



Annual Report of Certain Financial and Local Debt Information

Fiscal Year Ended June 30, 2023

Denotes Required Information Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on December 22, 2023.



☑ Overview of Certain Financial/Bond Ratings

- ☐ **Overview:** Denton Independent School District (the “District”) has been assigned the following independent financial/bond ratings that indicate the relative strength of the District’s financial and debt management:
 - **School Financial Integrity Rating System of Texas (“FIRST”):** Pursuant to Subchapter D, Chapter 39 of the Texas Education Code, the State annually deploys a financial accountability rating system to distinguish the level of a school district’s financial performance based upon certain uniform criteria.
 - ✓ Based on data for year 2021/22, the District was assigned a 2022/23 FIRST Rating of “Superior Achievement” and the District’s score was 98 out of a possible 100 points.
 - **Credit Ratings:** The District also maintains independent ratings from certain nationally recognized credit rating agencies, such as S&P Global Ratings and Fitch Ratings, Inc., that evaluate the District’s financial strength and its ability to pay its existing bonds.
 - ✓ **S&P Global Ratings:** Assigns a “AA” credit rating to the District, defined as “Having a very strong capacity to meet its financial commitments. It differs from the highest rating only to a small degree.”
 - ✓ **Fitch Ratings, Inc.:** Assigns a “AA” credit rating to the District, defined as “Very high quality. A “AA” rating denotes expectations of very low default risk and very strong capacity for payment of financial commitments.”

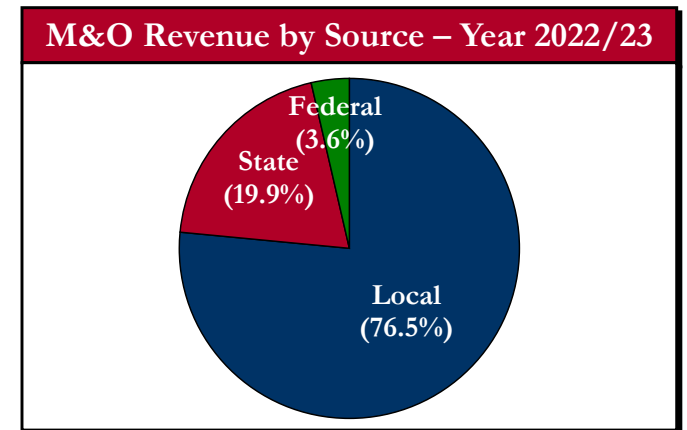


Overview of State Funding System

❑ **State Funding System – Where Do the District’s Revenues Come From:** Denton ISD is legally required to operate pursuant to the requirements of the Texas Education Code. In particular, the Texas Education Code determines the District’s ability to generate local tax revenues for maintenance & operation purposes and for the repayment of voter-approved bonds. In this regard, the District annually sets two (2) separate tax rates that are levied upon its certified taxable value that is independently determined by the Denton Central Appraisal District:

■ **Maintenance & Operations (“M&O”) Tax Rate:** To provide funds for the “day to day” operational expenses of the District, including instructional programs, teacher salaries, instructional supplies, security, student transportation, extracurricular activities, utilities, facility infrastructure/maintenance, etc.

✓ The District’s annual funds for maintenance & operation purposes primarily consist of a combination of State funding and local M&O taxes. In general, the dollar amount of each component is determined by the District’s “Equalized Wealth per Student” (i.e. taxable value / weighted average daily attendance) as set by the State. For year 2022/23, the District’s sources for M&O revenues are summarized to the right.



✓ On September 9, 2017, voters approved a tax ratification election to increase the District’s M&O tax rate to \$1.06. Prior to such ratification, the District was limited to a \$1.04 tax rate for maintenance and operations. Beginning in year 2019/20, the District’s M&O tax rate became subject to compression pursuant to House Bill 3 that was enacted during the 2019 legislative session.



☑ Overview of State Funding System

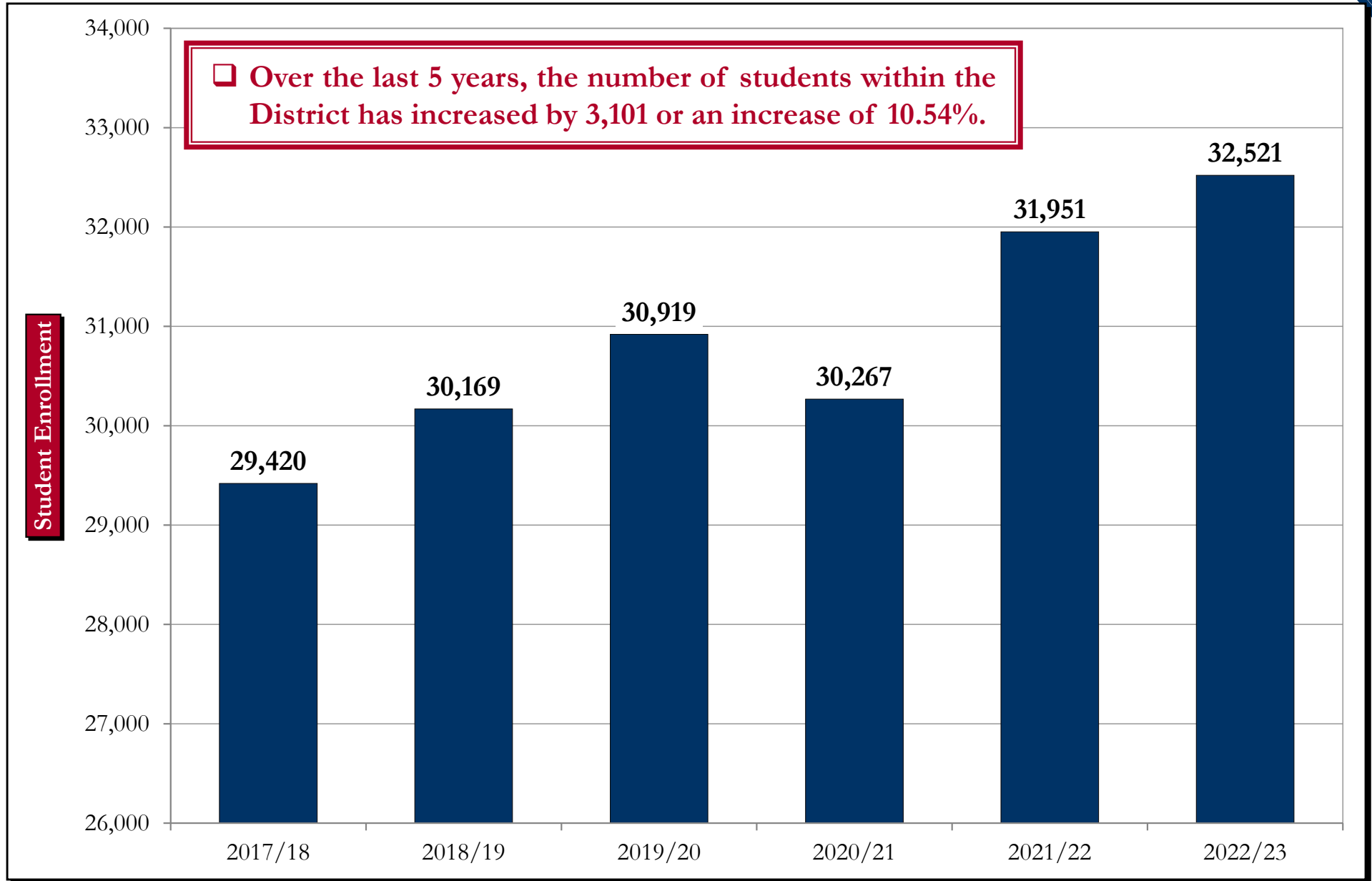
- **Interest & Sinking Fund (“I&S”) Tax Rate:** To provide funds to pay the principal and interest on bonds approved by a majority of voters for capital improvements. The District does not receive any facilities funding from the State for the payment of bonds. The following summarizes the District’s bond programs approved by voters over the last 21 years:

District’s Historical Bond Elections Approved By Voters					
Election Date	Purpose	Student Enrollment	Election Amount	Dollar Amount Of Bonds Remaining To Be Issued- As of June 30, 2023	Dollar Amount Of Bonds Remaining To Be Issued- As of Dec. 15, 2023
September 14, 2002	School Building & Renovations	15,149	\$192,655,000	\$0	\$0
September 11, 2004	School Building & Renovations	16,932	\$152,330,000	\$0	\$0
November 6, 2007	School Building	20,892	\$282,000,000	\$0	\$0
November 5, 2013	School Building	26,312	\$312,000,000	\$0	\$0
May 5, 2018	School Building	29,420	\$750,500,000	\$0	\$0
May 6, 2023	School Building	32,521	\$1,418,481,928	\$1,418,481,928	\$381,996,928
Total Dollar Amount Of Authorized But Unissued Bonds:				\$1,418,481,928	\$381,996,928

- ✓ As of fiscal year ended June 30, 2023, the District had \$58,953,171 within its Capital Projects Fund for existing/future projects.

