

**PLANO INDEPENDENT SCHOOL DISTRICT
PLANO, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED

JUNE 30, 2012

PREPARED BY

**CHRISTIE TATE
ACCOUNTING & BUDGET DIRECTOR**

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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, 2012

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Independent School District

CERTIFICATE OF THE BOARD

Plano Independent School District

Collin

043-910

Name of School District

County

County-District No.

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and approved disapproved for the year ended June 30, 2012 at a meeting of the Board of Trustees of such school district on the 10th day of NOVEMBER, 2012.



Signature of Board President



Signature of Board Vice President

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

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INTRODUCTORY SECTION

Teamwork for Excellence



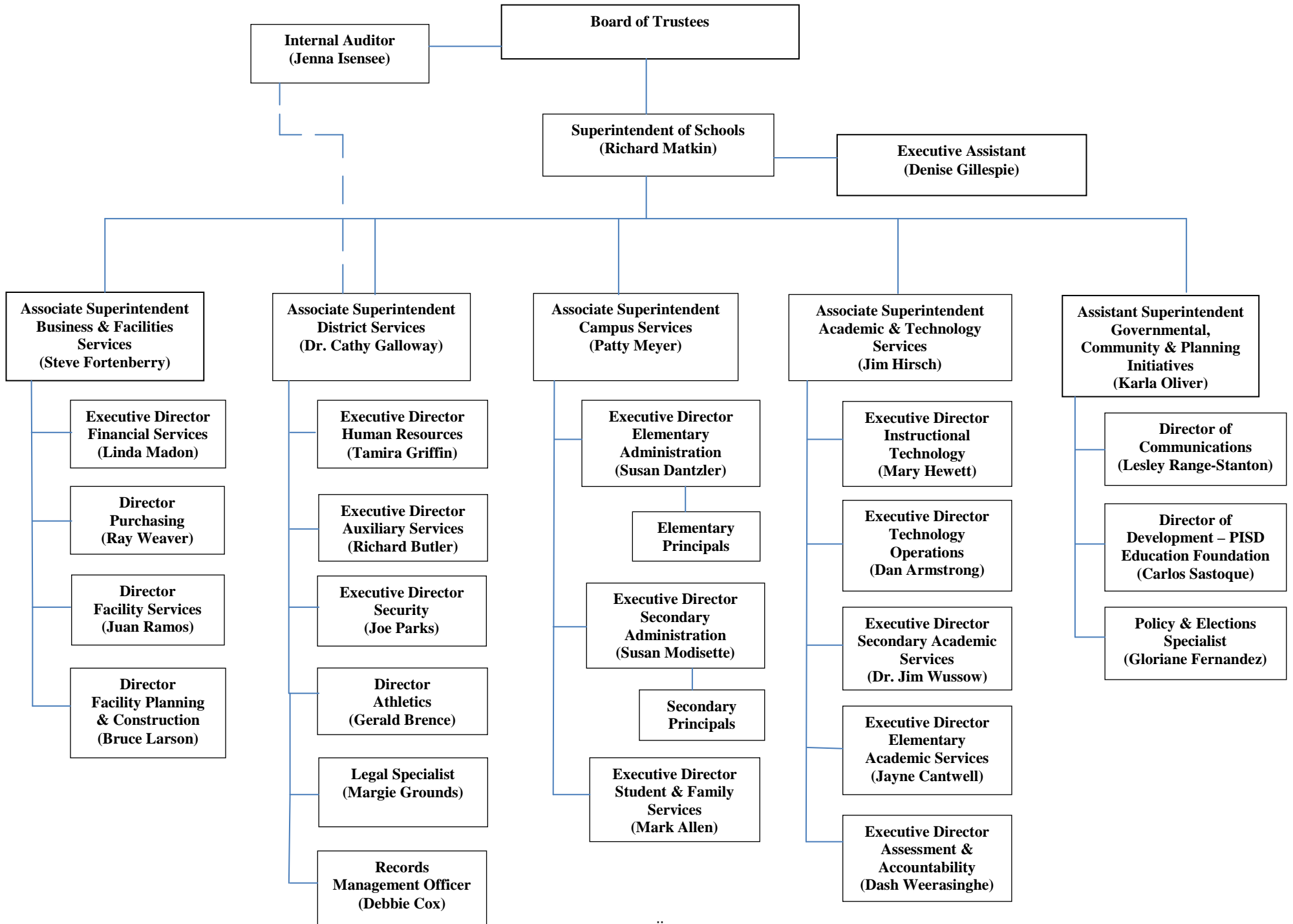
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Independent School District

BOARD OF TRUSTEES

Name	Length of Service	Term Expires	Occupations
Tammy Richards President	2 Years	May 2013	CEO – Big Brothers Big Sisters Lone Star
Nancy Humphrey Vice President	2 Years	May 2013	Public and Contract Accountant
Marilyn Hinton Secretary	3 Years	May 2013	Community Volunteer
Missy Bender Trustee	6 Years	May 2015	Community Volunteer
Carolyn Moebius Trustee	2 Years	May 2013	Veterinary Hospital Administrator
Michael Friedman Trustee	1 Year	May 2015	Senior Vice President Retail Brokerage Services
David Stolle Trustee	1 Year	May 2015	Attorney

ADMINISTRATIVE OFFICIALS

Name	Position	Length of District Service
Richard Matkin	Superintendent *total school district experience 37 years	11 Years*
Dr. Cathy Galloway	Associate Superintendent for District Services	26 Years
Jim Hirsch	Associate Superintendent for Academic and Technology Services *total school district experience 37 years	16 Years*
Steve Fortenberry	Associate Superintendent of Business and Facilities Services *total school district experience 29 years	Joined District July 2012*
Patty Meyer	Associate Superintendent for Campus Services *total school district experience 39 years	26 Years*
Karla Oliver	Assistant Superintendent for Government, Community and planning Initiatives *total school district experience 22 years	8 Years*





November 6, 2012

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, 2012, 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, 2012 is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued in June 1999.

GOVERNANCE

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

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

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

In general, the Board adopts policies, sets direction for curriculum, employs the superintendent and oversees the operations of the District and its schools. Besides

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

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

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

MISSION

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

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

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

As reflected in the District's mission statement, activities of the District focus on learning opportunities for students. The District is providing educational services to over 55,200 students in state of the art facilities that include three early childhood schools for pre-kindergarten age students, 44 elementary schools, 22 secondary school programs and two special program centers. The District has long maintained the philosophy of renovating its schools every 20 to 25 years to ensure that all facilities continue to meet new building standards as well as curriculum and technology requirements.

ECONOMIC CONDITIONS AND OUTLOOK

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

increased industrial, commercial and retail development, have ensured the continuance of growth during the past several years.

The Texas Economic Development Act amended the Texas Tax Code in 2001 to allow businesses to apply for appraised value limitation on qualified property for economic development, making the state more attractive for large-scale projects. Texas Instruments (TI) made application to the District for approval of this limitation in November 2003. The District entered into a Texas Economic Development Act Participation Agreement with TI in February 2004. The construction of the Texas Instruments \$3 billion semiconductor manufacturing facility located near the southern border of Plano ISD is complete. The facility opened in October 2009. The benefits associated with the construction of this plant in Plano ISD and Collin County are estimated to be as large as \$2.8 billion in assets. In conjunction with the construction of this facility, Plano ISD along with other higher education entities in the area, have formed the High Technology Education Coalition of Collin County. The collaboration between the entities in the coalition will provide internships and increase scholarship opportunities for students and professional development opportunities for teachers.

The East section of the District continues to experience the most growth. The District's latest multi-year bond program was successfully approved by the voters in May 2008. Approval of \$490 million will provide funding for four new schools, 20-year renovations, additions and expansions, system and compliance upgrades for several facilities and district wide technology initiatives and capital improvements. This multi-year bond program will impact every child and school in Plano ISD. The first bond sale on the authorization was dated November 14, 2008 with the second sale taking place near the end of 2009. The third sale occurred in January 2012 with the issuance of \$92,840,000 for new construction, renovations and capital acquisitions. As of June 30, 2012, \$79,630,000 of the bonds were authorized, but not issued. The District had several active construction projects as of June 30, 2012. Projects included new school construction, additions to buildings and renovation of existing facilities.

During fiscal year 2012, the District completed the new McMillen High School, the Mendenhall replacement building, the PSHS Fine Arts addition and Stinson Elementary addition. Renovations at Jackson Elementary and the Gulledege and Beverly Elementary School roofs were completed. Barksdale Elementary School, Bird Center and Robinson Middle School all received new roofs. Plano West Senior High School received a lighting upgrade. Bowman Middle School restrooms were improved and new floors installed at Haun Elementary School.

Since the 1970s, the State of Texas has been involved with lawsuits challenging the system of financing public schools. In 1987, the courts declared the system unconstitutional according to standards of the Texas Constitution. The ruling focused not only on operating revenues and expenditures, but also on facilities and capital financing. In the ensuing years, the Legislature has tried to remain a step ahead of the courts, but has had several efforts at satisfying the requirements of the Constitution found unconstitutional. In 1992, the Supreme Court of Texas found Senate Bill 351, passed by the Legislature in 1991, to be unconstitutional in that it imposed a statewide property tax by creating "county education districts" (CEDs). The Texas Constitution prohibits a state property tax. Following this ruling, the Legislature called a referendum to constitutionalize the provisions of Senate Bill 351 and the CEDs. The voters of the state turned down the referendum issues, with 63% saying no. The next effort at meeting the tests of equity, Senate Bill 7, passed by the Texas Legislature in 1993, was challenged by property-poor

school districts as well as property-wealthy districts. Points litigated include the equity issue, the capital financing issues, and issues of adequacy and suitability. The Texas Supreme Court ruled, in January 1995, that the law was constitutional at the time, but could become unconstitutional unless changes were made in the law over the next several years.

Senate Bill 7 mandated that all districts having a wealth per student based on the weighted average daily attendance (WADA) exceeding \$280,000 must give up that excess wealth in one of several manners: (1) consolidation with a property-poor district such that the combined wealth is less than \$280,000 per WADA; (2) tax base consolidation with a property-poor district such that the combined wealth is less than \$280,000 per WADA; (3) purchase of attendance credits from the State to reduce the wealth to less than \$280,000 per WADA; (4) purchase of attendance credits from a property-poor district to reduce the wealth to less than \$280,000 per WADA; or (5) disannexation of property from a property-wealthy district to reduce the wealth to less than \$280,000 and attachment of that property to a property-poor district.

In 1995, the Texas Legislature passed Senate Bill 1, which rewrote the entire Texas Education Code. This new law made very few changes to the school financing provisions. During the 1997 legislative session, the Texas Legislature revised the formula for calculating the recapture amount to exclude taxes collected for debt service from the calculation. The voters approved an additional \$10,000 homestead exemption in August 1998. The 1997 legislation included provisions in the revised recapture calculation to hold the District harmless from any lost tax revenues caused by the loss in taxable value due to the increased homestead exemption.

In the 1999 legislative session, the Texas Legislature passed House Bill 4. This new law increased the wealth per WADA that districts may retain to \$295,000. This \$15,000 increase in wealth per weighted student represented the first increase since Senate Bill 7 was enacted in 1993. This minimal adjustment to the wealth per weighted student provided some relief to the District regarding its equalization efforts.

During the 2001 legislative session, the Texas Legislature passed House Bill 3343. This new law increased the wealth per WADA that districts may retain to \$300,000 for 2001-02 and to \$305,000 for 2002-03. During the legislative session the Legislature agreed to name an interim committee following the session to study public school finance in Texas. In September 2001, the Lieutenant Governor and Speaker of the House appointed this committee. The committee was charged with conducting a comprehensive review of the structure of the Texas public school finance system, including facilities and transportation issues, the method used to fund public schools, and the criteria used to determine state payments to school districts. The legislative leaders also instructed the committee to carefully consider all of the equity issues that govern public school finance and fully examine all of the revenue resources for funding public schools, including the state's property tax system.

The Joint Select Committee on Public School Finance completed its review of the Texas public school finance system in 2002. However, the committee failed to come to a consensus and make a recommendation to state officials. The decision was left for Legislators to address in the 2003 legislative session. The regular session of the Texas Legislature ended June 2, 2003. The legislation passed during the regular session that addressed the school finance system left the current funding structure in place. The Texas Governor called a special session of the Legislature that convened April 20, 2004

to consider changes to the Texas public school finance system. The special session ended without the enactment of new school finance legislation.

On April 9, 2001 four districts filed a suit now known as the West Orange case that challenged the Texas school finance system on the basis that it effectively forced school districts to levy maintenance and operation taxes at the maximum rate of \$1.50 per \$100 assessed value, thereby resulting in an unconstitutional statewide ad valorem tax. Initially, the trial court in West Orange dismissed the suit stating that the plaintiffs had failed to establish that a sufficient number of school districts were levying the maximum tax rate of \$1.50 in an effort to provide an accredited education and that the \$1.50 statutory cap did not constitute a statewide property tax. Upon appeal, the appeals court affirmed the trial court's ruling. On May 29, 2003 the Texas Supreme Court reversed the lower courts and remanded the case back to the trial court for further proceedings. On September 15, 2004 the trial court ruled on remand that the State's school finance system: (1) fails to provide an adequate suitable education as required by the State Constitution; (2) forces certain school districts in the State to levy an ad valorem tax at the \$1.50 statutory cap on maintenance and operations tax rate, therefore violating the State constitution's proscription against a statewide ad valorem tax; and (3) is neither financially efficient nor efficient in the sense of providing for the mandated adequate education nor the statutory regime of accreditation, accountability and assessment. The judge further stated that he intends to enter an injunction on approximately October 1, 2004 that State funding of public schools cease unless the State legislature conforms the State school finance system to meet State constitutional standards, with the effective date of the injunction to be one year from the date the injunction order is entered. The Texas Attorney General immediately announced that his office would appeal the trial court's ruling directly to the Texas Supreme Court. After the failure of the 79th regular Legislative Session and two subsequent special sessions to enact legislation addressing the constitutional issues identified in the final judgment entered by the District Court, the court's ruling was appealed to the Texas Supreme Court in June 2005. The Texas Supreme Court ruling in October 2005 upheld the trial court's ruling on points one and two stated above. Although the Texas Supreme Court noted significant deficiencies in the system, it did not declare it to be unconstitutional at this time. The results of the Texas Supreme Court ruling required the Legislature to significantly alter the Texas system of school finance. The Court established a deadline of June 1, 2006 by which the Legislature had to restore meaningful local discretion to school districts or the State funding system to school districts would cease to operate. The special session called by the Governor which convened on April 17, 2006 was the sixth attempt in three years by the Legislature to address school finance and tax policy issues.

This time the Legislature did take action and met the June deadline imposed by the Texas Supreme Court. House Bill 1 was passed by the Legislature with its primary focus on property tax relief. Some additional financial capacity was available in the 2006-07 school year for districts. However, no long term stable revenue source was created for public education. House Bill 1 provided for the reduction of maintenance and operating taxes by \$0.17 in 2006-07. Districts reducing the tax rate by this amount were guaranteed the better of their 2005-06 or 2006-07 state aid and local tax revenue. For the 2007-08 school year, districts were required to reduce the maintenance and operating tax rate by an additional \$0.33 to a rate of \$1.00 per hundred dollars of taxable value. Districts could access four cents of additional tax rate capacity for enrichment during these two years. An additional \$0.13 of taxing capacity was made available, but would require a local Tax Rate Election (TRE). An additional \$0.02 of the \$0.13 tax capacity was removed from wealth recapture requirements in 2008-09, but still requires voter approval. House Bill 1

also provided for a \$2,000 net pay increase for teachers, counselors, nurses and librarians effective for 2006-07. The bill established a high school allotment of \$275 per average daily attendance (ADA), incentive pay programs for campuses in 2006-07 and incentive pay programs for both teachers and campuses in 2007-08. The bill also contained significant changes to accountability for campus performance and financial accountability along with a host of new efficiency measures including instructional spending targets, as well as a uniform school start date for the fourth Monday in August to be effective in 2007. The 80th Legislature concluded its work in early June 2007. During the 81st Legislative Session, which concluded in June 2009, Education continued to receive significant legislative attention. There were two key bills from this session with significant impact on public schools in Texas. House Bill 3 on Accountability, both academic and financial, implements significant new standards for the State and local districts. New players, new criteria and new electronic submission systems are all included with the passage of this legislation. The key bill addressing school finance, House Bill 3646, included provisions that significantly increased the equalized wealth level to \$476,500 for the 2009-10 year, guaranteed a minimum gain per weighted average daily attendance (WADA) for local districts of \$120 in revenues available, provided pay raise provisions to be the greater of \$800 per eligible employee or a higher uniform increase based on receiving \$60 per WADA. The Legislature chose to use \$3.2 billion in federal American Recovery and Reinvestment Act (ARRA) stabilization funds to cover shortfalls in the foundation school program to fund school finance changes passed as part of HB 3646. This action required local districts to apply through the federal grant application process to receive millions of what was previously part of their state revenue from federal sources. The 82nd Legislative session and special session ending on June 27, 2011 proved to be one of the most challenging sessions ever for the Legislature and public education in Texas. Senate Bill 1 resulted in all Texas public school districts seeing an average reduction of 5.6% in formula funding for the 2011-12 year compared to the previous school finance legislation. An additional average reduction of 5.4% will be effective for the 2012-13 year, but the formula for allocating the reductions is changed to adversely impact districts receiving Additional State Aid for Tax Reduction (ASATR) from the 2006 legislation. Plano ISD is in the category and will receive an additional funding reduction in 2012-13. Equalization provisions remain a part of the newly passed school finance legislation, but at a reduced level due to the decrease in the maintenance and operating tax rate and the increase in the equalized wealth level. Cumulatively, since the inception of these equalization efforts, the District has purchased over \$1.2 billion in attendance credits from the State and other districts within the State. Since the 1993-94 fiscal year, \$4.98 cumulative of the local maintenance and operating tax rate has been levied, but recaptured by the State. The District has seen its recapture payment increase from \$10.4 million in 1993-94 to a peak of \$136 million for the 2005-06 year. Under House Bill 1, the reduced maintenance and operating tax rate in place since fiscal year 2007 and the increase in the equalized wealth level has resulted in a reduction in the recapture payment until the current 2011-12 year when the State artificially decreased district's weighted average daily attendance to implement the 5.6% reduction in formula funding. As a result recapture increased to over \$39 million for the current year.

The District's financial planning for 2013 considered the results seen in the General Fund unassigned fund balance for the past two fiscal years. The District began scaling back expenditures during the spring of 2011 in advance of the new legislation passed as part of Senate Bill 1 in June 2011. Reductions in State revenue along with an increase in the purchase of attendance credits from the State required the District to evaluate all areas of spending across all functional responsibilities as part of the budget adoption process for fiscal year 2012. Biennium budget goals of the District have been to decrease the General

Fund budget with the least amount of impact on classroom instruction. Strategies used for 2012 and continuing through 2013 are to decrease the current budget capacity, streamline support services and leverage the General Fund budget using fund balance over a two year period. The District was successful in implementing reduced staffing levels across all schools and departments as well as holding salaries constant for 2012. Reductions in each functional area and object of expenditure in the General Fund were implemented. These efforts have allowed the General Fund unassigned fund balance to increase to \$160.9 million as of June 30, 2012. The 2013 General Fund budget leverages the fund balance by using \$19.1 million in order to maintain the current tax rate, provide a salary increase across the board for all staff and maintain previously reduced budgets with minimal increases due to increased cost for services and property insurance. The District has accessed the full four cents of additional tax rate capacity available without approval by the voters. The District continues to study the Tax Rate Election timeline and requirements, but has not moved forward to begin the process to hold such an election at this time. 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 5, 2012. The budget is prepared by fund and function. Site based decisions are made throughout the year as campuses and departments manage their budgets. Budget transfers between functions, however, require approval from the Board of Trustees. The District operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.

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

OTHER INFORMATION

Controls

An internal control structure that has been designed, managed and maintained by the District is in place to ensure the District's assets are protected from loss, theft and misuse, and to ensure that accurate accounting data is compiled in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The 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, 2012. The independent auditors' report has been included in this report at the front of the financial section.

Awards

In 1999, the 76th Texas Legislature, approved legislation requiring the commissioner of education in consultation with the comptroller of public accounts to develop a rating system for school district financial accountability. The 77th Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of

Texas. The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. Plano Independent School District has received a Superior Achievement rating 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, 2011. This was the twenty-ninth consecutive year that the District has received this prestigious award.

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, 2012 to GFOA to determine its eligibility for another certificate.


Acknowledgments

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

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



Richard Matkin
Superintendent



Stephen Fortenberry
Associate Superintendent
of Business Services

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Teamwork for Excellence



P L A N O
Independent School District

FINANCIAL SECTION

Teamwork for Excellence



P L A N O
Independent School District



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Plano Independent School District
Plano, Texas

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, 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.


In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 66 through 69 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.

Plano Independent School District

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, 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 financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 31, 2012

**PLANO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(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, 2012. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's net assets as presented on the government-wide Statement of Net Assets exceeded liabilities by \$282,307,869. The net assets of the District increased by \$46.6 million during the year ended June 30, 2012.

The District's governmental funds financial statements reported combined ending fund balance of \$347,064,771. Of this amount, \$2,993,055 is nonspendable with \$1,935,548 assigned in the general operating funds while \$160,918,802 is unassigned in the General Operating Fund and is available for spending at the District's discretion. Fund balance of \$166,442,314 is restricted for use by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$15,065,356 that is either restricted or committed with a small amount in the nonspendable inventory classification.

On May 10, 2008, the District held a successful bond election with voters approving \$490 million in authorized new bonds. Bonds have been issued three times against this authorization with the third issuance occurring during fiscal year 2012. In January 2012, the District issued \$92,840,000 of unlimited tax bonds. Bonds authorized and not issued as of June 30, 2012 are \$79,630,000. Series 2012 Refunding Bonds in the amount of \$46,115,000 were issued in March 2012 to refund \$49,855,000 of outstanding Series 2004 bonds.

During fiscal year 2012, the District completed the new McMillen High School, the Mendenhall replacement building, the PSHS Fine Arts addition and Stinson Elementary addition. Renovations at Jackson Elementary and the Gulledge and Beverly Elementary School roofs were completed. Barksdale Elementary School, Bird Center and Robinson Middle School all received new roofs. Plano West Senior High School received a lighting upgrade. Bowman Middle School restrooms were improved and new floors were installed at Haun Elementary School.

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 assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Fund Financial Statements

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

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

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

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

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

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Immediately following the required supplementary information, combining statements are included for the nonmajor special revenue funds, the enterprise funds, the internal service funds and the agency funds.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements. Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain.

Figure A-1. Major Features of the District's Government-wide and Fund Financial Statements

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The District's net assets were \$282.3 million at June 30, 2012.

