

**PLANO INDEPENDENT SCHOOL DISTRICT
PLANO, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED

JUNE 30, 2015

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, 2015

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P L A N O
Independent School District

CERTIFICATE OF THE BOARD

Plano Independent School District

Collin

043-910

Name of School District

County

County-District No.

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and ✓ approved disapproved for the year ended June 30, 2015 at a meeting of the Board of Trustees of such school district on the 3RD day of NOVEMBER, 2015.



Signature of Board President



Signature of Board Vice President

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

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INTRODUCTORY SECTION

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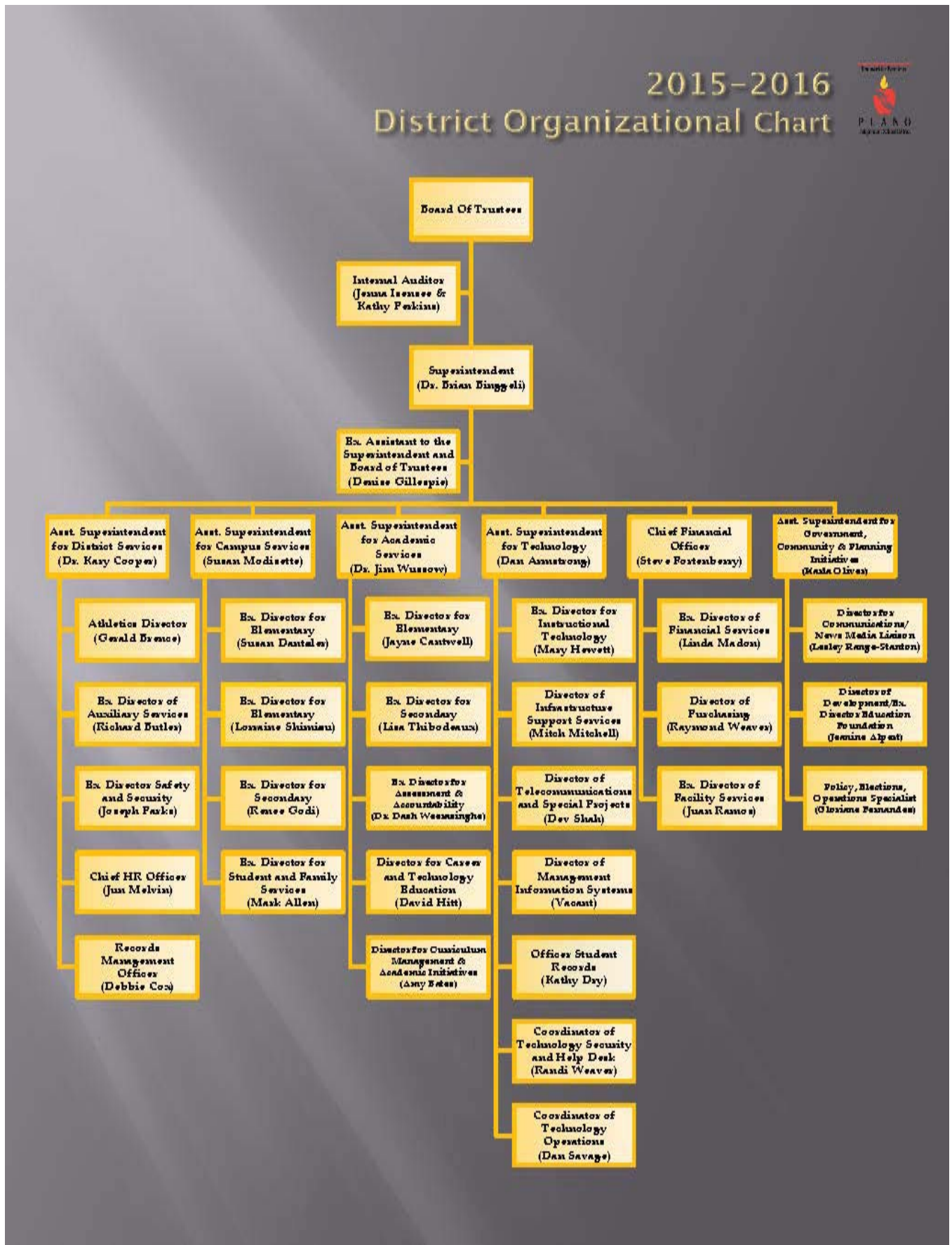
BOARD OF TRUSTEES

Name	Length of Service	Term Expires	Occupations
Nancy Humphrey President	5 Years	May 2017	Public and Contract Accountant
Missy Bender Vice President	9 Years	May 2019	Community Volunteer
Carrolyn Moebius Secretary	5 Years	May 2017	Veterinary Hospital Administrator
Marilyn Hinton Trustee	6 Years	May 2017	Community Volunteer
Tammy Richards Trustee	5 Years	May 2017	Consultant
David Stolle Trustee	4 Years	May 2019	Attorney
Yoram Solomon Trustee	Newly Elected	May 2019	Author, Speaker, Coach

ADMINISTRATIVE OFFICIALS

Name	Position	Length of District Service Since
Dr. Brian Binggeli	Superintendent *total school district experience 33 years	March 2015*
Steve Fortenberry	Chief Financial Officer *total school district experience 32 years	3 Years*
Dr. Kary Cooper	Assistant Superintendent for District Services	27 Years
Karla Oliver	Assistant Superintendent for Government, Community and Planning Initiatives *total school district experience 25 years	11 Years*
Dan Armstrong	Assistant Superintendent for Technology Services	25 Years
Susan Modisette	Assistant Superintendent for Campus Services *total school district experience 32 years	28 Years*
Dr. Jim Wussow	Assistant Superintendent for Academic Services *total school district experience 32 years	28 Years*

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





November 3, 2015

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, 2015, 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, 2015 is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

GOVERNANCE

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

Regular action meetings are generally scheduled the first Tuesday of the month and regular work sessions the third Tuesday of the month. Both the action meetings and the work sessions are held in the District's Administration Building. Special meetings are scheduled as needed and announced in compliance with public notice requirements.

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

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

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

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

MISSION

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

“ . . .to provide an excellent education for each student.”

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

As reflected in the District's mission statement, activities of the District focus on learning opportunities for students. The District is providing educational services to approximately 55,000 students in state of the art facilities that include three early childhood schools for pre-kindergarten age students, 44 elementary schools, 23 secondary school programs and two special program centers. Included in the secondary schools are three academy programs – Health Science Academy as part of Williams High School and Plano East Senior High, International Baccalaureate World School as part of Plano East Senior High and the Academy High School an innovative 9th-12th grade learning community with an emphasis on science, technology, engineering, arts and mathematics (STEAM). The District has long maintained the philosophy of renovating 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. In 2014, companies like Toyota, FedEx Office and Print Services, USAA, Hilti and Greatbatch announced plans to make Plano home for their corporate offices. Nine companies announcing relocations in 2014 will bring almost 6,000 jobs to Plano. The commercial development continues into 2015 with the announcement by Liberty Mutual Insurance confirming it is bringing 5,000 jobs to its new Legacy Business Park campus in west Plano. Legacy Business Park is a master-planned business, retail and residential community in northwest Plano. It is currently home to J.C. Penney, Rent-A-Center, Frito-Lay, Ericsson, Dr. Pepper Snapple Group, HP Enterprise Services, PepsiCo, Capital One, Alliance Data, Bank of America Home Loans, Huawei Technologies, Intel Security, Pizza Hut/Yum! Restaurants International, USAA and Tyler Technologies. The Toyota multiplier effect has brought two large lease deals to the area. The Legacy Business Park is developing at such a rapid pace it has developers scrambling to get new office projects out of the ground.

In the South central section of the District, the \$1.5 billion, 186-acre CityLine project is one of the largest new mixed-use developments in the country. State Farm Insurance, the key corporate anchor of the development by KDC, is completing the fourth building in its new regional office campus. Three towers with 1.5 million square feet are complete. The company will have about 8,000 people working in the high-rise business complex when construction is complete in early 2016. Raytheon broke ground in July 2014 in the same development on its new regional office campus. More than 1,500 workers will begin moving into the three building complex with almost 500,000 square feet by the end of 2015. Developers are building hundreds of apartments, City Line Market Center and an Aloft hotel with in the development. CityLine is planned to eventually contain 6 million square feet of offices, almost 4,000 apartments, two hotels and 300,000 square feet of retail space upon completion. 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 District's latest multi-year bond program was successfully approved by the voters in May 2008. The purpose of this \$490 million program was to provide funding for four new schools, 20-year renovations, additions and expansions, system and compliance upgrades for several facilities, district wide technology initiatives and other capital improvements. This multi-year bond program has positively impacted every child and school in Plano ISD. As of June 30, 2015, \$16,020,000 of the bonds were authorized, but not issued. The District had several active construction projects as of June 30, 2015. Projects included new school construction, additions to buildings and renovation or upgrades of existing facilities.

During fiscal year 2015, the District continued the addition and upgrades for the Plano East Senior High Health Sciences Academy. Work was begun on refurbishments at Christie and Hughston Elementary Schools, Contracts were awarded for roofing projects at Rose Haggar Elementary and Shiloh Center. Renovation work continued at Bethany and Hedgcoxe Elementary schools. Work on security upgrades continued at several campuses along with other minor capital project improvements.

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 through a tax ratification election in which all registered voters were given the opportunity to vote on the increased rate.

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

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

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

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

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

There was a bold plan to reform public education in Texas during the 2015 Legislative Session which ended on June 1, 2015. In the end, lawmakers did not pass HB 1759, which aimed to add \$3 billion in per-student funding. Tax cuts were approved that will raise residents' homestead exemption by \$10,000 to \$25,000 if the proposition to amend the State Constitution is passed on November 2, 2015. The State did increase the basic allotment by \$100 per student, but that represents less than 2% over the entire biennium which does not even meet anticipated inflation.

Current State Funding Litigation

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). Before the Court entered its finding of fact and a final judgment, the 83rd Legislature passed several bills that impacted the claim in the case. The Court granted a motion to reopen the evidence to consider the impact of the 2013 legislation and held another three week evidentiary hearing beginning on January 21, 2014. On August 28, 2014 Judge Dietz again ruled the Texas school finance system is unconstitutional by upholding the same three reasons as stated in the preliminary ruling. The Attorney General informed attorneys in the case in September 2014 that his office would appeal the ruling directly to the Texas Supreme Court. A year later on September 1, 2015, the State urged the Texas Supreme Court to either dismiss or remand the lawsuit. Neither action requested has taken place as of the date of this report. Experts on this case are expecting a decision to come in early 2016. If the Supreme Court upholds one lower court's ruling, it is anticipated that a special legislative session will be convened in 2016 to address the court's ruling.

2015-16 /Budget and Tax Rate

The Board of Trustees is required to adopt a final budget by no later than the close of the fiscal year, June 30. Annual budgets for the General Operating Fund, Debt Service Fund and Food Service Fund were adopted by the Board of Trustees on June 2, 2015. The budget is prepared by fund and function. Site based decisions are made throughout the year as campuses and departments manage their budgets. Budget transfers between functions, however, require approval from the Board of Trustees. The District operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.

On September 2, 2015 the District adopted a maintenance and operations tax rate of \$1.17 - the maximum rate approved by voters in the Tax Ratification Election in November 2013. A debt service tax rate of 26.9 cents representing a 0.9 cent reduction in the rate was also adopted.

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

OTHER INFORMATION

Controls

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

Independent Audit

State law and District policy require an annual audit of the accounts and financial records of the District by independent certified public accountants selected by the Board of Trustees. Weaver and Tidwell, L.L.P. has issued an unmodified opinion on the financial statements of Plano Independent School District for the year ended June 30, 2015. The independent auditors' report has been included in this report at the front of the financial section.

Awards

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Plano Independent School District for its Comprehensive Annual Financial Report for the fiscal period ended June 30, 2014. The District received this prestigious award for the thirty second consecutive year in 2015.

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, 2015 to GFOA to determine its eligibility for another certificate.

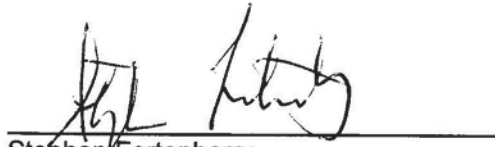
Acknowledgments

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

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



Brian Binggeli
Superintendent



Stephen Fortenberry
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**Plano Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TRS pension schedules on pages 5 through 18, 75, and 76 through 77, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual 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.

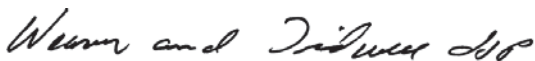
The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

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 3, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 3, 2015

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, 2015
(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, 2015. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's total assets and deferred outflows of resources as presented on the government-wide Statement of Net Position exceeded total liabilities and deferred inflows of resources by \$322.2 million. The net position of the District decreased by \$8.8 million during the year ended June 30, 2015.

The District's governmental funds financial statements reported combined ending fund balance of \$267 million. Of this amount, the General Fund has a total of \$178.6 million of which \$1.3 million is nonspendable, \$9.5 million is assigned and \$167.8 million is unassigned available for spending at the District's discretion. Fund balance of \$68.7 million is restricted for use by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$19.7 million that is either restricted or committed with a small amount in the nonspendable inventory classification.

On May 10, 2008, the District held a successful bond election with voters approving \$490 million in authorized new bonds. Bonds have been issued four times against this authorization. Bonds authorized and not issued as of June 30, 2015 are \$16,020,000. Bonds were refunded once during fiscal year 2015 to restructure a portion of the Series 2006 Unlimited Tax Bonds. Series 2015 Unlimited Tax Refunding Bonds were dated February 15, 2015 in the amount of \$43,250,000. The restructuring leveled out debt payments over the 2014-2018 time frame, but did not extend final maturity dates on existing debt.

During fiscal year 2015, the District completed the second phase of the Academy High School, renovations at Brinker Elementary and Daffron Elementary along with an addition at Hunt Elementary. HVAC upgrades at Plano East Senior High and flooring at Schimelpfenig Middle School, Beverly Elementary and Hightower Elementary were also completed. Various security enhancements and upgrades were added at several campuses throughout the district.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these items 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.

There is a [textual or accessible version of Figure A-1](#) that contains the same information as the table below.

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 \$322.2 million at June 30, 2015.

The District's Net Position

	Governmental Activities As of June 30, 2015	Governmental Activities As of June 30, 2014	Business Type Activities As of June 30, 2015	Business Type Activities As of June 30, 2014
Current and other assets	\$ 355,372,982	\$ 369,808,915	\$ 842,698	\$ 626,668
Capital assets	1,000,927,231	997,179,660	-	-
Total assets	<u>1,356,300,213</u>	<u>1,366,988,575</u>	<u>842,698</u>	<u>626,668</u>
Deferred outflows of resources	24,141,872	19,434,125	-	-
Current liabilities	91,857,878	91,001,065	585,436	497,647
Long term liability	949,582,739	964,700,123	-	-
Total liabilities	<u>1,041,440,617</u>	<u>1,055,701,188</u>	<u>585,436</u>	<u>497,647</u>
Deferred inflows of resources	17,077,532	-	-	-
Net position:				
Invested in capital assets				
net of related debt	159,051,926	120,499,074	-	-
Restricted	31,229,566	29,242,464	-	-
Unrestricted	131,642,444	180,979,974	257,262	129,021
Total net position	<u>\$ 321,923,936</u>	<u>\$ 330,721,512</u>	<u>\$ 257,262</u>	<u>\$ 129,021</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 decreased by \$8.8 million. Current and Other Assets decreased by \$14.4 million which is attributable primarily to a \$23.6 million decrease in Cash and Investments and a \$9.7 million increase in Due from Other Governments. Capital Project activity continued throughout fiscal year 2015 without any new debt being issued to fund projects which resulted in a decrease in cash and investments of \$33 million for the Capital Projects Fund. An increase in the General Fund and Other Funds cash and investments of \$8.7 million and \$2.4 million respectfully partially offset the decrease in the Capital Projects Fund. The increase in taxable values accounts for the increase in the General Fund, cash and investments. The increase in cash and investments for Other Funds is due to receiving payment from the State for the Instructional Materials Allotment (IMA) which provides funding for textbooks on order, but not fulfilled at the end of the fiscal year. The increase of \$9.7 million in the amount Due from Other Governments for fiscal year 2015 is due to the timing of payments received from the State for current year state aid payments which account for \$2.1 of the increase. In addition, several textbook orders were placed and fulfilled through the State IMA allotment, these funds were due from the State at fiscal year end in the amount of \$6.4 million.

Non-Current Capital Assets increased \$3.7 million primarily due to the purchase of approximately 10 acres of land for \$5.2 million along with other land projects that added \$348,379 in value. The district is in the final phase of the current bond program with current projects nearing completion which resulted in all other categories of Non-Current assets declining in activity over the previous year. The combined net effect of a decrease in Current assets and an increase Non-Current Capital assets resulted in a decrease in total assets during the year ended June 30, 2015 of \$10.7 million.

Deferred outflows are a consumption of net assets that is applicable to a future reporting period. The advanced refunding of \$11,644,569 is shown as the Deferred Charge for Refunding which is \$7.8 less than the deferred charge for refunding in fiscal year 2014. The deferred outflow of resources related to the TRS Pension is a new outflow in the financial report due to the implementation of GASB 68, Accounting and Financial Reporting for Pensions. The \$12,497,303 includes \$8 million which represents contributions paid to TRS subsequent to the measurement date of August 31, 2014 and \$4.5 million due to actuarial differences and changes in assumptions related to economic factors.

Several components came together to create the overall \$856,813 increase in Current Liabilities. The increase is comprised primarily of, Unearned Revenues which increased by \$6.3 million due to the increase in the Instructional Materials Allotment from the State available to be drawn upon. The amount Due to Other Governments has an increase of \$2.1 million. The amount due to the State at June 30, 2015 is primarily the last two recapture payments due in July and August for a total of \$14.3 million. Accrued Wages Payable increase of \$1.7 million due to a 3.5% raise granted for fiscal year 2015. Offsetting the increases are decreases in Accounts Payable of \$7 million and Interest Payable of \$2.6 million. While several construction projects were active at fiscal year-end, the size and number of projects were less than the prior year. This resulted in \$4.6 million decrease in accounts payable to large construction contractors at year end. In the General Fund, Accounts Payable decreased by \$2.7 million due to fewer large payments remaining outstanding at fiscal year-end. A decrease of \$2.5 million in Interest Payable was due to a lower bond interest payment due in August 2015 as a result of the bond refunding in fiscal year 2014 and 2015.

Noncurrent Liabilities decreased \$15.1 million. Obligations due within one year increased \$7.3 million while obligations due in more than one year decreased \$78.3 million. During fiscal year 2015, the District refunded a portion of the Series 2006 Unlimited Tax Bonds. No bonds were issued on the authorized, but unissued debt during fiscal year 2015. With the implementation of GASB 68, Accounting and Financial Reporting for Pensions, the district is required to recognize for the first time its proportionate share of the Teacher Retirement System (TRS) net pension liability of \$55.8 million. The TRS is a cost-sharing multiple-employer defined benefit pension that has a special funding situation. Note 10 provides detail on the TRS pension plan.

The amount invested in capital assets (e.g. land, buildings, furniture, and equipment) less any related debt used to acquire those assets that are still outstanding increased by \$38.6 million to \$159.1 million. The increase of \$38.6 million is the result of an increase in capital assets net of depreciation of \$3.7 million offset by a decrease in related debt of \$63.2 million with a decrease in the Construction fund balance of \$28.4 million.

An additional portion of the District's net position of \$31.2 million represents resources that are subject to external restrictions on how they may be used. Assets restricted for State Programs increased by \$1.6 million. Assets restricted for use by Food Service remained constant. Net assets restricted for Debt Service use increased slightly by \$287,023. The remaining balance of net position, \$131.6 million, is unrestricted and may be used to meet the District's ongoing obligations. The amount of unrestricted net position decreased \$49.2 million for the year ended June 30, 2015. The decrease is a result of the small increase in capital assets and decrease in Capital Project fund balance compounded by an increase in restricted assets.

Changes in net position. The District's total revenues were \$697.6 million. A significant portion (78.3%) of the District's revenue comes from taxes. (See Figure A-2 or Exhibit B-1) Operating grants provided 12.1%. State aid comprised 4.8% while Charges for services contributed 4.3%. Interest revenue and other sources including miscellaneous local revenue and gain on sale of land account for 0.5%. The total cost of all programs and services was \$642.1 million.