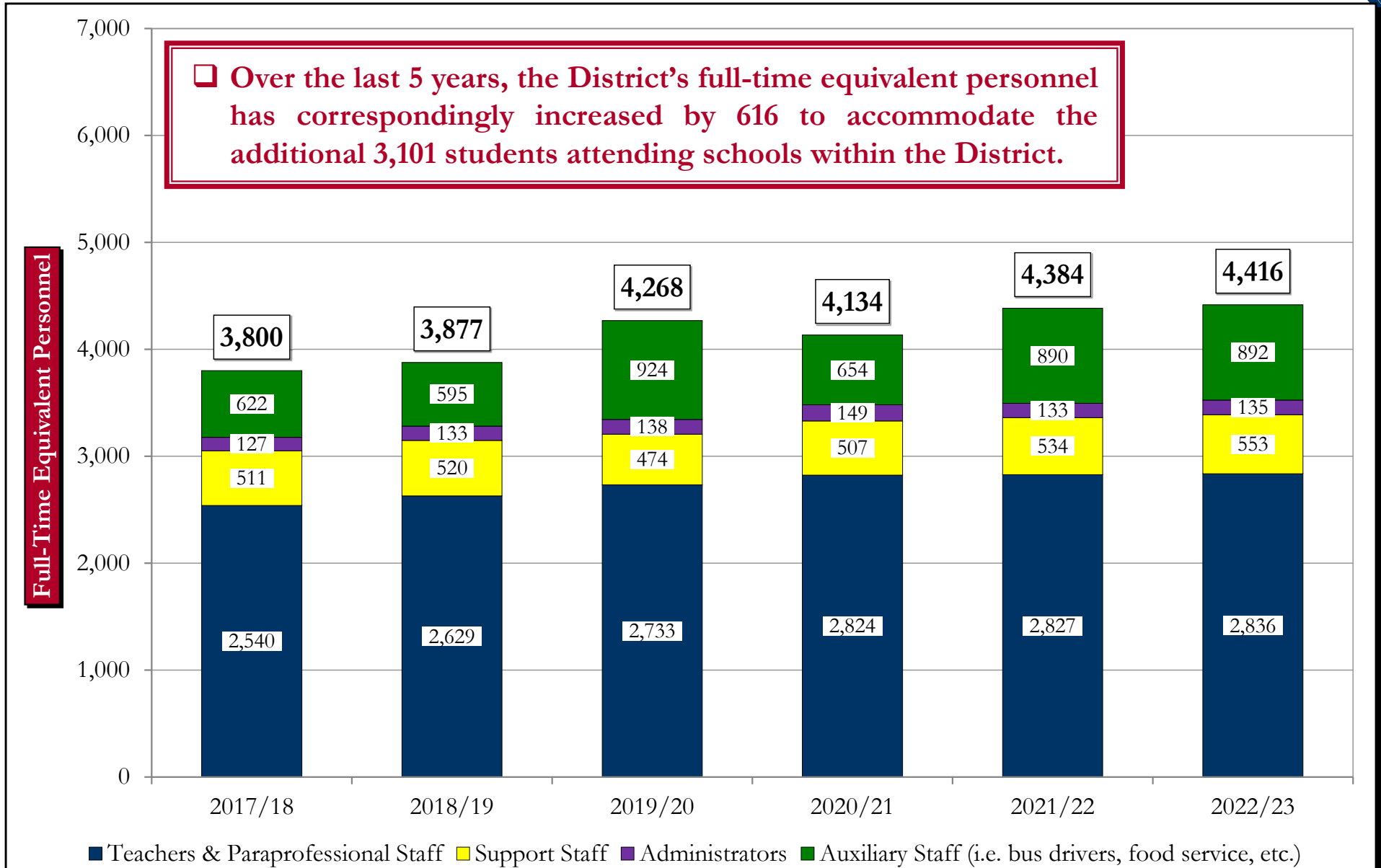


Historical Student Enrollment



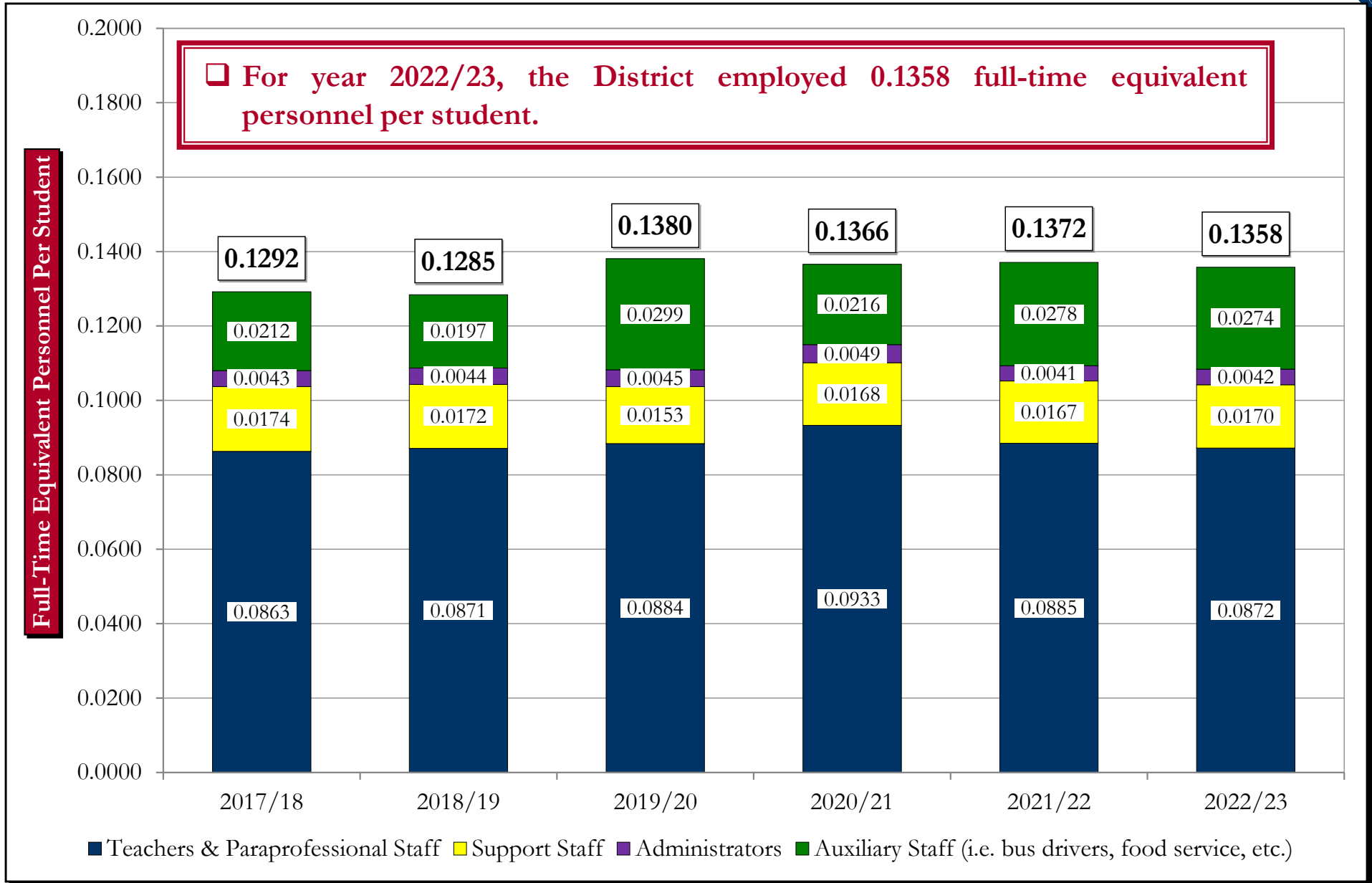


Full-Time Equivalent Personnel



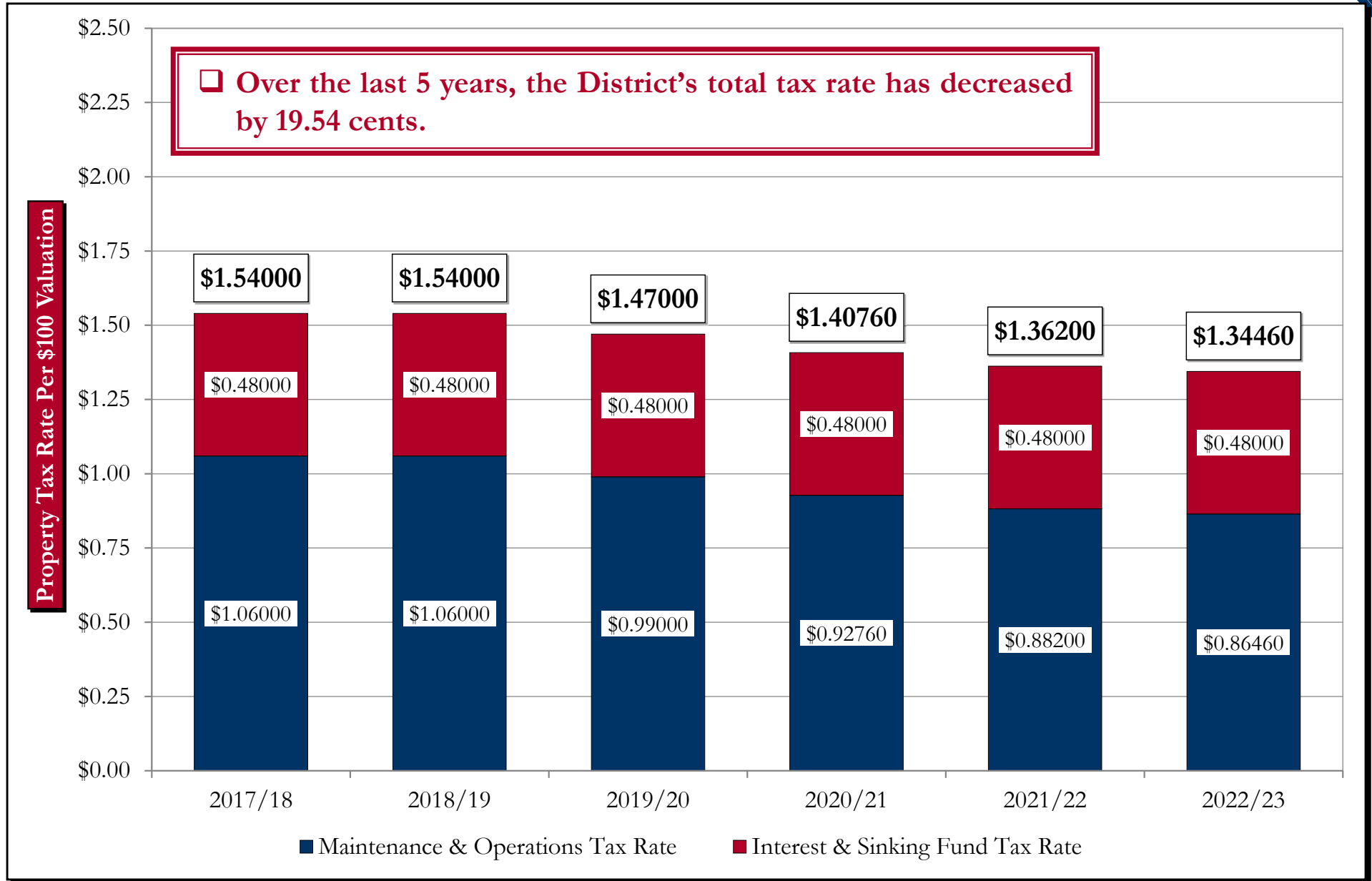


Full-Time Equivalent Personnel Per Student



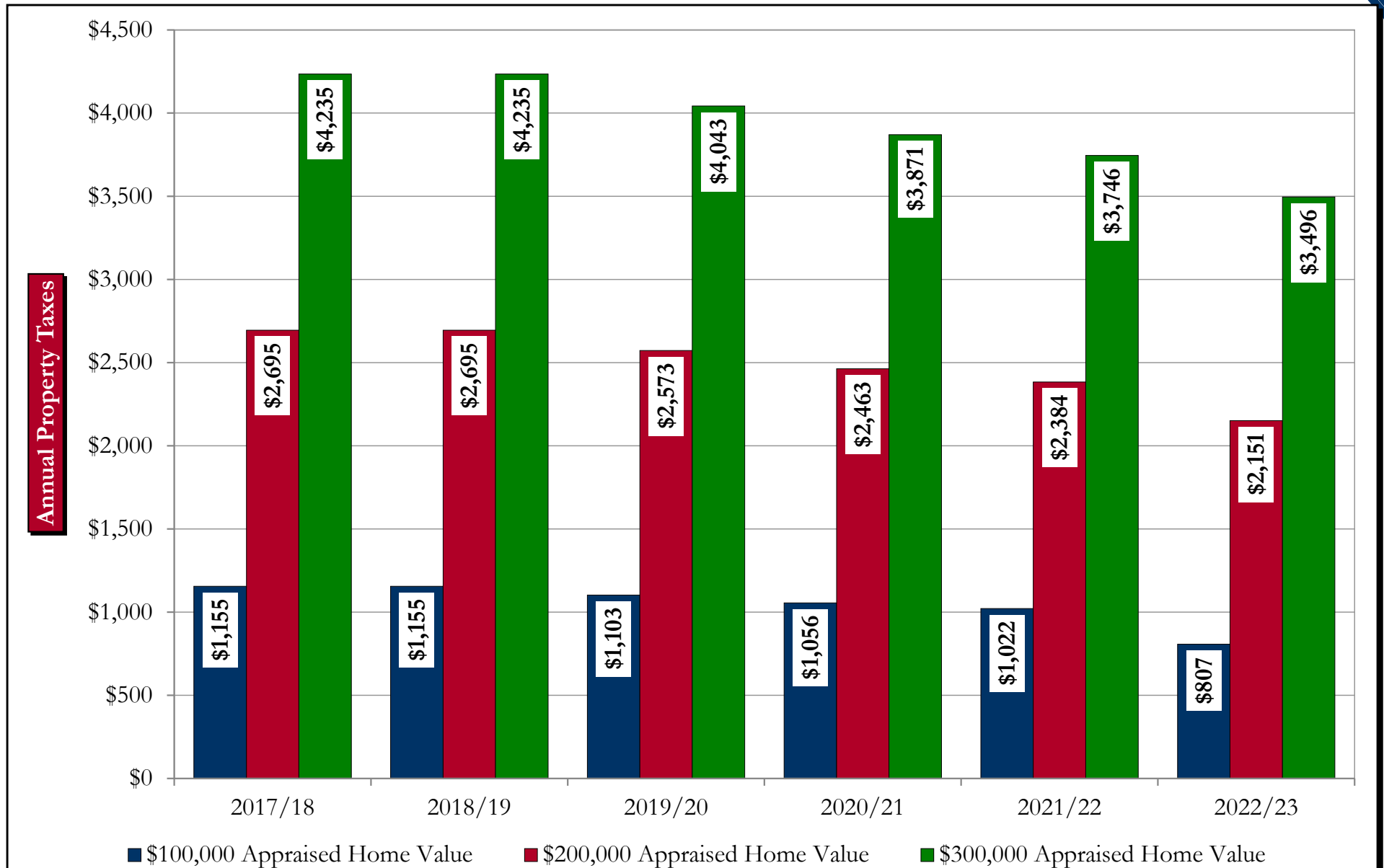