The District's Net Assets

	Activities As of June 30, 2012	Activities As of June 30, 2011	Activities As of June 30, 2012	Activities As of June 30, 2011
Current and other assets	\$ 437,420,415	\$ 373,732,765	\$ 485,844	\$ 418,365
Capital assets	960,330,658	950,837,714	-	-
Other non-current assets	339,627	839,627	-	-
Total assets	<u>1,398,090,700</u>	<u>1,325,410,106</u>	<u>485,844</u>	<u>418,365</u>
Current liabilities	94,892,337	95,293,072	440,168	406,275
Long term liability	1,020,936,170	994,469,587	-	-
Total liabilities	<u>1,115,828,507</u>	<u>1,089,762,659</u>	<u>440,168</u>	<u>406,275</u>
Net assets:				
Invested in capital assets				
net of related debt	74,007,332	41,667,055	-	-
Restricted	27,477,630	29,387,324	-	-
Unrestricted	180,777,231	164,593,068	45,676	12,090
Total net assets	<u>\$ 282,262,193</u>	<u>\$ 235,647,447</u>	<u>\$ 45,676</u>	<u>\$ 12,090</u>

Our analysis focuses on the net assets and changes in net assets of the District's governmental and business-type activities. The District's total net assets increased by \$46,648,332. Current and Other Assets increased by \$63.7 million which is attributable primarily to a \$95.4 million increase in Cash and Cash Equivalents that is offset by a \$32 million decrease in Due from Other Governments. Bond proceeds of \$92.8 million were received during the year and funding from the State was based on realistic assumptions with payments made timely. These two items account for the increase in Cash and Cash Equivalents of \$95.4 million. In fiscal year 2012, with the State of Texas basing state aid payments on assumptions that were closely aligned with actual property value growth, the variances and resulting large receivable at the end of the 2011 fiscal year did not occur in 2012. Payment of the \$33.7 million receivable owed the District by the State of Texas at the end of fiscal 2011 was received in September 2011. Thus, the reduction of \$32 million in Due from Other Governments.

Non-Current Capital Assets increased due to the completion of \$46.6 million in building construction projects and the completion of \$2.3 million in land improvement projects which resulted in recording the addition of these projects to the various capital asset line items. These increases are offset by a large decrease of \$37.2 million in Construction in Progress. With a large number of construction projects completed the pace of new projects in progress has slowed at this time. These variances offset each other to result in a net increase in Capital and Non-Current Assets of \$9.5 million. The \$500,000 decrease in Non-Current Other Assets is the result of the annual note payment made on the agreement reached with a neighboring municipality as part of a land sale transaction. The combined net effect of increases in Current assets and in Capital and Non-Current assets resulted in an increase in total assets during the year ended June 30, 2012 of \$72.7 million.

Several components came together to create the overall \$400,735 decrease in Current Liabilities. Three current liability lines saw large changes. Due to Other Governments and Unearned Revenues both indicate an increase of \$1.7 million for each. The increase in Due to Other Governments is the result of lower weighted average daily attendance for the year which caused the District to be required to purchase additional attendance credits from the State to meet the equalized wealth limit set by the state school finance formula. A change in treatment of the Instructional Materials Allotment from the State, accounts for the \$1.7 million increase in Unearned Revenues. Accrued Wages Payable decreased \$2.4 million and Payroll Deductions & Withholding decreased \$203,557 due to a reduction in force along with no raise granted for fiscal year 2012. Additional decreases occurred in the Accounts Payable line of \$613,682 due to emphasis being place to close out orders and receive goods so payments could be processed before converting to a new financial software for the start of fiscal year 2013. Finally, a decrease of \$563,289 in Interest Payable was due to a lower bond interest payment due in August 2012 as a result of the bond refunding in fiscal year 2012.

Noncurrent Liabilities increased \$26.5 million. Obligations due within one year increased \$5.5 million while obligations due in more than one year increased \$20.9 million. During fiscal year 2012, the District issued

\$46,115,000 in refunding bonds to refund \$49,855,000 of outstanding debt. In addition, \$92,840,000 of unlimited tax bonds were issued. The decrease in Current Liabilities combined with the increase in Noncurrent Liabilities resulted in a total increase in liabilities of \$26.1 million.

Investment in capital assets (e.g. land, buildings, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding is \$74,007,332. The increase of \$32.3 million is the result of an increase in capital assets net of depreciation of \$9.5 million offset by increasing related debt of \$26.6 million plus an increase in the Construction fund balance of \$49.5 million. An additional portion of the District's net assets of \$27,477,630 represents resources that are subject to external restrictions on how they may be used. Assets restricted for use by Food Service decreased by \$1 million. Net assets restricted for Debt Service use decreased by \$883,973. The remaining balance of net assets, \$180,777,231, is unrestricted and may be used to meet the District's ongoing obligations. The amount of unrestricted net assets increased \$16.2 million for the year ended June 30, 2012. This increase is a result of the large increase in Total Assets.

Changes in net assets. The District's total revenues were \$637,499,493. A significant portion, approximately 72%, of the District's revenue comes from taxes. (See Figure A-2 or Exhibit B-1) A change in the State school finance funding formula for fiscal year 2012 reduced state aid. State aid comprised 11% of the District's revenue while operating and capital grants provided 12%. Charges for services contributed 4%. Interest revenue and other sources including miscellaneous local revenue are 1%. The total cost of all programs and services was \$590,851,161.

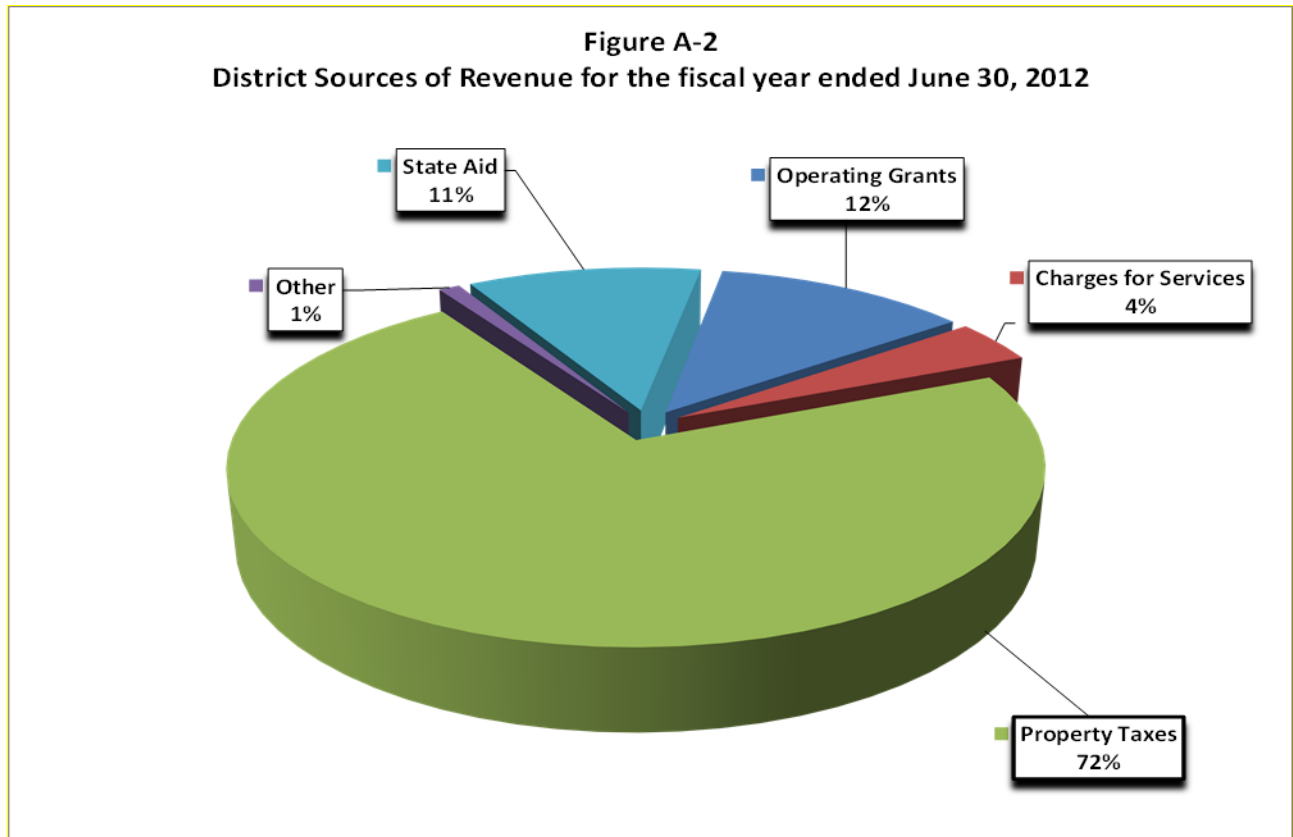
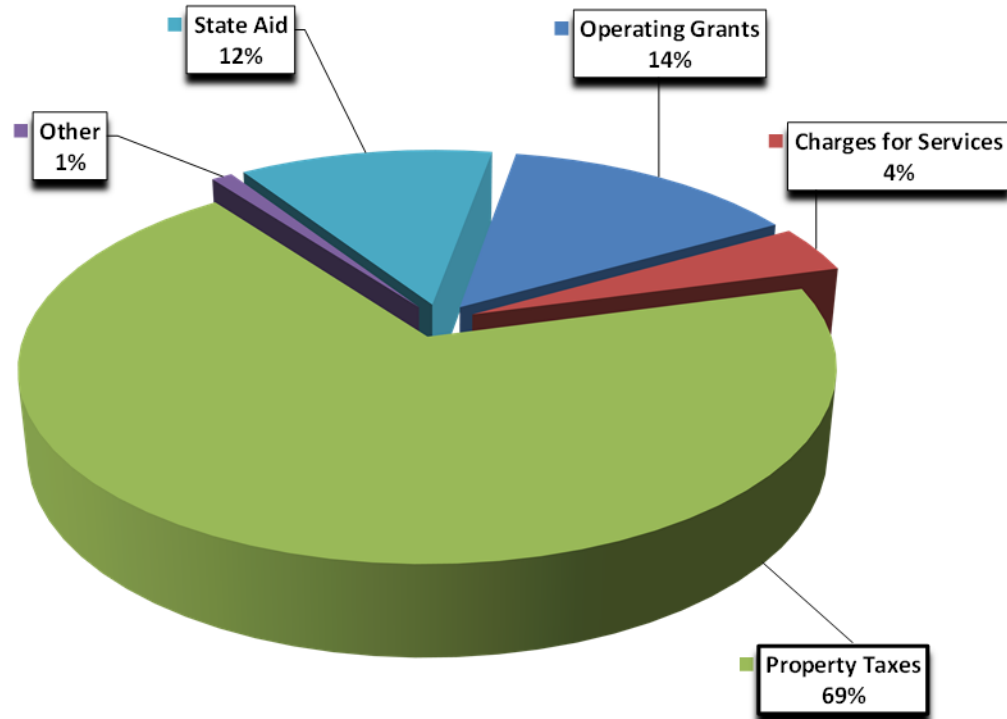


Figure A-2
District Sources of Revenue for the fiscal year ended June 30, 2011



Government-Wide Activities

The total cost of all government-wide activities for the year ended June 30, 2012 was \$590,851,161. 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 \$585,017,023.
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. These program revenues amounted to \$92,972,523.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$492,044,500 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	\$306.0	\$262.9
Debt service interest on lt debt	43.1	43.1
Plant maintenance & operations	42.7	40.2
Contracted instrl serv btw schools	39.6	39.6
School leadership	23.7	1.8
Other facility costs	23.1	21.6

Change in the District's Net Assets

	Governmental Activities <u>FY 6/30/12</u>	Governmental Activities <u>FY 6/30/11</u>	Business-Type Activities <u>FY 6/30/12</u>	Business-Type Activities <u>FY 6/30/11</u>
Revenue				
Program Revenues				
Charges for services	\$ 19,951,864	\$ 19,627,367	\$ 8,161,955	\$ 7,962,424
Operating grants and contributions	61,520,659	86,767,210		
Capital grants and contributions	11,500,000	615,078		
General Revenues				
Property taxes	457,475,007	443,952,068		
State aid - formula	71,574,799	75,037,921		
Interest income	760,274	2,068,106	3,551	3,463
Other	6,551,384	5,733,506		
Total revenues	<u>629,333,987</u>	<u>633,801,256</u>	<u>8,165,506</u>	<u>7,965,887</u>
Expenses				
Instruction and Instructional - Related Services	322,451,999	338,096,781		
Instructional and School Leadership	26,707,839	28,256,991		
Support Services - Student	67,283,255	63,317,441		
Administrative Support Services	8,862,161	9,239,980		
Support Services - Nonstudent Based	52,612,898	51,509,560		
Ancillary Services - Community Service	2,335,734	2,244,648		
Debt Service	43,053,866	44,422,001		
Other Facility Costs	15,960,170	23,308,474		
Intergovernmental Charges	45,749,101	41,741,499		
Concessions	-	-	222,719	243,231
Employee Child Care	-	-	752,325	714,264
After School Care	-	-	4,803,720	4,931,711
Photography	-	-	55,374	40,768
Total expenses	<u>585,017,023</u>	<u>602,137,375</u>	<u>5,834,138</u>	<u>5,929,974</u>
Excess (Deficiency) before transfers	44,316,964	31,663,881	2,331,368	2,035,913
Transfers In (Out)	2,297,782	2,043,213	(2,297,782)	(2,043,213)
Beginning net assets	<u>235,647,447</u>	<u>201,940,353</u>	<u>12,090</u>	<u>19,390</u>
Ending net assets	<u>\$ 282,262,193</u>	<u>\$ 235,647,447</u>	<u>\$ 45,676</u>	<u>\$ 12,090</u>

The increase in the ending net assets for Governmental Activities of \$46.6 million is a combination of several factors. During fiscal year 2012 funding from the American Recovery and Reinvestment Act (ARRA) was closed out. The \$25.2 million reduction in Operating grants and contributions is due to the loss of the funding from the ARRA grants and the Education Jobs Fund. The full amount of \$11.5 million in capital grants and contributions is due to funds received from the Tax Increment Finance Zone for construction of the replacement Mendenhall Elementary School which is located in the TIF zone. Property tax revenue shows an increase of \$13.5 million which is a combination of a \$5.2 million increase in Maintenance and Operating tax revenue due to an increase of approximately 3% in the assessed property value base along with a two cent increase in the Debt Service tax rate to account for a \$8.3 million increase in tax revenue for Debt Service. State revenue is comprised of two revenue sources, the Foundation School Program and the Available School Fund. The decrease in this category of \$3.5 million is due to a change in the state school finance funding formula which has driven reductions to all school districts in the State of Texas for 2011-12. Interest rates continue to decline which has resulted in a decrease in interest income of \$1.3 million. In other revenue several items net together to reflect an increase of \$817,878. The primary reason for the overall increase in this category is the one-time close out payment the District received from one of the Tax Increment Finance Zones when the remaining funds were distributed to participating taxing entities. These variances combine for a decrease in total Governmental Activities revenue of \$4.5 million.

Total expenses reflect an overall decrease of \$17.1 million as a result of decreases in five major areas that were offset by increases in three areas. Instruction and Instructional Related Services along with Instructional and School Leadership and Administrative Support Services reflect a combined decrease of \$17.5 million due primarily to a reduction in force and no salary increase for staff in 2011-12. Debt Service

decreased \$1.4 million due to a decrease in interest payable as a result of the bond refunding. Other Facility Costs decreased \$7.3 million with the completion of McMillen High School at the end of fiscal year 2011. Construction projects continued during fiscal 2012, but no project the size of the new high school was added which resulted in an overall decrease in this category. These five areas account for \$26.2 million in decreases. Increases in Support Services – Student, Intergovernmental Charges and Support Services – Nonstudent Based offset the decreases with a combined increase of \$9.1 million. In Support Services – Student, Pupil Transportation and Food Services account for the net increase of \$4 million. No buses were purchased during fiscal year 2012 which resulted in a \$3 million increase since no capital outlay was expended as it had been in fiscal year 2011. In addition, fuel cost and other supplies increased \$559,347. Food Service experienced increases in food cost and other supplies of \$784,646. Intergovernmental Charges reflect an increase of \$4 million in Contracted Instructional Services Between Schools as a result of a change in the state school finance formula. Senate Bill 1 implemented in 2011-12, reduced weighted average daily attendance credits for all Texas school districts in order to achieve across the board reductions in funding. Plano ISD as a property wealthy district was impacted by needing to purchase more attendance credits from the state in order to achieve the property value allowed per student which increased the payment to the State. Support Services – Nonstudent Based increased by \$1.1 million due to changes in the Data Processing function relating to a decrease in de-expended capital outlay for the current year.

Business-Type Activities

Net assets of the District's business-type activities increased by \$33,586. This increase is due to an increase in net assets for the Concession Enterprise Fund of \$29,452 coupled with a slight increase in net assets for Photography of \$4,134. During fiscal year 2012, there was increased revenue in the Concession Enterprise Fund along with a reduction of expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Revenues for general governmental functions totaled \$629,530,767 for the year ended June 30, 2012. Property taxes were the largest source of revenue received by the District. The Maintenance and Operating (M&O) tax rate remained at \$1.04 which is the highest rate available to the District for the M&O rate without holding a tax rate authorization election. The constant M&O tax rate applied against an increasing assessed property value resulted in an increase in tax revenue of \$5.2 million for M&O. The District did increase the Debt Service tax rate by two cents from \$0.3134 to \$0.3334. This increase coupled with a property value increase of 3% resulted in increased tax revenue of \$8.3 million for Debt Service. Interest revenue decreased by \$863,393. Additional local revenue was received from the Tax Increment Finance Zone of \$11.5 to fund capital projects related to the Mendenhall Elementary replacement school located within the TIF zone. The District entered into a five year agreement with Texas Instruments to help launch and develop a science, technology, engineering, math and technical arts academy high school. The first annual \$1 million donation was received in April 2012. These items represent the major offsetting components of the \$24.8 million increase in Local Revenue.

The State School Finance formula generates revenue from two revenue sources, the Foundation School Program and the Available School Fund. Fiscal year 2012 is the first year of implementation for Senate Bill 1 passed by the State Legislature during the 2011 special session. This legislation reduced funding for education in Texas by \$4 billion for the biennium. The decrease in this category is due to the implementation of new school finance legislation approved by the Legislature during the 2011 special session. Changes to the finance funding formula mandated by Senate Bill 1 along with the elimination of several programs by the State resulted in \$5 million less in state revenue. Teacher Retirement On-Behalf payments by the State decreased \$1.7 million due to lower salaries as a result of the reduction in force and no salary increase for fiscal year 2012. Increases in State Revenue were seen in the School Health and Related Services funding in the amount of \$296,599 due to an increase in claims. Recognition of state

funding for instructional materials was implemented with the recognition of \$4.1 million in state revenue. These variances combine to account for the \$2.3 million decrease in State Program Revenues.

Federal revenues show a decrease of \$27.6 million for the 2012 fiscal year. American Recovery and Reinvestment Act (ARRA) funds of \$14.6 million had been used by the State to offset its obligations under the state funding formula in 2011. In addition, \$8.6 million of Education Jobs funding received in 2011 did not recur in 2011. The elimination of this funding accounts for a decrease of \$27.6 million. Federal revenue recognized in the General Fund is reduced due to less ability to claim indirect cost due to the reduction in the ARRA funding. Small increases totaling \$765,441 were seen in funds received for Title I, Title II and Title III. These offsetting changes account for the overall reduction in this revenue category.

Expenditures for general governmental operations totaled \$667,619,236 during fiscal year 2012 for a decrease of \$64.3 million. There are several factors that combine for this significant decrease in expenditures. As stated previously in this report fiscal year 2012 was the first year of implementation for Senate Bill 1, the new school finance funding formula passed by the Texas Legislature during the 2011 special session. On a state-wide basis, the State reduced funding for education by \$4 billion for the biennium period including fiscal year 2012 and 2013. In reviewing expenditures, decreases are seen consistently on most every function except for those areas impacted by cost outside the District's control, such as fuel, food, debt principal, purchase of attendance credits and appraisal district cost. The District implemented a reduction in force (RIF) for fiscal year 2012. Over 400 positions were reduced. Salaries were held constant across the board. When enrollment ratios dictated additional staff, positions were filled with temporary staff with no guarantee for employment with the District in the 2012-13 year. Stipends for additional duties were reduced by 10% as were supply and travel budgets. Several contracts were renegotiated to achieve maximum savings in this area as well. The two significant increases in expenditures are in the Principal on Long Term Debt for \$9 million and Contracted Instructional Services Between Schools for \$10.6 million. Qualified School Construction Bonds issued in 2009 and the Series 2010 Refunding Bonds had their first principal payments in fiscal year 2012. Contracted Instruction Services Between Schools increased due to changes in the school funding formula as mandated by Senate Bill 1. The mechanism used to reduce funding across the state reduced the weighted average daily attendance amount which caused Plano ISD to be required to purchase more attendance credits from the State in order to meet the allowed equalized wealth per student level that can be retained locally.

The governmental funds reported a combined fund balance of \$347,064,771. The net increase in the combined fund balance of \$61,749,349 is comprised of several changes in fund balance. The primary increase of \$49,462,827 occurred in the Capital Projects fund due to the issuance of \$92,840,000 in bonds during fiscal year 2012. Increases occurred in the General Fund and Other non-major funds of \$13,371,003 and \$352,379, respectively. With the change in legislation implemented by the State in fiscal year 2012, the District chose to make the significant reductions in expenditures required for the biennium during the first year with the expectation that fund balance would increase and provide a basis to assist in funding the budget for the second year of the biennium. Planned budget reductions of over \$23 million were implemented for fiscal year 2012. A reduction in force and no salary increase for fiscal 2012 accounted for \$19.7 million of the planned reductions. Salary savings were achieved at a level higher than planned. Additional savings were achieved in utilities of approximately \$1.8 million along with supplies and travel expenses being controlled at a level below the already reduced adopted budget. The increase in the Contracted Instructional Services Between Schools of \$10.6M due to school funding formula change did offset the planned reductions as was intended. The increase in fund balance for other non-major funds is the net results of several factors. National Breakfast and Lunch Program experienced higher than anticipated food cost of \$784,646 along with the purchase of capital equipment for \$127,604 which resulted in a decrease in their fund balance of \$1,025,721. This reduction was offset by the million dollar contribution received from Texas Instruments as the District entered into a new five year corporate sponsorship with this firm to launch and develop a science, technology, engineering, math and technical arts academy high school. Recognition of the State's funding of instructional materials resulted in an increase of \$451,605 in fund balance for the Instructional Materials Allotment Fund. These changes combine to account for the increase of \$352,379 in fund balance for other non-major funds. The Debt Service Fund reflects a decrease in fund balance of \$1.4 million. Tax revenue increased due to the two cent tax rate increase, but was more than offset by principal and interest payments made during the fiscal year. Out of the combined fund balances, \$160,918,802 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, 2012 consist of:

	<u>As of 6/30/12</u>	<u>Aso of 6/30/11</u>
Nonspendable		
Inventories	\$1,680,263	\$1,552,911
Prepaid items	1,312,792	1,341,956
Restricted		
Debt service	35,998,667	37,435,527
Capital Projects	130,443,647	80,980,820
Food Service	7,185,260	8,216,809
Federal Special Revenue	-	6,940
State Special Revenue	818,333	365,182
Committed		
Local Special Revenue	6,771,459	5,839,570
Assigned	1,935,548	2,181,605
Unassigned	<u>160,918,802</u>	<u>147,394,102</u>
Total Fund Balance	<u><u>\$347,064,771</u></u>	<u><u>\$285,315,422</u></u>

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$160,918,802. Unassigned fund balance available for the general operations of the District represents 36.9% of the total general fund expenditures, while total fund balance represents 37.9% of the same amount.

The Capital Project Fund has a total fund balance of \$130,443,647. This entire amount is restricted for future construction. The fund balance increased by \$49,462,827 as a result of the continuation of the 2008 Bond Program with several projects completed during the year along with the issuance of \$92,840,000 in new bonds.