Figure A-2
District Sources of Revenue for the fiscal year ended June 30, 2015

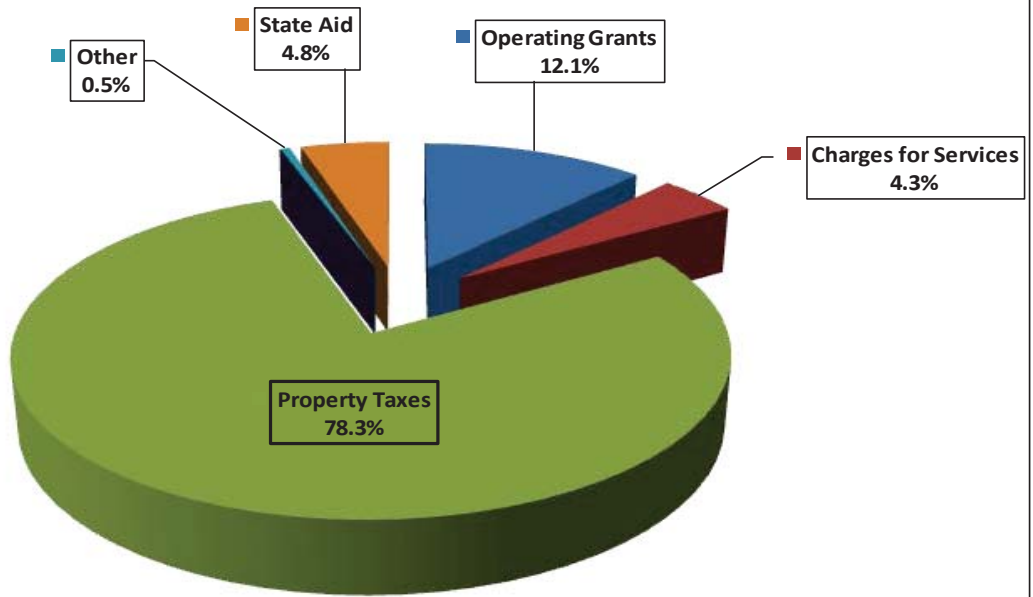
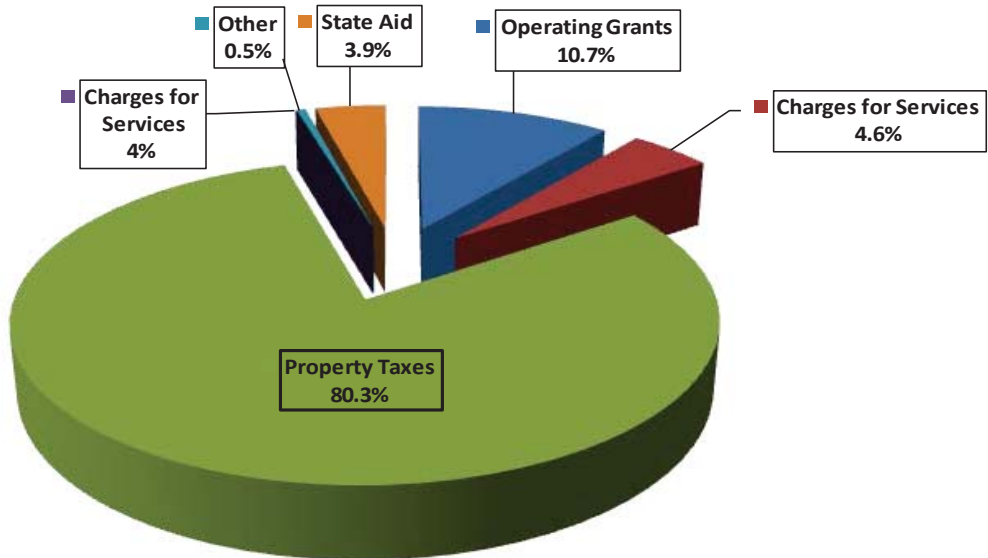


Figure A-2
District Sources of Revenue for the fiscal year ended June 30, 2014



Government-Wide Activities

The total cost of all government-wide activities for the year ended June 30, 2015 was \$642.1 million. Funding for these government-wide activities is by specific program revenue or through general revenues such as property taxes and investment earnings. The following is a summary of the governmental funds activities:

- The cost of all *governmental activities* for the year was \$634.9 million.
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. These program revenues amounted to \$104.6 million.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$530.2 million which was funded from property taxes and other local sources.

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

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

	Total Cost of Services		Net Cost of Services	
Instruction		\$333.9		\$278.9
Contracted Instructional Services Between Schools		46.6		46.6
Debt Service Interest on Long Term Debt		42.2		42.2
Plant Maintenance & Operations		40.2		37.9
School Leadership		26.7		23.8
Food Services		26.3		2.3
	Governmental Activities FY 6/30/15	Governmental Activities FY 6/30/14	Business-Type Activities FY 6/30/15	Business-Type Activities FY 6/30/14
Revenue				
Program Revenues				
Charges for services	\$ 20,090,211	\$ 20,164,360	\$ 9,906,988	\$ 9,099,662
Operating grants and contributions	84,554,345	68,322,777	-	-
General Revenues				
Property taxes	546,067,384	513,765,055	-	-
State aid - formula	33,279,366	25,147,980	-	-
Interest income	622,073	623,136	3,326	2,587
Other	2,658,757	2,687,011	-	-
Total revenues	<u>687,272,136</u>	<u>630,710,319</u>	<u>9,910,314</u>	<u>9,102,249</u>
Expenses				
Instruction and Instructional - Related Services	351,550,620	332,665,507	-	-
Instructional and School Leadership	30,491,857	28,195,492	-	-
Support Services - Student	80,396,171	77,232,838	-	-
Administrative Support Services	10,179,403	9,802,666	-	-
Support Services - Nonstudent Based	49,507,422	48,297,851	-	-
Ancillary Services - Community Service	2,329,921	1,826,495	-	-
Debt Service	42,227,308	39,078,896	-	-
Other Facility Costs	13,727,923	13,684,442	-	-
Intergovernmental Charges	54,452,692	42,240,335	-	-
Concessions	-	-	324,526	210,699
Employee Child Care	-	-	1,226,329	1,219,369
After School Care	-	-	5,644,470	4,966,384
Photography	-	-	34,133	42,005
Total expenses	<u>634,863,317</u>	<u>593,024,522</u>	<u>7,229,458</u>	<u>6,438,457</u>
Excess (Deficiency) before transfers and special items	52,408,819	37,685,797	2,680,856	2,663,792
Special Item-Gain on Sale of Land	385,967	-	-	-
Transfers In (Out)	<u>2,552,615</u>	<u>2,632,288</u>	<u>(2,552,615)</u>	<u>(2,632,288)</u>
Change in net position	<u>55,347,401</u>	<u>40,318,085</u>	<u>128,241</u>	<u>31,504</u>
Beginning net position	330,721,512	290,403,427	129,021	97,517
Cumulative Effect of Change in Accounting Principle	(64,144,977)	-	-	-
Ending net position	<u>\$ 321,923,936</u>	<u>\$ 330,721,512</u>	<u>\$ 257,262</u>	<u>\$ 129,021</u>

The decrease in the ending net position for Governmental Activities of \$8.8 million is a combination of several factors. During fiscal year 2015 three types of revenue reflect significant changes. Operating grants and contributions increased by \$16.2 million. This increase is the direct result of the implementation of GASB 68, Accounting and Financial Reporting for Pensions, which required the recording of revenue to recognize the District's proportional share of the State's support of the Teacher Retirement System of Texas (TRS). Property taxes increased \$32.3 million due to a 6.7% increase in taxable property values. The Foundation School Program portion of state aid primarily accounts for the increase of \$8.1 million in this category. The adjusted basic allotment was increased by \$100 per weighted average daily attendance in fiscal year 2015 along with the State funding the new 1.5% Teacher Retirement System surcharge. These increases in revenue combine for an increase in total Government Activity revenue of \$56.6 million.

Total expenses reflect an overall increase of \$41.8 million. Several key factors account for the increase. The implementation of GASB 68, Accounting and Financial Reporting for Pensions, impacts expense in the same manner as revenue. Recognition of pension expense in the amount of \$16 million was recorded in each functional expense category to recognize the support provided by the State for TRS. As a direct result of the increase in property tax revenue, Contracted Instructional Services Between Schools increased by \$10.6 million. The school finance system in Texas is equalized through an equalized wealth limit that requires excess wealth per weighted average daily attendance (WADA) to be returned to the State. Instruction and Instructional Related Services increased \$10.2 million due to the 3.5% raise and one-time payment granted to staff. Additional instructional staff were added to reduce ratios at elementary and secondary schools along with additions in positions working with students with disabilities. Support Services – Student reflected a \$3.1 million increase also as a result of the raise and one-time payment granted to staff. The increase in Debt Service of \$3.1 million is due to increased principal payments in fiscal year 2015.

Business-Type Activities

The net position of the District's business-type activities increased by \$128,241. This increase is primarily due to an increase in net position for the Employee Child Care Fund of \$100,000 coupled with increases in net position for Concessions of \$22,600 and in Photography of \$5,641. During fiscal year 2015, the Employee Child Care Centers operated at capacity which allowed them to end with a positive net position for the first time. The Concession fund activity increased for fiscal year 2015 due to a neighboring district using the district's stadium facilities while their stadium was closed for repairs. An increase in the number of events at the stadium along with solid attendance at the events allowed the Concession fund to increase sales and resulted in an increase in net position. The Photography Enterprise fund revenue although less than the previous year continued to exceed operating expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Revenues for general governmental functions totaled \$669.8 million for the year ended June 30, 2015. Property taxes were the largest source of revenue received by the District. The Maintenance and Operating (M&O) tax rate remained constant at \$1.17, but was applied against an increased taxable property value which resulted in a total increase in tax revenue of \$27.2 million for M&O. The Debt Service tax rate decreased by 0.005 cents to \$0.278. The reduction in the tax rate coupled with an increase in taxable value resulted in increased tax revenue of \$4.7 million for Debt Service. These items represent the major components of the \$32.7 million increase in Local Revenue.

The State School Finance formula generates revenue from two revenue sources, the Foundation School Program and the Available School Fund. The Foundation School program portion increased by \$8.1 million in fiscal year 2015. The adjusted basic allotment increased by \$100 per weighted average daily attendance during fiscal year along with the State funding the new 1.5% Teacher Retirement surcharge. This increase is offset by a decrease in State Revenue in Other Funds of \$3.1 million attributable entirely to the decrease in revenue recognized for the Instructional Materials Allotment. These variances combine to account for the \$5 million increase in State Program Revenues.

Federal revenues show an increase of \$2.7 million for the 2015 fiscal year. SHARS Medicaid revenue increased by \$1 million which accounts for the increase in the General fund. In Other Funds, National School Lunch & Breakfast and IDEA-B federal revenue increased by \$566,542 and \$470,524 respectively. Three other grants saw smaller increases, Title III by \$298,175, Title I by \$199,414 and Head Start by \$120,945.

Expenditures for general governmental operations totaled \$691.2 million during fiscal year 2015 for an increase of \$27.8 million. There are several factors that combine for this increase in expenditures. Due to decreased activity in construction projects, the primary decrease in expenditures is in Facilities Acquisition and Construction of \$7.3 million. This reduction was offset by most every function seeing an increase as a result of a 3.5% raise and flat \$500 one-time payment given to all staff in 2014-15. Instruction increased in total \$9.3 million due to the raise granted to staff and by additional instructional staff added to reduce ratios at elementary and secondary schools along with additions in positions working with students with disabilities (59 FTE). Contracted Instruction Services Between Schools (commonly referred to as "recapture") increased by \$10.6 million as a result of the significant increase in property tax revenue due to the 6.7% increase in taxable property values. The equalized state funding formula is directly impacted by an increase in local property taxes. Long term debt principal payments increased during the fiscal year, but were offset by reduced interest payment and fees for an overall net increase of \$7.6 million. These items combine to primarily account for the increase in expenditures.

The governmental funds reported a combined fund balance of \$267 million. The net decrease in the combined fund balance of \$18.7 million is comprised of several changes in fund balance. The primary decrease of \$28.4 million occurred in the Capital Projects fund due to ongoing bond projects during fiscal year 2015 that were funded from existing funds. A \$1.8 million decrease occurred in the Debt Service Fund. The decrease in the Debt Service fund balance was a planned budgeted use of fund balance based on the decrease in the August 2015 interest due. These decreases were offset by an increase in the General Fund of \$9.4 million and \$2.1 million in Other Funds. With the 6.7% increase in taxable property value, tax revenue increased significantly for the General Fund. The increase in fund balance for Other non-major funds of \$2.1 million is primarily attributable to activity in the Instructional Materials Allotment fund balance which resulted in an increase of \$1.6 million due to the timing of receipt of revenue from the State and payment of textbook orders. Donations to the District's academy programs include a million dollar donation from Toyota Motor Company during fiscal year 2015 which accounts for the increase of \$402,221. Out of the combined fund balances, \$167.8 million constitutes unassigned fund balance available for the general operations of the District.

The remainder of the fund balance is nonspendable, restricted, committed by board action or assigned. Fund balance classifications as of June 30, 2015 consist of:

	<u>As of 6/30/15</u>	<u>As of 6/30/14</u>
Nonspendable		
Inventories	\$1,353,791	\$1,321,252
Prepaid items	212,216	908,395
Restricted		
Debt service	33,138,471	34,925,023
Capital Projects	35,596,145	64,007,275
Food Service	6,969,549	6,967,785
State Special Revenue	2,856,138	1,247,146
Committed		
Local Special Revenue	9,594,684	9,188,237
Assigned		
Purchases on order	2,115,233	2,183,886
Capital Projects	7,400,000	10,700,000
Unassigned	<u>167,771,374</u>	<u>154,251,239</u>
Total Fund Balance	<u>\$267,007,601</u>	<u>\$285,700,238</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 \$167.8 million. An anticipated amount of \$7.4 million to be spent for capital projects was assigned along with encumbrances in the amount of \$2.1 million. Unassigned fund balance available for the general operations of the District represents 35.5% of the total general fund expenditures while total fund balance represents 37.8% of the same amount.

The Capital Project Fund has a total fund balance of \$35.6 million. This entire amount is restricted for future construction. The fund balance decreased by \$28.4 million as a result of ongoing projects that were funded from balances on hand at June 30, 2014.

The Special Revenue Funds have a total fund balance of \$19.7 million. Nonspendable fund balance invested in inventory equals \$270,440. Fund balance is restricted for food service in the amount of \$6,969,549, for state special revenue in the amount of \$2,856,138 with the remaining balance of \$9.6 million committed for local special revenue funds. Approximately 49% of the total fund balance is from activity in several local special revenue funds. Of the remaining balance, 35.4% is restricted for use by food service with 14.5% restricted for state grants.

The Debt Service fund balance decreased by \$1,786,552 due to a planned, budgeted use of fund balance to be applied to principal and interest payments that were outpaced by tax revenue. The District's semi-annual debt payment of \$18.9 million is due in mid-August. As of June 30 it was neither expended nor accrued.

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

Net position in the Enterprise Funds as of June 30, 2015 was \$257,262. Net position for the 2015 year increased by \$128,241. This increase is primarily due to an increase in net position for the Employee Child Care operation of \$100,000 coupled with increases in net position for Concessions of \$22,600 and in Photography of \$5,641. The Employee Child Care Centers operated at capacity during fiscal year 2015 which allowed them to end with a positive net position for the first time. The Concession activity increased for the 2015 year due to a neighboring district using the district's stadium facilities while their stadium was closed for repairs. An increase in the number of events at the stadium along with good attendance at the events allowed the Concession fund to increase sales and resulted in an increase in net position. The Photography Enterprise Fund shows the remainder of the increase as a result of operating revenue exceeding decreased expenses.

Net position in the Internal Service Funds as of June 30, 2015 was \$3.8 million. The majority of this amount is unrestricted to be used for future expenses in the health benefits, workers' compensation and unemployment internal service funds. Net position decreased by \$347,946 during fiscal year 2015. This decrease is attributable to the decrease in net position for Worker's Compensation, Unemployment and the Sign Shop internal service funds. The Worker's Compensation fund was funded for only half of the year which resulted in the decrease in net position of \$131,520. The Unemployment internal service fund has not been funded since fiscal year 2012. Annual operating expenses continue to draw down the net position each year with the decrease for 2015 being \$144,468. The Sign Shop fund transferred out \$80,000 to assist in the funding of a local initiative. The transfer more than accounts for the decrease in net position for fiscal year 2015. These amounts combine to account for the decrease in total net position for the internal service funds.

General Fund Budgetary Highlights

During the 2013 Legislative session, the Texas Legislature restored \$3.2 billion of the reductions made in 2011. However, funds were not restored in a proportionate manner which resulted in the District's restoration being less than 30% compared to a statewide average of 77%. The District remained under the school finance funding structure approved during the 2013 legislative session for fiscal year 2015. A balanced budget for the 2014-15 fiscal year was adopted on June 3, 2014. The school finance system in Texas is equalized through an equalized wealth limit that requires excess wealth per weighted average daily attendance (WADA) to be returned to the State. Restoration of state funding for the District during the biennium was accomplished by an increase each fiscal year in the Equalized Wealth Level which allowed the District to retain an increased amount of local property taxes. Taxable property values increased by 6.7% for fiscal year 2015. The increase in tax revenue was offset in part by an increase in the District's property tax recapture payment. The equalized state funding formula is directly impacted by an increase in local property taxes. A 3.5% raise as well as a \$500 flat one-time pay stipend was included in the adopted budget. Additional teaching positions at the elementary and secondary level were approved in the budget along with staff who directly works with children with disabilities for an increase of 59 full-time equivalent positions. Budget for all other non-payroll related items were either held constant or decreased except in areas impacted by external price increases over which the District had no control.

In the General Fund, the final budgeted amount for revenues was \$499.1 million. Local tax revenue was amended for the increase in tax revenue of \$4.8 million due to certified property values coming in approximately 1% higher than the preliminary values on which the original budget was based. Budget amendments to state revenue based on state funding allocations resulted in an increase of \$737,703. Other Sources was amended to reflect the \$400,122 received from the sale of land.

Over the course of the fiscal year, the District revised its budget several times. Final results indicate actual expenditures were \$10.4 million below final budgeted amounts. The most significant positive variances were seen in the functional areas of Instruction, Facilities Maintenance and Contracted Instructional Services Between Schools. Staffing is budgeted at the full employment level throughout the entire year. Budget amounts for vacant positions throughout the year are not eligible for budget revisions and contribute to the variance between budgeted salaries and actual salaries. Contracted services for repairs, utilities and custodial contract were less than anticipated in Facilities Maintenance. The District's weighted average daily attendance (WADA) increased during the year which accounts for the reduction in the Contracted Instructional Services Between Schools. Overall the expenditure budget variance represents a 2.1% variance on the total expenditure budget of \$483.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the District had invested \$1 billion 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 \$3.7 million over last year.

	<u>As of 6/30/15</u>	<u>As of 6/30/14</u>
Land and improvements	\$ 127,195,344	\$ 120,963,431
Buildings and improvements	1,271,360,448	1,240,062,643
Construction in progress	33,833,517	34,727,773
Furniture, equipment, & vehicles	104,911,356	104,037,550
Totals	<u>1,537,300,665</u>	<u>1,499,791,397</u>
Total accumulated depreciation	<u>(536,373,434)</u>	<u>(502,611,737)</u>
Net capital assets	<u>\$ 1,000,927,231</u>	<u>\$ 997,179,660</u>

The year's major capital asset additions include the addition of the second phase of Academy High School, renovations at Brinker and Daffron Elementary, an addition at Hunt Elementary, HVAC upgrades at Plano East Senior High, flooring at Schimelpfenig Middle School, Beverly Elementary and Hightower Elementary. Various security enhancements and upgrades were added at several campuses throughout the district. 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, 2015, the District had total bonded debt outstanding of \$889.9 million. The ratio of net general bonded debt to assessed valuation and the amount of net bonded debt per capita are useful indicators of the District's debt position. Data presented in the statistical section indicate both of these indicators decreased. Net bonded debt per capita decreased to \$2,540 and the ratio of net bonded debt to assessed value decreased to 2.56 percent.

The District has authorized unissued bonds as of June 30, 2015 in the amount of \$16,020,000. During the year, the District issued \$43,250,000 Series 2015 Refunding Bonds used to refund \$47,855,000 of outstanding Series 2006 Unlimited Tax Bonds. The District continues to enjoy excellent bond ratings. Rating agency reviews were last conducted in February 2015 in conjunction with the issuance of the Series 2015 Unlimited Refunding Tax Bonds. Moody's Investors Service, Inc. assigned an enhanced underlying rating of Aaa while Standard and Poor's Corporation assigned an underlying rating of AA+ with a stable outlook to the district's debt obligations.

Interest earnings on proceeds from debt are subject to arbitrage regulations contained in the Federal Tax Reform Act of 1986. As of June 30, 2015 a liability for arbitrage rebate in the amount of \$20,393 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 2015 grew by \$3 billion (7.6%) from 2014 and now total \$41.4 billion. Of this growth, \$642 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 2016 and future years. In 2014, Toyota, FedEx Office and Print Services, USAA, Hilti and Greatbatch announced plans to make Plano home for their corporate offices. Nine companies announcing relocations in 2014 will bring almost 6,000 jobs to Plano. The commercial development continues into 2015 with the announcement by Liberty Mutual Insurance confirming it is bringing 5,000 jobs to its new Legacy Business Park campus in West Plano. In the South central section of the district, the \$1.5 billion, 186-acre CityLine project is one of the largest new mixed-use developments in the country. State Farm Insurance, the key corporate anchor of the development is completing the fourth building in its new regional office campus. The company will have about 8,000 people working in the high-rise business complex when construction is complete in early 2016. Raytheon broke ground in July 2014 on its new regional office in the same development. More than 1,500 worker will begin moving into the three building complex by the end of 2015. Developers are building hundreds of apartments, CityLine Market Center and an Aloft hotel within the development. Although property value growth has minimal impact on net general fund revenue due to the equalization provisions of the state funding formula, it does enhance debt service fund revenues and ultimately reduces the tax rate necessary to service existing debt payments.

