

2022-2023

Fiscal Year Ended
June 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT



DENTON INDEPENDENT SCHOOL DISTRICT
1307 N. Locust Street • Denton, Texas 76201



ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

DENTON INDEPENDENT SCHOOL DISTRICT

for the

Fiscal Year Ended June 30, 2023



Prepared by:
The Finance Department

1307 N. Locust Street · Denton, Texas 76201



DENTON INDEPENDENT SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION



DENTON INDEPENDENT SCHOOL DISTRICT

Office of Administrative Services

P.O. Box 2387

Denton, Texas 76202

December 20, 2023

To the Board of Trustees and the Citizens of the Denton
Independent School District:

The Annual Comprehensive Financial Report (ACFR) of the Denton Independent School District (“DISD” or the “District”) for the year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the DISD. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The DISD is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended in 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Information relating to this single audit, including the schedule of expenditures of federal awards, findings and recommendations and independent auditors’ reports on internal controls and compliance with applicable laws and regulations, is included in the single audit section.

This report includes all funds of the Denton Independent School District. The DISD maintains a fully accredited early childhood through grade twelve program and is accredited by both the Texas Education Agency and AdvancED. The District provides a full range of services. These services include general education for grades pre-kindergarten through twelve, special education for students from birth through twenty-one years of age, accelerated education for students requiring remediation, a variety of technical courses and several elective and advanced placement courses for those students who wish additional experiences or challenges.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

GOVERNING BODY

The seven members of the Board of Trustees serve - without compensation - a three-year term of office. On a rotating basis, two or three places are filled during annual elections held in May. Vacancies may be filled by appointment until the next election. Candidates must be qualified voters of the District.

Regular meetings are typically scheduled the second and fourth Tuesdays of the month and are held in the District's administration building. Special meetings and study sessions 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 the quorum present. Generally, 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.

ECONOMIC CONDITION AND OUTLOOK

The Denton Independent School District is in the city of Denton, in Denton County of North Central Texas and encompasses approximately 180 square miles. While the major portion of the District boundaries includes the 97.411 square miles of the City of Denton, all or part of the following additional cities, communities or major developments in Denton County comprise the 180 square miles: Argyle, Aubrey, Bartonville, Copper Canyon, Corinth, Cross Roads, Cross Oaks Ranch, Double Oak, Lantana, Little Elm, Oak Point, Paloma Creek, Pecan Creek, Prosper, Providence, Robson Ranch, Savannah, Shady Shores, and Union Park. According to the U.S. Census Bureau Denton County's population increased by 2.31 percent from 2022 to 2023, which resulted in a population of 977,281 in 2023 compared to 955,184 in 2022. Per the City of Denton, the population of the city for the same period was trued up for 2023 and decreased slightly by .67 percent for a population of 150,357 in 2023 compared to 151,380 in 2022. Denton has a diverse labor pool of both skilled and professional workers. At June 30, 2023, the Texas Workforce Commission reported an available workforce in the City of Denton of 87,931 with an unemployment rate of 4.0%.

Denton is located 38 miles northwest of Dallas and 36 miles northeast of Fort Worth. Denton businesses have easy access to air, rail, and highways. The area has four airports: Alliance Airport, Dallas/Fort Worth International Airport, Dallas Love Field, and Denton Municipal Airport. The Kansas City Southern and Union Pacific railroads also provide service to Denton. The Denton County Transportation Authority (DCTA) provides public transportation within the City of Denton and between Denton and Dallas. Transportation offerings include passenger rail via the A-Train (connects to Dallas Area Rapid Transit rail in Carrollton), bus service via Connect, and a commuter vanpool program.

Denton is home to two universities and one college: The University of North Texas, Texas Woman's University and North Central Texas College. This access to higher education enhances the quality of life in Denton. These three institutions are a major source of public employment for Denton and the surrounding area. In the private sector, more than 100 private companies distribute, manufacture, produce goods and provide employment to area residents.

The District's student population has steadily increased over the past five years at an average growth rate of approximately 2.05 percent annually. The average daily attendance rate increased slightly for this same time. The school district plans its budget based on estimated student enrollment and state aid earned which is based on student attendance. Total enrollment for the year ended June 30, 2023 was 32,521 with an average daily attendance rate of 93.26%. Enrollment is projected to be 31,983 for the 2023-2024.

The Denton Independent School District continues to be the district of choice in Denton County, one of the fastest growing counties in the nation. Even though For-Profit Charter Schools expand throughout the state, District enrollment continues to rise with little effect from the charter movement. Over the past five years student enrollment has grown by more than 1,200 students or 2.05 percent each year. As the district of choice, Denton ISD has a stable future, and an opportunity to contribute to the economic vitality of the community by providing specialized, high-level education.

The school district's facilities are in excellent condition and its major maintenance plan continues to improve all its facilities and operations. The average age of instructional campuses in the District is 27.75 years. Seventeen of the twenty-five elementary campuses have been built since 2001. Of the fourteen secondary campuses in the District, nine campuses have been built since 2001, and two of the three early childhood campuses were built since 2001. To accommodate the growing student population there are several reconstruction and construction projects scheduled over the next several years. The 2023 total tax rate for the school district is \$1.3446/\$100 valuation. The tax rate has two components: maintenance and operations and debt service. The maintenance and operations portion funds the daily operations of the school district. The debt service portion funds the principal and interest on general obligation long-term debt.

MAJOR INITIATIVES

The Denton Independent School District (Denton ISD) continues to exceed the standards of the Texas Accountability System outlined by the Texas Education Agency. Located in one of the country's fastest-growing areas, the district enrolls new students to the district each year at an average rate of two percent. And, according to the United States Census Bureau, Denton County is the fifth-fastest growing county in the country – with one person moving to the area every three minutes.

In 2021-2022, the last time schools in Texas were rated, all Denton ISD campuses met these standards with many campuses receiving several distinctions. Since the previous ratings were released when the district scored a "B" in an A – F scaled system, more than 2,000 students have joined the district.

Currently, the Texas Education Agency has not released accountability ratings for the current year. On Sept. 21, The Denton ISD Board of School Trustees also approved a resolution to engage the law firm of O'Hanlon, Demerath, & Castillo for Denton ISD to join as a plaintiff in the lawsuit.

Denton ISD joined more than 80 school districts from across the state that have attached to the lawsuit, which was initially filed by Kingsville ISD. In total, the school districts that have attached to the lawsuit represent over one million Texas students.

The lawsuit cites how the Commissioner of the TEA – a position appointed by Gov. Greg Abbott – has failed to provide school districts with, "a document in a simple, accessible format that explains the accountability performance measures, methods, and procedures that will be applied" for the 2022-2023 and 2023-2024 school years.

Despite improved State of Texas Assessment of Academic Readiness (STAAR) scores and an increase in the percentage of students who achieved college, career, and military readiness (CCMR), the retroactively applied change to the accountability system will likely lower the rating for Denton ISD and most districts in Texas. Denton ISD would also expect ratings for several campuses to decline by one or more letter grades if the non-communicated changes are implemented.

A central sticking point of the “refreshed” A-F accountability system is that TEA is raising the threshold to earn an A in CCMR performance from 60 percent to 88 percent for 2023 – yet the 88 percent threshold for the fall 2023 accountability ratings will be based on the performance of 2022 graduates. These are former students who graduated almost two years ago.

For the fifth consecutive year, Denton ISD has decreased its tax rate. Denton ISD’s Board of School Trustees adopted the tax rate of \$1.1592 – a nearly \$0.19 decrease – for 2023-2024.

The tax rate decrease will save local taxpayers \$185.40 per \$100,000 value on their home. The median home price in Denton County is roughly \$370,000, meaning the decrease will save the average homeowner nearly \$700 per year starting in 2024.

Since 2018-2019, Denton ISD has decreased its tax rate over \$0.38. The district’s tax rate in 2022-2023 was \$1.3446.

Compared to the district’s tax rate of \$1.54 from five years ago, the \$1.1592 tax rate for 2023-2024 has decreased the average homeowner’s property taxes approximately \$1,400.

In the environment of community growth and the lack of increased state funding, academic student achievement continues to increase. The graduation rate of our students per the latest Texas Academic Performance Report (TAPR) is 98.6 percent. The graduating class of 2023 earned \$81.2 million in scholarships, and \$1.7 million of that was awarded from local sources.

All schools in the Denton ISD are accredited by the Texas Education Agency. In addition, the high schools are accredited through AdvanceED. The district and Board of Trustees are committed to providing the best educational programs possible in the critical areas of Science, Technology, Engineering, Arts and Math. These content areas and the Board’s expectation of excellence are embedded in their goals and are monitored at each Board of Trustees meeting.

One of the many areas of strong academic commitment is evident with the district’s K-12 International Baccalaureate Programme (IB), an elite universal educational program. Denton ISD is one of a handful of districts nationwide to offer IB programs at the full continuum. The IB program is offered at two elementary schools, one middle school, and one high school. The IB program continues to independently assess and evaluate each of these four campuses, ensuring they meet their incredibly high academic international standards.

To serve our 32,521 students, Denton ISD employs 4,416 educators and staff. Of those, 30.9 percent have 11 or more years of experience in education – many more (17.2 percent) have more than 20 years of experience. Less than one percent of our budget is spent on the salaries of central administration, based on the latest TAPR.

Parent and community engagement is keeping pace with the growing numbers of families that are moving to Denton County, one of the fastest-growing counties in the United States. Members of the Parent-Teacher Association (PTA) number more than 4,114. Our students come from families that natively speak 57 languages in addition to English, signifying the district’s rich diversity and our commitment to multi-lingual education.

Denton ISD continues to experience record-breaking student enrollment growth, which drives a robust building and construction program. The district has built 27 additional campuses since 2000. Multiple projects and upgrades for the district’s facilities that are 40 or more years old are currently underway.

In addition to the tremendous growth the district is experiencing, several improvements from the 2018 bond referendum are also concluding. In August 2023, Pat Hagan Cheek Middle School opened as Denton ISD’s ninth middle school and the third in the Braswell High School Zone.

The new campus, located in the town of Prosper, opened the school year with more than 700 students and over 100 staff members.

To help support the 76 percent of Denton ISD high school students enrolled in career and technology courses, additions to the LaGrone Academy were completed. These improvements include a cosmetology lab, engineering lab, forensics lab, robust space for culinary arts and more.

Lastly, the district opened the Theresa Grant Riggs Employee Wellness Center, located in the center of Denton across from the old Denton High School. The center's namesake, Ms. Riggs, was a longtime nurse at Denton High School and Denton ISD's former Director of Health Services.

The center is available to all employees – regardless of their insurance status. The facility will serve urgent care needs along with workers' compensation support.

Through demonstrated steadfast leadership, partnership with the 18 communities we serve and consistent vision, our organization continues to empower lifelong learners who will become engaged citizens that positively impact their local and global community.

DISTRICT ACCOMPLISHMENTS

Denton ISD's quest for excellence extends beyond the classroom. The District offers top academic, artistic, athletic, and technological programs.

- Twenty-four students in the Cosmetology focus area at the LaGrone Academy brought home twenty-two first place blue ribbons from the Texas Skills USA State Championship.
- A fifth grade Hawk Elementary student was selected as a member of the Texas Elementary Honor Choir by the Texas Choral Directors Association. Less than 160 students statewide received this recognition.
- Two Guyer High School music students earned the highest possible honor at the UIL State Solo and Ensemble Contest. The two students were also named the most outstanding performer in the state on their respective instruments. Less than 300 students statewide receive the honor of outstanding performer.
- A Ryan High School student was named a finalist in the nationwide Congressional High School Art competition. This juried contest is open to all public, private, and home-schooled students residing and or attending school in the 26th Congressional District of Texas. The student advanced to the national level of the competition.
- Braswell High School, Guyer High School, and Ryan High School had 15 students' artwork qualify for state in the Visual Arts Scholastic Event (VASE). This prestigious event had nearly 35,000 entries from across Texas.
- A Ryan High School student was named the Best Performer at the class 5A UIL state One Act Play competition.
- A Ryan High School student won the Class 5A state championship in the 100-meter dash.
- A Ryan High School freshman student was named to the World Affairs Council's (WAC) prestigious 2023 "20 Under 20" class. This award honors 20 exceptional high school students under the age of 20 who are active in their local JWAC. Twenty under 20 spotlights young people in the Dallas/Fort Worth metroplex who consistently give back to their communities and exemplify what it means to be a global citizen. The WAC's mission is to educate and engage the community in local, national, and global affairs.
- Three varsity football student-athletes and one varsity volleyball student-athlete from Guyer High School were named to the Under Armour High School All-American Team in their respective sport. The Under Armour All-America volleyball match was televised on December 30, 2022, and the Under Armour All-America football game was televised on January 3, 2023, on ESPNU.

Other honors and recognitions that have been bestowed on Denton ISD staff include:

- The counseling departments of Rodriguez Middle School, McNair Elementary, and Sam Houston Elementary were named the recipients of the CREST Award which recognizes top counseling staff in the state by the Texas School Counselor Association. CREST stands for Counselors Reinforcing Excellence for Students in Texas and is a program that focuses on ten areas that leave the greatest impact school counselors have on the achievement, career aspirations, personal gains, and social aspects of students' lives. The program helps counselors evaluate their current counseling guidelines and techniques while also promoting their services to students and parents. This marks the twelfth consecutive year at least one or more Denton ISD campus has received the prestigious CREST award.
- A Ryan High School social studies teacher was named the 2023 International Educator of the Year by the World Affairs Council (WAC) of Dallas-Fort Worth. The WAC works directly with high school and university educators who are devoted to enriching their students' knowledge of world affairs while expanding their international learning opportunities. Teachers and administrators demonstrate leadership by exceeding their typical responsibilities and the International Educator of the Year award honors these educators.
- An eighth-grade social studies teacher at Harpool Middle School was named the 2022 NOVA Winner by the Texas Council of Social Studies Educators. The award recognizes an outstanding early career social studies teacher who demonstrates excellent teaching and contributions to the field of social studies instruction.
- The Ann Windle School for Young Children principal was named the 2022 Outstanding Educator of the year by the Texas PTA
- The Director of Counseling Services was the recipient of The Council of Women School Executives Brano Award which is a statewide award given to exemplary practitioners, innovative programs and initiatives that promote community and parent involvement.
- The Denton ISD Theatre Program earned the Texas Thespians Premiere Communities for Theatre Education Award – a distinction that recognizes and honors school districts that provide theatre departments with the resources to achieve above standard. Only nine districts out of 1,026 eligible districts in the state of Texas were awarded this prestigious honor.
- The Guyer High School Head football coach was selected as a coach for the Under Armour All-American football game which was nationally televised in January 2023.

RELEVANT FINANCIAL POLICIES

The District's financial policies address accounting and fiscal operations of the District with emphasis on asset management, operating reserves, and fund balances. The District's financial policies are reviewed annually to comply with internal accounting issues, Federal and State laws, and the governing body's directives.

The Board and administration of the Denton ISD are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The Denton Independent School District reports a significant amount of data to the State of Texas through the state's Public Education Information Management System (PEIMS). The state then uses this data in compiling its Texas Academic Performance Report. The state also produces a summary of this data in the

form of a School Report Card. The data covers such items as "per pupil" revenues and expenditures for each campus and district, a comparison of district and campus test scores, various demographic information, and a comparison of each campus with forty peer group members of similar socio-economic and ethnic demographics. The Texas Academic Performance Report is used to rate campuses and school districts with various levels of accreditation depending upon district and campus test scores. This system functions in a similar capacity to "Service Efforts and Accomplishments."

Two factors that impact the District significantly are the tax rate and property value. In 2022-2023 the maintenance and operations tax rate was \$0.864600 and the debt service tax rate was \$0.48 for a total rate of \$1.3446. The District's certified property values increased 9.62% for 2021-2022 and 20.12% for 2022-2023. The certified property values for 2023-2024 increased by \$3,703,498,931 or 14.90%.

Single Audit. As a recipient of federal, state, and local financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to assure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management and the audit staff of the District.

As part of the District's single audit, tests were made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance awards, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the year ended June 30, 2023, provided no instances of material weaknesses in the internal control structure and no instances of noncompliance that are required to be reported under Government Auditing Standards.

Budgetary Controls. In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's governing body. Activities of the general fund, child nutrition fund and debt service fund are included in the annual appropriated budget. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund and function. Budgetary control is enhanced by an encumbrance accounting system that includes an on-line purchasing system for all campuses and departments. The purchasing system will not allow a purchase exceeding legally appropriated budgetary amounts. Outstanding encumbrances at the end of a fiscal year generally are rolled forward into the subsequent fiscal period with the subsequent budget amended accordingly. As demonstrated by the statements and schedules included in the financial section of this report, the school district continues to meet its responsibility for sound financial management.

INDEPENDENT AUDIT

State law and District policy require an annual audit by independent certified public accountants. The District's Board of Trustees selected the accounting firm of Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, A Limited Liability Company. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act of 1984 as amended in 1996 and the Uniform Guidance. The auditors' report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Denton Independent School District for its annual comprehensive financial report (ACFR) for the year ending June 30, 2022. The Certificate of

Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Denton Independent School District has received a Certificate of Achievement for the last thirty-seven consecutive years. We believe our current comprehensive report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) awards its Certificate of Excellence in Financial Reporting (COE) to governmental entities whose annual comprehensive financial report has been judged to meet the standards required of this award. The ASBO award program is intended to help governmental units prepare reports in such a format and with such content as to greatly enhance the ability of users of these reports (trustees, citizens, management, regulatory agencies, investors, etc.) to better understand the District's activity.

The Denton Independent School District has received the ASBO Certificate of Excellence Award for its annual comprehensive financial report for thirty-eight consecutive years. We believe this report may also qualify for this award and we are submitting it to ASBO to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the business office. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Without the leadership and support of the Board of Trustees of the Denton Independent School District, the preparation of this report would not have been possible.

Respectfully submitted,

Dr. Jamie Wilson
Superintendent

Vicki Garcia
Executive Director Financial Operations

Dr. Scott Niven
Deputy Superintendent

Julie J. Simpson
Director of Finance



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Denton Independent School District

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style and is positioned above a horizontal line.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style and is positioned above a horizontal line.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

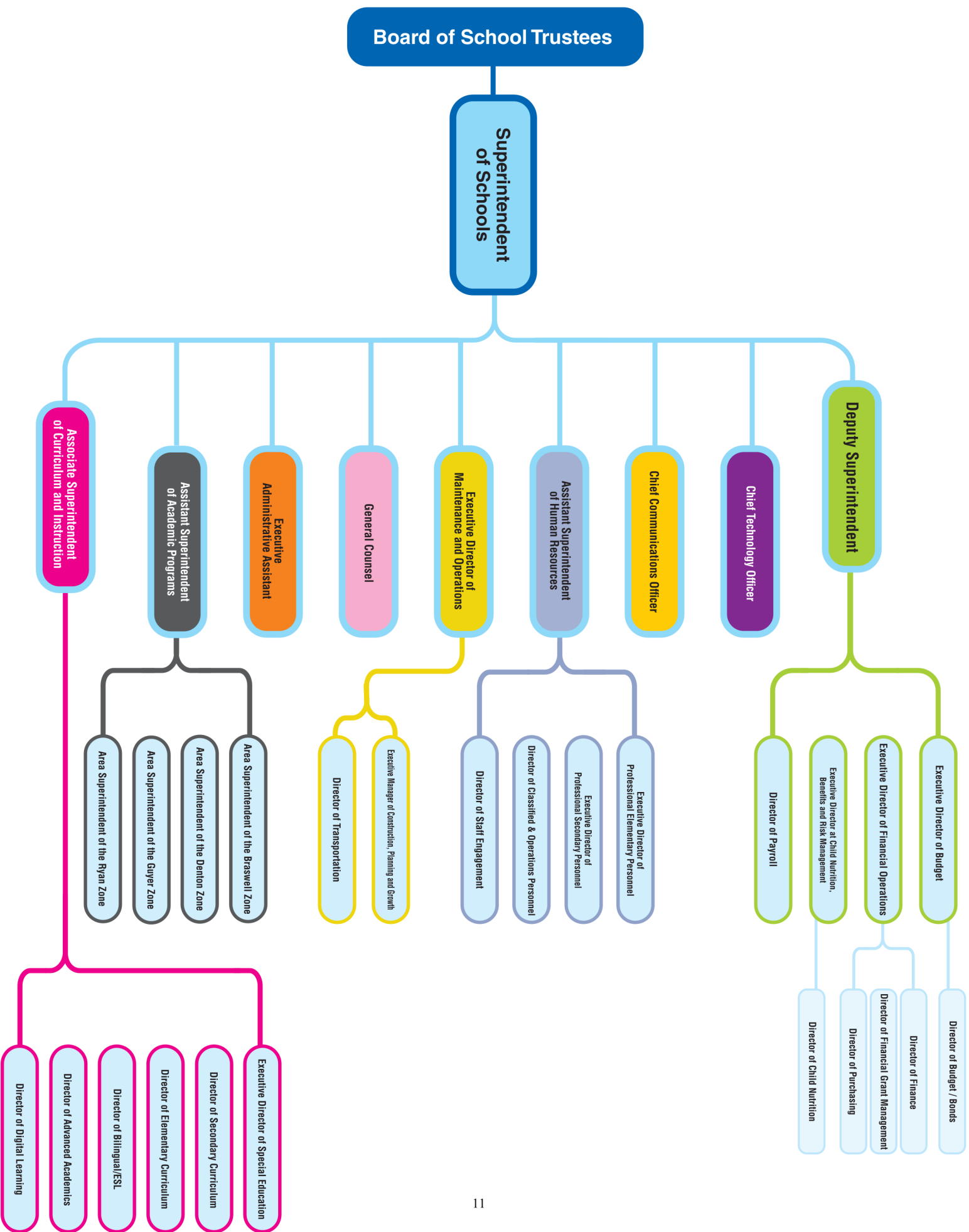
**Denton Independent School District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO



DENTON INDEPENDENT SCHOOL DISTRICT

ELECTED OFFICIALS

BOARD OF TRUSTEES

<u>Name</u>	<u>Term Expires</u>	<u>Occupation</u>
Ms. Mia Price, President	May 2025	Financial Manager
Ms. Barbara Burns, Vice President	May 2024	Retired Educator
Dr. Patsy Sosa-Sanchez, Secretary	May 2026	College Program Coordinator
Ms. Lori Tays, Member	May 2026	Pediatric ER Nurse
Mr. Charles Stafford, Member	May 2025	Real Estate Professional
Ms. Sheryl English, Member	May 2024	Real Estate Professional
Ms. Amy Bundgus, Member	May 2025	Vice President of Product Management

DENTON INDEPENDENT SCHOOL DISTRICT

APPOINTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Years in District</u>
Dr. Jamie Wilson	Superintendent	18 years
Dr. J. Scott Niven	Deputy Superintendent	3 years
Dr. Mike Mattingly	Associate Superintendent Curriculum, Instruction and Staff Development	15 years
Ms. Susannah O'Bara	Assistant Superintendent Academic Programs	30 years
Mr. Deron Robinson	General Counsel	3 years
Dr. Robert Stewart	Assistant Superintendent Human Resources	16 years
Mr. Robert Pierce	Chief Technology Officer	8 years
Mr. Paul Address	Executive Director of Operations	27 years
Ms. Vicki Garcia	Executive Director of Financial Operations	6 years
Ms. Jennifer Stewart	Executive Director Budget	10 years
Mr. Chris Bomberger	Executive Director Child Nutrition & Risk Management	6 years
Mr. Jason Rainey	Executive Director Human Resources	13 years
Mr. Jason Liewehr	Executive Director Human Resources	2 years
Dr. Debbie Gonzales-Roybal	Executive Director Special Education	12 years
Dr. Charlene Parham	Area Superintendent Academic Programs	6 years
Dr. Gwen Perkins	Area Superintendent Academic Programs	16 years
Dr. Lacey Rainey	Area Superintendent Academic Programs	9 years
Dr. Jeff Russell	Area Superintendent Academic Programs	5 years
Ms. Julie Zwahr	Chief Communications Officer	8 years

DENTON INDEPENDENT SCHOOL DISTRICT

Consultants and Advisors

ARCHITECTS

VLK Architects

2821 West 7th Street, Suite 300
Fort Worth, Texas 76107

Stantec Architecture, Inc.

6080 Tennyson Pkwy, Suite 200
Plano, Texas 75024

Corgan Associates, Inc.

401 North Houston St
Dallas, Texas 75202

Pfluger Associates, L.P.

209 E. Riverside Drive
Austin, TX 78704

AUDIT FIRM

**Hankins, Eastup, Deaton, Tonn,
Seay & Scarborough**

A Limited Liability Company
902 N. Locust Street
Denton, Texas 76201

OFFICIAL DEPOSITORY

PNC Bank

729 Fort Worth Drive
Denton, Texas 76201

BOND ATTORNEYS

McCall, Parkhurst & Horton L.L.P.

