

**PLANO INDEPENDENT SCHOOL DISTRICT
PLANO, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED

JUNE 30, 2016

PREPARED BY

**CHRISTIE TATE
DIRECTOR ACCOUNTING & BUDGET**

**LINDA MADON
EXECUTIVE DIRECTOR OF FINANCIAL SERVICES**

Teamwork for Excellence



P L A N O
Independent School District

PLANO INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|--|------|
| Certificate of the Board | |
| Board of Trustees and Administrative Officials | i |
| Organizational Chart | ii |
| Transmittal Letter | iii |
| GFOA Certificate of Achievement | viii |

FINANCIAL SECTION

| <u>Exhibit</u> | | <u>Page</u> |
|----------------|--|-------------|
| | Independent Auditor's Report | 1 |
| | Management's Discussion and Analysis | 5 |
| | <u>Basic Financial Statements</u> | |
| | Government Wide Statements: | |
| A-1 | Statement of Net Position | 21 |
| B-1 | Statement of Activities | 22 |
| | Governmental Fund Financial Statements: | |
| C-1 | Balance Sheet – Governmental Funds | 24 |
| C-2 | Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 27 |
| C-3 | Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds | 28 |
| C-4 | Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 30 |
| D-1 | Statement of Net Position – Proprietary Funds | 31 |
| D-2 | Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds | 32 |
| D-3 | Statement of Cash Flows – Proprietary Funds | 33 |
| E-1 | Statement of Assets and Liabilities – Agency Funds | 34 |
| | Notes to Basic Financial Statements | 35 |
| | <u>Required Supplementary Information</u> | |
| G-1 | Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund | 77 |
| G-2 | Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System | 78 |
| G-3 | Schedule of the District Contributions – Teacher Retirement System | 79 |
| | Notes to Required Supplementary Information | 80 |

PLANO INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS – CONTINUED

Combining and Individual Fund Statements and Schedules

| | | |
|------|---|-----|
| H-1 | Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund | 87 |
| H-2 | Combining Balance Sheet – Nonmajor Governmental Funds | 88 |
| H-3 | Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 90 |
| H-4 | Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – National Breakfast and Lunch Program | 92 |
| H-5 | Combining Statement of Net Position – Nonmajor Enterprise Funds | 93 |
| H-6 | Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds | 94 |
| H-7 | Combining Statement of Cash Flows – Nonmajor Enterprise Funds | 95 |
| H-8 | Combining Statement of Net Position – Internal Service Funds | 96 |
| H-9 | Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds | 98 |
| H-10 | Combining Statement of Cash Flows – Internal Service Funds | 100 |
| H-11 | Combining Statement of Changes in Assets and Liabilities – All Agency Funds | 102 |

Required Texas Education Agency Report Section

| | | |
|-----|---|-----|
| J-1 | Schedule of Delinquent Taxes Receivable | 104 |
|-----|---|-----|

STATISTICAL SECTION 107 (Unaudited)

| <u>Exhibit</u> | | <u>Page</u> |
|----------------|---|-------------|
| S-1 | Net Position by Component | 109 |
| S-2 | Change in Net Position | 110 |
| S-3 | Fund Balances, Governmental Funds | 112 |
| S-4 | Governmental Funds, Revenues | 113 |
| S-5 | Governmental Funds, Expenditures and Debt Service Ratio | 114 |
| S-6 | Governmental Funds, Other Financing Sources and Uses and Net Change in Fund Balance | 115 |
| S-7 | Assessed Value and Actual Value of Taxable Property | 116 |
| S-8 | Direct and Overlapping Property Tax Rates | 117 |
| S-9 | Principal Property Taxpayers | 118 |
| S-10 | Property Tax Levies and Collections | 119 |
| S-11 | Outstanding Debt by Type | 120 |
| S-12 | Direct and Overlapping Governmental Activities Debt | 121 |

PLANO INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS – CONTINUED

| | | |
|------|---|-----|
| S-13 | Legal Debt Margin Information | 122 |
| S-14 | Demographic and Economic Statistics | 123 |
| S-15 | Principal Employers | 124 |
| S-16 | Full-time-Equivalent District Employees by Type | 125 |
| S-17 | Operating Statistics | 126 |
| S-18 | Teacher Base Salaries | 127 |
| S-19 | School Building Information | 128 |

REPORTS ON INTERNAL CONTROL, COMPLIANCE AND FEDERAL AWARDS

| <u>Exhibit</u> | | <u>Page</u> |
|----------------|--|-------------|
| | Auditor Documents: | |
| | Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 133 |
| | Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance | 135 |
| | Auditee Documents: | |
| K-1 | Schedule of Expenditures of Federal Awards | 137 |
| | Notes to Supplemental Schedule of Expenditures of Federal Awards | 139 |
| | Auditor Documents: | |
| | Schedule of Findings and Questioned Costs | 141 |
| | Auditee Documents: | |
| | Summary of Prior Year Audit Findings | 143 |

Teamwork for Excellence



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 0 approved 0 disapproved for the year ended June 30, 2016 at a meeting of the Board of Trustees of such school district on the 15TH day of NOVEMBER , 2016.



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):

Teamwork for Excellence



P L A N O
Independent School District

INTRODUCTORY SECTION

Teamwork for Excellence



P L A N O
Independent School District

BOARD OF TRUSTEES

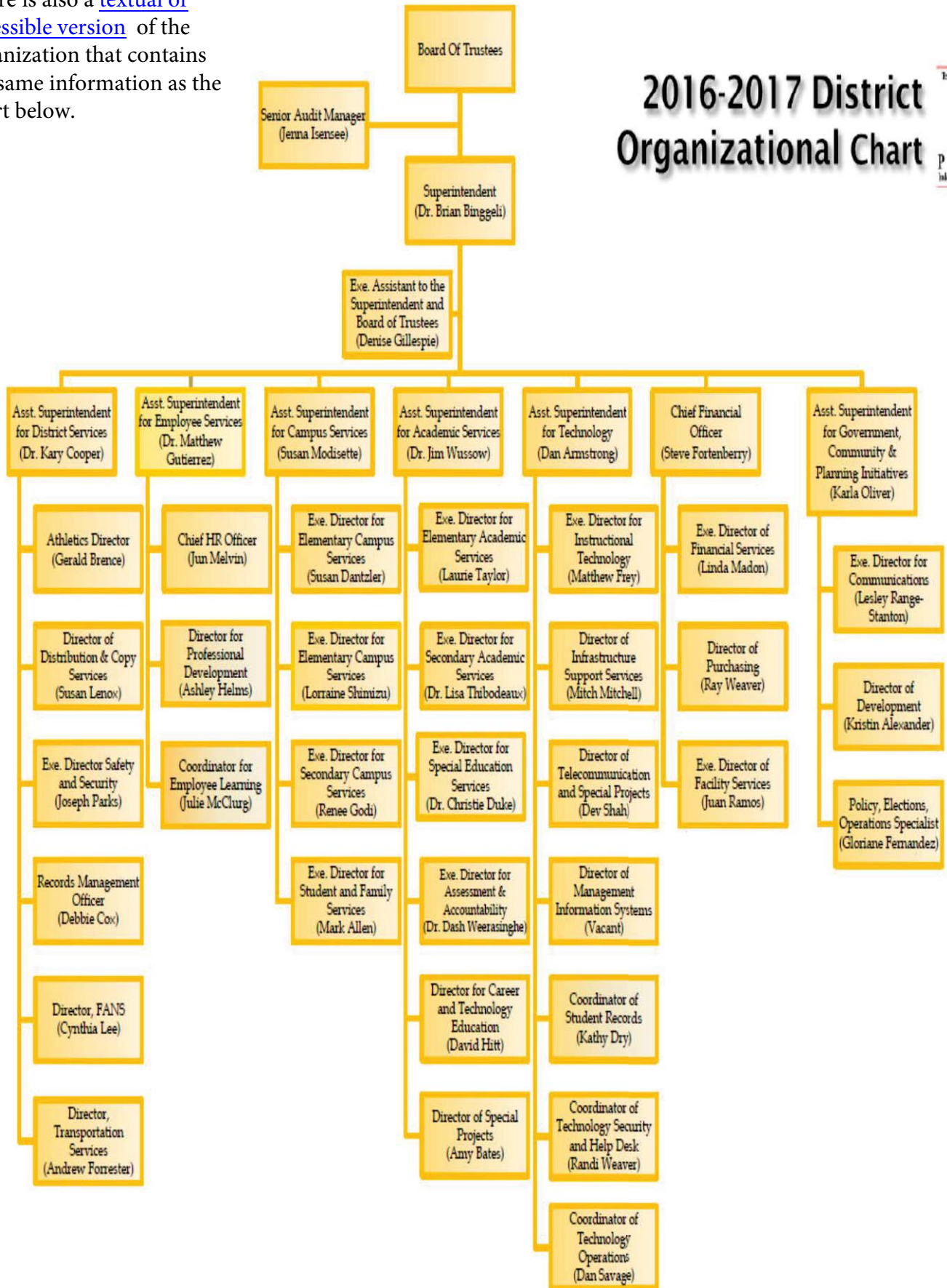
| Name | Length of Service | Term Expires | Occupations |
|----------------------------------|--------------------------|---------------------|--------------------------------------|
| Missy Bender President | 10 Years | May 2019 | Community Volunteer |
| Nancy Humphrey Vice President | 6 Years | May 2017 | Public and Contract Accountant |
| Carrolyn Moebius Secretary | 6 Years | May 2017 | Veterinary Hospital Administrator |
| Marilyn Hinton Trustee | 7 Years | May 2017 | Community Volunteer |
| Tammy Richards Trustee | 6 Years | May 2017 | Consultant |
| David Stolle Trustee | 5 Years | May 2019 | Attorney |
| Yoram Solomon Trustee | 1 Year | May 2019 | Author, Speaker, Coach |

ADMINISTRATIVE OFFICIALS

| Name | Position | Length of District Service |
|--------------------------|--|---------------------------------------|
| Dr. Brian Binggeli | Superintendent *total school district experience 34 years | 1 Year* |
| Steve Fortenberry | Chief Financial Officer *total school district experience 33 years | 4 Years* |
| Dr. Kary Cooper | Assistant Superintendent for District Services | 28 Years |
| Karla Oliver | Assistant Superintendent for Government, Community and Planning Initiatives *total school district experience 26 years | 12 Years* |
| Dan Armstrong | Assistant Superintendent for Technology Services | 26 Years |
| Susan Modisette | Assistant Superintendent for Campus Services *total school district experience 33 years | 29 Years* |
| Dr. Jim Wussow | Assistant Superintendent for Academic Services *total school district experience 33 years | 29 Years* |
| Dr. Matthew Gutierrez | Assistant Superintendent for Employee Services *total school district experience 14 years | Since July 2016* |

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

2016-2017 District Organizational Chart





November 15, 2016

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, 2016, 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, 2016 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, 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. The City enthusiastically embraces its identity as a premier, diverse and inclusive city that comfortably competes on the global stage for businesses, individuals and families looking for a place to call home. Plano is an economic engine and the nexus for job creation in the region. The highly educated workforce, excellent school system and world-class business parks are some of the reasons why companies choose to relocate and expand in Plano. In 2015, companies like Liberty Mutual Insurance, Aligned Data Centers, Success Partners, Aspire Global Solutions, Kaye/Bassman International, Ciber, Inc, Quadramed Empi Solutions, Areva Med, Oceans Healthcare, Allied Bioscience and Skillstorm announced plans to make Plano home for their corporate offices. These companies along with sixteen other companies who are expanding their corporate headquarters will bring 8,308 jobs to Plano according to the City of Plano 2015 Progress Report. The commercial development continues into 2016 with the Legacy West Business Park campus nearing 85 percent completion as it approaches its March 2017 completion date. Toyota, and USAA along with several other companies announced the relocation of their corporate headquarters to the Legacy Business Park, a \$3.2 billion master-planned business, retail and residential community in northwest Plano, in late 2014 and 2015. It is Plano's largest mixed-use development to date and is expected to bring more than 20,000 jobs to Plano.

In the South central section of the District, the \$1.5 billion, 186-acre CityLine project is home to State Farm Insurance, the key corporate anchor of the development. Construction was completed earlier this year on the fourth building in its new regional office campus that houses 8,000 workers. Raytheon completed its new regional office campus late in 2015 with more than 1,500 workers moving into the three building complex with almost 500,000 square feet at the end of 2015. Developers are building hundreds of apartments, City Line Market Center and an Aloft hotel within 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 and into the immediate future.

The District's latest multi-year bond program was successfully approved by the voters in May 2016. The purpose of this \$481 million program is to provide funding for eight major project areas with no increase to the tax rate. All Plano ISD campuses will be impacted by district-wide security updates, renovation and facility upgrades, as well as technology improvements. The program also provides funding for the purchase of property and construction of new facilities that will increase classroom capacity and expand program offerings for students along with the purchase of school buses. As of June 30, 2016, a total of \$497,020,000 of bonds were authorized, but not issued. The District had several active construction projects as of June 30, 2016. Projects included additions to buildings and renovation or upgrades of existing facilities.

During fiscal year 2016, the District continued work on refurbishments at Christie and Hughston Elementary schools. Additionally, preliminary work began for refurbishments at Rose Haggard and Gullledge Elementary schools and cafeteria upgrades at Jasper High School. The District continued work on minor capital improvements at several campuses.

The State funding formula continues to impact the District's financial operations. In its simplest form, this formula guarantees districts a revenue yield per student for each penny of the district's operating tax rate. The first dollar of tax rate is guaranteed to generate \$51.40 per penny for each student in weighted average daily attendance (WADA). Districts whose tax base generates less than this amount receive additional state funds to get to the guaranteed amount. Districts whose tax base generates more than the guaranteed amount have to send the excess local property tax collections to the state in the form of recapture. The next six pennies of tax effort are guaranteed to generate the same amount per WADA as Austin ISD's tax base does (\$74.28 in 2015-16). Districts below this level receive additional state aid. Districts above this level get to keep the excess of these (and only these) six pennies. The final 11 cents of the tax rate, which gets a district to the maximum total operating tax rate of \$1.17 and can only be reached with a tax ratification election (TRE), work just like the first \$1.00 of the tax rate, but the guaranteed yield per student per penny is reduced to \$31.95.

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

The District continues to see its property values grow, but the benefit of that growth accrues to the State through increased recapture payments. The District is fortunate to have additional funding provided through a TRE in November 2013. The TRE, which took the operating tax rate to \$1.17, became necessary when the State only partially restored its \$59 million funding reduction to the District from the 2011-13 biennium. Since the passage of the District's TRE, the state formula has changed only slightly. The guaranteed yield for the first \$1.00 of effort has increased by only 3.8% since 2013-14, the Austin yield has grown by \$14.31 per student, and the yield on the final 11 cents of the tax rate has not changed. Absent legislative action, funding will remain an issue and property value growth will result in higher local tax bills with the increases primarily accruing to the State's budget.

State Funding Litigation

On seven occasions in the last thirty years, the Texas Supreme Court (the “Court”) has issued decisions assessing the constitutionality of the Texas public school finance system (the “Finance System”). The litigation has primarily focused on whether the Finance System, as amended by the Texas Legislature (the “Legislature”) from time to time in response to the litigation, (i) met the requirements of article VII, section I of the Texas Constitution, which requires the Legislature to “establish and make suitable provisions for the support and maintenance of an efficient system of public free schools,” or (ii) imposed a statewide ad valorem tax in violation of article VIII, section I-e of the Texas Constitution because the statutory limit on property taxes levied by school districts for maintenance and operation purposes has allegedly denied school districts meaningful discretion in setting their tax rates. In response to the Court’s previous decisions, the Legislature enacted multiple laws that made substantive changes in the way the Finance System is funded in efforts to address the prior decisions declaring the Finance System unconstitutional.

On May 13, 2016, the Court issued its opinion in the most recent school finance litigation, which was styled *Morath, et al v. The Texas Taxpayer and Student Fairness Coalition, et al.*, No. 14-0776 (Tex. May 13, 2016) (“Morath”). The plaintiffs and intervenors in the case had alleged that the Finance System, as modified by the Legislature in response to prior decisions of the court, violated article VII, section I and article VIII, section I-e of the Texas Constitution. In its opinion, the Court held that “despite the imperfections of the current school funding regime, it meets minimum constitutional requirements.” The Court also noted that:

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

2016-17 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 7, 2016. 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 6, 2016 the District adopted a maintenance and operations tax rate of \$1.17, the maximum rate approved by voters in the Tax Ratification Election in November 2013. The debt service tax rate of 26.9 cents remained constant and was also adopted.

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

OTHER INFORMATION

Controls

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

Independent Audit

State law and District policy require an annual audit of the accounts and financial records of the District by independent certified public accountants selected by the Board of Trustees. Weaver has issued an unqualified opinion on the financial statements of Plano Independent School District for the year ended June 30, 2016. The independent auditors' report has been included in this report at the front of the financial section.

Awards

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Plano Independent School District for its Comprehensive Annual Financial Report for the fiscal period ended June 30, 2015. The District received this prestigious award for the thirty third consecutive year in 2016 .

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, 2016 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, 2015

Executive Director/CEO

FINANCIAL SECTION

Teamwork for Excellence



P L A N O
Independent School District



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Plano Independent School District
Plano, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Plano Independent School District (the District) as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, TRS pension schedules, and the notes to the required supplementary information on pages 5 through 17, 77, 78 through 79, and 80 through 83, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

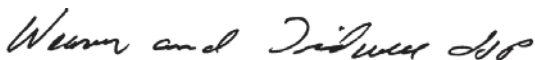
The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the financial statements.

The combining and individual fund statements and schedules, 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 14, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 14, 2016

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, 2016
(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, 2016. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's total assets as presented on the government-wide Statement of Net Position exceeded total liabilities by \$384.6 million. The net assets of the District increased by \$62.4 million during the year ended June 30, 2016.

The District's governmental funds financial statements reported combined ending fund balance of \$286.7 million. Of this amount, the General Fund has a total of \$194.3 million of which \$2 million is nonspendable, \$17.6 million is assigned and \$174.7 million is unassigned available for spending at the District's discretion. Fund balance of \$73.9 million is restricted for use by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$18.5 million that is either restricted, committed or nonspendable.

On May 7, 2016, the District held a successful bond election with voters approving \$481 million in authorized bonds. As of June 30, 2016, the total bonds authorized and unissued is \$497,020,000. This amount is comprised of the \$481 million new authorization and \$16.02 million remaining unissued from the May 2008 election.

During fiscal year 2016 the Series 2006 Unlimited Tax Refunding Bonds and a portion of the Series 2007, 2008 and 2008A Unlimited Tax Bonds were refunded by issuing Series 2016A and 2016B Unlimited Tax Refunding Bonds dated February 24, 2016 and May 18, 2016 respectively. The combined refundings resulted in total debt service savings of \$77.6 million and a net present value savings of \$55.5 million. Restructuring matched the District's current debt service payments in years 2016 through 2029, decreased the debt payments in years 2030, and estimated payments in 2031 through 2034. As a result the final maturity date on existing debt was shortened by over 4 years.

During fiscal year 2016, the District completed the addition and upgrades for the Plano East Health Academy; renovations at Hedgcoxe Elementary and Bethany Elementary; roof upgrades at Plano Senior High School, Rose Haggard Elementary and Shiloh Center; flooring at Shepard and Centennial Elementary Schools; HVAC upgrades at Spring Creek Center; a new fueling system at the Transportation Center and turf for baseball fields at each of the three senior high schools.

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 the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *statement of activities* details how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Fund Financial Statements

The District uses fund accounting to monitor specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the District's activities are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year end that are available. However, unlike the government-wide financial statements, governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund and the Capital Projects Fund, which are considered to be major funds. Data from all other Special Revenue funds is in the Other Funds column and is presented as a non-major governmental fund on the same statements.

Proprietary funds are used to account for operations that are financed similar to those found in the private sector. These funds provide both long-term and short-term financial information. The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its concession service, after school care, employee childcare and photography. Internal service funds report activities that provide services for the District's other programs and activities, i.e., health insurance, workers' compensation, property insurance, unemployment benefits and print shop. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities within the government-wide financial statements.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. 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 also a [textual or accessible version of the 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> | ♦ Statement of net assets | ♦ Balance sheet | ♦ Statement of net assets | ♦ Statement of fiduciary net assets |
| | ♦ Statement of activities | ♦ Statement of revenues, expenditures & changes in fund balances | ♦ Statement of revenues, expenses and changes in fund net assets ♦ Statement of cash flows | ♦ Statement of changes in fiduciary net assets |
| <i>Accounting basis and measurement focus</i> | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| <i>Type of asset/liability information</i> | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can |
| <i>Type of inflow/outflow information</i> | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid | All revenues and expenses during year, regardless of when cash is received or paid |

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

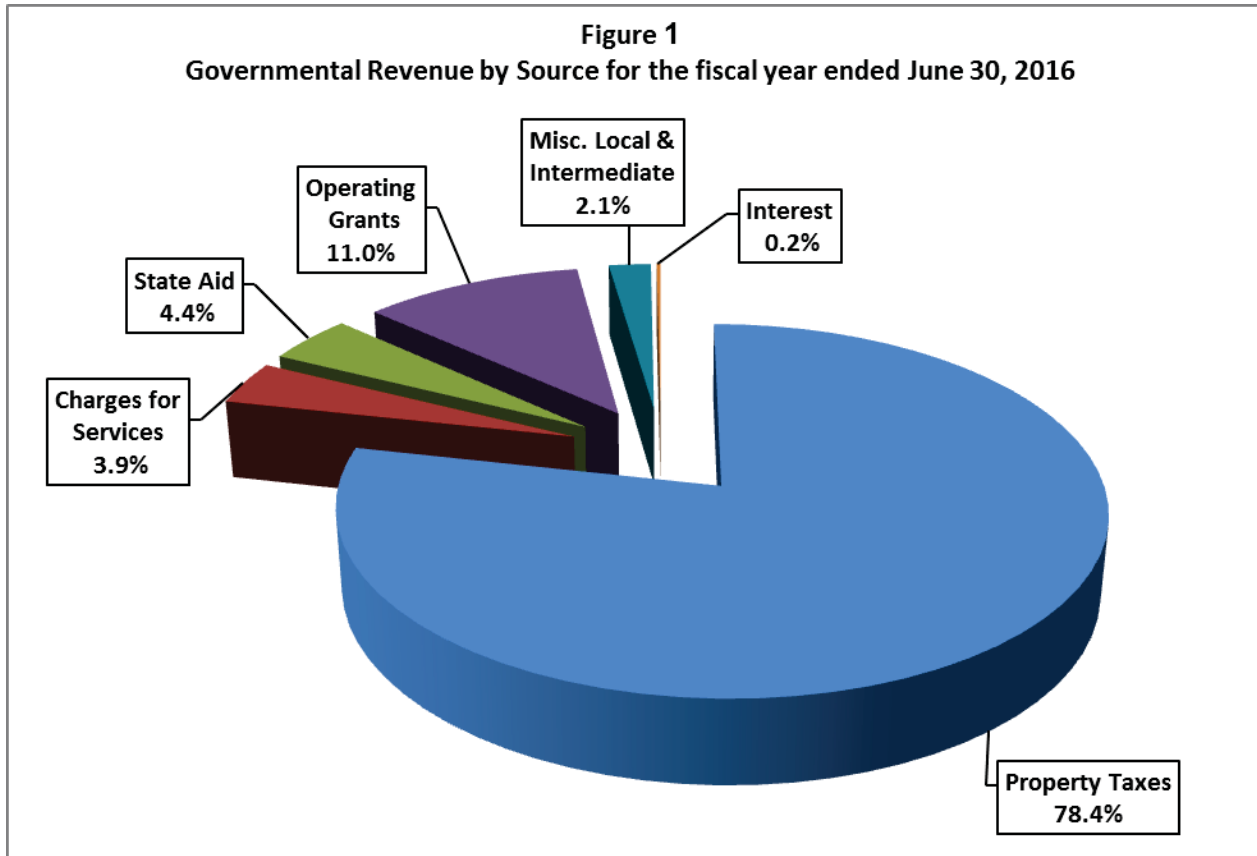
Net Position. As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's net position was \$384.6 million at June 30, 2016. The largest portion of net position, \$216.7 million or 56.3%, reflects the District's investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire these assets that are still outstanding. The District uses these capital assets to provide services to students, consequently, these assets are not available for future spending. An additional portion of the District's net position, \$31.3 million or 8.2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$136.6 million or 35.5% may be used to meet the government's ongoing obligations.