The Special Revenue Funds have a total fund balance of \$15,065,356. Nonspendable fund balance invested in inventory equals \$290,304. Fund balance is restricted for food service in the amount of \$7,185,260, for state special revenue in the amount of \$818,333 with the remaining balance of \$6,771,459 committed for local special revenue funds. Fifty percent of the total fund balance is from activity in the Food Service Fund. Of the remaining balance 44.6% is related primarily to several miscellaneous local grants with 5.4% restricted for state grants.

The Debt Service fund balance decreased by \$1.4 million due to principal and interest payments that outpaced the increase in tax revenue due to a \$0.02 increase in the tax rate. The District's semi-annual debt payment of \$23.2 million is due in mid-August. As of June 30 it was neither expended nor accrued.

Proprietary Funds—The District maintains both enterprise funds and internal service funds. Information is presented separately in the proprietary fund statement of net assets and in the proprietary fund statement of revenues, expenses and changes in fund net assets for the Enterprise Fund and the Internal Service Funds. Net assets in the Enterprise Fund as of June 30, 2012 were \$45,676. Net assets for the 2012 year increased by \$33,586. The majority of the increase occurred in the Concessions Enterprise Fund as a result of increased operating revenue coupled with a decrease in expenditures. Net assets in the Internal Service Funds as of June 30, 2012 were \$5,016,937. The majority of this amount is unrestricted to be used for future expenses in the workers' compensation, health benefits and unemployment internal service funds. Prior to fiscal year 2012 the Health Benefits Internal Service Fund offered an alternate medical plan providing a set benefit for each day in the hospital. Over 1,200 employees participated in this plan. This plan was eliminated during the current year. Premiums increased for the other medical plans for this plan year which resulted in an additional 355 employees dropping their coverage. The resulting 1,550 decline in participants accounts for the \$1.2 million decrease in operating revenues for the plan. While operating expenses for the year declined, the large decrease in revenue resulted in an operating loss for the year of \$389,351. The General Operating fund made an \$800,000 transfer to the Health Benefit Internal Service fund which generated the \$410,649 increase in net assets for the year ending June 30, 2012. The District began funding the Workers'

Compensation Internal Service Fund which resulted in increased operating revenue of \$1.5 million. Operating expenses declined as well which resulted in an increase in net assets of \$487,415. The Unemployment Internal Service Fund had increased operating expenses this year due to additional claims filed as a result of the reduction in force. Operating revenues were able to more than cover the expenses for a net increase in assets of \$186,955. The combined impact of these actions resulted in an increase of \$806,246 in net assets for the Internal Service Funds.

General Fund Budgetary Highlights

For the General Fund, the originally adopted budget was based on state funding as it had flowed to school districts under the former school finance formula as the Legislature did not pass Senate Bill 1 until the end of June 2011 through a called special session. Even though the specifics were not known in time for the District's budget adoption process for fiscal year 2012, it was clear at the time the budget was adopted that significant reductions would be made to education funding by the State Legislature. The District began meeting and planning mid-way through fiscal year 2011 to prepare for the budget reductions that would need to be considered and implemented for the 2012 – 2013 biennium. The District implemented \$23.1 million in budget reductions for fiscal year 2012 which is reflected in the surplus adopted budget. The primary reduction was achieved in salaries and benefits for \$19.7 million through the implementation of a reduction in force and by holding salaries at the previous year level. Reductions were made in all functional areas with contracted services as the second largest reduction of \$2.2 million due to renegotiated contracts. During the year, the budget was amended to reflect the change in the school finance formula approved in the legislative special session.

In the General Fund, the final budgeted amount for revenues was \$448,813,068. Minimal change in the total revenue budget occurred from the original budget estimate of \$448,401,580. Local tax revenue was amended for an increase in tax revenue of \$5.3 million due to certified property values coming in approximately 3% higher than the preliminary values on which the original budget was based. Interest revenue was decreased by \$0.5 million during the year to reflect the continued decline seen in interest rates. TIF Revenue decreased by \$3.4 million due to the close out of one of the TIF zones while tuition revenue declined by \$0.6 million. Budget amendments to state revenue based on the new state funding formula resulted in a decrease of \$5.4 million which offset the increase in local revenue. Federal budgeted revenue shows a slight decrease of \$56,750 due to reduced indirect cost revenue with the loss of the ARRA grants and less revenue from the Junior ROTC program.

Over the course of the period, the District revised its budget several times. These adjustments resulted in actual expenditures \$4,412,177 below final budgeted amounts. The most significant positive variances were seen in the functional areas of Instruction and Facilities Maintenance. Staffing is budgeted at the full employment level throughout the entire year. Budget amounts for vacant positions throughout the year are not eligible for budget revisions and contribute to the variance between budgeted salaries and actual salaries. Contracted services for utilities and facility management services were below budget while various supply accounts for maintenance and repairs were below budget. Seven areas reflect an excess of expenditures over appropriations. The percent variance for five of the expenditure types is less than 2% of the actual expenditures. Community Services had a 5% variance over final budget due to the final calculation of TRS On-Behalf for the function. The amount owed by the District in Contracted Instructional Services Between Schools was above budget based on the recalculation of the amount owed after year end and final adjustment for enrollment and attendance was made. The expenditure budget variance represents a 1.0% variance on the total expenditure budget of \$440.7 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District had invested \$960,330,658 net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and Construction in Progress. This amount represents a net increase (including additions, retirements and depreciation) of \$9.5 million over last year.

	As of 6/30/12	As of 6/30/11
Land and improvements	\$ 112,386,683	\$ 106,059,369
Buildings and improvements	1,142,934,672	1,074,943,230
Construction in progress	41,176,821	78,344,009
Furniture, equipment, & vehicles	97,338,235	96,404,482
Totals	<u>1,393,836,411</u>	<u>1,355,751,090</u>
Total accumulated depreciation	<u>(433,505,753)</u>	<u>(404,913,376)</u>
Net capital assets	<u>\$ 960,330,658</u>	<u>\$ 950,837,714</u>

The year's major capital asset additions include the new McMillen High School, the Mendenhall replacement building, the PSHS Fine Arts addition and Stinson Elementary addition. Renovations at Jackson Elementary and the Gulledge and Beverly roofs were completed. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Debt Administration and Bond Ratings

Debt-management policies seek to provide the most favorable climate for District debt projects while upholding the highest rating possible for debt instruments. Management policies include the following points:

- All debt service obligations will be met when due.
- Long-term financing will be restricted to capital projects and capital equipment acquisition.
- Long-term bonds will not be issued to finance current operations.
- The District will cooperate and communicate with bond-rating agencies and work towards obtaining the most favorable municipal bond rating possible.
- Outstanding obligations will be reviewed frequently to ensure the most favorable funding structure for the District.
- All necessary information and material regarding the District's financial status will be provided to the appropriate parties.

As of June 30, 2012, the District had total bonded debt outstanding of \$1,001,788,809. The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the District's debt position. Data presented in the statistical section indicate both of these indicators increased. Bonded debt per capita increased to \$3,075 and the ratio of net bonded debt to assessed value increased to 2.9 percent.

The District has authorized unissued bonds as of June 30, 2012 in the amount of \$79,630,000. During the year, the District issued \$92,840,000 of unlimited tax bonds for new construction, renovations and capital acquisitions. Also, issued were \$46,115,000 Series 2012 Refunding Bonds used to refund \$49,855,000 of outstanding Series 2004 bonds. The District continues to enjoy excellent bond ratings. Rating agency reviews were conducted in February 2012 in conjunction with the issuance of the Series 2012 Refunding Bonds. Moody's Investors Service, Inc. assigned an underlying rating of Aaa while Standard and Poor's Corporation assigned an underlying rating of AA with a stable outlook to the District's debt obligations during their February 2012 reviews.

Interest earnings on proceeds from debt are subject to arbitrage regulations contained in the Federal Tax Reform Act of 1986. As of June 30, 2012 a liability for arbitrage rebate in the amount of \$42,965 has been recorded in the liability section on the Governmental-Wide Statement of Net Assets.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The preliminary appraised local tax value used for the 2012-13 budget reflected an increase of 0.33% when compared to the appraised value from last year. Reductions made to the 2011-12 budget were achieved and the District ended the 2012 fiscal year as planned in solid financial position by adding \$13.4 million to fund balance. Additions to fund balance were made in the prior two fiscal years as well. The new replacement campus for Memorial Elementary School, in the east quadrant of the District opened at the start of the 2012-13 year. Several major renovations and additions to existing schools are in progress across the District.

These factors were taken into account when adopting the General Fund budget for 2013. As planned, the major budget reductions required under the new Senate Bill 1 legislation were made in the first year of the biennium during fiscal year 2012. The General Fund budget for 2012-13 draws on the growth in fund balance over the past two years. Amounts available for appropriation in the general fund budget are \$418,196,885, a decrease of \$30.6 million from final amended budget for 2011-12. Legislation passed in special session by the Legislature in 2011 reduced funding for all school districts in Texas by \$4 billion. Different methodology has been used by the State to achieve the funding reductions for the 2012 and 2013 fiscal years. A consistent percentage reduction was passed along to all districts during fiscal year 2012 by reducing weighted average daily attendance (WADA) for each district. For 2012-13, some districts will actually recover some of their lost state funding while property wealthy districts like Plano ISD will receive even less funding from the State. As a property wealthy district, the District is subject to the recapture provisions in the school finance legislation. Recapture provisions remained a part of the Senate Bill 1 legislation. The equalized wealth level of \$476,500 was not changed as part of the new legislation. The mechanism to be used by the State to distribute the reduction in State funding for 2012-13 primarily restores most of the District's WADA we are allowed to retain. As a result, the District is projecting an increase of approximately 3,300 WADA which will reduce the amount budgeted for Contracted Purchase of WADA from the State by \$13.3 million when compared to final amended budget for this purpose in fiscal 2012. The impact to the District for the 2012-13 budget from finance formula changes is the net of the \$30.6 million decrease in State funding offset by the reduction in Contracted Instructional Services Between Schools of \$13.3 million when compared to the final amended budget for 2012.

Expenditures are budgeted to decrease by \$2.3 million over the 2011-12 final amended budget. Instructional staffing allocations were held constant. A 3% raise was included for all staff members in the 2012-13 budget at a cost of \$8.2 million. An increase of \$1.4 million was included for increased TRS On-Behalf payment that will be recognized due to the increase in salaries. The overall increase in salary and benefits is \$9.6 million. Budget reductions put in place for non-payroll related items in fiscal 2012 remain in effect for 2013. Contracted Services reflects an increase in anticipated expenditures of \$352,232 due to small increases in contracted support services. Supplies increase \$575,133 due to increase in instructional supply allocations along with an increased amount budgeted for fuel cost. Other Operating cost reflects an increase of \$106,643 primarily due to an increase in property insurance premiums. As stated above, Contracted Services for the purchase of WADA is calculated through the State school finance formula. Due to recovery of lost WADA, the cost to purchase WADA from the State is anticipated to decrease by \$13.3 million. These amounts combine to create the budgeted decrease in expenditures of \$2.3 million for fiscal year 2013 when compared to the final amended budget for 2012. The District continues to operate a tightly controlled budget. Academic initiatives focus on closing the achievement gap and ensuring learning for all students through high standards, integrated technology and district-wide coherent curriculum. Several revenue generating programs have been implemented. The District continues with its after-school care program and marketing of athletic events. When combined, these initiatives will contribute approximately \$2.3 million to the General Fund budget.

Multiple lawsuits have been filed against the State of Texas on behalf of approximately two-thirds of the 1,200 school districts in Texas. These districts educate 75% of the state's 5 million students. The lawsuits have been rolled into a single case which opened before state District Judge John Dietz in Austin on

Monday, October 22, 2012. The trial is expected to last into January 2013. The lawsuits were filed after the Legislature cut \$4 billion in state funding to schools and an additional \$1.4 billion in grant programs effective with the 2011-12 year. The school districts' case states the school finance system is inadequate, inefficient and unconstitutional. Plano ISD is a participant in this lawsuit.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Teamwork for Excellence



P L A N O
Independent School District

EXHIBIT A-1

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012**

Data Control Codes	1	2	3
	Primary Government		
	Governmental	Business	
	Activities	Type	Total
	Activities	Activities	
ASSETS			
1110 Cash and Investments	\$ 408,710,305	\$ 115,060	\$ 408,825,365
1220 Property Taxes Receivable (Delinquent)	9,407,294	-	9,407,294
1230 Allowance for Uncollectible Taxes	(3,410,132)	-	(3,410,132)
1240 Due from Other Governments	13,738,830	-	13,738,830
1250 Accrued Interest	93,644	18	93,662
1290 Other Receivables, Net	1,456,795	370,766	1,827,561
1300 Inventories	1,680,263	-	1,680,263
1410 Deferred Expenses	1,751,445	-	1,751,445
1420 Capitalized Bond and Other Debt Issuance Costs	3,991,971	-	3,991,971
Non-current Assets			
Capital Assets:			
1510 Land	72,191,552	-	72,191,552
1520 Buildings, Net	786,818,923	-	786,818,923
1530 Furniture and Equipment, Net	30,770,652	-	30,770,652
1540 Other Capital Assets, Net	29,372,710	-	29,372,710
1580 Construction in Progress	41,176,821	-	41,176,821
Other Assets:			
1990 Notes Receivable	339,627	-	339,627
1000 Total Assets	<u>1,398,090,700</u>	<u>485,844</u>	<u>1,398,576,544</u>
LIABILITIES			
2110 Accounts Payable	12,345,096	45,539	12,390,635
2140 Interest Payable	16,658,423	-	16,658,423
2150 Payroll Deduction & Withholdings	2,251,485	-	2,251,485
2160 Accrued Wages Payable	44,353,860	66,204	44,420,064
2180 Due to Other Governments	14,187,755	-	14,187,755
2200 Accrued Expenses	2,073,949	-	2,073,949
2300 Unearned Revenues	3,021,769	328,425	3,350,194
Non-Current Liabilities			
2501 Due within One Year	72,936,762	-	72,936,762
2502 Due in More than One Year	947,999,408	-	947,999,408
2000 Total Liabilities	<u>1,115,828,507</u>	<u>440,168</u>	<u>1,116,268,675</u>
NET ASSETS			
3200 Invested in Capital Assets, Net of Related Debt	74,007,332	-	74,007,332
Restricted for:			
3840 Restricted for Food Service	7,475,564	-	7,475,564
3850 Restricted for Debt Service	20,002,066	-	20,002,066
3900 Unrestricted Net Assets	180,777,231	45,676	180,822,907
3000 Total Net Assets	<u>\$ 282,262,193</u>	<u>\$ 45,676</u>	<u>\$ 282,307,869</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, 2012**

Data Control Codes	Expenses	Program Revenues			
		3 Charges of Services	4 Operating Grant and Contributions	5 Capital Grants and Contributions	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 306,009,286	\$ 4,432,647	\$ 38,701,654	\$ -
12	Instructional Resources and Media Services	8,277,640	-	386,013	-
13	Curriculum and Instructional Staff Development	8,165,073	54,850	3,205,087	-
21	Instructional Leadership	3,652,173	-	784,095	-
23	School Leadership	23,055,666	-	1,486,212	-
31	Guidance, Counseling and Evaluation Services	17,092,838	6,094	1,820,550	-
32	Social Work Services	818,833	-	39,142	-
33	Health Services	5,023,974	-	432,995	-
34	Student (Pupil) Transportation	11,881,466	-	494,726	-
35	Food Services	23,671,448	12,930,958	8,906,416	-
36	Extracurricular Activities	8,794,696	1,467,679	590,639	-
41	General Administration	8,862,161	63,941	473,074	-
51	Plant Maintenance and Operations	42,655,007	934,750	1,512,266	-
52	Security and Monitoring Services	3,461,528	-	208,235	-
53	Data Processing Services	6,496,363	-	351,231	-
61	Community Services	2,335,734	60,945	1,747,899	-
72	Debt Service - Interest on Long Term Debt	43,018,704	-	-	-
73	Debt Service - Bond Issuance Costs and Fees	35,162	-	-	-
81	Other Facility Costs	15,960,170	-	-	11,500,000
91	Contracted Instructional Services Between Schools	39,583,643	-	-	-
92	Incremental Costs Associated with Chapter 41	600,000	-	-	-
93	Payment to Fiscal Agent/Member Districts of SSA	633,975	-	380,425	-
95	Payments to Juvenile Justice Alternative Ed. Prg.	89,502	-	-	-
97	Payments to Tax Increment Fund	2,594,485	-	-	-
99	Other Intergovernmental Charges	2,247,496	-	-	-
	(TG) Total Governmental Activities:	<u>585,017,023</u>	<u>19,951,864</u>	<u>61,520,659</u>	<u>11,500,000</u>
BUSINESS-TYPE ACTIVITIES:					
01	Employee Child Care	752,325	775,817	-	-
02	After School Care	4,803,720	7,074,462	-	-
03	Concessions	222,719	252,171	-	-
04	Photography	55,374	59,505	-	-
	(TB) Total Business-Type Activities:	<u>5,834,138</u>	<u>8,161,955</u>	<u>-</u>	<u>-</u>
	(TP) TOTAL PRIMARY GOVERNMENT:	<u>\$ 590,851,161</u>	<u>\$ 28,113,819</u>	<u>\$ 61,520,659</u>	<u>\$ 11,500,000</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 Assets
NB	Net Assets - Beginning
NE	Net Assets - Ending

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

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (262,874,985)	\$ -	\$ (262,874,985)
(7,891,627)	-	(7,891,627)
(4,905,136)	-	(4,905,136)
(2,868,078)	-	(2,868,078)
(21,569,454)	-	(21,569,454)
(15,266,194)	-	(15,266,194)
(779,691)	-	(779,691)
(4,590,979)	-	(4,590,979)
(11,386,740)	-	(11,386,740)
(1,834,074)	-	(1,834,074)
(6,736,378)	-	(6,736,378)
(8,325,146)	-	(8,325,146)
(40,207,991)	-	(40,207,991)
(3,253,293)	-	(3,253,293)
(6,145,132)	-	(6,145,132)
(526,890)	-	(526,890)
(43,018,704)	-	(43,018,704)
(35,162)	-	(35,162)
(4,460,170)	-	(4,460,170)
(39,583,643)	-	(39,583,643)
(600,000)	-	(600,000)
(253,550)	-	(253,550)
(89,502)	-	(89,502)
(2,594,485)	-	(2,594,485)
(2,247,496)	-	(2,247,496)
<u>(492,044,500)</u>	<u>-</u>	<u>(492,044,500)</u>
-	23,492	23,492
-	2,270,742	2,270,742
-	29,452	29,452
-	4,131	4,131
<u>-</u>	<u>2,327,817</u>	<u>2,327,817</u>
<u>\$ (492,044,500)</u>	<u>\$ 2,327,817</u>	<u>\$ (489,716,683)</u>
344,781,100	-	344,781,100
112,693,907	-	112,693,907
71,574,799	-	71,574,799
760,274	3,551	763,825
6,551,384	-	6,551,384
2,297,782	(2,297,782)	-
<u>538,659,246</u>	<u>(2,294,231)</u>	<u>536,365,015</u>
46,614,746	33,586	46,648,332
235,647,447	12,090	235,659,537
<u>\$ 282,262,193</u>	<u>\$ 45,676</u>	<u>\$ 282,307,869</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project	
ASSETS				
1110	Cash and Investments	\$ 215,542,303	\$ 35,293,956	\$ 132,092,715
1220	Property Taxes - Delinquent	7,469,121	1,938,173	-
1230	Allowance for Uncollectible Taxes (Credit)	(2,819,897)	(590,235)	-
1240	Due from Other Governments	3,061,637	94,290	5,500,000
1250	Accrued Interest	50,954	8,040	30,078
1260	Due from Other Funds	1,547,510	-	-
1290	Other Receivables	1,519,747	-	-
1300	Inventories	1,389,959	-	-
1410	Prepaid Expenditures	1,312,792	-	-
1000	Total Assets	<u>\$ 229,074,126</u>	<u>\$ 36,744,224</u>	<u>\$ 137,622,793</u>
LIABILITIES AND FUND BALANCES				
2110	Accounts Payable	\$ 2,527,983	\$ -	\$ 7,175,561
2150	Payroll Deductions and Withholdings Payable	2,251,485	-	-
2160	Accrued Wages Payable	41,783,066	-	3,585
2170	Due to Other Funds	-	-	-
2180	Due to Other Governments	14,187,520	-	-
2300	Deferred Revenues	2,766,971	745,557	-
2000	Total Liabilities	<u>63,517,025</u>	<u>745,557</u>	<u>7,179,146</u>
Fund Balances:				
Nonspendable				
3410	Investments in Inventory	1,389,959	-	-
3430	Prepaid Expenditures	1,312,792	-	-
Restricted				
3480	Debt Service	-	35,998,667	-
3470	Capital Projects	-	-	130,443,647
3450	Food Service	-	-	-
3450	State Special Revenue	-	-	-
Committed				
3545	Local Special Revenue	-	-	-
3590	Assigned	1,935,548	-	-
3600	Unassigned	160,918,802	-	-
	Total Fund Balances	<u>165,557,101</u>	<u>35,998,667</u>	<u>130,443,647</u>
	Total Liabilities and Fund Balances	<u>\$ 229,074,126</u>	<u>\$ 36,744,224</u>	<u>\$ 137,622,793</u>

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

EXHIBIT C-1

Other Funds	Total Governmental Funds
\$ 16,621,865	\$ 399,550,839
-	9,407,294
-	(3,410,132)
5,082,903	13,738,830
2,483	91,555
-	1,547,510
270,673	1,790,420
290,304	1,680,263
-	1,312,792
<u>\$ 22,268,228</u>	<u>\$ 425,709,371</u>
\$ 114,284	\$ 9,817,828
-	2,251,485
2,557,724	44,344,375
1,547,510	1,547,510
235	14,187,755
<u>2,983,119</u>	<u>6,495,647</u>
<u>7,202,872</u>	<u>78,644,600</u>
290,304	1,680,263
-	1,312,792
-	35,998,667
-	130,443,647
7,185,260	7,185,260
818,333	818,333
6,771,459	6,771,459
-	1,935,548
-	160,918,802
<u>15,065,356</u>	<u>347,064,771</u>
<u>\$ 22,268,228</u>	<u>\$ 425,709,371</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 ASSETS
JUNE 30, 2012**