Historical Tax Rates





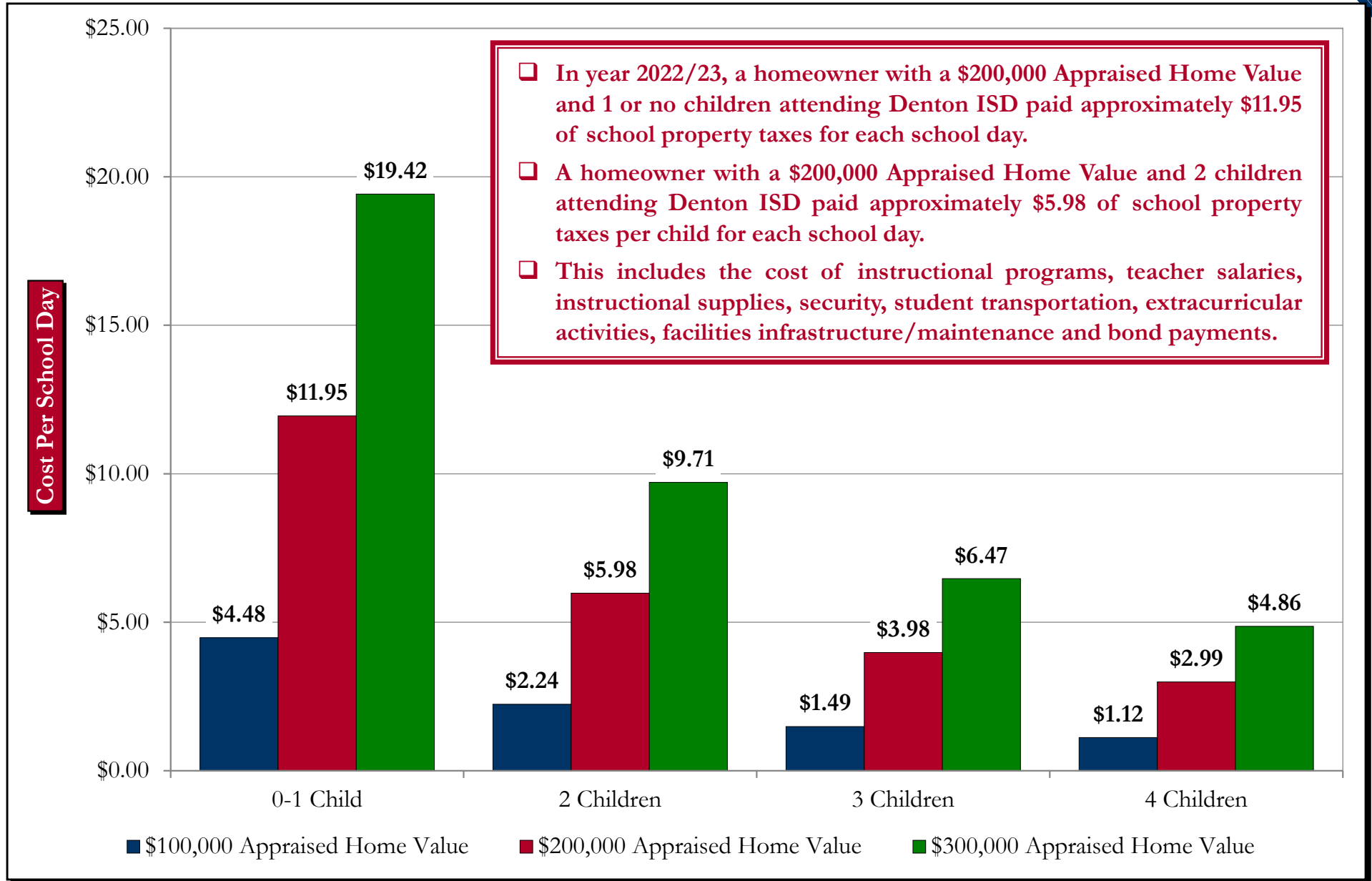
Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



Note: Taxes are net of the State-mandated residential homestead exemption.



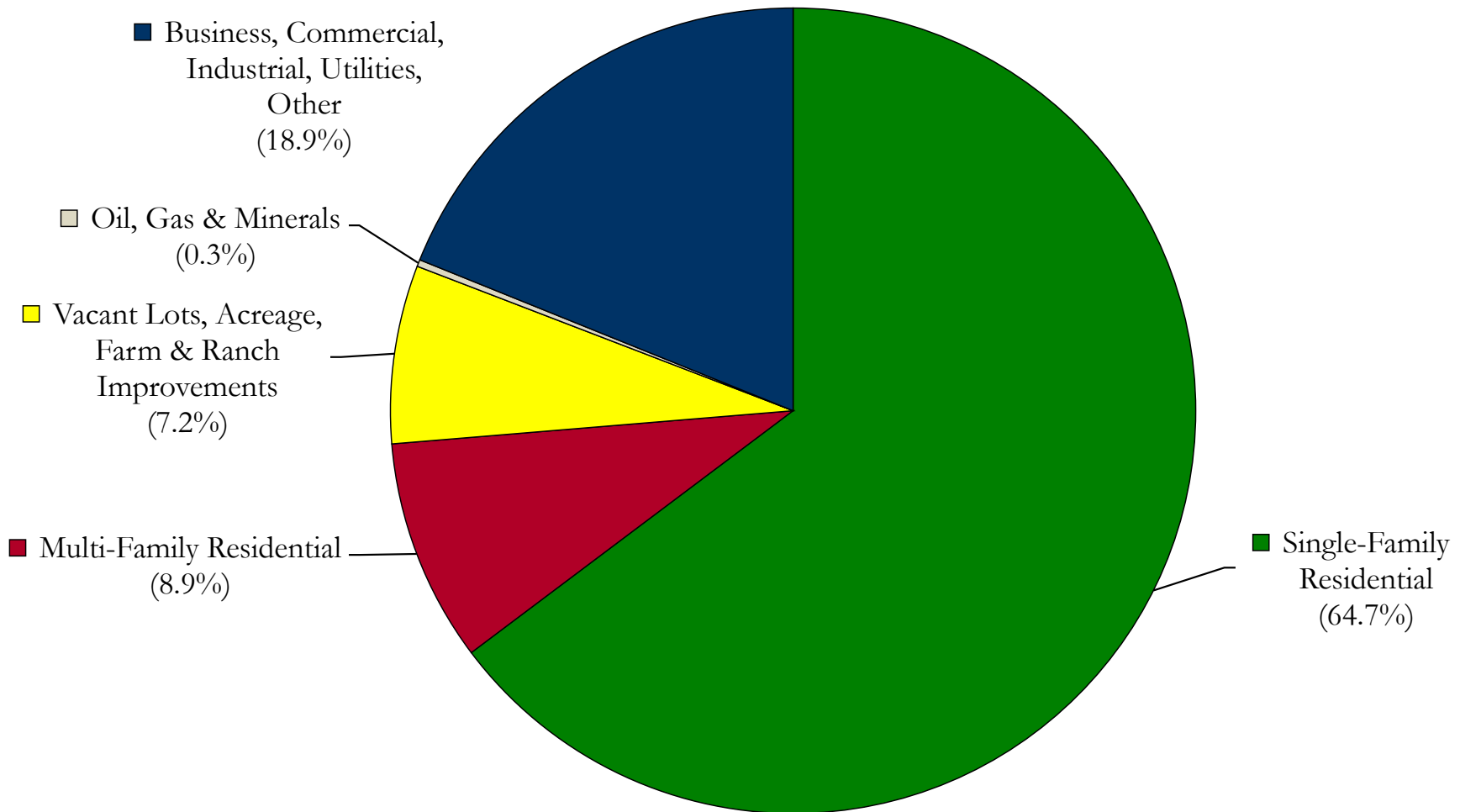
Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2022/23