The District's Net Position

| | Governmental Activities As of June 30, 2016 | Governmental Activities As of June 30, 2015 | Business Type Activities As of June 30, 2016 | Business Type Activities As of June 30, 2015 |
|---|--|--|---|---|
| Current and other assets | \$ 379,465,200 | \$ 355,372,982 | \$ 797,039 | \$ 842,698 |
| Capital assets | 976,236,835 | 1,000,927,231 | - | - |
| Total assets | <u>1,355,702,035</u> | <u>1,356,300,213</u> | <u>797,039</u> | <u>842,698</u> |
| Deferred outflows of resources | 89,027,178 | 24,141,872 | - | - |
| Current liabilities | 94,686,984 | 91,857,878 | 602,112 | 585,436 |
| Long term liability | 944,185,874 | 949,582,739 | - | - |
| Total liabilities | <u>1,038,872,858</u> | <u>1,041,440,617</u> | <u>602,112</u> | <u>585,436</u> |
| Deferred inflows of resources | 21,432,813 | 17,077,532 | - | - |
| Net position: | | | | |
| Invested in capital assets net of related debt | 216,678,892 | 159,051,926 | - | - |
| Restricted | 31,349,021 | 31,229,566 | - | - |
| Unrestricted | 136,395,629 | 131,642,444 | 194,927 | 257,262 |
| Total net position | <u>\$ 384,423,542</u> | <u>\$ 321,923,936</u> | <u>\$ 194,927</u> | <u>\$ 257,262</u> |

Changes in net position. The District's total revenues were \$746.2 million. The most significant portion (78.4%) of the District's revenue comes from property taxes. (See Figure 1) Operating grants provided 11%. State aid comprised 4.4% with all remaining sources combining for the remaining 6.2% revenue. The total cost of all programs and services was \$683.8 million.

Figure 1 graphically depicts the sources of governmental activities revenue for the fiscal year ending June 30, 2016. Property taxes and state aid are two of the District's chief sources of operating revenues. Both of these revenue streams continue to change from year to year due to changes in property values and components in the funding formulas used by the State of Texas to calculate state aid.



Government-Wide Activities

The total cost of all government-wide activities for the year ended June 30, 2016 was \$683.8 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:

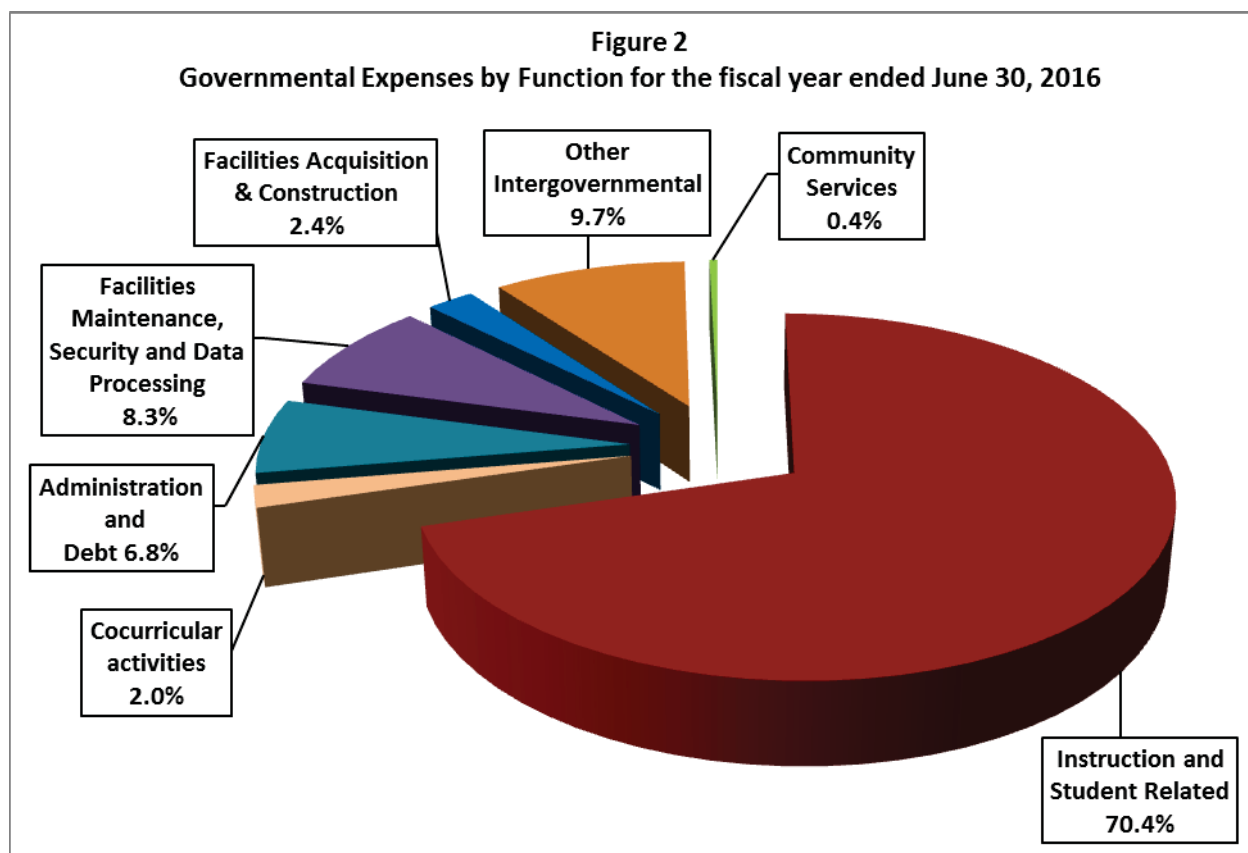
- The cost of all *governmental activities* for the year was \$676.3 million
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. These program revenues amounted to \$101.7 million.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$574.6 million which was funded from property taxes and other local sources.

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

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

| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|---|-------------------------------|-----------------------------|
| Instruction | \$356.2 | \$304.4 |
| Contracted Instructional Services Between Schools | 60.1 | 60.1 |
| Debt Service Interest on Long Term Debt | 31.0 | 29.1 |
| Plant Maintenance & Operations | 46.8 | 44.3 |
| School Leadership | 28.5 | 25.8 |
| Food Services | 26.7 | 2.0 |

| | <u>Governmental Activities FY 6/30/16</u> | <u>Governmental Activities FY 6/30/15</u> | <u>Business-Type Activities FY 6/30/16</u> | <u>Business-Type Activities FY 6/30/15</u> |
|---|---|---|--|--|
| Revenue | | | | |
| Program Revenues | | | | |
| Charges for services | \$ 19,617,850 | \$ 20,090,211 | \$ 9,616,176 | \$ 9,906,988 |
| Operating grants and contributions | 82,106,197 | 84,554,345 | - | - |
| General Revenues | | | | |
| Property taxes | 585,121,934 | 546,067,384 | - | - |
| State aid - formula | 32,576,028 | 33,279,366 | - | - |
| Interest income | 1,465,083 | 622,073 | 9,649 | 3,326 |
| Other | 15,683,263 | 2,658,757 | - | - |
| Total revenues | <u>736,570,355</u> | <u>687,272,136</u> | <u>9,625,825</u> | <u>9,910,314</u> |
| Expenses | | | | |
| Instruction and Instructional - Related Services | 374,353,545 | 351,550,620 | - | - |
| Instructional and School Leadership | 32,498,092 | 30,491,857 | - | - |
| Support Services - Student | 83,311,106 | 80,396,171 | - | - |
| Administrative Support Services | 10,821,575 | 10,179,403 | - | - |
| Support Services - Nonstudent Based | 56,291,134 | 49,507,422 | - | - |
| Ancillary Services - Community Service | 2,544,174 | 2,329,921 | - | - |
| Debt Service | 34,883,065 | 42,227,308 | - | - |
| Other Facility Costs | 16,046,258 | 13,727,923 | - | - |
| Intergovernmental Charges | 65,528,366 | 54,452,692 | - | - |
| Concessions | - | - | 296,441 | 324,526 |
| Employee Child Care | - | - | 1,374,744 | 1,226,329 |
| After School Care | - | - | 5,779,267 | 5,644,470 |
| Photography | - | - | 31,142 | 34,133 |
| Total expenses | <u>676,277,315</u> | <u>634,863,317</u> | <u>7,481,594</u> | <u>7,229,458</u> |
| Excess (Deficiency) before transfers and special items | 60,293,040 | 52,408,819 | 2,144,231 | 2,680,856 |
| Special Item-Gain on Sale of Land | - | 385,967 | - | - |
| Transfers In (Out) | <u>2,206,566</u> | <u>2,552,615</u> | <u>(2,206,566)</u> | <u>(2,552,615)</u> |
| Change in net position | <u>62,499,606</u> | <u>55,347,401</u> | <u>(62,335)</u> | <u>128,241</u> |
| Beginning net position | 321,923,936 | 330,721,512 | 257,262 | 129,021 |
| Cumulative Effect of Change in Accounting Principle | - | (64,144,977) | - | - |
| Ending net position | <u>\$384,423,542</u> | <u>\$257,778,959</u> | <u>\$ 194,927</u> | <u>\$ 257,262</u> |



The increase in the ending net position for Governmental Activities of \$62.5 million is a combination of several factors. Revenue and transfers in for governmental activities increased by \$48.9 million during fiscal year 2016.

- Property taxes increased \$39.1 million due to an 8.0% increase in taxable property values.
- Miscellaneous Local and Intermediate revenue increased by \$13 million due to insurance proceeds received due to extensive damage incurred from two spring hail storms

Expenses are summarized by functional categories that reflect the purpose of the transaction. Various operating expenses are recorded within each functional category. Total expenses reflect an overall increase of \$41.4 million. Several key factors account for the increase.

- Instruction and Instructional Related Services increased \$22.8 million due to the 3% raise time granted to staff. Also, over 40 instructional staff were added in total across both elementary and secondary schools. Additions included teachers to reduce ratios at middle schools, reading teachers to target strengthening the dyslexia program for students at all levels, teachers to provide targeted intervention for students individually or in small groups at elementary schools and Academic Specialist at each of the three senior high schools.
- Administrative interns were added at ten elementary schools, clerical support positions were added at nine middle schools and Administrative Interns were converted to Assistant Principals at several high schools. These staffing changes along with the 3% raise resulted in a \$2 million dollar increase in the School Leadership function.
- As a direct result of the increase in property tax revenue, Contracted Instructional Services Between Schools increased by \$11.1 million. The school finance system in Texas is equalized through an equalized wealth limit that requires excess property wealth per weighted average daily attendance (WADA) to be returned to the State.
- Two major hail storms did considerable damage to school building roofs in the Spring of 2016. Roof repairs and replacements account for \$5.3 million of the \$6.6 million increase in Facilities Maintenance and Operations. The remainder of the increase is due to a 10% increase in water rates along with increased landscape watering.

Business-Type Activities

The net position of the District's business-type activities decreased by \$62,335. This decrease is primarily due to changes within two of the business type activities.

- Concessions saw a decline in their net position of \$33,499 as the number of events and attendance was only for our district in fiscal year 2016. In fiscal year 2015, a one-time anomaly occurred due to a neighboring district using the district's stadium facilities while their stadium was closed for repairs. This situation increased the number of events along with higher attendance and increased sales at district stadiums.
- An operational change was implemented with the Photography Enterprise fund in fiscal year 2016. Revenue was below operational expenses in the amount of \$28,927. Going forward this business-type activity will be eliminated.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Revenues for general governmental functions totaled \$712.3 million for the year ended June 30, 2016. Property taxes were the largest source of revenue received by the District. Two items represent the major components of the \$39.5 million increase in Local Revenue.

- 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 \$38.4 million for M&O.
- The Debt Service tax rate decreased by 0.009 cents to \$0.269. The reduction in the tax rate coupled with an increase in taxable value resulted in increased tax revenue of \$3.8 million for Debt Service.

State revenue increased by \$3.7 million due to increases in the Debt Service Fund and Other Funds.

- Fiscal year 2016 represents the first time the district has received state funding in the Debt Service fund. The \$1.9 million in state revenue is a result of the passage of Proposition 1 in November 2015 to amend the Texas Constitution to increase the state mandated homestead exemption from \$15,000 to \$25,000. The amount of the homestead exemption directly impacts property values against which the debt service tax is levied. As part of the 2015 State Legislative session, provisions were included in the school finance formula to provide Additional State Aid for Homestead Exemption in an effort to mitigate the impact to school districts and their ability to raise funds to repay outstanding bonded debt.
- Fiscal year 2016 is the first year of the legislative biennium. Funding for the Instructional Materials Allotment was pushed forward into the first year's allocation due to several large textbook adoptions. This accounts for \$1.7 million of the \$1.8 million increase in state revenue in Other Funds.

Federal revenues show a decrease of \$733,130 for the 2016 fiscal year.

- IDEA B more than accounts for the overall decrease.

Expenditures for general governmental operations totaled \$710 million during fiscal year 2016 for an increase of \$18.8 million. There are several factors that combine for this increase in expenditures.

- Due to extending the 2008 bond program for a period of time, well beyond what was planned, there was significant decreased activity in Facilities Acquisition and Construction of \$23.3 million as we came to the end of the program prior to approval of the new bond program in May 2016.
- The reduction in Payments to Tax Increment Fund of \$2.8 million is due to the Tax Increment Finance Zone reaching the end of the agreement.

These two reductions were offset by most other functions seeing an increase as a result of a 3% raise in 2015-16. As previously detailed, key instructional and campus related functions also received several additional staff allocations. Increases in these key functions are –

- Instruction and Instruction related - \$13.4 million
- School Leadership and Counselors - \$2.9 million
- Contracted Instruction Services Between Schools (commonly referred to as “recapture”) increased by \$13.5 million as a result of the significant increase in property tax revenue due to the 8% 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 by \$7.5 million during the fiscal year, but were offset by reduced interest payments of \$3.7 million. Fees increased by \$3.3 million due to two large bond refundings during the fiscal year. Total net increase of \$7.1 million for Debt Service.
- Two major hail storms did considerable damage to school building roofs in the Spring of 2016. Roof repairs and replacements account for \$5.3 million of the \$6.6 million increase in Facilities Maintenance and Operations. The remainder of the increase is due to a 10% increase in water rates along with increased landscape watering.

The governmental funds reported a combined fund balance of \$286.7 million. Out of the combined fund balances, \$174.7 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, 2016 consist of:

| | <u>As of 6/30/16</u> | <u>As of 6/30/15</u> |
|---------------------------|-----------------------|-----------------------|
| Nonspendable | | |
| Inventories | \$ 1,526,996 | \$ 1,353,791 |
| Prepaid items | 783,688 | 212,216 |
| Restricted | | |
| Debt service | 30,574,993 | 33,138,471 |
| Capital Projects | 43,304,022 | 35,596,145 |
| Food Service | 7,144,051 | 6,969,549 |
| State Special Revenue | 693,251 | 2,856,138 |
| Committed | | |
| Local Special Revenue | 10,340,081 | 9,594,684 |
| Assigned | | |
| Purchases on order | 17,618,791 | 2,115,233 |
| Capital Projects | - | 7,400,000 |
| Unassigned | <u>174,700,092</u> | <u>167,771,374</u> |
| Total Fund Balance | <u>\$ 286,685,965</u> | <u>\$ 267,007,601</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 \$174.7 million. Encumbrances in the amount of \$17.6 million were assigned. The amount assigned for encumbrances is significantly higher due to \$15 million encumbered for various storm repair projects. Unassigned fund balance available for the general operations of the District represents 34.6% of the total general fund expenditures while total fund balance represents 38.5% of the same amount.

The Capital Project Fund has a total fund balance of \$43.3 million. This entire amount is restricted for future construction. The fund balance increased by \$7.7 million as a result of increased transfer-in from the General Fund to finance capital projects.

The Debt Service fund balance decreased by \$2.6 million due to a planned, budgeted use of \$1.1 million in fund balance along with increased fees due to large bond refundings during the fiscal year. The District’s semi-annual debt payment of \$14.6 million is due in mid-August. As of June 30 it was neither expended nor accrued.

The Special Revenue Funds have a total fund balance of \$18.5 million. Nonspendable fund balance of \$312,701 is invested in inventory and prepaid expenditures. Fund balance is restricted for food service in the amount of \$7,144,051, for state special revenue in the amount of \$693,251 with the remaining balance of \$10.3 million committed for local special revenue funds. Approximately 56% of the total fund balance is from activity in several local special revenue funds. Of the remaining balance, 38.6% is restricted for use by food service with 3.7% restricted for state grants.

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

Net position in the Enterprise Funds as of June 30, 2016 was \$194,927. Net position for the 2016 year decreased by \$62,335. The decrease is due to a decrease in net position for the Concessions operation of \$33,499 and a decrease of \$28,927 for Photography.

- 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. In the current 2016 fiscal year, activity was only for our district which resulted in a reduced number of events as well as reduced attendance overall which resulted in decreased sales.
- Photography Enterprise Fund shows the remainder of the decrease as a result of an overall operational change for this operation. It is likely this operation will be closed out during the 2017 fiscal year.

Net position in the Internal Service Funds as of June 30, 2016 was \$3.2 million. The majority of this amount is unrestricted to be used for future expenses in the health benefits, workers' compensation and unemployment internal service funds. Net position decreased by \$649,074 during fiscal year 2016. This decrease is attributable to the decrease in net position for Worker's Compensation, Unemployment and the Insurance Claims 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 \$573,419.
- 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 2016 being \$76,389.
- During March and April 2016, two severe storms struck several of the district's facilities. Roof consultants, and contractors to assist with water clean-up were required which resulted in an increase in professional and contracted services. As a result, net position in the Insurance Claims internal service fund decreased by \$111,748.

General Fund Budgetary Highlights

The school finance system in Texas is equalized through an equalized wealth limit that requires excess property wealth per weighted average daily attendance (WADA) to be returned to the State. The equalized state funding formula is directly impacted by an increase in local property values. The 2015 Texas Legislature favorably impacted state funding for the District by increasing the basic allotment by \$100 per WADA and by including provisions to hold the District harmless if voters were to approve a \$10,000 increase in the State mandated homestead tax exemption. In November 2015, voters did approve Proposition 1 to amend the Texas State Constitution to increase the state mandated homestead exemption from \$15,000 to \$25,000. With the adoption of the district's 2015-16 budget occurring on June 2, 2015, only one day after the end of the 2015 legislative session on June 1, a deficit budget for the general fund with appropriations exceeding revenues and other sources by approximately \$5 million was adopted with the expectation that legislative changes would impact the District favorably. State revenue and recapture were subsequently amended in August 2015 for a net positive budgetary impact of \$7.7 million. Budgeted local revenue included \$41.5 million in additional tax revenue as a result of an approximate 8% increase in property values. The appropriations budget included \$13.5 million in increased payroll costs associated with increased instructional staffing and campus administrator staffing along with a 3% compensation increase for all staff

members. Contracted Services and Supplies & Materials each were 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

Over the course of the fiscal year, the District revised its budget several times. In the General Fund, revenue overall increased by \$4.8 million. An increase in State revenue of \$5.4 million accounts for this change from the original revenue budget. During the fiscal year, State revenue was favorably impacted as a result of the State providing additional state aid to help offset the impact of the increased homestead exemption passed by voters in November 2015, increases to the basic allotment of \$100 paid per average daily attendance in the Foundation portion of the state school formula, and a one- time increase due to a property value audit on tax year 2012 that lowered property value for that year for state aid calculation purposes which resulted in increased state aid.

Final results indicate actual expenditures were \$16.4 million below final budgeted amounts. The most significant positive variances were seen in the Facilities Acquisition and Construction function due to the appropriation of \$14.8 million for repairs due to hail storm damage that occurred in April and May, 2016. Due to timing of the storms and the District's fiscal year end, few payments had been made as projects were being finalized. Staffing is budgeted at the full employment level throughout the entire year. Budget amounts for vacant positions throughout the year are not eligible for budget revisions and contribute to the variance between budgeted salaries and actual salaries of \$2.5 million. The property value audit on tax year 2012 lowered property value for that year for state aid calculation purposes which in turn created a credit back to the District on the amount previously paid to the State in Contracted Instructional Services Between Schools. With the exclusion of the one-time unusual occurrence in the Facilities Acquisition and Construction function, the remaining expenditure budget variance represents a 0.3% variance on the total expenditure budget of \$521.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the District had invested \$976,236,835 net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and Construction in Progress. This amount represents a net decrease (including additions, retirements and depreciation) of \$24.7 million over last year.

| | As of 6/30/16 | As of 6/30/15 |
|----------------------------------|-----------------------|-------------------------|
| Land and improvements | \$ 129,821,626 | \$ 127,195,344 |
| Buildings and improvements | 1,309,509,784 | 1,271,360,448 |
| Construction in progress | 4,036,319 | 33,833,517 |
| Furniture, equipment, & vehicles | 108,665,998 | 104,911,356 |
| Totals | <u>1,552,033,727</u> | <u>1,537,300,665</u> |
| Total accumulated depreciation | <u>(575,796,892)</u> | <u>(536,373,434)</u> |
| Net capital assets | <u>\$ 976,236,835</u> | <u>\$ 1,000,927,231</u> |

The year's major capital asset additions include the addition and upgrades for the Plano East Health Science Academy; renovations at Hedgcoxe and Bethany Elementary; HVAC upgrades at Spring Creek Center; roof upgrades at Plano Senior High School, Rose Haggar Elementary and Shiloh Center; flooring at Shepard and Centennial Elementary; a new fueling system at the Transportation Center and turf replacement for baseball fields at Plano Senior High, Plano East Senior High and Plano West Senior High. 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, 2016, the District had total bonded debt outstanding of \$824.1 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 \$2,363 and the ratio of net bonded debt to assessed value decreased to 1.93 percent.

The District has authorized unissued bonds as of June 30, 2016 in the amount of \$497,020,000. During the year, the District issued \$199,950,000 Series 2016A and \$103,410,000 Series 2016B Refunding Bonds used to refund \$227,975,000 of outstanding Series 2007, 2008 and 2008A Unlimited Tax Bonds and \$114,155,000 of outstanding Series 2006 Unlimited Tax Refunding Bonds. The District continues to enjoy excellent bond ratings. Rating agency reviews were last conducted in February 2016 in conjunction with the issuance of the Series 2016A and 2016B 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 AAA with a stable outlook to the district's debt obligations.

Interest earnings on proceeds from debt are subject to arbitrage regulations contained in the Federal Tax Reform Act of 1986. As of June 30, 2016, there was no liability for arbitrage rebate.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The local economy continues to be very favorable. Net taxable property values reported in the summer of 2016 grew by \$4.2 billion (10.2%) from 2015 and now totals \$45.7 billion. Of this growth, \$985.7 million was for new construction. The balance reflects increases in value of existing property. In the last two years, Plano has created a new central business district in North Texas with the \$3.2 billion, 255-acre Legacy West development. Construction activity continues as the mixed-use development is 85 percent complete. Toyota, FedEx Office and Print Services, Liberty Mutual Insurance, Fidelity Investments, JPMorgan Chase & Co along with already established JC Penney will have corporate headquarters within the development.

Generally, most of Legacy West is expected to be completed by the end of 2017 with two residential towers opening in the summer of 2018. Overall, Legacy West will bring more than 20,000 jobs to Plano. In the South central section of the district, the \$1.5 billion, 186-acre CityLine mixed-use development is home to State Farm Insurance, the key corporate anchor of the development. Construction was completed earlier this year on the fourth building in its new regional office campus. Raytheon now fully occupies its new regional office within the development. Upon completion, CityLine will have 6 million square feet of office space, almost 4,000 apartments, two hotels and 300,000 square feet of retail space. Although property value growth has minimal impact on net general fund revenue due to the equalization provisions of the state funding formula, it does enhance debt service fund revenues and ultimately reduces the tax rate necessary to service existing debt payments.

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

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

The District adopted its 2016-17 budget on June 7, 2016. The 2016-17 general fund budget was adopted with revenues and other sources of \$583.9 million exceeding appropriations and other uses of \$575.9 by approximately \$8 million. Revenue and other sources increased by \$38.3 million when compared to the 2015-16 amended budget. Property tax revenue increase of \$38.6 million due to increased property values along with a net increase of \$4.2 million in State revenue due to an increase in the per capita allocation and TRS On-Behalf in kind revenue which were offset by a \$5 million decrease in other sources due to nonrecurring hailstorm insurance proceeds received in 2015-16. Appropriations and other uses reflect an increase of \$30.9 million when compared to the 2015-16 amended budget. The appropriations budget includes \$11.9 million in increased payroll costs associated with increased instructional staffing and campus administrator staffing along with a 3% compensation increase. TRS On-Behalf payment made by the State increased \$1.1 million. Capital Outlay budget was reduced by \$5.9 million primarily from appropriation of insurance proceeds to repair/replace hail damaged facilities in 2015-16. Recapture payments to the state include a budgeted \$40.8 million increase due to the increase budgeted for local tax revenue. The transfer out to the capital projects fund of \$14.4 million was eliminated from the 2016-17 budget. The district operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.