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

School finance litigation is not yet settled. Following the conclusion of the 2011 legislative session, new state funding litigation was filed and on February 4, 2013 the District Court of Travis County rendered a preliminary ruling that the current system was unconstitutional based on (1) equity, (2) adequacy and (3) establishment of a de facto statewide property tax. Before the Court entered its finding of fact and a final judgment, the 83rd Legislature passed several bills that impacted the claim in the case. The Court granted a motion to reopen the evidence in the case. An evidentiary hearing was conducted for a three week period in January and February 2014. On August 28, 2014 Judge Dietz ruled the Texas school finance system is unconstitutional by upholding the same three reasons as stated in his preliminary ruling. The Attorney General informed attorneys in the case in September 2014 that his office will appeal the ruling directly to the Texas Supreme Court. A year later on September 1, 2015, the State urged the Texas Supreme Court to either dismiss or remand the lawsuit. Neither action requested has taken place as of the date of this report. Experts on this case are expecting a decision possibly as soon as November 2015, but certainly by early 2016. It is anticipated the decision will result in a special legislative session in 2016 to address the court's ruling.

The District adopted its 2015-16 budget on June 2, 2015 immediately after the 2015 legislative session adjourned on June 1st. The 2015-16 general fund budget was based on the prior school funding law. Based on expected legislative changes that would impact the District favorably, a deficit budget was adopted with appropriations and other uses of \$545.4 million exceeding revenues and other sources of \$540.4 million by approximately \$5 million. State revenue and recapture were subsequently amended in August 2015 for a net positive budgetary impact of \$7.7 million. Budgeted local revenue includes \$41.5 million in additional tax revenue as a result of an approximate 8% increase in property values. State revenue is budgeted to decrease \$4.7 million primarily due to the elimination of state funding for the Teacher Retirement System surcharge. The appropriations budget includes \$13.5 million in increased payroll costs associated with increased instructional staffing and campus administrator staffing along with a 3% compensation increase. Contracted Services and Supplies & Materials each are budgeted to increase \$2.5 and \$2.3 million respectfully. Each of these categories are impacted by technology items previously addressed through bond proceeds that are now included in the general fund budget for \$2.4 million. Increased utility cost and the district's share of the appraisal district budget increased by a combined total of \$1.6 million Migration of the student assessment program to a new software system, special education assessment materials and an increase in the per pupil amount budgeted for instructional supplies combine for a budgeted increase of \$1.2 million. Recapture payments to the state include a budgeted \$28.9 million increase due to the increase budgeted for local tax revenue. The district operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.

On September 1, 2015 the District adopted a maintenance and operations tax rate of \$1.17 per \$100 of taxable assessed value which is the maximum rate approved by voters in the Tax Ratification Election in November 2013. The District also adopted a debt service tax rate of 26.9 cents representing a 0.9 cent reduction from 2014-15. With the increase in property values and the issuance of no new debt, the District was able to adopt a lower debt service rate. The debt service fund is budgeted to use \$1.1 million of fund balance, but is projected to end fiscal year 2016 with a fund balance of over \$32 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Teamwork for Excellence



P L A N O
Independent School District

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

Data Control Codes	1	2	3
	Governmental Activities	Primary Government Business Type Activities	Total
ASSETS:			
1110	\$ 326,395,699	\$ 373,765	\$ 326,769,464
1220	11,367,838	-	11,367,838
1230	(3,834,331)	-	(3,834,331)
1240	18,692,249	-	18,692,249
1250	21,143	177	21,320
1290	809,366	468,756	1,278,122
1300	1,353,791	-	1,353,791
1410	567,227	-	567,227
Non-current Assets			
Capital Assets:			
1510	82,662,863	-	82,662,863
1520	831,286,566	-	831,286,566
1530	25,876,550	-	25,876,550
1540	27,267,735	-	27,267,735
1580	33,833,517	-	33,833,517
1000	<u>1,356,300,213</u>	<u>842,698</u>	<u>1,357,142,911</u>
DEFERRED OUTFLOWS OF RESOURCES:			
1701	11,644,569	-	11,644,569
1705	12,497,303	-	12,497,303
1700	<u>24,141,872</u>	<u>-</u>	<u>24,141,872</u>
LIABILITIES:			
2110	6,086,279	173,090	6,259,369
2140	12,307,895	-	12,307,895
2150	2,944,560	-	2,944,560
2160	47,918,053	101,795	48,019,848
2180	13,166,210	-	13,166,210
2200	2,257,727	-	2,257,727
2300	7,177,154	310,551	7,487,705
Non-Current Liabilities			
2501	73,502,187	-	73,502,187
2502	820,253,922	-	820,253,922
2540	55,826,630	-	55,826,630
2000	<u>1,041,440,617</u>	<u>585,436</u>	<u>1,042,026,053</u>
DEFERRED INFLOWS OF RESOURCES:			
2605	17,077,532	-	17,077,532
2600	<u>17,077,532</u>	<u>-</u>	<u>17,077,532</u>
NET POSITION:			
3200	159,051,926	-	159,051,926
Restricted for:			
3820	2,856,138	-	2,856,138
3840	7,239,989	-	7,239,989
3850	21,133,439	-	21,133,439
3900	131,642,444	257,262	131,899,706
3000	<u>\$ 321,923,936</u>	<u>\$ 257,262</u>	<u>\$ 322,181,198</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, 2015**

Data Control Codes	Expenses	Program Revenues	
		3 Charges of Services	4 Operating Grant and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11	Instruction	\$ 333,944,008	\$ 51,297,455
12	Instructional Resources and Media Services	9,195,080	775,155
13	Curriculum and Instructional Staff Development	8,411,532	2,072,485
21	Instructional Leadership	3,818,378	965,450
23	School Leadership	26,673,479	2,875,513
31	Guidance, Counseling and Evaluation Services	19,459,375	2,936,051
32	Social Work Services	1,007,664	92,247
33	Health Services	5,790,575	731,454
34	Student (Pupil) Transportation	13,326,733	1,046,236
35	Food Services	26,341,485	10,656,985
36	Extracurricular Activities	14,470,339	5,874,000
41	General Administration	10,179,403	922,110
51	Plant Maintenance and Operations	40,206,874	1,234,035
52	Security and Monitoring Services	3,475,171	252,251
53	Data Processing Services	5,825,377	392,611
61	Community Services	2,329,921	1,699,237
72	Debt Service - Interest on Long Term Debt	42,035,080	-
73	Debt Service - Bond Issuance Costs and Fees	192,228	-
81	Other Facility Costs	13,727,923	-
91	Contracted Instructional Services Between Schools	46,603,711	-
92	Incremental Costs Associated with Chapter 41	600,000	-
93	Payment to Fiscal Agent/Member Districts of SSA	999,635	731,070
95	Payments to Juvenile Justice Alternative Ed. Prg.	48,878	-
97	Payments to Tax Increment Fund	3,377,634	-
99	Other Intergovernmental Charges	2,822,834	-
	(TG) Total Governmental Activities:	634,863,317	84,554,345
BUSINESS-TYPE ACTIVITIES:			
01	Employee Child Care	1,226,329	-
02	After School Care	5,644,470	-
03	Concessions	324,526	-
04	Photography	34,133	-
	(TB) Total Business-Type Activities:	7,229,458	-
	(TP) TOTAL PRIMARY GOVERNMENT:	\$ 642,092,775	\$ 84,554,345

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

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

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (278,878,869)	\$ -	\$ (278,878,869)
(8,419,925)	-	(8,419,925)
(6,292,964)	-	(6,292,964)
(2,852,928)	-	(2,852,928)
(23,797,966)	-	(23,797,966)
(16,517,180)	-	(16,517,180)
(915,417)	-	(915,417)
(5,059,121)	-	(5,059,121)
(12,280,497)	-	(12,280,497)
(2,327,885)	-	(2,327,885)
(6,803,608)	-	(6,803,608)
(9,211,797)	-	(9,211,797)
(37,903,525)	-	(37,903,525)
(3,222,920)	-	(3,222,920)
(5,432,766)	-	(5,432,766)
(624,540)	-	(624,540)
(42,035,080)	-	(42,035,080)
(192,228)	-	(192,228)
(13,727,923)	-	(13,727,923)
(46,603,711)	-	(46,603,711)
(600,000)	-	(600,000)
(268,565)	-	(268,565)
(48,878)	-	(48,878)
(3,377,634)	-	(3,377,634)
(2,822,834)	-	(2,822,834)
(530,218,761)	-	(530,218,761)
-	128,690	128,690
-	2,520,623	2,520,623
-	22,600	22,600
-	5,617	5,617
-	2,677,530	2,677,530
\$ (530,218,761)	\$ 2,677,530	\$ (527,541,231)
439,832,104	-	439,832,104
106,235,280	-	106,235,280
33,279,366	-	33,279,366
622,073	3,326	625,399
2,658,757	-	2,658,757
385,967	-	385,967
2,552,615	(2,552,615)	-
585,566,162	(2,549,289)	583,016,873
55,347,401	128,241	55,475,642
330,721,512	129,021	330,850,533
(64,144,977)	-	(64,144,977)
\$ 321,923,936	\$ 257,262	\$ 322,181,198

**PLANO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project
ASSETS:			
1110 Cash and Investments	\$ 227,874,126	\$ 32,605,027	\$ 39,221,840
1220 Property Taxes - Delinquent	9,068,560	2,299,278	-
1230 Allowance for Uncollectible Taxes (Credit)	(3,062,083)	(772,248)	-
1240 Due from Other Governments	8,112,301	39,801	-
1250 Accrued Interest	15,433	2,119	2,561
1260 Due from Other Funds	1,669,123	-	-
1290 Other Receivables	749,734	5,215	-
1300 Inventories	1,083,351	-	-
1410 Prepaid Expenditures	212,216	-	-
1000 Total Assets	<u>\$ 245,722,761</u>	<u>\$ 34,179,192</u>	<u>\$ 39,224,401</u>
LIABILITIES:			
2110 Accounts Payable	\$ 2,127,341	\$ -	\$ 3,625,578
2150 Payroll Deductions and Withholdings Payable	2,944,560	-	-
2160 Accrued Wages Payable	44,909,824	-	2,678
2170 Due to Other Funds	-	-	-
2180 Due to Other Governments	13,162,499	-	-
2300 Unearned Revenues	23,017	-	-
2000 Total Liabilities	<u>63,167,241</u>	<u>-</u>	<u>3,628,256</u>
DEFERRED INFLOWS OF RESOURCES:			
2601 Unavailable Revenue - Property Taxes	3,973,346	1,040,721	-
2600 Total Deferred Inflows of Resources	<u>3,973,346</u>	<u>1,040,721</u>	<u>-</u>
FUND BALANCES:			
Nonspendable			
3410 Investments in Inventory	1,083,351	-	-
3430 Prepaid Expenditures	212,216	-	-
Restricted			
3480 Debt Service	-	33,138,471	-
3470 Capital Projects	-	-	35,596,145
3450 Food Service	-	-	-
3450 State Special Revenue	-	-	-
Committed			
3545 Local Special Revenue	-	-	-
Assigned			
3590 Purchases on order	2,115,233	-	-
3590 Capital Projects	7,400,000	-	-
3600 Unassigned	167,771,374	-	-
Total Fund Balances	<u>178,582,174</u>	<u>33,138,471</u>	<u>35,596,145</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 245,722,761</u>	<u>\$ 34,179,192</u>	<u>\$ 39,224,401</u>

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

EXHIBIT C-1

	Other Funds	Total Governmental Funds
\$	20,949,024	\$ 320,650,017
	-	11,367,838
	-	(3,834,331)
	10,540,147	18,692,249
	698	20,811
	-	1,669,123
	54,013	808,962
	270,440	1,353,791
	-	212,216
\$	31,814,322	\$ 350,940,676
\$	296,712	\$ 6,049,631
	-	2,944,560
	2,999,828	47,912,330
	1,669,123	1,669,123
	3,711	13,166,210
	7,154,137	7,177,154
	<u>12,123,511</u>	<u>78,919,008</u>
	<u>-</u>	<u>5,014,067</u>
	<u>-</u>	<u>5,014,067</u>
	270,440	1,353,791
	-	212,216
	-	33,138,471
	-	35,596,145
	6,969,549	6,969,549
	2,856,138	2,856,138
	9,594,684	9,594,684
	-	2,115,233
	-	7,400,000
	-	167,771,374
	<u>19,690,811</u>	<u>267,007,601</u>
\$	31,814,322	\$ 350,940,676

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, 2015**

Total Fund Balances - Governmental Funds	\$ 267,007,601
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 \$1,537,263,846, and the accumulated depreciation associated with the capital assets is \$536,354,391.	1,000,909,455
Uncollected property taxes are reported as deferred inflow of resources in the governmental funds balance sheet but are recognized as a revenue in the statement of activities.	5,014,067
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 \$17,776) are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net position.	3,819,107
Long-term liabilities of \$893,756,109 are not due and payable in the current period and therefore are not reported as liabilities in the funds. A deferred charge on an advanced refunding of bonds payable of \$11,644,569 is reflected as a deferred outflow of resources on the Statement of Net Position.	(882,111,540)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(12,307,895)
Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$55,826,630, a deferred resource inflow related to TRS in the amount of \$17,077,532, and a deferred resource outflow related to TRS in the amount of \$12,497,303. This resulted in a decrease in net position.	<u>(60,406,859)</u>
Net Position of Governmental Activities	<u><u>\$ 321,923,936</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 448,322,539	\$ 106,146,670	\$ 106,243
5800 State Program Revenues	47,625,653	-	-
5900 Federal Program Revenues	6,073,868	-	-
5020 Total Revenues	<u>502,022,060</u>	<u>106,146,670</u>	<u>106,243</u>
EXPENDITURES:			
Current:			
0011 Instruction	277,412,188	-	-
0012 Instructional Resources and Media Services	7,650,885	-	-
0013 Curriculum and Instructional Staff Development	6,422,260	-	-
0021 Instructional Leadership	2,968,348	-	-
0023 School Leadership	24,296,589	-	-
0031 Guidance, Counseling and Evaluation Services	17,262,304	-	-
0032 Social Work Services	976,142	-	-
0033 Health Services	5,257,760	-	-
0034 Student (Pupil) Transportation	13,279,301	-	-
0035 Food Services	10,038	-	-
0036 Extracurricular Activities	6,565,329	-	-
0041 General Administration	9,517,565	-	-
0051 Facilities Maintenance and Operations	37,846,129	-	-
0052 Security and Monitoring Services	3,186,924	-	-
0053 Data Processing Services	5,333,138	-	-
0061 Community Services	1,191,639	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	65,715,000	-
0072 Debt Service- Interest on Long Term Debt	-	41,816,391	-
0073 Debt Service - Bond Issuance Cost and Fees	-	635,719	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	50,347,319
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	46,603,711	-	-
0092 Incremental Costs Associated with Chapter 41	600,000	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	268,565	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	48,878	-	-
0097 Payments to Tax Increment Fund	3,377,634	-	-
0099 Other Intergovernmental Charges	2,822,834	-	-
6030 Total Expenditures	<u>472,898,161</u>	<u>108,167,110</u>	<u>50,347,319</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>29,123,899</u>	<u>(2,020,440)</u>	<u>(50,241,076)</u>
OTHER FINANCING SOURCES (USES):			
7911 Refunding Bonds Issued	-	43,250,000	-
7912 Sale of Real and Personal Property	400,122	-	-
7915 Transfers In	2,532,615	70,054	21,900,000
7916 Premium or Discount on Issuance of Bonds	-	6,409,655	-
7949 Other Resources	233,145	-	-
8911 Transfers Out (Use)	(22,887,036)	-	(70,054)
8949 Payment to Bond Escrow Agent	-	(49,495,821)	-
7080 Total Other Financing Sources (Uses)	<u>(19,721,154)</u>	<u>233,888</u>	<u>21,829,946</u>
1200 Net Change in Fund Balances	9,402,745	(1,786,552)	(28,411,130)
0100 Fund Balance - July 1 (Beginning)	169,179,429	34,925,023	64,007,275
3000 Fund Balance - June 30 (Ending)	<u>\$ 178,582,174</u>	<u>\$ 33,138,471</u>	<u>\$ 35,596,145</u>

EXHIBIT C-3

Other Funds	Total Governmental Funds
\$ 25,251,249	\$ 579,826,701
8,325,013	55,950,666
<u>27,953,783</u>	<u>34,027,651</u>
<u>61,530,045</u>	<u>669,805,018</u>
22,930,273	300,342,461
96,881	7,747,766
1,533,660	7,955,920
687,000	3,655,348
551,137	24,847,726
1,291,208	18,553,512
623	976,765
255,878	5,513,638
43,021	13,322,322
23,522,954	23,532,992
5,582,386	12,147,715
243,173	9,760,738
950,937	38,797,066
172,629	3,359,553
394,323	5,727,461
877,628	2,069,267
-	65,715,000
-	41,816,391
-	635,719
-	50,347,319
-	46,603,711
-	600,000
731,070	999,635
-	48,878
-	3,377,634
-	2,822,834
<u>59,864,781</u>	<u>691,277,371</u>
<u>1,665,264</u>	<u>(21,472,353)</u>
-	43,250,000
-	400,122
437,036	24,939,705
-	6,409,655
-	233,145
-	(22,957,090)
-	(49,495,821)
<u>437,036</u>	<u>2,779,716</u>
<u>2,102,300</u>	<u>(18,692,637)</u>
<u>17,588,511</u>	<u>285,700,238</u>
<u>\$ 19,690,811</u>	<u>\$ 267,007,601</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, 2015**

Total Net Change in Fund Balances - Governmental Funds \$ (18,692,637)

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 \$42,997,877 exceeded depreciation of \$39,233,014 in the current period, net of disposition of assets of \$14,155 (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.)

3,750,708

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	\$	65,715,000
Advanced Bond Refunding		47,855,000
Deferred Refunding Amount		744,576
Amortization of Premium		7,220,006
Amortization of loss on Bond Refunding		(8,534,132)
Increase in Accreted Interest		(115,147)
Reduction of Arbitrage		11,041
		112,896,344

112,896,344

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.

1,194,381

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.

2,550,319

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

(82,231)

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

(347,946)

Proceeds of bonds (including premium) issued during the year are recognized as Other Financing Sources in the governmental funds but increase non-current liabilities in the Statement of Net Position.

(49,659,655)

The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource inflows. These contributions made after the measurement date of 08/31/14 caused the change in the ending net position to increase in the amount of \$8,005,135. Contributions made before the measurement date but during the 2015 FY were also de-expended and recorded as a reduction in the net pension liability for the District. This also caused an increase in the change in net position totaling \$893,171. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date had to be amortized causing an decrease in the change in net position in the amount of \$5,160,188. The net effect of this is to increase net position.