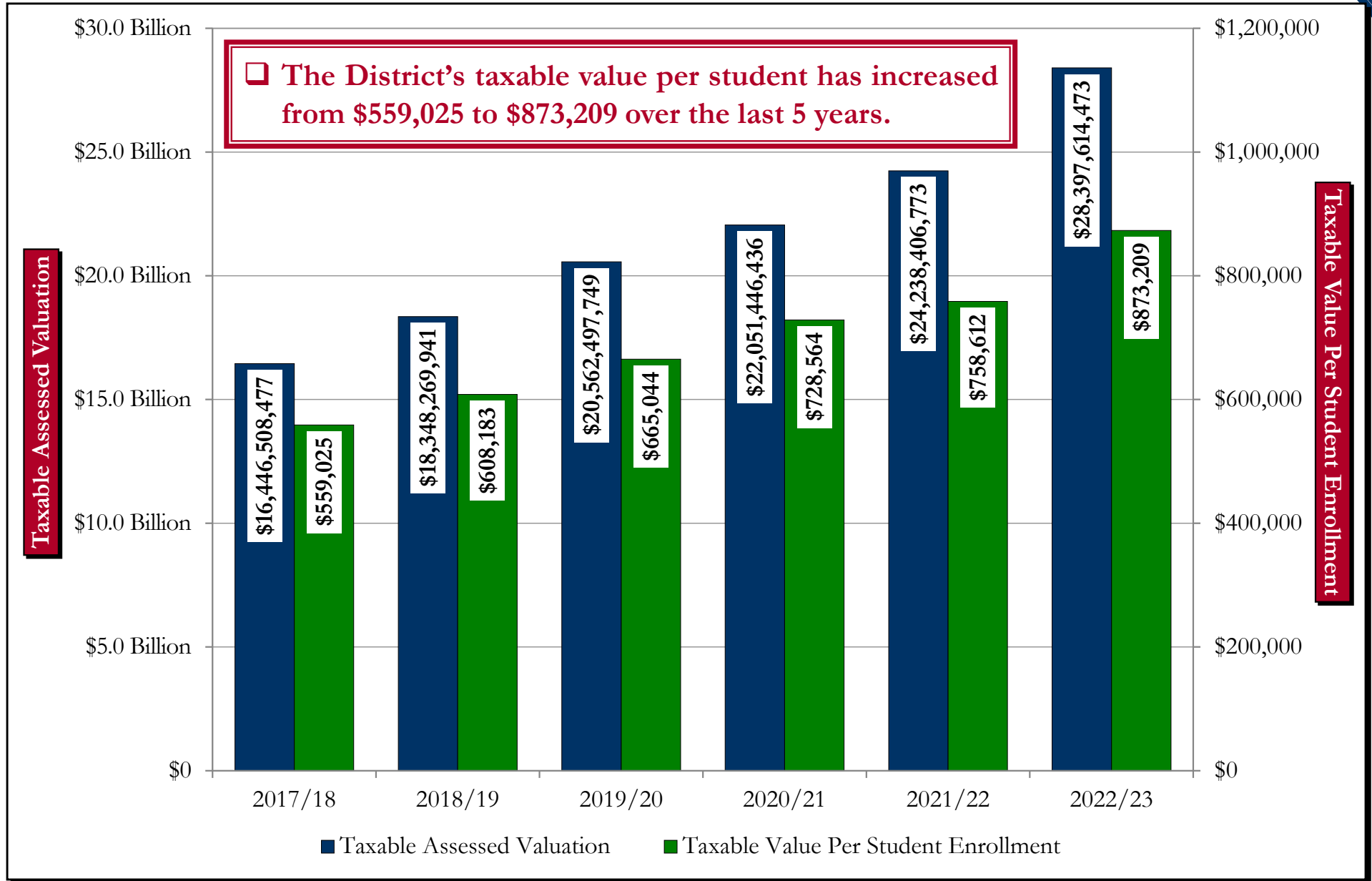
Composition of Total Assessed Valuation – Year 2022/23

For year 2022/23, Single-Family Residential properties comprised 64.7% of the District's total assessed valuation and other property categories comprised 35.3%.





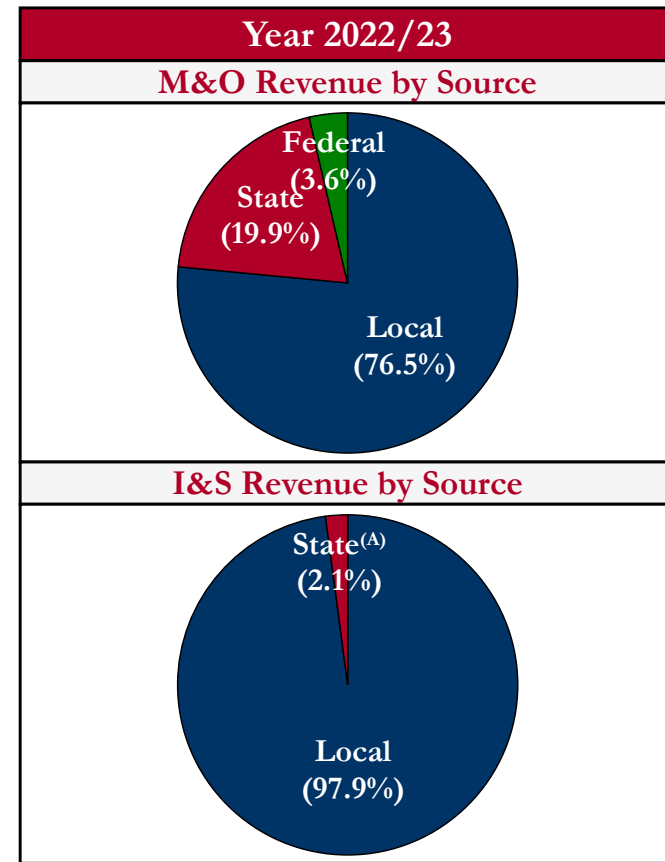
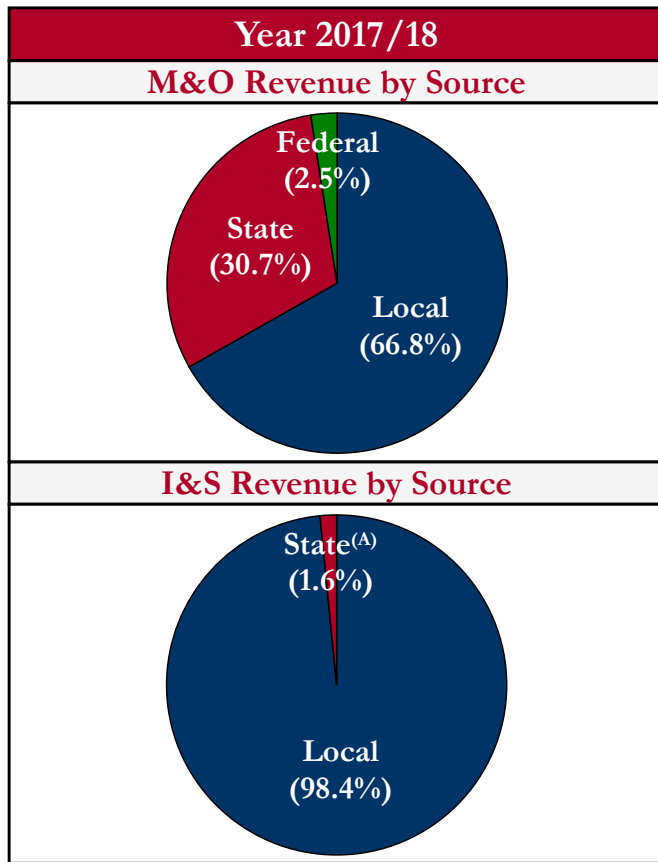
Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment





General Fund and Debt Service Fund – Revenue By Source

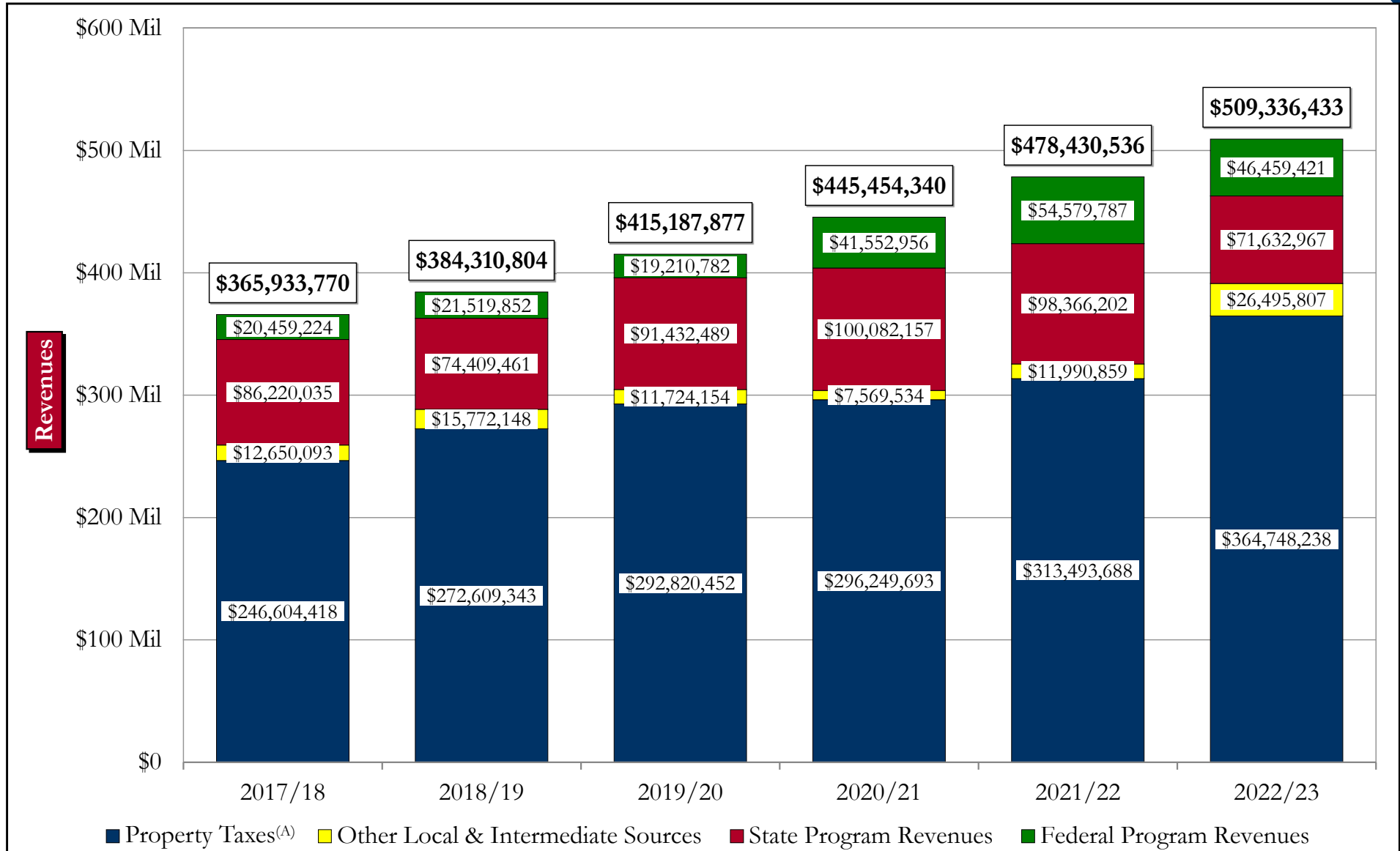
- ❑ The State funding system is structured to provide the District with an “equalized” dollar amount per student. The revenue sources for maintenance and operations and repayment of bonds is summarized below.
- ❑ The District does not receive any facilities funding from the State for the payment of voter-approved bonds.