On September 6, 2016 the District adopted a maintenance and operations tax rate of \$1.17 per \$100 of taxable assessed value which is the maximum rate approved by voters in the Tax Ratification Election in November 2013. The District also adopted a debt service tax rate of 26.9 cents, the same rate adopted in 2015-16. Due to the decline in interest rates and increase in property values the District was able to maintain the same debt service tax rate even with the issuance of \$300 million Series 2016 Unlimited Tax Bonds on August 2, 2016. The debt service fund has a balanced budget of \$119.5 in revenue and appropriations for 2016-17.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Teamwork for Excellence



P L A N O
Independent School District

BASIC FINANCIAL STATEMENTS

Teamwork for Excellence



P L A N O
Independent School District

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016**

| Data Control Codes | 1 | 2 | 3 |
|--|----------------------------|--|-----------------------|
| | Governmental Activities | Primary Government Business Type Activities | Total |
| ASSETS: | | | |
| 1110 Cash and Investments | \$ 354,495,350 | \$ 717,480 | \$ 355,212,830 |
| 1220 Property Taxes Receivable (Delinquent) | 9,052,327 | - | 9,052,327 |
| 1230 Allowance for Uncollectible Taxes | (2,684,985) | - | (2,684,985) |
| 1240 Due from Other Governments | 14,649,830 | - | 14,649,830 |
| 1250 Accrued Interest | 148,041 | 231 | 148,272 |
| 1290 Other Receivables, Net | 1,113,689 | 78,172 | 1,191,861 |
| 1300 Inventories | 1,526,996 | - | 1,526,996 |
| 1410 Deferred Expenses | 1,163,952 | 1,156 | 1,165,108 |
| Non-current Assets | | | |
| Capital Assets: | | | |
| 1510 Land | 83,073,196 | - | 83,073,196 |
| 1520 Buildings, Net | 837,886,094 | - | 837,886,094 |
| 1530 Furniture and Equipment, Net | 24,038,327 | - | 24,038,327 |
| 1540 Other Capital Assets, Net | 27,202,899 | - | 27,202,899 |
| 1580 Construction in Progress | 4,036,319 | - | 4,036,319 |
| 1000 Total Assets | <u>1,355,702,035</u> | <u>797,039</u> | <u>1,356,499,074</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| 1701 Deferred Charge for Refunding | 21,244,214 | - | 21,244,214 |
| 1705 Related to the TRS Pension | 67,782,964 | - | 67,782,964 |
| 1700 Total Deferred Outflows of Resources | <u>89,027,178</u> | <u>-</u> | <u>89,027,178</u> |
| LIABILITIES: | | | |
| 2110 Accounts Payable | 7,359,114 | 159,546 | 7,518,660 |
| 2140 Interest Payable | 7,969,366 | - | 7,969,366 |
| 2150 Payroll Deduction & Withholdings | 3,206,138 | - | 3,206,138 |
| 2160 Accrued Wages Payable | 49,201,277 | 110,678 | 49,311,955 |
| 2180 Due to Other Governments | 18,482,428 | - | 18,482,428 |
| 2200 Accrued Expenses | 2,208,626 | - | 2,208,626 |
| 2300 Unearned Revenues | 6,260,035 | 331,888 | 6,591,923 |
| Non-Current Liabilities | | | |
| 2501 Due within One Year | 75,239,851 | - | 75,239,851 |
| 2502 Due in More than One Year | 752,920,910 | - | 752,920,910 |
| 2540 Net Pension Liability (District's Share) | 116,025,113 | - | 116,025,113 |
| 2000 Total Liabilities | <u>1,038,872,858</u> | <u>602,112</u> | <u>1,039,474,970</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| 2605 Related to the TRS Pension | 21,432,813 | - | 21,432,813 |
| 2600 Total Deferred Inflows of Resources | <u>21,432,813</u> | <u>-</u> | <u>21,432,813</u> |
| NET POSITION: | | | |
| 3200 Net investment in Capital Assets | 216,678,892 | - | 216,678,892 |
| Restricted for: | | | |
| 3820 Restricted for State Programs | 693,251 | - | 693,251 |
| 3840 Restricted for Food Service | 7,452,397 | - | 7,452,397 |
| 3850 Restricted for Debt Service | 23,203,373 | - | 23,203,373 |
| 3900 Unrestricted Net Position | 136,395,629 | 194,927 | 136,590,556 |
| 3000 Total Net Position | <u>\$ 384,423,542</u> | <u>\$ 194,927</u> | <u>\$ 384,618,469</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, 2016**

| Data Control Codes | Expenses | Program Revenues | |
|----------------------------------|---|-----------------------------|--|
| | | 3 Charges of Services | 4 Operating Grant and Contributions |
| Primary Government: | | | |
| GOVERNMENTAL ACTIVITIES: | | | |
| 11 | Instruction | \$ 356,163,778 | \$ 48,271,450 |
| 12 | Instructional Resources and Media Services | 9,631,746 | 709,708 |
| 13 | Curriculum and Instructional Staff Development | 8,558,021 | 2,150,081 |
| 21 | Instructional Leadership | 3,990,283 | 932,015 |
| 23 | School Leadership | 28,507,809 | 2,661,547 |
| 31 | Guidance, Counseling and Evaluation Services | 21,459,995 | 2,469,159 |
| 32 | Social Work Services | 1,102,577 | 84,518 |
| 33 | Health Services | 6,058,945 | 668,851 |
| 34 | Student (Pupil) Transportation | 14,050,536 | 950,995 |
| 35 | Food Services | 26,748,187 | 11,289,030 |
| 36 | Extracurricular Activities | 13,890,866 | 5,091,098 |
| 41 | General Administration | 10,821,575 | 810,931 |
| 51 | Facilities Maintenance and Operations | 46,844,356 | 1,450,416 |
| 52 | Security and Monitoring Services | 3,795,083 | 276,555 |
| 53 | Data Processing Services | 5,651,695 | 237,520 |
| 61 | Community Services | 2,544,174 | 1,396,469 |
| 72 | Debt Service - Interest on Long Term Debt | 30,989,566 | 1,920,205 |
| 73 | Debt Service - Bond Issuance Costs and Fees | 3,893,499 | - |
| 81 | Other Facility Costs | 16,046,258 | - |
| 91 | Contracted Instructional Services Between Schools | 60,148,708 | - |
| 92 | Incremental Costs Associated with Chapter 41 | 400,000 | - |
| 93 | Payment to Fiscal Agent/Member Districts of SSA | 993,214 | 735,649 |
| 95 | Payments to Juvenile Justice Alternative Ed. Prg. | 88,400 | - |
| 97 | Payments to Tax Increment Fund | 597,088 | - |
| 99 | Other Intergovernmental Charges | 3,300,956 | - |
| | (TG) Total Governmental Activities: | <u>676,277,315</u> | <u>82,106,197</u> |
| BUSINESS-TYPE ACTIVITIES: | | | |
| 01 | Employee Child Care | 1,374,744 | - |
| 02 | After School Care | 5,779,267 | - |
| 03 | Concessions | 296,441 | - |
| 04 | Photography | 31,142 | - |
| | (TB) Total Business-Type Activities: | <u>7,481,594</u> | <u>-</u> |
| | (TP) TOTAL PRIMARY GOVERNMENT: | <u>\$ 683,758,909</u> | <u>\$ 82,106,197</u> |

| | |
|---------|--|
| Data | |
| Control | General Revenues: |
| Codes | Taxes: |
| MT | Property Taxes, Levied for General Purposes |
| DT | Property Taxes, Levied for Debt Service |
| GC | Grants and Contributions not Restricted |
| IE | Investment Earnings |
| MI | Miscellaneous Local and Intermediate Revenue |
| FR | Transfers In (Out) |
| TR | Total General Revenues and Transfers |
| CN | Change in Net Position |
| NB | Net Position - Beginning |
| NE | Net Position - Ending |

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

EXHIBIT B-1

| Net (Expense) Revenue and Changes in Net Assets | | |
|--|-----------------------------|-------------------------|
| 6 | 7 | 8 |
| Primary Government | | |
| Governmental Activities | Business Type Activities | Total |
| \$ (304,356,607) | \$ - | \$ (304,356,607) |
| (8,922,038) | - | (8,922,038) |
| (6,399,714) | - | (6,399,714) |
| (3,058,268) | - | (3,058,268) |
| (25,846,262) | - | (25,846,262) |
| (18,979,868) | - | (18,979,868) |
| (1,018,059) | - | (1,018,059) |
| (5,390,094) | - | (5,390,094) |
| (13,099,541) | - | (13,099,541) |
| (2,145,058) | - | (2,145,058) |
| (7,182,189) | - | (7,182,189) |
| (9,964,674) | - | (9,964,674) |
| (44,314,137) | - | (44,314,137) |
| (3,518,528) | - | (3,518,528) |
| (5,414,175) | - | (5,414,175) |
| (1,142,221) | - | (1,142,221) |
| (29,069,361) | - | (29,069,361) |
| (3,893,499) | - | (3,893,499) |
| (16,046,258) | - | (16,046,258) |
| (60,148,708) | - | (60,148,708) |
| (400,000) | - | (400,000) |
| (257,565) | - | (257,565) |
| (88,400) | - | (88,400) |
| (597,088) | - | (597,088) |
| (3,300,956) | - | (3,300,956) |
| <u>(574,553,268)</u> | <u>-</u> | <u>(574,553,268)</u> |
| - | 8,726 | 8,726 |
| - | 2,188,282 | 2,188,282 |
| - | (33,499) | (33,499) |
| - | (28,927) | (28,927) |
| <u>-</u> | <u>2,134,582</u> | <u>2,134,582</u> |
| <u>\$ (574,553,268)</u> | <u>\$ 2,134,582</u> | <u>\$ (572,418,686)</u> |
| 475,670,584 | - | 475,670,584 |
| 109,451,350 | - | 109,451,350 |
| 32,576,028 | - | 32,576,028 |
| 1,465,083 | 9,649 | 1,474,732 |
| 15,683,263 | - | 15,683,263 |
| 2,206,566 | (2,206,566) | - |
| <u>637,052,874</u> | <u>(2,196,917)</u> | <u>634,855,957</u> |
| 62,499,606 | (62,335) | 62,437,271 |
| <u>321,923,936</u> | <u>257,262</u> | <u>322,181,198</u> |
| <u>\$ 384,423,542</u> | <u>\$ 194,927</u> | <u>\$ 384,618,469</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | 60 Capital Project |
|--|-----------------------|----------------------------|--------------------------|
| ASSETS: | | | |
| 1110 Cash and Investments | \$ 256,618,274 | \$ 29,787,723 | \$ 43,783,138 |
| 1220 Property Taxes - Delinquent | 7,269,107 | 1,783,220 | - |
| 1230 Allowance for Uncollectible Taxes (Credit) | (2,153,572) | (531,413) | - |
| 1240 Due from Other Governments | 4,827,801 | 44,855 | - |
| 1250 Accrued Interest | 119,140 | 12,430 | 9,841 |
| 1260 Due from Other Funds | 1,650,584 | - | - |
| 1290 Other Receivables | 810,934 | 75,924 | - |
| 1300 Inventories | 1,218,650 | - | - |
| 1410 Prepaid Expenditures | 779,333 | - | - |
| 1000 Total Assets | <u>\$ 271,140,251</u> | <u>\$ 31,172,739</u> | <u>\$ 43,792,979</u> |
| LIABILITIES: | | | |
| 2110 Accounts Payable | \$ 6,563,404 | \$ - | \$ 486,557 |
| 2150 Payroll Deductions and Withholdings Payable | 3,206,138 | - | - |
| 2160 Accrued Wages Payable | 46,250,275 | - | - |
| 2170 Due to Other Funds | - | - | 2,400 |
| 2180 Due to Other Governments | 18,476,692 | - | - |
| 2300 Unearned Revenues | 18,400 | - | - |
| 2000 Total Liabilities | <u>74,514,909</u> | <u>-</u> | <u>488,957</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| 2601 Unavailable Revenue - Property Taxes | 2,308,476 | 597,746 | - |
| 2600 Total Deferred Inflows of Resources | <u>2,308,476</u> | <u>597,746</u> | <u>-</u> |
| FUND BALANCES: | | | |
| Nonspendable | | | |
| 3410 Investments in Inventory | 1,218,650 | - | - |
| 3430 Prepaid Expenditures | 779,333 | - | - |
| Restricted | | | |
| 3480 Debt Service | - | 30,574,993 | - |
| 3470 Capital Projects | - | - | 43,304,022 |
| 3450 Food Service | - | - | - |
| 3450 State Special Revenue | - | - | - |
| Committed | | | |
| 3545 Local Special Revenue | - | - | - |
| Assigned | | | |
| 3590 Purchases on order | 17,618,791 | - | - |
| 3600 Unassigned | 174,700,092 | - | - |
| Total Fund Balances | <u>194,316,866</u> | <u>30,574,993</u> | <u>43,304,022</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 271,140,251</u> | <u>\$ 31,172,739</u> | <u>\$ 43,792,979</u> |

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

EXHIBIT C-1

| Other Funds | Total Governmental Funds |
|------------------------|---|
| \$ 19,301,840 | \$ 349,490,975 |
| - | 9,052,327 |
| - | (2,684,985) |
| 9,777,174 | 14,649,830 |
| 4,542 | 145,953 |
| - | 1,650,584 |
| 224,950 | 1,111,808 |
| 308,346 | 1,526,996 |
| 4,355 | 783,688 |
| <u>\$ 29,621,207</u> | <u>\$ 375,727,176</u> |
| | |
| \$ 289,692 | \$ 7,339,653 |
| - | 3,206,138 |
| 2,945,876 | 49,196,151 |
| 1,648,184 | 1,650,584 |
| 5,736 | 18,482,428 |
| 6,241,635 | 6,260,035 |
| <u>11,131,123</u> | <u>86,134,989</u> |
| | |
| - | 2,906,222 |
| | |
| - | 2,906,222 |
| | |
| 308,346 | 1,526,996 |
| 4,355 | 783,688 |
| - | 30,574,993 |
| - | 43,304,022 |
| 7,144,051 | 7,144,051 |
| 693,251 | 693,251 |
| 10,340,081 | 10,340,081 |
| - | 17,618,791 |
| - | 174,700,092 |
| <u>18,490,084</u> | <u>286,685,965</u> |
| | |
| <u>\$ 29,621,207</u> | <u>\$ 375,727,176</u> |

Teamwork for Excellence



P L A N O
Independent School District

**PLANO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2016**

Total Fund Balances - Governmental Funds \$ 286,685,965

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 \$1,551,996,908, and the accumulated depreciation associated with the capital assets is \$575,774,711. 976,222,197

Uncollected property taxes are reported as deferred inflow of resources in the governmental funds balance sheet but are recognized as a revenue in the statement of activities. 2,906,222

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 \$14,638) are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net 3,170,033

Long-term liabilities of \$828,160,761 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 \$21,244,214 is reflected as a deferred outflow of resources on the Statement of Net Position. (806,916,547)

Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. (7,969,366)

Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability in the amount of \$116,025,113, a deferred inflow of resources related to TRS in the amount of \$21,432,813, and a deferred outflow of resources related to TRS in the amount of \$67,782,964. This resulted in a decrease in net position. (69,674,962)

Net Position of Governmental Activities \$ 384,423,542

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | 60 Capital Project |
|--|-----------------------|----------------------------|--------------------------|
| REVENUES: | | | |
| 5700 Total Local and Intermediate Sources | \$ 485,122,628 | \$ 110,035,578 | \$ 123,029 |
| 5800 State Program Revenues | 47,641,503 | 1,920,205 | - |
| 5900 Federal Program Revenues | 6,156,335 | - | - |
| 5020 Total Revenues | <u>538,920,466</u> | <u>111,955,783</u> | <u>123,029</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| 0011 Instruction | 286,262,695 | - | - |
| 0012 Instructional Resources and Media Services | 7,913,514 | - | - |
| 0013 Curriculum and Instructional Staff Development | 6,352,190 | - | - |
| 0021 Instructional Leadership | 3,037,621 | - | - |
| 0023 School Leadership | 25,561,635 | - | - |
| 0031 Guidance, Counseling and Evaluation Services | 19,244,496 | - | - |
| 0032 Social Work Services | 1,046,654 | - | - |
| 0033 Health Services | 5,420,658 | - | - |
| 0034 Student (Pupil) Transportation | 13,548,905 | - | - |
| 0035 Food Services | 9,458 | - | - |
| 0036 Extracurricular Activities | 6,654,896 | - | - |
| 0041 General Administration | 9,911,165 | - | - |
| 0051 Facilities Maintenance and Operations | 44,625,988 | - | - |
| 0052 Security and Monitoring Services | 3,466,526 | - | - |
| 0053 Data Processing Services | 5,780,196 | - | - |
| 0061 Community Services | 1,293,977 | - | - |
| Debt Service: | | | |
| 0071 Debt Service - Principal on Long Term Debt | - | 73,210,000 | - |
| 0072 Debt Service- Interest on Long Term Debt | - | 38,149,823 | - |
| 0073 Debt Service - Bond Issuance Cost and Fees | - | 3,893,499 | - |
| Capital Outlay: | | | |
| 0081 Facilities Acquisition and Construction | - | - | 26,984,421 |
| Intergovernmental: | | | |
| 0091 Contracted Instructional Services Between Schools | 60,148,708 | - | - |
| 0092 Incremental Costs Associated with Chapter 41 | 400,000 | - | - |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | 257,565 | - | - |
| 0095 Payments to Juvenile Justice Alternative Ed. Prg. | 88,400 | - | - |
| 0097 Payments to Tax Increment Fund | 597,088 | - | - |
| 0099 Other Intergovernmental Charges | 3,300,956 | - | - |
| 6030 Total Expenditures | <u>504,923,291</u> | <u>115,253,322</u> | <u>26,984,421</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>33,997,175</u> | <u>(3,297,539)</u> | <u>(26,861,392)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| 7911 Refunding Bonds Issued | - | 303,360,000 | - |
| 7912 Sale of Real and Personal Property | - | - | 18,947 |
| 7915 Transfers In | 2,206,566 | 49,678 | 34,600,000 |
| 7916 Premium or Discount on Issuance of Bonds | - | 55,749,484 | - |
| 7919 Insurance Recoveries | 15,106,664 | - | - |
| 8911 Transfers Out (Use) | (35,575,713) | - | (49,678) |
| 8949 Payment to Bond Escrow Agent | - | (358,425,101) | - |
| 7080 Total Other Financing Sources (Uses) | <u>(18,262,483)</u> | <u>734,061</u> | <u>34,569,269</u> |
| 1200 Net Change in Fund Balances | 15,734,692 | (2,563,478) | 7,707,877 |
| 0100 Fund Balance - July 1 (Beginning) | 178,582,174 | 33,138,471 | 35,596,145 |
| 3000 Fund Balance - June 30 (Ending) | <u>\$ 194,316,866</u> | <u>\$ 30,574,993</u> | <u>\$ 43,304,022</u> |

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

EXHIBIT C-3

| | Other Funds | Total Governmental Funds |
|----|------------------------|---|
| \$ | 24,028,385 | \$ 619,309,620 |
| | 10,133,318 | 59,695,026 |
| | 27,138,186 | 33,294,521 |
| | <u>61,299,889</u> | <u>712,299,167</u> |
| | 27,237,781 | 313,500,476 |
| | 105,831 | 8,019,345 |
| | 1,623,849 | 7,976,039 |
| | 723,032 | 3,760,653 |
| | 550,012 | 26,111,647 |
| | 924,047 | 20,168,543 |
| | 1,299 | 1,047,953 |
| | 247,369 | 5,668,027 |
| | 65,460 | 13,614,365 |
| | 23,689,624 | 23,699,082 |
| | 4,873,557 | 11,528,453 |
| | 245,794 | 10,156,959 |
| | 835,896 | 45,461,884 |
| | 187,660 | 3,654,186 |
| | - | 5,780,196 |
| | 815,229 | 2,109,206 |
| | - | 73,210,000 |
| | - | 38,149,823 |
| | - | 3,893,499 |
| | 14,240 | 26,998,661 |
| | - | 60,148,708 |
| | - | 400,000 |
| | 735,649 | 993,214 |
| | - | 88,400 |
| | - | 597,088 |
| | - | 3,300,956 |
| | <u>62,876,329</u> | <u>710,037,363</u> |
| | <u>(1,576,440)</u> | <u>2,261,804</u> |
| | - | 303,360,000 |
| | - | 18,947 |
| | 375,713 | 37,231,957 |
| | - | 55,749,484 |
| | - | 15,106,664 |
| | - | (35,625,391) |
| | - | (358,425,101) |
| | <u>375,713</u> | <u>17,416,560</u> |
| | (1,200,727) | 19,678,364 |
| | <u>19,690,811</u> | <u>267,007,601</u> |
| \$ | <u>18,490,084</u> | \$ <u>286,685,965</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, 2016**

Total Net Change in Fund Balances - Governmental Funds \$ 19,678,364

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 \$15,043,500 exceeded depreciation of \$39,709,347 in the current period, net of disposition of assets of \$21,411 (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.) (24,687,258)

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 | \$ | 73,210,000 | |
| Advanced Bond Refunding | | 342,130,000 | |
| Deferred Refunding Amount | | 13,947,496 | |
| Amortization of Premium | | 9,582,160 | |
| Amortization of loss on Bond Refunding | | (4,347,851) | |
| Increase in Accreted Interest | | (64,976) | |
| Reduction of Arbitrage | | 20,393 | |
| | | | 434,477,222 |

Some property taxes will not be collected for several months after the fiscal year ends, therefore they are not considered available revenues and are deferred in the governmental funds. Unearned tax revenues, net of bad debt, increased (decreased) by this amount. (2,107,845)

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. 4,338,529

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This year, compensated absences earned exceeded the amounts used. (172,745)

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. (649,074)

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. (359,109,484)

The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current financials resources and, therefore is not reported as expenditures in the governmental funds. The net change consists of an increase in the deferred outflow of resources related to TRS of \$55,285,661, an increase in the deferred inflow of resources related to TRS of \$4,355,281, and an increase in the net pension liability of \$60,198,483. (9,268,103)

Change in Net Position of Governmental Activities \$ 62,499,606

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

| | <u>Business-Type Activities</u> | <u>Governmental Activities</u> |
|---|---------------------------------------|---|
| | Total Enterprise Funds | Total Internal Service Funds |
| ASSETS: | | |
| Current Assets: | | |
| Cash and Investments | \$ 717,480 | \$ 5,004,375 |
| Accrued Interest | 231 | 2,088 |
| Other Receivables | 78,172 | 1,881 |
| Prepaid Expenses | 1,156 | 380,264 |
| | <u>797,039</u> | <u>5,388,608</u> |
| Total Current Assets | | |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Furniture and Equipment | 5,445 | 31,374 |
| Depreciation on Furniture and Equipment | (5,445) | (16,736) |
| | <u>-</u> | <u>14,638</u> |
| Total Noncurrent Assets | | |
| TOTAL ASSETS: | <u>797,039</u> | <u>5,403,246</u> |
| LIABILITIES: | | |
| Current Liabilities: | | |
| Accounts Payable | 159,546 | 19,461 |
| Accrued Wages Payable | 110,678 | 5,126 |
| Accrued Expenses | - | 2,208,626 |
| Unearned Revenues | 331,888 | - |
| | <u>602,112</u> | <u>2,233,213</u> |
| TOTAL LIABILITIES: | <u>602,112</u> | <u>2,233,213</u> |
| NET POSITION: | | |
| Investments in Capital Assets | - | 14,638 |
| Unrestricted Net Position | 194,927 | 3,155,395 |
| | <u>194,927</u> | <u>3,155,395</u> |
| TOTAL NET POSITION: | <u>\$ 194,927</u> | <u>\$ 3,170,033</u> |

The notes to 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, 2016**

| | <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 | \$ 9,616,176 | \$ 38,631,611 |
| Total Operating Revenues | <u>9,616,176</u> | <u>38,631,611</u> |
| OPERATING EXPENSES: | | |
| Payroll Costs | 5,470,399 | 1,142,780 |
| Professional and Contracted Services | 108,488 | 1,744,760 |
| Supplies and Materials | 420,765 | 373,951 |
| Depreciation | - | 3,137 |
| Other Operating Costs | 1,481,942 | 36,644,390 |
| Total Operating Expenses | <u>7,481,594</u> | <u>39,909,018</u> |
| Operating Income (Loss) | 2,134,582 | (1,277,407) |
| NON OPERATING REVENUES (EXPENSES): | | |
| Earnings from Temporary Deposits & Investments | 9,649 | 14,253 |
| Insurance Recovery | - | 14,080 |
| Total Non Operating Revenue | <u>9,649</u> | <u>28,333</u> |
| Income Before Transfers | 2,144,231 | (1,249,074) |
| Transfers In | - | 600,000 |
| Transfers Out | <u>(2,206,566)</u> | <u>-</u> |
| Change in Net Position | (62,335) | (649,074) |
| TOTAL NET POSITION - JULY 1 (BEGINNING) | <u>257,262</u> | <u>3,819,107</u> |
| TOTAL NET POSITION - JUNE 30 (ENDING) | <u>\$ 194,927</u> | <u>\$ 3,170,033</u> |

The notes to 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, 2016**

| | Business-Type Activities | Governmental Activities |
|---|---------------------------------------|---|
| | Total Enterprise Funds | Total Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received from User Charges | \$ 10,028,097 | \$ 38,630,134 |
| Cash Payments to Employees for Services | (5,461,516) | (1,143,377) |
| Cash Payments for Insurance Claims | - | (1,387,494) |
| Cash Payments for Suppliers | (538,233) | (1,168,383) |
| Cash Payments for Other Operating Expenses | (1,487,662) | (36,298,765) |
| Net Cash Provided by (Used for) Operating Activities | 2,540,686 | (1,367,885) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Transfers In | - | 600,000 |
| Transfers Out | (2,206,566) | - |
| Insurance Proceeds | - | 14,080 |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | (2,206,566) | 614,080 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from Sales and Maturities of Securities | 5,797 | 4,815 |
| Purchase of Investment Securities | (178,446) | (465,915) |
| Interest and Dividends on Investments | 9,595 | 12,497 |
| Net Cash Provided by (Used from) Investing Activities | (163,054) | (448,603) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 171,066 | (1,202,408) |
| Cash and Cash Equivalents at Beginning of Year | 314,934 | 4,113,774 |
| Cash and Cash Equivalents at End of Year | 486,000 | 2,911,366 |
| Temporary Investment Not in Cash Equivalents | 231,480 | 2,093,009 |
| CASH ON BALANCE SHEET | \$ 717,480 | \$ 5,004,375 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | |
| Operating Income (Loss) | \$ 2,134,582 | \$ (1,277,407) |
| 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 | 390,584 | (1,477) |
| Decrease (Increase) in Prepaid Expenses | (1,156) | (25,253) |
| Increase (Decrease) in Accounts Payable | (13,544) | (17,187) |
| Increase (Decrease) in Accrued Wages Payable | 8,883 | (597) |
| Increase (Decrease) in Due to Other Funds | - | - |
| Increase (Decrease) in Unearned Revenues | 21,337 | - |
| Increase (Decrease) in Accrued Expenses | - | (49,101) |
| Net Cash Provided by (Used for) Operating Activities | \$ 2,540,686 | \$ (1,367,885) |

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2016**

| | Agency Fund |
|--------------------------|------------------------|
| <hr/> | |
| ASSETS: | |
| Investments - Current | \$ 488,017 |
| Accrued Interest | 71 |
| Other Receivables | 80 |
| Total Assets | 488,168 |
| | |
| LIABILITIES: | |
| Due to Other Groups | 205,236 |
| Due to Student Groups | 282,932 |
| Total Liabilities | \$ 488,168 |

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

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 BASIC FINANCIAL STATEMENTS**

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 BASIC FINANCIAL STATEMENTS**

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 BASIC FINANCIAL STATEMENTS**

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 and net asset value (NAV). Management of the District believes that in the areas of investment practice, management reports and the establishment of appropriate policies, the District adhered to the requirements of the State of Texas Public Funds Investment Act. Additionally, management of the District believes that investment practices of the District were in accordance with local policies.