717 North Harwood Suite 900
Dallas, Texas 75201-6587

**DELINQUENT TAX
COLLECTION ATTORNEY**

Sawko & Burroughs, P.C.

1172 Bent Oaks Drive
Denton, Texas 76210

FISCAL AGENT

BOK Financial Securities, Inc.

333 W Campbell Road, Suite 350
Richardson, Texas 75080

ADVISORY SERVICES

Meeder Public Funds

901 Mopac Expressway South
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FINANCIAL SECTION

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**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Denton Independent School District
Denton, Texas

Opinions

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 the Denton Independent School District as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Denton Independent School District's basic financial statements as listed in the table of contents.

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 Denton Independent School District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financials section of our report. We are required to be independent of Denton Independent School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Denton Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Denton Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Denton Independent School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 27 and the Teacher Retirement System schedules on page 82 through 90 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Denton Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and required TEA schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2023 on our consideration of Denton Independent School District's internal control over financial reporting and on our tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Denton Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Denton Independent School District's internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

November 11, 2023

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**DENTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

As management of Denton Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2023. Please read this narrative in conjunction with the independent auditors' report on page 15, and the District's Basic Financial Statements that begin on page 29.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Denton Independent School District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year resulting in a net position of \$83,444,106.
- The District's total net position increased by \$30,132,577 during the current fiscal year from the result of current year operations.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$258,549,668. Over 24% of this total amount (\$62,350,055) is unassigned and available for use within the District's commitments and assignment policies.
- At the end of the current fiscal period, the unassigned fund balance of the general fund of \$62,358,824 was 18.36% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 29 through 31). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 32) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District. The District has no component units for which it is financially accountable.

The notes to the financial statements (starting on page 45) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. The section labeled Single Audit Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 29. Its primary purpose is to show whether the financial position of the District is improving or deteriorating as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities—The District charges a fee to “customers” to help it cover all or most of the cost of services it provides in its athletic stadium concessions activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The fund financial statements begin on page 32 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

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

- Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains forty-two governmental funds. 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 capital projects fund, each of which are considered to be major funds. Data from the other thirty-nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 32 through 38 of this report.
- Proprietary funds.** The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs and the print shop.
- Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and 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 position and a separate statement of changes in fiduciary fund net position that can be found on pages 43 and 44. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Net position of the District's governmental activities increased from \$53,188,466 at June 30, 2022 to \$83,397,602 at June 30, 2023. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was a deficit of \$149,665,519 at June 30, 2023. The current year operating increase was the result of several factors. First, the District's revenues exceeded expenditures by \$58,918,853 (as adjusted for the effects of capital outlay and debt service principal payments.) However, the District recorded depreciation expense, which is a non-cash expense that reduces the carrying value of District assets, in the amount of \$40,383,960. Also, various adjustments totaling \$10,736,042 were posted to revenues and expenses to account for prepaid expenses, interest accruals and tax revenues earned during the period under the full accrual method of accounting. Changes in the net pension and OPEB activity increased net position by \$2,409,659, while a prior period adjustment related to the implementation of GASB 96 increased net position by \$89,293.

Governmental Activities

Net Position. The net position of the District's governmental activities at June 30, 2023 was \$83,397,062. Investment in capital assets (e.g. land, building, furniture, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding was \$130,293,801 at June 30, 2023. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's governmental activities net position (\$102,768,780) represents resources that are subject to external restrictions on how they may be used.

Changes in Net Position. The District's total revenues of its governmental activities were \$518,157,496. A significant portion, approximately 70.9%, of the revenue comes from property taxes. Another 9.1% comes from state aid - formula grants while only 4.2% relates to charges for services. This reflects a \$34.2 million or 7.1% increase in revenues from 2021-2022. The total revenues were used to fund the cost of all programs and services in the amount of \$488,038,193, and to pay down the District's debt. This reflects a \$54.7 million or 12.6% increase in expenses from 2021-2022, primarily due to increased expenses among most categories.

Governmental Activities. The District's total net position of its governmental activities increased \$30,119,303 from the results of current year operations. The total cost of all government activities for the fiscal year ended June 30, 2023 was \$488,038,193. Funding for these governmental activities is by specific program revenue or through general revenues such as property taxes, state aid and investment earnings. Program revenues directly attributable to specific activities funded some of the governmental activities costs. These program revenues amounted to \$91,980,468 (grant revenues, tuition and facility leasing, for example). The remaining cost of governmental activities not directly funded by program revenues was \$396,057,725, which were primarily funded by property taxes in the amount of \$367,338,841 and state revenue of \$46,988,962.

Business-type Activities

Net Position. The net position of the District's business-type activities at June 30, 2023 was \$47,044. Investment in capital assets (e.g. furniture, vehicles and equipment) was \$9,042 at June 30, 2023.

Changes in Net Position. The District's total revenues of its business-type activities were \$196,160. The revenues come from charges for services for stadium concession activities. The total revenues were used to fund program costs that totaled \$182,886.

Business-type Activities. The District's total net position of its business-type activities increased \$13,274 from the results of current year operations. The total cost of all business-type activities for the fiscal year ended June 30, 2023 was \$182,886. Funding for this business-type activity is primarily by specific program revenue. Program revenues directly attributable to the activity funded virtually of the costs. These program revenues amounted to \$196,160. The volume of activity in the District's business-type activity during the year increased due to concession operations at an additional stadium this year.

Table I
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 361,881,020	\$ 556,196,810	\$ 39,882	\$ 24,818	\$ 361,920,902	\$ 556,221,628
Capital assets	1,391,927,134	1,231,473,450	9,042	10,489	1,391,936,176	1,231,483,939
Total assets	1,753,808,154	1,787,670,260	48,924	35,307	1,753,857,078	1,787,705,567
Deferred outflows of resources	177,085,465	174,610,685	-	-	177,085,465	174,610,685
Total assets and deferred outflows of resources	1,930,893,619	1,962,280,945	48,924	35,307	1,930,942,543	1,962,316,252
Long-term liabilities	1,630,680,951	1,686,713,295	-	-	1,630,680,951	1,686,713,295
Other liabilities	115,255,798	98,930,823	1,880	1,537	115,257,678	98,932,360
Total liabilities	1,745,936,749	1,785,644,118	1,880	1,537	1,745,938,629	1,785,645,655
Deferred inflows of resources	101,559,808	123,448,361	-	-	101,559,808	123,448,361
Total liabilities and deferred inflows of resources	1,847,496,557	1,909,092,479	1,880	1,537	1,847,498,437	1,909,094,016
Net Position:						
Net investments in capital assets	130,293,801	103,791,348	9,042	10,489	130,302,843	103,801,837
Restricted	102,768,780	97,454,909	-	-	102,768,780	97,454,909
Unrestricted	(149,665,519)	(148,057,791)	38,002	23,281	(149,627,517)	(148,034,510)
Total Net Position	\$ 83,397,062	\$ 53,188,466	\$ 47,044	\$ 33,770	\$ 83,444,106	\$ 53,222,236

Table II
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$21,656,428	\$ 15,004,921	\$ 196,160	\$ 141,213	\$ 21,852,588	\$ 15,146,134
Operating grants and contributions	70,324,040	74,354,051	-	-	70,324,040	74,354,051
General Revenues:						
Maintenance and operations taxes	236,343,647	203,695,071	-	-	236,343,647	203,695,071
Debt service taxes	130,995,194	110,611,653	-	-	130,995,194	110,611,653
State aid - formula grants	46,988,962	78,239,148	-	-	46,988,962	78,239,148
Interest earnings	14,490,616	974,121	-	-	14,490,616	974,121
Miscellaneous	807,464	1,070,579	-	-	807,464	1,070,579
Loss on disposition of capital assets	(3,448,855)	-	-	-	(3,448,855)	-
Total Revenue	<u>518,157,496</u>	<u>483,949,544</u>	<u>196,160</u>	<u>141,213</u>	<u>518,353,656</u>	<u>484,090,757</u>
Expenses:						
Instruction, curriculum and media services	263,006,765	251,941,647	-	-	263,006,765	251,941,647
Instructional and school leadership	28,028,390	25,642,079	-	-	28,028,390	25,642,079
Student support services	34,477,119	32,466,093	-	-	34,477,119	32,466,093
Food services	19,884,117	17,154,898	-	-	19,884,117	17,154,898
Cocurricular activities	11,293,499	9,325,923	182,886	144,985	11,476,385	9,470,908
General administration	12,422,376	11,465,984	-	-	12,422,376	11,465,984
Plant maintenance, security and data processing	57,232,410	48,279,863	-	-	57,232,410	48,279,863
Community services	5,509,587	4,561,177	-	-	5,509,587	4,561,177
Debt services	53,535,943	30,114,510	-	-	53,535,943	30,114,510
Intergovernmental charges	2,647,987	2,338,310	-	-	2,647,987	2,338,310
Total Expenses	<u>488,038,193</u>	<u>433,290,484</u>	<u>182,886</u>	<u>144,985</u>	<u>488,221,079</u>	<u>433,435,469</u>
Increase (Decrease) in Net Position	30,119,303	50,659,060	13,274	(3,772)	30,132,577	50,655,288
Net Position - beginning of year	53,188,466	11,072,368	33,770	(8,303,196)	53,222,236	2,769,172
Prior period adjustment	89,293	(8,542,962)	-	8,340,738	89,293	(202,224)
Net Position - end of year	<u>\$83,397,062</u>	<u>\$ 53,188,466</u>	<u>\$ 47,044</u>	<u>\$ 33,770</u>	<u>\$ 83,444,106</u>	<u>\$ 53,222,236</u>

The cost of all governmental activities for the current fiscal period was \$488,038,193. However, as shown in the Statement of Activities on pages 30 and 31, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$367,338,841 because some of the costs were paid by those who directly benefited from the programs (\$21,656,428) or by State equalization funding (\$46,988,962).

THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$258,549,668 a decrease of \$212,119,362 from the prior year. Approximately 39% of this total amount (\$101,879,842) constitutes *committed, assigned and unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *nonspendable or restricted* to indicate that it is not available for new spending because it is already restricted to pay debt service (\$95,729,305), food service (\$4,227,498), or for capital projects (\$56,086,560), or for playground equipment (\$13,247), or already spent on prepaid items (\$271,788), inventories (\$340,428) or endowment principal (\$1,000).

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 \$62,358,824, while the total fund balance was \$95,906,679. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 18.36% of the total general fund expenditures, while the total fund balance represents 28.23% of that same amount.

The fund balance of the District's general fund decreased by \$12,775,363 during the current fiscal year, compared to a \$96,382 increase in the previous year. Key factors related to this change are as follows:

- A \$31,821,739 increase in property tax revenues offset by a \$31,034,447 decrease in state per capita and foundation revenue contributed to a \$9,202,857 overall increase in total revenues. However, expenditures increased \$24,263,237 due primarily to an \$8,877,334 increase in instructional expenditures and a \$9,453,830 increase in facilities maintenance expenditures.

The debt service fund has a total fund balance of \$95,729,305, all of which is reserved for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$2,044,491, compared to a \$3,813,347 decrease in the previous year. Tax revenues were \$19,968,423 higher than the previous year but debt service expenditures were \$17,225,066 higher due to higher bond principal payments including a bond defeasance.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund decreased by \$201,412,005 due primarily to \$207,844,173 spent on construction-related costs. Although these and other capital expenditures reduce available fund balances, they create new assets for the District as reported in the Statement of Net Position and discussed in Note 5 to the financial statements.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in June, 2022). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The principal amendment in this case was an increase in the anticipated amount of State funding to be received. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$95,906,679 reported on page 35 differs from the General Fund's budgetary fund balance of \$84,570,426 reported in the budgetary comparison schedule on page 81. For the year ended June 30, 2023, actual general fund expenditures on a budgetary basis were \$339,702,404, above the original budget expenditures of \$322,944,669 and below the revised final budget of \$347,653,949. The majority of the actual variance of \$7,951,545 consists of savings achieved in payroll costs in the instructional area. Actual revenue on a budgetary basis was \$323,291,911 compared to the original budget of \$314,397,121 and a revised budget of \$322,312,668. The actual variance of \$979,243 was due primarily to higher than expected property tax revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had \$1,391,927,134 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$160,453,684, or 13.03%, above last year.

This fiscal year’s major additions included:

Final construction costs on a new high school, paid for with proceeds of general obligation bonds issued in a prior year.	\$ 2,973,921
Continuing construction costs on a new middle school, paid for with proceeds of general obligation bonds issued in a prior year.	24,126,690
Initial construction costs on a new elementary school, paid for with proceeds of general obligation bonds issued in a prior year.	25,000,278
Continuing construction costs on renovations and additions to an existing high school, paid for with proceeds of general obligation bonds.	8,420,666
Initial construction costs on renovations and additions to an existing middle school, paid for with proceeds of general obligation bonds.	22,209,133
Initial construction costs on a new transportation facility, paid for with proceeds of general obligation bonds.	5,455,536
Continuing construction costs on renovations and additions to an existing technology center, paid for with proceeds of general obligation bonds.	10,942,603
Totaling	\$99,128,827

In addition, at June 30, 2023 the District has \$9,042 (net of accumulated depreciation) invested in equipment in its business-type activity. There were no additions during the current fiscal year.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt Administration

At year-end, the District had \$1,268,946,411 in bonds outstanding (including accreted interest on bonds) versus \$1,350,157,224 last year—a decrease of 6.01%. There was no new bonded debt incurred during the current fiscal period. The District’s underlying rating for unlimited tax bonds is “AA” by S&P, and “AA-” by Fitch but is considered AAA as a result of guarantees of the Texas Permanent School Fund.

Other obligations include subscription liabilities and accrued vacation. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The Board of Trustees approved a maintenance and operation property tax rate of \$0.8646 and a debt service rate of \$0.48 for the fiscal year 2022-2023, making the total tax rate necessary to fund the 2022-2023 budget \$1.3446. This represents a decrease of \$0.0174 from the prior year.

This change in the tax rate was due to the implementation of House Bill 3 (HB3) approved during the 86th Legislative Session. Beginning in the 2019 tax year HB3 requires a school district's Tier I M & O tax rate to be the lesser of \$1.00 or the total number of cents levied by the District for the M & O rate in 2018 multiplied by the state compression percentage of 93 percent. In 2018, the District's Tier I M & O rate was \$1.00, reducing the rate to \$0.93. The voter approval tax rate is set to the sum of \$0.93 plus: the greater of 4 cents or the District's enrichment tax rate after tax compression. In 2019, the enrichment tax rate was \$0.0231. HB 3 made no changes to the calculation of a District's debt service tax rate.

The District continues to experience an increase in property values over the prior year. The actual increase in certified and under review values for the 2022 tax year was \$3,750,304,040 or 20.12%.

The Board of Trustees of the Denton Independent School District adopted a total tax rate of \$1.1592 per \$100 of assessed value for 2023-2024. The M & O tax rate will decrease to \$.6792, and the debt service tax rate will remain at \$0.48 for a total rate of \$1.1592. The District's certified values increased \$3,703,498,931 or 14.90% for 2023.

State funding for 2023-2024 is projected to be \$49,957,272 or 15.85% of the total budget compared to \$76,283,918 or 24.19% for 2022-2023.

During the 2012-2013 school year the District worked with TASB to examine pay equity for employees and to determine if pay practices were internally fair and externally competitive. Several adjustments have been implemented since the 2013-2014 school year. The 2023-2024 budget includes approximately \$9,329,429 for the Salary Compensation Plan.

While the lawmakers of the 87th Legislative session were consistent in prioritizing the funding of HB3, the Formula Transition Grant is scheduled to end after the 2023-2024 fiscal year and the revenue formula approved by the legislature continues to be based on student attendance in the regular classroom and in special settings. Furthermore, the funding formula restricts overall state foundation and local tax revenue growth unless the District has additional student growth. Additional student growth is driven by the basic allotment, which is funded by the state, and has not been increased since 2019 during the 86th Legislative session. Moreover, inflation has increased 14% since 2019 and the basic allotment would need to increase by \$1,000 for districts to keep up with the pace of inflation. The 88th Legislative session ended their regular session with no action taken to provide additional funding for Texas public schools. A special session of the 88th Legislative session has been called to address funding. Although we have seen a slight setback in average daily attendance since the COVID-19 pandemic, Denton ISD is a fast growth district and demographic modeling reflects continued student growth for the foreseeable future. Considering attendance projections as well as an increase in appraised property value, Denton ISD will receive approximately \$26,326,646 less in state funding for 2023-2024 than in the prior year's adopted budget. Property tax collections are expected to increase by \$23,208,887.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for funds the District receives. If you have questions about this report or need additional financial information, contact the District's business office, at Denton Independent School District, 1307 North Locust, Denton, Texas 76201, (940) 369-0000.

BASIC FINANCIAL STATEMENTS

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 338,779,158	\$ 27,489	\$ 338,806,647
Property Taxes - Delinquent	6,191,366	-	6,191,366
Allowance for Uncollectible Taxes	(159,786)	-	(159,786)
Due from Other Governments	14,201,257	-	14,201,257
Other Receivables, Net	2,148,083	12,393	2,160,476
Inventories	341,633	-	341,633
Prepayments	379,309	-	379,309
Capital Assets:			
Land	113,650,130	-	113,650,130
Buildings, Net	792,892,197	-	792,892,197
Furniture and Equipment, Net	21,344,755	9,042	21,353,797
SBITA Assets, Net	2,315,407	-	2,315,407
Construction in Progress	461,724,645	-	461,724,645
Total Assets	<u>1,753,808,154</u>	<u>48,924</u>	<u>1,753,857,078</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge for Refunding	100,007,958	-	100,007,958
Deferred Outflow Related to TRS Pension	51,133,368	-	51,133,368
Deferred Outflow Related to TRS OPEB	25,944,139	-	25,944,139
Total Deferred Outflows of Resources	<u>177,085,465</u>	<u>-</u>	<u>177,085,465</u>
LIABILITIES			
Accounts Payable	38,352,688	1,880	38,354,568
Payroll Deductions and Withholdings	1,542,800	-	1,542,800
Accrued Wages Payable	32,873,209	-	32,873,209
Accrued Expenses	17,931,053	-	17,931,053
Unearned Revenue	24,556,048	-	24,556,048
Noncurrent Liabilities:			
Due Within One Year: Loans, Note, Leases, etc.	60,822,695	-	60,822,695
Due in More than One Year:			
Bonds, Notes, Loans, Leases, etc.	1,391,725,711	-	1,391,725,711
Net Pension Liability (District's Share)	117,929,411	-	117,929,411
Net OPEB Liability (District's Share)	60,203,134	-	60,203,134
Total Liabilities	<u>1,745,936,749</u>	<u>1,880</u>	<u>1,745,938,629</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to TRS Pension	9,579,637	-	9,579,637
Deferred Inflow Related to TRS OPEB	91,980,171	-	91,980,171
Total Deferred Inflows of Resources	<u>101,559,808</u>	<u>-</u>	<u>101,559,808</u>
NET POSITION			
Net Investment in Capital Assets	130,293,801	9,042	130,302,843
Restricted:			
Restricted for Federal and State Programs	4,227,498	-	4,227,498
Restricted for Debt Service	95,729,305	-	95,729,305
Restricted for Campus Activities	2,797,730	-	2,797,730
Restricted (expendable) for Playground Equipment	13,247	-	13,247
Restricted (unexpendable) for Corpus	1,000	-	1,000
Unrestricted	(149,665,519)	38,002	(149,627,517)
Total Net Position	<u>\$ 83,397,062</u>	<u>\$ 47,044</u>	<u>\$ 83,444,106</u>

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

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
Instruction	\$ 244,332,808	\$ 910,879	\$ 29,902,063
Instructional Resources and Media Services	5,955,089	-	438,579
Curriculum and Instructional Staff Development	12,718,868	-	6,207,994
Instructional Leadership	5,689,573	-	439,541
School Leadership	22,338,817	-	1,658,582
Guidance, Counseling, and Evaluation Services	20,179,014	-	6,906,892
Social Work Services	1,100,916	-	350,944
Health Services	4,008,870	8,459,123	62,659
Student (Pupil) Transportation	9,188,319	-	2,293,291
Food Services	19,884,117	5,355,963	14,753,716
Extracurricular Activities	11,293,499	805,535	2,158,265
General Administration	12,422,376	2,730,448	423,937
Facilities Maintenance and Operations	39,917,628	258,090	240,824
Security and Monitoring Services	2,384,138	-	-
Data Processing Services	7,969,436	-	112,249
Community Services	5,509,587	3,136,390	1,356,166
Debt Service - Interest on Long-Term Debt	41,782,437	-	3,018,338
Debt Service - Bond Issuance Cost and Fees	11,753,506	-	-
Capital Outlay	6,961,208	-	-
Payments Related to Shared Services Arrangements	642,000	-	-
Other Intergovernmental Charges	2,005,987	-	-
Total Governmental Activities:	488,038,193	21,656,428	70,324,040
BUSINESS-TYPE ACTIVITIES:			
Stadium Concessions	182,886	196,160	-
Total Business-Type Activities:	182,886	196,160	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 488,221,079	\$ 21,852,588	\$ 70,324,040

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

State Aid - Formula Grants

Investment Earnings

Miscellaneous Local and Intermediate Revenue

Loss on Disposition of Capital Assets

Total General Revenues & Extraordinary Items

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (213,519,866)	\$ -	\$ (213,519,866)
(5,516,510)	-	(5,516,510)
(6,510,874)	-	(6,510,874)
(5,250,032)	-	(5,250,032)
(20,680,235)	-	(20,680,235)
(13,272,122)	-	(13,272,122)
(749,972)	-	(749,972)
4,512,912	-	4,512,912
(6,895,028)	-	(6,895,028)
225,562	-	225,562
(8,329,699)	-	(8,329,699)
(9,267,991)	-	(9,267,991)
(39,418,714)	-	(39,418,714)
(2,384,138)	-	(2,384,138)
(7,857,187)	-	(7,857,187)
(1,017,031)	-	(1,017,031)
(38,764,099)	-	(38,764,099)
(11,753,506)	-	(11,753,506)
(6,961,208)	-	(6,961,208)
(642,000)	-	(642,000)
(2,005,987)	-	(2,005,987)
(396,057,725)	-	(396,057,725)
-	13,274	13,274
-	13,274	13,274
(396,057,725)	13,274	(396,044,451)
236,343,647	-	236,343,647
130,995,194	-	130,995,194
46,988,962	-	46,988,962
14,490,616	-	14,490,616
807,464	-	807,464
(3,448,855)	-	(3,448,855)
426,177,028	-	426,177,028
30,119,303	13,274	30,132,577
53,188,466	33,770	53,222,236
89,293	-	89,293
\$ 83,397,062	\$ 47,044	\$ 83,444,106

DENTON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Debt Service Fund	Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 139,461,293	\$ 95,149,183	\$ 93,231,007
Property Taxes - Delinquent	4,057,859	2,133,507	-
Allowance for Uncollectible Taxes	(106,120)	(53,666)	-
Due from Other Governments	5,381,484	90,047	-
Due from Other Funds	6,558,540	-	-
Other Receivables	1,903,870	-	-
Inventories	129,483	-	-
Prepayments	181,259	-	53,260
Total Assets	\$ 157,567,668	\$ 97,319,071	\$ 93,284,267
LIABILITIES			
Accounts Payable	\$ 3,308,059	\$ -	\$ 34,331,096
Payroll Deductions and Withholdings Payable	1,510,199	-	-
Accrued Wages Payable	30,597,533	-	-
Due to Other Funds	11,785	-	-
Unearned Revenue	23,184,403	-	-
Total Liabilities	58,611,979	-	34,331,096
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	3,049,010	1,589,766	-
Total Deferred Inflows of Resources	3,049,010	1,589,766	-
FUND BALANCES			
Nonspendable Fund Balance:			
Inventories	129,483	-	-
Endowment Principal	-	-	-
Prepaid Items	181,259	-	53,260
Restricted Fund Balance:			
Federal or State Funds Grant Restriction	-	-	-
Capital Acquisition and Contractual Obligation	-	-	56,086,560
Retirement of Long-Term Debt	-	95,729,305	-
Playground Equipment	-	-	-
Committed Fund Balance:			
Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
Other Assigned Fund Balance	33,237,113	-	2,813,351
Unassigned Fund Balance	62,358,824	-	-
Total Fund Balances	95,906,679	95,729,305	58,953,171
Total Liabilities, Deferred Inflows & Fund Balances	\$ 157,567,668	\$ 97,319,071	\$ 93,284,267

