 million in budget cuts for the 2011-12 school year. The two year strategy and actions utilized to address the state funding reductions resulted in an increase of \$13.4 million in the fund balance of the General Fund in 2011-12. In 2012-13, with additional reductions in state funding and the inclusion of a 3% staff compensation increase, the General Fund adopted budget reflected a \$19.1 million budget deficit. Staffing reductions made in 2011-12 remained in place for 2012-13. Budget for all non-payroll related items were held constant except in areas impacted by external price increases over which the District had no control such a fuel, contracted services and property insurance.

In the General Fund, the final budgeted amount for revenues was \$422.7 million. Local tax revenue was amended for an increase in tax revenue of \$1.3 million due to certified property values coming in approximately 1% higher than the preliminary values on which the original budget was based. Interest revenue was increased by \$120,000 during the year to reflect the increase seen in interest rates. Rental revenue and gifts and donations increased by \$61,000 while miscellaneous revenue increased by approximately \$90,000. Budget amendments to state revenue based on state funding allocations resulted in an increase of \$2.8 million. Federal budgeted revenue shows a slight decrease of \$99,054 due to reduced indirect cost revenue which was offset by an increase in revenue from the Junior ROTC program.

Over the course of the fiscal year, the District revised its budget several times. Final results indicate actual expenditures \$17.0 million below final budgeted amounts. The most significant positive variances were seen in the functional areas of Instruction, Facilities Maintenance and Contracted Instructional Services Between Schools.. Staffing is budgeted at the full employment level throughout the entire year. Budget amounts for vacant positions throughout the year are not eligible for budget revisions and contribute to the variance between budgeted salaries and actual salaries. Contracted services for utilities were below budget as a result of implementing a new electricity agreement toward the end of the fiscal year. Final budget amounts for State Revenue and Contracted Instructional Services Between Schools offset against each other in the equalized funding formula. Final amounts received reflect a shift from state revenue to a reduction in the amount of attendance credits purchased due to the state funding formula restoring the District's weighted average daily attendance in 2013. In addition, late in the fiscal year 2013 the District was notified of a \$5.0 million overpayment to the State as the result of an audit of 2009 taxable assessed value. The receivable was recognized and a credit was taken against current expenditures for Contracted Instructional Services Between Schools. Payments to Juvenile Justice Alternative Ed program had a small excess in expenditures over budget due to an increase in the number of students in this program exceeding budgeted expectations.

Overall the expenditure budget variance represents a 3.8% variance on the total expenditure budget of \$446.5 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the District had invested \$987.7 million net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and Construction in Progress. This amount represents a net increase (including additions, retirements and depreciation) of \$27.4 million over last year.

	<u>As of 6/30/13</u>	<u>As of 6/30/12</u>
Land and improvements	\$ 118,894,228	\$ 112,386,683
Buildings and improvements	1,173,112,051	1,142,934,672
Construction in progress	59,770,973	41,176,821
Furniture, equipment, & vehicles	101,568,970	97,338,235
Totals	<u>1,453,346,222</u>	<u>1,393,836,411</u>
Total accumulated depreciation	<u>(465,635,021)</u>	<u>(433,505,753)</u>
Net capital assets	<u>\$ 987,711,201</u>	<u>\$ 960,330,658</u>

The year's major capital asset additions include the new Memorial Elementary building replacement, the new Employee Childcare Center, the Clark High School addition, the Haggard Middle School Fine Arts addition and Stinson Elementary addition. Williams High School collaboration upgrades, Jasper High School collaboration upgrades and flooring and Clark Stadium press box improvements were completed. 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, 2013, the District had total bonded debt outstanding of \$983.8 million. The ratio of net general bonded debt to assessed valuation and the amount of net bonded debt per capita are useful indicators of the District's debt position. Data presented in the statistical section indicate both of these indicators decreased. Net bonded debt per capita decreased to \$3,022 and the ratio of net bonded debt to assessed value decreased to 2.9 percent.

The District has authorized unissued bonds as of June 30, 2013 in the amount of \$16,020,000. During the year, the District issued \$53,740,000 of unlimited tax bonds for new construction, renovations and capital acquisitions. Also, issued were \$27,805,000 Series 2013 Refunding Bonds used to refund \$29,400,000 of outstanding Series 2003 bonds. The District continues to enjoy excellent bond ratings. Rating agency reviews were conducted in March 2013 in conjunction with the issuance of the Series 2013 Unlimited Tax Bonds. Moody's Investors Service, Inc. assigned an underlying rating of Aaa while Standard and Poor's Corporation upgraded and assigned an underlying rating of AA+ with a stable outlook to the District's debt obligations during their March 2013 reviews.

Interest earnings on proceeds from debt are subject to arbitrage regulations contained in the Federal Tax Reform Act of 1986. As of June 30, 2013 a liability for arbitrage rebate in the amount of \$38,149 has been recorded in the liability section on the Governmental-Wide Statement of Net Assets.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The local economic climate is as favorable as it has been in several years. Net taxable property values reported in the summer of 2013 grew by \$1.7 billion (4.9%) from 2012 and now total \$36.5 billion. Of this growth, \$377 million was for new construction. The balance reflects increases in value of existing property. There are several new construction projects underway in the District which will add to property growth in 2014 and future years. The most notable is a State Farm Insurance Company project which, along with adjacent multi-family and retail development, is expected to result in a total investment of \$1.5 billion when completed. 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.

The past two years have been challenging from a budget perspective. State funding reductions enacted in 2011 reduced general fund revenue by \$24 million in 2011-12 and \$35 million in 2012-13 when compared to the previous state funding formula. In response to the state funding reductions, the District enacted over \$26.5 million in budget reductions beginning with the 2011-12 school year. As a result, the District was able to increase the fund balance in the general fund by \$13.4 million in 2011-12. In 2012-13, the additional reductions in state funding and the inclusion of a 3% staff compensation increase resulted in a reduction in fund balance of \$11.4 million. Therefore, on a net basis, the District added \$2 million to fund balance over the 2011-13 biennium, despite the state funding reductions. However, despite the positive results when viewed from a net basis over the two year period, the fact that there was an increased funding reduction in 2012-13 and a resulting decline in fund balance points to a continuing challenge for 2013-14 and beyond.

School finance litigation is not yet settled. Following the conclusion of the 2011 legislative session, new state funding litigation was filed and on February 4, 2013 the District Court of Travis County rendered a preliminary ruling that the current system was unconstitutional based on (1) equity, (2) adequacy and (3) establishment of a de facto statewide property tax. At the time this preliminary ruling was rendered, the 2013 legislative session was underway. Possibly in reaction to the ruling and certainly in light of an economic rebound, the legislature restored \$3.2 billion of the \$4.0 billion reduction from the 2011 session. Unfortunately for the District, the restoration was not implemented proportionately. The District's restoration was less than 30% compared to a statewide average of 77%. Furthermore, the District's restoration was accomplished entirely by a reduction in property tax recapture payments to the State rather than in additional state funding. In response to the legislative action, the District Court has set a new trial date of January 6, 2014 at which time it will consider supplemental evidence pertaining to the new funding enacted by the legislature in 2013.

The District adopted its 2013-14 budget on June 4, 2013 – less than a week after the legislative session was adjourned. The 2013-14 general fund revenue budget was based on prior funding law and totaled \$424.8 million. Budgeted general fund appropriations totaled \$453.2 million, resulting in a budgeted deficit of \$28.4 million. The partial restoration of state funding reductions subsequently reduced this deficit to \$18.2 million. The appropriations budget included \$6.4 million in increased payroll costs associated with additional staffing and a 2% compensation increase. Security enhancements added another \$1.0 million while other items combined to add \$1.1 million. However, a \$3.6 million savings in the District's electricity contract reduced the overall increase in budgeted appropriations (excluding recapture payments to the state) to \$4.9 million or 1.2%.

On August 20, 2013 the District adopted a maintenance and operations tax rate of \$1.17 per \$100 of taxable assessed value and scheduled a tax ratification election for November 5, 2013 to ratify the 13 cent increase from the current rate of \$1.04. If the election is successful, the District will generate an additional \$30.6 million, net of recapture. Otherwise, the District will be faced with a deficit of \$18-20 million and plans to make further cuts to balance the 2014-15 budget. The District also adopted a debt service tax rate of 28.3 cents representing a 5.04 cent reduction from 2012-13. The purpose of the reduction was to minimize the impact to taxpayers of the 13 cent increase in the maintenance and operations rate. The resulting revenue shortfall generated in the debt service fund will be addressed by reducing the 2014 scheduled bond payment through issuance of refunding bonds to restructure debt payments. The restructuring will level out payments over the 2014-2018 time frame, but will not extend final maturity dates on existing debt.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Teamwork for Excellence



P L A N O
Independent School District

BASIC FINANCIAL STATEMENTS

Teamwork for Excellence



P L A N O
Independent School District

EXHIBIT A-1

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013**

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business Type Activities	Total
ASSETS				
1110	Cash and Investments	\$ 395,313,825	\$ 239,575	\$ 395,553,400
1220	Property Taxes Receivable (Delinquent)	9,208,457	-	9,208,457
1230	Allowance for Uncollectible Taxes	(3,271,871)	-	(3,271,871)
1240	Due from Other Governments	18,701,627	-	18,701,627
1250	Accrued Interest	84,151	37	84,188
1290	Other Receivables, Net	1,453,725	359,600	1,813,325
1300	Inventories	1,383,747	-	1,383,747
1410	Deferred Expenses	1,292,509	1,126	1,293,635
1420	Capitalized Bond and Other Debt Issuance Costs	3,891,090	-	3,891,090
	Non-current Assets			
	Capital Assets:			
1510	Land	76,247,957	-	76,247,957
1520	Buildings, Net	792,515,054	-	792,515,054
1530	Furniture and Equipment, Net	29,398,779	-	29,398,779
1540	Other Capital Assets, Net	29,778,438	-	29,778,438
1580	Construction in Progress	59,770,973	-	59,770,973
1000	Total Assets	<u>1,415,768,461</u>	<u>600,338</u>	<u>1,416,368,799</u>
LIABILITIES				
2110	Accounts Payable	18,792,197	75,773	18,867,970
2140	Interest Payable	15,996,750	-	15,996,750
2150	Payroll Deduction & Withholdings	2,500,659	-	2,500,659
2160	Accrued Wages Payable	45,651,666	105,742	45,757,408
2180	Due to Other Governments	25,781,358	-	25,781,358
2200	Accrued Expenses	2,116,741	-	2,116,741
2300	Unearned Revenues	3,687,768	321,306	4,009,074
	Non-Current Liabilities			
2501	Due within One Year	75,182,319	-	75,182,319
2502	Due in More than One Year	931,764,486	-	931,764,486
2000	Total Liabilities	<u>1,121,473,944</u>	<u>502,821</u>	<u>1,121,976,765</u>
NET POSITION				
3200	Net Investment in Capital Assets	97,719,303	-	97,719,303
	Restricted for:			
3820	Restricted for State Programs	770,154	-	770,154
3840	Restricted for Food Service	7,159,074	-	7,159,074
3850	Restricted for Debt Service	19,752,830	-	19,752,830
3900	Unrestricted Net Position	168,893,156	97,517	168,990,673
3000	Total Net Position	<u>\$ 294,294,517</u>	<u>\$ 97,517</u>	<u>\$ 294,392,034</u>

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Data Control Codes	Expenses	Program Revenues	
		3 Charges of Services	4 Operating Grant and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11	Instruction	\$ 308,433,258	\$ 33,391,935
12	Instructional Resources and Media Services	8,760,811	459,994
13	Curriculum and Instructional Staff Development	8,251,645	2,474,733
21	Instructional Leadership	3,651,765	819,439
23	School Leadership	23,870,392	1,689,852
31	Guidance, Counseling and Evaluation Services	18,352,673	2,305,338
32	Social Work Services	868,098	43,430
33	Health Services	5,144,700	429,074
34	Student (Pupil) Transportation	9,373,143	532,437
35	Food Services	23,900,160	9,524,094
36	Extracurricular Activities	14,103,903	6,898,872
41	General Administration	9,864,334	575,026
51	Plant Maintenance and Operations	43,142,536	725,294
52	Security and Monitoring Services	3,505,299	254,707
53	Data Processing Services	5,317,582	392,098
61	Community Services	2,097,258	1,607,031
72	Debt Service - Interest on Long Term Debt	41,081,580	-
73	Debt Service - Bond Issuance Costs and Fees	32,869	-
81	Other Facility Costs	18,430,979	-
91	Contracted Instructional Services Between Schools	24,960,598	-
92	Incremental Costs Associated with Chapter 41	600,000	-
93	Payment to Fiscal Agent/Member Districts of SSA	754,824	497,259
95	Payments to Juvenile Justice Alternative Ed. Prg.	212,241	-
97	Payments to Tax Increment Fund	2,978,124	-
99	Other Intergovernmental Charges	2,388,268	-
	(TG) Total Governmental Activities:	580,077,040	62,620,613
BUSINESS-TYPE ACTIVITIES:			
01	Employee Child Care	1,194,578	-
02	After School Care	4,813,962	-
03	Concessions	230,810	-
04	Photography	43,671	-
	(TB) Total Business-Type Activities:	6,283,021	-
	(TP) TOTAL PRIMARY GOVERNMENT:	\$ 586,360,061	\$ 62,620,613

Data
Control General Revenues:
Codes Taxes:
MT Property Taxes, Levied for General Purposes
DT Property Taxes, Levied for Debt Service\
GC Grants and Contributions not Restricted
IE Investment Earnings
MI Miscellaneous Local and Intermediate Revenue
FR Transfers In (Out)

TR Total General Revenues and Transfers

CN Change in Net Position
NB Net Position - Beginning

NE Net Position - Ending

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

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (271,151,400)	\$ -	\$ (271,151,400)
(8,300,817)	-	(8,300,817)
(5,681,954)	-	(5,681,954)
(2,832,326)	-	(2,832,326)
(22,180,540)	-	(22,180,540)
(16,042,587)	-	(16,042,587)
(824,668)	-	(824,668)
(4,715,626)	-	(4,715,626)
(8,840,706)	-	(8,840,706)
(1,363,128)	-	(1,363,128)
(5,651,177)	-	(5,651,177)
(9,239,383)	-	(9,239,383)
(41,460,555)	-	(41,460,555)
(3,250,592)	-	(3,250,592)
(4,925,484)	-	(4,925,484)
(456,992)	-	(456,992)
(41,081,580)	-	(41,081,580)
(32,869)	-	(32,869)
(18,430,979)	-	(18,430,979)
(24,960,598)	-	(24,960,598)
(600,000)	-	(600,000)
(257,565)	-	(257,565)
(212,241)	-	(212,241)
(2,978,124)	-	(2,978,124)
(2,388,268)	-	(2,388,268)
<u>(497,860,159)</u>	<u>-</u>	<u>(497,860,159)</u>
-	(99,536)	(99,536)
-	2,393,247	2,393,247
-	30,964	30,964
-	20,877	20,877
<u>-</u>	<u>2,345,552</u>	<u>2,345,552</u>
<u>\$ (497,860,159)</u>	<u>\$ 2,345,552</u>	<u>\$ (495,514,607)</u>
351,218,066	-	351,218,066
114,865,252	-	114,865,252
38,658,074	-	38,658,074
867,508	2,798	870,306
1,987,074	-	1,987,074
2,296,509	(2,296,509)	-
<u>509,892,483</u>	<u>(2,293,711)</u>	<u>507,598,772</u>
12,032,324	51,841	12,084,165
<u>282,262,193</u>	<u>45,676</u>	<u>282,307,869</u>
<u>\$ 294,294,517</u>	<u>\$ 97,517</u>	<u>\$ 294,392,034</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project	
ASSETS				
1110	Cash and Investments	\$ 213,302,495	\$ 34,401,222	\$ 120,947,317
1220	Property Taxes - Delinquent	7,254,544	1,953,913	-
1230	Allowance for Uncollectible Taxes (Credit)	(2,691,832)	(580,039)	-
1240	Due from Other Governments	9,456,933	55,358	2,500,000
1250	Accrued Interest	47,103	7,317	25,736
1260	Due from Other Funds	1,613,706	-	-
1290	Other Receivables	1,178,691	10,523	-
1300	Inventories	1,176,536	-	-
1410	Prepaid Expenditures	944,527	-	-
1000	Total Assets	<u>\$ 232,282,703</u>	<u>\$ 35,848,294</u>	<u>\$ 123,473,053</u>
LIABILITIES AND FUND BALANCES				
2110	Accounts Payable	\$ 4,853,581	\$ -	\$ 11,155,694
2150	Payroll Deductions and Withholdings Payable	2,500,659	-	-
2160	Accrued Wages Payable	42,649,573	-	2,544
2170	Due to Other Funds	-	-	-
2180	Due to Other Governments	25,773,407	-	-
2300	Unearned Revenues	2,336,960	660,556	-
2000	Total Liabilities	<u>78,114,180</u>	<u>660,556</u>	<u>11,158,238</u>
Fund Balances:				
Nonspendable				
3410	Investments in Inventory	1,176,536	-	-
3430	Prepaid Expenditures	944,527	-	-
Restricted				
3480	Debt Service	-	35,187,738	-
3470	Capital Projects	-	-	112,314,815
3450	Food Service	-	-	-
3450	State Special Revenue	-	-	-
Committed				
3545	Local Special Revenue	-	-	-
Assigned				
3590	Purchases on order	1,646,043	-	-
3590	Subsequent year's budget: appropriation of fund balance	18,223,808	-	-
3600	Unassigned	132,177,609	-	-
	Total Fund Balances	<u>154,168,523</u>	<u>35,187,738</u>	<u>112,314,815</u>
	Total Liabilities and Fund Balances	<u>\$ 232,282,703</u>	<u>\$ 35,848,294</u>	<u>\$ 123,473,053</u>