Receivables and Payables

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

All trade and property tax receivables are shown net of allowance for uncollectible. The property tax receivable allowance is 29.7% of outstanding property taxes at June 30, 2016.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

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, 2016. 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 BASIC FINANCIAL STATEMENTS**

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:

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

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, 2016, the District recorded \$4,054,583 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 BASIC FINANCIAL STATEMENTS**

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:

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

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.

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.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances and Net Position – Continued

Governmental Fund Financial Statement – Continued

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

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

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

Minimum Fund Balance Policy

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

Management's Use of Estimates

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is possible that the foundation revenue estimate as of June 30, 2016 will change.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions

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

NOTE 2. CASH AND INVESTMENTS

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

As of June 30, 2016, the carrying amount of the District's cash deposits were \$212,560 and the bank balance was \$67,034.

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 \$15,054,617.
- c) Highest cash, savings and time deposits combined account balances amount was \$11,522,057 and occurred on March 25, 2016.
- 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 BASIC FINANCIAL STATEMENTS**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

The District also holds bank deposits as part of the District’s investment portfolio. As of June 30, 2016, the carrying amount and bank balance of these deposits were \$17,282,631. The District’s cash deposits at June 30, 2016 were entirely covered by FDIC insurance or by pledged collateral held by the District’s bank in the District’s name.

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

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

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

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

| | Fair Value Measurements Using | | | | Percent of Total Investments | Weighted Average Maturity (Years) |
|---|-------------------------------|--|---|---|------------------------------|-----------------------------------|
| | June 30, 2016 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | | |
| Cash and Cash Equivalents | | | | | | |
| Bank Deposits | \$ 17,495,190 | \$ - | \$ - | \$ - | | |
| Total Cash and Cash Equivalents | 17,495,190 | - | - | - | | |
| Investments Measured at Amortized Cost: | | | | | | |
| Investment Pools: | | | | | | |
| Texpool | 6,633,109 | - | - | - | 1.96% | 0.003 |
| Investments Measured at Net Asset Value (NAV). Fair Value: | | | | | | |
| Investment Pools: | | | | | | |
| Lone Star | 6,002,243 | - | - | - | 1.78% | 0.003 |
| TexStar | 13,572,753 | - | - | - | 4.01% | 0.003 |
| Investments by Fair Value Level: | | | | | | |
| U.S. Government Agency Securities: | | | | | | |
| Federal Home Loan Bank | 14,995,887 | - | 14,995,887 | - | 4.43% | 0.095 |
| Federal Farm Credit Bank | 5,000,070 | - | 5,000,070 | - | 1.48% | 0.095 |
| Federal Home Loan Mortgage Corp. | 15,009,074 | - | 15,009,074 | - | 4.44% | 0.095 |
| U.S. Treasury Bonds | 35,007,136 | 35,007,136 | - | - | 10.35% | 0.222 |
| Commercial Paper | 241,985,385 | - | 241,985,385 | - | 71.55% | 0.234 |
| Total Investments | 338,205,657 | 35,007,136 | 276,990,416 | - | | |
| Total Cash and Investments | \$ 355,700,847 | \$ 35,007,136 | \$ 276,990,416 | \$ - | | |
| Portfolio Weighted Average Maturity | | | | | | 0.169 |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

The *Texpool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The *Lone Star* and *TexStar* investment pools are external investment pools measured at net asset value. Lone Star and TexStar's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Lone Star and TexStar have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only

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

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

The fair value of investments is \$87,807 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. 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.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

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 Securities | 20.67% | A-1 | P-1 | F1+ |
| Kaiser Foundation Hospital | 7.37% | A-1+ | Not Rated | F1 |
| Nestle Finance Intl Ltd | 7.39% | A-1+ | P-1 | F1+ |
| Toyota Motor Corp | 13.28% | A-1+ | P-1 | Not Rated |
| Vanderbilt University | 10.33% | A-1+ | P-1 | F1+ |

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

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

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE

Property Taxes

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE – CONTINUED

Property Taxes – Continued

The District is permitted to levy taxes up to \$1.17 per \$100 of assessed valuation for general governmental maintenance and operations. The tax rate for the payment of principal and interest on general obligation long-term debt is determined by the debt service requirements of the outstanding bonds as approved by the voters prior to issuance. For the current fiscal year, the Board of Trustees set a tax rate of \$1.439 per \$100 of assessed valuation. The maintenance and debt service portions of such rate are \$1.17 and \$0.269, respectively. The 2016 assessed valuation was \$41,496,244,736 resulting in a tax levy of \$581,815,938 for the current fiscal year. The 2016 tax levy reflects an adjustment of \$12,503,925 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, 2016 are as follows:

| | Delinquent Taxes Receivable, Gross | Allowance for Uncollectible Taxes | Delinquent Taxes Receivable, Net |
|-------------------|---------------------------------------|--------------------------------------|-------------------------------------|
| General fund | \$ 7,269,107 | \$ 2,153,572 | \$ 5,115,535 |
| Debt service fund | <u>1,783,220</u> | <u>531,413</u> | <u>1,251,807</u> |
| Total | <u>\$ 9,052,327</u> | <u>\$ 2,684,985</u> | <u>\$ 6,367,342</u> |

The District entered into a tax increment reinvestment zone (TIF) agreement during the 1999 fiscal year. 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 as of June 30, 2016. The payable relates to Tax Year 2014 TIF #2 taxes.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE – CONTINUED

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 | \$ 9,352,707 |
| Foundation fund revenues | 17,207,161 |
| Instructional materials allotment | 5,640,577 |
| State aid for homestead exemption | 1,920,205 |
| Other state revenues | 4,109,260 |
| TRS on behalf | 21,465,116 |
| Total State Program Revenues | \$ 59,695,026 |

NOTE 4. RECEIVABLES

Receivables due from other governments, as of June 30, 2016 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 | \$ 4,632,618 | \$ - | \$ 5,915,211 | \$ 10,547,829 |
| Due from the Federal Government | - | - | 3,861,963 | 3,861,963 |
| Due from Other Local Governments | 195,183 | 44,855 | - | 240,038 |
| Total receivables | \$ 4,827,801 | \$ 44,855 | \$ 9,777,174 | \$ 14,649,830 |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSETS

A summary of capital asset activity during the year ended June 30, 2016 follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|-------------------------|----------------------|----------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 82,662,863 | \$ 415,562 | \$ 5,229 | \$ 83,073,196 |
| Construction in progress | 33,833,517 | 10,983,649 | 40,780,847 | 4,036,319 |
| Total capital assets not being depreciated | <u>116,496,380</u> | <u>11,399,211</u> | <u>40,786,076</u> | <u>87,109,515</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 44,532,481 | 2,215,949 | - | 46,748,430 |
| Buildings and improvements | 1,271,360,448 | 38,149,336 | - | 1,309,509,784 |
| Furniture, equipment and vehicles | 104,874,537 | 4,059,851 | 305,209 | 108,629,179 |
| Total capital assets being depreciated | <u>1,420,767,466</u> | <u>44,425,136</u> | <u>305,209</u> | <u>1,464,887,393</u> |
| Total capital assets | <u>1,537,263,846</u> | <u>55,824,347</u> | <u>41,091,285</u> | <u>1,551,996,908</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 17,264,746 | 2,280,785 | - | 19,545,531 |
| Buildings and improvements | 440,073,882 | 31,549,808 | - | 471,623,690 |
| Furniture, equipment and vehicles | 79,015,763 | 5,878,754 | 289,027 | 84,605,490 |
| Total accumulated depreciation | <u>536,354,391</u> | <u>39,709,347</u> | <u>289,027</u> | <u>575,774,711</u> |
| Governmental funds capital assets, net | <u>1,000,909,455</u> | <u>16,115,000</u> | <u>40,802,258</u> | <u>976,222,197</u> |
| Internal service funds: | | | | |
| Furniture, equipment and vehicles | 31,374 | - | - | 31,374 |
| Less accumulated depreciation | 13,598 | 3,138 | - | 16,736 |
| Internal service funds capital assets, net | <u>17,776</u> | <u>(3,138)</u> | <u>-</u> | <u>14,638</u> |
| Governmental activities capital assets, net | <u>\$ 1,000,927,231</u> | <u>\$ 16,111,862</u> | <u>\$ 40,802,258</u> | <u>\$ 976,236,835</u> |
| Business activities: | | | | |
| Furniture, equipment and vehicles | \$ 5,445 | \$ - | \$ - | \$ 5,445 |
| Less accumulated depreciation | 5,445 | - | - | 5,445 |
| Business activities capital assets, net | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total capital assets, net | <u>\$ 1,000,927,231</u> | <u>\$ 16,111,862</u> | <u>\$ 40,802,258</u> | <u>\$ 976,236,835</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSETS – CONTINUED

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

| | |
|--|----------------------|
| Governmental activities: | |
| Instruction | \$ 27,748,015 |
| Instructional resources and media services | 1,556,799 |
| Curriculum development and instructional staff development | 203,827 |
| Instructional leadership | 25,783 |
| School leadership | 1,052,325 |
| Guidance, counseling, and evaluation services | 264,906 |
| Health services | 105,750 |
| Student transportation | 1,569,594 |
| Food services | 2,319,589 |
| Co-curricular/extracurricular activities | 2,289,931 |
| General administration | 221,511 |
| Plant maintenance and operations | 1,645,480 |
| Security and monitoring services | 246,033 |
| Data processing services | 301,753 |
| Community services | 142,484 |
| Facilities acquisition and construction | <u>18,705</u> |
| | <u>\$ 39,712,485</u> |

Construction Commitments

The District had several active construction projects as of June 30, 2016. Projects included additions to buildings and renovation or upgrades of existing facilities. Fiscal year 2016 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 – No construction projects for new buildings were initiated for the 2016 school year.

Building Renovation/Upgrades – The District continued work on refurbishments at Christie and Hughston Elementary schools. Additionally, preliminary work began for refurbishments at Rose Hagggar and Gulledege Elementary and cafeteria upgrades at Jasper High School. The District continued work on minor capital improvements at several campuses.

Completed Projects – During fiscal year 2015, the District completed the addition and upgrades for the Plano East Health Science Academy; renovations at Hedgcoxe and Bethany Elementary; roof upgrades at Plano Senior High School, Rose Hagggar Elementary and Shiloh Center; flooring at Shepard and Centennial Elementary; HVAC upgrades at Spring Creek Center; a new fueling system at the Transportation Center and turf replacement for baseball fields at Plano Senior High, Plano East Senior High, and Plano West Senior High.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSETS – CONTINUED

Construction Commitments – Continued

Current projects include the following:

| Project | Estimated Total Cost | Expenditures Incurred to 06/30/16 | Estimated Future Expenditures |
|--|-------------------------|---|-------------------------------------|
| Building Improvement Projects: | | | |
| Shepton HS Renovation | \$ 90,000 | \$ 1,274 | \$ 88,726 |
| Jasper HS Cafeteria Upgrades | 530,967 | 14,240 | 516,727 |
| Memorial Elementary Pre-K Upgrades | 25,750 | 810 | 24,940 |
| Shepard HS Capital Improvement/Roof | 819,900 | 27,935 | 791,965 |
| Christie Elementary Refurbishment/Kitchen Addition | 2,765,759 | 2,688,855 | 76,904 |
| Hughston Elementary Refurbishment/Roof/HVAC | 2,923,329 | 1,216,571 | 1,706,758 |
| Gulledge Elementary Refurbishment | 2,000,000 | 32,700 | 1,967,300 |
| Rose Haggard Elementary Refurbishment | 2,000,000 | 32,700 | 1,967,300 |
| Haun Elementary Building Upgrades for Rezone | 23,033 | 5,000 | 18,033 |
| Land Improvement Projects: | | | |
| Murphy MS Road Landscape Project | 178,990 | 10,779 | 168,211 |
| Christie Elementary | 10,765 | 2,720 | 8,045 |
| Hughston Elementary Refurbishment | 10,055 | 2,735 | 7,320 |
| | <u>\$11,378,548</u> | <u>\$4,036,319</u> | <u>\$7,342,229</u> |

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances in the fund financial statements as of June 30, 2016, is as follows:

| | Receivable | Payable |
|--------------------------|---------------------|---------------------|
| General Fund | \$ 1,650,584 | \$ - |
| Capital Projects Fund | - | 2,400 |
| Other Governmental Funds | - | 1,648,184 |
| Totals | <u>\$ 1,650,584</u> | <u>\$ 1,650,584</u> |

The primary interfund transactions at year-end included amounts due to the General Fund from Other Governmental Funds for expenditures made by the funds prior to receiving reimbursement from the federal or state sources.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – CONTINUED

The following is a summary of the District's transfers for the year ended June 30, 2016:

| Transfers Out | Transfers In | | | | | Total |
|-----------------------|--------------------|-------------------|-----------------------|--------------------------|------------------------|---------------------|
| | General Fund | Debt Service Fund | Capital Projects Fund | Other Governmental Funds | Internal Service Funds | |
| General fund | \$ - | \$ - | \$34,600,000 | \$ 375,713 | \$ 600,000 | \$35,575,713 |
| Capital projects fund | - | 49,678 | - | - | - | 49,678 |
| Enterprise funds | 2,206,566 | - | - | - | - | 2,206,566 |
| | <u>\$2,206,566</u> | <u>\$ 49,678</u> | <u>\$34,600,000</u> | <u>\$ 375,713</u> | <u>\$ 600,000</u> | <u>\$37,831,957</u> |

The transfers made during the period consisted of the following:

| From | To | Amount | Description |
|-----------------------|--------------------------|----------------------|--|
| General Fund | Other Governmental Funds | \$ 375,713 | To finance costs in excess of federal allotments for Headstart; to finance costs in excess of donations, grants and user charges in the Special Events |
| General Fund | Capital Projects Fund | 34,600,000 | To finance capital projects |
| General Fund | Internal Service Fund | 600,000 | To finance the overhead of the health insurance fund administration |
| Capital Projects Fund | Debt Service Fund | 49,678 | Transfer interest earned to finance debt service costs associated with construction projects |
| Enterprise Fund | General Fund | 2,206,566 | Transfer revenues in excess of costs from the After School Care Program and the Employee Child Care Program |
| Total transfers | | <u>\$ 37,831,957</u> | |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. LONG-TERM DEBT

The following is a summary of the District's long-term debt for the year ended June 30, 2016:

| | Obligations Outstanding 7/1/2015 | New Obligations Incurred | Obligations Retired or Refunded and Accretion | Obligations Outstanding 6/30/2016 | Obligations Due Within One Year |
|----------------------------------|--|--------------------------------|--|---|---------------------------------------|
| General obligation bonds payable | \$ 854,437,165 | \$ 303,360,000 | \$ (414,537,165) | \$ 743,260,000 | \$ 74,890,000 |
| Accreted interest | 737,858 | 64,976 | (802,834) | - | - |
| Premium on bond issuance | 34,678,855 | 55,749,484 | (9,582,160) | 80,846,179 | - |
| Compensated absences | 3,881,838 | 507,691 | (334,946) | 4,054,583 | 349,851 |
| Arbitrage liability | 20,393 | - | (20,393) | - | - |
| Total | <u>\$ 893,756,109</u> | <u>\$ 359,682,151</u> | <u>\$ (425,277,498)</u> | <u>\$ 828,160,762</u> | <u>\$ 75,239,851</u> |

Debt Payable-Governmental Activities

Bonds payable at June 30, 2016, are composed of the following individual issues:

| Description | Interest Rate Payable | Amounts Original Issue | Bonds Outstanding at July 1, 2015 | Issued (Retired) | Bonds Outstanding at June 30, 2016 |
|---|-----------------------------|------------------------------|---|---------------------|--|
| School Building Unlimited Tax Bonds Series 2006 | 4.50% to 5.75% | 70,535,000 | 2,210,000 | (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 | 1,802,165 | (1,802,165) | - |
| School Building Unlimited Tax Bonds Series 2007 | 4.50% to 5.00% | 76,670,000 | 56,200,000 | (53,750,000) | 2,450,000 |
| School Building Unlimited Tax Bonds Series 2008 | 3.00% to 5.00% | 58,280,000 | 41,740,000 | (38,155,000) | 3,585,000 |
| Unlimited Tax Refunding Bonds Series 2008 | 3.25% to 4.60% | 33,305,000 | 8,620,000 | (8,300,000) | 320,000 |
| School Building Current Interest Bonds Series 2008A | 5.00% to 5.25% | 177,465,000 | 155,810,000 | (145,095,000) | 10,715,000 (continued) |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. LONG-TERM DEBT – CONTINUED

Debt Payable-Governmental Activities – Continued

| Description | Interest Rate Payable | Amounts Original Issue | Bonds Outstanding at July 1, 2015 | Issued (Retired) | Bonds Outstanding at June 30, 2016 |
|--|-----------------------------|------------------------------|---|------------------------|--|
| School Building Unlimited Tax Bonds Series 2009B | 4.04% to 6.27% | 87,390,000 | 87,390,000 | (1,195,000) | 86,195,000 |
| School Building Unlimited Tax Bonds Series 2009C | 1.00% | 31,900,000 | 26,580,000 | (3,225,000) | 23,355,000 |
| Unlimited Tax Refunding Bonds Series 2010 | 3.00% to 5.00% | 108,815,000 | 41,580,000 | (5,170,000) | 36,410,000 |
| School Building Unlimited Tax Bonds Series 2012 | 2.50% to 5.00% | 92,840,000 | 82,695,000 | (3,565,000) | 79,130,000 |
| Unlimited Tax Refunding Bonds Series 2012 | 4.00% to 5.00% | 46,115,000 | 43,740,000 | (2,265,000) | 41,475,000 |
| Unlimited Tax Refunding Bonds Series 2012A | 2.00% to 4.00% | 27,805,000 | 15,405,000 | (890,000) | 14,515,000 |
| School Building Unlimited Tax Bonds Series 2013 | 4.00% to 5.00% | 53,740,000 | 50,860,000 | (3,010,000) | 47,850,000 |
| School Building Refunding Bonds Series 2013 | 4.50% to 5.00% | 25,955,000 | 25,955,000 | (4,510,000) | 21,445,000 |
| School Building Refunding Bonds Series 2014 | 2.63% to 3.88% | 48,795,000 | 48,795,000 | (17,065,000) | 31,730,000 |
| School Building Refunding Bonds Series 2015 | 2.00% to 5.00% | 43,250,000 | 43,250,000 | (2,525,000) | 40,725,000 |
| School Building Refunding Bonds Series 2016A | 2.00% to 5.00% | 199,950,000 | - | 199,950,000 | 199,950,000 |
| School Building Refunding Bonds Series 2016B | 2.00% to 5.00% | 103,410,000 | - | 103,410,000 | 103,410,000 |
| Totals | | | <u>\$ 854,437,165</u> | <u>\$(111,177,165)</u> | <u>\$ 743,260,000</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016, to maturity:

| | Bond Principal | Bond Interest | Totals |
|-----------|-----------------------|-----------------------|-------------------------|
| 2017 | \$ 74,890,000 | \$ 31,728,141 | \$ 106,618,141 |
| 2018 | 65,710,000 | 31,470,717 | 97,180,717 |
| 2019 | 59,535,000 | 28,575,800 | 88,110,800 |
| 2020 | 60,280,000 | 25,816,272 | 86,096,272 |
| 2021 | 63,230,000 | 22,961,681 | 86,191,681 |
| 2022-2026 | 177,325,000 | 82,739,776 | 260,064,776 |
| 2027-2031 | 165,455,000 | 39,917,233 | 205,372,233 |
| 2032-2036 | 65,770,000 | 10,997,446 | 76,767,446 |
| 2037-2038 | 11,065,000 | 514,550 | 11,579,550 |
| | <u>\$ 743,260,000</u> | <u>\$ 274,721,616</u> | <u>\$ 1,017,981,616</u> |

During the year, the District issued \$199,950,000 Series 2016A Refunding Bonds used to refund \$227,975,000 of outstanding Series 2007, 2008, and 2008A School Unlimited Tax Bonds. An amount of \$243,101,365 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 \$65,935,372 which is a net present value economic gain of \$44,592,126. The net carrying amount of the reacquisition price exceeds the old debt by \$13,395,945.

During the year, the District also issued \$103,410,000 Series 2016B Refunding Bonds used to refund \$114,155,000 of outstanding Series 2006 Unlimited Tax Refunding Bonds. An amount of \$115,323,736 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 \$11,680,100 which is a net present value economic gain of \$10,884,050. The net carrying amount of the reacquisition price exceeds the old debt by \$551,551.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 7. LONG-TERM DEBT – CONTINUED

Debt Payable-Governmental Activities – Continued

As of June 30, 2016, the principal balance of all defeased bonds outstanding was \$342,130,000. \$114,155,000 is scheduled to be called August 15, 2016, \$51,405,000 is scheduled to be called February 15, 2017, and the remaining balance is scheduled to be called February 15, 2018. Original losses on refunding were \$31.9 million of which \$21.2 million is unamortized and reported in the Statement of Net Position as a deferred outflow of resources. Unamortized bond premiums of \$80.8 million are reported in the Statement of Net Position as an increase in the long-term debt.

As of June 30, 2016, \$16,020,000 of bonds from the May 2008 election and \$481,000,000 of the bonds from the May 2016 election were authorized by bond election and not issued.

Other Long-term Debt

Arbitrage - The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. Arbitrage liability for tax-exempt debt subject to the Tax Reform Act issued through June 30, 2016, amounted to \$0.

The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due.