^(A) Represents payment from State received for lost tax revenues resulting from increase of residential homestead exemption in year 2015/16.



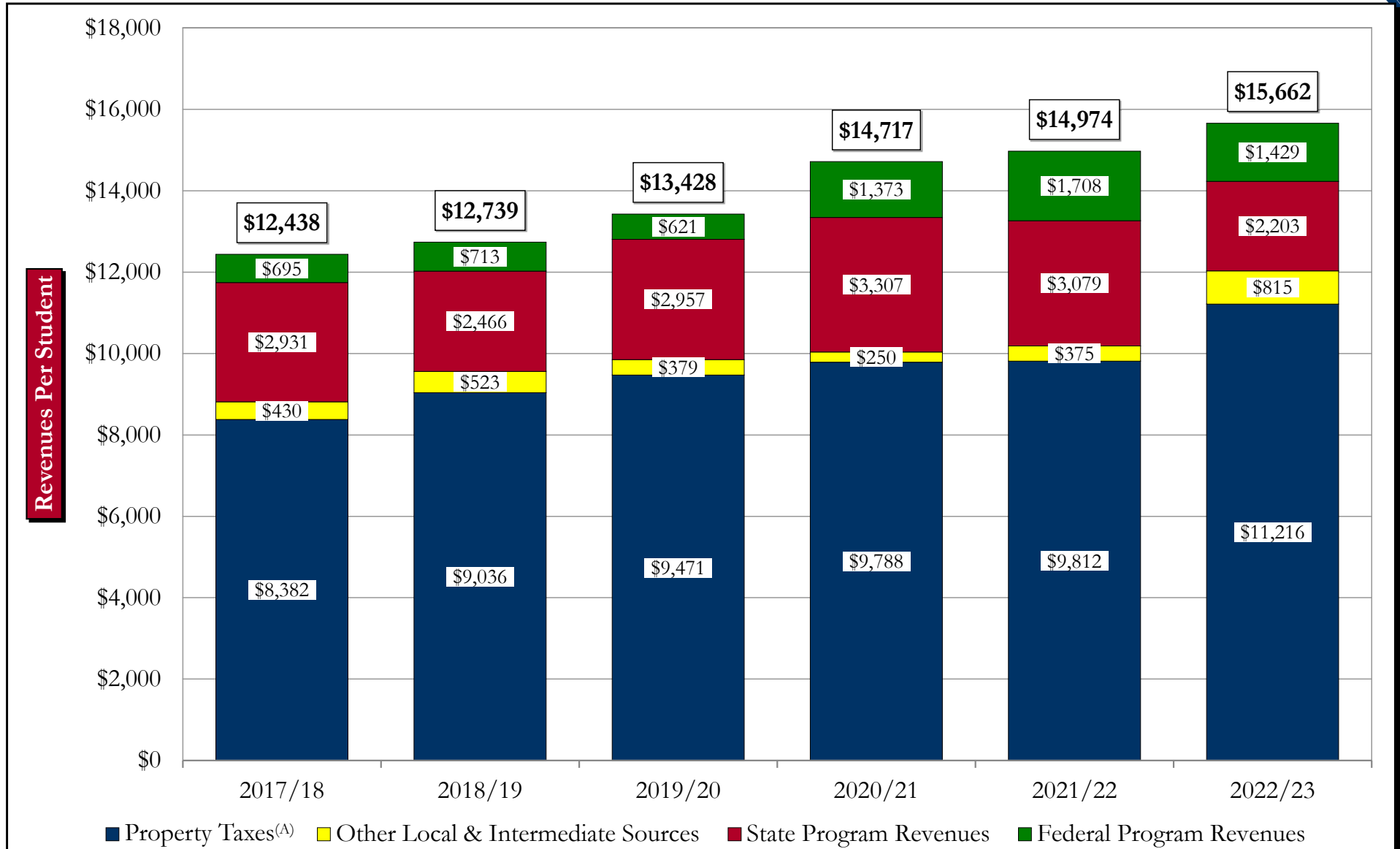
Total Revenues (All Governmental Funds*) By Source



^(A) Includes maintenance and operation expenses and bond payments of voter-approved bonds.



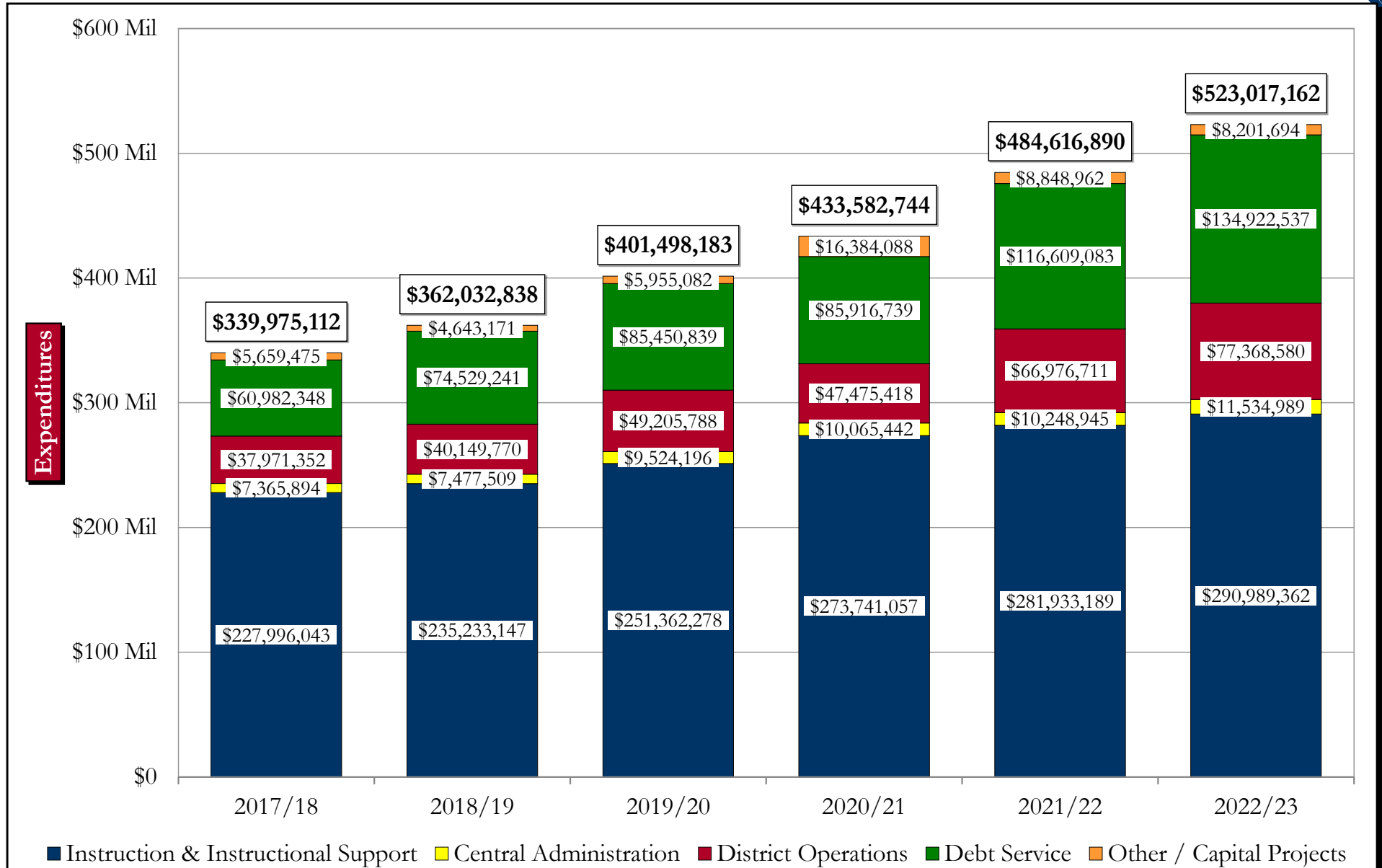
Total Revenues (All Governmental Funds*) Per Student



^(A) Includes maintenance and operation expenses and bond payments of voter-approved bonds.



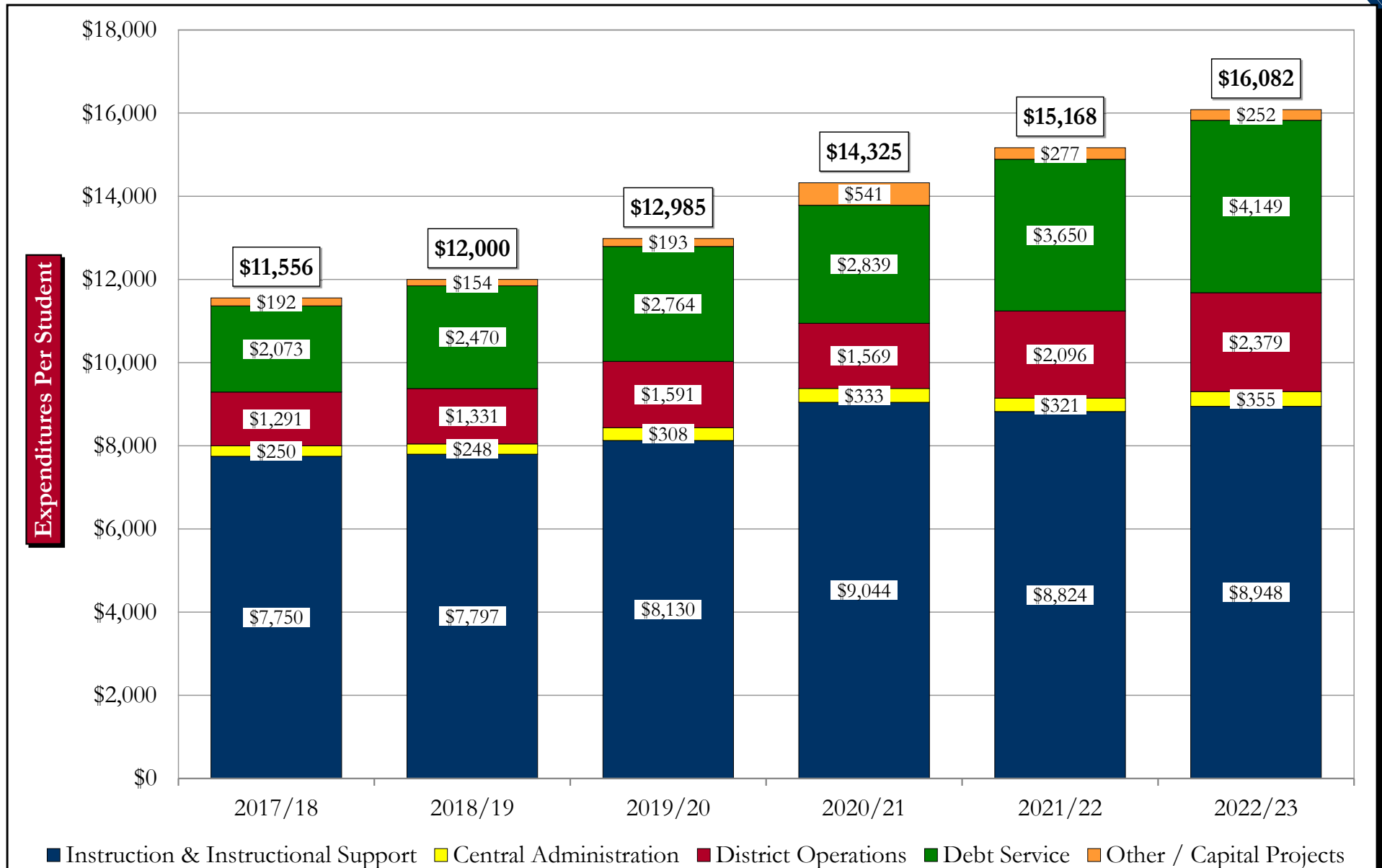
Total Expenditures (All Governmental Funds*) By Source



*Excludes Capital Projects Fund. Source: District's Audited Financial Statements and District records.