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

EXHIBIT C-1

	Other Funds	Total Governmental Funds
\$	18,098,406	\$ 386,749,440
	-	9,208,457
	-	(3,271,871)
	6,689,336	18,701,627
	2,255	82,411
	-	1,613,706
	261,611	1,450,825
	207,211	1,383,747
	4,244	948,771
	<u>25,263,063</u>	<u>416,867,113</u>
\$	214,462	\$ 16,223,737
	-	2,500,659
	2,987,502	45,639,619
	1,613,706	1,613,706
	7,951	25,781,358
	<u>3,665,838</u>	<u>6,663,354</u>
	<u>8,489,459</u>	<u>98,422,433</u>
	207,211	1,383,747
	4,244	948,771
	-	35,187,738
	-	112,314,815
	6,951,863	6,951,863
	770,154	770,154
	8,840,132	8,840,132
	-	1,646,043
	-	18,223,808
	-	132,177,609
	<u>16,773,604</u>	<u>318,444,680</u>
\$	<u>25,263,063</u>	<u>\$ 416,867,113</u>

Teamwork for Excellence



P L A N O
Independent School District

**PLANO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2013**

Total Fund Balances - Governmental Funds	\$ 318,444,680
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 \$1,453,289,246, and the accumulated depreciation associated with the capital assets is \$465,595,188.	987,694,058
Uncollected property taxes are reported as unearned revenue in the governmental funds balance sheet but are recognized as a revenue in the statement of activities.	2,975,586
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 \$17,143) are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.	4,232,658
Long-term liabilities of \$1,026,451,582 are not due and payable in the current period and therefore are not reported as liabilities in the funds. Losses on advanced refunding of bonds payable of \$19,504,777 are netted against the long-term liabilities in the statement of net assets.	(1,006,946,805)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(15,996,750)
Bond issuance costs are reported in the governmental funds as an expenditure and the costs net of amortization are reported as an asset in the statement of net assets.	<u>3,891,090</u>
Net Assets of Governmental Activities	<u><u>\$ 294,294,517</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 360,715,161	\$ 115,042,511	\$ 262,223
5800 State Program Revenues	50,927,739	-	-
5900 Federal Program Revenues	5,304,164	-	-
5020 Total Revenues	416,947,064	115,042,511	262,223
EXPENDITURES:			
Current:			
0011 Instruction	261,879,966	-	-
0012 Instructional Resources and Media Services	7,369,332	-	-
0013 Curriculum and Instructional Staff Development	5,778,910	-	-
0021 Instructional Leadership	2,861,039	-	-
0023 School Leadership	22,351,766	-	-
0031 Guidance, Counseling and Evaluation Services	16,601,593	-	-
0032 Social Work Services	859,971	-	-
0033 Health Services	4,816,836	-	-
0034 Student (Pupil) Transportation	10,984,885	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	6,520,748	-	-
0041 General Administration	9,123,305	-	-
0051 Facilities Maintenance and Operations	40,262,249	-	-
0052 Security and Monitoring Services	3,202,154	-	-
0053 Data Processing Services	4,860,977	-	-
0061 Community Services	702,471	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	70,215,000	-
0072 Debt Service- Interest on Long Term Debt	-	45,878,381	-
0073 Debt Service - Bond Issuance Cost and Fees	-	317,246	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	78,150,569
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	24,960,598	-	-
0092 Incremental Costs Associated with Chapter 41	600,000	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	257,565	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	212,241	-	-
0097 Payments to Tax Increment Fund	2,978,124	-	-
0099 Other Intergovernmental Charges	2,388,268	-	-
6030 Total Expenditures	429,572,998	116,410,627	78,150,569
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,625,934)	(1,368,116)	(77,888,346)
OTHER FINANCING SOURCES (USES):			
7911 Refunding Bonds Issued	-	27,805,000	-
7911 Capital Related Debt Issued	-	-	53,740,000
7915 Transfers In	2,396,045	429,286	-
7916 Premium or Discount on Issuance of Bonds	-	2,454,638	6,448,800
8911 Transfers Out (Use)	(1,158,689)	-	(429,286)
8949 Payment to Bond Escrow Agent	-	(30,131,737)	-
7080 Total Other Financing Sources (Uses)	1,237,356	557,187	59,759,514
1200 Net Change in Fund Balances	(11,388,578)	(810,929)	(18,128,832)
0100 Fund Balance - July 1 (Beginning)	165,557,101	35,998,667	130,443,647
3000 Fund Balance - June 30 (Ending)	\$ 154,168,523	\$ 35,187,738	\$ 112,314,815

EXHIBIT C-3

<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 25,974,664	\$ 501,994,559
5,285,165	56,212,904
<u>26,773,302</u>	<u>32,077,466</u>
58,033,131	590,284,929
20,255,337	282,135,303
84,824	7,454,156
2,190,617	7,969,527
708,504	3,569,543
476,190	22,827,956
1,432,622	18,034,215
-	859,971
210,948	5,027,784
81,438	11,066,323
21,757,694	21,757,694
5,434,047	11,954,795
285,232	9,408,537
1,367,372	41,629,621
172,563	3,374,717
367,208	5,228,185
1,262,181	1,964,652
-	70,215,000
-	45,878,381
-	317,246
-	78,150,569
-	24,960,598
-	600,000
497,259	754,824
-	212,241
-	2,978,124
-	2,388,268
<u>56,584,036</u>	<u>680,718,230</u>
<u>1,449,095</u>	<u>(90,433,301)</u>
-	27,805,000
-	53,740,000
259,153	3,084,484
-	8,903,438
-	(1,587,975)
-	(30,131,737)
<u>259,153</u>	<u>61,813,210</u>
<u>1,708,248</u>	<u>(28,620,091)</u>
<u>15,065,356</u>	<u>347,064,771</u>
<u>\$ 16,773,604</u>	<u>\$ 318,444,680</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Total Net Change in Fund Balances - Governmental Funds \$ (28,620,091)

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 \$66,635,145 exceeded depreciation of \$37,142,874 in the current period, net of disposition of assets of \$2,107,442.

(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.) 27,384,829

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	\$	70,215,000	
Advanced Bond Refunding		29,400,000	
Gain on Advanced Refunding		(300,507)	
Amortization of Premium		7,649,089	
Amortization of loss on Bond Refunding		(1,960,496)	
Bond Issuance Cost		284,377	
Amortization of Bond Issuance cost		(385,257)	
Increase in Accretion		(135,964)	
Reduction of Arbitrage		4,816	
		104,771,058	104,771,058

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. (498,292)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. 661,673

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. (434,136)

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 increase net assets. (784,279)

Proceeds of bonds (including premium) issued during the year are recognized as Other Financing Sources in the governmental funds but increase non-current liabilities in the statement of net assets (90,448,438)

Change in Net Position of Governmental Activities \$ 12,032,324

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, 2013**

	<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	\$ 239,575	\$ 8,564,385
Accrued Interest	37	1,740
Other Receivables	359,600	2,900
Prepaid Expenses	1,126	343,738
	<u>600,338</u>	<u>8,912,763</u>
Total Current Assets		
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	5,445	61,140
Depreciation on Furniture and Equipment	(5,445)	(43,997)
	<u>-</u>	<u>17,143</u>
Total Noncurrent Assets		
	<u>600,338</u>	<u>8,929,906</u>
TOTAL ASSETS		
	<u>600,338</u>	<u>8,929,906</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	75,773	2,568,460
Accrued Wages Payable	105,742	12,047
Accrued Expenses	-	2,116,741
Unearned Revenues	321,306	-
	<u>502,821</u>	<u>4,697,248</u>
TOTAL LIABILITIES		
	<u>502,821</u>	<u>4,697,248</u>
NET POSITION		
Investments in Capital Assets	-	17,143
Unrestricted Net Position	97,517	4,215,515
	<u>97,517</u>	<u>4,232,658</u>
TOTAL NET POSITION		
	<u>\$ 97,517</u>	<u>\$ 4,232,658</u>

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 8,628,573	\$ 36,309,893
Total Operating Revenues	<u>8,628,573</u>	<u>36,309,893</u>
OPERATING EXPENSES:		
Payroll Costs	4,900,235	1,105,822
Professional and Contracted Services	98,041	2,099,352
Supplies and Materials	243,073	444,261
Other Operating Costs	1,041,672	34,266,139
Total Operating Expenses	<u>6,283,021</u>	<u>37,915,574</u>
Operating Income (Loss)	2,345,552	(1,605,681)
NON OPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	2,798	12,751
Insurance Recovery	-	8,651
Total Non Operating Revenue	<u>2,798</u>	<u>21,402</u>
Income Before Transfers	2,348,350	(1,584,279)
Transfers In	99,536	800,000
Transfers Out	(2,396,045)	-
Change in Net Position	51,841	(784,279)
TOTAL NET POSITION - JULY 1 (BEGINNING)	<u>45,676</u>	<u>5,016,937</u>
TOTAL NET POSITION - JUNE 30 (ENDING)	<u>\$ 97,517</u>	<u>\$ 4,232,658</u>

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from User Charges	\$ 8,632,620	\$ 36,312,995
Cash Payments to Employees for Services	(4,860,697)	(1,103,260)
Cash Payments for Insurance Claims	-	(1,719,767)
Cash Payments for Suppliers	(310,436)	(1,215,994)
Cash Payments for Other Operating Expenses	(1,043,242)	(33,690,806)
Net Cash Provided by (Used for) Operating Activities	2,418,245	(1,416,832)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer In	99,536	800,000
Transfers Out	(2,396,045)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	(2,296,509)	800,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Insurance Proceeds	-	8,651
Net Cash Provided by Non-Capital Financing Activities	-	8,651
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Securities	-	87,381
Purchase of Investment Securities	(103,543)	(2,459,615)
Interest and Dividends on Investments	2,779	13,100
Net Cash Used for Investing Activities	(100,764)	(2,359,134)
Net Increase (Decrease) in Cash and Cash Equivalents	20,972	(2,967,315)
Cash and Cash Equivalents at Beginning of Year	76,995	4,461,966
Cash and Cash Equivalents at End of Year	97,967	1,494,651
Temporary Investment Not in Cash Equivalents	141,608	7,069,734
CASH ON BALANCE SHEET	\$ 239,575	\$ 8,564,385
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 2,345,552	\$ (1,605,681)
Adjustments to Reconcile Operating Income(loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	-	4,286
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	11,166	3,102
Decrease (increase) in Prepaid Expenses	(1,126)	94,915
Increase (decrease) in Accounts Payable	30,234	41,192
Increase (decrease) in Accrued Wages Payable	39,538	2,562
Increase (decrease) Unearned Revenues	(7,119)	-
Increase (decrease) in Accrued Expenses	-	42,792
Net Cash Provided by (Used for) Operating Activities	\$ 2,418,245	\$ (1,416,832)

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, 2013**

	Agency Fund
<hr/>	
ASSETS	
Investments - Current	\$ 493,458
Accrued Interest	37
Other Receivables	332
	<hr/>
Total Assets	493,827
	<hr/> <hr/>
LIABILITIES	
Accounts Payable	601
Due to Student Groups	338,663
Due to Other Groups	154,563
	<hr/>
Total Liabilities	\$ 493,827
	<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
FOR THE YEAR ENDED JUNE 30, 2013**

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*.

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 Assets as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from other funds on the government-wide Statement of Net Position.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements – Continued

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Funds

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

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

Governmental Funds

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

The following are the District's major governmental funds:

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental Funds – Continued

Other governmental funds include:

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

Proprietary Funds

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fiduciary Funds

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

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

Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

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

Investments

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

Receivables and Payables

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

All trade and property tax receivables are shown net of allowance for uncollectible. The property tax receivable allowance is 36% of outstanding property taxes at June 30, 2013.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Equity – Continued

Inventories

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

Grant Fund Accounting

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

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

Encumbrances

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

Capital Assets

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Equity – Continued

Capital Assets – Continued

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

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

Compensated Absences

Employees of the District are granted vacation and sick leave annually. Teachers do not receive paid vacations but are paid only for the number of days they are required to work each year. As of June 30, 2013, the District recorded \$3,864,982 in the government-wide financial statements for accrued vacation liabilities. Full-time employees in positions that require 12 months of service are eligible for two weeks of vacation on July 1 following the first full year of employment. Full-time employees who have not been employed one full year as of July 1 are eligible to take accrued days after July 1 of that year but shall not be eligible for the full two weeks until July 1 of the following year. Full-time employees who have completed five years of service in the District are granted three weeks of vacation per year. Employees in positions that require 12 months of service may extend accrued vacation time to September 30 each year. Vacation days not used by September 30 may be carried over, with a maximum accrual of 40 days.

Employees are allowed to accrue five days of state personal leave and seven days of local sick leave each year without limit.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets Liabilities, and Net Position or Equity – Continued

Compensated Absences – Continued

State personal leave and local sick leave do not vest under the District's policy and accordingly, employees can only utilize state personal and sick leave when sick, or state personal leave for personal reasons when approved by their supervisor. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

Long-term Liabilities

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

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

Fund Balances and Net Position

Government-Wide Financial Statements

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances and Net Position – Continued

Governmental Wide Financial Statements – Continued

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

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

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

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

Governmental Fund Financial Statements

Governmental fund balance's are classified as Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The District classifies governmental fund balances as follows:

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances and Net Position – Continued

Governmental Fund Financial Statement – Continued

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

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

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

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

Minimum Fund Balance Policy

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Management's Use of Estimates

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is possible that the foundation revenue estimate as of June 30, 2013 will change.

NOTE 2. CASH AND INVESTMENTS

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

As of June 30, 2013, the carrying amount of the District's cash deposits were \$136,153 and the bank balance was \$78,586. The District's cash deposits at June 30, 2013 were entirely covered by FDIC insurance or by pledged collateral held by the District's bank in the District's name.

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

- a) Name of depository bank: Bank of America, N.A.
- b) Amount of bond or security pledged as of the date of the highest combined balance on deposit was \$0.
- c) Highest cash, savings and time deposits combined account balances amount was \$189,800 and occurred on July 16, 2012.
- d) Total amount of Federal Deposit Insurance Corporation (FDIC) coverage at the time of highest combined balance was \$189,800.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

As of June 30, 2013, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	\$ 58,006,800	0.159
Commercial Paper	225,034,281	0.189
Demand Deposits	98,076,185	0.000
Public Funds Investment Pools	14,805,257	0.003
Total Fair Value	<u>\$ 395,922,523</u>	
Portfolio weighted average maturity		0.131

The fair value of investments is \$11,818 more than the book value reported by the District. As required by GASB Statement No. 31, the District recognizes the net unrealized gain/loss on investments with a maturity date greater than one year from the acquisition date and investments that are callable.

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

Credit risk. The District's policy relating to the credit risk of investments reflects adherence to the Public Funds Investment Act, which limits investments in commercial paper to not less than A-1 or P-1 or equivalent rating by at least two nationally recognized credit rating agencies. As of June 30, 2013, the District had commercial paper of \$225,034,281 in the portfolio. The District's investments in public funds investment pools and money market mutual funds include those with TexPool, TexStar and Federated Tax-Free Obligation Fund. TexPool and TexStar are public funds investment pools operating in full compliance with the Public Funds Investment Act. TexPool and TexStar are rated as AAA money market funds by Standard & Poor's. Both investment pools use amortized costs, rather than market value, to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool. As of June 30, 2013, the District's investment in TexPool and TexStar was \$8,354,965 and \$6,061,837, respectively. The Federated Tax-Free Obligation Fund is rated as AAA money market fund by Fitch and AAA by Moody's. As of June 30, 2013, the District's investment in the Tax-Free Obligation Fund was \$388,455 with a fair market value of \$388,455.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Concentration of credit risk. The investment policy of the District places no limitations on the amount that can be invested in any one issuer; however, the investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. More than 5% of the District's investments are in the following instruments:

<u>Commercial Paper Investment Description</u>	<u>Percentage of Investments</u>	<u>S&P Rating</u>	<u>Moody Rating</u>	<u>Fitch Rating</u>
GE Capital Corp	11.36%	A-1+	P-1	Not rated
Toyota Mtr Cr	7.58%	A-1+	P-1	Not rated
FCAR Owner Trust	14.48%	A-1+	P-1	Not rated
University of Texas	8.08%	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.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE

Property Taxes – Continued

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

The District is permitted to levy taxes up to \$1.04 per \$100 of assessed valuation for general governmental maintenance and operations. The tax rate for the payment of principal and interest on general obligation long-term debt is determined by the debt service requirements of the outstanding bonds as approved by the voters prior to issuance. For the current fiscal year, the Board of Trustees set a tax rate of \$1.3734 per \$100 of assessed valuation. The maintenance and debt service portions of such rate are \$1.04 and \$0.3334, respectively. The 2012 assessed valuation was \$33,895,714,519 resulting in a tax levy of \$459,422,353 for the current fiscal year. The 2012 tax levy reflects an adjustment of \$6,101,385 of frozen homestead exemptions for taxpayers 65 years and older as mandated by state property tax laws.