Total Fund Balances - Governmental Funds	\$ 347,064,771
Capital assets used in governmental activities (excluding internal service) are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$1,393,779,435 and the accumulated depreciation is \$433,470,206.	960,309,229
Uncollected property taxes are reported as deferred revenue in the governmental funds balance sheet but are recognized as a revenue in the statement of activities.	3,473,878
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 \$21,429) are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.	5,016,937
Long-term liabilities of \$1,042,701,950 are not due and payable in the current period and therefore are not reported as liabilities in the funds. Losses on advanced refunding of bonds payable of \$21,765,780 are netted against the long-term liabilities in the statement of net assets.	(1,020,936,170)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(16,658,423)
Bond issuance costs are reported in the governmental funds as an expenditure and the costs net of amortization are reported as an asset in the statement of net assets.	<u>3,991,971</u>
Net Assets of Governmental Activities	<u>\$ 282,262,193</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Project
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 359,088,917	\$ 112,763,530	\$ 11,703,818
5800 State Program Revenues	87,367,402	-	-
5900 Federal Program Revenues	2,258,286	-	-
5020 Total Revenues	448,714,605	112,763,530	11,703,818
EXPENDITURES:			
Current:			
0011 Instruction	258,262,363	-	-
0012 Instructional Resources and Media Services	7,575,001	-	-
0013 Curriculum and Instructional Staff Development	5,174,327	-	-
0021 Instructional Leadership	2,986,008	-	-
0023 School Leadership	21,799,863	-	-
0031 Guidance, Counseling and Evaluation Services	15,824,740	-	-
0032 Social Work Services	821,621	-	-
0033 Health Services	4,716,124	-	-
0034 Student (Pupil) Transportation	10,540,079	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	6,346,762	-	-
0041 General Administration	8,349,266	-	-
0051 Facilities Maintenance and Operations	39,814,282	-	-
0052 Security and Monitoring Services	3,009,989	-	-
0053 Data Processing Services	4,942,370	-	-
0061 Community Services	792,108	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	67,180,000	-
0072 Debt Service- Interest on Long Term Debt	-	47,691,892	-
0073 Debt Service - Bond Issuance Cost and Fees	-	413,138	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	59,496,387
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	39,583,643	-	-
0092 Incremental Costs Associated with Chapter 41	600,000	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	253,550	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	89,502	-	-
0097 Payments to Tax Increment Fund	2,594,485	-	-
0099 Other Intergovernmental Charges	2,247,496	-	-
6030 Total Expenditures	436,323,579	115,285,030	59,496,387
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	12,391,026	(2,521,500)	(47,792,569)
OTHER FINANCING SOURCES (USES):			
7911 Refunding Bonds Issued	-	46,115,000	-
7911 Capital Related Debt Issued	-	-	92,840,000
7915 Transfers In	2,297,782	1,271,054	-
7916 Premium or Discount on Issuance of Bonds	-	8,337,043	5,686,450
8911 Transfers Out (Use)	(1,317,805)	-	(1,271,054)
8949 Payment to Bond Escrow Agent	-	(54,638,457)	-
7080 Total Other Financing Sources (Uses)	979,977	1,084,640	97,255,396
1200 Net Change in Fund Balances	13,371,003	(1,436,860)	49,462,827
0100 Fund Balance - July 1 (Beginning)	152,186,098	37,435,527	80,980,820
3000 Fund Balance - June 30 (Ending)	\$ 165,557,101	\$ 35,998,667	\$ 130,443,647

EXHIBIT C-3

Other Funds	Total Governmental Funds
\$ 17,492,025	\$ 501,048,290
12,189,145	99,556,547
<u>26,667,644</u>	<u>28,925,930</u>
<u>56,348,814</u>	<u>629,530,767</u>
25,183,125	283,445,488
32,065	7,607,066
2,781,946	7,956,273
653,672	3,639,680
362,123	22,161,986
1,030,077	16,854,817
582	822,203
216,892	4,933,016
130,092	10,670,171
21,769,787	21,769,787
403,829	6,750,591
275,634	8,624,900
1,338,716	41,152,998
153,418	3,163,407
367,310	5,309,680
1,434,547	2,226,655
-	67,180,000
-	47,691,892
-	413,138
-	59,496,387
-	39,583,643
-	600,000
380,425	633,975
-	89,502
-	2,594,485
-	<u>2,247,496</u>
<u>56,514,240</u>	<u>667,619,236</u>
<u>(165,426)</u>	<u>(38,088,469)</u>
-	46,115,000
-	92,840,000
517,805	4,086,641
-	14,023,493
-	(2,588,859)
-	<u>(54,638,457)</u>
<u>517,805</u>	<u>99,837,818</u>
352,379	61,749,349
<u>14,712,977</u>	<u>285,315,422</u>
<u>\$ 15,065,356</u>	<u>\$ 347,064,771</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, 2012**

Total Net Change in Fund Balances - Governmental Funds \$ 61,749,349

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 \$47,012,398 exceeded depreciation of \$36,827,675 in the current period, net of disposition of assets of \$686,626.

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. 9,498,097

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 an expense in the current period. This amount represents the following: current year

Principal Payment	\$ 67,180,000	
Advanced Bond Refunding	49,855,000	
Loss on Advanced Refunding	3,287,876	
Amortization of Premium	7,969,271	
Amortization of loss on Bond Refunding	(1,849,679)	
Bond Issuance Cost	377,975	
Amortization of Bond Issuance cost	(366,801)	
Increase in Accretion	(147,311)	
Reduction of Arbitrage	5,678	
		126,312,009

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. Deferred tax revenues, net of bad debt, increased (decreased) by this amount. 453,173

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. 563,289

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This year, compensated absences used exceeded the amounts earned. 211,076

The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income of internal service funds is reported with governmental activities. The net effect of this consolidation is to increase net assets. 806,246

Proceeds of bonds (including premium) issued during the year are recognized as Other Financing Sources in the governmental funds but increase non-current liabilities in the statement of net assets (152,978,493)

Change in Net Assets of Governmental Activities \$ 46,614,746

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 115,060	\$ 9,159,466
Accrued Interest	18	2,089
Other Receivables	370,766	6,002
Deferred Expenses	-	438,653
	<u>485,844</u>	<u>9,606,210</u>
Total Current Assets		
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	5,445	61,140
Depreciation on Furniture and Equipment	(5,445)	(39,711)
	<u>-</u>	<u>21,429</u>
Total Noncurrent Assets		
	<u>485,844</u>	<u>9,627,639</u>
TOTAL ASSETS		
	<u>485,844</u>	<u>9,627,639</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	45,539	2,527,268
Accrued Wages Payable	66,204	9,485
Accrued Expenses	-	2,073,949
Deferred Revenues	328,425	-
	<u>440,168</u>	<u>4,610,702</u>
TOTAL LIABILITIES		
	<u>440,168</u>	<u>4,610,702</u>
NET ASSETS		
Investments in Capital Assets	-	21,429
Unrestricted Net Assets	45,676	4,995,508
	<u>45,676</u>	<u>5,016,937</u>
TOTAL NET ASSETS		
	<u>\$ 45,676</u>	<u>\$ 5,016,937</u>

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 8,161,955	\$ 37,816,741
Total Operating Revenues	<u>8,161,955</u>	<u>37,816,741</u>
OPERATING EXPENSES:		
Payroll Costs	4,591,999	1,057,695
Professional and Contracted Services	60,176	1,789,132
Supplies and Materials	221,496	449,193
Other Operating Costs	960,467	34,545,473
Total Operating Expenses	<u>5,834,138</u>	<u>37,841,493</u>
Operating Income (Loss)	2,327,817	(24,752)
NON OPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	3,551	9,934
Insurance Recovery	-	21,064
Total Non Operating Revenue	<u>3,551</u>	<u>30,998</u>
Income Before Transfers	2,331,368	6,246
Transfers In	-	800,000
Transfers Out	(2,297,782)	-
Change in Net Assets	33,586	806,246
TOTAL NET ASSETS - JULY 1 (BEGINNING)	<u>12,090</u>	<u>4,210,691</u>
TOTAL NET ASSETS - JUNE 30 (ENDING)	<u>\$ 45,676</u>	<u>\$ 5,016,937</u>

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from User Charges	\$ 8,154,748	\$ 38,015,345
Cash Payments to Employees for Services	(4,578,281)	(1,055,212)
Cash Payments for Insurance Claims	-	(1,980,667)
Cash Payments for Suppliers	(279,516)	(1,413,758)
Cash Payments for Other Operating Expenses	(960,785)	(34,052,230)
Net Cash Provided by (Used for) Operating Activities	2,336,166	(486,522)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer In	-	800,000
Transfers Out	(2,297,782)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	(2,297,782)	800,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Insurance Proceeds	-	21,064
Net Cash Provided by Non-Capital Financing Activities	-	21,064
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(35,713)	(4,169,198)
Interest and Dividends on Investments	3,541	14,348
Net Cash Used for Investing Activities	(32,172)	(4,154,850)
Net Increase (Decrease) in Cash and Cash Equivalents	6,212	(3,820,308)
Cash and Cash Equivalents at Beginning of Year	70,783	8,282,274
Cash and Cash Equivalents at End of Year	76,995	4,461,966
Temporary Investment Not in Cash Equivalents	38,065	4,697,500
CASH ON BALANCE SHEET	\$ 115,060	\$ 9,159,466
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 2,327,817	\$ (24,752)
Adjustments to Reconcile Operating Income(loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	-	5,153
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(24,930)	198,604
Decrease (increase) in Prepaid Expenses	-	(350,133)
Increase (decrease) in Accounts Payable	2,452	(242,077)
Increase (decrease) in Accrued Wages Payable	13,718	2,483
Increase (decrease) Deferred Revenues	17,723	-
Increase (decrease) in Accrued Expenses	-	(75,800)
Increase (decrease) in Due to Other Funds	(614)	-
Net Cash Provided by (Used for) Operating Activities	\$ 2,336,166	\$ (486,522)

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

**PLANO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2012**

	Agency Fund
<hr/>	
ASSETS	
Investments - Current	\$ 2,708,980
Other Receivables	2,124
	<hr/>
Total Assets	2,711,104
	<hr/> <hr/>
LIABILITIES	
Accounts Payable	12,145
Accrued Wages	4,851
Due to Student Groups	2,694,108
	<hr/>
Total Liabilities	\$ 2,711,104
	<hr/> <hr/>

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Government-Wide and Fund Financial Statements

The Statement of Net Assets 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 Assets 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 Assets. Interfund services provided and used are not eliminated in the consolidation of funds for the Statement of Activities. All interfund transactions that do not represent services provided and used between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from other funds on the government-wide Statement of Net Assets.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements – Continued

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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. For proprietary funds, the District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Funds

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

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

Governmental Funds

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

The following are the District's major governmental funds:

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental Funds – Continued

Other governmental funds include:

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

Proprietary Funds

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

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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 Assets or Equity

Cash and Cash Equivalents

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

Investments

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

Receivables and Payables

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

All trade and property tax receivables are shown net of allowance for uncollectible. The property tax receivable allowance is 36% of outstanding property taxes at June 30, 2012.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Assets or Equity – Continued

Inventories

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

Grant Fund Accounting

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

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

Encumbrances

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

Capital Assets

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Assets or Equity – Continued

Capital Assets – Continued

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

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

Compensated Absences

Employees of the District are granted vacation and sick leave annually. Teachers do not receive paid vacations but are paid only for the number of days they are required to work each year. As of June 30, 2012, the District recorded \$3,430,846 in the government-wide financial statements for accrued vacation liabilities. Full-time employees in positions that require 12 months of service are eligible for two weeks of vacation on July 1 following the first full year of employment. Full-time employees who have not been employed one full year as of July 1 are eligible to take accrued days after July 1 of that year but shall not be eligible for the full two weeks until July 1 of the following year. Full-time employees who have completed five years of service in the District are granted three weeks of vacation per year. Employees in positions that require 12 months of service may extend accrued vacation time to September 30 each year. Vacation days not used by September 30 may be carried over, with a maximum accrual of 40 days.

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets Liabilities, and Net Assets or Equity – Continued

Compensated Absences – Continued

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

Long-term Liabilities

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

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

Fund Balances and Net Assets

Government-Wide Financial Statements

Net assets on the Statement of Net Assets include the following:

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances and Net Assets – Continued

Governmental Fund Financial Statements – Continued

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

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

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

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are 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.

In accordance with GASB 54, the District classifies governmental fund balances as follows:

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances and Net Assets – Continued

Governmental Fund Financial Statement – Continued

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

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

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

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

Minimum Fund Balance Policy

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances and Net Assets – Continued

Management’s Use of Estimates

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is possible that the foundation revenue estimate as of June 30, 2012 will change.

NOTE 2. CASH AND INVESTMENTS

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

As of June 30, 2012, the carrying amount of the District’s cash deposits were \$40,712 and the bank balance was \$404,233. The District’s cash deposits at June 30, 2012 were entirely covered by FDIC insurance or by pledged collateral held by the District’s bank in the District’s name.

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

- a) Name of depository bank: Bank of America, N.A.
- b) Amount of bond or security pledged as of the date of the highest combined balance on deposit was \$0.
- c) Highest cash, savings and time deposits combined account balances amount was \$1,529,477 and occurred on July 7, 2011.
- d) Total amount of Federal Deposit Insurance Corporation (FDIC) coverage at the time of highest combined balance was \$1,529,477.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

As of June 30, 2012, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	\$ 58,012,500	0.645
Commercial Paper	302,129,358	0.220
Demand Deposits	5,000,588	0.000
Public Funds Investment Pools	<u>46,431,224</u>	0.003
Total Fair Value	<u>\$ 411,573,670</u>	
Portfolio weighted average maturity		0.253

The fair value of investments is \$80,066 more than the book value reported by the District. As required by GASB Statement No. 31, the District recognizes the net unrealized gain/loss on investments with a maturity date greater than one year from the acquisition date and investments that are callable.

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

Credit risk. The District's policy relating to the credit risk of investments reflects adherence to the Public Funds Investment Act, which limits investments in commercial paper to not less than A-1 or P-1 or equivalent rating by at least two nationally recognized credit rating agencies. As of June 30, 2012, the District had commercial paper of \$302,129,359 in the portfolio. The District's investments in public funds investment pools and money market mutual funds include those with TexPool, TexStar and Federated Tax-Free Obligation Fund. TexPool and TexStar are public funds investment pools operating in full compliance with the Public Funds Investment Act. TexPool and TexStar are rated as AAA money market funds by Standard & Poor's. Both investment pools use amortized costs, rather than market value, to report net assets to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool. As of June 30, 2012, the District's investment in TexPool and TexStar was \$10,670,592 and \$7,875,849, respectively. The Federated Tax-Free Obligation Fund is rated as AAA money market fund by Fitch and AAA by Moody's. As of June 30, 2012, the District's investment in the Tax-Free Obligation Fund was \$27,884,783 with a fair market value of \$27,884,783.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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>Investment Description</u>	<u>Percentage of Investments</u>	<u>S&P Rating</u>	<u>Moody Rating</u>	<u>Fitch Rating</u>
GE Capital Corp	10.93%	A-1+	P-1	Not rated
Tx Pub Fin Auth	7.29%	A-1+	P-1	F1+
Toyota Mtr Cr	14.08%	A-1+	P-1	Not rated
FCAR Owner Trust	8.74%	A-1+	P-1	Not rated
Vanderbilt Univ	10.01%	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, the FDIC is providing 100% FDIC insurance on all non-interest bearing transaction accounts regardless of the deposit size. This is in addition to the \$250,000 FDIC insurance for interest bearing deposits. The expanded insurance coverage began on December 31, 2010 and will continue through December 31, 2012.

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

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE

Property Taxes

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE

Property Taxes – Continued

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

The District is permitted to levy taxes up to \$1.04 per \$100 of assessed valuation for general governmental maintenance and operations. The tax rate for the payment of principal and interest on general obligation long-term debt is determined by the debt service requirements of the outstanding bonds as approved by the voters prior to issuance. For the current fiscal year, the Board of Trustees set a tax rate of \$1.3734 per \$100 of assessed valuation. The maintenance and debt service portions of such rate are \$1.04 and \$0.3334, respectively. The 2011 assessed valuation was \$33,679,153,618 resulting in a tax levy of \$455,730,380 for the current fiscal year. The 2011 tax levy reflects an adjustment of \$6,819,113 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, 2012 are as follows:

	Delinquent Taxes Receivable, Gross	Allowance for Uncollectible Taxes	Delinquent Taxes Receivable, Net
General fund	\$ 7,469,121	\$ 2,819,897	\$ 4,649,224
Debt service fund	1,938,173	590,235	1,347,938
Total	<u>\$ 9,407,294</u>	<u>\$ 3,410,132</u>	<u>\$ 5,997,162</u>

The District entered into two tax increment reinvestment zone (TIF) agreements during the 1999 fiscal year. TIF zone number 1 provides the District with a training facility.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 3. PROPERTY TAXES AND STATE AID REVENUE – CONTINUED

Property Taxes – Continued

The original TIF #1 agreement called for the District to contribute 100% of the Maintenance and Operation portion of its taxes attributable to the incremental increase in the assessed value of the property within the TIF zone for the fiscal years 2001-2021. It was determined during fiscal year 2012 that TIF #1 was to be liquidated and the District received \$5.5 million representing its share of the remaining balance. TIF zone number 2 provides the District with a facility for administrative and ancillary functions. For fiscal year 2001 through 2015, the District will contribute 100% of the Maintenance and Operations portion of its taxes attributable to the incremental increase in the assessed value of the property within the TIF Zone. Tax Increment Financing due to the TIF Board of \$1,517,366 is reported as due to other governments in the General Fund and is payable January 2013 and relates to Tax Year 2011 TIF #2 taxes.

State Aid Revenue

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

State Program Revenues

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

<u>Revenues</u>	<u>Amounts</u>
Per capita revenues	\$ 13,194,749
Foundation fund revenues	54,377,251
Instructional materials allotment	4,228,824
Other state revenues	9,501,205
TRS on behalf	<u>18,254,518</u>
Total State Program Revenues	<u><u>\$ 99,556,547</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 4. RECEIVABLES

Receivables due from other governments, as of June 30, 2012 for the District's individual major funds and non-major, internal service and fiduciary funds in the aggregate are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major and Other Funds	Total
Due from the State of Texas	\$ 2,762,167	\$ -	\$ -	\$ 4,788,624	\$ 7,550,791
Due from the Federal Government	-	-	-	294,279	294,279
Due from Other Local Governments	299,470	94,290	5,500,000	-	5,893,760
Total receivables	<u>\$ 3,061,637</u>	<u>\$ 94,290</u>	<u>\$ 5,500,000</u>	<u>\$ 5,082,903</u>	<u>\$ 13,738,830</u>

NOTE 5. CAPITAL ASSETS

A summary of capital asset activity during the year ended June 30, 2012 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 69,858,964	\$ 2,332,588	\$ -	\$ 72,191,552
Construction in Progress	78,344,009	43,547,614	80,714,802	41,176,821
Total capital assets not being depreciated	<u>\$ 148,202,973</u>	<u>\$ 45,880,202</u>	<u>\$ 80,714,802</u>	<u>\$ 113,368,373</u>
Capital assets being depreciated:				
Land Improvements	\$ 36,200,405	\$ 3,994,726	\$ -	\$ 40,195,131
Buildings and Improvements	1,074,943,230	74,387,488	6,396,046	1,142,934,672
Furniture/Equipment & Vehicles	96,337,897	3,464,784	2,521,422	97,281,259
Total capital assets being depreciated	<u>\$ 1,207,481,532</u>	<u>\$ 81,846,998</u>	<u>\$ 8,917,468</u>	<u>\$ 1,280,411,062</u>
Total Capital Assets	<u>\$ 1,355,684,505</u>	<u>\$ 127,727,200</u>	<u>\$ 89,632,270</u>	<u>\$ 1,393,779,435</u>
Less accumulated depreciation for:				
Land Improvements	\$ 8,976,746	\$ 1,845,675	\$ -	\$ 10,822,421
Buildings and Improvements	334,704,935	27,456,209	6,045,395	356,115,749
Furniture/Equipment & Vehicles	61,191,692	7,525,791	2,185,447	66,532,036
Total accumulated depreciation	<u>\$ 404,873,373</u>	<u>\$ 36,827,675</u>	<u>\$ 8,230,842</u>	<u>\$ 433,470,206</u>
Governmental funds capital assets, net	<u>\$ 950,811,132</u>	<u>\$ 90,899,525</u>	<u>\$ 81,401,428</u>	<u>\$ 960,309,229</u>
Internal Service Funds:				
Furniture/Equipment & Vehicles	\$ 61,140	\$ -	\$ 9,609	\$ 51,531
Less Accumulated Depreciation	34,558	5,153	9,609	30,102
Internal service funds capital assets, net	<u>\$ 26,582</u>	<u>\$ 5,153</u>	<u>\$ -</u>	<u>\$ 21,429</u>
Governmental activities capital assets, net	<u>\$ 950,837,714</u>	<u>\$ 90,894,372</u>	<u>\$ 81,401,428</u>	<u>\$ 960,330,658</u>
Business Activities:				
Furniture/Equipment & Vehicles	\$ 5,445	\$ -	\$ -	\$ 5,445
Less Accumulated Depreciation	5,445	-	-	5,445
Business activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Capital Assets, net	<u>\$ 950,837,714</u>	<u>\$ 90,894,372</u>	<u>\$ 81,401,428</u>	<u>\$ 960,330,658</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 5. CAPITAL ASSETS – CONTINUED

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

Governmental activities:	
Instruction	\$ 24,468,100
Instructional resources and media services	1,309,476
Curriculum development and instructional staff development	223,706
Instructional leadership	32,914
School leadership	910,930
Guidance, counseling, and evaluation services	235,664
Health services	94,889
Student transportation	1,404,260
Food services	1,989,899
Co-curricular/extracurricular activities	2,049,582
General administration	307,883
Plant maintenance and operations	2,047,762
Security and monitoring services	318,443
Data processing services	1,315,900
Community services	100,689
Facilities acquisition and construction	<u>17,578</u>
Total depreciation expense, governmental activities	<u><u>\$ 36,827,675</u></u>

Construction Commitments

The District had several active construction projects as of June 30, 2012. Projects included new school construction, additions to buildings and renovation of existing facilities. Fiscal year 2012 expenses and estimated future expenditures for capital projects are funded from unexpended bond proceeds and additional general obligation bonds. The following summarizes the various types of projects:

New Construction -- Construction continued for Memorial Elementary replacement building and the Mendenhall Employee Childcare Center.

Building Renovation/Additions -- Construction contracts were awarded during the year for Clark HS Addition, the Mitchell Elementary and Rasor Elementary renovations, Jasper Collaboration upgrades, Saigling minor renovation, Hughston flooring and Clark Stadium Press Box upgrades. Construction continued for Williams Collaboration, the Academy, Haggard Fine Arts addition and the Weatherford Renovation. Preliminary expenses were incurred for the PWSH Addition.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 5. CAPITAL ASSETS – CONTINUED

Construction Commitments – Continued

Completed Projects -- During fiscal year 2012, the District completed the new McMillen HS, the Mendenhall replacement building, the PSHS Fine Arts addition and Stinson Elementary addition. Also, renovations at Jackson Elementary and the Gulledge and Beverly roofs were completed.

Current projects include the following:

Project	Estimated Total Cost	Expenditures Incurred to 06/30/12	Estimated Future Expenditures
Building Projects			
Williams Collaboration	\$ 1,585,330	\$ 1,025,436	\$ 559,894
Clark HS Phase II Addition	3,715,000	2,868,587	846,413
Academy	1,603,475	15,971	1,587,504
Jasper Flooring/Collaboration Upgrades	573,275	280,469	292,806
PWSH Addition & Lockers	24,590,800	338,667	24,252,133
Haggard Fine Arts Addition	4,756,300	4,458,738	297,562
Memorial Renovation	13,915,426	12,897,761	1,017,665
Weatherford Renovation	10,623,523	9,009,746	1,613,777
Hughston Carpet/Tile	211,077	93,556	117,521
Saigling Mini Renovation	540,000	306,526	233,474
Mitchell Renovation	15,905,184	4,815,204	11,089,980
Rasor Renovation	12,118,975	2,759,878	9,359,097
Stinson Addition/Carpet	227,619	146,580	81,039
Clark Stadium Press Box Upgrades	79,881	7,189	72,692
Employee Childcare East	1,847,000	1,612,652	234,348
Land improvement Projects			
Plano West Senior High	353,175	6,586	346,589
McMillen HS	353,175	305,197	47,978
Memorial	104,763	11,884	92,879
Weatherford	13,814	12,064	1,750
Mitchell	150,000	8,987	141,013
Rasor	150,000	12,590	137,410
Mapleshade Property	3,198,100	14,062	3,184,038
Ag Barn Parking	122,546	23,094	99,452
Employee Child Care East	192,220	145,397	46,823
Total Ongoing Construction	\$ 96,930,658	\$ 41,176,821	\$ 55,753,837

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances in the fund financial statements as of June 30, 2012, is as follows:

	Receivable	Payable
General Fund	\$ 1,547,510	\$ -
Other Governmental Funds	-	1,547,510
Totals	\$ 1,547,510	\$ 1,547,510

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, state or local sources.