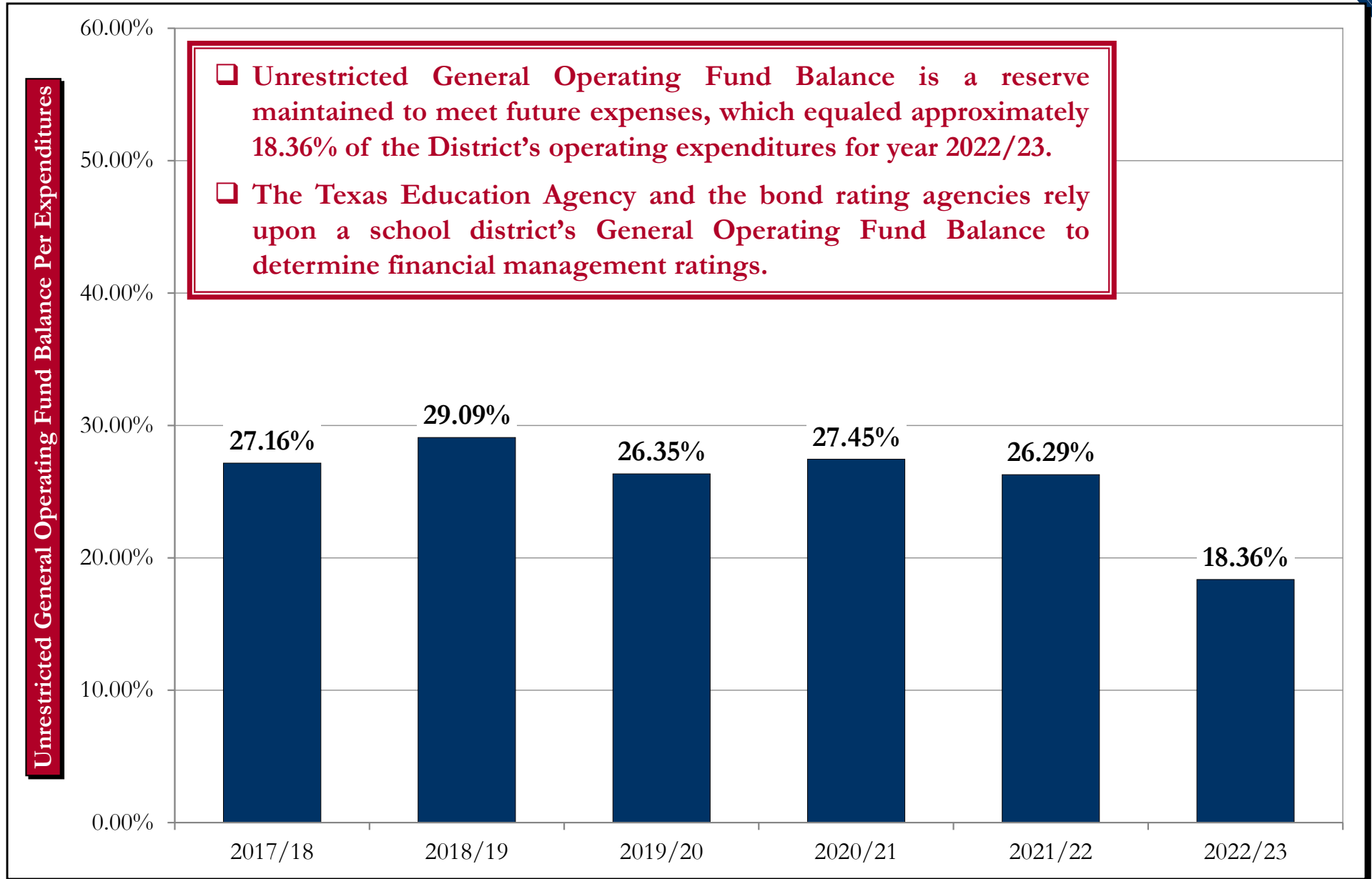
Total Expenditures (All Governmental Funds*) Per Student



*Excludes Capital Projects Fund. Source: District's Audited Financial Statements, Texas Education Agency - PEIMS and District records.

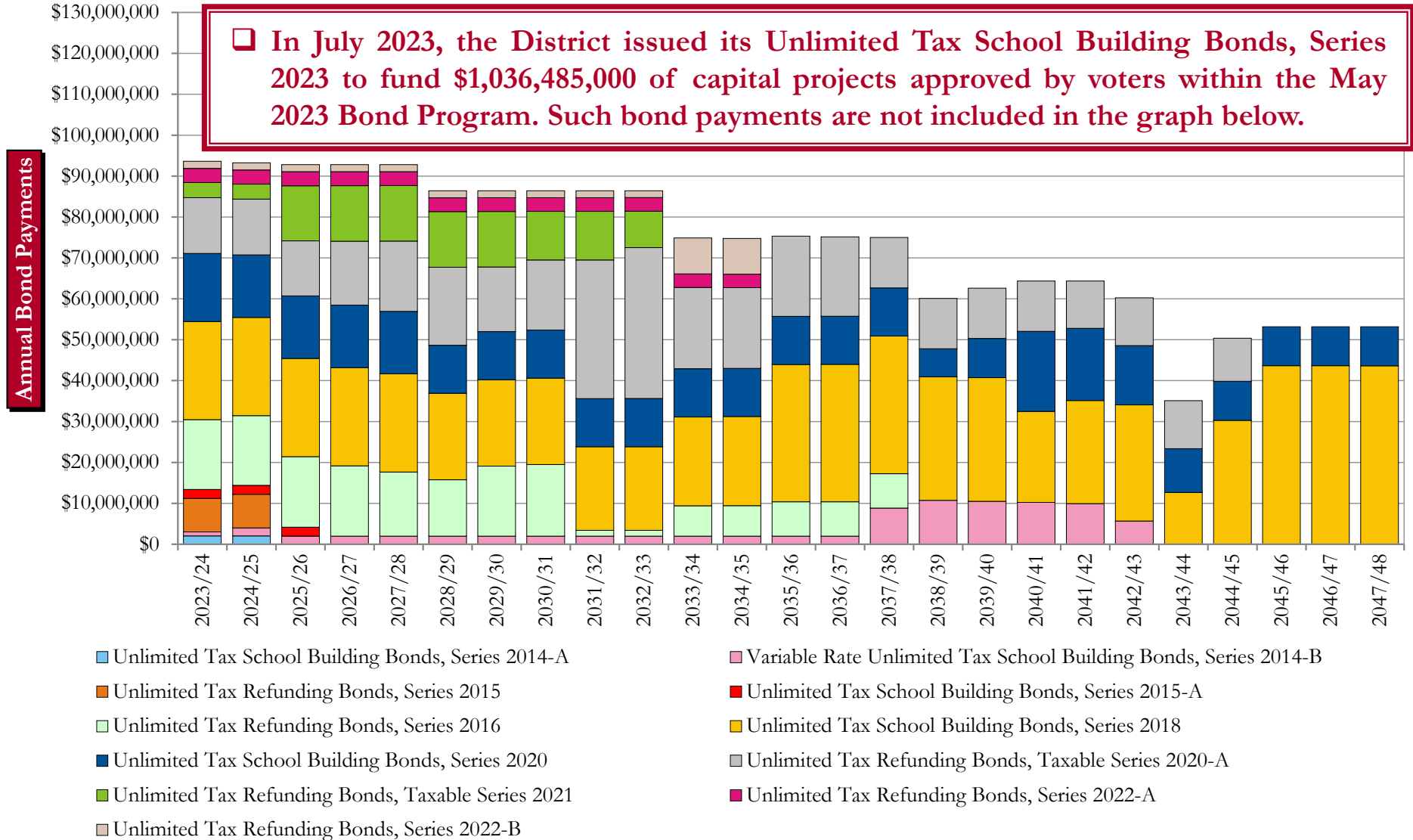


Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures





Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters



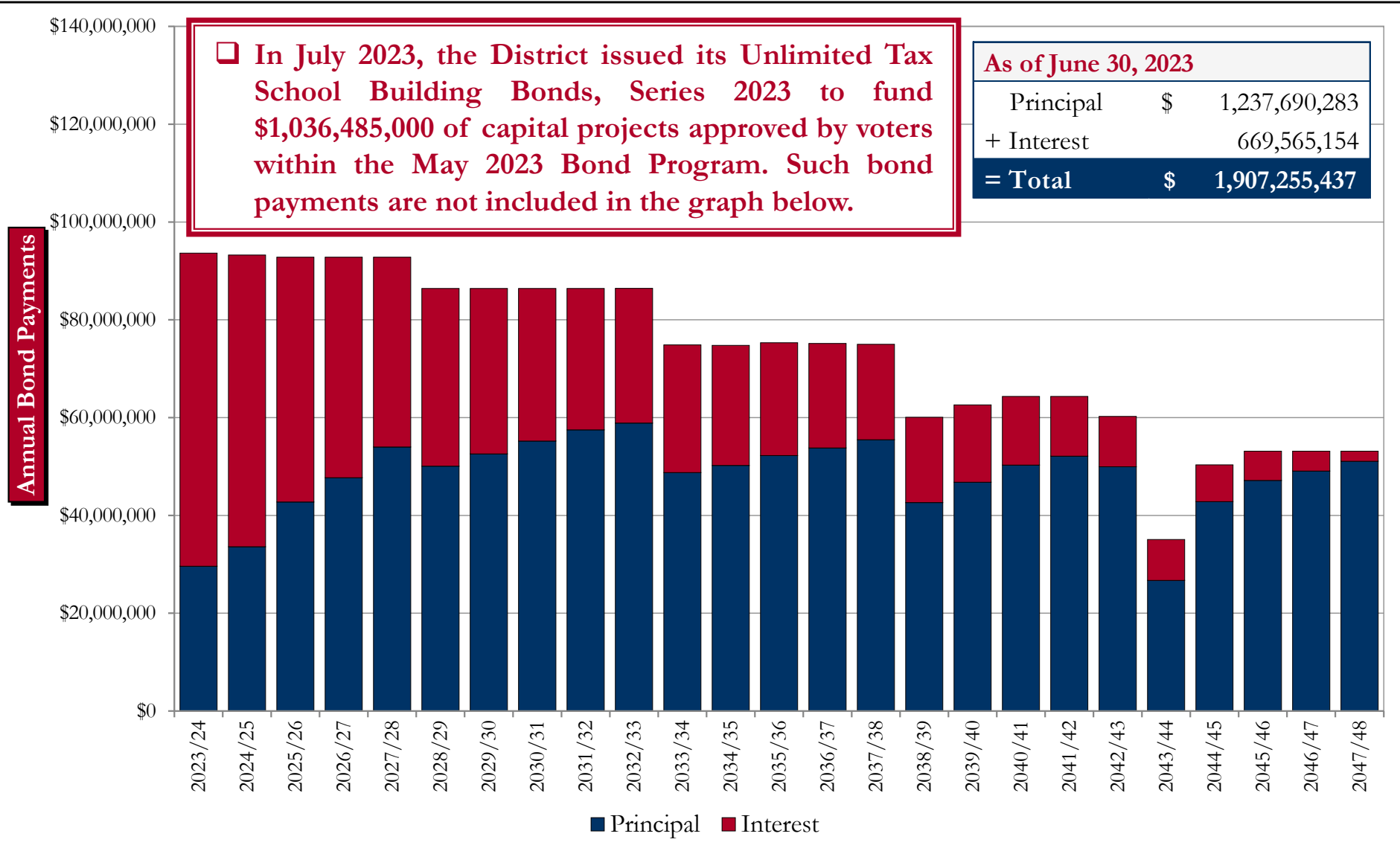
Note: Although the District's fiscal year ends on June 30, debt service payments reflect payments from September 1 through August 31 to match the receipt of tax collections and the District's budget. As such, the District's August 2023 debt payments are not portrayed in the graph above.