3,738,118

Change in Net Position of Governmental Activities

\$ 55,347,401

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, 2015**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Total Enterprise Funds	Total Internal Service Funds
ASSETS:		
Current Assets:		
Cash and Investments	\$ 373,765	\$ 5,745,682
Accrued Interest	177	332
Other Receivables	468,756	404
Prepaid Expenses	-	355,011
Total Current Assets	<u>842,698</u>	<u>6,101,429</u>
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	5,445	31,374
Depreciation on Furniture and Equipment	<u>(5,445)</u>	<u>(13,598)</u>
Total Noncurrent Assets	<u>-</u>	<u>17,776</u>
TOTAL ASSETS:	<u>842,698</u>	<u>6,119,205</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	173,090	36,648
Accrued Wages Payable	101,795	5,723
Accrued Expenses	-	2,257,727
Unearned Revenues	<u>310,551</u>	<u>-</u>
TOTAL LIABILITIES:	<u>585,436</u>	<u>2,300,098</u>
NET POSITION:		
Investments in Capital Assets	-	17,776
Unrestricted Net Position	<u>257,262</u>	<u>3,801,331</u>
TOTAL NET POSITION:	<u>\$ 257,262</u>	<u>\$ 3,819,107</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, 2015**

	<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	\$ 9,906,988	\$ 37,762,850
Total Operating Revenues	<u>9,906,988</u>	<u>37,762,850</u>
OPERATING EXPENSES:		
Payroll Costs	5,392,420	1,096,665
Professional and Contracted Services	81,040	1,871,685
Supplies and Materials	309,207	399,462
Depreciation	-	3,137
Other Operating Costs	1,446,791	35,333,465
Total Operating Expenses	<u>7,229,458</u>	<u>38,704,414</u>
Operating Income (Loss)	2,677,530	(941,564)
NON OPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	3,326	8,444
Insurance Recovery	-	15,174
Total Non Operating Revenue	<u>3,326</u>	<u>23,618</u>
Income Before Transfers	2,680,856	(917,946)
Transfers In	-	650,000
Transfers Out	<u>(2,552,615)</u>	<u>(80,000)</u>
Change in Net Position	128,241	(347,946)
TOTAL NET POSITION - JULY 1 (BEGINNING)	<u>129,021</u>	<u>4,167,053</u>
TOTAL NET POSITION - JUNE 30 (ENDING)	<u>\$ 257,262</u>	<u>\$ 3,819,107</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, 2015**

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from User Charges	\$ 9,814,747	\$ 37,775,232
Cash Payments to Employees for Services	(5,408,577)	(1,104,031)
Cash Payments for Insurance Claims	-	(1,378,702)
Cash Payments for Suppliers	(272,746)	(1,252,639)
Cash Payments for Other Operating Expenses	(1,448,361)	(34,904,056)
Net Cash Provided by (Used for) Operating Activities	2,685,063	(864,196)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers In	-	650,000
Transfers Out	(2,552,615)	(80,000)
Insurance Proceeds	-	15,174
Net Cash Provided by (Used for) Non-Capital Financing Activities	(2,552,615)	585,174
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Securities	988	458,094
Purchase of Investment Securities	(1,103)	-
Interest and Dividends on Investments	3,169	9,083
Net Cash Provided by Investing Activities	3,054	467,177
Net Increase in Cash and Cash Equivalents	135,502	188,155
Cash and Cash Equivalents at Beginning of Year	179,432	3,925,619
Cash and Cash Equivalents at End of Year	314,934	4,113,774
Temporary Investment Not in Cash Equivalents	58,831	1,631,908
CASH ON BALANCE SHEET	\$ 373,765	\$ 5,745,682
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 2,677,530	\$ (941,564)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	-	3,137
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(81,378)	51,288
Decrease (increase) in Prepaid Expenses	1,122	(16,117)
Increase (decrease) in Accounts Payable	114,809	(11,387)
Increase (decrease) in Accrued Wages Payable	(16,157)	(7,366)
Increase (decrease) in Due to Other Funds	-	(38,906)
Increase (decrease) in Unearned Revenues	(10,863)	-
Increase (decrease) in Accrued Expenses	-	96,719
Net Cash Provided by (Used for) Operating Activities	\$ 2,685,063	\$ (864,196)

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, 2015**

	Agency Fund
ASSETS:	
Investments - Current	\$ 527,332
Accrued Interest	12
Other Receivables	75
Total Assets	527,419
LIABILITIES:	
Accounts Payable	54
Due to Student Groups	400,829
Due to Other Groups	126,536
Total Liabilities	\$ 527,419

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, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Plano Independent School District (District) is an independent school district governed by the Board of Trustees (Board), composed of seven Board Members, all of whom are elected officials. The Board is the basic level of government which has responsibility and control over all activities related to the public school education in the city of Plano and portions of the cities of Richardson, Dallas, Murphy, Parker, Carrollton and Allen which lie within the District's boundaries. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity," as defined in pronouncements by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015**

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, 2015**

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 33.7% of outstanding property taxes at June 30, 2015.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Equity – Continued

Inventories and Prepaid Items

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

Prepaid balances are for payments made by the District for which benefits extend beyond June 30, 2015. The cost of governmental fund type prepaid balances are recorded as an expenditure when consumed rather than when purchased.

Grant Fund Accounting

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

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

Encumbrances

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

Capital Assets

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Equity – Continued

Capital Assets – Continued

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

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

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

Compensated Absences

Employees of the District are granted vacation and sick leave annually. Teachers do not receive paid vacations but are paid only for the number of days they are required to work each year. Full-time employees in positions that require 12 months of service are eligible for two weeks of vacation on July 1 following the first full year of employment. Full-time employees who have not been employed one full year as of July 1 are eligible to take accrued days after July 1 of that year but shall not be eligible for the full two weeks until July 1 of the following year. Full-time employees who have completed five years of service in the District are granted three weeks of vacation per year. Employees in positions that require 12 months of service may extend accrued vacation time to September 30 each year. Vacation days not used by September 30 may be carried over, with a maximum accrual of 40 days. As of June 30, 2015, the District recorded \$3,881,838 in the government-wide financial statements for accrued vacation liabilities. Employees are allowed to accrue five days of state personal leave and seven days of local sick leave each year without limit.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets Liabilities, and Net Position or Equity – Continued

Compensated Absences – Continued

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

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported inclusive of applicable bond premium or discount. Bond issuance costs are expensed when incurred. Losses on refunding are capitalized and amortized over the shorter of the life of the new issuance or the life on existing debt using the effective interest method and are reported as deferred outflows of resources in the government-wide Statement of Net Position. Premiums and discounts are amortized over the life of the related debt using the effective interest method.

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

Fund Balances and Net Position

Government-Wide Financial Statements

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances and Net Position – Continued

Governmental Wide Financial Statements – Continued

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

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

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

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

Governmental Fund Financial Statements

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

The District classifies governmental fund balances as follows:

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

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.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Management’s Use of Estimates – Continued

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, 2015 will change.

Pensions

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

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, 2015, the carrying amount of the District’s cash deposits were \$117,821 and the bank balance was \$15,321. The District’s cash deposits at June 30, 2015 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 \$11,485,459.
- c) Highest cash, savings and time deposits combined account balances amount was \$428,854 and occurred on March 27, 2015.
- d) Total amount of Federal Deposit Insurance Corporation (FDIC) coverage at the time of highest combined balance was \$250,000.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

As of June 30, 2015, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	\$ 5,000,000	0.252
Commercial Paper	209,965,790	0.152
Demand Deposits	93,215,169	0.000
Public Funds Investment Pools	<u>18,956,354</u>	0.003
Total Fair Value	<u>\$ 327,137,313</u>	
Portfolio weighted average maturity		0.102

The fair value of investments is \$18,337 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, 2015, the District had commercial paper of \$209,965,790 in the portfolio. The District's investments in public funds investment pools and money market mutual funds include those with TexPool, TexStar and LoneStar. TexPool, TexStar and LoneStar are public funds investment pools operating in full compliance with the Public Funds Investment Act. They are rated as AAA money market funds by Standard & Poor's. The 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, 2015, the District's investment in TexPool, TexStar and LoneStar was \$801,797, \$8,170,371 and \$9,984,186, respectively.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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>
JP Morgan Sec	22.92%	A-1	P-1	F1
Toyota Mtr Cr	14.36%	A-1+	P-1	Not rated
GE Capital Corp	11.00%	A-1+	P-1	Not rated
Salvation Army	5.81%	A-1+	P-1	Not rated

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. Under the Dodd Frank Act, deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to \$250,000.

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

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE

Property Taxes

The appraisal of property within the District is the responsibility of the Collin County Appraisal District (Appraisal District). The District’s property taxes are levied annually in October on the basis of the Appraisal District’s assessed values of property as of January 1 of that calendar year and are due and payable when assessed. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property after January 31 of the subsequent calendar year.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE – CONTINUED

Property Taxes – Continued

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

The District is permitted to levy taxes up to \$1.17 per \$100 of assessed valuation for general governmental maintenance and operations. The tax rate for the payment of principal and interest on general obligation long-term debt is determined by the debt service requirements of the outstanding bonds as approved by the voters prior to issuance. For the current fiscal year, the Board of Trustees set a tax rate of \$1.448 per \$100 of assessed valuation. The maintenance and debt service portions of such rate are \$1.17 and \$0.278, respectively. The 2014 assessed valuation was \$37,955,635,681 resulting in a tax levy of \$537,995,588 for the current fiscal year. The 2014 tax levy reflects an adjustment of \$11,602,017 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, 2015 are as follows:

	<u>Delinquent Taxes Receivable, Gross</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Delinquent Taxes Receivable, Net</u>
General fund	\$ 9,068,560	\$ 3,062,083	\$ 6,006,477
Debt service fund	2,299,278	772,248	1,527,030
Total	<u>\$ 11,367,838</u>	<u>\$ 3,834,331</u>	<u>\$ 7,533,507</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, 2015**

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 \$2,110,608 is reported as due to other governments in the General Fund and is payable January 2016 and relates to Tax Year 2014 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:

Revenues	Amounts
Per capita revenues	\$ 13,968,454
Foundation fund revenues	13,274,190
Instructional materials allotment	3,902,774
Other state revenues	4,155,404
TRS on behalf	20,649,844
Total State Program Revenues	\$ 55,950,666

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4. RECEIVABLES

Receivables due from other governments, as of June 30, 2015 for the District's individual major funds and non-major, internal service and fiduciary funds in the aggregate are as follows:

	General Fund	Debt Service Fund	Non-Major and Other Funds	Total
Due from the State of Texas	\$ 7,945,514	\$ -	\$ 6,426,525	\$ 14,372,039
Due from the Federal Government	-	-	4,113,622	4,113,622
Due from Other Local Governments	166,787	39,801	-	206,588
Total receivables	<u>\$ 8,112,301</u>	<u>\$ 39,801</u>	<u>\$ 10,540,147</u>	<u>\$ 18,692,249</u>

NOTE 5. CAPITAL ASSETS

A summary of capital asset activity during the year ended June 30, 2015 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 77,097,642	\$ 5,579,376	\$ 14,155	\$ 82,662,863
Construction in Progress	34,727,773	36,649,618	37,543,874	33,833,517
Total capital assets not being depreciated	<u>111,825,415</u>	<u>42,228,994</u>	<u>37,558,029</u>	<u>116,496,380</u>
Capital assets being depreciated:				
Land Improvements	43,865,789	666,692	-	44,532,481
Buildings and Improvements	1,240,062,643	31,297,805	-	1,271,360,448
Furniture/Equipment & Vehicles	104,000,732	6,348,260	5,474,455	104,874,537
Total capital assets being depreciated	<u>1,387,929,164</u>	<u>38,312,757</u>	<u>5,474,455</u>	<u>1,420,767,466</u>
Total Capital Assets	<u>1,499,754,579</u>	<u>80,541,751</u>	<u>43,032,484</u>	<u>1,537,263,846</u>
Less accumulated depreciation for:				
Land Improvements	15,035,801	2,228,945	-	17,264,746
Buildings and Improvements	409,375,807	30,698,075	-	440,073,882
Furniture/Equipment & Vehicles	78,184,224	6,305,994	5,474,455	79,015,763
Total accumulated depreciation	<u>502,595,832</u>	<u>39,233,014</u>	<u>5,474,455</u>	<u>536,354,391</u>
Governmental funds capital assets, net	<u>997,158,747</u>	<u>41,308,737</u>	<u>37,558,029</u>	<u>1,000,909,455</u>
Internal Service Funds:				
Furniture/Equipment & Vehicles	31,374	-	-	31,374
Less Accumulated Depreciation	10,461	3,137	-	13,598
Internal service funds capital assets, net	<u>20,913</u>	<u>(3,137)</u>	<u>-</u>	<u>17,776</u>
Governmental activities capital assets, net	<u>997,179,660</u>	<u>41,305,600</u>	<u>37,558,029</u>	<u>1,000,927,231</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>\$ 997,179,660</u>	<u>\$ 41,305,600</u>	<u>\$ 37,558,029</u>	<u>\$ 1,000,927,231</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 5. CAPITAL ASSETS – CONTINUED

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

Governmental activities:	
Instruction	\$ 27,440,438
Instructional resources and media services	1,577,339
Curriculum development and instructional staff development	203,695
Instructional leadership	25,650
School leadership	1,015,656
Guidance, counseling, and evaluation services	258,544
Health services	104,453
Student transportation	1,511,076
Food services	2,232,786
Co-curricular/extracurricular activities	2,275,212
General administration	220,618
Plant maintenance and operations	1,681,868
Security and monitoring services	261,864
Data processing services	265,954
Community services	142,484
Facilities acquisition and construction	18,514
	<hr/>
Total depreciation expense, governmental activities	<u><u>\$ 39,236,151</u></u>

Construction Commitments

The District had several active construction projects as of June 30, 2015. Projects included new school construction, additions to buildings and renovation or upgrades of existing facilities. Fiscal year 2015 expenses and estimated future expenditures for capital projects are funded from operating capital project funds, unexpended bond proceeds and additional general obligation bonds. The following summarizes the various types of projects:

New Construction – The District continued the addition and upgrades for the Plano East Health Science Academy.

Building Renovation/Upgrades – The District began working on refurbishments at Christie and Hughston Elementary schools. Contracts were awarded for roofing projects at Rose Haggar Elementary and Shiloh Center. Construction continued for renovations at Bethany and Hedgcoxe Elementary schools. The District continued to work on security upgrades at several campuses and minor capital project improvements.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 5. CAPITAL ASSETS – CONTINUED

Construction Commitments – Continued

Completed Projects -- During fiscal year 2015, the District completed the second phase of the Academy High School, renovations at Brinker and Daffron Elementary, an addition at Hunt Elementary, HVAC upgrades at Plano East Senior High, flooring at Schimelpfenig Middle School, Beverly Elementary and Hightower Elementary. Various security enhancements and upgrades were added at several campuses throughout the District.

Current projects include the following:

Project	Estimated Total Cost	Expenditures Incurred to 06/30/15	Estimated Future Expenditures
Building Projects			
PSHS Roof Replacement/Welding Room	\$ 2,401,280	\$ 77,659	\$ 2,323,621
Williams HS Carpet Upgrades	18,025	1,711	16,314
PESH Health Academy/Flooring/HVAC	7,888,909	6,206,032	1,682,877
Shepton HS Renovation	90,000	700	89,300
Shepard Flooring/Capital Improvement	279,535	169,398	110,137
Christie Refurbishment/Kitchen Addition	2,958,800	295,101	2,663,699
Hughston Refurbishment	1,145,234	157,789	987,445
Hedgcoxe Renovation	12,930,336	11,131,206	1,799,130
Bethany Renovation	14,537,721	13,332,711	1,205,010
Gulledge Fire Equipment Upgrades	93,527	48,358	45,169
Haggar Roof and Capital Project	607,228	292,489	314,739
Beverly Bathroom Upgrades	10,152	193	9,959
Centennial Flooring	216,598	89,416	127,182
Spring Creek HVAC Upgrades	190,046	9,660	180,386
Shiloh Roof	724,048	671,536	52,512
Bird Center Security	43,259	35,686	7,573
Service Center Canopy	42,325	1,200	41,125
Land improvement Projects			
PSHS Turf Project	441,949	414,822	27,127
PESH Turf Project	496,605	454,970	41,635
PESH Health Academy	158,350	6,000	152,350
PWSH Turf Project	433,426	410,886	22,540
Hughston Refurbishment	35,368	2,234	33,134
Hedgcoxe Renovation	418,897	11,762	407,135
Bethany Renovation	611,345	11,998	599,347
Total Ongoing Construction	\$ 46,772,963	\$ 33,833,517	\$ 12,939,446

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances in the fund financial statements as of June 30, 2015, is as follows:

	Receivable	Payable
General Fund	\$ 1,669,123	\$ -
Other Governmental Funds	-	1,669,123
Totals	\$ 1,669,123	\$ 1,669,123

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, 2015:

Transfers Out	Transfers In					Total
	General Fund	Debt Service Fund	Capital Projects Fund	Other Gov. Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 21,900,000	\$ 337,036	\$ 650,000	\$ 22,887,036
Capital Projects Fund	-	70,054	-	-	-	70,054
Enterprise Funds	2,452,615	-	-	100,000	-	2,552,615
Internal Service Funds	80,000	-	-	-	-	80,000
	\$ 2,532,615	\$ 70,054	\$ 21,900,000	\$ 437,036	\$ 650,000	\$ 25,589,705

The transfers made during the period consisted of the following:

From	To	Amount	Description
General Fund	Other Governmental Funds	\$ 337,036	To finance costs in excess of federal allotments for Headstart; and to finance costs in excess of donations, grants and user charges in the Special Events Fund.
General Fund	Capital Projects Fund	21,900,000	To finance capital projects.
General Fund	Internal Service Fund	650,000	To finance the overhead of the health insurance fund administration.
Capital Projects Fund	Debt Service Fund	70,054	Transfer interest earned to finance debt service costs associated with construction projects.
Internal Service Fund	General Fund	80,000	Transfer excess funds in the internal service Sign Shop to General Fund to cover the cost of the new work order system for Facility Services
Enterprise Fund	General Fund	2,432,615	Transfer revenues in excess of costs from the After School Care Program and the Employee Child Care Program.
Enterprise Fund	Other Governmental Funds	100,000	Transfer portion of the After School Care Program revenues to Campus Activity for use at designated campuses.
Total Transfers		\$ 25,569,705	

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 7. LONG-TERM DEBT

The following is a summary of the District's long-term debt for the year ended June 30, 2015:

	Obligations Outstanding 7/1/2014	New Obligations Incurred	Obligations Retired or Refunded and Accretion	Obligations Outstanding 6/30/2015	Obligations Due Within One Year
General Obligation Bonds Payable	\$ 924,632,781	\$ 43,250,000	\$ (113,445,616)	\$ 854,437,165	\$ 72,407,165
CAB Premium and Accumulated Accretion	747,096	115,147	(124,385)	737,858	737,858
Premium on Bond Issuance	35,489,205	6,409,655	(7,220,005)	34,678,855	-
Compensated Absences	3,799,607	431,829	(349,598)	3,881,838	357,164
Arbitrage Liability	31,434	-	(11,041)	20,393	-
Totals	<u>\$ 964,700,123</u>	<u>\$ 50,206,631</u>	<u>\$ (121,150,645)</u>	<u>\$ 893,756,109</u>	<u>\$ 73,502,187</u>

Debt Payable-Governmental Activities

Bonds payable at June 30, 2015, are composed of the following individual issues:

Description	Interest Rate Payable	Amounts Original Issue	Bonds Outstanding at July 1, 2014	Issued (Retired)	Bonds Outstanding at June 30, 2015	CAB Premium and Accumulated Accretion
Unlimited Tax Refunding Bonds Series 2005	5.00%	56,805,000	7,895,000	(7,895,000)	-	-
School Building Unlimited Tax Bonds Series 2006	4.50% to 5.75%	70,535,000	52,165,000	(49,955,000)	2,210,000	-
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	2,127,781	(325,616)	1,802,165	737,859
School Building Unlimited Tax Bonds Series 2007	4.50% to 5.00%	76,670,000	58,450,000	(2,250,000)	56,200,000	-
School Building Unlimited Tax Bonds Series 2008	3.00% to 5.00%	58,280,000	43,370,000	(1,630,000)	41,740,000	-
Unlimited Tax Refunding Bonds Series 2008	3.25% to 4.60%	33,305,000	16,475,000	(7,855,000)	8,620,000 (continued)	-

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2014</u>	<u>Issued (Retired)</u>	<u>Bonds Outstanding at June 30, 2015</u>	<u>CAB Premium and Accumulated Accretion</u>
School Building Current Interest Bonds Series 2008A	5.00% to 5.25%	177,465,000	160,585,000	(4,775,000)	155,810,000	-
School Building Unlimited Tax Bonds Series 2009A	4.00%	17,685,000	4,225,000	(4,225,000)	-	-
School Building Unlimited Tax Bonds Series 2009B	4.04% to 6.27%	87,390,000	87,390,000	-	87,390,000	-
School Building Unlimited Tax Bonds Series 2009C	1.00%	31,900,000	27,910,000	(1,330,000)	26,580,000	-
Unlimited Tax Refunding Bonds Series 2010	3.00% to 5.00%	108,815,000	59,340,000	(17,760,000)	41,580,000	-
School Building Unlimited Tax Bonds Series 2012	2.50% to 5.00%	92,840,000	86,180,000	(3,485,000)	82,695,000	-
Unlimited Tax Refunding Bonds Series 2012	4.00% to 5.00%	46,115,000	46,115,000	(2,375,000)	43,740,000	-
Unlimited Tax Refunding Bonds Series 2012A	2.00% to 4.00%	27,805,000	22,110,000	(6,705,000)	15,405,000	-
School Building Unlimited Tax Bonds Series 2013	4.00% to 5.00%	53,740,000	53,740,000	(2,880,000)	50,860,000	-
School Building Refunding Bonds Series 2013	4.50% to 5.00%	25,955,000	25,955,000	-	25,955,000	-
School Building Refunding Bonds Series 2014	2.63% to 3.88%	48,795,000	48,795,000	-	48,795,000	-
School Building Refunding Bonds Series 2015	2.00% to 5.00%	43,250,000	-	43,250,000	43,250,000	-
Totals			<u>\$ 924,632,781</u>	<u>\$ (70,195,616)</u>	<u>\$ 854,437,165</u>	<u>\$ 737,859</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015, to maturity:

	Bond Principal	Bond Interest	Totals
2016	\$ 72,407,165	\$ 38,214,799	\$ 110,621,964
2017	73,560,000	35,710,532	109,270,532
2018	64,440,000	32,652,369	97,092,369
2019	58,085,000	29,937,703	88,022,703
2020	58,595,000	27,361,462	85,956,462
2021-2025	193,175,000	103,383,859	296,558,859
2026-2030	175,400,000	64,007,349	239,407,349
2031-2035	139,840,000	22,512,542	162,352,542
2036-2040	18,935,000	1,228,025	20,163,025
	<u>\$ 854,437,165</u>	<u>\$ 355,008,640</u>	<u>\$ 1,209,445,805</u>

During the year, the District issued \$43,250,000 Series 2015 Refunding Bonds used to refund \$47,855,000 of outstanding Series 2006 Unlimited Tax Bonds. An amount of \$49,939,312 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 aggregate difference in debt service between the refunding debt and the refunded debt is a savings of \$6,846,578 which is a net present value economic gain of \$5,297,109. The net carrying amount of the reacquisition price exceeds the old debt by \$744,576.