The following is a summary of the District's transfers for the year ended June 30, 2012:

Transfers Out	Transfers In				Total
	General Fund	Debt Service Fund	Other Gov. Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 517,805	\$ 800,000	\$ 1,317,805
Capital Projects Fund	-	1,271,054	-	-	1,271,054
Enterprise Funds	2,297,782	-	-	-	2,297,782
	\$ 2,297,782	\$ 1,271,054	\$ 517,805	\$ 800,000	\$ 4,886,641

The transfers made during the period consisted of the following:

From	To	Amount	Description
General Fund	Other Governmental Funds	\$ 517,805	To finance costs in excess of federal allotments for Headstart, the State Fiscal Stabilization Fund; to finance costs in excess of donations, grants and user charges in the Special Events Fund.
General Fund	Internal Service Fund	800,000	To finance the overhead of the health insurance fund administration.
Capital Projects Fund	Debt Service Fund	1,271,054	Transfer interest earned to finance debt service costs associated with construction projects; transfer excess bond premium related to bond Series 2012.
Enterprise Fund	General Fund	2,297,782	Transfer revenue in excess of cost from the After School Care Program and the Employee Child Care Program.
Total Transfers		\$ 4,886,641	

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 7. LONG-TERM DEBT

The following is a summary of the District's long-term debt for the year ended June 30, 2012

	Obligations Outstanding 7/1/2011	New Obligations Incurred	Obligations Retired or Refunded and Accretion	Obligations Outstanding 6/30/2012	Obligations Due Within One Year
General Obligation Bonds Payable	\$ 979,789,339	\$ 138,955,000	\$ (116,955,530)	\$ 1,001,788,809	\$ 72,465,613
Accreted Interest	627,543	147,311	(79,469)	695,385	83,735
Loss on Advanced Refunding	(20,327,583)	(3,287,876)	1,849,679	(21,765,780)	-
Premium on Bond Issuance	30,689,723	14,023,493	(7,969,271)	36,743,945	-
Compensated Absences	3,641,922	200,173	(411,249)	3,430,846	387,414
Arbitrage Liability	48,643	-	(5,678)	42,965	-
Totals	<u>\$ 994,469,587</u>	<u>\$ 150,038,101</u>	<u>\$ (123,571,518)</u>	<u>\$ 1,020,936,170</u>	<u>\$ 72,936,762</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 7. LONG-TERM DEBT

Debt Payable-Governmental Activities

Bonds payable at June 30, 2012, are composed of the following individual issues:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Bonds Outstanding at July 1, 2011</u>	<u>Issued (Retired)</u>	<u>Bonds Outstanding at June 30, 2012</u>	<u>Capital Appreciation Accretion</u>
School Building Unlimited Tax Bonds, Series 2002	4.10% to 5.10%	\$ 128,900,000	\$ 7,935,000	\$ (7,935,000)	\$ -	\$ -
Unlimited Tax Refunding & Improvement Bonds Series 2003	2.00% to 5.25%	119,310,000	44,370,000	(8,515,000)	35,855,000	-
Unlimited Tax Refunding Bonds Series 2004	2.00% to 5.00%	112,080,000	65,020,000	(12,620,000)	52,400,000	-
School Building Unlimited Tax Bonds Series 2004	3.25% to 5.00%	71,420,000	56,610,000	(51,995,000)	4,615,000	-
Unlimited Tax Refunding Bonds Series 2005	5.00%	56,805,000	56,805,000	-	56,805,000	-
School Building Unlimited Tax Bonds Series 2006	4.50% to 5.75%	70,535,000	57,970,000	(1,855,000)	56,115,000	-
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	3,194,339	(370,530)	2,823,809	695,385
School Building Unlimited Tax Bonds Series 2007	4.50% to 5.00%	76,670,000	65,775,000	(3,090,000)	62,685,000	-
School Building Unlimited Tax Bonds Series 2008	3.00% to 5.00%	58,280,000	50,665,000	(2,810,000)	47,855,000	-
Unlimited Tax Refunding Bonds Series 2008	3.25% to 4.60%	33,305,000	33,305,000	(2,335,000)	30,970,000	-
School Building Current Interest Bonds Series 2008A	5.00% to 5.25%	177,465,000	173,555,000	(4,110,000)	169,445,000	-
School Building Unlimited Tax Bonds Series 2009A	4.00%	17,685,000	14,675,000	(3,130,000)	11,545,000	-
School Building Unlimited Tax Bonds Series 2009B	4.04% to 6.27%	87,390,000	87,390,000	-	87,390,000	-
School Building Unlimited Tax Bonds Series 2009C	1.00%	31,900,000	31,900,000	(1,330,000)	30,570,000	-
Unlimited Tax Refunding Bonds Series 2010	3.00% to 5.00%	108,815,000	108,815,000	(16,860,000)	91,955,000	-
School Building Unlimited Tax Bonds Series 2012	2.50% to 5.00%	92,840,000	-	92,840,000	92,840,000	-
Unlimited Tax Refunding Bonds Series 2012	4.00% to 5.00%	46,115,000	-	46,115,000	46,115,000	-
Totals			<u>\$ 979,789,339</u>	<u>\$ 21,999,470</u>	<u>\$ 1,001,788,809</u>	<u>\$ 695,385</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012, to maturity:

	Bond Principal	Bond Interest	Totals
2013	\$ 72,465,613	\$ 46,627,953	\$ 119,093,566
2014	75,220,416	43,453,814	118,674,230
2015	74,455,615	39,903,223	114,358,838
2016	62,817,165	36,688,872	99,506,037
2017	53,480,000	33,602,482	87,082,482
2018-2022	268,740,000	129,924,122	398,664,122
2023-2027	151,515,000	81,239,422	232,754,422
2028-2032	167,250,000	43,457,594	210,707,594
2033-2037	75,845,000	8,028,913	83,873,913
	<u>\$ 1,001,788,809</u>	<u>\$ 462,926,395</u>	<u>\$ 1,464,715,204</u>

During the year, the District issued \$46,115,000 Series 2012 Refunding Bonds used to refund \$49,855,000 of outstanding Series 2004 bonds. An amount of \$54,638,457 was placed in an irrevocable trust to provide for future debt service payments relating to the defeased bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the District's financial statements. The net present value of the economic gain on the refunding was \$7.2 million. The reacquisition price exceeded the net carrying amount of the old debt by \$3,287,876.

As of June 30, 2012, the principal balance of all defeased bonds outstanding was \$63,300,000. Original losses on refunding were \$32 million of which \$21.8 million is unamortized and reported in the Statement of Net Assets as a reduction in the long-term debt. Unamortized bond premiums of \$36.7 million are reported in the Statement of Net Assets as an increase in the long-term debt.

During the year, the District issued \$92,840,000 of unlimited tax bonds for new construction, renovations, and capital acquisitions.

As of June 30, 2012, \$79,630,000 of bonds were authorized by bond election and not issued.

Other Long-Term Debt

Arbitrage - The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. Arbitrage liability for tax-exempt debt subject to the Tax Reform Act issued through June 30, 2012, amounted to \$42,965.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 7. LONG-TERM DEBT – CONTINUED

Other Long-Term Debt

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

Compensated Absences - Certain employees are entitled to receive accrued vacation pay in a lump-sum cash payment upon termination of employment with the District. The net decrease of \$211,076 over the prior fiscal year represents the recorded decrease in the liability due to employees using more accumulated vacation pay. The general fund and special revenue funds are used to liquidate compensated absences.

NOTE 8. ENCUMBRANCES

At June 30, 2012, 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	\$ 434,095	\$ -	\$ -	\$ 55,392	\$ 179,482	\$ -	\$ 668,969
Instructional resources	60,823	-	-	-	-	-	60,823
Curriculum & instructional staff development	43,048	-	-	109	-	4,188	47,345
Instructional leadership	6,326	-	-	-	-	-	6,326
School leadership	5,009	-	-	-	-	-	5,009
Guidance, counseling & evaluation services	87,239	-	-	109	-	-	87,348
Health services	1,718	-	-	-	-	-	1,718
Student transportation	50,179	-	-	-	-	-	50,179
Food services	-	-	104,428	5,436	-	-	109,864
Co-curricular/extracurricular activities	218,458	-	-	-	-	1,950	220,408
General administration	92,462	-	-	-	-	-	92,462
Plan maintenance and operations	907,266	-	-	-	-	-	907,266
Data processing services	17,603	-	-	-	-	-	17,603
Community services	11,322	-	-	27,648	-	-	38,970
Facilities acquisition and construction	-	35,058,830	-	-	-	-	35,058,830
Total encumbrances by fund type	<u>\$ 1,935,548</u>	<u>\$ 35,058,830</u>	<u>\$ 104,428</u>	<u>\$ 88,694</u>	<u>\$ 179,482</u>	<u>\$ 6,138</u>	<u>\$ 37,373,120</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 9. RISK MANAGEMENT

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

Workers' Compensation

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

An accrual for incurred but not reported claims in the amount of \$1,655,000 has been recorded in the fund as of June 30, 2012. 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, 2012 and June 30, 2011:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Claims payable, beginning of fiscal year	\$ 1,722,000	\$ 1,681,000
Incurred claims and claim adjustment expenses	945,499	1,458,325
Claim payments during the year	<u>(1,012,499)</u>	<u>(1,417,325)</u>
Claims payable, end of fiscal year	<u>\$ 1,655,000</u>	<u>\$ 1,722,000</u>

Health Benefits

As of January 1, 2010, the District discontinued all of the self-funded medical plans with the exception of the alternate plan. 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. The alternate plan is administered by the District and pays benefits to hospitalized employees. This plan was discontinued August 31, 2011.

During the year ended June 30, 2012, the District funded benefit credits of \$259 per month per participating employee to the health insurance internal service fund.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 9. RISK MANAGEMENT – CONTINUED

Health Benefits – Continued

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

The self-funded health and dental plans paid out all final claims incurred prior to the end of the plan, December 31, 2009. Claims payments on these plans ended and all funds held by CIGNA, the third party administrator, were returned to the District.

Health Benefits Fund claims payable for the years ended June 30, 2012 and June 30, 2011 were \$0.

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 \$53,373 has been recorded as of June 30, 2012. Property and Liability changes in claims payable for the years ended June 30, 2012 and June 30, 2011:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Claims payable, beginning of fiscal year	\$ 52,020	\$ 304,322
Incurred claims and claim adjustment expenses	22,088	499,026
Claim payments during the year	<u>(20,735)</u>	<u>(751,328)</u>
Claims payable, end of fiscal year	<u>\$ 53,373</u>	<u>\$ 52,020</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 9. RISK MANAGEMENT – CONTINUED

Unemployment

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

The District maintains the self-insurance program for unemployment benefits which is funded by premiums charged to the general and special revenue funds. An accrual for incurred but not reported claims in the amount of \$288,834 has been recorded as of June 30, 2012. Changes in unemployment claims payable for the years ended June 30, 2012 and June 30, 2011:

	June 30, 2012	June 30, 2011
Claims payable, beginning of fiscal year	\$ 234,554	\$ 187,670
Incurred claims and claim adjustment expenses	816,898	77,896
Claim payments during the year	(762,618)	(31,012)
Claims payable, end of fiscal year	\$ 288,834	\$ 234,554

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

NOTE 10. EMPLOYEES' RETIREMENT PLAN AND RETIREE HEALTH PLAN

Retirement Plan Description

The District's employees are covered by the Teacher Retirement System of Texas (TRS). TRS, a public employee retirement system (PERS), is a multiple-employer defined benefit pension plan. It is a cost sharing PERS with one exception: all risks and costs are not shared by the District but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate multiplied by the aggregate annual compensation of all members of the retirement system during that fiscal year. The District's covered payroll for the year ended June 30, 2012, was \$313,578,721. For members of the retirement system entitled to the State's statutory minimum salary certain school personnel, the District pays the State's contribution on the part of the member's salary that exceeds the statutory minimum.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Types of Employees Covered

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

Benefit Provisions and Service Requirements

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

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

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

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

Funding Policy

State law provides for a state contribution rate of 6.0% beginning September 1, 2011 and a member contribution rate of 6.4%. The State of Texas' contribution is a percentage of members' eligible gross earnings, except for those District employees subject to the statutory minimum rules and those employees being paid from and participating in federally funded programs. The statutory minimum requirements are based on the State of Texas minimum teacher schedule and then adjusted based on local tax rates. For employees paid by federal programs, the federal programs are required to contribute the state's portion.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Funding Policy – Continued

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

Retiree Health Plan

Plan Description

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

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

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% 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 \$747,517 in 2012 for on-behalf payments for Medicare Part D.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Contributions Made

Contributions made by the State, the District and its employees; and the District's covered payroll for the fiscal years 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Covered Payroll	\$313,578,721	\$ 328,010,077	\$ 320,851,289
Contributions made by the State	18,254,518	19,927,240	19,611,938
Retirement plan rate *	6.00%	6.64%	6.58-6.644%
Retiree health care rate	1.00%	1.00%	1.00%
Medicare Part D	747,517	849,739	784,036
District Required and Actual contributions to TRS & TRS - Care	4,923,152	5,995,589	5,593,165
Employee contributions to TRS & TRS - Care	18,268,172	20,992,573	20,534,144

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 \$39,583,643 representing recapture payments made in accordance with the state school finance law. The state school finance law has capped the amount of property value per student that can be retained by local districts at \$476,500 per student. The District's property value of \$545,822 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 2011-2012 of \$40,031,718 increased \$11.4 million due to the change in state funding passed by the 2011 Legislative session which resulted in a statewide reduction in education funding of \$4 billion. Due to prior year adjustments and final settle ups, the District received refunds of \$1,989,963 and paid out \$1,541,888.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012.

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 2015. Payments under the leases for the year ended June 30, 2012 totaled \$1,338,119. Future obligations under the leases are as follows:

2013	\$	1,262,105
2014		879,366
2015		113,887

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, Lovejoy ISD, McKinney ISD, Melissa ISD, Princeton ISD, Prosper ISD, Richardson ISD and Wylie ISD.

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 13. SHARED SERVICE ARRANGEMENTS – CONTINUED

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

Expenditures billed to the SSA members as of June 30, 2012 are summarized below:

Allen ISD	\$ 60,287
Anna ISD	7,086
Blue Ridge ISD	9,454
Celina ISD	9,839
Community ISD	3,802
Coppell ISD	14,294
Farmersville ISD	917
Frisco ISD	152,573
Lovejoy ISD	18,151
McKinney ISD	151,853
Melissa ISD	10,564
Plano ISD	380,425
Princeton ISD	19,254
Prosper ISD	12,138
Richardson ISD	131,520
Wylie ISD	<u>54,224</u>
Total	<u><u>\$ 1,036,381</u></u>

NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS

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

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

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

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

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

NOTE 15. INSTRUCTIONAL MATERIALS ALLOTMENT

In May 2011 Senate Rule 6 repealed the technology allotment used by Texas schools and created an Instructional Materials Allotment (IMA) for the purchase of instructional materials technology equipment and technology related services. Under the IMA instructional materials purchases must be made through TEA's online requisition system.

Ownership of textbooks previously purchased by the state and utilized by the District has been transferred to the District. The value of these textbooks transferred to the District is not reflected in these statements.

Residual balances of \$123,671 under previous funding methodologies have been adjusted to fund balance in the Instructional Materials Allotment Fund from fund balances previously reported in Other State Special Revenue Funds resulting in an adjustment to beginning fund balance.

**REQUIRED SUPPLEMENTARY
INFORMATION**

EXHIBIT G-1

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 353,143,710	\$ 359,040,182	\$ 359,088,917	\$ 48,735
5800	State Program Revenues	92,940,197	87,511,963	87,367,402	(144,561)
5900	Federal Program Revenues	2,317,673	2,260,923	2,258,286	(2,637)
5020	Total Revenues	<u>448,401,580</u>	<u>448,813,068</u>	<u>448,714,605</u>	<u>(98,463)</u>
EXPENDITURES:					
Current:					
0011	Instruction	263,745,202	260,950,254	258,262,363	2,687,891
0012	Instructional Resources and Media Services	7,474,331	7,454,356	7,575,001	(120,645)
0013	Curriculum and Instructional Staff Development	5,598,718	5,207,279	5,174,327	32,952
0021	Instructional Leadership	2,976,921	3,049,010	2,986,008	63,002
0023	School Leadership	21,869,479	21,911,560	21,799,863	111,697
0031	Guidance, Counseling and Evaluation Services	15,160,862	15,709,081	15,824,740	(115,659)
0032	Social Work Services	804,780	868,153	821,621	46,532
0033	Health Services	4,510,117	4,801,450	4,716,124	85,326
0034	Student (Pupil) Transportation	10,308,402	10,423,013	10,540,079	(117,066)
0036	Extracurricular Activities	7,061,127	6,845,048	6,346,762	498,286
0041	General Administration	8,156,728	8,438,101	8,349,266	88,835
0051	Facilities Maintenance and Operations	41,724,841	42,649,261	39,814,282	2,834,979
0052	Security and Monitoring Services	2,839,248	3,001,647	3,009,989	(8,342)
0053	Data Processing Services	5,125,691	4,859,550	4,942,370	(82,820)
0061	Community Services	669,365	756,266	792,108	(35,842)
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	19,855,722	37,926,188	39,583,643	(1,657,455)
0092	Incremental Costs Associated with Chapter 41	600,000	600,000	600,000	-
0093	Payments to Fiscal Agent/Member District of SSA	253,000	253,550	253,550	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	195,500	190,000	89,502	100,498
0097	Payments to Tax Increment Fund	4,900,000	2,594,485	2,594,485	-
0099	Other Intergovernmental charges	2,450,000	2,247,504	2,247,496	8
6030	Total Expenditures	<u>426,280,034</u>	<u>440,735,756</u>	<u>436,323,579</u>	<u>4,412,177</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>22,121,546</u>	<u>8,077,312</u>	<u>12,391,026</u>	<u>4,313,714</u>
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	9,029,615	2,284,983	2,297,782	12,799
8911	Transfers Out (Use)	(8,019,414)	(1,324,383)	(1,317,805)	6,578
7080	Total Other Financing Sources (Uses)	<u>1,010,201</u>	<u>960,600</u>	<u>979,977</u>	<u>19,377</u>
1200	Net Change in Fund Balances	23,131,747	9,037,912	13,371,003	4,333,091
0100	Fund Balance - July 1 (Beginning)	152,186,098	152,186,098	152,186,098	-
3000	Fund Balance - June 30 (Ending)	<u>\$ 175,317,845</u>	<u>\$ 161,224,010</u>	<u>\$ 165,557,101</u>	<u>\$ 4,333,091</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

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.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 2. SIGNIFICANT ITEMS

Budget Amendments

During the year, numerous budget amendments are approved by the Board in order to redistribute the budget to align specific amounts to meet projected actual expenditures. The Board also approves appropriations of fund balance to meet budgetary needs that may arise after the original budget is approved.

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>
Local Revenue	\$ 353,143,710	\$ 359,040,182	\$ 5,896,472
State Revenues	92,940,197	87,511,963	(5,428,234)
Instruction	263,745,202	260,950,254	(2,794,948)
Contracted Instructional Services			
Between Schools	19,855,722	37,926,188	18,070,466
Payments to Tax Increment Fund	4,900,000	2,594,485	(2,305,515)

The original budget projection for Local Revenue was increased due to an increase in tax collections of \$4.8M, a decrease in interest revenue of \$0.5M, a decrease in TIF revenue of \$3.4M, a decrease in tuition revenue of \$0.6M and a net increase to other miscellaneous local revenue of \$5.6M which includes a one-time disbursement from the Tax Increment Financing fund of \$5M. The tax collection increase was a result of an increase in the final assessed property values, which were received after the original budget was adopted.

The adopted budget for State Revenue was decreased to account for the change in funding from the state which resulted in a state-wide decrease in education funding of \$4 billion. Also, included is an increase of \$1.4M in TRS on Behalf revenue.

The Instruction expenditure budget was decreased \$2.8M due to a reduction in the TRS on Behalf budget and instructional supplies.

The Contracted Instructional Services Between Schools budget increased \$18M. This expenditure is part of the state funding formula, and as a property wealthy District, the amount required to pay back to the state was increased to result in a reduction of state funding for the District.

Payment to Tax Increment Fund was reduced due to the liquidation of TIF #1 and, therefore, further contributions to that TIF are not required.

**PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 2. SIGNIFICANT ITEMS – CONTINUED

Excess Expenditures

The Budgetary Comparison Schedule for the General Fund indicates an excess of expenditures over appropriations for the year ended June 30, 2012, in seven areas. Funds sufficient to provide for the excess expenditures were made available from current year revenues, and the excess had no impact on the financial results of the District. The following is a summary of the items:

Type of Expenditure	Final Budget	Actual	Actual Over Budget
Instructional Resources and Media Services	\$ 7,454,356	\$ 7,575,001	\$ (120,645)
Guidance, Counseling and Evaluation Services	15,709,081	15,824,740	(115,659)
Student Pupil Transportation	10,423,013	10,540,079	(117,066)
Security and Monitoring Services	3,001,647	3,009,989	(8,342)
Data Processing Services	4,859,550	4,942,370	(82,820)
Community Services	756,266	792,108	(35,842)
Contracted Instructional Services Between Schools	37,926,188	39,583,643	(1,657,455)

The percent variance for five of the expenditure types is less than 2% of the actual expenditure. Community Services had a 5% variance over final budget due to the final calculation of TRS on Behalf in this expenditure category. The amount owed by the District in Contracted Instructional Services Between Schools was above budget based on the recalculation of the amount owed after year end and final adjustment of enrollment and attendance. Total expenditures did not exceed the total budget.