Unlimited Tax Debt Service By Principal and Interest – Existing Bonds Approved By Voters

□ In July 2023, the District issued its Unlimited Tax School Building Bonds, Series 2023 to fund \$1,036,485,000 of capital projects approved by voters within the May 2023 Bond Program. Such bond payments are not included in the graph below.

As of June 30, 2023	
Principal	\$ 1,237,690,283
+ Interest	669,565,154
= Total	\$ 1,907,255,437



Note: Although the District's fiscal year ends on June 30, debt service payments reflect payments from September 1 through August 31 to match the receipt of tax collections and the District's budget. As such, the District's August 2023 debt payments are not portrayed in the graph above.



Savings from District's Recent Bond Refunding and Prepayment Programs to Lower Interest Costs

- Denton ISD has implemented 13 bond refunding programs and prepaid \$98.335 million of existing bonds to reduce the cost of voter-approved bonds – Which have generated more than \$265.16 million of savings for District taxpayers in recent years.

Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds			
Issue / Description	Series Refunded / Redeemed	Par Amount Refunded / Redeemed	Total Savings
Unlimited Tax Refunding Bonds, Series 2005-C [March 2005]	1998, 1999, 2001	\$ 50,855,000	\$ 3,251,044
Unlimited Tax Refunding Bonds, Series 2006 [July 2006]	2002	48,329,192	12,125,000
Unlimited Tax Refunding Bonds, Series 2011 [June 2011]	1998, 1999, 2001, 2004	24,940,000	1,838,589
Unlimited Tax Refunding Bonds, Series 2012-B [May 2012]	2002, 2004, 2005-C	64,614,784	13,196,404
Unlimited Tax Refunding Bonds, Taxable Series 2012-C [November 2012]	2004, 2005-C	25,030,000	2,551,494
Unlimited Tax Refunding Bonds, Series 2012-D [November 2012]	2004	40,155,000	8,937,721
Unlimited Tax Refunding Bonds, Series 2014-C [December 2014]	2006-A	15,010,000	1,252,934
Unlimited Tax Refunding Bonds, Series 2015 [April 2015]	2007, 2008	125,110,000	17,203,964
Unlimited Tax Refunding Bonds, Series 2016 [May 2016]	2006, 2007, 2008, 2009	118,749,192	51,970,247
Unlimited Tax Refunding Bonds, Taxable Series 2020-A [December 2020]	2012-B, 2012-D, 2014-A, 2015-A	269,445,000	67,124,217
Unlimited Tax Refunding Bonds, Taxable Series 2021 [December 2021]	2014-A, 2015, 2015-A	89,785,000	8,401,015
Unlimited Tax Refunding Bonds, Series 2022-A [February 2022]	2005-A	35,180,000	28,987
Unlimited Tax Refunding Bonds, Series 2022-B & Taxable 2022-C [February 2022]	2006-B	30,000,000	1,079,875
Total - Bond Refunding Programs at a Lower Interest Rate	---	\$ 937,203,168	\$ 188,961,491
Prepayment of Series 1995 Bonds [November 2005]	1995	\$ 1,315,000	\$ 362,625
Prepayment of Series 2000 Bonds [February 2009]	2000	625,000	609,375
Prepayment of Series 2012-A Bonds [August 2015]	2012-A	5,120,000	5,529,600
Prepayment of Series 2013 Bonds [August 2016]	2013	7,000,000	7,507,600
Prepayment of Series 2012-A Bonds [February 2017]	2012-A	8,800,000	7,937,000
Prepayment of Series 2012-A Bonds [February 2018]	2012-A	17,700,000	13,962,000
Prepayment of Series 2012-A Bonds [August 2018]	2012-A	7,860,000	5,216,800
Prepayment of Series 2013 Bonds [February 2020]	2013	9,720,000	8,213,600
Prepayment of Series 2014-B Bonds [February 2022]	2014-B	9,190,000	7,352,000
Prepayment of Series 2013 & 2014-B Bonds [February 2023]	2013, 2014-B	31,005,000	19,510,000
Total - Prepayment of Bonds Prior to Scheduled Maturity	---	\$ 98,335,000	\$ 76,200,600
Totals	---	\$ 1,035,538,168	\$ 265,162,091



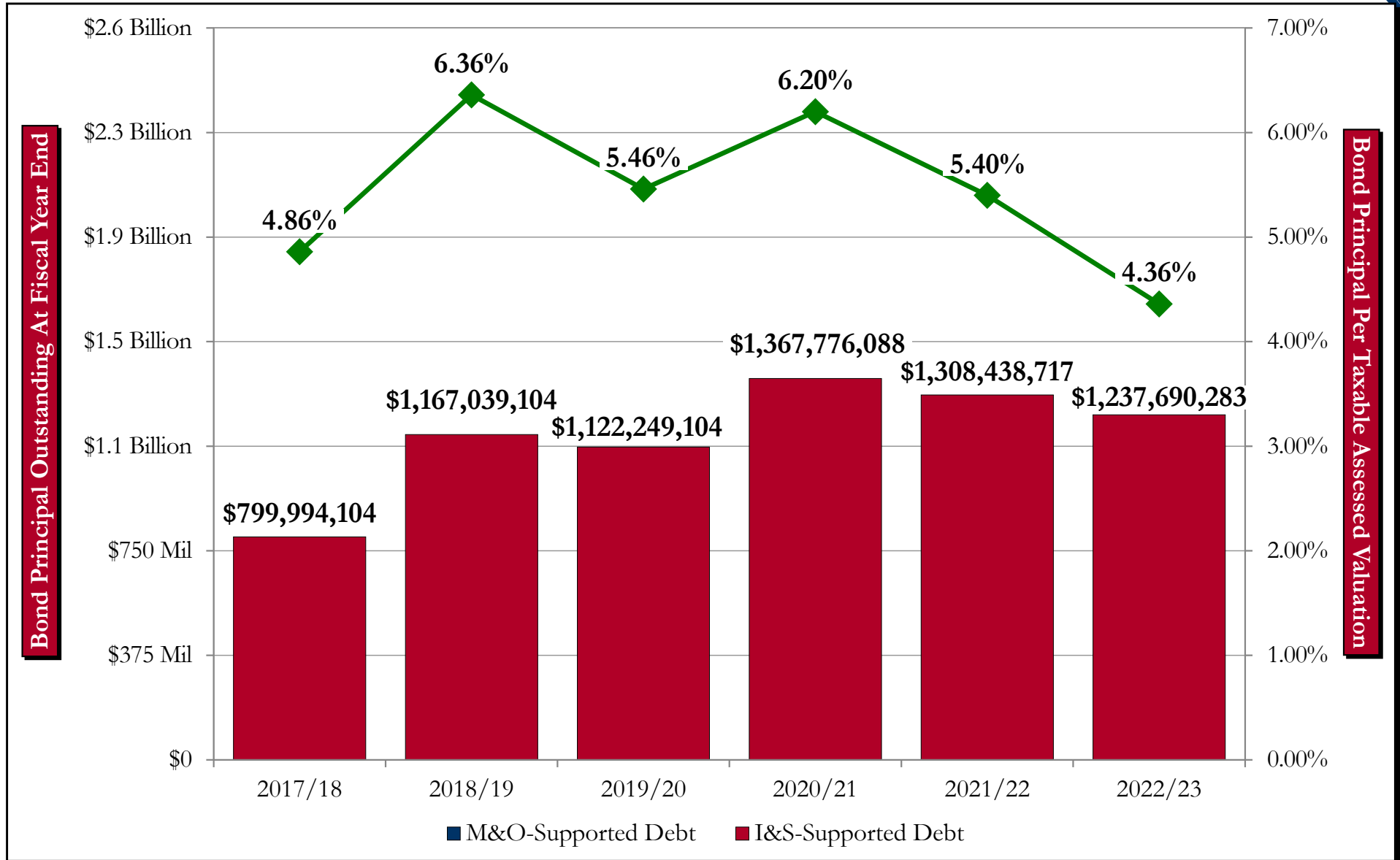
Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended June 30, 2023

- The following debt obligations are payable from ad valorem taxes (i.e. I&S taxes) levied annually against all taxable property located within the District, without legal limit as to rate or amount.