As of June 30, 2015, the principal balance of all defeased bonds outstanding was \$47,855,000, which are scheduled to be called February 15, 2016. Original losses on refunding were \$34.9 million of which \$8.5 million is unamortized and reported in the Statement of Net Position as a reduction in the long-term debt. Unamortized bond premiums of \$34.7 million are reported in the Statement of Net Position as an increase in the long-term debt.

As of June 30, 2015, \$16,020,000 of bonds were authorized by bond election and not issued.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 7. LONG-TERM DEBT – CONTINUED

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, 2015, amounted to \$20,393.

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 \$82,231 over the prior fiscal year represents the recorded decrease in the liability due to employees' not using accumulated vacation pay and allowing days to accumulate. The general fund and special revenue funds are used to liquidate compensated absences.

NOTE 8. ENCUMBRANCES

At June 30, 2015, 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	\$ 556,364	\$ -	\$ -	\$ 58,836	\$ 6,388,543	\$ 71,650	\$ 7,075,393
Instructional resources	21,530	-	-	-	-	18,412	39,942
Curriculum & instructional staff development	12,185	-	-	4,553	3,500	1,840	22,078
Instructional leadership	154	-	-	36,300	-	-	36,454
School leadership	8,288	-	-	-	-	3,084	11,372
Guidance, counseling & evaluation services	229,192	-	-	187	16,850	368	246,597
Health services	2,760	-	-	-	-	-	2,760
Student transportation	20,393	-	-	-	-	-	20,393
Food services	-	-	103,386	12,565	-	-	115,951
Co-curricular/extracurricular activities	171,889	-	-	-	-	188,720	360,609
General administration	33,919	-	-	-	-	3,416	37,335
Plant maintenance and operations	920,072	-	-	-	-	34,803	954,875
Security and monitoring services	95,260	-	-	-	-	-	95,260
Data processing services	9,500	-	-	-	-	-	9,500
Community services	33,727	-	-	887	-	1,066.00	35,680
Facilities acquisition and construction	-	16,312,775	565,000	-	-	-	16,877,775
Total encumbrances by fund type	<u>\$ 2,115,233</u>	<u>\$ 16,312,775</u>	<u>\$ 668,386</u>	<u>\$ 113,328</u>	<u>\$ 6,408,893</u>	<u>\$ 323,359</u>	<u>\$ 25,941,974</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 \$1,811,000 has been recorded in the fund as of June 30, 2015. 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, 2015 and 2014:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Claims payable, beginning of fiscal year	\$ 1,736,000	\$ 1,682,000
Incurred claims and claim adjustment expenses	1,310,639	1,309,077
Claim payments during the year	<u>(1,235,639)</u>	<u>(1,255,077)</u>
Claims payable, end of fiscal year	<u>\$ 1,811,000</u>	<u>\$ 1,736,000</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, 2015, the District funded benefit credits of \$259 per month per participating employee to the health insurance internal service fund.

The District contribution, along with the employee contribution made through payroll deduction was used to pay the premiums for the insurance plans chosen by the employee. The District also offers a flexible spending option that is administered by Flexible Benefit Administrators.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9. RISK MANAGEMENT – CONTINUED

Property, Casualty, General Liability and Professional Liability

The District purchases commercial policies which include general liability, property and auto insurance. However, the District has established a self-funded internal service fund to pay the cost of deductibles associated with these insurance policies. There have been no significant reductions in insurance coverage from coverage in the prior year for any category of risk.

The deductible for property insurance is \$100,000 with no deductible on auto insurance. In addition, the District purchases professional legal liability insurance and must pay the first \$250,000 on each liability claim. The amount of claims settlements did not exceed the insurance coverage in each of the past three years.

An accrual for incurred but not reported claims in the amount of \$53,176 has been recorded as of June 30, 2015. Property and Liability changes in claims payable for the years ended June 30, 2015 and 2014:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Claims payable, beginning of fiscal year	\$ 51,344	\$ 52,680
Incurred claims and claim adjustment expenses	34,466	38,730
Claim payments during the year	<u>(32,634)</u>	<u>(40,066)</u>
Claims payable, end of fiscal year	<u>\$ 53,176</u>	<u>\$ 51,344</u>

Unemployment

During the fiscal year ended June 30, 2011, the District opened a separate internal service fund to account for unemployment benefits. TASB Risk Management Fund bills the District quarterly for the unemployment benefits paid out by the Texas Workforce Commission.

The District maintains the self-insurance program for unemployment benefits which is funded by premiums charged to the general and special revenue funds. An accrual for incurred but not reported claims in the amount of \$288,834 has been recorded as of June 30, 2015.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9. RISK MANAGEMENT – CONTINUED

Unemployment – Continued

Changes in unemployment claims payable for the years ended June 30, 2015 and 2014:

	June 30, 2015	June 30, 2014
Claims payable, beginning of fiscal year	\$ 288,834	\$ 288,834
Incurred claims and claim adjustment expenses	131,687	110,598
Claim payments during the year	(131,687)	(110,598)
Claims payable, end of fiscal year	\$ 288,834	\$ 288,834

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

NOTE 10. EMPLOYEES' RETIREMENT PLAN AND RETIREE HEALTH PLAN

Retirement Plan Description

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

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

Pension Plan Fiduciary Net Position

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Benefits Provided

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Contributions – Continued

	<u>Contribution Rates</u>	
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2014 Employer Contributions	\$	5,298,715
2014 Member Contributions	\$	20,247,946
2014 NECE On-Behalf Contributions	\$	16,396,817

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

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

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

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Method	Normal Individual Entry Age
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term Expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*Includes Inflation of 3%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees were decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Discount Rate – Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
Global Equity	18%	7.0%	1.4%
U.S.	13%	7.3%	1.1%
Non-U.S. Developed	9%	8.1%	0.9%
Emerging Markets	4%	5.4%	0.2%
Directional Hedge Funds	13%	9.2%	1.4%
Private Equity			
Stable Value			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Party			
Risk Party	5%	8.9%	0.4%
Alpha			1.0%
Total	100%		8.7%

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Proportionate share of the net pension liability:	\$ 99,758,805	\$ 55,826,630	\$ 22,973,547

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

At August 31, 2014, the District reported a liability of \$55,826,630 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 55,826,630
State's proportionate share that is associated with the District	173,123,406
Total	<u>\$ 228,950,036</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the District's proportion of the collective net pension liability was 0.2089994%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2013. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended June 30, 2015, the District recognized pension expense of \$16,004,937 and revenue of \$16,004,937 for support provided by the State.

At August 31, 2014, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 863,377	\$ -
Changes in actuarial assumptions	3,628,793	-
Differences between projected and actual investment earnings	-	17,062,898
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	-	14,634
Total	\$ 4,492,170	\$ 17,077,532

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

	Pension Expense (Income)
Year ended August 31:	
2016	\$ (3,510,366)
2017	(3,510,366)
2018	(3,510,366)
2019	(3,510,366)
2020	755,359
Thereafter	700,743
Total	\$ (12,585,362)

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

At June 30, 2015, the District reported Deferred Resource Outflows and Deferred Resource Inflows for the TRS pension plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts per August 31, 2014 measurement date	\$ 4,492,170	\$ 17,077,532
Contributions paid to TRS subsequent to the measurement date	8,005,133	-
Total	\$ 12,497,303	\$ 17,077,532

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 1.00% and 0.65% of the public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55%. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee. In addition, the State of Texas contributed \$961,825 in 2015 for on-behalf payments for Medicare Part D.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Retiree Health Plan

Contributions Made

Contributions made by the State, the District and its employees; and the District's covered payroll for the fiscal years 2015, 2014, and 2013 are as follows:

	2015	2014	2013
Covered Payroll	\$ 327,053,718	\$ 315,425,922	\$ 312,407,141
Contributions made by the State	20,649,844	19,585,196	17,737,213
Retirement plan rate *	6.80%	6.80%	6.40%
Retiree health care rate	1.00%	1.00%	0.50%
Medicare Part D	961,825	843,659	1,187,557
District Required and Actual contributions to TRS & TRS - Care	5,822,171	5,375,842	5,059,543
Employee contributions to TRS & TRS - Care	21,748,666	20,187,185	19,994,021

Contributions Made – Continued

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

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

NOTE 11. RECAPTURE PAYMENT

Intergovernmental Charges include an amount of \$46,603,711 representing recapture payments made in accordance with the state school finance law.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 11. RECAPTURE PAYMENT-CONTINUED

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

	Tax Effort	2014-15 Wealth per WADA
1st Equalized Wealth Level	\$ 1.00	\$ 504,000
2nd Equalized Wealth Level	0.06	Unlimited
3rd Equalized Wealth Level	0.11	\$ 319,500
	\$ 1.17	

The District's property value of \$552,244 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 2014-2015 of \$46,639,234 increased \$12 million due to increased tax collections. Due to prior year adjustments and final settle ups, the District received \$35,523 from the State.

NOTE 12. COMMITMENTS AND CONTINGENCIES

The District received financial resources from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, subject to audit by the grantor agencies and the Texas Education Agency. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, any such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2015.

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.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 12. COMMITMENTS AND CONTINGENCIES-CONTINUED

The District is party to several operating leases for the rental of copier machines and portable buildings. These leases are for various terms with expiration dates through 2019. Payments under the leases for the year ended June 30, 2015 totaled \$1,376,710. Future obligations under the leases are as follows:

2016	\$ 1,171,295
2017	1,096,067
2018	1,088,129
2019	784,815

NOTE 13. SHARED SERVICE ARRANGEMENTS

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

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 13. SHARED SERVICE ARRANGEMENTS – CONTINUED

Expenditures billed to the SSA members as of June 30, 2015 are summarized below:

Allen ISD	\$ 119,332
Anna ISD	4,955
Blue Ridge ISD	2,263
Celina ISD	18,012
Community ISD	8,531
Coppell ISD	10,703
Farmersville ISD	4,525
Frisco ISD	165,766
Imagine International	158
McKinney ISD	158,904
Melissa ISD	4,480
Plano ISD	731,070
Princeton ISD	17,527
Prosper ISD	25,229
Richardson ISD	266,296
Wylie ISD	80,872
Total	<u>\$ 1,618,623</u>

NOTE 14. CHANGE IN ACCOUNTING PRINCIPLES

As a result of the implementation of GASB Statement No. 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”, an adjustment has been made to record the District’s net pension liability as of July 1, 2014. As a result, beginning net position of the governmental activities has been decreased by \$64,144,977.

NOTE 15. EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 3, 2015, the date which the financial statements were available to be issued.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 16. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 72, Fair Value Measurement, which will be effective for periods beginning after June 15, 2015. The objective of this Statement is to improve accounting and financial reporting related to fair value measurements. This Statement applies to all state and governmental entities. 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. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which will be effective for periods beginning after December 15, 2015. The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). This Statement applies to all state and governmental entities. 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**

Teamwork for Excellence



P L A N O
Independent School District

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, 2015**

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	\$ 443,566,893	\$ 448,336,436	\$ 448,322,539	\$ (13,897)
5800	State Program Revenues	44,247,610	44,985,313	47,625,653	2,640,340
5900	Federal Program Revenues	5,747,500	5,817,185	6,073,868	256,683
5020	Total Revenues	<u>493,562,003</u>	<u>499,138,934</u>	<u>502,022,060</u>	<u>2,883,126</u>
EXPENDITURES:					
Current:					
0011	Instruction	281,394,926	278,887,878	277,412,188	1,475,690
0012	Instructional Resources and Media Services	7,959,789	7,946,121	7,650,885	295,236
0013	Curriculum and Instructional Staff Development	6,500,394	6,790,531	6,422,260	368,271
0021	Instructional Leadership	3,055,100	3,049,867	2,968,348	81,519
0023	School Leadership	24,516,127	24,528,979	24,296,589	232,390
0031	Guidance, Counseling and Evaluation Services	17,800,949	17,740,951	17,262,304	478,647
0032	Social Work Services	988,571	995,096	976,142	18,954
0033	Health Services	5,148,992	5,281,270	5,257,760	23,510
0034	Student (Pupil) Transportation	13,665,350	13,164,496	13,279,301	(114,805)
0035	Food Services	-	10,312	10,038	274
0036	Extracurricular Activities	7,277,057	6,883,091	6,565,329	317,762
0041	General Administration	9,458,171	9,882,533	9,517,565	364,968
0051	Facilities Maintenance and Operations	40,022,633	40,285,298	37,846,129	2,439,169
0052	Security and Monitoring Services	3,827,635	3,439,230	3,186,924	252,306
0053	Data Processing Services	5,445,110	5,590,323	5,333,138	257,185
0061	Community Services	1,180,751	1,180,654	1,191,639	(10,985)
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	49,696,353	50,356,994	46,603,711	3,753,283
0092	Incremental Costs Associated with Chapter 41	600,000	600,000	600,000	-
0093	Payments to Fiscal Agent/Member District of SSA	253,000	268,565	268,565	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	183,000	183,000	48,878	134,122
0097	Payments to Tax Increment Fund	1,854,408	3,377,635	3,377,634	1
0099	Other Intergovernmental charges	2,602,500	2,822,835	2,822,834	1
6030	Total Expenditures	<u>483,430,816</u>	<u>483,265,659</u>	<u>472,898,161</u>	<u>10,367,498</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,131,187</u>	<u>15,873,275</u>	<u>29,123,899</u>	<u>13,250,624</u>
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	400,122	400,122	-
7915	Transfers In	9,916,464	9,612,058	2,532,615	(7,079,443)
7949	Insurance Recoveries	-	-	233,145	233,145
8911	Transfers Out (Use)	(20,047,651)	(30,349,781)	(22,887,036)	7,462,745
7080	Total Other Financing Sources (Uses)	<u>(10,131,187)</u>	<u>(20,337,601)</u>	<u>(19,721,154)</u>	<u>616,447</u>
1200	Net Change in Fund Balances	-	(4,464,326)	9,402,745	13,867,071
0100	Fund Balance - July 1 (Beginning)	<u>169,179,429</u>	<u>169,179,429</u>	<u>169,179,429</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 169,179,429</u>	<u>\$ 164,715,103</u>	<u>\$ 178,582,174</u>	<u>\$ 13,867,071</u>

EXHIBIT G-2

**PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2015**

	2015
District's Proportion of the Net Pension Liability (Asset)	0.2089994%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 55,826,630
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	173,123,406
Total	\$ 228,950,036
District's Covered Employee Payroll	\$ 316,362,498
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	17.65%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83.25%

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

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
FOR FISCAL YEAR 2015**

	2015
Contractually Required Contribution	\$ 5,822,171
Contribution in Relation to the Contractually Required Contribution	(5,822,171)
Contribution Deficiency (Excess)	\$ -
District's Covered Employee Payroll	\$ 327,053,718
Contributions as a percentage of Covered Employee Payroll	1.78%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015**

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>
Total Local and Intermediate Sources	\$ 443,566,893	\$ 448,336,436	\$ 4,769,543
Instruction	281,394,926	278,887,878	(2,507,048)
Food Services	-	10,312	10,312
Payments to Tax Increment Fund	1,854,408	3,377,635	1,523,227

The budget for Local and Intermediate Revenues was increased \$4.7 million to reflect the increased property values on the final appraised values.

The adopted budget for Instruction was decreased by \$2.5 million to accurately reflect the salary expenditures. The adopted budget is based on full employment for the entire year and vacancies are valued at an estimate. The final budget is based on actual expenditures.

The Food Service budget was added during the year to cover the costs of the cell phone addendas paid to Food Service staff. This expenditure is not allowed under the federal program.

Payments to the Tax Increment Fund was increased to reflect the amounts paid relating to 2012-13 and 2013-14 for the difference between the \$1.50 original tax rate and the \$1.04 compressed rate actually collected. The amounts at the increased rate were paid into the TIF and the state paid the District through the state revenue formula.

Excess Expenditures

The Budgetary Comparison Schedule for the General Fund indicates two areas with an excess of expenditures over appropriations for the year ended June 30, 2015 as follows:

<u>Type of Expenditure</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
Transportation	\$ 13,164,496	\$ 13,279,301	\$ (114,805)
Community Services	1,180,654	1,191,639	(10,985)

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2. SIGNIFICANT ITEMS – CONTINUED

Excess Expenditures – Continued

Transportation and Community Service expenditures each were in excess of final budget with a 1% variance. In both categories, the majority of the expenditures are related to salary. The final budget projection was under budget due to the final calculation of TRS on Behalf. Total expenditures for the General Fund did not exceed the budget.

Pension Liability

Changes of Benefit Terms

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

Changes of Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

**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, 2015**

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		\$ 106,146,670	\$ 203,197
5020	Total Revenues		106,146,670	203,197
EXPENDITURES:				
Debt Service:				
0071	Debt Service - Principal on Long Term Debt		65,715,000	-
0072	Debt Service - Interest on Long Term Debt		41,816,391	-
0073	Debt Service - Bond Issuance Cost and Fees		635,719	(438,276)
6030	Total Expenditures		108,167,110	(438,276)
1100	Deficiency of Revenues Under Expenditures		(2,020,440)	(235,079)
OTHER FINANCING SOURCES (USES):				
7911	Refunding Bonds Issued		43,250,000	-
7915	Transfers In		70,054	5,054
7916	Premium or Discount on Issuance of Bonds		6,409,655	-
8949	Payment to Bond Escrow Agent		(49,495,821)	443,491
7080	Total Other Financing Sources (Uses)		233,888	448,545
1200	Net Change in Fund Balances		(1,786,552)	213,466
0100	Fund Balance - July 1 (Beginning)		34,925,023	-
3000	Fund Balance - June 30 (Ending)		\$ 33,138,471	\$ 213,466

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

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	\$ 7,682,734	\$ 9,603	\$ -
1240	Due from Other Governments	264,642	3,810,940	38,041
1250	Accrued Interest	501	-	-
1290	Other Receivables	40,447	-	-
1300	Inventories	270,440	-	-
		<hr/>	<hr/>	<hr/>
1000	Total Assets	<u>\$ 8,258,764</u>	<u>\$ 3,820,543</u>	<u>\$ 38,041</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
2110	Accounts Payable	\$ 65,483	\$ 75,728	\$ -
2160	Accrued Wages Payable	215,763	2,085,398	28,996
2170	Due to Other Funds	-	1,659,417	9,045
2180	Due to Other Governments	-	-	-
2300	Unearned Revenues	737,529	-	-
		<hr/>	<hr/>	<hr/>
2000	Total Liabilities	<u>1,018,775</u>	<u>3,820,543</u>	<u>38,041</u>
Fund Balances:				
Non Spendable				
3410	Investments in Inventory	270,440	-	-
Restricted				
3450	Food Services	6,969,549	-	-
3450	State Special Revenue	-	-	-
Committed				
3545	Local Special Revenue	-	-	-
		<hr/>	<hr/>	<hr/>
3000	Total Fund Balances	<u>7,239,989</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 8,258,764</u>	<u>\$ 3,820,543</u>	<u>\$ 38,041</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
\$ 2,675,705	\$ 182,930	\$ 527,526	\$ 9,870,526	\$ 20,949,024
6,400,160	2,055	24,309	-	10,540,147
-	-	-	197	698
-	-	-	13,566	54,013
-	-	-	-	270,440
<u>\$ 9,075,865</u>	<u>\$ 184,985</u>	<u>\$ 551,835</u>	<u>\$ 9,884,289</u>	<u>\$ 31,814,322</u>
\$ -	\$ 2,497	\$ 17,035	\$ 135,969	\$ 296,712
-	1,394	534,800	133,477	2,999,828
-	661	-	-	1,669,123
-	-	-	3,711	3,711
6,400,160	-	-	16,448	7,154,137
<u>6,400,160</u>	<u>4,552</u>	<u>551,835</u>	<u>289,605</u>	<u>12,123,511</u>
-	-	-	-	270,440
-	-	-	-	6,969,549
2,675,705	180,433	-	-	2,856,138
-	-	-	9,594,684	9,594,684
<u>2,675,705</u>	<u>180,433</u>	<u>-</u>	<u>9,594,684</u>	<u>19,690,811</u>
<u>\$ 9,075,865</u>	<u>\$ 184,985</u>	<u>\$ 551,835</u>	<u>\$ 9,884,289</u>	<u>\$ 31,814,322</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