Compensated Absences - Certain employees are entitled to receive accrued vacation pay in a lump-sum cash payment upon termination of employment with the District. The net increase of \$172,745 over the prior fiscal year represents the recorded increase in the liability due to employees' not using accumulated vacation pay and allowing days to accumulate. The general fund and special revenue funds are used to liquidate compensated absences.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 8. ENCUMBRANCES

At June 30, 2016, 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 | \$ 687,789 | \$ - | \$ - | \$ 118,822 | \$ 125,512 | \$ 57,402 | \$ 989,525 |
| Instructional resources | 44,401 | - | - | - | - | 251 | 44,652 |
| Curriculum & instructional staff development | 59,697 | - | - | 15,640 | 4,000 | 5,750 | 85,087 |
| Instructional leadership | 1,648 | - | - | 1,605 | - | - | 3,253 |
| School leadership | 13,445 | - | - | - | - | 1,893 | 15,338 |
| Guidance, counseling & evaluation services | 23,358 | - | - | - | - | - | 23,358 |
| Health services | 2,259 | - | - | - | - | - | 2,259 |
| Student transportation | 37,191 | - | - | - | - | - | 37,191 |
| Food services | - | - | 52,532 | 88,200 | - | 86 | 140,818 |
| Co-curricular/ extracurricular activities | 244,335 | - | - | - | - | 229,924 | 474,259 |
| General administration | 14,402 | - | - | - | - | 4,787 | 19,189 |
| Plant maintenance and operations | 12,890,994 | - | 68,453 | - | - | 19,942 | 12,979,389 |
| Security and monitoring services | 26,987 | - | - | - | - | - | 26,987 |
| Data processing services | 199,459 | - | - | - | - | - | 199,459 |
| Community services | 10,092 | - | - | 181 | - | 100 | 10,373 |
| Facilities acquisition and construction | 3,362,734 | 8,200,292 | 530,967 | - | - | - | 12,093,993 |
| Total encumbrances by fund type | \$ 17,618,791 | \$ 8,200,292 | \$ 651,952 | \$ 224,448 | \$ 129,512 | \$ 320,135 | \$ 27,145,130 |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 9. RISK MANAGEMENT

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

Workers' Compensation

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

An accrual for incurred but not reported claims in the amount of \$1,735,000 has been recorded in the fund as of June 30, 2016. 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, 2016 and 2015:

| | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|
| Claims payable, beginning of fiscal year | \$ 1,811,000 | \$ 1,736,000 |
| Incurred claims and claim adjustment expenses | 1,109,392 | 1,310,639 |
| Claim payments during the year | <u>(1,185,392)</u> | <u>(1,235,639)</u> |
| Claims payable, end of fiscal year | <u>\$ 1,735,000</u> | <u>\$ 1,811,000</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, 2016, 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, 2016**

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, 2016. Property and Liability changes in claims payable for the years ended June 30, 2016 and 2015:

| | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|
| Claims payable, beginning of fiscal year | \$ 53,176 | \$ 51,344 |
| Incurred claims and claim adjustment expenses | 125,392 | 34,466 |
| Claim payments during the year | <u>(125,392)</u> | <u>(32,634)</u> |
| Claims payable, end of fiscal year | <u>\$ 53,176</u> | <u>\$ 53,176</u> |

Unemployment

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

The District maintains the self-insurance program for unemployment benefits which is funded by premiums charged to the general and special revenue funds. An accrual for incurred but not reported claims in the amount of \$288,834 has been recorded as of June 30, 2016.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 9. RISK MANAGEMENT – CONTINUED

Unemployment – Continued

Changes in unemployment claims payable for the years ended June 30, 2016 and 2015:

| | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|
| Claims payable, beginning of fiscal year | \$ 288,834 | \$ 288,834 |
| Incurred claims and claim adjustment expenses | 97,623 | 131,687 |
| Claim payments during the year | <u>(97,623)</u> | <u>(131,687)</u> |
| Claims payable, end of fiscal year | <u>\$ 288,834</u> | <u>\$ 288,834</u> |

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

NOTE 10. EMPLOYEES' RETIREMENT PLAN AND RETIREE HEALTH PLAN

Retirement Plan Description

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

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

Pension Plan Fiduciary Net Position

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 (A) above.

Contributions

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

Contributions – Continued

| | Contribution Rates | |
|--|--------------------|--------------|
| | 2015 | 2016 |
| Member | 6.7% | 7.2% |
| Non-employer Contributing Entity (State) | 6.7% | 6.7% |
| Employers | 6.8% | 6.8% |
| | | |
| 2015 Employer Contributions | | \$ 9,719,048 |
| 2015 Member Contributions | | 22,046,757 |
| 2015 NECE On-behalf Contributions | | 16,644,483 |

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

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

| | |
|--|-----------------------------|
| Valuation date | August 31, 2015 |
| Actuarial method | Individual Entry Age Normal |
| Asset valuation method | Market Value |
| Single discount rate | 8.00% |
| Long-term expected investment rate of return | 8.00% |
| Inflation | 2.50% |
| Salary increases including inflation | 3.50% to 9.50% |
| Payroll growth rate | 2.50% |
| Benefit changes during the year | None |
| Ad hoc post-employment benefit changes | None |

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

Discount Rate

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

Discount Rate – Continued

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

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

* *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, 2016**

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 2015 Net Pension Liability.

| | 1% Decrease in Discount Rate (7.0%) | Discount Rate (8.0%) | 1% Increase in Discount Rate (9.0%) |
|---|---|-------------------------|---|
| Proportionate share of the net pension liability: | \$ 181,789,484 | \$ 116,025,113 | \$ 61,247,479 |

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

At August 31, 2015, 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 | \$ 116,025,113 |
| State's proportionate share that is associated with the District | <u>198,641,457</u> |
| Total | <u>\$ 314,666,570</u> |

The net pension liability was measured as of August 31, 2015 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, 2014 through August 31, 2015.

At August 31, 2015 the District's proportion of the collective net pension liability was 0.3282305%, which was an increase of 0.1192311% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation

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

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

Mortality Assumptions

1. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
2. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
3. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

1. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore this 10% are no longer being counted as active members.
2. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
3. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
4. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
5. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

6. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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, 2016**

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

For the year ended June 30, 2016, the District recognized pension expense of \$20,494,210 and revenue of \$17,077,105 for support provided by the State.

At August 31, 2015, 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 | \$ 718,042 | \$ 4,458,949 |
| Changes in actuarial assumptions | 3,017,947 | 4,139,268 |
| Differences between projected and actual investment earnings | 28,574,401 | 12,797,174 |
| Changes in proportion and differences between the employer's contributions and the proportionate share of contributions | 27,249,820 | 37,422 |
| Contributions paid to TRS subsequent to the measurement date | 8,222,754 | - |
| Total | <u>\$ 67,782,964</u> | <u>\$ 21,432,813</u> |

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

| | Pension Expense (Income) |
|-----------------------|--------------------------------|
| Year ended August 31: | |
| 2017 | \$ 6,787,329 |
| 2018 | 6,787,329 |
| 2019 | 6,787,329 |
| 2020 | 11,053,054 |
| 2021 | 3,863,043 |
| Thereafter | <u>2,849,313</u> |
| Total | <u>\$ 38,127,397</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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 \$995,379 in 2016 for on-behalf payments for Medicare Part D.

Contributions Made

Contributions made by the State, the District and its employees; and the District's covered payroll for the fiscal years 2016, 2015, and 2014 are as follows:

| | 2016 | 2015 | 2014 |
|--|---------------|---------------|----------------|
| Covered Payroll | \$339,263,215 | \$327,053,718 | \$ 315,425,922 |
| Contributions made by the State | 21,465,116 | 20,649,844 | 19,585,196 |
| Retirement plan rate * | 6.80% | 6.80% | 6.80% |
| Retiree health care rate | 1.00% | 1.00% | 1.00% |
| Medicare Part D | 961,825 | 961,825 | 843,659 |
| District required and actual contributions to TRS & TRS - Care | 5,992,793 | 5,822,171 | 5,375,842 |
| Employee contributions to TRS & TRS - Care | 24,141,586 | 21,748,666 | 20,187,185 |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

Retiree Health Plan

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 \$60,148,708 representing recapture payments made in accordance with the state school finance law.

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

| | <u>Tax Effort</u> | <u>2015-16 Wealth per WADA</u> |
|----------------------------|-------------------|------------------------------------|
| 1st Equalized Wealth Level | \$ 1.00 | \$ 514,000 |
| 2nd Equalized Wealth Level | 0.06 | Unlimited |
| 3rd Equalized Wealth Level | <u>0.11</u> | \$ 319,500 |
| | <u>\$ 1.17</u> | |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 11. RECAPTURE PAYMENT – CONTINUED

The District's property value of \$573,244 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 2015-2016 of \$60,148,708 increased \$13.5 million due to increased property values. Due to prior year adjustments and final settle ups, the District received \$2,505,307 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, 2016.

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

The District is party to several operating leases for the rental of copier machines and portable buildings. These leases are for various terms with expiration dates through 2019. Payments under the leases for the year ended June 30, 2016 totaled \$1,328,985. Future obligations under the leases are as follows:

| | |
|------|--------------|
| 2017 | \$ 1,197,088 |
| 2018 | 1,194,523 |
| 2019 | 892,283 |
| 2020 | 107,468 |
| 2021 | 107,468 |
| | \$ 3,498,830 |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 13. SHARED SERVICE ARRANGEMENTS

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

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

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

Expenditures billed to the SSA members as of June 30, 2016 are summarized below:

| | |
|-----------------------|--------------------------------|
| Allen ISD | \$ 82,053 |
| Anna ISD | 3,497 |
| Blue Ridge ISD | - |
| Celina ISD | 8,766 |
| Community ISD | 5,919 |
| Coppell ISD | - |
| Farmersville ISD | 9,483 |
| Frisco ISD | 168,137 |
| Imagine International | 673 |
| McKinney ISD | 181,889 |
| Melissa ISD | 7,600 |
| Plano ISD | 735,649 |
| Princeton ISD | 53,819 |
| Prosper ISD | 26,903 |
| Richardson ISD | 275,622 |
| Wylie ISD | <u>51,070</u> |
| Total | <u><u>\$ 1,611,080</u></u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 14. EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 14, 2016, the date which the financial statements were available to be issued.

In August 2016, the District issued \$257,210,000 in Unlimited Tax School Building Bonds. The proceeds from the issuance shall be for the purpose of construction, renovation, acquisition and equipment of school buildings, the purchase of necessary sites for school buildings, and other capital needs of the District

NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 72, Fair Value Measurement and Application, which became effective for the District in fiscal year 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The impact of this implementation is discussed in Note 2.

The GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68 and Amendments to Certain Provisions of GASB Statements 67 and 68, which will be effective for periods beginning after June 15, 2016. The objective of this Statement is to improve usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement applies to all state and governmental entities. 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. 79, Certain External Investment Pools and Pool Participants, which will be effective for periods beginning after June 15, 2016. The objective of this Statement is to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This Statement applies to all state and governmental entities. 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. 80, Blending Requirements for Certain Component Units- an amendment of GASB Statement No. 14, which will be effective for periods beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to all state and governmental entities. 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

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

| 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 | \$ 485,118,088 | \$ 484,275,392 | \$ 485,122,628 | \$ 847,236 |
| 5800 | State Program Revenues | 39,583,911 | 45,008,582 | 47,641,503 | 2,632,921 |
| 5900 | Federal Program Revenues | 5,743,977 | 6,006,571 | 6,156,335 | 149,764 |
| 5020 | Total Revenues | <u>530,445,976</u> | <u>535,290,545</u> | <u>538,920,466</u> | <u>3,629,921</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 292,601,701 | 288,749,952 | 286,262,695 | 2,487,257 |
| 0012 | Instructional Resources and Media Services | 8,308,461 | 8,220,356 | 7,913,514 | 306,842 |
| 0013 | Curriculum and Instructional Staff Development | 7,314,331 | 6,507,802 | 6,352,190 | 155,612 |
| 0021 | Instructional Leadership | 3,079,495 | 3,239,328 | 3,037,621 | 201,707 |
| 0023 | School Leadership | 25,932,583 | 25,687,742 | 25,561,635 | 126,107 |
| 0031 | Guidance, Counseling and Evaluation Services | 19,078,910 | 19,451,339 | 19,244,496 | 206,843 |
| 0032 | Social Work Services | 1,020,348 | 1,077,828 | 1,046,654 | 31,174 |
| 0033 | Health Services | 5,349,349 | 5,474,271 | 5,420,658 | 53,613 |
| 0034 | Student (Pupil) Transportation | 13,952,527 | 13,540,996 | 13,548,905 | (7,909) |
| 0035 | Food Services | 10,152 | 10,302 | 9,458 | 844 |
| 0036 | Extracurricular Activities | 7,356,148 | 6,866,954 | 6,654,896 | 212,058 |
| 0041 | General Administration | 9,839,250 | 10,010,601 | 9,911,165 | 99,436 |
| 0051 | Facilities Maintenance and Operations | 41,067,459 | 40,766,884 | 44,625,988 | (3,859,104) |
| 0052 | Security and Monitoring Services | 3,750,895 | 3,539,038 | 3,466,526 | 72,512 |
| 0053 | Data Processing Services | 6,560,384 | 6,112,864 | 5,780,196 | 332,668 |
| 0061 | Community Services | 1,329,772 | 1,323,328 | 1,293,977 | 29,351 |
| Capital Outlay: | | | | | |
| 0081 | Facilities Acquisition and Construction | - | 14,793,604 | - | 14,793,604 |
| Intergovernmental: | | | | | |
| 0091 | Contracted Instructional Services Between Schools | 78,558,342 | 61,289,546 | 60,148,708 | 1,140,838 |
| 0092 | Incremental Costs Associated with Chapter 41 | 600,000 | 400,000 | 400,000 | - |
| 0093 | Payments to Fiscal Agent/Member District of SSA | 267,000 | 263,065 | 257,565 | 5,500 |
| 0095 | Payments to Juvenile Justice Alternative Ed. Prg. | 183,000 | 130,000 | 88,400 | 41,600 |
| 0097 | Payments to Tax Increment Fund | - | 597,088 | 597,088 | - |
| 0099 | Other Intergovernmental charges | 3,320,000 | 3,320,000 | 3,300,956 | 19,044 |
| 6030 | Total Expenditures | <u>529,480,107</u> | <u>521,372,888</u> | <u>504,923,291</u> | <u>16,449,597</u> |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>965,869</u> | <u>13,917,657</u> | <u>33,997,175</u> | <u>20,079,518</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7915 | Transfers In | 9,988,319 | 9,725,169 | 2,206,566 | (7,518,603) |
| 7919 | Insurance Recoveries | - | 15,106,664 | 15,106,664 | - |
| 8911 | Transfers Out (Use) | <u>(15,951,971)</u> | <u>(43,256,692)</u> | <u>(35,575,713)</u> | <u>7,680,979</u> |
| 7080 | Total Other Financing Sources (Uses) | <u>(5,963,652)</u> | <u>(18,424,859)</u> | <u>(18,262,483)</u> | <u>162,376</u> |
| 1200 | Net Change in Fund Balances | (4,997,783) | (4,507,202) | 15,734,692 | 20,241,894 |
| 0100 | Fund Balance - July 1 (Beginning) | <u>178,582,174</u> | <u>178,582,174</u> | <u>178,582,174</u> | <u>-</u> |
| 3000 | Fund Balance - June 30 (Ending) | <u>\$ 173,584,391</u> | <u>\$ 174,074,972</u> | <u>\$ 194,316,866</u> | <u>\$ 20,241,894</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
FOR THE YEARS ENDED JUNE 30, 2016 and 2015**

| | <u>2016</u> | <u>2015</u> |
|--|-----------------------|-----------------------|
| District's Proportion of the Net Pension Liability (Asset) | 0.3282305% | 0.2089994% |
| District's Proportionate Share of Net Pension Liability (Asset) | \$ 116,025,113 | \$ 55,826,630 |
| States Proportionate Share of the Net Pension Liability (Asset) associated with the District | <u>198,641,457</u> | <u>173,123,406</u> |
| Total | <u>\$ 314,666,570</u> | <u>\$ 228,950,036</u> |
| District's Covered Employee Payroll | \$ 329,056,036 | \$ 316,362,498 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll | 35.26% | 17.65% |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 83.25% | 83.25% |

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

EXHIBIT G-3

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
FOR FISCAL YEAR 2016 and 2015**

| | <u>2016</u> | <u>2015</u> |
|---|--------------------|--------------------|
| Contractually Required Contribution | \$ 5,992,793 | \$ 5,822,171 |
| Contribution in Relation to the Contractually Required Contribution | <u>(5,992,793)</u> | <u>(5,822,171)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered Employee Payroll | \$ 339,263,215 | \$ 327,053,718 |
| Contributions as a percentage of Covered Employee Payroll | 1.77% | 1.78% |

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
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> |
|---|------------------------|---------------------|------------------------------|
| State Program Revenues | \$ 39,583,911 | \$ 45,008,582 | \$ 5,424,671 |
| Instruction | 292,601,701 | 288,749,952 | (3,851,749) |
| Facilities Acquisition and Construction | - | 14,793,604 | 14,793,604 |
| Contracted Instructional Services Between Schools | 78,558,342 | 61,289,546 | (17,268,796) |
| Incremental Costs Associated with Chapter 41 | 600,000 | 400,000 | (200,000) |
| Payments to Juvenile Justice Alternative Ed. Prg. | 183,000 | 130,000 | (53,000) |
| Payments to Tax Increment Fund | - | 597,088 | 597,088 |
| Insurance Recoveries | - | 15,106,664 | 15,106,664 |

State Program Revenue was increased due to the hold harmless provision related to the new increase in the homestead exemption and prior year adjustments received.

Instruction was decreased \$3.8 million to accurately reflect the salary expenditures. Adopted budget is based on full employment for the entire year and vacancies are valued at an estimate. Final budget is based on actual expenditures.

Facility Acquisition and Construction budget was increased to cover costs associated with repairs to the District buildings damaged in the hail storms.

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

Incremental Costs Associated with Chapter 41 is down as a function of the reduced Contracted Instructional Services between Schools.

Payments to the Tax Increment Fund was increased to reflect the amounts paid relating to 2014-15 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.

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

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

NOTE 2. SIGNIFICANT ITEMS – CONTINUED

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, 2016 as follows:

| Type of Expenditure | Final Budget | Actual | Actual Over Budget |
|---------------------------------------|---------------|---------------|--------------------|
| Student (Pupil) Transportation | \$ 13,540,996 | \$ 13,548,905 | \$ (7,909) |
| Facilities Maintenance and Operations | 40,766,884 | 44,625,988 | (3,859,104) |

Transportation expenditures were in excess of final budget in the amount of \$7,909. The expenditures are related to salary and the final budget projection was under budget due to the final calculation of TRS on Behalf.

Facilities Maintenance and Operations was over budget by 9%. After the final budget was set, it was determined that the appropriate accounting treatment of the roof repairs and replacements due to the hail storms is to record the repairs in Facilities Maintenance instead of Construction. The Acquisition and Construction budget of \$14.8 million was unspent and more than enough to cover the overage in Maintenance.

Total expenditures did not exceed the budget.

Pension Liability

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

| | |
|--|-----------------------------|
| Valuation date | August 31, 2015 |
| Actuarial method normal | Individual Entry Age Normal |
| Asset valuation method | Market Value |
| Single discount rate | 8.00% |
| Long-term expected investment rate of return | 8.00% |
| Inflation | 2.50% |
| Salary increases including inflation | 3.50% to 9.50% |
| Payroll growth rate | 2.50% |
| Benefit changes during the year | None |
| Ad hoc post-employment benefit changes | None |

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

NOTE 2. SIGNIFICANT ITEMS – CONTINUED

Changes Since the Prior Actuarial Valuation

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

Economic Assumptions

- The inflation assumption was decreased from 3.00% to 2.50%
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.50%.

Teamwork for Excellence



P L A N O
Independent School District

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Teamwork for Excellence



P L A N O
Independent School District

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

| 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 | \$ 110,363,974 | \$ 110,030,488 | \$ 110,035,578 | \$ 5,090 |
| 5800 | Total State Revenues | - | 1,920,205 | 1,920,205 | - |
| 5020 | Total Revenues | <u>110,363,974</u> | <u>111,950,693</u> | <u>111,955,783</u> | <u>5,090</u> |
| EXPENDITURES: | | | | | |
| Debt Service: | | | | | |
| 0071 | Debt Service - Principal on Long Term Debt | 70,605,313 | 73,210,000 | 73,210,000 | - |
| 0072 | Debt Service - Interest on Long Term Debt | 40,754,510 | 38,149,823 | 38,149,823 | - |
| 0073 | Debt Service - Bond Issuance Cost and Fees | 90,085 | 2,081,463 | 3,893,499 | (1,812,036) |
| 6030 | Total Expenditures | <u>111,449,908</u> | <u>113,441,286</u> | <u>115,253,322</u> | <u>(1,812,036)</u> |
| 1100 | Deficiency of Revenues Under Expenditures | <u>(1,085,934)</u> | <u>(1,490,593)</u> | <u>(3,297,539)</u> | <u>(1,806,946)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7911 | Refunding Bonds Issued | - | 303,360,000 | 303,360,000 | - |
| 7915 | Transfers In | 30,000 | 48,000 | 49,678 | 1,678 |
| 7916 | Premium or Discount on Issuance of Bonds | - | 56,130,674 | 55,749,484 | (381,190) |
| 8949 | Payment to Bond Escrow Agent | - | (360,309,561) | (358,425,101) | 1,884,460 |
| 7080 | Total Other Financing Sources (Uses) | <u>30,000</u> | <u>(770,887)</u> | <u>734,061</u> | <u>1,504,948</u> |
| 1200 | Net Change in Fund Balances | (1,055,934) | (2,261,480) | (2,563,478) | (301,998) |
| 0100 | Fund Balance - July 1 (Beginning) | <u>33,138,471</u> | <u>33,138,471</u> | <u>33,138,471</u> | - |
| 3000 | Fund Balance - June 30 (Ending) | <u>\$ 32,082,537</u> | <u>\$ 30,876,991</u> | <u>\$ 30,574,993</u> | <u>\$ (301,998)</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

| 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 | \$ 7,787,222 | \$ 206 | \$ - |
| 1240 Due from Other Governments | 167,312 | 3,644,955 | 49,696 |
| 1250 Accrued Interest | 3,249 | - | - |
| 1290 Other Receivables | 211,912 | - | - |
| 1300 Inventories | 308,346 | - | - |
| 1410 Prepaid Expenditures | - | - | - |
| 1000 Total Assets | <u>\$ 8,478,041</u> | <u>\$ 3,645,161</u> | <u>\$ 49,696</u> |
| LIABILITIES AND FUND BALANCES: | | | |
| Liabilities: | | | |
| 2110 Accounts Payable | \$ 173,691 | \$ 12,598 | \$ - |
| 2160 Accrued Wages Payable | 229,229 | 2,016,356 | 26,244 |
| 2170 Due to Other Funds | - | 1,616,207 | 23,452 |
| 2180 Due to Other Governments | - | - | - |
| 2300 Unearned Revenues | 622,724 | - | - |
| 2000 Total Liabilities | <u>1,025,644</u> | <u>3,645,161</u> | <u>49,696</u> |
| Fund Balances: | | | |
| Non Spendable | | | |
| 3410 Investments in Inventory | 308,346 | - | - |
| 3430 Prepaid Expenditures | - | - | - |
| Restricted | | | |
| 3450 Food Services | 7,144,051 | - | - |
| 3450 State Special Revenue | - | - | - |
| Committed | | | |
| 3545 Local Special Revenue | - | - | - |
| 3000 Total Fund Balances | <u>7,452,397</u> | <u>-</u> | <u>-</u> |
| 4000 Total Liabilities and Fund Balances | <u>\$ 8,478,041</u> | <u>\$ 3,645,161</u> | <u>\$ 49,696</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 |
|--|--|--|--|--|
| \$ 460,737 | \$ 175,922 | \$ 367,988 | \$ 10,509,765 | \$ 19,301,840 |
| 5,687,609 | 6,310 | 221,292 | - | 9,777,174 |
| - | - | - | 1,293 | 4,542 |
| - | 490 | - | 12,548 | 224,950 |
| - | - | - | - | 308,346 |
| - | - | - | 4,355 | 4,355 |
| <u>\$ 6,148,346</u> | <u>\$ 182,722</u> | <u>\$ 589,280</u> | <u>\$ 10,527,961</u> | <u>\$ 29,621,207</u> |
| 26,162 | \$ 831 | \$ 10,128 | \$ 66,282 | \$ 289,692 |
| - | - | 579,152 | 94,895 | 2,945,876 |
| - | 6,310 | - | 2,215 | 1,648,184 |
| - | - | - | 5,736 | 5,736 |
| 5,604,514 | - | - | 14,397 | 6,241,635 |
| <u>5,630,676</u> | <u>7,141</u> | <u>589,280</u> | <u>183,525</u> | <u>11,131,123</u> |
| - | - | - | - | 308,346 |
| - | - | - | 4,355 | 4,355 |
| - | - | - | - | 7,144,051 |
| 517,670 | 175,581 | - | - | 693,251 |
| - | - | - | 10,340,081 | 10,340,081 |
| <u>517,670</u> | <u>175,581</u> | <u>-</u> | <u>10,344,436</u> | <u>18,490,084</u> |
| <u>\$ 6,148,346</u> | <u>\$ 182,722</u> | <u>\$ 589,280</u> | <u>\$ 10,527,961</u> | <u>\$ 29,621,207</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

| 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 | \$ 13,331,956 | \$ 9,546 | \$ - |
| 5800 State Program Revenues | 596,108 | - | - |
| 5900 Federal Program Revenues | 10,312,942 | 16,544,529 | 280,715 |
| 5020 Total Revenues | 24,241,006 | 16,554,075 | 280,715 |
| EXPENDITURES: | | | |
| Current: | | | |
| 0011 Instruction | - | 12,674,600 | 214,359 |
| 0012 Instructional Resources and Media Services | - | - | - |
| 0013 Curriculum and Instructional Staff Development | - | 1,409,878 | - |
| 0021 Instructional Leadership | - | 492,475 | 565 |
| 0023 School Leadership | - | - | - |
| 0031 Guidance, Counseling and Evaluation Services | - | 611,622 | 57,050 |
| 0032 Social Work Services | - | - | - |
| 0033 Health Services | - | 186,971 | - |
| 0034 Student (Pupil) Transportation | - | 63,416 | - |
| 0035 Food Services | 23,586,823 | 82,885 | - |
| 0036 Extracurricular Activities | - | 46,884 | - |
| 0041 General Administration | 68,003 | 14,061 | - |
| 0051 Facilities Maintenance and Operations | 384,363 | - | - |
| 0052 Security and Monitoring Services | - | 342 | - |
| 0053 Data Processing Services | - | - | - |
| 0061 Community Services | - | 561,989 | 8,741 |
| 0081 Facilities Acquisition and Construction | 14,240 | - | - |
| Intergovernmental: | | | |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | - | 735,649 | - |
| 6030 Total Expenditures | 24,053,429 | 16,880,772 | 280,715 |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | 187,577 | (326,697) | - |
| OTHER FINANCING SOURCES: | | | |
| 7915 Transfers In | 24,831 | 326,697 | - |
| 7080 Total Other Financing Sources | 24,831 | 326,697 | - |
| 1200 Net Change in Fund Balance | 212,408 | - | - |
| 0100 Fund Balance - July 1 (Beginning) | 7,239,989 | - | - |
| 3000 Fund Balance - June 30 (Ending) | \$ 7,452,397 | \$ - | \$ - |