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, 2012**

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		\$ 112,763,530	\$ 193,530
5020	Total Revenues		112,763,530	193,530
EXPENDITURES:				
Debt Service:				
0071	Debt Service - Principal on Long Term Debt		67,180,000	-
0072	Debt Service - Interest on Long Term Debt		47,691,892	270,000
0073	Debt Service - Bond Issuance Cost and Fees		413,138	27,634
6030	Total Expenditures		115,285,030	297,634
1100	Deficiency of Revenues Under Expenditures		(2,521,500)	491,164
OTHER FINANCING SOURCES (USES):				
7911	Refunding Bonds Issued		46,115,000	-
7915	Transfers In		1,271,054	(940,396)
7916	Premium or Discount on Issuance of Bonds		8,337,043	-
8949	Payment to Bond Escrow Agent		(54,638,457)	-
7080	Total Other Financing Sources (Uses)		1,084,640	(940,396)
1200	Net Change in Fund Balances		(1,436,860)	(449,232)
0100	Fund Balance - July 1 (Beginning)		37,435,527	-
3000	Fund Balance - June 30 (Ending)		\$ 35,998,667	\$ (449,232)

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

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	\$ 7,792,925	\$ 4,813	\$ -
1240	Due from Other Governments	70,972	3,367,758	31,017
1250	Accrued Interest	1,771	-	-
1290	Other Receivables	199,298	-	-
1300	Inventories	290,304	-	-
1000	Total Assets	<u>\$ 8,355,270</u>	<u>\$ 3,372,571</u>	<u>\$ 31,017</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	Accounts Payable	\$ 2,856	\$ 5,061	\$ 84
2160	Accrued Wages Payable	187,623	1,840,915	16,605
2170	Due to Other Funds	-	1,526,595	14,328
2180	Due to Other Governments	-	-	-
2300	Deferred Revenues	689,227	-	-
2000	Total Liabilities	<u>879,706</u>	<u>3,372,571</u>	<u>31,017</u>
Fund Balances:				
Non Spendable				
3410	Investments in Inventory	290,304	-	-
Restricted				
3450	Food Services	7,185,260	-	-
3450	State Special Revenue	-	-	-
Committed				
3545	Local Special Revenue	-	-	-
3000	Total Fund Balances	<u>7,475,564</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 8,355,270</u>	<u>\$ 3,372,571</u>	<u>\$ 31,017</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
\$ 612,087	\$ 243,057	\$ 1,193,032	\$ 6,775,951	\$ 16,621,865
1,611,421	1,735	-	-	5,082,903
-	-	-	712	2,483
-	-	-	71,375	270,673
-	-	-	-	290,304
<u>\$ 2,223,508</u>	<u>\$ 244,792</u>	<u>\$ 1,193,032</u>	<u>\$ 6,848,038</u>	<u>\$ 22,268,228</u>
\$ 36,811	\$ -	\$ 1,023	\$ 68,449	\$ 114,284
-	-	509,538	3,043	2,557,724
-	1,735	-	4,852	1,547,510
-	-	-	235	235
1,611,421	-	682,471	-	2,983,119
<u>1,648,232</u>	<u>1,735</u>	<u>1,193,032</u>	<u>76,579</u>	<u>7,202,872</u>
-	-	-	-	290,304
-	-	-	-	7,185,260
575,276	243,057	-	-	818,333
-	-	-	6,771,459	6,771,459
<u>575,276</u>	<u>243,057</u>	<u>-</u>	<u>6,771,459</u>	<u>15,065,356</u>
<u>\$ 2,223,508</u>	<u>\$ 244,792</u>	<u>\$ 1,193,032</u>	<u>\$ 6,848,038</u>	<u>\$ 22,268,228</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

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	\$ 12,944,223	\$ 40,850	\$ -
5800 State Program Revenues	501,872	-	-
5900 Federal Program Revenues	<u>8,355,436</u>	<u>18,011,292</u>	<u>300,916</u>
5020 Total Revenues	<u>21,801,531</u>	<u>18,052,142</u>	<u>300,916</u>
EXPENDITURES:			
Current:			
0011 Instruction	-	13,004,491	209,738
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	2,093,565	8,163
0021 Instructional Leadership	-	507,936	6,242
0023 School Leadership	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	885,119	44,741
0032 Social Work Services	-	-	-
0033 Health Services	-	212,487	-
0034 Student (Pupil) Transportation	-	129,987	-
0035 Food Services	21,728,729	30,168	-
0036 Extracurricular Activities	-	80,980	27,050
0041 General Administration	113,462	5,361	-
0051 Facilities Maintenance and Operations	1,022,061	31,460	489
0052 Security and Monitoring Services	-	4,278	-
0053 Data Processing Services	-	-	-
0061 Community Services	-	1,150,672	4,493
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	380,425	-
6030 Total Expenditures	<u>22,864,252</u>	<u>18,516,929</u>	<u>300,916</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,062,721)</u>	<u>(464,787)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	<u>37,000</u>	<u>457,847</u>	<u>-</u>
7080 Total Other Financing Sources	<u>37,000</u>	<u>457,847</u>	<u>-</u>
1200 Net Change in Fund Balance	(1,025,721)	(6,940)	-
0100 Fund Balance - July 1 (Beginning)	<u>8,501,285</u>	<u>6,940</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 7,475,564</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-3

410 Instructional Materials Allotment	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 279,587	\$ 3,000	\$ 253,550	\$ 3,970,815	\$ 17,492,025
4,228,824	3,970,848	3,487,601	-	12,189,145
-	-	-	-	26,667,644
<u>4,508,411</u>	<u>3,973,848</u>	<u>3,741,151</u>	<u>3,970,815</u>	<u>56,348,814</u>
4,056,806	3,389,256	3,339,727	1,183,107	25,183,125
-	21,488	-	10,577	32,065
-	438,497	904	240,817	2,781,946
-	1,152	136,930	1,412	653,672
-	47,327	-	314,796	362,123
-	41,683	46,821	11,713	1,030,077
-	-	-	582	582
-	-	-	4,405	216,892
-	-	-	105	130,092
-	-	-	10,890	21,769,787
-	392	-	295,407	403,829
-	-	-	156,811	275,634
-	-	-	284,706	1,338,716
-	-	-	149,140	153,418
-	-	-	367,310	367,310
-	32,507	216,769	30,106	1,434,547
-	-	-	-	380,425
<u>4,056,806</u>	<u>3,972,302</u>	<u>3,741,151</u>	<u>3,061,884</u>	<u>56,514,240</u>
<u>451,605</u>	<u>1,546</u>	<u>-</u>	<u>908,931</u>	<u>(165,426)</u>
lol	-	-	22,958	517,805
-	-	-	22,958	517,805
451,605	1,546	-	931,889	352,379
<u>123,671</u>	<u>241,511</u>	<u>-</u>	<u>5,839,570</u>	<u>14,712,977</u>
<u>\$ 575,276</u>	<u>\$ 243,057</u>	<u>\$ -</u>	<u>\$ 6,771,459</u>	<u>\$ 15,065,356</u>

EXHIBIT H-4

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NATIONAL BREAKFAST AND LUNCH PROGRAM
FOR THE YEAR ENDED JUNE 30, 2012**

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 13,524,822	\$ 13,689,822	\$ 12,944,223	\$ (745,599)
5800	State Program Revenues	506,889	506,889	501,872	(5,017)
5900	Federal Program Revenues	8,352,791	8,409,791	8,355,436	(54,355)
5020	Total Revenues	<u>22,384,502</u>	<u>22,606,502</u>	<u>21,801,531</u>	<u>(804,971)</u>
EXPENDITURES:					
0035	Food Services	21,640,867	22,383,982	21,728,729	655,253
0041	General Administration	106,531	106,531	113,462	(6,931)
0051	Facilities Maintenance and Operations	1,047,688	1,047,688	1,022,061	25,627
6030	Total Expenditures	<u>22,795,086</u>	<u>23,538,201</u>	<u>22,864,252</u>	<u>673,949</u>
1100	Deficiency of Revenues Under Expenditures	<u>(410,584)</u>	<u>(931,699)</u>	<u>(1,062,721)</u>	<u>(131,022)</u>
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	<u>-</u>	<u>28,110</u>	<u>37,000</u>	<u>8,890</u>
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>28,110</u>	<u>37,000</u>	<u>8,890</u>
1200	Net Change in Fund Balances	(410,584)	(903,589)	(1,025,721)	(122,132)
0100	Fund Balance - July 1 (Beginning)	<u>8,501,285</u>	<u>8,501,285</u>	<u>8,501,285</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 8,090,701</u>	<u>\$ 7,597,696</u>	<u>\$ 7,475,564</u>	<u>\$ (122,132)</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2012**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 40,712	\$ 31,604	\$ 39,370	\$ 3,374	\$ 115,060
Accrued Interest	-	9	9	-	18
Other Receivables	-	367,191	-	3,575	370,766
Total Current Assets	<u>40,712</u>	<u>398,804</u>	<u>39,379</u>	<u>6,949</u>	<u>485,844</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>40,712</u>	<u>398,804</u>	<u>39,379</u>	<u>6,949</u>	<u>485,844</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	2,474	43,045	20	-	45,539
Accrued Wages Payable	38,238	27,334	-	632	66,204
Deferred Revenues	-	328,425	-	-	328,425
Total Liabilities	<u>40,712</u>	<u>398,804</u>	<u>20</u>	<u>632</u>	<u>440,168</u>
NET ASSETS					
Unrestricted Net Assets	<u>-</u>	<u>-</u>	<u>39,359</u>	<u>6,317</u>	<u>45,676</u>
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,359</u>	<u>\$ 6,317</u>	<u>\$ 45,676</u>

EXHIBIT H-6

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Local and Intermediate Sources	\$ 775,817	\$ 7,074,462	\$ 252,171	\$ 59,505	\$ 8,161,955
Total Operating Revenues	<u>775,817</u>	<u>7,074,462</u>	<u>252,171</u>	<u>59,505</u>	<u>8,161,955</u>
OPERATING EXPENSES:					
Payroll Costs	634,771	3,807,598	95,393	54,237	4,591,999
Professional and Contracted Services	36,935	21,462	1,779	-	60,176
Supplies and Materials	26,445	106,556	87,358	1,137	221,496
Other Operating Costs	54,174	868,104	38,189	-	960,467
Total Operating Expenses	<u>752,325</u>	<u>4,803,720</u>	<u>222,719</u>	<u>55,374</u>	<u>5,834,138</u>
Operating Income	<u>23,492</u>	<u>2,270,742</u>	<u>29,452</u>	<u>4,131</u>	<u>2,327,817</u>
NON OPERATING REVENUES (EXPENSES):					
Earnings from Temporary Deposits & Investments	-	3,548	-	3	3,551
Total Non Operating Revenues (Expenses)	<u>-</u>	<u>3,548</u>	<u>-</u>	<u>3</u>	<u>3,551</u>
Income Before Transfers	23,492	2,274,290	29,452	4,134	2,331,368
Transfers Out	<u>(23,492)</u>	<u>(2,274,290)</u>	<u>-</u>	<u>-</u>	<u>(2,297,782)</u>
Change in Net Assets	-	-	29,452	4,134	33,586
Total Net Assets - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>9,907</u>	<u>2,183</u>	<u>12,090</u>
Total Net Assets - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,359</u>	<u>\$ 6,317</u>	<u>\$ 45,676</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Employee Child Care	After School Care	Concessions	Photography	Total Nonmajor Enterprise Funds
CASH FLOW FROM OPERATING ACTIVITIES					
Cash Received from User Charges	\$ 775,817	\$ 7,068,033	\$ 252,171	\$ 58,727	\$ 8,154,748
Cash Payments to Employees for Services	(633,562)	(3,795,721)	(95,393)	(53,605)	(4,578,281)
Cash Payments for Suppliers	(61,068)	(127,273)	(89,424)	(1,751)	(279,516)
Cash Payments for Other Operating Expenses	(54,174)	(868,104)	(38,507)	-	(960,785)
Net Cash Provided by Operating Activities	<u>27,013</u>	<u>2,276,935</u>	<u>28,847</u>	<u>3,371</u>	<u>2,336,166</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers Out	(23,492)	(2,274,290)	-	-	(2,297,782)
Net Cash used for Non-Capital Financing Activities	<u>(23,492)</u>	<u>(2,274,290)</u>	<u>-</u>	<u>-</u>	<u>(2,297,782)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investment Securities	-	(14,531)	(19,412)	(1,770)	(35,713)
Interest and Dividends on Investments	-	3,539	(1)	3	3,541
Net Cash Used by Investing Activities	<u>-</u>	<u>(10,992)</u>	<u>(19,413)</u>	<u>(1,767)</u>	<u>(32,172)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	3,521	(8,347)	9,434	1,604	6,212
Cash and Cash Equivalents at Beginning of the Year	<u>37,191</u>	<u>23,782</u>	<u>9,810</u>	<u>-</u>	<u>70,783</u>
Cash and Cash Equivalents at the End of the Year	40,712	15,435	19,244	1,604	76,995
Temporary Investment Not in Cash Equivalents	<u>-</u>	<u>16,169</u>	<u>20,126</u>	<u>1,770</u>	<u>38,065</u>
Cash on Statement of Net Assets	<u>\$ 40,712</u>	<u>\$ 31,604</u>	<u>\$ 39,370</u>	<u>\$ 3,374</u>	<u>\$ 115,060</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ 23,492	\$ 2,270,742	\$ 29,452	\$ 4,131	\$ 2,327,817
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Effect of Increases and Decreases in Current Assets and Liabilities					
Decrease (increase) in Receivables	-	(24,152)	-	(778)	(24,930)
Increase (decrease) in Accounts Payable	2,312	745	(605)	-	2,452
Increase (decrease) in Accrued Wages Payable	1,209	11,877	-	632	13,718
Increase (decrease) in Deferred Revenues	-	17,723	-	-	17,723
Increase (decrease) in Due to Other Funds	-	-	-	(614)	(614)
Net Cash Provided by Operating Activities	<u>\$ 27,013</u>	<u>\$ 2,276,935</u>	<u>\$ 28,847</u>	<u>\$ 3,371</u>	<u>\$ 2,336,166</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012**

	752	753
	Print Shop	Health Benefits
ASSETS		
Current Assets:		
Cash and Investments	\$ 247,455	\$ 3,458,424
Accrued Interest	56	787
Other Receivables	6,002	-
Deferred Expenses	-	345,077
Total Current Assets	253,513	3,804,288
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	52,468	-
Depreciation on Furniture and Equipment	(31,039)	-
Total Noncurrent Assets	21,429	-
Total Assets	274,942	3,804,288
LIABILITIES		
Current Liabilities		
Accounts Payable	58,967	2,411,938
Accrued Wages Payable	9,485	-
Accrued Expenses	-	76,742
Total Liabilities	68,452	2,488,680
NET ASSETS		
Investments in Capital Assets	21,429	-
Unrestricted Net Assets	185,061	1,315,608
Total Net Assets	\$ 206,490	\$ 1,315,608

EXHIBIT H-8

772 Workers' Compensation Self-Funded	773 Unemployment Self-Funded	775 Sign Shop	786 Insurance Claims Self-Funded	Total Internal Service Funds
\$ 3,454,569	\$ 1,307,563	\$ 321,379	\$ 370,076	\$ 9,159,466
787	300	75	84	2,089
-	-	-	-	6,002
93,576		-	-	438,653
<u>3,548,932</u>	<u>1,307,863</u>	<u>321,454</u>	<u>370,160</u>	<u>9,606,210</u>
-	-	8,672	-	61,140
-	-	(8,672)	-	(39,711)
-	-	-	-	21,429
<u>3,548,932</u>	<u>1,307,863</u>	<u>321,454</u>	<u>370,160</u>	<u>9,627,639</u>
-	56,363	-	-	2,527,268
-	-	-	-	9,485
1,655,000	288,834	-	53,373	2,073,949
<u>1,655,000</u>	<u>345,197</u>	<u>-</u>	<u>53,373</u>	<u>4,610,702</u>
-	-	-	-	21,429
1,893,932	962,666	321,454	316,787	4,995,508
<u>\$ 1,893,932</u>	<u>\$ 962,666</u>	<u>\$ 321,454</u>	<u>\$ 316,787</u>	<u>\$ 5,016,937</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012**

	752	753
	Print Shop	Health Benefits
OPERATING REVENUES		
Local and Intermediate Services	\$ 1,139,633	\$ 33,640,594
Total Operating Revenues	<u>1,139,633</u>	<u>33,640,594</u>
OPERATING EXPENSES		
Payroll Costs	297,798	316,567
Professional and Contracted Services	714,592	298,445
Supplies and Materials	409,212	4,659
Other Operating Costs	4,286	33,410,274
Total Operating Expenses	<u>1,425,888</u>	<u>34,029,945</u>
Operating Income (Loss)	<u>(286,255)</u>	<u>(389,351)</u>
NON OPERATING REVENUES (EXPENSES)		
Earnings from Temporary Deposits & Investments	665	-
Insurance Recovery	-	-
Total Non Operating Revenues (Expenses)	<u>665</u>	<u>-</u>
Income (Loss) Before Transfers	(285,590)	(389,351)
Transfers In	-	800,000
Change in Net Assets	(285,590)	410,649
Total Net Assets - July 1 (Beginning)	<u>492,080</u>	<u>904,959</u>
Total Net Assets - June 30 (Ending)	<u>\$ 206,490</u>	<u>\$ 1,315,608</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
\$ 2,028,070	\$ 1,000,000	\$ 8,444	\$ -	\$ 37,816,741
2,028,070	1,000,000	8,444	-	37,816,741
443,330	-	-	-	1,057,695
767,409	-	-	8,686	1,789,132
32,099	-	1,983	1,240	449,193
304,327	814,385	867	11,334	34,545,473
1,547,165	814,385	2,850	21,260	37,841,493
480,905	185,615	5,594	(21,260)	(24,752)
6,510	1,340	689	730	9,934
-	-	-	21,064	21,064
6,510	1,340	689	21,794	30,998
487,415	186,955	6,283	534	6,246
-	-	-	-	800,000
487,415	186,955	6,283	534	806,246
1,406,517	775,711	315,171	316,253	4,210,691
\$ 1,893,932	\$ 962,666	\$ 321,454	\$ 316,787	\$ 5,016,937

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	752	753
	Print Shop	Health Benefits Self-Funded
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Received from User Charges	\$ 1,143,461	\$ 33,706,115
Cash Payments to Employees for Services	(295,315)	(316,567)
Cash Payments for Insurance Claims	-	(184,815)
Cash Payments for Suppliers	(1,133,755)	(182,722)
Cash Payments for Other Operating Expenses	-	(33,949,347)
Net Cash Provided by (Used for) Operating Activities	<u>(285,609)</u>	<u>(927,336)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer In	-	800,000
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>800,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Insurance Proceeds	-	-
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(95,227)	(1,558,658)
Interest and Dividends on Investments	1,002	1,858
Net Cash Used for Investing Activities	<u>(94,225)</u>	<u>(1,556,800)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(379,834)	(1,684,136)
Cash and Cash Equivalents at Beginning of the Year	500,308	3,368,975
Cash and Cash Equivalents at the End of the Year	120,474	1,684,839
Temporary Investment Not in Cash Equivalents	126,981	1,773,585
Cash on Balance Sheet	<u>\$ 247,455</u>	<u>\$ 3,458,424</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (286,255)	\$ (389,351)
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	4,286	-
Effect of Increases and Decreases in Current Assets and Liabilities		
Decrease (increase) in Receivables	3,828	65,521
Decrease (increase) in Prepaid Expenses	-	(345,077)
Increase (decrease) in Accounts Payable	(9,951)	(193,996)
Increase (decrease) in Accrued Wages Payable	2,483	-
Increase (decrease) in Accrued Expenses	-	(64,433)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (285,609)</u>	<u>\$ (927,336)</u>

EXHIBIT H-10

772	773	775	786	
Workers' Compensation Self - Funded	Unemployment Self-Funded	Sign Shop	Insurance Claims Self-Funded	Total Internal Service Funds
\$ 2,028,070	\$ 1,000,000	\$ 8,444	\$ 129,255	\$ 38,015,345
(443,330)	-	-	-	(1,055,212)
(1,012,499)	(762,618)	-	(20,735)	(1,980,667)
(95,298)	-	(1,983)	-	(1,413,758)
(102,883)	-	-	-	(34,052,230)
<u>374,060</u>	<u>237,382</u>	<u>6,461</u>	<u>108,520</u>	<u>(486,522)</u>
-	-	-	-	800,000
-	-	-	-	800,000
-	-	-	21,064	21,064
-	-	-	21,064	21,064
(1,587,504)	(606,503)	(145,939)	(175,367)	(4,169,198)
7,991	1,990	845	662	14,348
<u>(1,579,513)</u>	<u>(604,513)</u>	<u>(145,094)</u>	<u>(174,705)</u>	<u>(4,154,850)</u>
(1,205,453)	(367,131)	(138,633)	(45,121)	(3,820,308)
<u>2,888,287</u>	<u>1,004,182</u>	<u>295,190</u>	<u>225,332</u>	<u>8,282,274</u>
1,682,834	637,051	156,557	180,211	4,461,966
<u>1,771,735</u>	<u>670,512</u>	<u>164,822</u>	<u>189,865</u>	<u>4,697,500</u>
<u>\$ 3,454,569</u>	<u>\$ 1,307,563</u>	<u>\$ 321,379</u>	<u>\$ 370,076</u>	<u>\$ 9,159,466</u>
\$ 480,905	\$ 185,615	\$ 5,594	\$ (21,260)	\$ (24,752)
-	-	867	-	5,153
-	-	-	129,255	198,604
(5,056)	-	-	-	(350,133)
(34,789)	(2,513)	-	(828)	(242,077)
-	-	-	-	2,483
(67,000)	54,280	-	1,353	(75,800)
<u>\$ 374,060</u>	<u>\$ 237,382</u>	<u>\$ 6,461</u>	<u>\$ 108,520</u>	<u>\$ (486,522)</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Balance July 1 2011	Additions	Deductions	Balance June 30 2012
STUDENT ACTIVITY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 2,997,499	\$ 5,692,136	\$ 6,018,802	\$ 2,670,833
Accrued Interest	130	-	130	-
Other Receivables	1,187	937	-	2,124
Total Assets	\$ 2,998,816	\$ 5,693,073	\$ 6,018,932	\$ 2,672,957
Liabilities:				
Accounts Payable	\$ 50,159	\$ 5,624,110	\$ 5,662,124	\$ 12,145
Accrued Wages	997	3,854	-	4,851
Due to Student Groups	2,947,660	5,624,763	5,916,462	2,655,961
Total Liabilities	\$ 2,998,816	\$ 11,252,727	\$ 11,578,586	\$ 2,672,957
OTHER AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ -	\$ 70,684	\$ 32,537	\$ 38,147
Total Assets	\$ -	\$ 70,684	\$ 32,537	\$ 38,147
Liabilities:				
Accounts Payable	\$ -	\$ 32,537	\$ 32,537	\$ -
Due to Student Groups	-	70,684	32,537	38,147
Total Liabilities	\$ -	\$ 103,221	\$ 65,074	\$ 38,147
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 2,997,499	\$ 5,762,820	\$ 6,051,339	\$ 2,708,980
Accrued Interest	130	-	130	-
Other Receivables	1,187	937	-	2,124
Total Assets	\$ 2,998,816	\$ 5,763,757	\$ 6,051,469	\$ 2,711,104
Liabilities:				
Accounts Payable	\$ 50,159	\$ 5,656,647	\$ 5,694,661	\$ 12,145
Accrued Wages	997	3,854	-	4,851
Due to Student Groups	2,947,660	5,695,447	5,948,999	2,694,108
Total Liabilities	\$ 2,998,816	\$ 11,355,948	\$ 11,643,660	\$ 2,711,104

**REQUIRED
TEXAS EDUCATION AGENCY
REPORT SECTION**

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED JUNE 30, 2012**

Last 10 Years Ended June 30	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance July 1, 2011
	Maintenance	Debt Service		
2003 & PRIOR	1.4700	0.2334	\$ 27,170,645,727	\$ 653,938
2004	1.5000	0.2334	27,594,319,479	448,234
2005	1.5000	0.2334	27,901,712,003	608,297
2006	1.5000	0.2334	28,921,415,823	702,349
2007	1.3300	0.2484	30,665,981,311	585,656
2008	1.0200	0.2484	32,254,750,285	468,155
2009	1.0400	0.2634	34,847,134,028	795,969
2010	1.0400	0.2884	33,530,843,785	1,202,410
2011	1.0400	0.3134	33,730,477,447	3,978,265
2012	1.0400	0.3334	33,679,153,618	
1000	Totals			<u>\$ 9,443,273</u>