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	\$ 13,365,279	\$ 36,463	\$ -
5800 State Program Revenues	576,496	-	-
5900 Federal Program Revenues	<u>9,962,573</u>	<u>17,695,026</u>	<u>296,184</u>
5020 Total Revenues	<u>23,904,348</u>	<u>17,731,489</u>	<u>296,184</u>
EXPENDITURES:			
Current:			
0011 Instruction	-	13,495,438	184,094
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	1,216,197	-
0021 Instructional Leadership	-	529,738	35,039
0023 School Leadership	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	990,409	57,051
0032 Social Work Services	-	-	-
0033 Health Services	-	197,621	-
0034 Student (Pupil) Transportation	-	40,188	-
0035 Food Services	23,411,903	42,521	-
0036 Extracurricular Activities	-	46,732	20,000
0041 General Administration	63,719	12,601	-
0051 Facilities Maintenance and Operations	377,396	32,067	-
0052 Security and Monitoring Services	-	119	-
0053 Data Processing Services	-	-	-
0061 Community Services	-	663,235	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	731,070	-
6030 Total Expenditures	<u>23,853,018</u>	<u>17,997,936</u>	<u>296,184</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>51,330</u>	<u>(266,447)</u>	<u>-</u>
OTHER FINANCING SOURCES:			
7915 Transfers In	<u>39,757</u>	<u>266,447</u>	<u>-</u>
7080 Total Other Financing Sources	<u>39,757</u>	<u>266,447</u>	<u>-</u>
1200 Net Change in Fund Balance	91,087	-	-
0100 Fund Balance - July 1 (Beginning)	<u>7,148,902</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 7,239,989</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
\$ 43,656	\$ -	\$ 248,545	\$ 11,557,306	\$ 25,251,249
3,902,774	68,937	3,776,806	-	8,325,013
-	-	-	-	27,953,783
<u>3,946,430</u>	<u>68,937</u>	<u>4,025,351</u>	<u>11,557,306</u>	<u>61,530,045</u>
2,330,737	15,544	3,671,924	3,232,536	22,930,273
-	-	-	96,881	96,881
-	35,246	12,044	270,173	1,533,660
-	-	119,560	2,663	687,000
-	1,227	-	549,910	551,137
-	1,240	44,175	198,333	1,291,208
-	-	-	623	623
-	-	-	58,257	255,878
-	-	-	2,833	43,021
-	-	-	68,530	23,522,954
-	500	20,707	5,494,447	5,582,386
-	-	-	166,853	243,173
-	-	-	541,474	950,937
-	-	-	172,510	172,629
-	-	-	394,323	394,323
-	21,881	156,941	35,571	877,628
-	-	-	-	731,070
<u>2,330,737</u>	<u>75,638</u>	<u>4,025,351</u>	<u>11,285,917</u>	<u>59,864,781</u>
<u>1,615,693</u>	<u>(6,701)</u>	<u>-</u>	<u>271,389</u>	<u>1,665,264</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>130,832</u>	<u>437,036</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>130,832</u>	<u>437,036</u>
1,615,693	(6,701)	-	402,221	2,102,300
1,060,012	187,134	-	9,192,463	17,588,511
<u>\$ 2,675,705</u>	<u>\$ 180,433</u>	<u>\$ -</u>	<u>\$ 9,594,684</u>	<u>\$ 19,690,811</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, 2015**

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	\$ 14,286,209	\$ 14,288,559	\$ 13,365,279	\$ (923,280)
5800	State Program Revenues	522,000	522,000	576,496	54,496
5900	Federal Program Revenues	9,525,077	9,600,577	9,962,573	361,996
5020	Total Revenues	<u>24,333,286</u>	<u>24,411,136</u>	<u>23,904,348</u>	<u>(506,788)</u>
EXPENDITURES:					
0035	Food Services	24,541,298	24,761,909	23,411,903	1,350,006
0041	General Administration	114,759	114,759	63,719	51,040
0051	Facilities Maintenance and Operations	360,000	361,500	377,396	(15,896)
0081	Facilities Acquisition and Construction	-	565,000	-	565,000
6030	Total Expenditures	<u>25,016,057</u>	<u>25,803,168</u>	<u>23,853,018</u>	<u>1,950,150</u>
1100	Deficiency of Revenues Under Expenditures	<u>(682,771)</u>	<u>(1,392,032)</u>	<u>51,330</u>	<u>1,443,362</u>
OTHER FINANCING SOURCES					
7915	Transfers In	-	61,608	39,757	(21,851)
7080	Total Other Financing Sources	<u>-</u>	<u>61,608</u>	<u>39,757</u>	<u>(21,851)</u>
1200	Net Change in Fund Balances	(682,771)	(1,330,424)	91,087	1,421,511
0100	Fund Balance - July 1 (Beginning)	<u>7,148,902</u>	<u>7,148,902</u>	<u>7,148,902</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 6,466,131</u>	<u>\$ 5,818,478</u>	<u>\$ 7,239,989</u>	<u>\$ 1,421,511</u>

EXHIBIT H-5

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2015**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
ASSETS:					
Current Assets:					
Cash and Investments	\$ 165,850	\$ 49,624	\$ 111,087	\$ 47,204	\$ 373,765
Accrued Interest	-	170	7	-	177
Other Receivables	-	468,756	-	-	468,756
Total Current Assets	<u>165,850</u>	<u>518,550</u>	<u>111,094</u>	<u>47,204</u>	<u>842,698</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>165,850</u>	<u>518,550</u>	<u>111,094</u>	<u>47,204</u>	<u>842,698</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	4,405	167,649	1,036	-	173,090
Accrued Wages Payable	61,445	40,350	-	-	101,795
Unearned Revenues	-	310,551	-	-	310,551
Total Liabilities	<u>65,850</u>	<u>518,550</u>	<u>1,036</u>	<u>-</u>	<u>585,436</u>
NET POSITION:					
Unrestricted Net Position	<u>100,000</u>	<u>-</u>	<u>110,058</u>	<u>47,204</u>	<u>257,262</u>
Total Net Position	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 110,058</u>	<u>\$ 47,204</u>	<u>\$ 257,262</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, 2015**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
OPERATING REVENUES:					
Local and Intermediate Sources	\$ 1,355,019	\$ 8,165,093	\$ 347,126	\$ 39,750	\$ 9,906,988
Total Operating Revenues	<u>1,355,019</u>	<u>8,165,093</u>	<u>347,126</u>	<u>39,750</u>	<u>9,906,988</u>
OPERATING EXPENSES:					
Payroll Costs	1,019,792	4,265,088	107,540	-	5,392,420
Professional and Contracted Services	60,531	16,700	3,809	-	81,040
Supplies and Materials	36,280	125,918	147,009	-	309,207
Other Operating Costs	109,726	1,236,764	66,168	34,133	1,446,791
Total Operating Expenses	<u>1,226,329</u>	<u>5,644,470</u>	<u>324,526</u>	<u>34,133</u>	<u>7,229,458</u>
Operating Income	<u>128,690</u>	<u>2,520,623</u>	<u>22,600</u>	<u>5,617</u>	<u>2,677,530</u>
NON OPERATING REVENUES (EXPENSES):					
Earnings from Temporary Deposits & Investments	-	3,302	-	24	3,326
Total Non Operating Revenues (Expenses)	<u>-</u>	<u>3,302</u>	<u>-</u>	<u>24</u>	<u>3,326</u>
Income (Loss) Before Transfers	128,690	2,523,925	22,600	5,641	2,680,856
Transfers Out	<u>(28,690)</u>	<u>(2,523,925)</u>	<u>-</u>	<u>-</u>	<u>(2,552,615)</u>
Change in Net Position	100,000	-	22,600	5,641	128,241
Total Net Position - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>87,458</u>	<u>41,563</u>	<u>129,021</u>
Total Net Position - June 30 (Ending)	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 110,058</u>	<u>\$ 47,204</u>	<u>\$ 257,262</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
CASH FLOW FROM OPERATING ACTIVITIES:					
Cash Received from User Charges	\$ 1,355,019	\$ 8,072,852	\$ 347,126	\$ 39,750	\$ 9,814,747
Cash Payments to Employees for Services	(1,027,857)	(4,273,180)	(107,540)	-	(5,408,577)
Cash Payments for Suppliers	(92,018)	(32,516)	(148,212)	-	(272,746)
Cash Payments for Other Operating Expenses	(109,726)	(1,236,764)	(67,738)	(34,133)	(1,448,361)
Net Cash Provided by Operating Activities	<u>125,418</u>	<u>2,530,392</u>	<u>23,636</u>	<u>5,617</u>	<u>2,685,063</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:					
Transfers Out	(28,690)	(2,523,925)	-	-	(2,552,615)
Net Cash Used for Non-Capital Financing Activities	<u>(28,690)</u>	<u>(2,523,925)</u>	<u>-</u>	<u>-</u>	<u>(2,552,615)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments	-	-	-	988	988
Purchase of Investment Securities	-	(98)	(1,005)	-	(1,103)
Interest and Dividends on Investments	-	3,138	7	24	3,169
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>3,040</u>	<u>(998)</u>	<u>1,012</u>	<u>3,054</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS:					
	96,728	9,507	22,638	6,629	135,502
Cash and Cash Equivalents at Beginning of the Year	69,122	26,090	56,986	27,234	179,432
Cash and Cash Equivalents at the End of the Year	165,850	35,597	79,624	33,863	314,934
Temporary Investment Not in Cash Equivalents	-	14,027	31,463	13,341	58,831
Cash on Statement of Net Position	<u>\$ 165,850</u>	<u>\$ 49,624</u>	<u>\$ 111,087</u>	<u>\$ 47,204</u>	<u>\$ 373,765</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income	\$ 128,690	\$ 2,520,623	\$ 22,600	\$ 5,617	\$ 2,677,530
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Effect of Increases and Decreases in Current Assets and Liabilities					
Decrease (increase) in Receivables	-	(81,378)	-	-	(81,378)
Decrease (increase) in Prepaid Expenses	1,122	-	-	-	1,122
Increase (decrease) in Accounts Payable	3,671	110,102	1,036	-	114,809
Increase (decrease) in Accrued Wages Payable	(8,065)	(8,092)	-	-	(16,157)
Increase (decrease) in Unearned Revenues	-	(10,863)	-	-	(10,863)
Net Cash Provided by Operating Activities	<u>\$ 125,418</u>	<u>\$ 2,530,392</u>	<u>\$ 23,636</u>	<u>\$ 5,617</u>	<u>\$ 2,685,063</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015**

	752	753
	Print Shop	Health Benefits
ASSETS:		
Current Assets:		
Cash and Investments	\$ 8,805	\$ 1,393,958
Accrued Interest	-	49
Other Receivables	404	-
Unearned Expenses	-	355,011
	9,209	1,749,018
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	14,944	-
Depreciation on Furniture and Equipment	(11,955)	-
	2,989	-
Total Noncurrent Assets	2,989	-
Total Assets	12,198	1,749,018
LIABILITIES:		
Current Liabilities		
Accounts Payable	-	2,714
Accrued Wages Payable	5,723	-
Accrued Expenses	-	104,717
	5,723	107,431
Total Liabilities	5,723	107,431
NET POSITION:		
Investments in Capital Assets	2,989	-
Unrestricted Net Position	3,486	1,641,587
	6,475	1,641,587
Total Net Position	\$ 6,475	\$ 1,641,587

EXHIBIT H-8

772 Workers' Compensation Self-Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 2,861,798	\$ 922,684	\$ 254,279	\$ 304,158	\$ 5,745,682
187	60	16	20	332
-	-	-	-	404
-	-	-	-	355,011
<u>2,861,985</u>	<u>922,744</u>	<u>254,295</u>	<u>304,178</u>	<u>6,101,429</u>
-	-	16,430	-	31,374
-	-	(1,643)	-	(13,598)
-	-	14,787	-	17,776
<u>2,861,985</u>	<u>922,744</u>	<u>269,082</u>	<u>304,178</u>	<u>6,119,205</u>
94	33,840	-	-	36,648
-	-	-	-	5,723
<u>1,811,000</u>	<u>288,834</u>	<u>-</u>	<u>53,176</u>	<u>2,257,727</u>
<u>1,811,094</u>	<u>322,674</u>	<u>-</u>	<u>53,176</u>	<u>2,300,098</u>
-	-	14,787	-	17,776
<u>1,050,891</u>	<u>600,070</u>	<u>254,295</u>	<u>251,002</u>	<u>3,801,331</u>
<u>\$ 1,050,891</u>	<u>\$ 600,070</u>	<u>\$ 269,082</u>	<u>\$ 251,002</u>	<u>\$ 3,819,107</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015**

	752	753
	Print Shop	Health Benefits
OPERATING REVENUES:		
Local and Intermediate Services	\$ 1,280,205	\$ 34,625,722
Total Operating Revenues	<u>1,280,205</u>	<u>34,625,722</u>
OPERATING EXPENSES:		
Payroll Costs	328,308	327,895
Professional and Contracted Services	659,217	147,068
Supplies and Materials	284,751	14,327
Depreciation	1,494	-
Other Operating Costs	-	34,781,959
Total Operating Expenses	<u>1,273,770</u>	<u>35,271,249</u>
Operating Income (Loss)	<u>6,435</u>	<u>(645,527)</u>
NON OPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	-
Insurance Recovery	-	-
Total Non Operating Revenues (Expenses)	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers	6,435	(645,527)
Transfers In	-	650,000
Transfers Out	-	-
Total Transfers	<u>-</u>	<u>650,000</u>
Change in Net Position	6,435	4,473
Total Net Position - July 1 (Beginning)	<u>40</u>	<u>1,637,114</u>
Total Net Position - June 30 (Ending)	<u>\$ 6,475</u>	<u>\$ 1,641,587</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
\$ 1,848,982	\$ -	\$ 7,551	\$ 390	\$ 37,762,850
<u>1,848,982</u>	<u>-</u>	<u>7,551</u>	<u>390</u>	<u>37,762,850</u>
440,462	-	-	-	1,096,665
1,045,764	-	-	19,636	1,871,685
96,432	-	3,713	239	399,462
-	-	1,643	-	3,137
<u>403,371</u>	<u>146,303</u>	<u>-</u>	<u>1,832</u>	<u>35,333,465</u>
<u>1,986,029</u>	<u>146,303</u>	<u>5,356</u>	<u>21,707</u>	<u>38,704,414</u>
<u>(137,047)</u>	<u>(146,303)</u>	<u>2,195</u>	<u>(21,317)</u>	<u>(941,564)</u>
5,527	1,835	469	613	8,444
<u>-</u>	<u>-</u>	<u>-</u>	<u>15,174</u>	<u>15,174</u>
<u>5,527</u>	<u>1,835</u>	<u>469</u>	<u>15,787</u>	<u>23,618</u>
<u>(131,520)</u>	<u>(144,468)</u>	<u>2,664</u>	<u>(5,530)</u>	<u>(917,946)</u>
-	-	-	-	650,000
<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>	<u>(80,000)</u>
<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>	<u>570,000</u>
<u>(131,520)</u>	<u>(144,468)</u>	<u>(77,336)</u>	<u>(5,530)</u>	<u>(347,946)</u>
<u>1,182,411</u>	<u>744,538</u>	<u>346,418</u>	<u>256,532</u>	<u>4,167,053</u>
<u>\$ 1,050,891</u>	<u>\$ 600,070</u>	<u>\$ 269,082</u>	<u>\$ 251,002</u>	<u>\$ 3,819,107</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	752	753
	Print Shop	Health Benefits Self-Funded
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash Received from User Charges	\$ 1,292,587	\$ 34,625,722
Cash Payments to Employees for Services	(335,674)	(327,895)
Cash Payments for Insurance Claims	-	21,317
Cash Payments for Suppliers	(959,275)	(162,825)
Cash Payments for Other Operating Expenses	-	(34,796,047)
Net Cash Provided by (Used for) Operating Activities	<u>(2,362)</u>	<u>(639,728)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers In	-	650,000
Transfers Out	-	-
Insurance Proceeds	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>650,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale and Maturities of Securities	1,860	84,580
Interest and Dividends on Investments	2	173
Net Cash Provided by Investing Activities	<u>1,862</u>	<u>84,753</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
	(500)	95,025
Cash and Cash Equivalents at Beginning of the Year	<u>7,323</u>	<u>902,849</u>
Cash and Cash Equivalents at the End of the Year	6,823	997,874
Temporary Investment Not in Cash Equivalents	<u>1,982</u>	<u>396,084</u>
Cash on Statement of Net Position	<u>\$ 8,805</u>	<u>\$ 1,393,958</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 6,435	\$ (645,527)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	1,494	-
Effect of Increases and Decreases in Current Assets and Liabilities		
Decrease (increase) in Receivables	51,288	-
Decrease (increase) in Prepaid Expenses	-	(16,117)
Increase (decrease) in Accounts Payable	(15,307)	2,029
Increase (decrease) in Accrued Wages Payable	(7,366)	-
Increase (decrease) in Due to Other Funds	(38,906)	-
Increase (decrease) in Accrued Expenses	-	19,887
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,362)</u>	<u>\$ (639,728)</u>

EXHIBIT H-10

772 Workers' Compensation Self - Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 1,848,982	\$ -	\$ 7,551	\$ 390	\$ 37,775,232
(440,462)	-	-	-	(1,104,031)
(1,235,638)	(131,687)	-	(32,694)	(1,378,702)
(126,826)	-	(3,713)	-	(1,252,639)
(108,009)	-	-	-	(34,904,056)
<u>(61,953)</u>	<u>(131,687)</u>	<u>3,838</u>	<u>(32,304)</u>	<u>(864,196)</u>
-	-	-	-	650,000
-	-	(80,000)	-	(80,000)
-	-	-	15,174	15,174
<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>15,174</u>	<u>585,174</u>
200,712	103,581	42,257	25,104	458,094
5,807	1,944	513	644	9,083
<u>206,519</u>	<u>105,525</u>	<u>42,770</u>	<u>25,748</u>	<u>467,177</u>
144,566	(26,162)	(33,392)	8,618	188,155
<u>1,904,108</u>	<u>686,806</u>	<u>215,356</u>	<u>209,177</u>	<u>3,925,619</u>
2,048,674	660,644	181,964	217,795	4,113,774
813,124	262,040	72,315	86,363	1,631,908
<u>\$ 2,861,798</u>	<u>\$ 922,684</u>	<u>\$ 254,279</u>	<u>\$ 304,158</u>	<u>\$ 5,745,682</u>
\$ (137,047)	\$ (146,303)	\$ 2,195	\$ (21,317)	\$ (941,564)
-	-	1,643	-	3,137
-	-	-	-	51,288
-	-	-	-	(16,117)
94	14,616	-	(12,819)	(11,387)
-	-	-	-	(7,366)
-	-	-	-	(38,906)
<u>75,000</u>	<u>-</u>	<u>-</u>	<u>1,832</u>	<u>96,719</u>
<u>\$ (61,953)</u>	<u>\$ (131,687)</u>	<u>\$ 3,838</u>	<u>\$ (32,304)</u>	<u>\$ (864,196)</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Balance July 1 2014	Additions	Deductions	Balance June 30 2015
STUDENT ACTIVITY FUNDS:				
Assets:				
Cash and Temporary Investments	\$ 292,233	\$ 171,352	\$ 161,159	\$ 302,426
Accrued Interest	27	-	15	12
Total Assets	\$ 292,260	\$ 171,352	\$ 161,174	\$ 302,438
Liabilities:				
Accounts Payable	\$ 115	\$ 159,647	\$ 159,708	\$ 54
Due to Student Groups	292,145	171,352	161,113	302,384
Total Liabilities	\$ 292,260	\$ 330,999	\$ 320,821	\$ 302,438
OTHER AGENCY FUNDS:				
Assets:				
Cash and Temporary Investments	\$ 149,107	\$ 1,012,512	\$ 936,713	\$ 224,906
Other Receivables	235	-	160	75
Total Assets	\$ 149,342	\$ 1,012,512	\$ 936,873	\$ 224,981
Liabilities:				
Accounts Payable	\$ 2,500	\$ 921,889	\$ 924,389	\$ -
Due to Other Groups	146,842	1,000,027	921,888	224,981
Total Liabilities	\$ 149,342	\$ 1,921,916	\$ 1,846,277	\$ 224,981
TOTAL AGENCY FUNDS:				
Assets:				
Cash and Temporary Investments	\$ 441,340	\$ 1,183,864	\$ 1,097,872	\$ 527,332
Accrued Interest	27	-	15	12
Other Receivables	235	-	160	75
Total Assets	\$ 441,602	\$ 1,183,864	\$ 1,098,047	\$ 527,419
Liabilities:				
Accounts Payable	\$ 2,615	\$ 1,081,536	\$ 1,084,097	\$ 54
Due to Student Groups	292,145	171,352	161,113	302,384
Due to Other Groups	146,842	1,000,027	921,888	224,981
Total Liabilities	\$ 441,602	\$ 2,252,915	\$ 2,167,098	\$ 527,419

**REQUIRED
TEXAS EDUCATION AGENCY
REPORT SECTION**

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED JUNE 30, 2015**

Last 10 Years Ended June 30	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance July 1, 2013
	Maintenance	Debt Service		
2006 & PRIOR	1.5000	0.2334	\$ 28,921,415,823	\$ 1,000,785
2007	1.3300	0.2484	30,665,981,311	424,705
2008	1.0200	0.2484	32,254,750,285	320,243
2009	1.0400	0.2634	34,847,134,028	783,549
2010	1.0400	0.2884	33,530,843,785	1,041,644
2011	1.0400	0.3134	33,730,477,447	928,221
2012	1.0400	0.3334	33,679,153,618	1,045,784
2013	1.0400	0.3334	33,895,714,519	1,263,180
2014	1.1700	0.2830	35,508,818,530	4,684,767
2015	1.1700	0.2780	37,955,635,681	
1000	Totals			<u>\$ 11,492,878</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, 2015
	\$ 21,969	\$ 3,407	\$ (318,104)	\$ 657,305
	18,766	3,505	(623)	401,811
	23,853	5,809	(468)	290,113
	30,812	7,803	(289,254)	455,680
	458,961	127,274	153,343	608,752
	531,017	160,021	668,367	905,550
	425,179	136,302	526,453	1,010,756
	229,719	73,642	151,258	1,111,077
	1,993,310	482,142	(805,242)	1,404,073
<u>537,995,588</u>	<u>435,423,408</u>	<u>104,722,483</u>	<u>6,672,560</u>	<u>4,522,257</u>
<u>\$ 537,995,588</u>	<u>\$ 439,156,994</u>	<u>\$ 105,722,388</u>	<u>\$ 6,758,290</u>	<u>\$ 11,367,374</u>