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

Delinquent taxes receivable and the related allowance for uncollectible taxes in the governmental fund financial statements as of June 30, 2013 are as follows:

	<u>Delinquent Taxes Receivable, Gross</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Delinquent Taxes Receivable, Net</u>
General fund	\$ 7,254,544	\$ 2,691,832	\$ 4,562,712
Debt service fund	1,953,913	580,039	1,373,874
Total	<u>\$ 9,208,457</u>	<u>\$ 3,271,871</u>	<u>\$ 5,936,586</u>

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE – CONTINUED

Property Taxes – Continued

The TIF zone number 2 agreement provides the District with a facility for administrative and ancillary functions. For fiscal year 2001 through 2015, the District will contribute 100% of the Maintenance and Operations portion of its taxes attributable to the incremental increase in the assessed value of the property within the TIF Zone. Tax Increment Financing due to the TIF Board of \$1,679,864 is reported as due to other governments in the General Fund and is payable January 2014 and relates to Tax Year 2012 TIF #2 taxes.

State Aid Revenue

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

State Program Revenues

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

<u>Revenues</u>	<u>Amounts</u>
Per capita revenues	\$ 23,526,636
Foundation fund revenues	9,941,133
Instructional materials allotment	1,394,216
Other state revenues	3,613,706
TRS on behalf	<u>17,737,213</u>
Total State Program Revenues	<u><u>\$ 56,212,904</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 4. RECEIVABLES

Receivables due from other governments, as of June 30, 2013 for the District's individual major funds and non-major, internal service and fiduciary funds in the aggregate are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major and Other Funds	Total
Due from the State of Texas	\$ 9,272,962	\$ -	\$ -	\$ 3,916,659	\$ 13,189,621
Due from the Federal Government	-	-	-	2,772,677	2,772,677
Due from Other Local Governments	183,971	55,358	2,500,000	-	2,739,329
Total receivables	<u>\$ 9,456,933</u>	<u>\$ 55,358</u>	<u>\$ 2,500,000</u>	<u>\$ 6,689,336</u>	<u>\$ 18,701,627</u>

NOTE 5. CAPITAL ASSETS

A summary of capital asset activity during the year ended June 30, 2013 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 72,191,552	\$ 4,056,405	\$ -	\$ 76,247,957
Construction in Progress	41,176,821	61,859,922	43,265,770	59,770,973
Total capital assets not being depreciated	<u>\$ 113,368,373</u>	<u>\$ 65,916,327</u>	<u>\$ 43,265,770</u>	<u>\$ 136,018,930</u>
Capital assets being depreciated:				
Land Improvements	\$ 40,195,131	\$ 2,451,140	\$ -	\$ 42,646,271
Buildings and Improvements	1,142,934,672	36,758,225	6,580,846	1,173,112,051
Furniture/Equipment & Vehicles	97,281,259	4,775,223	544,488	101,511,994
Total capital assets being depreciated	<u>\$ 1,280,411,062</u>	<u>\$ 43,984,588</u>	<u>\$ 7,125,334</u>	<u>\$ 1,317,270,316</u>
Total Capital Assets	<u>\$ 1,393,779,435</u>	<u>\$ 109,900,915</u>	<u>\$ 50,391,104</u>	<u>\$ 1,453,289,246</u>
Less accumulated depreciation for:				
Land Improvements	\$ 10,822,421	\$ 2,045,412	\$ -	\$ 12,867,833
Buildings and Improvements	356,115,749	28,954,652	4,473,404	380,596,997
Furniture/Equipment & Vehicles	66,532,036	6,142,810	544,488	72,130,358
Total accumulated depreciation	<u>\$ 433,470,206</u>	<u>\$ 37,142,874</u>	<u>\$ 5,017,892</u>	<u>\$ 465,595,188</u>
Governmental funds capital assets, net	<u>\$ 960,309,229</u>	<u>\$ 72,758,041</u>	<u>\$ 45,373,212</u>	<u>\$ 987,694,058</u>
Internal Service Funds:				
Furniture/Equipment & Vehicles	\$ 51,531	\$ -	\$ -	\$ 51,531
Less Accumulated Depreciation	30,102	4,286	-	34,388
Internal service funds capital assets, net	<u>\$ 21,429</u>	<u>\$ 4,286</u>	<u>\$ -</u>	<u>\$ 17,143</u>
Governmental activities capital assets, net	<u>\$ 960,330,658</u>	<u>\$ 72,753,755</u>	<u>\$ 45,373,212</u>	<u>\$ 987,711,201</u>
Business Activities:				
Furniture/Equipment & Vehicles	\$ 5,445	\$ -	\$ -	\$ 5,445
Less Accumulated Depreciation	5,445	-	-	5,445
Business activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Capital Assets, net	<u>\$ 960,330,658</u>	<u>\$ 72,753,755</u>	<u>\$ 45,373,212</u>	<u>\$ 987,711,201</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 5. CAPITAL ASSETS – CONTINUED

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

Governmental activities:	
Instruction	\$ 25,878,410
Instructional resources and media services	1,465,022
Curriculum development and instructional staff development	224,152
Instructional leadership	32,915
School leadership	955,963
Guidance, counseling, and evaluation services	245,013
Health services	98,576
Student transportation	1,286,901
Food services	2,099,497
Co-curricular/extracurricular activities	2,170,962
General administration	311,941
Plant maintenance and operations	1,794,766
Security and monitoring services	232,580
Data processing services	225,227
Community services	102,567
Facilities acquisition and construction	18,382
	<hr/>
Total depreciation expense, governmental activities	<u>\$ 37,142,874</u>

Construction Commitments

The District had several active construction projects as of June 30, 2013. Projects included new school construction, additions to buildings and renovation of existing facilities. Fiscal year 2013 expenses and estimated future expenditures for capital projects are funded from unexpended bond proceeds and additional general obligation bonds. The following summarizes the various types of projects:

New Construction -- Construction contracts were awarded during the year for the renovation of the new Academy High School, Williams High School, Health Academy, IB World Academy at Plano East Senior High School, and Plano West Senior High addition and kitchen improvements.

Building Renovation/Additions -- Construction contracts were awarded during the year for renovations at Brinker and Daffron Elementary schools, and roof additions at Carpenter MS, Skaggs Elementary and Stinson Elementary. Work began for several minor security upgrade projects and HVAC upgrades at Facility Service and the Administrative buildings. Construction continued for renovations at Mitchell Elementary and Rasor Elementary. Preliminary work began for the Bethany and Hedgcoxe renovations and Hunt addition.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 5. CAPITAL ASSETS – CONTINUED

Construction Commitments – Continued

Completed Projects -- During fiscal year 2013, the District completed the Employee Childcare at Mendenhall, the Clark HS addition, and Haggard Fine Arts addition. Also finished during the year were Memorial Elementary building replacement, Williams High School collaboration and upgrades, Clark Stadium press box improvements and Jasper Flooring/Collaboration upgrades.

Current projects include the following:

Project	Estimated Total Cost	Expenditures Incurred to 06/30/13	Estimated Future Expenditures
Building Projects			
PSHS Minor Renovation	\$ 257,814	\$ 166,830	\$ 90,984
Williams HS Health Academy	596,405	227,178	369,227
Clark HS Special Education Building Upgrades	30,000	11,910	18,090
PESH IB World Academy	1,097,852	285,563	812,289
Shepton HS Renovation	40,510	19,510	21,000
Plano Academy High School	5,152,115	1,729,947	3,422,168
PWSH Addition & Lockers	28,092,057	22,356,173	5,735,884
Carpenter Roof	1,753,084	868,537	884,547
Murphy MS Special Education Improvements	45,340	10,305	35,035
Christie Foundation Upgrades	201,600	63,050	138,550
Hughston Security Upgrades	10,460	5,230	5,230
Wells Security Upgrades	27,790	13,895	13,895
Thomas Security Upgrades	11,290	5,045	6,245
Carlisle Security Upgrades	31,600	15,350	16,250
Mathews Security Upgrades	32,200	15,750	16,450
Brinker Renovation	13,186,610	3,895,102	9,291,508
Daffron Renovation	13,634,125	3,477,735	10,156,390
Hedgcoxe Renovation	12,656,526	89,100	12,567,426
Mitchell Renovation	15,996,551	14,431,616	1,564,935
Razor Renovation	12,721,487	10,521,643	2,199,844
Bethany Renovation	13,010,556	45,265	12,965,291
Skaggs Roof Replacement	860,000	493,466	366,534
Stinson Roof/Carpet	1,013,502	523,201	490,301
Hunt Addition	3,247,600	72,790	3,174,810
Administrative Building HVAC Upgrades	33,767	19,417	14,350
Facility Service Building-HVAC & Agriculture Barn	355,800	252,921	102,879
Land improvement Projects			
Plano Academy High School	16,514	10,784	5,730
PWSH Addition	270,719	74,413	196,306
Brinker Renovation	200,000	13,654	186,346
Daffron Renovation	200,000	14,910	185,090
Hedgcoxe Renovation	200,000	2,800	197,200
Mitchell Renovation	200,000	14,757	185,243
Razor Renovation	200,000	17,924	182,076
Bethany Renovation	200,000	2,800	197,200
Hunt Addition	15,000	2,400	12,600
Total Ongoing Construction	\$ 125,598,874	\$ 59,770,973	\$ 65,827,902

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances in the fund financial statements as of June 30, 2013, is as follows:

	Receivable	Payable
General Fund	\$ 1,613,706	\$ -
Other Governmental Funds	-	1,613,706
	\$ 1,613,706	\$ 1,613,706

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, 2013:

Transfers Out	Transfers In					Total
	General Fund	Debt Service Fund	Other Gov. Funds	Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 259,153	\$ 99,536	\$ 800,000	\$ 1,158,689
Capital Projects Fund	-	429,286	-	-	-	429,286
Enterprise Funds	2,396,045	-	-	-	-	2,396,045
	\$ 2,396,045	\$ 429,286	\$ 259,153	\$ 99,536	\$ 800,000	\$ 3,984,020

The transfers made during the period consisted of the following:

From	To	Amount	Description
General Fund	Other Governmental Funds	\$ 259,153	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	Enterprise Fund	99,536	To finance costs in excess of user charges for the Employee Child Care Program.
General Fund	Internal Service Fund	800,000	To finance the overhead of the health insurance fund administration.
Capital Projects Fund	Debt Service Fund	429,286	Transfer interest earned to finance debt service costs associated with construction projects.
Enterprise Fund	General Fund	2,396,045	Transfer revenues in excess of costs from the After School Care Program.
Total Transfers		\$ 3,984,020	

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 7. LONG-TERM DEBT

The following is a summary of the District's long-term debt for the year ended June 30, 2013

	Obligations Outstanding 7/1/2012	New Obligations Incurred	Obligations Retired or Refunded and Accretion	Obligations Outstanding 6/30/2013	Obligations Due Within One Year
General Obligation Bonds Payable	\$ 1,001,788,809	\$ 81,545,000	\$ (99,520,613)	\$ 983,813,196	\$ 74,745,416
Accreted Interest	695,385	135,964	(94,388)	736,961	98,714
Loss on Advanced Refunding	(21,765,780)	300,507	1,960,496	(19,504,777)	-
Premium on Bond Issuance	36,743,945	8,903,438	(7,649,089)	37,998,294	-
Compensated Absences	3,430,846	734,338	(300,202)	3,864,982	338,189
Arbitrage Liability	42,965	-	(4,816)	38,149	-
Totals	<u>\$ 1,020,936,170</u>	<u>\$ 91,619,247</u>	<u>\$ (105,608,612)</u>	<u>\$ 1,006,946,805</u>	<u>\$ 75,182,319</u>

Debt Payable-Governmental Activities

Bonds payable at June 30, 2013, are composed of the following individual issues:

Description	Interest Rate Payable	Amounts Original Issue	Bonds Outstanding at July 1, 2012	Issued (Retired)	Bonds Outstanding at June 30, 2013	Accumulated Capital Appreciation Accretion
Unlimited Tax Refunding & Improvement Bonds Series 2003	2.00% to 5.25%	119,310,000	35,855,000	(35,855,000)	-	-
Unlimited Tax Refunding Bonds Series 2004	2.00% to 5.00%	112,080,000	52,400,000	(20,510,000)	31,890,000	-
School Building Unlimited Tax Bonds Series 2004	3.25% to 5.00%	71,420,000	4,615,000	(2,250,000)	2,365,000	-
Unlimited Tax Refunding Bonds Series 2005	5.00%	56,805,000	56,805,000	-	56,805,000	-
School Building Unlimited Tax Bonds Series 2006	4.50% to 5.75%	70,535,000	56,115,000	(1,935,000)	54,180,000	-
Unlimited Tax Refunding Current Interest Bonds Series 2006	5.00% to 5.00%	121,805,000	121,805,000	-	121,805,000	-
School Building Refunding Capital Appreciation Bonds Series 2006	3.52% to 4.05%	7,375,443	2,823,809	(355,613)	2,468,196	736,961
School Building Unlimited Tax Bonds Series 2007	4.50% to 5.00%	76,670,000	62,685,000	(2,075,000)	60,610,000	-

(continued)

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 7. LONG-TERM DEBT – CONTINUED

Debt Payable-Governmental Activities – Continued

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Bonds Outstanding at July 1, 2012</u>	<u>Issued (Retired)</u>	<u>Bonds Outstanding at June 30, 2013</u>	<u>Accumulated Capital Appreciation Accretion</u>
School Building Unlimited Tax Bonds Series 2008	3.00% to 5.00%	58,280,000	47,855,000	(2,910,000)	44,945,000	-
Unlimited Tax Refunding Bonds Series 2008	3.25% to 4.60%	33,305,000	30,970,000	(7,060,000)	23,910,000	-
School Building Current Interest Bonds Series 2008A	5.00% to 5.25%	177,465,000	169,445,000	(4,320,000)	165,125,000	-
School Building Unlimited Tax Bonds Series 2009A	4.00%	17,685,000	11,545,000	(3,260,000)	8,285,000	-
School Building Unlimited Tax Bonds Series 2009B	4.04% to 6.27%	87,390,000	87,390,000	-	87,390,000	-
School Building Unlimited Tax Bonds Series 2009C	1.00%	31,900,000	30,570,000	(1,330,000)	29,240,000	-
Unlimited Tax Refunding Bonds Series 2010	3.00% to 5.00%	108,815,000	91,955,000	(14,380,000)	77,575,000	-
School Building Unlimited Tax Bonds Series 2012	2.50% to 5.00%	92,840,000	92,840,000	(3,280,000)	89,560,000	-
Unlimited Tax Refunding Bonds Series 2012	4.00% to 5.00%	46,115,000	46,115,000	-	46,115,000	-
Unlimited Tax Refunding Bonds Series 2012A	2.00% to 4.00%	27,805,000	-	27,805,000	27,805,000	-
School Building Unlimited Tax Bonds Series 2013	4.00% to 5.00%	53,740,000	-	53,740,000	53,740,000	-
Totals			<u>\$ 1,001,788,809</u>	<u>\$ (17,975,613)</u>	<u>\$ 983,813,196</u>	<u>\$ 736,961</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 7. LONG-TERM DEBT – CONTINUED

Debt Payable-Governmental Activities – Continued

The following table summarizes the annual debt service requirements of the outstanding debt issues at June 30, 2013, to maturity:

	Bond Principal	Bond Interest	Totals
2014	\$ 74,745,416	\$ 45,145,594	\$ 119,891,010
2015	77,540,615	42,048,727	119,589,342
2016	65,992,165	38,656,916	104,649,081
2017	56,790,000	35,532,507	92,322,507
2018	59,950,000	32,878,701	92,828,701
2019-2023	249,705,000	125,047,201	374,752,201
2024-2028	167,575,000	80,321,123	247,896,123
2029-2033	169,890,000	38,794,561	208,684,561
2034-2038	61,625,000	5,595,747	67,220,747
	<u>\$ 983,813,196</u>	<u>\$ 444,021,077</u>	<u>\$ 1,427,834,273</u>

During the year, the District issued \$27,805,000 Series 2012A Refunding Bonds used to refund \$29,400,000 of outstanding Series 2003 bonds. An amount of \$30,131,737 was placed in an irrevocable trust to provide for future debt service payments relating to the defeased bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the District's financial statements. The net present value of the economic gain on the refunding was \$3.87 million. The net carrying amount of the old debt exceeded the reacquisition price by \$300,507.