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

Other Funds	Total Governmental Funds
\$ 9,475,664	\$ 337,317,147
-	6,191,366
-	(159,786)
8,729,726	14,201,257
176,481	6,735,021
243,972	2,147,842
210,945	340,428
37,269	271,788
<u>\$ 18,874,057</u>	<u>\$ 367,045,063</u>
\$ 626,346	\$ 38,265,501
32,601	1,542,800
2,275,676	32,873,209
6,607,276	6,619,061
1,371,645	24,556,048
<u>10,913,544</u>	<u>103,856,619</u>
-	4,638,776
<u>-</u>	<u>4,638,776</u>
210,945	340,428
1,000	1,000
37,269	271,788
4,227,498	4,227,498
-	56,086,560
-	95,729,305
13,247	13,247
3,479,323	3,479,323
-	36,050,464
(8,769)	62,350,055
<u>7,960,513</u>	<u>258,549,668</u>
<u>\$ 18,874,057</u>	<u>\$ 367,045,063</u>

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DENTON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances - Governmental Funds	\$ 258,549,668
Assets and liabilities of the internal service funds are not included in the fund financial statements.	982,990
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	1,884,174,253
Accumulated depreciation is not reported in the fund financial statements.	(492,247,119)
Bonds payable are not reported in the fund financial statements.	(1,237,690,283)
Bond premiums and discounts are not recognized in the fund financial statements.	(181,342,888)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(17,546,012)
Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	4,638,776
Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$117,929,411, a Deferred Resource Inflow related to TRS in the amount of \$9,579,637, and a Deferred Resource Outflow related to TRS in the amount of \$51,133,368. This amounted to a decrease in Net Position in the amount of \$76,375,680.	(76,375,680)
Included in the items related to debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$60,203,134, a Deferred Resource Inflow related to TRS OPEB in the amount of \$91,980,171, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$25,944,139. This amounted to a decrease in Net Position in the amount of \$126,239,166.	(126,239,166)
Accrued vacation benefits have not been recorded in the fund financial statements.	(698,016)
Deferred charge on bond refundings is not recognized in the fund financial statements.	100,007,958
Accreted interest on capital appreciation bonds has not been recorded in the fund financial statements.	(31,256,128)
Subscription liabilities for SBITA assets used in governmental activities are not recognized in the fund financial assets.	(1,561,291)
Net Position of Governmental Activities	\$ 83,397,062

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

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Debt Service Fund	Capital Projects
REVENUES:			
Total Local and Intermediate Sources	\$ 247,376,439	\$ 132,965,096	\$ 6,314,124
State Program Revenues	64,211,012	2,843,326	-
Federal Program Revenues	11,704,460	-	-
Total Revenues	323,291,911	135,808,422	6,314,124
EXPENDITURES:			
Current:			
Instruction	200,360,467	-	-
Instructional Resources and Media Services	5,074,449	-	-
Curriculum and Instructional Staff Development	6,246,290	-	-
Instructional Leadership	4,943,463	-	-
School Leadership	19,260,065	-	-
Guidance, Counseling, and Evaluation Services	12,463,457	-	-
Social Work Services	835,207	-	-
Health Services	3,539,655	-	-
Student (Pupil) Transportation	8,094,107	-	-
Food Services	392,605	-	-
Extracurricular Activities	8,783,482	-	153,729
General Administration	11,350,788	-	-
Facilities Maintenance and Operations	40,820,561	-	-
Security and Monitoring Services	2,384,138	-	-
Data Processing Services	7,185,659	-	27,120
Community Services	3,769,757	-	-
Debt Service:			
Principal on Long-Term Liabilities	1,155,845	70,748,434	-
Interest on Long-Term Liabilities	2,761	62,950,447	-
Bond Issuance Cost and Fees	-	65,050	-
Capital Outlay:			
Facilities Acquisition and Construction	391,661	-	207,663,324
Intergovernmental:			
Payments to Fiscal Agent/Member Districts of SSA	642,000	-	-
Other Intergovernmental Charges	2,005,987	-	-
Total Expenditures	339,702,404	133,763,931	207,844,173
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,410,493)	2,044,491	(201,530,049)
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	16,188	-	-
Proceeds from Subscription Liabilities	606,461	-	-
Transfers In	1,037,811	-	174,241
Transfers Out (Use)	(364,689)	-	(56,197)
Total Other Financing Sources (Uses)	1,295,771	-	118,044
EXTRAORDINARY ITEMS:			
Extraordinary Item - Resource	2,339,359	-	-
Net Change in Fund Balances	(12,775,363)	2,044,491	(201,412,005)
Fund Balance - July 1 (Beginning)	108,682,042	93,684,814	260,365,176
Fund Balance - June 30 (Ending)	\$ 95,906,679	\$ 95,729,305	\$ 58,953,171

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

	Other Funds	Total Governmental Funds
\$	10,902,510	\$ 397,558,169
	4,578,629	71,632,967
	34,754,961	46,459,421
	50,236,100	515,650,557
	16,428,281	216,788,748
	254,854	5,329,303
	5,108,906	11,355,196
	119,874	5,063,337
	507,846	19,767,911
	5,262,331	17,725,788
	117,662	952,869
	37,905	3,577,560
	112,570	8,206,677
	18,209,112	18,601,717
	1,645,168	10,582,379
	184,201	11,534,989
	78,561	40,899,122
	-	2,384,138
	91,267	7,304,046
	1,230,026	4,999,783
	-	71,904,279
	-	62,953,208
	-	65,050
	162,263	208,217,248
	-	642,000
	-	2,005,987
	49,550,827	730,861,335
	685,273	(215,210,778)
	8,726	24,914
	-	606,461
	150,718	1,362,770
	(821,202)	(1,242,088)
	(661,758)	752,057
	-	2,339,359
	23,515	(212,119,362)
	7,936,998	470,669,030
\$	7,960,513	\$ 258,549,668

DENTON 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, 2023

Total Net Change in Fund Balances - Governmental Funds	\$ (212,119,362)
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	202,225,352
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(40,383,960)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	746,305
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	1,080,754
Current year amortization of the premium/discount on bonds payable is not recorded in the fund financial statements, but is shown as a change in long-term debt in the government-wide financial statements.	9,962,087
Current year interest accretion on capital appreciation bonds is not recognized in the fund financial statements, but is shown as a change in long-term debt in the government-wide financial statements.	10,462,379
The net profit (loss) of internal service funds is not included in the fund financial statements but is reported with governmental activities in the government-wide financial statements.	492,661
Current year principal payments on bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	70,748,434
Current year principal payments on subscription liabilities are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	1,155,845
Current year net decreases in accrued vacation benefit obligations and special termination benefit obligations are shown as expenditures in the fund financial statements but are shown as reductions of long-term debt in the government-wide financial statements.	62,665
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2022 caused the ending net position to increase in the amount of \$8,625,595. Contributions made before the measurement but during the 2023 FY were also de-expended and recorded as a reduction in the net pension liability for the District. This also caused an increase in the net position in the amount of \$1,509,988. These contributions were replaced with the District's pension expense for the year of \$15,583,967, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by \$5,448,384.	(5,448,384)

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

DENTON 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, 2023

<p>The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made during the current fiscal year caused the ending net position to increase in the amount of \$2,132,639. These contributions were replaced with the District's OPEB expense for the year, which was \$(5,725,404) and caused an increase in net position. The impact of both of these is to increase net position by \$7,858,043.</p>	7,858,043
<p>Proceeds from subscription liabilities are recorded as other resources in the fund financial statements but are shown as an increase in long-term debt in the government-wide financial statements.</p>	(1,561,291)
<p>The basis of capital asset dispositions do not affect the fund financial statements but are shown as a reduction of capital assets in the government-wide financial statements.</p>	(3,473,769)
<p>Current year amortization of deferred charge on bond refunding is not recorded in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.</p>	(11,688,456)
Change in Net Position of Governmental Activities	\$ 30,119,303

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

DENTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Total Local and Intermediate Sources	\$ 232,763,203	\$ 246,486,569	\$ 247,376,439	\$ 889,870
State Program Revenues	76,283,918	64,547,864	64,211,012	(336,852)
Federal Program Revenues	5,350,000	11,278,235	11,704,460	426,225
Total Revenues	314,397,121	322,312,668	323,291,911	979,243
EXPENDITURES:				
Current:				
Instruction	196,792,408	206,869,447	200,360,467	6,508,980
Instructional Resources and Media Services	4,893,327	5,232,932	5,074,449	158,483
Curriculum and Instructional Staff Development	5,489,669	6,461,715	6,246,290	215,425
Instructional Leadership	4,016,668	5,068,078	4,943,463	124,615
School Leadership	17,580,909	19,625,663	19,260,065	365,598
Guidance, Counseling, and Evaluation Services	12,475,895	12,763,783	12,463,457	300,326
Social Work Services	693,613	858,217	835,207	23,010
Health Services	3,104,546	3,655,969	3,539,655	116,314
Student (Pupil) Transportation	6,401,816	7,694,041	8,094,107	(400,066)
Food Services	187,876	416,318	392,605	23,713
Extracurricular Activities	8,152,332	9,015,611	8,783,482	232,129
General Administration	11,935,759	10,704,985	11,350,788	(645,803)
Facilities Maintenance and Operations	35,685,166	41,036,856	40,820,561	216,295
Security and Monitoring Services	1,961,727	2,542,507	2,384,138	158,369
Data Processing Services	7,646,468	6,885,902	7,185,659	(299,757)
Community Services	3,455,936	4,371,708	3,769,757	601,951
Debt Service:				
Principal on Long-Term Liabilities	-	1,227,618	1,155,845	71,773
Interest on Long-Term Liabilities	-	2,761	2,761	-
Capital Outlay:				
Facilities Acquisition and Construction	-	571,851	391,661	180,190
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	560,700	642,000	642,000	-
Other Intergovernmental Charges	1,909,854	2,005,987	2,005,987	-
Total Expenditures	322,944,669	347,653,949	339,702,404	7,951,545
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,547,548)	(25,341,281)	(16,410,493)	8,930,788
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	23,840	16,188	(7,652)
Proceeds from Subscription Liabilities	-	249,113	606,461	357,348
Transfers In	1,000,000	634,414	1,037,811	403,397
Transfers Out (Use)	-	(309,745)	(364,689)	(54,944)
Total Other Financing Sources (Uses)	1,000,000	597,622	1,295,771	698,149
EXTRAORDINARY ITEMS:				
Extraordinary Item - Resource	-	632,043	2,339,359	1,707,316
Net Change in Fund Balances	(7,547,548)	(24,111,616)	(12,775,363)	11,336,253
Fund Balance - July 1 (Beginning)	108,682,042	108,682,042	108,682,042	-
Fund Balance - June 30 (Ending)	\$ 101,134,494	\$ 84,570,426	\$ 95,906,679	\$ 11,336,253

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

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 27,489	\$ 1,462,011
Other Receivables	12,393	241
Inventories	-	6,245
Prepayments	-	102,481
Total Current Assets	39,882	1,570,978
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment, Net	9,042	70,806
SBITA Asset, Net	-	882,780
Total Noncurrent Assets	9,042	953,586
Total Assets	48,924	2,524,564
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,880	87,187
Claims Liability	-	200,000
Due to Other Funds	-	115,960
Total Current Liabilities	1,880	403,147
Noncurrent Liabilities:		
SBITA Liability	-	295,800
Claims Liability	-	184,841
Total Noncurrent Liabilities	-	480,641
Total Liabilities	1,880	883,788
NET POSITION		
Net Investment in Capital Assets	9,042	657,786
Unrestricted Net Position	38,002	982,990
Total Net Position	\$ 47,044	\$ 1,640,776

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

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 196,160	\$ 2,032,288
Total Operating Revenues	<u>196,160</u>	<u>2,032,288</u>
OPERATING EXPENSES:		
Payroll Costs	72,542	285,687
Professional and Contracted Services	36	103,267
Supplies and Materials	105,712	494,246
Other Operating Costs	3,149	332,797
Depreciation Expense	1,447	421,252
Total Operating Expenses	<u>182,886</u>	<u>1,637,249</u>
Operating Income	<u>13,274</u>	<u>395,039</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	11,402
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>11,402</u>
Income Before Transfers	13,274	406,441
Transfers In	-	879,318
Transfers Out	-	(1,000,000)
Change in Net Position	13,274	285,759
Total Net Position - July 1 (Beginning)	33,770	1,348,474
Prior Period Adjustment	-	6,543
Total Net Position - June 30 (Ending)	<u>\$ 47,044</u>	<u>\$ 1,640,776</u>

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

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from District	\$ -	\$ 1,454,495
Cash Received from Charges and Fees	183,767	677,343
Cash Payments for Payroll Costs	(72,542)	(285,698)
Cash Payments for Purchased Services	(36)	(103,267)
Cash Payments for Supplies and Materials	(108,518)	(569,179)
Cash Payments for Claims	-	(848,720)
Net Cash Provided by Operating Activities	<u>2,671</u>	<u>324,974</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Transfers In	-	879,318
SBITA Proceeds	-	325,198
SBITA Principal Payments	-	(211,292)
Purchase of Capital Assets	-	(1,169,179)
Transfer Out	-	(1,000,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(1,175,955)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	-	11,402
Net Increase (Decrease) in Cash and Cash Equivalents	2,671	(839,579)
Cash and Cash Equivalents at Beginning of Year	24,818	2,185,630
Cash and Cash Equivalents at End of Year	<u>\$ 27,489</u>	<u>\$ 1,346,051</u>
<u>Reconciliation of Operating Income to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating Income:	\$ 13,274	\$ 395,039
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,447	421,252
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(12,393)	99,550
Decrease (increase) in Inv./Prepayments	-	(103,686)
Increase (decrease) in Accounts Payable	343	34,258
Increase (decrease) in Accrued Wages Payable	-	(11)
Increase (decrease) in Accrued Expenses	-	(521,428)
Net Cash Provided by Operating Activities	<u>\$ 2,671</u>	<u>\$ 324,974</u>

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

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 241,961
Total Assets	<u>241,961</u>
LIABILITIES	
Accounts Payable	<u>78</u>
Total Liabilities	<u>78</u>
NET POSITION	
Unrestricted Net Position	<u>241,883</u>
Total Net Position	<u><u>\$ 241,883</u></u>

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

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Total Custodial Funds
ADDITIONS:	
Received from Student Groups	\$ 205,352
Total Additions	<u>205,352</u>
DEDUCTIONS:	
Student Groups	<u>213,553</u>
Total Deductions	<u>213,553</u>
Change in Fiduciary Net Position	(8,201)
Total Net Position - July 1 (Beginning)	<u>250,084</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 241,883</u></u>

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

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DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Denton Independent School District (the "District") is a public educational agency operating under the applicable rules and regulations of the State of Texas. The District's combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of Trustees, a seven member group elected by registered voters of the District, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees are elected by the public. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the district. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basis financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Denton Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
3. **Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Enterprise Fund** - The District utilizes enterprise funds to account for the Districts' activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. The District uses this fund to account for its athletic stadium concessions, because this program is self-supporting and does not require subsidies from the general fund.
3. **Internal Service Funds** - The District utilizes Internal Service Funds to account for revenues and expenses related to services provided to parties inside the District on a cost reimbursement basis. These funds facilitate distribution of support costs to the users of support services. The District has internal service funds for its health and workers compensation self-insurance plans in addition to its print shop.
4. **Permanent Fund** - The District utilizes a permanent fund to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes to support the District's programs. The District uses this fund to account for the Lewis Price Memorial Fund, the earnings on which are to be used for playground equipment.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

5. **Fiduciary Funds** - The District reports Custodial Funds as Fiduciary Funds. Custodial Funds are custodial in nature and account for activities of student groups. Custodial Funds exist with the explicit approval of, and are subject to revocation by, the Board.

The enterprise funds and internal service funds are proprietary fund types. Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A 90 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

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

DENTON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

The revenue susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as unearned revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

D. BUDGETARY CONTROL

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund and the Child Nutrition Fund. The special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	June 30, 2023 <u>Fund Balance</u>
Appropriated Budget Funds	\$4,438,443
Nonappropriated Budget Funds	<u>3,507,819</u>
All Special Revenue Funds	<u>\$7,946,262</u>

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

E. CASH AND CASH EQUIVALENTS

The cash portion of this caption in the accompanying fund financial statements is comprised of demand accounts, imprest funds and money market savings accounts. The District maintains a demand account on an imprest basis through which most obligations are paid. Checking account balances for most government fund expenditures are pooled into one demand account.

The cash equivalents portion of this caption is comprised of investments in state investment pools. All daily receipts are deposited to demand accounts until the funds are invested under the terms of the District's depository contract.

All District's deposits and investments, other than the state investment pool, are legally insured by the Federal Deposit Insurance Corporation and additionally protected by appropriate pledges of securities issued by the State of Texas, other Texas municipalities or the Federal government.

F. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no significant encumbrances at June 30, 2023 that were provided for in the subsequent year's budget.

G. PREPAID ITEMS

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and prepaid items are shown as nonspendable fund balance to signify that they are not available for other subsequent expenditures. Prepaid balances are reported using the consumption method, in which the prepaid item is recorded as an asset when paid and is charged to expenditure or expense each fiscal year in an amount equal to the related benefits received that year.

H. INVENTORIES

The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. In the General Fund, reported inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources.

The amount of unused commodities at balance sheet date is also reported as inventory and unearned revenue. Commodities on hand at June 30, 2023 totaled \$62,146.

I. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds". Interfund loans are classified as "Advances to/from other funds" and are offset by a fund balance reserve account. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances" and "internal advances".

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

J. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 Years
Furniture and Equipment	5-10 Years

K. COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. CASH EQUIVALENTS

For purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with maturity within one year or less.

M. NET POSITION

Net position represents the difference between assets, deferred inflows, deferred outflows and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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.

O. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at June 30, 2023 was \$100,007,958.

Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 5.7052 years.

A deferred outflow for pension expense results from payments made to the TRS pension plan by the District after the plan's measurement date. The amount of deferred outflows reported in the statement of net position for deferred pension expenses at June 30, 2023 was \$51,133,368.

Deferred outflows of resources for OPEB- Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 9.2179 years. The amount of deferred outflows reported in the statement of net position for deferred OPEB expense at June 30, 2023 was \$25,944,139.

A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

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Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at June 30, 2023 was \$4,638,776.

Deferred inflows of resources for pension - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period. In fiscal year 2023, the District reported deferred inflows of resources for pensions in the statement of net position in the amount of \$9,579,637.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (9.2179 years for the 2022 measurement year). In fiscal year 2023, the District reported deferred inflows of resources for OPEB in the statement of net position in the amount of \$91,980,171.

P. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2023, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Q. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. FUND BALANCE

The District has implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items and inventories as being nonspendable as these items are not expected to be converted to cash and has classified the Lewis Price Memorial Fund principal as being nonspendable as these funds are contractually required to remain intact.

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- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects fund resources are to be used for future construction and renovation projects and are restricted through bond orders and constitutional law.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of June 30, 2023 for campus activities.

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Board of Trustees may assign amounts for specific purposes but it has also delegated authority to assign fund balance to the Superintendent and the Assistant Superintendent of Administrative Services. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned fund balance of the General Fund as of June 30, 2023 for several purposes as detailed below.

- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

The Board of Trustees has adopted a fund balance policy that expresses an intent to maintain a level of assigned and unassigned fund balance in the general fund equal to 25 percent of the fund's operating expenditures.

The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 22 and 23) and are described below:

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General Fund

The General Fund has unassigned fund balance of \$62,358,824 at June 30, 2023. Deferred expenditures (prepaid items) of \$181,259 and inventories of \$129,483 are considered nonspendable fund balance. The District has assigned general fund fund balance resources for the following purposes as of June 30, 2023:

2023-2024 Projected Deficit Budget	\$17,850,403
Extended School Day program	5,102,352
Non-bond new campus startup	280,824
Transportation	1,829,068
Per pupil campus allotment	2,827,677
Secondary curriculum	138,005
Career and Technology program	1,324,407
Bilingual program	14,102
Fine Arts program	145,319
Major maintenance projects	247,502
Technology	353,636
Athletics	1,355,682
Insurance deductibles	977,741
Vehicles/buses/equipment	790,395
	<u>\$33,237,113</u>

Other Major Funds

The Debt Service Fund has restricted funds of \$95,729,305 at June 30, 2023 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has restricted funds of \$56,086,560 at June 30, 2023 consisting of unspent bond funds and \$2,813,351 of non-bond funds assigned for future capital replacement projects. Deferred expenditures (prepaid items) of \$53,260 are considered nonspendable fund balance.

Other Funds

In the Food Service Fund, inventories of \$210,945 are considered nonspendable fund balance. The remainder of the Food Service Fund fund balance of \$4,227,498 is shown as restricted for food service operations. The fund balance of \$2,797,730 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The fund balance of Local Grants (a special revenue fund) consisted of funds donated for specific purposes that are committed to those purposes, and the fund balance of COVID-19 Local Activity (a special revenue fund) consists of funds set aside and committed for local COVID-19 expenditures. The Lewis Trust Memorial Fund permanent endowment fund principal of \$1,000 is shown as nonspendable at June 30, 2023, while the accumulated unspent earnings of \$13,247 are shown as restricted fund balance.

NOTE 3. DEPOSITS AND INVESTMENTS

The District’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District’s agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

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1. Cash Deposits:

At June 30, 2023, the carrying amount of the District’s deposits checking accounts and interest-bearing savings accounts was \$8,797,389 and the bank balance was \$9,393,278. The District’s cash deposits at June 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name, but were under-secured for one day during the current fiscal year.

A reconciliation of cash and cash equivalents to the financial statements is as follows:

Petty cash	\$ 1,240
Checking accounts and interest-bearing savings accounts	8,797,391
Investment pools	<u>330,249,977</u>
Total	<u>\$339,048,608</u>
Governmental funds	\$337,317,147
Enterprise funds	27,489
Internal service funds	1,462,011
Fiduciary funds	<u>241,961</u>
Total	<u>\$339,048,608</u>

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. 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. As of June 30, 2023, the District’s cash balances totaled \$9,393,278. This entire amount was either secured by pledged securities held by the District’s financial institution’s agent in the District’s name or covered by FDIC insurance. Thus, the District’s deposits are not exposed to custodial credit risk.
- b. 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. At June 30, 2023, the District held all of its investments in five public funds investment pools (TexPool, Lone Star, Texas Term, Texas Class and TexStar). Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

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- c. Credit Risk - This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexPool, Texas Term, Texas Class and TexStar at year-end was AAAM (Standard & Poor's), and the credit quality rating for Lone Star was AA Af (Standard & Poor's).
- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool, TexStar, Texas Term, Texas Class and Lone Star investments is less than 60 days.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2023, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The District's investments at June 30, 2023, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
TexPool	\$ 25,632,878	\$ 25,632,878
TexStar	4,992,978	4,992,978
Lone Star	186,694,050	186,694,050
Texas Term	73,425,136	73,425,136
Texas Class	<u>39,504,935</u>	<u>39,504,935</u>
Total	<u>\$330,249,977</u>	<u>\$330,249,977</u>

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District's investment in Texpool, TexStar, Texas Term, Texas Class and Lone Star (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1	Additions/ Completions	Retirement/ Adjustments	Balance June 30
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 72,591,336	\$ 41,058,794	\$ -	\$ 113,650,130
Construction in Progress	338,818,681	149,874,079	(26,968,115)	461,724,645
Total capital assets, not being depreciated	411,410,017	190,932,873	(26,968,115)	575,374,775
Capital assets, being depreciated:				
Buildings and Improvements	1,205,321,289	31,163,729	(10,097,544)	1,226,387,474
Furniture and Equipment	70,776,167	5,321,093	(146,445)	75,950,815
SBITA Assets	4,685,417	1,775,772	-	6,461,189
Total capital assets, being depreciated	1,280,782,873	38,260,594	(10,243,989)	1,308,799,478
Less accumulated depreciation for:				
Buildings and Improvements	(405,347,084)	(34,771,968)	6,623,775	(433,495,277)
Furniture and Equipment	(50,686,939)	(4,065,566)	146,445	(54,606,060)
SBITA Assets	(2,599,356)	(1,546,426)	-	(4,145,782)
Total accumulated depreciation	(458,633,379)	(40,383,960)	6,770,220	(492,247,119)
Total capital assets being depreciated, net	822,149,494	(2,123,366)	(3,473,769)	816,552,359
Governmental activities capital assets, net	\$1,233,559,511	\$ 188,809,507	\$ (30,441,884)	\$ 1,391,927,134
Business-type activities:				
Furniture and Equipment	\$ 41,691	\$ -	\$ -	\$ 41,691
Totals at historic cost	41,691	-	-	41,691
Less accumulated depreciation for:				
Furniture and Equipment	(31,202)	(1,447)	-	(32,649)
Total accumulated depreciation	(31,202)	(1,447)	-	(32,649)
Business-type activities capital assets, net	\$ 10,489	\$ (1,447)	\$ -	\$ 9,042

**DENTON INDEPENDENT SCHOOL DISTRICT
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Construction in progress includes the following construction contracts in progress as of June 30, 2023:

<u>Project</u>	<u>Estimated Cost to Complete</u>	<u>Expended to Date</u>	<u>Balance to Complete</u>
High School Construction	\$167,074,848	\$167,054,767	\$ 20,081
Technology Center Addition	16,489,324	14,402,968	2,086,356
Transportation Facility Construction	14,204,082	13,573,841	630,241
Middle School Construction	64,309,902	62,072,896	2,237,006
Elementary School Construction	52,635,194	2,666,773	49,968,421
Elementary School Construction	27,555,555	26,499,551	1,056,004
High School Athletics Addition	58,995,873	58,931,860	64,013
High School Addition	51,678,995	51,547,825	131,170
Elementary School Construction	37,577,458	25,000,278	12,577,180
Middle School Renovation	35,964,046	22,209,133	13,754,913
Elementary School Construction	<u>52,439,630</u>	<u>2,021,648</u>	<u>50,417,982</u>
Total	<u>\$578,924,907</u>	<u>\$445,981,540</u>	<u>\$132,943,367</u>

Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$26,485,879
Instructional Resources & Media Services	603,043
Curriculum & Instructional Staff Development	1,227,618
Instructional Leadership	586,665
School Leadership	2,428,459
Guidance, Counseling & Evaluation Services	2,249,650
Social Work Services	119,169
Health Services	428,246
Student (Pupil) Transportation	981,642
Child Nutrition	1,195,557
Cocurricular/Extracurricular Activities	766,912
General Administration	1,276,362
Plant Maintenance and Operations	813,778
Data Processing Services	721,163
Community Services	<u>499,817</u>
Total depreciation expense-Governmental activities	<u>\$40,383,960</u>
Business-type activities:	
Stadium Concessions	<u>\$ 1,447</u>
Total depreciation expense Business-type activities	<u>\$ 1,447</u>

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, compensated absences, interest rate swap agreements, special termination benefits, and subscription liabilities. All long-term debt represents transactions in the District's governmental activities. No long-term debt exists in the District's business-type activities.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

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The following is a summary of the changes in the District's Long-term Debt for the year ended June 30, 2023:

<u>Description</u>	Interest Rate Payable	Amount Original Issue	Amounts Outstanding 7/1/2022	Additions	Refunded/ Retired	Amounts Outstanding 6/30/2023	Due Within One Year
Bonded Indebtness:							
2012B Refunding	2.00-5.00%	57,210,000	\$ 3,245,000	\$ -	\$ 3,245,000	\$ -	\$ -
2013 Building	2.00%	44,300,000	21,390,000	-	21,390,000	-	-
2014A Building	1.25-5.00%	75,055,000	7,240,000	-	1,670,000	5,570,000	1,760,000
2014B Building	2.00%	69,075,000	58,735,000	-	9,615,000	49,120,000	-
2014C Refunding	2.00-5.00%	14,435,000	940,000	-	940,000	-	-
2015 Refunding	3.00-5.00%	118,775,000	28,920,000	-	6,505,000	22,415,000	7,140,000
2015A Building	2.00-5.00%	164,580,000	9,700,000	-	1,900,000	7,800,000	1,805,000
2016 Refunding	2.00-5.00%	117,200,000	116,705,000	-	-	116,705,000	-
2016 Refunding CAB	1.47-2.24%	1,549,104	943,717	-	453,434	490,283	268,618
2018 Building	3.00-5.00%	400,125,000	381,490,000	-	4,515,000	376,975,000	2,530,000
2020 Building	1.75-5.00%	278,025,000	257,040,000	-	16,460,000	240,580,000	12,755,000
2020A Refunding	1.577-5.00%	265,570,000	265,570,000	-	-	265,570,000	-
2020A Refunding CAB	.312-1.391%	3,875,000	540,000	-	330,000	210,000	155,000
2021 Refunding	1.967-5.00%	87,465,000	87,465,000	-	1,750,000	85,715,000	-
2022A Refunding	4.00-5.00%	34,650,000	34,650,000	-	1,855,000	32,795,000	1,935,000
2022B Refunding	3.00-5.00%	26,280,000	26,280,000	-	120,000	26,160,000	650,000
2022C Refunding	1.25%	7,585,000	7,585,000	-	-	7,585,000	7,585,000
Total Bonded Indebtedness			<u>1,308,438,717</u>	<u>-</u>	<u>70,748,434</u>	<u>1,237,690,283</u>	<u>36,583,618</u>
Accreted Interest	4.10-5.20%		41,718,507	981,042	11,443,421	31,256,128	11,722,205
Premiums on Bond Issuance			191,304,975	-	9,962,087	181,342,888	9,932,729
Subscription Liability	8.00%		1,996,768	931,659	1,367,136	1,561,291	1,234,413
Accrued Vacation Benefits			760,681	1,161,265	1,223,930	698,016	1,150,000
Total Other Obligations			<u>235,780,931</u>	<u>3,073,966</u>	<u>23,996,574</u>	<u>214,858,323</u>	<u>24,039,347</u>
Total Obligations of District			<u>\$ 1,544,219,648</u>	<u>\$ 3,073,966</u>	<u>\$ 94,745,008</u>	<u>\$ 1,452,548,606</u>	<u>\$ 60,622,965</u>

A summary of maturity dates for debt service obligations is as follows:

<u>Description</u>	<u>Maturity Date</u>
2014A Building	8/15/26
2014B Building	8/1/44
2015 Refunding	8/15/33
2015A Building	8/15/32
2016 Refunding	8/15/38
2016 Refunding CAB	8/15/25
2018 Building	8/15/48
2020 Building	8/15/48
2020A Refunding	8/15/45
2020A Refunding CAB	8/15/26
2021 Refunding	8/15/33
2022A Refunding	8/15/35
2022B Refunding	8/15/35
2022C Refunding	8/15/23

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The District issues general obligation bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Current principal and interest requirements are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment.

Accrued vacation benefits have typically been liquidated with general fund revenues in prior years.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2023.

NOTE 6. DEBT SERVICE REQUIREMENTS - BONDS

Debt service requirements to maturity are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 36,583,618	\$ 64,483,039	\$ 101,066,657
2025	29,594,177	63,790,974	93,385,151
2026	33,587,488	58,850,713	92,438,201
2027	42,755,000	48,986,301	91,741,301
2028	47,715,000	43,899,801	91,614,801
2029-2033	269,380,000	163,454,649	432,834,649
2034-2038	263,955,000	118,542,704	382,497,704
2039-2043	247,345,000	74,358,445	321,703,445
2044-2048	215,705,000	32,157,603	247,862,603
2049	51,070,000	1,040,925	52,110,925
	<u>\$1,237,690,283</u>	<u>\$669,565,154</u>	<u>\$1,907,255,437</u>

NOTE 7. DEFEASED BONDS OUTSTANDING

In prior years, the District issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The District has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On June 30, 2023, \$472,975,000 of bonds outstanding are considered defeased.

NOTE 8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

In May 2020, GASB issued Statement No. 96 – Subscription-Based Information Technology Arrangements (SBITAs). This statement increases the usefulness of the District's financial statements by requiring recognition of right-to-use subscription assets – an intangible asset – and a corresponding subscription liability, where applicable, for payments that previously were classified as operating expenditures and recognized as outflows of resources based on the payment provisions of the arrangements. The requirements of this Statement were effective for years beginning after June 15, 2022.

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The District has entered into long-term arrangements for the right to use certain information technology through subscription or license agreements. Current agreements are for various periods of more than 12 months ranging from July 2019 to June 2025. Each SBITA asset will be amortized over the life of the subscription agreement. As of June 30, 2023, the District has recognized \$6,461,189 of SBITA assets with \$4,145,782 of amortization to date.

The District measured the SBITA liability, where applicable, at the present value of the original unpaid SBITA payments, discounted using the District's estimated incremental borrowing rate of 8.00%. As of June 30, 2023, the District has SBITA liabilities of \$1,561,291.

Below is a summary of the SBITA activity for the fiscal year:

	Balance 7/1/2022	Additions	Retirements	Balance 6/30/2023
Right-to-Use Asset	\$ 4,685,417	\$ 1,775,772	\$ -	\$ 6,461,189
Less Accumulated Amortization	<u>(2,599,356)</u>	<u>(1,546,426)</u>	<u>-</u>	<u>(4,145,782)</u>
Total Right-to-Use Asset, Net	<u>\$ 2,086,061</u>	<u>\$ 229,346</u>	<u>\$ -</u>	<u>\$ 2,315,407</u>

	Balance 7/1/2022	Additions	Retirements	Balance 6/30/2023
Subscription Liability	\$ 1,996,768	\$ 931,659	\$ (1,367,136)	\$ 1,561,291
Total Subscription Liability	<u>\$ 1,996,768</u>	<u>\$ 931,659</u>	<u>\$ (1,367,136)</u>	<u>\$ 1,561,291</u>

Future payment requirements under the subscription liabilities as of June 30, 2023, are as follows:

Year Ended	Principal	Interest	Total
June 30, 2024	\$1,234,413	\$124,902	\$1,359,315
2025	326,878	26,167	353,048
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$1,561,291</u>	<u>\$151,069</u>	<u>\$1,712,360</u>

NOTE 9. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

On resignation, retirement or death of certain employees, the District pays any accrued, unused vacation leave in a lump cash payment to such employee or his/her estate. The District's liability is considered a long-term liability and is recorded in the Statement of Net Position as a long-term debt payable.

A summary of changes in the accumulated vacation leave liability is as follows:

Balance, July 1, 2022	\$ 760,681
Additions – New Entrants and Salary Increments	1,161,265
Deductions – Payments to Participants	<u>(1,223,930)</u>
Balance, June 30, 2023	<u>\$ 698,016</u>

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On retirement of an employee, the District pays to the employee lump cash payment equal to one-tenth of the employee's annual salary, if the employee has accumulated a minimum amount of unused sick leave. It is impractical to estimate the amount of future liability because of uncertainty of the number of such employees who will remain with the District until retirement. Accordingly, no liability has been recorded in the accompanying financial statements. The District's policy is to recognize the cost of compensated absences when actually paid to employees.

NOTE 10. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code which established an appraisal district and an appraisal review board in each county in the State of Texas. Denton Central Appraisal District (DCAD) is responsible for the appraisal of property for all taxing units in Denton County, including the District. Under the terms of a contract for appraisal services, the District paid DCAD \$2,005,987 in fiscal year 2023 for appraising property.

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2022-23 fiscal year was based was \$27,186,255,764. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2023, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.8646 and \$0.48 per \$100 valuation, respectively, for a total of \$1.3446 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2023 were 99.10% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2023, property taxes receivable, net of estimated uncollectible taxes, totaled \$3,951,739 and \$2,079,841 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and deferred inflows of resources at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

NOTE 11. DEFINED BENEFIT PENSION PLAN

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

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

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Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://trs.texas.gov/pages/aboutpublications.aspx>, by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512)542-6592.

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%
Denton ISD FY2023 Employer Contributions		\$ 10,135,583
Denton ISD FY2023 Member Contributions		\$ 20,434,485
Denton ISD FY2023 NECE On-Behalf Contributions		\$ 12,646,669

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

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As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.
- All public schools must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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The long-term rate of return on pension plan investments is 7.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2021 are summarized below:

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18%	4.6%	1.12%
Non-U.S. Developed	13%	4.9%	0.90%
Emerging Markets	9%	5.4%	0.75%
Private Equity	14%	7.7%	1.55%
Stable Value			
Government Bonds	16%	1.0%	0.22%
Absolute Return ⁴	0%	3.7%	0.00%
Stable Value Hedge Funds	5%	3.4%	0.18%
Real Return			
Real Estate	15%	4.1%	0.94%
Energy, Natural Resources	6%	5.1%	0.37%
Commodities	0%	3.6%	0.00%
Risk Parity			
Risk Parity	8%	4.6%	0.43%
Leverage			
Cash	2%	3.0%	0.01%
Asset Allocation Leverage	-6%	3.6%	-0.05%
Inflation Expectation	-		2.70%
Volatility Drag ³	-		-0.93%
Total	<u>100%</u>		<u>8.19%</u>

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Denton ISD's proportionate share of the net pension liability:	\$183,453,447	\$117,929,411	\$64,819,097

¹ Target allocations are based on the FY22 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022).

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

⁴ Absolute Return includes credit sensitive investments.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, Denton Independent School District reported a liability of \$117,929,411 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Denton Independent School District. The amount recognized by Denton Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Denton Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$117,929,411
State's proportionate share that is associated with the District	<u>160,898,554</u>
Total	<u>\$278,827,965</u>

The general fund has typically been used in prior years to liquidate pension liabilities

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.1986432867%, an increase of 3.72% from its proportionate share of 0.1915203491% at August 31, 2021.

Changes Since the Prior Actuarial Valuation – The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended June 30, 2023, Denton Independent School District recognized pension expense of \$15,380,078 and revenue of \$15,380,078 for support provided by the State.

At June 30, 2023, Denton Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,709,967	\$ 2,571,085
Changes in actuarial assumptions	21,974,087	5,476,556
Difference between projected and actual investment earnings	11,651,049	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	7,172,670	1,531,996
Contributions paid to TRS subsequent to the measurement date	8,625,595	-
Total	\$51,133,368	\$ 9,579,637

The net amounts of the District's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

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Year ended June 30:	Pension Expense Amount
2024	\$ 9,002,266
2025	4,974,947
2026	1,912,177
2027	14,615,205
2028	2,423,541
Thereafter	-

NOTE 12. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS- Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/pages/aboutpublications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are reflected in the following table:

	TRS-Care Monthly for Retirees	
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

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

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Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Denton ISD FY23 Employer Contributions		\$2,132,639
Denton ISD FY23 Member Contributions		\$1,660,315
Denton ISD FY23 NECE On-behalf Contributions		\$2,519,124

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Rates of Disability

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

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Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 3.91% was used to measure the total OPEB liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2022 using the fixed-income market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District’s proportionate share of the Net OPEB Liability:	\$70,984,278	\$60,203,134	\$5,146,903

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is one-percentage less than or one-percentage point greater than the health trend rates is assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District’s proportionate share of the Net OPEB Liability:	\$4,960,766	\$60,203,134	\$7,393,882

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OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2023, the District reported a liability of \$60,203,134 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s Proportionate share of the collective Net OPEB Liability	\$ 60,203,134
State’s proportionate share that is associated with the District	<u>73,438,365</u>
Total	<u>\$133,641,499</u>

The general fund has typically been used in prior years to liquidate OPEB liabilities.

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer’s proportion of the collective Net OPEB Liability was 0.2514330147%, an increase of 1.33% compared to the August 31, 2021 proportionate share of 0.2481355249%.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was \$(10,421,497).

At June 30, 2023, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,347,081	\$50,154,615
Changes in actuarial assumptions	9,170,130	41,825,556
Difference between projected and actual investment earnings	179,329	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	11,446,344	-
Contributions paid to TRS subsequent to the measurement date	1,801,255	-
Total	\$25,944,139	\$91,980,171

DENTON INDEPENDENT SCHOOL DISTRICT
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 FOR THE YEAR ENDED JUNE 30, 2023

The net amounts of the employer’s balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	OPEB Expense Amount
2024	\$ (12,575,038)
2025	(12,574,388)
2026	(10,021,378)
2027	(6,565,048)
2028	(8,824,933)
Thereafter	(17,276,502)

NOTE 13. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2023, the contribution made on behalf of the District was \$1,281,799.

DENTON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2023, were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund:		
Internal Service Fund	\$ -	\$ 115,960
Special Revenue Fund:		
Head Start	251,126	-
ESEA Title I	626,384	-
IDEA-B Formula	747,661	-
IDEA-B Preschool	11,078	-
ESEA II Training and Recruiting	100,206	-
English Language Acquisition	202,263	-
Medicaid Admin Claim	54,359	-
SSA Adult Basic Education	300,867	-
Title IV, Community Learning	22,248	-
National Breakfast and Lunch	289,151	176,481
IDEA-B Formula ARP	458,994	-
ESSER II	193,795	-
ESSER III	2,431,347	-
SSA IDEA-C Deaf	3,232	-
ESEA IV Part A	24,984	-
SSA Career and Technical	101,922	-
Childcare Relief Funds	87,410	-
IDEA-B Preschool ARP	7,882	-
SPED Autism	539,520	-
Grow Your Own	5,366	-
SSA Regional Day School-Deaf	147,154	-
Dyslexia	327	-
Internal Service Fund:		
General Fund	115,960	-
Special Revenue Fund:		
General Fund	<u>11,785</u>	<u>6,442,580</u>
TOTAL	<u>\$6,735,021</u>	<u>\$6,735,021</u>

Interfunds transfers for the year ended June 30, 2023 consisted of the following individual amounts:

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund:		
Capital Projects Fund	\$ 174,241	\$ -
Special Revenue Fund	94,521	37,811
Internal Service Fund	95,927	1,000,000
Capital Projects Fund:		
General Fund	-	174,241
Special Revenue Fund	56,197	-
Special Revenue Fund:		
General Fund	37,811	94,521
Capital Projects Fund	-	56,197
Internal Service Fund	783,391	-
Internal Service Fund:		
General Fund	1,000,000	95,927
Special Revenue Fund	-	<u>783,391</u>
TOTAL	<u>\$2,242,088</u>	<u>\$2,242,088</u>

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

The purpose of an \$174,241 transfer was to transfer local funds from the general fund to the capital projects fund to set them aside for future capital replacement needs. The purpose of the \$1,000,000 transfer is to transfer excess funds from the workers compensation internal service fund to the general fund for use in operations. The purpose of a \$95,927 transfer from the general fund to the Print Shop internal service fund was to transfer funds to cover the net position deficit in that fund. The purpose of the \$94,521 transfer was to transfer funds from the general fund to the Winter Storm special revenue fund to cover the local costs accumulated and paid for from this fund related to the February, 2021 winter storm damage. The purpose of the \$37,811 transfer from the campus activity fund to the athletics fund is to transfer Natatorium aquatics receipts to the athletic program. The purpose of the \$56,197 transfer from the capital projects fund to the child nutrition fund is to reimburse child nutrition for a construction contract payment paid by the child nutrition fund in a prior year in error. The purpose of the \$783,391 transfer from the special revenue fund to the internal service fund is to transfer to the SBITA internal service fund the SBITA payments made by special revenue funds.

NOTE 15. HEALTH CARE

During the year ended June 30, 2023, employees of Denton Independent School District were covered by a health insurance plan (the Plan). The District contributed \$260 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a fully-funded plan.

NOTE 16. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2023, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 4,057,859	\$ 5,381,484	\$ 6,442,580	\$ 1,903,870	\$ 17,785,793
Debt Service Fund	2,133,507	90,047	-	-	2,223,554
Capital Projects Fund	-	-	-	-	-
Special Revenue Fund	-	8,729,726	176,481	243,972	9,150,179
Total - Governmental Activities	<u>\$ 6,191,366</u>	<u>\$ 14,201,257</u>	<u>\$ 6,619,061</u>	<u>\$ 2,147,842</u>	<u>\$ 29,159,526</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 159,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,786</u>
Business-type Activities:					
Enterprise Fund	\$ -	\$ -	\$ -	\$ 12,393	\$ 12,393
Internal Service Fund	-	-	-	241	241
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,634</u>	<u>\$ 12,634</u>

**DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Payables at June 30, 2023, were as follows:

	Accounts	Salaries and Benefits	Due to Other Funds	Other	Total Payables
Governmental Activities:					
General Fund	\$ 3,308,059	\$ 32,107,732	\$ 11,785	\$ -	\$ 35,427,576
Capital Projects Fund	34,331,096	-	-	-	34,331,096
Special Revenue Funds	626,346	2,308,277	6,607,276	-	9,541,899
Total - Governmental Activities	\$ 38,265,501	\$ 34,416,009	\$ 6,619,061	\$ -	\$ 79,300,571
Amounts not scheduled for payment during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type Activities:					
Enterprise Fund	\$ 1,880	\$ -	\$ -	\$ -	\$ 1,880
Internal Service Fund	87,187	-	-	384,841	472,028
Total Business-type Activities	\$ 89,067	\$ -	\$ -	\$ 384,841	\$ 473,908

NOTE 17. SELF-INSURED WORKERS' COMPENSATION

During the year ended August 31, 1992, the District established a workers compensation self-insurance fund for District employees to minimize the total cost of workers compensation to the District. All premiums were paid to a third party administrator acting on behalf of a self-funded pool. Like the health care self-insurance fund, the District has retained the risk of loss, and thus uses an Internal Service Fund to account for the activity. The District records activities of the plan in accordance with governmental accounting standards. These costs are reported as interfund services provided and used to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund. Additional payments, if any, to the self-insurance funds are treated as an equity transfer. Advanced Risk Management Techniques, Inc., through an actuarial review of the self-insurance program, projected an estimated outstanding loss of \$384,841 as of June 30, 2023. Claims administration is provided by TASB.

This estimated outstanding loss is the actuarially-estimated cost of unpaid claims, including case reserves, the development of known claims, incurred but not reported claims, and allocated loss adjustment expenses. It represents the discounted present value of estimated future cash payments, less anticipated investment income, required to meet unpaid claims. It was calculated based on a 5% yield on investments.

The accrued liability for Workers' Compensation self-insurance of \$384,841 includes incurred but not reported claims. This liability reported in the fund at June 30, 2023, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability booked was the present value of the estimate of the actuary. Aggregate stop-loss coverage for 2023 was \$500,000.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Changes in the workers' compensation claims liability amounts in fiscal 2022 and 2023 are represented below:

	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2023</u>
Unpaid claims, beginning of year	\$999,895	\$906,269
Incurred claims (including IBNR'S)	336,625	327,292
Claim payments	<u>430,251</u>	<u>848,720</u>
Unpaid claims, end of fiscal year	<u>\$906,269</u>	<u>\$384,841</u>

The amount of claims and judgments due within one year is estimated to be \$200,000.

NOTE 18. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2023, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Grant &</u> <u>Entitlements</u>	<u>Federal</u> <u>Grants</u>	<u>Local</u> <u>Governments</u>	<u>Total</u>
General	\$ 5,285,047	\$ 21,016	\$ 75,421	\$ 5,381,484
Debt Service	90,047	-	-	90,047
Special Revenue	<u>1,022,282</u>	<u>7,704,804</u>	<u>2,640</u>	<u>8,729,726</u>
Total	<u>\$ 6,397,376</u>	<u>\$ 7,725,820</u>	<u>\$ 78,061</u>	<u>\$ 14,201,257</u>

NOTE 19. CONTINGENT LIABILITIES

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, is not known until as long as five years from the bond issuance date. At June 30, 2023, the estimated rebate liability on outstanding bond series was \$-0-.

NOTE 20. LITIGATION AND CONTINGENCIES

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

Minimum foundation funding received from the Agency is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to the Agency. Federal funding for Food Services under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the USDA. Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies.

**DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

The Denton Central Appraisal District is a defendant in various lawsuits involving the property values assigned to property located within the District's boundaries on which the District assesses property taxes. The District could be required to refund property taxes paid on values which were greater than the ultimate final assessed valuation assigned by the court. Such lawsuits could continue several years into the future.

NOTE 21. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property taxes	\$ 234,515,926	\$ -	\$ 130,232,312	\$ -	\$ 364,748,238
Investment income	5,799,881	89,070	2,365,209	6,314,124	14,568,284
Food sales	-	5,355,963	-	-	5,355,963
Penalties, interest and other tax related income	1,142,274	-	367,575	-	1,509,849
Co-curricular student activities	730,180	3,123,360	-	-	3,853,540
Tuition and fees	4,122,624	1,275,330	-	-	5,397,954
Gifts and bequests	86,800	1,058,787	-	-	1,145,587
Facilities rentals	214,338	-	-	-	214,338
Insurance recovery	43,752	-	-	-	43,752
Other	720,664	-	-	-	720,664
Total	<u>\$ 247,376,439</u>	<u>\$ 10,902,510</u>	<u>\$ 132,965,096</u>	<u>\$ 6,314,124</u>	<u>\$ 397,558,169</u>

NOTE 22. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Tuition	\$ 51,925	\$ -	\$ -	\$ 51,925
State Foundation Funding	23,132,478	-	-	23,132,478
Lunchroom Receipts	-	-	328,137	328,137
Food Commodities	-	-	62,146	62,146
State Textbook Fund	-	-	251,908	251,908
THECB Grant	-	-	2,500	2,500
Ready to Read	-	-	753	753
Advanced Placement Incentives	-	-	178,419	178,419
Raising Blended Learners	-	-	26,688	26,688
Deaf Ed Mgmt Board	-	-	521,094	521,094
Total	<u>\$ 23,184,403</u>	<u>\$ -</u>	<u>\$ 1,371,645</u>	<u>\$ 24,556,048</u>

DENTON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 23. GENERAL FUND FEDERAL SOURCE REVENUES

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant or Entitlement</u>
General Fund:			
Impact Aid	84.041	\$ 175,012	\$ 175,012
Childcare Relief Funds	93.575	45,456	45,456
Medicaid Reimbursement	N/A	8,459,123	8,459,123
Junior ROTC	12.000	294,421	294,421
Indirect Costs	N/A	<u>2,730,448</u>	<u>2,730,448</u>
Total for General Fund		<u>\$11,704,460</u>	<u>\$11,704,460</u>

NOTE 24. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in four functional categories for the year ended June 30, 2023.