<u>\$ -</u>	<u>\$ 2,110,608</u>	<u>\$ -</u>
-------------	---------------------	-------------

Ending Balance 6/30/2015	\$ 11,367,374
Add - County Education District Taxes Receivable	<u>464</u>
Total Delinquent Taxes Receivable 6/30/2015	11,367,838
Less Reserve for Uncollectible Taxes:	
General Fund	(3,062,083)
Debt Service Fund	<u>(772,248)</u>
Net Delinquent Balance 6/30/2015	<u>\$ 7,533,507</u>

Teamwork for Excellence



P L A N O
Independent School District

STATISTICAL SECTION
(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well - being have changed over time.	105
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	109
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.	110
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	119
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.	122

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

Teamwork for Excellence



P L A N O
Independent School District

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Net Investment in capital assets	\$ (6,937)	\$ 6,177	\$ 10,868	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007	\$ 97,719	\$ 120,499	\$ 159,052
Restricted	29,922	29,741	34,644	35,000	29,443	29,387	27,478	26,912	29,242	31,230
Unrestricted	146,159	160,607	158,432	150,549	146,015	164,593	180,777	169,663	180,980	131,642
Total Governmental Net Assets	\$ 169,144	\$ 196,525	\$ 203,944	\$ 199,010	\$ 201,940	\$ 235,647	\$ 282,262	\$ 294,294	\$ 330,721	\$ 321,924
Business Type Activities:										
Net Investment in capital assets	\$ 2	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted			(31)	33	19	12	46	98	129	257
Unrestricted	16	32								
Total Business Type Activities	\$ 18	\$ 34	\$ (30)	\$ 33	\$ 19	\$ 12	\$ 46	\$ 98	\$ 129	\$ 257
Total Primary Government:										
Net Investment in capital assets	\$ (6,935)	\$ 6,179	\$ 10,869	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007	\$ 97,719	\$ 120,499	\$ 159,052
Restricted	29,922	29,741	34,644	35,000	29,443	29,387	27,478	26,912	29,242	31,230
Unrestricted	146,175	160,639	158,401	150,582	146,034	164,605	180,823	169,761	181,109	131,899
Total Primary Government	\$ 169,162	\$ 196,559	\$ 203,914	\$ 199,043	\$ 201,959	\$ 235,659	\$ 282,308	\$ 294,392	\$ 330,850	\$ 322,181

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
Instruction	\$ 253,458	\$ 273,019	\$ 299,557	\$ 309,070	\$ 314,910	\$ 318,948	\$ 306,009	\$ 308,433	\$ 316,344	\$ 333,944
Instructional Resources & Media Services	11,052	11,527	10,104	9,650	9,104	9,511	8,278	8,761	8,882	9,195
Curriculum & Instructional Staff Development	6,378	7,432	8,764	8,733	9,046	9,638	8,165	8,252	7,440	8,412
Instructional Leadership	3,657	3,783	3,775	4,018	4,275	4,147	3,652	3,652	3,383	3,818
School Leadership	20,731	20,703	22,575	23,368	23,860	24,110	23,056	23,870	24,812	26,673
Guidance, Counseling & Evaluation Services	14,128	15,170	16,329	17,390	18,222	18,272	17,093	18,353	18,481	19,459
Social Work Services	1,118	1,246	1,266	1,320	1,205	1,082	819	868	914	1,008
Health Services	3,821	4,163	4,620	4,629	4,992	5,111	5,024	5,145	5,306	5,791
Student (Pupil) Transportation	7,951	8,918	10,903	8,968	11,352	7,378	11,881	9,373	14,222	13,327
Food Services	16,700	18,056	19,304	19,686	21,279	22,352	23,671	23,900	24,492	26,341
Cocurricular/Extracurricular Activities	7,703	8,196	8,482	9,240	9,272	9,122	8,795	14,104	13,817	14,470
General Administration	10,264	10,715	11,468	8,774	10,007	9,240	8,862	9,864	9,803	10,179
Plant Maintenance & Operations	39,629	42,957	43,518	43,944	43,660	43,993	42,655	43,143	39,577	40,207
Security & Monitoring Services	2,582	2,651	2,944	2,955	2,792	2,245	3,462	3,505	3,390	3,475
Data Processing Services	7,483	8,161	8,384	7,550	8,163	5,272	6,496	5,318	5,332	5,825
Community Services	6,118	6,193	1,220	1,553	1,985	2,245	2,336	2,097	1,826	2,330
Debt Service - Interest on Long Term Debt	32,887	35,720	37,533	42,373	47,343	43,932	43,019	41,082	38,771	42,035
Debt Service - Bond Issuance Cost and Fees	184	150	134	132	34	490	35	33	308	192
Facilities Acquisition & Construction	10,705	13,232	13,569	25,792	23,492	23,308	15,960	18,431	13,684	13,728
Contracted Instructional Services Between Schools	132,999	125,383	81,036	91,421	34,752	28,998	39,584	24,960	36,016	46,604
Incremental Costs Associated with Chapter 41	760	838	650	600	600	444	600	600	600	600
Payments to Fiscal Agent/Member Districts of SSA	536	509	719	740	709	834	634	755	999	1,000
Payments to Juvenile Justice Alternative Ed. Prg.	103	137	158	155	132	103	90	212	118	49
Payments to Tax Increment Fund	5,266	5,312	4,601	4,834	4,441	8,912	2,594	2,978	1,875	3,378
Other Intergovernmental Charges	-	-	-	2,200	2,248	2,450	2,247	2,388	2,632	2,823
Total governmental activities expenses	<u>596,214</u>	<u>624,171</u>	<u>611,613</u>	<u>649,095</u>	<u>607,875</u>	<u>602,137</u>	<u>585,017</u>	<u>580,077</u>	<u>593,024</u>	<u>634,863</u>
Business-type activities:										
Employee Child Care	-	-	-	31	694	714	752	1,194	1,219	1,226
After School Care	-	-	-	5,455	5,040	4,932	4,804	4,814	4,966	5,644
Concessions	128	137	162	328	213	243	223	231	211	325
Photography	-	-	-	-	58	41	55	44	42	34
Total business-type activities expenses	<u>128</u>	<u>137</u>	<u>162</u>	<u>5,814</u>	<u>6,005</u>	<u>5,930</u>	<u>5,834</u>	<u>6,283</u>	<u>6,438</u>	<u>7,229</u>
Total primary government expenses	<u>\$ 596,342</u>	<u>\$ 624,308</u>	<u>\$ 611,775</u>	<u>\$ 654,909</u>	<u>\$ 613,880</u>	<u>\$ 608,067</u>	<u>\$ 590,851</u>	<u>\$ 586,360</u>	<u>\$ 599,462</u>	<u>\$ 642,092</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
Instruction	\$ 4,330	\$ 5,048	\$ 5,272	\$ 4,381	\$ 4,357	\$ 4,367	\$ 4,433	\$ 3,889	\$ 3,761	\$ 3,768
Food Service	11,014	11,247	11,680	12,341	12,614	12,682	12,931	13,013	13,659	13,357
Cocurricular/Extracurricular Activities	1,732	1,516	1,482	1,401	1,552	1,425	1,468	1,554	1,612	1,793
Plant Maintenance & Operations	1,207	1,152	1,539	1,122	878	928	935	957	979	1,069
Community Services	6,584	7,052	145	76	81	81	61	33	11	6
Other	644	315	612	269	183	144	124	150	142	97
Operating Grants and Contributions	46,477	48,736	53,350	56,502	77,525	86,767	61,521	62,621	68,323	84,554
Capital Grants and Contributions	1,932	293	-	-	-	615	11,500	-	-	-
Total governmental activities program revenues	<u>73,920</u>	<u>75,359</u>	<u>74,080</u>	<u>76,092</u>	<u>97,190</u>	<u>107,009</u>	<u>92,973</u>	<u>82,217</u>	<u>88,487</u>	<u>104,644</u>
Business-type activities:										
Charges for services:										
Employee Child Care	-	-	11	531	687	726	776	1,095	1,273	1,355
After School Care	-	-	7,462	7,144	6,956	6,960	7,074	7,207	7,542	8,165
Concessions	139	176	262	239	199	234	252	262	228	347
Photography	-	-	-	-	48	43	60	64	56	40
Total business-type activities program revenues	<u>139</u>	<u>176</u>	<u>262</u>	<u>7,914</u>	<u>7,890</u>	<u>7,963</u>	<u>8,162</u>	<u>8,628</u>	<u>9,099</u>	<u>9,907</u>
Total primary government program revenues	<u>\$ 74,059</u>	<u>\$ 75,535</u>	<u>\$ 74,342</u>	<u>\$ 84,006</u>	<u>\$ 105,080</u>	<u>\$ 114,972</u>	<u>\$ 101,135</u>	<u>\$ 90,845</u>	<u>\$ 97,586</u>	<u>\$ 114,551</u>
Net (Expense) Revenue										
Governmental activities	\$ (522,294)	\$ (548,812)	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)	\$ (497,860)	\$ (504,537)	\$ (530,219)
Business-type activities	2	14	1,921	1,904	1,885	2,033	2,328	2,345	2,661	2,678
Total primary government net expense	<u>\$ (522,292)</u>	<u>\$ (548,798)</u>	<u>\$ (535,612)</u>	<u>\$ (571,098)</u>	<u>\$ (508,800)</u>	<u>\$ (493,095)</u>	<u>\$ (489,717)</u>	<u>\$ (495,515)</u>	<u>\$ (501,876)</u>	<u>\$ (527,541)</u>

**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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense) Revenue										
Governmental activities	\$ (522,294)	\$ (548,812)	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)	\$ (497,860)	\$ (504,537)	\$ (530,219)
Business-type activities	2	14	1,921	1,904	1,885	2,033	2,328	2,345	2,661	2,678
Total primary government net expense	\$ (522,292)	\$ (548,798)	\$ (535,612)	\$ (571,098)	\$ (508,800)	\$ (493,095)	\$ (489,717)	\$ (495,515)	\$ (501,876)	\$ (527,541)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes levied for general purposes	\$ 435,617	\$ 409,133	\$ 333,528	\$ 352,709	\$ 349,563	\$ 339,532	\$ 344,781	\$ 351,218	\$ 412,190	\$ 439,832
Property taxes levied for debt service	68,599	77,383	82,905	91,245	98,722	104,420	112,694	114,865	101,575	106,235
Unrestricted grants and contributions	23,418	64,836	105,742	106,017	56,590	75,038	71,575	38,658	25,148	33,279
Investment earnings	13,479	17,681	15,715	9,415	1,488	2,068	760	868	623	622
Miscellaneous	4,916	7,901	5,008	6,815	5,344	5,011	6,551	1,987	2,687	2,659
Insurance recovery	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on disposition of capital assets	-	-	-	-	-	723	-	-	-	386
Transfers	-	-	2,054	1,867	1,908	2,043	2,298	2,296	2,632	2,553
Total governmental activities	546,029	576,934	544,952	568,068	513,615	528,835	538,659	509,892	544,855	585,566
Business-type activities:										
Investment earnings	1	1	68	26	10	3	4	2	2	3
Transfers	-	-	(2,054)	(1,867)	(1,908)	(2,043)	(2,298)	(2,296)	(2,632)	(2,552)
Total business-type activities	1	1	(1,986)	(1,841)	(1,898)	(2,040)	(2,294)	(2,294)	(2,630)	(2,549)
Total primary government	\$ 546,031	\$ 576,935	\$ 542,966	\$ 566,227	\$ 511,717	\$ 526,795	\$ 536,365	\$ 507,598	\$ 542,225	\$ 583,017
Change in Net Position										
Governmental activities	\$ 23,735	\$ 28,122	\$ 7,419	\$ (4,934)	\$ 2,930	\$ 33,707	\$ 46,615	\$ 12,032	\$ 40,318	\$ 55,347
Business-type activities	3	16	(65)	63	(13)	(7)	33	52	31	129
Total primary government	\$ 23,738	\$ 28,137	\$ 7,354	\$ (4,871)	\$ 2,917	\$ 33,700	\$ 46,648	\$ 12,084	\$ 40,349	\$ 55,476

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011 ¹	2012	2013	2014	2015
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,610	\$ 2,703	\$ 2,121	\$ 2,044	\$ 1,296
Reserved	2,241	2,308	2,127	2,506	2,620	-	-	-	-	-
Assigned	-	-	-	-	-	2,182	1,935	19,870	12,884	9,515
Unreserved designated	6,133	7,418	6,843	8,250	3,757	-	-	-	-	-
Unassigned	-	-	-	-	-	147,394	160,919	132,178	154,251	167,771
Unreserved	114,930	125,947	122,252	116,608	126,838	-	-	-	-	-
Total general fund	\$ 123,304	\$ 135,673	\$ 131,222	\$ 127,364	\$ 133,215	\$ 152,186	\$ 165,557	\$ 154,169	\$ 169,179	\$ 178,582
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284	\$ 290	\$ 211	\$ 185	\$ 270
Reserved	239	258	204	193	285	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	37,435	35,999	35,188	34,925	33,138
Capital Projects	-	-	-	-	-	80,981	130,444	112,315	64,007	35,596
Food Service	-	-	-	-	-	8,217	7,185	6,952	6,968	6,970
Federal Special Revenue	-	-	-	-	-	7	-	-	-	-
State Special Revenue	-	-	-	-	-	365	818	770	1,247	2,856
Committed	-	-	-	-	-	5,840	6,772	8,840	9,189	9,596
Unreserved designated	75	90	567	71,676	77,783	-	-	-	-	-
Unreserved, reported in	-	-	-	-	-	-	-	-	-	-
Special revenue funds	6,867	8,397	9,382	9,610	12,538	-	-	-	-	-
Capital projects funds	113,855	98,234	89,666	102,660	115,331	-	-	-	-	-
Debt service fund	36,920	39,184	40,718	45,614	39,320	-	-	-	-	-
Total all other governmental funds	\$ 157,956	\$ 146,163	\$ 140,538	\$ 229,753	\$ 245,257	\$ 133,129	\$ 181,508	\$ 164,276	\$ 116,521	\$ 88,426
Total governmental funds	\$ 281,260	\$ 281,836	\$ 271,760	\$ 357,117	\$ 378,472	\$ 285,315	\$ 347,065	\$ 318,445	\$ 285,700	\$ 267,008

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

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Federal sources:										
Federal grants	\$ 17,936	\$ 16,275	\$ 16,810	\$ 18,199	\$ 38,120	\$ 48,515	\$ 20,571	\$ 23,114	\$ 21,888	\$ 24,065
Food services	4,940	5,349	6,015	6,363	7,496	8,008	8,355	8,963	9,396	9,963
Total federal sources	22,876	21,624	22,825	24,562	45,616	56,523	28,926	32,077	31,284	34,028
State sources:										
State education finance program	36,256	79,568	123,519	124,349	75,535	91,954	87,367	50,928	39,537	47,626
State grants and other	6,641	8,419	8,697	10,234	9,582	9,908	12,190	5,285	11,409	8,325
Total state sources	42,897	87,987	132,216	134,583	85,117	101,862	99,557	56,213	50,946	55,951
Local sources:										
Ad valorem taxes	504,216	487,970	416,042	445,420	448,529	446,091	457,022	466,582	512,921	544,873
Food service sales	11,025	11,246	11,909	12,340	12,611	12,721	12,929	13,012	13,661	13,356
Interest and other income	13,479	18,750	16,255	9,028	1,434	1,644	767	872	635	631
Other revenue	22,921	25,631	16,832	15,747	15,757	15,765	30,330	21,529	19,886	20,966
Total local sources	551,641	543,597	461,038	482,535	478,331	476,221	501,048	501,995	547,103	579,826
Total revenues	\$ 617,414	\$ 653,208	\$ 616,079	\$ 641,680	\$ 609,064	\$ 634,606	\$ 629,531	\$ 590,285	\$ 629,333	\$ 669,805

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenditures:										
Instruction & Instructional-Related Services	\$ 257,275	\$ 277,297	\$ 300,195	\$ 306,772	\$ 312,619	\$ 318,959	\$ 299,009	\$ 297,559	\$ 305,883	\$ 316,046
Instructional & School Leadership	23,893	23,937	25,679	26,329	26,602	27,383	25,802	26,397	27,200	28,503
Support Services - Student	48,392	52,174	57,044	58,956	60,036	62,054	61,800	68,701	71,203	74,047
Administrative Support Services	9,832	10,438	11,283	8,786	8,812	8,948	8,625	9,408	9,641	9,761
Support Services - Nonstudent	45,330	50,027	49,445	49,366	49,887	50,344	49,626	50,233	47,394	47,884
Ancillary Services	6,138	6,187	1,204	1,424	1,987	2,128	2,227	1,965	1,682	2,069
Debt Service - Principal on long-term debt	39,485	45,880	48,480	50,860	58,918	58,165	67,180	70,215	56,610	65,715
Debt Service - Interest on long-term debt	35,172	36,000	38,747	39,361	48,048	48,354	47,692	45,878	43,632	41,817
Debt Service - Bond Issuance Costs and Fees	320	569	397	1,861	1,077	749	413	317	308	635
Facilities Acquisition & Construction	61,717	95,844	66,346	96,498	118,296	113,055	59,496	78,151	57,645	50,347
Intergovernmental Charges ¹	139,664	132,180	87,164	99,950	42,882	41,741	45,749	31,894	42,240	54,453
Total Expenditures	\$ 667,218	\$ 730,533	\$ 685,984	\$ 740,163	\$ 729,164	\$ 731,880	\$ 667,619	\$ 680,718	\$ 663,438	\$ 691,277
Capital Expenditures	\$ 52,526	\$ 85,689	\$ 53,887	\$ 77,375	\$ 103,874	\$ 99,845	\$ 47,012	\$ 66,635	\$ 46,794	\$ 42,925
Debt service as a percentage of noncapital expenditures	12.1%	12.7%	13.8%	13.6%	17.1%	16.9%	18.5%	18.9%	16.3%	16.6%

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

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess of revenues over (under) expenditures	\$ (49,804)	\$ (77,325)	\$ (69,905)	\$ (98,483)	\$ (120,100)	\$ (97,274)	\$ (38,088)	\$ (90,433)	\$ (34,105)	\$ (21,472)
Other financing sources (uses)										
Transfers In	4,955	6,731	9,247	7,446	7,222	5,129	4,087	3,085	11,838	24,940
Transfers Out	(4,955)	(7,331)	(7,192)	(5,580)	(4,694)	(3,086)	(2,589)	(1,588)	(9,706)	(22,957)
Bonds issued	70,535	76,670	58,280	179,999	136,975	-	92,840	53,740	-	-
Refunding bonds issued	-	129,180	33,305	-	-	108,815	46,115	27,805	74,750	43,250
Premiums on bonds issued	2,821	4,496	2,488	1,747	1,952	14,304	14,023	8,903	5,673	6,409
Payment to bond refunding agent	-	(131,106)	(36,299)	-	-	(122,845)	(54,638)	(30,132)	(81,699)	(49,496)
Insurance Proceeds	-	-	-	-	-	-	-	-	505	233
Sale of capital assets	29	-	-	-	-	1,800	-	-	-	400
Capital leases	-	-	-	228	-	-	-	-	-	-
Total other financing sources (uses)	73,385	78,640	59,829	183,840	141,455	4,117	99,838	61,813	1,361	2,779
Net change in fund balances	\$ 23,581	\$ 1,315	\$ (10,076)	\$ 85,357	\$ 21,355	\$ (93,157)	\$ 61,750	\$ (28,620)	\$ (32,744)	\$ (18,693)

**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			
2006	21,192,806	7,119,236	563,882	2,234,944	2,189,452	28,921,416	1.7334
2007	22,197,270	7,693,125	523,206	2,389,513	2,137,133	30,665,981	1.5784
2008	23,322,123	8,527,170	517,748	2,583,357	2,695,648	32,254,750	1.2684
2009	24,083,793	9,137,863	541,191	2,981,489	1,897,202	34,847,134	1.3034
2010	20,620,809	12,895,711	700,169	3,052,462	3,738,307	33,530,844	1.3284
2011	21,233,623	12,377,934	646,338	3,391,275	3,918,693	33,730,477	1.3534
2012	20,517,769	12,645,545	615,144	3,536,560	3,635,864	33,679,154	1.3734
2013	20,515,276	13,582,588	608,232	3,750,946	4,561,327	33,895,715	1.3734
2014	21,372,046	14,580,038	655,944	4,087,705	4,719,339	35,976,394	1.4530
2015	22,561,174	15,716,480	574,806	4,318,714	5,215,540	37,955,635	1.4990