As of June 30, 2013, the principal balance of all defeased bonds outstanding was \$49,855,000. Original losses on refunding were \$32 million of which \$19.5 million is unamortized and reported in the Statement of Net Position as a reduction in the long-term debt. Unamortized bond premiums of \$38 million are reported in the Statement of Net Position as an increase in the long-term debt.

During the year, the District issued \$53,740,000 of unlimited tax bonds for new construction, renovations, and capital acquisitions.

As of June 30, 2013, \$16,020,000 of bonds were authorized by bond election and not issued.

Other Long-Term Debt

Arbitrage - The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. Arbitrage liability for tax-exempt debt subject to the Tax Reform Act issued through June 30, 2013, amounted to \$38,149.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 7. LONG-TERM DEBT – CONTINUED

Other Long-Term Debt

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 \$434,136 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.

NOTE 8. ENCUMBRANCES

At June 30, 2013, 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	\$ 301,726	\$ -	\$ -	\$ 40,779	\$ 88,894	\$ 49,344	\$ 480,743
Instructional resources	18,406	-	-	-	-	49	18,455
Curriculum & instructional staff development	32,199	-	-	2,535	-	860	35,594
Instructional leadership	92	-	-	2,615	-	-	2,707
School leadership	5,850	-	-	-	-	18,494	24,344
Guidance, counseling & evaluation services	18,031	-	-	-	-	1,249	19,280
Health services	5,760	-	-	-	-	-	5,760
Student transportation	102,370	-	-	-	-	-	102,370
Food services	-	-	581,557	1,784	-	-	583,341
Co-curricular/extracurricular activities	183,304	-	-	-	-	282,324	465,628
General administration	45,161	-	-	-	-	-	45,161
Plant maintenance and operations	850,393	-	-	-	-	34,561	884,954
Security and monitoring services	8,794	-	-	-	-	-	8,794
Data processing services	54,807	-	-	-	-	17,383	72,190
Community services	19,150	-	-	82	-	-	19,232
Facilities acquisition and construction	-	51,279,899	-	-	-	-	51,279,899
Total encumbrances by fund type	<u>\$ 1,646,043</u>	<u>\$ 51,279,899</u>	<u>\$ 581,557</u>	<u>\$ 47,795</u>	<u>\$ 88,894</u>	<u>\$ 404,264</u>	<u>\$ 54,048,452</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 9. RISK MANAGEMENT

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

Workers' Compensation

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

An accrual for incurred but not reported claims in the amount of \$1,682,000 has been recorded in the fund as of June 30, 2013. Claims payable, including an estimate of claims incurred but not reported, was actuarially determined based on the District's historical claims experience and an estimate of the remaining liability on known claims.

Workers' Compensation Fund changes in claims payable for the years ended June 30, 2013 and June 30, 2012:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Claims payable, beginning of fiscal year	\$ 1,655,000	\$ 1,722,000
Incurred claims and claim adjustment expenses	1,566,831	945,499
Claim payments during the year	<u>(1,539,831)</u>	<u>(1,012,499)</u>
Claims payable, end of fiscal year	<u>\$ 1,682,000</u>	<u>\$ 1,655,000</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, 2013, the District funded benefit credits of \$259 per month per participating employee to the health insurance internal service fund.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 9. RISK MANAGEMENT – CONTINUED

Health Benefits – Continued

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 \$52,680 has been recorded as of June 30, 2013. Property and Liability changes in claims payable for the years ended June 30, 2013 and June 30, 2012:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Claims payable, beginning of fiscal year	\$ 53,373	\$ 52,020
Incurred claims and claim adjustment expenses	32,314	22,088
Claim payments during the year	<u>(33,007)</u>	<u>(20,735)</u>
Claims payable, end of fiscal year	<u>\$ 52,680</u>	<u>\$ 53,373</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 9. RISK MANAGEMENT – CONTINUED

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, 2013. Changes in unemployment claims payable for the years ended June 30, 2013 and 2012:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Claims payable, beginning of fiscal year	\$ 288,834	\$ 234,554
Incurred claims and claim adjustment expenses	148,928	816,898
Claim payments during the year	<u>(148,928)</u>	<u>(762,618)</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

Retirement Plan Description

The District's employees are covered by the Teacher Retirement System of Texas (TRS). TRS, a public employee retirement system (PERS), is a multiple-employer defined benefit pension plan. It is a cost sharing PERS with one exception: all risks and costs are not shared by the District but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate multiplied by the aggregate annual compensation of all members of the retirement system during that fiscal year. The District's covered payroll for the year ended June 30, 2013, was \$312,407,141. For members of the retirement system entitled to the State's statutory minimum salary certain school personnel, the District pays the State's contribution on the part of the member's salary that exceeds the statutory minimum.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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

Types of Employees Covered

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

Benefit Provisions and Service Requirements

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

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

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

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

Funding Policy

State law provides for a state contribution rate of 6.4% beginning September 1, 2012 and a member contribution rate of 6.4%. The State of Texas' contribution is a percentage of members' eligible gross earnings, except for those District employees subject to the statutory minimum rules and those employees being paid from and participating in federally funded programs. The statutory minimum requirements are based on the State of Texas minimum teacher schedule and then adjusted based on local tax rates. For employees paid by federal programs, the federal programs are required to contribute the state's portion.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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

Funding Policy – Continued

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

Retiree Health Plan

Plan Description

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

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

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 0.50% and 0.65% of the public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55%. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee. In addition, the State of Texas contributed \$1,187,557 in 2013 for on-behalf payments for Medicare Part D.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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

Contributions Made

Contributions made by the State, the District and its employees; and the District's covered payroll for the fiscal years 2013, 2012 and 2011 are as follows:

	2013	2012	2011
Covered Payroll	312,407,141	\$313,578,721	\$ 328,010,077
Contributions made by the State	17,737,213	18,254,518	19,927,240
Retirement plan rate *	6.40%	6.00%	6.64%
Retiree health care rate	0.50%	1.00%	1.00%
Medicare Part D	1,187,557	747,517	849,739
District Required and Actual contributions to TRS & TRS - Care	5,059,543	4,923,152	5,995,589
Employee contributions to TRS & TRS - Care	19,994,021	18,268,172	20,992,573

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

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

NOTE 11. RECAPTURE PAYMENT

Intergovernmental Charges include an amount of \$24,960,598 representing recapture payments made in accordance with the state school finance law. The state school finance law has capped the amount of property value per student that can be retained by local districts at \$476,500 per student. The District's property value of \$523,633 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 2012-2013 of \$29,407,639 decreased \$10.6 million due to the change in state funding passed by the 2011 Legislative session. Due to prior year adjustments and final settle ups, the District received refunds of \$5,347,110 and paid out \$900,069.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 12. COMMITMENTS AND CONTINGENCIES

The District received financial resources from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, subject to audit by the grantor agencies and the Texas Education Agency. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, any such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2013.

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

The District is party to several operating leases for the rental of copier machines and portable buildings. One of the two major copy machine master leases expires in February 2014 and the District will be negotiating a new lease for services. These leases are for various terms with expiration dates through 2015. Payments under the leases for the year ended June 30, 2013 totaled \$1,209,862. Future obligations under the leases are as follows:

2014	\$	899,722
2015		120,334

NOTE 13. SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Service Arrangement (SSA) which provides deaf education services to member districts whose students are enrolled in the Regional Day School Program for the Deaf (RDSPD). In addition to the District, other member districts include Allen ISD, Anna ISD, Blue Ridge ISD, Celina ISD, Community ISD, Coppell ISD, Farmersville ISD, Frisco ISD, Imagine International, Lovejoy ISD, McKinney ISD, Melissa ISD, Princeton ISD, Prosper ISD, Richardson ISD and Wylie ISD.

The District, acting as the fiscal agent, receives monies from the granting agencies and administers the program. The fiscal agent is responsible for employment of personnel, budgeting, accounting and reporting. According to guidance provided in the TEA Financial Accounting Resource Guide, Update 15.0, the District has accounted for the activities of the SSA in the appropriate special revenue funds. Additionally, the SSA is accounted for using Model #2 in Section 1.3.1.6 of the Accounting and Reporting Treatment Guidance.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 13. SHARED SERVICE ARRANGEMENTS – CONTINUED

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

Expenditures billed to the SSA members as of June 30, 2013 are summarized below:

Allen ISD	\$ 77,909
Anna ISD	1,158
Blue Ridge ISD	19,876
Celina ISD	8,036
Community ISD	4,409
Coppell ISD	2,996
Farmersville ISD	732
Frisco ISD	187,724
Imagine International	1,056
Lovejoy ISD	14,292
McKinney ISD	137,273
Melissa ISD	9,040
Plano ISD	497,259
Princeton ISD	8,592
Prosper ISD	19,404
Richardson ISD	203,857
Wylie ISD	57,339
Total	<u>\$ 1,250,952</u>

NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities, which will be effective for periods beginning after December 15, 2012. The Statement reclassifies certain items that were previously reported as assets and liabilities, as deferred outflows or inflows of resources, and recognizes these items as outflows or inflows of resources. This statement applies to all state and local governmental entities. The District will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

The GASB issued Statement No. 67, Financial Reporting for Pension Plans, which will be effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting of state and local governmental pension plans with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement applies to all state and governmental entities and amends Statements 25 and 50. The District will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

The GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, which will be effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting of state and local governmental pension plans. This Statement applies to all state and governmental entities and replaces Statements 27 and 50. The District will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

The GASB issued Statement No. 69, Governmental Combinations and Disposals of Government Operations, which will be effective for periods beginning after December 15, 2013. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The District will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

The GASB issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, which will be effective for periods beginning after June 15, 2013. The objective of this Statement is to require a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is *more likely than not* that the guarantor will be required to make a payment to the obligation holders under the agreement. The District will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

**REQUIRED SUPPLEMENTARY
INFORMATION**

EXHIBIT G-1

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 357,811,266	\$ 359,607,444	\$ 360,715,161	\$ 1,107,717
5800	State Program Revenues	57,935,837	60,749,015	50,927,739	(9,821,276)
5900	Federal Program Revenues	2,449,782	2,350,728	5,304,164	2,953,436
5020	Total Revenues	418,196,885	422,707,187	416,947,064	(5,760,123)
EXPENDITURES:					
Current:					
0011	Instruction	266,687,807	264,830,670	261,879,966	2,950,704
0012	Instructional Resources and Media Services	8,018,974	7,457,167	7,369,332	87,835
0013	Curriculum and Instructional Staff Development	6,135,571	5,792,748	5,778,910	13,838
0021	Instructional Leadership	3,173,592	3,062,748	2,861,039	201,709
0023	School Leadership	22,846,787	22,496,345	22,351,766	144,579
0031	Guidance, Counseling and Evaluation Services	16,735,235	16,603,215	16,601,593	1,622
0032	Social Work Services	886,870	890,736	859,971	30,765
0033	Health Services	4,931,107	4,861,996	4,816,836	45,160
0034	Student (Pupil) Transportation	11,842,924	11,280,798	10,984,885	295,913
0036	Extracurricular Activities	7,057,384	7,178,687	6,520,748	657,939
0041	General Administration	8,679,508	9,234,113	9,123,305	110,808
0051	Facilities Maintenance and Operations	42,498,570	41,172,200	40,262,249	909,951
0052	Security and Monitoring Services	3,032,420	3,202,189	3,202,154	35
0053	Data Processing Services	5,333,316	5,309,890	4,860,977	448,913
0061	Community Services	865,247	787,169	702,471	84,698
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	24,608,978	35,918,669	24,960,598	10,958,071
0092	Incremental Costs Associated with Chapter 41	600,000	600,000	600,000	-
0093	Payments to Fiscal Agent/Member District of SSA	253,000	257,565	257,565	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	183,000	183,000	212,241	(29,241)
0097	Payments to Tax Increment Fund	1,600,000	2,978,125	2,978,124	1
0099	Other Intergovernmental charges	2,450,000	2,450,000	2,388,268	61,732
6030	Total Expenditures	438,420,290	446,548,030	429,572,998	16,975,032
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,223,405)	(23,840,843)	(12,625,934)	11,214,909
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	9,158,224	9,481,092	2,396,045	(7,085,047)
8911	Transfers Out (Use)	(8,067,543)	(8,369,755)	(1,158,689)	7,211,066
7080	Total Other Financing Sources (Uses)	1,090,681	1,111,337	1,237,356	126,019
1200	Net Change in Fund Balances	(19,132,724)	(22,729,506)	(11,388,578)	11,340,928
0100	Fund Balance - July 1 (Beginning)	165,557,101	165,557,101	165,557,101	-
3000	Fund Balance - June 30 (Ending)	\$ 146,424,377	\$ 142,827,595	\$ 154,168,523	\$ 11,340,928

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

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.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 2. SIGNIFICANT ITEMS – CONTINUED

Budget Amendments – Continued

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

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

<u>Type of Revenue/Expenditure</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budget Amendments</u>
State Revenues	57,935,837	60,749,015	2,813,178
Contracted Instructional Services Between Schools	24,608,978	35,918,669	11,309,691
Payments to Tax Increment Fund	1,600,000	2,978,125	1,378,125

The adopted budget for State Revenue was increased to account for the change in state formula revenue of \$2.8M.

The Contracted Instructional Services Between Schools increased \$11.3M. This expenditure is part of the state funding formula, and as a property wealthy District, the amount required to pay back to the state was increased. The actual expenditure was \$25M after adjustments for prior years made by the State due based on the recalculation of the amount owed after year end and final adjustment of enrollment and attendance.

Payment to Tax Increment Fund was increased to cover the payment into the TIF related to additional amounts owed for 2010-11 and 2011-12.

Excess Expenditures

The Budgetary Comparison Schedule for the General Fund indicates an excess of expenditures over appropriations for the year ended June 30, 2013, in one area. Funds sufficient to provide for the excess expenditures were made available from current year revenues, and the excess had no impact on the financial results of the District. The following is a summary of the items:

<u>Type of Expenditure</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
Juvenile Justice Alternative Ed Prg	183,000	212,241	(29,241)

Juvenile Justice Alternative Education Program had a 16% variance over final budget due to an increase in the number of days students from the District attended to program. Attendance in the program was double the attendance over the prior two years. Total expenditures did not exceed the total budget.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Teamwork for Excellence



P L A N O
Independent School District

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

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	\$ 117,782,651	\$ 114,686,690	\$ 115,042,511	\$ 355,821
5020	Total Revenues	117,782,651	114,686,690	115,042,511	355,821
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	72,111,076	70,215,000	70,215,000	-
0072	Debt Service - Interest on Long Term Debt	47,066,225	45,878,382	45,878,381	1
0073	Debt Service - Bond Issuance Cost and Fees	425,000	331,700	317,246	14,454
6030	Total Expenditures	119,602,301	116,425,082	116,410,627	14,455
1100	Deficiency of Revenues Under Expenditures	(1,819,650)	(1,738,392)	(1,368,116)	370,276
OTHER FINANCING SOURCES (USES):					
7911	Refunding Bonds Issued	-	27,805,000	27,805,000	-
7915	Transfers In	500,000	273,000	429,286	156,286
7916	Premium or Discount on Issuance of Bonds	-	2,454,638	2,454,638	-
8949	Payment to Bond Escrow Agent	-	(30,131,737)	(30,131,737)	-
7080	Total Other Financing Sources (Uses)	500,000	400,901	557,187	156,286
1200	Net Change in Fund Balances	(1,319,650)	(1,337,491)	(810,929)	526,562
0100	Fund Balance - July 1 (Beginning)	35,998,667	35,998,667	35,998,667	-
3000	Fund Balance - June 30 (Ending)	\$ 34,679,017	\$ 34,661,176	\$ 35,187,738	\$ 526,562

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

Data Control Codes	240 National Breakfast and Lunch Program	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds
ASSETS			
1110 Cash and Investments	\$ 7,377,309	\$ 972	\$ 28,853
1240 Due from Other Governments	234,369	3,672,751	9,539
1250 Accrued Interest	1,569	-	-
1290 Other Receivables	261,215	-	-
1300 Inventories	207,211	-	-
1410 Prepaid Expenditures	-	-	-
1000 Total Assets	<u>\$ 8,081,673</u>	<u>\$ 3,673,723</u>	<u>\$ 38,392</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 25,532	\$ 38,766	\$ 2,331
2160 Accrued Wages Payable	208,806	2,056,672	28,852
2170 Due to Other Funds	-	1,578,285	7,209
2180 Due to Other Governments	-	-	-
2300 Unearned Revenues	688,261	-	-
2000 Total Liabilities	<u>922,599</u>	<u>3,673,723</u>	<u>38,392</u>
Fund Balances:			
Non Spendable			
3410 Investments in Inventory	207,211	-	-
3430 Prepaid Expenditures	-	-	-
Restricted			
3450 Food Services	6,951,863	-	-
3450 State Special Revenue	-	-	-
Committed			
3545 Local Special Revenue	-	-	-
3000 Total Fund Balances	<u>7,159,074</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 8,081,673</u>	<u>\$ 3,673,723</u>	<u>\$ 38,392</u>