NOTE 25. SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides a regional day school for the deaf to various member districts. All services are provided by the fiscal agent. The member districts and the State provide the funds to the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Funds No. 315, 316, 317, 340, 435 and 446 and such activities have been accounted for using Model 3 in the SSA section of the Resource Guide. During the year ended June 30, 2023, the District contributed \$642,000 to the SSA.

In a manner similar to that described above, the District is also the fiscal agent for an adult education SSA accounted for in Special Revenue Fund No. 309, a vocational education SSA accounted for in Special Revenue Fund No. 331, and a TANF SSA accounted for in Special Revenue Fund No. 312.

The District participates in a shared services arrangement for juvenile justice alternative education services with ten other school districts. Although the District contributes to the shared services arrangement based on its participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Denton ISD. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. During the year ended June 30, 2023, the District had no students in the program for whom it was required to make contributions.

NOTE 26. SUBSEQUENT EVENT

Management has reviewed events subsequent to June 30, 2023 through November 11, 2023, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.

NOTE 27. LEASES

In June 2017, GASB issued Statement No. 87 - Leases. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The initial adoption date was postponed to fiscal years beginning after June 15, 2021 (FY2022) by GASB Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance, which was issued in May of 2020.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Per review of the agreements identified by the District as potential leases, the leases were determined to either not meet the definition of a lease or were immaterial to the financial statements.

NOTE 28. PRIOR PERIOD ADJUSTMENTS

As described in Note 8, during the current fiscal year the District implemented a new GASB Statement (No. 96) relating to subscription-based information technology arrangements. As part of the implementation, the District recorded a prior period adjustment for \$89,293 increasing the beginning net position of the Governmental Activities. The net prior period adjustment was the result of an increase in capital assets for the right-to-use subscription asset (net of amortization) of \$2,086,061 offset by an increase in long-term debt for the subscription liability of \$1,996,768.

NOTE 29. EXPENDITURES BY CHARACTER

Section 21.256, Texas Education Code, requires an annual audit and authorizes the State Board of Education, with the approval of the State Auditor, to prescribe minimum regulations and report forms for the annual audit. The Financial Accounting System Resource Guide of the Texas Education Agency prescribes the forms and formats to be filed with the Texas Education Agency. The prescribed format of the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds, requires expenditures to be classified by function, meaning capital outlay directly associated with a particular function is charged to that function.

Expenditures by fund and character are as follows:

	Governmental Fund Types				Total (Memorandum Only)
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
Current	\$336,192,814	\$49,550,827	\$ -	\$ 7,969,805	\$393,713,446
Capital Outlay	2,350,984	-	-	199,874,368	202,225,352
Debt Service:					
Principal	1,155,845	-	70,748,434	-	71,904,279
Interest and Fiscal Charges	2,761	-	63,015,497	-	63,018,258
Total Expenditures	<u>\$339,702,404</u>	<u>\$49,550,827</u>	<u>\$133,763,931</u>	<u>\$207,844,173</u>	<u>\$730,861,335</u>

REQUIRED SUPPLEMENTARY INFORMATION

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DENTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Total Local and Intermediate Sources	\$ 232,763,203	\$ 246,486,569	\$ 247,376,439	\$ 889,870
State Program Revenues	76,283,918	64,547,864	64,211,012	(336,852)
Federal Program Revenues	5,350,000	11,278,235	11,704,460	426,225
Total Revenues	314,397,121	322,312,668	323,291,911	979,243
EXPENDITURES:				
Current:				
Instruction	196,792,408	206,869,447	200,360,467	6,508,980
Instructional Resources and Media Services	4,893,327	5,232,932	5,074,449	158,483
Curriculum and Instructional Staff Development	5,489,669	6,461,715	6,246,290	215,425
Instructional Leadership	4,016,668	5,068,078	4,943,463	124,615
School Leadership	17,580,909	19,625,663	19,260,065	365,598
Guidance, Counseling, and Evaluation Services	12,475,895	12,763,783	12,463,457	300,326
Social Work Services	693,613	858,217	835,207	23,010
Health Services	3,104,546	3,655,969	3,539,655	116,314
Student (Pupil) Transportation	6,401,816	7,694,041	8,094,107	(400,066)
Food Services	187,876	416,318	392,605	23,713
Extracurricular Activities	8,152,332	9,015,611	8,783,482	232,129
General Administration	11,935,759	10,704,985	11,350,788	(645,803)
Facilities Maintenance and Operations	35,685,166	41,036,856	40,820,561	216,295
Security and Monitoring Services	1,961,727	2,542,507	2,384,138	158,369
Data Processing Services	7,646,468	6,885,902	7,185,659	(299,757)
Community Services	3,455,936	4,371,708	3,769,757	601,951
Debt Service:				
Principal on Long-Term Liabilities	-	1,227,618	1,155,845	71,773
Interest on Long-Term Liabilities	-	2,761	2,761	-
Capital Outlay:				
Facilities Acquisition and Construction	-	571,851	391,661	180,190
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	560,700	642,000	642,000	-
Other Intergovernmental Charges	1,909,854	2,005,987	2,005,987	-
Total Expenditures	322,944,669	347,653,949	339,702,404	7,951,545
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,547,548)	(25,341,281)	(16,410,493)	8,930,788
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	23,840	16,188	(7,652)
Proceeds from Subscription Liabilities	-	249,113	606,461	357,348
Transfers In	1,000,000	634,414	1,037,811	403,397
Transfers Out (Use)	-	(309,745)	(364,689)	(54,944)
Total Other Financing Sources (Uses)	1,000,000	597,622	1,295,771	698,149
EXTRAORDINARY ITEMS:				
Extraordinary Item - Resource	-	632,043	2,339,359	1,707,316
Net Change in Fund Balances	(7,547,548)	(24,111,616)	(12,775,363)	11,336,253
Fund Balance - July 1 (Beginning)	108,682,042	108,682,042	108,682,042	-
Fund Balance - June 30 (Ending)	\$ 101,134,494	\$ 84,570,426	\$ 95,906,679	\$ 11,336,253

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

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.19864328%	0.19152034%	0.18073414%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 117,929,411	\$ 48,773,455	\$ 96,797,518
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	160,898,554	73,589,813	157,372,338
Total	<u>\$ 278,827,965</u>	<u>\$ 122,363,268</u>	<u>\$ 254,169,856</u>
District's Covered Payroll	\$ 245,965,511	\$ 235,369,260	\$ 226,767,291
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	47.95%	20.72%	42.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.187453402%	0.1864531222%	0.178395853%	0.169962597%	0.1691892%	0.1151618%
\$ 97,444,139	\$ 102,628,324	\$ 57,041,383	\$ 64,226,338	\$ 59,806,130	\$ 30,761,310
143,387,199	153,999,324	88,702,720	103,415,412	97,157,049	83,661,060
<u>\$ 240,831,338</u>	<u>\$ 256,627,648</u>	<u>\$ 145,744,103</u>	<u>\$ 167,641,750</u>	<u>\$ 156,963,179</u>	<u>\$ 114,422,370</u>
\$ 207,572,939	\$ 199,791,322	\$ 187,413,154	\$ 174,953,893	\$ 163,821,034	\$ 154,554,318
46.94%	51.37%	30.44%	36.71%	36.51%	19.92%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 10,135,583	\$ 9,082,975	\$ 8,028,985
Contribution in Relation to the Contractually Required Contribution	(10,135,583)	(9,082,975)	(8,028,985)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 255,443,333	\$ 244,296,469	\$ 233,634,721
Contributions as a Percentage of Covered Payroll	3.97%	3.72%	3.44%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

	2020	2019	2018	2017	2016	2015
\$	7,320,420	\$ 6,490,864	\$ 6,223,824	\$ 5,786,378	\$ 5,322,188	\$ 4,666,408
	(7,320,420)	(6,490,864)	(6,223,824)	(5,786,378)	(5,322,188)	(4,666,408)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	223,650,339	\$ 206,220,120	\$ 197,367,842	\$ 185,528,986	\$ 173,396,127	\$ 163,129,441
	3.27%	3.15%	3.15%	3.12%	3.07%	2.86%

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.251433014%	0.248135524%	0.241818689%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 60,203,134	\$ 95,716,960	\$ 91,926,204
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	73,438,365	128,239,395	123,526,783
Total	<u>\$ 133,641,499</u>	<u>\$ 223,956,355</u>	<u>\$ 215,452,987</u>
District's Covered Payroll	\$ 245,965,511	\$ 235,369,260	\$ 226,767,291
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	24.48%	40.67%	40.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.238518907%	0.237684018%	0.219581563%
\$ 112,798,512	\$ 118,677,806	\$ 95,487,785
149,883,993	170,791,151	146,774,672
<u>\$ 262,682,505</u>	<u>\$ 289,468,957</u>	<u>\$ 242,262,457</u>
\$ 207,572,939	\$ 199,791,322	\$ 187,413,154
54.34%	59.40%	50.95%
2.66%	1.57%	0.91%

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 2,132,639	\$ 2,041,121	\$ 1,918,048
Contribution in Relation to the Contractually Required Contribution	(2,132,639)	(2,041,121)	(1,918,048)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 255,443,333	\$ 244,296,469	\$ 233,634,721
Contributions as a Percentage of Covered Payroll	0.84%	0.84%	0.82%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

	2020	2019	2018
\$	1,813,010	\$ 1,683,734	\$ 1,558,100
	(1,813,010)	(1,683,734)	(1,558,100)
\$	-	\$ -	\$ -
\$	223,650,339	\$ 206,220,120	\$ 197,367,842
	0.81%	0.82%	0.79%

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The discount rate changed from 7.25 percent as of August 31, 2021 to 7.00 percent as of August 31, 2022. This change increased the total pension liability.

OPEB LIABILITY:

Changes of benefit terms:

There were no changes in benefit terms since the prior measurement date.

Changes of assumptions:

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

BUDGETARY CONTROL:

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund and the Child Nutrition Fund. The special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Activities accounted for in the Special Revenue Funds are:

Child Care Development Block Grant - funds granted to assist low-income, working families afford child care
Head Start - funds granted for the Head Start program for preschool children
ESEA I, A Improving Basic Programs - funds granted to serve students needing reading and math assistance
IDEA-Part B Formula - funds granted for children with disabilities
IDEA-Part B Preschool - funds granted for preschool children with disabilities
National Breakfast and Lunch Program - funds granted to serve meals to disadvantaged children
ESEA II, A Training and Recruiting - funds for training to improve teacher and principal quality
Title III, A English Lang. Acquisition - funds to improve the education of limited English proficient children
Title IV, B Community Learning - funds for community learning center activities
ESSER-School Emergency Relief - funds granted through the CARES Act to help the District operate and instruct students during the pandemic
Medicaid Admin. Claim MAC - funds to reimburse Medicaid state plan administrative costs
ESSER II CRRSA Act Supplemental - fund granted to help the District operate and instruct students during the pandemic
ESSER III - funds granted through the CARES Act to help the District operate and instruct students during the pandemic
IDEA-Part B, Formula ARP - funds granted through the American Rescue Plan for children with disabilities
IDEA-Part B, Preschool ARP - funds granted through the American Rescue Plan for preschool children with disabilities
Summer School LEP - funds for summer education of limited English proficient students
ESEA Title IV, Part A - funds granted for students needing reading and math assistance
Childcare Relief Funds - funds granted through the American Rescue Plan for direct relief to childcare programs
SSA Adult Education - funds granted to provide adult education literacy services
SSA-IDEA, Part B Discretionary - funds granted for special education private residential placements
SSA-Vocational Ed Basic Grant - funds granted to provide career and technical education
SSA-IDEA C Deaf-Early Intervention - funds granted to provide service to hearing impaired infants and toddlers
Visually Impaired - funds granted for visually impaired students
Advanced Placement Incentives - funds granted under the Texas Advanced Placement Award incentive program
State Instructional Materials - funds granted for textbook and technology needs
SPED Autism Grant - funds granted to provide services for students with autism
Dyslexia - funds granted to provide services for students with dyslexia and related disorders
Ready to Read - funds from state license plate fees for reading programs
Grow Your Own - funds granted for teachers who complete a literacy or mathematic achievement academy
SSA Regional Day School-Deaf - funds granted to provide a regional day school program for the deaf (RDSD)
Deaf Educ Management Board - funds contributed by member districts to support the RDSD program
Campus Activity Funds - accounts for funds raised by a campus for the benefit of that campus
Blended Learning - funds granted to help design and launch a high-quality blended learning program
Local Grants - accounts for funds received from local individuals and businesses for District needs
2021 Winter Storm - accounts for funds expended from local dollars for repair costs related to the 2021 Texas winter storm
COVID-19 Local Activity - accounts for funds expended from local dollars for costs related to the COVID-19 pandemic

PERMANENT FUNDS

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes to support the District's programs.

Activities accounted for in the Permanent Fund are:

Lewis Price Memorial Fund - accounts for the original corpus and accumulated earnings related to a gift for playground equipment

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Child Care Development Block Grant	Head Start	ESEA I, A Improving Basic Program	IDEA - Part B Formula
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Due from Other Governments	-	470,366	994,901	1,335,458
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	62
Inventories	-	-	-	-
Prepayments	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 470,366</u>	<u>\$ 994,901</u>	<u>\$ 1,335,520</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 555	\$ 905	\$ 9,983
Payroll Deductions and Withholdings Payable	-	32,601	-	-
Accrued Wages Payable	-	186,084	367,612	577,876
Due to Other Funds	-	251,126	626,384	747,661
Unearned Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>470,366</u>	<u>994,901</u>	<u>1,335,520</u>
FUND BALANCES				
Nonspendable Fund Balance:				
Inventories	-	-	-	-
Endowment Principal	-	-	-	-
Prepaid Items	-	-	-	-
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	-	-
Playground Equipment	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	-	-	-	-
Unassigned Fund Balance	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 470,366</u>	<u>\$ 994,901</u>	<u>\$ 1,335,520</u>

IDEA - Part B Preschool	National Breakfast and Lunch Program	ESEA II,A Training and Recruiting	Title III, A English Lang. Acquisition	Title IV, B Community Learning	ESSER 1 - Emergency Sch Relief Fund	Medicaid Admin. Claim MAC	ESSER II CRRSA Act Supplemental
\$ -	\$ 4,902,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22,230	18,664	226,501	229,497	22,248	-	54,359	218,312
-	176,481	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	210,945	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 22,230</u>	<u>\$ 5,308,715</u>	<u>\$ 226,501</u>	<u>\$ 229,497</u>	<u>\$ 22,248</u>	<u>\$ -</u>	<u>\$ 54,359</u>	<u>\$ 218,312</u>
\$ -	\$ 190,838	\$ 63,247	\$ 85	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
11,152	-	63,048	27,149	-	-	-	24,517
11,078	289,151	100,206	202,263	22,248	-	54,359	193,795
-	390,283	-	-	-	-	-	-
22,230	870,272	226,501	229,497	22,248	-	54,359	218,312
-	210,945	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,227,498	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,438,443	-	-	-	-	-	-
<u>\$ 22,230</u>	<u>\$ 5,308,715</u>	<u>\$ 226,501</u>	<u>\$ 229,497</u>	<u>\$ 22,248</u>	<u>\$ -</u>	<u>\$ 54,359</u>	<u>\$ 218,312</u>

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	ESSER III ARP Act	IDEA B Formula ARP Act	IDEA B Preschool ARP Act	Summer School LEP
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 31,515
Due from Other Governments	2,922,677	589,559	18,229	-
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
Inventories	-	-	-	-
Prepayments	8,769	-	-	-
Total Assets	<u>\$ 2,931,446</u>	<u>\$ 589,559</u>	<u>\$ 18,229</u>	<u>\$ 31,515</u>
LIABILITIES				
Accounts Payable	\$ 36,301	\$ -	\$ -	\$ -
Payroll Deductions and Withholdings Payable	-	-	-	-
Accrued Wages Payable	463,798	130,565	10,347	31,515
Due to Other Funds	2,431,347	458,994	7,882	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>2,931,446</u>	<u>589,559</u>	<u>18,229</u>	<u>31,515</u>
FUND BALANCES				
Nonspendable Fund Balance:				
Inventories	-	-	-	-
Endowment Principal	-	-	-	-
Prepaid Items	8,769	-	-	-
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	-	-
Playground Equipment	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	-	-	-	-
Unassigned Fund Balance	(8,769)	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,931,446</u>	<u>\$ 589,559</u>	<u>\$ 18,229</u>	<u>\$ 31,515</u>

Other Federal Special Revenue Funds	Child Care Relief Fund	SSA Adult Basic Education	SSA IDEA, Part B Discretionary	SSA - Career & Technical - Basic Grant	SSA - IDEA C Deaf - Early Intervention	Visually Impaired SSVI	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ 890	\$ -	\$ -	\$ -	\$ 178,419
32,784	88,044	320,124	11,078	126,541	3,232	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 32,784</u>	<u>\$ 88,044</u>	<u>\$ 320,124</u>	<u>\$ 11,968</u>	<u>\$ 126,541</u>	<u>\$ 3,232</u>	<u>\$ -</u>	<u>\$ 178,419</u>
\$ 1,425	\$ 634	\$ 4,818	\$ -	\$ 664	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
6,375	-	14,439	11,968	23,955	-	-	-
24,984	87,410	300,867	-	101,922	3,232	-	-
-	-	-	-	-	-	-	178,419
<u>32,784</u>	<u>88,044</u>	<u>320,124</u>	<u>11,968</u>	<u>126,541</u>	<u>3,232</u>	<u>-</u>	<u>178,419</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 32,784</u>	<u>\$ 88,044</u>	<u>\$ 320,124</u>	<u>\$ 11,968</u>	<u>\$ 126,541</u>	<u>\$ 3,232</u>	<u>\$ -</u>	<u>\$ 178,419</u>

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	State Instructional Materials	SPED Autism Grant	Dyslexia	Ready to Read
ASSETS				
Cash and Cash Equivalents	\$ 251,908	\$ -	\$ -	\$ 753
Due from Other Governments	-	798,474	6,725	-
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
Inventories	-	-	-	-
Prepayments	-	-	-	-
Total Assets	<u>\$ 251,908</u>	<u>\$ 798,474</u>	<u>\$ 6,725</u>	<u>\$ 753</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 133,508	\$ 6,398	\$ -
Payroll Deductions and Withholdings Payable	-	-	-	-
Accrued Wages Payable	-	125,446	-	-
Due to Other Funds	-	539,520	327	-
Unearned Revenue	251,908	-	-	753
Total Liabilities	<u>251,908</u>	<u>798,474</u>	<u>6,725</u>	<u>753</u>
FUND BALANCES				
Nonspendable Fund Balance:				
Inventories	-	-	-	-
Endowment Principal	-	-	-	-
Prepaid Items	-	-	-	-
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	-	-
Playground Equipment	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	-	-	-	-
Unassigned Fund Balance	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 251,908</u>	<u>\$ 798,474</u>	<u>\$ 6,725</u>	<u>\$ 753</u>

Grow Your Own	SSA Regional Day School - Deaf	Deaf Ed Mgmt Board	Campus Activity Funds	Raising Blended Learners	Local Grants	2021 Winter Storm	COVID-19 Local Activity
\$ -	\$ -	\$ 665,045	\$ 2,657,080	\$ 42,892	\$ 730,290	\$ -	\$ -
13,663	203,420	-	-	-	2,640	-	-
-	-	-	-	-	-	-	-
-	-	-	243,410	-	500	-	-
-	-	-	-	-	-	-	-
-	-	-	8,542	-	19,958	-	-
<u>\$ 13,663</u>	<u>\$ 203,420</u>	<u>\$ 665,045</u>	<u>\$ 2,909,032</u>	<u>\$ 42,892</u>	<u>\$ 753,388</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,797	\$ -	\$ 1,665	\$ 111,302	\$ 15,937	\$ 42,284	\$ -	\$ -
-	-	-	-	-	-	-	-
-	56,266	142,286	-	267	1,011	-	-
5,366	147,154	-	-	-	-	-	-
2,500	-	521,094	-	26,688	-	-	-
<u>13,663</u>	<u>203,420</u>	<u>665,045</u>	<u>111,302</u>	<u>42,892</u>	<u>43,295</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	8,542	-	19,958	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,789,188	-	690,135	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,797,730</u>	<u>-</u>	<u>710,093</u>	<u>-</u>	<u>-</u>
<u>\$ 13,663</u>	<u>\$ 203,420</u>	<u>\$ 665,045</u>	<u>\$ 2,909,032</u>	<u>\$ 42,892</u>	<u>\$ 753,388</u>	<u>\$ -</u>	<u>\$ -</u>

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Total Nonmajor Special Revenue Funds	Lewis Price Trust Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 9,461,417	\$ 14,247	\$ 9,475,664
Due from Other Governments	8,729,726	-	8,729,726
Due from Other Funds	176,481	-	176,481
Other Receivables	243,972	-	243,972
Inventories	210,945	-	210,945
Prepayments	37,269	-	37,269
Total Assets	<u>\$ 18,859,810</u>	<u>\$ 14,247</u>	<u>\$ 18,874,057</u>
LIABILITIES			
Accounts Payable	\$ 626,346	\$ -	\$ 626,346
Payroll Deductions and Withholdings Payable	32,601	-	32,601
Accrued Wages Payable	2,275,676	-	2,275,676
Due to Other Funds	6,607,276	-	6,607,276
Unearned Revenue	1,371,645	-	1,371,645
Total Liabilities	<u>10,913,544</u>	<u>-</u>	<u>10,913,544</u>
FUND BALANCES			
Nonspendable Fund Balance:			
Inventories	210,945	-	210,945
Endowment Principal	-	1,000	1,000
Prepaid Items	37,269	-	37,269
Restricted Fund Balance:			
Federal or State Funds Grant Restriction	4,227,498	-	4,227,498
Playground Equipment	-	13,247	13,247
Committed Fund Balance:			
Other Committed Fund Balance	3,479,323	-	3,479,323
Unassigned Fund Balance	(8,769)	-	(8,769)
Total Fund Balances	<u>7,946,266</u>	<u>14,247</u>	<u>7,960,513</u>
Total Liabilities and Fund Balances	<u>\$ 18,859,810</u>	<u>\$ 14,247</u>	<u>\$ 18,874,057</u>

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DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Child Care Development Block Grant	Head Start	ESEA I, A Improving Basic Program	IDEA - Part B Formula
REVENUES:				
Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
State Program Revenues	-	-	-	-
Federal Program Revenues	12,614	1,769,981	3,329,404	5,072,318
Total Revenues	12,614	1,769,981	3,329,404	5,072,318
EXPENDITURES:				
Current:				
Instruction	-	1,278,508	1,868,111	1,215,297
Instructional Resources and Media Services	-	-	38,592	-
Curriculum and Instructional Staff Development	-	65,484	947,599	346,296
Instructional Leadership	-	24,942	2,645	20,483
School Leadership	-	43,277	103,014	2,000
Guidance, Counseling, and Evaluation Services	-	44,247	204,862	3,483,895
Social Work Services	-	114,299	3,363	-
Health Services	-	2,517	-	3,588
Student (Pupil) Transportation	-	-	-	-
Food Services	-	-	-	-
Extracurricular Activities	-	-	-	-
General Administration	-	-	-	-
Facilities Maintenance and Operations	-	1,028	-	-
Data Processing Services	-	-	-	-
Community Services	12,614	33,416	161,218	759
Capital Outlay:				
Facilities Acquisition and Construction	-	162,263	-	-
Total Expenditures	12,614	1,769,981	3,329,404	5,072,318
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

IDEA - Part B Preschool	National Breakfast and Lunch Program	ESEA II,A Training and Recruiting	Title III, A English Lang. Acquisition	Title IV, B Community Learning	ESSER 1 - Emergency Sch Relief Fund	Medicaid Admin. Claim MAC	ESSER II CRRSA Act Supplemental
\$ -	\$ 5,445,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	81,672	-	-	-	-	-	-
76,832	13,094,467	649,933	536,170	112,570	3,042	233,840	260,747
76,832	18,621,172	649,933	536,170	112,570	3,042	233,840	260,747
1,953	-	14,891	299,529	-	3,042	-	220,870
-	-	-	-	-	-	-	1,277
74,879	-	635,042	173,287	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	507	-	-	-	-
-	-	-	-	-	-	233,840	800
-	-	-	-	-	-	-	-
-	-	-	-	112,570	-	-	-
-	18,162,392	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	62,847	-	-	-	37,800
-	-	-	-	-	-	-	-
76,832	18,162,392	649,933	536,170	112,570	3,042	233,840	260,747
-	458,780	-	-	-	-	-	-
-	8,726	-	-	-	-	-	-
-	56,197	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	64,923	-	-	-	-	-	-
-	523,703	-	-	-	-	-	-
-	3,914,740	-	-	-	-	-	-
\$ -	\$ 4,438,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	ESSER III ARP Act	IDEA B Formula ARP Act	IDEA B Preschool ARP Act	Summer School LEP
REVENUES:				
Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
State Program Revenues	-	-	-	-
Federal Program Revenues	4,606,723	1,172,447	66,375	44,571
Total Revenues	4,606,723	1,172,447	66,375	44,571
EXPENDITURES:				
Current:				
Instruction	3,173,925	80,451	-	43,032
Instructional Resources and Media Services	-	-	-	-
Curriculum and Instructional Staff Development	526,256	233,214	66,375	1,539
Instructional Leadership	-	-	-	-
School Leadership	213,246	-	-	-
Guidance, Counseling, and Evaluation Services	135,051	858,782	-	-
Social Work Services	-	-	-	-
Health Services	17,564	-	-	-
Student (Pupil) Transportation	-	-	-	-
Food Services	46,771	-	-	-
Extracurricular Activities	-	-	-	-
General Administration	168,829	-	-	-
Facilities Maintenance and Operations	-	-	-	-
Data Processing Services	91,267	-	-	-
Community Services	233,814	-	-	-
Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	-
Total Expenditures	4,606,723	1,172,447	66,375	44,571
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