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

\$ -

EXHIBIT J-1

Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance June 30, 2012
	\$ 19,545	\$ 2,530	\$ (178,635)	\$ 453,228
	4,895	762	(52,022)	390,555
	51,679	8,041	(71,579)	476,998
	87,474	13,611	(10,859)	590,405
	129,456	24,178	168,659	600,681
	267,516	65,148	387,731	523,222
	436,379	110,522	444,699	693,767
	333,541	92,493	169,124	945,500
	1,012,988	305,256	(1,688,534)	971,487
<u>455,730,380</u>	<u>341,915,259</u>	<u>111,483,139</u>	<u>1,426,239</u>	<u>3,758,221</u>
<u>\$ 455,730,380</u>	<u>\$ 344,258,732</u>	<u>\$ 112,105,680</u>	<u>\$ 594,823</u>	<u>\$ 9,404,064</u>

<u>\$ -</u>	<u>\$ 1,517,366</u>	<u>\$ -</u>
-------------	---------------------	-------------

Ending Balance 6/30/2012	\$ 9,404,064
Add - County Education District Taxes Receivable	<u>3,230</u>
Total Delinquent Taxes Receivable 6/30/2012	9,407,294
Less Reserve for Uncollectible Taxes:	
General Fund	(2,819,897)
Debt Service Fund	<u>(590,235)</u>
Net Delinquent Balance 6/30/2012	<u>\$ 5,997,162</u>

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT
COST FOR 2010-2011
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 433,195	\$ 4,407,040	\$ 1,632,729	\$ -	\$ 6,472,964
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in Fn 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	646,040	-	-	-	646,040
6212	Audit Services	-	-	-	140,785	-	-	140,785
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	2,326,550	-	-	-	-	2,326,550
621X	Other Professional Services	-	-	-	50,613	-	-	50,613
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	22,086	-	-	22,086
6240	Contr. Maint. and Repair	-	-	-	-	23,048	-	23,048
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	-	89,524	-	89,524
6290	Miscellaneous Contr.	49,665	-	-	1,386,214	-	-	1,435,879
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	2,494	-	10,778	117,865	29,403	-	160,540
6410	Travel, Subsistence, Stipends	24,454	-	12,613	53,955	18,110	-	109,132
6420	Ins. And Bonding Costs	-	-	-	166,282	861	-	167,143
6430	Election Costs	177	-	-	-	-	-	177
6490	Miscellaneous Operating	44,883	-	19,650	285,393	19,914	-	369,840
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	<u>\$ 121,673</u>	<u>\$ 2,326,550</u>	<u>\$ 1,122,276</u>	<u>\$ 6,630,233</u>	<u>\$ 1,813,589</u>	<u>\$ -</u>	<u>\$ 12,014,321</u>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 492,837,819

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 340,243
Total Debt & Lease (6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	40,960,825
Food (Function 35, 6341 and 6499)	(13)	10,451,969
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>\$ 6,630,233</u>

SubTotal: 58,383,270

Net Allowed Direct Cost \$ 434,454,549

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	1,142,934,672
Historical Cost of Building over 50 years old	(16)	-
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	137,537,530
Historical Cost of Furniture & Equipment over 16 years old	(19)	-
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	-

(8) NOTE A: \$1,141,925 in Function 53 expenditures are included in this report on administrative costs.
\$2,247,496 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

STATISTICAL SECTION
(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well - being have changes over time.	95
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	102
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.	106
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	109
Operational Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities it performs.	112

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

Teamwork for Excellence



P L A N O
Independent School District

EXHIBIT S-1

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

	Fiscal Year									
	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in capital assets, net of related debt	\$ (24,245)	\$ (29,827)	\$ (14,497)	\$ (6,937)	\$ 6,177	\$ 10,868	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007
Restricted	18,940	24,144	28,740	29,922	29,741	34,644	35,000	29,443	29,387	27,478
Unrestricted	91,910	131,755	131,166	146,159	160,607	158,432	150,549	146,015	164,593	180,777
Total Governmental Net Assets	<u>\$ 86,605</u>	<u>\$ 126,072</u>	<u>\$ 145,409</u>	<u>\$ 169,144</u>	<u>\$ 196,525</u>	<u>\$ 203,944</u>	<u>\$ 199,010</u>	<u>\$ 201,940</u>	<u>\$ 235,647</u>	<u>\$ 282,262</u>
Business Type Activities										
Invested in capital assets, net of related debt	\$ 4	\$ 3	\$ 3	\$ 2	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ -
Restricted										
Unrestricted	(3)	-	13	16	32	(31)	33	19	12	46
Total Business Type Activities	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 16</u>	<u>\$ 18</u>	<u>\$ 34</u>	<u>\$ (30)</u>	<u>\$ 33</u>	<u>\$ 19</u>	<u>\$ 12</u>	<u>\$ 46</u>
Total Primary Government										
Invested in capital assets, net of related debt	\$ (24,241)	\$ (29,824)	\$ (14,494)	\$ (6,935)	\$ 6,179	\$ 10,869	\$ 13,461	\$ 26,482	\$ 41,667	\$ 74,007
Restricted	18,940	24,144	28,740	29,922	29,741	34,644	35,000	29,443	29,387	27,478
Unrestricted	91,907	131,755	131,179	146,175	160,639	158,401	150,582	146,034	164,605	180,823
Total Primary Government	<u>\$ 86,606</u>	<u>\$ 126,075</u>	<u>\$ 145,425</u>	<u>\$ 169,162</u>	<u>\$ 196,559</u>	<u>\$ 203,914</u>	<u>\$ 199,043</u>	<u>\$ 201,959</u>	<u>\$ 235,659</u>	<u>\$ 282,308</u>

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

EXHIBIT S-2

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

	Fiscal Year									
	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
Instruction	\$ 236,721	\$ 222,996	\$ 247,607	\$ 253,458	\$ 273,019	\$ 299,557	\$ 309,070	\$ 314,910	\$ 318,948	\$ 306,009
Instructional Resources & Media Services	10,117	9,401	10,843	11,052	11,527	10,104	9,650	9,104	9,511	8,278
Curriculum & Instructional Staff Development	7,120	6,072	6,040	6,378	7,432	8,764	8,733	9,046	9,638	8,165
Instructional Leadership	3,377	3,094	3,318	3,657	3,783	3,775	4,018	4,275	4,147	3,652
School Leadership	18,801	17,236	19,443	20,731	20,703	22,575	23,368	23,860	24,110	23,056
Guidance, Counseling & Evaluation Services	12,532	11,699	13,637	14,128	15,170	16,329	17,390	18,222	18,272	17,093
Social Work Services	1,370	1,228	1,054	1,118	1,246	1,266	1,320	1,205	1,082	819
Health Services	3,471	3,370	3,614	3,821	4,163	4,620	4,629	4,992	5,111	5,024
Student (Pupil) Transportation	8,280	6,864	7,790	7,951	8,918	10,903	8,968	11,352	7,378	11,881
Food Services	15,173	14,558	16,304	16,700	18,056	19,304	19,686	21,279	22,352	23,671
Cocurricular/Extracurricular Activities	5,548	6,241	7,297	7,703	8,196	8,482	9,240	9,272	9,122	8,795
General Administration	10,009	8,485	9,239	10,264	10,715	11,468	8,774	10,007	9,240	8,862
Plant Maintenance & Operations	35,785	33,352	38,091	39,629	42,957	43,518	43,944	43,660	43,993	42,655
Security & Monitoring Services	2,981	2,110	2,349	2,582	2,651	2,944	2,955	2,792	2,245	3,462
Data Processing Services	5,259	6,304	7,896	7,483	8,161	8,384	7,550	8,163	5,272	6,496
Community Services	3,412	4,589	5,612	6,118	6,193	1,220	1,553	1,985	2,245	2,336
Debt Service - Interest on Long Term Debt	31,116	27,484	30,354	32,887	35,720	37,533	42,373	47,343	43,932	43,019
Debt Service - Bond Issuance Cost and Fees	164	595	814	184	150	134	132	34	490	35
Facilities Acquisition & Construction	19,185	8,072	10,853	10,705	13,232	13,569	25,792	23,492	23,308	15,960
Contracted Instructional Services Between Schools	117,368	127,301	127,293	132,999	125,383	81,036	91,421	34,752	28,998	39,584
Incremental Costs Associated with Chapter 41	-	711	676	760	838	650	600	600	444	600
Payments to Fiscal Agent/Member Districts of SSA	500	490	466	536	509	719	740	709	834	634
Payments to Juvenile Justice Alternative Ed. Prg.	119	83	127	103	137	158	155	132	103	90
Payments to Tax Increment Fund	4,818	4,485	4,828	5,266	5,312	4,601	4,834	4,441	8,912	2,594
Other Intergovernmental Charges							2,200	2,248	2,450	2,247
Total governmental activities expenses	\$ 553,226	\$ 526,820	\$ 575,546	\$ 596,214	\$ 624,171	\$ 611,613	\$ 649,095	\$ 607,875	\$ 602,137	\$ 585,017
Business-type activities:										
Employee Child Care							31	694	714	752
After School Care							5,455	5,040	4,932	4,804
Concessions	110	98	120	128	137	162	328	213	243	223
Photography								58	41	55
Total business-type activities expenses	110	98	120	128	137	162	5,814	6,005	5,930	5,834
Total primary government expenses	\$ 553,336	\$ 526,918	\$ 575,666	\$ 596,342	\$ 624,308	\$ 611,775	\$ 654,909	\$ 613,880	\$ 608,067	\$ 590,851
Program Revenues										
Governmental activities:										
Charges for Services:										
Instruction	\$ 4,272	\$ 4,657	\$ 5,350	\$ 4,330	\$ 5,048	\$ 5,272	\$ 4,381	\$ 4,357	\$ 4,367	\$ 4,433
Food Service	10,342	9,848	11,312	11,014	11,247	11,680	12,341	12,614	12,682	12,931
Cocurricular/Extracurricular Activities	766	915	1,006	1,732	1,516	1,482	1,401	1,552	1,425	1,468
Plant Maintenance & Operations	947	1,032	1,052	1,207	1,152	1,539	1,122	878	928	935
Community Services	3,864	4,800	6,546	6,584	7,052	145	76	81	81	61
Other	578	248	197	644	315	612	269	183	144	124
Operating Grants and Contributions	42,046	33,649	37,570	46,477	48,736	53,350	56,502	77,525	86,767	61,521
Capital Grants and Contributions	2,701	252	2,312	1,932	293	-	-	-	615	11,500
Total governmental activities program revenues	\$ 65,516	\$ 55,401	\$ 65,345	\$ 73,920	\$ 75,359	\$ 74,080	\$ 76,092	\$ 97,190	\$ 107,009	\$ 92,973
Business-type activities:										
Charges for services:										
Employee Child Care						11	531	687	726	776
After School Care						7,462	7,144	6,956	6,960	7,074
Concessions	95	123	141	139	176	262	239	199	234	252
Photography								48	43	60
Total business-type activities program revenues	95	123	141	139	176	7,735	7,914	7,890	7,963	8,162
Total primary government program revenues	\$ 65,611	\$ 55,524	\$ 65,486	\$ 74,059	\$ 75,535	\$ 81,815	\$ 84,006	\$ 105,080	\$ 114,972	\$ 101,135
Net (Expense) Revenue										
Governmental activities	\$ (487,710)	\$ (471,419)	\$ (510,201)	\$ (522,294)	\$ (548,812)	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)
Business-type activities	(3)	3	13	2	14	1,921	1,904	1,885	2,033	2,328
Total primary government net expense	\$ (487,713)	\$ (471,416)	\$ (510,188)	\$ (522,292)	\$ (548,798)	\$ (535,612)	\$ (571,098)	\$ (508,800)	\$ (493,095)	\$ (489,717)

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

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

	Fiscal Year									
	2003	2004¹	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense) Revenue										
Governmental activities	\$ (487,710)	\$ (471,419)	\$ (510,201)	\$ (522,294)	\$ (548,812)	\$ (537,533)	\$ (573,002)	\$ (510,685)	\$ (495,128)	\$ (492,045)
Business-type activities	(3)	3	13	2	14	1,921	1,904	1,885	2,033	2,328
Total primary government net expense	<u>\$ (487,713)</u>	<u>\$ (471,416)</u>	<u>\$ (510,188)</u>	<u>\$ (522,292)</u>	<u>\$ (548,798)</u>	<u>\$ (535,612)</u>	<u>\$ (571,098)</u>	<u>\$ (508,800)</u>	<u>\$ (493,095)</u>	<u>\$ (489,717)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property taxes levied for general purposes	399,426	412,652	420,601	435,617	409,133	333,528	352,709	349,563	339,532	344,781
Property taxes levied for debt service	64,112	64,897	66,189	68,599	77,383	82,905	91,245	98,722	104,420	112,694
Unrestricted grants and contributions	19,903	22,856	27,500	23,418	64,836	105,742	106,017	56,590	75,038	71,575
Investment earnings	4,794	4,408	8,154	13,479	17,681	15,715	9,415	1,488	2,068	760
Miscellaneous	8,808	6,072	5,317	4,916	7,901	5,008	6,815	5,344	5,011	6,551
Insurance recovery	630	-	-	-	-	-	-	-	-	-
Gain (Loss) on disposition of capital assets	-	-	1,778	-	-	-	-	-	723	-
Transfers	-	-	-	-	-	2,054	1,867	1,908	2,043	2,298
Total governmental activities	<u>\$ 497,673</u>	<u>\$ 510,885</u>	<u>\$ 529,539</u>	<u>\$ 546,029</u>	<u>\$ 576,934</u>	<u>\$ 544,952</u>	<u>\$ 568,068</u>	<u>\$ 513,615</u>	<u>\$ 528,835</u>	<u>\$ 538,659</u>
Business-type activities:										
Investment earnings	(1)	(1)	(1)	1	1	68	26	10	3	4
Transfers	-	-	-	-	-	(2,054)	(1,867)	(1,908)	(2,043)	(2,298)
Total business-type activities	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>1</u>	<u>1</u>	<u>(1,986)</u>	<u>(1,841)</u>	<u>(1,898)</u>	<u>(2,040)</u>	<u>(2,294)</u>
Total primary government	<u>\$ 497,672</u>	<u>\$ 510,884</u>	<u>\$ 529,538</u>	<u>\$ 546,030</u>	<u>\$ 576,935</u>	<u>\$ 542,966</u>	<u>\$ 566,227</u>	<u>\$ 511,717</u>	<u>\$ 526,795</u>	<u>\$ 536,365</u>
Change in Net Assets										
Governmental activities	\$ 9,963	\$ 39,467	\$ 19,337	\$ 23,735	\$ 28,122	\$ 7,419	\$ (4,934)	\$ 2,930	\$ 33,707	\$ 46,615
Business-type activities	(4)	2	13	3	16	(65)	63	(13)	(7)	33
Total primary government	<u>\$ 9,959</u>	<u>\$ 39,469</u>	<u>\$ 19,350</u>	<u>\$ 23,738</u>	<u>\$ 28,138</u>	<u>\$ 7,354</u>	<u>\$ (4,871)</u>	<u>\$ 2,917</u>	<u>\$ 33,700</u>	<u>\$ 46,648</u>

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

EXHIBIT S-3

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

	Fiscal Year									
	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011 ²	2012
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,610	\$ 2,703
Reserved	730	748	1,027	2,241	2,308	2,127	2,506	2,620	-	-
Assigned	-	-	-	-	-	-	-	-	2,182	1,935
Unreserved designated	3,986	5,097	4,686	6,133	7,418	6,843	8,250	3,757	-	-
Unassigned	-	-	-	-	-	-	-	-	147,394	160,919
Unreserved	76,009	100,824	108,486	114,930	125,947	122,252	116,608	126,838	-	-
Total general fund	<u>\$ 80,725</u>	<u>\$ 106,669</u>	<u>\$ 114,199</u>	<u>\$ 123,304</u>	<u>\$ 135,673</u>	<u>\$ 131,222</u>	<u>\$ 127,364</u>	<u>\$ 133,215</u>	<u>\$ 152,186</u>	<u>\$ 165,557</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284	\$ 290
Reserved	615	268	239	239	258	204	193	285	-	-
Restricted										
Debt Service	-	-	-	-	-	-	-	-	37,435	35,999
Capital Projects	-	-	-	-	-	-	-	-	80,981	130,444
Food Service	-	-	-	-	-	-	-	-	8,217	7,185
Federal Special Revenue	-	-	-	-	-	-	-	-	7	-
State Special Revenue	-	-	-	-	-	-	-	-	365	818
Committed	-	-	-	-	-	-	-	-	5,840	6,772
Unreserved designated	466	94	73	75	90	567	71,676	77,783	-	-
Unreserved, reported in										
Special revenue funds	1,792	4,141	5,647	6,867	8,397	9,382	9,610	12,538	-	-
Capital projects funds	100,128	81,164	99,977	113,855	98,234	89,666	102,660	115,331	-	-
Debt service fund	18,896	34,066	37,544	36,920	39,184	40,718	45,614	39,320	-	-
Total all other governmental funds	<u>\$ 121,897</u>	<u>\$ 119,733</u>	<u>\$ 143,480</u>	<u>\$ 157,956</u>	<u>\$ 146,163</u>	<u>\$ 140,537</u>	<u>\$ 229,753</u>	<u>\$ 245,257</u>	<u>\$ 133,129</u>	<u>\$ 181,508</u>
Total governmental funds	<u>\$ 202,622</u>	<u>\$ 226,402</u>	<u>\$ 257,679</u>	<u>\$ 281,260</u>	<u>\$ 281,836</u>	<u>\$ 271,759</u>	<u>\$ 357,117</u>	<u>\$ 378,472</u>	<u>\$ 285,315</u>	<u>\$ 347,065</u>

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

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

EXHIBIT S-4

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

	Fiscal Year									
	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012
Federal sources:										
Federal grants	\$ 11,589	\$ 11,674	\$ 13,077	\$ 17,936	\$ 16,275	\$ 16,810	\$ 18,199	\$ 38,120	\$ 48,515	\$ 20,571
Food services	3,363	3,569	4,459	4,940	5,349	6,015	6,363	7,496	8,008	8,355
Total federal sources	<u>14,952</u>	<u>15,243</u>	<u>17,536</u>	<u>22,876</u>	<u>21,624</u>	<u>22,825</u>	<u>24,562</u>	<u>45,616</u>	<u>56,523</u>	<u>28,926</u>
State sources:										
State education finance program	30,696	32,271	38,341	36,256	79,568	123,519	124,349	75,535	91,954	87,367
State grants and other	12,066	6,057	6,175	6,641	8,419	8,697	10,234	9,582	9,908	12,190
Total state sources	<u>42,762</u>	<u>38,328</u>	<u>44,516</u>	<u>42,897</u>	<u>87,987</u>	<u>132,216</u>	<u>134,583</u>	<u>85,117</u>	<u>101,862</u>	<u>99,557</u>
Local sources:										
Ad valorem taxes	463,538	477,549	486,790	504,216	487,970	416,042	445,420	448,529	446,091	457,022
Food service sales	10,365	9,882	11,390	11,025	11,246	11,909	12,340	12,611	12,721	12,929
Interest and other income	4,794	4,408	8,154	13,479	18,750	16,255	9,028	1,434	1,644	767
Other revenue	25,264	19,906	24,090	22,921	25,631	16,832	15,747	15,757	15,765	30,330
Total local sources	<u>503,961</u>	<u>511,745</u>	<u>530,424</u>	<u>551,641</u>	<u>543,597</u>	<u>461,038</u>	<u>482,535</u>	<u>478,331</u>	<u>476,221</u>	<u>501,048</u>
Total revenues	<u>\$561,675</u>	<u>\$565,316</u>	<u>\$592,476</u>	<u>\$617,414</u>	<u>\$653,208</u>	<u>\$616,079</u>	<u>\$641,680</u>	<u>\$609,064</u>	<u>\$634,606</u>	<u>\$ 629,531</u>

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

EXHIBIT S-5

**PLANO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS, EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Unaudited)
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

	Fiscal Year									
	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012
Expenditures:										
Instruction & Instructional-Related Services	\$ 244,733	\$ 226,405	\$ 252,250	\$ 257,275	\$ 277,297	\$ 300,195	\$ 306,772	\$ 312,619	\$ 318,959	\$ 299,009
Instructional & School Leadership	21,768	19,799	22,377	23,893	23,937	25,679	26,329	26,602	27,383	25,802
Support Services - Student	44,598	41,358	46,699	48,392	52,174	57,044	58,956	60,036	62,054	61,800
Administrative Support Services	9,949	8,250	9,002	9,832	10,438	11,283	8,786	8,812	8,948	8,625
Support Services - Nonstudent	43,480	38,163	43,379	45,330	50,027	49,445	49,366	49,887	50,344	49,626
Ancillary Services	3,400	4,590	5,641	6,138	6,187	1,204	1,424	1,987	2,128	2,227
Debt Service - Principal on long-term debt	28,300	33,870	32,600	39,485	45,880	48,480	50,860	58,918	58,165	67,180
Debt Service - Interest on long-term debt	38,156	16,445	32,904	35,172	36,000	38,747	39,361	48,048	48,354	47,692
Debt Service - Bond Issuance Costs and Fees	164	595	814	320	569	397	1,861	1,077	749	413
Facilities Acquisition & Construction	112,909	52,675	58,465	61,717	95,844	66,346	96,498	118,296	113,055	59,496
Intergovernmental Charges ²	122,805	133,070	133,390	139,664	132,180	87,164	99,950	42,882	41,741	45,749
Total Expenditures	<u>\$ 670,262</u>	<u>\$ 575,220</u>	<u>\$ 637,521</u>	<u>\$ 667,218</u>	<u>\$ 730,533</u>	<u>\$ 685,984</u>	<u>\$ 740,163</u>	<u>\$ 729,164</u>	<u>\$ 731,880</u>	<u>\$ 667,619</u>
Capital Expenditures	\$ 98,456	\$ 45,009	\$ 47,911	\$ 52,526	\$ 85,689	\$ 53,887	\$ 77,375	\$ 103,874	\$ 99,845	\$ 47,012
Debt service as a percentage of noncapital expenditures	11.6%	9.5%	11.1%	12.1%	12.7%	13.8%	13.6%	17.1%	16.9%	18.5%

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

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

EXHIBIT S-6

**PLANO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS, OTHER FINANCING SOURCES AND USES
AND NET CHANGE IN FUND BALANCE
LAST TEN FISCAL YEARS
(Unaudited)
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

	Fiscal Year									
	2003	2004 ¹	2005	2006	2007	2008	2009	2010	2011	2012
Excess of revenues over (under) expenditures	\$(108,587)	\$ (9,904)	\$ (45,045)	\$ (49,804)	\$ (77,325)	\$ (69,905)	\$ (98,483)	\$ (120,100)	\$ (97,274)	\$ (38,088)
Other financing sources (uses)										
Transfers In	8,925	3,597	4,494	4,955	6,731	9,247	7,446	7,222	5,129	4,087
Transfers Out	(8,778)	(3,298)	(4,494)	(4,955)	(7,331)	(7,192)	(5,580)	(4,694)	(3,086)	(2,589)
Bonds issued	-	-	71,420	70,535	76,670	58,280	179,999	136,975	-	92,840
Refunding bonds issued	-	231,390	56,805	-	129,180	33,305	-	-	108,815	46,115
Premiums on bonds issued	-	19,864	9,000	2,821	4,496	2,488	1,747	1,952	14,304	14,023
Payment to bond refunding agent	-	(217,869)	(62,938)	-	(131,106)	(36,299)	-	-	(122,845)	(54,638)
Special Early Retirement Benefits	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	2,035	29	-	-	-	-	1,800	-
Capital leases	-	-	-	-	-	-	228	-	-	-
Total other financing sources (uses)	<u>147</u>	<u>33,684</u>	<u>76,322</u>	<u>73,385</u>	<u>78,640</u>	<u>59,829</u>	<u>183,840</u>	<u>141,455</u>	<u>4,117</u>	<u>99,838</u>
Net change in fund balances	<u><u>\$(108,440)</u></u>	<u><u>\$ 23,780</u></u>	<u><u>\$ 31,277</u></u>	<u><u>\$ 23,581</u></u>	<u><u>\$ 1,315</u></u>	<u><u>\$ (10,076)</u></u>	<u><u>\$ 85,357</u></u>	<u><u>\$ 21,355</u></u>	<u><u>\$ (93,157)</u></u>	<u><u>\$ 61,750</u></u>