EXHIBIT H-2

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
\$ 565,192	\$ 204,961	\$ 751,048	\$ 9,170,071	\$ 18,098,406
2,741,709	30,968	-	-	6,689,336
-	-	-	686	2,255
-	-	-	396	261,611
-	-	-	-	207,211
-	-	-	4,244	4,244
<u>\$ 3,306,901</u>	<u>\$ 235,929</u>	<u>\$ 751,048</u>	<u>\$ 9,175,397</u>	<u>\$ 25,263,063</u>
\$ -	\$ 1,152	\$ 9,583	\$ 137,098	\$ 214,462
-	1,603	529,246	162,323	2,987,502
-	28,212	-	-	1,613,706
-	-	-	7,951	7,951
2,741,709	-	212,219	23,649	3,665,838
<u>2,741,709</u>	<u>30,967</u>	<u>751,048</u>	<u>331,021</u>	<u>8,489,459</u>
-	-	-	-	207,211
-	-	-	4,244	4,244
-	-	-	-	6,951,863
565,192	204,962	-	-	770,154
-	-	-	8,840,132	8,840,132
<u>565,192</u>	<u>204,962</u>	<u>-</u>	<u>8,844,376</u>	<u>16,773,604</u>
<u>\$ 3,306,901</u>	<u>\$ 235,929</u>	<u>\$ 751,048</u>	<u>\$ 9,175,397</u>	<u>\$ 25,263,063</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

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	\$ 13,024,010	\$ 66,789	\$ -
5800 State Program Revenues	515,641	-	-
5900 Federal Program Revenues	<u>8,963,305</u>	<u>17,505,941</u>	<u>304,056</u>
5020 Total Revenues	<u>22,502,956</u>	<u>17,572,730</u>	<u>304,056</u>
EXPENDITURES:			
Current:			
0011 Instruction	-	12,463,267	224,056
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	1,706,806	-
0021 Instructional Leadership	-	556,780	-
0023 School Leadership	-	10,400	-
0031 Guidance, Counseling and Evaluation Services	-	994,853	60,000
0033 Health Services	-	208,065	-
0034 Student (Pupil) Transportation	-	80,260	-
0035 Food Services	21,726,476	23,420	-
0036 Extracurricular Activities	-	50,554	20,000
0041 General Administration	116,054	5,468	-
0051 Facilities Maintenance and Operations	1,011,416	63,419	-
0052 Security and Monitoring Services	-	9,727	-
0053 Data Processing Services	-	-	-
0061 Community Services	-	1,107,898	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	497,259	-
6030 Total Expenditures	<u>22,853,946</u>	<u>17,778,176</u>	<u>304,056</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(350,990)</u>	<u>(205,446)</u>	<u>-</u>
OTHER FINANCING SOURCES:			
7915 Transfers In	<u>34,500</u>	<u>205,446</u>	<u>-</u>
7080 Total Other Financing Sources	<u>34,500</u>	<u>205,446</u>	<u>-</u>
1200 Net Change in Fund Balance	(316,490)	-	-
0100 Fund Balance - July 1 (Beginning)	<u>7,475,564</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 7,159,074</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-3

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
\$ 72,910	\$ -	\$ 727,816	\$ 12,083,139	\$ 25,974,664
1,394,216	168,996	3,206,312	-	5,285,165
-	-	-	-	26,773,302
<u>1,467,126</u>	<u>168,996</u>	<u>3,934,128</u>	<u>12,083,139</u>	<u>58,033,131</u>
1,476,647	137,826	3,593,791	2,359,750	20,255,337
-	1,810	-	83,014	84,824
-	33,572	20,028	430,211	2,190,617
-	-	150,691	1,033	708,504
-	358	-	465,432	476,190
318	2,997	25,583	348,871	1,432,622
-	-	-	2,883	210,948
-	-	-	1,178	81,438
-	-	-	7,798	21,757,694
-	-	30,072	5,333,421	5,434,047
-	-	-	163,710	285,232
245	-	-	292,292	1,367,372
-	-	-	162,836	172,563
-	-	-	367,208	367,208
-	30,528	113,963	9,792	1,262,181
-	-	-	-	497,259
<u>1,477,210</u>	<u>207,091</u>	<u>3,934,128</u>	<u>10,029,429</u>	<u>56,584,036</u>
<u>(10,084)</u>	<u>(38,095)</u>	<u>-</u>	<u>2,053,710</u>	<u>1,449,095</u>
-	-	-	19,207	259,153
-	-	-	19,207	259,153
(10,084)	(38,095)	-	2,072,917	1,708,248
<u>575,276</u>	<u>243,057</u>	<u>-</u>	<u>6,771,459</u>	<u>15,065,356</u>
<u>\$ 565,192</u>	<u>\$ 204,962</u>	<u>\$ -</u>	<u>\$ 8,844,376</u>	<u>\$ 16,773,604</u>

EXHIBIT H-4

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NATIONAL BREAKFAST AND LUNCH PROGRAM
FOR THE YEAR ENDED JUNE 30, 2013**

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	\$ 14,008,458	\$ 14,008,458	\$ 13,024,010	\$ (984,448)
5800	State Program Revenues	526,000	526,000	515,641	(10,359)
5900	Federal Program Revenues	8,851,808	8,908,808	8,963,305	54,497
5020	Total Revenues	<u>23,386,266</u>	<u>23,443,266</u>	<u>22,502,956</u>	<u>(940,310)</u>
EXPENDITURES:					
0035	Food Services	22,789,085	23,324,123	21,726,476	1,597,647
0041	General Administration	117,038	117,038	116,054	984
0051	Facilities Maintenance and Operations	1,061,168	1,040,668	1,011,416	29,252
0081	Facilities Acquisition and Construction	-	521,989	-	521,989
6030	Total Expenditures	<u>23,967,291</u>	<u>25,003,818</u>	<u>22,853,946</u>	<u>2,149,872</u>
1100	Deficiency of Revenues Under Expenditures	<u>(581,025)</u>	<u>(1,560,552)</u>	<u>(350,990)</u>	<u>1,209,562</u>
OTHER FINANCING SOURCES					
7915	Transfers In	-	28,110	34,500	6,390
7080	Total Other Financing Sources	<u>-</u>	<u>28,110</u>	<u>34,500</u>	<u>6,390</u>
1200	Net Change in Fund Balances	(581,025)	(1,532,442)	(316,490)	1,215,952
0100	Fund Balance - July 1 (Beginning)	<u>7,475,564</u>	<u>7,475,564</u>	<u>7,475,564</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 6,894,539</u>	<u>\$ 5,943,122</u>	<u>\$ 7,159,074</u>	<u>\$ 1,215,952</u>

EXHIBIT H-5

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2013**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 67,980	\$ 74,248	\$ 70,308	\$ 27,039	\$ 239,575
Accrued Interest	-	16	15	6	37
Other Receivables	-	359,451	-	149	359,600
Prepaid Expenditures	1,126	-	-	-	1,126
Total Current Assets	<u>69,106</u>	<u>433,715</u>	<u>70,323</u>	<u>27,194</u>	<u>600,338</u>
Noncurrent Assets:					
Capital Assets:					
Furniture and Equipment	-	-	5,445	-	5,445
Depreciation on Furniture and Equipment	-	-	(5,445)	-	(5,445)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>69,106</u>	<u>433,715</u>	<u>70,323</u>	<u>27,194</u>	<u>600,338</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	3,779	71,994	-	-	75,773
Accrued Wages Payable	65,327	40,415	-	-	105,742
Unearned Revenues	-	321,306	-	-	321,306
Total Liabilities	<u>69,106</u>	<u>433,715</u>	<u>-</u>	<u>-</u>	<u>502,821</u>
NET POSITION					
Unrestricted Net Position	<u>-</u>	<u>-</u>	<u>70,323</u>	<u>27,194</u>	<u>97,517</u>
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,323</u>	<u>\$ 27,194</u>	<u>\$ 97,517</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Local and Intermediate Sources	\$ 1,095,042	\$ 7,207,209	\$ 261,774	\$ 64,548	\$ 8,628,573
Total Operating Revenues	<u>1,095,042</u>	<u>7,207,209</u>	<u>261,774</u>	<u>64,548</u>	<u>8,628,573</u>
OPERATING EXPENSES:					
Payroll Costs	996,463	3,764,155	97,147	42,470	4,900,235
Professional and Contracted Services	62,630	27,713	7,085	613	98,041
Supplies and Materials	44,133	106,777	91,575	588	243,073
Other Operating Costs	91,352	915,317	35,003	-	1,041,672
Total Operating Expenses	<u>1,194,578</u>	<u>4,813,962</u>	<u>230,810</u>	<u>43,671</u>	<u>6,283,021</u>
Operating Income	<u>(99,536)</u>	<u>2,393,247</u>	<u>30,964</u>	<u>20,877</u>	<u>2,345,552</u>
NON OPERATING REVENUES (EXPENSES):					
Earnings from Temporary Deposits & Investments	-	2,798	-	-	2,798
Total Non Operating Revenues (Expenses)	<u>-</u>	<u>2,798</u>	<u>-</u>	<u>-</u>	<u>2,798</u>
Income (Loss) Before Transfers	(99,536)	2,396,045	30,964	20,877	2,348,350
Transfers In	99,536	-	-	-	99,536
Transfers Out	-	(2,396,045)	-	-	(2,396,045)
Change in Net Position	-	-	30,964	20,877	51,841
Total Net Position - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>39,359</u>	<u>6,317</u>	<u>45,676</u>
Total Net Position - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,323</u>	<u>\$ 27,194</u>	<u>\$ 97,517</u>

EXHIBIT H-7

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
CASH FLOW FROM OPERATING ACTIVITIES					
Cash Received from User Charges	\$ 1,095,042	\$ 7,207,830	\$ 261,774	\$ 67,974	\$ 8,632,620
Cash Payments to Employees for Services	(969,374)	(3,751,074)	(97,147)	(43,102)	(4,860,697)
Cash Payments for Suppliers	(106,584)	(105,541)	(97,110)	(1,201)	(310,436)
Cash Payments for Other Operating Expenses	(91,352)	(915,317)	(36,573)	-	(1,043,242)
Net Cash Provided by (Used for) Operating Activities	<u>(72,268)</u>	<u>2,435,898</u>	<u>30,944</u>	<u>23,671</u>	<u>2,418,245</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers In	99,536	-	-	-	99,536
Transfers Out	-	(2,396,045)	-	-	(2,396,045)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>99,536</u>	<u>(2,396,045)</u>	<u>-</u>	<u>-</u>	<u>(2,296,509)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investment Securities	-	(45,089)	(37,883)	(20,571)	(103,543)
Interest and Dividends on Investments	-	2,791	(6)	(6)	2,779
Net Cash Used for Investing Activities	<u>-</u>	<u>(42,298)</u>	<u>(37,889)</u>	<u>(20,577)</u>	<u>(100,764)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,268	(2,445)	(6,945)	3,094	20,972
Cash and Cash Equivalents at Beginning of the Year	40,712	15,435	19,244	1,604	76,995
Cash and Cash Equivalents at the End of the Year	67,980	12,990	12,299	4,698	97,967
Temporary Investment Not in Cash Equivalents	-	61,258	58,009	22,341	141,608
Cash on Statement of Net Position	<u>\$ 67,980</u>	<u>\$ 74,248</u>	<u>\$ 70,308</u>	<u>\$ 27,039</u>	<u>\$ 239,575</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (99,536)	\$ 2,393,247	\$ 30,964	\$ 20,877	\$ 2,345,552
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	-	7,740	-	3,426	11,166
Decrease (increase) in Prepaid Expenses	(1,126)	-	-	-	(1,126)
Increase (decrease) in Accounts Payable	1,305	28,949	(20)	-	30,234
Increase (decrease) in Accrued Wages Payable	27,089	13,081	-	(632)	39,538
Increase (decrease) in Unearned Revenues	-	(7,119)	-	-	(7,119)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (72,268)</u>	<u>\$ 2,435,898</u>	<u>\$ 30,944</u>	<u>\$ 23,671</u>	<u>\$ 2,418,245</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013**

	752	753
	Print Shop	Health Benefits
ASSETS		
Current Assets:		
Cash and Investments	\$ 47,960	\$ 3,834,591
Accrued Interest	10	816
Other Receivables	2,900	-
Unearned Expenses	-	343,738
	50,870	4,179,145
Total Current Assets	50,870	4,179,145
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	52,468	-
Depreciation on Furniture and Equipment	(35,325)	-
	17,143	-
Total Noncurrent Assets	17,143	-
Total Assets	68,013	4,179,145
LIABILITIES		
Current Liabilities		
Accounts Payable	734	2,454,918
Accrued Wages Payable	10,895	-
Accrued Expenses	-	93,227
	11,629	2,548,145
Total Liabilities	11,629	2,548,145
NET POSITION		
Investments in Capital Assets	17,143	-
Unrestricted Net Position	39,241	1,631,000
	56,384	1,631,000
Total Net Position	\$ 56,384	\$ 1,631,000

EXHIBIT H-8

772 Workers' Compensation Self-Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 2,833,418	\$ 1,161,323	\$ 340,464	\$ 346,629	\$ 8,564,385
521	247	72	74	1,740
-	-	-	-	2,900
-	-	-	-	343,738
2,833,939	1,161,570	340,536	346,703	8,912,763
-	-	8,672	-	61,140
-	-	(8,672)	-	(43,997)
-	-	-	-	17,143
2,833,939	1,161,570	340,536	346,703	8,929,906
97,861.00	14,947	-	-	2,568,460
1,152.00	-	-	-	12,047
1,682,000	288,834	-	52,680	2,116,741
1,781,013	303,781	-	52,680	4,697,248
-	-	-	-	17,143
1,052,926	857,789	340,536	294,023	4,215,515
\$ 1,052,926	\$ 857,789	\$ 340,536	\$ 294,023	\$ 4,232,658

**PLANO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	752	753
	Print Shop	Health Benefits
OPERATING REVENUES		
Local and Intermediate Services	\$ 1,198,056	\$ 33,747,916
Total Operating Revenues	<u>1,198,056</u>	<u>33,747,916</u>
OPERATING EXPENSES		
Payroll Costs	305,492	337,353
Professional and Contracted Services	648,634	147,529
Supplies and Materials	389,955	14,096
Other Operating Costs	4,286	33,733,546
Total Operating Expenses	<u>1,348,367</u>	<u>34,232,524</u>
Operating Income (Loss)	<u>(150,311)</u>	<u>(484,608)</u>
NON OPERATING REVENUES (EXPENSES)		
Earnings from Temporary Deposits & Investments	205	-
Insurance Recovery	-	-
Total Non Operating Revenues (Expenses)	<u>205</u>	<u>-</u>
Income (Loss) Before Transfers	(150,106)	(484,608)
Transfers In	<u>-</u>	<u>800,000</u>
Change in Net Position	(150,106)	315,392
Total Net Position - July 1 (Beginning)	<u>206,490</u>	<u>1,315,608</u>
Total Net Position - June 30 (Ending)	<u>\$ 56,384</u>	<u>\$ 1,631,000</u>