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 |
|--|--|--|--|--|
| \$ 34,223 | \$ - | \$ 257,681 | \$ 10,394,979 | \$ 24,028,385 |
| 5,640,577 | 55,454 | 3,841,179 | - | 10,133,318 |
| - | - | - | - | 27,138,186 |
| <u>5,674,800</u> | <u>55,454</u> | <u>4,098,860</u> | <u>10,394,979</u> | <u>61,299,889</u> |
| 7,832,835 | 19,530 | 3,663,376 | 2,833,081 | 27,237,781 |
| - | - | - | 105,831 | 105,831 |
| - | 28,657 | 12,625 | 172,689 | 1,623,849 |
| - | - | 151,006 | 78,986 | 723,032 |
| - | 2,440 | - | 547,572 | 550,012 |
| - | 659 | 49,502 | 205,214 | 924,047 |
| - | - | - | 1,299 | 1,299 |
| - | - | - | 60,398 | 247,369 |
| - | - | - | 2,044 | 65,460 |
| - | - | - | 19,916 | 23,689,624 |
| - | 475 | 18,322 | 4,807,876 | 4,873,557 |
| - | - | - | 163,730 | 245,794 |
| - | - | - | 451,533 | 835,896 |
| - | - | - | 187,318 | 187,660 |
| - | - | - | - | - |
| - | 8,545 | 204,029 | 31,925 | 815,229 |
| - | - | - | - | 14,240 |
| - | - | - | - | 735,649 |
| <u>7,832,835</u> | <u>60,306</u> | <u>4,098,860</u> | <u>9,669,412</u> | <u>62,876,329</u> |
| <u>(2,158,035)</u> | <u>(4,852)</u> | <u>-</u> | <u>725,567</u> | <u>(1,576,440)</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>24,185</u> | <u>375,713</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>24,185</u> | <u>375,713</u> |
| <u>(2,158,035)</u> | <u>(4,852)</u> | <u>-</u> | <u>749,752</u> | <u>(1,200,727)</u> |
| <u>2,675,705</u> | <u>180,433</u> | <u>-</u> | <u>9,594,684</u> | <u>19,690,811</u> |
| <u>\$ 517,670</u> | <u>\$ 175,581</u> | <u>\$ -</u> | <u>\$ 10,344,436</u> | <u>\$ 18,490,084</u> |

**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, 2016**

| 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 | \$ 14,276,209 | \$ 14,276,209 | \$ 13,331,956 | \$ (944,253) |
| 5800 | State Program Revenues | 558,000 | 593,000 | 596,108 | 3,108 |
| 5900 | Federal Program Revenues | 9,882,707 | 9,921,207 | 10,312,942 | 391,735 |
| 5020 | Total Revenues | <u>24,716,916</u> | <u>24,790,416</u> | <u>24,241,006</u> | <u>(549,410)</u> |
| EXPENDITURES: | | | | | |
| 0035 | Food Services | 25,066,183 | 25,208,852 | 23,586,823 | 1,622,029 |
| 0041 | General Administration | 66,773 | 68,773 | 68,003 | 770 |
| 0051 | Facilities Maintenance and Operations | 376,000 | 446,000 | 384,363 | 61,637 |
| 0081 | Facilities Acquisition and Construction | - | 579,240 | 14,240 | 565,000 |
| 6030 | Total Expenditures | <u>25,508,956</u> | <u>26,302,865</u> | <u>24,053,429</u> | <u>2,249,436</u> |
| 1100 | Excess (Deficiency) of Revenues Over Expenditures | <u>(792,040)</u> | <u>(1,512,449)</u> | <u>187,577</u> | <u>1,700,026</u> |
| OTHER FINANCING SOURCES | | | | | |
| 7915 | Transfers In | - | 52,023 | 24,831 | (27,192) |
| 7080 | Total Other Financing Sources | <u>-</u> | <u>52,023</u> | <u>24,831</u> | <u>(27,192)</u> |
| 1200 | Net Change in Fund Balances | (792,040) | (1,460,426) | 212,408 | 1,672,834 |
| 0100 | Fund Balance - July 1 (Beginning) | <u>7,239,989</u> | <u>7,239,989</u> | <u>7,239,989</u> | <u>-</u> |
| 3000 | Fund Balance - June 30 (Ending) | <u>\$ 6,447,949</u> | <u>\$ 5,779,563</u> | <u>\$ 7,452,397</u> | <u>\$ 1,672,834</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2016**

| | Employee Child Care | After School Care | Concessions | Photography | Total Nonmajor Enterprise Funds |
|---|------------------------|----------------------|------------------|------------------|--|
| ASSETS: | | | | | |
| Current Assets: | | | | | |
| Cash and Investments | \$ 161,753 | \$ 460,221 | \$ 77,146 | \$ 18,360 | \$ 717,480 |
| Accrued Interest | - | 192 | 31 | 8 | 231 |
| Other Receivables | - | 78,172 | - | - | 78,172 |
| Prepaid Expenditures | 1,156 | - | - | - | 1,156 |
| Total Current Assets | <u>162,909</u> | <u>538,585</u> | <u>77,177</u> | <u>18,368</u> | <u>797,039</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>162,909</u> | <u>538,585</u> | <u>77,177</u> | <u>18,368</u> | <u>797,039</u> |
| LIABILITIES: | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | 675 | 158,253 | 618 | - | 159,546 |
| Accrued Wages Payable | 62,234 | 48,444 | - | - | 110,678 |
| Unearned Revenues | - | 331,888 | - | - | 331,888 |
| Total Liabilities | <u>62,909</u> | <u>538,585</u> | <u>618</u> | <u>-</u> | <u>602,112</u> |
| NET POSITION: | | | | | |
| Unrestricted Net Position | 100,000 | - | 76,559 | 18,368 | 194,927 |
| Total Net Position | <u>\$ 100,000</u> | <u>\$ -</u> | <u>\$ 76,559</u> | <u>\$ 18,368</u> | <u>\$ 194,927</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, 2016**

| | Employee Child Care | After School Care | Concessions | Photography | Total Nonmajor Enterprise Funds |
|--|------------------------|----------------------|------------------|------------------|--|
| OPERATING REVENUES: | | | | | |
| Local and Intermediate Sources | \$ 1,383,470 | \$ 7,967,549 | \$ 262,942 | \$ 2,215 | \$9,616,176 |
| Total Operating Revenues | <u>1,383,470</u> | <u>7,967,549</u> | <u>262,942</u> | <u>2,215</u> | <u>9,616,176</u> |
| OPERATING EXPENSES: | | | | | |
| Payroll Costs | 1,109,717 | 4,259,390 | 101,292 | - | 5,470,399 |
| Professional and Contracted Services | 73,606 | 27,800 | 7,082 | - | 108,488 |
| Supplies and Materials | 71,459 | 202,310 | 146,996 | - | 420,765 |
| Other Operating Costs | 119,962 | 1,289,767 | 41,071 | 31,142 | 1,481,942 |
| Total Operating Expenses | <u>1,374,744</u> | <u>5,779,267</u> | <u>296,441</u> | <u>31,142</u> | <u>7,481,594</u> |
| Operating Income | <u>8,726</u> | <u>2,188,282</u> | <u>(33,499)</u> | <u>(28,927)</u> | <u>2,134,582</u> |
| NON OPERATING REVENUES (EXPENSES): | | | | | |
| Earnings from Temporary Deposits & Investments | - | 9,558 | - | 91 | 9,649 |
| Total Non Operating Revenues (Expenses) | <u>-</u> | <u>9,558</u> | <u>-</u> | <u>91</u> | <u>9,649</u> |
| Income (Loss) Before Transfers | 8,726 | 2,197,840 | (33,499) | (28,836) | 2,144,231 |
| Transfers Out | <u>(8,726)</u> | <u>(2,197,840)</u> | <u>-</u> | <u>-</u> | <u>(2,206,566)</u> |
| Change in Net Position | - | - | (33,499) | (28,836) | (62,335) |
| Total Net Position - July 1 (Beginning) | <u>100,000</u> | <u>-</u> | <u>110,058</u> | <u>47,204</u> | <u>257,262</u> |
| Total Net Position - June 30 (Ending) | <u>\$ 100,000</u> | <u>\$ -</u> | <u>\$ 76,559</u> | <u>\$ 18,368</u> | <u>\$ 194,927</u> |

EXHIBIT H-7

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

| | Employee Child Care | After School Care | Concessions | Photography | Total Nonmajor Enterprise Funds |
|---|------------------------|----------------------|--------------------|--------------------|--|
| CASH FLOW FROM OPERATING ACTIVITIES: | | | | | |
| Cash Received from User Charges | \$ 1,383,470 | \$ 8,379,470 | \$ 262,942 | \$ 2,215 | \$ 10,028,097 |
| Cash Payments to Employees for Services | (1,108,928) | (4,251,296) | (101,292) | - | (5,461,516) |
| Cash Payments for Suppliers | (149,951) | (239,506) | (148,776) | - | (538,233) |
| Cash Payments for Other Operating Expenses | (119,962) | (1,289,767) | (46,791) | (31,142) | (1,487,662) |
| Net Cash Provided by (Used for) Operating Activities | <u>4,629</u> | <u>2,598,901</u> | <u>(33,917)</u> | <u>(28,927)</u> | <u>2,540,686</u> |
| CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | |
| Transfers Out | (8,726) | (2,197,840) | - | - | (2,206,566) |
| Net Cash Used for Non-Capital Financing Activities | <u>(8,726)</u> | <u>(2,197,840)</u> | <u>-</u> | <u>-</u> | <u>(2,206,566)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Proceeds from sales and maturities of investments | - | - | 74 | 5,723 | 5,797 |
| Purchase of Investment Securities | - | (178,446) | - | - | (178,446) |
| Interest and Dividends on Investments | - | 9,536 | (24) | 83 | 9,595 |
| Net Cash Provided by (Used for) Investing Activities | <u>-</u> | <u>(168,910)</u> | <u>50</u> | <u>5,806</u> | <u>(163,054)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS: | (4,097) | 232,151 | (33,867) | (23,121) | 171,066 |
| Cash and Cash Equivalents at Beginning of the Year | 165,850 | 35,597 | 79,624 | 33,863 | 314,934 |
| Cash and Cash Equivalents at the End of the Year | 161,753 | 267,748 | 45,757 | 10,742 | 486,000 |
| Temporary Investment Not in Cash Equivalents | - | 192,473 | 31,389 | 7,618 | 231,480 |
| Cash on Statement of Net Position | <u>\$ 161,753</u> | <u>\$ 460,221</u> | <u>\$ 77,146</u> | <u>\$ 18,360</u> | <u>\$ 717,480</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | | | |
| Operating Income (Loss) | \$ 8,726 | \$ 2,188,282 | \$ (33,499) | \$ (28,927) | \$ 2,134,582 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | | | | |
| Effect of Increases and Decreases in Current Assets and Liabilities | | | | | |
| Decrease (Increase) in Receivables | - | 390,584 | - | - | 390,584 |
| Decrease (Increase) in Prepaid Expenses | (1,156) | - | - | - | (1,156) |
| Increase (Decrease) in Accounts Payable | (3,730) | (9,396) | (418) | - | (13,544) |
| Increase (Decrease) in Accrued Wages Payable | 789 | 8,094 | - | - | 8,883 |
| Increase (Decrease) in Unearned Revenues | - | 21,337 | - | - | 21,337 |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ 4,629</u> | <u>\$ 2,598,901</u> | <u>\$ (33,917)</u> | <u>\$ (28,927)</u> | <u>\$ 2,540,686</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016**

| | 752 | 753 |
|---|-------------------|------------------------|
| | Print Shop | Health Benefits |
| ASSETS: | | |
| Current Assets: | | |
| Cash and Investments | \$ 16,162 | 1,495,141 |
| Accrued Interest | 7 | 623 |
| Other Receivables | 1,881 | - |
| Unearned Expenses | - | 380,264 |
| Total Current Assets | 18,050 | 1,876,028 |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Furniture and Equipment | 14,944 | - |
| Depreciation on Furniture and Equipment | (13,450) | - |
| Total Noncurrent Assets | 1,494 | - |
| Total Assets | 19,544 | 1,876,028 |
| LIABILITIES: | | |
| Current Liabilities | | |
| Accounts Payable | 722 | 244 |
| Accrued Wages Payable | 5,126 | - |
| Accrued Expenses | - | 131,616 |
| Total Liabilities | 5,848 | 131,860 |
| NET POSITION: | | |
| Investments in Capital Assets | 1,494 | - |
| Unrestricted Net Position | 12,202 | 1,744,168 |
| Total Net Position | \$ 13,696 | \$ 1,744,168 |

EXHIBIT H-8

| 772 Workers' Compensation Self-Funded | 773 Unemployment Self-Funded | 775 Sign Shop | 786 Insurance Claims Self-Funded | Total Internal Service Funds |
|--|---|------------------------------|---|---|
| \$ 2,211,549 | \$ 828,164 | \$ 258,510 | \$ 194,849 | \$ 5,004,375 |
| 923 | 346 | 108 | 81 | 2,088 |
| - | - | - | - | 1,881 |
| - | - | - | - | 380,264 |
| <u>2,212,472</u> | <u>828,510</u> | <u>258,618</u> | <u>194,930</u> | <u>5,388,608</u> |
| - | - | 16,430 | - | 31,374 |
| - | - | (3,286) | - | (16,736) |
| - | - | 13,144 | - | 14,638 |
| <u>2,212,472</u> | <u>828,510</u> | <u>271,762</u> | <u>194,930</u> | <u>5,403,246</u> |
| - | 15,995 | - | 2,500 | 19,461 |
| - | - | - | - | 5,126 |
| <u>1,735,000</u> | <u>288,834</u> | <u>-</u> | <u>53,176</u> | <u>2,208,626</u> |
| <u>1,735,000</u> | <u>304,829</u> | <u>-</u> | <u>55,676</u> | <u>2,233,213</u> |
| - | - | 13,144 | - | 14,638 |
| <u>477,472</u> | <u>523,681</u> | <u>258,618</u> | <u>139,254</u> | <u>3,155,395</u> |
| <u>\$ 477,472</u> | <u>\$ 523,681</u> | <u>\$ 271,762</u> | <u>\$ 139,254</u> | <u>\$ 3,170,033</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, 2016**

| | 752 | 753 |
|--|-------------------|------------------------|
| | Print Shop | Health Benefits |
| OPERATING REVENUES: | | |
| Local and Intermediate Services | \$ 1,289,503 | \$ 36,005,406 |
| Total Operating Revenues | <u>1,289,503</u> | <u>36,005,406</u> |
| OPERATING EXPENSES: | | |
| Payroll Costs | 337,957 | 343,387 |
| Professional and Contracted Services | 624,341 | 151,846 |
| Supplies and Materials | 318,611 | 14,422 |
| Depreciation | 1,494 | - |
| Other Operating Costs | - | 35,993,170 |
| Total Operating Expenses | <u>1,282,403</u> | <u>36,502,825</u> |
| Operating Income (Loss) | <u>7,100</u> | <u>(497,419)</u> |
| NON OPERATING REVENUES (EXPENSES): | | |
| Earnings from Temporary Deposits & Investments | 121 | - |
| Insurance Recovery | - | - |
| Total Non Operating Revenues (Expenses) | <u>121</u> | <u>-</u> |
| Income (Loss) Before Transfers | 7,221 | (497,419) |
| Transfers In | - | 600,000 |
| Total Transfers | <u>-</u> | <u>600,000</u> |
| Change in Net Position | 7,221 | 102,581 |
| Total Net Position - July 1 (Beginning) | <u>6,475</u> | <u>1,641,587</u> |
| Total Net Position - June 30 (Ending) | <u>\$ 13,696</u> | <u>\$ 1,744,168</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 |
|--|---|------------------------------|---|---|
| \$ 1,330,128 | \$ - | \$ 5,679 | \$ 895 | \$ 38,631,611 |
| 1,330,128 | - | 5,679 | 895 | 38,631,611 |
| 461,090 | - | 346 | - | 1,142,780 |
| 846,352 | - | 799 | 121,422 | 1,744,760 |
| 33,218 | - | 1,229 | 6,471 | 373,951 |
| - | - | 1,643 | - | 3,137 |
| 571,442 | 79,778 | - | - | 36,644,390 |
| 1,912,102 | 79,778 | 4,017 | 127,893 | 39,909,018 |
| (581,974) | (79,778) | 1,662 | (126,998) | (1,277,407) |
| 8,555 | 3,389 | 1,018 | 1,170 | 14,253 |
| - | - | - | 14,080 | 14,080 |
| 8,555 | 3,389 | 1,018 | 15,250 | 28,333 |
| (573,419) | (76,389) | 2,680 | (111,748) | (1,249,074) |
| - | - | - | - | 600,000 |
| - | - | - | - | 600,000 |
| (573,419) | (76,389) | 2,680 | (111,748) | (649,074) |
| 1,050,891 | 600,070 | 269,082 | 251,002 | 3,819,107 |
| \$ 477,472 | \$ 523,681 | \$ 271,762 | \$ 139,254 | \$ 3,170,033 |

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

| | 752 | 753 |
|---|------------------|-----------------------------------|
| | Print Shop | Health Benefits Self-Funded |
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Cash Received from User Charges | \$ 1,288,026 | \$ 36,005,406 |
| Cash Payments to Employees for Services | (338,554) | (343,387) |
| Cash Payments for Insurance Claims | - | 20,915 |
| Cash Payments for Suppliers | (942,230) | (162,754) |
| Cash Payments for Other Operating Expenses | - | (36,018,423) |
| Net Cash Provided by (Used for) Operating Activities | <u>7,242</u> | <u>(498,243)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Transfers In | - | 600,000 |
| Insurance Proceeds | - | - |
| Net Cash Provided by Non-Capital Financing Activities | <u>-</u> | <u>600,000</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from Sale and Maturities of Securities | - | - |
| Purchase of Investment Securities | (4,855) | (228,536) |
| Interest and Dividends on Investments | 114 | (574) |
| Net Cash Provided by (Used for) Investing Activities | <u>(4,741)</u> | <u>(229,110)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS: | | |
| Cash and Cash Equivalents at Beginning of the Year | 6,823 | 997,874 |
| Cash and Cash Equivalents at the End of the Year | 9,324 | 870,521 |
| Temporary Investment Not in Cash Equivalents | 6,838 | 624,620 |
| Cash on Statement of Net Position | <u>\$ 16,162</u> | <u>\$ 1,495,141</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | |
| Operating Income (Loss) | \$ 7,100 | \$ (497,419) |
| 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 | (1,477) | - |
| Decrease (Increase) in Prepaid Expenses | - | (25,253) |
| Increase (Decrease) in Accounts Payable | 722 | (2,470) |
| Increase (Decrease) in Accrued Wages Payable | (597) | - |
| Increase (Decrease) in Due to Other Funds | - | - |
| Increase (Decrease) in Accrued Expenses | - | 26,899 |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ 7,242</u> | <u>\$ (498,243)</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 |
|--|------------------------------------|---------------------|---|------------------------------------|
| \$ 1,330,128 | \$ - | \$ 5,679 | \$ 895 | \$ 38,630,134 |
| (461,090) | - | (346) | - | (1,143,377) |
| (1,185,393) | (97,623) | - | (125,393) | (1,387,494) |
| (61,371) | - | (2,028) | - | (1,168,383) |
| (280,342) | - | - | - | (36,298,765) |
| <u>(658,068)</u> | <u>(97,623)</u> | <u>3,305</u> | <u>(124,498)</u> | <u>(1,367,885)</u> |
| - | - | - | - | 600,000 |
| - | - | - | 14,080 | 14,080 |
| - | - | - | 14,080 | 614,080 |
| - | - | - | 4,815 | 4,815 |
| (112,180) | (84,542) | (35,802) | - | (465,915) |
| 7,819 | 3,103 | 926 | 1,109 | 12,497 |
| <u>(104,361)</u> | <u>(81,439)</u> | <u>(34,876)</u> | <u>5,924</u> | <u>(448,603)</u> |
| (762,429) | (179,062) | (31,571) | (104,494) | (1,202,408) |
| 2,048,674 | 660,644 | 181,964 | 217,795 | 4,113,774 |
| 1,286,245 | 481,582 | 150,393 | 113,301 | 2,911,366 |
| 925,304 | 346,582 | 108,117 | 81,548 | 2,093,009 |
| <u>\$ 2,211,549</u> | <u>\$ 828,164</u> | <u>\$ 258,510</u> | <u>\$ 194,849</u> | <u>\$ 5,004,375</u> |
| \$ (581,974) | \$ (79,778) | \$ 1,662 | \$ (126,998) | \$ (1,277,407) |
| - | - | 1,643 | - | 3,137 |
| - | - | - | - | (1,477) |
| - | - | - | - | (25,253) |
| (94) | (17,845) | - | 2,500 | (17,187) |
| - | - | - | - | (597) |
| - | - | - | - | - |
| (76,000) | - | - | - | (49,101) |
| <u>\$ (658,068)</u> | <u>\$ (97,623)</u> | <u>\$ 3,305</u> | <u>\$ (124,498)</u> | <u>\$ (1,367,885)</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

| | Balance July 1 2015 | Additions | Deductions | Balance June 30 2016 |
|--------------------------------|---------------------------|---------------------|---------------------|----------------------------|
| STUDENT ACTIVITY FUNDS: | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 302,426 | \$ 157,725 | \$ 177,290 | \$ 282,861 |
| Accrued Interest | 12 | 59 | - | 71 |
| Total Assets | <u>\$ 302,438</u> | <u>\$ 157,784</u> | <u>\$ 177,290</u> | <u>\$ 282,932</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 54 | \$ 174,554 | \$ 174,608 | \$ - |
| Due to Student Groups | 302,384 | 157,725 | 177,177 | 282,932 |
| Total Liabilities | <u>\$ 302,438</u> | <u>\$ 332,279</u> | <u>\$ 351,785</u> | <u>\$ 282,932</u> |
| OTHER AGENCY FUNDS: | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 224,906 | \$ 909,093 | \$ 928,843 | \$ 205,156 |
| Other Receivables | 75 | 5 | - | 80 |
| Total Assets | <u>\$ 224,981</u> | <u>\$ 909,098</u> | <u>\$ 928,843</u> | <u>\$ 205,236</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ - | \$ 925,409 | \$ 925,409 | \$ - |
| Due to Other Groups | 224,981 | 905,664 | 925,409 | 205,236 |
| Total Liabilities | <u>\$ 224,981</u> | <u>\$ 1,831,073</u> | <u>\$ 1,850,818</u> | <u>\$ 205,236</u> |
| TOTAL AGENCY FUNDS: | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 527,332 | \$ 1,066,818 | \$ 1,106,133 | \$ 488,017 |
| Accrued Interest | 12 | 59 | - | 71 |
| Other Receivables | 75 | 5 | - | 80 |
| Total Assets | <u>\$ 527,419</u> | <u>\$ 1,066,882</u> | <u>\$ 1,106,133</u> | <u>\$ 488,168</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 54 | \$ 1,099,963 | \$ 1,100,017 | \$ - |
| Due to Other Groups | 224,981 | 905,664 | 925,409 | 205,236 |
| Due to Student Groups | 302,384 | 157,725 | 177,177 | 282,932 |
| Total Liabilities | <u>\$ 527,419</u> | <u>\$ 2,163,352</u> | <u>\$ 2,202,603</u> | <u>\$ 488,168</u> |

**REQUIRED
TEXAS EDUCATION AGENCY
REPORT SECTION**

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED JUNE 30, 2016**

| Last 10 Years Ended June 30 | Tax Rates | | Assessed/Appraised Value for School Tax Purposes | Beginning Balance July 1, 2015 |
|--|-------------|--------------|--|--------------------------------------|
| | Maintenance | Debt Service | | |
| 2007 & PRIOR | 1.3300 | 0.2484 | \$ 31,288,104,376 | \$ 1,059,116 |
| 2008 | 1.0200 | 0.2484 | 33,467,159,126 | 290,113 |
| 2009 | 1.0400 | 0.2634 | 35,111,342,870 | 455,680 |
| 2010 | 1.0400 | 0.2884 | 34,765,694,294 | 608,752 |
| 2011 | 1.0400 | 0.3134 | 33,955,156,307 | 905,550 |
| 2012 | 1.0400 | 0.3334 | 34,342,959,439 | 1,010,756 |
| 2013 | 1.0400 | 0.3334 | 34,842,341,548 | 1,111,077 |
| 2014 | 1.1700 | 0.2830 | 36,441,999,880 | 1,404,073 |
| 2015 | 1.1700 | 0.2780 | 38,873,800,924 | 4,522,257 |
| 2016 | 1.1700 | 0.2690 | 41,496,244,736 | |
| 1000 | Totals | | | <u>\$ 11,367,374</u> |
| 9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code | | | | <u>\$ -</u> |