No.	Issue Description	Purpose	Original Principal Amount	Outstanding Principal	Total Outstanding Debt Service	Outstanding Principal Per Capita	Outstanding Debt Service Per Capita	Final Maturity Date	Total Proceeds Received	Spent Proceeds	Unspent Proceeds
1	Unlimited Tax School Building Bonds, Series 2014-A	Capital Improvements	\$75,055,000.00	\$5,570,000.00	\$5,948,625.00	\$26.02	\$27.79	08/15/2025	\$86,223,705.78	\$86,223,705.78	\$0.00
2	Variable Rate Unlimited Tax School Building Bonds, Series 2014-B	Capital Improvements	\$69,075,000.00	\$49,120,000.00	\$82,890,000.00	\$229.47	\$387.22	08/01/2043	\$70,214,253.72	\$70,088,159.60	\$126,094.12
3	Unlimited Tax Refunding Bonds, Series 2015	Refunding at a lower interest rate, etc.	\$118,775,000.00	\$22,415,000.00	\$24,130,625.00	\$104.71	\$112.73	08/15/2025	\$138,185,628.38	\$138,185,628.38	\$0.00
4	Unlimited Tax School Building Bonds, Series 2015-A	Capital Improvements	\$164,580,000.00	\$7,800,000.00	\$8,555,000.00	\$36.44	\$39.96	08/15/2026	\$188,349,518.46	\$188,349,518.46	\$0.00
5	Unlimited Tax Refunding Bonds, Series 2016	Refunding at a lower interest rate, etc.	\$118,749,103.75	\$117,195,282.60	\$190,106,850.00	\$547.48	\$888.09	08/15/2038	\$180,751,757.33	\$180,751,757.33	\$0.00
6	Unlimited Tax School Building Bonds, Series 2018	Capital Improvements	\$400,125,000.00	\$376,975,000.00	\$689,966,075.00	\$1,761.05	\$3,223.19	08/15/2048	\$443,386,432.07	\$418,866,866.54	\$24,519,565.53
7	Unlimited Tax School Building Bonds, Series 2020	Capital Improvements	\$278,025,000.00	\$240,580,000.00	\$329,127,906.25	\$1,123.87	\$1,537.53	08/15/2048	\$308,739,001.54	\$237,924,298.30	\$70,814,703.24
8	Unlimited Tax Refunding Bonds, Taxable Series 2020-A	Refunding at a lower interest rate, etc.	\$269,445,000.00	\$265,780,000.00	\$380,054,743.72	\$1,241.60	\$1,775.43	08/15/2045	\$317,318,016.86	\$317,318,016.86	\$0.00
9	Unlimited Tax Refunding Bonds, Taxable Series 2021	Refunding at a lower interest rate, etc.	\$87,465,000.00	\$85,715,000.00	\$109,688,280.52	\$400.42	\$512.41	08/15/2033	\$101,652,823.23	\$101,652,823.23	\$0.00
10	Unlimited Tax Refunding Bonds, Series 2022-A	Refunding at a lower interest rate, etc.	\$34,650,000.00	\$32,795,000.00	\$43,345,475.00	\$153.20	\$202.49	08/15/2035	\$40,786,675.02	\$40,786,675.02	\$0.00
11	Unlimited Tax Refunding Bonds, Series 2022-B	Refunding at a lower interest rate, etc.	\$26,280,000.00	\$26,160,000.00	\$35,809,450.00	\$122.21	\$167.28	08/15/2035	\$30,173,537.17	\$30,173,537.17	\$0.00
12	Unlimited Tax Refunding Bonds, Taxable Series 2022-C	Refunding at a lower interest rate, etc.	\$7,585,000.00	\$7,585,000.00	\$7,632,406.25	\$35.43	\$35.65	08/15/2023	\$7,565,276.95	\$7,565,276.95	\$0.00



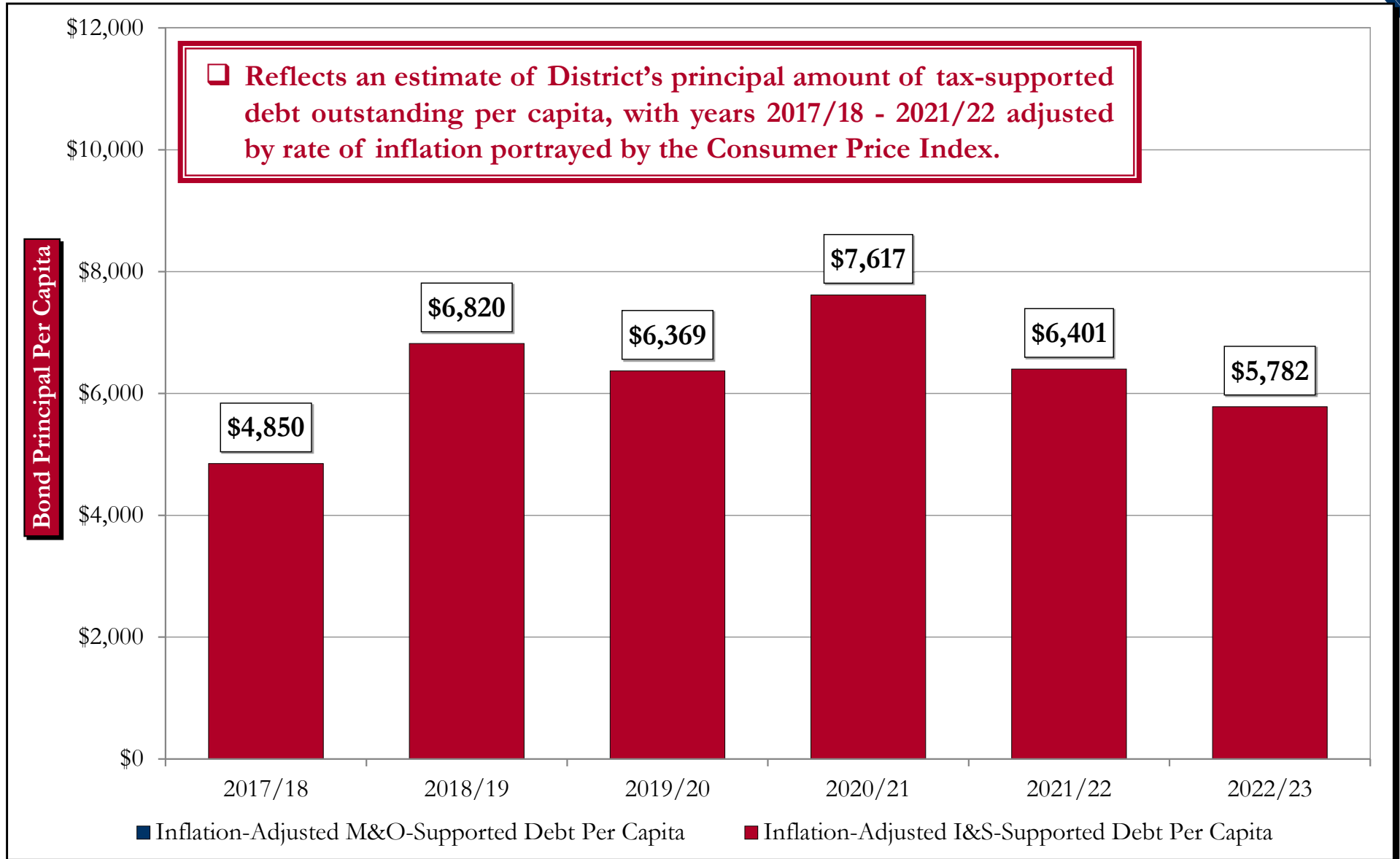
Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation



Note: The District has no outstanding debt payable from M&O taxes.



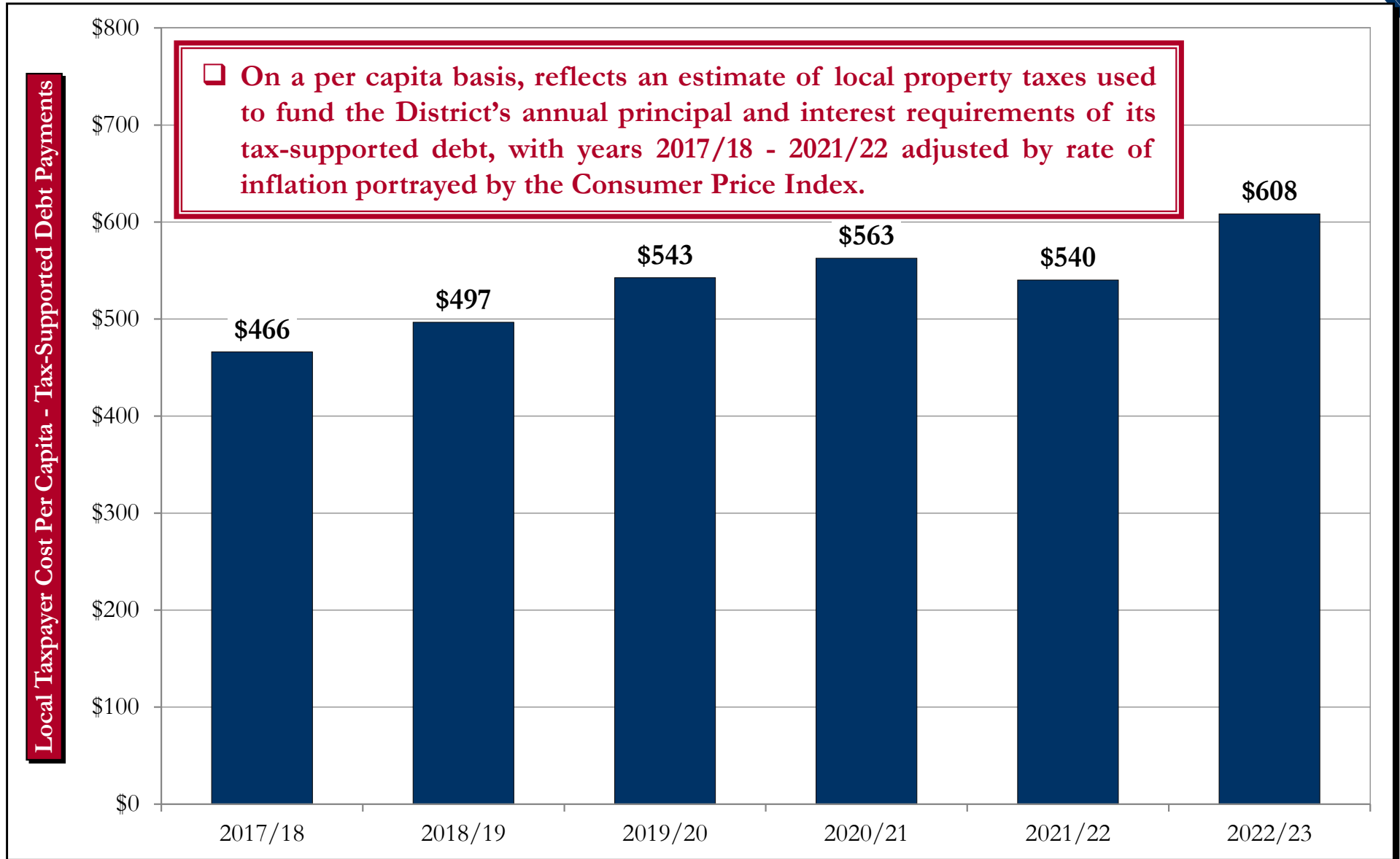
Inflation-Adjusted Tax-Supported Debt Per Capita



Note: The District has no outstanding debt payable from M&O taxes.



Inflation-Adjusted Tax-Supported Debt Cost Per Capita – Principal and Interest In Each of the Last 5 Years



Note: Debt payments represent District's voter-approved bonds payable from a levy of its I&S tax rate.



Contact Information and Links to Additional Resources

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For additional information regarding this report, please contact:

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Deputy Superintendent
Phone: (940) 369-0010
Email: jniven@dentonisd.org

Links to Additional Resources:

<https://www.comptroller.texas.gov/transparency/local/debt/isds.php>

http://www.brb.state.tx.us/local_debt_search.aspx