EXHIBIT H-9

772 Workers' Compensation Self-Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 1,339,531	\$ -	\$ 24,390	\$ -	\$ 36,309,893
1,339,531	-	24,390	-	36,309,893
462,413	-	564	-	1,105,822
1,279,809	-	-	23,380	2,099,352
33,719	-	5,566	925	444,261
412,786	107,512	-	8,009	34,266,139
2,188,727	107,512	6,130	32,314	37,915,574
(849,196)	(107,512)	18,260	(32,314)	(1,605,681)
8,190	2,635	822	899	12,751
-	-	-	8,651	8,651
8,190	2,635	822	9,550	21,402
(841,006)	(104,877)	19,082	(22,764)	(1,584,279)
-	-	-	-	800,000
(841,006)	(104,877)	19,082	(22,764)	(784,279)
1,893,932	962,666	321,454	316,787	5,016,937
<u>\$ 1,052,926</u>	<u>\$ 857,789</u>	<u>\$ 340,536</u>	<u>\$ 294,023</u>	<u>\$ 4,232,658</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	752	753
	Print Shop	Health Benefits Self-Funded
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Received from User Charges	\$ 1,201,158	\$ 33,747,916
Cash Payments to Employees for Services	(304,082)	(337,353)
Cash Payments for Insurance Claims	-	1,999
Cash Payments for Suppliers	(1,096,822)	(147,139)
Cash Payments for Other Operating Expenses	-	(33,689,227)
Net Cash Provided by (Used for) Operating Activities	<u>(199,746)</u>	<u>(423,804)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer In	-	800,000
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>800,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Insurance Proceeds	-	-
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale and Maturities of Securities	87,381	-
Purchase of Investment Securities	-	(1,391,826)
Interest and Dividends on Investments	251	(29)
Net Cash Provided by (Used for) Investing Activities	<u>87,632</u>	<u>(1,391,855)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(112,114)	(1,015,659)
Cash and Cash Equivalents at Beginning of the Year	120,474	1,684,839
Cash and Cash Equivalents at the End of the Year	8,360	669,180
Temporary Investment Not in Cash Equivalents	39,600	3,165,411
Cash on Statement of Net Position	<u>\$ 47,960</u>	<u>\$ 3,834,591</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (150,311)	\$ (484,608)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	4,286	-
Effect of Increases and Decreases in Current Assets and Liabilities		
Decrease (increase) in Receivables	3,102	-
Decrease (increase) in Prepaid Expenses	-	1,339
Increase (decrease) in Accounts Payable	(58,233)	42,980
Increase (decrease) in Accrued Wages Payable	1,410	-
Increase (decrease) in Accrued Expenses	-	16,485
Net Cash Provided by (Used for) Operating Activities	<u>\$ (199,746)</u>	<u>\$ (423,804)</u>

EXHIBIT H-10

772	773	775	786	
Workers' Compensation Self - Funded	Unemployment Self-Funded	Sign Shop	Insurance Claims Self-Funded	Total Internal Service Funds
\$ 1,339,531	\$ -	\$ 24,390	\$ -	\$ 36,312,995
(461,261)	-	(564)	-	(1,103,260)
(1,539,831)	(148,928)	-	(33,007)	(1,719,767)
33,533	-	(5,566)	-	(1,215,994)
(1,579)	-	-	-	(33,690,806)
<u>(629,607)</u>	<u>(148,928)</u>	<u>18,260</u>	<u>(33,007)</u>	<u>(1,416,832)</u>
-	-	-	-	800,000
-	-	-	-	800,000
-	-	-	8,651	8,651
-	-	-	8,651	8,651
-	-	-	-	87,381
(567,174)	(288,157)	(116,221)	(96,237)	(2,459,615)
8,456	2,688	825	909	13,100
<u>(558,718)</u>	<u>(285,469)</u>	<u>(115,396)</u>	<u>(95,328)</u>	<u>(2,359,134)</u>
(1,188,325)	(434,397)	(97,136)	(119,684)	(2,967,315)
1,682,834	637,051	156,557	180,211	4,461,966
494,509	202,654	59,421	60,527	1,494,651
2,338,909	958,669	281,043	286,102	7,069,734
<u>\$ 2,833,418</u>	<u>\$ 1,161,323</u>	<u>\$ 340,464</u>	<u>\$ 346,629</u>	<u>\$ 8,564,385</u>
\$ (849,196)	\$ (107,512)	\$ 18,260	\$ (32,314)	\$ (1,605,681)
-	-	-	-	4,286
-	-	-	-	3,102
93,576	-	-	-	94,915
97,861	(41,416)	-	-	41,192
1,152	-	-	-	2,562
27,000	-	-	(693)	42,792
<u>\$ (629,607)</u>	<u>\$ (148,928)</u>	<u>\$ 18,260</u>	<u>\$ (33,007)</u>	<u>\$ (1,416,832)</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Balance July 1 2012	Additions	Deductions	Balance June 30 2013
STUDENT ACTIVITY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 2,997,499	\$ 486,259	\$ 3,177,051	\$ 306,707
Accrued Interest	130	-	93	37.00
Other Receivables	1,187	-	1,187	-
	<u>2,998,816</u>	<u>486,259</u>	<u>3,178,331</u>	<u>306,744</u>
Total Assets	\$ 2,998,816	\$ 486,259	\$ 3,178,331	\$ 306,744
Liabilities:				
Accounts Payable	\$ 50,159	\$ 414,782	\$ 464,340	\$ 601
Accrued Wages	997	-	997	-
Due to Student Groups	2,947,660	487,446	3,128,963	306,143
	<u>2,998,816</u>	<u>902,228</u>	<u>3,594,300</u>	<u>306,744</u>
Total Liabilities	\$ 2,998,816	\$ 902,228	\$ 3,594,300	\$ 306,744
OTHER AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 38,147	\$ 1,085,402	\$ 936,798	\$ 186,751
Other Receivables	-	332	-	332
	<u>38,147</u>	<u>1,085,734</u>	<u>936,798</u>	<u>187,083</u>
Total Assets	\$ 38,147	\$ 1,085,734	\$ 936,798	\$ 187,083
Liabilities:				
Accounts Payable	\$ -	\$ 32,537	\$ 32,537	\$ -
Due to Other Groups	38,147	1,085,070	936,134	187,083
	<u>38,147</u>	<u>1,117,607</u>	<u>968,671</u>	<u>187,083</u>
Total Liabilities	\$ 38,147	\$ 1,117,607	\$ 968,671	\$ 187,083
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 3,035,646	\$ 1,571,661	\$ 4,113,849	\$ 493,458
Accrued Interest	130	-	93	37
Other Receivables	1,187	-	1,187	-
	<u>3,036,963</u>	<u>1,571,661</u>	<u>4,115,129</u>	<u>493,495</u>
Total Assets	\$ 3,036,963	\$ 1,571,661	\$ 4,115,129	\$ 493,495
Liabilities:				
Accounts Payable	\$ 50,159	\$ 447,319	\$ 496,877	\$ 601
Accrued Wages	997	-	997	-
Due to Student Groups	2,985,807	1,572,516	4,065,097	493,226
	<u>2,985,807</u>	<u>1,572,516</u>	<u>4,065,097</u>	<u>493,226</u>
Total Liabilities	\$ 2,985,807	\$ 1,572,516	\$ 4,065,097	\$ 493,226

**REQUIRED
TEXAS EDUCATION AGENCY
REPORT SECTION**

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED JUNE 30, 2013**

Last 10 Years Ended June 30	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance July 1, 2012
	Maintenance	Debt Service		
2004 & PRIOR	1.5000	0.2334	\$ 27,594,319,479	\$ 843,783
2005	1.5000	0.2334	27,901,712,003	476,998
2006	1.5000	0.2334	28,921,415,823	590,405
2007	1.3300	0.2484	30,665,981,311	600,681
2008	1.0200	0.2484	32,254,750,285	523,222
2009	1.0400	0.2634	34,847,134,028	693,767
2010	1.0400	0.2884	33,530,843,785	945,500
2011	1.0400	0.3134	33,730,477,447	971,487
2012	1.0400	0.3334	33,679,153,618	3,758,221
2013	1.0400	0.3334	33,895,714,519	-
1000	Totals			<u>\$ 9,404,064</u>

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

\$ -

EXHIBIT J-1

Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance June 30, 2013
	\$ 9,267	\$ 1,370	\$ (294,702)	\$ 538,444
	4,373	681	(1,767)	470,177
	15,919	2,477	(7,211)	564,798
	55,768	10,415	(13,711)	520,787
	306,315	74,597	266,131	408,441
	382,966	96,993	329,913	543,721
	353,321	97,978	220,284	714,485
	343,795	103,602	119,872	643,962
	1,266,463	405,991	(1,099,503)	986,264
<u>459,422,353</u>	<u>348,364,880</u>	<u>113,541,377</u>	<u>6,300,800</u>	<u>3,816,896</u>
<u>\$ 459,422,353</u>	<u>\$ 351,103,067</u>	<u>\$ 114,335,481</u>	<u>\$ 5,820,106</u>	<u>\$ 9,207,975</u>

<u>\$ -</u>	<u>\$ 1,679,864</u>	<u>\$ -</u>
-------------	---------------------	-------------

Ending Balance 6/30/2013	\$ 9,207,975
Add - County Education District Taxes Receivable	<u>482</u>
Total Delinquent Taxes Receivable 6/30/2013	9,208,457
Less Reserve for Uncollectible Taxes:	
General Fund	(2,691,832)
Debt Service Fund	<u>(580,039)</u>
Net Delinquent Balance 6/30/2013	<u>\$ 5,936,586</u>

EXHIBIT J-2

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT
COST FOR 2012-2013
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 455,527	\$ 4,694,889	\$ 1,511,951	\$ -	\$ 6,662,367
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in Fn 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	1,096,568	-	-	-	1,096,568
6212	Audit Services	-	-	-	93,680	-	-	93,680
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	2,467,924	-	-	-	-	2,467,924
621X	Other Professional Services	-	-	-	45,642	-	-	45,642
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	25,947	-	-	25,947
6240	Contr. Maint. and Repair	-	-	-	-	23,504	-	23,504
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	-	51,389	-	51,389
6290	Miscellaneous Contr.	63,527	-	-	1,329,161	-	-	1,392,688
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	7	-	11,188	116,833	37,360	-	165,388
6410	Travel, Subsistence, Stipends	33,572	-	10,955	74,533	21,219	-	140,279
6420	Ins. And Bonding Costs	-	-	-	157,968	861	-	158,829
6430	Election Costs	57,297	-	-	-	-	-	57,297
6490	Miscellaneous Operating	44,222	-	31,532	311,688	94,172	-	481,614
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	<u>\$ 198,625</u>	<u>\$ 2,467,924</u>	<u>\$ 1,605,770</u>	<u>\$ 6,850,341</u>	<u>\$ 1,740,456</u>	<u>\$ -</u>	<u>\$ 12,863,116</u>

Total expenditures/expenses for General and Special Revenue Funds:	(9)	\$ 486,157,034
LESS: Deductions of Unallowable Costs		
FISCAL YEAR		
Total Capital Outlay (6600)	(10)	\$ 263,813
Total Debt & Lease (6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	41,526,205
Food (Function 35, 6341 and 6499)	(13)	9,996,905
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>\$ 6,850,341</u>
SubTotal:		58,637,264
Net Allowed Direct Cost		<u>\$ 427,519,770</u>
CUMULATIVE		
Total Cost of Buildings before Depreciation (1520)	(15)	1,173,112,051
Historical Cost of Building over 50 years old	(16)	-
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	144,158,265
Historical Cost of Furniture & Equipment over 16 years old	(19)	-
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	-

(8) NOTE A: \$1,066,311 in Function 53 expenditures are included in this report on administrative costs.
\$2,388,268 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

STATISTICAL SECTION
(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well - being have changes over time.	95
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	102
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.	106
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the enviroment within which the District's financial activities take place.	109
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.	112

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

EXHIBIT S-1

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

	Fiscal Year									
	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in capital assets	\$ (29,827)	\$ (14,497)	\$ (6,937)	\$ 6,177	\$ 10,868	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007	\$ 97,719
Restricted	24,144	28,740	29,922	29,741	34,644	35,000	29,443	29,387	27,478	27,682
Unrestricted	131,755	131,166	146,159	160,607	158,432	150,549	146,015	164,593	180,777	168,893
Total Governmental Net Position	\$ 126,072	\$ 145,409	\$ 169,144	\$ 196,525	\$ 203,944	\$ 199,010	\$ 201,940	\$ 235,647	\$ 282,262	\$ 294,294
Business Type Activities										
Net Investment in capital assets	\$ 3	\$ 3	\$ 2	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	13	16	32	(31)	33	19	12	46	98
Total Business Type Activities	\$ 3	\$ 16	\$ 18	\$ 34	\$ (30)	\$ 33	\$ 19	\$ 12	\$ 46	\$ 98
Total Primary Government										
Net Investment in capital assets	\$ (29,824)	\$ (14,494)	\$ (6,935)	\$ 6,179	\$ 10,869	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007	\$ 97,719
Restricted	24,144	28,740	29,922	29,741	34,644	35,000	29,443	29,387	27,478	27,682
Unrestricted	131,755	131,179	146,175	160,639	158,401	150,582	146,034	164,605	180,823	168,991
Total Primary Government	\$ 126,075	\$ 145,425	\$ 169,162	\$ 196,559	\$ 203,914	\$ 199,043	\$ 201,959	\$ 235,659	\$ 282,308	\$ 294,392

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

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

	Fiscal Year									
	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Instruction	\$ 222,996	\$ 247,607	\$ 253,458	\$ 273,019	\$ 299,557	\$ 309,070	\$ 314,910	\$ 318,948	\$ 306,009	308,433
Instructional Resources & Media Services	9,401	10,843	11,052	11,527	10,104	9,650	9,104	9,511	8,278	8,761
Curriculum & Instructional Staff Development	6,072	6,040	6,378	7,432	8,764	8,733	9,046	9,638	8,165	8,252
Instructional Leadership	3,094	3,318	3,657	3,783	3,775	4,018	4,275	4,147	3,652	3,652
School Leadership	17,236	19,443	20,731	20,703	22,575	23,368	23,860	24,110	23,056	23,870
Guidance, Counseling & Evaluation Services	11,699	13,637	14,128	15,170	16,329	17,390	18,222	18,272	17,093	18,353
Social Work Services	1,228	1,054	1,118	1,246	1,266	1,320	1,205	1,082	819	868
Health Services	3,370	3,614	3,821	4,163	4,620	4,629	4,992	5,111	5,024	5,145
Student (Pupil) Transportation	6,864	7,790	7,951	8,918	10,903	8,968	11,352	7,378	11,881	9,373
Food Services	14,558	16,304	16,700	18,056	19,304	19,686	21,279	22,352	23,671	23,900
Cocurricular/Extracurricular Activities	6,241	7,297	7,703	8,196	8,482	9,240	9,272	9,122	8,795	14,104
General Administration	8,485	9,239	10,264	10,715	11,468	8,774	10,007	9,240	8,862	9,864
Plant Maintenance & Operations	33,352	38,091	39,629	42,957	43,518	43,944	43,660	43,993	42,655	43,143
Security & Monitoring Services	2,110	2,349	2,582	2,651	2,944	2,955	2,792	2,245	3,462	3,505
Data Processing Services	6,304	7,896	7,483	8,161	8,384	7,550	8,163	5,272	6,496	5,318
Community Services	4,589	5,612	6,118	6,193	1,220	1,553	1,985	2,245	2,336	2,097
Debt Service - Interest on Long Term Debt	27,484	30,354	32,887	35,720	37,533	42,373	47,343	43,932	43,019	41,082
Debt Service - Bond Issuance Cost and Fees	595	814	184	150	134	132	34	490	35	33
Facilities Acquisition & Construction	8,072	10,853	10,705	13,232	13,569	25,792	23,492	23,308	15,960	18,431
Contracted Instructional Services Between Schools	127,301	127,293	132,999	125,383	81,036	91,421	34,752	28,998	39,584	24,960
Incremental Costs Associated with Chapter 41	711	676	760	838	650	600	600	444	600	600
Payments to Fiscal Agent/Member Districts of SSA	490	466	536	509	719	740	709	834	634	755
Payments to Juvenile Justice Alternative Ed. Prg.	83	127	103	137	158	155	132	103	90	212
Payments to Tax Increment Fund	4,485	4,827	5,265	5,312	4,601	4,834	4,441	8,912	2,594	2,978
Other Intergovernmental Charges						2,200	2,248	2,450	2,247	2,388
Total governmental activities expenses	\$ 526,820	575,545	596,213	624,171	611,613	649,095	607,875	602,137	585,017	580,077
Business-type activities:										
Employee Child Care						31	694	714	752	1,194
After School Care					5,455	5,040	4,932	4,804	4,814	4,814
Concessions	98	120	128	137	162	328	213	243	223	231
Photography							58	41	55	44
Total business-type activities expenses	98	120	128	137	162	5,814	6,005	5,930	5,834	6,283
Total primary government expenses	\$ 526,918	\$ 575,665	\$ 596,341	\$ 624,308	\$ 611,775	\$ 654,909	\$ 613,880	\$ 608,067	\$ 590,851	\$ 586,360
Program Revenues										
Governmental activities:										
Charges for Services:										
Instruction	\$ 4,657	\$ 5,350	\$ 4,330	\$ 5,048	\$ 5,272	\$ 4,381	\$ 4,357	\$ 4,367	\$ 4,433	\$ 3,889
Food Service	9,848	11,312	11,014	11,247	11,680	12,341	12,614	12,682	12,931	13,013
Cocurricular/Extracurricular Activities	915	1,006	1,732	1,516	1,482	1,401	1,552	1,425	1,468	1,554
Plant Maintenance & Operations	1,032	1,052	1,207	1,152	1,539	1,122	878	928	935	957
Community Services	4,800	6,546	6,584	7,052	145	76	81	81	61	33
Other	248	197	644	315	612	269	183	144	124	150
Operating Grants and Contributions	33,649	37,570	46,477	48,736	53,350	56,502	77,525	86,767	61,521	62,621
Capital Grants and Contributions	252	2,312	1,932	293	-	-	-	615	11,500	-
Total governmental activities program revenues	\$ 55,401	65,345	73,920	75,359	74,080	76,092	97,190	107,009	92,973	82,217
Business-type activities:										
Charges for services:										
Employee Child Care					11	531	687	726	776	1,095
After School Care					7,462	7,144	6,956	6,960	7,074	7,207
Concessions	123	141	139	176	262	239	199	234	252	262
Photography							48	43	60	64
Total business-type activities program revenues	123	141	139	176	7,735	7,914	7,890	7,963	8,162	8,628
Total primary government program revenues	\$ 55,524	\$ 65,486	\$ 74,059	\$ 75,535	\$ 81,815	\$ 84,006	\$ 105,080	\$ 114,972	\$ 101,135	\$ 90,845
Net (Expense) Revenue										
Governmental activities	\$ (471,419)	\$ (510,201)	\$ (522,294)	\$ (548,812)	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)	\$ (497,860)
Business-type activities	3	13	2	14	1,921	1,904	1,885	2,033	2,328	2,345
Total primary government net expense	\$ (471,416)	\$ (510,188)	\$ (522,292)	\$ (548,798)	\$ (535,612)	\$ (571,098)	\$ (508,800)	\$ (493,095)	\$ (489,717)	\$ (495,515)