EXHIBIT J-1

| Current Year's Total Levy | Maintenance Collections | Debt Service Collections | Entire Year's Adjustments | Ending Balance June 30, 2016 |
|---------------------------------|----------------------------|-----------------------------|---------------------------------|------------------------------------|
| | \$ 39,845 | \$ 6,460 | (345,915) | \$ 666,896 |
| | 13,016 | 3,170 | (549) | 273,378 |
| | 21,122 | 5,350 | (1,787) | 427,421 |
| | 53,288 | 14,776 | 14,521 | 555,209 |
| | 520,417 | 156,826 | 190,572 | 418,879 |
| | 555,549 | 178,096 | 229,624 | 506,735 |
| | 661,261 | 211,985 | 279,362 | 517,193 |
| | 651,499 | 157,585 | 22,506 | 617,495 |
| | 2,570,654 | 610,804 | (455,557) | 885,242 |
| <u>581,815,938</u> | <u>469,100,640</u> | <u>107,853,049</u> | <u>(678,834)</u> | <u>4,183,415</u> |
| <u>\$ 581,815,938</u> | <u>\$ 474,187,291</u> | <u>\$ 109,198,101</u> | <u>\$ (746,057)</u> | <u>\$ 9,051,863</u> |

\$ - \$ - \$ -

| | |
|--|---------------------|
| Ending Balance 6/30/2016 | \$ 9,051,863 |
| Add - County Education District Taxes Receivable | <u>464</u> |
| Total Delinquent Taxes Receivable 6/30/2016 | 9,052,327 |
| Less Reserve for Uncollectible Taxes: | |
| General Fund | (2,153,572) |
| Debt Service Fund | <u>(531,413)</u> |
| Net Delinquent Balance 6/30/2016 | <u>\$ 6,367,342</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. | 109 |
| Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes. | 113 |
| 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. | 117 |
| 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. | 123 |
| 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. | 126 |

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 | | | | | | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in capital assets | \$ 6,177 | \$ 10,868 | \$ 13,461 | \$ 26,482 | \$ 41,667 | \$ 74,007 | \$ 97,719 | \$ 120,499 | \$ 159,052 | \$ 216,679 |
| Restricted | 29,741 | 34,644 | 35,000 | 29,443 | 29,387 | 27,478 | 26,912 | 29,242 | 31,230 | 31,349 |
| Unrestricted | 160,607 | 158,432 | 150,549 | 146,015 | 164,593 | 180,777 | 169,663 | 180,980 | 131,642 | 136,396 |
| Total Governmental Net Assets | \$ 196,525 | \$ 203,944 | \$ 199,010 | \$ 201,940 | \$ 235,647 | \$ 282,262 | \$ 294,294 | \$ 330,721 | \$ 321,924 | \$ 384,424 |
| Business Type Activities: | | | | | | | | | | |
| Net Investment in capital assets | \$ 2 | \$ 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | | | | | | | | | | |
| Unrestricted | 32 | (31) | 33 | 19 | 12 | 46 | 98 | 129 | 257 | 195 |
| Total Business Type Activities | \$ 34 | \$ (30) | \$ 33 | \$ 19 | \$ 12 | \$ 46 | \$ 98 | \$ 129 | \$ 257 | \$ 195 |
| Total Primary Government: | | | | | | | | | | |
| Net Investment in capital assets | \$ 6,179 | \$ 10,869 | \$ 13,461 | \$ 26,482 | \$ 41,667 | \$ 74,007 | \$ 97,719 | \$ 120,499 | \$ 159,052 | \$ 216,679 |
| Restricted | 29,741 | 34,644 | 35,000 | 29,443 | 29,387 | 27,478 | 26,912 | 29,242 | 31,230 | 31,349 |
| Unrestricted | 160,639 | 158,401 | 150,582 | 146,034 | 164,605 | 180,823 | 169,761 | 181,109 | 131,899 | 136,591 |
| Total Primary Government | \$ 196,559 | \$ 203,914 | \$ 199,043 | \$ 201,959 | \$ 235,659 | \$ 282,308 | \$ 294,392 | \$ 330,850 | \$ 322,181 | \$ 384,619 |

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Instruction | \$ 273,019 | \$ 299,557 | \$ 309,070 | \$ 314,910 | \$ 318,948 | \$ 306,009 | \$ 308,433 | \$ 316,344 | \$ 333,944 | \$ 356,164 |
| Instructional Resources & Media Services | 11,527 | 10,104 | 9,650 | 9,104 | 9,511 | 8,278 | 8,761 | 8,882 | 9,195 | 9,632 |
| Curriculum & Instructional Staff Development | 7,432 | 8,764 | 8,733 | 9,046 | 9,638 | 8,165 | 8,252 | 7,440 | 8,412 | 8,558 |
| Instructional Leadership | 3,783 | 3,775 | 4,018 | 4,275 | 4,147 | 3,652 | 3,652 | 3,383 | 3,818 | 3,990 |
| School Leadership | 20,703 | 22,575 | 23,368 | 23,860 | 24,110 | 23,056 | 23,870 | 24,812 | 26,673 | 28,508 |
| Guidance, Counseling & Evaluation Services | 15,170 | 16,329 | 17,390 | 18,222 | 18,272 | 17,093 | 18,353 | 18,481 | 19,459 | 21,460 |
| Social Work Services | 1,246 | 1,266 | 1,320 | 1,205 | 1,082 | 819 | 868 | 914 | 1,008 | 1,103 |
| Health Services | 4,163 | 4,620 | 4,629 | 4,992 | 5,111 | 5,024 | 5,145 | 5,306 | 5,791 | 6,059 |
| Student (Pupil) Transportation | 8,918 | 10,903 | 8,968 | 11,352 | 7,378 | 11,881 | 9,373 | 14,222 | 13,327 | 14,050 |
| Food Services | 18,056 | 19,304 | 19,686 | 21,279 | 22,352 | 23,671 | 23,900 | 24,492 | 26,341 | 26,748 |
| Cocurricular/Extracurricular Activities | 8,196 | 8,482 | 9,240 | 9,272 | 9,122 | 8,795 | 14,104 | 13,817 | 14,470 | 13,891 |
| General Administration | 10,715 | 11,468 | 8,774 | 10,007 | 9,240 | 8,862 | 9,864 | 9,803 | 10,179 | 10,822 |
| Plant Maintenance & Operations | 42,957 | 43,518 | 43,944 | 43,660 | 43,993 | 42,655 | 43,143 | 39,577 | 40,207 | 46,844 |
| Security & Monitoring Services | 2,651 | 2,944 | 2,955 | 2,792 | 2,245 | 3,462 | 3,505 | 3,390 | 3,475 | 3,795 |
| Data Processing Services | 8,161 | 8,384 | 7,550 | 8,163 | 5,272 | 6,496 | 5,318 | 5,332 | 5,825 | 5,652 |
| Community Services | 6,193 | 1,220 | 1,553 | 1,985 | 2,245 | 2,336 | 2,097 | 1,826 | 2,330 | 2,544 |
| Debt Service - Interest on Long Term Debt | 35,720 | 37,533 | 42,373 | 47,343 | 43,932 | 43,019 | 41,082 | 38,771 | 42,035 | 30,990 |
| Debt Service - Bond Issuance Cost and Fees | 150 | 134 | 132 | 34 | 490 | 35 | 33 | 308 | 192 | 3,893 |
| Facilities Acquisition & Construction | 13,232 | 13,659 | 25,792 | 23,492 | 23,308 | 15,960 | 18,431 | 13,684 | 13,728 | 16,046 |
| Contracted Instructional Services Between Schools | 125,383 | 81,036 | 91,421 | 34,752 | 28,998 | 39,584 | 24,960 | 36,016 | 46,604 | 60,149 |
| Incremental Costs Associated with Chapter 41 | 838 | 650 | 600 | 600 | 444 | 600 | 600 | 600 | 600 | 400 |
| Payments to Fiscal Agent/Member Districts of SSA | 509 | 719 | 740 | 709 | 834 | 634 | 755 | 999 | 1,000 | 993 |
| Payments to Juvenile Justice Alternative Ed. Prg. | 137 | 158 | 155 | 132 | 103 | 90 | 212 | 118 | 49 | 88 |
| Payments to Tax Increment Fund | 5,312 | 4,601 | 4,834 | 4,441 | 8,912 | 2,594 | 2,978 | 1,875 | 3,378 | 597 |
| Other Intergovernmental Charges | - | - | 2,200 | 2,248 | 2,450 | 2,247 | 2,388 | 2,632 | 2,823 | 3,301 |
| Total governmental activities expenses | <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> | <u>676,277</u> |
| Business-type activities: | | | | | | | | | | |
| Employee Child Care | - | - | 31 | 694 | 714 | 752 | 1,194 | 1,219 | 1,226 | 1,375 |
| After School Care | - | - | 5,455 | 5,040 | 4,932 | 4,804 | 4,814 | 4,966 | 5,644 | 5,779 |
| Concessions | 137 | 162 | 328 | 213 | 243 | 223 | 231 | 211 | 325 | 297 |
| Photography | - | - | - | 58 | 41 | 55 | 44 | 42 | 34 | 31 |
| Total business-type activities expenses | <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> | <u>7,482</u> |
| Total primary government expenses | <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> | <u>\$ 683,759</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Instruction | \$ 5,048 | \$ 5,272 | \$ 4,381 | \$ 4,357 | \$ 4,367 | \$ 4,433 | \$ 3,889 | \$ 3,761 | \$ 3,768 | \$ 3,536 |
| Food Service | 11,247 | 11,680 | 12,341 | 12,614 | 12,682 | 12,931 | 13,013 | 13,659 | 13,357 | 13,315 |
| Cocurricular/Extracurricular Activities | 1,516 | 1,482 | 1,401 | 1,552 | 1,425 | 1,468 | 1,554 | 1,612 | 1,793 | 1,618 |
| Plant Maintenance & Operations | 1,152 | 1,539 | 1,122 | 878 | 928 | 935 | 957 | 979 | 1,069 | 1,080 |
| Community Services | 7,052 | 145 | 76 | 81 | 81 | 61 | 33 | 11 | 6 | 5 |
| Other | 315 | 612 | 269 | 183 | 144 | 124 | 150 | 142 | 97 | 64 |
| Operating Grants and Contributions | 48,736 | 53,350 | 56,502 | 77,525 | 86,767 | 61,521 | 62,621 | 68,323 | 84,554 | 82,106 |
| Capital Grants and Contributions | 293 | - | - | - | 615 | 11,500 | - | - | - | - |
| Total governmental activities program revenues | <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> | <u>101,724</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Employee Child Care | - | 11 | 531 | 687 | 726 | 776 | 1,095 | 1,273 | 1,355 | 1,383 |
| After School Care | - | 7,462 | 7,144 | 6,956 | 6,960 | 7,074 | 7,207 | 7,542 | 8,165 | 7,968 |
| Concessions | 176 | 262 | 239 | 199 | 234 | 252 | 262 | 228 | 347 | 263 |
| Photography | - | - | - | 48 | 43 | 60 | 64 | 56 | 40 | 2 |
| Total business-type activities program revenues | <u>176</u> | <u>7,735</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> | <u>9,616</u> |
| Total primary government program revenues | <u>\$ 75,535</u> | <u>\$ 81,815</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> | <u>\$ 111,340</u> |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | \$ (548,812) | \$ (537,533) | \$ (573,003) | \$ (510,685) | \$ (495,128) | \$ (492,044) | \$ (497,860) | \$ (504,537) | \$ (530,219) | \$ (574,553) |
| Business-type activities | 39 | 7,573 | 2,100 | 1,885 | 2,033 | 2,328 | 2,345 | 2,661 | 2,678 | 2,134 |
| Total primary government net expense | <u>\$ (548,773)</u> | <u>\$ (529,960)</u> | <u>\$ (570,903)</u> | <u>\$ (508,800)</u> | <u>\$ (493,095)</u> | <u>\$ (489,716)</u> | <u>\$ (495,515)</u> | <u>\$ (501,876)</u> | <u>\$ (527,541)</u> | <u>\$ (572,419)</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 | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | \$ (548,812) | \$ (537,533) | \$ (573,002) | \$ (510,685) | \$ (495,128) | \$ (492,044) | \$ (497,860) | \$ (504,537) | \$ (530,219) | \$ (574,553) |
| Business-type activities | 14 | 1,921 | 1,904 | 1,885 | 2,033 | 2,328 | 2,345 | 2,661 | 2,678 | 2,134 |
| Total primary government net expense | \$ (548,798) | \$ (535,612) | \$ (571,098) | \$ (508,800) | \$ (493,095) | \$ (489,716) | \$ (495,515) | \$ (501,876) | \$ (527,541) | \$ (572,419) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes levied for general purposes | \$ 409,133 | \$ 333,528 | \$ 352,709 | \$ 349,563 | \$ 339,532 | \$ 344,781 | \$ 351,218 | \$ 412,190 | \$ 439,832 | \$ 475,671 |
| Property taxes levied for debt service | 77,383 | 82,905 | 91,245 | 98,722 | 104,420 | 112,694 | 114,865 | 101,575 | 106,235 | 109,451 |
| Unrestricted grants and contributions | 64,836 | 105,742 | 106,017 | 56,590 | 75,038 | 71,575 | 38,658 | 25,148 | 33,279 | 32,576 |
| Investment earnings | 17,681 | 15,715 | 9,415 | 1,488 | 2,068 | 760 | 868 | 623 | 622 | 1,465 |
| Miscellaneous | 7,901 | 5,008 | 6,815 | 5,344 | 5,011 | 6,551 | 1,987 | 2,687 | 2,659 | 15,683 |
| Gain (Loss) on disposition of capital assets | - | - | - | - | 723 | - | - | - | 386 | - |
| Transfers | - | 2,054 | 1,867 | 1,908 | 2,043 | 2,298 | 2,296 | 2,632 | 2,553 | 2,207 |
| Total governmental activities | 576,934 | 544,952 | 568,068 | 513,615 | 528,835 | 538,659 | 509,892 | 544,855 | 585,566 | 637,053 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 1 | 68 | 26 | 10 | 3 | 4 | 2 | 2 | 3 | 9 |
| Transfers | - | (2,054) | (1,867) | (1,908) | (2,043) | (2,298) | (2,296) | (2,632) | (2,552) | (2,206) |
| Total business-type activities | 1 | (1,986) | (1,841) | (1,898) | (2,040) | (2,294) | (2,294) | (2,630) | (2,549) | (2,197) |
| Total primary government | \$ 576,935 | \$ 542,966 | \$ 566,227 | \$ 511,717 | \$ 526,795 | \$ 536,365 | \$ 507,598 | \$ 542,225 | \$ 583,017 | \$ 634,856 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 28,122 | \$ 7,419 | \$ (4,934) | \$ 2,930 | \$ 33,707 | \$ 46,615 | \$ 12,032 | \$ 40,318 | \$ 55,347 | \$ 62,500 |
| Business-type activities | 16 | (65) | 63 | (13) | (7) | 33 | 52 | 31 | 129 | (63) |
| Total primary government | \$ 28,137 | \$ 7,354 | \$ (4,871) | \$ 2,917 | \$ 33,700 | \$ 46,648 | \$ 12,084 | \$ 40,349 | \$ 55,476 | \$ 62,437 |

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

| | Fiscal Year | | | | | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 ¹ | 2012 | 2013 | 2014 | 2015 | 2016 |
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ 2,610 | \$ 2,703 | \$ 2,121 | \$ 2,044 | \$ 1,296 | \$ 1,998 |
| Reserved | 2,308 | 2,127 | 2,506 | 2,620 | - | - | - | - | - | - |
| Assigned | - | - | - | - | 2,182 | 1,935 | 19,870 | 12,884 | 9,515 | 17,619 |
| Unreserved designated | 7,418 | 6,843 | 8,250 | 3,757 | - | - | - | - | - | - |
| Unassigned | - | - | - | - | 147,394 | 160,919 | 132,178 | 154,251 | 167,771 | 174,700 |
| Unreserved | 125,947 | 122,252 | 116,608 | 126,838 | - | - | - | - | - | - |
| Total general fund | <u>\$ 135,673</u> | <u>\$ 131,222</u> | <u>\$ 127,364</u> | <u>\$ 133,215</u> | <u>\$ 152,186</u> | <u>\$ 165,557</u> | <u>\$ 154,169</u> | <u>\$ 169,179</u> | <u>\$ 178,582</u> | <u>\$ 194,317</u> |
| All Other Governmental Funds: | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ 284 | \$ 290 | \$ 211 | \$ 185 | \$ 270 | \$ 313 |
| Reserved | 258 | 204 | 193 | 285 | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Debt Service | - | - | - | - | 37,435 | 35,999 | 35,188 | 34,925 | 33,138 | 30,575 |
| Capital Projects | - | - | - | - | 80,981 | 130,444 | 112,315 | 64,007 | 35,596 | 43,304 |
| Food Service | - | - | - | - | 8,217 | 7,185 | 6,952 | 6,968 | 6,970 | 7,144 |
| Federal Special Revenue | - | - | - | - | 7 | - | - | - | - | - |
| State Special Revenue | - | - | - | - | 365 | 818 | 770 | 1,247 | 2,856 | 693 |
| Committed | - | - | - | - | 5,840 | 6,772 | 8,840 | 9,189 | 9,596 | 10,340 |
| Unreserved designated | 90 | 567 | 71,676 | 77,783 | - | - | - | - | - | - |
| Unreserved, reported in | - | - | - | - | - | - | - | - | - | - |
| Special revenue funds | 8,397 | 9,382 | 9,610 | 12,538 | - | - | - | - | - | - |
| Capital projects funds | 98,234 | 89,666 | 102,660 | 115,331 | - | - | - | - | - | - |
| Debt service fund | 39,184 | 40,718 | 45,614 | 39,320 | - | - | - | - | - | - |
| Total all other governmental funds | <u>\$ 146,163</u> | <u>\$ 140,538</u> | <u>\$ 229,753</u> | <u>\$ 245,257</u> | <u>\$ 133,129</u> | <u>\$ 181,508</u> | <u>\$ 164,276</u> | <u>\$ 116,521</u> | <u>\$ 88,426</u> | <u>\$ 92,369</u> |
| Total governmental funds | <u>\$ 281,836</u> | <u>\$ 271,760</u> | <u>\$ 357,117</u> | <u>\$ 378,472</u> | <u>\$ 285,315</u> | <u>\$ 347,065</u> | <u>\$ 318,445</u> | <u>\$ 285,700</u> | <u>\$ 267,008</u> | <u>\$ 286,686</u> |

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

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 | | | | | | | | | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Federal sources: | | | | | | | | | | |
| Federal grants | \$ 16,275 | \$ 16,810 | \$ 18,199 | \$ 38,120 | \$ 48,515 | \$ 20,571 | \$ 23,114 | \$ 21,888 | \$ 24,065 | \$ 22,981 |
| Food services | 5,349 | 6,015 | 6,363 | 7,496 | 8,008 | 8,355 | 8,963 | 9,396 | 9,963 | 10,313 |
| Total federal sources | <u>21,624</u> | <u>22,825</u> | <u>24,562</u> | <u>45,616</u> | <u>56,523</u> | <u>28,926</u> | <u>32,077</u> | <u>31,284</u> | <u>34,028</u> | <u>33,294</u> |
| State sources: | | | | | | | | | | |
| State education finance program | 79,568 | 123,519 | 124,349 | 75,535 | 91,954 | 87,367 | 50,928 | 39,537 | 47,626 | 47,641 |
| State grants and other | 8,419 | 8,697 | 10,234 | 9,582 | 9,908 | 12,190 | 5,285 | 11,409 | 8,325 | 12,054 |
| Total state sources | <u>87,987</u> | <u>132,216</u> | <u>134,583</u> | <u>85,117</u> | <u>101,862</u> | <u>99,557</u> | <u>56,213</u> | <u>50,946</u> | <u>55,951</u> | <u>59,695</u> |
| Local sources: | | | | | | | | | | |
| Ad valorem taxes | 487,970 | 416,042 | 445,420 | 448,529 | 446,091 | 457,022 | 466,582 | 512,921 | 544,873 | 589,230 |
| Food service sales | 11,246 | 11,909 | 12,340 | 12,611 | 12,721 | 12,929 | 13,012 | 13,661 | 13,356 | 13,332 |
| Interest and other income | 18,750 | 16,255 | 9,028 | 1,434 | 1,644 | 767 | 872 | 635 | 631 | 1,507 |
| Other revenue | 25,631 | 16,832 | 15,747 | 15,757 | 15,765 | 30,330 | 21,529 | 19,886 | 20,966 | 15,241 |
| Total local sources | <u>543,597</u> | <u>461,038</u> | <u>482,535</u> | <u>478,331</u> | <u>476,221</u> | <u>501,048</u> | <u>501,995</u> | <u>547,103</u> | <u>579,826</u> | <u>619,310</u> |
| Total revenues | <u>\$ 653,208</u> | <u>\$ 616,079</u> | <u>\$ 641,680</u> | <u>\$ 609,064</u> | <u>\$ 634,606</u> | <u>\$ 629,531</u> | <u>\$ 590,285</u> | <u>\$ 629,333</u> | <u>\$ 669,805</u> | <u>\$ 712,299</u> |

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 | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenditures: | | | | | | | | | | |
| Instructional & Instructional-Related Services | \$ 277,297 | \$ 300,195 | \$ 306,772 | \$ 312,619 | \$ 318,959 | \$ 299,009 | \$ 297,559 | \$ 305,883 | \$ 316,046 | \$ 329,496 |
| Instructional & School Leadership | 23,937 | 25,679 | 26,329 | 26,602 | 27,383 | 25,802 | 26,397 | 27,200 | 28,503 | 29,873 |
| Support Services - Student | 52,174 | 57,044 | 58,956 | 60,036 | 62,054 | 61,800 | 68,701 | 71,203 | 74,047 | 75,726 |
| Administrative Support Services | 10,438 | 11,283 | 8,786 | 8,812 | 8,948 | 8,625 | 9,408 | 9,641 | 9,761 | 10,157 |
| Support Services - Nonstudent | 50,027 | 49,445 | 49,366 | 49,887 | 50,344 | 49,626 | 50,233 | 47,394 | 47,884 | 54,896 |
| Ancillary Services | 6,187 | 1,204 | 1,424 | 1,987 | 2,128 | 2,227 | 1,965 | 1,682 | 2,069 | 2,109 |
| Debt Service - Principal on long-term debt | 45,880 | 48,480 | 50,860 | 58,918 | 58,165 | 67,180 | 70,215 | 56,610 | 65,715 | 73,210 |
| Debt Service - Interest on long-term debt | 36,000 | 38,747 | 39,361 | 48,048 | 48,354 | 47,692 | 45,878 | 43,632 | 41,817 | 38,150 |
| Debt Service - Bond Issuance Costs and Fees | 569 | 397 | 1,861 | 1,077 | 749 | 413 | 317 | 308 | 635 | 3,893 |
| Facilities Acquisition & Construction | 95,844 | 66,346 | 96,498 | 118,296 | 113,055 | 59,496 | 78,151 | 57,645 | 50,347 | 26,999 |
| Intergovernmental Charges ¹ | 132,180 | 87,164 | 99,950 | 42,882 | 41,741 | 45,749 | 31,894 | 42,240 | 54,453 | 65,528 |
| Total Expenditures | \$ 730,533 | \$ 685,994 | \$ 740,163 | \$ 729,164 | \$ 731,880 | \$ 667,619 | \$ 680,718 | \$ 663,438 | \$ 691,277 | \$ 710,037 |
| Capital Expenditures | \$ 85,689 | \$ 53,887 | \$ 77,375 | \$ 103,874 | \$ 99,845 | \$ 47,012 | \$ 66,635 | \$ 46,794 | \$ 42,925 | \$ 15,018 |
| Debt service as a percentage of noncapital expenditures | 12.7% | 13.8% | 13.6% | 17.1% | 16.9% | 18.5% | 18.9% | 16.3% | 16.6% | 16.0% |