Other Federal Special Revenue Funds	Child Care Relief Fund	SSA Adult Basic Education	SSA IDEA, Part B Discretionary	SSA - Career & Technical - Basic Grant	SSA - IDEA C Deaf - Early Intervention	Visually Impaired SSVI	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	14,535	18,360
209,195	660,497	2,471,048	67,896	301,059	3,232	-	-
209,195	660,497	2,471,048	67,896	301,059	3,232	14,535	18,360
149,911	-	1,221,170	67,896	253,342	3,232	14,535	18,360
-	-	-	-	-	-	-	-
3,631	-	1,237,051	-	38,402	-	-	-
-	-	441	-	2,026	-	-	-
-	-	-	-	-	-	-	-
41,427	-	-	-	7,289	-	-	-
-	-	-	-	-	-	-	-
14,226	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	5,186	-	-	-	-	-
-	-	-	-	-	-	-	-
-	660,497	7,200	-	-	-	-	-
-	-	-	-	-	-	-	-
209,195	660,497	2,471,048	67,896	301,059	3,232	14,535	18,360
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	State Instructional Materials	SPED Autism Grant	Dsylexia	Ready to Read
REVENUES:				
Total Local and Intermediate Sources	\$ 59,580	\$ -	\$ -	\$ -
State Program Revenues	2,348,503	1,554,250	64,262	-
Federal Program Revenues	-	-	-	-
Total Revenues	2,408,083	1,554,250	64,262	-
EXPENDITURES:				
Current:				
Instruction	1,623,487	1,159,708	-	-
Instructional Resources and Media Services	-	-	-	-
Curriculum and Instructional Staff Development	7,205	389,624	64,262	-
Instructional Leadership	-	726	-	-
School Leadership	-	-	-	-
Guidance, Counseling, and Evaluation Services	-	-	-	-
Social Work Services	-	-	-	-
Health Services	-	-	-	-
Student (Pupil) Transportation	-	-	-	-
Food Services	-	-	-	-
Extracurricular Activities	-	-	-	-
General Administration	-	-	-	-
Facilities Maintenance and Operations	-	-	-	-
Data Processing Services	-	-	-	-
Community Services	-	4,192	-	-
Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	-
Total Expenditures	1,630,692	1,554,250	64,262	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	777,391	-	-	-
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out (Use)	(777,391)	-	-	-
Total Other Financing Sources (Uses)	(777,391)	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

Grow Your Own	SSA Regional Day School - Deaf	Deaf Ed Mgmt Board	Campus Activity Funds	Raising Blended Learners	Local Grants	2021 Winter Storm	COVID-19 Local Activity
\$ -	\$ -	\$ 1,215,750	\$ 3,479,098	\$ 81,279	\$ 621,770	\$ -	\$ -
36,580	460,467	-	-	-	-	-	-
-	-	-	-	-	-	-	-
36,580	460,467	1,215,750	3,479,098	81,279	621,770	-	-
7,415	460,467	1,133,283	1,207,493	34,484	245,293	94,521	534,075
-	-	-	135,678	-	79,307	-	-
5,798	-	10,925	62,473	46,795	172,769	-	-
-	-	64,462	-	-	4,149	-	-
-	-	-	125,626	-	20,176	-	-
-	-	1,080	237,356	-	13,702	-	-
-	-	-	-	-	-	-	-
-	-	-	10	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(51)	-	-
23,367	-	-	1,614,155	-	7,646	-	-
-	-	-	3,907	-	11,465	-	-
-	-	-	25,819	-	46,528	-	-
-	-	-	-	-	-	-	-
-	-	-	8,097	-	7,572	-	-
-	-	-	-	-	-	-	-
36,580	460,467	1,209,750	3,420,614	81,279	608,556	94,521	534,075
-	-	6,000	58,484	-	13,214	(94,521)	(534,075)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	94,521	-
-	-	(6,000)	(37,811)	-	-	-	-
-	-	(6,000)	(37,811)	-	-	94,521	-
-	-	-	20,673	-	13,214	-	(534,075)
-	-	-	2,777,057	-	696,879	-	534,075
\$ -	\$ -	\$ -	\$ 2,797,730	\$ -	\$ 710,093	\$ -	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Nonmajor Special Revenue Funds	Lewis Price Trust Fund	Total Nonmajor Governmental Funds
REVENUES:			
Total Local and Intermediate Sources	\$ 10,902,510	\$ -	\$ 10,902,510
State Program Revenues	4,578,629	-	4,578,629
Federal Program Revenues	34,754,961	-	34,754,961
Total Revenues	50,236,100	-	50,236,100
EXPENDITURES:			
Current:			
Instruction	16,428,281	-	16,428,281
Instructional Resources and Media Services	254,854	-	254,854
Curriculum and Instructional Staff Development	5,108,906	-	5,108,906
Instructional Leadership	119,874	-	119,874
School Leadership	507,846	-	507,846
Guidance, Counseling, and Evaluation Services	5,262,331	-	5,262,331
Social Work Services	117,662	-	117,662
Health Services	37,905	-	37,905
Student (Pupil) Transportation	112,570	-	112,570
Food Services	18,209,112	-	18,209,112
Extracurricular Activities	1,645,168	-	1,645,168
General Administration	184,201	-	184,201
Facilities Maintenance and Operations	78,561	-	78,561
Data Processing Services	91,267	-	91,267
Community Services	1,230,026	-	1,230,026
Capital Outlay:			
Facilities Acquisition and Construction	162,263	-	162,263
Total Expenditures	49,550,827	-	49,550,827
Excess (Deficiency) of Revenues Over (Under) Expenditures	685,273	-	685,273
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	8,726	-	8,726
Transfers In	150,718	-	150,718
Transfers Out (Use)	(821,202)	-	(821,202)
Total Other Financing Sources (Uses)	(661,758)	-	(661,758)
Net Change in Fund Balance	23,515	-	23,515
Fund Balance - July 1 (Beginning)	7,922,751	14,247	7,936,998
Fund Balance - June 30 (Ending)	\$ 7,946,266	\$ 14,247	\$ 7,960,513

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DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2023

	Print Shop	Workers Compensation
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 1,145,896
Other Receivables	241	-
Inventories	6,245	-
Prepayments	97,923	4,558
Total Current Assets	104,409	1,150,454
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment, Net	70,806	-
SBITA Asset, Net	-	-
Total Noncurrent Assets	70,806	-
Total Assets	175,215	1,150,454
LIABILITIES		
Current Liabilities:		
Accounts Payable	5,672	35,073
Claims Liability	-	200,000
Due to Other Funds	115,960	-
Total Current Liabilities	121,632	235,073
Noncurrent Liabilities:		
SBITA Liability	-	-
Claims Liability	-	184,841
Total Noncurrent Liabilities	-	184,841
Total Liabilities	121,632	419,914
NET POSITION		
Net Investment in Capital Assets	70,806	-
Unrestricted Net Position	(17,223)	730,540
Total Net Position	\$ 53,583	\$ 730,540

Healthcare Trust Fund	Device Insurance	Subscription Based info Tech. Arrang.	Total Internal Service Funds
\$ 63,469	\$ 252,646	\$ -	\$ 1,462,011
-	-	-	241
-	-	-	6,245
-	-	-	102,481
<u>63,469</u>	<u>252,646</u>	<u>-</u>	<u>1,570,978</u>
-	-	-	70,806
-	-	882,780	882,780
-	-	882,780	953,586
<u>63,469</u>	<u>252,646</u>	<u>882,780</u>	<u>2,524,564</u>
100	46,342	-	87,187
-	-	-	200,000
-	-	-	115,960
<u>100</u>	<u>46,342</u>	<u>-</u>	<u>403,147</u>
-	-	295,800	295,800
-	-	-	184,841
-	-	295,800	480,641
<u>100</u>	<u>46,342</u>	<u>295,800</u>	<u>883,788</u>
-	-	586,980	657,786
63,369	206,304	-	982,990
<u>\$ 63,369</u>	<u>\$ 206,304</u>	<u>\$ 586,980</u>	<u>\$ 1,640,776</u>

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Print Shop	Workers Compensation
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 251,574	\$ 1,143,614
Total Operating Revenues	<u>251,574</u>	<u>1,143,614</u>
OPERATING EXPENSES:		
Payroll Costs	153,448	132,239
Professional and Contracted Services	57,705	45,562
Supplies and Materials	75,759	84,019
Other Operating Costs	-	327,292
Depreciation Expense	7,006	-
Total Operating Expenses	<u>293,918</u>	<u>589,112</u>
Operating Income (Loss)	<u>(42,344)</u>	<u>554,502</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	11,402
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>11,402</u>
Income (Loss) Before Transfers	<u>(42,344)</u>	<u>565,904</u>
Transfers In	95,927	-
Transfers Out	-	(1,000,000)
Change in Net Position	<u>53,583</u>	<u>(434,096)</u>
Total Net Position - July 1 (Beginning)	-	1,164,636
Prior Period Adjustment	-	-
Total Net Position - June 30 (Ending)	<u><u>\$ 53,583</u></u>	<u><u>\$ 730,540</u></u>

Healthcare Trust Fund	Device Insurance	Subscription Based info Tech. Arrang.	Total Internal Service Funds
\$ 63,782	\$ 362,026	\$ 211,292	\$ 2,032,288
63,782	362,026	211,292	2,032,288
-	-	-	285,687
-	-	-	103,267
-	334,468	-	494,246
413	5,092	-	332,797
-	-	414,246	421,252
413	339,560	414,246	1,637,249
63,369	22,466	(202,954)	395,039
-	-	-	11,402
-	-	-	11,402
63,369	22,466	(202,954)	406,441
-	-	783,391	879,318
-	-	-	(1,000,000)
63,369	22,466	580,437	285,759
-	183,838	-	1,348,474
-	-	6,543	6,543
\$ 63,369	\$ 206,304	\$ 586,980	\$ 1,640,776

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Print Shop	Workers Compensation
<u>Cash Flows from Operating Activities:</u>		
Cash Received from District	\$ -	\$ 1,243,203
Cash Received from Charges and Fees	251,535	-
Cash Payments for Payroll Costs	(153,459)	(132,239)
Cash Payments for Purchased Services	(57,705)	(45,562)
Cash Payments for Supplies and Materials	(185,325)	(88,550)
Cash Payments for Claims	-	(848,720)
Net Cash Provided by (Used for) Operating Activities	<u>(144,954)</u>	<u>128,132</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Transfers In	95,927	-
SBITA Proceeds	-	-
SBITA Principal Payments	-	-
Purchase of Capital Assets	(60,590)	-
Transfer Out	-	(1,000,000)
Net Cash Provided by (Used for) Capital & Related	<u>35,337</u>	<u>(1,000,000)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	-	11,402
Net Increase (Decrease) in Cash and Cash Equivalents	(109,617)	(860,466)
Cash and Cash Equivalents at Beginning of Year	(6,343)	2,006,362
Cash and Cash Equivalents at End of Year	<u>\$ (115,960)</u>	<u>\$ 1,145,896</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ (42,344)	\$ 554,502
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	7,006	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(39)	99,589
Decrease (increase) in Inv./Prepayments	(99,128)	(4,558)
Increase (decrease) in Accounts Payable	(10,438)	27
Increase (decrease) in Accrued Wages Payable	(11)	-
Increase (decrease) in Accrued Expenses	-	(521,428)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (144,954)</u>	<u>\$ 128,132</u>

771 Healthcare Trust Fund	772 Device Insurance	774 Subscription Based info Tech. Arrang.	Total Internal Service Funds
\$ -	\$ -	\$ 211,292	\$ 1,454,495
63,782	362,026	-	677,343
-	-	-	(285,698)
-	-	-	(103,267)
(313)	(294,991)	-	(569,179)
-	-	-	(848,720)
<u>63,469</u>	<u>67,035</u>	<u>211,292</u>	<u>324,974</u>
-	-	783,391	879,318
-	-	325,198	325,198
-	-	(211,292)	(211,292)
-	-	(1,108,589)	(1,169,179)
-	-	-	(1,000,000)
<u>-</u>	<u>-</u>	<u>(211,292)</u>	<u>(1,175,955)</u>
-	-	-	11,402
63,469	67,035	-	(839,579)
-	185,611	-	2,185,630
<u>\$ 63,469</u>	<u>\$ 252,646</u>	<u>\$ -</u>	<u>\$ 1,346,051</u>
\$ 63,369	\$ 22,466	\$ (202,954)	\$ 395,039
-	-	414,246	421,252
-	-	-	99,550
-	-	-	(103,686)
100	44,569	-	34,258
-	-	-	(11)
-	-	-	(521,428)
<u>\$ 63,469</u>	<u>\$ 67,035</u>	<u>\$ 211,292</u>	<u>\$ 324,974</u>

DENTON INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Total Local and Intermediate Sources	\$ 5,284,206	\$ 5,285,572	\$ 5,445,033	\$ 159,461
State Program Revenues	-	81,672	81,672	-
Federal Program Revenues	10,715,794	12,954,794	13,094,467	139,673
Total Revenues	16,000,000	18,322,038	18,621,172	299,134
EXPENDITURES:				
Current:				
Food Services	16,000,000	18,379,309	18,162,392	216,917
Total Expenditures	16,000,000	18,379,309	18,162,392	216,917
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(57,271)	458,780	516,051
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	1,074	8,726	7,652
Transfers In	-	56,197	56,197	-
Total Other Financing Sources (Uses)	-	57,271	64,923	7,652
Net Change in Fund Balances	-	-	523,703	523,703
Fund Balance - July 1 (Beginning)	3,914,740	3,914,740	3,914,740	-
Fund Balance - June 30 (Ending)	\$ 3,914,740	\$ 3,914,740	\$ 4,438,443	\$ 523,703

DENTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Total Local and Intermediate Sources	\$ 126,418,525	\$ 130,441,183	\$ 132,965,096	\$ 2,523,913
State Program Revenues	2,503,799	2,503,799	2,843,326	339,527
Total Revenues	128,922,324	132,944,982	135,808,422	2,863,440
EXPENDITURES:				
Debt Service:				
Principal on Long-Term Liabilities	66,832,979	39,743,434	70,748,434	(31,005,000)
Interest on Long-Term Liabilities	62,088,065	62,088,065	62,950,447	(862,382)
Bond Issuance Cost and Fees	-	-	65,050	(65,050)
Total Expenditures	128,921,044	101,831,499	133,763,931	(31,932,432)
Excess of Revenues Over Expenditures	1,280	31,113,483	2,044,491	(29,068,992)
OTHER FINANCING SOURCES (USES):				
Other (Uses)	(1,280)	(31,241,478)	-	31,241,478
Net Change in Fund Balances	-	(127,995)	2,044,491	2,172,486
Fund Balance - July 1 (Beginning)	93,684,814	93,684,814	93,684,814	-
Fund Balance - June 30 (Ending)	\$ 93,684,814	\$ 93,556,819	\$ 95,729,305	\$ 2,172,486

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STATISTICAL SECTION

Statistical Section

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

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Financial Trends	118
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	128
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	134
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	140
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
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These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

DENTON INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ (59,743,833)	\$ (47,396,513)	\$ (43,470,538)	\$ (16,839,370)
Restricted for Debt Service/Other	56,166,524	59,552,880	67,642,629	62,642,822
Restricted for Corpus	1,000	1,000	1,000	1,000
Restricted for Playground Equipment	13,201	13,208	13,215	13,222
Unrestricted Net Position	<u>38,435,415</u>	<u>6,405,202</u>	<u>39,422,334</u>	<u>(8,859,435)</u>
Total Governmental Activities Net Position	<u>\$ 34,872,307</u>	<u>\$ 18,575,777</u>	<u>\$ 63,608,640</u>	<u>\$ 36,958,239</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 1,333,128	\$ 1,211,823	\$ 856,186	\$ 653,907
Unrestricted Net Position	<u>1,992,905</u>	<u>667,490</u>	<u>733,800</u>	<u>814,365</u>
Total Business-Type Activities	<u>\$ 3,326,033</u>	<u>\$ 1,879,313</u>	<u>\$ 1,589,986</u>	<u>\$ 1,468,272</u>
Primary Government:				
Net Investment in Capital Assets	\$ (58,410,705)	\$ (46,184,690)	\$ (42,614,352)	\$ (16,185,463)
Restricted for Debt Service/Other	56,166,524	59,552,880	67,642,629	62,642,822
Restricted for Corpus	1,000	1,000	1,000	1,000
Restricted for Playground Equipment	13,201	13,208	13,215	13,222
Unrestricted Net Position	<u>40,428,320</u>	<u>7,072,692</u>	<u>40,156,134</u>	<u>(8,045,070)</u>
Total Primary Government	<u>\$ 38,198,340</u>	<u>\$ 20,455,090</u>	<u>\$ 65,198,626</u>	<u>\$ 38,426,511</u>

2018	2019	2020	2021	2022	2023
\$ (10,138,170)	\$ 6,295,491	\$ 34,082,184	\$ 60,883,980	\$ 103,791,348	\$ 130,293,801
62,887,911	75,923,982	78,797,084	97,496,411	97,440,662	102,754,533
1,000	1,000	1,000	1,000	1,000	1,000
13,230	13,237	13,243	13,247	13,247	13,247
<u>(126,837,672)</u>	<u>(134,914,271)</u>	<u>(147,177,629)</u>	<u>(147,322,270)</u>	<u>(148,057,791)</u>	<u>(149,665,519)</u>
<u>\$ (74,073,701)</u>	<u>\$ (52,680,561)</u>	<u>\$ (34,284,118)</u>	<u>\$ 11,072,368</u>	<u>\$ 53,188,466</u>	<u>\$ 83,397,062</u>
\$ 555,080	\$ 496,727	\$ 1,039,565	\$ 2,715,029	\$ 10,489	\$ 9,042
<u>(5,246,468)</u>	<u>(4,669,004)</u>	<u>(7,543,183)</u>	<u>(11,018,225)</u>	<u>23,281</u>	<u>38,002</u>
<u>\$ (4,691,388)</u>	<u>\$ (4,172,277)</u>	<u>\$ (6,503,618)</u>	<u>\$ (8,303,196)</u>	<u>\$ 33,770</u>	<u>\$ 47,044</u>
\$ (9,583,090)	\$ 6,792,218	\$ 35,121,749	\$ 63,599,009	\$ 103,801,837	\$ 130,302,843
62,887,911	75,923,982	78,797,084	97,496,411	97,440,662	102,754,533
1,000	1,000	1,000	1,000	1,000	1,000
13,230	13,237	13,243	13,247	13,247	13,247
<u>(132,084,140)</u>	<u>(139,583,275)</u>	<u>(154,720,812)</u>	<u>(158,340,495)</u>	<u>(148,034,510)</u>	<u>(149,627,517)</u>
<u>\$ (78,765,089)</u>	<u>\$ (56,852,838)</u>	<u>\$ (40,787,736)</u>	<u>\$ 2,769,172</u>	<u>\$ 53,222,236</u>	<u>\$ 83,444,106</u>

DENTON INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS

Fiscal Year	2014	2015	2016	2017
Expenses				
Governmental Activities:				
Instruction	\$ 154,357,950	\$ 161,194,546	\$ 175,831,272	\$ 179,220,317
Instructional Resources & Media Services	4,226,963	4,229,966	4,482,448	4,678,744
Curriculum & Staff Development	4,082,091	4,155,565	5,146,422	6,147,898
Instructional Leadership	2,645,733	2,611,553	2,835,801	2,963,824
School Leadership	12,572,588	13,205,280	14,560,585	15,563,677
Guidance, Counseling & Evaluation Services	11,435,409	12,033,024	13,388,580	14,331,163
Social Work Services	790,420	802,931	817,002	791,191
Health Services	2,502,551	2,531,987	2,659,754	2,789,542
Student (Pupil) Transportation	5,340,406	5,286,652	6,715,636	6,324,274
Food Services	169,939	229,921	273,787	242,248
Extracurricular Activities	6,092,564	5,959,471	6,951,874	7,851,159
General Administration	5,736,385	5,258,341	6,666,153	7,820,126
Plant Maintenance & Operations	22,806,826	24,917,855	25,646,642	31,266,422
Security Monitoring Services	798,731	819,257	844,732	938,861
Data Processing Services	3,765,272	4,023,959	4,395,718	6,334,717
Community Services	841,290	903,044	2,243,724	2,328,665
Debt Service - Interest and Fees	29,914,489	24,834,487	(4,817,555)	73,046,623
Payments for Fiscal Agent/Member Districts	270,600	336,200	358,000	426,400
Payments to Juvenile Justice Alternative Ed. Prg.	3,827	534	10,057	-
Other Intergovernmental Charges	1,217,561	1,222,013	1,257,170	1,322,091
Total Governmental Activities Expenses	<u>269,571,595</u>	<u>274,556,586</u>	<u>270,267,802</u>	<u>364,387,942</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	1,356,458	1,903,617	524,263	492,926
Instructional Leadership	305,878	336,356	-	-
School Leadership	381,712	-	-	-
Health Services	2,773,984	2,527,939	5,195,769	4,721,227
Extracurricular Activities	492,828	529,259	504,716	593,511
Food Services	-	-	-	-
General Administration	637,367	654,937	680,351	716,551
Plant Maintenance & Operations	3,216,099	284,745	698,846	371,668
Community Services	392,872	401,311	2,081,701	2,532,842
Operating Grants and Contributions	23,406,913	26,660,967	35,357,325	35,008,583
Capital Grants and Contributions	-	-	-	-
Total Governmental Activities Program Revenues	<u>32,964,111</u>	<u>33,299,131</u>	<u>45,042,971</u>	<u>44,437,308</u>
Total Governmental Activities Net (Expense) Revenue	<u>\$ (236,607,484)</u>	<u>\$ (241,257,455)</u>	<u>\$ (225,224,831)</u>	<u>\$ (319,950,634)</u>

2018	2019	2020	2021	2022	2023
\$ 145,390,038	\$ 210,251,592	\$ 226,046,466	\$ 238,790,511	\$ 236,213,495	\$ 244,332,808
4,119,719	5,194,839	5,469,381	5,506,295	5,421,448	5,955,089
4,628,669	8,355,506	9,307,021	9,948,051	10,306,704	12,718,868
2,989,248	4,710,851	4,617,660	4,290,651	4,897,197	5,689,573
12,315,422	18,187,188	19,621,069	20,945,880	20,744,882	22,338,817
10,930,736	16,426,507	18,325,344	18,264,972	18,203,774	20,179,014
513,851	768,493	852,523	969,094	1,013,466	1,100,916
1,864,404	3,151,049	3,448,496	4,847,576	4,789,811	4,008,870
4,003,861	7,209,247	7,602,634	6,922,568	8,459,042	9,188,319
254,236	272,746	2,471,414	822,365	17,154,898	19,884,117
6,127,163	9,244,490	9,225,503	8,089,402	9,325,923	11,293,499
7,313,243	8,422,323	10,810,255	11,964,555	11,465,984	12,422,376
29,065,155	27,758,861	31,279,662	31,462,993	37,633,135	46,878,836
1,031,602	1,245,095	1,398,619	2,327,128	1,966,658	2,384,138
5,805,429	6,078,489	7,272,216	7,672,193	8,680,070	7,969,436
2,122,048	2,606,608	2,791,688	3,072,022	4,561,177	5,509,587
32,632,325	47,332,316	46,347,993	27,303,908	30,114,510	53,535,943
474,000	584,600	532,200	520,800	553,400	642,000
-	-	-	-	-	-
1,404,293	1,533,633	1,706,090	1,761,715	1,784,910	2,005,987
<u>272,985,442</u>	<u>379,334,433</u>	<u>409,126,234</u>	<u>405,482,679</u>	<u>433,290,484</u>	<u>488,038,193</u>
507,976	243,390	124,085	20,421	148,176	910,879
-	-	-	-	-	-
-	-	-	-	-	-
4,721,227	7,249,244	3,925,169	3,881,853	5,907,468	8,459,123
530,952	504,988	587,991	470,761	763,208	805,535
-	-	-	-	1,188,416	5,355,963
-	-	828,105	3,047,111	3,825,873	2,730,448
438,740	316,989	265,436	52,363	112,519	258,090
2,719,736	2,942,753	2,260,366	1,830,514	3,059,261	3,136,390
(10,976,837)	39,348,932	42,107,897	67,165,645	74,354,051	70,324,040
-	-	-	-	-	-
<u>(2,058,206)</u>	<u>50,606,296</u>	<u>50,099,049</u>	<u>76,468,668</u>	<u>89,358,972</u>	<u>91,980,468</u>
<u>\$(275,043,648)</u>	<u>\$(328,728,137)</u>	<u>\$(359,027,185)</u>	<u>\$(329,014,011)</u>	<u>\$(343,931,512)</u>	<u>\$(396,057,725)</u>