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

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

	Fiscal Year									
	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense) Revenue										
Governmental activities	\$ (471,419)	\$ (510,201)	\$ (522,294)	\$ (548,812)	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)	\$ (497,860)
Business-type activities	3	13	2	14	1,921	1,904	1,885	2,033	2,328	2,345
Total primary government net expense	\$ (471,416)	\$ (510,188)	\$ (522,292)	\$ (548,798)	\$ (535,612)	\$ (571,098)	\$ (508,800)	\$ (493,095)	\$ (489,717)	\$ (495,515)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes levied for general purposes	412,652	420,601	435,617	409,133	333,528	352,709	349,563	339,532	344,781	351,218
Property taxes levied for debt service	64,897	66,189	68,599	77,383	82,905	91,245	98,722	104,420	112,694	114,865
Unrestricted grants and contributions	22,856	27,500	23,418	64,836	105,742	106,017	56,590	75,038	71,575	38,658
Investment earnings	4,408	8,154	13,479	17,681	15,715	9,415	1,488	2,068	760	868
Miscellaneous	6,072	5,317	4,916	7,901	5,008	6,815	5,344	5,011	6,551	1,987
Insurance recovery	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on disposition of capital assets	-	1,778	-	-	-	-	-	723	-	-
Transfers	-	-	-	-	2,054	1,867	1,908	2,043	2,298	2,296
Total governmental activities	\$ 510,885	\$ 529,539	\$ 546,029	\$ 576,934	\$ 544,952	\$ 568,088	\$ 513,615	\$ 528,835	\$ 538,659	\$ 509,892
Business-type activities:										
Investment earnings	(1)	(1)	1	1	68	26	10	3	4	2
Transfers	-	-	-	-	(2,054)	(1,867)	(1,908)	(2,043)	(2,298)	(2,296)
Total business-type activities	(1)	(1)	1	1	(1,986)	(1,841)	(1,898)	(2,040)	(2,294)	(2,294)
Total primary government	\$ 510,885	\$ 529,539	\$ 546,031	\$ 576,935	\$ 542,966	\$ 566,227	\$ 511,717	\$ 526,795	\$ 536,365	\$ 507,598
Change in Net Position										
Governmental activities	\$ 39,467	\$ 19,337	\$ 23,735	\$ 28,122	\$ 7,419	\$ (4,934)	\$ 2,930	\$ 33,707	\$ 46,615	\$ 12,032
Business-type activities	2	13	3	16	(65)	63	(13)	(7)	33	52
Total primary government	\$ 39,469	\$ 19,350	\$ 23,738	\$ 28,137	\$ 7,354	\$ (4,871)	\$ 2,917	\$ 33,700	\$ 46,648	\$ 12,084

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

EXHIBIT S-3

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

	Fiscal Year									
	2004 ¹	2005	2006	2007	2008	2009	2010	2011 ²	2012	2013
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,610	\$ 2,703	\$ 2,121
Reserved	748	1,027	2,241	2,308	2,127	2,506	2,620	-	-	-
Assigned	-	-	-	-	-	-	-	2,182	1,935	19,870
Unreserved designated	5,097	4,686	6,133	7,418	6,843	8,250	3,757	-	-	-
Unassigned	-	-	-	-	-	-	-	147,394	160,919	132,178
Unreserved	100,824	108,486	114,930	125,947	122,252	116,608	126,838	-	-	-
Total general fund	\$ 106,669	\$ 114,199	\$ 123,304	\$ 135,673	\$ 131,222	\$ 127,364	\$ 133,215	\$ 152,186	\$ 165,557	\$ 154,169
All Other Governmental Funds										
Nonspendable	\$ -	\$ 239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284	\$ 290	\$ 211
Reserved	268	239	239	258	204	193	285	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	37,435	35,999	35,188
Capital Projects	-	-	-	-	-	-	-	80,981	130,444	112,315
Food Service	-	-	-	-	-	-	-	8,217	7,185	6,952
Federal Special Revenue	-	-	-	-	-	-	-	7	-	-
State Special Revenue	-	-	-	-	-	-	-	365	818	770
Committed	-	-	-	-	-	-	-	5,840	6,772	8,840
Unreserved designated	94	73	75	90	567	71,676	77,783	-	-	-
Unreserved, reported in										
Special revenue funds	4,141	5,647	6,867	8,397	9,382	9,610	12,538	-	-	-
Capital projects funds	81,164	99,977	113,855	98,234	89,666	102,660	115,331	-	-	-
Debt service fund	34,066	37,544	36,920	39,184	40,718	45,614	39,320	-	-	-
Total all other governmental funds	\$ 119,733	\$ 143,480	\$ 157,956	\$ 146,163	\$ 140,538	\$ 229,753	\$ 245,257	\$ 133,129	\$ 181,508	\$ 164,276
Total governmental funds	\$ 226,402	\$ 257,679	\$ 281,260	\$ 281,836	\$ 271,760	\$ 357,117	\$ 378,472	\$ 285,315	\$ 347,065	\$ 318,445

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

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

EXHIBIT S-4

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

	Fiscal Year									
	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012	2013
Federal sources:										
Federal grants	\$ 11,674	\$ 13,077	\$ 17,936	\$ 16,275	\$ 16,810	\$ 18,199	\$ 38,120	\$ 48,515	\$ 20,571	\$ 23,114
Food services	3,569	4,459	4,940	5,349	6,015	6,363	7,496	8,008	8,355	8,963
Total federal sources	15,243	17,536	22,876	21,624	22,825	24,562	45,616	56,523	28,926	32,077
State sources:										
State education finance program	32,271	38,341	36,256	79,568	123,519	124,349	75,535	91,954	87,367	50,928
State grants and other	6,057	6,175	6,641	8,419	8,697	10,234	9,582	9,908	12,190	5,285
Total state sources	38,328	44,516	42,897	87,987	132,216	134,583	85,117	101,862	99,557	56,213
Local sources:										
Ad valorem taxes	477,549	486,790	504,216	487,970	416,042	445,420	448,529	446,091	457,022	466,582
Food service sales	9,882	11,390	11,025	11,246	11,909	12,340	12,611	12,721	12,929	13,012
Interest and other income	4,408	8,154	13,479	18,750	16,255	9,028	1,434	1,644	767	872
Other revenue	19,906	24,090	22,921	25,631	16,832	15,747	15,757	15,765	30,330	21,529
Total local sources	511,745	530,424	551,641	543,597	461,038	482,535	478,331	476,221	501,048	501,995
Total revenues	\$ 565,316	\$ 592,476	\$ 617,414	\$ 653,208	\$ 616,079	\$ 641,680	\$ 609,064	\$ 634,606	\$ 629,531	\$ 590,285

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

EXHIBIT S-5

PLANO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS, EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS

(Unaudited)

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

	Fiscal Year									
	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenditures:										
Instructional & Instructional-Related Services	\$ 226,405	\$ 252,250	\$ 257,275	\$ 277,297	\$ 300,195	\$ 306,772	\$ 312,619	\$ 318,959	\$ 299,009	\$ 297,559
Instructional & School Leadership	19,799	22,377	23,893	23,937	25,679	26,329	26,602	27,383	25,802	26,397
Support Services - Student	41,358	46,699	48,392	52,174	57,044	58,956	60,036	62,054	61,800	68,701
Administrative Support Services	8,250	9,002	9,832	10,438	11,283	8,786	8,812	8,948	8,625	9,408
Support Services - Nonstudent	38,163	43,379	45,330	50,027	49,445	49,366	49,887	50,344	49,626	50,233
Ancillary Services	4,590	5,641	6,138	6,187	1,204	1,424	1,987	2,128	2,227	1,965
Debt Service - Principal on long-term debt	33,870	32,600	39,485	45,880	48,480	50,860	58,918	58,165	67,180	70,215
Debt Service - Interest on long-term debt	16,445	32,904	35,172	36,000	38,747	39,361	48,048	48,354	47,692	45,878
Debt Service - Bond Issuance Costs and Fees	595	814	320	569	397	1,861	1,077	749	413	317
Facilities Acquisition & Construction	52,675	58,465	61,717	95,844	66,346	96,498	118,296	113,055	59,496	78,151
Intergovernmental Charges ²	133,070	133,390	139,664	132,180	87,164	99,950	42,882	41,741	45,749	31,894
Total Expenditures	<u>\$ 575,220</u>	<u>\$ 637,521</u>	<u>\$ 667,218</u>	<u>\$ 730,533</u>	<u>\$ 685,984</u>	<u>\$ 740,163</u>	<u>\$ 729,164</u>	<u>\$ 731,880</u>	<u>\$ 667,619</u>	<u>\$ 680,718</u>
Capital Expenditures	\$ 45,009	\$ 47,911	\$ 52,526	\$ 85,689	\$ 53,887	\$ 77,375	\$ 103,874	\$ 99,845	\$ 47,012	\$ 66,635
Debt service as a percentage of noncapital expenditures	9.5%	11.1%	12.1%	12.7%	13.8%	13.6%	17.1%	16.9%	18.5%	18.9%

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

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

EXHIBIT S-6

PLANO INDEPENDENT SCHOOL DISTRICT
 GOVERNMENTAL FUNDS, OTHER FINANCING SOURCES AND USES
 AND NET CHANGE IN FUND BALANCE
 LAST TEN FISCAL YEARS

(Unaudited)

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

	Fiscal Year									
	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012	2013
Excess of revenues over (under) expenditures	\$ (9,904)	\$ (45,045)	\$ (49,804)	\$ (77,325)	\$ (69,905)	\$ (98,483)	\$ (120,100)	\$ (97,274)	\$ (38,088)	\$ (90,433)
Other financing sources (uses)										
Transfers In	3,597	4,494	4,955	6,731	9,247	7,446	7,222	5,129	4,087	3,085
Transfers Out	(3,298)	(4,494)	(4,955)	(7,331)	(7,192)	(5,580)	(4,694)	(3,086)	(2,589)	(1,588)
Bonds issued	-	71,420	70,535	76,670	58,280	179,999	136,975	-	92,840	53,740
Refunding bonds issued	231,390	56,805	-	129,180	33,305	-	-	108,815	46,115	27,805
Premiums on bonds issued	19,864	9,000	2,821	4,496	2,488	1,747	1,952	14,304	14,023	8,903
Payment to bond refunding agent	(217,869)	(62,938)	-	(131,106)	(36,299)	-	-	(122,845)	(54,638)	(30,132)
Special Early Retirement Benefits	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	2,035	29	-	-	-	-	1,800	-	-
Capital leases	-	-	-	-	-	228	-	-	-	-
Total other financing sources (uses)	33,684	76,322	73,385	78,640	59,829	183,840	141,455	4,117	99,838	61,813
Net change in fund balances	\$ 23,780	\$ 31,277	\$ 23,581	\$ 1,315	\$ (10,076)	\$ 85,357	\$ 21,355	\$ (93,157)	\$ 61,750	\$ (28,620)

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

EXHIBIT S-7

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

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

Fiscal Year	Actual Value				Less: Exemptions	Total Assessed Value	Total District Rate ¹
	Residential Property	Industrial Property	Rural Acreage	Personal Property			
2004	19,912,909	6,508,264	614,019	2,409,418	1,850,291	27,594,319	1.7334
2005	20,442,670	6,674,985	597,633	2,356,902	2,170,478	27,901,712	1.7334
2006	21,192,806	7,119,236	563,882	2,234,944	2,189,452	28,921,416	1.7334
2007	22,197,270	7,693,125	523,206	2,389,513	2,137,133	30,665,981	1.5784
2008	23,322,123	8,527,170	517,748	2,583,357	2,695,648	32,254,750	1.2684
2009	24,083,793	9,137,863	541,191	2,981,489	1,897,202	34,847,134	1.3034
2010	20,620,809	12,895,711	700,169	3,052,462	3,738,307	33,530,844	1.3284
2011	21,233,623	12,377,934	646,338	3,391,275	3,918,693	33,730,477	1.3534
2012	20,517,769	12,645,545	615,144	3,536,560	3,635,864	33,679,154	1.3734
2013	20,515,276	13,582,588	608,232	3,750,946	4,561,327	33,895,715	1.3734

Source: Comptroller of Public Accounts - School District Summary Worksheet

¹ Per \$100 of assessed value.

EXHIBIT S-8

PLANO INDEPENDENT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS

(Unaudited)

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

Fiscal Year	District Direct Rates			Overlapping Rates ¹											
	Maintenance & Operations	Debt Service	Total	City of Plano	Collin County	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
2004	1.5000	0.2334	1.7334	0.4535	0.2500	0.0919	0.5610	0.5993	0.6998			0.4300	0.2700	0.4779	
2005	1.5000	0.2334	1.7334	0.4535	0.2500	0.0906	0.5600	0.5993	0.7197			0.4683	0.2820	0.5252	
2006	1.5000	0.2334	1.7334	0.4535	0.2500	0.0894	0.5600	0.5993	0.7417			0.4683	0.2820	0.5252	
2007	1.3300	0.2484	1.5784	0.4535	0.2500	0.0877	0.5580	0.6329	0.7292			0.4683	0.3771	0.5752	
2008	1.0200	0.2484	1.2684	0.4735	0.2450	0.0870	0.5570	0.6179	0.7479			0.4683	0.3771	0.5752	
2009	1.0400	0.2634	1.3034	0.4735	0.2425	0.0865	0.5560	0.6179	0.7479			0.5183	0.3771	0.5752	
2010	1.0400	0.2884	1.3284	0.4735	0.2425	0.0863	0.5550	0.6179	0.7970	0.7046	0.3742	0.5384	0.3771	0.5752	0.8989
2011	1.0400	0.3134	1.3534	0.4886	0.2400	0.0863	0.5540	0.6176	0.7970	0.7046	0.3742	0.5650	0.3371	0.6352	0.8989
2012	1.0400	0.3334	1.3734	0.4886	0.2400	0.0863	0.5530	0.6179	0.7970	0.7046	0.3742	0.5650	0.3771	0.6352	0.8989
2013	1.0400	0.3334	1.3734	0.4886	0.2400	0.0863	0.5520	0.6179	0.7970	0.7046	0.3742	0.5700	0.3771	0.6352	0.8889

¹ Includes levies for operating and debt service

EXHIBIT S-9

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

Taxpayer	2013			2004		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Bank of America NA	\$ 334,265,757	1	0.99 %	\$ 240,881,484	2	0.87 %
Oncor Electric Delivery Company	238,317,157	2	0.70	-	-	-
Health Care Service Corporation	208,172,377	3	0.61	192,907,528	3	0.70
JCPenney Co Inc.	156,070,625	4	0.46	-	-	-
Legacy Campus LP	152,500,000	5	0.45	-	-	-
IBM Credit LLC	106,096,803	6	0.31	-	-	-
KBSIII Legacy Town Center LLC	106,000,000	7	0.31	-	-	-
HSP of Texas Inc.	105,338,347	8	0.31	-	-	-
Cisco Systems Sales & Service Inc	105,105,281	9	0.31	84,201,898	9	
Texas Instruments	100,000,000	10	0.30	155,450,287	4	0.56
EDS	-	-	-	306,157,820	1	1.11
DSC Telecom LP	-	-	-	107,652,858	7	0.39
Alcatel USA	-	-	-	132,741,129	6	0.48
Willow Bend Assoc LP	-	-	-	139,367,803	5	0.51
Dallas Morning News	-	-	-	96,695,103	8	0.35
Ericsson	-	-	-	82,798,671	10	0.30
Total	<u>\$ 1,611,866,347</u>		<u>4.75 %</u>	<u>\$ 1,538,854,581</u>		<u>5.27 %</u>
Total Taxable Value	\$33,895,714,519			\$27,594,319,479		