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. Prog., 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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------|
| Excess of revenues over (under) expenditures | \$ (77,325) | \$ (69,905) | \$ (98,483) | \$ (120,100) | \$ (97,274) | \$ (38,088) | \$ (90,433) | \$ (34,105) | \$ (21,472) | \$ 2,262 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers In | 6,731 | 9,247 | 7,446 | 7,222 | 5,129 | 4,087 | 3,085 | 11,838 | 24,940 | 37,232 |
| Transfers Out | (7,331) | (7,192) | (5,580) | (4,694) | (3,086) | (2,589) | (1,588) | (9,706) | (22,957) | (35,625) |
| Bonds issued | 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 | 303,360 |
| Premiums on bonds issued | 4,496 | 2,488 | 1,747 | 1,952 | 14,304 | 14,023 | 8,903 | 5,673 | 6,409 | 55,749 |
| Payment to bond refunding agent | (131,106) | (36,299) | - | - | (122,845) | (54,638) | (30,132) | (81,699) | (49,496) | (358,425) |
| Insurance Recoveries | - | - | - | - | - | - | - | 505 | 233 | 15,106 |
| Sale of capital assets | - | - | - | - | 1,800 | - | - | - | 400 | 19 |
| Capital leases | - | - | 228 | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 78,640 | 59,829 | 183,840 | 141,455 | 4,117 | 99,838 | 61,813 | 1,361 | 2,779 | 17,416 |
| Net change in fund balances | \$ 1,315 | \$ (10,076) | \$ 85,357 | \$ 21,355 | \$ (93,157) | \$ 61,750 | \$ (28,620) | \$ (32,744) | \$ (18,693) | \$ 19,678 |

EXHIBIT S-7

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

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

| Fiscal Year | Actual Value | | | | Less: Exemptions | Total Assessed Value | Total District Rate ¹ |
|-------------|----------------------|---------------------|---------------|-------------------|------------------|----------------------|----------------------------------|
| | Residential Property | Industrial Property | Rural Acreage | Personal Property | | | |
| 2007 | 20,147,931 | 10,924,350 | 713,859 | 2,736,367 | 3,234,403 | 31,288,104 | 1.5784 |
| 2008 | 21,030,000 | 12,085,203 | 668,080 | 2,932,458 | 3,248,582 | 33,467,159 | 1.2684 |
| 2009 | 21,501,130 | 13,104,753 | 712,460 | 3,335,523 | 3,542,523 | 35,111,343 | 1.3034 |
| 2010 | 21,413,933 | 12,963,822 | 700,207 | 3,288,254 | 3,600,522 | 34,765,694 | 1.3284 |
| 2011 | 21,160,719 | 12,375,683 | 646,350 | 3,392,571 | 3,620,167 | 33,955,156 | 1.3534 |
| 2012 | 21,035,458 | 12,695,096 | 615,652 | 3,670,761 | 3,674,008 | 34,342,959 | 1.3734 |
| 2013 | 20,862,110 | 13,649,389 | 610,530 | 3,784,459 | 4,064,146 | 34,842,342 | 1.3734 |
| 2014 | 21,371,538 | 14,582,130 | 656,452 | 4,090,340 | 4,258,460 | 36,442,000 | 1.4530 |
| 2015 | 22,967,911 | 15,757,170 | 574,224 | 4,430,713 | 4,856,217 | 38,873,801 | 1.4480 |
| 2016 | 25,110,122 | 18,790,166 | 564,137 | 4,581,515 | 7,549,695 | 41,496,245 | 1.4390 |

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) | Allen | Carrollton | Dallas | Garland | Lucas | Murphy | Parker | Richardson | City of Wylie |
| 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 | 0.2780 | 1.4480 | 0.4886 | 0.2350 | 0.0819 | 0.5400 | 0.6153 | 0.7970 | 0.7046 | 0.3206 | 0.5500 | 0.3509 | 0.6351 | 0.8789 |
| 2016 | 1.1700 | 0.2690 | 1.4390 | 0.4886 | 0.2250 | 0.0819 | 0.5300 | 0.6128 | 0.7970 | 0.7046 | 0.3206 | 0.5300 | 0.3509 | 0.6351 | 0.8689 |

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 | 2016 | | | 2007 | | |
|-------------------------------------|-------------------------|------|-----------------------------------|-------------------------|------|-----------------------------------|
| | Taxable Value | Rank | Percentage of Total Taxable Value | Taxable Value | Rank | Percentage of Total Taxable Value |
| Bank of America, NA | \$ 435,759,747 | 1 | 1.05 % | \$ - | - | - % |
| Texas Instruments, Inc | 423,794,692 | 2 | 1.02 | 304,177,822 | 1 | 0.97 |
| BCS Office Investments One, LP | 362,453,234 | 3 | 0.87 | - | - | - |
| Oncor Electric Delivery Company | 264,834,417 | 4 | 0.64 | 228,550,843 | 2 | 0.73 |
| Health Care Service Corporation | 234,520,075 | 5 | 0.57 | - | - | - |
| QORVO Texas, LLC | 190,075,709 | 6 | 0.46 | - | - | - |
| HP Enterprise Service,s LLC | 151,351,731 | 7 | 0.36 | - | - | - |
| T5@Dallas, LLC | 146,000,000 | 8 | 0.35 | - | - | - |
| JC Penney Corporation Inc | 144,128,716 | 9 | 0.35 | 157,073,437 | 3 | 0.50 |
| HSP of Texas Inc. | 143,641,649 | 10 | 0.35 | 76,901,446 | 10 | 0.25 |
| Alcatel USA Sourcing LP | - | - | - | 142,539,728 | 4 | 0.46 |
| Electronic Data Systems Corp. | - | - | - | 134,115,136 | 5 | 0.43 |
| Willow Bend Shopping Center LP | - | - | - | 120,000,004 | 6 | 0.38 |
| Countrywide Funding Corp | - | - | - | 95,685,760 | 7 | 0.31 |
| Ericsson | - | - | - | 81,821,872 | 8 | 0.26 |
| Cisco Systems Sales & Service, Inc. | - | - | - | 79,245,619 | 9 | 0.25 |
| Total | \$ 2,496,559,970 | | 6.02 % | \$ 1,420,111,667 | | 4.54 % |

Total Taxable Value \$41,496,244,736

\$31,288,104,376

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 |
| 2007 | 488,171,680 | 1,958,422 | 490,130,102 | 482,508,116 | 98.84 % | 6,955,090 | 489,463,206 | 99.86 % |
| 2008 | 415,715,781 | 2,797,156 | 418,512,937 | 412,176,374 | 99.15 | 6,063,185 | 418,239,559 | 99.93 |
| 2009 | 447,941,075 | 69,881 | 448,010,956 | 441,638,332 | 98.59 | 5,945,203 | 447,583,535 | 99.90 |
| 2010 | 452,088,944 | (1,291,954) | 450,796,990 | 445,745,911 | 98.60 | 4,495,870 | 450,241,781 | 99.88 |
| 2011 | 449,428,766 | (1,045,759) | 448,383,007 | 444,404,742 | 98.88 | 3,559,386 | 447,964,128 | 99.91 |
| 2012 | 459,298,341 | (2,141,722) | 457,156,619 | 453,398,398 | 98.72 | 3,251,486 | 456,649,884 | 99.89 |
| 2013 | 466,912,198 | (1,189,045) | 465,723,153 | 461,906,257 | 98.93 | 3,299,703 | 465,205,960 | 99.89 |
| 2014 | 515,059,308 | (427,234) | 514,632,074 | 509,947,307 | 99.01 | 4,067,272 | 514,014,579 | 99.88 |
| 2015 | 546,185,299 | (1,517,151) | 544,668,148 | 540,145,891 | 98.89 | 3,637,015 | 543,782,906 | 99.84 |
| 2016 | 581,815,938 | (678,834) | 581,137,104 | 576,953,689 | 99.16 | - | 576,953,689 | 99.28 |

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 | | | | | | | |
| 2007 | 857,459 | - | - | 857,459 | 24,755 | 832,704 | 6% | 2,696 | 2.66 | 2,618 |
| 2008 | 864,026 | - | - | 864,026 | 28,440 | 835,586 | 6% | 2,698 | 2.50 | 2,609 |
| 2009 | 991,780 | - | 108 | 991,888 | 28,528 | 963,360 | 10% | 3,085 | 2.74 | 2,996 |
| 2010 | 1,068,831 | - | - | 1,068,831 | 21,598 | 1,047,233 | 10% | 3,281 | 3.01 | 3,215 |
| 2011 | 1,011,105 | - | - | 1,011,105 | 20,886 | 990,219 | 10% | 3,086 | 2.92 | 3,022 |
| 2012 | 1,039,226 | - | - | 1,039,226 | 20,002 | 1,019,224 | 10% | 3,146 | 2.97 | 3,086 |
| 2013 | 1,022,548 | - | - | 1,022,548 | 19,753 | 1,002,795 | 9% | 3,058 | 2.88 | 2,998 |
| 2014 | 960,869 | - | - | 960,869 | 20,846 | 940,023 | 8% | 2,839 | 2.58 | 2,777 |
| 2015 | 889,854 | - | - | 889,854 | 21,133 | 868,721 | 8% | 2,601 | 2.23 | 2,540 |
| 2016 | 824,106 | - | - | 824,106 | 23,203 | 800,903 | 7% | 2,432 | 1.93 | 2,363 |

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 | \$ 322,852 | 85.58 % | \$ 276,297 |
| Collin County Community College ¹ | 34,982 | 42.25 | 14,780 |
| Collin County ² | 402,795 | 42.25 | 170,181 |
| City of Allen ¹ | 96,180 | 3.56 | 3,424 |
| City of Carrollton ¹ | 172,659 | 0.48 | 829 |
| City of Dallas ² | 1,631,040 | 4.16 | 67,851 |
| City of Garland ¹ | 275,490 | 0.19 | 523 |
| City of Lucas ¹ | 37,045 | 5.69 | 2,108 |
| City of Murphy ¹ | 32,769 | 71.22 | 23,338 |
| City of Parker ¹ | 6,655 | 72.20 | 4,805 |
| City of Richardson ¹ | 201,229 | 38.90 | 78,278 |
| City of Wylie ¹ | 71,665 | 0.31 | 222 |
| Subtotal, overlapping debt | | | 642,636 |
| District gross bonded debt | | | <u>824,106</u> |
| Total direct and overlapping debt | | | <u>\$ 1,466,742</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 2015.

² Reported as of entity's fiscal year end 2016.

**PLANO INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**
(Unaudited)
(Dollars in thousands)

| <u>Fiscal Year</u> | <u>Debt Limit</u> | <u>Total Net Debt Applicable To Limit</u> | <u>Legal Debt Margin</u> | <u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u> |
|------------------------|-----------------------|---|----------------------------------|---|
| 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 | 856,716 | 2,938,848 | 22.57 |
| 2016 | 4,070,368 | 793,531 | 3,276,837 | 19.50 |

Legal Debt Margin Calculation for Fiscal Year 2016

| | | |
|-------------------------------------|---------------|----------------------------|
| Assessed Value | | \$ 40,703,685 |
| Debt limit (10% of assessed value) | | 4,070,369 |
| Total bonded debt | \$ 824,106 | |
| Less reserve for retirement of debt | <u>30,575</u> | |
| Debt applicable to limit | | <u>793,531</u> |
| Legal debt margin | | <u><u>\$ 3,276,838</u></u> |

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

| <u>Fiscal Year</u> | <u>Population</u> | <u>Personal Income (in thousands)</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|--------------------|-------------------|---|-----------------------------------|--------------------------|
| 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 |
| 2016 | 338,883 | 11,806,045 | 34,838 | 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 | 2016 | | | 2007 | | |
|------------------------------------|---------------|------|---|---------------|------|---|
| | Employees | Rank | Percentage Of Total District Employment | Employees | Rank | Percentage Of Total District Employment |
| Plano ISD | 6,747 | 1 | 4.46 % | 6,608 | 1 | 4.47 % |
| Capital One Finance | 5,500 | 2 | 3.63 | - | - | - |
| City of Plano | 3,919 | 3 | 2.59 | - | - | - |
| Bank of America | 3,400 | 4 | 2.25 | - | - | - |
| HP Enterprise Services | 3,250 | 5 | 2.15 | - | - | - |
| Ericsson | 3,020 | 6 | 2.00 | - | - | - |
| Frito-Lay | 2,500 | 7 | 1.65 | 2,050 | 7 | 1.39 |
| J.C. Penney Company, Inc. | 2,420 | 8 | 1.60 | 4,300 | 4 | 2.91 |
| Dell Services | 2,250 | 9 | 1.49 | - | - | - |
| Texas Health Presbyterian Hospital | 1,680 | 10 | 1.11 | 1,497 | 10 | 1 |
| Electronic Data Systems | - | - | - | 5,700 | 2 | 3.85 |
| Countrywide Home Loans | - | - | - | 4,860 | 3 | 3.28 |
| Perot Systems | - | - | - | 2,732 | 5 | 1.85 |
| Alcatel USA | - | - | - | 2,280 | 6 | 1.54 |
| CHC Acquisition Corp. | - | - | - | 2,000 | 8 | 1.35 |
| Dr. Pepper/Seven-Up Corp. | - | - | - | 1,700 | 9 | 1.15 |
| Total | 34,686 | | 22.92 % | 33,727 | | 22.79 % |

Sources:

Texas Workforce Commission provided total labor force numbers - 2016 (151,368); 2007 (147,958)
 Plano Economic Development Corporation provided 2015 Principal Employers.
 2007 data from PISD 2007 CAFR

EXHIBIT S-16

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

| | Fiscal Year | | | | | | | | | | Percent Change |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 - 2016 |
| Instruction | | | | | | | | | | | |
| Teachers | 3,855 | 4,003 | 4,067 | 3,942 | 4,011 | 3,822 | 3,813 | 3,825 | 3,865 | 3,895 | 1 |
| Librarians | 66 | 70 | 71 | 70 | 73 | 71 | 71 | 71 | 70 | 70 | 7 |
| Educational Aides | 750 | 648 | 661 | 629 | 622 | 580 | 573 | 559 | 568 | 581 | (23) |
| Interpreters | 15 | 17 | 12 | 13 | 9 | 12 | 13 | 17 | 14 | 14 | (4) |
| Other Professionals (Instructional) | 132 | 138 | 156 | 141 | 162 | 159 | 153 | 159 | 171 | 175 | 32 |
| | <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>4,735</u> | <u>(2)</u> |
| Campus Administration | | | | | | | | | | | |
| Principal | 67 | 68 | 68 | 68 | 71 | 71 | 72 | 72 | 72 | 72 | 7 |
| Assistant Principal | 85 | 87 | 90 | 89 | 92 | 87 | 88 | 92 | 95 | 102 | 20 |
| Instructional Officer | 8 | 8 | 8 | 10 | 10 | 10 | 10 | 8 | 8 | 8 | 0 |
| Athletic Director | - | - | - | - | 2 | 3 | 3 | 3 | 3 | 3 | 300 |
| | <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>185</u> | <u>16</u> |
| Student Services | | | | | | | | | | | |
| Counselor | 145 | 143 | 147 | 146 | 152 | 138 | 143 | 146 | 148 | 157 | 9 |
| Educational Diagnostician | 28 | 29 | 29 | 30 | 32 | 30 | 30 | 33 | 34 | 35 | 25 |
| School Nurse | 70 | 72 | 72 | 72 | 73 | 73 | 71 | 71 | 72 | 72 | 3 |
| LSSP/Psychologist | 13 | 13 | 14 | 14 | 14 | 14 | 13 | 12 | 10 | 13 | (5) |
| Social Worker | 9 | 9 | 10 | 10 | 9 | 8 | 8 | 9 | 10 | 10 | 11 |
| | <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>287</u> | <u>8</u> |
| Support and Administration | | | | | | | | | | | |
| Superintendent, Deputy, Assoc. & Assistant | 8 | 7 | 7 | 7 | 7 | 5 | 6 | 6 | 7 | 7 | (13) |
| Non-Campus Professionals | 213 | 208 | 211 | 223 | 223 | 216 | 222 | 224 | 229 | 228 | 7 |
| Auxiliary Staff | 1,146 | 1,375 | 1,216 | 1,301 | 1,342 | 1,239 | 1,250 | 1,219 | 1,276 | 1,306 | 14 |
| | <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>1,541</u> | <u>13</u> |
| Total | <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>6,747</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 |
|-------------|-------------------------|-------------------------------------|----------------|-------------------|----------------------------------|----------------|-------------------|----------------|---------------------|--|
| 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 |
| 2016 | 54,573 | 567,799,620 | 10,404 | 6.80 | 507,650,912 | 9,302 | 4.64 | 3,895 | 14.0 | 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 |
|--------------------|-----------------------|-----------------------|--------------------------------|---------------------------------|
| 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 |
| 2016 | 50,000 | 77,000 | 54,900 | 51,892 |

Sources:

Plano ISD 2015-2016 Compensation Plan Book
TEA PEIMS Standard Reports

EXHIBIT S-19

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

| | Fiscal Year | | | | | | | | | |
|--------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Schools: | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Buildings | 43 | 43 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 |
| Square Feet | 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 | 3,378,450 |
| Enrollment | 24,550 | 24,730 | 24,658 | 25,005 | 24,941 | 24,721 | 24,406 | 24,107 | 23,900 | 23,704 |
| Middle School | | | | | | | | | | |
| Buildings | 12 | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Square Feet | 1,805,997 | 1,814,967 | 1,817,526 | 1,970,926 | 1,979,618 | 1,980,339 | 1,980,339 | 1,980,339 | 1,980,479 | 1,980,479 |
| Enrollment | 12,103 | 12,151 | 12,476 | 12,459 | 12,640 | 12,706 | 12,730 | 12,621 | 12,447 | 12,498 |
| High School | | | | | | | | | | |
| Buildings | 5 | 5 | 5 | 5 | 5 | 6 | 7 | 7 | 6 | 6 |
| Square Feet | 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 | 1,572,843 |
| Enrollment | 7,889 | 7,977 | 7,936 | 8,191 | 8,414 | 8,433 | 8,435 | 8,496 | 8,540 | 8,623 |
| Senior High School | | | | | | | | | | |
| Buildings | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 |
| Square Feet | 1,252,658 | 1,272,129 | 1,272,150 | 1,328,045 | 1,369,618 | 1,369,618 | 1,458,754 | 1,458,754 | 1,576,908 | 1,576,908 |
| Enrollment | 7,132 | 7,290 | 7,429 | 7,440 | 7,604 | 7,806 | 7,872 | 7,937 | 8,183 | 8,262 |
| Early Childhood Schools | | | | | | | | | | |
| Buildings | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Square Feet | 147,683 | 147,683 | 156,458 | 156,458 | 156,458 | 156,458 | 156,458 | 156,458 | 156,458 | 156,458 |
| Enrollment ¹ | 1,261 | 1,435 | 1,704 | 1,844 | 1,971 | 1,993 | 1,742 | 1,661 | 1,619 | 1,486 |
| Total Schools | | | | | | | | | | |
| Buildings | 66 | 66 | 67 | 68 | 68 | 69 | 70 | 70 | 70 | 70 |
| Square Feet | 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 | 8,665,138 |
| Enrollment | 52,935 | 53,583 | 54,203 | 54,939 | 55,570 | 55,659 | 55,185 | 54,822 | 54,689 | 54,573 |

EXHIBIT S-19
(Cont.)

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

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|---------|---------|---------|---------|---------|----------------------|---------|---------|---------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Other PISD Facilities: | | | | | | | | | | |
| Other Educational Facilities - | | | | | | | | | | |
| Buildings | 3 | 3 | 4 | 4 | 5 | 4 | 5 | 5 | 5 | 5 |
| Square Feet | 97,775 | 97,775 | 126,961 | 138,036 | 246,246 | 246,246 | 149,820 ² | 149,820 | 149,820 | 149,820 |
| Administrative | | | | | | | | | | |
| Buildings | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Square Feet | 223,271 | 223,271 | 223,271 | 223,271 | 223,271 | 223,271 | 204,199 | 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 | 148,662 | 148,662 | 148,662 | 148,662 | 148,662 | 148,662 | 148,662 |
| Athletics | | | | | | | | | | |
| Stadiums | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Running Tracks | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |
| Tennis Courts | 20 | 20 | 20 | 21 | 22 | 22 | 21 | 21 | 21 | 21 |
| Softball Fields | 5 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Baseball Fields | 7 | 7 | 7 | 7 | 8 | 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

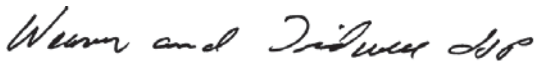
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Plano Independent School District

Page 2

Purpose of this Report

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 14, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Plano Independent School District
Plano, Texas

Report on Compliance for Each Major Federal Program

We have audited Plano Independent School District's (the District) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

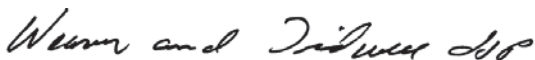
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

Purpose of this Report

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 14, 2016

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

| 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 | | \$ 244,236 |
| Total Direct Funding U.S. Department of Defense | | | <u>244,236</u> |
| TOTAL U.S. DEPARTMENT OF DEFENSE | | | <u>244,236</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <u>Passed Through State Department of Education</u> | | | |
| ESEA Title I Part A - Improving Basic Programs | 84.010A | 15-610101043910 | 116,365 |
| ESEA Title I Part A - Improving Basic Programs | 84.010A | 16-610101043910 | 4,971,019 |
| Total Title I - Part A Cluster | | | <u>5,087,384</u> |
| Title IV IDEA - Part B, Formula | 84.027 | 15-6600010439106600 | 455,565 |
| Title IV IDEA - Part B, Formula | 84.027 | 16-6600010439106600 | 7,840,729 |
| Title IV IDEA - Part B, Preschool | 84.027 | 15-6610010439106610 | 4,590 |
| Title IV IDEA - Part B, Preschool | 84.027 | 16-6610010439106610 | 195,007 |
| Title IV IDEA - Part B, High Cost Risk | 84.027 | 16-660006043910 | 23,436 |
| SSA - IDEA - Part B, Discretionary | 84.027 | 15-6600020439106673 | 2,566 |
| SSA - IDEA - Part B, Discretionary | 84.027 | 16-6600020439106673 | 191,750 |
| SSA - IDEA - Part B, Deaf | 84.027 | 16-6600010439106601 | 65,397 |
| SSA - IDEA - Part B, Preschool Deaf | 84.173 | 16-6610010439106611 | 12,262 |
| Total Special Education Cluster | | | <u>8,791,302</u> |
| Vocational Education - Basic Grant | 84.048 | 15-420006043910 | 1,940 |
| Vocational Education - Basic Grant | 84.048 | 16-420006043910 | 411,776 |
| Total Vocational Education | | | <u>413,716</u> |
| SSA - IDEA, Part C - Early Intervention (Deaf) | 84.181A | 16-3911010439103911 | 8,740 |
| Title III, Language Instruction LEP | 84.365 | 15-671001043910 | 182,238 |
| Title III, Language Instruction LEP | 84.365 | 16-671001043910 | 583,374 |
| Total Title III | | | <u>765,612</u> |
| ESEA Title II, Part A, Teacher & Principal Training | 84.367A | 15-694501043910 | 149,801 |
| ESEA Title II, Part A, Teacher & Principal Training | 84.367A | 16-694501043910 | 646,359 |
| Total Title II, Part A | | | <u>796,160</u> |

(continued)

EXHIBIT K-1

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2016

| | | | |
|--|--------|-------------|-----------------------------|
| Title IV Part A Summer School LEP | 84.369 | 16-69550502 | 77,915 |
| Total Passed Through State Department of Education | | | <u>15,940,829</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | <u>15,940,829</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 | 691,200 |
| Head Start | 93.600 | CH6042/41 | 329,317 |
| Total Head Start Cluster | | | <u>1,020,517</u> |
| Medicaid Administrative Claim Program | 93.778 | 16-043910 | 130,952 |
| Total Direct Funding U.S. Department of Health and Human Services | | | <u>1,151,469</u> |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u>1,151,469</u> |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <u>Passed Through the State Department of Agriculture</u> | | | |
| National School Breakfast Program | 10.553 | 16-043910 | 1,667,711 |
| National School Lunch Program | 10.555 | 16-043910 | 7,196,914 |
| Commodity Food Distribution | 10.555 | 16-043910 | 1,443,317 |
| Summer Feeding Program | 10.559 | 15-043910 | 21,233 |
| Summer Feeding Program | 10.559 | 16-043910 | 53,410 |
| Total Child Nutrition Cluster | | | <u>10,382,585</u> |
| NSLP Training Assistance Grant | 10.560 | 16-043910 | 5,000 |
| Total Passed Through the State Department of Agriculture | | | <u>10,387,585</u> |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | <u>10,387,585</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ <u>27,724,119</u> |
| | | | (Concluded) |

See Notes to the Schedule of Expenditures of Federal Awards.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

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 performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance, Part 3, Office of Management and Budget (OMB) Compliance Supplement.
4. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2016 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, 2016**

5. The information in Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Single Audit Amendments of 1996 and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The following table reconciles total expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1) to Federal Program Revenues per Exhibit C-3:

| | |
|---|----------------------|
| Total Expenditures of Federal Awards per Exhibit K-1 | \$ 27,724,119 |
| Reimbursements received from the Federal School Health and Related Services | 3,880,875 |
| Rebates received from the Federal Government for Build America Bonds | <u>1,689,527</u> |
| Total Federal Program Revenues per Exhibit C-3 | <u>\$ 33,294,521</u> |

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

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

None

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

None

**PLANO INDEPENDENT SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2016**

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

Finding 2015-001

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

Corrective Action — 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.

Status — Corrected.

Teamwork for Excellence



P L A N O
Independent School District