DENTON INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION (FINAL)
LAST TEN FISCAL YEARS

Fiscal Year	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes - General Purposes	\$ 110,871,393	\$ 124,715,983	\$ 132,703,343	\$ 149,513,725
Property Taxes - Debt Service	52,151,214	59,784,930	63,686,766	71,769,075
State Aid-Formula Grants	75,113,566	73,253,961	71,913,273	68,177,794
Unrestricted Grants and Contributions	1,322,103	319,157	790,934	1,685,243
Investment Earnings	85,849	151,411	961,891	1,948,489
Miscellaneous	285,204	285,483	201,487	219,225
Special Items	-	-	-	-
Loss on Disposition of Capital Assets	-	-	-	-
Transfers In (Out)	-	-	-	(13,318)
Total Governmental Activities General Revenues and Other Changes in Net Position	<u>239,829,329</u>	<u>258,510,925</u>	<u>270,257,694</u>	<u>293,300,233</u>
Governmental Activities Change in Net Position	<u>\$ 3,221,845</u>	<u>\$ 17,253,470</u>	<u>\$ 45,032,863</u>	<u>\$ (26,650,401)</u>
Expenses				
Business-Type Activities:				
Child Nutrition	\$ 9,227,871	\$ 9,315,767	\$ 10,493,682	\$ 10,832,909
Stadium Concessions	58,672	65,823	72,309	77,914
Total Business-Type Activities Expenses	<u>9,286,543</u>	<u>9,381,590</u>	<u>10,565,991</u>	<u>10,910,823</u>
Program Revenues				
Business-Type Activities:				
Charges for Services:				
Child Nutrition	3,235,045	3,493,623	3,551,081	3,695,365
Stadium Concessions	65,419	63,114	71,490	89,642
Operating Grants and Contributions:				
Child Nutrition	5,704,292	6,127,097	6,651,997	6,985,196
Total Business-Type Activities Program Revenues	<u>9,004,756</u>	<u>9,683,834</u>	<u>10,274,568</u>	<u>10,770,203</u>
Total Business-Type Activities Net (Expense) Revenue	<u>(281,787)</u>	<u>302,244</u>	<u>(291,423)</u>	<u>(140,620)</u>
General Revenues and Other Changes in Net Position				
Business-Type Activities:				
Investment Earnings	994	847	2,096	5,588
Special Items	-	-	-	-
Transfer In (Out)	-	-	-	13,318
Total Business-Type Activities General Revenues and Other Changes in Net Position	<u>994</u>	<u>847</u>	<u>2,096</u>	<u>18,906</u>
Business-Type Activities Change in Net Position	<u>\$ (280,793)</u>	<u>\$ 303,091</u>	<u>\$ (289,327)</u>	<u>\$ (121,714)</u>
Total Primary Government Change in Net Position	<u>\$ 2,941,052</u>	<u>\$ 17,556,561</u>	<u>\$ 44,743,536</u>	<u>\$ (26,772,115)</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 170,646,472	\$ 189,411,396	\$ 198,469,772	\$ 195,923,985	\$ 203,695,071	\$ 236,343,647
77,152,046	85,628,999	96,071,515	101,273,736	110,611,653	130,995,194
69,183,586	57,825,379	72,060,766	76,355,595	78,239,148	46,988,962
2,375,127	2,975,863	32,908	-	-	-
3,939,413	13,863,066	9,520,415	590,167	974,121	14,490,616
249,530	416,574	304,827	227,014	1,070,579	807,464
-	-	963,425	-	-	-
-	-	-	-	-	(3,448,855)
-	-	-	-	-	-
<u>323,546,174</u>	<u>350,121,277</u>	<u>377,423,628</u>	<u>374,370,497</u>	<u>394,590,572</u>	<u>426,177,028</u>
<u>\$ 48,502,526</u>	<u>\$ 21,393,140</u>	<u>\$ 18,396,443</u>	<u>\$ 45,356,486</u>	<u>\$ 50,659,060</u>	<u>\$ 30,119,303</u>
\$ 9,724,186	\$ 11,656,118	\$ 12,734,248	\$ 12,409,888	\$ -	\$ -
153,500	87,482	138,230	98,572	144,985	182,886
<u>9,877,686</u>	<u>11,743,600</u>	<u>12,872,478</u>	<u>12,508,460</u>	<u>144,985</u>	<u>182,886</u>
4,164,315	4,363,708	3,500,578	854,369	-	-
129,180	82,578	113,755	78,898	141,213	196,160
<u>7,504,468</u>	<u>7,782,154</u>	<u>6,896,225</u>	<u>9,774,643</u>	<u>-</u>	<u>-</u>
<u>11,797,963</u>	<u>12,228,440</u>	<u>10,510,558</u>	<u>10,707,910</u>	<u>141,213</u>	<u>196,160</u>
<u>1,920,277</u>	<u>484,840</u>	<u>(2,361,920)</u>	<u>(1,800,550)</u>	<u>(3,772)</u>	<u>13,274</u>
13,119	34,271	30,579	972	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,119</u>	<u>34,271</u>	<u>30,579</u>	<u>972</u>	<u>-</u>	<u>-</u>
<u>\$ 1,933,396</u>	<u>\$ 519,111</u>	<u>\$ (2,331,341)</u>	<u>\$ (1,799,578)</u>	<u>\$ (3,772)</u>	<u>\$ 13,274</u>
<u>\$ 50,435,922</u>	<u>\$ 21,912,251</u>	<u>\$ 16,065,102</u>	<u>\$ 43,556,908</u>	<u>\$ 50,655,288</u>	<u>\$ 30,132,577</u>

DENTON INDEPENDENT SCHOOL DISTRICT
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Nonspendable	\$ 520,916	\$ 298,325	\$ 348,189	\$ 361,562
Assigned	16,008,742	16,810,717	18,405,879	12,964,884
Unassigned	<u>60,130,205</u>	<u>64,686,288</u>	<u>62,986,235</u>	<u>70,709,230</u>
Total General Fund	<u>\$ 76,659,863</u>	<u>\$ 81,795,330</u>	<u>\$ 81,740,303</u>	<u>\$ 84,035,676</u>
All Other Governmental Funds				
Nonspendable	\$ 1,000	\$ 1,000	\$ 63,157	\$ 48,467
Restricted	246,651,294	193,184,958	294,353,889	219,630,618
Committed	1,038,867	1,138,179	1,169,672	1,294,634
Assigned	3,407,462	1,729,955	6,073,197	4,388,076
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 251,098,623</u>	<u>\$ 196,054,092</u>	<u>\$ 301,659,915</u>	<u>\$ 225,361,795</u>
Total General and Other Governmental	<u>\$ 327,758,486</u>	<u>\$ 277,849,422</u>	<u>\$ 383,400,218</u>	<u>\$ 309,397,471</u>

2018	2019	2020	2021	2022	2023
\$ 353,349	\$ 282,271	\$ 341,170	\$ 484,281	\$ 326,092	\$ 310,742
20,828,849	23,341,620	25,086,894	27,522,800	25,429,850	33,237,113
<u>70,243,747</u>	<u>78,041,879</u>	<u>77,340,346</u>	<u>80,578,579</u>	<u>82,926,100</u>	<u>62,358,824</u>
<u>\$ 91,425,945</u>	<u>\$ 101,665,770</u>	<u>\$ 102,768,410</u>	<u>\$ 108,585,660</u>	<u>\$ 108,682,042</u>	<u>\$ 95,906,679</u>
\$ 47,492	\$ 13,972	\$ 468,165	\$ 625,577	\$ 842,246	\$ 302,474
156,912,823	575,048,525	465,179,375	563,573,072	354,881,780	156,056,610
1,397,168	1,833,743	3,545,696	3,624,555	3,445,957	3,479,323
4,079,842	3,141,380	3,371,306	2,602,122	2,825,805	2,813,351
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,800)</u>	<u>(8,769)</u>
<u>\$ 162,437,325</u>	<u>\$ 580,037,620</u>	<u>\$ 472,564,542</u>	<u>\$ 570,425,326</u>	<u>\$ 361,986,988</u>	<u>\$ 162,642,989</u>
<u>\$ 253,863,270</u>	<u>\$ 681,703,390</u>	<u>\$ 575,332,952</u>	<u>\$ 679,010,986</u>	<u>\$ 470,669,030</u>	<u>\$ 258,549,668</u>

DENTON INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Fiscal Year	2014	2015	2016	2017
REVENUES:				
Total Local and Intermediate Sources	\$ 170,363,784	\$ 191,207,775	\$ 204,841,684	\$ 232,113,625
State Program Revenues	86,320,940	87,095,762	90,301,272	84,235,349
Federal Program Revenues	13,039,484	13,156,972	18,275,852	19,398,025
Total Revenues	<u>269,724,208</u>	<u>291,460,509</u>	<u>313,418,808</u>	<u>335,746,999</u>
EXPENDITURES:				
Current:				
Instruction	138,160,344	145,948,630	155,679,542	161,893,114
Instructional Resources & Media Services	3,791,605	3,864,461	4,037,558	4,269,874
Curriculum & Instructional Staff Development	3,805,665	3,839,428	4,590,593	5,564,082
Instructional Leadership	2,412,505	2,388,900	2,551,947	2,716,676
School Leadership	11,184,491	11,915,870	12,787,475	13,994,909
Guidance, Counseling & Evaluation Services	10,558,117	10,853,870	11,705,333	12,748,559
Social Work Services	701,850	720,184	734,175	709,071
Health Services	2,225,129	2,291,705	2,338,926	2,504,289
Student (Pupil) Transportation	4,873,891	4,809,971	6,057,948	5,803,380
Food Services	257,377	229,921	273,787	242,248
Extracurricular Activities	5,690,673	5,626,948	6,388,880	7,334,318
General Administration	6,434,591	6,541,380	7,313,606	7,029,443
Plant Maintenance and Operations	20,458,235	22,726,850	22,622,439	23,497,792
Security and Monitoring Services	798,731	819,257	844,732	938,861
Data Processing Services	3,586,921	3,982,439	4,079,015	6,079,851
Community Services	779,939	845,326	2,037,583	2,164,308
Debt Service:				
Debt Service - Principal on long-term debt	21,316,366	27,884,304	25,744,487	30,364,508
Debt Service - Interest on long-term debt	25,049,036	27,933,418	31,383,641	38,630,367
Debt Service - Bond Issuance Cost and Fees	1,845,847	1,525,573	3,147,113	663,633
Capital Outlay:				
Facilities Acquisition and Construction	37,542,474	58,820,458	96,321,402	73,886,439
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	270,600	336,200	358,000	426,400
Payments to Juvenile Justice Alternative Ed. Prg.	3,827	534	10,057	1,322,091
Total Expenditures	<u>301,748,214</u>	<u>343,905,627</u>	<u>401,008,239</u>	<u>402,784,213</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(32,024,006)</u>	<u>(52,445,118)</u>	<u>(87,589,431)</u>	<u>(67,037,214)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	3,175,047	1,795,853	6,972,145	2,641,047
Operating Transfers Out	(1,929,047)	(347,053)	(4,985,145)	(891,326)
Bonds Issued	202,403,367	155,288,078	405,820,282	33,052,289
Proceeds from Subscription Liabilities	-	-	-	-
Special Items/Other	-	-	-	1,700
Sale of Real/Personal Property	72,256	56,423	1,705	31,659
Payments to Bond Refunding Escrow Agent	-	(154,255,497)	(215,160,178)	(41,800,902)
Extraordinary Items	2,976,672	(1,750)	491,418	-
Total Other Financing Sources (Uses)	<u>206,698,295</u>	<u>2,536,054</u>	<u>193,140,227</u>	<u>(6,965,533)</u>
Net Change in Fund Balances	<u>\$ 174,674,289</u>	<u>\$ (49,909,064)</u>	<u>\$ 105,550,796</u>	<u>\$ (74,002,747)</u>
Debt Service as a % of NonCapital Expenditures	<u>17.55%</u>	<u>19.58%</u>	<u>18.75%</u>	<u>20.98%</u>

2018	2019	2020	2021	2022	2023
\$ 261,029,417	\$ 298,536,135	\$ 311,624,169	\$ 304,294,590	\$ 326,054,238	\$ 397,558,169
86,220,035	74,409,461	91,432,489	100,082,157	98,366,202	71,632,967
20,459,224	21,519,852	19,210,782	41,552,956	54,579,787	46,459,421
<u>367,708,676</u>	<u>394,465,448</u>	<u>422,267,440</u>	<u>445,929,703</u>	<u>479,000,227</u>	<u>515,650,557</u>
174,768,158	179,093,136	191,595,438	210,124,174	213,938,317	216,788,748
4,502,565	4,542,725	4,766,012	4,905,080	4,923,539	5,329,303
6,701,739	7,020,145	7,654,811	8,595,589	9,444,917	11,355,196
3,659,485	4,073,710	3,945,737	3,766,653	4,418,074	5,063,337
14,674,763	15,450,183	16,680,621	18,181,406	18,699,449	19,767,911
13,120,037	13,568,150	14,995,988	15,620,984	16,393,644	17,725,788
629,642	663,079	718,922	840,071	906,622	952,869
2,578,662	2,661,993	2,909,503	4,357,490	4,429,021	3,577,560
6,725,399	7,347,863	11,359,034	8,288,311	7,678,192	8,206,677
254,236	272,746	2,471,414	822,365	17,280,592	18,601,717
7,371,811	8,306,792	8,237,330	7,349,610	8,779,606	10,582,379
7,365,894	7,477,509	9,529,196	10,065,442	10,248,945	11,534,989
24,773,178	25,724,870	27,203,384	28,949,300	31,653,007	40,899,122
1,031,602	1,245,095	1,398,619	2,327,128	1,966,658	2,384,138
5,817,051	5,653,496	6,774,211	7,147,360	8,417,728	7,304,046
2,319,141	2,382,285	2,543,647	2,824,903	4,171,310	4,999,783
39,470,645	33,080,000	102,995,000	31,628,016	60,420,104	71,904,279
38,966,559	40,921,095	50,779,875	51,721,415	54,575,916	62,953,208
422,144	3,225,923	750,964	4,450,892	1,613,063	65,050
66,227,200	48,731,365	125,465,943	240,717,746	211,502,220	208,217,248
474,000	584,600	532,200	520,800	553,400	642,000
1,404,293	1,533,633	1,706,090	1,761,715	1,784,910	2,005,987
<u>423,258,204</u>	<u>413,560,393</u>	<u>595,013,939</u>	<u>664,966,450</u>	<u>693,799,234</u>	<u>730,861,335</u>
<u>(55,549,528)</u>	<u>(19,094,945)</u>	<u>(172,746,499)</u>	<u>(219,036,747)</u>	<u>(214,799,007)</u>	<u>(215,210,778)</u>
351,162	2,261,850	4,970,823	12,927,843	6,364,257	1,362,770
(351,162)	(409,574)	(3,510,155)	(12,640,693)	(4,797,339)	(1,242,088)
-	445,127,777	69,456,030	651,100,952	180,906,057	-
-	-	-	-	-	606,461
-	(46,067)	(9,677,121)	7,980	1,214	-
18,450	1,079	5,136,484	41,159	32,508	24,914
-	-	-	(338,895,713)	(179,653,959)	-
(3,123)	-	-	10,173,253	3,663,750	2,339,359
15,327	446,935,065	66,376,061	322,714,781	6,516,488	3,091,416
<u>\$ (55,534,201)</u>	<u>\$ 427,840,120</u>	<u>\$ (106,370,438)</u>	<u>\$ 103,678,034</u>	<u>\$ (208,282,519)</u>	<u>\$ (212,119,362)</u>
<u>21.97%</u>	<u>20.28%</u>	<u>32.75%</u>	<u>20.70%</u>	<u>23.41%</u>	<u>25.51%</u>

DENTON INDEPENDENT SCHOOL DISTRICT
 ASSESSED VALUE - REAL AND PERSONAL PROPERTY
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)
 (UNAUDITED)

Fiscal Year	Real Property Assessed Value (1)	Personal Property Assessed Value (1)	Total Assessed Value (1)	Tax Rate (2)
2014	\$ 9,383,722	\$ 1,210,725	\$ 10,594,447	\$ 1.530
2015	10,478,328	1,344,940	11,823,268	1.540
2016	11,407,226	1,304,865	12,712,091	1.540
2017	12,711,121	1,534,196	14,245,317	1.540
2018	14,503,389	1,462,679	15,966,068	1.540
2019	16,351,402	1,420,286	17,771,688	1.540
2020	17,976,606	1,938,380	19,914,986	1.470
2021	19,212,904	1,865,620	21,078,524	1.4076
2022	21,121,413	1,867,660	22,989,073	1.3620
2023	25,286,849	1,899,407	27,186,256	1.3446

(1) The assessed value is 100% of the estimated actual value.

(2) Per \$100 assessed value

Source of information: Denton Central Appraisal District

DENTON INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)

TAX RATES (PER \$100) (1)

Fiscal Year	Denton ISD Direct Rates			Overlapping Rates					
	Maintenance and Operations	Debt Service	Total	City of Denton	County of Denton	City of Corinth	Town of Flower Mound	City of Oak Point	Town of Bartonville
2014	1.04	0.49	1.53	0.68975	0.284914	0.60489	0.4497	0.573	0.19294
2015	1.04	0.50	1.54	0.68975	0.272200	0.59489	0.4390	0.573	0.19294
2016	1.04	0.50	1.54	0.68975	0.262000	0.58489	0.4390	0.563	0.19294
2017	1.04	0.50	1.54	0.68334	0.248409	0.58193	0.4390	0.563	0.19294
2018	1.06	0.48	1.54	0.63786	0.237810	0.53686	0.4390	0.540	0.19294
2019	1.06	0.48	1.54	0.62048	0.225579	0.53000	0.4390	0.520	0.19294
2020	0.99	0.48	1.47	0.59045	0.225278	0.54500	0.4365	0.510	0.19294
2021	0.9276	0.48	1.4076	0.590454	0.224985	0.57817	0.4365	0.500	0.19294
2022	0.882	0.48	1.362	0.565823	0.233086	0.56700	0.4050	0.482565	0.173646
2023	0.8646	0.48	1.3446	0.560682	0.217543	0.54000	0.4050	0.434931	0.173646

Note: Above rates include rate for operating and debt service costs.

(1) Source of information: Denton County website.

DENTON INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Description	2023		
		Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
Paccar Inc.	Truck Manufacturer	\$ 262,476	1	0.96%
Winco Foods, LLC	Distribution Center	115,929	2	0.43%
Target Corporation	Distribution Center	111,114	3	0.41%
Columbia Medical Center	Hospital	109,926	4	0.40%
Southwire Company LLC	Wire/Cable Manufacturer	101,500	5	0.37%
BVF-V Souvenir 380L	Property Management	83,350	6	0.31%
Atmos Energy/Mid-Tex	Natural Gas	69,411	7	0.26%
Tradewind Timberlinks LLC	Residential Developer	65,409	8	0.24%
NREA Gardens District	Apartment Leasing	64,800	9	0.24%
Rayzor Ranch Marketplace	Shopping Center	64,375	10	0.24%
Target Corporation	Retail Shopping			
Denton Fry Ltd.	Student Housing Agent			
Inland Western Crossing Ltd.	Retail Shopping			
Cypress Denton Station, Ltd.	Residential Developer			
HRA Univ Courtyard LLC	Apartment Leasing			
TOTAL		<u>\$ 1,048,290</u>		<u>3.86%</u>

Source of information: Denton County Tax Office

2014		
Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
\$ 63,111	3	0.60%
70,165	2	0.66%
92,210	1	0.87%
33,279	9	0.31%
35,911	8	0.34%
61,958	4	0.59%
51,167	5	0.48%
50,684	6	0.48%
45,936	7	0.43%
31,855	10	0.30%
<u>\$ 536,276</u>		<u>5.06%</u>

DENTON INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)
(UNAUDITED)

Levy Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections
2013	\$ 162,095	\$ 160,648	99.0%	\$ 1,796	\$ 162,264
2014	182,078	180,330	99.0%	2,523	182,853
2015	195,766	193,973	99.1%	1,406	195,379
2016	219,378	217,541	99.2%	2,614	220,155
2017	245,877	243,885	99.2%	2,226	246,111
2018	273,684	270,958	99.0%	2,003	272,961
2019	292,750	290,281	99.2%	2,148	292,429
2020	296,701	293,392	98.9%	2,290	295,682
2021	313,111	310,553	99.2%	2,940	313,493
2022	365,546	362,246	99.1%	2,389	364,635

(1) The percentage of levy exceeds 100% due to the exclusion of delinquent taxes collected from prior years compared to current year levy.

<u>Total Collected as % of Current Tax Levy (1)</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as % of Tax Levy</u>
100.10%	\$ 458	0.28%
100.43%	591	0.32%
99.80%	1,793	0.92%
100.35%	1,837	0.84%
100.95%	1,992	0.81%
99.74%	2,726	1.00%
99.89%	2,469	0.84%
99.66%	3,310	1.12%
100.10%	2,558	0.82%
99.75%	3,300	0.90%

DENTON INDEPENDENT SCHOOL DISTRICT
RATIO OF BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Gross Bonded Debt	Population	Gross Bonded Debt Per Capita	Personal Income (thousands of dollars)	Gross Bonded Debt as % of Personal Income	Estimated Actual Value - Real and Personal Property (thousands of dollars)
2014	\$ 874,114,064	123,099	\$ 7,101	\$ 2,703,008	32.34%	\$ 10,594,447
2015	855,533,659	128,205	6,673	3,110,253	27.51%	11,823,268
2016	1,023,851,410	131,044	7,813	3,149,905	32.50%	12,712,091
2017	1,013,780,498	133,808	7,576	3,216,343	31.52%	14,245,317
2018	964,204,150	136,268	7,076	3,531,385	27.30%	15,966,068
2019	1,368,784,126	138,541	9,880	3,790,205	36.11%	17,771,688
2020	1,317,101,102	141,541	9,305	4,352,103	30.26%	19,914,986
2021	1,609,831,125	147,515	10,913	4,357,298	36.95%	21,078,524
2022	1,541,462,199	151,380	10,183	4,471,462	34.47%	22,989,073
2023	1,450,289,299	150,357	9,646	4,845,104	29.93%	27,186,256

Note: Net bonded debt consists of general obligation bonds, accreted interest, and premiums on bond issuance, less the debt service fund balance.