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
2006	1.5000	0.2334	1.7334	0.4535	0.2500	0.0894	0.5600	0.5993	0.7417			0.4683	0.2820	0.5252	
2007	1.3300	0.2484	1.5784	0.4535	0.2500	0.0877	0.5580	0.6329	0.7292			0.4683	0.3771	0.5752	
2008	1.0200	0.2484	1.2684	0.4735	0.2450	0.0870	0.5570	0.6179	0.7479			0.4683	0.3771	0.5752	
2009	1.0400	0.2634	1.3034	0.4735	0.2425	0.0865	0.5560	0.6179	0.7479			0.5183	0.3771	0.5752	
2010	1.0400	0.2884	1.3284	0.4735	0.2425	0.0863	0.5550	0.6179	0.7970	0.7046	0.3742	0.5384	0.3771	0.5752	0.8989
2011	1.0400	0.3134	1.3534	0.4886	0.2400	0.0863	0.5540	0.6176	0.7970	0.7046	0.3742	0.5650	0.3371	0.6352	0.8989
2012	1.0400	0.3334	1.3734	0.4886	0.2400	0.0863	0.5530	0.6179	0.7970	0.7046	0.3742	0.5650	0.3771	0.6352	0.8989
2013	1.0400	0.3334	1.3734	0.4886	0.2400	0.0863	0.5520	0.6179	0.7970	0.7046	0.3742	0.5700	0.3771	0.6352	0.8889
2014	1.1700	0.2830	1.4530	0.4886	0.2375	0.0836	0.5500	0.6179	0.7970	0.7046	0.3207	0.5700	0.3509	0.6352	0.8839
2015	1.1700	0.2690	1.4390	0.4886	0.2350	0.0819	0.5400	0.6153	0.7970	0.7046	0.3206	0.5500	0.3509	0.6351	0.8789

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	2015			2006		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
BCS Office Investments One, LP	\$ 329,153,747	1	0.87 %			
Oncor Electric Delivery Company	265,832,334	2	0.70	\$ 228,184,717	1	0.79 %
Health Care Service Corporation	234,520,075	3	0.62			
Texas Instruments, Inc	209,726,181	4	0.55			
Bank of America, NA	209,034,877	5	0.55			
TM Willow Bend Shops LP	200,800,000	6	0.53			
Bank of America, NA	174,000,000	7	0.46			
Texas Instruments, Inc	172,376,757	8	0.45			
HP Enterprise Services LLC	146,470,263	9	0.39			
J C Penney Corporation, Inc	144,841,465	10	0.38	167,084,175	3	0.58
Alcatel USA Sourcing LP				210,175,207	2	0.73
Electronic Data Systems Corp.				134,832,418	4	0.47
Willow Bend Shopping Center LP				115,539,989	5	0.40
EDS Information Services LLC				157,925,734	6	0.55
Countrywide Funding Corp				95,626,367	7	0.33
Dallas Morning News LP				81,109,799	8	0.28
Ericsson				79,543,082	9	0.28
HSP of Texas Inc.				78,722,889	10	0.27
Total	<u>\$ 2,086,755,699</u>		<u>5.50 %</u>	<u>\$ 1,348,744,377</u>		<u>4.68 %</u>
Total Taxable Value	\$37,955,635,681			\$28,921,415,823		

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
2006	\$ 506,379,142	\$ 1,804,641	\$ 508,183,783	\$ 498,938,497	99 %	\$ 8,587,981	\$ 507,526,478	99.87 %
2007	489,387,533	742,569	490,130,102	482,508,116	99	7,220,175	489,728,291	99.92
2008	419,159,205	(646,268)	418,512,937	412,176,374	98	6,046,450	418,222,824	99.93
2009	454,874,791	(6,863,835)	448,010,956	441,638,332	97	5,916,944	447,555,276	99.90
2010	438,406,394	12,390,596	450,796,990	445,745,911	102	4,442,327	450,188,238	99.86
2011	449,546,631	(1,163,624)	448,383,007	444,404,742	99	3,072,715	447,477,457	99.80
2012	455,730,380	1,426,239	457,156,619	453,398,398	99	2,747,465	456,145,863	99.78
2013	459,422,353	6,300,800	465,723,153	461,906,257	101	2,705,819	464,612,076	99.76
2014	506,969,500	7,662,574	514,632,074	509,947,307	101	3,280,694	513,228,001	99.73
2015	537,995,588	6,672,560	544,668,148	540,145,891	100	-	540,145,891	99.17

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	Loans Payable	Capital Leases							
2006	\$ 820,099	\$ -	\$ -	\$ 820,099	\$ 24,869	\$ 795,230	7%	\$ 2,551	2.75%	\$ 2,474
2007	857,459	-	-	857,459	24,755	832,704	6%	2,696	2.72	2,618
2008	864,026	-	-	864,026	28,440	835,586	6%	2,698	2.59	2,609
2009	991,780	-	108	991,888	28,528	963,360	10%	3,085	2.85	2,996
2010	1,068,831	-	-	1,068,831	21,598	1,047,233	10%	3,281	3.12	3,215
2011	1,011,105	-	-	1,011,105	20,886	990,219	10%	3,086	2.84	3,022
2012	1,039,226	-	-	1,039,226	20,002	1,019,224	10%	3,146	3.03	3,086
2013	1,022,548	-	-	1,022,548	19,753	1,002,795	9%	3,058	2.96	2,998
2014	960,869	-	-	960,869	20,846	940,023	8%	2,839	2.77	2,777
2015	889,854	-	-	889,854	21,133	868,721	8%	2,601	2.56	2,540

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015**

(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	\$ 319,362	86.10 %	\$ 274,971
Collin County Community College ¹	39,000	44.08	17,191
Collin County ²	402,795	45.18	181,983
City of Allen ¹	99,775	3.94	3,931
City of Carrollton ¹	168,728	0.52	877
City of Dallas ²	1,700,336	4.16	70,734
City of Garland ¹	260,321	0.19	495
City of Lucas ¹	6,036	4.93	298
City of Murphy ¹	32,466	71.99	23,372
City of Parker ¹	5,755	74.98	4,315
City of Richardson ¹	208,600	38.90	81,145
City of Wylie ¹	80,795	0.31	250
Subtotal, overlapping debt			659,563
District gross bonded debt			<u>889,854</u>
Total direct and overlapping debt			<u><u>\$ 1,549,417</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 2014.

² Reported as of entity's fiscal year end 2015.

**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
2006	\$ 2,892,142	\$ 757,188	\$ 2,134,954	26.18 %
2007	3,066,598	791,397	2,275,201	25.81
2008	3,225,475	797,795	2,427,680	24.73
2009	3,381,040	923,350	2,457,690	27.31
2010	3,353,084	1,007,770	2,345,314	30.06
2011	3,373,048	942,981	2,430,067	27.96
2012	3,367,915	966,485	2,401,430	28.70
2013	3,389,572	949,362	2,440,210	28.01
2014	3,550,882	890,455	2,660,427	25.08
2015	3,795,564	822,037	2,973,527	21.66

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value		\$ 37,955,636
Debt limit (10% of assessed value)		3,795,564
Total bonded debt	\$ 889,854	
Less reserve for retirement of debt	33,138	
Debt applicable to limit		856,716
Legal debt margin		<u>\$ 2,938,848</u>

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	325,781	10,541,298	32,357	7.50
2011	327,661	9,984,522	30,472	7.60
2012	330,311	10,403,381	31,496	6.70
2013	334,437	10,934,607	32,696	6.00
2014	338,474	11,384,568	33,635	5.00
2015	342,078	11,625,338	33,984	3.70

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	2015			2006		
	Employees	Rank	Percentage Of Total District Employment	Employees	Rank	Percentage Of Total District Employment
Plano ISD	6,526	1	4.30 %	6,756	1	5.09 %
Bank of America Home Loans	4,500	2	2.97			
Capital One Finance	4,500	3	2.97			
HP Enterprise Services	4,500	4	2.97			
Ericsson	3,020	5	1.99			
J. C. Penney, Inc.	3,000	6	1.98	3,800	5	2.86
City of Plano	2,790	7	1.84	2,568	9	1.94
Frito-Lay	2,500	8	1.65	3,000	7	2.26
Dell Services	2,250	9	1.48			
Texas Health Presbyterian Hospital	1,680	10	1.11			
Electronic Data Systems				6,700	2	5.05
Alcatel-USA				5,080	3	3.83
Perot Systems				4,311	4	3.25
Shops at Willow Bend				3,240	6	2.44
Countrywide Home Loans				3,000	8	2.26
Collin Creek Mall				2,418	10	1.82
Total	35,266		23.24 %	40,873		30.80 %

Sources:

Texas Workforce Commission provided total labor force numbers - 2015 (151,737); 2006 (132,704)
 Plano Economic Development Corporation provided 2015 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	
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Change	
											2006 - 2015	%
Instruction												
Teachers	3,801	3,855	4,003	4,067	3,942	4,011	3,822	3,813	3,825	3,865	3,865	2
Librarians	69	66	70	71	70	73	71	71	71	70	70	1
Educational Aides	668	750	648	661	629	622	580	573	559	568	568	(15)
Interpreters	12	15	17	12	13	9	12	13	17	14	14	17
Other Professionals (Instructional)	128	132	138	156	141	162	159	153	159	171	171	34
	<u>4,678</u>	<u>4,818</u>	<u>4,875</u>	<u>4,967</u>	<u>4,796</u>	<u>4,877</u>	<u>4,643</u>	<u>4,623</u>	<u>4,631</u>	<u>4,688</u>		<u>0</u>
Campus Administration												
Principal	67	67	68	68	68	71	71	72	72	72	72	7
Assistant Principal	83	85	87	90	89	92	87	88	92	95	95	14
Instructional Officer	6	8	8	8	10	10	10	10	8	8	8	33
Athletic Director	-	-	-	-	-	2	3	3	3	3	3	300
	<u>156</u>	<u>160</u>	<u>163</u>	<u>166</u>	<u>167</u>	<u>175</u>	<u>171</u>	<u>173</u>	<u>175</u>	<u>178</u>		<u>14</u>
Student Services												
Counselor	142	145	143	147	146	152	138	143	146	148	148	4
Educational Diagnostician	27	28	29	29	30	32	30	30	33	34	34	26
School Nurse	70	70	72	72	72	73	73	71	71	72	72	3
LSSP/Psychologist	13	13	13	14	14	14	14	13	12	10	10	(23)
Social Worker	8	9	9	10	10	9	8	8	9	9	9	25
	<u>260</u>	<u>265</u>	<u>266</u>	<u>272</u>	<u>273</u>	<u>279</u>	<u>263</u>	<u>265</u>	<u>271</u>	<u>274</u>		<u>5</u>
Support and Administration												
Superintendent, Deputy, Assoc. & Assistant	8	8	7	7	7	7	5	6	6	7	7	(13)
Non-Campus Professionals	204	213	208	211	223	223	216	222	224	229	229	12
Auxiliary Staff	1,450	1,146	1,375	1,216	1,301	1,342	1,239	1,250	1,219	1,276	1,276	(12)
	<u>1,662</u>	<u>1,366</u>	<u>1,590</u>	<u>1,434</u>	<u>1,531</u>	<u>1,572</u>	<u>1,460</u>	<u>1,478</u>	<u>1,449</u>	<u>1,512</u>		<u>(9)</u>
Total	<u>6,756</u>	<u>6,608</u>	<u>6,894</u>	<u>6,839</u>	<u>6,766</u>	<u>6,903</u>	<u>6,537</u>	<u>6,538</u>	<u>6,526</u>	<u>6,652</u>		<u>(2)</u>

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

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

EXHIBIT S-17

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

Fiscal Year	Enrollment ¹	Operating Expenditures ²	Cost Per Pupil	Percentage Change	Expenditures Excluding Recapture	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2006	53,238	\$ 531,075,643	\$ 9,975	1.86 %	\$ 398,076,567	\$ 7,477	1.56 %	3,801	14.0	21 %
2007	52,997	552,265,959	10,421	4.46	426,882,506	8,055	7.72	3,855	13.7	19
2008	53,683	532,066,841	9,911	(4.89)	451,030,359	8,402	4.31	4,003	13.4	21
2009	54,203	551,978,466	10,184	2.75	460,557,493	8,497	1.13	4,067	13.3	22
2010	54,939	503,313,863	9,161	(10.04)	468,562,031	8,529	0.38	3,942	13.9	25
2011	55,570	511,557,078	9,206	0.48	482,558,989	8,684	1.82	4,011	13.9	26
2012	55,659	492,837,819	8,855	(3.81)	453,254,176	8,143	(6.22)	3,822	14.6	27
2013	55,185	486,157,034	8,810	(0.51)	461,196,436	8,357	2.63	3,813	14.5	28
2014	54,822	505,830,681	9,227	4.74	469,814,931	8,570	2.55	3,825	14.3	29
2015	54,689	532,762,942	9,742	5.58	486,159,231	8,890	3.73	3,865	14.1	31

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

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

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

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Statewide Average Salary
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	71,858	52,375	48,263
2011	46,150	71,858	51,741	48,639
2012	45,112	71,950	51,579	46,361
2013	46,700	73,137	52,245	48,821
2014	47,000	73,676	52,399	49,692
2015	48,500	74,003	53,800	50,715

Sources:

Plano ISD 2014-2015 Compensation Plan Book
TEA PEIMS Standard Reports

EXHIBIT S-19

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Schools:										
Elementary										
Buildings	42	43	43	44	44	44	44	44	44	44
Square Feet	2,926,668	3,045,516	3,084,444	3,194,580	3,204,030	3,234,785	3,253,327	3,301,493	3,350,490	3,378,450
Enrollment	24,811	24,550	24,730	24,658	25,005	24,941	24,721	24,406	24,107	23,900
Middle School										
Buildings	12	12	12	12	13	13	13	13	13	13
Square Feet	1,805,997	1,805,997	1,814,967	1,817,526	1,970,926	1,979,618	1,980,339	1,980,339	1,980,339	1,980,479
Enrollment	12,048	12,103	12,151	12,476	12,459	12,640	12,706	12,730	12,621	12,447
High School										
Buildings	5	5	5	5	5	5	6	7	7	6
Square Feet	1,126,915	1,233,936	1,233,939	1,233,939	1,274,402	1,275,730	1,572,843	1,679,897	1,679,897	1,572,843
Enrollment	7,984	7,889	7,977	7,936	8,191	8,414	8,433	8,435	8,496	8,540
Senior High School										
Buildings	3	3	3	3	3	3	3	3	3	4
Square Feet	1,252,658	1,252,658	1,272,129	1,272,150	1,328,045	1,369,618	1,369,618	1,458,754	1,458,754	1,576,908
Enrollment	7,071	7,132	7,290	7,429	7,440	7,604	7,806	7,872	7,937	8,183
Early Childhood Schools										
Buildings	3	3	3	3	3	3	3	3	3	3
Square Feet	147,683	147,683	147,683	156,458	156,458	156,458	156,458	156,458	156,458	156,458
Enrollment ¹	1,267	1,261	1,435	1,704	1,844	1,971	1,993	1,742	1,661	1,619
Total Schools										
Buildings	65	66	66	67	68	68	69	70	70	70
Square Feet	7,259,921	7,485,790	7,553,162	7,674,653	7,933,861	8,016,209	8,332,585	8,576,941	8,625,938	8,665,138
Enrollment	53,181	52,935	53,583	54,203	54,939	55,570	55,659	55,185	54,822	54,689

EXHIBIT S-19
(Cont.)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other PISD Facilities:										
Other Educational Facilities -										
Buildings	3	3	3	4	4	5	4	5	5	5
Square Feet	97,775	97,775	97,775	126,961	138,036	246,246	246,246	149,820 ²	149,820	149,820
Administrative										
Buildings	5	6	6	6	6	6	6	6	6	6
Square Feet	211,866	223,271	223,271	223,271	223,271	223,271	223,271	204,199	204,199	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	148,662	148,662	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	10	10	10	10	10
Tennis Courts	20	20	20	20	21	22	22	21	21	21
Softball Fields	5	5	3	3	3	4	4	4	4	4
Baseball Fields	7	7	7	7	7	8	8	8	8	8
Indoor Athletic Fields	3	3	3	3	3	3	3	3	3	3

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, 2015, 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 3, 2015.

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

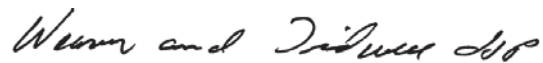
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Plano Independent School District

Page 2

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 3, 2015



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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 *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. 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, 2015.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency [15-01].

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 3, 2015

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

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		\$ 241,880
Total Direct Funding U.S. Department of Defense			<u>241,880</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>241,880</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA Title I Part A - Improving Basic Programs	84.010A	14-610101043910	92,066
ESEA Title I Part A - Improving Basic Programs	84.010A	15-610101043910	4,791,408
Total Title I - Part A Cluster			<u>4,883,474</u>
Title IV IDEA - Part B, Formula	84.027	14-6600010439106600	467,439
Title IV IDEA - Part B, Formula	84.027	15-6600010439106600	8,795,580
Title IV IDEA - Part B, Preschool	84.027	14-6610010439106610	5,119
Title IV IDEA - Part B, Preschool	84.027	15-6610010439106610	234,124
SSA - IDEA - Part B, Discretionary	84.027	15-6600020439106673	209,890
SSA - IDEA - Part B, Deaf	84.027	15-6600010439106601	65,397
SSA - IDEA - Part B, Preschool Deaf	84.173	15-6610010439106611	12,262
Total Special Education Cluster			<u>9,789,811</u>
Vocational Education - Basic Grant	84.048	14-420006043910	1,644
Vocational Education - Basic Grant	84.048	15-420006043910	394,515
Total Vocational Education			<u>396,159</u>
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	15-3911010439103911	8,634
Title III, Language Instruction LEP	84.365	14-671001043910	214,521
Title III, Language Instruction LEP	84.365	15-671001043910	965,346
Total Title III			<u>1,179,867</u>
ESEA Title II, Part A, Teacher & Principal Training	84.367A	14-694501043910	107,139
ESEA Title II, Part A, Teacher & Principal Training	84.367A	15-694501043910	676,153
Total Title II, Part A			<u>783,292</u>

(continued)

EXHIBIT K-1

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2015

Title IV Part A Summer School LEP	84.369	15-69550502	89,632
Total Passed Through State Department of Education			<u>17,130,869</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>17,130,869</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	718,747
Head Start	93.600	CH6042/41	<u>327,765</u>
Total Head Start Cluster			1,046,512
Medicaid Administrative Claim Program	93.778	15-043910	111,247
Total Direct Funding U.S. Department of Health and Human Services			<u>1,157,759</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,157,759</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast Program	10.553	15-043910	1,627,534
National School Lunch Program	10.555	15-043910	6,999,104
Commodity Food Distribution	10.555	15-043910	1,335,935
Summer Feeding Program	10.559	14-043910	8,999
Summer Feeding Program	10.559	15-043910	<u>32,167</u>
Total Child Nutrition Cluster			10,003,739
Total Passed Through the State Department of Agriculture			<u>10,003,739</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>10,003,739</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 28,534,247</u>
			(Concluded)

PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

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

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

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in the General Fund or Special Revenue Funds which are both Governmental Fund 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, 2015 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, 2015**

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	\$ 28,534,247
Reimbursements received from the Federal School Health and Related Services	3,805,506
Rebates received from the Federal Government for Build America Bonds	<u>1,687,898</u>
Total Federal Program Revenues per Exhibit C-3	<u><u>\$ 34,027,651</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

I. Summary of the Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes 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? X Yes _____ None reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported under Section 510(a) or OMB Circular A-133. _____ Yes X No
- g. Identification of major programs:
- | | |
|-------------------------|------------------------|
| Child Nutrition Cluster | 10.553, 10.555, 10.559 |
| Title I, Part A Cluster | 84.010A |
| Title III | 84.365 |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$856,027
- 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, 2015**

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

None

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

Finding 15-01

CFDA 10.553, 10.555, and 10.559 — Child Nutrition Cluster; 84.010A — Title I, Part A Cluster Department of Education, passed through the Texas Education Agency

Procurement — Significant Deficiency in Controls over Compliance

Criteria — According to the June 2015 OMB Circular A-133 Compliance Supplement, non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

Condition — During our procurement testing, we identified two instances where the District failed to properly document the review of vendors for suspension and debarment prior to incurring charges.

Cause — District procedures regarding the review for suspension and debarment was not consistent throughout the purchasing department.

Questioned Costs — None

Effect — Failure to properly document the review of vendors for suspension and debarment can lead to the utilization of vendors that are suspended and debarred which is strictly prohibited.

Recommendation — Review internal controls, procedures and checklists related to procurement to ensure that they are updated, complete and sufficient to comply with grant compliance requirements.

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Management Response — Purchasing is in the process of reviewing and updating all procedures related to verifying suspensions and debarments for those purchases made with federal funds. Purchasing currently requires a form requesting information from each participating bidder to declare if they have been debarred for all bid processes known to use federal related funds. Each form is then verified using the www.sam.gov federal website and documentation is added to the bid file.

For non-bid purchases using federal funds, Purchasing staff will verify the suspension/debarment using the www.sam.gov federal website and attach the verification to the TEAMS purchase order.

**PLANO INDEPENDENT SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

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

None

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