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

EXHIBIT S-7

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

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

Fiscal Year	Actual Value				Less: Exemptions	Total Assessed Value	Total District Rate ¹
	Residential Property	Industrial Property	Rural Acreage	Personal Property			
2003	19,255,237	6,654,460	665,504	2,811,574	2,216,130	27,170,645	1.7034
2004	19,912,909	6,508,264	614,019	2,409,418	1,850,291	27,594,319	1.7334
2005	20,442,670	6,674,985	597,633	2,356,902	2,170,478	27,901,712	1.7334
2006	21,192,806	7,119,236	563,882	2,234,944	2,189,452	28,921,416	1.7334
2007	22,197,270	7,693,125	523,206	2,389,513	2,137,133	30,665,981	1.5784
2008	23,322,123	8,527,170	517,748	2,583,357	2,695,648	32,254,750	1.2684
2009	24,083,793	9,137,863	541,191	2,981,489	1,897,202	34,847,134	1.3034
2010	20,620,809	12,895,711	700,169	3,052,462	3,738,307	33,530,844	1.3284
2011	21,233,623	12,377,934	646,338	3,391,275	3,918,693	33,730,477	1.3534
2012	20,517,769	12,645,545	615,144	3,536,560	3,635,864	33,679,154	1.3734

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	Collin Co. Community College (CCCC)	City of Allen	City of Carrollton	City of Dallas	City of Garland	City of Lucas	City of Murphy	City of Parker	City of Richardson	City of Wylie
2003	1.4700	0.2334	1.7034	0.4535	0.2500	0.091946	0.5620	0.5993	0.6998			0.4200	0.2808	0.4779	
2004	1.5000	0.2334	1.7334	0.4535	0.2500	0.091932	0.5610	0.5993	0.6998			0.4300	0.2700	0.4779	
2005	1.5000	0.2334	1.7334	0.4535	0.2500	0.090646	0.5600	0.5993	0.7197			0.4683	0.2820	0.5252	
2006	1.5000	0.2334	1.7334	0.4535	0.2500	0.089422	0.5600	0.5993	0.7417			0.4683	0.2820	0.5252	
2007	1.3300	0.2484	1.5784	0.4535	0.2500	0.087683	0.5580	0.6329	0.7292			0.4683	0.3771	0.5752	
2008	1.0200	0.2484	1.2684	0.4735	0.2450	0.086984	0.5570	0.6179	0.7479			0.4683	0.3771	0.5752	
2009	1.0400	0.2634	1.3034	0.4735	0.2425	0.086493	0.5560	0.6179	0.7479			0.5183	0.3771	0.5752	
2010	1.0400	0.2884	1.3284	0.4735	0.2425	0.086300	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	0.863000	0.5550	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	0.086300	0.5530	0.6179	0.7970	0.0746	0.3742	0.5650	0.3771	0.6352	0.8989

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	2012			2003		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Health Care Service Corporation	\$ 251,131,329	1	0.74 %	\$ -	-	- %
Oncor Electric Delivery Company	231,302,372	2	0.69	251,251,439	3	0.92
JCPenney Co Inc.	180,724,236	3	0.54	145,708,402	6	0.54
Legacy Campus LP	148,990,000	4	0.44	-	-	-
Bank of America NA	139,999,813	5	0.41	-	-	-
EMC Corp	121,436,588	6	0.36			
HSP OF Texas Inc.	107,370,665	7	0.32			
Cisco Systems Sales & Service	101,370,051	8	0.30	161,521,120	5	0.59
IBM Credit LLC	101,326,314	9	0.30			
Willow Bend Shopping Center LP	101,200,000	10	0.30	124,716,963	7	0.46
EDS	-	-	-	324,928,463	1	1.20
Texas Instruments Inc.	-	-	-	82,479,984	10	0.30
Alcatel USA	-	-	-	278,924,684	2	1.03
DSC Telecom LP	-	-	-	169,978,483	4	0.63
Dallas Morning News	-	-	-	98,985,460	8	0.36
Ericsson	-	-	-	87,294,110	9	0.32
Total	<u>\$ 1,484,851,368</u>		<u>4.40 %</u>	<u>\$ 1,725,789,108</u>		<u>6.35 %</u>
Total Taxable Value	\$33,763,129,943			\$27,170,645,727		

Source: Collin County Tax Assessor Collector

**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
2003	467,903,563	(168,419)	467,735,144	462,272,452	98.80 %	5,133,032	467,405,484	99.93 %
2004 ¹	479,281,136	1,067,320	480,348,456	476,016,992	99.32	3,940,909	479,957,901	99.92
2005	488,501,853	1,468,617	489,970,470	482,923,224	98.86	6,570,248	489,493,472	99.90
2006	506,379,142	1,804,641	508,183,783	498,938,497	98.53	8,654,881	507,593,378	99.88
2007	489,387,533	742,569	490,130,102	482,508,116	98.59	7,021,305	489,529,421	99.88
2008	419,159,205	(646,268)	418,512,937	412,176,374	98.33	5,813,341	417,989,715	99.87
2009	454,874,791	(6,863,835)	448,010,956	441,638,332	97.09	5,678,857	447,317,189	99.85
2010	438,406,394	12,390,596	450,796,990	445,745,911	101.67	4,105,579	449,851,490	99.79
2011	449,546,631	(1,163,624)	448,383,007	444,404,742	98.86	3,006,778	447,411,520	99.78
2012	455,730,380	1,426,239	457,156,619	453,398,398	99.49	-	453,398,398	99.18

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

EXHIBIT S-11

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

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita	Net Bonded Debt as % of Assessed Value
	Unlimited Tax Bonds	Capital Leases				
2003	732,198	-	732,198	0.06	2,348	2.63
2004	724,063	-	724,063	0.06	2,303	2.50
2005	762,510	-	762,510	0.07	2,398	2.60
2006	794,108	-	794,108	0.06	2,471	2.62
2007	830,581	-	830,581	0.06	2,611	2.58
2008	838,043	-	838,043	0.06	2,616	2.47
2009	968,694	108	968,802	0.09	3,013	2.65
2010	1,047,089	-	1,047,089	0.10	3,232	3.01
2011	980,417	-	980,417	0.10	2,992	2.80
2012	1,002,484	-	1,002,484	0.10	3,075	2.87

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

**PLANO INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012**

(Unaudited)

(Dollars in thousands, except per capita)

<u>Governmental Unit</u>	<u>Net Bonded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Plano ²	\$ 322,000	86.10 %	\$ 277,242
Collin County Community College ²	37,092	46.85	17,378
Collin County ¹	385,767	46.85	180,732
City of Allen ¹	108,785	4.24	4,612
City of Carrollton ¹	172,916	1.00	1,729
City of Dallas ²	1,659,812	4.16	69,048
City of Garland ¹	476,062	0.19	905
City of Lucas ¹	6,798	4.93	335
City of Murphy ¹	40,145	73.19	29,382
City of Parker ²	8,997	74.98	6,746
City of Richardson ¹	1,218,208	38.90	473,883
City of Wylie ¹	83,255	0.31	258
Subtotal, overlapping debt			1,062,250
District gross bonded debt			<u>1,002,484</u>
Total direct and overlapping debt			<u><u>\$ 2,064,734</u></u>

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

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

¹ Reported as of entity's fiscal year end 2011.

² Reported as of entity's fiscal year end 2012.

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

Fiscal Year	Debt Limit	Total Net Debt Applicable To Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2003	2,717,065	713,302	2,003,763	26.25 %
2004	2,759,432	689,997	2,069,435	25.01
2005	2,790,171	724,765	2,065,406	25.98
2006	2,892,142	757,188	2,134,954	26.18
2007	3,066,598	791,397	2,275,201	25.81
2008	3,225,475	797,795	2,427,680	24.73
2009	3,381,040	923,350	2,457,690	27.31
2010	3,353,084	1,007,770	2,345,314	30.06
2011	3,373,048	942,981	2,430,067	27.96
2012	3,367,915	966,485	2,401,430	28.70

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Value		\$ 33,679,154
Debt limit (10% of assessed value)		3,367,915
Total bonded debt	\$ 1,002,484	
Less reserve for retirement of debt	<u>35,999</u>	
Debt applicable to limit		<u>966,485</u>
Legal debt margin		<u><u>\$ 2,401,430</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>
2003	311,862	11,779,033	36,016	5.90 %
2004	314,350	11,297,896	33,880	3.80
2005	317,993	11,683,250	34,292	4.40
2006	321,423	12,490,424	35,664	4.60
2007	318,073	13,726,042	38,534	3.90
2008	320,292	15,064,839	41,534	4.30
2009	321,502	10,299,677	28,060	7.40
2010	323,965	10,541,298	31,662	7.50
2011	327,653	9,984,522	30,475	7.60
2012	326,061	10,403,381	31,906	6.70

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.

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

Employer	2012			2006		
	Employees	Rank	Percentage Of Total District Employment	Employees	Rank	Percentage Of Total District Employment
Plano ISD	6,537	1	4.38 %	3,756	5	3.26 %
Bank of America Home Loans	5,400	2	3.62	-		
HP/EDS	4,800	3	3.22	6,700	1	5.82
Capital One	3,175	4	2.13			
J. C. Penney, Inc.	3,100	5	2.08	3,800	4	3.30
Ericcson	2,650	6	1.78			
Frito - Lay Inc.	2,400	7	1.61	3,000	7	2.61
Dell	2,200	8	1.47			
Dr. Pepper Snapple Group Inc.	1,250	9	0.84			
CIGNA Healthcare of Texas	1,065	10	0.71			
Alcatel USA				5,080	2	4.42
Perot Systems				4,311	3	3.75
Shops at Willowbend				3,240	6	2.82
Countrywide Home Loans				3,000	8	2.61
City of Plano				2,568	9	2.23
Collin Creek Mall				2,418	10	2.10
Total	<u>32,577</u>		<u>21.86 %</u>	<u>37,873</u>		<u>28.54 %</u>

Sources:

Bureau of Labor Statistics provided total labor force numbers - 2012 (149,054); 2006 (132,704)

Plano Economic Development Corporation provided 2012 Principal Employers.

2006 data from PISD 2006 CAFR

EXHIBIT S-16

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

	Fiscal Year										Percent Change 2003 - 2012
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Instruction											
Teachers	3,624	3,826	3,761	3,801	3,855	4,003	4,067	3,942	4,011	3,822	5 %
Librarians	65	67	67	69	66	70	71	70	73	71	8
Educational Aides	650	704	674	668	750	648	661	629	622	580	(11)
Interpreters	16	15	15	12	15	17	12	13	9	12	(26)
Other Professionals (instructional)	186	120	119	128	132	138	156	141	162	159	(14)
	<u>4,541</u>	<u>4,732</u>	<u>4,636</u>	<u>4,678</u>	<u>4,818</u>	<u>4,875</u>	<u>4,967</u>	<u>4,796</u>	<u>4,877</u>	<u>4,643</u>	<u>2</u>
Campus Administration											
Principal	59	60	63	67	67	68	68	68	71	71	20
Assistant Principal	83	85	82	83	85	87	90	89	92	87	5
Instructional Officer	2	3	6	6	8	8	8	10	10	10	400
Athletic Director	-	-	-	-	-	-	-	-	2	3	300
	<u>144</u>	<u>148</u>	<u>151</u>	<u>156</u>	<u>160</u>	<u>163</u>	<u>166</u>	<u>167</u>	<u>175</u>	<u>171</u>	<u>19</u>
Student Services											
Counselor	130	134	138	142	145	143	147	146	152	138	6
Educational Diagnostician	24	25	27	27	28	29	29	30	32	30	27
School Nurse	65	69	68	70	70	72	72	72	73	73	12
LSSP/Psychologist	11	11	13	13	13	13	14	14	14	14	23
Social Worker	17	17	8	8	9	9	10	10	9	8	(53)
	<u>247</u>	<u>256</u>	<u>254</u>	<u>260</u>	<u>265</u>	<u>266</u>	<u>272</u>	<u>273</u>	<u>279</u>	<u>263</u>	<u>7</u>
Support and Administration											
Superintendent, Deputy, Assoc. & Assistant	8	8	8	8	8	7	7	7	7	5	(38)
Non-Campus Professionals	214	204	198	204	213	208	211	223	223	216	1
Auxiliary Staff	1,002	1,472	1,435	1,450	1,146	1,375	1,216	1,301	1,342	1,239	24
	<u>1,224</u>	<u>1,684</u>	<u>1,641</u>	<u>1,662</u>	<u>1,366</u>	<u>1,590</u>	<u>1,434</u>	<u>1,531</u>	<u>1,572</u>	<u>1,460</u>	<u>19</u>
Total	<u>6,156</u>	<u>6,820</u>	<u>6,682</u>	<u>6,756</u>	<u>6,608</u>	<u>6,894</u>	<u>6,839</u>	<u>6,766</u>	<u>6,903</u>	<u>6,537</u>	<u>6 %</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 ³	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
2003	50,731	490,743,793	9,673	10.59	373,375,642	7,360	8.54	3,624	14.0	15 %
2004 ²	51,446	471,638,955	9,168	(5.23)	344,337,834	6,693	(9.06)	3,825	13.4	17 %
2005	52,356	512,742,554	9,793	6.83	385,449,406	7,362	9.99	3,760	13.9	19 %
2006	53,238	531,075,643	9,975	1.86	398,076,567	7,477	1.56	3,801	14.0	21 %
2007	52,997	552,265,959	10,421	4.46	426,882,506	8,055	7.72	3,855	13.7	19 %
2008	53,683	532,066,841	9,911	(4.89)	451,030,359	8,402	4.31	4,003	13.4	21 %
2009	54,203	551,978,466	10,184	2.75	460,557,493	8,497	1.13	4,067	13.3	22 %
2010	54,939	503,313,863	9,161	(10.04)	468,562,031	8,529	0.38	3,942	13.9	25 %
2011	55,570	511,557,078	9,206	0.48	482,558,989	8,684	1.82	4,011	13.9	26 %
2012	55,659	492,837,819	8,855	(3.81)	453,254,176	8,143	(6.22)	3,822	14.6	27 %

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

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

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

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

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Statewide Average Salary
2003	35,500	62,512	41,980	39,974
2004	36,250	62,312	42,533	40,478
2005	37,150	63,426	43,006	41,011
2006	38,000	64,528	43,952	41,744
2007	41,250	67,092	46,945	44,897
2008	43,149	69,736	48,712	46,178
2009	44,251	71,122	49,669	47,158
2010	45,100	72,358	52,375	48,263
2011	46,150	72,358	51,741	48,639
2012	46,700	73,637	51,579	46,361

Sources:

Plano ISD 2011-2012 Compensation Plan Book
PISD Salary Study

EXHIBIT S-19

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Schools:										
Elementary										
Buildings	40	40	42	42	43	43	44	44	44	44
Square Feet	2,774,970	2,774,970	2,926,668	2,926,668	3,045,516	3,084,444	3,194,580	3,204,030	3,234,785	3,253,327
Enrollment	23,522	23,993	24,214	24,811	24,550	24,730	24,658	25,005	24,941	24,721
Middle School										
Buildings	12	12	12	12	12	12	12	13	13	13
Square Feet	1,805,997	1,805,997	1,805,997	1,805,997	1,805,997	1,814,967	1,817,526	1,970,926	1,979,618	1,980,339
Enrollment	11,658	11,839	12,055	12,048	12,103	12,151	12,476	12,459	12,640	12,706
High School										
Buildings	5	5	5	5	5	5	5	5	5	6
Square Feet	1,126,915	1,126,915	1,126,915	1,126,915	1,233,936	1,233,939	1,233,939	1,274,402	1,275,730	1,572,843
Enrollment	7,514	7,769	7,833	7,984	7,889	7,977	7,936	8,191	8,414	8,433
Senior High School										
Buildings	3	3	3	3	3	3	3	3	3	3
Square Feet	1,252,658	1,252,658	1,252,658	1,252,658	1,252,658	1,272,129	1,272,150	1,328,045	1,369,618	1,369,618
Enrollment	6,794	6,645	6,869	7,071	7,132	7,290	7,429	7,440	7,604	7,806
Early Childhood Schools										
Buildings	3	3	3	3	3	3	3	3	3	3
Square Feet	147,683	147,683	147,683	147,683	147,683	147,683	156,458	156,458	156,458	156,458
Enrollment ¹	1,476	1,604	1,385	1,267	1,261	1,435	1,704	1,844	1,971	1,993
Total Schools										
Buildings	63	63	65	65	66	66	67	68	68	69
Square Feet	7,108,223	7,108,223	7,259,921	7,259,921	7,485,790	7,553,162	7,674,653	7,933,861	8,016,209	8,332,585
Enrollment	50,964	51,850	52,356	53,181	52,935	53,583	54,203	54,939	55,570	55,659

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Other PISD Facilities:										
Other Educational Facilities -										
Buildings	3	3	3	3	3	3	4	4	5	4
Square Feet	97,775	97,775	97,775	97,775	97,775	97,775	126,961	138,036	246,246	246,246
Administrative										
Buildings	5	5	5	5	6	6	6	6	6	6
Square Feet	211,866	211,866	211,866	211,866	223,271	223,271	223,271	223,271	223,271	223,271
Facility Services										
Buildings	3	4	4	4	4	4	4	4	4	4
Square Feet	102,389	142,389	142,389	142,389	142,389	142,389	142,389	148,662	148,662	148,662
Athletics										
Stadiums	2	6	6	6	6	6	6	6	6	6
Running Tracks	8	9	9	9	9	9	9	9	10	10
Tennis Courts	20	20	20	20	20	20	20	21	22	22
Softball Fields	5	5	5	5	5	3	3	3	4	4
Baseball Fields	7	7	7	7	7	7	7	7	8	8
Indoor Athletic Fields	3	3	3	3	3	3	3	3	3	3
Swimming Pools	2	2	2	2	2	2	2	3	3	3

Source: District Records

Notes:

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

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**REPORTS ON INTERNAL CONTROL, COMPLIANCE,
AND FEDERAL AWARDS**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Plano Independent School District
Plano, Texas

We have audited 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 31, 2012. 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

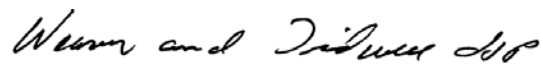
Compliance and Other Matters

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

Plano Independent School District

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*.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 31, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Plano Independent School District
Plano, Texas

Compliance

We have audited Plano Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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, 2012.

Internal Control Over Compliance

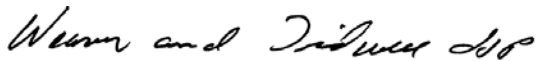
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over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

Plano Independent School District

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 31, 2012

EXHIBIT K-1

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2012

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	11-043910	\$ 192,817
Total Direct Funding U.S. Department of Defense			<u>192,817</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>192,817</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA Title I Part A - Improving Basic Programs	84.010A	11-610101043910	169,044
ESEA Title I Part A - Improving Basic Programs	84.010A	12-610101043910	4,669,115
ESEA Title I Part A - ARRA Funds	84.389A	11-551001043910	<u>359,365</u>
Total Title I - Part A Cluster			5,197,524
Title IV IDEA - Part B, Formula	84.027	11-6600010439106600	43,022
Title IV IDEA - Part B, Formula	84.027	12-6600010439106600	7,371,130
Title IV IDEA - Part B, Formula ARRA	84.391A	11-554001043910	1,259,965
Title IV IDEA - Part B, Preschool	84.027	12-6610010439106610	268,948
Title IV IDEA - Part B, Preschool ARRA	84.392A	11-555001043910	16,379
Title IV IDEA - Part B, High Cost Risk	84.027	12-6600060439106680	160,504
SSA - IDEA - Part B, Discretionary	84.027	11-6600020439106673	5,439
SSA - IDEA - Part B, Discretionary	84.027	12-6600020439106673	213,922
SSA - IDEA - Part B, Deaf	84.027	12-6600010439106601	65,127
SSA - IDEA - Part B, Preschool Deaf	84.173	12-6610010439106611	<u>12,173</u>
Total Special Education Cluster			9,416,609
Title I, Part C - Education of Migratory Children	84.011	12-615001057950	290
Vocational Education - Basic Grant	84.048	11-42000604391010	21,512
Vocational Education - Basic Grant	84.048	12-42000604391010	<u>444,617</u>
Total Vocational Education			466,129
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	12-3911010439103911	4,255
Title II, Part D - ARRA Technology	84.386A	11-553001043910	281
Title III, Language Instruction LEP	84.365	11-671001043910	314,091
Title III, Language Instruction LEP	84.365	12-671001043910	<u>542,912</u>
Total Title III			857,003
ESEA Title II, Part A, Teacher & Principal Training	84.367A	11-694501043910	557,587
ESEA Title II, Part A, Teacher & Principal Training	84.367A	12-694501043910	<u>717,204</u>
Total Title II, Part A			1,274,791

(continued)

EXHIBIT K-1

PLANO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2012

Title IV Part A Summer School LEP	84.369	12-69550502	92,113
Education Jobs Fund - ARRA	84.410A	12-550101043910	<u>200,210</u>
Total Passed Through State Department of Education			<u>17,509,205</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>17,509,205</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	CH6042/39	679,506
Head Start	93.600	CH6042/40	<u>293,531</u>
Total Head Start Cluster			973,037
Medicaid Administrative Claim Program	93.778	12-043910	56,619
Total Direct Funding U.S. Department of Health and Human Services			<u>1,029,656</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,029,656</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast Program	10.553	12-043910	1,378,164
National School Lunch Program	10.555	12-043910	6,028,343
Commodity Food Distribution	10.555	12-043910	948,929
Summer Feeding Program	10.559	11-043910	11,388
Summer Feeding Program	10.559	12-043910	<u>9,749</u>
Total Child Nutrition Cluster			<u>8,376,573</u>
Total Passed Through the State Department of Agriculture			<u>8,376,573</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>8,376,573</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 27,108,251</u>
			(Concluded)

PLANO INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

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

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

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

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

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.
4. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2012 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, 2012**

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

Total Expenditures of Federal Awards per Exhibit K-1	\$ 27,108,251
Rebates received from the Federal Government for Build America Bonds	<u>1,817,679</u>
Total Federal Program Revenues per Exhibit C-3	<u><u>\$ 28,925,930</u></u>

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

I. Summary of the Auditor's Results:

Financial Statements

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

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes None reported
- e. An unqualified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported under Section 510(a) or OMB Circular A-133. Yes No
- g. Identification of major programs:
- | | |
|---|------------------------|
| Child Nutrition Cluster | 10.553, 10.555, 10.559 |
| ESEA Title II, Part A, Teacher & Principal Training | 84.367A |
| Title III, Language Instruction LEP | 84.365 |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$813,248
- i. Auditee qualified as a low-risk auditee. Yes No

**PLANO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

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, 2012**

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

None

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