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Gross Debt as % of Estimated Actual Value	Net Bonded Debt	Net Bonded Debt Per Capita	Net Bonded Debt as % of Personal Income	Net Debt as % of Estimated Actual Value
8.25%	\$ 806,361,305	\$ 6,551	29.83%	7.61%
7.24%	771,274,768	6,016	24.80%	6.52%
8.05%	886,129,477	6,762	28.13%	6.97%
7.12%	884,832,356	6,613	27.51%	6.21%
6.04%	838,982,112	6,157	23.76%	5.25%
7.70%	1,234,494,797	8,911	32.57%	6.95%
6.61%	1,183,907,360	8,364	27.20%	5.94%
7.64%	1,512,422,964	10,253	34.71%	7.18%
6.71%	1,447,777,385	9,564	32.38%	6.30%
5.33%	1,354,559,994	9,009	27.96%	4.98%

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DENTON INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2023
(UNAUDITED)

<u>Taxing Body</u>	<u>Debt Outstanding</u>	<u>Estimated % Overlapping</u>	<u>Amount Overlapping</u>
Argyle, Town of	\$ 9,560,000	0.35%	\$ 33,460
Aubrey, City of	26,563,000	46.93%	12,466,016
Bartonville, Town of	614,000	49.70%	305,158
Copper Canyon, Town of	1,430,000	31.32%	447,876
Corinth, City of	66,465,000	51.08%	33,950,322
Denton, City of	1,123,380,000	97.12%	1,091,026,656
Denton County	652,580,000	19.89%	129,798,162
Denton Co. FWSD #6	27,410,000	100.00%	27,410,000
Denton Co. FWSD #7	77,998,882	100.00%	77,998,882
Denton Co. FWSD #8-A	22,930,949	58.83%	13,490,277
Denton Co. FWSD #8-B	4,860,000	100.00%	4,860,000
Denton Co. FWSD #11-A	35,130,487	100.00%	35,130,487
Denton Co. FWSD #11-B	30,445,000	56.91%	17,326,250
Denton Co. FWSD #11-C	12,095,000	100.00%	12,095,000
Denton Co. MUD #4	10,000,000	100.00%	10,000,000
Denton Co. MUD #5	11,675,000	100.00%	11,675,000
Denton Co. MUD #6	58,605,000	99.33%	58,212,347
Denton Co. MUD #8	4,200,000	100.00%	4,200,000
Elm Ridge WC & ID	133,414,939	65.57%	87,480,176
Flower Mound, Town of	138,725,000	0.39%	541,028
Highway 380 MMD #1	83,140,000	90.63%	75,349,782
Little Elm, Town of	108,570,000	27.20%	29,531,040
Northlake MMD #1	50,600,000	0.07%	35,420
Oak Point, WC & ID #4	13,930,000	14.97%	2,085,321
Oak Point, City of	1,400,000	29.39%	411,460
Prosper, Town of	185,170,000	5.36%	9,925,112
Providence Village, Town of	18,094,000	32.39%	5,860,647
Shady Shores, Town of	1,700,000	83.20%	1,414,400
Total Overlapping Debt			1,753,060,277
Denton ISD	1,237,690,283	100.00%	1,237,690,283
Total Overlapping and Direct Debt			<u>\$2,990,750,560</u>
Total Direct and Overlapping Debt to Taxable Assessed Valuation			<u>10.47%</u>
Total Direct and Overlapping Debt per Capita			<u>\$ 12,692</u>

Source of information: Municipal Advisory Council of Texas

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Denton Independent School District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

DENTON INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Assessed Value	<u>\$ 10,594,446,862</u>	<u>\$11,823,268,442</u>	<u>\$12,712,090,714</u>	<u>\$ 14,245,317,208</u>
Debt Limit (10% of Total Assessed Value)	<u>\$ 1,059,444,686</u>	<u>\$ 1,182,326,844</u>	<u>\$ 1,271,209,071</u>	<u>\$ 1,424,531,720</u>
Debt Applicable to Limit:				
General Obligation Bonds	\$ 790,107,283	\$ 755,312,979	\$ 879,287,257	\$ 839,287,749
Less Net Position in Debt Service Fund	<u>56,166,524</u>	<u>59,552,880</u>	<u>67,642,629</u>	<u>62,651,625</u>
Total Amount of Debt Applicable to Debt Limit	<u>733,940,759</u>	<u>695,760,099</u>	<u>811,644,628</u>	<u>776,636,124</u>
Legal Debt Margin	<u>\$ 325,503,927</u>	<u>\$ 486,566,745</u>	<u>\$ 459,564,443</u>	<u>\$ 647,895,596</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	69.27%	58.85%	63.85%	54.52%

Note: Under state finance law, Denton Independent School District's outstanding general obligation debt should not exceed 10 percent of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$15,966,067,987</u>	<u>\$17,771,688,442</u>	<u>\$19,914,985,782</u>	<u>\$21,078,524,297</u>	<u>\$22,989,073,348</u>	<u>\$27,186,255,764</u>
<u>\$ 1,596,606,798</u>	<u>\$ 1,777,168,844</u>	<u>\$ 1,991,498,578</u>	<u>\$ 2,107,852,429</u>	<u>\$ 2,298,907,334</u>	<u>\$ 2,718,625,576</u>
\$ 799,994,104	\$ 1,167,039,104	\$ 1,122,249,104	\$ 1,367,776,088	\$ 1,308,438,717	\$ 1,237,690,283
<u>62,894,210</u>	<u>75,930,190</u>	<u>78,803,292</u>	<u>97,498,161</u>	<u>93,684,814</u>	<u>95,729,305</u>
<u>737,099,894</u>	<u>1,091,108,914</u>	<u>1,043,445,812</u>	<u>1,270,277,927</u>	<u>1,214,753,903</u>	<u>1,141,960,978</u>
<u>\$ 859,506,904</u>	<u>\$ 686,059,930</u>	<u>\$ 948,052,766</u>	<u>\$ 837,574,502</u>	<u>\$ 1,084,153,431</u>	<u>\$ 1,576,664,598</u>
46.17%	61.40%	52.40%	60.26%	52.84%	42.01%

DENTON INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate
2013/2014	123,099	\$ 2,703,008	\$ 21,958	3.90%
2014/2015	128,205	3,110,253	24,260	3.50%
2015/2016	131,044	3,149,905	24,037	3.60%
2016/2017	133,808	3,216,343	24,037	3.60%
2017/2018	136,268	3,531,385	25,915	3.50%
2018/2019	138,541	3,790,205	27,358	2.80%
2019/2020	141,541	4,352,103	30,748	8.40%
2020/2021	147,515	4,357,298	29,538	5.50%
2021/2022	151,380	4,471,462	29,538	3.40%
2022/2023	150,357	4,845,104	32,224	4.00%

Source of Information: City of Denton "Statistical Trends and News of Denton" report.
 Estimated population provided by the District.

DENTON INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

School Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Early Childhood Facilities										
Buildings	3	3	3	3	3	3	3	4	4	4
Square Foot	109,809	109,809	109,809	109,809	109,809	109,809	109,809	119,230	119,230	119,230
Maximum capacity	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,218	1,218	1,218
Enrollment	729	813	904	910	1,144	1,160	1,187	1,070	1,310	1,371
Elementary Schools										
Buildings	21	22	22	23	23	23	24	24	24	25
Square Foot	1,755,811	1,840,645	1,840,645	1,928,551	1,927,266	1,926,498	2,014,268	2,017,061	2,017,061	2,107,170
Maximum capacity	16,984	17,708	17,708	18,556	18,556	18,556	19,296	19,226	19,226	19,966
Enrollment	12,652	12,718	12,629	12,926	13,081	13,189	13,318	12,800	13,814	14,179
Middle Schools										
Buildings	7	7	7	7	8	8	8	8	8	8
Square Foot	1,254,977	1,258,049	1,258,049	1,258,049	1,446,185	1,446,185	1,402,422	1,453,860	1,453,860	1,453,860
Maximum capacity	7,000	8,518	8,518	8,518	9,668	9,668	9,668	9,768	9,768	9,768
Enrollment	5,860	6,098	6,371	6,528	6,699	6,975	7,149	6,994	7,041	7,047
High Schools										
Buildings	5	5	5	6	6	6	6	6	6	6
Square Foot	1,533,548	1,533,548	1,533,548	2,060,286	2,053,374	2,161,257	2,161,257	2,184,025	2,179,417	2,310,097
Maximum capacity	10,166	11,071	11,071	14,584	14,584	15,584	15,584	15,834	15,834	15,834
Enrollment	6,806	7,117	7,392	8,018	8,496	8,845	9,265	9,403	9,786	9,924
Administration										
Buildings	10	10	10	11	12	12	12	12	12	12
Square Foot	274,849	274,081	274,081	274,849	296,137	288,564	286,260	303,520	303,520	351,386
Transportation										
Buildings	1	1	1	1	1	1	1	1	1	2
Square Foot	14,336	15,872	15,872	15,872	15,872	15,872	15,872	15,872	15,872	40,872
Buses	188	176	186	195	195	180	206	206	206	147
Totals for DISD										
Buildings	47	48	48	51	53	53	53	55	55	58
Square Foot	4,943,330	5,032,004	5,032,004	5,647,416	5,848,643	5,948,185	5,989,888	6,093,568	6,088,960	6,382,615
Maximum capacity	35,284	38,431	38,431	42,792	43,942	44,942	45,682	46,046	46,046	46,786
Enrollment	26,047	26,746	27,296	28,382	29,420	30,169	30,919	30,267	31,951	32,521
Athletics										
Football Stadiums	4	4	4	5	5	5	5	5	5	5
Track Field	3	3	3	4	4	4	4	4	4	4
Baseball Fields	3	3	3	4	4	4	4	4	4	4
Softball Fields	3	3	3	4	4	4	4	4	4	4
Tennis Court Sites	10	10	10	11	12	12	12	12	12	12
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Ag Science Facility	-	-	-	-	-	-	-	-	-	1

Source of information: District records and District PEIMS report

DENTON INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Description	2023		Percentage of Total City Employment
		Employees	Rank	
University of North Texas	University	4,614	1	5.25%
Denton Independent School District	School District	4,417	2	5.02%
PACCAR, Inc.	Truck Manufacturer	3,075	3	3.50%
Texas Woman's University	University	1,875	4	2.13%
Denton State Supported Living Center	State Agency	1,700	5	1.93%
Denton County	County Government	1,681	6	1.91%
City of Denton	Municipal Government	1,623	7	1.85%
Texas Health Presbyterian of Denton	Hospital/Healthcare	1,076	8	1.22%
Medical City-Denton	Hospital/Healthcare	950	9	1.08%
Sally Beauty Company, Inc.	Beauty Supplies Dist.	950	10	1.08%
TOTAL		21,961		24.97%

Source of Information: Denton Economic Development Partnership and U.S. Dept. of Labor
2014 data from Denton ISD 2014 Annual Comprehensive Financial Report.

2014		
Employees	Rank	Percentage of Total City Employment
8,738	1	12.75%
3,800	2	5.55%
2,100	3	3.06%
1,672	5	2.44%
1,700	4	2.48%
1,581	6	2.31%
1,300	7	1.90%
1,076	8	1.57%
950	9	1.39%
<u>950</u>	10	<u>1.39%</u>
<u><u>23,867</u></u>		<u><u>34.84%</u></u>

DENTON INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>
2013-2014	26,047	\$ 203,934,449	\$ 7,829	4.43%	1,898.4	13.72
2014-2015	26,746	212,211,345	7,934	1.34%	1,886.2	14.18
2015-2016	27,296	224,713,282	8,232	3.76%	1,978.9	13.79
2016-2017	28,382	240,882,424	8,487	3.10%	2,068.0	13.72
2017-2018	29,420	258,603,498	8,790	3.57%	2,190.9	13.43
2018-2019	30,169	268,261,772	8,892	1.16%	2,241.7	13.46
2019-2020	30,919	293,523,095	9,493	6.76%	2,334.8	13.24
2020-2021	30,267	293,571,371	9,699	2.17%	2,375.1	12.74
2021-2022	31,951	315,439,167	9,873	1.79%	2,411.5	13.25
2022-2023	32,521	339,702,404	10,446	5.80%	2,416.3	13.46

Source of Information: District PEIMS report

<u>Economically Disadvantaged</u>	<u>Limited English Proficient</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
11,022	3,751	44.23%
11,299	3,952	43.13%
11,468	4,104	43.04%
11,778	4,236	42.21%
12,695	4,276	43.06%
13,805	4,494	45.76%
14,213	4,907	45.97%
14,433	4,906	47.69%
10,476	5,346	32.79%
15,831	6,043	48.68%

DENTON INDEPENDENT SCHOOL DISTRICT
STAFF INFORMATION
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Teachers</u>	<u>Professional Support</u>	<u>Campus Administration</u>	<u>Central Administration</u>	<u>Total Professional Staff</u>	<u>Educational Aides</u>
2013-2014	1,898.4	425.0	89.0	13.6	2,426.0	247.3
2014-2015	1,886.2	458.2	94.4	13.0	2,451.8	260.0
2015-2016	1,978.9	460.8	96.8	13.0	2,549.5	302.5
2016-2017	2,068.0	485.7	98.6	12.6	2,664.9	291.3
2017-2018	2,190.9	510.8	106.2	20.6	2,828.5	349.0
2018-2019	2,241.7	519.5	111.8	21.6	2,894.6	387.5
2019-2020	2,334.8	473.6	110.0	27.6	2,946.0	398.3
2020-2021	2,375.1	507.2	121.8	27.6	3,031.7	448.5
2021-2022	2,411.5	534.4	106.1	26.5	3,078.5	415.7
2022-2023	2,416.3	561.3	96.0	30.7	3,104.3	420.1

Source of Information: District PEIMS report

<u>Auxiliary Staff</u>	<u>Total Staff</u>	<u>% Change</u>
552.9	3,226.2	3.16%
591.8	3,303.6	2.40%
638.0	3,490.0	5.64%
700.7	3,656.9	4.78%
622.4	3,799.9	3.91%
594.7	3,876.8	2.02%
923.7	4,268.0	10.09%
653.5	4,133.7	-3.14%
889.8	4,384.0	6.06%
892.1	4,416.4	0.74%

DENTON INDEPENDENT SCHOOL DISTRICT
TEACHER SALARY DATA
JUNE 30, 2023

<u>Years of Experience</u>	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>Doctorate Degree</u>
0	\$ 59,340	\$ 61,090	\$ 62,840
1	59,740	61,490	63,240
2	60,101	61,851	63,601
3	60,461	62,211	63,961
4	60,770	62,520	64,270
5	61,079	62,829	64,579
6	61,594	63,344	65,094
7	61,903	63,653	65,403
8	62,212	63,962	65,712
9	62,727	64,477	66,227
10	63,510	65,260	67,010
11	64,334	66,084	67,834
12	64,643	66,393	68,143
13	64,952	66,702	68,452
14	65,364	67,114	68,864
15	65,776	67,526	69,276
16	66,188	67,938	69,688
17	66,600	68,350	70,100
18	66,909	68,659	70,409
19	67,218	68,968	70,718
20	67,630	69,380	71,130
21	68,042	69,792	71,542
22	68,351	70,101	71,851
23	68,660	70,410	72,160
24	68,969	70,719	72,469
25+	69,278	71,028	72,778

Average Salary by Years of Experience

Beginning Teachers	\$ 58,484
1-5 Years of Experience	\$ 59,250
6-10 Years of Experience	\$ 61,393
11-20 Years of Experience	\$ 65,429
Over -20 Years of Experience	\$ 68,768

Average Actual Salaries

Teachers	\$ 63,228
Professional Staff	\$ 74,587
Campus Administration	\$ 93,346
Central Administration	\$ 129,398

Source of Information: District PEIMS report

DENTON INDEPENDENT SCHOOL DISTRICT
 ENROLLMENT AND ATTENDANCE DATA
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	Enrollment		Average Daily Attendance		
	Amount	Percent of Increase	Amount	Percent of Increase	Percent of Enrollment
2013/14	26,047	1.29%	24,625	2.23%	94.54%
2014/15	26,746	2.68%	25,255	2.56%	94.43%
2015/16	27,296	2.06%	25,748	1.95%	94.33%
2016/17	28,382	3.98%	26,773	3.98%	94.33%
2017/18	29,420	3.66%	27,544	2.88%	93.62%
2018/19	30,169	2.55%	28,317	2.81%	93.86%
2019/20	30,919	2.49%	29,088	2.72%	94.08%
2020/21	30,267	-2.11%	29,038	-1.72%	95.94%
2021/22	31,951	5.56%	30,144	3.81%	94.34%
2022/23	32,521	1.78%	30,329	0.61%	93.26%

Source of information: Summary of Finance Texas Education Agency and 2022-23 District PEIMS report.

DENTON INDEPENDENT SCHOOL DISTRICT
 MISCELLANEOUS STATISTICAL DATA
 JUNE 30, 2023
 (UNAUDITED)

Date of Organizaton:	1884
Forms of Government:	Independent School District
Number of Employees:	
Teachers	2,416
Other Professional	688
Paraprofessionals	420
Auxiliary	892
	4,416

Denton Independent School District Facilities and Services:

Education services provided to early childhood through grade twelve; all grade levels fully accredited by both the Texas Education Agency and AdvancED.

Total square feet-campus	6,382,615
Total acreage-campus	1,115.52
Total acreage-future growth	652.065

Facilities include:

	<u>Maximum Capacity</u>	<u>2022-23 Enrollment</u>	<u>Number of Facilities</u>
Senior high schools	15,834	9,924	6
Middle schools	9,768	7,047	8
Elementary schools	19,966	14,179	25
Early childhood	1,218	1,371	4
Total	46,786	32,521	43
Central services and annex			8
Maintenance/Transportation			3
Natatorium			1
Technology Center			1
Athletic stadium complex			1
AEP facility			1
Ag science facility			1
Total Facilities			59

Student Data:

	National Merit Scholars Class of 2023
Finalists	4
Commended	8

SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' 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*

To the Board of Trustees
Denton Independent School District
Denton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Denton Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Denton Independent School District's basic financial statements, and have issued our report dated November 11, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2023-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

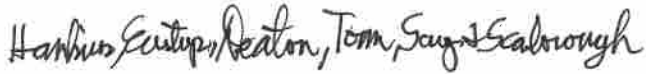
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying "Corrective Action Plan". The District's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

November 11, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Denton Independent School District
Denton, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Denton Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Denton Independent School District's major federal programs for the year ended June 30, 2023. Denton Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Denton Independent School District complied, in all material respects, with the types of 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Denton Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Denton Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Denton Independent School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Denton Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Denton Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Denton Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Denton Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Denton Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

November 11, 2023

DENTON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2023

I. Summary of Auditor’s Results

1. Type of auditor’s report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
 Material weakness(es) identified: None
 Significant deficiency(ies) identified that are not considered to be material weaknesses: Finding 2023-01
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
 Material weakness(es) identified: None
 Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor’s report on compliance for major federal programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:

84.425D	ESSER Relief Fund I
84.425D	ESSER Relief Fund II
84.425U	ESSER Relief Fund III
93.575	CRRSA Child Care Relief Funds

 Child Nutrition Cluster:

10.553	School Breakfast Program
10.555	National School Lunch Program-Cash Assistance
10.555	National School Lunch Program-Noncash Assistance
10.555	Supply Chain Assistance
8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,140,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

Finding 2023-01 – Lack of Internal Control over Financial Reporting

Criteria: The District is responsible for establishing and maintaining effective internal controls over financial reporting to provide reasonable assurance that its financial statements are fairly presented in conformity with U.S. generally accepted accounting principles with no material misstatements. 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 combination of deficiencies, in internal control such that there is a possibility that a material misstatement of the District’s financial statements will not be prevented or detected on a timely basis.

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

II. Findings Related to the Financial Statements-continued

Condition: During our audit of the fiscal year ended June 30, 2023, we found that the District failed to prepare several general journal entries that were required to prevent material misstatements being reflected in the financial statements. In addition, while the bank statements were reconciled as of the time of our audit, general journal entries had not been made to record many items discovered in the reconciliations that were needed for the financial statements to reflect accurate cash and expenditure balances.

Questioned Costs: The issues regarding the general journal entries were addressed during the audit. The general journal entries needed to adjust the bank balances were made during the audit as well, resulting in no questioned costs.

Cause: The District experienced turnover during the current fiscal year in business office personnel responsible for the bank reconciliation process. A lack of supervision of the work of those personnel failed to bring to the attention of others the fact that required general journal entries noted during the bank reconciliation process had not been prepared or posted.

Effect: When bank statements are not reconciled on a timely basis, and the general ledger is not reviewed timely, the financial statements and underlying accounting records are at risk of material misstatements, resulting in erroneous financial statement information being reported to the Board of Trustees. Significant adjustments were required during the audit to correct material misstatements in the general ledger resulting from journal entries not posted to record items noted on the bank statement reconciliations.

Recommendation: When bank reconciliations are prepared, any needed general journal entries discovered during the bank reconciliation process should be made timely and as part of that process. Each monthly bank reconciliation should be reviewed by someone else in the business office to confirm that it is accurate and that all necessary general journal entries identified during the bank reconciliation process have been made.

III. Other Findings

None

DENTON INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023

Finding 2023-01 Lack of Internal Control Over Financial Reporting

Contact Person – Vicki Garcia, Executive Director of Financial Operations – (940) 369-0000

The District recognizes the significance of promptly reconciling bank statements and recording necessary entries. It will implement measures to ensure the personnel responsible for the reconciliations are completing them timely and any unresolved matters are thoroughly investigated and documented to ensure they are resolved promptly.

DENTON INDEPENDENT SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

None

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
ROTC	12.000	01-061901	\$ 294,421
Total Direct Programs			294,421
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041	01-061901	175,012
Total Direct Programs			175,012
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101061901	47,176
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101061901	3,137,309
ESEA, Title I, Part D, Subpart 2	84.010A	22610103061901	4,982
ESEA, Title I, Part D, Subpart 2	84.010A	23610103061901	276,809
Total Assistance Listing Number 84.010			3,466,276
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501061901	20,691
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501061901	655,960
Total Assistance Listing Number 84.367			676,651
Title III, Part A - English Language Acquisition	84.365A	22671001061901	5,968
Title III, Part A - English Language Acquisition	84.365A	23671001061901	551,999
Total Assistance Listing Number 84.365			557,967
ESEA, Title IV, Part A	84.424A	22680101061901	2,558
ESEA, Title IV, Part A	84.424A	23680101061901	200,321
Total Assistance Listing Number 84.424			202,879
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	236950167110013	112,570
ESEA, Title IV, Part A, Subpart I, 6111-Summer School LEP	84.369A	69551901	15,391
ESEA, Title IV, Part A, Subpart I, 6111-Summer School LEP	84.369A	69552202	14,792
ESEA, Title IV, Part A, Subpart I, 6111-Summer School LEP	84.369A	69552102	14,388
Total Assistance Listing Number 84.369			44,571
*IDEA - Part B, Formula	84.027A	226600010619016600	132,250
*IDEA - Part B, Formula	84.027A	236600010619016600	5,148,602
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350010619015350	33,825
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350020619015350	1,186,821
*SSA - IDEA - Part B, Discretionary Deaf	84.027A	236600110619016673	67,896
Total Assistance Listing Number 84.027			6,569,394
*IDEA - Part B, Preschool	84.173A	226610010619016610	4,905
*IDEA - Part B, Preschool	84.173A	236610010619016610	74,879
*COVID 19 - IDEA, Part B, Preschool- (ARP)	84.173X	225360020619015360	66,375
Total Assistance Listing Number 84.173			146,159
*SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	233911010619013911	3,232
Total Special Education Cluster (IDEA)			6,718,785
SSA - Career and Technical - Basic Grant	84.048A	22420006061901	2,567
SSA - Career and Technical - Basic Grant	84.048A	23420006061901	308,226
Total Assistance Listing Number 84.048			310,793

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
COVID 19 - ESSER I - School Emergency Relief Fd	84.425D	21528001061901	3,042
COVID 19 - ESSER II - School Emergency Relief	84.425D	21521001061901	292,326
COVID 19 - ESSER III - School Emergency Relief	84.425U	21528001061901	5,273,295
Total Assistance Listing Number 84.425			5,568,663
Total Passed Through Texas Education Agency			17,659,155
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Programs</u>			
Head Start	93.600	06CH010978-04-01	1,520,601
Head Start - ARP	93.600	06HE000730-01-01	191,292
Head Start - COVID	93.600	06HE000730-01-00	58,087
Total Assistance Listing Number 93.600			1,769,980
Total Direct Programs			1,769,980
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900225	233,840
Total Passed Through Texas Health and Human Services Commission			233,840
<u>Passed Through State Department of Education</u>			
School Health Support (ELC Reopening Schools)	93.323	0274822	14,251
Total Passed Through State Department of Education			14,251
<u>Passed Through Texas Workforce Commission</u>			
SSA-Adult Education (ABE) - Federal	84.002	0418ALA000	331,557
SSA-Adult Education (ABE) - Federal	84.002	0418ALA000	2,224,047
Total Assistance Listing Number 84.002			2,555,604
CRRSA Child Care Relief Funds	93.575	2022-1721005	410,733
CRRSA Child Care Relief Funds	93.575	2022-0937506	295,220
Child Care and Development Block	93.575	P18BK5F8VPN3	12,614
Total Assistance Listing Number 93.575			718,567
Total Passed Through Texas Workforce Commission			3,274,171
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	2,734,305
*National School Lunch Program - Cash Assistance	10.555	71302301	9,632,942
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302301	1,002,697
*Supply Chain Assistance	10.555	71302301	1,142,470
Total Assistance Listing Number 10.555			11,778,109
*P-EBT Administrative Costs	10.542	71302301	5,950
*CACFP	10.558	71302301	61,104
Total Child Nutrition Cluster			14,579,468
Total Passed Through the Texas Department of Agriculture			14,579,468
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 38,000,298
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

DENTON INDEPENDENT SCHOOL DISTRICT
 NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2023

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.
- **General Fund** - is used to account for among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.
- **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

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 in 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, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. 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 unearned revenues until earned.

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
- Assistance listing numbers for commodity assistance are the assistance listing numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$2,730,448.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$38,000,298
SHARS Revenue reported in the General Fund	8,459,123
Federal Excise Tax Reimbursements	-
Tax Credit Revenue reported in the Debt Service Fund	-
Plus Revenue Received for COVID Funds for Prior Year Expenditures	_____
 Total Federal Program Revenue	 <u>\$46,459,421</u>

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