Source: Collin County Tax Assessor Collector

EXHIBIT S-10

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

Fiscal Year	Original Amount Levied	Supplements and Corrections	Total Adjusted Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2004 ¹	479,281,136	1,067,320	480,348,456	476,016,992	99	3,793,020	479,810,012	99.89
2005	488,501,853	1,468,617	489,970,470	482,923,224	99	6,577,069	489,500,293	99.90
2006	506,379,142	1,804,641	508,183,783	498,938,497	99	8,680,488	507,618,985	99.89
2007	489,387,533	742,569	490,130,102	482,508,116	99	7,101,199	489,609,315	99.89
2008	419,159,205	(646,268)	418,512,937	412,176,374	98	5,928,122	418,104,496	99.90
2009	454,874,791	(6,863,835)	448,010,956	441,638,332	97	5,828,903	447,467,235	99.88
2010	438,406,394	12,390,596	450,796,990	445,745,911	102	4,336,594	450,082,505	99.84
2011	449,546,631	(1,163,624)	448,383,007	444,404,742	99	3,334,303	447,739,045	99.86
2012	455,730,380	1,426,239	457,156,619	453,398,398	99	2,771,957	456,170,355	99.78
2013	459,422,353	6,300,800	465,723,153	461,906,257	101	-	461,906,257	99.18

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

EXHIBIT S-11

PLANO INDEPENDENT SCHOOL DISTRICT
 OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS
 (Unaudited)
 (Dollars in thousands, except per capita)

Fiscal Year	Governmental Activities		Total Primary Government	Resources Restricted for Debt Service	Net Bonded Debt Outstanding	Gross Bonded Debt as % of Personal Income ¹	Gross Bonded Debt Per Capita	Net Bonded Debt as % of Assessed Value	Net Bonded Debt Per Capita
	Unlimited Tax Bonds ²	Capital Leases							
2004	\$ 744,485	\$ -	\$ 744,485	\$ 21,342	\$ 723,143	0.07%	\$ 2,368	2.62%	\$ 2,300
2005	788,839	-	788,839	24,710	764,129	0.07	2,481	2.74	2,403
2006	820,099	-	820,099	24,869	795,230	0.07	2,551	2.75	2,474
2007	836,333	-	836,333	24,755	811,578	0.06	2,629	2.65	2,552
2008	844,133	-	844,133	28,440	815,693	0.06	2,636	2.53	2,547
2009	973,392	108	973,500	28,528	944,972	0.09	3,028	2.79	2,939
2010	1,051,948	-	1,051,948	21,598	1,030,350	0.10	3,247	3.07	3,180
2011	990,778	-	980,417	20,886	959,531	0.10	2,992	2.84	2,928
2012	1,017,461	-	1,017,461	20,002	997,459	0.10	3,120	2.96	3,059
2013	1,003,044	-	1,003,044	19,753	983,291	0.09	3,083	2.90	3,022

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013**

(Unaudited)

(Dollars in thousands, except per capita)

<u>Governmental Unit</u>	<u>Gross Bonded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Plano ¹	\$ 326,711	86.10 %	\$ 281,298
Collin County Community College ²	33,939	46.85	15,900
Collin County ²	393,350	46.85	184,284
City of Allen ²	105,490	4.24	4,473
City of Carrollton ¹	165,799	1.00	1,658
City of Dallas ²	1,691,184	4.16	70,353
City of Garland ¹	218,769	0.19	416
City of Lucas ¹	6,800	4.93	335
City of Murphy ¹	24,159	73.19	17,682
City of Parker ¹	3,399	74.98	2,549
City of Richardson ¹	283,545	38.90	110,299
City of Wylie ¹	82,895	0.31	257
Subtotal, overlapping debt			689,505
District gross bonded debt			<u>1,003,044</u>
Total direct and overlapping debt			<u><u>\$ 1,692,549</u></u>

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

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

¹ Reported as of entity's fiscal year end 2012.

² Reported as of entity's fiscal year end 2013.

**PLANO INDEPENDENT SCHOOL DISTRICT
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
2004	\$ 2,759,432	\$ 689,997	\$ 2,069,435	25.01 %
2005	2,790,171	724,765	2,065,406	25.98
2006	2,892,142	757,188	2,134,954	26.18
2007	3,066,598	791,397	2,275,201	25.81
2008	3,225,475	797,795	2,427,680	24.73
2009	3,381,040	923,350	2,457,690	27.31
2010	3,353,084	1,007,770	2,345,314	30.06
2011	3,373,048	942,981	2,430,067	27.96
2012	3,367,915	966,485	2,401,430	28.70
2013	3,389,572	949,362	2,440,210	28.01

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value		\$ 33,895,715
Debt limit (10% of assessed value)		3,389,572
Total bonded debt	\$ 984,550	
Less reserve for retirement of debt	<u>35,188</u>	
Debt applicable to limit		<u>949,362</u>
Legal debt margin		<u><u>\$ 2,440,210</u></u>

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2004	314,350	11,297,896	35,940	3.80
2005	317,993	11,683,250	36,741	4.40
2006	321,423	12,490,424	38,860	4.60
2007	318,073	13,726,042	43,154	3.90
2008	320,292	15,064,839	47,035	4.30
2009	321,502	10,299,677	32,036	7.40
2010	323,965	10,541,298	32,538	7.50
2011	327,653	9,984,522	30,473	7.60
2012	326,061	10,403,381	31,906	6.70
2013	325,383	10,934,607	33,605	6.00

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.

EXHIBIT S-15

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

Employer	2013			2006		
	Employees	Rank	Percentage Of Total District Employment	Employees	Rank	Percentage Of Total District Employment
Bank of America Home Loans	8,000	1	5.36 %			0.00 %
Plano ISD	6,840	2	4.58	3,756	5	
HP Enterprise Services	4,500	3	3.02	6,700	1	5.82
Capital One Finance	3,176	4	2.13	2,568	9	
J. C. Penney, Inc.	3,000	5	2.01	3,800	4	3.30
City of Plano	2,790	6	1.87			
Ericsson	2,650	7	1.78			0.00
Alcatel-Lucent	2,500	8	1.68	5,080	2	
Frito-Lay	2,400	9	1.61	3,000	7	
Dell Services	2,250	10	1.51			
Perot Systems				4,311	3	3.75
Shops at Willowbend				3,240	6	2.82
Countrywide Home Loans				3,000	8	2.61
Collin Creek Mall				2,418	10	2.10
Total	38,106		24.64 %	37,873		26.65 %

Sources:

Bureau of Labor Statistics provided total labor force numbers - 2013 (154,641); 2006 (142,109)
Plano Economic Development Corporation provided 2012 Principal Employers.
2006 data from PISD 2006 CAFR

EXHIBIT S-16

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

	Fiscal Year										Percent Change
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004 - 2013
Instruction	3,826	3,761	3,801	3,855	4,003	4,067	3,942	4,011	3,822	3,813	(0) %
Teachers	67	67	69	66	70	71	70	73	71	71	6
Librarians	704	674	668	750	648	661	629	622	580	573	(19)
Educational Aides	15	15	12	15	17	12	13	9	12	13	(14)
Interpreters	120	119	128	132	138	156	141	162	159	153	28
Other Professionals (instructional)	4,732	4,636	4,678	4,818	4,876	4,967	4,795	4,877	4,644	4,623	(2)
Campus Administration	60	63	67	67	68	68	68	71	71	72	20
Principal	85	82	83	85	87	90	89	92	87	88	4
Assistant Principal	3	6	6	8	8	8	10	10	10	10	233
Instructional Officer	-	-	-	-	-	-	-	2	3	3	300
Athletic Director	148	151	156	160	163	166	167	175	171	173	17
Student Services	134	138	142	145	143	147	146	152	138	143	7
Counselor	25	27	27	28	29	29	30	32	30	30	21
Educational Diagnostician	69	68	70	70	72	72	72	73	73	71	2
School Nurse	11	13	13	13	13	14	14	14	14	13	14
LSSP/Psychologist	17	8	8	9	9	10	10	9	8	8	(53)
Social Worker	256	254	260	265	266	272	272	280	263	265	3
Support and Administration	8	8	8	8	7	7	7	7	5	6	(25)
Superintendent, Deputy, Assoc. & Assistant	204	198	204	213	208	211	223	223	216	222	9
Non-Campus Professionals	1,472	1,435	1,450	1,146	1,375	1,216	1,301	1,342	1,239	1,250	(15)
Auxiliary Staff	1,664	1,641	1,662	1,367	1,590	1,434	1,531	1,572	1,460	1,478	(12)
Total	6,820	6,682	6,756	6,609	6,895	6,839	6,765	6,904	6,538	6,538	(4) %

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.

EXHIBIT S-17

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

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

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

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

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

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

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Statewide Average Salary
2004	36,250	62,312	42,533	40,478
2005	37,150	63,426	43,006	41,011
2006	38,000	64,528	43,952	41,744
2007	41,250	67,092	46,945	44,897
2008	43,149	69,736	48,712	46,178
2009	44,251	71,122	49,669	47,158
2010	45,100	72,358	52,375	48,263
2011	46,150	72,358	51,741	48,639
2012	46,700	73,637	51,579	46,361
2013	46,700	73,637	52,245	48,821

Sources:

Plano ISD 2012-2013 Compensation Plan Book
PISD Salary Study

EXHIBIT S-19

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Schools:										
Elementary										
Buildings	40	42	42	43	43	44	44	44	44	44
Square Feet	2,774,970	2,926,668	2,926,668	3,045,516	3,084,444	3,194,580	3,204,030	3,234,785	3,253,327	3,298,493
Enrollment	23,993	24,214	24,811	24,550	24,730	24,658	25,005	24,941	24,721	24,406
Middle School										
Buildings	12	12	12	12	12	12	13	13	13	13
Square Feet	1,805,997	1,805,997	1,805,997	1,805,997	1,814,967	1,817,526	1,970,926	1,979,618	1,980,339	1,980,339
Enrollment	11,839	12,055	12,048	12,103	12,151	12,476	12,459	12,640	12,706	12,730
High School										
Buildings	5	5	5	5	5	5	5	5	6	7
Square Feet	1,126,915	1,126,915	1,126,915	1,233,936	1,233,939	1,233,939	1,274,402	1,275,730	1,572,843	1,679,897
Enrollment	7,769	7,833	7,984	7,889	7,977	7,936	8,191	8,414	8,433	8,435
Senior High School										
Buildings	3	3	3	3	3	3	3	3	3	3
Square Feet	1,252,658	1,252,658	1,252,658	1,252,658	1,272,129	1,272,150	1,328,045	1,369,618	1,369,618	1,458,754
Enrollment	6,645	6,869	7,071	7,132	7,290	7,429	7,440	7,604	7,806	7,872
Early Childhood Schools										
Buildings	3	3	3	3	3	3	3	3	3	3
Square Feet	147,683	147,683	147,683	147,683	147,683	156,458	156,458	156,458	156,458	156,458
Enrollment ¹	1,604	1,385	1,267	1,261	1,435	1,704	1,844	1,971	1,993	1,742
Total Schools										
Buildings	63	65	65	66	66	67	68	68	69	70
Square Feet	7,108,223	7,259,921	7,259,921	7,485,790	7,553,162	7,674,653	7,933,861	8,016,209	8,332,585	8,573,941
Enrollment	51,850	52,356	53,181	52,935	53,583	54,203	54,939	55,570	55,659	55,185

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other PISD Facilities:										
Other Educational Facilities -										
Buildings	3	3	3	3	3	4	4	5	4	5
Square Feet	97,775	97,775	97,775	97,775	97,775	126,961	138,036	246,246	246,246	149,820 ²
Administrative										
Buildings	5	5	5	6	6	6	6	6	6	6
Square Feet	211,866	211,866	211,866	223,271	223,271	223,271	223,271	223,271	223,271	204,199
Facility Services										
Buildings	4	4	4	4	4	4	4	4	4	4
Square Feet	142,389	142,389	142,389	142,389	142,389	142,389	148,662	148,662	148,662	148,662
Athletics										
Stadiums	6	6	6	6	6	6	6	6	6	6
Running Tracks	9	9	9	9	9	9	9	10	10	10
Tennis Courts	20	20	20	20	20	20	21	22	22	21
Softball Fields	5	5	5	5	3	3	3	4	4	4
Baseball Fields	7	7	7	7	7	7	7	8	8	8
Indoor Athletic Fields	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

Teamwork for Excellence



P L A N O
Independent School District

**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Plano Independent School District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

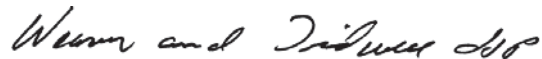
Plano Independent School District

Page 2

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

Purpose of this Report

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

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas

November 4, 2013



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

Board of Trustees
Plano Independent School District
Plano, Texas

Report on Compliance for Each Major Federal Program

We have audited Plano Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.


Report on Internal Control Over Compliance

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

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

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

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 4, 2013

EXHIBIT K-1

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2013

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		\$ 250,726
Total Direct Funding U.S. Department of Defense			<u>250,726</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>250,726</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA Title I Part A - Improving Basic Programs	84.010A	12-610101043910	299,882
ESEA Title I Part A - Improving Basic Programs	84.010A	13-610101043910	5,134,778
Total Title I - Part A Cluster			<u>5,434,660</u>
Title IV IDEA - Part B, Formula	84.027	12-6600010439106600	528,334
Title IV IDEA - Part B, Formula	84.027	13-6600010439106600	7,996,841
Title IV IDEA - Part B, Preschool	84.027	12-6610010439106610	6,353
Title IV IDEA - Part B, Preschool	84.027	13-6610010439106610	263,719
Title IV IDEA - Part B, High Cost Risk	84.027	13-6600060439106680	37,990
SSA - IDEA - Part B, Discretionary	84.027	12-6600020439106673	7,528
SSA - IDEA - Part B, Discretionary	84.027	13-6600020439106673	210,103
SSA - IDEA - Part B, Deaf	84.027	13-6600010439106601	65,127
SSA - IDEA - Part B, Preschool Deaf	84.173	13-6610010439106611	12,173
Total Special Education Cluster			<u>9,128,168</u>
Vocational Education - Basic Grant	84.048	12-420006043910	29,600
Vocational Education - Basic Grant	84.048	13-420006043910	356,834
Total Vocational Education			<u>386,434</u>
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	13-3911010439103911	9,125
Title III, Language Instruction LEP	84.365	12-671001043910	169,022
Title III, Language Instruction LEP	84.365	13-671001043910	572,439
Total Title III			<u>741,461</u>
ESEA Title II, Part A, Teacher & Principal Training	84.367A	12-694501043910	464,677
ESEA Title II, Part A, Teacher & Principal Training	84.367A	13-694501043910	722,824
Total Title II, Part A			<u>1,187,501</u>

(continued)

EXHIBIT K-1

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2013

Title IV Part A Summer School LEP	84.369	13-69550502	84,768
Total Passed Through State Department of Education			<u>16,972,117</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>16,972,117</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Funding U.S. Department of Health and Human Services</u>			
Head Start	93.600	CH6042/40	712,584
Head Start	93.600	CH6042/41	328,676
Total Head Start Cluster			<u>1,041,260</u>
Medicaid Administrative Claim Program	93.778	13-043910	71,910
Total Direct Funding U.S. Department of Health and Human Services			<u>1,113,170</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,113,170</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast Program	10.553	13-043910	1,507,710
National School Lunch Program	10.555	13-043910	6,473,677
Summer Feeding Program	10.559	13-043910	22,346
Total Child Nutrition Cluster			<u>8,003,733</u>
Commodity Food Distribution	10.565	13-043910	959,918
Total Passed Through the State Department of Agriculture			<u>8,963,651</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>8,963,651</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 27,299,664</u>

(Concluded)

PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

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

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

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

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.
4. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2013 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

5. The following table reconciles total expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1) to Federal Program Revenues per Exhibit C-3:

Total Expenditures of Federal Awards per Exhibit K-1	\$ 27,299,664
Reimbursements received from the Federal School Health and Related Services and Healthier US Schools Challenge Award	2,960,129
Rebates received from the Federal Government for Build America Bonds	<u>1,817,673</u>
Total Federal Program Revenues per Exhibit C-3	<u>\$ 32,077,466</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

I. Summary of the Auditor's Results:

Financial Statements

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

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? Yes X No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes X None reported
- e. An unqualified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported under Section 510(a) or OMB Circular A-133. Yes X No
- g. Identification of major programs:
- | | |
|---------------------------|----------------|
| Special Education Cluster | 84.027, 84.173 |
|---------------------------|----------------|
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$818,990
- i. Auditee qualified as a low-risk auditee. X Yes No

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

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

None

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

None

**PLANO INDEPENDENT SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013**

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

None

Teamwork for Excellence



P L A N O
Independent School District
